

NYSE: RSHO

# Tema American Reshoring ETF

The renaissance of American industrial  
manufacturing and onshoring

Q4 2023

For inquiries: [info@temaetfs.com](mailto:info@temaetfs.com)



**Before investing carefully consider the Fund's investment objective, risks, charges, and expenses contained in the prospectus available at [www.temaetfs.com](http://www.temaetfs.com). Read carefully before investing.**

## **Risk Information**

Investing involves risk including possible loss of principal. There is no guarantee the adviser's investment strategy will be successful.

**Sector Focus Risk:** The Fund may invest a significant portion of its assets in one or more sectors, including Industrials, Materials and Utilities, and thus will be more susceptible to the risks affecting those sectors than funds that have more diversified holdings across several sectors. The success of the Fund's investment strategy depends in part on the ability of the companies in which it invests to reshore or onshore services to the United States.

Companies may face significant legal, financial and political headwinds in the reshoring or onshoring of jobs into the United States, and these factors may be detrimental to performance. Industrial and Utilities sector companies will likewise be subject to the risks of Government regulation, world events, exchange rates and economic conditions, technological developments and liabilities for environmental damage and general civil liabilities. In addition, many materials companies are significantly affected by the level and volatility of commodity prices, exchange rates, import controls, worldwide competition, environmental policies and consumer demand. Investing in foreign and emerging markets involves risks relating to political, economic, or regulatory conditions not associated with investments in U.S. securities and instruments in addition the fund is exposed to currency risk.

Tema Global Limited serves as the investment adviser to Tema American Reshoring ETF (the "Fund"), and NEOS Investments, LLC serves as a sub adviser to the Fund. The Fund is distributed by Foreside Services LLC, which is not affiliated with Tema Global Limited nor NEOS Investments, LLC. Check the background of Foreside on FINRA's BrokerCheck.

**Distributor:** Foreside Fund Service LLC

**For inquiries:** [info@temaetfs.com](mailto:info@temaetfs.com)

# Tema: thematic ETFs managed differently

Tema

## Our name is our mission

**Tema** (*noun*) Latin for **Theme**

**Our mission** is to democratize access to institutionally-focused<sup>1</sup> thematic investing through risk-managed, active ETF strategies.

Backed by top-tier<sup>2</sup> investors & led with expertise<sup>3</sup>



Accel

ROCKEFELLER  
CAPITAL MANAGEMENT

ZINAL  
G R O W T H



iShares  
by BlackRock



## Management team



**Maurits Pot**  
Founder and CEO



**Yuri Khodjamirian, CFA**  
CIO



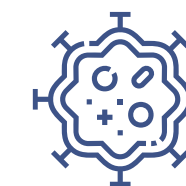
**Chris Semenuk**  
American Reshoring PM

## Tema ETFs product sample



LUX

Luxury



CANC

Oncology



TOLL

Monopolies  
and Oligopolies

<sup>1</sup>Tema's products are created with the aim to be suitable for financial institutions, e.g., pension funds or endowment funds. These institutions often have strict investment requirements based on factors such as risk management and precision of exposure. <sup>2</sup>Index Ventures and Accel ranked among the top 10 VCs globally according to 2022 Global Venture Capital Investor Prominence Ranking report issued by dealroom.co. Criteria for evaluation are based on a comprehensive and quantitative list, including investors' success in backing unicorns (privately held startup company with a value of over \$1 billion) and future unicorns, as well as their level of deal activity in the last 12 months. <sup>3</sup>Company logos in this slide (excluding Index Ventures and Accel) showcase the past experiences of Tema's management team.

- **RSHO** seeks to invest in companies that are enabling and benefitting from manufacturing returning to America (“reshoring”)

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- Reshoring is a multi-year trend spurred by supply chain insecurity, deglobalization and pushed forward by \$1.85tn<sup>1</sup> of bipartisan spending

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- Reduced order cycles, lower inventories and more reliable supply chains should provide reshoring companies with the potential to establish a durable competitive advantage and higher sustainable growth

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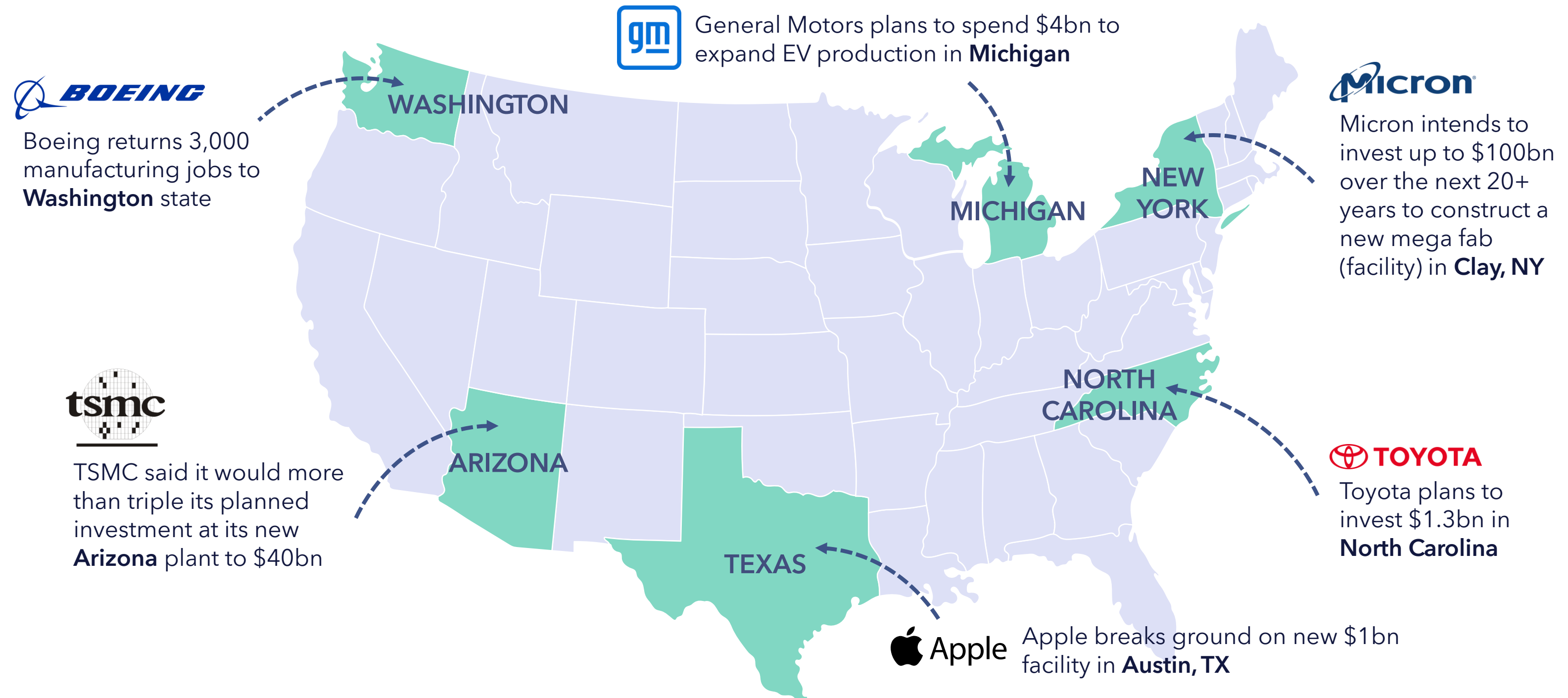
- **RSHO** is managed by a seasoned global investor employing a consistent investment process

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- **Tema** is an active ETF manager supported by large operational and funding partners

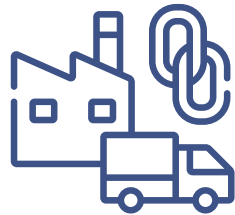
<sup>1</sup> Source: The White House.

# Manufacturers are moving production back to US shores ("reshoring")

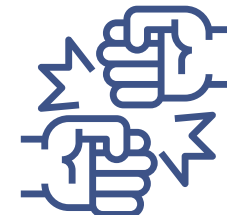


Source: Bloomberg, Financial Times, The Washington Post. Some of the companies highlighted in this slide are holdings of the Tema American Reshoring ETF portfolio. For a full list of fund holdings [click here](#).

