Performance Persistence of Repeat SPAC Sponsors

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ABSTRACT

This paper investigates the performance persistence of special purpose acquisition company (SPAC) sponsors. As investment managers, sponsors are the primary value-generating resource of SPACs. Sponsors of better-performing SPACs are more likely to raise a follow-on SPAC, which has a more favorable structure for sponsors. Sponsor performance, measured by returns, is persistent over SPAC periods, defined as the period from IPO to merger completion. Persistently faster SPAC processes constitute one of the drivers of return persistence. At the market level, sponsor entry is procyclical: first-time sponsors enter during boom periods but are less likely to raise follow-on SPACs.

JEL Classification: G24, G34

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1 Introduction

Special purpose acquisition companies' (SPACs') share of the initial public offering (IPO) market increased throughout the 2010s. In 2021, at the peak of the SPAC IPO wave,[1] SPACs accounted for 61% of the $335 billion U.S. IPO market (SEC, 2024).[2] In the same year, SPACs raised more proceeds than the $131 billion raised by venture capital (VC) funds (National Venture Capital Association, 2025). SPACs are blank-check companies established by sponsors who raise capital through an IPO with the intent to merge with a yet-unidentified private company.[3] It is common for sponsors to form subsequent SPACs: in 2021, follow-on SPACs accounted for 31% of formations, raising 38% of proceeds. Despite the growing scale of SPAC investment and its potential importance for the broader economy, we have a limited understanding of capital flows to sponsors forming subsequent SPACs and whether sponsor performance is persistent.

Analogous to mutual fund managers and general partners (GPs) in private equity (PE) funds, SPAC sponsors act as investment managers and represent SPACs' primary value-generating resource, particularly given SPACs' lack of historical performance and tangible assets beyond cash. Sponsors aim to create value for investors and themselves by taking a private company public. This value creation depends on the sponsor's ability to identify a suitable target company and negotiate a merger. From the investor's perspective, sponsor ability is initially unobservable and must be inferred over time. Following the logic of the

[1] Blomkvist and Vulanovic (2020) show that the number of SPAC IPOs, like traditional IPOs, fluctuates over time, with SPAC IPOs exhibiting greater sensitivity to market sentiment.

[2] SPACs maintain a substantial share of the U.S. IPO market, accounting for 19% of all IPOs in 2024 and 40% during the first half of 2025 (SPAC Research, 2025).

[3] Following Gahng et al. (2023), we refer to the business combination between a SPAC and its target company as a merger.

rational learning model (Berk and Green, 2004; Chung et al., 2012), strong performance signals sponsor ability and influences future fundraising, as investors update their beliefs. In mutual (Ippolito, 1989) and PE funds (Kaplan and Schoar, 2005; Chung et al., 2012), better performance leads to greater capital inflows. Because SPACs primarily take smaller and younger firms public (Bai et al., 2021), increasing the size of individual SPACs may reduce the likelihood of identifying a commensurate target. As a result, sponsors with greater capital inflows may prefer to initiate a larger number of SPACs rather than increase the size of each offering. During the peak of the SPAC IPO wave, capital inflows led to the creation of many new SPACs. Yet, despite the scale of this evolving market, little is known about how sponsor performance influences capital flows.

If capital flows to sponsors with stronger current performance, investors implicitly expect performance persistence. Whether investment managers exhibit performance persistence is a central question in finance, extensively examined in the mutual and PE fund literatures. In general, investment managers, like sponsors, seldom exhibit persistent performance (Carhart et al., 2015), as managers with superior skill may adjust compensation to absorb any investor surplus (Berk and Green, 2004). In the SPAC setting however, Gahng et al. (2023) show that the typical sponsor receives 20% of SPAC shares upon a successful merger, with little evidence of systematic variation in direct compensation. While performance persistence is rare among mutual and hedge funds, studies document persistence among GPs of buyout and VC funds, particularly in VC (Kaplan and Schoar, 2005; Braun et al., 2017; Harris et al., 2023). SPACs resemble PE funds that invest in a single company, allowing for performance persistence to be studied on a deal-by-deal basis. The SPAC setting also enables attribution of outcomes to sponsor decisions rather than broader fund-level dynamics. In addition, high-

quality, publicly available data allows for tracking of sponsor investments by sequence under conditions where investors can easily observe sponsor performance. A further advantage of SPACs is that they are publicly listed, enabling the construction of a complete sample free from survivorship bias, which is a challenge in the PE setting (Harris et al., 2012). The listing status also mitigates concerns about liquidity premiums, which may drive performance for PE funds (Harris et al., 2014; Robinson and Sensoy, 2016). These features make it ex-ante unclear whether SPAC sponsors exhibit performance persistence—an open question with important implications for understanding investor expectations and sponsor behavior in SPAC markets.

To study SPAC performance, we divide the SPAC lifecycle into two distinct phases (Gahng et al., 2023): the SPAC period (from IPO to merger) and the deSPAC period (after the merger). Klausner et al. (2022) note that the investor base changes across these phases, likely because the SPAC represents different asset classes over time. In the first phase, prior to the merger, SPAC shareholders may redeem their shares, effectively receiving a money-back guarantee. During this phase, downside risk is limited, while upside potential depends on the quality of the proposed merger. Gahng et al. (2023) characterize this investment as a default-free convertible bond and report average equally weighted annualized returns of 23.9%.[4] These figures, however, reflect the SPAC market boom of 2020–2021. While future returns may be lower, variation in sponsor ability likely continues to drive performance dispersion. Some sponsors may benefit from superior deal flow through larger professional networks (Lin et al., 2021). Sponsors with CEO or prior SPAC experience raise

[4]The annualized returns are based on a sample of 458 SPACs that conducted an IPO between January 2010 and December 2020.

larger SPACs (Pawliczek et al., 2024), suggesting that such attributes signal greater ability. These qualities, such as networks and experience, may persist over time and contribute to persistent returns. In the second phase, following the merger, the newly formed company trades as conventional public equity. On average, these companies underperform after the merger (Jenkinson and Sousa, 2011; Dimitrova, 2017; Gahng et al., 2023; Kiesel et al., 2023), consistent with patterns observed in traditional IPOs (Ritter, 1991). While deSPAC underperformance aligns with IPO literature, the elevated returns during the SPAC period remain puzzling. Understanding capital flows to sponsors and the persistence of performance is important from both academic and practical perspectives. In this study, we aim to provide new evidence on these issues by examining returns during the SPAC and deSPAC periods.

To examine capital flows to sponsors and performance persistence, we compile a sample of 1,119 SPACs that were listed between January 2015 and December 2022. The sample includes 653 unique sponsors, of which 151 are repeat sponsors. We begin by analyzing how capital flows relate to SPAC and deSPAC period performance. A sponsor's lifetime compensation depends on the ability to raise future capital. According to the rational learning model (Berk and Green, 2004; Chung et al., 2012), investors observe performance to update expectations about sponsor ability. When we regress current SPAC period performance on an indicator variable for follow-on SPAC formation, we find that a one-percentage-point increase in annualized SPAC period returns is associated with a 15-basis-point increase in the probability of forming a follow-on SPAC. In subsequent analyses, we show that both SPAC and deSPAC period performance are positively associated with follow-on SPAC formation, with point estimates of similar economic magnitude. Moreover, the association between current performance and follow-on SPAC formation declines with the sponsor's SPAC sequence,

consistent with the rational learning model in which early performance signals are most informative (Chung et al., 2012). These results are also economically meaningful, particularly in light of Gahng et al. (2023), who estimate that sponsors earn an average return of 619% on their private investments per SPAC.

Next, we examine how current SPAC performance affects the structure of future SPACs. If a SPAC successfully merges, the sponsor typically receives a fixed 20% of the SPAC shares, a compensation model that remains largely uniform across the market (Gahng et al., 2023). To reward superior sponsor ability, investors may instead approve SPAC structures that offer more favorable indirect compensation. We find that stronger current SPAC period performance is associated with larger follow-on SPACs, lower sponsor investments, and reduced warrant coverage. These results suggest that better performance leads to more favorable SPAC structures for sponsors. Our point estimate indicates that a 10-percentage-point increase in SPAC period returns is associated with a 1.33-percentage-point increase in proceeds raised for the follow-on SPAC. While statistically robust, the economic magnitude of these effects is modest. We find no statistically significant relation between deSPAC period performance and future SPAC structure.

To study performance persistence, we follow the PE literature (Kaplan and Schoar, 2005; Braun et al., 2017; Harris et al., 2023) and employ both regression analyses and Markov transition matrices. The regression results suggest persistence in sponsor performance across SPAC periods, potentially reflecting the central role of sponsors during that period. Economically, a 10-percentage-point increase in SPAC period returns is associated with a 27-basis-point increase in returns during the subsequent SPAC period. The magnitude is smaller than documented by Braun et al. (2017) for PE fund deals. Transition matrices show that

above-median performers in the current SPAC period earn 1.57 percentage points higher risk-adjusted annualized returns in the follow-on SPAC period than the below-median performers. While we observe persistence in SPAC period returns—consistent with our findings on capital flows and SPAC structure—we find no statistically significant persistence in deSPAC returns. Although the magnitude of persistence is smaller than in the PE literature, the evidence of performance persistence among SPAC sponsors is notable, particularly given the completeness of data, transparency in performance, and liquidity of the asset.

