

HERALD INVESTMENT FUND plc
– The Herald Worldwide Fund

INTERIM REPORT &
UNAUDITED FINANCIAL STATEMENTS

for the six months ended 30 June 2015

HERALD INVESTMENT FUND PLC
- The Herald Worldwide Fund

INTERIM REPORT for the six months ended 30 June 2015

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HERALD INVESTMENT FUND PLC

- The Herald Worldwide Fund

ORGANISATION

REGISTERED OFFICE OF THE COMPANY

Chartered Corporate Services
Taney Hall
Eglinton Terrace
Dundrum
Dublin 14
Ireland

INVESTMENT MANAGER

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

ADMINISTRATOR, REGISTRAR AND TRANSFER AGENT

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

Registered Office

Georges Court
54-62 Townsend Street
Dublin 2
Ireland

CUSTODIAN

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

INDEPENDENT AUDITORS

PricewaterhouseCoopers
One Spencer Dock
North Wall Quay
Dublin 1
Ireland

DIRECTORS OF THE COMPANY

William Backhouse LVO (British) *
Michael Boyce (Irish) *
David Boyle DL (British)
Adrian Waters, Chairman (Irish) *

* Independent Directors

SECRETARY

Chartered Corporate Services
Taney Hall
Eglinton Terrace
Dundrum
Dublin 14
Ireland

SPONSORING BROKER

Matheson
70 Sir John Rogerson's Quay
Dublin 2
Ireland

LEGAL ADVISERS

In Ireland

Arthur Cox
Earlsfort Centre
Earlsfort Terrace
Dublin 2
Ireland

In England

MacFarlanes
20 Cursitor Street
London EC4A 1LT
England

Registered No: 280256

HERALD INVESTMENT FUND PLC
- The Herald Worldwide 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, and the European Communities (Undertakings for Collective Investment in Transferable Securities) Regulations, 2011 (the “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. The Articles of Association provide that the Company may offer separate classes of shares, each representing interests in a fund comprising a distinct portfolio of investments. The Company has obtained the approval of the Central Bank of Ireland for the establishment of the Herald Worldwide 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, ARIN’s, depository receipts and shares of investment companies held in accordance with the Fund’s investment objective and policies;
- 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. An initial charge of up to 3.5% of the net asset value per share may be payable directly to the Investment Manager.

A repurchase charge of 3% of the repurchase monies will 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.

DEALING

Subscriptions and repurchases of redeemable participating shares may be made on a dealing day. Unless otherwise determined by the Directors, every Thursday which is a business day, or the next succeeding business day if the foregoing is not a business day, shall be a dealing day.

The Administrator shall determine the net asset value per redeemable participating share of the Fund on each dealing day in accordance with the Articles 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.

Applications should be made to the Administrator:

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

HERALD INVESTMENT FUND PLC
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BACKGROUND TO THE COMPANY *continued*

DIVIDENDS

The Fund may declare a distribution in April of each 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 2015.

MINIMUM SUBSCRIPTION

The minimum initial investment requirement of the Fund is GBP10,000 and each subsequent investment must be a minimum of GBP5,000.

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

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INVESTMENT MANAGER'S REPORT for the six months ended 30 June 2015

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 £27.38. 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 £16.78.

Capital performance* for the six months to 30 June 2015

Herald Worldwide Fund NAV (Class A)	-1.40%
Herald Worldwide Fund NAV (Class B)	-1.50%

Global

MSCI World Information Technology	-0.07%
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United States

Russell 1000 (Large Cap) Technology	-0.90%
Russell 2000 (Small Cap) Technology	6.00%
S&P 500	-0.71%
Russell 2000 Small Cap	3.14%

United Kingdom

FTSE Information Technology	10.10%
FTSE Techmark Focus 100	7.30%
FTSE 100	-0.70%
FTSE Small Cap	7.10%

Europe

FTSEurofirst 300	0.78%
Deutsche Bourse Technology All Share	6.09%
DAX	1.31%
CAC 40	2.39%

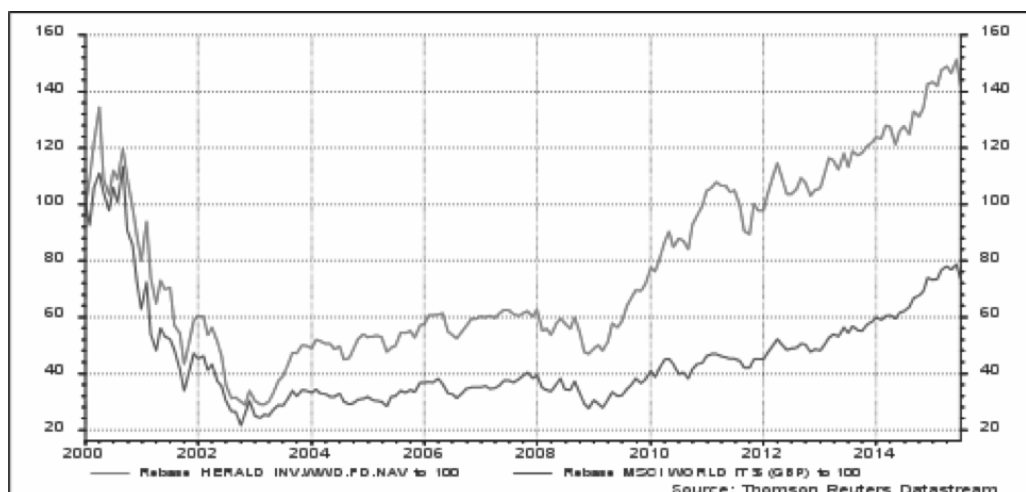
Asia Pacific

KOSDAQ	32.70%
Nikkei 225	12.23%
Hang Seng	10.21%

* All returns are GBP adjusted.