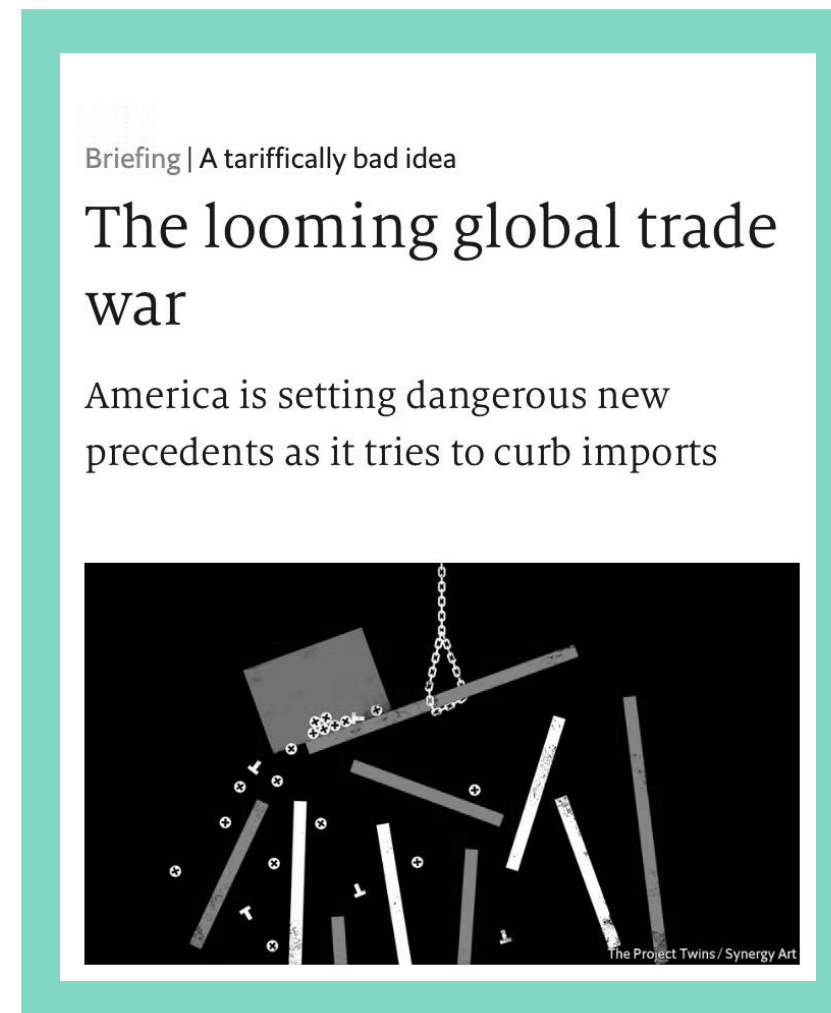
# A megatrend driven by durable structural forces



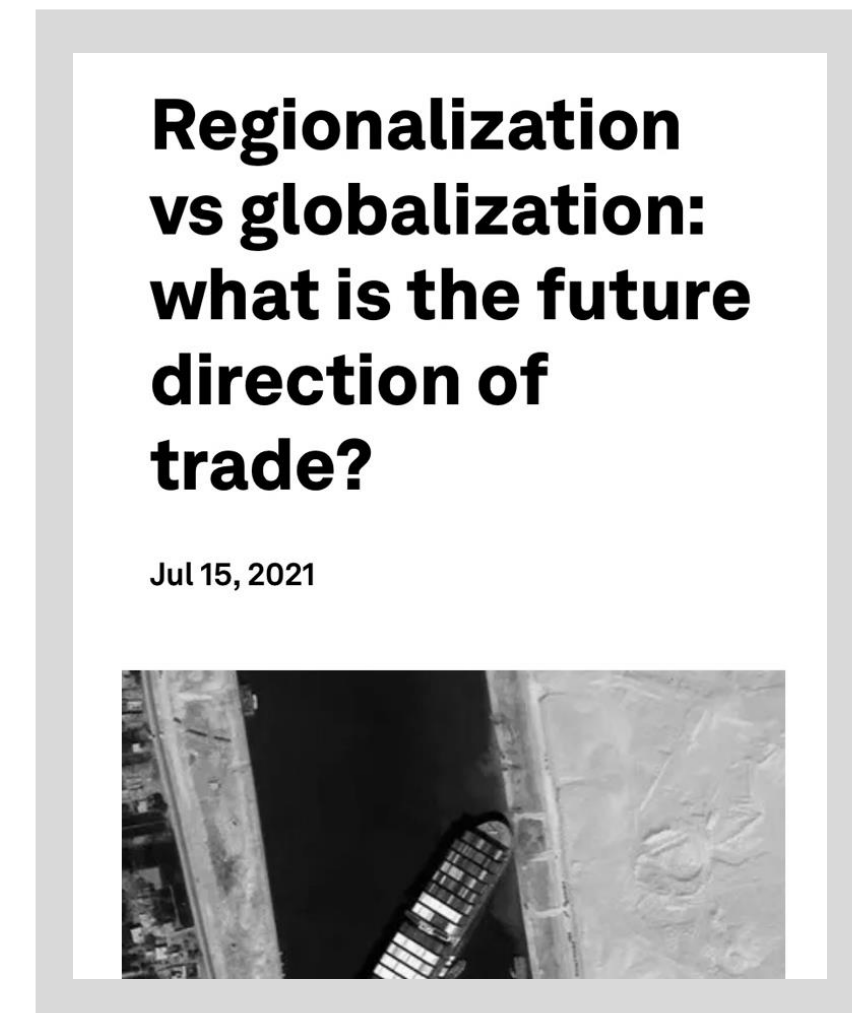
## Supply chain insecurity






## Trade wars



## Deglobalization\*



# | The universe of reshoring companies

RSHO classification	Criteria	Portfolio (%)	Examples
Reshoring facilitators	<b>Substantial</b> impact on <b>revenues</b> from reshoring trend based on company analysis	59%	
Reshoring manufacturers	Companies gaining an <b>advantage</b> by <b>moving production back to the US</b> (cost, working capital, returns)	23%	
Reshoring beneficiaries	<b>Broad beneficiaries</b> with <b>&gt;50% of revenue exposed</b> to reshoring activities	18%	

# Medium size companies could be “under the radar” reshoring winners

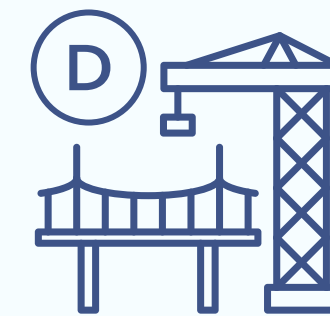
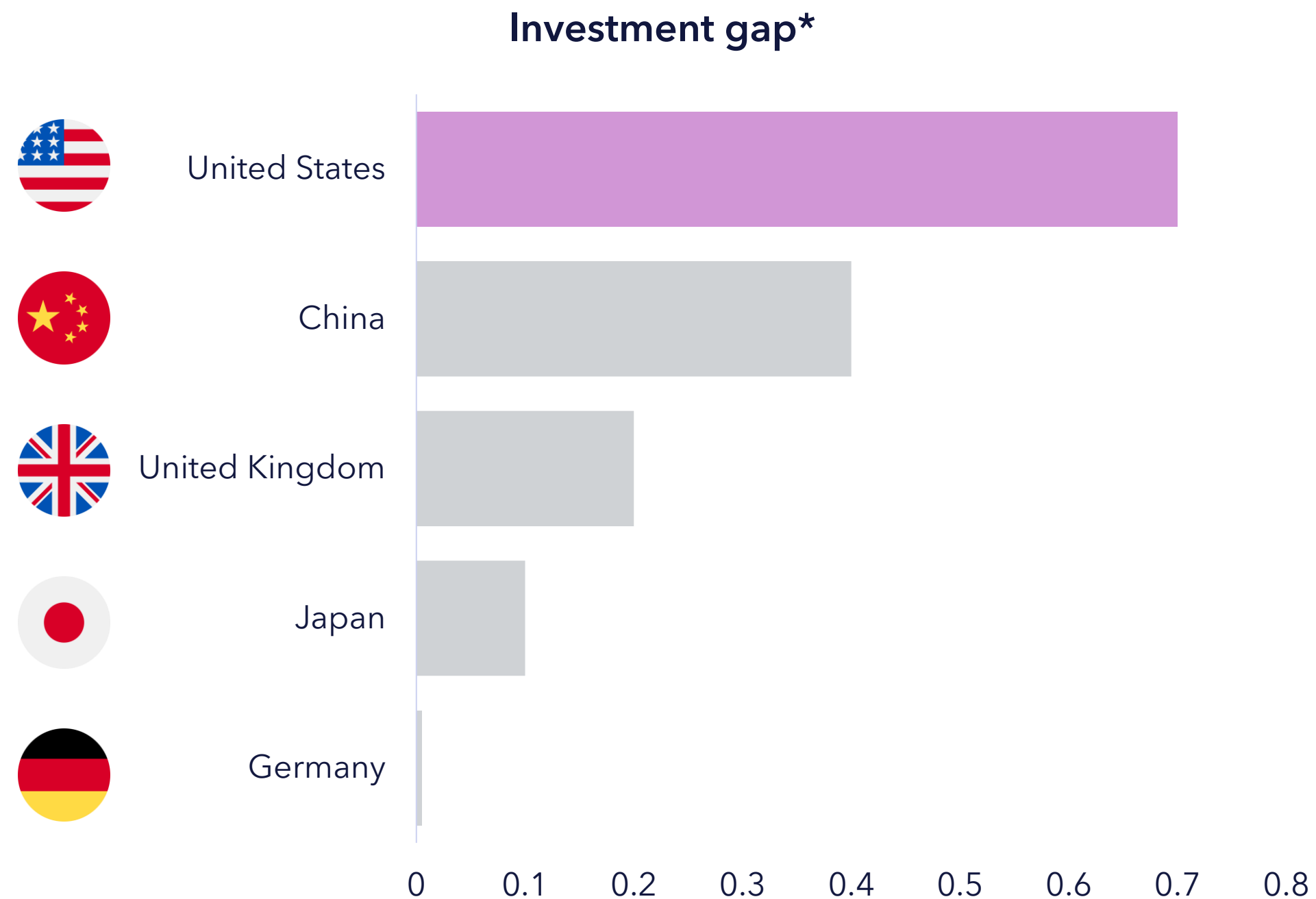


Activity	Titanium manufacturing	Industrial distribution	Electronic device contract manufacturing	Hazardous waste disposal
Reshoring classification	Manufacturer	Facilitator	Manufacturer	Beneficiary
Reshoring effect	More secure supply chain	Supply and support more complex projects	“Made in USA” label offering	Potential step change in market share
By the numbers	Target ongoing FCF* conversion of 90%	Target 12% through cycle margin	30% revenue growth in 2022 for US division	Target 40% increase in EBITDA* by 2027

Source: Allegheny Industrial Technologies Investor Presentation; Applied Industrial Technologies General Investor Presentation; Flex 13/31/23 Business Update Presentation; Clean Harbors 2023 Investor Day Presentation. Some of the companies highlighted in this slide are holdings of the Tema American Reshoring ETF portfolio. For a full list of fund holdings [click here](#).

