

The Financing Gap in Sports: Unlocking a \$2.5 Trillion Opportunity

December 2025

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KEY TAKEAWAYS

- ➔ **A \$2.5 Trillion Global Industry:** The business of sports has evolved from ticket sales and local sponsorships into a \$2.5 trillion-plus global ecosystem spanning media, merchandise, wellness, and live entertainment, powered by scalable, multi-channel monetization.
- ➔ **Media Rights as the Growth Engine:** Live sports remain unmatched in drawing mass audiences, driving long-term, inflation-linked media contracts worth over \$60 billion annually. These rights underpin franchise valuations and deliver durable, infrastructure-like revenue streams.
- ➔ **Institutional Capital Enters the Game:** As franchise valuations outpaced the capacity of individual owners, leagues opened the door to private equity, pension, and sovereign investors—elevating sports into an institutional-grade asset class. Participation remains in its early innings, creating first-mover advantages for investors who can navigate league structures, build credibility, and price risk ahead of broader normalization.
- ➔ **Durable, Scarce, and Culturally Entrenched:** Sports assets demonstrate exceptional resilience, compounding at roughly 13% annually over six decades. Their scarcity, global reach, and emotional fan loyalty make them uniquely resistant to technological and macro disruption.
- ➔ **Financing Opportunity Ahead:** Traditional lenders have long treated the sector as niche, leaving inefficiencies and gaps in the capital stack. Despite record valuations, most franchises remain under-levered at roughly 10% loan-to-value, creating vast potential for hybrid and private credit solutions to unlock liquidity, optimize balance sheets, and capture equity-like upside with credit-like risk.

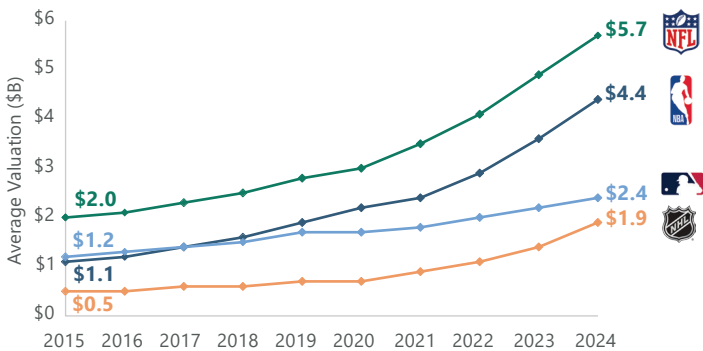
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I) Introduction

From the Olympics to the NFL to Europe’s top football leagues, sports history captures the triumphs of athletes and teams that have pushed the boundaries of human achievement. Usain Bolt’s electrifying sprint in London, Michael Phelps’s record medal haul in Beijing, and Nadia Comaneci’s perfect 10 in Montreal each set new standards for individual excellence. In tennis, Serena Williams’s 23 Grand Slam titles redefined what dominance and longevity mean in the modern era. In the NFL, Jerry Rice’s career receiving totals and Tom Brady’s seven Super Bowl wins exemplify sustained excellence, while in European football, Lionel Messi’s 91 goals in a single year and Arsenal’s “Invincibles” season remain enduring symbols of perfection.

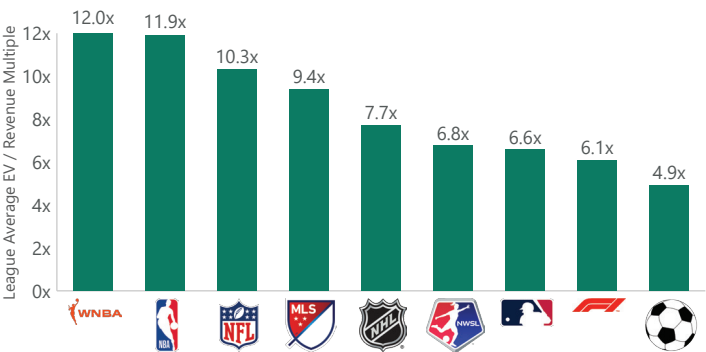
Just as athletes and teams have reset what is possible on the field, the business of sports is breaking records of its own. Franchise valuations, media rights, sponsorship deals, and global fan engagement are reaching levels once thought out of reach. The valuations of NBA teams have grown over 10x in the past 20 years, the global sports media rights market surpassed \$60 billion in 2024 (up roughly 12% year-over-year), and the global sponsorship market—currently approaching \$100 billion annually—is expected to double in the next decade.¹ The same drive for performance that fuels world-class athletes now powers a rapidly expanding ecosystem of investment opportunities **(Exhibit 1, 2, 3).**

Exhibit 1: Average Team Valuation by League



Data as of December 2024.
Sources: Forbes, Annual Team Values

Exhibit 2: Sports Franchises Continue to Trade at Premium Valuations



Note: Right column represents the world’s 30 most valuable non-MLS soccer clubs.
Data as of August 2025.
Sources: Houlihan Lokey, Sportico

Exhibit 3: Top 10 Most Valuable Professional Sports Teams in the US

Rank	Team	Value	League
1	Dallas Cowboys	\$12.8B	
2	Los Angeles Rams	\$10.4B	
3	New York Giants	\$10.3B	
4	Golden State Warriors	\$9.1B	
5	New England Patriots	\$8.8B	
6	San Francisco 49ers	\$8.6B	
7	Philadelphia Eagles	\$8.4B	
8	New York Yankees	\$8.4B	
9	New York Knicks	\$8.3B	
10	Miami Dolphins	\$8.3B	

Data as of August 2025.
Sources: Houlihan Lokey

Sports transcend cultures and time—rooted in thousands of years of history since the first Olympic Games in ancient Greece and is woven today into the fabric of nearly every society. Despite its history, global reach and record-breaking growth, the sports industry remains underfunded, under-levered, and under-capitalized. Traditional lenders and equity investors have long treated the sector as a niche, leading to an inefficient market structure and significant financing gaps in the middle of the capital stack. We see opportunity in bridging that divide through hybrid and private credit solutions. As the market matures, capital structures will normalize, and investors with the flexibility to play across debt and equity will be best positioned to capture the full value of the growth ahead. **In this white paper, we explore why financing the business of sports has become one of the most compelling growth stories of our time—and where the next records are waiting to be broken.**

¹ Forbes, *From The Oilers To The Warriors: The Franchises That Scored Highest Jumps In Value Over The Past 20 Years*, December 2021; Sports Business Global Media Report 2024; Deep Markets Insights Global Sports Sponsorship.

