

HERALD INVESTMENT FUND plc
– The Herald Worldwide Technology Fund

CONDENSED INTERIM REPORT &
UNAUDITED FINANCIAL STATEMENTS

for the six months ended 30 June 2018

HERALD INVESTMENT FUND PLC
- The Herald Worldwide Technology Fund

CONDENSED INTERIM REPORT &
UNAUDITED FINANCIAL STATEMENTS for the six months ended 30 June 2018

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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

**ADMINISTRATOR, REGISTRAR
AND TRANSFER AGENT**

Northern Trust International Fund Administration
Services (Ireland) Limited
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)*
David Boyle DL (British)**
Charles Ekins (British)* (***)
Paul Halley (Irish)*
Fergus Sheridan, Chairman (Irish)*

* Independent Directors

** David Boyle resigned on 7 March 2018

*** Charles Ekins was appointed on 7 March 2018

SECRETARY

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

LEGAL ADVISERS

In Ireland
Arthur Cox
Ten Earlsfort Terrace
Dublin 2
D02 T380
Ireland

In England
MacFarlanes
20 Cursitor Street
London EC4A 1LT
England

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

DESCRIPTION

Herald Investment Fund plc (the “Company”) is an open-ended investment company with variable capital organised under the laws of Ireland as a public limited company pursuant to the Companies Act 2014 (including amendments by the Companies (Accounting) Act 2017), the European Communities (Undertakings for Collective Investment in Transferable Securities) Regulations 2011 (“the UCITS Regulations”) and the Central Bank (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.

The Company is organised in the form of an umbrella fund with segregated liability. Its Memorandum and Articles of Association and Prospectus (“Constitution”) provide that the Company may offer separate classes of shares, each representing interests in a fund comprising a distinct portfolio of investments. As at the date of this condensed interim report and unaudited financial statements the Company has one sub-fund in operation. The Company obtained the approval of the Central Bank of Ireland for the establishment of The Herald Worldwide Technology Fund (the “Fund”) and this Fund was launched on 3 April 1998.

INVESTMENT OBJECTIVE AND POLICY

The objective of the Fund is to seek to achieve capital growth by investing principally in securities of issuers in the 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 & other 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 policy; 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 Irish business day shall be a dealing day.

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% of the Fund's net income, where sufficient net income is available for distribution. No distribution was declared in April 2018 (April 2017: 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.

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 2018

The defined remit for the Fund is to invest globally in information technology, communications and multi-media. 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 £53.01. 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 £33.67.

Capital performance* for the twelve months to 30 June 2018

Herald Worldwide Technology Fund NAV (Class A)	11.1%
Herald Worldwide Technology Fund NAV (Class B)	11.2%

Global*

MSCI World Information Technology	11.6%
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United States*

Russell 1000 (Large Cap) Technology	12.2%
Russell 2000 (Small Cap) Technology	15.9%
S&P 500	4.2%
Russell 2000 Small Cap	9.7%

United Kingdom*

FTSE Information Technology	-17.6%
FTSE Techmark Focus 100	2.2%
FTSE 100	-0.7%
FTSE Small Cap	-0.6%

Europe*

FTSE Eurofirst 300	-3.2%
Deutsche Bourse Technology All Share	4.7%
DAX	-5.2%
CAC 40	-0.2%

Asia Pacific*

KOSDAQ	0.5%
Nikkei 225	2.1%
Hang Seng	-1.2%

*All percentage returns are in GBP.

Source: Herald Investment Management Limited, Bloomberg.

Summary

The A shares have returned 11.1% and the B shares 11.2%. This compares well to the dull wider indices, and has again been led by the technology sector in the United States. The North American return in this fund was a satisfactory 17.25% in £, but all other territories lagged. Profits momentum has been strong, and Trump's tax return has been a tailwind, positives which have offset the tariff arguments, particularly those with China.

There are some concerns that valuations are too high in the technology sector. The p/e of this portfolio on Bloomberg estimates is still only 18.0x in spite of the strong performance, reflecting the strong earnings growth. Investors are in danger of missing out unless the tariff war takes a much nastier turn. Second guessing Mr Trump is beyond me, but he may be transient. The warning shots will inevitably make US companies want to diversify their supply chain and Chinese companies will endeavour to develop skills internally. In particular they want to develop a semiconductor industry for memory (DRAM and NAND), but it will take some years to catch up.

However, the sector is not universally good value. We are sceptical about companies with high issuance of shares, and sales and marketing costs that look too high. This particularly relates to Software as a Service (SAAS) companies where sales and marketing costs are a multiple of new business, which therefore requires several years to pay back. In addition the mobile phone market has been a strong growth driver, but the migration to smart phones has now played out and volume growth is modest. 5G is on the horizon and this will provide another replacement cycle. There has been a correction in semiconductor capital equipment companies, and there has been a crypto-currency bubble, which seems to be bursting. First Data, the large credit card merchant acquirer, summed it up by saying no retailer will take payments in bitcoin. It is the currency of the black market and gamblers.

