

Report of the Portfolio Committee



“The Committee continues to monitor, review and provide approval regarding the acquisitions or disposals of Catalogues of Songs.”

Dear Shareholder,

I am pleased to present to you the Report of the Portfolio Committee for the year ended 31 March 2021, which has been approved by both the Portfolio Committee and the Board.

During the year, the Committee reviewed and recommended the acquisition of 84 Catalogues of Songs. No disposals occurred during the year.

The Committee’s work for the year ahead will be focussed on the ongoing review of recommendations from the Investment Adviser on the acquisitions and if applicable disposals of Catalogues of Songs, reviewing the pipeline as provided by the Investment Adviser, and on a quarterly basis reviewing the investment performance reports as prepared by the Investment Adviser.

Purpose and Aim

The terms of reference of the Portfolio Committee, which are reviewed annually, are set out on the Company’s website (www.hipgnosissongs.com).

The Portfolio Committee provides a formal mechanism for the following functions:

- making the final decision as to the acquisition of Catalogues of Songs based on a comprehensive investment paper, financial model, and legal due diligence report as presented by the Investment Adviser along with an Independent Valuation Report;
- determining, in collaboration with the Company’s legal, tax or corporate finance advisers, the most appropriate means for acquiring the Catalogues of Songs in the event that such Catalogues of Songs are not directly transferable, but are available in an intermediated form (such as a special purpose company, or similar) including determining any adjustments to the price if necessary or appropriate;
- making enquiries, at any stage, of the Investment Adviser with regards to the pipeline opportunities identified by the Investment Adviser from time to time;
- making the final decision as to the disposal of any Catalogues of Songs; and
- determining, in collaboration with its legal, tax or corporate finance advisers, the most appropriate means for disposal of the Catalogues of Songs in the event that such Catalogues of Songs are not directly transferable but are held in an intermediated form (such as a special purpose company, or similar).

Membership and Meetings

As at 31 March 2021, given the current size of the Board the composition of the committee is all Directors. Due to the further expansion of the Board the composition and membership of the Portfolio Committee is under review by the Nomination Committee and the membership will be adjusted, if considered advisable, following that review.

Mr Paul Burger (Chair of the Committee)
Ms Sylvia Coleman
Mr Simon Holden
Mr Andrew Sutch
Mr Andrew Wilkinson

The Portfolio Committee meets on an ad hoc basis when requested on reasonable prior notice from the Investment Adviser. The quorum for any meeting of the Portfolio Committee shall be at least two Directors. All Board members shall use reasonable endeavours to attend each meeting of the Portfolio Committee.

Meeting Schedule

During the year ended 31 March 2021, the Portfolio Committee met formally on 33 occasions and attendance at those meetings is shown on page 84 of the Corporate Governance Report. The committee also provides a formal update on their work to the Board at each scheduled quarterly Board meeting.

During the year the committee:

- reviewed the terms of reference of the Portfolio Committee for approval by the Board;
- assessed all investment proposals against the investment policy and restrictions;
- made enquiries, throughout the year, of the Investment Adviser regarding the pipeline opportunities as identified by the Investment Adviser;
- provided approval on the acquisition of 84 Catalogues of Songs during the year based on comprehensive investment papers as provided by the Investment Adviser which included:
 1. a summary of the due diligence findings;
 2. the financial history of the Song or Catalogue;
 3. the Portfolio Independent Valuer's report;
 4. the Investment Adviser's strategy for managing the Songs in the Catalogue and potential exploitation opportunities;
 5. details of any structuring arrangements that the Investment Adviser considers necessary;
 6. details of any conflicts of interest of the Investment Adviser or its Advisory Board in relation to the acquisition;
 7. details on the financial consideration structure; and
 8. any other information that the Investment Adviser considers relevant to the Board in deciding to acquire the particular Song or Catalogue.

2022 Objectives

The proposed activities for the Committee for the year ahead are:

- review the Terms of Reference of the committee to ensure they reflect best practice under the Code;
- review the recommendations from the Investment Adviser on the acquisitions and if applicable disposals of Catalogues of Songs;
- review the quarterly investment performance reports as prepared by the Investment Adviser, including the pipeline report.

On behalf of the Portfolio Committee,

Paul Burger

Chair of the Portfolio Committee

4 July 2021