We explore potential explanations for performance persistence during the SPAC period. Heterogeneity in sponsors' ability to identify suitable targets and negotiate favorable deals may drive persistence. When we decompose SPAC period performance into duration and valuation premium, we find that persistence arises from sponsors ability to complete mergers more quickly, rather than from higher valuations.

Finally, we examine how market conditions influence sponsor entry, follow-on formation, and SPAC returns. We find that first-time sponsors are more likely to enter during boom periods following strong market-wide SPAC performance. Sponsors that raise SPACs during booms are less likely to raise follow-ons, while those that raise SPACs when future deSPAC returns are high are more likely to do so. We also find that future SPAC and deSPAC period returns are lower in periods with high SPAC IPO volume. While the SPAC market exhibits dynamics similar to PE (Kaplan and Schoar, 2005), our findings highlight a distinct cyclical pattern, supporting the view that SPACs in the pre-merger phase constitute a standalone asset class.

With these findings, our study contributes to the literature on capital flows to, and performance persistence of, investment managers by utilizing the SPAC setting. The SPAC setting

is free from survivorship bias and offers investors real-time access to sponsor performance. We show that sponsors with stronger current performance are more likely to form follow-on SPACs, echoing results from the PE literature (Kaplan and Schoar, 2005; Chung et al., 2012). While performance persistence among investment managers is rare, our results suggest that SPAC sponsors exhibit meaningful persistence during the SPAC period—a phase characterized by abnormally high returns (Gahng et al., 2023). However, compared to the persistence typically observed among PE firms, the magnitude of persistence among SPAC sponsors is more modest.

Our study also contributes to the growing literature on SPACs. Prior research examines how sponsor characteristics affect SPAC outcomes (Lin et al., 2021; Chen, 2023; Del Giudice and Signori, 2024; Dimitrova and Fong, 2024; Pawliczek et al., 2024). We extend this work by documenting persistence in sponsor performance. Given this persistence, identifying sponsor characteristics that reflect time-persistent managerial ability becomes increasingly important. Finally, we contribute to the literature on market cycles in listing activity. Blomkvist and Vulanovic (2020) describe the cyclical nature of SPAC IPOs and show that SPACs are more sensitive to market conditions than traditional IPOs. We find that many first-time sponsors enter the SPAC market during boom periods and that sponsors raising SPACs during such periods are less likely to form follow-ons.

The remainder of the paper is structured as follows. Section 2 describes the institutional details of SPACs and reviews related literature. Section 3 introduces the sample. Section 4 presents and discusses the results of the empirical analyses. Finally, Section 5 concludes.

2 Institutional Details

SPACs are blank-check companies formed by sponsors, who are typically professionals with backgrounds in corporate management, hedge funds, investment banking, or PE (Berger, 2008). SPACs raise capital through an IPO by issuing units priced at $10 each, with the objective of merging with a private operating company. Each unit generally comprises one common share and a fraction of a warrant,[5] which entitles investors to purchase additional shares at an exercise price of $11.50. These warrants typically mature five years post-merger.[6] Sponsors also purchase private placement units or warrants at market prices to cover underwriting fees and administrative expenses incurred during the search for a target company. The proceeds from the IPO are placed in an escrow account. If the SPAC successfully completes a merger, sponsors retain 20% of the post-merger equity. If the SPAC fails to identify and merge with a target within the designated timeframe, sponsors forfeit their investment, and the private placements become worthless.

Following the IPO, sponsors initiate the search for a target, typically with a 24-month timeframe (Lewellen, 2009).[7] Upon identifying a target, the sponsor announces the proposed transaction, which often results in abnormally high SPAC unit returns (Lakicevic and Vulanovic, 2013; Kiesel et al., 2023). Shareholders have the right to vote on the merger and redeem their shares for $10 plus accrued interest, effectively providing a money-back guarantee. If the merger is not approved or a target is not identified within the allotted

[5] In some cases, units also include a fraction of a right that entitles the holder to one common share upon completion of a merger. These rights function as a special type of warrant with no exercise price.

[6] Klausner et al. (2022) argue that sponsors include warrants in the units to increase investor demand for SPAC IPOs, whereas Chatterjee et al. (2016) suggest that warrants help align the incentives of sponsors and SPAC shareholders.

[7] The timeframe is subject to extension with shareholder approval.

time, the SPAC is liquidated, and the escrowed funds are returned to shareholders. Prior to 2021, SPAC liquidations were rare, and the structure generally proved profitable for both IPO investors and sponsors (Gahng et al., 2023).

The deSPAC period begins once the merger is completed and the SPAC transitions into a publicly listed operating company. At this stage, the escrowed funds are released to the merged entity, and sponsors typically become significant shareholders. Similar to traditional IPOs, the shares of the deSPAC entity tend to underperform over the one- to three-year post-merger period (Jenkinson and Sousa, 2011; Dimitrova, 2017; Gahng et al., 2023; Kiesel et al., 2023).

3 Data

To construct our sample, we obtain a list of SPACs that completed an IPO between January 2015 and December 2022 from SPAC Research (https://www.spacresearch.com).[8,9] The list includes 1,119 SPACs. We collect data on SPACs and their merger details from SPAC Research, and use Bloomberg to complement these data, and supplement with price data up until December 2022 for units, shares, warrants, and rights. We further complement the dataset using filings from the SEC's EDGAR database, including S-1 registration statements and prospectuses.

To identify repeat sponsors and their follow-on SPACs, we rely on SPAC Research's

[8]SPAC Research has collected data on SPACs since 2015. The SPAC structure underwent a fundamental transformation in 2010. Our sample is representative of the modern SPAC, as only 38 SPACs were listed between 2010 and 2014 (Gahng et al., 2023).

[9]Because our sample begins in January 2015, SPACs launched by sponsors before that date are not included. However, since our main analyses do not rely on observing the full sequence of sponsor activity, this limitation is unlikely to compromise the external validity of our results.

classification of sponsors into SPAC families.[10] For each sponsor in our sample that is associated with a defined family, we construct a chronological sequence of SPACs based on IPO date. In 12 instances where a sponsor listed multiple SPACs on the same day, we assign the same sequence number to all SPACs and link them to the same prior SPAC. If the sponsor raises a follow-on SPAC, we designate the largest SPAC from that same-day group as the reference point for sequence continuity.[11]

Table 1 presents descriptive statistics for our sample of SPACs by sequence and sponsor. Panel A summarizes the full sample of 1,119 SPACs, of which 27.8% are formed by repeat sponsors. These repeat SPACs account for 34.6% of total proceeds raised during the sample period. Panel B provides a league table of the 20 largest sponsors. The distribution of SPACs is highly skewed: most sponsors raise only one or two SPACs, while a few raise substantially more SPACs. The Gores Group and Cohen & Company are the most active sponsors in our sample, raising $6.3 billion and $4.5 billion across 14 SPACs, respectively. The scale of their activity is comparable to traditional IPO underwriters such as Wells Fargo & Co. and Deutsche Bank, which underwrote 19 and 11 traditional IPOs, respectively, during the same period. The top 20 sponsors account for 12.6% of SPACs and 19.5% of total proceeds in our sample, underscoring the importance of repeat sponsors and their ability to raise larger SPACs. Berger (2008) notes that sponsors typically have professional backgrounds in corporate management, hedge funds, or investment banking. Among the top 20 sponsors,

[10] Based on correspondence with the SPAC Research team, sponsor families are generally defined by the recurrence of the same CEO, chairperson or owner group across SPACs. Shared directorships alone are not sufficient to establish a family link. SPACs may be grouped within the same family if they share a common affiliated entity or exhibit a consistent naming convention. The classification involves some degree of judgment in borderline cases.

[11] In one instance when a sponsor listed multiple, identically sized SPACs on the same day, we link the follow-on SPAC to the one listed first.

10 have experience in PE or its subgroup, VC.[12]

[Table 1 about here]

Table 2 reports summary statistics for proceeds and returns during the SPAC and deSPAC periods. Panel A presents data for all 1,119 SPACs, grouped by IPO half-year. Of these, 585 have reached resolution, with 153 (26%) resulting in liquidation. The average SPAC raises $268 million in proceeds. The average annualized SPAC period return (r_{SPAC})—calculated using Gahng et al.'s (2023) 'optimal redemption strategy'—is 18.31%. This return is notably high, particularly given the money-back guarantee available to SPAC period investors via the redemption option.

Panel A also reports annualized SPAC period excess returns ($r_{e,\text{SPAC}}$). Following Gahng et al. (2023), we view SPACs as default-free convertible bonds, corresponding to an asset class of its own, while necessitating its own benchmark index. Because of the non-existence of such an index that covers our sample period, we calculate excess returns as SPAC period returns relative to a SPAC Index we construct.[13] For resolved SPACs, the average $r_{e,\text{SPAC}}$ is –0.92%. The four rightmost columns of Panel A report statistics for 303 follow-on SPACs. The average annualized return and excess return for follow-on SPACs in our sample are 18.94% and 0.28%, respectively.

