Herald
LEADING-EDGE INVESTING

Herald Investment Trust plc

2025

Annual report & financial statements
31 December 2025

Herald Investment Trust's objective is to achieve capital appreciation through investments in smaller quoted companies in the areas of technology and communications.

Investments may be made across the world. The business activities of investee companies will include technology and communications, and the supply of equipment and services to these companies.

HIGHLIGHTS

NET ASSET VALUE ("NAV")[A] PER SHARE 31 DECEMBER 2025
£27.00

CHANGE IN NAV[A] PER SHARE IN 2025
+8.5%

NAV PER SHARE TOTAL RETURN SINCE INCEPTION
2,847.8%

NAV AT 31 DECEMBER 2024	+	TOTAL RETURN IN 2025	SHARE BUYBACKS IN 2025	=	NAV AT 31 DECEMBER 2025
£1,252.6m		£98.5m	−£58.7m		£1,292.4m

SHARE PRICE 31 DECEMBER 2025
£24.05

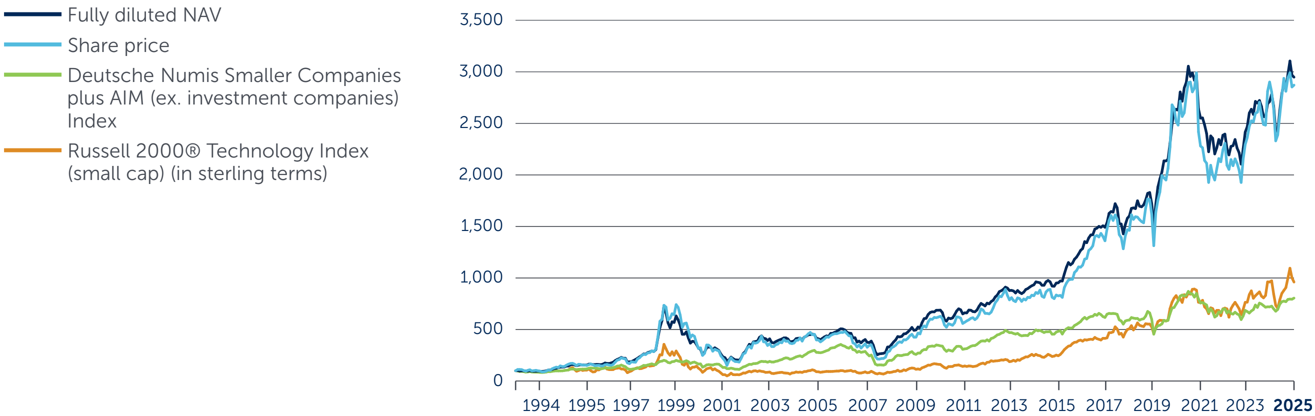
CHANGE IN SHARE PRICE[A] IN 2025
−1.0%

SHARE PRICE TOTAL RETURN SINCE INCEPTION
2,770.8%

Share Price Total Return based on 90.9p, the 1994 CGT base subscription price for shareholders adjusting for warrants, which were issued on a 1 for 5 basis.

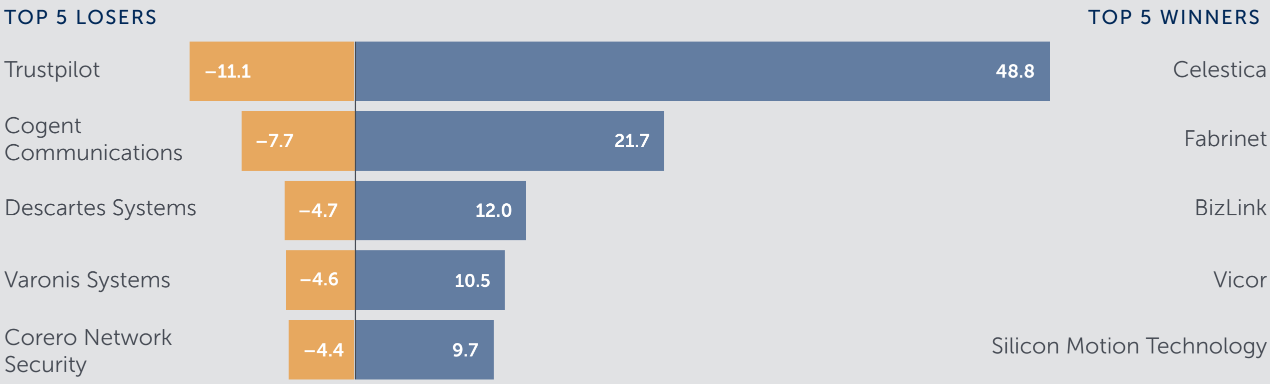
A Alternative Performance Measures – see pages 82 and 83.

TOTAL RETURN SINCE INCEPTION
(FIGURES HAVE BEEN REBASED TO 100 AT 16 FEBRUARY 1994)



Source: LSEG Data & Analytics.

TOP FIVE WINNERS AND LOSERS 2025
TOTAL GAIN/LOSS IN 2025 IN STERLING TERMS (MILLIONS)



COMPANY SUMMARY

Company data at 31 December 2025

SHAREHOLDERS' FUNDS

£1,292m

MARKET CAPITALISATION

£1,151m

INVESTMENT OBJECTIVE AND POLICY	The objective of Herald Investment Trust plc ("Herald" or the "Company") is to achieve capital appreciation through investments in smaller quoted companies in the areas of technology and communications. Investments may be made across the world. The business activities of investee companies will include technology and communications, and the supply of equipment and services to these companies. The Company's investment policy is contained within the Strategic Report on page 34.
COMPARATIVE INDICES	The portfolio comparative indices are the Deutsche Numis Smaller Companies plus AIM (ex. investment companies) Index in the UK and the Russell 2000® Technology Index (small cap) (in sterling terms) in the US. Though we consider these indices to provide reasonable bases for measuring the Company's performance, the portfolio is not modelled on them and outcomes may diverge widely.
MANAGEMENT DETAILS	Herald Investment Management Limited ("HIML" or the "Manager") is the appointed investment manager to the Company. Administration of the Company and its investments is delegated to The Bank of New York Mellon (International) Limited and company secretarial duties to NSM Funds (UK) Limited.
CAPITAL STRUCTURE	The Company's share capital consisted at 31 December 2025 of 47,858,467 ordinary shares of 25p each which are issued and fully paid. The Company has been granted authority to buy back a limited number of its own ordinary shares for cancellation. During the year, 2,482,394 ordinary shares were bought back and cancelled. The directors will seek to renew this authority at the 2026 annual general meeting to be held in due course. In addition, the board will seek a new authority to allot, or sell from treasury, a limited number of shares for cash on a non pre-emptive basis.
MANAGEMENT FEE	HIML's annual remuneration is 1.0% of the Company's net asset value (excluding current year revenue) based on middle market prices on the first £1.25bn and 0.8% thereafter, calculated on a monthly basis, payable in arrears.
CONTINUATION VOTE	At the AGM of the Company held in March 2025, shareholders voted in favour of the Company continuing to operate as an investment trust. The next continuation vote will be put to shareholders at the 2028 AGM and every third year thereafter.
AIC	The Company is a member of the Association of Investment Companies.
LEGAL ENTITY IDENTIFIER ("LEI")	An LEI is a 20-digit code which allows entities involved in financial transactions to be identified. This is a global transparency measure endorsed by the G20. The Company's LEI is: 213800U7G1ROCTJYRR70
ALTERNATIVE PERFORMANCE	The alternative performance measures used in the annual report & financial statements are described on pages 82 and 83.

None of the views expressed in this document should be construed as advice to buy or sell a particular investment.

Investment trusts are publicly traded collective investment funds. The Company is required to comply with the UK Listing Rules of the Financial Conduct Authority ("FCA").

