

# EMCOO *Music* Fund

MARKET  
TRENDS

EVALUATION  
PROCESS

---

ROYALTIES  
FLOW



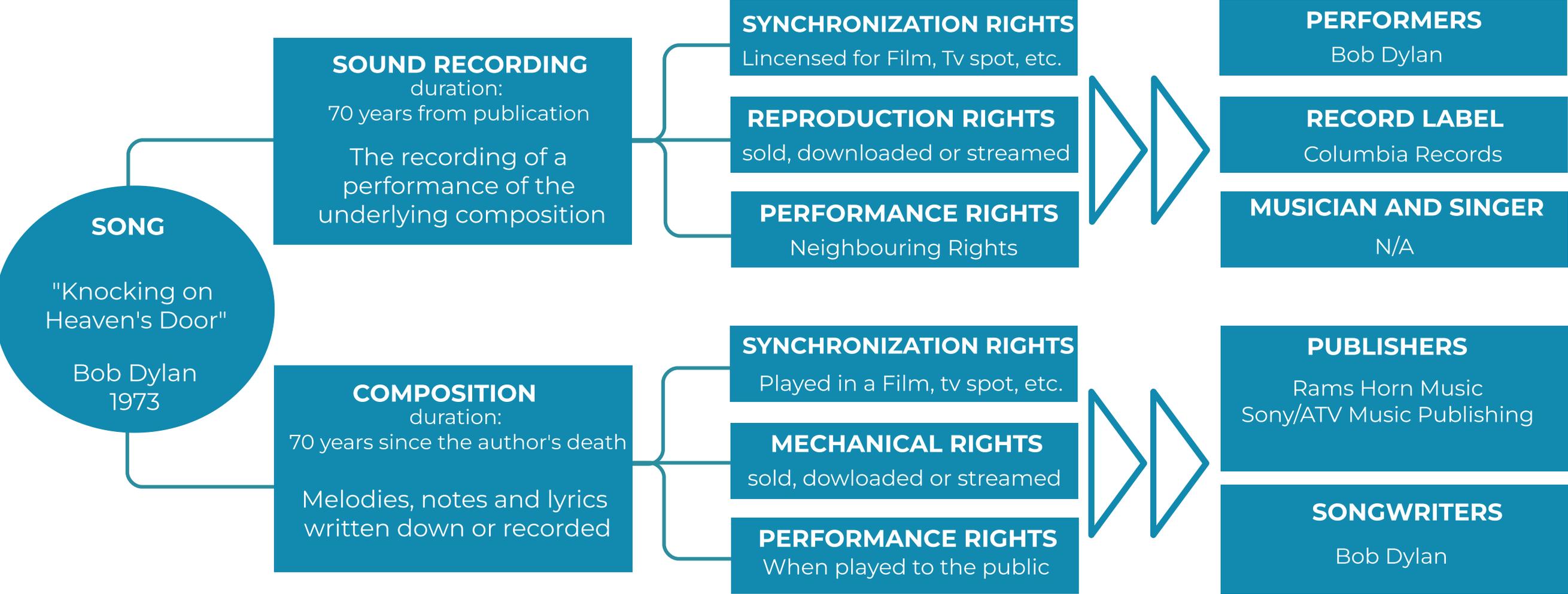
---

# WELCOME

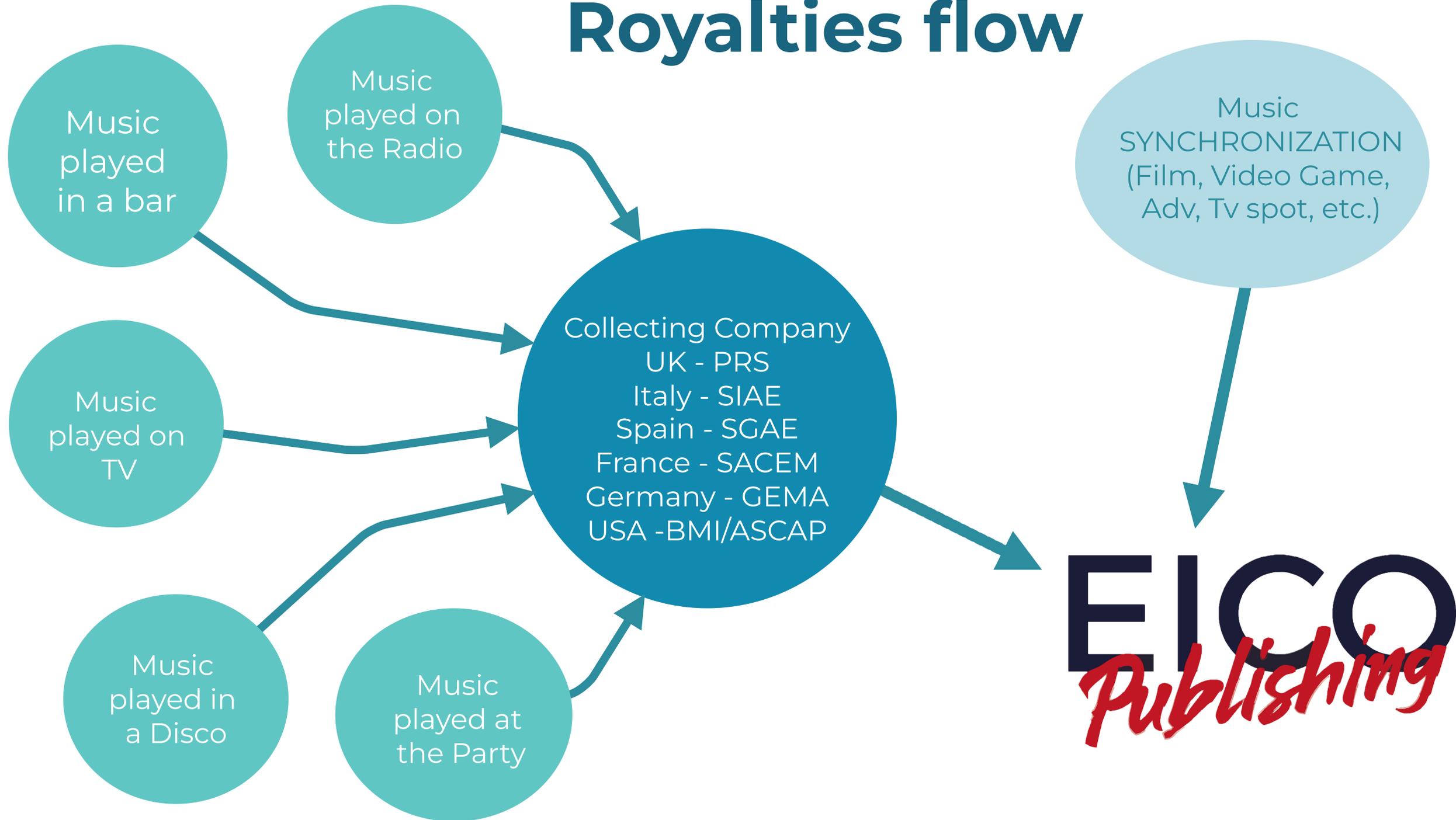
---

We are not just a financial product but an independent publishing company. Thanks to a long-term vision, a competent and passionate team has the ambition to bring dynamism, innovation and freshness to the musical and financial world.

A **Song** creates a **COPYRIGHT** which is granted certain **RIGHTS** that allow **RIGHTSHOLDERS** to collect royalties.



# Royalties flow



# OUR OBJECTIVE

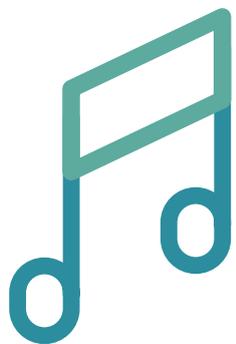


