



Herald
LEADING-EDGE INVESTING

Herald Investment Trust plc 2022

Half-yearly financial report
For the six months ended 30 June 2022

INVESTMENT OBJECTIVE AND POLICY

Herald Investment Trust plc's (Herald or the Company) objective is to achieve capital appreciation through investments in smaller quoted companies in the areas of telecommunications, multimedia and technology (TMT). Investments may be made across the world. The business activities of investee companies will include information technology, broadcasting, printing and publishing and the supply of equipment and services to these companies. The Company's investment policy is set out in full on page 34 of the Company's annual report and financial statements for the year ended 31 December 2021 and remains unchanged.

INTERIM MANAGEMENT REPORT

The Directors are required to provide an Interim Management Report in accordance with the Financial Conduct Authority (FCA) Disclosure Guidance and Transparency Rules (DTR). The Directors consider that the Chairman's Statement on pages 3 to 4 of this half-yearly report, provides details of the important events which have occurred during the six months ended 30 June 2022 and their impact on the financial statements. The statement on Related Party Transactions, the Statement of Directors' Responsibilities and the Chairman's Statement together constitute the Interim Management Report of the Company for the six month period ended 30 June 2022. The outlook for the Company for the remaining six months of the year ending 31 December 2022 is discussed in the Chairman's Statement.

PRINCIPAL RISKS AND UNCERTAINTIES

The principal risks facing the Company, including the board's assessment thereof and mitigation factors, are detailed in the annual report and financial statements for the year ended 31 December 2021 on pages 35 and 36 of the Strategic Report. Market risk, liquidity risk and credit risk are discussed in detail in note 17 of the Company's annual report and financial statements for the year ended 31 December 2021. Principal risks facing the Company include the following: strategic risk (risk as an investor in smaller companies); market, economic and geopolitical risks (with these three risks covering currency risk, interest rate risk and other price risk including, but not limited to liquidity, price, valuation, TMT, small cap, and political developments); investment management risks (including liquidity of the portfolio and key person risks); third party operational risks (failure of service providers and cyber risk); emerging risk (failure to have in place procedures that assist in identifying new or familiar risks that become apparent in new or unfamiliar conditions). Other risks are also considered: gearing risk (the use of borrowings can magnify the impact of falling markets); discount volatility; emerging/external risks; and regulatory risk (the loss of investment trust status or a breach of applicable legal and regulatory requirements).

In the view of the board the principal risks and uncertainties facing the business are broadly the same as those in the published annual report and financial statements for the year ended 31 December 2021 although many are at a more elevated level, and these risks and uncertainties remain applicable to the remaining six months of the year.

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

RELATED PARTY TRANSACTIONS

Details of the related party transactions were provided in the annual report and financial statements for the year ended 31 December 2021. There have been no changes to the related party transactions described in the annual report that could have a material effect on the financial position or performance of the Company.

GOING CONCERN

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

STATEMENT OF DIRECTORS' RESPONSIBILITIES

We confirm that to the best of our knowledge:

