



Herald
LEADING-EDGE INVESTING

Herald Investment Fund plc

The Herald Worldwide Technology Fund

2023

Condensed interim report & financial statements
for the six months ended 30 June 2023

HERALD INVESTMENT FUND PLC

The Herald Worldwide Technology Fund

CONDENSED INTERIM REPORT & FINANCIAL STATEMENTS

for the six months ended 30 June 2023

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HERALD INVESTMENT FUND PLC

The Herald Worldwide Technology Fund

ORGANISATION

REGISTERED OFFICE OF THE COMPANY

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D02 T380
Ireland

MANAGEMENT COMPANY

Bridge Fund Management Limited
Percy Exchange
8/34 Percy Place
Dublin 4
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Ireland

INVESTMENT MANAGER

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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
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DEPOSITARY

Northern Trust Fiduciary Services (Ireland) Limited
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One Spencer Dock
North Wall Quay
Dublin 1
D01 X9R7
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DIRECTORS OF THE COMPANY

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

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Bradwell Limited
Ten Earlsfort Terrace
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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 of Ireland for the establishment of The Herald Worldwide Technology Fund (the "Fund") and this Fund was launched on 3 April 1998.

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

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 2023 (April 2022: 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 six months ended 30 June 2023

The objective of the Herald Worldwide Technology Fund ("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 26-year history and an experienced team. The Fund was launched in April 1998 with an initial asset value per Class A share of £10.00. At the end of the period the net asset value per Class A share was £109.16. On the 10 June 2010, a Class B share was launched with an initial net asset value per share of £10.00. At the end of the period the net asset value per Class B share was £72.42.

Total return for the six months to 30 June 2023

Herald Worldwide Technology Fund NAV (Class A)	24.6%
Herald Worldwide Technology Fund NAV (Class B)	24.5%

Global

Dow Jones World Technology	33.8%
Dow Jones World Technology (Net Total Return)	32.9%

United States

Russell 1000® (Large Cap Technology)	41.4%
Russell 2000® (Small Cap Technology)	16.6%
S&P 500	11.2%
Russell 2000® (Small Cap)	2.8%

United Kingdom

iShares Core FTSE 100 UCITS ETF	3.1%
Numis Smaller Companies plus AIM (ex Investment companies)	-2.2%

Europe

DAX	12.5%
Deutsche Bourse TECDAX	6.4%
CAC 40	13.9%

Asia Pacific

NIKKEI 225	11.1%
KOSDAQ IT Composite Index	13.3%
Taiwan Electronics Index	21.1%

All percentage returns are in GBP

Source: Herald Investment Management Limited (HIML) 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 of future returns.

Summary

The fund has had a strong start to the year, with returns of 24.5% (B share) in this reporting period. This compares with a return of 32.9% for the Dow Jones World Technology Net Total Return Index ("the index") and low double digit returns for broader indices such as the S&P 500, the DAX, the CAC 40, and the Nikkei 225. In H1-2023, the major US and global technology indices largely benefitted from the strong rally in the biggest technology companies, namely Apple, Microsoft, Alphabet, Amazon, NVIDIA, Tesla and Meta. Over two years the return of the fund is 15.4% (B shares) versus the index of 9.8%, and over five years, the return of the fund is 115.1% (B shares) versus 123.2% for the the index.

During the period H1-23, on balance, economic data remained steadier than feared. China has remained weaker than expected but the US consumer has been more resilient. This is shown in the strong payroll data reported by the US Bureau of Labour Statistics for the US in H1, and the low unemployment rate of 3.6%.

The Herald Worldwide Technology Fund

Summary continued

Two key events in H1-2023, were:

- (1) The collapse of Silicon Valley Bank and Credit Suisse, two iconic financial institutions. The immediate effect was a reduction in monetary tightening by policy makers. Other ripple effects included greater focus on cost cutting and capital preservation by companies across sectors.
- (2) The fascination with Generative Artificial Intelligence (which is a class of machine learning technologies that can generate new content such as text, images, music and videos) causing a race in the equity markets to position investments in perceived "winners" and away from the perceived "losers" of AI (artificial intelligence).

During H1-2023, our team met with over 550 companies in the TMT sector. We visited companies across the world, from the West Coast of the US to Taiwan, Korea, Japan, Australia and across Europe which has been particularly useful after the travel constraints of Covid. The majority of the Fund remains invested in North American companies, but we believe it is important to engage with management teams across the world and seek their insights into trends, be they political, economic, or technological, local or global while being open to companies worldwide that offer an attractive risk/reward.

Overall, we find valuations in the sector still compelling. Based on Bloomberg data, the estimated P/E (price-to-earnings ratio) of the portfolio is 24x 2023 expected earnings based upon Bloomberg consensus data. This compares with 18x and 25x at the end of 2022 and 2021 respectively.

The current enthusiasm about the transformative nature of AI has again driven some companies in the technology sector to valuations which are difficult to justify. We do believe the long-term potential of AI is immense and applications of it can cause fundamental changes in business processes and productivity across different sectors. We have been investing in companies which are enabling and/or benefitting from the developments in AI. As of the end of June, over 60% of the investments in the Fund could be categorised as either enablers or beneficiaries of AI. AI is not a new concept. By many accounts, it has been gestating for nearly 80 years and the Fund's exposure is due to purposeful positioning over time.

At the same time, based on our experience of prior disruptive technology cycles such as the internet and smartphones, we believe it is necessary to maintain focus on the entire supply chain of AI and its evolution as well as be cognisant of the "Hype Cycle." Regardless of a company's differentiated assets or intellectual property or a management team's embrace and enthusiasm for AI, ultimately incorporation of advanced AI is disruptive to many companies' existing operations. Execution is what matters and challenges associated with changing processes and business models tend to be underestimated by managements and markets. In 2000, at the height of the internet bubble, it would not have been possible to identify Alphabet and Meta as top winners of the internet space. The telecom companies, such as AT&T, BT, and Vodafone were far better positioned with differentiated assets, large resources, and key intellectual property (IP). However, they failed to capitalise on those unique assets.

While "AI Mania" has taken over, the excitement about other disruptive trends such as the Metaverse, self-driving cars, 3D printing, distributed ledgers, personalised medicine and telehealth to name a few has abated. Just as AI was making strides under the surface, the other technologies are also continuing to progress meaningfully even though they are not currently front-page news. Many of those technologies and applications, at their core, have been and will continue to be propelled by the progress in AI. These combinatorial developments all create attractive long-term investment opportunities, and we remain optimistic about finding investments which can generate sustainable growth for shareholders.