Our investments will initially focus on the acquisition of publishing catalogs (set of songs) at an international level that have mainly "ever green" songs, able to offer solid and constant returns.

**The optimization of the exploitation of acquired rights thanks to innovative approaches and the use of the latest technologies will be our absolute priority.**

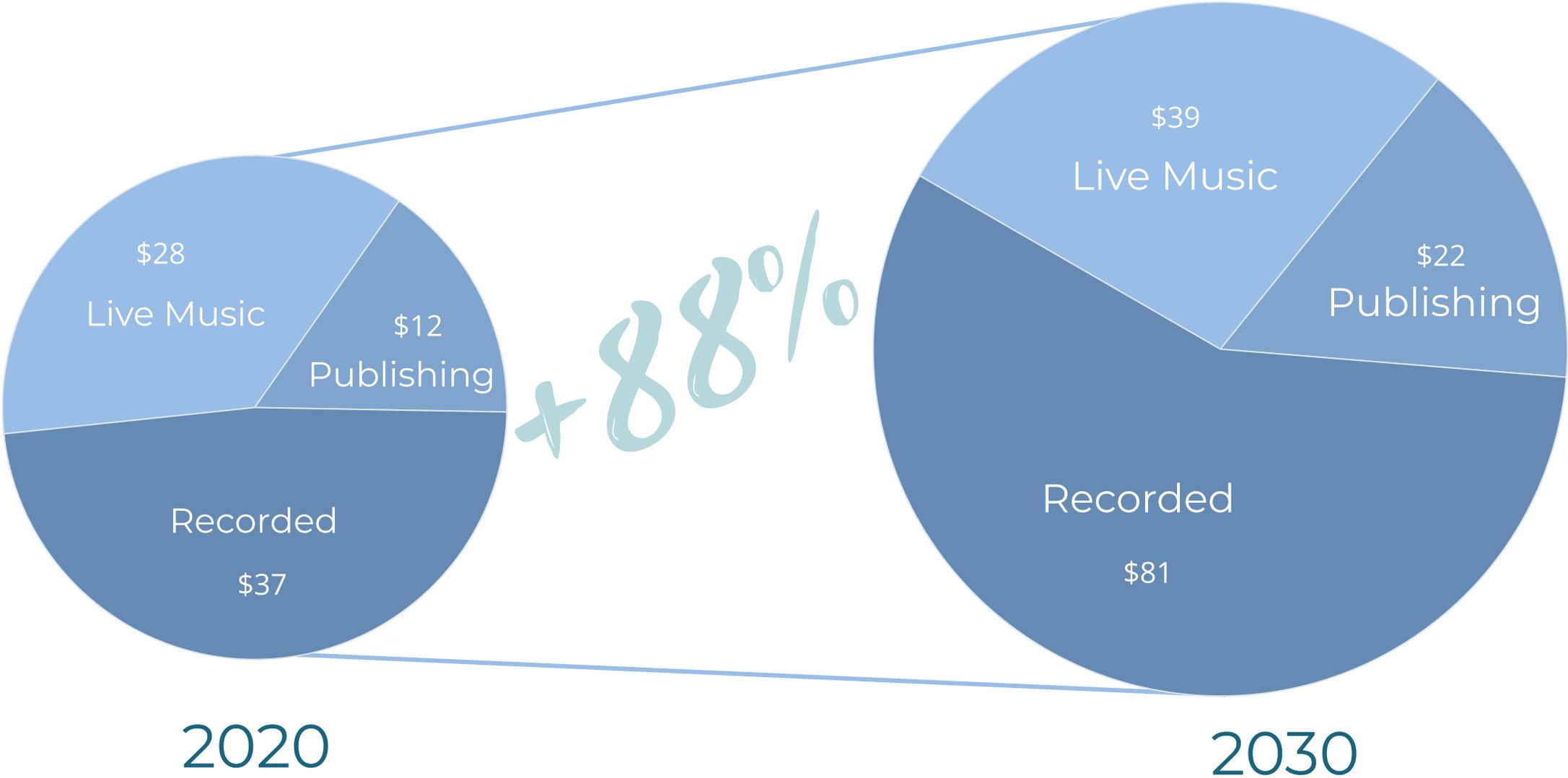
Today the concept of RARITY = VALUE is very fashionable and this applies to assets that do not produce income such as gold or bitcoin ... the publishing right of a song constantly generates income, it is

UNIQUE and protected by law !! What's the value of this ?!