Source: Herald Investment Management Limited, Bloomberg.

Fund v MSCI World IT 2000-2015

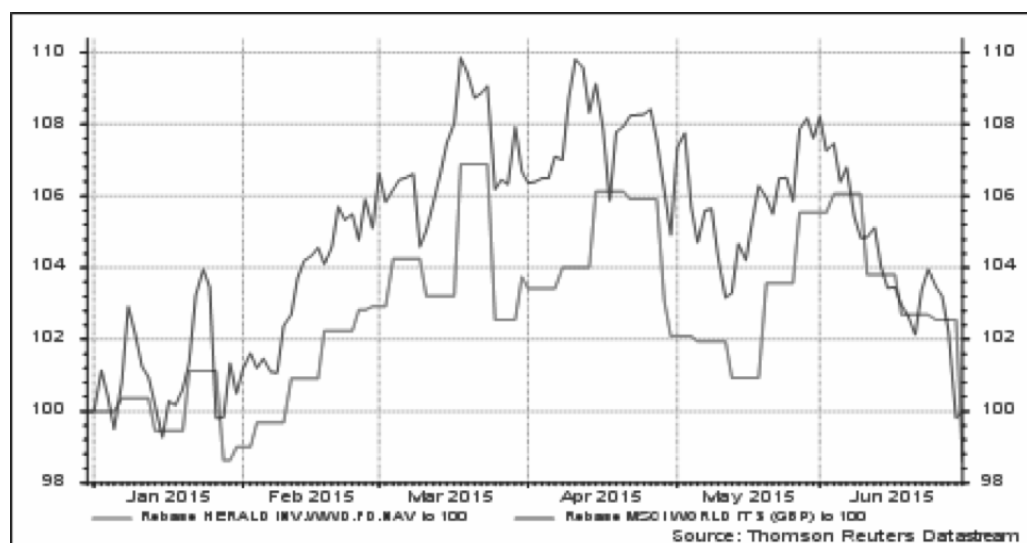


HERALD INVESTMENT FUND PLC

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INVESTMENT MANAGER'S REPORT for the six months ended 30 June 2015 *continued*

Fund v MSCI World IT 2015 YTD



Market Summary

The period has seen general underlying progress but the main headwind has been the weakness in PC volumes, and a very competitive mobile phone market. This has led to a marginal decline in return for the fund in the first half. A lacklustre year for PC volumes was expected because the market was boosted last year by Microsoft discontinuing support for Windows XP, but the Q2 decline is twice earlier expectations, with Apple alone defying gravity. The mobile phone market has seen volume growth, Apple outperforming, but significant competition and market share shifts, and anecdotal evidence of a Q3 inventory overhang. This combined with the bursting of a speculative bubble has seen a severe correction in the Asian manufacturing supply chain. Meanwhile the data centre continues to be an area of strong growth, as is social media. However the commercial driver of the latter is digital advertising, which has been something of a "wild west" in terms of business practices. In a more literal sense remuneration in the "wild west" that is the internet sector in Northern California has seen an alarming trend for shareholders, in that a material proportion of the capital base is being awarded to employees through "RSUs" i.e. restricted stock units, which materially understates the costs in terms of cash flow, and makes valuation comparisons challenging.

Another notable trend of the first half has been the continued explosion of private equity. Allegedly there have been more than 100 private venture funding rounds for sums in excess of \$100m including 62 in Q2 2015 alone (source: CB Insights/KPMG), and more than 100 private companies have raised money with a valuation in excess of \$1bn, and 24 reached this milestone in Q2. In contrast the funds raised through IPOs has been less than a tenth. The question is "Has there been a structural change, with regulation and modern communications leading to the disintermediation of the stock markets, or is it a cyclical bubble in private equity?". It is difficult to be sure of the answer, but companies have generally inelastic balance sheets whereas private equity funds generally have a term. How are these people going to get exits? When interest rates start rising will this adversely affect private equity, or will there be increased fund flows to quoted equities and away from bonds? However hedge funds, mutual funds and sovereign funds have all joined in the private equity boom so maybe there is a structural shift. We do not aspire to the role of providing fully valued exits.