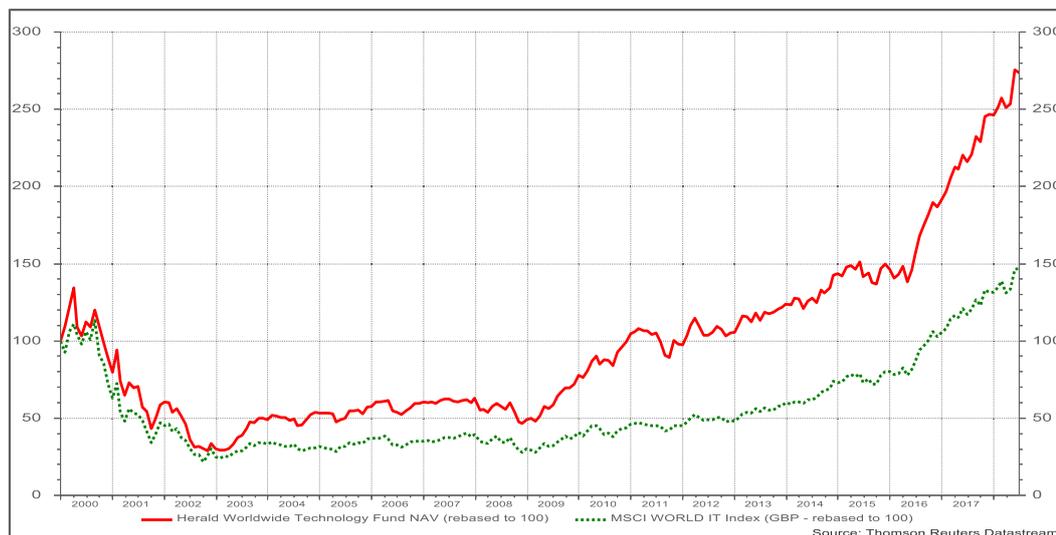
HERALD INVESTMENT FUND PLC
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INVESTMENT MANAGER'S REPORT for the six months ended 30 June 2018 *continued*

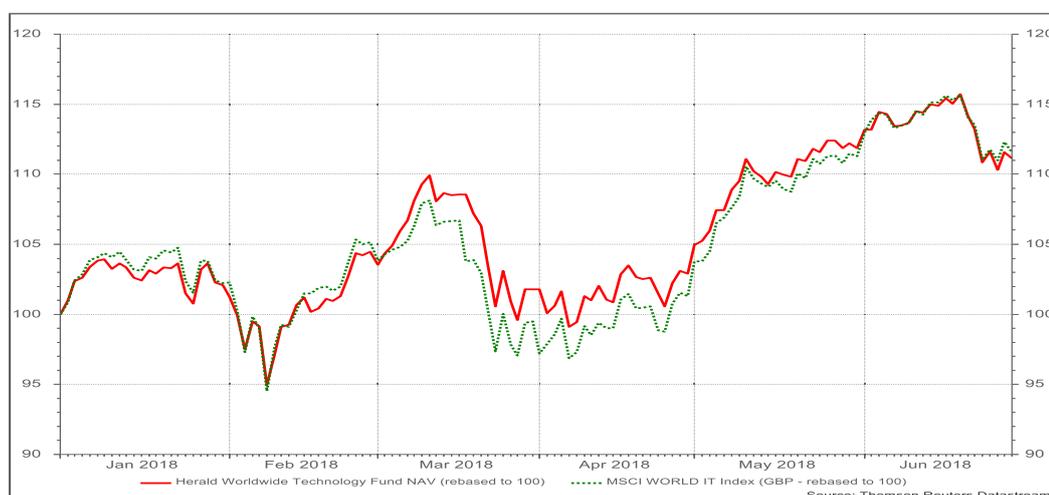
Summary *continued*

The reduced cost of storage, the increased speed of processors and the cost reductions in datacentres, combined with better internet speeds is a tremendous stimulus to the sector. The buzzword is AI, but really it is evolution. Now computers are cost effective for new applications as never before.

The Fund v MSCI World IT: 31/12/2000 - 29/06/2018



The Fund v MSCI World IT: 01/01/2018 – 29/06/2018



North America

The total return for the US portfolio was 17.25% which compares favourably with the Russell 1000 Technology Index returned of 12.2%. The outperformance was led by Amazon which appreciated by 49% and is the biggest holding. In addition Mimecast (+47%), Semtech (+41%), Atlassian (+41%), Radware (+33%), Mellanox (+33%) and Micron (+30%) all contributed relatively well.

The P/E of the North American portfolio on Bloomberg forecasts has fallen from 19.4x at the end of 2017 to 18.6x at the end of June 2018. There is however a bifurcation. Mimecast (122x) and Atlassian (99x) are highly rated recurring software models that are investing for growth, just in profit - with potential for margin expansion, but growing fast.

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INVESTMENT MANAGER'S REPORT for the six months ended 30 June 2018 *continued*

Summary *continued*

North America *continued*

In fact there have been other recurring software models that have performed well, but these were preferred because they are just about profitable on a GAAP basis and more measured in issuing shares with the founders substantial shareholders already. Amazon is on 68x forward earnings, but investing aggressively to expand into new markets and expensing the associated costs through the P&L. At the other end of the spectrum Micron sits on a P/E of 4.5x and Western Digital 5.7x. This reflects the market's belief that profits are at a cyclical peak. The bulls argue that with the consolidation of the semiconductor industry cycles are over, which we do not for a moment believe. Unquestionably they have had pricing power in a period of shortages, which started in 2016 and which Gartner expects to prevail through 2018 and most of 2019 before new capacity comes on stream. We resist the temptation to take profits, believing that the datacentre growth will not abate and the P/E is so low that share buybacks will be very accretive. Micron has had an additional challenge in a patent war with China. With shortages they will still sell their output.