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

On behalf of the board

TOM BLACK
CHAIRMAN
20 July 2022

SUMMARY OF PERFORMANCE

NET ASSET VALUE (NAV)^A
PER SHARE 30 JUNE 2022

£20.37

CHANGE IN NAV^A
PER SHARE SINCE 31 DEC 2021

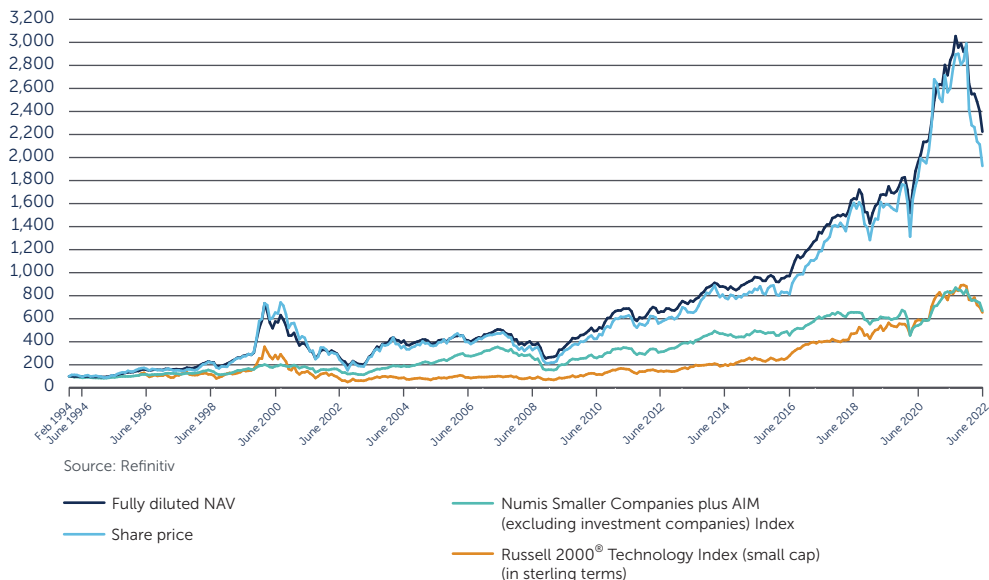
-25.1%

TOTAL NAV RETURN
SINCE INCEPTION

+2,124.2%

TOTAL RETURN SINCE INCEPTION

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



Capital return	At inception 16 February 1994	At 30 June 2022	At 31 December 2021	Performance since 31 December 2021	Performance since inception
Net asset value per ordinary share (including current year revenue) ^A	98.7p	2,037.1p	2,719.3p	-25.1%	1,963.9%
Net asset value per ordinary share (excluding current year revenue) ^A	98.7p	2,038.6p	2,727.7p	-25.3%	1,965.5%
Share price	90.9p	1,614.0p	2,505.0p	-35.6%	1,675.6%
Numis Smaller Companies plus AIM (ex. investment companies) Index (capital only)	1,750.0	5,520.2	7,116.5	-22.4%	215.4%
Russell 2000 [®] Technology Index (small cap) (in sterling terms) (capital only) [†]	688.7*	3,946.2	5,340.9	-26.1%	473.0%

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

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

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

Past performance is not a reliable indicator of future returns.

CHAIRMAN'S STATEMENT

It is disappointing to report a decline in net asset value per share of 25.1% in the first half of 2022 which translates into a total decline of 10.9% since the start of 2021. As we have highlighted in previous reports, there had been a period of expanding valuations but this has now gone into reverse. However, the eighteen month performance is more resilient than it first appears, since the price/earnings ratio of the profitable stocks within the portfolio has fallen from c31x to c17x (Bloomberg) over this period such that the shares are on average 45% cheaper on this valuation basis. When viewed in this eighteen month period context, the limited NAV decline demonstrates that profits grew strongly for the majority of the Company's investee companies, despite the challenges of Covid, supply chain issues, a tight labour market, and other rising input prices. There has also been a benefit from a rotation from concept stocks with high multiples to lower value stocks.

Share prices have fallen similarly in all regions and across all sub-sectors within the targeted telecommunications, multimedia and technology sector. Rising energy prices, labour shortages, inflation and therefore interest rate rises are now well established, not only in the UK but in all regions where the Company invests. Looking ahead, it appears that the UK and North America may be better placed to cope with the gas shortage exacerbated by the Ukrainian war than Germany and other European countries with no indigenous supplies. The UK is also less exposed to trade with Russia, and capital goods exports to China. However consumer spending will inevitably be squeezed globally by inflation and rising interest rates, and some companies will suffer from reduced demand and an inability to pass price rises through to customers. We therefore expect profits growth to slow and some downgrades to forecasts, albeit we are endeavouring to minimise exposure to the most vulnerable consumer-facing companies. However, there will also be some bright spots and the US and UK will benefit from an already evident upturn in demand for defence equipment, which stimulates demand across a broad technology supply chain.

The table below shows the portfolio returns by region.