# Music sector future growth expectation

Global Music Market breakdown 2020 vs. 2030E (US\$ bn)

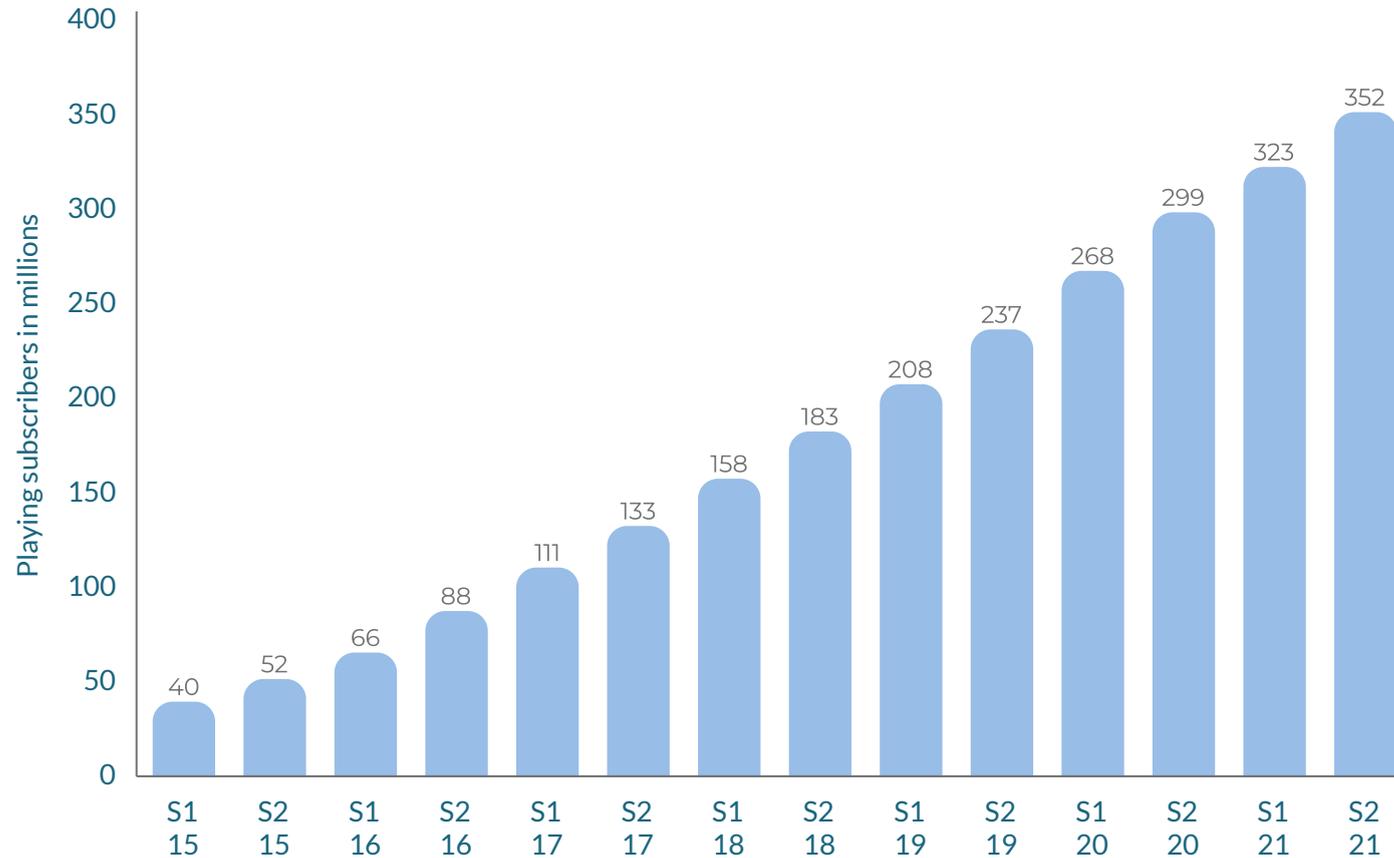


Source : Goldman Sachs Investment Research

# Global Music Streaming Trends

Spotify has the highest music streaming market share with 31% of the market.

