CONVERT ASSETS INTO CASHFLOW

STREAMING ROYALTY INVESTMENT TRUST

VALHIL

THE LEADING DIGITAL ASSET INVESTMENT BANK™

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OUR COMMITMENT

Valhil is the Leading Digital Asset Investment Bank. We are committed to revolutionizing the capital markets and investment banking services by supporting ethical-investments, entrepreneurs and executive management teams and fostering wealth creation without having to compromise the well-being of anyone or the natural environment within which we live together.

This commitment is an embodiment of our values-based belief that businesses can indeed succeed and thrive without succumbing to a “profit-at-all-costs” capitalist ethos.

At Valhil, we firmly believe that the bedrock of enduring success lies in displaying courage, integrity and honor, while engaging in moral and ethical practices. Values that weigh more than simply maximizing profit.
Each opportunity we facilitate is a testament to our commitment to these principles.

Our approach signifies a clear departure from the exploitative strategies often adopted in the legacy financial world of the past, presenting a model where ethical conduct and financial success coexist harmoniously.
In effect, we aim to redefine the “old world” narrative of wealth creation, demonstrating that it's quite possible to create and realize substantial returns, while maintaining an unwavering commitment to ethical standards.

As we embark together to imprint humanities’ values onto the blockchain through the tokenization of all assets and financial instruments, it is critical that we pass the universal baton to the next generation of dealmakers and market participants in a manner that will serve humanity for over a thousand years.

Come with us as we carve a new path towards a more responsible and equitable investment landscape.

Jimmy Vallee
Managing Partner
Valhil Advisors

ROYALTIES, CASHFLOW & EQUITY

The Baby Boomers (people born between 1946 and 1964) are the **first generation to own** a **substantial** amount of **wealth** and **assets**.

Over the next two decades, we will witness an unprecedented event—the "**greatest transfer of wealth in human history**" as these individuals begin to retire and pass on their wealth to their heirs and successors.

This transfer represents a significant shift in the wealth dynamics within society, as large amounts of capital - accumulated through years of hard work, successful investments, and favorable economic conditions - will be passed along to the next generation.

This monumental transition of wealth will **reshape the economic landscape**, influencing everything from the real estate market to investment trends.

However, before this vast transfer of assets from the Baby Boomer generation to their heirs and successors, there will be a **pivotal transitional time period** where these assets are used to **generate income**.

As individuals from this generation approach retirement and no longer receive a job-related salary, there will be a need for these assets to provide consistent “passive income.”

This goal can be achieved through investments in equity yield-based securities, including **Real Estate Investment Trusts** (REITs), **Master Limited Partnerships** (MLPs), **Royalty Trusts**, and **Streaming Royalty Investment Trusts** (SRITs), which can provide an investor with regular, passive income.

This transitional phase, where assets are leveraged for income generation, is an integral part of wealth management and retirement planning. It ensures that the Baby Boomers can maintain their lifestyle and meet their needs during retirement, further emphasizing the importance of thoughtful and strategic investment choices.

Retiring baby boomers looking to shift their portfolio into cash-flowing investments should acquaint themselves with the concept of "mailbox money". This type of passive investment is tied to assets that produce a "yield".

How is this asset class different from other investment options like stocks and mutual funds?

One way to look at this in through the lens of a business that has income and expenses. In the most basic concept, business equity represents ownership of an asset after all debts associated with it are paid off.

In the case of businesses, equity is the value of an entity available to its owners. It's measured for accounting purposes by subtracting liabilities from the value of an asset.

Thus, understanding business equity is important when assessing the financial health of the business you're considering investing in.

By issuing equity in cash-flowing assets, such as:

(1) oil and gas wells and associated midstream assets;
(2) real estate assets and real estate-related financial instruments (for example, mortgages); and
(3) intellectual property assets that generate income, including royalties derived from technical intellectual property (for example, patents and software copyrights) and artistic intellectual property (for example, creative works in music, video and video games).

