

InsideArbitrage

May the odds be with you

Special Situations Newsletter for Premium Subscribers



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SPACS On Sale

by Asif Suria

SPAC IPOs hit another record in March 2021 with 111 new SPACs formed during the month compared to the previous record of 96 IPOs in February. To put this in perspective, we had only 3 SPAC IPOs last March and just 7 in February 2020. The inevitable bursting of the bubble occurred even as new IPO issuances continued to accelerate.

According to Canadian alternative ETF provider, Accelerate, we went from a situation in January where none of the SPAC IPOs were trading at a discount to NAV to a situation where over 100 recent SPACs are trading below their \$10 NAV.

To make matters more interesting, the SEC issued a statement on March 31, 2021 related to private companies merging with SPACs.

Bubbles and the bursting of bubbles both present unique opportunities. We mined our database to show you recent pre-split SPACs that are trading at the largest discounts. These SPAC units have not yet split into common stock and warrants. The advantage of buying pre-split SPACs below NAV is that if you don't like the business combination, you can redeem the shares for \$10 (in most cases) thereby picking up the arbitrage spread and you get to keep the warrants. We discussed SPACs in more detail in our [January 2021 newsletter](#) when we added this strategy to Inside Arbitrage.

10 SPACs Trading at a Discount to NAV - March 31, 2021

SPAC Name	Unit Symbol	Unit Price	IPO Size	Discount
TB SA Acquisition Corp	TBSAU	\$9.85	\$200M	-1.50%
Colonnade Acquisition Corp. II	CLAA-UN	\$9.85	\$300M	-1.50%
Property Solutions Acquisition Corp. II	PSAGU	\$9.85	\$300M	-1.50%
Atlantic Coastal Acquisition Corp.	ACAHU	\$9.85	\$300M	-1.50%
RXR Acquisition Corp.	RXRAU	\$9.85	\$300M	-1.50%
Twelve Seas Investment Co. II	TWLUV	\$9.85	\$250M	-1.50%
VPC Impact Acquisition Holdings II	VPCBU	\$9.86	\$225M	-1.40%
InterPrivate III Financial Partners Inc.	IPVF-UN	\$9.86	\$225M	-1.40%
Ibere Pharmaceuticals	IBER-UN	\$9.86	\$120M	-1.40%
Velocity Acquisition Corp.	VELOU	\$9.86	\$200M	-1.40%

Another opportunity this recent weakness in SPACs offers is the ability to get into SPACs with a sponsor of good pedigree like KKR, Khosla Ventures, Fortress, Thoma Bravo and Churchill Capital without paying a significant premium or no premium at all. You can find all SPAC IPOs issued since January 2020 in the [SPAC IPOs list here](#) or the [Business Combinations list here](#).

A third option is to invest in the asset management company SuRo Capital (SSSS), which we have highlighted several times in the past including last November in a post titled [Insider Weekends: CEO Of SuRo Capital Steps Up His Purchases](#). An excerpt from that post is given below,

"We wrote briefly about SuRo capital last week following a small purchase by the CEO. The company used to be known as Sutter Rock Capital and was forced to change its name to SuRo Capital because of a lawsuit by Sutter Hill Ventures. SuRo Capital mostly invests in large private technology companies in later rounds and sells their stake after the company goes public. Some might recognize the company as the new incarnation of GSV Capital. Back when it was GSVC it used to trade at a consistent discount to net asset value (NAV) and had stakes in both Facebook and Twitter before those companies went public. I had gotten into GSVC before Twitter went public and the ensuing post-IPO spike in Twitter helped buoy GSVC and the trade worked out well.

SuRo Capital now has some very interesting names in its portfolio including Palantir, which recently went public and has appreciated significantly since going public. Other companies in SuRo's portfolio include Coursera (I attribute my understanding of AI and Machine Learning to several Coursera courses), Next-door, Course Hero, Blink Health, Lime, etc. Their portfolio is rather concentrated with the top 5 positions accounting for 71% of the portfolio. Coursera and Palantir were top 2 positions when SuRo Capital reported results earlier this month."

Coursera (COUR) went public yesterday at \$33 per share and closed its first day of trading at \$45, up 36% from its IPO price. SuRo's cost basis in Coursera is \$17.40. I purchased shares of SuRo late last year and then added to my position as the CEO Mark Klein [continued his insider purchases](#). Mr. Klein also happens to be the brother of [Wall Street Rainmaker](#) and the Chairman of Churchill Capital Michael Klein. Churchill has issued a large number of SPACs including Churchill Capital IV, Churchill Capital V, Churchill Capital VI and Churchill Capital VII. One of these, Churchill Capital IV, made waves when it announced a business combination with electric car company Lucid Motors.

SuRo Capital now has exposure to SPACs like Churchill VI and VII. While their exposure to SPACs is small at this time, I would not be surprised to see it grow given the opportunistic nature of the firm. You can see their top 5 holdings and recent portfolio updates [here](#). Despite getting a 4.55% boost to \$13.55 thanks to the Coursera IPO, SuRo is trading well below its year end 2020 NAV of \$15.14 per share. Instead of direct exposure to SPACs, I am going to add to my SuRo position after this newsletter is published and also plan to add SuRo to our model portfolio.

Introducing SPAC News

In our quest to continue providing more value to our premium subscribers, we are excited to announce a new feature related to SPACs called [SPAC News](#). This feature functions very similar to our [Merger Arbitrage News](#) feature where it aggregates information related to SPACs from SEC filings, news organizations and thousands of curated twitter accounts. If you are not finding enough information from the curated twitter feed, you can also drink from the firehose of raw twitter from this feature.

A screenshot of this feature is given below and you can try it out on the website [here](#).

SPACS NEWS

You can filter news items, SEC filings and tweets by the stock symbols of the SPACs, that you are interested in, by entering the stock symbols separated by commas.

