

THE FOOTBALL INVESTMENT REPORT

A study by **eToro**
in association with **Transfermarkt**

EXECUTIVE SUMMARY

eToro, in association with Transfermarkt, have created a comprehensive report looking at the most effective football clubs in Europe's top leagues when it comes to transfers and talent development. As the world's leading social investment platform, in this report we also draw on the many parallels between retail investing and the way in which football clubs buy, sell and grow players.

Benfica, Ajax and Lille are most profitable from transfers: These clubs have generated the highest profits from buying and selling players since 2018/2019 season

Portuguese academies are most profitable in world football: Benfica, Sporting Lisbon and Porto have generated a combined £1.05bn from academy player sales over the last decade

Chelsea and Man City lead the way in 'FOMO transfers': Of the ten most profitable sales of players who had spent just one season at a club, six were bought by Chelsea or Man City

Bayern Munich are masters at growing their portfolio: The German club's current squad is valued at £873.4m, more than double what they paid for it

Newcastle's defensive investments set a new bar: The club are on track for the biggest defensive turnaround in Premier League history, cutting the average goal conceded per game by -1.06 in 2022/23 compared to 2021/22

Barcelona hold record for biggest ever transfer profit: The Catalans made a profit of £117m on the sale of Neymar to PSG for a world record breaking £194.7m

Benfica, Real Madrid and Ajax are prolific in smaller markets: The three clubs regularly seek talent from smaller leagues, with Benfica alone splashing out £150m since 2018/19 on 19 players

ABOUT THE FOOTBALL INVESTMENT REPORT

The Football Investment Report looks at how football clubs in Europe's top leagues conduct their business when it comes to transfers and the development of talent, showing how certain approaches can be directly linked to well-established retail investing strategies.

Drawing on rich data from Transfermarkt, we delve into the approaches adopted by different clubs, highlighting those teams which have been particularly effective in

certain categories. For example, finding young stars at a low price and selling them at a huge profit, or growing the value of a squad through brilliant coaching.

The similarities between the football transfer market and retail investing are striking and for the growing army of retail investors out there, there are important lessons to be learned from the way Europe's elite teams conduct their business.

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OUR METHODOLOGY

We have examined which clubs are most effective at making profits and creating value from the transfer market - analysing tens of thousands of transfers and using figures, some of which are publicly available, and some of which only exist in the Transfermarkt database.

Depending on the type of the transfer, we have chosen time frames of five or ten years to ensure a more comprehensive view, whilst in some cases we look back even further. We have also looked primarily at the transfer activities of Europe's most well known leagues, where the biggest fees are changing hands.

All of the transfers in this report were originally recorded in Euros. We then applied a 1.14 £/€ exchange rate to every fee. This was the exchange rate as of 31st Jan 2023.



FOREWORD



The way that football clubs approach transfers and talent development has never been more important. This report has crunched the numbers to show which teams amongst Europe's elite leagues have been particularly effective in this area over the last few years.

Whilst approaches will vary from club to club, depending on things like ownership, budget and fan expectations, the data tells us which teams are consistently making sound decisions and getting strong returns on their investment in the transfer market.

For some clubs this might mean finding hidden stars and generating astronomical profits, while for others it may be more about growing the value of the players they buy, coaching them to perfection and getting maximum bang for their buck on the pitch.

Whatever the priority is, the margins at the top of the game are so small that any edge a team can find - be it in their scouting department, transfer strategy or academy set up - can be the difference between success and failure. Getting it right has never been so important.

Joe Cole

Former Chelsea, West Ham and England player



INTRODUCTION

Football transfers are big business. For context, in January 2023, clubs across the world made 37,392 transfers, spending a combined £1.5 billion buying players to enhance their squad. This spending figure was an all-time record, eclipsing the previous record set in January 2018 by £66m.

Whilst we continue to see huge amounts of money changing hands between clubs, the biggest signings tend not to result in transfer profits later down the line. Indeed, the ten biggest spending clubs in the world have all made losses on the transfer market in the past five years, spending £6.8bn, while recouping just £3.7bn.

This gung-ho approach is a strategy only few in the market can adopt, with the vast majority working to strict budgets, with a focus on protecting their capital and increasing it.

For the giants of the game, generating profits from huge player investments is not the priority, but rather the performances delivered on the pitch, akin to dividends in the investment world. In this report, we set this to one side, instead focusing on the clubs that manage to make multi-million-pound profits from transfers on a regular basis, as well as those adept at growing the value of their investments whilst keeping hold of them.

Who is best at buying low and selling high? Which clubs make the most money from selling their homegrown players and who benefited from the FOMO of their competitors? **Read on to find out.**

Football clubs around the world spent £1.5 billion on transfers in January, a new record for this window.



CASHING IN ON THEIR INVESTMENTS

The clubs generating the biggest returns in the transfer market

Whilst transfer policies vary from club to club, on a base level, we can see which clubs are particularly effective in the market from the returns they are realising on their investments in players. It's one thing seeing the value of your investments, or players, grow whilst they play each week. It's another thing turning this value growth into cash in the bank to spend on other things like a new stadium, an academy or other signings.

