HgCapital Trust plc

INTERIM REPORT AND ACCOUNTS

30 June 2016

HgCapital Trust plc

"The objective of the Trust is to provide shareholders with long-term returns in excess of the FTSE All-Share Index by investing predominantly in unquoted companies.

The Trust provides investors with exposure to a diversified portfolio of private equity investments, primarily in the UK and Continental Europe."

References in this Interim Report and Accounts to HgCapital Trust plc have been abbreviated to 'HgCapital Trust' or the 'Trust'. HgCapital refers to the trading name of Hg Pooled Management Limited and HgCapital LLP. Hg Pooled Management Limited is the 'Manager'.

References in this Interim Report and Accounts to 'Total Return' refer to a return where it is assumed that an investor has re-invested all historic dividends at the time when they were paid.

The photographs featured on pages 3, 14, 16, 17, 33, 44 and 59 in this report are of the building in London occupied by HgCapital and the surrounding area.

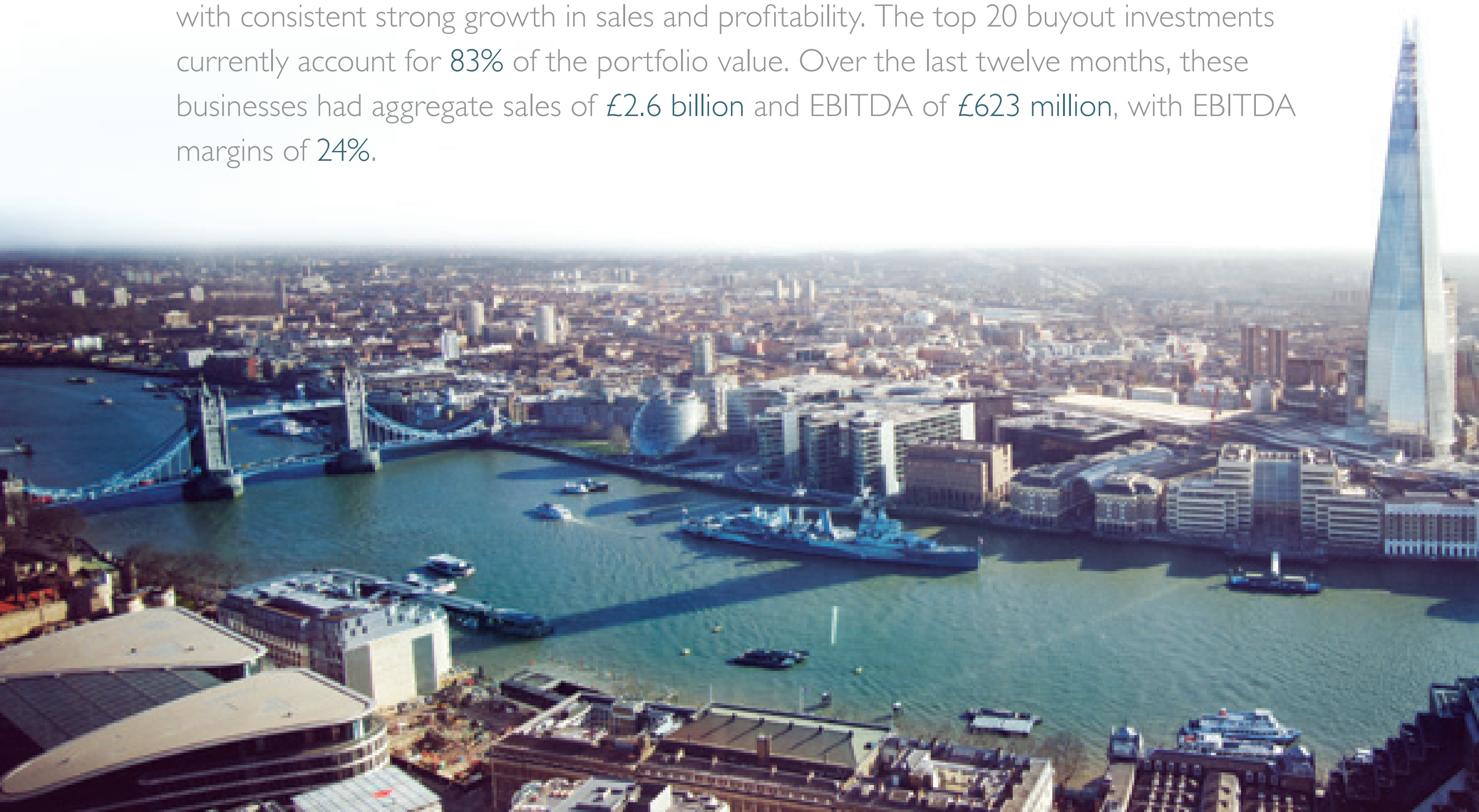
ABOUT HgCAPITAL TRUST PLC

HgCapital Trust plc was established in 1989 and is an investment trust listed on the London Stock Exchange. HgCapital has managed the Trust since 1994 and seeks to meet the Trust's investment objective through active management of a portfolio of businesses suitable for strategic and operational transformation that will grow revenues and profits, and thus create value for shareholders. To select businesses where the Manager can add substantial value it applies a deep sector focus, primarily targeting middle-market buyouts in TMT companies with enterprise values of between £20 million and £500 million and buyouts in the Services and Industrials sectors between £100 million and £500 million. These markets offer many companies with proven financial performance within their chosen industry. The Trust also invests in renewable power generating projects using proven technologies.

Investments are made predominantly in unquoted companies across Northern Europe, where the Manager is confident that value can be created through a pro-active partnership with management teams, drawing on both sector and operational expertise to drive consistent growth.

HgCapital is one of the leading mid-market European private equity investors. The Manager is experienced and well-resourced, investing in growth companies with a strong record of returns across all economic cycles.

An investment in the Trust currently provides exposure to an active portfolio of 34 companies with consistent strong growth in sales and profitability. The top 20 buyout investments currently account for 83% of the portfolio value. Over the last twelve months, these businesses had aggregate sales of £2.6 billion and EBITDA of £623 million, with EBITDA margins of 24%.



FINANCIAL HIGHLIGHTS

SIX MONTH PERFORMANCE

NAV PER SHARE

The NAV per share at 30 June 2016 was £15.48, a total return over the period of:

+12%

NET ASSETS

The total NAV of the Trust at 30 June 2016 was:

£578m

SHARE PRICE

The share price at 30 June 2016 was £11.95, a total return for the period of:

+11%

MARKET CAPITALISATION

The market capitalisation of the Trust at 30 June 2016 was:

£446m

TOTAL ANNUALISED ON-GOING CHARGES

as at 30 June 2016:

1.7%

TOP 20 INVESTMENTS as at 30 June 2016 (83% of the portfolio value)

SALES GROWTH

over the last twelve months:

+12%

PROFIT GROWTH

over the last twelve months:

+22%

EV TO EBITDA MULTIPLE

14.1x

DEBT TO EBITDA RATIO

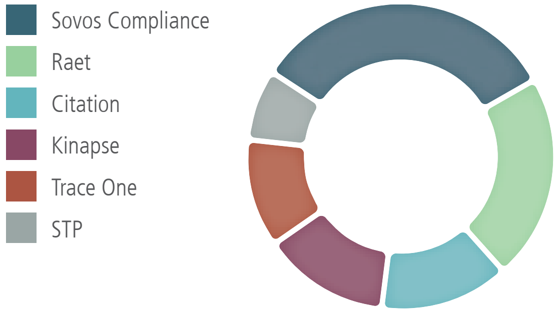
4.5x

FINANCIAL HIGHLIGHTS continued

INVESTMENT ACTIVITY OVER THE PERIOD

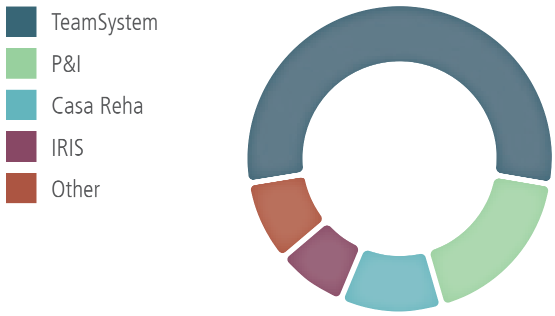
CASH INVESTED ON BEHALF OF THE TRUST

£73m



CASH REALISED FOR THE BENEFIT OF THE TRUST

£71m



BALANCE SHEET ANALYSIS as at 30 June 2016

LIQUID RESOURCES

£21m

4% of NAV

Liquid resources are supported by an undrawn bank facility of £40 million which will increase to £80 million from 31 December 2016.

OUTSTANDING COMMITMENTS

£98m

17% of NAV

The Trust has the benefit of an opt-out provision in its commitment to invest alongside HgCapital 7, so that it can opt out of a new investment without penalty, should it not have the cash available to invest.

FINANCIAL HIGHLIGHTS continued

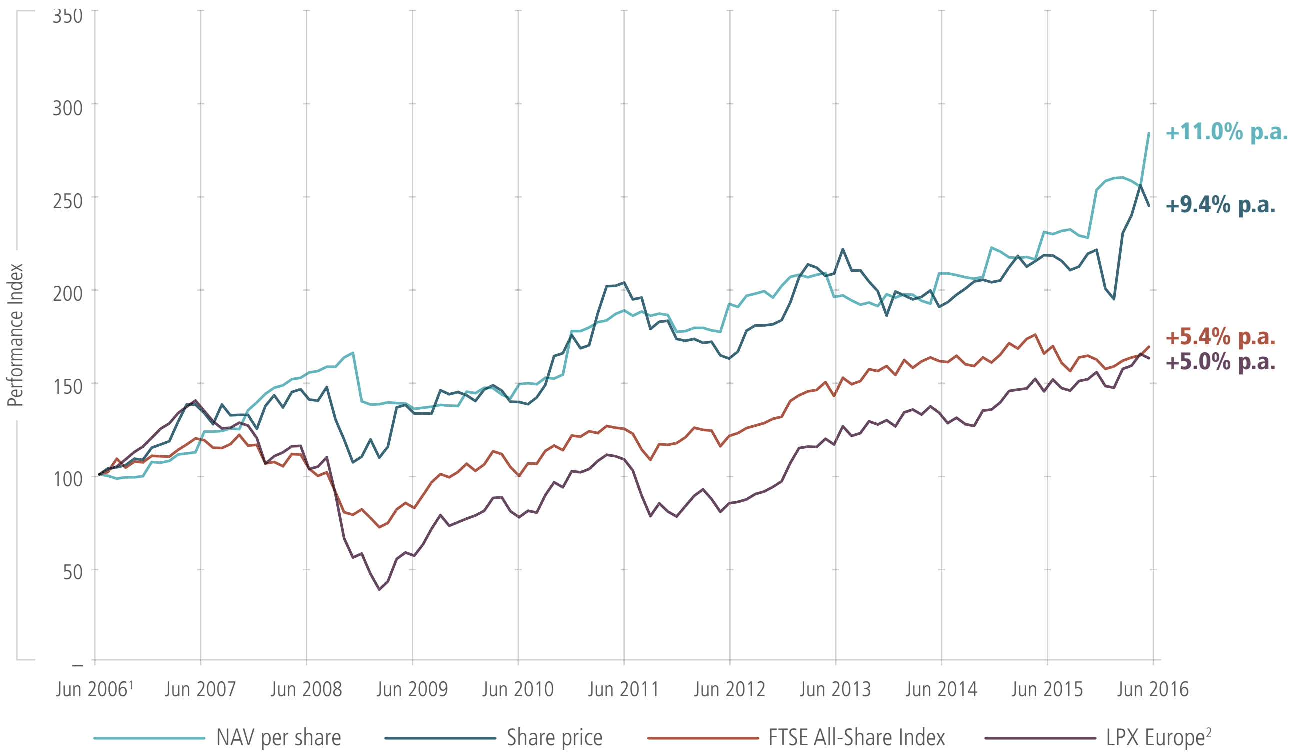
LONG-TERM PERFORMANCE RECORD

HISTORIC RECORD

Year ended 31 December	Net assets attributable to shareholders £'000	NAV per share p	Share price p	Revenue return/(loss) available for shareholders £'000	Revenue return/(loss) per share[1] p	Dividends per share[2] p
2006	187,135	743.0	731.0	4,519	17.9	14.0
2007	238,817	948.2	782.5	7,446	29.6	25.0
2008	234,094	929.4	668.5	7,445	29.6	25.0
2009	236,044	937.2	844.0	7,148	28.4	25.0
2010	347,993	1,118.8	1,006.0	10,053	34.0	28.0
2011	346,832	1,089.9	970.0	(645)	(2.0)	10.0
2012	437,956	1,231.5	1,016.0	10,398	32.1	23.0
2013	440,584	1,180.4	1,010.0	12,913	35.3	29.0
2014	476,918	1,277.8	1,057.5	21,933	58.8	51.0
2015	530,023	1,420.0	1,115.0	17,907	48.0	40.0
30 June 2016	577,606	1,547.5	1,195.0	9,943	27.0	n/a

[1] Based on weighted number of shares in issue during the year.
[2] Dividend proposed in respect of reported financial year, but declared and paid in the following year.

LONG-TERM PERFORMANCE – TEN YEAR TOTAL RETURN



[1] Performance record rebased to 100 at 30 June 2006. Source: Factset, HgCapital.
[2] The LPX Europe Index represents the most actively traded listed private equity companies covered by LPX that are listed on a European exchange. For more information visit www.lpx-group.com.

FINANCIAL HIGHLIGHTS continued

LONG-TERM PERFORMANCE RECORD

Both the Trust's share price and net asset value per share have continued to outperform the FTSE All-Share Index.

HISTORICAL TOTAL RETURN PERFORMANCE

	Six months to 30 June 2016 %	One year % p.a.	Three years % p.a.	Five years % p.a.	Ten years % p.a.	Twenty years % p.a.
NAV per share	12.1	23.1	13.2	8.6	11.0	13.0
Share price	10.8	12.2	5.6	3.8	9.4	13.3
FTSE All-Share Index	4.3	2.2	5.9	6.3	5.4	6.7
NAV per share performance relative to the FTSE All-Share Index	7.8	20.9	7.3	2.3	5.6	6.3
Share price performance relative to the FTSE All-Share Index	6.5	10.0	(0.3)	(2.5)	4.0	6.6

Based on the Trust's share price at 30 June 2016 and allowing for dividends to be reinvested, an investment of £1,000 twenty years ago would now be worth £12,243. An equivalent investment in the FTSE All-Share Index would be worth £3,635.

DISCRETE ANNUAL TOTAL RETURN PERFORMANCE AGAINST THE FTSE ALL-SHARE INDEX

Source: HgCapital, Factset.

CHAIRMAN'S STATEMENT

The quality of the Trust's portfolio, and the high rates of growth in sales and profits being achieved, provide evidence of the potential for continuing, consistent growth in value for the benefit of shareholders.

Performance in the first half

At 30 June 2016, the Trust's NAV per share reached a new high of £15.48 per share, after the payment of a dividend in respect of 2015 of 40 pence per share, reflecting growth during the half year (on a total return basis) of 12.1%. The total NAV of the Trust at 30 June reached £578 million, an increase of £48 million over the year-end.

This appreciation reflected further strong growth in sales and earnings in the majority of our portfolio. Over the preceding twelve months the top 20 companies, that make up 83% of our portfolio, saw sales growth of 12%, a little ahead of six months earlier, and EBITDA growth of 22%, which was substantially up on the 12% growth we reported at the year-end. This growth in profits was the most significant source of value creation, adding some £50 million, or 134 pence per share, to NAV. Uncertainty surrounding the referendum on UK membership of the EU led to a fall in the value of sterling against all the currencies in which the Trust is invested; this contributed £36 million to the growth of NAV, reversing foreign exchange losses that the Trust had suffered during a period of strength in sterling over the previous three years. The ratings used to value the Trust's holdings were virtually unchanged compared with the year-end. The attribution analysis on page 21 of this report sets out a breakdown of the unrealised movements in the portfolio.

Almost all the companies in our portfolio achieved growth in value, with continuing strong appreciation in Visma, IRIS, Zenith and P&I, and in our newly acquired investment in Sovos Compliance. Small provisions were needed against the value of Teufel and Atlas, but the Manager continues to work with the management of these businesses to protect and restore value.

The continuing strong progress in the value of our portfolio in the first half of 2016 has resulted in the Board making a further provision against the portfolio of £17.3 million for the Manager's carried interest; this will only become payable once the Trust has been returned its invested capital and a preferred return of 8% p.a.

Returns to shareholders

The Trust's share price increased by 10.8% on a total return basis in the first half, closing at £11.95 on 30 June 2016, versus a 4.3% total return from the FTSE All-Share Index. The Board has always emphasised that investment in private equity should be viewed over time horizons that reflect the work undertaken by HgCapital's personnel, and the management of the businesses in which we invest. This creates sustainable value, resulting in the Trust delivering a compound annual share price total return of 9.4% p.a. over the last ten years, and 13.3% p.a. over twenty years.

Revenue

Net investment income credited to our revenue account in the first half of 2016 was 27 pence per share, similar to the first half of the previous year. Shareholders should note that our revenue return in any period is affected by valuations: the Trust's return from investment income in the first half of 2016 should therefore not be relied on as a guide to the net return likely to be reported for the year as a whole or to the level of dividend that the Board will propose.

Investment activity

The half year was very active in both new investments and realisations. The Manager invested £74 million on behalf of the Trust into six new buyouts. The largest of these was the acquisition of Sovos Compliance, which produces software for tax compliance; this business is similar to many successful investments that we have made in companies that sell into the market for business-critical software applications, and it has already made strong progress under HgCapital's ownership. Sovos is headquartered in the USA with operations in several other countries. This is not the first time that HgCapital has acquired a business headquartered outside Europe and, especially as the market for software-based businesses continues to globalise, this may recur from time to time. Other new investments in Kinapse, Citation, Trace One, Raet and STP (which are headquartered in the UK, France, Netherlands and Germany) also reflected the Manager's accumulated experience, and reputation, in the technology and services markets. Since 30 June, HgCapital has made two new investments: Blick Rothenberg, which is based in London and, as the basis of the newly launched CogitalGroup, offers accounting and tax compliance services; and Mobyt, a provider of Application-to-Person SMS services, based in Italy.

In total, realisations of portfolio investments returned £71 million in cash back to the Trust. £47 million of this came from the realisations of TeamSystem and Casa Reha; the former proved to be an excellent investment, despite the headwinds it faced in the Italian economy, and we have retained a minority interest alongside a very experienced US private equity manager who has appointed members of the board of TeamSystem in addition to those who will continue to represent HgCapital. The balance of £24 million was received by the Trust, mostly as a result of distributions from three investments, two of which took advantage of their strong cash flow and attractive market conditions to refinance their borrowing at higher levels. Since 30 June, the Manager has negotiated four further realisations. Chief among these was the sale of Relay Software, which achieved an excellent return and was the first realisation from the Mercury fund. The other realisations reflect hard work by HgCapital personnel to preserve value in three investments that were less successful.

