

DECEMBER 2022

# Growing Down

*LionTree Chairman & CEO Aryeh B. Bourkoff shares his reflections and outlook for the year ahead*

## 1. Introduction

Sometimes the best offense is a good defense.

It holds true in business, and—for those of you watching—in [the world's most popular sport](#). It is said that you can win the World Cup without a great striker—a great goal scorer—but you can't win it without a great goalie. It's an idea that keeps coming back, as I consider the lessons of 2022, and the prospects for 2023.

Last year, I wrote about purpose, and its importance as a rudder; this year, a related question has come into view: how do you pursue that purpose in a time of contraction?

Most of us recognize that slowdowns are inevitable; the harder task is to accept the unpredictability that accompanies them. The uncertainty principle, in quantum mechanics, gives us a powerful metaphor for the contingency of our knowledge. It states that, if we know the position of a particle, we cannot know its momentum; and vice versa. Certainty and uncertainty are a package deal.

To take the other football, it's like returning a kick-off. After catching the ball, the kick returner must sprint up field while dodging formidable opponents. They know their location but must continually adjust their momentum. Rarely do they make it to the other end of the field.

—  
*Growing down... Seeing scarcity as an opportunity to go deep within, in order to emerge with what is required to go beyond even your original expectations.*  
—

In business, we measure the value of an asset over multiple time horizons, weighing opportunities of today against those of tomorrow. What is the price of a security compared to its long-term value, both on an absolute and relative basis, and over time? At a time when the reasons for uncertainty are multiplying—scarcity, inflation, geopolitical turmoil—we must return to the fundamentals, to the measures of intrinsic value that allow investors and managers to find their footing. Only once we know our position, can we find our momentum.

By returning to the essentials—profitability, competitive advantages, risk-adjusted returns, capital flexibility—we can shed what is superfluous, contracting and shrinking in order to delve more deeply into what sustains us. *Growing down*, I call it. Seeing scarcity as an opportunity to go deep within, in order to emerge with what is required to go beyond even your original expectations.

It is not an easy task, but it is an essential one. As Churchill said, “*It’s no use saying, ‘We are doing our best.’ You have got to succeed in doing what is necessary.*” The challenge is to maintain an abundant mindset, and a purposeful one, in times of scarcity.

Moreover, history gives us reason for optimism. It teaches us that although economic downturns are not kind, they are conducive to visionary entrepreneurship. More than half of the Fortune 500 companies were founded during a recession or bear market—from General Motors in the downturn following the Panic of 1907, to Microsoft during the oil crisis of the 1970s.



2022 was a challenging year. We’ve dealt a lot with uncertainty, leaving most with feelings of exasperation. Just as we are looking forward to finally escaping the pandemic and reaching for normalization, we are hit with the threat of a downturn that can cause us to recoil. So how do we emerge, what feels like yet again?

When preparing for a journey of unknown scope, it’s wise to “pack light,” to only bring what you can carry, while preparing for the unknown. For companies, a renewed focus on core metrics is key. They are the compass that provides the framework to self-correct, to become nimble and self-sufficient as companies identify their competitive advantage that will carry them through.

But a compass is not enough. We need a bridge to get to the other side, and it is built on three pillars: creativity, community, and capital.

Each of these is intertwined with the other. In the coming period, creativity and innovation will emerge from the CEOs who have demonstrated their ability to play to their competitive advantage—their edge. Such leaders, finding opportunity in the gaps and dislocations of a turbulent period, will emerge as the new industrialists of our time.

—

*...creativity and innovation will emerge from the CEOs who have demonstrated their ability to play to their competitive advantage—their edge.*

—

But they will not be alone. They will be linked, in a community bound by shared vision and the long-term capital that supports it, to what I call Reference Shareholders: those who, putting the company’s interest before personal interest, offer guidance and influence, but not control. Reference over Interest—a different kind of RoI.

Relationships of this kind, characterized by discerning advice and long-term, value-added capital, will be crucial in an environment characterized by difficult decisions and the necessity to make do with less. As has been revealed by the markets, it’s not enough to bet big on the future.

Sometimes you have to grow down to grow up—like the roots of a tree, an image I left you with last year as we were exiting a less grounded market cycle. The deeper the roots, the higher the branches can grow.

## 2. Scarcity & Self-Correction

When the balance of the world shifts, perspectives change. We are at a moment of inflection, reflection, and self-adjustment for government institutions in the West, corporations, and capital markets. While we can attempt to understand the current state of affairs, we can only guess at the acceleration of changes to the global paradigm that has governed our decision-making for the last half century.

The causes of our uncertainty are well-known: inflation; global central bank policies; war in Eastern Europe (and perhaps elsewhere); the decoupling of Western and Eurasian economies; and other sources of social and political turmoil. The challenge is how to respond. The moment is upon us and 2023 will be a period of retrenchment and resetting of both foundations and priorities that will allow us to navigate this uncertainty and emerge stronger. This is “growing down,” and ultimately, the upside to downturns.

This period of slowdown is temporary, in my view, but necessary to return to fundamental long-term growth. In times of scarcity, we are forced to look inward to recalibrate. We might learn that, in fact, we simply had too much all along. I returned to a book this year called [Scarcity](#), which reads: “Follow the thread of scarcity long enough, and it leads back to abundance. While scarcity plays a starring role in many important problems, abundance sets the stage for it.” Once on stage, scarcity “captures our attention” and forces the self-correction that eventually makes future growth possible—for leaders, companies, and countries.

### *The End of Abundance*

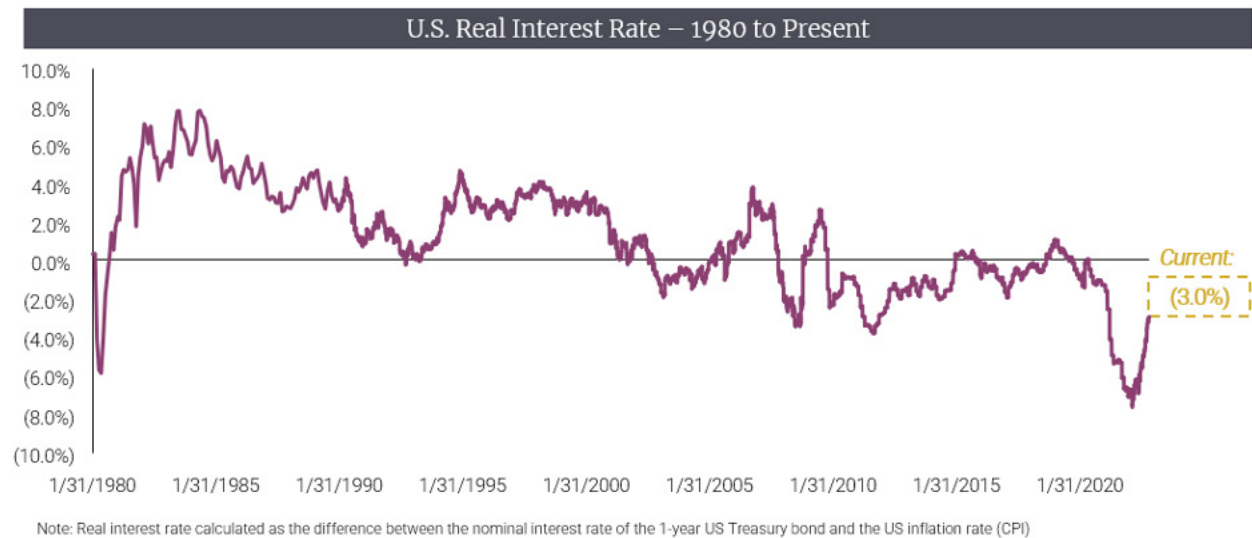
Inflation, and the responses to it by governments, banks, and investors, have dominated the headlines. [It's the first year since 1969 that treasuries and equities are both down](#) meaningfully, raising the cost of both debt and equity...as well as the threshold for organic and inorganic growth alike. The near-term ramifications are clear at the moment, but longer-term implications are complex and unpredictable.

