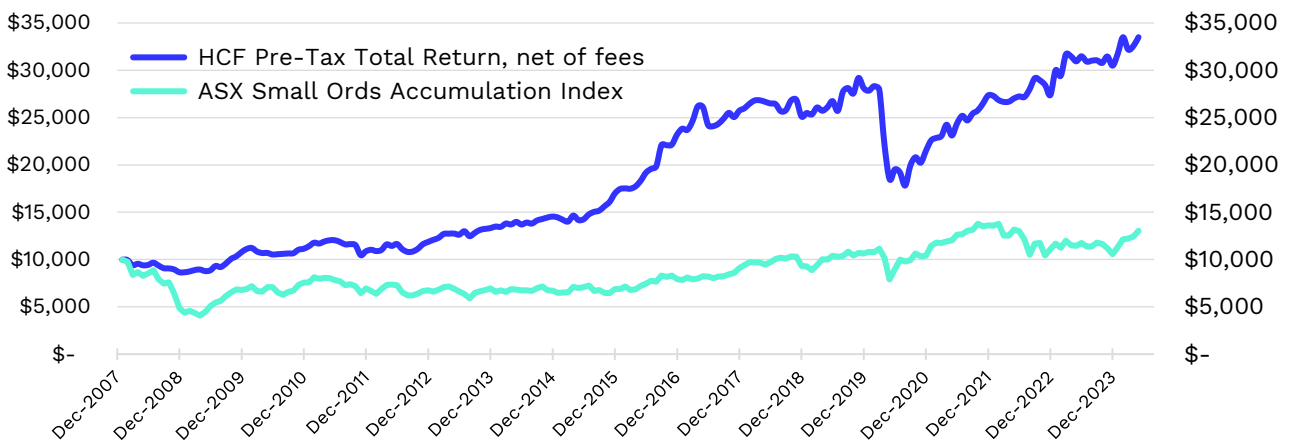


Highlights:

- Flat performance for the March 2024 quarter
- Paid a fully franked dividend of \$0.02 per share
- Invested a further 13% of the portfolio in what continues to be a period of significant opportunity for value in microcaps, highlighted by recent M&A activity
- 15.3% p.a. pre-tax total return since IPO compared to 11.8% p.a. for the ASX Small Ordinaries Accumulation Index

Pre-Tax NTA Per Share:	Post-Tax NTA Per Share:
\$1.094	\$1.054
At 31 March 2024	
Current Market/Share Price:	
\$0.97	
At 10 April 2024	

Value of \$10,000 invested since inception as at 31 March 2024



Performance data is after all fees and includes the original vehicle, H&G High Conviction Fund, launched in November 2007, until 23 June 2022, and the performance of H&G High Conviction Limited since 23 June 2022. Performance of H&G High Conviction Limited is calculated monthly as profit before taxation divided by opening net assets (adjusted for capital movements and dividends during the month, if any). IPO returns calculated from 31 October 2022, the closest balance date to listing. Past performance is no guarantee of future returns.

Commentary

The pre-tax total return of H&G High Conviction Limited (HCF) for the March 2024 quarter was disappointingly flat compared to the ASX Small Ordinaries Accumulative Index (Index), which was up 7.5%. While a lacklustre result, this is characteristic of the potential short-term volatility in select investments associated with HCF’s strategy of a concentrated portfolio of microcaps. This was exemplified last quarter in **Po Valley Energy** (PVE), which experienced a share price decrease of 38%. This was despite the company’s strong fundamental health (discussed further below). PVE’s decline masked substantial contributions from key investments including **Veem** (VEE) (+62%), **Connexion** (CXZ) (+29%), and **Universal Biosensors** (UBI) (+33%). All three are recent additions to the portfolio and are executing pleasingly on promising growth prospects. Their gains were offset by PVE’s fall, resulting in the portfolio’s short-term underperformance relative to HCF’s target of double-digit annual returns.

Overall, HCF achieved a pre-tax total return of 8.0% after fees for the nine months ending 31 March 2024, while the Index rose by 14.4%. Since its IPO, HCF has delivered a pre-tax total return of 15.3% per annum after fees, outperforming the Index’s 11.8% per annum.