CHAIRMAN'S STATEMENT continued

Investment strategy

The commitment made by the Trust in 2013 to invest alongside the Manager's HgCapital 7 fund is now more than 70% drawn. The Board and the Manager have therefore been in dialogue to discuss the commitment that the Board will make on behalf of the Trust to continue to invest alongside HgCapital's institutional clients in its next vintage of mid-market buyouts. In doing so, the Board bases its judgment on advice from the Manager on the projected deployment of funds, compared with the prospects for realisation of existing investments; in our planning we assume that the Trust will invest in this new vintage at a pace of about £80 million per annum. Provision also has to be made for the payment of dividends, which by way of example required distribution of £14.9 million to shareholders earlier this year, and to the payment of carried interest when this becomes due. Taking these factors into account, the Board has indicated to the Manager an appetite to commit some £350 million to its HgCapital 8 fund when fund raising begins. The Board also intends in due course to make a commitment to invest in smaller TMT companies when the Manager's Mercury fund approaches full deployment; it is currently 66% invested. The Board has not assumed that any equity issue will need to be made by the Trust to fund these new commitments, though that remains one of several options open to the Board. Should the Trust have insufficient funds to meet its commitments in future it will again have the benefit of an "opt-out", as a last resort, allowing it to be excused from investment without penalty if it does not have sufficient cash available. In addition, as previously reported, we have negotiated the doubling of our unsecured bank facility to £80 million from 31 December 2016; this will be available until 30 June 2019, by which date we anticipate that further realisations will have generated cash flows to meet future investments. The Board's aim is to manage the Trust's balance sheet so that it can be as fully invested as possible across the commitment-investment-realisation cycle. To achieve this, we will also continue to take up co-investments or to acquire secondary interests in HgCapital funds, when the terms are attractive and we have surplus funds so to do.

Auditor

New regulations regarding auditor independence come into force next year, with the result that the Board will need to recommend to shareholders the appointment of a new auditor of the Trust, while retaining Deloitte LLP as tax advisers. Accordingly, a sub-committee of the Audit and Valuation Committee has been formed, with a view to selecting a new auditor. It is anticipated that a resolution for the appointment of a new auditor will be put to the Trust's AGM in May 2017.

Prospects and risks

The majority of businesses in our buyout portfolio are trading well, with sales and profits growing at double-digit rates and materially faster than the economies in which they operate, due largely to the protected, non-cyclical markets they serve and the business-critical characteristics of their offering. However, economic growth is still fragile in most European economies and so some companies in our portfolio must retain some potential vulnerability to a downturn.

Those sectors of the UK economy that have been most clearly affected by the uncertainty created by the referendum result - banking, construction and residential development - are not represented in our portfolio. Sustained buoyant conditions for raising bank finance for buyouts should continue to support both new acquisitions and the refinancing of existing investments that allow cash to be returned to the Trust.

The new level of sterling seen since the referendum is, in the view of many economic analysts, helpful for sustaining growth in the UK economy, and likely to be maintained; however, some volatility may be expected as negotiations with the EU get underway, and this could affect future valuations of our overseas investments. Since the EU referendum, four exits have been made from the portfolio, three to trade buyers, contributing proceeds of around £26 million to the Trust. Relay Software was sold in August at an uplift of 73% over its carrying value at 31 December. The Manager anticipates further opportunities to return capital over the next year from both exits and refinancings.

HgCapital has a pipeline of investment opportunities at various stages of development which could lead to acquisitions over the next six months. Following completion of the sale of Relay Software and the acquisition of Mobyt (the two most recently announced transactions), the Trust will have estimated liquid resources of c. £40 million and a bank facility, currently undrawn, of a further £40 million (increasing to £80 million from 31 December 2016), providing the freedom to continue deploying shareholders' funds at an active pace. While no investment strategy can be entirely shielded from unexpected events, the quality of the Trust's portfolio, so clearly shown through the transparent reporting of the Trust and the high rates of growth in sales and profits being achieved, provide evidence of the potential for continuing, consistent growth in value for the benefit of shareholders.

Roger Mountford

Roger Mountford
Chairman
9 September 2016

INTERIM MANAGEMENT REPORT AND RESPONSIBILITY STATEMENT

Interim management report

The important events that have occurred during the period under review are described in the Chairman's Statement and in the Manager's Review, which also include the key factors influencing the financial statements.

The Directors do not consider that the principal risks and uncertainties have changed materially since the publication of the Annual Report for the year ended 31 December 2015. A detailed explanation of the risks summarised below can be found on pages 15 and 16 of the 2015 Annual Report which is available at www.hgcapitaltrust.com.

Performance risk

An inappropriate investment strategy may lead to poor performance. The Board is responsible for deciding the investment strategy to fulfil the Trust's objectives and for monitoring the performance of the Manager.

Regulatory risk

The Trust operates as an investment trust in accordance with Sections 1158 and 1159 of the Corporation Tax Act 2010 ('CTA 2010'). As such, the Trust is exempt from corporation tax on capital gains realised from the sale of its investments, so the impact of losing investment trust status would be significant to the Trust.

Operational risk

In common with most other investment trust companies, the Trust has no employees. The Trust therefore relies upon the services provided by third parties and is dependent upon the internal control systems of the Manager and the Trust's other service providers.

Financial risks

The Trust's investment activities expose it to a variety of financial risks that include valuation risk, liquidity risk, market price risk, credit risk, foreign exchange risk and interest rate risk.

Liquidity risk

The Trust, by the very nature of its investment objective, predominantly invests in companies whose shares are not traded on a market. The Manager has the benefit of control over most of the companies, but to realise its investment would require negotiation of a sale to a purchaser or a flotation on the stock market, which might not be achievable at the Directors' published valuation.

Borrowing risk

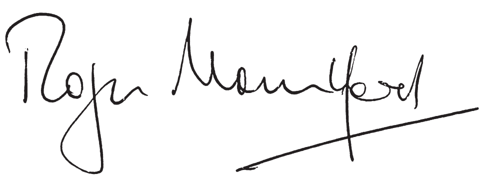
The Board and the Manager agree that prudent use of borrowing to fund acquisitions can increase rates of return to shareholders. Businesses held in the underlying portfolio usually utilise bank borrowing and this is raised at levels that can be serviced from the cash flows generated within that business.

Responsibility statement

The Directors confirm that to the best of their knowledge:

- The condensed set of financial statements has been prepared in accordance with the Statement on Half-yearly Financial Reports issued by the UK Accounting Standards Board and gives a true and fair view of the assets, liabilities, financial position and profit of the Trust;
- The Interim Management Report (incorporating the Chairman's Statement and the Manager's Review) includes a fair review of the information required by:
  (a) DTR 4.2.7R of the Disclosure Guidance and Transparency Rules, being an indication of important events that have occurred during the first six months of the financial year and their impact on the condensed set of financial statements; and a description of the principal risks and uncertainties for the remaining six months of the year; and
  (b) DTR 4.2.8R of the Disclosure Guidance and Transparency Rules, being related party transactions that have taken place in the first six months of the current financial year and that have materially affected the financial position or performance of the Trust during that period; and any changes in the related party transactions described in the 2015 Annual Report that could do so. There were no related party transactions during the period.

This interim financial report was approved by the Board of Directors on 9 September 2016.



Roger Mountford
Chairman
9 September 2016

THE TRUST'S INVESTMENT OBJECTIVE AND INVESTMENT POLICY

The Investment Objective of the Trust is to provide shareholders with long-term returns in excess of the FTSE All-Share Index by investing predominantly in unquoted companies.

INVESTMENT POLICY

The policy of the Trust is to invest, directly or indirectly, in a portfolio of unlisted companies where the Manager believes it can add value through organic growth, operational improvements, margin expansion, reorganisation or by acquisition. The Trust seeks to spread investment risk through appropriate diversification. The Trust's maximum exposure to unlisted investments is 100% of the gross assets of the Trust from time to time. On acquisition, no single investment in an unlisted company, whether made directly or indirectly, will exceed a maximum of 15% of gross assets. The Trust may invest in other listed closed-ended investment funds up to a maximum at the time of acquisition of 15% of gross assets.

Any material change to the Trust's Investment Policy will be made only with the approval of shareholders in a general meeting.

Sectors and markets

The Trust invests primarily in companies whose operations are headquartered or substantially based in Europe. These companies operate in a range of countries, but there is no policy of making allocations to specific countries or markets. Investments are made across a range of sectors where it believes that its skills can add value, but there is no policy of making allocations to specific sectors.

Gearing

Underlying investments are typically leveraged to enhance value creation, but it is impractical to set a maximum for such gearing. The Trust over-commits to invest in underlying assets in order to maintain the proportion of gross assets that are invested at any time. The Trust has the power to borrow and to charge its assets as security. The Articles currently restrict the Trust's ability to borrow (without shareholder approval), to no more than twice the Trust's share capital and reserves, allowing for the deduction of debit balances on any reserves.

Hedging

The Trust offers exposure to a range of businesses predominantly operating in Europe. The Trust does not strategically hedge investments back into sterling. The Manager uses derivatives to hedge tactically with the object of protecting the sterling value of the acquisition cost of investments made or proceeds from realising investments in other currencies.

Liquid funds

The Trust maintains a level of liquidity to ensure, so far as can be forecast, that it can participate in all investments made by the Manager throughout the investment-realisation cycle. When appropriate, the Trust negotiates a standby bank facility to provide funds for investment.

In December 2015, the Trust extended the £40 million unsecured standby bank facility with Lloyds Bank plc, which had been due to mature at the end of the year, for a further three and a half years to 30 June 2019. At the end of December 2016, the facility will increase to £80 million. At certain points in the investment cycle the Trust may hold substantial cash awaiting investment. The Trust 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 funds that hold investments of a similar quality. To this end, the Trust is invested in the Royal London Asset Management Cash Plus Fund. This deploys funds awaiting investment in private equity deals in a highly liquid portfolio of cash, deposits, money market instruments and short-dated government securities.

If there is surplus capital and conditions for new investment appear to be unfavourable, the Board may consider returning capital to shareholders, probably through the market purchase of shares.

Socially responsible investment

The Board has endorsed the Manager's policies to invest the Trust's funds in a socially responsible manner, as set out in the 2015 Annual Report (pages 20 and 21) and on their website at http://www.hgcapital.com/responsibility. The Trust's focus is on identifying high-quality and sustainable businesses, and supporting their growth for the benefit of shareholders and wider society. The Board monitors the Manager's investment activity to ensure they are compatible with these policies.

The Trust has no employees and has limited direct impact on the environment. The Trust aims to conduct itself responsibly, ethically and fairly and has sought to ensure that HgCapital's management of the portfolio of investments takes account of social, environmental and ethical factors where appropriate. The Manager seeks investment opportunities on a sector basis. The sectors chosen do not generally raise material ethical issues.

The Manager believes that the transition to a low-carbon economy offers opportunities for profitable investment and that its skills in the deployment of new technology, corporate design and the building of sustainable businesses can be applied in renewable power generation. In 2006 and again in 2010, the Trust committed to invest in the HgCapital Renewable Power Partners funds.

THE TRUST'S RATIONALE AND BUSINESS MODEL

The Board has a clear view of the rationale for investing in private equity through an investment trust. This informs its decisions on the operation of the Trust and the evolution of the Trust's Business Model.

RATIONALE

The Board believes that there is a convincing rationale for investing in well-researched private businesses where there is potential for growth in value, especially where the Manager can work with the management of a business to support technological change and implement strategic or operational improvements. These can result in higher rates of growth in sales and enhanced profits, which are more sustainable into the future, offering investors capital gains on realisation.

Many large institutional investors have been making an allocation to private equity funds for decades, each time committing to a 10-12 year closed end fund, investing time to select a manager and negotiate complex and lengthy limited partnership agreements and then assuming the burdens of administration, monitoring and accounting that these vehicles impose. In return, the best managers have delivered better performance than most investors have received from their listed equity, bond, hedge fund and property portfolios. This long-term commitment may not be practical for pension schemes - especially if they intend to de-risk over time - or wealth managers, open-ended funds, charities and private individuals. As an alternative, these investors can gain access to the private equity ownership model by buying shares in the Trust. As an investment trust, it has an independent Board and is committed to transparent and regular reporting. The Trust's shares are listed on the London Stock Exchange and it is widely covered by published research.

BUSINESS MODEL

Working within the framework of the Trust's Investment policy, the Board and the Manager have together developed a business model, which is kept under regular review. The business model evolves as market conditions change and new opportunities appear.

Asset class

The Trust's objective is to participate in the ownership and development of unquoted businesses. From time to time the Trust may directly or indirectly hold listed securities in pursuit of its investment policy.

The Trust is not a fund of funds and does not invest in other managers' funds. This provides greater transparency for the Board and shareholders in the Trust and avoids the double level of fees common in a fund of funds model.

Most of the Trust's investments are held through partnerships, of which it is the sole limited partner and which invest alongside pooled funds managed by HgCapital. The Trust currently invests alongside the Manager's HgCapital 7 fund. The Trust also invests in smaller TMT buyouts via the Manager's specialist Mercury fund and in renewable energy via its commitment to RPP2. The Trust invests on substantially the same terms as institutional investors.

The Manager is organised in investment teams that focus on business sectors and carry out in-depth research into them. The Manager does not make top-down allocations to these sectors or to particular countries; the balance between sectors and countries may change as investment opportunities appear and portfolio companies are sold.

The Board of the Trust sets the investment parameters for making commitments in, or alongside, any of the Manager's funds in accordance with the investment policy. Such commitments are normally drawn down over four to five years, as investment opportunities arise. Each commitment is set at a reasonable level for the Trust to be able to fund from its own resources or from temporary borrowing. However, to mitigate the risk of being unable to fund any draw-down under its commitment, the Board has negotiated a right to opt out, without penalty, of any new investment (made by the HgCapital 7 fund) where certain conditions exist (see note 12 to the financial statements).

The Trust may also take up a co-investment in some buyouts (in addition to investment under its commitment). The Trust may also seek to acquire a limited partnership interest in any of the Manager's funds in the event that any other investor wishes to realise its partnership interest.

In addition, the Trust has invested in renewable power generating projects, an area where the Manager has developed its skills and built a specialist team.

Comparators

For most shareholders, their investment in the Trust represents a small allocation of funds that would otherwise be invested in UK equities. The Manager's aim is to achieve absolute returns over the long-term and the Trust is not managed so as to reflect short-term movements in any Index. To assess the Manager's performance relative to other private equity managers, the Board regularly compares the Trust's NAV and share price performance against a basket of peers listed on the London Stock Exchange and against the UK and pan-European indices of listed private equity companies published by LPX.

THE TRUST'S RATIONALE AND BUSINESS MODEL continued

Priorities as a listed investment company

As the rationale for the Trust is to provide investors with a way to invest in an illiquid asset class, through a liquid listed vehicle, the Board has a number of priorities including: retaining the status of an investment trust; maintaining a liquid market in its shares; providing shareholders with transparent reports on the underlying portfolio; publishing valuations that are carefully reviewed and consistently prepared; and avoiding additional risk at the Trust level.

Going concern

The Trust's business activities, together with the factors likely to affect its future development, performance and financial position are described in the Board's Strategic Report in the 2015 Annual Report and the Manager's Review. The financial position of the Trust, its cash flows, liquidity and borrowing facilities are described in this Strategic Report.

In addition, note 19 to the financial statements of the 2015 Annual Report describes the Trust's objectives, policies and processes for managing its capital; its financial risk management objectives; details of its financial instruments and hedging activities; and its exposures to credit risk and liquidity risk. The Directors believe that the Trust is well placed to manage its business risks successfully. The Directors review cash flow projections regularly, including important assumptions as to future realisations and the rate at which funds will be deployed into new investments. The Directors have a reasonable expectation that the Trust will have adequate resources to continue in operational existence for the foreseeable future and be able to meet its outstanding commitments, as noted on pages 5 and 24. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

NAV and trading in the Trust's shares

The Directors of the Board value the portfolio and publish the Trust's NAV as at 30 June and 31 December. The NAV figure is then published monthly, after adjustment for realisations and movements in foreign exchange, the market prices of any listed securities and any dividends payable and expenses incurred.

The Trust's shares trade on the London Stock Exchange at prices that are independent of the Trust's NAV but reflect the NAV and expectations of future changes in it. The shares have, from time to time, traded at both a discount and a premium to the NAV.

The Board has not attempted to manage any discount through repurchase of shares. The Board believes that discounts to NAV are minimised through consistently good long-term returns, transparent reporting, rigorous valuation and avoidance of risk at the Trust level.

Valuation

The Manager is responsible for preparing valuations of each of the Trust's investments, which the Board reviews after considering analytical and performance data, and the valuation process. The valuations are carried out in accordance with the International Private Equity and Venture Capital ('IPEV') Valuation Guidelines. Further information can be found at www.privateequityvaluation.com.

Dividends

The Board does not structure the Trust's balance sheet or underlying investments in order to deliver any target level of dividend. To maintain the Trust's status as an investment trust, annual net revenue retained, after dividend distributions in respect of that financial year, may not exceed 15% of the annual total taxable income. The total taxable income for a financial year might be higher or lower than the net income reported in the income statement. The level of the net revenue varies from year to year according to the level of the Trust's liquid funds and the short-term interest rates that can be earned on them, and the structure of the buyouts held at the time; net revenue is also affected by the valuation of accrued, but unpaid, interest on shareholder loans to investee companies. Accordingly, the minimum level of dividends may vary from year to year. Where possible, the Trust has elected to 'stream' its income from interest-bearing investments as dividends that will be taxed in the hands of shareholders as interest income; this reduces the tax charge payable by the Trust.

Performance

In the six months to 30 June 2016, the Trust's NAV per share increased by 12.1% on a total return basis. In comparison, the FTSE All-Share Index increased by 4.3%. The total return of the Trust's share price was 10.8%. All of the above assume the reinvestment of all historical dividends.

Key performance indicators

At each Board meeting the Directors conduct a detailed review of the portfolio and review trading results and ratios, in order to understand the impact on the Trust of the trading performance of the individual portfolio holdings.

The KPIs used to measure the progress and performance of the Trust over time and which are comparable to those reported by other investment trusts include: NAV per share; share price; total return per share; average monthly trading volumes; and cash flow. Further information on KPIs and the Trust's performance against these can be found in the Chairman's statement on pages 8 to 9 and the Manager's review on pages 14 to 43. The Directors recognise that it is in the long-term interest of shareholders that shares do not trade at a significant discount to the prevailing NAV and they monitor the Trust's discount or premium regularly.

For and on behalf of the Board
Roger Mountford
Chairman of the Board
9 September 2016

THE MANAGER'S REVIEW

HgCapital is a private equity investor focused on the European mid-market.

Our business model combines deep sector specialisation with dedicated portfolio management support. HgCapital invests primarily in growth companies in expanding sectors via leveraged buyouts and in renewable energy generating projects across Europe.

HgCapital's ambition is to be the most sought after private equity manager in Europe, being a partner of choice for management teams and renewable power developers, so as to produce consistent superior returns for our clients and a rewarding environment for our staff.

References in this Interim Report and Accounts to the 'portfolio', 'investments', 'companies' or 'businesses', refer to a number of buyout investments, held as:

- indirect investments by the Trust through its direct investments in fund limited partnerships (HGT LP, HGT 6 LP, HGT 7 LP and HgCapital Mercury D LP ('Hg Mercury')) of which the Trust is the sole limited partner;
- a secondary purchase of a direct interest in HgCapital's 6 fund through HgCapital 6 E LP ('Hg6E'), in which the Trust is a limited partner; and
- direct investments in renewable energy fund limited partnerships (Hg Renewable Power Partners LP ('RPP1') and HgCapital Renewable Power Partners 2 C LP ('RPP2')), of which the Trust is a limited partner.

Hg Pooled Management Limited was authorised as an Alternative Investment Fund Manager with effect from 22 July 2014. For further details, refer to pages 102 to 105 of the 2015 Annual Report.

THE MANAGER'S REVIEW continued

OVERVIEW

INTRODUCTION TO THE MANAGER

HgCapital Trust plc is the largest client of HgCapital, which was appointed Manager in 1994. The Trust offers investors a liquid investment vehicle, through which they can obtain an exposure to our diversified portfolio of private equity investments with minimal administrative burdens, no long-term lock-up or minimum size of investment, and with the benefit of an independent board and associated corporate governance.

We have progressively invested in and strengthened the business over the years to establish a significant competitive advantage.

