



Credit: Jill Furmonvsky

Merck Mercuriadis

Founder of Hipgnosis Songs Fund Ltd;
Founder and CEO of its investment adviser
Hipgnosis Song Management Ltd

At a glance

	31 MAR 2022	31 MAR 2021	CHANGE
Catalogues	146	138	+8
Songs	65,413	64,098	+1,315
Grammys	156	151	+5
Number 1 Songs	3,854	3,738	+116
Top 10 Songs	14,381	13,968	+413

Investment objective

The Company's objective is to provide Shareholders with an attractive and growing level of income, together with the potential for capital growth, from investment in Songs and associated musical intellectual property rights, in accordance with its investment policy.

Launch date: 11 Jul 2018

Total shares in issue: 1,211,214,286

Market capitalisation (MC): £1.12bn

Adjusted Operative NAV per share
as at 31 March 2022: \$1.8491 or 140.70p

Borrowing limit: up to 30% of NAV*

Gearing as at 31 March 2022: 25.4%*

Ongoing charges: 1.58% pa*

Target annualised dividend: 5.25p

Advisory fee:

1.0% of MC up to £250m
0.9% of MC £250m-£500m
0.8% of MC >£500m

Performance fee:

10% of share price excess total return >10%,
subject to high water mark and overall cap

AIC sector: Royalties (Music)

Domicile: Guernsey

Website: www.hipgnosissongs.com

*For definitions, see page 4

Highlights

Hipgnosis Songs Fund offers investors a pure-play exposure to Songs and associated musical intellectual property rights. Our asset class has revenues that are uncorrelated to the macroeconomic environment.

Our portfolio of some of the most successful and culturally important Songs of all time is now valued at \$2.7 billion. Our Operative NAV per share increased by 9.9% to \$1.8491 as at 31 March, with dividends amounting to a total return of 14.2% over the year. Our annualised NAV total return since IPO in 2018 has been 12%.

In the annual report, we highlight that our Songs have outstripped the general market growth, in Streaming, in the second half of 2021. This outperformance, together with a partial recovery in live performance income (as COVID-19 restrictions eased), enabled our portfolio to achieve 11.6% like-for-like income growth in the second half of 2021 relative to the first half of the year.

Our active management of the portfolio throughout the year delivered a 20% increase (by value) in synch licences approved in the second half of the financial year, reflecting a 7% increase in like-for-like Synch income relative to the first half.

Since July, we have announced a ground-breaking direct administration agreement with Sacem (<https://www.sacem.fr/en>), thereby reducing our third party administration and collection fees and the length of time it takes to collect our digital revenues.

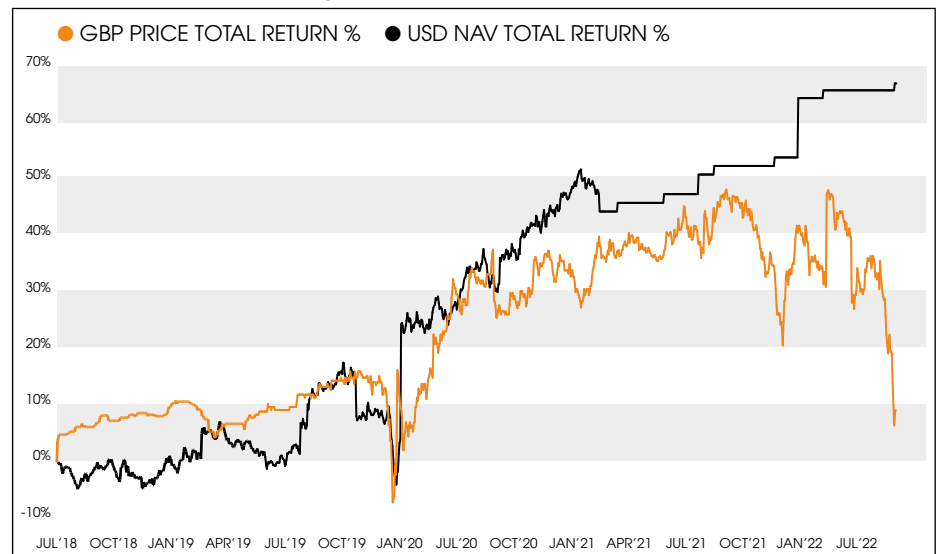
Hipgnosis' songs continue to have very strong consumption on streaming services. We now have an interest in 74 out of the 304 songs that have achieved a billion streams on Spotify.