YEAR'S SUMMARY

At 31 December	2025	2024	% change
Total net assets	**£1,292.4m**	£1,252.6m	
Shareholders' funds	**£1,292.4m**	£1,252.6m	
Net asset value per ordinary share[A]	**2,700.5p**	2,488.2p	8.5
Share price[A]	**2,405.0p**	2,430.0p	(1.0)
Deutsche Numis Smaller Companies Index plus AIM (ex. investment companies) (capital only)	**5,963.5**	5,498.8	8.5
Russell 2000® Technology Index (small cap) (in sterling terms) (capital only)[B]	**5,758.2**	5,786.6	(0.5)
Dividend per ordinary share	**–**	–	
Profit per ordinary share (revenue)	**0.70p**	4.96p	
Ongoing charges[A]	**1.08%**	1.08%	
Discount to NAV[A]	**10.9%**	2.3%	

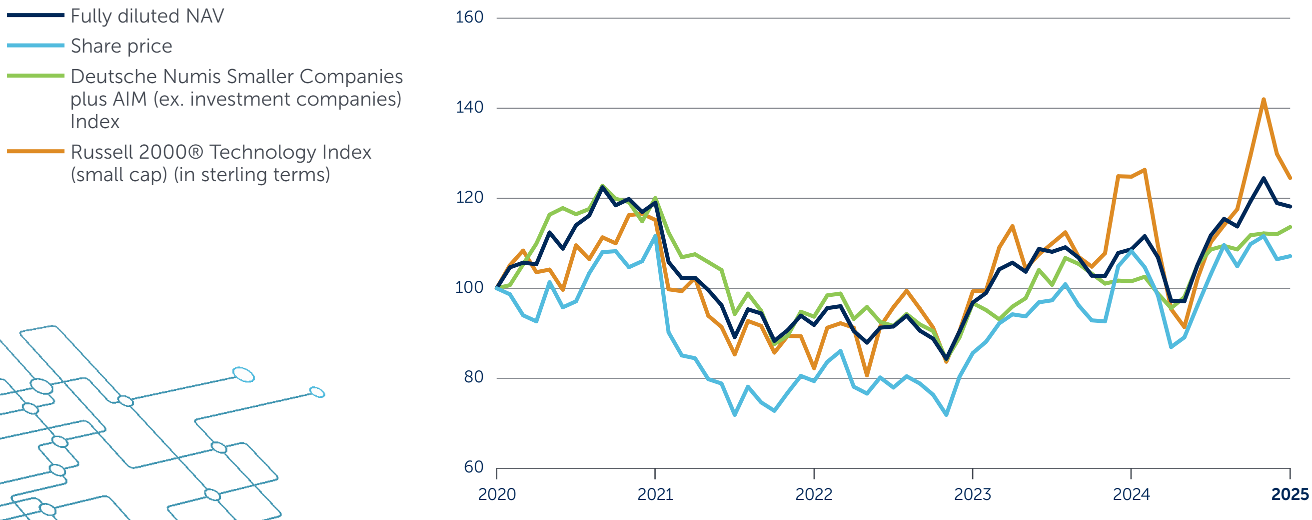
Total return for the year ended 31 December	2025	2024
Net asset value[A]	**+8.5%**	+12.1%
Share price[A]	**(1.0%)**	+26.4%
Deutsche Numis Smaller Companies plus AIM (ex. investment companies) Index	**+11.8%**	+5.0%
Russell 2000® Technology Index (small cap) (in sterling terms)[B]	**(0.3%)**	+25.9%

Year to 31 December	2025	2024
Profit per ordinary share		
Revenue	**0.70p**	4.96p
Capital	**198.31p**	244.77p
Total	**199.01p**	249.73p

Year to 31 December	2025	2025	2024	2024
Year's high and low	**High**	**Low**	High	Low
Share price	**2,560.0p**	**1,738.0p**	2,500.0p	1,870.0p
Net asset value per ordinary share[A]	**2,873.4p**	**2,058.9p**	2,550.8p	2,161.0p
Discount[A]	**17.3%**	**(1.3%)**	13.8%	(0.3%)

A Alternative Performance Measure – see pages 82 and 83.
B Investments and indices valued at USD/GBP exchange rate of 1.348 at 31 December 2025 (1.252 31 December 2024).
® Russell Investment Group.

5 YEAR TOTAL RETURN OF NAV, SHARE PRICE AND COMPARATIVE INDICES
(FIGURES HAVE BEEN REBASED TO 100 AT 31 DECEMBER 2020)



Source: LSEG Data & Analytics.

Investment Report

> AI equipment suppliers are the winners. Software companies are undermined by AI displacement fears.

Katie Potts, Investment Manager

COMPANY OVERVIEW

Achieving capital growth

Herald invests, generally on a long-term basis, using fundamental analysis. The technology and communications sectors globally comprises over 5,000 quoted companies, and many more unquoted.

The Manager focuses on investment within the technology and communications sector.

Focus on the sector enables a significant degree of cross-referencing across competitors, customers and suppliers globally.

Using this mosaic of information and industry knowledge combined with strong financial analysis, we endeavour to add value. The evolving nature of technology means there is a wide divergence of performance between winners and losers, but the winners can be spectacular.

WHAT WE DO

WHAT WE DO

The Manager uses a combination of data-driven analysis, face-to-face meetings and deep expertise with portfolio companies, either at Herald's office, virtually, through site visits or at conferences globally, as well as broker-hosted meetings. In addition, Herald relies on independent industry research and published company filings statements, presentations, websites and broker research.

The Company has consistently invested in early stage companies, often providing primary development capital, then holding investments for long periods, regularly providing further capital when needed.

Many of these holdings have a high stock specific risk and the Company aims to offer investors a low risk way to gain exposure to these exciting opportunities through broad diversification in the number of holdings and the maturity of the businesses.

HISTORY OF THE COMPANY

HISTORY OF THE COMPANY

The Company was established in 1994 raising £65m to invest in UK and European TMT (telecommunications, multimedia and technology) companies. In 1996 a further £30m was raised to globalise the fund with the recognition that TMT is a global sector and cross-referencing across geographies is a prerequisite for investing within the sector.

Since 1996, no further capital has been raised, but share repurchases totalling £530m have been made.

Over the history of the Company, the NAV per share, on a total return basis, has compounded at an annualised rate of 11.2%.

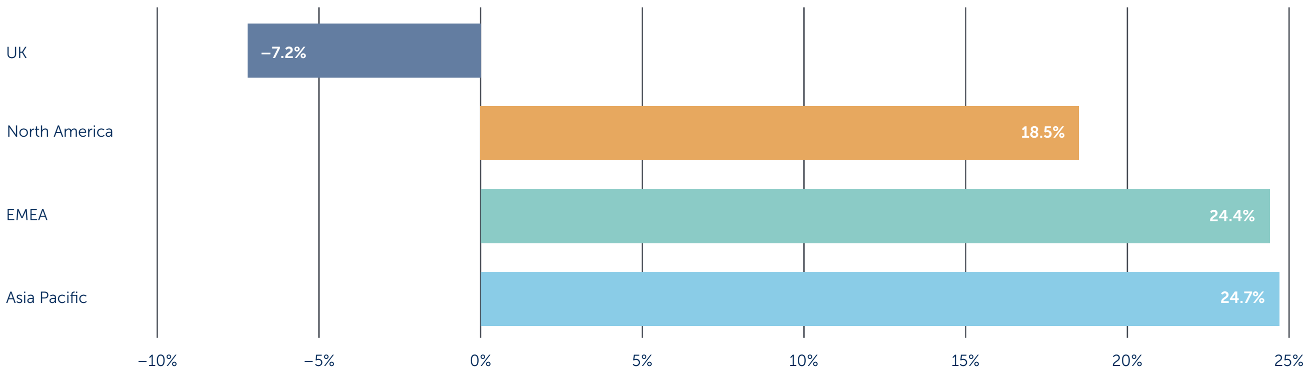
Subsequently, the market has evolved so that the Company universe is today more commonly referred to as technology and communications.

GEOGRAPHICAL ANALYSIS

GEOGRAPHICAL RETURNS

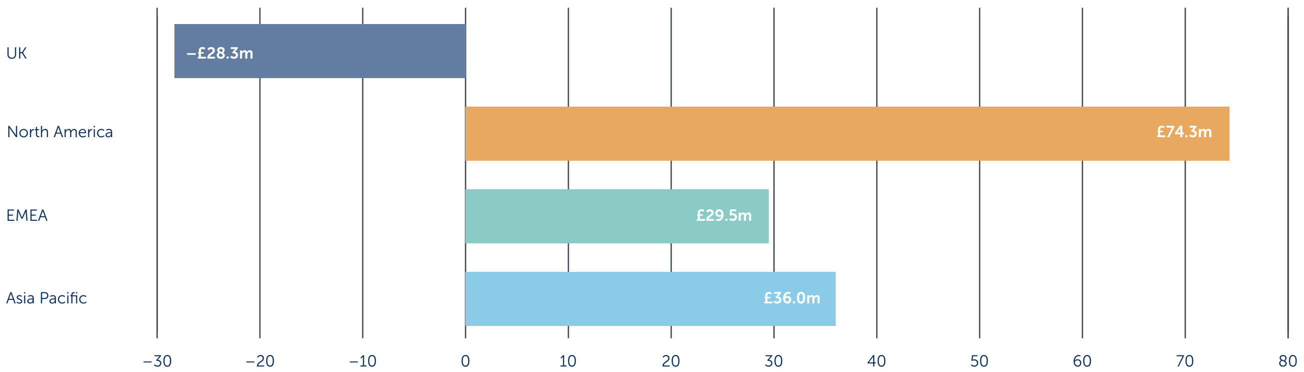
TIME WEIGHTED RETURN BY GEOGRAPHY YEAR ENDED 31 DECEMBER 2025*