\*See Glossary in appendix for full definition.

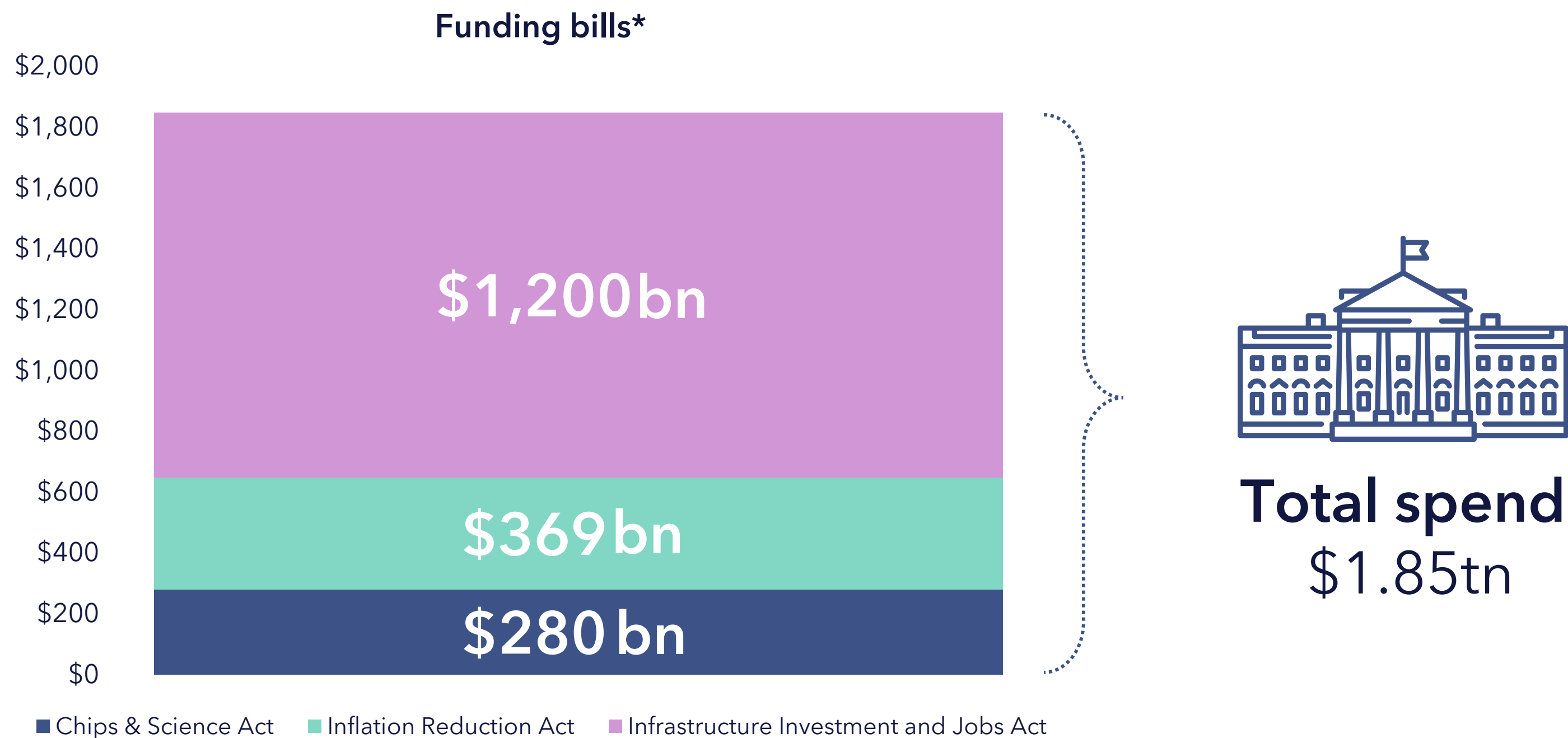
# US has the biggest infrastructure investment gap to best-in-class\* countries **Tema**



For **19 straight years** US infrastructure received a **D grade** - is it time for an upgrade?

Source: Global Infrastructure Hub. \*Investment gap is the difference between projected investment as % of GDP and the project investment as % of GDP by countries who rank the highest on this metric (best-in-class), accounting for differences in country characteristics.

# Why now? Bipartisan support for America's most significant industrial policy in decades



## Example companies addressing new opportunities and operating in critical areas

Tema

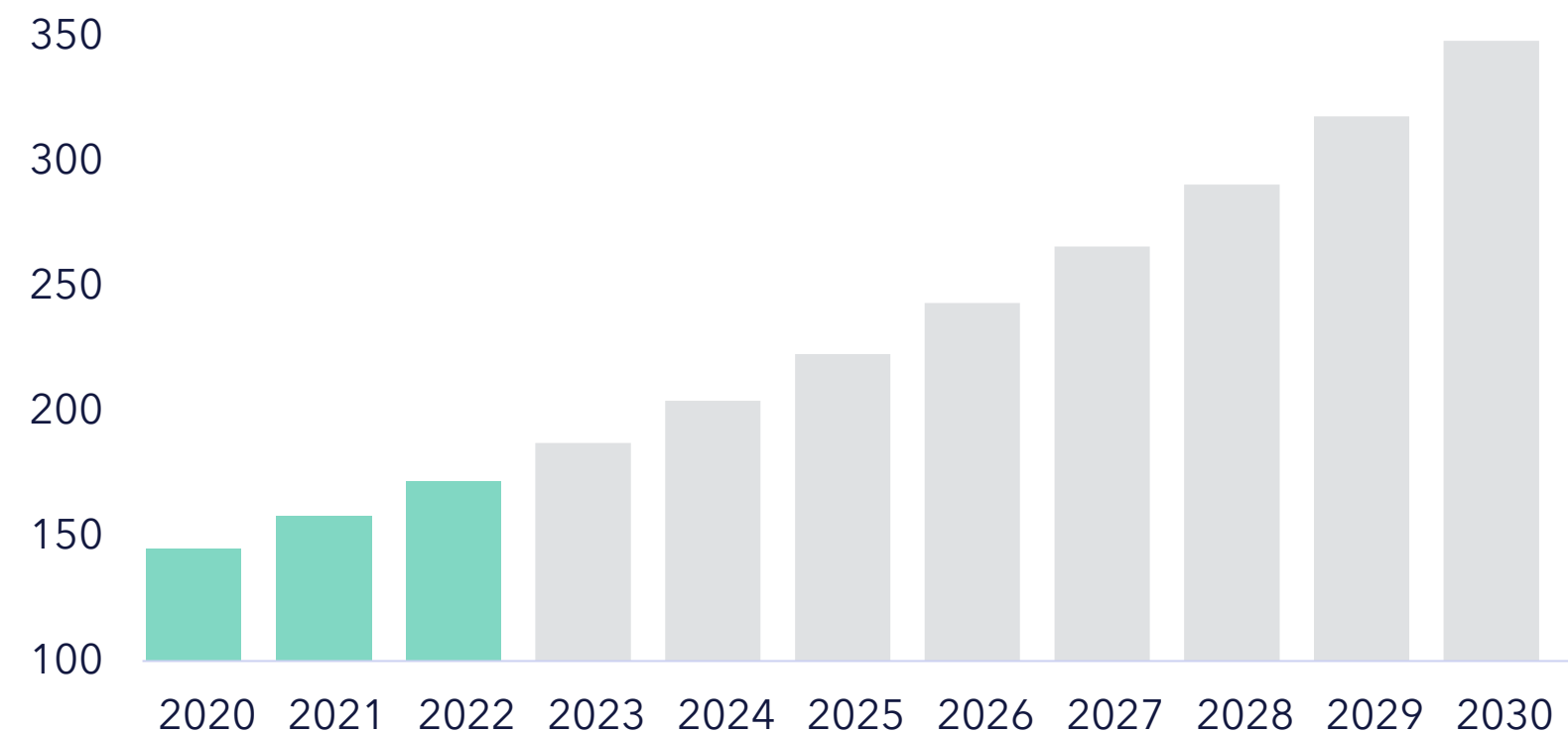


Reshoring-related aggregated opportunity  
in Vulcan-served states represents  
a company estimated revenue potential of

**\$20bn**

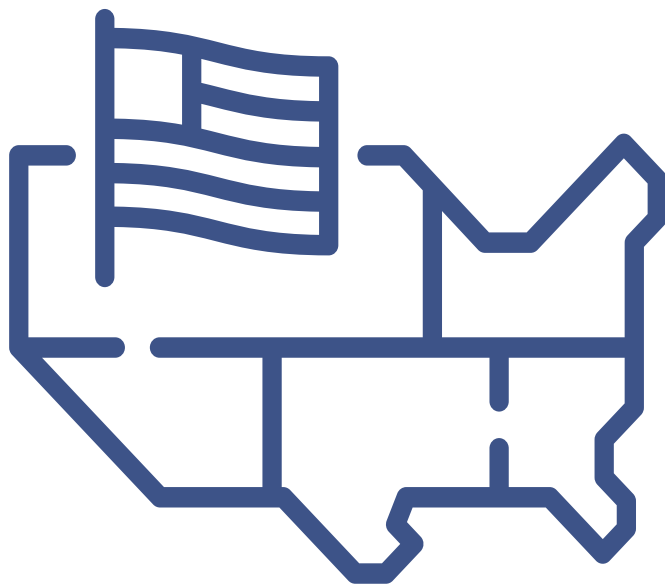


Industrial automation & control systems market size  
forecast by Precedence Research (\$bn)



Source: LHS - Vulcan Investor Presentation deck | RHS - Precedence Research 2021. Forecasts are inherently limited and should not be relied upon when making investment decisions. There is no guarantee projected growth will occur. The companies highlighted in this slide are holdings of the Tema American Reshoring ETF portfolio. For a full list of fund holdings [click here](#).

