



LionTree

## WEEKLY UPDATE

WEEK ENDING JULY 05, 2024

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I hope everyone had an amazing July 4th celebration!

While news flow slowed down, the shortened week didn't hold back the market... Big Tech was the main driver, with the Nasdaq rallying +3.5% and the S&P 500 rising +2% – both hitting fresh all-time highs.

This week, we have an abbreviated version of what we thought were the most incremental updates and developments, and we also included our usual Other Key News Section.

Lastly, we have a new video out from **Kindred Media**, which explores the **youth sports industry**, from the innovative platforms and technologies making a difference to how companies, schools, and student athletes are navigating the impact of new NIL rules and monetizing their name, image, and likenesses. See this link if interested: [Inside the \\$70 Billion Youth Sports Boom | Kindred Report \(youtube.com\)](#)

Have a great weekend.

Best,  
Leslie

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Leslie Mallon  
745 Fifth Avenue  
New York, NY 10151  
Office: +1-212-644-3551  
[lmallon@liontree.com](mailto:lmallon@liontree.com)

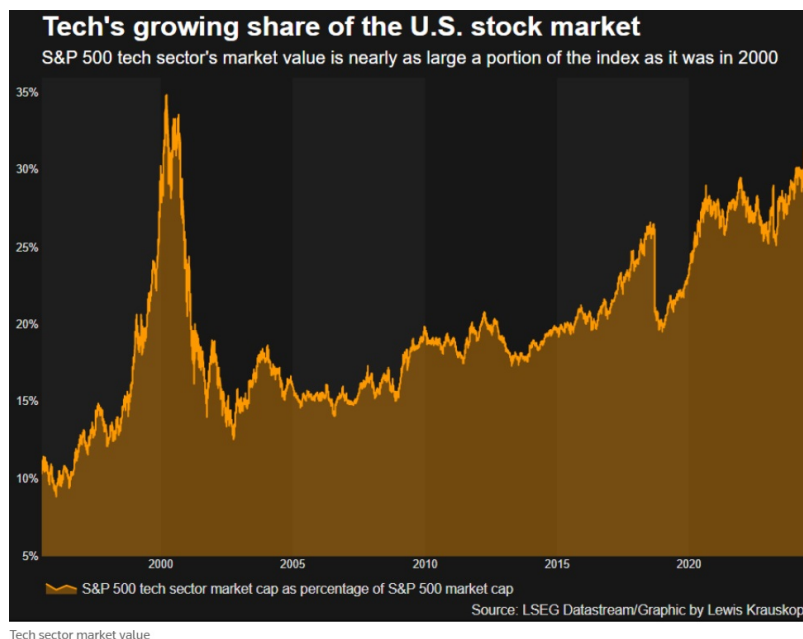
This weekly product is aimed at helping our key corporate and investor clients stay in front of major themes and developments driving the TMT and consumer oriented sector. Please don't hesitate to reach out with any questions or comments! Please see below link to download the pdf.

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### 1. The Most Incremental Updates & Developments This Shortened Week...

- **Potential Studio M&A:**
  - **Shari Redstone's National Amusements reached a preliminary deal to sell its controlling interest in Paramount Global to David Ellison's Skydance Media, per Reuters ([link](#)) -> *Paramount shares were up +14% for the week***
  - **Ron Howard and Brian Grazer's Imagine Entertainment production Co is exploring a potential sale ([link](#))**
- **Paramount is reportedly discussing merging Paramount+ w/ another streaming platform, including WBD's Max ([link](#))**