(STERLING, PERCENT)



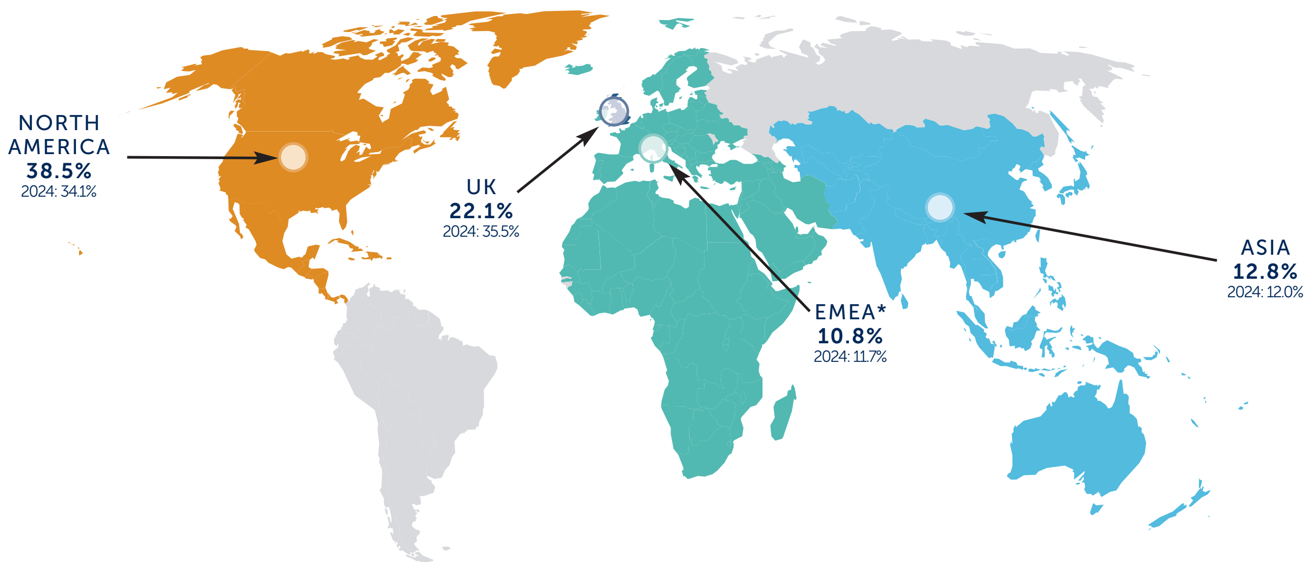
CONTRIBUTION TO EQUITY INVESTMENT APPRECIATION YEAR ENDED 31 DECEMBER 2025

(STERLING, MILLIONS)



*Costs including those of borrowing are accounted for at Company level.

GEOGRAPHICAL SPREAD OF EQUITY INVESTMENTS AT 31 DECEMBER 2025†



† As a percentage of total assets.
* EMEA stands for Europe, Middle East and Africa.

CHAIRMAN'S STATEMENT

NAV per share gained 8.5% in 2025 with divergence reflecting the AI boom between a strong hardware sector and a weaker software one.

CORPORATE ACTIVITY

2025 was a year dominated by the unwanted attentions of Saba Capital Management LP ("Saba"). Saba have blocked the board's proposal to give shareholders the choice between selling back to the Company at or close to NAV or staying with the current successful mandate. At the time of writing, it is therefore unclear whether a solution can be found to reconcile the interests of Saba, who have a blocking minority shareholding, and of the rest of the shareholders who form the majority. The board continues to work hard in an attempt to find such a solution, as they have done for many months.

Saba continue to hold some 31% of the Company's shares, which puts them in a position to continue over the months and years ahead to try to take effective control by a process of attrition. If no better solution can be found, as set out in the Company's circular of 12 January 2026, the board would be left with no good alternative but to launch a further tender (the "Backstop Tender"), requiring only a simple majority for approval. This would in all probability spell the end of the Company with its current mandate and management, but would at least allow all shareholders to exit at close to NAV at a time before Saba might gain effective control of the board and/or the management of the Company. The almost unanimous desire of non-Saba shareholders to avoid being in a Saba controlled vehicle is demonstrated by the unequivocal support for the Company in January 2025 at the requisitioned general meeting, when 99.8% of non-Saba votes cast were against Saba's attempt to foist their own nominees onto the board, and again at the Company's AGM in March 2025 where 99.9% of non-Saba votes were cast in favour of continuation.

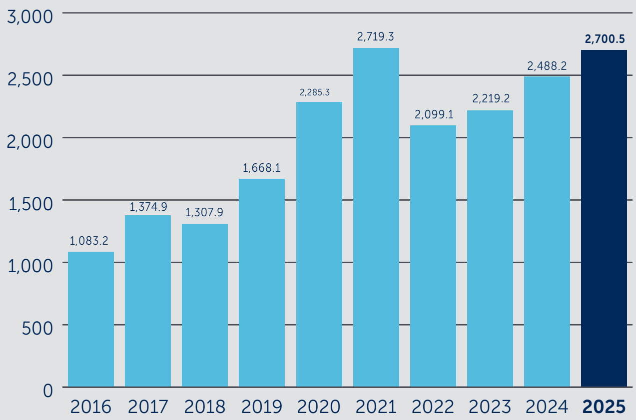
The consistent theme of Saba's actions is the threat to seek to replace the Company's board with their own nominees (requiring only a 50% approval of those voting), with the likely intention that the new board then appoint Saba in due course to run the Company. The board naturally deplores such an approach, as it oppresses the interests of the numerous small shareholders who collectively make up a majority of the register and it has therefore raised the matter with the Financial Conduct Authority ('the FCA'). In the board's view, where a substantial shareholder nominates a director to the board of a company, and such substantial shareholder is then also proposed to be appointed as the investment manager of that company (being a 'relevant related party transaction' under the UK Listing Rules), that director should not be entitled to vote on the appointment of the investment manager who nominated them in the first place. This would bring such a decision in line with the general guidance that non-independent directors cannot vote on matters between the company and the investment manager.

This is an appropriate moment to thank the many shareholders who have taken time and trouble to vote. It is deeply regrettable that so much money and time, including shareholders', should have been taken up in this matter when the business of the Company is to get on and make good returns for all the savers invested with it.

> "The board continues to have confidence in the long-term prospects for the Company provided the dysfunction on the share register can be resolved."

ANDREW JOY, CHAIRMAN

NET ASSET VALUE PER SHARE (PENCE)



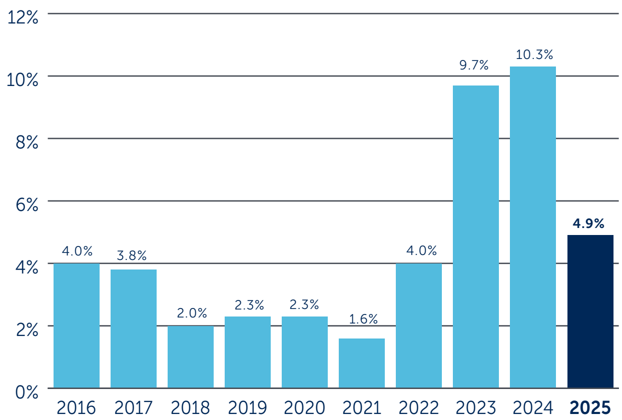
2025 PERFORMANCE

2025 was yet another good year for the Company. It achieved a +8.5% NAV per share uplift in the year, taking to +2,847.8% the uplift since inception in 1994 and +206.4% over the last ten years. In headline terms, but for the weakness in the year of the US Dollar, the NAV uplift in 2025 would have been circa 10%, recognising that in a global portfolio with many internationally diversified companies, the actual effect of currency swings is more complex, and in this year, probably greater, than headline numbers suggest.

The Manager's report on pages 10 to 16 covers in more detail the contributors to the performance.

In summary, in sector terms, the technology hardware and semiconductor sector which accounted for 28.3% of the opening equity portfolio, delivered all the positive return, and more, whereas the large software and technology services sector, accounting at the start of the year for 42.2% of the equity portfolio, delivered a negative return. In broad terms the strong performance of the first and the weak performance of the second had at least in part a common cause: the AI boom has propelled technology hardware stocks and put doubts over the valuation of software stocks. Four stocks within the hardware sector, namely Super Micro Computer, Celestica, BE Semiconductor Industries and Fabrinet, accounted for a remarkable 72.6% of the Company's return. These stocks typify the Manager's approach, having been held for many years and collectively having multiplied in value by nearly 25 times.

SHARE BUYBACKS
(PERCENTAGE OF SHARES OUTSTANDING)



The performance of the other sectors in the Company's portfolio, comprising in aggregate less than 30% of both opening and closing equity portfolios, was mixed.