Your preference has been updated.

- News & SEC Filings
- News Only
- SEC Filings Only
- Curated Twitter
- Raw Twitter
- Search

Latest News & SEC Filings

Wednesday, March 31, 2021

VIH [S-4 - Registration of securities, business combinations](#)
05:25 PM VPC Impact Acquisition (VIH) Source: SEC Filings

CCIV [425 - Prospectuses and communications, business combinations](#)
05:20 PM Churchill Capital Corp IV (CCIV) Source: SEC Filings

ITAC [10-K - Annual report \[Section 13 and 15\(d\), not S-K Item 405\]](#)
05:14 PM Industrial Tech Acquisitions (ITAC) Source: SEC Filings

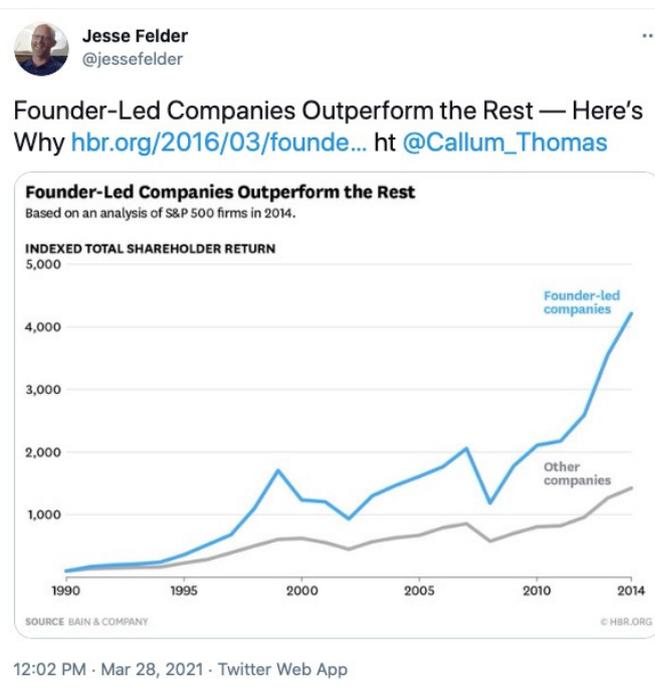
ANDA [S-4 - Registration of securities, business combinations](#)
05:05 PM Andina Acquisition Corp. III (ANDA) Source: SEC Filings

April 2021 Spotlight Idea: GoHealth, Inc. (GOCO) \$11.69

Investors with decades long investing careers develop heuristics or algorithms based on what has worked for them and the mistakes they made along the way. As an active investor over the last two decades, I have made many mistakes, enjoyed successes and have kept an open mind when it comes to new strategies. The lessons Jesse Livermore outlined in Reminiscences of a Stock Operator nearly a century ago have withstood the test of time. While history does not repeat, it does rhyme.

One such heuristic I developed was to pay special attention to founder-led companies. I have founded companies myself and worked closely with founders of high growth venture funded companies. The owner-operator mindset is special. While some founders are unable to manage at scale, the ones that do are a unique breed. This insight led me to invest in the Communication-as-a-Service company Twilio (TWLO) shortly after it went public with the founder at its helm. The company has been more than a ten bagger for me and I'm still holding on. The same heuristic made me invest in Zillow (Z), Twitter (TWTR) and B. Riley (RILY).

This insight of investing in founder-led companies is nothing new and as Jesse Felder of the Felder Report recently highlighted in a tweet, Bain & Company found, "Over the past decade, we at Bain & Company have been studying the deep roots of the most adaptable and sustainably successful companies. We started with the observation that profitable growth is becoming more challenging, and that only one in 10 companies achieve it over a decade. We confirmed this observation by developing a database of all public companies in the global stock markets and tracking their performance over 25 years. We found that the companies most successful at maintaining profitable growth over the long term were disproportionately companies where the founder was still running the business (such as Oracle, Haier, or L Brands), was still involved on the Board of Directors (like Four Seasons Hotels and Resorts), or, most importantly, where the focus and principles of how to operate that the founder had originally put in place still endured (as at IKEA or at Enterprise Rent-A-Car)."



April 2021 Spotlight Idea: GoHealth, Inc. (GOCO) \$11.69

Obviously there is more to it than just finding founder-led companies. There are other factors that also help the decision making process. Sometimes it involved talking to a board member at a competitor, being a heavy user of the product, understanding industry specific headwinds/tailwinds or reviewing insider purchases at the company. It was the review of insider purchases that led me to B. Riley and caused me to average up into the position, which is not something I normally do. That position is up more than 110% in the model portfolio even after excluding the \$3/share special dividend that was paid out on March



I came across another company in March that caught my interest because the company is founder-led and both founders were buying shares on the open market.

Company Overview

Originally named Norvax, Inc., GoHealth was founded in 2001 by Clinton P. Jones and Brandon M. Cruz. GoHealth operates as an online marketplace for health insurance with a significant focus on Medicare plans. They combine their technology platform with licensed insurance brokers to help consumers find the right insurance plan for them or their family. GoHealth's initial focus when they first started out was health plan brokers and they pivoted to a direct-to-consumer model. Four years ago they once again changed their focus to Medicare products and de-emphasized individual and family health insurance products.

Company History

The idea that became GoHealth came to Mr. Jones and Mr. Cruz when they went looking for a health insurance plan. They started their business by building websites for insurance agents. In 2008, Norvax started offering online comparison health insurance shopping and was eventually renamed as GoHealth in 2009.

In 2012, GoHealth became a government-approved exchange, allowing the company to enroll people in health plans and offer the tax-subsidies found on HealthCare.gov. In 2013, based on the Patient Protection and Affordable Care Act, otherwise known as Obamacare, GoHealth was appointed by the federal government to enroll eligible residents from 36 states in subsidized health exchange-based plans.

