



Herald
LEADING-EDGE INVESTING

Herald Investment Trust plc

2021

Half-yearly financial report
For the six months ended 30 June 2021

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 technology, media and telecoms (TMT). Investments may be made throughout 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 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 2020 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 to 4 of this Half-yearly report, provide details of the important events which have occurred during the six months ended 30 June 2021 and their impact on the financial statements. The statement on related party transactions and 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 2021. The outlook for the Company for the remaining six months of the year ending 31 December 2021 is discussed in the Chairman's Statement.

PRINCIPAL RISKS AND UNCERTAINTIES

The principal risks facing the Company remain unchanged since the date of the annual report and financial statements for the year ended 31 December 2020 as set out on page 35 of the Strategic Report. Risks faced by the Company relate to the Company's investment activities, including but not limited to: market risk (comprising currency risk, interest rate risk and other price risk), liquidity risk and credit risk. An explanation of these risks and how they are managed is contained in note 17 of the Company's annual report and financial statements for the year ended 31 December 2020. Other risks facing the Company include the following: the ongoing Covid-19 pandemic; regulatory risk (that the loss of investment trust status or a breach of applicable legal and regulatory requirements could have adverse financial consequences and cause reputational damage); operational/financial/custody risk (failure of service providers' accounting and/or settlement systems could lead to inaccurate reporting or financial loss); cyber risk; emerging risk (failure to have in place procedures that assist in identifying new or familiar risks that become apparent in new or unfamiliar conditions); the risk that the discount can widen and gearing risk (the use of borrowings can magnify the impact of falling markets). Further information can be found on page 35 of the annual report and financial statements for the year ended 31 December 2020.

In the view of the board there have not been any material changes to the principal risks and uncertainties since the publication of the annual report and financial statements for the year ended 31 December 2020, and these risks and uncertainties remain applicable to the last six months of the year. The annual report can be obtained free of charge from the Manager (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 2020. 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

In accordance with The Financial Reporting Council's guidance on going concern and liquidity risks, the directors have undertaken a rigorous review of the Company's ability to continue as a going concern. This has taken account of the ongoing impact of the Covid-19 pandemic. Thus far, the portfolio has proved resilient and the board is satisfied that the Company has adequate resources to continue in operational existence for the foreseeable future. The financial statements continue to be prepared on the going concern basis. 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.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

We confirm that to the best of our knowledge:

- a) 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;
- b) 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
- c) 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.

By order of the board

TOM BLACK
CHAIRMAN
19 July 2021

SUMMARY OF PERFORMANCE

NET ASSET VALUE (NAV)^A
PER SHARE 30 JUNE 2021

£26.06

CHANGE IN NAV^A
PER SHARE SINCE 31 DEC 2020

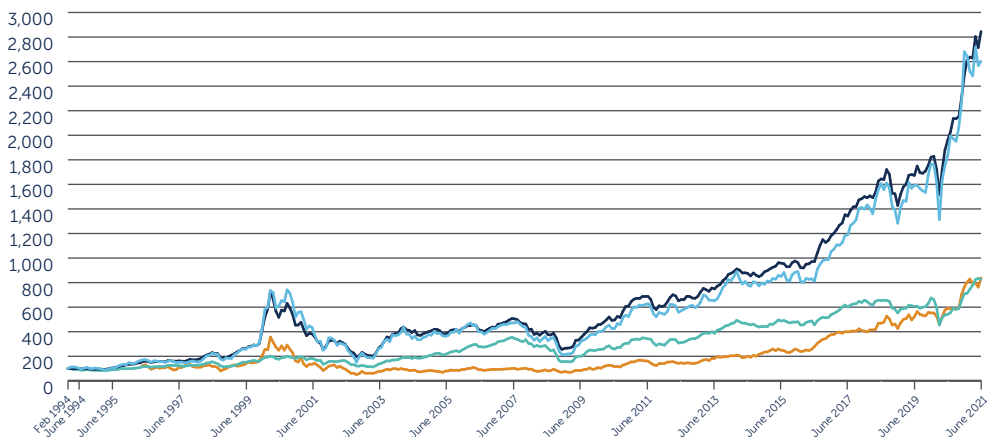
+14.0%

TOTAL NAV RETURN
SINCE INCEPTION

+2,745.4%

TOTAL RETURN SINCE INCEPTION

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



Source: Refinitiv

— Fully diluted NAV

— Share price

— Numis Smaller Companies plus AIM
(excluding investment companies) Index

— Russell 2000 (small cap) Technology Index
(in sterling terms)

