



Annual report and accounts

31 December 2023

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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 c.50 companies diversified by end market and geography – with enterprise values of £100 million to over £10 billion



Strategy focused on unquoted software and 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



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 annual 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 annual 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 annual 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.

Financial and performance highlights

2023 performance at a glance

“ 2023 has 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, HgT

+11.1%

NAV per share (500.5p)

31 December 2022: +5.4%

+26.2%

Share price (434.5p)

31 December 2022: -15.1%

6.5p

Full year dividend

31 December 2022: 7.0p

£74m

Cash invested on behalf of HgT

31 December 2022: £527m

£625m

Available liquid resources (27% of NAV)

31 December 2022: £476m (23% of NAV)

£2.3bn

Net assets

31 December 2022: £2.1bn

£2.0bn

Market capitalisation

31 December 2022: £1.6bn

1.7%

Total ongoing charges

31 December 2022: 1.7%

£324m¹

Realisations to HgT

31 December 2022: £404m

£1.2bn

Outstanding commitments (53% of NAV)

31 December 2022: £1.2bn (57% of NAV)

¹Includes £91 million in relation to deferred proceeds.

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').

Please see the definitions of the APM's in the glossary pages 117 to 118.

Top 20 investments (76% of portfolio value)

A snapshot as at 31 December 2023

“ During a period of volatility, the resilience of the Hg portfolio has been demonstrated by valuations and profitability remaining stable. Hg’s companies are typically characterised by visible and greater than 90% recurring revenues, attractive margins of over 30%, and by the ability to grow EBITDA organically by 10 to 15% each year, with further growth coming from M&A activity. These characteristics provide exceptional resilience when the cycle swings downward and form a stable platform for accelerating growth when market conditions recover. ”

David Toms, Head of Research, Hg

+25%

LTM sales growth

31 December 2022: +30%

+30%

LTM EBITDA growth

31 December 2022: +25%

£10.6bn

LTM revenues

31 December 2022: £9.5bn

£3.3bn

LTM EBITDA

31 December 2022: £2.8bn

31%

EBITDA margin

31 December 2022: 29%

26.1x

EV to EBITDA multiple

31 December 2022: 27.2x

7.4x

Net debt to EBITDA ratio

31 December 2022: 8.0x

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. Figures are based on the Top 20 investments as at the balance sheet date and therefore can change year on year.

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.

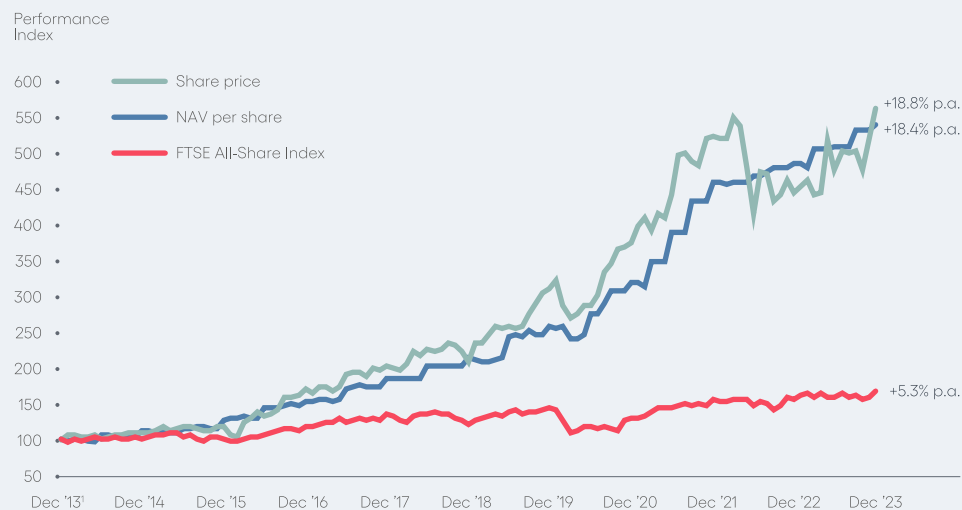
	1 year %	3 years % p.a.	5 years % p.a.	10 years % p.a.	20 years % p.a.
Share price	26.2	14.4	21.7	18.8	17.4
NAV per share	11.1	19.0	20.4	18.4	16.1
FTSE All-Share Index	7.9	8.6	6.6	5.3	7.0
Share price performance relative to the FTSE All-Share Index	18.3	5.8	15.1	13.5	10.4
NAV per share performance relative to the FTSE All-Share Index	3.2	10.4	13.8	13.1	9.1

Long-term performance

10-year share price total return: **+18.8% p.a.**

Based on HgT's share price at 31 December 2023 and allowing for all historic dividends being reinvested, **an investment of £1,000 made 20 years ago would now be worth £24,699, a total return of 2,370%**. An equivalent investment in the FTSE All-Share Index would be worth £3,894.

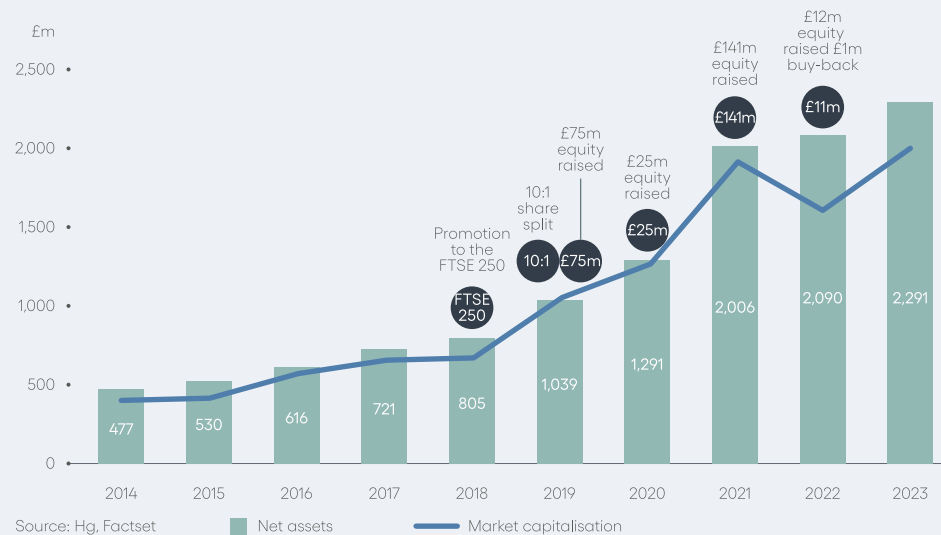
Long-term performance



¹Performance record rebased to 100 at 31 December 2013. Source: Hg, Factset.

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Long-term net asset growth



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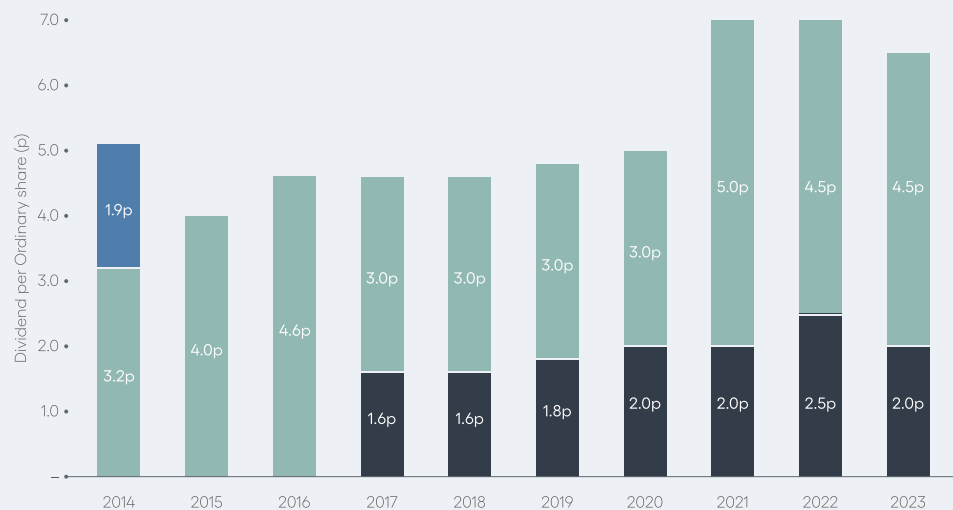
For the third year in a row, HgT tops a list of investment companies that would have made investors more than £1 million, according to research from The Association of Investment Companies (AIC). Investing the full ISA allowance annually from 1999 to 2023, a total of £306,560, and reinvesting the dividends in HgT shares would have generated a tax-free pot of over £2.2 million by 31 January 2024.

Research dated 13 February 2024

“ HgT provides shareholders with unique listed access to the investment portfolio of Hg. The performance that HgT has delivered has come from the continual refinement and focus on a clear investment model implemented by Hg, targeting software and services leaders that transform how people work. ”

Jim Strang,
Chairman, HgT

Ten-year dividend history



Source: Hg

Historic dividends restated for the 10:1 share-split completed in May 2019.

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



Source: Hg, Factset



Jim Strang
Chairman, HgT

“ HgT delivered a resilient performance in 2023, successfully navigating challenging market conditions. The portfolio maintained strong underlying performance over the year with sales and EBITDA across the top 20 investments (76% of the portfolio) growing at 25% and 30% respectively. Investment activity was notably lower in the first half of 2023 than seen in previous years, as the Manager took a cautious stance on investment activity. However, a stabilisation in market conditions throughout the second half of the year, supported an increase in activity for the kind of highly sought-after companies that constitute the portfolio. ”

Chairman's statement

2023 was very much a year of two halves with the challenging market conditions of 2022 remaining in evidence throughout the first half of the year. Conditions improved during the second half, as markets stabilised and financing conditions became more supportive for transactions, especially for the kinds of high-quality assets with attractive market positions and growth profiles that constitute the HgT portfolio. The portfolio, which numbered 49 businesses at the year end, traded well throughout the year, reflecting the characteristics of the types of companies targeted for investment by Hg. Hg continues to refine and enhance both its investment capability, notably around the important topic of Artificial Intelligence, and in the strength of the team globally. On the latter point, Hg recently welcomed Alan Cline, formerly a senior partner at leading software investor, Vista Equity Partners, and based in the USA, onto its Executive Committee. Given the discipline and rigour of the investment approach and the health of both the portfolio and the HgT balance sheet, the Board is cautiously optimistic for the year ahead.

I would like to draw your attention to two new initiatives the Board has taken over the year, aimed at increasing the transparency and effectiveness of brand marketing and communication for shareholders. Firstly, in the case of increasing transparency, shareholders may have noticed the release of our first preliminary trading update on 5 February 2024, which aimed to provide shareholders with earlier guidance on the performance of HgT. Preliminary trading updates will now be provided in respect of the interim and full year results, after approval by the HgT Audit Valuation and Risk Committee ('AVRC') and the Board.

Secondly, HgT has refreshed and updated its website and reporting materials as part of a broader integrated brand marketing plan to further support open communication with our stakeholders. This plan has also seen HgT

engage with third party marketing specialists to increase the scope and span of brand marketing activities for HgT in the UK and overseas, where regulations permit.

Highlights in 2023 included:

- **26.2%** total share price return
- **11.1%** NAV per share growth on a total return basis, with net assets of **£2.3 billion**
- Discount narrowed from **23% to 13%**
- **£74 million** of new and further investments by HgT across the core investment clusters targeted by Hg; with a further **£200 million** of deals signed pending closing in 2024
- **£324 million¹** in realisations to HgT, from realisation activity with full and partial realisations at an average uplift to carrying value of **25%**
- **£183 million** of further commitments to Hg funds
- **£625 million** of liquid resources available, including an undrawn banking facility of £350 million
- **£1.2 billion** of outstanding commitments across the Hg fund platform to be invested over the next three to four years

¹Includes £91 million in relation to deferred proceeds

Performance

The NAV of HgT increased by 11.1% over the year, reflecting the ongoing strength of the operating performance of the HgT portfolio. HgT's share price saw a total return of 26.2% over 2023 and has seen a CAGR on a total return basis of 17.4% p.a. over the past 20 years, outperforming the FTSE All Share index by 10.4% p.a. over the same period.

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The total net assets of HgT at 31 December 2023 were £2.3 billion, an increase of c.£200 million over the reported figures at 31 December 2022. An analysis of NAV movements and the underlying portfolio is set out on page 37 of this report.

At the end of December 2023, the HgT portfolio consisted of 49 investments, all of which conform to the Hg sector focus and investment strategy, targeting software and 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 deliver strong revenue growth over the last 12 months of 25% (December 2022: 30%) and EBITDA growth of 30% (December 2022: 25%), reflecting the defensive-growth nature of the businesses in which HgT is invested. The portfolio not only continues to generate strong top-line growth and solid profitability, with the top 20 companies reporting an average EBITDA margin of 31%. Currently, 98% 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.

These businesses typically exhibit highly predictable forward cash flows and 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 is consistent with the highly recurring revenues of the businesses that make up the Hg portfolio and is typical for large, high quality software assets in general. Given the average valuation multiple for the portfolio is 26.1x EV-to-EBITDA, this implies that c.30% of the portfolio is funded by leverage, which allows a significant equity cushion within the portfolio and gives the Manager confidence that this is a prudent level of leverage for the assets within the portfolio and consistent with similar peer companies in the market. Hg has a dedicated capital markets team which continually monitors and manages 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.

HgT aims to achieve long-term growth in the net asset value per share and in the share price, rather than to deliver a specific dividend yield. As regards to the 2023 financial year, HgT will pay a final dividend of 4.5 pence per share (2022: 4.5 pence per share), payable in May 2024, bringing the full year dividend to 6.5 pence.

“ Transaction activity over 2023 saw HgT generate material cash proceeds from realisations at prices well in excess of the carrying value of investments. The significant sale proceeds have been reinvested into businesses which continue to align with the well proven Hg investment model. With a performing portfolio, an attractive deal pipeline and a well capitalised balance sheet, HgT is well positioned for 2024. ”

The Board will provide further guidance on the dividend to shareholders, when appropriate.

Investments and realisations

In order to grow the NAV of the portfolio, and to deliver returns for shareholders, HgT operates in a continual cycle of commitments, investments and realisations.

During 2023, HgT made further commitments to Hg funds of £183 million, bringing total commitments to £1.2 billion which will be deployed over the next three to four years into companies and sub-sectors that the Manager knows well and has invested in for many years. The Board also expects further co-investment activity (free of management fees and carried interest), in what is anticipated to be an attractive environment for new investments. This use of HgT's available liquid resources now will support future realisation activity and net asset growth which, in turn, will help to maximise shareholder returns.

Deployment activity was relatively light in 2023, with a total of £74 million of new and further investments completed within the year, including GTreasury, team.blue, P&I, JTL and Nomadia. Follow-on investments to finance bolt-on M&A is 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 and product and service offering. Further investments were announced both in late 2023 and post the year-end and are due to close in 2024, including Visma, GGW and CINC. On completion, these transactions will represent over £200 million of further investment.

As I have noted in previous reports, the Hg investment model is based around supporting portfolio companies to achieve their full potential and in creating larger, more valuable and attractive businesses as a result, which are much sought after in the markets they operate. Consequently, despite the challenging market conditions, Hg was able to deliver a number of liquidity events over the course of the year, which included the full exits of Transporeon and Commify. In total realisations returned £324 million to HgT with full and partial realisations generating an average uplift of 25% to carrying value. Valuations are an area of continued focus for the Audit Valuation and Risk Committee.

Realisation activity sets Hg apart in a year when many other private equity firms struggled to generate liquidity from their portfolios. Hg believes its exit activity in 2023 was a clear differentiator, highlighting the fundamental strengths and attractiveness of the underlying portfolio to both trade and financial buyers.

Please refer to pages 42 to 45 for further information on portfolio transaction activity.

Fundraising

Hg's success in building and creating value in the portfolio supported a new round of fundraising which Hg successfully completed in the year. Participating in this latest fundraising process will support HgT's long-term NAV growth ambitions. Hg successfully raised significant capital in 2023 and as further funds are raised, HgT continues to participate as Hg's largest single investor.

HgT's commitments to the new Hg funds ensure that HgT maintains access to Hg's deal flow, including co-investment opportunities, in what is anticipated to be an attractive investment environment.

For further information on Hg funds, please refer to page 30.

Capital Allocation

As part of the Board of HgT's commitment to shareholders, our primary objective is to maximise investment returns through a disciplined approach to the allocation of available liquid resources. This incorporates the continual monitoring by the Board, working with the Manager, of forecast cash flows and estimated returns. As I have stated in past reports, the Board continually seeks ways to improve the effectiveness of governance. As part of this process, in the last year, much attention has been devoted, and shareholder feedback garnered, on the topic of capital allocation and I would like to share the approach, framework and tools adopted as set out below.

Investments

At the core of the capital allocation policy is the imperative to continue to drive compelling investment returns for shareholders. As you will be aware, HgT has delivered very strong shareholder returns to investors over a period of more than two decades, a fact recently highlighted by the AIC. The Board seeks to maintain this long-term record by continuing to access the repeatable returns delivered by the Hg investment platform. The single biggest driver of long-term returns is HgT's exposure to deals completed by Hg and, as such, the first priority of the Board is to ensure that HgT is positioned to access these returns to the fullest extent possible, at acceptable levels of risk.

Buybacks

From time-to-time, market conditions do create dislocations between the share price of HgT and its stated net asset value. The Board, the Manager and HgT's broker monitor such dislocations closely, following a clearly defined share buyback policy. The Board has developed a process with a number of 'triggers' set by absolute and relative level of share price discount over various time periods. Where two or more such 'triggers' are activated, the Board is informed and a decision

is taken as to whether to allocate resources to buying back shares. Any such buybacks are viewed with suitable caution, reflecting the relative merits of any immediate gain with the considerable impact utilising current cash has on long term NAV growth.

Dividends

With regard to the level of dividend payments, as I have stated in the past, HgT's ability to pay dividends is increasingly driven by the levels of income that are created through the activities of Hg. This is a somewhat unpredictable exercise from one year to the next and thus the view of the Board is to establish what it considers a reasonable basis for a 'floor' for the dividend level which is currently set at 5 pence per share. Should circumstances change, I will of course communicate with shareholders at the appropriate time.

Debt facility

The final element of the capital allocation policy relates to the use of leverage. HgT uses a Revolving Credit Facility of £350 million at the end of 2023, to support the implementation of the investment strategy. The principal purpose of the facility is to support the programme of investment activity.

Balance sheet

A key role of the Board is continually to look to balance HgT's future commitments to Hg funds, balance sheet and cash position, while maintaining a clear focus on risk. This is a continuous cycle of activity which has to adapt to unpredictable events. In the last year, HgT has invested in upgrading the tools used to manage this process, aligning them with similar tools that Hg, the Manager, uses to manage its own investment activity. As a result, the Board benefits from being able to assess the various scenarios with a greater degree of granularity which should benefit the quality of decision making.

As one of the tools used to manage the balance sheet, HgT has 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. Post the year-end the Board has agreed to increase this to £375 million. This will aid HgT's future cash flow management.

HgT continues to benefit from a unique opt out clause within its underlying investment agreements with Hg, which provides a useful risk management tool for the Board in managing and optimising the HgT balance sheet.

HgT portfolio management

As I noted in the 2022 full year report and in the 2023 interim report, the Board looks to take advantage of market driven opportunities to manage the portfolio construction of HgT, seeking to achieve the optimal balance of asset and vintage exposure across the various Hg fund structures.

Over 2023, HgT 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 2023, 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 transaction not only allows for significant cash to be returned to HgT at attractive valuations, but allows for increased investment, particularly through increased exposure to co-investments where HgT has a stated goal of investing 10% to 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 that those businesses in which we invest reduce their carbon footprint and contribute to tackling climate change.

The UN Principles for Responsible Investment (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.

Board and governance

As I noted in my previous statement, HgT embarked on a process to find a new Non-Executive Director to replace Anne West, who will not be standing for re-election to the Board at the AGM in May 2024, after ten years of service. On behalf of the Board, I would like to extend special thanks to Anne as she steps down. Anne has made a very significant contribution to HgT over her ten years on the Board and we thank her for her all her efforts on behalf of HgT.

As we announced at the end of last year, our Board colleague, Guy Wakeley, announced his decision to step down from the Board. On behalf of myself and my fellow Directors, I would also like to thank Guy for his important contribution to HgT throughout his time on the Board, which has benefited from his experience in listed companies, governance and especially in risk.

With Guy's departure, we have begun the process to find a new Non-Executive Director and an external search firm has been engaged to support the Nomination Committee and the Board in delivering a successful outcome to this process, noting the skills and experience which would be most additive to HgT. Any announcements regarding this process will be made in due course.

In November 2023, HgT was pleased to announce the appointment of Helena Coles as a Director to the Board. Helena has over 20 years of investment experience, has considerable expertise in ESG, gained through the perspectives of an asset owner, fund manager, as well as UK regulator, and co-founded and built a successful fund management firm with peak AUM of over \$10 billion.



We are delighted to welcome Helena to the Board and look forward to her insightful contributions.

I am pleased to report that the annual Board review process undertaken over the year and externally supported, shows the Board to be functioning very well. As part of the continuous effort to improve governance, the Board implemented a new software tool, BoardClic, to provide more objective insights into the effectiveness of the Board, by comparing the performance of the HgT Board with a large peer set. We have now used this tool for two years to provide instant feedback after each Board meeting and also to support the two annual Board review cycles. I am pleased to say that the results of the annual review process revealed the HgT Board to be amongst the highest scoring Boards on the platform, with a marginally higher overall score this year than last, in the 90th percentile against peers.

Prospects

HgT has delivered a resilient performance over 2023, with the underlying portfolio continuing to deliver strong

growth. Investment activity was slower in the first half of the year as the prevailing high degree of uncertainty and tight capital markets conditions combined to make transactions challenging. However, this activity accelerated in the second half of the year and into 2024, as conditions improved and as the market looked favourably on the kinds of high-quality assets that make up the HgT portfolio.

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, HgT is well positioned to take advantage of investment opportunities as they arise, and the Board remains positive for both transaction activity and portfolio performance in the year ahead.

Jim Strang
Chairman
8 March 2024

Manager's update

The second half of 2023 saw a rapid improvement in investor sentiment in public markets, particularly with reference to software and services businesses. Our suggestion at the Interims that we thought it would be 'brave' to extrapolate the first half's strong multiple progression into the second half of the year was partially correct, as multiple expansion slowed significantly in H2 but still ended the year ahead of June levels, and well ahead of December 2022. By the end of 2023, much of the 2022 decline in multiples had been reversed, and once we incorporate the benefits of earnings growth, the largest software and services index closed 2023 at all-time highs.

As we have previously commented, our valuation methodology attenuates the volatility of public markets by including private comparables, which are often more representative of the price paid for full control, rather than the marginal price of trading a share. As a result, our multiples are generally more stable than public multiples; this was the case during 2022 (when our multiples saw less of a decline) and 2023 (when we didn't have the same 'trough' to rebound from). If we look across the whole two year period, our multiples have moved in a similar range to the largest public software index, and our NAV has outperformed by 6%, driven largely by our superior earnings growth.

Our expectation of a strong first half to 'sustain in the second half' proved correct, and the software and services sector in fact saw an acceleration in forecast earnings growth in the second half. Through 2023 there was also a strong trend of software and services companies reporting 'stabilisation' in their earnings calls, vs. 2022's frequent reports of 'macro headwinds'.

The portfolio has seen less volatility than public markets, and our organic EBITDA growth has materially outperformed public peers – both the broad market, and software and services focused businesses. When we compare the performance with these peer groups, we can see both the attraction of software and services with its steadier growth, and the relative outperformance of our portfolio, against a publicly listed portfolio from the sector.



David Toms
Head of Research, Hg

“In a world of rising labour costs, freeing up people for high value tasks is of material economic benefit to businesses, especially during the recent period of elevated inflation.”

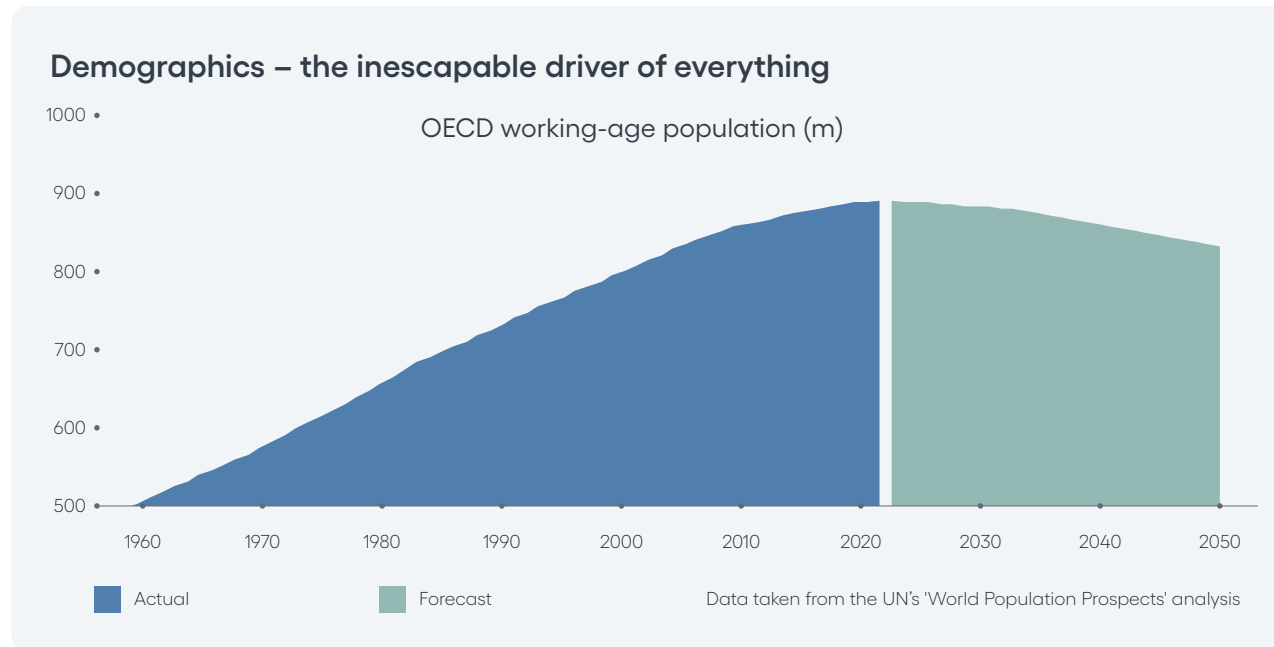
Hg organic EBITDA growth has outperformed public peers



The excitement around Generative AI during the year, highlights the value in automating complex workflow. We've previously commented on the ability of our portfolio and our industry to drive productivity in complex tasks. In a world of rising labour costs, freeing up people for high value tasks is of material economic benefit to businesses, and we saw the impact of this during the recent period of elevated inflation. Although inflation is declining, there is clear evidence that labour shortages

will be a long-term structural issue for decades to come. We expect this to underpin continued robust growth in the demand for automation.

In the short term, although our trading (earnings) performance is well ahead of publicly listed peers, our portfolio value has lagged its public peers during 2023. This reflects much less aggressive multiple expansion in our valuation models, versus that experienced in the public markets. No doubt the debate about who is 'right'



when it comes to valuations will persist, but from our perspective, when we see public company multiples double or halve in a matter of months, based on very limited (and sometimes no) changes to underlying earnings forecasts, we are not convinced this always forms the correct frame of reference for 'right'.

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 comparables 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 double 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.

Looking to 2024, we would be very surprised to see a repeat of 2023's multiple expansion. 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 and the long-term opportunities; we expect robust organic earnings growth (the ultimate long-term driver of value) to continue.

In our view, sector sentiment is likely to be underpinned by a modestly improving economic backdrop – we have already seen signs of this in early earnings reports, and the sector has got off to a strong start in 2024 both from the perspective of multiples and earnings. 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 investments and refinancings) each year. We believe the pace of investment should continue at broadly this level over the medium term. Activity at Hg's Investment Committee accelerated in the second half of 2023 and we think provides a good leading indicator of activity levels in 2024.

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. The strength of portfolio M&A reflects 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 \$130 billion at 31 December 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 49 companies (as set out on pages 46 and 47 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 111 of this report. The Manager invests predominantly in unquoted software and services businesses in expanding sectors and provides portfolio management support. Hg's review on pages 27 to 54 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 majority 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 5% 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 31 December 2023, HgT's NAV per share increased by 11.1% on a total return basis. The FTSE All-Share Index increased by 7.9% on a total return basis over the period. The share price increased on a total return basis by 26.2%. NAV per share has grown by 18.4% p.a. compound over the last 10 years and 16.1% p.a. compound over the last 20 years.

The share price has seen broadly similar performance growing by 18.8% p.a. compound over the last 10 years and 17.4% 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 indicated that it currently believes 5.0 pence per share, over the full year, to be a reasonable level for a floor.

The Board has declared a final dividend in 2023 of 4.5 pence which brings the full year dividend to 6.5 pence, after an interim dividend of 2.0 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, in any given year.

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.

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.

Longer-term viability statement

In line with provision 36 of the AIC Code of Corporate Governance, the Directors have assessed the prospects of HgT over a period longer than the 12 months required by the 'Going Concern' provision. The Board believes that the appropriate period over which to assess HgT's viability depends on several factors, the outstanding investment commitments in particular, therefore, the Directors evaluate and decide it on an annual basis, but since HgT's objective is to provide shareholders with consistent, long-term and sustainable returns, the Board believes that it should assess the viability of HgT over a minimum of five years. Therefore, the Directors have elected to assess HgT's viability over the five-year period ending December 2028, because the current commitments, at year end, run until 2028. The key underlying assumption we make is that HgT's business model remains broadly unchanged and HgT continues to invest in unquoted businesses acquired by Hg.

Assessment of prospects

The Board has assessed HgT's prospects and long-term viability, taking into account:

- HgT's position with reference to the business model (a description of which can be found on page 14);
- the balance sheet, cash flow projections (including the key underlying assumptions), and availability of funding. As at 31 December 2023, including cash on the balance sheet and the undrawn facility available at that time, HgT had available liquid resources of £625 million, 27% of the NAV;
- HgT's outstanding commitments (see page 40);
- the principal risks and uncertainties including: macro-economic, performance; regulatory; operational; financial; liquidity; and borrowing, detailed on pages 16 and 17 of the Strategic Report.

Assessment of risks

As part of the Risk Management Framework (described on page 14), principal and emerging risks and uncertainties are routinely subject to a comprehensive review by the Audit, Valuation and Risk Committee and the Board. Managing risk is fundamental to the delivery of HgT's strategy, and this is achieved by defining HgT's risk appetite and managing risks within that appetite,

particularly those that could threaten its business model, future performance, solvency, valuation, liquidity or reputation. Of the identified risks, the following are the most important to the assessment of viability: availability of capital; underperformance of underlying portfolio companies; significant delays to deployment or exits, especially when sustained over a period of time; political and macro-economic uncertainty and their impact on the markets; and related to that, risks to the valuations.

Stress testing

The Directors of HgT regularly stress test the portfolio and its cash flows and review and challenge the sensitivity of the business model against the principal risks which are likely to have an adverse impact on HgT. This is done by reviewing:

- Sensitivity to equity price risk. The impact of 1x reduction in EV to EBITDA multiple applied to unquoted investments, as well as mitigating actions, details on page 70 to 71 in Note 19 to the financial statements; and
- HgT's financial position. The Board discusses updated base case and downside scenarios for cash flow projections at every Board meeting. These scenario analyses take into account available liquid

resources, including the bank facility, pipeline of new investments, existing and expected commitments, and the potential timings of new acquisitions and exits, and model their impacts on HgT's financial position over the coming five years.

- Scenario stress and reverse stress tests. The scenarios, rooted in our principal risks, model significant impacts on HgT's liquidity and its ability to continue to invest and operate in line with its business model. The Board regularly considers the results of stress and reverse stress testing, and in 2023, the scenarios themselves were reviewed and updated. A detailed explanation of the four scenarios that were tested is included on page 99. The results of these tests indicated that the risk of the circumstances described in these scenarios occurring and impacting HgT's viability remained low. The review also found that the reverse stress tests were deemed to be sufficiently improbable and posed a low likely risk of impact to HgT's viability and medium-term resilience.

Assessment of viability

Based on the Board's assessment, the Directors have a reasonable expectation that HgT will be able to continue to operate and meet its liabilities, as they fall due, over a five year period ending December 2028.

Principal and emerging risks and uncertainties

During 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 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 rising 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, 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.

While the International Monetary Fund noted in its World Economic Outlook Update in January 2024 that ‘the risks to global growth are broadly balanced and a soft landing is a possibility’, the Board and AVRC anticipate that the macro-economic environment is likely to remain challenging and will cause the level of mitigated risk to remain elevated into 2024. Whilst the revenues and operations of Hg’s portfolio companies are not reliant upon the economies of Russia, Ukraine or Israel, heightened geo-political uncertainty is a continuing risk that has been seen to lead to broader economic impacts. 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.	<ul style="list-style-type: none"> Reduction in NAV Reduction in share price Reputational damage 	<ul style="list-style-type: none"> 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.	<ul style="list-style-type: none"> False market in HgT shares Reputational damage Reduction in share price Constrained access to capital 	<ul style="list-style-type: none"> 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 	 

Potential risk	Potential impact	Mitigation	Trend/Appetite
Liquidity Risk that insufficient liquid resources are available to make investments.	<ul style="list-style-type: none"> • Reputational damage • Reduced NAV growth • Reduced shareholder return 	<ul style="list-style-type: none"> • 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 31 December 2023. This facility was subsequently increased to £375 million post the year end • An opt-out facility is available across all investing funds 	
Commitment Risk that capacity is insufficient to underwrite future commitments to Hg funds.	<ul style="list-style-type: none"> • Reduced shareholder return • Reduction in share-price 	<ul style="list-style-type: none"> • 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.	<ul style="list-style-type: none"> • Increased corporation tax, leading to higher fees and potential impact on valuation • Reduction in share price 	<ul style="list-style-type: none"> • 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.	<ul style="list-style-type: none"> • Misunderstood or misreported regulation leading to reduced demand for shares • Lack of adherence to regulation leading to reputational risk 	<ul style="list-style-type: none"> • Regular compliance and risk reviews are reported to the Board by the Manager's compliance team • Strong shareholder engagement through: <ul style="list-style-type: none"> – 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.	<ul style="list-style-type: none"> • Reputational damage • Reduced shareholder returns 	<ul style="list-style-type: none"> • 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.	<ul style="list-style-type: none"> • Loss of or lack of control over data due to cyber attacks • Reputational damage • Regulatory sanction 	<ul style="list-style-type: none"> • Increased investment in the portfolio cyber security team which assesses the cyber-security risks of acquisitions and 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, macro-economic and international healthcare uncertainty Risk arising from macro-economic shocks, geo-political instability, conflict and pandemic events.	<ul style="list-style-type: none"> • Portfolio companies suffer revenue declines • Reduction in valuation of portfolio investments • Disruption to capital markets • Earnings multiples of listed companies applied to valuations might be adversely affected 	<ul style="list-style-type: none"> • Hg's portfolio is diversified by end market and geography, with the majority of revenues derived from subscription-based recurring revenues for non-discretionary technology-led services • The Manager remains focused on the various issues which may need to be addressed, including: <ul style="list-style-type: none"> – 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/stress tests in our business planning • Operational performance, valuations and investment deal flow have shown resilience to pandemic disruptions 	
Foreign exchange Risk of foreign exchange movements affecting investments made in currencies other than Sterling.	<ul style="list-style-type: none"> • Reduction in shareholder returns 	<ul style="list-style-type: none"> • The Board of HgT regularly monitors currency fluctuations • The Hg treasury functions hedge currency exposure and actively mitigate currency risk where appropriate 	

Environmental, social and governance matters

For HgT, responsible investing means growing sustainable businesses which are great employers and good corporate citizens, whilst also generating superior risk adjusted returns for our shareholders. The Board fully supports the Manager's approach to responsible investing and the way in which Hg has embedded ESG considerations throughout the investment process.

Environmental

Hg, the Manager, is committed to zero emissions by offsetting its entire carbon footprint. It is a certified Carbon Neutral company, and has been carbon neutral since 2019. Hg also works with the portfolio companies to help measure, manage and improve their carbon emissions and energy efficiency. By seeking a controlling stake in most of Hg's investments, the Manager can make a meaningful contribution in supporting portfolio companies to promote positive environmental change.

As a closed-ended investment fund, HgT is exempt from complying with the Task Force on Climate-related Financial Disclosures ("TCFD") or producing a non-financial and sustainability information statement; however, the Board fully recognises the impact climate change has on the environment and society and endorses Hg's TCFD framework.

Climate change risks

We believe that by understanding and managing the emerging risks and opportunities that arise from climate change we can enhance our investment decisions.

Social

Social responsibility

The Board recognises that HgT has a responsibility to its shareholders, stakeholders and the wider society. The Board believes that responsible business practices help generate superior long-term performance and therefore, fully endorses Hg's Responsible Investment Policy, which sets out Hg's approach to the identification and management of sustainability and ESG related risks and opportunities throughout investment activities, including the management of the investee companies. Responsible investing is embedded across the entire investment cycle, from deal screening and due diligence to ownership and exit.

Hg has been a signatory of the UNPRI since 2012 and the Board has welcomed Hg's continuing commitment to set ambitious goals for various aspects of ESG matters, including social responsibility. Further details on how Hg integrates responsible investing into the investment process can be found in Hg's Responsible Investment Report 2022/2023.

Employees, human rights and community issues

HgT has no employees and a very limited direct impact on the environment. HgT aims to conduct itself responsibly, ethically and fairly and has sought to ensure that Hg's management of investments takes account of social, environmental and ethical factors where appropriate. Consequently, the requirement to provide information about employees, human rights and community issues, including information in respect of any of its policies in relation to these matters and their effectiveness, does not directly apply to HgT.

Modern slavery

HgT has no employees of its own and the Directors are satisfied that, to the best of their knowledge, its Manager complies with the provisions of the UK Modern Slavery Act 2015.

“ At Hg, we have been trusted to improve the future of millions of investors by building businesses that can sustain growth for tomorrow. These are carefully chosen words – trust, future, sustainable, tomorrow. Choosing how we do business. What this means in practice is that Hg looks to grow sustainable businesses that are great employers and good corporate citizens, whilst also generating strong returns for the millions of pensioners and savers who are invested in the Hg funds. Everyone at Hg is ultimately pulling together towards this goal. ”

Matthew Brockman, Managing Partner, Hg

Governance

The role of the board is to promote the long-term sustainable success of HgT, generating value for our shareholders. This includes HgT's Board overseeing the governance framework and being ultimately responsible for compliance with applicable legal and regulatory requirements, HgT's external reporting and communications with the shareholders and other stakeholders. Considering the implications of decisions on HgT's stakeholders is an integral part of the Board's decision-making process. Some of the key decisions the Board took this year, their implications on HgT's stakeholders and their outcomes are described below.

“ I am happy to report further progress on improving the diversity with the Board, which is now in compliance with both the FTSE Women Leaders and Parker guidelines for FTSE 250 companies. ”

Jim Strang, Chairman, HgT

Purpose

The purpose of HgT is to deliver 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. HgT provides shareholders with listed exposure to a fast-growing network of unquoted investments, not otherwise available to its shareholders. HgT's values focus on transparency and clarity in its reporting, constructive challenge in maintaining a strong relationship with the Manager and mitigating avoidable risk.

Culture

By formally identifying the important elements of HgT's culture, the Directors can assess and monitor the culture and ensure that it remains well aligned with HgT's purpose, values and strategy in the pursuit of the long-term sustainable success of HgT.

Diversity

The Board recognises the value of both identity and cognitive diversity to ensure that varied perspectives are considered when making decisions and to achieve that, HgT seeks to attract Directors with diverse outlooks and experience. The Board's Diversity and Inclusion Policy includes objectives and principles HgT follows when recruiting new Directors, to make sure that diversity in all its forms is encouraged and embedded in the new Director search process.

HgT is pleased to have met the target of the FTSE Women Leaders Review to increase the number of women on Boards in all FTSE 350 companies and as at the end of the year, we had 57% female representation on our Board. Following Guy's departure from the Board on 31 December 2023, we currently have 67% female and 33% male representation on our Board. One of our two senior positions on the Board is also held by a woman, with Anne West serving as HgT's Senior Independent Director. We are also delighted to welcome Helena Coles to the Board (more information on this recruitment process can be found on page 106) and as a result of these developments, the Board constitution of HgT is compliant with the recommendations of the Parker Review at the end of the financial year, with 14% ethnic representation on the Board. Following Guy's departure, we have 17% ethnic representation on our Board.