Panel B summarizes one-year deSPAC-period returns for 327 SPACs, grouped by merger year. Consistent with prior literature (Jenkinson and Sousa, 2011; Dimitrova, 2017; Gahng et al., 2023; Kiesel et al., 2023), the average post-merger return—both unadjusted and rel-

[12]In additional, untabulated analyses, we confirm that our results are not driven by sponsors with PE or VC backgrounds.

[13]Appendix A details the construction of our SPAC Index.

ative to the Russell 2000 Index—is negative. The rightmost columns show that our sample includes 98 follow-on SPACs with sufficient deSPAC period data, which also exhibit negative average returns.

[Table 2 about here]

4 Results

4.1 Current Performance and Follow-On SPACs

In this subsection, we estimate the sensitivity of the probability of forming a follow-on SPAC to both SPAC and deSPAC period performance. Table 3 reports coefficients from linear probability models (LPMs), adopting the approach of Chung et al. (2012).[14] The dependent variable, *Follow-On*, takes the value of one if the sponsor forms a follow-on SPAC and zero otherwise.

Panel A of Table 3 examines the relation between SPAC period returns and the probability of follow-on SPAC formation. To test the learning framework (Berk and Green, 2004; Chung et al., 2012), we include r_{SPAC} as an independent variable. Consistent with the framework, we expect a positive relationship between SPAC returns and the probability of raising a follow-on SPAC. Also consistent with the framework, we expect this sensitivity to diminish as a sponsor manages more SPACs. To capture this, we include *Sequence*—the enumerated order of each SPAC by sponsor—and its interaction with r_{SPAC}. We include SPAC IPO year fixed effects to account for time-varying, market-wide factors, which are particularly relevant

[14] In additional, untabulated analyses, we find that using a probit model instead of the LPM yields statistically and economically similar results.

given the documented cyclicality of the SPAC market (Blomkvist and Vulanovic, 2020). We cluster standard errors at the calendar year level.[15]

Column (1) of Panel A shows that SPAC period performance positively and significantly predicts follow-on SPAC formation. A one-percentage-point increase in r_{SPAC} is associated with a 0.15-percentage-point increase in the probability of follow-on SPAC formation. Column (2) includes *Sequence* and its interaction with r_{SPAC}. The coefficient on *Sequence* is positive and statistically significant, indicating that sponsors that have formed more SPACs are more likely to form follow-on SPACs. This finding complements Pawliczek et al. (2024), who show that sponsors with prior SPAC experience raise more proceeds for their SPACs. The interaction term is negative but insignificant. Columns (3) and (4) re-estimate the specifications using a subsample of SPACs that successfully merged. The results continue to indicate that higher current sponsor performance increases the probability of follow-on SPAC formation. In Column (4), the interaction term is negative and statistically significant, suggesting that the sensitivity to performance declines with sponsor experience. These findings are consistent with the rational learning model in which investors update beliefs about sponsor ability based on observed outcomes.

Panel B examines how one-year deSPAC returns affect the probability of follow-on SPAC formation. The sample includes all merged SPACs with one full year of deSPAC return data. We adopt the specifications of Panel A, replacing SPAC period returns with r_{deSPAC} and including merger year fixed effects. Column (1) shows that deSPAC returns positively and significantly predict follow-on formation. This result remains robust across Columns

[15]Kaplan and Schoar (2005) cluster standard errors at the GP level to account for dependence across observations linked to the same manager. Following this approach, we cluster standard errors at the sponsor level and find that our results remain robust.

(2) through (4) that account for *Sequence* and merger year fixed effects. The estimate in Column (1) suggests that a one-percentage-point increase in r_{deSPAC} is associated with a 0.15-percentage-point increase in probability of follow-on SPAC formation. The interaction term between *Sequence* and deSPAC returns is negative but not statistically significant.

Panels A and B of Table 3 suggest that both SPAC and deSPAC period returns are positively associated with the probability of follow-on SPAC formation. Panel C of Table 3 compares the predictive power of the two return measures. Across all four columns, both coefficients are positive and statistically significant. In Columns (2) and (4), a one-percentage-point increase in r_{SPAC} is associated with a 0.19 increase in the probability of follow-on SPAC formation, while the corresponding increase in probability for r_{deSPAC} is 0.17–0.19. The results indicate that SPAC and deSPAC period performance each contribute independently to predict the formation of a follow-on SPAC, suggesting they offer complementary information.

Because sponsors may initiate follow-on SPACs before the resolution of their current SPAC, Panel D restricts the sample to follow-ons initiated only after the resolution of the current SPAC, thereby ensuring that investors had access to the sponsor's final performance. This restriction reduces the number of observations but allows for a cleaner test of the sensitivity of follow-on formation to current SPAC performance. Columns (1) and (2) of Panel D show that higher SPAC period returns significantly increase the probability of follow-on SPAC formation. Columns (3) and (4) show a similar positive association for deSPAC returns. In Column (5), which includes both return measures, the coefficient for SPAC period returns remains statistically significant.

In sum, the results in Table 3 indicate the probability of forming a follow-on SPAC is

sensitive to both the SPAC and deSPAC period performance, supporting a rational learning framework in which investors update beliefs about sponsor quality based on observed outcomes.

[Table 3 about here]

Next, we examine the association between current SPAC performance and the structure of follow-on SPACs. Berk and Green (2004) argue that investment managers with superior ability would require additional compensation. SPAC sponsors typically receive compensation in the form of a "promote," entitling them to 20% of SPAC shares upon a successful merger. This promote represents only one component of total compensation. In Table 4, we analyze whether better SPAC performance leads to more favorable SPAC structures for sponsors, focusing on three structural characteristics.

The first characteristic is SPAC size, measured by proceeds. Sponsor compensation increases with SPAC size, as the promote scales linearly. The second characteristic is the sponsor's private investment relative to proceeds. In our sample, the average (untabulated) sponsor investment is 3.50% of proceeds with a standard deviation of 1.19%. While sponsor investments are required to cover the up-front underwriting fee and operational expenses, sponsors benefit from minimizing their own capital at risk. If the SPAC successfully merges, they earn a high return; if it fails, they limit their losses. The third characteristic is warrant coverage, defined as the number of warrants included in the public unit. The average (untabulated) public unit includes 0.45 warrants. Klausner et al. (2022) suggest that sponsors include warrants in the unit to attract pre-IPO institutional investors. However, warrants dilute the sponsor promote and, from a practitioner's perspective, complicate merger nego-

tiations.[16]

Panel A of Table 4 uses the SPAC structure characteristics as dependent variables and r_{SPAC} as the main independent variable. We include *Sequence* as an independent variable to control for sponsor experience. Moreover, we use IPO and follow-on IPO year fixed effects to account for market-wide variations. In Column (1), where the dependent variable is the percentage change in proceeds between the current and follow-on SPAC, the coefficient on r_{SPAC} is positive and statistically significant. The economic effect is modest: a 10-percentage-point increase in returns corresponds to a 1.33% increase in proceeds. In Column (2), the coefficient on r_{SPAC} is negative and statistically significant, indicating that sponsors of better-performing SPACs contribute less capital in their subsequent SPAC. The coefficient of –0.17 implies that 10-percentage-point increase in SPAC period returns are associated with a 0.017 percentage-point decrease in sponsor investment relative to proceeds. While the t-statistic of –5.21 indicates statistical significance at the 1% level, the economic magnitude is small. Column (3) reports results using the change in warrant coverage as the dependent variable. The coefficient on r_{SPAC} is negative and statistically significant, suggesting that better SPAC performance is associated with lower warrant coverage in the follow-on SPAC. A 10-percentage point increase in returns corresponds to a 0.005 decrease in warrant coverage, again indicating a modest economic effect.

Panel B of Table 4 replaces annualized SPAC period returns with one-year deSPAC returns as the independent variable of interest. The coefficients for r_{deSPAC} in Columns (1)

[16]Sponsors are aware that warrants may complicate the business combination. For example, the prospectus of Starboard Value Acquisition Corporation states: "We have established the components of the units in this way in order to reduce the dilutive effect of the warrants upon completion of a business combination since the detachable redeemable warrants and distributable warrants will be exercisable in the aggregate for one-third of the number of shares compared to units that each contain a warrant to purchase one whole share, thus making us, we believe, a more attractive merger partner for target businesses."

through (3) are statistically insignificant, suggesting that the follow-on SPAC structure is sensitive to SPAC period performance but not to deSPAC outcomes.

In sum, the results in Tables 3 and 4 support the learning framework, indicating that SPAC period performance is a key signal of sponsor ability. This performance, in turn, influences both the probability of forming a follow-on SPAC and the terms under which it is structured. While the relationship between SPAC period returns and SPAC structure is statistically significant, the economic magnitude is relatively small. Gahng et al. (2023) estimate that, accounting for the promote, sponsors earn an average return of 619% on their private investments per SPAC, corresponding to an average of $51 million. Thus, the link between current performance and the probability of raising a follow-on SPAC appears to be of greater economic relevance to sponsors than the marginal improvements in SPAC structure.

[Table 4 about here]

4.2 Persistence in Sponsor Performance

Tables 3 and 4 indicate that better SPAC and deSPAC period returns are associated with a higher probability that the sponsor forms a follow-on SPAC, and that these follow-on SPACs tend to adopt more sponsor-friendly structures. In this subsection, we examine the persistence of sponsor performance across SPACs.