GoHealth turned its focus to Medicare in 2016 after growth from the Affordable Act slowed. The private equity firm Centerbridge Partners invested in GoHealth in 2019 at a valuation of \$1.5 billion. Less than a year later, the company went public in July 2020 for \$21 per share and at a valuation that exceeded \$6 billion.

April 2021 Spotlight Idea: GoHealth, Inc. (GOCO) \$11.69

The market wasn't particularly thrilled with this quick flip and the stock began a long decline, bottoming close to \$10 last month. A cluster of insiders starting buying shares on the open market and the stock partially recovered from its lows.

Despite its private equity backing, the company is not debt laden and only has net debt of \$106.4 million. The company has also been performing particularly well both on the top line and the bottom line once you remove IPO related stock-based compensation.



GoHealth – Highlights from FY 2020

Extending our leadership position with best-in-class growth and top-tier margins



Largest submission volume & most profitable results in our sector

Source: GoHealth Q4 2020 Earnings Presentation

GoHealth grew revenue 63% year-over-year for fiscal 2020, which is significantly higher than competitors like eHealth, which saw its full year 2020 revenue grow 15%. This 63% revenue growth also translated to 59% growth in adjusted EBITDA to \$271 million in 2020 at 31% margins.

The company expects 2021 revenue to grow between 31% to 48% translating into revenue of \$1.15 billion to \$1.3 billion. GoHealth also expects its adjusted EBITDA to grow between 27% to 42% translating into EBITDA of \$345 million to \$385 million.

April 2021 Spotlight Idea: GoHealth, Inc. (GOCO) \$11.69

Insider Purchases

Three insiders purchased shares of GoHealth in March as outlined below.

GoHealth, Inc. (GOCO): \$11.29			Sector: Financials	
Clinton P. Jones	Chief Executive Officer	\$11.38	178,000	\$2,025,462
Brandon M. Cruz	Chief Strategy Officer	\$11.38	178,000	\$2,025,462
Anita Pramoda	Director	\$9.99	10,370	\$103,596
<i>Total Purchased by all Insiders of GoHealth, Inc.</i>				\$4,154,520

Clinton P. Jones

Co-Founder of GoHealth and has served as GoHealth's Chief Executive Officer since the company was founded in 2001. Clint Jones has been a member of GoHealth, Inc.'s board of directors since 2020 and is a member of GoHealth Holdings, LLC's board of managers since 2019. He also serves on the board of managers of GoHealth's predecessor since its founding in 2001.



Brandon M. Cruz

Co-founder of GoHealth and has served as GoHealth's Chief Strategy Officer and Special Advisor to the Executive Team since 2020. Prior to this role, he served as President of GoHealth since its founding in 2001. Cruz has been a member of GoHealth, Inc.'s board of directors since 2020 and a member of GoHealth Holdings, LLC's board of managers since 2019, as well as serving on the board of managers of GoHealth's predecessor since its founding.



Anita Pramoda

Anita Pramoda has served as a member of GoHealth, Inc.'s board of directors since 2020. Ms. Pramoda was previously the CFO of EPIC Systems, the 800 pound gorilla in the Electronic Health Records (EHR) space. She has also served as the chairperson of the board of directors of the Federal Reserve Bank of San Francisco since 2016.



April 2021 Spotlight Idea: GoHealth, Inc. (GOCO) \$11.69

Key Risks:

1. The company does not charge consumers and instead receives commissions from carriers owned by companies like Humana, Anthem and UnitedHealth. These three companies represent 82% of GoHealth's revenue and hence there is concentration risk in their commission revenue.
2. The contracts GoHealth enters into with carriers are non-exclusive. These contracts are terminable on short notice by either party for any reason.
3. Regulatory risks from changes to the Medicare program can have a significant impact on GoHealth's business.

Valuation:

GoHealth trades for 5.4 times trailing sales and 13.7 times 2020 EBITDA. At the mid-point of its expected EBITDA for 2021, the company is trading for 10 times EBITDA. While not exactly in value territory, the company appears to be reasonably valued for a growth company.

I built a DCF model in an attempt to get to an intrinsic value for the company since comparative metrics like EV/EBITDA only take you so far. Using \$0.72 in 2021 earnings based on analyst estimates, \$1.15 in 2022 earnings, 30% growth in earnings in year 3 declining 5% each year until it reaches a terminal 2% growth rate and a 8% discount rate (GoHealth's WACC is 7.88%), I get a value of \$38 for the stock.

I decided to tweak the model to use more conservative estimates. Knocking 20% off year 1 and year 2 earnings estimates, slowing the growth rate down to 25% in year 3 and using a discount rate of 10%, gets me an intrinsic value of \$18 for the stock, a discount of nearly 54% from its current price of \$11.69 and providing a significant margin of safety in this predictable boring business.

Whether you use comparative metrics or a DCF model, the stock is clearly attractive and I can see why the insiders are buying.

Conclusion:

GoHealth is likely to benefit from the tailwind of an aging population. Medicare enrollment is expected to grow from approximately 62 million in 2020 to approximately 80 million individuals by 2030 and GoHealth has only captured a small fraction of this market.

With founders at the helm, I would not be surprised if they enter into adjacent markets if they feel growth in their core market is starting to stall. We can already see the green shoots of such a strategy in their Encompass line of business that provides additional value-added services to its customers.

