



ANote Music

The main stage for music investments

January 2023



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ANote Music is not regulated by the Luxembourg financial sector regulator (Commission de Surveillance du Secteur Financier – CSSF) and music royalties do not constitute financial instruments. No communication with or from us should be considered a recommendation of any investment opportunity and that any royalty payouts are suitable for you or that any royalty payouts will provide a fixed and/or minimum returns or value.

Past performance is not a guarantee of future returns, nor is it necessarily indicative of future performance. The value of your royalties will fluctuate over time and there is no guarantee on the invested capital. This disclaimer cannot disclose all the risks and other significant aspects of dealing with music royalty investment.

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Chapter

A Note Music

Music Royalties as an Asset Class



Executive Summary

Most investors lack exposure to cashflow-generating assets, music rights are such assets.

A Note Music offers diversified, scalable and flexible **investment opportunities in music royalties** to preserve and grow your wealth.

A Note Music unites the music industry while bridging the gap with traditional financial markets to make investing in the space accessible. Our industry-leading platform brings stable passive returns to investors, while providing rights holders faster access to funds.

Welcome to the main stage for music investment.

Our purpose is to provide investors with investment opportunities with attractive yields and low correlation to the general economy, while unlocking a new form of financing for music owners.

Founded in Luxembourg in 2018, A Note Music is **well positioned** to connect investors to **music deals** by leveraging the **extensive experience of its team** within the financial and music industries, as well as a wide network of advisors, among which the moguls **Mathew Knowles, creator of Destiny's Child** and **George Howard, Professor at Berklee College of Music.**

Music royalties as an asset class

Historical yearly returns *range between 6 and 16%*.

Music catalogue acquisitions have recently been at the spotlight of the music scene due to a **significant increase in the number of transactions**. Demand for music rights investments is at an all-time high, with private equity firms, music companies and music funds investing over \$7.5bn in music rights as an asset class in the last 3 years.

Artists such as **Bruce Springsteen** and **Sting** have recently sold their music catalogues and the underlying rights for respectively **\$500m** and **\$300m** to major players within the music industry (Source: Music Business Worldwide, compiled by Goldman Sachs Global Investment Research).

During the past 26 months, ANote Music has facilitated the successful sales of catalogues **worth over \$23m**, including songs performed by artists at the forefront of the global music scene and worldwide hits such as, “The Nights” by Avicii and “Dancing in the Moonlight” by King Harvest, and many others.

A music catalogue is a collection of songs coming from the same owner. The owner controls the rights (like publishing, sync or master rights) and **receives income by the generated music royalties**, each time the music is being consumed and used.

Royalties from famous /old songs as a passive income source

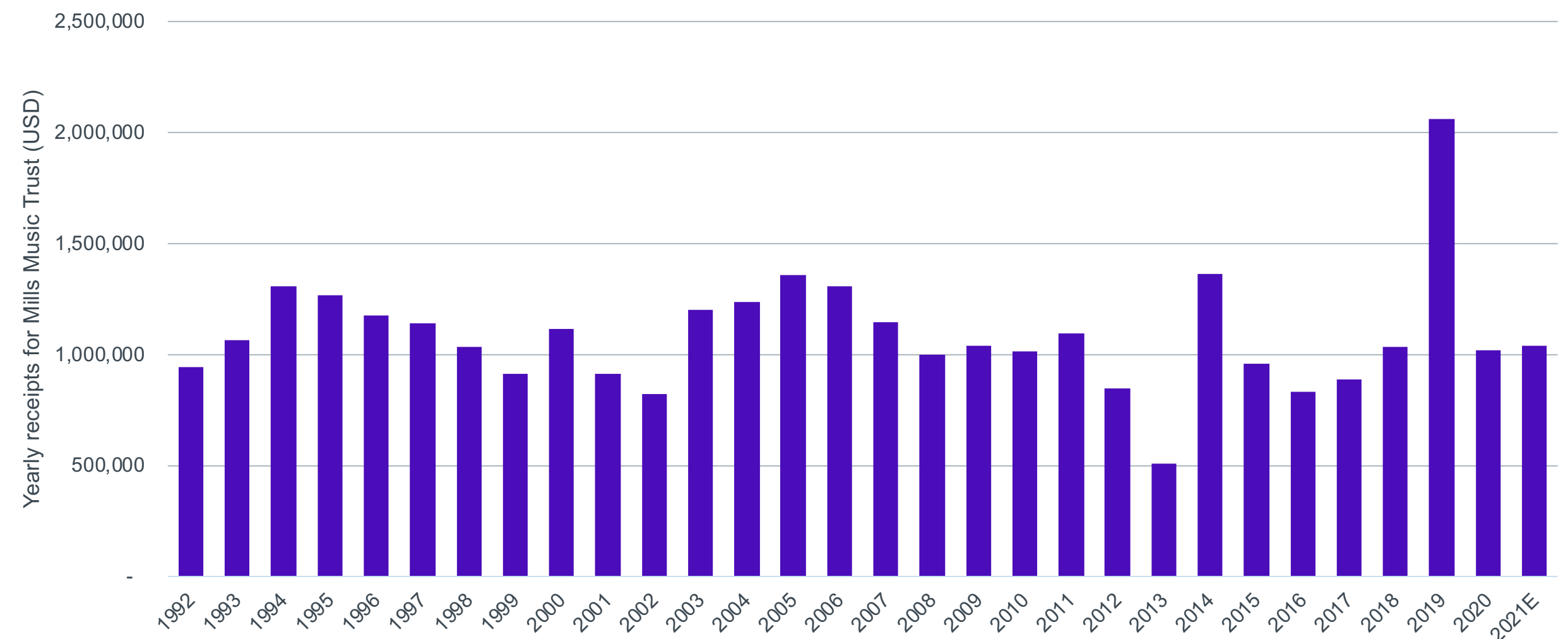
Music royalties are collected through continuous global tracking and monetization.

- Every time a music creators' intellectual property is being used, it generates revenue in the form of a music royalty.
- Music royalties are generated whenever songs are radio or TV broadcasted downloaded, streamed, performed live in bars, restaurants, night clubs, festivals, remixed, as well as synchronized for advertisements or films all over the world.
- Music royalties are collected and paid directly to right holders by independent entities like digital distributors (for streaming royalties) or Performing Rights Organizations (like Sacem, SIAE, Zaiks, BMI, PRS), that track of unitary usages of songs on a global basis and collect the funds.



A Note Music takes care of collecting the royalty flows from the relevant distributors and transferring them to investors.

Example of consistent royalties for songs released in 1960s



The Mills Music Trust, available on the OTC market with ticker: MMTRS, created in 1964, contains tracks released no later than 1964, and contains American standards such as "Little Drummer Boy", "It Don't Mean A Thing" and "I've Got The World On A String". Through the years and through changes in music listening habits, the catalogue revenues (all deriving from catalogues published before 1964) have displayed notable durability. Especially considering the remarkable transitions in music consumption cycles from 1999 on, the durability and stability of the revenue streams supports the Fund's strategy based on predictable long-term returns from music royalties investments. As a note on the Mills Music Trust, in 2012, Sony/ATV acquired the trust's catalogue administrator, EMI, and has been accused of reinterpreting the 1964 purchase agreement payment calculation in a way that may be economically harmful to the trust. The 10-K filings for the 2013 Annual Report discuss the impact of the "New Calculation Method" on revenue.

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Chapter

Market Opportunity

Growth, Low Correlation, Passive Income



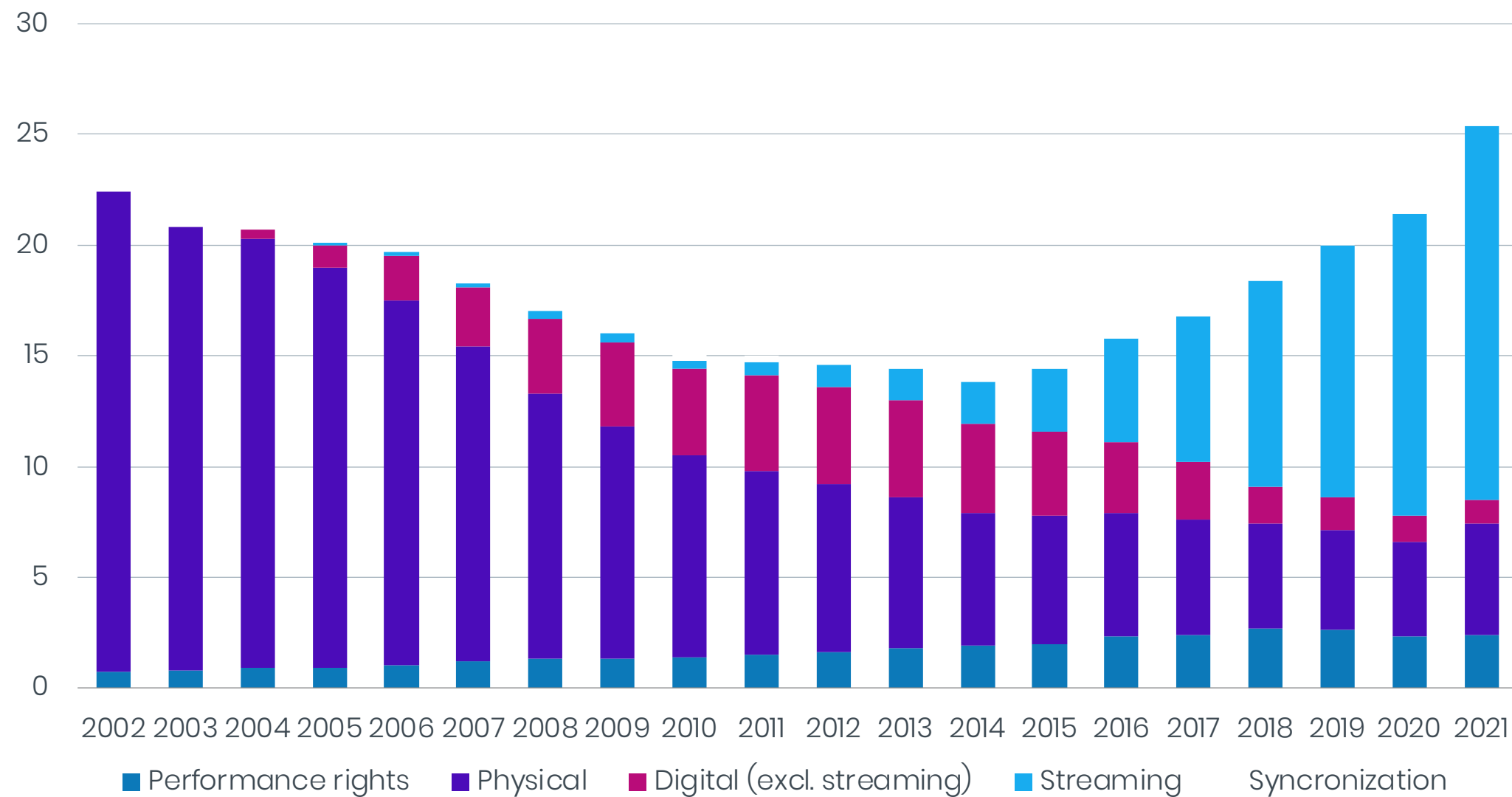
A market expected to double by 2030

Music is a fast growing asset class.