The third major trend has been an acceleration in the pace of takeovers by both private equity and companies, in part a natural consequence of the low cost of money. Furthermore, as we have argued in the past, technology is the sector that, above all, can command premium margins, because IP and brands are big barriers. This in turn leads to free cash flow. In particular the takeovers of Broadcom, Freescale and Altera have continued the consolidation of the semiconductor industry. Informatica is the biggest software target followed by iGate, Dealertrack and Advent. UK companies hitting the leader board include Kofax, Pace, Domino, Colt, HellermannTyton and Telecity, while Schneider is taking a 53.5% stake in Aveva through selling a business for shares (mainly Invensys software). This has left little in the UK quoted sector, albeit there remains some vibrancy in AIM.

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INVESTMENT MANAGER'S REPORT for the six months ended 30 June 2015 *continued*

United States

North America, which continues to account for the majority (71%) of the portfolio, declined 1.9% which is similar to the decline in the Russell 1000 Technology Index. The portfolio's return was marred by the weakness of Micron and Western Digital. They had both been strong contributors, but both have been adversely affected by the weakness of the PC market described above. A weakness in DRAM prices is feeding through to flash memory. Historically memory and disk drive markets have been notoriously cyclical and have suffered inadequate margins over the cycle. I had hoped that margins would be less pressurised now that memory is reduced to Samsung, Micron and Hynix, and drives almost reduced to Western Digital and Seagate. If this proves the case and margins go no lower than current forecasts then there is significant recovery potential.

In the internet area Amazon has performed well, and after the period end pleased the market again with margin expansion. Elsewhere performance has been mixed. Yelp, in which we have a small holding, has suffered from increased competition, but Google pleased the market with Q2 numbers post this period end. Twitter has many users but an uncertain business model, and this has been correctly avoided, but Facebook has performed. The appeal is that it is a media company with many users and no content costs because the consumer provides it themselves. The concern is that there is an element of fashion and evidence that Snapchat is growing faster, so the sustainability of the user base is uncertain. Facebook has been clever at monetising its users with advertising, but I suspect that there is an element of fashion with advertisers keen to be "in the hot space". There are signs that it is not yielding as hoped. We shall see.

AVG and Proofpoint have both been positive contributors and compete directly with Sophos, which has recently floated in the UK, but Sophos has had inferior growth historically. Security remains an inevitable growth market. Altera has been taken over by Intel.

Europe

Europe declined 0.9% in the period. There are only two holdings, SAP and United Internet. Both weakened at the end of the period as Greece's troubles came to the fore, and both have rallied since.

United Kingdom

Having been a drag on the portfolio for the last two years the UK has made an overdue positive contribution of 6.9%. Phoenix IT has been acquired and delivered a useful return. IQE, which performed badly in 2014, appreciated 26.8%. Historically the UK has provided good returns, but seems less likely to deliver in the future because it has contracted at an amazing rate.

Asia

The Asian portfolio contributed strongly in 2013-2014, but this year has proved more difficult. The first half return was -4.7% and the second quarter was -10.4%. TSMC has made a positive return for the year, but Samsung and Mediatek have both suffered from a challenging mobile phone market. Samsung also has challenges on other fronts, but remains a powerful company. The Chinese market has had a speculative bubble which seems to be bursting.

Long term performance

The US big names dominate the sector yet it is interesting to observe that over the longer term all geographies have contributed positively. The table below shows the performance over the reported period and over the cycle from the year end prior to the financial crisis.

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INVESTMENT MANAGER'S REPORT for the six months ended 30 June 2015 *continued*

Long term performance *continued*

Reporting Period: 01/01/2015 - 30/06/2015	Period to date		01/01/2008 to 30/06/2015		
	QTD	YTD	TWR	IRR	IRR
	Book	Book	Book	Book	Annualised
Asia	-10.4%	-4.7%	179.3%	126.6%	10.3%
Europe, Middle East & Africa	-6.8%	-0.9%	92.7%	58.3%	6.3%
North America	-5.6%	-1.9%	190.4%	174.4%	15.5%
UK	3.6%	6.9%	133.9%	254.9%	18.4%
Totals for Herald Worldwide	-5.0%	-1.4%	128.8%	122.5%	11.7%
Relevant Indices					
Russell 1000 Tech	-6.2%	-2.0%	112.9%		6.4%

One structural flaw for most of the large US technology companies is that whilst their tax charge has been reduced by their ability to make profits offshore at lower rates, they have built up large cash balances unavailable to shareholders without Federal and State taxes being paid on repatriation. US corporate taxes are now high, and some change seems probable post the next election, whoever wins. The sector will be the strongest beneficiary of this.

Outlook

There are a number of different bubbles around: (i) the bond market while interest rates remain subnormal (ii) the Chinese stock market (iii) the private equity market, of most relevance to this fund and (iv) the employment bubble in internet and associated skills in Northern California. These however are not reflected in bubble valuations in the quoted markets. The adoption of technology continues apace, which provides a strong background. However the risks and opportunities that will emerge as the various bubbles burst are unpredictable. The normalisation of interest will be a relative positive for a sector with large cash balances and demand which is insensitive to borrowing rates. The Chinese stock market bubble is isolated and of no consequence, but a wider slowdown of the Chinese economy will be unhelpful. The private equity market is more of a conundrum. It is our intention not to get sucked into fully valued exits, but if exits move into an accelerated mode there may be value. The inflation of remuneration is a particular concern to this sector. Value could be shifting to skilled people in a way we have seen in the banking sector. Competition, global markets and the ability for companies to scale should mitigate this. Too many people want equity in a start-up because they have seen so much money made in the proverbial "unicorns". It seems many will be disappointed.