MODEL PORTFOLIO UPDATES

Thursday, April 01, 2021

Long Stock Positions

	Symbol	Quote*	Daily Change	Number of Shares	Cost	Current Value	Diff (\$)	Diff (%)	Date Added
+	FNF	\$40.66	\$-0.20 (-0.49)	138@36.3	\$5,009	\$5,611	\$602	12.01%	01/29/2021
+	VRTX	\$214.89	\$1.90 (0.89)	22@227.75	\$5,011	\$4,728	\$-283	-5.65%	11/30/2020
+	PHM	\$52.44	\$-0.31 (-0.59)	123@40.76	\$5,013	\$6,450	\$1,437	28.66%	10/31/2020
+	RILY	\$56.38	\$0.10 (0.18)	189@26.78	\$5,061	\$10,656	\$5,594	110.53%	08/31/2020
+	CLR	\$25.87	\$-0.11 (-0.42)	289@17.29	\$4,997	\$7,476	\$2,480	49.62%	07/31/2020
+	GILD	\$64.63	\$-0.87 (-1.33)	66@76.14	\$5,025	\$4,266	\$-760	-15.12%	06/30/2020
+	MHK	\$192.31	\$-2.72 (-1.39)	57@87.72	\$5,000	\$10,962	\$5,962	119.23%	04/30/2020
Cash and Active Position Returns						\$67,710	\$15,031	42.75%	
Total Portfolio Value and Returns **						\$117,857	\$18,424	17.86%	

There is little in the way of updates for our portfolio companies this month as we have not yet entered the Q1 earnings season.

B. Riley gave back some of its gains in March and some part of the price pull back could be attributed to the \$3 per share special dividend that was paid in March. I remain bullish on its prospects but am concerned about overall market conditions.

Our two biotech companies, Gilead and Vertex, have been poor performers and the biotech sector in general has been weak. Mohawk benefited from the hot housing market and it is now the second stock in our portfolio that has more than doubled in value.

I am not selling any positions in the model portfolio but plan to buy both SuRo Capital (SSSS) and GoHealth (GOCO) for the portfolio.

MONTHLY M&A OVERVIEW

There were 21 new deals announced in the month of March. The total value of all deals announced in March was \$97.54 billion.

NEW DEALS

- The acquisition of Boingo Wireless (WIFI) by an affiliate of Digital Colony Management for \$1.05 billion.
- The acquisition of The Michaels Companies (MIK) by affiliates of Apollo Global Management (APO) for \$5 billion.
- The merger of Severn Bancorp (SVBI) with Shore Bancshares (SHBI) for \$146 million.
- The acquisition of Five Prime Therapeutics (FPRX) by Amgen (AMGN) for \$1.69 billion.
- The acquisition of Noble Midstream Partners (NBLX) by Chevron Corporation (CVX) for \$3.32 billion.
- The merger of Athene Holding (ATH) with Apollo Global Management (APO) for \$6.01 billion.
- The merger of Bryn Mawr Bank Corporation (BMTB) with WSFS Financial Corporation (WSFS) for \$976.4.
- The acquisition of Talend (TLND) by Thoma Bravo for \$2.4 billion.
- The acquisition of China Customer Relations Centers (CCRC) in a 'going-private transaction' by Taiying Group and Taiying International for \$101.37 million.
- The acquisition of Shaw Communications (SJR) by Rogers Communications (RCI) for C\$26 billion.
- The acquisition of GenMark Diagnostics (GNMK) by Roche (RHHBY) for \$1.8 billion.
- The acquisition of Extended Stay America (STAY) by Blackstone Real Estate Partners and Starwood Capital Group for \$6 billion.
- The acquisition of Kansas City Southern (KSU) by Canadian Pacific Railway Limited (CP) for \$29.
- The merger of Pacific Mercantile Bancorp (PMBC) with Banc of California (BANC) for \$235 million.
- The acquisition of Coherent (COHR) by II-VI Incorporated (IIVI) for \$6.84 billion.
- The acquisition of Houston Wire & Cable Company (HWCC) by Omni Cable for \$91 million.
- The acquisition of MSG Networks (MSGN) by Madison Square Garden Entertainment (MSGE) for \$1.74 billion.
- The acquisition of MagnaChip Semiconductor Corporation (MX) by South Dearborn Limited for \$1.4 billion.
- The acquisition of Fly Leasing Limited (FLY) by Carlyle Aviation Partners for \$2.36 billion.
- The acquisition of Premier Financial Bancorp (PFBI) by Peoples Bancorp (PEBO) for \$292.3 million.
- The merger of Diamond S Shipping (DSSI) with International Seaways (INSW) for \$1.09 billion.

MONTHLY M&A OVERVIEW

COMPLETED DEALS

Thirteen active deals were successfully completed in the month of March.

- The acquisition of Acacia Communications (ACIA) by Cisco Systems (CSCO) on March 1, 2021.
- The acquisition of Eaton Vance (EV) by Morgan Stanley (MS) on March 1, 2021.
- The acquisition of TC PipeLines (TCP) by TC Energy Corporation (TRP) on March 3, 2021.
- The acquisition of PRGX Global (PRGX) by Ardian on March 3, 2021.
- The acquisition of Oxford Immunotec Global (OXFD) by PerkinElmer (PKI) on March 8, 2021.
- The acquisition of Viela Bio (VIE) by Horizon Therapeutics (HZNP) on March 15, 2021.
- The acquisition of QEP Resources (QEP) by Diamondback Energy (FANG) on March 17, 2021. It took 86 days for this deal to be completed.
- The acquisition of Red Lion Hotels Corporation (RLH) by Sonesta International Hotels Corporation on March 17, 2021. It took 77 days for this deal to be completed.
- The acquisition of China Distance Education Holdings Limited (DL) by Champion Distance Education Investments Limited and China Distance Learning Investments Limited on March 18, 2021. It took 107 days for this deal to be completed.
- The acquisition of Anworth Mortgage Asset Corporation (ANH) by Ready Capital Corporation (RC) on March 19, 2021. It took 102 days for this deal to be completed.
- The acquisition of Neos Therapeutics (NEOS) by Aytu BioScience (AYTU) on March 19, 2021. It took 99 days for this deal to be completed.
- The acquisition of Urovant Sciences (UROV) by Sumitovant Biopharma on March 29, 2021.
- The acquisition of Otelco (OTEL) by Oak Hill Capital on March 31, 2021.