	FY 2020	FY 2021	H1 2022	31 Dec 19 to 30 Jun 22
Herald – UK <i>Numis Smaller Companies plus AIM (excluding investment companies) Index total return</i>	32.0% 4.9%	23.3% 20.0%	-27.9% -21.4%	21.9% -1.1%
Herald – North America <i>Russell 2000® Technology Index (small cap) (E) total return</i>	55.6% 38.8%	11.0% 15.3%	-20.5% -26.0%	42.2% 18.3%
Herald – Asia	63.4%	19.0%	-29.9%	22.3%
Herald – Europe, Middle East and Africa	59.7%	46.3%	-33.3%	46.3%
Herald Total Return NAV per share [^]	37.0%	19.0%	-25.1%	22.1%

[^] Alternative Performance Measurement (APM) - See page 14.

The UK remains the largest region with 46.4% of net assets. With the Company's technology focus, the return of -27.9% was 6.5% worse than the Numis Smaller Companies plus AIM (ex. investment companies) Index which includes a broad range of industries and which declined 21.4%. The media companies, which performed so well in 2021, led the decline. We had taken some profits, but liquidity was challenging when a sale seemed obvious on valuation grounds. The positive performers included Euromoney Institutional Investor, Ideagen and Emis, which all have had takeover approaches. The Euromoney and Ideagen bids are both from private equity houses, underlining that these investors are significant players in the market. At this point, the Brexit vote is now more than six years ago, and there has been no evident effect, positively or negatively, within the Company's portfolio companies.

North America, which is the second largest regional exposure of the portfolio (23.4% of net assets) declined 20.5% which was somewhat more resilient than the fall of sterling return of the Russell

CHAIRMAN'S STATEMENT CONTINUED

2000® Technology Index (small cap) (£) of -26.0%. While the dollar's strength softened the declines for us, a stream of takeovers helped the performance relative to the index. Of the ten takeovers, long-held Mimecast, Silicon Motion Technology and SailPoint Technologies were the most significant. The aggregate value of American takeovers that have completed this year or remain to be completed is £84m, which is remarkable in relation to the value at the period end of the North American portfolio of £301m. This is very different from the time of the 2000 technology crash when takeovers were generally made using shares with inflated valuations rather than cash.

The EMEA (Europe, Middle East and Africa) return was -33.3%. Having been the strongest region in 2021, gains evaporated with Esker and Nordic Semiconductor leading the declines by value, however Cast and Generix received takeover approaches. The Asian return was -29.9%, and the Australian component was particularly weak at -44.7%. Japan continued to be difficult with a return of -34.3% but, in contrast, Korea, Taiwan and Singapore only fell between 20.9-23.3%. The small exposure to China was only down 1.9%, partly due to the fact that 51Jobs was acquired.

Net dividends received were 24.6% higher than in the first half of 2021, such that the Company's H1 loss narrowed relative to last year. As interest rates rise, the income should improve further although capital gains, of course, remain our investment objective. Nevertheless, the improved income position is reassuring given the difficult share price performance. The Company continues to buy back shares opportunistically and a further 1.6m shares have been purchased for cancellation during the period for £32.7m.

The economic and political background is bleak. The Ukrainian war is a damaging headwind for Europe in particular. The UK faces public sector pay awards which the country can ill afford. We face a potential hard landing in the US, with New York and San Francisco seemingly much more damaged by Covid than London. The longer-term impacts of Covid are manifest with a significant resistance from staff to return to the office in the US, and China's zero tolerance approach is causing serious economic harm.

In spite of all the bad news, we are reassured to see some evident bubbles deflating: cryptocurrencies, SPACs (special purchase acquisition vehicles) and overpriced IPOs especially in the US. More fundamentally, metal prices are declining sharply which should help inflation, albeit oil and gas are still a problem. The labour market has been tight in the technology sector for several years, leading to excessive pay and share-based payments. We have expressed concern about this for some time, and feel a downturn was overdue. We note the lay-offs and hiring freezes in California as the crazy fashion for revenue growth at any cost seems to be ending. Too many investors strayed into late-stage venture funding which made capital raising too easy; but as this money disappears, cash flow will inevitably become the priority concern. There will be companies that fail, while others will be desperate for cash and we have positioned ourselves for this eventuality. Back in 2002-3, we retained resources to provide follow-on funding to businesses, which had been initially funded in the dot.com bubble, and we managed to invest at sensible valuations. There was a similar good buying opportunity in 2008-9, when funding was scarce in the financial crisis. We believe the coming period may present us with similar opportunities. The Company ended the period under review with £114.0m in cash including short-dated Government bonds. Although £38.3m has already been received in cash from the takeovers described above, a further £109.5m is anticipated, and this will significantly enhance our buying firepower if they all complete. Depending on how markets develop, the closed-end structure of the Company would allow us to deploy leverage but we have no plans to do this at the present time. We are excited to have this war chest and envisage another bout of good buying opportunities in the coming months.

