H&G HIGH CONVICTION

Appendix 4D

Preliminary Final Report

Results for announcement to the market

For the Half-Year ended 31 December 2023

RESULTS FOR ANNOUNCEMENT TO THE MARKET	Movement	Current Period $'000	Previous Period $'000
Income from ordinary activities	Up 66%	2,596	1,563
Profit from ordinary activities after tax attributable to members	Up 74%	1,489	854
Net profit for the period attributable to members	Up 74%	1,489	854
		cents per share	cents per share
Earnings per share, basic and diluted (cents per share)	Up 20%	5.9	4.9
Net tangible asset backing per share (NTA) as at		31 December 2023 $	31 December 2022 $
Post-tax net tangible assets per share		1.07	1.01
Pre-tax net tangible assets per share		1.12	1.06

DIVIDENDS

Interim fully franked ordinary dividend of 2 cents per share has been declared by the board.

Ex date:	14 March 2024
Record date:	15 March 2024
Payment date:	25 March 2024

Explanation of Results

A detailed explanation of the financial performance for the half-year ended 31 December 2023 is contained in the Review of Operations within the Directors' Report.

This report is based on financial statements which have been *subject to independent review* by the auditors, UHY Haines Norton Chartered Accountants.

All documents comprise the information required by listing rule 4.2A.
This information should be read in conjunction with the 2023 Annual Financial Report.

H&G HIGH CONVICTION

2024

Directors' Report

The directors submit the financial report of the Company for the Half-Year ended 31 December 2023

REVIEW OF OPERATIONS

The directors H&G High Conviction Limited (ASX: HCF) (HCF or Company) are pleased to present the Company's results for the six months ended 31 December 2023.

HCF had a successful first half of the financial year, generating net profit after tax of $1,448,906. Basic and diluted earnings per share after tax were 5.9 cents. The main drivers of this result were a $842,609 realised gain on investments and $1,276,399 unrealised gain on investments, offset by operating costs of $570,093.

The major contributors to the $842,609 realised gain were the sale of shares Cirrus Networks (ASX: CNW) and Centrepoint Alliance (ASX: CAF). The disposal of Cirrus Networks shares followed the company receiving a takeover bid from a competitor at an attractive premium, crystallising a 66% return since HCF's IPO.

The sale of Centrepoint Alliance shares followed the announcement that financial services group COG Financial (ASX: COG) had acquired a 19.9% stake in CAF at a 32% premium to the last traded price. HCF took advantage of subsequent corporate interest in CAF and sold two-thirds of its holding at an attractive price.

The major contributors to the $1,276,399 unrealised gain were Veem (ASX: VEE) and Kinatico (ASX: KYP), whose value increased by 50% and 46% respectively over the period. Both are relatively new positions, with HCF first investing in Veem in November 2023 and Kinatico in May 2023.

HCF's investment strategy is to focus on a concentrated portfolio of ASX-listed micro capitalisation companies. HCF invests in and actively engages with companies that it considers have superior fundamental prospects but are priced by the market at a discount relative to perceived inherent value. HCF's primary goals are to generate long- term double-digit per annum returns while minimising capital loss.

HCF's Net Tangible Asset (NTA) backing per share, as at 31 December 2023, was as follows:

- NTA per share after all taxes – $1.070
- NTA per share before deferred tax on unrealised gains – $1.12

HCF ended the period with $4,750,648 in cash and $2,085,338 in a cash equivalent ETF.

DIVIDENDS

A fully franked interim dividend of 2 cents per share has been declared by the board and will be paid on 25 March 2024.

The Company intends to pay fully franked dividends where and when available from franked dividends received from underlying portfolio companies and a portion of realised profits from the sale of securities.

OUTLOOK

Please refer to the December 2023 Report, released separately to the ASX on 10 January 2024, for detailed commentary on the portfolio and outlook.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS OF OPERATIONS

Likely developments in the operations of the Group are detailed in the Review of Operations and Events Occurring After the Reporting Date.