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II) The Scale of the Opportunity

For most of the 20th century, the economic reach of sports was relatively narrow. Teams and leagues generated revenue primarily from ticket sales, concessions, and local sponsorships. The value of a franchise was tied closely to matchday attendance and the physical capacity of a stadium. A “sellout crowd” was the benchmark of success, and outside of merchandise sales or occasional broadcast fees, little incremental revenue could be captured.

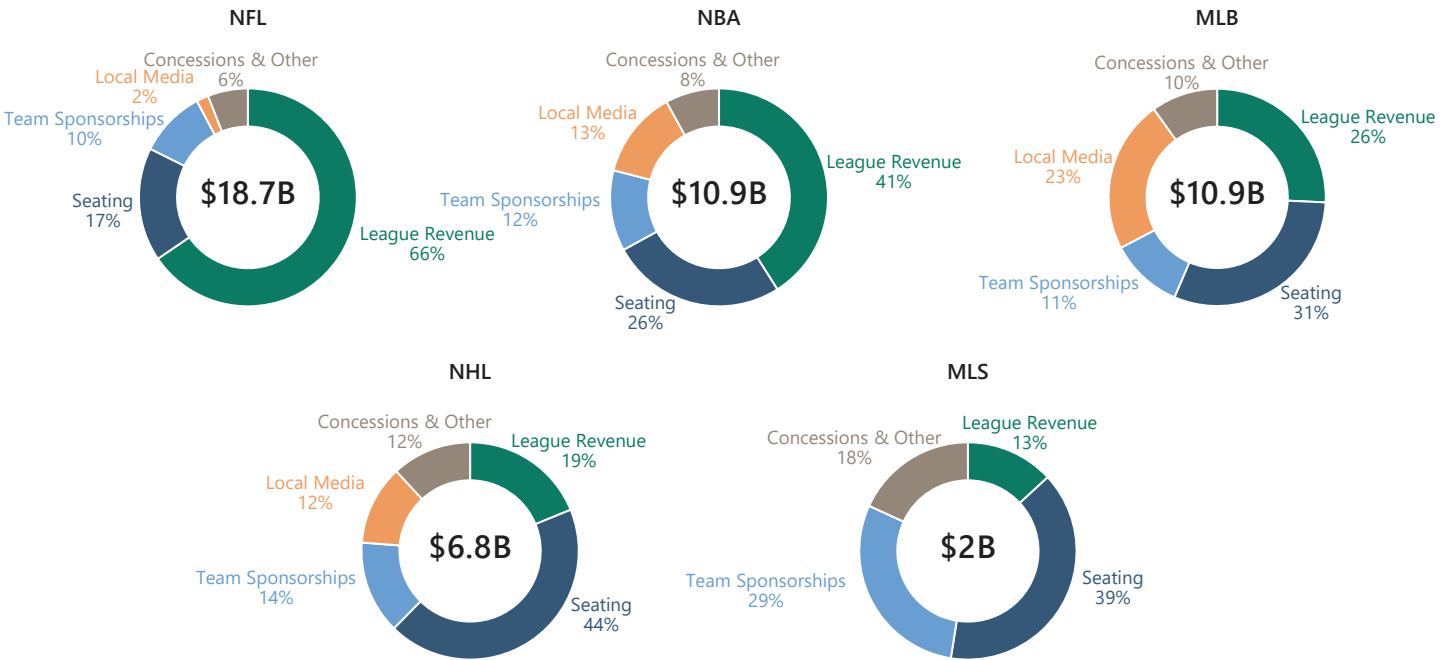
Over time, however, the monetization of sports has expanded dramatically (Exhibit 4). The rise of television in the mid-20th century unlocked media rights as a scalable revenue source for the industry, transforming teams into content businesses as much as sporting institutions. Globalization extended fan bases far beyond stadium walls, turning clubs and leagues into worldwide brands. Today, sports organizations capture value not only from games and concessions, but also from multi-year media contracts, sponsorship and licensing, global merchandise, digital engagement, fitness, and adjacent live entertainment (Exhibit 5).

Exhibit 4: The Multi-Faceted Opportunity



Data as of October 2024.
Source: Goldman Sachs

Exhibit 5: Revenue Breakdown of Major Sports Leagues



Data as of February 2024.
Source: Sportico. Totals may not sum to 100% due to rounding

At the core of the sports economy lies media rights—the single most powerful driver of value creation across the ecosystem (Exhibit 6). Sports are the last form of live, appointment viewing in an on-demand world, making them uniquely valuable to advertisers and distributors alike. Networks and streaming platforms pay record premiums to secure exclusive broadcast rights, recognizing that live sports command captive audiences that few other forms of content can replicate. As a result, sports broadcasting rights have become some of the most prized intellectual property in media, with contract values soaring as leagues leverage global demand for their content (Exhibit 7).

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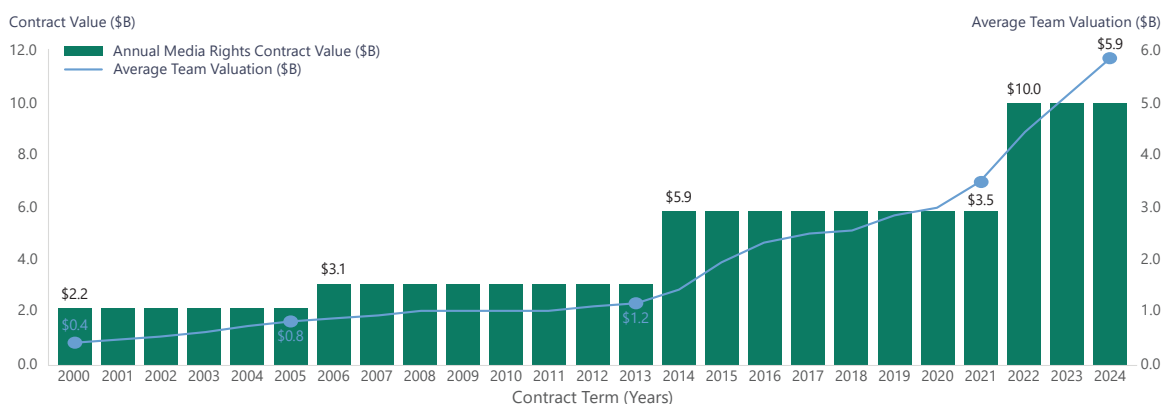
Exhibit 6: Evolution of Media Rights



Data as of October 2024.
Source: Goldman Sachs

This surge in media rights fees flows directly through the system: media contracts are shared between leagues and teams, driving higher franchise revenues, escalating player salaries, and ultimately, rising team valuations. The latest NFL broadcasting contracts—running 11 years through 2033—will deliver more than **\$110 billion** in total value,² more than doubling the value of the league's previous contracts. The NBA completed a **\$76 billion**³ record media contract,⁴ while European football leagues continue to command premium pricing even amid economic headwinds. For context, the roughly \$10 billion the NFL will generate annually from its broadcast partners sits alongside Netflix's \$16 billion content budget in 2024—despite Netflix serving more than 300 million paying subscribers worldwide and funding an entire global slate of programming. These long-term, inflation-linked contracts provide unmatched revenue visibility and durability—structurally similar to infrastructure or utility assets.

