



Herald
LEADING-EDGE INVESTING

Herald Investment Fund plc
The Herald Worldwide Technology Fund

2021

Annual report & audited financial statements
for the financial year ended 31 December 2021

HERALD INVESTMENT FUND PLC

The Herald Worldwide Technology Fund

ANNUAL REPORT & AUDITED FINANCIAL STATEMENTS

for the financial year ended 31 December 2021

Organisation	3
Background to the Company	4
Investment Manager's Report	6
Directors' Report	15
Depository's Report to the Members of Herald Investment Fund plc (the "Company")	20
Independent Auditors' Report to the Members of Herald Investment Fund plc	21
Profit and Loss Account	24
Balance Sheet	25
Statement of Changes in Net Assets Attributable to Holders of Redeemable Participating Shares	26
Notes to the Financial Statements	27
Schedule of Investments	41
Appendix 1 Other Disclosures (Unaudited)	43
Appendix 2 Schedule of Portfolio Movements (Unaudited)	44

HERALD INVESTMENT FUND PLC

The Herald Worldwide Technology Fund

ORGANISATION

REGISTERED OFFICE OF THE COMPANY

From 29 January 2021
Ten Earlsfort Terrace
Dublin 2
D02 T380
Ireland

MANAGEMENT COMPANY

From 11 August 2021
Bridge Fund Management Limited
Ferry House
48-53 Mount Street Lower
Dublin 2
D02 PT98

INVESTMENT MANAGER

Herald Investment Management Limited
10-11 Charterhouse Square
London EC1M 6EE
England
www.heralduk.com

ADMINISTRATOR, REGISTRAR AND TRANSFER AGENT

Northern Trust International Fund Administration
Services (Ireland) Limited
Georges Court
54-62 Townsend Street
Dublin 2
D02 R156
Ireland

DEPOSITARY

Northern Trust Fiduciary Services (Ireland) Limited
Georges Court
54-62 Townsend Street
Dublin 2
D02 R156
Ireland

INDEPENDENT AUDITOR

PricewaterhouseCoopers
One Spencer Dock
North Wall Quay
Dublin 1
D01 X9R7
Ireland

DIRECTORS OF THE COMPANY

Dominic Del Mar (British)*
Charles Ekins (British)*
Paul Halley (Irish)*
Fergus Sheridan, Chairman (Irish)*

* Independent Directors

SECRETARY

From 29 January 2021
Bradwell Limited
Ten Earlsfort Terrace
Dublin 2
D02 T380
Ireland

LEGAL ADVISERS

In Ireland
Arthur Cox
Ten Earlsfort Terrace
Dublin 2
D02 T380
Ireland

In England
MacFarlanes LLP
20 Cursitor Street
London EC4A 1LT
England

HERALD INVESTMENT FUND PLC

The Herald Worldwide Technology Fund

BACKGROUND TO THE COMPANY

DESCRIPTION

Herald Investment Fund plc (the "Company"), is an open-ended investment company with variable capital organised under the laws of Ireland as a public limited company pursuant to the Companies Act 2014 (including amendments by the Companies (Accounting) Act 2017), the European Communities (Undertakings for Collective Investment in Transferable Securities) Regulations 2011 (the "UCITS Regulations") and the Central Bank of Ireland (the "Central Bank") (Supervision and Enforcement) Act 2013 (Section 48(1)) (Undertakings for Collective Investment in Transferable Securities) Regulations 2019 (the "Central Bank UCITS Regulations"). It was incorporated on 12 February 1998.

The Company is organised in the form of an umbrella fund with segregated liability. Its Memorandum and Articles of Association and Prospectus (the "Constitution") provide that the Company may offer separate classes of shares, each representing interests in a fund comprising a distinct portfolio of investments. As at the date of this Annual Report and Audited Financial Statements the Company has one sub-fund in operation. The Company obtained the approval of the Central Bank for the establishment of The Herald Worldwide Technology Fund (the "Fund") and this Fund was launched on 3 April 1998.

The Company moved from being a self-managed Investment Company to one which is externally managed on 11 August 2021.

INVESTMENT OBJECTIVE AND POLICY

The objective of the Fund is to seek to achieve capital growth by investing principally in securities of issuers in the telecommunications, multimedia and technology sectors which in the view of Herald Investment Management Limited (the "Investment Manager") offer potential growth in excess of the average.

MEETING INVESTMENT OBJECTIVE

In pursuing its investment objective, the Fund may hold a number of financial instruments which include:

- Equity shares, convertible shares, debt securities, adjustable rate index notes ("ARINs"), depositary receipts and shares of investment companies held in accordance with the Fund's investment objective and policies; and
- Cash, liquid resources and short term debtors and creditors that arise directly from its operations.

PRICES

The price for buying and selling redeemable participating shares in the Fund is represented by the Net Asset Value (the "NAV") per redeemable participating share.

For Class A shares, an initial charge of up to 3.5% of the NAV per share may be payable directly to the Investment Manager.

For Class A shares, a repurchase charge of 3% of the repurchase monies may be payable in respect of repurchases made within one year of subscription for redeemable participating shares and 1% in respect of repurchases made within two years of subscription.

There is no initial or repurchase charge for Class B shares.

ACCOUNT OPENING AND DEALING

New investors must open an account before they can subscribe for redeemable participating shares. Account Opening Forms and Dealing Forms are available from Herald Investment Management Limited at www.heralduk.com

Subscriptions and repurchases of redeemable participating shares can be made by account holders on a Dealing Day. Unless otherwise determined by the Directors, every Irish business day shall be a Dealing Day.

Northern Trust International Fund Administration Services (Ireland) Limited (the "Administrator") determines the NAV per redeemable participating share of the Fund on each Dealing Day in accordance with the Prospectus and by reference to the last quoted trade prices as of close of business on the relevant market on the business day preceding the Dealing Day.

Dealing Forms must be received by the Administrator by 5.00pm (Irish time) on the business day preceding any Dealing Day. Dealing Forms received after 5.00pm (Irish time) will be dealt with on the next succeeding Dealing Day.

HERALD INVESTMENT FUND PLC

The Herald Worldwide Technology Fund

BACKGROUND TO THE COMPANY *continued*

Account Opening applications and dealing requests should be made to the Administrator:

Northern Trust International Fund Administration
Services (Ireland) Limited
2nd Floor, Block A
City East Plaza
Limerick V94 X2N9
Ireland

Tel +353 (0)1 434 5119
Fax +353 (0)1 434 5251
Email queries; Herald_TA@ntrs.com
Email PDF forms; HeraldTAInstructions@ntrs.com

Alternatively online dealing is available at:

Aegon Institutional: www.cofunds.aegon.co.uk
A.J.Bell: Retail: www.youinvest.co.uk
A.J.Bell: Professional: www.investcentre.co.uk
Hargreaves Lansdown: www.hl.co.uk
Interactive Investor: www.ii.co.uk
Transact: www.transact-online.co.uk

DIVIDENDS

The Fund may declare a distribution in April of each financial year in an amount not less than 85% of the Fund's net income, where sufficient net income is available for distribution. No distribution was declared in April 2021 (April 2020: Nil).

MINIMUM SUBSCRIPTION

For Class A shares, the minimum initial investment requirement of the Fund is GBP 10,000 and each subsequent investment must be a minimum of GBP 5,000. For Class B shares, the minimum initial investment is GBP 1,000 and there is no minimum for subsequent investments. The Directors reserve the right to vary or waive the minimum investment requirements. Please note that Class A shares are currently closed to new investors.

INVESTMENT MANAGEMENT

Herald Investment Management Limited serves as Investment Manager pursuant to an investment management agreement dated 23 March 1998 (as amended by addenda dated 29 June 2006 and 25 May 2018).

NET ASSET VALUE

The NAV per share of a class shall be calculated by dividing the NAV of the relevant fund attributable to the class by the number of shares in issue in that class at the close of business on the Dealing Day immediately preceding the Dealing Day on which the NAV per share is being calculated.

PUBLISHED INFORMATION

Except where the determination of the NAV has been suspended, the NAV per share shall be made available at the registered office of the Administrator on each Dealing Day and shall be available on the business day immediately succeeding each Dealing Day.

In addition, the NAV shall also be available in respect of each Dealing Day on the Investment Manager's website, www.heralduk.com on the business day immediately succeeding the relevant Dealing Day. Such information shall relate to the NAV per share for the previous Dealing Day and is available for information only. It is not an invitation to subscribe for, repurchase or convert shares at that NAV.

The above details are in summary form only and must be read in conjunction with the detailed information contained in the Prospectus of the Company.

HERALD INVESTMENT FUND PLC

The Herald Worldwide Technology Fund

INVESTMENT MANAGER'S REPORT for the financial year ended 31 December 2021

The objective of the Herald Worldwide Technology Fund (the "Fund") is to achieve capital growth while investing globally in information technology, communications and multimedia companies. The Investment Manager believes this area of the economy continues to offer growth greater than the world economy as a whole and presents attractive investment opportunities. In addition, the Investment Manager offers focused specialist management, with a 25 year history and an experienced team. The Fund was launched in April 1998 with an initial asset value per Class A share of GBP 10.00. At the end of the year the net asset value per Class A share was GBP 109.88. On 9th June 2010, a Class B share was launched with an initial net asset value per share of GBP 10.00. At the end of the period the net asset value per Class B share was GBP 73.06.

Total return for the financial year ended 31 December 2021

Herald Worldwide Technology Fund NAV (Class A)	22.5%
Herald Worldwide Technology Fund NAV (Class B)	23.7%

Global

Dow Jones World Technology	28.1%
----------------------------	-------

United States

Russell 1000® (Large Cap Technology)	38.3%
Russell 2000® (Small Cap Technology)	15.1%
S&P 500	29.8%
Russell 2000® (Small Cap)	15.8%

United Kingdom

iShares Core FTSE 100 UCITS ETF	17.7%
Numis Smaller Companies plus AIM (ex Investment companies)	20.0%

Europe

DAX	7.5%
Deutsche Bourse TECDEX	13.3%
CAC 40	23.9%

Asia Pacific

NIKKEI 225	-3.6%
KOSDAQ IT Composite Index	21.9%
Taiwan Electronics Index	28.1%

All percentage returns are in GBP

Source: Herald Investment Management Limited and Bloomberg, ®Russell Investment Group.

The Fund is not managed by reference to any benchmark and the indices above are shown for comparative purposes only.

Past performance is not a reliable indicator to future performance.

Summary

2021 proved to be another good year for the Fund. Cash holdings continued to be a drag as uncertainties due to Covid, inflation, as well as high valuations in parts of technology, led to the Manager maintaining a higher level. The Fund's performance over three, five and ten years remains in the top 1% of over 4,000 offshore funds on Trustnet.

If 2020 was characterised by the shock of the pandemic and the ensuing rapid adjustments to operations under the conditions of the pandemic for governments, institutions, and companies big and small, 2021 was perhaps characterised by a grappling for a sense of return to normality following optimism for vaccine roll-outs in much of the world. Surprisingly, supply chain issues became more pronounced in 2021 than 2020, when the main bottlenecks were in medical and PPE equipment. A sharp fall in demand in 2020 had caused abrupt cancellations of orders across diverse end markets ranging from household furniture to autos causing manufacturers to reallocate and adjust their production capacities. The snap back in demand in 2021, combined with weather problems and resurgence of Covid, especially in Asia, resulted in supply and demand mismatches and cost increases, plaguing vendors across different sectors and geographies. Shortages in the semiconductor sector became a key focus, with automakers estimated to have lost USD\$210bn in sales due to component shortages.

INVESTMENT MANAGER'S REPORT for the financial year ended 31 December 2021 *continued*

In the broader markets the key debate was, and remains, the outlook for mid and long-term inflation and the implications for asset valuations. Of course, significant geopolitical issues also continued to bubble in the background.

Within the technology sector, key issues were supply-chain security, cyber security, and regulation. Semiconductor shortages and the realisation of their criticality to the global economy led US and European governments to embark on initiatives to cooperate with industry and encourage investments in the technology supply chain. We were also repeatedly reminded of risks of cyber security as ransomware, and other security breaches prevailed throughout the year. Regulation targeted at curbing the power of the tech giants also expanded across jurisdictions, with cases on App store dominance and payment models proceeding in the US and Europe. In China, regulatory changes also dominated the technology sector causing significant pressure on the share prices of most large Chinese technology companies. We expect all of these issues to remain pertinent during the next 2-3 years.

At Herald, our investment team typically has over 1,500 one-one meetings with companies each year. These meetings are core to our investment process and allow us to get a ground-up view of what is going on across the sector and around the world. In addition to the key strategic issues facing the business, the common subjects which we have been raising with management teams during 2021 have been production issues, staff retention challenges and cost pressures. We don't consider ourselves any better placed than the large number of economists and other market participants in predicting macro-economic or inflation outcomes. However, we do believe that by focusing on fundamentals, as we have done for the last 20+ years, we will be able to better navigate the macro-economic and inflationary uncertainties.

