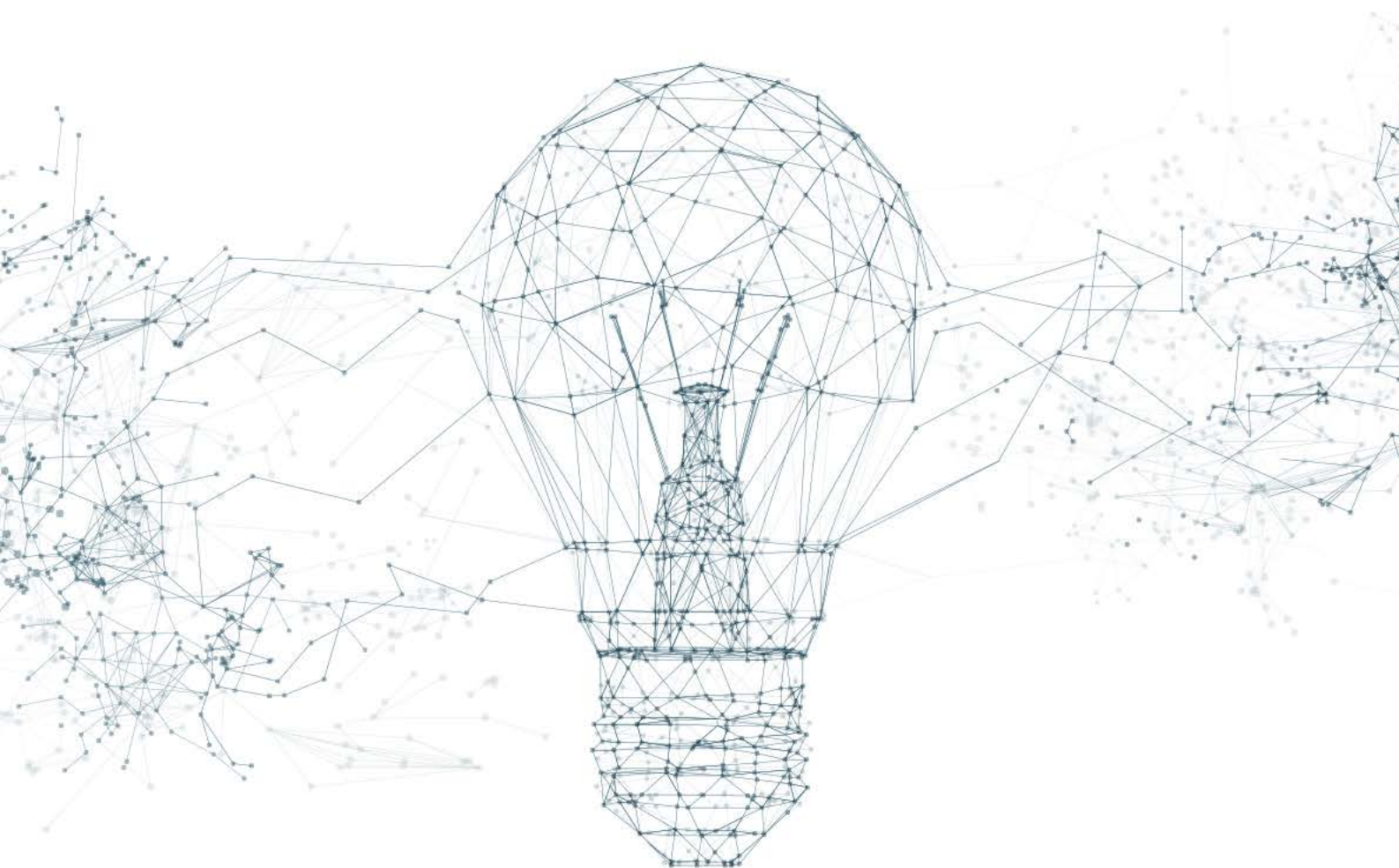


Get connected

to a universe of software and tech-enabled
services businesses



Interim report and accounts

30 June 2023



The objective of HgCapital Trust ('HGT') is to provide shareholders with consistent long-term returns in excess of the FTSE All-Share Index by investing predominantly in unquoted companies where value can be created through strategic and operational change.

The investment opportunity



Exposure to a portfolio of 48 companies diversified by end market and geography - with enterprise values of £100 million to over £10 billion



Strategy focused on unquoted software and tech-enabled services businesses with resilient, recurring revenue streams



Invest alongside some of the world's largest investors in private equity, in high-growth companies sourced by Hg

Hg has managed the HGT investment portfolio since 1994

x Hg Together we build enduring software and services leaders that transform how people work



c.400 employees, including c.240 investment and portfolio management executives



Network of seasoned professionals from across industry who support management teams to create value and help businesses to achieve their full potential



Sharing of knowledge and expertise by facilitating the active collaboration of management teams across sector clusters and geographies

References in this interim report and accounts to HgCapital Trust plc have been abbreviated to 'HgCapital Trust' or 'HGT'. Hg refers to the trading name of Hg Pooled Management Limited and HgCapital LLP. Hg Pooled Management Limited is the 'Manager'. References in this interim report and accounts to 'total return' refer to a return where it is assumed that an investor has reinvested all historic dividends at the time when they were paid. References in this interim report and accounts to pounds sterling have been abbreviated to 'sterling'. Past performance is not a reliable indicator of future results. The value of shares and the income from them can go down as well as up as a result of market and currency fluctuations and investors may not get back the amount they originally invested.



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2023 performance at a glance

“The first six months of 2023 have seen the portfolio companies continue to deliver strong underlying growth in sales and profitability and HGT was able to generate significant liquidity in the period.”

Jim Strang, Chairman, HgCapital Trust



£2.2bn

Net assets

As at 31 December 2022: £2.1bn



+4.6%

NAV per share (473.1p)

6 months ended 30 June 2022: +1.8%



£1.7bn

Market capitalisation

As at 31 December 2022: £1.6bn



+7.1%

Share price (370.5p)

6 months ended 30 June 2022: -20.5%



2.0p

Interim dividend

As at 30 June 2022: 2.5p



1.6%

Total annualised ongoing charges

As at 30 June 2022: 1.3%



£33m

Cash invested on behalf of HGT

6 months ended 30 June 2022: £71m



£229m

Cash returned to HGT

6 months ended 30 June 2022: £29m



£597m

**Available liquid resources
(28% of NAV)**

As at 31 December 2022: £476m
(23% of NAV)



£1.1bn

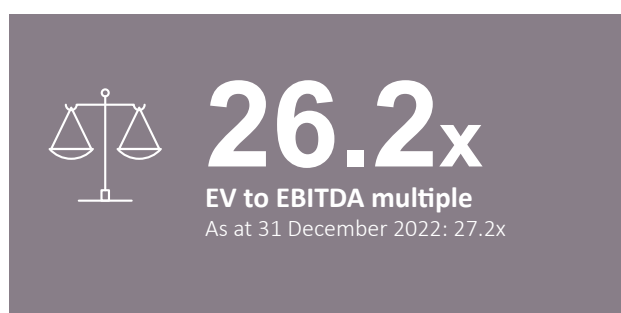
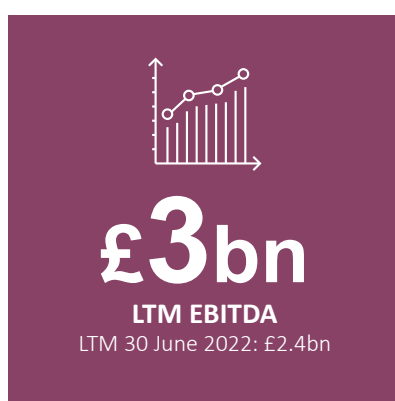
**Outstanding commitments
(50% of NAV)**

As at 31 December 2022: £1.2bn
(57% of NAV)

Note NAV per share and share price return on a total return basis assuming all historical dividends have been re-invested, which is an Alternative Performance Measure ('APM').

Top 20 investments (76% of portfolio value)

A snapshot as at 30 June 2023



“ Our portfolio continues to be driven by growth from existing customers, supported by strong renewal rates, cross and up-sell. We enhance this with M&A, which remains a powerful contributor to our performance. ”

David Toms, Head of Research, Hg

Past performance is not a reliable indicator of future results. The value of shares and the income from them can go down as well as up as a result of market and currency fluctuations and investors may not get back the amount they originally invested.



Financial and performance highlights

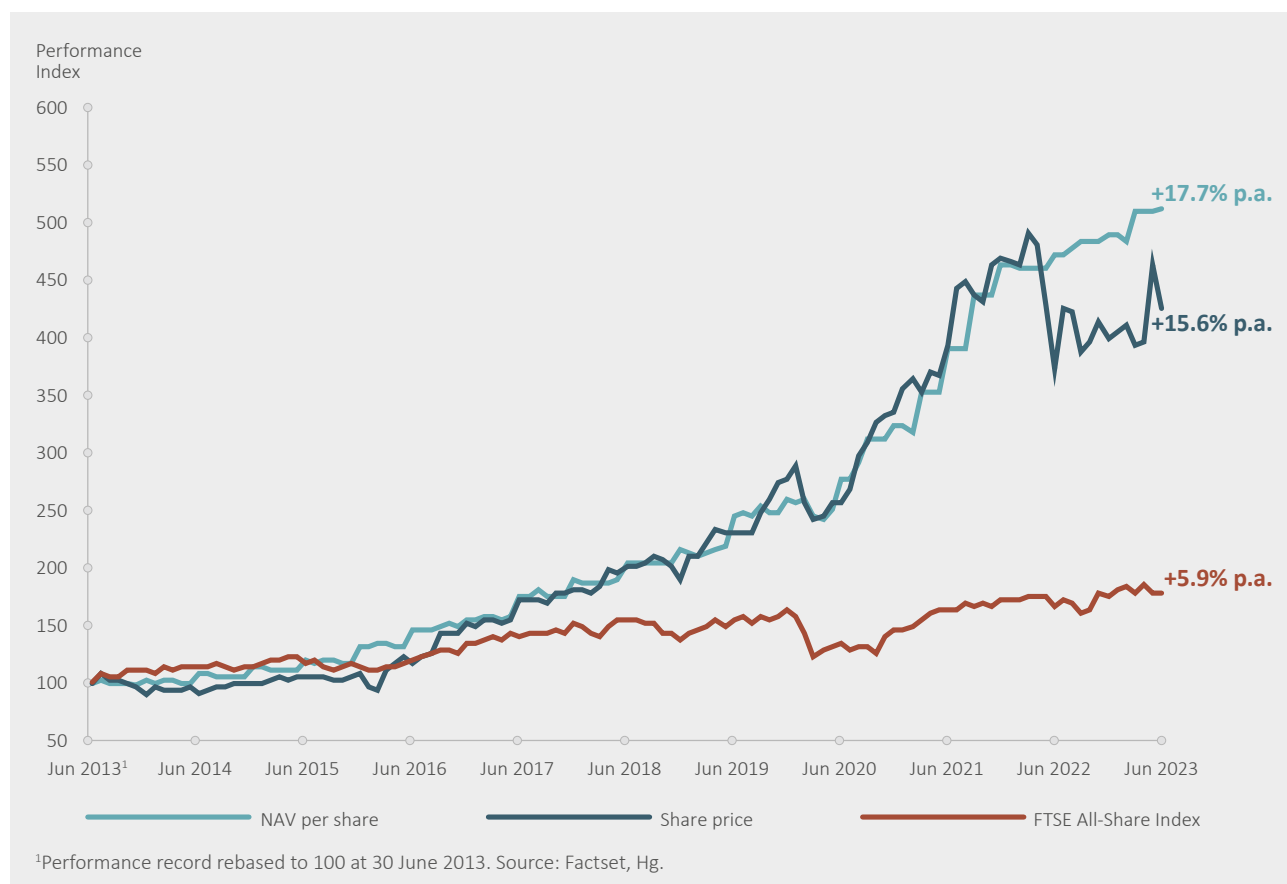
Historical total return performance

Both HGT's share price and net asset value per share have continued to outperform the FTSE All-Share Index over the long-term.

	6 months to June 2023 %	1 year %	3 years % p.a.	5 years % p.a.	10 years % p.a.	20 years % p.a.
Share price	7.1	14.4	18.4	16.1	15.6	17.5
NAV per share	4.6	8.4	22.7	20.2	17.7	16.5
FTSE All-Share Index	2.6	7.9	10.0	3.1	5.9	7.4
Share price performance relative to the FTSE All-Share Index	4.5	6.5	8.4	13.0	9.7	10.1
NAV per share performance relative to the FTSE All-Share Index	2.0	0.5	12.7	17.1	11.8	9.1

Based on HGT's share price at 30 June 2023 and allowing for all historic dividends being reinvested, **an investment of £1,000 made 20 years ago would now be worth £24,963, a total return of 2,396%.** An equivalent investment in the FTSE All-Share Index would be worth £4,208.

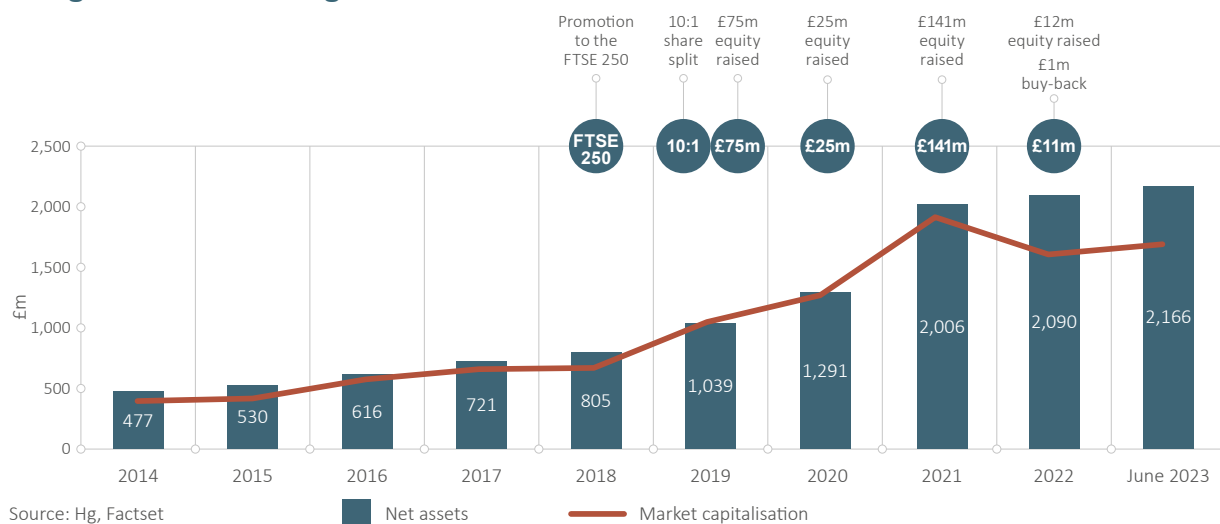
Long-term performance – 10-year share price total return: +15.6% p.a.



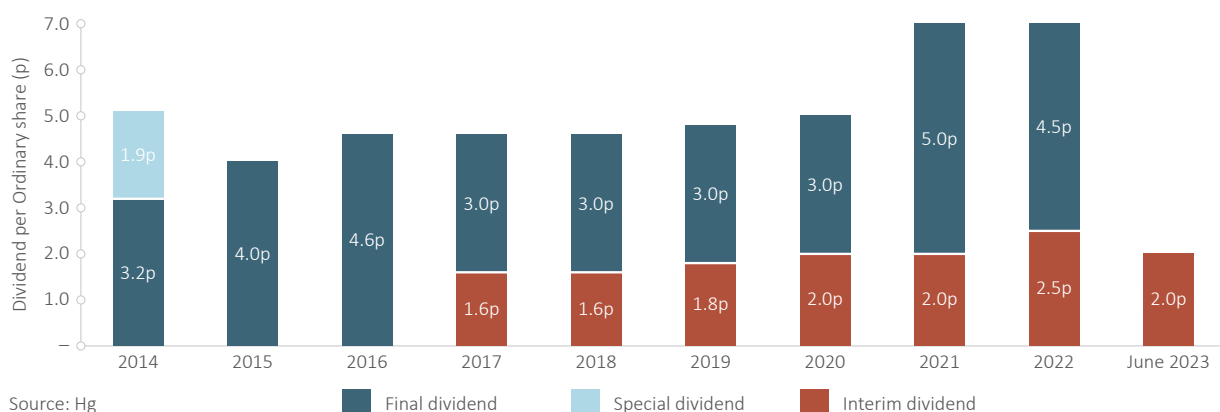
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Financial and performance highlights

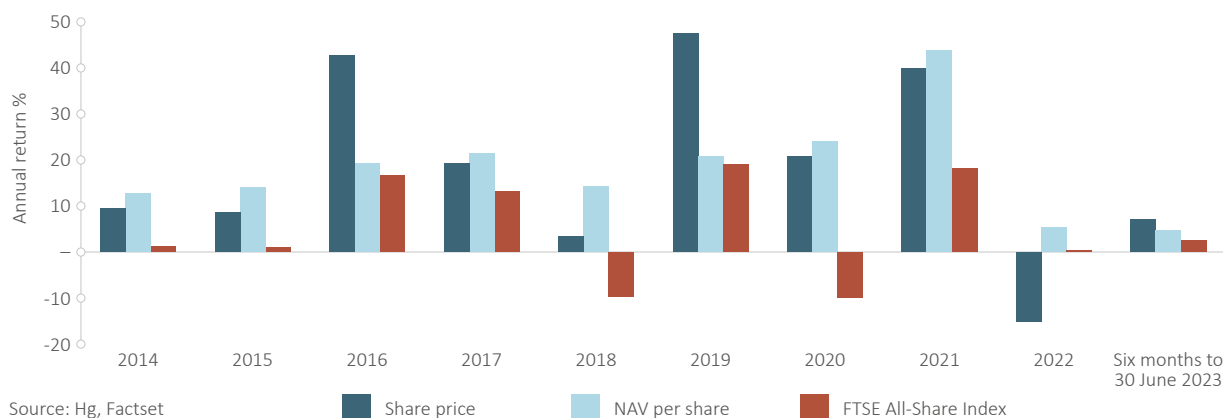
Long-term net asset growth



Ten-year dividend history



Discrete annual total return performance against the FTSE All-Share Index



Past performance is not a reliable indicator of future results. The value of shares and the income from them can go down as well as up as a result of market and currency fluctuations and investors may not get back the amount they originally invested.



Chairman's statement

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About HgCapital Trust

“Your Company has delivered a resilient performance over the first six months of the year. The portfolio continued to deliver strong underlying performance with sales and EBITDA across the top 20 investments (76% of the portfolio) growing at 29% and 30% respectively. Investment activity was noticeably slower in the first half of 2023 as the Manager took a cautious stance on adding to the portfolio. Conditions for transactions in the second half of the year appear more supportive.”

Jim Strang, Chairman, HgCapital Trust



Dear Shareholder,

The first six months of 2023 have provided a measure of respite from the volatile market conditions that prevailed throughout 2022. While the external environment continues to see elevated levels of risk, there has been a degree of stabilisation. At a macroeconomic level, it would appear interest rates are nearing their peaks for this current cycle, while there are encouraging signs of lower levels of inflation, especially in the USA. The geo-political environment remains challenging; however, it also appears to be stable for the time being.

Highlights in H1 2023 included:

- **4.6% NAV** per share growth on a total return basis, with net assets of £2.2 billion;
- **£229 million** of proceeds returned to HGT, with one full realisation at an uplift to book value of 18%;
- **£33 million** of new and further investments by HGT, across the core investment clusters targeted by Hg;
- **£107 million** newly committed to invest alongside new Hg funds over the next three to four years.

Performance

The NAV of HGT increased by 4.6% on a total return basis over the first half of 2023, reflecting the ongoing strength of the operating performance of the HGT portfolio. HGT's share price saw a total return of 7.1% over the period and has seen a CAGR on a total return basis of 17.5% p.a. over the past 20 years, outperforming the FTSE All-Share index by 10.1% p.a. over the same period.

The total net assets of HGT at 30 June 2023 were £2.2 billion, an increase of £76 million over the reported figures at 31 December 2022. The analysis of NAV movements (on page 30 of this report) set out a breakdown of movements in the NAV and the underlying investment portfolio.

At the end of June 2023, the HGT portfolio consisted of 48 investments, all of which conform to the Hg sector focus and investment strategy, targeting software and tech-enabled services businesses. These assets have continued to perform well in aggregate. The underlying performance of the portfolio developed very much in line with progress seen in recent years. The top 20 underlying companies (76% of the portfolio) continued to show strong revenue growth over the last 12 months of 29% (June 2022: 31%) and EBITDA growth of 30% (June 2022: 26%), reflecting the defensive-growth nature of the businesses in which HGT is invested. The portfolio not only continues to generate strong top line growth but profitability remains as robust as ever, with the top 20 companies reporting an average EBITDA margin of 30%. Currently, 97% of the portfolio by value is held above its original cost of acquisition, a testament to the asset selection and value creation skills of the Manager.

