

Article 23/FUND 3.2.2R Disclosures

Cross-referenced to documents available to potential investors

The information in this document has been disclosed by the following Alternative Investment Fund Manager:

Herald Investment Management Limited ("HIML")

The FCA's Firm Reference Number for the above AIFM is:

166064

Information disclosed in this document is applicable solely to the following Alternative Investment Fund and to its single class of ordinary 25p shares:

Herald Investment Trust PLC ("HIT")

Regulatory reference		Disclosure required	Document name and description of contents	Document location (and page number or reference within document)
AIFMD article 23	FUND 3.2.2R			
(1a)	(1a)	<i>a description of the investment strategy and objectives of the AIF;</i>	Herald Investment Trust PLC: Current Annual Report & Financial Statements 31 December("AR").	AR, Strategic Report* sections 'Investment policy - strategy' and 'Objective' respectively. The AR can be downloaded from the investment manager's website www.heralduk.com/funds/herald-investment-trust/ *The Strategic Report ("SR") forms part of the AR.
(1a)	(1b)	<i>If the AIF is a feeder AIF, information on where the master AIF is established;</i>	Not applicable	Not applicable

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AIFMD article 23	FUND 3.2.2R			
(1a)	(1c)	<i>If the AIF is a fund of funds, information on where the underlying funds are established;</i>	Not applicable	Not applicable
(1a)	(1d)	<i>a description of the types of assets in which the AIF may invest;</i>	AR	See SR, section 'Investment policy - strategy'
(1a)	(1e)	<i>the investment techniques that the AIF, or the AIFM on behalf of the AIF, may employ and associated risks;</i>	The AIFM does not use any 'investment techniques' other than gearing. As explained in 'Investment policy- strategy' in the AR, derivatives may be used, but only in order to reduce various risks. The AIF's investments are long only.	See SR, section 'Investment policy - strategy'
(1a)	(1f)	<i>any applicable investment restrictions;</i>	Applicable investment restrictions, such as holding less than 10% of shares in issue of any investee, are disclosed at various places within 'Investment policy - strategy' in the AR.	See SR: section 'Investment policy - strategy'
(1a)	(1g)	<i>the circumstances in which the AIF may use leverage;</i>	AR	See SR: section 'Investment policy - strategy'
(1a)	(1h)	<i>the types and sources of leverage permitted and the associated risks;</i>	AR	See SR section 'Principal risks and uncertainties'
(1a)	(1i)	<i>any restrictions on the use of leverage and any collateral and asset reuse arrangements; and</i>	AR	SR: See section 'Investment policy - strategy' for any current restrictions
(1a)	(1j)	<i>the maximum level of leverage which the AIFM is entitled to employ on behalf of the AIF;</i>	AR The current maximum standard level of leverage is 50% of net assets per HIT's articles. The AIFM leverage limit of 200% of gross assets is higher but would require shareholder approval to change the articles and hence would be disclosed fully to investors then.	See SR section 'Investment policy - strategy'
(1b)	(2)	<i>a description of the procedures by which the AIF may change its investment</i>	As an investment trust whose shares are admitted to the Official List of the UK Listing Authority under Chapter 15 of the Listing Rules, the Company is required to obtain the	

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		<i>strategy or investment policy, or both;</i>	prior approval of our shareholders for any material change to our published investment policy. Accordingly, the Company will not make any material change to its published investment policy without the approval of its shareholders by ordinary resolution. The Company will announce any such change through the regulatory news service of the London Stock Exchange. The Company's published investment policy is set out under the heading in the SR 'Investment policy - strategy'. Any change in investment strategy or investment policy which does not amount to a material change to our published investment strategy or investment policy may be made by the board of directors of the Company without obtaining shareholder approval.	
(1c)	(3)	<i>a description of the main legal implications of the contractual relationship entered into for the purposes of the investment, including information on jurisdiction, the applicable law and the existence or absence of any legal instruments providing for the recognition and enforcement of judgements in the territory where the AIF is established;</i>	Not applicable. There is no contractual relationship between shareholders who acquired their shares in the AIF in the secondary market and the AIF. When the fund was launched in 1994 such a relationship existed between the AIF and the shareholders who invested on the basis of the AIF's prospectus. If there were to be another primary issue, this would be subject to the Prospectus Directive. The AIF is a company registered in England and Wales. The law which is applicable and the ability to recognise and enforce judgements in the jurisdiction of the AIF's domicile is not in doubt and further disclosure to that effect is not considered necessary.	Not applicable as there is no contractual relationship.
(1d)	(4)	<i>the identity of the AIFM, the AIF's depositary, the auditor and any other service providers and a description of their duties and the investors' rights;</i>	AR	See AR for Managers and Advisers Auditor's duties are set out in the Independent Auditor's Report in the AR. Other key service providers agreements (investment manager, administrator, and secretary) are set out under the heading

