



13 July 2021

Company Announcements Office
Australian Securities Exchange
Authorised by the Board for immediate release

Market Update

HGL Limited (ASX: HNG) reports solid progress in all aspects of its strategic transition to a Diversified Investment Company during the first 9 months of the FY21 financial year (*September 30 year-end*), including the following:

Operations

- Continued strong operational performance of the core operating investments (BLC Cosmetics, Pegasus Healthcare and Mountcastle Group), with HGL's 'share' of unaudited aggregated EBIT within these businesses of \$4.6 million to 30 June 2021, an increase of over \$1.3 million (45%) over the prior year (*HGL's share of earnings does not directly reflect in HGL's reported earnings, however ongoing underlying earnings growth should lead to increases in the valuations of the individual portfolio investments*);
- Realised investment returns from ASX Listed investment strategy of approximately \$0.84 million as at 30 June 2021 reflecting annualised returns exceeding 40% IRR;
- Strong funds management division performance since acquisition of 100% owned H&G Investment Management Limited (rebranded from Supervised Investments Australia Limited). FY21 (June year-end) returns for the H&G High Conviction Fund were approximately 38%, outperforming the ASX 200 by 15%. The strong out-performance resulted in H&G Investment Management triggering maiden performance fees;
- New strategic investment made in Provider Choice – a fast growing leading provider of NDIS plan management software and associated online marketplace;
- Substantial pipeline of investment opportunities spanning follow-on opportunities for the core operating businesses, new private businesses, and income opportunities; and
- Hire of 2 key investment Directors with strong investment background and networks, and establishment of head office in Bligh Street in Sydney's CBD:
 - **Nick Atkinson:** Nick was Executive Director of Institutional Equities with Morgan's Financial for the past 14 years where he oversaw rapid growth in divisional profitability. Nick has over 27 years equity capital markets experience, that spans Trading, Research, Research Sales, Corporate Finance & Investment Management. Nick has specialty expertise in the Energy, Healthcare/Life Sciences and Small Capitalisation sectors garnered from working both domestically and internationally in London and New York; and
 - **Phil Christopher:** Phil has over 10 years of experience across Private Equity, M&A, Capital Markets and Investment Management. Phil spent 6 years at Alceon Group, where he was a Director in the Private Equity team and prior to that was a member of the Investment Banking division of Goldman Sachs.



Outlook

Having strengthened the HGL balance sheet with the recent \$11.0 million capital raising, a strong management team now in place and a large pipeline of opportunities, and in response to specific investor demands, HGL intends to progress the following product strategies over the next 6 months:

- Continued pursuit and execution of investment opportunities that can deliver investment returns in excess of 20% per annum;
- Follow on raise for the H&G High Conviction Fund targeting predominantly ASX Listed companies with significant latent value and near/medium term catalysts;
- Further development of core operating investments including strategic acquisitions, organic growth initiatives and activities to potentially unlock liquidity and release value; and
- Seeding and cornerstone investment of select new fund products to cater for the quality of investment opportunities currently under various stages of review.

Further Information

For more information, please contact Sandy Beard, HGL Chair, on 02 8667 4660.

About HGL Ltd

HGL is a diversified investment company with a focus on active management and driving shareholder returns, investing in a broad range of opportunities across Private Equity, ASX listed equities, funds management, real property, debt funding and other alternative investments. We seek to become a trusted partner of choice that aims to solve our partners' problems, identifying and pursuing opportunities that benefit all parties.