Past performance is not a reliable indicator of future results. The value of shares and the income from them can go down as well as up as a result of market and currency fluctuations and investors may not get back the amount they originally invested.



These companies which benefit from highly predictable forward cash flows, are appropriately financed with significant covenant flexibility. The top 20 investments have seen a weighted average net debt-to-EBITDA ratio of 7.4x (December 2022: 8.0x), which we feel is appropriate given the highly recurring revenues of the businesses that make up the Hg portfolio. Given the average valuation multiple for the portfolio is 26.2x EV-to-EBITDA, this implies a loan-to-value across the portfolio of c.28%, implying significant equity cushion within the portfolio and giving the Manager confidence that this is a prudent level of leverage for the assets within the portfolio. The Manager has a dedicated capital markets team who continually monitor and manage the capital structures of the underlying portfolio companies to ensure they are as robust and flexible as possible in terms of tenor, interest cost and time to maturity.

Investments and realisations

New investment activity was relatively light over the first six months of the year with a total of £33 million deployed in one new acquisition (GTreasury; Hg Mercury 4) and several follow-on investments to finance bolt-on M&A, an area which the Manager has highlighted as particularly attractive in the current environment and where the sector-leading businesses across the portfolio can further improve their market positions.

A total of £229 million was received from full and partial exits, notably from the completion of the previously announced sale of Transporeon. This exit was originally signed in late 2022, generating proceeds of £109 million for HGT, an uplift of 18% to the last carrying value of the investment. The fund level portfolio rebalancing that was announced previously, involving a resizing of the commitment to Hg Saturn 3 and a partial secondary sale of Hg Genesis 8, has also now been completed.

Realisation activity has continued post-period, with the signings of partial exits of TeamSystem and Azets and the full exit of Commify. These transactions represented significant uplifts to carrying value of 68%, 16% and 32% to their last carrying value

respectively. This illustrates the attractiveness of HGT's portfolio companies to buyers, despite the uncertain macro environment and rising cost of debt required to finance acquisitions.

Fundraising

Hg's success in building and creating value in the portfolio supported a new round of fundraising in the period, in which HGT participated, to support HGT's long-term NAV growth ambitions. Hg has raised significant capital over the last two years and HGT will continue to participate across the Hg fund families as Hg's largest single investor. HGT's commitments to the new Hg funds ensure that HGT maintains access to Hg's transactions, including co-investment opportunities, in what is anticipated to be an attractive environment for new investments. HGT continues to benefit from a unique opt out clause within its underlying investment agreements with Hg, allowing HGT to opt out of new investments without penalty, should it not have sufficient liquidity. This provides a useful risk management tool for the Board in managing and optimising the HGT balance sheet.

Balance sheet

In order to grow the NAV of our portfolio and deliver returns for shareholders, HGT operates in a continual cycle of commitment, investment and realisation of the underlying investments. This process involves continual monitoring and revision of forecasts and estimates, as they relate to the portfolio and the impact on HGT's balance sheet.

Consequently, the board has developed a wide range of tools to optimise the balance sheet to fund future investment activity.

As part of this tool-kit, HGT uses a revolving credit facility to support the investment programme and to improve balance sheet efficiency. In 2023, HGT increased its facility to £350 million, c.15% of NAV, consistent with the historical sizing of this facility. This will aid in the cash flow management of HGT in what seems likely to be a more uncertain transaction environment.

“There are signs that the challenging conditions for private equity transactions are easing somewhat as we enter the second half of the year and noticeably in the structurally growing sectors and with the types of highly resilient assets that align with your Company's investment strategy. Your Board and the Manager are optimistic that the remainder of 2023 will see not only ongoing strong performance from the portfolio but also an increase in the pace of the new investment activity that supports long-term value creation at HGT.”



Chairman's statement

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About HgCapital Trust

As I noted in my report to you in March, the Board has adopted a revised and improved policy as regards share buybacks and, as a result, executed one buyback in 2022. The level of the discount on the shares is monitored daily as part of this process, with the Board convening as guided by the process to discuss the merits of any buyback given the level of the discount, market conditions more broadly and the likely impact on future NAV growth and commitment levels from any actions contemplated.

HGT portfolio management

As I noted in my previous full year report, in addition to seeking to optimise the balance sheet through debt and equity capital markets, the Board also looks to take advantage of market driven opportunities to manage the portfolio construction of HGT, achieving the optimal balance of asset and vintage exposure across the various Hg fund structures that constitute the portfolio.

As reported previously, HGT has now completed the sale of c.25% of HGT's remaining investment in Hg's Genesis 8 Fund, delivering a return of 3.2x invested cost. This transaction was priced at 100% of Hg Genesis 8's December 2022 NAV and

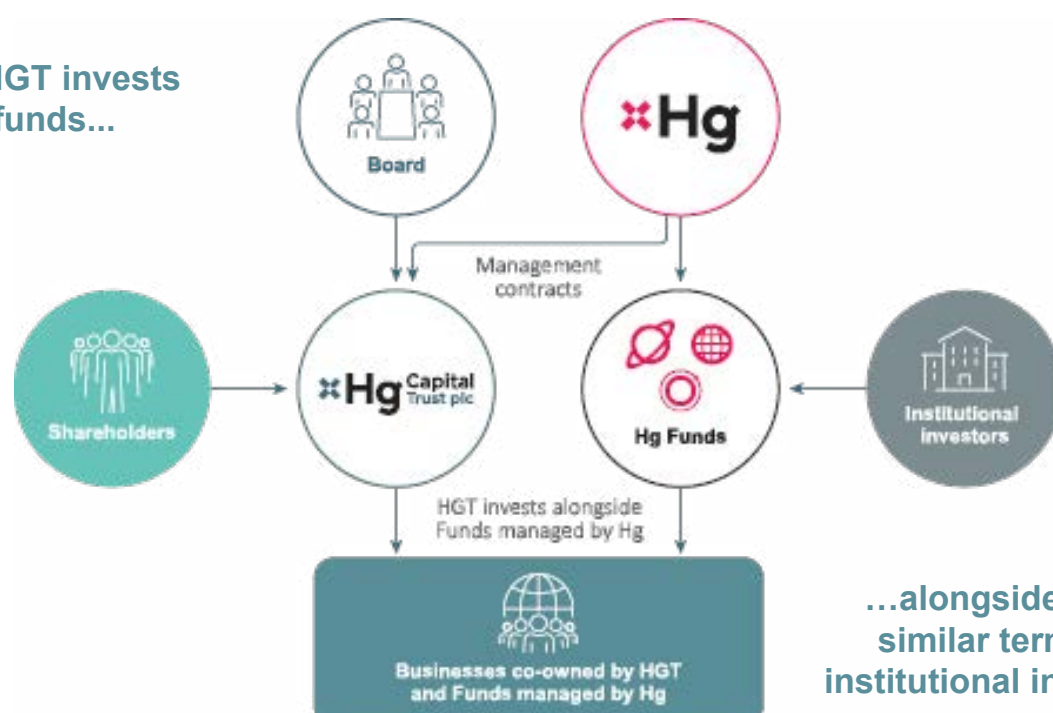
provides further strong validation of the HGT valuation policy, generating net proceeds to HGT of just over £91 million. In April, the Board and the Manager also agreed to take advantage of the opportunity to resize HGT's original commitment to Hg Saturn 3, reducing it by c.15%, in light of a review of changes in the investment landscape before the final closing of the vehicle.

The adjustments to the HGT investment profile not only allow for significant cash to be returned to HGT at attractive valuations but allow for increased investment, particularly through increased exposure to co-investments where HGT has a stated goal of investing 10%-15% of capital. A final benefit of these adjustments is that they provide a mechanism to help manage the single asset concentration in the largest individual investments in the portfolio.

Impact and responsible investment

Your Board and the Manager, Hg, continue to increase their focus on the topics of ESG and sustainability. We share a firmly held view that not only should the financial returns to you, the shareholders, be attractive, but these must be delivered in a manner which is consistent with our responsibility to society. As a technology investor, we understand the need to ensure

How HGT invests in Hg funds...



...alongside and on similar terms to all institutional investors



that those businesses in which we invest reduce their carbon footprint and contribute to tackling climate change. The UNPRI assessment of Hg's approach to responsible investment is 4* (82/100) for Investment Stewardship Policy and 5* (100/100) for Private Equity, and the Board of HGT meets regularly with the Hg Responsible Investment team to ensure that Hg's work is well understood and endorsed by the Board.

As we have previously reported, Hg launched The Hg Foundation in 2020 – a charitable initiative to provide funding and operational support to initiatives across Europe, the UK and the US. The Hg Foundation's goal is to have an impact on the development of those skills and learning most required for employment within the technology industry, focusing on individuals who might otherwise experience barriers to access this education. This Foundation is funded by the Hg management company and its team members.

Dividend

As a principle, your Company aims to achieve long-term growth in the net asset value per share and in the share price as a primary goal, rather than to deliver a specific dividend stream.

In order to maintain its status as an investment trust, HGT is not permitted to retain more than 15% of taxable income in any given financial year. Consequently, HGT distributes at least 85% of this taxable income each year as a dividend.

The level of this taxable income is influenced by the capital structures of the transactions entered into by Hg and by income received on liquid resources held by the balance sheet.

As a result, this income can and does vary from one year to another, with a relatively low level of predictability and this in turn has an impact on the funds available each year for dividends.

In the Report and Accounts for the year ended 31 December 2022, your Board indicated a full year dividend of 5.0 pence per share to be a reasonable basis for a level that the Company should be able to sustain, given all the aforementioned detail.

As regards the current financial year, HGT will pay an interim dividend of 2.0 pence per share (2022: 2.5 pence per share), payable in October.

The Board will communicate further guidance on the dividend to shareholders when it is practicable to do so.

Board and governance

As I noted in my previous statement, HGT is embarking on a process to find a new Non-Executive Director to replace Anne West, who has chosen not to stand for re-election to the Board at the next AGM in May 2024, after ten years of service on the Board. This process is now well underway. The Nominations Committee has defined a scope for the skills and experience which would be most additive to the Company and an external firm of headhunters has been engaged to support the Nomination Committee and the Board in delivering a successful outcome to this process. The expectation is that this process will conclude before the end of the year and any announcements will be made in due course.

Prospects

Your Company has delivered a resilient performance over the first six months of the year with the portfolio delivering strong underlying growth. Investment activity has been noticeably slower in the first half of 2023 as the prevailing high degree of uncertainty and tight capital markets conditions combined to make transactions challenging. There are signs that these conditions are starting to abate somewhat, and noticeably in the sectors and with the types of assets that align with your Company's investment strategy. The significant liquidity generated in the period not only validates the market value of the assets in the portfolio but further strengthens the balance sheet to be able to capitalise on future opportunities as they present themselves. With our defensive portfolio of companies and prudent management of the balance sheet, the Company is well positioned to take advantage of investment opportunities as they arise.

Jim Strang
Chairman
15 September 2023



Manager's update

“ Our portfolio continues to be driven by growth from existing customers, supported by strong renewal rates, cross and up-sell. We enhance this with M&A, which remains a powerful accelerant of our performance. ”

David Toms, Head of Research, Hg



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About HgCapital Trust

The first half of 2023 has seen a marked improvement in investor sentiment towards software and tech-enabled services ('S&S') in the public markets. After stabilising in the second half of 2022, S&S multiples have rebounded strongly in 2023, with the valuation of the largest public software index up over 25% so far this year. We think it would be brave to extrapolate such valuation progression into the second half of the year, given we are already at pre-COVID valuation highs, but investor sentiment around the prospects for software and tech-enabled services is clearly much more positive than it was at the start of 2023.

From a trading perspective, we commented in May that “the broader backdrop is less benign than previous years”, based on the lack of growth in sector earnings forecasts in the second half of 2022. However, the first half of 2023 has seen an improvement in this metric, with sector earnings growth forecasts increasing by c.10% on an annualised basis over the period. As currency headwinds abate further, we see scope for this to sustain in the second half. Across the industry, although we have seen some companies report increasing pressure on new business (and we are seeing some similar effects within the portfolio), the impact of this is relatively minor. The majority of our revenue arises from the existing customer base, where we continue to see strong renewal rates, driven by cross and up-sell.

We can see the impact of slower new business by analysing the growth rate expectations for US-listed public software companies. We categorise these into ‘Typical Hg Businesses’

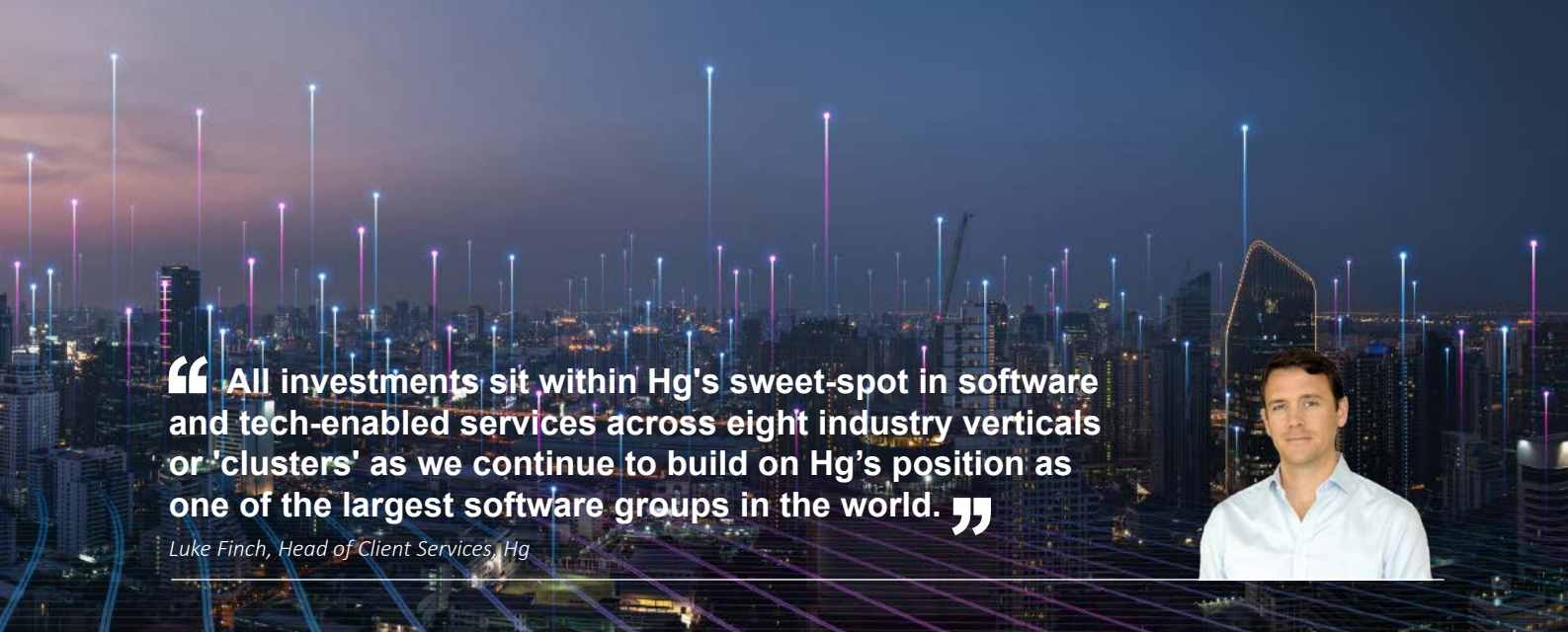
with 5-15% estimated organic revenue growth, and ‘High growth, Low margin’ businesses with 15%+ estimated organic revenue growth rates. For the Typical Hg Businesses, the average growth rate expectation since December 2020 has been remarkably stable at c.10%. In contrast, the high growth companies, typically much more dependent on new business, have seen an 11pp reduction in growth rate expectations, from 26% to 15%.

This resilience and ability to generate growth from the existing customer base, underpins the vast majority of our portfolio. The biggest news item of the first half is clearly the widespread publicity around generative AI (Chat GPT and its siblings), which has arguably been responsible for at least some of the renewed investor enthusiasm for software. This is not a new topic to us at Hg; in addition to a multi-year involvement in beta programs from some of the largest industry players in Generative AI products, our in-house data team continues to work across the portfolio on leveraging the capabilities of data analytics, machine learning and AI in its multiple forms. What has changed in the last six months has been the commercially available capabilities that we can leverage through all our businesses.

Our investment philosophy revolves heavily around the automation of business processes, and Generative AI dramatically increases the range of processes we can cover. In the same way that SMB accounting software enabled non-accountants to maintain their financial statements, AI opens a wide range of tasks up to non-specialists. Whether this will be



Source: US listed software and tech-enabled services companies with Factset sector code 3300, excluding Alphabet, Netflix and Meta. Based on only those companies with FY2 and FY3 estimates available each month for the period shown, in order to show a constant cohort. Revenue growth rate defined as FY3E/FY2E revenue.



“ All investments sit within Hg's sweet-spot in software and tech-enabled services across eight industry verticals or 'clusters' as we continue to build on Hg's position as one of the largest software groups in the world. ”

Luke Finch, Head of Client Services, Hg

automating graphic design (as demonstrated by Adobe, where its beta program for an AI enabled product saw uptake eighty-fold greater than management had expected) or legal workflow (as we are tackling within the Hg portfolio), we are very early in the democratisation of a wide range of additional software use cases that will drive a material increase in overall market opportunity. Innovation, in its multitude of forms, remains a secular long-term driver of opportunity.

Despite the Hg portfolio's positive NAV development in the first half, investors may notice that the performance has lagged public markets over the very short term. This is entirely a result of lower volatility in our valuation multiples; our earnings growth is comfortably ahead of public comparators. We use an unweighted valuation methodology (which tends to be less volatile as it is not skewed by movements in large index constituents) and we also include private transaction comps. As a result, we participate neither in the mood swings of extreme euphoria and extreme depression, to which the public markets (and particular indices) can be prone.

Furthermore, although our valuation process is based partly on public comparators, as with our companies, the vast majority of these are profitable, established businesses. Such businesses have shown much more limited valuation volatility in keeping with their robust, predictable nature.

As we have previously indicated, in any quarter, there are two main factors influencing our valuations:

- Valuation change in public comparators, of which we, very broadly, see around half the impact in any one quarter. Our valuation model is driven partly by such inputs, but also by less volatile, longer-term M&A comps in the public and private markets.
- Growth in earnings. Our companies have typically grown their EBITDA historically by 10-15% organically each year, i.e. c.3% each quarter, and approximately doubled this on an 'all in' basis including M&A.

The relative pace of both movements (rating changes can be relatively rapid; earnings growth tends to be much steadier) dictates movements in any one quarter, but over time, earnings growth tends to dominate. We remain aware, however, that events rarely align perfectly along a timeline, and there is a risk that a combination of geopolitical challenges, fiscal tightening, supply chain constraints, and cost increases, cause broad economic challenges to which our portfolio's end customers may respond with temporarily lower investment (postponing investments in systems and software), before the structural factors that drive the need for software reassert themselves.

Looking to the second half of the year – we would be very surprised to see H1's multiple expansion repeat in H2. However, in our view, when set against the broader market context, software does not feel overly exposed at present, particularly given the stability of its growth.

Given the stability of growth and margin opportunity, we expect robust organic earnings growth to continue.

In our view, sector sentiment is likely to be underpinned by slightly more positive earnings reports from the US as last year's currency headwinds abate. Beyond this, for our portfolio, M&A remains a key driver of outperformance and we continue to execute on a strong set of opportunities.

Activity levels

As previously stated, in any rolling 12-month period, the investment teams across Hg look to make between 8 and 16 new platform investments in total across the active Hg Saturn, Hg Genesis and Hg Mercury funds, and we also seek to deliver similar numbers of liquidity events (sales or partial sales of portfolio companies and refinancings) each year. We believe the pace of investment should continue at broadly this level over the medium term. However, while we continue to see opportunities, we are in a period of reduced activity for platform acquisitions, as seller expectations adjust and react to the macro-outlook and in particular the new interest rate environment.

In contrast, M&A activity within the existing portfolio remains high. From any new investments we make, there is a further flow of M&A opportunities, adding to the breadth and depth of our organic development, and catalysing cross sales to existing and acquired customers. Portfolio M&A is at an all-time high, reflecting a more liquid and attractive pricing environment for these, typically smaller, opportunities. We have previously indicated a run-rate of somewhere in excess of 100 such acquisitions a year, and we are running at over twice that rate at present. The valuations for such investments tend to be around half the level of the platform companies that are acquiring them, providing an attractive source of enhanced returns.

To give a further sense of scale, the combined enterprise value of the businesses within Hg's portfolio now totals to over \$125 billion at 30 June 2023.



Business model and risk framework

The Board has a clear view of the rationale for investing in unquoted businesses where the private equity ownership model has the potential to accelerate the growth in value creation. HGT seeks to capture this upside, whilst operating within a rigorous risk management framework.

The Board believes that there is a convincing rationale for directly investing in well-researched private businesses where there is potential for substantial growth in value, notably where there is the ability to work with management to implement strategic or operational improvements.