As shown in table 1, the clubs that have been most profitable in the transfer market since 2018 are not the ones hoisting the trophies in the Champions League at the end of each season. Rather, clubs like Benfica, Sporting Lisbon, Ajax or AS Monaco, who give future stars the step up they need before selling them onto Europe's heavyweights and thus making big transfer profits. This money is reinvested in their own academies and used to sign new talent from smaller leagues to keep the cycle going worldwide.

Benfica, Sporting Lisbon and Porto have generated a combined £1.05 billion from academy player sales over the last decade.



Table 1: The clubs with the biggest transfer profits since 2018/19

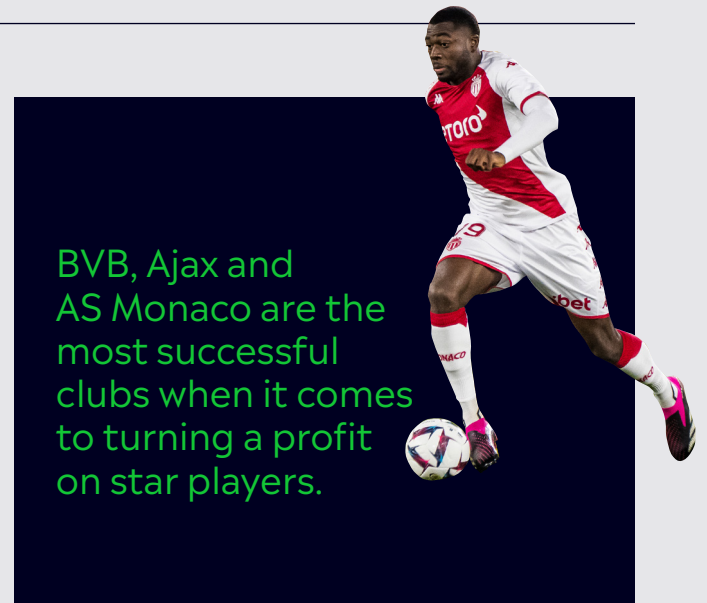
Club	Money spent on player purchases	Revenue from player sales	Profits from transfer activity
Benfica Lisbon	£313.2m	£625.4m	£312.3m
Ajax Amsterdam	£276.3m	£547.4m	£270.2m
LOSC Lille	£192.1m	£441.2m	£248.2m
Red Bull Salzburg	£118.4m	£340.4m	£221.9m
Sporting Lisbon	£159.6m	£351.8m	£192.1m
Olympique Lyon	£234.2m	£417.5m	£183.3m
AS Monaco	£432.5m	£603.5m	£170.2m
PSV Eindhoven	£82.5m	£249.1m	£165.8m
FC Porto	£209.6m	£372.8m	£163.2m
SC Braga	£31.0m	£164.0m	£133.0m

KNOW HOW TO PICK'EM

The clubs best at buying stars low and selling high

Imagine buying Facebook or Tesla at their all-time high and doing so knowingly. That is the approach some teams take in order to secure their prize transfer - this is because they are more driven by the dividends that investment will bring, whether it's goals a season or clean sheets. Teams with this kind of player investment mentality allow selling clubs to make a killing. In this section, we look at those clubs renowned for landing huge profits on individual transfers, often while maintaining success on the pitch.

The ingredients for the success of these clubs is in some ways comparable to what makes a successful investor: a cool head when it comes to waiting for the right price to buy and sell, and research and diligence when choosing investments.



Borussia Dortmund, Ajax and AS Monaco are transfer magicians

Borussia Dortmund, Ajax and AS Monaco are the most successful clubs when it comes to turning a profit on star players. As a prime example, Borussia Dortmund bought Ousmane Dembélé for £13.2m in 2016, before selling the player to FC Barcelona for a staggering £122.8m 12 months later (including add-ons). Despite a hefty sell on fee going to Stade Rennais, BVB still retained a profit of over £92.1m in one season.

This transfer highlights the growing trend of FOMO within football, and how one good season can enhance a player's worth exponentially. In this case, the Bundesliga side bought low and the Catalans FOMOed in.



Ajax's de Jong return akin to bitcoin early adopters

Many investors want to invest in the next 'big thing' - something that will provide huge returns for a relatively small outlay. In footballing terms, Ajax have achieved what few investors did with bitcoin back in 2010 - having invested in future stars early for a minimal sum, landing immense returns.

A perfect example of this was the profit made on Frenkie de Jong. In 2015, he was signed for a symbolic euro (90p) from Willem II. Thanks to Ajax's long-term investment horizon, they sold him to Barcelona for £75.4m in 2019. Of that, £11.3m went to his youth clubs Willem II and RKC Waalwijk, meaning Ajax's one euro outlay turned into a £64.1m profit.



AS Monaco show the importance of knowing your home market

A core strategy for many investors is to look to emerging markets for value, but sometimes, value can be found closer to home - and AS Monaco has shown how this can be a core transfer strategy pillar over the years, enabling them to buy low and sell extremely high consistently.

The Monegasques' business model since their promotion in 2013 has been to rely on their own youth academy and excellent scouting. The club's biggest deals were made with players who arrived from within France, such as Aurélien Tchouameni (Bordeaux), Thomas Lemar (Caen) and Anthony Martial (Lyon), who were sold after two to three years for hefty profits. This trio alone earned the 2017 Ligue 1 winners a transfer profit of around £162.2m.





