

HERALD INVESTMENT FUND plc
– The Herald Worldwide Technology Fund

CONDENSED INTERIM REPORT &
UNAUDITED FINANCIAL STATEMENTS

for the six months ended 30 June 2017

HERALD INVESTMENT FUND PLC
- The Herald Worldwide Technology Fund

CONDENSED INTERIM REPORT & UNAUDITED FINANCIAL STATEMENTS
for the six months ended 30 June 2017

Organisation	3
Background to the Company	4
Investment Manager's Report	6
Profit and Loss Account	11
Balance Sheet	12
Statement of Changes in Net Assets Attributable to Holders of Redeemable Participating Shares	13
Notes to the Financial Statements	14
Schedule of Investments	20
Schedule of Portfolio Changes	22
Appendix 1 - Securities Financing Transactions Regulation	23

HERALD INVESTMENT FUND PLC
- The Herald Worldwide Technology Fund
ORGANISATION

REGISTERED OFFICE OF THE COMPANY

4th Floor
76 Baggot Street Lower
Dublin 2
D02 EK81
Ireland

INVESTMENT MANAGER

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

**ADMINISTRATION, REGISTRAR
AND TRANSFER AGENT**

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

Registered Office

Georges Court
54-62 Townsend Street
Dublin 2
D02 R156
Ireland

DEPOSITARY

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

INDEPENDENT AUDITORS

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

DIRECTORS OF THE COMPANY

William Backhouse LVO (British)*
Michael Boyce (resigned 2 May 2017) (Irish)*
David Boyle DL (British)
Paul Halley (appointed 2 May 2017) (Irish)*
Fergus Sheridan, Chairman (appointed 2 May 2017) (Irish)*
Adrian Waters (resigned 2 May 2017) (Irish)*

* Independent Directors

SECRETARY

SANNE
4th Floor
76 Baggot Street Lower
Dublin 2
D02 EK81
Ireland

SPONSORING BROKER

Matheson
70 Sir John Rogerson's Quay
Dublin 2
D02 R296
Ireland

LEGAL ADVISERS

In Ireland
Arthur Cox
Earlsfort Centre
Earlsfort Terrace
Dublin 2
D02 CK83
Ireland

In England
MacFarlanes
20 Cursitor Street
London EC4A 1LT
England

HERALD INVESTMENT FUND PLC
- The Herald Worldwide Technology Fund
BACKGROUND TO THE COMPANY

CHANGE OF FUND'S NAME AND DEALING DAY

On 8 August 2017 the Fund changed its name from 'The Herald Worldwide Fund' to 'The Herald Worldwide Technology Fund' and moved to daily dealing. This name change has been reflected in the condensed interim report and unaudited financial statements. This change is to indicate to shareholders and potential shareholders the nature of investments in the Fund. There has been no change to the Fund's remit.

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, and the European Communities (Undertakings for Collective Investment in Transferable Securities) Regulations 2011 ("the UCITS Regulations") and the Central Bank (Supervision and Enforcement) Act 2013 (Section 48(1)) (Undertakings for Collective Investment in Transferable Securities) Regulations 2015 (the "Central Bank UCITS Regulations"). It was incorporated on 12 February 1998 and is listed on the Irish Stock Exchange.

The Company is organised in the form of an umbrella fund with segregated liability. Its Memorandum and Articles of Association and prospectus ("Constitution") provides 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 condensed interim report 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 technology, communications and multi-media sectors which in the view of 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 comprise:

- 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 per redeemable participating share. For Class A shares, an initial charge of up to 3.5% of the net asset value per share may be payable directly to the Investment Manager.

For Class A shares, a repurchase charge of 3% of the repurchase monies is 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.

DEALING

Subscriptions and repurchases of redeemable participating shares may be made on a dealing day. Unless otherwise determined by the Directors, every business day shall be a dealing day (provided that there shall be at least two dealing days per month).

Northern Trust International Fund Administration Services (Ireland) Limited ("the Administrator") determines the net asset value 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.

Applications for redeemable participating shares and purchase orders must be received by the Administrator by 5.00pm (Irish time) on the business day preceding any dealing day. Applications received after 5.00pm (Irish time) will be dealt with on the next succeeding dealing day.

HERALD INVESTMENT FUND PLC
- The Herald Worldwide Technology Fund
BACKGROUND TO THE COMPANY *continued*

DEALING *continued*

Applications should be made to the Administrator:

Northern Trust International Fund Administration Services (Ireland) Limited,
Georges Court,
54-62 Townsend Street,
Dublin 2,
D02 R156
Ireland.
Tel +353 (0)1 542 2000
Fax +353 (0)1 542 2920
www.northerntrust.com

DIVIDENDS

The Fund may declare a distribution in April of each financial year in an amount not less than 85 per cent of the Fund's net income, where sufficient net income is available for distribution. No distribution was declared in April 2017 (April 2016: £Nil).

MINIMUM SUBSCRIPTION

For Class A shares, the minimum initial investment requirement of the Fund is GBP10,000 and each subsequent investment must be a minimum of GBP5,000. For Class B shares, the minimum initial investment is GBP1,000, and there is no minimum for subsequent investments. The directors reserve the right to vary or waive the minimum investment requirements.

INVESTMENT MANAGEMENT

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

NET ASSET VALUE

The net asset value per share of a class shall be calculated by dividing the net asset value 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 net asset value per share is being calculated.

PUBLISHED INFORMATION

Except where the determination of the net asset value has been suspended, the net asset value 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 and shall be notified immediately to the Irish Stock Exchange.

In addition, the net asset value 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 net asset value 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 net asset value.

