

Royalties: investing in the revenue streams of exciting assets

Learn about the Tema Global Royalties ETF, which seeks to provide a balance of long-term growth and current income by investing in listed royalty companies that earn royalty streams from private intellectual property and natural resources

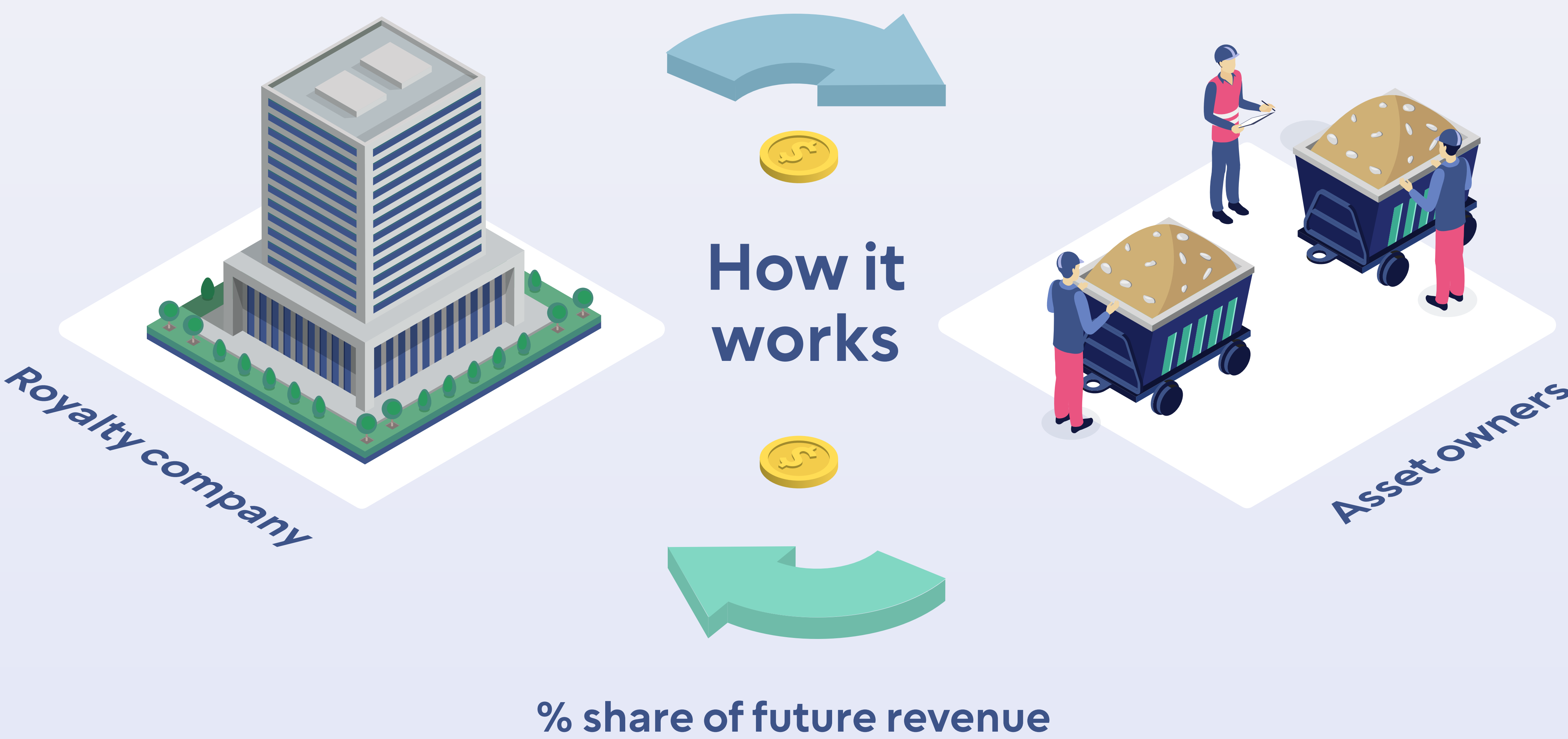
Capital at risk



How do royalties work?

A royalty is a stream of future revenue in exchange for upfront investment, used by underlying asset owner to grow and commercialize it.

Financing or investment



Royalty companies own a collection of royalty streams, using the cash flow generated from their existing portfolios to invest or to distribute to shareholders.

