

CBOE: TOLL

Tema Monopolies and Oligopolies **ETF**

Quality companies operating in monopolistic and oligopolistic industry structures

Q3 2023

For inquiries: info@temaetfs.com

Carefully consider the Fund's investment objectives, risk factors, charges and expenses before investing. This and additional information can be found in the Fund's prospectus or summary prospectus, which may be obtained by visiting www.temaetfs.com.

Read the prospectus 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 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.

Tema Global Limited serves as the investment adviser to Tema Monopolies and Oligopolies ETF (the "Fund"), and NEOS Investments, LLC serves as a sub adviser to the Fund. The Fund is distributed by Foreside Fund 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 Services LLC

For inquiries: 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-focused¹ thematic investing through risk-managed, active ETF strategies.

Backed by top-tier² investors & led with expertise³



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 & PM



JB Sarra
Head of distribution

Tema ETFs product sample



LUX

Luxury



ROYA

Global
Royalties



TOLL

Monopolies
and Oligopolies

¹Tema'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. ²Index 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. ³Company logos in this slide (excluding Index Ventures and Accel) showcase the past experiences of Tema's management team.

- **TOLL** seeks to invest in quality companies defined by high barriers to entry

- **TOLL** seeks true monopolies; we believe competitor ETFs are overexposed to tech and consumer

- Valuation opportunity for stocks with competitive advantage and inflation linked pricing

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

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

Why TOLL ETF? Companies defined by barriers to entry



Economies of scale

Scale leads to lower costs vs competition

Semi manufacturing

Paint



Strong network effects

Every additional user increases value of the service exponentially

Exchanges

Payments



Non-replicable physical assets

Physical assets in place are hard to disrupt

Railroads

Cell phone towers



Regulation

Regulation provides natural monopolies

Pharmaceuticals

Medical technology



High switching costs

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

Data providers

Aircraft parts



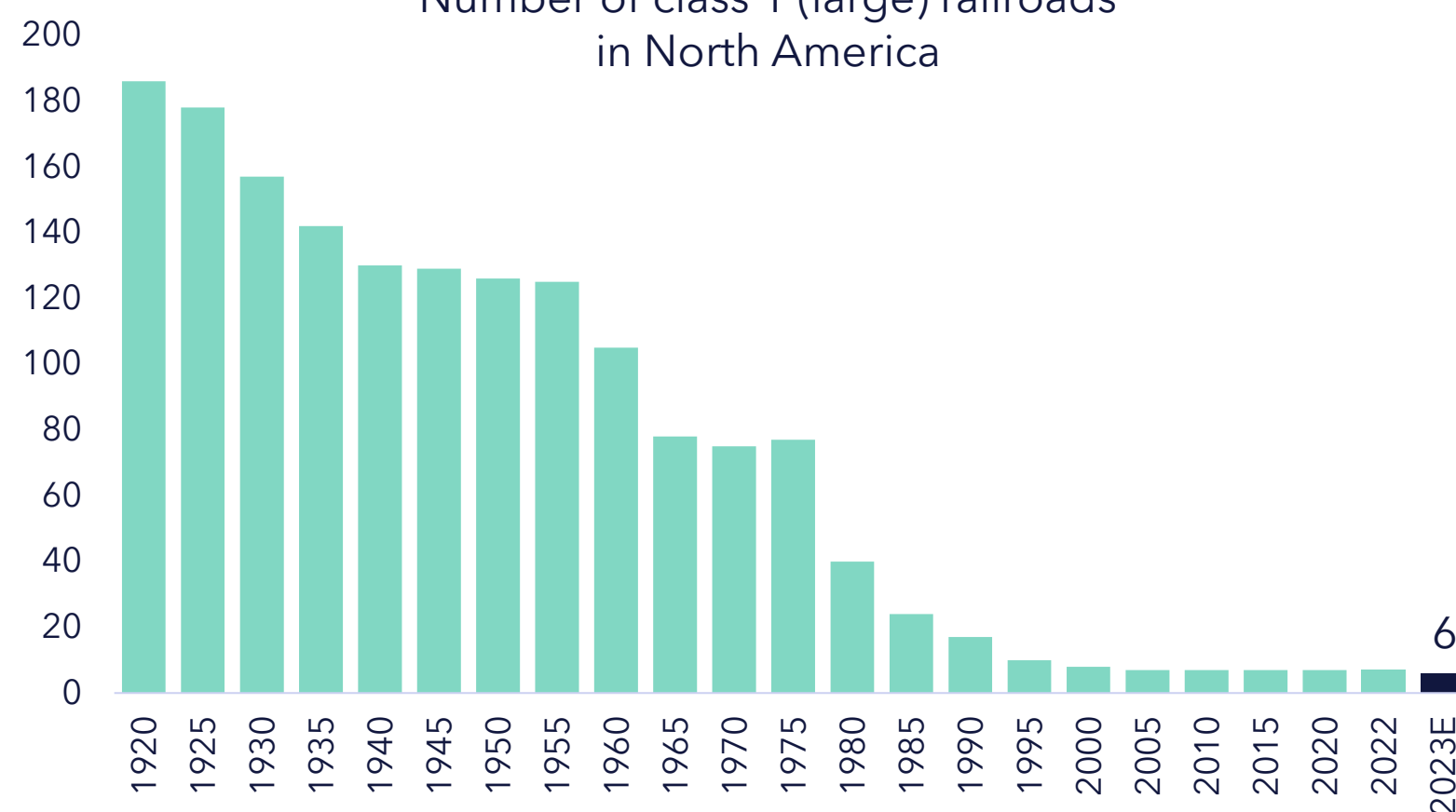
Some of the strongest businesses operate in monopolistic and oligopolistic structures



Canadian Pacific

Operates in a Canadian rail duopoly

Number of class 1 (large) railroads in North America



Operates in global payments duopoly
Visa + Mastercard = 84% market share

Revenue growth

10% p.a.