In summary, our strategy remains consistent with the past. We recognise the myriad of complex economic, geopolitical, environmental and social challenges. Many of these challenges can be addressed with technology-based solutions and the progress in AI is an element of the solutions. The TMT sector is sufficiently diverse and dynamic that throughout our 25+ years of investment in the sector we have always found attractively positioned, reasonably valued, well-managed companies to invest in. Our investment process is anchored in fundamental analysis. The Fund has a higher weighting towards midcap companies relative to most global technology indices.

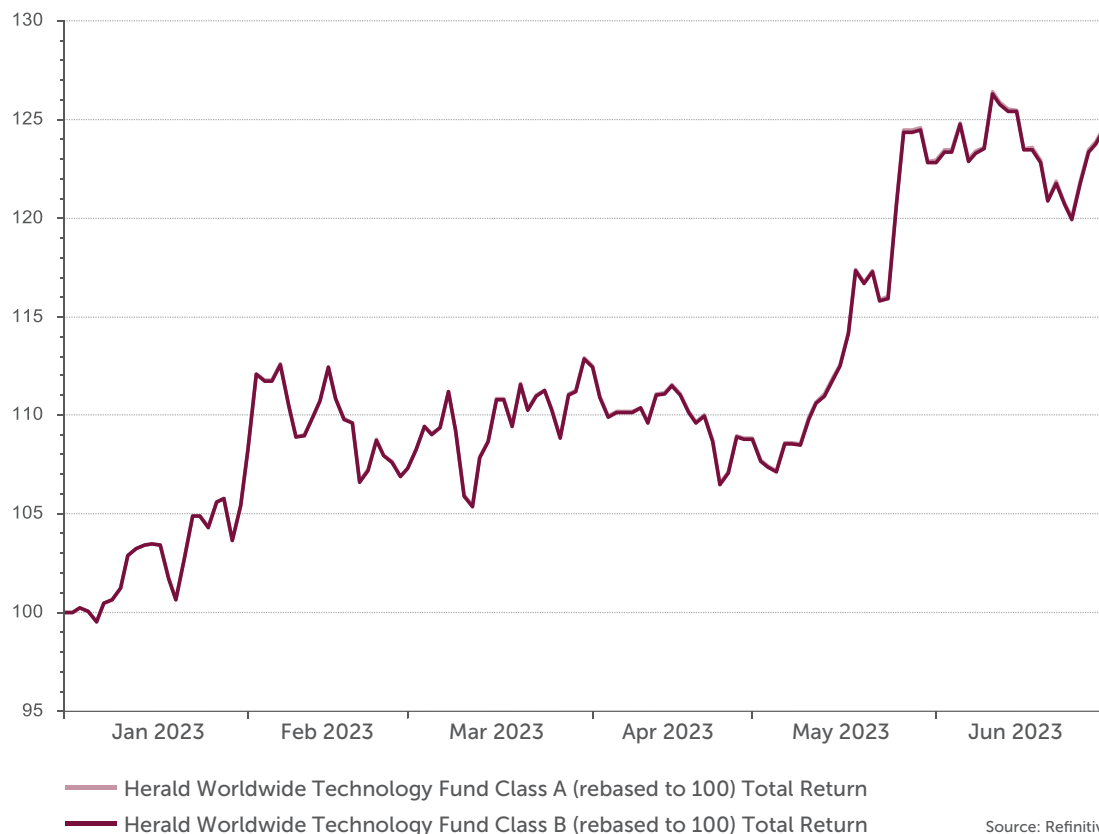
HERALD INVESTMENT FUND PLC

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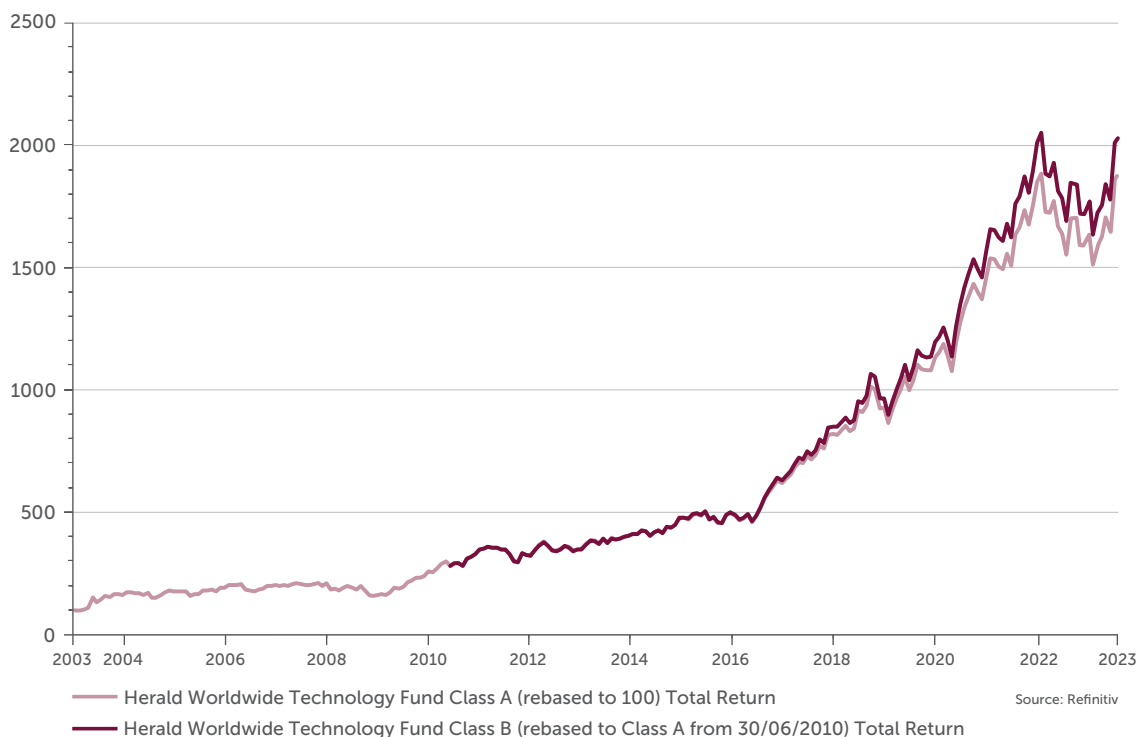
INVESTMENT MANAGER'S REPORT for the six months ended 30 June 2023 continued

Summary continued

Total Return: 31/12/2022 – 30/06/2023



Total Return 31/12/2002* – 30/06/2023



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

The Herald Worldwide Technology Fund

Summary continued

North America

The total return for the US portfolio was 30.6%. Although we are pleased with the strong returns, this lags the Russell 1000® (Large Cap) Technology Index total return of 41.4%, an exceptional H1-return in the history of the Index. The performance of the US mega cap technology companies has been so extreme that the Nasdaq has made the exceptional decision to rebalance the weights of the Index in July to reduce its concentration. The US portfolio comprises the majority of the Fund (82.7%).