BOARD OF DIRECTORS AND COMPANY SECRETARY

The names of each person who has been a director during the period and to the date of this report are:

David Groves

Non-Executive Chairman (appointed 26 August 2022)

Qualifications: David has a Bachelor of Commerce from the University of Wollongong and a Master of Commerce from the University of New South Wales, and is a member of the Institute of Chartered Accountants Australia and New Zealand.

Experience: David has over 25 years' experience as a company director. He is Chairman of Pengana Capital Group Limited (ASX: PCG) and is a Non-Executive Director of Pengana International Equities Limited (ASX: PIA) and Redcape Hotel Group Management Ltd as responsible entity of the Redcape Hotel Group. David is also a member of the Audit and Risk Committee for Pengana Capital Group Limited and Pengana International Equities Limited. He is a member of the Council of the University of Wollongong. He is a former director of EQT Holdings Ltd, Tassal Group Ltd and GrainCorp Ltd and a former executive with Macquarie Bank Limited and its antecedent, Hill Samuel Australia.

Nicholas (Nick) Atkinson

Executive Director (appointed 8 June 2022)

Qualifications: Nick has a Master of Business Administration (MBA) from Macquarie Graduate School of Management, a Bachelor of Commerce from the University of Queensland, and a Graduate Diploma in Applied Investment and Finance from FINSIA.

Experience: Nick has over 27 years' equity capital markets experience, that spans trading, research, sales, corporate finance and investment management. Nick has specialty expertise in the Energy, Healthcare/Life Sciences and Small Capitalisation sectors, garnered from working both in Australia as well as offshore in London and New York. Nick has been an executive at Hancock & Gore since June 2021. Prior to joining Hancock & Gore, Nick spent 14 years at Morgans Financial Limited, where he was Executive Director of Institutional Equities. Nick oversaw rapid growth of the division's profitability over a 10+year period.

Joseph Constable

Executive Director (appointed 8 June 2022)

Qualifications: Joseph has a Master of History from the University of Oxford and a Bachelor of Arts (Honours) from the University of Melbourne. He is a Graduate of the Australian Institute of Company Directors.

Experience: Joseph has worked in funds management since 2014 and has experience with UK-based Smith and Williamson and Hunter Hall International. Since 2016, he has worked at Supervised Investments Australia Limited, which was acquired by Hancock & Gore Limited and subsequently rebranded as H&G Investment Management Ltd. Joseph is a director and Portfolio Manager of the Manager and an Executive Director of Hancock & Gore Limited (ASX: HNG). He is also a Director of Po Valley Energy Limited (ASX: PVE).

Nishantha Seneviratne

Joint Company Secretary (appointed 12 February 2024)

Nishantha is an experienced company secretary and a fellow member of the Governance Institute of Australia and CPA Australia. He is also the Chief Financial Officer of Hancock & Gore Limited, appointed in March 2023. Nishantha was the former Company Secretary and Chief financial officer of Milton Corporation Limited (ASX: MLT) (between 2012 and 2021) which merged with Washington H Soul Pattinson & Company Limited (ASX:SOL).

Max Crowley

Joint Company Secretary (appointed 19 May 2023)

Max is an experienced corporate lawyer and company secretary in ASX listings, employee equity schemes, capital raisings and providing advice on corporate governance and compliance issues. Max is a member of Automic group's Company Secretary team which provides company secretary services to a number of ASX listed and unlisted public companies across a range of industries.

End of director's report.

This report is made in accordance with a resolution of directors.

David Groves

Director

26 February 2024

Auditors' Independence Declaration

Under Section 307C of the *Corporations Act 2001*

To the Directors of H&G High Conviction Limited

I declare that, to the best of my knowledge and belief, in relation to the review for the half year ended 31 December 2023, there have been:

(i) no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the review; and

(ii) no contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of H&G High Conviction Limited.