Update on portfolio during the quarter

Throughout the period, HCF invested 13% of Funds Under Management (FUM) into existing and new holdings, capitalising on the appealing risk-return prospects in the microcap segment of the market. As at the end of the March 2024 quarter, the portfolio had a cash weighting of 22%.

The largest new portfolio holding by size is **Universal Biosensors** (UBI), representing 4.5% of the portfolio at cost. UBI is a medical devices company that designs strips used in conjunction with devices for instant test results in various industries such as healthcare, wine, and agriculture. HCF participated in a placement to help UBI build inventory in the context of increased demand for its products. Following our investment, UBI received FDA approval for one of its devices, contributing to a 33% increase in share price.

Top 6 holdings (in alphabetical order)

Clearview (CVW) made a 7% total return during the period. The life insurance group posted positive half-year results, with profits up 37% year-on-year and the introduction of an interim dividend.

Connexion Mobility (CXZ) shares rose by 29%. The company released its half-yearly results, demonstrating a 251% increase in profits and 126% increase in revenue.

Eildon Capital Group (EDC) shares fell by 6% during the period, with half-year profits down 20%. Despite a poor result, we remain confident there is considerable value in EDC beyond the current share price and intend to work with the board and shareholders to help unlock it.

Kinatico (KYP) shares fell by 12.5%, despite improved profitability and revenue in the company's 1H24 result. Notably, SaaS revenue was up 159% year-on-year.

Po Valley Energy (PVE) shares declined by 38%. The company released a quarterly report demonstrating further cash generation and healthy gas flow at its onshore field, Selva. However, another mild winter in Europe led to a fall in the gas price, which may have contributed to the downward pressure on PVE shares. Nonetheless, Europe's gas supply remains uncertain and further price volatility is expected. It was positive to see PVE chairman and major shareholder Kevin Bailey recently acquiring a further \$250k worth of stock. We remain committed to helping drive returns for PVE shareholders with our board position.

Veem (VEE) shares increased by 62% during the quarter. The company's profits rose by 92% year-on-year with a strong outlook for the remainder of FY24.

Outlook

HCF's universe of microcap companies continues to remain attractive, with opportunities to invest in sound businesses and/or assets at discounted prices relative to inherent value.

We are actively deploying cash into new positions while conducting due diligence on several potential investments that meet our criteria. Areas of particular interest include consumer discretionary, construction, real estate and financials – sectors where this is still considerable pessimism yet quality companies with durable businesses can be found.



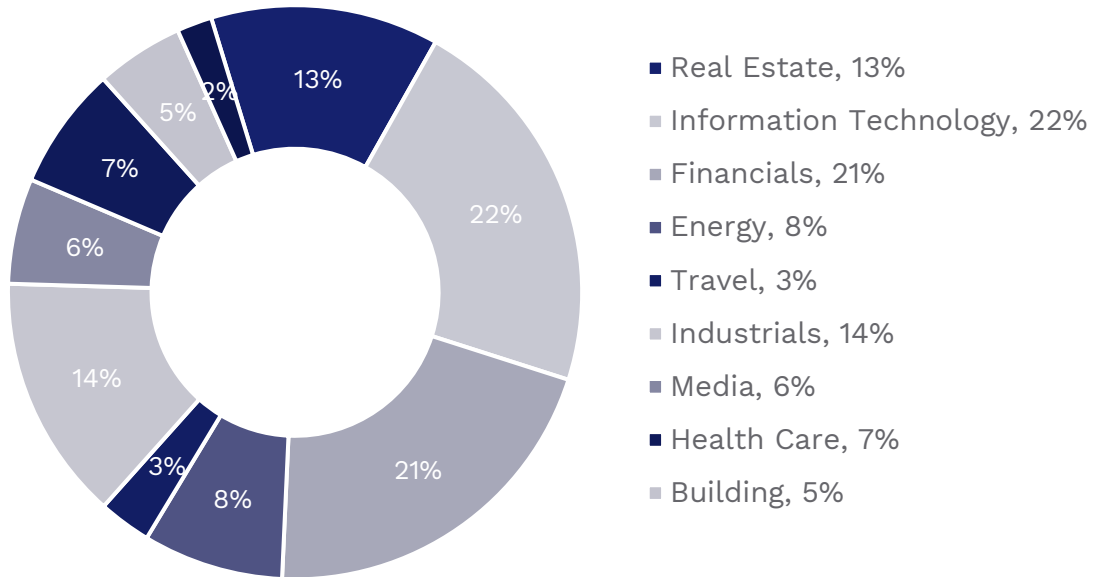
“Skepticism and pessimism aren’t synonymous. Skepticism calls for pessimism when optimism is excessive. But it also calls for optimism when pessimism is excessive.”