The three other substantial holdings are Apple, Microsoft and Alphabet. Apple is on a P/E of 14.5x at the end of June and rose 12.8%. Although the smart phone market is maturing they have consolidated their position as market leader, and have discernibly changed. When the iPhone was launched they used commodity components with a unique innovative operating system. They clearly do not like paying suppliers to develop new products only to sell them to competitors so they are becoming increasingly vertically integrated, developing a range of key components, and semiconductors in particular. In addition they have a growing service revenue with £9.99/month music streaming packages to challenge Spotify, as well as their margin on downloads and subscriptions through the app store, and storage charges. Their margins are good enough to generate free cash flow, and they are a major beneficiary of tax reform. Microsoft was on a P/E of 24.4x at the end of June 2018, and appreciated 19% in the first half. Post the period end it has reported another very solid year, and remains good value. Alphabet appreciated 9.7% and has a P/E of 20.4x. We have persisted in not owning Facebook, which has grown earnings well but faced the scrutiny we expected. Alphabet has a cleaner business model, and is being responsible in endeavouring to comply. The EU has targeted their search, but I fear Facebook may face bigger issues.

Europe

Having appreciated 39.5% last year the small European element of the Fund returned -4.6%. United Internet was last year's star but has suffered this year (-13.5%) from a price war in mobile phone tariffs which affects its majority owned subsidiary. SAP has appreciated 7%.

UK

Having had a good year in 2016 when the UK portfolio's total return was 46.3% and a further 71.3% in 2017 this period's return is lacklustre returning only 4.5%. Herald Investment Trust, which is held to gain access to smaller companies, rose 14.9% and Statpro, which has now been sold, rose 22.18%. Offsetting contributions came from Bango and IQE, which performed so well last year, but the positions had been reduced. In addition we have taken a position in Avast which was a UK IPO. They floated with an array of global banks none of which have a smaller company investment manager client base who would be natural buyers for a \$3bn capitalised company. In consequence the issue struggled to get away; we believe it offers value. It is a well managed business albeit anti-virus is not the highest growth area.

Asia

The Asian portfolio returned 28.6% in 2016, and a further 67.2% in 2017, so a -1.5% return is lacklustre but not altogether surprising. The p/e ratios range from 32x for Tencent to 6.3x for Samsung. Most of Samsung's profits are now derived from memory semiconductors, so the valuation compares to Micron and Western Digital.

Market Background

The assets/share have risen over 75% since the end of June 2016, which again begs the obvious question: should we be profit taking? I really do not think so. Indeed not having an exposure to this sector would be quite a risk. The P/E of the North American portfolio, which remains 73% of the Fund, is a reasonable 18.6x on Bloomberg forecasts. Admittedly we have a value bias, and avoid being overexposed to too many companies vulnerable to P/E compression. It seems likely that there will be rising interest rates and a reversal of quantitative easing, hence some caution, but this is offset by the numerous growth drivers in the sector, and other sectors will be more adversely affected.

Although there have been some IPOs in the US the number of quoted companies in the sector continues to shrink. However, the number with a market value >\$3bn has risen from 216 at the start of the year to 222. In part this reflects companies growing into that size band.

HERALD INVESTMENT FUND PLC
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INVESTMENT MANAGER'S REPORT for the six months ended 30 June 2018 *continued*

Sector Background

The power of computers to process, store, interpret and make decisions has never been greater. A technology revolution is transforming the personal and working lives of billions of people in a manner that was scarcely imaginable 20 years ago. It is now estimated that nearly 4.2bn of the planet's 7.6bn people have connectivity to the internet and have access to this global repository of knowledge and computing power. So far those that have benefitted the most from this digital revolution are those using new products and services to enhance their lives by remotely purchasing products, watching a film, listening to music, making a payment, playing a game, accessing online education or interacting over social media. The computer power combined with a proliferation of sensor data available via the internet of things, greater use of robots and increased use of AI is also leading to the "fourth industrial revolution" with lower costs, fundamental productivity gains and numerous new markets and applications. The use of additive manufacturing techniques such as 3D printing is enabling the manufacture of complex low volume parts at attractive prices.

The remarkable progress that has been made in developing cheap processors, memory, sensors and networking has enabled enormous networks of datacentres to be built and the delivery of complex network applications from this computing "cloud." The disruption to traditional businesses and business models has been immense with sectors such as retail stores, financial services and traditional media being particularly impacted. The capability of cloud computing platforms such as Amazon Web Services (AWS), Microsoft Azure, Google Cloud or Ali Baba Cloud to offer a range of advanced applications that deliver a combination of data storage and processing, data analytics and decision making in the form of artificial intelligence is unparalleled and is enabling computers to take on a range of tasks which hitherto only humans were capable of performing. This disruption is impacting a wide range of traditional employment roles which include: the picking and packing of orders for despatch; legal discovery whereby thousands of documents can be "read" and understood by machine; e-invoicing and chatbots enabling customer service enquiries to be answered by an AI enabled computer. As humans become increasingly comfortable communicating with a computer either by text or ever increasingly through voice interaction (as evidenced by the success of virtual assistants such as Amazon's Alexa), then more customer service or support roles can be automated. The increasing intelligence of robots and the use of advanced 3D sensing and vision systems is allowing robots to work safely alongside humans as co-robots, moving robots from industrial scale use on car production lines and into the automation of limited scale tasks within smaller companies spread throughout the economy.

