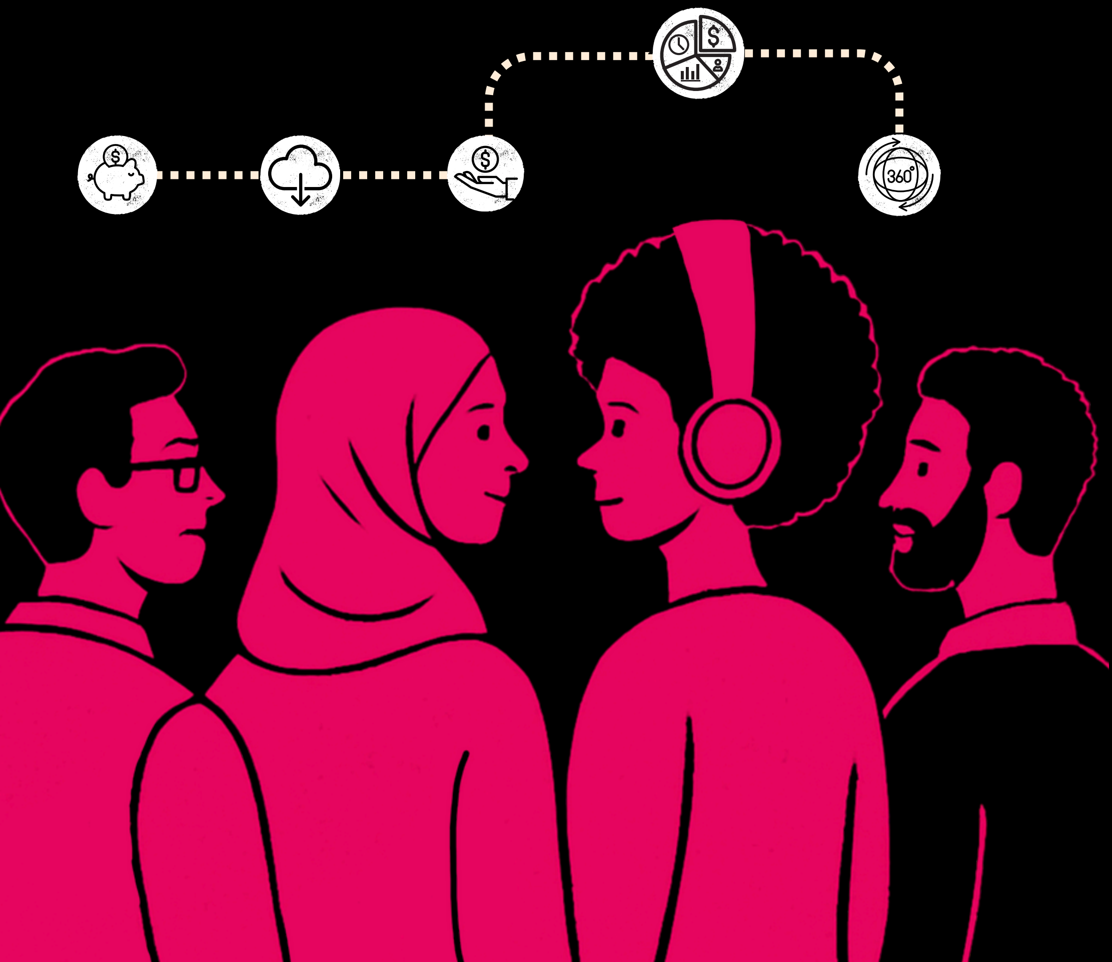
MMF GUIDE TO ALTERNATIVE FINANCE

AN EXPLORATION OF INVESTMENT OPTIONS FOR MUSIC-MANAGERS AND THEIR CLIENTS

Sound Royalties



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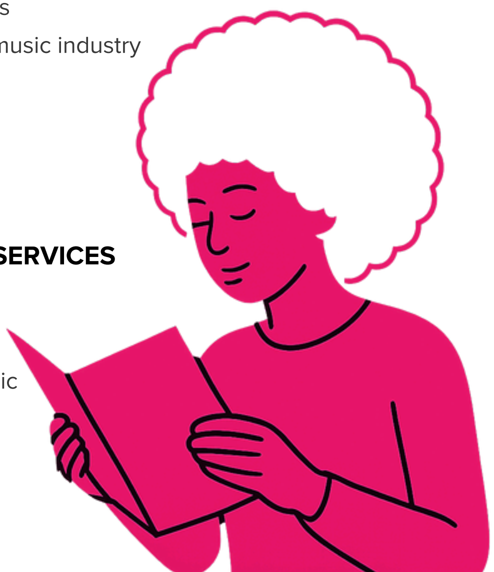

SUMMARY

The music industry is undergoing a transformation, driven by the rise of streaming, increased data availability, and the changing role of the manager. Managers have evolved from simple dealmakers into long-term business partners, often with multiple ventures tied to their artists' careers. This shift is paving the way for a new era of alternative financing, which is becoming a strategic tool for growth, not just a last resort. This new financial landscape is the focus of the MMF Guide, which details various finance options for artists, songwriters, and producers, and also explores how this funding can directly benefit managers' businesses.

A key takeaway from this research is the critical importance for the manager to have a clear company vision, with defined values, and goals that align with their clients. This clarity is essential for deciding the most suitable financing and partnership opportunities.

This guide, sponsored by SoundRoyalties, does not offer financial advice, we recommend seeking guidance from a qualified financial adviser and lawyer before making any investment decisions. It also does not cover grant funding or crowdfunding which are both covered in other MMF resources available to members.

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INVESTMENT INTO MUSIC MAKERS' BUSINESSES

A core part of a manager's role is to secure funding for their clients' music ventures. The landscape of potential options has vastly expanded in the past decade beyond the traditional players in music investment, namely record labels and publishers. The advent of streaming, the abundance of data, and the recognition of music as a stable "asset class" have created a wealth of new opportunities. According to the World Intellectual Property Organisation (WIPO), between 2019 and 2025, at least $20.4 billion has been invested in music rights acquisitions.

KEY DRIVERS OF THE ALTERNATIVE FINANCING BOOM

The Rise of Streaming:
Streaming has transformed music rights into a long-term, predictable revenue stream, making them a safe bet for investors. The "quick hit" of physical sales has been replaced by a consistent flow of royalties, which financial companies and pension funds are now eager to tap into.

Data-Driven Decisions:
The sheer volume of data generated by streaming services allows investors to spot trends, make accurate financial projections and improve judgement calls on risk and potential returns. This data empowers platforms like Sound Royalties and beatBread to offer advances based on historical royalty flows, bypassing traditional credit checks.

Music as an Asset Class:
David Bowie's "Bowie Bonds" in the 1990s were an early signal, but now, companies like Recognition Music Group and Round Hill have normalised music rights as a legitimate, valuable asset. This has unlocked a flow of private equity and other institutional capital.

Personality rights:
There is increasing value in 'licensing artists' image, voice and branding (known as 'name, image and likeness' (NIL) rights) in addition to music-based IP, demonstrated by the huge success of ABBA Voyage or Elton John's Rocketman biopic. The emergence of credible AI digital replicas also means these can have longevity and value beyond the artist's immediate career.

Increased Competition:
The entry of private equity funds has spurred traditional players, like major labels and publishers, to also engage in high-profile catalogue acquisitions, showcasing the sector's profitability.