

# HgT

## Preliminary H124 NAV total return of 5.6%

HgT has published its preliminary unaudited H124 trading update, reporting a 5.6% NAV total return (TR) in H124 (of which 3.0% was in Q124). HgT's NAV TR remains primarily driven by the solid last 12-month top-line and EBITDA momentum, which stood at 20% and 25% to end-June 2024 across its top 20 companies (making up 78% of its portfolio value), compared to 24% and 29% at end-March 2024, respectively. Despite the still modest exit activity across the global private equity market, HgT collected £347m (or 15% of opening NAV) in proceeds from exits and refinancings in H124. Its discount to NAV closed recently, translating into a year to date share price TR of more than 20%.

HgT's realisations in H124 included three exits agreed in 2023, which were followed by a reinvestment in the same business: the exit from IRIS, which valued HgT's holding at £99.8m (resulting in net proceeds of £42.1m); the £82m exit from GGW Group (£38m net of subsequent reinvestment); and the sale of Visma's stake by the Genesis 7 fund (accounting for the subsequent reinvestment, the deal was a net investment of £83.5m into Visma by HgT). On top of this, HgT received £78.5m from realisations in Q124, mostly from the full exit of Argus Media (signed in 2024), as well as partial exits of MeinAuto and TeamSystem. Hg (HgT's investment manager) agreed a further two full exits from F24 and its remaining stake in TeamSystem, and a partial exit of team.blue, from which HgT expects to generate c £71m of proceeds. The four full and partial exits signed in 2024 were agreed at an average 13% uplift to their previous carrying values (as at end-September 2023 for Argus Media, end-March 2024 for the post-H124 deals), reinforcing HgT's portfolio valuations.

HgT investments in H124 amounted to £310m and included the above-mentioned reinvestments in Visma, IRIS and GGW Group, as well as new investments in Cube (active in the Automated Regulatory Intelligence and Regulatory Change Management technology, with HgT investing £9.7m), CINC Systems (a cloud-based software company serving the community association management sector, £19.2m) and Induver (an independent corporate insurance broker in Belgium which merged with its competitor Clover, £6.7m). Post reporting date, HgT made £108m of new investments into Focus Group (a provider of essential business technology to SMEs, including IT, telecom and connectivity services) and AuditBoard (a connected risk platform for audit, risk, compliance and ESG management).

Accounting for all the transactions announced to date, HgT's pro-forma available liquid resources (including the £308m undrawn part of its £375m credit facility) stood at £508m, which represents a robust 70% coverage of its outstanding commitments.

HgT will report its interim results to end-June 2024 on 16 September 2024.

### Investment trusts/TMT Private equity funds

29 July 2024

**Price** 529.0p  
**Market cap** £2,421m  
**NAV\*** £2,398m

NAV per share\* 524.0p  
Premium to NAV 1.0%

\*Preliminary at end-June 2024.

Yield 1.2%  
Shares in issue 457.7m  
Code/ISIN HGT/GB00BJOLT190  
Primary exchange LSE  
AIC sector Private equity  
52-week high/low 529.0p 357.5p  
NAV high/low 524.0p 493.7p

#### Gearing

Net gearing at end-H124 0.0%

#### Fund objective

HgT's investment objective is to provide shareholders with consistent long-term returns in excess of the UK All-Share Index by investing predominantly in unquoted companies where value can be created through strategic and operational change.

#### Bull points

- Focus on resilient B2B software and services companies with broad client bases.
- Portfolio companies continue to deliver both solid top- and bottom-line performance.
- Experienced investment team with a strong, long-term track record.

#### Bear points

- Investor rotation away from tech could resume in the event of increasing risk aversion.
- The impact of a worsening macroeconomic environment on SMEs may result in reduced net client additions across HgT's portfolio.
- High net leverage of portfolio companies but supported by high share of recurring revenues, strong earnings growth and high cash generation.

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