# RSHO: focused solely on reshoring



Characteristics	Tema American Reshoring ETF
A unique megatrend	Yes
Investment process	Active
Stock selection	Bottom-up analysis
Universe	Global
Sector exposure	Direct beneficiaries

# Managed by a veteran stock picker



**Chris Semenuk**

Fund manager

Over 30 years of experience in US and global equity markets

Chris holds an BS in Economics from Union College, NY

30 years investment experience

Lead manager of \$5bn TIAA-CREF Global Equities Fund (TRERX) 2001 - 2020

Domain expert in Industrials

Advised boards of US and non-US companies

Top Ranked Morningstar fund manager<sup>1</sup>

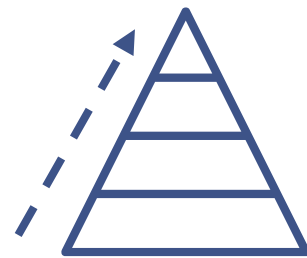
Responsible for raising \$2bn of AuM in third party assets

<sup>1</sup> Source: Morningstar.

# Why Tema?



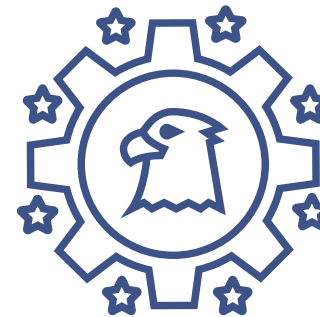
1



## Process

**Bottom-up research led by a team of experienced professionals**

2



## Product

Seek focused exposure to **reshoring megatrend**

3



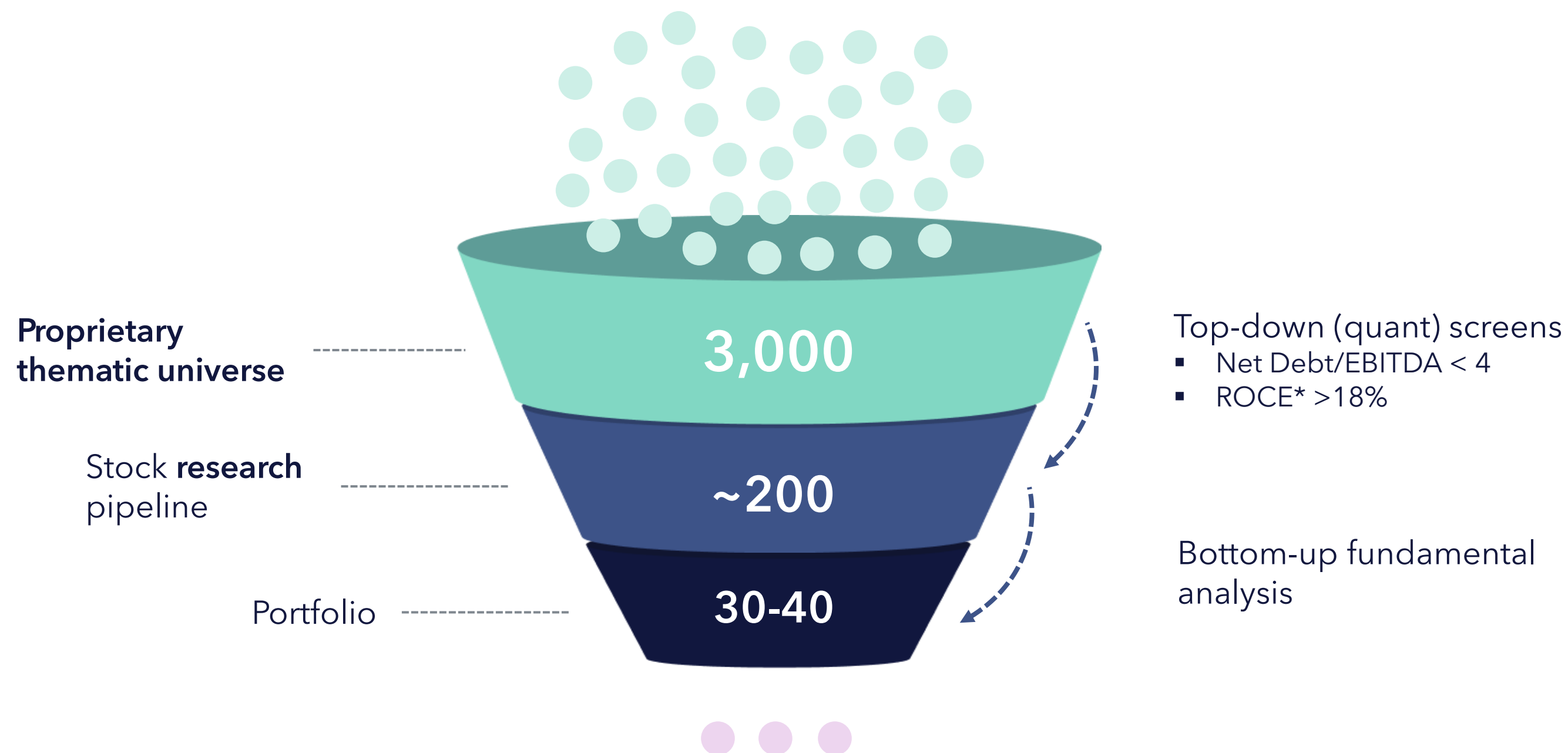
## Firm

Supported by large operational and funding partners

# Investment process: top-down idea generation, bottom-up security selection and systematic portfolio construction



# Idea generation: using expert led insights and quantitative tools to narrow down research set



# Security analysis: our fundamental research assesses stocks based on **four key pillars**



1