An asset owner is able to gain access to liquidity that can be deployed elsewhere. This transfer allows the new investors to gain a share in the future cash flows and potential profits of these assets.

This concept is the framework behind the Streaming Royalty Investment Trust (SRIT).

While other equity “yield-based securities,” like REITs, royalty trusts, and MLPs where initially associated with real estate and oil and gas interests, they have evolved to encompass a broader range of cash flowing assets.

SRITs were initially associated with the oil & gas industry, however, they have evolved to encompass a broader range of cash flowing assets.

These SRITs provide investors with an opportunity to tap into various industries that generate consistent income streams, such as technical intellectual property and artistic intellectual property.

Similar to traditional royalty trusts, **SRITs own and operate income-producing assets**, and investors receive regular payouts based on the generated cash flows.

The SRIT structure can leverage a variety of cash-flowing assets, including revenue from the licensing of intellectual property.

By investing in SRITs, individuals can benefit from the profits generated by these cash flowing assets without the need to directly negotiate with the owners of intellectual property. It presents a streamlined and efficient way to gain exposure to different industries and diversify an investment portfolio.

However, it's important to note that like any other investment, SRITs carry their own risk-reward trade-off. The performance of these trusts is subject to market volatility, the financial health of the underlying assets, and other factors specific to the industries involved.

Therefore, thorough research and understanding of the underlying workings of SRITs are essential before making an investment decision.

In the sections ahead, we will delve deeper into the nuances of SRITs, explore their benefits and risks when it comes to cash flowing assets, and equip you with the knowledge to make informed investment decisions.

Join us on this journey to unlock the power of monetizing cash flowing assets through Streaming Royalty Investment Trusts.

FOUR TYPES OF EQUITY “YIELD-BASED SECURITIES”: REITs, MLPs, ROYALTY TRUSTS AND UP-Cs

In the realm of equity yield-based securities (which are income producing securities that are not “debt-related,” such as treasury bonds, municipal bonds and corporate bonds), four types are important to understand: **Real Estate Investment Trusts** (REITs), **Master Limited Partnerships** (MLPs), **Royalty Trusts**, and **Umbrella Partnership Corporations** (UP-Cs).

Real Estate Investment Trusts (REITs)

Each type of security presents unique opportunities and risks for investors, and understanding their differences is crucial when making informed investment decisions.

REITs are companies that own, operate, or finance income-producing real estate. Modeled after mutual funds, REITs provide investors with the chance to own valuable real estate, offering the opportunity to access dividend-based income and total returns.

Crucially, REITs exhibit a pass-through tax status, meaning they aren’t subject to corporate income tax. Instead, they must distribute at least 90% of their taxable income to shareholders as dividends.

This structure can result in high yields for investors, as a significant proportion of the income produced by the REIT is returned to shareholders.

Master Limited Partnerships (MLPs)

MLPs are publicly-traded partnerships that rely largely on an exemption to the requirement that public companies pay an entity-level tax, referred to as the “Natural Resources Exemption. Thus, MLPs combines the tax benefits of a private partnership with the liquidity of a publicly traded company.

MLPs typically trade on national exchanges. MLPs generally experience stability in their cash flows and their partnership agreements mandate that the MLP distribute a set amount of “excess cash” to investors.

The limited partnership structure of the MLP can assist in reducing capital costs in capital-intensive businesses, like the energy sector.

MLP issue units instead of shares of stock – like a normal corporation. But, these units are typically traded on national securities exchanges, like NYSE or NASDAQ. As a result, the securities are quite liquid, which is not the case in traditional partnerships.

Since an MLP's publicly traded units are not stock shares, those who invest in MLPs are commonly referred to as unitholders, rather than shareholders. Those who buy into an MLP are called limited partners. These unitholders are allocated a share of the MLP's income, deductions, losses, and credits.

