

How to play Monopoly in your portfolio

Learn about the Tema Monopolies and Oligopolies ETF, which seeks to provide long-term growth by investing in companies operating in monopolistic industry structures

Capital at risk

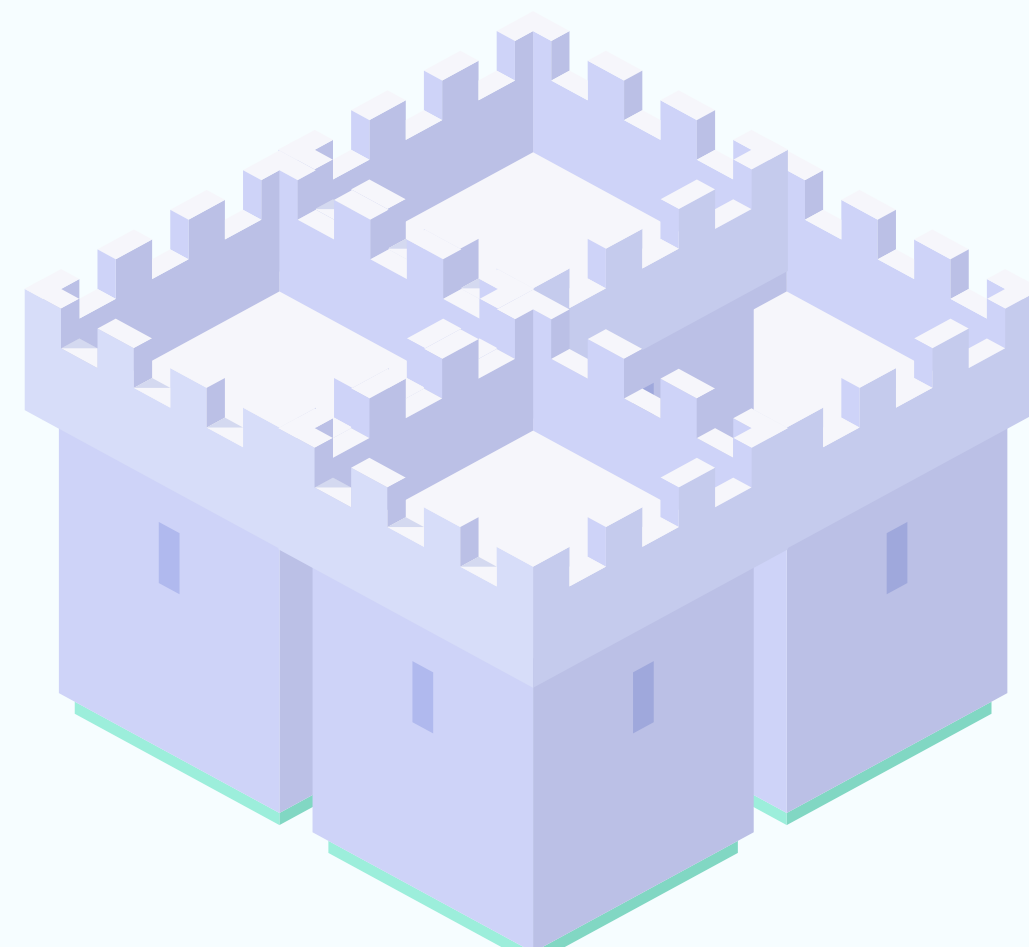


Introduction to Monopolies and Oligopolies



What is a Monopoly*?

When only a single company controls an entire industry—or a sizeable percentage of that industry—the company is said to have a monopoly.



What is an Oligopoly?

An oligopoly is a market structure in which a market or industry is dominated by a small number of large sellers or producers.

*Original meaning of the word Monopoly comes from Greek as a compound of two words “monos,” which means “single” or “one”, and “polein”, meaning “to sell”.