Free cash flow* margin

61%

EPS* growth

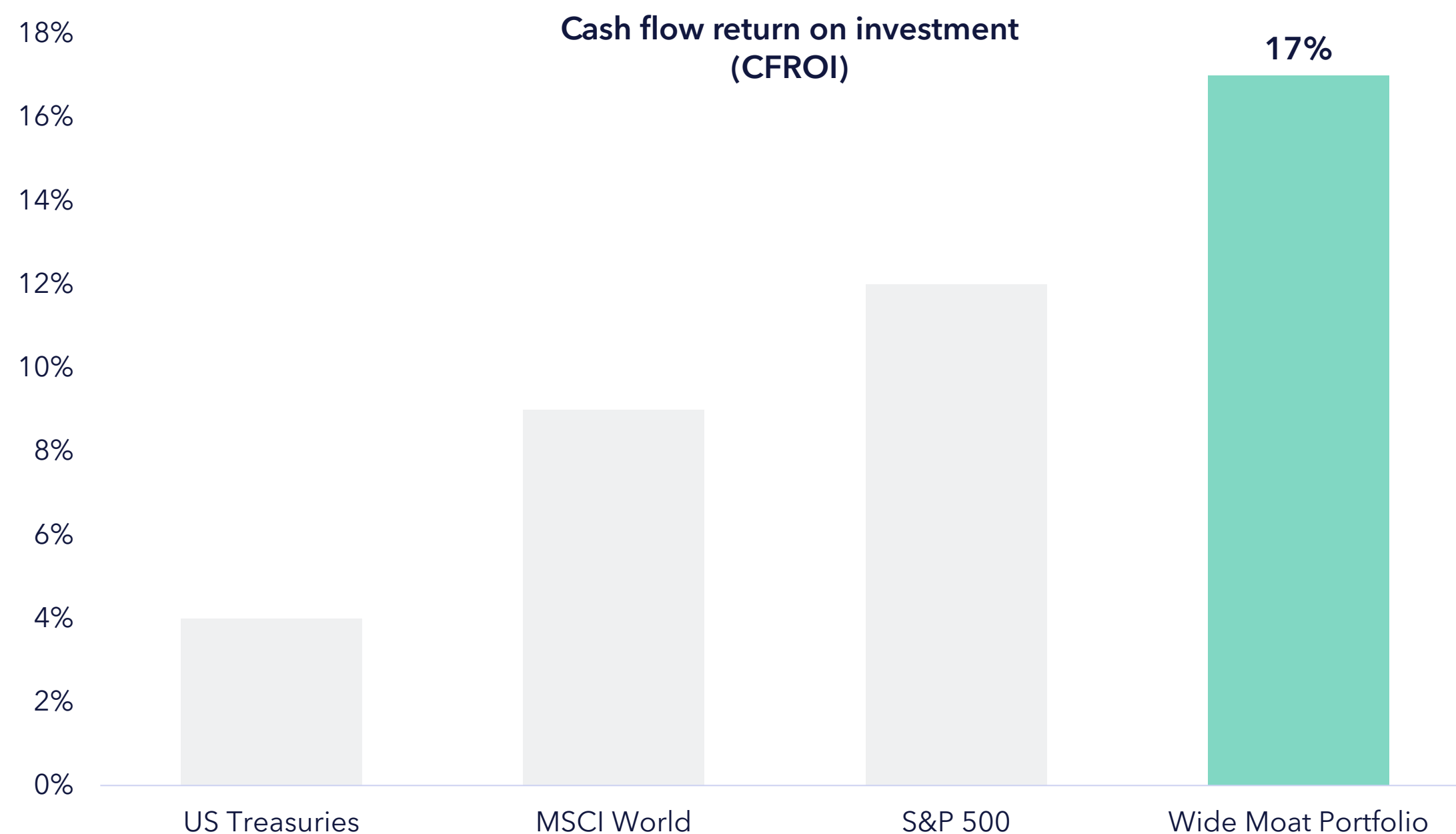
15% p.a.

Return on invested capital (ROIC*)

30%

Source: LHS chart - AAR, Wolfe Research, ICS magazine; RHS table - 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](#). *See Glossary in appendix for full definition.

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

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.

TOLL aims to pick attractively valued quality stocks that tend to do well during inflationary periods

Quality value stocks have outperformed during historic inflationary periods

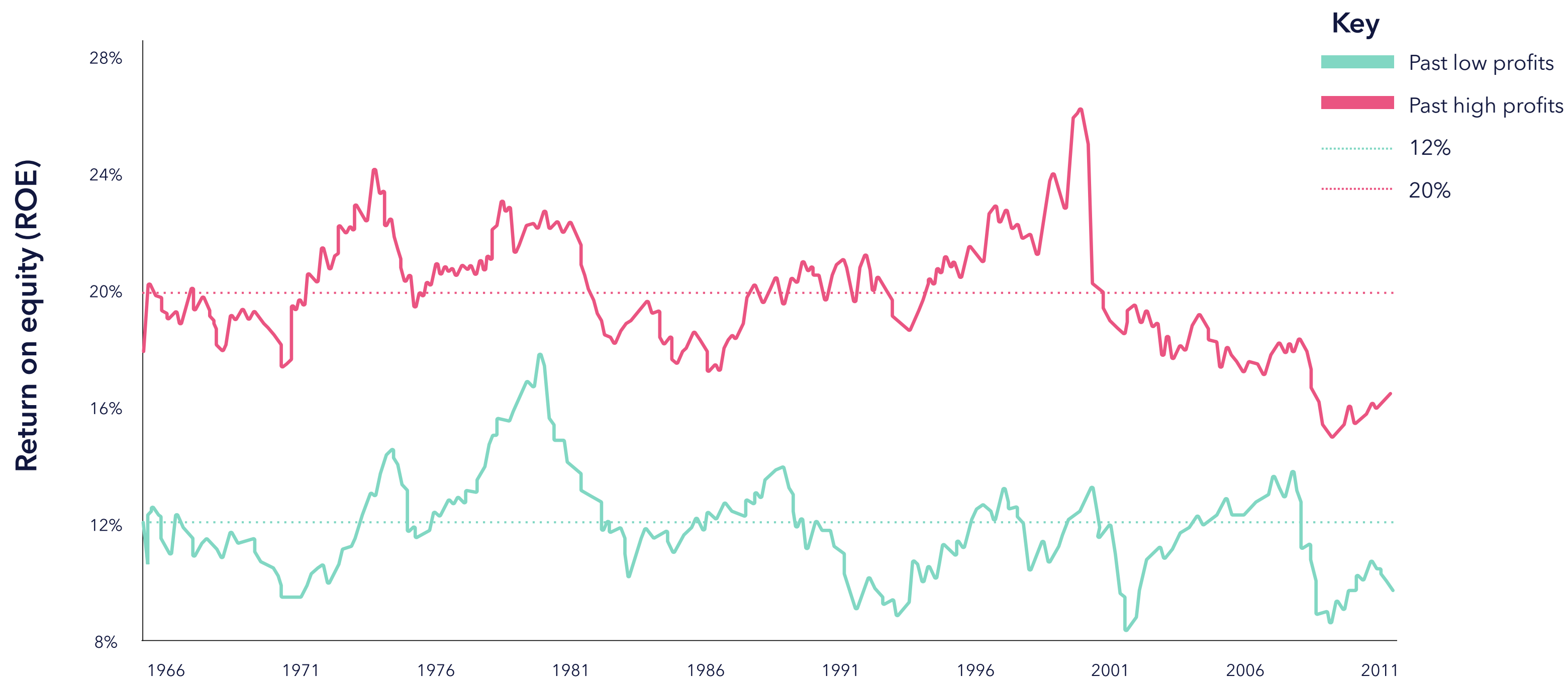
Inflationary period	Quality return	Quality value return	S&P 500 return
6/1933 - 4/1935	14.4%	14.7%	4.9%
12/1940 - 5/1943	12.8%	18.5%	13.4%
3/1946 - 8/1948	5.3%	7.7%	1.9%
3/1950 - 12/1951	28.1%	35.6%	27.3%
6/1968 - 12/1970	3.3%	5.2%	-0.5%
2/1973 - 7/1982	2.5%	7.1%	4.8%
3/1988 - 1/1991	14.6%	14.3%	11.8%
2/2007 - 7/2008	-2.0%	-5.5%	-5.0%
Average	9.9%	12.2%	7.3%

Why?

- Pricing power
- Directly indexing to inflation measures (CPI*, RPI*)
- Revenue indexed to nominal GDP
- Indexing to value of debt
- Regulated pricing
- Price escalators

Source: GMO, Quality Return refers to the return to the stocks in the highest quartile of return on invested capital. Quality value refers to return on the basket of cheapest stocks (ranked by Price to Book ratio) within the highest quartile of return on invested capital, reset every year. *See Glossary in appendix for full definition.