Following the PE literature (Kaplan and Schoar, 2005; Braun et al., 2017; Harris et al., 2023), we employ a regression framework to assess performance persistence. The dependent variable is SPAC period return for the follow-on SPAC and the specification includes IPO year

fixed effects for both the current and follow-on SPAC to control for market conditions. Consistent with Harris et al. (2023), the model also includes two indicator variables—*Proceeds* $>$ *50%* and *Proceeds* $>$ *100%*—which take the value of one if the follow-on SPAC raises 50% or 100% additional proceeds relative to the current SPAC and zero otherwise.

Column (1) of Table 5 presents a positive and statistically significant coefficient of r_{SPAC}, indicating persistence in sponsor performance. In terms of economic magnitude, the estimated coefficient suggests that a 10-percentage-point increase in SPAC period return corresponds to a 26.6-basis-point increase in follow-on SPAC period return. This magnitude is economically smaller than the persistence among GPs of PE funds (Braun et al., 2017).[17] Column (2) restricts the sample to sponsors that successfully completed a merger in the current SPAC. The coefficient on r_{SPAC} remains positive and statistically significant, reinforcing the evidence of performance persistence. Column (3) examines whether one-year deSPAC returns from the current SPAC predict follow-on SPAC period returns. The results do not indicate a statistically significant relationship. Columns (4) and (5) use r_{deSPAC} as the dependent variable. The coefficients do not support performance persistence in deSPAC returns. These results suggest that SPAC period returns serve as a more reliable indicator of sponsor performance than deSPAC returns.

[Table 5 about here]

We complement the regression-based analysis of sponsor performance persistence with a transition matrix approach, reported in Table 6. Following Kaplan and Schoar (2005), Braun et al. (2017), and Harris et al. (2023), we use this method to assess the extent to

[17] In Table 5 of Braun et al. (2017), Column (4) reports that a 10-percentage-point increase in current GP performance is associated with a 78-basis-point increase in future returns.

which sponsor performance persists across SPACs.

Panel A of Table 6 reports results based on annualized excess SPAC period returns.[18] We sort all SPACs with a follow-on into two groups—above or below the sample median—based on current SPAC performance.[19] The Markov transition matrix reveals limited evidence of performance persistence. Sponsors whose current SPAC falls in the top group remain in the top group for the follow-on SPAC 53.33% of the time. Conversely, when current SPAC performance is below the median, the sponsor's follow-on SPAC also falls below the median in 41.56% of cases. The final three columns of Panel A report average excess SPAC period returns, unadjusted SPAC returns, and redemption rates. Follow-on SPACs led by sponsors with above-median current performance exhibit higher average returns in both excess and unadjusted terms. The rightmost column shows that the average redemption rate is 38.75% for the upper quantile and 57.52% for the lower quantile. Jenkinson and Sousa (2011) argue that redemption rates are a proxy for the quality of merger proposals. Thus, the lower redemption rates among current above-median performers lend support to the view that these sponsors are more likely to launch higher-quality future SPACs. The two rows below the transition matrix report summary statistics for first SPACs. The first row includes all first SPACs, while the second restricts to those followed by a subsequent SPAC. The average excess and unadjusted returns for all first SPACs are −1.63% and 17.37%, respectively, while they are 19.17% and 48.67% for first SPACs with a follow on. Redemption rates also differ markedly: 58.83% for the average first SPAC compared to 37.17% for those with a follow on. Similar to Table 3, these statistics indicate that current sponsor performance influences

[18] We subtract SPAC period returns from the returns of a SPAC Index that captures the average performance of all SPACs in our sample. Appendix A details the construction methodology for the index.

[19] The above-median group includes the median observation.

the likelihood of forming a follow-on SPAC.

Panel B of Table 6 repeats the analysis using one-year excess deSPAC returns. We compute excess deSPAC returns by subtracting the returns from the Russell 2000 Index (Dimitrova, 2017; Gahng et al., 2023). The results in Panel B do not indicate meaningful persistence in deSPAC performance. When current deSPAC returns are above the median, follow-on deSPAC returns are above the median 52.54% of the time. The highest average deSPAC returns are observed among first SPACs with a follow-on, with an average excess return of −8.70%. In comparison, the average excess deSPAC return across all first SPACs is −41.90%. Redemption rates again differ: 33.63% for first SPACs with a follow-on versus 49.73% for the full sample.

Overall, the results provide modest but meaningful evidence of performance persistence during the SPAC period. Sponsors with stronger initial performance tend to achieve higher follow-on returns and lower redemption rates. In contrast, we find no evidence of persistence in deSPAC performance, underscoring the sponsor's primary influence during the pre-merger stage.

[Table 6 about here]

4.3 Additional Analyses of Sponsor Performance Persistence

The findings thus far suggest that investors tend to favor sponsors with stronger current performance and that sponsor performance exhibits a degree of persistence across SPACs, indicating a meaningful heterogeneity in sponsor quality. We next examine mechanisms underlying this persistence. In aggregate, SPAC period performance reflects two primary

components: the duration of the SPAC period and the valuation of the merger transaction at its conclusion.

One plausible explanation is that some sponsors have access to proprietary deal flow, potentially through superior professional networks (Lin et al., 2021). Enhanced deal flow access may reduce the time between the SPAC IPO and merger completion (i.e., SPAC duration), which, holding other factors constant, improves annualized SPAC period returns. Another possibility is that some sponsors consistently negotiate more favorable merger deal terms. In addition to capital, sponsors contribute management and advisory expertise, which may influence merger negotiations. Gahng et al. (2023) report that private firm managers often cite this advisory input as a benefit from going public via a SPAC merger. In a related context, Hsu (2004) finds that startup founders are willing to accept lower valuations from VCs who offer superior non-financial support.

Table 7 investigates whether performance persistence is driven by differences in SPAC duration or merger valuation by decomposing annualized SPAC period returns. We define two variables: *SPAC Duration*, the length of the SPAC period, and *SPAC Premium*, the difference between the unit price at the end of the SPAC period and the IPO price. The sample includes only current and follow-on SPAC pairs in which the current SPAC successfully completed a merger. Columns (1) and (2) examine whether sponsors of current better-performing SPACs complete follow-on SPAC mergers more quickly. The dependent variable is *SPAC Duration,* measured in 100-day units. In our sample, the average length of the SPAC period is 484 days. Column (1) presents regression results in which follow-on SPAC duration is regressed on current SPAC period returns. We retain the control variables from Table 5. The coefficient on r_{SPAC} is negative, with the point estimate suggesting that

a 10-percentage-point increase in current SPAC period return is associated with a 1.7-day decrease in *SPAC Duration*. In Column (2), when we regress follow-on SPAC duration on current SPAC duration. The coefficient on *SPAC Duration* is 0.21 and statistically significant, indicating that a 100-day reduction in current SPAC period duration is associated with a 21-day reduction in the duration of the follow-on SPAC. Columns (3) and (4) assess whether *SPAC Premiums* exhibit persistence across SPACs by the same sponsor. A higher premium reflects a more value-creating merger. We use current SPAC period returns and premiums as the main independent variables in Columns (3) and (4), respectively. In both specifications, the coefficients are statistically insignificant, suggesting that neither current SPAC period returns nor premiums predict follow-on premiums.

Taken together, the results from Table 7 indicate that sponsors exhibit persistence in SPAC process durations, which may contribute to the persistence in SPAC period returns. However, we find no evidence of persistence in merger valuations.

[Table 7 about here]

4.4 Market Dynamics and Entry of Sponsors

This subsection examines the aggregate dynamics of performance and capital allocation in the SPAC market, with a particular focus on the entry of new sponsors. Blomkvist and Vulanovic (2020) document that periods with lower risk aversion are associated with a greater share of SPACs in the IPO market. Building on their analysis and the PE literature (Kaplan and Schoar, 2005), we investigate how capital is allocated between first-time and repeat SPAC sponsors.

Table 8 analyzes the determinants of entry by new SPAC sponsors. The dependent variables are the number of SPACs and the total capital raised by first-time sponsors, measured in six-month intervals beginning in January and July. As independent variables, we include contemporaneous and lagged six-month returns of the Nasdaq-100 Index, the Russell 2000 Index, the SPAC Index, and a deSPAC Index.[20] The sample spans 14 half-year periods. Following Kaplan and Schoar (2005), we adjust standard errors for autocorrelation and heteroscedasticity using the methodology by Newey and West (1987).

In Column (1), we regress the number of SPACs raised by first-time sponsors on contemporaneous and lagged Nasdaq-100 Index returns. Although both coefficients are positive, neither is statistically significant. In Column (2), we replace the Nasdaq-100 Index with the Russell 2000 Index, which commonly serves as the benchmark for deSPAC performance (Dimitrova, 2017; Gahng et al., 2023). The coefficient on lagged Russell 2000 Index returns ($Russell\ 2000_{t-1}$) is positively and statistically significant, suggesting that favorable prior market conditions encourage entry by new sponsors. Column (3) uses contemporaneous and lagged SPAC Index returns as independent variables. The results indicate a statistically significant and positive relationship between lagged SPAC Index returns ($SPAC\ Index_{t-1}$) and the number of SPACs launched by first-time sponsors. In contrast, contemporaneous SPAC Index returns are not significantly associated with sponsor entry. Column (4) examines the role of deSPAC Index returns and finds no statistically significant relationship with new sponsor activity. Columns (5) to (8) repeat the regressions in Columns (1) to (4) using total capital raised by first-time sponsors as the dependent variable. Consistent with earlier findings, lagged SPAC Index returns are positively and significantly associated with capital

[20] Appendix A details the construction of our deSPAC Index.

raised. This suggests that favorable past performance in the SPAC market not only attracts new sponsors but also enables them to raise larger amounts of capital.

