MUSQ Global Music Industry Index ETF

THE INVESTMENT CASE FOR MUSQ

Since the invention of the phonograph in 1877, humans have had an insatiable desire to listen to and share recorded music, as well as view live music. What has changed over the decades is the way that individuals consume music.

The desire to consume music, as well as changing technology, may provide individuals with an attractive investment opportunity.

Why and how should individuals invest in the global music industry?

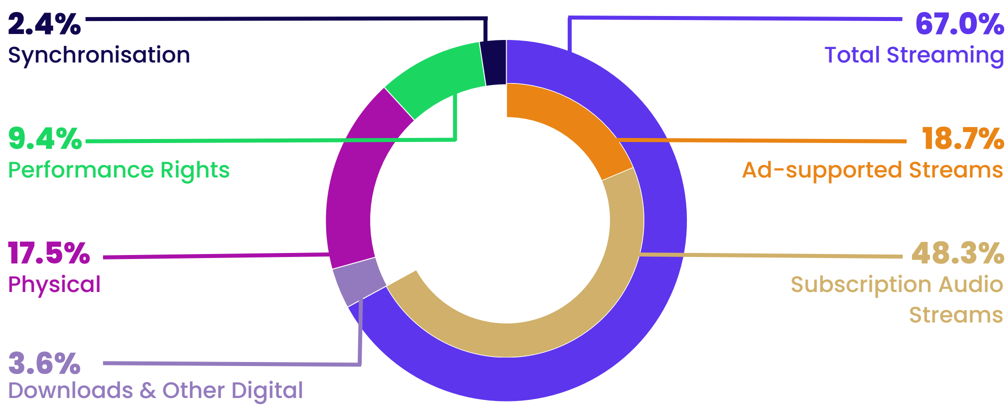
WHY INVEST IN THE GLOBAL MUSIC INDUSTRY?

NOT YOUR FATHER'S MUSIC INDUSTRY

The way that people consume music is markedly different today than just a few decades ago. While physical mediums such as tapes, albums, and CDs dominated the music industry in the late 20th century, electronic mediums dominate recorded music today.

The chart below highlights that with a 67% share of total global revenue, streaming dominates the way that recorded music is consumed.[1]

Global Recorded Music Revenue by Segment 2022



Source: IFPI

Additional segments of the global music industry include:
- Live music events & ticketing
- Music content & distribution
- Catalog sales
- Music equipment & technology

GLOBAL INDUSTRY

The global music industry is just that, global. While the United States remains the top global market in terms of revenue, the music business is growing around the world. The top 10 music markets in 2022 are depicted in order of revenue.

Just about every region in the world experienced strong year-over-year growth in recorded music led by:
- Sub-Saharan Africa +34.7%
- Latin America +25.9%
- Middle East and Africa +25.9%

[1]Unless otherwise noted, all data sourced from: IFPI, Global Music Report 2023, State of the Industry, 2023

MUSQ

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TOP 10 MUSIC MARKETS IN 2022

01 UNITED STATES
02 JAPAN
03 UNITED KINGDOM
04 GERMANY
05 CHINA
06 FRANCE
07 SOUTH KOREA
08 CANADA
09 BRAZIL
10 AUSTRALIA

Source: IFPI

THE GROWTH POTENTIAL OF THE GLOBAL MUSIC MARKET

Strong Growth in 2022

The global music industry experienced record revenues of $26.2 billion in 2022, representing a 9% increase over 2021.

The share of streaming increased from 65.5% to 67% of music revenue during 2022. In fact, all of the major segments of the music industry experienced growth in 2022, with the exception of Downloads and Other Digital.

GLOBAL MUSIC REVENUES 2022
$26.2 BILLION
+9% VS. 2021

+11.8%
EXPECTED 5-YEAR COMPOUND ANNUAL GROWTH RATE.