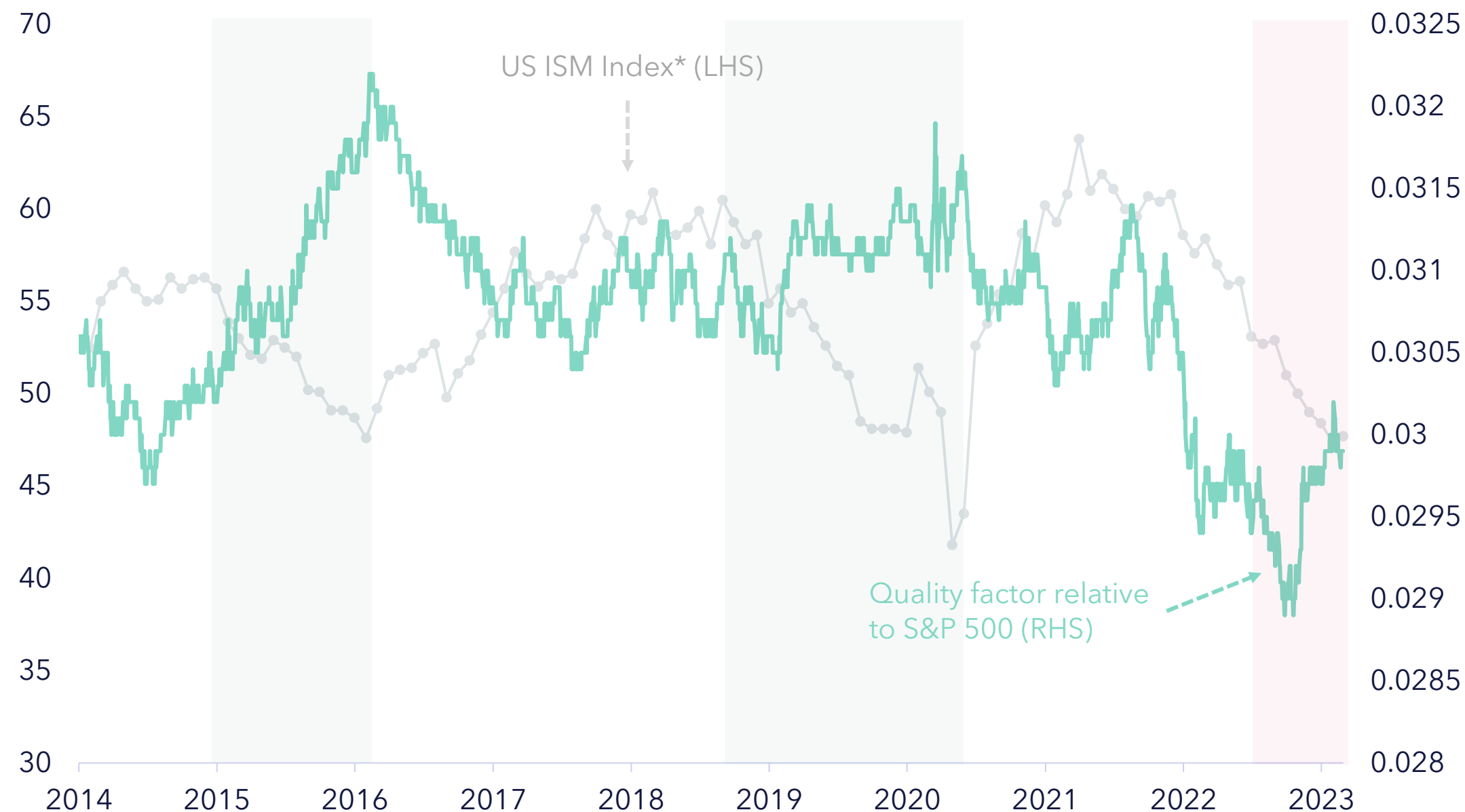
Good businesses tend to remain good, poor businesses tend to remain poor



Source: via FundSmith December 2021 annual report GMO citing historic study for 1966-2011. The largest 1000 companies in the U.S. sorted for each point in the graph into quartiles based on return on equity (ROE). Past low profits consists of companies in the quartile with the lowest ROE. Past high profits consists of those companies in the quartile with the greatest ROE. Past performance does not guarantee future results.

Why now? Valuation opportunity in monopolistic stocks at this phase in the cycle

Performance of high quality S&P 500 stocks
vs measure of forward economic activity (ISM)

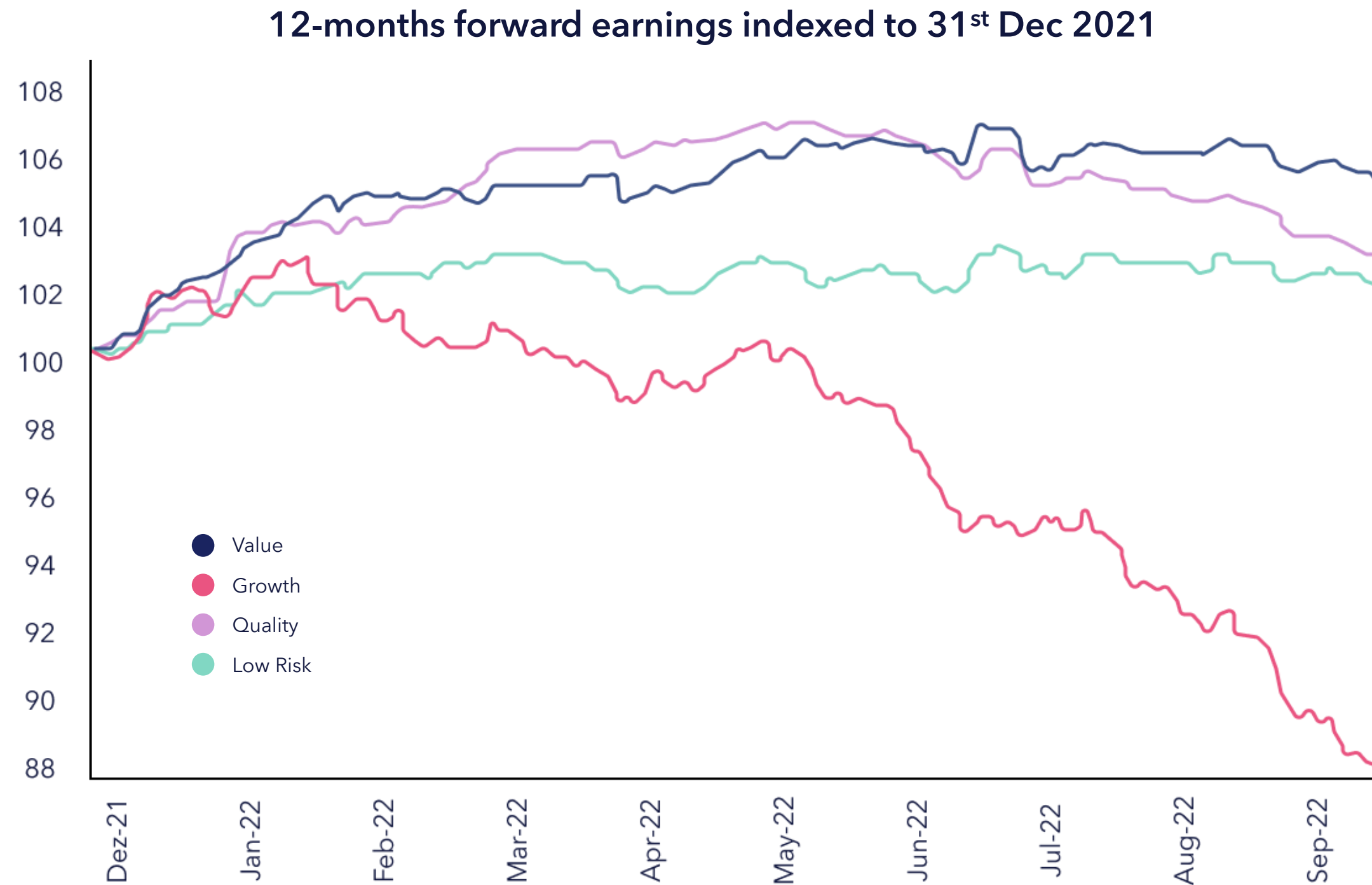


Except this time...