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 2017

The defined remit for the Fund is to invest globally in information technology, communications and multimedia. The Investment Manager believes this area of the economy offers growth greater than the world economy as a whole and presents attractive investment opportunities. In addition, the Investment Manager offers focused specialist management. 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 £41.85. On the 9th 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 £26.17.

Capital performance* for the six months to 30 June 2017

Herald Worldwide Technology Fund NAV (Class A)	12.8%
Herald Worldwide Technology Fund NAV (Class B)	13.0%

Global*

MSCI World Information Technology	11.1%
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United States*

Russell 1000 (Large Cap) Technology	10.6%
Russell 2000 (Small Cap) Technology	5.3%
S&P 500	2.7%
Russell 2000 Small Cap	-1.0%

United Kingdom*

FTSE Information Technology	7.6%
FTSE Techmark Focus 100	3.7%
FTSE 100	2.4%
FTSE Small Cap	8.6%

Europe*

FTSE Eurotop 300	7.2%
Deutsche Bourse Technology All Share	22.3%
DAX	10.2%
CAC 40	8.2%

Asia Pacific*

KOSDAQ	5.1%
Nikkei 225	3.3%
Hang Seng	10.4%

*All percentage returns are in GBP.

Source: Herald Investment Management Limited, Bloomberg.

Market Summary

US technology companies have led the rally in global equities over the last five years, and this has continued to be the case in the first half of 2017. There was a 5% correction in the last week of June in £ when speculation that world banks would be tightening stimulated profit taking. As a long-term investor in the sector it is exciting that the background seems as strong as any time this century, and unsurprisingly that there has been a July rebound pre the second quarter figures. Overall equity volatility has been low, but supported by more sensible valuations than bonds, and fundamental profits growth. Thus far politics has not interfered with business.

It is pleasing to report that the fund has appreciated by more than the technology indices, as well as the more general major indices in this environment.

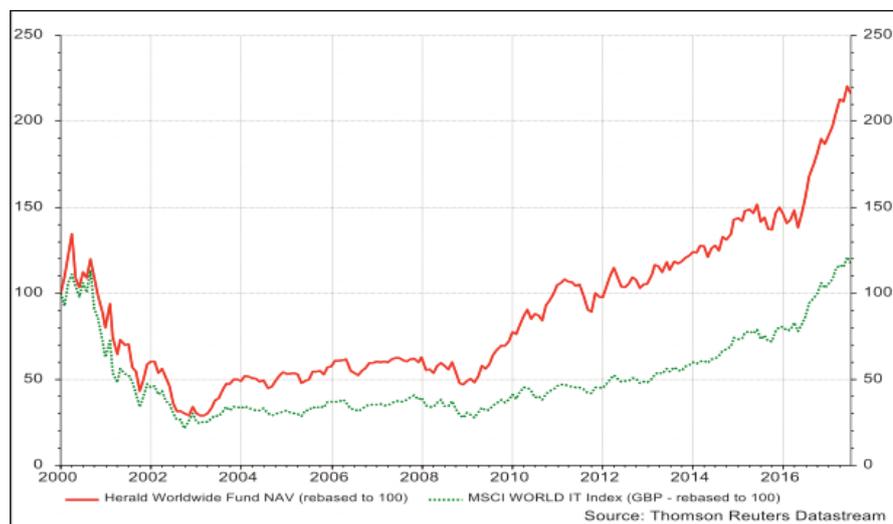
MiFID II has been a big distraction. We have endeavoured to get research pricing for some months, but only got vague and unrealistically expensive mutterings until recently. It is a sector dependent on a mosaic of information from multiple sources. Financial analysis is a starting point only. As fund managers we intend to pay for research from our own resources, which will be painful, but not completely unmanageable. It is helpful for a fund of this size where commissions were never going to excite brokers.

HERALD INVESTMENT FUND PLC
- The Herald Worldwide Technology Fund

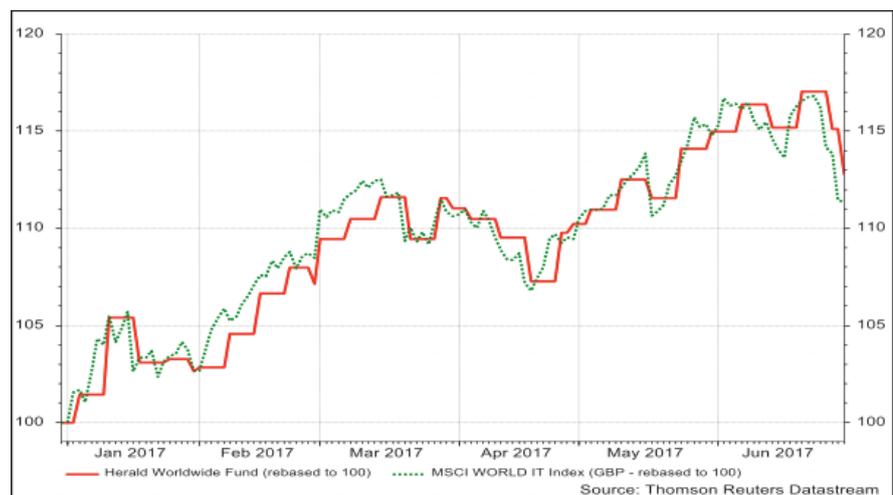
INVESTMENT MANAGER'S REPORT for the six months ended 30 June 2017 *continued*

Market Summary *continued*

The Fund v MSCI World IT 2000-2017



Fund v MSCI World IT 2017



North America

The total return for the US portfolio was 10.8% which is about the same as the Russell 1000 Technology Index. The performance was tarnished by four companies which have been long term holdings. In particular Akamai and F5, were both reduced in December and January and in hindsight should have been sold.