Mark Nicholaeff
Partner

Sydney
Dated: 26 February 2024

UHY Haines Norton
Chartered Accountants

Statement of Profit or Loss and Other Comprehensive Income

For the Half Year ended 31 December 2023

	Note	31 December 2023	31 December 2022 $
Dividends received		**376,363**	88,195
Fair value gains on financial instruments at fair value through profit and loss	3	**2,119,008**	1,395,795
Interest income		**100,921**	79,290
Income from Ordinary Activities		**2,596,292**	1,563,280
Performance fees expense		**(349,758)**	(181,974)
Management expense		**(142,774)**	(110,552)
Professional fees expense		**(19,446)**	(45,853)
Employee benefits expense		**(20,090)**	(13,978)
Other expenses		**(38,025)**	(28,111)
Operating Expenses		**(570,093)**	(380,468)
Profit before income tax		**2,026,199**	1,182,812
Income tax expense		**(537,293)**	(328,730)
Profit after income tax for the period		**1,488,906**	854,082
Other comprehensive income		–	–
Total comprehensive income for the period		**1,488,906**	854,082

	Note	31 December 2023 Cents	31 December 2022 Cents
Earnings per share for profit attributable to the shareholders of H&G High Conviction Limited			
Basic and diluted earnings per share	4	**5.9**	4.9

Statement of Financial Position

As at 31 December 2023

	Note	31 December 2023 $	30 June 2023 $
Assets			
CURRENT ASSETS			
Cash and cash equivalents	5	**6,835,986**	5,941,036
Trade and other receivables	6	**207,171**	59,125
Financial assets held at fair value through profit and loss	7	**22,200,841**	21,890,683
Other assets	8	**15,266**	18,235
Total current assets		**29,259,264**	27,909,079
NON CURRENT ASSETS			
Deferred tax asset		**13,594**	26,327
Total non current assets		**13,594**	26,327
Total assets		**29,272,858**	27,935,406
Liabilities			
CURRENT LIABILITIES			
Trade and other payables	9	**504,443**	341,750
Income tax payable		**709,325**	350,897
Total current liabilities		**1,213,768**	692,647
NON CURRENT LIABILITIES			
Deferred tax liability		**1,258,439**	1,429,825
Total non current liabilities		**1,258,439**	1,429,825
Total liabilities		**2,472,207**	2,122,472
Net assets		**26,800,651**	25,812,934
Equity			
Issued capital	10	**24,540,935**	24,540,935
Retained earnings		**2,259,716**	1,271,999
Total equity		**26,800,651**	25,812,934

Statement of Changes in Equity

For the Half Year ended 31 December 2023

	Issued Capital $	Retained Earnings $	Total Equity $
Balance at 30 June 2023	24,540,935	1,271,999	25,812,934
Profit	-	1,488,906	1,488,906
Other comprehensive income	-	-	-
Total comprehensive income	-	1,488,906	1,488,906
Issue of share capital	-	-	-
Dividends paid	-	(501,189)	(501,189)
Balance at 31 December 2023	24,540,935	2,259,716	26,800,651

For the Half Year ended 31 December 2022

	Issued Capital $	Retained Earnings $	Total Equity $
Balance on incorporation			
Profit	–	854,082	854,082
Other comprehensive income	–	–	–
Total comprehensive income	–	854,082	854,082
Shares issued at inception	16,226,333	–	16,225,333
Shares issued in IPO	5,200,000	–	5,200,000
Balance at 31 December 2022	21,426,333	854,082	22,280,415

Statement of Cash Flows

For the Half Year ended 31 December 2023

	Note	31 December 2023	31 December 2022 $
CASH FLOWS FROM OPERATING ACTIVITIES			
Dividends received		**429,632**	88,195
Interest received		**46,054**	64,285
Other revenue		**3,820**	-
Management fees		**(142,774)**	(110,551)
Performance fees		**(158,782)**	-
Income tax paid		**(335,918)**	-
Other operating expenses		**(253,891)**	(69,521)
Net cash used in operating activities		**(411,859)**	(27,592)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of investments		**(7,187,340)**	(3,667,695)
Sale of investments		**8,995,338**	7,034,184
Net cash used in investing activities		**1,807,998**	3,366,489
CASH FLOWS FROM FINANCING ACTIVITIES			
Issued shares		**-**	8,399,318
Ordinary dividends paid		**(501,189)**	-
Net cash provided by financing activities		**(501,189)**	8,399,318
Net increase in cash and cash equivalents held		**894,950**	11,738,215
Cash and cash equivalents at the beginning of the half year		**5,941,036**	-
Cash and cash equivalents at end of the half year	5	**6,835,986**	11,738,215

