



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

	30 SEP 2022	31 MAR 2022
Catalogues	146	146
Songs	65,413	65,413
Grammys	160	156

### 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:** 1,209,214,286

**Market capitalisation (MC):** £1.06bn

**Adjusted Operative NAV per share**  
as at 30 September 2022: \$1.8312 or 164.06p

**Borrowing limit:** up to 30% of NAV\*

**Gearing** as at 30 September 2022: 25.7%\*

**Ongoing charges:** 1.23% 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

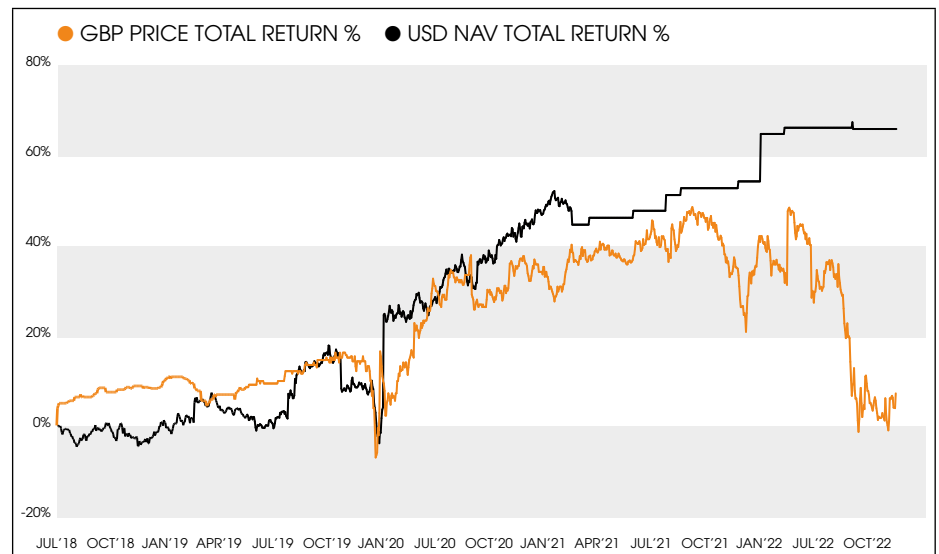
Please allow me to start by paying tribute to the late Christine McVie who passed away three weeks ago. She wrote incomparable songs for Fleetwood Mac that the world adores and it's a privilege for Hipgnosis to be the custodians of her enormously important work.

The half-year results announced on 8 December demonstrate Hipgnosis' investment thesis remains robust with continued growth in a challenging environment. Our pro forma revenues during the first half of the calendar year showed strong growth from streaming (+15.8% year-on-year), a testament to the strategy of acquiring Catalogues with high level of streaming consumption and Synch (+32% year-on-year), partly driven by a marked increase in procured direct synch deals. This growth demonstrates the strength of our acquisition strategy and our ability to maximize our Portfolio's value with our Song Management. This performance has ensured that our portfolio valuation, and therefore our NAV, have remained stable in US\$ terms at \$1.8312, and grown in GBP. We have also taken an important step with our new Revolving Credit Facility, agreed at the end of the period. This reduces our interest costs and equally importantly gives us control over these costs going forward irrespective of macro-economic conditions.

In the wider music market, people continue to listen to and pay for music irrespective of today's cost of living challenges with annual audio streams in the US passing the one trillion mark for the first time. A recent study from IFPI, who represent the global record industry, show that people around the world are engaging with music more than ever, with average listening up to 20.1 hours each week – an increase of 1.7 hours since 2021. Importantly, paid for streaming continues to grow. We started buying Songs in 2018 when paid US music streaming subscribers were less than 10% of the 616 million global subscribers they are today. Back then, YouTube had barely paid \$2 billion to rights holders – this year it is \$6 billion. Apple Music has moved beyond the 9.99 price point in major markets and we expect Spotify and the other major Digital Service Providers to follow with similar increases. Further to this, 2022 saw a full return to live music and we will see the benefit of this in our Performance income in future reporting periods. These are all exciting indicators for the further growth that we will experience as income flows through the collection process into Hipgnosis.

