



Herald
LEADING-EDGE INVESTING

Herald Investment Trust plc

2023

Half-yearly financial report
For the six months ended 30 June 2023

INVESTMENT OBJECTIVE AND POLICY

Herald Investment Trust plc's (Herald or the Company) objective is to achieve capital appreciation through investments in smaller quoted companies in the areas of telecommunications, multimedia and technology (TMT). Investments may be made across the world. The business activities of investee companies will include information technology, broadcasting, printing and publishing and the supply of equipment and services to these companies. The Company's investment policy is set out in full on page 34 of the Company's annual report and financial statements for the year ended 31 December 2022 and remains unchanged.

INTERIM MANAGEMENT REPORT

The directors are required to provide an Interim Management Report in accordance with the Financial Conduct Authority (FCA) Disclosure Guidance and Transparency Rules (DTR). The directors consider that the Chairman's Statement on pages 3 and 4 of this half-yearly report, provides details of the important events which have occurred during the six months ended 30 June 2023 and their impact on the financial statements. The statement on Related Party Transactions, the Statement of Directors' Responsibilities and the Chairman's Statement together constitute the Interim Management Report of the Company for the six month period ended 30 June 2023. The outlook for the Company for the remaining six months of the year ending 31 December 2023 is discussed in the Chairman's Statement.

PRINCIPAL RISKS AND UNCERTAINTIES

The principal risks facing the Company, including the board's assessment thereof and mitigation factors, are detailed in the annual report and financial statements for the year ended 31 December 2022 on pages 35 and 36 of the Strategic Report. Market risk, liquidity risk and credit risk are discussed in detail in note 17 of the Company's annual report and financial statements for the year ended 31 December 2022. Principal risks facing the Company include the following: strategic risk (risk as an investor in smaller companies); market, economic and geopolitical risks (with these three risks covering currency risk, interest rate risk and other price risk including, but not limited to liquidity, price, valuation, TMT, small cap, and political developments); investment management risks (including liquidity of the portfolio and key person risks); third party service provider operational risks (failure of service providers and cyber risk); emerging/external risk (failure to have in place procedures that assist in identifying new or familiar risks that become apparent in new or unfamiliar conditions). Other risks are also considered: gearing risk (the use of borrowings can magnify the impact of falling markets); discount volatility; operational risk; emerging/external risks (climate change and global pandemic risk); and regulatory risk (the loss of investment trust status or a breach of applicable legal and regulatory requirements).

In the view of the board, the principal risks and uncertainties facing the business are broadly the same as those in the published annual report and financial statements for the year ended 31 December 2022, and these risks and uncertainties remain applicable to the remaining six months of the year.

The annual report can be obtained free of charge from the Manager, Herald Investment Management Limited ("HIML") (see contact details on page 15) and is available on its website: www.heralduk.com.

RELATED PARTY TRANSACTIONS

Details of the related party transactions were provided in the annual report and financial statements for the year ended 31 December 2022. There have been no changes to the related party transactions described in the annual report that could have a material effect on the financial position or performance of the Company.

GOING CONCERN

The directors have undertaken a review of the Company's financial position and ability to continue as a going concern. This review took account of continuing global tensions – for example between China and the US over Taiwan, the war in Ukraine and climate change. These uncertainties have created supply chain disruption and exacerbated inflationary pressures worldwide. The Company's principal risks are market-related and the current market conditions have demonstrated the resilience of the Company and its investment objective and policy. The board considers that there are no material uncertainties that call into question the Company's ability to continue as a going concern for at least twelve months from the date of approval of these financial statements and the board is confident that the Company will be able to continue in operation and meet its liabilities as they fall due. Consequently, the financial statements continue to be prepared on a going concern basis.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

We confirm that to the best of our knowledge:

- the condensed set of financial statements has been prepared in accordance with FRS 104 'Interim Financial Reporting' and gives a true and fair view of the assets, liabilities, financial position and profit of the Company;
- the half-yearly financial report and interim management report includes a fair review of the information required by Disclosure Guidance and Transparency Rule 4.2.7R; and
- the half-yearly financial report includes a fair review of the information required by Disclosure Guidance and Transparency Rule 4.2.8R (disclosure of related party transactions and changes therein). There have been no such transactions that have materially affected the financial position of the Company.