Taken together, the results in Table 8 indicate that both the entry of new sponsors and the amount of capital they raise are sensitive to recent SPAC market performance, particularly during the pre-merger SPAC period. In contrast, broader equity market conditions and deSPAC period returns appear to play a more limited role in influencing new sponsor participation.

[Table 8 about here]

We next examine how prevailing market conditions influence the probability that a sponsor raises a follow-on SPAC. Prior results indicate that new sponsors tend to enter the SPAC market during boom periods, when past performance has been favorable. Table 3 shows that current SPAC period performance predicts the formation of a follow-on SPAC. Building on this evidence, we follow Kaplan and Schoar (2005) and investigate whether SPACs launched during favorable market conditions are systematically more or less likely to be followed by another SPAC from the same sponsor.

Table 9 reports results from LPMs that relate the probability of raising a follow-on SPAC to market conditions at the time of the current SPAC IPO. The dependent variable is an indicator variable that takes the value of one if the sponsor raises a follow-on SPAC and zero otherwise. The key independent variables are six-month market returns, for the Nasdaq-100 Index, the Russell 2000 Index, the SPAC Index, and the deSPAC Index. The specifications include as independent variables lagged $(t - 1)$, contemporaneous (t), and 3-period lead $(t + 3)$ market returns relative to the SPAC IPO date. Control variables include the logarithm

of SPAC proceeds and the logarithm of *Sequence*.

Columns (1) through (4) of Table 9 use equity market returns from the Nasdaq-100 and Russell 2000 Indices as independent variables. The coefficients on lagged and contemporaneous returns are negative and statistically significant, indicating that SPACs launched during periods of strong market performance are less likely to be followed by another SPAC from the same sponsor. This pattern may reflect market saturation during boom periods. Columns (5) and (6) use SPAC Index returns to capture recent SPAC market performance. Consistent with the earlier findings, higher lagged SPAC market returns are associated with a lower probability of follow-on SPAC formation. Columns (7) and (8) examine the role of deSPAC returns. Higher deSPAC returns in the six months preceding the SPAC IPO are negatively associated with follow-on SPAC formation, while future deSPAC returns—measured 3 periods after the SPAC IPO—are positively and significantly associated with the probability of a follow-on SPAC. This forward-looking relationship is unique to deSPAC returns and aligns with the structure of sponsor compensation, which is typically tied to equity value realized during the deSPAC period, as we demonstrate.

Columns (2), (4), (6), and (8) restrict the sample to each sponsor's first SPAC. The results remain statistically and economically consistent with full-sample estimates. Therefore, taken together, the results in Table 9 suggest that capital flows into the SPAC market during boom periods disproportionately favor sponsors who are less likely to raise subsequent SPACs. This may reflect a dilution of sponsor quality during periods of heightened investor enthusiasm.

[Table 9 about here]

We conclude the analyses by examining how market competition influences SPAC per-

formance. Table 10 presents regressions in which the dependent variables are SPAC and deSPAC period returns. As a proxy for competition, we use the natural logarithm of the number of new SPACs issued during a given six-month period (*log(Entry)*). Control variables include the logarithm of SPAC proceeds, the logarithm of *Sequence*, and an interaction term between the logarithm of *Sequence* and market competition. A positive coefficient for the interaction term would suggest that more experienced sponsors are less adversely affected by competition.

Column (1) of Table 10 reports results using annualized SPAC period returns as the dependent variable. The sample includes all 585 resolved SPACs. The coefficient on *log(Entry)* is negative and statistically significant, indicating that SPACs formed during more competitive six-month periods subsequently deliver lower SPAC period returns. Column (2) includes the interaction between competition and *Sequence*. The coefficient on the interaction term is negative but statistically insignificant, providing no evidence that more experienced sponsors are better able to mitigate the effects of competition.

Columns (3) and (4) examine one-year deSPAC period returns using a subsample of all 327 SPACs with one-year deSPAC returns. In Column (3), the coefficient on *log(Entry)* is again negative and statistically significant, reinforcing the negative association between competition and future returns. In Column (4), when we include the interaction between competition and sequence, we find no significant relationship between competition and future returns. In Column (4), the interaction term remains statistically insignificant, suggesting that sponsor experience does not moderate the effect of competition on deSPAC performance.

Overall, the results in Table 10 indicate that the SPAC market is sensitive to competitive pressures. SPACs formed during periods of heightened competition tend to generate lower

future returns, and there is no evidence that sponsor experience offsets this effect.

[Table 10 about here]

5 Conclusion

This study examines capital flows to SPAC sponsors and the persistence of sponsor performance using a comprehensive sample of 1,119 SPACs issued between 2015 and 2022. We document that sponsor performance during the SPAC period is positively associated with the probability of raising a follow-on SPAC, which in turn enables more favorable economic terms for sponsors in subsequent SPAC structures. These findings are consistent with a rational learning framework (Berk and Green, 2004; Chung et al., 2012), in which investors update their beliefs about sponsor ability based on observed outcomes.

We find evidence of performance persistence during the SPAC period but not during the deSPAC period. This distinction highlights the central role of sponsors in the pre-merger phase, where they are actively involved in target identification, negotiation, and deal execution. Our results further suggest that persistence is driven more by sponsors' ability to complete transactions faster than by systematically achieving higher valuations. Although the magnitude of persistence is weaker than that observed among PE GPs (Kaplan and Schoar, 2005; Braun et al., 2017; Harris et al., 2023), the evidence provides a foundation for further research into the performance dynamics of this relatively new class of investment managers.

We also show that capital flows into the SPAC market are highly cyclical. Entry by new

sponsors is procyclical, peaking during SPAC market booms, yet first-time sponsors entering under such conditions are less likely to raise a follow-on SPAC. Moreover, increased market competition is associated with lower SPAC and deSPAC period returns, underscoring the importance of timing and sponsor selection in SPAC investments.

By analyzing a setting characterized by relatively high transparency, minimal survivorship bias, and observable performance at the individual deal level, this study contributes to the broader literature on investment manager selection, performance persistence, and capital allocation. The SPAC setting offers a rare opportunity to disentangle investment manager ability from fund-level dynamics, and our findings have implications for institutional investors allocating capital to SPACs and for policymakers evaluating the structure, oversight, and role of this rapidly evolving market.

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Appendix A Construction of Benchmark Indices

SPACs constitute a distinct asset class (Lewellen, 2009), structurally analogous to default-free convertible bonds (Gahng et al., 2023), but without established benchmark indices to track their returns over our sample period. Therefore, to capture the aggregate performance of SPACs, we construct two equally weighted indices—one for the SPAC period, one for the deSPAC period—that track the returns of all 1,119 SPACs in our sample between January 2015 and December 2022. In the construction of our indices, we reuse the unit structure data from SPAC Research and price data from Bloomberg from our main analyses. In this appendix, we describe the construction of our indices.

A.1 SPAC Index

To construct our SPAC Index, we begin by calculating returns, $R_{i,t}$, for each SPAC i and day t in our sample as

$$R_{i,t} = \frac{P_{i,t}}{P_{i,t-1}}, \tag{A.1}$$

where $P_{i,t}$ is unit price for each SPAC i on day t. If a unit price is not available, we calculate a hypothetical unit price as the sum of the prices of SPAC i's common share, warrant, and right on day t, adjusting for the price structure of each instrument in the unit following Gahng et al. (2023). Then, for each trading day in our sample, we equally weigh individual SPAC returns as

$$R_{index,t} = \frac{1}{N} \sum_{i=1}^{N} R_{i,t}, \tag{A.2}$$

where $R_{index,t}$ is the return of the equally weighted SPAC Index on day t, N is the number of securities with available data on day t, and $R_{i,t}$ is the return of SPAC i on day t. The SPAC Index starts on January 15, 2015, and is rebalanced daily to ensure equal weights.

A.2 deSPAC Index

To construct our deSPAC Index, we use common stock prices for each of the 327 deSPACs in our sample. We include deSPAC stocks priced less than 12 months after the last date of the SPAC period. We restrict our deSPAC sample to SPACs that were resolved by December 2021. We calculate returns according to Equation (A.1) and equally weight them according to Equation (A.2). The deSPAC Index starts on July 29, 2016, and is rebalanced daily to ensure equal weights.

A.3 Summary Statistics

Table A.1 reports summary statistics for the indices. The table shows that the SPAC Index has returned an annualized 13.10% with a standard deviation of 8.49% since its inception, outperforming the deSPAC Index's annualized return and standard deviation of −17.50% and 35.10%, respectively.