In 1979, when inflation was above 11% annually, Paul Volcker allowed interest rates to float—which they did, higher and higher, reaching a stratospheric 19% for the Fed funds rate by 1981. He held his position through not one but two recessions and was reviled for his efforts at the time. Builders sent him planks from unbuilt houses; unemployment stayed above 10% for nine straight months and mortgage rates hit nearly 17% (nearly unthinkable today). However, when he left office in 1987 inflation was down to 3.4%, and ultimately his tenacity is lauded (one of his biographies is entitled *The Triumph of Persistence*).

What that period dramatizes is a central dynamic of our own time: the necessity of contraction and recalibration for the prospect of future stability and momentum. Just as it did in the 80s, that dynamic will favor those who are self-aware and patient, aiming for long-term opportunity rather than chasing lower conviction near-term growth. This perspective is crucial, because those who believe they see a light at the end of the tunnel as we head into the New Year may well be mistaken.

The market has currently priced in a rising rate environment through the first half of 2023, peaking at around 5% by mid-year. However, real interest rates are still meaningfully negative (and the lowest in nearly 40 years); as such, rates will have to go higher, or inflation must decrease meaningfully. Historically, including in the 1980s, the Fed funds rate has had to exceed the rate of inflation to temper its rise. So, with inflation (as measured by CPI) at around 7%, we may be underestimating the trajectory of rates heading into 2023.

Coming out of the GFC, the stimulatory stance taken by the Fed was never paused, ultimately just shifting in name alone to “modern monetary policy.” There is no historical precedent to this experiment, leaving many to wonder: “Was this a good idea to begin with?” Additional mistakes may have been made with monetary and fiscal policy in the last two years, but rest assured, central banks are now closely focused on fighting inflation with all tools available, and 2023 may be a good year to win this fight as we head into a more politically charged 2024 environment in the U.S.

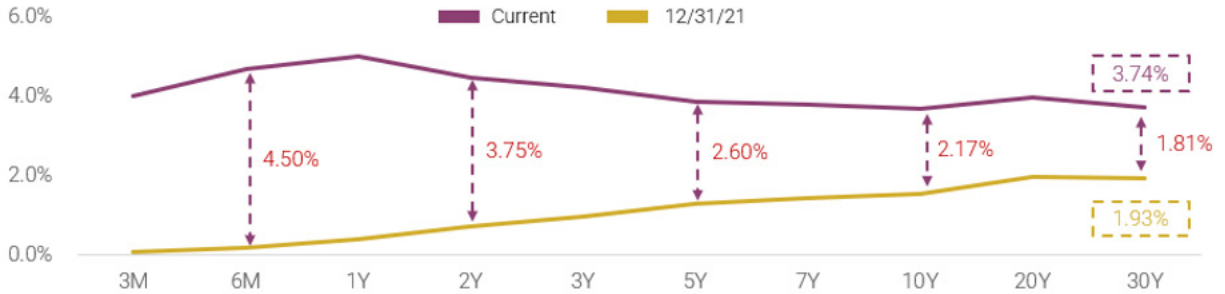


The yield curve also remains inverted—a leading indicator of recession over the last 50 years. The lowest points in the treasury yield curve are the 10-year and 30-year, leaving high-yield companies that can’t access debt beyond seven or eight years relatively disadvantaged in the current market environment, due to both spreads and absolute rates.

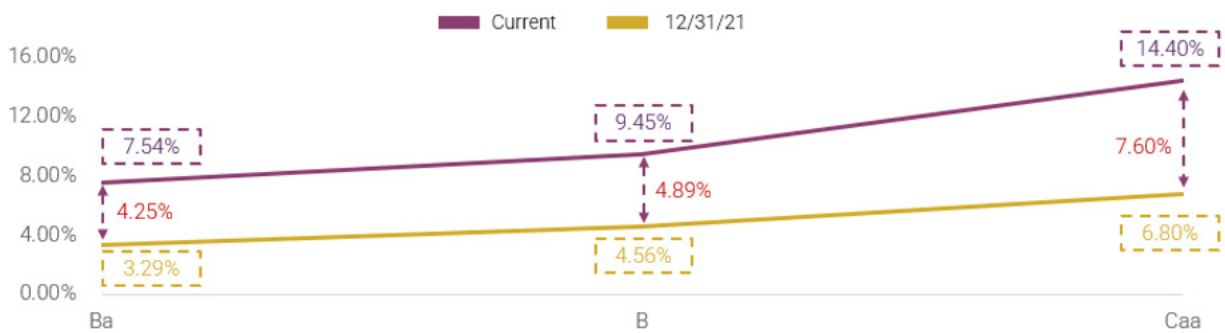
Rising rates will take time to play out. While near-term impact has meant a slowdown of credit issuance and lower volume for leveraged buyouts (LBOs), over the long-term this will have a much more negative impact on corporate earnings and liquidity (especially for higher levered non-investment grade issuers), as refinancing existing debt at a cost of 300-500 bps higher will impact strategic flexibility for many. In fact, part of the reason leverage ratios have trended up over time is the low absolute cost of financing. We would expect some of these trends to reverse, putting pressure on equity markets and more speculative growth investments and transactions. Ultimately, a greater issue is the real growth rate and its impact on inflation-adjusted earnings.

With access to capital under pressure and favoring those with long-term, viable growth plans, there is an opportunity for companies in strong positions to take advantage of a relative differentiation to prove out their business models—built on unit economics, sustainable fundamentals, and competitive advantages—and to identify and partner with long-term shareholders who want to support them over the next decade, not just the next ten months. For companies with meaningful capital structure or liquidity issues, unfortunately it is time for recalibration—in expectations, ambitions, and the “growth-at-all-cost” mentality. We see potential activity for such companies, including consolidation and asset divestitures, as well as more “growing down” business plans.

### Treasury Yield Curve – Flatter and Foreshadowing a Downturn



### Credit Ratings Yield Curve – Increase in Credit Risk Premium



Source: FactSet

Given the difficulty of precisely measuring individual company trajectories in the current moment, judicious leadership teams are preparing for a prolonged downturn, indeterminate in its timing, impact, and duration. We are likely not out of the woods, making it difficult for any CEO and investor to time the bottom. Given these realities, we will be in wait-and-see mode, with considerable risk that rate hikes extend beyond current expectations, making 2023 a challenging year for incremental investment and growth initiatives.

## The Great Decoupling

There are several factors underlying the geopolitical currents roiling the globe: Russia’s unprovoked invasion of Ukraine; a strained relationship between the West and China; tensions inside and with Iran; and the uneven rise of the Global South. These pressures show no sign of abating, and conflict looms. The most salient of these dynamics, the U.S./China rivalry, will be the defining feature of 21st century geopolitics; and this economic (hopefully not military) competition has implications for trade, currency, and commodity markets, and for globalized efficiency.

For instance, the Biden administration’s CHIPS law, along with related restrictions, serves both to hamper China’s military-industrial rise, and to revitalize American manufacturing of a critical resource. However, while such policies aim to develop self-sufficiency, they can also lead to tensions with rivals and even allies. (See, for instance, European objections to ‘Made in America’ electric vehicles.)

Clearly one benefit of globalized trade in the recent super cycle has been its deflationary impact. Going forward, however, the “onshoring” or “friendshoring” of manufacturing and innovation is a pressure point for inflation and corporate strategy. In such a context, companies will need to take steps to reduce their costs, and to ensure the resilience of their supply and distribution lines. At the same time, there will be beneficiaries of new supply chain dynamics and deglobalization trends, such as Mexico and Latin America as it relates to the West. For both companies and countries, the breakdown of larger networks offers opportunity for the strengthening of nearer ties.

And while East and West are retrenching into revised “economic spheres of influence,” the Middle East and the Gulf, led by Saudi economic initiative, are creating an independent power base and new hub of innovation as they embrace key transformations of the future—including urban living, healthcare, digitization, food technology, and (despite oil being the primary source of revenue) energy innovation. A most recent case study is Qatar—at first glance, seemingly an incongruous place to host a World Cup. But its willingness to spend more than \$220 billion on infrastructure and development to welcome global fans and sponsors was declarative. This push into modernity and investment in modern cultural assets—even building entire cities from scratch, in the case of NEOM—are far-sighted, and align with the youthful demographic and leadership trends of the Arab world. As the region’s rulers understand, old paradigms don’t last forever—even the hydrocarbon one on which their wealth has relied.