SIGNIFICANT DEAL UPDATES

- On March 8, 2021, Pluralsight (PS) and Vista Equity Partners entered into a revised definitive agreement under which Vista will acquire all outstanding shares of Pluralsight for \$22.50 in cash through a tender offer.
- On March 15, 2021, Aegion Corporation (AEGN) entered into an amendment to increase the consideration payable to holders of outstanding shares of Aegion common stock to \$27.00 per share in cash from \$26.00 per share in cash.
- On March 25, 2021, Coherent (COHR) terminated the merger agreement with Lumentum (LITE) in order to enter into a new merger agreement with II-VI Incorporated (IIVI).
- On March 31, 2021, Cubic Corporation (CUB) accepted a proposal from Veritas Capital and Evergreen Coast Capital Corporation to increase the price per share of their pending acquisition of Cubic to \$75.00 per share in cash.

MONTHLY M&A OVERVIEW

POTENTIAL DEALS IN THE WORKS

There were twelve new deals in the works announced in the month of March

- Apollo Global Management (APO) expressed interest in acquiring Michaels (MIK).
- Global Cord Blood Corporation (CO) received a non-binding proposal letter from Alternate Ocean Investment Company Limited.
- Private equity group Permira made a takeover bid for medical device maker LivaNova (LIVN).
- Allied Esports Entertainment (AESE) received an unsolicited proposal from Bally's Corporation (BALY).
- Veritone (VERI) is exploring options including a potential sale.
- MSG Networks (MSGN) was considering a merger with Madison Square Garden Entertainment (MSGE). *This potential deal became successful.*
- Apollo Global Management (APO) made a bid for Aegion (AEGN).
- Chubb (CB) announced that it was considering buying smaller rival Hartford Financial Services Group (HIG). *This potential deal failed when Hartford chose not to engage in discussions regarding a strategic business combination.*
- A group of investors made an unsolicited proposal to acquire Columbia Property Trust (CXP)
- U.S. cloud services provider Box Inc (BOX) is exploring a sale amid pressure from hedge fund Starboard Value LP.
- Cubic Corporation (CUB) recently received an unsolicited proposal from Singapore Technologies Engineering.
- Banco Santander, S.A. (SAN) intends to acquire all of the shares of Banco Santander México, S.A (BSMX).

SPAC Arbitrage

SPAC IPOs

There were 111 SPAC IPOs filed in the month of March, which raised over \$33 billion.

SPAC Business Combinations

Thirty one SPAC Business Combinations were announced in the month of March including,