How do Monopolies and Oligopolies form

Industries that develop monopolistic or oligopolistic structures often exhibit one or more of the following characteristics



Non-replicable physical assets

Physical assets in place are hard to disrupt

Examples

Railroads
Cell Phone Towers
Transport Infrastructure



Strong network effects

Every additional user directly increases value of the service exponentially

Examples

Exchanges
Credit Agencies
Payments



Economies of scale

Scale leads to lower costs vs competition and higher profits

Examples

Paint
Semiconductor Manufacturing
Elevator Manufacturing



High switching costs

It costs time, money and productivity to switch to a competitor

Examples

Data Providers
Aircraft Parts
Aircraft Manufacturing
Orthopedics



Regulation

Regulation provides natural monopolies

Examples

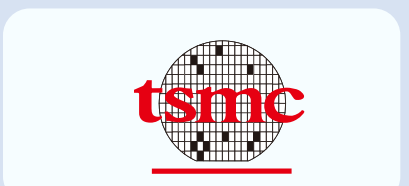
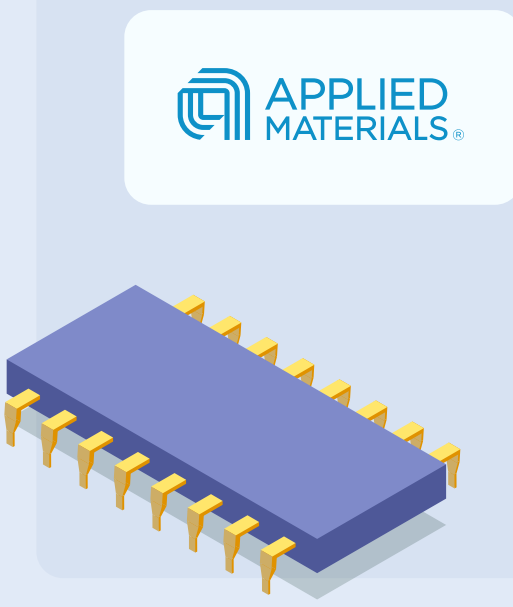
Pharmaceuticals
Niche Engineering
Medical Technology and Life Sciences