On behalf of the board

ANDREW JOY

CHAIRMAN

18 July 2023

SUMMARY OF PERFORMANCE

NET ASSET VALUE (NAV)^A
PER SHARE 30 JUNE 2023

£20.94

CHANGE IN NAV^A
PER SHARE SINCE 31 DEC 2022

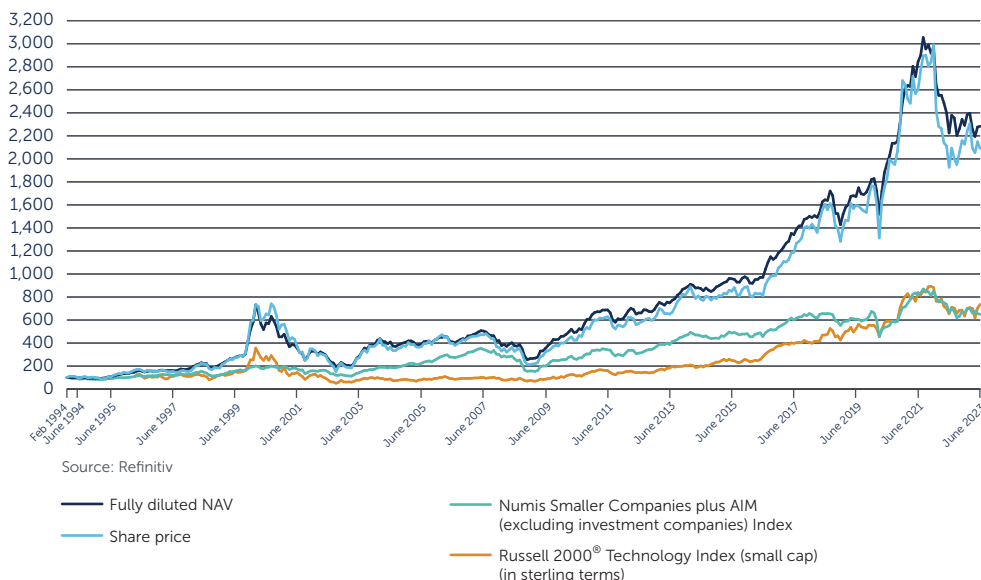
-0.2%

TOTAL NAV RETURN
SINCE INCEPTION

+2,183.2%

TOTAL RETURN SINCE INCEPTION

(FIGURES HAVE BEEN REBASED TO 100 AT 16 FEBRUARY 1994)



Capital return	At inception 16 February 1994	At 30 June 2023	At 31 December 2022	Performance since 31 December 2022	Performance since inception
Net asset value per ordinary share (including current year revenue) ^A	98.7p	2,094.4p	2,099.1p	-0.2%	2,022.0%
Net asset value per ordinary share (excluding current year revenue) ^A	98.7p	2,091.8p	2,098.8p	-0.3%	2,019.4%
Share price	90.9p	1,750.0p	1,782.0p	-1.8%	1,825.2%
Numis Smaller Companies plus AIM (ex. investment companies) Index	1,750.0	5,199.9	5,406.8	-3.8%	197.1%
Russell 2000® Technology Index (small cap) (in sterling terms) ¹	688.7*	4,446.4	3,814.1	16.6%	545.6%

^A Alternative Performance Measure (APM) – See page 14.

* At 9 April 1996 being the date funds were first available for international investment.

¹ The Russell 2000® Technology Index (small cap) was rebased during 2009 following some minor adjustments to its constituents. The rebased index is used from 31 December 2008 onwards.

Past performance is not a reliable indicator of future returns.

CHAIRMAN'S STATEMENT

I was honoured to take over as chairman from Tom Black following the Company's AGM in April 2023. Although the Company has had to contend with significant headwinds which have affected its performance more recently, since inception the Company has an outstanding record which is attributable both to the choice of sector on which it focuses, namely TMT, and to the stock picking skills of the team at our Manager, led by Katie Potts since 1994.