Summary

Most of the risks seem macroeconomic. There remains scope for growth greater than that of the wider economy as disruptive datacentre based technology lowers costs. Valuations are mixed. Momentum stocks are on valuations that to us seem to have too much risk, but there is value too.

HERALD INVESTMENT FUND PLC

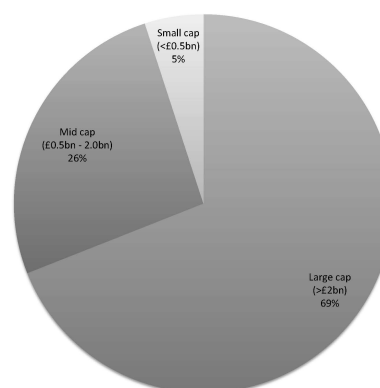
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INVESTMENT MANAGER'S REPORT for the six months ended 30 June 2015 *continued*

Sector Breakdown

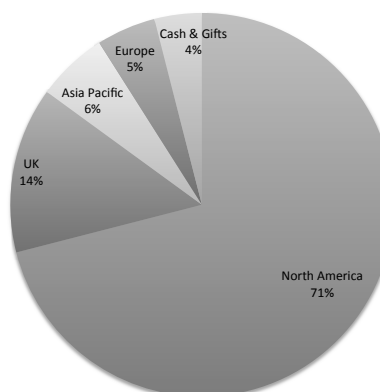
BREAKDOWN BY MARKET CAP

	30/06/2015	31/12/2014
Large cap (>£2bn)	69%	75%
Mid cap (£0.5bn - 2bn)	26%	21%
Small cap (<£0.5bn)	5%	4%
	<u>100%</u>	<u>100%</u>



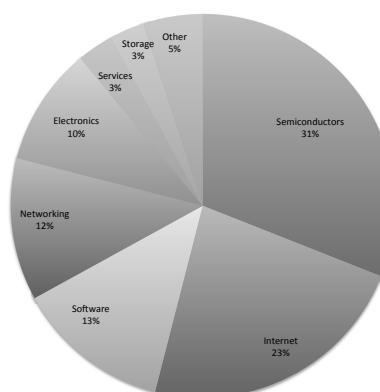
GEOGRAPHIC BREAKDOWN

	30/06/2015	31/12/2014
North America	71%	72%
UK	14%	13%
Asia Pacific	6%	8%
Europe	5%	5%
Cash & Gilts	4%	2%
	<u>100%</u>	<u>100%</u>



SECTOR BREAKDOWN

	30/06/2015	31/12/2014
Semiconductors	31%	34%
Internet	23%	19%
Software	13%	14%
Networking	12%	11%
Electronics	10%	10%
Services	3%	2%
Storage	3%	6%
Other	5%	4%
	<u>100%</u>	<u>100%</u>



Source: Herald Investment Management Limited
August 2015

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PROFIT AND LOSS ACCOUNT for the six months ended 30 June 2015

	Note	Six months ended 30 June 2015 GBP	Six months ended 30 June 2014 GBP
Income			
Operating income		93,462	78,478
Net (loss)/gains on financial assets and liabilities at fair value through profit or loss		(113,001)	670,815
Total investment (loss)/income		<u>(19,539)</u>	<u>749,293</u>
Operating expenses		(159,927)	(139,352)
Expense reimbursement from investment manager	7	3,477	3,176
(Loss)/profit for the year before tax		<u>(175,989)</u>	<u>613,117</u>
Non-reclaimable withholding tax		(25,818)	(22,559)
(Decrease)/increase in net assets attributable to holders of redeemable participating shares at bid prices		<u>(201,807)</u>	<u>590,558</u>
Adjustment from bid to last traded prices		(35,738)	6,797
(Decrease)/increase in net assets attributable to holders of redeemable participating shares from operations at last traded prices		<u><u>(237,545)</u></u>	<u><u>597,355</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 Interim Report and unaudited Financial Statements.

HERALD INVESTMENT FUND PLC
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BALANCE SHEET as at 30 June 2015

	Note	As at 30 June 2015 GBP	As at 31 December 2014 GBP
ASSETS			
Cash and bank balances	6	778,184	454,362
Debtors		14,906	24,967
Financial assets at fair value through profit or loss		18,345,158	20,327,596
TOTAL ASSETS		<u>19,138,248</u>	<u>20,806,925</u>
LIABILITIES			
Creditors - amounts falling due within one year		(92,815)	(201,520)
Net assets attributable to holders of redeemable participating shares at last traded prices / bid prices		19,045,433	20,605,405
Adjustment from bid to last traded prices		-	35,738
Net assets attributable to holders of redeemable participating shares at last traded prices	3	<u>19,045,433</u>	<u>20,641,143</u>