## Operating base

High market share

Barriers to entry

Management owns shares

2

## Balance sheet and cash flow

Strong balance sheet

Net free cash generation

Capital allocation track record

3

## Valuation

Cheap relative to history

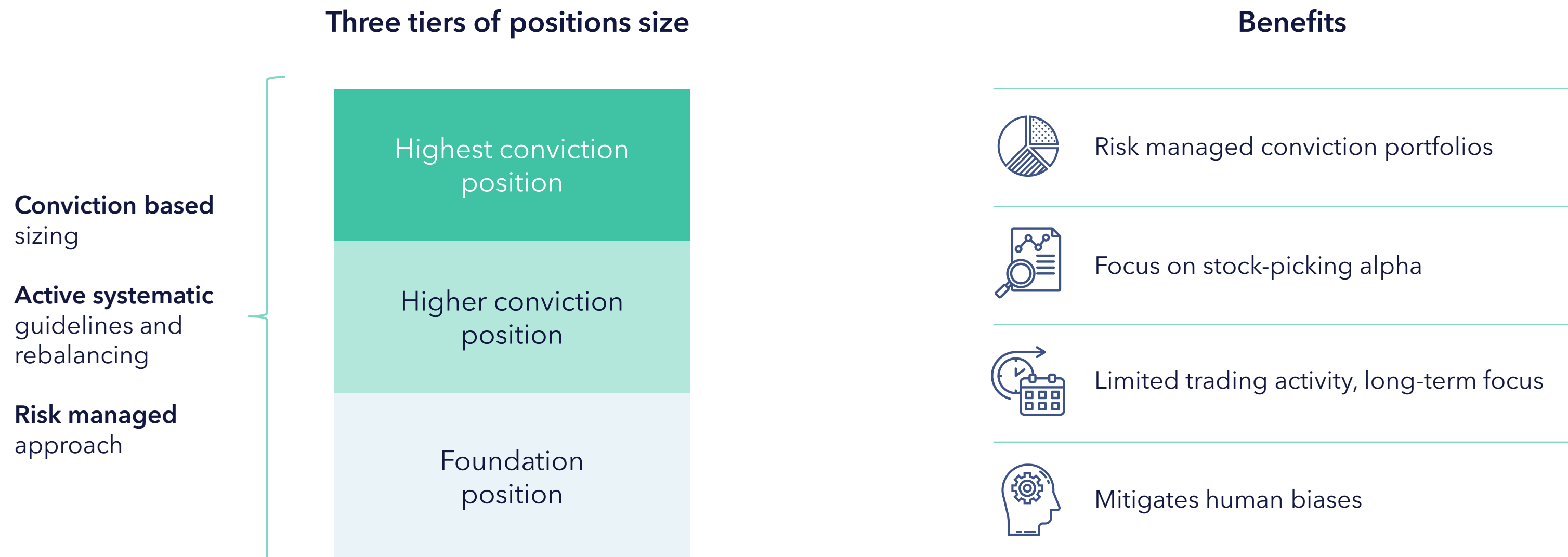
Discounted cash flow

4

## Tema's edge

A view on the business that is different from the street

# Portfolio construction: active systematic principles have the potential to drive considerable benefits to investors



## Risk oversight: we monitor risk from multiple viewpoints

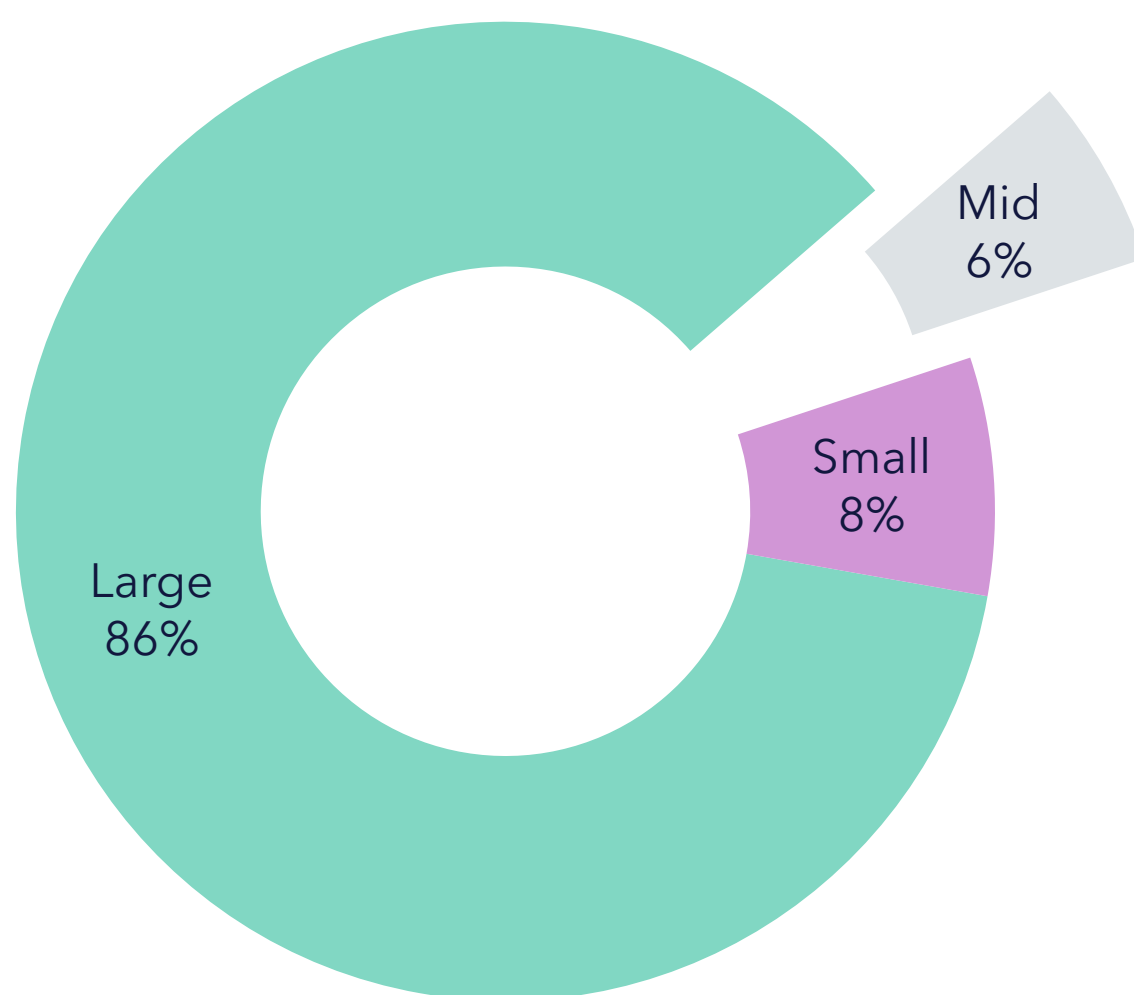
Risk factor	Risk assessment	Mitigations
US economic growth	Monitor key economic cyclical variables e.g., ISM New Orders*, PMI Index*, Railcar loadings*	Diversification to non-industrial sectors to balance cyclical exposure
Concentration	Investment team monitors sector and sub-sector exposures	Only buy companies that meet balance sheet and cash flow pillars
Political	Investment team fundamental analysis – news flow, expert calls	Exposure to non-US companies

\*See Glossary in appendix for full definition.

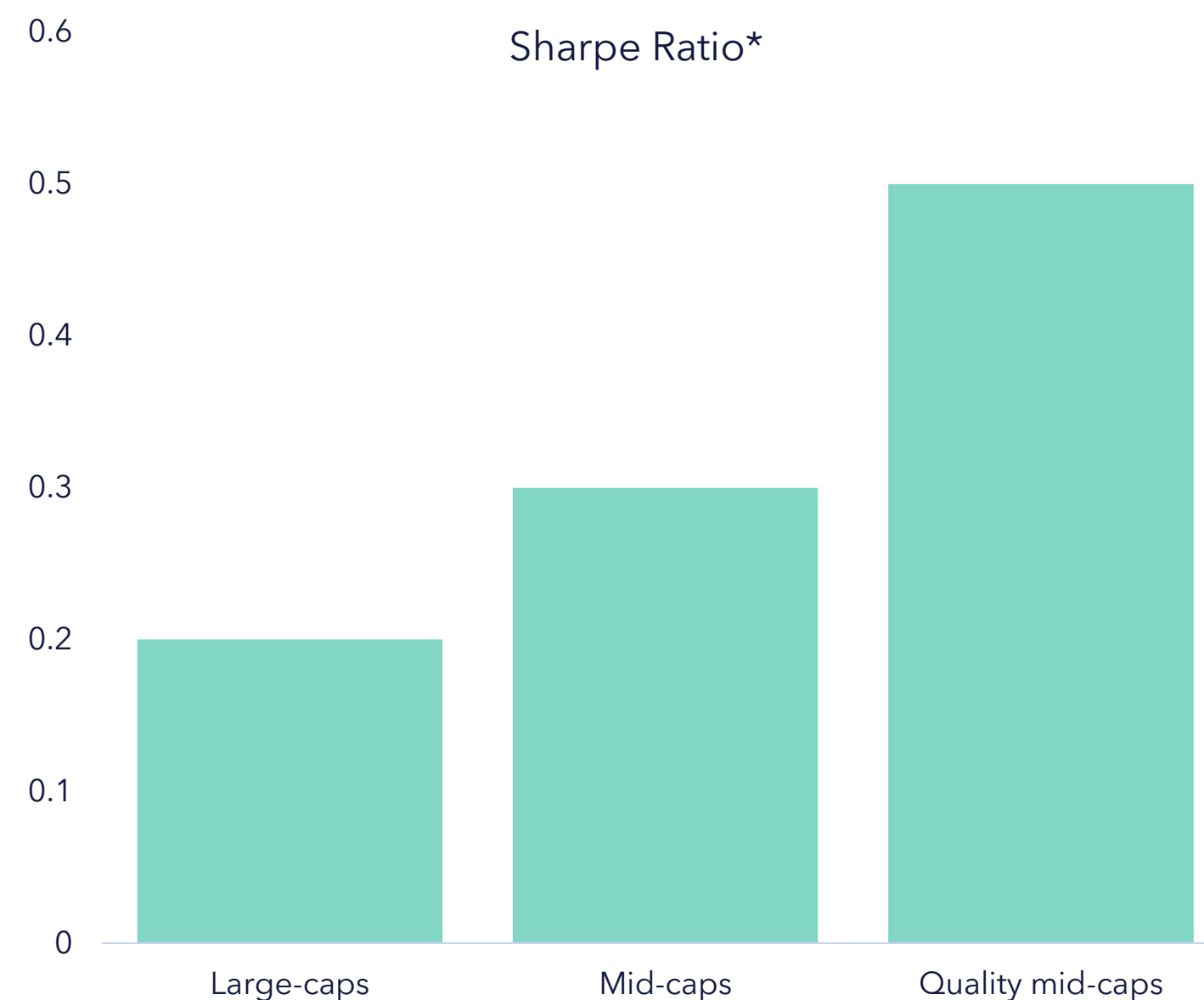
# RSHO seeks to pick quality mid-sized companies driving America's transformation



Mid-caps are underrepresented in portfolios ...