Exhibit 7: Impact of NFL Media Rights Contract Values on Team Valuations



Data as of October 2024.
Source: Goldman Sachs

² S&P Global, As NFL revenue rises, current media rights deals ensure future success, December 2024.

³ Associated Press, NBA agrees to terms on \$76B media rights deals, June 2024.

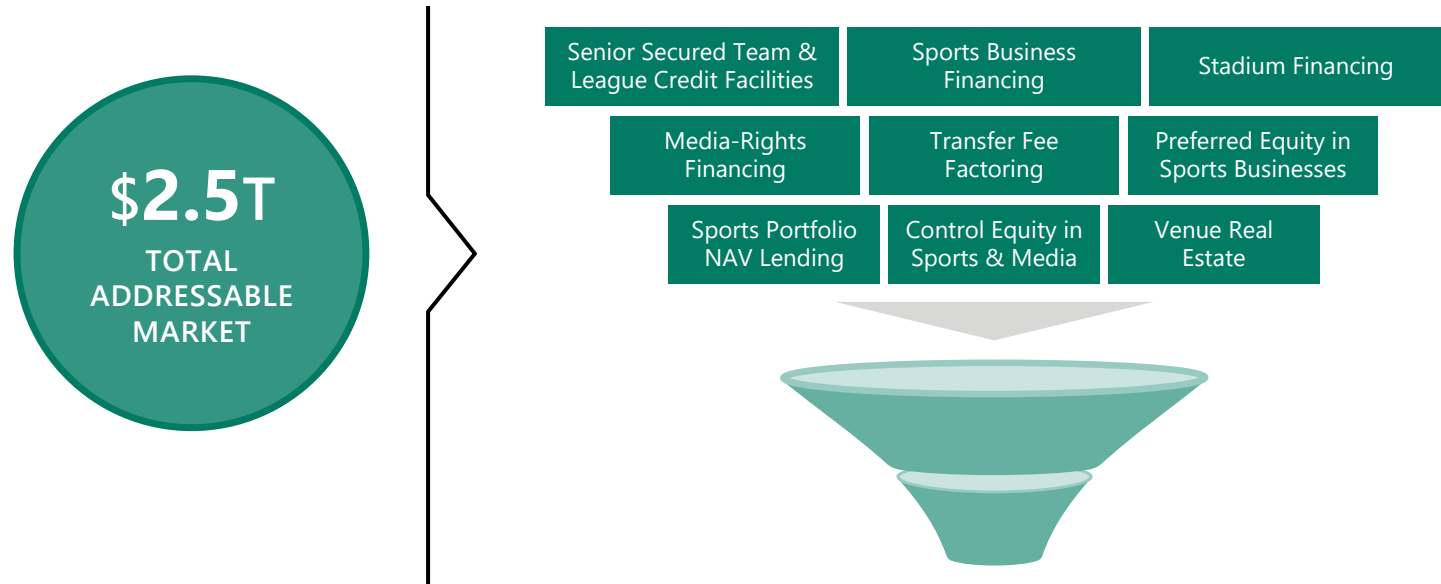
⁴ SportsPro, The US \$75bn media rights sale, December 2023.

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The advent of social media has propelled fan engagement to an entirely new level. Platforms like YouTube, Instagram, TikTok, and X (formerly Twitter) have given athletes, teams, and leagues a direct connection with billions of fans worldwide, breaking down the barriers between game day and everyday life. A player’s in-game highlight can now go viral within seconds, reaching audiences far beyond the stadium or the television broadcast. For teams and leagues, this has created powerful new monetization avenues—sponsorship integration, digital content licensing, e-commerce tie-ins—while deepening fan loyalty through constant interaction. Social media has effectively turned every game, practice, and even locker-room moment into monetizable content, amplifying the cultural relevance and commercial value of sports on a global scale.

This evolution—from game day economics to a diversified, multi-channel ecosystem—underpins our estimate that **the global sports industry today represents a \$2.5 trillion-plus total addressable market**,⁵ spanning leagues, venues, media, merchandise, fitness, and live events (Exhibit 8).

Exhibit 8: Where Growth Meets Scale: The \$2.5 Trillion-Plus Sports Economy



Data as of September 2025.
Source: Apollo Analysts

The global sports economy spans the full lifecycle of how people engage with sports: the money fans spend to attend games, follow their team on television or social media, buy merchandise, and interact digitally; the vast ecosystem of apparel, footwear, and equipment that supports both professional competition and everyday athletic activity; and the expanding landscape of fitness, recreation, and wellness that reflects rising participation in active lifestyles.

III) Why Sports Financing, Why Now

1. OPENING TO INSTITUTIONAL CAPITAL

The Covid shock exposed a fault line in the economics of professional sports. Revenue streams collapsed virtually overnight, forcing even elite leagues to confront acute liquidity constraints. With gate receipts, local sponsorships, and event income evaporating, owners faced a stark choice: preserve self-contained models or open the door to outside capital. Crisis pushed many leagues and teams toward the latter.

Under pressure, US leagues began dismantling long-standing prohibitions on institutional ownership—provisions meant to maintain the traditions and history of the game. What began as an emergency countermeasure soon evolved into a lasting realignment: private equity, sovereign wealth, and pension funds, once considered outsiders, became credible partners in the capital structure of professional sports.

⁵ Apollo Analysts, September 2025.