The geographic performance took its lead from the sector performance, with the strong North American performance largely a function of the weight of AI exposure. The return of +17.5% compares with the sterling total return of the Russell 2000® Technology Index (small cap, £) of −0.3%. By contrast, the UK portfolio returned −7.2%, reflecting the larger concentration in software and media stocks. The comparator index, the Deutsche Numis Smaller Companies plus AIM (ex. investment companies) Index, returned +11.8% on a total return basis, although when the index is restricted to technology stocks, it was down −11.5%. Asia, with its focus on hardware and semiconductors, performed very strongly with a return in year of +24.3%. Europe, Middle East and Africa also delivered strong returns of +23.9%, on a broad basis with no single investment or sector dominating.

As noted by the Manager, the unwanted attentions of Saba have adversely affected the Company in two ways – three if you account for the inordinate amount of time having to be spent on corporate affairs rather than fund management. Firstly, conscious of the need potentially to fund a tender, the Manager has felt inhibited from making all the new investments it would normally make for fear of having to sell these again a short while later, incurring costs and possible volatility in doing so. The Company usually buys stocks with a horizon of at least five years. Secondly (and in part, consequently) cash and liquid securities accounted by year end for 15.8% of the NAV, a materially higher proportion than historically, and a drag on performance.

Looking at the share price performance over the year, this has lagged NAV. I note that, at the start of the year, the share price had been driven up by Saba's campaign to buy 29.9% in pursuit of effective control. On occasion Saba was buying shares at a premium.

LIQUIDITY AND CAPITAL ALLOCATION

During the year the Company continued to buy shares back, with 4.9% of the opening share capital bought back in the year, taking the total bought back since 1 January 2023 to 23.0%. The board has paused buy backs in the face of Saba's continued campaign to take effective control: although only allowed by the Takeover Code to buy 29.9%, Saba was benefiting from the denominator effect of the Company shrinking its share base, leading to its present position of it owning some 31% of the Company. Takeover Code rules do not require Saba to make a general offer to shareholders in those circumstances as it benefits from what is referred to as 'The Innocent Bystander' status under these rules. To avoid delivering creeping control to Saba, the board has paused further buybacks after consulting with other large shareholders.

It is worth noting that since its inception, the Company has bought back shares totalling some £530m which compares with the total amount of capital raised of £95m, and still retained a NAV of £1,292m at year end. How many other investment trusts have exhibited a similar capital discipline over the years?

OUTLOOK

As I said last year, the board continues to believe that an active manager with the right skills and experience can achieve excellent returns in this dynamic sector. Index trackers do not reach down into the small and very small levels of the market. There are some 5,000 companies worldwide which fall within the mandate and sorting the wheat from the chaff adds a lot of alpha. To achieve success, the board supports the Manager's view that a portfolio of technology stocks needs to be global: trends and opportunities in different parts of the globe inform decisions in other parts.

Since the year end, there has been marked volatility in technology stocks, especially software companies. The Company's own portfolio has not been immune but is up 2% at the time of writing, reflecting the benefit of the shift away from software in favour of hardware noted above.

Provided that the Company's shareholder register can be sorted out, with short term investors given the opportunity to leave and genuine medium and long-term savers remaining, there remains good reason to have continued confidence in the long-term prospects for the Company.

I would like to conclude by thanking my fellow directors, the Manager and the board's advisers for their commitment over the last 12 months to doing the right thing by all our shareholders. This has involved a time commitment way beyond what is expected.

ANDREW JOY
CHAIRMAN
20 February 2026

SHORT SUMMARY OF RECENT EVENTS

The Company issued a circular on 12 January 2026 setting out a proposed tender (the "Tender Offer") to offer shareholders the choice of selling up to 100% of their shares for cash at close to NAV or remaining invested. The board had assessed that it was not sustainable to do nothing given that a process of attrition might eventually see Saba able to win a simple majority vote even though it itself is a minority shareholder, and thus take effective control of the Company.

The board and the Manager continue to have confidence in the Company's strategy, believing there to be attractive long-term investment opportunities within quoted smaller companies in the global technology and communications sectors. The Tender Offer was proposed to enable the Company to focus on delivering strong investment returns with a supportive and stable Shareholder base. It was dependent on Saba not voting against the tender and tendering its shares. If the Tender Offer did not proceed, a subsequent Backstop Tender Offer (the "Backstop Tender") would be proposed which required only 50% of votes in favour to pass, versus the 75% of votes in favour required for the initial Tender Offer.

Given Saba voted against the Tender Offer, the Company cancelled it on 3 February 2026. The board have temporarily deferred launching the Backstop Tender because it is in discussions with Saba in an attempt to reach a mutually acceptable outcome. This would again be for a tender offer giving shareholders the choice to tender up to 100% of shares for cash, with Saba agreeing to both vote in favour and tender their shares. However, if discussions do not lead to a mutually acceptable outcome, in view of the fact that Saba voted against the Tender, the board will launch the Backstop Tender. In that way shareholders would have an opportunity to exit their investment in the Company at a price close to the NAV and at a time before Saba might gain control of the board or the management of the Company.

INVESTMENT MANAGER'S REPORT

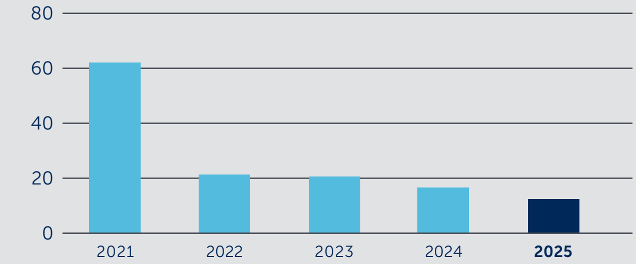
AI delivers returns and gives the sector an exciting future.

The instability in the share register and the accumulation of a c.31% shareholding by funds advised by Saba Capital Management, L.P. ("Saba") together with their requisition of a general meeting in January 2025 has provided a cloud over the year and meant we have run higher cash levels, whilst minimising new positions in more illiquid investments, which has been part of our process over 30 years. Nevertheless, I am pleased to report further growth in the net assets per share of 8.5%. All the overseas regions delivered strong returns, but the UK lagged. More unusually the positive returns have been concentrated in a handful of stocks in the technology hardware sector. In fact, this sector has delivered a total return of £127.0m in the year versus the total return of the Company, net of expenses, of only £98.5m. The software and technology services sector, which started the year as the biggest sector (42.2% of equities) had a further dull year with a total return of −3.1%, and media, which started the year with a 10.5% weighting, a desultory −21.2%.

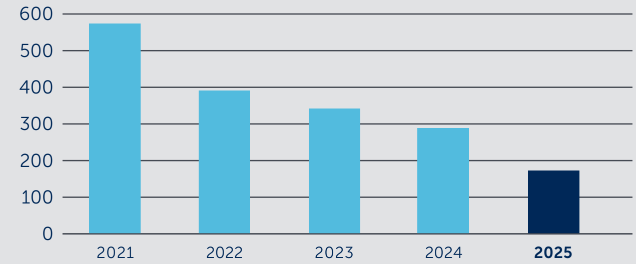
Sector Performance

If the challenges posed by Saba have been the cloud, then the artificial intelligence (AI) supply chain has been the shining driver to performance. The table below quantifies this over the last cycle. In 2025 the technology hardware and semiconductors sector delivered 129% of the total return of the Company, although it only accounted for 26.4% of the assets at the start of the year. Furthermore, the sector accounts for 66.0% of the total returns over six years, although only weighted at 18.8% at the start of this period.

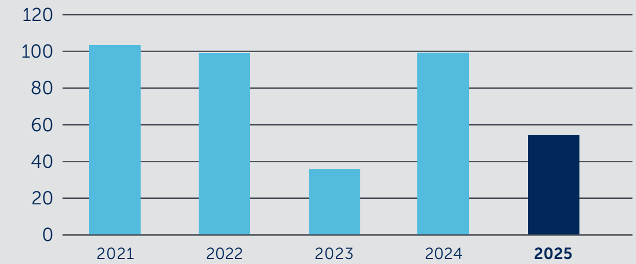
PLACINGS AND IPOs
(STERLING, MILLIONS)



AIM HOLDINGS
(STERLING, MILLIONS)



TAKEOVERS*
(STERLING, MILLIONS)



*Announced basis.