Did you know that BVB made a staggering £228.3m profit on just four players?

£92.1m

Ousmane
Dembélé

£56.5m

Jadon Sancho

£44.6m

Pierre-Emerick
Aubameyang

£35.1m

Erling Haaland

Table 2: The most effective clubs in Europe when it comes to buying stars low and selling high

Club	Player	Purchase * (including sell-on fee)	Sale	Profit (£)
Borussia Dortmund	Ousmane Dembélé	£30.7m (Stade Rennais 2016/17)	£122.8m (Barcelona 2017/18)	£92.1m
	Jadon Sancho	£18.1m (Man City 2017/18)	£74.6m (Man Utd 2021/22)	£56.5m
	Pierre-Emerick Aubameyang	£11.4m (ASSE 2013/14)	£56.0m (Arsenal 2018/19)	£44.6m
	Erling Haaland	£17.5m (Salzburg 2019/20)	£52.6m (Man City 2022/23)	£35.1m
Ajax Amsterdam	Antony	£13.9m (Sao Paulo 2020/21)	£83.3m (Man Utd 2022/23)	£69.5m
	Frenkie De Jong	£0.90m (Willem II 2015/16)	£75.4m (Barcelona 2019/20)	£64.1m
	Lisandro Martinez	£6.1m (Defensa 2019/20)	£50.4m (Man Utd 2022/2023)	£44.2m
	Davinson Sánchez	£4.8m (Atl. Nacional 2016/17)	£36.8m (Spurs 2017/18)	£32.0m
AS Monaco	Thomas Lemar	£3.5m (Caen 2015/16)	£63.2m (Atlético 2018/19)	£59.6m
	Aurelien Tchouameni	£15.8m (Bordeaux 2019/20)	£70.2m (Real Madrid 2022/23)	£54.4m
	Anthony Martial	£4.4m (Lyon 2013/14)	£52.6m (Man Utd 2015/16)	£48.2m
	Benjamin Mendy	£11.4m (Marseille 2016/17)	£50.4m (Man City 2017/18)	£39.0m
FC Porto	Eder Militao	£6.1m (São Paulo 2018/19)	£43.9m (Real Madrid 2019/20)	£37.7m
	Luis Diaz	£6.3m (Junior FC 2019/20)	£41.2m (Liverpool 2021/22)	£34.9m
	Eliaquim Mangala	£6.0m (Liège 2011/12)	£39.5m (Man City 2014/15)	£33.5m
	James Rodriguez	£6.5m (Banfield 2010/11)	£39.5m (AS Monaco 2013/14)	£33.0m
LOSC Lille	Nicolas Pépé	£15.8m (Angers 2017/18)	£70.2m (Arsenal 2019/20)	£54.4m
	Victor Osimhen	£19.6m (Charleroi 2019/20)	£65.8m (Napoli 2020/21)	£46.1m
	Sven Botman	£7.0M (Ajax 2020/21)	£32.5m (Newcastle 2022/23)	£25.4m
	Gabriel Magalhães	£2.6M (Avai FC 2016/17)	£22.8m (Arsenal 2020/21)	£20.2m



GROWTH INVESTING

The most profitable clubs when it comes to nurturing homegrown talent

Research, diversification, a long-term investment horizon and patience. These virtues not only make a good investor, but also a successful youth academy. When looking at the most effective clubs in the world when it comes to generating revenues from homegrown players, one thing becomes clear: time in the market beats timing the market.

Portuguese clubs lead the way, with three teams - Benfica, Sporting Lisbon and Porto - making over £1.05bn in the sale of academy graduates over the past decade, while developing some of the biggest names in world football.

The biggest profit ever made on the sale of a homegrown player was made by AS Monaco when they sold Kylian Mbappé to Paris Saint-Germain in 2017, with £157.9m changing hands.

The most profitable of these clubs - and of any club for that matter - is Benfica, with graduates of the Benfica Campus generating around £473.7m. The £111.6m Atlético Madrid paid for João Félix is the fifth highest sum ever paid for a footballer, but other notable sales, such as Bernardo Silva and Rúben Dias, demonstrate why Benfica's youth academy is known for making the best growth investments in world football.

Fellow Portuguese team Sporting Lisbon - where Cristiano Ronaldo first burst onto the world scene - have earned £318.4m over the last decade, while Porto have generated £251.8m thanks to sales of players including Rúben Neves, Vitorinha and Fábio Vieira.

This approach can also be seen with the most decorated club in European football. The sales of players from La Fábrica, Real Madrid's talent factory, have generated around £333m in revenue over the last decade.

While this sum is a smaller piece of the pie in terms of turnover for Los Blancos, it remains an important revenue stream for a club where very few academy players are given the opportunity to offer a return on investment on the pitch rather than through a transfer fee - Daniel Carvajal, Lucas Vázquez and Nacho Fernández are the only recent examples.

The biggest profit ever made on the sale of a homegrown player was made by AS Monaco when they sold Kylian Mbappé to Paris Saint-Germain in 2017, with £158m changing hands. Since 2013, the Monegasques have made £286.8m from transfers of academy players. In the last January transfer window, Benoît Badiashile improved this balance by £33.3m with his move to Chelsea.