Our priority is and has always been to unearth companies with great management teams, where the market is underappreciating the prospects for long-term compounded growth and/or longer-term free cashflow generation potential and invest in them for the long-term.

2021 showcased the tumultuous forces of fad investing and meme stocks. We make a point of keeping away from fads and focusing on fundamentals.

Since the beginning of 2019, close to 1,200 companies have gone public in the technology sector globally. We methodically seek to get to know many of these companies. The frothy IPO and SPAC markets have meant that the valuations of these companies often embed long-term growth trajectories which are difficult to justify. Nevertheless, among the 1,200, there will inevitably be some very exciting great companies to choose from as we have done in the past with the likes of CyberArk, DynaTrace, and Zoom. We just need to be patient and research and cross-reference our findings. These are all activities which are core to our investment remit.

We continue to be optimistic about investing in the technology sector. We believe that despite economic and political uncertainties, the technology sector will continue to provide opportunities for long-term capital growth. The pace of innovation remains significant and spans across domains, from fundamental science of chip design and sensors to new cloud business models based on Application Programming Interfaces and Artificial Intelligence (AI) algorithms. Innovations are typically used as building blocks by new generations of companies to solve problems differently and more efficiently. Capital also remains abundant to fund new generations of companies. We are bottom-up fundamental investors. Key trends within the sector can act as meaningful multi-year accelerants to the underlying fundamentals of companies.

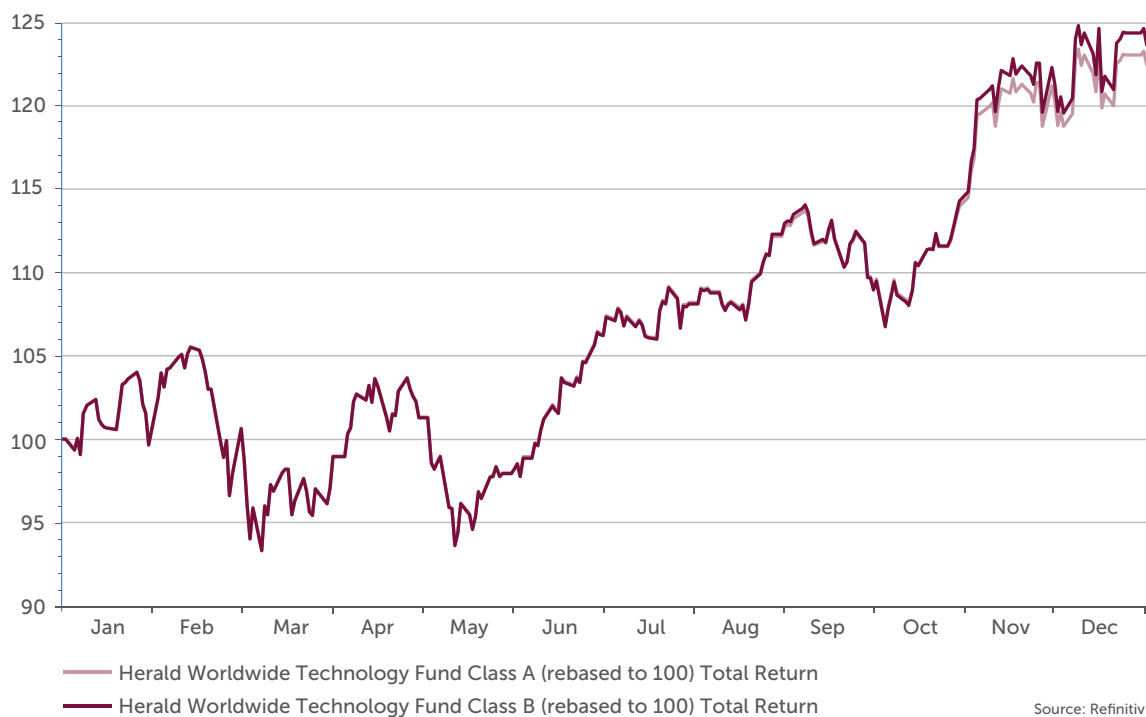
HERALD INVESTMENT FUND PLC

The Herald Worldwide Technology Fund

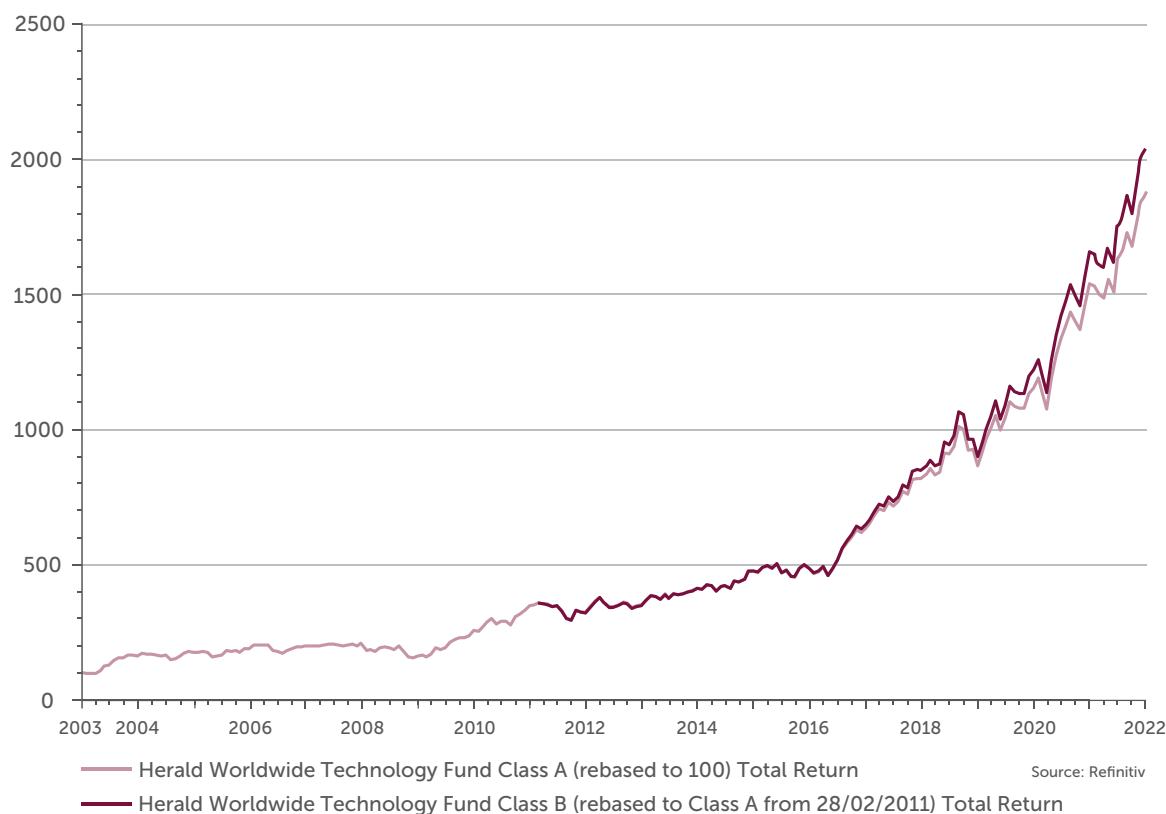
INVESTMENT MANAGER'S REPORT for the financial year ended 31 December 2021 continued

Summary continued

Total Return: 31/12/2020 – 31/12/2021



Total Return 31/12/2002* – 31/12/2021



*The date the existing fund manager took over the management of the portfolio.

HERALD INVESTMENT FUND PLC

The Herald Worldwide Technology Fund

INVESTMENT MANAGER'S REPORT for the financial year ended 31 December 2021 *continued*

Summary *continued*

Total Return by Region*	1 year	3 years	5 years
Asia	-6.0%	70.4%	133.3%
EMEA	10.6%	12.6%	25.9%
North America	32.5%	179.8%	311.9%
UK	9.5%	115.4%	242.1%

* Time Weighted Return

North America

The total return for the US portfolio within the Fund was 32.5%. Although, this is a disappointing underperformance compared to the 38.3% return of the Russell 1000®, we are nevertheless pleased with the healthy absolute returns of the Fund after the strong returns of 47.2% for the US portfolio in 2020. The outperformance of Microsoft and Alphabet, whose weights exceeded 10% of the index, presents a challenge as exposure is limited to a maximum of 10% under UCITS restrictions. North America comprises the majority of the fund (81.6%).

The star performers in percentage terms were Arista Networks, Alphabet and Arlo Technologies, which appreciated 100%, 67% and 63% respectively (in sterling). The largest contributor to performance was Microsoft, which appreciated 54% and is the largest position in the portfolio. Microsoft continues to execute well across its diverse businesses, ranging from enterprise productivity software, to cloud infrastructure services, as well as consumer and gaming markets, all leveraging core AI and machine learning technologies. Advanced Micro Devices (AMD) and Xilinx were also strong contributors to performance as AMD appreciated 58% and Xilinx appreciated 51%. Even though we took profits on our investments in both companies, they continue to remain among our top 10 holdings. The merger between the two, which had been expected to close by the end of 2021, is now expected to close in Q1-2022.

The most significant negative contributors to returns were Mandiant (-24%), Pegasystems (-15%), and Varonis Systems (-10%). Mandiant is the transformation of our holding in FireEye. FireEye announced a corporate restructuring in Q2-2021 and the sale of some of its core assets to a strategic buyer. The stub of the company has been renamed Mandiant. It is the part of the business which we valued most as they have a unique cadre of top-notch cyber security experts who are relied upon by governments and companies for protecting against and remediating the most complex cyber security breaches. Pegasystems is one of our longest held holdings, the Fund has owned shares in the company for over 10 years. Like Varonis, the shares suffered as many highly rated SaaS (software-as-a-service) companies were sold-off in 2021. We have used the pullback to add to our holdings in Pegasystems. Overall, the negative contributors were mostly smaller positions and the aggregate negative contribution of all our negative contributors was less than the total positive contribution from each of the top three performers.

During the year, we used the proceeds from the sale of some of our strongly performing and higher rated semiconductor companies such as Nvidia and AMD in favour of increasing our position in other lesser known but highly promising semiconductor companies such as Tower Semiconductor and Silicon Motion Technology. We know both companies well as we have been investors in them through the Herald Investment Trust. The value of our holdings in Tower Semiconductor and Silicon Motion Technology has appreciated significantly since our purchases.

The P/E of the North American portfolio on Bloomberg forecasts was 39x on 31 December 2021 compared to 31x at the end of 2020 and 25x at the end of 2019. This expansion in P/E has been mostly due to the rerating of the Fund holdings as opposed to any substantial changes in our holdings. The price-to-cashflow forecast of the North American portfolio, based on Bloomberg forecasts, was 25x on 31 December 2021.

Europe

The Fund's only European holding is SAP, which had an average weighting of 1.9% during the period. The shares appreciated 11% in 2021. We benefitted from increasing our position during Q4-2020.

We remain positive on the long-term outlook for SAP as it retains a strong competitive position in its core enterprise software markets, with scope for sustainable long-term growth, and a supportive valuation. We continue to look for attractive investment opportunities in Europe, although the scarcity of large, liquid listed technology companies in Europe puts them on a premium compared with the higher quality equivalent companies in North America and Asia.

INVESTMENT MANAGER'S REPORT for the financial year ended 31 December 2021 *continued*

Summary *continued*

UK

The UK portfolio comprises 5.0% of the Fund and the total return of the UK portfolio was 9.5%. The Fund's largest UK holding was Herald Investment Trust, with an average weighting of 3.1%, which appreciated 12% in the year, following the strong appreciation of 52% in 2020 and 38% in 2019. The other main UK holding was Avast, which appreciated 16%. Avast is the subject of a takeover bid, which is expected to complete by the end of H1-2022. The poor performer in the UK portfolio was Wandisco, which continued to struggle to adjust its business model to the cloud.

Asia

The Asian portfolio comprises 4.5% of the Fund and the total return was -6.0%. The return of the Asian portfolio compares unfavourably with the returns of two key Asian indices such as the KOSDAQ IT Composite Index and the Taiwan Electronics Index which returned 21.9% and 28.1% respectively. However, the sector has been more challenging in China and Japan. The main contributor to the poor performance was our position in Alibaba ADR, which continued to suffer due to the uncertainty surrounding the regulatory environment in China and for Chinese listed ADRs in the US. The risks and opacity of the VIE (Variable Interest Entity) structure used by such ADRs has been increasingly understood by investors over recent years. The US listed ADRs of Chinese companies had a terrible year because the SEC (US regulator) is planning a new law that mandates foreign companies to open their books to US audit scrutiny or risk being delisted from the New York Stock Exchange and Nasdaq within three years. Overall, our exposure to domestic Chinese companies remains low at 0.7% at the year-end. We benefitted from reducing our exposure in 2020. Despite the regulatory uncertainty in China and the slowing growth of e-commerce, we remain positive on the outlook for Alibaba. Alibaba maintains a strong franchise in e-commerce and is the leading cloud infrastructure provider in China. Alibaba is investing in growing its core franchises outside the top tier cities. It is also investing in growing its international business. The investments should lead to an improvement in the operational performance of the company going forward and should support the share price.