With over 110 staff in two investment offices in the UK and Germany, HgCapital has assets under management of over £5.5 billion serving a range of highly regarded institutional investors, including private and public pension funds, charitable endowments, insurance companies and family offices.

INVESTMENT STRATEGY

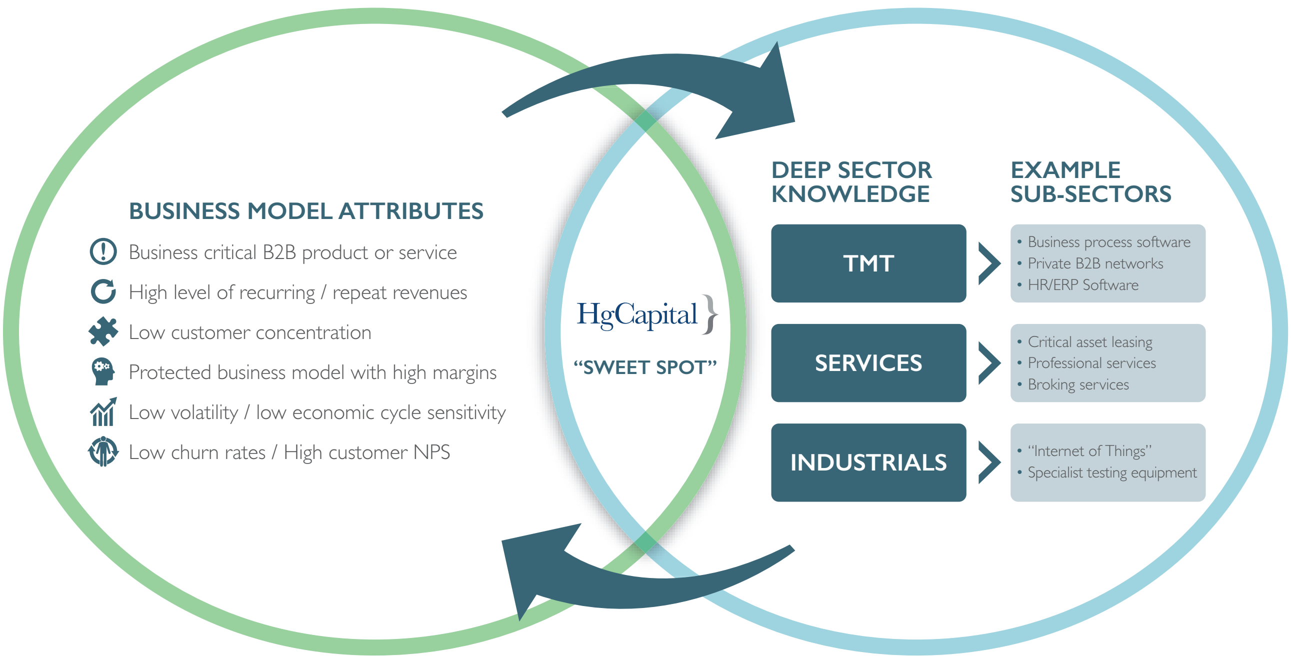
HgCapital primarily focuses on mid-market buyouts in TMT companies with enterprise values ('EV') of between £20 million and £500 million and buyouts in Services and Industrials sectors with enterprise values between £100 million and £500 million.

These companies are small enough to provide opportunities for strategic and operational improvement, yet large enough to attract high quality management and to offer multiple exit options across market cycles.

These markets offer a high volume of investment opportunities with proven financial performance and strong market positions.

We also invest in specialist infrastructure through renewable power generating projects across Western Europe.

HgCapital's investment strategy provides investors with access to the substantial majority of private equity opportunities within our target size range and across our chosen geographies.



Clear investment criteria

HgCapital applies a rigorous approach when evaluating all investment opportunities. Our objective is to acquire the most attractive investments, rather than be constrained by a top-down asset allocation.

For buyouts, we seek companies across our sectors that share similar characteristics, such as: high levels of recurring or contracted revenues; a product or service that is business-critical but typically low spend; low customer concentration; high customer loyalty and low sensitivity to market cycles, often providing a platform for merger and acquisition ('M&A') opportunities. We believe that these companies have the potential for significant performance improvement.

We target situations where our specialist knowledge and skills can make a real difference in supporting management to grow industry champions.

Sector focus

HgCapital's sector teams combine the domain knowledge and expertise of a trade buyer – giving them enhanced credibility and the ability to make confident decisions – with the speed of execution and discipline of a financial investor leading to high conversion rates on deals.

This deep sector focus is channelled through a rigorous, research-based investment process; systematically identifying the most attractive growth sub-sectors and business models of the European mid-market, and through repeated investment in them, deal flow is optimised and returns improved.

THE MANAGER'S REVIEW continued

OVERVIEW

Geographic focus

We focus our buyout investments primarily in the UK and Northern Europe.

The renewable energy investments are focused on the UK, Ireland, the Nordic region and Spain.

All investments are managed by specialist, dedicated sector and portfolio management teams located in London and Munich who work with a common purpose and culture, applying consistent processes.

Active portfolio management

Following each investment, our dedicated Portfolio Management Team works to enhance value by adopting clear strategies for growth and ultimately for realisation of the value created.

HgCapital's objective is to ensure that all businesses in which we invest maximise their long-term potential and reward all of their stakeholders. As a result, we typically invest as the lead, majority shareholder and appoint our executives to the companies' boards to assist each firm in applying active, results-oriented corporate governance.

Beyond the boardroom, HgCapital actively supports management teams to reach their potential through both hands-on support from the Portfolio Management Team, as well as best practice sharing from many years of investing in similar business models. The Portfolio Management Team strives to foster a community amongst the management teams and some of the best industry thinkers to create cutting edge thinking across software, services and industrials, so their businesses can be industry champions.

Responsible investment

For HgCapital, responsible investing means growing sustainable businesses which are great employers, have low environmental impacts and are good corporate citizens, whilst generating superior risk adjusted returns for the millions of pensioners and savers who are invested with our clients.

Through our investments, we look to create quality jobs in sectors with low carbon emissions and to create value through revenue growth over the long-term. We want the businesses we invest in to be genuinely focused on doing well for all stakeholders (employees, customers, suppliers and other partners, as well as shareholders). We firmly believe that businesses that behave this way generate superior long term performance. For more information, visit http://www.hgcapitaltrust.com/about/responsible-investment.aspx

THE MANAGER'S REVIEW continued

OVERVIEW

OUR PEOPLE

HgCapital succeeds through superior insights into new and emerging dynamics in the economy. Developing these insights requires profound understanding of technology, markets and business practices. To this end, we employ best-in-class talent to identify and execute investment opportunities and accelerate value realisation during ownership.

This specialisation - both in investment selection and portfolio management - requires significant resources and we have built a business employing over 110 staff, including more than 65 investment and other professionals. Investing primarily in European businesses, many of which have a global footprint, requires time and a deep understanding of local cultures. Accordingly, our people come from around the globe, including ten Western European countries. Our partners have, on average, twenty years' experience in private equity management.

Positioning ourselves as a best in class recruiter

HgCapital's recruitment and selection processes are rigorous and agile, which, along with our vibrant culture, allow us to attract and hire the best talent in our industry. We place a strong emphasis on delivering an experience that will encourage the best candidates to join us.

Improving our ability to identify talent

We have strengthened our talent identification processes with a focus on outperformers and how we can best accelerate their development within the business. We believe that this is the basis of effective succession planning.

Employee engagement

Our people are highly motivated by, and committed to, delivering outstanding value to our clients and our portfolio company leadership teams. They are engaged by their work, our values and the opportunity to grow to their full potential within HgCapital.

Our values have evolved over many years and are embodied in our working culture; these are aligned with our performance review and compensation structures.

Developing future leaders

We are explicit about the behaviours we wish to encourage at HgCapital, and have aligned training, coaching, performance feedback and incentives to our values.

A full description of HgCapital and our key staff is available at www.hgcapital.com

> "With experienced people and an approach that focuses on delivering value, we believe we have the capability and commitment to deliver strong investment returns to investors."

THE MANAGER'S REVIEW continued

SECTOR SPECIALISATION

TMT

TMT, as a sector, covers a broad range of markets. Driven by our deep sector approach, HgCapital's TMT team is focused on specific sub-sectors including: vertical market application software (particularly delivered via a Software-as-a-Service ('SaaS') model); private electronic marketplaces; B2B media information/publishing; and telecoms/datacentre operators.

Within these sub-sectors, we have invested in high quality businesses with diverse customer bases, which feature subscription-based business models generating predictable revenues and cash flows. The team regularly conducts top-down research within the wider sector, in order to continue to identify and assess further repeatable investment themes where we can invest time to develop proprietary expertise.

Our highly resourced, dedicated team means that we are well placed to identify, assess and complete investments quickly and thoroughly. We work to bring our experience and expertise to support management teams, aiming to have the knowledge of a trade buyer, coupled with the speed and focused delivery of a financial buyer. The team benefits from the depth and breadth of many years of TMT private equity experience, and is complemented by an extensive network of industry experts and advisers.

Given the breadth of opportunity in European TMT, HgCapital is currently investing in the sector from two funds, HgCapital 7 and HgCapital Mercury; targeting middle-market buyouts in companies with enterprise values between £20 million and £500 million. Investing two funds across the sector allows us to bring significant team resource to bear and provides a very comprehensive resource for the management teams that we support.

Services

The Services sector is a large and wide-ranging segment which is traditionally split into 'horizontal' business models such as: business process outsourcing; facilities management; or testing and inspection provision. In contrast, HgCapital's Services Team's investment approach concentrates much more on specific end markets or customer segments, which we believe lead to attractive business model characteristics. We have then invested time to develop a strong understanding of the industry dynamics through top-down research or existing investments, identifying service companies that sell into those specific end sectors.

Within the Services sector, the investment themes that have attracted us have typically featured large fragmented small and medium-sized enterprise ('SME') customer bases, long-term and stable customer relationships, and businesses which provide business-critical services, preferably on a repeat or recurrent basis. We target businesses with leading positions within a niche, typically reflected by strong margins and we aim to grow and scale these businesses, either organically within existing markets (selling into their customer bases), or through acquisition.

Existing investments include companies that serve a range of industries such as: the distribution of commercial laundry and catering equipment; automotive leasing; international business expansion services; and distribution of insurance. All of these have common characteristics including: stable and diverse customer bases; critical, repeated use products; and a strong value proposition with a high level of customer service.

In addition to the sectors noted above, we look to use our long-term investment experience in the healthcare sector to identify sub-sectors within Services and TMT that take advantage of technological change, a key driver of growth within the European healthcare sector.

THE MANAGER'S REVIEW continued

SECTOR SPECIALISATION

Industrials

HgCapital's Industrials Team is focused on partnering with growth businesses within Europe and in particular in the German market, which is characterised by a large number of highly successful, family-owned businesses (the "Mittelstand"). We have earned a reputation as a preferred partner for many Mittelstand companies, as a result of supporting the management of a number of these hidden champions to scale into international businesses. The Industrials Team, based in Munich, is located in the heart of an economic zone containing numerous high-quality, cutting-edge, technology-led industrial businesses, many of which have strong national or international positions in a specific niche sector, with the opportunity to scale further. Our thematic research within this sector has been concentrated over many years on the characteristics that define a strong industrial investment. As a result, we have developed certain themes that we regard as particularly attractive: aftermarket companies; product champions/niche manufacturers; c-part specialists; and smart distribution models.

These themes are overlaid with specific industrial sub-sectors where we have a strong understanding.

Renewable Energy

In 2004, HgCapital established a dedicated renewable energy investment team and, after a period of research, raised its first dedicated fund in 2006. We invest in utility-scale renewable energy projects in Western Europe using proven technologies such as onshore wind, solar and hydro, adopting an infrastructure fund investment approach. We focus on creating industrial scale renewable energy platforms under our control, seeking to aggregate a number of assets and to deliver economies of scale.

Technological advances and the increased scale of the industry have increased the cost competitiveness of renewable energy, as well as providing favourable inflation linkage and a hedge against fossil fuel costs. HgCapital's renewable energy investment theme is focused on the most efficient technologies and best resourced sites, requiring the least regulatory support and resulting in the lowest costs for the consumer.

Investment is at an industrial scale affording the benefits in procurement, attracting higher quality management teams, and creating strategic value. HgCapital is one of the leading owners of onshore wind farms in Scandinavia, has investments in Scandinavian district heating, is one of the largest financial investors in Irish onshore wind, and has a substantial portfolio of ground-mounted solar and small hydroelectricity projects in Spain.

THE MANAGER'S REVIEW continued

OVERVIEW OF THE PERIOD

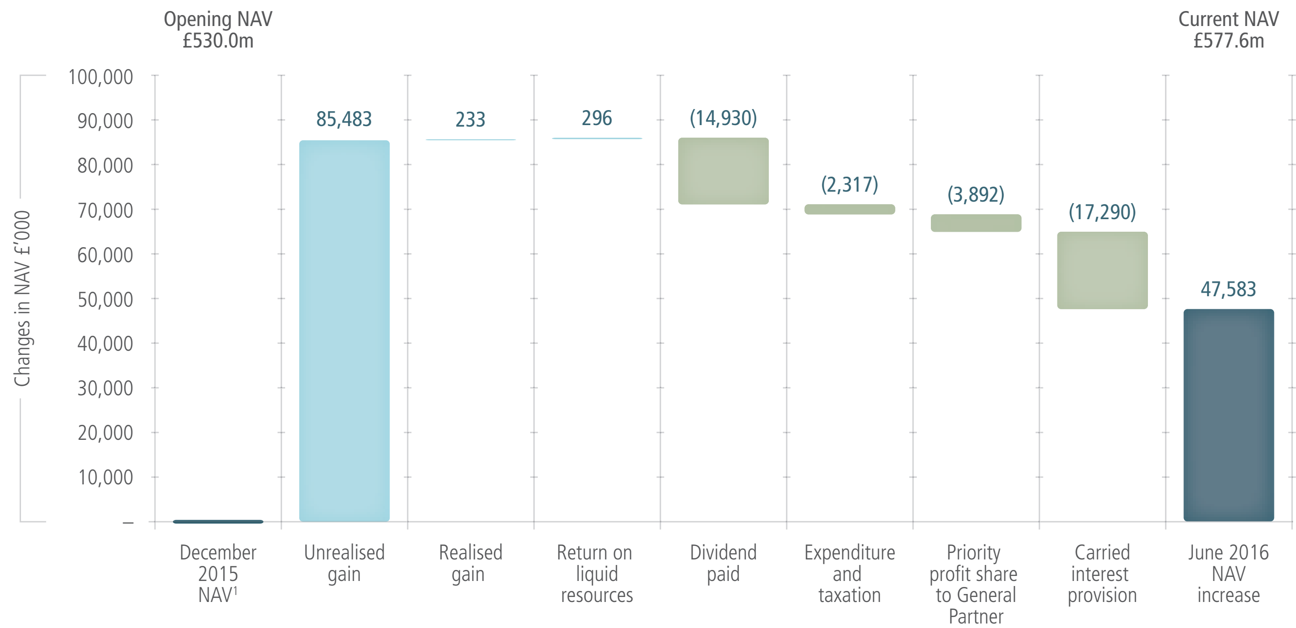
NET ASSET VALUE (NAV)

Over the first half of 2016, the NAV of the Trust increased by £47.6 million, from £530.0 million to £577.6 million at 30 June 2016.

ATTRIBUTION ANALYSIS OF CURRENT PERIOD MOVEMENTS IN NAV

	Revenue £'000	Capital £'000	Total £'000
Opening NAV as at 1 January 2016	31,946	498,077	530,023
Net unrealised capital and income appreciation of investment portfolio	18,104	67,379	85,483
Realised capital and income proceeds from investment portfolio in excess of / (less than) 31 December 2015 book value	399	(166)	233
Net realised and unrealised gains from liquid resources	258	38	296
Dividend paid	(14,930)	–	(14,930)
Expenditure and taxation	(2,317)	–	(2,317)
Investment management costs:			
Priority profit share - current period charge	(3,892)	–	(3,892)
Priority profit share - net loan allocation	(2,609)	2,609	–
Carried interest - current period provision	–	(17,290)	(17,290)
Closing NAV as at 30 June 2016	**26,959**	**550,647**	**577,606**

ANALYSIS OF NAV MOVEMENTS for the period ended 30 June 2016



[1] December 2015 rebased to nil

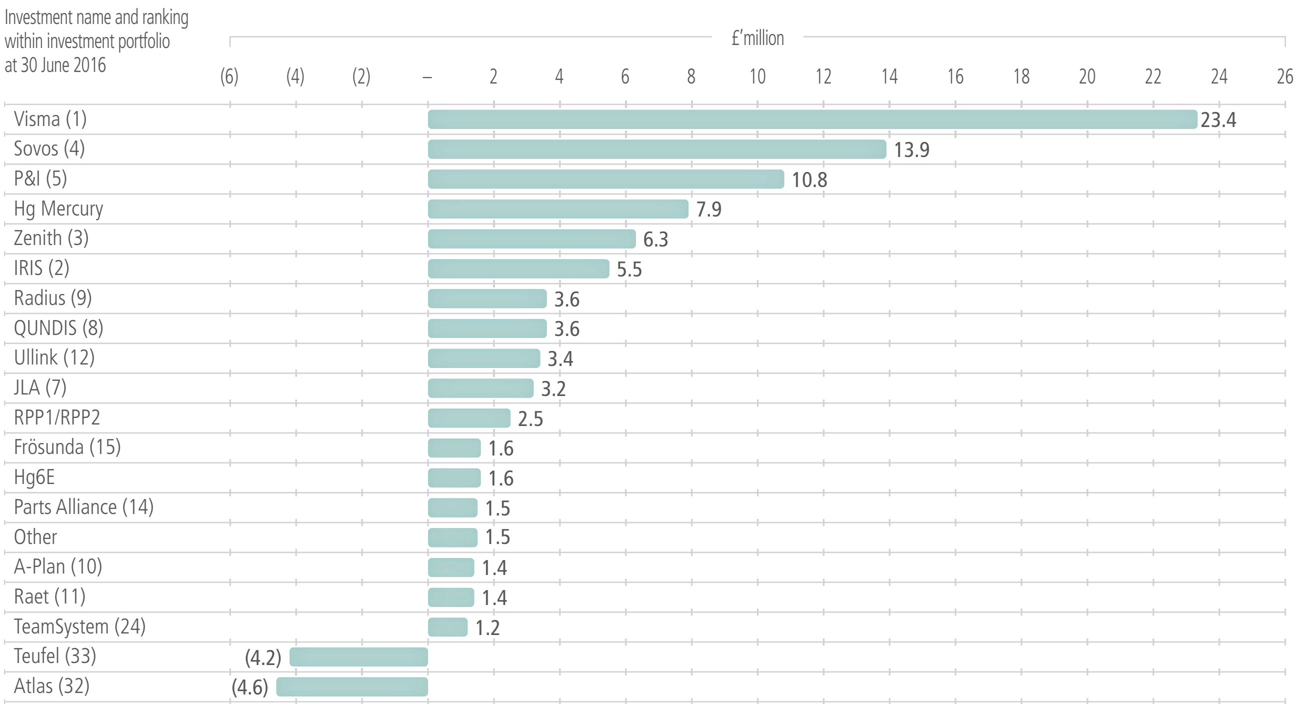
There were a number of underlying factors contributing to the above movement in the NAV. The largest positive impact on the NAV was: the revaluation of the unquoted portfolio (+£85.5 million).

Reductions in the NAV were caused by: the payment of a dividend to shareholders (-£14.9 million); the Manager's remuneration (-£3.9 million and a -£17.3 million increase in the provision for future carried interest); and operating expenditure and taxation (-£2.3 million).