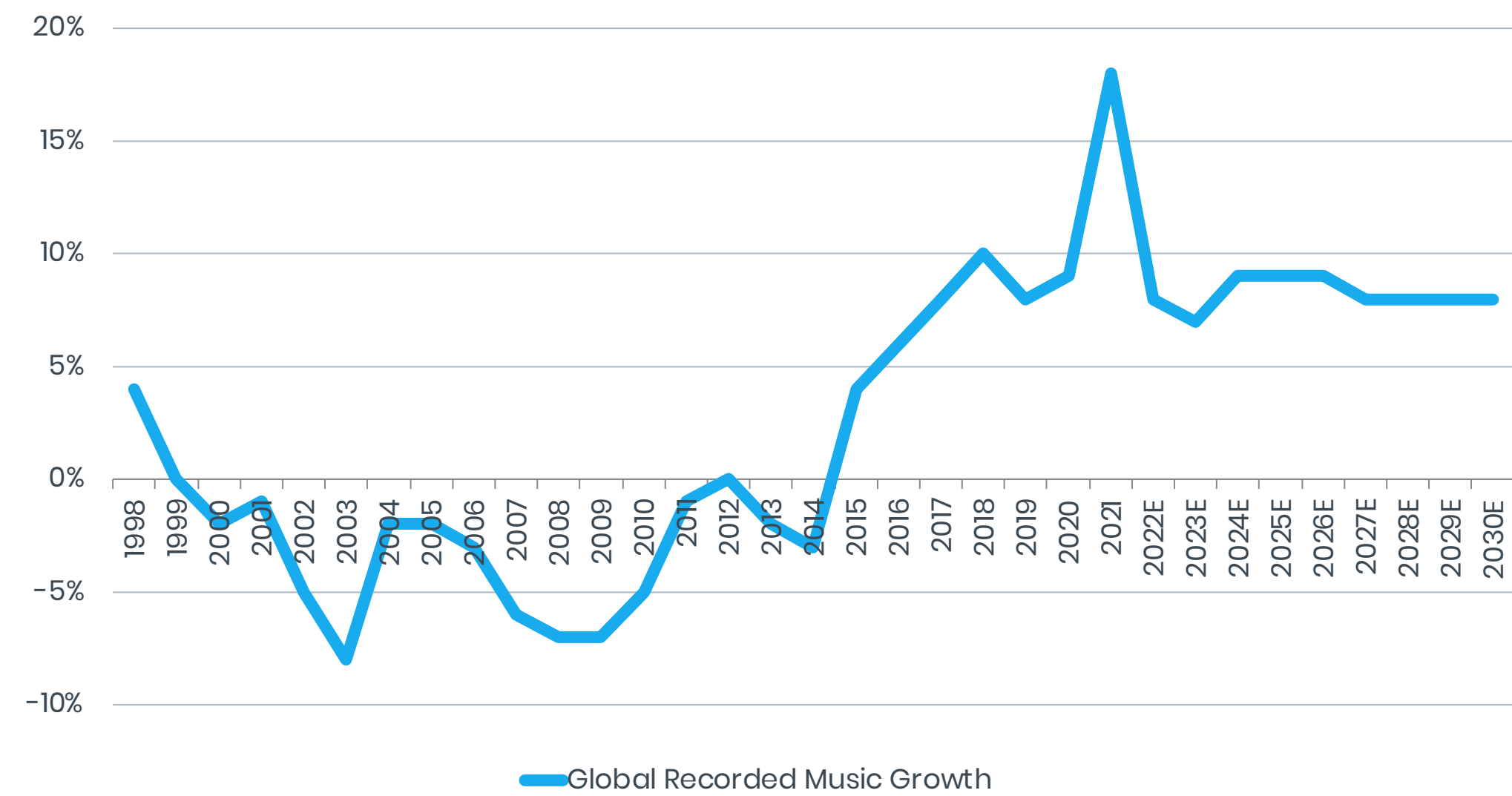
Low correlation to the global macroeconomy and high income potential have resulted in a record of US\$5.1bn worth of music rights transacted in 2021. A recent report by Goldman Sachs has revised earlier predictions on the music industry outlook, boosting estimates **by 7% in 2022** (from US\$81.6 bn to \$87.6bn yearly revenues), **by 5% by 2023** (from \$90.7bn to \$94.9bn) **and by 10% by 2030** (from \$139.7bn to \$153bn).

Resurgence of the Global Music Industry, with a bullish outlook

Recorded Music Revenues



Recorded Music Revenues Expected Growth



Upside risk from sector-specific tail winds

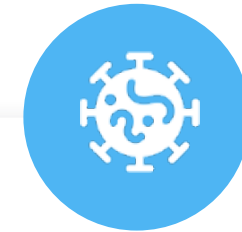
In the current environment of macro economic turmoil and inflation, music royalties are an increasingly attractive asset class.



The rising penetration of **music streaming services** is **boosting revenue generation**.



New licensing prospects are starting to emerge for music holders. Short videos, e-fitness, and other platforms are focused on acquiring IP rights from music creators and publishers, potentially opening new revenue streams.



The recent decade has seen a **steady increase in the number of subscribers** on music streaming platforms, such as Spotify, Tencent Music Entertainment, and Amazon Music.



A series of regulatory amendments have been made to recognize the right to **fair remuneration of music creators in the digital age**.



The rapid adoption of 5G connectivity, which has the capability to send data several times faster than 4G, allows company to **offer high-fidelity music streams**. Amazon has capitalized on this opportunity by launching a new music HD service that will provide lossless music streams and downloads to music enthusiasts in the U.S., the U.K., Germany, and Japan, not to mention the surge in streaming subscriptions due to better connectivity in many emerging markets.

Consistency in returns by stability in music listening habits through the years

The main risk factor, music listening habits, is not correlated to the financial markets.

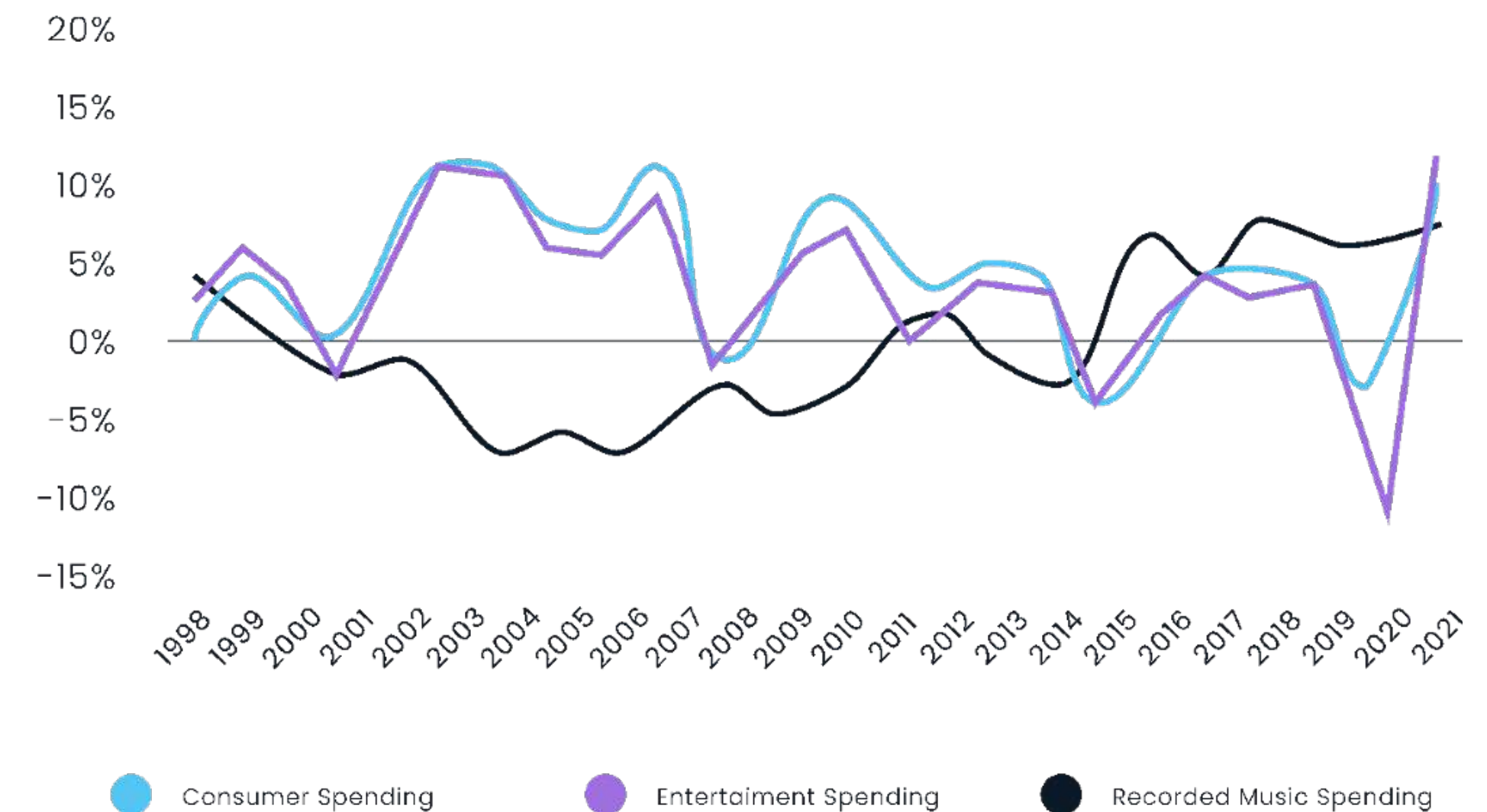
Music industry revenues have displayed historical low correlation with major stock indexes...