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

HERALD INVESTMENT FUND PLC

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Statement of Changes in Net Assets Attributable to Holders of Redeemable Participating Shares
for the six months ended 30 June 2015

	Six months ended 30 June 2015 GBP	Six months ended 30 June 2014 GBP
Net assets attributable to holders of redeemable participating shares at beginning of period*	20,641,143	19,021,983
(Decrease)/increase in net assets attributable to holders of redeemable participating shares resulting from operations	(237,545)	597,355
Amounts received on issue of redeemable participating shares	180,342	208,628
Amounts paid on redemption of redeemable participating shares	(1,538,507)	(192,013)
(Decrease)/increase in net assets resulting from share transactions	(1,358,165)	16,615
Net (decrease)/increase in shareholders' funds	(1,595,710)	613,970
Net assets attributable to holders of redeemable participating shares at end of period	19,045,433	19,635,953

* The opening net assets attributable to holders of redeemable participating shares for 2015 differs to the closing position in 2014 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 Interim Report and unaudited Financial Statements.

HERALD INVESTMENT FUND PLC

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NOTES TO THE FINANCIAL STATEMENTS for the six months ended 30 June 2015

1. Significant Accounting Policies

(a) Basis of preparation

In preparing the Financial Statements for the financial period ended 30 June 2015, the Directors have applied Financial Reporting Standard 104 (“FRS 104”) ‘Interim Financial Reporting’ for the first time and these financial statements comply with that standard. The Fund has also adopted Financial Reporting Standard 102 ‘The Financial Reporting Standard applicable in the UK and Republic of Ireland’ (“FRS 102”) for the full year beginning 1 January 2015.

These condensed interim financial statements have been prepared in accordance with FRS 104 and with 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 2014, which have been prepared in accordance with accounting standards generally accepted in Ireland. Accounting standards generally accepted in Ireland are those published by the Institute of Chartered Accountants in Ireland and issued by the Financial Reporting Council.

The Company has availed of the exemption under Section 7 of FRS 102 not to prepare a cash flow statement.

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 2014, with the below exceptions.

(b) Changes to Accounting Policies

The transition to FRS 102 and FRS 104 has resulted in no changes to the reported financial position or financial performance compared to that presented previously. No adjustments have been made to either the equity presented in the opening statement of financial position as at 30 June 2015 or at 31 December 2014.

(i) Fair value measurement

On initial application of FRS 102 and 104, in accounting for its financial instruments, a reporting entity is required to apply either: a) the full requirements of FRS 102 relating to Basic Financial Instruments and Other Financial Instruments, b) the recognition and measurement provisions of IAS 39 Financial Instruments: Recognition and only the disclosure requirements of FRS 102 relating to Basic Financial Instruments and Other Financial Instruments, or c) the recognition and measurement provisions of IFRS 9 Financial Instruments and only the disclosure requirements of FRS 102 relating to Basic Financial Instruments and Other Financial Instruments.

The Company has chosen to implement (b) the recognition and measurement provisions of IAS 39 Financial Instruments: Recognition and only the disclosure requirements of FRS 102 relating to Basic Financial Instruments and Other Financial Instruments.

(ii) Fair value disclosures

The requirements for the Company to measure financial instruments at fair value and the estimation of that fair value have not changed with the adoption of FRS 102. However, the levels in the fair value hierarchy into which the fair value measurements are categorized for disclosure purposes have changed from that previously disclosed by the Company. See note 2 for further details.

(iii) Fair value estimation

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. As a result of the Company’s decision to implement the recognition and measurement provisions of IAS 39 Financial Instruments, the fair value of financial assets and liabilities traded in active markets (such as publicly traded derivatives and trading securities) are based on quoted market prices at the close of trading on the reporting date. Prior to 30 June 2015, the quoted market price for financial assets held by the Company was the current bid price; the quoted market price for financial liabilities was the current asking price. The Company changed its fair valuation input to utilise the last traded market price for both financial assets and financial liabilities where the last traded price falls within the bid-ask spread.

HERALD INVESTMENT FUND PLC

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NOTES TO THE FINANCIAL STATEMENTS for the six months ended 30 June 2015 *continued*

1. Significant Accounting Policies *continued*
 (b) Changes to Accounting Policies *continued*
 (iii) Fair value estimation *continued*

In circumstances where the last traded price is not within the bid-ask spread, management will determine the point within the bid-ask spread that is most representative of fair value.

2. Fair value information

Fair value hierarchy

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

- Level A: Instruments fair valued using a quoted price for an identical asset or liability in an active market. Quoted in an active market in this context means quoted prices are readily and regularly available and those prices represent actual and regularly occurring market transactions on an arm's length basis;
- Level B: Instruments for which a quoted price is unavailable and which have been fair valued using the price of a recent transaction for an identical asset or liability provided there has not been a significant change in economic circumstances or a significant lapse of time since the transaction took place; and
- Level C: Instruments for which fair value has been estimated using a valuation technique.

Valuation techniques classified in c) are intended to provide a reasonable estimate of fair value and reflect how the market could be expected to price the asset or liability, including market expectations and risk return factors. Classification in c) does not distinguish between valuation techniques based on the observability of inputs to those valuation techniques.