In accordance with Listing Rule 9.8.6R(9), the Board is required to disclose on a 'comply or explain' basis whether it has met the following targets:

- (i) at least 40% of the Board should be women;
- (ii) at least one of the senior board positions should be held by a woman; and
- (iii) at least one member of the Board should be from a minority ethnic background.

As described above, the Board is pleased to report that HgT has met each of these targets.

The information presented in the following tables was collected on a self-reporting basis, and the Board members were asked to complete them, based on how they identify.

Gender representation on the Board
as at 31 December 2023

Gender identity or sex	No. Board members	% on the Board	No. senior positions on the Board ¹
Men	3	43%	1
Women	4	57%	1
Not specified/prefer not to say	–	–	–

Ethnic representation on the Board
as at 31 December 2023

Ethnic background	No. Board members	% on the Board	No. senior positions on the Board ¹
White British or other White (including minority white groups)	6	86%	2
Mixed/Multiple Ethnic Groups	–	–	–
Asian/Asian British	1	14%	–
Black/African/Caribbean/Black British	–	–	–
Other ethnic group, including Arab	–	–	–
Not specified/prefer not to say	–	–	–

¹ Senior positions on the Board are the Chairman and the Senior Independent Director.

HgT is an externally managed investment company with no executive directors, a chief executive officer or a chief financial officer, therefore, disclosures regarding executive management are not applicable to HgT.

The Board reviews four separate Key Performance Indicators ('KPI') to assess the success of HgT in meeting its stated objective.

Financial performance¹

Objective

1. NAV per Share

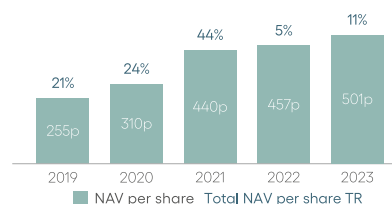
The value of the portfolio and liquid resources post costs and dividends paid:

5-year annualised return

+20%

5-year cumulative return

+153%



Activities undertaken

Maintaining historic levels of growth in HgT's NAV.

The Board holds regular discussions both formally and between Board and AVRC meetings in order to monitor the performance of the portfolio. These include:

- A rigorous review of valuations
- FX and hedging
- Fees
- Cash, commitments and credit availability

2. Total shareholder return

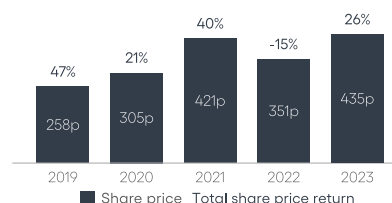
Share price total return assuming all historical dividends have been re-invested:

5-year annualised return

+22%

5-year cumulative return

+167%



Continuing to deliver consistently strong returns to shareholders.

The Board regularly reviews the marketing and IR functions of HgT with the Manager to continue to provide transparent and clear reporting. These include:

- Shareholder views
- Market performance
- Volumes and liquidity
- Share price discount to NAV

3. Portfolio performance

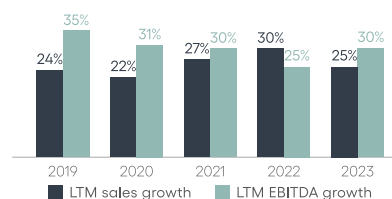
Trading performance of the top 20 portfolio companies (76% of total portfolio):

5-year average sales growth

+26%

5-year average EBITDA growth

+30%



Ensuring underlying portfolio companies continue to grow at attractive rates.

The Board regularly reviews the performance of the underlying portfolio companies and meets with the deal executives to focus in detail on particular businesses and 'clusters'.

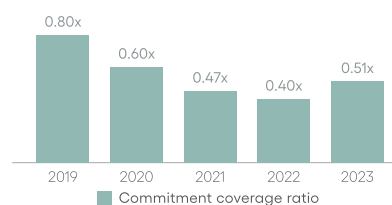
4. Balance sheet

Commitment Coverage Ratio:

Sum of available liquid resources (including credit facility) divided by total undrawn commitments²

5-year average

0.56x



Ensuring HgT's balance sheet is optimally structured to support investment activity and future growth in NAV.

The Board holds regular meetings with Hg to review the cash, commitments and availability of credit in order to optimise the balance sheet and ensure sufficient capacity to underwrite future commitments.

¹ Alternative Performance Measure ('APM'), please see the definition of the APM's in the glossary on pages 117 to 118.

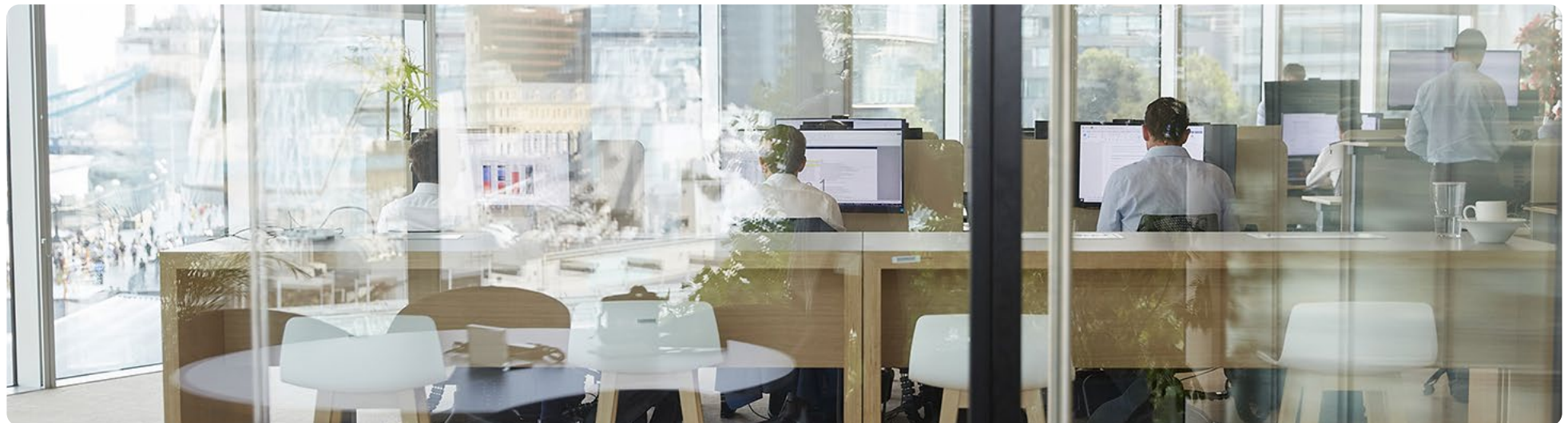
² HgT can opt out of a new investment without penalty, should it not have the cash available to invest.

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.

In addition to the KPIs the Board also reviews risks and governance in meeting its stated objective.

Risk management and governance

Objective	Activities undertaken
<p>1. Key risks</p> <p>Key risks are identified via the comprehensive risk management framework and process adopted by HgT. Overall risk management is a continuous process where principal and emerging risks are identified and suitable mitigating actions agreed and tracked by the Board.</p> <p>Current key risks identified by the process are 1) Impact of inflationary pressure on cost and price levels across the portfolio, 2) Increasing threat to portfolio companies and Hg from cyber attack and 3) Elevated geo-political risk and uncertainty.</p>	<p>Ensuring a rigorous risk management process is in place and that key risks are identified, monitored and suitable mitigating actions are undertaken.</p> <p>The HgT AVRC supports the Board in the creation of a strong risk management framework to provide a robust assessment of principal and emerging risks facing HgT.</p>
<p>2. Governance</p> <p>Ensuring strong governance and operating in a socially and environmentally responsible manner. By implementing strong and transparent governance practices, the Board ensures, not only</p> <p>the effective and proper administration of HgT, but also that Hg, as manager, acts and behaves in a socially and environmentally responsible manner across all its operations.</p>	<p>Ensuring HgT is managed to the highest standards of governance and that HgT's affairs are conducted in a socially and environmentally responsible manner.</p> <p>The Board recognises HgT's responsibility to its shareholders and the wider society and endorses Hg's policy to invest in a socially responsible manner.</p> <p>The Board meets regularly with the Head of ESG at Hg to monitor this.</p>



Directors' duties

Our Section 172(1) statement describes how the Board has, in performing its duties over the course of the year, had regard to the matters set out in Section 172(1) (a) to (f) of the Companies Act 2006 ('the Act'). Fulfilling Directors' duties under section 172(1) naturally supports HgT in achieving its investment objective and making decisions in a responsible and sustainable way.

During the year, the Directors consider that they have acted in a way that they consider, in good faith, would most likely promote the long-term success of HgT for the benefit of its members as a whole, with due regard to the likely consequences of any decisions in the long term, as well as the interests of our shareholders and other stakeholders, as required by the Act. More information on how the Board fulfilled its duties under the Section 172(1) can be found in this Report:

Section 172 matter	More information can be found in the following sections:
The likely consequences of any decision in the long term	
The interests of employees	HgT is an investment trust with no employees; instead, below we describe how the Board engages with the Manager and its key service providers
Fostering HgT's business relationships with suppliers, customers and others	
The impact of operations on the community and the environment	
Maintaining a reputation for high standards of business conduct	
Acting fairly between members of HgT	

How HgT engages with its stakeholders

The Board seeks to understand the needs and priorities of the different stakeholder groups – and these are taken into account in Board's discussions and form part of the decision-making process. How the Board engages with each of HgT's stakeholder groups is described in the following table.

Stakeholders	Why they are important	Board engagement	Outcome
Shareholders	Continued shareholder support and engagement are critical to the continuing existence of HgT and the delivery of its long-term strategy.	<p>Over the years, HgT has developed various ways of engaging with shareholders to gain a deeper understanding of their needs and views. These include:</p> <ul style="list-style-type: none"> Annual General Meeting (AGM), where shareholders have the opportunity to meet the Directors and ask questions Publications: The annual and interim results presentations, as well as quarterly reports and factsheets Shareholder meetings: The Manager organises Investor Roadshows and meets with the shareholders (2023: 90 meetings), the Chairman also participates in a number of events and meetings representing HgT. All investors are offered the opportunity to meet the Chairman and other Board members Investor Relations updates: At every Board meeting, the Directors receive updates on share trading activity, share price performance and shareholders' feedback Working with external partners: the Board also engages external marketing providers, such as investor communications advisors, to obtain a more detailed view on specific aspects of shareholder communications, such as developing more effective ways to communicate with investors 	<p>During the year, the Board:</p> <ul style="list-style-type: none"> discussed the feedback and views of our shareholders received at investor calls and our 2023 AGM and consequently, enhanced the disclosure of HgT's capital allocation policy made other changes to our reporting, in response to questions and feedback we received, such as enhanced disclosures on our aim of meeting the Parker Review goal updated HgT's website as part of a broader integrated marketing plan. The website was refreshed and made easier to navigate, and the process was supported by a focus group, users of our website and other stakeholders <p>As part of the marketing plan, HgT also engaged third party marketing specialists to increase the scope and span of marketing activities for HgT in the UK and overseas, where regulations allow</p>

Stakeholders	Why they are important	Board engagement	Outcome
The Manager	The Manager's performance is critical for HgT to deliver its investment strategy successfully and meet its investment objective	Maintaining a constructive working relationship with the Manager is crucial as the Board and the Manager both aim to continue to achieve consistent, long-term returns. Important components in the collaboration with the Manager, consistent with the Board's culture, are: <ul style="list-style-type: none"> • Encouraging open discussion with the Manager • Drawing on the Board Members' individual experience to provide constructive challenge and advice to the Manager • Willingness to make the Board Members' experience available to support the Manager in the sound, long-term development of its business, recognising that the sustainability and robustness of the Manager is in the best interest of HgT's shareholders 	The Board: <ul style="list-style-type: none"> • completed the annual review of the Manager, details of which can be found on page 102 • considered and agreed a proposal to extend HgT's direct investments alongside Hg, reflecting the quality of our engagement with Hg, and conviction in Hg's capabilities • considered and agreed to re-size the existing commitments to Hg Genesis 8 and Hg Saturn 3 funds and enter into new commitments to further Hg funds (more on page 10)
The Company Secretary, the Registrar, the Depositary, the Broker, the AIFM	In order to function as an investment trust listed on the London Stock Exchange, HgT relies on a range of advisers, who support it in meeting all relevant obligations	The Board maintains regular contact with its key external service providers, both through Board and Committee meetings, as well as outside of the regular meeting cycle and their advice, needs and views, are taken into account. In addition, the Management Engagement Committee ('MEC'), tasked with regular reviews of the external service providers, holds formal relationship meetings with HgT's suppliers	The Board followed the MEC's recommendations to retain all of HgT's current essential advisers The Directors carefully considered the various fees paid by HgT, to ensure all appointments remained in the best interests of the HgT
Lenders	Availability of funding and liquidity are crucial to HgT's ability to take advantage of investment opportunities as they arise	Availability of funding is critical, therefore HgT aims to demonstrate to lenders that it is a well-managed business, and that the Board regularly focuses on risk and risk management	During 2023 and beginning of 2024, HgT worked with our existing lenders to extend the tenor and increase the Company's revolving credit facility, further details on the outcome are on page 10 and 24
Institutional Investors and proxy advisers	The ongoing support of the major institutional investors and proxy voting agencies is important to the continuity and the reputation of HgT	The Board welcomes the views and recommendations of our investors and proxy voting agencies, as they provide a valuable feedback mechanism and play a part in highlighting evolving shareholders' expectations and concerns. The Chair, the Manager and the Company Secretary regularly engage with investors and proxy voting agencies to hear their views and answer questions	The Board regularly reviews HgT's corporate reporting to enhance disclosures that are particularly important to our investors, such as diversity, ESG or succession planning
Regulators	HgT can operate only with the approval of its regulators, who have an interest in how HgT operates in the market and treats its shareholders	HgT regularly considers how it meets various regulatory and statutory obligations and follows voluntary and best-practice guidance, while being mindful of how decisions can affect its shareholders and wider stakeholders, in the short and in the long term	In the past, we made amendments to our Interim and Annual Reports, helping us enhance HgT's quality of reporting as a result of the FRC's Conduct Committee providing us with feedback on HgT's report

Some of the key decisions made in 2023

Examples of the Board's principal decisions during the year, how the Board fulfilled its duties under Section 172(1) of the Act and the related engagement activities are set out below:

Key matters considered	How, in reaching these decisions, the Directors had regard to section 172(1) (a) to (f) matters	How the decision-making process was influenced by our stakeholders	Outcome
Sale of HgT's remaining exposure to Hg Genesis 8 fund	Apart from 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, seeking to achieve the optimal balance of asset and vintage exposure across the various Hg fund structures.	The adjustments to the HgT investment profile allow for significant cash to be returned to HgT at attractive valuations, they also allow for increased investment flexibility, particularly through increased exposure to co-investments where HgT has a goal of investing 10%–15% of its capital. The Board also considered the interests of HgT's lenders, and ultimately decided that the sales help support HgT's objective of providing long-term returns to our shareholders.	In March 2023, the Board 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.
Re-sizing of HgT's exposure to Hg Saturn 3 fund	In addition to the considerations set out above, in the case of S3, the Board also took into account the likely transaction activity and the significant weakness of the Pound since the time of the original Dollar-denominated commitment.		In April 2023, the Board agreed to reduce the S3 exposure by c. 15%, exchanging invested NAV at par for cash.
Commitment to further Hg funds	The decisions to enter formal commitments to invest in Hg's investment vehicles are, by nature, longer-term decisions, and HgT's Board carefully considers HgT's liquidity projections and relevant scenario analyses.	Consistent with HgT's strategy and business model, this longer-term commitment cycle supports the long-term growth of the NAV and supports the objective of generating long-term returns for investors.	In 2023, the Board agreed a commitment of £183 million to Hg funds.
Facility increase	HgT having access to an increased banking facility aids in the cash flow management, in what seems likely to be a more uncertain transaction environment. The facility will be used to support the long-term growth of HgT, helping to provide capital to invest over the coming years and ultimately, contribute to our objective of providing our shareholders with long-term returns.	In deciding to increase the credit facility, the Board worked with the lenders to agree the terms; reviewed HgT's cash position and commitments; pipeline of investment opportunities; as well as the longer-term resilience of the business, including HgT's ability to continue to meet the loan covenants.	In March 2023, HgT increased its facility to £350 million. Subsequently, in March 2024, HgT further extended and increased the facility to £375 million for a three year period.
Buybacks	The Directors recognise that shareholders have different views. We view buybacks with caution, weighing up any immediate gain and the impact of utilising current cash on long term NAV growth. Ultimately, we seek to arrive at a decision that is, in the Board's view, in the best interests of HgT and its shareholders.	In each discussion of whether or not to execute a buyback, the Directors consider the availability of funding; investment opportunities; market conditions; the likely impact on future NAV growth; the views of, and feedback from, our shareholders; as well as the advice of our broker and the Manager.	In 2023, the Board considered share buybacks on several occasions, and each time decided that other uses of HgT's liquidity were, at the time, in the long-term interests of HgT and its shareholders.
New appointment to the Board of HgT and long-term succession plan	Continued refreshing of the Board is important to ensure that the HgT's Board has the right skills, experience, and diversity to deliver our long-term strategic plans and ambition. During the year, the Nomination Committee and the Board frequently considered our longer-term succession plan and the recruitment of new Non-Executive Directors.	The Board considered HgT's long-term strategy and ambition; the recommendations of the UK regulator and other stakeholders, such as the Parker Review panel; the expectations of our shareholders; as well as developing best practice and the views and influence of proxy voting agencies.	In November 2023, HgT announced the appointment of Helena Coles to the Board. We also enhanced our longer-term succession plan through to 2026. More details are on page 106.

For and on behalf of the Board

Jim Strang

Chairman of the Board

8 March 2024

Investment objective and investment policy

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.





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 annual 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'), 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 111-113 of this 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.

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

Source: Hg analysis

>25

years of investment

>175

investments in software and services businesses

c.50

portfolio companies

5

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

>200

highly regarded institutional investors

c.\$65bn

funds under management

Overview

About Hg

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.

Our investments

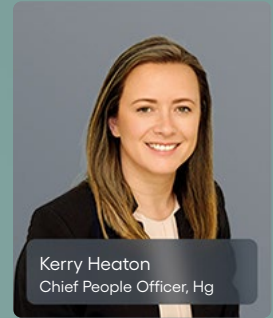
Primarily focused on defensive growth buyouts in software and services operating in specific end-market 'clusters' with enterprise values ('EVs') of £100 million to over £10 billion, growing faster than the broader economy. Hg predominantly seeks controlling equity buyout investments in businesses headquartered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



“ At Hg, we are laser focused on maintaining our culture – through who we hire, what we value, how we behave and how we work together. We are also broadening our thinking on diversity. Whilst we remain focused on diversity that can be seen, we are also being more thoughtful about cognitive diversity; how we bring people together with differing views and approaches to problem solving. This in turn leads to higher quality ideas and decision-making across Hg and our portfolio businesses. ”



Kerry Heaton
Chief People Officer, Hg

Our team

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.

Our culture is at the core of what makes Hg a high performing firm. When it comes to complex decision making, originating new ideas and determining strategy, it is critical to have a team representing different insights, perspectives and information.

We also look to foster diversity and inclusion in the wider investment ecosystem and we are a proud partner of Level 20, SEO’s Alternative Investment Programme, 10,000 Black Interns, Bloss.m and LGBT Great. All of these are not-for-profit organisations aligned around a common vision to inspire and support more under-represented groups to join our industry.

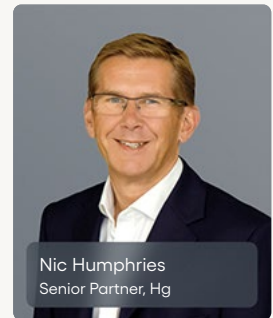
c.400
team members

c.240
investment and portfolio
management executives

48
nationalities



“ 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

Investment strategy

One strategy across a diverse 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.

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 c.50 software and services with similar characteristics, but of different sizes, end-market focus and maturity profiles.

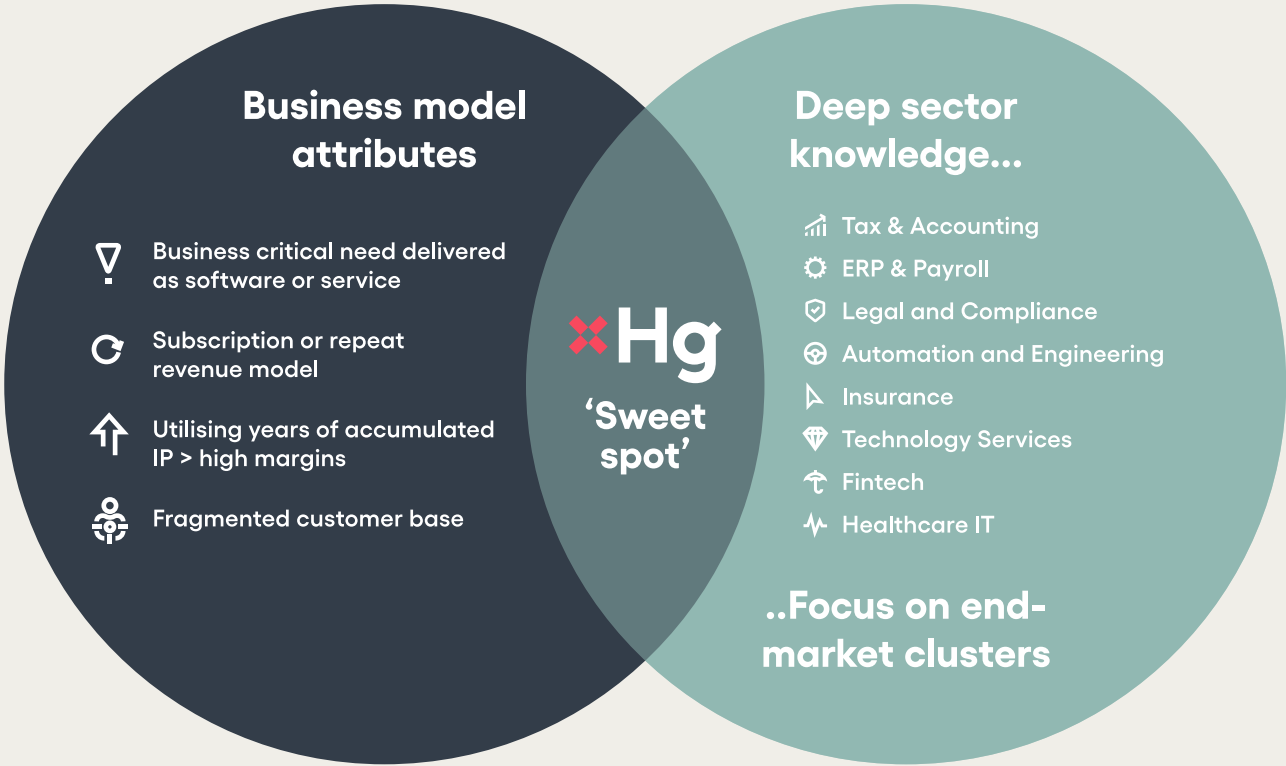
Hg’s offices in North America enhance the ability to crystallise and develop transatlantic investment opportunities, manage existing investments and make bolt-on acquisitions, as well as continue to engage with – and ultimately sell – portfolio companies to North American trade buyers.

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

The 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.



The power of the portfolio

>50

senior Hg operational specialists

>\$40m

of software cost savings for our portfolio from Hg's collective deals

c.75

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:

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
- introducing management teams to their counterparts in other Hg portfolio companies which have faced comparable challenges

 Data and AI

 Growth

 Tech, Product, Cyber

 Projects Support

 Talent and Org

 Finance and FP&A

 ESG and Legal

 Business Systems

 Geographic Coverage

“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

The Hg portfolio community

One of the most powerful ways in which we motivate change is through peer-to-peer collaboration.

By bringing together the management teams of companies with similar business models, Hg events provide attendees with invaluable opportunities to build connections, problem solve and share best practice as a community.

During 2023, the Hg Portfolio Engagement Team ran over 75 events, from specialist webinars to large-scale conferences in the UK, Europe and North America, to reflect our growing global portfolio.

Hive ^{Hg}

Hive, Hg's online engagement platform, is a custom-built technology designed exclusively for senior leaders in the portfolio. Hive provides a secure space for members to network with peers, collaborate and share knowledge. Accessible 24/7 and grouped into specialist communities, Hive also provides members with access to trusted tools, best practice resources and the latest information.

Value creation

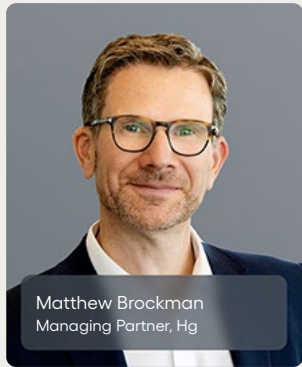
We work with our portfolio management teams to drive impact, by identifying opportunities systematically through benchmarks and diagnostics, helping prioritise and build robust value creation plans, and then establishing and executing rigorous impact projects. We do this using a large team of functional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

Responsible investment

5*/4* UNPRI ratings (100% for PE, 89% for policies and stewardship)

\$25m donated via The Hg Foundation

42 Employee Net Promoter Score



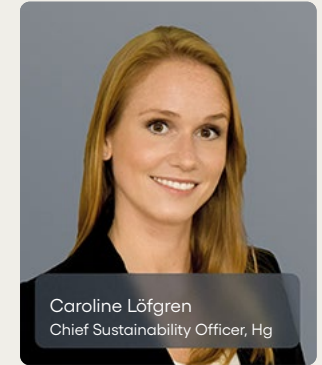
Matthew Brockman
Managing Partner, Hg

Why responsible investment is important to us

“After a tougher year for many, 2023 remained a strong year for Hg as our resilient family of software and services companies showed their strong foundations. A significant part of this is our long-term approach to business growth, creating responsible businesses for the future, sustaining investment in products that delight customers and create quality employment opportunities.

“The environmental impact of our portfolio remains a key focus. In 2023 we supported our portfolio companies to conduct company carbon footprints for the third year in a row. By introducing a new reporting platform and offering additional support, we continue to engage our portfolio to advance on climate action. We also advocate for portfolio companies to set science-based targets and are pleased to report that we have eight companies that have formally committed to the Science Based Targets initiative (SBTi).”

“ As a specialist software investor, Hg has been able to develop significant expertise in improving ESG performance in software businesses. Our best-in-class, software industry focused ESG diagnostic framework is now in its sixth year and has delivered material improvements across our portfolio. With support from Hg’s ESG team, over 250 diagnostics have now been completed driving improvements and receiving positive feedback from portfolio companies and their CEOs. ”



Caroline Löfgren
Chief Sustainability Officer, Hg

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, cyber-security, 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

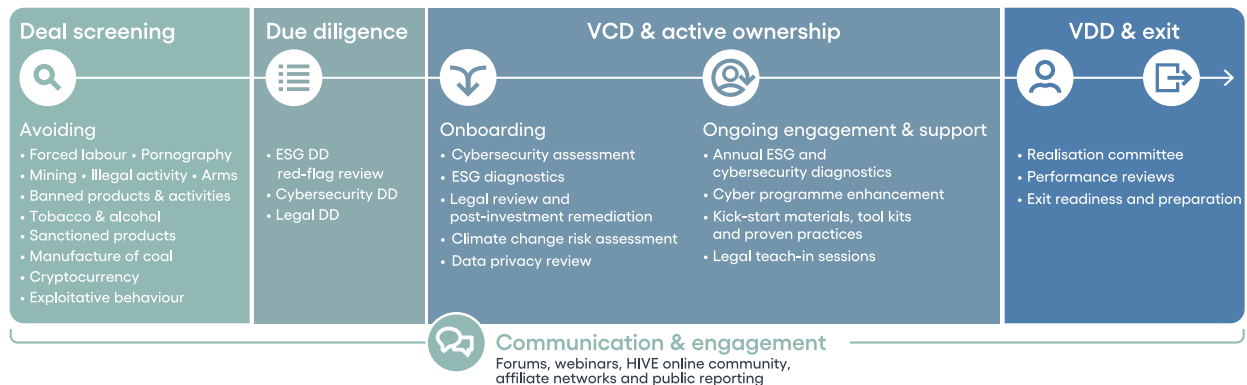
Climate change remains at the top of the agenda for regulators, investors and society at large. Acting on climate change is important and working collaboratively

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).

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 in line with Hg’s firm-level carbon compensation programme.

ESG in the deal lifecycle

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



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.

48 nationalities

38% women on the investment team

45% women across the entire firm

Hg's Sustainable Business Framework

Hg's Sustainable Business Framework outlines key ESG focus areas for software and services businesses.

RealDeals PRIVATE EQUITY AWARDS 2023
Winner of The Private Equity Award's Diversity and Inclusion Leader of the Year in 2021, 2022 and 2023

PR Principles for Responsible Investment

ESG Data Convergence Initiative

NET ZERO ASSET MANAGERS INITIATIVE

SCIENCE BASED TARGETS

INITIATIVE climat international
Private equity action on climate change

Diversity in Action

ilpa

SASB

The Hg Foundation

\$25m donated to date



20+ partnerships



50k students directly supported



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.



Imperial College London

SEO Career

Teaching with ChatGPT

merit AMERICA

FLORENCE

MANCHESTER 1824
The University of Manchester

Upwardly Global

Birkbeck UNIVERSITY OF LONDON

TUM
Technische Universität München

Generation FRANCE

upReach
Transforming Social Mobility

cornerstone vc

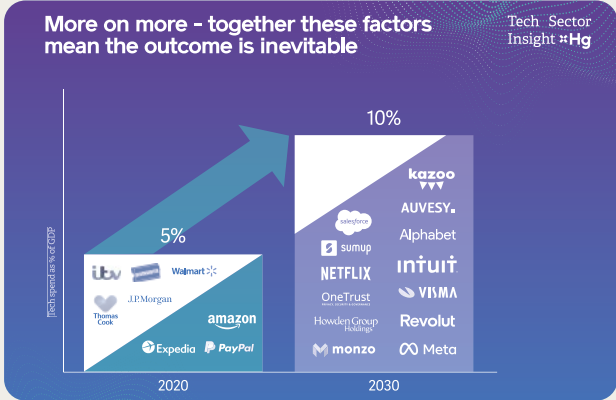
LET'S GET READY

Purposeful Ventures

Apps for Good

Article1
PRENDRE LE POUVOIR SUR L'AVENIR

Insights



Year in review

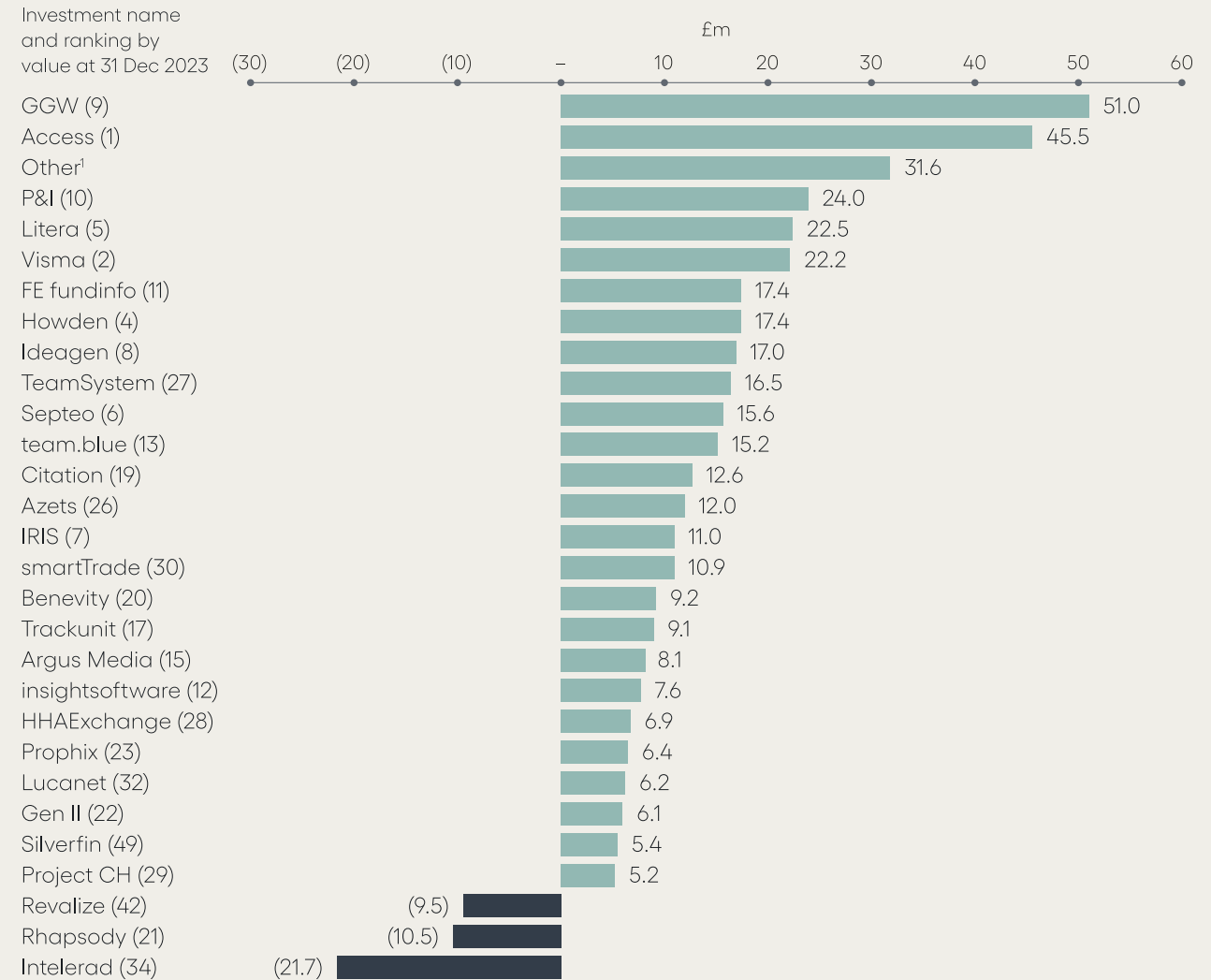
Net asset value (NAV)

During the year, the NAV of HgT increased by £201 million, from £2.1 billion at 31 December 2022 to £2.3 billion at 31 December 2023.

 **+£201m**
NAV movements

 **+£329m**
Return on investments

Largest realised and unrealised movements in the value of investments



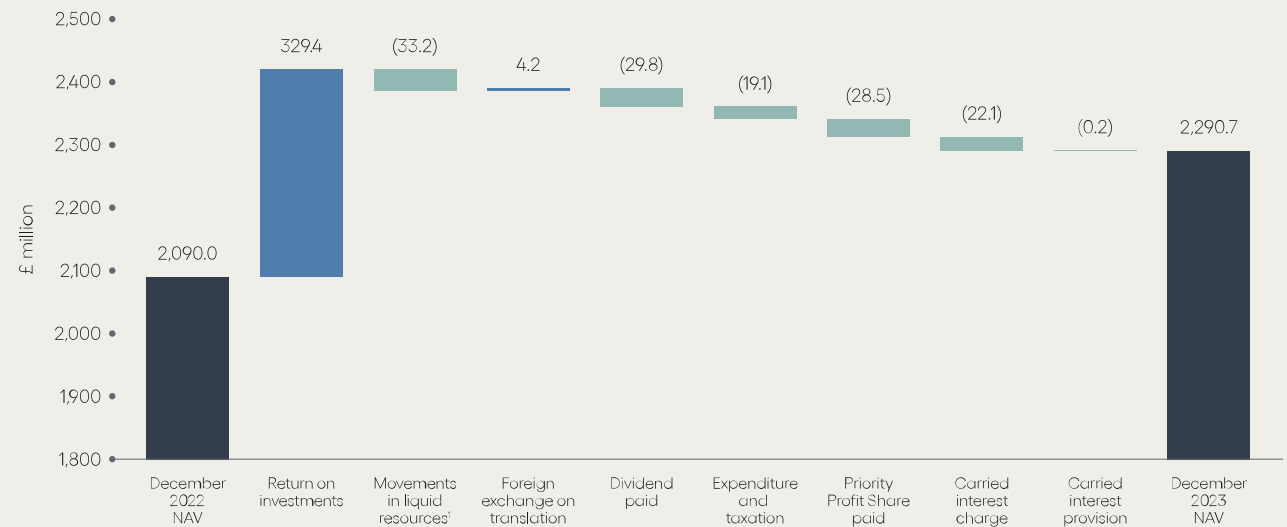
¹ Other includes movements across 21 portfolio companies not shown.

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.

Analysis of NAV movements

Several underlying factors contributed to the increase in NAV but the key driver of value was the £329.4 million return on investment of the unquoted portfolio. The carry provision was flat in the period as a result of the net impact of increased investment value and the secondary sale in relation to HGT 8 LP.

Reductions in NAV included: the payment of £29.8 million of dividends to shareholders and carried interest charge of £22.1 million.

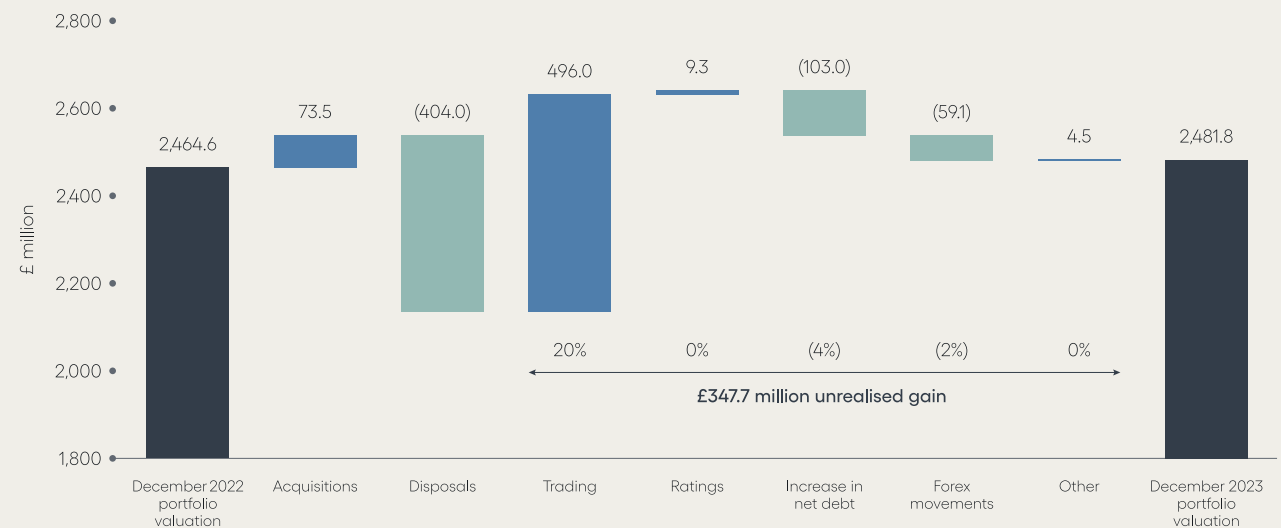


¹ Including unrealised and foreign exchange movement on liquid assets and the fund level facilities

Attribution analysis of movements in the value of investments²

During the year, the value of the unrealised investments increased by £347.7 million, before the provision for carried interest. The majority of the increase, £495.9 million, relates to increases from profit growth in the underlying investments. An increase in valuation multiples increased the value of investments by £9.3 million.

Realisations at carrying value net of acquisitions of £330.5 million, inclusive of gross proceeds in relation to secondary sales, and negative currency movements of £59.1 million decreased the value of the unrealised portfolio. An increase in net debt of £102.8 million contributed negatively to the unrealised portfolio.



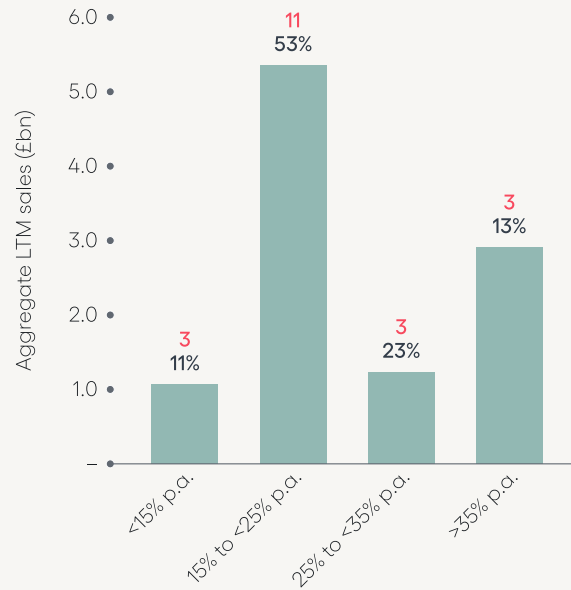
² Including accrued income, but excluding carried interest provision and fund level facilities.