MLPs are treated as partnerships for federal income tax purposes, which is a significant tax advantage for investors. Partnerships have a “pass-through,” or flow-through, tax structure.This means that all profits and losses are passed through to the partners. The MLP itself pays no taxes.

To maintain its “pass-through” status, at least 90% of the MLP’s income must be “qualifying income,” which includes income realized from the exploration, production, or transportation of natural resources or real estate. This requirement of qualifying income reduces the sectors in which MLPs can operate.

Royalty Trusts

Royalty Trusts are structured as corporations that own interests in royalties, usually derived from oil or natural gas wells or mineral rights. Units of the trust are issued to the public capital markets.

The trust receives cash flow or income (royalties) from its producing assets and distributes this as income to the unit holders. Regulations require that trusts pay nearly all of this income to the unit holders.

This structure can be attractive to investors seeking regular income and willing to tolerate the risks associated with commodity prices.

Umbrella Partnership Corporations (UP-C)

Lastly, UP-C structures offer another unique investment opportunity. They enable owners of a flow-through entity, usually a partnership or limited liability company, to conduct an initial public offering (IPO) through a newly formed corporation.

This corporation, in turn, holds only an equity interest in the flow-through entity.

The flow-through nature of the underlying entity allows the new corporation to receive a step-up in the tax basis of the partnership assets. This step-up creates future cash-tax savings for the investors, a notable benefit of investing in an UP-C.

Conclusions

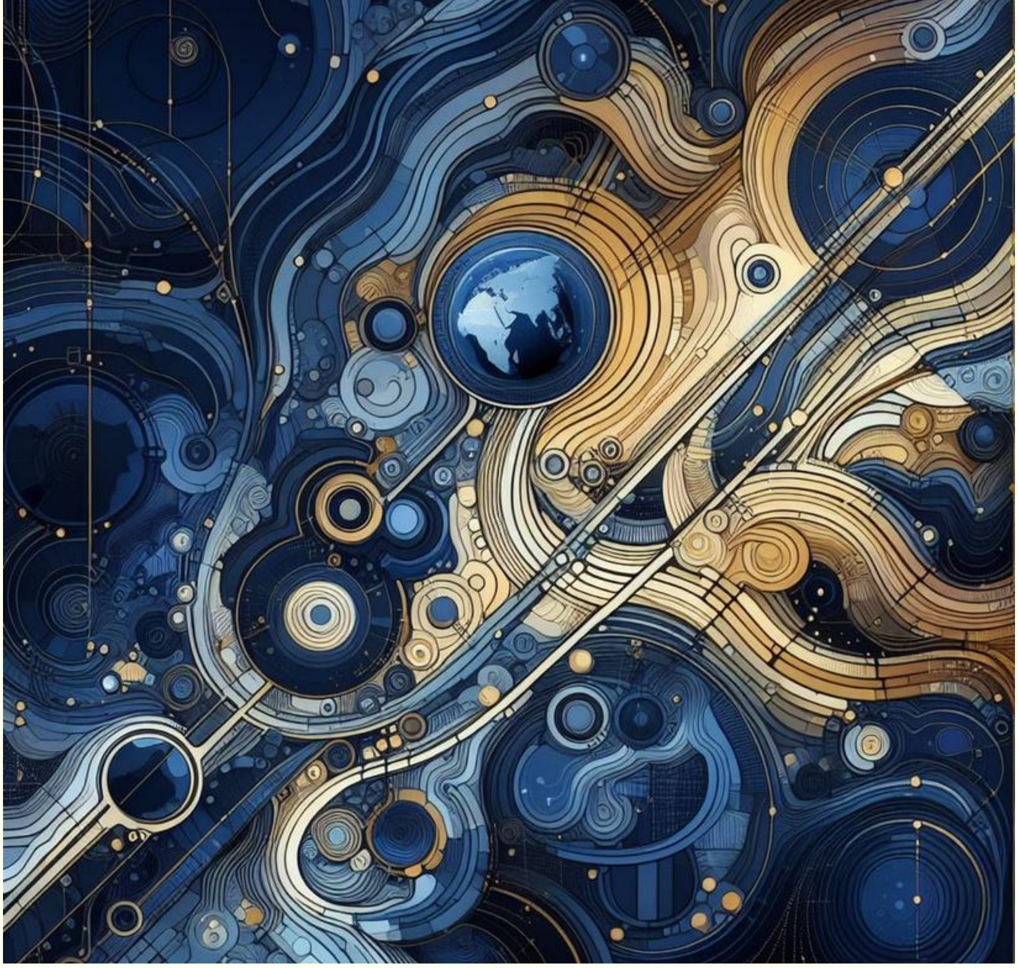
In conclusion, each of these four types of securities offers unique investment opportunities.