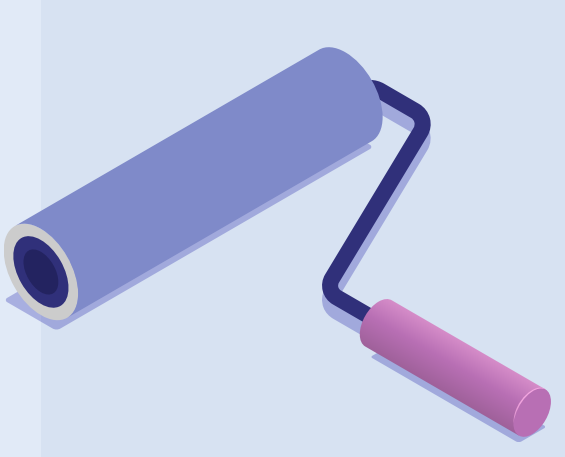
Company Examples

Economies of scale

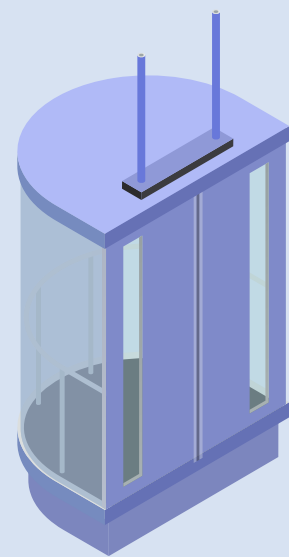
Semiconductor manufacturing



Paint



Elevator manufacturing

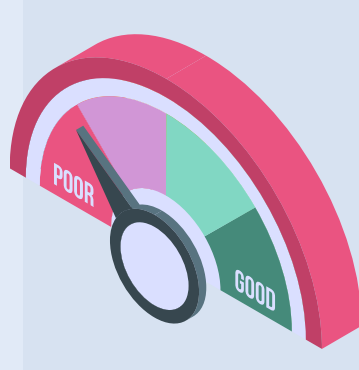


Strong network effects

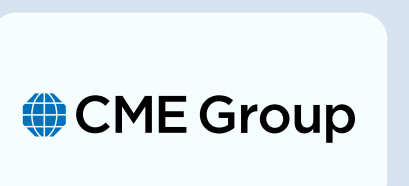
Payments



Credit agencies

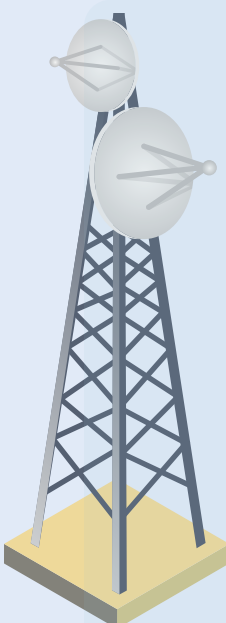


Exchanges

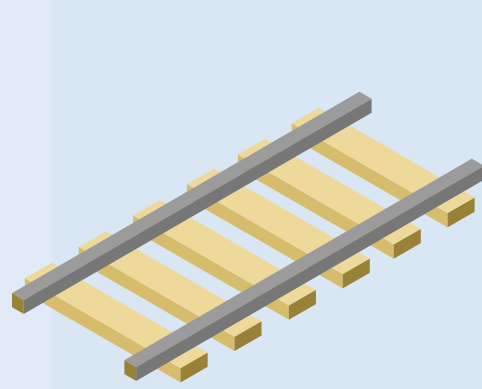


Non-replicable physical assets

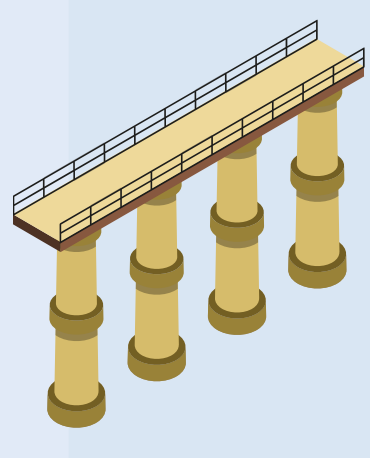
Cell phone towers



Railroads



Transport infrastructure

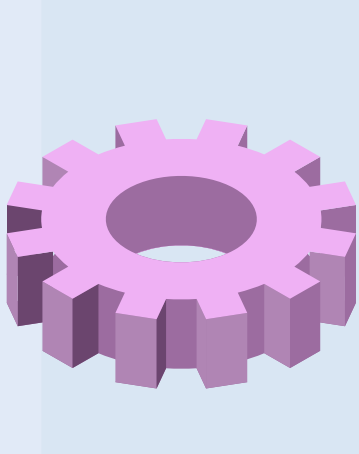


High switching costs

Aircraft manufacturing



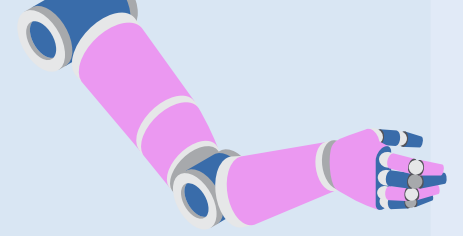
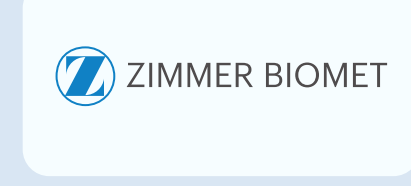
Aircraft parts



