HgT

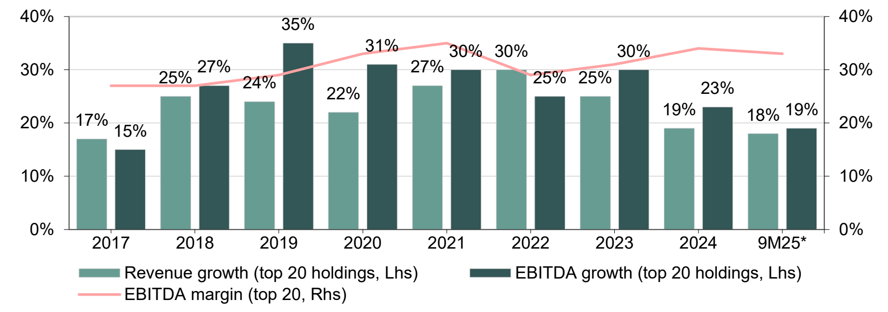
A B2B software play driving AI adoption

Investment companies
Listed private equity/TMT

20 November 2025

After more volatile public markets and an 'uncertainty pause' in global IT spending in early 2025, the environment has become more favourable for HgT, leading to positive NAV TR in Q2 and Q3. We remain convinced in its equity story as a strong compounder benefiting from the secular digitalisation trend, as illustrated by its healthy NAV TR of 14.5% and 17.8% per year over the five and 10 years. While the consequences of a platform shift like the one now triggered by AI are difficult to predict, HgT's investment manager is experienced in navigating such disruptive changes and has built extensive AI capabilities to support its portfolio in the adoption journey, with some initial promising outcomes. HgT's shares now trade at a 16.1% discount to NAV, versus a 10-year average of 8%.

Exhibit 1: HgT's portfolio consistently delivers high revenue and EBITDA margins



Source: HgT data. Note: *Across HgT's entire portfolio. Growth rates are not fully comparable across periods due to differences in portfolio composition.

Long-term digitalisation theme remains intact

The corporate digitalisation theme is supported by a structural decline in the working age population. Trading momentum in the software market seems to be improving after the softening in H125, with a 13% average increase in Q325 earnings forecasts for listed software businesses according to Hg's head of research. Gartner expects a significant budget flush before the end of the year. Hg remains confident in the potential of AI-enabled products, indicating that they are rapidly building their share in new business pipelines. Therefore, it hopes to see a more meaningful impact on revenue and margins across HgT's portfolio in the next one to two years.

A well-defined playbook to deliver consistent returns

Hg maintains its focus on its eight core end-markets within mission-critical, low-spend software for SMEs to generate steady, attractive returns from each investment with low volatility. Over the last 25 years, it delivered an average gross internal rate of return (IRR) of more than 30% and a multiple on invested capital (MOIC) of over 3x at a very low loss rate of less than 1%. An important enabler of these returns is the depth of new investment opportunities arising from the fragmentation of the European market (European-domiciled companies make up c 74% of HgT's portfolio). We consider HgT an interesting addition to a broader tech portfolio as it provides a balance to the 'Magnificent 7' exposure – a particularly appealing option in light of the current demanding AI valuations.

Price		**462.00p**
Market cap		**£2,176m**
NAV		550.4p
Discount to NAV		16.1%
Current yield		1.2%
Shares in issue		457.7m
Code/ISIN		HGT/GB00BJ0LT190
Primary exchange		LSE
AIC sector		Private equity
Financial year end		31 December
52-week high/low	542.9p	418.3p
NAV high/low	524.0p	500.5p
Net gearing		1.7%

Fund objective

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

Bull points

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

Bear points

- Impact of AI on SaaS is difficult to predict at this stage.
- The impact of a worsening macroeconomic environment on SMEs could result in reduced net client additions across HgT's portfolio.
- High net leverage of portfolio companies, but supported by high share of recurring revenues, strong earnings growth and high cash generation.

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An appealing addition to a tech portfolio

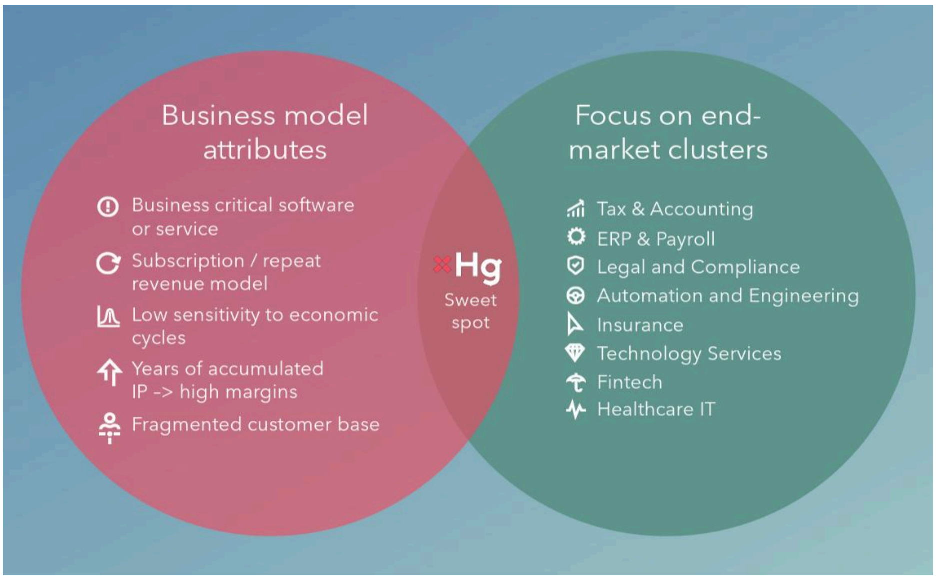
HgT is a private equity (PE) investment company that invests in leading, profitable, unquoted European mid-market businesses with an international footprint, offering mission-critical, low-spend software solutions to SMEs. It currently holds a portfolio valued at c £2.5bn consisting of over 55 such holdings at end-September 2025 and provides high-quality exposure to the corporate digitalisation theme.

The trust offers a combination of a high share of recurring revenues (usually 90%+) based on software-as-a-service (SaaS) subscription models, high customer retention, as well as cash conversion (measured as free cash flow to EBITDA) of over 90%. HgT's 'sweet spot' lies in defensive tech growth companies operating in one of eight core end-markets: tax and accounting; enterprise resource planning (ERP) and payroll; legal and compliance; automation and engineering; insurance; SME tech services; fintech; and healthcare IT.