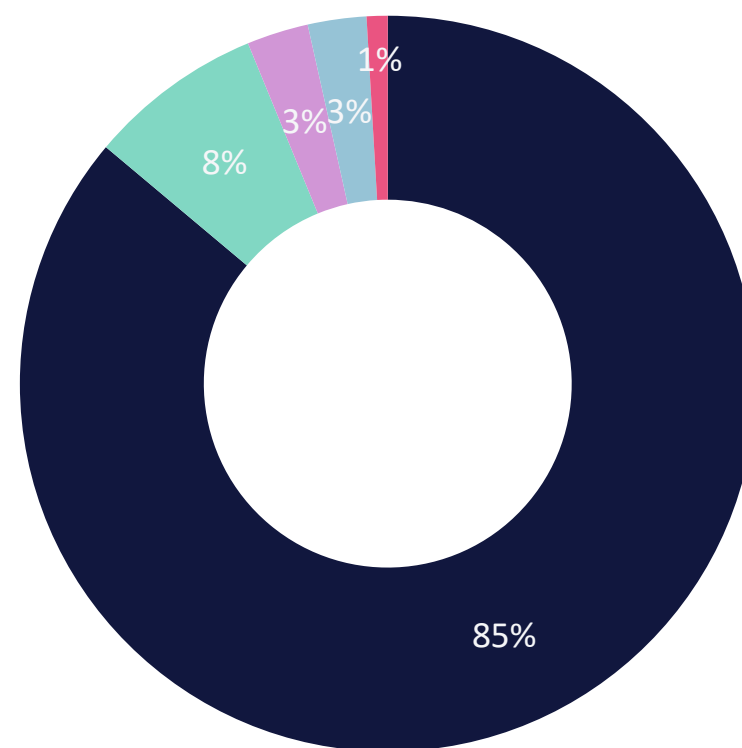
... despite having a positive effect on risk adjusted returns



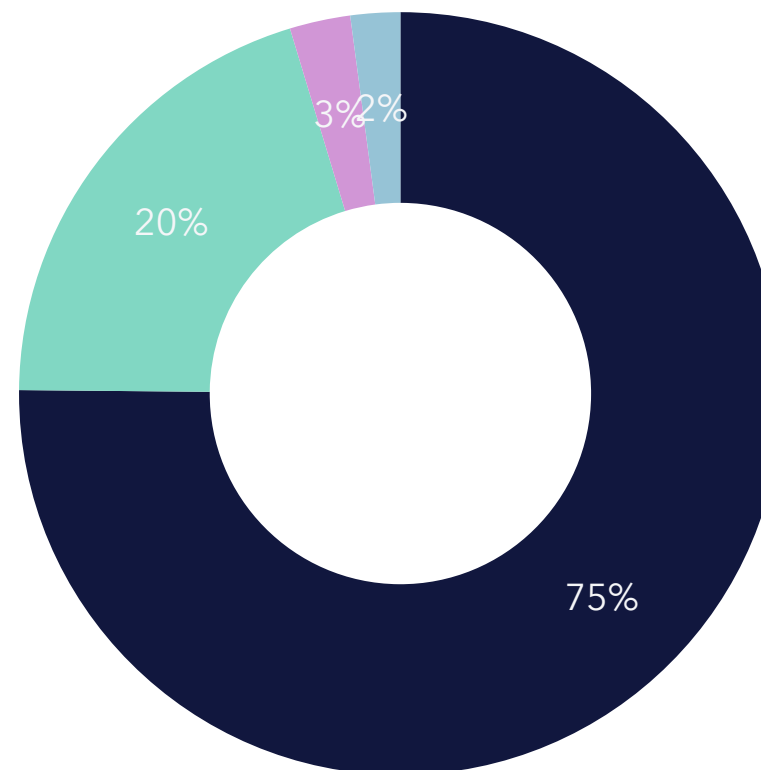
Source: Portfolio split is drawn from Morningstar data for December 31<sup>st</sup> 2021, Sharpe ratios calculated via Bloomberg. Large cap uses S&P 500 Index\*, Small Cap uses Russell 2000 Index\*, Mid-Cap uses S&P 400 MidCap Index\*, and Mid Cap quality uses S&P MidCap 400 Quality Index\*. All data is 01/01/2003 – 12/31/2022 i.e. 20 years. Large-cap: market value between \$10 billion and \$200 billion; mid-cap: market value between \$2 billion and \$10 billion; small-cap: market value between \$250 million and \$2 billion. \*See Glossary in appendix for full definition

# Current portfolio positioning

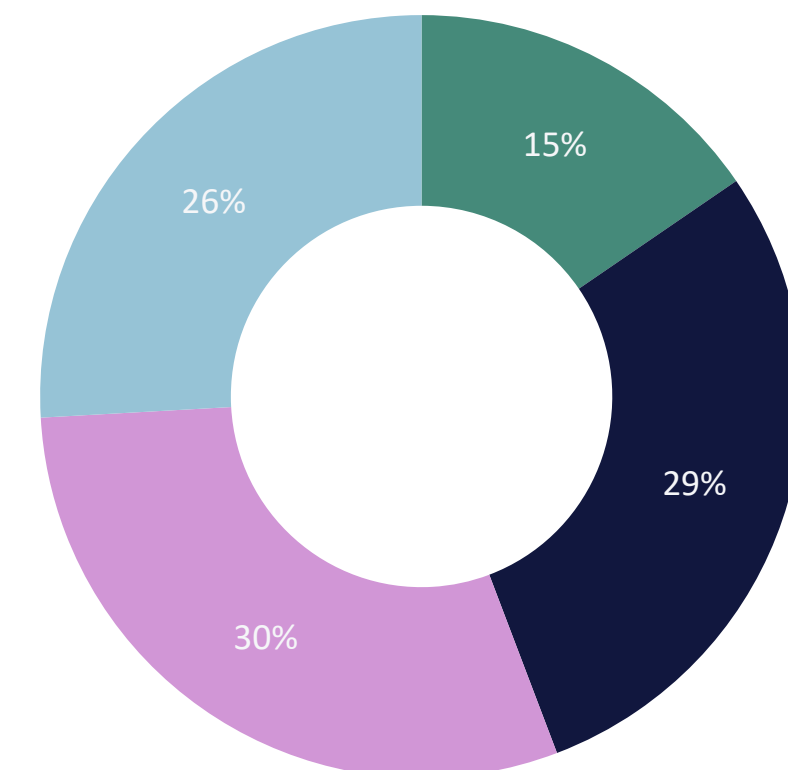
Country weighting



Sector weighting



Market cap bands (\$bn)



■ United States
■ Ireland
■ Switzerland
■ Britain
■ Taiwan

■ Industrials
■ Materials
■ Consumer Discretionary
■ Information Technology

■ 2-5
■ 5-10
■ 10-50
■ >50

31 holdings • c\$12bn median market cap • c\$212M mean Average Daily Value Traded\* (ADVT) per holding

# Appendix

# The universe of reshoring companies



This slide reflects Tema's categorization of companies into the groups described in [slide 6](#). Some of the companies highlighted in this slide are holdings of the Tema American Reshoring ETF portfolio. For a full list of fund holdings [click here](#).

# Case study: we believe Applied Industrial Technologies is well positioned to benefit from reshoring and accelerating demand for manufacturing solutions Tema



## Idea Generation

- **Leading position** within important areas of the manufacturing and industrial supply chain
- **Significant growth** opportunities via more complex solutions and cross-sell capabilities
- **Well positioned** both nationally and across popular **reshoring territories**

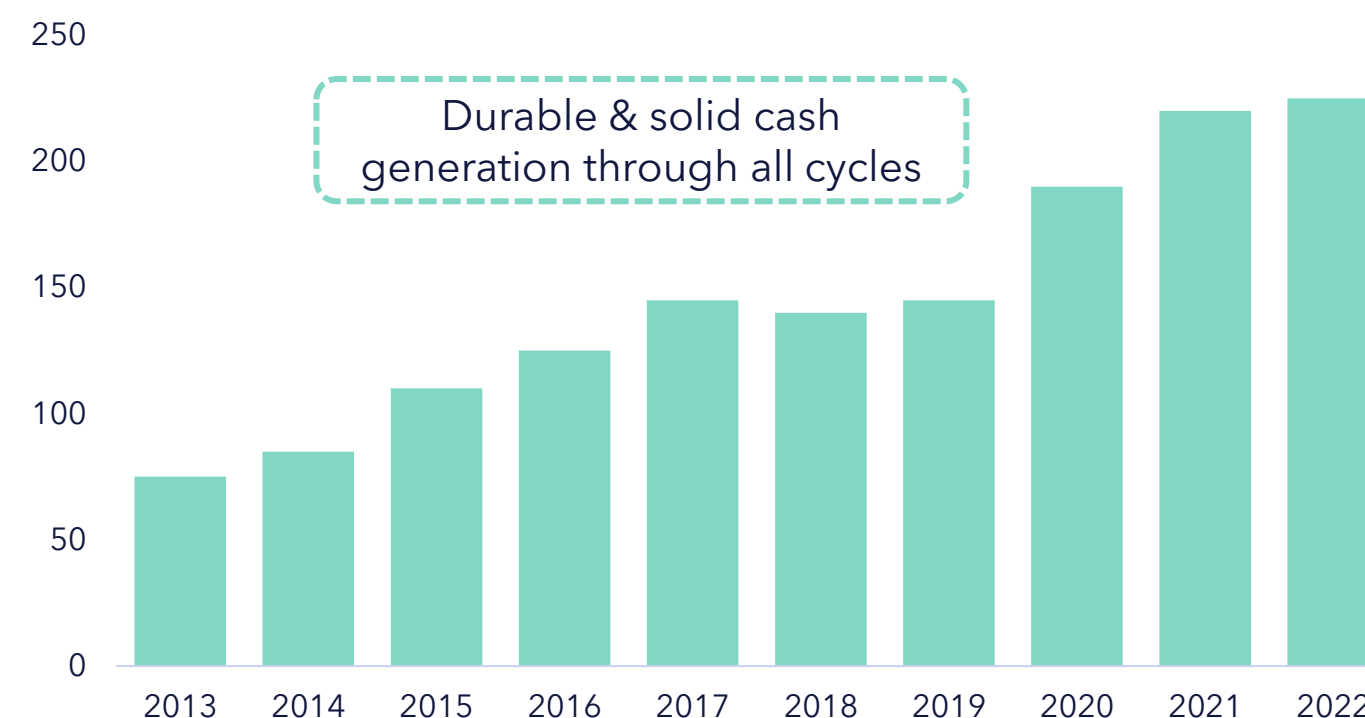


## Security Analysis

- **Operating base:** Moat, scale and technical expertise in mission critical areas (motion, power, and control technologies).
- **Cash flow/balance sheet:**
  - 113% Avg. Free Cash Conversion\* last 3 years
  - Net debt/Trailing EBITDA < 1x
- **Valuation:** Discount to the market, appears cheap considering consistent FCF generation and return on capital
- **Edge:** Evolving into a more complete solutions provider with a more resilient cash flow profile