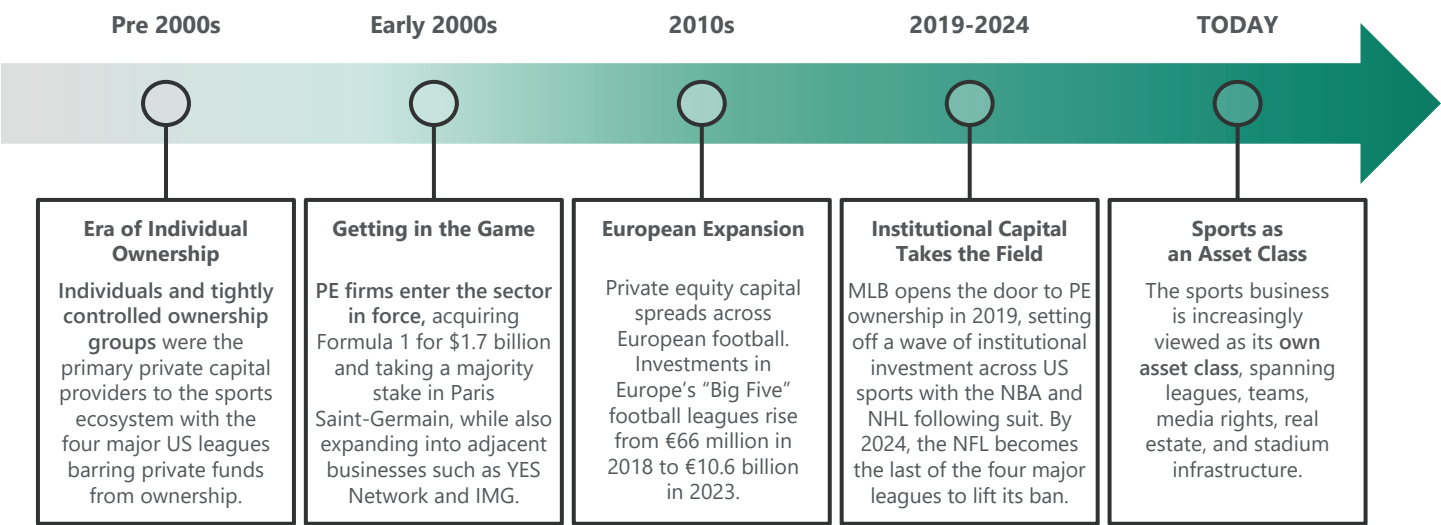
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The groundwork, however, had been laid even before the pandemic. Franchise valuations had already begun to outpace the capacity of individual investors. The surge in media-rights values and global demand for marquee assets pushed team prices to record levels, with even mid-tier clubs commanding billion-dollar valuations. As the cost of control ownership rose, traditional single-owner models became increasingly impractical. That imbalance made institutional capital not just welcome but necessary—providing the scale and structure to support ongoing investment in teams, venues, and related businesses.

In 2019, the MLB became the first major US league to amend its ownership rules, allowing private equity firms to acquire passive minority stakes in franchises. That framework for PE firms—limiting fund ownership to 15% per club and capping aggregate stakes at 30%—became a template for other sports leagues.⁶ The NBA soon followed, expanding eligibility to pension and sovereign wealth investors, while the NHL and MLS adopted similar modernizations.

The NFL remained the lone holdout until August 2024, when owners approved Resolution JC-7, allowing institutional investors to purchase up to 10% of a franchise’s common equity as passive holders.⁷ The measure’s guardrails—requiring investors to hold at least a 3% stake, commit capital for a minimum of six years, and limit ownership to no more than six teams—brought the league in line with its peers and set the stage for the next wave of institutional inflows and financial innovation across professional sports (**Exhibit 9**).

Exhibit 9: Evolution of Institutional Capital in Sports



Data as of November 2025.
Sources: Chronograph, Meketa, Arcana

Institutional participation remains in its early innings. The frameworks are now in place, but capital penetration is still low—creating clear first-mover advantages for investors able to navigate league structures, build credibility, and price risk ahead of broader market normalization.

2. DURABILITY, SCARCITY, AND CULTURAL RELEVANCE

In an era defined by technological disruption and geopolitical volatility, few asset classes demonstrate genuine resilience. Professional sports stand apart for their structural insulation and cultural permanence. More than 73% of adults in the US watch sports, and over half follow American football—the country’s most popular sport. Roughly one-third of Americans also watch the Olympics, basketball, or baseball, underscoring the breadth of audience reach across major sports.⁸

⁶ Meketa, December 2024.
⁷ ESPN, *NFL Owners Approve Private Equity Investment*, August 2024.
⁸ S&P Global, *State of US Sports Viewing*, June 2025.

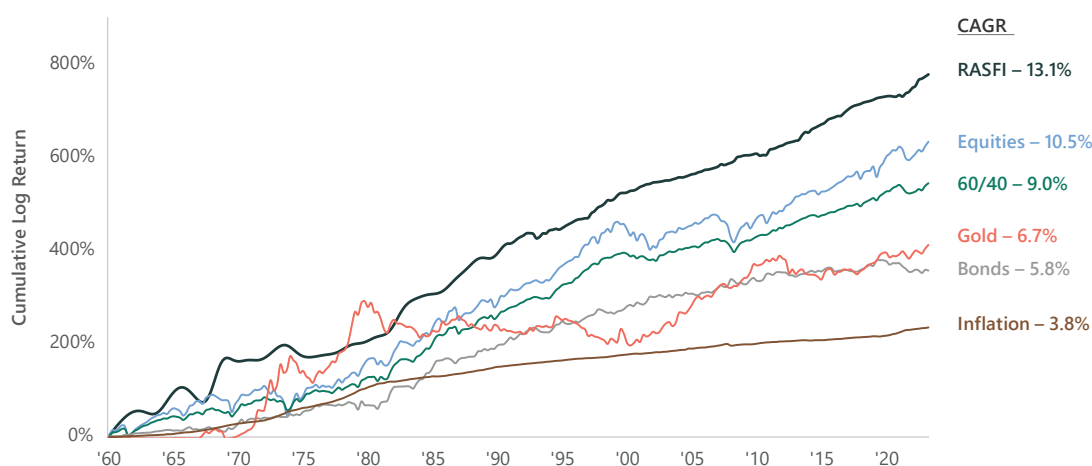
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That engagement now spans multiple touchpoints. Younger audiences, raised on mobile and social platforms, have pushed sports outside the bounds of traditional media. Beyond live broadcasts, fans follow highlights, interviews, and behind-the-scenes content across digital platforms. Among Gen Z, more than 90% consume sports primarily via social media.⁹ Global athletes have become full-fledged media brands—the two most followed people on Instagram are soccer players, Cristiano Ronaldo (~667 million followers) and Lionel Messi (~530 million)—illustrating how global stars function as content engines as well as athletes. Netflix's *Drive to Survive* crystallized this shift, proving that immersive, inside-the-paddock storytelling can turn a niche sport into mainstream entertainment. By following each F1 season through character-driven narratives—highlighting team dynamics and driver rivalries—it opened the sport to audiences who had never followed it before. Its success helped spark a surge of new, younger fans globally, showing how narrative access can redefine a sport's commercial trajectory. This expansion of access points has deepened attachment and sustained relevance even as distribution models evolve.