The vast tech expertise and value creation capabilities of Hg come from a combination of three strengths:

- Its in-house team of operational experts, which includes more than 50 senior operational specialists, each supported by a network of trusted third-party associates and partners;
- An extensive community consisting of key managers from its portfolio companies (called Hg Hive); and
- Intellectual property, tools and group services on which its portfolio companies can rely.

Exhibit 2: Hg's 'sweet spot'



Source: HgT

A strong, consistent compounder

The corporate digitalisation theme is supported by the structural demographic trend of a declining working age population, which drives up labour costs in developed countries and stimulates software adoption. Hg's head of research examined IT spending patterns across countries and found that the share of software spending grows with the level of overall IT spending as a percentage of GDP. This suggests that the sector is not approaching saturation, even in more developed economies.

Unlike venture capital (VC) funds, whose portfolio performance is often driven by outsized returns from a narrow set of winners, Hg focuses on consistently delivering a MOIC of 2–4x for each investment, with low volatility, throughout the cycle. It has been successful in doing so, as over the last 25 years, it has delivered an average gross IRR of more than 30% and a MOIC of over 3x at a very low loss rate of less than 1%. This includes 91–92% of capital returning a MOIC of at least 2.0x and a gross IRR of at least 20%.

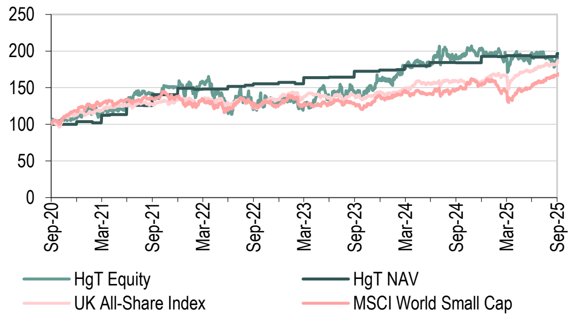
Hg is focusing on identifying companies benefiting from secular trends supporting their growth over more than 10 years. Nic Humphries, Hg's senior partner, highlights that there is c 1–2% underlying growth per year in the number of SMEs across most Western European economies, with a further c 3–4pp growth in the market for SME software and tech services solutions coming from growing adoption, which together results in a growth rate of at least two to three times GDP.

Hg is looking for companies with a strong existing core application (especially software for receipts and payments, as well as payroll), which then becomes the foundation for upsell opportunities (ie offering additional modules and systems to its customers). This represents the main driver of organic growth across HgT's portfolio, though the upsell activities are often supported by targeted bolt-on acquisitions.

Consequently, HgT's performance has historically been driven by strong sales and EBITDA momentum, which in recent years stood at 20–30% per year at a margin above 25% across its top 20 holdings (see Exhibit 1). Therefore, it fulfils the so-called 'Rule of 40', which is a rule of thumb (based on empirical evidence) saying that software stocks with combined revenue growth and EBITDA margins of 40% or more typically generate higher valuations.

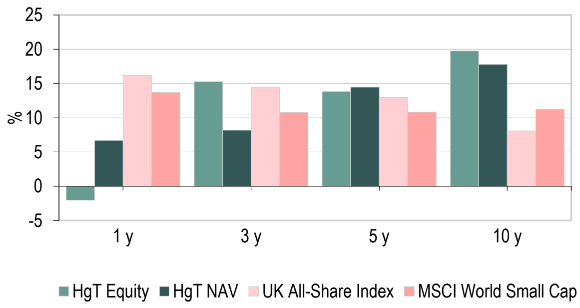
As a result, HgT delivered strong five-year and 10-year NAV TRs to end-September 2025 of 14.5% and 17.8% per year, respectively. This is well ahead of the UK All Share index (13.0% and 8.1%, respectively) and MSCI World Small Cap Index (10.8% and 11.2%, respectively), see Exhibit 4. HgT has also outperformed its listed PE peer average over the long term (see Exhibit 5).

Exhibit 3: Price, NAV and benchmark to total return performance, five years rebased



Source: LSEG Data & Analytics, Edison Investment Research

Exhibit 4: Price, NAV and benchmark total return performance (%) to end-September 2025



Source: LSEG Data & Analytics, Edison Investment Research. Note: Three-, five- and 10-year performance figures annualised.

Exhibit 5: HgT versus listed private equity peers at 19 November 2025*

%	Market cap (€m)	NAV TR (1-year)	NAV TR (3-year)	NAV TR (5-year)	NAV TR (10-year)	Discount	Ongoing charge**	Performance fee	Latest net gearing	Dividend yield
HgT	**2,188**	**6.7**	**26.6**	**96.5**	**414.6**	**(16.1)**	**1.4**	**Yes**	**101.8**	**1.2**
HarbourVest Global Private Equity	2,097	9.9	1.9	95.2	296.8	(34.6)	1.0	Yes	109.8	0.0
Pantheon International	1,554	7.2	3.7	69.8	213.5	(30.1)	1.4	Yes	110.1	0.0
ICG Enterprise Trust	925	6.7	15.4	96.7	249.8	(27.7)	1.4	Yes	109.0	2.5
Patria Private Equity Trust	892	10.7	17.3	96.7	280.8	(27.0)	1.1	No	108.6	2.9
CT Private Equity Trust	337	1.1	15.4	110.6	249.1	(30.1)	1.2	Yes	121.9	6.0
NB Private Equity Partners	678	3.4	(7.5)	69.6	196.4	(34.0)	1.9	Yes	102.7	4.7
Partners Group Private Equity	607	9.2	11.4	30.0	181.0	(29.0)	2.3	Yes	107.1	7.3
Altamir	904	(4.6)	(0.6)	29.9	211.7	(16.2)	3.3	No	119.5	3.8
Oakley Capital Investments	948	5.7	13.3	99.3	323.8	(23.3)	2.9	Yes	105.5	0.4
Peer average	**993**	**5.5**	**7.8**	**77.5**	**244.8**	**(28.0)**	**1.8**	**-**	**110.5**	**3.1**
Rank	**1**	**5**	**1**	**5**	**1**	**1**	**5**	**-**	**10**	**7**

Source: Morningstar, company data, Edison Investment Research.
Note: Net gearing is total assets less cash and equivalents as a percentage of net assets (100 = ungeared). *12-month performance based on end-September 2025 or latest available NAV. **Excludes look-through expenses at the underlying funds level.