	Net Asset Value £m				% of total NAV		
	Total NAV	Tech Hardware and Semiconductors	Software and Tech Services	AI 4	Tech Hardware and Semiconductors	Software and Tech Services	AI 4
31/12/2025	1,292.4	402.6	391.3	120.3	31.2%	30.3%	9.3%
31/12/2024	1,252.6	330.2	493.6	101.0	26.4%	39.4%	8.1%
31/12/2023	1,245.8	336.5	457.8	113.3	27.0%	36.8%	9.1%
31/12/2022	1,305.0	312.6	498.9	66.0	24.0%	38.2%	5.1%
31/12/2021	1,760.9	384.7	751.5	50.1	21.8%	42.7%	2.8%
31/12/2020	1,503.4	291.4	655.1	34.1	19.4%	43.6%	2.3%
31/12/2019	1,122.8	211.3	455.8	25.4	18.8%	40.6%	2.3%

	Return £m				% of total return		
	Total return	Tech hardware and semiconductors	Software and tech services	AI 4	Tech hardware and semiconductors	Software and tech services	AI 4
Return 2025	98.5	127.0	−13.6	71.5	129.0%	−13.8%	72.6%
Return 2024	134.3	63.5	69.4	67.8	47.3%	51.7%	50.5%
Return 2023	48.1	69.4	−15.5	90.0	144.3%	−32.2%	187.0%
Return 2022	−405.5	−75.9	−162.3	14.1	18.7%	40.0%	−3.5%
Return 2021	280.4	99.5	72.9	16.1	35.5%	26.0%	5.7%
Return 2020	405.4	86.7	197.4	8.2	21.4%	48.7%	2.0%
Return 2020 - 2025	**561.1**	**370.3**	**148.3**	**267.8**	**66.0%**	**26.4%**	**47.7%**

	Investment realised gains £m			
	Total realised gains	Tech hardware and semiconductors	Software and tech services	AI 4
2025	137.3	46.2	54.4	49.2
2024	120.4	75.0	37.6	76.5
2023	40.0	39.5	6.3	38.0
2022	101.8	12.2	70.2	0.0
2021	137.5	17.1	52.9	0.7
2020	119.7	32.0	51.6	0.0
2020 - 2025	**656.7**	**222.0**	**273.1**	**164.3**

Over this six year period there have been 137 holdings in the sector, and 90 in 2025 alone. However, there have been four stand-out contributors that are labelled AI 4 in the table above. These are Super Micro Computer, Celestica, BE Semiconductor Industries and Fabrinet. They alone have accounted for 72.6% of the Company's return in 2025 and 47.7% over six years. It also interesting to see that we have realised gains on these four holdings of £164m in the six years (and £176m over the life of the Company), the current value is still £120m against a residual book cost of £4.9m. This gives a 24.3x return. Of this, about half is multiple expansion and half profits growth. A stark reminder of the power of fashion! In contrast the software and technology services sector, which accounted for 39.4% of the Company's net assets at the start of the year and included 162 holdings in the year, delivered a negative return. This sector led the returns in the last cycle (2019-22) when software-as-a-service was the fashion, and valuations rose to 30x revenue multiples and more. We sold some too early, some well and clearly should have sold more given the 2022 correction, but we did at least move decisively in the right direction and added a little to Super Micro and Celestica. The 2022 correction was clearly the fashion element evaporating and 2024 saw some recovery. The headwind this year has been concerns that AI will make software much easier to develop thereby reducing barriers to entry. In addition, the major players have pushed through price rises and budgets have been diverted to AI initiatives, so revenue growth has generally slowed, but there has been a continued derating. The other concern about the software product sector is that it is swilling in stock-based compensation, which analysts never account for in forecasts, so p/e ratios are a bit fictitious in the US in particular.

The returns of the other sectors represented in the portfolio are shown in the table below, and patchy results are evident. The media sector has been poor and will be discussed more in the UK analysis. A particular headwind has been the hyperscalers diversion of resources to AI capital expenditure, who have historically been lavish spenders for a number of holdings in the media sector. Industrial products have been a bright light. Again a number of holdings in all regions have benefited from the AI infrastructure spend.

	Valuation at 31-Dec 2024 (£m)	Valuation at 31-Dec 2025 (£m)	IRR	Valuation at 31-Dec 2024 (%)	Valuation at 31-Dec 2025 (%)
Software & Tech Services	493.6	391.3	−3.1%	42.2%	36.0%
Tech Hardware & Semiconductors	330.2	402.6	39.7%	28.3%	37.0%
Media	122.4	78.1	−21.2%	10.5%	7.2%
Industrial Products	90.2	102.1	34.9%	7.7%	9.4%
Industrial Services	33.4	24.6	−18.7%	2.9%	2.3%
Telecommunications	32.5	20.0	−37.5%	2.8%	1.8%
Other	66.4	69.5	18.1%	5.6%	6.3%
Total equity portfolio	**1,168.6**	**1,088.2**			

INVESTMENT MANAGER'S REPORT CONTINUED

SECTOR PERFORMANCE (STERLING, MILLIONS)

	Market value equity portfolio 31 Dec 2025	% of equity portfolio 31 Dec 2025	Total return equity portfolio 31 Dec 2025	% IRR 2025
Software	351.8	32.3	−6.4	−1.7
Technology Hardware	238.1	21.9	99.3	53.3
Semiconductors	164.5	15.1	27.7	20.7
Electrical Equipment	60.0	5.5	21.2	47.4
Internet Media & Services	40.2	3.7	−13.8	−25.6
IT Services	39.5	3.6	−7.2	−12.4
Industrial Intermediate Production	25.7	2.4	7.2	32.0
Commercial Support Services	23.8	2.2	−6.3	−18.3
Telecommunications	20.0	1.8	−12.8	−37.5
Advertising & Marketing	16.4	1.5	−11.0	−32.2
Other	108.2	10.0	13.7	12.5
Total	**1,088.2**	**100.0**	**111.6**	**10.3**

Source: BICS (Bloomberg Industry Classification Standard) and HIML.

REGIONAL ALLOCATION CHANGES (STERLING, THOUSANDS)

	Valuation at 31 December 2024	Net acquisitions/ (disposals)	Amortisation	Appreciation/ (depreciation)	**Valuation at 31 December 2025**
Equities*					
UK	444,846	(125,047)	–	(33,974)	285,825
North America	427,253	(1,888)	–	72,858	498,223
EMEA	146,260	(34,991)	–	28,074	139,343
Asia Pacific	150,251	(18,978)	–	33,556	164,829
Total equities	1,168,610	(180,904)	–	100,514	1,088,220
Government bonds	61,417	19,700	755	(1,645)	80,227
Total investments	1,230,027	(161,204)	755	98,869	1,168,447
Net liquid assets	22,575	102,126	–	(735)	123,966
Total assets+	1,252,602	(59,078)	755	98,134	1,292,413

* Equities includes convertibles and warrants.
\+ The total assets figure comprises assets less current liabilities.

Analysis by Region

If at the sector level there has been a swing to hardware and the AI capital expenditure boom, there has also been a geographical cycle. The UK has been particularly hard hit by heavy redemptions from retail funds for another year, and the lack of exposure to the AI capital expenditure supply chain. In part it is evident that the exceptionally high savings rate in the covid era, coinciding with negligible interest rates, led to heavy flows into funds which were focused on the growth sector of technology. It appears that this investment was temporary. This has resulted in a further derating of UK holdings of c10%, so that valuations are nearly as low as they were in the global financial crisis.

Portfolio p/e by region

	UK	North America	EMEA	Asia	**Total Equities**
2013	16.9	20.9	14.9	9.6	**16.8**
2014	15.8	19.2	13.4	12.3	**16.1**
2015	16.4	20.1	16.3	13.2	**16.9**
2016	15.9	20.7	17.5	13.1	**16.7**
2017	19.6	27.8	21.4	14.8	**20.7**
2018	15.9	24.0	17.7	16.3	**17.7**
2019	21.7	27.9	25.0	20.7	**23.2**
2020	26.2	45.0	34.9	25.0	**30.7**
2021	23.8	29.4	33.3	23.0	**25.9**
2022	16.7	17.9	24.1	16.9	**17.8**
2023	16.0	22.3	30.4	21.5	**19.6**
2024	16.6	23.3	29.2	20.5	**19.7**
2025	15.0	24.1	24.3	19.7	**20.5**

The exciting thing is that the AI returns have kept the NAV/share increasing over a period of useful derating for the majority of the portfolio from the frothy levels of 2020-21. In addition, the expectation that we shall have to buyback the shareholders who are not long-term investors in our strategy has led to a deliberately higher level of cash and a focus on investments with more liquidity in overseas markets. A further net £125m has been sold from the UK portfolio in 2025, taking the total since the beginning of 2015 to nearly £500m.

Valuation of equity portfolio

	Valuation at 31-Dec-2024 (£m)	Net purchases/ sales (£m)	Gains/ (losses) (£m)	Valuation at 31-Dec-2025 (£m)
UK	444.8	−125.0	−34.0	285.8
North America	427.3	−1.9	72.8	498.2
EMEA	146.3	−35.0	28.1	139.3
Asia	150.2	−19.0	33.6	164.8
Total	**1,168.6**	**−180.9**	**100.5**	**1,088.2**

Looking over a longer timeframe, as we have done with sectors, the trends are quantified in the table below.