	At inception 16 February 1994	At 30 June 2021	At 31 December 2020	Performance since 31 December 2020	Performance since inception
Capital return					
Net asset value per ordinary share (including current year revenue) ^A	98.7p	2,605.9p	2,285.3p	14.0%	2,540.2%
Net asset value per ordinary share (excluding current year revenue) ^A	98.7p	2,610.5p	2,291.4p	13.9%	2,544.9%
Share price	90.9p	2,180.0p	2,245.0p	-2.9%	2,298.2%
Numis Smaller Companies plus AIM (ex. investment companies) Index (capital only)	1,750.0	6,977.1	6,040.0	15.5%	298.7%
Russell 2000 (small cap) Technology Index (in sterling terms) (capital only) [†]	688.7*	5,072.0	4,637.0	9.4%	636.5%

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

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

[†] The Russell 2000 (small cap) Technology Index 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 guide to future performance.

CHAIRMAN'S STATEMENT

The Company's net assets per share grew by 14.0% during the first half of 2021. This comes on top of the 37.0% rise in 2020, which is particularly pleasing. The market rhetoric at the start of the year was "to switch from growth to value as the world recovers from the Covid trauma" and this resulted in a widening of the discount of the Company's share price to net asset value. Fortunately, the assets have continued to perform well resulting in the growth in total assets to £1.7bn. There has been some rotation in the performance of individual stocks within the portfolio.

The performance of the Company's investments by region is as follows:

	FY 2020	H1 2020	H1 2021
Herald – UK	32.0%	-2.0%	16.9%
<i>Numis Smaller Companies plus AIM (ex. inv. cos.) Index total return</i>	4.9%	-19.8%	16.4%
Herald – North America	55.6%	25.4%	8.5%
<i>Russell 2000 (small cap) Technology Index (£) total return</i>	38.8%	6.4%	9.5%
Herald – Europe Middle East and Africa	59.7%	11.6%	28.3%
Herald – Asia	63.4%	26.2%	16.9%
Herald Total Return NAV per share ^A	37.0%	7.6%	14.0%

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

The UK continues to be the largest element of the portfolio with 48.8% of net assets, a little below its historic level. The total UK return during the period of £121.2m represents 16.9% versus a total return of the Numis Smaller Companies plus AIM (excluding investment companies) Index of 16.4%. It also takes the cumulative total return from the UK portfolio to £1.186bn equating to a time-weighted return of 13.9% per annum since inception in 1994. This greatly exceeds the return of the wider UK market, and the US-based Russell 2000 Technology Index which has compounded at only 8.2% since inception on 1 July 1996. Future and Next Fifteen Communications, both long-held positions, each returned over £16m. However, in percentage terms the return on Audioboom, which earns revenues from podcast advertising, dwarfed others at 243.0%. Over the last five years £178m has been withdrawn from the UK portfolio, including £34m in this six-month period. We continue to find an entrepreneurial culture in the UK and many attractive companies in which to invest, but we have seen gradually declining liquidity over several years so further diversification overseas seems prudent. We are also very concerned about the potential for greatly increased regulation of our portfolio companies, notably resulting from the ongoing government consultation on future audit and corporate governance which further motivates us to invest overseas.

The North American portfolio weighting is 23.0%. This region delivered a return of 297.0% in the five years to 31 December 2020, and valuations had become stretched. We are pleased therefore to have returned a further 8.5% in the first half (slightly lagging the Russell 2000 Index total return by 1%) which required some rotation from last year's star performers. This combined with profits growth, means the average forward p/e of our holdings is somewhat lower than it was and valuations are correspondingly less stretched.