They have underperformed creating an **attractive valuation opportunity**

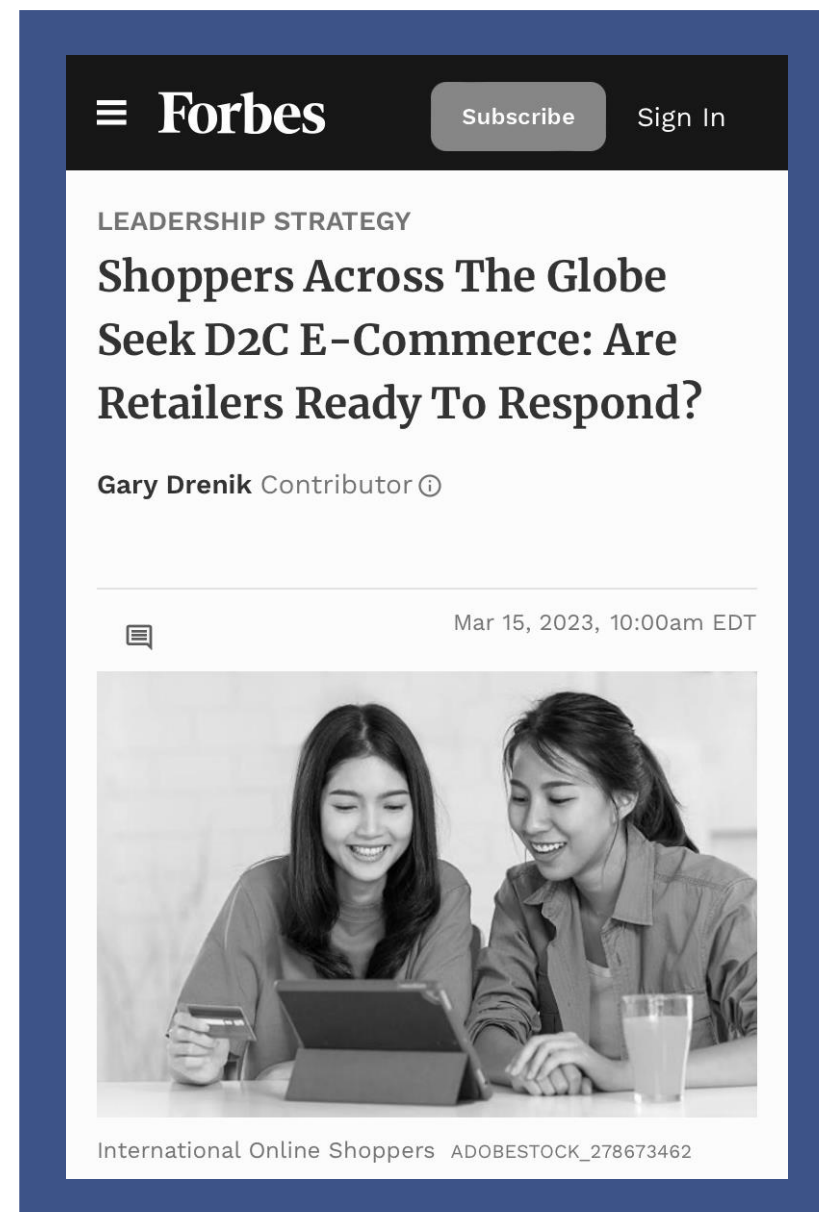
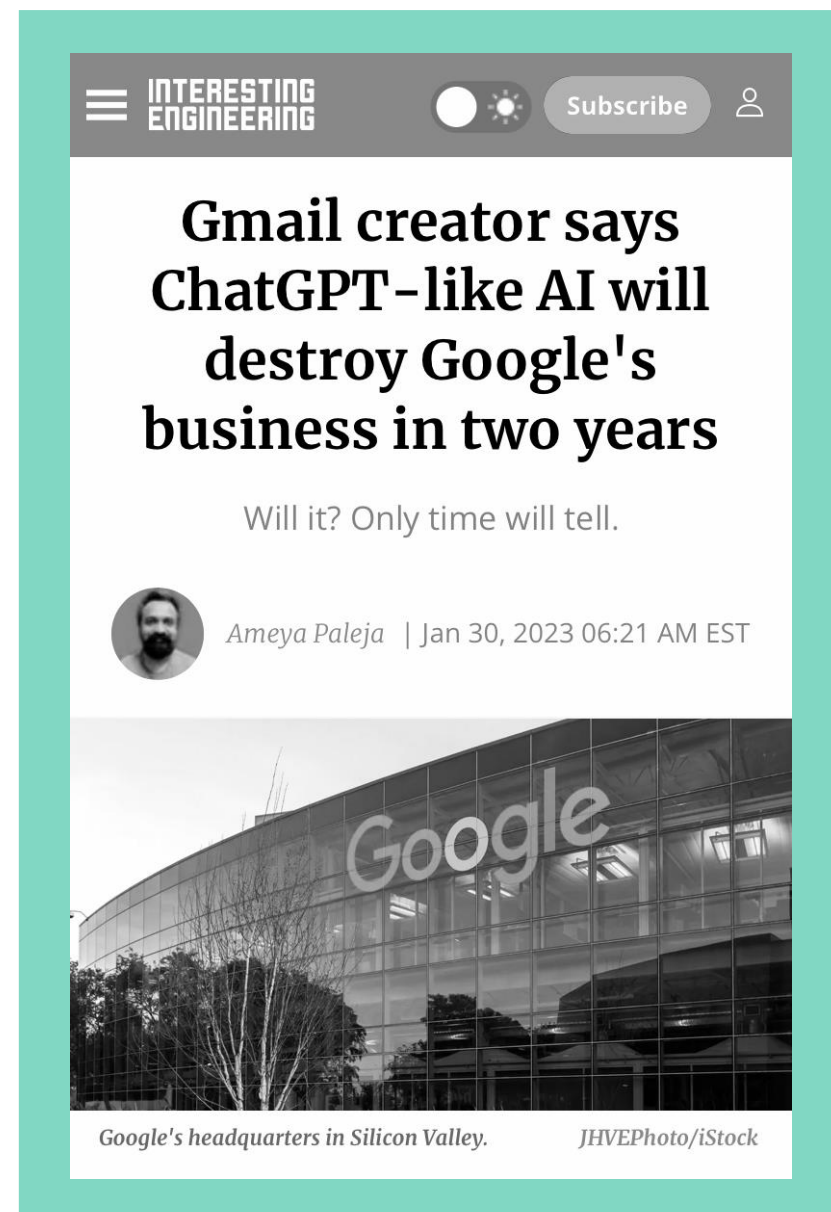
Source: Bloomberg, ISM - Institute of Supply Management. Performance subset of S&P 500 stocks that rank high on quality (highest 5-year ROIC) against the Institute of Supply Management survey measure of forward economic activity (US ISM Index). *See Glossary in appendix for full definition.

Why now? Quality stock earnings are holding up



Source: Soc Gen Cross Asset/Quant Research, Factset. Value - defined as S&P 500 stocks that rank in the bottom 25% of historic valuation multiples. Growth - defined as the S&P 500 stocks with highest historic 5-year revenue growth. Quality is defined as the S&P 500 stocks with highest 5-year average return on invested capital. Low risk - is the S&P 500 stocks with the lowest volatility of earnings in the past 5 years.

Tech & Consumer are not true monopolies



- Since 2015, **\$1.4 trillion** invested in **tech venture** globally¹
- **600,000** new **US tech firms** created²
- Generation Z **changing consumption trends**
- Renaissance of **new internet enabled D2C consumer brands**

Seasoned global equity investor with experienced track record



Yuri Khodjamirian, CFA

Chief Investment Officer

Over 12 years of experience in global equity markets.

Yuri holds an MA Economics and Mphil Bioscience Enterprise from the University of Cambridge, and an MSc Economics from LSE.