Akamai's content delivery network revenues are reducing as the big six take the task in-house, but their security business continues to grow well. For F5, market leader in application delivery controllers, their market is clearly softer, and reduced in value with software versions in the datacentre. These masked the strong performance in Pegasystems which was up 54%, Arista +46.9% and Atlassian +38.7%. By value Apple and Amazon put in strong performances yet again. Of the big players Facebook remains absent from the portfolio because we cannot come to terms with their valuation, and do not believe that they can continue to grow their share of mobile advertising, albeit the market is still growing.

HERALD INVESTMENT FUND PLC
- The Herald Worldwide Technology Fund

INVESTMENT MANAGER'S REPORT for the six months ended 30 June 2017 *continued*

Market Summary *continued*

Europe

The small European element of the fund appreciated 24.4%. United Internet in particular appreciated 35.5%. The market welcomed the announcement about taking a controlling stake of 73% in Drillisch, a company in which they already had a 31% holding.

UK

Having had a good year in 2016 when the UK portfolio's total return was 46.3% it has appreciated a further 26.9% in the first half. In £ terms IQE appreciated the most (+£370k) across the whole fund, but in % terms Bango did slightly better +152.6%, now that Amazon have gone live as customers as well as Google-Bango process payments through mobile phone billing. It appears that IQE is the market leader in manufacturing compound semiconductor wafers. The market opening up for this is VCSELs (vertical cavity surface emitting lasers). It seems likely IQE are supplying Lumentum and Finisar who are believed to be supplying Apple lasers for 3D sensing in the upcoming i-phone 8. The shares were acquired in 2012 and performed badly in 2013, but we did add stock at lower prices, and the value of the shares has at last been recognised. We have sold the position in Imagination which has been volatile but positive over the long term.

Asia

The total return on the Asian portfolio was 28.6% in 2016, and a further 35.1% in the first half. The core holdings of TSMC and Samsung both continued to do well up 24% and 42% respectively in £. Internet stocks, Tencent, Alibaba and 58.com, appreciated 43%, 63% and 73% respectively.

Sector Background

Valuations are nothing like the bubble territory seen at the turn of the century, which led to excessive investment in capacity and demand as well. The sector had not fully recovered when the financial crisis hit. Although the sector outperformed it constrained demand somewhat. Mobile phones and smart phones were the exciting markets in the first decade of the century, but now demand is much more broadly based. Capacity shortages and delivery by allocation is reminiscent of periods in the 1980s and 1990s. PC demand remains lack lustre but the mobile phone market has high expectations for iPhone's new product due in the Autumn, expecting a major upgrade for its tenth anniversary. Social media and mobile advertising continue to have momentum. Datacentre growth reflects a fundamental return to centralised computing, which has been enabled by improved network speeds. The first generation of computing was led by IBM mainframes, but the disruption of the 1980s was the launch of the personal computer and therefore distributed computing. The benefits of centralised computing are obvious in terms of outsourcing IT resources to specialists. It is causing a dynamic phase in the supply chain as the big three Amazon Web Services, Microsoft and Google demand higher performance and lower prices, which in turn is stimulating a myriad of applications. In addition new buzz words are emerging such as artificial intelligence and robotics. Higher processing and networking speeds as well as reduced storage costs are opening up commercial applications hitherto unviable. Meanwhile the automotive industry is in a disruptive mode thanks to technology. Batteries are still a limiting factor. The most exciting development at a macro level is the low cost of solar and wind power, and other alternative energy methods. The stumbling block here is a cost effective scalable method of storing energy to cope with the volatility of supply. It does have positive ramifications for global growth. On the other hand social media has negative social and political ramifications. It will be interesting to see how politicians will cope with this. Nevertheless security is an ongoing growth market.

The new issue market has opened up a little with Snap, the most high profile IPO, now trading below the \$17 IPO price. The performance of Snap will not help narrow the expectation gap between private valuations, which seem high, and the valuations which the public markets will support at IPO.

The area that does seem to be in bubble territory is salaries in San Francisco and Silicon Valley. In particular the market has been hot for internet salesmen, as well as developers. When the VC boom was in full flight companies offered share inducements to recruit and retain staff, making them more attractive than established quoted companies. Quoted companies responded by offering RSUs (restricted stock units), which are free shares with duration normally the only restriction. There are signs that the VC market peaked in California in Q4 2015 when "Unicorns" were the discussion. Since then companies regularly discuss expanding in areas other than California, and London has been an important destination. Apple, Alphabet and Amazon have all announced significant investments in new offices. They are not just sales, but have built serious development resources. At the time of writing there are 549 open positions at Amazon in London, 69 at Google and 76 at Apple. The US companies are also building a presence in Cambridge to find talent.

HERALD INVESTMENT FUND PLC
- The Herald Worldwide Technology Fund

INVESTMENT MANAGER'S REPORT for the six months ended 30 June 2017 *continued*

Sector Background *continued*

There are therefore signs that the market is sorting itself out, but valuations can be misleading when the focus is on “adjusted earnings per share” which excludes share based payments, and the market is not efficient about devaluing companies who issue 5% more in share based payments each year. Facebook seem to pay particularly large salaries, while Apple is recruiting from suppliers.

In the semiconductor sector there have been major shortages in DRAM (dynamic random-access memory), with prices doubling, which has helped Micron and Samsung. DRAMs are like pig farming, always feast or famine. However, ASICs (application-specific integrated circuit) have also been in short supply. This has the danger of leading to people over-ordering.

Daily there are news items on security breaches. The ransomware that knocked the NHS and others will have stimulated action across the board. It was even more surprising to see Reckitts lose over £100m sales when their internal systems were locked down. It is evident that the Russians are master hackers, and the news from the US suggests the Russians are motivated to use their IT skills politically. All these factors will drive security expenditure.