Table A.1
SPAC and deSPAC Indices
This table reports summary statistics for our SPAC and deSPAC Indices. The table presents daily mean, median, minimum, and maximum returns, as well as annualized geometric mean return and standard deviation. The inception dates for the SPAC Index and deSPAC Index are January 15, 2015, and July 29, 2016, respectively. The end date for both indices is December 30, 2022. The SPAC and deSPAC Index construction is described in Appendix A.

	Daily				Annualized	
	Mean (%)	Median (%)	Min (%)	Max (%)	Geometric Mean (%)	SD (%)
SPAC Index	0.05	0.02	−5.93	16.79	13.10	8.49
deSPAC Index	−0.05	−0.13	−13.04	30.76	−17.50	35.10

Table 1

League Table

This table reports descriptive statistics by sponsor along with the top sponsors. Panel A presents the number of sponsored SPACs and proceeds raised by *Sequence*. *Sequence* is the enumerated order of each SPACs by a given sponsor, with SPACs issued on the same date assigned the same ordinal number. Panel B presents the number of sponsored SPACs and proceeds raised by rank for the top 20 sponsors by count. SPAC Research classifies sponsors into the following categories: Ex-Public CEO (Ex-CEO), Family Office (FO), Hedge Fund (HF), Investment Bank (IB), Private Equity Firm (PE), Venture Capital Firm (VC), and Other.

Panel A: By *Sequence*

	Count		Proceeds	
	N	%	bn	%
First	808	72.2	196.5	65.4
Second	153	13.7	43.5	14.5
≥ Third	158	14.1	60.3	20.1
All	1,119	100.0	300.2	100.0

Panel B: By Sponsor

			Count		Proceeds	
Rank	Sponsor	Type	N	Cumulative (%)	bn	Cumulative (%)
1	The Gores Group	PE	14	1.3	6.3	2.1
2	Cohen & Company	HF	14	2.5	4.5	3.6
3	Hennessy Capital Group	Ex-CEO	9	3.3	2.3	4.4
4	Michael Klein	IB	8	4.0	7.5	6.9
5	TPG	PE	8	4.7	3.3	7.9
6	Cantor Fitzgerald	IB	8	5.5	2.5	8.8
7	Chardan	VC	8	6.2	0.8	9.1
8	Eagle Equity Partners	Ex-CEO	6	6.7	4.4	10.5
9	Fortress Investment Group	PE	6	7.2	2.3	11.3
10	Hedosophia–Social Capital	VC	6	7.8	4.3	12.7
11	Apollo Global Management	PE	6	8.3	3.3	13.8
12	Riverstone Investment Group	PE	6	8.8	2.8	14.8
13	Harry You	Ex-CEO	6	9.4	1.9	15.4
14	GigCapital Global	Other	6	9.9	1.3	15.9
15	Bill Foley	PE	5	10.4	5.1	17.6
16	Jonathan Ledecky	Ex-CEO	5	10.8	1.7	18.1
17	Jaws Estates Capital	FO	5	11.3	2.7	19.0
18	Perceptive Advisors	VC	5	11.7	0.7	19.2
19	Craig-Hallum–Roth	IB	5	12.2	0.5	19.4
20	Mountain Crest Capital	Ex-CEO	5	12.6	0.3	19.5

Table 2

Summary Statistics

This table reports summary statistics by IPO and merger half-year. Panel A presents the number of IPOs and resolved SPACs, average proceeds, annualized SPAC period returns, and annualized excess SPAC period returns for current and follow-on SPACs by IPO half-year. *Proceeds* is the amount raised in the IPO calculated by multiplying the number of issued public units by the offer price. r_{SPAC} is the SPAC period return, calculated following Gahng et al. (2023). $r_{e,\text{SPAC}}$ is the excess SPAC period return, calculated as the difference between the SPAC period return and the return of our SPAC Index. The SPAC Index construction is described in Appendix A. A follow-on SPAC is included only if the current SPAC is resolved. Panel B presents the number of deSPACs, average proceeds, one-year deSPAC returns, and one-year excess deSPAC returns for current and follow-on deSPACs by merger half-year. r_{deSPAC} is the stock return during the deSPAC period. $r_{e,\text{deSPAC}}$ is the excess deSPAC return calculated as the difference between the deSPAC return and Russell 2000 Index return.

Panel A: By IPO Half-Year

			Average Current SPAC				Average Follow-On SPAC		
	N	N_{Resolved}	*Proceeds* (m)	r_{SPAC} (p.a., %)	$r_{e,\text{SPAC}}$ (p.a., %)	N	*Proceeds* (m)	r_{SPAC} (p.a., %)	$r_{e,\text{SPAC}}$ (p.a., %)
2015 H1	8	8	143	2.86	−4.60				
2015 H2	12	12	230	4.87	−3.70				
2016 H1	5	5	312	37.93	25.78				
2016 H2	8	8	240	6.43	−2.60				
2017 H1	15	15	341	6.75	1.69	6	494	11.38	6.15
2017 H2	19	19	257	10.80	4.24	2	223	19.22	14.22
2018 H1	22	22	254	14.97	6.18	1	325	5.47	0.90
2018 H2	24	24	214	21.26	8.38	5	269	17.84	10.38
2019 H1	28	28	246	29.26	4.81	9	326	30.94	2.74
2019 H2	31	31	217	21.57	−17.98	10	261	25.26	−10.48
2020 H1	36	35	329	92.41	26.30	16	414	77.23	16.15
2020 H2	212	180	336	21.84	−12.11	53	379	21.15	−13.68
2021 H1	358	174	310	3.02	3.55	132	358	3.96	5.16
2021 H2	255	24	201	2.61	2.36	52	232	3.46	3.28
2022 H1	70		172			15	243		
2022 H2	16		83			2	173		
All	1,119	585	268	18.31	−0.92	303	332	18.94	0.28

(*Continued*)

Table 2
(Continued)

Panel B: By Merger Half-Year

	Average Current deSPAC				Average Follow-On deSPAC			
	N	*Proceeds* (m)	r_{deSPAC} (p.a., %)	$r_{e,\text{deSPAC}}$ (p.a., %)	N	*Proceeds* (m)	r_{deSPAC} (p.a., %)	$r_{e,\text{deSPAC}}$ (p.a., %)
2016 H2	3	319	−9.40	−31.88				
2017 H1	5	219	3.64	−8.48				
2017 H2	8	332	−24.12	−32.25				
2018 H1	6	277	−37.08	−35.18	1	1,035	−91.51	−93.60
2018 H2	16	232	−39.82	−41.19	5	305	25.47	32.51
2019 H1	12	273	−37.51	−23.70	1	325	−80.38	−51.28
2019 H2	16	247	21.00	13.01	2	426	−32.75	−36.50
2020 H1	18	246	39.85	−18.02	3	350	51.14	−3.07
2020 H2	46	269	−23.45	−53.55	18	341	−1.55	−26.97
2021 H1	64	324	−62.25	−47.56	17	441	−64.46	−49.47
2021 H2	133	320	−65.78	−47.05	51	377	−67.32	−48.07
All	327	298	−43.64	−41.07	98	384	−46.06	−39.21

Table 3
Follow-On SPAC Regressions
This table examines the relationship between SPAC returns and the probability of forming a follow-on SPAC. Panel A presents regression results where *Follow-On*, an indicator variable that takes the value of one if the sponsor forms a follow-on SPAC, is regressed on annualized SPAC period return, *Sequence*, and their interactions. r_{SPAC} is the SPAC period return, calculated following Gahng et al. (2023). *Sequence* is the enumerated order of each SPACs by a given sponsor, with SPACs issued on the same date assigned the same ordinal number. Columns (1) and (2) include all resolved SPACs; Columns (3) and (4) include only completed mergers. Panel B presents regression results where *Follow-On* is regressed on one-year deSPAC return, *Sequence*, and their interactions. r_{deSPAC} is the stock return during the deSPAC period. Panel C presents regression results where *Follow-On* is regressed on annualized SPAC period return, one-year deSPAC return, *Sequence*, and their interactions. Panel D presents regression results where *Follow-On* is regressed on annualized SPAC period return, one-year deSPAC return, *Sequence*, and their interactions, including only returns that were observable before the follow-on IPO. t-Statistics, reported in parentheses, are based on standard errors clustered by IPO year. *, **, and *** denote statistical significance at the 10%, 5%, and 1% levels, respectively.