For the first half of 2023, it is disappointing to report a decline in net assets per ordinary share of 0.2%. However, underlying trading across the diverse portfolio of investee companies has generally been sound and met expectations. There were a handful of exceptions in the UK, but more overseas. Drilling into the portfolio there is an unusual divergence in returns by geography and size as shown in the table below, in contrast to the twelve months to 31 December 2022, when results were relatively uniform.

Regional IRR Returns H1- 30 June 2023	IRR – All investments	IRR – Investments with mkt cap >USD 3\$bn	IRR – Investments with mkt cap <USD 3\$bn
UK	-11.5%	11.1%	-12.7%
North America	21.4%	53.5%	0.6%
Asia Pacific	7.5%	18.3%	4.1%
EMEA	-3.0%	77.6%	-13.2%
Total Company	-0.2%	43.0%	-8.5%
Net liquid assets and government bonds	£115.8m	-	-
Total net assets	£1,253.0m	£252.5m	£884.7m

IRR – Internal Rate of Return.

The UK has been particularly poor (return of -11.5%), North America particularly good (+21.4%), Asia satisfactory (+7.5%) and EMEA a small decline (-3.0%). However, there is also a stark divergence between the holdings which exceed \$3bn market capitalisations and those below. In every region the returns from these larger companies are both positive and significantly better than the overall returns. Although there is some success bias, this difference largely reflects the collapse in liquidity in the smaller companies market. For context, there are 26 holdings with a market capitalisation in excess of \$3bn with an aggregate value of £252.5m at the period end and the remaining holdings are in smaller companies with an aggregate value of £884.7m. In the technology sector, there has been a strong bounce from the start of the year in the very large global technology companies, and in May the mid-cap companies saw a recovery too. The increasing presence of ETFs and index tracking funds which do not participate in smaller companies is contributing to liquidity challenges at the smaller end.

The divergent regional performance reflects higher valuations in overseas markets and lower valuations in the UK market as measured by the weighted average price-to-earnings ratio ('P/E') for the Company's portfolio using Bloomberg forecasts in each of the regional segments:-

Price to Earnings	YE 31/12/2022	PE 30/06/2023	% Change
UK	16.7	15.3	-8.4%
North America	17.9	24.0	34.1%
Asia Pacific	16.9	20.8	23.1%
EMEA	24.1	26.3	9.1%

The poor UK performance reflects stock market conditions more than poor investee company fundamentals, as reflected in a 8.4% decline in average P/E. Only three stocks of significance have had issues on a fundamental basis – WANdisco, IQE and NCC. Collectively they have yielded a negative return of £19.0m. Next 15, Telecom Plus and ZOO Digital have also collectively delivered a high negative return of £18.9m, whilst the negative return on the entire UK portfolio was £67m. Within this figure the top positive contributors included Diploma, discoverIE, IQGeo and Vollex whose collective return was only £7.7m. The portfolio is evidently suffering from more sellers than buyers and underperformed the more general Numis Smaller Companies plus AIM (ex. investment companies)

CHAIRMAN'S STATEMENT CONTINUED

Index which declined 2.2%. The cash withdrawals from the UK market are leading to market inefficiencies and attractive valuations.

In contrast, the North American portfolio has returned 21.4% in GBP, and 27.3% in USD. However, this reflects a rise in the average P/E by one third. There was a big divergence between the holdings with a market capitalisation in excess of \$3bn and the smaller ones. Significantly 77% (£47.1m) of the North American return was made by the stellar performance of Super Micro Computer. This has benefitted both from increased visibility with investors, and from the excitement relating to artificial intelligence. The second-best performer was Arlo Technologies, a security camera service, which increased in value by £5.1m. No other holding stands out positively or negatively. The only surprise is how dull the returns have been versus the large cap stocks. The Russell 1000® Technology Index (large cap) return of 40.8% dwarfs the return of the Russell 2000® Technology Index (small cap) (in sterling terms) of 16.7%. Against this index the 21.4% portfolio return was satisfactory. There is no doubt that the Northern California area including Silicon Valley and the Bay area has been damaged by Covid. It has at least taken the heat out of the labour market.