## Share price and NAV total return since launch

11 July 2018 to 21 December 2022, percentage return with dividends added back



### Company information

**Listing**  
London Stock Exchange  
Premium Segment  
**Index:** FTSE 250  
**Registered No.** 65158

### Registered office

PO Box 286  
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St Peter Port  
Guernsey GY1 4LY

### Investment Adviser

**Merck Mercuriadis** CEO  
**Ben Katovsky** COO  
**Chris Helm** CFO (SONG)  
**Ted Cockle** Chief Music Officer  
**Rufina Pavry** Investor Relations (SONG)

### Board of Directors

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

Despite all of this positive news, I share the disappointment of Shareholders that the true value of our iconic Songs is not being reflected in today's share price. Hipgnosis is an asset based company with a Catalogue unrivalled for its extraordinary success and cultural importance. It has rights on 78 out of the 324 Songs that have been streamed on Spotify over 1 billion times. Additionally, the number of our Songs over ten years old on the Spotify Billions list has risen from four to 11 in the last year in no small part due to our active Song Management. The current share price implies that our Company is valued almost using a 12% discount rate, presenting an incredible investment opportunity considering this is a deep discount compared to multiples currently being paid in the market.

Just in time for the holiday season our Songs are performing very strongly with Fleetwood Mac entering the Top 15 of the album charts globally, Nicki Minaj's *Super Freaky Girl* continuing to dominate following its Number 1 run in the US and *Heat Waves* by Glass Animals, having been named the Number 1 Song of 2022 by Billboard in their year-end Hot 100 chart, following a record breaking run on the weekly rankings.

Having said all that Christmas would not be Christmas without Mariah Carey's *All I Want for Christmas Is You* being Number 1 (again!) all over the world and Michael Bublé's Christmas album in the Top 5 (again!) all over the world!

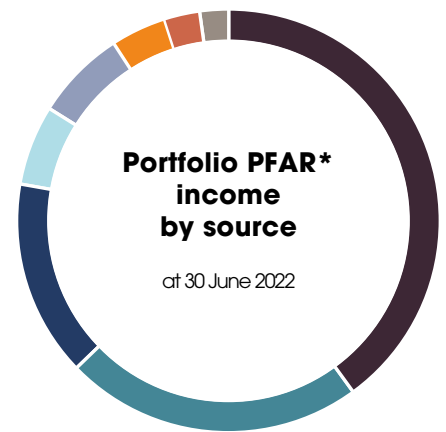
All that remains is for me to wish you a Merry Christmas/Happy Holidays and all the best for a Healthy and Prosperous 2023!



GENRE	30 SEP 2022
Rock	34%
Pop	32%
R&B	15%
Dance	10%
Latin	4%
Country	2%
Disco	2%
Hip-Hop	1%



AGE	30 SEP 2022
0-3 years	2%
3-10 years	46%
10+ years	52%



SOURCE	30 JUN 2022
Streaming	40%
Performance	23%
Synchronisation	15%
Masters	6%
Producer Royalties	7%
Mechanical	4%
Digital Downloads	3%
Other Publishing	2%

\* Pro-Forma Annual Revenue (PFA\*) - See Definitions page 4

## Key financial data

	SIX MONTH PERIOD TO 30 SEP 2022 \$M	12 MONTH PERIOD TO 31 MAR 2022 \$M
Net Revenue	\$78.4	\$168.3
EBITDA	\$63.8	\$129.9
Operative NAV	\$2,218	\$2,240
Operative NAV/share (Ords)	\$1.83	\$1.85

Source: Hipgnosis Songs Fund Limited

## Dividend history (per Ordinary Share)

VALUE	ANNOUNCEMENT DATE	EX-DIV DATE	PAYMENT DATE
1.3125p	8 Dec 2022	15 Dec 2022	31 Jan 2023
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