### Number of Spotify premium Subscriber worldwide



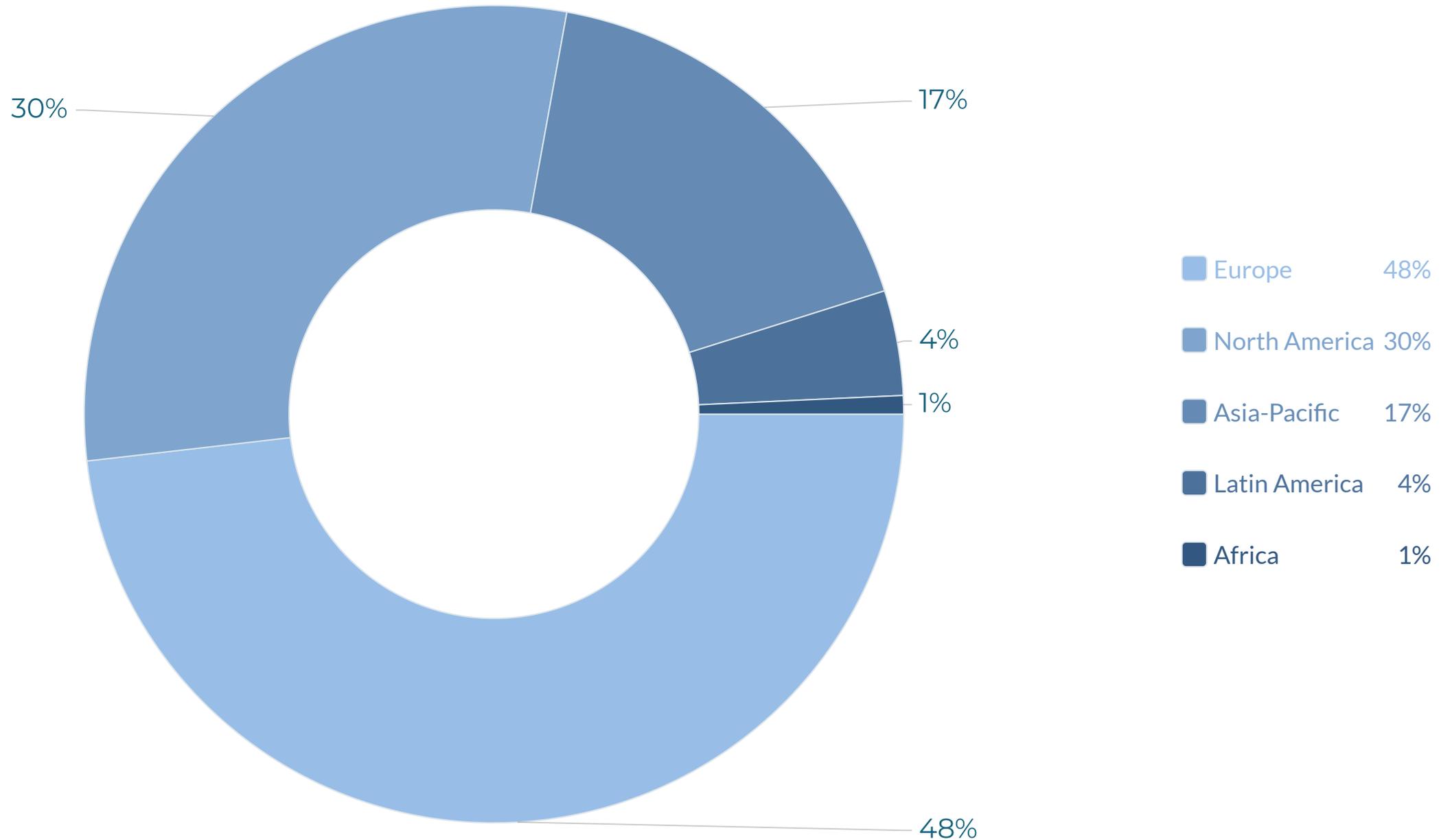
Source : Statista

### Spotify's paid user as % of total MAU



Source : Goldman Sachs Investment Research

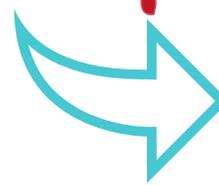
# Total Global Publishing Revenue by Region



# Our Structure

*Simple, Flexible and Efficient*

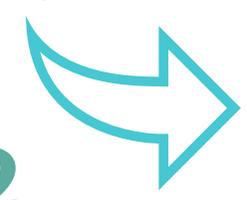
**EICO**  
*Music Fund*



01

**EICO**  
*Publishing*

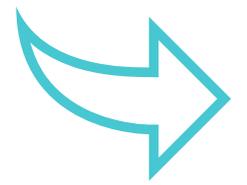
EICO music fund owns  
100% of EICO Publishing  
Ltd



02



EICO Publishing Ltd  
owns 100% of Dipiú srl



03

EICO Publishing holds the music rights and with the support of Dipiú s.r.l. manages and optimizes them also thanks an agreement with a global network of sub-publishers

# Our Main Activities



**ACQUISITION**  
of historical catalogs  
and rights on future  
albums



**ADMINISTRATION**  
of the rights acquired  
by collecting royalties  
all over the world and  
sub-publishing for  
other subject



**ARTISTIC EXPLOITATION**  
thanks to the collaboration  
with important artists for  
the creation of covers and  
remixes to give new life and  
profitability to old songs



**ECONOMIC EXPLOITATION**  
through synchronizations for  
the use of tracks in films, TV  
spots, video games, agreement  
with store/hotel/restaurant  
chains, events, fashion shows,  
etc.