The positive return of 7.5% in the Asian portfolio is remarkable given the strength of GBP relative to the Asian currencies, the most extreme being the appreciation of 15.6% against the Yen. Furthermore, there have been widespread profit downgrades, and the average P/E has risen by nearly a quarter.

The EMEA return of -3.0% was salvaged by an excellent performance by long-held BE Semiconductors Industries which increased in value by £12.4m, propelled by demand for its hybrid bonding technology, which is used in high performance semiconductors. Alas this return was offset by negative returns of the holdings below \$3bn market capitalisations, where unsurprisingly the return was similar to the UK. The credit squeeze is as evident in Europe as it is in the UK, while Germany is more exposed to the manufacturing sector which is in recession.

The selling pressure seen in the UK portfolio has also been reflected in the Company's shareholder base. There has been a higher rate of share repurchases with 2.3m (3.8%) shares bought back for cancellation for an aggregate cost of £43.5m. Cash balances were carefully accumulated when valuations were high, benefitting from quantitative easing and the strength of the technology sector, but now we see very attractive valuations emerging. The Manager has been approached in relation to 61 secondary fund raisings and participated in 20 of these with an aggregate value of £14.4m. Of these, only three were new names.

In the eight years up to 31 December 2022, 132 investee companies were exited on take-overs with an aggregate value of £594.0m. Of these 57 were UK listed (Including AIM) and coincidentally an identical number were listed in North America, and of this combined total, 49 were acquired by private equity. In the first half of 2023 however, there have only been two takeovers, one in the US and one in Asia: both to private equity. It appears the Company has been providing late-stage venture capital and often exiting to US based private equity. Now that debt markets are so tight the reduced rate of takeovers is inevitable. However, companies funded with equity are more secure in challenging economic conditions and debt is not in aggregate material for the investments held by the Company.

The profit and loss account has benefitted from reduced costs and a significant increase in interest income, however there has been a marginal decrease in dividends. There remains a retained deficit on the income account so no dividend is expected for some time. The share price has moved broadly in line with the Net Asset Value per share, with the discount to Total Shareholders' Funds moving to 16.4% at 30 June 2023 from 15.1% at the start of the year.

The geopolitical and economic environment remains disturbing, which the weight of government debt to be financed globally overhangs. Nevertheless, in an environment of limited global growth with the probability of recession as major economies adjust to higher interest rates, our Manager continues to believe that the TMT sector has strong relative attractions. A good example would be the positive returns for the Company from its exposure to the beneficiaries of potential artificial intelligence growth. As a result the Board continues to view the medium-term prospects with confidence.

