

# Report of the Portfolio Committee



**Paul Burger, Chair of the Committee**

*"The committee is focussed on evaluating investment pipeline opportunities and making the final decision as to the acquisition or disposal of any Catalogue of Songs."*

## Dear Shareholder,

I am pleased to present to you the Report of the Portfolio Committee for the year ended 31 March 2023 which has been approved by both the Portfolio Committee and the Board.

The committee has focussed on investing in Catalogues of the highest calibre and the Company is now fully invested in a high-quality Portfolio of culturally important songs with a proven track record of success. Due to the macro-economic environment, the Company has not been in a position to raise further capital for reinvesting this year and there were no acquisitions or disposals. The focus has been on considering the potential of the investment pipeline and monitoring and evaluating the performance of the current Portfolio.

The Investment Adviser has continued to make the committee aware of the investment pipeline and the committee has had the opportunity to consider and review investment proposals on a co-investment basis with the Investment Adviser's additional client Hipgnosis Songs Capital. It is worth noting that the committee reviewed a number of such co-investment opportunities, namely Nile Rodgers, Erika Ender, Tobias Jesso Jr., TMS and Justin Bieber, but that these were ultimately not progressed due to the lack of investible funds.

Our work for the year ahead will be focussed on the ongoing review of recommendations from the Investment Adviser on the acquisition of Songs, the investment pipeline and evaluating investment performance reports.

## Purpose and Aim

Our terms of reference, which are reviewed annually, are set out on the Company's website: <https://www.hipgnosissongs.com/governance/>.

We provide 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 Catalogue 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 2023, given the current size of the Board the composition of the committee is all Directors.

**Mr Paul Burger** (Chair of the Committee)  
**Ms Sylvia Coleman**  
**Mr Simon Holden**  
**Ms Vania Schlogel** (resigned 30 April 2023)  
**Mr Andrew Sutch**  
**Mr Andrew Wilkinson**

We meet 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**

As there were no acquisitions or disposals to consider during the year, the committee did not formally meet, though the committee was made aware of the investment pipeline and had the opportunity to consider and review investment proposals on a co-Investment basis with the Investment Adviser's additional client Hipgnosis Songs Capital. A formal update on the performance of the Company's portfolio was presented to the Board at each scheduled quarterly Board meeting.

### **2024 Objectives**

Our proposed activities for the year ahead are to:

- review the Terms of Reference of the committee to ensure they reflect best practice under the AIC Code;
- review the recommendations from the Investment Adviser on the acquisitions and 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

12 July 2023