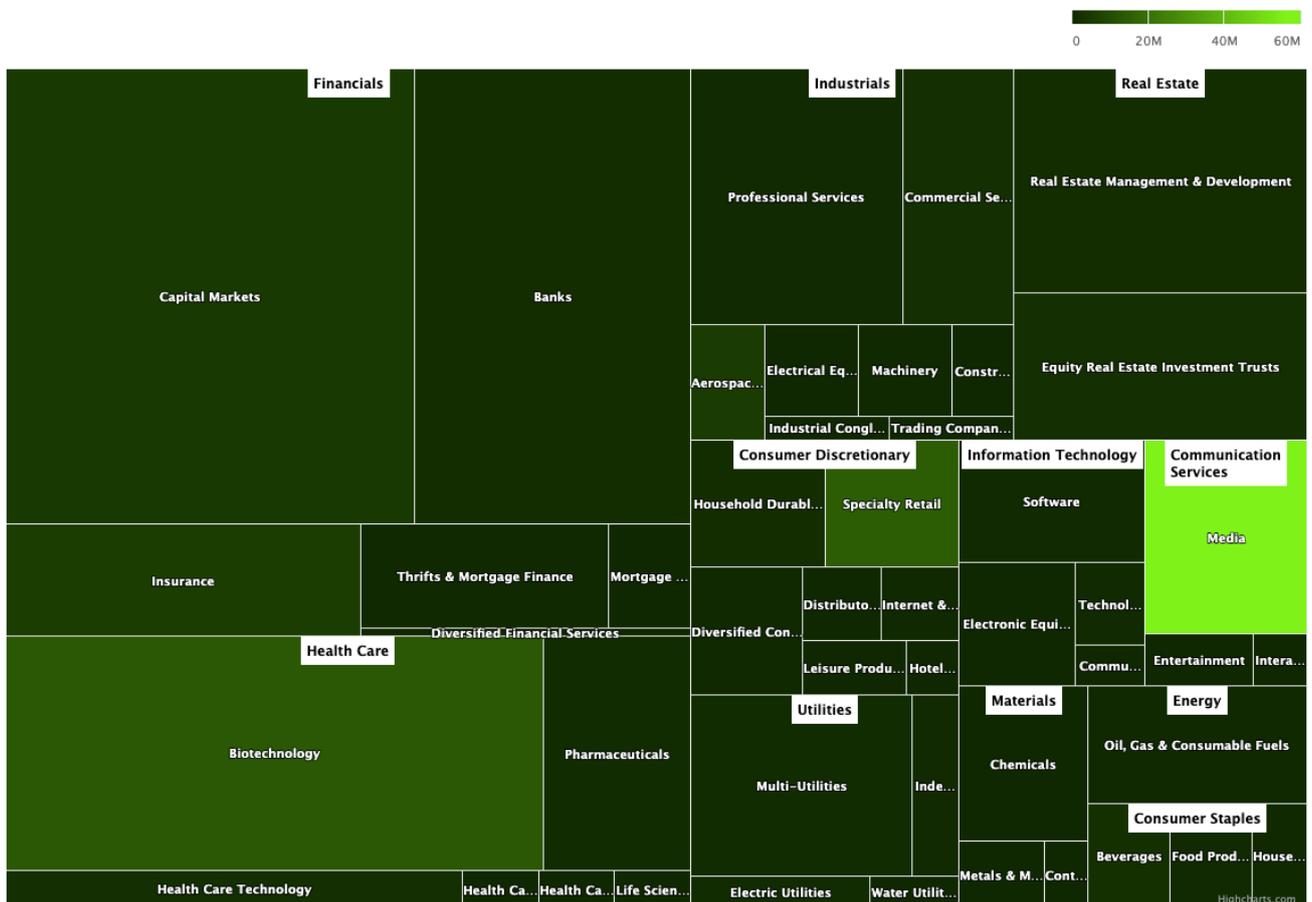
- Rocket Lab USA, Inc. and Vector Acquisition Corporation (VACQ)
- Spire Global, Inc. and NavSight Holdings (NSH)
- QOMPLX, a cloud-native leader in risk analytics, and Tailwind Acquisition Corp. (TWND)
- Doma and Capitol Investment Corp. V (CAP)
- Beacon Street Group and Ascendant Digital Acquisition (ACND)
- Anghami and Vistas Media Acquisition Company (VMAC)
- Hippo Enterprises Inc. and Reinvent Technology Partners Z (RTPZ)
- Cipher Mining Technologies Inc. and Good Works Acquisition Corp. (GWAC)
- Evolv Technology and NewHold Investment (NHIC)
- Airspan Networks Inc. and New Beginnings Acquisition (NBA)
- IonQ, Inc., and dMY Technology Group, Inc. III (DMYI)
- Ambulnz to be renamed DocGo, Inc. and Motion Acquisition Corp. (MOTN)
- Holley and Empower (EMPW)
- KORE Wireless Group and Cerberus Telecom Acquisition (CTAC)
- IronNet Cybersecurity and LGL Systems Acquisition (DFNS).
- POINT Biopharma and Therapeutics Acquisition Corp. d/b/a Research Alliance Corp. I (RACA)
- Greenrose Acquisition (GNRS) entered into definitive agreements to acquire four cannabis companies (The Platform)
- eToro Group and FinTech Acquisition Corp. V (FTCV)
- Offerpad, Inc. and Supernova Partners Acquisition Company (SPNV).
- Arbe Robotics Ltd. and Industrial Tech Acquisitions (ITAC)
- Rockley Photonics, Ltd. and SC Health Corp. (SCPE).
- ironSource and Thoma Bravo Advantage (TBA)
- Asia Vision Network and Malacca Straits Acquisition Company Limited (MLAC)
- VELO3D, Inc. and JAWS Spitfire Acquisition Corporation (SPFR)
- Renovacor, Inc. and Chardan Healthcare Acquisition 2 Corp. (CHAQ)
- Redwire and Genesis Park Acquisition (GNPK)
- AeroFarms and Spring Valley Acquisition (SV)
- WeWork and BowX Acquisition Corp. (BOWXU)
- Cazoo Holdings Limited and AJAX I (AJAX)
- SomaLogic and CM Life Sciences II (CMIU)
- Union Acquisition Corp. II (LATN) and Procaps Group

INSIDER ACTIVITY BY SECTOR AND TOP TRANSACTIONS

The sector heat map below shows insider purchases in March by company management (CEOs, CFOs, etc.) and excludes any insider purchases by 10% owners or directors. As premium subscribers, you can pull up our [online insider heat map](#) and drill down to view specific insider purchases for a particular industry. During the month of March, the communication services sector had the most purchases, followed by the health care sector.

In the next five pages we have highlighted ten companies that had the most insider buying and insider selling in March.

Heat map of management insider purchases for all sectors over the last month



TOP 10 INSIDER BUYS - MARCH 2021

Owner	Relationship	Cost	Shares	Value
1. PennyMac Financial Services, Inc. (PFSI): \$66.87		Sector: Financials		
Farhad Nanji	Director	\$62.51	1,508,743	\$94,312,224
<i>Total Purchased by all Insiders of PennyMac Financial Services, Inc.</i>				\$94,312,224
2. News Corporation (NWS): \$23.46		Sector: Communication Services		
Keith Rupert Murdoch	Executive Chairman	\$25.07	1,000,000	\$25,067,983
<i>Total Purchased by all Insiders of News Corporation</i>				\$25,067,983
3. Fox Corporation (FOX): \$34.93		Sector: Communication Services		
Keith Rupert Murdoch	Chairman	\$42.77	500,000	\$21,383,993
<i>Total Purchased by all Insiders of Fox Corporation</i>				\$21,383,993
4. Designer Brands Inc. (DBI): \$17.40		Sector: Consumer Discretionary		
Jay L. Schottenstein	Executive Chairman	\$13.99	902,623	\$12,628,099
Joseph A. Schottenstein	Director	\$14.11	273,099	\$3,853,427
<i>Total Purchased by all Insiders of Designer Brands Inc.nc.</i>				\$16,481,526
5. Enterprise Products Partners L.P. (EPD): \$22.02		Sector: Energy		
Randa Duncan William	Director	\$22.71	677,860	\$15,392,182
<i>Total Purchased by all Insiders of Enterprise Products Partners L.P.</i>				\$2,178,701
6. GTY Technology Holdings Inc. (GTYH): \$6.39		Sector: Information Technology		
Harry L. You	Director	\$3.93	3,424,211	\$13,457,149
<i>Total Purchased by all Insiders of GTY Technology Holdings Inc.</i>				\$13,457,149