This is complemented by another historic shift, which is the rapprochement with Israel. The Abraham Accords, a profound realignment of regional dynamics, are one of those breakthroughs that we couldn’t have imagined 50 years ago. (They prompt us to wonder, what achievements of the future are unimaginable today—and how do we start imagining them?) During my recent travels to the Gulf region, many described its rise as “the New Europe,” in contrast to the “Old Europe,” which is experiencing a relative decline due to demographic, political, and economic slowdown, exacerbated by dependence on foreign energy and resurgence of territorial conflict. Although we once saw Europe as the third political and economic power between the U.S. and China, growth, and positive steps towards social progress in the Gulf favor the region to earn this spot on the global stage.

At the same time, the U.S. is reasserting its global leadership, benefitting from its role as the home of free markets and abundant capital to drive innovation (even during time of scarcity), a still strong dollar and global reserve currency (despite clear challenges), and energy and food independence compared to other regions. The U.S. remains home to many of the strongest, most transparent, most technologically advanced, and most influential companies and entrepreneurs. These dynamics have been thrown into positive relief by developments in China, where the government continues its push toward centralization, evident not only in its Covid restrictions (now being scaled back), but in its industrial policies. China’s growth has slowed in part because of these factors, which also have led to social unrest, causing doubt and hesitation among both domestic and foreign companies and investors.

As the Great Decoupling plays out, it is not hard to imagine a future in which some places are open only to Chinese investment (Central Asia, parts of Africa, Russia), and others mostly to U.S. investment (the West). In such a world, the Middle East will stand on its own—no longer an arena for the “Great Game” between the superpowers of the day.

## *Voids in Leadership*

This year we've seen myriad governments turn over, from the UK to Italy to Sri Lanka, and change party hands, including in Israel and Sweden, while we ponder the future in the U.S. In my view, many of the ruling class parties (whether they won or underperformed, like the GOP) lack youthful, decisive, innovative leadership that has executable ideas suited to the times.

—  
*The good news is that abrupt changes can be healthy;  
their swiftness is helpful in resetting expectations.*  
—

We have seen a similar theme in corporate America, with prominent CEOs abruptly leaving their posts amid a declining macro environment, to be replaced by new leadership better placed to implement “grow down” strategies. The good news is that abrupt changes can be healthy; their swiftness is helpful in resetting expectations. Ineffective or false leadership must be replaced by management that has the honesty and fortitude to see through a strategic vision, the intellectual humility to learn from mistakes, and the decisiveness to make necessary changes.

Strong leaders are made both in and for difficult times. One legendary media executive once said to me: “When I was finding my way, we didn’t even use the term ‘entrepreneur’. You were just a person who wanted to build a business.” And while I appreciate those who leverage their success and platform for meaningful causes, after many lessons we must be more careful before idolizing those who are undeserving. Gone are the days, I hope, when we let “visionary” leaders with no integrity operate companies and skip board oversight. With leadership comes responsibility, and all the consequences it may entail.



In the midst of these global crosscurrents, 2023 will be a year of adjusting assets, discovering new leadership, rethinking structures, and rebuilding relationships—as well as establishing some for the first time. As we consider the leadership qualities that are essential, trust, along with its corollary, credibility, will be a crucial asset across both the private and public sector, leaders of both companies and countries.

## **3. Doing More with Less**

*‘Adversity is the prosperity of the great.’*

Ralph Waldo Emerson

Turbulent times teach us that momentum is no guarantee of stability, and hubris is as dangerous as inertia. These lessons have become especially apparent in the light of the retrenchment or failure of once high-flying, pre-profitability, or subscale businesses benefitting from an infinite growth at zero cost mentality, as companies, newly responsible for their excess liabilities accumulated during the pandemic, adapt to an environment that is changing from relative abundance to relative scarcity.



Profitability, sustainability, and viability of business models are crucial as we enter a new phase. As a result, companies are reallocating resources away from growth experiments, and streamlining cost structures—most visibly via growing down the fixed-cost base of their operations, including headcount. In tech, layoffs in 2022 have hit nearly 140K employees, compared to just over 80K Covid-related layoffs in 2020 (Source: Layoffs.fyi). While this is difficult work, these leadership decisions are necessary.

But it's not just about getting smaller. It's about revisiting business models to focus on your strengths and building around that—correcting the distracting abundance of the past that may have led to misallocation of capital and priorities. As an example, in Q3 a broad subset of technology, media, and telecom (TMT) companies beat EBITDA expectations by ~20% while exceeding revenue expectations by ~2%, clearly doing more with less (Sources: Bloomberg, FactSet).

—

*It's about revisiting business models to focus on your strengths and building around that—correcting the distracting abundance of the past that may have led to misallocation of capital and priorities.*

—

I believe that what I wrote in the middle of the pandemic is still relevant: 'If we focus on the essential, we make ourselves essential.' It was true then and it is especially true now. Growing down is a mindset that allows us to focus on what is indispensable. This means identifying and honing your edge, whatever it may be, and pursuing the structures that allow you to do that—paving a power alley in which to accelerate once shareholders and capital markets create a more favorable environment.

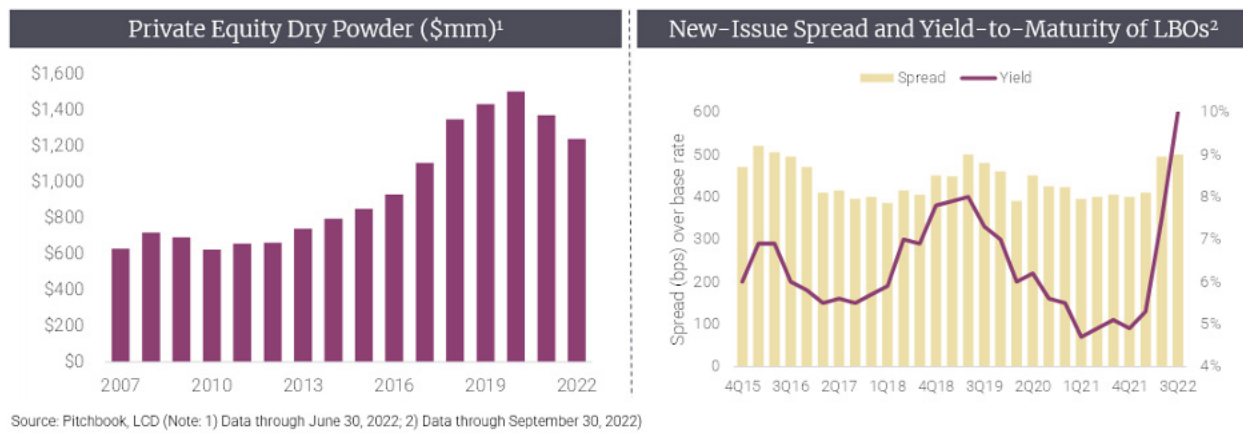
## *Outlook for M&A*

The increased cost of capital and overall caution of management teams and investors has led to a slowdown in dealmaking. Compared to a record 2021, global M&A volume has decreased in 2022 but remains on a positive trajectory compared to 2020. One would expect the slowdown to persist for the near future, but I am more optimistic about the sustainability of M&A deal flow.

I see several trends contributing deal activity: 1) M&A to simplify conglomerates, including potential asset divestitures for both public and private companies as they use capital to de-lever or refocus on their edge; 2) stock-for-stock mergers for both private and public companies, where relative valuation declines are less of an issue and where financial synergies are expected to be the highest; and 3) I do foresee return of the leveraged buyout market in the second half of the year, as there is still abundant cash in private equity coffers, as financing banks clean up their balance sheets and as price stability or at least visibility returns. I also see an increase in private investments in public companies, as markets seek to provide capital support for management strategies.