HGT offers a simple and liquid means by which shareholders can invest in unquoted growth companies, while benefiting from an investment company's governance model.

Business model

To achieve HGT's investment objective and within the limits set by the investment policy, HGT is an investor in unquoted businesses managed, and in most cases controlled, by the Manager. From time to time, HGT may hold listed securities in pursuit of its investment policy.

HGT is currently invested in 48 companies (as set out on page 38 of this report), ranging in size, sector and geography, providing diversification.

The Board has delegated the management of HGT's investments to Hg Pooled Management Limited (the 'Manager' or 'Hg'). Further details of the terms of the management agreement are set out on page 60 of this report. The Manager invests predominantly in unquoted software and tech-enabled services businesses in expanding sectors and provides portfolio management support. Hg's review on pages 21 to 45 of this report outlines how HGT's investments are managed on behalf of HGT.

Most of HGT's investments are held through special-purpose partnerships, of which it is the sole limited partner.

Periodically, HGT enters into a formal commitment to invest in businesses identified by the Manager, alongside institutional investors which invest in other Hg Limited Partnership Funds. Such commitments are normally drawn down over three to four years. The institutional investors and HGT invest on similar terms. HGT is usually the largest investor in each Hg fund. The Board has a further objective of keeping HGT as fully invested as is practicable, while ensuring that it will have the necessary cash available when a new investment arises.

The Board, on the advice of the Manager, makes assumptions about the rate of deployment of funds into new investments and the timing and value of realisations. However, to mitigate the risk of being unable to fund any draw-down under its commitments to invest, the Board has negotiated a right to opt out, without penalty, of its obligation to fund such draw-downs, should the need arise.

HGT may also take up a co-investment opportunity, directly investing into the business alongside the respective Hg funds (in addition to the investment which it has committed to make).

Typically, HGT has no liability to pay fees on such co-investment and no carried interest incentive is payable to the Manager on realisation (currently 6% of HGT's NAV is in co-investments). HGT may also offer to acquire or sell a limited partnership interest in any of Hg's funds, in the event that an institutional investor wishes to realise or purchase its partnership interest.

The Board regularly monitors progress across all of the businesses in which it is invested as well as their valuation, the development of the Manager's investment strategy and the resources and sustainability of the business model.

Performance

HGT's aim is to achieve returns in excess of the FTSE All-Share Index over the long term. In the year to 30 June 2023, HGT's NAV per share increased by 4.6% on a total return basis. The FTSE All-Share Index increased by 2.6% on a total return basis over the period. The share price increased on a total return basis by 7.1%. NAV per share has grown by 17.7% p.a. compound over the last 10 years and 16.5% p.a. compound over the last 20 years. The share price has seen broadly similar performance growing by 15.6% p.a. compound over the last 10 years and 17.5% p.a. compound over the last 20 years.

All of the above returns assume the reinvestment of all historical dividends. The Board and the Manager aim to continue to achieve consistent, long-term returns in this range.

HGT is not managed so as to achieve any short-term performance relative to any index. The Board also compares HGT's NAV and share price performance versus other comparable indices with similar characteristics.

Dividend

As noted previously, HGT aims to achieve growth in the net asset value per share and in the share price, rather than to achieve a specific level of dividend. Furthermore, the ability of HGT to pay dividends is very much influenced by the capital structures of the transactions entered into by Hg and by income received on any liquid resources held subject to investment.

The Board has declared an interim dividend in 2023 of 2.0 pence (2022: 2.5 pence). The Board keeps the dividend objective of HGT under regular review and will communicate, to shareholders, further guidance on the dividend when it is practicable to do so.

Investment trust status

As HGT is constituted as an investment trust and its shares are listed on the London Stock Exchange, it can take advantage of tax benefits available to investment trusts. This allows HGT to realise investments from its portfolio without liability to corporation tax. The Board intends to retain this status provided that it is in shareholders' interest so to do.

It is important to note that HGT, in order to qualify for continuing investment trust tax status, may retain no more than 15% of its taxable income.

Past performance is not a reliable indicator of future results. The value of shares and the income from them can go down as well as up as a result of market and currency fluctuations and investors may not get back the amount they originally invested.

Business model and risk framework

Going concern

HGT's business activities, together with those factors likely to affect its future development, performance and financial position are described in the Board's Strategic Report and Hg's Review. The financial position of HGT, its cash flows, liquidity and borrowing facilities are described in the Strategic Report. The Directors have considered the FRC Guidance on Risk Management, Internal Control and Related Financial and Business Reporting and believe that HGT is well placed to manage its business risks successfully. The Directors

review cash flow projections regularly, including important assumptions about future realisations and the rate at which funds will be deployed into new investments. The Directors have a reasonable expectation that HGT will have adequate resources to continue in operational existence for at least the next 12-month period from the date of approval of this Report and to be able to meet its outstanding commitments. Accordingly, they continue to adopt the going concern basis in preparing these results.





Business model and risk framework

Principal and emerging risks and uncertainties

During the first half of 2023, the Board has continued to operate a comprehensive Risk Management Framework to assess the principal and emerging risks facing HGT. Managing risk is fundamental to the sustainable long-term delivery of HGT's strategy and this framework provides objective support for Board decisions, as they relate to performance, capital structure, liquidity, valuation and business model.

The Risk Management Framework is dynamic and used by the Audit, Valuations and Risk Committee ('AVRC') to assess the probability and likely impact of principal risks, to ensure that HGT operates within a defined risk appetite for each category, and that focus is maintained upon those risks which require attention, prioritising mitigating actions from both HGT and Hg. The risk register is regularly stress-tested, providing assurance that the performance of HGT is insulated, as far as practical, from exogenous factors in the operating environment.

During the year, the resilience of HGT's investment model was thoroughly tested by the wider macro-economic uncertainty, as was the performance of the portfolio companies.

In the 2022 annual report, the potential effects of increasing interest rates, cost inflation and a tightening fiscal environment were discussed, and during 2023, the economies in which the majority of our portfolio companies operate, have experienced the compounding effects of accelerating inflation, interest rate rises and a tightening of the markets for new debt and equity issuance. Against this environment, the resilience of HGT's

portfolio has continued to be demonstrated, yet, the overall level of risk remains elevated, due in the main to the stresses in the macro environment.

Looking forward, the Board and AVRC anticipate that the more challenging fiscal environment is likely to cause the level of mitigated risk to remain elevated during the remainder of 2023 and into 2024. Whilst the revenues and operations of Hg's portfolio companies are not reliant upon the economies of Russia or Ukraine, heightened geo-political uncertainty is a continuing risk that has been seen to lead to broader economic impacts, including material increases in energy costs and cyber-crime. The Board and AVRC, following careful consideration, have determined that it is appropriate to accept this elevated level of risk on a temporary basis and remain confident in the resilience of the business models of the underlying portfolio investments. Further mitigating actions will be taken should the overall level of risk exceed the Board's stated risk appetite.

HGT considers the principal risks to be in four main categories:

Investment Risk: the risk to HGT that inappropriate investment or realisation decisions reduce the returns made.

Financial Risk: the risk that HGT's valuation, liquidity or resources are insufficient to allow HGT to invest.

Operational Risk: the risk of changing regulation: failure of Hg's processes and internal control systems and underlying portfolio performance.

External Risk: the risk of adverse macro-economic, regulatory or geo-political change.

Risk trend:  improving
 stable
 worsening

Appetite:  within
 outside

Potential risk	Potential impact	Mitigation	Trend/Appetite
Investment			
Performance Risk that underlying portfolio companies underperform.	- Reduction in NAV - Reduction in share price - Reputational damage	- Deployment of capital is a rigorous process determined by the Hg Investment Committee, operated by experienced investment professionals; - Portfolio performance is reviewed regularly by Hg's Realisation Committee comprising experienced investment professionals and the HGT AVRC; - An operational performance group interacts across the portfolio to drive performance; - Realisations continue to be made at or above valuation.	
Financial			
Valuations Risk that inaccurate valuations would lead to a misleading NAV.	- False market in HGT shares - Reputational damage - Reduction in share price - Constrained access to capital	- Valuations are prepared in accordance with IPEV guidelines and tested against HGT's Valuation Policy; - The Manager's Valuation Committee, independently chaired, reviews and approves valuations quarterly; - The auditors of both Hg funds and HGT review the valuation and methodology as part of their audit procedures; - The AVRC reviews and cross-checks valuations against a broad range of objective valuation methodologies.	
Liquidity Risk that insufficient liquid resources are available to make investments.	- Reputational damage - Reduced NAV growth - Reduced shareholder return	- Borrowing structures and cash flow forecasts are considered at each HGT Board meeting; - An additional £350 million of liquidity is available through a bank facility, which was undrawn at 30 June 2023; - An opt-out facility is available across all investing funds.	

Business model and risk framework

Potential risk	Potential impact	Mitigation	Trend/Appetite
Commitment Risk that capacity is insufficient to underwrite future commitments to Hg funds.	- Reduced shareholder return - Reduction in share-price	- A bank facility is in place to facilitate orderly management of the balance sheet; - There is an opt-out facility across all investing funds; - A five year cash and commitment forecast is independently reviewed by the AVRC.	
Operational			
Regulation Risk that regulation changes affect investment trust status.	- Increased corporation tax, leading to higher fees and potential impact on valuation - Reduction in share price	- The Manager monitors investment movements, forecast income and expenditure and retained income (if any) to ensure compliance with sections 1158 and 1159 of the CTA; - Continuing investment trust status is assured by the Manager at each meeting of the Board.	
Regulation Risk that other changes in legislation, regulation or government policy could influence the decisions of investors.	- Misunderstood or misreported regulation leading to reduced demand for shares - Lack of adherence to regulation leading to reputational risk	- Regular compliance and risk reviews are reported to the Board by the Manager's compliance team; - Strong shareholder engagement through: - dedicated investor relations team - corporate broker - company secretary	
Manager internal controls and processes Risk that control weaknesses of the Manager lead to poor performance or non-compliance with regulations.	- Reputational damage - Reduced shareholder returns	- The Manager is regulated and supervised by the FCA; - The Manager has controls in place, including those related to investment decisions; portfolio reviews; recruitment, training and promotions; financial performance and payments; protection of client assets; compliance; regulation; - The Board of HGT and its auditors regularly review these processes and controls.	
Cyber security Risk of cyber attack and data loss at Hg and portfolio companies.	- Loss of or lack of control over data due to cyber attacks - Reputational damage - Regulatory sanction	- Increased investment in the portfolio cyber security team which monitors cyber security across Hg and the portfolio companies and mandates improvements; - The GDPR Committee has successfully implemented mandatory training for all staff.	
External			
Political and macro-economic uncertainty Risk arising from geo-political instability and conflict.	- Reduction in valuation of portfolio investments - Disruption to capital markets	- Hg's portfolio is diversified with a high degree of recurring revenue; - The Manager remains focused on the various issues which may need to be addressed, including: - reduced availability of credit to fund future investments - regulation, marketing, trade and foreign exchange movements - These are regularly monitored by the Board of HGT, considering a range of downturn scenarios in our business planning.	
Foreign exchange Risk of foreign exchange movements affecting investments made in currencies other than Sterling.	Reduction in shareholder returns	- The Board of HGT regularly monitors currency fluctuations; - The Hg treasury functions hedge currency exposure and actively mitigate currency risk where appropriate.	
Global pandemic Risk of performance and investment disruption from current and future pandemic events.	- Portfolio companies suffer revenue declines - Earnings multiples of listed companies applied to valuations might be adversely affected	- Portfolio resilience is stress-tested against pandemic impacts; - The majority of revenues are derived from subscription-based recurring revenues for non-discretionary technology-led services; - Operational performance, valuations and investment deal flow have shown resilience to pandemic disruptions; - All operating territories are now free from material restrictions.	



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

Investment policy

The policy of HGT is to invest, directly or indirectly, in a portfolio of unlisted companies; where Hg believes that it can add value through increasing organic growth, generating operational improvements, driving margin expansion, reorganisation or acquisition – to achieve scale. HGT seeks to maximise its opportunities and reduce investment risk by holding a spread of businesses diversified by end-market and geography.

Risk management

HGT has adopted formal policies to control risk arising through excessive leverage or concentration. HGT's maximum exposure to unlisted investments is 100% of the gross assets of HGT from time to time. On investment, no investment in a single business will exceed a maximum of 20% of gross assets. HGT may invest in other listed closed-ended investment funds, up to a maximum at the time of investment of 15% of gross assets.

Sectors and markets

HGT's policy is to invest in businesses in which Hg can work collaboratively with management teams to help those businesses achieve their full potential and grow, organically and inorganically. HGT's investments are focused on a range of specific sub-sectors within the software and technology-enabled business services in industry verticals where Hg can utilise the full extent of its knowledge and experience. The businesses HGT invests in often operate across multiple countries but are substantially headquartered in Europe, with a minority based in North America. HGT may, from time to time, invest directly in private equity funds managed by Hg where it is more economical and practical to do so.

Leverage

Each underlying investment is usually leveraged, but no more than its own cash flow can support, in order to enhance value creation; it is impractical to set a maximum for such gearing across the portfolio as a whole. HGT commits to invest in new opportunities in order to maintain the proportion of gross assets which are invested at any time, but monitors such commitments carefully against projected cash flows.

HGT has the power to borrow and to charge its assets as security. The articles restrict HGT's ability (without shareholders' approval) to borrow to no more than twice HGT's share capital and reserves, allowing for the deduction of debit balances on any reserves.

Hedging

Part of HGT's portfolio is located outside of the UK, predominantly in northern Europe, with a further part in businesses which operate in US dollars. HGT may therefore hold investments valued in currencies other than sterling. From time to time, HGT may put in place hedging arrangements with the objective of protecting the sterling translation of a valuation in another currency. Derivatives are also used to protect the sterling value of the cost of investment made or proceeds from realising investments in other currencies, between the exchange of contracts and the completion of a transaction.

Commitment strategy

HGT employs a commitment strategy to ensure that its balance sheet is managed efficiently. The level of commitment is regularly reviewed by the Board and Hg.

Liquid funds

HGT maintains a level of liquidity to ensure, as far as can be forecast, that it can participate in all investments made by Hg throughout the investment-realisation cycle. At certain points in that cycle, HGT may hold substantial amounts of cash awaiting investment. HGT may invest its liquid funds in government or corporate debt securities, or in bank deposits, in each case with an investment grade rating, or in managed liquidity funds which hold investments of a similar quality.

If there is surplus capital and conditions for new investment appear to be unfavourable, the Board will consider returning capital to shareholders, probably through the market purchase of shares.

Any material change to HGT's investment objective and policy will be made only with the approval of shareholders in a general meeting.



Interim management report

The important events which have occurred during the period under review are described in the Chairman's Statement and in the Manager's Review – these also include the key factors influencing the financial statements.

Statement of Principal Risks and Uncertainties

The principal risks faced by HGT can be found under the heading 'Principal and Emerging Risks and Uncertainties' within the Business Model and Risk Framework section on pages 16 to 17. HGT's principal risks and uncertainties have not changed materially since the last annual report and are not expected to change materially for the second half of HGT's financial year. The Directors have ensured that all principal risks will be kept under review throughout the year.

Related party transactions

There have been no material changes in the related party transactions described in the last annual report.

Going concern

As stated in note 2 to the condensed financial statements, the Directors are satisfied that HGT has sufficient resources to continue in operation for the foreseeable future, a period of not less than 12 months from the date of this report. Accordingly, they continue to adopt the going concern basis in preparing the condensed financial statements.

Responsibility statement

The Directors confirm that, to the best of their knowledge,:

- the condensed set of Financial Statements has been prepared in accordance with FRS 104 'Interim Financial Reporting' and gives a true and fair view of the assets, liabilities, financial position and return of HGT.
- the interim management report (incorporating the Chairman's Statement and the Manager's review) includes a fair review of the information required by:
 - (a) DTR 4.2.7R of the Disclosure Guidance and Transparency Rules, being an indication of important events which have occurred during the first six months of the financial year and their impact on the condensed set of financial statements – and a description of the principal risks and uncertainties for the remaining six months of the year; and
 - (b) DTR 4.2.8R of the Disclosure Guidance and Transparency Rules, being related-party transactions which have taken place in the first six months of the current financial year and which have materially affected the financial position or performance of HGT during that period – and any changes in the related-party transactions described in the 2022 annual report which could have a material effect on the financial position or performance of HGT in the first six months of the current financial year.

We consider the interim report and accounts, taken as a whole, to be fair, balanced and understandable and to provide the information necessary for shareholders to assess HGT's position and performance, business model and strategy.

This interim financial report was approved by the Board of Directors on 15 September 2023.

Jim Strang

Chairman

15 September 2023







Together we build enduring software and services leaders that transform how people work

Hg is a leading investor in European and transatlantic software and services businesses.

Hg focuses on building transatlantic champions that provide critical services for many thousands of businesses globally.

We are a tech investor that has both a strong European heritage and scaled presence across North America.

We are investing in the future- helping to progress workplace automation and digitisation trends still in early stages of adoption, set to transform the workplace for professionals over decades to come.

References in this interim report and accounts to the 'portfolio', 'investments', 'companies' or 'businesses' refer to a number of investments, held as:

- indirect investments by HGT through its direct investments in fund-limited partnerships (HGT LP, HGT 7 LP ('G7'), HGT 8 LP ('G8'), HGT Genesis 9 LP ('G9'), HGT Genesis 10 LP ('G10') HgCapital Mercury D LP ('M1'), HGT Mercury 2 LP ('M2'), HGT Mercury 3 LP ('M3'), HGT Mercury 4 LP ('M4'), HGT Saturn LP ('S1'), HGT Saturn 2 LP ('S2') and HGT Saturn 3 LP ('S3').

Hg Pooled Management Limited was authorised as an alternative investment fund manager with effect from 22 July 2014. Please refer to pages 116-118 of the 2022 annual report.

Past performance is not a reliable indicator of future results. The value of shares and the income from them can go down as well as up as a result of market and currency fluctuations and investors may not get back the amount they originally invested.





About Hg

Overview

>25 years of investment

>175 investments in software and services businesses

48 portfolio companies

HGT is the largest client of Hg and it has been managing HGT's assets since 1994, offering investors a liquid investment vehicle to gain exposure to Hg's diversified network of unquoted investments with minimal administrative burdens, no long-term lock up or minimum size of investment. HGT has the additional benefit of a Board of independent Directors and corporate governance, investing in parallel on the same financial terms as all institutional investors with Hg's funds.

Previously the private equity arm of Mercury Asset Management plc acquired by Merrill Lynch in 1997, Hg became a fully independent partnership in 2000, 100% owned and managed by its partners.

Hg has worked hard to develop a unique culture and approach – setting us apart from other investors. We are committed to building enduring software and services leaders that transform how people work, through deep sector specialisation and dedicated, strategic and operational support.

5 investment offices in London, Munich, New York, San Francisco and Paris

>200 highly regarded institutional investors

c.\$65bn funds under management

Our investments

Primarily focused on defensive growth buyouts in software and services operating in specific end-market 'clusters' with enterprise values ('EVs') of £100 million to over £10 billion, growing faster than the broader economy. Hg predominantly seeks controlling equity buyout investments in businesses headquartered in Europe and North America, often with a global footprint and customer base.

The power of the portfolio

The Hg approach and strategy creates a natural environment for knowledge-sharing, with a network effect to drive best practices and value creation initiatives. We believe in collaboration and the 'power of the portfolio'. Hg invests repeatedly in specific business models, with a dedicated Portfolio Team that has been able to develop an approach to drive value creation during Hg ownership.

The Hg portfolio, if taken as one company, would be one of the largest and fastest-growing software companies in Europe.

Our team

c.400 team members

c.240 investment and portfolio management executives

48 nationalities

Based in offices across Europe and North America, Hg has a diverse and exceptionally talented team that pride themselves on an impressive and consistent track record, generating strong returns across market cycles. This has been achieved by staying innovative, striving to constantly improve and evolving the firm whilst maintaining Hg's unique culture.



“ At Hg, our ambition is to be the employer of choice in private equity and we have a robust strategy enabling us to attract, develop and retain world class diverse talent. Everybody at Hg is accountable for contributing to our inclusive culture, and ensuring people can be their best and whole self at work ”

Kerry Heaton, *Chief People Officer, Hg*



SEO
/LONDON



Diversity and inclusion

Diversity and inclusion is a top priority for all of us here at Hg. We have an established D&I steering group comprising a range of individuals from across the firm of varying departments, roles and geographies with one shared aim: to make Hg an inclusive place for all, which clearly values diversity in all of its forms.

We also look to foster Diversity and Inclusion in the wider investment ecosystem and we are a proud Partner of Level20, SEO's Alternative Investment Programme, 10,000 Black Interns, Bloss.m and LGBT Great, all of whom are not-for-profit organisations aligned around a common vision to inspire and support more under-represented groups to join our industry.