ANDREW JOY
CHAIRMAN
18 July 2023

TOP TWENTY EQUITY HOLDINGS

At 30 June 2023

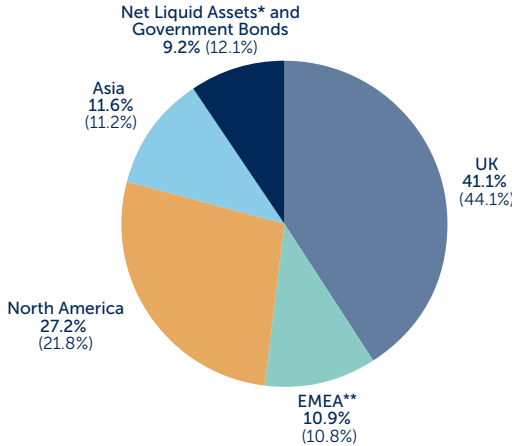
Company	Business	Value £'000	% of total assets
Super Micro Computer	Leading server and storage vendor	56,883	4.5
Diploma	Distributor of components and systems	27,768	2.2
BE Semiconductor Industries	Supplier of semiconductor assembly equipment	25,591	2.1
YouGov	International opinion data surveys and analytics	20,577	1.6
Silicon Motion Technology*	Develops controllers used with flash memory	20,206	1.6
Next 15	Digital media communications provider	19,942	1.6
Idox	Developer of information management software	19,810	1.6
Descartes Systems	Cloud-based logistics and supply chain management solutions	17,653	1.4
Fabrinet	Advanced optical, electro-mechanical, and electronic manufacturing services	16,959	1.4
Volex	Leading global supplier of power and connectivity-related solutions	16,560	1.3
Telecom Plus	Provider of telecommunications and other utilities	13,782	1.1
Bango	Supplier of mobile payment and marketing solutions	12,949	1.0
Nordic Semiconductor	Wireless semiconductor technology	12,919	1.0
discoverIE	Manufacturer of customised electronic components	12,676	1.0
Radware	Developer of application delivery and cyber security solutions	12,202	1.0
ZOO Digital	Subtitling, dubbing and media localisation software and services	11,909	1.0
Esker	Developer of process automation software	11,909	1.0
SPS Commerce	Solutions to automate data exchange with trading partners	11,707	1.0
Pegasystems	Develops applications for sales, marketing and operations	11,680	0.9
Seeing Machines	Driver monitoring technology	10,562	0.8
		364,244	29.1

* American Depositary Receipt.

GEOGRAPHICAL SPREAD OF INVESTMENTS

(Distribution of total assets)

30 June 2023 (31 December 2022)

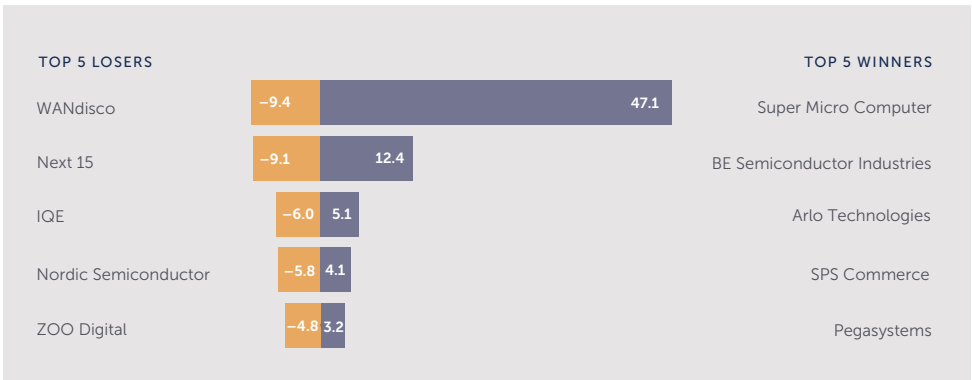


* Cash, current assets and liabilities.

** EMEA: Europe, Middle East and Africa.

TOP FIVE WINNERS AND LOSERS

For the six months ended 30 June 2023 in sterling terms (millions)



CONDENSED STATEMENT OF COMPREHENSIVE INCOME

(Unaudited)

	For the six months ended 30 June 2023			For the six months ended 30 June 2022		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Realised gains on investments	–	14,003	14,003	–	34,023	34,023
Movements in unrealised gains on investments	–	(22,325)	(22,325)	–	(478,873)	(478,873)
(Losses)/gains on foreign exchange	–	(1,815)	(1,815)	–	4,943	4,943
Income	8,715	–	8,715	6,938	–	6,938
Investment management fee – note 3	(6,390)	–	(6,390)	(7,070)	–	(7,070)
Other administrative expenses	(482)	(5)	(487)	(501)	(4)	(505)
Profit/(loss) before taxation	1,843	(10,142)	(8,299)	(633)	(439,911)	(440,544)
Taxation	(293)	–	(293)	(288)	–	(288)
Profit/(loss) after taxation	1,550	(10,142)	(8,592)	(921)	(439,911)	(440,832)
Profit/(loss) per ordinary share – note 4	2.54p	(16.63)p	(14.09)p	(1.44)p	(689.90)p	(691.34)p
Weighted average number of ordinary shares in issue during the period			60,963,329			63,765,245

The total column of this statement is the profit and loss account of the Company, prepared in accordance with UK Accounting Standards.