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.

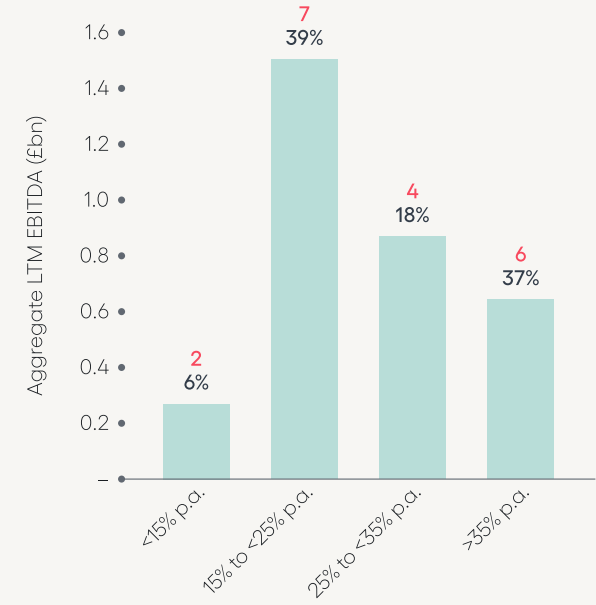
Top 20 portfolio trading performance

- The top 20 investments, representing 76% of portfolio value, have delivered sales growth of 25% (31 December 2022: 30%) and EBITDA growth of 30% (31 December 2022: 25%) over the last 12 months ("LTM")
- 91% of the top 20 companies by value achieved double-digit sales growth; 94% of the top 20 companies 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
- Access, Howden, Litera, Ideagen and GGW reported particularly strong trading

LTM sales growth: +25%



LTM EBITDA growth: +30%¹



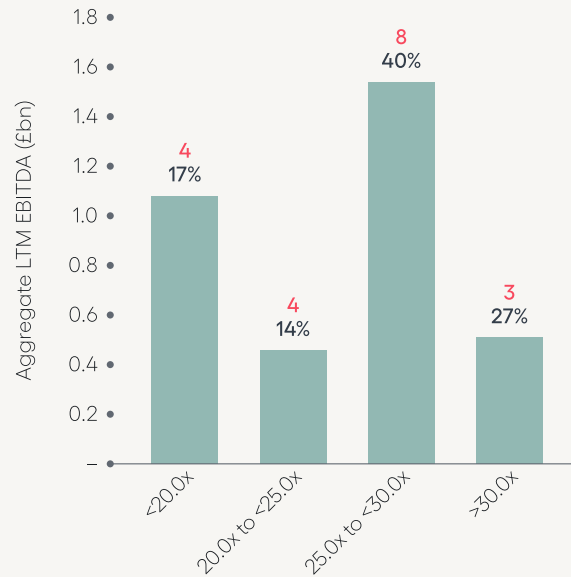
■ LTM Sales ■ LTM EBITDA ■ Number of investments within associated band ■ % of top 20 by value within associated band

¹ Excluding one investment of the top 20 valued on a basis other than earnings. Please note: All figures are as at 31 December 2023 and refer to the top 20 investments, representing 76% of the value of HgT's investments.

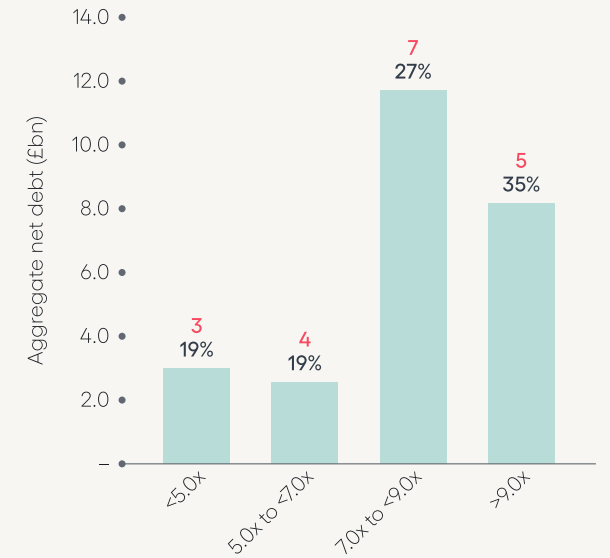
Top 20 valuation and net debt analysis

- The top 20 investments were valued at an EV/EBITDA multiple of 26.1x (31 December 2022: 27.2x)
- EV/EBITDA multiples are used to 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 full and partial realisations during 2023 was 25%. No investments were realised below carrying value as at 31 December 2022
- HgT's portfolio companies make appropriate use of debt to reduce their cost of capital and enhance returns to equity holders
- Portfolio companies have demonstrated a history of growing earnings and of being very cash generative, supporting their ability to service existing debt and to refinance
- Weighted average net debt for the top 20 of 7.4x LTM EBITDA (31 December 2022: 8.0x), represents <30% of the capital structure on average
- Interest rate exposure hedged for c.75% of debt with a duration of c.1.7 years

EV to EBITDA valuation multiples: 26.1x¹



Net debt to EBITDA ratios: 7.4x¹



■ LTM EBITDA ■ Debt ■ Number of investments within associated band ■ % of top 20 by value within associated band

¹ Excluding one investment of the top 20 valued on a basis other than earnings. Please note: All figures are as at 31 December 2023 and refer to the top 20 investments, representing 76% of the value of HgT's investments

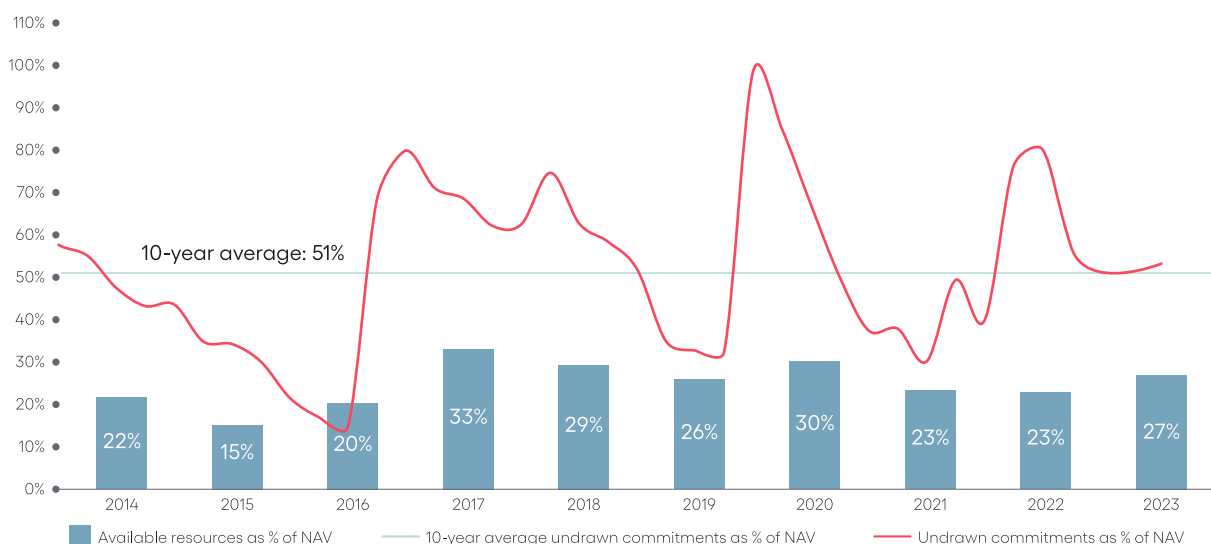
Outstanding commitments of HgT

Fund	Fund vintage	Fund currency	Original commitment fund currency million	Original commitment GBP £million	Outstanding commitments as at 31 December 2023		Outstanding commitments as at 31 December 2022	
					£million	% of NAV	£million	% of NAV
S3	2022	USD	875.0	686.4	470.5	20.5	612.6	29.3
G10	2022	EUR	500.0	433.3	343.4	15.0	359.4	17.2
HGT	Various	USD	171.2	138.0	133.0	5.8	102.1	4.9
M4	2023	EUR	175.0	151.6	131.3	5.7	–	–
S2	2020	USD	400.0	313.8	83.2	3.6	26.8	1.3
S1	2018	GBP	150.0	150.0	16.8	0.7	25.1	1.2
G8	2018	GBP	260.0	260.0	11.7	0.5	20.3	1.0
M3	2020	EUR	115.0	99.7	5.8	0.3	22.8	1.1
G9	2020	EUR	360.0	312.0	4.1	0.2	18.0	0.9
M1	2011	GBP	60.0	60.0	3.3	0.2	3.3	0.2
G7	2013	GBP	200.0	200.0	0.2	–	0.8	–
M2	2017	GBP	80.0	80.0	0.2	–	2.2	0.1
Other	2006	EUR	21.6	18.8	–	–	0.6	–
Total					1,203.5	52.5	1,194.0	57.2
Liquid resources					275.4	12.0	323.1	15.5
Undrawn Bank facility					350.0	15.3	153.2	7.3
Net outstanding commitments unfunded by liquid resources					578.1	25.2	717.7	34.4

At 31 December 2023, HgT had available liquid resources of £625 million and had outstanding commitments of £1.2 billion, as listed below. We anticipate the majority of these outstanding commitments will be drawn down over the next three to four years (2024–28) 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 31 December 2023.

Outstanding commitments and available resources as % of NAV

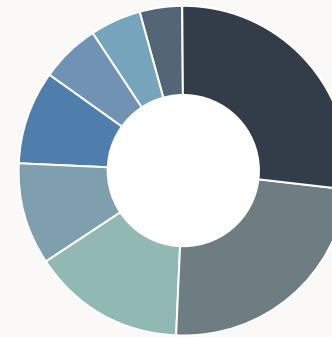


Investment portfolio of HgT

Fund limited partnerships	Gross valuation ¹ £000	Accrued Carry Provision	Net valuation £000	Portfolio value %
Primary funds:				
HGT Genesis 9 LP	435,621	(22,103)	413,518	18.0 %
HGT Saturn 2 LP	418,819	(26,126)	392,693	17.2 %
HGT 8 LP	434,115	(75,120)	358,995	15.7 %
HGT Saturn LP	317,533	(37,489)	280,044	12.3 %
HGT Saturn 3 LP	239,029	–	239,029	10.5 %
HGT LP	165,454	–	165,454	7.3 %
HGT Mercury 2 LP	176,354	(31,103)	145,251	6.4 %
HGT Mercury 3 LP	135,882	(7,695)	128,187	5.6 %
HGT Genesis 10 LP	90,444	–	90,444	4.0 %
HGT 7 LP	58,486	(11,714)	46,772	2.1 %
HGT Mercury 4 LP	20,922	–	20,922	0.9 %
Total primary funds	2,492,659	(211,350)	2,281,309	100.1%
Other ²	(10,811)	–	(10,811)	(0.1)%
Total investments and carry provision	2,481,848	(211,350)	2,270,498	100.0%

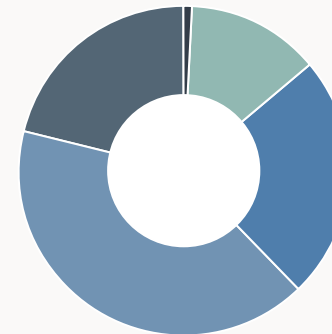
¹ Includes accrued income of £130,842,000 but before the deduction of the fund level facilities of £355,799,000.

² Includes HgT currency hedges.



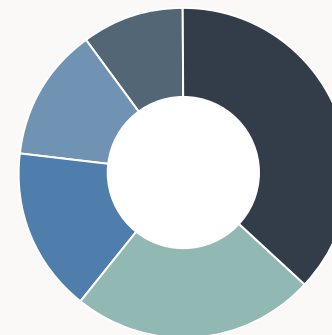
Hg 'cluster' by value

- 27% Tax & Accounting
- 24% ERP & Payroll
- 15% Legal & Regulatory Compliance
- 10% Fintech
- 9% Insurance
- 6% Technology Services
- 5% Healthcare IT
- 4% Automation & Engineering



Investment vintage by value

- 1% 2023
- 13% 2022
- 24% 2021
- 40% 2020
- 22% pre-2020



Geographic spread by value

- 37% UK
- 24% North America
- 16% Scandinavia
- 13% Germany
- 10% Other Europe

Investments

Over the course of the year, Hg invested over £1 billion on behalf of its clients, with HgT's share being £74 million.

HgT provides shareholders with a unique listed access point to the investment portfolio of Hg. The vast majority of these investments are generated by establishing and developing relationships with companies over many years and the continual refinement and focus on a clear investment model, targeting software and services leaders that transform how people work.

In addition to new investments, M&A within the underlying portfolio remains an important part of accelerating growth and generating future value.

Further investments were announced both in late 2023 and post the year-end and are due to close in 2024.

On completion, these transactions are estimated to represent over £200 million of further investment for HgT.

Investments made during the year

Company	Cluster	Location	Cost £000
GTreasury	Tax & Accounting	North America	15,008
JTL	ERP & Payroll	Germany	7,559
Nomadia	ERP & Payroll	France	6,014
New investments			28,581
Septeo	Legal & Regulatory Compliance	France	15,126
P&I	ERP & Payroll	Germany	15,000
GGW	Insurance	Germany	6,259
Howden	Insurance	UK	4,630
Citation	Tech Services	UK	2,549
Waystone	Legal & Regulatory Compliance	UK	2,455
Other ¹			(3,426)
Follow-on investments			44,940
Total investments on behalf of HgT			73,521

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

New Investments in the year to 31 December 2023

GTREASURY

£15.0m invested on behalf of HgT including £3.4m in co-investment

In June 2023, Hg completed an investment in GTreasury, a treasury, payments, and risk management software provider. This investment was made through the Hg Mercury Funds.



£7.6m invested on behalf of HgT

In November 2023, Hg completed an investment in JTL-Software-GmbH ('JTL'), a leading ERP software provider specialising in e-commerce enablement solutions for SMBs across Germany. This investment was made through the Hg Mercury 4 Fund.



£6.0m invested on behalf of HgT

In July 2023, Hg completed an investment in Nomadia, a leading European SaaS provider of smart mobility solutions. This investment was made through the Hg Mercury 3 Fund.

Follow-on investments in the year to 31 December 2023





New companies added to the portfolio



c.£13.6m invested on behalf of HgT

In December 2023, Hg announced an investment in CINC Systems, a leading cloud-based software company serving the community association management sector.

HgT will invest alongside other institutional clients of Hg through the Hg Mercury 4 Fund.

induver

c.£6.7m invested on behalf of HgT

In March 2024, Hg announced an investment in Induver and Clover, two leading independent corporate insurance brokers in Belgium, who will join forces.

HgT will invest in Induver Group, alongside other institutional clients of Hg HGT through the Hg Mercury 4 Fund.

Further investments since 31 December 2023



c.£83.5m invested on behalf of HgT

In December 2023, Hg announced that it had agreed to a further investment in Visma, a leading provider of mission-critical cloud software in Europe and Latin America.

Visma will welcome around 20 new investors to the shareholder register, worth over €1 billion of equity investment. In addition the transaction will result in c.€3 billion new investment from existing shareholders including majority investor, Hg.



c.£44.2m invested on behalf of HgT

In February 2024, Hg announced that it had invested in the next phase of growth for GGW Group ('GGW'), one of the leading European insurance brokerage platforms for small and medium-sized enterprises ('Mittelstand').

This investment followed an option for Hg funds to reinvest in GGW which Hg decided to exercise. Following completion of this transaction, Hg will own a co-controlling stake in the business alongside Permira, investing through the Hg Saturn 3 Fund.

Realisations

Over the course of the year, Hg has returned over £2 billion to its clients, including £324 million to HgT, with full and partial realisations at an average uplift to carrying value of 25%.

The continued realisation activity seen over 2023 and into 2024 continues to highlight the fundamental strength of the underlying portfolio.

The sale of Argus announced in January 2024 represented Hg's 29th liquidity event completed over the last two years. This sets Hg apart in a year when many other private equity firms struggled to generate liquidity from their portfolios. Hg believes its realisation activity in 2023 was a clear differentiator for HgT, highlighting the fundamental strengths and attractiveness of the underlying portfolio to both trade and financial buyers.

Realisations made during the year

Company	Cluster	Exit route	Proceeds ¹ £000
Transporeon	ERP & Payroll	Trade sale	110,413
Commify	Tech Services	Secondary sale	21,930
Full realisations			132,343
P&I	ERP & Payroll	Partial sale	36,678
Azets	Tax & Accounting	Partial sale	23,161
Silverfin	Tax & Accounting	Partial sale	13,635
HGT 8 ²		Secondary sale	91,000
HGT S3 ³		Secondary sale	47,292
Other ⁴			1,812
Partial realisations			213,578
Total realisations			345,921
Carried interest charge to the Manager			(22,140)
Net realisations to HgT			323,781

¹ Includes gross revenue received of £53.0 million during the year ended 31 December 2023.

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

³ Rebate of invested capital after a reduction in commitment.

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

Full realisations in the year to 31 December 2023

TRANSPOREON

£110.4m returned to HgT

In April 2023, Hg completed 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 €1.88 billion.



£21.9m returned to HgT

In November 2023, Hg completed the sale of Commify, the UK-headquartered European leader in business messaging solutions to Local Enterprises, to ECI Partners. This transaction values HgT's investment in Commify at approximately £21.9 million. This would represent an uplift of 28% over the carrying value in the NAV of HgT at 31 December 2022.

Secondary realisations in the year to 31 December 2023

Saturn 3 Genesis 8

£138.3m returned to HgT

The fund level portfolio rebalancing that has been announced previously, involved a resizing of the commitment to Hg Saturn 3 and a partial secondary sale of Hg Genesis 8 in order to fund future commitments.

Partial realisations in the year to 31 December 2023



PURE HR

£36.7m returned to HgT

In October, Hg completed a minority sale of its investment in Personal & Informatik AG ('P&I'), a leading provider of HR software in the DACH region from the Hg Genesis 7 Fund.



£23.2m returned to HgT

In October, Hg completed the partial realisation of its investment in Azets Group, a leading provider of business-critical accounting, tax, payroll, audit and advisory services to SMBs.

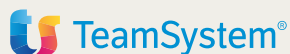
PAI Partners has joined the business as a new investor. Following completion, PAI will hold an equal and co-controlling stake in Azets alongside Hg. This transaction valued HgT's investment in Azets at approximately £54.3 million.



£13.6m returned to HgT

In November, Hg completed the partial sale of Silverfin, a leading cloud platform for accountants to Visma, Europe's leading provider of mission-critical cloud software.

Further realisations since the year end



Estimated £8m returned to HgT

In August 2023, Hg announced the partial sale of its investment in TeamSystem, a leading provider of business software solutions to businesses and accountants in Italy and Spain. Hg will remain a minority investor in the business. This transaction valued HgT's investment in TeamSystem at approximately £33.3 million.



Estimated £42m returned to HgT

In December 2023, Hg announced that it had agreed a partial sale of IRIS Software Group ('IRIS'), a leading global provider of mission-critical software and services in accountancy, payroll, HR and education, to LGP, a Los Angeles-based private equity firm.

This transaction values HgT's investment in IRIS at approximately £99.8 million. HgT will re-invest a portion of its proceeds in the business alongside other institutional clients of Hg investing through Hg Saturn.



Estimated £48m returned to HgT

In January 2024, Hg announced that it had agreed a full realisation of its shareholding in Argus Media, the leading independent provider of intelligence to the global energy and commodity markets to General Atlantic, a leading global growth investor and Argus management.



GGW GROUP

Estimated £82m returned to HgT

In December 2023, Hg announced that it had agreed a realisation of GGW Group ('GGW'), one of the leading European insurance brokerage platforms for small and medium-sized enterprises ('Mittelstand'), with Permira investing in the business.



£11m returned to HgT

In January 2024, Hg completed the sale of 'MeinAuto' and 'Mobility Concept' divisions to Mobilize Lease & Co, a subsidiary of Mobilize Financial Services, part of the Renault Group.

Following the sale Hg remains invested in Athletic Sport Sponsoring, a leading flat-rate car subscription provider in Germany.

Overview of the underlying investments

held through HgT's limited partnerships

Investments (in order of value)	Fund	Sector	Location	Year ¹	Residual cost £000	Total valuation ² £000	Portfolio value %	Cum. Value %
1 Access	S3/G8/HGT	ERP & Payroll	UK	2020	145,255	304,200	12.3	12.3
2 Visma	G7/S1/S2/HGT	Tax & Accounting/ERP & Payroll	Scandinavia	2020	81,123	216,048	8.7	21.0
3 IFS Workwave	S3/HGT	ERP & Payroll	Scandinavia	2022	114,248	123,989	5.0	26.0
4 Howden	S3/HGT	Insurance	UK	2021	59,553	123,525	5.0	31.0
5 Litera	G8/G9	Legal & Regulatory Compliance	N. America	2019	28,919	110,826	4.5	35.5
6 Septeo	G9	Legal & Regulatory Compliance	France	2020	53,671	105,259	4.2	39.7
7 IRIS	S1	Tax & Accounting/ERP & Payroll	UK	2018	36,380	98,563	4.0	43.7
8 Ideagen	G10/G9/M3	Legal & Regulatory Compliance	UK	2022	68,257	93,496	3.8	47.5
9 GGW	M2/M3	Insurance	Germany	2020	19,019	92,149	3.7	51.2
10 P&I	S1/HGT	ERP & Payroll	Germany	2020	53,376	84,929	3.4	54.6
11 FE fundinfo	M2/G9	Fintech	UK	2017	26,154	77,841	3.1	57.7
12 insightsoftware	S2/HGT	Tax & Accounting	N. America	2021	53,056	74,427	3.0	60.7
13 team.blue	G10/G8	Tech Services	Benelux	2018	36,861	69,703	2.8	63.5
14 Sovos	S2/HGT	Tax & Accounting	N. America	2020	49,593	58,678	2.4	65.9
15 Argus Media	S1/HGT	Fintech	UK	2020	24,183	49,893	2.0	67.9
16 Norstellla	M2/G9/HGT	Healthcare IT	N. America	2021	29,274	48,289	1.9	69.8
17 Trackunit	G9	Automation & Engineering	Scandinavia	2021	26,593	46,566	1.9	71.7
18 Waystone	S2	Legal & Regulatory Compliance	UK	2022	40,904	39,430	1.6	73.3
19 Citation	G8	Tech Services	UK	2020	18,890	39,227	1.6	74.9
20 Benevity	S2/HGT	ERP & Payroll	N. America	2021	32,124	39,176	1.6	76.5
21 Rhapsody	M2/M3/HGT	Healthcare IT	N. America	2018	20,814	38,786	1.6	78.1
22 Gen II	G9	Fintech	N. America	2020	19,921	35,935	1.4	79.5
23 Prophix	G9	Tax & Accounting	N. America	2021	17,139	35,296	1.4	80.9
24 Caseware	G8	Tax & Accounting	N. America	2020	21,255	34,746	1.4	82.3
25 MeinAuto	G8	Automation & Engineering	Germany	2017	25,233	33,993	1.4	83.7
26 Azets	G7/HGT	Tax & Accounting	UK	2016	20,966	33,545	1.4	85.1
27 TeamSystem	G8	Tax & Accounting/ERP & Payroll	Italy	2021	10,586	31,897	1.3	86.4
28 HHA	G9	Healthcare IT	N. America	2021	24,035	30,994	1.2	87.6

Investments (in order of value)	Fund	Sector	Location	Year ¹	Residual cost £000	Total valuation ² £000	Portfolio value %	Cum. Value %	
29	Project CH	S2	Tax & Accounting	Germany	2021	18,393	29,563	1.2	88.8
30	smartTrade	M2/HGT	Fintech	France	2020	18,862	27,263	1.1	89.9
31	DEXT	S1/HGT	Tax & Accounting	UK	2021	15,620	25,954	1.0	90.9
32	LucaNet	G9	Tax & Accounting	Germany	2022	15,649	24,226	1.0	91.9
33	Nitrogen	M3/HGT	Fintech	N. America	2021	15,868	20,045	0.8	92.7
34	Intelerad	G8	Healthcare IT	N. America	2020	11,870	17,360	0.7	93.4
35	Pirum	M3/HGT	Fintech	UK	2022	13,928	16,998	0.7	94.1
36	F24	M2/HGT	Tech Services	Germany	2020	11,291	16,630	0.7	94.8
37	GTreasury	M4/HGT	Tax & Accounting	N. America	2023	15,008	16,126	0.6	95.4
38	Auvesy	M3	Automation & Engineering	Germany	2021	8,130	15,142	0.6	96.0
39	Geomatikk	M2/HGT	Tech Services	Scandinavia	2021	11,392	15,002	0.6	96.6
40	Mitratche	G7/HGT	Legal & Regulatory Compliance	N. America	2017	3,328	13,722	0.6	97.2
41	Fonds Finanz	M3	Insurance	Germany	2022	8,309	12,905	0.5	97.7
42	Revalize	G9	ERP & Payroll	N. America	2021	18,839	11,759	0.5	98.2
43	TrustQuay	M3	Fintech	UK	2022	8,970	10,999	0.4	98.6
44	Serrala	G9	Tax & Accounting	Germany	2021	23,086	10,569	0.4	99.0
45	Bright	M3	ERP & Payroll	Ireland	2021	6,529	10,165	0.4	99.4
46	JTL	M4	ERP & Payroll	Germany	2023	7,559	7,667	0.3	99.7
47	NomadIA	M3	ERP & Payroll	France	2023	6,014	6,980	0.3	100.0
48	Blinqx	M3	ERP & Payroll	Benelux	2022	3,833	5,542	0.2	100.2
49	Silverfin	M2/HGT	Tax & Accounting	Benelux	2019	1,132	4,692	0.2	100.4
Total buyout investments (49)					1,400,992	2,490,715	100.4	100.4	
Other		Hedges and other fund interests			13,539	(8,867)	(0.4)	(0.4)	
Total all investments					1,414,531	2,481,848	100.0	100.0	

¹ Where re-investment has occurred the investment date is based on the closing of the largest tranche of the investment holding.

² Including accrued income of £130.8 million, but before a deduction for the provision for carried interest of £211.4 million and fund level facilities of £355.8 million.

Note that the investments held at fair within the Balance Sheet on page 57 exclude accrued income but include the deduction for carried interest and the fund level facilities.

Top 20 investments

representing 76% of the value of HgT's investments

Investments are held through limited partnerships, of which HgT is the majority limited partner. HgT invests alongside other clients of Hg. Typically, HgT's holding forms part of a much larger 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 provider of mission-critical, integrated business-management software to SME's in the UK and APAC

Investment date	June 2018
Website	theaccessgroup.com
Hg clients' total equity:	41.3%
% of NAV:	13.3%

Business description

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

Performance

Access has traded well since our initial Investment in 2018, 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 £45.5 million over 2023.



02 VISMA

a provider of mission-critical business software to SMEs and the public sector in Europe

Investment date	August 2020
Website	visma.com
Hg clients' total equity:	54.8%
% of NAV:	9.4%

Business description

Visma is a provider of mission-critical business software to SMEs and the public sector in Europe. The company provides approximately 1.7 million paying customers with SaaS solutions covering: accounting; resource planning, payroll, procurement, and transaction processing.

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 £22.2 million over 2023.



03 IFS WORKWAVE

a software vendor for organisations who want to differentiate on service

Investment date	July 2022
Website	ifs.com
Hg clients' total equity:	30.6%
% of NAV:	5.4%

Business description

IFS is a 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 solid organic growth over the period.



04 HOWDEN

a tech-enabled international insurance distribution group

Investment date	March 2021
Website	howdengroup.com
Hg clients' total equity:	23.9%
% of NAV:	5.4%

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 insurance 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 £174 million over 2023.



05 LITERA

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

Investment date	May 2019
Website	litera.com
Hg clients' total equity:	92.2%
% of NAV:	4.8%

Business description

Litera is a 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 in 2023, while maintaining an active pipeline of potential acquisitions.

The valuation of HgT's investment in Litera increased by £22.5 million over 2023.



06 septeo

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

Investment date	December 2020
Website	septeo.fr
Hg clients' total equity:	69.5%
% of NAV:	4.6%

Business description

By facilitating the work of 150,000 legal, real estate, hospitality and business professionals with modern software solutions, Septeo sits at the heart of millions of citizens across France, Spain and Belgium, supporting them in the most important moments of their lives (housing, marriage, divorce, setting up a business, career development, holidays etc.). Founded in 2013, The Septeo Group now has over 26,000 clients, served by over 2,800 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 £15.6 million over 2023.



07 IRIS

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

Investment date	September 2018
Website	iris.co.uk
Hg clients' total equity:	65.0%
% of NAV:	4.3%

Business description

IRIS serves over 100,000 customers and three million users in the Accountancy, Education, HR and SME payroll 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 2023, strong trading growth and M&A has led to an increase in HgT's position in IRIS of £11.0 million.



08 Ideagen

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

Investment date	July 2022
Website	ideagen.com
Hg clients' total equity:	84.3%
% 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 December 2023, the carrying value of HgT's investment increased by £17.0 million.



09 GGW GROUP

a European P&C insurance broker and MGA group serving SME customers

Investment date	February 2020
Website	ggw.de
Hg clients' total equity:	62.6%
% of NAV:	4.0%

Business description

GGW Group ('GGW'), a leading European P&C insurance broker and MGA group serving SME customers, is focused on the DACH region with an increasing presence across continental Europe. The group is the result of a successful M&A strategy in the fragmented P&C insurance distribution market, having acquired >50 platform add-ons with >1.5k employees. Post the initial investment in February 2020, funded by Hg Mercury 2 and driven by continuous outperformance in M&A execution, Hg Mercury 3 agreed to invest alongside Hg Mercury 2 in September 2021 to unlock further M&A. In December 2023, Hg agreed the full realisation of GGW to funds advised by Permira. Hg's Saturn 3 fund exercised the option to acquire 50% in GGW at the end of January 2024.

Performance

GGW's performance over the past four years continuously exceeded expectations. Over 2023, the value of HgT's investment increased by £51.0 million.



10 P&I PURE HR

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

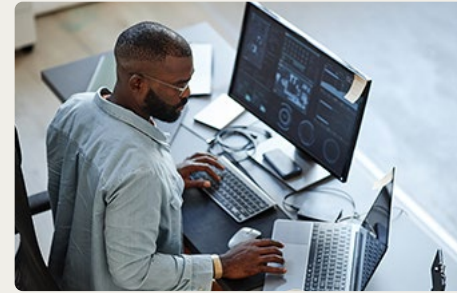
Investment date	March 2020
Website	pi-ag.com
Hg clients' total equity:	64.4%
% of NAV:	3.7%

Business description

Founded in 1968, P&I is a 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 10 further European countries via an integrated and highly automated private cloud-based platform.

Performance

P&I continued to develop positively during 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 £24.0 million.



11 FE fundinfo

a facilitator of more efficient investing, through trusted, insightful information

Investment date	November 2018
Website	fefundinfo.com
Hg clients' total equity:	68.6%
% of NAV:	3.4%

Business description

FE fundinfo is a provider of data, analytics software and infrastructure for the global funds industry, facilitating the distribution of retail funds and investment decision-making by banks, asset and wealth managers. The business connects fund managers and fund distributors and enables them to share and act on trusted, insightful data.

Performance

Initially formed via three Hg-led acquisitions (the merger of FE, fundinfo and F2C), the business has also executed on more than seven M&A deals under Hg's ownership, with five strategic M&A deals between 2020 and 2023, most notably a strategic acquisition of Fundsquare in 2022. Recent closed acquisitions are performing well, contributing to an increase in the value of HgT's investment of £17.4 million over 2023.



12 insightsoftware

a provider of connected solutions for the Office of the CFO

Investment date	September 2021
Website	insightsoftware.com
Hg clients' total equity:	44.0%
% of NAV:	3.2%

Business description

insightsoftware is a global provider of comprehensive solutions for the Office of the CFO. Insightsoftware's platform is built around a unique data layer that connects more than 200 data sources, enabling seamless connectivity and efficiency across finance, accounting, and operations applications.

Performance

Organic growth is expected to accelerate in FY2024 as the company begins to complete and realise benefits from its license to subscription transition.



13 team.blue

a provider of mass hosting services for SMEs and entrepreneurs across 15 European countries

Investment date	March 2019
Website	team.blue
Hg clients' total equity:	44.0%
% of NAV:	3.0%

Business description

team.blue provides digital presence solutions (domains, websites, ecommerce & marketing software, hosting services) to over 2.5 million SMEs and Sohos in Europe. team.blue has presence in 16 European countries and segment leading positions in nine of those.

Performance

In July 2023, Hg announced a further investment in team.blue to fund expansion in its product offering of online solutions, as well as increase its local presence across more countries in Europe via M&A. Reflecting the impact of both continued organic growth and value-accretive M&A, the value of HgT's investment in team.blue increased by £15.2 million in 2023.



14 sovos

a provider of tax compliance solutions

Investment date	September 2020
Website	sovos.com
Hg clients' total equity:	55.9%
% of NAV:	2.6%

Business description

Sovos is a global provider of tax compliance software solutions that helps customers manage an increasingly complex end-to-end tax determination and regulatory reporting process. Its solutions manage all aspects of the tax compliance process from tax calculation, forms completion, ultra-high volume filing, to secure funds transfer to state and local revenue departments.

Performance

Sovos has seen consistent organic and inorganic growth since our initial investment. Hg has continued to invest in the business to drive organic returns, and to integrate recent acquisitions which have led to some anticipated temporary compression of EBITDA margins. The company continues to perform well.



15 argus

a producer of price assessments and analysis of international energy and other commodity markets

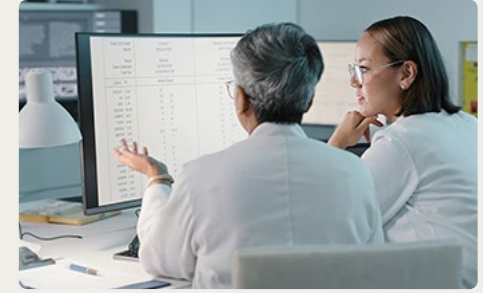
Investment date	January 2020
Website	argusmedia.com
Hg clients' total equity:	24.6%
% of NAV:	2.2%

Business description

Founded in 1970, Argus is a leading independent provider of intelligence to the global energy and commodity markets, headquartered in London with 29 offices in the world's principal commodity trading and production centres. Argus provides essential price assessments, news, analytics, consulting services, data science tools and industry conferences to the global energy and commodities markets.

Performance

In January 2024, Hg agreed to sell its entire holding in Argus Media to General Atlantic, returning capital to investors including HgT. During the course of 2023, the value of HgT's investment increased by £8.1 million.



16 norstella

uniting market-leading companies that all have a shared goal of improving patient access

Investment date	September 2021
Website	Norstella.com
Hg clients' total equity:	19.4%
% of NAV:	2.1%

Business description

Norstella was formed following the merger of MMIT Evaluate and Pharma Intelligence (Citeline, previously part of Informa). Each of its brands (Evaluate, MMIT, Panalgo, The Dedham Group, Citeline) delivers must-have answers for critical strategic and commercial decision-making. By combining the efforts of each organization under Norstella, they can offer breadth of expertise, cutting-edge data solutions and expert advisory services alongside advanced technologies such as real-world data, machine learning and predictive analytics.

Performance

Following the completion of the merger of MMIT Evaluate and Pharma Intelligence in October 2022, Norstella continues to see double-digit sales and earnings growth.



17 Trackunit®

a provider of SaaS-based Internet of Things ('IoT') solutions to the global construction industry

Investment date	June 2021
Website	trackunit.com
Hg clients' total equity:	82.8%
% of NAV:	2.0%

Business description

Founded in 1998, and headquartered in Denmark, with offices in the US, Canada, Northern Europe, and Australasia, Trackunit's business' solutions allow users to collect and analyse machine data in real-time to deliver actionable, proactive and predictive information, empowering customers with data-driven foresight. From operator safety and machine health to business optimisation, Trackunit's industry-leading products and services benefit the everyday operations of customers worldwide. In November 2021, Trackunit completed the merger with the Industrial IoT division of ZTR, a leading off-highway IoT provider in North America.

Performance

During the course of 2023, the value of HgT's investment increased by £9.1 million.



18 waystone

delivering tools and expertise to manage governance and regulatory requirements

Investment date	October 2022
Website	waystone.com
Hg clients' total equity:	39.3%
% of NAV:	1.7%

Business description

Founded in 2000 and based in Dublin, Waystone serves clients with assets under management totalling more than \$2 trillion, delivering the tools and expertise to manage their governance and regulatory requirements, enabling them to focus on their core business.

It has achieved global scale through a series of carefully planned acquisitions, and today provides an extensive range of services and solutions across multiple international jurisdictions.

Performance

Waystone's revenue and EBITDA continue to see robust growth, driven by M&A, new client wins, cross-selling and ongoing fund launches. The business remains resilient through challenging market conditions and is well-positioned to attract new clients with its best-in-class reputation, customer service and broad product offering.



19 The Citation Group

providing long-term, subscription-based compliance and quality services to SMEs throughout the UK

Investment date	December 2020
Website	citation.co.uk
Hg clients' total equity:	40.6%
% of NAV:	1.7%

Business description

The Citation Group ('Citation') provides tech-enabled compliance and quality-related subscription services to over 120,000 SMEs across the UK, Australia and Canada, helping to comply with relevant regulations and to ensure that quality and standards are met, in areas such as HR/employment law, health and safety and ISO and industry-specific rules and standards. Following the sale of some of the stake to KKR, a leading global investment firm, and a further reinvestment from Hg, the business is now led via co-control ownership by both Hg and KKR.

Performance

Citation continues to grow organically at double-digit rates, with increasing net revenue retention and sector-leading customer acquisition metrics, this performance in 2023 has led to an increase of £12.6 million in HgT's valuation of its stake in the business.



20 benevity

a provider of Corporate Social Responsibility ('CSR') SaaS solutions

Investment date	January 2021
Website	benevity.com
Hg clients' total equity:	68.2%
% of NAV:	1.7%

Business description

Founded in 2008 and headquartered in Canada, Benevity provides CSR SaaS solutions, serving a global client base of c.1,000 customers. The business's unique solutions enable clients to grow their CSR programs, driving strategic value by improving reputation/brand equity; attracting, motivating and retaining talent; and increasing operational efficiency. Benevity's leading product creates a powerful network effect: with numerous bluechip clients, a strong representation in the Fortune 500 and more vetted charities than peers. Altogether, the business connects with over 14 million users and more than 2 million charities worldwide driving annual donation volumes of over \$3.2 billion.

Performance

Over 2023, the value of HgT's stake in Benevity has increased by £9.2 million.

HgT's investment portfolio by cluster

Tax & Accounting >19 years















ERP & Payroll >19 years















Legal & Regulatory Compliance >16 years







Automation & Engineering >15 years





Tech Services >13 years






Fintech >10 years









Insurance >9 years





Healthcare IT >8 years






Financial statements



Income statement

for the year ended 31 December 2023

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.

The movements in reserves are set out in note 21 to the financial statements.

All revenue and capital items in the above statement derive from continuing operations.

No operations were acquired or discontinued during the year.

	Notes	Revenue return		Capital return		Total return	
		2023 £000	2022 £000	2023 £000	2022 £000	2023 £000	2022 £000
Gains on investments and liquidity funds	13	-	-	210,336	95,678	210,336	95,678
Losses on priority profit share calls	5(b)	-	-	(8,053)	(12,512)	(8,053)	(12,512)
Net income	4	45,624	41,756	-	-	45,624	41,756
Other expenses	6(a)	(9,202)	(7,153)	-	-	(9,202)	(7,153)
Net return before finance costs and taxation		36,422	34,603	202,283	83,166	238,705	117,769
Finance costs	6(b)	(8,188)	(10,285)	-	-	(8,188)	(10,285)
Net return before taxation		28,234	24,318	202,283	83,166	230,517	107,484
Taxation	9	-	-	-	-	-	-
Net return after taxation		28,234	24,318	202,283	83,166	230,517	107,484
Basic and diluted return per ordinary share	10(a)	6.17p	5.32p	44.19p	18.18p	50.36p	23.50p

The following notes form part of these financial statements.

