



BRAVE CHANGING WORLD: INBOUND KEEPING YOU POSTED

News & Views #41

Happy New Year! In this first Brave Changing World of 2021, we focus on segments whose status as fully-fledged asset classes has been boosted by the pandemic: fine wine and art. The former has benefited from a renewed thirst among retail investors for trading markets - witnessed in equities, especially Small Caps - while the latter has reaped the fruits of accelerated digitalisation. Talking about a surge, we look at the furious pace of M&A activity in the last 6 months. From furious to fast: F1's reported discussions with Amazon tell of the appeal of sports rights for leading streaming platforms (and the reverse for their owners). Last but not least, just 10 figures to recap some of the moments marking a very forgettable year. All the more reasons to wish you a very happy, very prosperous and very safe 2021!

Have a good read!

SMALL CAPS



M&A REBOUNDS SHARPLY IN H2 TO REACH \$3.6TN IN 2020

H2 2020 has seen an impressive rebound of takeover activity leading to a record year in M&A.

While the annual value of deals is down 5% vs. last year, this is a great catch up after the severe fall in H1 caused by the Covid outbreak. H2 is up 88% on H1 at \$2.3bn.

M&A has been supported by positive vaccines newsflow, the massive liquidities provided by central banks, the political visibility following the US election of Joe Biden and the solidity of equity markets.

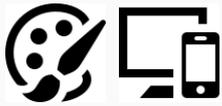
Acquirers have increasingly used their shares as a currency for deals in Q4, taking advantage of soaring stock markets: S&P's \$44bn deal to buy IHS Markit, AMD's \$35bn acquisition of US rival Xilinx and AstraZeneca's \$39bn takeover of US biotech Alexion.

Several deals also reflect a shift in strategy for many groups toward a more diversified portfolio of businesses through bolt-on acquisitions and a larger balance sheet.

The activity was particularly strong in Europe (\$989bn, +34%) and in Asia to \$872bn (+15%) where big, cash-rich large caps have taken advantage of relatively attractive valuations to conduct bolt-on acquisition and target companies temporarily damaged by the crisis. This also has positive implications for the valuation of many midcaps.

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START-UPS & TECH



NEW YEAR SPECIAL: ART FAIRS GOING PHYGITAL,

TAKEAWAYS FROM ART BASEL MIAMI ONLINE

Takeaway #1: Evolve or Die. Faced with severe restrictions, Art Basel (the world's biggest contemporary art fair) has deftly adapted its model with no less than five digital art fairs in 2020: Miami Online (December) after Hong Kong, Basel, a 20th century-focused fair and a 2020 artworks one. Takeaway #2: Digital = Higher collectors' "attendance": "Previously in physical-only, we would struggle to attract more than 50% the top art collectors in the world, purely because they were too far or too busy: it all changed with online" (Marc Spiegler, Art Basel World Director). Takeaway #3: Consolidation ahead. "In the future, there will still be big international fairs but most galleries will limit themselves to 3-4 vs. 10-11 currently, favouring their domestic audience". All takeaways vindicate our White Paper (<https://lnkd.in/g7TIKDb>) and Arteia's argument: www.arteia.com. Inbound is sole advisor to Arteia.

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DEMOCRATISING ART COLLECTION: "BEDES" & COMICS'

ONLINE AUCTIONS

Although often considered a minor art, the recent online auction on Drouot Live of 400 original artworks by leading European "auteurs de bande dessinée" (comics authors) showed the latter had carved a legitimate place in the art ecosystem. With initial estimates of €16-18K for the drawing that inspired the cover of the XIII album "The XIII Mystery. L'enquête" (by Jean Van Hamme and William Vance), the prices asked would certainly vindicate that argument while still remaining (sort of) affordable. Comics and "bedes" - short for bande dessinées - are also a nice way to render the art world more approachable, younger and more democratic - de facto expanding it. Online bidding auctions, made more common by the pandemic, also appeal to younger/more tech-friendly audiences: all arguments that form the basis of Arteia's investment case: www.arteia.com. Inbound is sole advisor of Arteia.

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COVID 2020 = MORE TECH IN ART

Covid 2020 gave added impetus to the Art Market's adoption of digital technologies.

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F1 - AND W SERIES - GOING THE TV STREAMING

TRACK?