The strong performers in sterling terms were Arlo Technologies, Super Micro Computer (SMCI) and Advanced Micro Devices (AMD), which appreciated 194.0%, 187.2% and 66.4% respectively. SMCI, Microsoft and AMD were also the largest contributors to positive returns. The key negative contributors to returns were Tower Semiconductor (TSEM) (-19.8%), Fabrinet (-4.2%) and SolarEdge Technologies (-10.2%).

Three of the holdings in the North American part of the portfolio, namely TSEM, Silicon Motion Technologies (SIMO) and iRobot remain subject to takeover bids. All three await approvals from different regulatory authorities. Decisions of the Chinese regulator on TSEM and SIMO are expected in Q3-23. Regardless of whether the Chinese authorities approve the takeovers, we believe both companies remain strongly positioned and attractively valued. We have therefore retained our position in these companies.

Not surprisingly Mergers & Acquisitions (M&A) activity was muted in H1-23. This is due to a combination of (1) increased regulatory hurdles across jurisdictions, (2) higher costs of capital and (3) the natural disconnect which occurs between notions of fair value prices between buyers and sellers during periods of market volatility. We expect M&A to recover gradually.

During the period, we reduced our positions in Microsoft and Cadence. The reduction in Microsoft was largely due to UCITS rules, which restrict the Fund's maximum holding in one security to 10.0%. Microsoft remains well positioned to generate long-term sustainable top and bottom-line growth. Its launch of Co-pilot (Microsoft's recently launched AI helper) and partnership with Open AI, services which demonstrably increase user productivity, are accelerants of sustainable growth for the next 5+ years.

Cadence has been a long-term holding in the portfolio and consistently among the Fund's top 10 holdings. We remain convinced of Cadence's unique position in the semiconductor value chain and continue to see upside potential from both revenue growth and on-going margin expansion. However, with the shares trading on a free cash flow yield of 2.3%, we see better opportunities to deploy part of the capital elsewhere. Since adding the current position to the Fund in 2010 the price appreciation has been 34x demonstrating the power of unearthing unique companies within the technology sector.

During H1-23 we increased the Fund's position in Micron as market expectations had become too pessimistic and valuations were underestimating its long-term growth opportunities. Two other additions to the portfolio were Five9 and Cogent Communications, two companies which we have held in the Herald Investment Trust and with whose management teams we have had regular engagement over a number of years.

The P/E of the North American portfolio on Bloomberg forecasts was 24x 2023E compared with 19x on 30th June 2022, and 18x, 39x, and 31x at the end of 2022, 2021 and 2020 respectively. The expansion in P/E has been mostly due to the reratings of the Fund's holdings as opposed to any substantial changes in the holdings.

Europe

The European portfolio comprises 2.0% of the Fund. The total return for the European portfolio was 9.6%. There are only two European holdings in the Fund namely SAP and Nordic Semiconductor, with weightings of 1.7% and 0.4% respectively. SAP shares appreciated 27.8% in the first half of 2023 and Nordic Semiconductor declined 30.7%.

We expect SAP to continue to perform well as its transition to a cloud-centric model drives acceleration in both revenues and margins. Its competitive position in the large Enterprise Resource Planning (ERP) market is virtually unassailable. Its business is now largely transitioned to recurring revenues, with licence fees expected to account for less than 5% of revenues in 2023. SAP is therefore well positioned to generate strong, sustainable, free cashflows. The management team is bullish on the outlook for growth and committed to shareholder returns.

INVESTMENT MANAGER'S REPORT for the six months ended 30 June 2023 *continued*

Summary *continued*

Europe

Nordic Semiconductor is a company which we have been following for many years and have held in the Herald Investment Trust. We initiated a position in the shares in 2022. Nordic is strongly positioned to enable "smart" applications in the industrial and healthcare domains as well as its traditional consumer markets. Nordic has been suffering from a combination of supply shortages for some products and at the same time suffering from low demand and excess inventories in other products. These imbalances should abate over the next couple of quarters allowing the company to resume sustainable long-term growth and profitability.

UK

The Fund's only UK holding is Herald Investment Trust which is 1.8% of the Fund and declined 1.8% in the period.

The performance of Herald Investment Trust was largely a reflection of the weak performance of the small cap sector which is deemed to be more sensitive to macroeconomic slowdowns. Its net asset value per share decreased by -0.2%. We continue to find the valuation of the Trust attractive but are reluctant to add to the Fund's holdings due to liquidity concerns. It is interesting to observe that, among the Trust's holdings, the 26 holdings with a market value in excess of \$3bn returned 43.0% whereas the 300+ smaller holdings returned -8.5%.

Asia

The Asian portfolio comprises 4.6% of the Fund and the total return was 20.8%. The Asian holdings consist of four companies, Alibaba, Kulicke & Soffa Industries (KLIC), Samsung Electronics and Taiwan Semiconductor Manufacturing Company (TSMC).

Samsung Electronics (+18.8%), TSMC (+29.4%) and KLIC (28.0%) were all positive contributors to performance. The strong performance in these investments is largely due to expectations that inventory corrections will be behind us by H2-2023 and therefore cyclical recovery will ensue. All three have strong competitive positions in their respective markets, strong balance sheets and attractive valuations.

Alibaba, the Fund's only Chinese holding, was the only negative contributor to performance, declining 10.5% during the period. We remain concerned about investing in domestic Chinese companies due to corporate governance issues and the lack of protection for shareholders. We have maintained the Fund's holding in Alibaba, as it is a leader in ecommerce and cloud computing in China as well as many foreign markets. We believe the company's announcement in March 2023 of a move to a holding company structure and its divestiture plans will unlock value for shareholders.

Market Outlook

The current macroeconomic and geopolitical backdrop is undoubtedly challenging: escalating tensions between the West and China, the ongoing war in Ukraine, sovereign debt burdens, sticky inflation, unfavorable labour force dynamics and risks of social unrest. Each is an onerous problem to solve. Combined, they form complex interdependencies and are almost intractable.