Notes to the Financial Statements

For the Half year period ended 31 December 2023

1 BASIS OF PREPARATION

The financial report covers H&G High Conviction Limited as an individual entity. H&G High Conviction Limited is a for profit Company limited by shares, incorporated and domiciled in Australia

The principal activity the Company is to invest in micro capitalisation ASX -listed companies seeking . HCF's primary goals are to generate long- term double-digit per annum returns while minimising capital loss. HCF actively engages with investee companies to unlock the full value of management teams and core assets. .

This condensed interim financial report for the reporting period ending 31 December 2023 has been prepared in accordance with the requirements of the *Corporations Act 2001* and Australian Accounting Standard AASB 134: *Interim Financial Reporting*.

The interim financial report is intended to provide users with an update on the latest annual financial statements of H&G High Conviction Limited. As such it does not contain information that represents relatively insignificant changes occurring during the year within H&G High Conviction Limited. This condensed financial report does not include all the notes normally included in an annual financial report.

The same accounting policies and methods of computation have been followed in this interim financial report as were applied in the most recent annual financial statements.

The financial statements have been prepared on an accruals basis and are based on historical costs modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

Significant accounting policies adopted in the preparation of these financial statements are presented below.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Fair value gains on financial instruments at fair value through profit and loss and other income

Fair value gains on financial instruments at fair value through profit and loss

The Company has been classified under AASB 10 as an Investment Entity whose business purpose is to invest funds solely for returns via capital appreciation and/or investment returns. As the Company has been classified as an Investment Entity, the portfolio investments have been accounted for at fair value through profit and loss and shown as Financial Assets in the Statement of Financial Position.

Investments held at fair value through profit and loss are initially recognised at cost. Transaction costs related to acquisitions are expensed to profit and loss immediately. Subsequent to initial recognition, all financial instruments held at fair value are accounted for at fair value, with changes to such values recognised in the profit and loss. Fair value is the price the Company would receive to sell an asset or would have to pay to transfer a liability in an orderly (i.e. unforced) transaction between independent, knowledgeable, and willing market participants at the measurement date.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

As fair value is a market-based measure, the closest equivalent observable market pricing information is used to determine fair value Level 1 in the fair value hierarchy. Adjustments to market values may be made having regard to the characteristics of the specific asset or liability, The fair values of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data.

Financial assets are de-recognised when the rights to receive cash flows have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership. When there is no reasonable expectation of recovering part or all of a financial asset, its carrying value is written off.

Other income

Other income is recognised on an accruals basis when the Company is entitled to it.

(b) Income tax

The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate for each jurisdiction, adjusted by changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior periods, where applicable.
Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to apply when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted for each jurisdiction.

Deferred tax assets and liabilities are recognised for differences between the purchase price and tax cost base of assets and liabilities acquired in asset swap arrangements. Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses. The carrying amount of recognised and unrecognised deferred tax assets are reviewed each reporting date. Deferred tax assets recognised are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered. Previously unrecognised deferred tax assets are recognised to the extent that it is probable that there are future taxable profits available to recover the asset.

Deferred income tax is provided on temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred tax liabilities are recognised for all taxable temporary differences except when the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

The Company offsets deferred tax assets and deferred tax liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on the same taxable entity which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

(c) Goods and services tax (GST)

Revenue, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO).

Receivables and payables are stated inclusive of GST.

Cash flows in the statement of cash flows are included on a gross basis and the GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority is classified as operating cash flows.

(d) Financial instruments

Financial instruments are recognised initially on the date that the Company becomes party to the contractual provisions of the instrument.

On initial recognition, all financial instruments are measured at fair value plus transaction costs (except for instruments measured at fair value through profit or loss where transaction costs are expensed as incurred).

Financial assets

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Classification

On initial recognition, the Company classifies its financial assets into the following categories, those measured at:

- amortised cost
- fair value through profit or loss – FVTPL

Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets.