**12 years
of experience in global
equity markets**

**Chartered Financial
Analyst**

**Financial News
40 under 40¹**

**Co-managed Majedie
UK Income Fund**

**AuM growth from seed
to \$2.0 Bn**

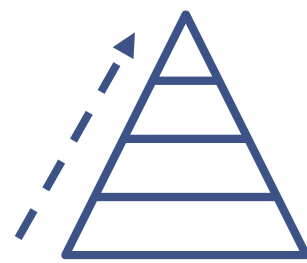
**Investment Week Fund
Manager of the Year¹
(2015)**

¹ Award criteria: Please visit [Financial News](#) and [Investment Week](#) for full award criteria.

Why Tema?



1



Process

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

2



Product

Seek pure exposure to **high quality, high return** monopolistic and oligopolistic companies

3



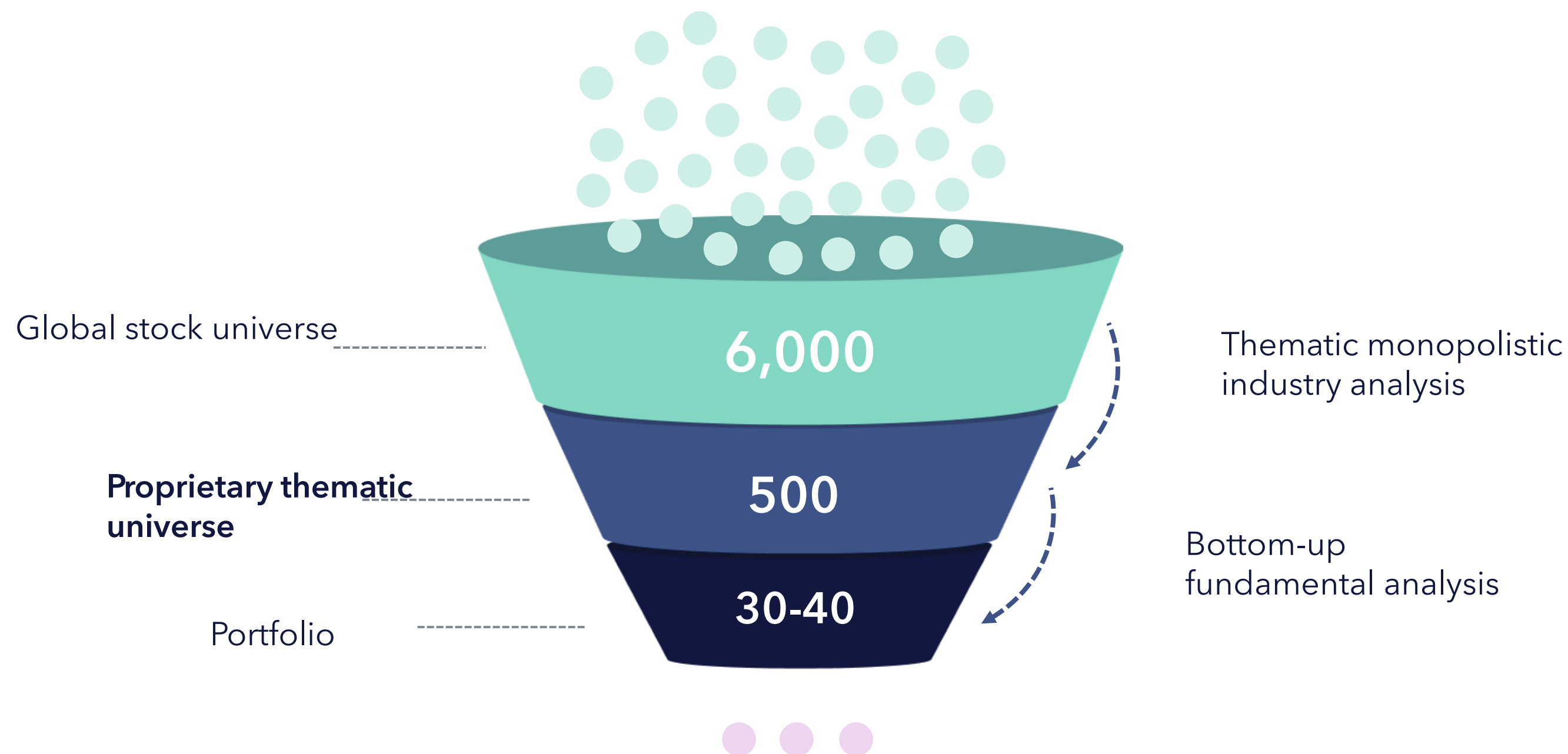
Firm

Supported by large operational and funding partners

Investment process: top-down idea generation, bottom-up fundamental 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

Good business model

Return profile

Incentivized management

2

Balance sheet and cash flow

Strong balance sheet

Sustainable cash generation

3

Valuation

Cheap vs. historic multiples

Attractively valued
vs.
fundamentals

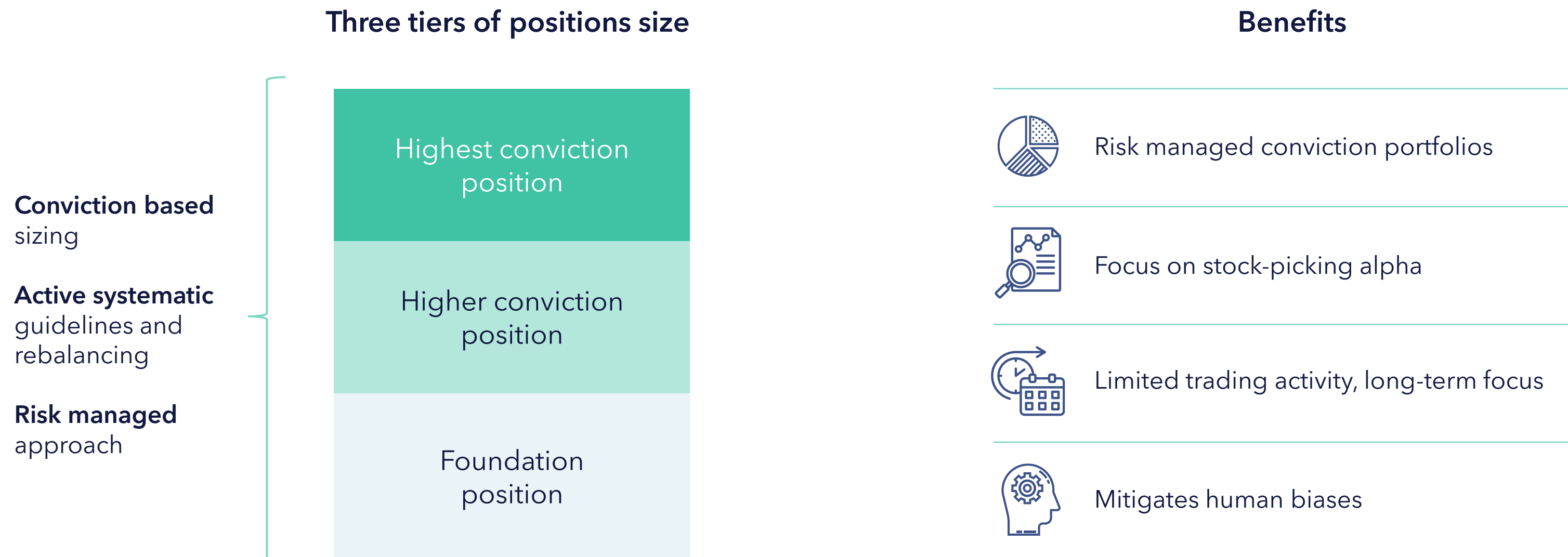
4

Tema's edge

What is our edge?

How is our view different
to the market?