The profit/(loss) after taxation is the total comprehensive income and therefore no additional statement of comprehensive income is presented. The supplementary revenue and capital columns are presented for information purposes in accordance with the Statement of Recommended Practice issued by the Association of Investment Companies. All items in the above statement derive from continuing operations of the Company. No operations were acquired or discontinued in the period.

CONDENSED STATEMENT OF FINANCIAL POSITION

(Unaudited)

	As at 30 June 2023 (unaudited) £'000	As at 31 December 2022 (audited) £'000
Fixed assets		
Investments held at fair value through profit or loss	1,198,719	1,224,513
Current assets		
Cash and cash equivalents	54,478	80,442
Other receivables	2,820	1,308
	57,298	81,750
Current liabilities		
Other payables	(3,053)	(1,215)
	(3,053)	(1,215)
Net current assets	54,245	80,535
TOTAL NET ASSETS	1,252,964	1,305,048
Capital and reserves		
Called up share capital	14,956	15,543
Share premium	73,738	73,738
Capital redemption reserve	6,996	6,409
Capital reserve	1,163,753	1,217,387
Revenue reserve	(6,479)	(8,029)
TOTAL SHAREHOLDERS' FUNDS	1,252,964	1,305,048
NET ASSET VALUE PER ORDINARY SHARE (including current year revenue)	2,094.4p	2,099.1p
NET ASSET VALUE PER ORDINARY SHARE (excluding current year revenue)	2,091.8p	2,098.8p
Ordinary shares in issue (number)	59,825,770	62,173,223

CONDENSED STATEMENT OF CHANGES IN EQUITY

(Unaudited)

For the six months ended 30 June 2023

	Called up share capital £'000	Share premium £'000	Capital redemption reserve £'000	Capital reserve £'000	Revenue reserve £'000	Total Shareholders' funds £'000
Shareholders' funds at 1 January 2023	15,543	73,738	6,409	1,217,387	(8,029)	1,305,048
(Loss)/profit after taxation	–	–	–	(10,142)	1,550	(8,592)
Shares purchased for cancellation – note 7	(587)	–	587	(43,492)	–	(43,492)
Shareholders' funds at 30 June 2023	14,956	73,738	6,996	1,163,753	(6,479)	1,252,964

For the six months ended 30 June 2022

	Called up share capital £'000	Share premium £'000	Capital redemption reserve £'000	Capital reserve £'000	Revenue reserve £'000	Total Shareholders' funds £'000
Shareholders' funds at 1 January 2022	16,189	73,738	5,763	1,673,351	(8,164)	1,760,877
Loss after taxation	–	–	–	(439,911)	(921)	(440,832)
Shares purchased for cancellation – note 7	(390)	–	390	(32,658)	–	(32,658)
Shareholders' funds at 30 June 2022	15,799	73,738	6,153	1,200,782	(9,085)	1,287,387

CONDENSED STATEMENT OF CASH FLOWS

(Unaudited)

	For the six months ended 30 June 2023 £'000	For the six months ended 30 June 2022 £'000
Cash flow from operating activities		
Loss before finance costs and taxation	(8,299)	(440,544)
Adjustments for losses on investments	8,322	444,850
Purchase of investments	(95,624)	(87,453)
Sale of investments	113,878	100,719
Return of capital	–	1,192
Increase in receivables	(523)	(272)
Increase/(decrease) in payables	2	(320)
Amortisation of fixed income book cost	(736)	(25)
Effect of foreign exchange rate changes	1,815	(4,943)
Overseas tax on overseas income	(301)	(384)
Net cash inflow from operating activities	18,534	12,820
Cash flow from financing activities		
Shares purchased for cancellation – note 7	(42,683)	(32,658)
Net cash outflow from financing activities	(42,683)	(32,658)
Net decrease in cash and cash equivalents	(24,149)	(19,838)
Cash and cash equivalents at start of the period	80,442	74,551
Effect of foreign exchange rate changes	(1,815)	4,943
Cash and cash equivalents at the end of the period	54,478	59,656
Comprised of:		
Cash and cash equivalents	54,478	59,656

Cash flow from operating activities includes interest received of £1,232,000 (2022 – £302,000) and dividends received of £5,851,000 (2022 – £5,955,000).