Real Madrid got a healthy return on their investment in Ødegaard in 2021 though they might be wishing they had asked for more based on the stellar season the midfielder is having at Arsenal.



Table 3: The clubs which have generated the highest revenues from selling homegrown players since 2013/14

Rank	Club	Most profitable player sales	Sold to	Profit
1	Benfica £473.7m	João Félix	Atlético Madrid (2019/20)	£111.6m
		Ruben Dias	Manchester City (2020/21)	£62.8m
		Ederson	Manchester City (2017/18)	£35.1m
		Nelson Semedo	FC Barcelona (2017/18)	£31.3m
		Renato Sanchez	FC Barcelona (2016/17)	£30.7m
2	Ajax Amsterdam £334m	Matthijs De Ligt	Juventus (2019/20)	£75.0m
		Donny van de Beek	Manchester United (2020/21)	£34.2m
		Davy Klaassen	Everton (2017/18)	£23.7m
		Sergiño Des	FC Barcelona (2020/21)	£18.4m
		Kasper Dolberg	OGC Nizza (2019/20)	£18.0m
3	Real Madrid £333m	Álvaro Morata	Chelsea (2017/18)	£57.9m
		Achraf Hakimi	Inter Milan (2020/21)	£37.7m
		Martin Ødegaard	Arsenal (2021/22)	£32.5m
		Sergio Reguilón	Tottenham (2020/21)	£26.3m
		Marcos Llorente	Atletico Madrid (2019/20)	£26.3m
4	Sporting Lisbon £322m	Matheus Nunes	Wolverhampton Wanderers (2022/23)	£39.5m
		Nuno Mendes	PSG (2022/23)	£39.5m
		João Mário	Inter Milan (2016/17)	£39.2m
		Gelson Martins	Atlético Madrid (2018/19)	£19.3m
		Adrien Silva	Leicester City (2017/18)	£18.0m
5	AS Monaco £288m	Kylian Mbappé	PSG (2017/18)	£157.9m
		Benoît Badiashile	Chelsea (2022/23)	£33.3m
		Layvin Kurzawa	PSG (2015/16)	£21.9m
		Yannick Carrasco	Atlético Madrid (2015/16)	£13.2m
		Hannibal Mejbri	Manchester United (2019/20)	£8.8m

6.	RB Salzburg	£266.7m
7.	Porto	£251.8m
8.	Manchester City	£230.7m

9.	FC Barcelona	£221.1m
10.	Atlético Madrid	£219.3m

THE SHORT TERM SPECIALISTS

Biggest transfer profits made after one season

In investing, a short term approach generally isn't advised, however sometimes it's the best way of locking in a profit in a volatile market. The same can be said in the football transfer market, with clubs increasingly earning huge sums from players after one impressive season, or even less in some cases.

Arguably the greatest example of a short term investment making a huge profit is with Chelsea's latest blockbuster signing Enzo Fernández, with the Blues smashing their transfer record to land the Argentine, paying almost triple what Benfica bought him for just months earlier.

After 29 games for Benfica over six months, and a World Cup title, Chelsea paid £106.1m for the 22-year-old, generating a profit of £67.3m for the Portuguese side (with 25% of the fee going to previous club River Plate).

Whilst there is little downside for the selling clubs in these deals, for the FOMO-driven buyers, it's a high risk game if the investment does not pay off.

As an example, after 19 goals in 21 games in the first half of the 2018/19 season, Krzysztof Piatek's market value went through the roof, so Genoa offloaded him to AC Milan for a profit of £26.8m, after paying £3.9m to his former club Cracovia. AC Milan may have signed the hottest stock in Serie A at the time but have gone on to make significant losses on the player, who now plays for Salernitana. Sometimes it's best not to get swept up in momentum.



After 29 games for Benfica over six months, Chelsea paid £106.1m for Enzo Fernández, generating a profit of £67.3 million for the Portuguese side.



Table 4: The biggest ever profits generated on players after just one season

Rank	Player	Purchase	Sale	Profit
1	Ousmane Dembélé	£30.7m (Stade Rennais to BVB 2016/17)	£122.8m (Barcelona 2017/18)	£92.1m
2	Enzo Fernández	£38.9m (River Plate to Benfica 2022/23)	£106.1m (Chelsea 2022/23)	£67.3m
3	Victor Osimhen	£19.6m (Charleroi to Lille 2019/20)	£65.8m (Napoli 2020/21)	£46.1m
4	Marc Cucurella	£15.8m (Getafe to Brighton 2021/22)	£57.3m (Chelsea 2022/23)	£41.5m
5	Benjamin Mendy	£11.4m (Marseille to Monaco 2016/17)	£50.4m (Manchester City 2017/18)	£39.0m
6	Éder Militão	£6.1m (FC São Paulo to Porto 2018/19)	£43.9m (Real Madrid 2019/20)	£37.7m
7	Rodri	£17.5m (Villarreal to Atlético Madrid 2018/19)	£55.0m (Manchester City 2019/20)	£37.5m
8	Davinson Sánchez	£4.8m (Atlético Nacional to Ajax 2016/17)	£36.8m (Tottenham 2017/18)	£32.0m
9	Nicolás Otamendi	£10.5m (Porto to Valencia 2014/15)	£39.0m (Manchester City 2015/16)	£28.5m
10	Didier Drogba	£5.3m (Guingamp to Marseille 2003/04)	£33.8m (Chelsea 2004/05)	£28.5m

DELIVERING ROI ON THE PITCH

The most effective clubs at growing the value of their squads

Whether you're a retail investor or a football club, it can pay to take a long term view on your investments, allowing your portfolio, or squad, to grow in value without rushing to sell.