“ Diversity enables us to source deals differently, ask broader and further reaching questions and challenge the assumptions that underpin conventional thinking. This leads to better investment decisions and superior business performance: the more complex the challenge at hand, the greater the differentiation we achieve. ”

Nic Humphries, *Senior Partner, Hg*



About HgCapital Trust

23

Hg's review



Financial statements



Further information



Investment strategy

One strategy over three funds across the size range in software and services businesses



Lower mid-market
Typical deal equity requirement of >€100m



Mid-market
Typical deal equity requirement of >€500m



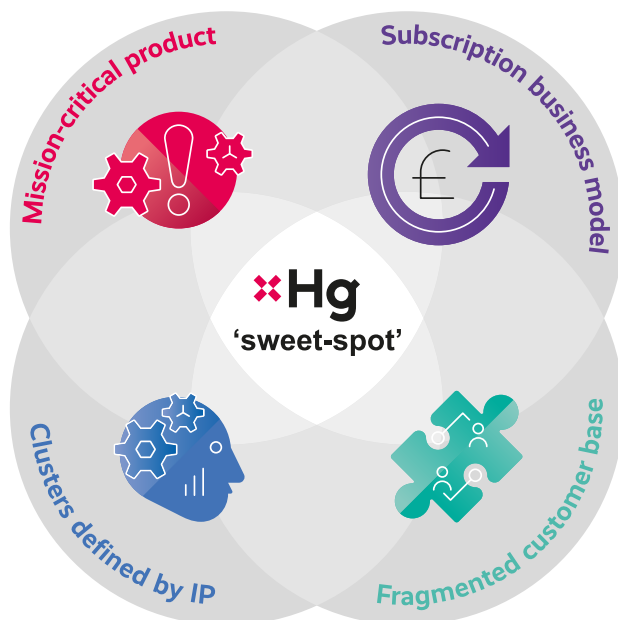
Upper mid-market
Typical deal equity requirement of >€1bn

Hg's focus on software and services has developed to a collective expertise and a deep understanding of these markets and businesses. Hg is not constrained by top-down asset allocation and applies a rigorous approach when evaluating all investment opportunities. The objective is to pursue investment theses supporting long term growth, leveraging its expertise working in these sectors, implementing initiatives designed to maximise organic expansion, as well as through M&A, over typical hold periods of approximately five years.

The Hg 'sweet-spot' business model

Hg has a clear and robust business model, focused on long-term, consistent and defensive growth, predominantly through investment in buyouts located throughout Europe and North America. We seek companies which share similar characteristics, often providing a platform for merger and acquisition ('M&A') opportunities.

We believe that such companies have the potential for significant performance improvement.



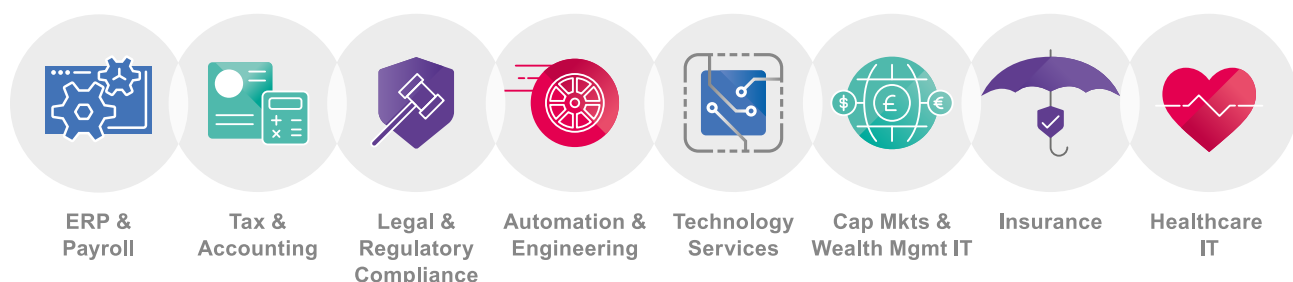
Deep knowledge and networks within our end-market 'clusters'

Hg has a unique approach and strategy, with a focus on achieving scale in tightly defined 'clusters' of expertise. This specialisation helps us to build deep know-how.

This flexible approach means that, at any given time, the Hg portfolio is likely to comprise 48 software and services with similar characteristics, but of different sizes, end-market focus and maturity profiles.

Hg's offices in North America enhance the ability to crystallise and develop transatlantic investment opportunities, manage existing investments and make bolt-on acquisitions, as well as continue to engage with – and ultimately sell – portfolio companies to North American trade buyers.

Hg's position as Europe's leading software investor is enhanced by its US footprint.



The power of the portfolio

“With our focused yet scaled portfolio, we have a unique opportunity to provide deep, systematic support to management across all the key value creation levers our types of businesses offer.”

Christopher Kindt, Head of Portfolio, Hg



>50 senior Hg operational specialists

>\$30m of software cost savings for our portfolio from Hg's collective deals

c.70 C-suite and board placements led by in-house talent team over last 3 years

Our focus

From sharing best practice and resources, through to tailored teams of technical experts, we work closely with the companies in which we invest to ensure that they gain the tools and guidance required for business success:

Growth Sales Marketing Pricing Customer Success & Operations	Tech, Product, Cyber R&D and tech platform Right-shoring Product management Cyber security	Data AI and GPT BI, warehousing, snowballs Data cleansing & enrichment ML driven optimisations Data monetisation
Projects Support First 100-days, onboarding Value Creation Planning PMO and governance DSP Accelerator Program	Talent and Org Exec search Management assessments Org design and structure CHRO topics: hiring, L&D, etc	Finance and FP&A Reporting and analysis CFO & Finance team set-up Special projects (e.g. exit prep) ERP implementation
ESG and Legal Assessments & reporting Legal support, strategic projects Professionalising GC office Carbon reduction, ESG support	Business Systems Enterprise Systems Architecture Systems selection, vendor deals Implementation support Process design & transformation	Geographic Coverage UK, Europe, US In-person when needed Multi-lingual

Every company gets access to the operational experts, project execution resources, IP and third party networks, with the nature of support taking a variety of forms including:

- direct support, co-owning and driving specific initiatives to help the business deliver value more quickly;
- utilising experienced industry experts to mentor senior executives, helping them to build more scalable functions; and
- introducing management teams to their counterparts in other Hg portfolio companies which have faced comparable challenges.

Value creation

We work with our portfolio management teams to drive impact, by identifying opportunities systematically through benchmarks and diagnostics, helping prioritise and build robust value creation plans, and then establishing and executing rigorous impact projects. We do this using a large team of functional experts along with dedicated execution resources, effective IP, and a network of trusted third-parties to bring additional capability and capacity.

The Hg portfolio community and events

We view all our business management teams as a part of the Hg portfolio community, promoting a culture of working together to problem solve and innovate more rapidly. One of the most powerful ways in which we motivate change is through peer-to-peer collaboration. The Hg Portfolio Engagement team runs an extensive calendar of virtual and in person events for senior executives from across the portfolio. By bringing together the management teams of companies with similar business models, the Hg events provide attendees with invaluable unique opportunities to build connections, problem solve, and share experiences.

During 2023, we've provided portfolio companies with a full end-to-end digital engagement experience, bringing together people from across the globe, and hosting events in the UK, Europe and North America to reflect our growing portfolio.

Hive ^{Hg} Hg's online community for everyday collaboration

Hive, Hg's online portfolio engagement platform, enables the Hg portfolio members with a space to network with peers, and share specialist knowledge, experience and expertise.





Responsible investment

Why responsible investment is important to us

Stability, sustainability, resilience- the ability to endure. Core to Hg’s strategy over the last 30 years is to build a franchise that lasts for future decades. This is important to Hg as they have a purpose with an equally long-term horizon – bearing the trust to improve the future of millions of investors by building sustainable businesses for tomorrow. Hg can only continue to deliver this purpose in a sustained way if they are growing and investing responsibly.

Years like 2022, and the first part of 2023, test resolve and we are encouraged to witness resilience across our firm and investments in these crucial periods. And it’s not just in the financial performance, it’s in growing employment, in customer service and in sustained levels of investment. Our long-term record is for a 20% annual increase in employment in knowledge jobs across the Hg portfolio, now valued at over \$120 billion, and we’re proud that this continued over the past 12 months.

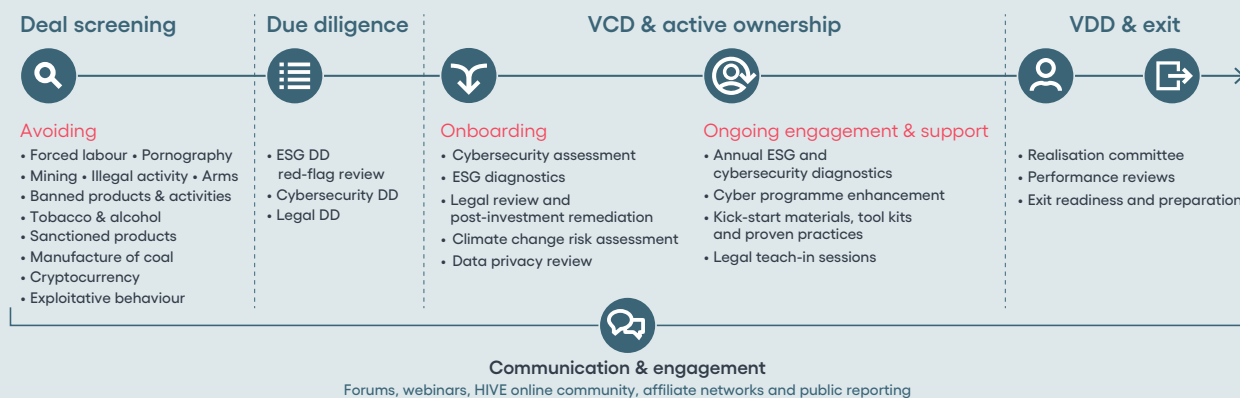
Increasingly, however, this long-term view means also looking out beyond our own portfolio, across areas where we think we can have most meaningful effect. Whether it is environmental issues such as targeting emissions through science-based targets, or diversity and inclusion programmes across our firm and portfolio or addressing social opportunity and skills shortages through The Hg Foundation – these are wider issues beyond managing pension fund money well, but where we hope that we can genuinely have some impact to ensure a sustainable future for the firm’s ecosystem and society.

Matthew Brockman, *Managing Partner, Hg*



ESG in the deal lifecycle

ESG is embedded into the entire deal process, from screening to exit.



Materiality

The topic of ESG constantly evolves with new regulations, stakeholder demands and emerging topics that we need to consider. To make sure that Hg focuses on what matters most to the firm, portfolio, and other key stakeholders, they conduct an annual materiality analysis. As you would expect for an investor in software and services businesses, cybersecurity, anti-trust, climate & energy and diversity & inclusion continue to be high priority topics for Hg and their stakeholders. We explore two of these topics in more detail below:

Climate change

Climate change remains at the top of the agenda for regulators, investors and society at large. Acting on climate change is important and working collaboratively is critical to driving material change.

Hg is a founding member of the UK network of the initiative Climat International (‘ICI’) which is a UNPRI endorsed network of Private Equity firms working collaboratively on climate change. As part of Hg’s commitment to mitigate climate change, it is a signatory of the Net Zero Asset Manager’s initiative (NZAMi) and has set long-term and short-term targets in line with, and approved by, the Science Based Targets initiative (SBTi). Hg is targeting net zero across all portfolio companies within the next 30 years.

In 2023, for the first time, HgCapital Trust calculated the carbon footprint of its operations. As the Trust has no employees, fleet or premises, its carbon footprint only comprises business travel and was 2.2 tCO₂e for FY23. The footprint has been compensated for through the purchase of carbon offsets in line with Hg’s firm-level carbon compensation programme.

About Hg



“We continue to drive improvements in the ESG performance of our portfolio companies. Since the beginning of 2023, our focus has been on supporting our portfolio companies to calculate their scope 1, 2 and 3 carbon footprints and encourage them to set carbon reduction targets. We have also rolled out a new programme across our portfolio, requesting all our portfolio companies to identify an ESG sponsor on their boards.”

Caroline Löfgren, Chief Sustainability Officer, Hg

Diversity, Equity and Inclusion ('DEI')

Hg believes that having a diverse workforce deepens its talent pool and brings a wider range of perspectives. Not only is it fundamentally the right thing to do, but Hg has also seen first hand how DEI creates a virtuous cycle; the more diverse and inclusive a company is, the more everyone adds value. This translates to a greater, more positive impact for all Hg's stakeholders – investors, portfolio companies, employees, and

the communities in which Hg operates. Hg is proud to have 48 different nationalities in the business, 38% women on the investment team and 42% women across the entire firm.



Principles for Responsible Investment



ESG Data Convergence Initiative



SCIENCE BASED TARGETS

NET ZERO ASSET MANAGERS INITIATIVE



Private equity action on climate change

The Hg Foundation ^{Hg} Removing barriers to education & skills in technology

The vision of The Hg Foundation is that the tech workforce of the future harnesses the talents of all, regardless of background. To achieve this, it helps under-represented groups to access high quality jobs in tech by supporting education- and employment- based programmes across the UK, Europe and the US.

The Foundation, which is an independent registered charity, is funded through a proportion of carried interest from current and future Hg funds and a proportion of Hg's annual profits. The Foundation's strategy over the next three years will see it increase its partnerships, commit further funds, and reach thousands more learners.



\$17m
committed to date



15
partnerships



>15k
students directly supported



cornerstone vc



Technische Universität München





Insights and case studies





Period in review

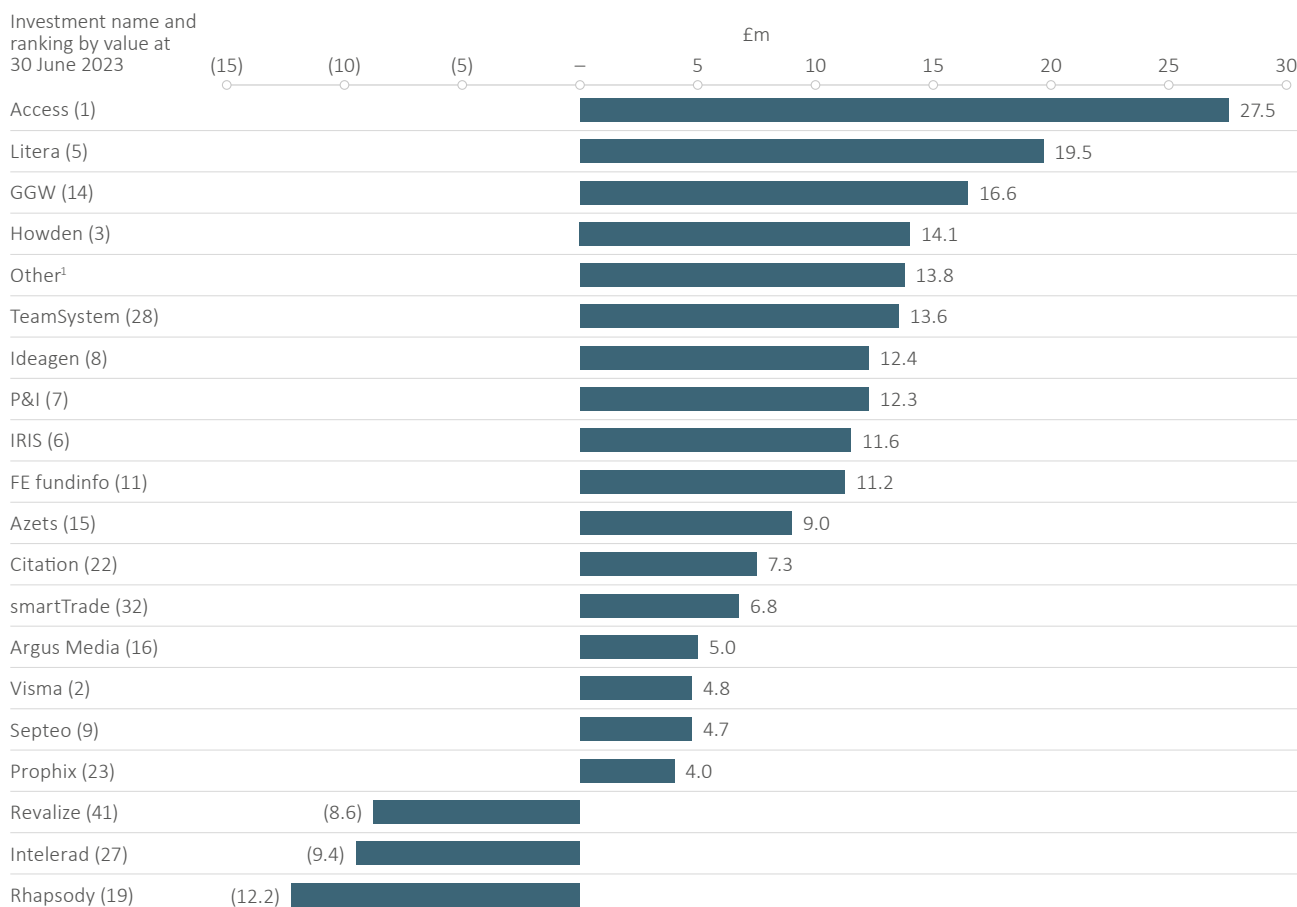
Net asset value (NAV)

During the period, the NAV of HGT increased by £76 million, from £2.1 billion at 31 December 2022 to £2.2 billion at 30 June 2023.



*86% of the positive unrealised movements related to trading, compared to ratings

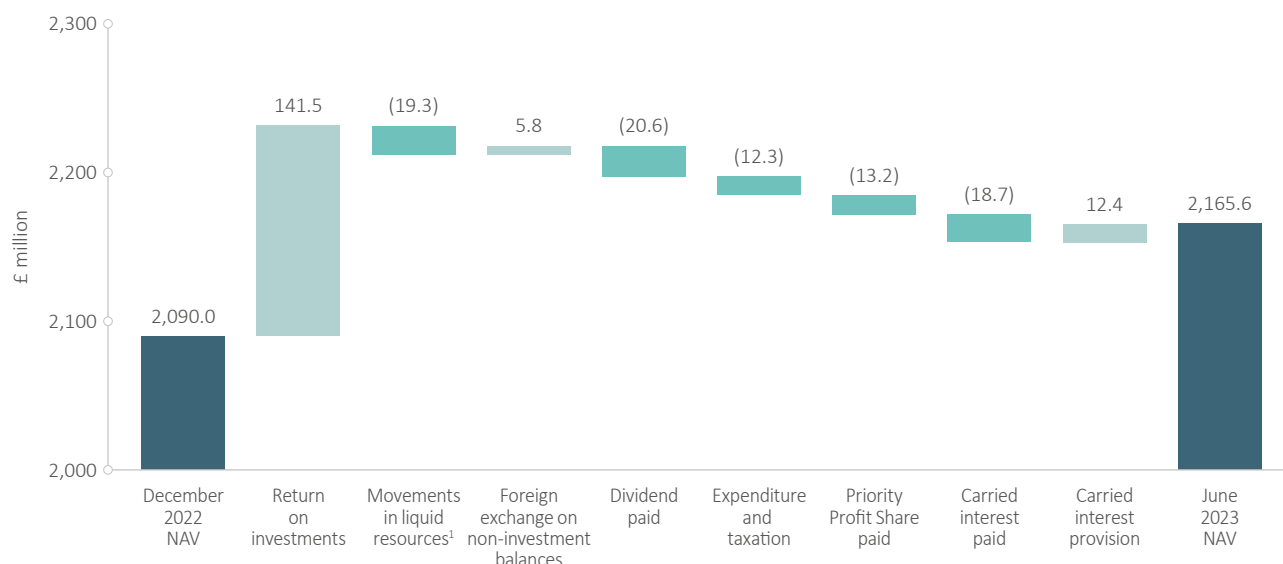
Realised and unrealised movements in the value of investments



¹ Other includes movements across portfolio companies not shown.

Period in review

Analysis of NAV movements

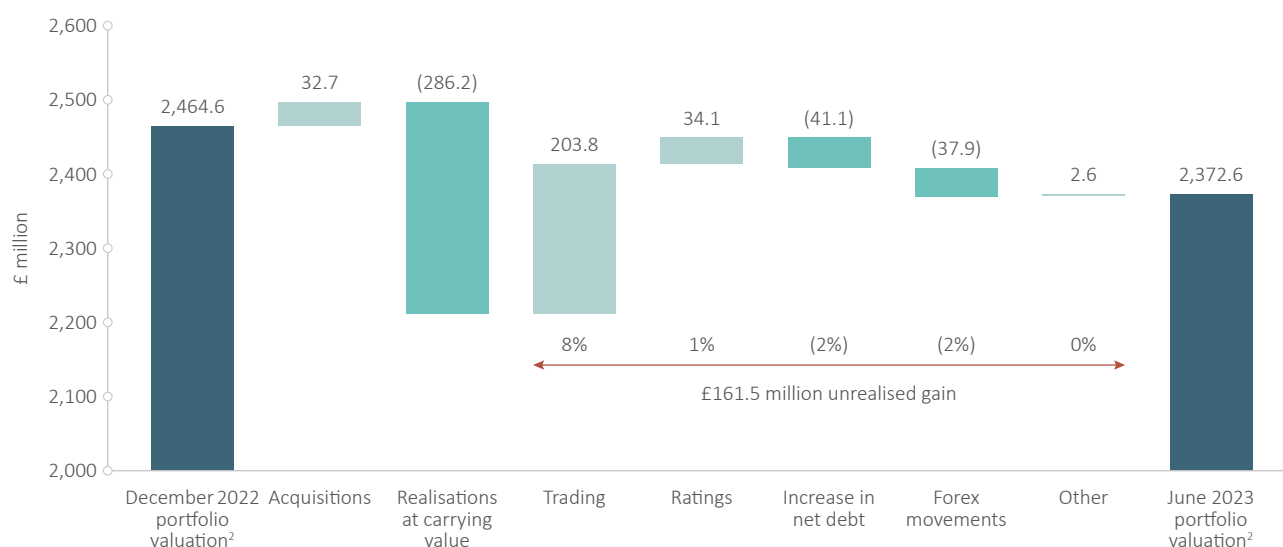


¹ Including unrealised and foreign exchange movement on liquid assets and the fund level facilities.