In October, we entered into a new five-year Revolving Credit Facility at lower cost than its former facility for amounts up to \$700 million. We also completed interest rate swap agreements, thereby providing certainty as to the quantum of its fixed interest payment obligations over the medium term. Our leverage continues to be limited to a maximum of 30% of operative NAV. These deals materially reduce our interest margin and provide long term certainty and a stable platform to take advantage of our industry's tailwinds.

The continued growth in streaming and additional revenue streams from digital platforms, irrespective of macroeconomic conditions, the confirmation of the CRB III ruling and the CRB IV proposal are very encouraging for SONG and will deliver value to our shareholders as income from our portfolio of songs increases.

Share price and NAV total return since launch

11 July 2018 to 3 October 2022, percentage return with dividends added back



Company information

Listing
London Stock Exchange
Premium Segment

Index: FTSE 250

Registered No. 65158

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Chris Helm CFO (SONG)
Ted Cockle Chief Music Officer
Rufina Pavry Investor Relations

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Paul Burger Senior Independent Director
Andrew Wilkinson Chair of Audit Committee
Simon Holden
Sylvia Coleman
Vania Schlogel

Song Management update

We continue to focus on delivering significant value-adds through Song Management. Below are some recent highlights:

TV and Streaming

- Nile Rodgers & Snoop Dogg have collaborated on a brand-new version of *We Are Family* (co-written with Bernard Edwards), to be released in conjunction with a forthcoming animated series, 'Behind The Beats'.
- The brand-new NFL Sunday Night Football promo spot features a beautiful on camera rendition of Neil Young's *Old Man*. Performed by Beck, the recording was released in conjunction with the promo and has already garnered significant profile online.
- The trailer for season 4 of Netflix's smash hit 'Stranger Things' features Journey's song *Separate Ways (Worlds Apart)*. The trailer gained over 5.8 million views, in the first 24 hours. The song also soundtracked the series finale, resulting in surging consumption and activity around the song.
- Three of the 10 songs featured in Season Two of Netflix's 'Bridgerton' were written by Hipgnosis songwriters: P!nk *What About Us* (co-written by Johnny McDaid), Miley Cyrus' *Wrecking Ball* (co-written by Sacha Skarbek) and Harry Styles' *Sign of the Times* (co-written by Jeff Bhasker).
- Season 3 of Amazon Studios' 'The Boys' featured an on-screen performance of Blondie's song *Rapture*. The scene went viral immediately after airing, racking up millions of views on TikTok and Twitter, courtesy of Soldier Boy's onscreen rendition.
- Munich* (written by Hipgnosis' Editors) was featured in Showtime's breakout critically-acclaimed series, 'Yellowjackets'.
- Here In Spirit* by Jim James featured in Netflix's 'Ozark' season 4. Following this, the song was on Shazam's biggest movers around the launch of the season.
- The final season of 'Peaky Blinders' (BBC/Netflix) featured Sinéad O'Connor's *In This Heart*.
- Neil Young's *Only Love Can Break Your Heart* features in the latest season of NBC's 'This Is Us'. Lorde's *Royals* (co-written by Joel Little) was also used in another episode.
- Danny Boyle's Disney+ series 'Pistol' – about the story of the Sex Pistols, featured The Pretenders' *Kid* and *Brass In Pocket*, both of which were written by Chrissie Hynde.
- Love Island's latest series features Disco Fries' version of *We Are Family*, which was written by Nile Rodgers & Bernard Edwards.
- BBC's 'Reclaiming Amy' documentary about Amy Winehouse features *Back To Black*, which was written by Mark Ronson.
- HBO Max's new series 'Our Flag Means Death' features both Heart's *Crazy On You*, co-written by Ann Wilson and Blondie's *Atomic*, written by Debbie Harry and Chris Stein.