Exhibit 6: Five-year discrete performance data

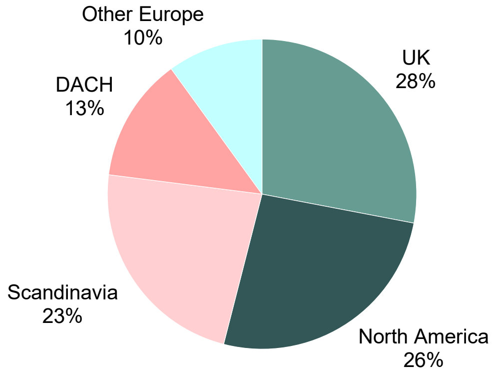
12 months ending	Total share price return (%)	Total NAV return (%)	UK All-Share index (%)	MSCI World Small Cap index
30/09/21	40.6	40.4	27.9	35.0
30/09/22	(11.4)	10.5	(4.0)	(9.0)
30/09/23	16.5	11.1	13.8	4.8
30/09/24	34.2	6.8	13.4	14.2
30/09/25	(2.0)	6.7	16.2	13.7

Source: LSEG Data & Analytics. Note: All % on a total return basis in pounds sterling.

A wide opportunity pool across private European software

HgT should be considered a potential component of an investor's broader tech exposure, especially given the de-equitisation trend in Europe, which translates into fewer publicly listed software companies. For investors wanting exposure to the wider software sector, HgT has the advantage of being able to invest in privately owned companies (which increasingly decide to stay private for longer), providing a far wider range of opportunities. Around 74% of HgT's portfolio is invested in European-domiciled businesses (see Exhibit 7). The fragmentation of the European market provides a depth of new investment opportunities at Hg's ticket size that is not available in the US. We consider this an important enabler of Hg's ability to deliver consistent returns. In aggregate, Hg's total portfolio enterprise value (EV) of c $180bn as at end-June 2025 (reflecting the combined total of all companies held in the portfolio, not just HgT's stake) would make it the second-largest European software company (after SAP).

Exhibit 7: Regional split of HgT's portfolio as of end-September 2025



Source: HgT

Looking beyond Europe, we believe that HgT's 100% focus on private software and tech services companies (many of which are the size of listed small and mid-caps) is unique among UK-listed investment trusts investing in tech, which normally have a wider footprint also covering sectors such as biotechnology, healthcare equipment, internet media and semiconductors. HgT is a good addition to a portfolio tracking the broader tech landscape, which tends to be skewed towards mega/large caps, including the 'Magnificent 7' stocks (see for instance the Polar Capital Global Technology Trust and Allianz Technology Trust).

Seeking to turn AI into a growth engine

While AI's long-term disruptive potential is undisputable and US tech megacaps delivered very strong returns in recent years, there are increased concerns about the current valuations of listed AI companies, as discussed in our recent Edison Explains piece. The Bank of England has issued its strongest warning yet about AI valuations, stating they are 'comparable to the peak of the dot com bubble' on some measures. The top five S&P 500 companies now represent 30% of the index (the highest concentration in 50 years), and even AI leaders like Sam Altman admit that investors are 'overexcited'. The cyclically-adjusted price-to-earnings (CAPE) ratio has climbed close to c 40x, approaching the dot-com-bubble peak of 44x, and is far above historical norms (see Exhibit 8). This metric, which smooths earnings over 10 years to eliminate short-term fluctuations, suggests the market is pricing in exceptional growth that may prove unsustainable. Major downside risks include infrastructure bottlenecks, such as power constraints, semiconductor shortages or data centre capacity limits. HgT does not invest in AI infrastructure companies, and therefore the above-mentioned concerns do not apply to its portfolio valuations.

Exhibit 8: US CAPE ratio approaching dot-com-bubble peaks

Source: multpl.com

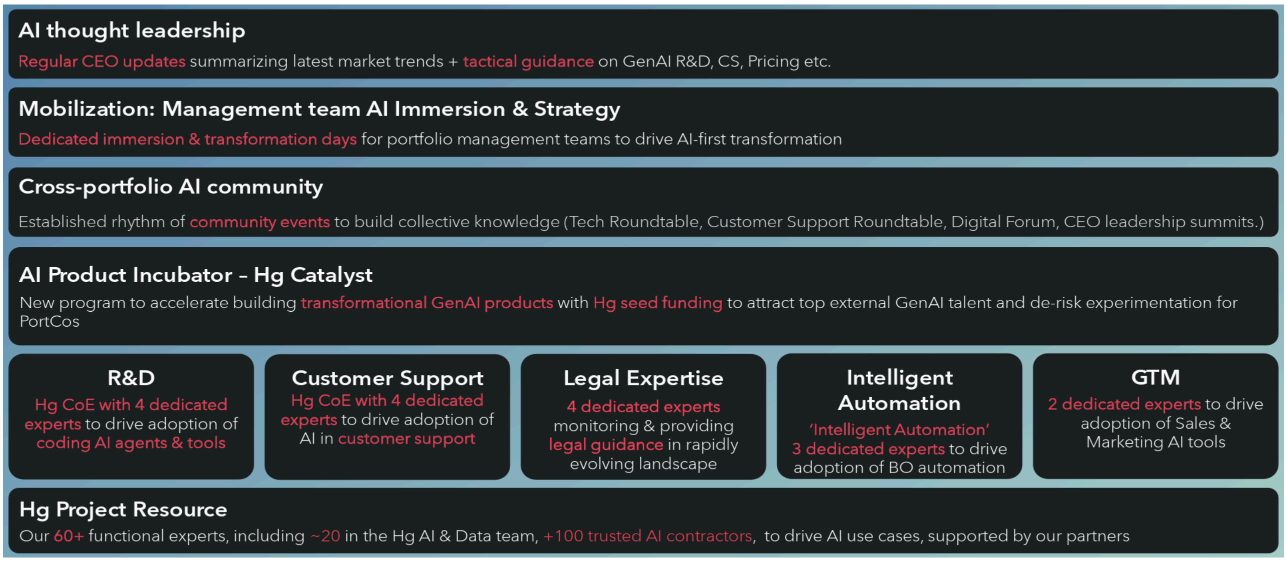
The AI boom is not a simple replay of 2000, as today's AI leaders have real revenues and genuine technological breakthroughs, and the infrastructure being built has immediate applications. That said, the funding circularity is concerning, as illustrated by the fact that NVIDIA is leasing chips for equity stakes and OpenAI has interlocking deals with multiple partners.

Against this backdrop, we believe that investors should diversify their exposure to the AI theme beyond the 'Magnificent 7' stocks. HgT's portfolio is a promising candidate in this respect, especially given that SaaS products are much easier to augment with AI than on-premise software. We believe that it may be more difficult for start-ups to disrupt incumbent players, such as Hg's portfolio companies with AI, as their SME customers highly value the reliability of their products that cannot be replicated by just using GenAI at present. Hg also highlights that the complexity of 'edge cases' (eg in accounting) cannot be easily addressed with innovative technology alone.