# Catalog acquisition process



# Investment process & evaluation

a non-manipulable valuation that reflects the TRUE market price



STEP 1

**ANALYSIS OF THE  
PAST**



STEP 2

**IDENTIFICATION  
OF THE LIFE CYCLE**



STEP 3

**LOOK TO THE  
FUTURE**

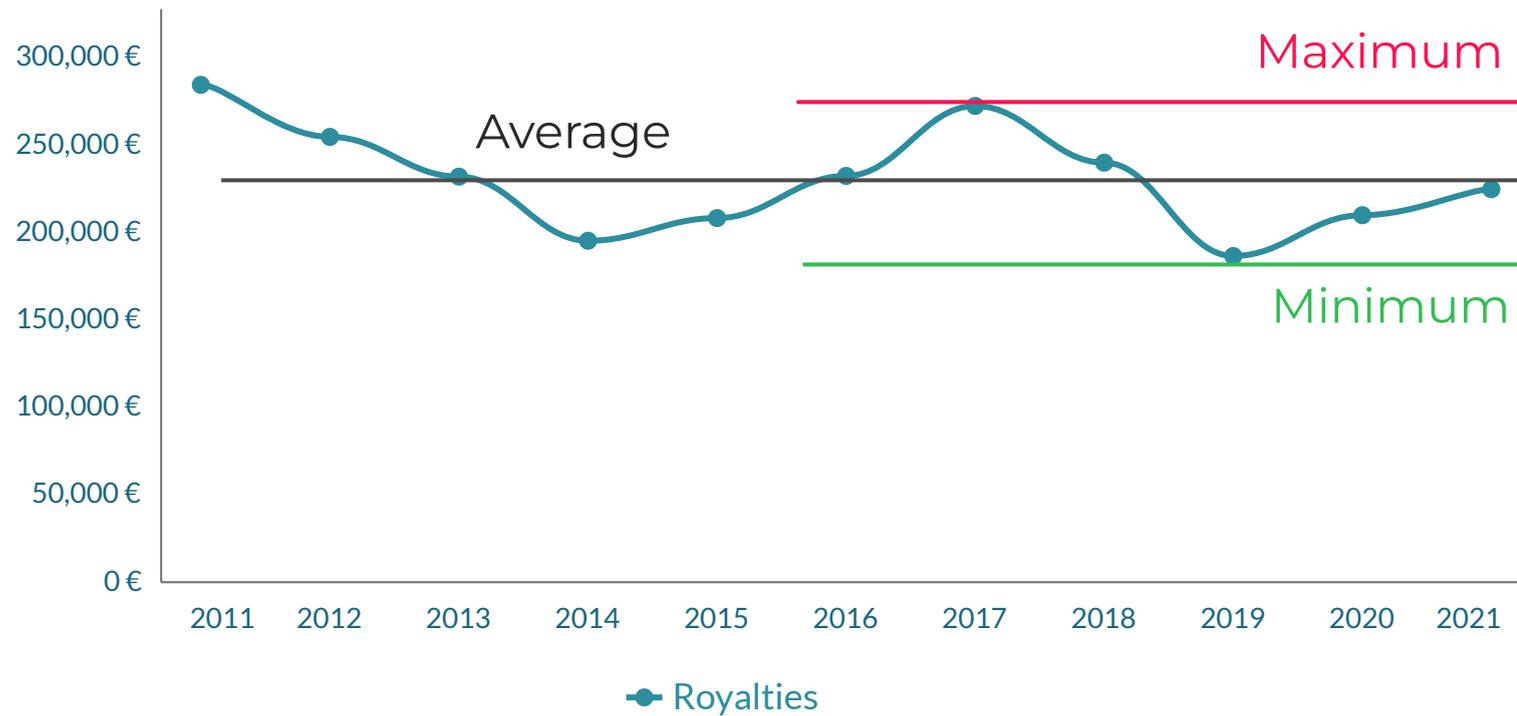


STEP 4

**ASSET VALUATION**

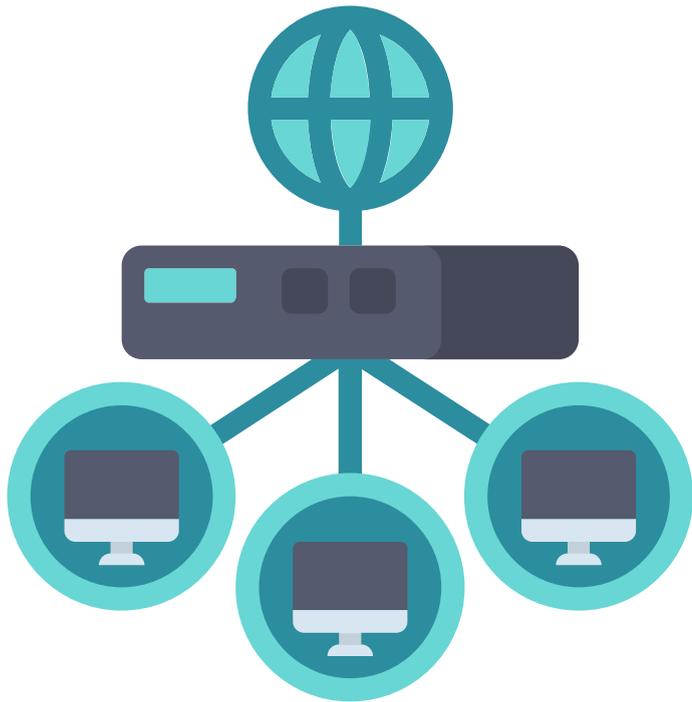
# ANALYZE THE PAST

10Y royalties flow



Our software loads and scans historical data to generate multiple targeted analyzes to identify the solidity of the catalog. For example, we analyze the origin of the flow of royalties to understand how diverse they are by use (TV, radio, digital, synch, live, etc.) or by geographical area. We study the concentration of royalties between the songs in the catalog and the progress of each individual song. Thanks to the analysis of all these parameters, we identify for each song in which historical momentum it is.

# Data upload and first analysis



The data received are loaded into our dedicated software thanks to which we extract a series of analyzes and evaluations aimed at:

- identify which part of the life cycle the song is in
- check the general trend of the flow of royalties over the years
- extract the volatility of the royalties trend
- check the concentration of royalties on the various songs present
- verify the diversification of the origin of royalties by geographical area
- verify the diversification of royalties by type of rights accrued
- all the above analyzes are applied to every single song present in the catalog