Outlook

It would be wholesome to have a period of consolidation to let companies grow into higher valuations. Experience says markets move further than you expect in both directions in which case the current run could continue. There is a pipeline of potential IPOs. The City I joined had large technology companies with heavy internal R&D budgets, who effectively had internal VC operations. Increasingly companies are motivated to maximise profits and are happy to let start-ups innovate, and then buy them when established to roll-out with powerful sales resources, so they are paying through goodwill rather than expensing through the profit and loss. Refreshingly Amazon, Alphabet and Apple have not gone down this path. They are successful enough to have vast budgets, and will be increasingly disruptive, both within the technology sector, and the wider market. Amazon looks set to disrupt not just retailers, but food-retailers and the TV and cable companies. Apple and Google are clearly working on cars. Will they exercise their disruption in that market?

Summary

Whilst valuations are not quite as compelling as they were, there is an array of highly profitable cash generative disruptors which should be in every portfolio.

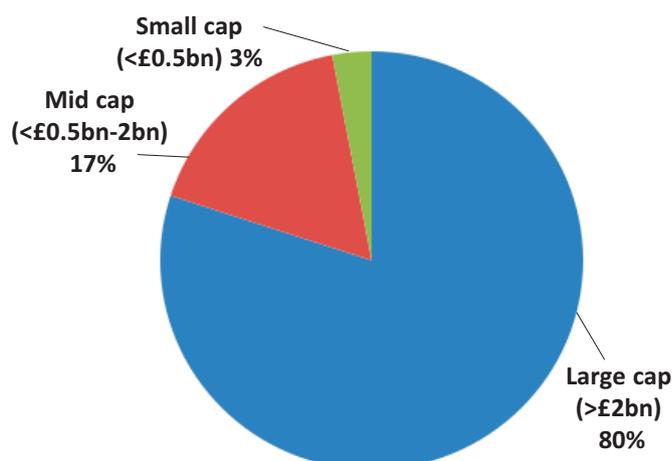
HERALD INVESTMENT FUND PLC
- The Herald Worldwide Technology Fund

INVESTMENT MANAGER'S REPORT for the six months ended 30 June 2017 *continued*

Sector Breakdown

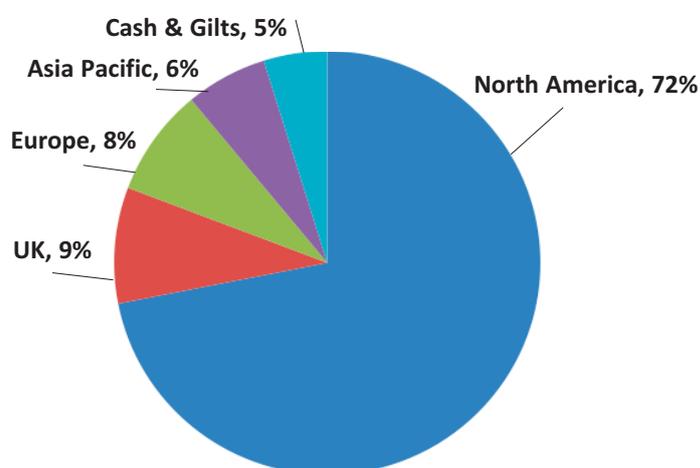
BREAKDOWN BY MARKET CAP

	30/06/2017	31/12/2016
Large cap (>£2bn)	80%	83%
Mid cap (£0.5bn - 2bn)	17%	14%
Small cap (<£0.5bn)	3%	3%
	100%	100%



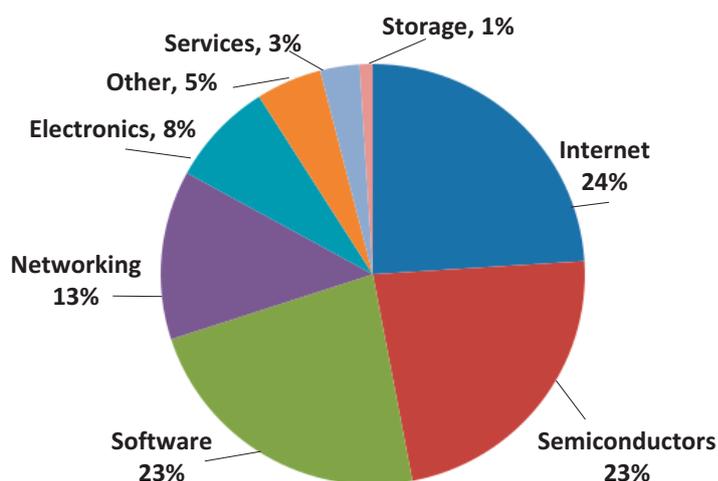
GEOGRAPHIC BREAKDOWN

	30/06/2017	31/12/2016
North America	72%	73%
UK	9%	9%
Europe	8%	5%
Asia Pacific	6%	7%
Cash & Gilts	5%	6%
	100%	100%



SECTOR BREAKDOWN

	30/06/2017	31/12/2016
Internet	24%	22%
Semiconductors	23%	28%
Software	23%	19%
Networking	13%	14%
Electronics	8%	7%
Other	5%	5%
Services	3%	4%
Storage	1%	1%
	100%	100%



HERALD INVESTMENT FUND PLC
- The Herald Worldwide Technology Fund
PROFIT AND LOSS ACCOUNT for the six months ended 30 June 2017

	Note	Six months ended 30 June 2017 GBP	Six months ended 30 June 2016 GBP
Income			
Operating income	6	132,567	107,814
Net gains on financial assets and liabilities at fair value through profit or loss	7	3,224,347	1,172,972
Total investment income		<u>3,356,914</u>	<u>1,280,786</u>
Operating expenses	8	(279,247)	(167,974)
Expense reimbursement from investment manager	10	6,442	14,974
Profit for the year before tax		<u>3,084,109</u>	<u>1,127,786</u>
Non-reclaimable withholding tax		(34,207)	(27,824)
Increase in net assets attributable to holders of redeemable participating shares from operations		<u><u>3,049,902</u></u>	<u><u>1,099,962</u></u>

There are no recognised gains or losses arising in the 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 Condensed Interim Report and Unaudited Financial Statements.