Balance sheet

as at 31 December 2023

The financial statements of HgCapital Trust plc (registered number 01525583) on pages 55–74 were approved and authorised for issue by the Board of Directors on 8 March 2024 and signed on its behalf by:
 Jim Strang, Chairman
 Richard Brooman, Director

	Notes	2023 £000	2022 £000
Fixed asset investments			
Investments at fair value through profit or loss:			
Unquoted investments	12	1,783,857	1,752,509
Total fixed asset investments		1,783,857	1,752,509
Current assets – amounts receivable after one year:			
Accrued income on fixed assets	14	130,842	133,534
Debtors	14	43,955	–
Current assets – amounts receivable within one year:			
Debtors	14	60,520	22,628
Investments at fair value through profit or loss:			
Liquidity funds	15	221,930	270,524
Uninvested capital in limited partnerships	12(a)	1,906	239
Cash at bank	16	51,603	52,315
Total current assets		510,756	479,240
Creditors – amounts falling due within one year	17	(3,884)	(4,345)
Net current assets		506,872	474,895
Creditors – amounts falling due after one year	18	–	(137,439)
Net assets		2,290,729	2,089,965
Capital and reserves:			
Called-up share capital	20	11,443	11,443
Share premium account	21	372,224	372,224
Capital redemption reserve	21	1,258	1,258
Capital reserve – unrealised	21	593,019	505,463
Capital reserve – realised	21	1,290,439	1,175,712
Revenue reserve	21	22,346	23,865
Total equity shareholders funds		2,290,729	2,089,965
Net asset value per ordinary share	10(b)	500.5p	456.6p
Ordinary shares in issue at 31 December		457,728,500	457,728,500

The following notes form part of these financial statements.

Statement of cash flows

for the year ended 31 December 2023

	Notes	2023 £000	2022 ¹ £000
Net cash inflow from operating activities	7	125,620	1,956
Investing activities:			
Purchase of liquidity funds	15	(119,254)	(215,787)
Redemption of liquidity funds	15	168,302	220,500
Net cash inflow from investing activities		49,048	4,713
Financing activities:			
Drawdown of loan facility	18	–	138,779
Repayment of loan facility	18	(137,439)	(153,885)
Servicing of finance		(8,188)	(10,285)
Equity dividends paid	11	(29,753)	(34,217)
Proceeds from issue of shares		–	10,974
Net cash outflow from financing activities		(175,380)	(48,634)
Decrease in cash and cash equivalents in the year	16	(712)	(41,965)
Cash and cash equivalents at 1 January	16	52,315	94,280
Cash and cash equivalents at 31 December	16	51,603	52,315

¹ The prior year Statement of cash flows has been restated for presentational purposes. Please see page 60 for details of the changes.

The following notes form part of these financial statements.

Statement of changes in equity

for the year ended 31 December 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		–	–	–	(206,725)	289,891	24,318	107,484
Contributions of equity net of transaction costs		71	12,253	–	–	–	–	12,324
Share buyback		(10)	–	10	–	–	(1,350)	(1,350)
Equity dividends paid	11	–	–	–	–	–	(34,217)	(34,217)
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		–	–	–	87,556	114,727	28,234	230,517
Contributions of equity net of transaction costs		–	–	–	–	–	–	–
Equity dividends paid	11	–	–	–	–	–	(29,753)	(29,753)
At 31 December 2023		11,443	372,224	1,258	593,019	1,290,439	22,346	2,290,729

The following notes form part of these financial statements.

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 102 – 'The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland' ('FRS 102') and with the Statement of Recommended Practice 'Financial Statements of Investment Trust Companies and Venture Capital Trusts' ('SORP'), issued in July 2022. All of HgT's operations are of a continuing nature.

After reviewing forecasts and stressed scenarios, 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.

Re-presentation of Statement of cash flows

Purchases and disposal proceeds in relation to investments have been reclassified in the Statement of cash flows from net cash flows from investing activities to net cash flows from operating activities. To ensure consistent presentation, this change has been made to the current and prior year Statement of cash flows and note 7. The Directors are of the opinion that this presentation more closely reflects the principal activity of the company as an investment entity and improves the information provided by the Statement of cash flows, in order to provide a user of the financial statements with a better understanding of HgT's operations.

As part of the process of applying the change in presentation described above, it was noted that the prior

year cash flow from operating activities included carried interest cash paid of £29.3 million, which was not a cash flow of HgT (but paid by the underlying partnerships). This was disclosed to enhance the users understanding and should have been disclosed within investing activities prior to the change in presentational format.

There is no impact on the cash and cash equivalents as reported in the prior year. The overall impact on the reported cash flow from operating activities in the prior year has increased by £72.6 million and decreased cash flows from investing activities by the same amount due to changes described above. The revised presentation better reflects the operating cash flows of HgT as its principal activity is an investment entity.

With the exception of the presentational change to the cash flow statement, 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

Limited Partnerships

HgT entered into thirteen separate limited partnership agreements with general and founder partner 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. On the partial sale of interest in HGT 8 LP and HGT LP, HgT has become the majority 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 majority limited partner.

These direct investments are included under fixed-asset investments on the balance sheet and in the table of investments on page 42. The underlying investments which are held indirectly are included in the overview of investments on page 46.

HgT does not have control over the operating, financial or governance activities of the limited partnerships in which it is a 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.

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

Under the terms of the primary buyout fund LPAs, each general partner (see note 5) 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 5(b)).

Furthermore, under the primary buyout funds' LPAs, each founder partner (see note 5(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.

Accordingly, HgT's entitlement to net income and net capital gains is shown in the appropriate lines of the income statement. Notes 4, 5 and 10 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.

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.

Expenses

All expenses are accounted for on an accruals basis. All administrative expenses are charged wholly to the revenue account.

Dividend

Dividend distributions are recognised at the time of declaration to shareholders and are recognised as a liability in the year that they are approved unconditionally.

Current and other non-current assets

Financial assets and financial liabilities are recognised in HgT's balance sheet when HgT becomes a party to the

contractual provisions of the instrument. Trade receivables are stated at nominal value. Appropriate allowances for estimated irrecoverable amounts are recognised in the revenue return on the income statement.

Cash comprises current accounts held with banks.

Foreign currency

The functional and presentation currency is pounds sterling, reflecting the economic environment in which HGT predominantly operates. All transactions in foreign currencies are translated into sterling at the rates of exchange ruling at the dates of such transactions and the resulting exchange differences are taken to the capital reserve – realised or revenue, as appropriate. Foreign currency assets and liabilities at the balance sheet date are translated into sterling at the exchange rates ruling at that date and the resulting exchange differences are taken to the capital reserve, unrealised or revenue as appropriate.

Taxation

Income taxes represent the sum of the tax currently payable, withholding taxes suffered and deferred tax. Tax is charged or credited in the income statement. Deferred tax is recognised on all timing differences at the reporting date. These timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements.

Investments

The principle applied is that investments should be reported at 'fair value', in accordance with Sections 11 and 12 of FRS 102 and the International Private Equity and Venture Capital ('IPEV') Valuation Guidelines, December 2022 edition. Where relevant, HgT applies the policies stated below to the investments held by the primary buyout funds, in order to determine the fair value of its investments in these limited partnerships.

Purchases of investments are recognised on a trade date basis. Sales of investments held through the primary buyout funds are recognised at the trade date of the disposal. Proceeds are measured at fair value, which is regarded as the proceeds of sale less any transaction costs.

Quoted: Quoted investments are held at fair value, which is deemed to be their bid price.

Unquoted: Unquoted investments are also held at fair value and are valued using the following guidelines:

- (i) the level of maintainable earnings or revenue and an appropriate earnings or revenue multiple, unless (iii) is required;
- (ii) where more appropriate, investments can be valued based on other methodologies, including using their net assets or discounted cash flows, rather than on their earnings or revenue; and
- (iii) appropriate fair value movements are made against all individual valuations where necessary to reflect unsatisfactory financial performance or a fall in comparable ratings.

Debt: The investments are valued using discounted cash flows, considering the impact of changes in the credit risk of the portfolio company and changes to the market rates of return on fair value.

Limited partnership funds: these are investments that are set up by a manager in which HgT has a direct investment, but is not the sole limited partner and does not hold a majority share. These investments are valued at fair value, based on the Manager's valuation after any adjustment required by the Directors.

Liquidity funds: these are short-term investments made in a combination of fixed and floating rate securities and are valued at the current fair value as determined by the manager of the fund. They can be realised at short notice.

Derivative financial instruments: derivative financial instruments are held at fair value and are valued using quoted market prices for financial instruments traded in active markets, or dealer price quotations for financial instruments that are not actively traded.

Both realised and unrealised gains and losses arising on fixed asset investments, financial assets and liabilities and derivative financial instruments, are taken to the capital reserves.

Capital reserves

Capital reserve – realised

The following are accounted for in this reserve:

- (i) gains and losses on the realisation of investments;
- (ii) attribution of gains to the founder partners for carried interest;
- (ii) losses on investments where there is little prospect of realisation or recovering any value;
- (iv) realised exchange differences of a capital nature; and

- (v) expenses, together with the related taxation effect, charged to this reserve in accordance with the above policies.

Capital reserve – unrealised

The following are accounted for in this reserve:

- (i) increases and decreases in the valuation of investments held at the year-end;
(ii) increases and decreases in the valuation of the loans to general partners; and
(iii) unrealised exchange differences of a capital nature.

Share capital

Ordinary shares issued are recognised based on the proceeds or fair value received, with the excess of the amount received over their nominal value being credited to the share premium account. Direct issue costs are deducted from equity.

Critical accounting estimates and key sources of estimation uncertainty

The preparation of these financial statements requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of income and expenses during the reported year. Although these estimates are based on management's best knowledge of the amount, event or actions, actual results may ultimately differ from those estimates.

The estimates and assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The key accounting estimate is in respect of the determination of the fair value of financial assets classified as fair value through profit or loss (FVTPL). The methodology used in determining fair values is disclosed above. An attribution analysis of movements in the fair value of investments can be found on page 37 and an analysis of the trading performance and valuation and gearing analysis of the top 20 buyout investments by value can be found from pages 49 to 53. A sensitivity analysis to equity price risk can be found in note 19.

4. Income

	Revenue return	
	2023 £000	2022 £000
Total net income comprises:		
Interest	45,624	31,289
Dividend	–	10,467
Total net income	45,624	41,756

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. This income and PPS is analysed further below.

	Revenue return	
	2023 £000	2022 £000
Income from investments held by the primary buyout funds		
Unquoted investment income	60,318	43,767
Dividend Income	–	10,467
Other investment income:		
Liquidity funds income	4,913	2,336
Total investment income	65,231	56,570
Total other income	792	100
Total income	66,023	56,670
Priority profit share charge against income:		
Current year – HGT Genesis 9 LP	(6,834)	(4,498)
Current year – HGT Genesis 10 LP	(4,313)	(1,917)
Current year – HGT Mercury 3 LP	(2,913)	(1,693)
Current year – HGT 8 LP	(2,672)	(4,323)
Current year – HGT Saturn LP	(1,434)	(1,425)
Current year – HGT Mercury 2 LP	(1,261)	(194)
Current year – HGT LP	(381)	(549)
Current year – HGT Saturn 2 LP	(343)	(1)
Current year – HGT 7 LP	(228)	(228)
Current year – HgCapital Mercury D LP	(20)	(86)
Total priority profit share charge against income (note 5(a))	(20,399)	(14,914)
Total net income	45,624	41,756

5. Priority profit share and carried interest

The information below relates to the primary buyout funds and has been included as additional information:

(a) Priority profit share payable to general partners	Revenue return	
	2023 £000	2022 £000
Priority profit share payable:		
Current year amount	28,452	27,426
Less: Current year loans advanced to general partners (note 5(b))	(12,243)	(12,512)
Add: Prior year loans recovered from general partners (note 5(b))	4,190	–
Current year charge against income	20,399	14,914
Total priority profit share charge against income	20,399	14,914

The priority profit share payable on the primary buyout funds rank as a first appropriation of net income from investments held in these partnerships respectively and is deducted prior to such income being attributed to HgT in its capacity as a Limited Partner. The net income of the primary buyout funds earned during the year, after the deduction of the priority profit share, is shown on the income statement.

The terms of the above priority profit share arrangements during 2023 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	
	2023 £000	2022 £000
Movement on loans to general partners:		
Losses on current-year loans advanced to general partners	(12,243)	(12,512)
Gains on prior-year loans recovered from general partners	4,190	-
Total losses on priority profit share loans advanced to general partners	(8,053)	(12,512)

In years in which the funds described in note 5(a) 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 only recoverable from the general partner 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.

(c) Carried interest to founder partners	Capital return	
	2023 £000	2022 £000
Carried interest charge against capital gains:		
Current year charge against realised capital gains	22,140	29,292
Current year charge against unrealised capital gains	195	39,576
Total carried interest charge against capital gains	22,335	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 to hold HgT's investments, and is deducted prior to such gains being paid to HgT in its capacity as a Limited Partner. The net amount of capital gains of the primary buyout funds during the year, 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 90, state that carried interest is payable once a certain level of repayments have been made to HgT. Based on the repayments made during 2023, £22,140,000 (2022: £29,292,000) of carried interest was paid in respect of the current financial year. If the investments in HGT 7 LP, HGT 8 LP, HGT Genesis 9, HGT Saturn LP, HGT Saturn 2 LP, HGT Mercury 2 LP and HGT Mercury 3 LP are realised at the current fair value and then distributed to Partners, an amount of £211,350,099 will be payable to the Founder Partner (2022: £211,154,825 payable to the Founder Partner) and therefore the Directors have made a provision for this amount (see note 12). No provision is required in respect of HgT's investment in the other fund limited partnerships, because they are still in their investment period.

6. Other expenses

	Revenue return	
	2023 £000	2022 £000
(a) Operating expenses		
Registrar, management and administration fees	2,184	1,660
Directors remuneration (note 8)	398	367
Legal and other administration costs ¹	6,470	4,994
	9,052	7,021
Fees payable to HgT's auditor in relation to HgT:		
Audit fees ²	150	132
Total fees payable to HgT's auditor	150	132
Total other expenses	9,202	7,153

¹ Includes employer's National Insurance contributions of £47,000 (2022: £44,000).

² The audit fee is inclusive of VAT at the rate of 20%. In addition to the audit fees payable to the auditor in relation to HgT, audit fees payable to the auditor for the financial statements audit of the primary buyout funds in which HgT has an investment were £104,860 (2022: £91,000).

	Revenue return	
	2023 £000	2022 £000
(b) Finance costs		
Interest paid	1,356	6,638
Non-utilisation fees and other expenses	6,082	3,265
Arrangement fees	750	382
Total finance costs	8,188	10,285

7. Cash flow from operating activities

	2023 £000	2022 ¹ £000
Reconciliation of net return before finance costs and taxation to net cash flow from operating activities		
Net return before finance costs and taxation	238,705	117,769
Gains on investments held at fair value and liquidity funds	(210,531)	(135,254)
Increase in carried interest provision	195	39,576
Net (gains)/losses	(210,336)	(95,678)
Purchase of fixed asset investments	(73,521)	(527,075)
Increase in uninvested capital	(1,667)	(79)
Net cash flows relating to the purchase of fixed asset investments	(75,188)	(527,154)
Proceeds from the sale of fixed asset investments (Repayment)/Proceeds from fund level refinancing	235,618	395,381
Carried interest charged	(43,244)	187,714
	(22,140)	(29,292)
Net proceeds from the sale of fixed asset investments	170,234	553,803
Increase in accrued income from liquidity funds	(7,684)	(2,336)
Decrease / (Increase) in accrued income and other debtors	10,350	(45,906)
Increase/(decrease) in creditors	(461)	1,458
Net cash inflow from operating activities	125,620	1,956

¹ At the year end the net cash flows from operating activities has been re-presented (and as a result, the prior year restated). Please see note 2 on page 60 for more details. The subtotals above have been introduced in order to clearly show HgT cash flows, whilst still providing an understanding of the underlying partnership cash flows with regards to the fees paid for the management of HgT's investments.

8. Directors' remuneration

The aggregate remuneration of the Directors for the year to 31 December 2023 was £397,850 (2022: £366,767). Further information on the Directors' remuneration is disclosed in the Directors' remuneration report on pages 107–109.

9. Taxation

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 reported in the capital return during the year. To the extent possible, HgT will elect to designate the interim dividend (see note 11) as an interest distribution to its shareholders and the final dividend distributed as dividend. This interest distribution is treated as a tax deduction against taxable income in the revenue return and results in a reduction of corporation tax being payable by HgT at 31 December 2023.

The rate of corporation tax in the UK for a company was 23.5% during the year (2022: tax rate of 22%). However, the tax charge in the current and previous year was lower than the standard and effective tax rate, owing largely to the reduction in corporation tax from the interest distribution noted above. The effect of this and other items affecting the tax charge is shown in note 9(b) below.

(a) Analysis of charge in the year	Revenue return	
	2023 £000	2022 £000
Current tax:		
UK corporation tax	6,635	4,956
Income streaming relief	(2,151)	(2,904)
Income not subject to tax	(4,484)	(2,052)
Prior year adjustment	–	–
Tax losses brought forward	–	–
Current revenue tax charge/(credit) for the year	–	–
Deferred tax:		
Reversal of timing differences	–	–
Total deferred tax charge for the year (note 9(c))	–	–
Total taxation charge/(credit)	–	–

(b) Factors affecting tax charge/(credit) for the year	Revenue return	
	2023 £000	2022 £000
Net revenue return before taxation	28,234	24,318
UK corporation tax charge at 24% thereon (2022: 22%)	6,635	5,350
Effects of:		
Tax relief from interest distribution	(2,151)	(2,904)
Income not subject to tax	(4,484)	(2,052)
Tax relief from expenses allocated to capital	–	(394)
Prior year tax adjustment	–	–
Tax losses brought forward	–	–
Total differences	(6,635)	(5,350)
Total taxation charge/(credit)	–	–

There is no deferred taxation to be recognised (2022: £nil).

10. Return and net asset value per ordinary share

(a) Basic and diluted return per ordinary share	Revenue return		Capital return	
	2023	2022	2023	2022
Amount (£000):				
Net return after taxation	28,234	24,318	202,283	83,166
Weighted average number of ordinary shares (000):				
Weighted average number of ordinary shares in issue	457,729	457,352	457,729	457,352
Basic and diluted return per ordinary share (pence)	6.17	5.32	44.19	18.18

The basic and diluted EPS are the same as HgT does not have dilutive financial instruments.

(b) Net asset value per ordinary share	Capital return	
	2023	2022
Amount (£000):		
Net assets	2,290,729	2,089,965
Number of ordinary shares (000):		
Number of ordinary shares in issue	457,729	457,729
Net asset value per ordinary share (pence)	500.5	456.6

11. Dividends on ordinary shares

	Record date	Payment date	2023 £000	2022 £000
Interim Dividend of 2.0p for the year ended 31 December 2023	28/9/2023	27/10/2023	9,155	–
Final Dividend of 4.5p for the year ended 31 December 2022	23/3/2023	22/5/2023	20,598	–
Interim Dividend of 2.5p for the year ended 31 December 2022	22/9/2022	24/10/2022	–	11,453
Final Dividend of 5.0p for the year ended 31 December 2021	17/3/2022	13/5/2022	–	22,764
Total equity dividends paid			29,753	34,217

The proposed final dividend of 4.5 pence per ordinary share for the year ended 31 December 2023 is subject to approval by the shareholders at the annual general meeting and has not been included as a liability in these financial statements. The total dividends payable in respect of the financial year, which form the basis of the retention test as set out in Section 1159 of the CTA 2010, are set out below:

	2023 £000	2022 £000
Revenue available for distribution by way of dividend for the year	28,234	24,318
Interim Dividend of 2.0p for the year ended 31 December 2023	(9,155)	(11,453)
Proposed final dividend of 4.5p for the year ended 31 December 2023 (based on 457,728,500 ordinary shares in issue at 31 December 2023)	(20,598)	(20,598)
(Distributions in excess of revenue)/Undistributed revenue for Section 1159 purposes*	(1,519)	(7,733)

*Distributions in excess of revenue are financed by the revenue reserve

12. Fixed asset investments

	2023 £000	2022 £000
Investments held at fair value through profit or loss:		
Unquoted investments held in HGT Genesis 9 LP	420,870	351,805
Unquoted investments held in HGT Saturn 2 LP	417,520	365,120
Unquoted investments held in HGT 8 LP	407,257	561,653
Unquoted investments held in HGT Saturn LP	267,243	223,767
Unquoted investments held in HGT Saturn 3 LP	240,371	266,936
Unquoted investments held in HGT Mercury 2 LP	171,924	131,862
Unquoted investments held in HGT LP	150,091	197,337
Unquoted investments held in HGT Mercury 3 LP	126,270	89,586
Unquoted investments held in HGT Genesis 10 LP	82,706	77,688
Unquoted investments held in HGT 7 LP	58,004	69,292
Unquoted investments held in HGT Mercury 4 LP	19,562	–
Unquoted investments held in HgCapital Mercury D LP	–	6,102
Other ¹	(10,812)	(10,101)
Total fixed asset investments gross of carried interest provision	2,351,006	2,331,047
Carried interest provision (note 5(c))	(211,350)	(211,155)
Fund level facilities ²	(355,799)	(367,383)
Total fixed asset investments	1,783,857	1,752,509
Total fixed asset investments consist of:		
Fund limited partnerships	1,783,857	1,752,509

¹ Includes HgT currency hedges and direct investments .

² Lines of credit sit below the fund structure and 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.

	2023 £000	2022 £000
Opening valuation as at 1 January	1,752,509	1,678,008
Opening unrealised appreciation – investments	(811,750)	(913,518)
Opening carried interest provision	211,155	171,579
Opening fund level facilities	367,383	156,839
Opening book cost as at 1 January	1,519,297	1,092,908
Movements in the year:		
Additions at cost	73,521	527,075
Disposals ¹	(361,583)	(410,536)
– realised gains on sales	183,296	309,850
Closing book cost of investments	1,414,531	1,519,297
Add: closing unrealised appreciation – investments	936,475	811,750
Less: closing carried interest provision	(211,350)	(211,155)
Less: Fund level facilities ²	(355,799)	(367,383)
Closing valuation of investments at 31 December	1,783,857	1,752,509

¹ Disposals includes gross deferred proceeds in relation to the sale of interest in HGT 8 LP.

² Lines of credit sit below the fund structure and 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.

The investments above include investments in companies that are indirectly held by HgT through its investment in the primary buyout funds as set out in note 3 on page 60 and note 12 on page 66.

a) Uninvested capital in limited partnerships

Uninvested capital in the limited partnerships relates to cash held in the underlying limited partnerships as a result of timing differences before an investment or after a realisation. Cash held at the fund level at the 31 December 2023 was £1.9 million (2022: £0.2 million).

13. Gains on investments and liquidity funds

	Capital return	
	2023 £000	2022 £000
Realised:		
Realised gains/(losses)		
– fixed asset investments	144,352	309,850
– liquidity funds	(5,717)	(1,072)
– foreign exchange gains/(losses)	(336)	9,232
– aborted deal fees	(1,432)	(76)
– loan facility	–	1,249
	136,867	319,183
Carried interest charge against realised capital gains (note 5(c))	(22,140)	(29,292)
Net realised gains	114,727	289,891
Unrealised:		
Unrealised (losses)/gains		
– fixed asset investments	124,725	(101,768)
– foreign exchange on investments	4,533	(22,235)
– liquidity funds	(1,513)	(3,076)
– aborted deal fees	(281)	(2,076)
– foreign exchange on loan facility	–	(2,652)
	127,464	(131,807)
Carried interest charge against unrealised capital gains (note 5(c))	(195)	(39,576)
Fund level facilities ¹	(31,660)	(22,830)
Net unrealised gains / (losses)	95,609	(194,213)
Total gains	210,336	95,678

¹ 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.

Page 37 of the Manager's Review contains an analysis of all material realised and unrealised movements in value of individual investments held as fixed asset investments, in accordance with paragraph 28 and 29 of the 'SORP'.

14. Debtors and accrued income	2023 £000	2022 £000
Amounts receivable after one year:		
Accrued income on fixed assets	130,842	133,534
Deferred consideration	43,955	–
Total amounts receivable after one year	174,797	133,534
Amounts receivable within one year:		
Prepayments and other debtors	14,970	22,628
Deferred consideration	45,550	–
Total amounts receivable within one year	60,520	22,628
Total debtors	235,317	156,162

The deferred consideration receivable both within one year and after one year relates to the sale of interest in HGT 8 LP. The Directors consider that the carrying amount of debtors approximates their fair value.

15. Liquidity funds	2023 £000	2022 £000
Investments held at fair value through profit or loss:		
Opening valuation	270,524	277,049
Purchases at cost	119,254	215,787
Redemptions	(168,302)	(220,500)
Movement in unrealised capital losses	7,643	(2,389)
Foreign exchange losses	(9,156)	(687)
Movement in accrued income	7,684	2,336
Realised capital (losses)/gains	(5,717)	(1,072)
Closing valuation	221,930	270,524

16. Movement in net debt	2023 £000	2022 £000
Analysis and reconciliation of net funds:		
Net funds at 1 January	(85,124)	(56,862)
Change in cash	(712)	(41,965)
Change in debt due after one year	137,439	15,106
Other non-cash changes	–	(1,403)
Net (debt)/funds at 31 December	51,603	(85,124)
Net funds comprise:		
Cash	51,603	52,315
Debt due after one year	–	(137,439)

17. Creditors – amounts falling due within one year	2023 £000	2022 £000
Accruals	3,884	4,345
Total creditors	3,884	4,345

The Directors consider that the carrying amount of creditors approximates their fair value.

18. Bank facility	2023 £000	2022 £000
Opening valuation	137,439	151,142
Draw on loan facility	–	136,127
Repayment of loan facility	(137,439)	(151,233)
Unrealised foreign exchange (gains)/losses	–	2,652
Realised foreign exchange gains/losses	–	(1,249)
Total loan facility	–	137,439

In December 2022 the facility was increased from £250,000,000 to £290,625,000. In March 2023 this was further increased to £350,000,000. Under the facility agreement, HgT is liable to pay interest on any drawn amount at EURIBOR plus a margin of 3.25%. A commitment fee of 1.15% is liable on any undrawn commitment. The facility expires in October 2024. The facility was undrawn as at the end of the year.

19. Financial risk

The following disclosures relating to the risks faced by HgT are provided in accordance with sections 11 and 12 of FRS 102. The reference to investments in this note is in relation to the underlying investments in HGT LP, HGT 7 LP, HGT 8 LP, HGT Genesis 9 LP, HGT Genesis 10 LP, HGT Mercury 2 LP, HGT Mercury 3 LP, HGT Mercury 4 LP, HGT Saturn LP, HGT Saturn 2 LP and HGT Saturn 3 LP as described in note 3 on page 60.

Financial instruments and risk profile

HgT's investment objective is to achieve long-term capital appreciation by indirectly investing in unquoted companies. It does this through its investments in fund partnerships, mostly in the UK and Europe. Additionally, HgT holds European and US Government securities, cash, liquidity funds and items such as debtors and creditors arising directly from its operations. In pursuing its investment objective, HgT is exposed to a variety of risks that could result in either a reduction of HgT's net assets or a reduction in the profits available for distribution by way of dividends. Valuation risk, market risk (comprising currency risk and interest rate risk), liquidity risk and credit risk, and the Directors' approach to the management of them, are described below. The Board and Hg coordinate HgT's risk management. The objectives, policies and processes for managing the risks, and the methods used to manage the risks, that are set out below, have not changed from the previous accounting period.

Valuation risk

HgT's exposure to valuation risk arises mainly from movements in the value of the underlying investments (held through fund partnerships), the majority of which are unquoted. A breakdown of HgT's portfolio is given on page 41 and a breakdown of the most significant underlying investments is given on page 46. In accordance with HgT's accounting policies, the investments in fund limited partnerships are valued by reference to their underlying unquoted investments, which are valued by the Directors following the IPEV Valuation Guidelines. Page 69 includes details of the most significant assumptions included in the valuations. HgT does not hedge against movements in the value of these investments, apart from foreign exchange movements as explained below, though the borrowing arranged to fund these investments is normally denominated in the currency in which the business is operating and valued (see page 71). HgT has exposure to interest rate movements, through bank deposits and liquidity funds.

In the opinion of the Directors, the diversified nature of HgT's investments significantly reduces the risks of investing in unquoted companies.

FRS 102 requires HgT to classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

The level in the fair value hierarchy, within which the fair value measurement is categorised in its entirety, is determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety. For this purpose, the significance of an input is assessed against the fair value measurement in its entirety. If a fair value measurement uses observable inputs that require significant adjustment based on unobservable inputs, that is a level 3 measurement. Assessing the significance of a particular input to the fair value measurement in its entirety requires judgement, considering factors specific to the asset or liability.

The determination of what constitutes an 'observable' input requires significant judgement by the Board. The Board considers observable data relating to investments actively traded in organised financial markets, in which case fair value is generally determined by reference to stock exchange quoted market bid prices at the close of business on the balance sheet date, without adjustment for transaction costs necessary to realise the asset.

The following table analyses, within the fair value hierarchy, the fund's financial assets (by class) measured at fair value at 31 December 2023.

	Level 1 £000	Level 2 £000	Level 3 £000	Total £000
Investments held at fair value through profit or loss:				
Unquoted investments				
- Investment in HGT 8 LP	-	-	407,257	407,257
- Investment in HGT Saturn 2 LP	-	-	417,520	417,520
- Investment in HGT Genesis 9 LP	-	-	420,870	420,870
- Investment in HGT Saturn 3 LP	-	-	240,371	240,371
- Investment in HGT Saturn LP	-	-	267,243	267,243
- Investment in HGT LP	-	-	150,091	150,091
- Investment in HGT Mercury 2 LP	-	-	171,924	171,924
- Investment in HGT Mercury 3 LP	-	-	126,270	126,270
- Investment in HGT Genesis 10 LP	-	-	82,706	82,706
- Investment in HGT 7 LP	-	-	58,004	58,004
- Investment in HGT Mercury 4 LP	-	-	19,562	19,562
- Other investments ¹	-	(10,888)	76	(10,812)
- Liquidity funds	-	221,930	-	221,930
- Carried interest provision	-	-	(211,350)	(211,350)
- Fund level refinancing	-	-	(355,799)	(355,799)
- Uninvested capital in limited partnerships	-	-	1,906	1,906
As at 31 December 2023	-	211,042	1,796,651	2,007,693

¹ Includes HgT currency hedges and other direct investments.

	Level 1 £000	Level 2 £000	Level 3 £000	Total £000
Investments held at fair value through profit or loss:				
Unquoted investments				
- Investment in HGT 8 LP	-	-	561,653	561,653
- Investment in HGT Saturn 2 LP	-	-	365,120	365,120
- Investment in HGT Genesis 9 LP	-	-	351,805	351,805
- Investment in HGT Saturn 3 LP	-	-	266,936	266,936
- Investment in HGT Saturn LP	-	-	223,767	223,767
- Investment in HGT LP	-	-	197,337	197,337
- Investment in HGT Mercury 2 LP	-	-	131,862	131,862
- Investment in HGT Mercury 3 LP	-	-	89,586	89,586
- Investment in HGT Genesis 10 LP	-	-	77,688	77,688
- Investment in HGT 7 LP	-	-	69,292	69,292
- Investment in HgMercury D LP	-	-	6,102	6,102
- Other investments ¹	-	(10,177)	76	(10,101)
- Liquidity funds	-	270,524	-	270,524
- Carried interest provision	-	-	(211,155)	(211,155)
- Fund level refinancing	-	-	(367,383)	(367,383)
- Uninvested capital in limited partnerships	-	-	239	239
As at 31 December 2022	-	260,347	1,762,925	2,023,272

Investments whose values are based on quoted market prices in active markets, and therefore classified within level 1, include government securities and actively traded listed equities. HgT does not adjust the quoted bid price of these investments.

Financial instruments that trade in markets that are not considered to be active, but are valued based on quoted market prices, dealer quotations or alternative pricing sources supported by observable inputs, are classified within level 2. As level 2 investments include positions that are not traded in active markets and/or are subject to transfer restrictions, valuations may be adjusted to reflect illiquidity and/or non-transferability, which are generally based on available market information.

Investments classified within level 3 have significant unobservable inputs. Level 3 instruments include private equity and corporate debt securities. As observable prices are not available for these securities, the Board has used valuation techniques to derive the fair value. In respect of unquoted instruments, or where the market for a financial instrument is not active, fair value is established by using recognised valuation methodologies, in accordance with IPEV Valuation Guidelines. Fair value is the amount for which an asset could be exchanged between knowledgeable, willing parties in an arm's length transaction.

There were no transfers of assets from level 1 to level 2 or 3, level 2 to level 1 or 3 and level 3 to level 1 or 2.

The following table presents the movement in level 3 investments for the year ended 31 December 2023 by class of financial instrument.

Total investments in limited partnerships	2023 £000	2022 £000
Unquoted investments:		
Opening balance	1,752,509	1,678,008
Purchases	73,521	527,075
Realisations at 31 December 2022 valuation	(347,430)	(379,491)
Unrealised appreciation of fixed asset investments	293,868	177,037
Movement in net carried interest provision	(195)	(39,576)
Fund level refinancing	11,584	(210,544)
Closing unrealised valuation of level 3 investments	1,783,857	1,752,509

Equity price risk

Equity price risk is the risk of a fall in the fair value of HgT's ownership interests (comprising equities and shareholder loans) held by HgT indirectly through its direct investments in fund limited partnerships. The Board revalues each investment on a quarterly basis. The Board manages the risks inherent in HgT's investment activities by ensuring full and timely access to relevant information from Hg. The Board meets regularly and at each meeting reviews the trading performance of the principal underlying investments. If there appears to the Board to be a fair value movement in value between regular valuations, it can revalue the investment. The Board also monitors Hg's compliance with HgT's investment objective and investment policy.

For unquoted equity investments, the market risk variable is deemed to be the multiples applied to a maintainable earnings figure to calculate the individual investment valuations within each of the primary buyout funds; borrowing is then deducted to arrive at a valuation of the net equity held by HgT. These multiples are largely based on the historic trading multiples of comparable businesses and therefore there is a potential impact on the valuation of unquoted investments of a fall in global equity markets. Hg's best estimate of the effect on the net assets of HgT due to a 1x reduction in the multiples applied to calculate the enterprise value of all unquoted investments, with all other variables held constant, is as follows:

	2023		2022	
	£000	NAV per ordinary share Pence	£000	NAV per ordinary share Pence
Sensitivity to equity price risk: 1x reduction in EV to EBITDA multiple applied to unquoted investments				
Change in the value of unquoted investments	(134,950)	(29.5)	(163,413)	(35.7)

A fall in the value of unquoted investments could be mitigated to some degree by a reduction in the provision for carried interest (£211 million at 31 December 2023), but only in funds where an adjustment for carried interest is required (Hg Genesis 7, Hg Genesis 8, Hg Genesis 9, Hg Saturn, Hg Saturn 2, Hg Mercury 2 and Hg Mercury 3, see note 5(c) or on page 63). Hg's best estimate of the impact on the carried interest provision of the above change in value of unquoted investments is a reduction in the provision of £10,230,000 2.2 pence per ordinary share (2022: £14,880,000, 3.3 pence per ordinary share). There are likely to be other correlations (either positive or negative) between the assumptions and other factors. Other inputs, such as the earnings of individual investments within the primary buyout funds are likely to have a significant impact on the value of unquoted investments. See page 49 of the Manager's report for an analysis of the portfolio trading performance as at 31 December 2023. The Board regularly stress tests the net asset value.

Credit risk

Credit risk is the risk of financial loss in the event that any of HgT's market counterparties fail to fulfil their contractual obligations to HgT. HgT's financial assets (excluding fixed asset investments) that are subject to credit risk, were neither impaired nor overdue at the year-end. HgT's cash balances were held with the Royal Bank of Scotland International and amounts not required for day-to-day use were invested in liquidity funds managed by Treasury Spring. HgT subscribes only to funds with sovereign debt or bank deposits as their underlying asset. Foreign exchange forward contracts and options are held with counterparties which have credit ratings which the Board considers to be adequate. The Board regularly monitors the credit quality and financial position of these market counterparties. The credit quality of the above mentioned financial assets was deemed satisfactory.

Market risk

The fair value of future cash flows of a financial instrument held by HgT may fluctuate due to changes in market prices of comparable businesses. This market risk may comprise: currency risk (see below), interest rate risk and/or equity price risk (see above). The Board of Directors reviews and agrees policies for managing these risks. Hg assesses the exposure to market risk when making each investment decision, and monitors the overall level of market risk across all of HgT's investments on an ongoing basis.

Currency risk and sensitivity

HgT is exposed to currency risk as a result of investing in fund partnerships which invest in companies that operate and are therefore valued in currencies other than sterling. The value of these assets in sterling, being HgT's functional currency, can be significantly influenced by movements in foreign exchange rates. Borrowing raised to fund each acquisition in such companies is normally denominated in the currency in which the business is operating and valued, thus limiting HgT's exposure to the value of its investments, rather than the gross enterprise value. From time to time, HgT is partially hedged against movements in the value of foreign currency against sterling where a movement in exchange rate could affect the value of an investment, as explained below. Hg monitors HgT's exposure to foreign currencies and reports to the Board on a regular basis. The following table illustrates the sensitivity of the revenue and capital return for the year in relation to HgT's year-end financial exposure to movements in foreign exchange rates against sterling. The rates represent the range of movements against sterling over the current year for the currencies listed, and are considered the best estimate for movements looking forward.

In the opinion of the Directors, the sensitivity analysis below may not be representative of the year as a whole, since the level of exposure changes as HgT's holdings change through the purchase and realisation of investments to meet HgT's objectives.

	2023				2022			
	Revenue return		Capital return		Revenue return		Capital return	
	NAV per ordinary share	NAV per ordinary share	NAV per ordinary share	NAV per ordinary share	NAV per ordinary share	NAV per ordinary share	NAV per ordinary share	NAV per ordinary share
	£000	Pence	£000	Pence	£000	Pence	£000	Pence
Highest value against sterling during the year:								
Danish krone	(117)	(0.3)	(644)	(1.4)	(308)	(0.7)	(2,306)	(5.0)
Euro	(780)	(1.7)	(9,502)	(20.8)	(2,548)	(5.6)	(37,866)	(82.7)
Norwegian krone	(1)	-	(14,039)	(30.7)	-	-	(6,826)	(14.9)
US dollar	(115)	(0.3)	(19,198)	(41.9)	(386)	(0.8)	(81,500)	(178.1)
Canadian dollar	(209)	(0.5)	(2,173)	(4.7)	(145)	(0.3)	(8,428)	(18.4)
	(1,222)	(2.8)	(45,556)	(99.5)	(3,387)	(7.4)	(136,926)	(299.1)
Lowest value against sterling during the year:								
Danish krone	261	0.6	1,432	3.1	45	0.1	335	0.7
Euro	1,639	3.6	19,958	43.6	371	0.8	5,519	12.1
Norwegian krone	2	-	18,704	40.9	-	-	8,962	19.6
US dollar	313	0.7	52,284	114.2	371	0.8	78,347	171.2
Canadian dollar	337	0.7	3,492	7.6	270	0.6	15,650	34.2
	2,552	5.6	95,870	209.4	1,057	2.3	108,813	237.8

At 31 December 2023, the following rates were applied to convert foreign denominated assets into sterling: Danish krone (8.6028); euro (1.1540); Norwegian krone (12.9465); US dollar (1.2748) and Canadian dollar (1.6810).

Hedging

At times, HgT uses derivative financial instruments such as forward foreign currency contracts and option contracts to manage the currency risks associated with its underlying investment activities. The contracts entered into by HgT are denominated in the foreign currency of the geographic areas in which HgT has significant exposure against its reporting currency. The contracts are used for hedging and the fair values thereof are recorded in the balance sheet as investments held at fair value. Unrealised gains and losses are taken to capital reserves. At the balance sheet date, there was £10.9 million in outstanding derivative financial instruments (2022: £10.2 million).

HgT does not trade in derivatives but may hold them from time to time to hedge specific exposures with maturities designed to match the exposures they are hedging. It is the intention to hold both the financial investments giving rise to the exposure and the derivatives hedging them until maturity and therefore no net gain or loss is expected to be realised.

Derivatives are held at fair value, which represents the replacement cost of the instruments at the balance sheet date. Movements in the fair value of derivatives are included in the income statement. HgT does not adopt hedge accounting in the financial statements.

Interest rate risk and sensitivity

HgT has exposure to interest rate movements as this may affect the fair value of funds awaiting investment, interest receivable on liquid assets and managed liquidity funds, and interest payable on borrowings. HgT has little immediate direct exposure to interest rates on its fixed assets, as the majority of the underlying investments are fixed rate loans or equity shares that do not pay interest. Therefore, HgT's revenue return is not materially affected by changes in interest rates.

However, funds awaiting investment have been invested in managed liquidity funds and, as stated above, their valuation is affected by movements in interest rates. The sensitivity of the capital return of HgT to movements in interest rates has been based on the ECB deposit and Federal funds rates. With all other variables constant, a 0.25% decrease in these rates should increase the capital return in a full year by about £555,000 (2022: £675,000) with a corresponding decrease if the rates were to increase by 0.25%. In the opinion of the Directors, the above sensitivity analyses may not be representative of the year as a whole, since the level of exposure changes as investments are made and realised throughout the year.