Returns per asset class and ranges of yearly yields ranges, 2015-2022*

	2015	2016	2017	2018	2019	2020	2021	2022	YTD 2017 - 2021	5 Y	Yearly Yield
US Equities (S&P)	-0.7%	9.5%	0.2%	-6.2%	28.8%	16.3%	26.9%	-17.4%	78.5%		1.6%
MSCI Europe	-2.3%	0.2%	26.2%	-14.3%	24.6%	5.9%	17.0%	-18.8%	67.0%		2.6%
Real Estate EU 19	1.6%	4.0%	4.3%	4.7%	4.4%	5.2%	7.7%	5.5%	29.3%		3-4%
Music Industry	3.4%	8.4%	7.7%	9.7%	7.6%	7.0%	17.8%	7.8%	60.0%		6-16%
DOW JONES IA	-2.2%	13.4%	25.1%	-5.6%	22.3%	7.3%	18.7%	-12.4%	83.9%		n.a.
EU 50	3.9%	0.7%	6.5%	-14.3%	24.8%	-4.7%	21.0%	-17.3%	31.2%		n.a.
MSCI World	-0.3%	8.2%	23.1%	-8.2%	28.4%	16.5%	22.4%	-18.9%	106.8%		1.7%
Real Estate US	5.3%	5.5%	6.2%	4.1%	4.0%	11.3%	19.3%	6.7%	52.7%		3-4%

... and recorded music revenues have not been correlated to consumer spending

Global Recorded Music revenues, consumer spending and entertainment spending, 1998-2021**



*Source: Stock indexes: Bloomberg (as of 19/07/2022) – Real Estate: US House Price Index – FED, House price index – Eurostat (as of Q1 22) – Music Industry: Goldman Sachs Music Industry report “Music In The Air”

**Source: Goldman Sachs Investment Research

Music Market Economics

An industry generating \$70bn yearly, valued in excess of \$1.5 trillion.

The global music market generated revenues for US\$ 70.8 billion in 2021, mainly propelled by growth in the Streaming component. Revenues are expected to expand at a Compounded Annual Growth Rate (CAGR) of 8.9% from 2021 to 2030.

2021 Global Music Market – Goldman Sachs Estimates*

\$70bn

Global Music Revenues
(Streaming, Live, Radio, Publishing, Sync etc.)**

\$33bn

Streaming Market

\$26bn

Recorded Music
(Net Royalties to Labels)***

\$23bn

Paid Streaming Market

\$7bn

Publishing Music
(Net Royalties to Publishers)***

523mn

Paid Streaming Subscribers

\$14bn

Live Music Net Revenues***

\$49

Annual Streaming ARPU

*Source: Goldman Sachs Music Industry report "Music In The Air"

**Gross revenues

***Net revenues (i.e. record label or publisher share; total revenues from ticket sales and sponsorship for Live Music);

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Chapter

Our investment structures

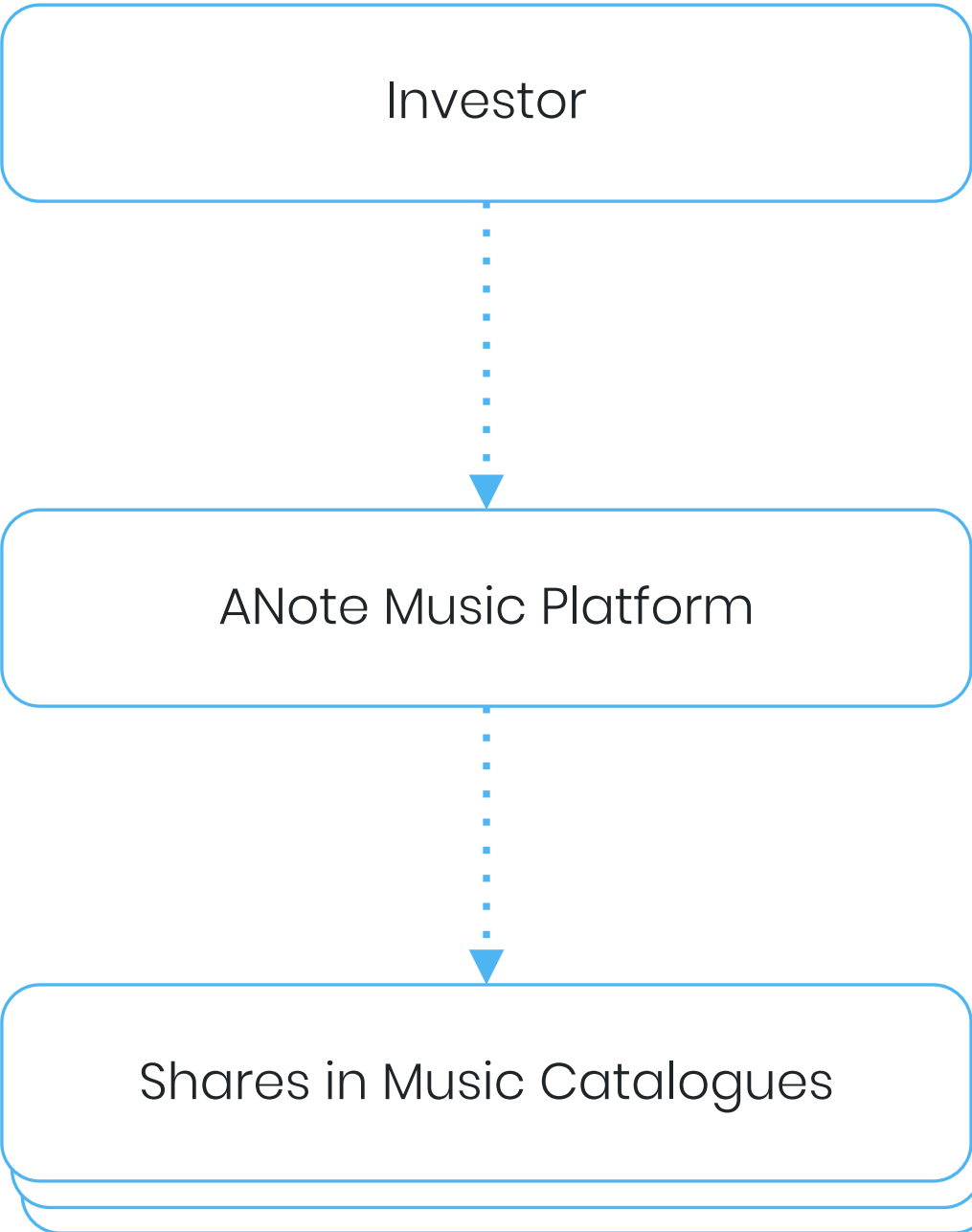
Adaptable structures to answer your investment objectives



Investment Structures

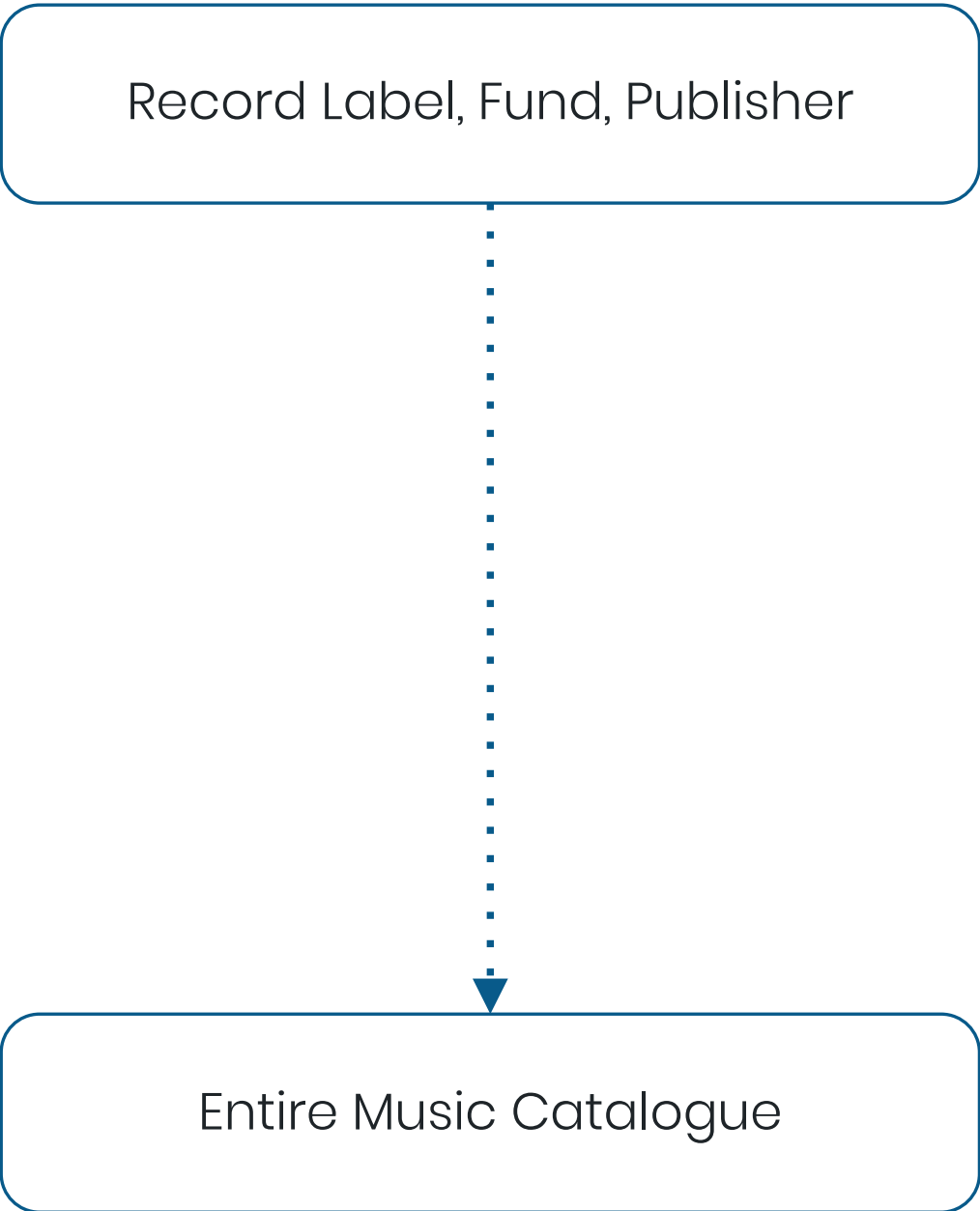
A Note Music offers a flexible structure based on investors' needs which includes three possibilities:

A Note Music Platform

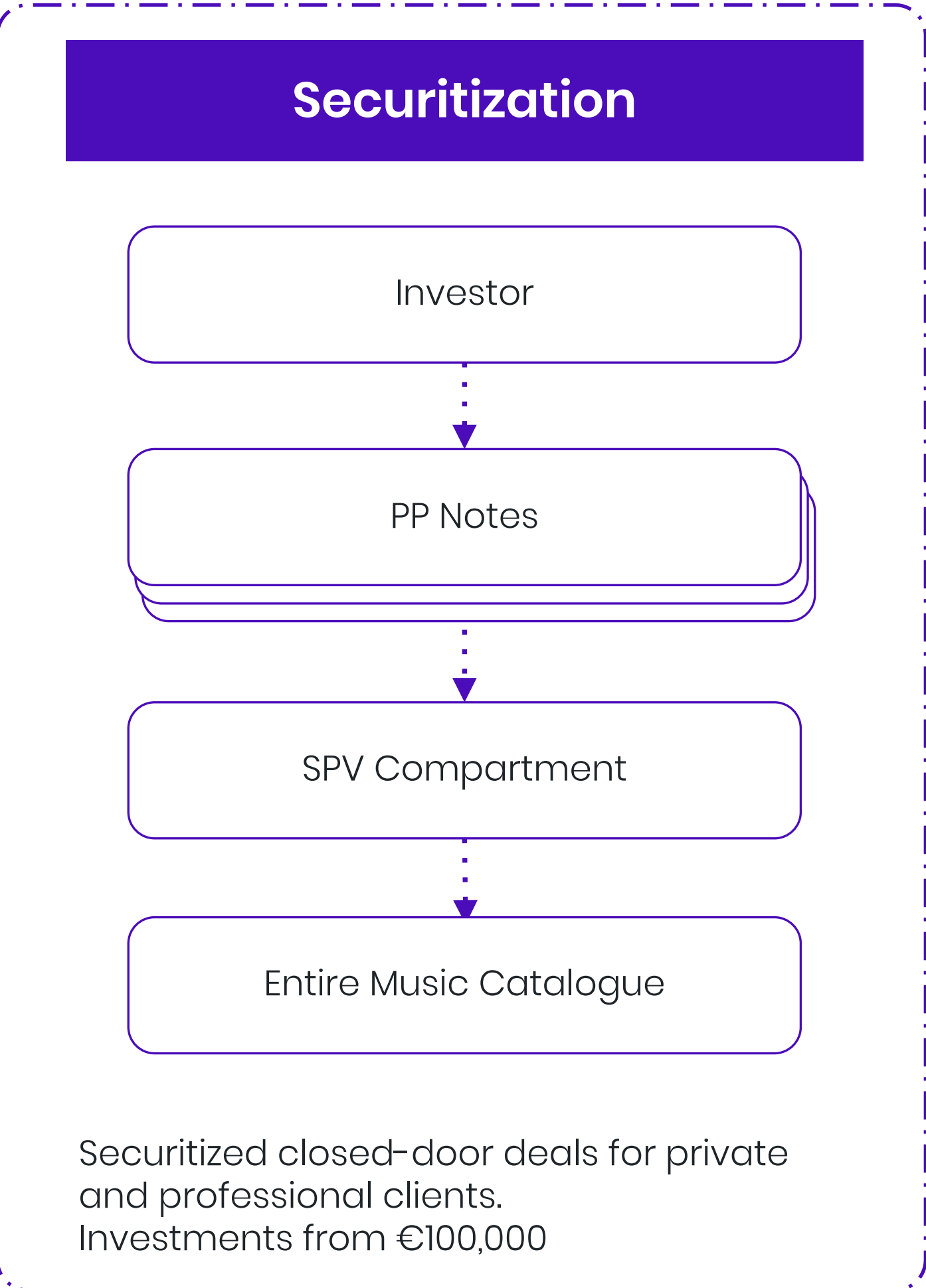


Fractional investments in catalogues listed on our proprietary A Note Music Platform. Investments from €10

Direct Deals



Direct deals for music industry insiders and investment funds. Catalogues from €1M+

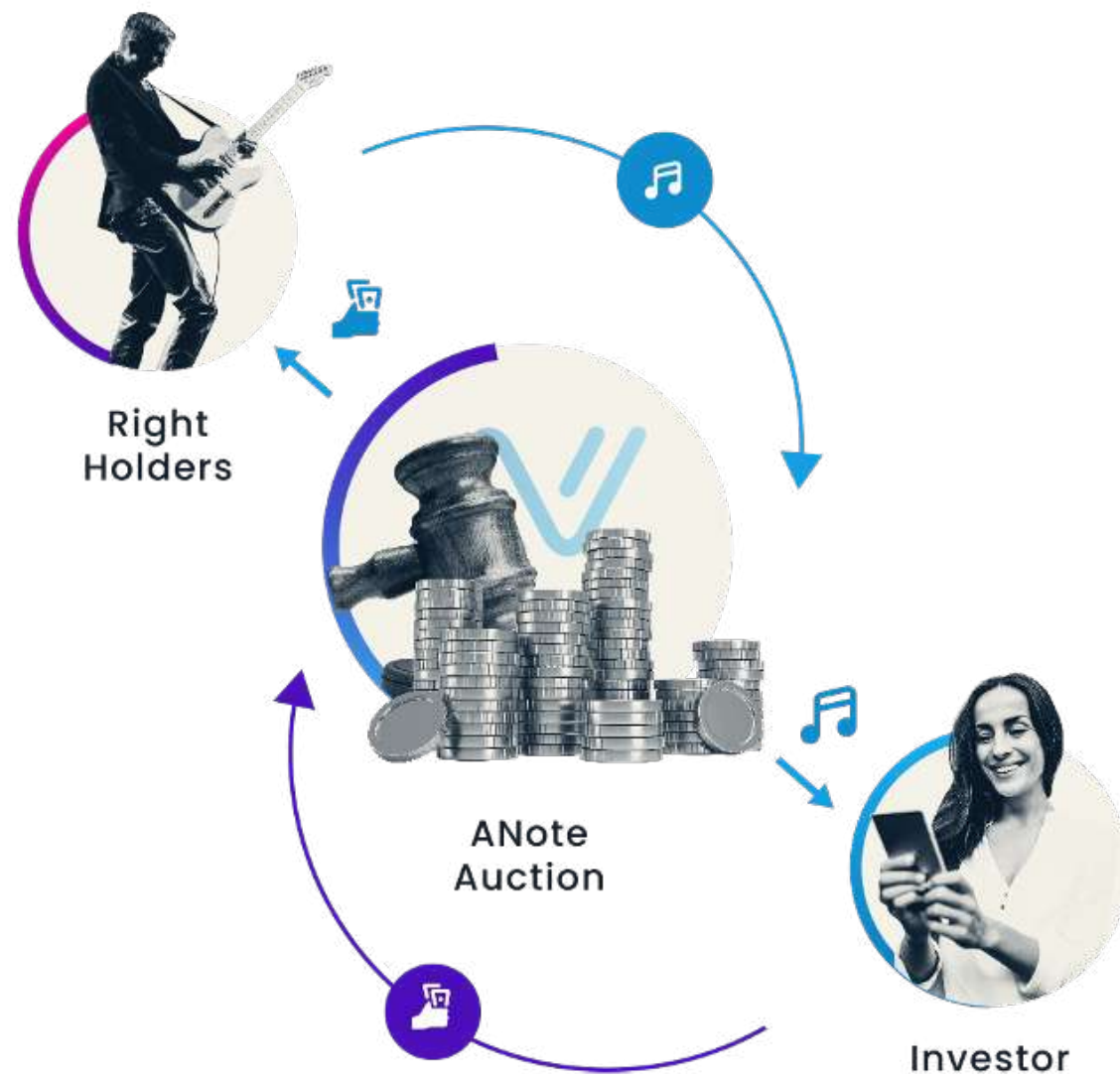


Securitized closed-door deals for private and professional clients. Investments from €100,000

