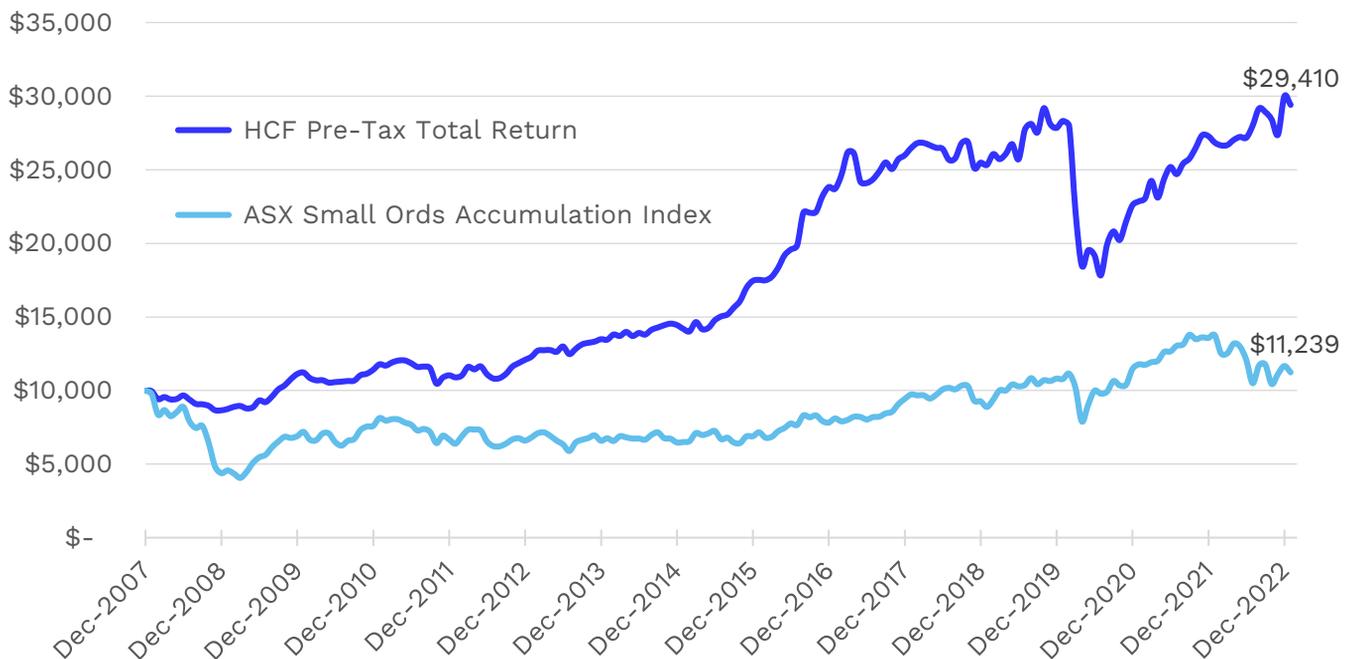


Quarterly Report -December 2022

Highlights during the quarter

- Successfully listed on the ASX
- Fourth largest holding **Proptech Group (PTG)** received a takeover bid at a 135% premium to our cost value
- Portfolio increased by 3.5% (pre-tax; net of all fees)
- NTA of \$1.010 compared to listing price of \$0.983

Value of \$10,000 invested since inception as at 30 December 2022*



*Performance data, as applicable, 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).

Commentary

H&G High Conviction Limited (HCF) closed 2022 on a positive note with an annual return of 9.5% after all fees (including the performance of the former unit trust) compared to the ASX Small Ordinaries Accumulation Index return of -18.4%. Our performance during a turbulent time for markets was aided by our focus on investing in either cash generating or asset-backed businesses with limited-to-no debt.

During the December quarter, HCF's pre-tax portfolio return after all fees was 3.5%. The main contributors were **Proptech Group (PTG)** (up 103%), **Kiland (KIL)** (up 22%) and **Centrepnt Alliance (CAF)** (down 20%).

Update on largest portfolio holdings

Po Valley Energy (PVE; 12.6% of HCF) shares declined by 2% during the quarter. PVE continued to work towards first gas production in the first half of 2023 at its onshore field, Selva. Natural gas prices in Europe remained well above the historical average with a significant shortfall in supply expected for at least the next year.

Kiland (KIL; 11.5% of HCF) shares increased by 22% during the quarter. KIL raised \$7m for its carbon credit business, Nobrac. KIL stock continues to trade at a considerable discount to its pro forma net tangible asset value after accounting for its share of Nobrac.