Data providers



Orthopedics

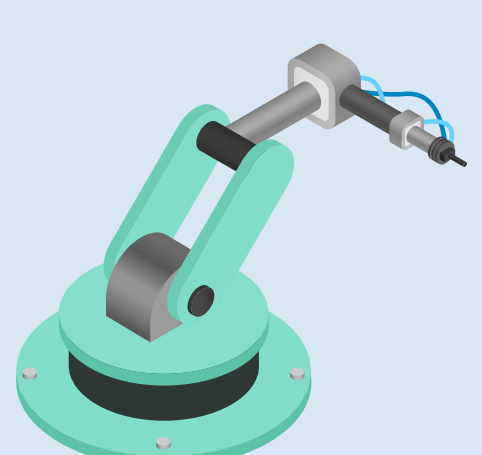


Regulation

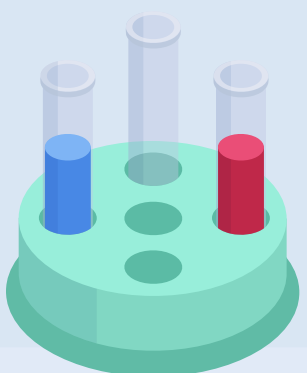
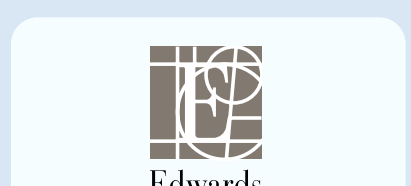
Pharmaceuticals



Niche engineering




Medical technology and life sciences



Monopolistic businesses have the potential to earn attractive returns on capital above the market

“Consistent value creation tends to be an investor’s ally”