The ANote Music Platform

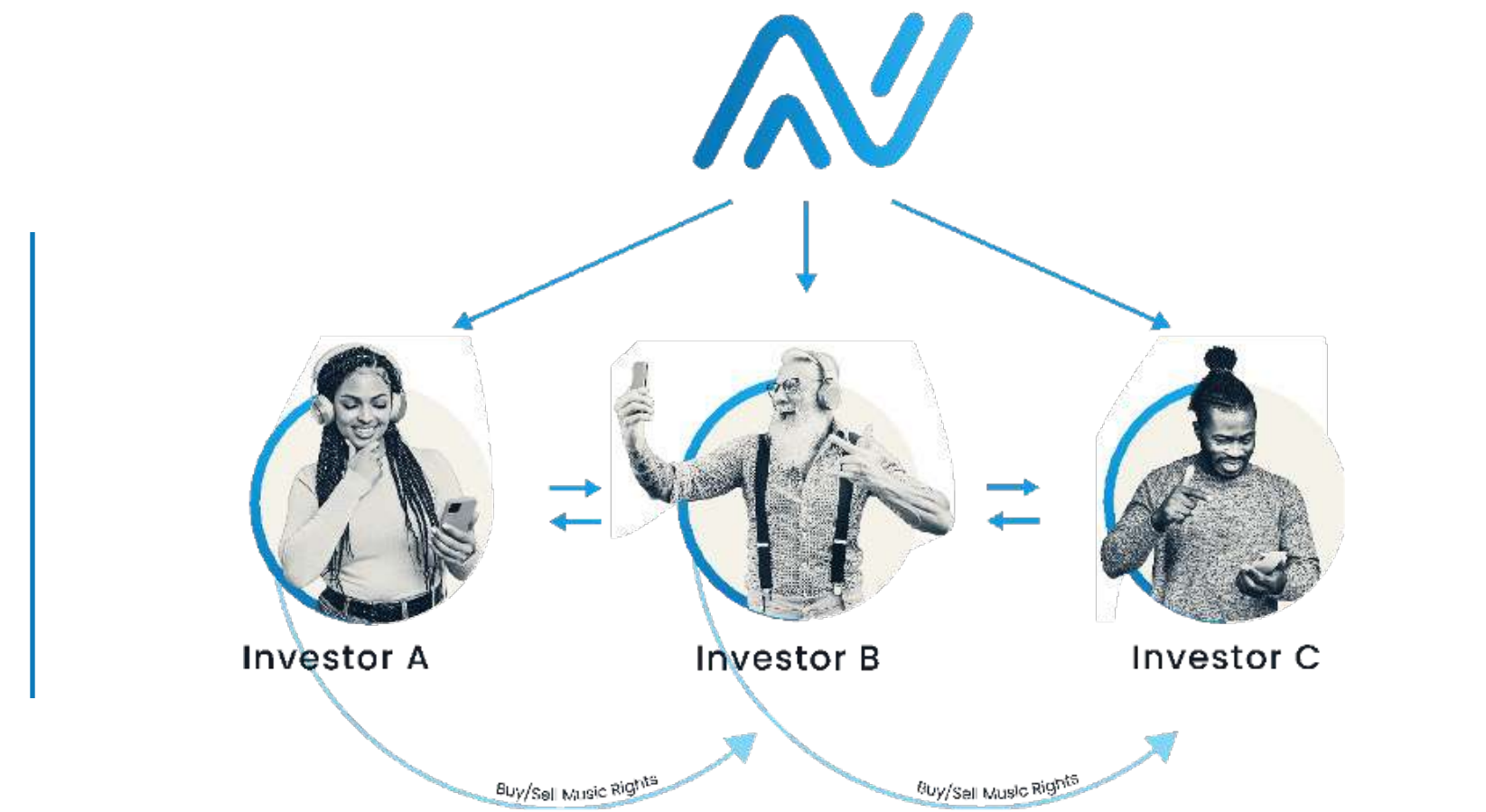
We have developed a proprietary platform making investing in music transparent, smooth and simple.

We've created an investment platform that allows everyone to get involved, from fans to retail and institutional investors. ANote Music is making investing in music royalties simple. With our easy-to-use platform on both desktop and mobile, everyone can start earning a passive income from their favourite music. Invest and trade through our robust primary and secondary markets. Receive royalties directly to your segregates wallet.



