

Bulldog SPAC Updates

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Bulldog SPAC Update: Principal Protection with Equity Type Optionality – Fall Update

As we head into the 4th quarter, the SPAC space remains robust with issuance continuing unabated, and more importantly, deal announcements and deal completions also moving forward briskly. Through the first 3 quarters of 2018, 33 new SPACs have come to market raising \$8.2 billion. Currently, there are 70 active listed SPACs with a total market cap of about \$17.5 billion.

Our thesis has always been to participate in IPOs selectively- only buying those that meet our criteria regarding structure and reliable management teams. Looking ahead to upcoming IPOs we think attractive - **Collier Creek Holdings** is planning to raise \$350 million via an offering led by Citigroup, Credit Suisse and BofA Merrill Lynch. Units will be issued at \$10 with each unit comprising of 1 common share and 1/3 warrant. Time to complete a deal is 24 months. Initial Trust is \$10. There is some buzz out on this one as the management team is led by Chinh E.Chu. You may remember Mr. Chu led CF Corporation, a \$ 600 million SPAC that consummated the acquisition of Fidelity & Guaranty Life, a provider of annuities and life insurance products. Investors who participated in the CF Corporation IPO and held shares through deal completion, saw a total return of about 16% in 15 months (12.6% IRR). The rest of the team includes Roger K. Deromedi, Chairman and Lead Director of Pinnacle Foods (NYSE:PF). Collier Creek should price on October 4th.

In the past, SPACs with strong structures have provided solid, steady returns. Two 2017 vintage SPACs recently announced business combinations. **Bison Capital**, a \$60 million SPAC underwritten by EarlyBird Capital, announced on September 12, 2018 a merger with Xynomic Pharmaceuticals, Inc. a U.S -China clinical stage innovative oncology drug development company. In June 2017, Bison had issued units at \$10, each unit comprised of 1 right and 1/2 warrant with initial trust at \$10.25. Currently, the package is worth about \$ 11 (7.9% IRR).

Similarly, **Industrea Acquisition**, completed their IPO in August 2017, issuing units at \$10, each unit comprised of 1 common and 1 warrant and \$10.20 in trust. On September 7, 2018 Industrea announced a deal to acquire Concrete Pumping Holdings, Inc. The current package for investors is worth \$11.20 (11% IRR).

A stronger structure provides for a better base case return, in the event a SPAC is unable to complete a deal or announces a deal that is not highly regarded by the market. If you have any questions, please feel free to reach out.