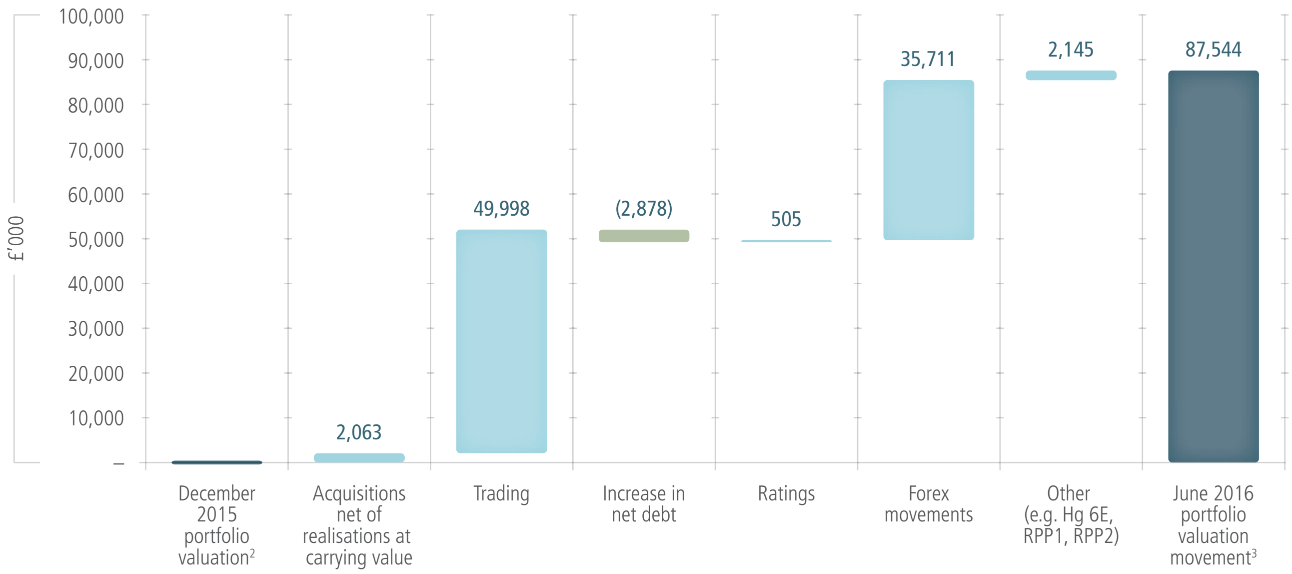
THE MANAGER'S REVIEW continued

OVERVIEW OF THE PERIOD

REALISED AND UNREALISED MOVEMENTS IN INVESTMENT PORTFOLIO for the period ended 30 June 2016



ATTRIBUTION ANALYSIS OF UNREALISED MOVEMENTS IN THE INVESTMENT PORTFOLIO[1] for the period ended 30 June 2016



[1]Includes accrued income [2]December 2015 rebased to nil [3]Before the deduction of the carried interest provision

During the period, the value of the unrealised portfolio increased by £87.5 million before deducting the provision for carried interest. The majority of the uplift (£50.0 million) relates to increases from profit growth in the underlying portfolio and positive foreign exchange movements (£35.7 million).

Another positive contribution was from acquisitions made within the portfolio netted-off against the 31 December 2015 carrying value of realisations made during the year (+£2.1 million). There was a small increase in net debt (-£2.9 million) resulting from refinancings that returned cash to the Trust.

THE MANAGER'S REVIEW continued

OVERVIEW OF THE PERIOD

TOP 20 PORTFOLIO TRADING PERFORMANCE as at 30 June 2016

The Top 20 buyout investments (representing 83% of the total portfolio by value) have delivered aggregate sales growth of 12% and EBITDA growth of 22% over the last twelve months ('LTM').

More than 50% of the portfolio is seeing strong double-digit revenue growth, with close to 80% of the portfolio delivering EBITDA growth in excess of 10% over the last twelve months.

We have continued to see strong double-digit trading performance from some of our larger companies including Visma, IRIS and P&I from our TMT portfolio and JLA and Zenith within the Services sector. These five businesses represent over 40% of the Trust's portfolio value.

Whilst it is early days, some of the newer companies within the portfolio are seeing a strong start to their life under HgCapital's investment, including Sovos Compliance, Citation and Trace One, all of which are currently delivering strong double-digit earnings growth.

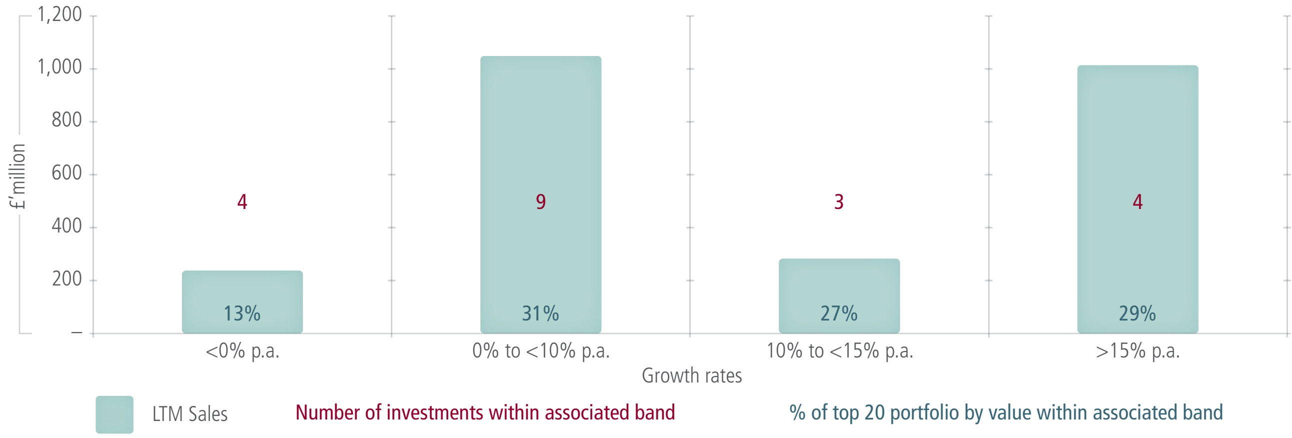
Achilles, one of our Software-as-a-Service ('SaaS') businesses, is focused on driving recurring revenue growth, adding significant costs to improve sales and marketing capabilities and consequently depressing short-term EBITDA, to capture higher growth going forward.

Significant M&A undertaken by Ullink and Radius in 2014 has started to deliver synergies, with both reporting very robust earnings growth over the last year.

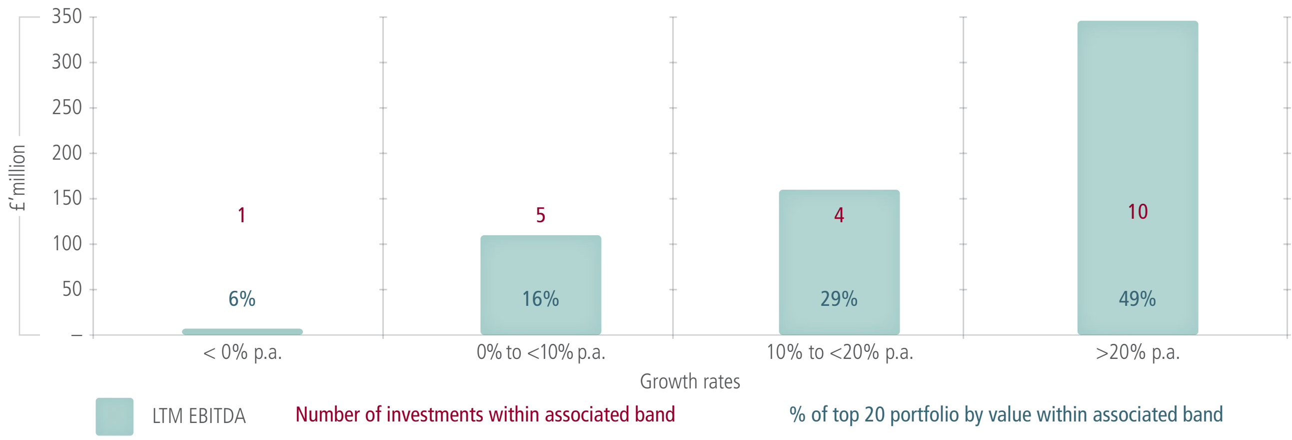
After the planned investment in R&D and production capabilities, QUNDIS is now showing strong growth versus prior year driven by superior product features, new customer wins and increasing market share.

With strong earnings growth and cash generation across the portfolio, we believe that this will continue to drive equity value in our investments.

TOP 20 LTM SALES GROWTH: +12%



TOP 20 LTM PROFIT GROWTH: +22%



THE MANAGER'S REVIEW continued

OVERVIEW OF THE PERIOD

VALUATION AND GEARING ANALYSIS as at 30 June 2016

The portfolio's valuation policy is applied consistently, using the IPEV Valuation Guidelines. Each company is valued individually, resulting in an average EBITDA multiple for the top 20 buyout investments of 14.1x.

We continue to take a considered and prudent approach in determining the level of maintainable earnings to use in each investment valuation. The majority of the portfolio is valued using the LTM earnings to 31 May 2016, unless we have anticipated that the outlook for the full current financial year is likely to be lower, in which case we have used forecast earnings. In selecting an appropriate multiple to apply to a company's earnings, we look at a basket of comparable companies, primarily from the quoted sector, but where relevant and recent, we will also use M&A data.

Almost 40% of the top 20 by value has a multiple of just over 16x (Visma, IRIS and Sovos Compliance). All have attractive business models, are growing strongly and generating cash, and are in demand from investors. These are valued in line with quoted comparables and recent M&A activity.

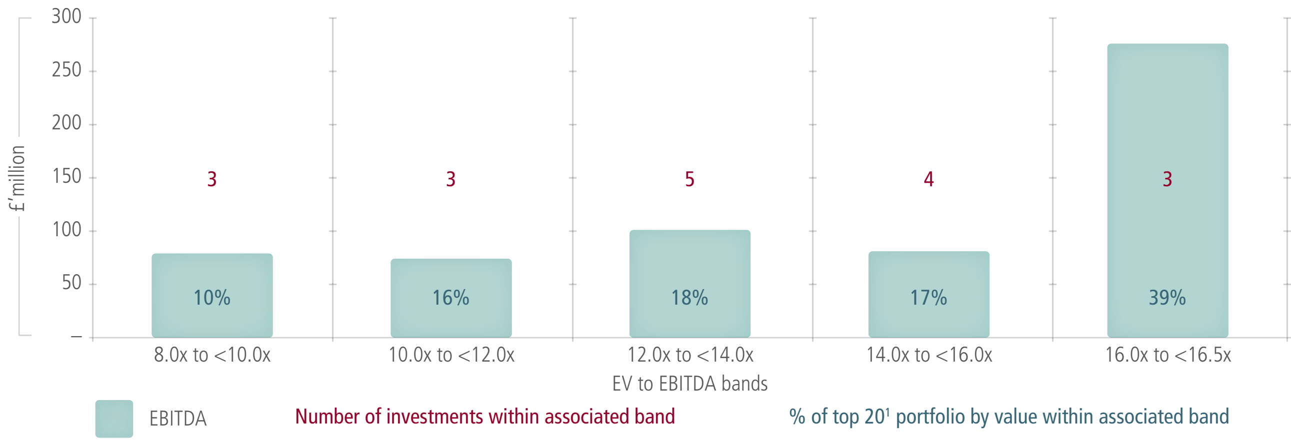
There remains a continued shift in the mix of the portfolio to higher growth businesses, in particular in the TMT sector where we hold a number of companies with substantial opportunities to grow their SaaS business.

Our portfolio companies make appropriate use of gearing, with an average for the top 20 of 4.5x LTM EBITDA. Many of our businesses have highly predictable, strong earnings growth and are very cash generative, enabling us to use debt to gear our returns.

In 2015 we commented on the buoyant debt markets providing low cost financing on flexible terms for businesses that share these characteristics, and we continue to assess opportunities to return cash to our investors.

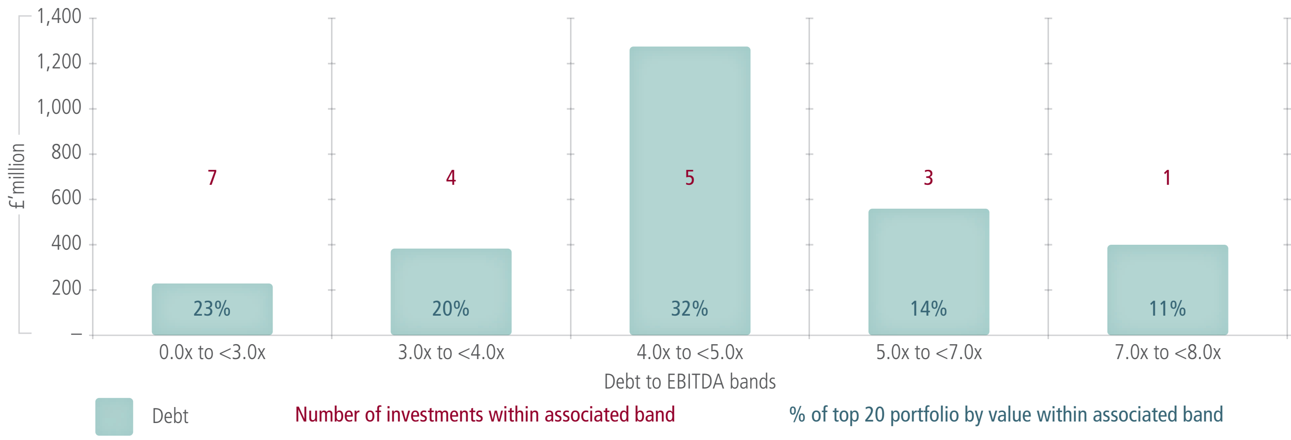
Over the past six months we have refinanced P&I, returning £12.6 million (60% of the original investment made) to the Trust, and Allocate Software, returning £1.8 million (30% of the original investment made) to the Trust.

TOP 20[1] EV TO EBITDA VALUATION MULTIPLE: 14.1x



[1] Excluding two investments valued on a basis other than earnings.

TOP 20 DEBT TO EBITDA RATIO: 4.5x



THE MANAGER'S REVIEW continued

OVERVIEW OF THE PERIOD

OUTSTANDING COMMITMENTS OF THE TRUST

The period ended with liquid resources of £21.2 million supported by an undrawn bank facility of £40.0 million. Outstanding commitments as at 30 June were £98.3 million as listed below. We anticipate that the majority of these outstanding commitments will be drawn down over the next eighteen months and are likely to be partly financed by future cash flows from portfolio realisations. The Trust additionally has the benefit of an opt-out provision in its commitment to invest alongside HgCapital 7, so that it can opt out of a new investment without penalty, should it not have the cash available to invest.

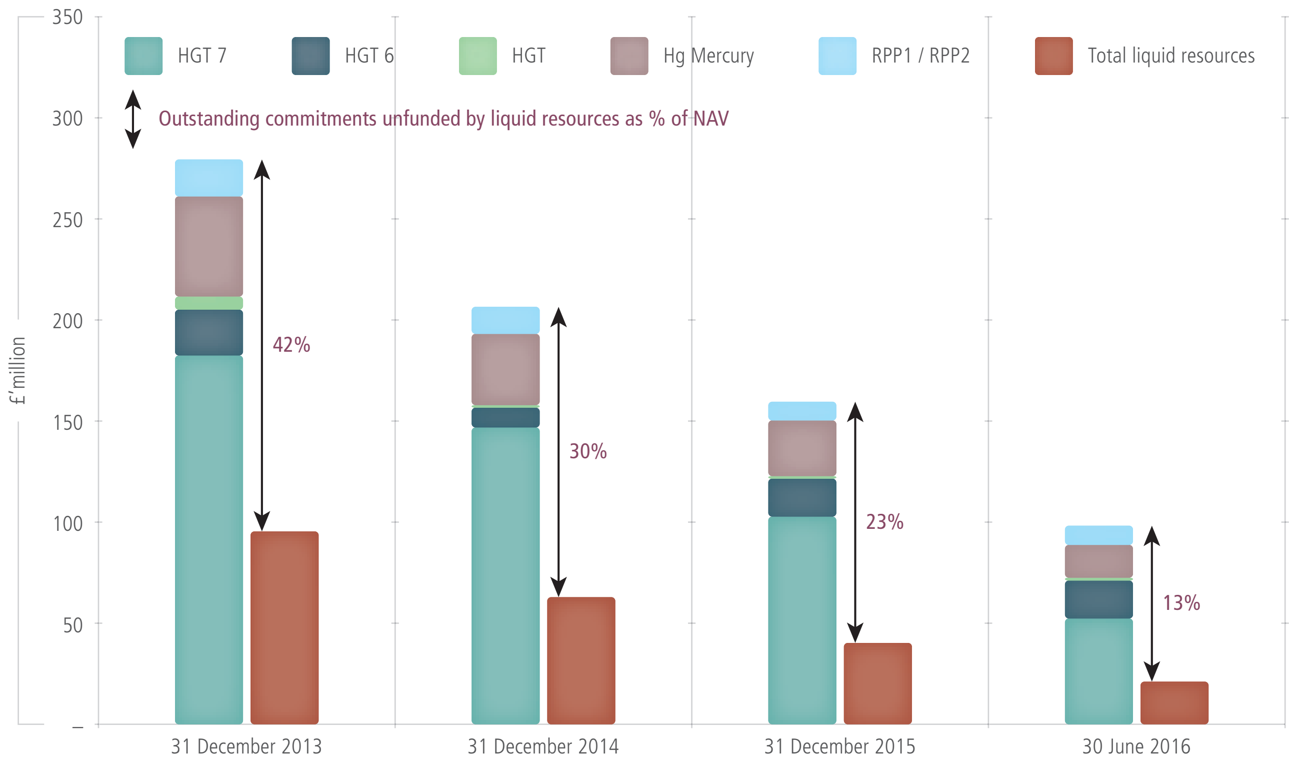
Fund	Fund vintage	Original commitment	Outstanding commitments as at 30 June 2016		Outstanding commitments as at 31 December 2015	
		£'million	£'million	% of NAV	£'million	% of NAV
HGT 7 LP	2013	200.0	52.4	9.1%	102.8	19.4%
HGT 6 LP	2009	285.0	17.9	3.1%	17.9	3.4%
Hg Mercury	2011	60.0	16.3	2.8%	27.5	5.2%
RPP2	2010	33.2[1]	8.3	1.4%	8.2	1.5%
HGT LP (Pre-Hg6 vintage)	pre-2009	120.0[2]	1.3	0.2%	1.3	0.2%
RPP1	2006	18.0[3]	1.2	0.2%	1.0	0.2%
Hg6E[4]	2009	15.0	0.9	0.2%	0.9	0.2%
Total			98.3	17.0%	159.6	30.1%
Liquid resources			21.2	3.7%	40.3	7.6%
Net outstanding commitments unfunded by liquid resources			77.1	13.3%	119.3	22.5%

[1] Sterling equivalent of €40.0 million.

[2] Excluding any co-investment participations made through HGT LP.

[3] Sterling equivalent of €21.6 million.

[4] Partnership interest acquired during 2011.