Several underlying factors contributed to the increase in NAV but the key driver of value was the £141.5 million return on investment of the unquoted portfolio. The carry provision decreased in the period as a result of the secondary sale in relation to HGT 8 LP.

Reductions in NAV included: the payment of £20.6 million of dividends to shareholders and carried interest paid of £18.7 million.

Attribution analysis of movements in the value of investments²



² Including accrued income, but excluding carried interest provision and fund level facilities

During the year, the value of the unrealised investments increased by £161.5 million, before the provision for carried interest. The majority of the increase, £203.8 million, relates to increases from profit growth in the underlying investments. An increase in valuation multiples increased the value of investments by £34.1 million.

Realisations at carrying value net of acquisitions of £253.5 million, inclusive of gross proceeds in relation to secondary sales, and negative currency movements of £37.9 million decreased the value of the unrealised portfolio. An increase in net debt of £41.1 million contributed negatively to the unrealised portfolio.

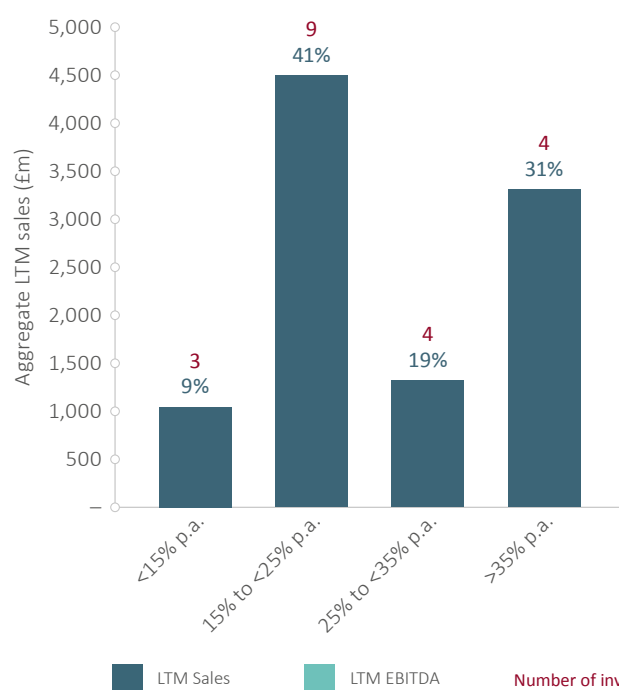
Past performance is not a reliable indicator of future results. The value of shares and the income from them can go down as well as up as a result of market and currency fluctuations and investors may not get back the amount they originally invested.



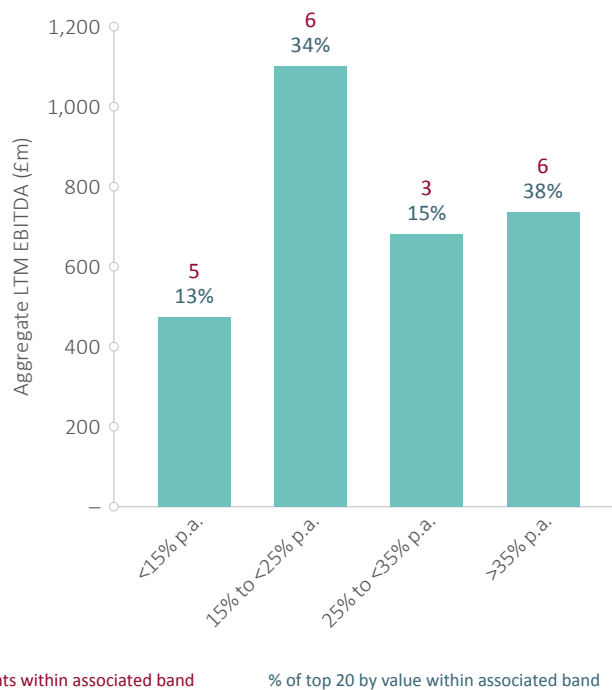


Top 20 portfolio trading performance

LTM sales growth: +29%



LTM EBITDA growth: +30%



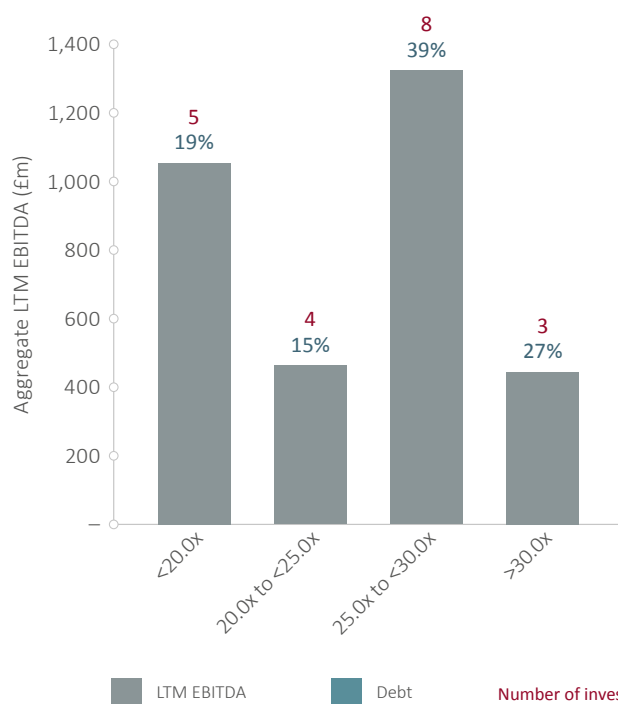
- The top 20 investments, representing 76% of portfolio value, have delivered sales growth of 29% (June 2022: 31%) and EBITDA growth of 30% (June 2022: 26%) over the last 12 months ('LTM');
- 100% of the top 20 companies within the portfolio achieved double-digit sales growth.
- The average uplift to carrying value achieved on realisations over the last 10 years was 24%. No investments were realised below carrying value.

- More than 95% of the top 20 companies by value delivered double-digit EBITDA growth over the last 12 months;
- This robust trading performance in a challenging macro-environment reflects the resilient nature of HGT's portfolio companies and the mission-critical services they provide for their customers;
- Litera, FE fundinfo, GGW, Trackunit, Access, IFS Workwave, Ideagen and Howden reported particularly strong trading.

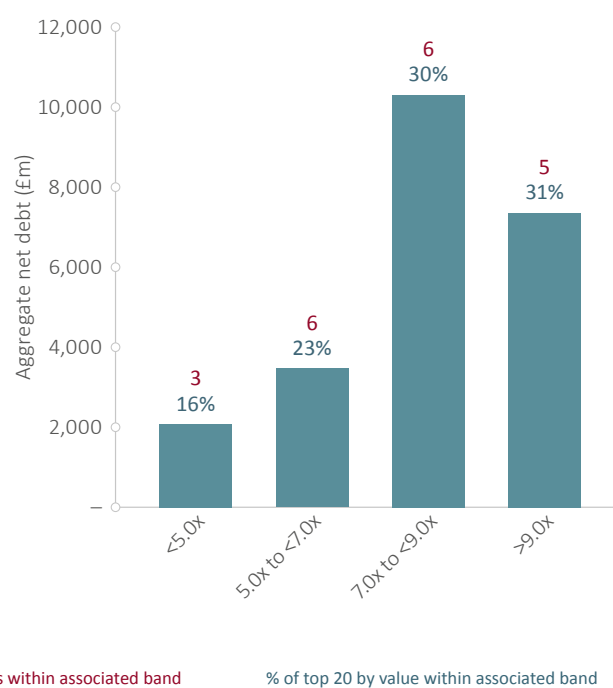
Please note: All figures are as at 30 June 2023 and refer to the top 20 investments, representing 76% of the value of HGT's investments.

Top 20 valuation and net debt analysis

EV to EBITDA valuation multiples: 26.2x



Net debt to EBITDA ratios: 7.4x



- EV/EBITDA multiples are used to fair value the majority of HGT's portfolio companies, in accordance with IPEV Valuation guidelines;
- Multiples are derived with reference to comparable companies – both listed and private- and relevant M&A transactions;
- The average uplift to carrying value achieved on realisations during the first half of 2023 was 18%. No investments were realised below carrying value;

- HGT's portfolio companies make appropriate use of gearing, with a weighted average net debt for the top 20 of 7.4x LTM EBITDA (8.0x at 31 December 2022), equivalent to a loan-to-value across the portfolio of c.28%;
- Many of the companies have highly predictable, strong earnings growth and are very cash generative, enabling us to use debt to reduce their cost of capital and improve returns on the equity we hold;
- Portfolio companies typically employ hedging strategies to reduce their exposure to increases in interest rates.

Please note: All figures are as at 30 June 2023 and refer to the top 20 investments, representing 76% of the value of HGT's investments



Period in review

Outstanding commitments of HGT

At 30 June 2023, HGT had available liquid resources of £597 million and had outstanding commitments of £1.1 billion, as listed below. We anticipate the majority of these outstanding commitments will be drawn down over the next three to four years (2023–27) and are likely to be partly financed by cash flows from future realisations. Additionally, to mitigate the risk of being unable to fund any draw-down under its commitments to invest alongside Hg's funds, the Board has negotiated a right to opt out, without penalty, of HGT's obligation to fund such commitments, where it does not have the funds to do so or certain other conditions exist. HGT also has access to a £350 million bank facility which was undrawn as at 30 June 2023.

Fund	Fund vintage	Original commitment £million ¹	Outstanding commitments as at 30 June 2023		Outstanding commitments as at 31 December 2022	
			£million	% of NAV	£million	% of NAV
S3	2022	688.2 ²	474.7	21.9	612.6	29.3
G10	2022	429.1 ³	343.8	15.9	359.4	17.2
HGT	Various	98.3 ⁴	96.6	4.5	102.1	4.9
M4	2023	107.3 ⁵	91.7	4.2	—	—
S1	2018	150.0	23.0	1.1	25.1	1.2
M3	2020	98.7 ⁶	16.2	0.7	22.8	1.1
G9	2020	308.9 ⁷	15.2	0.7	18.0	0.9
G8	2018	260.0	13.6	0.6	20.3	1.0
S2	2020	314.6 ⁸	10.3	0.5	26.8	1.3
M1	2011	60.0	3.3	0.2	3.3	0.2
M2	2017	80.0	1.5	0.1	2.2	0.1
Asper RPP I	2006	18.6 ⁹	0.6	—	0.6	—
G7	2013	200.0	0.5	—	0.8	—
Total			1,091.0	50.4	1,194.0	57.2
Liquid resources			246.7	11.4	323.1	15.5
Undrawn Bank facility			350.0	16.2	153.2	7.3
Net outstanding commitments unfunded by liquid resources			494.3	22.9	717.7	34.4

¹ Excluding any co-investment participations made through HGT LP.

² Sterling equivalent of \$875 million.

³ Sterling equivalent of €500 million.

⁴ Sterling equivalent of \$125 million of junior debt.

⁵ Sterling equivalent of €125 million.

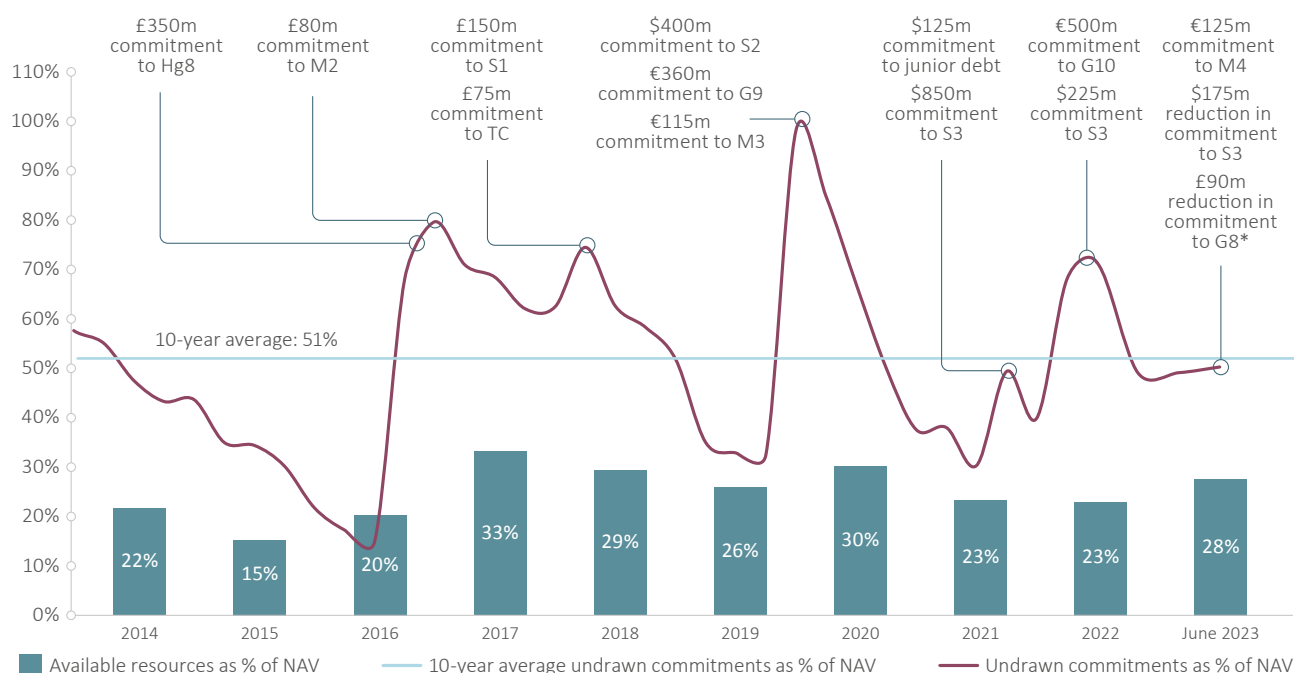
⁶ Sterling equivalent of €115 million.

⁷ Sterling equivalent of €360 million.

⁸ Sterling equivalent of \$400 million.

⁹ Sterling equivalent of €21.6 million.

Outstanding commitments and available resources as % of NAV



*As a result of the secondary sale in relation to original commitment to HGT 8 LP

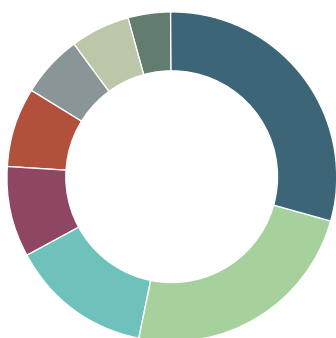
Period in review

Investment portfolio of HGT

Fund limited partnerships	Residual cost £000	Total valuation ¹ £000	Portfolio value %
Primary funds:			
HGT 8 LP	117,042	421,496	19.5
HGT 8 LP- Provision for carried interest	—	(73,204)	(3.4)
HGT Saturn 2 LP	268,916	396,508	18.2
HGT Saturn 2 LP - Provision for carried interest	—	(23,487)	(1.1)
HGT Genesis 9 LP	281,115	385,514	17.7
HGT Genesis 9 LP - Provision for carried interest	—	(16,083)	(0.7)
HGT Saturn LP	129,771	285,808	13.1
HGT Saturn LP- Provision for carried interest	—	(34,816)	(1.6)
HGT Saturn 3 LP	223,992	227,322	10.5
HGT LP	162,409	212,424	9.8
HGT Mercury 2 LP	49,795	148,307	6.8
HGT Mercury 2 LP - Provision for carried interest	—	(25,776)	(1.2)
HGT Mercury 3 LP	77,814	105,611	4.9
HGT Mercury 3 LP - Provision for carried interest	—	(4,208)	(0.2)
HGT 7 LP	22,709	97,128	4.5
HGT 7 LP- Provision for carried interest	—	(19,432)	(0.9)
HGT Genesis 10 LP	66,636	81,039	3.7
HGT Mercury 4 LP	15,569	16,138	0.7
HgCapital Mercury D LP	2,316	8,527	0.4
HgCapital Mercury D LP- Provision for carried interest	—	(1,747)	(0.1)
Total primary funds	1,418,084	2,187,069	100.7
Other ²	4,749	(13,237)	(0.7)
Total investments net of carried interest provision	1,422,833	2,173,832	100.0

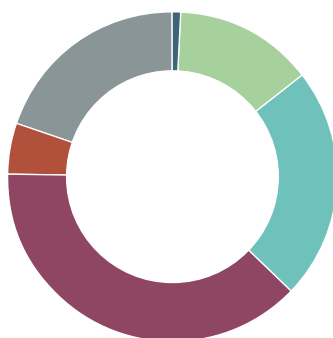
¹Includes accrued income of £136,778,000 and the carried interest provision as referenced but before the deduction of the fund level facilities of £362,028,000.

²Includes HGT currency hedges.



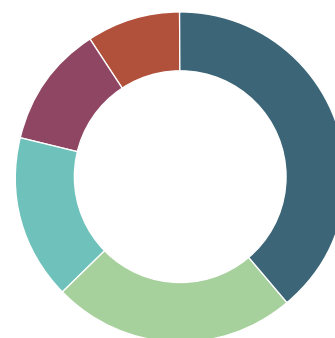
Hg 'cluster' by value

- 30% Tax & Accounting
- 23% ERP & Payroll
- 14% Legal & Regulatory Compliance
- 9% Capital Markets & Wealth Management IT
- 8% Insurance
- 6% Healthcare IT
- 6% Technology Services
- 4% Automation & Engineering



Investment vintage by value

- 1% 2023
- 12% 2022
- 23% 2021
- 39% 2020
- 5% 2019
- 20% pre-2019



Geographic spread by value

- 39% UK
- 24% North America
- 16% Scandinavia
- 12% Germany
- 9% Other Europe





Investments

Over the course of the period, Hg invested a total of £700 million on behalf of its clients, with HGT's share being £33 million.

Our investments are generated by establishing and developing relationships with companies over the longer term and typically pursuing opportunities where we have a strong relationship with a founder or management team. By doing this, we believe that we can invest in the very best businesses within our chosen 'clusters' which share similar underlying business model characteristics.

Investments made during the period

Company	Cluster	Location	Cost £000
GTreasury	Tax & Accounting	North America	15,569
New investments			15,569
Howden	Insurance	UK	14,718
Citation	Tech Services	UK	3,431
GGW	Insurance	Germany	2,616
Rhapsody	Healthcare IT	North America	1,554
Blinqx	ERP & Payroll	Benelux	1,158
Other ¹			(6,326)
Follow-on investments			17,151
Total investments on behalf of HGT			32,720

¹Other investments includes immaterial transactions in relation to the remaining portfolio, including the impact of further fund closes diluting HGT share of the Genesis 10 Fund.



(post period)

Realisations

Over the course of the period, Hg has returned a total of £1 billion to its clients, including £109 million to HGT. Secondary and partial sales returned a further £139 million to HGT over the first half of 2023.

Hg continues to realise investments at uplifts to carrying value. The average uplift achieved on realisations over the last 10 years was 24%. No investments were realised below carrying value.

Realisations made during the period

Company	Cluster	Exit route	Proceeds ¹ £000
Transporeon	ERP & Payroll	Trade sale	109,089
Full realisations			109,089
HGT 8 ²		Secondary sale	91,000
HGT S3 ³		Secondary sale	47,292
Other ⁴			483
Partial realisations			138,775
Total proceeds from realisations			247,864
Carried interest paid to the Manager			(18,691)
Total proceeds from realisations received by HGT			229,173

¹Includes gross revenue received of £26.8 million during the period ended 30 June 2023.

²Net proceeds received in relation to the secondary sale of 26% of the stake in HGT 8 LP.

³Rebate of invested capital treated as a negative purchase in the financial statements.

⁴Other realisations includes immaterial transactions in relation to the remaining portfolio.

TRANSPOREON

In December 2022, Hg agreed the sale of Transporeon, a leading cloud-based transportation management software platform, to Trimble in a transaction valuing the business at an enterprise value of €1.9 billion and an uplift to HGT's carrying value of 18%. This transaction completed in April 2023.