REITs offer exposure to the real estate market, MLPs offer exposure to producing oil and gas properties and cash-flowing midstream assets, Royalty Trusts can deliver consistent income linked to commodities, and UP-C structures provide potential tax advantages on cash-flowing assets such as intellectual property or non-traditional cash-flowing assets.

However, as with all investments, these securities carry risks and investors should conduct thorough due diligence before investing.

HOW MANY MILLIONAIRES DO YOU KNOW HAVE BECOME WEALTHY BY INVESTING IN A SAVINGS ACCOUNTS? I REST MY CASE.”

- ROBERT G. ALLEN, AUTHOR



The Mechanism of Selling Equity to Investors

The process of selling equity involves a company offering a portion of its ownership to independent investors in exchange for capital. This transaction signifies an exchange of cash for a stake in the company's future profits and control.

Independent investors, often termed as 'angel investors' or 'accredited investors' play a pivotal role in the mechanism of selling equity. They can provide the much-needed capital injection that helps businesses grow, expand, or pivot in new directions.

Investors buy equity with the expectation that the company will grow, and their stake will subsequently increase in value. This gain in value can be realized either through a sell-off of their equity at a higher price or via dividends or distributions distributed by the company from its profits.

The cash infusion from investors typically helps businesses invest in research and development, expand operations, hire talent, or shore up their financial position.

The relationship between a company and its independent investors is symbiotic. While the investors provide the necessary capital, the company offers them a chance to participate in its growth trajectory.

The involvement of independent investors often goes beyond the mere provision of funds. In some cases, experienced investors bring their business acumen, strategic insight, and networks to the table, increasing the company's chances of success.

It’s important to note that selling equity is not without its share of challenges and considerations. When a company sells equity, it may have to give away a portion of its control.

This could mean having to consult with investors on major decisions, or dealing with the pressure of delivering consistent growth and profitability to satisfy investor expectations.

Thus, businesses must strike a balance between retaining control and raising necessary capital.

In the context of Streaming Royalty Investment Trusts (SRITs), independent investors are vital. They provide the capital required to acquire the streaming royalties that generate income for the trust.