Our largest holdings in Asia during the year were Taiwan Semiconductor Manufacturing Company (TSMC) and Samsung Electronics. Following the strong performance of TSMC and Samsung Electronics in 2020, returning 87% and 52% respectively, the returns for both were lacklustre in 2021. We believe both companies are extremely well positioned to continue to generate attractive returns longer-term. The stellar performer in Asia was Kulicke & Soffa Industries (KNS), which appreciated 94%. KNS, a Singaporean company, provides specialist equipment for the manufacturing of semiconductors. We expect KNS to continue to benefit from long-term trends in the semiconductor manufacturing market.

Market Background

If 2020 was the year of falling risk-free rates and rising valuations for high growth and long duration assets, 2021 was one of concerns about the timing of the tapering by the Federal Reserve, interest rate rises, and a rotation out of long duration assets into cyclicals, well-placed to benefit from the opening of the economy. Despite the promise of the vaccine and snap back in GDP numbers across the world, the rise and fall of Covid and the rise of the new Covid variants led to rotations back and forth in the risk-on / risk-off trades.

We expect volatility to remain with us. Concerns about moderating economic and earnings growth, the prospect of rising interest rates and rising inflation, plus geopolitical tensions involving China and Russia will continue to ebb and flow and drive market volatility. Although Covid may be past its peak, new worries such as excessive inventories and double ordering, prolonged labour shortages or systemic risk posed by the cloud platforms may become more prominent. Our approach remains consistent, that is, focusing on investing in companies with the business, balance sheet and management teams capable of weathering such volatilities without incurring sustained damage from such developments.

We acknowledge the unique risks posed to global economies as the US and China negotiate their long-term strategies and priorities. As regulatory developments in China remain hard to forecast our only investment there remains Alibaba which we believe, in addition to its strong e-commerce business, is the best-positioned non-US cloud infrastructure provider. The tensions between China, Taiwan and the US have also increased the focus on the semiconductor industry. This tension has been escalating since 2015, when China unveiled its "Made in China 2025" plan and highlighted semiconductor and AI supremacy as core goals. We see this "arms race" in the sector as beneficial to many companies in our portfolio and remain positive on the outlook for selective semiconductor companies, despite natural cyclicality in the sector.

INVESTMENT MANAGER'S REPORT for the financial year ended 31 December 2021 *continued*

Sector Outlook

The backdrop for IT spending remains attractive. Gartner forecasts global IT spending in 2022 will be \$4.5trn. This implies a growth rate of 5.1% compared to 9.0% in 2021. The strong growth in 2021 was partially due to the cyclical upturn following the exceptional situation caused by the start of the pandemic in 2020.

Within the different areas of IT spending, software is expected to continue to benefit from higher growth of 11% reaching \$672bn, whereas spending on devices is expected to remain lacklustre at a growth rate of 2.3%, reaching \$814bn.

Investments in digital transformation remain a priority for governments, as well as for companies large and small. IT spending continues to shift to the cloud due to the flexibility and agility that the cloud allows. Nevertheless, based on IT spending surveys conducted by Piper Sandler, 77% of companies have migrated less than 20% of their workloads to the cloud. Unsurprisingly, the survey highlighted that investments in cloud applications and security and cloud infrastructure remain top priorities for 2022.

Our investments in the Fund are positioned to benefit from the areas of higher growth within the overall IT market. Below we highlight a few key areas where we see opportunities, along with the associated risks we have identified.

Semiconductors and Supply Chains

Geopolitics, supply chain issues, and investment and policy announcements by governments have affixed semiconductors in headline news throughout much of the year. We have been fans of the semiconductor sector for a long time as we have felt that the market was underappreciating the value embedded in these companies.

Gartner estimates semiconductor revenues to grow 9.4% in 2022 to reach \$639bn following a growth of 25% in 2021. Although they expect the compound annual growth rate (CAGR) to be merely 4.4% between 2021 and 2025, within the broad segment there are always opportunities to invest in faster growing, well-managed and attractively valued companies in the sector.

Overall, the sector is supported by a combination of:

- (a) improving pricing power
- (b) secular growth in 5G, electrification/renewables and automation where semiconductor content is typically higher than with prior technologies
- (c) major chip manufacturing inflections such as Gate All Around (GAA) and Hybrid Bonding
- (d) growth of cloud infrastructures and the internet of things (IoT) at the edges of the cloud, and
- (e) the geopolitics of reshoring semiconductor and technology hardware manufacturing.

It is important to bear in mind that segments within the sector are cyclical and even the best managed companies admit that it is almost impossible to predict excess build-up of inventory in the supply chains. The great companies manage through these types of uncertainties by ensuring they have solid balance sheets to be able to weather the disruptions. 2020 was all about lack of demand, whereas 2021 was all about shortages. Although fundamentals and sentiment remain very positive in the sector, it is inevitable that at some point individual companies will face some headwinds from excess inventories.

We believe the multitude of avenues of innovation in the sector, ranging from new materials to new chip architectures, and the increasing focus on extra low power systems, will present attractive long-term investment opportunities. We continue to maintain our exposure to the sector by investing in companies which produce capital equipment for the sector as well as individual semiconductor designers and producers.

Security

Organisations continue to grapple with how to secure their assets. In December 2021 we had the "Log4j" hack, deemed to be the largest and most complex cyber security breach in history. This happened almost exactly one year after the SolarWinds hack of 2020, which at the time was deemed to have been the biggest cyber security breach as it had infiltrated tens of thousands of organisations, including the US Department of Defence and the Pentagon. The point is that cyber security remains a large problem as networks move beyond the firewall, compliance becomes part of cybersecurity, and more.

INVESTMENT MANAGER'S REPORT for the financial year ended 31 December 2021 *continued*

Security *continued*

The size of the cyber security market is estimated to be \$155bn in 2021 and growing at CAGR of 11% between 2021 and 2025. This only measures spending on software and equipment. The actual cost is multiples of this as companies and governments have large departments of individuals tasked with managing the cyber risks. We still spend a fraction of the cost of cybercrime on tools for prevention and remediation, with the scale of damages from cybercrime in 2021 estimated to be \$6trn; if these incidents and activities were a country, they would be the third largest economy in the world.

We have exposure to the sector through many companies in our portfolio, from the megacaps like Alphabet to smaller companies such as Qualys and Radware. The sector is also attractive for strategic and private equity investors. In 2021, two of our core security holdings, namely Avast and Mimecast, were subject to take-out offers. We continue to consider the segment highly attractive for investment due to the complexity of the issues at stake, the large number of emerging companies, and the pace of change.

Software

The size of the global software sector is estimated to be \$605bn in 2021 by Gartner and projected to grow at a CAGR of 11.6% between 2021 and 2025.

The software market is diverse with over 500 companies whose revenues exceed \$100mn annually. Within the sector there are many companies generating significantly higher growth than the average projected by Gartner. The move to cloud infrastructures creates demand for new types of software with very attractive business fundamentals.

We have felt uncomfortable with valuations in this sector, particularly those with a SaaS model which often had poor profitability but were being valued on ever increasing multiples of revenues with an eye towards future cash flows. The sector faces three distinct headwinds in 2022. These are:

- (1) Valuations are stretched for many companies: in 2019 and 2020 there was a significant re-rating of valuations in the sector, with many companies trading at EV/Sales multiples of over 20x. Although there has been a correction in recent months, many valuations are still not attractive.
- (2) Digestion of work-from-home (WFH) investments: In 2020 and 2021 the sector benefitted from the shift to working from home, with companies scrambling to invest in software for customer service, employee productivity, communication and general security systems to adjust to the new working environment. These investments need to be digested, leading to revenue deceleration.

Based on consensus data from Bloomberg, over 70% of software companies with revenues over \$500mn are going to see revenue growth decelerate in 2022 compared to the growth in 2021. It is also expected that expense growth will accelerate as travel and entertainment costs, which plummeted during 2020 and 2021, will possibly normalise. The combination of decelerating revenue growth and accelerating expense growth is unlikely to lead to valuation expansion and more plausibly could cause further valuation compression.

- (3) Yields and FX: If bond yields rise, then high duration assets, such as many in the software sector will be under pressure. Moreover, if the rise in yields also causes the strengthening of the USD, then there will be a headwind to revenues and earnings for much of the technology industry, especially software companies.

In light of these issues, we expect management teams to be conservative when providing their outlook for the year in their January results. As expectations become more reasonable, we will be looking for opportunities to buy companies which meet our fundamental investment criteria. Longer term, we remain optimistic about investing in companies in the sector as we believe we remain in the early days of the transition of software workloads to the cloud.

Emerging Trends

As long time investors in the sector, we regularly see the excitement about a "New New Thing." In the past, "New New Things" have included the web, the open source movement, smartphones, and the cloud, all clearly transformative for business and society. At the same time there have been plenty of others which have not yet lived up to their promises, e.g. personal robots, mass adoption of 3D printing or quantum computing...some may happen but just take much longer.

INVESTMENT MANAGER'S REPORT for the financial year ended 31 December 2021 *continued*

While we are bottom-up investors, it is important to look at emerging trends that may represent significant opportunities in the future, see how they may impact sectors and holdings directly or indirectly, gauge what phase they are in and try to determine key catalysts. We see a number of the "New New Things" of today, and they include Metaverse, Web3, Blockchain, 5G, AI/ML and Digital Transformation to name a few.

While we could discuss each of these at length, we would like to touch on Metaverse briefly. The concept had seeped into the technology world from the popular 1992 Sci-Fi novel called "Snow Crash" and has been brewing for some time. The decision by Facebook to change its name to Meta in October 2021 and announce that it would be investing \$10bn extra on Metaverse investments in 2022 propelled the concept to a subject of intense focus by the media and the investment community.

The definition of the metaverse remains fluid, though the essence is a sense of presence in communications and other encounters. The key is that like all transformative innovations, the metaverse aims to use progress in disparate building blocks such as 5G, AR/VR, machine learning, gaming technologies, new semiconductors, etc. to create alternative modes of communications, commerce, entertainment and education. We do believe that the developments in AR/VR, semiconductor processing, sensors and connectivity will allow new modes of communications, commerce, entertainment and education.

There will likely be competition among the core platform providers and device vendors as companies recognise the value of an open system based on standards which allow interoperability among online communities and the conflicting urge to develop competitive moats of some form to allow attractive monetisation opportunities. Calling out winners in newly forming technology-enabled ecosystems is imprudent as an investment strategy. A more prudent strategy is to invest in enablers of the ecosystem. We are excited by the pace and depth of innovation in so many areas and we will have more to say in the future.

Capital Markets Activity Favourable for our Investment Approach

Capital market activity was robust in 2021 and is expected to continue to stay strong in 2022. According to a report by Ernst & Young, nearly 1200 technology companies have gone public between 2019 and 2021 and raised nearly \$300bn of capital, far exceeding public offerings and capital raised in other sectors. At the same time, venture investing also remained very strong in 2021. Based on latest data of Q3-2021 from KPMG, over \$486bn of venture capital (VC) was invested in 2021. The largest category of investment has been software, with over 30% of VC investments of the last 3 years targeted at software companies.

The newly public companies in the technology sector and pipeline of venture funded companies create attractive opportunities for us to research and identify long term winners, but we remain prudent in our approach. We rarely participate in IPOs as experience has shown that hype and excitement tend to be at heightened levels during the IPO process. We use the occasion to get to know management teams and companies and to assess critically evolving trends in the sector. Over time, as the business models and value propositions of the companies become clearer and the management teams prove they are capable of handling the challenges of trading as a public company, we consider investing in these companies.

Summary and Conclusion

The technology sector has started 2022 with a sharp correction, which has been skewed to the highly rated stocks. There are evident headwinds to corporate profitability from rising costs, wage inflation, tax rises and ESG (Environmental, Social and Governance) and these issues will be affecting all sectors while rising interest rates present a headwind for more highly rated growth companies. On balance we remain confident that the correction will prove a good buying opportunity, because demand is likely to remain robust.

The above are just some of the major trends in the sector. The combination of the technological innovations and large amounts of capital funding for new companies makes us optimistic about the long-term outlook for investing in the sector. We believe our deep industry expertise and the large number of company meetings we have with diverse management teams each year, will help us identify well managed, strongly positioned and attractively valued companies across the sector.

