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I NEED A HERO

by Trace Dixon

Another Summer of Blockbusters has come and gone, and once again one theme reigns supreme; bringing in fantastic, astonishing, and dare I say spectacular ticket sales for movie studios and a theater near you. Since 2000, movies based on DC Comics (shown in the graph with blue dots) have generated over \$13.6 billion dollars over 31 films about Bruce Wayne, Clark Kent, and the members of the Justice League. Since 2000, movies based on Marvel Comics (shown in the graph with red dots) have brought in over \$48 billion in sales across 80 films for the Avengers, the X-Men, and the Friendly Neighborhood Spiderman.

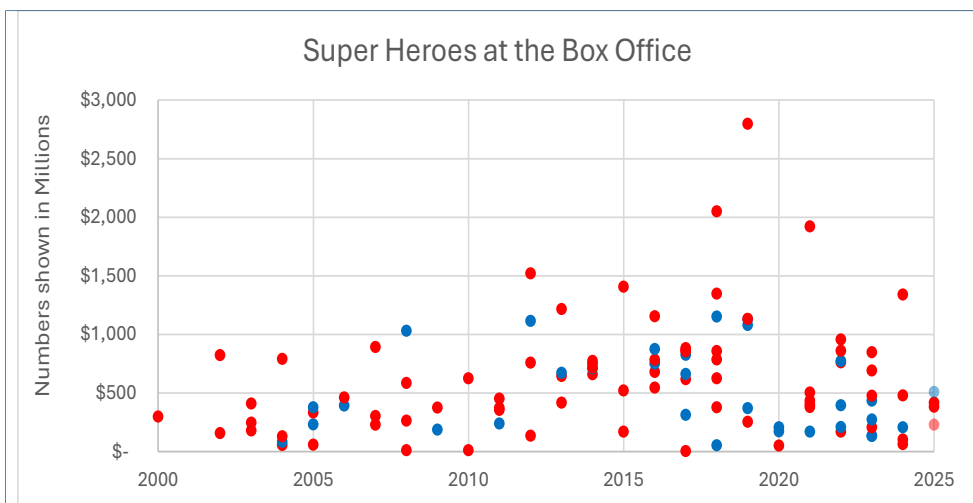
Put another way, for the last 25 years studios and theaters have been able to count upon roughly \$2.5 billion out of the \$9.65 billion total 25-year average for movie ticket sales to be brought in through spandex tights and billowy capes. That's 25% of total sales, and these numbers do not include the sales from merchandising, television shows, and countless 8 year-old boy birthday parties.

Funnily enough, to people who haven't been attending 8 year-old boy's birthday parties, the consensus has been that the apocalypse has come for the genre. Post-2020, the movie industry has suffered under the rise of streaming and the shifting of societal interests, with superhero shows taking the brunt of the initial fall off. Clearly these reporters have never picked up

a comic: heroes dying and coming back is the second oldest trope in the book, right after the hero always has a tragic backstory.

But what has led to such an

economic juggernaut to come about in the first place? And what circumstances had to be in place to even get this rocket off the ground? To no surprise to comic book fans, a series of perfect conditions, right-place at the right-times, and no small amount of sheer luck was all it took to take off. It wasn't a radioactive spider, nor the destruction of Krypton. You can also rule out super-solider science experiments and magic green rings. This perfect storm began in the lead up to the worst eco-



conomic disaster of the 21st century. A time when banks took big gambits that by-and-large not only failed to pay off but made the normally buoyant market go rogue and cause havoc to retirements everywhere.

In 2005 Merrill Lynch was doing exactly that. Putting their money into big bets looking for big payoffs. They were approached by the heads of Marvel Studios with the idea of collateralizing the rights of some of Marvel Comic's characters in exchange for a \$525 million loan to produce films based primarily on what was considered for the time, B-list superheroes who Marvel was still trying to earn the movie rights back to. That's right, Marvel didn't own the rights to their characters! Up until then Marvel's strategy for Hollywood was to sell off the production rights to its characters rather than make anything in-house. Their idea was if they could produce their own movies instead, they could take those proceeds and finish off paying all remaining obligations as well as continue to make money off future foundations and projects.

So what would Merrill Lynch do? Give just over half a billion in 2005 dollars to a company fresh out of bankruptcy with barely any actual ownership of its characters so that they could make a couple of movies based on barely popular characters? Since it was 2005, the answer was a resounding yes, and that paved the way for the idea of a completely interconnected universe of movies that required viewers to intensely watch every one in order to truly be able to enjoy the next. Merrill Lynch's decision by any standard made no financial sense. However, sentiments pre-2008 led to all banks betting on risky decisions. It just so happens that in a sea of underwriting bets that lost millions and billions, this one cannonballed through.

But that wasn't all that needed to go right for an entire industry to be morphed into what we know today. It was the escapism superhero movies brought after the crash that continued to fuel production and set sights on bigger movies, bigger budgets, and bigger returns from production. Other genres such as horror, romance, comedy, and even traditional adventure and

action films would find a niche to carve out of the market, but none offered 2 hours of the hopeful outlook that stood in stark contrast to the news and events of the world.

With the rise of social media, 24/7 digital streams of non-stop worldwide news, and a polarization of opinions in the broader political sphere, the need for escapism has only continued to flash forward. This environment not only led Marvel over the span of a few short years to go from bankrupt to being purchased by the Walt Disney corporation in 2009 to the tune of \$4 billion, but keyed in Warner Brothers, the owners of DC, to begin repositioning their assets and their entire company twice in an attempt to capture some of the same spark making Disney billions.

With both studios operating with at least a 5-year plan going forward, it's safe to say this colossus of economic development isn't going anywhere anytime soon. And the benefits and impacts have cropped up in the most unusual ways. Chick-fil-A has not only made a small fortune catering Marvel's Atlanta studio productions but has taken advantage of Georgia's film tax exemptions created to bring Marvel to the Peach State by beginning to produce their own streaming content on their Chick-Fil-A Play platform. Google reported that after James Gunn's "Superman" searches for "adopt a dog near me" rose by 513% leading not only to higher nationwide adoption rates but also increased sales for pet stores for the month of July this year. And tech developers have cited both Batman's butler Alfred and Tony Stark's assistant Jarvis as inspiration for modern AI and large language models we see and interact with today.

This is one reason why we diversify, when a trend impacts the economy, it tends to ripple outward in a variety of unique ways. All of which we at SCS are working to take advantage of and work towards a high-flying future to financial peace. As always if you have any questions, would like to review your account, or if you want to tell Trace your favorite Superhero, reach out to us. We're here as a resource for you!

Remember to notify us if you have any material changes in your financial circumstances

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