Over the next decade there are very few jobs that will not be fundamentally impacted by technology. This transition, whereby an exponentially increasing number of tasks and roles can be performed by computers or robots, entails an enormous transfer of value from humans and traditional industries to the technology sector. This disruption and net displacement of workers by machines including autonomous vehicles will continue to pressure the returns available to low skilled workers to the benefit of capital and highly skilled workers that help create and programme the infrastructure underpinning automation. It may also lead to repatriation of manufacturing and IT services back to the UK and North America from emerging markets which have benefited from low cost labour. Potentially these seismic shifts in technology explain the disparity between the stagnation of the wages of blue collar workers and the high financial returns available to those providing the intellectual and financial capital - the innovators, highly skilled technology workers and providers of equity capital. The transformation or perhaps even eradication of many middle class jobs and stagnation of middle class wages is in some countries leading to a spreading sense of dissatisfaction and feeding political polarisation.

The pace of technological change is if anything accelerating; the challenge to traditional businesses and business models over such a broad swathe of the economy is unprecedented. The challenge comes not just from the threat of new entrants using technology in disruptive ways but also through the increased use of technology by purchasers to obtain greater price transparency - pressurising their supplier's margins. The nature of international rivalry is also being altered by the increasing power and capability of technology. Governments are battling each other using technology, engaging in cyber warfare and using intellectual property and tariff and non-tariff trade barriers to capture the economic benefits of technology led growth.

There is a continuing fight to control, secure and protect the resilience of the internet global data network, with an ongoing debate about the rights that individuals have over the privacy of their personal data and governments' ability to control the use and misuse of the network for propaganda purposes. Many of these issues are highlighted in the recent press speculation connecting Facebook, Cambridge Analytica and potential attempts to influence elections through the use of social media and personal data. These challenges to network security generate ever-growing opportunities for a raft of security technology businesses to assist in protecting the network.

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INVESTMENT MANAGER'S REPORT for the six months ended 30 June 2018 *continued*

Sector Background *continued*

The rapidly increasing capabilities of technology are disrupting the global economy in a pervasive manner, creating enormous opportunities for those that deliver and effectively use information technology. A number of the companies within the portfolio look well positioned to grow on the back of these trends. These businesses include those that provide the key underpinning semiconductor technologies and cloud computing infrastructure or that offer specific software applications targeted at particular use cases.

Outlook

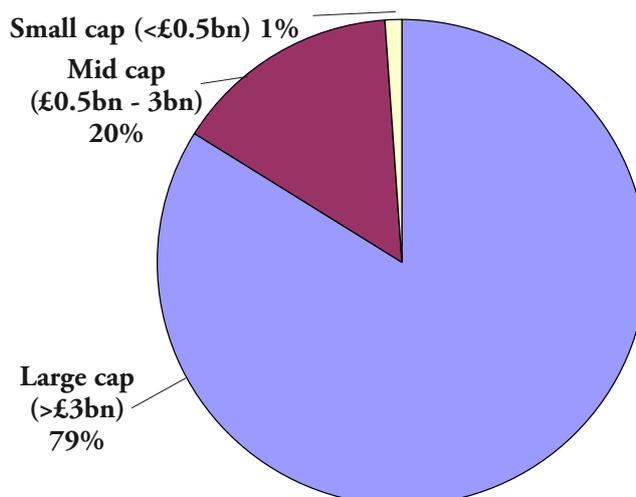
We remain enthused. In a world of inflated asset prices this portfolio seems relatively good value and is invested in a range of companies that should grow well ahead of global GDP.

HERALD INVESTMENT FUND PLC
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INVESTMENT MANAGER'S REPORT for the six months ended 30 June 2018 *continued*

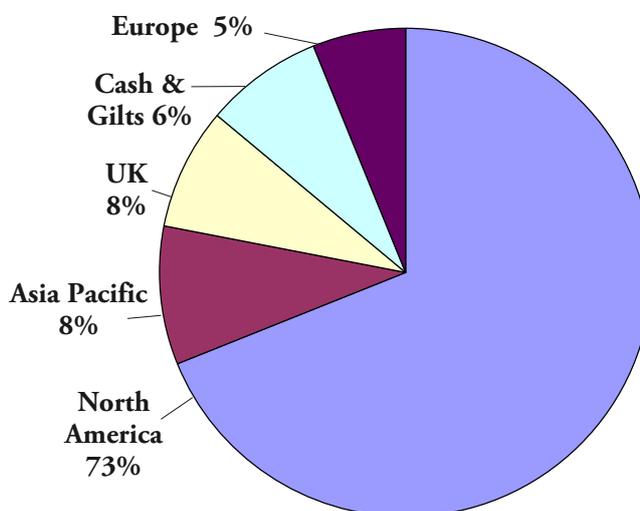
BREAKDOWN BY MARKET CAP

	29/06/2018	29/12/2017
Large cap (>£3bn)	79%	77%
Mid cap (£0.5bn - 3bn)	20%	20%
Small cap (<£0.5bn)	1%	3%
	<u>100%</u>	<u>100%</u>