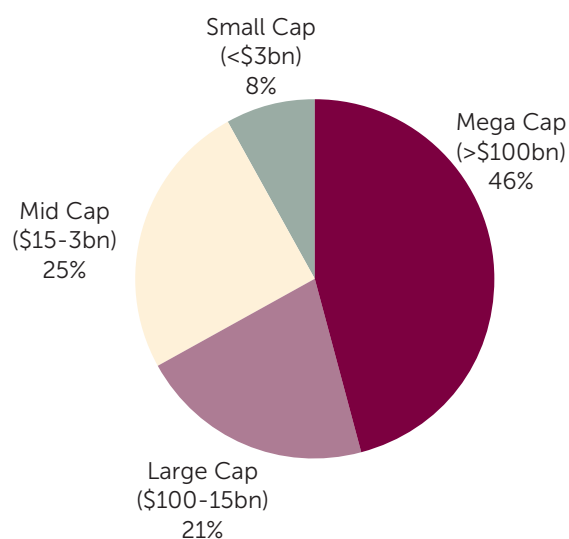
HERALD INVESTMENT FUND PLC

The Herald Worldwide Technology Fund

INVESTMENT MANAGER'S REPORT for the financial year ended 31 December 2021 continued

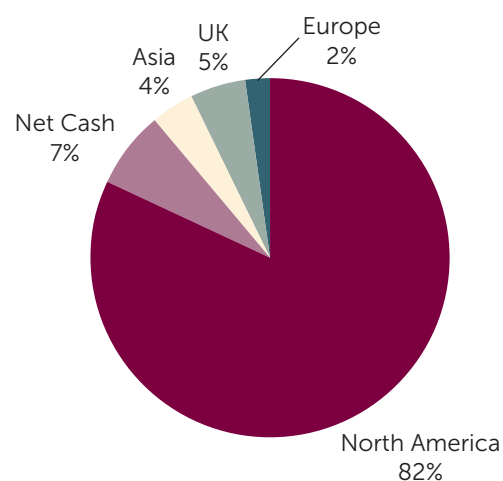
BREAKDOWN OF EQUITY INVESTMENTS BY MARKET CAP

	31/12/2021	31/12/2020
Mega Cap (>\$100bn)	46%	41%
Large Cap (\$100-15bn)	21%	18%
Mid Cap (\$15-3bn)	25%	18%
Small Cap (<\$3bn)	8%	23%
	<u>100%</u>	<u>100%</u>



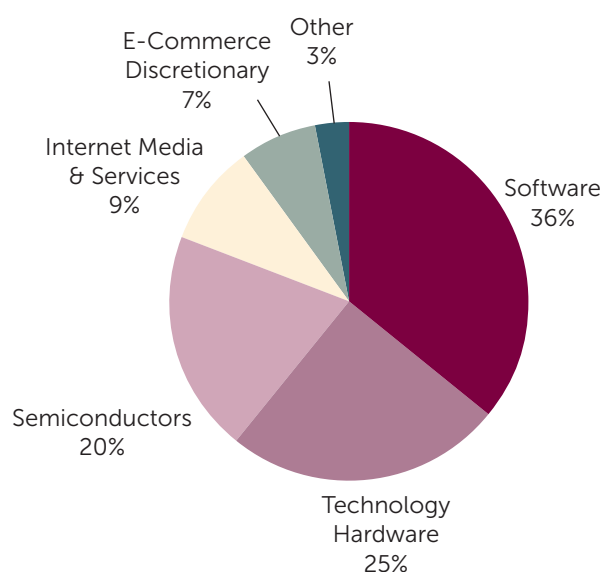
GEOGRAPHICAL BREAKDOWN

	31/12/2021	31/12/2020
North America	82%	74%
Net Cash	7%	12%
Asia	4%	6%
UK	5%	6%
EMEA	2%	2%
	<u>100%</u>	<u>100%</u>



SECTOR BREAKDOWN

	31/12/2021	31/12/2020
Software	36%	40%
Technology Hardware	25%	22%
Semiconductors	20%	18%
Internet Media & Services	9%	8%
E-Commerce Discretionary	7%	8%
Other	3%	4%
	<u>100%</u>	<u>100%</u>



Source: Herald Investment Management Limited

DIRECTORS' REPORT for the financial year ended 31 December 2021

The Directors present herewith the Annual Report and Audited Financial Statements for the financial year ended 31 December 2021.

Statement of Directors' Responsibilities

The Directors are responsible for preparing the Annual Report and Audited Financial Statements in accordance with Irish law and accounting standards issued by the Financial Reporting Council, including FRS102 "The Financial Reporting Standards applicable in the UK and Republic of Ireland" (Generally Accepted Accounting Principles in Ireland) and UCITS Regulations.

Irish Company law requires the Directors to prepare Financial Statements for each financial year that give a true and fair view of the state of affairs of the Company and of the profit and loss of the Company for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether the financial statements have been prepared in accordance with applicable accounting standards, identify those standards, and note the effect and the reasons for any material departure from those standards and notify shareholders in writing about the use of disclosure exemptions of FRS 102; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors confirm that they have complied with the above requirements in preparing the financial statements.

The Directors are responsible for keeping adequate accounting records that are sufficient to:

- correctly record and explain the transactions of the Company;
- enable, at any time, the assets, liabilities, financial position and profit or loss of the Company to be determined with reasonable accuracy; and
- enable the Directors to ensure that the financial statements comply with the Companies Act 2014 (including amendments by the Companies (Accounting) Act 2017) and enable those financial statements to be audited.

They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities. In carrying out this duty, the Directors have delegated depositary of the Company's assets to the Northern Trust Fiduciary Services (Ireland) Limited (the "Depositary").

The Directors are also responsible for preparing a Directors' Report that complies with the requirements of the Companies Act 2014 (including amendments by the Companies (Accounting) Act 2017).

The financial statements are published on the Investment Manager's website www.heralduk.com. The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the website. Legislation in Ireland governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Corporate Governance Statement

The Board of Directors (the "Board") has voluntarily complied with the Corporate Governance Code for Irish Domiciled Collective Investment Schemes as published by the Irish Funds Industry Association (the "Irish Funds"), as the Company's corporate governance code (the "IF Code").

The Board has assessed the measures included in the IF Code as being consistent with its corporate governance practices and procedures for the financial year.

Internal Control and Risk Management Systems

The Company is responsible for establishing and maintaining adequate internal control and risk management systems in relation to the financial reporting process. Such systems are designed to manage rather than eliminate the risk of error or fraud in achieving the Company's financial reporting objectives and can only provide reasonable and not absolute assurance against material misstatement or loss.

DIRECTORS' REPORT for the financial year ended 31 December 2021 *continued*

Internal Control and Risk Management Systems *continued*

The Company has procedures in place to ensure all relevant accounting records are properly maintained and are readily available, including the production of annual and half-yearly financial statements. The annual and half-yearly financial statements of the Company are required to be approved by the Board of the Company and filed with the Central Bank of Ireland. The financial statements are required to be audited by independent auditors who report annually to the Board on their findings.

The Board regularly reviews the performance of the Administrator to ensure its performance is satisfactory and in accordance with the terms and conditions of the Administrator Agreement and Prospectus.

The Board evaluates and discusses significant accounting and reporting issues as the need arises.

Operation of the Shareholder Meeting, the Key Powers of the Shareholder Meeting, Shareholders' Rights and the Exercise of Such Rights

The convening and conduct of shareholders' meetings are governed by the Constitution of the Company and the Irish Companies Act 2014 (including amendments by the Companies (Accounting) Act 2017). Although the Directors may convene an extraordinary general meeting of the Company at any time, the Directors are required to convene an annual general meeting of the Company every calendar year within nine months of the Company's financial year end and no more than fifteen months from the date of the previous annual general meeting. Shareholders representing not less than one-tenth of the paid up share capital of the Company may also request the Directors to convene a shareholders' meeting. Not less than twenty one days notice of every annual general meeting and any meeting convened for the passing of a special resolution must be given to shareholders. Fourteen days notice must be given in the case of any other general meeting unless the auditors of the Company and all the shareholders of the Company entitled to attend and vote agree to shorter notice.

Two members present either in person or by proxy constitute a quorum at a general meeting provided that the quorum for a general meeting convened to consider any alteration to the class rights of shares is two shareholders holding or representing by proxy at least one third of the issued shares of the relevant sub-fund or class.

Every member present in person or by proxy who votes on a show of hands is entitled to one vote. On a poll, every member is entitled to one vote in respect of each share held by them. The chairman of a general meeting of the Company or at least five members present in person or by proxy or any holder or holders of participating shares present in person or by proxy representing at least one-tenth of the shares in issue having the right to vote at such meeting may demand a poll.

Shareholders may resolve to sanction an ordinary resolution or special resolution at a shareholders' meeting. An ordinary resolution of the Company or of the shareholders of a particular sub-fund or class requires a simple majority of the votes cast by the shareholders voting in person or by proxy at the meeting at which the resolution is proposed. A special resolution of the Company or of the shareholders of a particular sub-fund or class requires a majority of not less than 75% of the shareholders present in person or by proxy and voting in a general meeting in order to pass a special resolution including a resolution to amend the Constitution.

Composition and Operation of the Board of Directors and the Committees of the Board of Directors

Unless otherwise determined by an ordinary resolution of the Company in a general meeting, the number of Directors may not be less than two nor more than twelve. Currently, the Board of the Company is composed of four Directors, being those listed on page 3 of these financial statements.

The business of the Company is managed by the Directors, who exercise all such powers of the Company as required by the Companies Act 2014 (including amendments by the Companies (Accounting) Act 2017) or by the Constitution of the Company.

A Director may, and Bradwell Limited (the "Company Secretary") of the Company on the requisition of a Director can, summon a meeting of the Directors at any time. Questions arising at any meeting of the Directors are determined by a majority of votes. In the case of an equality of votes, the chairman has a second or casting vote. The quorum necessary for the transaction of the business at a meeting of the Directors is two. There are no sub-committees of the Board.

HERALD INVESTMENT FUND PLC

The Herald Worldwide Technology Fund

DIRECTORS' REPORT for the financial year ended 31 December 2021 *continued*

Principal Activities and Future Developments

The objective of the Fund is to seek to achieve capital growth by investing principally in securities of issuers in the telecommunications, multimedia and communications sectors which in the view of the Investment Manager offer potential growth in excess of the average. The Investment Manager's Report contains a review of the factors which contributed to the performance for the financial year.

Risk Management Objectives and Policies

The main risks arising from the Company's financial instruments are market risk (comprising of market price, interest rate and foreign currency risk), credit risk and liquidity risk which are disclosed further in note 12 'Financial Risk Management' in the financial statements.

The non-financial risks that may have a potential impact on the Company are Political, Eurozone, Umbrella Structure of the Company and Cross Liability Risk, Cyber Security and Identity Theft and Health Risks.

Significant Events During the Year

Global Pandemic - Covid

The Board continue to monitor the market and the operational risks associated with the Covid pandemic, and are satisfied that the Investment Manager and other key service providers have robust plans and infrastructure to minimise the impact on the Company's operations, financial accounting and reporting. The Directors do not consider that the pandemic has resulted in any material negative impact on the Fund during the year.

Change in Company Secretary

On 29 January 2021 the Company appointed Bradwell Limited as Company Secretary, replacing Sanne Corporation Administration Services Ireland Ltd.

Change in Registered Address

On 29 January 2021 the Company changed its registered address from 4th Floor, 76 Baggot Street Lower, Dublin 2, D02 EK81, Ireland to Ten Earlsfort Terrace, Dublin 2, D02 T380, Ireland.

Appointment of Management Company

On 11th August 2021, following shareholder approval, the Company appointed Bridge Fund Management Limited ("Bridge") as its Management Company, moving from being a self-managed investment company to one which is externally managed. Bridge is now responsible for the management of the company's affairs on a day to day basis, under the supervision of the Directors.

There were no other significant events during the year which, in the opinion of the Directors, may have had an impact on the financial statements for the financial year ended 31 December 2021.

Events Since the Financial Year End

On 13th January HIML Holdings Limited, the holding company of the Investment Manager, purchased 14,186 B shares increasing the number of shares held from 74,839 to 89,025.

There were no events after the Balance Sheet date which, in the opinion of the Directors, may have had an impact on the financial statements for the year ended 31 December 2021.

Results and Dividends

The results and dividends for the year are set out in the Profit and Loss Account on page 24. No dividends were declared during the year.

DIRECTORS' REPORT for the financial year ended 31 December 2021 *continued*

Directors

The Directors who held office during the year under review were:

Dominic Del Mar (British)*

Charles Ekins (British)*

Paul Halley (Irish)*

Fergus Sheridan, Chairman (Irish)*

*Independent Directors

Directors' Interests in Shares and Contracts

The Directors' interests in shares and contracts are detailed in note 9.

Transactions Involving Directors

There are no contracts or arrangements of any significance in relation to the business of the Company in which the Directors or Company Secretary had any interest as defined in the Companies Act 2014 (including amendments by the Companies (Accounting) Act 2017), at any time during the financial year.

Accounting Records

The Directors believe that they have complied with the requirements of the Companies Act 2014 (including amendments by the Companies (Accounting) Act 2017), with regard to the keeping of accounting records by employing accounting personnel with appropriate expertise and by providing adequate resources to the financial function.