Panel A: SPAC Period Return and Follow-On SPAC

	Follow-On (0/1)			
	(1)	(2)	(3)	(4)
r_{SPAC} (p.a.)	0.15***	0.19***	0.11**	0.19***
	(4.18)	(7.02)	(3.23)	(5.59)
Sequence		0.13***		0.15***
		(9.79)		(8.32)
r_{SPAC} (p.a.) × *Sequence*		−0.03		−0.05**
		(−1.49)		(−3.19)
Constant	0.40***	0.18***	0.50***	0.25***
	(59.69)	(9.75)	(58.64)	(8.97)
IPO Year FE	Yes	Yes	Yes	Yes
R-squared	0.13	0.26	0.08	0.20
Observations	585	585	432	432

Panel B: deSPAC Period Return and Follow-On SPAC

	Follow-On (0/1)			
	(1)	(2)	(3)	(4)
r_{deSPAC} (p.a.)	0.15***	0.19**	0.15**	0.17**
	(4.13)	(3.21)	(2.55)	(2.89)
Sequence		0.12***	0.13***	0.12**
		(4.77)	(5.95)	(3.24)
r_{deSPAC} (p.a.) × *Sequence*		−0.03	−0.01	−0.04
		(−1.56)	(−0.46)	(−1.32)
Constant	0.67***	0.47***	0.46***	0.47***
	(42.00)	(12.32)	(8.10)	(10.38)
IPO-Year FE	Yes	Yes	No	Yes
Merger-Year FE	No	No	Yes	Yes
R-squared	0.05	0.13	0.11	0.14
Observations	327	327	327	327

(*Continued*)

Table 3
(Continued)

Panel C: SPAC and deSPAC Period Returns and Follow-On SPAC

	Follow-On (0/1)			
	(1)	(2)	(3)	(4)
r_{SPAC} (p.a.)	0.08**	0.19**	0.20**	0.19**
	(2.55)	(3.34)	(3.27)	(3.12)
Sequence		0.16***	0.15***	0.15***
		(6.56)	(9.49)	(4.77)
r_{SPAC} (p.a.) × *Sequence*		−0.08***	−0.07***	−0.08***
		(−3.90)	(−4.07)	(−4.74)
r_{deSPAC} (p.a.)	0.15***	0.19**	0.15*	0.17**
	(3.95)	(2.87)	(2.41)	(2.64)
r_{deSPAC} (p.a.) × *Sequence*		−0.03	−0.01	−0.04
		(−1.25)	(−0.48)	(−1.11)
Constant	0.64***	0.40***	0.40***	0.40***
	(49.70)	(9.97)	(7.67)	(8.46)
IPO Year FE	Yes	Yes	No	Yes
Merger Year FE	No	No	Yes	Yes
R-squared	0.06	0.16	0.14	0.16
Observations	327	327	327	327

Panel D: Conditional SPAC and deSPAC Period Returns and Follow-On SPAC

	Follow-On (0/1)				
	(1)	(2)	(3)	(4)	(5)
r_{SPAC} (p.a.)	0.14***	0.14***			0.18***
	(4.23)	(4.61)			(4.25)
Sequence		0.05*		0.20	0.24*
		(2.02)		(1.73)	(2.10)
r_{SPAC} (p.a.) × *Sequence*		0.00			−0.08**
		(0.06)			(−3.10)
r_{deSPAC} (p.a.)			0.17***	0.01	0.00
			(3.03)	(0.07)	(0.02)
r_{deSPAC} (p.a.) × *Sequence*				0.15	0.16
				(1.05)	(0.93)
Constant	0.17***	0.11***	0.42***	0.20	0.13
	(9.90)	(3.77)	(11.01)	(1.67)	(1.06)
IPO Year FE	Yes	Yes	Yes	Yes	Yes
Merger Year FE	No	No	Yes	Yes	Yes
R-squared	0.29	0.29	0.23	0.25	0.27
Observations	413	413	199	199	199

Table 4
Follow-On SPAC Structure Regressions
This table examines changes to the structure of follow-on SPACs. Panel A presents regression results where changes in SPAC structure are regressed on SPAC period return and *Sequence*. *Proceeds* is the amount raised in the IPO calculated by multiplying the number of issued public units by the offer price. *Sponsor Investment* is the sponsor's private investments divided by proceeds. *Warrant Coverage* is the number of shares redeemable from public warrants divided by the number of public shares. r_{SPAC} is the SPAC period return, calculated following Gahng et al. (2023). *Sequence* is the enumerated order of each SPACs by a given sponsor, with SPACs issued on the same date assigned the same ordinal number. Panel B presents regression results where changes in SPAC structure are regressed on one-year deSPAC return and *Sequence*. r_{deSPAC} is the stock return during the deSPAC period. t-Statistics, reported in parentheses, are based on standard errors clustered by IPO year. *, **, and *** denote statistical significance at the 10%, 5%, and 1% levels, respectively.

Panel A: SPAC Returns and Changes in Follow-On SPAC Structure

	Δ *Proceeds* (%)	Δ *Sponsor Investment*	Δ *Warrant Coverage*
	(1)	(2)	(3)
r_{SPAC} (p.a.)	13.33***	−0.17***	−0.05***
	(5.41)	(−5.21)	(−5.06)
Sequence	1.63	−0.08***	0.02*
	(0.66)	(−4.60)	(2.22)
Constant	11.84*	0.31***	−0.12***
	(2.30)	(8.53)	(−7.46)
IPO Year FE	Yes	Yes	Yes
Follow-On IPO Year FE	Yes	Yes	Yes
R-squared	0.08	0.18	0.28
Observations	227	227	227

Panel B: deSPAC Returns and Changes in Follow-On SPAC Structure

	Δ *Proceeds* (%)	Δ *Sponsor Investment*	Δ *Warrant Coverage*
	(1)	(2)	(3)
r_{deSPAC} (p.a.)	5.71	−0.11	−0.03
	(0.88)	(−1.93)	(−1.38)
Sequence	3.84	−0.04	0.03***
	(1.09)	(−1.58)	(5.18)
Constant	16.96*	0.07	−0.18***
	(2.19)	(1.37)	(−12.12)
IPO Year FE	Yes	Yes	Yes
Follow-On IPO Year FE	Yes	Yes	Yes
R-squared	0.06	0.17	0.27
Observations	198	198	198

Table 5

Performance Persistence Regressions

This table examines the performance persistence of follow-on SPACs. The table presents regression results where annualized follow-on SPAC period return and one-year follow-on deSPAC return are regressed on annualized SPAC period return, one-year deSPAC return, and indicator variables for growth in proceeds. r_{SPAC} is the SPAC period return, calculated following Gahng et al. (2023). r_{deSPAC} is the stock return during the deSPAC period. *Proceeds* is the amount raised in the IPO calculated by multiplying the number of issued public units by the offer price. We use indicator variables that take the value of one if *Proceeds* increased by more than 50% or more than 100% across SPACs, and zero otherwise. Column (1) includes all resolved SPACs and Column (2) only completed mergers. t-Statistics, reported in parentheses, are based on standard errors clustered by IPO year. *, **, and *** denote statistical significance at the 10%, 5%, and 1% levels, respectively.

	Follow-On SPAC				
	r_{SPAC} (p.a., %)			r_{deSPAC} (p.a., %)	
	(1)	(2)	(3)	(4)	(5)
r_{SPAC} (p.a.)	2.66***	2.51***		4.17	
	(4.65)	(4.69)		(1.07)	
r_{deSPAC} (p.a.)			1.29		−7.88
			(0.12)		(−0.64)
Δ *Proceeds* > 50%	6.22	4.56	5.93	−6.98	−11.83
	(0.91)	(0.57)	(0.70)	(−0.42)	(−0.62)
Δ *Proceeds* > 100%	−13.24	−12.27	−25.42	−29.77	−24.23
	(−1.08)	(−0.88)	(−1.89)	(−1.92)	(−1.10)
Constant	18.47***	18.88***	20.13***	−43.48***	−41.43***
	(11.86)	(11.27)	(6.57)	(−8.59)	(−17.53)
IPO Year FE	Yes	Yes	Yes	Yes	Yes
Follow-On IPO Year FE	Yes	Yes	Yes	Yes	Yes
R-squared	0.12	0.12	0.13	0.18	0.17
Observations	162	150	140	97	88

Table 6

Performance Persistence by Return Quantile

This table reports the transition probability between current and follow-on SPAC performance by return quantile. In Panel A, each SPAC is assigned to its quantiles based on its current and follow-on annualized excess SPAC period returns, where available. Remaining SPACs are grouped under the 'First SPAC' row. $r_{e,\text{SPAC}}$ is the excess SPAC period return, calculated as the difference between the SPAC period return and the return of our SPAC Index. r_{SPAC} is the SPAC period return, calculated following Gahng et al. (2023). The SPAC Index construction is described in Appendix A. The 'First SPAC with Follow-On' row includes all first SPACs that subsequently formed a follow-on SPAC in our sample. The four rightmost columns report the number of observations, average returns, and Redemption Rates for current SPACs. *Redemption Rate* is the number of redeemed shares divided by the number of public shares. In Panel B, each SPAC is assigned to its quantiles based on its current and follow-on one-year excess deSPAC returns, where available. $r_{e,\text{deSPAC}}$ is the excess deSPAC return calculated as the difference between the deSPAC return and Russell 2000 Index return. r_{deSPAC} is the stock return during the deSPAC period. Number of observations by quantile are reported in parentheses.