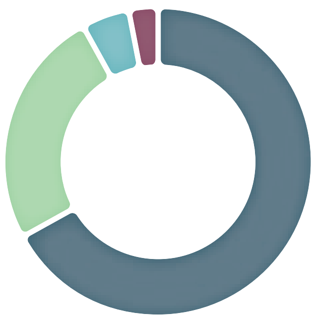
THE MANAGER'S REVIEW continued

INVESTMENT PORTFOLIO OF THE TRUST

	Fund limited partnerships	Residual cost £'000	Total valuation £'000	Portfolio value %
	Primary mid-cap buyout funds:			
1	HGT 7 LP	129,661	179,823	31.9%
	HGT 7 LP – Provision for carried interest	–	(9,054)	(1.6%)
2	HGT 6 LP	164,672	258,703	46.0%
	HGT 6 LP – Provision for carried interest	–	(33,625)	(6.0%)
3	HGT LP	63,962	86,977	15.5%
	Total primary mid-cap buyout funds	358,295	482,824	85.8%
	Secondary mid-cap buyout funds:			
4	HgCapital 6 E LP	5,730	13,712	2.4%
	HgCapital 6 E LP – Provision for carried interest	–	(1,759)	(0.3%)
	Total secondary mid-cap buyout funds	5,730	11,953	2.1%
	Primary small-cap buyout funds:			
5	HgCapital Mercury D LP	36,198	52,908	9.4%
	HgCapital Mercury D LP - Provision for carried interest	–	(2,058)	(0.4%)
	Total primary small-cap buyout funds	36,198	50,850	9.0%
	Total buyout funds	400,223	545,627	96.9%
	Renewable energy funds:			
6	RPP2 Fund	24,047	16,080	2.9%
7	RPP1 Fund	4,724	1,171	0.2%
	Total renewable energy funds	28,771	17,251	3.1%
	Total investments net of carried interest provision	428,994	562,878	100.0%

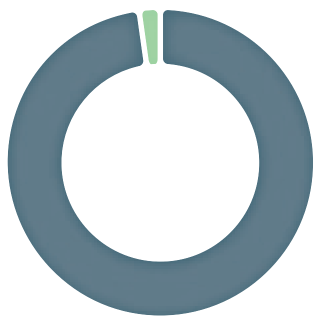
Sector by value[1] of primary buyout portfolio

- 67% TMT
- 25% Services
- 5% Industrials
- 3% Healthcare



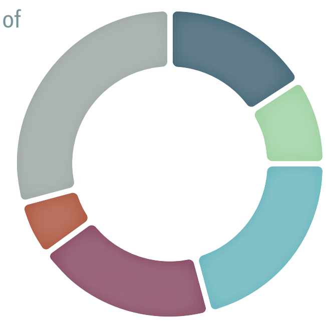
Deal type by value[1]

- 97% Buyout
- 3% Renewable Energy



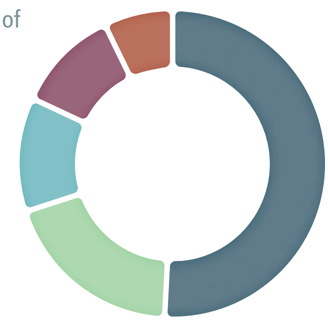
Investment vintage by value[1] of primary buyout portfolio

- 16% 2016
- 9% 2015
- 21% 2014
- 19% 2013
- 6% 2012
- 29% pre 2012



Geographic spread by value[1] of primary buyout portfolio

- 51% UK
- 19% Nordic Region
- 12% Germany
- 11% Other Europe
- 7% USA



[1] Excluding carried interest provision

THE MANAGER'S REVIEW continued

INVESTMENTS

Over the first six months of 2016, £597 million was invested on behalf of our clients, with the Trust's share being £73 million.

The vast majority of our investments are generated by establishing and developing relationships with companies in our chosen segments over the longer-term and typically pursuing opportunities where we have a strong relationship with a founder or management team. By doing this, we believe that we can invest in the very best businesses within our chosen sub-sectors.

We continue to look for businesses that share similar underlying business model characteristics such as: high levels of recurring revenues; a product or service that is business-critical but typically low spend; low customer concentration; and low sensitivity to market cycles. This is a theme that runs through many of our new investments and we believe that these types of companies will remain in high demand.

INVESTMENTS

Sovos Compliance

Sovos Compliance is a leading global provider of tax compliance software, headquartered in Boston, USA. Having tracked the company for several years, HgCapital acquired majority ownership from Vista Equity Partners, who have retained a significant minority stake in the company, working alongside the management team. Sovos Compliance displays a number of the investment characteristics we target, providing business-critical software with highly recurring revenues.

The Trust has additionally co-invested alongside its core HgCapital 7 participation in Sovos Compliance (£8.0 million).

Kinapse

Kinapse is a UK-headquartered global provider of advisory, capability building and operational services to the life sciences industries, focused on regulatory compliance and quality.

The Services Team has followed Kinapse closely for several years and this investment fits with HgCapital's strategy of investing in leading regulatory-driven services.

Citation

Citation is one of the UK's top providers of Health & Safety, HR, Employment Law and ISO services to SMEs.

The Services Team has followed Citation for several years and this investment fits HgCapital's strategy of investing in leading technology-enabled professional services providers in regulatory-driven and fast growing niches.

Trace One

Trace One is a provider of software to the retail and private label goods sectors, headquartered in Paris, and serving customers across Europe and North America.

Trace One fits HgCapital's strategy of investing in companies with subscription revenues in regulatory-driven growth niches and working with founder entrepreneurs looking to transition their businesses to the next stage of ownership.

Further detail on the top 10 largest investments as at 30 June 2016 can be found on pages 33 to 43.

THE MANAGER'S REVIEW continued

INVESTMENTS

Raet

Raet is a provider of HR cloud software and services headquartered in Amersfoort, the Netherlands, and serving more than 10,000 customers internationally.

This investment is a continuation of HgCapital's theme of investing in leading payroll and HR-related businesses. The TMT Team has followed Raet closely for more than five years, building a strong relationship with the new management team, and will now work closely with them to accelerate Raet's robust organic growth.

STP

STP is a key provider of specialist software to insolvency administrators and law practices. STP employs c.180 people serving over 1,200 customers and has offices in Germany and Switzerland.

The company shares many of the business model characteristics that the HgCapital teams look for in an investment, including strong recurring revenues with a product that is critical to its loyal customer base and a strong management team.

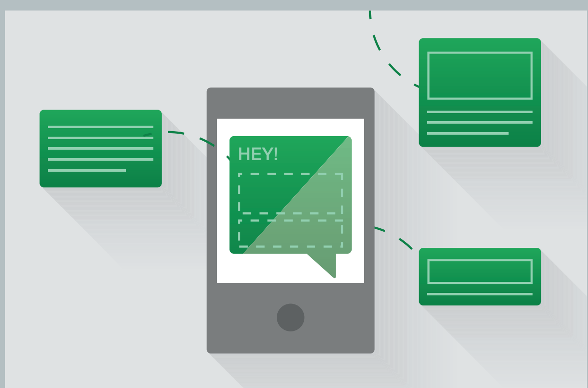
NEW INVESTMENTS SINCE THE PERIOD-END

An estimated further £46 million has been invested on behalf of our clients since 30 June 2016 with the Trust's share being £6 million

Blick Rothenberg

Founded in 1945 and headquartered in London, Blick Rothenberg is a firm of chartered accountants, combining the experience and expertise of a large organisation with the approachability of a smaller personal advisor. The firm now has 24 partners and over 200 staff.

HgCapital has followed Blick Rothenberg closely for more than three years and this investment is in line with HgCapital's sector-focused approach of investing in regulatory-driven businesses in and around the accounting and tax compliance space.



Mobyt

Established in 2002, Mobyt provides Application-to-Person SMS services to a range of large businesses and SMEs in Italy and France. Mobyt is headquartered in Ferrara, Italy.

Mobyt serves c. 28,000 companies and sends one in every four application-to-person SMS messages in Italy. The business displays many of the characteristics HgCapital looks for, including a fragmented sector and customer base and high customer loyalty in an area which is seeing strong growth.

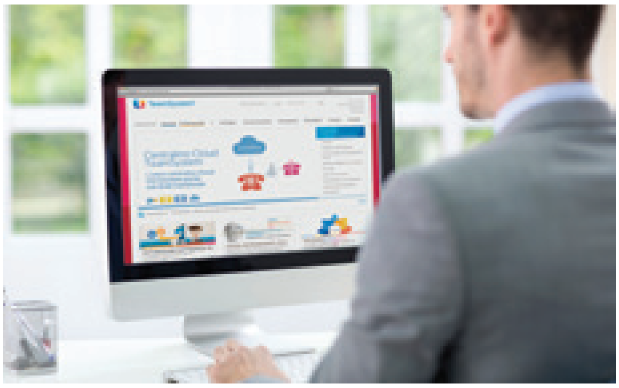
THE MANAGER'S REVIEW continued

REALISATIONS

Over the first six months of 2016, HgCapital has returned £480 million to its clients, including £71 million to the Trust.

It has been an active period for realisations. We made several references to 'frothy' markets in 2015 and this has helped inform our approach to selling investments whilst also carefully considering our appetite for selling versus holding onto businesses for longer. We have taken advantage of buoyant debt markets over 2016 by refinancing investments where we have good visibility of their future earnings, returning cash proceeds to our clients, including the Trust, and we continue to assess further opportunities here.

EXITS



Casa Reha

Casa Reha, a private German provider of elderly care services, specialising in high quality, assisted living, was sold to Euronext-listed Korian, a European provider of elderly health care services.

On completion, the Trust realised cash proceeds of £7.8 million which were fully reflected in the December 2015 valuation.

TeamSystem

TeamSystem, a leading provider of business-critical, regulatory driven software products to accountants, HR professionals and SMEs in Italy, was sold to Hellman & Friedman LLC.

On completion, the Trust realised cash proceeds of £39.2 million which were fully reflected in the December 2015 valuation.

HgCapital has retained a minority position and board representation at TeamSystem. The Trust's share of this was valued at £7.2 million at 30 June 2016.

REFINANCINGS

P&I

In January, the Munich TMT Team completed the refinancing of P&I, a leading supplier of payroll and HR-related software to SMEs and the public sector in Germany, Austria and Switzerland.

This represents a 60% return on the original investment made in December 2013.

Allocate Software

In May, the Mercury Team completed the refinancing of Allocate Software, a key provider of healthcare rostering software.

This represents a 30% return on the original investment made in December 2014.

THE MANAGER'S REVIEW continued

REALISATIONS SINCE THE PERIOD-END

HgCapital has returned an estimated further £176 million to its clients, including £26 million to the Trust.

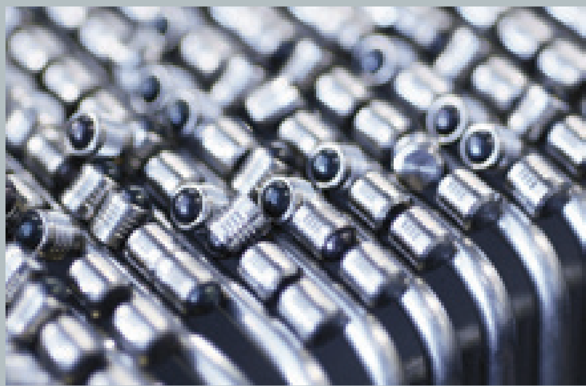
Since 30 June 2016, we have announced four exits from the portfolio. Three of these, SFC KOENIG, NetNames and Mainio Vire were companies that have unperformed and were consequently written down early in HgCapital's investment period. HgCapital worked hard to restore value in these businesses and all were sold at healthy uplifts to their carrying value. The fourth exit, Relay Software, was the first full realisation from the Mercury Fund, which launched in 2012, and represented a c. 40% gross IRR and 2.2x original cost.

EXITS

Mainio Vire
In June, the sale of Mainio Vire, a provider of elderly care, mental health and home services in Finland, to Mehiläinen was agreed. Mehiläinen is a private provider of social and health care services, also based in Finland.

One third of the proceeds are to be returned in cash with the remainder being rolled in Mehiläinen with potential further upside going forwards.

On completion, this transaction is estimated to result in an uplift of 37% over the carrying value of the investment at 31 December 2015.



SFC KOENIG
In July, the Munich Team announced the sale of SFC KOENIG, a Switzerland-based provider of high-quality, sealing and flow control technology, to IDEX, a producer of highly engineered fluidics systems and components in the USA.

On completion, this transaction is estimated to result in an uplift of 18% over the carrying value of the investment at 31 December 2015.

NetNames
In August, the TMT Team completed the sale of NetNames, a leading provider of global brand protection and internet domain name management services, to CSC, a US-based, provider of business administration services to corporations.

This transaction resulted in an uplift of 14% over the carrying value of the investment at 31 December 2015.

Relay Software
In August, the Mercury Team announced the sale of Relay Software, a provider of software to insurance brokers, underwriters and insurers in the Republic of Ireland, to Applied Systems, a US-based, global provider of cloud-based insurance broker management software. This represents the first full exit from the Mercury Fund which launched in 2012.

On completion, this transaction resulted in an uplift of 73% over the carrying value of the investment at 31 December 2015.

THE MANAGER'S REVIEW continued

SUMMARY OF INVESTMENT AND REALISATION ACTIVITY

INVESTMENTS MADE DURING THE PERIOD

Company	Sector	Geography	Activity	Cost £'000
Sovos Compliance	TMT	USA	Regulatory tax compliance software	24,283
Raet	TMT	Netherlands	HR cloud software and services	16,127
Citation	Services	UK	Health & Safety, HR, employment law and ISO services to SMEs	10,068
Kinapse	Services	UK	Life sciences advisory services	9,959
Trace One	TMT	France	SaaS platform for the retail and private label goods sectors	8,581
STP	TMT	Germany	Software for insolvency administrators and legal practices	5,420
New Investments				74,438
Further Investments				(1,659)[1]
Total investments on behalf of the Trust				**72,779**

[1] Figure is negative due to the refinancing of underlying investments which is accounted for as a reduction of original cost if completed within 12 months of original acquisition.

REALISATIONS MADE DURING THE PERIOD

Company	Sector	Exit route	Proceeds[1] £'000
TeamSystem	TMT	Secondary sale	39,162
Casa Reha	Healthcare	Trade	7,753
Full realisations			46,915
P&I	TMT	Refinancing	12,591
IRIS	TMT	Distribution received	5,315
HgCapital 6 E LP	Fund	Distribution received	2,525
Allocate Software	TMT	Refinancing	1,796
Other			1,804
Partial realisations			24,031
Total realisations on behalf of the Trust			**70,946**

[1] Includes gross revenue received during the period.

THE MANAGER'S REVIEW continued

OUTLOOK

The first six months of 2016 saw substantial progress across the broader HgCapital portfolio with strong trading performance, despite a continuing uncertain economic environment, exacerbated by the result of the EU referendum in the UK in late June 2016.

Whilst we gave much consideration to this possible outcome, our immediate prognosis is that the vote will have a relatively limited impact on the HgCapital portfolio, apart from instances where a currency mismatch exists between costs and revenues for a small handful of our companies. More broadly, the post-referendum environment has seen a general unwinding of historic currency losses on non-sterling investments across our funds, benefiting the valuations at the end of June.

During 2016, we have continued to invest selectively in opportunities where we have built many years of knowledge of the business and have a strong relationship with a founder or management team. This has led to eight new portfolio investments in the year-to-date, including: Raet, the fourth payroll software investment completed by HgCapital; STP, a provider of software for insolvency administrators and law practices; and Blick Rothenberg, a provider of accounting and tax advisory services, forming the basis of the newly launched CogitalGroup.

In early 2016 we completed the sales of Casa Reha and TeamSystem, announced in late 2015, and we have continued to return a material amount of capital to investors in recent months, with the full realisations of four investments in the period immediately post the referendum: Mainio Vire; SFC KOENIG; NetNames; and Relay Software. Three of these exits were to US trade buyers. These returns over the past eight months demonstrate the attractions of HgCapital portfolio companies to both trade and PE buyers. We expect to return further capital over the remainder of the year, from a combination of both refinancings and exits.

In terms of leverage on new investments, early indications are that all of our key UK and European relationship banks remain committed to the market generally and to supporting HgCapital.

Trading over the first six months of the year has continued to generate double-digit revenue and EBITDA growth across the portfolio and, given its defensive characteristics and focus on protected business models, we believe our investments are well positioned to see strong growth on an absolute and relative basis going forward, even if macro-economic conditions deteriorate.

In this type of market environment, we believe that the clarity of our investment strategy confers a number of clear advantages to a disciplined buyer. Specifically, we will continue to focus on investing in businesses that provide a business-critical product or service, to a fragmented customer base, and benefiting from strong contracted or recurring revenues. This should enable us to identify opportunities with the appropriate business model to generate strong, risk-adjusted returns for our clients.

"The portfolio has seen strong trading performance in the first half of 2016. This, combined with further continued capital returns from both exits and refinancings, will continue to drive value for our shareholders."

Nic Humphries, Senior Partner of HgCapital

THE MANAGER'S REVIEW continued

OVERVIEW OF THE UNDERLYING INVESTMENTS HELD THROUGH FUND LIMITED PARTNERSHIPS

Investments (in order of value)	Fund	Sector	Location	Year of investment	Residual cost £'000	Total valuation[5] £'000	Portfolio value %	Cum. value %
1 Visma[1]	HGT 7 / HGT 6 / HGT	TMT	Nordic region	2014	53,659	86,245	14.2%	14.2%
2 IRIS	HGT 6	TMT	UK	2011	21,654	56,563	9.3%	23.5%
3 Zenith	HGT 6	Services	UK	2013	16,245	43,601	7.2%	30.7%
4 Sovos Compliance[2]	HGT 7 / HGT	TMT	USA	2016	24,284	38,153	6.3%	37.0%
5 P&I[2]	HGT 7 / HGT	TMT	Germany	2013	11,044	34,230	5.6%	42.6%
6 Achilles[3]	HGT	TMT	UK	2008	15,218	28,319	4.6%	47.2%
7 JLA	HGT 6	Services	UK	2010	3,511	23,850	3.9%	51.1%
8 QUNDIS	HGT 6	Industrials	Germany	2012	12,540	21,733	3.6%	54.7%
9 Radius	HGT 6	Services	UK	2013	17,966	21,020	3.4%	58.1%
10 A-Plan	HGT 7	Services	UK	2015	14,573	20,409	3.3%	61.4%
11 Raet	HGT 7	TMT	Netherlands	2016	16,127	17,519	2.9%	64.3%
12 Ullink	HGT 7	TMT	France	2014	10,034	15,469	2.5%	66.8%
13 The Foundry	HGT 7	TMT	UK	2015	15,175	14,158	2.3%	69.1%
14 Parts Alliance	HGT 6	Services	UK	2012	10,495	14,058	2.3%	71.4%
15 Frösunda	HGT 6	Healthcare	Nordic region	2010	14,296	13,884	2.3%	73.7%
16 NetNames (sold)	HGT 6	TMT	UK	2011	14,249	12,805	2.1%	75.8%
17 Lumesse	HGT 6	TMT	UK	2010	20,807	11,496	1.9%	77.7%
18 Citation	HGT 7	Services	UK	2016	10,068	10,127	1.7%	79.4%
19 Kinapse	HGT 7	Services	UK	2016	9,959	9,959	1.6%	81.0%
20 Trace One	Mercury	TMT	France	2016	8,581	9,737	1.6%	82.6%
21 Intelliflo	Mercury	TMT	UK	2013	4,014	9,386	1.5%	84.1%
22 EidosMedia	HGT 7	TMT	Italy	2015	8,414	8,920	1.5%	85.6%
23 Allocate Software	Mercury	TMT	UK	2014	4,094	8,091	1.3%	86.9%
24 TeamSystem	HGT 6	TMT	Italy	2010	144	7,178	1.2%	88.1%
25 Sequel Business Solutions	Mercury	TMT	UK	2014	2,252	6,794	1.1%	89.2%
26 STP	Mercury	TMT	Germany	2016	5,420	5,502	0.9%	90.1%
27 SFC KOENIG (sold)	HGT	Industrials	Switzerland	2008	5,767	4,823	0.8%	90.9%
28 Eucon	Mercury	TMT	Germany	2015	4,408	4,677	0.8%	91.7%
29 Zitcom	Mercury	TMT	Nordic region	2015	3,072	4,554	0.7%	92.4%
30 Mainio Vire (sold)	HGT 6	Healthcare	Nordic region	2011	8,306	4,048	0.7%	93.1%
31 Relay Software (sold)	Mercury	TMT	Republic of Ireland	2014	1,552	3,596	0.6%	93.7%
32 Atlas	HGT	Services	UK	2007	12,542	3,531	0.6%	94.3%
33 Teufel	HGT 6	Industrials	Germany	2010	10,799	2,270	0.4%	94.7%
34 Valueworks Limited	Mercury	TMT	UK	2012	2,805	571	0.1%	94.8%
Non-active investments[4] (4)	HGT / HGT 6				419	1,135	0.1%	94.9%
Total buyout investments (38)					394,493	578,411	94.9%	
Other buy-out investments	Hg6E				5,730	13,712	2.3%	97.2%
Renewable energy investments	RPP1/RPP2	Renewable energy			28,771	17,251	2.8%	100.0%
Total gross investments[5]					428,994	609,374	100.0%	

[1] Investment through HGT 7 LP, HGT 6 LP and co-investment participation through HGT LP.
[2] Investment through HGT 7 LP and co-investment participation through HGT LP.
[3] Investment and co-investment participation through HGT LP.
[4] Residual ownerships in holding company structures, following earlier realisations of underlying operating company groups, awaiting liquidation and final proceeds.
[5] Including accrued income but before the provision for carried interest.