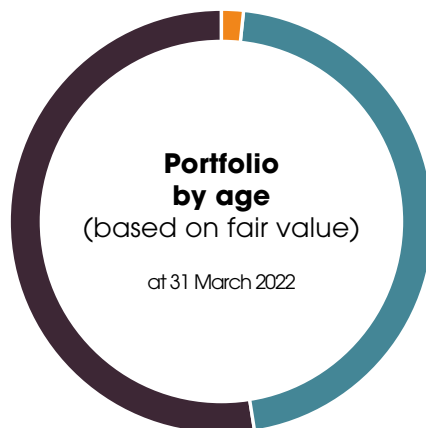
- The 2022 season of Netflix's global top ten show 'Umbrella Academy' features Nelly's *Ride With Me*, Steve Winwood's *Higher Love* and Katy Perry's *Teenage Dream*.
- The promo for season two of AppleTV+ 'Physical' is soundtracked by Eurythmics' *Sisters Are Doing It For Themselves* (co-written by David A Stewart).
- The new season of ABC's 'Black-ish' features Dionne Warwick's *That's What Friends Are For* (co-written by Carole Bayer Sager).

Film

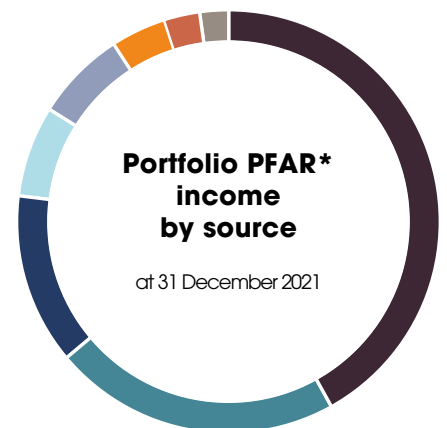
- Nirvana's *Something In The Way*, mixed by Andy Wallace, enjoyed a prominent feature throughout the latest instalment of the Batman franchise. Consumption of the song surged across all major platforms following the release of the trailer for the film.
- Britney Spears's *Toxic* (co-written by Christian Karlsson) enjoys a prominent use in Baz Luhrmann's recent smash hit movie, 'Elvis'.
- Netflix's brand new 2022 comedy movie 'Me Time' – starring Kevin Hart, Mark Wahlberg & Regina Hall, features Chic's *Good Times*, which was written by Nile Rodgers & Bernard Edwards.
- 'Sing 2' – which was the largest animated film of 2021 and largest streamed movies of 2022, featured no fewer than eight of Hipgnosis' songs. Shawn Mendes *There's Nothing Holdin' Me Back*, co-written by Scott Harris & Teddy Geiger, was the main song in the film and has gone on to secure numerous ancillary usages relating to the film's global marketing campaign.
- Amazon Prime's 'After Ever Happy' – the brand new instalment in the After series of films, features Sister Sledge *We Are Family* which was written by Nile Rodgers & Bernard Edwards.
- The Spencer Davis Group *Gimme Some Lovin* is the soundtrack to the trailer of Warner Bros' hotly anticipated 'Father of the Bride' – a 2022 re-make of the iconic Steve Martin film from 1991.
- The trailer for DC's hotly-anticipated 'Black Adam' was soundtracked by a remix of the Soundgarden song *Black Hole Sun*, which was written by Chris Cornell.
- Livin' On A Prayer* by Bon Jovi (co-written by Richie Sambora) enjoys a key featured usage in the Oscar-nominated Olivia Coleman movie, 'The Lost Daughter'.
- The trailer for Disney+ 'Light & Magic' features *Don't Stop Believin'* by Journey.