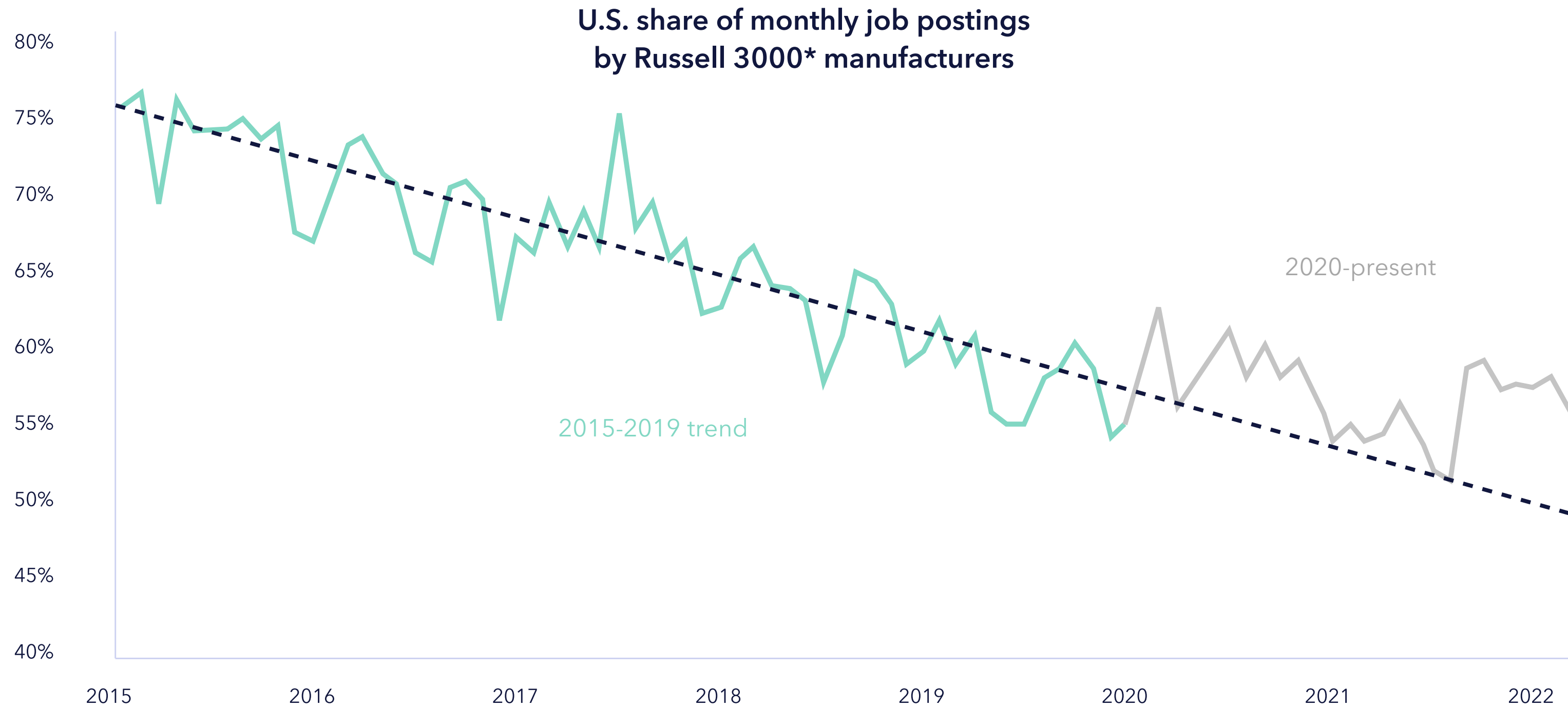
**Free Cash Flow**  
(\$M, 3-year rolling average)



# Checklist of key metrics C-suite executives consider when comparing where a manufacturing plant should be located

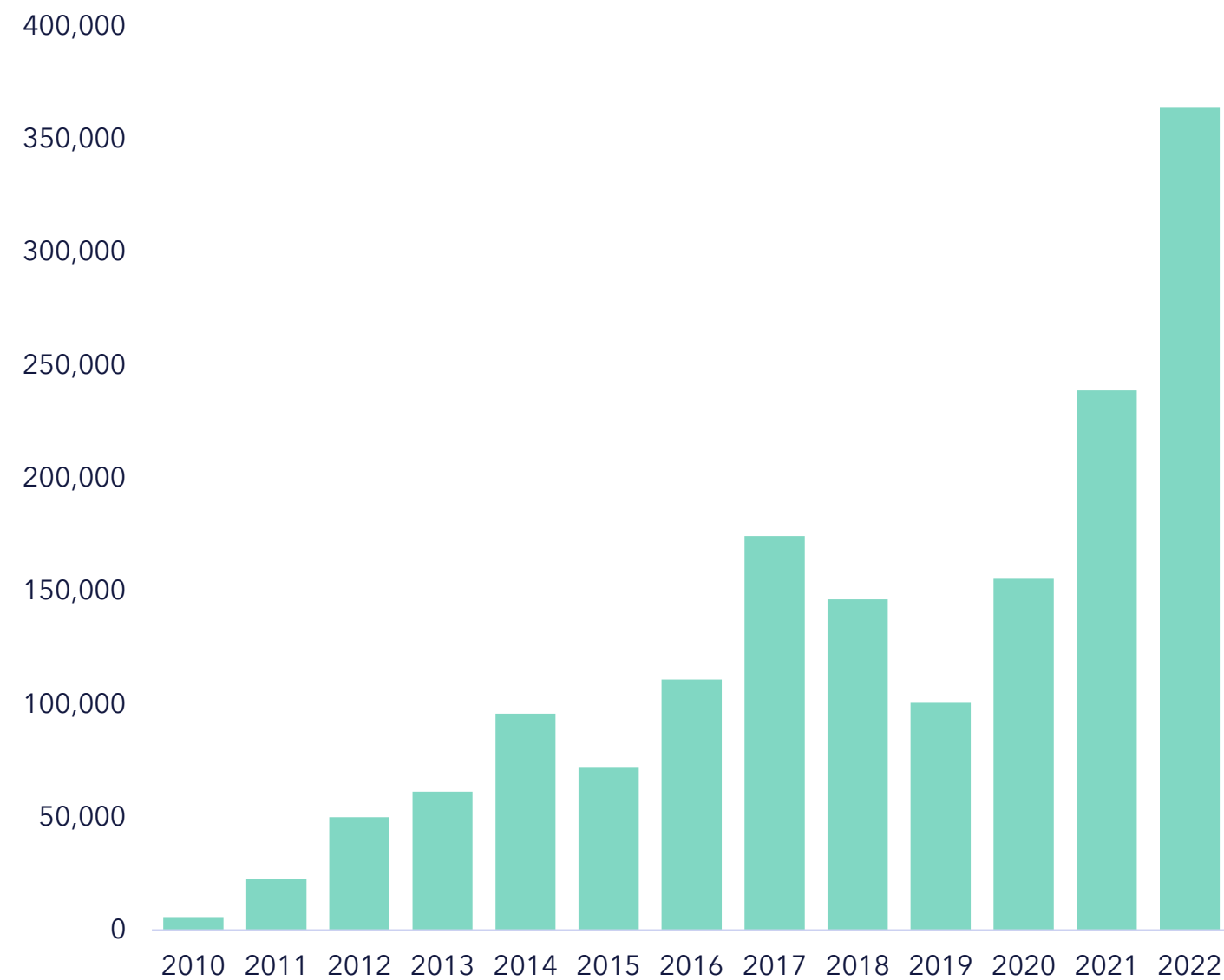
	Reshoring/Onshoring	Nearshoring	Offshoring
Country	USA	Mexico	India
Direct costs			
Labor (machine operator salary)	High	Increasing	Increasing
Transportation/logistics (Relative to product)	Low	Moderate	High
Energy/Emissions (Relative to product)	Low	High	High
Indirect costs			
Inventory	Low	High	High
Intellectual property theft	Low	High	High
Supply chain disruption downtime	Days	Weeks	Months
Total cost ownership	Declining	Increasing	Increasing