Royalty companies span natural resources but also intellectual property

INTELLECTUAL PROPERTY



	Pharma patents	ROYALTY PHARMA
	Technology licences	Qualcomm
	Music rights	UNIVERSAL

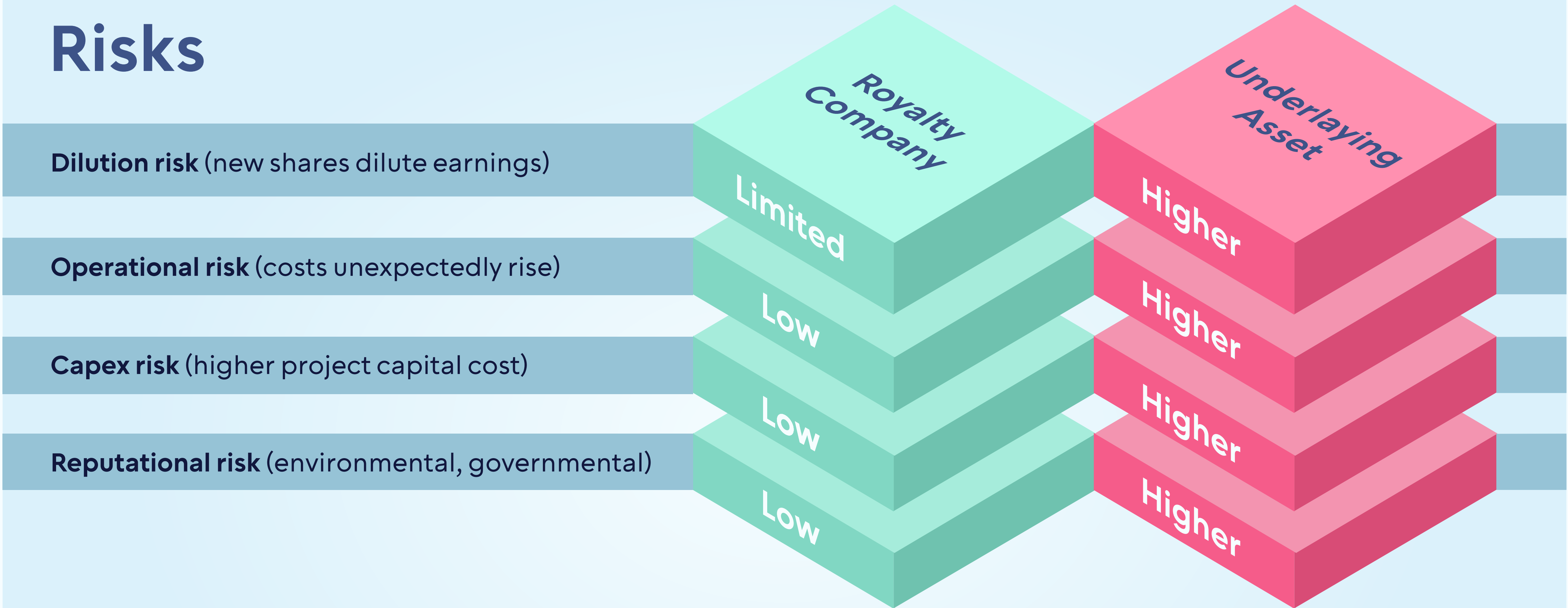
NATURAL RESOURCES



	Base Metals	Altius
	Precious metals	WHEATON PRECIOUS METALS
	Oil and gas	TEXAS PACIFIC LAND TRUST