Because of the deeply embedded social and cultural relevance, sports franchises represent a long-horizon asset class. According to the Ross-Arctos Sports Franchise Index (RASFI), which tracks six decades of transactions across the NFL, NBA, MLB, and NHL, team valuations have compounded at roughly 13% per year over the past six decades.¹⁰ Such generational durability is rare for an asset class unlinked to commodity pricing or economic cycles. Even amid rapid technological change, demand for live sports content has remained stable and adaptive—a pattern we believe unlikely to reverse over the next 20 to 30 years (**Exhibit 10**).

Exhibit 10: North American Sports Asset Returns vs. Other Asset Classes



Data as of May 2024.

Sources: University of Michigan, Ross-Arctos Sports Franchise Index (RASFI)

Live sports also remain one of the last forms of non-commoditized content. Unlike on-demand entertainment, live events preserve an appointment-viewing dynamic—a shared moment that commands mass attention. In that context, the NFL has effectively become the anchor tenant of linear television. Even as cord-cutting, streaming, and YouTube erode traditional viewing, NFL TV broadcasts continue to serve as flagship content that has helped networks retain some relevance and core viewership. The 10 most-watched broadcasts in US history are all Super Bowls, culminating with Super Bowl LIX (2025), which drew nearly 128 million viewers.¹¹ In the UK, the most-watched broadcast remains the 1966 FIFA World Cup Final (32.3 million viewers), still ahead of royal events, with the 2020 UEFA Euro Final close behind.¹² The rare concentration of collective attention makes live sports the most valuable real estate in media—an enduring source of scale in an age of fragmentation.

⁹ Houlihan Lokey, Sports Market Update, Fall 2025.

¹⁰ The Ross-Arctos Sports Franchise Index provides a real-time, data-driven gauge of aggregate franchise valuation growth for the largest North American leagues (NFL, NBA, MLB, and NHL). The quarterly private-asset index covers more than 60 years of franchise transactions.

¹¹ Nielsen Media Research, February 2025.

¹² British Film Institute, Broadcasters' Audience Research Board, November 2025.

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A parallel transformation is unfolding in the creator economy, where athletes and influencers act as decentralized distribution networks. Creator-led content now drives scalable audience growth for sports properties without the burden of traditional rights fees. Athlete-influencers such as Livvy Dunne and the Cavinder twins exemplify this shift, turning social followings into sponsorship, merchandise, and subscription revenue streams. Creator-founded brands like Overtime and Omaha Productions are building multi-platform ecosystems that blend digital storytelling, e-commerce, and live events. Leagues themselves are adapting to this landscape. The NBA, NFL, MLB, and MLS now run official creator programs that integrate influencers into events, highlights, and behind-the-scenes storytelling—extending their reach to younger, digitally native audiences. The recent NFL collaboration with MrBeast—whose “I Bought the NFL” video topped 3 million views in a few days—illustrates how leagues are now leveraging creator audiences as distribution partners, blending entertainment virality with live sports promotion.¹³ Emerging leagues—such as Major League Pickleball (MLP)—are using these channels to globalize their audiences. These businesses are reshaping how the next generation of fans discovers and follows the game—monetizing attention as intellectual property through personality-driven content that attracts investments and major rights partnerships.

A final differentiator lies in brand and fan loyalty. Allegiance in sports attaches to franchises—to the city, jersey, and history—rather than to transient players. That brand durability is measurable: The Green Bay Packers renew more than 99% of their 38,000 season-ticket holders annually, with a waiting list exceeding 140,000 names.¹⁴ Fandom is often inherited; research shows team loyalty passes from parents to children, embedding itself into family identity.¹⁵ Data from Ally Bank’s *Cost of Fandom* report show US fans spend about \$1,600 annually on their teams, rising to \$2,200 for the most devoted. Millennials lead at \$2,050, followed by Gen Z at \$1,550.¹⁶ In Europe, fan-related purchases are projected to more than double from \$2.3 billion (2024) to \$4.8 billion (2028).¹⁷

3. SECULAR GROWTH AND RESILIENT REVENUES

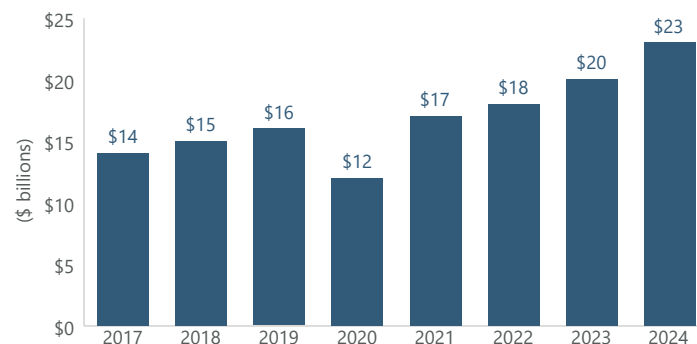
The financial case for sports extends beyond momentum. As we mentioned earlier in the paper, beneath record valuations lies a structural growth engine—anchored by long-term media contracts, diversified revenue streams, and secular tailwinds that make sports one of the few industries to compound through economic cycles (**Exhibit 11**).

Importantly, the pandemic stress-tested these models: Despite the unexpected disruption, no major North American franchise defaulted or suffered lasting impairment. Most values recovered rapidly, underscoring the resilience of the underlying economics.

In addition, expanding frontiers beyond the major leagues are transforming once-niche sports into global growth engines. Engagement in golf, tennis, mixed-martial arts and motorsports has surged. In the US, golf participation climbed to 28.1 million players in 2024, the highest level since 2008, fueled by a 40% rise in junior golfers and supported by the USGA’s media-rights extension with NBCUniversal/Versant through 2032, underscoring the sport’s long-term commercial momentum.¹⁸

The 2025 US Open drew a record 1.14 million tennis fans—a 9% year-over-year increase—with prize money climbing to \$40 million and double-digit growth in merchandise and hospitality revenue.¹⁹ In combat sports, the UFC secured a landmark seven-year US media-rights agreement with Paramount Skydance worth approximately \$7.7 billion. Meanwhile, Formula 1 continues to post

Exhibit 11: Annual NFL Revenue



Data as of May 2025.
Source: Sportsnaut

¹³ Newsweek, *MrBeast Video Saying He Bought the NFL Viewed Three Million Times*, September 2025.