THE MANAGER'S REVIEW continued

THE TOP 10 BUYOUT INVESTMENTS
representing 61% of the total portfolio

Buyout investments are held through limited partnerships, of which the Trust is the sole limited partner. The Trust invests alongside other clients of HgCapital. Typically, the Trust's holding forms part of a much larger majority interest held by HgCapital's clients in buyout investments in companies with an enterprise value ('EV') of between £20 million and £500 million. The Manager's Review generally refers to each transaction in its entirety, apart from the tables detailing the Trust's participation or where it specifically says otherwise.

1. Visma

Business description

Visma is a leading provider of mission-critical business software and outsourcing services to SMEs in the Nordic region. Headquartered in Norway, the company provides accounting, resource planning and payroll software, outsourced bookkeeping, payroll services and transaction process outsourcing to its customer base of close to 500,000 enterprises across the Nordic countries, the Baltics and the Netherlands.

Why did we invest?

Visma was an early example of HgCapital's focus on recurring revenue, business-critical application software companies serving SMEs and their advisers. The company enjoys high levels of predictable recurring revenue resulting from a subscription payment model. At acquisition in 2006, both organic and acquisition-driven revenue growth opportunities were identified, as well as significant opportunities to increase profit margins.

How do we intend to create value?

Visma has consistently exceeded our investment plans. In April 2014, following a decision by majority owner KKR to sell part of its original 2010 stake in Visma, HgCapital decided to sell its remaining stake, generating a total return between 2006 and 2014 of 5.2x original cost and a gross IRR of 33%. HgCapital and its clients have re-invested £409 million in the business for a 31% stake via the HgCapital 7 fund and co-investment participation as a co-lead investor alongside KKR and Cinven, valuing the business at a total EV of NOK 21 billion (£2.1 billion). The re-investment in Visma reflected our conviction in the continuing strength of the business: backing a management team we know well with a strong track record of creating value for investors.

What has been achieved?

Since our first investment in 2006, Visma has acquired over 100 companies, notably: Mamut ASA, a provider of ERP software to small customers in Norway (2011); Netvisor, a provider of Software-as-a-Service ('SaaS') based ERP software to the Finnish small customer segment (2011); Agda, a Swedish provider of payroll software to SMEs (2012); InExchange, a Swedish e-invoicing leader (2013); Huldt & Lillevick, a payroll provider to SMEs (2014); e-conomic / Speedledger (2015); and EasyCruit, recruitment software solutions (2016). These deals strengthened organic growth from innovation in new products as well as driving margin improvement through a re-organisation of Visma's internal processes. Visma is now positioned as one of the leading and largest SaaS companies in Europe, with over NOK 1.0 billion of pure-SaaS revenues.

How is it performing?

Visma continues to see strong organic growth in revenue and EBITDA. SaaS growth has remained robust, growing at c.23% organically in the key SMB division over the previous year. SaaS currently accounts for c.20% of total revenue. £/NOK foreign exchange movements over the first half of 2016 have had a positive effect on the translation of the period-end valuation into sterling, reversing some of the adverse impact of currency since re-investment in 2014.

How will we crystallise value?

As already evidenced, Visma has a scale and growth profile which would make it an attractive target to a large private equity group or a candidate for an initial public offering ('IPO').

Website: www.visma.com

Original enterprise value: NOK 21 billion

HgCapital clients' total equity: 36.5%

Visma – the Trust's underlying investment through HGT 7 LP, HGT 6 LP and co-investment through HGT LP

Sector	Location	Investment date	Residual cost £'000	Unrealised value £'000
TMT	Nordic Region	Aug 2014	53,659	86,245

2. IRIS

Business description

Headquartered in Berkshire, IRIS is a leading provider of business-critical software and services to the UK accountancy market and payroll applications to key business segments, including the UK general practitioners' market.

Over half of all UK accountancy firms rely on IRIS to run their business, and its SME software is used by over 38,500 SMEs and payroll bureaux across a number of sectors, including 50% of UK GP practices and a growing number of UK retailers. 18% of UK businesses pay their employees via IRIS payroll solutions. Additionally, over 100,000 SMEs subscribe to IRIS's cloud solutions to run their business.

Why did we invest?

HgCapital has been an investor in IRIS since 2004, retaining a minority stake, following its sale and merger with CSH in 2007 and becoming a majority investor again in 2011, when we separated the two businesses. IRIS is one of the earliest examples of our focus on business-critical software firms operating in attractive, predictable end-markets. IRIS operates a business model with over 80% of revenues coming from subscriptions, and high customer retention rates, driven by consistent regulatory updates and additional features as part of their subscription. The investment decision was based on the potential for organic growth and acquisition-led consolidation opportunities in the sector.

How do we intend to create value?

The company is achieving strong organic revenue and profit growth through a combination of market share gains, price optimisation and the on-going development of new solutions to sell into the existing customer base.

Furthermore, the UK accountancy and SME software markets remain fragmented, offering additional acquisition opportunities. IRIS has always been at the forefront of providing the most innovative products to its customers, and will continue to invest in new technology to meet all of its customers' needs. In addition, we think there is substantial upside by developing or acquiring SaaS products to target adjacent markets.

What has been achieved?

IRIS has been successful in broadening its addressable market by expanding its offering, both by organic product development and by acquisition. The company has also successfully established a Cloud Division to sell SaaS products to UK accountants and SMEs and has invested in an HR software business, to broaden its offering to cover all of an SME's back office needs. In August 2015, IRIS was refinanced on the back of its strong trading performance.

How is it performing?

The business is performing very well with strong organic revenue growth in all of the company's divisions. The Cloud Division continues to receive significant investment, as we believe this is an attractive market with long term growth potential and strategic value.

IRIS delivered double-digit core revenue and EBITDA growth in the year ending April 2016.

How will we crystallise value?

IRIS would be an attractive acquisition target to a financial buyer, due to its strong organic growth, margins, cash conversion and recurring revenue. It would also represent a strong strategic fit with a number of trade players.

Website: www.iris.co.uk

Original enterprise value: £425 million

HgCapital clients' total equity: 74.1%

IRIS – the Trust's underlying investment through HGT 6 LP

Sector	Location	Investment date	Residual cost £'000	Unrealised value £'000
TMT	UK	Dec 2011	21,654	56,563

3. Zenith

Business description

Zenith is the largest independent vehicle leasing business in the UK. It was formed in March 2014 through the merger of Zenith Vehicle Contracts and the Leasedrive Group.

Headquartered in Leeds, with full-service operations in both Solihull and Wokingham, the combined group has over 500 employees and provides end-to-end automotive solutions focused on contract hire, salary sacrifice, short-term hire and fleet management services to customers across the UK. The company operates a fleet of over 85,000 vehicles and focuses on serving blue-chip customers, principally as sole supplier.

Why did we invest?

Zenith has strong core profitability aligned with double-digit revenue growth and high cash flow conversion. It offers a business-essential service to a largely fragmented customer base, with a high customer retention rate. In addition to growing its core contract hire fleet, we believe substantial growth can be achieved in the emerging salary-sacrifice marketplace in the UK.

The merger was driven by the highly complementary nature of the two businesses and the potential to create significant economies of scale as a larger group.

How do we intend to create value?

In addition to supporting core customer growth, there is the opportunity for significant improvement in operating and financing efficiency through the enhanced scale afforded by the merger. This platform should also enable further strategic M&A, where HgCapital's experience in buy-and-build and the company's flexible capital structure makes Zenith a compelling acquirer.

What has been achieved?

Leasedrive was acquired by HgCapital in December 2013 and we subsequently completed the acquisition of Zenith in February 2014. Zenith and Leasedrive immediately began operating as a single entity. The integration of the two companies has gone well with significant synergies realised.

In April 2015, Zenith was refinanced on the back of its strong trading performance, returning c. 45% of the original investment made to clients. Following this, in June 2015 Zenith agreed a new securitisation facility with improved terms.

HgCapital continues to support management to drive the value of the investment, through potential bolt-on acquisition opportunities and by improving operational and financial efficiency.

How is it performing?

The integration of Zenith and Leasedrive is now complete and has delivered synergies in line with expectations. The combined business has continued to see strong double-digit revenue and EBITDA growth in 2016 and the contracted nature of its business model means a significant proportion of future growth is already underpinned by existing customer contracts.

How will we crystallise value?

We believe that the combination of largely contracted growth, high cash flow conversion and a proven platform for M&A will make Zenith an attractive opportunity for both trade and financial buyers.

Website: www.zenith.co.uk

Original enterprise value: £337 million

HgCapital clients' total equity: 65.2%

Zenith – the Trust's underlying investment through HGT 6 LP

Sector	Location	Investment date	Residual cost £'000	Unrealised value £'000
Services	UK	Dec 2013	16,245	43,601

4. Sovos Compliance

Business description

Sovos Compliance ('Sovos') is a global provider of compliance solutions, managing all aspects of the tax compliance process, from tax calculation, forms completion and ultra-high-volume filing to secure funds transfer to state and local revenue departments. At the heart of Sovos' software suite is a powerful tax calculation engine that leverages the industry's most comprehensive repository of more than 210 million tax rules in over 13,500 jurisdictions, across more than 200 countries.

Headquartered in Boston, USA with a presence also in Europe and Latin America, the majority of revenue is generated in the US from a customer base of c. 4,500 corporates.

Why did we invest?

HgCapital's TMT team tracked Sovos (previously Taxware) for two years, as we identified the company as a scale specialist in tax compliance for enterprise customers. We also saw the potential to expand the company outside the US market.

Sovos sits right in the HgCapital 'sweet spot' with a strong and predictable business model including: 96% contractually recurring revenue; a fragmented and loyal customer base; high margins; and robust cash conversion. Sovos' largest, core products have achieved consistent double-digit organic revenue growth.

How do we intend to create value?

In addition to continuing to grow revenues organically, Sovos has a strong track record of acquiring and successfully integrating tax compliance software companies. The market remains fragmented and hence we believe there are multiple attractive opportunities for Sovos to grow inorganically. There is additional potential through further margin improvement.

What has been achieved?

It is early days for our investment in Sovos; however, in June the company announced the acquisition of Invoiceware International, based in Atlanta and Sao Paulo. This expands the company's capabilities in Latin America and adding the industry's only solution for handling electronic invoicing and fiscal reporting in multiple countries from a single platform.

How is it performing?

Sovos has seen rapid growth since our investment in early 2016, partly driven by strong adoption of its Affordable Care Act (ACA) compliance solution, as well as continued strong organic growth in its core products. Our current valuation has benefited from the weakness of sterling against the dollar since the time of our investment.

How will we crystallise value?

We believe Sovos will be an attractive acquisition target for private equity buyers, as it demonstrates high levels of organic revenue growth, high EBITDA margins and strong market positioning. However, we also see an IPO as a potential route to exit, given the strong cash generation and increasingly global equity story. Lastly, there are several notable potential trade buyers.

Website: www.sovos.com

Original enterprise value: $700 million

HgCapital clients' total equity: 74.4%

Sovos Compliance – the Trust's underlying investment through HGT 7 LP and co-investment through HGT LP

Sector	Location	Investment date	Residual cost £'000	Unrealised value £'000
TMT	USA	Mar 2016	24,284	38,153

5. P&I

Business description

Headquartered in Germany, P&I supplies payroll and HR-related software to mid-market companies and the public sector in Germany, Austria and Switzerland.

The company serves more than 15,000 customers. The business offers software for the management of payroll, workforce, time management, human capital management and HR analytics.

It typically serves "Mittelstand" businesses with 200–5,000 employees, across a range of industries, as well as medium-sized and large public sector customers. It employs slightly more than 400 people with offices in Austria, Switzerland, Slovakia and Silicon Valley and it has partners in nine additional European countries.

Why did we invest?

P&I displays specific characteristics that HgCapital looks for in its portfolio companies: a scalable business model with a broad, diversified customer base; strong customer loyalty; and a significant share of recurring revenues, driven by on-going regulatory changes.

P&I is a driver of innovation in HR technology and is highly rated among its customers for the quality of its products.

How do we intend to create value?

HgCapital continues to see attractive long-term growth in the European payroll and transactional HR sector for leading, innovative players. We will support P&I's continued development of its new product offerings, including the addition of further Human Capital Management functionality, the strengthening of its recurring revenue base and the increasing adoption of its cloud service technology (P&I Big Data) into their customer base.

Furthermore, we see potential M&A opportunities in the relatively fragmented HR management systems, payroll, time management and expenses markets, both in the DACH region and internationally.

What has been achieved?

With HgCapital's support, P&I acquired a Swiss payroll vendor, Soreco HR, in 2015. In addition to growth and product development, HgCapital is focused on strengthening P&I's financial and operating reporting, as well as defining the company's forward business plan.

In 2016, we completed the refinancing of P&I, returning to clients 60% of the original investment made in December 2013.

How is it performing?

P&I continues to perform well and saw double-digit revenue and EBITDA growth over the 2016 full year to March. This has been driven by strong sales to both existing and new customers with growth in high margin revenue streams (e.g. licence, maintenance and Big Data) leading to margin expansion. In addition, P&I has made significant progress in shifting its customer base to its cloud service technology, P&I Big Data, which is expected further to improve efficiency and scalability for both P&I and customers.

How will we crystallise value?

We believe that the combination of an increase in recurring revenues, high cash flow conversion and a strong product offering will be highly attractive at exit for both trade and financial buyers.

Website: www.pi-ag.com

Original enterprise value: €438 million

HgCapital clients' total equity: 84.5%

P&I – the Trust's underlying investment through HGT 7 LP and co-investment through HGT LP

Sector	Location	Investment date	Residual cost £'000	Unrealised value £'000
TMT	Germany	Dec 2013	11,044	34,230

6. Achilles

Business description

Achilles manages a global network of collaborative industry communities. The business provides a cloud-based service enabling networks of buyers to create industry standards for collecting and validating supplier information. This is made available through the Achilles platform together with search, reporting and risk management tools.

Suppliers join the platform to gain access to the whole community of buyers and information to help them achieve and maintain compliance. Both buyers and suppliers pay annual subscription fees.

The verified data gathered and delivered by Achilles is crucial to support processes around risk management and compliance with regulatory, social responsibility, and health and safety requirements. Achilles currently operates more than 30 communities, across 22 countries, in five continents.

Why did we invest?

Achilles is a subscription-based network business model with significant recurring revenue streams. It is a leading company in supply chain data, with stable growth driven by the increasing need for risk management.

How do we intend to create value?

With high levels of contracted revenue, Achilles' position as a global, scalable business model has considerable potential in revenue and margin growth, as well as multiple opportunities for expansion into new geographies and industries.

What has been achieved?

We have made a significant investment into the business, focusing on the development of their technology, processes and sales to support global growth.

During the course of 2015, Achilles raised a further £40 million of equity to continue to enhance significantly the global scalability and competitive positioning of the business.

How is it performing?

With the considerable transformation of the business that is underway, Achilles is experiencing lower than trend revenue growth year-on-year. Significant investment in the company's global infrastructure has reduced profits in the short-term and we would expect margins to rise over the next year, as global efficiencies are achieved.

How will we crystallise value?

There has been strong interest in Achilles from both strategic and private equity buyers and the business's recurring revenue base is likely to maintain this interest throughout the economic cycle. It could also be an attractive IPO candidate.

Website: www.achilles.com

Original enterprise value: £75 million

HgCapital clients' total equity: 63.0%

Achilles – the Trust's underlying investment and co-investment through HGT LP

Sector	Location	Investment date	Residual cost £'000	Unrealised value £'000
TMT	UK	Jul 2008	15,218	28,319

7. JLA

Business description

JLA is a leading provider of on-premise laundry services, providing distribution, rental and servicing of commercial laundry machines to the UK SME market, mainly to care homes and small hotels.

The company is also a leading provider of coin operated, commercial machines into accommodation units (e.g. universities, worker accommodation units etc.), which it serves via its Circuit brand.

JLA has recently extended its offering into catering equipment and catering services, for example, the provision of dishwashers and fridges which are typically used by its existing customers, as well as the supply of detergents. Further additions to JLA's offering are planned.

Why did we invest?

JLA enjoyed strong operating performance, including sustained organic growth through the period 2007–2009.

It has a diverse customer base that considers laundry and catering as a mission-critical part of their day-to-day business. With a large proportion of customers in long-term contracts (representing a high level of revenues and a greater proportion of profits), there are attractive recurring revenues and good visibility of forward revenues.

How do we intend to create value?

HgCapital is working alongside management to increase the benefit of selling new products and services through JLA's existing sales force and service network.

In addition, we plan to continue to make further bolt-on acquisitions, both in the laundry and catering markets (fourteen have been completed since our original investment).

What has been achieved?

A number of projects have been initiated covering strategic planning, customer retention and pricing. In addition, management has been strengthened and fourteen small bolt-on acquisitions of smaller laundry and kitchen equipment companies have been completed, all funded out of free cash flow.

The business now has a dedicated M&A team with two acquisitions completed in 2016 (in both Laundry and Catering) and the pipeline for further acquisitions is under development.

How is it performing?

JLA has continued to experience year-on-year double-digit sales and profit growth driven by growth in the core Total Care and Circuit divisions, which has been supported by the expansion into the catering sector, which now comprises c.25% of group revenue. Going forward, the investment in the catering division and continuing transition of customers to the Total Care offering should affect margins positively.

How will we crystallise value?

In December 2015, HgCapital completed the refinancing of JLA and the sale of a minority interest to institutional investors, returning £17.3 million of cash proceeds to the Trust. These transactions, together with previous distributions, have delivered a 1.8x multiple on original investment in cash, whilst retaining 59% of the equity in the company.

HgCapital is focused on positioning JLA as a platform for selling critical asset maintenance services into SMEs. We believe that the long-term recurring nature of contracts coupled with strong customer loyalty will support an attractive rating at exit.

The most likely exit route for JLA is to a private equity investor or a trade buyer.