# ROYALTIES LIFE CYCLE

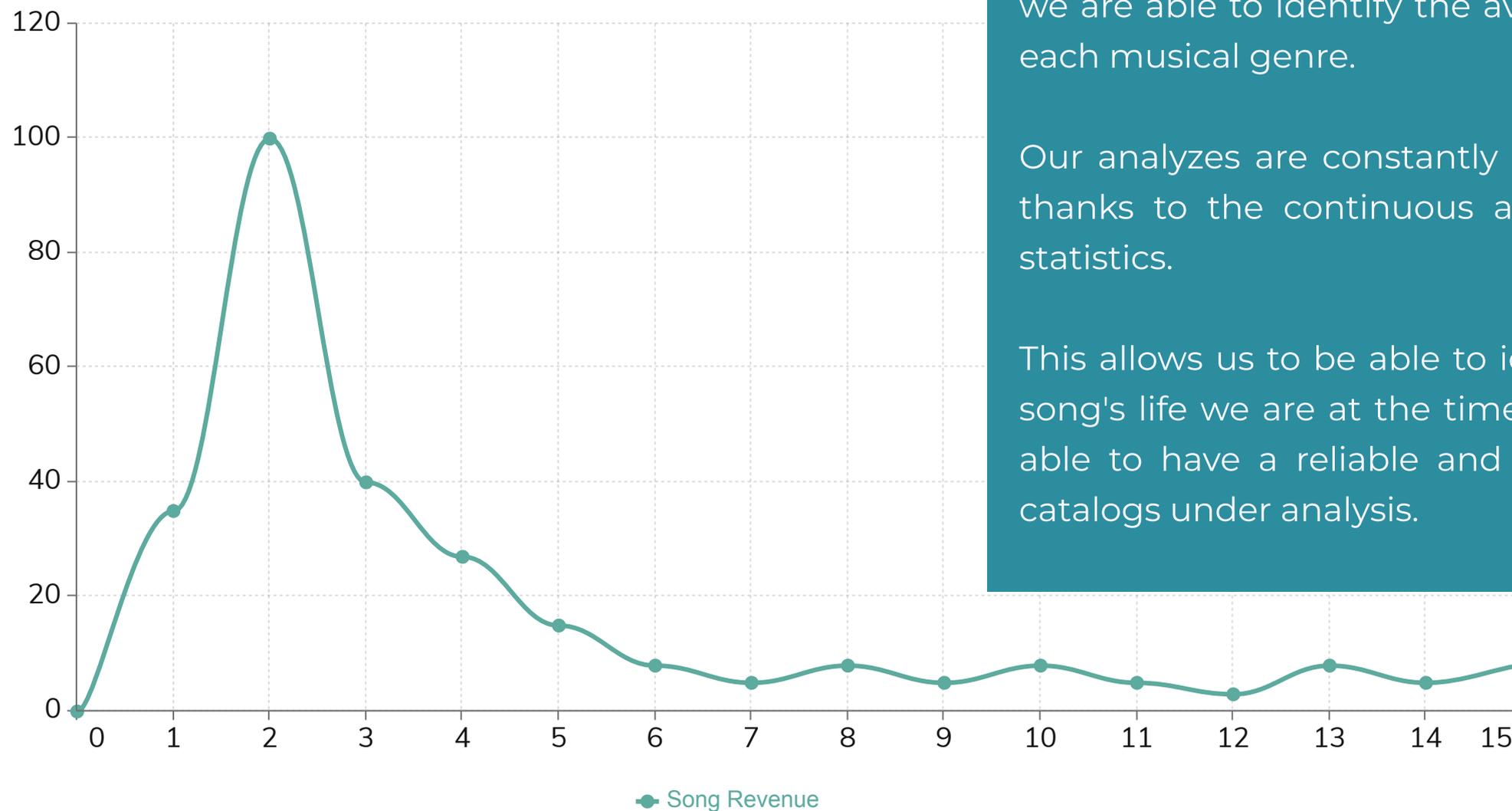
## Example



Thanks to the power of our software and complex algorithms, by analyzing a significant sample of songs, we are able to identify the average royalties life cycle for each musical genre.

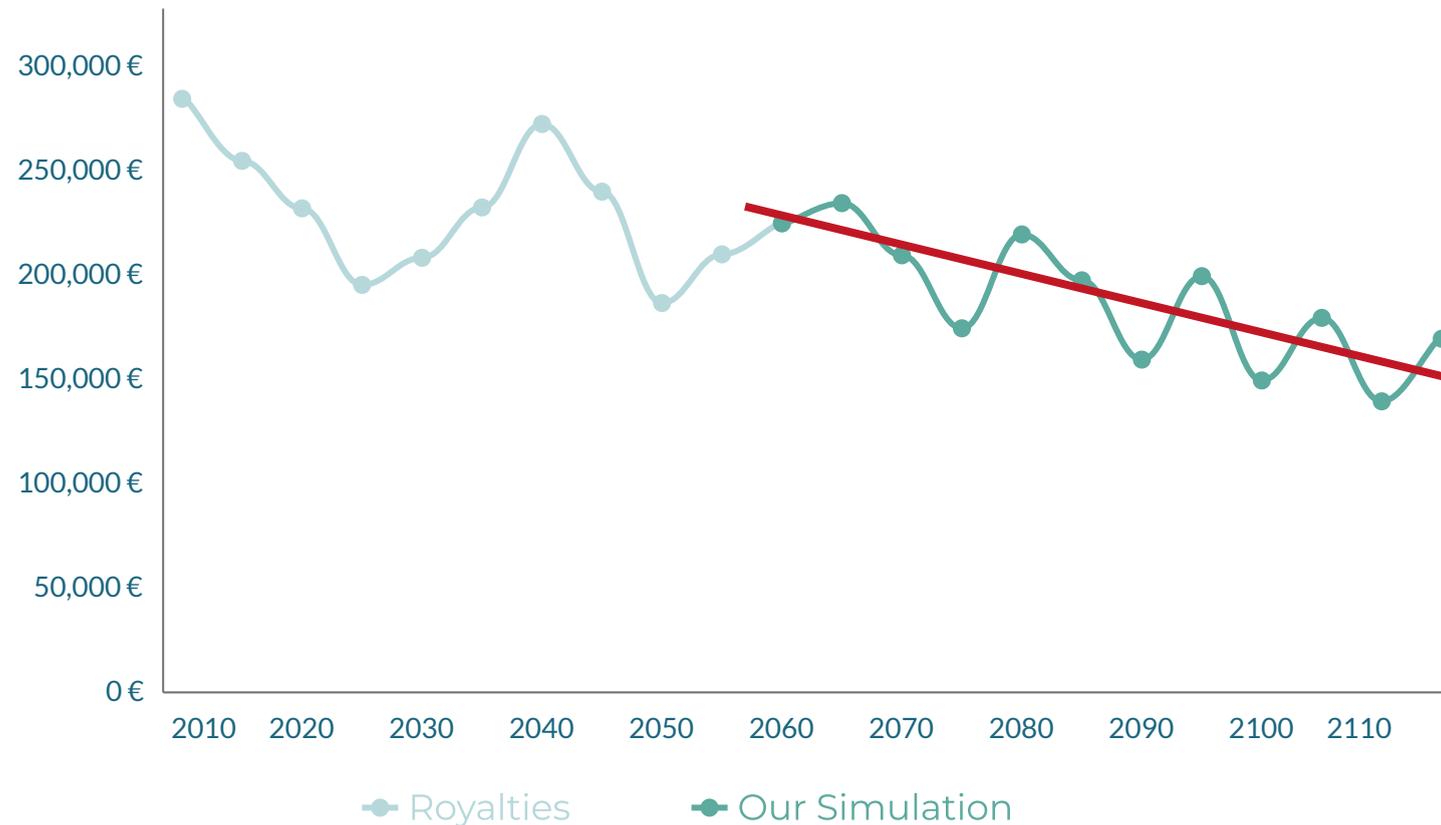
Our analyzes are constantly implemented and updated thanks to the continuous addition of new songs and statistics.