The Company's performance in Europe has continued to be very strong with a return of 28.3% in the period. This result was led by Nordic Semiconductor (+£9.4m, +55.5%), BE Semiconductor Industries (+£6.4m, +42.1%) and Esker (+£5.2m, +33.8%). In percentage terms Napatech, X-Fab Silicon Foundries, Adva Optical Networking and Datalex all returned over 50.0%. The EMEA weighting has modestly increased to 10.3% reflecting performance and a modest further investment of £9.2m.

Asia was the best region last year and has returned a further 16.9% so far this year. The Taiwanese company Momo.com was top of the leader board returning £6.7m (+195.0%) and the Australian company Mainstream with £5.4m (+163.6%) came next. Freelancer and eMemory Technology also appreciated more than 100.0%. The core markets in the Asian portfolio are Australia, Japan and Taiwan

CHAIRMAN'S STATEMENT CONTINUED

with about a quarter of the Asian weighting each. The respective returns for these countries were 7.9%, 5.8% and 42.3%, so Taiwan led again. We invested a further net £16.1m in Asia during the period and the weighting has now risen to 11.5%, reflecting our measured desire to reduce the UK weighting and add a greater number of Asian companies as they move further up the value chain.

The period has continued to be overshadowed by the Covid pandemic. Whilst last year our discussions with management focused on the mass transition to working from home and furlough schemes, this year they have focused on the supply chain. There have evidently been changes in consumer behaviour as those still in work have reduced expenditure on holidays, socialising and restaurants, and spent more on home improvements, computer games, internet TV subscriptions and the related devices. The technology sector has obviously benefited from this. There has also been a sharp rise in consumer savings. The latest reported ratio was 19.9% in the UK versus a range of 5-10% pre-Covid, while in the US it is now 12.4% which is double the pre-Covid level. This suggests that the increase in technology spending may not reverse too much when more normal behaviour resumes. Supply chain issues are however, our greatest short-term concern. Semiconductors have seen the most publicised and acute shortages with those used in the automotive industry a particular issue, but the problem is much wider than that. For example, there are huge increases in the cost of containers particularly from East to West and also delays. Therefore, some manufacturing companies might disappoint in the short term, but our long-term investment philosophy remains. We expect that boards the world over will be more focused on security of supply with increased inventory and more local or dual sourcing. Potential over ordering for this reason may now be flattering short term demand too. We also expect Governments to be thinking far more than they have historically, about strategically important products relating to basic requirements such as vaccines, food and security.

The key question all investors must ask is how much the changed trading patterns, and monetary growth, will lead to a broader and more sustained rise in inflation, prompting higher interest rates. The central bankers have an unenviable task of needing some inflation to erode consumer and government debt alike, without causing stresses from the expense of servicing higher debt levels and controlling inflation. The technology, media and communications sectors on which Herald is focused are relatively well placed with little financial leverage. Property, construction, housebuilding and automotive are clearly more vulnerable to higher interest rates. Generally, capital expenditure is weak when the cost of money goes up, and historically the technology sector has been driven by capital expenditure. However, technology spend is increasingly shifting to be a non-discretionary operating cost with monthly or annual charges for servers, storage, applications, subscriptions and so on. Meanwhile new technologies and opportunities continue to open up, and cyber threats continue to evolve. Whilst we believe that the sector now has more defensive demand characteristics, we note warily that valuations are higher than the long-run average and reflect high expected growth and unattractive bond yields.

In the first half of 2020 the dividend income we received halved in round numbers, but this year it has doubled back to the level of 2019. The negative interest rates available on cash still resulted in a small loss on the income statement. £18.7m has been spent to repurchase a further 1.3% of issued shares for cancellation, so cumulative buybacks now exceed the amount of outside capital raised by the Company since inception by £86m.

We are immensely grateful for the hard work of the Manager and the many individual management teams at investee companies, who have contributed to these excellent long-term results. I would also like to take this opportunity to thank my predecessor as Chairman, Ian Russell, for his contribution prior to stepping down earlier this year.

While challenges in the world abound, we are fortunate to constantly have our fears diminished by seeing investee companies coping well, and generally delivering growth. We therefore remain attracted by the prospects of our core sectors and the positioning of the portfolio.