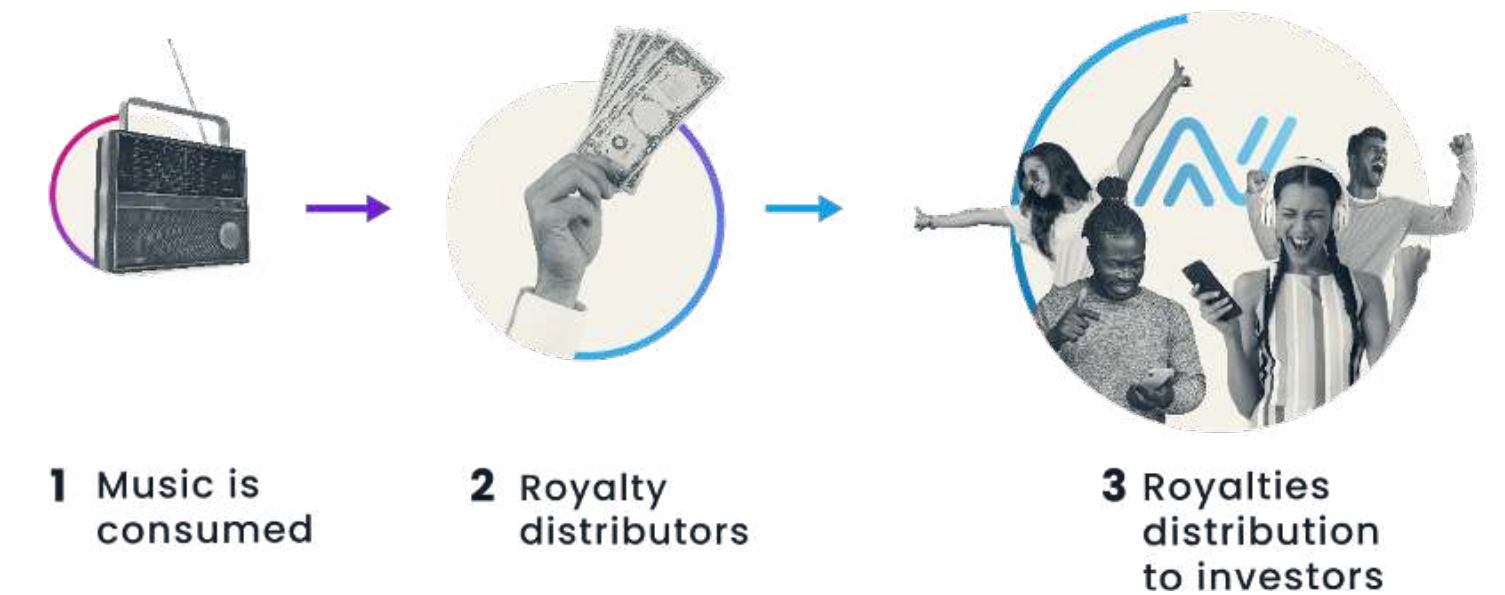
Primary Market

Auctions of music catalogue to investors - Discounted distribution fee



Secondary Market

Exchange providing entry and exit opportunities - Trading among investors



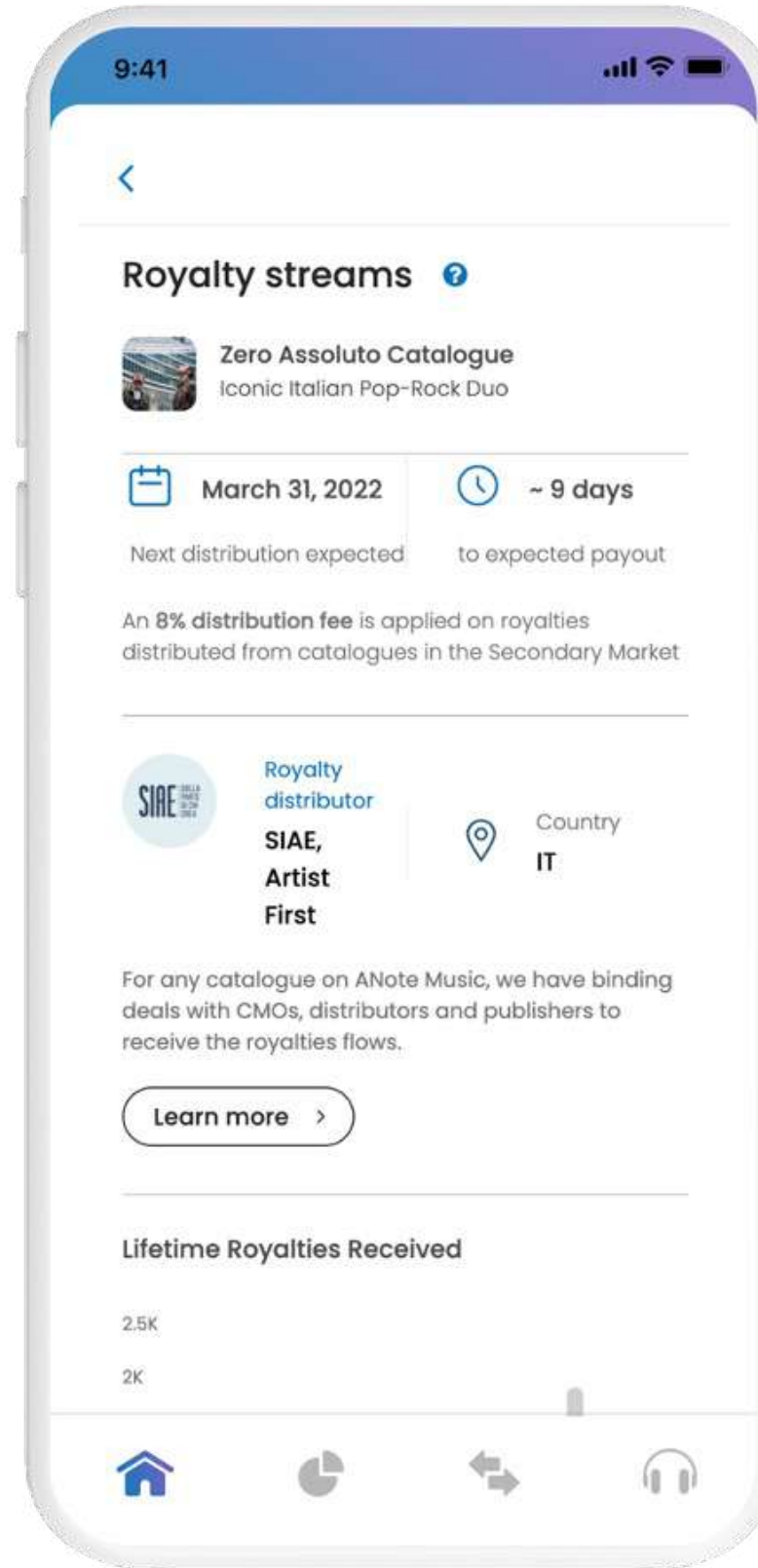
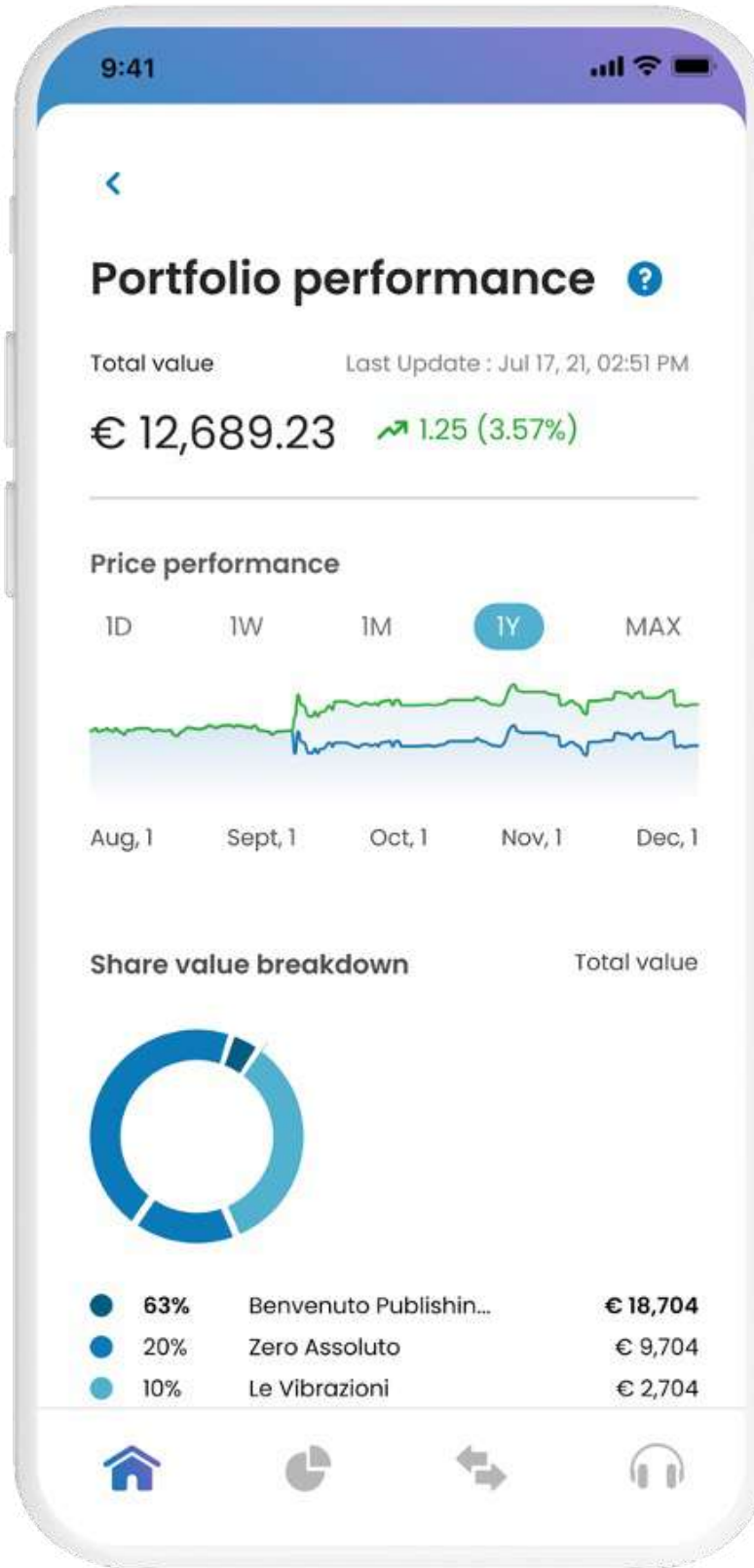
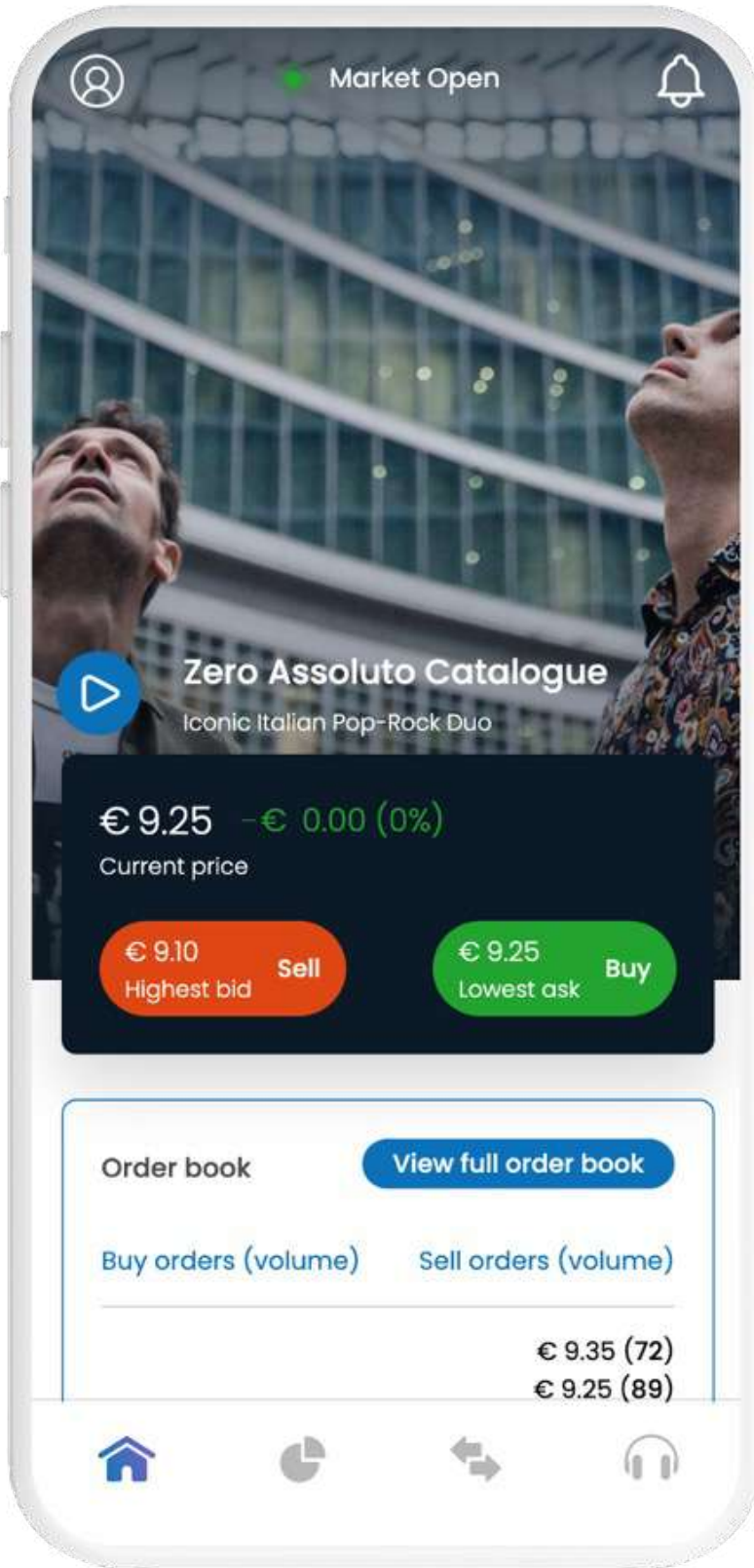
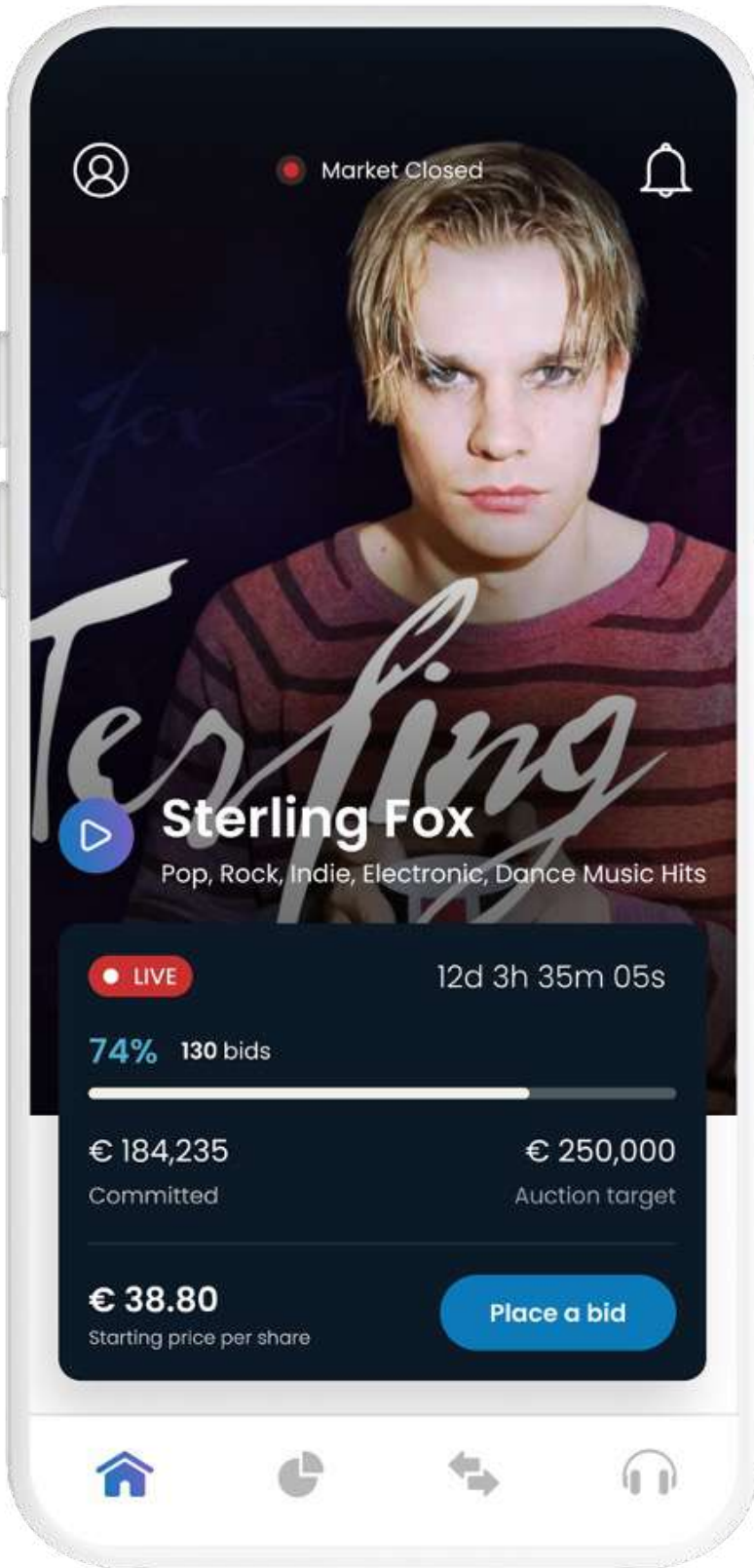
Royalty payouts