# Why now? US manufacturing jobs appear to be inflecting

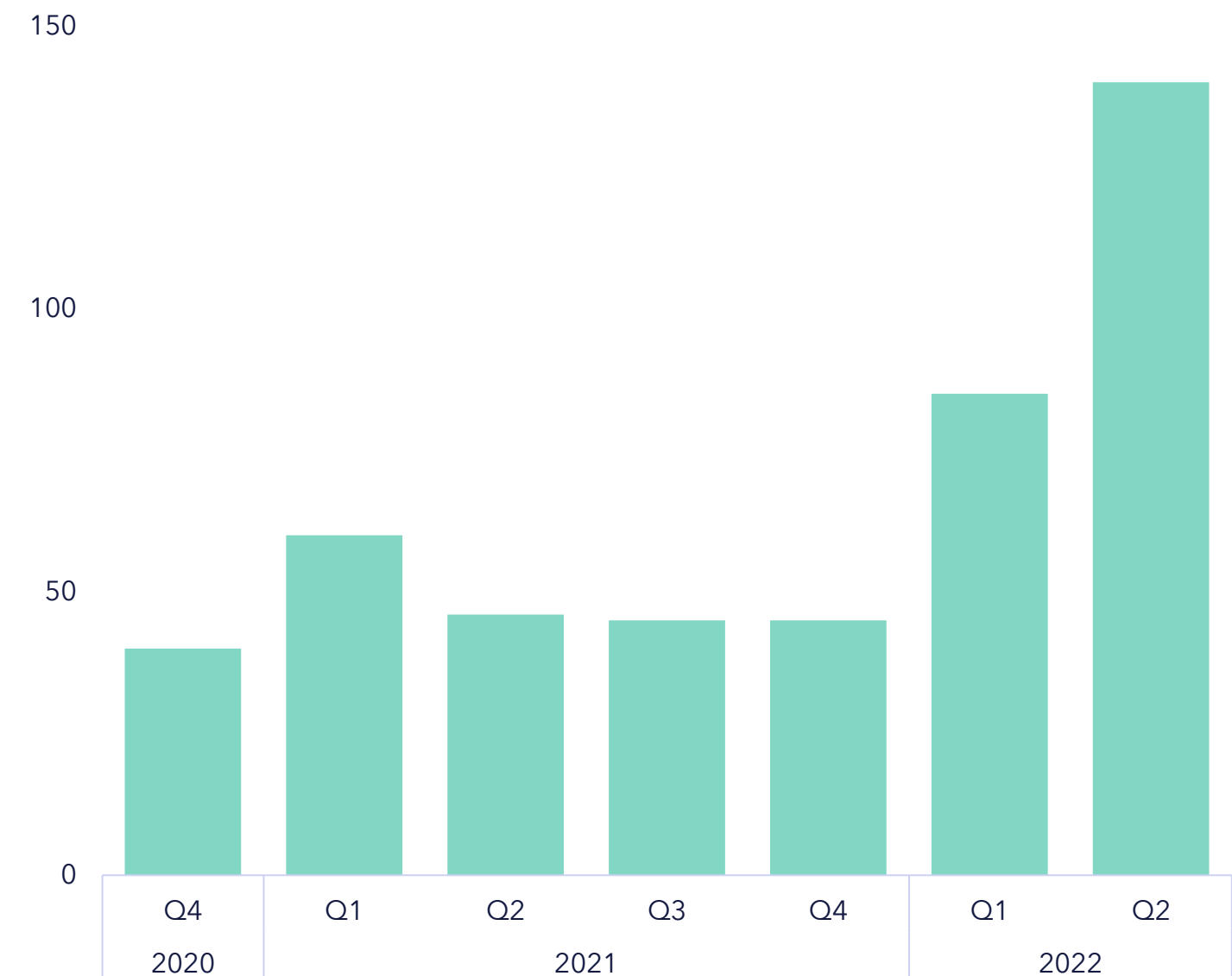


# Corporate America is incentivized to reshore

Reshoring job announcements per year



U.S. public companies mentions of reshoring and onshoring in earnings calls and presentations



# Large commitment to “Made in America” by Walmart



Walmart committed to spend \$350 Bn  
on goods made in America



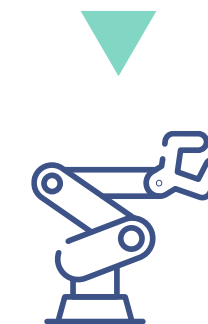
Creating  
**750,000 jobs**



**85%** have said it's  
important to have  
products made in the US



**Saves 100m tons  
of CO<sub>2</sub> emissions**  
by being closer to  
customers



Supports **automation** in  
order to create competitive  
products

# Glossary



## ADTV

Average daily traded value – a measure of liquidity for individual stocks. Unless otherwise stated, this is calculated as the average daily volumes traded in the past 6 months x the most recent USD price.

## Alpha

Alpha ( $\alpha$ ), used in finance as a measure of performance, is the excess return of an investment relative to the return of a benchmark index.

## AUM

Assets Under Management

## Bipartisan

Bipartisan means involving cooperation or agreement between two major political parties or groups. It's when both parties agree on an issue.

## CAGR

Compounded annual growth rate between 2 points in time

## Chips & Science Act

The CHIPS (Creating Helpful Incentives to Produce Semiconductors) for America Act is a U.S. federal law aimed at increasing semiconductor production and research within the country. It provides funding for semiconductor manufacturing and research, as well as tax incentives for companies to invest in domestic semiconductor production.

## Deglobalization

Deglobalization refers to the reversal or reduction of globalization processes.

## DOJ

U.S. Department of Justice

## EBITDA

EBITDA stands for Earnings Before Interest, Taxes, Depreciation, and Amortization. It is a financial metric used to assess a company's operating performance by focusing on its core profitability, excluding the impact of financing decisions, tax structures, and non-cash expenses such as depreciation and amortization.

## EPS

Earnings per share (EPS) is a company's net profit divided by the number of common shares it has outstanding

## ESG

Environmental, Social & Governance

## ETF

Exchange-Traded Fund

## EU

European Union

## Free Cash Flow or FcF

Free Cash Flow – calculated as cashflow from operations less capital expenditure (CAPEX)

## Free Cash Flow conversion

Free cash flow conversion is calculated by taking free cash flow (FcF) and dividing it by net income, in order to assess what percentage of earnings convert to cash.

## GDP

Gross Domestic Product

## Inflation Reduction Act

The Inflation Reduction Act of 2022 is a landmark United States federal law which aims to curb inflation by reducing the deficit, lowering prescription drug prices, and investing into domestic energy production while promoting clean energy.

## Infrastructure Bill or Infrastructure Investment and Jobs Act

The infrastructure bill, also known as the Infrastructure Investment and Jobs Act, is a proposed legislation in the United States that aims to invest in and modernize the country's physical infrastructure, including transportation, water systems, broadband internet, and electric grid, among others.

## ISM New Orders

ISM (Institute for Supply Management) New Orders refer to a component of the ISM Manufacturing Index that measures the level of new orders placed with manufacturers in the United States. The index is based on a survey of purchasing managers and executives from a broad range of industries, and it provides a snapshot of the current state of the manufacturing sector.

## P.a.

Per Annum

## P/E

Price/Earning Ratio

## PMI Index

The PMI (Purchasing Managers' Index) is an economic indicator that measures the health of the manufacturing or services sector of an economy. It is based on a survey of purchasing managers in various industries, and it provides a snapshot of the current state of business conditions.

## Railcar loadings

Railcar loadings refer to the amount of freight loaded onto railroad cars for transportation. Railcar loadings are a key indicator of economic activity, as they reflect the level of demand for goods being shipped across the country.

## ROCE

Return on Capital Employed- calculated by dividing the company's earnings before interest and taxes (EBIT) by its total capital employed, which includes both equity and debt

## ROIC

Return on Invested Capital – calculated as net operating profit after taxes (NOPAT) / Invested capital (IC)

## R/R

Risk / Reward Ratio

## Russell 2000 Index / Russell 3000 Index

The Russell 2000 Index is a stock market index that tracks the performance of roughly 2,000 of the smallest publicly traded companies in the United States. It is a subset of the broader Russell 3000 Index, which includes both large-cap and small-cap companies.

## Sharpe Ratio

The Sharpe ratio is a measure of risk-adjusted return that compares the excess return of an investment to its volatility or risk, using the standard deviation of returns. It calculates how much additional return an investment generates for each unit of risk taken, relative to a risk-free investment. A higher Sharpe ratio indicates a better risk-adjusted performance

## S&P 500

The Standard and Poor's 500, or simply the S&P 500, is a stock market index tracking the stock performance of 500 large companies listed on stock exchanges in the United States.

## S&P 400 MidCap Index

The S&P MidCap 400 provides investors with a benchmark for mid-sized companies. The index, which is distinct from the large-cap S&P 500, is designed to measure the performance of 400 mid-sized companies, reflecting the distinctive risk and return characteristics of this market segment.

## S&P MidCap 400 Quality Index

The S&P MidCap 400 Quality Index is designed to track high quality stocks in the S&P MidCap 400 by quality score, which is calculated based on return on equity, accruals ratio and financial leverage ratio.

## TIAA

TIAA, formerly known as TIAA-CREF, is a financial services company that specializes in retirement savings plans and investment management.

## US ISM Index

The ISM manufacturing index, also known as the purchasing managers' index (PMI), is a monthly indicator of U.S. economic activity based on a survey of purchasing managers at more than 300 manufacturing firms. It is a key indicator of the state of the U.S. economy.