Monetary tightening and concerns about economic slowdown have shifted spending emphasis within companies and governments. Companies are rebalancing some of their investments in technology away from a focus on revenue and growth to a focus on cost reduction and cash flow. But fundamentally, technology spending is largely non-discretionary. Technology underpins nearly every facet of the operations of most organisations. Revenue growth, cost savings, working capital management, supply chain optimisation and human resource management all rely on efficient technological systems.

We do not believe we have any edge on calling out macroeconomic factors. However, we do believe that most of the disinflationary forces of the last 10 years have largely reversed and we expect inflation to remain sticky. Technological solutions will be necessary components of broader solutions targeted at addressing demographic, environmental sustainability and geopolitical issues which are currently all increasing costs for companies and governments.

Therefore, despite adverse and uncertain macroeconomic circumstances, we continue to believe that investing in the broader TMT sector, using a framework of fundamental bottom-up analysis with a focus on valuation and companies positioned for long-term sustainable growth, will generate long-term capital appreciation.

Summary continued

Sector Outlook

Ever since ChatGPT was released to the public in November 2022, AI has become the dominant discussion point in the sector and much of the broader equity markets. International Data Corporation estimates the size of the AI market to reach \$900bn by 2026, while PwC estimates AI can boost global GDP by \$16 trillion (i.e., nearly 16%) by 2030.

It is too early to fathom the implications of AI. The US National Security Commission on Artificial Intelligence, which included leading academics and industry veterans such as Eric Schmidt, the long-term CEO of Google and Andy Jassy, Amazon's current CEO and long-term AWS CEO, produced a 756-page report in 2021. The following are a few noteworthy excerpts from the report:

"AI is an inspiring technology. It will be the most powerful tool in generations for benefiting humanity. Scientists have already made astonishing progress in fields ranging from biology and medicine to astrophysics by leveraging AI. These advances are not science fair experiments; they are improving life and unlocking mysteries of the natural world. They are the kind of discoveries for which the label "game changing" is not a cliché.

No comfortable historical reference captures the impact of artificial intelligence (AI) on national security. AI is not a single technology breakthrough, like a bat-wing stealth bomber. The race for AI supremacy is not like the space race to the moon. AI is not even comparable to a general-purpose technology like electricity. However, what Thomas Edison said of electricity encapsulates the AI future: "It is a field of fields ... it holds the secrets which will reorganise the life of the world."

AI systems will also be used in the pursuit of power. We fear AI tools will be weapons of first resort in future conflicts. AI will not stay in the domain of superpowers or the realm of science fiction. AI is dual-use, often open-source, and diffusing rapidly."

AI is not a new concept; by many accounts it has been gestating for nearly 80 years. As per the National Security Report, we believe AI is a constellation of technologies that depend on interrelated elements e.g. hardware, data, algorithms and applications.

We have been seeking, and will continue to seek, companies which are positioned to benefit from the growth of AI and meet our fundamental investment framework. As of the end of H1-23, over 60% of the investments in the Fund could be categorised as either enablers or beneficiaries of AI. These include consensus beneficiaries such as Microsoft and Alphabet as well as lesser-known companies, such as Arlo Technologies and Dynatrace. The Fund's exposure is due to purposeful positioning over time.

IT Spending Outlook

In June 2023, Gartner published their revised outlook for overall IT spending for the next 5 years. The outlook has minor changes compared to their projections in December 2022. Gartner expects overall IT spending to grow 5% in 2023, and the growth to accelerate to an annual rate of c9% between 2024 and 2026.

The excess inventories that were built up in 2022 have taken a longer time to clear. This is most notably reflected in the outlook for spending on devices. Devices comprise desktop computers, notebook computers, tablets and smartphones. Spending on devices is expected to decline by 9% in 2023. This compares with expectations of a 2% decline at the start of 2022.

The decline in the PC market is expected to be 27% between 2021-2023. This is the sharpest decline in the last 20 years. According to Morgan Stanley's estimates, there is an installed base of 1.2 bn PCs and 40% of the PCs will be eligible for refresh by 2024. The declines of 2022 and 2023 and the large installed base of PCs paves the way for high single digit annual volume growth from 2024 to 2027 for the hardware ecosystem, including semiconductor companies, assemblers and PC vendors. Revenue growth is likely to be a few percentage points higher.

INVESTMENT MANAGER'S REPORT for the six months ended 30 June 2023 *continued*

Summary *continued*

Semiconductors

Gartner forecasts semiconductor revenues to fall 12% in 2023 and reach \$526bn. This is a significantly larger fall than the decline of 6% which had been expected at the beginning of the year. This is partly due to the decline in PCs and smartphones as they account for c30% of the semiconductor market. Memory revenues are expected to decline 41% in 2023, while non-memory revenue is expected to decline by 3% in 2023. Semiconductor revenue is expected to bounce back to \$633bn, i.e., up 20% in 2024 and continue to grow mid-single digits in 2025 and 2026.

Semiconductor stocks, led by Nvidia, have been performing very strongly in 2023. Semiconductors are key enablers of AI applications. The shares have been propelled by a combination of the anticipation of the cyclical trough in the sector and the secular growth of infrastructure needed to support AI applications. We sold the Fund's position in Nvidia in 2021 because of concerns about valuation, clearly a mistake in hindsight. Nevertheless, we remain optimistic on the outlook for secular growth in certain semiconductor companies, especially those exposed to Cloud, AI and automotive end markets.

On the regulatory front, the semiconductor sector continues to be a focal point for the US and its allies and China as they try to balance the tension between their respective economic and security interests. This is reflected in the complex and sporadically evolving export control systems of the two sides. It seems every couple of weeks new restrictions are imposed by one side or the other. The most recent was China banning the export of germanium and gallium, key elements needed in the design of advanced communication systems, electric vehicles and power systems. China dominates the supply of both elements. So far, despite the headlines, it seems many of the restrictions of both sides can be bypassed with special permissions. Even though efforts have been in place on both sides to de-risk and decouple supply chains, by most experts' estimates it will still take well over five years before this can be achieved.

Software and Cloud

We continue to appreciate the strength and durability of the cloud business models. Over 70% of the Fund is exposed to enablers of cloud-based services. The growth of spending on both cloud infrastructure and applications has remained steady in 2023 at 20% compared to 21% in 2022. These lower growth rates compared to the past were expected due to a combination of the law of large numbers and a focus on cost cutting and cost optimisation by companies across sectors and geographies.