¹⁴ theScore, *Packers fan lands season tickets after nearly 50-year wait*, 2022.

¹⁵ Clemson, *It Wasn’t Even a Question If I Would Be a Fan*, May 2017.

¹⁶ Ally Bank Financial, *The Cost of Fandom*, October, 2025.

¹⁷ Telecoming, *European Sportech Market Analysis*, 2024.

¹⁸ National Golf Foundation, *Golf Participation Update*, February 2024; TheWrap, *NBCUniversal, US Golf Association Extend Media Partnership Through 2032*, August 2025; QNS.






¹⁹ USTA Welcomed Record-Breaking Crowds at 2025 US Open, September 2025; 7 Sport, *2025 US Open Break Attendance and Viewership Records*, September 2025.

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record global attendance, social-media engagement and viewership.²⁰ Finally, MLP and the Professional Pickleball Association (PPA Tour) are turning what was once a recreational pastime into a full-scale commercial league: MLP’s 2025 season reported sponsor revenue more than doubled year-over-year, ticket revenue rose 84%, and total attendance climbed 37% (**Exhibit 12**).²¹

Exhibit 12: Beyond the Majors: From Niche to Global Growth

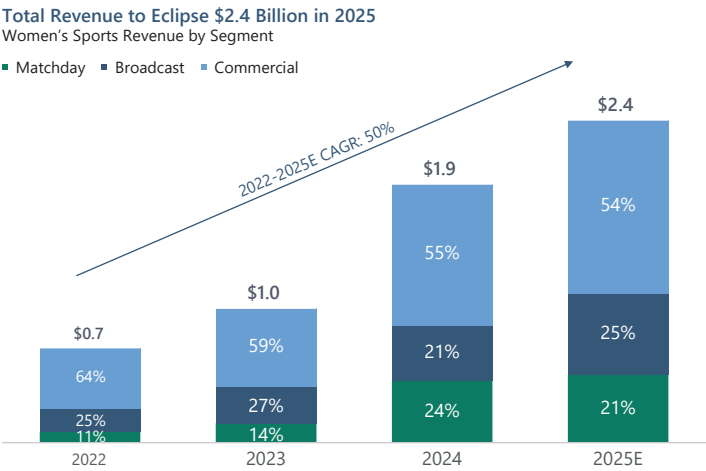
GOLF	TENNIS	PICKLEBALL	UFC	F1
				
<ul style="list-style-type: none">Golf participation in the US grew to over 28 million on-course players in 2024, the highest since 2008, reflecting a return to pre-recession levels of engagement last seen during the mid-2000s boom.PGA Tour media engagement has strengthened, with CBS’s 2023 designated events averaging 2.7 million viewers (up ~5% year-over-year) and NBC’s coverage delivering 2.27 million viewers (up ~3% year-over-year).	<ul style="list-style-type: none">Tennis participation in the US reached a high of 25.7 million players in 2025, following five years of consecutive growth, with players under the age of 35 making up more than half of the growth.The 2025 US Open drew a record 1.1 million fans along with year-over-year growth of social media interactions by 34%, merchandise sales by 27%, and food and beverage sales by 19%.	<ul style="list-style-type: none">Pickleball was the fastest growing sport in 2024, with almost 20 million players, a 45% increase from 2023.Year-over-year, MLP’s sponsor revenue more than doubled, ticket revenue grew by 84%, and total attendance increased by 37%, while the PPA Tour saw a 125% jump in social media impressions and 98% increase in Pickleball TV minutes.	<ul style="list-style-type: none">The UFC has expanded its global footprint—from the UFC Apex in Las Vegas to the UFC 243 in Australia and a long-term Abu Dhabi partnership—with revenue rising from \$45 million in 2001 to \$1 billion in 2022.Rising media rights underscore the sport’s momentum, including UFC’s \$7.7 billion deal with Paramount Skydance beginning in 2026.	<ul style="list-style-type: none">Attendance and digital engagement continue to climb, with 2025 mid-season races drawing nearly 4 million fans across 14 events and F1’s social following exceeding 100 million, up 21% year-over-year.F1 reaches over 820 million fans globally and attracts a younger, more diverse audience—43% under age 35 and 42% female.

Data as of September 2025.
Sources: Sports Business Journal; Paramount, CBS Sports, USTA, US Open.org, MLP, Pickleball.com, CBS, F1

Women’s sports are another prime example of how once-niche segments are becoming growing mainstream markets. Caitlin Clark’s debut with the Indiana Fever drew 2.3 million viewers on ESPN platforms—the WNBA’s most-watched game in 20 years, while her jersey sold out within hours of release.²² It’s not just in basketball, women’s sports across disciplines—from soccer to volleyball—are experiencing explosive growth: Revenues are projected to exceed \$2.4 billion in 2025, more than tripling since 2022. Viewership has nearly tripled since 2020, now exceeding 3% of all live-sports audiences, with ad spend up 139% year-over-year to \$244 million (**Exhibit 13**). Sponsorship growth across women’s leagues rose 12% year-over-year, nearly 50% faster than men’s leagues,²³ while new ventures such as Unrivaled and League One Volleyball are attracting institutional capital and landmark media deals.

Globalization is amplifying these trends, serving as one of the most powerful secular drivers of growth across the sports ecosystem. European football clubs derive roughly half of their fan base from Asia,²⁴ where expanding middle-class populations are driving heightened demand for official merchandise, digital streaming access and destination tourism. US leagues are pushing deeper into international markets as well: the NFL now includes a full slate of international regular-season games, with matchups scheduled in cities such as London and Berlin.²⁵ Meanwhile, the NBA is exploring long-term possibilities for a European division.²⁶

Exhibit 13: Women’s Sports Revenue by Segment



Data as of Fall of 2025.
Source: Houlihan Lokey

²⁰ Formula Rapida, F1 Shares Stats of Attendance, December 2024.

²¹ Pickleball.com, MLP Report Major Growth Across All Business Areas, September 2025.

²² ESPN, May 2024.

²³ Houlihan Lokey’s Sports Market Update, Fall 2025.

²⁴ BBC, Why Premier League Teams Are Flocking Back to Asia, July 2022.