HERALD INVESTMENT FUND PLC
- The Herald Worldwide Technology Fund
BALANCE SHEET as at 30 June 2017

	Note	As at 30 June 2017 GBP	As at 31 December 2016 GBP
ASSETS			
Cash and bank balances	9	1,402,381	1,839,179
Debtors		26,760	22,490
Financial assets at fair value through profit or loss		25,335,893	22,421,412
TOTAL ASSETS		<u>26,765,034</u>	<u>24,283,081</u>
LIABILITIES			
Creditors - amounts falling due within one year		(144,799)	(448,819)
Net assets attributable to holders of redeemable participating shares	3	<u>26,620,235</u>	<u>23,834,262</u>

The accompanying notes form an integral part of the Condensed Interim Report and 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 2017

	Six months ended 30 June 2017 GBP	Six months ended 30 June 2016 GBP
Net assets attributable to holders of redeemable participating shares at beginning of period	23,834,262	19,494,096
Increase in net assets attributable to holders of redeemable participating shares resulting from operations	3,049,902	1,099,962
Amounts received on issue of redeemable participating shares	215,688	673,413
Amounts paid on redemption of redeemable participating shares	(479,617)	(2,087,762)
Decrease in net assets resulting from share transactions	(263,929)	(1,414,349)
Net increase/(decrease) in shareholders' funds	2,785,973	(314,387)
Net assets attributable to holders of redeemable participating shares at end of period	26,620,235	19,179,709

The opening net assets attributable to holders of redeemable participating shares for 2017 differs to the closing position in 2016 by the change in net assets attributable to holders of redeemable shares for the second half of the comparative financial year.

The accompanying notes form an integral part of the Condensed Interim Report and Unaudited Financial Statements.

HERALD INVESTMENT FUND PLC
- The Herald Worldwide Technology Fund

NOTES TO THE FINANCIAL STATEMENTS for the six months ended 30 June 2017

1. Significant Accounting Policies

Basis of preparation

These condensed interim financial statements have been prepared in accordance with FRS 102: Interim Financial Reporting (FRS 104), the Companies Act 2014 and the European Communities (Undertakings for Collective Investment in Transferable Securities) Regulations, 2011.

The condensed interim financial statements should be read in conjunction with the annual financial statements for the year ended 31 December 2016, which have been prepared in accordance with accounting standards generally accepted in Ireland (accounting standards generally accepted in Ireland are issued by the Financial Reporting Council and promulgated by the Institute of Chartered Accountants in Ireland).

The format and certain wording of the financial statements have been adapted from that contained in the Companies Act 2014 so that, in the opinion of the Directors, it more appropriately reflects the nature of Herald Investment Fund Plc's ("the Company") business as an investment company.

The Herald Worldwide Technology Fund ("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 2016.

2. Fair Value Information

FRS 102 requires the Company to classify financial instruments measured at fair value into the following hierarchy:

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities.

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

30 June 2017	Level 1 GBP	Level 2 GBP	Level 3 GBP	Total GBP
Assets				
Financial assets designated at fair value through profit or loss at inception				
Equity securities	24,090,893	-	-	24,090,893
Exchange traded investment funds	1,245,000	-	-	1,245,000
Total Assets	<u>25,335,893</u>	<u>-</u>	<u>-</u>	<u>25,335,893</u>

31 December 2016	Level 1 GBP	Level 2 GBP	Level 3 GBP	Total GBP
Assets				
Financial assets designated at fair value through profit or loss at inception				
Equity securities	21,318,287	-	-	21,318,287
Exchange traded investment funds	1,103,125	-	-	1,103,125
Total Assets	<u>22,421,412</u>	<u>-</u>	<u>-</u>	<u>22,421,412</u>

HERALD INVESTMENT FUND PLC
- The Herald Worldwide Technology Fund

NOTES TO THE FINANCIAL STATEMENTS for the six months ended 30 June 2017 *continued*

3. Net Asset Value

	As at 30 June 2017 GBP	As at 31 December 2016 GBP	As at 31 December 2015 GBP
Net Asset Value Class A share	23,416,674	20,745,782	17,541,444
Net Asset Value Class B share	3,203,561	3,088,480	1,952,652
Net Asset Value per Class A share	41.85	37.11	28.32
Net Asset Value per Class B share	26.17	23.16	17.35

4. Share capital

The share capital of the Company shall at all times equal the net asset value. 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 2017, the Company has issued 7 subscriber shares (31 December 2016: 7). The holders of these shares are not entitled to dividends or any surplus of assets over liabilities upon the winding-up of the Company. They are thus described in the Financial Statements by way of this note only.