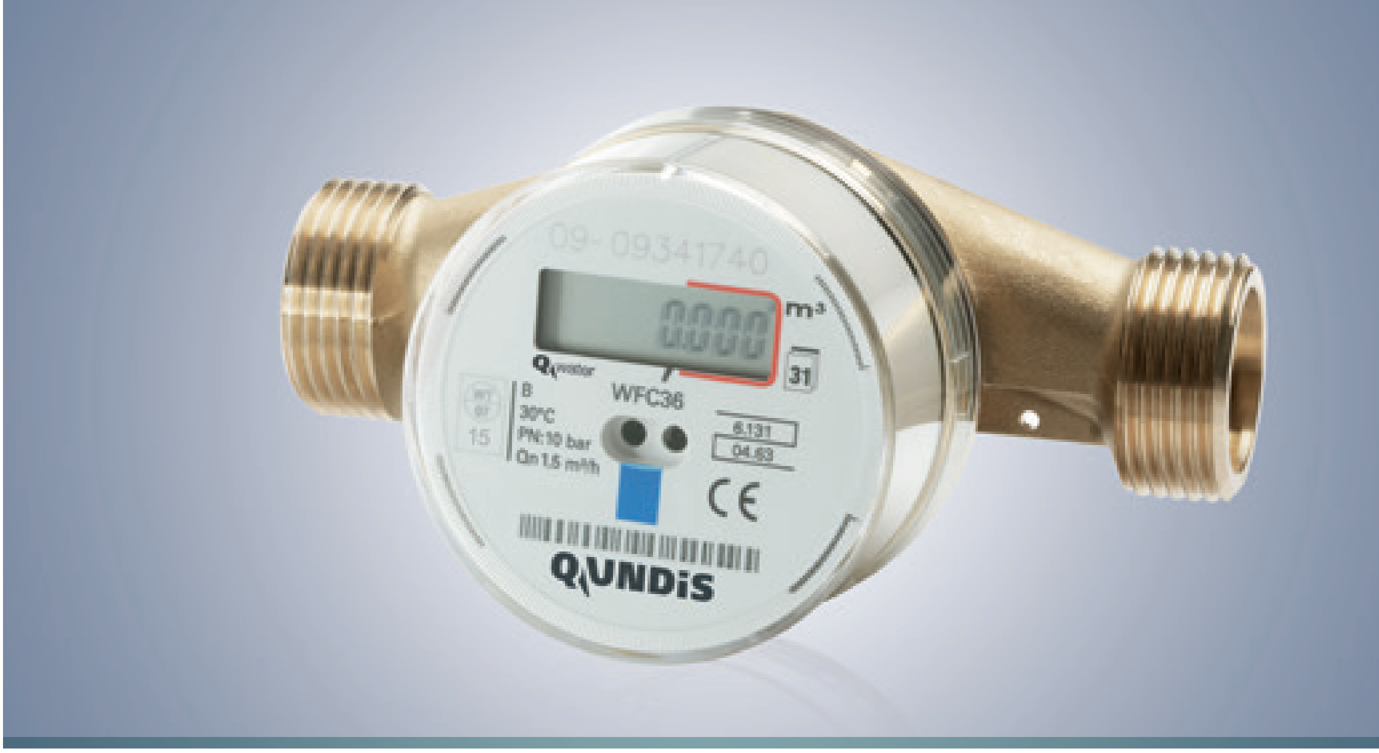
Website: www.jla.com

Original enterprise value: £150 million

HgCapital clients' total equity: 58.8%

JLA – the Trust's underlying investment through HGT 6 LP

Sector	Location	Investment date	Residual cost £'000	Unrealised value £'000
Services	UK	Mar 2010	3,511	23,850



8. QUNDIS

Business description

QUNDIS is a leading provider of sub-metering solutions in Europe, serving independent measurement service providers and the housing industry. While QUNDIS products are sold in over 30 countries, the company's largest markets are Germany, Italy, the Czech Republic, France and Slovenia. Further internationalisation will form an important part in QUNDIS' future value creation.

The company was created in 2008 from the merger of QVEDIS (previously part of Siemens) and KUNDO SystemTechnik and currently has c.300 employees. QUNDIS supplies a comprehensive range of sub-metering and communication devices used to measure, collect and transmit accurate consumption data for heat and water usage at the household level.

Why did we invest?

QUNDIS has a robust business model, benefiting from a large installed base that translates in a recurring and predictable revenue stream. A significant proportion of sales are replacement-related, driven by continuous upgrades to more advanced read-out solutions. New installations are also increasing, due to more rigorous energy efficiency regulations across Europe.

How do we intend to create value?

HgCapital is supporting management in its expansion strategy. This includes building on QUNDIS' technological expertise in the area of remote, cloud-based, read-out solutions and further establishing and strengthening QUNDIS' presence in emerging sub-metering markets in adjacent European countries. Further value will be created through: cost efficiencies; smart metering solutions; and the growing demand to effectively address energy savings.

What has been achieved?

Management has been strengthened and internal processes have been improved. The company consolidated its production facilities into a single modern site in 2013, allowing for additional capacity to drive international growth and profitability through increased efficiency. Furthermore, a highly advanced gateway solution has been developed for a great range of applications and superior product features.

How is it performing?

The year ending June 2016 was a highly successful period for QUNDIS. While political turmoil in the large potential markets of Russia and Turkey is still holding back the company's full potential, it has further broadened its customer base in the core markets of Germany and Italy and has built strong platforms to exploit the growing markets in France and Spain. Furthermore, it has established itself as a clear technology leader, providing some of the most advanced read-out solutions in the industry. This now also enables QUNDIS to address adjacent customer groups, such as utilities, with attractive solutions. We anticipate the enforcement of the European Energy Directive (mandatory installation of smart meters) will contribute to sustained growth rates going forward.

How will we crystallise value?

There has been a strong appetite from a number of strategic buyers looking to diversify their product portfolio in the area of energy efficiency. The large market opportunity, robust business model, positioning as a leading solution provider in the sub-metering sector and the associated market opportunities will additionally drive interest from financial investors looking for assets in this growing market segment.

Website: www.qundis.com

Original enterprise value: €151 million

HgCapital clients' total equity: 85.0%

QUNDIS – the Trust's underlying investment through HGT 6 LP

Sector	Location	Investment date	Residual cost £'000	Unrealised value £'000
Industrials	Germany	May 2012	12,540	21,733

9. Radius

Business description

Radius was established by merging Nair & Co. with High Street Partners. The company provides tailored solutions for fast growing companies that are looking to expand into international markets. Radius sets up the required international entities and integrates legal, accounting, payroll, tax and human resources services to ease the process of international expansion. It is headquartered in Bristol, and has over 900 employees based in offices in UK, India, the US, Singapore, Japan and China.

Although it is based in the UK, most of the company's revenues are denominated in US dollars; accordingly, the company is valued in US dollars.

Why did we invest?

Our Services Team had previously identified accountancy and trust/administrative services as a core focus area and the acquisition of Radius illustrates HgCapital's approach to making repeatable investments in its target sectors. We have a demonstrable track record of identifying and working with leading technology-enabled service companies to achieve sustainable growth.

Radius has all the characteristics that we look for in an investment: it is a provider of mission-critical services to a fragmented customer base; benefiting from a repeat revenue model; and utilising a scalable technology platform to generate high margins.

How do we intend to create value?

HgCapital intends to support continued organic growth of the business through increased customer wins. We will target various operational and system improvements with potential for efficiency gains (e.g. billing/invoicing processes) and margin expansion. Further M&A opportunities to expand the service offering or global scope of the business as well as potential product extensions have been identified.

Additionally, we see a significant opportunity for the business to be re-rated following fundamental improvements in the business model and processes.

What has been achieved?

HgCapital is working with Radius to strengthen the management team, processes and systems, evaluate M&A opportunities, support integration and review professional services billing.

How is it performing?

Radius has continued to grow through a period of substantial change, with the integration continuing to progress. The first quarter of its current financial year trading saw strong EBITDA growth versus prior year of 23%. In 2016, we also completed a small acquisition in Brazil to aid our delivery in this complex jurisdiction, and in June 2016 supplemented this, with an acquisition in the US, adding $2.4 million of EBITDA at a cost of c. 4x EBITDA. We have invested in the infrastructure of the merged group, to yield operational improvements; synergies continue to materialise, with more still to come in this financial year (to March 2017). Favourable exchange rates over the first half of 2016 have benefited Radius' profitability and its valuation at 30 June when translated into sterling.

How will we crystallise value?

We believe that the margin and sales growth profile of Radius will support an IPO when the company has reached sufficient scale. However, we would also consider a sale to another financial investor.

Website: www.radiusworldwide.com

Original enterprise value: $280 million

HgCapital clients' total equity: 82.0%

Radius – the Trust's underlying investment through HGT 6 LP

Sector	Location	Investment date	Residual cost £'000	Unrealised value £'000
Services	UK	Aug 2013	17,966	21,020

10. A-Plan

Business description

A-Plan is a leading UK-based distributor of motor and household insurance policies to SMEs and individuals. It also specialises in a number of high net worth and commercial niches, and in providing policies for foreign language speaking customers.

The company currently operates over 80 high street branches nationwide, serving over 600,000 policyholders.

Why did we invest?

The Services Team identified the insurance broking sub-sector as attractive for potential investment in 2011, as it is characterised by businesses with high levels of recurring revenues, providing a non-discretionary purchase for customers, with high cash flows and opportunities for bolt-on M&A. A-Plan was identified as part of this market mapping exercise, and had been tracked by the Services Team for three years, prior to our investment in the business.

The company has a personal, service-oriented approach leading to best-in-class levels of customer satisfaction, driving high retention rates and low customer acquisition costs, due to a high referral rate.

How do we intend to create value?

HgCapital intends to support A-Plan's experienced management through organic growth of its current business volumes in the existing branches and assisting with the roll-out of new branches. Additionally, there are potential opportunities for further growth, through selective M&A and new product lines.

What has been achieved?

On-going and future projects include: sales and marketing initiatives such as direct mail campaigns and improved technology; strengthening of the management team; and development of the M&A capability.

How is it performing?

A-Plan continues to perform in line with plan in all key areas with revenue and EBITDA growth versus prior year of 11% and 12% respectively. Principal KPIs are also in line with plan, with c.80% renewal rates and 8% new business growth.

How will we crystallise value?

A-Plan appeals to many buyer groups, including a trade or financial buyer. The company could also be of interest to yield investors or, when it reaches critical size, an IPO might be feasible.

Website: www.aplan.co.uk

Original enterprise value: £270 million

HgCapital clients' total equity: 72.2%

A-Plan – the Trust's underlying investment through HGT 7 LP

Sector	Location	Investment date	Residual cost £'000	Unrealised value £'000
Services	UK	Apr 2015	14,573	20,409

FINANCIAL STATEMENTS

INCOME STATEMENT

FOR THE SIX MONTHS ENDED 30 JUNE 2016

		Revenue return			Capital return			Total return		
		Six months ended		Year ended	Six months ended		Year ended	Six months ended		Year ended
	Notes	30.6.2016 £'000 (unaudited)	30.6.2015 £'000 (unaudited)	31.12.2015 £'000 (audited)	30.6.2016 £'000 (unaudited)	30.6.2015 £'000 (unaudited)	31.12.2015 £'000 (audited)	30.6.2016 £'000 (unaudited)	30.6.2015 £'000 (unaudited)	31.12.2015 £'000 (audited)
Gains on investments and liquidity funds net of carried interest provision		–	–	–	49,961	8,281	46,122	49,961	8,281	46,122
Gains/(losses) on priority profit share loans recovered from/(advanced to) General Partners	7(b)	–	–	–	2,609	(627)	1,020	2,609	(627)	1,020
Net income	6	12,260	11,548	21,838	–	–	–	12,260	11,548	21,838
Other expenses	8(a)	(1,633)	(1,121)	(2,560)	–	–	–	(1,633)	(1,121)	(2,560)
Net return before finance costs and taxation		10,627	10,427	19,278	52,570	7,654	47,142	63,197	18,081	66,420
Finance costs	8(b)	(315)	(196)	(1,023)	–	–	–	(315)	(196)	(1,023)
Net return from ordinary activities before taxation		10,312	10,231	18,255	52,570	7,654	47,142	62,882	17,885	65,397
Taxation charge on ordinary activities	10	(369)	(305)	(348)	–	–	–	(369)	(305)	(348)
Net return from ordinary activities after taxation attributable to reserves		**9,943**	**9,926**	**17,907**	**52,570**	**7,654**	**47,142**	**62,513**	**17,580**	**65,049**
Return per Ordinary share	**11(a)**	**26.64p**	**26.59p**	**47.98p**	**140.85p**	**20.51p**	**126.30p**	**167.49p**	**47.10p**	**174.28p**

The total return column of this statement represents the Trust'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 total recognised gains and losses has been presented.

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

No operations were acquired or discontinued during the period.

The notes on pages 49 to 54 form part of these financial statements.

BALANCE SHEET

AS AT 30 JUNE 2016

	Notes	30.6.2016 £'000 (unaudited)	30.6.2015 £'000 (unaudited)	31.12.2015 £'000 (audited)
Fixed asset investments				
Investments at fair value through profit and loss:				
Unquoted investments		503,385	396,389	428,462
Total fixed asset investments		503,385	396,389	428,462
Current assets – amounts receivable after one year:				
Accrued income on fixed assets		59,493	64,134	64,162
Current assets – amounts receivable within one year:				
Debtors		650	675	707
Investments at fair value through profit and loss:				
Liquidity funds		15,575	18,942	30,835
Cash		5,604	3,836	9,512
Total current assets		81,322	87,587	105,216
Creditors – amounts falling due within one year		(7,101)	(1,422)	(3,655)
Net current assets		74,221	86,165	101,561
Net assets		**577,606**	**482,554**	**530,023**
Capital and reserves:				
Called up share capital		9,331	9,331	9,331
Share premium account		120,368	120,368	120,368
Capital redemption reserve		1,248	1,248	1,248
Capital reserve – unrealised		72,108	(19,896)	14,023
Capital reserve – realised		347,592	347,538	353,107
Revenue reserve		26,959	23,965	31,946
Total equity shareholders' funds		**577,606**	**482,554**	**530,023**
Net asset value per Ordinary share	**11(b)**	**1,547.5p**	**1,292.9p**	**1,420.0p**
Ordinary shares in issue at 30 June / 31 December	11(b)	37,324,698	37,324,698	37,324,698

The financial statements on pages 45 to 54 were approved and authorised for issue by the Board of Directors on 9 September 2016 and signed on its behalf by:

Roger Mountford, Chairman

Richard Brooman, Director

The notes on pages 49 to 54 form part of these financial statements.

STATEMENT OF CASH FLOWS

FOR THE SIX MONTHS ENDED 30 JUNE 2016

	Notes	Six months ended 30.6.2016 £'000 (unaudited)	Six months ended 30.6.2015 £'000 (unaudited)	Year ended 31.12.2015 '000 (audited)
Net cash inflow from operating activities	9	18,100	325	11,390
Investing activities:				
Purchase of fixed asset investments		(72,779)	(40,465)	(65,489)
Proceeds from the sale of fixed asset investments		47,779	12,279	43,070
Purchase of liquidity funds		(48,124)	(43)	(31,559)
Redemption of liquidity funds		63,500	41,096	60,796
Net cash (outflow)/inflow from investing activities		(9,624)	12,867	6,818
Financing activities:				
Proceeds from/(repayment of) loan facility		2,861	(237)	1,250
Servicing of finance		(315)	(196)	(1,023)
Equity dividends paid		(14,930)	(11,944)	(11,944)
Net cash outflow from financing activities		(12,384)	(12,377)	(11,717)
(Decrease)/increase in cash and cash equivalents in the period		**(3,908)**	**815**	**6,491**
Cash and cash equivalents at 1 January		9,512	3,021	3,021
Cash and cash equivalents at 30 June / 31 December		**5,604**	**3,836**	**9,512**

The notes on pages 49 to 54 form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30 JUNE 2016

	Notes	Non-distributable				Distributable		
		Share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Capital reserve – unrealised £'000	Capital reserve – realised £'000	Revenue reserve £'000	Total £'000
At 31 December 2015		9,331	120,368	1,248	14,023	353,107	31,946	530,023
Net return from ordinary activities		–	–	–	58,085	(5,515)	9,943	62,513
Equity dividends paid	4	–	–	–	–	–	(14,930)	(14,930)
At 30 June 2016		**9,331**	**120,368**	**1,248**	**72,108**	**347,592**	**26,959**	**577,606**
At 31 December 2014		9,331	120,368	1,248	(33,390)	353,378	25,983	476,918
Net return from ordinary activities		–	–	–	47,413	(271)	17,907	65,049
Equity dividends paid	4	–	–	–	–	–	(11,944)	(11,944)
At 31 December 2015		**9,331**	**120,368**	**1,248**	**14,023**	**353,107**	**31,946**	**530,023**

The notes on pages 49 to 54 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

1. Principal activity

The principal activity of the Trust is that of an investment trust company. The Trust is an investment company, as defined by Section 833 of the Companies Act 2006 and an investment trust, within the meaning of Sections 1158 and 1159 of the Corporation Tax Act 2010 ('CTA 2010') and is registered as a public company in England and Wales under number 1525583 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'), dated November 2014. All of the Trust's operations are of a continuing nature.

The Trust has considerable financial resources and, as a consequence, the Directors believe that the Trust is well placed to manage its business risks. After making enquiries, the Directors have a reasonable expectation that the Trust will have adequate resources to continue in operational existence for the foreseeable future.

Accordingly, they continue to adopt the going concern basis in preparing these financial statements.

The same accounting policies, presentation and methods of computation are followed in these financial statements as applied in the Trust's previous annual audited report and accounts.

3. Organisational structure, manager arrangements and accounting policies

Partnerships where the Trust is the sole limited partner

The Trust entered into four separate partnership agreements with general and founder partners in May 2003 (subsequently revised in January 2009), January 2009, July 2011 and March 2013; at each point an investment holding limited partnership was established to carry on the business of an investor, with the Trust being the sole limited partner in these entities.

The purpose of these partnerships, HGT LP, HGT 6 LP, HgCapital Mercury D LP and HGT 7 LP (together the 'primary buyout funds'), is to hold all the Trust's investments in primary buyouts. Under the partnership agreements, the Trust made capital commitments into the primary buyout funds, with the result that the Trust now holds direct investments in the primary buyout funds and an indirect investment in the fixed asset investments that are held by these funds, as it is the sole limited partner. These direct investments are included under fixed asset investments on the balance sheet and in the investment portfolio on page 25. The underlying investments that are held indirectly are included in the overview of investments on page 32.

Partnerships where the Trust is a minority limited partner

In July 2011, the Trust made a direct secondary investment in HgCapital 6 E LP ('Hg6 E LP'), one of the partnerships that comprise the Hg6 Fund, in which the Trust is now a limited partner pari passu with other limited partners. This is a direct investment in the HgCapital 6 E LP Fund, as shown on the balance sheet and in the investment portfolio on page 25.

The Trust also entered into partnership agreements with the purpose of investing in renewable energy projects by making capital commitments with other limited partners in Hg Renewable Power Partners LP ('Hg RPP LP') and HgCapital Renewable Power Partners 2 C LP ('Hg RPP2 LP') (together the 'renewable funds'). These are direct investments in the renewable funds, as shown on the balance sheet and in the investment portfolio on page 25.

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

Under the terms of the primary buyout fund limited partnership agreements ('LPAs'), each general partner is entitled to appropriate, as a first charge on the net income of the funds, an amount equivalent to its priority profit share ('PPS'). The Trust 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 via a loan from the Trust. Such loan is only recoverable from the general partner by an appropriation of net income; until net income is earned, no value is attributed to this loan.

Furthermore, under the primary buyout funds' LPAs, each founder partner 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 distributed to the Trust.

Accordingly, the Trust's entitlement to net income and net capital gains is shown in the appropriate lines of the income statement. Notes 6, 7, and 9 to the financial statements and the cash flow statement disclose the gross income and gross capital gains of the primary buyout funds (including the associated cash flows) and also reflect the proportion of net income and capital gains in the buyout funds that have 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, whereas PPS paid as an interest-free loan, if any, is charged as an unrealised depreciation to the capital return in 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.