This allows us to be able to identify in which part of the song's life we are at the time of the analysis so as to be able to have a reliable and concrete projection of the catalogs under analysis.



# LOOK TO THE FUTURE

## WITH A VALUE APPROACH

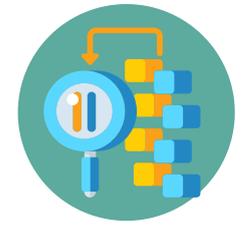


Once the historical momentum of each song has been defined, it is combined with similar songs present in our database so as to obtain a reliable and concrete projection. The sum of all the simulations gives us the future trend of the catalog.

The simulation does NOT consider all the expectations of higher profitability that will derive from:

- our future work on the catalog
- the optimization of administration
- the artistic and economic exploitation
- the expected growth trend of the music sector
- the exploitation deriving from synch

# CATALOG EVALUATION MODEL



## Net Present Value (NPV)

Once we identify the future cash flows, we establish a discount rate and, using the NPV model, we derive the current price.

As a discount rate we apply 6% (on net cash flows). This value comes from a back test on music catalogs sold in the past and allows us to find a sustainability in the prices of these catalogs. At the same time, it is financially sustainable because the S&P 500's average earning yield over the past 30 years is 4.6%.

This value therefore gives the confidence to always be in line with the musical and financial world.

The discount rate is kept fixed over time because we believe that long-term projections make it more appropriate to use a long-term average, which will only change after a strong and lasting change in the coming decades. We apply 6% on all catalogues acquired.

Only in one case we use 5%, that is, when the catalog is not properly valued because the numbers alone do not take into account the real weight of the author. In the case of historical authors, recognized as a symbol of the music scene, we use a lower discount rate.

# ASSET & NAV VALUATION

## ASSET VALUATION

To ensure an evaluation that is always effective over time, the same methodology is used in the acquisition phase and subsequently. The new flows and the new data available will be added over time, making our evaluation always current and effective.

The fund's NAV will be given by the value of the underlying company EICO publishing plus cash. The value of the company will depend on the value of the catalogs held PLUS the cash flows collected and the related accruals at the time of the calculation LESS the accrued costs of the company, the costs inherent to the management of the catalogs and the sub fund costs.