- Investors poured \$27.1bn into AI startups in the US in Q2, accounting for nearly half of all startup funding, per PitchBook ([link](#))
- There were also a couple of notable regulatory updates:
  - NVIDIA will be charged by French regulators for alleged anti-competitive practices ([link](#))
  - The EU warned Meta that its “pay or consent” subscription model doesn’t comply w/ the Digital Services Act ([link](#))
  - Canada authorized a 3% levy on rev from big tech Cos that provide digital svcs to or sell data from Canadian users ([link](#))
- Netflix and Prime Video dominated the field in commissioning original content in Q1, per Ampere Analysis ([link](#))
- Some interesting news related to sports valuations also hit the tape this week:
  - The NBA champion Celtics majority ownership group is planning to put the team on the mkt ([link](#))
  - Top PE firms are reportedly eyeing stakes in Europe's top men's basketball competition, Euroleague ([link](#))
  - Bob Iger and Willow Bay are reportedly close to acquiring NWSL team Angel City FC for \$250mn ([link](#))
- AdImpact raised its 2024 forecast for political ad spending up to \$10.7bn from a prior \$10.2bn estimate ([link](#))
- Big Tech Cos are in talks w/ ~one-third of US nuclear power plants to provide electricity to power data centers for AI ([link](#))
- The stock market similarities between now and the Dot.com era remain in focus... See below for an interesting chart ([link](#))



- See the Other News Section below for more of this week’s key updates

## Stock Market Check

## Market Changes the Past Week

Benchmark	Abs. Value	W/W Change
S&P 500	5,567	2.0%
NASDAQ	18,353	3.5%
Dow Jones	39,376	0.7%
Gold	\$2,397	2.5%
WTI Crude	\$83.12	1.9%
10-Year Treasury Yield	4.28%	(9) bps
Bitcoin	\$56,785	(6.9%)
Ether	\$2,993	(12.6%)

## LionTree TMT Universe Performance (~250 stocks)

Best-Performing Stocks	+	Worst-Performing Stocks	-
Sirius XM Holdings Inc	30.7%	2U Inc.	(20.1%)
Tesla Inc	26.6%	Rent the Runway Inc	(15.7%)
Jumia Technologies AG	20.4%	Chegg Inc.	(11.9%)
Reddit, Inc.	14.1%	Bumble Inc	(10.8%)
Paramount Global	14.0%	Shutterstock	(9.3%)
Ocado Group plc	13.6%	Chewy Inc.	(8.2%)
Clear Channel Outdoor Holdings	11.3%	Duolingo	(7.8%)
ARM Holdings PLC ADR	11.1%	Vivid Seats Inc	(7.7%)
Zalando SE	9.9%	Rackspace Technology, Inc.	(7.2%)
Globalstar Inc	9.4%	Lumen Technologies Inc	(6.8%)

Best-Performing Sub-Industries	+	Worst-Performing Sub-Industries	-
Hardware/Handsets	7.1%	EdTech	(3.3%)
Internet/Advertising	5.4%	Space	(2.3%)
European Media	4.9%	Pay-TV / Broadband	(2.2%)
Satellite Communications	4.2%	Smart Home Security/Automation	(2.0%)
Software IT Services	4.2%	Last Mile Transport/Delivery	(1.1%)
Semis	3.5%	Sports & Sports Betting	(0.5%)
Music	3.3%	Digital Real Estate	(0.4%)
e-Commerce	3.3%	Telecom Infrastructure	(0.4%)
Consumer Retail	3.2%	Employment Marketplace	(0.1%)
Cybersecurity Software	2.5%	Broadcast TV	(0.1%)

## Other News

### Artificial Intelligence/Machine Learning

- **Apple exec Phil Schiller is said to be joining OpenAI's board in a non-voting observer position, according to Bloomberg.** ChatGPT is being integrated into iOS and macOS later this yr. Schiller will reportedly get an observer role, meaning he can attend board meetings but can't vote or act as a director. Last yr, Microsoft also joined the board that controls OpenAI in a non-voting observer position. ([The Verge](#))
- **Citadel founder and CEO Ken Griffin remains skeptical that AI could soon make human jobs obsolete, as he sees flaws in machine learning models applied in certain scenarios.** He said that "we are at what is widely viewed as a real inflection point in the evolution of technology, w/the rise of LLMs. For a number of reasons, I am not convinced that these models will achieve that type of breakthrough in the near future." ([CNBC](#))
- **OpenAI's recently launched ChatGPT macOS app had a potentially worrying security issue: it wasn't hard to find your chats stored on your computer and read them in plain text.** That meant that a bad actor w/ access to a user's machine could easily read their conversations w/ ChatGPT and the data within them. After The Verge contacted OpenAI about the issue, the Co released an update that it says encrypts the chats." ([The Verge](#))