The long-term outlook for cloud spending remains robust as business processes built on cloud architectures tend to benefit from greater efficiency and agility than those built on traditional on-premise architectures. McKinsey estimates that cloud could generate \$3trn of EBITDA value by 2030 for the Global 2000 companies. Gartner estimates the cloud market will continue to grow at a compound annual growth rate of 19% from \$597bn in 2023 to \$1.2trn in 2027.

The growth of AI is likely to change aspects of the competitive dynamics of the cloud companies. For example, Nvidia is proposing new computing architectures using its hardware and software systems.

Regulation and the Megacaps

Various segments of the technology sector remain in the crosshairs of different governments. The pressure to curb the power and reach of the large technology companies also remains. In earlier reports we have commented on European regulation, such as the European Digital Markets Act which came into effect on 2 May 2023 and The Digital Services Act, which is expected to come into effect on 1 January 2024. The rise of generative AI systems such as ChatGPT, and their use by the large technology companies is inducing further angst among regulators and content creators about the balance of power between the large companies and smaller ones.

Regulation will continue to be a headwind for the semiconductor sector due to geopolitical complexities with China, and for those large companies deemed to have dominant market positions. Attempts at M&A will continue to be fraught with burdensome and politically motivated regulatory investigations and extensive delays.

Nevertheless, the fact remains that the large US technology companies continue to invest aggressively in research and development as well as in infrastructure. These investments enable growth, productivity improvements, and innovation across global economies. Governments understand this value.

Summary continued

Summary and Conclusion

Spending on IT is largely non-discretionary. Although macroeconomic factors can cause temporary headwinds, IT underpins the operations across many facets of most organisations and across different sectors. The transition to cloud computing is a platform change which like prior ones creates cost saving opportunities as well as new operational capabilities. We remain in the early innings of the transition. Moreover, for companies to benefit from Artificial Intelligence / Machine Learning and Internet of Things applications, they need robust cloud capabilities and will have to invest to maintain them.

IT spending has been growing at mid-single digit growth rates for many years and is expected to continue to do so. Within the broad c\$3trn IT market, there are always segments which are growing faster while others are declining. That is the nature of the sector.

Although markets and economies are challenged by interest rates normalising now that they are not being suppressed by widespread central banks purchasing of bonds, we are encouraged that trading has generally been sound. The new focus for many companies on cost control is a benefit to shareholders, and growth opportunities continue to abound. Through the 1,200+ meetings which our experienced team has each year with companies in the sector, we seek to identify those companies with strong management teams, strong competitive positions and attractive valuations which are positioned to benefit from higher growth segments in the IT market. We rely on a combination of fundamental analysis and a valuation-sensitive, growth framework to assess the attractiveness and sustainability of companies. We believe that our disciplined investment philosophy of the last 25+ years remains a sound basis for navigating through the uncertainties in the markets.

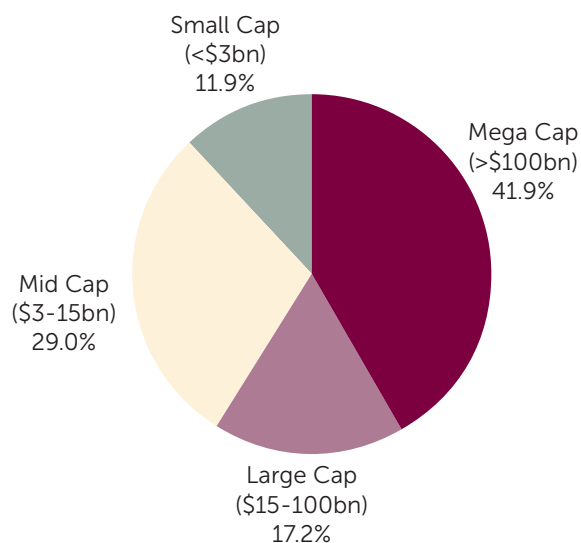
HERALD INVESTMENT FUND PLC

The Herald Worldwide Technology Fund

INVESTMENT MANAGER'S REPORT for the six months ended 30 June 2023 continued

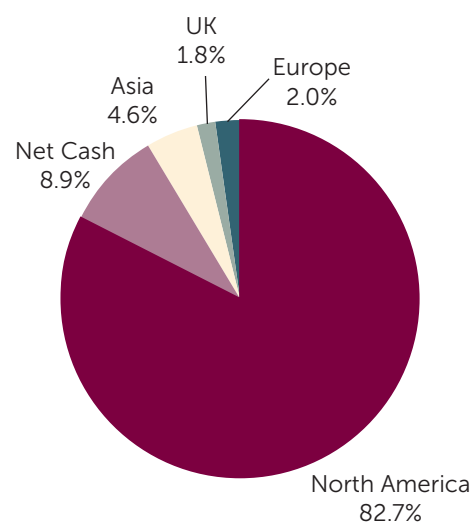
BREAKDOWN OF EQUITY INVESTMENTS BY MARKET CAP

	30/06/2023	31/12/2022
Mega Cap (>\$100bn)	41.9%	41.5%
Large Cap (\$15-100bn)	17.2%	16.8%
Mid Cap (\$3-15bn)	29.0%	27.9%
Small Cap (<\$3bn)	11.9%	13.8%
	<u>100.0%</u>	<u>100.0%</u>



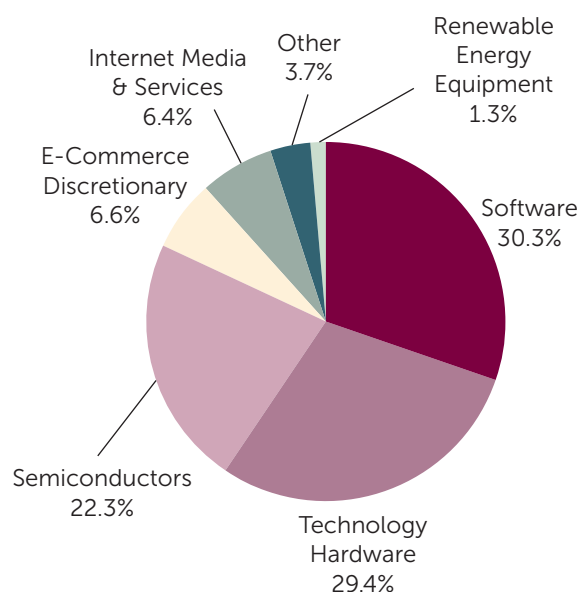
GEOGRAPHICAL BREAKDOWN

	30/06/2023	31/12/2022
North America	82.7%	77.9%
Net Cash	8.9%	13.5%
Asia	4.6%	4.0%
Europe	2.0%	2.3%
UK	1.8%	2.3%
	<u>100.0%</u>	<u>100.0%</u>