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



Risk oversight: we monitor risk from multiple viewpoints

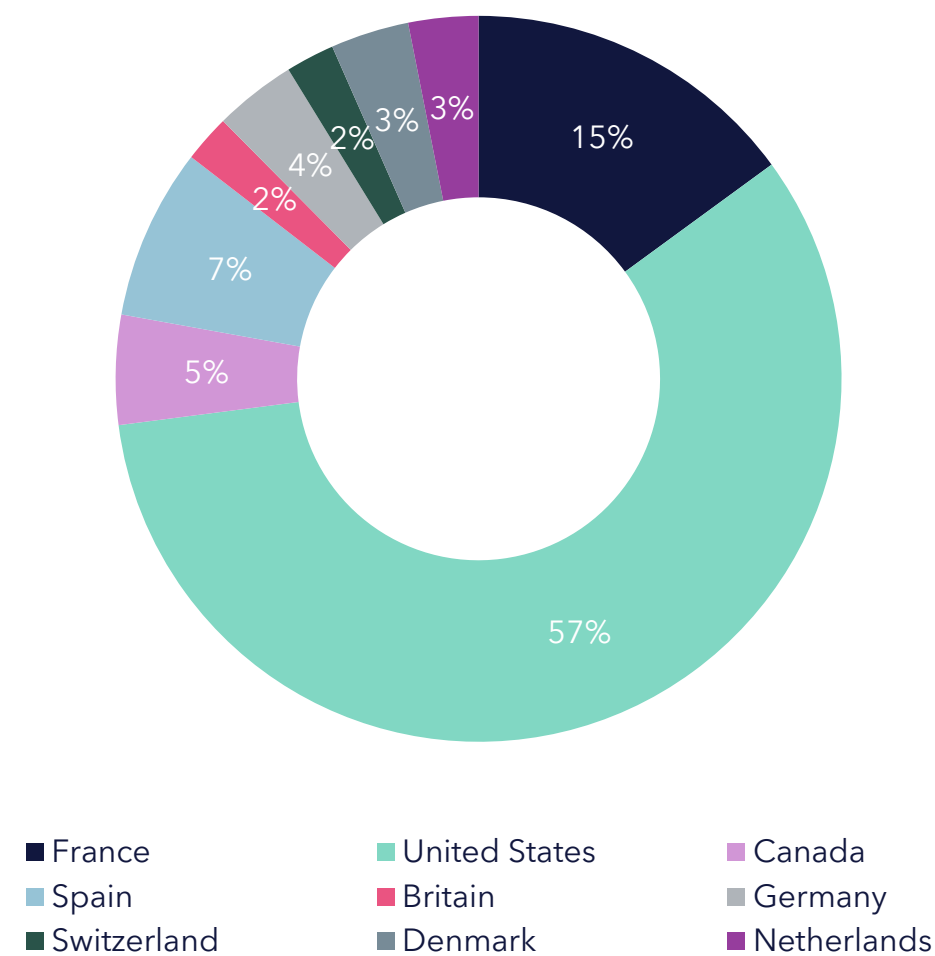


Risk factor	Risk assessment	Mitigations
Concentration	Operations team monitors all exposures	Diversification rules by sector, geography, size and quarterly review of factor exposures
Anti-trust	Investment team monitors DOJ*/EU* Commission	Avoid firms facing abuse of dominance cases
Disruption	Investment team fundamental analysis	Deep analysis of new competitive threat and technology trends

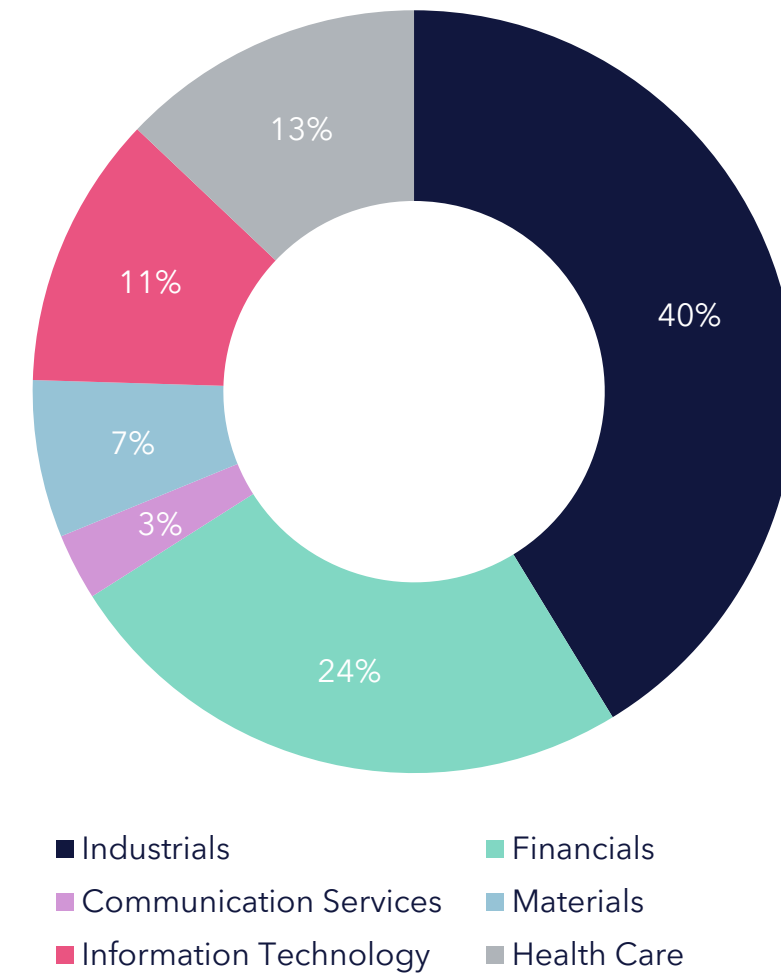
*See Glossary in appendix for full definition.

