

Quarterly
Report
Q2 2022

**ICM
Crescendo
Music
Royalty
Fund**



Letter to Unitholders

Thank you for your support as investors alongside us in the ICM Crescendo Music Royalty Fund (the “Fund”).

In Q2 the Fund expanded into the country genre with the acquisition of producer [royalty rights from Byron Gallimore that included a very significant body of work from Tim McGraw, Faith Hill, Sugarland and Jo Dee Messina](#). Tim and Faith being incredibly talented musicians also were great in minor acting roles in the binge watched Yellowstone prequel 1883!

Gallimore produced 12 of Tim McGraw’s albums, with 11 reaching #1 on the Billboard Charts. Byron’s work with Tim goes back to his debut album Tim McGraw in 1993. McGraw is one of the most decorated country singers, with 51 awards, honours, and accolades as well as being ranked 4th top country artist of the decade by CMT from 2000 to 2010.

In 1998, Byron produced Faith by Faith Hill, resulting in her most listened-to song, “This Kiss”. Byron worked closely with Faith Hill and produced all but her first two albums. The acquisition also includes rights to the album Breathe by Faith Hill, which won a Grammy Award for Best Country Album in 2001. Tim McGraw’s Soul2Soul II Tour with Faith Hill in 2017 was one of the highest-grossing country tours ever.



Scan code from your
Spotify App

There was some important industry news on the regulatory front. On July 1st the Copyright Royalty Board (CRB) reached a ruling that [raises the mechanical streaming rates from 10.5% to 15.1% over the years 2018-2022](#).

Increasing mechanical streaming rates

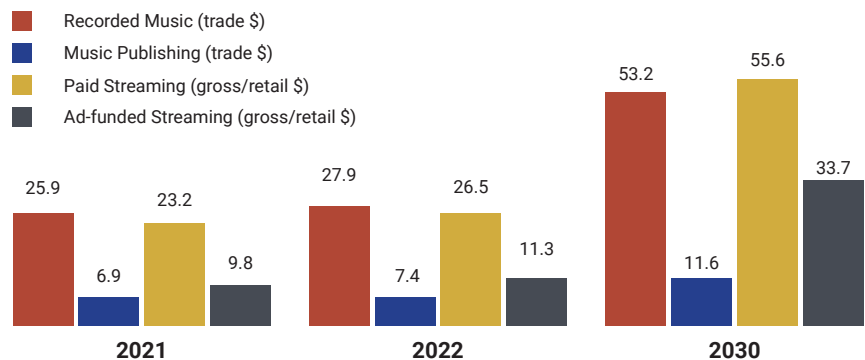
From 10.5% to 15.1%

Goldman Sachs updated their highly-influential [Music In The Air](#) report which continues to predict the rapid growth of the music industry. Goldman believes that annual global trade revenues in the recorded music industry (labels, distributors, and artists) will grow to USD \$53.2 billion by 2030 (up \$7.5 billion from last year's report) and more than double the size of worldwide record business revenues last year. Goldman says this increase in its projection is largely due to "higher paid streaming per user and ad-funded streaming assumptions as well as lower declines in physical sales".

Although this rate was previously set in 2018, several large streaming providers including Spotify, Amazon, Google and Pandora appealed the ruling seeking lower rates. These mechanical royalties are paid on streaming to songwriters and music publishers. This will result in some additional backpay in the future for the Funds' composition assets.

Goldman Sachs

Global Music Industry Annual Forecast (\$bn)



Source: Goldman Sachs 'Music in the Air'. June 2022 update

The higher interest rates and inflation leading to higher bond yields will impact pricing and valuations of most asset classes including music royalties. What is clear is that risk appetite has fallen, which has led to aggressive selloffs in areas such as growth equities, many of which are discounting uncertain cash flows well into the future. Investors have started to favour profitable companies trading at low multiples of existing cash flows. Music royalties remain appealing in this environment given the growing cash flow generation in addition to the diversification benefits.

Despite the challenging economic backdrop, we are excited that the asset performance to date has enabled us to increase the Fund's monthly distributions by \$0.003 (\$0.036 per year) across all unit series. The Fund continues to be in the growth and acquisition phase and as a result, rather than making a one-time special distribution, surplus cash flows will be used to acquire additional catalogues through our robust pipeline.

Increasing monthly distribution rates

\$0.036 per year

On behalf of ICM and our advisor partners at Crescendo, we thank you for your continued confidence as we continue to build out the portfolio. We also want to thank our artist partners for entrusting us with their creative works.

Have a great rest of your summer.

David Vanka

President & Portfolio Manager

Income Diversification & Capital Appreciation Through the Ownership of Music Royalties



INTRODUCTION

ICM Crescendo Music Royalty Fund is offering investors exposure to a diversified portfolio of musical and entertainment intellectual property right with a focus on generating capital growth and a recurring income stream.

DISTRIBUTIONS

Year-to-date in 2022, the Fund has distributed a total of \$1.1 million to investors, equivalent to an average distribution of 3.3% across all unit series. The Fund's monthly distributions have increased by \$0.003 (\$0.036 per year) across all unit series.

FUND VALUE

The Fund's net asset value is approximately \$39.9 million as of June 30, 2022.