Liquidity risk

Investments in unquoted companies, which form the majority of HgT's investments, may not be as readily realisable as investments in quoted companies, which might result in HgT having difficulty in meeting its obligations. Liquidity risk is currently not significant as 12% of HgT's net assets at the year-end are liquid resources and, in addition, HgT has a £350 million multi-currency bank facility which was 100% undrawn at the year end. The Board gives guidance to Hg as to the maximum amount of HgT's resources that should be invested in any one company. Please refer to HgT's Investment Policy on page 25.

Currency and interest rate exposure

HgT's financial assets that are subject to currency and interest rate risk are analysed below:

	2023				2022			
	Fixed and floating rate £000	Non interest-bearing £000	Total £000	Total %	Fixed and floating rate £000	Non interest-bearing £000	Total £000	Total %
Sterling	27,457	792,015	819,472	32.8	323,078	366,027	689,105	29.9
Euro	88,281	537,600	625,881	25.0	–	586,069	586,069	25.5
Norwegian krone	–	202,108	202,108	8.1	–	181,595	181,595	7.9
US dollar	157,795	562,854	720,649	28.8	–	659,602	659,602	28.7
Danish krone	–	46,566	46,566	1.8	–	37,681	37,681	1.6
CAD dollar	–	87,402	87,402	3.5	–	147,070	147,070	6.4
Total	273,533	2,228,545	2,502,078	100.0	323,078	1,978,044	2,301,122	100.0

The fixed and floating rate assets consisted of cash and liquidity funds, of which the underlying investments are a combination of fixed and floating rate. The non-interest-bearing assets represent the investments held in fund limited partnerships, gross of the provision for carried interest and debtors.

Capital management policies and procedures

HgT's capital management objectives are to ensure that it will be able to finance its business as a going concern and to maximise the revenue and capital return to its equity shareholders.

HgT's capital at 31 December 2023 comprised:

	2023 £000	2022 £000
Equity:		
Equity share capital	11,443	11,443
Share premium	372,224	372,224
Capital redemption reserve	1,258	1,258
Retained earnings and other reserves	1,905,804	1,705,040
Total capital	2,290,729	2,089,965

With the assistance of Hg, the Board monitors and reviews the broad structure of HgT's capital on an ongoing basis. This review covers:

- the projected level of liquid funds (including access to bank facilities);
- the desirability of buying back equity shares, either for cancellation or to hold in treasury, balancing the effect (if any) this may have on the discount at which shares in HgT are trading against the advantages of retaining cash for investment;
- the opportunity to raise funds by an issue of equity shares; and
- the extent to which revenue in excess of that which is required to be distributed should be retained, while maintaining its status under Section 1158 of the CTA 2010.

HgT's objectives, policies and processes for managing capital are unchanged from the preceding accounting period.

20. Called-up share capital

	2023		2022	
	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
Issues of ordinary shares	-	-	2,850	71
Purchase of own shares	-	-	(401)	(10)
At 31 December	457,729	11,443	457,729	11,443
Total called-up share capital	457,729	11,443	457,729	11,443

While HgT no longer has an authorised share capital, the Directors will still be limited as to the number of shares they can at any time allot, as the Companies Act 2006 requires that Directors seek authority from shareholders for the allotment of new shares. Share issue costs incurred during the year were £nil (2022: £124,488). Total proceeds received from the issuance of shares during the year were £nil (2022: £12,324,312).

21. Share premium account and reserves

	Share premium account £000	Capital redemption reserve £000	Capital reserve unrealised £000	Capital reserve realised £000	Revenue reserve £000
As at 1 January 2023	372,224	1,258	505,463	1,175,712	23,865
Issues of ordinary shares	-	-	-	-	-
Purchase of own shares	-	-	-	-	-
Transfer on disposal of investments	-	-	(169,143)	169,143	-
(Losses)/gains on liquidity funds	-	-	(1,513)	(5,717)	-
(Losses)/gains on aborted deal fees	-	-	(281)	(1,432)	-
Foreign exchange (loss)/gain on loan facility	-	-	-	-	-
Net movement on sale of fixed asset investments	-	-	-	(24,791)	-
Net movement in unrealised appreciation of fixed asset investments	-	-	293,868	-	-
Foreign exchange gain/(loss) on fixed asset investments	-	-	4,533	-	-
Foreign exchange gain/(loss) on portfolio facilities	-	-	(31,660)	-	-
Foreign exchange gain/(loss) on cash balances	-	-	-	(336)	-
Dividends paid	-	-	-	-	(29,753)
Net revenue return	-	-	-	-	28,234
Net loans advanced to General Partners	-	-	(8,053)	-	-
Carried interest	-	-	(195)	(22,140)	-
As at 31 December 2023	372,224	1,258	593,019	1,290,439	22,346

22. Commitment in fund partnerships and contingent liabilities

Fund	Fund currency	Original commitment	Original ¹ commitment £000	Outstanding at 31 Dec	
				2023 £000	2022 £000
HGT Saturn 3 LP	USD	875,000	686,382	470,474	612,618
HGT Genesis 10 LP	EUR	500,000	433,275	343,377	359,424
HGT LP	USD	171,200	138,023	133,017	102,082
HGT Mercury 4 LP	EUR	175,000	151,646	131,332	–
HGT Saturn 2 LP	USD	400,000	313,775	83,191	26,839
HGT Saturn LP	GBP	150,000	150,000	16,755	25,100
HGT 8 LP	GBP	260,000	260,000	11,736	20,335
HGT Mercury 3 LP	EUR	115,000	99,653	5,769	22,814
HGT Genesis 9 LP	EUR	360,000	311,958	4,114	18,024
HgCapital Mercury D LP	GBP	60,000	60,000	3,265	3,265
HGT 7 LP	GBP	200,000	200,000	285	771
HGT Mercury 2 LP	GBP	80,000	80,000	169	2,152
Other	EUR	21,600	–	–	612
Total outstanding commitments				1,203,484	1,194,036

¹ HgT has the benefit of an opt-out provision in connection with its commitments to invest alongside the funds, allowing it to opt out of its obligation to fund draw-downs under its commitments, without penalty, where certain conditions exist.

23. Key agreements, related party transactions and ultimate controlling party

Key agreements, related party transactions and ultimate controlling party

Hg acts as Manager of HgT through a management agreement and indirectly participates through fund limited partnership agreements as the general partners and, alongside a number of Hg's executives (past and present), as the founder partners of the fund partnerships in which HgT invests. In addition, Hg acts as Administrator of HgT.

HgT has no ultimate controlling party.

HgT's related parties are its Directors. Fees paid to HgT's Board are disclosed in the Directors' Remuneration Report on pages 107 to 109 and employer's National Insurance contributions are disclosed in note 6(a). There are no other identified related parties at the year-end, and as of 8 March 2024.

24. Post balance sheet events

Revolving credit facility

In March 2024, HgT agreed to increase the size of its revolving credit facility from £350 million at 31 December 2023 to £375 million. As of the date of signing of this report, 8 March 2024, the full £375 million was undrawn.

Independent auditor's report

to the members of HgCapital Trust plc

Our opinion on HgT financial statements is unmodified

We have audited the financial statements of HgCapital Trust Plc (the 'company') for the year ended 31 December 2023, which comprise the Income Statement, the Balance Sheet, the Statement of Cash Flows, the Statement of Changes in Equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of HgT's affairs as at 31 December 2023 and of its net return for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the 'Auditor's responsibilities for the audit of the financial statements' section of our report. We are independent of HgT in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We are responsible for concluding on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on HgT's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify the auditor's opinion. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause HgT to cease to continue as a going concern.

Our evaluation of the directors' assessment of HgT's ability to continue to adopt the going concern basis of accounting included:

- Evaluated HgT's cashflow forecast prepared by management including the assumptions used and level of headroom available. This also included considering the robustness of the forecasts to potential changes in underlying assumptions;
- Obtained understanding of how management has assessed the impact of events and market conditions that may cast significant doubt on HgT's ability to continue as a going concern;

- Considered the availability and nature of its liquid resources, the appropriateness of key assumptions used in the preparation of the future cashflow forecasts and HgT's ability to opt out of future investment commitments if required; and
- Analysed sensitivity analysis prepared by management to assess how HgT's cash position will react under extreme pressure and challenged management on the impact to the forecast from potential changes in assumptions.

In our evaluation of the directors' conclusions, we considered the inherent risks associated with HgT's business model including effects arising from macro-economic uncertainties such as rising inflation and wider geopolitical challenges, we assessed and challenged the reasonableness of estimates made by the directors and the related disclosures and analysed how those risks might affect HgT's financial resources or ability to continue operations over the going concern period.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on HgT's ability to continue as a going concern for a period of at least 12 months from when the financial statements are authorised for issue.

In relation to HgT's reporting on how it has applied the UK Corporate Governance Code, we have nothing material to add or draw attention to in relation to the directors' statement in the financial statements about whether the directors considered it appropriate to adopt the going concern basis of accounting.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Our approach to the audit

Overview of our audit approach

Overall materiality: £22,911,000 which represents 1% of HgT's net assets as at 31 December 2023.

Key audit matters were identified as

- Valuation of unquoted investments (same as previous year)
- Occurrence of investment income (same as previous year)

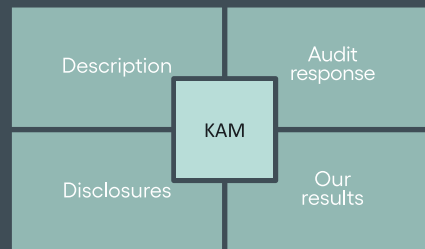
Our auditor's report for the year ended 31 December 2022 included no key audit matters that have not been reported in our current year's report.

We performed a risk-based substantive audit focused on valuation of unquoted investments at the year-end and investment income recognised during the year. There were no significant changes in the scope of the audit from the prior year.



Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current year and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those that had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of HgT's financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.



In the graph below, we have presented the key audit matters, significant risks and other risks relevant to the audit:



Key audit matter:**Unquoted investments
(Valuation and allocation)**

We identified valuation of unquoted investments as one of the most significant assessed risks of material misstatement due to error.

Providing long-term returns to HgT's shareholders is the primary objective sought by HgT in investing predominantly in unquoted companies through limited partnerships managed by its Investment Manager. Consequently, unquoted investments are the largest asset class in the financial statements representing 78% (2022: 84%) of HgT's net assets of £2.3 billion (2022: £2.1 billion).

Valuations of unquoted investments are subjective and have a high degree of estimation and uncertainty as they are derived using market-based valuation approaches. This involves applying a multiple obtained from comparable listed companies and market transactions to maintainable earnings or revenue of investee companies.

The key judgements in these models includes selection of appropriate multiples, any adjustments to observable market data and their relevant weighting.

The subjective nature and complexity inherent in the valuation process introduces a risk that the fair value measurements of these unquoted investments may not be appropriate.

How our scope addressed the matter

In responding to the key audit matter, we performed the following audit procedures:

- Attended the Audit, Valuations & Risk Committee meetings during the year where we observed the committee's review and challenge of unquoted investment valuations and received updates on portfolio performance from the Hg Pooled Management Limited ('Hg' or 'Investment Manager');
- Assessed the competence and capability of Hg to prepare investment valuations on behalf of HgT;
- Checked the arithmetic accuracy of the valuation model used by management and allocation of value based on HgT's capital structure;
- Assessed the appropriateness of the accounting policy for the valuation of investments with reference to the requirements of FRS 102 and guidance provided in the IPEV valuations guidelines. This included checking the basis of and the data used in the construction of comparable multiples;
- Engaged valuation specialists from Grant Thornton's valuations team to corroborate and challenge key assumptions and judgements included within management's valuation models of the investments selected in our sample. The valuations team specifically focused on:
 - Analysing the composition and completeness of the basket of comparable companies derived by Hg;
 - Determining the reasonableness of the transaction multiples used in the valuations and whether these represent appropriate comparable transactions;
 - Determining whether the discounts/premiums applied to average market multiples are reasonable; and
 - Assessing any other factors which may impact the fair value of an investment such as the performance of the investee company;
- Agreed, on a sample basis, data input into valuation models to supporting information received from portfolio companies. This included testing of historic and forecast performance data obtained against audited financial statements where available as well as testing any material adjustments to normalise earnings;
- Checked growth rate adjustment made to the support information received from portfolio companies. Checked those adjustments were in line with valuation methodology;
- Considered the impact of macro-economic uncertainties by gaining comfort over the relevance of the older transaction multiples selected by Hg and confirming that Hg have not arrived at an unreasonable or inflated multiples;
- Checked the carried interest provision by ensuring that management's calculations are in accordance with the limited partnership agreements; and
- Undertook substantive testing of the debt instruments in underlying limited partnerships (LPs) including:
 - Conducted procedures to satisfy ourselves of the qualifications and expertise of management expert engaged to carry out investment valuations;
 - Assessed the appropriateness of the valuation methodologies used and checked compliance with the provisions of both the IPEV valuation guidelines and FRS 102;
 - Agreed the key inputs such as principals and interest used as inputs to the valuation to the underlying agreements; and
 - Involved valuation specialists from Grant Thornton's valuation team to check the appropriateness of the valuation approach as discussed above. This included assessing the yield and changes made to source data and market indices.

Relevant disclosures in the annual report and accounts 2023

- HgT's accounting policy on valuation of unquoted investments is shown in Note 3 'Organisation structure and accounting policies' to the financial statements and related disclosures are included in Note 12 'Fixed asset investments'; and
- The Audit, Valuations & Risk Committee identified valuation of unquoted investments as a significant matter in its report on page 100 where the committee also described the action that it has taken to address this issue.

Our results

Our audit work did not identify any material misstatements in relation to the valuation of unquoted investments.

Key audit matter:

Investment income Interest – Accuracy and completeness

We identified accuracy of interest income as one of the most significant assessed risks of material misstatement due to fraud.

HgT is subject to Investment Trust Company (ITC) regulations and as a result is required to allocate investment returns between revenue and capital. Investment income is a significant component of the Income Statement and during the year HgT has recognised net income of £45.6 million (2022: £41.7 million) in revenue returns. There is a risk that income recognised in the year may be materially misstated through fraudulent transactions which could impact the level of distribution required under ITC regulations.

HgT's accounting policy on revenue recognition is shown in Note 3 'Organisation structure and accounting policies' to the financial statements and related disclosures are included in Note 4 'Income'.

How our scope addressed the matter

In responding to the key audit matter, we performed the following audit procedures:

- Assessed whether the accounting policy for recognition of interest income is in accordance with FRS 102 and checked if the accounting policy was applied consistently;
- Obtained an understanding of the company's process for recognition of income in accordance with the accounting policy;
- Checked the appropriateness and accuracy of allocation of income between revenue and capital in compliance with HgT's accounting policy and the Statement of Recommended Practice (SORP) issued by the Association of Investment Companies;
- Recalculated, on a sample basis, the interest income recognised on investments in accordance with the terms of underlying agreements and agreed cash receipts to bank statements in the year;
- Verified that the interest income relating to all interest-bearing instruments that generate interest income within the investment portfolio are accounted for in the income recognised during the year.

Our results

Our testing did not identify any material misstatements relating to the accuracy of the interest income recognised during the year.

Our application of materiality

We apply the concept of materiality both in planning and performing the audit, and in evaluating the effect of identified misstatements on the audit and of uncorrected misstatements, if any, on the financial statements and in forming the opinion in the auditor's report.

Materiality was determined as follows:

Materiality measure	Company
Materiality for financial statements as a whole	We define materiality as the magnitude of misstatement in the financial statements that, individually or in the aggregate, could reasonably be expected to influence the economic decisions of the users of these financial statements. We use materiality in determining the nature, timing and extent of our audit work.
Materiality threshold	£22,911,000 which is 1% of HgT's net assets as at 31 December 2023.
Significant judgements made by auditor in determining the materiality	In determining materiality, we considered net assets as the most appropriate benchmark as it is HgT's primary performance measure for internal and external reporting and is the measure most relevant to the stakeholders of HgT. Materiality for the current year is higher than the level that we determined for the year ended 31 December 2022 to reflect the increase in net assets.
Performance materiality used to drive the extent of our testing	We set performance materiality at an amount less than materiality for the financial statements as a whole to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality for the financial statements as a whole.
Performance materiality threshold	£17,183,000 which is 75% of financial statement materiality as at 31 December 2023.

Materiality measure	Company
Significant judgements made by auditor in determining the performance materiality	Our performance materiality threshold was set based on our risk assessment combined with an assessment of HgT's overall control environment (including at the investment manager). Specifically, our judgement to select 75% was driven by the audit team's experience in previous audits, the quality of information received, the qualification and experience of management and the absence of any significant issues (or adjustments) identified in the past.
Specific materiality	We determine specific materiality for one or more particular classes of transactions, account balances or disclosures for which misstatements of lesser amounts than materiality for the financial statements as a whole could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.
Specific materiality	We determined a lower level of specific materiality for the following areas: <ul style="list-style-type: none"> • Net income, finance costs, priority profit share, taxation in the revenue return column in the income statement; and • Related party transactions including Directors' remuneration.
Communication of misstatements to the Audit, Valuations and Risk Committee	We determine a threshold for reporting unadjusted differences to the audit committee.
Threshold for communication	£1,146,000 and misstatements below that threshold that, in our view, warrant reporting on qualitative grounds.

The graph below illustrates how performance materiality interacts with our overall materiality and the tolerance for potential uncorrected misstatements.

Overall materiality as at 31 December 2023



An overview of the scope of our audit

We performed a risk-based audit that requires an understanding of HgT's business and in particular matters related to:

Understanding HgT and its environment, including the controls

- Obtained an understanding of HgT and its environment, including the controls, and assessed the risks of material misstatement.
- Obtained an understanding of the relevant controls in place at the third-party service organisation. This included documenting the nature and design effectiveness of internal controls at the Investment Manager.

Work to be performed on financial information of HgT (including how it addressed the key audit matters)

We identified valuation of unquoted investments and occurrence of investment income as key audit matters and the procedures performed in respect of these have been included in the key audit matters section of our report.

Performance of our audit

- Evaluated the internal control environment, including IT systems and general controls, on key areas. We performed interim audits on areas that were considered efficient and effective in achieving our overall audit objective.
- Audit of the financial information of HgT was undertaken using the financial statement materiality (full-scope audit).

Changes in approach from previous period

There have been no changes in the scope of current year's audit from the scope of the audit in prior year.

Other information

The other information comprises the information included in the annual report and accounts, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report and accounts. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with HgT's financial statements,

or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or material misstatements, we are required to determine whether there is a material misstatement of HgT's financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Our opinions on other matters prescribed by the Companies Act 2006 are unmodified

In our opinion, the part of the directors' remuneration report to be audited has been properly prepared in accordance with the Companies Act 2006.

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which HgT's financial statements are prepared is consistent with HgT's financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

Matter on which we are required to report under the Companies Act 2006

In the light of the knowledge and understanding of HgT and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- Adequate accounting records have not been kept by HgT or returns adequate for our audit have not been received from branches not visited by us; or
- The financial statements and the part of the directors' remuneration report to be audited are not in agreement with the accounting records and returns; or
- Certain disclosures of directors' remuneration specified by law are not made; or
- We have not received all the information and explanations we require for our audit.

Corporate governance statement

We have reviewed the directors' statement in relation to going concern, longer-term viability and that part of the Corporate Governance Statement relating to HgT's compliance with the provisions of the UK Corporate Governance Code specified for our review by the Listing Rules.

Based on the work undertaken as part of our audit, we have concluded that each of the following elements of the Corporate Governance Statement is materially consistent with the financial statements, or our knowledge obtained during the audit:

- The directors' statement with regards to the appropriateness of adopting the going concern basis of accounting and any material uncertainties identified as set out on page 93.
- The directors' explanation as to their assessment of HgT's prospects, the period this assessment covers and why the period is appropriate as set out on page 98.

- The director's statement on whether they have a reasonable expectation that HgT will be able to continue in operation and meet its liabilities as set out on page 93.
- The directors' statement on fair, balanced and understandable as set out on page 96.
- The board's confirmation that it has carried out a robust assessment of the emerging and principal risks as set out on page 99.
- The section of the annual report that describes the review of the effectiveness of risk management and internal control systems as set out on page 99; and
- The section describing the work of the Audit, Valuations & Risk Committee as set out on page 98.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 93, the directors are responsible for the preparation of HgT's financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of company financial statements that are free from material misstatement, whether due to fraud or error.

In preparing HgT's financial statements, the directors are responsible for assessing HgT's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate HgT or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of HgT's financial statements

Our objectives are to obtain reasonable assurance about whether HgT's financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these company financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. Owing to the inherent limitations of an audit, there is an unavoidable risk that material misstatements in the financial statements may not be detected, even though the audit is properly planned and performed in accordance with the ISAs (UK).

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- We obtained an understanding of the legal and regulatory frameworks applicable to HgT and the industry in which it operates. We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our sector experience and through discussion with the directors and management. We determined that the most significant laws and regulations were United Kingdom Generally Accepted Accounting Practice, the Companies Act 2006, the Association of Investment Companies (AIC) Statement of Recommended Practice (SORP) 'Financial Statements of Investment Trust Companies and Venture Capital Trusts', the AIC Code of Corporate Governance, sections 1158 to 1164 of the Corporation Tax Act 2010 and the Listing Rules of the Financial Conduct Authority (the 'FCA');
- We enquired of the directors and management to obtain an understanding of how HgT is complying with those legal and regulatory frameworks and whether there were any instances of non-compliance with laws and regulations and whether they had any knowledge of actual or suspected fraud. We corroborated the results of our enquiries through our review of the minutes of HgT's Board and Audit, Valuations & Risk Committee meetings;

- We assessed the susceptibility of HgT's financial statements to material misstatement, including how fraud might occur by evaluating management's incentives and opportunities for manipulation of the financial statements. This included an evaluation of the risk of management override of controls. Audit procedures performed by the engagement team in connection with the risks identified included:
 - Evaluation of the design and implementation of controls that management has put in place to prevent and detect fraud;
 - Testing journal entries, including manual journal entries processed at the year-end for financial statements preparation and journals with unusual account combinations; and
 - Challenging the assumptions and judgements made by management in its significant accounting estimates.
- These audit procedures were designed to provide reasonable assurance that the financial statements were free from fraud or error. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error and detecting irregularities that result from fraud is inherently more difficult than detecting those that result from error, as fraud may involve collusion, deliberate concealment, forgery or intentional misrepresentations. Also, the further removed non-compliance with laws and regulations is from events and transactions reflected in the financial statements, the less likely we would become aware of it;

- The engagement leader's assessment of the appropriateness of the collective competence and capabilities of the engagement team included consideration of the engagement team's:
 - Understanding of, and practical experience with audit engagements of a similar nature and complexity through appropriate training and participation;
 - Knowledge of the industry in which HgT operates;
 - Understanding of the legal and regulatory frameworks applicable to HgT.
- We obtained understanding of HgT, as registered as a company in England and Wales, its activities as 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 and design effectiveness of its control environment.

A further description of our responsibilities for the audit of HgT's financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Other matters which we are required to address

We were appointed by the Board on 3 November 2023 to audit the financial statements for the year ending 31 December 2023.

Our total uninterrupted period of engagement is seven years, covering the years ended 31 December 2017 to 31 December 2023.

The non-audit services prohibited by the FRC's Ethical Standard were not provided to the group or HgT and we remain independent of the group and HgT in conducting our audit.

Our audit opinion is consistent with the additional report to the audit committee.

Use of our report

This report is made solely to HgT's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to HgT's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than HgT and HgT's members as a body, for our audit work, for this report, or for the opinions we have formed.



William Pointon
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
London
8 March 2024

Corporate governance



Directors' report

The Directors present the Annual Report and Accounts of HgCapital Trust plc (HgT) (registered number 1525583) for the year ended 31 December 2023. The Corporate Governance Report forms part of this Directors' Report. Information about future developments and important events since the year end are included in the Chairman's statement.

HgT is an investment company, as defined in section 833 of the Companies Act 2006, and qualifies as an investment trust under sections 1158 and 1159 of the Corporation Tax Act 2010. HgT has received confirmation from HMRC that it has been accepted as an approved investment trust, with effect from 1 January 2012, provided that it continues to meet the eligibility conditions for section 1158 and the ongoing requirements for approved companies in the Investment Trust (Approved Company) (Tax) Regulations 2011.

HgT's Board of Directors

Following Guy Wakeley's retirement from the Board on 31 December 2023, six non-executive Directors, all of whom are considered to be Independent, serve on HgT's Board. In line with the recommendations of the AIC Corporate Governance Code, all Directors (with the exception of Anne West, who will retire at the next AGM) will stand for election or re-election at the forthcoming AGM.

The role of the Board

The role of the board is to promote the long-term sustainable success of HgT, generating value for our shareholders while having regard to the interests of our other stakeholders, HgT's reputation, and the impact HgT might have on local communities and the environment. In performing this role, the Board sets and monitors the delivery of HgT's strategy, which remains aligned with HgT's purpose and the investment objective, and is supported by the culture. The Board also oversees HgT's risk management and internal controls systems and ensures that HgT has adequate resources, and is led by a Board with the right mix of talent, skills and experience for HgT to continue in its objective to deliver consistent returns for our shareholders, now and in the longer-term. The general powers of the Directors are set out in Article 103 of HgT's Articles of Association, which provides that the business of HgT shall be managed by the Board, which may exercise all the powers of HgT, subject to any limitations imposed by applicable legislation, the Articles and any directions given by special resolution of the shareholders of HgT. The rules concerning the appointment and replacement of Directors are also set out in the Articles and the Companies Act 2006. The Articles can be amended by shareholders at a General Meeting.

The governance framework

To operate efficiently and give the right level of attention and consideration to the relevant matters, the Board delegates authority to its Board Committees: the AVRC; the Nomination Committee; and the Management Engagement Committee. The Committee Chairs formally report to the Board on their Committees' activities after every meeting. The schedule of Matters Reserved for the Board sets out areas reserved for Board decisions, and Committees' Terms of Reference describe the role and responsibilities of the Board Committees, all of which can be found on HgT's website.

When they first join the Board, the Directors receive a tailored induction, and the Board has a structured learning programme in place. The Directors also have continued access to the advice and services of the Company Secretary and other advisers and can seek independent professional advice, when required.

Board activities

The Board and its Committees met regularly in 2023, as well as on an ad hoc basis, when required by business needs. Meeting agendas combined a balance of regular standing items, such as reports on current portfolio trading and HgT's financial position, including forward looking cash flows, liquid resources and outstanding commitments, and topical items, such as the increase of HgT's borrowing facility or new investment commitments. The Board recognises the importance of understanding and considering the views and interests of all HgT's stakeholders, and this forms a crucial component of directors' discussion and decision-making. Some of the key decisions the Board took in 2023, as well as an explanation of how a consideration of our stakeholders' interests was part of that process is described on page 24.

Throughout the year, the Board also considers the need for any additional learning sessions and in 2023, a number of sessions took place outside of the usual Board meeting cycle. The Board received a more in-depth presentations on ESG; governance reforms; valuations; AI; and long term investment opportunities.

Culture

By formally identifying the important elements of HgT's culture, the Directors can assess and monitor the culture and ensure that it remains well aligned with HgT's purpose, values and strategy in the pursuance of the long-term sustainable success of HgT. The culture of an externally managed investment trust is the product of the Board's and the Manager's values, diversity and behaviours and the way the Board and the Manager interact with one another and other stakeholders. Behaviours and processes that underpin HgT's culture are considered as part of the annual review of the Manager, the strategic planning, the annual evaluation of Board effectiveness and in reporting to stakeholders – thus embedding consideration of stakeholders' interests, long-term perspective, maintaining reputation for fairness and high standards of governance, corporate reporting and business conduct more generally in HgT's culture and processes.

The Directors seek to sustain a culture which contributes to achieving the purpose of HgT, consistent with its values and strategy. Elements of HgT's culture include:

- Encouraging open and timely discussion within the Board and with the Manager, allowing time and space for original and innovative thinking;
- Ensuring that the interests of shareholders and the Manager (and its other clients) are well aligned, underpinned by a robust negotiation of the Manager's terms of engagement;
- Adopting a tone of constructive challenge;
- Drawing on Board Members' individual experience to support the Manager in its monitoring and driving improvements in the portfolio companies, for the benefit of all of the Manager's clients;
- Willingness to make the Board Members' experience available to support the Manager in the long-term development of its business and resources, recognising that the long-term health of the Manager is in the interests of shareholders in HgT;

- Appreciating that the asset class, as well as the individual businesses in which HgT invests, is not well understood by all shareholders, adopting a policy of maximum transparency, consistent with the commercial interests of the portfolio companies;
- Willingness to use all available means to communicate, meet and engage with shareholders and potential investors;
- Attitude to risk, accepting that the prime purpose of HgT is to provide an efficient vehicle through which shareholders gain exposure to a well-managed portfolio and that the Board should not seek to add further investment risk.

A healthy corporate culture contributes to the long-term success of HgT. The following observable outcomes are indicative of the Directors' success in embedding a healthy corporate culture in HgT's processes and policies and actively promoting it through their behaviours:

- Continued support for HgT's shares and good, consistent trading performance;
- The breadth and quality of the share register, including willingness of shareholders to maintain their holdings over the long term rather than trade them short term;
- The extent to which Hg colleagues are willing to be long-term shareholders in HgT;
- Recognition of the transparency and clarity of reporting (and content disclosed on its website); and
- Recognition of the quality of HgT's shares as an investment by the number of broker recommendations as a long-term hold.

Annual Board Performance Review

The Directors consider the performance review of the Board, its Committees and themselves to be an important aspect of corporate governance, and reviews are undertaken annually, with external reviews being undertaken at least once every three years. The performance review undertaken in 2023 was facilitated internally by the Company Secretary, after an external Board evaluation had been completed in 2022. The next externally facilitated review will be undertaken in 2025.

The process and results

The Directors first completed a tailored questionnaire, and held one to one discussions with the Chairman. The performance review included both quantitative and qualitative elements and focused on key areas to assess the effectiveness of the Board, its Committees, the Chairman and Chairs of the Committees and identify possible areas for improvement, including: the Board's structure, collective experience, capabilities and performance; quality of the Board's discussions; focus on longer term strategy and risk management; and the relationships with HgT's stakeholders.

The Board discussed the results of the evaluation process and agreed three key areas of focus for this year:

- the refreshing of the Board and the next recruitments. A search to replace Guy Wakeley is underway and later we will begin the search for a successor of our Chair of the AVRC, who plans to step down at the AGM in 2026;
- HgT's financial position and longer-term liquidity planning, in particular in the context of tightening credit markets, and a high interest rate environment; and
- shareholder engagement and communications.

Actions taken as a result of the 2022 Board evaluation

As part of the performance review, the Directors also reflected on the actions from the previous year's evaluation, and how they were addressed throughout 2023. Changes included the Chairman ensuring that the Board spent appropriate time looking ahead, considering HgT's strategy, sustainability of the performance of the portfolio firms, and the appropriateness of the valuations, and allowing ample time to considering HgT's business model, long term capital needs, future investment opportunities and exit options. This has been achieved both, through dedicating the time to those matters during Board meetings and the annual Strategy session, and through regular learning sessions, which allow additional time for in-depth sessions on particular topics. The Board also remains very willing to engage with shareholders and the Chairman attended a number of additional meetings with investors during the year.

Ongoing evaluation

The Chairman regularly takes into account feedback from the Directors on the effectiveness of the Board meetings throughout the year, not just whenever the Board is undergoing its annual evaluation. The Directors complete a pulse survey after every scheduled meeting to reflect on whether the Board focused on the most important matters and whether there was a good balance between challenging and supporting the Manager in all discussions. The Directors are also asked to provide feedback on any items that were handled particularly well, or ones that were not, in the meeting. The Directors' feedback is then taken into account as the Chairman, with the assistance of the Company Secretary and the Manager, plans the next meeting agendas.

These pulse surveys also provide more objective insights into the effectiveness of the Board, by comparing the performance of the Board with a large peer set. We have now been using the pulse surveys for two years and HgT's Board is amongst the highest scoring Boards on the platform we use, BoardClic, with a marginally higher overall score this year than last, in the 90th percentile against peers.

The results

The results of the evaluation indicated that the Board and its Committees continue to work well, focus on the important matters and maintain an effective working relationship with the Manager. The Directors felt that the Board was of the right size, had an appropriate range of skills and expertise and clearly defined plans for the evolution of the Board's composition over time. In 2024, the Directors will take forward the actions identified through this year's review and report on the outcomes in our next Report.

Conflicts of interests

The Directors declare all actual or potential conflict of interest to the Board, which has the authority to approve such situations. A register of the matters so approved is maintained and reviewed at each meeting of the Board. The Directors advise the Board as soon as they become aware of any possible conflicts of interest. In the event that a Director has a relevant conflict of interest they would not be party to discussions or decisions on the matter on which they are conflicted. The Board can, however, confirm that it has not been necessary to exclude any Director from the consideration of Board or Committee matters on such basis at any time during the year.

Directors' indemnity

HgT has maintained appropriate Directors' liability insurance cover throughout the year. HgT's Articles take advantage of statutory provisions to indemnify the Directors against certain liabilities owed to third parties, even where such liability arises from conduct amounting to negligence or breach of duty or breach of trust.

In addition, under the terms of appointment of each Director, HgT has agreed, subject to the restrictions and limitations imposed by statute and by HgT's Articles, to indemnify each Director against all costs, expenses, losses and liabilities incurred in the execution of his or her office as Director or otherwise in relation to such office. Save for such indemnity provisions in HgT's Articles and in the Directors' terms of appointment, there are no qualifying third party indemnity provisions in force.

Stewardship

The exercise of voting rights attached to HgT's underlying investments lies with Hg. Hg has a policy of active portfolio management and ensures that significant time and resource are dedicated to every investment, with Hg executives and Operating Partners typically being appointed to investee company Boards, in order to ensure the application of active, results-orientated corporate governance.

Results and dividend

The Board reviews HgT's approach to dividends on a regular basis, taking into consideration feedback from shareholders and the evolving nature of HgT's income streams, which are driven by the investment structures Hg utilises in its various transactions. 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. The Board has indicated that it currently believes 5.0 pence per share, over the full year, to be a reasonable level for a 'floor'.

Following payment of an interim dividend of 2.0 pence per ordinary share in October 2023, the Directors recommend the payment of a final dividend of 4.5 pence per ordinary share for the year ended 31 December 2023, making a total of 6.5 pence (2022: 7.0 pence). Subject to the approval of this dividend at the forthcoming Annual General Meeting (AGM), it will be paid on 21 May 2024 to shareholders on the register of members at the close of business on 22 March 2024. The Board keeps the dividend objective of HgT under regular review and will communicate further guidance on the dividend when it is practicable to do so.

The total return after taxation for the year was £230.5 million (2022: £107.5 million) of which the revenue return was £28.2 million (2022: revenue return of £24.3 million).

Greenhouse gas emissions

HgT has no greenhouse gas emissions to report from the operations of HgT, and does not have responsibility for any other emissions producing sources or energy consumed reportable under the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013 or the Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018, implementing the UK Government's policy on Streamlined Energy and Carbon Reporting. Hg has been carbon neutral since 2019 – more information on HgT's and Hg's approach to environmental matters and sustainability can be found here: page 18.

As an investment company, HgT is not required to report against the TCFD framework, however, understanding and managing climate-related risks and opportunities based on the TCFD's recommendations is a fundamental part of Hg's Sustainability Policy and Hg does report against the TCFD framework.

Substantial interests

HgT receives notices from shareholders who have interests in 3% or more of the total voting rights of HgT. The table on page 91 shows this information as at 31 December 2023.

In addition to their direct holdings in Hg funds, the partners and staff of Hg also hold shares in HgT.

Substantial interests (as at 31 December 2023)	Ordinary shares ¹	% of voting rights
Schroders plc	41,598,090	9.09
Rathbone Investment Management Ltd	24,671,195	5.38
M&G plc	22,534,903	4.92
Oxfordshire County Council Pension Fund	19,340,000	4.22

¹ Notifications are required where an investor reaches the 3% threshold and for every 1% increase or decrease thereafter. The above holdings may therefore not be wholly accurate statements of the actual investor holdings at 31 December 2023.

There have been no changes to the major interests in HgT's shares disclosed to HgT between 31 December 2023 and 8 March 2024.

In addition to their direct holdings in Hg funds, the partners and staff of Hg also hold shares in HgT. As at 31 December 2023, the Partners and staff of Hg owned 19,722,312 shares; 4.31% of the total voting rights (2022: 12,862,534 shares; 2.5% of the total voting rights).



The Board of Directors



Jim Strang
Chairman of the Board and
the Nomination Committee

Appointed: March 2018
Age: 52

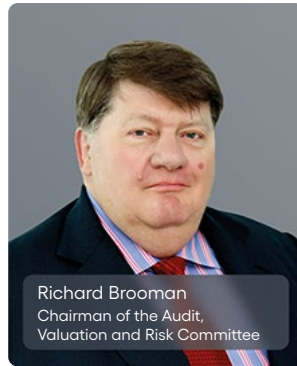
Career:

Jim has spent over 20 years in the private equity industry, latterly as Chairman EMEA and MD at Hamilton Lane Inc, and a member of the Global Investment Committee. Jim's career in PE encompasses a wide range of experience gained across multiple transactions, market cycles and global markets both, as an investor and an operator. Prior to this, Jim was a strategy consultant at Bain & Company, working with Bain's Private Equity Group. Jim has worked as a UK equities fund manager, focusing on UK growth investments and assisting in the management of several investment companies. He currently serves on the Boards of Pictet Alternative Advisers (PAA) SA and BGF plc.

Relevant skills and experience and reasons for re-election: Jim brings a wide range of private equity experience, both at the individual investment level and also from structuring and developing programmes of private equity investments which meet the needs of a large, diverse and sophisticated mix of global investors. Furthermore, his experience in working with private equity managers, while at Bain & Company, and his investment company experience gained during his tenure as UK equity fund manager provide a highly relevant and broad mix of skills to HgT.

Other appointments:

Non-Executive Director at the Business Growth Fund plc; Independent Director of Pictet Alternative Advisers (PAA) SA and Adjunct Professor at London Business School.



Richard Brooman
Chairman of the Audit,
Valuation and Risk Committee

Appointed: October 2007
Age: 68

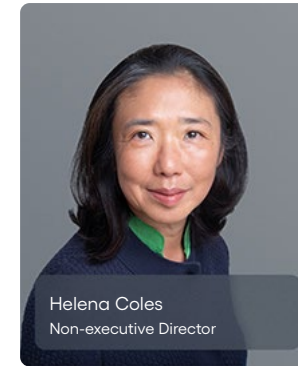
Career:

Richard qualified as a chartered accountant with Price Waterhouse. He held senior operational and financial positions at Mars, going on to become Chief Financial Officer at the global consumer healthcare business of SmithKline Beecham. Moving to the SME sector, he became Group Finance Director of VCI plc and subsequently Chief Financial Officer of Sherwood International plc, both mid-cap businesses listed on the London Stock Exchange. Richard was also the Deputy Chairman of Invesco Perpetual UK Smaller Companies Investment Trust plc and the Senior Independent Director of DiscoverIE Group plc.

Relevant skills and experience and reasons for re-election: Richard has comprehensive experience of financial and risk management in two leading global companies and of both acquisitions and disposals of businesses. This has provided a strong basis for assessing, and, where appropriate, challenging the financial and risk management framework of not only HgT, but also companies across a wide range of industries. Richard takes the lead in scrutinising the valuation of each company in the portfolio prepared by Hg.

Other appointments:

Trustee at British Youth Opera; Governor of Merchant Taylors' School.



Helena Coles
Non-executive Director

Appointed: November 2023
Age: 56

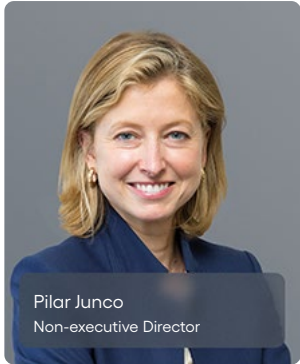
Career:

Helena has over 30 years' experience in public equities. She co-founded Rexiter Capital Management, a specialist in Asian and emerging markets equities, in a joint venture with State Street Global Advisors, where she headed the Greater China team and had responsibility for asset allocation as well as the firm's strategy. She is the independent investment adviser to the Joseph Rowntree Charitable Trust and advises on the management of its endowment. Helena has also held roles at Fidelity International where she specialised in ESG and at the Bank of England where she served as a Senior Supervisor at the Prudential Regulation Authority. Until January 2024, Helena served as a Director of Shaftesbury Capital plc.