Panel A: SPAC Period

		Follow-On SPAC		Average Follow-On SPAC			
	Quantile	$\geq$ Median	$<$ Median	N	$r_{e,\text{SPAC}}$ (p.a., %)	r_{SPAC} (p.a., %)	*Redemption Rate* (%)
Current SPAC	$\geq$ Median	53.33% (48)	46.67% (42)	90	1.59	24.83	38.75
	$<$ Median	58.44% (45)	41.56% (32)	77	0.02	15.74	57.52
First SPAC		47.61% (199)	52.39% (219)	418	−1.63	17.37	58.83
First SPAC with Follow-On		54.02% (47)	45.98% (40)	87	19.17	48.67	37.17

Panel B: deSPAC Period

		Follow-On SPAC		Average Follow-On SPAC			
	Quantile	$\geq$ Median	$<$ Median	N	$r_{e,\text{deSPAC}}$ (p.a., %)	r_{deSPAC} (p.a., %)	*Redemption Rate* (%)
Current SPAC	$\geq$ Median	52.54% (31)	47.46% (28)	59	−39.40	−43.70	37.25
	$<$ Median	51.61% (16)	48.39% (15)	31	−37.95	−49.23	36.52
First SPAC		48.95% (116)	51.05% (121)	237	−41.90	−42.89	49.73
First SPAC with Follow-On		77.55% (38)	22.45% (11)	49	−8.70	1.34	33.63

Table 7

Performance Persistence Decomposition Regressions

This table examines the persistence of SPAC durations and premiums of follow-on SPACs. The table presents regression results where follow-on *SPAC Duration* and *SPAC Premium* are regressed on annualized SPAC period return, *SPAC Duration*, *SPAC Premium*, and indicator variables for growth in proceeds. r_{SPAC} is the SPAC period return, calculated following Gahng et al. (2023). *SPAC Duration* is the number of days between the IPO and the completion of the merger. *SPAC Premium* is the difference between the unit price at the end of the SPAC period and the IPO price. *Proceeds* is the amount raised in the IPO calculated by multiplying the number of issued public units by the offer price. We use indicator variables that take the value of one if *Proceeds* increased by more than 50% or more than 100% across SPACs, and zero otherwise. The sample includes only completed mergers. t-Statistics, reported in parentheses, are based on standard errors clustered by IPO year. *, **, and *** denote statistical significance at the 10%, 5%, and 1% levels, respectively.

	Follow-On SPAC			
	SPAC Duration (100d)		*SPAC Premium* (%)	
	(1)	(2)	(3)	(4)
r_{SPAC} (p.a.)	−0.17		0.20	
	(−1.91)		(0.19)	
SPAC Duration (100d)		0.21**		
		(3.07)		
SPAC Premium				−0.48
				(−0.21)
Δ *Proceeds* > 50%	−0.35	−0.30	4.79	4.77
	(−1.05)	(−0.89)	(0.69)	(0.68)
Δ *Proceeds* > 100%	0.21	−0.04	−12.01	−11.73
	(0.42)	(−0.10)	(−1.28)	(−1.27)
Constant	4.70***	3.67***	18.37***	18.62***
	(58.49)	(14.04)	(10.20)	(8.51)
IPO Year FE	Yes	Yes	Yes	Yes
Follow-On IPO Year FE	Yes	Yes	Yes	Yes
R-squared	0.21	0.23	0.19	0.19
Observations	162	162	162	162

Table 8

Entry of New Sponsors

This table examines the determinants of entry by new sponsors. The table presents regression results where the number of new sponsors and the capital they raised by half-year, beginning in January and July, are regressed on contemporaneous and lagged half-year returns of the Nasdaq-100 Index, Russell 2000 Index, SPAC Index, and deSPAC Index. The SPAC and deSPAC Index construction is described in Appendix A. t-Statistics, reported in parentheses, are based on Newey and West (1987) standard errors adjusted for autocorrelation and heteroscedasticity with one lag. *, **, and *** denote statistical significance at the 10%, 5%, and 1% levels, respectively.

	Number of New Sponsors				Capital Raised by New Sponsors (bn)			
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Nasdaq-100$_t$ (%)	0.82				0.31			
	(1.12)				(1.53)			
Nasdaq-100$_{t-1}$ (%)	2.24				0.55			
	(1.55)				(1.53)			
Russell 2000$_t$ (%)		1.65				0.56		
		(1.18)				(1.58)		
Russell 2000$_{t-1}$ (%)		2.19*				0.50*		
		(1.82)				(1.86)		
SPAC Index$_t$ (%)			0.24				0.31	
			(0.19)				(1.22)	
SPAC Index$_{t-1}$ (%)			6.24***				1.57***	
			(10.78)				(15.36)	
deSPAC Index$_t$ (%)				−0.04				0.06
				(−0.10)				(0.58)
deSPAC Index$_{t-1}$ (%)				0.68				0.19
				(0.80)				(0.92)
Constant	31.74	40.82*	16.59	70.45*	5.50	8.01*	0.50	15.97*
	(1.61)	(1.97)	(0.81)	(2.07)	(1.26)	(1.83)	(0.14)	(1.89)
R-squared	0.23	0.31	0.64	0.08	0.29	0.40	0.79	0.13
Observations	14	14	14	11	14	14	14	11

Table 9

Market Conditions and Follow-On SPACs

This table examines how market conditions influence the probability of forming a follow-on SPAC. The table presents regression results where *Follow-On*, an indicator variable that takes the value of one if the sponsor forms a follow-on SPAC and zero otherwise, is regressed on contemporaneous, lagged, and 3-period lead half-year returns, beginning in January and July, of the Nasdaq-100 Index, Russell 2000 Index, SPAC Index, and deSPAC Index. The SPAC and deSPAC Index construction is described in Appendix A. Columns (2), (4), (6), and (8) include only first SPACs. t-Statistics, reported in parentheses, are based on Newey and West (1987) standard errors adjusted for autocorrelation and heteroscedasticity with one lag. *, **, and *** denote statistical significance at the 10%, 5%, and 1% levels, respectively.

	Follow-On (0/1)							
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Nasdaq-100$_t$	−0.66*	−0.70*						
	(−1.95)	(−1.68)						
Nasdaq-100$_{t-1}$	−2.14***	−1.98***						
	(−9.89)	(−7.65)						
Nasdaq-100$_{t+3}$	−0.15	−0.12						
	(−0.85)	(−0.52)						
Russell 2000$_t$			−1.07***	−1.07***				
			(−8.86)	(−6.52)				
Russell 2000$_{t-1}$			−0.88***	−0.85***				
			(−11.89)	(−9.17)				
Russell 2000$_{t+3}$			−0.08	−0.04				
			(−0.58)	(−0.22)				
SPAC Index$_t$					0.01	0.04		
					(0.06)	(0.13)		
SPAC Index$_{t-1}$					−1.53***	−1.49***		
					(−10.50)	(−7.62)		
SPAC Index$_{t+3}$					0.14	0.26		
					(0.44)	(0.65)		
deSPAC Index$_t$							−0.03	−0.08
							(−0.31)	(−0.59)
deSPAC Index$_{t-1}$							−0.57***	−0.57***
							(−4.49)	(−3.52)
deSPAC Index$_{t+3}$							0.27***	0.26***
							(3.46)	(2.80)
log(*Proceeds*)	0.05*	0.06*	0.06**	0.07**	0.06**	0.07**	0.03	0.04
	(1.88)	(1.93)	(2.13)	(2.24)	(2.10)	(2.07)	(1.18)	(1.28)
log(*Sequence*)	0.34***		0.34***		0.35***		0.33***	
	(13.77)		(14.27)		(14.49)		(13.13)	
Constant	0.51***	0.43**	0.29**	0.21	0.27*	0.19	0.29**	0.24
	(3.21)	(2.26)	(2.02)	(1.24)	(1.75)	(1.04)	(1.99)	(1.42)
R-squared	0.26	0.15	0.29	0.19	0.29	0.18	0.23	0.11
Observations	758	515	758	515	758	515	730	493

Table 10
Market Entry and SPAC Performance
This table examines how market conditions affect SPAC outcomes. The table presents regression results where annualized SPAC period return and one-year deSPAC return are regressed on *Entry*, *Sequence*, their interaction, and *Proceeds*. *Entry* is the number of newly listed SPACs by half-year. *Sequence* is the enumerated order of each SPACs by a given sponsor, with SPACs issued on the same date assigned the same ordinal number. *Proceeds* is the amount raised in the IPO calculated by multiplying the number of issued public units by the offer price. r_{SPAC} is the SPAC period return, calculated following Gahng et al. (2023). r_{deSPAC} is the stock return during the deSPAC period. Columns (1) and (2) include all resolved SPACs in our sample. Columns (3) and (4) include all deSPACs with one year. t-Statistics, reported in parentheses, are based on Newey and West (1987) standard errors adjusted for autocorrelation and heteroscedasticity with one lag. *, **, and *** denote statistical significance at the 10%, 5%, and 1% levels, respectively.

	r_{SPAC} (p.a., %)		r_{deSPAC} (p.a., %)	
	(1)	(2)	(3)	(4)
log(*Entry*)	−7.62***	−6.43***	−4.84**	−2.54
	(−3.87)	(−3.37)	(−2.35)	(−1.00)
log(*Sequence*)	2.89	13.04	0.02	13.49
	(0.78)	(1.34)	(0.00)	(0.84)
log(*Entry*) × log(*Sequence*)		−0.79		−1.48
		(−1.53)		(−1.11)
log(*Proceeds*)	5.77**	5.56*	6.72	6.50
	(1.98)	(1.95)	(1.51)	(1.46)
Constant	19.11	17.92	−59.33**	−61.67**
	(1.08)	(1.00)	(−2.30)	(−2.40)
R-squared	0.03	0.03	0.02	0.02
Observations	585	585	327	327