The accounting records of the Company are maintained at:

Northern Trust International Fund Administration Services (Ireland) Limited
Georges Court,
54-62 Townsend Street,
Dublin 2,
D02 R156
Ireland

Independent Auditors

In accordance with Section 383 (2) of the Companies Act 2014 (including amendments by the Companies (Accounting) Act 2017), PricewaterhouseCoopers, Chartered Accountants and Registered Auditors, are willing to continue in office.

Transactions with Connected Persons

Any transactions carried out with the Company by a management company or depositary to the Company, the delegates or sub-delegates of a management company or depositary, and any associated company of such a management company, depositary, delegate or sub-delegate ("connected persons") must be carried out as if negotiated at arm's length. Transactions must be in the best interests of the shareholders.

The Directors are satisfied that there are arrangements (evidenced by written procedures) in place, to ensure that the obligations set out in Regulation 43(1) of the Central Bank UCITS Regulations are applied to all transactions with connected persons, and are satisfied that transactions with connected persons entered into during the financial year complied with the obligations set out in Regulation 43(1) of the Central Bank UCITS Regulations.

DIRECTORS' REPORT for the financial year ended 31 December 2021 *continued*

Directors' Compliance Statement

The Directors, in accordance with Section 225(2) of the Companies Act 2014 (including amendments by the Companies (Accounting) Act 2017), acknowledge that they are responsible for securing the Company's compliance with certain obligations specified in Section 325 of the Companies Act 2014 (including amendments by the Companies (Accounting) Act 2017), where applicable, the Market Abuse (Directive 2003/6/EC) Regulations 2005, the Prospectus (Directive 2003/71/EC) Regulations 2015, the Transparency (Directive 2004/109/EC) Regulations 2007 and Tax laws ('relevant obligations'). The Directors confirm that:

- a compliance policy statement has been drawn up setting out the Company's policies with regard to such compliance;
- appropriate arrangements and structures that, in their opinion, are designed to secure material compliance with the Company's relevant obligations, have been put in place; and
- a review has been conducted, during the financial year, of the arrangements and structures that have been put in place to secure the Company's compliance with its relevant obligations.

Statement of Relevant Audit Information

The Directors confirm that, so far as they are aware, there is no relevant audit information of which the Company's statutory auditors are unaware. The Directors have taken all the steps that should have been taken as Directors in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

On behalf of the Board of Directors

Fergus Sheridan
Director

Paul Halley
Director

24 February 2022

HERALD INVESTMENT FUND PLC

The Herald Worldwide Technology Fund

DEPOSITARY'S REPORT to the Members of Herald Investment Fund plc (the "Company")

We, Northern Trust Fiduciary Services (Ireland) Limited, appointed Depositary to the Company provide this report solely in favour of the members of the Company for the year to 31 December 2021 (the "Annual Accounting Period").

This report is provided in accordance with the UCITS Regulations – European Communities (Undertakings for Collective Investment in Transferable Securities) Regulations 2011 (SI No 352 of 2011) as amended, which implemented Directive 2009/65/EU into Irish Law (the "UCITS Regulations"). We do not, in the provision of this report, accept nor assume responsibility for any other purpose or person to whom this report is shown.

In accordance with our Depositary obligation as provided for under the UCITS Regulations, we have enquired into the conduct of the Company for this Annual Accounting Period and we hereby report thereon to the members of the Company as follows:

We are of the opinion that the Company has been managed during the Annual Accounting Period, in all material respects:

- (i) in accordance with the limitations imposed on the investment and borrowing powers of the Company by the Constitutional documents and by the UCITS Regulations; and
- (ii) otherwise in accordance with the provisions of the Constitutional document and of the UCITS Regulations.

For and on behalf of:

Northern Trust Fiduciary Services (Ireland) Limited
24 February 2022

INDEPENDENT AUDITORS' REPORT to the Members of Herald Investment Fund plc

Report on the audit of the financial statements

Opinion

In our opinion, Herald Investment Fund plc's financial statements:

- give a true and fair view of the Company's assets, liabilities and financial position as at 31 December 2021 and of its results for the year then ended;
- have been properly prepared in accordance with Generally Accepted Accounting Practice in Ireland (accounting standards issued by the Financial Reporting Council of the UK, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and Irish law); and
- have been properly prepared in accordance with the requirements of the Companies Act 2014 and the European Communities (Undertakings for Collective Investment in Transferable Securities) Regulations 2011 (as amended).

We have audited the financial statements, included within the Annual Report & Audited Financial Statements, which comprise:

- the Balance Sheet as at 31 December 2021;
- the Profit and Loss Account for the year then ended;
- the Statement of Changes in Net Assets Attributable to Holders of Redeemable Participating Shares for the year then ended;
- the Schedule of Investments as at 31 December 2021; and
- the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (Ireland) ("ISAs (Ireland)") and applicable law.

Our responsibilities under ISAs (Ireland) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Ireland, which includes IAASA's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a period of at least twelve months from the date on which the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the Company's ability to continue as a going concern.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

INDEPENDENT AUDITORS' REPORT to the Members of Herald Investment Fund plc *continued*

Reporting on other information

The other information comprises all of the information in the Annual Report & Audited Financial Statements other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Directors' Report, we also considered whether the disclosures required by the Companies Act 2014 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (Ireland) and the Companies Act 2014 require us to also report certain opinions and matters as described below:

- In our opinion, based on the work undertaken in the course of the audit, the information given in the Directors' Report for the year ended 31 December 2021 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.
- Based on our knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified any material misstatements in the Directors' Report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of Directors' Responsibilities set out on page 15, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view.

The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (Ireland) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Our audit testing might include testing complete populations of certain transactions and balances, possibly using data auditing techniques. However, it typically involves selecting a limited number of items for testing, rather than testing complete populations. We will often seek to target particular items for testing based on their size or risk characteristics. In other cases, we will use audit sampling to enable us to draw a conclusion about the population from which the sample is selected.

A further description of our responsibilities for the audit of the financial statements is located on the IAASA website at: https://www.iaasa.ie/getmedia/b2389013-1cf6-458b-9b8f-a98202dc9c3a/Description_of_auditors_responsibilities_for_audit.pdf

This description forms part of our auditors' report.

HERALD INVESTMENT FUND PLC

The Herald Worldwide Technology Fund

INDEPENDENT AUDITORS' REPORT to the Members of Herald Investment Fund plc *continued*

Responsibilities for the financial statements and the audit *continued*

Use of this report

This report, including the opinions, has been prepared for and only for the Company's members as a body in accordance with section 391 of the Companies Act 2014 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2014 opinions on other matters

- We have obtained all the information and explanations which we consider necessary for the purposes of our audit.
- In our opinion the accounting records of the Company were sufficient to permit the financial statements to be readily and properly audited.
- The financial statements are in agreement with the accounting records.

Companies Act 2014 exception reporting

Directors' remuneration and transactions

Under the Companies Act 2014 we are required to report to you if, in our opinion, the disclosures of directors' remuneration and transactions specified by sections 305 to 312 of that Act have not been made. We have no exceptions to report arising from this responsibility.

Patrick Glover
for and on behalf of PricewaterhouseCoopers
Chartered Accountants and Statutory Audit Firm
Dublin

24 February 2022

HERALD INVESTMENT FUND PLC

The Herald Worldwide Technology Fund

PROFIT AND LOSS ACCOUNT for the financial year ended 31 December 2021

	Note	Financial year ended 31 December 2021 GBP	Financial year ended 31 December 2020 GBP
Income			
Operating income	2	275,852	241,436
Net gains on financial assets and liabilities at fair value through profit or loss	3	13,958,014	15,345,874
Total investment income		14,233,866	15,587,310
Operating expenses	4	(1,520,083)	(1,606,343)
Expense reimbursement from investment manager	7	248,929	226,940
Profit for the year before tax		12,962,712	14,207,907
Non-reclaimable withholding tax		(68,386)	(64,617)
Increase in net assets from operations attributable to holders of redeemable participating shares		12,894,326	14,143,290

There are no recognised gains or losses arising in the financial year other than the increase in net assets attributable to holders of redeemable participating shares of the Company. In arriving at the results of the financial year, all amounts above relate to continuing operations.

On behalf of the Board of Directors

Fergus Sheridan
Director

Paul Halley
Director

24 February 2022

The accompanying notes form an integral part of the Financial Statements.

HERALD INVESTMENT FUND PLC

The Herald Worldwide Technology Fund

BALANCE SHEET as at 31 December 2021

	Note	As at 31 December 2021 GBP	As at 31 December 2020 GBP
ASSETS			
Financial assets at fair value through profit or loss	12 (d)	65,697,893	49,984,563
Cash and bank balances	8	5,451,886	7,380,987
Debtors	1 (g)	332,661	210,954
TOTAL ASSETS		71,482,440	57,576,504
LIABILITIES			
Creditors - amounts falling due within one year	1 (f)	(718,824)	(1,039,932)
Net assets attributable to holders of redeemable participating shares		70,763,616	56,536,572

On behalf of the Board of Directors

Fergus Sheridan
Director

Paul Halley
Director

24 February 2022

The accompanying notes form an integral part of the Financial Statements.

HERALD INVESTMENT FUND PLC

The Herald Worldwide Technology Fund

STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE PARTICIPATING SHARES for the financial year ended 31 December 2021

	Financial year ended 31 December 2021 GBP	Financial year ended 31 December 2020 GBP
Net assets attributable to holders of redeemable participating shares at beginning of year	56,536,572	40,822,392
Increase in net assets attributable to holders of redeemable participating shares resulting from operations	12,894,326	14,143,290
Amounts received on issue of redeemable participating shares	5,600,318	6,467,305
Amounts paid on redemption of redeemable participating shares	(4,267,600)	(4,896,415)
Increase in net assets resulting from share transactions	1,332,718	1,570,890
Net increase in shareholders' funds	14,227,044	15,714,180
Net assets attributable to holders of redeemable participating shares at end of year	70,763,616	56,536,572

The accompanying notes form an integral part of the Financial Statements.

NOTES TO THE FINANCIAL STATEMENTS for the financial year ended 31 December 2021

1. Significant Accounting Policies

a) Basis of Preparation

In preparing the Annual Report and Audited Financial Statements for the financial year end 31 December 2021, the Directors have applied Financial Reporting Standard 102 ("FRS 102") the Financial Reporting Standard applicable in the UK and Republic of Ireland and Irish Statute comprising Companies Act 2014, the Companies (Accounting) Act 2017 and the UCITS Regulation and the Central Bank UCITS Regulations and these financial statements comply with that standard.

The financial statements have been prepared on a going concern basis and in accordance with Irish law and accounting standards issued by the Financial Reporting Council, including FRS102 "The Financial Reporting Standards applicable in the UK and Republic of Ireland" (Generally Accepted Accounting Principles in Ireland).

The format and certain wording of the financial statements have been adapted from those contained in Irish Statute so that, in the opinion of the Directors, it more appropriately reflects the nature of the Company's business as an investment company.

The Fund meets all the conditions set out in FRS 102, Section 7, and consequently has availed of the exemption available to certain funds not to prepare a statement of cash flows.

The financial statements have been prepared under the historical cost convention as modified by the revaluation of financial assets and financial liabilities held at fair value through profit or loss.

b) Fair Value Measurement

By fully adopting FRS 102, in accounting for its financial instruments, the Company has chosen to implement the recognition and measurement provisions of IAS 39 Financial Instruments: Recognition and Measurement (as adopted for use in the EU) and only the disclosure requirements of FRS 102 relating to Basic Financial Instruments and Other Financial Instruments.

c) Investments

(i) Classification and Recognition/Derecognition

The financial assets and financial liabilities at fair value through profit or loss comprise of equities and exchange traded investment funds.

Financial assets and financial liabilities designated at fair value through profit or loss at inception are those that are managed and their performance evaluated on a fair value basis in accordance with the Company's documented investment strategy.

The Company's policy is for the Investment Manager and the Board to evaluate the information about these financial assets on a fair value basis together with other related financial information.

The Company recognises financial assets and financial liabilities on the date it becomes a party to the contractual provisions of the instrument, and all significant rights and access to the benefits from the assets, and the exposure to the risks inherent in those benefits, are transferred to the Company. The Company derecognises financial assets and financial liabilities when all such benefits and risks are transferred from the Company.

Regular purchases and sales of financial assets are recognised on trade date. From this date any gains and losses arising from changes in fair value of the financial assets or financial liabilities are recorded.

Financial instruments are measured initially at fair value (transaction price). Transaction costs on financial assets and financial liabilities at fair value through profit or loss are expensed immediately.

Subsequent to initial recognition, all instruments classified at fair value through profit or loss are measured at fair value with changes in their fair value recognised in the Profit and Loss Account.

NOTES TO THE FINANCIAL STATEMENTS for the financial year ended 31 December 2021 *continued*

1. Significant Accounting Policies *continued*

c) Investments *continued*

ii) Fair Value Measurement Principles

Investments listed on a recognised exchange or traded on any other organised active market are valued at fair value. The last traded price on the principal exchange or market for such instruments, being a quoted price, is taken as the best evidence of fair value. Investments acquired or traded at a premium or discount outside or off the relevant exchange, or on an over the counter market, may be valued at fair value.