The tables below set out the classification of the Fund's financial instruments measured at fair value in accordance with FRS102:

30 June 2015	Level A GBP	Level B GBP	Level C GBP	Total GBP
Financial assets designated at fair value through profit or loss at inception				
Equity securities	17,455,158	-	-	17,455,158
Exchange traded investment funds	890,000	-	-	890,000
Total Assets	18,345,158	-	-	18,345,158
31 December 2014	Level A GBP	Level B GBP	Level C GBP	Total GBP
Financial assets designated at fair value through profit or loss at inception				
Equity securities	19,510,096	-	-	19,510,096
Exchange traded investment funds	817,500	-	-	817,500
Total Assets	20,327,596	-	-	20,327,596

3. Net Asset Value

	As at 30 June 2015 GBP	As at 30 June 2014 GBP	As at 31 December 2014 GBP
Net Asset Value Class A share	17,083,244	17,644,317	18,439,278
Net Asset Value Class B share	1,962,189	1,991,636	2,201,865
Total Net Asset Value	19,045,433	19,635,953	20,641,143
Net Asset Value per Class A share	27.38	24.74	27.77
Net Asset Value per Class B share	16.78	15.11	17.03

HERALD INVESTMENT FUND PLC

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NOTES TO THE FINANCIAL STATEMENTS for the six months ended 30 June 2015 *continued*

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 books 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 2015, the Company has issued 7 subscriber shares (31 December 2014: 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 2015	Six months ended 30 June 2014
Number of Class A Shares issued and fully paid		
Balance at beginning of period	664,020	712,185
Issued during period	2,800	5,322
Redeemed during period	(42,787)	(4,252)
	<hr/>	<hr/>
Total number of Class A Shares in issue at end of period	<u>624,033</u>	<u>713,255</u>
	Six months ended 30 June 2015	Six months ended 30 June 2014
Number of Class B Shares issued and fully paid		
Balance at beginning of period	129,260	132,384
Issued during period	5,714	5,395
Redeemed during period	(18,029)	(6,001)
	<hr/>	<hr/>
Total number of Class B Shares in issue at end of period	<u>116,945</u>	<u>131,778</u>

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.

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 2015, the number of shares held was 91,530 (31 December 2014: 91,530).

HERALD INVESTMENT FUND PLC

- The Herald Worldwide Fund

NOTES TO THE FINANCIAL STATEMENTS for the six months ended 30 June 2015 *continued*

5. Related Party Transactions *continued*

Directors' Interests in Shares and Contracts

	30 June 2015 Class A Shares	31 December 2014 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 2015 the fair value of this investment was GBP890,000 (31 December 2014: GBP817,500).

Directors' Fees

Directors' fees for the period ended 30 June 2015 were GBP12,950 (30 June 2014: GBP13,885). David Boyle has agreed to waive his fees.

6. Cash and Bank Balances

	As at 30 June 2015 GBP	As at 31 December 2014 GBP
Northern Trust Fiduciary Services (Ireland) Limited	778,184	454,362

7. Fees

Investment Management

The Investment Manager will receive 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 per annum in between cent and for Class A Shares and 1.25 per cent per annum 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 paid to 30 June 2015 were GBP76,723 (30 June 2014: GBP76,197). Fees of GBP24,668 were payable at 30 June 2015 (31 December 2014: GBP14,863).

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 year end 31 December 2015. The expense reimbursement at 30 June 2015 is GBP3,477 (30 June 2014: GBP3,176).

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 period was GBP27.77 and the closing NAV GBP27.38. To date the previous highest NAV per Class A Share at a financial year end was reached on 31 December 2014 when the NAV was GBP27.77 per Share. Therefore, no performance fee on the Class A Shares (30 June 2014: Nil) was earned for the period ended 30 June 2015. There is no performance fee charged on the Class B Shares.

Administration Fee

The Administrator will receive 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 GBP5,000 per month per fund (plus value added tax, if any, thereon).

HERALD INVESTMENT FUND PLC

- The Herald Worldwide Fund

NOTES TO THE FINANCIAL STATEMENTS for the six months ended 30 June 2015 *continued*

7. Fees *continued*

Administration Fee *continued*

The Administrator's fee shall be paid monthly in arrears and shall accrue on each dealing day based on the net asset value of the Fund on each dealing day. The Administrator shall be reimbursed any reasonable out-of-pocket expenses incurred. Fees paid to 30 June 2015 were GBP43,573 (30 June 2014: GBP32,729). Fees of GBP17,389 were payable at 30 June 2015 (31 December 2014: GBP31,279).

Transaction costs

Transaction costs of the Fund were GBP11,467 for period ended 30 June 2015 (30 June 2014: GBP10,060) and are included in Net gains/(losses) on financial assets and liabilities at fair value through profit or loss.

