

# HgT

## Transaction activity picked up in 2024

HgT reported a robust 10.1% preliminary NAV total return (TR) in FY24 (of which 4.4% in Q424), which the company highlighted was primarily driven by the strong trading performance of the underlying portfolio (in line with HgT's long-term track record). The last-twelve-month revenue and EBITDA growth across its top 20 holdings (making up 76% of its portfolio) to end-November 2024 stood at 19% and 22%, respectively. We note that HgT's NAV TR reflects some fx headwinds from the strengthening of sterling against the euro by close to 5% in 2024. The trust's share price TR was even stronger than the NAV TR at 25.7%, resulting in the shares trading at a slight premium to NAV at end-2024. HgT's portfolio valuations continue to be validated by uplifts to prior carrying values upon full and partial realisations, which in 2024 stood at an average of 15%. We also note that HgT's manager delivered a considerable volume of liquidity events in 2024, which translated into £505m of gross proceeds from exits and refinancings to HgT (around 22% of the trust's opening NAV), some of which were reinvested in the same companies.

HgT's balance sheet remains sound with £441m of available liquid resources at end-2024 (on a pro-forma basis), including the £326m undrawn part of its £375m credit facility. This translates into a very high 69% coverage of all its outstanding investment commitments, which are expected to be drawn over the next two to three years. HgT saw a notable pick-up in investment activity, with £601m invested in new and follow-in investments (including refinancings) in 2024. Its most recent new investment is Emyprean Solutions, a provider of risk and performance management software for financial institutions, in which HgT invested c £11.7m.

In Q125, the trust expects to complete the recapitalisation of Citation group (a provider of tech-enabled compliance and certification solutions to SMEs) announced in December 2024, as part of which HarbourVest Partners will become a new shareholder of the company. The transaction values HgT's holding 8% above its end-September 2024 carrying value and will result in c £13m of net proceeds.

We note that investor sentiment across listed software equities (including SaaS businesses) has improved recently. The BVP Emerging Cloud Index appreciated by c 18% in Q424 (likely on the back of the 'Trump trade'), closing part of the performance gap to the NASDAQ index seen in 9M24 and bringing its 2024 return to close to 7%. The median forward revenue multiple for the index expanded from 5.4x at end-September 2024 to 6.0x at end-December 2024 (and to 6.6x as of end-January 2025). Similarly, the iShares Expanded Tech-Software Sector ETF (tracking 100 US tech companies, mostly software businesses) posted a c 12% return in Q424 (and 23.4% overall in 2024).

Investment companies  
Private equity funds/TMT

3 February 2025

<b>Price</b>	<b>£22.00p</b>	
<b>Market cap</b>	<b>£2,389m</b>	
NAV	£2,386.0	
Discount to NAV	1.0%	
Current yield	1.3%	
Shares in issue	457.7m	
Code/ISIN	HGT/GB00BJOLT190	
Primary exchange	LSE	
AIC sector	Private equity	
52-week high/low	549.0p	402.4p
NAV high/low	524.0p	500.5p
Net gearing	0.0%	

### Fund objective

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

### Analysts

Milosz Papst	+44 (0)20 3077 5700
Katherine Thompson	+44 (0)20 3077 5700

[investmenttrusts@edisongroup.com](mailto:investmenttrusts@edisongroup.com)

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