While there is always the risk that Hg's portfolio companies will suffer from being behind the curve in terms of AI adoption, we note that Hg has been an early adopter exploring the potential of AI and has built a team of 20 in-house data and AI experts and more than 60 consultant specialists, whose experience has been codified in Retina, a suite of AI-powered SaaS tools available to Hg's portfolio companies. Retina augments the business intelligence, data-driven decision-making and M&A sourcing of HgT's portfolio companies. Hg's capabilities and value creation activities across its portfolio related to AI solutions should give its holdings a competitive advantage over some peers that do not have such strong backing.

Furthermore, given that during a platform shift like AI it is difficult to predict which approaches to product development will work best, Hg encourages its portfolio companies to experiment (while setting clear boundaries, eg on the legal side) and to collaborate with other portfolio companies to share their ideas and experience with AI projects. Hg currently tracks more than 300 AI projects run at the level of individual portfolio companies, which until recently have been primarily devoted to internal productivity measures in areas such as customer support and product development, including code generation and modernisation. Some of Hg's most advanced portfolio companies in terms of AI adoption achieve an up to 90% automation rate in customer query handling, leaving the most complex tasks to employees and in turn leading to a reduction in staff churn. Moreover, one Hg portfolio company is already using teams consisting of a product manager and two engineers supported by up to 12 AI agents each.

Exhibit 9: Hg's GenAI edge



Source: Hg

That said, Hg also remains confident in the potential of AI-enabled products. Hg recently launched Hg Catalyst, its dedicated AI product incubator to accelerate product innovation across its portfolio. Hg Catalyst leverages more than 80 AI engineers, designers and product managers who work directly with Hg's portfolio companies to build agentic AI products (it has already helped launch over 15 AI-powered products). After indicating earlier this year that it has seen some early launches with rapid adoption at a premium price, Hg now highlights that AI-enabled products are rapidly building their share in new business pipelines. Therefore, it hopes to see a more meaningful impact on revenue and margins across its portfolio in the next one to two years. It highlighted that its continued investments in AI capabilities and the expansion of its serial chair programme positions Hg well to capture the significant opportunities ahead, particularly as agentic AI moves from potential to productivity, in products that are offered to customers across Hg's portfolio. For instance, one of its accounting holdings introduced an AI layer on top of its original software to analyse accounting data and provide the user with a set of actions, achieving strong positive client feedback. We believe this illustrates AI's potential for enhancing (rather than replacing) software solutions offered by HgT's portfolio companies.

Hg's optimism towards the impact of AI on SaaS businesses seems to be shared by other players in this area, for instance Vista Equity Partners, a PE investor in enterprise software, data and technology companies. According to the Global Private Equity Report 2025 published by Bain & Co, Vista believes that AI will rewrite the rule of 40 and drive the combined revenue growth and margin of SaaS businesses to 50% or even 60%. Orlando Bravo (the founder of Thoma Bravo) shared similar views during a recent CNBC interview. Nic Humphries, Hg's senior partner and executive chairperson, expects the combined revenue growth and EBITDA margin of SaaS businesses that successfully developed AI-powered products to go up by 5–10pp.

Portfolio example of AI-enabled products: IFS

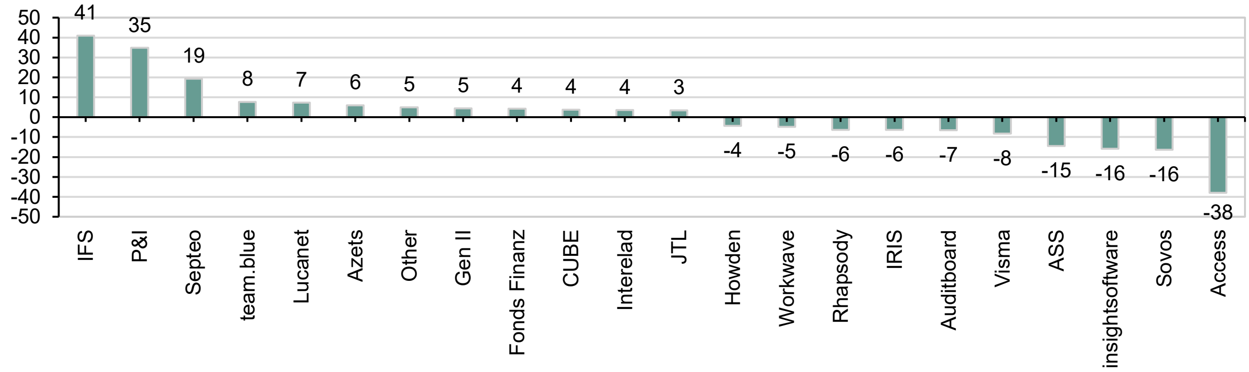
An example of an HgT portfolio company with a live AI-powered product is IFS. It is HgT's second-largest holding, making up 9.7% of the trust's end-June 2025 portfolio, and is a provider of cloud enterprise software and industrial AI applications across multiple sectors including ERP, enterprise asset management, field service management and enterprise service management for asset-heavy industries, such as aerospace and defence, energy utilities and resources, construction and engineering, manufacturing and telecoms.

It generated annual recurring revenue of more than €1bn in 2024, up by a strong 32% y-o-y. HgT indicated in its interim 2025 report that IFS continues to increase revenues through its focus on transitioning from perpetual to multi-year term licences, with double-digit organic growth. The company serves more than 5,500 customers (with over 350 added in 2024 alone).
The company's IFS.ai platform (which is part of IFS Cloud) combines a data foundation layer and a governance and orchestration layer with business process automation and optimisation, and an AI-powered user experience (which includes a co-pilot feature). IFS.ai is used by the company's clients to manage critical assets worth $2.4tn.

We note a comment made by Satya Nadella, chairperson and CEO of Microsoft, included in IFS's 2024 annual report: 'IFS.ai is I think fundamentally going to be transformative in giving any industrial setting that next leg up. Not just in the core manufacturing processes, but in all the knowledge work that happens alongside manufacturing.' Microsoft is IFS's partner, and IFS Cloud is deployed on Microsoft Azure and sold via the Azure/Microsoft Commercial Marketplace.

Hg recently doubled down on its investment, with Hg funds making a follow-on investment in the first half of 2025, with HgT alone deploying £120m. This brought the total equity stake across all Hg funds in IFS to more than 45% at end-June from around 29% at end-2024. IFS was the top contributor to value accretion across HgT's portfolio in H125 with a £41m increase in value (equivalent to around 26% of the end-2024 carrying value) and was also among the top contributors in 2024.