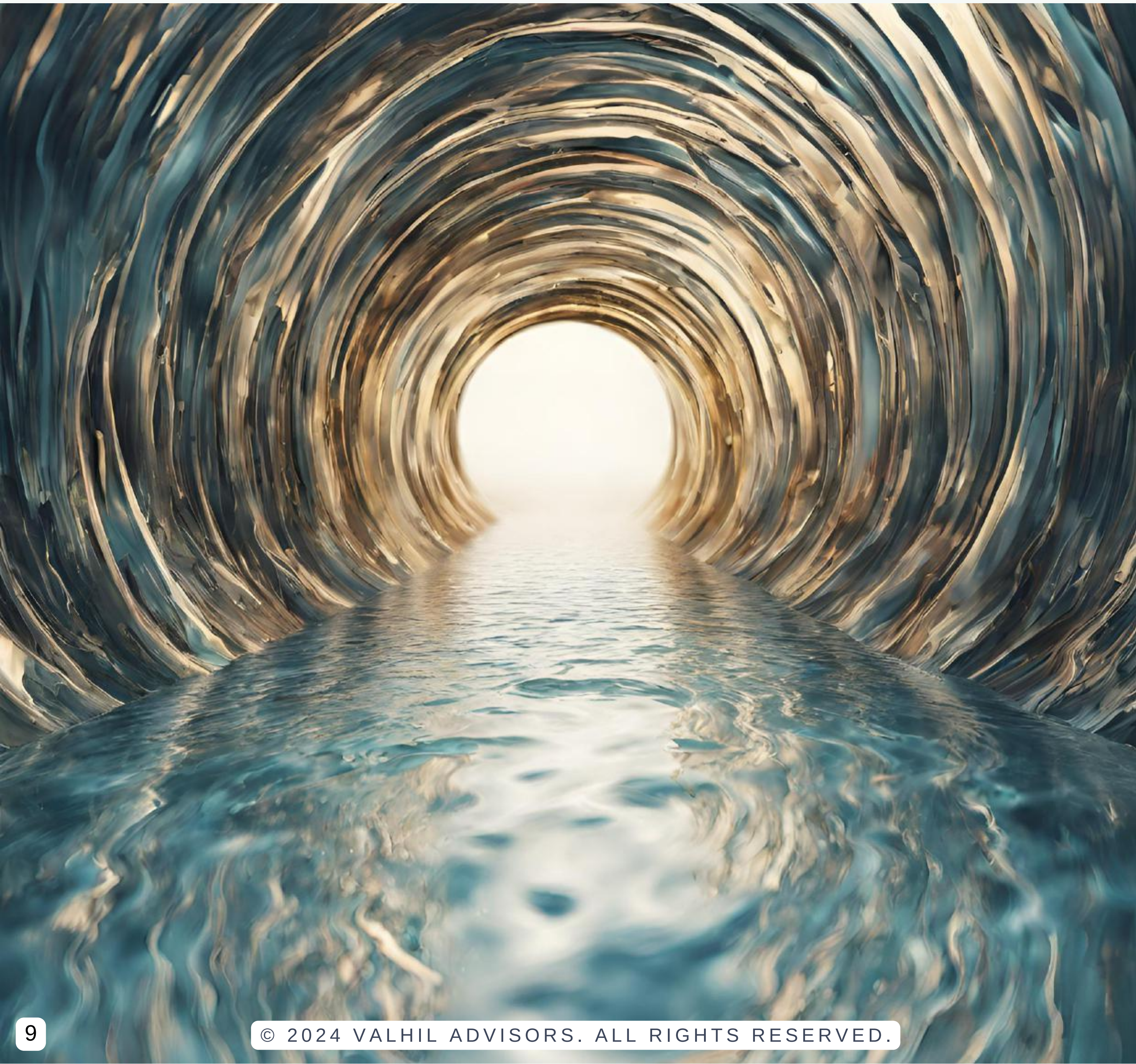
Their investment facilitates the operations, growth, and diversification of the trust's portfolio, thereby potentially increasing the returns for the investors.

In this light, the role of independent investors in SRITs is twofold - they not only provide the necessary capital but also bear the risk associated with the investment.

However, the potential for steady income and growth in the burgeoning digital entertainment industry, among others, that is becoming dominated by streaming platforms, makes SRITs an attractive proposition for many investors.

In the next chapter, we will delve into the benefits and risks associated with investing in SRITs, providing you with a comprehensive understanding of this unique investment opportunity.

Stay tuned as we unravel more about the fascinating world of SRITs.



TECHNOLOGY, TOKENIZATION AND THE BLOCKCHAIN

Tokenization, the process of digitally representing real-world assets on a blockchain, could revolutionize the way independent investors engage with Streaming Royalty Investment Trusts (SRITs).

