



HIPGNOSIS SONGS FUND

KEY FACTS

Objective: Hipgnosis Songs Fund seeks 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

Adviser: The Family (Music) Limited

Fund Type: Investment Company

Ticker: SONG

Launch date: 11 July 2018

AIC Sector Classification: Royalties (Music)

Currency: Sterling

Website: www.hipgnosissongs.com

Year end: 31 March

Closing share price 30th Aug: 105p

Shares in issue: 389,356,341

Borrowing limit: up to 20% of NAV, calculated at time of drawdown

Operative NAV at 31st March 2019: 103.27p¹

Target annual dividend: 5p (paid quarterly)²

CATALOGUES & NO. OF SONGS

Catalogue	Acquisition Date	Interest Ownership	Total Songs
The Dream	11 Jul 18	75%	302
Poo Bear	16 Nov 18	100%	214
Bernard Edwards	28 Nov 18	37.5%	290
TMS	07 Dec 18	100%	121
Tricky Stewart	17 Dec 18	100%	121
Giorgio Tuinfort	03 Jan 19	100%	182
Itaal Shur	30 Jan 19	100%	209
Johnta Austin	21 Mar 19	100%	249
Sean Garrett	21 Mar 19	100%	588
Rico Love	21 Mar 19	100%	245
Ari Levine	31 Mar 19	100%	76
Sam Hollander	31 Mar 19	100%	499
Teddy Geiger	09 Apr 19	100%	6
Starrah	23 Apr 19	100%	73
David A. Stewart	10 May 19	100%	1,068
Jamie Scott	21 May 19	100%	144
Al Jackson Jr.	30 May 19	100%	185
Michael Knox	10 Jun 19	100%	110
Lyric Catalogue	12 Jun 19	100%	571
Brian Kennedy	12 Jun 19	100%	101
Jon Bellion	12 Jun 19	100%	180
Neal Schon	21 Jun 19	100%	357
Eric Bellinger	01 Jul 19	100%	242
Jason Ingram	01 Jul 19	100%	462
Andy Marvel	26 Jul 19	100%	740
Benny Blanco	07 Aug 19	100%	93
The Chainsmokers	20 Aug 19	100%	47
Total			7,475

TOP 10 SONGS (% of 2018 Total Portfolio Income)

Top 10 Songs in Portfolio	Catalogue	% of Total Portfolio
Something Just Like This	The Chainsmokers	7%
Love Yourself	Benny Blanco	5%
Castle On The Hill	Benny Blanco	4%
Sweet Dreams Are Made Of This	Dave Stewart	3%
Closer (Feat. Halsey)	The Chainsmokers	3%
Don't Let Me Down (Feat. Daya)	The Chainsmokers	3%
Don't Stop Believin'	Neal Schon	2%
Needed Me	Starrah	2%
What Do You Mean	Poo Bear	2%
Stitches	Teddy Geiger	1%
Total		31%

Top 10 Songs < 2016 released songs	Catalogue	% of Total Portfolio
Sweet Dreams Are Made Of This	Dave Stewart	3%
Don't Stop Believin'	Neal Schon	2%
Would I Lie To You	Dave Stewart	1%
Locked Out of Heaven	Ari Levine	1%
Titanium	Giorgio Tuinfort	1%
Baby	Tricky Stewart	1%
When I Was Your Man	Ari Levine	1%
Let's Stay Together	Al Jackson	1%
Just The Way You Are	Ari Levine	1%
There Must Be An Angel Playing	Dave Stewart	1%
Total		12%

INVESTMENTS

Total investments in Songs at cost (as at 31 August 2019): £314m

Multiple on Catalogues acquired (as at 31 August 2019): 12.84x

New release decay rates: decay rates are applied on a song-by-song / catalogue-by-catalogue basis up to 50%.