Owning royalty companies comes with lower risks than owning the underlying asset

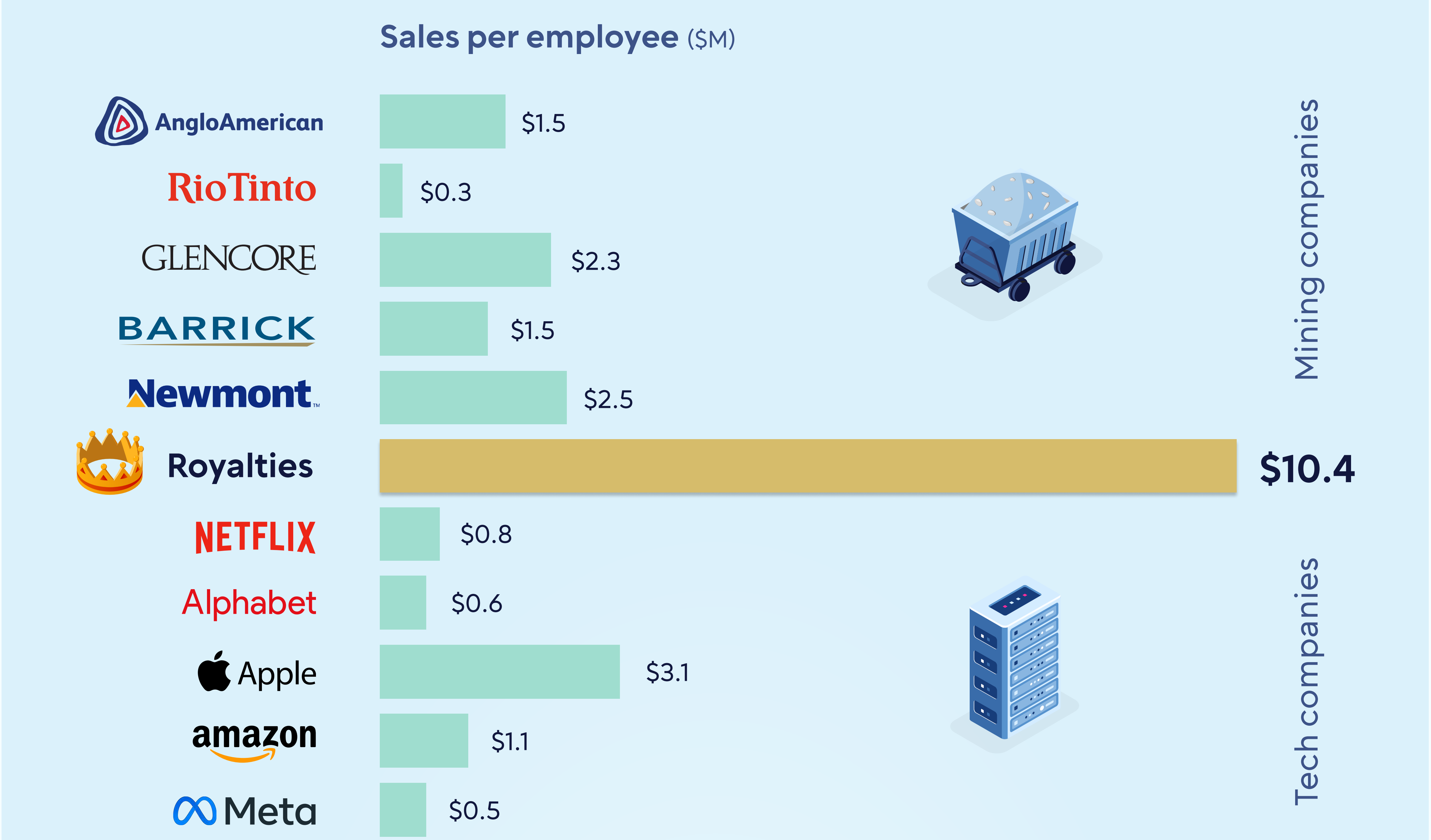
Risks



Source: Tema analysis. Although Royalty company have low exposure to the above risks, there could be a link between operating or/and capital cost, and the revenue of the underlying asset. This could mean an adverse development in the former could negatively impact the latter, thereby indirectly affecting royalty company revenues.

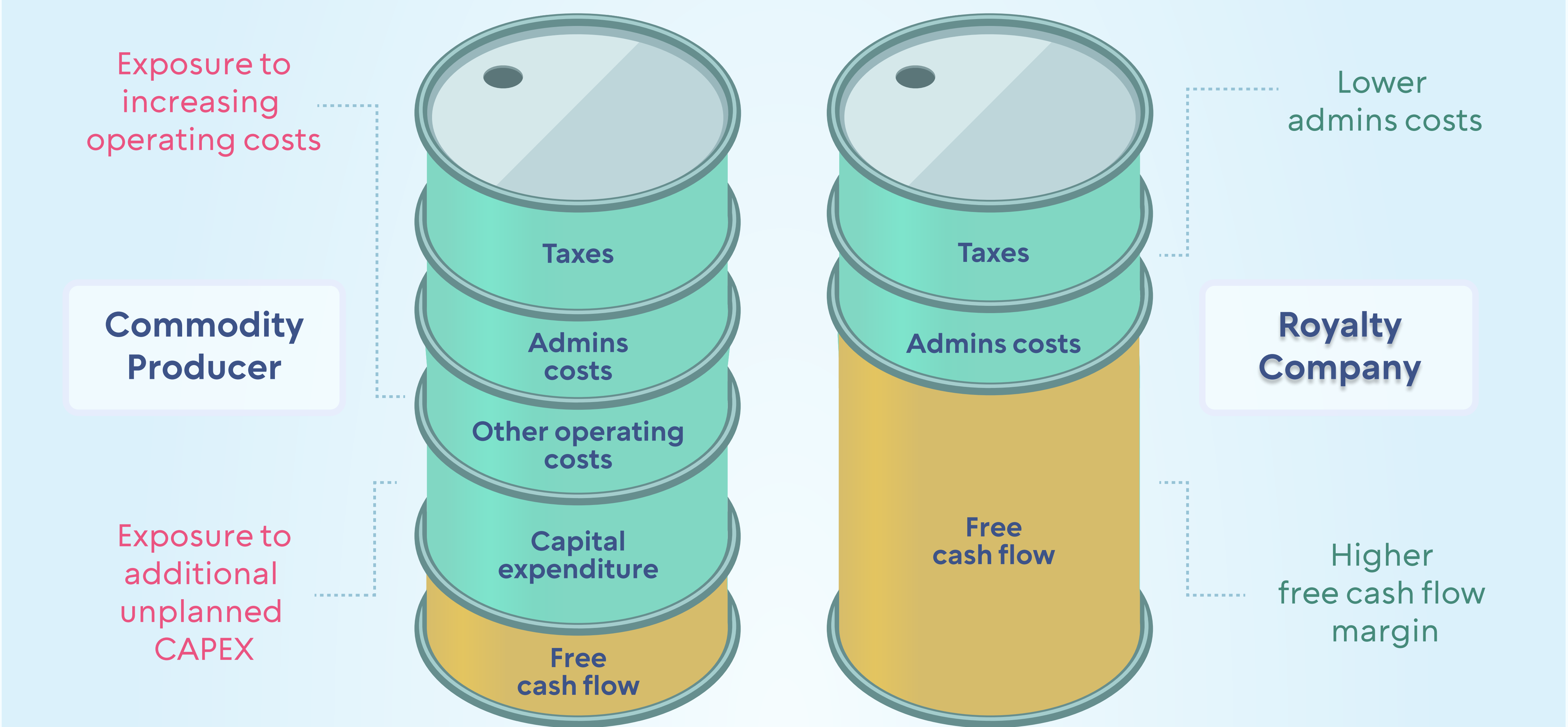
Royalty business models are highly efficient, profitable, and scalable