Custodian Fee

The Custodian will be entitled to receive out of the assets of each Fund an annual fee, accrued daily and payable monthly in arrears, based on the number of transactions and the net asset value of the Fund, of up to 0.015 per cent per annum of the net asset value of the Fund. In addition, the Custodian will be reimbursed any reasonable out of pocket expenses and shall be reimbursed all sub-custodial and transactional fees and expenses which will be charged at normal commercial rates. Fees paid to 30 June 2015 were GBP1,497 (30 June 2014: GBP1,321). Fees of GBP580 were payable at 30 June 2015 (31 December 2014: GBP1,009).

8. Exchange Rates

The following exchange rates were used to convert investments, assets and liabilities to the functional currency of the Company which is GBP.

	As at 30 June 2015	As at 30 June 2014	As at 31 December 2014
Euro	1.4115	1.2488	1.2886
Korean Won	1,754.2682	1,730.0263	1,713.8496
US Dollars	1.5727	1.7098	1.5592
Taiwan Dollars	48.5249	46.4840	49.2754

9. 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.

HERALD INVESTMENT FUND PLC

- The Herald Worldwide Fund

NOTES TO THE FINANCIAL STATEMENTS for the six months ended 30 June 2015 *continued*

10. Transactions with connected parties

The Undertakings for Collective Investments in Transferable Securities (“UCITS”) Regulations require that any transaction carried out with the Company by a promoter, manager, trustee, investment adviser and/or associate of these (“connected parties”) are carried out as if negotiated at arm’s length and are in the best interest of the shareholders.

The Board of Directors are satisfied that there are arrangements in place to ensure that this requirement is applied to all transactions with connected parties, and that all transactions with connected parties during the period complied with the requirement.

11. Soft Commission Arrangements

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

12. Distributions

There were no distributions declared during the period ended 30 June 2015 (30 June 2014: Nil).

13. Significant events during the period

There were no 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 2015.

14. Events after the Balance Sheet Date

On the 24 July 2015, the Prospectus was updated to incorporate changes in the Administration fees and Custodian fees structure. The minimum monthly Administration fee has increased to GBP8,000 per Fund (previously GBP5,000) with a single Share Class plus GBP500 per additional Share Class. For the preparation of the annual and semi-annual accounts the Administrator will receive a fee of GBP5,000 per Fund per annum. For transfer agency the Administrator will receive GBP20 per Shareholder account annually subject to a minimum monthly charge of GBP1,500 per Fund per month for Funds with less than one hundred Shareholders. The Custodian will receive a trustee fee out of the assets of each Fund of 0.015 per cent per annum of the net asset value of the Fund and Fund safekeeping fees of up to 0.05 per cent per annum of the net asset value of the Fund each fee to be accrued daily and payable monthly in arrears.

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 2015.

15. Approval of Financial Statements

The Financial Statements were approved by the board on 24 August 2015.

HERALD INVESTMENT FUND PLC
- The Herald Worldwide Fund
SCHEDULE OF INVESTMENTS as at 30 June 2015

NOMINAL	SECURITY NAME	VALUE GBP	FUND%
EQUITIES: 96.32% (31 December 2014: 98.49%)			
GERMANY: -5.30% (31 December 2014: 5.01%)			
<i>INTERNET: -2.97% (31 December 2014: 2.82%)</i>			
20,000	United Internet AG Com NPV	564,999	2.97
<i>SOFTWARE: -2.33% (31 December 2014: 2.19%)</i>			
10,000	SAP SE Com NPV	443,498	2.33
TOTAL GERMANY		1,008,497	5.30
REPUBLIC OF SOUTH KOREA: -2.09% (31 DECEMBER 2014: 2.06%)			
<i>SEMICONDUCTORS: 2.09% (31 December 2014: 2.06%)</i>			
550	Samsung Electronics Co Ltd Com KRW5000.00	397,545	2.09
TOTAL REPUBLIC OF SOUTH KOREA		397,545	2.09
TAIWAN: -3.95% (31 DECEMBER 2014: 6.36%)			
<i>SEMICONDUCTORS: -3.95% (31 December 2014: 6.36%)</i>			
40,000	MediaTek Inc Com TWD10.00	347,863	1.83
28,000	Taiwan Semiconductor Manufacturing Co Ltd ADR NPV	404,324	2.12
TOTAL TAIWAN		752,187	3.95
UNITED KINGDOM: -13.77% (31 DECEMBER 2014: 12.89%)			
<i>INVESTMENT FUNDS: -4.67% (31 December 2014: 3.96%)</i>			
125,000	Herald Investment Trust PLC GBP0.25	890,000	4.67
<i>COMPUTERS: -1.70% (31 December 2014: 1.23%)</i>			
194,216	Phoenix IT Group Ltd Com GBP0.01	322,884	1.70
<i>SEMICONDUCTORS: -6.23% (31 December 2014: 6.60%)</i>			
34,000	ARM Holdings PLC Com GBP0.0005	352,580	1.85
217,322	Imagination Technologies Group PLC Com GBP0.10	480,825	2.52
1,230,000	IQE PLC Com GBP0.01	276,750	1.45
2,000,000	Toumaz Ltd Com GBP0.0025	78,798	0.41
<i>TELECOMMUNICATIONS: -1.17% (31 December 2014: 1.10%)</i>			
200,000	Bango PLC Com GBP0.20	222,000	1.17
TOTAL UNITED KINGDOM		2,623,837	13.77
UNITED STATES: -71.21% (31 DECEMBER 2014: 72.17%)			
<i>COMMERCIAL SERVICES: -0.96% (31 December 2014: 0.92%)</i>			
4,112	Leidos Holdings Inc Com USD0.0001	105,552	0.55
2,350	Science Applications International Corp Com USD0.0001	78,970	0.41
<i>COMPUTERS: -14.42% (31 DECEMBER 2014: 16.72%)</i>			
22,635	Apple Inc Com USD0.00001	1,805,173	9.48
25,000	Cadence Design Systems Inc Com USD0.01	312,520	1.64
10,000	Nimble Storage Inc Com USD0.001	178,419	0.94
9,000	Western Digital Corp Com USD0.01	448,770	2.36
<i>ELECTRONICS: -0.00% (31 December 2014: 1.36%)</i>			
<i>INTERNET: -13.54% (31 December 2014: 12.48%)</i>			
2,000	Amazon.com Inc Com USD0.01	552,032	2.90
7,500	F5 Networks Inc Com NPV	573,933	3.01
1,620	Google Inc Class A Com USD0.001	556,282	2.92
1,624	Google Inc Class C Com USD0.001	537,489	2.82