Post-period realisations



In August 2023, Hg agreed the partial sale of TeamSystem, a leading provider of business software solutions to businesses and accountants in Italy and Spain. This transaction valued HGT's investment at c.£33.3 million, representing an uplift of 68% over the latest carrying value. Hg remains a minority investor in the business.



In September 2023, Hg announced the sale of Commify, a leading provider of Application-to-Person messaging services in Western Europe, to the private equity firm, ECI returning an estimated £21.9 million, upon completion, to HGT at an uplift of 32% to carrying value.



In June 2023, Hg agreed to the partial realisation of Azets, a leading provider of business-critical accounting, tax, payroll, audit and advisory services to SMEs to PAI. Following completion, PAI will hold a co-controlling stake alongside Hg. This values HGT's investment at c.£54.3 million, representing an uplift of 16% to carrying value.





Overview of the underlying investments

held through HGT's limited partnerships

Investments (in order of value)	Fund	Sector	Location	Vintage	Residual cost £000	Total valuation ¹ £000	Portfolio value %	Cum. Value %
1	Access	S3/G8/HGT	ERP & Payroll	UK	2020	149,243	290,918	12.4
2	Visma	G7/S1/S2/HGT	Tax & Accounting/ERP & Payroll	Scandinavia	2020	89,768	208,871	8.8
3	Howden	S2/HGT	Insurance	UK	2021	75,657	137,055	5.8
4	IFS Workwave	S3/HGT	ERP & Payroll	Scandinavia	2022	111,901	119,514	5.0
5	Litera	G8/G9	Legal & Regulatory Compliance	N.America	2019	28,919	107,867	4.5
6	IRIS	S1	Tax & Accounting/ERP & Payroll	UK	2018	36,380	99,143	4.2
7	P&I	G7/S1/HGT	ERP & Payroll	Germany	2020	44,156	99,130	4.2
8	Ideagen	G10/G9/M3	Legal & Regulatory Compliance	UK	2022	68,257	88,870	3.7
9	Septeo	G9	Legal & Regulatory Compliance	France	2020	38,545	79,191	3.3
10	insightsoftware	S2/HGT	Tax & Accounting	N.America	2021	57,494	74,353	3.1
11	FE fundinfo	M2/G9	Capital Mkts & Wealth Mgmt IT	UK	2017	26,154	71,621	3.0
12	Sovos	S2/HGT	Tax & Accounting	N.America	2020	54,455	60,703	2.6
13	team.blue	G10/G8	Tech Services	Benelux	2018	37,569	57,666	2.4
14	GGW	M2/M3	Insurance	Germany	2020	15,377	54,053	2.3
15	Azets	G7/HGT	Tax & Accounting	UK	2016	20,966	53,813	2.3
16	Argus Media	S1/HGT	Capital Mkts & Wealth Mgmt IT	UK	2020	27,384	49,830	2.1
17	Norstella	M2/G9/HGT	Healthcare IT	N.America	2021	29,274	45,458	1.9
18	Trackunit	G9	Automation & Engineering	Scandinavia	2021	26,593	40,826	1.7
19	Rhapsody	M2/M3/HGT	Healthcare IT	N.America	2018	20,814	37,056	1.6
20	MeinAuto	G8	Automation & Engineering	Germany	2017	25,233	36,439	1.5
21	Waystone	S2	Legal & Regulatory Compliance	UK	2022	38,449	36,224	1.5
22	Citation	G8	Tech Services	UK	2020	19,348	34,770	1.5
23	Prophix	G9	Tax & Accounting	N.America	2021	17,139	32,892	1.4
24	Benevity	S2/HGT	ERP & Payroll	N.America	2021	32,124	32,456	1.4
25	Caseware	G8	Tax & Accounting	N.America	2020	21,255	31,996	1.3
26	Gen II	G9	Capital Mkts & Wealth Mgmt IT	N.America	2020	19,921	31,842	1.3
27	Intelerad	G8	Healthcare IT	N.America	2020	11,870	29,664	1.3
28	TeamSystem	G8	Tax & Accounting/ERP & Payroll	Italy	2021	10,586	29,044	1.2
29	HHA	G9	Healthcare IT	N.America	2021	24,035	26,682	1.1
30	Project CH	S2	Tax & Accounting	Germany	2021	18,393	24,877	1.0
31	DEXT	S1/HGT	Tax & Accounting	UK	2021	15,620	23,830	1.0
32	smartTrade	M2/HGT	Capital Mkts & Wealth Mgmt IT	France	2020	18,821	23,111	1.0
33	LucaNet	G9	Tax & Accounting	Germany	2022	15,649	21,601	0.9
34	Nitrogen	M3/HGT	Capital Mkts & Wealth Mgmt IT	N.America	2021	15,868	19,652	0.8
35	GTreasury	M4	Tax & Accounting	N.America	2023	15,569	16,138	0.7
36	Silverfin	M2/HGT	Tax & Accounting	Benelux	2019	10,046	15,679	0.7
37	Commify	M1/HGT	Tech Services	UK	2017	4,080	15,451	0.7
38	Pirum	M3/HGT	Capital Mkts & Wealth Mgmt IT	UK	2022	13,928	15,215	0.6
39	Auvesy	M3	Automation & Engineering	Germany	2021	8,130	14,271	0.6
40	F24	M2/HGT	Tech Services	Germany	2020	10,589	14,189	0.6
41	Revalize	G9	ERP & Payroll	N.America	2021	18,686	12,495	0.5
42	Serrala	G9	Tax & Accounting	Germany	2021	23,086	12,415	0.5
43	Mitrtech	G7/HGT	Legal & Regulatory Compliance	N.America	2017	3,328	12,138	0.5
44	Geomatikk	M2/HGT	Tech Services	Scandinavia	2021	11,392	11,469	0.5
45	Fonds Finanz	M3	Insurance	Germany	2022	8,309	10,912	0.5
46	TrustQuay	M3	Capital Mkts & Wealth Mgmt IT	UK	2022	8,970	9,842	0.4
47	Bright	M3	ERP & Payroll	Ireland	2021	6,529	8,622	0.4
48	Blinqx	M3	ERP & Payroll	Benelux	2022	3,833	5,141	0.2
Total buyout investments (48)					1,409,692	2,384,995	100.5	100.5
Other					13,141	(12,411)	(0.5)	(0.5)
Total all investments					1,422,833	2,372,584	100.0	100.0

¹Including accrued income of £136,778,000, but before a deduction for the provision for carried interest of £198,752,000 and fund level facilities of £362,028,000. Note that the investments held at fair within the Balance Sheet on page 48 exclude accrued income but include the deduction for carried interest and the fund level facilities.



Top 10 investments

representing 55% of the value of HGT's investments



About HgCapital Trust

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Hg's review



Financial statements



Further information

Investments are held through limited partnerships, of which HGT is the sole limited partner. HGT invests alongside other clients of Hg. Typically, HGT's holding forms part of a much larger majority interest held by Hg's clients in buyout investments in companies with an enterprise value ('EV') of between £100 million and over £10 billion.

Hg's review generally refers to each transaction in its entirety, apart from the tables detailing HGT's participation or where it specifically says otherwise.

Past performance is not a reliable indicator of future results. The value of shares and the income from them can go down as well as up as a result of market and currency fluctuations and investors may not get back the amount they originally invested.



01 access

a leading provider of mission-critical, integrated business-management software to SME's in the UK and APAC

02 visma

a leading provider of mission-critical business software to SMEs and the public sector in the Benelux and Nordic regions

40

Hg's review

Investment date	June 2018
Location	UK
Cluster	ERP & Payroll
Website	theaccessgroup.com
Hg clients' total equity:	41.3%
Unrealised value (£000):	290,918
% of NAV:	13.4%

Business description

Founded in 1991, the Access Group ('Access') is a leading Enterprise Resource Planning ("ERP") business, providing a range of horizontal and industry-specific software solutions to SME and mid-market customers in Australia, Ireland and the UK. With its portfolio spanning Finance, HR, and Payroll, as well as Recruiting, Hospitality, Health & Social Care, Legal, Not for Profit, and Education sectors, Access' software helps over 60,000 businesses and not-for-profit organizations to work efficiently.

Hg initially partnered with Access in 2018, and further invested in 2020 and 2022, to continue supporting them in their geographical and product portfolio expansion, as well as their cloud strategy.

Performance

Access has traded well since our initial investment, with bookings momentum remaining strong throughout the first half of 2023. Growth remains robust, with the business seeing double digit organic recurring revenue growth over the period. Following the partial exit, refinancing and reinvestment in the business in 2022, Access continues to see strong performance leading to HGT's valuation of its stake in the business rising by £24.9 million over the first half of the year.

Investment date	August 2020
Location	Scandinavia
Cluster	Tax & Accounting/ERP & Payroll
Website	visma.com
Hg clients' total equity:	54.8%
Unrealised value (£000):	208,871
% of NAV:	9.6%

Business description

Visma is a leading provider of mission-critical business software to SMEs and the public sector in the Benelux and Nordic regions. The company provides the following services to approximately 1.6 million paying customers: accounting; resource planning and payroll software; and transaction process outsourcing, such as debt collection and procurement services.

Performance

Since 2006, Visma has acquired numerous companies, strengthening organic growth from innovation in new products, as well as margin improvement from operating leverage as it continues to transition to SaaS. Visma is now positioned as one of the leading and largest SaaS companies in Europe. The value of HGT's investment in the business increased by £4.8 million over the first half of 2023.



03 Howden Group Holdings

a leading tech-enabled international insurance distribution group

Investment date	March 2021
Location	UK
Cluster	Insurance
Website	howdengroup.com
Hg clients' total equity:	23.7%
Unrealised value (£000):	137,055
% of NAV:	6.3%

Business description

Founded in 1994 and headquartered in London, UK, Howden Group Holdings ('Howden') is the largest European headquartered insurance intermediary, serving an international client base. Howden is a tech-enabled insurance distributor, which facilitates the provision of B2B insurance through its core activities of retail insurance broking, speciality and reinsurance broking and managed agency underwriting.

Performance

Howden continues to achieve organic growth outperformance relative to other large brokers, and remains an active acquirer, completing multiple acquisitions over the past year, including TigerRisk, a large and fast-growing US-based reinsurance broker. Combined with strong trading performance over the last 12 months, notably from broking and underwriting divisions, this has led to an increase in the valuation of HGT's stake by £14.1 million over H1 2023.

04 IFS WORKWAVE®

a software vendor for organisations who want to differentiate on service

Investment date	July 2022
Location	Scandinavia
Cluster	ERP & Payroll
Website	ifs.com
Hg clients' total equity:	30.6%
Unrealised value (£000):	119,514
% of NAV:	5.5%

Business description

IFS is a leading provider across multiple sectors including Service Management, Enterprise Asset Management (EAM) and Enterprise Resource Planning (ERP) for five core asset-intensive verticals. WorkWave is a leading provider of vertical software within field service management, primarily in North America. IFS and WorkWave's suite of products empower companies in its target verticals to reach their full potential in their 'moments of service' through scalable, cloud-based software solutions that support every stage of a business life cycle, including marketing, sales, service delivery, customer interaction and financial transactions.

Performance

IFS continues to increase recurring revenues through its focus on transitioning from perpetual to multi-year term licences, with double-digit organic revenue growth. Workwave also reported strong organic growth over the period.



05 LITERA

a scaled legal-tech platform helping lawyers focus on what matters

Investment date	May 2019
Location	North America
Cluster	Legal & Regulatory Compliance
Website	litera.com
Hg clients' total equity:	92.3%
Unrealised value (£000):	107,867
% of NAV:	5.0%

Business description

Litera is a leading provider of legal workflow and workspace technology worldwide. Litera's software empowers users across the legal industry to generate, review and distribute high-quality content quickly and securely, from any device. Today, Litera supports thousands of document-intensive organisations across the globe, helping them to satisfy the complex demands of clients and regulators, using innovative technologies such as AI and machine learning, to support them.

Performance

Litera continues to perform well, reporting strong organic growth in earnings and acquiring Upper Sigma earlier this year, while maintaining an active pipeline of potential acquisitions. The valuation of HGT's investment in Litera increased by £19.5 million during the period.

06 IRIS

a leading provider of business-critical cloud software solutions for accountants across the UK and North America

Investment date	September 2018
Location	UK
Cluster	Tax & Accounting/ERP & Payroll
Website	iris.co.uk
Hg clients' total equity:	65.0%
Unrealised value (£000):	99,143
% of NAV:	4.6%

Business description

IRIS serves over 100,000 customers and three million users in the Accountancy, Education, HR and SME payroll/book-keeping segments. The Company delivers a suite of established and trusted software solutions which provide business critical systems of record with frequent regulatory and compliance driven updates. Accountants are increasingly the hub looking after their SME clients' data and interfacing with governments on their behalf. IRIS enables accountants to deliver both regulatory compliance services and value-added 'Client Accounting Services' to improve SME's planning and performance.

Performance

IRIS consistently delivers strong organic revenue growth, driven by mid-single digit secular growth and cross-sell and upsell initiatives into a highly loyal base, and expansion into North America through M&A (comprises c.25% of revenues today). Over the first half of 2023, strong trading growth and M&A has led to an increase in HGT's position in IRIS of £11.6 million.



07 P&I

a provider of integrated software for HR management to the German and European Mittelstand

Investment date	March 2020
Location	Germany
Cluster	ERP & Payroll
Website	pi-ag.com
Hg clients' total equity:	64.4%
Unrealised value (£000):	99,130
% of NAV:	4.6%

Business description

Founded in 1968, P&I is a leading provider of integrated software solutions for human resources management to the German and European Mittelstand. The business delivers payroll, core HR, human capital management, time and attendance as well as analytics to 15,000 customers across DACH and 11 further European countries via an integrated and highly automated private cloud-based platform.

Performance

P&I continued to develop positively during the first six months of 2023, driven by its ongoing transition to a SaaS model and an acceleration of new customer wins on the back of further product innovations. As a result, HGT's valuation of its investment in P&I increased by £12.3 million year-to-date.

08 Ideagen

a leading provider of compliance software solutions to organisations operating within highly regulated industries

Investment date	July 2022
Location	UK
Cluster	Legal & Regulatory Compliance
Website	Ideagen.com
Hg clients' total equity:	84.3%
Unrealised value (£000):	88,870
% of NAV:	4.1%

Business description

Founded in 1993 and headquartered in Nottingham, UK, Ideagen's software helps companies comply with regulation, manage risk and keep people safe. It is a leader in the over \$30 billion regulatory and compliance software sector, serving highly regulated industries such as life sciences, healthcare, banking and finance and insurance. Ideagen has a global footprint with hubs across UK, US, Middle East, Australia and Southeast Asia, and its wide portfolio of solutions are used by over 10,000 customers globally.

Performance

Ideagen continues to perform well with robust trading over the last year. In June 2023 the carrying value of HGT's investment increased by £12.4 million.



9 **septeo** INNOVATING FOR SMART SOLUTIONS

a leading provider of mission-critical software for legal, real estate and business professionals across Europe

Investment date	December 2020
Location	France
Cluster	Legal & Regulatory Compliance
Website	septeo.fr
Hg clients' total equity:	59.4%
Unrealised value (£000):	79,191
% of NAV:	3.7%

Business description

By serving 150,000 legal, real estate, hospitality and business professionals, Septeo sits at the heart of millions of citizens, supporting them in the most important moments of their lives (housing, marriage, divorce, setting up a business, career development, holidays etc.) Constituting several complementary companies and founded in 2013, The Septeo Group now has over 22,000 clients, served by over 2,400 employees.

Performance

Septeo continues to trade well, with EBITDA ahead of budget due to a combination of top-line growth and margin improvement driven by an increasing share of recurring revenues and increased operational efficiency. The value of HGT's investment increased by £4.7 million over the first half of 2023.

10 **insightsoftware**

a leading provider of financial reporting, analytics and performance management software

Investment date	September 2021
Location	North America
Cluster	Tax & Accounting
Website	insightsoftware.com
Hg clients' total equity:	44.0%
Unrealised value (£000):	74,353
% of NAV:	3.4%

Business description

insightsoftware is a leading provider of financial reporting, analytics and performance management software. Formed in 2018, insightsoftware has built a suite of software products across financial reporting, budgeting and planning, close and consolidation, operations, tax, disclosure and equity management. Today, more than 32,000 customers worldwide rely on these products to provide them with increased productivity, visibility, accuracy and compliance across their organisations in real time.

Performance

Organic growth is expected to accelerate in FY2023 as the company begins to complete and realise benefits from its license to subscription transition.



HGT's investment portfolio by cluster

Tax & Accounting

>18 years



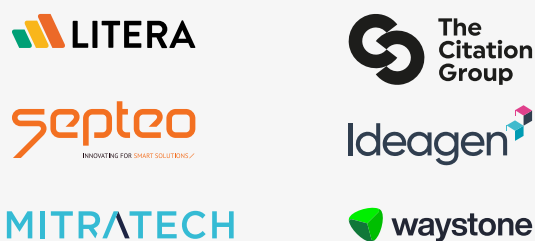
ERP & Payroll

>18 years



Legal & Regulatory

>15 years



Capital Mkts and Wealth Mgmt IT

>9 years



Insurance

>8 years



Healthcare IT

>7 years



Technology Services

>12 years



Automation & Engineering

>14 years



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Income statement

for the six months ended 30 June 2023

	Notes	Revenue return		Capital return		Total return	
		Six months ended	Year ended	Six months ended	Year ended	Six months ended	Year ended
		30.6.23	31.12.22	30.6.23	31.12.22	30.6.23	31.12.22
		£000	£000	£000	£000	£000	£000
		(unaudited)	(audited)	(unaudited)	(audited)	(unaudited)	(audited)
Gains on investments and liquidity funds		—	—	88,271	21,267	88,271	21,267
Losses on priority profit share calls	7(b)	—	—	(2,344)	(4,320)	(2,344)	(4,320)
Net income	6	21,775	22,517	—	—	21,775	22,517
Other expenses	8(a)	(3,425)	(2,836)	—	—	(3,425)	(2,836)
Net return before finance costs and taxation		18,350	19,681	85,927	16,947	104,277	36,628
Finance costs	8(b)	(8,042)	(1,470)	—	—	(8,042)	(1,470)
Net return before taxation		10,308	18,211	85,927	16,947	96,235	35,158
Taxation	10	—	—	—	—	—	—
Net return after taxation		10,308	18,211	85,927	16,947	96,235	35,158
Basic and diluted return per ordinary share	11(a)	2.25p	3.99p	18.77p	3.71p	21.02p	7.70p
							23.50p

The total return column of this statement represents HGT's income statement. The supplementary revenue and capital return columns are both prepared under guidance published by the Association of Investment Companies ('AIC'). All recognised gains and losses are disclosed in the revenue and capital columns of the income statement – and, as a consequence, no statement of comprehensive income has been presented.

All revenue and capital items in the above statement derive from continuing operations.
No operations were acquired or discontinued during the period.

The following notes form part of these financial statements.





Balance sheet

as at 30 June 2023

	Notes	30.6.23 £000 (unaudited)	30.6.22 £000 (unaudited)	31.12.22 £000 (audited)
Fixed asset investments				
Investments at fair value through profit or loss:				
Unquoted investments		1,675,026	1,597,566	1,752,509
Total fixed asset investments		1,675,026	1,597,566	1,752,509
Current assets — amounts receivable after one year:				
Accrued income on fixed assets		136,778	128,585	133,534
Current assets — amounts receivable within one year:				
Debtors		113,129	7,095	22,628
Investments at fair value through profit or loss:				
Liquidity funds		206,922	202,224	270,524
Uninvested capital in limited partnerships		789	963	239
Cash at bank		39,031	232,189	52,315
Total current assets		496,649	571,056	479,240
Creditors — amounts falling due within one year		(6,073)	(2,053)	(4,345)
Net current assets		490,576	569,003	474,895
Creditors — amounts falling due after one year		—	(136,127)	(137,439)
Net assets		2,165,602	2,030,442	2,089,965
Capital and reserves:				
Called-up share capital		11,443	11,453	11,443
Share premium account		372,224	372,224	372,224
Capital redemption reserve		1,258	1,248	1,258
Capital reserve — unrealised		565,040	710,013	505,463
Capital reserve — realised		1,202,062	904,943	1,175,712
Revenue reserve		13,575	30,561	23,865
Total equity shareholders funds		2,165,602	2,030,442	2,089,965
Net asset value per ordinary share	11(b)	473.1p	443.2p	456.6p
Ordinary shares in issue at 30 June / 31 December		457,728,500	458,129,808	457,728,500

The financial statements of HgCapital Trust plc (registered number 01525583) on pages 46-58 were approved and authorised for issue by the Board of Directors on 15 September 2023 and signed on its behalf by:

Jim Strang, *Chairman*

Richard Brooman, *Director*

The following notes form part of these financial statements.