The first half of the year could also look very different from the second half, as valuations normalize, and rates potentially settle from their peak. There is still over \$700bn of private equity dry powder waiting to be deployed, but the credit cost associated with deployment of that capital is its highest in close to 10 years. So, cash must be put to work and inflation can be a double-edged sword.

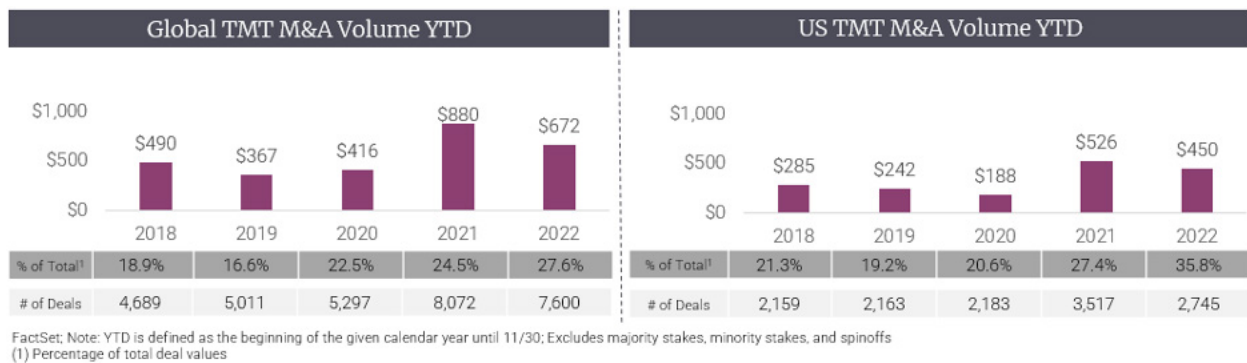




But even as we anticipate a return to abundance, we must be mindful of scarcity. When rates rise and the return thresholds elevate, we are forced to choose; innovation and inorganic activity come at a higher cost. Companies with pricing power, greater control over their supply chains, and the ability to consolidate their advantages are in stronger positions. Shedding of non-core assets and expenditures can enable scaled players to focus on their core business and deliver value to shareholders.

We continue to see pockets of vitality from cash-rich technology and internet companies as they take advantage of their relative strength in a fragmented market. U.S. TMT has shown particular resilience, including parties seeking to consolidate (Adobe’s \$20bn acquisition of Figma, Broadcom’s \$70bn acquisition of VMware, Microsoft’s attempted acquisition of Activision Blizzard for \$68bn), to use M&A for market expansion (Amazon’s \$1.6bn acquisition of iRobot and \$3.8bn acquisition of OneMedical; Oracle’s \$28bn acquisition of Cerner, Google’s \$4.7bn acquisition of Mandiant), or to expand into new geographies (e.g., Naver, the ‘Google of South Korea’, with its announced acquisition of Poshmark). And before the rapid increase of interest rates, we saw some of the largest take private activity in technology such as Vista’s \$17bn acquisition of Citrix and of course the Twitter take private. Looking ahead, I expect continued strong activity in the software and video game spaces, to name two.

Offsetting this activity (particularly from platform players) is the question of regulatory scrutiny. The UK environment is particularly challenging, with many mergers (such as Viasat/Inmarsat) under tight scrutiny. In the EU, the sale of Giphy represents the first time a global regulator has unwound a completed transaction by Big Tech, and Illumina’s \$8bn acquisition of Grail was approved in the U.S. but blocked by the EU competition authority, despite the target having little presence in the EU (this decision is currently under appeal). In the U.S., the sale of Simon & Schuster was blocked following a lengthy review, and we will await the resolution of the FTC’s suit to block Microsoft’s proposed acquisition of Activision Blizzard.



Regarding other uses of capital, companies with strong balance sheets are leaning into organic investment opportunities to hone competitive advantages and position for future growth, particularly in areas like networks and infrastructure (cloud and data centers, fiber builds and deployment). Telecommunications—even cable and broadband—will be an interesting area to focus on in 2023 as companies double down on the decentralized power of their networks vis-a-vis the devices that rely upon them. With higher cost of capital, organic investments will require clear metrics and competitive business rationales so that shareholders can gain confidence they will see a satisfactory return.

Companies are also outpacing the rate of buybacks in 2021, reaching 2.3% of market cap by the end of Q3, compared to 1.5% this time last year (Source: Bloomberg, LionTree analysis). We will have to wait and see if the trend keeps pace in Q4, which accounted for ~30% of the total buybacks for the full year 2021. With a non-deductible 1% excise tax on buybacks occurring after the end of this year as part of the Inflation Reduction Act, it won't be surprising if confident companies seize the opportunity.

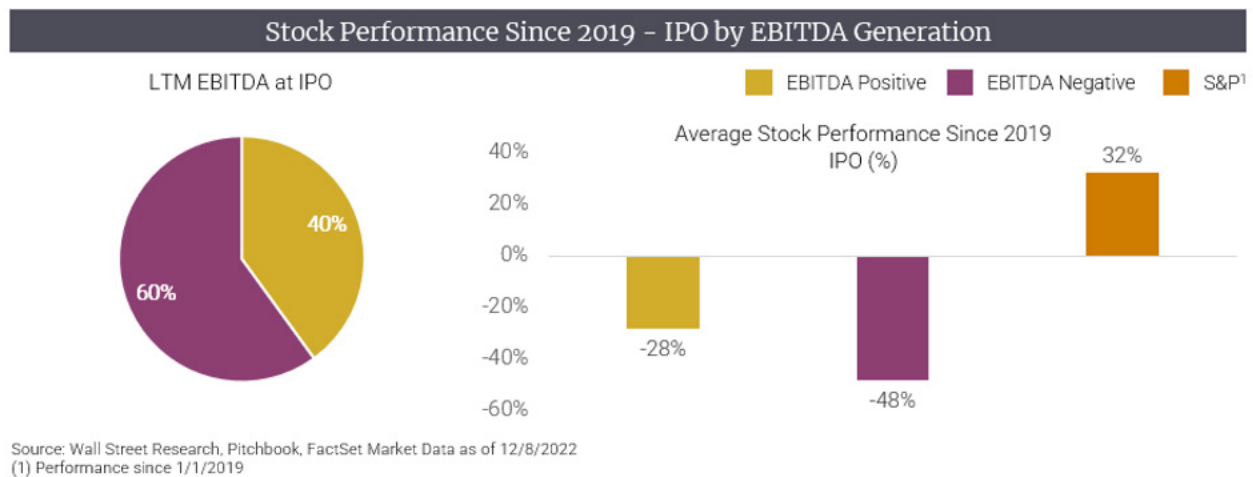
I'm also reminded of transactions that exemplify the concept of "Reference Shareholders," i.e., sources of "partnership capital" aimed to endorse long-term growth and transformation through cycles. In 1997, Microsoft made a \$1bn investment in Comcast, which sparked support and re-rating of cable industry multiples as capital expenditures were on the rise and Microsoft wanted greater access to the home through cable set top boxes. [At the time of the transaction](#), Comcast CEO Brian Roberts said, "Microsoft has attached no strings" and called the investment a strong vote of confidence in the industry; Wall Street very quickly agreed. The just announced Microsoft acquisition of a 4% stake in the London Stock Exchange is yet another example, and representative of the sorts of transactions by strategics that I expect to see more of in 2023.

Creative dealmaking experiences tailwinds when the public markets, surely not as open as they used to be, are challenged. Scarcity follows abundance. This puts a premium on creative dealmaking and M&A, structuring, and access to long-term shareholders—and this is what we at LionTree excel at.

## Public Market Uncertainty

Many companies that have gone public since 2019 largely did so in a highly supportive “growth at all costs” environment. New business ideas and growth initiatives spurred by heavy investments were in vogue due to 0% interest rates. Boards approved strategies they never would have previously and will be even less likely to approve in the coming year.