GENRE	31 MAR 2022
Rock	35.0%
Pop	32.3%
R&B	14.7%
Dance	9.5%
Latin	3.5%
Country	1.8%
Disco	1.5%
Christian	0.6%
Hip-Hop	0.7%
Soul	0.5%



AGE	31 MAR 2022
0-3 years	1.7%
3-10 years	45.9%
10+ years	52.4%



SOURCE	31 DEC 2021
Streaming	42%
Performance	22%
Synchronisation	13%
Masters	7%
Producer Royalties	7%
Mechanical	4%
Digital Downloads	3%
Other Income	2%

* Pro-Forma Annual Revenue (PFAR) – See Definitions page 4

Song Management update continued

Advertising

- Fleetwood Mac's *Everywhere* (written by Christine McVie) is the soundtrack to Chevrolet's brand new 2022 US commercial, advertising their range of electric vehicles.
- Applebees are using Journey's *Any Way You Want It* for their 2022 advertising campaign.
- Amazon's 2022 Superbowl commercial featured Fleetwood Mac's *Little Lies* (written by Hipgnosis' Christine McVie).
- 7-Up has selected Bruno Mars' *Uptown Funk*, co-written by Mark Ronson, as the soundtrack to their global 2022 re-launch campaign.
- Pusha T's song *If You Know, You Know* is currently airing as the soundtrack to Pizza Hut's nationwide USA advertising campaign.
- Carolina Herrera's new global TV campaign for their 'Bad Boy' fragrance, is soundtracked by Mark Ronson's *Ooh Wee*.
- Vodafone's UK commercial is currently being soundtracked by Cedric Gervais, Franklin, Nile Rodgers *Everybody Dance* (co-written by Bernard Edwards).
- Burberry's global campaign for their 'Hero' fragrance - starring Adam Driver, featured *Two Weeks* by FKA Twigs (written by Emile Haynie) as its soundtrack.
- Mariah Carey's *All I Want For Christmas Is You*, co-written by Walter Afanasieff, was the focus of McDonald's Christmas 2021 campaign.
- *It's My Life* (written by Richie Sambora) was selected by German supermarket chain Penny for their Christmas campaign 2021. The commercial went viral immediately, amassing close to 14 million views on YouTube alone in the first four weeks after its launch. The commercial also went on to win the Grand Prix at the 2022 Cannes Lions Advertising festival.
- Wells Fargo selected Fitz & The Tantrums' *HandClap* (written by Sam Hollander) to soundtrack their North American brand campaign.
- Nelly's *Hot In Herre* was chosen as the soundtrack for Burger King's North American advertising campaign.
- Hipgnosis songwriter Birdy re-recorded Ivor Raymonde's *I Only Want To Be With You* (which is owned by Hipgnosis), for a major Deutsche Telekom advertising campaign.

Video Game

- The El-P remix of *Supercut* by Lorde (written by Jack Antonoff) features in the soundtrack to EA's 'FIFA 22' video game.
- A number of Hipgnosis songs are currently appearing in Fortnite, including: Glass Animals' *Heat Waves* (David Bayley), Zella Day's *Dance For Love* (Ryan Hahn), Bruno Mars' *Treasure* and *Locked Out of Heaven* (Ari Levine), Lennie Squire's *Gold* (Bede Kennedy), Mitski's *The Only Heartbreaker* (Dan Wilson) and Normani's *Motivation* (Savan Kotecha).
- Hundreds of songs from across the Hipgnosis catalogue are also being licensed for use in an array of other games, including: Grand Theft Auto, Fortnite, The Sims, Call of Duty, Let's Sing, NHL '22, Gran Turismo, WWE 2K22, Roblox, Beat Saber, Rocket League, Dance Church, Riders Republic, Rock Band and many more.