SECTOR BREAKDOWN

	30/06/2023	31/12/2022
Software	30.3%	32.0%
Technology Hardware	29.4%	28.0%
Semiconductors	22.3%	22.8%
E-Commerce Discretionary	6.6%	6.1%
Internet Media & Services	6.4%	6.4%
Other	3.7%	2.7%
Renewable Energy Equipment	1.3%	2.0%
	<u>100.0%</u>	<u>100.0%</u>



Source: Herald Investment Management Limited

HERALD INVESTMENT FUND PLC

The Herald Worldwide Technology Fund

PROFIT AND LOSS ACCOUNT for the six months ended 30 June 2023

	Note	Six months ended 30 June 2023 GBP	Six months ended 30 June 2022 GBP
Income			
Operating income	5	211,273	173,800
Net gains/(losses) on financial assets and liabilities at fair value through profit or loss	6	15,165,300	(12,532,833)
Total investment income/(loss)		15,376,573	(12,359,033)
Operating expenses	7	(471,188)	(484,273)
Expense reimbursement from investment manager	9	133,915	113,778
Profit/(loss) for the period before tax		15,039,300	(12,729,528)
Non-reclaimable withholding tax		(40,437)	(38,622)
Increase/(decrease) in net assets from operations attributable to holders of redeemable participating shares		14,998,863	(12,768,150)

There are no recognised gains or losses arising in the financial period 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 period, all amounts above relate to continuing operations.

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

HERALD INVESTMENT FUND PLC

The Herald Worldwide Technology Fund

BALANCE SHEET as at 30 June 2023

	Note	As at 30 June 2023 GBP	As at 31 December 2022 GBP
ASSETS			
Financial assets at fair value through profit or loss	12	69,112,271	52,917,636
Cash and bank balances	8	6,806,717	8,323,754
Debtors		137,915	58,533
TOTAL ASSETS		76,056,903	61,299,923
LIABILITIES			
Creditors - amounts falling due within one year		(170,909)	(172,421)
Net assets attributable to holders of redeemable participating shares		75,885,994	61,127,502

The accompanying notes form an integral part of the Unaudited 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 six months ended 30 June 2023

	Six months ended 30 June 2023 GBP	Six months ended 30 June 2022 GBP
Net assets attributable to holders of redeemable participating shares at beginning of period	61,127,502	70,763,616
Increase/(decrease) in net assets attributable to holders of redeemable participating shares resulting from operations	14,998,863	(12,768,150)
Amounts received on issue of redeemable participating shares	2,029,541	5,706,204
Amounts paid on redemption of redeemable participating shares	(2,269,912)	(2,523,667)
(Decrease)/increase in net assets resulting from share transactions	(240,371)	3,182,537
Net increase/(decrease) in shareholders' funds	14,758,492	(9,585,613)
Net assets attributable to holders of redeemable participating shares at end of period	75,885,994	61,178,003

The opening net assets attributable to holders of redeemable participating shares for 2023 differs to the closing position in 2022 by the change in net assets attributable to holders of redeemable participating shares for the second half of the comparative financial period.

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

HERALD INVESTMENT FUND PLC

The Herald Worldwide Technology Fund

NOTES TO THE FINANCIAL STATEMENTS for the six months ended 30 June 2023

1. Significant Accounting Policies

Basis of Preparation

In preparing the Condensed Interim Report and Unaudited Financial Statements for the six months ended 30 June 2023, the Directors have applied Financial Reporting Standard 102 (FRS 102) and Interim Financial Reporting Standard 104 (FRS 104), applicable in the UK and Republic of Ireland and Irish statute comprising of Companies Act 2014, the Companies (Accounting) Act 2017 and UCITS Regulation and the Central Bank UCITS regulation and these financial statements comply with that standard.

The condensed interim financial statements should be read in conjunction with the annual financial statements for the year ended 31 December 2022, which have been prepared in accordance with Irish law and accounting standards issued by the Financial Reporting Council "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 Herald Investment Fund plc's (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 accounting policies used in the preparation of these financial statements are consistent with those used in the annual financial statements for the year ended 31 December 2022.

2. Net Asset Value

	As at 30 June 2023 GBP	As at 31 December 2022 GBP	As at 31 December 2021 GBP
Net Asset Value Class A share	53,107,499	42,815,780	51,535,771
Net Asset Value Class B share	22,778,495	18,311,722	19,227,845
Net Asset Value per Class A share	109.16	87.58	109.88
Net Asset Value per Class B share	72.42	58.15	73.06

3. 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 at Ten Earlsfort Terrace, Dublin 2, D02 T380, Ireland.

The share capital of the Company shall at all times equal the Net Asset Value ("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.

Subscriber Shares

As at 30 June 2023, the Company has 1 subscriber share in issue (31 December 2022: 1). Holders of subscriber shares are not entitled to a dividend or any surplus of assets over liabilities upon the winding-up of the Company.

The 1 subscriber share in issue is described in the financial statements by way of this note only.

HERALD INVESTMENT FUND PLC

The Herald Worldwide Technology Fund

3. Share Capital *continued*

Shares in Issue

	Six months ended 30 June 2023	Six months ended 30 June 2022
Number of Class A Shares issued and fully paid		
Balance at beginning of period*	488,883	469,013
Issued during period	207	–
Redeemed during period	(2,601)	(1,032)
Total number of Class A Shares in issue at end of period	486,489	467,981
	Six months ended 30 June 2023	Six months ended 30 June 2022
Number of Class B Shares issued and fully paid		
Balance at beginning of period*	314,925	263,172
Issued during period	29,846	84,432
Redeemed during period	(30,254)	(36,963)
Total number of Class B Shares in issue at end of period	314,517	310,641

* The opening shares for 2023 differs to the closing position in 2022 by the number of issued and redeemed shares in the second half of the comparative financial year.

As at 30 June 2023, one shareholder held 35.9% of the issued share capital of the Company (31 December 2022: 35.8%).

4. 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 7.

Herald Investment Management Limited and HIML Holdings Limited both hold investments in Herald Investment Fund plc. At 30 June 2023, the number of shares held by Herald Investment Management Limited was 69,980 (31 December 2022: 69,980) and the number of shares held by HIML Holdings Limited was 125,531 (31 December 2022: 125,531).