SCAN FOR HIPGNOSIS SPOTIFY PLAYLIST

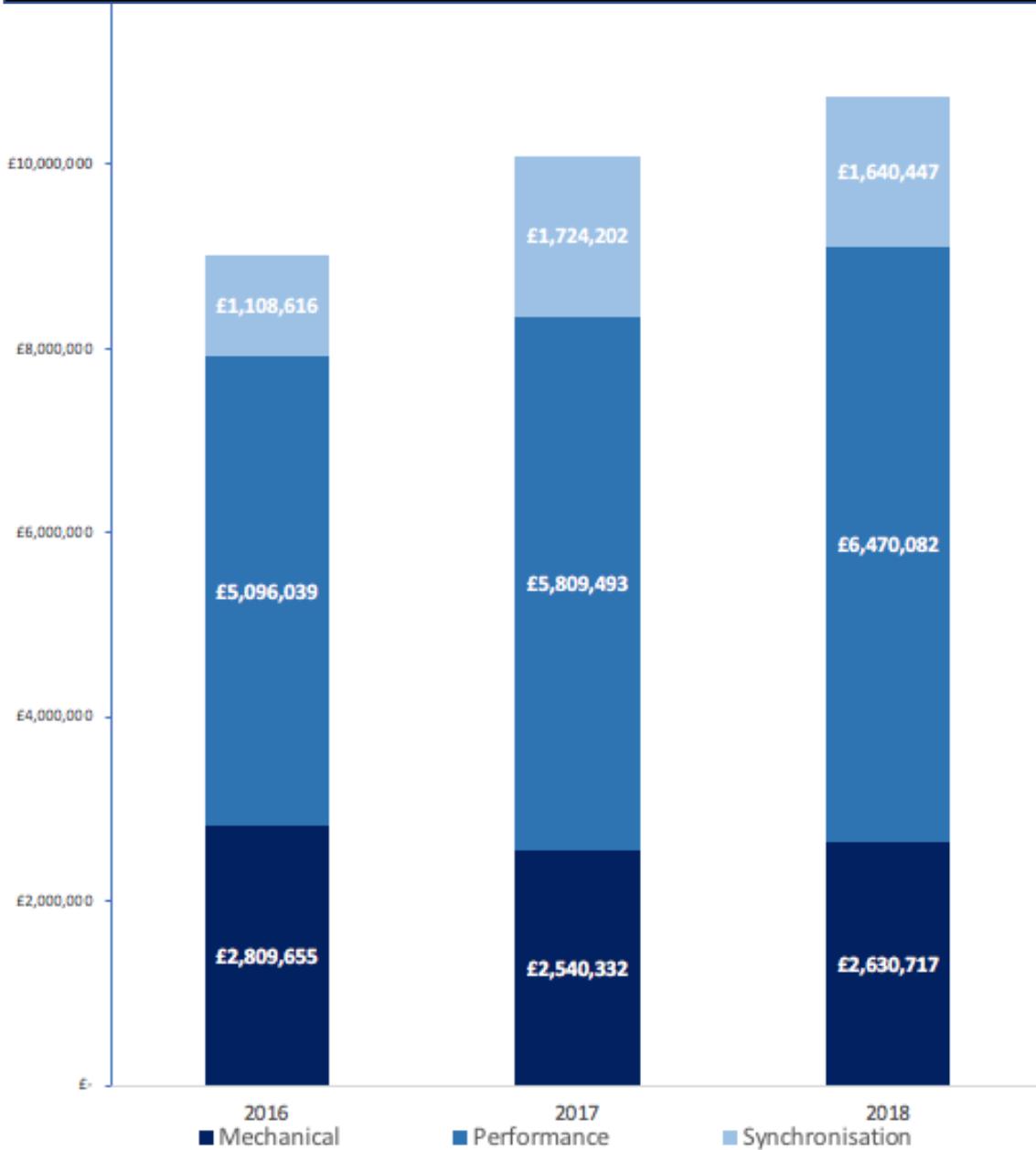


An investor should consider the investment objective, risks, charges and expenses of Hipgnosis (also, the "Company") carefully before investing. The prospectus contains this and other information about the Company and may be obtained at www.hipgnosissongs.com. The prospectus should be read before investing.

INFO@HIPGNOSISSONGS.COM

AUGUST 2019

3 YEAR REVENUE BY INCOME TYPE FROM ACQUIRED CATALOGUES EXCLUDING POST-2016 RELEASES (acquired as at 31 August 2019)



The adjacent chart shows 3Yr income generated from pre-2016 catalogues.

Income from pre-2016 catalogues grew by £1.7m (19%) over the 2 years to 2018 from £9m to £10.7m.

All income growth shown in the chart is passive, i.e. generated from pre-acquisition activity. The impact of new releases (i.e. within the 2016 – 2018 period) is excluded.

Total revenue from all catalogues acquired (as at 31 August 2019) grew by £13m over the 2 years to 2018 from £15.8m to £28.8m.