As the Company did not have any long-term debt at both the current and prior six month period end, no reconciliation of the net debt position is presented.

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

(Unaudited)

1 FINANCIAL STATEMENTS

The condensed financial statements for the six months to 30 June 2023 within the half-yearly financial report comprise the statements set out on pages 7 to 10 together with the related notes on pages 11 to 13. The condensed financial statements do not constitute statutory accounts as defined in sections 434 to 436 of the Companies Act 2006 and have not been audited. Financial information in relation to the year ended 31 December 2022 has been extracted from the statutory accounts which have been filed with the Registrar of Companies. The auditor's report on those accounts was unqualified and did not contain a statement under Section 498 (2) or (3) of the Companies Act 2006.

The Company's assets, which largely consist of investments in quoted securities, exceed its liabilities significantly. All borrowings require the prior approval of the board. Gearing levels are reviewed by the board on a regular basis. In accordance with the Company's articles of association, shareholders have the right to vote on the continuation of the Company every three years with the next vote being in April 2025. The Board continues to monitor the impact of the Covid pandemic and the war in Ukraine on the Company as it evolves. No material events have been identified that may cast significant doubt about the Company's ability to continue as a going concern for at least the next twelve months from the date this half-yearly financial report is published. The condensed financial statements have been prepared on a going concern basis and it is the directors' opinion that the Company has adequate resources to continue in operational existence for the foreseeable future.

2 ACCOUNTING POLICIES

The condensed financial statements have been prepared in accordance with applicable United Kingdom Accounting Standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland, FRS 104 Interim Financial Reporting and the Statement of Recommended Practice: Financial Statements of Investment Trust Companies and Venture Capital Trusts, issued by the Association of Investment Companies in July 2022.

The accounting policies applied for the condensed financial statements are as set out in the Company's annual report and financial statements for the year ended 31 December 2022.

3 INVESTMENT MANAGEMENT FEE

Herald Investment Management Limited is appointed investment manager under a management agreement which is terminable on twelve months' notice. The management fee is 1.0% per annum of the Company's net asset value (excluding current year net revenue) based on middle market prices up to £1.25bn and 0.8% per annum on amounts beyond this level. The management fee is levied on all assets.

4 NET RETURN PER ORDINARY SHARE

	Six months ended 30 June 2023 £'000	Six months ended 30 June 2022 £'000
Revenue profit/(loss) after taxation	1,550	(921)
Capital loss after taxation	(10,142)	(439,911)
Total net return	(8,592)	(440,832)
Weighted average number of ordinary shares	60,963,329	63,765,245

Net return per ordinary share is based on the above totals of revenue and capital and the weighted average number of ordinary shares in issue during each period.

There are no dilutive or potentially dilutive shares in issue.

5 DIVIDENDS

In accordance with FRS 102 Section 32 'Events After the End of the Reporting Period', the final dividend payable on ordinary shares is recognised as a liability when approved by shareholders. Interim dividends are recognised only when paid.

No dividends were paid for the year ended 31 December 2022 (2021: same), nor declared for the interim (2022: same).

6 FINANCIAL INSTRUMENTS

The Company's investments as disclosed in the Company's balance sheet, are valued at fair value.

Nearly all of the Company's portfolio of investments are in the Level 1 category as defined in FRS 102.

The three levels set out in FRS 102 are as follows:

Level 1: The unadjusted quoted price in an active market for identical assets or liabilities that the entity can access at the measurement date.

Level 2: Inputs other than quoted prices included within Level 1 that are observable (i.e. developed using market data) for the asset or liability, either directly or indirectly.

Level 3: Inputs are unobservable (i.e. for which market data is unavailable) for the asset or liability.

The investment manager considers observable data to be the market data that is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market.