Continued Expected Growth

The global music market is expected to grow by $50.46 billion from 2022-2026, representing a compound annual growth rate of 11.8%.[2]

In individual music industry segments:

- Global paid streaming penetration is expected to double by 2030[3]
- Paid streaming revenue is projected to grow at a 10% CAGR through 2030[4]
- Music publishing revenue is expected to grow at a 7.6% CAGR to reach $14.7 billion by 2030[4]
- Global live music rebounded 85% YOY in 2022 and surpassed pre-pandemic levels[4]
- Global live music is expected to grow at a 5% CAGR through 2030[4]

Thus, the global music industry may represent an attractive growth opportunity.

NEW AGE OF MUSIC CONTENT – CREATIVE DESTRUCTION

Like many industries, the global music industry has been technologically transformed. From reel-to-reel, 8-tracks, cassettes, CDs, to the digital age, the way individuals consume music, both live and recorded, has evolved over the years.

Digitalization, artificial intelligence (AI), and social media and streaming platforms have increased the availability of music, while providing artists new ways to connect and engage with their audiences and monetize intellectual property.

[2] Global Music Market 2022-2026, Research and Markets website, Retrieved 6/1/23
[3] Kerven, Daniel. Music Outlook 2023, Fundamental View, Themes for 2023 and a Modest UMG Upgrade to Start The Year, J.P. Morgan Equity Research, January 18, 2023.
[4] IFPI, Yang, Lisa, et al, Music in the Air, Goldman Sachs Equity Research, June 28, 2023

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This process of creative destruction – one where newer innovations destroy older technologies and structures while simultaneously creating new ones – presents an opportunity for companies and artists that can adapt to new technologies.

HOW TO INVEST IN THE GLOBAL MUSIC INDUSTRY

INTRODUCING THE MUSQ GLOBAL MUSIC INDUSTRY INDEX ETF (MUSQ)

The MUSQ Global Music Industry Index ETF may provide individuals with an attractive vehicle to gain exposure to the global music industry.

The MUSQ Global Music Industry Index ETF (MUSQ) seeks to provide investment results that, before fees and expenses, correspond to the total return performance of the MUSQ Global Music Industry Index. The Index is designed to provide exposure to global, publicly-traded companies and royalty funds with a core business interest in the global music industry.

INVESTMENT PROCESS

The Fund invests in securities comprising the index. The index is constructed using the following rules:

- The initial investible universe consists of publicly-traded companies and publicly-traded music funds and/or royalty trusts.
- The Index seeks to provide exposure to global companies with a core business interest in the global music industry. Companies must derive at least 50% of their annual revenues from the global music industry, or be in the top 5 companies, or have at least 10% of global market share in one or more of the following industry sub-segments:
    - Music streaming;
    - Music content and distribution;
    - Live music events/ticketing;
    - Music equipment and technology.

WHY MUSQ

- FOCUSED EXPOSURE TO THE GLOBAL MUSIC INDUSTRY
- INVESTS IN MAJOR MUSIC INDUSTRY SEGMENTS
- MUSIC IS A GLOBAL INDUSTRY, THEREFORE, MUSQ TAKES A GLOBAL APPROACH TO INVESTING