Amortised cost

The Company's financial assets measured at amortised cost comprise trade and other receivables and cash and cash equivalents in the statement of financial position.

Financial liabilities

The Company measures all financial liabilities initially at fair value less transaction costs, subsequently financial liabilities are measured at amortised cost using the effective interest rate method.

(e) Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, and other short term, highly liquid financial instruments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(f) Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares and share options which vest immediately are recognised as a deduction from equity, net of any tax effects.

3 FAIR VALUE GAINS ON FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT AND LOSS AND OTHER INCOME

Fair value gains on financial instruments at fair value through profit and loss

	31 December 2023 $	31 December 2022 $
Realised gain on disposal of investments	**842,609**	809,517
Unrealised gains on revaluation of investments	**1,276,399**	586,278
	2,119,008	1,395,795

4 EARNINGS PER SHARE (EPS)

Basic EPS is calculated by dividing the profit for the period attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares outstanding during the period. For the current period diluted EPS is the same as basic EPS.

	31 December 2023 $	31 December 2022 $
Profit after income tax attributable to the shareholders of H&G High Conviction Limited	**1,488,906**	854,802

The basic earnings per share for the reporting period were as follows:

	Cents	Cents
Basic and diluted earnings per share	**5.9**	4.9
Weighted average number of ordinary shares used in calculating basic and diluted earnings per share	**25,058,428**	17,473,204

5 CASH AND CASH EQUIVALENTS

	31 December 2023 $	30 June 2022 $
Cash	**4,750,648**	1,405,568
Cash equivalent ETF	**2,085,338**	4,535,468
	6,835,986	5,941,036

6 TRADE AND OTHER RECEIVABLES

	31 December 2023 $	30 June 2023 $
CURRENT		
Account Receivable	**177,611**	40,012
Prepayments	**24,205**	19,063
Other Receivable	**5,355**	50
	207,171	59,125

7 FINANCIAL ASSETS HELD AT FAIR VALUE THROUGH PROFIT AND LOSS

	31 December 2023 $	30 June 2023 $
CURRENT		
Investment in listed entities	**22,800,841**	21,890,683
	22,800,841	21,890,683
Fair value hierarchy		
Level 1 (Fair value measurement using Quoted prices in active markets)	**22,800,841**	21,890,683
Level 2 (Significant observable inputs)	**-**	-
Level 3 (Significant unobservable inputs)	**-**	-
	22,800,841	21,890,683

There were no transfers between levels during the reporting period.
Level 1 instruments comprise securities quoted on the ASX where values are based on quoted market prices.
Level 2 instruments comprise securities yet to be quoted on the ASX where values are determined based on significant observable inputs.
Level 3 instruments include certain private equity type investments of which valuations are not based on market inputs or securities valued using models and internal data. Investments may be adjusted to reflect illiquidity.

Investments are currently held at fair value via a mark to market valuation approach.

As per AASB13, the fair value hierarchy gives the highest priority to quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1), and the lowest priority to unobservable inputs (Level 3).

As fair value is a market-based measure, the closest equivalent observable market pricing information is used to determine fair value of all assets held – Level 1 in the fair value hierarchy. Adjustments to market values may be made having regard to the characteristics of the specific asset or liability.

8 OTHER ASSETS

	31 December 2023 $	30 June 2023 $
Options	**15,265**	18,235

The Investment Manager has allocated a minimal amount of capital to downside protection in the form of index futures options. This is a form of insurance against a large market downturn and is not considered a core portfolio investment. The total potential loss is limited to the amount of capital invested (the options premium).