Efficient when compared to mining, and even tech companies



Source: Bloomberg as of 07/31/2023. Royalties is represented by the Tema Royalties ETF portfolio. For a full list of fund holdings [click here](#). Sales per employee are last twelve months of latest reported sales divided by latest disclosed number of employees. Operating margin defined as EBIT margin in Bloomberg.

Royalty companies tend to enjoy higher cash margins and are less exposed to cost overruns than their commodity producer counterparts



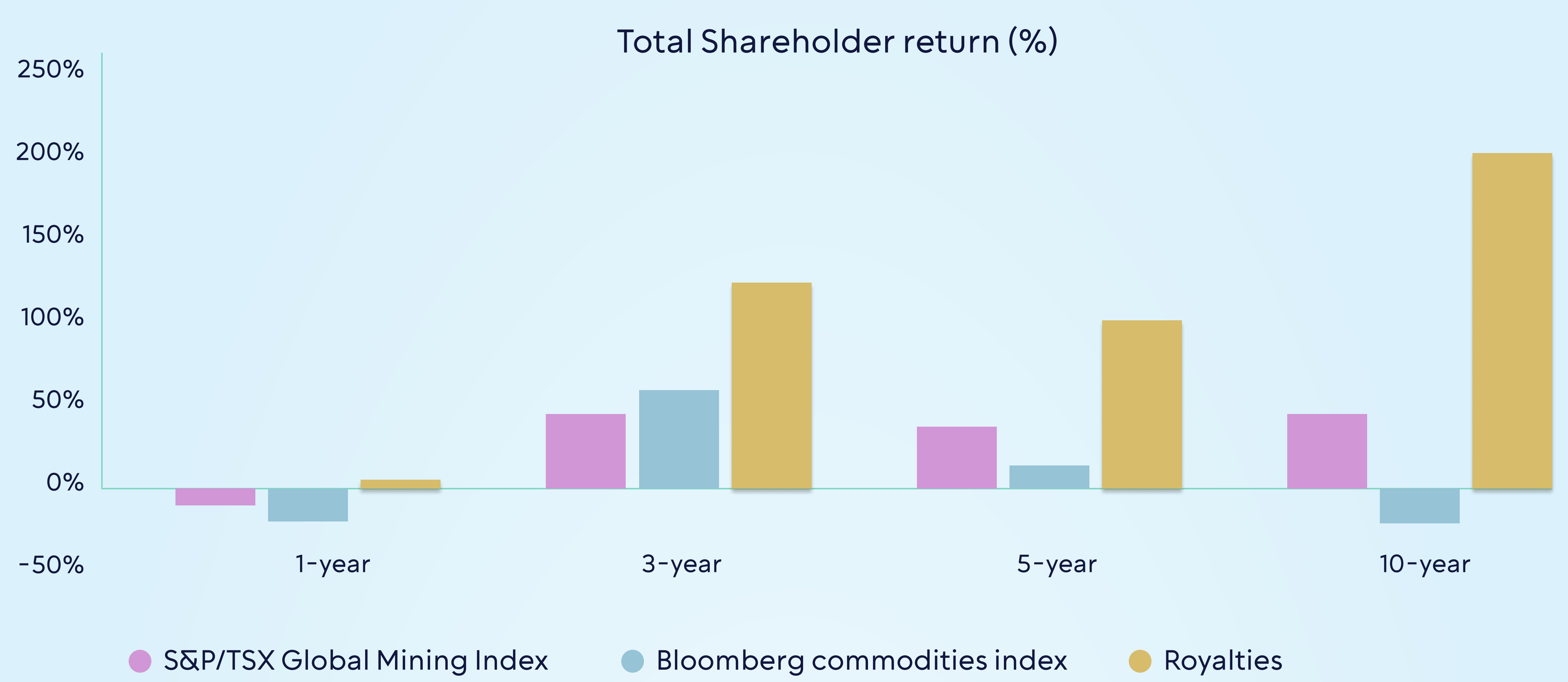
Source: Tema analysis. Illustrative representation of typical cash margin breakdown for a commodity producer and a royalty company.