Approximately 60% of companies that have listed since 2019 were unprofitable at listing, and today, they’re trading down an average of 48% from their IPO price. This lends some perspective on the adjustments making their way through the private markets, where lowered valuations make an exit more difficult. Given lower valuations, many private companies will have to navigate structural considerations as they consider capital raises or mergers, increasing the prevalence of preferred waterfall issues in private sales and/or mergers.



As a result, the IPO door for growth stories is now much harder to open. But that doesn’t mean it’s closed. It is always open for companies with quality brands, cash flows, and profitability, at the right price, and that are fit to be public for the long term. However, during these uncertain times, to cross the threshold into the public markets requires shareholders to believe in you. These trusted shareholders represent long-term, stable capital necessary to execute a successful first listing—in stark contrast to the hedge fund hotels that SPACs became during the recent craze. These anchor investors, who fit my description of “Reference Shareholders,” serve as bastions of confidence, inducing other investors to join in.

This year, we witnessed an IPO success story with Volkswagen’s listing of Porsche in September; it encapsulates what I believe will shape the first successful IPOs over the next 12 months until investors gain confidence in new issuances. Most notable for Porsche, ~40% of the book was snapped up by just four investors, and ~75% was composed of only 20 investors. Of the four largest investors, three were sovereign wealth funds (Norges, ADQ, QIA), and the other was T. Rowe Price.

Following the Dot Com boom, the market lost all confidence in the viability of IPOs, but it only took a few successful, smaller-scale listings to reboot the market and investor confidence. Porsche possesses the qualities first-out-the-gate companies will need to break through, and so far, its stock performance has proven durable.

## 4. The Current State of Media

The media industry as a whole is facing growing down dynamics. The traditional model was built on multiple revenue streams—advertising, subscription, long-tail syndication, and content bundling, where owning IP—and the library of content built up over time—was the bedrock of long-term value. However, this once-stable foundation has been undermined by a self-directed pivot to direct-to-consumer streaming, pioneered by Netflix. In this paradigm, with its front-end model of continuous gratification of consumer demand, you are only as great as your last piece of content.

The streaming model in its current form is not the answer for many—as the industry has learned to varying degrees of frustration. At the most basic level, DTC models are inherently flawed. They create an asymmetric relationship between the product and the consumer: the moment the consumer isn't getting what they want, the relationship is over. As a famous philosopher may have remarked during the French Revolution, “the streaming revolution is eating its own children.” On to the next.

The current media paradigm has several of its own weaknesses, as well. First, it leads to high spending to continuously create fresh content, a mode in which even the benefits of scale—having hundreds of millions of global subscribers—are no guarantee of sufficient (if any) cash flows. Second, the ceaseless supply of new content ends up devaluing that content over time, as is the case with any asset inflation. Your back catalog is depreciating rather than appreciating in line with traditional library economics. (When was the last time anyone went back and rewatched an episode of *House of Cards*?)

These burdens, as we have seen recently, impose heavy obstacles to profitability. Tech companies are engaging in accelerated workforce reductions, and the same is true for the world's largest content producers as they also begin to moderate their growth in content expenditures beyond 2022.

What this illustrates is that it's very hard to be both content creator and distributor. The interplay between content and distribution has been critical since the dawn of mass media, and the calculus is always shifting. The arrival of big tech platforms highlighted the benefits of broad distribution, established through e-commerce (Amazon), devices (Apple), or streaming built on cheap money (Netflix). With this foundational reach, the Silicon Valley players can direct more resources to content creation because distribution and customer-acquisition are already built into their model. The return on investment is simply higher than for those with a distribution disadvantage.

That doesn't mean that integration is futile. But it requires strong management teams (which I believe the industry is lucky to have) and making profitability the priority.

### *Streaming Now: Profitability Over Subscriber Growth*

With cheap money in the rearview, 2023 will be the time for self-awareness and reflection on what is possible, and what is not possible, when it comes to streaming. Rather than everyone competing for the same goal—content at all costs to gain subscribers—industry players are going to have to take a close look at their competitive advantages, a process that will help ensure that all players are both making money and creating a better experience for the customer, so they stick around.

To resolve the streaming wars, the onus is on the industry to find the quickest path to a more sustainable equilibrium. To get there, assets will need to be reshuffled to diversify business models, free up cash, or even create new entities. Scale still matters, including as a means to profitability.

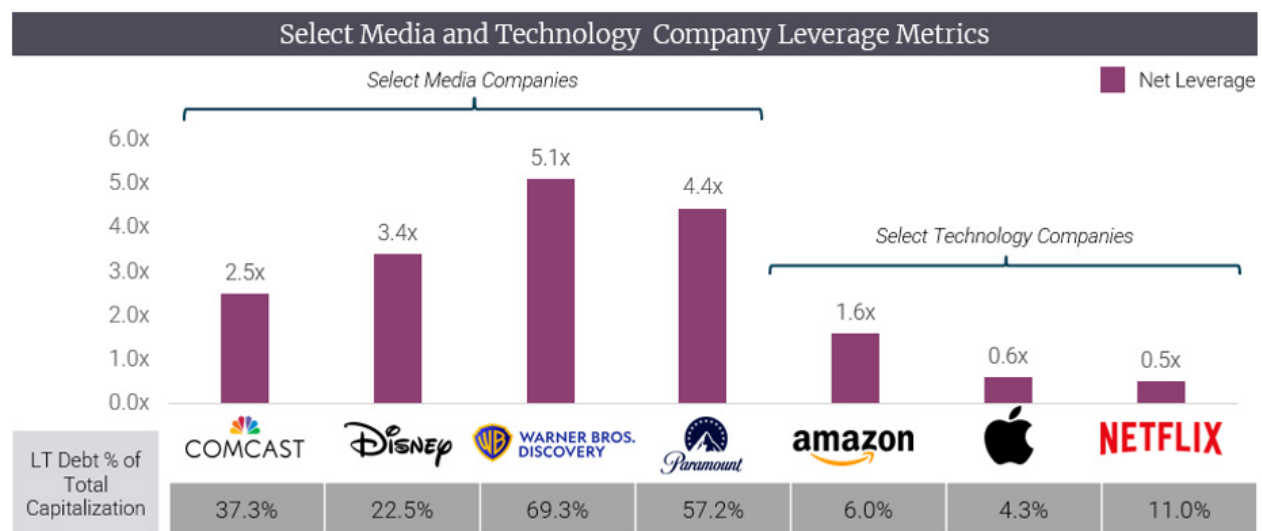
For the content companies, this means a focus on creativity to produce absorbing content across formats and audiences, profitably, and working with the industry to find the best home for that content. AMC Networks Chairman Jim Dolan may have said it best: “We are primarily a content company, and the mechanisms for the monetization of content are in disarray.” Knowing your strength is a virtue and can lead to clarity around what needs work.

For the technology players, it means leaning into their massive distribution reach, acquiring and licensing content while selectively investing in original content that adds valuable franchise brand halo, such as Amazon’s intent to invest approximately \$1bn on around a dozen theatrical releases, leveraging its unique MGM asset. Meanwhile, Netflix is experimenting with ways to embrace theatrical to help bolster topline revenues, while also driving subscribers and protecting its core product.

In addition to scaled distribution, the financial flexibility of tech companies gives them another leg up—one that will only become stronger as costs remain high and investment is still required for streaming models to become profitable. Over the last several years, traditional media players have struggled to keep up with content expenditure compared to their tech peers, even when it was more affordable to do so. At the same time, the outlook for advertising is uncertain and affiliate revenues that have been used to fund streaming initiatives are accelerating their decline.

Netflix has been able to cross the Rubicon and reach a profitable scale after a decade of investment. But as the company wrote in its most recent letter to shareholders, “building a large, successful streaming business is hard.” The company estimated its competitors are “all losing money, with combined 2022 operating losses well over \$10 billion, vs. Netflix’s \$5 to \$6 billion annual operating profit.” Competitors need to find their path.

Because of the costs required to catch up, and the hurdle rate for investments being higher, it might be time to rethink strategy and not be mired by momentum. What are the investable opportunities now that unprofitable growth initiatives make less sense? Companies will have to look inward to determine what they need to succeed, and what they don’t.