		Equities (£m)				% of total NAV			
	Total NAV (£m)	Asia	EMEA	North America	UK	Asia	EMEA	North America	UK
31/12/2025	1,292	165	139	498	286	12.8%	10.8%	38.5%	22.1%
31/12/2024	1,253	150	146	427	445	12.0%	11.7%	34.1%	35.5%
31/12/2023	1,246	144	150	342	504	11.5%	12.1%	27.4%	40.5%
31/12/2022	1,305	145	141	284	576	11.2%	10.8%	21.8%	44.1%
31/12/2021	1,761	208	201	392	839	11.8%	11.4%	22.3%	47.7%
31/12/2020	1,503	152	129	367	741	10.1%	8.6%	24.4%	49.3%
31/12/2019	1,123	77	67	258	586	6.8%	6.0%	23.0%	52.2%

		Returns to year ending 31 December (£m)				% of total return			
	Total return	Asia	EMEA	North America	UK	Asia	EMEA	North America	UK
2025	98.5	36.0	29.5	74.3	−28.3	37%	30%	75%	−29%
2024	134.3	4.8	8.4	115.4	15.7	4%	6%	86%	12%
2023	48.1	19.6	6.3	85.9	−50.7	41%	13%	179%	−105%
2022	−406.0	−56.1	−54.6	−75.9	−212.3	14%	13%	19%	52%
2021	280.4	31.0	63.0	39.5	163.4	11%	22%	14%	58%
2020	405.0	53.4	43.0	139.2	183.7	13%	11%	34%	45%
2020 - 2025	**560.3**	**88.7**	**95.6**	**378.4**	**71.6**				

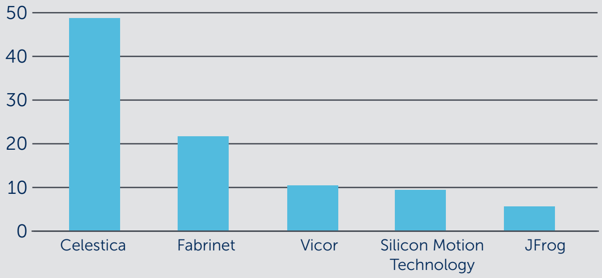
Investment realised gains (£m)

	Total realised gains	Asia	EMEA	North America	UK
2025	137.3	18.2	27.8	63.2	27.5
2024	120.4	5.0	9.4	68.5	39.2
2023	40.0	1.2	4.2	36.2	2.5
2022	101.8	10.3	5.4	37.5	45.3
2021	137.5	22.8	3.3	40.5	71.0
2020	119.7	8.5	11.5	56.6	42.2
2020 - 2025	**656.7**	**66.0**	**61.8**	**302.5**	**227.8**

INVESTMENT MANAGER'S REPORT CONTINUED

North America

TOP 5 WINNERS BY REGION – NORTH AMERICA
(IN STERLING £M)



The IRR of the North American portfolio in 2025 was +17.5% versus the sterling total return for the Russell 2000 Technology Index of −0.3%. It frustrates me that a number of UK investors think the US is "tech utopia". Valuations are often too high and management teams obsessed with revenue growth build huge losses exacerbated by overly generous stock-based compensation, which unfortunately makes it the obvious market to raise capital, but less obvious that it is the market in which to invest. It is particularly pleasing therefore that we have trounced the comparative index this year again through the AI exposure described above. Ironically, of the three North American Holdings in our AI 4, only one is actually a US company- Super Micro Computer, which has positively contributed to the Company's returns each year from 2019 to 2024, returning a small loss in 2025. The cumulative return is £116.5m making it the most profitable investment in Company's history. This year the leadership came from the Canadian domiciled Celestica returning £48.8m, which supplies the hyperscalers and Google in particular. Second best has been Fabrinet, a Cayman Island company with operations primarily in Thailand. It has returned £21.7m in 2025 and £48.7m since first acquired on a p/e of 10.2x in 2013. Vicor and Silicon Motion Technology (Cayman domiciled, but Taiwanese operations) also contributed c£10m each, both of these holdings had an AI kicker to demand, so in aggregate the technology hardware and semiconductors sector delivered a return of £95.0m from 29 holdings in the year. The 48 holdings in the software and tech services sector delivered a modest negative return of 7.9% with no standout positions, albeit the long held significant software holdings of Descartes Systems, Varonis Systems and SPS Commerce all drifted. Cogent Communications, an acquisition driven internet infrastructure company, proved the biggest loser with price pressure, costs pressures and debt a challenge.

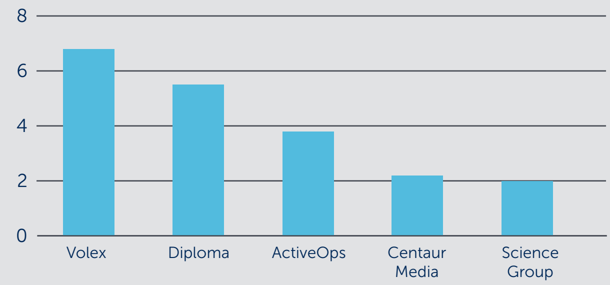
There were eight Israeli companies with NASDAQ listings in our North American bucket, now reduced to seven following the CyberArk Software takeover. Their IRR was +31.8%, and in sterling terms offset the −3.7% loss on the 88 US domiciled companies held. Israel was outshone by Canada +55.4% led by Celestica, and the Cayman Islands +73.0% reflecting Fabrinet and Silicon Motion Technology's strong returns.

The 13 holdings in the industrial products sector returned +44.6% led by laser company nLight. The common theme is that manufacturing companies have generally performed better than software, media and I.T. service companies. As Trump reminds us bluntly, the US has exported manufacturing primarily to Asia, as has the UK, so that has been a headwind for these regions. The market was evidently unsettled by the introduction of tariffs. We are fortunate to be in regular contact with scores of management teams around the world and most companies see little adverse effect on their trading.

The smaller companies' market in the United States is under pressure from withdrawals from active management in favour of index trackers and companies remaining private for longer. There are now only 432 companies in the Bloomberg technology and communications sectors in North America with a market capitalisation of between $100m and $5bn so a further small decline in 2025. There is a big pipeline of venture backed companies that might come to market, but the valuations have to be more realistic than the crop that came to market in 2020-21.

UK

TOP 5 WINNERS BY REGION – UK
(IN STERLING £M)



The UK returns to some extent mirror the software returns with a strong covid period and subsequent anaemic performance. The IRR for 2025 of −7.2% is disappointing relative to the Deutsche Numis Smaller Companies Index plus AIM (ex. investment companies) total return of +11.8% and the returns from the overseas regions. However, the sector return within the Deutsche Numis index for technology is −11.5% and the media sector is −27.2%, therefore relative to our sectors the return shows solid outperformance. Just as we were decisively taking profits in software companies in 2021, we were also decisively reducing the UK portfolio. In both cases we moved in the right direction, but not fast enough. Liquidity proved an inhibitor particularly when the market turned, but we could have done more. Trends always move further than rational on the upside and the downside. I observe that basic materials weighting in the index has risen to 7.7% and technology has fallen to only 4.2%. Basic materials has returned +65.3% led by precious metals and mining!

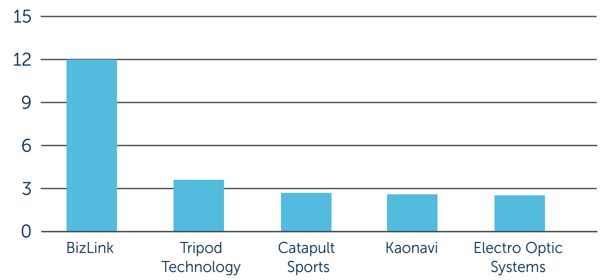
The media sector has accounted for 80.1% of the UK decline, with Trustpilot alone declining £11.1m. This is in spite of Trustpilot's trading performance, delivering on expectations with annual recurring revenue growth rising 21% year on year in the interims. There has been a bear raid from short sellers, and we are sceptical of their negativity, accusing the company of rigging outcomes, which the company vigorously and credibly denies. Two small holdings in the software sector, Corero Network Security and Celebrus Technologies both lost more than £4m, but we remain confident long-term. Volex (+£6.8m) and Diploma (+£5.5m) were the two best performing stocks. Interestingly they were also beneficiaries of the AI capital spending boom in some of their activities, with a Volex subsidiary supplying active electrical cables for connectivity, and Diploma copper cables.