### Broader Media & Entertainment

- **Average viewership in the US for the CNN Presidential Debate on June 27th was ~7.3mn viewers**, per AdImpact. Traditional linear TV commanded 42% of the audience, while other streaming platforms accounted for 41% of viewership. The avg total watch time per household was 44 minutes and only 28% of viewers watched the presidential debate in its entirety. 48% of audience drop off was seen in the first 15-30 mins of the debate. ([ADVANCED-TELEVISION](#))
- **Chicken Soup for the Soul Entertainment filed for bankruptcy protection overnight.** This comes at the tail end of a month in which the Co defaulted on loans, saw an order for its cars to be repossessed, and missed payroll for employees. Chicken Soup for the Soul Entertainment informed employees of the filing, writing in an email that it had filed for a debtor-in-possession loan. ([The Verge](#))
- **Media mogul Barry Diller is reportedly taking a look at acquiring Shari Redstone's National Amusements.** Diller's IAC, an internet media and publishing co, has signed a nondisclosure agreement and is looking in the data room of National Amusements, CNBC's David Faber said. IAC could make a decision in the near term to place a bid on National Amusements, which would give it a controlling stake in Paramount. ([CNBC](#))
- **Paramount reportedly entered exclusive talks to sell Black Entertainment TV network to a group of buyers headed by BET CEO Scott Mills.** This comes after the Co called off an auction last yr that failed to generate the ~\$3bn it was seeking for the cable channel. Now, Mills and Manhattan-based private equity CC Capital, headed by Chinh Chu, have offered ~\$1.7bn, Bloomberg News reported. ([New York Post](#))
- **Shari Redstone reached a preliminary agreement to sell her controlling stake in Paramount Global to Skydance Media – just weeks after she walked away from a deal between the two sides, according to multiple reports.** Redstone, who controls Paramount through her 77% stake in family firm National Amusements, informed a special committee of the Paramount Global board she had reached a deal. ([New York Post](#))

## Cable/Pay-TV/Wireless

- **Bankrupt Diamond Sports has a fresh new distribution worry.** Eleven of its 18 remaining Bally Sports regional sports networks have been blacked out on Altice USA's Optimum cable TV systems, which reached 2.09mn remaining pay-TV customers as of the end of March. Some of the channels impacted in the Altice USA dispute span numerous cable franchise regions and are blacked out by Comcast as well. ([NextTV](#))
- **Omdia found that the wireless telecommunications industry experienced another qtr of strong expansion and technological advancement, driven by the advance of 5G tech.** In Q1 2024, the global adoption of 5G connections cont'd its steady climb, reaching nearly two bn w/ an addition of 185mn new connections. In Q1 2024, North American 5G connections totaled 220mn. ([ADVANCED-TELEVISION](#))
- **Open Signal's new report on the best wireless networks found that T-Mobile is once again the winner, not only for the best download speeds but also in many other categories.** T-Mobile's 5G download speeds now avg 226.7 Mbps. That is compared to Verizon at 150.5 Mbps and AT&T at 142.1 Mbps. T-Mobile also won the best video experience award that looked at the best quality of streaming video. ([Cord Cutters News](#))
- **Verizon Chairman and CEO Hans Vestberg told FCC Chairwoman Jessica Rosenworcel that the agency should not hand over the 4.9 GHz band to AT&T.** The FCC is considering how to manage spectrum in the 4.9 GHz band for public safety. Some public safety agencies want FirstNet to control the 4.9 GHz band; others argue for local control, where spectrum has been valued at \$14bn+. ([Fierce Network](#))
- **Virgin Media O2 (VMO2) has completed its share of the first phase of the Shared Rural Network (SRN) program.** Glencoe Mountain Resort became the 27th site to benefit from improved 4G coverage, as the Co delivered its build target in time for the June 30 deadline. The mountainous site is over a kilometer above sea level and is the highest mobile mast standing in the UK today. ([Capacity Media](#))
- **Xavier Niel's Atlas Investissement is looking to buyout LatAm-focused operator group Millicom, offering to purchase the shares it doesn't already own in a deal valuing the carrier at ~\$4.1bn.** Millicom, headquartered in Luxembourg, provides fixed and mobile telecom svcs under the Tigo brand to 50mn+ subscribers in LatAm. ([RCR Wireless News](#))