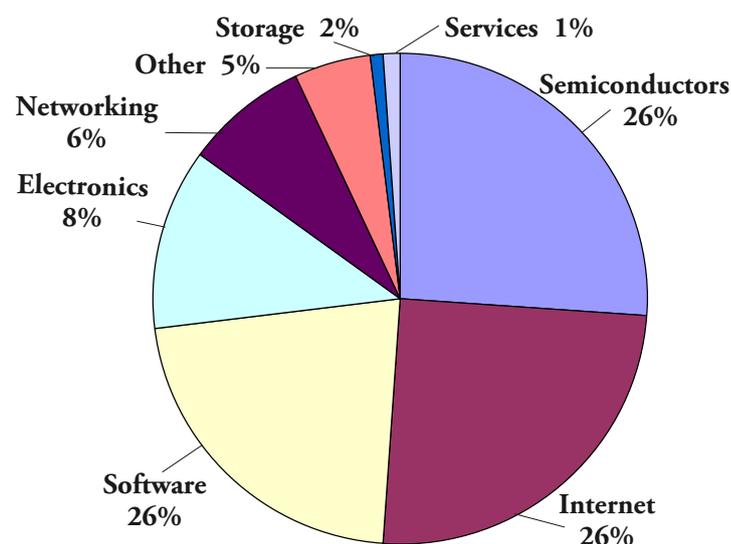
GEOGRAPHIC BREAKDOWN

	29/06/2018	29/12/2017
North America	73%	69%
Asia Pacific	8%	8%
UK	8%	9%
Cash & Gilts	6%	8%
Europe	5%	6%
	<u>100%</u>	<u>100%</u>



SECTOR BREAKDOWN

	29/06/2018	29/12/2017
Semiconductors	26%	26%
Internet	26%	25%
Software	26%	22%
Electronics	8%	8%
Networking	6%	12%
Storage	2%	1%
Services	1%	1%
Other	5%	5%
	<u>100%</u>	<u>100%</u>



Source: Herald Investment Management Limited
 Date: 29/06/2018

HERALD INVESTMENT FUND PLC
- The Herald Worldwide Technology Fund
PROFIT AND LOSS ACCOUNT for the six months ended 30 June 2018

	Note	Six months ended 30 June 2018 GBP	Six months ended 30 June 2017 GBP
Income			
Operating income	6	147,877	132,567
Net gains on financial assets and liabilities at fair value through profit or loss	7	3,494,535	3,224,347
Total investment income		<u>3,642,412</u>	<u>3,356,914</u>
Operating expenses	8	(326,088)	(279,247)
Expense reimbursement from investment manager	10	42,836	6,442
Profit for the period before tax		<u>3,359,160</u>	<u>3,084,109</u>
Non-reclaimable withholding tax		(35,150)	(34,207)
Increase in net assets attributable to holders of redeemable participating shares from operations		<u><u>3,324,010</u></u>	<u><u>3,049,902</u></u>

There are no recognised gains or losses arising in the financial period other than the increase in net assets attributable to holders of redeemable participating shares of the Company. In arriving at the results of the financial period, all amounts above relate to continuing operations.

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

HERALD INVESTMENT FUND PLC
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BALANCE SHEET as at 30 June 2018

	Note	As at 30 June 2018 GBP	As at 31 December 2017 GBP
ASSETS			
Cash and bank balances	9	1,792,749	2,786,687
Debtors		76,362	28,012
Financial assets at fair value through profit or loss		31,019,273	28,014,351
TOTAL ASSETS		32,888,384	30,829,050
LIABILITIES			
Creditors - amounts falling due within one year		(118,704)	(505,088)
Net assets attributable to holders of redeemable participating shares		32,769,680	30,323,962

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

HERALD INVESTMENT FUND PLC
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STATEMENT OF MOVEMENTS IN NET ASSETS ATTRIBUTABLE TO
HOLDERS OF REDEEMABLE PARTICIPATING SHARES
for the six months ended 30 June 2018

	Six months ended 30 June 2018 GBP	Six months ended 30 June 2017 GBP
Net assets attributable to holders of redeemable participating shares at beginning of period	30,323,962	23,834,262
Increase in net assets attributable to holders of redeemable participating shares resulting from operations	3,324,010	3,049,902
Amounts received on issue of redeemable participating shares	993,670	215,688
Amounts paid on redemption of redeemable participating shares	(1,871,962)	(479,617)
Decrease in net assets resulting from share transactions	(878,292)	(263,929)
Net increase in shareholders' funds	2,445,718	2,785,973
Net assets attributable to holders of redeemable participating shares at end of period	32,769,680	26,620,235

The opening net assets attributable to holders of redeemable participating shares for 2018 differs to the closing position in 2017 by the change in net assets attributable to holders of redeemable participating shares for the second half of the comparative financial period.

The accompanying notes form an integral part of the Condensed 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 2018

1. Significant Accounting Policies

a) 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 2017, 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).

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 2017.

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 that the entity can access at the measurement date.

Level 2 - Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).

Level 3 - Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

The level in the fair value hierarchy within which the fair value measurement is categorised in its entirety is determined on the basis of the lowest input that is significant to the fair value measurement in its entirety. For this purpose, the significance of an input is assessed against the fair value measurement in its entirety. If a fair value measurement uses observable inputs that require significant adjustment based on unobservable inputs, that measurement is a level 3 measurement. Assessing the significance of a particular input to the fair value measurement in its entirety requires judgement, considering factors specific to the asset or liability.

The determination of what constitutes 'observable' requires significant judgement by the Investment Manager. The Investment Manager considers observable data to be market data that is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market.