Exhibit 10: HgT's largest realised and unrealised movements in the value of the portfolio in H125 (£m)

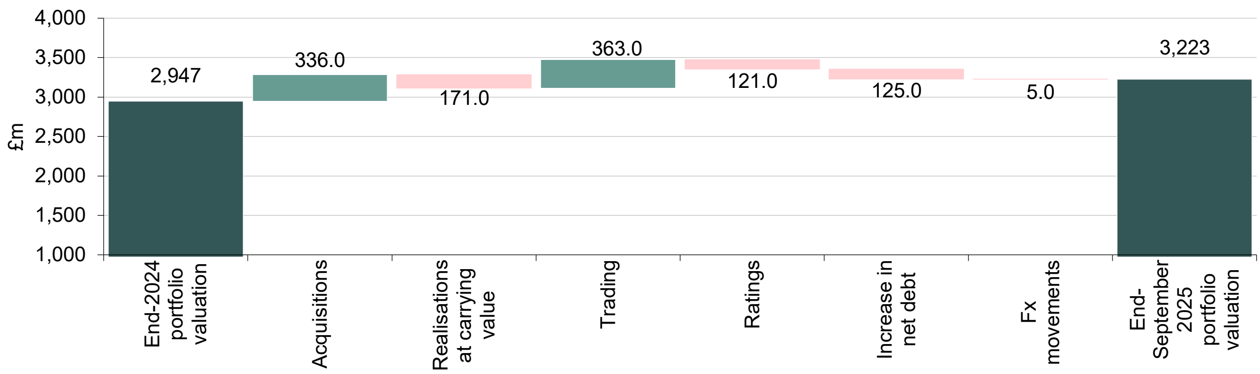


Source: Company data

9M25 results highlights

HgT has reported its Q325 results with a 2.4% increase in NAV per share, which marks a continuation of the rebound seen in Q225 following the negative impact of a weaker public market environment in Q125. HgT's NAV TR for 9M25 was therefore 1.9%. A continued positive contribution from portfolio earnings growth (4.3pp positive impact on portfolio valuation in Q325) and 1.4pp fx tailwinds were partly offset by lower valuation multiples and higher net debt across HgT's portfolio.

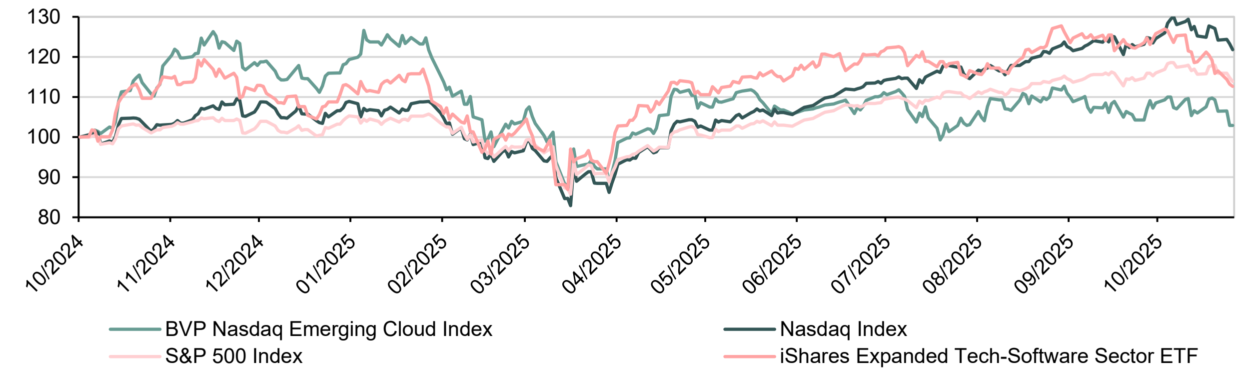
Exhibit 11: Breakdown of HgT's portfolio valuation change in 9M25



Source: Company data, Edison Investment Research

We note that the share prices of US-listed SaaS companies, as illustrated by the BVP Nasdaq Emerging Cloud Index, have not recovered from the tariff-induced turmoil to the same extent as the Nasdaq and S&P 500 Index (see Exhibit 12). The BVP Index is not a perfect comparator for HgT (and does not provide a direct read-across to HgT's portfolio valuations), not least because it often includes a certain proportion of loss-making businesses as well, while the vast majority of HgT's portfolio holdings are profitable. However, we believe that it still illustrates some broad valuation trends for SaaS businesses. On the other hand, the iShares Expanded Tech-Software Sector ETF (tracking 100 US tech companies, mostly software businesses) performed broadly in line with the Nasdaq Index to end-September 2025. That said, Hg's head of research highlighted that the 13% increase in Q325 earnings forecasts for listed software businesses flowed into prices only partially, leading to an 8% contraction in public market multiples.

Exhibit 12: Performance of select tech indices and S&P 500 Index

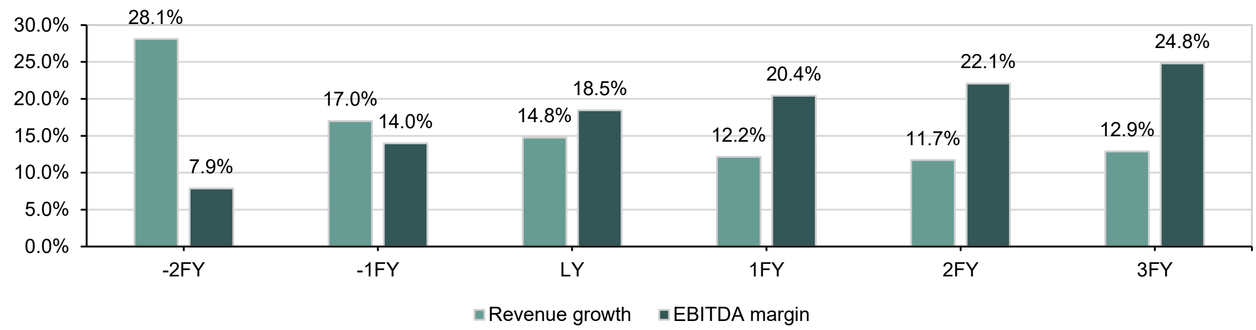


Source: LSEG Data & Analytics, Edison Investment Research

Meanwhile, last 12-month (LTM) revenue and EBITDA growth to end-September 2025 across HgT's portfolio were a strong 18% and 19% respectively. This includes 11% and 16% organic revenue and EBITDA growth, respectively. While the reported LTM EBITDA growth in HgT's portfolio shows a softening versus the 26% reported in H124, the numbers are not fully comparable given that in previous years they were reported for HgT's top 20 holdings only (a different set of companies in each of these years).

Margins across HgT's portfolio are holding up at a strong level at an average 33% for the 12 months to end-September 2025, broadly in line with previous years. Similarly, this year's EBITDA margin across the listed SaaS space is expected to be slightly above the previous year, as more mature business focus more on margins than maximising topline growth (see Exhibit 13).