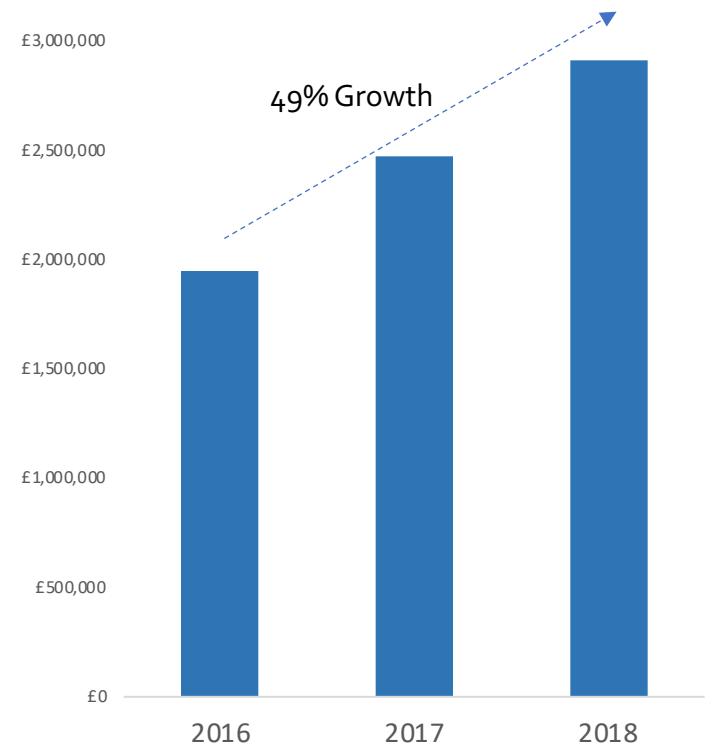
INCOME TYPE DEFINITIONS

Mechanical: royalties for reproducing music, for example CD, vinyl, etc. including mechanical downloads and mechanical streaming

Performance: royalties for playing music in public, for example TV/radio broadcasts, live performance, etc. and paid through to the publisher, including performance streaming

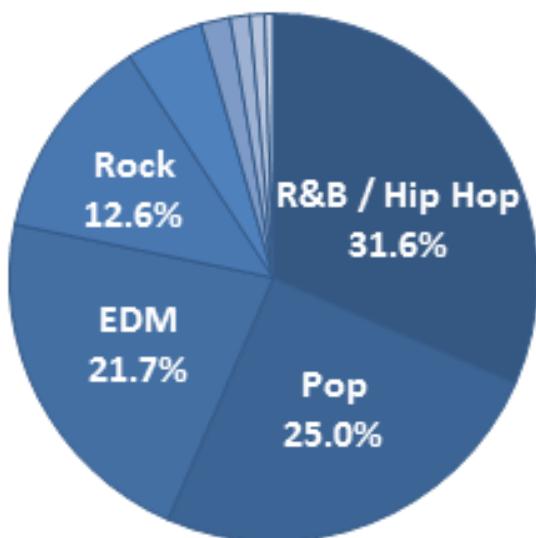
Synchronisation: licensing fees for playing music in connection with visual media (for example film, TV, advertisements)

BREAKDOWN OF STREAMING INCOME GROWTH (pre-2016 releases)



Streaming is 50% performance and 50% mechanical royalties for digitally playing music in real time, for example through Spotify and Apple.

INCOME BY GENRE (top 141 Songs 80% of 2018 income)

