

Ross-Arctos Sports Franchise Index (RASFI)

Q4 2024 Quarterly Report

North American franchise values climb 2.9% in the fourth quarter, up 17.3% for 2024.

Sports franchises in the Ross-Arctos Sports Franchise Index (RASFI) representing the “Big 4” North American leagues saw mild growth of 2.9%, or 12.2% on an annualized basis, in the fourth quarter of 2024.

RASFI finished out the year strong with a 17.3% annual return, well above the long-term annual average performance of ~13%. Over the past year, RASFI trailed U.S. Equities, which finished out a strong year at 25.0%, but well ahead of Private Equity (7.3%) and Private Credit (8.2%).

Transaction activity in Q4 continued its strong momentum from Q3. There was a single path-to-control transaction with the sale of the Tampa Bay Lightning. The \$1.8 billion implied valuation is indicative of Jeff Vinik’s work in transforming the franchise. As a result, the Lightning outperformed RASFI by 4.1% over the last 14 years (9.8x MOIC vs. 5.8x MOIC for RASFI over the same period).

NFL-related deal volume saw a significant uptick with four separate clubs transferring partial stakes. Two transactions involved multiple high net worth individuals and families. First, the Philadelphia Eagles sold a ~8% stake to two families at a publicly reported valuation of \$8.1 billion. Second, the Las Vegas Raiders sold 15% to several individuals. This transaction took place only a few months after the sale of another 10% position in the franchise.

RASFI Characteristics

Valuation Dates

Calendar Quarter-End

Launch Date

March 31, 2024

Start Date

December 31, 1960

Current Date

December 31, 2024

Base Value

1,000 (December 31, 1991)

Region

North America

Leagues Covered

MLB, NBA, NFL, NHL

Number of Constituents

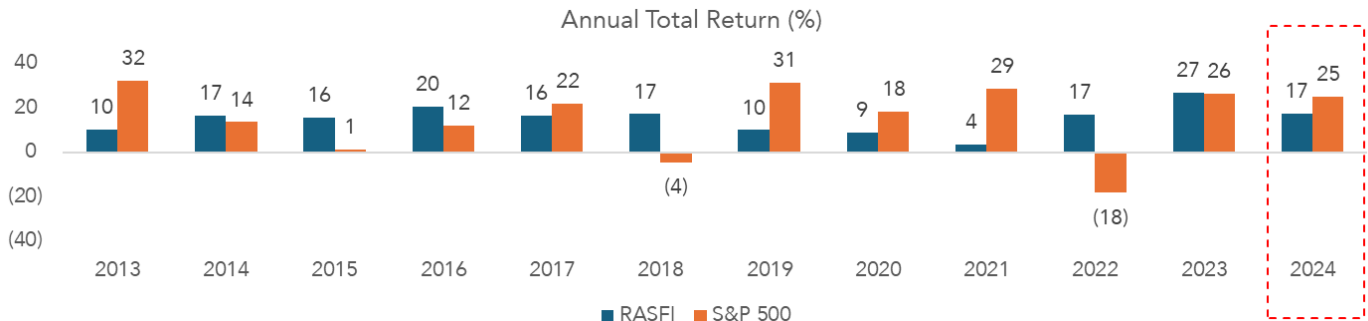
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Weighting

Equally Weighted

Index Type

Price Return



The two other transactions marked the first instances of private investment funds buying minority stakes in NFL clubs. Arctos Partners purchased a ~10% stake in the Buffalo Bills and Ares Management purchased a ~10% stake in the Miami Dolphins and related assets. (Each club also sold an undisclosed percentage to several individuals). NFL owners approved private investment ownership in August 2024 and was the last of the North American Big 4 Leagues to approve institutional investment. Under the League’s policy, clubs can sell up to 10% of their common equity to private investment firms, with individual investments ranging from 3% to 10% per club. A single fund may invest in up to six teams, with a minimum six-year holding period. Eligible funds must have at least \$2 billion in committed capital, and no team can account for more than 20% of a fund’s portfolio.

The NFL remains the most valuable of the North American Big 4 Leagues driven by strong fundamentals. In 2023, the last non-election year, the league accounted for 93 of the 100 most-watched television broadcasts. Combined with stable viewership, its importance to the broader cable bundle, and ability to drive streaming sign-ups, the League has been able to secure a long-term, diversified set of media rights deals with an average annual value of ~\$12.3 billion (a ~1.7x step-up from the prior deal) through 2032. In addition to a high degree of contracted revenue, the NFL’s self-imposed debt limitations also ensure long-term financial sustainability. In October 2023, team owners voted to increase the maximum club leverage to \$700 million, up from \$600 million, and debt as a percentage of value amongst NFL clubs averages ~8%, per Forbes.

Annual Average Returns by Asset Class (%)⁽¹⁾

Asset Class	QTD	1YR	3YR	5YR	10YR	20YR
Sports (RASFI)	2.9	17.3	20.3	14.4	15.2	12.3
Global Equities	(0.9)	18.0	5.9	10.6	9.8	8.2
U.S. Equities	2.4	25.0	8.9	14.5	13.1	10.4
U.S. Small Caps	0.3	11.5	1.2	7.4	7.8	7.8
U.S. Media & Ent. Sector	10.0	40.1	8.4	16.1	12.9	11.7
Fixed Income	(5.1)	0.4	(4.3)	(0.9)	1.7	N/A
Commodities	3.1	2.6	(0.7)	4.7	2.8	2.9
Private Equity ⁽¹⁾	2.2	7.3	2.8	16.2	14.9	14.2
Private Credit ⁽¹⁾	1.7	8.2	7.8	8.9	7.8	9.3
Real Assets ⁽¹⁾	0.9	1.9	7.1	7.4	6.9	8.5

(1) Lagged one quarter, due to reporting lag.

Source: S&P, MSCI (Private Markets data). Represent gross total return. Each segment represented by the following indexes: Global Equities (MSCI ACWI), U.S. Equities (S&P 500), U.S. Small Caps (Russell 2000), U.S. Media & Ent. Sector (MSCI USA Media & Entertainment), Fixed Income (Barclays Capital U.S. 7-10 Year Aggregate Bond Index), Commodities (S&P GSCI), Private Equity (Burgiss North America Equity TWR Index) Private Credit (Burgiss North America Debt TWR Index), Real Assets (Burgiss North America Real Assets TWR Index).

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