



Voodoo SPAConomics

Legal Disclaimer: This research report and all information contained within is intended for institutional clients of VR Fundamental and qualified prospective institutional clients and is not meant for redistribution. Research provided by VR Fundamental is independently reviewed before publication by licensed supervisory analysts of IRC Securities, a FINRA member firm registered as a broker-dealer with the Securities and Exchange Commission and certain state securities regulators. VR Fundamental employees are not registered representatives of IRC Securities. VR Fundamental is an independent research company and is a registered investment advisor with the Texas State Securities Board and is not acting as a broker-dealer under any federal or state securities laws. VR Fundamental has no long or short position in any security of any of the companies mentioned in this report. The Company has no contractual relationship, nor have we received any compensation from any of the companies listed in this research report.

Voodoo SPAConomics

"Unrealistic & Ill-Advised"

Special Edition - Rising Redemptions

September 8, 2021

Hello Robert,

Welcome to a special edition of Voodoo SPAConomics.

Voodoo SPAConomics has noticed a trend that we would like to highlight. **Redemptions are rising rapidly**...that is a greater % of investors are turning in their SPAC shares and getting their \$10 back from the trust than was occurring previously. Much of this is due to an increasing number of SPACs trading at or below \$10. When SPACs are trading above trust value, fewer investors redeem.

High redemption rates can create issues for completing the merger with the target company because the SPAC has less cash in trust to bring to the deal. Targets that are willing to take less cash to get a deal done may be indicating their desperation. Alternatively, sponsors may have to waive minimum cash requirements or find other sources of cash, often resulting in dilutive transactions. Please see below for an example of what we are seeing that occurred yesterday 9/7/21:

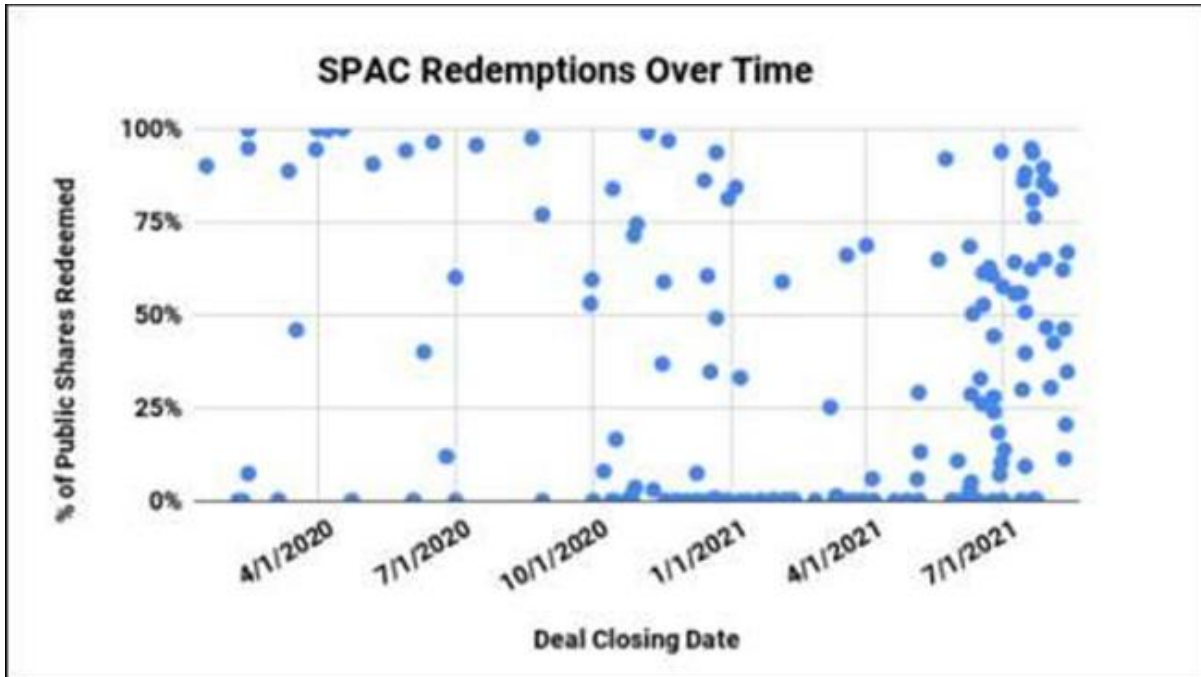
Sustainable Opportunities Acquisition Corp (SOAC) raised IPO proceeds of \$300mn on May 6, 2020. It then announced a target, DeepGreen Metals, on March 4, 2021 for approximately \$2.4bn. \$330mn in PIPE money was also raised, bringing the cash total to \$630mn. However, SOAC announced today that ONLY \$27mn from the IPO was available as >90% of shareholders redeemed their stock for \$10/share. Additionally, SOAC has only been able to collect \$110mn of the \$330mn PIPE and says that while it is seeking to enforce the funding obligations, there can be no assurances of its success in doing so. The inability to collect money raised in a PIPE is rare and is something we will be watching to see if it becomes a trend. DeepGreen is waving the closing condition that cash would need to equal \$250mn or more since SOAC only has \$137mn of cash right now. Shares rose 17% the day of the announcement.

