

HgT

Recent software sell-off now reflected in NAV

HgT reported an NAV total return (TR) decline of 5.4% in Q126, resulting from a 9% impact from a contraction in multiples used to value its holdings, driven by an indiscriminate sell-off in public software stocks. This was partly offset by a 5% contribution from strong earnings growth across its portfolio, which historically has been the key return driver. Last-12-month (LTM) revenue and EBITDA increased by 16% and 19%, respectively (of which 10% and 17% were organic), similar to 2025 figures. This brought the trust's five- and 10-year NAV TRs to 10.9% per year and 16.1% per year, respectively. The average EBITDA margin across HgT's portfolio remains healthy at 34%, with potential further upside from AI-driven reductions in R&D and customer support costs. The discount to NAV at which HgT's shares trade has widened significantly this year to c 30% currently, much wider than its 2021–25 average of 9%. Hg (HgT's manager) estimates that this implies a look-through EV to LTM EBITDA ratio of c 17x. We calculate this to be below the current c 20x weighted average multiple for US SaaS businesses based on their earnings for their last financial year.

HgT generated £112m in exit proceeds and made £133m investments in the year to date from: (1) full exits of Intelrad (announced last year, closed at a valuation of £52.2m, a more than 60% uplift to end-September 2025 carrying value) and Geomatikk (at an exit price of £20.4m, implying a slight uplift to end-December 2025 carrying value despite being signed in the midst of the public market sell-off); (2) a conversion of its existing £39.0m exposure in Septeo via Hg Genesis 9 into a £51.1m fee-free co-investment; and (3) investments in Onestream and Teamworks. HgT's portfolio debt maturity profile remains solid with no meaningful maturities in 2026 and 2027, while its current leverage across the portfolio translates into an average net debt to EBITDA ratio of 7.2x and a 30% leverage ratio. The trust's pro forma outstanding investment commitments stood at £2.1bn, of which Hg expects £0.2bn not to be called. Another £1.6bn are HgT's recent commitments to Hg's 2025 and 2026 fund vintages expected to be called over the next five to six years, including Saturn 4 (where Hg expects first capital calls in 2026) and Mercury 5 and Genesis 11 funds (first capital calls in 2028). This compares with £297m of pro forma liquid resources at end-Q126 (including a £259m undrawn part of its £375m revolving credit facility).

We believe that HgT is well-placed to benefit from the AI augmentation of software products across its portfolio. Hg's agenda is driven by Hg Catalyst, a dedicated AI product incubator with more than 100 engineers, designers and product managers, which supported over 20 product builds across Hg's portfolio. For more detail, please see our [February 2026](#) and [March 2026](#) notes. We also note Hg's multiple partnerships with AI providers (eg Anthropic, Forethought, Velaris) in agentic coding and support, customer success, answer engine optimisation, sales and chat. Therefore, HgT's above-average discount to NAV offers re-rating potential if Hg successfully navigates the AI disruption. There has been meaningful 'internal' buying of HgT's shares in the year to date, including around £20m of Hg partner and employee investments (which have become the third-largest position of HgT's shareholder register at 6.1% of share capital), purchases from all seven of HgT's non-executive directors, as well as £19m spent on share buybacks initiated on 6 February 2026 (c 1.0% of share capital). Moreover, following a widening of HgT's discount to NAV, Valhalla Ventures (the investment vehicle of Prequin founders Mark O'Hare and Lindy O'Hare) built up a stake of over 9.0% in HgT earlier this year.

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Investment companies
Listed private equity/TMT

11 May 2026

Price	368.00p
Market cap	£1,678m
NAV	528.3p
Discount to NAV	30.3%
Current yield	1.4%
Shares in issue	453.0m
Code/ISIN	HGT/GB00BJOLT190
Primary exchange	LSE
AIC sector	Private equity
Financial year end	31 December
52-week high/low	523.9p 345.0p
NAV high/low	561.9p 531.3p
Net gearing	3.3%

Fund objective

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

Analysts

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