Scalability of an efficient business model



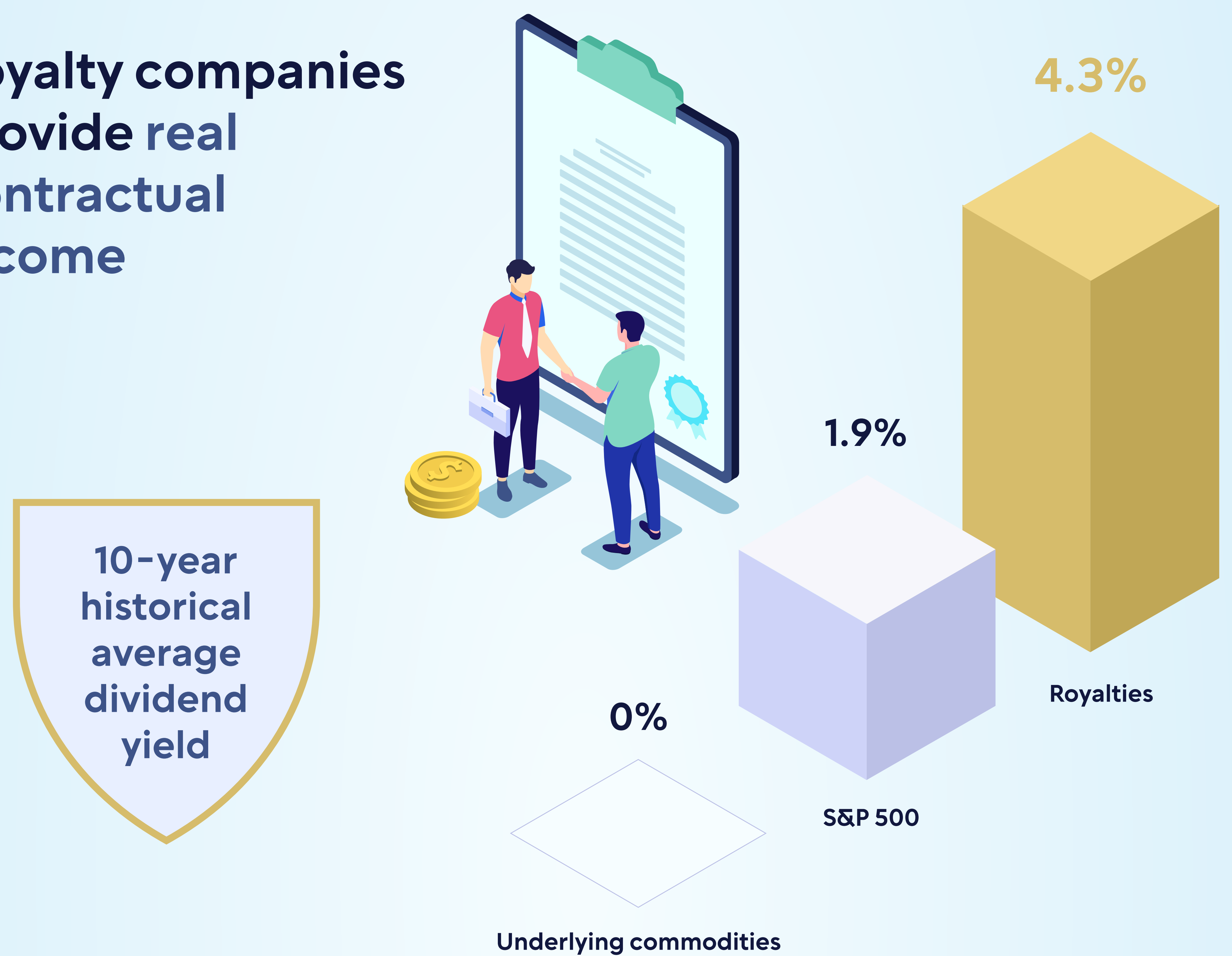
Source: Royal Gold Investor Presentation, Bloomberg. Revenue growth and operational cash flow of an individual security may not translate to positive fund performance and does not indicate future fund success. Past performance does not guarantee future results. In addition, there is no guarantee it will translate to positive fund performance.

Royalties have historically offered attractive returns over pure commodities and mining companies



Source: Bloomberg data ; Royalties represented by Tema proprietary universe, defined as all companies earning at least 80% of their revenue from royalty income, royalty-related income and intellectual property income. Data up to 05/31/2023. Tema's proprietary Royalty universe is defined by all companies that derive more than 50% of their revenues from royalty or royalty related income. For a full list of fund holdings [click here](#). Past performance is not indicative of future results. The referenced index is shown for informational purposes only and is not meant to represent the Fund. You cannot invest directly in an index. The measures are representative of the indexes underlying holdings and are not indicative of future performance. There is no guarantee the Adviser's investment strategy will be successful. See Glossary in appendix for full definition.

Royalty companies provide real contractual income



Source: Tema analysis, Bloomberg. Dividend yield is simple average of 10-year historical dividend yield as of 07/31/2023. Royalties is represented by the Solactive Global Royalties Index. The measures above refer to the underlying securities of the holdings in the Funds’ portfolio and should not be considered reflective of the Fund’s performance. You cannot invest directly in an index. The measures are representative of the indexes underlying holdings and are not indicative of future performance. Past performance does not guarantee future result. There is no guarantee the Adviser's investment strategy will be successful. See Glossary in appendix for full definition.