In our opinion, we believe part of this increase in the stock price may be due to a type of short squeeze where investors are short stock, the SPAC shareholders redeem over 90% of the shares, forcing shorts to cover as those shares that have been redeemed can no longer be borrowed. We have seen a number of scenarios like this in the past month.

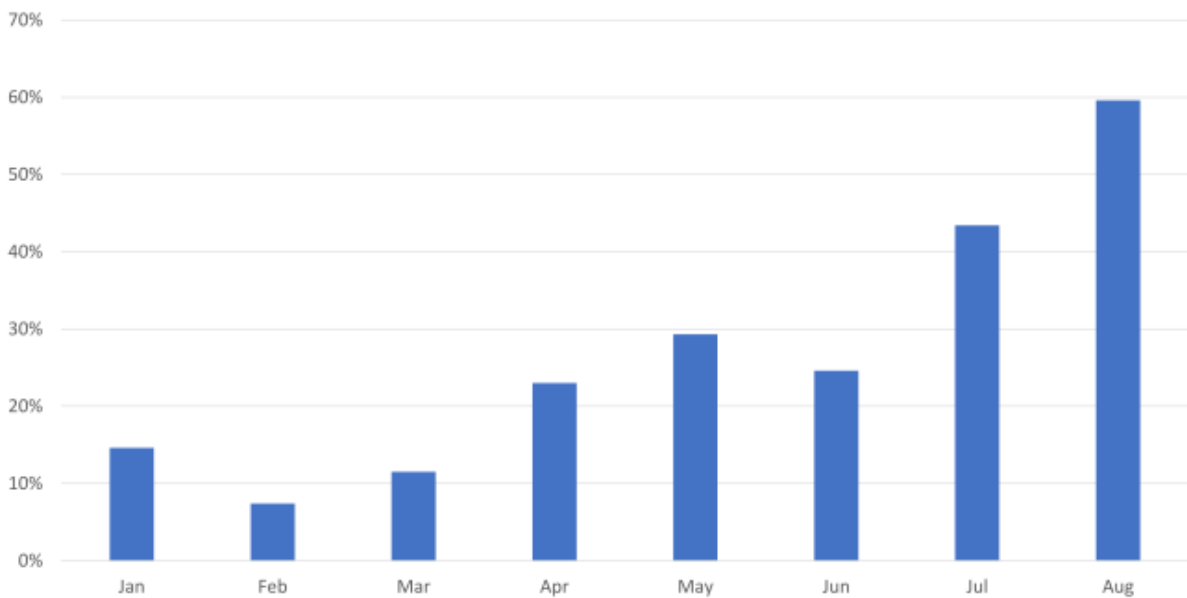
3 Images below illustrate different ways to look at this trend of rising redemption ratios:



Best,
The Voodoo SPAConomics Team





Average Redemption Ratio





US and Non-US Alerts

For those of you that do not already subscribe to our single stock, fundamental short ideas on US & European consumer, TMT & industrial companies with 12-24 month investment horizons, these average several \$bn in market cap, trade tens of \$mn/day, & average single digit SI%. Each year, we initiate on about 15 new US shorts and about 10 new European shorts.

Sample initiation reports:

[Danone \(BN FP\)](#)

[Vital Farms \(VITL\)](#)

If you would like more information, please reply to this email.