This is largely due to the **transparency**, **security**, and **efficiency** conferred by blockchain technology.

In essence, a ***blockchain is a decentralized, digital ledger where transactions are recorded and linked using cryptography.***

This technology is **immutable**, meaning the data entered cannot be altered or deleted, fostering **trust** and **transparency** amongst participants in the blockchain network.

With tokenization, SRITs can issue digital tokens, each representing an indirect share of the streaming royalties held by the business. This opens up the possibility for fractional ownership, where multiple investors can own portions of the same asset.

This not only democratizes access to investment opportunities but also allows for deeper access to liquidity, as tokens could be traded on secondary markets.

Moreover, investing in tokenized assets could also reduce transaction costs. Traditional investment methods involve middlemen such as brokers or lawyers, which can be costly and time-consuming.

The blockchain and “smart contracts” remove the need for these intermediaries by facilitating peer-to-peer transactions.

Blockchain can also bring more transparency to SRITs. Each transaction involving the tokens can be traced and verified on the blockchain, providing investors with clear insight into the trust's activities and performance. This could potentially enhance investor confidence and drive more capital into SRITs.

However, it's important to remember that like any investment, tokenized assets come with their own set of risks. The regulatory landscape for tokenized assets is still evolving, and investors must consider potential legal and compliance risks.

In addition, the highly technical nature of blockchain and tokenization might pose a barrier to entry for some investors.

In conclusion, the emergence of blockchain and tokenization offers exciting possibilities for the future of SRITs. These technologies could reshape the way independent investors interact with SRITs, making these investment opportunities more **accessible**, **efficient**, and **transparent**.

However, investors must carefully consider the risks and seek professional advice before venturing into this new frontier.

TAX BENEFITS

The primary tax advantage of investing in SRITs is that these investments benefit from the tax-advantaged step-up in tax basis for the underlying partnership assets; and also provide the SRIT sponsor with “pass-through” treatment until they are ready to monetize their equity interest in the retail capital markets.

For instance, income generated from a SRIT’s underlying operating partnership is typically not subject to corporate income tax, which can be a significant benefit for the businesses. This is because the income generated by the underlying partnership is usually passed directly to the partnership-level investors and the sponsor, thereby bypassing the usual corporate tax obligations.

However, the public retail investor would still have to pay income tax on the distributions from the umbrella corporation, which is offset to some extent by the “step-up” in tax basis.

Additionally, investors that invest in SRITs can potentially enjoy capital gains tax benefits. If the SRITs appreciate in value and are then sold, the profits from the sale are often taxed at a lower rate than regular income.

This capital gains tax benefit can lead to significant savings for businesses, enhancing the overall profitability of their investment portfolio.

However, it's crucial to remember that tax laws can vary widely between different jurisdictions, and the tax advantages of SRITs may also change over time.

Therefore, businesses should seek advice from a tax professional before making any investment decisions.

In conclusion, SRITs can offer compelling tax benefits for businesses, potentially leading to significant tax savings.

By understanding these benefits and seeking professional advice, businesses can make well-informed investment decisions that maximize their potential for tax savings.

In the next chapter, we will explore the risks and potential drawbacks associated with SRITs that are important to consider.

ADVANTAGES AND DRAWBACKS OF STREAMING ROYALTY INVESTMENT TRUSTS (SRITs)

SRITs, as we've explored in previous chapters, can be highly advantageous for businesses in terms of tax savings.

However, like any investment vehicle, they come with their unique set of pros and cons. Understanding these can aid businesses in making informed decisions, striking a balance between risk and reward.

The Advantages

1. Significant Tax Benefits: A primary draw of SRITs is the potential for significant tax savings. SRITs, by design, offer lower tax rates, which can result in substantial savings, especially for businesses with hefty tax burdens.

2. Potential for High Returns: SRITs can provide a consistent stream of income. They offer a fixed percentage of the gross revenues of a project. Therefore, if the project is successful, the returns can be high, translating into an impressive ROI for investors.