9 TRADE AND OTHER PAYABLES

	31 December 2023 $	30 June 2023 $
Trade payables	**131,676**	113,062
Accrued expenses	**26,000**	72,701
Performance Fees payable	**345,884**	154,909
Other payables	**883**	1,078
	504,443	341,750

10 ISSUED CAPITAL

	31 December 2023 No of Shares	31 December 2023 $	30 June 2023 No of Shares	30 June 2023 $
Opening balance	**25,059,428**	**24,540,935**	16,768,037	16,226,333
Shares issued in IPO	**-**	**-**	5,290,467	5,200,000
Subsequent share issues	**-**	**-**	3,000,924	3,114,602
Ordinary fully paid ordinary shares closing balance	**25,059,428**	**24,540,935**	25,059,428	24,540,935

Ordinary shares

The holders of ordinary shares are entitled to participate in dividends and the proceeds on winding up of the Company. On a show of hands at meetings of the Company, each holder of ordinary shares has one vote in person or by proxy, and upon a poll each share is entitled to one vote.

In June 2022, the Company issued 16,768,037 fully paid ordinary shares valued at $16,226,333 in consideration for cash and equity portfolio.

On 25 October 2022, HCF issued 5,290,467 fully paid ordinary shares and raised $5,200,000 through its initial public offering at an issue price of $0.9829 per share.

On 7 March 2023, HCF issued 358,830 fully paid ordinary shares at an issue price of $1.059 per share totaling $380,000 as consideration for acquisition of 20 million shares in Connexion Telematics Limited (ASX:CXZ).

On 10 May 2023, HCF issued 2,642,094 fully paid ordinary shares at an issue price of $1.04 per share to sophisticated and professional investors and raised $2,734,602 net of acquisition costs.

No additional shares were issued during the 6-month period ended 31 December 2023.

All capital consists of fully paid ordinary shares which are listed on the ASX.

11 DIVIDENDS

a) Recognised in the current period

	31 December 2023 $	31 December 2022 $
Ordinary fully franked interim dividend in respect of the 2022 financial year of 2 cents per share paid on 6 October 2023 (2022: Nil)	**501,189**	-
	501,189	-

b) Not recognised in the current period

	31 December 2023 $	31 December 2022 $
Since the end of the half year ended 31 December 2023, the directors have declared an ordinary fully franked interim dividend in respect of the 2024 financial year of 2 cents per share payable on 25 March 2024 (2022: unfranked ordinary interim dividend of 2 cents per share paid on 24 March 2023)	501,189	448,347
	501,189	448,347

No LIC capital gain was included in the above dividends.

12 DIVIDEND FRANKING ACCOUNT

	31 December 2023 $	31 December 2022 $
Franking credits available for subsequent financial years based on a tax rate of 30%	1,009,829	37,798

The above amounts represent the balance of the franking account as at the end of the financial year, adjusted for:

- franking credits that will arise from the payment of the income tax payable at the reporting date
- franking debits that will arise from the payment of dividends recognised as a liability at the reporting date
- franking credits that will arise from the receipt of dividends recognised as receivables at the reporting date

Franking credits available after paying the interim fully franked dividend declared of 2 cents per share will be $795,034.

13 CONTINGENT LIABILITIES

In the opinion of the Directors, the Company did not have any contingent liabilities at 31 December 2023.

14 RELATED PARTIES

Transactions with related parties

Transactions between related parties are on normal commercial terms and conditions no more favorable than those available to other parties unless otherwise stated.

In its capacity as Investment Manager, the Manager is entitled to be paid a management fee equal to 1.0% (plus GST) per annum of the value of the Company's Gross Portfolio Value, which is calculated on the last Business Day of each calendar month and paid monthly in arrears within five business days of the end of each calendar month. Gross Portfolio Value means, on any given date, the net asset value of the Company excluding any Performance Fee or Tax liabilities.

Management fees paid and payable to the Manager for the 6-month period to 31 December 2023 total $142,774.

In addition, the Manager is entitled to be paid a performance fee equal to 20.0% (plus GST) of the amount by which the return of the Company exceeds a hurdle return of 5.0% per annum. The return of the Company means an amount expressed in dollars which is equal to the accumulated profit before tax of the Company since the Highwater Mark Date. The Highwater Mark Date means the end of the last period where a Performance Fee has been paid. Any Performance Fee accrues on the Performance Testing Date, which is each 31 December and each 30 June, and is payable within five business days. Performance fee paid and payable to the Manager for the 6-month period to 31 December 2023 amounted to $349,758.

