

HERALD INVESTMENT TRUST PLC

Interim Management Statement – three months to 31 March 2014

Herald's 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.

Review of the period

- NAV total return was 2.8%. The share price total return was 1.6%.
- Purchases totalled £18.99mn, with sales of £27.42mn which gave rise to net sales of £8.43mn.
- At 31 March 2014, £25mn had been drawn under the £50mn multi-currency facility (unchanged from 31 December 2013).

Geographic Analysis of Total Assets

Name	% of total assets at 31/03/2014	% of total assets at 31/12/2013
United Kingdom	64.8%	65.3%
Americas	21.0%	20.6%
Asia Pacific	4.9%	4.9%
EMEA	3.5%	3.5%
Net Liquid Assets	5.8%	5.7%
Total	100.0%	100.0%

Top Ten Equity Holdings

Name	% of total assets at 31/03/2014
Diploma	2.6%
Telecom Plus	2.2%
Imagination Technologies	2.0%
Euromoney Institutional Investor	1.9%
ATMI	1.8%
Telit Communications	1.8%
M&C Saatchi	1.8%
SDL	1.7%
IDOX	1.7%
Kofax	1.6%
Total	19.1%

Performance

	%			
	3 Months	1 Year	3 Years	5 Years
Capital				
Share Price [†]	1.6	20.4	34.1	248.9
NAV [†]	2.8	21.4	33.9	216.3
NSCI plus AIM [†]	3.0	20.4	32.6	163.3
Russell 2000 (small cap) Technology *	(0.4)	17.1	20.5	170.5
Total Return	3 Months	1 Year	3 Years	5 Years
Share Price [†]	1.6	20.6	34.6	259.4
NAV [†]	2.8	21.6	34.3	223.2
NSCI plus AIM [†]	3.4	23.4	42.8	197.2
Russell 2000 (small cap) Technology *	(0.3)	17.4	21.4	173.4

[†] Source: Thomson Reuters Datastream

* Source: Bloomberg.

General Information

	31/03/2014	31/12/2013
Equities:	£m	£m
UK	432	433
Overseas	196	192
	628	625
Government bonds	19	19
Net liquid assets	35	18
Bank loans	(25)	(25)
Derivative financial instruments	(16)	(14)
Shareholder's funds	641	623
Net asset value per ordinary share (including current year income)	825.8p	802.8p
Net asset value per ordinary share (excluding current year income)	827.2p	803.2p
Share price	696.0p	685.0p
Discount	15.7%	14.7%
Gearing*	1.0%	3.0%
Gearing into equity, convertibles and corporate bonds [†]	(2.0%)	0.0%

Unless stated otherwise, the above figures have been calculated using the AIC cum income basis (includes current financial year retained income). For the current period, expenses to date exceed income earned, resulting in a lower cum income than ex income NAV.

* Calculated per AIC (total assets (including all debt used for investment purposes) less cash divided by shareholders' funds).

[†] Total assets (including all debt used for investment purposes) less all cash and fixed interest securities (excluding convertibles and corporate bonds) divided by shareholders' funds.

The Company's NAV is calculated daily and can be viewed on the London Stock Exchange website.

The share price is published daily in the Financial Times, Times and Daily Telegraph.

The Interim Management Statement is available on the Company's website – www.heralduk.com.

The Company's issued share capital at 31 March 2014 was 77,679,546.

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