Formula One reportedly "actively" discussing with AMAZON (AMZN US, \$1.6tr) streaming deals for its Grand Prix races makes total sense - FOR BOTH PARTIES. With the TV streaming landscape getting more fiercely competitive (Disney+, AppleTV...), AMZN has been aggressively bidding for live sports rights around the world (US National Football League, UK Premier League, Indian cricket etc) aimed at tying sports viewers to its Amazon Prime subscription services. Meanwhile a deal with AMZN would be a coup for LIBERTY MEDIA-owned F1 as the world's most valuable motorsports series seeks a digital future beyond TV broadcasting as well as to attract new audiences including a younger, more tech-friendly and e-sport oriented one as well as more feminine, as shown by the landmark deal with female racing-drivers only W SERIES last November: <https://wseries.com>. W SERIES also launched the W Esports League (August) in conjunction with LOGITECH G, Beyond Entertainment and iRacing. Inbound is sub-advisor to UK private company W Series.

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FINANCE & ECONOMY



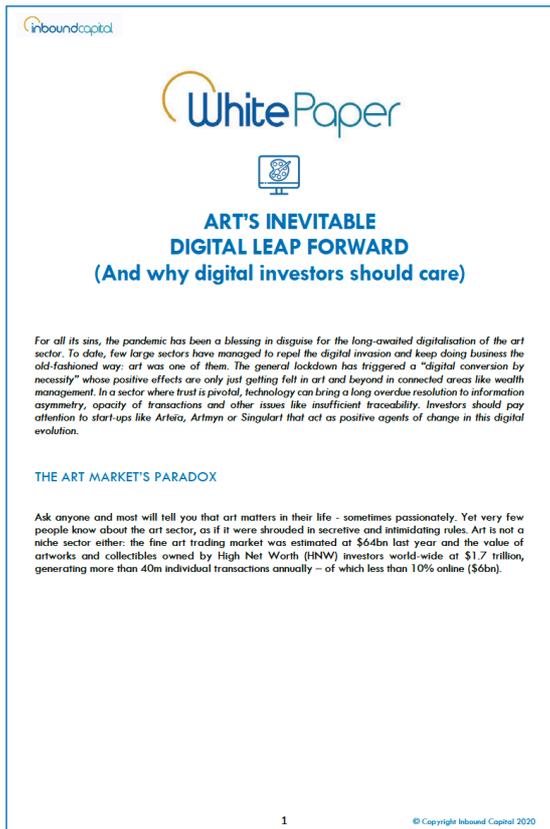
TEN NUMBERS TO REMEMBER UN FRENCH & EUROPEAN FINANCE IN 2020

1. €129bn in loans guaranteed by the French state to companies since March.

2. €1.9Tn of debt for French companies, +12.5%, 2x the level of January 2008.
3. €11.5bn of provisions for credit risks by French banks in the 1st 9 months vs. €5.3bn last year.
4. €120bn more capital for European banks as the ECB deployed measures to support the financing of the economy & expanded its refinancing program with €1.65Tn of loans.
5. €100bn extra savings by French consumers following travel restrictions and the closure of non-essential shops.
6. €1.1Tn of outstanding mortgages in France as households can allocate up to 35% of their income to repayment.
7. +20% in cashless payments which represented 2/3 of transactions in France during the 1st lockdown vs. 50% in 2018.
8. 85,540 jobs cuts in the financial sector worldwide, a record since 2015, particularly focused in Europe.
9. €1.9bn disappeared from Wirecard accounts, leading to a political scandal in Germany as the fraud was not picked up by auditor EY while BaFin, was slow to react.
10. €10bn funds frozen at H20 (subsidiary of Natixis) following a decision from the French regulator AMF in August.

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WHITE PAPERS & STUDIES



INBOUND'S ART & DIGITAL WHITE PAPER

In case you missed it, here is a link to our White Paper on digital art, which has been extensively featured in INFO Magazine by the French Chamber.

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LIFESTYLE & OTHER



RETAIL SPLASHES ON FINE WINE INVESTMENT

Irrespective of the effects of climate change on grapes harvesting, 2020 will be remembered as a vintage year for fine wine investment. While it already earned its stripes as an asset class, the pandemic boosted appeal to a wider, often younger (late 20s/early 30s) and definitely more retail investor audience - same as art: <https://lnkd.in/g/TJKDb>. Wine investment - which has fallen in and out of favour with retail investors over the year - benefited from the resurgence in retail

investor day trading, itself prompted by a rollercoaster year in financial markets. Wine's defensive merits indeed blend well in a portfolio. While trading costs/liquidity remain higher/lower (resp) vs. equities, new wine portals allow customers to trade more easily while established merchants like Connaught Cellars (<https://lnkd.in/eYt2zng>) provide wine portfolio optimisation/re-balancing advice. Bottoms up to 2021! Inbound acts as sole advisor to [Arteia](#).

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Inbound Capital is sole advisor to private company ARTEIA.

Inbound Capital acts as sub-advisor to private company W Series.

Inbound Capital is a big fan of Connaught Wine Cellars.

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