



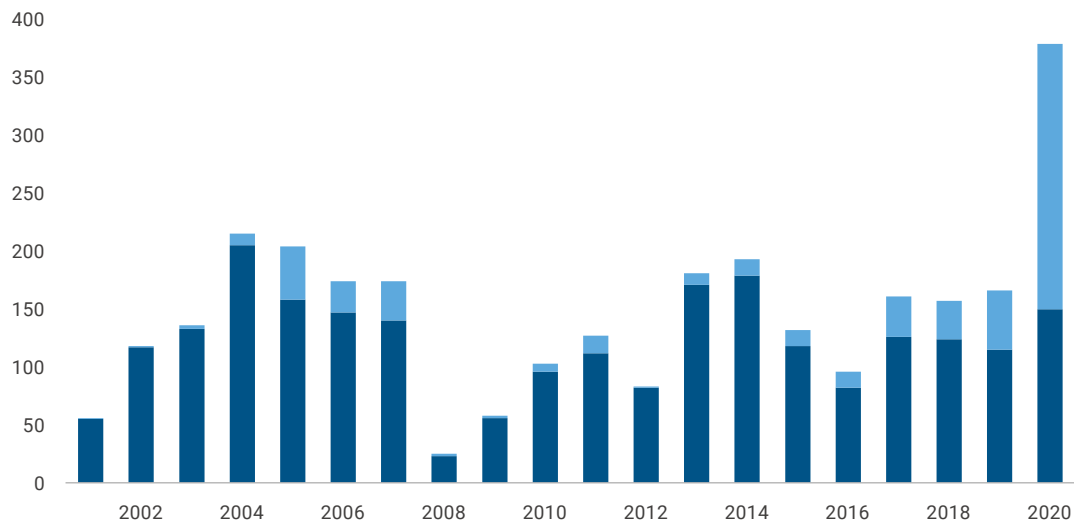
2021 Market Overview: SPACs

2020 was a lot of things (insert your preferred descriptor here), and one of those things was the year of the SPAC.

Chart 1 U.S. IPO Count by Year

By Count

■ Traditional IPO ■ SPAC



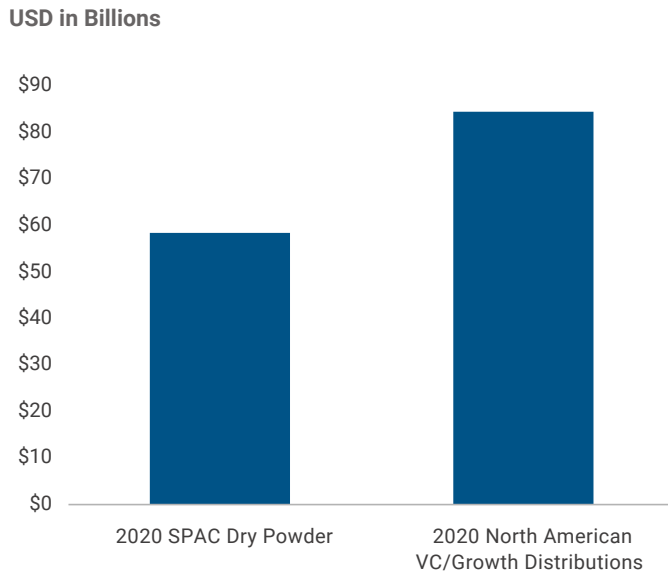
Source: Bloomberg (January 2021)

IPOs in general have declined over the last 20 years, although they have stabilized more recently. SPACs, on the other hand, have grown and, in 2020, accounted for over 60% of all IPO activity in the United States. For those of you looking for ominous signs (and who isn't in the investment world?), note that the last time that SPAC activity represented a significant share of overall IPOs was 2005-2007, just prior to the GFC. Ruh-roh. We'll try to stay optimistic and point out that SPACs will contribute a meaningful share to private equity exits in 2021.

The dry powder in SPACs issued in 2020 represents about half of all North American venture and growth distributions. That is an exceptionally high figure and gives some idea of the potential exit scenarios for quite a number of portfolio companies. If SPAC activity continues at its current pace (it won't, these things ebb and flow, but it's still likely to remain high), we can expect this to be a routine way for NAV to be liquidated, particularly on the growth and venture side of portfolios.

[Read more in our next excerpt or request a full copy of the 2021 Market Overview here.](#)

Chart 2 SPAC Dry Power vs Direct Equity Distributions



Source: Cobalt, Bloomberg (January 2021)

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As of February 16, 2021