Exhibit 13: Average historical and forecast revenue and EBITDA margin of US-listed SaaS businesses



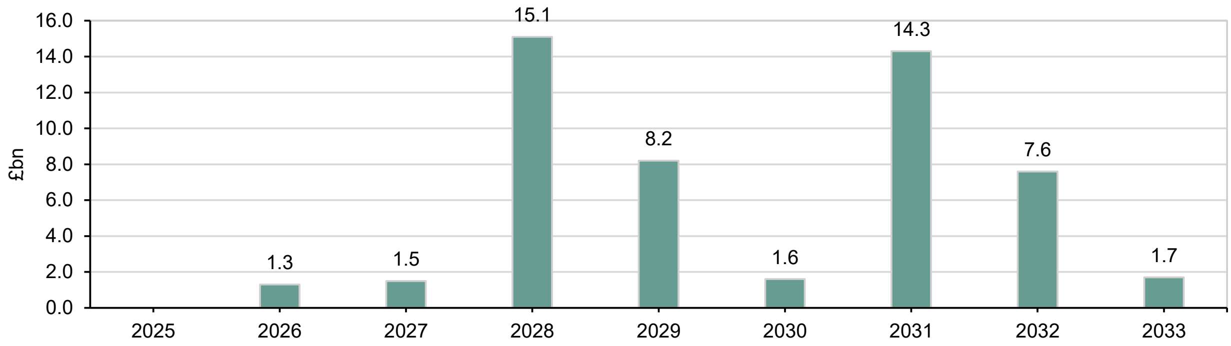
Source: LSEG Data & Analytics, Edison Investment Research. Note: As of 19 November 2025. LY, last financial year. FY, financial year.

David Toms, Hg's head of research, highlighted in the H125 report that customers were focusing largely on mission-critical software and established vendors at present, which suggests tight control of IT budgets and a tougher macroeconomic backdrop. He said that this is consistent with Hg's own experience with the HgT portfolio. He also highlighted that winning new customers was challenging, though (as we discussed above) we note that the revenue growth across HgT's portfolio companies normally comes from cross- and upsell to existing clients.

Importantly, Hg is starting to see a stabilisation in the broader software market, which suggests improving trading momentum into 2026. In its October 2025 forecasts for worldwide IT spending, Gartner commented that the uncertainty pause that began in Q225 started to alleviate in Q325 and that a significant budget flush is expected before the end of the year. Gartner highlights the increase in software cost, assisted by GenAI-powered features, though notes that software and services spending growth in 2025 is not recovering in the same way as devices and data centre systems, with vertical-specific software spending slightly more affected as its buyers are more sensitive to policy changes and business uncertainties. Gartner expects software and IT services spending to grow by 11.9% and 6.5% in 2025, respectively, followed by 15.2% and 8.7% in 2026, respectively.

Average net debt across HgT's portfolio stood at 7.3x at end-September 2025, which, with an average EV/EBITDA multiple used to value the portfolio of 25.5x, translates to a 29% leverage ratio versus total EV. There are no major amounts maturing in the next two years (see Exhibit 14).

Exhibit 14: Debt maturity profile of Hg's portfolio



Source: Company data

Emphasis on liquidity events against less favourable exit backdrop

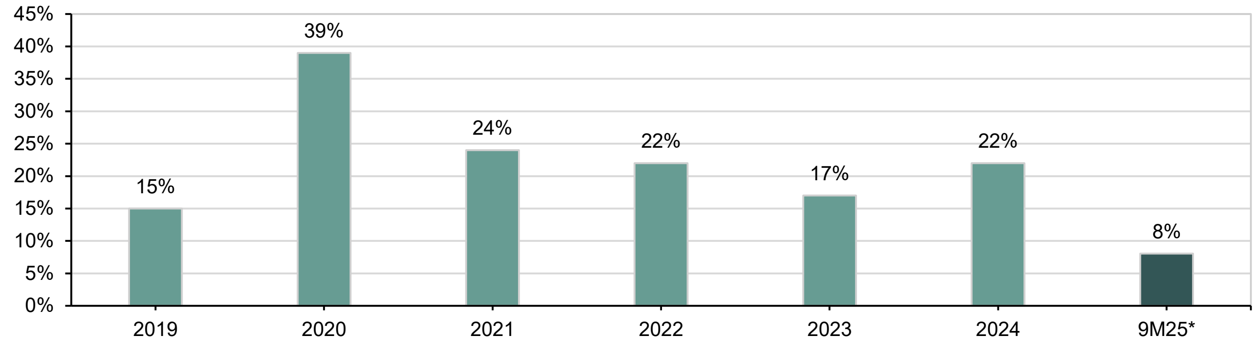
Hg delivered a considerable volume of liquidity events in 2024 and underlined that all Hg fund vintages from 2012 to 2018 ranked in the top quartile for distributed to paid-in capital versus peers. This translated into gross proceeds from exits and refinancings for HgT in FY24 of £508m, or 22% of opening NAV (which is consistent with the average between 2019 and 2023 of 23%). The ability to deliver meaningful liquidity events in a tough environment is a clear differentiator in the context of a decline in global private equity exit activity from the 2021 peak.

Some of HgT's realisation proceeds were re-invested into the same high-conviction portfolio companies, as part of Hg's approach of deploying part of the capital of new vintages of Hg funds into such companies held by older Hg funds to run winners for longer and in that way continue participating in the strong secular digitalisation theme. This aligns well with its vision of seeking companies benefiting from long-term secular growth themes within software discussed above.

The above-mentioned transactions often involve companies that 'graduate' from an Hg small-cap fund (Mercury, transactions with over €100m in equity) or mid-cap fund (Genesis, over €500m in equity per deal) to Hg's large-cap fund (Saturn), or from a Mercury fund to a Genesis fund. Hg offers its limited partners (including HgT) the opportunity to realise their investment in these businesses when the older-vintage Hg fund approaches the end of its life and returns capital. Investors may then decide to reinvest the proceeds and effectively extend their holding period of these assets by making commitments to new vintages of Hg funds. These reinvestments are normally made alongside new external investors, which typically account for at least 20–30% of capital or a significant absolute amount, providing third-party validation of the transaction's valuation.

Running winners for longer translates into a relatively high proportion of HgT's portfolio attributable to top 10 holdings, which at end-September 2025 made up c 58% of portfolio value. Notable top holdings (a meaningful part of which are held through the Saturn funds) include Visma (12.1%), the above-mentioned IFS (9.3%) and Access Group (7.4%). We believe that the successful realisation of some of Hg's Saturn holdings could provide an additional positive catalyst for HgT's share price, as they would provide additional validation of the trust's portfolio values and would provide the liquidity to repay part of the outstanding balance of credit facilities at the level of Hg's private funds (see details below).