TOP 10 INSIDER BUYS - MARCH 2021

Owner	Relationship	Cost	Shares	Value
7. Verrica Pharmaceuticals Inc. (VRCA): \$15.15			Sector: Health Care	
Paul B. Manning	Director	\$14.75	739,830	\$10,912,493
<i>Total Purchased by all Insiders of Verrica Pharmaceuticals Inc.</i>				\$10,912,493
8. HC2 Holdings, Inc. (HCHC): \$3.94			Sector: Industrials	
Avram A. Glazer	Director	\$3.80	2,164,108	\$8,223,610
Wayne Barr Jr.	President and CEO	\$3.66	7,500	\$27,425
<i>Total Purchased by all Insiders of HC2 Holdings, Inc. (HCHC): \$4.01</i>				\$8,251,015
9. Morphic Holding, Inc. (MORF): \$63.28			Sector: Health Care	
Timothy A. Springer	Director	\$70.00	100,000	\$7,000,000
Marc Schegerin	CFO and COO	\$63.50	3,500	\$190,514
Vikas Goyal	Director	\$70.00	1,000	\$70,000
<i>Total Purchased by all Insiders of Morphic Holding, Inc.</i>				\$7,260,500
10. Apartment Investment and Management Company (AIV): \$6.14			Sector: Real Estate	
Terry Considine	Director	\$5.72	900,000	\$5,149,020
Robert A. Miller	Director	\$5.60	10,000	\$56,000
<i>Total Purchased by all Insiders of Apartment Investment and Management Company</i>				\$5,207,000

TOP 10 INSIDER SALES - MARCH 2021

Owner	Relationship	Cost	Shares	Value
1. Walmart Inc. (WMT): \$135.83		Sector: Consumer Staples		
Robson S. Walton	Director	\$131.92	1,000,000	\$131,921,392
<i>Total Sold by all Insiders of Walmart Inc.</i>				\$131,921,392
2. Snowflake Inc. (SNOW): \$229.28		Sector: Information Technology		
Michael L. Speiser	Director	\$219.00	650,000	\$142,350,000
Jeremy Burton	Director	\$233.56	452,519	\$105,691,426
Frank Sloatman	CEO & Chairman	\$227.49	131,546	\$29,925,494
Mark Garrett	Director	\$250.00	47,186	\$11,796,500
Benoit Dageville	President of Products	\$222.46	30,568	\$6,800,190
Christopher William Degnan	Chief Revenue Officer	\$229.07	25,563	\$5,855,842
John Dennis McMahon	Director	\$229.91	18,180	\$4,179,764
Michael Scarpelli	Chief Financial Officer	\$229.32	15,000	\$3,439,800
<i>Total Sold by all Insiders of Snowflake Inc.</i>				\$352,959,573
3. Facebook, Inc. (FB): \$294.53		Sector: Communication Services		
Mark Zuckerberg	COB and CEO	\$276.14	1,265,004	\$349,320,782
David B. Fischer	Chief Revenue Officer	\$256.63	13,413	\$3,442,178
David M. Wehner	Chief Financial Officer	\$269.74	2,707	\$729,455
<i>Total Sold by all Insiders of Facebook, Inc.</i>				\$303,878,680

TOP 10 INSIDER SALES - MARCH 2021

Owner	Relationship	Cost	Shares	Value
4. Ulta Beauty, Inc. (ULTA): \$309.17		Sector: Consumer Discretionary		
Charles Heilbronn	Director	\$305.30	829,768	\$253,331,286
Lorna Nagler	Director	\$315.90	4,000	\$1,263,615
<i>Total Sold by all Insiders of Ulta Beauty, Inc.</i>				\$254,595,812
5. Virgin Galactic Holdings, Inc. (SPCE): \$30.63		Sector: Industrials		
Chamath Palihapitiya	Director	\$34.32	6,200,000	\$212,771,956
Michelle Kley	Executive Vice President, General Counsel and Secretary	\$30.42	25,000	\$760,500
<i>Total Sold by all Insiders of Virgin Galactic Holdings, Inc.</i>				\$213,513,500
6. L Brands, Inc. (LB): \$61.86		Sector: Consumer Discretionary		
Leslie H. Wexner	Director	\$58.31	3,050,000	\$177,845,504
Stuart B. Burgdoerfer	EVP & CFO	\$54.56	75,848	\$4,138,267
James L. Bersani	President - Real Estate	\$55.65	11,279	\$627,676
<i>Total Sold by all Insiders of L Brands, Inc.</i>				\$182,611,443
7. MP Materials Corp. (MP): \$35.95		Sector: Materials		
James H. Litinsky	Chairman and CEO	\$33.78	4,603,123	\$155,470,486
<i>Total Sold by all Insiders of MP Materials Corp.</i>				\$155,470,486

TOP 10 INSIDER SALES - MARCH 2021

Owner	Relationship	Cost	Shares	Value
8. The Estée Lauder Companies Inc. (EL): \$292.605		Sector: Consumer Staples		
Ronald S. Lauder	Chairman, Clinique Labs LLC	\$291.49	360,000	\$104,937,352
Tracey Thomas Travis	EVP & CFO	\$285.01	22,924	\$6,533,569
Cedric Prouve	Group President, International	\$293.81	14,753	\$4,334,581
Rose Marie Bravo	Director	\$289.52	4,000	\$1,158,099
<i>Total Sold by all Insiders of The Estée Lauder Companies Inc.</i>				\$116,962,648
9. Snap Inc. (SNAP): \$52.31		Sector: Communication Services		
Evan Spiegel	Chief Executive Officer	\$64.87	1,542,228	\$100,046,347
Robert C. Murphy	Chief Technology Officer	\$58.54	85,485	\$5,004,121
Derek Andersen	Chief Financial Officer	\$62.63	55,739	\$3,490,724
Jeremi Gorman	Chief Business Officer	\$62.69	51,107	\$3,183,221
Joanna Coles	Director	\$62.50	2,317	\$144,813
<i>Total Sold by all Insiders of Snap Inc.</i>				\$111,867,536
10. The Carlyle Group Inc. (CG): \$36.81		Sector: Financials		
David M. Rubenstein	Director	\$35.80	3,000,000	\$107,399,998
<i>Total Sold by all Insiders of The Carlyle Group Inc.</i>				\$107,399,998

SPINOFFS

There were two new Spinoffs announced in the month of March.