Joseph Constable is also an executive director of Hancock & Gore and the Investment Manager and has a relevant interest in 425,872 shares in Hancock & Gore. Joseph is also eligible to receive a short-term incentive, long term incentive, and Hancock & Gore performance rights, which will be subject to various performance hurdles based on the performance.
of Hancock & Gore. By virtue of these interests, Joseph Constable may indirectly benefit from the Management Fee and Performance Fee being payable to the Investment Manager (which is a wholly owned subsidiary of Hancock & Gore) in accordance with the Management Agreement. Joseph Constable does not control Hancock & Gore or the Investment Manager.

Joseph Constable is also currently a Director of Po Valley Energy Limited (ASX: PVE), which is a material Portfolio Company.

David Groves has a relevant interest in 378,077 shares in Hancock & Gore. By virtue of this interest, David Groves may indirectly benefit from the Management Fee and Performance Fee being payable to the Manager (which is a wholly owned subsidiary of Hancock & Gore) in accordance with the Management Agreement. David Groves does not control Hancock & Gore or the Investment Manager.

Nicholas Atkinson is also an executive of Hancock & Gore, an executive director of the Investment Manager and has a relevant interest in 5,600,000 shares in Hancock & Gore. Nick is eligible to receive short term incentive, long term incentive and Hancock & Gore performance rights, which will be subject to various performance hurdles based on the performance of Hancock & Gore. By virtue of this interest, Nicholas Atkinson may also indirectly benefit from the Management Fee and Performance Fee being payable to the Manager (which is a wholly owned subsidiary of Hancock & Gore) in accordance with the Management Agreement. Nicholas Atkinson does not control Hancock & Gore or the Investment Manager.

15 KEY MANAGEMENT PERSONNEL COMPENSATION

	31 December 2023 $	31 December 2022 $
Short term employee benefits	**19,095**	12,650
Post employment benefits	**995**	1,328
	20,090	13,978

16 EVENTS OCCURRING AFTER THE REPORTING DATE

The financial report was authorised for issue on 26 Feb 2024 by the board of directors.

The directors declared a final fully franked dividend of 2 cents per share payable on 25 March 2024.

No matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Company, the results of those operations, or the state of affairs of the Company in future financial years.

Directors' Declaration

For the Half year period ended 31 December 2023

1. In the opinion of the directors of H&G High Conviction Limited:

   (a) The financial statements and notes, as set out on pages 6 -17 are in accordance with the *Corporations Act 2001*, including:

      (i) complying with *Australian Accounting Standards* and the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and

      (ii) giving true and fair view of the Company's financial position as at 31 December 2023 and of its performance for the half year ended on that date.

   (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.

David Groves
Director

Nicholas Atkinson
Director

Dated: 26 February 2024

Independent Auditor's Report

To the Members of H&G High Conviction Limited

REPORT ON THE HALF-YEAR FINANCIAL REPORT

Opinion

We have reviewed the accompanying half-year financial report of H&G High Conviction Limited ("the Company"), which comprises the statement of financial position as at 31 December 2023, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the half-year ended on that date, a statement of significant accounting policies, other selected explanatory notes, and the directors' declaration of the entity.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of H&G High Conviction Limited is not in accordance with the Corporations Act 2001 including:

(a) giving a true and fair view of the entity's financial position as at 31 December 2023 and of its performance for the half-year ended on that date; and

(b) complying with Australian Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001.

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 Review of a Financial Report Performed by the Independent Auditor of the Entity. Our responsibilities are further described in the Auditor's Responsibilities for the Review of the Financial Report section of our report. We are independent of the Company in accordance with the auditor independence requirements of the Corporations Act 2001 and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (including Independence Standards) (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the Corporations Act 2001 which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's review report.

Responsibility of the Directors for the Financial Report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such internal controls as the directors determine are necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibilities for the Audit of the Financial Report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the Corporations Act 2001 including giving a true and fair view of the Company's financial position as at 31 December 2023 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Mark Nicholaeff
Partner

UHY Haines Norton

Chartered Accountants

Sydney
26 February 2024