If for specific investments the close of business prices do not, in the opinion of the Investment Manager, reflect their fair value or are not available, the price of the most recent transaction provides evidence of the current fair value as long as there has not been a significant change in economic circumstances since the time of the transaction.

d) Cash

Cash comprises current deposits with banks.

e) Income

Dividends are recognised as income on the dates the securities are first quoted "ex dividend" to the extent that information thereon is reasonably available to the Company. Income which suffers a deduction of tax at source is shown gross of such withholding tax.

Bank deposit and bond interest are accounted for on an effective interest basis.

f) Payables

Payables are recognised initially at fair value and subsequently stated at amortised cost using the effective interest method. The difference between the proceeds and the amounts payable is recognised over the year of the payable using the effective interest method.

g) Receivables

Receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Receivables are recognised initially at fair value plus transaction costs that are directly attributable to their acquisition origination. They are subsequently measured at amortised cost less provision for impairment.

h) Fees and Charges

Management fees, administration fees, custody fees and other operating expenses are charged to the Profit and Loss Account on an accruals basis.

i) Redeemable Participating Shares

The Company issues redeemable shares, which are redeemable at the holder's option and are classified as financial liabilities. Redeemable shares can be redeemed at any time for cash equal to a proportionate share of the Company's NAV. The redeemable share is carried at the redemption amount that is payable at the Balance Sheet date if the holder exercises the right to redeem.

Redeemable shares are issued and redeemed at the holder's option at prices based on the Company's NAV per share at the time of issue or redemption. The Company's NAV per share is calculated by dividing the net assets attributable to the holders of redeemable shares by the total number of outstanding redeemable shares. In accordance with the provisions of the Company's Constitution, investment positions are valued based on the last traded market price, for the purpose of determining the NAV per share for subscriptions and redemptions.

All issued redeemable shares are fully paid. The Company's capital is represented by these redeemable shares with no par value and with each carrying one vote. They are entitled to dividends and to payment of a proportionate share based on the Company's NAV on the redemption date.

Financial liabilities, arising from the redeemable participating shares issued by the Company, are carried at the redemption amount representing the investors' right to a residual interest in the Company's assets.

HERALD INVESTMENT FUND PLC

The Herald Worldwide Technology Fund

NOTES TO THE FINANCIAL STATEMENTS for the financial year ended 31 December 2021 continued

1. Significant Accounting Policies continued

j) Foreign Exchange

(i) Functional and Presentation Currency

The Company's investors are mainly from the UK, with the subscriptions and redemptions of the redeemable participating shares denominated in GBP. The primary activity of the Company is to invest in global securities and to offer UK investors a high return compared to other products available in the UK. The performance of the Company is measured and reported to the investors in GBP. The Board considers GBP the currency that most faithfully represents the economic effects of the underlying transactions, events and conditions. The financial statements are presented in GBP, which is the Fund's functional and presentation currency.

(ii) Transactions and Balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at financial year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Profit and Loss Account.

Translation differences on non-monetary financial assets and liabilities such as equities at fair value through profit or loss are recognised in the Profit and Loss Account within the net gains/(losses) on financial assets and liabilities at fair value through profit or loss.

The following exchange rates were used to convert investments, assets and liabilities to the functional currency of the Company:

	As at 31 December 2021	As at 31 December 2020
Euro	1.1910	1.1172
Korean Won	1,610.1026	1,484.9179
Taiwan Dollar	37.4736	38.4086
US Dollars	1.3545	1.3670

k) Net Assets Attributable to Holders of Redeemable Participating Shares

In accordance with the provisions of the Offering Memorandum, listed investments and investments with prices quoted in over the counter markets or by market makers are stated at the last quoted trade price as at the close of business on the valuation day for the purpose of determining NAV per share for subscriptions and redemptions and for various fee calculations.

Net assets attributable to shareholders represent a liability in the Balance Sheet, carried at the redemption amount that would be payable at the Balance Sheet date if the shareholders exercised the right to redeem shares in the Fund.

l) Transaction Costs

Transaction costs are costs incurred to acquire financial assets or liabilities at fair value through profit or loss. They include fees and commissions paid to agents, advisors, brokers and dealers. Transaction costs, when incurred, are included as part of the cost of such purchases. Any transaction costs are included in net gains/(losses) on financial assets and liabilities at fair value through profit or loss. See note 7 to the financial statements for further information.

HERALD INVESTMENT FUND PLC

The Herald Worldwide Technology Fund

NOTES TO THE FINANCIAL STATEMENTS for the financial year ended 31 December 2021 *continued*

2. Operating income

	Financial year ended 31 December 2021 GBP	Financial year ended 31 December 2020 GBP
Interest income	–	5
Dividend income	275,852	241,431
	275,852	241,436

3. Net gains on Financial Assets and Liabilities at Fair Value Through Profit or Loss

	Financial year ended 31 December 2021 GBP	Financial year ended 31 December 2020 GBP
Realised gains on sale of investments	2,679,825	4,874,946
Net currency gains	7,646	13,695
Net change in unrealised appreciation on investments	11,270,543	10,457,233
	13,958,014	15,345,874

4. Operating Expenses

	Financial year ended 31 December 2021 GBP	Financial year ended 31 December 2020 GBP
Administration fees	134,120	136,600
Auditors' fees	20,654	20,946
Custody fees	6,522	5,245
Depositary fees	40,000	40,000
Directors' fees	56,253	56,524
Investment Management fees	492,384	379,388
Legal fees	63,445	17,574
Performance fees	585,129	841,405
Management company fees	16,444	–
Other expenses	105,132	108,661
	1,520,083	1,606,343

5. Share Capital

The Company was incorporated in Ireland on 12 February 1998 as a public company, limited by shares, with registered number 280256 under the Irish Companies Act 2014 (including amendments by the Companies (Accounting) Act 2017). The address of the registered office of the Company is Ten Earlsfort Terrace, Dublin 2, D02 T380, Ireland.

The share capital of the Company shall at all times equal the NAV. Each of the shares entitles the shareholder to participate equally on a pro rata basis in the dividends and net assets of the Fund in respect of which they are issued, save in the case of dividends declared prior to becoming a shareholder. The proceeds from the issue of shares shall be applied in the accounting records of the Company to the Fund and shall be used in the acquisition on behalf of the Fund of assets in which the Fund may invest. The records and accounts of each Fund shall be maintained separately. Each of the shares entitles the holder to attend and vote at meetings of the Company and of the Fund represented by those shares.

HERALD INVESTMENT FUND PLC

The Herald Worldwide Technology Fund

NOTES TO THE FINANCIAL STATEMENTS for the financial year ended 31 December 2021 *continued*

Subscriber Shares

As at 31 December 2021, the Company has issued subscriber shares to 7 shareholders (31 December 2020: 7). The holders of these shares are not entitled to dividends or any surplus of assets over liabilities upon the winding-up of the Company. They are thus described in the financial statements by way of this note only.

Shares in Issue

	Financial year ended 31 December 2021	Financial year ended 31 December 2020
Number of Class A Shares issued and fully paid		
Balance at beginning of year	472,610	491,383
Issued during year	113	3,548
Redeemed during year	(3,710)	(22,321)
Total number of Class A Shares in issue at end of year	469,013	472,610
	Financial year ended 31 December 2021	Financial year ended 31 December 2020
Number of Class B Shares issued and fully paid		
Balance at beginning of year	239,278	178,394
Issued during year	87,125	126,212
Redeemed during year	(63,231)	(65,328)
Total number of Class B Shares in issue at end of year	263,172	239,278

As at 31 December 2021, one shareholder held 39.31% of the issued share capital of the Company (31 December 2020: 40.43%).

6. Net Asset Value

	As at 31 December 2021 GBP	As at 31 December 2020 GBP	As at 31 December 2019 GBP
Net Asset Value Class A share	51,535,771	42,404,317	33,069,507
Net Asset Value Class B share	19,227,845	14,132,255	7,752,885
Net Asset Value per Class A share	109.88	89.72	67.30
Net Asset Value per Class B share	73.06	59.06	43.46

NOTES TO THE FINANCIAL STATEMENTS for the financial year ended 31 December 2021 *continued***7. Fees****Investment Management**

The Investment Manager will receive an investment management fee (expressed as a percentage of the Fund's NAV attributable to the relevant class) of 0.75% for Class A Shares and 1.00% for Class B Shares. The investment management fee will be paid monthly in arrears and shall accrue on each dealing day. Other classes may be established within a Fund which may be subject to different fee structures. Fees of GBP 48,018 were payable at 31 December 2021 (31 December 2020: GBP 72,560).

The Investment Manager has voluntarily undertaken to limit the aggregate annual ordinary expenses of each class of the Fund to be no more than 1.10% of the NAV of Class A shares and 1.25% of the NAV of Class B shares. The expense reimbursement to the Fund on Class A shares is GBP 179,092 (31 December 2020: GBP 171,678) and on Class B shares is GBP 69,837 (31 December 2020: GBP 55,262).

Performance Fee

In addition, the Investment Manager is paid a performance fee annually in respect of each accounting period of the Fund at a rate of 10% per annum of the amount, if any, by which the NAV of the Class A Shares, excluding performance fees at the end of the accounting period, exceeds the target NAV (110% of the previous highest NAV adjusted to take account of new subscriptions, repurchases or distributions) of the Fund over the relevant period. The opening NAV per Class A share this financial year was GBP 89.72 and the closing GBP 109.88. To date the previous highest NAV per Class A share at a financial year end was reached on 31 December 2020 when NAV was GBP 89.72 per Class A share. Therefore, a performance fee on the Class A shares of GBP 585,129 (31 December 2020: GBP 841,405) was earned for the year ended 31 December 2021. There is no performance fee charged on the Class B shares.

Administration Fee

The Administrator receives a fee of up to 0.12% per annum on the first GBP 25 million of the NAV of the Fund, 0.10% per annum on the next GBP 25 million and 0.08% per annum on that portion of the NAV of the Fund which exceeds GBP 50 million, subject to an annual minimum fee of GBP 130,000 per Fund (plus VAT, if any, thereon) with a single share class; plus GBP 3,000 per additional share class. The Administrator's fee is paid monthly in arrears and shall accrue on each dealing day based on the NAV of the Fund on each dealing day.

For transfer agency, the Fund shall pay the Administrator an annual fee of GBP 10,000, GBP 20 per shareholder account annually and a shareholder transaction fee of GBP 10 per transaction. The Northern Trust International Banking Corporation will also receive a monthly fee of GBP 100 and GBP 10 for each shareholder payment or receipt and GBP 10 for each fund movement on the Fund's subscription and redemption accounts.

The Administrator is paid a flat fee of GBP 3,600 per annum in lieu of out of pocket expenses incurred.

For the Class A Shares performance fee calculation, the Company shall pay the Administrator a fee of 0.0025% per annum of the NAV of the Class A Shares, which is accrued daily and paid monthly in arrears.

Fees of GBP 15,684 were payable at 31 December 2021 (31 December 2020: GBP 13,820).

Depositary Fee

The Depositary will be entitled to receive a depositary fee out of the assets of each Fund, accrued daily and payable monthly in arrears of 0.0175% per annum on the first GBP 150 million of the NAV of the Fund and 0.015% on the portion which exceeds GBP 150 million, subject to a minimum annual fee of GBP 40,000. In addition, the Depositary will be paid out of the assets of each sub-fund safekeeping fees of up to 0.05% per annum of the NAV of the Fund, accrued daily and payable monthly in arrears, and shall be reimbursed all sub-custodial and transactional fees and expenses which will be charged at normal commercial rates, and will be reimbursed any reasonable out of pocket expenses.

Fees of GBP 3,880 were payable at 31 December 2021 (31 December 2020: GBP 3,871).

HERALD INVESTMENT FUND PLC

The Herald Worldwide Technology Fund

NOTES TO THE FINANCIAL STATEMENTS for the financial year ended 31 December 2021 continued

7. Fees continued

Transaction Costs

Transaction costs of the Fund were GBP 10,455 for year ended 31 December 2021 (31 December 2020: GBP 14,599) and are included in net gains on financial assets and liabilities at fair value through profit or loss.

8. Cash and Bank Balances

Cash at Bank	As at 31 December 2021 GBP	As at 31 December 2020 GBP
The Northern Trust Company	5,451,886	7,380,987

9. Related Party Transactions

FRS 102 requires the disclosure of information relating to material transactions with parties who are deemed to be related to the reporting entity.

Investment Manager

Related parties include the Investment Manager and its holding company, HIML Holdings Limited. Amounts earned by the Investment Manager are disclosed in note 4 and note 7.