²⁵ JetNation.com, May 2025.

²⁶ Europe Hoops, September 2025.

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The NFL's Global Markets Program is creating localized commercial rights in more than 20 countries,²⁷ while leagues such as the NBA have demonstrated the long-term value of cultivating global audiences through localized content, player pipelines, and broadcast partnerships.²⁸ As these international audiences convert into paying fans, sponsors and media partners, the total addressable market for sports monetization broadens significantly—creating a durable runway for both revenue and brand growth. At the same time, we're witnessing the internationalization of US leagues themselves. Today, roughly one-quarter of NBA players and nearly 30% of MLB players²⁹ are foreign-born—a powerful sign that the talent base has become truly global. The Los Angeles Dodgers' marquee star, Shohei Ohtani, underscores this shift: a Japanese superstar who now sits at the center of the commercial and cultural identity of one of America's most popular teams.

4. HOW AI REINFORCES THE SPORTS OPPORTUNITY

Technology and productivity trends add further momentum. According to a survey by Thomson Reuters, professionals expect AI to save up to 12 hours per week within five years, equivalent to roughly 200 hours annually,³⁰ translating into more discretionary time for leisure and live entertainment. As schedules become more flexible, the "appointment-based" nature of live sports may capture an even greater share of consumer attention.

Unlike many industries that face the prospect of AI-related disruption, sports is structurally insulated from this risk and may even benefit from the adoption of the technology, offering investors a technology-independent allocation for their portfolios. At its essence, sports is a social and cultural experience united around elite human performance—something technology cannot replicate or automate. No model can recreate the emotional impact of watching Jude Bellingham or Patrick Mahomes compete, nor can it duplicate the communal energy of a stadium or the deep cultural attachment fans have to their teams. Demand for premium live sports continues to grow, supported by scarce in-person experiences, strong community identity, and media ecosystems built around must-watch content. In a world where many sectors face uncertainty from rapid technological change, sports stand out as a uniquely durable and AI-resilient component of an investor's portfolio. Even in esports—organized, professional video-game competitions—fans pack major arenas to watch titles like *League of Legends* and *Counter-Strike*. The *League of Legends* World Championship has drawn crowds of more than 40,000 in stadiums such as Beijing's National Stadium³¹, underscoring how powerful the demand for shared, live competition remains even when the sport exists entirely on a screen.

Sports remain structurally insulated from AI-driven substitution. The core product is elite human performance—an experience technology cannot replicate or automate.

At the same time, AI is reshaping the sports industry itself—enhancing production, improving operations, and strengthening the economics of talent management. Automated highlight generation, real-time tracking, and predictive analytics are reducing broadcast costs and enabling more personalized viewing. On the business side, leagues and teams are using AI to optimize ticket pricing, sponsorship targeting, and fan engagement, creating leaner and more data-driven organizations.

Perhaps most transformative is AI's role in player evaluation and transfer strategy. In European football, where selling contract rights is a core revenue stream, clubs increasingly rely on AI-driven scouting models to identify undervalued talent and predict performance. AFC Ajax, long known for its player-development pipeline,³² exemplifies how data analytics can turn scouting and transfers into a sustainable business model—developing young, promising talent, and selling at a premium. As AI tools mature, they could further sharpen player valuation, reduce transfer inefficiencies, and strengthen the economics of talent management across global sports.

Finally, the ecosystem around sports is multiplying the opportunity set. Stadium redevelopments, adjacent real estate, and integrated entertainment districts have transformed venues into multi-use destinations that operate year-round. As this loop compounds, sports are shifting from being cyclical entertainment businesses to structural growth assets with infrastructure-like cash-flow profiles and global scalability.

²⁷ NFL, May 2025.

²⁸ S&P Global, Global NBA Basketball viewers, March 2024.

²⁹ George Mason University, Institute for Immigration Research, MLB; March 2025.

³⁰ Thomson Reuters, AI Set to Save Professionals 12 hours Per Week by 2029, July 2024.

³¹ Taipei Times, November 2017.

³² Off The Pitch, *Players Sales Is the Lifelines of Dutch Football as Financial Divide Widens*, February 2024.

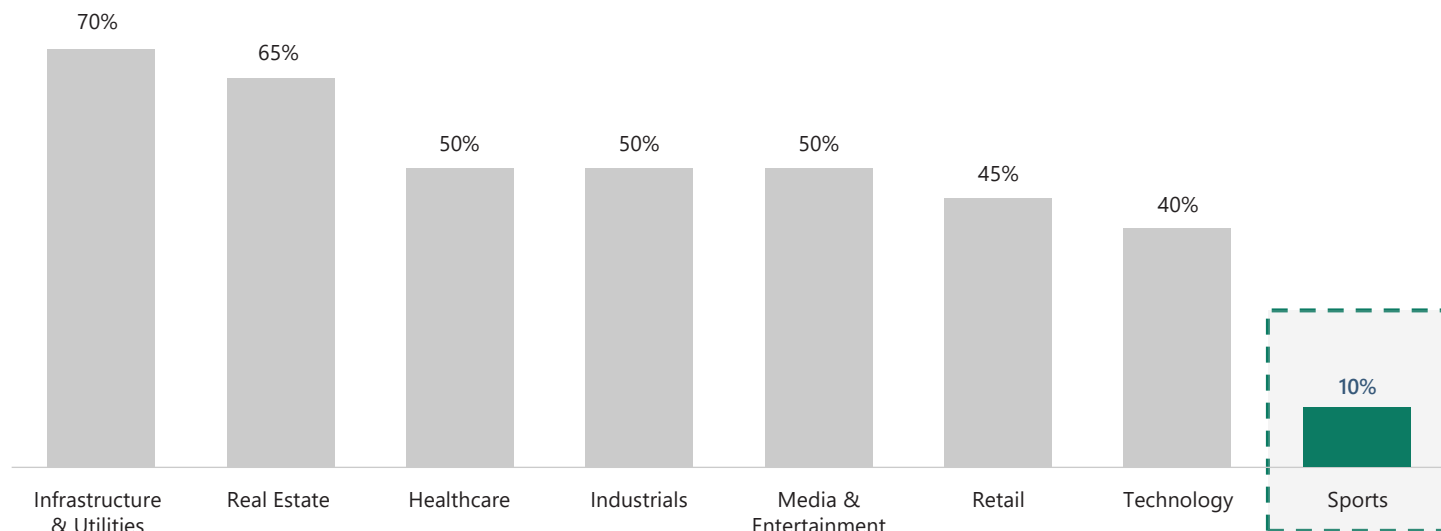
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The globalization and specialization of professional sports mirror deeper structural shifts in how talent and capital flow. As the rewards of athletic performance rise alongside the value of sports entertainment,³³ the pursuit of elite talent—and the financing that supports it—has become borderless. This evolution has created demand for sophisticated capital partners able to navigate an increasingly complex ecosystem of leagues, venues, rights, and sponsorships.