Exhibit 15: HgT's realisations as % of opening NAV



Source: Company data, Edison Investment Research; Note: *Based on 9M25 realisations of £171m plus £30m proceeds expected from the sale of GTreasury after reporting date

Between 2017 and 2022, the trust's exits were completed at an average uplift to carrying value at the end of the preceding year of a solid 38%. Even in the more demanding environment after 2021, marked by low deal activity and pressure from higher interest rates, the trust was able to realise investments at an uplift, which in 2024 stood at an average 15% compared to the quarter before signing the transaction. This brought its average uplift in 2020–24 to 22% versus the carrying value at point of signing. We believe this is a testament to the quality of the trust's portfolio and its conservative valuation approach.

HgT's gross realisation proceeds reached £171m in 9M25, which, together with the GTreasury exit post reporting date (see below) represents 8% of opening NAV, ie, a run-rate below historical levels against a challenging exit environment:

- HgT fully exited smartTrade, a provider of multi-asset electronic trading and payments platforms (sold to TA Associates), resulting in £30.5m in proceeds (vs end-2024 carrying value of £32.3m).
- Citation Group (a provider of tech-enabled compliance and certification solutions to SMEs) completed a recapitalisation, with HarbourVest Partners becoming a new shareholder. The transaction values HgT's holding at 8% above its end-September 2024 carrying value and resulted in c £14.5m of net proceeds.
- P&I delivered £50.8m of proceeds to HgT, which was coupled with £115.0m further investment as part of a recapitalisation.
- Finally, HgT partially exited Trackunit, a SaaS and operating data platform provider for the construction ecosystem, at a 6% uplift to end-2024 carrying value, with net realisation proceeds of £15.9m in H125 and a further £6.4m in Q325. The buyer was the private equity business of Goldman Sachs Alternatives.

After the reporting date, HgT completed the full exit of GTreasury, a provider of adaptable treasury solutions to the office of the CFO, to digital assets firm Ripple, valuing the business at over $1bn (and translating into an expected £30m in proceeds for HgT). The transaction was completed at a strong uplift of 97% to the previous carrying value, although we note that GTreasury was one of HgT's smaller holdings (making up 0.5% of NAV at end-June 2025).

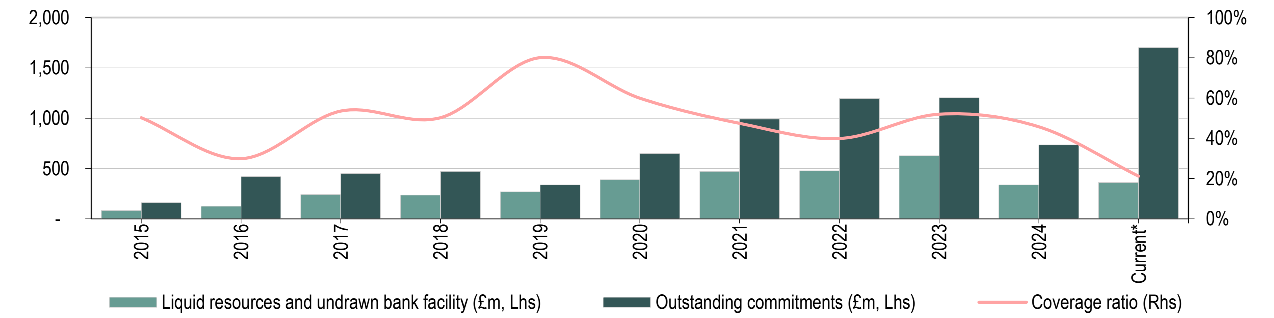
Investments (including reinvestments) stood at £336m in 9M25, or 13% of opening NAV. HgT made new investments in Scopevisio (which is active in cloud-based business automation, £4.8m) and A-LIGN (a US provider of tech-enabled cybersecurity compliance services, £49.7m), as well as follow-on investments in IFS (£124m) and P&I (£53m). It also reinvested part of the realisation proceeds into Citation Group (£30m) and Trackunit. This was partly offset by a £19.7m equalisation following the latest closing of the Hg Saturn 4 fund, Hg's latest-vintage large-cap fund. The 9M25 investments included £38m of co-investments (free of management and performance fees), which now make up 10% of the portfolio, within its target range of 10–15%. After the reporting date, HgT made a new £16.7m of investment in Payworks, a Canadian company active in total workforce management, and a new £19m investment in Diamant Software, a provider of accounting and financial controlling solutions for mid-sized companies and public-sector organisations in Germany.

Significant new commitments to Hg's latest-vintage funds

HgT has made sizeable commitments to date, including a $1bn commitment to the Saturn 4 fund, €350m to Hg Genesis 11, Hg's latest mid-cap fund, and €150m to Hg's latest small-cap fund (Hg Mercury 5). This resulted in HgT having pro forma outstanding commitments of £1.7bn as of 10 November 2025, which were c 21% covered by its pro forma available liquid resources of £360m (including its £375m credit facility, of which £46m was drawn at the time of HgT's announcement). While this commitment coverage ratio may seem low at first glance, we note that commitments will be drawn gradually over four to five years, and the latest Hg Genesis and Hg Mercury funds are expected to start investing in 2026. Saturn 4 should start investing in 2025, but we note that the drawdown of HgT's commitment to the fund (similarly to commitments made by other limited partners to Hg funds) will be delayed by 12 months, thanks to the use of underlying fund-level credit facilities, which bear an interest rate that is well below that of HgT's revolving credit facility, according to Hg. Therefore, HgT intends to partly fund its commitments with portfolio exits (in line with its past approach). Here, we note Visma reportedly picked London as its listing venue and could list as early as 2026. It is also worth keeping in mind that HgT has a unique right to opt out of any commitments to Hg funds, even if it does not intend to use this right under normal circumstances and considers it 'disaster insurance'.

The total outstanding balance of underlying fund-level facilities (often used to fund portfolio M&A and return cash to investors) attributable to HgT across all Hg funds stood at £524.5m at end-June 2025 (last available data, up from £364.1m at end-2024), or 17% of HgT's end-June 2025 portfolio value. These facilities are unsecured and have no recourse to HgT and the underlying Hg private funds in which HgT invests.

Exhibit 16: HgT's historical commitment coverage ratio



Source: Company data, Edison Investment Research. Note: *Based on pro forma data as of 16 October 2025.