Shares in Issue

	Six months ended 30 June 2017	Six months ended 30 June 2016
Number of Class A Shares issued and fully paid		
Balance at beginning of period*	558,985	619,445
Issued during period	5,334	7,106
Redeemed during period	(4,776)	(71,900)
	<hr/>	<hr/>
Total number of Class A Shares in issue at end of period	559,543	554,651
	<hr/> <hr/>	<hr/> <hr/>
	Six months ended 30 June 2017	Six months ended 30 June 2016
Number of Class B Shares issued and fully paid		
Balance at beginning of period*	133,330	112,522
Issued during period	-	29,785
Redeemed during period	(10,937)	(9,526)
	<hr/>	<hr/>
Total number of Class B Shares in issue at end of period	122,393	132,781
	<hr/> <hr/>	<hr/> <hr/>

* The opening shares for 2017 differs to the closing position in 2016 by the number of issued and redeemed shares in the second half of the comparative financial year. As at 30 June 2017, one shareholder held 42.20% of the issued share capital of the Company (31 December 2016: 41.57%).

5. 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.

HERALD INVESTMENT FUND PLC
- The Herald Worldwide Technology Fund

NOTES TO THE FINANCIAL STATEMENTS for the six months ended 30 June 2017 *continued*

5. Related Party Transactions *continued*

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 8.

Herald Investment Management Limited and HIML Holdings Limited both hold investments in Herald Investment Fund plc. At 30 June 2017, the number of shares held by Herald Investment Management Limited was 45,751 (31 December 2016: 49,322) and the number of shares held by HIML Holdings Limited was 42,208 (31 December 2016: 42,208).

Directors' Interests in Shares and Contracts

	30 June 2017	31 December 2016
	Class A Shares	Class A Shares
William Backhouse and connected persons	12,597	12,597
David Boyle and connected persons	12,182	12,182

None of the Directors other than those listed above 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.

The Company invests in another fund which has the same Investment Manager, the Herald Investment Trust plc. At 30 June 2017 the number of shares held was 125,000 and the fair value of this investment was GBP1,245,000 (31 December 2016 the number of shares held was 125,000 and the fair value of this investment was GBP1,103,125).

Directors' Fees

The total Directors' fees are disclosed in Note 8. David Boyle has agreed to waive his fees.

6. Operating income

	Six months ended	Six months ended
	30 June 2017	30 June 2016
	GBP	GBP
Interest income	99	-
Dividend income	132,468	107,814
	<u>132,567</u>	<u>107,814</u>

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

	Six months ended	Six months ended
	30 June 2017	30 June 2016
	GBP	GBP
Realised gains on sale of investments	549,790	665,056
Net currency (losses)/gains	(3,860)	1,962
Net change in unrealised appreciation on investments	2,678,417	505,954
	<u>3,224,347</u>	<u>1,172,972</u>

HERALD INVESTMENT FUND PLC
- The Herald Worldwide Technology Fund

NOTES TO THE FINANCIAL STATEMENTS for the six months ended 30 June 2017 *continued*

8. Operating Expenses

	Six months ended	Six months ended
	30 June 2017	30 June 2016
	GBP	GBP
Administration fees	50,860	50,721
Auditors' fees	10,398	8,328
Custody fees	2,033	1,118
Depository fees	2,232	892
Directors' fees	14,625	13,558
Investment Management fees	105,445	72,872
Performance fees	63,949	-
Other expenses	29,705	20,485
	279,247	167,974
	279,247	167,974

9. Cash and Bank Balances

	As at	As at
	30 June 2017	31 December 2016
	GBP	GBP
Northern Trust Company, London Branch	1,402,381	1,839,179
	1,402,381	1,839,179
	1,402,381	1,839,179

10. Fees

Investment Management

The Investment Manager receives an investment management fee (expressed as a percentage of the Fund's net asset value attributable to the relevant Class) of 0.75 per cent for Class A Shares and 1.25 per cent for Class B Shares. The investment management fee is paid monthly in arrears and accrues on each dealing day. Other classes may be established within a Fund which may be subject to different fee structures. Fees of GBP 18,261 were payable at 30 June 2017 (31 December 2016: GBP 31,146).

The Investment Manager has voluntarily undertaken to limit the aggregate annual ordinary expenses of each class of the Fund to be no more than 1.70% for the financial period end 30 June 2017. The expense reimbursement at 30 June 2017 is GBP 6,442 (30 June 2016: GBP 14,974).

Performance Fee

In addition, the Investment Manager is paid a performance fee annually in respect of each accounting period of the Fund at a rate of 10% per annum of the amount, if any, by which the NAV of the Class A Shares, excluding performance fees at the end of the accounting period, exceeds the target net asset value (110% of the previous highest NAV adjusted to take account of new subscriptions, repurchases or distributions) of the Fund over the relevant period. The opening NAV per Class A share this financial year was GBP37.11 and the closing GBP41.85. To date the previous highest NAV per Class A share at a financial year end was reached on 31 December 2016 when the NAV was GBP37.11 per Share. Therefore, a performance fee on the Class A Shares of GBP 63,949 (30 June 2016: GBP Nil) was accrued for the period end 30 June 2017. There is no performance fee charged on the Class B Shares.

Administration Fee

The Administrator receives a fee of up to 0.12 per cent per annum on the first GBP25 million of the Net Asset Value of the Fund, 0.10 per cent per annum on the next GBP25 million and 0.08 per cent per annum on that portion of the net asset value of the Fund which exceeds GBP50 million, subject to a minimum fee of GBP8,000 per month per fund with a single Share Class plus GBP500 per additional share class per month (plus value added tax, if any, thereon).

The Administrator's fee is paid monthly in arrears and accrues on each dealing day based on the net asset value of the Fund on each dealing day. The Administrator is reimbursed any reasonable out-of-pocket expenses incurred. Fees of GBP8,383 were payable at 30 June 2017 (31 December 2016 GBP8,361).