## 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	
Share price (21 Dec 2022)	SONG.L	87.50p	SOND.L	\$1.09

## 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), for the trailer of a forthcoming YouTube Original series, 'Behind The Beat'.
- The 2022 re-make of 'The Man Who Fell To Earth' – starring Chiwetel Ejiofor features two separate recordings of O.D.B.'s *Shimmy Shimmy Ya*, which was written by RZA.
- Paramount & Showtime TV series 'American Gigolo' also features O.D.B.'s *Shimmy Shimmy Ya*.
- Amazon Prime's latest season of 'The Handmaid's Tale' features Fleetwood Mac's *The Chain*, (Lindsey Buckingham & Christine McVie) and Al Green's *Let's Stay Together* (co-written by Al Jackson Jr.).
- HBO's 2022 TV Series 'The Time Traveller's Wife' features TV On The Radio's *Love Dog*, which was written by Hipgnosis' Dave Sitek.
- 'The Playlist' – a Netflix Original series about the creation of Spotify, features Bruno Mars's *Locked Out Of Heaven* (Ari Levine) and Swedish House Mafia's *Don't You Worry Child* (Martin John Lindstrom).
- HBO's 2022 series 'Winning Time' – about the LA Lakers, features multiple songs from the Hipgnosis Catalogue: Fleetwood Mac's *Tusk* (Lindsey Buckingham), Journey's *Any Way You Want It*, Sugarhill Gang's *Rapper's Delight* (co-written by Nile Rodgers and Bernard Edwards), Traffic's *Dear Mr Fantasy* (Steve Winwood) and Fleetwood Mac's *Prove Your Love* (Christine McVie).
- 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+'s 'Physical' is soundtracked by Eurythmics' *Sisters Are Doing It For Themselves* (co-written by Dave Stewart).
- 2022's NFL Sunday Night Football promo featured an on camera rendition of Neil Young's *Old Man*, performed by Beck. The recording has been nominated for Best Rock Performance at the 2023 Grammy Awards.
- 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.
- 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.
- Love Island's latest series features Disco Fries' version of *We Are Family*, which was written by Nile Rodgers & Bernard Edwards.
- The promo for season three of AppleTV+'s 'For All Mankind' is soundtracked by *Black Hole Sun*, performed by Soundgarden and written by Chris Cornell.
- The second season of HBO's critically acclaimed series 'Industry', features GZA's *Liquid Swords* – which was co-written by RZA.

### Film

- Marvel Studios' 'Wakanda Forever' – already one of the biggest movies of 2022, features a significant use of Red Hot Chili Peppers' *Can't Stop*.
- The trailer for Sony Pictures' 'Lyle, Lyle, Crocodile' features Shawn Mendes' *There's Nothing Holdin' Me Back*, co-written by Teddy Geiger & Scott Harris.
- The Netflix Original film 'The Swimmers' uses David Guetta feat. Sia's *Titanium*, co-written by Hipgnosis' Giorgio Tuinfort, in both the film and the trailer.
- Paramount Pictures' 2022 blockbuster 'Sonic The Hedgehog 2' features both Bruno Mars' *Uptown Funk* (Mark Ronson) and Heart's *Barracuda* (Ann Wilson).
- Britney Spears' *Toxic* (co-written by Christian Karlsson) enjoys a prominent use in Baz Luhrmann's latest smash hit movie, 'Elvis'.
- The hotly anticipated 2022 Whitney Houston biopic 'I Wanna Dance With Somebody' is scheduled for release in December. Hipgnosis co-owns a number of Whitney Houston songs including *Queen of the Night* (L.A. Reid), *I'm Your Baby Tonight* (L.A. Reid) and *It's Not Right But It's Okay* (Rodney Jerkins).
- 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.