Liquidity through royalty distribution as music gets consumed - Passive income

The A Note Music Platform

The first exchange for music royalties.

Try it from [desktop](#) or [download our app](#) from the [App Store](#) or [Android Play Store](#).



The ANote Music Platform

The first exchange for music royalties.

Try it from [desktop](#) or [download our app](#) from the [App Store](#) or [Android Play Store](#).

The image displays a collage of screenshots from the ANote Music platform, illustrating its features and data visualization capabilities.

- Mobile App Interface:** Shows a list of artists in the catalogue, asset popularity (11.7%), Spotify plays (100M+), and YouTube views (200M+). It also displays a trading interface with a current price of €18.20, a lowest ask of €13.35, and a highest bid of €18.20.
- Desktop Website View:** Shows the 'Sundance Music Catalogue' page, featuring a grid of artist profiles and a 'Sundance Music' logo. The page includes a navigation menu (Home, Marketplace, Portfolio, Music) and a 'Market is open' indicator.
- Sources Breakdown:** A donut chart showing the distribution of revenue sources for the last 12 months:

Source	Percentage	Amount (€)
Radio	63%	€ 21,420
Streaming	20%	€ 6,800
Satellite Radio	10%	€ 3,400
International sources	5%	€ 1,700
Other	2%	€ 680
- Lifetime Royalties Received:** A bar chart showing the total amount of royalties received over time, with a total of \$25,870 as of January 31, 2019.
- Observed Royalties & Yields:** A table showing the performance of the investment over different periods:

Category	Last 12 months	Last 24 months	Last 36 months
Royalties	€ 10,397	€ 21,329	€ 32,582
Return	8.74%	8.74%	8.74%
Multiple	5.74x	5.74x	5.74x
- Price Performance:** A dashboard showing the observed annual yield (4.30% to 5.76%) and the current price per share (€18.20) with a 0% change.
- Order Book:** A section showing buy and sell orders, with a current price of €18.25 and a highest bid of €18.20.
- Distributed Royalties:** A table showing the dates and amounts of royalties distributed:

Date	Amount (€)
Jul 2, 2021	€ 3,884.24
Feb 17, 2021	€ 574.48
Feb 3, 2021	€ 4,923.70

Securitization

The issuance of “Bowie Bonds” in 1997 showed that intangible assets such as intellectual property can be successfully securitised.

How Securitisation of Intellectual Property Rights Works

The intellectual property rights that generate revenues are considered as assets. These assets are assigned to a special purpose vehicle (“SPV”) which issues the corresponding asset-backed securities which pay out interest up until the maturity of the bond.

The income derived from the securitization of royalties is recurrent, therefore the investors may expect the securities to pay a regular coupon.

These asset-backed securities can be traded on the professional segment of the Luxembourg Stock Exchange.

Bowie Bonds

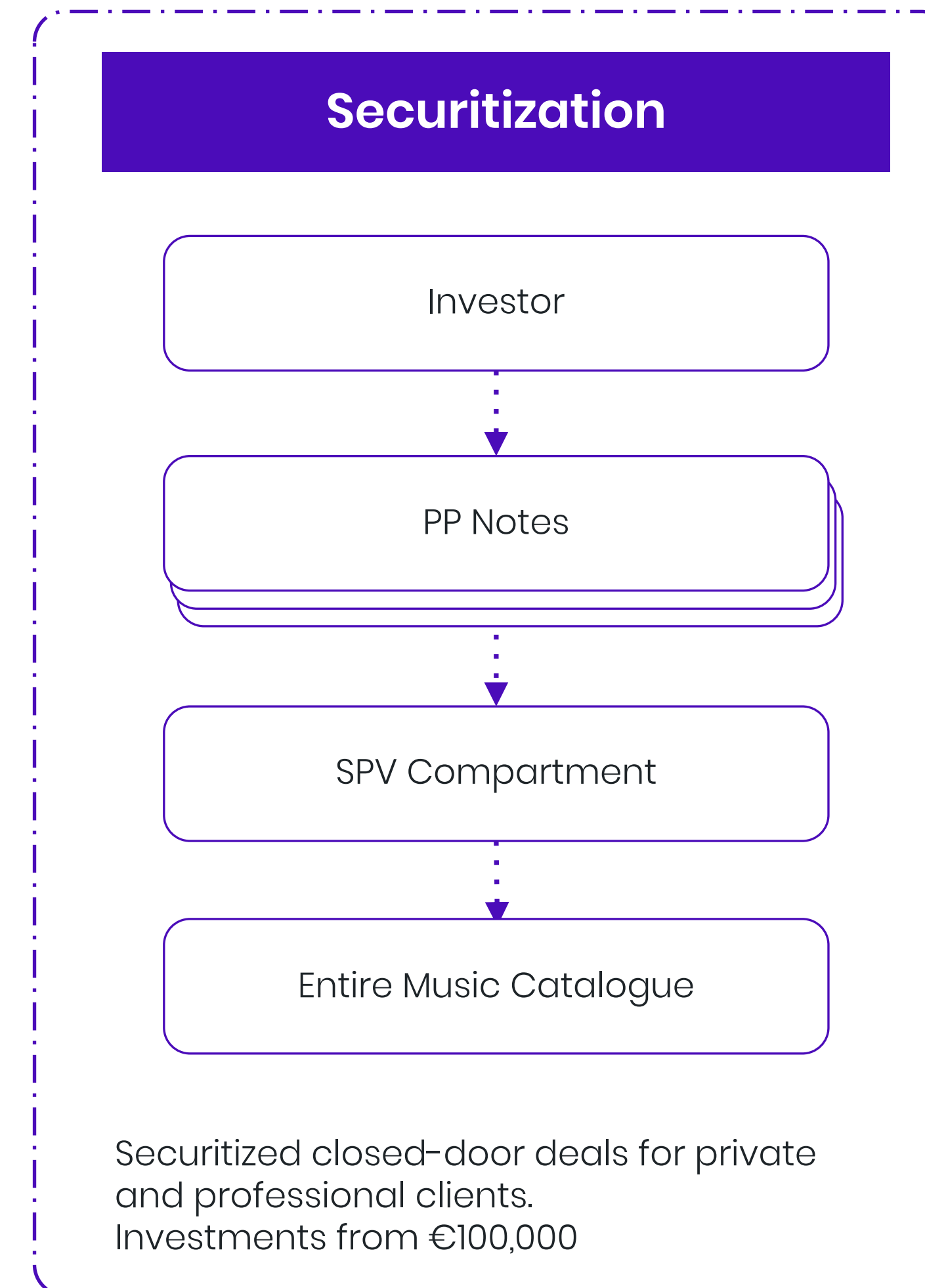


In February 1997, David Bowie used his back catalogue (287 songs that comprised 25 albums that he had written and recorded prior to 1990) to issue royalties backed securities totaling US\$55 million, a first in the entertainment and financial industries. The underlying asset of the bonds was the royalties payable from Bowie’s back catalogue. The bonds had a 10-year maturity, a Moody’s A3 rating, and a 7.9% fixed annual return. These security instruments became popularly known as Bowie Bonds.

Securitization

Advantages for professional investors

- 1** Luxembourg ecosystem is the perfect secured place for the issuance of asset-backed securities which may be tailored to the specific needs of the end clients - institutional and/or professional investors.
- 2** Exposure to music investment through the bank account of each investor.
- 3** Easier and quicker liquidity.



Track Record

Since its launch in August 2020, A Note Music has solid numbers to display the strong performance of the company and the catalogues listed on its platform. Our network is ever growing, currently counting 19,000 registered investors, with annualised returns from music royalties of 9.63% on our platform.