Michael Mauboussin
Columbia Business School
 @mjmauboussin

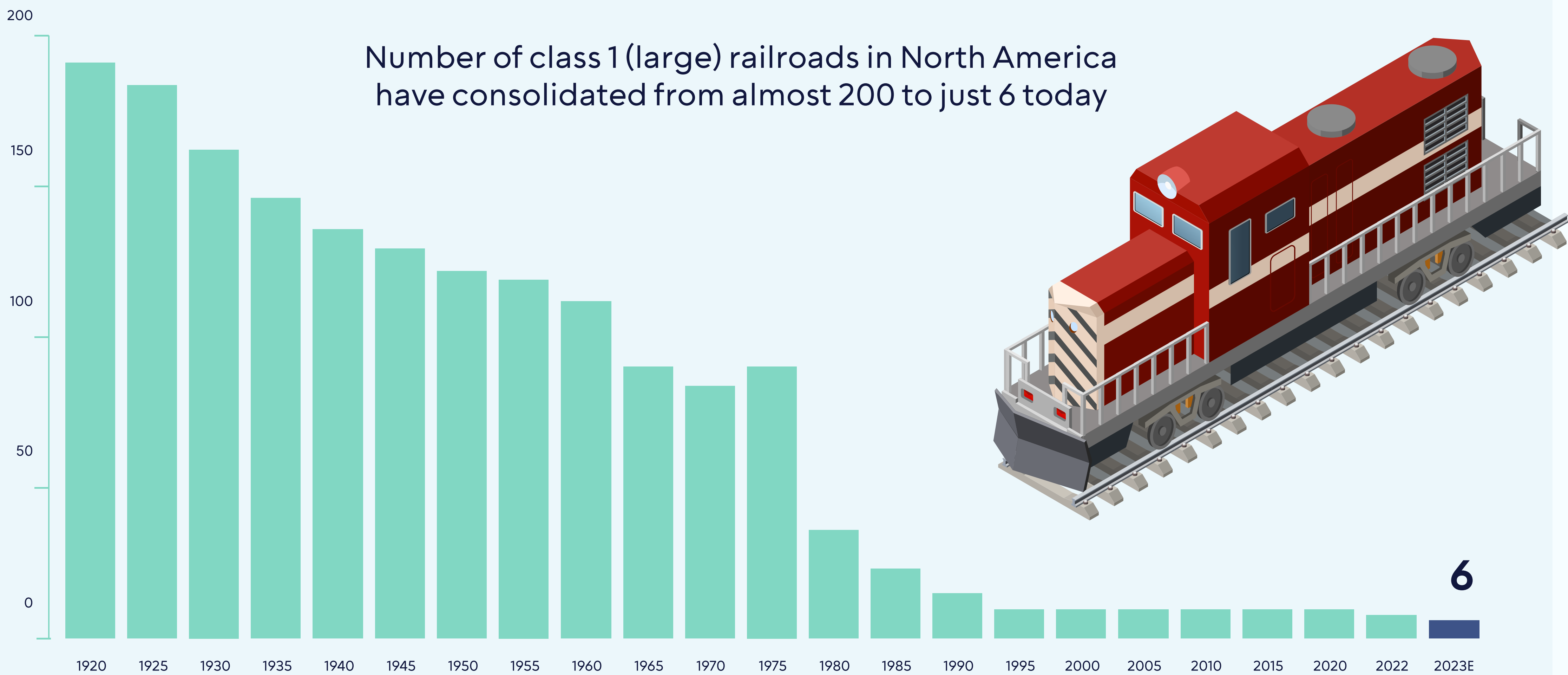


Source: Not share price return or back-test, Credit Suisse HOLT Cash Flow Return on Investment (CFROI) 10-year average, US Treasuries are 10-year yield as of 26/10/2022, Wide Moat Portfolio is sourced from Morgan Stanley and Counterpoint Global and includes stocks selected by the team there based on those commanding market share in their primary market above 20%. The measures above refer to the underlying securities of the holdings in the portfolio and should not be considered reflective of future fund performance. Past performance does not guarantee future results. It is not possible to invest directly in an index.

Some of the strongest businesses operate within monopolistic structures



Operates in a Canadian rail duopoly



Source: AAR, Wolfe Research, ICS magazine



Operates in a global payments duopoly

Visa + Mastercard = 84% market share



Revenue growth

10% p.a.

Free Cash Flow margin

61%

EPS growth

15% p.a.

Return on Invested Capital (ROIC)

30%

Source: Visa Annual Report, Bloomberg, Tema calculations. Revenue and EPS growth based on 2017-2022 average. Global payments market share as of September 2022, ROIC and FCF margin based on 2022 data. Past performance does not guarantee future results. The companies highlighted in this slide are holdings of the Tema Monopolies and Oligopolies ETF portfolio. For a full list of fund holdings [click here](#).

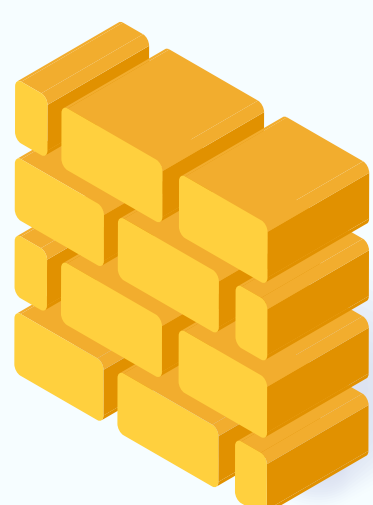
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TOLL’s Investor Deck

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Introducing Tema Monopolies and Oligopolies ETF (TOLL)

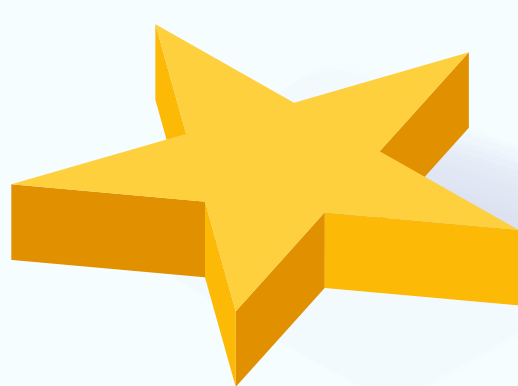
The actively managed Tema Monopolies and Oligopolies ETF (TOLL) seeks to provide long-term growth by investing in companies operating in monopolistic industry structures. These companies are characterized by sustainable competitive advantages and high barriers to entry