Song Success

- Rihanna will headline the Super Bowl's Halftime Show on 2 February 2023. Hipgnosis has an interest in 24 key songs by Rihanna plus 4 additional major features. Through The-Dream and Tricky Stewart's Catalogues, we have an interest in *Umbrella*, her biggest radio hit as well as representing 3 of her top 5 songs: *Umbrella*, *Needed Me* (Starrh) and *Run This Town w/ Jay Z* (Jeff Bhasker and No I.D.).
- Nicki Minaj has delivered another enormous global hit featuring Rick James's *Super Freak*. Her new song *Super Freaky Girl* stormed to number 1 on the Billboard chart, entered the UK top ten and is top 20 on the entire Spotify Global chart too. The original song was released in 1981, superbly captured Rick's raw funk beauty and this has been a seminal track ever since. Almost 10 years later MC Hammer utilized this track for the global Grammy award winning hit *U Can't Touch This*. We have 65% of the new work. Hipgnosis also have over 20 major tracks and another 14 features with Nicki Minaj with other writers including Redone, Starrh and Lunchmoney Lewis.
- Shakira has grown from 32 million monthly listeners when we bought the catalogue to 49 million monthly listeners.
- *Heat Waves*, by Glass Animals (administered by HSG) has now surpassed 2 billion streams on Spotify. It breaks the record for longest charting song by a group in Hot 100 history (88 weeks).
- Hipgnosis' now has an interest in 74 out of the 304 songs that have achieved a billion streams on Spotify. The latest additions are: *Under the Bridge* (Red Hot Chili Peppers), *Classic* by MKTO (Evan Bogart, Emanuel Kiriakou), *Paris* (The Chainsmokers), *One Last Time* by Ariana Grande (Giorgio Tuinfort), *I'm the One feat. Justin Bieber*, *Quavo*, *Chance the Rapper & Lil Wayne* by DJ Khaled (Poo Bear), *Livin' On A Prayer* by Bon Jovi (Richie Sambora) and *Sugar feat. Francesco Yates* by Robin Schulz, Francesco Yates (Happy Perez).
- October 2022's Billboard Magazine lists the 100 Greatest Karaoke Songs of All Time. Hipgnosis are pleased to represent a total of 18 of these.

Key financial data

	12 MONTH PERIOD TO 31 MAR 2022 \$M	12 MONTH PERIOD TO 31 MAR 2021 \$M
Net Revenue	\$168.3	\$138.3
EBITDA	\$129.9	\$106.7
Operative NAV	\$2,240	\$1,806
Operative NAV/share (Ords)	\$1.85	\$1.68

Source: Hipgnosis Songs Fund Limited Annual Report 2022

Dividend history (per Ordinary Share)

VALUE	ANNOUNCEMENT DATE	EX-DIV DATE	PAYMENT DATE
1.3125p	21 Sep 2022	29 Sep 2022	28 Oct 2022
1.3125p	12 May 2022	19 May 2022	15 Jun 2022
1.3125p	8 Feb 2022	17 Feb 2022	15 Mar 2022
1.3125p	20 Oct 2021	28 Oct 2021	30 Nov 2021
1.3125p	20 Jul 2021	29 Jul 2021	31 Aug 2021

Key dates

Full year end	31 March
Half year end	30 September
Annual General Meeting	21 September 2022

Share identifiers

HIPGNOSIS SONGS FUND LIMITED	TICKER	ISIN	SEDOL
Ordinary Share (GBP)	SONG.L	GG00BFYT9H72	BFYT9H7
Ordinary Share (USD)	SOND.L	GG00BFYT9H72	BLH8YF6
		SONG.L	SOND.L
Share price (5 Oct 2022)		88.00p	\$0.98

Recent Catalogue acquisitions

Here are the most recent Catalogue acquisitions that the Company has made.

CATALOGUE	ACQUISITION DATE	INTEREST OWNERSHIP	TOTAL SONGS
Red Hot Chili Peppers	14 Jul 2021	100%	220
Kaiser Chiefs	15 Jul 2021	100%	136
Christine McVie	21 Jul 2021	100%	115
Jordan Johnson	22 Jul 2021	100%	58
Stefan Johnson	22 Jul 2021	100%	58
Rhett Akins	23 Jul 2021	100%	564
Ann Wilson	29 Jul 2021	50%	152
Elliot Lurie	24 Aug 2021	100%	70

In total, the acquisition cost for the whole portfolio has been approx \$2.2 billion, which represents a blended acquisition multiple of 15.93x.