NOTES TO THE FINANCIAL STATEMENTS continued

4. Dividends

A dividend of 40.0 pence per share (£14,930,000) was paid on 16 May 2016 in respect of the year ended 31 December 2015 (year ended 31 December 2014: dividend of 32.0 pence per share; £11,944,000). It is intended that dividends will be declared and paid annually in respect of each accounting period.

5. Issued share capital

Whilst the Trust 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 the shareholders for the allotment of new shares.

	Six months ended				Year ended	
	30.6.2016 (unaudited)		30.6.2015 (unaudited)		31.12.2015 (audited)	
	No. '000	£'000	No. '000	£'000	No. '000	£'000
Ordinary shares of 25p each:						
Allotted, called-up and fully paid:						
At 1 January	37,325	9,331	37,325	9,331	37,325	9,331
At 30 June / 31 December	37,325	9,331	37,325	9,331	37,325	9,331

6. Income

	Revenue return		
	Six months ended		Year ended
	30.6.2016 £'000 (unaudited)	30.6.2015 £'000 (unaudited)	31.12.2015 £'000 (audited)
Income from investments held by HGT LP, HGT 6 LP, HGT 7 LP and HgCapital Mercury D LP:			
UK unquoted investment income	7,598	9,571	17,536
Foreign unquoted investment income	10,129	5,308	13,129
Other investment income:			
UK unquoted investment income	774	–	103
Liquidity funds income	102	172	263
Total investment income	18,603	15,051	31,031
Total other income	158	29	46
Total income	18,761	15,080	31,077
Priority profit share charge against income:			
Current year - HGT 7 LP	(3,259)	(631)	(3,793)
Current year - HgCapital Mercury D LP	(1,845)	(996)	(1,725)
Current year - HGT 6 LP	(1,397)	(1,598)	(3,120)
Current year - HGT LP	–	(307)	(601)
Total priority profit share charge against income	(6,501)	(3,532)	(9,239)
Total net income	12,260	11,548	21,838
Total net income comprises:			
Interest	12,194	11,523	21,799
Non-interest income	66	25	39
Total net income	12,260	11,548	21,838

NOTES TO THE FINANCIAL STATEMENTS continued

7. Priority profit share and carried interest

(a) Priority profit share payable to General Partners	Revenue return Six months ended 30.6.2016 £'000 (unaudited)	Revenue return Six months ended 30.6.2015 £'000 (unaudited)	Year ended 31.12.2015 £'000 audited)
Priority profit share payable:			
Current period amount	3,892	4,159	8,219
Less: Current period loans advanced to General Partners	(264)	(627)	–
Add: Prior period loans recovered from General Partners	2,873	–	1,020
Current period charge against income	6,501	3,532	9,239
Total priority profit share charge against income	**6,501**	**3,532**	**9,239**

The priority profit share payable on HGT LP, HGT 6 LP, HGT 7 LP and HgCapital Mercury D LP rank as a first appropriation of net income from investments held in HGT LP, HGT 6 LP, HGT 7 LP and HgCapital Mercury D LP respectively and is deducted prior to such income being attributed to the Trust in its capacity as a Limited Partner. The net income of HGT LP, HGT 6 LP, HGT 7 LP and HgCapital Mercury D LP earned during the year, after the deduction of the priority profit share, is shown in the income statement.

(b) Priority profit share loans to General Partners	Capital return Six months ended 30.6.2016 £'000 (unaudited)	Capital return Six months ended 30.6.2015 £'000 (unaudited)	Year ended 31.12.2015 £'000 (audited)
Movements on loans to General Partners:			
Losses on current period loans advanced to General Partners	(264)	(627)	–
Gains on prior period loans recovered from General Partners	2,873	–	1,020
Total gains/(losses) on priority profit share loans advanced to General Partners	**2,609**	**(627)**	**1,020**

In years in which the funds described in note 7(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 the Trust. 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 Six months ended 30.6.2016 £'000 (unaudited)	Capital return Six months ended 30.6.2015 £'000 (unaudited)	Year ended 31.12.2015 £'000 (audited)
Carried interest provision:			
Current period amount provided	17,290	11,566	28,118
	17,290	**11,566**	**28,118**

The carried interest payable to the Founder Partners ranks as a first appropriation of capital gains on the investments held in HGT LP, HGT 6 LP, HGT 7 LP and HgCapital Mercury D LP, limited partnerships established solely to hold the Trust's investments, and is deducted prior to such gains being paid to the Trust in its capacity as a Limited Partner. The net amount of capital gains of HGT LP, HGT 6 LP, HGT 7 LP and HgCapital Mercury D LP during the year, after the deduction of carried interest, is shown on the income statement. The details of the carried interest contracts, as set out on page 91 of the 2015 Annual Report, states that carried interest is payable once a certain level of cash repayments have been made to the Trust, whereas carried interest on HGT LP is based on its NAV. Based on the current repayments to date in each individual partnership and the value of HGT LP, no carried interest was payable in respect of the current or prior financial year.

NOTES TO THE FINANCIAL STATEMENTS continued

7. Priority profit share and carried interest continued

However, in order to assess the fair value of the investments, the Board will consider whether any carried interest provision is required at each reporting period. A provision will be required if the aggregate of all realisations achieved to date by a fund and the implied realisation amount generated, if all unrealised investments in that fund are realised in cash at 30 June 2016 at their current valuation, will trigger a carried interest amount payable to the Founder Partner of that fund at that date. The above calculation for the HGT 7 LP, HgCapital Mercury D LP, HGT 6 LP and Hg6E investments implies that an amount of £46,496,000 will become payable and therefore the Directors have increased the provision against the investments by a further £17,290,000.

8. Other expenses

	Revenue return		
	Six months ended		Year ended
(a) Operating expenses	30.6.2016 £'000 (unaudited)	30.6.2015 £'000 (unaudited)	31.12.2015 £'000 (audited)
Custodian, management and administration fees	302	282	549
Other administration costs	1,331	839	2,011
	1,633	1,121	2,560

	Revenue return		
	Six months ended		Year ended
(b) Finance costs	30.6.2016 £'000 (unaudited)	30.6.2015 £'000 (unaudited)	31.12.2015 £'000 (audited)
Interest paid	76	6	–
Non-utilisation fees and other expenses	239	190	383
Arrangement fees	–	–	640
	315	196	1,023

Priority profit shares and other operating expenses, payable by partnerships in which the Trust is a minority limited partner are recognised as unrealised losses in the capital return section of the income statement and are not separately disclosed in the above operating expenses.

9. Cash flow from operating activities

	Six months ended		Year ended
Reconciliation of net return before finance costs and taxation to net cash flow from operating activities	30.6.2016 £'000 (unaudited)	30.6.2015 £'000 (unaudited)	31.12.2015 £'000 (audited)
Net return before finance costs and taxation	63,197	18,081	66,420
Add back: Gains on investments held at fair value	(67,251)	(19,847)	(74,240)
Increase in carried interest provision	17,290	11,566	28,118
Increase in accrued income from liquidity funds	(78)	(128)	(204)
Decrease/(increase) in prepayments, accrued income and other debtors	4,655	(9,809)	(9,825)
Increase in creditors	482	349	761
Taxation (paid)/received	(195)	113	360
Net cash inflow from operating activities	18,100	325	11,390

NOTES TO THE FINANCIAL STATEMENTS continued

10. Taxation

Taxation for the six month period is charged at 20% (31 December 2015: 20.25%), representing the best estimate of the average annual effective tax rate expected for the full year, applied to the pre-tax income of the six month period.

In the opinion of the Directors, the Trust 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 made in the year. The Trust expects to designate all of any dividend declared in respect of this financial year as an interest distribution to its shareholders. This distribution is treated as a tax deduction against taxable income, resulting in no corporation tax being payable by the Trust on the interest income designated as a dividend.

11. Return and net asset value per Ordinary share

	Revenue return			Capital return		
	Six months ended		Year ended	Six months ended		Year ended
(a) Return per Ordinary share	30.6.2016 (unaudited)	30.6.2015 (unaudited)	31.12.2015 (audited)	30.6.2016 (unaudited)	30.6.2015 (unaudited)	31.12.2015 (audited)
Amount (£'000):						
Return from ordinary activities after taxation	9,943	9,926	17,907	52,570	7,654	47,142
Number of Ordinary shares ('000):						
Weighted average number of shares in issue	37,325	37,325	37,325	37,325	37,325	37,325
Return per Ordinary share (pence)	**26.64**	**26.59**	**47.98**	**140.85**	**20.51**	**126.30**

	Capital return		
	Six months ended		Year ended
(b) Net asset value per Ordinary share	30.6.2016 (unaudited)	30.6.2015 (unaudited)	31.12.2015 (audited)
Amount (£'000):			
Net assets	577,606	482,554	530,023
Number of Ordinary shares ('000):			
Number of Ordinary shares in issue	37,325	37,325	37,325
Net asset value per Ordinary share (pence)	**1,547.5**	**1,292.9**	**1,420.0**

NOTES TO THE FINANCIAL STATEMENTS continued

12. Commitment in fund partnerships and contingent liabilities

Fund	Original commitment £'000	Outstanding at 30.6.2016 £'000 (unaudited)	Outstanding at 30.6.2015 £'000 (unaudited)	Outstanding at 31.12.2015 £'000 (audited)
HGT 7 LP[1]	200,000	52,445	115,106	102,765
HGT 6 LP	285,029	17,860	10,563	17,860
HgCapital Mercury D LP	60,000	16,281	30,525	27,540
Hg RPP2 LP	33,242[2]	8,340[3]	9,831	8,219
HGT LP[4]	120,000	1,261	1,261	1,261
Hg RPP LP	17,984[5]	1,145[6]	917	1,016
Hg 6 E LP	15,000	940	556	940
Total outstanding commitments		**98,272**	**168,759**	**159,601**

[1] HgCapital Trust plc has the benefit of an investment opt-out provision in its commitment to invest alongside HgCapital 7, so that it can opt out of a new investment without penalty should it not have the cash available to invest.

[2] Sterling equivalent of €40,000,000.

[3] Sterling equivalent of €10,036,000 (30 June 2015: €13,876,000, 31 December 2015: €11,152,000).

[4] With effect from 21 October 2011, £12.0 million of the commitment was cancelled, followed by £9.0 million on 31 March 2013 and £4.7 million on 1 August 2014. These amounts represent 10.0%, 7.5% and 3.9% respectively of the original £120 million loan commitment to the Hg5 fund.

[5] Sterling equivalent of €21,640,000.

[6] Sterling equivalent of €1,378,000 (30 June 2015: €1,294,000, 31 December 2015: €1,378,000).

13. Publication of non-statutory accounts

The financial information contained in this half-yearly financial report does not constitute statutory accounts as defined in Section 434 of the Companies Act 2006. The financial information for the six months ended 30 June 2016 and 30 June 2015 has not been audited. The information for the year ended 31 December 2015 has been extracted from the latest published audited financial statements, which have been filed with the Registrar of Companies. The report of the auditors on those accounts contained no qualification or statement under section 498 (2) or (3) of the Companies Act 2006.

14. Annual results

The Board expects to announce the results for the year ending 31 December 2016 in March 2017. The 2016 Annual Report should be available by the end of March 2017, with the Annual General Meeting being held in May 2017.

INVESTING IN PRIVATE EQUITY

PRIVATE EQUITY

Private equity is the term given to the provision of equity and equity type risk capital to unlisted companies.

It is normally used to finance beneficial change in businesses. The changes that require equity finance are manifold and ever present. They include a change in the scale of a business (through fast growth or acquisitions), a change in ownership, often in conjunction with management (the management buyout), a change in the strategic direction of a company, a significant change in the structure and operations of a business, or financing the commercialisation of new technologies.

Healthy economies require constant change in their corporate sector, otherwise they stultify. Private equity is a form of finance well-suited to pay for this change as it is patient, welcomes considered risk taking, and participates directly in outcomes.

In return for their investment, private equity investors receive a share of the equity in the businesses they finance and do so with the objective of making a significant capital gain over holding periods, typically from three to seven years.

Private equity investors, like HgCapital, aim to deliver their clients higher returns than may be obtained from a portfolio of public equity investments over any rolling period of five to ten years. Attractive returns can be garnered if the private equity manager exploits the advantages private equity investors have over investors in public markets.

Investment profile

Private equity investments are less liquid than publicly traded equities. To compensate for this, they offer greater control and aim for more attractive returns.

Individual private equity investments have a risk profile dependent on the nature of the underlying business. Investing in a diversified portfolio helps to mitigate some of these risks; the quality of company selection by the private equity manager and the manager's ability to manage its portfolio further mitigates risk. Manager selection is a key determinant of returns.

Advantages of the private equity model

Compared with investment in the public markets, a private equity investor has significant advantages:

- Better governance model
  Theory and experience tells us that businesses run by their owners tend to perform better than those run by salaried agents. In a private equity backed business almost everybody around the board table and often a high percentage of the management and staff own shares in the companies they run. In addition, the private equity managers also have an equity interest in the portfolio companies through their co-investment obligations and via their carried interest. Accordingly, the interests of all parties are closely aligned and focused on creating value and realising a substantial capital gain. This is achieved by selecting ambitious medium to long-term goals and allowing managers to pursue them, free from short-term distractions that often beset the managers of listed companies.
- Better control
  The private equity manager has more control over the method and timing of the sale of the business than a manager of listed equities. This superior control also extends to the appointment of management.
- Ability to attract the best management talent
  Working in a private equity backed business is highly attractive to the best and most ambitious managers. They will be incentivised by capital returns that the listed companies rarely, if ever, match and are given the challenge and satisfaction of running their own business.
- Larger universe of opportunities
  The universe of privately owned businesses is much larger than the publicly traded one, so the investor has greater choice. The choice available to private equity also includes listed companies which can be de-listed and refinanced with private equity capital.
- Better access presenting the possibility for better assessment
  Prior to investing, private equity managers often have better access to information, including detailed market, financial, legal and management due diligence.

INVESTING IN PRIVATE EQUITY continued

LISTED PRIVATE EQUITY

Listed Private Equity ('LPE') refers to public companies whose shares are listed and traded on a primary stock exchange.

In Europe, primary exchanges include the London Stock Exchange and Euronext. Some private equity companies quoted on the London Stock Exchange are structured as investment trusts. All listed private equity companies provide the shareholder with an exposure to a differentiated portfolio of private companies, either directly or via funds.

By buying shares in LPE companies, the investor benefits from liquidity while participating in the potentially superior returns of a private equity portfolio. In addition, LPE companies allow investors access to private equity without having to commit to the ten year lock-in and minimum investment required when investing in private equity via limited partnerships.

For the most comprehensive single source of information on listed private equity go to www.lpeq.com.

London Stock Exchange-listed private equity investment trusts are supervised by boards of directors, the majority of whom are independent, in order to reinforce the manager's accountability to shareholders.

Provided they meet certain criteria, investment trusts pay no corporation tax on capital gains but may not retain more than 15% of their income in each financial year.

The objective of listed private equity is usually to provide shareholders with long-term capital appreciation, rather than income.

Each listed company, like each private equity firm, has its own investment strategy relating to geography, size and type of investment, etc. Listed private equity companies vary considerably in the number of their own holdings, ranging from specialist direct investment trusts, with a handful of portfolio companies in one country, to a fund-of-funds manager with holdings in over 300 private equity funds worldwide.

Listed private equity companies continually invest and reinvest; most have no fixed life span like a limited partnership. Proceeds from the sale of assets are generally retained for re-investment, rather than being distributed to investors, which would trigger taxable gains. This, together with the long-term horizon of private equity, means that listed private equity is best suited to long-term holding, rather than frequent trading.

In Europe, there are 57 listed private equity companies, with aggregate market capitalisation of c.€54 billion, of which c.€20 billion are London-listed companies (source: LPX AG July 2016). These listed private equity companies should not be confused with Venture Capital Trusts ('VCTs'), which offer targeted tax advantages to investors, but must follow stringent regulations as to the size and nature of the companies in which they can invest. Such companies are generally embryonic businesses.

Advantages of listed private equity

Compared with an investment in a limited partnership with a ten year life, the normal route to obtaining a diversified exposure to private equity, listed private equity offers significant advantages:

- listed private equity offers the opportunity for retail investors as well as institutions to participate in a diversified portfolio of mainly unlisted companies for the price of one share, rather than a typical minimum commitment of over £5 million to a limited partnership;
- by buying shares in a listed private equity company, investors have liquidity in the shares and do not have to make a ten year commitment to a fund. Accordingly, they can trade without requiring the manager's consent and the need to run a private auction of their interest;
- listed vehicles handle the cash management and administration, which are complex for a limited partnership interest. All listed private equity investors need do is monitor the value of their shareholdings in the quoted vehicle itself; and
- capital gains retained within London-listed trusts are not taxed.

The listed sector is diverse, offering a wide range of private equity investment vehicles adopting different investment strategies and criteria.

GLOSSARY

INVESTMENT TRUSTS

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 that 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 was 1,500 pence and the share price was 1,350 pence, the discount would be 10%.

NAV (net asset value per share)
This is the value of the Trust'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 30 June 2016, shareholders' funds were £577,606,000 and there were 37,324,698 Ordinary shares in issue; the NAV was therefore 1,547.5 pence per Ordinary share.

Shareholders' funds are calculated by deducting current and long-term liabilities, and any provision for liabilities and charges, from the Trust's total assets.

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 1,575 pence and the NAV were 1,500 pence, the premium would be 5%.

Total return
The total return to shareholders comprises both changes in the Trust's NAV or share price and dividends paid to shareholders; it is calculated on the basis that all historic dividends have been reinvested in the Trust's shares on the date the dividend is paid.

PRIVATE EQUITY

Carried interest
Equivalent to a performance fee, this represents a share of the capital profits that will accrue to the investment manager, after achievement of an agreed preferred return.

EBITDA
Earnings Before Interest, Tax, Depreciation and Amortisation.

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.

Hedging
Hedging is an investment technique designed to offset a potential loss on one investment by purchasing a second investment that is expected to perform in the opposite way.

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. It 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 the company's assets, resulting in a post-financing capital structure of the company that 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.

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.

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.

Quoted company
Any company whose shares are listed or traded on a recognised stock exchange.

Unquoted company
Any company whose shares are not listed or traded on a recognised stock exchange.

Venture capital
Investing in companies at a point in that company's life cycle that is either at the concept, start-up or early stage of development.

BOARD, MANAGEMENT AND ADMINISTRATION

Board of Directors

Roger Mountford (Chairman)

Richard Brooman
(Chairman of the Audit
& Valuation Committee)

Peter Dunscombe
(Chairman of the Management
Engagement Committee)

Mark Powell
(Senior Independent Director)

Anne West

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www-uk.computershare.com/investor

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Telephone: 020 7260 1000
www.numiscorp.com

Independent auditor

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2 New Street Square
London
EC4A 3BZ

AIC

Association of Investment Companies
www.theaic.co.uk

The AIC is the trade body for closed-ended investment companies. It helps its member companies deliver better returns for their investors through lobbying, media engagement, technical advice, training, and events.

LPEQ

Listed Private Equity
www.lpeq.com

HgCapital Trust plc is a founder member of LPEQ. This is a group of private equity investment trusts and similar vehicles listed on the London Stock Exchange and other major European stock markets, formed to raise awareness and increase understanding of what listed private equity is and how it enables all investors – not just institutions – to invest in private equity.

LPEQ provides information on private equity in general, and the listed sector in particular, undertaking and publishing research and working to improve levels of knowledge about the asset class among investors and their advisers.

[1] Authorised and regulated by the Financial Conduct Authority.

www.hgcapitaltrust.com

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