HERALD INVESTMENT FUND PLC
- The Herald Worldwide Technology Fund

NOTES TO THE FINANCIAL STATEMENTS for the six months ended 30 June 2017 *continued*

10. Fees *continued*

Depository Fee

The Depository is entitled to receive a depository fee out of the assets of each Fund, accrued daily and payable monthly in arrears of 0.0175 per cent per annum of the Net Asset Value of the Fund. In addition, the Depository is paid out of the assets of each Fund safekeeping fees, accrued daily and payable monthly in arrears, and is reimbursed all sub-custodial and transactional fees and expenses which are charged at normal commercial rates, and is reimbursed any reasonable out of pocket expenses. Depository Fees of GBP392 were payable at 30 June 2017 (31 December 2016: GBP332).

Transaction Costs

Transaction costs of the Fund were GBP23,414 for period ended 30 June 2017 (30 June 2016: GBP10,126) and are included in net gains on financial assets and liabilities at fair value through profit or loss.

11. 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 2017	As at 31 December 2016	As at 31 December 2015
Euro	1.3888	1.1715	1.3568
Korean Won	1,486.1935	1,492.4180	1,728.2214
Taiwan Dollars	39.5140	39.8238	48.4132
US Dollar	1.2989	1.2356	1.4739

12. 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, any encashment, redemption, cancellation or transfer of shares and the holding of shares at the end of each eight year period beginning with the acquisition of such shares.

No Irish tax will arise on the Company in respect of chargeable events in respect of:

- (a) 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 or the Company has been authorised by the Irish Revenue to make gross payments in the absence of appropriate declarations; and
- (b) certain exempted Irish tax resident shareholders who have provided the Company with the necessary signed statutory 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.

13. Transactions with connected parties

Any transactions carried out with a Company by a management company or depository to the Company, the delegates or sub-delegates of the management company or depository, and any associated company of such a management company, depository, 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 41(1) of the Central Bank UCITS Regulations are applied to all transactions with connected persons, and are satisfied that transactions with connected persons entered into during the financial year complied with the obligations set out in Regulation 41(1) of the Central Bank UCITS Regulations.

HERALD INVESTMENT FUND PLC
- The Herald Worldwide Technology Fund

NOTES TO THE FINANCIAL STATEMENTS for the six months ended 30 June 2017 *continued*

14. Soft Commission Arrangements

There were no soft commission arrangements affecting the Company during the period.

15. Distributions

There were no distributions declared during the period ended 30 June 2017 (30 June 2016: Nil).

16. Significant events during the period

Michael Boyce and Adrian Waters resigned as Independent Directors of the Company with effect 2 May 2017.

Paul Halley and Fergus Sheridan were appointed as Independent Directors of the Company with effect 2 May 2017.

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 2017.

17. Events after the Balance Sheet Date

A number of changes took effect to the Company on 8th August 2017. Its name changed to The Herald Worldwide Technology Fund and it moved to daily dealing. There were also changes to the Investment Manager's, Depository's and Administrator's fees. For further details see <http://www.ise.ie/app/announcementDetails.aspx?ID=13324358>

There were no other 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 2017.

18. Approval of Financial Statements

The Financial Statements were approved by the board on 22 August 2017.

HERALD INVESTMENT FUND PLC
- The Herald Worldwide Technology Fund
SCHEDULE OF INVESTMENTS as at 30 June 2017

NOMINAL SECURITY NAME	VALUE GBP	FUND%
EXCHANGE TRADED INVESTMENT FUNDS: 4.68% (2016: 4.63%)		
UNITED KINGDOM - 4.68% (2016: 4.63%)		
<i>INVESTMENT FUNDS - 4.68% (2016: 4.63%)</i>		
125,000 Herald Investment Trust PLC NPV	1,245,000	4.68
UNITED KINGDOM - TOTAL	1,245,000	4.68
EXCHANGE TRADED INVESTMENT FUNDS - TOTAL	1,245,000	4.68
EQUITIES: 90.50% (2016: 89.44%)		
GERMANY - 6.19% (2016: 5.63%)		
<i>INTERNET - 3.17% (2016: 2.66%)</i>		
20,000 United Internet AG Com NPV	845,479	3.17
<i>SOFTWARE - 3.02% (2016: 2.97%)</i>		
10,000 SAP AG Class A Com NPV	802,982	3.02
GERMANY - TOTAL	1,648,461	6.19
HONG KONG - 1.51% (2016: 1.21%)		
<i>INTERNET - 1.51% (2016: 1.21%)</i>		
14,600 Tencent Holdings Com HKD0.00002	401,997	1.51
HONG KONG - TOTAL	401,997	1.51
REPUBLIC OF SOUTH KOREA - 2.22% (2016: 1.87%)		
<i>SEMICONDUCTORS - 2.22% (2016: 1.87%)</i>		
370 Samsung Electronics Co Com KRW5000.00	591,774	2.22
REPUBLIC OF SOUTH KOREA - TOTAL	591,774	2.22
TAIWAN - 1.92% (2016: 1.85%)		
<i>SEMICONDUCTORS - 1.92% (2016: 1.85%)</i>		
19,000 Taiwan Semiconductor Manufacturing Co ADR NPV	511,367	1.92
TAIWAN - TOTAL	511,367	1.92
UNITED KINGDOM - 4.18% (2016: 4.27%)		
<i>SEMICONDUCTORS - 1.83% (2016: 3.20%)</i>		
578,767 IQE PLC Com GBP0.01	486,164	1.83
<i>SOFTWARE - 1.18% (2016: 0.00%)</i>		
265,000 StatPro Group	314,025	1.18
<i>TELECOMMUNICATIONS - 1.17% (2016: 1.07%)</i>		
100,000 Bango PLC Com GBP0.20	170,500	0.64
150,000 Frontier Smart Technologies Group COM GBP0.10	142,500	0.53
UNITED KINGDOM - TOTAL	1,113,189	4.18
UNITED STATES - 74.48% (2016: 74.61%)		
<i>COMPUTERS - 16.19% (2016: 15.33%)</i>		
17,635 Apple Inc Com USD0.00001	1,955,266	7.35
25,000 Cadence Design Systems Inc Com USD0.01	644,559	2.42
14,750 Check Point Software Technologies Com USD0.01	1,238,639	4.65
4,112 Leidos Holdings Inc Com USD0.0001	163,632	0.62
4,500 Western Digital Corp Com USD0.01	306,940	1.15