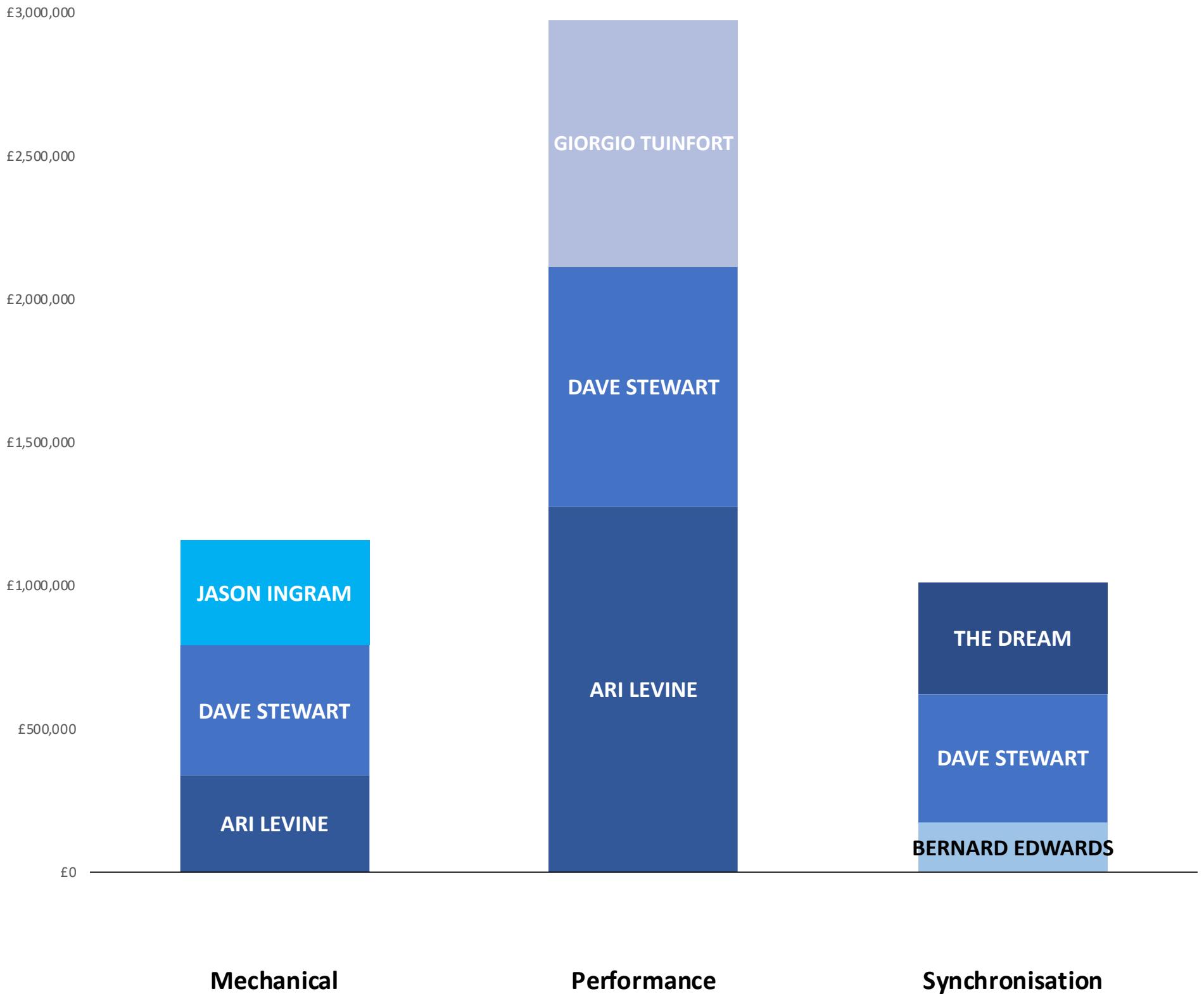


R&B / Hip Hop	31.6%
Pop	25.0%
EDM	21.7%
Rock	12.6%
Dance	4.7%
Disco	1.8%
Soul	1.2%
Country	0.9%
Christian	0.5%



HIPGNOSIS SONGS FUND

Top 3 2018 Income Generating Catalogues: pre 2016 released songs only, like-for-like





HIPGNOSIS SONGS FUND

IMPORTANT DISCLOSURE INFORMATION

Endnotes

1. The Directors are of the opinion that the Operative NAV provides a meaningful alternative performance measure and the values of Catalogues of Songs in the Operative NAV are based on fair values produced by an Independent Valuer. The Company's IFRS NAV at 31st March 2019 was 98.21p per share. In accordance with IFRS, Catalogues of Songs are classified as intangible assets and measured at amortised cost or cost less impairment.
2. This is a target only and there can be no assurance that the target can or will be met and should not be taken as an indication of the Company's expected or actual future results. Accordingly, potential investors should not place any reliance on this target in deciding whether or not to invest in the Company or assume that the Company will make any distributions at all and should decide for themselves whether or not the target dividend yield is reasonable or achievable.

Any reference herein to future returns or distributions is a target and not a forecast and there can be no guarantee or assurance that it will be achieved.

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All investments are subject to risk, including the loss of the principal amount invested. Past performance is not necessarily indicative of future results, and there can be no assurance that Hipgnosis will achieve comparable results, will meet its target returns, achieve its investment objectives or be able to implement its investment strategy. All investments to be held by the Company involve a substantial degree of risk, including the risk of total loss. The value of shares and the income from them is not guaranteed and can fall as well as rise due to stock market and currency movements. When you sell your investment you may get back less than you originally invested. You should always seek expert legal, financial, tax and other professional advice before making any investment decision.

Hipgnosis Songs Fund Limited is a self-managed Guernsey registered alternative investment fund, and is regulated by the Guernsey Financial Services Commission.

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