We view the outlook with both apprehension and excitement. It will be a stock pickers' market.

TOM BLACK
CHAIRMAN
20 July 2022

TOP TWENTY EQUITY HOLDINGS

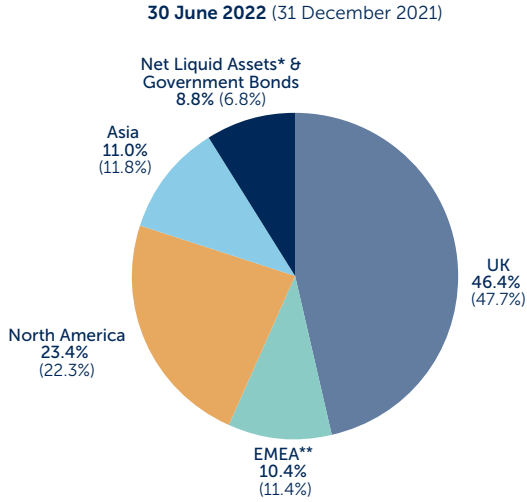
At 30 June 2022

Company	Business	Value £'000	% of total assets
Next Fifteen Communications	Digital media communications provider	26,433	2.1
Silicon Motion Technology*	Develops controllers used with flash memory	24,567	1.9
Diploma	Distributor of components and systems	22,170	1.7
Idox	Developer of information management software	18,426	1.4
GB Group	Identity verification, location intelligence and fraud prevention solutions	18,347	1.4
YouGov	International opinion data surveys and analytics	16,946	1.3
Nordic Semiconductor	Wireless semiconductor technology	16,567	1.3
Telecom Plus	Provider of telecommunications and other utilities	15,935	1.2
Descartes Systems	Cloud-based logistics and supply chain management solutions	15,802	1.2
Euromoney Institutional Investor	Global B2B information-services business	13,458	1.1
BE Semiconductor Industries	Supplier of semiconductor assembly equipment	13,423	1.0
Bango	Supplier of mobile payment and marketing solutions	13,320	1.0
Super Micro Computer	Leading server and storage vendor	13,236	1.0
Radware	Developer of application delivery and cyber security solutions	12,799	1.0
Seeing Machines	Driver monitoring technology	12,352	1.0
Volex	Leading global supplier of power and connectivity-related solutions	12,116	1.0
Pegasystems	Develops applications for sales, marketing and operations	11,829	0.9
Ideagen	Provider of quality management software	11,634	0.9
ZOO Digital	Subtitling, dubbing and media localisation software and services	11,405	0.9
Fabrinet	Advanced optical, electro-mechanical, and electronic manufacturing services	11,055	0.9
		311,820	24.2

* American Depositary Receipt.

GEOGRAPHICAL SPREAD OF INVESTMENTS

(Distribution of total assets)