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				'Investment management, strategy implementation and administration' in the SR.
(1e)	(5)	<i>a description of how the AIFM complies with the requirements (professional negligence) relating to professional liability risk;</i>	Rather than increase the cover on its existing professional indemnity insurance to meet the requirements of the AIFMD level 2 regulations the AIFM has chosen to satisfy this requirement through the additional own funds requirement as provided by Article 14 of those regulations	
(1f)	(6)	<i>a description of:</i>		
(1f)	(6a)	<i>any AIFM management function delegated by the AIFM;</i>	Not applicable. There are currently no delegations of the types referred to and it is unlikely that any will occur. Should they do so, they can be disclosed under the heading 'Investment management, strategy implementation and administration' in the AR if necessary.	Not applicable
(1f)	(6b)	<i>any safe-keeping function delegated by the depositary;</i>	Not applicable. No such delegation is anticipated.	Not applicable
(1f)	(6c)	<i>the identity of each delegate appointed in accordance with FUND 3.10 (Delegation); and</i>	AR	See SR under the heading 'Investment management, strategy implementation and administration'.
(1f)	(6d)	<i>any conflicts of interest that may arise from such delegation;</i>	HIML does not believe there are conflicts inherent in delegation which need to be disclosed to investors. In our view delegation reduces the possibility of conflicts of interest arising, as any conflicts which may arise from delegation must be less than they would be if the AIFM delegated nothing and performed all the delegated functions itself without any regular independent oversight. Specific conflicts may arise between the AIFM and delegates. The delegates - administrator, depositary and secretary - report as a matter of routine and regularly, generally quarterly, as specified in their contracts/SLAs, directly to the AIF board and not through the AIFM. It is very unlikely that a conflict will arise which is sufficiently material to the AIF that it must be disclosed not only to the AIF board, but to the investors.	See Corporate Governance Section of AR under 'Internal controls and risk management'.

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			Controls and procedures which will mitigate or avoid conflicts are indirectly referred to in the AR, for example the detailed risk map referred to in the Corporate Governance Report covers the risk of conflicts arising.	
(1g)	(7)	<i>a description of the AIF's valuation procedure and of the pricing methodology for valuing assets, including the methods used in valuing and hard-to-value assets, in line with FUND 3.9 (Valuation);</i>	AR The financial statements are prepared in accordance with The Companies' Act 2006, FRS 102 and with the Statement of Recommended Practice 'Financial Statements of Investment Trust Companies and Venture Capital Trusts' issued by the Association of Investment Companies in November 2014. As well as an external valuer, the AIFM routinely prepares valuations of the AIF using its own fund accounting system and the two are regularly reconciled. The AIFM considers that valuations of the AIF are fully compliant with FUND 3.9 and no further disclosures of methodology - which is in any case straightforward - are necessary. HIT is a closed-ended AIF, shares in which are bought and sold at the market price, and the published net asset value per share is only one component of the information which the market is using to establish the price at which it is willing to trade the AIF's shares.	See Note 1 to the AR, 'Accounting Convention'.
(1h)	(8)	<i>a description of the AIF's liquidity risk management, including the redemption rights of investors in normal and exceptional circumstances, and the existing redemption arrangements with investors;</i>	AR NB: The AIF is a closed-ended fund, so there are no redemption rights of investors, as referred to in FUND 3.2.2R (8) and the impact of redemptions is not therefore a factor in the AIF's management of liquidity.	AR: See note in AR on Financial Instruments, Part C on liquidity risk
(1i)	(9)	<i>a description of all fees, charges and expenses, and the maximum amounts</i>	AR The amount of the management fee as an annual percentage (the management fee is the most significant of	AR, Notes 3 and 4 Monthly fund fact sheet which is available from the investment manager's website: see