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

30 June 2018

Assets	Level 1 GBP	Level 2 GBP	Level 3 GBP	Total GBP
Financial assets designated at fair value through profit or loss at inception				
Equity securities	29,338,023	-	-	29,338,023
Exchange traded investment funds	1,681,250	-	-	1,681,250
Total Assets	31,019,273	-	-	31,019,273

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NOTES TO THE FINANCIAL STATEMENTS for the six months ended 30 June 2018 *continued*

2. Fair Value Information *continued*

31 December 2017

Assets	Level 1 GBP	Level 2 GBP	Level 3 GBP	Total GBP
Financial assets designated at fair value through profit or loss at inception				
Equity securities	26,550,601	-	-	26,550,601
Exchange traded investment funds	1,463,750	-	-	1,463,750
Total Assets	28,014,351	-	-	28,014,351

3. Net Asset Value

	As at 30 June 2018 GBP	As at 31 December 2017 GBP	As at 31 December 2016 GBP
Net Asset Value Class A share	28,225,182	26,667,757	20,745,782
Net Asset Value Class B share	4,544,498	3,656,205	3,088,480
Net Asset Value per Class A share	53.01	47.70	37.11
Net Asset Value per Class B share	33.67	30.27	23.16

4. Share Capital

The Company was incorporated in Ireland as a public limited company on 12 February 1998 with registered number 280256 under the Irish Companies Act 2014 (including amendments by the Companies (Accounting) Act 2017).

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 2018, the Company has issued 7 subscriber shares (31 December 2017: 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 2018	Six months ended 30 June 2017
Number of Class A Shares issued and fully paid		
Balance at beginning of period*	559,043	558,985
Issued during period	2,165	5,334
Redeemed during period	(28,744)	(4,776)
Total number of Class A Shares in issue at end of period	532,464	559,543

HERALD INVESTMENT FUND PLC
- The Herald Worldwide Technology Fund

NOTES TO THE FINANCIAL STATEMENTS for the six months ended 30 June 2018 *continued*

4. Share Capital *continued*

Shares in Issue

	Six months ended 30 June 2018	Six months ended 30 June 2017
Number of Class B Shares issued and fully paid		
Balance at beginning of period*	120,786	133,330
Issued during period	29,496	-
Redeemed during period	(15,318)	(10,937)
Total number of Class B Shares in issue at end of period	134,964	122,393

* The opening shares for 2018 differs to the closing position in 2017 by the number of issued and redeemed shares in the second half of the comparative financial year. As at 30 June 2018, one shareholder held 43.12% of the issued share capital of the Company (31 December 2017: 42.33%).

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 8.

Herald Investment Management Limited and HIML Holdings Limited both hold investments in Herald Investment Fund plc. At 30 June 2018, the number of shares held by Herald Investment Management Limited was 45,572 (31 December 2017: 45,572) and the number of shares held by HIML Holdings Limited was 42,208 (31 December 2017: 42,208).

Directors' Interests in Share and Contracts

	30 June 2018 Class A Shares	31 December 2017 Class A Shares
William Backhouse and connected persons	12,597	12,597
David Boyle* and connected persons	12,182	12,182

* David Boyle resigned from his position as Director of the Fund on 7 March 2018.

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, the Herald Investment Trust plc, which has the same Investment Manager. At 30 June 2018 the number of shares held was 125,000 and the fair value of this investment was GBP1,618,250 (31 December 2017: the number of shares held was 125,000 and the fair value of this investment was GBP1,463,750).

Directors' Fees

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

HERALD INVESTMENT FUND PLC
- The Herald Worldwide Technology Fund

NOTES TO THE FINANCIAL STATEMENTS for the six months ended 30 June 2018 *continued*

6. Operating Income

	Six months ended 30 June 2018 GBP	Six months ended 30 June 2017 GBP
Interest income	-	99
Dividend income	147,877	132,468
	147,877	132,567
	147,877	132,567

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

	Six months ended 30 June 2018 GBP	Six months ended 30 June 2017 GBP
Realised gains on sale of investments	2,161,226	549,790
Net currency gains/(losses)	1,137	(3,860)
Net change in unrealised appreciation on investments	1,332,172	2,678,417
	3,494,535	3,224,347
	3,494,535	3,224,347

8. Operating Expenses

	Six months ended 30 June 2018 GBP	Six months ended 30 June 2017 GBP
Administration fees	66,657	50,860
Auditors' fees	9,979	10,398
Custody fees	2,063	2,033
Depository fees	19,945	2,232
Directors' fees	24,613	14,625
Investment Management fees	123,268	105,445
Performance fees	32,074	63,949
Other expenses	47,489	29,705
	326,088	279,247
	326,088	279,247

9. Cash and Bank Balances

	As at 30 June 2018 GBP	As at 30 June 2017 GBP
The Northern Trust Company	1,792,749	2,786,687
	1,792,749	2,786,687
	1,792,749	2,786,687

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% for Class A shares and 1.00% (1.25% prior to 8 August 2017) 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 GBP20,847 were payable at 30 June 2018 (31 December 2017: GBP18,941).

The Investment Manager has voluntarily undertaken to limit the aggregate annual ordinary expenses of each class of the Fund to be no more than 1.60% for the financial period end 30 June 2018. The expense reimbursement at 30 June 2018 is GBP42,836 (30 June 2017: GBP6,442).

HERALD INVESTMENT FUND PLC
- The Herald Worldwide Technology Fund

NOTES TO THE FINANCIAL STATEMENTS for the six months ended 30 June 2018 *continued*

10. Fees *continued*

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 Net Asset Value 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 Net Asset Value adjusted to take account of new subscriptions, repurchases or distributions) of the Fund over the relevant period. The opening Net Asset Value per Class A share this financial period was GBP47.70 and the closing GBP53.01. To date the previous highest Net Asset Value per Class A share at a financial period end was reached on 31 December 2017 when the Net Asset Value was GBP47.70 per share. Therefore, a performance fee on the Class A shares of GBP32,074 (30 June 2017: GBP63,949) was accrued for the period end 30 June 2018. There is no performance fee charged on the Class B shares.