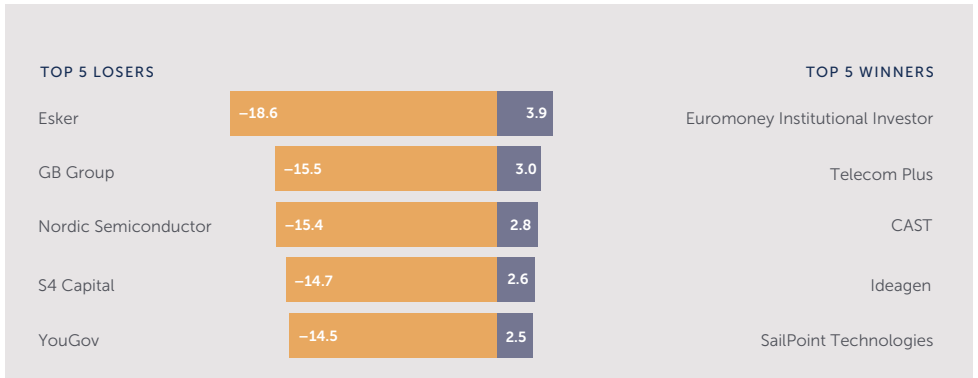


* Cash, current assets and liabilities.

** EMEA: Europe, Middle East and Africa.

TOP FIVE WINNERS AND LOSERS

For the six months ended 30 June 2022 in sterling terms (millions)



CONDENSED INCOME STATEMENT

(Unaudited)

	For the six months ended 30 June 2022			For the six months ended 30 June 2021		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Realised gains on investments	–	34,023	34,023	–	72,613	72,613
Movements in unrealised gains on investments	–	(478,873)	(478,873)	–	138,389	138,389
Gains/(losses) on foreign exchange	–	4,943	4,943	–	(799)	(799)
Income	6,938	–	6,938	5,559	–	5,559
Investment management fee – note 3	(7,070)	–	(7,070)	(7,761)	–	(7,761)
Other administrative expenses	(501)	(4)	(505)	(466)	(5)	(471)
(Loss)/profit before taxation	(633)	(439,911)	(440,544)	(2,668)	210,198	207,530
Taxation	(288)	–	(288)	(281)	–	(281)
(Loss)/profit after taxation	(921)	(439,911)	(440,832)	(2,949)	210,198	207,249
(Loss)/profit per ordinary share – note 4	(1.44)p	(689.90)p	(691.34)p	(4.52)p	322.18p	317.66p
Weighted average number of ordinary shares in issue during the period			63,765,245			65,242,980

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

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

CONDENSED BALANCE SHEET

(Unaudited)

	As at 30 June 2022 (unaudited) £'000	As at 31 December 2021 (audited) £'000
Fixed assets		
Investments held at fair value through profit or loss	1,228,060	1,683,482
Current assets		
Cash and cash equivalents	59,656	74,551
Other receivables	1,493	4,374
	61,149	78,925
Current liabilities		
Other payables	(1,822)	(1,530)
	(1,822)	(1,530)
Net current assets	59,327	77,395
TOTAL NET ASSETS	1,287,387	1,760,877
Capital and reserves		
Called up share capital	15,799	16,189
Share premium	73,738	73,738
Capital redemption reserve	6,153	5,763
Capital reserve	1,200,782	1,673,351
Revenue reserve	(9,085)	(8,164)
TOTAL SHAREHOLDERS' FUNDS	1,287,387	1,760,877
NET ASSET VALUE PER ORDINARY SHARE (including current year revenue)	2,037.14p	2,719.33p
NET ASSET VALUE PER ORDINARY SHARE (excluding current year revenue)	2,038.60p	2,727.70p
Ordinary shares in issue	63,195,795	64,754,112

CONDENSED STATEMENT OF CHANGES IN EQUITY

(Unaudited)

For the six months ended 30 June 2022

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

For the six months ended 30 June 2021

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

CONDENSED CASH FLOW STATEMENT

(Unaudited)

	For the six months ended 30 June 2022 £'000	For the six months ended 30 June 2021 £'000
Cash flow from operating activities		
(Loss)/profit before taxation	(440,544)	207,530
Adjustments for losses/(gains) on investments	444,850	(211,002)
Purchase of investments	(87,453)	(110,743)
Sale of investments	100,719	119,802
Return of capital	1,192	2,267
(Increase)/decrease in receivables	(272)	762
(Decrease)/increase in payables	(320)	63
Amortisation of fixed income book cost	(25)	6
Effect of foreign exchange rate changes	(4,943)	799
Overseas tax on overseas income	(384)	(310)
Net cash inflow from operating activities	12,820	9,174
Cash flow from financing activities		
Shares purchased for cancellation – note 7	(32,658)	(18,744)
Net cash outflow from financing activities	(32,658)	(18,744)
Net decrease in cash and cash equivalents	(19,838)	(9,570)
Cash and cash equivalents at start of the period	74,551	72,929
Effect of foreign exchange rate changes	4,943	(799)
Cash and cash equivalents at the end of the period	59,656	62,560
Comprised of:		
Cash and cash equivalents	59,656	62,560