The analysis of the valuation basis for the financial instruments based on the hierarchy is as follows:

	As at 30 June 2023 £'000	As at 31 December 2022 £'000
Level 1	1,184,536	1,210,776
Level 3	14,183	13,737
Total investments	1,198,719	1,224,513

The fair value of listed security investments is bid value. Investments on the Alternative Investment Market are included at their bid value. The fair value of unlisted investments uses valuation techniques determined by the directors on the basis of latest information in line with the relevant principles of the International Private Equity and Venture Capital Valuation Guidelines.

7 SHARE CAPITAL

At the AGM held on 18 April 2023 the Company's authority to buy back up to 14.99% of its issued share capital at that date was renewed. In the six months to 30 June 2023 a total of 2,347,453 (30 June 2022 – 1,558,317) ordinary shares of 25p each were bought back and cancelled at a total cost of £43,492,156 (30 June 2022 – £32,657,770). At 30 June 2023 the Company had authority to buy back a further 8,364,694 ordinary shares.

NOTES TO THE CONDENSED FINANCIAL STATEMENTS CONTINUED

(Unaudited)

8 FIXED ASSET INVESTMENTS

During the period, cost of purchases amounted to £96,651,000 (30 June 2022 – £88,065,000) and proceeds of sales amounted to £114,858,000 (30 June 2022 – £98,663,000).

	Six months ended 30 June 2023 £'000	Six months ended 30 June 2022 £'000
Transaction costs		
Commission costs:		
Purchases	109	164
Sales	138	116
Total commission costs	247	280
Custody transaction costs	5	4
Other transaction costs	40	61
Total transaction costs	292	345

ALTERNATIVE PERFORMANCE MEASURES

An Alternative Performance Measure (APM) is a numerical measure of the Company's current, historical or future performance, financial position or cash flows other than a financial measure defined or specified in the applicable financial framework. The following APMs are typically used within the investment trust sector to provide additional useful information to shareholders and others and to help assess an investment trust's performance and position against its peers and the market generally. The Company's directors have therefore chosen the following APMs as useful measures. However, shareholders should make the important distinction for the discount APM that the Company does not target or attempt to control the discount (or premium) given that this is a function of the stock market's view of the Company's share price.

NET ASSET VALUE (NAV) PER ORDINARY SHARE

The value of the Company's assets less any liabilities for which the Company is responsible, divided by the number of shares in issue. The NAV per ordinary share is published daily.

The NAV per ordinary share is shown both including and excluding current year revenue.

The change in NAV per share (see total return below) during the period ended 30 June 2023, as shown on page 2, is calculated by taking 30 June 2023 total return and dividing by the opening NAV for the period (that is, the NAV disclosed for 31 December 2022).

	PAGE		30 June 2023 per share (pence)	30 June 2023 £'000
Net asset value (including current period revenue)	2	A	2,094.4	1,252,964
Less net revenue profit after taxation		B	(2.6)	(1,550)
Net asset value (excluding current period revenue)	2	A+B	2,091.8	1,251,414

Net asset value per ordinary share is based on net assets as shown above and on 59,825,770 ordinary shares, being the number of ordinary shares in issue at the balance sheet date.

TOTAL RETURN

Share price and NAV total returns show how the NAV and share price have performed over a period of time in percentage terms, taking into account both the movement in share price/NAV and any dividends paid to shareholders.

	PAGE		Share Price	NAV (incl revenue)	NAV (excl revenue)
Opening at 1 January 2023	2	A	1,782.0p	2,099.1p	2,098.8p
Closing at 30 June 2023	2	B	1,750.0p	2,094.4p	2,091.8p
Price movements		$C=(B-A)/A$	-1.8%	-0.2%	-0.3%
Dividend reinvestment*		D	-	-	-
Total return		C+D	-1.8%	-0.2%	-0.3%

* No dividend has been declared for the period (30 June 2022 – nil).

FURTHER SHAREHOLDER INFORMATION

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Stephanie Eastment
Henrietta Marsh
Karl Sternberg
James Will

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