

HERALD INVESTMENT TRUST PLC

Chairman's AGM Statement

During 2019, the Company's net asset value per share ("NAV") appreciated by 27.5%. It rose further during 2020 until 20th February when the market was adversely affected by the coronavirus pandemic. Covid-19 is clearly having a widespread adverse, but as yet unquantifiable, impact on corporate profitability. However, of the approximately 300 holdings in the Company, to date only a modest number have been materially affected and many investee companies are experiencing increased demand. With a significant proportion of the population in the developed world now in lockdown, many people are using technology at home to work, for communication, for shopping and leisure. It is evident how much the internet and cloud computing are alleviating the challenges of social distancing, thus mitigating the effects on people's wellbeing and on the economy.

Technology is also enabling the Manager to access all necessary systems to administer the Company from remote locations, but communication within the team is more challenging. Furthermore, the numerous conference calls with investee companies are an inferior substitute to the live meetings that would have occurred in more normal times.

However, the technology sector on which the Company is focused is clearly better placed than many other sectors. This is reflected in a quantifiable correction in the net asset value per share which is usefully less than the wider indices. Overall year to date, the "NAV" has declined 12.3%. The regional returns in £ are as follows:

Herald UK portfolio -18.6%

Numis Smaller Companies Index -26.6%
(Ex Investment companies inc AIM)

Herald North America portfolio -6.0%

Russell 2000 Technology Index -14.0%

Herald EMEA portfolio -15.5%

Herald Asia portfolio -6.1%

Herald "NAV" 31/12/2019 to 15/04/2020 -12.3%

The overall decline has also been mitigated by the weakness of the £ relative to the US\$ and the high levels of cash and US Treasuries in the portfolio.

Cash and cash equivalents are only some £10m below peak levels at £125m. The Manager has not yet aggressively purchased stock in the belief that there will be a stream of follow on fund raisings for investee companies which have already started to occur, and that good buying opportunities will occur in coming months.

Ian Russell
Chairman
17th April 2020