

HERALD INVESTMENT TRUST plc

Interim Management Statement - 3 months to 30 September 2009

Herald's objective is to achieve capital appreciation through investments in smaller quoted companies, in the areas of telecommunications, multi-media 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.

Review of the Period

- Over the period, the Company's net asset value total return was 21.7% compared to a benchmark total return of 24.8%, while the share price total return was 14.4%.
- In the three months to 30 September 2009, the Company made net investments totalling £6.8 million.
- At the end of September 2009, £50 million had been drawn under the £75 million multi-currency facility. The fair value of the liabilities in respect of the related interest rate swap contract at 30 September 2009 was a liability of £7.6 which was based on the marked to market value.

Geographic Analysis of Total Assets

Name	% of total assets at 30/09/09	% of total assets at 30/06/09
UK	60.3	59.2
Americas	23.0	23.3
Asia Pacific	7.4	5.5
Continental Europe	2.9	2.5
Emerging Markets	0.3	0.3
Net Liquid Assets	6.1	9.2
Total	100.0	100.0

Top Ten Equity Holdings

Name	% of total assets at 30/09/09
Imagination Technologies Group	4.5
SDL	3.6
Telecom Plus	2.2
Alterian	1.9
Group NBT	1.8
Phoenix IT Group	1.8
StatPro Group	1.8
Advent Software	1.6
Diploma	1.6
Euromoney Institutional Investor	1.3
Total	22.1

Performance

	%			
Capital	3 Months	1 Year	3 Years	5 Years
Share Price [†]	14.4	19.1	-12.4	1.9
NAV [†]	21.7	21.8	-1.5	10.2
Benchmark*	24.3	18.9	-7.4	26.2
Total Return				
Share Price [†]	14.4	22.1	-9.7	5.2
NAV [†]	21.7	24.0	0.6	12.8
Benchmark*	24.8	21.4	-2.8	37.0

[†] Source: Thomson Financial Datastream

* Source: HSBC. The benchmark was changed on 1 January 2006 from 2/3 Hoare Govett Smaller Companies Index (extended capital gains ex. Investment companies) and 1/3 Russell 2000 (small cap) Technology Index (in sterling terms) to 2/3 Hoare Govett Smaller Companies Index plus AIM (capital gains ex. Investment companies) and 1/3 Russell 2000 (small cap) Technology Index (in sterling terms).

Past performance is not a guide to future performance

General Information

	30/09/09	30/06/09
Equities:		
UK	£211.6m	£172.4m
Overseas	£122.5m	£95.8m
	£334.1m	£268.2m
Government bonds	£21.3m	£21.1m
Corporate bonds	£4.8m	£4.1m
Net liquid assets	£23.2m	£29.8m
Bank loans	(£50.0m)	(£50.0m)
Derivative financial instruments	(£7.6m)	(£5.8m)
Shareholders' funds	£325.8m	£267.4m
Net asset value per ordinary share including current year income	396.9p	325.6p
Net asset value per ordinary share excluding current year income	396.9p	326.2p
Share price	312.0p	272.8p
Discount	21.4%	16.2%
Actual gearing to equity ratio*	104	101
Potential gearing ratio†	118	121
Net (borrowings)/(swap)/cash as a % of shareholders' funds	(10.6%)	(8.9%)

Unless stated otherwise, the above figures have been calculated using the AIC cum income basis (includes current financial year retained income).

* Total assets (including all debt used for investment purposes) less all cash and fixed interest securities (excluding convertibles and corporate bonds) divided by shareholders' funds.

† Total assets (including all debt used for investment purposes) divided by shareholders' funds.

The Company's Net Asset Value is calculated daily and can be viewed on the London Stock Exchange website at www.londonstockexchange.com

The Share Price is published daily in the Financial Times.

The interim management statement is available on the Company's website www.heralduk.com

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