Few of the UK investments have a predominantly domestic market. Technology is an international sector and the majority of revenues and profits are derived in overseas markets. The strength of sterling relative to the dollar is a headwind to profits growth, particularly for the numerous companies which are overweight sterling costs versus dollar revenues.

Whereas we were purposefully selling UK holdings on valuation grounds in 2020-21, this year's increased pace of selling reflects more a desire to increase cash levels and reduce the most illiquid region of the portfolio in the expectation that at some stage the Company may have to undertake a tender offer. The UK market is in a sorry state and the flight of capital has continued throughout 2025. Whilst I am nervous about longer term prospects, because the flight of capital has led to an evaporation of the skillset in London, in the short-term there are some stocks trading at very good valuations and it would be a shame to have to sell more into this unwilling market.

Asia

TOP 5 WINNERS BY REGION – ASIA
(IN STERLING £M)



Asia has been a strong market this year, the portfolio sterling IRR of 24.3% has been achieved despite currency headwinds, with a number of hardware companies in the AI hardware and AI semiconductor supply chains seeing extraordinary revenue growth, benefitting from massive growth in AI data centre capital expenditure and from rising prices for their products. The scale of the hyperscaler AI capex spend is remarkable, growing from $250-300bn in 2024, to perhaps $400bn in 2025 with some analysts forecasting annual capex spend of $1-2tn by 2030. Some individual data centre sites in North America will require capex of over $10bn. A substantial proportion of this spend is on AI servers and AI network switches which have the majority of the hardware value produced in Asia. The biggest beneficiary of direct AI spend to date has been Nvidia (now the largest company globally by market capitalisation), they are the leading provider of AI chips and AI interconnect and have close to 75% gross margins. Hence, for every $1 spent with Nvidia, 25 cents is spent with its suppliers, who are often in Asia. Google's AI ecosystem is based around a semiconductor called a TPU; it is also enjoying remarkable growth, which is passed onto Google's supply chain, again often located in Asia.

To deliver AI requires compute, memory, storage and connectivity. All of these elements require enormous electrical power and power transformation equipment. The scale of demand is immense with data centre electricity consumption forecast to more than double to around 945 TWh by 2030. This is slightly more than Japan's total electricity consumption today. A number of data centre companies are committed to building their own nuclear power stations and making substantial investments in renewable energy. The Asian portfolio has numerous holdings that supply materials and components into companies supplying into this AI datacentre capex spend. They include BizLink (Active Electrical Cables (AEC) for data and power cables), Elite Material and Taiwan Union Technology (Copper Clad Laminates (CCL) used in advanced AI and networking PCBs), MPI (probe cards for semiconductor test), Winway Technology and ISC (semiconductor test sockets), Kulicke & Soffa Industries (bonding machines for advanced semiconductors), ASMPT (bonding machines for advanced semiconductors), eMemory Technology (PUF based security IP to incorporate in semiconductors) and Chroma ATE (advanced semiconductor test equipment).

Companies in the portfolio developing innovative new products to address AI datacentre demand include: Voltronic Power Technology (power supplies), Musashi Seimitsu Industry (hybrid super capacitors), FOCI Fiber Optic Communications (fiber array units), Himax Technologies (micro-lens arrays for TSMC's COUPE (silicon photonics)).

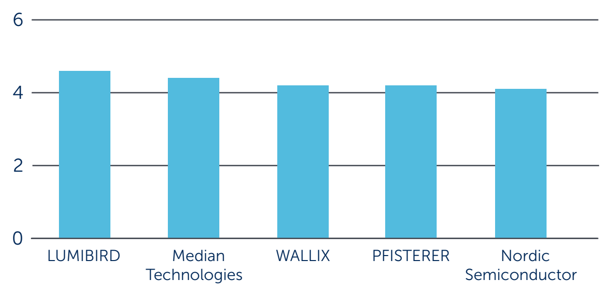
In addition, there are a number of holdings of semiconductor capital equipment manufacturers that supply into both memory and logic fabs. Until recently the wider DRAM and NAND memory industries have been in a multi-year cyclical downturn with weak demand. AI demand for High Bandwidth Memory (HBM) based on DRAM, and to a lesser extent better NAND demand, has transformed memory pricing and the profitability of Samsung Electronics, SK Hynix and Micron Technology. It is anticipated that as a result the capital expenditure of these companies will now rebound, transforming the prospects for a number of the Company's semiconductor equipment manufacturing holdings, potential beneficiaries include Wonik IPS, Eugene Technology, Tokyo Seimitsu and Park Systems. There is great uncertainty as to how long this elevated period of AI related capex will last.

AI is the hot topic and major global technological innovation of the time, but the sources of the performance of the Company's small company portfolio are actually quite diverse and not reliant on AI hype and concept valuations. AI related names are a minority of the Asian portfolio. Although, the biggest individual contributor to the Asian performance is the AI related BizLink, which appreciated +156% (£12m), strong percentage returns were seen from numerous holdings, many not AI related. Some of these gains were due to takeovers and include Kaonavi (HR software in Japan) and Proto (Car dealership software in Japan) others were due to strong revenue and profit growth in niche growth markets. Examples here include Electro Optic Systems (Laser based drone defence systems (Australia)), Catapult Sports (A leading sports analytics company (Australia)), RFHIC (GAN power amplifiers for defence and industrial heating applications (Korea) and finally Genians (Dominant Korean supplier of network access and zero trust software).

In contrast to the shrinking number of public companies in the sectors targeted in the West the number in Asia continues to grow. Six new holdings were added in Asia in the year including Acer Cyber Security, AP Memory Technology, Innodisk, Kinsus Interconnect Technology, MPI and Voltronic Power Technology. In fact, the number of companies in technology and communications with a market capitalisation between $100m and $5bn is 453 in Taiwan, in Japan 380, South Korea 273 and China many more. However, in the United States only 395. A number of Asian companies are moving rapidly up the value chain.

Europe, Middle East and Africa

TOP 5 WINNERS BY REGION – EMEA
(IN STERLING £M)



INVESTMENT MANAGER'S REPORT CONTINUED

The European market was unusual in providing a currency tailwind for sterling investors with the Euro appreciating against sterling by 5.4%. The IRR was a pleasing +23.9%. 83% of the EMEA portfolio is invested in two core sectors; technology hardware and semiconductors, which returned +11.5%, and software and technology services, which returned +26.8%. Returns were broad based, led by software companies which provided slightly more than half the sterling gains of £29.5m. These software businesses address a range of applications, with the significant contributors including Median Technologies (AI lung cancer screening), WALLIX (Privileged Access Management) and RaySearch Laboratories (radiotherapy treatment planning). Other significant contributors were LUMIBIRD (lasers for medical, defence and industrial applications), PFISTERER (high-voltage cable accessories) and Nordic Semiconductor (Bluetooth Low-Energy wireless connectivity). Each contributed a gain of circa £4m in the year.

A headwind for the European portfolio going into the year was the high proportion of cash and outstanding takeovers, with Volue having settled late in 2024 and Esker and Nexus, in aggregate 21% of the EMEA portfolio by value, settling in February and April. Pleasingly, as well as adding to existing positions, we have managed to redeploy capital into eight new holdings. PFISTERER, the only European IPO invested in, was the IPO of the year in terms of performance, rising +183% from its IPO price. We have also made post-IPO investments in Planisware (marginally above the IPO price) and HBX Group (at a significant discount to the IPO price). Our other new positions are Comet, Louis Hachette, NCAB, STREAMWIDE and Vivendi.

Our largest position, BE Semiconductor Industries, is one of the four AI beneficiaries described earlier. It was first acquired in 2011 and has since returned £55m, of which £30m has been generated in the last six years, though the shares have been relatively flat since 2023. The company is the market leader in hybrid bonding systems, which we view as critical to enabling the next wave of advanced packaging innovation.

Drivers of the Company's challenges

The challenges posed by Saba are arguably only one factor. Saba would not have accumulated such a large stake if there had not been willing sellers, albeit Saba's buying reduced the discount to a level that was too low versus other trusts with more liquid assets, providing shareholders with a tempting exit. It is depressing that over the last three years we have repurchased 14.3m shares, or 23% of the share capital, including 2.5m shares repurchased in 2025. Over the same period Saba has acquired 14.7m shares, so there has been net selling of 47% of the register. It is bewildering that we have had such heavy selling pressure, whilst continuing to perform. We speculate on the reasons:

(i) Regulatory pressure for wealth managers and advisors to minimise "double fees" when they invest in funds following the Consumer Duty legislation- albeit our smaller companies focus gives them access to investments that they would not otherwise be exposed to. It is evident that this has contributed to enormous outflows across collective vehicles in the UK.

(ii) The underperformance of the small companies sector compared to the Magnificent Seven.