— Howard Marks

Performance as of 31 March 2024	3 months	12 months	Since IPO p.a.	2 years p.a.	3 years p.a.	10 years p.a.	Since inception p.a.
HCF pre-tax total return, net of fees	0.0%	8.2%	15.3%	11.3%	13.2%	9.1%	7.7%
ASX Small Ordinaries Accumulation Index	7.5%	13.8%	11.8%	-0.6%	2.7%	6.7%	1.6%
<i>Outperformance</i>	-7.5%	-5.6%	3.5%	11.9%	10.4%	2.4%	6.0%

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Equities exposure by industry, 31 March 2024



I encourage existing and prospective investors to book an appointment to access the portfolio management team with any questions about the company’s holdings, strategy and policies.

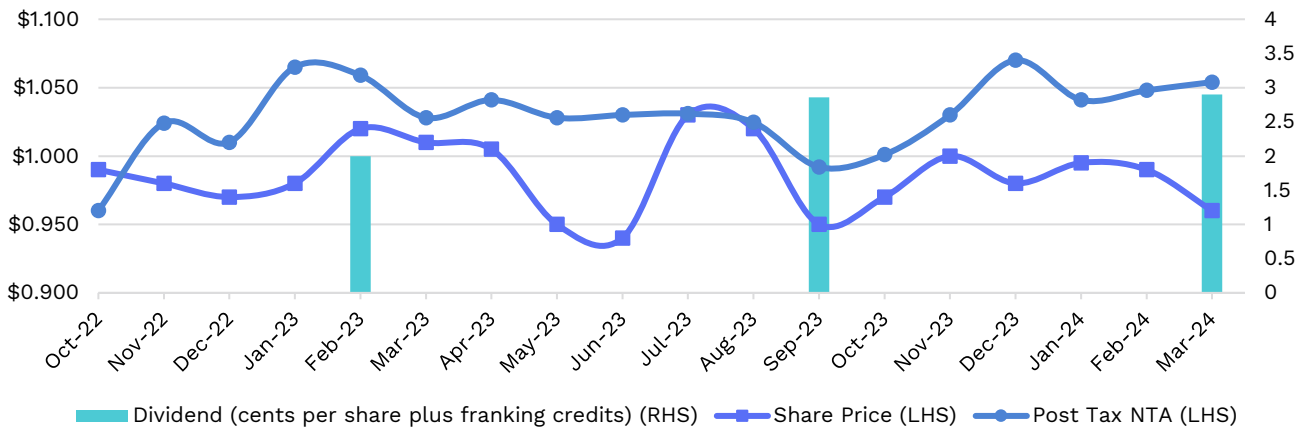
[Book yourself a meeting now!](#)

Joseph Constable
Executive Director &
Portfolio Manager



Scan the QR code to get H&G news & insights sent to your email!

Share Price vs Post-Tax NTA



Company Details	H&G High Conviction Limited
ASX Code	HCF
Company Type	Listed Investment Company
ISIN	AU0000236218
Shares on issue	25,059,428
Investment Manager	H&G Investment Management Limited
Management Fee	1% plus GST p.a.
Performance Fee	20% of benchmark outperformance, with a high watermark
Benchmark	5% compounding annually, absolute

The Team:



David Groves
Chair



Nick Atkinson
Director



Joseph Constable
Portfolio Manager & Director



Dennison Hambling
Director



Nishantha Seneviratne
Company Secretary



Arthur Fokschaner
Investment Manager

Disclaimer: This performance report has been prepared by H&G Investment Management Ltd (ACN: 125 580 305; AFSL: 317155) on behalf of H&G High Conviction Limited to provide you with general information only.

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