Relevant skills and experience and reasons for election: Helena brings a wide range of public equities experience, including M&A and governance. She also has considerable expertise in ESG, gained through the perspectives of an asset owner, asset manager, as well as UK regulator. Combined with her non-executive roles on investment trust boards, she brings a wealth of knowledge of investors from institutions and wealth managers to platforms. A Hong Kong native, Helena has strong international experience and has worked in Asia, the US and the UK.

Other appointments:

JPMorgan Emerging Markets Investment Trust plc and Schroder Japan Trust plc; Independent investment adviser to the Joseph Rowntree Charitable Trust.



Pilar Junco
Non-executive Director

Appointed: July 2020
Age: 49

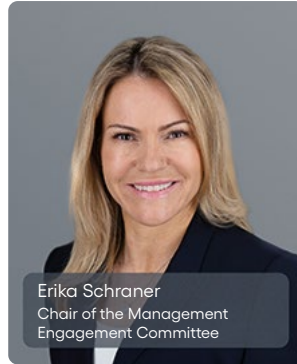
Career:

Pilar is a Managing Partner and Chief Client Officer at AltamarCAM Partners, a leading solutions provider for private markets. She heads AltamarCAM's client teams and internationalisation initiatives for the firm. Before joining AltamarCAM, she worked in London at Blackstone for over 13 years, where most recently she acted as a Senior Managing Director and head of non-US (EMEA and APAC) private wealth management and retail business.

Relevant skills and experience and reasons for re-election: Pilar has a wealth of industry knowledge in private equity and brings to the board recent and relevant experience in leading international expansion and strategic planning. She provides the board with insights into M&A activity, investment in international private equity and into institutional and retail/HNW investors.

Other appointments:

Board Member at AltamarCAM Partners; Trustee at Action Against Hunger (Spain).



Erika Schraner
Chair of the Management
Engagement Committee

Appointed: August 2022
Age: 56

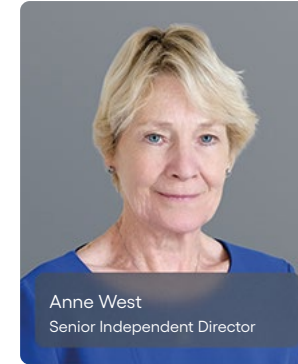
Career:

Most recently, Erika's executive career included a role of a partner, UK M&A Integration Leader & TMT M&A Advisory / Delivering Deal Value Leader at PwC in London. Prior to that, Erika held a number of senior professional services roles with Ernst & Young in Silicon Valley where ultimately she became a partner and the Americas' Operational Transaction Services leader for the Technology sector. Before that, Erika worked at IBM, Symantec Corporation and CSC/DXC Technology in the USA. Erika also served as a board member at Kevian Capital Management LLC and an advisory board member at FreeOn Ltd and eBoomerang Inc. Erika served on the Board of Aferian Plc as a Non Executive Director until 2022.

Relevant skills and experience and reasons for re-election: Erika has held a number of senior leadership roles in global organizations with a career spanning 25 years in Silicon Valley, UK and Europe, in Fortune 500 Technology companies and the Big 4 professional services firms, she therefore contributes a wealth of technology, software and digital expertise, as well as extensive experience in M&A, deal value creation, realisations, and finance. Erika has also brings in relevant experience having been an investor in early-stage companies.

Other appointments:

Non-executive Director of JTC Group plc; Videndum plc; Bytes Technology Group plc and Pod Point Group Holdings plc.



Anne West
Senior Independent Director

Appointed: May 2014
Age: 73

Career:

Anne joined HgT's board following a long career as an equity investment manager, initially in Hong Kong. She spent 23 years at Cazenove Capital Management, one of the UK's largest wealth managers, rising to Chief Investment Officer. As manager of the investment teams, she was responsible for leading the firm's strategy on asset allocation, including diversification into private markets using listed vehicles, such as HgT. She was also responsible for communication of investment views and policy to wealth managers and clients and introduced investment risk management tools to portfolio construction.

Relevant skills and experience:

Anne's experience in asset allocation and equity markets provides the board with insights into the decision-making processes of many of HgT's wealth management shareholders and potential investors. She also brings her knowledge of investing in emerging markets, especially in Asia, as well as expertise gained through her directorships of investment trust companies. Until 2022, Anne served as a Non-Executive Director of ScotGems plc and until December 2023 Anne served as a Director of The Scottish Oriental Smaller Companies Trust plc.

All Board members are Independent Non-Executive Directors. Chairman of the Board was considered independent on appointment.

Investment management and administration

HgT entered into an amended and restated Management Agreement with HgT's investment manager, Hg Pooled Management Limited (Hg), in May 2015. In 2023, HgT's assets were managed by Hg. HgT pays a priority profit share in respect of either its commitments to or invested capital alongside Hg funds on the same terms as those payable by all institutional investors in these funds as listed below:

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

For HgT's investment alongside the Hg Mercury 1, Hg Genesis 7, Hg Mercury 2, Hg Mercury 3, Hg Mercury 4, Hg Genesis 8, Hg Genesis 9, Hg Genesis 10, 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, 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. If a preferred return of 12% p.a. is achieved, carried interest of 20% of aggregate profits is payable.

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. Thus, the co-investments made by HgT in P&I, Azets, Mitratech, Argus Media, Norstella, smartTrade, Geomatikk, F24, Silverfin, Benevity, insightsoftware, Nitrogen, DEXT, Rhapsody, Pirum, IFS Workwave and GTreasury do not entitle Hg to any priority profit share or carried interest. The agreement can be terminated by either party; no compensation would be due to Hg on termination of the agreement.

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

Link Company Matters Limited was appointed as Company Secretary on 13 May 2015.

Continuing appointment of the Manager

The Board keeps the performance of Hg under continual review, and the Management Engagement Committee carries out an annual review of the Manager's performance and the terms of the Management Agreement. The outcome of this review can be found in the Management Engagement Committee Report on page 100.

Calculation of ongoing charges

For the year to 31 December 2023, HgT's ongoing charges were calculated as 1.7% (31 December 2022: 1.7%). The calculation is based on the ongoing charges expressed as a percentage of the average monthly NAV 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 £28.5 million and operating expenses of £9.2 million as described in notes 5 and 6 to the financial statements respectively. The average monthly NAV for the year to 31 December 2023 was £2.2 billion.

Risk management and objectives

HgT is subject to various risks in pursuing its objectives. The nature of these risks and the controls and policies in place used to minimise these risks are further detailed in the following sections:

Capital structure

As at 31 December 2023, HgT had 457,728,500 ordinary shares of 2.5 pence each in issue, with no shares held in Treasury. Each ordinary share has one voting right attached to it. The total number of voting rights in HgT at this date was therefore 457,728,500.

Transfer of shares and voting rights

There are no restrictions concerning the transfer of securities in HgT; no special rights with regard to control attached to securities; no restrictions on voting rights; no agreements between holders of securities regarding their transfer known to HgT; and no agreements to which HgT is a party which might change or fall away on a change of control or trigger any compensatory payments for Directors following a successful takeover bid.

Buyback and issue of shares

Purchase of shares

At the AGM held on 17 May 2023, the Directors were given power to buyback 68,613,502 shares (being 14.99% of the HgT's of its existing share capital) and this authority will expire at the 2024 AGM. In 2023 HgT did not purchase any of its own shares.

Issue of shares

At the 2021 AGM, HgT's shareholders approved the necessary authority for HgT to allot up to a maximum of 41,599,981 shares on non-pre-emptive basis. Pursuant to that authority, in March 2022, HgT issued a total of

2,850,000 new ordinary shares of 2.5 pence each on non-pre-emptive basis at a price of £4.368 (aggregate nominal value of £71,250) to new and existing shareholders, raising £12,324,488 in aggregate. Pursuant to the same authority to issue new shares granted by HgT shareholders at the 2021 AGM, in November 2021 HgT also applied to the Financial Conduct Authority for a block listing of 21,032,500 ordinary shares of 2.5 pence each and the blocklisting became effective on 16 November 2021. As at 31 December 2023, HgT has a remaining block listing authority of 11,069,980.

At the AGM held on 17 May 2023, HgT was granted authority to allot up to 45,772,850 Ordinary shares on a non-pre-emptive basis. No new Ordinary shares were issued pursuant to this authority, which is due to expire at HgT's forthcoming AGM on 16 May 2024.

Annual General Meeting (AGM)

The AGM of HgT will be held at 2 More London Riverside, London SE1 2AP on 16 May 2024 at 11 a.m. and all shareholders are invited to attend and vote, in person or by proxy.

The Notice of the AGM sets out the business of the meeting, with any item not of an entirely routine nature explained below. Separate resolutions are proposed in respect of each substantive issue. Proxy voting figures will be available to shareholders after the AGM. The Board is of the opinion that the passing of all resolutions being put to the AGM would be in the best interests of HgT and its shareholders. The Directors therefore recommend that shareholders vote in favour of all resolutions as set out in the Notice of Meeting as they intend to do in respect of their own shareholdings.

Authority of Directors to allot shares

A general authority to allot new shares (or to grant rights over shares) was given to the Directors at HgT's AGM in 2023. The authority gives the Directors, for the period until the conclusion of the AGM in 2024, the necessary authority to allot securities up to a maximum nominal amount of £3,814,404 or what was, at 31 December 2023, approximately 33.33% of the issued Ordinary share capital of HgT.

The Directors are proposing to renew the general authority to allot shares at the 2024 AGM.

The Board considers it appropriate that the Directors should be granted ongoing authority to allot shares in the capital of HgT up to a maximum nominal amount of £3,814,404, representing approximately 33.33% of HgT's ordinary share capital. The power will last until the conclusion of the AGM in 2025. The Directors will continue to consider further potential share issues, providing that market conditions permit. This power will be exercised only if, in the opinion of the Directors, it would be in the best interests of shareholders as a whole.

Disapplication of pre-emption rights

A general power to disapply the pre-emption rights set out in Section 561 of the Companies Act 2006 was granted to the Directors at the AGM in 2023. The Directors are proposing a resolution to renew and extend, subject to the passing of the resolution to allot shares, the Directors' authority to allot equity securities for cash without pre-emption rights applying in certain circumstances. This resolution will authorise the Directors, until the date falling 15 months after the date of the passing of the resolution or, if earlier, the conclusion of the next annual general meeting of HgT, to issue ordinary shares for cash, without pre-emption rights applying, of up to an aggregate nominal value of £1,144,321, representing approximately 10% of HgT's issued ordinary share capital as at the date of the Notice.

No issuance of ordinary shares without pre-emption rights will be made at a price less than the prevailing net asset value per ordinary share at the time of issue. This power will be exercised only if, in the opinion of the Directors, it would be in the best interests of shareholders as a whole.

Authority to buy back shares

The Directors' authority to buy back shares was renewed at last year's AGM and will expire at the end of the AGM in 2024. The Directors are proposing to renew the authority at the forthcoming AGM, as set out in Resolution 13 in the Notice of Meeting, and are seeking authority to purchase up to 14.99% of the issued share capital. This authority, unless renewed, will expire at the conclusion of the AGM in 2025 or if earlier, 15 months from the passing of the resolution. The authority will be used where the Directors consider it to be in the best interests of shareholders.

Purchases of ordinary shares will only be made through the market for cash at prices below the prevailing NAV per ordinary share. Under the Listing Rules of the Financial Conduct Authority, the maximum price which can be paid for each ordinary share is the higher of: (a) 105% of the average of the mid-market quotations of the ordinary shares in HgT for the five business days prior to the date on which such share is contracted to be purchased; and (b) the higher of the price of the last independent trade and the highest current independent bid for an ordinary share. The minimum price that may be paid will be the nominal value of such ordinary share, being 2.5 pence. Any shares purchased under this authority will either be cancelled or held in treasury at the discretion of the Board for future re-sale in appropriate market conditions.

Disclosure of information to auditors

Each of the persons who is a Director at the date of approval of this Report confirms that:

- so far as the Director is aware, there is no relevant audit information of which HgT's auditor is unaware; and
- the Director has taken all the steps that they ought to have taken as a Director in order to make himself or herself aware of any relevant audit information and to establish that HgT's auditor is aware of that information. This confirmation is given and should be interpreted in accordance with the provisions of Section 418 of the Companies Act 2006.

Donations

HgT made no political or charitable donations during the year (2022: nil).

Post balance sheet events

Financial instruments

HgT's outstanding derivative contracts at 31 December 2023 are detailed on page 72. Note 19 to the financial statements describes the financial risk management objectives and HgT's exposures to credit risk and liquidity risk, it also includes the details on how HgT uses hedging.

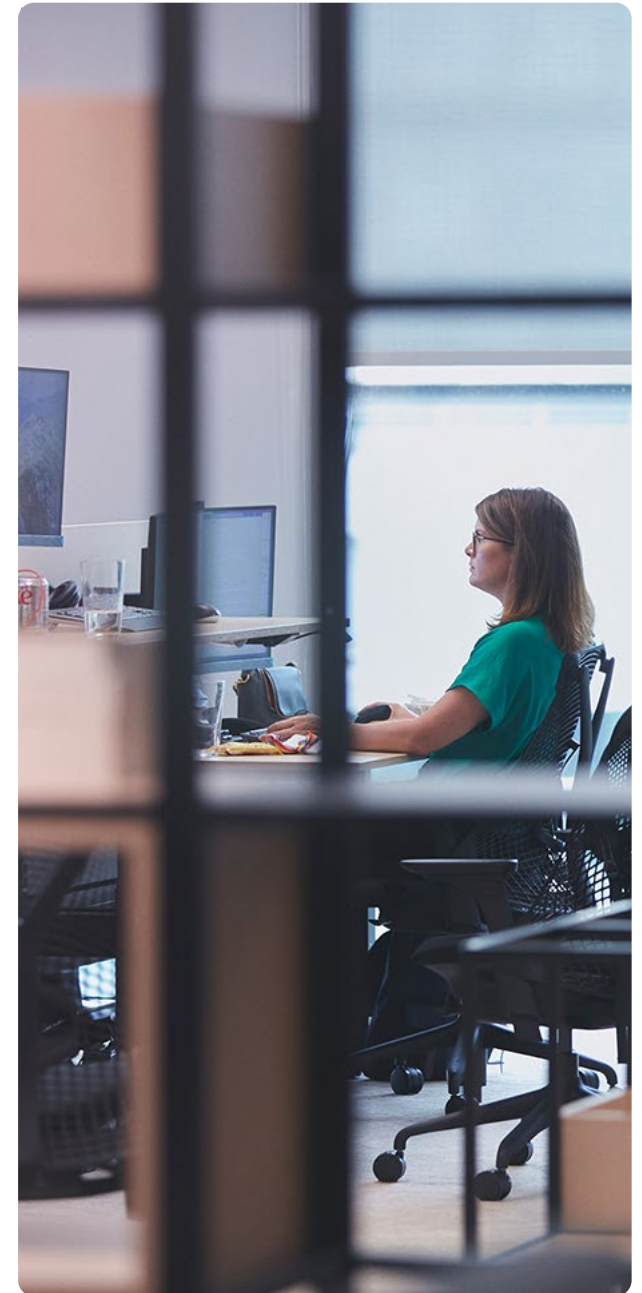
Listing Rule 9.8.4R

LR 9.8.4 R requires a listed company to include certain information in its Annual Report. The rule requires a disclosure of a broad range of corporate matters, including information on any allotments of shares, controlling shareholders or dividend waivers, and should be included in a single identifiable section in the Annual Report. The Directors confirm there are no disclosures to be made pursuant to this rule.

On behalf of the Board

Jim Strang
Chairman

8 March 2024



Directors' responsibility statement

in respect of the annual report and accounts

The Directors are responsible for preparing the Annual Report and Accounts in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law, the Directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 102, the Financial Reporting Standard applicable in the UK and Ireland.

Under company law the Directors must not approve the financial statements, unless they are satisfied that they give a true and fair view of the state of affairs of HgT and of the profit or loss of HgT for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed;
- assess HgT's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate HgT or to cease operations, or have no realistic alternative but to do so.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain HgT's transactions and disclose with reasonable accuracy at any time the financial position of HgT and enable them to ensure that the financial statements comply with the Companies Act 2006.

They are responsible for such internal control as they determine necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have responsibility for taking such steps as are reasonably open to them to safeguard the assets of HgT and to prevent and detect fraud and other irregularities.

Under applicable law and regulations, the Directors are also responsible for preparing a Strategic Report, Directors' Report, Directors' Remuneration Report and Corporate Governance Statements that comply with that law and those regulations.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on HgT's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Responsibility statement

The Directors of HgT, whose names are shown on pages 88 and 89 of this Report, each confirm to the best of their knowledge that:

- the financial statements, prepared in accordance with the applicable set of accounting standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of HgT taken as a whole; and
- the management report, which incorporates the Strategic Report, Directors' report and Hg's Review include a fair review of the development and performance of the business and the position of HgT, together with a description of the principal risks and uncertainties that it faces.

The Directors consider the Annual Report and Accounts, taken as a whole, are fair, balanced and understandable and the information provided to shareholders is sufficient to allow them to assess HgT's position, performance, business model and strategy.

On behalf of the Board

Jim Strang
Chairman

8 March 2024

Corporate governance statement

This Corporate Governance Statement forms part of the Directors' Report

Statement of compliance

Throughout the year HgT has complied with the Principles and Provisions of the AIC Code of Corporate Governance (AIC Code), except for provisions related to maintaining a separate Remuneration Committee. By reporting against the AIC Code, HgT meets the obligations of the UK Corporate Governance Code (the UK Code), and reports against additional AIC Code Provisions that are of specific relevance to HgT as an investment company. The Board considers that reporting against the Principles and Provisions of the AIC Code, which have been endorsed by the Financial Reporting Council, provides more relevant information to its shareholders. The AIC Code is available on the AIC website (theaic.co.uk). An explanation of how the Board applies the principles of the AIC Code can be found in the sections of this Report as highlighted below:

AIC Code	Principle	Evidence of compliance/explanation of departure from the AIC Code
A	A successful company is led by an effective Board, whose role is to promote the long-term sustainable success of HgT, generating value for shareholders and contributing to wider society.	Both the Board and Hg agree that responsible business practices help to generate superior performance in the long-term. Hg has embedded its approach of responsible investing into the whole spectrum of the investment process and takes an active interest in how the portfolio companies manage environmental, social, and governance (ESG) issues.
B	The Board should establish HgT's purpose, values and strategy, and satisfy itself that these and its culture are aligned. All Directors must act with integrity, lead by example and promote the desired culture.	The purpose of HgT is to deliver consistent, long-term returns in excess of the FTSE All-Share Index to our shareholders by investing predominantly in unquoted companies, where value can be created through strategic and operational change.
C	The Board should ensure that the necessary resources are in place for HgT to meet its objectives and measure performance against them. The Board should also establish a framework of prudent and effective controls, which enable risk to be assessed and managed.	HgT's objective is to deliver consistent, long-term returns to our shareholders; therefore, one of the measures which the Board considers is total return per share, revenue return per share, and long-term performance against the FTSE All-Share Index: The Directors regularly consider HgT's position with reference to the business model, the balance sheet, cash flow projections, availability of funding and HgT's contractual commitments.
D	In order for HgT to meet its responsibilities to shareholders and stakeholders, the Board should ensure effective engagement with, and encourage participation from, these parties.	
E	Principle E from the UK Code has been deleted with agreement of the FRC	Principle E of the UK Code describes the Board's responsibilities for workforce policies and practices – HGT does not have any employees, therefore, this principle is not relevant to us.

AIC Code	Principle	Evidence of compliance/explanation of departure from the AIC Code
F	The chair leads the Board and is responsible for its overall effectiveness in directing HgT. They should demonstrate objective judgement throughout their tenure and promote a culture of openness and debate. In addition, the chair facilitates constructive Board relations and the effective contribution of all non-executive Directors, and ensures that Directors receive accurate, timely and clear information.	The Chairman, independent on appointment, leads the Board by presiding over Board meetings and ensuring that Board debates are balanced, open and inclusive, and promote behaviours and attributes which make up our culture. The Chairman ensures that the Board is provided with information of appropriate quality and form, in a timely manner. The responsibilities of the Chairman and the Senior Independent Director (SID) have been agreed by the Board and are available on HgT's website. The annual evaluation of the Board's effectiveness always considers the performance of the Chairman. The Directors, led by the SID, have concluded that the Chairman has fulfilled his role and supports and promotes the effective functioning of the Board.
G	The Board should consist of an appropriate combination of Directors (and, in particular, independent non-executive Directors) such that no one individual or small group of individuals dominates the Board's decision making.	During the year under review, the Board comprised only independent non-executive Directors.
H	Non-executive Directors should have sufficient time to meet their Board responsibilities. They should provide constructive challenge, strategic guidance, offer specialist advice and hold the Manager and third party service providers to account.	The Board considers the required time commitment annually. During the year under review, all Directors continued to devote a sufficient amount of time to the business of HgT. All Directors share their experience and guidance with the Manager, and, where appropriate, challenge Hg's thinking or assumptions both through their contributions in meetings and outside of the usual meeting cycle. The Management Engagement Committee regularly assesses the performance of all third-party service providers.
I	The Board, supported by the Company Secretary, should ensure that it has the policies, processes, information, time and resources it needs in order to function effectively and efficiently.	The Directors have access to the advice of the Company Secretary, who is responsible to the Board for ensuring that Board procedures are followed and that applicable rules and regulations are complied with. Directors regularly receive updates and guidance on regulatory matters and governance best practice from the Company Secretary, and have access to independent advisers, as necessary.
J	Appointments to the Board should be subject to a formal, rigorous and transparent procedure, and an effective succession plan should be maintained. Both appointments and succession plans should be based on merit and objective criteria and, within this context, should promote diversity of gender, social and ethnic backgrounds, cognitive and personal strengths.	The Nomination Committee, comprising independent non-executive Directors, is responsible for identifying and recommending to the Board the appointment of new Directors. HgT's Diversity and Inclusion Policy sets out the principles and commitments the Board follows when making new appointments, including how the Directors ensure that any new appointment will add to the diversity of experience, skill, gender, social and/or ethnic backgrounds.
K	The Board and its committees should have a combination of skills, experience and knowledge. Consideration should be given to the length of service of the Board as a whole and membership regularly refreshed.	The Board maintains a skills matrix which maps the key skills needed now and in future and is used to inform the role description for any new appointments and the Nomination Committee regularly considers the tenure of each of the Board members as well as the average tenure of the Board.

AIC Code	Principle	Evidence of compliance/explanation of departure from the AIC Code
L	Annual evaluation of the Board should consider its composition, diversity and how effectively members work together to achieve objectives. Individual evaluation should demonstrate whether each Director continues to contribute effectively.	The Directors consider the evaluation of the Board, its Committees and themselves to be an important aspect of corporate governance, and evaluations are undertaken annually.
M	The Board should establish formal and transparent policies and procedures to ensure the independence and effectiveness of external audit functions and satisfy itself on the integrity of financial and narrative statements.	The Audit, Valuation and Risk Committee supports the Board in fulfilling its oversight responsibilities by reviewing audit quality and external auditor's performance, objectivity and independence. The Committee also reviews the integrity and content of the Financial Statements, including the ongoing viability of HGT.
N	The Board should present a fair, balanced and understandable assessment of HgT's position and prospects.	The Audit, Valuation and Risk Committee supports the Board in assessing that HgT's accounts present a fair, balanced and understandable assessment of HgT's position and prospects.
O	The Board should establish procedures to manage risk, oversee the internal control framework, and determine the nature and extent of the principal risks HgT is willing to take in order to achieve its long-term strategic objectives.	The Audit, Valuation and Risk Committee supports the Board through its independent oversight of the financial reporting process, including the financial statements, management of risk framework and internal controls, as well as the procedures for monitoring compliance, among other matters.
P	Remuneration policies and practices should be designed to support strategy and promote long-term sustainable success.	The Directors are all non-executive and independent of Hg, only receive Directors' fees, no element of their remuneration is related to performance, and are not eligible for bonuses, share options or long-term performance incentives.
Q	A formal and transparent procedure for developing a remuneration policy should be established. No Director should be involved in deciding their own remuneration outcome.	Directors' remuneration is reviewed annually, within the limits of the Remuneration Policy and HgT's Articles of Association. The Board as a whole is responsible for deciding the level of fees paid to the non-executive Directors and the Chairman, with each Director abstaining from voting on his or her individual remuneration.
R	Directors should exercise independent judgement and discretion when authorising remuneration outcomes, taking account of company and individual performance, and wider circumstances.	There are no performance related elements of the Directors' remuneration, therefore, there is very little scope for the exercise of discretion. Any fee increases, if one is proposed, are carefully considered and the Board takes into account the time required for it to fulfil its duties, peers and benchmarking data, overall Company performance and wider economic context. The Board feels that maintaining a separate Remuneration Committee would add very little value, therefore, this remains an area of non-compliance with provisions related to maintaining a separate Remuneration Committee. The Board as a whole reports on remuneration matters.

The following Reports from the Committees of the Board form part of the Corporate Governance Statement.

Board committees

The Board has delegated several areas of responsibility to its committees. The composition of the Board's committees was considered by the Nomination Committee during the year and as part of the annual evaluation process. It was felt that it was appropriate that every non-executive Director should be a member of all committees. The Chairman of the Board's membership of the AVRC remains, in the Directors' opinion, appropriate and adds value to the Committee's debate.

Each of the Directors is considered independent of Hg, having had no previous or current connection with the Manager, other than in his or her capacity as a Director of HgT, and is considered to be independent in mind and judgement.

Mr Brooman has served on HgT's Board for a period longer than nine years, and in May 2023, Ms West's tenure reached nine years. The reasons the Board continues to deem them independent, and their longer tenure complementary to the Board's composition, are set out on page 105. Our longer term succession plan is described on page 105.

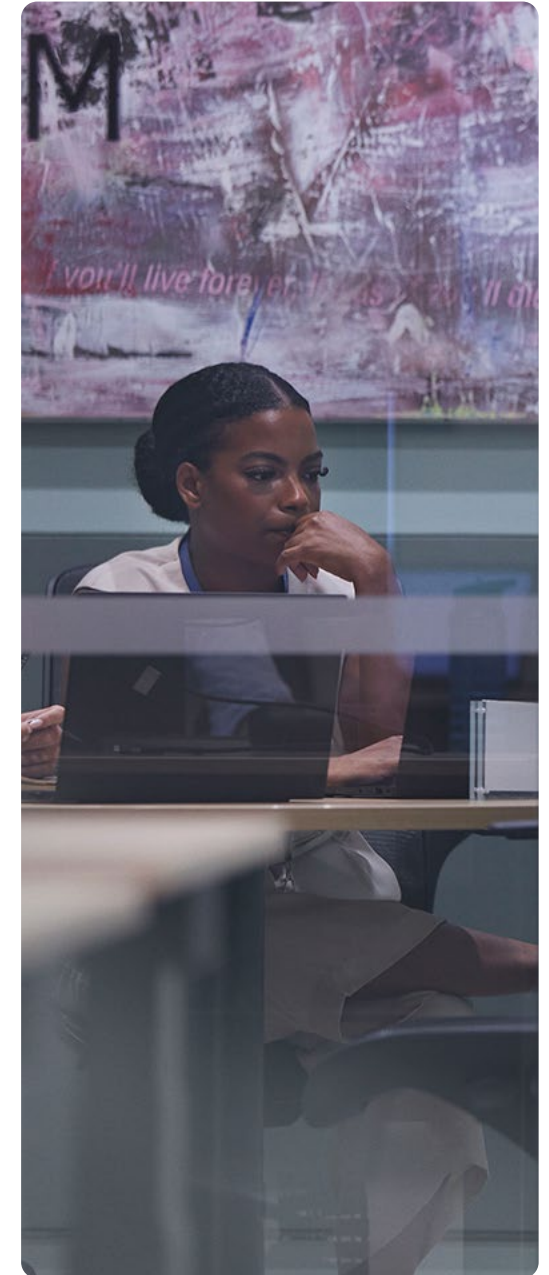
The Board and its Committees meet on a regular basis during the year, and attendance is shown in the table below:

Number of meetings attended/eligible to attend

	Richard Brooman	Helena Coles ¹	Pilar Junco	Erika Schraner	Jim Strang	Guy Wakeley	Anne West
Board	8/8	1/1	8/8	8/8	8/8	8/8	8/8
AVRC	6/6	-/-	6/6	6/6	6/6	6/6	6/6
MEC	2/2	0/1	2/2	2/2	2/2	2/2	2/2
Nomination	3/3	-/-	3/3	3/3	3/3	3/3	3/3

¹ Helena was appointed to the Board on 21 November 2023. She joined the Strategy session on the same day, but was not able to join the meeting of the MEC held later that day due to prior engagements.

During the year (and excluding the regular learning sessions which happen outside of the usual meeting cycle and are in addition to the meetings listed above), the Board met a total of 18 times. In addition to the regular meetings detailed above, the Board also held nine ad hoc, shorter meetings of a Committee of the Board. A sub-committee of the Audit, Valuation and Risk Committee, the Quarterly Valuations Committee, also meet once this year to consider the quarterly valuations.



Audit, Valuation and Risk Committee report

Membership of the Audit, Valuation and Risk Committee

Richard Brooman	Chairman
Helena Coles (joined on 21 November 2023)	Member
Pilar Junco	Member
Erika Schraner	Member
Jim Strang	Member
Guy Wakeley (retired on 31 December 2023)	Member
Anne West	Member

Key responsibilities:

- Scrutinising and, where appropriate, challenging the valuations of unquoted investments as proposed by the Manager;
- Reviewing the integrity and content of the financial information provided to shareholders, including the annual financial statements and the ongoing viability of HgT;
- Reviewing HgT's and the Manager's risk management systems and internal controls;
- Monitoring compliance and reviewing the processes for compliance with laws, regulations and any applicable ethical codes of practice;
- Monitoring audit-related developments and planning ahead to prepare HgT's processes and procedures for changes, including considering voluntary adoption of any new requirements;
- Appointing an external auditor, approving its remuneration and monitoring the extent of any proposed non-audit services;
- Assessing the external auditor's effectiveness, objectivity and independence; and
- Reviewing the performance and quality of the audit work by the external auditor.

Chairman's introduction

The Committee aims to serve the interests of our shareholders and other stakeholders through its independent oversight of the financial reporting process, including the financial statements, the internal controls and risk management systems, the appointment and ongoing review of the quality of the work and independence of HgT's external Auditor, as well as procedures for monitoring compliance. The Committee recognizes that, through its interactions with the Board, the Manager and the external Auditor, it plays a key role in facilitating a high-quality audit.

In addition to the usual agenda, which encompasses all of the Committee's key responsibilities, this year the AVRC continued to focus on monitoring the appropriateness and robustness of the valuations and the valuation methodology in light of rising interest rates and inflation. The Committee also continued to consider the resilience, performance and prospects of the firms in the HgT investment portfolio through increased scrutiny of their performance and the appropriateness of the valuations, particularly in the context of the rising cost of debt and general slowing down of investment and exit activity across the sector. At the same time, the Committee maintained its focus on the oversight of risk and risk management. Whilst in 2023, HgT's risk score had returned to within the Board's risk appetite and tolerance, the Committee paid close attention to the risk environment and continued to receive regular updates on HgT's risk heat map and risk register. During the year under review, the risk register was again stress-tested, and the Committee further refined the risk model and the stress test scenarios. More information on that can be found below.

Throughout the year, the Committee also devoted considerable time to governance, monitoring developments and considering the value, implications and impact of making changes to the Committee's, the Board's and HgT's processes and reporting. In 2023, the Financial Reporting Council published the new Minimum

Standard for Audit Committees – the Committee welcomed the additional guidance from the FRC and where appropriate, the Committee made changes to its processes to implement the regulator's advice on how we work with the external Auditor. During the year, the Committee also followed closely the developments in strengthening the UK's audit, corporate reporting and governance systems and considered the changes that had initially been proposed in the first draft of a new corporate reporting legislation, and which had since been withdrawn by the UK Government. Since the FRC published the updated UK Corporate Governance Code in January 2024, we are assessing the implications of new requirements, especially those related to internal controls, and examining our processes and procedures to ensure that HgT can more fully report to our shareholders on how we maintain an effective internal control framework and attest to that in our future annual reports. Whilst we appreciate the regulator allowing companies ample time before these new requirements come into force, HgT will nonetheless evaluate whether our shareholders would benefit from HgT reporting against the new version of the Code sooner on a voluntary basis.

Membership of the Committee

The Terms of Reference and the composition of the Committee are reviewed regularly. In 2023, Helena Coles joined the Committee in November, on her appointment to the Board, and Guy Wakeley retired from the Board and the AVRC on 31 December. HgT's Chairman continues to serve as a member of the Committee, in line with the guidelines in the AIC Code of Corporate Governance. This is considered appropriate and beneficial, given the Chairman's in-depth understanding of the private equity sector and his financial expertise. I am a chartered accountant and all of the members of the Committee have recent and relevant financial experience across a broad range of sectors and areas of practice. As a whole, the Committee has competence relevant to the private equity sector.

Activities during the year

Below, we explain how the Committee discharged its duties by focusing on the following matters:

Risk management and internal controls

During the year, the Committee reviewed the risk management and internal controls and concluded that:

- HgT's risk management system remains appropriate and effective. The review process is explained in more detail below;
- the annual assessment of the emerging and principal risks facing HgT, which are described on pages 16 and 17 of this Report, is robust and includes those risks which would threaten HgT's business model, future performance, reputation, solvency or liquidity;
- the accounting and internal control systems of HgT, Hg, the Depositary and other service providers are adequate.
- Hg sets the appropriate 'control culture' by communicating the importance of internal control and risk management, both internally and across its portfolio, ensuring that all relevant employees have a good understanding of their roles and responsibilities;
- the systems put in place by Hg (specifically accounting and internal control systems) meet legal and regulatory requirements, further investigations are initiated, where appropriate, to assess the effectiveness of the systems of control; and
- matters of compliance are under proper review; the Directors regularly review the relevant policies and have direct access to the Compliance Officer at Hg and receive a report every six months, confirming that HgT's affairs have been conducted in compliance with the applicable regulations.

In accordance with the FRC's guidance on Risk Management, Internal Control and Related Financial and Business Reporting, the Committee regularly reviews the effectiveness of HgT's processes for mapping and monitoring risks and there is an ongoing process, carried out in conjunction with Hg, to identify, evaluate and manage HgT's significant, and emerging risks. As part of this ongoing review process, the Committee considers:

- the nature and acceptable scale of the risks which HgT faces in the context of its overall investment objective;

- the likelihood and the potential impact on HgT's investment objective of such risks materialising;
- HgT's ability to reduce the likelihood and impact of the principal and emerging risks it has identified;
- the acceptability of the net risk after mitigation;
- the process and operation of relevant controls;
- the effectiveness and relative costs and benefits of particular controls;
- the impact of the values, culture and style of the Manager on HgT;
- the extent to which third parties are responsible for the effective operation of relevant controls.

Stress and reverse stress testing

The Committee recognises the value in undertaking periodic and more fundamental reviews of HgT's systems and processes to ensure that they continue to evolve as the business grows in size and complexity and as the external environment changes. Throughout 2023, Western economies, particularly the UK, continued to be characterised by high inflation, interest rate rises and a tightening of the markets for new debt and equity issuance. The risk management framework provides us with a toolkit to assess and stress test HgT's liquidity position and forecasts against a tough global backdrop. The Committee reviews the Risk Register on a regular basis; the AVRC and the Board regularly discuss and monitor HgT's forecast cash flows, and consider scenarios that assume, among others, slower deployment of funds and a slower pace of realisations. This feeds into the HgT's risk register and risk scores, it also informs the stress test scenarios themselves to ensure they are sufficiently severe. The risk management framework takes into account factors such as changes to the macro-economic conditions or increased threat of cyber attacks, and helps the AVRC and the Board quantify certain risks, agree what early warning signs would look like, and evaluate and agree appropriate mitigants. During the year under review, the risk model and the stress test scenarios have been reviewed and enhanced and in addition to the usual stress testing, the following scenarios have both been stress and reverse stress tested: material valuation reduction and realisations delays; material valuation reduction, paired with both delays to realisations and

deployment; failure to raise new debt; and a major cyber attack on the largest portfolio company. The reverse stress tests were deemed to be sufficiently improbable, and posed a low enough risk of impact to HgT's viability and medium-term resilience. Whilst the results of the stress and reverse stress testing did not identify any particular concerns, the Directors agreed that close monitoring and regular consideration of the risk environment remained an important area of focus and regular scrutiny, and factors such as tightening of the credit markets, delays to realisations, and material impacts to the cash flow forecast, among others, would continue to be closely monitored.

Internal controls

Controls relating to the identified risks, covering financial, operational, compliance and risk management, are embedded in the operations of Hg and other outsourced service providers, and as such, are being monitored and reported on by Hg's Compliance function and other service providers. Every six months, Hg reports to the Committee on its review of internal controls, with verbal updates provided at each AVRC meeting. During the year, HgT has not identified any significant failings or weaknesses in the internal control systems.

As discussed above, the Committee is cognisant of new requirements that will in future require HgT to make a declaration to our shareholders on the effectiveness of our internal controls. We are in the process of assessing how our internal processes might need to change in order for HgT to be able to meet these requirements.

Whistleblowing and anti-bribery and anti-corruption policies

The Committee regularly reviews the whistleblowing procedures and anti-bribery and anti-corruption policies of Hg. The Manager's employees are able to raise concerns in confidence and anonymously and there is a process in place for a proportionate and independent investigation and follow-up actions, should any reports be made. The Board receives periodic updates on whether any reports have been made.

Internal audit function

The Committee considers annually whether an internal audit function should be established. As HgT is an investment company with no employees, the Committee again concluded that it remained appropriate for HgT to rely on the internal controls implemented by Hg and other third-party providers, with no need for a separate internal audit function.

Financial reporting

The Committee reviews the Annual report and accounts and the interim reports in detail. A key focus of its work on the Annual report and accounts is to ensure that the financial statements, and the narrative parts of our reporting taken together are fair, balanced and understandable – and provide the information necessary for shareholders to assess HgT's position, performance, business model and strategy. In its evaluation of HgT's accounts and whether they present a fair, balanced and understandable assessment of HgT's position and prospects, the Committee considers, among others, whether:

- the information is deemed to be free of bias, reasonable and impartial and it does not omit important elements.
- there is a good level of consistency between the front and back sections of the reports and the same conclusions can be drawn from reading the two sections independently.
- the key judgements referred to in the narrative reporting are consistent with the disclosures in the back end of the reports and correspond with the risks that the external auditor would include in their report.
- there is there a clear and cohesive framework and the important messages are highlighted throughout the document.

The Committee reviews any significant accounting or financial reporting judgements, taking into account industry practice, as well as any guidance from the external Auditor. This year, when the Committee reviewed the annual report and accounts, it did not identify any major concerns. We have amended our presentation in the Statement of cash flows between operating and investing activities to align better with latest accounting

best practice guidance and industry peers, and whilst doing so, provide a user of the financial statements with a better understanding of HgT's operations. Details of the change can be found on page 60.

The principal issue identified during the audit process and discussed by the Committee was the valuation of unquoted investments, in particular the valuation methodologies, judgement and estimations in general, as well as in the case of few specific investments where the Committee challenged the Manager's recommended valuations. The Committee reviews all valuations in detail, and some of the other areas, highlighted by our external auditor as presenting a higher risk of material misstatement the Committee focused on were:

- whether the disclosure and presentation of information on portfolio performance and, in particular, the key financial highlights was consistent and transparent;
- how revenue is being recognised, and the consistency of approach;
- management override of controls;
- the prevailing uncertainty and changes in the economic conditions, rising interest rates and cost of debt in particular, and the impact these have on the investee companies. This was also considered specifically when undertaking the going concern assessment (which can be found on page 15) and a review of the longer-term viability statement (page 15) the Committee advises the Board on; and
- the calculation and amount of carried interest.

The Committee also reviews HgT's approach to dividends on a regular basis, taking into consideration feedback from shareholders and the evolving nature of HgT's income streams, which are driven by the investment structures Hg utilises in its various transactions. 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. The Directors have indicated that they currently believe 5.0 pence per share, over the full year, to be a reasonable level for a 'floor'. The Committee also made recommendations to the Board on both the interim and the final dividends, as always, in the context of the rules pertaining to dividends payable by investment trusts.

Valuations

The Committee has a sub-committee tasked with considering the quarterly valuations (the QVC), in addition to the rigorous review of the annual and half-yearly valuations undertaken by this Committee. The Committee carefully considers the methodology and the integrity of the recommended valuations of each of HgT's investments prepared by Hg and reviews analytical and performance data, as well as the valuation process itself. The Committee reviews the supporting materials and where appropriate, requests further information from the Manager. The valuations are carried out in accordance with the International Private Equity and Venture Capital (IPEV) Valuation Guidelines, and the Manager confirmed that the valuations had been performed consistently with previous year, remain in line with published industry guidelines, and do take into account the latest available information about investee companies and current market data.