Current portfolio positioning

Country weighting



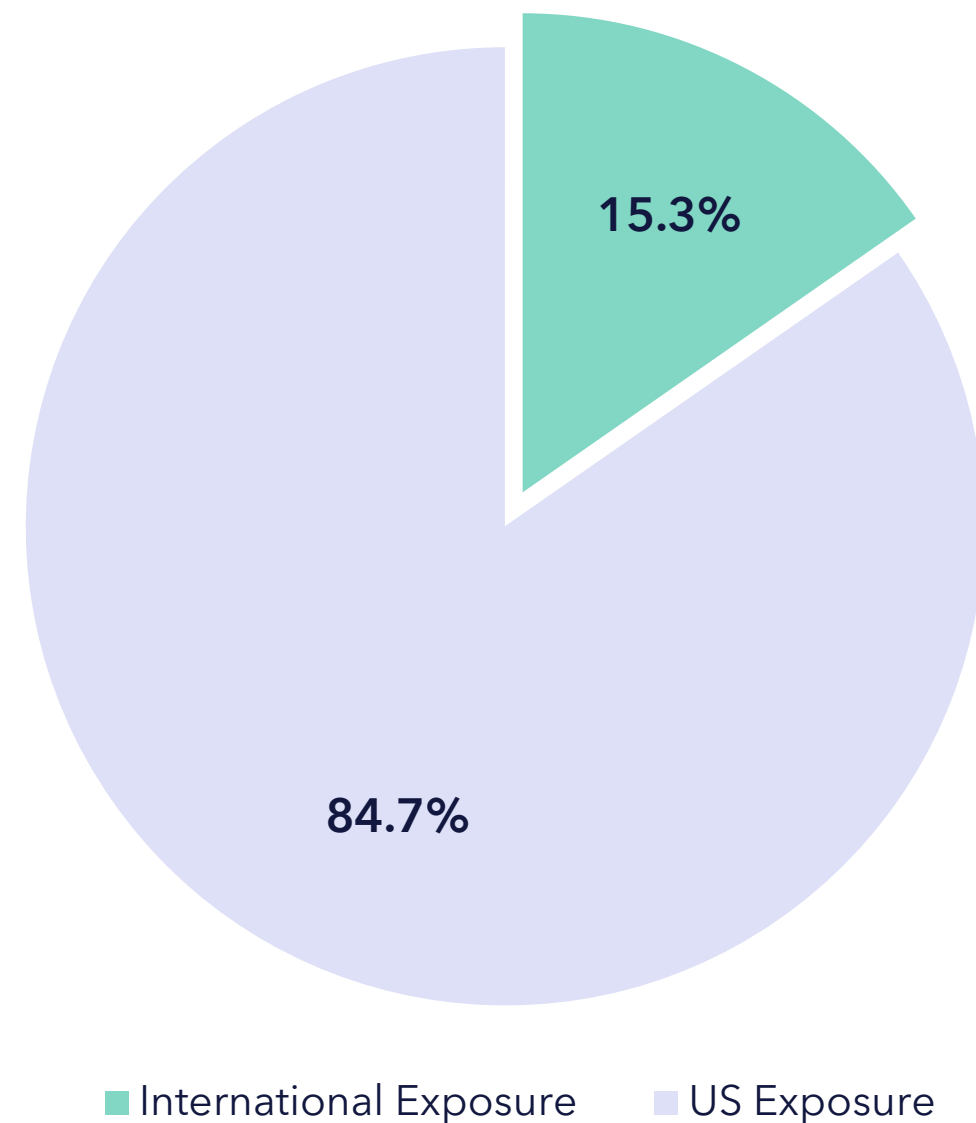
Sector weighting



32 holdings • c\$55 Bn median market cap • c\$279 M mean Average Daily Value Traded* (ADVT) per holding

Where does it fit?

Your portfolio today



Your portfolio with TOLL

- 35-40% of MSCI World* is International
- Some of the most exciting monopolies and oligopolies are abroad

ferrovial

Unique assets

- **25%** of Heathrow & **49%** of new Terminal 1 at JFK* airports
- 407 ring road around Toronto (40x investment so far)

AIRBUS

Better half of duopoly

- **70%** share of next gen aircraft
- Boeing has technical issues (737 MAX, 787 production, 777X) and debt (\$45 Bn)

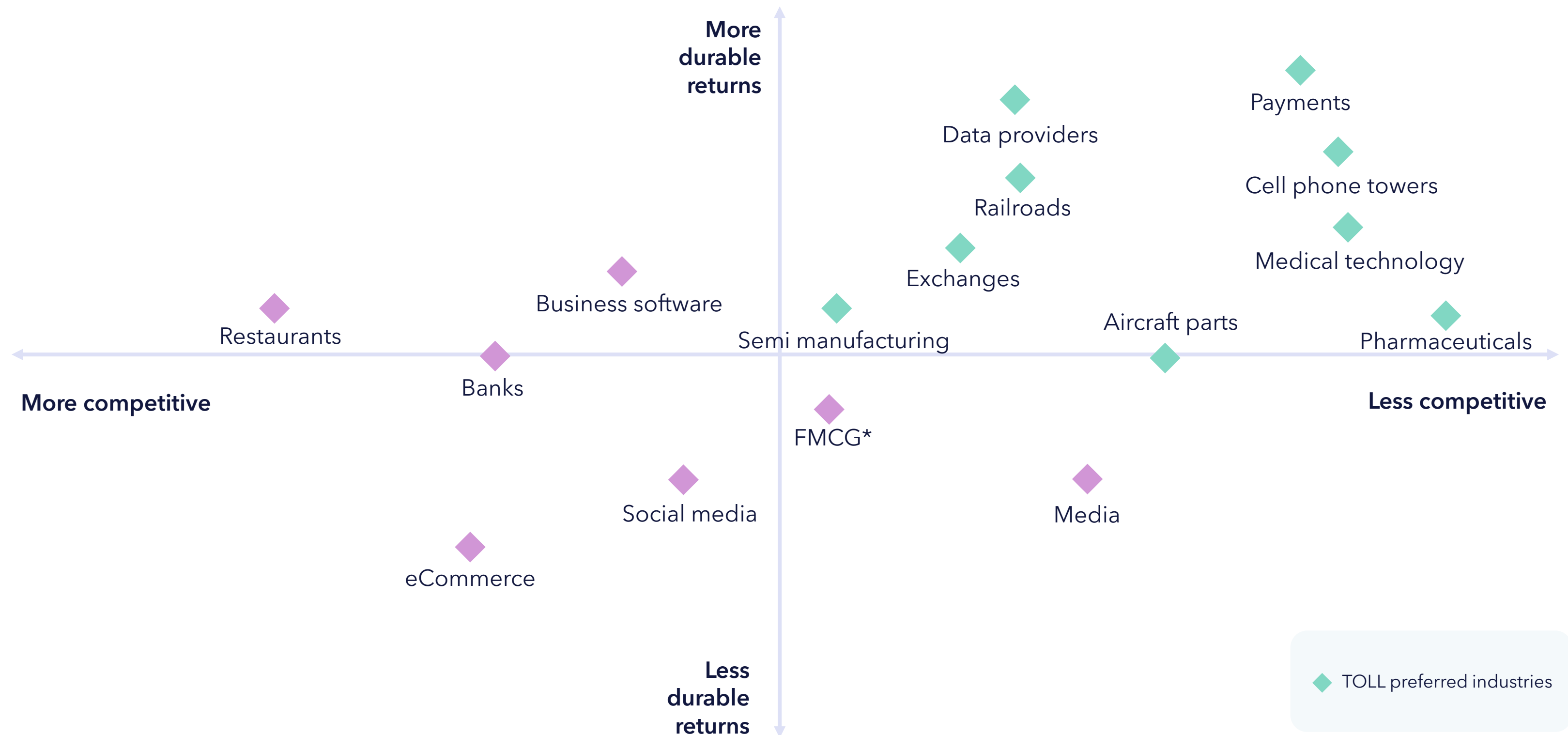
ASML

Unique monopoly

- **100% market share** in next generation EUV* lithography machines for semiconductors
- Backlog (2+ years) longer than typical semiconductor cycle

Appendix

Not all competitive advantage is created equal



Source: Tema analysis. Durability of return is proxied by number of years return on capital stays above weighted average cost of capital for each industry with zero set at 10 years. Competitiveness is measured by Herfindahl-Hirschman Index (HHI) for each industry. *See Glossary in appendix for full definition.