Statement of cash flows

for the six months ended 30 June 2023

	Notes	Six months ended 30.6.23 £000 (unaudited)	30.6.22 £000 (unaudited)	Year ended 31.12.22 £000 (audited)
Net cash outflow from operating activities	9	(114,816)	(25,490)	(70,622)
Investing activities:				
Purchase of fixed asset investments		14,572	(71,127)	(527,075)
Proceeds from the sale of fixed asset investments		214,928	28,074	410,536
Proceeds from fund level refinancing		(19,229)	160,877	187,714
Purchase of liquidity funds		(86,519)	—	(215,787)
Redemption of liquidity funds		143,859	72,500	220,500
Net cash inflow from investing activities		267,611	190,324	75,888
Financing activities:				
Drawdown of loan facility		—	—	138,779
Repayment of loan facility		(137,439)	(15,015)	(152,482)
Servicing of finance		(8,042)	(1,470)	(10,285)
Equity dividends paid		(20,598)	(22,764)	(34,217)
Proceeds from issue of shares		—	12,324	10,974
Net cash outflow from financing activities		(166,079)	(26,925)	(47,231)
Decrease in cash and cash equivalents in the period		(13,284)	137,909	(41,965)
Cash and cash equivalents at 1 January		52,315	94,280	94,280
Cash and cash equivalents at 30 June/31 December		39,031	232,189	52,315

The following notes form part of these financial statements.



Statement of changes in equity

for six months ended 30 June 2023

	Notes	Share capital £000	Non-distributable Share premium account £000	Capital redemption reserve £000	Capital reserve – unrealised £000	Distributable Capital reserve – realised £000	Revenue reserve £000	Total £000
At 1 January 2022		11,382	359,971	1,248	712,188	885,821	35,114	2,005,724
Net return after taxation		—	—	—	(2,175)	19,122	18,211	35,158
Contributions of equity net of transaction costs		71	12,253	—	—	—	—	12,324
Equity dividends paid	4	—	—	—	—	—	(12,828)	(12,828)
At 30 June 2022		11,453	372,224	1,248	710,013	904,943	40,497	2,040,378
At 1 July 2022		11,453	372,224	1,248	710,013	904,943	40,497	2,040,378
Net return after taxation		—	—	—	(204,550)	270,769	6,107	72,326
Contributions of equity net of transaction costs		—	—	—	—	—	—	—
Share buyback		(10)	—	10	—	—	(1,350)	(1,350)
Equity dividends paid	4	—	—	—	—	—	(21,389)	(21,389)
At 31 December 2022		11,443	372,224	1,258	505,463	1,175,712	23,865	2,089,965
At 1 January 2023		11,443	372,224	1,258	505,463	1,175,712	23,865	2,089,965
Net return after taxation		—	—	—	59,577	26,350	10,308	96,235
Contributions of equity net of transaction costs		—	—	—	—	—	—	—
Equity dividends paid	11	—	—	—	—	—	(20,598)	(20,598)
At 30 June 2023		11,443	372,224	1,258	565,040	1,202,062	13,575	2,165,602

The following notes form part of these financial statements.



Notes to the financial statements



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Notes to the financial statements

1. Principal activity

The principal activity of HGT is investment. HGT is an investment company as defined by section 833 of the Companies Act 2006 and an investment trust under sections 1158 and 1159 of the Corporation Tax Act 2010 ('CTA 2010') and is registered as a company in England and Wales under number 01525583, with its registered office at 2 More London Riverside, London, SE1 2AP.

2. Basis of preparation

The financial statements have been prepared under the historical cost convention, except for the revaluation of financial instruments at fair value as permitted by the Companies Act 2006 and in accordance with applicable UK law and UK Accounting Standards ('UK GAAP'), including Financial Reporting Standard 104 (FRS 104) 'Interim Financial Reporting' and with the Statement of Recommended Practice 'Financial Statements of Investment Trust Companies and Venture Capital Trusts' ('SORP'), issued in July 2022. After making enquiries, the Directors have a reasonable expectation that HGT will have adequate resources to continue in operational existence for the next 12-month period from the date of approval of this report. Accordingly, they continue to adopt the going-concern basis in preparing these financial statements.

The same accounting policies, presentation and methods of computation are followed in these financial statements as were applied in HGT's previous annual audited report and accounts.

3. Organisational structure and accounting policies

Partnerships where HGT is the sole limited partner

HGT entered into thirteen separate partnership agreements with general and founder partners in May 2003 (subsequently revised in January 2009), January 2009, July 2011, March 2013, December 2016, February 2017, January 2018, February 2020, December 2021, April 2022 and March 2023; at each point, an investment-holding limited partnership was established to carry on the business of an investor, with HGT being the sole limited partner in these entities.

The purpose of these partnerships, HGT LP, HGT 6 LP, HGT 7 LP, HGT 8 LP, HgCapital Mercury D LP, HGT Mercury 2 LP, HGT Saturn LP, HGT Saturn 2 LP, HGT Genesis 9 LP, HGT Mercury 3 LP, HGT Saturn 3 LP, HGT Genesis 10 LP and HGT Mercury 4 LP (together the 'primary buyout funds'), is to hold all of HGT's investments in primary buyouts. Under the partnership agreements, HGT made capital commitments into the primary buyout funds, with the result that HGT now holds direct investments in the primary buyout funds and an indirect investment in the fixed-asset investments which are held by these funds, as it is the sole limited partner. These direct investments are included under fixed-asset investments on the balance sheet and in the table of investments on page 35.

The underlying investments which are held indirectly are included in the overview of investments on page 38.

HGT does not have control over the operating, financial or governance activities of the limited partnerships in which it is the sole limited partner. The general partner of these partnerships has the day to day control and ultimate decision making powers over the activities of these partnerships. As a result, these limited partnerships are not consolidated in the financial statements.

Partnerships where HGT is a minority limited partner

In July 2011, HGT acquired a direct secondary investment in HgCapital 6 E LP ('Hg 6 E LP'), one of the partnerships which comprise the Hg 6 Fund, in which HGT is now a limited partner *pari passu* with other limited partners. This is a direct investment in the Hg 6 E LP Fund.

HGT also entered into partnership agreements with other limited partners, with the purpose of investing in renewable energy projects, by making capital commitments in Asper Renewable Power Partners LP ('Asper RPP I LP'). This is a direct investment in the renewable funds, as shown on the balance sheet and in the table of investments on page 35.

Priority profit share and other operating expenses, payable by partnerships in which HGT is a minority limited partner, are recognised as unrealised losses in the capital return section of the income statement and are not separately disclosed within other expenses.

Priority profit share and carried interest under the primary buyout limited partnership agreements

Under the terms of the primary buyout fund limited partnership agreements ('LPAs'), each general partner (see note 7) is entitled to appropriate, as a first charge on the net income of the funds, an amount equivalent to its priority profit share ('PPS'). HGT is entitled to net income from the funds, after payment of the PPS.

In years in which these funds have not yet earned sufficient net income to satisfy the PPS, the entitlement is carried forward to the following years. The PPS is payable quarterly in advance, even if insufficient net income has been earned. Where the cash amount paid exceeds the net income, an interest-free loan is advanced to the general partner by these primary buyout funds, which is funded by a capital call from HGT. Such loans are recoverable from the general partner only by an appropriation of net income until net income is earned. At the HGT level such a call is expensed in the capital column as these amounts are not recoverable (see note 7(b)).

Furthermore, under the primary buyout funds' LPAs, each founder partner (see note 7(c)) is entitled to a carried-interest distribution, once certain preferred returns are met. The LPAs stipulate that the primary buyout funds' capital gains or net income, after payment of the carried interest, are allocated to HGT, when the right to these returns is established.

Notes to the financial statements

3. Organisational structure and accounting policies *continued*

Accordingly, HGT's entitlement to net income and net capital gains is shown in the appropriate lines of the income statement. Notes 6, 7 and 11 to the financial statements disclose the gross income and gross capital gains of the primary buyout funds and also reflect the proportion of net income and capital gains in the buyout funds which has been paid to the general partner as its PPS and to the founder partner as carried interest, where applicable.

The PPS paid from net income is charged to the revenue account in the income statement, where there is insufficient income PPS is charged as an unrealised depreciation to the capital return on the income statement.

The carried-interest payments made from net income and capital gains are charged to the revenue and capital account respectively on the income statement.

Investment income and interest receivable

As stated above, all income that is recognised by the primary buyout funds, net of PPS, is allocated to HGT and recognised when the right to this income is established. Income from Hg 6 E LP and the renewable energy funds would normally consist of income distributions and these distributions are recognised as income in the financial statements of HGT when the right to such distribution is established.

The accounting policies below apply to the recognition of income by the primary buyout funds, prior to allocation between the Partners:

Interest income on non-equity shares and fixed income securities is recognised on a time apportionment basis so as to reflect the effective yield when it is probable that it will be realised. Dividends receivable on unlisted equity shares where there is no ex-dividend date and on non-equity shares are brought into account when the right to receive payment is established.

Income from listed equity investments, including taxes deducted at source, is included in revenue by reference to the date on which the investment is quoted ex-dividend. Where dividends are received in the form of additional shares rather than cash dividends, the equivalent of the cash dividend is recognised as the income in the revenue account and any excess in the value of the shares received over the amount of the cash dividend is recognised in the capital reserve – realised.

4. Dividends

A final dividend of 4.5p per share was paid on 22 May 2023 in respect of the year ended 31 December 2022 (2022: interim dividend in respect of the year ended 31 December 2022 of 2.5p per share and final dividend of 5.0p per share in respect of the year ended 31 December 2021).

5. Issued share capital

While HGT no longer has an authorised share capital, the Directors will still be limited as to the number of shares they can allot at any time, as the Companies Act 2006 requires that Directors seek authority from shareholders for the allotment of new shares.

	Six months ended		Six months ended		Year ended	
	30.6.23		30.6.22		31.12.22	
	(unaudited)		(unaudited)		(audited)	
	No. 000	£000	No. 000	£000	No. 000	£000
Ordinary shares of 2.5p each:						
Allotted, called up and fully paid:						
At 1 January	457,729	11,443	455,280	11,382	455,280	11,382
Issues of ordinary shares	—	—	2,850	71	2,850	71
Total called-up share capital	457,729	11,443	458,130	11,453	457,729	11,443





Notes to the financial statements

6. Income

	Revenue return		
	Six months ended	Year ended	
	30.6.23	30.6.22	31.12.22
	£000	£000	£000
	(unaudited)	(unaudited)	(audited)
Total net income comprises:			
Interest	21,775	22,517	31,289
Dividend	—	—	10,467
Total net income	21,775	22,517	41,756

All income which is recognised by the primary buyout funds, net of PPS, is allocated to HGT and recognised when the right to this income is established. This income and PPS are analysed further below.

	Revenue return		
	Six months ended	Year ended	
	30.6.23	30.6.22	31.12.22
	£000	£000	£000
	(unaudited)	(unaudited)	(audited)
Income from investments held by the primary buyout funds			
Unquoted investment income	31,406	27,785	43,767
Dividend Income	—	—	10,467
Other investment income:			
Unquoted investment income	—	—	—
Liquidity funds income	966	798	2,336
Total investment income	32,372	28,583	56,570
Total other income	230	(4)	100
Total income	32,602	28,579	56,670
Priority profit share charge against income:			
Current period- HGT Genesis 9 LP	(3,431)	(2,258)	(4,498)
Current period- HGT Mercury 3 LP	(2,327)	(631)	(1,693)
Current period- HGT Genesis 10 LP	(1,865)	—	(1,917)
Current period- HGT 8 LP	(1,314)	(2,119)	(4,323)
Current period- HGT Saturn LP	(705)	(710)	(1,425)
Current period- HGT Mercury 2 LP	(526)	—	(194)
Current period- HGT LP	(368)	(183)	(549)
Current period- HGT Saturn 2 LP	(169)	—	(1)
Current period- HGT 7 LP	(113)	(113)	(228)
Current period- HgCapital Mercury D LP	(9)	(48)	(86)
Total priority profit share charge against income (note 7(a))	(10,827)	(6,062)	(14,914)
Total net income	21,775	22,517	41,756

Notes to the financial statements

7. Priority profit share and carried interest

(a) Priority profit share payable to general partners	Revenue return		
	Six months ended 30.6.23 £000 (unaudited)	30.6.22 £000 (unaudited)	Year ended 31.12.22 £000 (audited)
Priority profit share payable:			
Current period amount	13,171	10,382	27,426
Less: Current period loans advanced to general partners (note 7(b))	(5,251)	(4,320)	(12,512)
Add: Prior period loans recovered from general partners (note 7(b))	2,907	—	—
Current period charge against income	10,827	6,062	14,914
Total priority profit share charge against income	10,827	6,062	14,914

The priority profit share payable on the primary buyout funds ranks as a first appropriation of net income from investments held in these partnerships respectively and is deducted before such income is attributed to HGT in its capacity as a limited partner. The net income of the primary buyout funds earned during the period, after the deduction of the priority profit share, is shown on the income statement. The terms of the above priority profit share arrangements during period were:

Primary buyout fund partnership	Priority profit share
HGT Genesis 10 LP	1.75% on the fund commitment during the investment period
HGT Genesis 9 LP	1.5% of original cost of investments in the fund, less the original cost of investments which have been realised or written off
HGT 8 LP	1.5% of original cost of investments in the fund, less the original cost of investments which have been realised or written off
HGT 7 LP	1.5% of original cost of investments in the fund, less the original cost of investments which have been realised or written off
HGT Mercury 4 LP	1.75% on the fund commitment during the investment period
HGT Mercury 3 LP	1.5% of original cost of investments in the fund, less the original cost of investments which have been realised or written off
HGT Mercury 2 LP	1.5% of original cost of investments in the fund, less the original cost of investments which have been realised or written off
HgCapital Mercury D LP	0.5% of original cost of investments in the fund, less the original cost of investments which have been realised or written off
HGT Saturn 3 LP	1.0% on the fund commitment during the investment period
HGT Saturn 2 LP	0.75% of original cost of investments in the fund, less the original cost of investments which have been realised or written off
HGT Saturn LP	1.0% of original cost of investments in the fund, less the original cost of investments which have been realised or written off
HGT LP	1.0% of original cost of investments in the fund, excluding co-investment

(b) Priority profit share loans to general partners within the underlying limited partnerships	Capital return		
	Six months ended 30.6.23 £000 (unaudited)	30.6.22 £000 (unaudited)	Year ended 31.12.22 £000 (audited)
Movement on loans to general partners:			
Losses on current-period loans advanced to general partners	(5,251)	(4,320)	(12,512)
Gains on prior-period loans recovered from general partners	2,907	—	—
Total losses on priority profit share loans advanced to general partners	(2,344)	(4,320)	(12,512)

In years in which the funds have not yet earned sufficient net income to satisfy the priority profit share, the entitlement is carried forward to the following years. The priority profit share is payable quarterly in advance, even if insufficient net income has been earned. Where the cash amount paid exceeds the net income, an interest-free loan is advanced to the general partner by these primary buyout funds, which is funded via a loan from HGT. Such loan is recoverable from the general partner only by an appropriation of net income, until sufficient net income is earned. No value is attributed to this loan and hence an unrealised capital loss is recognised and reversed, if sufficient income is subsequently generated.





7. Priority profit share and carried interest *continued*

(c) Carried interest to founder partners	Capital return		Year ended 31.12.22 £000 (audited)
	Six months ended 30.6.23 £000 (unaudited)	30.6.22 £000 (unaudited)	
Carried interest charge against capital gains:			
Current period charge against realised capital gains	18,691	—	29,292
Current period (credit) / charge against unrealised capital gains	(12,403)	40,942	39,576
Total carried interest charge against capital gains	6,288	40,942	68,868

The carried interest payable ranks as a first appropriation of capital gains, after preferred return, on the investments held in the primary buyout funds, limited partnerships established solely to hold HGT's investments, and is deducted before such gains are paid to HGT in its capacity as a limited partner. The net amount of capital gains of the primary buyout funds during the period, after the deduction of carried interest, is shown in the income statement.

The details of the carried interest contracts, disclosed in the Directors' report on page 91 to 99 in the full 2022 annual report and accounts, state that carried interest is payable once a certain level of repayments has been made to HGT. Based on the repayments made during 2023, £18,691,000 (2022: £29,292,000) of carried interest was paid in respect of the current financial period. If the investments in HGT 7 LP, HgCapital Mercury D LP, HGT 8 LP, HGT Mercury 2 LP, HGT Saturn LP, HGT Genesis 9 LP, HGT Saturn 2 LP and HGT Mercury 3 LP are realised at the current fair value and then distributed to partners, an amount of £198,752,000 will be payable to the founder partner (2022: £211,155,000 payable to the founder partner); therefore, the Directors have made a provision for this amount. No provision is required in respect of HGT's investment in the other fund-limited partnerships, because they are still in their investment period.

8. Other expenses

(a) Operating expenses	Revenue return		Year ended 31.12.22 £000 (audited)
	Six months ended 30.6.23 £000 (unaudited)	30.6.22 £000 (unaudited)	
Registrar, management and administration fees	1,115	616	1,660
Legal and other administration costs ¹	2,310	2,220	5,493
Total other expenses	3,425	2,836	7,153

¹Includes employer's National Insurance contributions year to date of £22,000 (Full year 2022: £44,000).

(b) Finance costs	Revenue return		Year ended 31.12.22 £000 (audited)
	Six months ended 30.6.23 £000 (unaudited)	30.6.22 £000 (unaudited)	
Interest paid	3,742	537	6,638
Non-utilisation fees and other expenses	3,573	2,142	3,265
Arrangement fees	727	(1,209)	382
Total finance costs	8,042	1,470	10,285

Notes to the financial statements

9. Cash flow from operating activities

	Six months ended 30.6.23 £000 (unaudited)	30.6.22 £000 (unaudited)	Year ended 31.12.22 £000 (audited)
Reconciliation of net return before finance costs and taxation to net cash flow from operating activities			
Net return before finance costs and taxation	104,277	36,628	117,769
Gains on investments held at fair value and liquidity funds	(94,465)	(75,201)	(151,812)
Carried interest paid	(18,691)	—	(29,292)
(Decrease) / Increase in carried interest provision	(12,403)	40,942	39,576
Increase in accrued income from liquidity funds	(967)	(798)	(2,336)
Increase in accrued income and other debtors	(93,745)	(25,424)	(45,906)
Increase/(decrease) in creditors	1,728	(834)	1,458
Increase in uninvested capital	(550)	(803)	(79)
Net cash outflow from operating activities	(114,816)	(25,490)	(70,622)

Gains on investments held at fair value and liquidity funds includes realised and unrealised gains of £102.1 million in relation to gains on investments, and losses of £7.2 million in relation to liquidity funds and fund level facilities.

10. Taxation

Taxation for the six-month period is charged at 22% (31 December 2022: 19%), representing the best estimate of the average annual effective tax rate expected for the full year, applied to the pre-tax income of the six-month period.

In the opinion of the Directors, HGT has complied with the requirements of Section 1158 and Section 1159 of the CTA 2010 and will therefore be exempt from corporation tax on any capital gains made in the period. Where possible, HGT aims to designate all of any dividends declared in respect of this financial year as interest distributions to its shareholders. These distributions are treated as a tax deduction against taxable income, resulting in no corporation tax being payable by HGT on any interest income designated as a dividend.

11. Return and net asset value per ordinary share

(a) Basic and diluted return per ordinary share	Revenue return			Capital return		
	Six months ended 30.6.23 (unaudited)	30.6.22 (unaudited)	Year ended 31.12.22 (audited)	Six months ended 30.6.23 (unaudited)	30.6.22 (unaudited)	Year ended 31.12.22 (audited)
Amount (£000):						
Net return after taxation	10,308	18,211	24,318	85,927	16,947	83,166
Weighted average number of ordinary shares (000):						
Weighted average number of ordinary shares in issue	457,729	456,727	457,352	457,729	456,727	457,352
Basic and diluted return per ordinary share (pence)	2.25	3.99	5.32	18.77	3.71	18.18

(b) Net asset value per ordinary share	Capital return		
	Six months ended 30.6.23 (unaudited)	30.6.22 (unaudited)	Year ended 31.12.22 (audited)
Amount (£000):			
Net assets	2,165,602	2,030,442	2,089,965
Number of ordinary shares (000):			
Number of ordinary shares in issue	457,729	458,130	457,729
Net asset value per ordinary share (pence)	473.1	443.2	456.6



Notes to the financial statements

12. Commitment in fund partnerships and contingent liabilities

Fund	Original commitment ¹ £000	30.6.23 £000 (unaudited)	Outstanding at 30.6.22 £000 (unaudited)	31.12.22 £000 (audited)
HGT Saturn 3 LP	474,745 ²	474,745	883,355	612,618
HGT Genesis 10 LP	429,074 ³	343,833	344,323	359,424
HGT LP	98,317 ⁴	96,582	102,923	102,082
HGT Mercury 4 LP	107,269 ⁵	91,716	—	—
HGT Saturn LP	150,000	22,966	15,134	25,100
HGT Mercury 3 LP	98,687 ⁶	16,239	35,282	22,814
HGT Genesis 9 LP	308,933 ⁷	15,213	50,624	18,024
HGT 8 LP	260,000 ⁹	13,599	48,872	20,335
HGT Saturn 2 LP	314,614 ⁸	10,250	63,583	26,839
HgCapital Mercury D LP	60,000	3,265	3,265	3,265
HGT Mercury 2 LP	80,000	1,480	1,566	2,152
Asper RPP I LP	18,570 ¹⁰	594	596	612
HGT 7 LP	200,000	499	829	771
Total outstanding commitments		1,090,981	1,550,349	1,194,036

¹ HGT has the benefit of an opt-out provision, allowing it to opt out of its obligation to fund draw-downs under its commitments, without penalty, where certain conditions exist.