Herald Investment Management Limited and HIML Holdings Limited both hold investments in Herald Investment Fund plc. At 31 December 2021, the number of shares held by Herald Investment Management Limited was 69,980 (31 December 2020: 69,980) and the number of shares held by HIML Holdings Limited was 74,839 (31 December 2020: 74,839).

Directors' Interests in Shares and Contracts

Charles Ekins held 1,166 Class B Shares as at 31 December 2021 (31 December 2020: 1,166).

None of the other Directors who held office at the year-end had any interests in the shares of the Company at that date or at any time during the financial year.

Related Investments

The Company invests in another fund which has the same Investment Manager, the Herald Investment Trust plc. At 31 December 2021 the number of shares held was 80,000 and the fair value of this investment was GBP 2,004,000 (31 December 2020: the number of shares held was 80,000 and the fair value of this investment was GBP 1,796,000).

Directors' Fees

The total Directors' fees are disclosed in note 4.

Management Company Fees

On 11th August 2021 the Company appointed Bridge as its Management Company, moving from being a self-managed investment company to one which is externally managed. Bridge is now responsible for the management of the company's affairs on a day to day basis, under the supervision of the Directors. Bridge are also employed as a consultant to the Company, providing MLRO and Tax services. Bridge received fees of GBP 16,444 for management fees during the year with GBP 6,985 outstanding at year end. Management Company fees are disclosed in note 4.

HERALD INVESTMENT FUND PLC

The Herald Worldwide Technology Fund

NOTES TO THE FINANCIAL STATEMENTS for the financial year ended 31 December 2021 continued

10. Taxation

Under current law and practice the Company qualifies as an investment undertaking as defined in Section 739B of the Taxes Consolidation Act, 1997, as amended. On that basis, it is not chargeable to Irish tax on its income or gains.

However, Irish tax may arise on the happening of a "chargeable event". A chargeable event includes any distribution payments to shareholders or any encashment, redemption, cancellation, transfer or deemed disposal of shares for Irish tax purposes, arising as a result of holding shares in the Company for a period of eight years or more, or the appropriation or cancellation of shares by the Company for the purposes of meeting the amount of tax payable on a gain arising on a transfer.

No Irish tax will arise on the Company in respect of chargeable events for a shareholder who is:

- (a) an exempt Irish shareholder (as defined in Section 739D) who has provided the Company with the necessary signed statutory declarations, or
- (b) a shareholder who is neither Irish resident nor ordinarily resident in Ireland for tax purposes, at the time of the chargeable event, provided appropriate valid declarations in accordance with the provisions of the Taxes Consolidation Act, 1997, as amended, are held by the Company and the Company is not in possession of any information which would reasonably suggest that the information contained therein is no longer materially correct or the Company has been authorised by the Irish Revenue Commissioners to make gross payments in the absence of appropriate declarations.

Dividends, interest and capital gains (if any) received on investments made by the Company may be subject to taxes imposed by the country from which the investment income/gains are received and such taxes may not be recoverable by the Company or its shareholders.

11. Auditor's Remuneration

The remuneration for all work carried out by the statutory audit firm in respect of the financial year is as follows:

	Financial year ended 31 December 2021 EUR	Financial year ended 31 December 2020 EUR
Statutory audit of company accounts	20,000	19,050

The remuneration above is quoted in EUR and is exclusive of VAT. At year end closing rate and including VAT the statutory audit of company financial accounts amount is GBP 20,654 (31 December 2020: GBP 20,946).

12. Financial Risk Management

In accordance with the investment objective of maximising capital appreciation, the Company invests in securities on a worldwide basis. The Company's financial assets consist of cash, equities and exchange traded investment funds and short term debtors and creditors.

The main risks arising from the Company's financial instruments are as follows:

A. Market Risk - comprising:

- (i) Market price risk, being the risk that the value of investment holdings will fluctuate as a result of changes in market prices caused by factors other than interest rate or currency rate movement;
- (ii) Interest rate risk, being the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates; and
- (iii) Foreign currency risk, being the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

B. Credit Risk - Being the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

NOTES TO THE FINANCIAL STATEMENTS for the financial year ended 31 December 2021 *continued*

C. Liquidity Risk - Being the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities.

Day-to-day risk management is undertaken by both the Management Company and the Investment Manager. Risk management issues are reported separately to the Directors by the Administrator and Depositary monthly.

The Company is subject to a number of investment restrictions imposed by external regulators or self-imposed by its Constitution. These restrictions are intended to reduce the risks associated with the Company's financial instruments.

These policies for managing risk have been applied throughout the financial year and are summarised below.

A. Market Risk

(i) Market Price Risk

The Company's investment portfolio is exposed to market price fluctuations which are monitored by the Investment Manager in pursuit of the investment objective.

A full list of the Company's investments is given in the Schedule of Investments on pages 41 and 42. The Company has a number of investment restrictions which aim to limit risk by ensuring a degree of diversification. For instance, the Company will hold a maximum of 10% of the NAV in securities or money market instruments issued by the same body, and the total of securities or money market instruments which are greater than 5% of the NAV are not to exceed 40% of the NAV in aggregate.

Some of the recognised exchanges on which the Company may invest may prove to be illiquid or highly volatile from time to time and this may affect the price at which the Company may liquidate positions to meet repurchase requests or other funding requirements. The trading and settlement practices on some of the recognised exchanges on which the Company may invest may not be the same as those in more developed markets, which may increase settlement risk and/or result in delays in realising investments made by the Company.

Where the Company acquires or values securities on the over-the-counter market there is no guarantee that the Company will be able to realise such securities at that valuation price due to the nature of the over-the-counter market. There were no securities held on the over-the-counter market at the financial year end.

Market Price Risk – Sensitivity Analysis

The portfolio does not target any index as a benchmark, and the performance of the portfolio does not track any generally used market index due to insufficient relevance. However, to comply with the disclosures required by FRS102 only, in 2021 Share Class A returned 22.5% (31 December 2020: 33.3%) while the USD denominated Dow Jones World Technology Index returned 28.1% in sterling terms (31 December 2020: 42.0%). Based on the NAV of the Fund as at 31 December 2021, and a historic one-year sensitivity analysis, if the Dow Jones World Technology Index increased by 10.0% in sterling terms, the Fund would increase by 8.0% (31 December 2020: increase by 8.1%), resulting in a gain of GBP 4,126,842 (gain of GBP 3,411,627 based on 31 December 2020 NAV and sensitivity of the Fund). If the Dow Jones World Technology Index decreased by 10.0% in sterling terms then the reverse would apply.

This sensitivity analysis assumes a significantly correlated relationship between movements in the index and the Fund. It also assumes a change in the market price of the Fund while holding all other variables constant (e.g. correlation with index, asset allocation etc.). In practice this is highly unlikely to occur and changes in some of these variables may be correlated. In addition, as the sensitivity analysis used historical data as a basis, it does not encompass all possible scenarios, in particular those that are extreme in nature. Historical movements are not indicative of future events and the movements may differ materially from the movements disclosed above.

HERALD INVESTMENT FUND PLC

The Herald Worldwide Technology Fund

NOTES TO THE FINANCIAL STATEMENTS for the financial year ended 31 December 2021 continued

A. Market Risk continued

(ii) Interest Rate Risk

The Company did not employ any leverage and borrowings for liquidity purposes in the years ended 31 December 2021 or 31 December 2020. The majority of the Company's financial assets and liabilities are non-interest bearing. Excess cash is invested in instantly accessible accounts at prevailing interest rates. The Company was, therefore, not materially exposed to interest rate risk from unfavourable fluctuations in interest rates.

(iii) Foreign Currency Risk

The Company's reporting currency is sterling, but investments are made in overseas markets as well as the United Kingdom and the NAV can be affected by movements in foreign currency exchange rates.

Furthermore, many companies trade internationally, both through foreign subsidiaries and through exports. The greatest foreign currency risk occurs when companies have a divergence in currencies for costs and revenues.

A much less risky exposure to currency is straight translation of sales and profits. The Investment Manager's report breaks down the portfolio by geographic listing. However, the location of the stock market quote only has a limited correlation to the costs, revenues and even activities of those companies, and so this note should not be regarded as a reliable guide to the sensitivity of the portfolio to currency movements. For example, at times when the USD is weak, portfolio holdings in UK companies with USD revenues and sterling costs would be significantly affected.

Exposure to foreign currency risk through asset allocation by currency of listing is indicated below – all figures are stated in GBP:

31 December 2021

Financial Assets	EUR	KRW	USD
Non-monetary assets			
Financial assets held at fair value through profit or loss	<u>1,205,964</u>	<u>1,244,939</u>	<u>59,724,990</u>

31 December 2020

Financial Assets	EUR	KRW	USD
Non-monetary assets			
Financial assets held at fair value through profit or loss	<u>1,103,679</u>	<u>1,396,441</u>	<u>44,042,768</u>

Foreign Currency Risk – Sensitivity Analysis

At 31 December 2021 and 31 December 2020, had the exchange rate between the functional currency of the Fund and the base currencies to which the Fund is exposed to increased or decreased by 5% with all other variables held constant, the increase or decrease respectively in net assets attributable to holders of redeemable participating units would amount to approximately GBP 3,108,795 (2020: GBP 2,327,144).

Companies whose cost base diverges in currency terms from their sales will in the longer term have a significantly greater effect on valuation than simple translation. In the short term, investee companies generally cover their currency exposure to varying degrees. There is insufficient publicly disclosed information to quantify this, but in the long term this effect is expected to dwarf simple translation of foreign listings in terms of both risk and reward, because many investee companies trade globally. Furthermore, the country of listing is not necessarily an indication of the geography of some or even any operational activities for investee companies. At 31 December 2021 and 31 December 2020, the Company did not use financial instruments to protect against currency movements.

NOTES TO THE FINANCIAL STATEMENTS for the financial year ended 31 December 2021 continued

B. Credit Risk

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment which it has entered into with the Company. The Investment Manager has a monitoring procedure whereby counterparty risk is monitored on an ongoing basis.

All transactions in listed securities are settled/paid for upon delivery using approved brokers and counterparties. The risk of default is considered minimal, as delivery of securities sold is only made once the broker or counterparty has received payment. Payment is made on a purchase once the securities have been received by the broker or counterparty. The trade will fail if either party fails to meet its obligation.

Northern Trust Fiduciary Services (Ireland) Limited ("NTFSIL") is the appointed Depositary of the Fund, responsible for the safe-keeping of assets. NTFSIL has appointed The Northern Trust Company ("TNTC") as its global sub-custodian. Both NTFSIL and TNTC are wholly owned subsidiaries of Northern Trust Corporation ("NTC"). As at year-end date 31 December 2021, NTC had a long term credit rating from Standard & Poor's of (A+).

TNTC (as global sub-custodian of NTFSIL) does not appoint external sub-custodians within the U.S., the U.K., Ireland, Canada, Belgium, France, Germany, Netherlands and Saudi Arabia. However, in all other markets, TNTC appoints local external sub-custodians.

NTFSIL, in the discharge of its depositary duties, verifies the Fund's ownership of Other Assets, (as defined under Other Assets, Art 22(5) of UCITS V Directive 2014/91/EU), by assessing whether the Fund holds the ownership based on information or documents provided by the Fund or where available, on external evidence.

TNTC, in the discharge of its delegated depositary duties, holds in custody (i) all financial instruments that may be registered in a financial instruments account opened on the books of TNTC and (ii) all financial instruments that can be physically delivered to TNTC. TNTC ensures all financial instruments (held in a financial instruments account on the books of TNTC) are held in segregated accounts in the name of the Fund, clearly identifiable as belonging to the Fund, and distinct and separately from the proprietary assets of TNTC, NTFSIL and NTC.

In addition TNTC, as banker, holds cash of the Fund on deposit. Such cash is held on the Statement of Financial Position of TNTC. In the event of insolvency of TNTC, in accordance with standard banking practice, the Fund will rank as an unsecured creditor of TNTC in respect of any cash deposits.

Insolvency of NTFSIL and or one of its agents or affiliates may cause the Fund's rights with respect to its assets to be delayed.

The Responsible Party manages risk by monitoring the credit quality and financial position of the Depositary and such risk is further managed by the Depositary monitoring the credit quality and financial positions of sub-custodian appointments.

C. Liquidity Risk

The Company's policy with regard to liquidity is to provide a degree of flexibility so that the portfolio can be repositioned when appropriate and so that most of the assets can be realised without an excessive discount to the market price. The Company had no holding in unquoted securities as at 31 December 2021 or 31 December 2020.

The Company is an open-ended investment company and shareholders may redeem their investment without notice on any dealing day. Directors have only limited powers to defer redemption requests. The Company therefore, has a potential material exposure to liquidity risk which could result from being forced to realise assets to meet large unexpected redemption requests.

If the Company receives requests for the repurchase of shares in respect of ten percent or more of the outstanding shares on any Dealing Day in the fund, the Directors may elect to restrict the total number of shares repurchased to ten per cent of the outstanding shares in the fund, in which case all the relevant requests will be scaled down pro rata to the number of shares requested to be repurchased. The Company shall treat the deferred repurchase requests as if they were received for each subsequent Dealing Day (in relation to which the Company has the same power of deferral at the then prevailing limit) until all the Shares to which the original request related have been repurchased. In such cases, the Company may reduce requests pro rata on the next and following Dealing Days so as to give effect to the above limitation.