Bayern Munich are the most effective club in Europe when it comes to this approach, with the German club paying £393.4m for their current group of players, less than half their estimated value today, at £873.4m.

But how? Joshua Kimmich, Serge Gnabry, Alphonso Davies and Jamal Musiala were signed as young talents for a total of £26.3m. Alongside experienced players, they developed into valuable performers and today have a market value of £276.3m. Additionally, the German champions rely on bringing in players on free transfers and players with a short time remaining on their contracts. Thanks to the club's successful history and comfortable financial situation, they can attract top talent without needing to bid vast sums.



Bayern Munich have developed Joshua Kimmich, Serge Gnabry, Alphonso Davies and Jamal Musiala so their combined market value is now ten times more than what they cost.

In the more competitive Premier League, Tottenham Hotspur are most prolific in this area, adding 45% in value to their current squad, estimated to be worth £623.9m. North London rivals Arsenal are also strong in this area. Mikel Arteta has been building up his team since the end of 2019 and the current squad is valued at £704.4m, from an outlay of around £466.3m.

The fact that Barcelona are also among the top 5 may surprise many due to the club's precarious financial position. Due to restricted finances, the Catalans have changed their strategy to great success. Barcelona managed to sign valuable free agents like Franck Kessié and Andreas Christensen, while the market values of the players such as Gavi and Pedri have skyrocketed. The data shows that from an outlay of £423.2m, the squad is now worth £668.4m.

While this may not help with any immediate financial liabilities, Barcelona have created a stellar squad for a far smaller cost than supporters would be used to.

Table 5: The top clubs when it comes to growing the value of their squad

Club	Squad Value	Purchase Value	Value added
Bayern Munich	£873.4m	£393.4m	£480.0m
AC Milan	£623.9m	£342.4m	£281.5m
Tottenham Hotspur	£503.9m	£222.5m	£281.4m
Real Sociedad	£333.8m	£82.0m	£251.8m
FC Barcelona	£668.4m	£423.2m	£245.2m
Arsenal	£704.4m	£466.3m	£238.1m
Inter Milan	£487.7m	£265.4m	£222.3m
RB Leipzig	£432.7m	£226.2m	£206.5m
Villarreal	£254.1m	£52.0m	£202.1m
Liverpool	£816.7m	£622m	£194.7m

*Values taken on January 31st 2023



Spurs, Arsenal and Liverpool are amongst the top ten clubs in Europe when it comes to growing the value of their squad.

GETTING DEFENSIVE

The greatest turnarounds following investments in defenders

Every experienced retail investor knows the importance of defensive stocks when it comes to bringing stability to a portfolio. This might include shares in utility companies for example, where earnings can be guaranteed, even in a recession. The situation is similar for many clubs that want to get more out of their teams. They invest in a new head coach, new defensive players or both in order to lay the foundation for success with a stable defence.

Newcastle United fans are quietly dreaming of glory again, as Eddie Howe has transformed the squad from a relegation candidate to a contender for a Champions League spot within a year. The cornerstone of the upward trend is a much-improved defence.



As of matchday 21 in the 2022/23 season, Newcastle were on track for greatest defensive turnaround in Premier League history.

Bruno Guimarães, Kieran Trippier and Dan Burn were signed and have shored up the back line. In the summer of 2022, they also brought in Sven Botman and goalkeeper Nick Pope, among others, and now have the best defence in the Premier League (after 21 match days). In the 2021/22 season, when Howe took over, Newcastle conceded 1.63 goals per game; that figure has dropped to just 0.57. No other Premier League club has ever come close to such an improvement from one season to the next.

Table 6: The 5 biggest defensive turnarounds in Premier League history

Team	Goals conceded per game	Goals conceded per game	Change in goals conceded per game
Newcastle United*	1.63 (2021/22)	0.57 (2022/23)	-1.06
FC Fulham	1.58 (2007/08)	0.9 (2008/09)	-0.68
Aston Villa	1.76 (2019/20)	1.21 (2020/21)	-0.55
Leeds United	1.47 (1992/93)	0.93 (1993/94)	-0.55
Chelsea	1.4 (2015/16)	0.87 (2016/17)	-0.53

*as of matchday 21 (2022/23)

Table 7: The 5 biggest defensive turnarounds in Europe's top five leagues since 2000