## Capital Market Updates

- **Global hedge funds in June sold US shares of TMT Cos at the fastest pace since 2016, mainly driven by semiconductor stocks.** The sales could indicate that portfolio managers have become more bearish on tech stocks after the sector's powerful rally in the first half of the yr, although the note does not provide any reason behind the trend. ([Yahoo Finance](#))
- **Jeff Bezos is set to sell shares in Amazon worth £4bn as its stock hits an all-time high.** The executive chairman revealed he would offload another 25m shares, bringing the total he has offloaded this year to

£10.5bn+. It comes as Amazon shares hit a new record of \$200.43, up almost 52% over the yr. ([Retail Gazette](#))

## Cloud/DataCenters/IT Infrastructure

- **Demand for data center space has surged globally in recent months following the boom in AI technologies, per new research from CBRE.** However, operators across North America, Europe, LatAm, and APAC cite power shortages as their top concerns. Moreover, large corporations are facing difficulties in securing data center capacity due to construction delays, which are not meeting the sector's growth, and power challenges. ([TechRadar](#))

## eCommerce/Social Commerce/Retail

- **Amazon is offering discounted Prime memberships to customers aged between 18 and 22.** Younger customers can now join Amazon's online membership for half the price at £4.49/month, or £47.49/yr. Alongside this, all 18-22-yr-old customers will benefit from exclusive perks tailored for students and young adults, including discounts on grocery, travel, books, and fashion. ([Retail Gazette](#))
- **Costco and Amazon each rose more than 1% on positive analyst reports.** Wall Street firm Stifel increased its price target on Costco shares to \$900 from \$850 and maintained a buy rating. ([CNBC](#))
- **JD.com is said to be in talks about a potential bid for parcel delivery company Evri.** Evri which was formerly known as Hermes, drafted in advisers earlier this yr to explore its options, including a possible sale of the biz that could value it ~£2bn. Evri's private equity owner Advent took out a dividend of £762m from the biz two yrs after its acquisition and has saddled it w/ a debt pile of £1bn+. ([Retail Gazette](#))
- **Parents expect their back-to-school spending to rise 21.8% y/y,** spending \$475 per child compared to \$390 last yr, per a new JLL survey of 1,026 parents conducted in May. Respondents said they plan to shop the most at Walmart (46.4%), Amazon (35.4%), and Target (32.6%). Fewer said they plan to shop at other major retailers, like Costco (6.5%), Old Navy (3.8%), and Dollar General (2.8%). ([Retail Dive](#))
- **Saks Fifth Avenue parent HBC said it will acquire Neiman Marcus Group in a \$2.65bn deal** combining the retailers. The combination will establish Saks Global, which will include Saks Fifth Avenue, Saks OFF 5TH, Neiman Marcus' namesake dept store chain, and Bergdorf Goodman. As part of the deal, Saks.com CEO Marc Metrick will take the chief executive role for the Saks Global biz. ([CNBC](#))
- **The European Commission has sent Amazon a request for information under the Digital Services Act.** It is asking Amazon for more information on the measures taken by its platform to comply w/ the DSA obligations relating to the transparency of recommendation systems and their parameters. Amazon must provide the requested information by July 26, 2024 at the latest. ([MarketScreener](#))
- **The European Union is working on a proposal to impose import duties on cheap goods bought from online platforms outside the bloc.** This move would primarily target Chinese retailers, such as Temu, AliExpress, and Shein. The EU currently has a €150 (\$161) duty-free threshold for online purchases that's meant for small gifts or personal packages but that has enabled a surge in small-value imports from those platforms. ([The Business of Fashion](#))
- **Walmart reportedly has held talks w/ potential buyers to sell its already shuttered medical clinics.** In Apr., Walmart decided to close all 51 of its health clinics and shut its virtual healthcare operations, saying it could not see them as a sustainable biz model to continue. The report added that some of the talks have involved health insurance Cos, including Fortune 50 firm Humana. ([Yahoo Finance](#))