HERALD INVESTMENT FUND PLC
- The Herald Worldwide Fund
SCHEDULE OF INVESTMENTS as at 30 June 2015 *continued*

NOMINAL	SECURITY NAME	VALUE GBP	FUND%
EQUITIES: 96.32% (31 December 2014: 98.49%) <i>continued</i>			
UNITED STATES: -71.21% (31 DECEMBER 2014: 72.17%) <i>continued</i>			
<i>INTERNET: -13.54% (31 December 2014: 12.48%)</i> <i>continued</i>			
1,000	Splunk Inc Com USD0.001	44,268	0.23
47,100	Support.com Inc Com USD0.0001	42,227	0.22
10,000	Yelp Inc Com USD0.000001	273,606	1.44
<i>SEMICONDUCTORS: -17.64% (31 December 2014: 20.11%)</i>			
7,000	Altera Corp Com USD0.001	227,888	1.20
3,750	Cavium Inc Com USD0.001	164,073	0.86
38,000	Intel Corp Com USD0.001	734,895	3.86
43,000	Micron Technology Inc Com USD0.10	515,114	2.70
80,000	PMC-Sierra Inc Com USD0.001	435,430	2.29
10,200	QUALCOMM Inc Com USD0.0001	406,197	2.13
28,000	Teradyne Inc Com USD0.13	343,435	1.80
19,000	Xilinx Inc Com USD0.01	533,503	2.80
<i>SOFTWARE: -23.84% (31 December 2014: 20.58%)</i>			
24,000	Axiom Corp Com USD0.10	268,277	1.41
20,200	Akamai Technologies Inc Com USD0.01	896,779	4.70
30,000	AVG Technologies NV Com EUR0.01	519,044	2.73
14,750	Check Point Software Technologies Ltd Com USD0.01	746,082	3.92
21,000	Microsoft Corp Com USD0.00000625	589,528	3.09
11,200	Pegasystems Inc Com USD0.01	163,011	0.86
14,000	Proofpoint Inc Com USD0.0001	566,783	2.98
56,000	Radware Ltd Com ILS0.05	790,488	4.15
<i>TELECOMMUNICATIONS: -0.81% (31 December 2014: 0.00%)</i>			
2,950	Arista Networks Inc Com USD0.0001	153,324	0.81
TOTAL UNITED STATES		13,563,092	71.21
TOTAL EQUITIES		18,345,158	96.32
TOTAL VALUE OF INVESTMENTS		18,345,158	96.32
CASH		778,184	4.09
OTHER NET LIABILITIES		(77,909)	(0.41)
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE PARTICIPATING SHARES AT LAST TRADED PRICES		<u>19,045,433</u>	<u>100.00</u>
Analysis of Total Assets			% of Total Assets
Transferable securities and money market instruments admitted to an official stock exchange listing or traded on a regulated market.			95.86
Other Net Assets			4.14
			<u>100.00</u>

The industry groups are based on the Bloomberg Level II classification.

HERALD INVESTMENT FUND PLC**- The Herald Worldwide Fund****SCHEDULE OF PORTFOLIO CHANGES (Unaudited) for the six months ended 30 June 2015**

MAJOR PURCHASES		VALUE GBP
2,950	Arista Networks Inc Com USD0.0001	131,701

MAJOR SALES		VALUE GBP
25,000	Cadence Design Systems Inc Com USD0.01	312,617
20,000	Taiwan Semiconductor Manufacturing Co Ltd ADR NPV	308,511
20,000	Jabil Circuit Inc Com USD0.001	289,007
15,700	EMC Corp/MA Com USD0.01	287,119
100,000	Imagination Technologies Group PLC Com GBP0.10	252,232
195,000	Epistar Corp Com TWD10.00	240,042
3,750	Cavium Inc Com USD0.001	162,514
1,780	Apple Inc Com USD0.00001	149,189