Directors' Interests in Shares and Contracts

Charles Ekins held 1,166 Class B Shares as at 30 June 2023 (31 December 2022: 1,166).

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

Related Investments

The Company invests in another fund which has the same Investment Manager, the Herald Investment Trust plc. At 30 June 2023 the number of shares held was 80,000 and the fair value of this investment was GBP 1,400,000 (31 December 2022 the number of shares held was 80,000 and the fair value of this investment was GBP 1,425,600).

Directors' Fees

The total Directors' fees are disclosed in Note 7.

HERALD INVESTMENT FUND PLC

The Herald Worldwide Technology Fund

NOTES TO THE FINANCIAL STATEMENTS for the six months ended 30 June 2023 continued

4. Related Party Transactions continued

Management Company Fees

The Management company, Bridge Fund Management Limited provide supervision of the Company's investment management, administration and distribution functions so as to comply fully with the requirements as laid out by the Central Bank of Ireland in its Fund Management Companies Guidance report. The Management company is also employed as consultant to the company, providing MLRO and Tax services. Amounts earned by the company are disclosed in Note 7.

5. Operating Income

	Six months ended 30 June 2023 GBP	Six months ended 30 June 2022 GBP
Bank interest income	68,936	607
Dividend income	142,337	173,193
	211,273	173,800

6. Net Gains/(Losses) on Financial Assets and Liabilities at Fair Value Through Profit or Loss

	Six months ended 30 June 2023 GBP	Six months ended 30 June 2022 GBP
Realised gains on sale of investments	3,245,624	3,021,751
Net currency losses	(2,466)	(4,998)
Net change in unrealised gains/(losses) on investments	11,922,142	(15,549,586)
	15,165,300	(12,532,833)

7. Operating Expenses

	Six months ended 30 June 2023 GBP	Six months ended 30 June 2022 GBP
Administration fees	69,798	68,302
Auditors' fees	11,223	9,483
Banking fees	5,843	8,485
Company secretarial fees	5,687	6,525
Custody fees	2,116	3,778
Depositary fees	19,945	19,836
Directors' fees	27,414	26,846
Investment management fees	279,208	266,699
Legal fees	7,018	18,952
Management company fees	25,762	24,327
Transfer agency fees	7,873	17,194
Other expenses	9,301	13,846
	471,188	484,273

8. Cash and Bank Balances

	As at 30 June 2023 GBP	As at 31 December 2022 GBP
The Northern Trust Company	6,806,717	8,323,754

9. 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 50,722 were payable at 30 June 2023 (30 June 2022: GBP 42,178).

From 1 January 2023, the Investment Manager has voluntarily undertaken to limit the aggregate annual ordinary expenses of each class of the Fund to be no more than 0.95% (2022: 1.10%) of the NAV of Class A shares and 1.10% (2022: 1.25%) of the NAV of Class B shares. The total reimbursement amounted to GBP 133,915 (30 June 2022: GBP 113,778). The reimbursement on Class A Shares is GBP 89,179 (30 June 2022: GBP 75,979) and on Class B Shares is GBP 44,736 (30 June 2022: GBP 37,799).

Performance Fee on Class A Shares

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 period was GBP87.58 and the closing GBP109.16. To date the previous highest NAV per Class A share at a financial period end was reached on 31 December 2021 when the NAV was GBP109.88 per share. There was no performance fee earned on the Class A Shares (30 June 2022: GBP Nil). 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). 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 8 per transaction. The Northern Trust International Banking Corporation will also receive a monthly fee of GBP 100 and GBP 8 for each shareholder payment or receipt and GBP 8 for each fund movement on the Fund's subscription and redemption accounts.

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 40,485 were payable at 30 June 2023 (30 June 2022: GBP 30,502).

Management Company Fee

The Management Company will receive a management fee out of the assets of the Fund of either up to 0.04% per annum of the Net Asset Value of the Fund or an annual minimum fee of €50,000 per annum, whichever is higher. The Management Company fee shall accrue on each dealing day and is payable monthly in arrears. The Management Company fee may be waived or reduced by the Management Company. The Management Company shall be entitled to be reimbursed by the Company for all reasonable out of pocket expenses properly incurred.

The Management Company are also employed as a consultant to the Company, providing MLRO and Tax services. The fees for these services are GBP 2,075 and GBP 1,556 respectively.

In total, the Management Company received fees of GBP 25,762 (30 June 2022: GBP 24,327) during the period with GBP 9,735 (30 June 2022: GBP 5,714) outstanding at period end.

HERALD INVESTMENT FUND PLC

The Herald Worldwide Technology Fund

NOTES TO THE FINANCIAL STATEMENTS for the six months ended 30 June 2023 continued

9. Fees continued

Depository Fee

The Depository will be entitled to receive a depository 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 Depository 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 10,455 were payable at 30 June 2023 (30 June 2022: GBP 7,277).

Transaction Costs

Transaction costs of the Fund were GBP 8,574 for period ended 30 June 2023 (30 June 2022: GBP 10,141) and are included in net gains on financial assets and liabilities at fair value through profit or loss.

10. Exchange Rates

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

	As at 30 June 2023	As at 31 December 2022
Euro	1.1653	1.1271
Korean Won	1,675.1945	1,521.0672
Norwegian krone	13.6207	11.8498
Taiwan Dollar	39.5956	36.9717
US Dollars	1.2714	1.2029

11. 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.

HERALD INVESTMENT FUND PLC

The Herald Worldwide Technology Fund

12. Fair Value Measurement

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.

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

30 June 2023

Assets	Level 1 GBP	Level 2 GBP	Level 3 GBP	Total GBP
Financial assets designated at fair value through profit or loss				
Equity securities	67,712,271	–	–	67,712,271
Exchange traded investment funds	1,400,000	–	–	1,400,000
Total Assets	69,112,271	–	–	69,112,271

31 December 2022

Assets	Level 1 GBP	Level 2 GBP	Level 3 GBP	Total GBP
Financial assets designated at fair value through profit or loss				
Equity securities	51,492,036	–	–	51,492,036
Exchange traded investment funds	1,425,600	–	–	1,425,600
Total Assets	52,917,636	–	–	52,917,636

NOTES TO THE FINANCIAL STATEMENTS for the six months ended 30 June 2023 *continued*

13. 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 period complied with the obligations set out in Regulation 43(1) of the Central Bank UCITS Regulations.