WHERE MUSQ MAY FIT IN YOUR PORTFOLIO

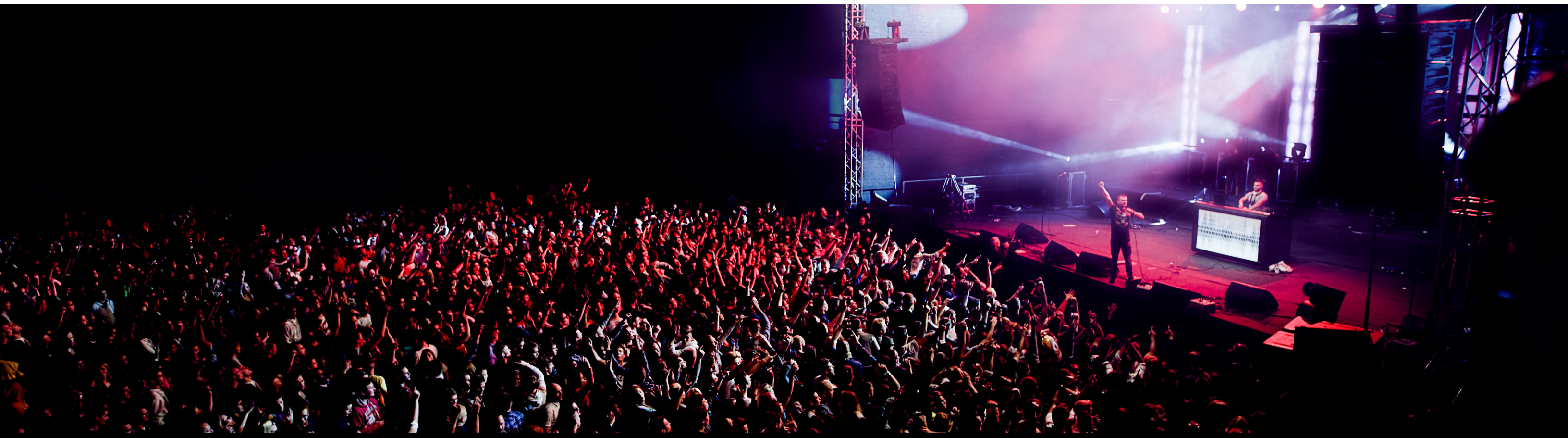
- Equity Exposure – MUSQ may be used as a portion of your portfolio's U.S. equity allocation.
- Thematic Exposure – With its focus on the global music industry, MUSQ may be appropriate for your portfolio's thematic exposure.
- Exposure to Disruptive Technology – Technology is transforming the way individuals consume and experience music.

SUMMARY OF THE GLOBAL MUSIC INDUSTRY AS AN ETF INVESTMENT OPPORTUNITY

The global music industry may present individuals with an attractive investment opportunity due to its historical and projected strong growth. Additionally, there are potential attractive opportunities for artists and companies who are able to adapt to evolving technologies and ways of enjoying music.

MUSQ aims to invest in the most attractive segments of the music industry. Additionally, as the music industry is global in nature, the fund takes the same investment approach.

Investors looking to invest in an industry and thematic that is estimated to experience strong future growth should consider an investment in MUSQ.



RISKS & DISCLOSURES

All investing involves risk, and asset allocation and diversification do not guarantee a profit or protection against a loss. The investment return and principal value of an investment will fluctuate so that an investor's shares, when redeemed, might be worth more or less than their original cost. ETFs are subject to risks similar to those of stocks, as well as other risks specific to the particular ETF.

MUSQ Global Music Industry Index ETF is offered by prospectus. Carefully consider the investment objectives, risks, charges, and expenses. This and other important information can be found in the MUSQ ETF prospectus, which should be read carefully before investing and can be obtained by visiting our website www.musqetf.com, or by calling 888-MUSQETF (888-687-7383).

Exchange Traded Concepts, LLC serves as the investment advisor to the Fund. The Fund is distributed by SEI Investments Distribution Co (SIDCO). SIDCO is not affiliated with Exchange Traded Concepts, LLC. There is no guarantee the Fund will achieve their stated objectives.

In addition to the normal risks associated with investing, international investments may involve the risk of capital loss from unfavorable fluctuation in currency values, differences in generally accepted accounting principles or social, economic or political instability in other nations. Emerging markets involve heightened risks related to the same factors as well as increased volatility and lower trading volume. The Fund may invest in securities denominated in foreign currencies. Because the Fund's NAV is determined in U.S. dollars, the Fund's NAV could decline if currencies of the underlying securities depreciate against the U.S. dollar or if there are delays or limits on repatriation of such currencies. Currency exchange rates can be very volatile and can change quickly and unpredictably. Buying and selling shares of the MUSQ ETF can result in brokerage commissions.

The Fund is non-diversified. In addition to the normal risks associated with investing, investments in small- or mid-capitalization companies typically exhibit higher volatility. The Fund's concentration in an industry or sector can increase the impact of, and potential losses associated with, the risks from investing in those industries/sectors.

The Fund is new and has a limited operating history for investors to evaluate. A new and smaller fund may not attract sufficient assets to achieve investment and trading efficiencies.