Royalties are a form of structured alternative financing

- Hard-to-access private assets
- Diversified across a collection of underlying assets
- Preferential position in the capital structure
- Management track record and expertise



Universal owns a royalty on 15 of the top 20 global artists in 2022



Taylor Swift

1



BTS

2



Drake

3



The Weeknd

5

Source: Universal music investor presentation, Tema analysis. Some of the companies highlighted in this slide are holdings of the Tema Global Royalties ETF portfolio. For a full list of fund holdings [click here](#). See Glossary in appendix for full definition.

Why invest in royalties now?

Inflationary environment

US Fed Chair Jerome Powell

”Inflation pressures continue to run high, and the process of getting inflation back down to 2% has a long way to go.”



Forbes



The Economist

Higher interest rates
=
reduced traditional financing

WSJ



A commodity super-cycle?

Source: The Economist, Forbes, The Wall Street Journal

Click here to download
ROYA’s Investor Deck

[Download Deck](#)

Differentiated income Tema Global Royalties ETF (ROYA)

The actively managed Tema Royalties ETF seeks to provide a balance of long-term growth and current income by investing in listed royalty companies that provide structured exposure to revenue streams from commodities, pharmaceutical, entertainment and intellectual property assets.

5 Reasons to consider ROYA ETF



Differentiated commodity exposure

Royalties can provide exposure to the revenue streams of a collection of assets related to commodities such as gold, oil and gas, and base metals.



Capital light and scalable

Royalties provide scalable exposure to cash flow streams while mitigating operational and financial risks



Contractual real income

The contractual, inflation-sheltered cash flow stream of a royalty business allows it to pay out competitive and compelling real dividend income



Alternative asset class features

Royalties are typically structured products that provide exposure to unique private assets, like pharmaceutical patents and intellectual property, while minimizing dilution risk