TOM BLACK
CHAIRMAN
19 July 2021

TOP TWENTY EQUITY HOLDINGS

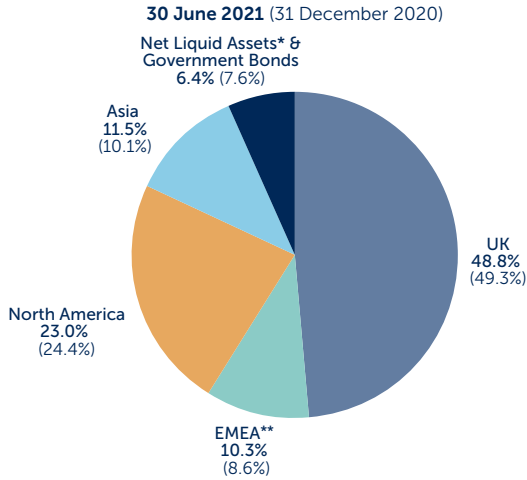
At 30 June 2021

Company	Business	Value £'000	% of total assets
GB Group	Intelligent identity data, software and services	37,309	2.2
Next Fifteen Communications	Digital communications provider	36,110	2.1
Pegasystems	Develops applications for sales, marketing and operations	30,278	1.8
Future	Multi platform media company	29,841	1.8
Diploma	Distributor of components and systems	28,897	1.7
YouGov	International opinion data surveys and analytics	27,499	1.6
S4 Capital	Digital advertising and marketing services	25,078	1.5
Nordic Semiconductor	Wireless semiconductor technology	23,083	1.4
BE Semiconductor Industries	Supplier of semiconductor assembly equipment	21,463	1.3
Esker	Developer of process automation software	20,448	1.2
ITM Power	Manufacturer of electrolyser systems for hydrogen production	20,317	1.2
Volex	Integrated manufacturing specialist	20,148	1.2
Idox	Developer of information management software	19,912	1.2
LivePerson	Developer of customer interaction management software	19,441	1.1
Dotdigital	Marketing automation and customer engagement software	17,896	1.1
Seeing Machines	Driver monitoring technology	17,830	1.0
Varonis Systems	Data security and analytics software	17,364	1.0
Descartes Systems	Supplier of logistics management software	16,926	1.0
Bango	Supplier of mobile payment solutions	16,650	1.0
Silicon Motion Technology ADR*	Develops controllers used with flash memory	16,552	1.0
		463,042	27.4

* American Depositary Receipt.

GEOGRAPHICAL SPREAD OF INVESTMENTS

(Distribution of total assets)

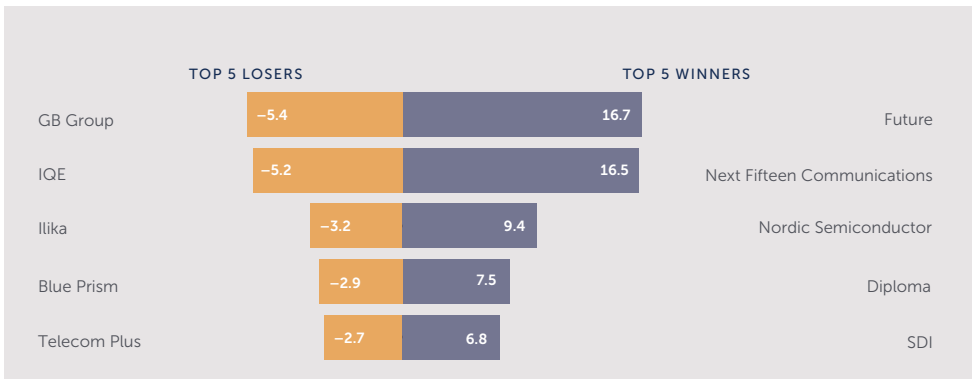


* Cash, current assets and liabilities.