Source: Company Filings, Wall Street Research, FactSet Market Data as of 12/8/2022

## *Rebundling the Landscape: What's Your Edge?*

What the streaming landscape lacks is sticky engagement, a connection that can be formed by being the best in a category, or by offering a multi-product or multi-content experience that keeps customers happy over time with high breakage costs or exceptional value. Industry players have been working to find the perfect balance for some time; however, a heightened focus on profitability likely means continued reformation of streaming platforms and a repackaging of the landscape across all forms of media to regain leverage.

In the case of large media entities with higher levels of debt, divesting of non-core assets could provide the financial flexibility required to achieve or enhance profitability in their core business, and play to their strengths—for example, Hasbro's divestiture of parts of its eOne entertainment division. Strategic asset sales create opportunity for potential consolidators seeking to repackage media assets to create must-have offerings that enhance a holistic customer experience, with the added benefit of spreading costs over a broader asset base.

Toward these ends, we see several opportunities at play across the landscape. Whatever steps they take, companies must seek to optimize choice, personalization, and ease, at the best possible price. Rather than working primarily against each other in "streaming wars," the industry will likely have to work better together. This will take creativity, trust, and community.

- **AVOD:** The media industry went too far on the subscription model. That approach offers certain advantages (for example, the opportunity to learn about individual consumers, and then target them precisely), but it must be supplemented by ways to monetize content with more affordable pricing tiers that can reach a wider audience, thereby creating more sustainable business models. Last year, I wrote that "hybrid SVOD/AVOD models can provide an important revenue mix, driving value as well as growth." The emphasis on value will be even more important in 2023, given that the consumer and companies are expected to be increasingly stretched financially. The industry will be watching intently as Netflix and Disney roll out their new AVOD offerings.

Just as the industry shift to streaming creates unhealthy side-effects, a shift to AVOD may present its own challenges, particularly amid a possible advertising slowdown—though media CEOs remain cautiously optimistic (at best, and the market could shift quickly). While the fragmented landscape creates more ad space to fill, two questions are top of mind: 1) Will there be enough to go around? 2) Will consumers tune-in, particularly when there's a price tag involved? Separately, in a streaming-first world, the industry would need to get creative to achieve the level of profitability they once enjoyed in a dual-revenue world.

- **Sports:** Sports and news are the lifeline of linear TV and continue to be an important source of ad revenue. Meanwhile, tech maintains a competitive advantage in acquiring sports media rights, thanks to their substantial balance sheets. We saw this with Apple's acquisition of the global rights to all MLS events for the next 10 years for \$250mm, nearly triple what it received from incumbent partners ESPN, Fox Sports, and Univision.

We expect the growing value of sports rights to be a major theme in 2023 and beyond. Sports is the ultimate front-end model, built on large, impassioned audiences that keep coming back to watch game after game, season after season—all the way from global, to national, to local RSNs. It is surrounded by a nexus of other experiences, such as betting, character-driven content, merchandise, and overall engagement. Linear broadcasters are maintaining respect when it comes to reaching scaled audiences, so leagues will want to continue to find new ways to monetize media rights between tech and traditional distribution to maximize their reach and income. So, when it comes to sports, expect media rights packages to be further divided.

- **Gaming:** Video game companies are a big competitor to streaming video companies as they compete for consumer time and engagement. As scaled players look for opportunities to further widen the gap in their product offering relative to subscale players, we've seen an increased focus on gaming as another way to fight for finite hours. While Netflix's strategy is still in its infancy, they are committed to getting it right; meanwhile, Meta is exploring VR gaming in line with its metaverse mission. Neither Google Stadia nor Amazon Luna have made a splash (with Stadia expecting to shut down in 2023), but the trend has been to try to figure out what works.

The facts are clear. Gaming reaches more than four billion people worldwide (and growing), equally shared between men and women. Gaming companies also make money! Given their tried, tested, and proven profitability, the integration of gaming is here to stay, despite an engagement pullback from Covid highs.

- **Linear, broadcast & local:** While technology companies have a financial advantage when it comes to bidding for sports rights, linear cable, broadcast, and local will continue to play an important role in monetization in the near-term. Moreover, technology can enable smaller regional players to make the best of what they have through an optimized ad tech stack.

Sometimes the rules themselves will need to be changed to allow these processes. For example, given that broadcasters are in danger of being left behind, regulation could be adjusted to allow further consolidation. There is still a window for local broadcasters to use their remaining distribution leverage to reinvent themselves, moving away from content dependence on the networks and distribution dependence on the cable companies. Not an easy path – but they would be better positioned working together on any reinvention than working alone.



Despite the hurdles to profitability, let us not give up on the industry's vibrancy and potential to enter a new creative renaissance—akin, perhaps, to the energy of the 1919 Carnival following the last global pandemic. Even though *Top Gun: Maverick* was a sequel, its star power and mastery of storytelling were stupendous. Other feature hits and episodic content from *Black Panther: Wakanda Forever* to *The Peripheral* to *Woman King* (fill in whatever you've loved this year) continue to inspire and excite. As streaming comes down to earth, the creation of new content and experiences across all genres—from video and music, to sports and gaming—will prioritize quality and originality.

Augmented reality is yet another digital content experience that is gaining traction and will transform our perception of physical spaces, including retail, museums, education, travel, and beyond. And while there are still hardware hurdles to overcome in virtual reality, and the technology is still in its early days, I view both augmented and virtual reality as a means of expanding the reach of live experiences in the digital realm. The resurgence of live experiences, generally (above pre-pandemic levels in many cases), and all the sensory inputs they entail—from experimental flavors to pulsating soundwaves—is a pleasing reminder that real life will never be fully replaced.

Meanwhile, a groundswell of content and creativity is developing outside the confines of traditional media. While the creator economy clearly impacts mindshare in our attention-driven economy and is something traditional media must learn to contend with, it also creates boundless potential.



## *The Creator Economy: Platform & Responsibility*

With [user-generated content representing 39% of time spent with streaming media](#) on platforms such as Instagram, YouTube, and TikTok, individual entrepreneurs have proven to be powerful content creators in their own right, where the content is the driver and products come secondary. Take the YouTuber MrBeast, who recently supplanted PewDiePie as the most-subscribed individual YouTuber, with a staggering 112 million subscribers and a target valuation of \$1.5 billion. The successes of an everyman like MrBeast and others like him reveal that, in the currency of this vast, youthful ecosystem, relatability and authenticity are gold, while talent is silver. Expertise is a base metal.

Indeed, expertise, as well as creativity, may be in the process of being usurped by generative AI, which puts the power of creation in the hands of anyone with a basic keyboard—from ChatGPT (text to dialogue) to DALL-E (text to imagery), to Midjourney (text to animation), and many others not mentioned here. At the same time, these programs have the capacity to turbocharge human imagination, allowing it to realize its visions with greater speed and frequency than ever before—fueling the question of the relative importance of content “creation” versus “curation”.

While the applicability and upleveling of generative AI for creative industries is clear, its ultimate impact is still taking shape, as AI becomes a leading target for investment in the next wave of digital transformation across industries—from enterprise technology and logistics to finance and healthcare. We are excited for these innovations and very closely focusing on transformational organic and inorganic activity in areas such as healthcare technology, security, privacy and digital identity, education as well as vertical software and marketplaces—guided by our informed experience with technological change and pattern recognition as we advise CEOs and industries on growth, capital structure, potential transactions and partnerships, and overall competitive position.



These dynamics bring with them new responsibilities. We must be mindful of the heightened influence of both creators and platforms on the information we consume, and on our public discourse. While enabling a new ethos of individuality, vulnerability, and (supposed) authenticity, these platforms have the potential to divide us into echo chambers, cementing ideology at the expense of dialogue. These confines are both self-selected, and inflicted upon us by algorithms, which risk deepening our social and political divisions by drawing the like-minded together, and radicalizing users by luring them to the extremes of antisemitism, racism, and all sorts of noxious beliefs.