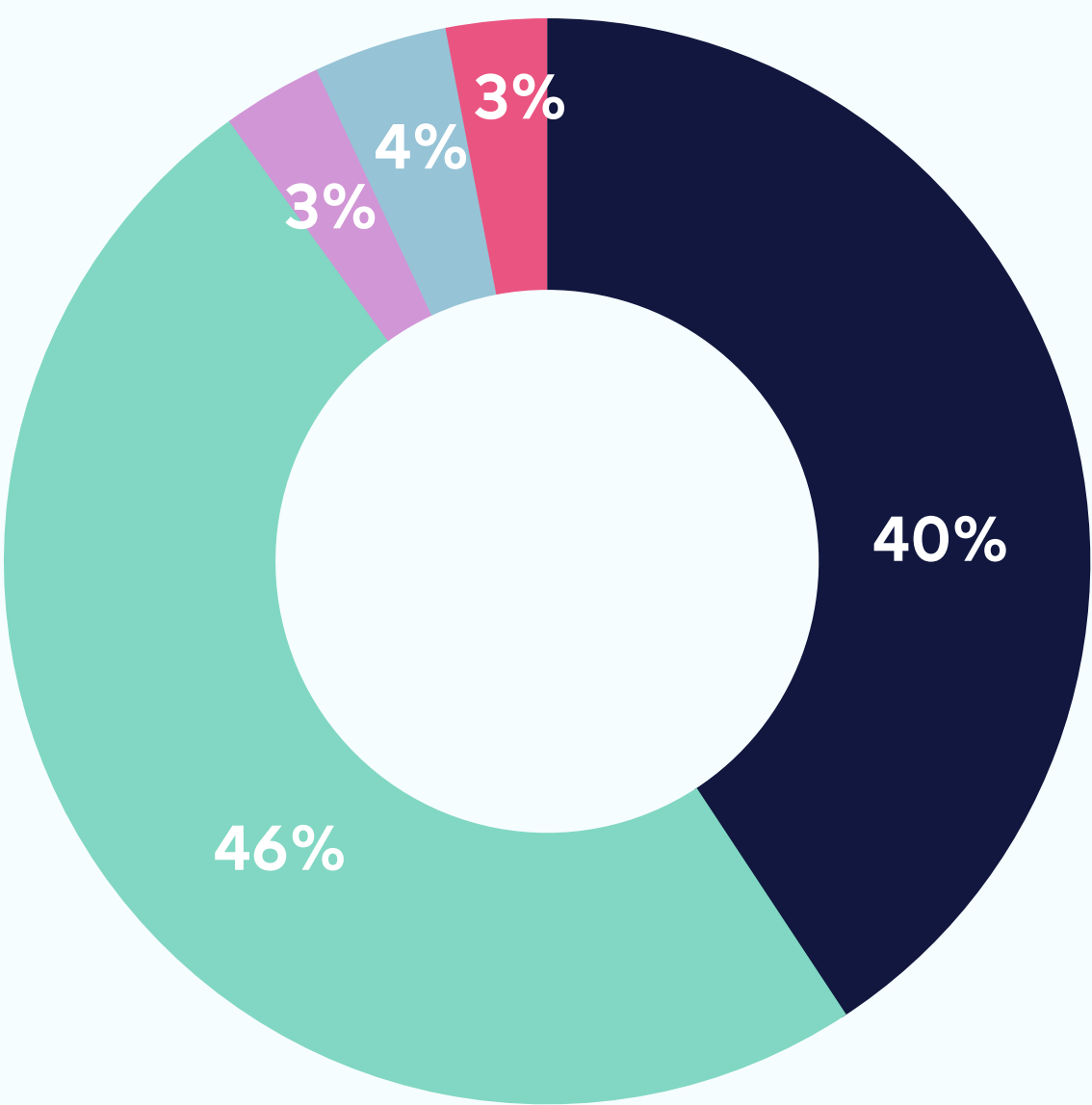


Inflation Hedge

Inflationary environments will typically benefit royalty companies as they earn cash flow directly from revenue lines, that benefit from rising prices