Fund Summary

Number of Catalogues

13

Total number of Songs

1,844

\$39.9

Fund Net Asset Value
(million)

17

Grammy Awards

\$1.1

Distributions YTD
(million)

460

Songs Acquired YTD

SONG AGE

0-2 Years 2.6%

3-5 Years 19.2%

6-10 Years 30.5%

10+ Years 47.8%

SONG GENRE

Country 31.3%

Pop 17.4%

Rock 17.0%

Christian 12.9%

Electronic 12.1%

R&B/Hip Hop 7.6%

Classical 1.7%

Dollar values, unless otherwise specified, are in Canadian Dollars (CAD) in this report. Conversion of foreign currency into CAD is recorded at spot FX rate, unless specified in the report or by an accounting standard.

Catalogue Acquisition

BYRON GALLIMORE

In Q2 2022 the Fund acquired producer royalty rights for 460 songs performed by Tim McGraw, Faith Hill, Sugarland and Jo Dee Messina. Gallimore produced 12 of Tim McGraw's albums, with 11 reaching #1 on the Billboard Charts. Byron's work with Tim goes back to his debut album Tim McGraw in 1993. McGraw is one of the most decorated country singers, with 51 awards, honours, and accolades.

In 1998, Byron produced Faith by Faith Hill, resulting in her most listened-to song, "This Kiss". Byron worked closely with Faith Hill and produced all but her first two albums. The acquisition also includes rights to the album Breathe

by Faith Hill, which won a Grammy Award for Best Country Album in 2001. Tim McGraw's Soul2Soul II Tour with Faith Hill in 2017 was one of the highest-grossing country tours ever.

Byron's work with "Sugarland" spanned three albums, Enjoy the Ride (2006), Love on the Inside (2008), and The Incredible Machine (2010). In 2008 Sugarland won a Grammy for their song "Stay".

The work Byron has produced has won many awards, including:

1. Not a Moment Too Soon won the Academy of Country Music Award for Album of the Year in 1994
2. "Live Like You Were Dying" won a Grammy in 2004 for Best Male Country Vocal Performance
3. Breathe won a Grammy for Best Country Album in 2000
4. "Let's Make Love" won a Grammy for Best Country Collaboration with Vocals in 2001
5. "Cry" won a Grammy in 2002 for Best Female Country Vocal Performance
6. "Like We Never Loved At All" won a Grammy in 2005 for Best Country Collaboration with Vocals



CATALOGUE	ACQUISITION DATE	SONGS	AVERAGE AGE (YEARS)
Byron Gallimore	Q2 2022	460	15.8

Investment Restrictions

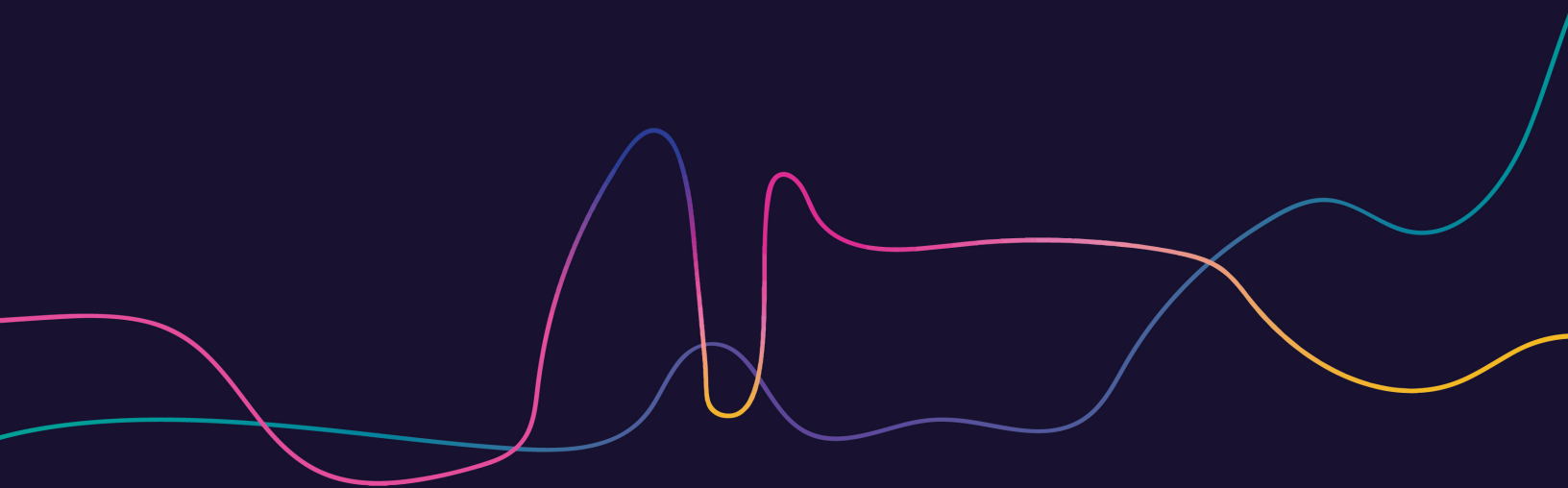
PORTFOLIO CONCENTRATION RESTRICTIONS

STATUS	RESTRICTION
Satisfied	Not greater than 10% of the Limited Partnership's total assets shall be invested in the acquisition of any single song
Satisfied	Not greater than 20% of the Limited Partnership's total assets shall be invested in songs related to one single artist.
Satisfied	Not greater than 10% of the Limited Partnership's total assets shall be invested in publicly traded securities of music royalty issuers or other passive investments intended to provide for liquidity for the Partnership.

LEVERAGE RESTRICTIONS

STATUS	RESTRICTION
Satisfied	The Limited Partnership may incur indebtedness to a maximum of 25% of the net asset value of the Limited Partnership at the time of borrowing.

MUSICROYALTYINVESTING.COM



investments@icmgroup.ca



+1 (403) 256-5350