We must recall one of the most celebrated early promises of the internet, that it can function as a democratic public square. In this vision, the exchange of diverse opinions, combined with easy access to information, would make society more tolerant, open-minded, and well-informed. The reality, however, has been the reverse: social media has left us more disconnected. This gap, this paradox, we must overcome—for our society at large, and particularly for our children.

Twitter’s chaotic transition has been clarifying, prompting employees, investors, and the general public to think critically about the role we want this company to play in our society—where words and actions do matter. As individuals and as institutions, we have a responsibility to speak out against hateful extremism, and these efforts must be backed by responsible moderation and regulation. To his credit, Elon Musk has recognized that strong new leadership will be essential as the company rebuilds stability and trust (and following a challenging period of growing down).

Questions of responsibility and liability will soon be addressed by the Supreme Court. The watershed case of *Gonzalez v. Google* hinges on the difference between providing a platform for content, and *promoting* that content, to some users but not others—whether this form of selection and targeting is protected by Section 230 of the 1996 Communications Decency Act. While a decision against Google would seem to impose a crippling amount of legal risk on platforms, what is revealing is that the plaintiff does indeed have a case under the law, written two years *before* Google was founded in a garage. What it reveals is the perpetual lag of law and regulation behind the many-headed Hydra of technological change.

As I reflect on a decade of transformation across the landscape and in the markets, media remains the override. Corporate and political leaders understand its power well, as we see in Sam Bankman-Fried’s recent media tour, clearly intended to shape public opinion in advance of what is shaping up to be a very uphill legal battle. More broadly, this year’s midterm elections saw [political spending](#)—including on platforms such as TikTok—nearly match that of a presidential election. The period leading up to the U.S. presidential election in 2024 is bound to be filled with rhetoric and the sort of challenges mentioned above, testing our media institutions and those who lead them yet again.

While social media thrives on disagreement, media is the override in that it offers *common ground*—an immensely valuable thing in a fractured social landscape. What better example than the global spectacle of the World Cup, the first in an Arab nation? Sport itself, of course, has the ability to bring people together, but global transmission of such events creates a shared experience, history, and community that is so easily lost in other forums.

## 5. Bridging the Gap

The pandemic was an accelerator for change.

Not all change, however, is sustainable—sometimes progress hits a brick wall and must be rethought, especially when the assumptions on which it is based have shifted. But that reconsideration is itself an opportunity. 2023 will be a year of growth; it’s just that not all growth is up and to the right. Growth in the year ahead must be a form of adaptation, guided by fundamentals and pattern recognition to help you along the way.

—  
*2023 will be a year of growth; it’s just that not all growth is up and to the right.*  
—

As I’ve suggested, this growing down requires creativity, community, and capital. These are the values that have informed LionTree’s growth (up *and* down) from the beginning, as we advise our partners through transformations not transactions, and through good times and bad.

In the mold of a classic merchant bank, LionTree is here to fill the gaps through our advice, recasting problems as solutions, and through our investments, unlocking value along the way. We seek to match long-term-oriented CEOs with long-term shareholders, enabling companies to play to their competitive advantage—and we align ourselves with the outcome through our own capital.

—  
*LionTree is here to fill the gaps through our advice, recasting problems as solutions, and through our investments, unlocking value along the way.*  
—

The LionTree platform, spanning strategic and financial advisory, capital markets, and merchant banking, is meant to serve CEOs and entrepreneurs through any cycle. While our foundation has been advisory and M&A, we always knew we would want to be multi-product, under constant reinvention to build around the needs of our community. We are always evolving to meet the demands of a changing landscape, helping our partners seize opportunity at the intersection of technology, media, and culture, while also preparing for the future, building across products, thematics, and geographies.

This past summer, we hosted a group in Israel to acquaint ourselves more closely with the entrepreneurs and investors driving innovation in the region, including AI and web3 applications, cybersecurity and data analytics, foodtech and climate tech, and more. To convene in a historic location in the middle of the desert and contemplate the vast potential of the future created the energy and friction inherent in the opportunities that we seek every day.

Historically, the role of a “bank,” broadly defined, has been to shine a light on deserving sectors, and to provide capital to facilitate value creation. This year, we highlighted the music sector to our partners, which led to the formation of MUSIC, a joint venture to invest in the evolution of the music industry, backed by \$200 million in long-term capital. And LionTree is a strategic partner to Griffin Gaming Partners; we’ve helped assemble more than \$1 billion to invest in and advise on the growth of interactive entertainment, from content to infrastructure, from mobile to the metaverse.

This clustering of durable capital around certain thematics and industries in motion, and led by the next generation of modern industrialists, exemplifies the merchant banking model. In that model, Reference Shareholders provide what I call “partnership capital”—concentrated, centralized, sustained through uncertainty, backed by committed advice, and allocated to maximize not short-term gain but long-term, transformational value.

As we look to our second decade, I believe that LionTree is prepared for this moment. We seek to both advise and invest in our relationships and will be doing so amid dislocations and crosscurrents where independent, differentiated capital and long-term shareholder support will come at a premium.

## *Growing Down, to Grow Up*

In life, the onset of a new decade is a moment to reflect. In the Pirkei Avot, one of the landmark Jewish texts, each decade is defined by a particular capacity, a potential that has come to fruition. In anything, the arc of life is also a governing framework for your priorities...

This month, I will turn 50—an age at which, according to the Jewish tradition, I will now be ‘able to give counsel.’ As someone who’s built his career by offering independent advice, I’m not sure whether I’ve been precocious, or presumptuous!

The root word in Hebrew for “counsel” also means... *tree*. While I’m turning 50, LionTree also celebrated a pivotal birthday this year: 10 years. The verbal link has made me think deeply about what we’ve built at LionTree—where we are today, where we’ll be tomorrow, and our tentpoles throughout.

I'm proud of the way we've established the firm as a community of forward-thinking advisors, CEOs, investors, creatives, and others, across industries and continents, intently focused on helping each other, and on having an impact (and some fun along the way). The ability to be a steady hand, and to engage in leading transactions and investments, is made possible by a network of trust and support; and we are nothing without the friends, supporters, and colleagues who are the pillars of this firm.

As an early celebration—reflection, really—for my 50th birthday, I spent a weekend with close friends in the American West. Amid wilderness and isolation, we discussed the idea of protection, and concluded that protection comes in three forms. Protection of the common necessities, such as health and financial stability. Protection against imminent and obvious threats, such as hurricanes or wildfire. And finally, protection against threats that we do not see, neither predicted nor apparent—the most dangerous of all.

I realized, afterwards, that this idea of growing down is itself a form of protection. A form of preservation and defense that gives you strength and the ability to play offense. And it raises a profound question: what do you choose to protect, to defend at all costs? What are your essentials, the resources and relationships you can't do without?

*'If the first mountain is about building up the ego and defining the self,  
the second mountain is about shedding the ego and losing the self.  
If the first mountain is about acquisition,  
the second mountain is about contribution.'*

David Brooks, *The Second Mountain*

As I've thought about the inflection points of life, and about what it means to build a firm, I've come to another understanding of the uncertainty principle. The difficulty of knowing both location and momentum is that they are not just different things, but on different planes. Location is worldly; momentum is moral.

At any given moment, we can measure our position or value in the world. But to guide your own momentum, as an individual or institution, requires humility and self-awareness. It requires a deep-rooted structure—again, that tree—and a well-defined purpose.

To highlight an example, LionTree revealed something mildly unexpected this year when we announced the new LionTree Arena at the University of California, San Diego as part of a gift to fund scholarships for student athletes as the university continues its meteoric rise and joins NCAA Division I and the Big West Conference. While I am humbled to be able to support my alma mater in this way, this partnership is an encapsulation of LionTree's purpose which is to invest in assets in motion, to aid their momentum, and do so with creativity and community at the forefront. (Go Tritons!)

—  
*To do the unexpected, so we can look back and wonder why we didn't act sooner.*  
—

Our purpose guides us in all that we do, internally and externally. Throughout the first decade of LionTree, we've strived to remain grounded yet curious, principled yet adaptive, expansive yet self-correcting. For us too, this period is a time to probe, to question paradigms and enlarge perspectives. *To do the unexpected*, so we can look back and wonder why we didn't act sooner.