Team	Goals conceded per game	Goals conceded per game	Change in goals conceded per game
Borussia M'gladbach	1.91 (2010/11)	0.71 (2011/12)	-1.2
Newcastle United*	1.63 (2021/22)	0.57 (2022/23)	-1.06
LOSC Lille	1.76 (2017/18)	0.87 (2018/19)	-0.89
Montpellier	1.74 (2016/17)	0.87 (2017/18)	-0.87
Hertha BSC	1.73 (2003/04)	0.91 (2004/05)	-0.82
Borussia Dortmund	1.82 (2007/08)	1.09 (2008/09)	-0.74
Lazio*	1.53 (2021/22)	0.81 (2022/23)	-0.72
Valencia FC	1.71 (2016/2017)	1 (2017/18)	-0.71
RB Leipzig	1.56 (2017/18)	0.85 (2018/19)	-0.71
Werder Bremen	1.88 (2016/17)	1.18 (2017/18)	-0.71

*as of matchday 21 (2022/23)

Defence can be the best form of attack

When it comes to transforming a team through defensive investments, the examples are everywhere. In 2004, a 41-year-old José Mourinho, who had won the Champions League with FC Porto, moved to Premier League runners-up Chelsea. He took with him his best defenders, Ricardo Carvalho and Paulo Ferreira, and bought Petr Cech from Stade Rennais. The result? From 32 goals conceded in the previous season, Mourinho helped Chelsea set a new Premier League record of just 15 goals conceded, which still stands today. In other words, a 50% decrease from 0.79 to 0.39 goals conceded per game.

Antonio Conte had a similar impact at Chelsea in 2016, bringing in defensive-minded players N'Golo Kanté, David Luiz and Marcos Alonso, among others, for £82.5m. The defence improved from 1.4 goals conceded per game in the previous season to 0.87, leading the Blues to the championship.

Defensive investments do not always lead to rapid results and sometimes a long-term investment horizon is needed. This is what happened at Borussia Dortmund in Jürgen Klopp's first season in 2008. After conceding 62 goals (1.82 per game) in 2007/08, the focus was on an improved defence, and he promoted homegrown Marcel Schmelzer to the first team, signed Neven Subotic and also acquired the services of Patrick Owomoyela and Felipe Santana for

a total of £7.9m. A then 19-year-old Mats Hummels was introduced to the Bundesliga and was part of the defence that only conceded 37 goals (1.09 per game).

Dortmund finished the season in sixth place and in the summer of 2009, then focused on the defence even more: Hummels' loan from Bayern Munich was turned into a permanent deal, Sven Bender arrived and homegrown Kevin Großkreutz was brought back. The defence took shape in 2009/10. In 2011, thanks to the team conceding only 22 goals, they won their first league title after nine years, and the next followed in 2012.

It was a similar story for "The Normal One" at Liverpool, where Klopp signed three defensive heavyweights for £168.4m in 2018 to bring the Champions League and Premier League title back to Anfield in his fourth and fifth season in charge. The investment in Virgil van Dijk, Alisson and Fabinho took the Reds to the next level and improved their goals conceded from 1 to 0.58 per game in 2018/19.

Jürgen Klopp has managed to significantly improve his team's goal conceded per game ratio at both BVB (-0.74) and Liverpool (-0.42), leading both to titles formed on a mean defence.



LOOK OUTSIDE YOUR OWN MARKET

Biggest profits made from players scouted outside the top leagues

While some do well by investing in what they know, others make their money by looking outside their own market. In the football world, the same thing occurs, with certain clubs experts at thinking outside the European box, and often making seven or eight-fold returns in the process.

The best place to look for this kind of profit margin tends to be South America, proven by transfers such as Ajax's purchase of 21-year old Argentinian centre back Lisandro Martínez or Porto's purchase of 22-year-old Colombian winger Luiz Diaz. These players generated £44.2m and £34.9m profits for these clubs respectively. Thanks to their superb scouting operations, Ajax and Porto were able to offer these players a stage in European competitions and were rewarded for their investment by Manchester United and Liverpool.

Arguably the biggest South American coup of all, clubs did not need their scouting departments to tell them about Neymar. Before his £77.2m transfer from Santos FC to Barcelona in the summer of 2013, he had long ceased to be an insider tip and had become the star of the football-mad country. Real Madrid had also put out feelers for Neymar, but Barcelona convinced him and his entourage to join them. It was the highest transfer fee ever paid to a club outside of Europe. In 2017, when Neymar left for Paris Saint-Germain, the Catalans made the biggest ever transfer profit from buying and selling a player: a transfer plus of £117.5m.

Neymar remains the most expensive player ever sold, earning Barcelona a profit of **£117.5m**.



Table 8: The biggest profits made from outside Europe's top leagues

Rank	Club	Player	Purchase	Sale	Profit
1	Barcelona	Neymar	£77.2m (Santos 2013/14)	£194.7m (PSG 2017/18)	£117.5m
2	Ajax	Antony	£13.9m (FC Sao Paulo 2020/21)	£83.3m (Man Utd 2022/23)	£69.5m
3	Benfica	E. Fernández	£38.9m (River Plate 2022/23)	£106.1 (Chelsea 2022/23)	£67.3m
4	Roma	Alisson	£7.0m (Porto Alegre 2016/17)	£54.8m (Liverpool 2018/19)	£47.8m
5	Ajax	L. Martínez	£6.1m (Defensa y Justicia 2019/20)	£50.4m (Man Utd 2022/23)	£44.2m
6	Shakhtar	Fred	£13.2m (Porto Alegre 2013/14)	£51.8 (Man Utd (2018/19)	£38.6m
7	Porto	Éder Militão	£6.1m (FC Sao Paulo 2018/19)	£43.9m (Real Madrid 2019/20)	£37.7m
8	Porto	Luis Díaz	£6.3m (Junior FC 2019/20)	£41.2m (Liverpool 2021/22)	£34.9m
9	Sampdoria	P. Schick	£3.5m (Sparta Prague 2016/17)	£36.8m (Roma 2018/19)	£33.3m
10	Ajax	D. Sánchez	£4.8m (Atl. Nacional 2016/17)	£37m (Spurs 2017/18)	£32.0m