14. Distributions

There were no distributions declared during the period ended 30 June 2023 (30 June 2022: Nil).

15. Significant events during the period

From 1 January 2023, the Investment Manager has voluntarily undertaken to limit the aggregate annual ordinary expenses of each class of the Fund to be no more than 0.95% of the NAV of Class A shares and 1.10% of the NAV of Class B shares of the Fund's NAV.

The Board is monitoring the escalation of the war in Ukraine. This uncertainty has created supply chain disruption and exacerbated inflationary pressures worldwide. The Fund's principal risks are market-related and the current extreme market conditions have demonstrated the resilience of the Fund and its investment objective and policy.

There were no other significant events during the period, which, in the opinion of the Directors, may have had an impact on the financial statements for the period ended 30 June 2023.

16. Events After the Balance Sheet Date

There were no significant events after the Balance Sheet date, which, in the opinion of the Directors, may have had an impact on the financial statements for the period ended 30 June 2023.

17. Approval of Financial Statements

The financial statements were approved by the Board on 24 August 2023.

HERALD INVESTMENT FUND PLC

The Herald Worldwide Technology Fund

SCHEDULE OF INVESTMENTS as at 30 June 2023

Holding	Security name		Industry Sector ⁺	Value GBP	% of Fund Net Assets
EXCHANGE TRADED INVESTMENT FUNDS					
United Kingdom					
80,000	Herald Investment Trust		Investment Funds	1,400,000	1.8
Total United Kingdom				1,400,000	1.8
EQUITIES					
Europe					
32,000	Nordic Semiconductor	Norway	Semiconductors	306,475	0.4
10,000	SAP	Germany	Software	1,234,962	1.6
Total Europe				1,541,437	2.0
Asia					
5,800	Alibaba ADR	China	E-Commerce Discretionary	380,249	0.5
26,100	Kulicke & Soffa Industries	Singapore	Semiconductors	1,220,470	1.6
25,600	Samsung Electronics	South Korea	Technology Hardware	1,103,347	1.5
9,500	Taiwan Semiconductor Manufacturing ADR	Taiwan	Semiconductors	754,112	1.0
Total Asia				3,458,178	4.6
United States					
46,905	Advanced Micro Devices		Semiconductors	4,202,578	5.5
15,200	Akamai Technologies		Software	1,074,467	1.4
46,900	Alphabet		Internet Media & Services	4,415,723	5.8
40,700	Amazon		E-Commerce Discretionary	4,173,242	5.5
31,500	Apple		Technology Hardware	4,805,958	6.3
18,400	Arista Networks		Technology Hardware	2,345,463	3.1
177,000	Arlo Technologies		Technology Hardware	1,518,913	2.0
15,200	Arrow Electronics		Technology Hardware	1,712,428	2.3
9,450	Cadence Design Systems		Software	1,743,197	2.3
9,200	Check Point Software Technologies		Software	909,037	1.2
15,395	Cogent Communications		Telecommunications	814,826	1.1
25,600	Dynatrace		Software	1,036,404	1.4
27,000	Fabrinet		Technology Hardware	2,758,296	3.6
13,200	Five9		Software	856,051	1.1
27,600	FormFactor		Semiconductors	742,889	1.0
61,000	Freshworks		Software	843,497	1.1
19,000	Intel		Semiconductors	499,752	0.7
9,800	iRobot		Home & Office Products	348,802	0.5
36,000	Micron Technology		Semiconductors	1,787,045	2.4
25,442	Microsoft		Software	6,814,817	9.0
63,000	N-able		Software	714,068	0.9
35,500	NetApp		Technology Hardware	2,133,323	2.8
25,500	Pegasystems		Software	988,831	1.3
25,000	Radware		Software	381,288	0.5
27,700	Silicon Motion Technology ADR		Semiconductors	1,565,676	2.1
4,400	SolarEdge Technologies		Renewable Energy	931,152	1.2

HERALD INVESTMENT FUND PLC

The Herald Worldwide Technology Fund

SCHEDULE OF INVESTMENTS as at 30 June 2023 continued

Holdings	Security name	Industry Sector ⁺	Value GBP	% of Fund Net Assets
EQUITIES (continued)				
United States: (continued)				
19,900	Super Micro Computer	Technology Hardware	3,901,423	5.1
41,000	Teradata	Software	1,722,429	2.3
17,900	Teradyne	Semiconductors	1,567,473	2.1
4,100	Texas Instruments	Semiconductors	580,550	0.8
75,000	Tower Semiconductor	Semiconductors	2,213,395	2.9
58,500	Varonis Systems	Software	1,226,275	1.6
25,910	Zoom Video Communications	Software	1,383,388	1.8
Total United States			62,712,656	82.7
Total Equities			67,712,271	89.3
Total Value of Investments			69,112,271	91.1
Cash at bank			6,806,717	8.9
Other net liabilities			(32,994)	–
Net assets Attributable to holders of Redeemable Participating Shares at Last Traded Prices			75,885,994	100.0
Analysis of Portfolio (Unaudited)				
Transferable securities admitted to an official stock exchange listing or traded on a regular market			90.9	86.3
Other net assets			9.1	13.7
			100.0	100.0

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

+Bloomberg Industry Classification System

APPENDIX 1 Other Disclosures for the six months ended 30 June 2023

Soft Commission Arrangements

There were no soft commission arrangements affecting the Company during the financial period (31 December 2022: 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 period ended 30 June 2023, the Fund did not enter into any SFTs.

Article 6 Funds as Defined Under the Sustainable Finance Disclosures Regulation

Whilst the Fund believes in the importance of fundamental analysis incorporating consideration of environmental, social and governance ("ESG") factors, investors in the Fund should be aware that as an Article 6 Fund, the investments underlying the Fund do not take into account the EU criteria for environmentally sustainable economic activities in accordance with Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investment.

HERALD INVESTMENT FUND PLC

The Herald Worldwide Technology Fund

APPENDIX 2 SCHEDULE OF PORTFOLIO MOVEMENTS

for the six months ended 30 June 2023

PURCHASES	VALUE GBP
Teradata	1,662,110
Cogent Communications	788,454
Five9	787,484
Micron Technology	500,877
Kulicke & Soffa Industries	500,726
iRobot	382,813
TOTAL	4,622,464

SALES	VALUE GBP
Cadence Design Systems	1,669,613
Super Micro Computer	912,701
Microsoft	523,440
Apple	491,420
TOTAL	3,597,174

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