Cash flow from operating activities includes interest received of £302,000 (2021 – £438,000) and dividends received of £5,955,000 (2021 – £5,541,000).

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

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

(Unaudited)

1 FINANCIAL STATEMENTS

The condensed financial statements for the six months to 30 June 2022 within the half-yearly financial report comprise the statements set out on pages 7 to 10 together with the related notes on pages 11 to 13. The condensed financial statements do not constitute statutory accounts as defined in sections 434 to 436 of the Companies Act 2006 and have not been audited. Financial information in relation to the year ended 31 December 2021 has been extracted from the statutory accounts which have been filed with the Registrar of Companies. The auditor's report on those accounts was unqualified and did not contain a statement under Section 498 (2) or (3) of the Companies Act 2006.

The Company's assets, which largely consist of investments in quoted securities, exceed its liabilities significantly. All borrowings require the prior approval of the board. Gearing levels are reviewed by the board on a regular basis. In accordance with the Company's articles of association, shareholders have the right to vote on the continuation of the Company every three years with the last vote being in April 2022. The Board were pleased to note that 99.99% of votes cast were in favour of continuation. The next continuation vote will be held in April 2025. The Board continues to monitor the impact of the Covid pandemic and the war in Ukraine on the Company as it evolves. No material events have been identified that may cast significant doubt about the Company's ability to continue as a going concern for at least the next twelve months from the date this half-yearly financial report is published. The condensed financial statements have been prepared on a going concern basis and it is the directors' opinion that the Company has adequate resources to continue in operational existence for the foreseeable future.

2 ACCOUNTING POLICIES

The condensed financial statements have been prepared in accordance with applicable United Kingdom Accounting Standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland, FRS 104 Interim Financial Reporting and the Statement of Recommended Practice: Financial Statements of Investment Trust Companies and Venture Capital Trusts, issued by the Association of Investment Companies in April 2021.

The accounting policies applied for the condensed financial statements are as set out in the Company's annual report and financial statements for the year ended 31 December 2021.

3 INVESTMENT MANAGEMENT FEE

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

4 NET RETURN PER ORDINARY SHARE

	Six months ended 30 June 2022 £'000	Six months ended 30 June 2021 £'000
Revenue loss after taxation	(921)	(2,949)
Capital (loss)/ profit after taxation	(439,911)	210,198
Total net return	(440,832)	207,249
Weighted average number of ordinary shares	63,765,245	65,242,980

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

There are no dilutive or potentially dilutive shares in issue.

5 DIVIDENDS

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

No dividends were paid for the year ended 31 December 2021 (2020 – same), nor declared for the interim (2021 – same).

6 FINANCIAL INSTRUMENTS

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

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

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

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

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

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

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

NOTES TO THE CONDENSED FINANCIAL STATEMENTS CONTINUED (Unaudited)

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

	As at 30 June 2022 £'000	As at 31 December 2021 £'000
Level 1	1,216,811	1,672,997
Level 3	11,249	10,485
Total investments	1,228,060	1,683,482

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

7 SHARE CAPITAL

At the AGM held on 19 April 2022 the Company's authority to buy back up to 14.99% of its issued share capital at that date was renewed. In the six months to 30 June 2022 a total of 1,558,317 (30 June 2021 – 859,399) ordinary shares of 25p each were bought back and cancelled at a total cost of £32,657,770 (30 June 2021 – £18,744,140). At 30 June 2022 the Company had authority to buy back a further 9,013,505 ordinary shares.