Table 9: Clubs that spent most on players from outside of Europe's top leagues* since 2018/19

Club	Players purchased and cost	Most expensive purchase
Benfica Lisbon	19 players for £150.0m	Enzo Fernandez £38.9m (River Plate)
Real Madrid	5 players for £112.7m	Vinicius Junior £39.5m (Flamengo)
Ajax Amsterdam	12 players for £97.6m	Antony £13.9m (FC São Paulo)
Chelsea FC	6 players for £91.4m	Mykhaylo Mudryk £61.4m (Shakhtar Donetsk)
Man City	17 players for £86.2m	Julián Álvarez £18.8m (River Plate)
Brighton & Hove Albion	20 players for £83.4m	Julio Enciso £10.2m (Libertad Asuncion)
FC Porto	14 players for £79.0m	Pepê £13.2m (Gremio)
Man United	5 players for £78.9m	Fred £51.8m (Shakhtar Donetsk)
KRC Genk	23 players for £72.5m	Yira Sor £5.7m (Slavia Prague)
RB Leipzig	7 players for £63.9m	Dani Olmo £25.4m (Dinamo Zagreb)

*Top leagues in this table included Italy, Spain, France, Netherlands, England, Germany, Portugal, Belgium, Scotland and Turkey



Ajax and Benfica have spent almost £248m on 31 players from outside Europe in the last five years.

Big clubs buying from smaller leagues: Man City among the busiest

Clubs with a lot of pressure to succeed and a lot of money are happy to pay a premium to smaller clubs that develop these players, as they need ready-made products that can make an instant impact. Nevertheless, Europe's heavyweights are of course also active in the leagues in North, Central and South America, Eastern Europe and Asia, with the difference being that they often bring in talent from these regions, only to loan them out to other clubs.

In the past five years, Real Madrid and Manchester City, for example, have invested the most money in new players from smaller leagues, in addition to the usual suspects such as Benfica, Ajax and FC Porto. Los Blancos focus on a few expensive top talents like Vinicius Junior and Rodrygo, and have spent £112.7m on five new signings from outside of Europe's top leagues since 2018. The ROI has been impressive: Vinicius Junior and Rodrygo already have a combined market value of £175.4m and were crucial factors in winning the Spanish league title and Champions League in 2022.

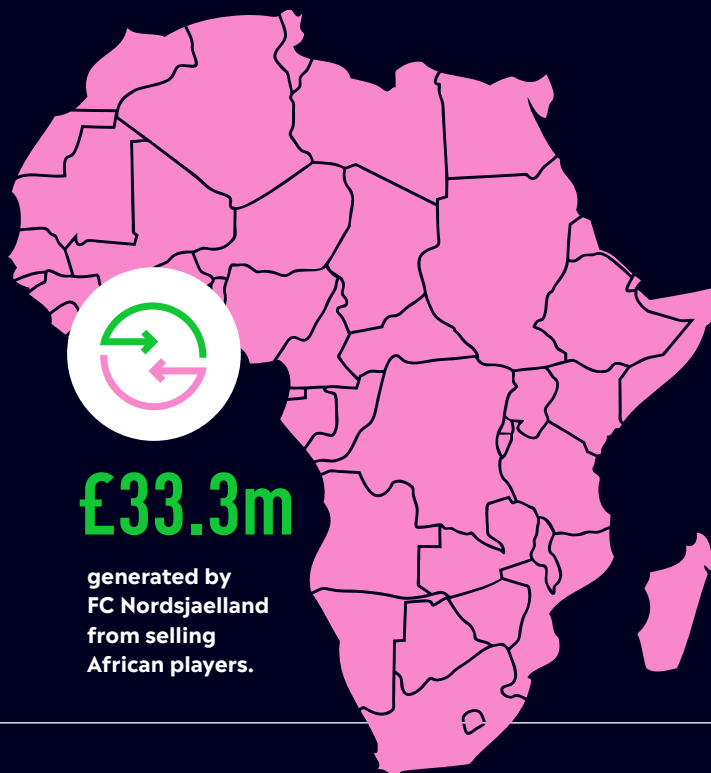
Man City, meanwhile, have spread their investment of almost £86.2m across the South and Central American and Eastern European markets and, in addition to World Cup winner Julián Álvarez, have signed 16 others who are to pick up match practice primarily at other clubs. The goal is clear: to buy low, increase their market value, integrate them into their own team or sell them at a profit. In this way, they can cut out the middleman and thus ensure a new flow of funds.