Case study: Moody's, the credit rating leader



Idea Generation

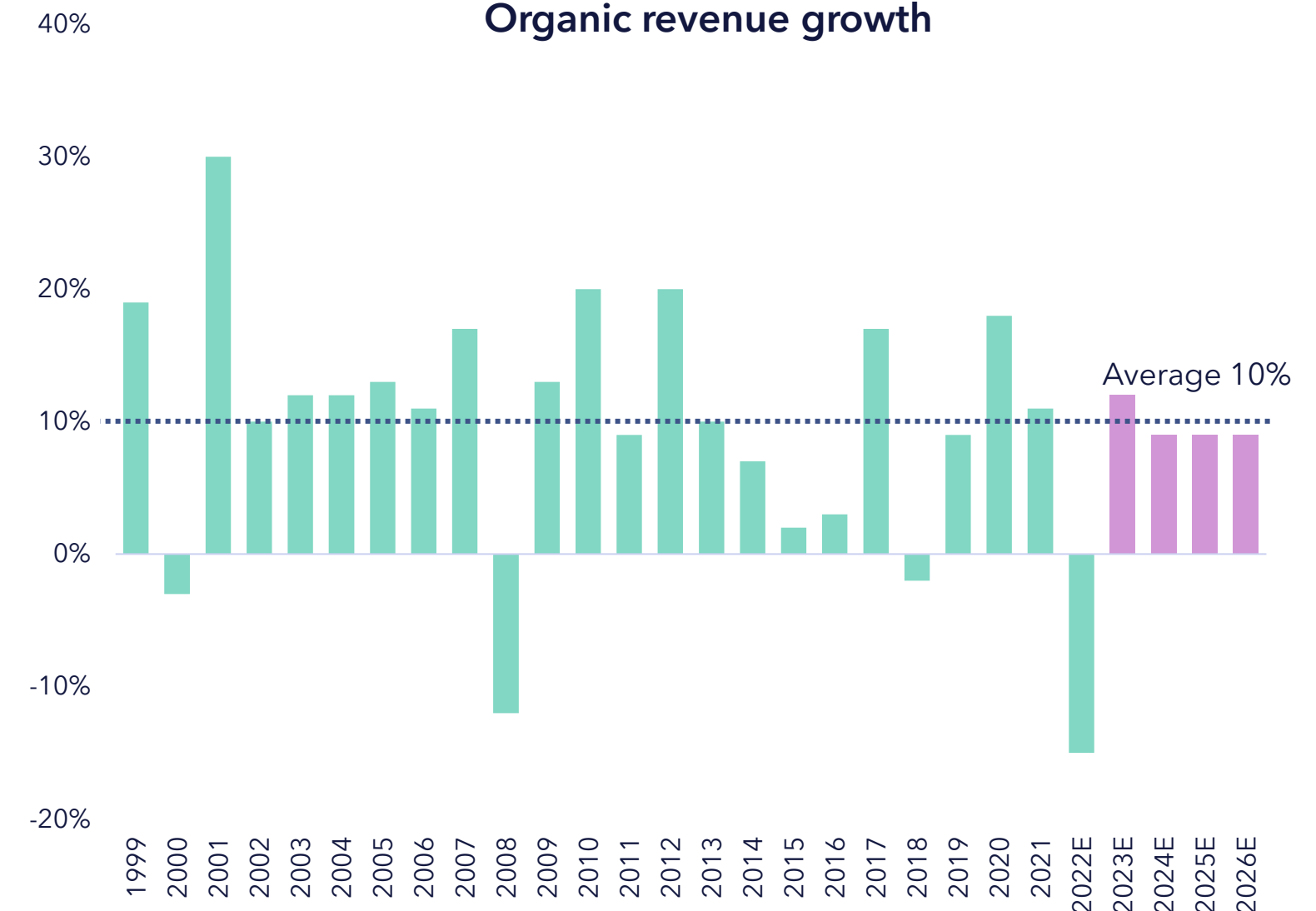
- **Essential** credit market infrastructure
- **Duopoly** with S&P for ratings
- **Blue chip** shareholders - Berkshire Hathaway and TCI Fund Management
- False perception of cyclical revenues created a **compelling valuation opportunity**



Security Analysis

- **(1) Operating base:** Network effects from combining mission critical proprietary data and analytics
- **(2) Balance sheet/cash flow:** Capital light, return 100% of Free Cash Flow to shareholders
- **(3) Valuation** 4.5% FcF yield* seems cheap vs. 9% stable revenue growth driven by secular drivers (bank disintermediation).
- **(4) What is our edge?** Market see Moody's as cyclical yet misses (a) 60% recurring revenue (b) 100% index pricing (c) undervalues Moody's analytics division.

MOODY'S Organic revenue growth



Source: Tema analysis (including forecast revenue), Bloomberg. Moody's is a holding of Tema Monopolies and Oligopolies ETF portfolio. For a full list of fund holdings click [here](#). Forecasts are inherently limited and should be relied upon when making investment decisions. There is no guarantee projected growth will occur. *See Glossary in appendix for full definition.

Aren't monopolies bad?



I thought monopolies are bad?

Not all monopolies are bad. The ones we seek to invest in have arisen because of the huge value they bring to consumers. Think about how hard payments were before Visa, or how much some medicines have helped patients, or how Moore's law has made semiconductors ubiquitous



What about risk of anti-trust?

We seek to avoid firms that abuse their dominant market position at the detriment of customers. This is a risk we monitor carefully (using a system that track Department of Justice and European Commission news flow)



Aren't monopolies bad for innovation?

Monopolies are often accused of hoarding profits and not investing in R&D. TOLL actively seeks monopolies that have durability and use excess profits to reinvest in their businesses. Strategy is set with the very long term in mind with, in most cases, industry leading R&D to sales ratios.

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 (α) , 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

Blue Chip

A blue chip is stock in a stock corporation (contrasted with non-stock one) with a national reputation for quality, reliability, and the ability to operate profitably in good and bad times

CAGR

Compounded annual growth rate between 2 points in time

CFA

Chartered Financial Analyst

CFROI

The HOLT Cash Flow Return on Investment (CFROI) metric reflects economic returns by measuring a company's inflation-adjusted cash flow return on operating assets. With CFROI, HOLT aims to cut through the vagaries of traditional accounting results and to provide a consistent metric that allows for comparison of performance over time and across a portfolio, a market, or a global universe of companies.

CPI

A Consumer Price Index is a price index, the price of a weighted average market basket of consumer goods and services purchased by households. Changes in measured CPI track changes in prices over time.

D2C

Direct-to-consumer

DOJ

U.S. Department of Justice

Duopoly

A duopoly is a situation where two companies together own all, or nearly all, of the market for a given product or service

EPS

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

ETF

Exchange-Traded Fund

EU

European Union

EUV

Extreme ultraviolet lithography (also known as EUV or EUVL) is an optical lithography technology used in semiconductor device fabrication to make integrated circuits (ICs).

Forward Earnings

Forward earnings refer to a company's projected or expected earnings for a future period of time. They are an average of professional investment analysts' forecasts. This projection is typically based on the company's performance in the past, as well as its current business conditions and outlook. It is important to note that forward earnings are not a guarantee of future performance, but rather an educated estimate based on available information.

Free Cash Flow or FcF

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

FMCG

FMCG stands for Fast-Moving Consumer Goods. It is a term used to describe products that are sold quickly at relatively low prices. These products are typically consumed or used on a daily or frequent basis, such as food, beverages, personal care items, household cleaning products, and other similar product.

GDP

Gross Domestic Product

Generation Z

Generation Z, also called Gen Z, is the generational cohort following millennials, born between the late 1990s and early 2010s

JFK

John F. Kennedy International Airport

Moat

An economic moat refers to a company with a long-term, sustainable competitive advantage, which protects its profits from competitors

Monopoly

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

MSCI World Index

The MSCI World captures large and mid-cap representation across 23 Developed Markets across North America, Europe and the Asia Pacific. The index has c. 1,500

constituents and is market-cap weighted.

Orthopedics

Orthopedics is a medical specialty that focuses on the diagnosis, correction, prevention, and treatment of patients with skeletal deformities - disorders of the bones, joints, muscles, ligaments, tendons, nerves and skin. These elements make up the musculoskeletal system.

P.a.

Per Annum

P/E

Price/Earning Ratio

ROIC

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

RPI

The Retail Price Index is a measure of consumer inflation which considers the changes in the retail prices of a basket of goods and services.

Risk-Reward Ratio (R/R)

Risk-reward ratio is a measure of the potential return of an investment compared to the amount of risk the investment carries. The ratio is calculated by dividing the potential return of the investment by the amount of risk the investment carries. For example, if an investment has the potential to return 10% but carries a risk of 5%, the risk-reward ratio would be 2 (10/5 = 2).

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.

Toll

A toll road is a highway, or section of highway, where the user pays a fee for the road's upkeep and maintenance as they drive on it.

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.