HERALD INVESTMENT FUND PLC
- The Herald Worldwide Technology Fund
SCHEDULE OF INVESTMENTS as at 30 June 2017 *continued*

NOMINAL	SECURITY NAME	VALUE GBP	FUND%
EQUITIES: 90.50% (2016: 89.44%) <i>continued</i>			
UNITED STATES - 74.48% (2016: 74.61%) <i>continued</i>			
<i>INTERNET - 19.62% (2016: 17.16%)</i>			
8,000	58.com Inc ADR USD 0.00001	271,665	1.02
3,800	Alibaba Group Holding ADR USD0.000025	412,194	1.55
2,350	Alphabet Inc Class A Com USD0.001	1,681,934	6.32
2,000	Amazon.com Inc Com USD0.01	1,490,435	5.60
6,000	Criteo SA ADR EUR0.025	226,568	0.85
25,000	Mimecast	515,416	1.94
4,000	F5 Networks Inc Com NPV	391,270	1.47
10,000	Yelp Inc Com USD0.000001	231,110	0.87
<i>SEMICONDUCTORS - 14.90% (2016: 18.30%)</i>			
38,000	Intel Corp Com USD0.001	987,043	3.71
11,500	Mellanox Technologies Com ILS0.02	383,348	1.44
25,000	Micron Technology Inc Com USD0.01	574,695	2.16
10,200	Qualcomm Inc Com USD0.0001	433,615	1.63
28,000	Teradyne Inc Com USD0.13	647,323	2.43
19,000	Xilinx Inc Com USD0.01	940,821	3.53
<i>SOFTWARE - 20.63% (2016: 21.44%)</i>			
34,000	Acxiom Corp Com USD0.10	680,026	2.55
15,200	Akamai Technologies Inc Com USD0.01	582,865	2.19
15,000	Atlassian Corp PLC Class A Com USD0.10	406,251	1.53
50,000	Hortonworks	495,785	1.86
30,600	Microsoft Corp Com USD0.00000625	1,623,818	6.10
11,200	Pegasystems Inc Com USD0.01	503,114	1.89
56,000	Radware Com ILS0.05	756,180	2.84
15,000	SS&C Technologies Holdings Inc Com USD0.01	443,550	1.67
<i>TELECOMMUNICATIONS - 3.14% (2016: 2.38%)</i>			
7,250	Arista Networks Inc Com USD0.0001	836,043	3.14
UNITED STATES - TOTAL		19,824,105	74.48
EQUITIES - TOTAL		24,090,893	90.50
TOTAL VALUE OF INVESTMENTS		25,335,893	95.18
CASH		1,402,381	5.27
OTHER NET LIABILITIES		(118,039)	(0.45)
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE PARTICIPATING SHARES AT LAST TRADED PRICES		<u>26,620,235</u>	<u>100.00</u>
Analysis of Portfolio			% of Total Assets*
Transferable securities admitted to an official stock exchange listing or traded on a regulated market.			94.66
Other net assets			5.34
			<u>100.00</u>

*Calculation based on the total assets of the Fund (excluding liabilities). This summary is a UCITS requirement. Percentages in brackets represent the prior year comparative amounts.

HERALD INVESTMENT FUND PLC
- The Herald Worldwide Technology Fund
SCHEDULE OF PORTFOLIO CHANGES as at 30 June 2017

PURCHASES*		VALUE GBP
9,600	Microsoft Corp Com USD0.00000625	499,926
730	Alphabet Inc Class A Com USD0.001	498,940
25,000	Mimecast	431,706
50,000	Hortonworks	409,385
265,000	StatPro Group	338,234

SALES*		VALUE GBP
3,000	Ultimate Software Group Inc Com USD0.01	473,375
3,500	F5 Networks Inc Com NPV	406,420
5,900	Citrix Systems Inc Com USD0.001	392,064
651,233	IQE PLC Com GBP0.01	352,345
8,000	Silicon Motion Technology Corp ADR USD0.01	311,320
100,000	Bango PLC Com GBP0.20	152,804
6,000	Micron Technology Inc Com USD0.01	129,539
117,322	Imagination Technologies Group	128,593
1,013	LogMeIn	77,358
10,000	Nimble Storage Inc Com USD0.001	68,638

* The above purchases and sales represents the total trading for the period.

HERALD INVESTMENT FUND PLC
- The Herald Worldwide Technology Fund
APPENDIX 1 - SECURITIES FINANCING TRANSACTIONS REGULATION

Appendix 1 - Securities Financing Transactions Regulation (SFTR)

The Securities Financing Transactions Regulation requires Herald Worldwide Technology Fund Plc (“the Company”) of a UCITS Fund to comply with a series of obligations. In particular, the Company is required to provide investors with information on the use of securities financial transactions (“SFTs”) and total return swaps (“TRSs”) by the Herald Worldwide Technology Fund in all interim and annual report published from 13 January 2017.

During the period 31 December 2016 to 30 June 2017, the Trust did not enter into SFTRs and TRSs. Should this change in the future, the interim and annual reports for the Trust will disclose all required information of the use of SFTs and TRSs.