LOOK OUTSIDE YOUR OWN **MARKET**



In the past five years, Real Madrid and Manchester City have invested the most money in new players from smaller leagues.



A look at Africa

Like investing, the greatest potential for a high ROI in football is often found in less developed markets - Africa for instance. Two clubs that show how to successfully find players on the continent of over 1.4 billion people are FC Nordsjaelland from Denmark and Austria's serial champions RB Salzburg, who have signed 23 and 13 talents from Africa respectively in the past five years.

Nordsjaelland's tendency for developing African players is no coincidence - it is part of their business model. Since 2016, the club has been part of the Ghanaian-based organisation Right To Dream Group, which nurtures talent and helps players take their first steps in European football in Denmark.

FCN has since generated £33.3m in transfer revenue from the development and resale of these players, and currently just under a third of the first team squad comes from the academy. With an average age of 21.4 years, Nordsjaelland has the youngest squad in Europe's top flights and is on course to winning the championship for the first time since 2012 with Ghanaian ex-player Michael Essien involved as an assistant coach. The best-known graduates of the Right To Dream academy who made it to the big stage via Denmark are Mohammed Kudus (Ajax), Kamaldeen Sulemana (Stade Rennais) and Simon Adingra (Brighton).

RB Salzburg is a club known not only for its connections to Africa, but to pretty much all markets that big clubs tend to ignore: Norway (Erling Haaland), the US (Brenden Aaronson), Slovenia (Benjamin Sesko), Hungary (Dominik Szoboszlai), Germany's 3rd division (Karim Adeyemi) and Africa. RB's scouting network has been regularly bringing African talents, such as Amadou Haidara from Mali and Patson Daka from Zambia, to Salzburg since 2016 and generated a transfer profit of £122.8m from the signing, development and resale of these seven footballers alone. These connections to smaller leagues turned the Salzburg side into one of the game's best performing clubs when it comes to generating profit from buying and selling players.

Two clubs successful at finding top talent in Africa are FC Nordsjaelland from Denmark and Austria's serial champions RB Salzburg.

WHAT CONCLUSIONS CAN WE DRAW FROM THE DATA?

Football has arguably been in a bull market - that is, a period of constantly rising prices - for more than 40 years. In the summer of 1982, FC Barcelona made Diego Maradona the most expensive player in the world with a fee of £6.4m. In 1992 it was Gianluca Vialli's £14.5m move to Juventus and in this millennium, we started with Luís Figo's £52.6m transfer to Real Madrid and more recently saw PSG pay £194.7m for Neymar.

The rise in transfer fees is simply mind-boggling and understandably, it's these blockbuster signings that dominate the headlines. But it's important to remember that behind the big numbers, there is an intricate ecosystem of clubs,

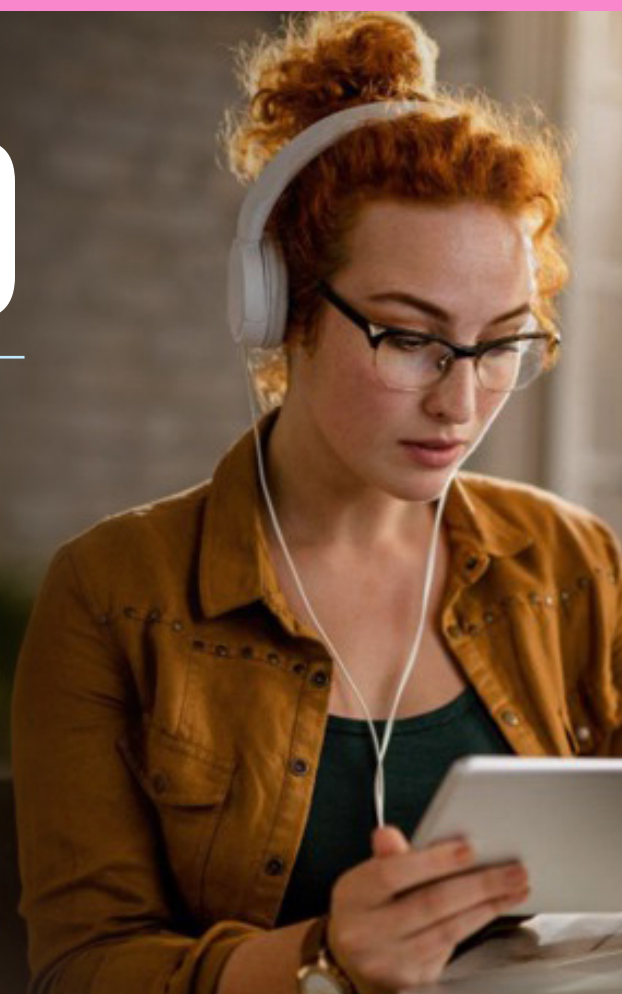
many working towards very different goals while specialising in different areas of the market. Some are expert growth investors, while others are happy to pay a higher price for the finished product. Some clubs know their own markets inside out, while others have secured riches thanks to their investment in emerging football markets.

Whatever approach these clubs take to buying, selling and developing the players, there are important lessons we can take as retail investors. By bringing these similarities to life in this report, perhaps we can encourage more football fans to engage with financial markets and investing, helping them to potentially grow their future wealth.



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