Administration Fee

The Administrator receives a fee of up to 0.12% per annum on the first GBP25 million of the Net Asset Value of the Fund, 0.10% per annum on the next GBP25 million and 0.08% per annum on that portion of the Net Asset Value of the Fund which exceeds GBP50 million, subject to an annual minimum fee of GBP130,000 per fund (plus VAT, if any, thereon) with a single Share Class plus GBP3,000 per additional share class.

Prior to 8 August 2017, the Fund was subject to an annual minimum fee of GBP96,000 per Fund with a single share class plus GBP6,000 per additional share class (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 a flat fee of GBP3,600 per annum for out-of-pocket expenses incurred.

For the Class A shares performance fee calculation, the Company shall pay the Administrator a fee of 0.0025% per annum of the Net Asset Value of the Class A shares, which is accrued daily and paid monthly in arrears.

Fees of GBP11,057 were payable at 30 June 2018 (31 December 2017: GBP11,053).

Depositary Fee

The Depositary is entitled to receive a depositary fee out of the assets of each Fund, accrued daily and payable monthly in arrears of 0.0175% per annum on the first GBP150 million of the Net Asset Value of the Fund and 0.015% on the portion which exceeds GBP150 million, subject to a minimum annual fee of GBP40,000. Prior to 8 August 2017, the Depositary was entitled to receive a depositary fee out of the assets of each Fund, accrued daily and payable monthly in arrears of 0.0175% per annum of the Net Asset Value of the Fund. In addition, the Depositary is paid out of the assets of each Fund safekeeping fees of up to 0.05% per annum of the Net Asset Value of the Fund, accrued daily and payable monthly in arrears, and is reimbursed all sub-custodial and transactional fees and expenses charged at normal commercial rates, and is reimbursed any reasonable out of pocket expenses.

Depositary Fees of GBP3,661 were payable at 30 June 2018 (31 December 2017: GBP3,661).

Transaction Costs

Transaction costs of the Fund were GBP5,463 for period ended 30 June 2018 (30 June 2017: GBP23,414) and are included in net gains on financial assets and liabilities at fair value through profit or loss.

HERALD INVESTMENT FUND PLC
- The Herald Worldwide Technology Fund

NOTES TO THE FINANCIAL STATEMENTS for the six months ended 30 June 2018 *continued*

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 2018	As at 31 December 2017	As at 31 December 2016
Euro	1.1308	1.1265	1.1715
Hong Kong Dollar	10.3580	10.5749	-
Korean Won	1,471.4186	1,448.1867	1,492.4180
Taiwan Dollar	40.2524	40.2559	39.8238
US Dollars	1.3203	1.3528	1.2356

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 persons

Any transactions carried out with the Company by a management company or depositary to the Company, the delegates or sub-delegates of the management company or depositary, and any associated company of such a management company, depositary, delegate or sub-delegate (“connected persons”) must be carried out as if negotiated at arm’s length. Transactions must be in the best interests of the shareholders.

The Directors are satisfied that there are arrangements (evidenced by written procedures) in place, to ensure that the obligations set out in Regulation 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 period complied with the obligations set out in Regulation 41(1) of the Central Bank UCITS Regulations.

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 2018 (30 June 2017: Nil).

16. Significant events during the period

David Boyle resigned as Director on 7 March 2018.

Charles Ekins was appointed as Director on 7 March 2018.

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 2018.

HERALD INVESTMENT FUND PLC
- The Herald Worldwide Technology Fund

NOTES TO THE FINANCIAL STATEMENTS for the six months ended 30 June 2018 *continued*

17. Events After the Balance Sheet Date

There were no 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 2018.

18. Approval of Financial Statements

The financial statements were approved by the board on 21 August 2018.

HERALD INVESTMENT FUND PLC
- The Herald Worldwide Technology Fund
SCHEDULE OF INVESTMENTS as at 30 June 2018

NOMINAL	SECURITY NAME	VALUE GBP	FUND%
EXCHANGE TRADED INVESTMENT FUNDS: 5.13% (2017: 4.83%)			
UNITED KINGDOM - 5.13% (2017: 4.83%)			
<i>INVESTMENT FUNDS - 5.13% (2017: 4.83%)</i>			
125,000	Herald Investment Trust PLC NPV	1,681,250	5.13
UNITED KINGDOM - TOTAL		1,681,250	5.13
EXCHANGE TRADED INVESTMENT FUNDS - TOTAL		1,681,250	5.13
EQUITIES: 89.53% (2017: 87.55%)			
GERMANY - 5.32% (2017: 6.09%)			
<i>INTERNET - 2.65% (2017: 3.36%)</i>			
20,000	United Internet AG Com NPV	867,714	2.65
<i>SOFTWARE - 2.67% (2017: 2.73%)</i>			
10,000	SAP AG Class A Com NPV	875,055	2.67
GERMANY - TOTAL		1,742,769	5.32
HONG KONG - 1.69% (2017: 1.85%)			
<i>INTERNET - 1.69% (2017: 1.85%)</i>			
14,600	Tencent Holdings Com HKD0.00002	555,078	1.69
HONG KONG - TOTAL		555,078	1.69
REPUBLIC OF SOUTH KOREA - 1.79% (2017: 2.15%)			
<i>SEMICONDUCTORS - 1.79% (2017: 2.15%)</i>			
18,500	Samsung Electronics Co Com KRW5000.00	586,526	1.79
REPUBLIC OF SOUTH KOREA - TOTAL		586,526	1.79
TAIWAN - 1.61% (2017: 1.83%)			
<i>SEMICONDUCTORS - 1.61% (2017: 1.83%)</i>			
19,000	Taiwan Semiconductor Manufacturing Co ADR NPV	526,143	1.61
TAIWAN - TOTAL		526,143	1.61
UNITED KINGDOM - 2.94% (2017: 3.50%)			
<i>COMPUTERS - 1.62% (2017: 0.00%)</i>			
250,000	Avast Ord GBP0.10	531,250	1.62
<i>SEMICONDUCTORS - 0.58% (2017: 0.84%)</i>			
185,193	IQE PLC Com GBP0.01	189,082	0.58
<i>SOFTWARE - 0.33% (2017: 1.24%)</i>			
62,500	StatPro Group Ord GBP0.01	107,500	0.33
<i>TELECOMMUNICATIONS - 0.41% (2017: 1.42%)</i>			
70,000	Bango PLC Com GBP0.20	136,500	0.41
UNITED KINGDOM - TOTAL		964,332	2.94
UNITED STATES - 76.18% (2017: 72.13%)			
<i>COMPUTERS - 14.69% (2017: 15.08%)</i>			
17,635	Apple Inc Com USD0.00001	2,472,573	7.55
25,000	Cadence Design Systems Inc Com USD0.01	820,110	2.50
11,400	Check Point Software Technologies ILS0.01	843,440	2.57
4,112	Leidos Holdings Inc Com USD0.0001	183,759	0.56
8,440	Western Digital Corp Com USD0.01	494,861	1.51