External audit

HgT's external Auditor, Grant Thornton UK LLP (Grant Thornton), was appointed by shareholders as the independent Auditor at HgT's AGM in 2017, following a full audit tender process, with the audit of the financial statements included in this Report being the seventh performed by Grant Thornton. The Committee expects to carry out the next tender process during 2026 in respect of the audit for the year ending 31 December 2027. Therefore, HgT remains compliant with the requirements of the Statutory Audit Services for Large Companies Market Investigation (Mandatory Use of Competitive Tender Processes and Audit Committee Responsibilities) Order 2014. In accordance with professional guidelines on rotation of audit partners, William Pointon has served as the senior statutory auditor starting with the audit for the year ended 31 December 2022.

In 2022, the Committee voluntarily adopted the FRC's Minimum Standard for Audit Committees ('the Minimum Standard'), and reviewed the governance framework and current processes and procedures we follow when working with the external auditor to fully align them with the revised guidelines. As a result, the Committee reviewed and amended the meeting agendas to allow



additional time for consideration of matters related to external audit, such as receiving more detailed reports from Grant Thornton on the auditor's own quality assurance process.

During the year, the Committee reviewed the Auditor's terms of engagement and the audit plan. As part of their review of the external audit plan, the Committee considered the major risk areas identified by Grant Thornton, including the risks to the audit quality, and discussed the level of materiality that the Auditor has set. The Committee also assessed Grant Thornton's performance, considered its remuneration and whether its continued appointment was in the best interests of HgT and its shareholders.

The Committee reviews its Non-Audit Services Policy every year, which helps us ensure that the Auditor's independence and objectivity are not impaired. In 2023, Grant Thornton did not provide any non-audit services to HgT. The details of the remuneration for services provided by the Auditor are set out in Note 6 to the financial statements. The AVRC also takes into account a

breakdown of the fees and nature of services GT provides to HgT's investee companies. The Auditor confirmed that it monitors the level of fees paid by these entities and it monitors and assesses the nature of the services and fees for potential independence threats on ongoing basis.

Review of the effectiveness of the audit

Grant Thornton is invited to attend and present at the Committee meetings, the Auditor also meets with the Committee and its Chairman without the Hg team present. As the Committee Chairman, I maintain contact with the auditor, when required. In order to form a view on audit quality and the effectiveness of the external audit process, the Committee considers its own observations, interactions with the Auditor, the feedback from key Hg Management personnel, as well as the annual FRC's Audit Quality Inspection and Supervision Report, which set out the FRC's findings on audit quality at GT.

Every year the Committee also conducts a formal evaluation of the effectiveness of the audit process via a tailored questionnaire, focused on four key areas, and

completed by all members of the Committee and the members of the Hg team, who interact with the auditor the most. The Committee, to form its view on how the auditor performed, considers: the robustness of the audit process; quality of delivery; quality of reporting; and quality of people and service. The Committee also takes into account the Auditor's technical competence, its understanding of HgT's business and the wider PE sector, and whether it demonstrates an appropriate level of scepticism and challenge.

Following this comprehensive review, the Committee was satisfied that Grant Thornton had carried out its duties in a diligent and professional manner and provided a high level of service. Consequently, the Committee proposed to the Board that a resolution to reappoint Grant Thornton as HgT's Auditor be put to shareholders at the 2024 AGM.

Richard Brooman
Chairman, Audit, Valuation and Risk Committee
8 March 2024

Management Engagement Committee report

Membership of the Management Engagement Committee

Erika Schraner	Chair
Richard Brooman	Member
Helena Coles (appointed 21 November 2023)	Member
Pilar Junco	Member
Jim Strang	Member
Guy Wakeley (retired 31 December 2023)	Member
Anne West	Member

Key responsibilities:

- Monitor and evaluate the performance of the Manager;
- Review the Manager's compliance with HgT's investment policy;
- Review the terms of the Management Agreement;
- Review the level and method of the remuneration of the Manager, including the methodology of the annual management and performance fees;
- Consider the merit of obtaining an independent appraisal of the Manager's services;
- Monitor the performance of other service providers (except for that of the external auditor), including their remuneration as well as compliance with the terms of their respective agreements; and
- Engage in open discussions with service providers to identify how services and relationships can be improved year on year to enhance the performance of HgT.

Chair's introduction

On behalf of the Committee, I am pleased to present our Report for the year ending 31 December 2023.

Throughout the year, the Committee continued to support the Board in fulfilling its oversight responsibilities through its comprehensive review and monitoring of the Manager's performance, as well our other key third party service providers.

As HgT expands, we collaborate with various service providers. This year, the Committee has formulated and approved a detailed plan outlining the reviews we intend to conduct over the next one to three years. This plan complements the reviews already scheduled for the current and upcoming years. Moreover, we have further formalised the review processes and are pursuing in-depth two-ways discussions with service providers aiming to actively cultivate our relationships and continue to elevate the quality and impact of the services rendered.

In November 2023, with Hg's input, the Committee enhanced the Policy on Service Provider Engagement to align it with the considerably increased size and complexity of both companies. The updated policy, approved in November 2023, aims to streamline service providers' selection and spend discussions, increase the timeliness of these reviews and enhance advanced planning and reviews of sizeable capital expenditure projects. Furthermore, the Committee reviewed and approved its terms of reference which were also updated in November 2023.

Chair of the MEC Transition

In 2023, the Board devoted a considerable amount of time to longer term succession planning and considered the roles on the Board in the context of planned changes. At the 2024 AGM, one of our longer standing Directors, Anne West will retire from the Board and I will have the pleasure of serving as HgT's Senior Independent Director. The Board therefore considered the MEC Chairmanship, and unanimously agreed that Ms Helena Coles would be well suited to take over the chair this Committee from

the AGM in May 2024. I have been working with Helena to help her transition into the role including helping her understand HgT's service providers, explaining the review plan and methodology and sharing past and current performances. I will support Helena as she takes on the responsibilities of chairing the MEC.

The results of the 2023 reviews which I led are outlined below.

Review of the Manager

Every year, the Committee completes a thorough review of the Manager. The Committee members take into account, both, the interactions with Hg throughout the year, as well as formal presentations on the key aspects of the Manager's performance, operations and strategy at the annual Board Strategy session. When reviewing the Manager's performance, the Committee considers a number of different factors, which include: the quality and continuity of Hg's team; Hg's succession plans; sector and geographic coverage; investment processes; performance; and strategy. The Committee also considers the Manager's culture and evaluates the way in which the Manager's partners, executives and other members of the team are remunerated and incentivised. The Committee also takes a keen interest in Hg's updates on its people, and the Directors receive updates on recruitment and staff turnover, results of any employee satisfaction surveys and diversity, in all its forms, across the different teams. Furthermore, the Committee reviews the Manager's ESG strategy, objectives and progress. When periodically reviewing the terms of the management agreement, the Committee also considers the remuneration arrangements and the methodology underpinning the annual management and performance fees. Lastly, the Committee also takes into account the Manager's ongoing commitment to promoting HgT and engaging with HgT's shareholders and other key stakeholders. Following its review, the Committee agreed that the continued appointment of the Manager remains in the best interests of HgT and its shareholders.



Reviews of other service providers

The Committee has the responsibility for monitoring and reviewing HgT's other key service providers and therefore it undertakes formal, in depth reviews of all of the third-party service providers on a five-yearly cycle. This is done through formal assessments, for example by using scorecards based on the agreed service level agreements, and/or through annual review meetings. The Committee reviews the performance of certain key service providers, such as the Company Secretary and the legal advisors annually, considering the importance of the services they provide to HgT. Following consideration of the evaluation outcomes, the Committee makes recommendations to the Board on whether, in its opinion, their appointments continue to be in HgT's best interests.

During 2023, the Committee reviewed the services of Dickson Minto, HgT's legal advisor and Company Matters, the Company Secretary, and considered the performance of HgT's corporate broker, Numis, concluding that these appointments remained in the best interests of the HgT and all were recommended to the Board.

Looking ahead

I will be focused on transitioning my responsibilities as the Chair of the Committee to Ms Coles, and supporting her as she becomes more familiar with our service providers. The Committee will continue to focus on maintaining constructive relationships with HgT's service providers and hold formal and informal discussions to continue to evolve the service providers' engagement and the value they deliver.

I welcome questions from shareholders on the Committee's activities. If you wish to discuss any aspect of this report, please contact me via the Company Secretary.

I would like to thank our manager Hg, our third party service providers, the members of the Committee, and Laura Dixon for their contributions during the year.

Erika Schraner

Chair, Management Engagement Committee

8 March 2024

Nomination Committee report

Membership of the Nomination Committee

Jim Strang	Chairman
Richard Brooman	Member
Helena Coles (joined on 21 November 2023)	Member
Pilar Junco	Member
Erika Schraner	Member
Guy Wakeley (retired 31 December 2023)	Member
Anne West	Member

Key responsibilities:

- Review the composition of the Board and its Committees including the balance of skills, experience, knowledge and diversity, including that of gender, social and ethnic backgrounds, cognitive and personal strengths;
- Consider and formulate succession plans for the Chairman and the Directors in the context of HgT's strategic plans and consistent with the HgT's policies on Board Tenure and Diversity & Inclusion;
- Identify, evaluate and recommend candidates for new Board appointments;
- Evaluate the Directors' performance and consider whether they should be recommended for re-election;
- Review outside commitments of the Directors;
- Develop and review policies on Board's Tenure and Diversity & Inclusion. The Culture Policy is reviewed regularly directly by the Board;
- The evaluation of the Board, its Committees, and the Directors is led by the Chairman of the Board and findings presented at a Board meeting.

Chairman's introduction

Throughout the year, the Committee focused on executing HgT's longer-term succession plan to help make sure that the Board has the right skills and experience to deliver its long-term strategic plans and ambition and to increase the diversity of the Board. I am happy to report HgT is fully compliant with the recommendations of the Parker Committees regarding Board diversity, ahead of the respective deadlines.

The longer-term succession plan announced last year described the process by which two of the longest serving members of the Board, our Senior Independent Director, Anne West, and our Chairman of the Audit Valuation and Risk Committee, Richard Brooman, planned to retire from the Board at the 2024 and 2025 AGMs respectively. Given the importance of their roles, the Committee decided that these changes to the Board should happen gradually, over a period of two years. In line with that plan, in November 2023, we announced the first step in this process with the appointment of Helena Coles to the Board. Post the successful recruitment of Helena, Erika Schraner, who joined the Board in August 2022, will transition into the SID role in May 2024, with Helena taking on responsibility as MEC Chair at the same time.

However, since the time of the original planning, we have had an unplanned departure from the Board, with Guy Wakeley stepping down on 31 December 2023 due to the increased pressure of his commitments as a full time CEO. A search process has already begun to replace the skills and experience Guy contributed to the Board and to return the complement of Directors to six. As a result of the Guy's unexpected departure, the longer-term plan has been amended, to allow more time before the next major change to the Board's composition. We will therefore recommend to our shareholders that Richard Brooman continues to serve on the board and as Chair of the Audit Valuation and Risk Committee for an additional year and subsequently retires at our AGM in 2026. Given the level of rotation on the Board and the unanticipated departure of Guy, we feel it is prudent and in the best interests of shareholders that Richard continued to serve on the Board. Shareholders may take further comfort from the results of the annual Board review process that note Richard's contribution to the

success of HgT and the rigour and independence of his thinking. More information on our searches, and how we plan to ensure Richard's continued independence is below.

Policy on diversity and inclusion

We recognise that the Board's debates and decision-making are greatly enriched by a wider range of perspectives and thinking, fostered by diversity of experience and knowledge, social and ethnic backgrounds, gender, and cognitive and personal strengths. While we do believe that it would be inappropriate to set a rigid target for any specific recruitment and that all appointments must be made on merit, diversity in all its forms is encouraged and embedded in every new Director search process we conduct. Therefore, since 2019, we have in place a set of objectives and principles that HgT follows when looking to recruit a new candidate, including:

- any advertising states that applications from suitably qualified candidates who would add to the Board's diversity are especially welcome;
- any recruitment agency used is instructed to include diverse candidates of appropriate merit, identified through a search of a wide pool of potential appointees;
- any shortlist must include candidates who, if appointed, would add to the diversity of the Board; and
- recognising that the finance, investment and private equity sectors have not historically reflected the diversity of the UK society, HgT encourages the inclusion of candidates from other backgrounds, and not necessarily based in the UK, provided they have appropriate transferable skills.

The Committee reviews this Policy annually and will continue to report on its performance to shareholders. HgT is pleased to have met the target to increase the number of women on Boards and as of the end of the year, we had 57% female representation on the Board. Following Guy's departure from the Board on 31 December 2023, we currently have we have 67% female and 33% male representation on our Board. We are also delighted to welcome Helena Coles to the Board this year and as a result of these developments the Board constitution of HgT is compliant with the recommendations of the Parker Review.

Directors' policy on tenure

The Board adopts a policy on Board Members' Tenure and Reappointments ('the Board Tenure Policy'). The Committee believes that a policy encompassing the whole Board, rather than just the Chairman, is better aligned with HgT's objective of delivering long-term success and consistent returns to shareholders, which can be supported by both, the benefits of longer corporate memory and challenge provided by fresh thinking. The Board believes that the value contributed by the continuity and experience of Directors with longer periods of service is not only desirable, but essential for an investment company whose business creates a cycle of negotiating significant long-term investment commitments with the Manager approximately every four years, and where those commitments lead to investments which are scrutinised and monitored across a commitment-investment-realisation cycle that extend over periods of decade or longer. Consequently, the Committee considers it inappropriate to set a specific tenure limit for any individual Director or the Chairman of the Board. Instead, the Board generally seeks to recruit a new Director every two to three years. By doing so, the Board believes that its effectiveness is better supported by Directors who have served on the Board for a range of different periods. This approach ensures that, when the Board enters into new investment commitments, at least half of the Board members have direct personal experience of negotiating previous commitments with the Manager. This way, the Board intends to benefit from fresh perspectives and diversity of thought, while preserving the cumulative experience and deep understanding of HgT, its commitments and investment portfolio.

At the end of the year, the average Board tenure was just over 6 years. Following our AGM in 2024, the average tenure is expected to be 5.7 years.

Our longer serving Directors

Turning to the subject of our longer serving Directors, shareholders will be aware that Anne West, who serves as Senior Independent Director, is now in her tenth year as a member of the Board. HGT has benefited greatly from her considerable experience both as an investor and on the many governance committees she has served on at HGT

over the years. While in our view, Anne continues to make an extremely valuable contribution to the governance of HGT, she has decided not to offer herself for re-election to the Board at the coming AGM.

Richard Brooman, our Chairman of the Audit, Valuation and Risk Committee has served on the Board since 2007, and, through his corporate memory, in depth knowledge of HgT, including its history, investments and insights into the valuations, extensive financial expertise gained through his roles as a CFO of listed companies, and the experience of working with the Manager, he continues to provide constructive challenge and robust scrutiny of matters coming before the Board and the AVRC, in particular the valuations of the portfolio firms and negotiating the terms of the Manager's engagement.

After Guy Wakeley's departure this year, we have revisited the long-term plan and, as a result, Richard will now plan to step down from the Board at the AGM in 2026. At the AGM in 2023, over 89% of votes cast were in support of his re-election, suggesting strong shareholder support to Richard in his role as AVRC Chair. In addition, every year the Board evaluates the effectiveness of the Audit, Valuation and Risk Committee and Richard as the Chairman of that Committee. The work of the AVRC and Richard as its Chairman continues to receive strong positive feedback from Board colleagues. More on the results of the evaluation can be found on page 85.

With that in mind, in the Committee's and the Board's opinion, Richard continues to support HgT effectively and his appointment is in the best interests of our shareholders. Despite the length of his current tenure, we consider Richard to remain independent of Hg; he is also free from any business or other relationships which could materially interfere with his decision making.

Succession planning

The Committee's review of the Board's composition and succession plans takes into account the Directors' skills matrix, which maps the current skills sets, those the Board will have following planned changes, and those likely needed in future as HgT makes progress in meeting its strategic goals.

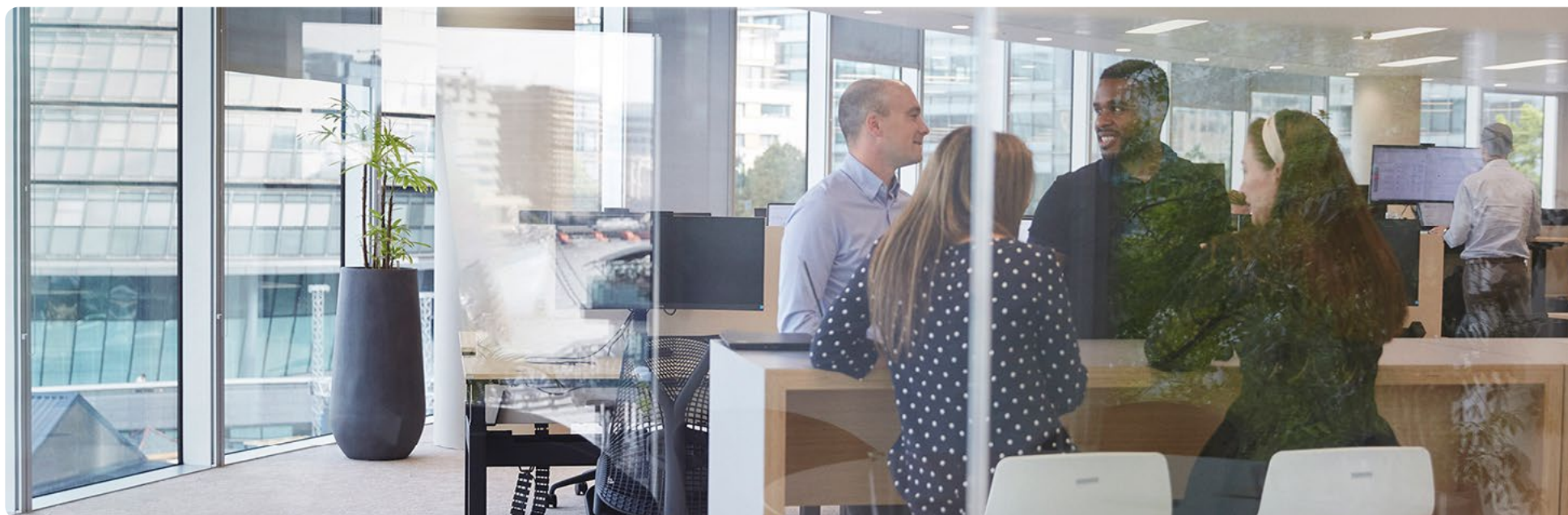
Our succession plan sets out an evolution of the Board's composition over the period through to our AGM in 2026.

We believe that a suitable transition period for the roles of the Senior Independent Director and the Chairman of the Audit, Valuations and Risk Committee are in HgT's interests, helping preserve continuity and allowing more time for their successors to assume their responsibilities in these important roles. As described earlier, the next departure from the Board will take place at the 2024 AGM, when our Senior Independent Director, Anne, will step down. Erika Schraner, our independent Director and Chair of the Management Engagement Committee will assume the role of the SID on Anne's retirement. Helena Coles, who joined the Board in November 2023, will take on Erika's responsibilities as the Chair of the Management Engagement Committee. The next step in the plan sees the search for a new Director to join the Board to replace Guy Wakeley, sometime in the first half of 2024. We will then also begin recruiting another Director to replace Richard Brooman, our long-standing Chairman of the Audit, Valuations and Risk Committee. Richard plans to step down from the Board at the AGM in 2026 and we will search for his successor later this year as we intend to have Richard and his successor work side by side, through at least one of our annual reporting cycles and the review of the valuations to facilitate the transition and minimize any risks to HgT.

Evaluation of the Directors' performance

In line with our policy on Board members' tenure and reappointments, the Committee decides on changes to the Board, and makes recommendations to the Board and our shareholders for approval; the Directors do not expect to be automatically reappointed, nor do they expect to retire from the Board in the order of their original appointment. In determining whether to recommend a Director for re-election, the Committee evaluates the quality of a Director's participation and contributions to the Board's and Committees' deliberations, the results of the annual performance evaluations and any other pertinent aspect of the Director's performance.

The details and the actions arising from our annual board evaluation, facilitated internally in 2023, are described on page 85. Following the performance review, the Board concluded that the performance of all Directors remained effective; the Directors all demonstrated commitment to their roles and devoted



sufficient time to the business of HgT. The Board also reviewed the Directors' external commitments, and believes that it is in the best interests of shareholders to recommend that Messrs Strang and Brooman, and Ms Junco and Ms Schraner be recommended for re-election and that Ms Coles be elected by our shareholders at the upcoming AGM. The relevant skills and experience each Director brings to the Board, and the reasons we believe their appointments are in the best interests of HgT are set out along their biographies on pages 88 and 89.

Changes to the Board's Composition and appointments process

In 2023, the Committee led a search process, which ultimately resulted in us being able to recommend to the Board the appointment of Helena Coles. The process began in the summer, when, led by myself, the Committee agreed on a description of the role, skills and attributes based on our Skills Matrix and the Diversity & Inclusion Policy. In August 2023, the Committee again engaged Fletcher Jones Limited, an executive search practice,

to help to identify suitable candidates (we appointed Fletcher Jones Limited to support the last recruitment effort, otherwise Fletcher Jones has no other connection to HgT). Following an extensive search process, the Committee reviewed the applications of all long-listed candidates and after agreeing the shortlist, conducted interviews with the shortlisted candidates. In November 2023, we were happy to announce the appointment of Helena Coles to the HgT Board – Helena has over 20 years of investment experience, valuable expertise in ESG, gained through the perspectives of an asset owner, asset manager, as well as UK regulator, and co-founded and built a successful fund management firm with peak AUM of over \$10 billion, she therefore brings a variety of skills and personal strengths, which complement the Board's skillset. Shortly after that, we announced that Guy Wakeley would step down from the Board at the end of the year. Guy's unique perspective, and operational and financial expertise and experience gained through his executive roles have been invaluable to HgT throughout his tenure. The search for his successor is ongoing and

we will report on the progress we make. Later in 2024, we will also begin the search for Richard's successor to allow ample time for a smooth transition.

Looking ahead

During 2023, the Board focused on HgT's longer-term strategy, against the backdrop of high inflation and interest rates, and a tightening of credit markets. The Committee will continue to support the Board by focusing on longer-term succession planning in the context of the Board's existing and future needs, recognising that an effective, diverse Board is crucial to HgT's long-term, sustainable success.

Jim Strang

Chairman of the Nomination Committee
8 March 2024

Directors' remuneration report

This Directors' Remuneration Report for the year ended 31 December 2023, has been prepared in accordance with the requirements of the Large and Medium-sized Companies and Groups (Accounts and Reports) (Amendment) Regulations 2013. The law requires the auditor to audit certain disclosures contained within this Report and these are indicated accordingly. The auditor's opinion is included in the Independent auditor's Report on pages 75–82.

Ordinary resolutions for the approval of this Report and the Directors' Remuneration Policy will be put to members at the forthcoming AGM.

Statement from the Chairman of the Board

HgT has no employees or executive Directors and the level of the non-executive Directors' fees are only considered within the limits prescribed by the Articles of Association; therefore, it is felt that maintaining a separate Remuneration Committee would add very little value. Consequently, the Board is responsible for deciding on the level of fees to be paid to the non-executive Directors and the Chairman at its discretion – and each Director abstains from voting on his or her own individual remuneration.

The Directors' fees are reviewed annually – and, in its assessment, the Board considers the time required to be committed to the business of HgT and whether all Directors did devote sufficient time to HgT during the year under review; whether the Board evaluation indicated that the Directors fulfilled their roles, acted effectively and in the best interests of HgT; and whether, through the evolution of HgT's scale, complexity and its associated processes and procedures resulted in an increase in required time commitments.

During the year under review, the Board considered the annual fees, taking account of the various aspects described above, and agreed that, as HgT grows, managing the commitment / investment cycle and the balance sheet becomes increasingly complex and time consuming. The frequency and the length of meetings

outside of the usual meeting cycle has been increasing, especially since the introduction of the quarterly valuations, with the Board and its committees now meeting in excess of 20 times a year; the Directors participate in, and/or deliver, regular teach in sessions; and maintain a regular contact with the Manager outside of the scheduled meetings. HgT now balances its commitments across five different fund structures and manages the balance sheet through a multi-bank lender facility, all of which require significant time and attention from the Board. With all that in mind, the Directors agreed that a small adjustment to the fee level was appropriate; no change to the fees was proposed last year. Accordingly, the fee levels are as follows:

	Annual Fee (1 July 2023 – 30 June 2024)	Annual Fee (1 July 2022 – 30 June 2023)
Chairman	£110,000	£100,000
Senior Independent Director	£60,375	£57,500
Non-Executive Director	£52,500	£50,000
Chairman of the AVRC	£68,250	£65,000
Chair of the MEC	£60,375	£57,500

No discretion was exercised during the year in relation to directors' remuneration.

Statement of voting at General Meeting

Any views expressed by shareholders at HgT's AGM in respect of the Directors' remuneration are taken into account in formulating the Directors' Remuneration Policy. At the last AGM, over 99% of votes were cast in favour of the Directors' Remuneration Report, 0.35% of the votes being cast against and 0.03% of all votes being withheld. The current Directors' Remuneration Policy was approved by shareholders at the 2023 AGM, with 99.92% of votes cast in favour and 0.08% votes cast against showing significant shareholder support (0.03% of all votes were withheld).

Statement of implementation of Remuneration Policy in respect of the financial year ending 31 December 2024

The current Remuneration Policy was approved by our shareholders at the 2023 AGM. The Board will review Directors' fees during 2024. The total aggregate annual Directors' fees will continue to be set within an aggregate limit of £480,000.

Policy on Directors' Remuneration

In accordance with the requirements of Schedule 8 of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, as amended (the Regulations), an ordinary resolution to approve the new Directors' Remuneration Policy was approved at HgT's Annual General Meeting (AGM) on 17 May 2023. We intend that the approved policy remain in force until the annual general meeting of HgT in 2026, or earlier if changes to it are proposed. The approved policy is available for inspection by shareholders on HgT's website: www.hgcapitaltrust.com.

The components of the remuneration package for non-executive Directors, which include only fees and reasonable expenses, are described in detail in our previous Annual Report.

Approach to recruitment remuneration

When recruiting new Directors, the Nomination Committee considers the likely time required to be devoted to HgT's business, taking into account the evolution of HgT's scale, complexity and the associated processes and procedures and ensures, that the fees for any new Director appropriately reflect the responsibilities and time commitment.

Other benefits

None of the Directors has a service contract with HgT. The terms of their appointments are detailed in a letter sent to them when they join the Board. Directors are entitled to be reimbursed for reasonable expenses incurred by them in connection with the performance of their duties and attendance at Board and General Meetings. HgT is permitted to provide pension or similar benefits for Directors and employees of HgT; however, no pension schemes or other similar arrangements have been established and no Director is entitled to any pension or similar benefits. HgT does not have a policy on termination payments and no past Director has been compensated for loss of office or otherwise. All of HgT's Directors are subject to annual re-election.

Total remuneration paid to each Director

The information in the above table has been audited.

There have been no payments to past Directors, whether for loss of office or otherwise. None of the fees referred to in the table above was paid to any third party, in respect of the services provided by any of the Directors. No element of the Directors' remuneration is performance related or variable. The Directors' remuneration is determined within the limits set out within HgT's Articles of Association and the Remuneration Policy – with Directors not eligible for benefits, bonuses, share options or long-term performance incentives. The terms and conditions for all Director appointments are set out in letters of appointment which are available for inspection at HgT's registered office. No Director has a service contract.

	Fees		Taxable benefits ⁵		Total fixed remuneration ⁶	
	2023 £	2022 £	2023 £	2022 £	2023 £	2022 £
Jim Strang	105,000	100,000	–	–	105,000	100,000
Richard Brooman	66,625	65,000	–	–	66,625	65,000
Helena Coles ¹	5,849	–	29	–	5,878	–
Peter Dunscombe ²	–	20,322	–	–	–	20,322
Pilar Junco	51,250	50,000	–	–	51,250	50,000
Guy Wakeley ³	51,250	50,000	–	–	51,250	50,000
Anne West	58,938	57,500	–	–	58,938	57,500
Erika Schraner ⁴	58,938	23,945	–	–	58,938	23,945
Total remuneration	397,850	366,767	29	–	397,879	366,767

¹ Helena Coles was appointed to the Board in November 2023

² Peter Dunscombe retired from the Board in May 2022

³ Guy Wakeley retired from the Board in December 2023

⁴ Erika Schraner was appointed to the Board in August 2022

⁵ Taxable benefits include travel expenses incurred by Directors when travelling to attend Board, Committee or other meetings.

⁶ There are no variable elements of remuneration to disclose.

Annual percentage change in remuneration of directors

Directors' pay has increased over the last three years, as set out in this table:

HgT does not have any employees and therefore no comparisons are given in respect of Directors' and employees' pay increases.

	2023 ¹ £	% change from 2022 to 2023	2022 ¹ £	% change from 2021 to 2022	2021 ¹ £	% change from 2020 to 2021	2020 ¹ £	% change from 2019 to 2020	2019 ¹ £
Chairman	110,000	10%	100,000	–	100,000	38.9%	72,000	2.9%	70,000
AVRC Chairman	68,250	5%	65,000	–	65,000	21.5%	53,500	2.9%	52,000
MEC Chairman	60,375	5%	57,500	–	57,500	19.8%	48,000	3.2%	46,500
SID	60,375	5%	57,500	–	57,500	19.8%	48,000	3.2%	46,500
Non-Executive Director	52,500	5%	50,000	–	50,000	22.0%	41,000	2.5%	40,000

¹ The increases in pay were effective on 1 July in the given year.

Relative importance of spend on pay

This table aims to help shareholders assess the relative importance of spend on remuneration. It compares remuneration, excluding taxable benefits, against the shareholder distributions of dividends and share buybacks.

	2023 ¹ £000	% change from 2022 to 2023	2022 ¹ £000	% change from 2021 to 2022	2021 ¹ £000	% change from 2020 to 2021	2020 ¹ £000	% change from 2019 to 2020	2019 £000
Total Directors' remuneration	398	8.0%	367	7.4%	342	17.1%	292	2.8%	284
Total distributions to shareholders	29,753	(16.3)%	35,567	6.4%	21,660	6.2%	20,399	10.6%	18,444

¹ All fee increases are effective on 1 July.



Directors' interests

There is no requirement under HgT's Articles of Association or letters of appointment for Directors to hold shares in HgT. The interests of the Directors (including their connected persons) in the shares of HgT, at the end of the year under review and at the end of the previous year, were as follows:

No. Ordinary shares	2023	2022
Richard Brooman	36,000	33,500
Helena Coles ¹	2,611	n/a
Pilar Junco	–	–
Erika Schraner ²	14,148	–
Jim Strang	167,282	137,250
Guy Wakeley ³	45,429	15,429
Anne West	236,000	200,000

¹ Helena Coles joined the Board in November 2023

² Erika Schraner was appointed to the Board in August 2022

³ Guy Wakeley retired from the Board in December 2023

The above information has been audited.

Directors' share interests have not changed between the 31 December 2023 and 8 March 2024, being the latest practicable date before the publication of this Report.

On behalf of the Board

Jim Strang

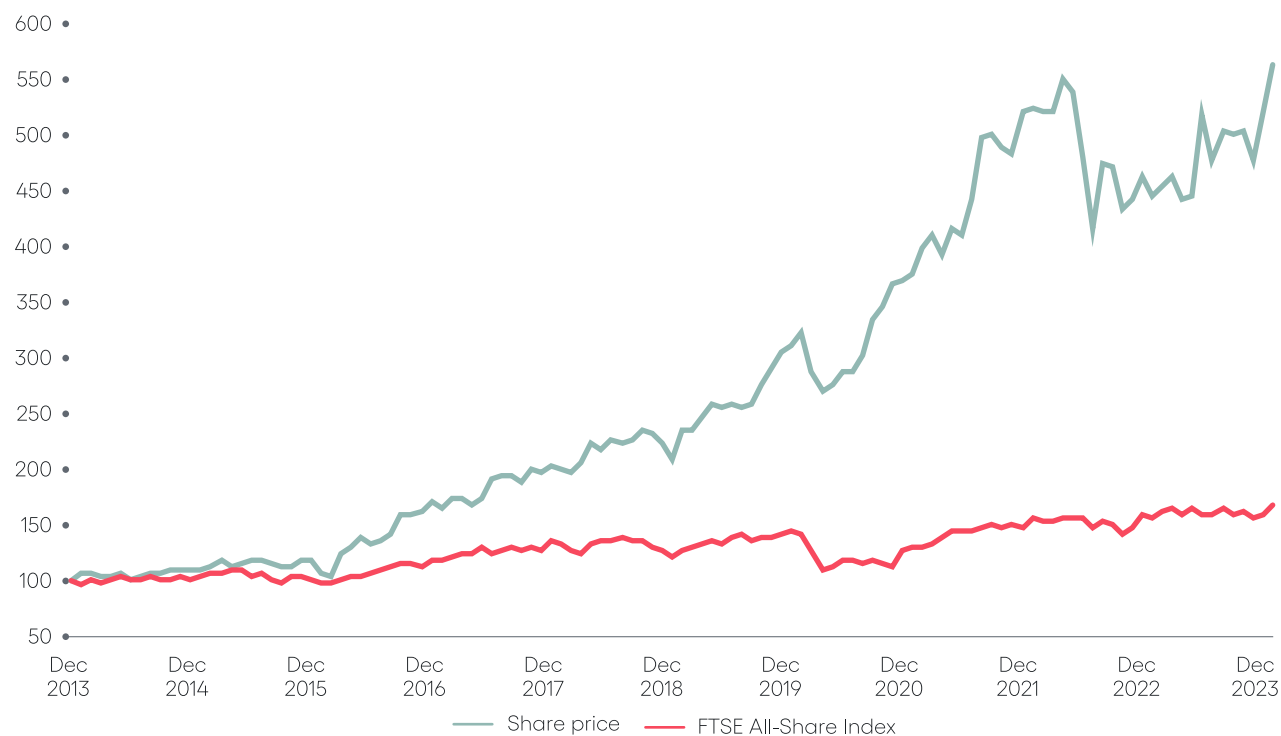
Chairman of the Board

8 March 2024

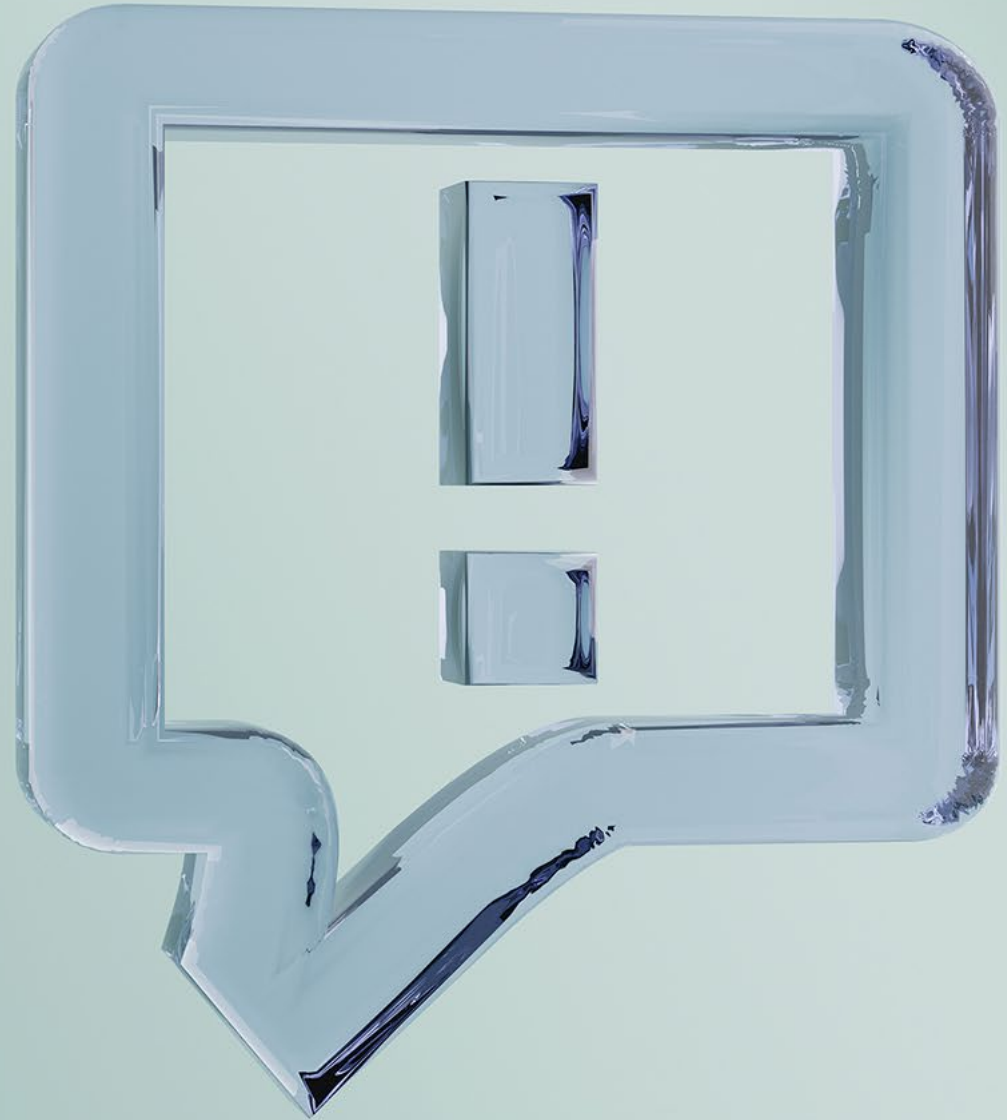
Share price performance from 31 December 2013 to 31 December 2023

The FTSE All-Share Index (total return) has been used for comparative purposes, as this is the comparator used when reporting to shareholders. All figures are based on the total return to shareholders.

Performance Index



Further information



Alternative Investment Fund Managers Directive (AIFMD)

HgT is an externally managed UK Alternative Investment Fund ('AIF') for the purposes of the Alternative Investment Fund Managers Directive (2011/61/EU), as applicable in the UK ('UK AIFMD'), being a public limited company incorporated in England and Wales and listed on the London Stock Exchange. HgT's registered office is 2 More London Riverside, London SE1 2AP.

Hg Pooled Management Limited ('Hg'), as Manager of HgT, has been appointed as the UK Alternative Investment Fund Manager ('AIFM') for the purposes of UK AIFMD.

Pursuant to Article 23(1) of the AIFMD, Hg makes available the following information to the existing shareholders of HgT in order to supplement and update (where relevant) the information provided to them before they invested.

Please note that where Hg has determined that the required information is already detailed elsewhere in the Annual Report and Accounts (as defined below) or other available source documents, this supplemental disclosure contains a reference to such source documents. Where Hg has determined that the required information has not been provided to shareholders, this supplemental disclosure contains the relevant details.

Investment Policy and risk management

The investment objective, policy and strategy of HgT and Hg are set out in HgT's Investment Objective and Investment Policy section (page 14) and Hg's Review section (pages 36–41) of the 31 December 2023 Annual Report and Accounts. HgT is subject to the FCA listing rules and as such, any material change to HgT's investment policy can only be made with the approval of shareholders in a general meeting.

The principal risks associated with HgT's investment policy are set out in HgT's Business Model and Risk Framework

(pages 14–17) and the Financial Risk section (page 68; note 19) of the notes to the financial statements in the Annual Report and Accounts. Hg is responsible for risk management functions and has procedures in place to evaluate, monitor and mitigate the risks faced by HgT. Hg's risk management function is reviewed by the Board and the Audit, Valuations and Risk Committee in order to ensure that the best processes are in place and properly followed.

Manager

Hg Pooled Management Limited ('Hg') is the Manager of HgT, its registered office being 2 More London Riverside, London SE1 2AP. Hg is a limited company and is authorised and regulated (FRN 122466) by the Financial Conduct Authority ('FCA').

Hg was authorised to manage AIFs for the purpose of the AIFMD with effect from 22 July 2014.

Hg has been appointed to manage HgT pursuant to an agreement dated 14 January 2009 as amended and restated on 22 July 2014 (the 'Management Agreement') to include appropriate provisions relating to AIFMD.

Hg has sole responsibility for managing HgT, including investigating and negotiating any potential investments and making investment decisions for HgT (subject to the Investment Policy). Hg has delegated certain administration and investment support services to its affiliate, HgCapital LLP. In addition, HgCapital LLP is appointed as an investment adviser to Hg.