## Film/Studio/Content/IP/Talent

- **Cineworld is reportedly drawing up plans to shutter a number of its UK cinemas as part of a restructuring that would also include extensive rent cuts.** Cineworld is looking to close ~25 of its 102 multiplexes and also plans to renegotiate rent agreements at a further 50 sites, w/ the remaining 25 untouched by the restructuring. Other cinema operators could potentially step in and take over some of Cineworld's closed sites. ([ADVANCED-TELEVISION](#))
- **Ron Howard and Brian Grazer are looking to Imagine Entertainment.** TheWrap learned that the Co has retained JP Morgan for strategic guidance. The sale could allow global merchant bank Raine Group, Imagine's main investor since 2016, to exit. Imagine is profitable, but its rev and potential sale value are unknown. Source said that Howard and Grazer tapped JP Morgan as they were receiving inbound offers. ([Yahoo Finance](#))
- **Sony Pictures TV revealed an incr'd investment in Eleventh Hour Films (EHF), taking a majority stake in the UK-based production Co.** This move makes EHF the fourth majority-owned, UK-based scripted drama Co in SPT's International Production group, joining Left Bank Pictures, Bad Wolf, and Eleven. SPT aims to bolster EHF's strategic growth and strengthen collaborative ties. ([Variety](#))

## Handheld Devices/Connected Home/Accessories

- **Amazon seems to have decided to discontinue its Astro for Business device just seven months after launch.** Reportedly, Amazon will bring Astro, which is a security robot for small- and medium-sized businesses, into home-robot range. As reported by TechCrunch, an email sent to customers and employees explained that Amazon wants to focus on its home version of Astro. Astro was initially launched in 2021. ([FINANCIALEXPRESS](#))
- **Apple's devices are lasting longer, so customers don't trade up as often.** And as Bloomberg News reported, that could make the Co's AI efforts all the more important. The report said Apple is trying to make its products extra durable and says devices that are 7 yrs old can still run its current operating systems. However, the report goes on to argue that Apple will be a less reliable source of growth as sales decline. ([PYMNTS.com](#))

## Last Mile Transportation/Delivery

- **Citi Bike e-bike rides will get more expensive for \$219.99-per-yr annual members starting July 10,** rising to 24 cents per minute from 20 cents per minute, a 20% price hike, Lyft said. An e-bike ride in and out of Manhattan, meanwhile, will cost \$4.80, up from \$4.36 now and \$3.27 as recently as last yr. The price hike marks the second time this year that Lyft has jacked up the price to ride pedal-assist electric bikes. ([STREETSBLOG](#))

## Regulatory

- **Canada's Digital Services Tax Act (DSTA) took effect on June 28, 2024, as part of Bill C-59.** The DSTA imposes a 3% tax on certain digital services revenue, including online marketplace, advertising, social media services, and user data, for entities and groups with over €750mn in global revenue. A \$20mn annual deduction applies. The tax is retroactive to January 1, 2022, with the first payment due by June 30, 2025. ([Osler, Hoskin & Harcourt LLP](#))

## Satellite/Space

- **SpaceX's ambitious plans to launch its Starship mega-rocket up to 44x per yr from NASA's Kennedy Space Center are causing a stir among some of its competitors.** Late last month, Blue Origin and United Launch Alliance submitted comments calling on regulators to ensure minimal disruptions to other launch providers in the area. But SpaceX may have even more ambitious plans for a second launch pad right next door. ([TechCrunch](#))