HERALD INVESTMENT FUND PLC

The Herald Worldwide Technology Fund

NOTES TO THE FINANCIAL STATEMENTS for the financial year ended 31 December 2021 *continued*

For this reason it invests either in cash or actively traded securities that can be readily disposed of. The Company has the ability if required to borrow in the short term to ensure settlement of redemptions.

The Company may temporarily suspend the determination of the NAV and the sale or repurchase of Shares in any fund during-

- (i) any period (other than ordinary holiday or customary weekend closings) when any market is closed which is the main market for a significant part of the fund's investments, or when trading thereon is restricted or suspended;
- (ii) any period when any emergency exists as a result of which disposal by the Company of investments which constitute a substantial portion of the assets of the fund is not practicable or feasible;
- (iii) any period when for any reason the prices of any investments of the fund cannot be reasonably, promptly or accurately ascertained by the fund;
- (iv) any period when remittance of monies which will, or may be, involved in the realisation of, or in the payment for, investments of the fund cannot, in the opinion of the Directors, be carried out at normal rates of exchange;
- (v) any period when proceeds of the sale or repurchase of the Shares cannot be transmitted to or from the fund's account;
- (vi) any period when the Company is considering the merger in relation to the Company, a fund or share class where in the opinion of the Directors such suspension is justified having regard to the interests of the Shareholders;
- (vii) any other period where in the opinion of the Directors circumstances require such a suspension and it is justified having regard to the interests of the Shareholder.

To reduce liquidity risk, it is also the policy of the Company to diversify the holdings and generally to restrict the holding in any one company to less than 10% of the share capital of that company. Furthermore, the guideline is for no single investment to account for more than 10% of the net assets of the Company.

The market valuation of each underlying security gives an indication of value, but the price at which an investment can be made or realised can diverge materially from the bid or offer price depending on market conditions generally and other factors which apply to each investment.

All of the Company's liabilities at 31 December 2021 and 31 December 2020 were repayable within one to three months.

D. Fair Value Disclosure

FRS 102 requires the Company to classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

Level 1 - Quoted prices (unadjusted) in active markets 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 for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).

Level 3 - Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

The level in the fair value hierarchy within which the fair value measurement is categorised in its entirety is determined on the basis of the lowest input that is significant to the fair value measurement in its entirety. For this purpose, the significance of an input is assessed against the fair value measurement in its entirety. If a fair value measurement uses observable inputs that require significant adjustment based on unobservable inputs, that measurement is a level 3 measurement. Assessing the significance of a particular input to the fair value measurement in its entirety requires judgement, considering factors specific to the asset or liability.

The determination of what constitutes 'observable' requires significant judgement by the Investment Manager. The Investment Manager considers observable data to be 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.

HERALD INVESTMENT FUND PLC

The Herald Worldwide Technology Fund

NOTES TO THE FINANCIAL STATEMENTS for the financial year ended 31 December 2021 continued

D. Fair Value Disclosure continued

The tables below set out the classification of the Company's financial instruments measured at fair value in accordance with FRS 102:

31 December 2021

Assets	Level 1 GBP	Level 2 GBP	Level 3 GBP	Total GBP
Financial assets designated at fair value through profit or loss				
Equity securities	63,693,893	–	–	63,693,893
Exchange traded investment funds	2,004,000	–	–	2,004,000
Total Assets	65,697,893	–	–	65,697,893

31 December 2020

Assets	Level 1 GBP	Level 2 GBP	Level 3 GBP	Total GBP
Financial assets designated at fair value through profit or loss				
Equity securities	48,188,563	–	–	48,188,563
Exchange traded investment funds	1,796,000	–	–	1,796,000
Total Assets	49,984,563	–	–	49,984,563

13. Distributions

There were no distributions declared during the financial year ended 31 December 2021 (31 December 2020: Nil).

14. Significant Events During the Year

Global Pandemic - Covid

The Board continue to monitor the market and the operational risks associated with the Covid pandemic, and are satisfied that the Investment Manager and other key service providers have robust plans and infrastructure to minimize the impact on the Company's operations financial accounting and reporting. The Directors do not consider that the pandemic has resulted in any material negative impact on the Fund during the year.

Change in Company Secretary

On 29 January 2021 the Company appointed Bradwell Limited as Company Secretary, replacing Sanne Corporation Administration Services Ireland Ltd.

Change in Registered Address

On 29 January 2021 the Company changed its registered address from 4th Floor, 76 Baggot Street Lower, Dublin 2, D02 EK81, Ireland to Ten Earlsfort Terrace, Dublin 2, D02 T380, Ireland.

Appointment of Management Company

On 11th August 2021, following shareholder approval, the Company appointed Bridge as its Management Company, moving from being a self-managed investment company to one which is externally managed. Bridge is now responsible for the management of the company's affairs on a day to day basis, under the supervision of the Directors.

There were no other significant events during the year which, in the opinion of the Directors, may have had an impact on the financial statements for the financial year ended 31 December 2021.

HERALD INVESTMENT FUND PLC

The Herald Worldwide Technology Fund

NOTES TO THE FINANCIAL STATEMENTS for the financial year ended 31 December 2021 *continued*

15. Events after the Balance Sheet Date

There were no events after the Balance Sheet date, which, in the opinion of the Directors, may have had an impact on the financial statements for the year ended 31 December 2021.

16. Approval of Financial Statements

The financial statements were approved by the Board on 24 February 2022.

HERALD INVESTMENT FUND PLC

The Herald Worldwide Technology Fund

SCHEDULE OF INVESTMENTS as at 31 December 2021

Holdings	Security name	Industry Sector [†]	Value GBP	% of Fund Net Assets
EXCHANGE TRADED INVESTMENT FUNDS: 2.83% (2020: 3.18%)				
United Kingdom: 2.83% (2020: 3.18%)				
80,000	Herald Investment Trust	Investment Funds	2,004,000	2.83
Total United Kingdom			2,004,000	2.83
Total Exchange Traded Investment Funds			2,004,000	2.83
EQUITIES: 90.01% (2020: 85.23%)				
China: 0.72% (2020: 1.75%)				
5,800	Alibaba ADR	E-Commerce Discretionary	508,680	0.72
Total China			508,680	0.72
Germany: 1.70% (2020: 1.95%)				
11,500	SAP	Software	1,205,963	1.70
Total Germany			1,205,963	1.70
Republic of South Korea: 1.76% (2020: 2.47%)				
25,600	Samsung Electronics	Technology Hardware	1,244,939	1.76
Total Republic of South Korea			1,244,939	1.76
Singapore: 0.85% (2020: 0.56%)				
13,500	Kulicke & Soffa Industries	Semiconductors	603,411	0.85
Total Singapore			603,411	0.85
Taiwan: 1.19% (2020: 1.34%)				
9,500	Taiwan Semiconductor Manufacturing ADR	Semiconductors	843,844	1.19
Total Taiwan			843,844	1.19
United Kingdom: 2.15% (2020: 2.91%)				
250,000	Avast	Software	1,518,000	2.15
Total United Kingdom			1,518,000	2.15
United States: 81.64% (2020: 74.25%)				
19,700	Advanced Micro Devices	Semiconductors	2,092,975	2.96
15,200	Akamai Technologies	Software	1,313,454	1.86
2,345	Alphabet	Internet Media & Services	5,015,732	7.09
1,600	Amazon	E-Commerce Discretionary	3,938,827	5.57
48,440	Apple	Technology Hardware	6,350,541	8.97
18,400	Arista Networks	Technology Hardware	1,952,822	2.76
80,000	Arlo Technologies	Technology Hardware	619,587	0.88
15,200	Arrow Electronics	Technology Hardware	1,506,814	2.13
14,000	Bottomline Technologies	Software	583,691	0.82
18,900	Cadence Design Systems	Software	2,600,328	3.67
9,200	Check Point Software Technologies	Software	791,725	1.12
10,000	Dynatrace	Software	445,568	0.63
27,000	Fabrinet	Technology Hardware	2,361,615	3.34

HERALD INVESTMENT FUND PLC

The Herald Worldwide Technology Fund

SCHEDULE OF INVESTMENTS as at 31 December 2021 *continued*

Holdings	Security name	Industry Sector ⁺	Value GBP	% of Fund Net Assets
EQUITIES: 90.01% (2020: 85.23%) (continued)				
United States: 81.64% (2020: 74.81%) (continued)				
18,000	FormFactor	Semiconductors	607,597	0.86
19,000	Intel	Semiconductors	722,433	1.02
4,112	Leidos	Technology Services	269,893	0.38
75,200	Mandiant	Software	973,833	1.38
8,849	Match Group	Internet Media & Services	864,026	1.22
25,000	Micron Technology	Semiconductors	1,719,333	2.43
25,632	Microsoft	Software	6,364,616	8.99
25,000	Mimecast	Software	1,468,677	2.08
63,000	N-able	Software	516,298	0.73
32,000	NetApp	Technology Hardware	2,173,340	3.07
18,000	Pegasystems	Software	1,486,035	2.10
11,000	Qualys	Software	1,114,415	1.57
50,000	Radware	Software	1,537,155	2.17
14,300	Silicon Motion Technology ADR	Semiconductors	1,003,307	1.42
17,900	Teradyne	Semiconductors	2,161,163	3.05
63,800	Tower Semiconductor	Semiconductors	1,869,086	2.64
42,000	Varonis Systems	Software	1,512,614	2.14
11,700	Xilinx	Semiconductors	1,831,556	2.59
Total United States			57,769,056	81.64
Total Equities			63,693,893	90.01
Total Value of Investments			65,697,893	92.84
Cash at bank			5,451,886	7.70
Other net liabilities			(386,163)	(0.54)
Net assets Attributable to holders of Redeemable Participating Shares at Last Traded Prices			70,763,616	100.00
			31 December 2021	31 December 2020
Analysis of Portfolio (Unaudited)			% of Total Assets*	% of Total Assets*
Transferable securities admitted to an official stock exchange listing or traded on a regular market			91.91	86.81
Other net assets			8.09	13.19
			100.00	100.00

*Calculation based on the total assets of the Fund (excluding liabilities)

+Bloomberg Industry Classification System

APPENDIX 1 Other Disclosures (Unaudited) for the financial year ended 31 December 2021

Remuneration Policy

Regulation 89(3A) of the European Communities (Undertakings for Collective Investment in Transferable Securities) Regulations 2011 (as amended) the UCITS Regulations requires the annual report of the Company to contain certain remuneration-related information in the financial year of the Company ended on 31 December 2021:

- (a) Only fixed remuneration (meaning payments or benefits without consideration of any performance criteria) was paid by the Company to the Directors. The Directors of the Company are responsible for awarding remuneration and any benefits, and these are set at a level that reflects the qualifications and contribution required, taking into account the Company's size, internal organisation and the nature, scope and complexity of its activities.
- (b) Directors' fees charged for the year amounted to GBP 56,253.
- (c) The Remuneration Policy is subject to an annual review in accordance with the requirements of the UCITS Regulations.
- (d) The Remuneration Policy was updated to reflect the publication of the ESMA Guidelines on Sound Remuneration Policies under the UCITS Directive and AIFMD.

Soft Commission Arrangements

There were no soft commission arrangements affecting the Company during the financial year (31 December 2020: Nil).

Securities Financing Transactions Regulation (SFTR)

The Securities Financing Transactions Regulation, as published by the European Securities and Markets Authority, aims to improve the transparency of the securities financing markets. Disclosures regarding exposure to Securities Financing Transactions (SFTs) is required on all reports and financial statements published after 13 January 2017. During the financial year ended 31 December 2021, the Fund did not enter into any SFTs.

HERALD INVESTMENT FUND PLC

The Herald Worldwide Technology Fund

APPENDIX 2 SCHEDULE OF PORTFOLIO MOVEMENTS (Unaudited)

for the financial year ended 31 December 2021

PURCHASES		VALUE GBP
63,800	Tower Semiconductor	1,486,473
16,750	NetApp	1,126,219
300	Amazon	753,572
14,300	Silicon Motion Technology ADR	737,093
7,400	Arrow Electronics	610,951
45,000	SolarWinds	481,970
18,000	FormFactor	480,105
40,500	N-able	397,529
80,000	Arlo Technologies	369,863
10,000	Dynatrace	361,629
TOTAL		6,805,404

SALES		VALUE GBP
7,300	Xilinx	1,101,746
89,063	Cloudera	1,044,919
6,600	Advanced Micro Devices	735,784
1,450	Nvidia	718,649
25,000	Medallia	604,898
1,500	Microsoft	352,526
22,500	SolarWinds	280,641
65,000	Wandisco	203,350
TOTAL		5,042,513

The above purchases and sales represent the total trading for the year.