As we move into our second decade, seeking to bolster our triple currency of creativity, community, and capital, we see our greatest strength in our relationships that have enabled us to even reach this point. They are the assets we hold most dear, and that we protect in response to scarcity, to bridge the gaps, and to come out stronger than before. After all, no one climbs a mountain alone.

2023 will likely not be easy. It will test our strategy, resources, and relationships. But it is exactly in such periods that strength is forged.

Together we must grow down, to emerge together, renewed, again.

**Aryeh B. Bourkoff**

*Chairman & CEO*

*LionTree LLC*



## “ABB Wrapped”

It's customary for me to share a list of (audio) books that I have gathered over the course of the year—from friends, mentors, family, travels, and more. Each year, the list captures topics and areas of professional and personal interest that are integral in the moment, as well as reminders to be studied—sprinkled with fun, passions, and general levity. Books for me are a way transport myself to a different moment or mindset, offering a break from the routine. It is my pleasure to share them with you, and I also like to look back on each year's list as treasures to mark each year.

This year, I was touched to see that many friends and close contacts appreciate the significance of a book in marking a moment in time, to learn from and to reflect. For my 50th birthday, I received books of all kinds and while I've yet to make it through all of them, I am excited to share a subset of them as a window into the relationships I hold dear. I know these books, and even more so the relationships they represent, will help guide and energize me in the year ahead, and hopefully in the many years to follow.

### All are gifts...

[\*Ritz and Escoffier: The Hotelier, The Chef, and the Rise of the Leisure Class\*](#) by Luke Barr

[\*When Women Lead: What They Achieve, Why They Succeed, and How We Can Learn from Them\*](#) by Julia Boorstin

[\*From Strength to Strength: Finding Success, Happiness, and Deep Purpose in the Second Half of Life\*](#) by Arthur C. Brooks

[\*The Big Picture\*](#) by Sean Carroll

[\*Metahuman: Unleashing Your Infinite Potential\*](#) by Deepak Chopra

[\*The Alchemist\*](#) by Paulo Coelho

[\*Power Failure: The Rise and Fall of an American Icon\*](#) by William D. Cohan

[\*Pipes & Tobacco\*](#) by JW Cundall

[\*Build: An Unorthodox Guide to Making Things Worth Making\*](#) by Tony Faddell

[\*Homo Mysticus\*](#) by José Faur

[\*The Oppermanns\*](#) by Lion Feuchtwanger

[\*A Banker's Journey: How Edmond J. Safra Built a Global Financial Empire\*](#) by Daniel Gross

[\*The Powers That Be\*](#) by David Halberstam

[\*The Jew in the Lotus\*](#) by Rodger Kamenetz

[\*Play Nice But Win: A CEO's Journey from Founder to Leader\*](#) by James Kaplan and Michael S. Dell

[\*Imperium\*](#) by Ryszard Kapuscinski

[\*The General Theory of Employment, Interest and Money\*](#) by John Maynard Keynes

[\*Leadership: Six Studies in World Strategy Hardcover\*](#) by Henry Kissinger

[\*Why We're Polarized\*](#) by Ezra Klein

[\*When We Cease to Understand the World\*](#) by Benjamin Labatut

[\*Noodle\*](#) by Munro Leaf

[\*Reminiscences of a Stock Operator\*](#) by Edwin Lefèvre

[\*\*\*Thomas Jefferson: The Art of Power\*\*\*](#) by Jon Meacham

[\*\*\*Scarcity\*\*\*](#) by Senhil Mullainthan & Eldar Shafir

[\*\*\*Gravity's Rainbow\*\*\*](#) by Thomas Pynchon

[\*\*\*Factfulness\*\*\*](#) by Hans Rosling

[\*\*\*The Revolutionary: Samuel Adams\*\*\*](#) by Stacy Schiff

[\*\*\*Rock Covers\*\*\*](#) by Taschen

[\*\*\*Vogue X Music\*\*\*](#) by Editors of American Vogue, and Jonathan Van Meter

[\*\*\*Alexander and the Terrible, Horrible, No Good, Very Bad Day\*\*\*](#) by Judith Viorst

[\*\*\*New York by New York\*\*\*](#) by Jamieson Wendell

[\*\*\*Stockholm: City of Islands and Water\*\*\*](#) by Jeppe Wikström & Per Kallstenius, Translated by Ruth Urbom

[\*\*\*The End of the World Is Just the Beginning: Mapping the Collapse of Globalization\*\*\*](#) by Peter Zeihan



## Kindred Media

Since 2017, Kindred Media has always served as a vehicle of expression for LionTree. Through our biweekly KindredCast podcast, daily *Take a Break* newsletter, and social media channels, we seek to engage a variety of demographics that could benefit from stories and perspectives across our ecosystem.

As LionTree grows, Kindred Media has grown with it. Kindred Media now averages more than 1 million impressions per month. We've also launched a new miniseries, *Listen on Purpose*, that shines a spotlight on purpose and impact-driven business leaders, as a reminder to bring those elements to the forefront of our careers and daily lives.

Throughout 2023 and beyond, we will continue to coalesce the LionTree and Kindred Media brands to serve as a resource for those in our kin. LionTree will always exist as a firm that prioritizes our relationships, and Kindred is our forum for friends new and old to engage with our trusted community.

To that end, here is some of our favorite Kindred Media content from 2022:

### Select KindredCast Podcasts

[Recognizing The Patterns In Our Historical Moment with Niall Ferguson](#)

[Closed Loop Partners' Ron Gonen on Sustainable Capitalism](#)

[Introducing: Listen On Purpose with Rachel Kraus](#)

[Paris Hilton and Carter Reum: Catching Up With The Original Influencer](#)

[With A Good Ass Job, Sky's The Limit: SpringHill's Maverick Carter](#)

[Media's Next Chapter with Malcolm Gladwell](#)

[Take-Two Interactive's CEO Strauss Zelnick Hits His Stride](#)

[Tim Ferriss On Finding Success In The Uncomfortable Moments](#)

[From the Messy Middle to the Near Future with Adobe's Scott Belsky](#)

[NFTs Made Easy \(and Green!\) With Zedge CEO Jonathan Reich](#)

## And on TikTok

[Are we Heading into a Global Recession?](#)

[How Nike Signed LeBron](#)

[NFTs Explained: Community](#)

[What's the Difference Between an Agent and a Manager?](#)

[Life Advice for Your Summer Internship](#)

[Aryeh Bourkoff on Decentralization](#)

[Ukraine's NFT Collection](#)

[Lost in Translation](#)

[Would Paris Hilton Let Her Kid Be An Influencer?](#)

[Kindred on the Kurb: What is the Biggest Problem Facing the Country Today?](#)

## LionTree & Kindred Newsletters

LionTree: Top Themes of the Week

LionTree Weekly Capital Markets Dashboard

Gaming Weekly

Crypto Weekly

Software Weekly

Digital Real Estate Monthly

Take a Break and... Daily from Kindred Media

To sign up for our newsletters, [click here](#).

*This letter is provided by LionTree LLC solely for informational purposes and is provided as of the date indicated above. LionTree is not providing or undertaking to provide any financial, economic, legal, accounting, tax or other advice or recommendation in or by virtue of this letter. The information, statements, comments, views, and opinions provided in this letter are general in nature and (i) are not intended to be and should not be construed as the provision of investment advice by LionTree, (ii) do not constitute and should not be construed as an offer to buy or sell any securities or to make or consider any investment or course of action, and (iii) may not be current. LionTree does not make any representation or warranty as to the accuracy or completeness of any of the information, statements, comments, views or opinions contained in this letter, and any liability therefor (including in respect of direct, indirect or consequential loss or damage of any kind whatsoever) is expressly disclaimed. LionTree does not undertake any obligation whatsoever to provide any form of update, amendment, change or correction to any of the information, statements, comments, views, or opinions set forth in this letter.*