3. Diversification: SRITs allow investors to diversify their portfolios. By adding a unique asset like royalty streams to a portfolio, investors can better spread their risk.

The Drawbacks

1. Market Volatility: Like other types of trusts, SRITs are subject to market conditions. Disturbances in the market can affect the value of the trust and, by extension, the returns to the investor.

2. Regulatory Risk: As touched upon in the previous chapter, the tax benefits of SRITs can change with shifts in regulatory landscapes. This uncertainty introduces an element of risk.

3. Limited Liquidity: Unlike traditional stocks, SRITs can be harder to buy or sell, making them a less liquid investment.

Mitigating Potential Drawbacks

The potential drawbacks of SRITs, while notable, can be managed. Market volatility and regulatory risk can be mitigated through thorough research, staying abreast of market trends, and up-to-date information on regulatory changes.

Regarding liquidity, investors must carefully consider their need for liquidity before investing in SRITs. They should ensure that they have a diversified portfolio with enough liquid assets to offset the potential liquidity issues associated with SRITs.

In conclusion, while SRITs offer attractive benefits, they are not without their risks. By understanding these advantages and drawbacks, investors can make informed decisions that align with their financial goals and risk tolerance.

LOOKING TO THE FUTURE

As we navigate through the labyrinth of SRITs, it is worth contemplating what the future holds for these specialized investment trusts.

The world of finance is dynamic and evolving, and so too are the opportunities within Streaming Royalty Investment Trusts.

Future Trends

The rising popularity of digital media and content streaming reveals a promising future for SRITs. As more artists and creators look to monetize their content, the demand for mechanisms such as SRITs is likely to increase.

In the coming years, we could witness a surge in the number of SRITs being established as more individuals and companies realize their potential benefits.

Additionally, technological advancements are set to reshape the SRIT landscape. Blockchain technology, for example, has the potential to revolutionize the way streaming royalties are tracked and distributed.

This could lead to increased transparency, efficiency, and fairness, further enhancing the attractiveness of SRITs.

Final Thoughts and Conclusions

In summary, SRITs present an exciting opportunity for investors, providing a unique way to benefit from cash-flowing assets.

However, they are not without their drawbacks. Market volatility, regulatory risks, and limited liquidity are all factors that need to be carefully weighed against the potential benefits.

Successful investment in SRITs requires thorough research, careful planning, and staying up-to-date with the latest market trends and regulatory changes.

For those who can navigate these complexities, SRITs offer a chance to diversify their portfolios with yield-bearing securities, and tap into a rapidly growing market.

As we close this introduction to SRITs, it is clear that the future of these products is bright. The advent of tokenization and smart contracts will open up the markets to this type of offering.

As with any investment, prospective investors should approach SRITs with caution, fully understanding the risks and rewards they offer. As we look forward to the future of SRITs, one thing is certain: **the world of Streaming Royalty Investment Trusts is worth exploring.**

ABOUT VALHIL ADVISORS

Valhil Advisors is the consulting arm of **VALHIL - THE LEADING DIGITAL ASSET INVESTMENT BANK.™** Valhil Advisors architects ethical business and financial strategies to access the global capital markets built upon asset tokenization and blockchain technology.

With their profound understanding of economics and how markets work, they offer expert guidance on business strategies designed for a rapidly evolving environment.

Valhil Advisors has extensive corporate mergers and acquisition experience, and is therefore able to provide tailored guidance to skillfully navigating a shifting business and financial system.

A paradigm shift is rapidly approaching that leverages the power of **blockchain technology** and **asset tokenization.** Both will enhance the transparency, speed and liquidity of traditionally opaque and illiquid asset markets.

Committed to fostering ethical economic growth, thoughtful investment and innovation, Valhil Advisors serves as an invaluable partner to any business or republic navigating the complexities of the modern world.