## Social/Digital Media

- **A federal judge blocked a Mississippi law from taking effect that would have required age verification for all and parental consent for teens in order to make accounts on many social media sites.** The preliminary injunction fell on the same day the Supreme Court issued a ruling in a pair of cases challenging social media laws in Florida and Texas that sought to regulate social media Co's content moderation. ([The Verge](#))
- **Meta has been slapped with a warning over its subscription model for ad-free svcs on Instagram and Facebook, risking potentially heavy fines.** EU regulators annnc'd that the so-called pay-or-consent policy falls foul of the EU's Digital Markets Act, because the new model "forces users to consent to the combination of their personal data," while not being offered a less personalized version of either Facebook and Instagram. ([Yahoo Finance](#))
- **Threads has achieved some major milestones in its first yr, such as hitting 100mn registered users in its first five days.** As shared by Meta CEO Mark Zuckerberg, Threads now has 175mn+ monthly active users. Threads was released w/ a lot of missing features, but most of them have already been addressed. ([9to5Mac](#))
- **Whatsapp appears to be working on a new generative AI feature that should allow users to make personalized avatars of themselves in any imagined setting.** The in-development feature, spotted in the new WhatsApp Beta for Android 2.24.14.7 by WABetaInfo, will seemingly use a combination of user-supplied images, text prompts, and Meta's AI Llama model to generate the images. ([The Verge](#))
- **YouTube quietly rolled out a policy change in June that will allow people to request the takedown of AI-generated or other synthetic content that simulates their face or voice.** The change allows people to request the removal of this type of AI content under YouTube's privacy request process. It's an expansion on its previously annnc'd approach to responsible AI agenda first introduced in Nov. ([TechCrunch](#))
- **YouTube released an updated eraser tool for creators so they can easily remove any copyrighted music from their videos without affecting any other audio such as dialogues or sound effects.** The new tool uses an AI-powered algorithm to specifically detect and remove that song without impacting other audio in the clip. YouTube still warns that, at times, the algorithm might fail to remove just the song. ([TechCrunch](#))

## Sports/Sports Betting

- **DAZN has secured the French and a selection of international rights to the Betclac Elite Championship after a negotiating process w/ the French Basketball Federation and the National Basketball League (LNB).** The rights run over a five-yr period from Sept 2024 to June 2029. In addition to the weekly fixtures of the Betclac Elite Championship, DAZN will extend its coverage to the major events organized by the LNB. ([ADVANCED-TELEVISION](#))
- **NBCUniversal released its detailed plans for coverage of the 2024 Paris Olympics on its various networks and digital platforms.** NBC and Peacock will lead the coverage, and NBC will air more live coverage than any previous Olympics. Key highlights include three hours of coverage in prime time on NBC and streaming coverage of all sports and events on Peacock. ([TVTechnology](#))
- **The NBA 2K league hit the pause button amid an industry decline.** Despite previously heady predictions, the overall mkt has been declining for more than a yr. The retreat, branded within the industry as a so-called “esports winter,” has been marked by a series of layoffs, team closures, falling valuations, financial losses, and missed expectations in terms of viewership. ([Front Office Sports](#))
- **The NBA champion Boston Celtics are officially for sale.** The Celtics majority ownership group, led by Wyc Grousbeck, is planning to put the team on the market. In a statement, the Celtics said the decision to sell was made “for estate and family planning considerations.” According to Forbes, the Celtics are valued at ~\$4.7bn, the fourth-highest among NBA teams. But that valuation is from Oct 2023. ([Front Office Sports](#))

## Tech Hardware

- **Nvidia is set to be charged by the French antitrust regulator for allegedly anti-competitive practices, sources said, making it the first enforcer to act against the Co.** The French statement of objections or charge sheet would follow dawn raids in the graphics cards sector in Sept last yr, which sources said targeted Nvidia. The raids were the result of a broader inquiry into cloud computing. ([Yahoo Finance](#))

## Video Streaming

- **Comcast ann'd the release of Now TV Latino, a Spanish-language version of the “Now”-branded skinny bundle it launched a yr ago.** The \$10-a-month offering includes 25+ live streaming channels and comes bundled w/ a Peacock subscription. Now TV Latino will feature movies, novelas, sports, and live news across both paid streaming and free ad-supported streaming TV (FAST) formats. ([NextTV](#))
- **Netflix has started to phase out its \$9.99/mo ad-free basic plan for some users.** The Co already ann'd that it's discontinuing the tier earlier this yr. One Reddit user received a notification, saying “Your last day to watch Netflix is July 13th. Choose a new plan to keep watching.” Subscribers will have to choose either the \$6.99 ad-supported tier, the \$15.49 ad-free tier, or the \$22.99 ad-free 4K premium plan. ([The Verge](#))
- **Paramount Global is holding talks w/ other entertainment Cos about merging its Paramount+ streaming service with an existing platform.** If it reaches a deal, it may kick off a new wave of streaming partnerships that could put the entire media industry on firmer footing. One of the Cos that has expressed a desire to reach a deal is WBD, per sources. ([CNBC](#))

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