Hipgnosis playlists

For some of our playlists, please see the [Hipgnosis Playlists](#) page on our website.



Definitions

The Ongoing charges ratio is calculated as Adjusted Operating Costs less Non Recurring Administrative Expenses divided by the Average Operative NAV. This excludes loan interest and refers to the 12 months ending 31 March 2022.

For Gearing and the Borrowing limit, Net Asset Value is calculated as the value of the net assets of the Company (including accrued but unpaid fees) as determined by the Directors in accordance with the accounting policies adopted by the Directors from time to time, adjusted to reflect the fair value of intangible assets held at the relevant reporting date.

The target dividend is not a profit forecast. There can be no guarantee that this target will be met and it should not be taken as an indication of the Company's expected or actual future results. Potential investors should decide for themselves whether or not this target is reasonable or achievable in deciding whether to invest in the Company.

For further definitions and information, please refer to the Company's most recent annual report and accounts, available at www.hipgnosissongs.com

Pro-Forma Annual Revenue (PFAR) means the royalty revenue earned in a 12-month period by the portfolio of songs held by the Company at a specific date, based on royalty statements received, irrespective of whether the songs were owned by the Company over the period analysed.



About Hipgnosis Songs Fund Limited

Hipgnosis, which was founded by Merck Mercuriadis, is a Guernsey registered investment company established to offer investors a pure-play exposure to songs and associated musical intellectual property rights. The Company has raised a total of almost £1.3 billion (gross equity capital) through its Initial Public Offering on 11 July 2018, and subsequent issues in April 2019, August 2019, October 2019, July 2020, September 2020, February 2021 and July 2021. In September 2019, Hipgnosis transferred its entire issued share capital to the Premium listing segment of the Official List of the FCA and to the London Stock Exchange's Premium segment of the Main Market, and in March 2020 became a constituent of the FTSE 250 Index. Since April 2021, the Company has been resident in the UK for tax purposes and is recognised as an investment trust under applicable HMRC regulations.

About Hipgnosis Song Management Limited

The Company's Investment Adviser is Hipgnosis Song Management Limited, which was founded by Merck Mercuriadis, former manager of globally successful recording artists, such as Elton John, Guns N' Roses, Morrissey, Iron Maiden and Beyoncé, and hit songwriters such as Diane Warren, Justin Tranter and The-Dream, and former CEO of The Sanctuary Group plc. The Investment Adviser has assembled an Advisory Board of highly successful music industry experts which include award winning members of the artist, songwriter, publishing, legal, financial, recorded music and music management communities, all with in-depth knowledge of music publishing. Members of Hipgnosis Song Management Limited Advisory Board include Nile Rodgers, The-Dream, Giorgio Tuinfort, Starrah, David A. Stewart, Poo Bear, Bill Leibowitz, Ian Montone and Rodney Jerkins.

Key contacts

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This fact sheet is based on information obtained from sources believed by the Company to be reliable, but is not guaranteed to be accurate, and the Company has not independently verified the information from such sources. The Company accepts no liability for any loss or damage of any kind arising from the use, in whole or in part, of this fact sheet.

You are recommended to seek financial advice or otherwise satisfy yourself of the suitability for you of an investment in the Company. Past performance cannot be relied on as a guide to future performance and, accordingly, there can be no assurance that the value of an investment in the Company will increase. The value of an investment and the income from it may go down as well as up and you may not be able to realise the full amount of your original investment on sale. Changes in exchange rates between currencies may also cause the value of the Company's shares to increase or diminish. In addition, the Company's Ordinary shares are geared by its flexible loan facility, which increases the Company's investment exposure but can magnify losses where the market moves adversely.

Details of charges and their effect on returns are contained in the most recently published Annual Report and in the Company's PRIIPS Key Information Document (KID), both of which may be downloaded from www.hipgnosisongs.com. Current tax levels and reliefs will depend on your individual circumstances. All defined terms used in this fact sheet are explained in the Company's most recent published Annual Report.

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