5 Reasons to consider TOLL ETF



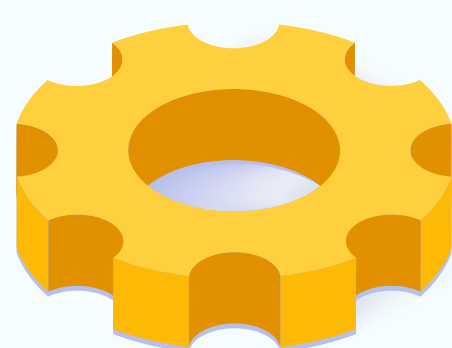
Defensive

High barriers to entry due to monopolistic industry structures can help create defensive earnings streams



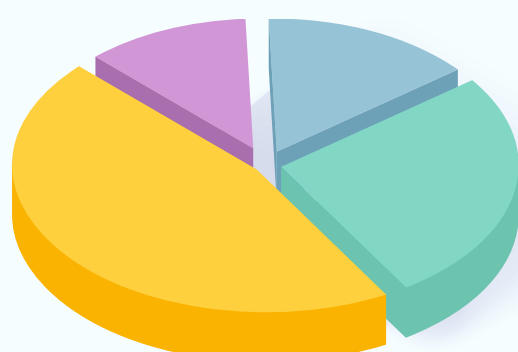
Quality

Businesses with sustainable competitive advantages have the potential to generate consistently high returns over the long term



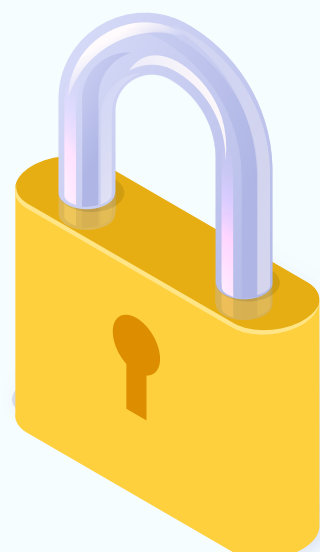
Growth

Stable defensive revenue growth and prudent cost management can potentially lead to long duration earnings growth



Pure exposure

TOLL has a greater focus on true monopolies, that are mission critical to customers and insulated from disruption