- Amazon Prime's 'After Ever Happy' – the brand new instalment in the After series of films, features Sister Sledge's *We Are Family* which was written by Nile Rodgers & Bernard Edwards.
- The trailer for Disney+'s 'Light & Magic' features *Don't Stop Believin'* by Journey.
- Warner Bros' major 2022 feature film 'Black Adam' includes a use of *Power* by Kanye West, which was co-written by Jeff Bhasker.
- StudioCanal have announced a biopic feature film about the life of Amy Winehouse, called 'Back To Black'. The song *Back To Black* was co-written by Hipgnosis' Mark Ronson.
- The film trailer for Focus Features' 'Armageddon Time' features *Good Times* by Chic, which was co-written by Nile Rodgers & Bernard Edwards.
- Disney's 'Hocus Pocus 2' features a use of The B-52's *Planet Claire*.

### Advertising

- The much-coveted John Lewis Christmas commercial is this year soundtracked by a new recording of Blink-182's *All The Small Things*, which was written by Hipgnosis' Tom DeLonge.
- Paco Rabane have renewed their global 1Million campaign, featuring Sugarhill Gang's Rapper's *Delight*, co-written by Nile Rodgers & Bernard Edwards.
- *Holiday Road* by Lindsey Buckingham is soundtracking the current advertising campaign for The United States Postal Service.
- William Hill have selected Rudimental's *Feel The Love* (co-written by Hipgnosis' John Newman) as the soundtrack to their current advertising campaign.
- Chanel have renewed their global advertising campaign using Marion Cotillard's version of *Team* by Lorde, which was co-written by Hipgnosis' Joel Little.
- 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.
- Vodafone's UK commercial is currently running with Cedric Gervais' remix of *Everybody Dance* (written by Nile Rodgers & Bernard Edwards).
- Hipgnosis songwriter Birdy re-recorded Ivor Raymonde's *I Only Want To Be With You* (which is also part of the Hipgnosis Catalogue), for a major Deutsche Telekom advertising campaign.
- The 2022 FIFA World Cup commercial for Frito-Lay (starring David Beckham and Peyton Manning), features Cedric Gervais' version of Chic's *Everybody Dance*, which was written by Nile Rodgers & Bernard Edwards.
- Renault have chosen Bon Jovi's *It's My Life* (co-written by Richie Sambora) to soundtrack their major 2022 international advertising campaign.
- *Hero*, co-written by two Hipgnosis songwriters, Enrique Iglesias and Paul Barry, has been selected by Tesco to soundtrack their 2022 advertising campaign.
- Arby's have renewed their long-running licence for the use of *Burial* by Yogi (co-written by Pusha-T), in their North American advertising campaign.

### Video Game

- Empara Mi's version of Bon Jovi's *Wanted Dead Or Alive* has been used as the trailer for the new Transformers game.
- The trailer for 'Overwatch 2' features Yeah Yeah Yeahs *Spitting Off the Edge of the World*, which was co-written by Dave Sitek.
- Songs from across the Hipgnosis Catalogue will be featured in a huge array of high-profile video games, including 'Just Dance', 'WWE2k', 'Dead Space', 'Fortnite', 'Grand Theft Auto', 'The Sims', 'Rock Band', 'FIFA', 'Call of Duty', 'Forza Horizon', 'Madden', 'Let's Sing' and many, many more...



## 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.

## Key contacts

### Investment Adviser

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www.hipgnosisongs.com

### Merck Mercuriadis CEO

### Ben Katovsky COO

### Chris Helm CFO (SONG)

**Giles Croft** Corporate Affairs Director

**Rufina Pavry** Director, Investor Relations (SONG)

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### The Outside Organisation

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St Peter Port  
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## 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.

## 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 six months ending 30 September 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.hipgnosisongs.com](http://www.hipgnosisongs.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.

## Disclaimer

This fact sheet is issued by Hipgnosis Songs Fund Limited (the "Company") and does not constitute or form part of, and should not be construed as, any offer or invitation or inducement for sale, transfer or subscription of, or any solicitation of any offer or invitation to buy or subscribe for or to underwrite, any share in the Company or to engage in investment activity (as defined by the Financial Services and Markets Act 2000) in any jurisdiction nor shall it, or any part of it, or the fact of its distribution form the basis of, or be relied on in connection with, any contract or investment decision whatsoever, in any jurisdiction. This fact sheet does not constitute a recommendation regarding any securities.

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](http://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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