New Spinoffs

Parent Symbol	Parent Name	Spinoff Name	Announced Date	Potential Spinoff Date	Type
CFX	Colfax Corporation	ESAB	3/4/2021	Q1 2022	Splitoff
LEN	Lennar Corporation	Lennar Mortgage Finance	3/17/2021	N/A	Spinoff

- On March 4, 2021, Colfax Corporation (CFX), a leading diversified technology company, announced its intention to separate its fabrication technology and specialty medical technology businesses into two differentiated, independent, and publicly-traded companies. The separation is intended to be structured in a tax-free manner and is targeted to be completed in the first quarter of 2022.
- On March 17, 2021, Lennar (LEN) said it plans to spin-off all or parts of ongoing businesses to become a pure-play homebuilder and financial services company.

Spinoff Updates

- On March 17, 2021, Merck (MRK), known as MSD outside the United States and Canada, announced that it has filed a Form 10 registration statement with the United States Securities and Exchange Commission in connection with the intended spinoff of its women's health, biosimilars and established brands businesses into a standalone, publicly-traded company, Organon. Organon will register its common stock under Section 12 of the Securities Exchange Act of 1934 .
- On March 18, 2021, XPO Logistics (XPO) selected GXO Logistics as the name of the stand-alone logistics company that it will spin off from its larger operation later this year.

STOCK BUYBACKS

Significant Buyback Announcements in the month of March

- On March 16, 2021, the Board of Directors of Patterson Companies, Inc. (PDCO) approved a new share repurchase authorization for up to \$500 million of its common stock through March 16, 2024.
- On March 18, 2021, Kingstone Companies, Inc. (KINS), announced that its Board of Directors has approved a share repurchase program for the Company. The program authorizes the repurchase by the Company of up to \$10 million of its outstanding shares of common stock over the period ending on March 31, 2023.
- On March 4, 2021, the board of directors of Smith & Wesson Brands, Inc. (SWBI), authorized a new \$100 million share repurchase program.
- On March 3, 2021, Sprouts Farmers Market, Inc. (SFM) announced that its Board of Directors authorized a new share repurchase program of \$300 million of its common shares.
- On March 1, 2021, Trecora Resources (TREC), announced that its Board of Directors has authorized the repurchase of up to \$20 million of its common stock by March 2023.
- On March 1, 2021, Cannae Holdings, Inc. (CNNE), announced that its Board of Directors has authorized the repurchase of up to 10 million shares of its common stock.
- On March 24, 2021, the board of directors of Worthington Industries, Inc. (WOR), authorized the repurchase of up to an additional 5,618,464 of the Company's common shares, increasing the total number of common shares available for repurchase to 10,000,000.
- On March 2, 2021, Domtar Corporation (UFS) announced that it has entered into an accelerated share repurchase agreement with JPMorgan Chase Bank, N.A. to repurchase \$200 million of its common stock with available cash on hand.
- On March 17, 2021, Williams-Sonoma, Inc. (WSM) announced that its Board of Directors has approved a new \$1 billion share repurchase authorization.
- On March 10, 2021, the Board of Directors of Oracle Corporation (ORCL) increased the authorization for share repurchases by \$20 billion.

DOUBLE DIPPER

The Double Dipper is a screen we built of companies that are buying back their shares while their insiders are independently buying stock on the open market for their own portfolios. We are only including management insider purchases and are excluding purchases by directors and 10% owners. This month we ran the screen to look at share reductions over a two quarter period.

Symbol	Company	%Change in Shares	Period of Report	Previous Period
AVDL	Avadel Pharmaceuticals plc	-12.91%	12/31/2020	06/30/2020
MBI	MBIA Inc.	-12.29%	12/31/2020	06/30/2020
CIO	City Office REIT, Inc.	-7.39%	12/31/2020	06/30/2020
SPB	Spectrum Brands Holdings, Inc.	-5.29%	12/31/2020	06/30/2020
LPTH	LightPath Technologies, Inc.	-5.17%	12/31/2020	06/30/2020
HTBI	HomeTrust Bancshares, Inc.	-4.50%	12/31/2020	06/30/2020
D	Dominion Energy, Inc.	-4.09%	12/31/2020	06/30/2020
AAIC	Arlington Asset Investment Corp.	-3.61%	12/31/2020	06/30/2020
POST	Post Holdings, Inc.	-3.60%	12/31/2020	06/30/2020
FLXS	Flexsteel Industries, Inc.	-3.46%	12/31/2020	06/30/2020
BIIB	Biogen Inc.	-3.41%	12/31/2020	06/30/2020
ESSA	ESSA Bancorp, Inc.	-3.20%	12/31/2020	06/30/2020

Voluntary Disclosure: I hold long positions in SuRo Capital (SSSS), Twilio (TWLO), Twitter (TWTR), Zillow (Z), Fidelity National Financial (FNF), Vertex Pharmaceuticals (VRTX), PulteGroup (PHM), B. Riley Financial (RILY), Gilead Sciences (GILD) and Mohawk Industries (MHK).

Disclaimer: Please do your own due diligence before buying or selling any securities. We do not warrant the completeness or accuracy of the content or data provided in this newsletter.