HERALD INVESTMENT FUND PLC
- The Herald Worldwide Technology Fund
SCHEDULE OF INVESTMENTS as at 30 June 2018 *continued*

NOMINAL	SECURITY NAME	VALUE GBP	FUND%
EQUITIES: 89.53% (2017: 87.55%) <i>continued</i>			
UNITED STATES - 76.18% (2017: 72.13%) <i>continued</i>			
<i>INTERNET - 20.19% (2017: 18.14%)</i>			
8,000	58.com Inc ADR USD 0.00001	420,163	1.28
3,800	Alibaba Group Holding ADR USD0.000025	534,000	1.63
2,350	Alphabet Inc Class A Com USD0.001	2,009,920	6.13
2,000	Amazon.com Inc Com USD0.01	2,574,967	7.86
25,000	Mimecast	780,345	2.38
10,000	Yelp Inc Com USD0.000001	296,762	0.91
<i>SEMICONDUCTORS - 21.75% (2017: 18.20%)</i>			
84,000	Advanced Micro Devices Com USD0.01	953,728	2.91
20,000	CEVA Com USD0.001	457,489	1.40
19,000	Intel Corp Com USD0.001	715,387	2.18
20,950	Mellanox Technologies Com ILS0.02	1,337,690	4.08
25,000	Micron Technologies Inc Com USD0.01	992,994	3.03
1,450	NVIDIA Corp Com USD0.01	260,182	0.79
10,200	Qualcomm Inc Com USD0.0001	433,572	1.32
6,500	Semtech	231,642	0.71
28,000	Teradyne Inc Com USD0.13	807,393	2.46
19,000	Xilinx Inc Com USD0.01	939,171	2.87
<i>SOFTWARE - 18.17% (2017: 16.55%)</i>			
15,200	Akamai Technologies Inc Com USD0.01	843,095	2.57
15,000	Atlassian Corp PLC Class A Com USD0.10	710,320	2.17
50,000	Hortonworks Com USD0.0001	690,021	2.11
30,600	Microsoft Corp Com USD0.00000625	2,285,526	6.98
11,200	Pegasystems Inc Com USD0.01	464,882	1.42
50,000	Radware Com ILS0.05	957,394	2.92
<i>TELECOMMUNICATIONS - 1.38% (2017: 4.16%)</i>			
22,500	Ciena Corp USD0.01	451,789	1.38
UNITED STATES - TOTAL		24,963,175	76.18
EQUITIES - TOTAL		29,338,023	89.53
TOTAL VALUE OF INVESTMENTS		31,019,273	94.66
CASH		1,792,749	5.47
OTHER NET LIABILITIES		(42,342)	(0.13)
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE PARTICIPATING SHARES AT LAST TRADED PRICES		32,769,680	100.00

Analysis of Portfolio

Transferable securities admitted to an official stock exchange listing or traded on a regulated market

Other net assets

% of Total Assets*

94.32

5.68

100.00

*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 for 31 December 2017.

HERALD INVESTMENT FUND PLC
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APPENDIX 2 (Unaudited) SCHEDULE OF PORTFOLIO MOVEMENTS
for the six months ended 30 June 2018

PURCHASES*		VALUE GBP
84,000	Advanced Micro Devices Com USD0.01	765,456
250,000	Avast Ord GBP0.10	625,000
20,000	CEVA Com USD0.001	502,581
22,500	Ciena Corp USD0.01	361,173
1,450	NVIDIA Corp Com USD0.01	263,740
3,940	Western Digital Corp Com USD0.01	251,157
SALES*		VALUE GBP
7,250	Arista Networks Inc Com USD0.0001	1,376,507
19,000	Intel Corp Com USD0.001	761,918
202,500	StatPro Group Ord GBP0.01	352,269
2,000	F5 Networks Inc Com NPV	259,894
150,000	Frontier Smart Technologies Group Ord GBP0.10	256,094
3,350	Check Point Software Technologies ILS0.01	250,816

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

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

The Securities Financing Transactions Regulation requires Herald Investment 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 Fund in all interim and annual report published from 13 January 2017.

During the period 31 December 2017 to 30 June 2018, 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.