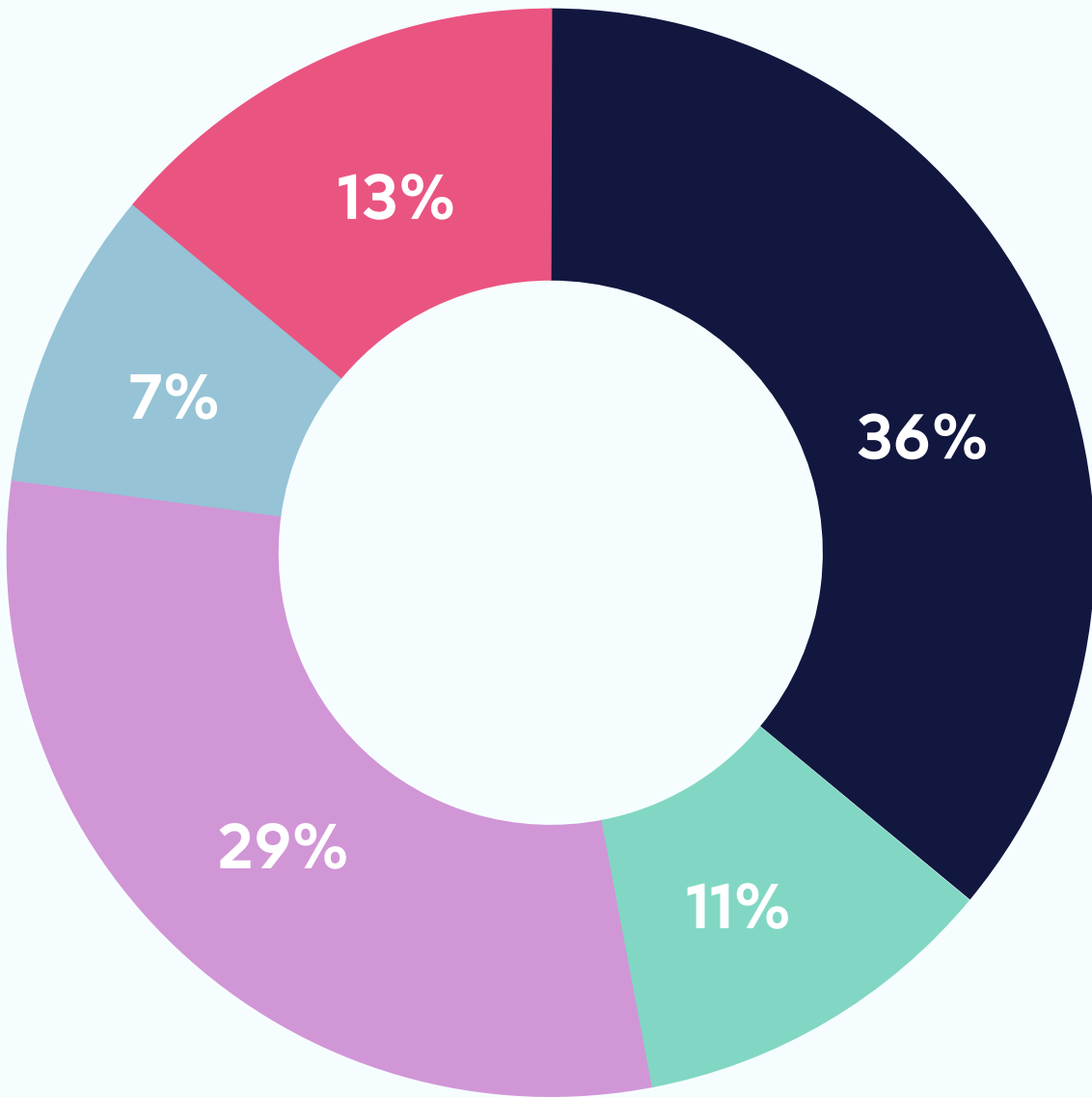
ROYA portfolio breakdown

Country weighting



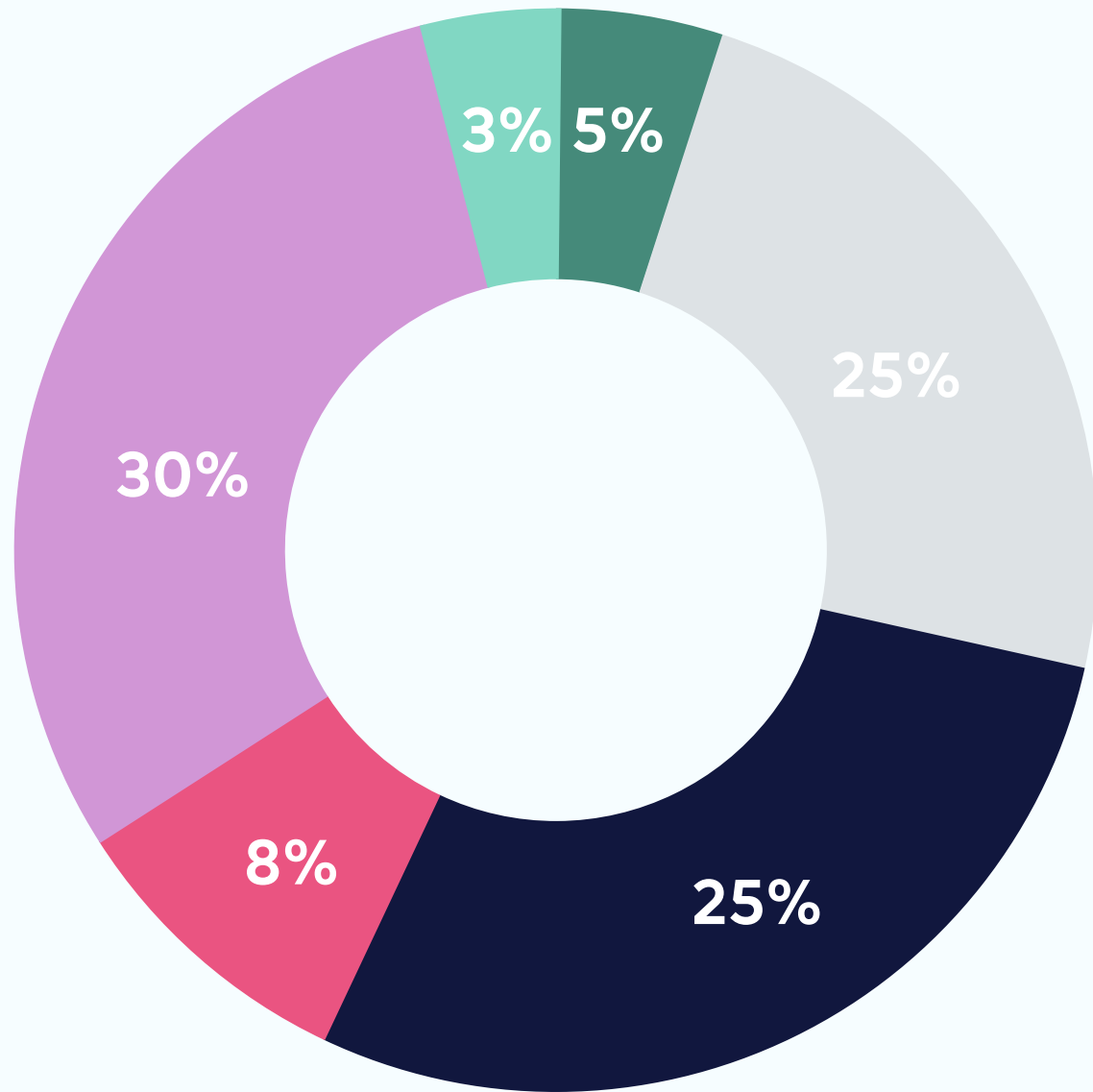
- Canada
- United States
- Netherlands
- Australia
- Denmark

Sector weighting



- Materials
- Health Care
- Energy
- Communication Services
- Information Technology

Market cap bands (\$ Bn)



- 0-1
- 1-2
- 2-5
- 5-10
- 10-50
- >50

Information and data as of 07/31/2023. Figures may not add up to 100% due to rounding.

Click here to learn more about ROYA’s portfolio

[About ROYA](#)



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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.

Royalty Trust Structure Risk: The success of the fund is heavily dependent on royalty investments including investments in Royalty Income Trusts (RITs). Cash flows from royalty income can be contingent on the production of energy commodities. As such, the level of income received can be volatile as commodity prices, production levels, and production costs all vary wildly. Another consideration is that some royalty investments own intellectual property. In those cases, the trust could be subject to changes in intellectual property laws, which can impact the value of the assets held by the trust. Royalty trusts generally do not guarantee minimum distributions or even return of capital. Finally, Royalty Income Investments are still subject to market risks, such as interest rate fluctuations, currency risks, and overall market volatility.

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 Global Royalties 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.

For inquiries: info@temaetfs.com