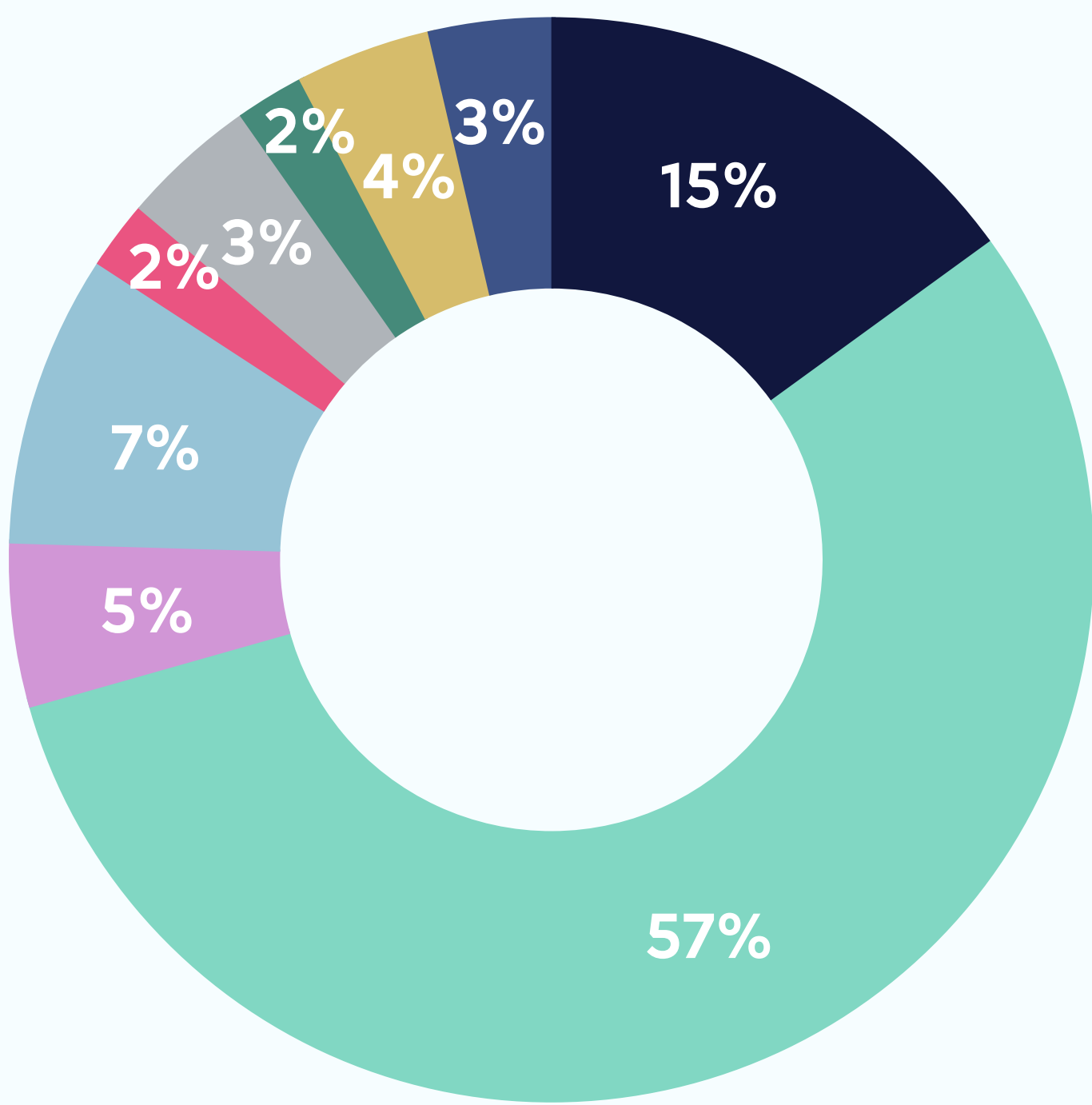


Pricing power

Whether implicitly or explicitly, monopolies command pricing power, which can help drive earnings growth and mitigate cost pressures on margins