## NAV VALUATION

# PROS & PROS

## GUARANTEE OF A FAIR ASSET VALUATION

### DECORRELATION

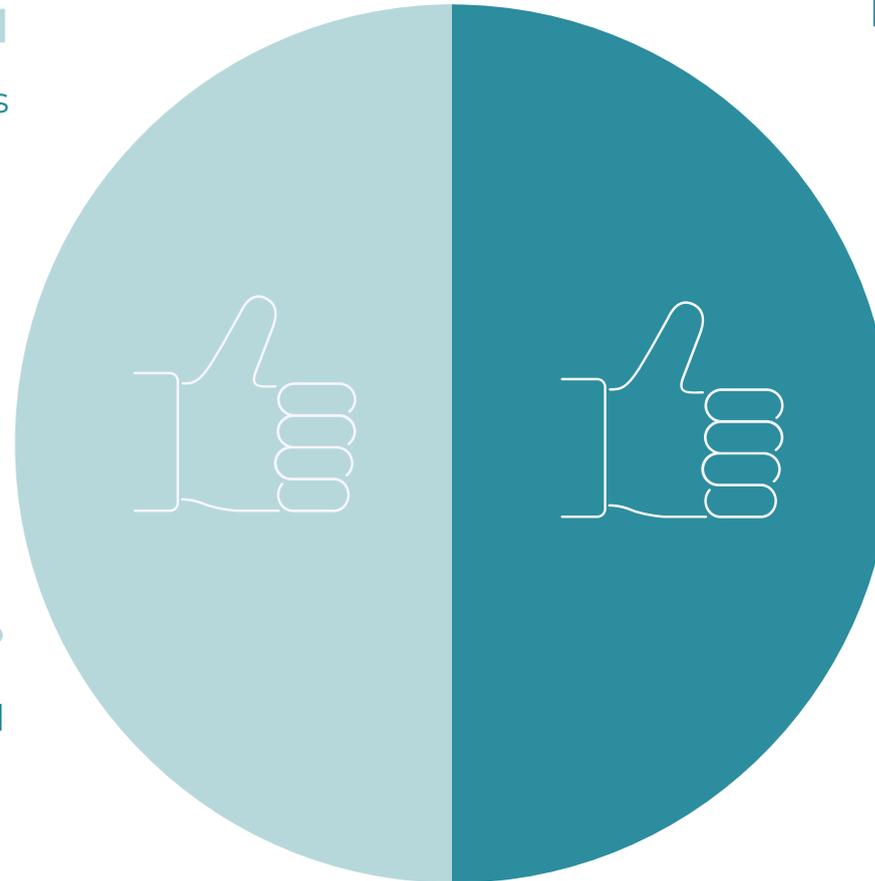
Compared to all other assets

### SOLID & INFRANGIBLE ASSET

A concrete, safe asset with a duration of  
70+ years

### A RARE ASSET?

No, UNIQUE and protected  
by law



### LOW VOLATILITY

Stable return over time

### + CORRELATION TO INFLATION

Music sector revenues are positively  
correlated to inflation

### MARKET WITH A BRIGHT FUTURE

The music market will grow both in terms of  
revenues and number of users

# FUND SUBSCRIPTION AND REDEMPTION

## SUBSCRIPTION

---

New subscriptions are only accepted if there is a need for new liquidity suitable for the acquisition of new rights. Any excess liquidity deriving from the royalties collected, if not functional to new purchases, will be distributed to the shareholders. In doing so, there will never be any non-interest-bearing excess liquidity which on the one hand would drown the yield of royalties and on the other would be a source of cost for the management fees applied. As always correct and transparent.

## REDEMPTION

---

Upon receipt of the redemption request, possible at each quarterly NAV and only in the event that the amount exceeds the available liquidity (which will be maintained at approximately 5% of the NAV), **the board of directors of the fund may decide to postpone the redemption up to a maximum of 36 months.** This is to protect all investors, ensuring that we do not have to liquidate assets too quickly with the risk of selling them at inappropriate values.



## An alternative open fund

The first open A.I.F (European Alternative Investment Fund) dedicated to music rights. Our rules allow us to optimally manage subscriptions and redemptions.

Always fair and transparent.

# COSTS

---



**1%** Management fees

We have only one share class, the same where we invest.

**20%** Performance fees

**OVER a hurdle rate equal to HICP**, with a high-water mark that is represented by the maximum level reached at each 31/12 from the date of establishment up today.

---



A lean and transparent structure, which will adapt quickly to the growth of managed assets.

Low publishing and sub-publishing costs which will further decrease with the increase in managed rights.

The total cost of the activity can be summarized in a cost that will initially be around 15% of the royalties collected to go down to around 5%.



Eugenio Allora Abbondi  
Founder, Director, IC  
member



Frank Chetcuti Dimech  
Director, AML, compliance



Clint Bennetti  
Director



Keith Huber  
Director, Risk manager



Simon Grima  
IC Member



Stephanie Heithkamper  
IC Member



Pierangelo Mauri  
Rights Advisory Committee  
Dipiu srl Chairman



Paolo Franchini  
Rights Advisory Committee  
F.E.M. president



Fabio Griglio  
IT Consultant



Francesca Ferraris  
Market Analyst Consultant



David Grech  
Valuation Officer

# KEEP FOLLOWING US

When the next investment becomes available, we will be able to share with you all the details of the specific transaction and our analyzes including past cash flows, forecast and expected profitability.

EIICO  
*Music  
Fund*

EIICO  
*Publishing*

# WE CARE

We are proud to say that about 3% of the EICO FUND SICAV PLC 's revenues are destined to charity.

We believe that a smile is worth more than anything else and support research institutions will help many people and families to rediscover this smile.

With pride, we express this gesture of ours and hope that it can also be a stimulus for our customers, supporting research means looking ahead, without prejudice to color, race or religion.



IEO - CCM Foundation



Monegasque Association  
"Les Enfants de Frankie"



Telethon Foundation

## **IMPORTANT NOTICE AND DISCLAIMER**

### Document recipient

This document is not intended for the general public. It is designed for use by Financial Intermediaries, Investment Companies, Financial Institutions and providers of Financial Products.

Nothing within this document constitutes an invitation or offer to buy or sell any investment, nor is it intended to provide a basis on which to make an investment decision or a personal recommendation. This document is not directed to any person in any jurisdiction where the publication or availability of this document is prohibited. Therefore, any and all information contained in this document is solely directed at such Qualified Investors. It is not allowed to directly or indirectly grant access to information or distribute information to other people other than Qualified Investors. In many countries the investment funds mentioned in this document subject to restrictions concerning publication and access, marketing, offering and/or selling. Reference is made to the respective prospectus for any details; however, it is the obligation of each person to inform itself about and to obey any restrictions. Thus persons, being subject to any restriction shall not access this document. In relation to a particular investment fund, all current versions of all documents in connection to such investment fund shall be considered. All further or additional reservations in such documents apply. The information provided is believed to be reliable, without any guarantee of completeness or accuracy

### Simulations and figures

The calculations and simulations are approximations and are subject to data errors, computation error, variations in prices, bid and ask spreads, interest rates, and future undeclared dividends and/or events. All the factors used as a basis for the probability computations and simulations are subject to change.

### Risk

The sub-fund may invest in different type of assets. Investments may also include securities that may become subject to strong market volatility, In some cases, these securities may be very illiquid during periods of market uncertainty and may be sold only at a discount. Individual securities may, in such extreme market phases, suffer a total loss or a significant decrease in value. High losses of value at the level of the sub-fund can therefore not be excluded. More complete and specific disclosures about risks are contained in the respective offering documents.

Before making any investment, an investor should thoroughly review the offering documentation to determine whether an investment is suitable for the investor considering his investment objectives.