Centrepoint Alliance (CAF; 6.4% of HCF) shares fell by 20% during the quarter. The company gave a trading update at its AGM stating earnings would be down by 5% half-on-half in the period to 31 December 2022 but should improve in the second half of the financial year.

We continue to believe in CAF's strategic merit as a potential consolidator in the financial advice industry. CAF shares offer good value at a last-twelve-month dividend yield of 6.7% fully franked.

Other activities and outlook

During the month we invested a further 2% of the portfolio into FOS Capital (FOS). FOS is a commercial lighting manufacturer and distributor with operations in Australia and New Zealand.

We first began buying shares in FOS at the end of 2021 and recently participated in FOS's placement to fund the acquisition of a Sunshine Coast-based lighting manufacturer. FOS is building a meaningful lighting group in a fragmented industry.

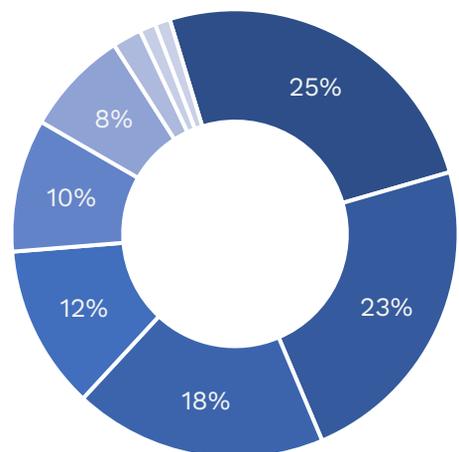
We are assessing several potential investment opportunities, including recapitalisations and companies with superior businesses or assets that have seen share price declines following the recent market sell-off.

We expect market conditions to remain volatile in the coming months.

As ever, please don't hesitate to reach out to us with any questions.

| Top Holdings | % of Gross Portfolio |
|----------------------------|----------------------|
| Po Valley Energy (PVE) | 12.6% |
| Kiland (KIL) | 11.5% |
| Centrepoint Alliance (CAF) | 6.4% |
| Hillgrove Resources (HGO) | 4.8% |
| Cirrus Networks (CNW) | 3.3% |
| FOS Capital (FOS) | 2.7% |
| Ensurance (ENA) | 2.7% |
| Complii (CF1) | 2.0% |

Primary Exposures as % Equity Holdings



- Energy, 25%
- Real Estate/Land, 23%
- Financials, 18%
- Information Technology, 12%
- Materials, 10%
- Industrials, 8%
- Agriculture, 2%
- Consumer Staples, 1%
- Utilities, 1%

**“The intelligent investor is a realist
who sells to optimists
and buys from pessimists”**

– Benjamin Graham
(Warren Buffet’s mentor)

| Pre-tax performance as of 31 December 2022 | 3 months | 12 months | 7 years p.a. | 10 years p.a. | Since inception p.a |
|---|----------|-----------|-----------------|------------------|---------------------------|
| HCF Pre-Tax Total Return* | 3.5% | 9.5% | 7.7% | 9.1% | 7.4% |
| ASX Small Ords Accumulation Index | 7.5% | -18.4% | 6.6% | 5.1% | 0.8% |

*Performance data, as applicable, 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).

Company Information

| | |
|-----------------------|--|
| Name | H&G High Conviction Limited |
| ASX Code | HCF |
| Listing Date | 25 October 2022 |
| Company Type | Listed Investment Company |
| Share Price | \$0.99 |
| Market Capitalisation | \$22m |
| Investment Manager | H&G Investment Management Limited |
| Management Fee | 1% plus GST p.a. |
| Performance Fee | 20% of benchmark outperformance, with a high watermark |

The Team



David Groves
Chair – H&G High Conviction Ltd



Nick Atkinson
Director



Joseph Constable
Portfolio Manager & Director



Sandy Beard
Chair – H&G Investment Management Ltd



Michael Bower
Company Secretary



Arthur Fokschaner
Senior Analyst

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. In preparing this report, we did not take into account the investment objectives, financial situation or particular needs of any particular person. It is not intended to take the place of professional advice and you should not take action on specific issues in reliance on this information. Neither H&G Investment Management Ltd nor any of its related parties, their employees or directors, provide and warranty of accuracy or reliability in relation to such information or accepts any liability to any person who relies on it. Past performance should not be taken as an indicator of future performance. You should obtain a copy of the Information Memorandum before making a decision about whether to invest in this product.