8 FIXED ASSET INVESTMENTS

During the period, cost of purchases amounted to £88,065,000 (30 June 2021 – £111,143,000) and proceeds of sales amounted to £98,663,000 (30 June 2021 – £127,135,000).

	Six months ended 30 June 2022 £'000	Six months ended 30 June 2021 £'000
Transaction costs		
Commission costs:		
Purchases	164	186
Sales	116	269
Total commission costs	280	455
Custody transaction costs	4	5
Other transaction costs	61	39
Total transaction costs	345	499

ALTERNATIVE PERFORMANCE MEASURES

An Alternative Performance Measure (APM) is a numerical measure of the Company's current, historical or future performance, financial position or cash flows other than a financial measure defined or specified in the applicable financial framework. The following APMs are typically used within the investment trust sector to provide additional useful information to shareholders and others and to help assess an investment trust's performance and position against its peers and the market generally. The Company's directors have therefore chosen the following APMs as useful measures.

NET ASSET VALUE (NAV) PER ORDINARY SHARE

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

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

The change in NAV per share (see total return below) during the period ended 30 June 2022, as shown on page 2, is calculated by taking 30 June 2022 total return and dividing by the opening NAV for the period (that is, the NAV disclosed for 31 December 2021).

	PAGE		30 June 2022 per share (pence)	30 June 2022 £'000
Net asset value (including current period revenue)	8	A	2,037.14	1,287,387
Plus net revenue loss after taxation		B	1.46	921
Net asset value (excluding current period revenue)	8	A+B	2,038.60	1,288,308

Net asset value per ordinary share is based on net assets as shown above and on 63,195,795 ordinary shares, being the number of ordinary shares in issue at the balance sheet date.

TOTAL RETURN

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

	PAGE		Share Price	NAV (incl revenue)	NAV (excl revenue)
Opening at 1 January 2022	2	A	2,505.00p	2,719.33p	2,727.70p
Closing at 30 June 2022	2	B	1,614.00p	2,037.14p	2,038.60p
Price movements		$C=(B-A)/A$	-35.6%	-25.1%	-25.3%
Dividend reinvestment*		D	-	-	-
Total return		C+D	-35.6%	-25.1%	-25.3%

* No dividend has been declared for the period.

FURTHER SHAREHOLDER INFORMATION

DIRECTORS

Tom Black (Chairman)
Stephanie Eastment
Henrietta Marsh
Karl Sternberg
James Will

COMPANY SECRETARY

Sanne Fund Services (UK) Limited
6th Floor
125 London Wall
London
EC2Y 5AS

REGISTERED OFFICE

10–11 Charterhouse Square
London
EC1M 6EE

COMPANY NUMBER

02879728
(England and Wales)

ALTERNATIVE INVESTMENT FUND MANAGER AND PORTFOLIO MANAGER

Herald Investment Management Limited
10–11 Charterhouse Square
London
EC1M 6EE
Tel: 020 7553 6300
Fax: 020 7253 8261
Website: www.heralduk.com
E-mail: info@heralduk.com

INDEPENDENT AUDITOR

PricewaterhouseCoopers LLP
Atria One
144 Morrison Street
Edinburgh
EH3 8EX

STOCKBROKERS

Singer Capital Markets Securities Limited
One Bartholomew Lane
London
EC2N 2AX

Peel Hunt LLP
Moor House
120 London Wall
London
EC2Y 5ET

DEPOSITARY, CUSTODIAN AND ADMINISTRATOR

The Bank of New York Mellon (International)
Limited
1 Canada Square
London
E14 5AL

REGISTRAR

Link Group
10th Floor
Central Square
29 Wellington Street
Leeds
LS1 4DL
Tel: 0371 664 0300

Calls are charged at the standard geographic rate and will vary by provider. Calls outside the United Kingdom will be charged at the applicable international rate. Lines are open between 9.00am and 5.30pm Monday to Friday (excluding public holidays in England and Wales).

Website: www.signalshares.com
E-mail: enquiries@linkgroup.com

ASSOCIATION OF INVESTMENT COMPANIES (AIC)

24 Chiswell Street
London
EC1Y 4YY

Herald Investment Trust plc

www.heralduk.com