+21M €

In Closed Deals

9.63%

Average Yearly Returns

91%

Profitable Investors

+50M €

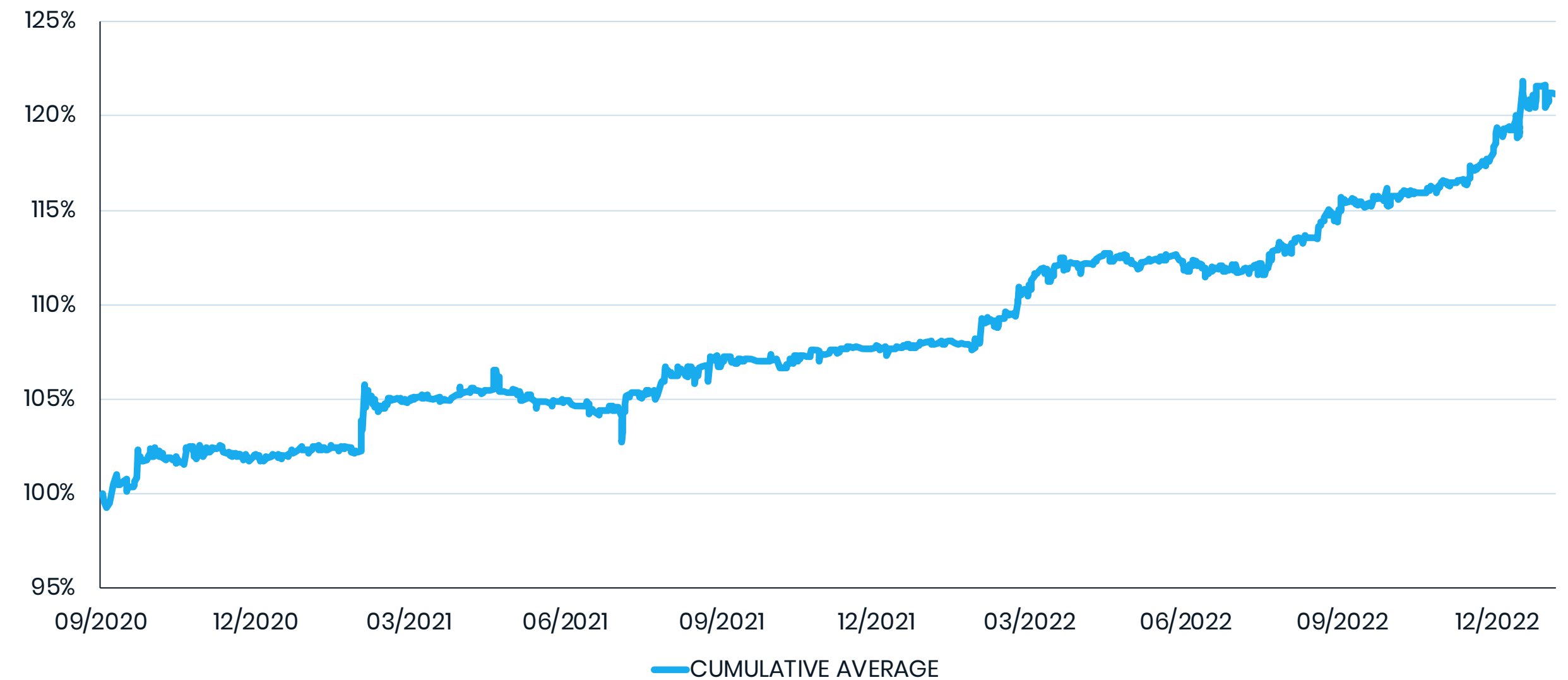
Executable deals sourced from our network

20+

Network of originators catalogues

Cumulative catalogue returns

- royalties and price returns, simple averages on all catalogues platform since inception



Cumulative returns of all catalogues on the platform since inception - equally weighted simple average of price performance and royalty returns among all available catalogues, without reinvestment.

Disclaimer: Past performance is not a guarantee of future returns, nor is it necessarily indicative of future performance. Keep in mind that purchasing music royalties interest involves risk. The value of your royalties will fluctuate over time and you may gain or lose money.

4

Chapter

Onboarding and Investor Protection

Catalogues selection process



Robust due diligence only for catalogues with solid track record

A Note Music's team of experts only vet and onboard music catalogues with a minimum of 3 year's track record of generated royalty flows, to assure assets with a proven history and low volatility.

- 1 Receive the **historical financials statements** from the underlying royalties distributors
- 2 Perform **legal and financial due diligence** on the information received, identity of the catalogue owner and underlying intellectual property ownership
- 3 Gather **qualitative information** on the **owner** and the **songs** included
- 4 Input **historical royalties data into our financial models** to identify valuation ranges, in line with market **comparables**
- 5 Arrange legally-binding arrangements with **royalty distributors**
- 6 Gather the information and prepare transparent **reports** on the catalogue

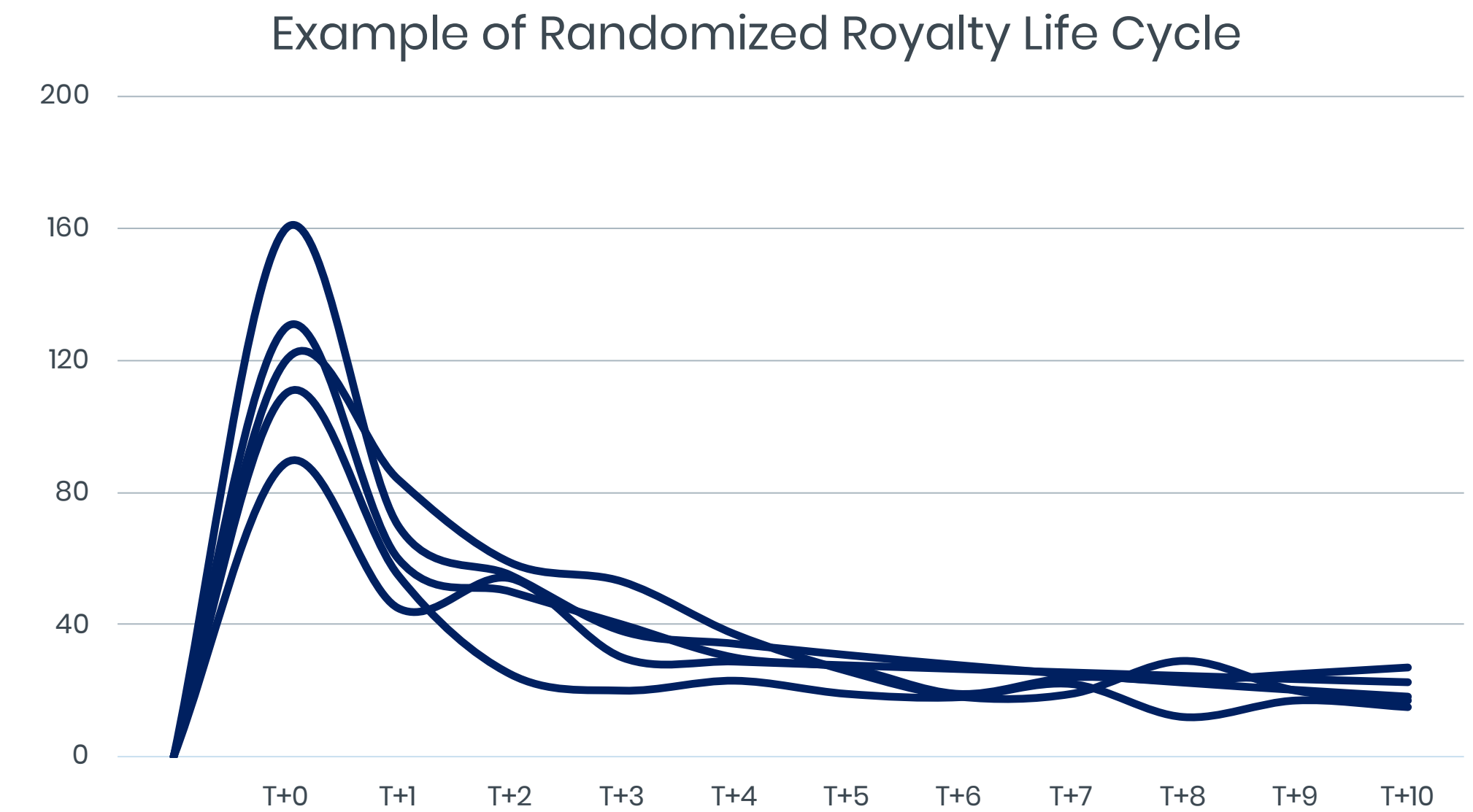
Asset Valuation Methodology

The market standard method for valuing songs and catalogue refers to multiples over historic revenues generated. When revenues are analysed, a minimum of three years will be taken into account, normalized to avoid abnormal and non-repeatable streams.

Among the model inputs and areas of analysis, we consider:

- Historical and projected breakdowns of cash flow on a song by song basis (accounting for any outstanding recoupments),
- Trailing yields,
- Historical decay curve and projected decay factors,
- Industry and music genre historical and expected growth rates,
- Exit multiples,
- Indexes of songs popularity (e.g. position on the chart for a given region and time),
- Unreleased cuts and futures,
- Historical and projected streaming rates,
- Scenarios for output sensitivity calculation.

Valuation methods are widely based on the stage in the life cycle of the songs



6x – 16x

**Ranges of Multiples
over historical yearly royalties**

16% – 6%

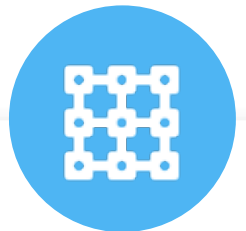
Ranges of Yields

Investor Protection: Blockchain and Asset Segregation



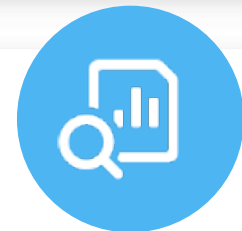
ASSET SEGREGATION

Investors funds and assets are held at segregated accounts run by independent audited financial partners. Furthermore, our proprietary platform is secured by blockchain technology, making sure the proof of ownership is securely stored.



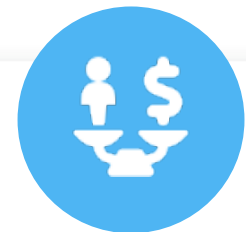
BLOCKCHAIN

Our platform is underpinned by robust Blockchain technology to verify claims and provide complete transparency on financial information.



DUE DILIGENCE

Run by an experienced and team of financial partners, ANote Music provides fast and personal customer support with all catalogues undergoing solid due diligence before being listed on the platform. Catalogues on the platform require a minimum three-year financial track record, plus a minimum earning potential.



WE BELIEVE IN FAIR MARKET PRICES

We provide transparency and simple tools for players in the market, but we let the market adjust itself, we're not price makers.

WE ARE NOT AN ADVISOR

We operate the market and give access, we do not provide financial advise but put our expertise and technology at the service of the market.

5

Chapter

Team and Contacts



Our Team

Cumulative experience

100+

Years in music Industry

50+

Years in finance

30+

Years in Fintech



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