** EMEA stands for Europe, Middle East and Africa.

TOP FIVE WINNERS AND LOSERS

For the six months ended 30 June 2021 in sterling terms (millions)



CONDENSED INCOME STATEMENT

(Unaudited)

	For the six months ended 30 June 2021			For the six months ended 30 June 2020		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Realised gains on investments	–	72,613	72,613	–	53,893	53,893
Movements in unrealised gains on investments	–	138,389	138,389	–	29,962	29,962
(Losses)/gains on foreign exchange	–	(799)	(799)	–	2,168	2,168
Income	5,559	–	5,559	3,527	–	3,527
Investment management fee – note 3	(7,761)	–	(7,761)	(5,480)	–	(5,480)
Other administrative expenses	(466)	(5)	(471)	(373)	(54)	(427)
(Loss)/profit before taxation	(2,668)	210,198	207,530	(2,326)	85,969	83,643
Taxation	(281)	–	(281)	(109)	–	(109)
(Loss)/profit after taxation	(2,949)	210,198	207,249	(2,435)	85,969	83,534
(Loss)/profit per ordinary share – note 4	(4.52)p	322.18p	317.66p	(3.63)p	128.18p	124.55p
Weighted average number of ordinary shares in issue during the period			65,242,980			67,070,976

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

The (loss)/profit after taxation is the total comprehensive income and therefore no additional statement of other 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 Management Companies. All items in the above statement derive from continuing operations of the Company. No operations were acquired or discontinued in the period.

CONDENSED BALANCE SHEET

(Unaudited)

	As at 30 June 2021 (unaudited) £'000	As at 31 December 2020 (audited) £'000
Fixed assets		
Investments held at fair value through profit or loss	1,625,587	1,430,583
Current assets		
Cash and cash equivalents	62,560	72,929
Other receivables	5,793	1,460
	68,353	74,389
Current liabilities		
Other payables	(2,068)	(1,605)
Net current assets	66,285	72,784
TOTAL NET ASSETS	1,691,872	1,503,367
Capital and reserves		
Called up share capital	16,231	16,446
Share premium	73,738	73,738
Capital redemption reserve	5,721	5,506
Capital reserve	1,601,878	1,410,424
Revenue reserve	(5,696)	(2,747)
SHAREHOLDERS' FUNDS	1,691,872	1,503,367
NET ASSET VALUE PER ORDINARY SHARE (including current year revenue)	2,605.93p	2,285.33p
NET ASSET VALUE PER ORDINARY SHARE (excluding current year revenue)	2,610.47p	2,291.41p
Ordinary shares in issue	64,924,019	65,783,418

CONDENSED STATEMENT OF CHANGES IN EQUITY

(Unaudited)

FOR THE SIX MONTHS ENDED 30 JUNE 2021

	Called up share capital £'000	Share premium £'000	Capital redemption reserve £'000	Capital reserve £'000	Revenue reserve £'000	Shareholders' funds £'000
Shareholders' funds at 1 January 2021	16,446	73,738	5,506	1,410,424	(2,747)	1,503,367
Profit/(loss) after taxation	–	–	–	210,198	(2,949)	207,249
Shares purchased for cancellation – note 7	(215)	–	215	(18,744)	–	(18,744)
Shareholders' funds at 30 June 2021	16,231	73,738	5,721	1,601,878	(5,696)	1,691,872

FOR THE SIX MONTHS ENDED 30 JUNE 2020

	Called up share capital £'000	Share premium £'000	Capital redemption reserve £'000	Capital reserve £'000	Revenue reserve £'000	Shareholders' funds £'000
Shareholders' funds at 1 January 2020	16,828	73,738	5,124	1,025,909	1,250	1,122,849
Profit/(loss) after taxation	–	–	–	85,969	(2,435)	83,534
Shares purchased for cancellation – note 7	(136)	–	136	(7,572)	–	(7,572)
Shareholders' funds at 30 June 2020	16,692	73,738	5,260	1,104,306	(1,185)	1,198,811

CONDENSED CASH FLOW STATEMENT

(Unaudited)

	For the six months ended 30 June 2021 £'000	For the six months ended 30 June 2020 £'000
Cash flow from operating activities		
Profit before taxation	207,530	83,643
Adjustments for gains on investments	(211,002)	(83,855)
Purchase of investments	(110,743)	(94,327)
Sale of investments	119,802	101,915
Return of capital	2,267	13
Decrease in receivables	762	1,319
Increase in payables	63	51
Amortisation of fixed income book cost	6	(81)
Effect of foreign exchange rate changes	799	(2,168)
Overseas tax on overseas income	(310)	(118)
Net cash inflow from operating activities	9,174	6,392
Cash flow from financing activities		
Undrawn facility fee paid	–	(39)
Shares purchased for cancellation – note 7	(18,744)	(7,572)
Net cash outflow from financing activities	(18,744)	(7,611)
Net decrease in cash and cash equivalents	(9,570)	(1,219)
Cash and cash equivalents at start of the period	72,929	88,843
Effect of foreign exchange rate changes	(799)	2,168
Cash and cash equivalents at end of the period	62,560	89,792
Comprised of:		
Cash and cash equivalents	62,560	89,792