IV) The Investment Case

Beneath its global scale and record valuations, the sports industry suffers from capital structure inefficiencies—underutilizing leverage and institutional financing commensurate with its stability and growth. Teams are typically financed at only ~10% loan-to-value, compared with 40–70% in real estate, healthcare, or other asset-intensive sectors (**Exhibit 14**).

Exhibit 14: Average LTV by Sector



Data as of January 2025.

Sources: Apollo Analysts. "Cost of Equity and Capital (US)," NYU Stern School of Business. Sports LTV based on average team valuations and average debt of NFL, NBA, MLB, NHL. NFL and NHL, Forbes, 2024-2025

This imbalance is a result of several factors including league-level debt restrictions, conservative ownership cultures, and a legacy of equity-led financing that have led to over-equitized balance sheets. Decades of value appreciation have trapped value that could otherwise be monetized through credit or hybrid capital that leverage the industry's stable cash flows.

This disconnect between soaring valuations and underdeveloped financing models has created an inefficiency primed for institutional capital. Few franchises have optimized their capital structures to match the stability of their underlying cash flow. Senior and structured financing can fill that void—offering investors attractive yield, security, and downside protection.

Practical examples include:

- ➔ **Senior secured loans** backed by franchise equity or league revenue participation, allowing owners to access liquidity without diluting control.
- ➔ **Stadium and media-rights financings**, where long-term contracted cash flows are pledged to support debt or preferred structures.

We see particular appeal in hybrid capital—structures that blend the security of credit with the upside of equity. Typically positioned near the top of the capital stack, these instruments can offer attractive coupons in the high-single to low-double-digit range and downside protection while capturing long-term franchise appreciation through profit participation or warrants—delivering investors credit-like risk with equity-like return potential. Sports hybrids often attach at 0% and detach between 30–60%³⁴ of enterprise value yet can carry returns comparable to higher-risk instruments in other industries. Structures can be protected by strong covenants and tight documentation that constrain incremental debt capacity and prevent the incurrence of debt senior to the investor's position. We also see opportunities in senior loans, where strong collateral and sound risk profiles are supported by the distinctive cash-flow characteristics of the sports ecosystem.

³³ David Epstein, *The Sports Gene*, 2013.

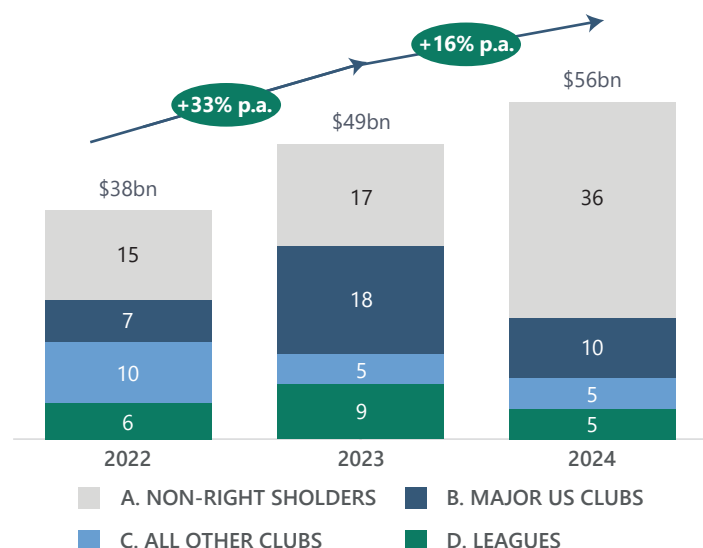
³⁴ Apollo analysts.

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We believe the sports financing market is still in the early stages of institutional development—mispriced relative to the industry’s growth trajectory and underpinned by contractual cash flows. As the market matures and financing models normalize, we believe capital structures will deepen, valuations will recalibrate, and returns will accrue to investors positioned across the full stack—from senior debt to structured equity (**Exhibit 15**).

To capture this opportunity, we believe investors will need flexible mandates that span credit and equity, straddle private and public markets, and incorporate both tangible and intangible drivers of value into their underwriting approach. The ability to operate across that spectrum—structuring bespoke solutions in an asset class defined by scarcity, durability, and global relevance—is set to shape the next generation of returns in sports finance.

Exhibit 15: Global Sports Investment & Number of Deals



Data as of August 2025.

Source: McKinsey Sports Investment Tracker (Company websites, CapIQ, Forbes, SportsBusinessJournal, Sportico, GlobalData)

sports offer a counterbalance to AI-driven disruption by offering something that technology cannot replicate or automate, reinforced by scarce in-person experiences, strong community identity, and must-watch media ecosystems. These dynamics insulate sports from substitution while still benefiting from AI-driven enhancements in operations, analytics, and fan engagement—further strengthening the sector’s durability and long-term investment appeal.

Sports are no longer just a cultural or entertainment phenomenon; they are a scalable, investable asset class. Those who approach the sector with creativity, credibility, and flexible capital will not only capture attractive returns but help define the financial architecture of modern sports. In a game built on performance and legacy, this is the moment for investors to push the boundaries of what’s possible off the field, just as athletes have done on the field.

V) Conclusion

The evolution of sports from a local pastime to a global economic ecosystem has created an institutional-grade asset class that benefits from predictable cash flows and wide competitive moats built on structural scarcity and deep cultural and social ties with its customer base. The next stage of that evolution will be shaped by financial innovation: the deployment of solutions-based capital that strengthens balance sheets, enhances the fan experience, and preserves the traditions that make sports uniquely enduring.

For investors, the opportunity lies in bridging the gap between rising franchise values and underdeveloped financing structures. Credit and hybrid capital can unlock trapped equity, provide liquidity to owners, and deliver attractive, risk-adjusted returns anchored in long-dated, contracted cash flows. We believe the industry’s combination of scarcity, resilience, and global relevance positions it as a secular growth story—one that is only beginning to institutionalize.

As AI reshapes productivity and frees up more discretionary time, live sports are positioned to capture an even greater share of attention and consumer wallets. At the same time,

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