HgT

NAV TR of 2.0% in Q326 amid strong trading

Investment companies
Listed private equity/TMT

9 November 2026

Price		**379.00p**
Market cap		**£1,717m**
NAV		539.1p
Discount to NAV		29.7%
Current yield		1.3%
Shares in issue		453.0m
Code/ISIN		HGT/GB00BJ0LT190
Primary exchange		LSE
AIC sector		Private equity
Financial year end		31 December
52-week high/low	505.6p	318.3p
NAV high/low	561.5p	528.0p
Net gearing		5.0%

HgT reported a 2.0% NAV total return (TR) in Q326, following a 0.5% increase in Q226, bringing its NAV per share to 539.1p, continuing the recovery from the Q126 low and limiting the year-to-date NAV TR decline to 3.1%. Continued strong trading added 5% to gross portfolio value during Q326 (15% year to date), more than offsetting a negative 2% impact from lower comparable multiples. Last-12-month revenue and EBITDA grew by a strong 15% and 19% y-o-y, respectively (of which 11% and 17% was organic), at a healthy EBITDA margin of 35% (end-June 2026: 34%). Despite a selective recovery in listed software valuations during Q3, application and vertical software stocks have lagged, leading to a further decline in HgT's weighted average EV/EBITDA multiple to 22.6x (end-2025: 25.2x). Average net debt to EBITDA improved further to 6.7x from 7.4x at end-2025.

HgT generated £13m in exit proceeds during Q326, mostly from the full exit of Quantios (a trust and corporate services software provider) at a 31% uplift to carrying value. Moreover, Hg (HgT's manager) announced the agreed sale of Gen II (a private capital fund administrator) to KKR in October, valuing HgT's stake at £71m, a 34% uplift (£18m or 4.0p per share) to HgT's pro forma end-August 2026 carrying value, already reflected in the end-September NAV. This brings the average uplift across four full exits agreed or completed in 2026 to 32% (vs 10-year average of 30%), which we consider encouraging evidence of sustained buyer appetite for high-quality, technology-enabled businesses. HgT invested £28m during Q3, mostly in Nourish Care Systems (healthcare software) and Street Group (UK residential property software). Further investments of c £39m in EnterSoftone (business management software) and 3E (renewable energy software and advisory services) have been announced and are awaiting completion.

HgT extended and increased its revolving credit facility from £375m to £450m, with maturity pushed out from March 2027 to September 2029 on more favourable terms. Its liquid resources stood at £286m at end-September, rising to £323m pro forma for subsequently announced transactions and the October dividend. This compares with £2.0bn of outstanding commitments, of which £1.8bn is expected to be called gradually over the next four to five years. Future realisations will remain important in supporting these commitments, although HgT retains the right to opt out of future capital calls, subject to certain conditions.

We believe HgT remains well-placed to benefit from AI adoption across mission-critical business software, supported by Hg's extensive AI capabilities. Hg has deepened its collaboration with Anthropic to accelerate the deployment of agentic AI across its portfolio, supported by Hg Catalyst, its dedicated AI product incubator. Moreover, in November 2026, Hg announced that HgT will invest, with participation from Anthropic (alongside other institutional clients of Hg investing through the Hg Saturn Fund, and as a direct co-investor), in a new European AI services company, which will help businesses adopt AI and develop AI-enabled products. Growing commercial traction is encouraging, with new agentic products contributing more than 10% to annual bookings at a dozen businesses across Hg's portfolio. While their incremental net earnings contribution remains difficult to quantify for now, we note that Hg identified $260m of budgeted EBITDA benefits from AI initiatives across the portfolio. We see scope for strong returns if earnings-driven NAV growth continues, while further exits at uplifts to previous carrying value provide a potential catalyst for the current 29.7% discount to NAV to narrow as investor confidence in established software businesses that seized the AI opportunity recovers.

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.

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