Cash flow from operating activities includes interest received of £438,000 (2020 – £827,000) and dividends received of £5,541,000 (2020 – £3,323,000).

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 2021 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 2020 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 2022. The Board continue to monitor the impact of Covid-19 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 October 2019.

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 2020.

The revised SORP issued in April 2021 is applicable for accounting periods beginning on or after 1 January 2021. The SORP has no substantive changes but has been updated to reflect changes to IFRS standards and regulatory requirements. No accounting policies or disclosures have changed as a result of the revised SORP.

3 INVESTMENT MANAGEMENT FEE

Herald Investment Management Limited is appointed investment manager under a management agreement which is terminable on twelve months' notice. From 1 January 2021 the management fee was reduced to 1.0% per annum of the Company's net asset value (excluding current year net revenue) based on middle market prices up to £1.25 billion and 0.8% per annum on amounts beyond this level. Prior to 1 January 2021, the fee was a flat annual rate of 1.0% of the Company's net asset value. The management fee is levied on all assets.

4 NET RETURN PER ORDINARY SHARE

	Six months ended 30 June 2021 £'000	Six months ended 30 June 2020 £'000
Revenue loss after taxation	(2,949)	(2,435)
Capital profit after taxation	210,198	85,969
Total net return	207,249	83,534
Weighted average number of ordinary shares	65,242,980	67,070,976

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 2020 (2019: same), nor declared for the interim (2020: 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.

NOTES TO THE CONDENSED FINANCIAL STATEMENTS CONTINUED (Unaudited)

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

	As at 30 June 2021 £'000	As at 31 December 2020 £'000
Level 1	1,610,584	1,411,004
Level 3	15,003	19,579
Total investments	1,625,587	1,430,583

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 20 April 2021 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 2021 a total of 859,399 (30 June 2020 – 545,000) ordinary shares of 25p each were bought back and cancelled at a total cost of £18,744,140 (30 June 2020 – £7,572,149). At 30 June 2021 the Company had authority to buy back a further 9,636,474 ordinary shares. Since period end, 64,764 shares were bought back and cancelled at a total cost of £1,554,897.

8 FIXED ASSET INVESTMENTS

During the period, cost of purchases amounted to £111,143,000 (30 June 2020 - £94,327,000) and proceeds of sales amounted to £127,135,000 (30 June 2020 – £101,922,000).

	Six months ended 30 June 2021 £'000	Six months ended 30 June 2020 £'000
Transaction costs		
Commission costs:		
Purchases	186	149
Sales	269	132
Total commission costs	455	281
Custody transaction costs	5	4
Other transaction costs	39	17
Total transaction costs	499	302

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.

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 2021, as shown on page 2, is calculated by taking 30 June 2021 total return and dividing by the opening NAV for the period (that is, the NAV disclosed for 31 December 2020).

	PAGE		30 June 2021 per share (pence)	30 June 2021 £'000
Net asset value (including current period revenue)	8	A	2,605.93	1,691,872
Plus net revenue loss after taxation		B	4.54	2,949
Net asset value (excluding current period revenue)	8	A+B	2,610.47	1,694,821

Net asset value per ordinary share is based on net assets as shown above and on 64,924,019 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 2021	2	A	2,245.00p	2,285.33p	2,291.41p
Closing at 30 June 2021	2	B	2,180.00p	2,605.93p	2,610.47p
Price movements		$C=(B-A)/A$	-2.9%	14.0%	13.9%
Dividend reinvestment*		D	-	-	-
Total return		C+D	-2.9%	14.0%	13.9%

* No dividend has been declared for the period.

FURTHER SHAREHOLDER INFORMATION

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