Dividends

HgT is primarily a capital appreciation vehicle, but has been paying regular dividends, with the LTM payment of 5.5p implying a dividend yield of 1.2%. HgT does not follow any explicit dividend policy and the payments depend on its income streams, investment structures and liquidity events. However, HgT can only retain up to 15% of income to qualify for investment trust tax status and its board previously highlighted that it believes that 5.0p per share is a reasonable level for a floor.

Fees and charges

HgT pays a management fee specific to each of the Hg funds and calculated in respect of either HgT's commitments to or capital invested alongside the respective Hg fund. HGT's co-investments alongside Hg funds are exempt from fees. In FY24, total priority profit charged to HgT stood at £29.0m and operating expenses were £5.0m, bringing ongoing charges (excluding carried interest) to c 1.4% of average NAV (vs 1.7% in FY23). On top of this, HgT incurred finance costs of £9.2m. Other than fees payable for each of the underlying funds, Hg charges a small management fee (flat at £20k a year, paid quarterly) and an administrative fee (0.1% per year, calculated and paid quarterly).

Approach to ESG

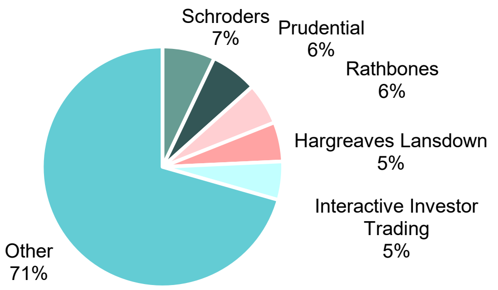
Hg actively integrates ESG factors into its business, which is reflected in its scores from the United Nations-supported Principles for Responsible Investment of 97% for PE, 94% for Policy, Governance & Strategy, and 100% for Confidence Building Measures. The manager has been certified as carbon-neutral since 2019, which it achieved thanks to the reduction of its own carbon footprint and offsetting the remaining emissions with carbon certificates. Hg was one of the first PE firms to sign up to the Science Based Targets initiative (SBTi) with the aim to have a portfolio aligned to Net Zero by 2050. It is targeting a 50% reduction of its direct emissions (Scope 1 and 2) by end-March 2031 and plans to adopt science-based carbon reduction targets across all its portfolio companies by the end of March 2041. We note that 13 of Hg's portfolio companies have committed to SBTi.

Hg continues to monitor the progress of ESG performance across its portfolio holdings with the Hg Sustainable Business Framework, initially developed and implemented in 2018 and based on around 100 questions across three main areas: essentials (governance, legal, compliance and data & cybersecurity), employees (purpose and culture, growth, engagement and diversity), as well as society (community, environmental, positive relationships with key external stakeholders and transparency). Moreover, over the past four years, around $40m was donated via the Hg Foundation, the goal of which is to help develop the skills most required for employment in the technology industry, with a focus on individuals who may otherwise experience barriers to accessing these skills

Capital structure

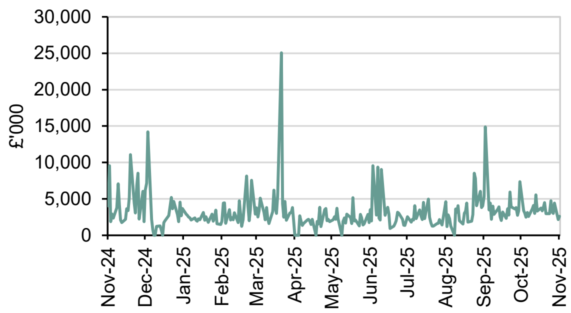
HgT's share capital consisted of 457.7m ordinary shares as at end-September 2025. Each year, HgT's directors renew the authority to buy back up to 14.99% of the issued share capital, at prices below the prevailing NAV per ordinary share. HgT has not performed any share buybacks in recent years. A general authority to allot shares (or to grant rights over shares) up to a maximum nominal amount of £3.8m (representing c 33% of HGT's ordinary share capital) was also given to directors at the AGM in 2025.

Exhibit 17: HgT's shareholder structure



Source: Bloomberg. Note: As of 19 November 2025

Exhibit 18: Average daily traded value



Source: LSEG Data & Analytics. Note: 12 months to 19 November 2025

Board

HgT's board, led by Jim Strang (chair of the board since May 2020), consists of seven non-executive directors:

- **Jim Strang** has more than 20 years of PE industry experience, recently serving as chairman EMEA and managing director at Hamilton Lane. He now also serves on the boards of Pictet Alternative Advisors and UK-based investment company BGF.
- **Erika Schraner** (senior independent director) has 25 years of experience from a number of senior leadership positions in Silicon Valley, the UK and Europe, including Fortune 500 technology companies and the Big Four accounting firms. She is now an NED at JTC Group and Bytes Technology.
- **Richard Brooman** (chairman of the Audit, Valuation and Risk Committee) qualified as a chartered accountant with Price Waterhouse with prior experience at Mars (where he held senior operational and financial positions) and SmithKline Beecham (as CFO of the global consumer healthcare business), as well as VCI (group finance director) and Sherwood International (CFO). He has served on HgT's board since 2007.
- **Helena Coles** (chairman of the management engagement committee) brings more than 30 years of investment experience, gained through the perspectives of an asset owner, fund manager, as well as UK regulator, and having co-founded and built a successful fund management firm with peak assets under management of over $10bn.
- **John Billowits** has over 25 years of operational experience and a wealth of investment expertise in the software sector through his past roles and current appointments on boards of US, Canadian and European software companies, including Constellation Software.

- **Pilar Junco** is a managing partner and chief client officer at AltamarCAM Partners, a pan-European solutions provider for private markets. Before joining AltamarCAM, she worked at Blackstone for 10 years, most recently as senior managing director and head of non-US (EMEA and APAC) private wealth management and retail business.
- **Graham Paterson** joined the board in July 2025. He is an investment and financial services professional with over 25 years' experience in the PE industry, and was one of the founding partners of SL Capital Partners, where he was a partner and board member until 2010. He also co-founded TopQ Software in 2013 (acquired by eVestment in 2015). He currently serves as NED of Diaceutics (where he is also the chair), Baillie Gifford US Growth Trust, Artemis UK Future Leaders and Gresham House Income & Growth VCT.

Exhibit 19: HgT's board

Board member	Date of appointment	Remuneration in FY24	Shareholdings at end-FY24
Jim Strang (Chairman)	March 2018	112,250	167,282
John Billowits	May 2024	34,135	40,000
Richard Brooman	October 2007	69,375	40,000
Helena Coles	November 2023	58,495	6,896
Pilar Junco	July 2020	53,750	0
Erika Schraner	August 2022	61,438	14,148
Graham Paterson	July 2025	-	N/A

Source: Company data. Note: Anne West retired in May 2024 and received remuneration of £22,724 in 2024.

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