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		<i>directly or indirectly borne by investors;</i>	the fees, charges and expenses) is disclosed here and in the monthly fund fact sheet.	www.heralduk.com/funds/herald-investment-trust/
(1j)	(10)	<i>a description of how the AIF ensures a fair treatment of investors;</i>	The AIF is listed on the London Stock Exchange and has no direct relationship with its investors. It is by following the rules of that exchange (and of other bodies, such as the Takeover Panel) that the AIF ensures that fair treatment of investors is achieved. In addition, the AIFM, as a regulated entity, has policies in place to ensure the fair treatment of its advised Funds into which investors may buy - the only in scope AIF being available only as a listed share on the London Stock Exchange. All employees of the AIFM sign an annual undertaking confirming compliance with relevant policies and compliance audits also take place regularly.	Not applicable. Disclosures are not made to investors investing via the secondary market
(1j)	(11)	<i>whenever an investor obtains preferential treatment or the right to obtain preferential treatment, a description of:</i>	Not applicable. The AIF is listed on the London Stock Exchange which, if exceptional conditions occur in which certain investors could obtain preferential treatment, would require this to be fully disclosed to the market via RNS in accordance with the rules of the exchange.	Not applicable
(1j)	(11a)	<i>that preferential treatment;</i>	Not applicable. See 1j (11) response above.	Not applicable
(1j)	(11b)	<i>the type of investors who obtain such preferential treatment; and</i>	Not applicable. See 1j (11) response above.	Not applicable
(1j)	(11c)	<i>where relevant, their legal or economic links with the AIF or AIFM;</i>	Not applicable	Not applicable
(1k)	(14)	<i>the latest annual report, in line with FUND 3.3 (Annual report of an AIF):</i>	See 1(a) above	The AR can be downloaded from the investment manager's website www.heralduk.com/funds/herald-investment-trust/
(1l)	(12)	<i>the procedure and conditions for the issue and sale of units or shares;</i>	Not applicable. The shares of the AIF are listed and traded on the London Stock Exchange. It is a closed-ended fund. Procedures and conditions for the issue and sale of shares	Not applicable. Investors who wish to buy or sell shares in the AIF should refer to their broker or other financial adviser.

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			in the AIF are not set by the AIF but are subject to the rules of that exchange.	
(1m)	(13)	<i>the latest net asset value of the AIF or the latest market value of the unit or share of the AIF, in line with FUND 3.9 (Valuation);</i>	The NAV of the AIF is calculated daily and announced to the market via the regulatory news service of the London Stock Exchange.	See 'Latest News' at www.londonstockexchange.com/exchange/news/market-news/market-news-home.html
(1n)	(15)	<i>where available, the historical performance of the AIF;</i>	Historical performance of the AIF (i.e., since the launch of the fund in 1994) is made available to investors (and the public) by publishing a monthly fund factsheet giving a table and a graph which show the percentage growth in the net asset value of the AIF compared to various appropriate indices over this period. This is published on the investment manager's website and also announced to the market via the regulatory news service of the London Stock Exchange.	See also AR (10 year performance record of AIF)
(1o)	(16a)	<i>the identity of the prime brokerage firm;</i>	Not applicable. As the AIF does not use a prime brokerage firm the provisions of FUND 3.2.2R (16) (a), (b) and (d) are not applicable. FUND 3.2.2R (16) (c) is assumed to refer to stock lending etc carried out by prime brokers but in any case section 2.2 of the contract with the depositary prohibits the transfer and re-use of AIF assets except with the express permission of the AIF.	Not applicable
(1o)	(16b)	<i>a description of any material arrangements of the AIF with its prime brokerage firm and the way any conflicts of interest are managed;</i>	Not applicable. See (16a) above	Not applicable
(1o)	(16c)	<i>the provision in the contract with the depositary on the possibility of transfer and reuse of AIF assets; and</i>	Not applicable. No such provision. See (16a) above	Not applicable

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(1o)	(16d)	<i>Information about any transfer of liability to the prime brokerage firm that may exist; and</i>	Not applicable. See (16a) above	Not applicable
(1p)	(17)	<i>a description of how and when the information required under FUND 3.2.5R and FUND 3.2.6R will be disclosed.</i>	<p>AR where applicable</p> <p>FUND 3.2.5 (1): if there are any such illiquid investments, the percentage subject to special arrangements will be disclosed in the AR.</p> <p>FUND 3.2.5 (2): depending on the nature of the new arrangement, such a change will be disclosed in the AR, in the 'Internal controls and risk management' section of the Corporate Governance Report and/or the section 'Principal risks and uncertainties' in the AR.</p> <p>FUND 3.2.5 (3): the current risk profile of the AIF is disclosed to investors annually in the AR.</p> <p>FUND 3.2.6 (1) (a): an increase in the maximum level of leverage would have to be approved by a vote of shareholders.</p> <p>FUND 3.2.6 (1) (b): no such rights exist under existing agreements but any significant change to the terms of the existing agreement or changes to the total amount of the facilities available as mentioned in FUND 3.2.6 R (2) are and will be reported to investors and to the market via the regulatory news service of the London Stock Exchange.</p>	<p>AR, Note on Financial Instruments, Part C</p> <p>AR, Corporate Governance Report</p> <p>AR Strategic Report, section 'Principal risks and uncertainties'</p>

The above disclosures were made by:

Name	Andrew Miller
Title	Chief Financial Officer
Signature	
Firm	Herald Investment Management Limited
Date	12 th June 2018