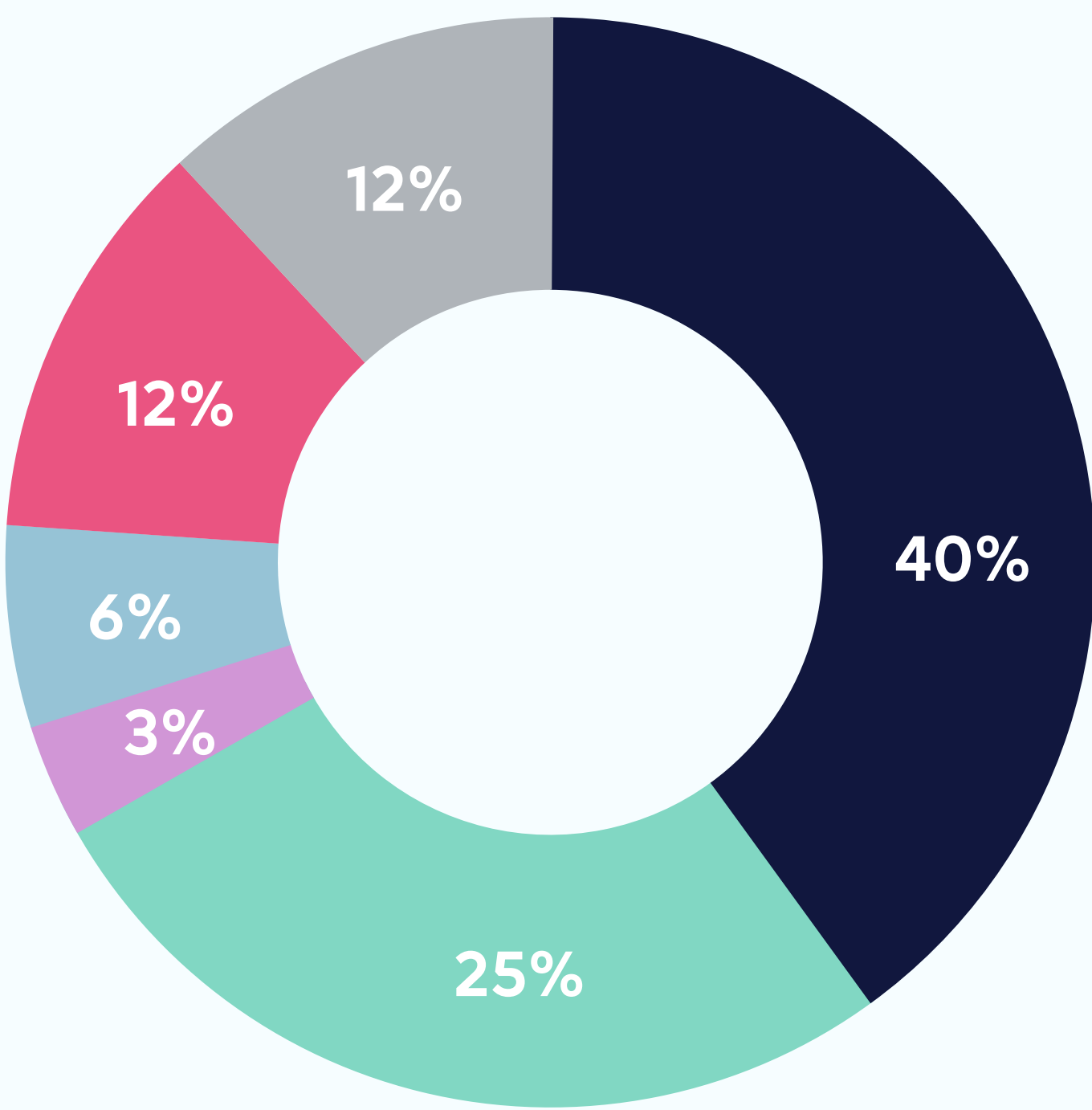
TOLL portfolio breakdown

Country weighting



- France
 - United States
 - Canada
 - Spain
 - Britain
- Germany
 - Switzerland
 - Denmark
 - Netherlands

Sector weighting



- Industrials
- Financials
- Communication Services
- Materials
- Information Technology
- Health Care

Information and data as of 09/30/2023. Figures may not add up to 100% due to rounding.

Click here to learn more
about TOLL’s portfolio

[About TOLL](#)



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Risk Information

Before investing carefully consider the Fund’s investment objective, risks, charges, and expenses contained in the prospectus available at www.temaetfs.com. Read carefully before investing.

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 Engineering and construction, Financial Sector, FinTech, Industrials and Infrastructure, 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 maintain proprietary technology used in their products and services. Companies in which the Fund invests will rely, in part, on patent, trade secret and trademark law to protect that technology, but competitors may misappropriate their intellectual property, and disputes as to ownership of intellectual property may arise. Similarly, if a company is found to infringe upon or misappropriate a third-party’s patent or other proprietary rights, that company could be required to pay damages to such third-party, alter its own products or processes, obtain a license from the third-party and/or cease activities utilizing such proprietary rights, including making or selling products utilizing such proprietary rights. These disputes and litigations may be detrimental to performance.

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.

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