² Sterling equivalent of \$875 million.

³ Sterling equivalent of €500 million.

⁴ Sterling equivalent of \$125 million of junior debt.

⁵ Sterling equivalent of €125 million.

⁶ Sterling equivalent of €115 million.

⁷ Sterling equivalent of €360 million.

⁸ Sterling equivalent of \$400 million.

⁹ £260 million commitment reduced from £350 million after the sale of a 26% stake in HGT 8 LP

¹⁰ Sterling equivalent of €21.6 million.

13. Publication of non-statutory accounts

The financial information contained in this half-yearly financial report does not constitute statutory accounts as defined in section 434 of the Companies Act 2006. The financial information for the six months ended 30 June 2023 and 30 June 2022 has not been audited or reviewed by the Auditor pursuant to the Auditing Practices Board Guidance on 'Review of Interim Financial Information'. The information for the year ended 31 December 2022 has been extracted from the latest published audited financial statements, which have been filed with the Registrar of Companies. The Auditors' Report on those accounts was not qualified, did not include a reference to any matters to which the Auditors drew attention by way of emphasis without qualifying its report and did not contain statements under sections 498 (2) or (3) of the Companies Act 2006.

14. Annual results

The Board expects to announce the results for the year ending 31 December 2023 in March 2024. The 2023 annual report should be available by the end of March 2024, with the annual general meeting being held in May 2024.



Further information



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Investment management and ongoing charges

Underlying charges to Hg funds

Over the first six months of 2023, HGT's assets were managed by Hg Pooled Management Limited ('Hg'). HGT pays a priority profit share in respect of either its commitments to or invested capital alongside Hg funds, on similar terms as those payable by all institutional investors in these funds as listed below:

Fund partnership	Priority profit share (% p.a)
HGT Genesis 10 LP	1.75% on the fund commitment during the investment period
HGT Genesis 9 LP	1.5% of original cost of investments in the fund, less the original cost of investments which have been realised or written off
HGT 8 LP	1.5% of original cost of investments in the fund, less the original cost of investments which have been realised or written off
HGT 7 LP	1.5% of original cost of investments in the fund, less the original cost of investments which have been realised or written off
HGT Mercury 4 LP	1.75% on the fund commitment during the investment period
HGT Mercury 3 LP	1.5% of original cost of investments in the fund, less the original cost of investments which have been realised or written off
HGT Mercury 2 LP	1.5% of original cost of investments in the fund, less the original cost of investments which have been realised or written off
HgCapital Mercury D LP	0.5% of original cost of investments in the fund, less the original cost of investments which have been realised or written off
HGT Saturn 3 LP	1.0% on the fund commitment during the investment period
HGT Saturn 2 LP	0.75% of original cost of investments in the fund, less the original cost of investments which have been realised or written off
HGT Saturn LP	1.0% of original cost of investments in the fund, less the original cost of investments which have been realised or written off
HGT LP	1.0% of original cost of investments in the fund, excluding co-investment

For HGT's investment alongside the Hg Genesis 7, Hg Genesis 8, Hg Genesis 9, Hg Genesis 10, Hg Mercury, Hg Mercury 2, Hg Mercury 3, Hg Mercury 4, Hg Saturn 2 and Hg Saturn 3 funds, the carried interest arrangements are identical to that which applies to all limited partners in these funds. Under these arrangements, carried interest is payable based on 20% of the aggregate profits, but only after the repayment to HGT of its invested capital and a preferred return, based on 8% p.a., calculated daily, on the aggregate of its net cumulative cash flows in each fund and such preferred return amount which is capitalised annually.

For HGT's investment alongside the Hg Saturn fund, the carried interest arrangement is also identical to that which applies to all limited partners in this fund. Under this arrangement, carried interest is payable based on 12% of the aggregate profits, payable after the repayment to HGT of its invested capital and a preferred return based on 8% p.a. or 20% of the aggregate profits, payable after the repayment to HGT of its invested capital and a preferred return of 12% p.a.

No priority profit share or carried interest will apply to any co-investment made alongside those funds in excess of HGT's pro-rata commitment. Therefore, the co-investments made by HGT in P&I, Visma, Azets, Mitrastech, Commify, Argus Media, smartTrade, Norstella, F24, Geomatikk, Benevity, Silverfin, Dext, insightsoftware, Rhapsody, Nitrogen, Pirum, IFS Workwave and GTreasury do not entitle Hg to any priority profit share or carried interest. No compensation would be due to Hg on termination of the agreement.

Calculation of ongoing charges

For the period to 30 June 2023, HGT's annualised ongoing charges were calculated as 1.6% (30 June 2022: 1.3%).

The calculation is based on the ongoing charges (numerator) expressed as a percentage of the average published NAV (denominator) over the relevant year.

The ongoing charges, in accordance with guidelines issued by The Association of Investment Companies ('AIC'), are the annualised expenses which are operational and recurring by nature and specifically exclude, among others, the expenses and gains or losses relating to the acquisition or disposal of investments, performance-related fees (such as carried interest), taxation and financing charges.

HGT's ongoing charges consist of its current year priority profit share payable of £13.1 million and operating expenses of £3.4 million as described in notes 7 and 8 to the financial statements respectively. The average NAV for the period to 30 June 2023 was £2.1 billion. This has been annualised for the full year 2023.

Hg has also been appointed as administrator of HGT for a fee equal to 0.1% p.a. of the NAV.

No fees are charged on the share-price performance of HGT.



Shareholder information

Financial calendar

The announcement and publication of HGT's results may normally be expected in the months shown below:

March	- Final results for year announced - Annual report and accounts published
May	- Annual general meeting and payment of final dividend - Release of Manager's quarterly update with updated 31 March NAV
September	Interim figures announced and interim report published
October	Payment of interim dividend
November	Release of Manager's quarterly update with updated 30 September NAV

Dividend

The interim dividend proposed in respect of the year ending 31 December 2023 is 2.0 pence per share.

Ex-dividend date (date from which shares are transferred without dividend)	28 September 2023
Record date (last date for registering transfers to receive the dividend)	29 September 2023
Last date for registering DRIP instructions (see below)	13 October 2023
Dividend payment date	27 October 2023

Payment of dividends

Cash dividends will be sent by cheque to the first-named shareholder at their registered address, to arrive on the payment date. Alternatively, dividends may be paid direct into a shareholder's bank account. This may be arranged by contacting HGT's registrar, Computershare Investor Services PLC ('Computershare'), on 0370 707 1037.

Dividend re-investment plan ('DRIP')

Shareholders can choose to use their dividends to purchase further shares in HGT, forms can be obtained from HGT's registrar, Computershare:

Telephone: +44 (0)370 703 0084 or
computershare.co.uk/DRIP

Shareholders who have already opted for dividend re-investment do not need to re-apply. The last date for registering for this service for the forthcoming dividend is 13 October 2023.

Share price

HGT's ordinary share price is published on the London Stock Exchange's website: www.londonstockexchange.com and on our website (subject to a 15-minute delay): hgcapitaltrust.com

ISIN/SEDOL numbers

The ISIN/SEDOL numbers and mnemonic code for HGT's ordinary shares are:

ISIN	GB00BJOLT190
SEDOL	BJOLT19
Reuters code	HGT.L

Share dealing

Investors wishing to purchase or sell shares in HGT may do so through a stockbroker, financial adviser, bank or several share dealing platforms. To purchase this investment, you must have read the key information document ('KID') before the trade can be executed. This, and other information, is available on HGT's website: hgcapitaltrust.com

The registrar, Computershare, can provide you with the KID by either e-mail or post.

To purchase shares, you can contact the registrar on:
Telephone: +44 (0)370 703 0084
Internet share dealing: computershare.com/dealing/uk

Internet dealing service is available to shareholders in certain jurisdictions, including the UK. The commission is 1.4%, subject to a minimum charge of £40 for internet share dealing. In addition, stamp duty is payable on purchases. Before you trade, you will need to register for these services.

Detailed terms and conditions are available on request by telephoning +44 (0)370 703 0084.

This is not a recommendation to buy, sell or hold shares in HgCapital Trust plc. Those shareholders unsure of what action to take should obtain independent financial advice. Share values may go down, as well as up, which may result in a shareholder receiving less than they originally invested.

To the extent that this statement is a financial promotion for the share-dealing service provided by Computershare Investor Services PLC, it has been approved by Computershare Investor Services PLC for the purpose of section 21 (2) (b) of the Financial Services and Markets Act 2000 only. Computershare Investor Services PLC is authorised and regulated by the Financial Conduct Authority. Where this has been received in a country where the provision of such a service would be contrary to local laws or regulations, this should be treated as being for information only.



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Shareholder information

Uncertificated Securities Regulations 1995 – CREST

HGT's ordinary shares have joined CREST, an electronic system for uncertificated securities trading.

Private investors can continue to retain their share certificates and remain outside of the CREST system. Private investors are able to buy and sell their holdings in the same way as they did before the introduction of CREST, although there may be differences in dealing charges.

Income tax

Where possible, dividends can be designated as an interest distribution (interest-streaming) for tax purposes. The Finance Bill 2017 included provisions which removed the requirement to deduct income tax at source from dividends notionally designated as interest distributions by investment trust companies, when they are made on or after 6 April 2017.

This brought this type of income into line with the treatment of interest paid on bank and building society accounts, following the introduction of the personal savings allowance. The amount of your personal savings allowance depends on your adjusted net income. Where interest-streaming is not possible, there is an individual annual allowance of £1,000 across all dividend income, above which there is a tax liability. For further information, please visit the HMRC.gov.uk website. For queries about your own tax position, please speak to an independent tax adviser.

Capital gains tax ('CGT') for UK tax payers

Qualifying investment trusts currently pay no corporation tax on capital gains made within the portfolio. When investors sell all or part of their holdings, they may be liable to CGT. For more information, visit gov.uk/capital-gains-tax

Investments held in ISAs continue to remain exempt from CGT.

Please remember that we are unable to offer individual investment or taxation advice. Those investors in any doubt about their liability for CGT should seek professional advice.

Risk factors

- Investments in predominantly unquoted companies, which form the majority of HGT's investments, may not be as readily realisable as investments in quoted companies.
- As Hg invests primarily in companies whose operations are headquartered or substantially based in Europe and in companies which trade internationally, the value of HGT's shares may be affected by changes in rates of foreign exchange.

- Hg invests in a portfolio of small to mid-cap companies, with enterprise values of more than £100 million (at the time of acquisition), the performance of which can fluctuate.
- The price at which HGT's shares trade on the London Stock Exchange is not the same as their NAV (although they are related); therefore, you may realise returns which are lower or higher than NAV performance.
- Past performance is not necessarily a guide to future performance – and an investor may not get back the amount originally invested.
- The value of investments in HGT and the income from them can fluctuate, as the value of the underlying investments fluctuates.
- HGT invests in unquoted companies; although great care is taken in their valuation, such valuations cannot, by their nature, be exact and are liable to change.

Duration of HGT

An ordinary resolution was approved by shareholders at the annual general meeting in May 2020 to continue the life of HGT for a further five years – and a similar resolution will be put to the shareholders at every fifth year thereafter.

If the resolution to continue the life of HGT is not approved, a general meeting will be convened within six months after the date of the AGM to put forward proposals for the reorganisation or reconstruction of HGT.

Nominee holdings

Where shares are held in a nominee company name, HGT undertakes to:

- provide the nominee company with multiple copies of shareholder communications, provided that an indication of quantities has been given in advance.
- allow investors holding shares through a nominee company to attend general meetings, provided that the correct authority from the nominee company is available.

Nominee companies are encouraged to provide the necessary authority to underlying shareholders to attend HGT's general meetings.

Shareholder information

Non-mainstream pooled investments

The Board notes the changes to the FCA rules relating to the restrictions on the retail distribution of unregulated collective investment schemes and close substitutes which came into effect on 1 January 2014.

Legal advice obtained by HGT confirms that HGT's shares will qualify as an 'excluded security' under these new rules and will be excluded, therefore, from the FCA's restrictions which apply to non-mainstream investment products because they are shares in an investment trust.

HGT conducts its affairs so that the shares issued by HGT can be recommended by IFAs to ordinary retail investors, in accordance with the FCA's rules in relation to non-mainstream investment products and intends to continue to do so for the foreseeable future.

Common reporting standard

With effect from 1 January 2016, new tax legislation under the OECD ('Organisation for Economic Co-operation and Development'), The Common Reporting Standard for Automatic Exchange of Financial Account Information ('The Common Reporting Standard'), was introduced.

The legislation requires investment trust companies to provide personal information to HMRC on certain investors who purchase shares in them. As an affected company, HGT provides information annually to the local tax authority on the tax residencies of some non-UK based certificated shareholders and corporate entities.

All shareholders, excluding those whose shares are held in CREST, entered onto the share register from 1 January 2016 will be sent a certification form for the purposes of collecting this information.

Please see HMRC's Quick Guide: Automatic Exchange of Information, information for account holders: gov.uk/guidance/automatic-exchange-of-information-introduction

ISA status

HGT's shares are eligible for stocks and shares ISAs.

Shareholders' enquiries

In the event of queries regarding your shares, please contact Computershare:

Computershare Investor Services PLC
The Pavilions
Bridgwater Road
Bristol, BS99 6ZZ
Telephone: +44 (0)370 707 1037

Computershare Investor Centre: investorcentre.co.uk
To register you will need your shareholder reference number (this information can be found on the last dividend voucher or your share certificate)

Computershare offers a free secure share management website which allows you to:

- view your share portfolio and see the latest market price of your shares.
- elect to receive your shareholder communications online.
- calculate the total market price of each shareholding.
- view price histories and trading graphs.
- update bank mandates and change of address details.
- use online dealing services.

General enquiries about HGT should be directed to:

Hg Pooled Management Ltd
2 More London Riverside
London, SE1 2AP

Telephone: 020 8396 0930

Email: investorrelations@hgcapitaltrust.com





Glossary and Alternative Performance Measures ('APM')

Available liquid resources (APM)

Includes cash at bank, uninvested capital, cash fund investments and the undrawn bank facility.

CAGR

Compound annual growth rate

Carried interest

Equivalent to a performance fee, this represents a share of the capital profits which will accrue to the investment manager, after achievement of an agreed preferred return.

Co-investment

An equity co-investment is typically a minority investment in a company made alongside a private equity fund. These investments are free from management fees and carried interest.

DACH

An acronym for D (Deutschland/Germany), A (Osterreich/Austria), CH (Schweiz/Switzerland).

Discount

Investment trust shares frequently trade at a discount to NAV. This occurs when the share price is less than the NAV. In this circumstance, the price which an investor pays or receives for a share would be less than the value attributable to it by reference to the underlying assets. The discount is the difference between the share price and the NAV, expressed as a percentage of the NAV. For example, if the NAV were 473.1 pence and the share price were 430.1 pence, the discount would be 10%.

EBITDA (APM)

Earnings before interest, tax, depreciation and amortisation. LTM EBITDA growth is an Alternative Performance Measure.

ESG

Environmental, social and governance

EV (enterprise value)

This is the aggregate value of a company's entire issued share capital and net debt.

Expansion capital

The provision of capital to an existing, established business, to finance organic growth or acquisitions.

Fund level facilities

Lines of credit that sit below the fund structure which are used to fund portfolio M&A and return cash to investors. The facilities are unsecured, with no recourse to HGT or the underlying funds and are repaid from future realised proceeds, the proportion of which will depend on the loan to value ratio at that time. Since the debt sits below the funds the interest is shown as an unrealised loss against the HGT investments.

Hedging

Hedging is an investment technique designed to offset a potential loss on one investment by purchasing a second investment which is expected to perform in the opposite way.

ILPA

Institutional Limited Partners Association

IPO (initial public offering)

An offering by a company of its share capital to the public with a view to seeking an admission of its shares to a recognised stock exchange.

IRR (internal rate of return)

The annualised rate of return received by an investor in a fund. This is calculated from cash drawn from and returned to the investor, together with the residual value of the investment.

LBO (leveraged buyout)

The purchase of all or most of a company's share capital, often involving its managers, funded mainly by borrowings often secured on HGT's assets, resulting in a post-financing capital structure of HGT which is geared.

LP (limited partnership)

An English limited partnership includes one or more general partners who have responsibility for managing the business of the partnership and have unlimited liability and one or more limited partners who do not participate in the operation of the partnership and whose liability is ordinarily capped at their capital and loan contribution to the partnership. In typical fund structures, the general partner receives a priority profit share ahead of distributions to limited partners. In addition, a limited partner, designated as the 'founder partner', will share in the profits of the partnership, alongside the other limited partners, once limited partners have been returned all loan contributions, plus a hurdle rate of return as agreed with the partnership.

Shareholder information

LTM

Last 12 months

MBI (management buy-in)

A change of ownership, where an incoming management team raises financial backing, normally a mix of equity and debt, to acquire a business.

MBO (management buyout)

A change of ownership, where the incumbent management team raises financial backing, normally a mix of equity and debt, to acquire a business it manages.

MOIC

Multiple on invested capital – is one of the performance measurements for private fund investing. It is calculated by dividing the sum of a fund's realised and unrealised value by the total amount invested.

NAV (net asset value per share) (APM)

This is the value of HGT's assets attributable to one ordinary share. It is calculated by dividing 'shareholders' funds' by the total number of ordinary shares in issue. For example, as at 30 June 2023, shareholders' funds were £2,165,602,000, with 457,728,500 ordinary shares in issue; the NAV was therefore 473.1 pence per ordinary share. Shareholders' funds are calculated by deducting current and long-term liabilities, and any provision for liabilities and charges, from HGT's total assets.

NRR

Net recurring revenue is the proportion of the revenue from existing clients which is secured and will therefore recur in the following calendar year.

P2P (public to private)

The purchase of all of a listed company's shares using a special-purpose vehicle funded with a mixture of debt and unquoted equity.

Preferred return

A preferential rate of return on an individual investment or a portfolio of investments.

Premium

A premium occurs when the share price is higher than the NAV and investors would therefore be paying more than the value attributable to the shares by reference to the underlying assets. For example, if the share price were 520.4 pence and the NAV were 473.1 pence, the premium would be 10%.

Quoted company

Any company whose shares are listed or traded on a recognised stock exchange.

SASB

The Sustainability Accounting Standards Board

Share-split

A share-split (or stock-split) is the process by which a company divides its existing shares into multiple shares. Although the number of shares outstanding increases, the total net asset value of the shares remains the same as before.

HGT completed a 10:1 share-split in May 2019.

TCFD

Task Force on Climate-related Financial Disclosures. The Financial Stability Board created TCFD to improve and increase reporting of climate-related financial information.

Total ongoing charges (APM)

Please refer to page 60.

Total return (APM)

The total return to shareholders comprises both changes in HGT's NAV or share price and dividends paid to shareholders; it is calculated on the basis that all historic dividends have been reinvested in HGT's shares on the date the dividend is paid.

UNPRI

Principles of Responsible Investment. The PRI is the world's leading proponent of responsible investment.

Unquoted company

Any company whose shares are not listed or traded on a recognised stock exchange.

VCD

Value creation diagnostic

VDD

Vendor due diligence

Venture capital

Investing in companies at a point in that company's life cycle which is at the concept, start-up or early stage of development.





Board, management and administration

Directors

Jim Strang
(Chairman)
Richard Brooman
(Chairman of the Audit, Valuations and Risk Committee)
Pilar Junco
Erika Schraner
(Chair of the Management Engagement Committee)
Guy Wakeley
Anne West
(Senior Independent Director)

Company secretary

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companymatters.co.uk

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Registered number

01525583

Website

hgcapitaltrust.com

Investment manager

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hgcapital.com

Registrars and transfer office

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computershare.com/uk

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numiscorp.com

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dicksonminto.com

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Telephone: 020 7085 5000
rbsinternational.com

Administrator

Hg Pooled Management Limited¹
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SE1 2AP
Telephone: 020 8396 0930
hgcapital.com

Depository

Apex Depository (UK) Limited¹
6th Floor
140 London Wall
London
EC2Y 5DN
Telephone: 020 3697 5353
theapexgroup.com

AIC

Association of Investment Companies
theaic.co.uk
The AIC represents closed-ended investment companies. It helps its member companies through lobbying, media engagement, technical advice, training and events.
The AIC's website includes information about investments via investment companies, including investments in listed private equity companies.

¹ Authorised and regulated by the Financial Conduct Authority.