Hg's duties under the Management Agreement are owed to HgT as a whole and not directly to the shareholders, whether individually or in groups.

Hg maintains appropriate additional own funds to meet its regulatory capital requirements under the AIFMD, including in relation to professional liability risks.

Depository

HgT has appointed APEX Depository (UK) Limited (the 'Depository'), whose registered office is at 6th Floor, 140 London Wall, London, EC2Y 5DN, as the depository in relation to HgT under an agreement dated 22 July 2014 (the 'Depository agreement').

The Depository is authorised and regulated (FRN 610203) by the FCA and is responsible for verifying ownership of HgT's investments (on the basis of evidence provided by Hg) and maintaining a register of such as well as cash monitoring of HgT's bank accounts and oversight as required by Hg. The Depository's duties under the Depository agreement are owed to HgT as a whole and not directly to the shareholders, whether individually or in groups.

Auditor

HgT has appointed Grant Thornton UK LLP, whose registered office is at 30 Finsbury Square, London EC2A 1AG, as auditor.

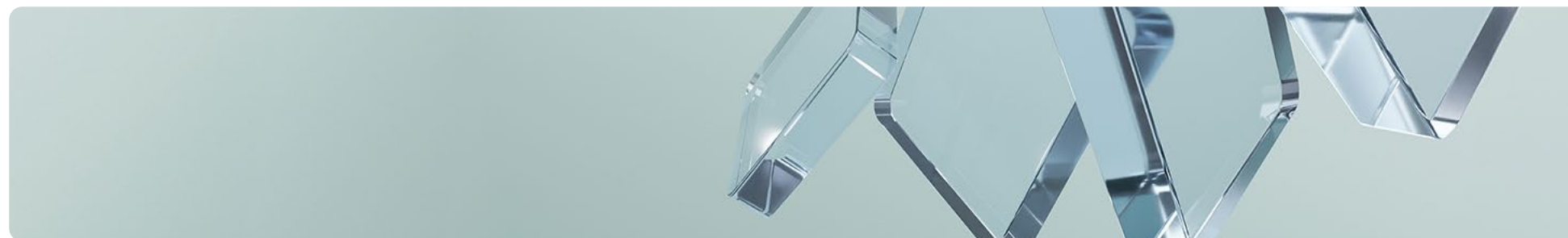
The auditor's duties are to carry out the annual audit of HgT. The auditor is primarily responsible for evaluating the application of HgT's accounting policies and the review of the financial statements.

The agreement between HgT and Grant Thornton for the provision of audit services to HgT does not include any specific rights for shareholders.

Legal adviser

HgT has appointed Dickson Minto W.S., whose registered office is at 16 Charlotte Square, Edinburgh EH2 4DF as HgT's legal adviser.

The agreement between HgT and Dickson Minto W.S. does not include any specific rights for shareholders.



Prime broker

HgT does not retain a prime broker.

Legal relationship with shareholders

The rights of the shareholders are governed by HgT's Articles of Association.

As at 31 December 2023, HgT had 457,728,500 ordinary shares of 2.5 pence each in issue. Each ordinary share has one voting right attached to it. The total number of voting rights in HgT at this date was 457,728,500. Further information on the share capital of HgT can be found in the ordinary share capital (page 73; note 20) section of the notes to the financial statements in the Annual Report and Accounts. Shares are not offered on an ongoing basis but may be bought or sold through a stockbroker, financial intermediary, or one of the share dealing services detailed in the Shareholder Information section of the Annual Report and Accounts (page 114). HgT is incorporated under the laws of England and Wales. As such, the courts of England and Wales will have jurisdiction to hear and determine any proceeding, and to settle any dispute, in accordance with English law, which may arise out of a shareholder's shareholding in HgT. Consequently, for shareholders residing outside that jurisdiction it may not be possible to effect service of process in an alternative jurisdiction or enforce any judgement obtained against HgT in an alternative jurisdiction.

Leverage

The aggregate amount of borrowing shall not exceed an amount equal to twice the aggregate of:

- (a) the amount paid up, or credited as paid up, on the share capital of HgT (excluding any share capital presented as debt); and

- (b) the total of any credit balance on the distributable and undistributable reserves of HgT's group, but excluding amounts attributable to outside shareholders in subsidiary undertakings of HgT and deducting any debit balance on any reserve.

HgT has in place a £350 million multi-currency standby facility with Lloyds Bank Corporate Markets plc on an unsecured basis, expiring on 7 October 2024. The facility was undrawn at 31 December 2023. In March 2024, HgT agreed to increase the size of its revolving credit facility to £375 million. Please refer to HgT's Business model and risk framework (page 14) of the Annual Report and Accounts.

Valuation policy and procedure

Hg's valuation policy is to value investments in accordance with the International Private Equity and Venture Capital ('IPEV') guidelines. HgT has an Audit, Valuations and Risk Committee which reviews these valuations and provides oversight of the valuation process and methodology. Please see HgT's Business model and risk framework section (page 14) of the Annual Report and Accounts.

Liquidity management

As HgT is closed-ended, and no redemptions are possible, its liquidity management is limited to ensuring it has the ability to meet the commitments made to make investments. A number of levers are available in order to manage HgT's liquidity profile. A proportion of the assets of HgT is normally maintained in liquid readily realisable form (cash, money market instruments, gilts and a managed liquidity fund) to meet draw-downs. A borrowing facility has been arranged with Lloyds Bank Corporate Markets plc, pursuant to which additional temporary facilities of up to £350 million are available

(as referred to in the Leverage section above), if required. In addition, an opt-out provision has been negotiated in connection with HgT's commitment alongside Hg Genesis 8, Hg Genesis 9, Hg Genesis 10, Hg Mercury 2, Hg Mercury 3, Hg Mercury 4, Hg Saturn, Hg Saturn 2 and Hg Saturn 3. This permits HgT to opt out of its obligation to fund its commitment for certain liquidity or regulatory reasons, if to do so would result in HgT (i) not having the cash resources to meet any of its liabilities, expenses or obligations to fund its commitments to other funds or investment vehicles of Hg that are reasonably likely to become due within 12 months or (ii) not being able to undertake any share buyback, in each case subject to certain conditions. Please refer to HgT's Business model and risk framework (page 14) section of the Annual Report and Accounts.

Fees, charges and expenses

For details of the fees payable by HgT to Hg in relation to its investment activities within the underlying fund partnerships, please refer to the priority profit share and carried interest section (page 63; note 5) of the notes to the financial statements in the Annual Report and Accounts.

In relation to the management of HgT, Hg is also entitled to receive £5,000 per quarter for its activities as the Manager of HgT and 0.025% of the NAV of HgT per quarter for its activities as administrator.

HgT also incurs fees in the form of depositary fees, bank fees, marketing fees, legal fees, auditor's fees and other fees. It is not possible to provide a maximum fee payable due to the nature of these amounts.

Fair treatment of shareholders and Preferential Treatment

Hg and the Board are committed to treating shareholders fairly in accordance with UK company law. No preferential rights have been granted to any shareholder. Hg and the Board of HgT will not enter into any preferential arrangements which would lead to a material disadvantage to other shareholders.

Remuneration disclosure

HgT does not directly employ any staff and instead the Hg group, which also acts as investment adviser and provides administrative services to HgT, provides personnel to fulfil roles within its investment committee, portfolio review committee and the control and risk functions (the 'Relevant Functions') and perform other activities for HgT. Personnel carrying out the Relevant Functions or who are senior management of Hg are referred to below as 'Identified Staff'.

The table below sets out the disclosures required under AIFMD in relation to the proportion of remuneration which Hg calculates was attributable to work done for HgT during the year ended 31 December 2023.

	2023 £	2022 £
Fixed remuneration paid to Identified Staff	359,000	375,000
Variable remuneration paid to Identified Staff	122,000	60,000
Aggregate remuneration paid to Identified Staff who are senior management of the Manager	98,000	89,000
Aggregate remuneration paid to Identified Staff who have a material impact on the risk profile of the AIF by reason of performing Relevant Functions	383,000	346,000
Carried interest paid by the AIF to Identified Staff	6,337,000	3,798,000

The number of Identified Staff from Hg contributing to HgT for the year was 22.

Remuneration policy

Hg has ensured that all remuneration is directly aligned with the specific requirements of the AIFMD.

Hg's remuneration policy (which also applies directly to HgCapital LLP) seeks to avoid conflicts of interest by ensuring that:

- It comprises an appropriate mix of fixed and variable remuneration that encourages staff to make a positive contribution to HgT and other AIFs that it manages;
- It is consistent with the business strategy and objectives of Hg;
- The assessment of performance is set in a multi-year framework appropriate to the life-cycle of the AIFs it manages in order to ensure that the assessment process is based on longer term performance;
- It is under the oversight of a remuneration committee with one independent member;
- It contains measures to promote sound and effective risk management;
- It applies a carried interest model which (a) aligns the interests of staff involved in investment management with the risks of the AIFs and investors in the AIFs; and (b) does not incentivise inappropriate risk taking; and
- It does not pay out remuneration for future potential revenues that are not certain.

Reporting and updates

HgT's historic performance has been disclosed to shareholders in its Annual Report and Accounts, the most recent one covering the year ended 31 December 2023 (and is publicly disseminated to all shareholders).

Any further information about HgT's risk profile and risk management, any material changes to the liquidity arrangements, the proportion of assets subject to special arrangements arising from liquidity and the maximum permitted leverage will be provided via HgT's Annual Report and Accounts and on HgT's website at hgcapitaltrust.com.



Shareholder information

Financial calendar

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

February	<ul style="list-style-type: none"> Preliminary results for year announced
March	<ul style="list-style-type: none"> Final results for year announced Annual report and accounts published
May	<ul style="list-style-type: none"> Annual general meeting and payment of final dividend Release of Manager's quarterly update with updated 31 March NAV
July	<ul style="list-style-type: none"> Preliminary interim results announced
September	<ul style="list-style-type: none"> Interim figures announced and interim report published
October	<ul style="list-style-type: none"> Payment of interim dividend
November	<ul style="list-style-type: none"> Release of Manager's quarterly update with updated 30 September NAV

Dividend

The final dividend proposed in respect of the year ended 31 December 2023 is 4.5 pence per share.

Ex-dividend date (date from which shares are transferred without dividend)	21 March 2024
Record date (last date for registering transfers to receive the dividend)	22 March 2024
Last date for registering DRIP instructions (see below)	29 April 2024
Dividend payment date	21 May 2024

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)370 707 1037
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 29 April 2024.

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	GB00BJ0LT190
SEDOL	BJ0LT19
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.

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 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:

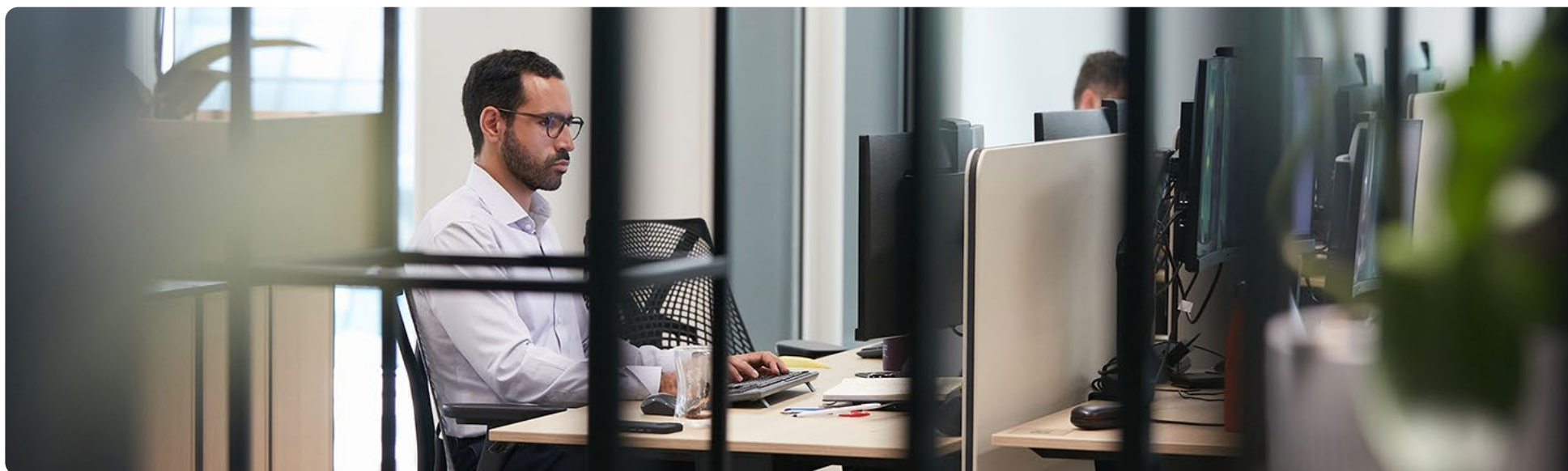
- provide the nominee company with multiple copies of shareholder communications, provided that an indication of quantities has been given in advance.
- allow investors holding shares through a nominee company to attend general meetings, provided that the correct authority from the nominee company is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

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

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 500.5 pence and the share price were 455.0 pence, the discount would be 10%.

EBITDA (APM)

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

Employee net promoter score

Employee net promoter score (eNPS) is a metric that assesses employees' job satisfaction by measuring their readiness to recommend their company to others. An eNPS score can range from -100 to +100.

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.

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 31 December 2023, shareholders' funds were £2,290,729,000, with 457,728,500 ordinary shares in issue; the NAV was therefore 500.5 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 550.5 pence and the NAV were 500.5 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

SBTi

Science based targets initiative. Science-based targets show businesses how much and how quickly they need to reduce their greenhouse gas (GHG) emissions to prevent the worst effects of climate change. sciencebasedtargets.org/

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 90.

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.



Notice of Annual General Meeting

This document is important and requires your immediate attention. If you are in any doubt about any aspect of the proposals referred to in this document or about the action which you should take, you should seek your own advice immediately from a stockbroker, solicitor, accountant or other independent professional adviser. If you have sold or otherwise transferred all of your shares, please pass this document, together with the accompanying documents, to the purchaser or transferee, or to the person who arranged the sale or transfer, so they can pass these documents to the person who now holds the shares.

HgCapital Trust plc (incorporated and registered in England and Wales under number 01525583)

Directors:

Jim Strang
Richard Brooman
Helena Coles
Pilar Junco
Erika Schraner
Anne West

Registered Office:

2 More London Riverside, London, SE1 2AP

Annual General Meeting 2024

I am pleased to present the Notice of the Annual General Meeting (AGM) of HgCapital Trust plc (HgT) which will be held at 2 More London Riverside, SE1 2AP on 16 May 2024 at 11.00 a.m. to transact the business set out in the resolutions in this Notice of AGM. The purpose of this letter is to explain certain elements of that business. We are pleased to be able to welcome our shareholders at our AGM. Those of our shareholders who will not be able to attend the meeting in person are encouraged to submit a proxy vote in advance of the meeting. All resolutions will be voted on by a poll. A form of proxy for use at the AGM is enclosed with this document or can be requested from the Company Secretary (HgCapitalSecretarial@linkgroup.co.uk). To be valid, the form of proxy should be completed, signed and returned in accordance with the instructions printed thereon, as soon as possible and, in any event, to reach HgT's registrars, Computershare Investor Services PLC (Computershare), no later than 48 hours before the time of the AGM, or any adjournment of that meeting. The results of the AGM business will be posted on hgcapitaltrust.com and announced to the market via the London Stock Exchange.

Should you wish to ask the Board or HgT's investment manager any questions, please feel free to do so by either email to: HGTAGM2024@hgcapital.com, or by post, by writing to HgT at 2 More London Riverside, London, SE1 2AP. Those questions which are submitted before 15 May 2024 will be answered ahead of the AGM, and we will endeavour to answer any questions subsequently received as soon as possible.

Any changes to the arrangements for the AGM will be communicated to shareholders before the meeting through our website hgcapitaltrust.com and, where appropriate, by an announcement on the London Stock Exchange.

Resolution 1 – To receive the Annual Report and Financial Statements

The Directors are required to present the financial statements, Strategic Report, Directors' Report and Auditor's Report to the meeting. These are contained in HgT's Annual Report and Accounts for the year ended 31 December 2023 (the Annual Report). A resolution to receive the financial statements, together with the Strategic Report, Directors' Report and the Auditor's Report on those accounts is included as an ordinary resolution.

Resolution 2 – Remuneration Report

An advisory resolution to approve the Directors' Remuneration Report (set out in the Annual Report) is included as an ordinary resolution.

Resolution 3 – Final dividend

The Board proposes a final dividend of 4.5 pence per share in respect of the year ended 31 December 2023. If approved, the recommended final dividend will be paid on 21 May 2024 to all ordinary shareholders who are on the register of members on 22 March 2024. The shares will be marked ex-dividend on 21 March 2024.

Resolutions 4 to 8 – Election and Re-election of Directors

In line with the recommendations of the 2019 AIC Corporate Governance Code, all Directors of HgT are required to retire and offer themselves for re-election at each AGM. In accordance with this requirement, Dr Strang, Mr Brooman, Ms Junco and Ms Schraner will retire and offer themselves for re-election as Directors and Ms Coles will offer herself for election as a Director. Full biographies of all of the Directors are set out in the Annual Report on pages 88 and 89 and are also available on HgT's website hgcapitaltrust.com. The Nomination Committee considered the Directors' performance and recommended their re-election and the Board agrees that it is in the best interests of shareholders that each of the Directors be re-elected.



Directors' tenure

Richard Brooman, our Chairman of the Audit, Valuation and Risk Committee has served on the Board since 2007, and, through his corporate memory, in depth knowledge of HgT and extensive experience of working with the Manager and other investment trusts in general, he continues to provide constructive challenge and robust scrutiny of matters coming before the Board and the AVRC, in particular the valuations of the portfolio firms and negotiating the terms of the Manager's engagement. The Board believes that longer periods of service are not only desirable, but essential for an investment company such as HgT, where the cycles of commitment-investment-realisation and the negotiations of significant, new long-term commitments can extend over a period of up to ten years or longer. It is important that the Board is able to maintain its long-term perspective, supported by a long corporate memory, balanced with the regular challenge provided by fresh thinking.

Our revised longer-term succession plan now sees Richard retiring at HgT's 2026 AGM, subject to HgT's shareholders approving his re-elections at the next two AGMs. We will continue to listen to shareholders' feedback on Richard's tenure, we also continue to consider the level of support for Richard's re-election at HgT's AGMs. At the AGM in 2023, over 89% of votes cast were in support of his re-election, suggesting good support. In addition, every year the Board evaluates the

effectiveness of the Audit, Valuation and Risk Committee and Richard as the Chairman of that Committee. The work of the AVRC and Richard as its Chairman continues to receive strong positive feedback. More on the results of the evaluation can be found on page 85.

With that in mind, in the Committee's and the Board's opinion, Richard continues to effectively support HgT and his appointment is in the best interests of our shareholders. Despite the length of his current tenure, we consider Richard to remain independent of HgT; he is also free from any business or other relationships which could materially interfere with his decision making.

Resolutions 9 and 10 – Re-appointment and remuneration of auditor

At each meeting at which HgT's financial statements are presented to its members, HgT is required to appoint an auditor to serve until the next such meeting. The Board, on the recommendation of the Audit, Valuation and Risk Committee, recommends the re-appointment of Grant Thornton UK LLP as auditor to HgT, and this will be proposed to the AGM as Resolution 9. Resolution 10 authorises the Directors to fix the auditor's remuneration.

Resolution 11 – Authority to allot ordinary shares

Resolution 11 authorises the Board to allot ordinary shares generally and unconditionally in accordance with Section 551 of the Companies Act 2006 (the Act) up to an aggregate nominal value of £3,814,404, representing approximately one-third (33.33%) of the issued ordinary share capital at the date of the Notice. No shares are held in treasury.

No ordinary shares will be issued at a price less than the prevailing net asset value per ordinary share at the time of issue, other than on a pre-emptive basis or with the prior consent of Shareholders provided in accordance with the Listing Rules. This authority shall expire at the next AGM of HgT.

Resolution 12 – Authority to disapply pre-emption rights

Resolution 12 is a special resolution which is being proposed to authorise the Directors to disapply the pre-emption rights of existing Shareholders in relation to issues of ordinary shares under Resolution 11, in respect of ordinary shares up to an aggregate nominal value of £1,144,321, representing approximately 10% of HgT's issued ordinary share capital as at the date of the Notice.

No issuance of ordinary shares without pre-emption rights will be made at a price less than the prevailing net asset value per ordinary share at the time of issue. This authority shall expire at the next AGM of HgT.

Resolution 13 – Purchase of own shares

Resolution 13 is a special resolution which will grant HgT authority to make market purchases of up to 68,613,502 ordinary shares, representing 14.99% of the ordinary shares in issue as at the date of the Notice. The ordinary shares bought back will either be cancelled or placed into treasury, at the determination of the Directors.

The maximum price which may be paid for each ordinary share must not be more than the higher of (i) 105% of the average of the mid-market values of the ordinary shares for the five business days before the purchase is made or (ii) the higher of the price of the last independent trade and the highest current independent purchase bid for a share of HgT on the trading venues where the market purchases by HgT, pursuant to the authority conferred by this Resolution 13, will be carried out. The minimum price which may be paid for each Ordinary share is £0.025.

There are currently no shares held in treasury by HgT. In addition, the Directors would not exercise the authority granted under this resolution, unless they consider it to be in the best interests of Shareholders, which may include addressing any significant imbalance between the supply and demand for HgT's ordinary shares and

to manage any discount to net asset value at which the ordinary shares trade. Purchases would be made in accordance with the provisions of the Act and the Listing Rules. This authority shall expire at the next AGM of HgT, when a resolution to renew the authority will be proposed. HgT currently intends that any ordinary shares repurchased would be held in treasury, subject to applicable law and regulation.

Action to be taken

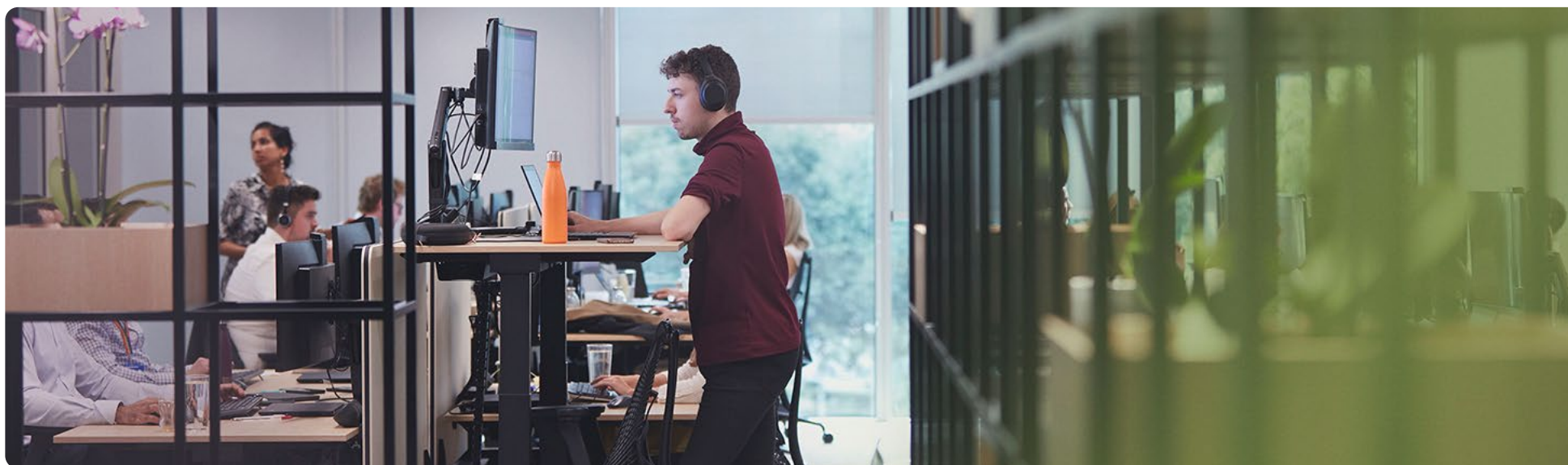
All shareholders are encouraged to submit a proxy vote in advance of the meeting. Forms of Proxy should be returned so as to be received by HgT's Registrar, Computershare, at The Pavilions, Bridgwater Road, Bristol BS99 6ZY as soon as possible and, in any event, no later than 11 am on 14 May 2024. Alternatively, you may appoint a proxy electronically via investorcentre.co.uk/eproxy by following the instructions on that website or, if you hold your shares in CREST, via the CREST system. Please note that all proxy appointment forms should reach HgT's registrar, Computershare, by no later than 11 am on 14 May 2024. If you hold your shares through a nominee service, please contact the nominee service provider about the process for giving voting instructions.

If you are an institutional investor you may be able to appoint a proxy electronically via the Proximity platform, a process which has been agreed by HgT and approved by the Registrar. For further information regarding Proximity, please go to proximity.io. Your proxy must be lodged by 11 am on 14 May 2024 in order to be considered valid. Before you can appoint a proxy via this process you will need to have agreed to Proximity's associated terms and conditions. It is important that you read these carefully as you will be bound by them and they will govern the electronic appointment of your proxy.

Recommendation

Full details of the above resolutions are contained in the Notice. The Directors consider that all of the resolutions to be proposed at the AGM are in the best interests of HgT and its members as a whole. The Directors unanimously recommend that Shareholders vote in favour of all of the resolutions.

Jim Strang
Chairman, HgCapital Trust plc
8 March 2024



Notice is hereby given that the Annual General Meeting of HgCapital Trust plc (HgT) will be held at 2 More London Riverside, London, SE1 2AP, on 16 May 2024 at 11.00 am to transact the business set out in the resolutions below.

Resolutions 1 to 11 will be proposed as ordinary resolutions; this means that for each of those ordinary resolutions to be passed, more than half of the votes cast must be in favour. Resolutions 12 and 13 will be proposed as special resolutions; this means that, for each of those resolutions to be passed, at least three-quarters of the votes cast must be in favour.

Ordinary resolutions

1. To receive HgT's annual financial statements for the year ended 31 December 2023, together with the Directors' Report, the Strategic Report and the Auditor's Report on those financial statements.
2. To approve the Directors' Remuneration Report set out on pages 107 to 109 of HgT's Annual Report and Accounts for the financial year ended 31 December 2023.
3. To declare a final dividend of 4.5 pence per share in respect of the year ended 31 December 2023.
4. To elect Helena Coles as a Director.
5. To re-elect Richard Brooman as a Director.
6. To re-elect Pilar Junco as a Director.
7. To re-elect Erika Schraner as a Director.
8. To re-elect Jim Strang as a Director.
9. To re-appoint Grant Thornton UK LLP as auditor of HgT, to hold office from the conclusion of this meeting until the conclusion of the next annual general meeting at which financial statements are laid before HgT.
10. To authorise the Directors to determine the remuneration of the auditor.
11. THAT, in accordance with Section 551 of the Companies Act 2006 (the Act), the Directors be and are hereby generally and unconditionally authorised

to exercise all the powers of HgT to allot ordinary shares in HgT, up to a maximum aggregate nominal amount of £3,814,404 (being approximately 33.33% of the issued ordinary share capital of HgT at the date of this Notice), such authority (i) to replace any existing authorities in respect of ordinary shares of the Directors pursuant to Section 551 of the Act, which are hereby revoked and (ii) to expire at the conclusion of the next Annual General Meeting of HgT (unless previously renewed, varied or revoked by HgT in a general meeting), save that HgT may, before such expiry, make offers or agreements which would or might require ordinary shares to be allotted after such expiry and the Directors may allot ordinary shares in pursuance of such offers or agreements as if the authority conferred by this resolution had not expired.

Special resolutions

12. THAT, subject to the passing of Resolution 11, and in accordance with Sections 570 and 573 of the Act, the Directors be and are hereby generally empowered to allot equity securities (as defined in Section 560(1) of the Act) for cash, pursuant to the authority conferred on the Directors by Resolution 11 and to sell ordinary shares from treasury for cash, as if Section 561 of the Act did not apply to any such allotment or sale, up to an aggregate nominal amount of £1,144,321 (being approximately 10% of the issued ordinary share capital of HgT at the date of this Notice), such power to expire at the conclusion of the next Annual General Meeting of HgT (unless previously renewed, varied or revoked by HgT in general meeting) save that HgT may, at any time prior to the expiry of such power, make an offer or enter into an agreement which would or might require ordinary shares to be allotted or sold from treasury after the expiry of such power and the Directors may allot or sell ordinary shares from treasury in pursuance of such an offer or agreement as if such power had not expired.
13. THAT, HgT be and is hereby generally and unconditionally authorised for the purpose of Section 701 of the Act to make market purchases (within the meaning of Section 693(4) of the Act) of ordinary shares in the capital of HgT, provided that:
 - a. the maximum number of ordinary shares which may be purchased is 68,613,502 (representing approximately 14.99% of the issued ordinary share capital of HgT as at the date of this Notice);
 - b. the minimum price, exclusive of any expenses, which may be paid for each ordinary share is the nominal value of that ordinary share;
 - c. the maximum price, exclusive of any expenses, which may be paid for each ordinary share is an amount equal to the higher of:
 - i. 105% of the average of the mid-market values of the ordinary shares for the five business days before the purchase is made; and
 - ii. the higher of the price of the last independent trade of an ordinary share and the highest current independent purchase bid for such a share on the trading venues where the market purchases by HgT, pursuant to the authority conferred by this Resolution 13 will be carried out, provided that all ordinary shares purchased pursuant to the said authority shall:
 - i. be cancelled immediately upon completion of the purchase; or
 - ii. be held, sold or otherwise dealt with as treasury shares, in accordance with the provisions of the Act.

This authority shall expire at the conclusion of the next Annual General Meeting of HgT (unless previously revoked, varied, renewed or extended by HgT in general meeting) save that HgT may, before such expiry, enter into a contract to purchase shares which will or may be executed wholly or partly after the expiry of such authority.

By order of the Board
 Link Company Matters Limited
 Company Secretary
 8 March 2024
 Registered Office:
 2 More London Riverside
 London SE1 2AP

Important notes

The following notes explain your general rights as a shareholder and your right to attend and vote at this Annual General Meeting or to appoint someone else to vote on your behalf.

1. To be entitled to attend and vote at the Annual General Meeting (and for the purposes of the determination by HgT of the votes they may cast), members must be registered in the Register of Members of HgT at 6.00pm on 14 May 2024 (or, in the event of any adjournment, 48 hours before the time of the adjourned meeting excluding non-working days). Changes to the Register of Members of HgT after the relevant deadline shall be disregarded in determining the rights of any person to attend and vote at the Annual General Meeting.
2. A member entitled to attend and vote at the Annual General Meeting is entitled to appoint a proxy or proxies to attend, speak and vote on his or her behalf. A proxy need not also be a member, but must attend the Annual General Meeting to represent you. Details of how to appoint the Chairman of the Annual General Meeting or another person as your proxy, using the proxy form, are set out in the notes to the proxy form. If you wish your proxy to speak on your behalf at the Annual General Meeting you will need to appoint your own choice of proxy (not the Chairman) and give your instructions directly to them.
If you are an institutional investor you may be able to appoint a proxy electronically via the Proxymity platform, a process which has been agreed by HgT and approved by the Registrar. For further information regarding Proxymity, please go to proxymity.io. Your proxy must be lodged by 11am on 14 May 2024 in order to be considered valid. Before you can appoint a proxy via this process you will need to have agreed to Proxymity's associated terms and conditions. It is important that you read these carefully as you will be bound by them and they will govern the electronic appointment of your proxy.
3. To appoint more than one proxy, an additional proxy form(s) may be obtained by contacting HgT's registrars, Computershare, helpline on 0370 707 1037

or you may photocopy the proxy form. Please indicate in the box next to the proxy holder's name, the number of shares in relation to which they are authorised to act as your proxy. Please also indicate, by ticking the box provided, if the proxy instruction is one of multiple instructions being given. All forms must be signed and should be returned together in the same envelope.

4. In the case of joint holders, where more than one of the joint holders completes a proxy appointment, only the appointment submitted by the most senior holder will be accepted. Seniority is determined by the order in which the names of the joint holders appear in HgT's register of members, in respect of the joint holding (the first-named being the most senior).
5. A personalised form of proxy is enclosed with Shareholders' copies of this document. To be valid, it should be lodged with HgT's registrars, Computershare, The Pavilions, Bridgwater Road, Bristol BS99 6ZY so as to be received no later than 48 hours (excluding non-working days) before the time appointed for the Annual General Meeting or any adjourned meeting or, in the case of a poll taken subsequent to the date of the Annual General Meeting or adjourned meeting, so as to be received no later than 24 hours before the time appointed for taking the poll.
6. A person authorised by a corporation is entitled to exercise (on behalf of the corporation) the same powers as the corporation could exercise if it were an individual member of HgT. On a vote on a resolution on a show of hands, each authorised person has the same voting rights as the corporation would be entitled to. On a vote on a resolution on a poll, if more than one authorised person purports to exercise a power in respect of the same share:
 - a. if they purport to exercise the power in the same way as each other, the power is treated as exercised in that way; or
 - b. if they do not purport to exercise the power in the same way as each other, the power is treated as not exercised.
7. Any person receiving a copy of this Notice as a person nominated by a member to enjoy information rights

under section 146 of the Companies Act 2006 (a Nominated Person) should note that the provisions in notes 2 above concerning the appointment of a proxy or proxies to attend the Annual General Meeting in place of a member, do not apply to a Nominated Person, as only Shareholders have the right to appoint a proxy. However, a Nominated Person may have a right under an agreement between the Nominated Person and the member by whom he or she was nominated to be appointed, or to have someone else appointed, as a proxy for the Annual General Meeting. If a Nominated Person has no such proxy appointment right or does not wish to exercise it, they may have a right under such an agreement to give instructions to the member as to the exercise of voting rights at the Annual General Meeting.

8. Nominated persons should also remember that their main point of contact in terms of their investment in HgT remains the member who nominated the Nominated Person to enjoy information rights (or perhaps the custodian or broker who administers the investment on their behalf). Nominated Persons should continue to contact that member, custodian or broker regarding any changes or queries relating to the Nominated Person's personal details and interest in HgT (including any administrative matters). The only exception to this is where HgT expressly requests a response from a Nominated Person.
9. Appointment of a proxy will not preclude a member from subsequently attending and voting at the Annual General Meeting should the member subsequently decide to do so. A member can only appoint a proxy by using the procedures set out in these notes and the notes to the proxy card. The termination of the authority of a person to act as a proxy must be notified to HgT in writing. Amended instructions must be received by Computershare by the deadline for receipt of proxies. Should a member wish to appoint a proxy electronically, such proxy appointment must be registered electronically at investorcentre.co.uk/eproxy, so as to be received no later than 48 hours (excluding non-working days) before the time appointed for the Annual General Meeting or any adjourned meeting or, in the case of

- a poll taken subsequent to the date of the Annual General Meeting or adjourned meeting, so as to be received no later than 24 hours before the time appointed to take the poll. To vote electronically, you will be asked to provide the Control Number, Shareholder Reference Number (SRN) and PIN, details of which are contained in the personalised proxy card enclosed. This is the only acceptable means by which proxy instructions may be submitted electronically.
10. As at 8 March 2024 HgT's issued share capital consists of 457,728,500 ordinary shares, with none held in treasury. The total number of voting rights in HgT is therefore 457,728,500.
 11. A copy of the Notice of Annual General Meeting and the information required by Section 311A of the Companies Act 2006 is included on HgT's website, hgcapitaltrust.com.
 12. Section 319A of the Companies Act 2006 requires the Directors to answer any question raised at the Annual General Meeting which, relates to the business of the Annual General Meeting, although no answer need be given (a) if to do so would interfere unduly with the preparation of the Annual General Meeting or involve disclosure of confidential information; (b) if the answer has already been given on HgT's website; or (c) if it is undesirable in the best interests of HgT or the good order of the Annual General Meeting.
 13. Members satisfying the thresholds in section 527 of the Companies Act 2006 can require HgT to publish a statement on its website setting out any matter relating to (a) the audit of HgT's accounts (including the auditor's report and the conduct of the audit) which are to be laid before the Annual General Meeting; or (b) any circumstances connected with an auditor of HgT ceasing to hold office since the last Annual General Meeting, that the members propose to raise at the Annual General Meeting. HgT cannot require the members requesting the publication to pay its expenses. Any statement required to be placed on the website must also be sent to HgT's auditors no later than the time it makes its statement available on the website. The business which may be dealt with at the Annual General Meeting includes any statement that HgT has been required to publish on its website.
 14. Members satisfying the thresholds in section 338 of the Companies Act 2006 may require HgT to give, to members of HgT entitled to receive notice of the Annual General Meeting, notice of a resolution which those members intend to move (and which may properly be moved) at the Annual General Meeting. A resolution may properly be moved at the Annual General Meeting unless (a) it would, if passed, be ineffective (whether by reason of any inconsistency with any enactment or HgT's constitution or otherwise); (b) it is defamatory of any person; or it is frivolous or vexatious. A request made pursuant to this right may be in hard copy or electronic form, must identify the resolution of which notice is to be given, must be authenticated by the person(s) making it and must be received by HgT no later than six weeks before the date of the Annual General Meeting.
 15. Members satisfying the thresholds in section 338A of the Companies Act 2006 may request HgT to include in the business to be dealt with at the Annual General Meeting any matter (other than a proposed resolution) which may properly be included in the business at the Annual General Meeting. A matter may properly be included in the business at the Annual General Meeting unless (a) it is defamatory of any person or (b) it is frivolous or vexatious. A request made pursuant to this right may be in hard copy or electronic form, must identify the matter to be included in the business, must be accompanied by a statement setting out the grounds for the request, must be authenticated by the person(s) making it and must be received by HgT no later than six weeks before the date of the Annual General Meeting.
 16. By attending the Annual General Meeting, members and their proxies and representatives are understood by HgT to have agreed to receive any communications relating to HgT's shares made at the Annual General Meeting.
 17. You may not use any electronic address provided in either this Notice or any related documents (including the Form of Proxy) to communicate with HgT for any purposes other than those expressly stated.
 18. CREST members who wish to appoint a proxy or proxies by utilising the CREST electronic proxy appointment service may do so for the Annual General Meeting and any adjournment(s) thereof by utilising the procedures described in the CREST manual, which is available to download from the Euroclear website (euroclear.com/CREST). CREST personal members or other CREST sponsored members, and those CREST members who have appointed a voting service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.
 19. In order for a proxy appointment made by means of CREST to be valid, the appropriate CREST message (a CREST Proxy Instruction) must be properly authenticated in accordance with Euroclear UK & International Limited's specifications and must contain the information required for such instructions, as described in the CREST manual. The message must be transmitted so as to be received by the Issuer's agent (3RA50) by the latest time for receipt of proxy appointments specified in note 4 above. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST applications host) from which the issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST.
 20. CREST members and, where applicable, their CREST sponsors or voting service provider(s) should note that Euroclear UK & International Limited does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take or, if the CREST member is a CREST personal member or sponsored member or has appointed a voting service provider(s), to procure that his CREST sponsor or voting service provider(s) take(s) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST sponsors or voting service providers are referred, in particular, to those sections of the CREST manual concerning practical limitations of the CREST system and timings.

21. HgT may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5) of the Uncertificated Securities Regulations 2001.
22. The Annual Report incorporating this notice of Annual General Meeting, details of the number of shares in respect of which members are entitled to exercise voting rights at the Annual General Meeting as at 8 March 2024 (the business day prior to publication of this notice) and, if applicable, any members' statements, members' resolutions or members' matters of business received by HgT after the dates of this notice will be available on HgT's website: hgcapitaltrust.com.
23. None of the Directors has a contract of service with HgT. A copy of the terms and conditions of appointment of Directors is available for inspection at the registered office of HgT during usual business hours on any weekday (except weekends and public holidays).
24. Personal data provided by shareholders at or in relation to the Meeting will be processed in line with HgT's privacy policy.



Board, management and administration

Directors

Jim Strang
(Chairman)

Richard Brooman
(Chairman of the Audit, Valuation and Risk Committee)

Helena Coles (joined on 21 November 2023)

Pilar Junco

Erika Schraner
(Chair of the Management Engagement Committee)

Guy Wakeley (retired on 31 December 2023)

Anne West
(Senior Independent Director)

Company secretary

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companymatters.co.uk

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Registered number

01525583

Website

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Broker

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Administrator

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hgcapital.com

Depository

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Telephone: +44(0)20 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.



If you have any suggestions on improvements we can make to the site, please do get in touch at investorrelations@hgcapitaltrust.com



✖HgT