(iii) The incentive ahead of tax rises for investors to realise profits when they enjoyed heavy capital gains. I am pleased to say that we have not raised new capital since 1996, so many investors do have book costs that are less than 10% of market value, which may also have become overweight in their portfolios. Selling was particularly heavy ahead of the UK Budget in the Autumn of 2024.

(iv) The consolidation of wealth managers and regulatory pressure for them to deliver uniform returns across their client base has led to a focus on very large liquid investments.

(v) The cash flows out of active managed funds into lower cost index trackers. It infuriates me that active management seems to be perceived as an unnecessary extravagance. Of course, on average active management will underperform, because we have costs, but index trackers are dumb money, and do not provide capital to growth companies. I would rather underperform a market growing by 15% a year by a percent or two than perform in line with a market growing at 3% a year, although we do have a long track record of outperforming relevant indices. If growth companies are not funded, the market will not grow.

(vi) Quite rightly there is regulatory pressure to ensure liquidity in open ended funds, but there is a lack of stable long-term capital that insurance companies and pension funds used to provide in the London market. This has led to a capital shortage.

I still passionately hope that there will be a route to continuation such that we can continue to invest in an exciting sector. I believe that there is a valuation arbitrage between small companies below the size that attracts flows from index trackers and it is evident that we have benefitted from investing in stocks that have grown into the more expensive category which is included in indices. I also believe that we target a global sector and the intelligence derived from looking at companies across the globe has been a vital contributor to our ability to outperform. Having a large number of positions diversifies both the stock specific risks associated with early stage investing, and the liquidity risk. We have demonstrated that we can make >20x returns and often do which pays for the ones that are less successful, meaning we still deliver strong returns.

Outlook

It is evident that technology is continuing to open up new markets at a faster pace than ever and emerging companies exploit that. So far it has been a boom in hardware companies enabling AI. The next boom will be new applications using AI. I continue to be excited. Alas I am less confident that the Company can survive the shareholder challenges on its own share register but we continue to strive for a solution in one form or another.

KATIE POTTS
20 February 2026

CLASSIFICATION OF INVESTMENTS

CLASSIFICATION*	UK %	EMEA %	North America %	Japan & Asia Pacific %	**2025 Total %**	2024 Total %
COMMUNICATIONS	**4.6**	**0.9**	**0.7**	**1.2**	**7.4**	**12.4**
Advertising & Marketing	1.2	–	–	0.1	1.3	3.1
Entertainment Content	0.5	0.1	–	–	0.6	0.5
Internet, Media & Services	1.3	0.2	0.3	1.0	2.8	4.7
Publishing & Broadcasting	0.8	0.3	–	–	1.1	1.6
Telecommunications	0.8	0.3	0.4	0.1	1.6	2.5
CONSUMER DISCRETIONARY	**–**	**–**	**0.8**	**0.2**	**1.0**	**0.4**
Automotive	–	–	–	0.1	0.1	–
E-Commerce Discretionary	–	–	–	0.1	0.1	0.1
Wholesale – Discretionary	–	–	0.8	–	0.8	0.3
ENERGY	**0.4**	**–**	**0.8**	**–**	**1.2**	**0.8**
Oil & Gas Services & Equipment	–	–	0.2	–	0.2	0.2
Renewable Energy	0.4	–	0.6	–	1.0	0.6
FINANCIALS	**0.6**	**–**	**–**	**0.6**	**1.2**	**1.2**
Asset Management	0.4	–	–	–	0.4	0.5
Speciality Finance	0.2	–	–	0.6	0.8	0.7
HEALTH CARE	**0.3**	**0.4**	**–**	**0.2**	**0.9**	**1.2**
Biotechnology & Pharmaceutical	0.1	–	–	–	0.1	0.1
Health Care Facilities & Services	–	–	–	–	–	0.2
Medical Equipment & Devices	0.2	0.4	–	0.2	0.8	0.9
INDUSTRIALS	**4.6**	**0.5**	**3.5**	**1.1**	**9.7**	**10.1**
Aerospace & Defence	0.6	–	0.5	0.1	1.2	2.0
Commercial Support Services	0.9	–	1.0	–	1.9	2.6
Electrical Equipment	1.3	0.5	1.9	0.9	4.6	3.4
Industrial Intermediate Production	1.8	–	–	0.1	1.9	2.0
Transportation & Logistics	–	–	0.1	–	0.1	0.1
MATERIALS	**–**	**–**	**–**	**0.2**	**0.2**	**0.3**
Chemicals	–	–	–	0.2	0.2	0.2
Forestry, Paper & Wood Products	–	–	–	–	–	0.1
TECHNOLOGY	**10.8**	**9.0**	**32.7**	**9.3**	**61.8**	**65.6**
IT Services	1.1	0.5	0.5	1.0	3.1	5.4
Semiconductors	0.2	3.6	6.0	2.9	12.7	10.1
Software	7.2	4.0	13.6	2.6	27.4	34.0
Technology Hardware	2.3	0.9	12.6	2.8	18.6	16.1
UTILITIES	**0.8**	**–**	**–**	**–**	**0.8**	**1.3**
Electricity & Gas Marketing & Trading	0.8	–	–	–	0.8	1.1
Gas & Water Utilities	–	–	–	–	–	0.2
TOTAL EQUITIES (including convertibles and warrants)	**22.1**	**10.8**	**38.5**	**12.8**	**84.2**	**–**
Total equities – 2024 (including convertibles and warrants)	35.5	11.7	34.1	12.0	–	93.3
BONDS	**1.5**	**1.2**	**2.3**	**1.2**	**6.2**	**4.9**
NET LIQUID ASSETS**	**2.8**	**2.3**	**1.3**	**3.2**	**9.6**	**1.8**
TOTAL NET ASSETS	**26.4**	**14.3**	**42.1**	**17.2**	**100.0**	**–**
Total net assets – 2024	36.5	13.2	36.8	13.5	–	100.0
SHAREHOLDERS' FUNDS	**26.4**	**14.3**	**42.1**	**17.2**	**100.0**	**–**
Shareholders' Funds – 2024	36.5	13.2	36.8	13.5	–	100.0
Number of equity investments (including convertibles and warrants)	78	30	85	85	278	310

* Source: Bloomberg Industry Classification Standard.
** Cash, current assets and liabilities.

TOP TWENTY EQUITY HOLDINGS AS AT 31 DECEMBER 2025

Celestica

£46.1m	VALUATION
3.6%	OF TOTAL ASSETS
0.2%	OF ISSUED SHARE CAPITAL HELD
£1.8m	BOOK COST

As a leader in design, manufacturing, hardware platform and supply chain solutions, Celestica partners with leading companies in aerospace and defence, communications, enterprise, health technology, industrial and capital equipment, to deliver solutions for their most complex challenges. Celestica brings global expertise and insight at every stage of product development – from the drawing board to full-scale production and after-market services. Celestica has employees across North America, Europe and Asia, that help, develop and deliver a new products for their customers.

fabrinet

£32.1m	VALUATION
2.5%	OF TOTAL ASSETS
0.3%	OF ISSUED SHARE CAPITAL HELD
£1.2m	BOOK COST

Fabrinet is a leading provider of advanced optical packaging and precision optical, electro-mechanical and electronic manufacturing services to original equipment manufacturers of complex products, such as optical communication components, modules and subsystems, industrial lasers and sensors. Fabrinet offers a broad range of advanced optical and electro-mechanical capabilities across the entire manufacturing process, including process design and engineering, supply chain management, manufacturing, advanced packaging, integration, final assembly and test. Fabrinet focuses on production of high complexity products in any mix and volume. Fabrinet maintains engineering and manufacturing resources and facilities in Thailand, the United States and the People's Republic of China.

Besi

£28.0m	VALUATION
2.2%	OF TOTAL ASSETS
0.3%	OF ISSUED SHARE CAPITAL HELD
£0.6m	BOOK COST

BE Semiconductor Industries ('Besi') is a leading supplier of semiconductor assembly equipment for the global semiconductor and electronics industries offering high levels of accuracy, productivity and reliability at a low cost of ownership. Besi develops leading edge assembly processes and equipment for lead frame, substrate and wafer level packaging applications in a wide range of end-user markets including electronics, mobile internet, computer, automotive, industrial, LED and solar energy. Customers are primarily leading semiconductor manufacturers, assembly subcontractors and electronics and industrial companies.

PEGA

£26.7m	VALUATION
2.1%	OF TOTAL ASSETS
0.4%	OF ISSUED SHARE CAPITAL HELD
£1.5m	BOOK COST

Founded in 1983, Pegasystems ('Pega') provides a platform that empowers the world's leading organisations to unlock business-transforming outcomes with real-time optimisation software. Clients use Pega's enterprise AI decisioning and workflow automation to solve pressing business challenges – from personalising engagement to automating service to streamlining operations. Pega has built a scalable and flexible architecture to help enterprises meet customer demands while continuously transforming for tomorrow.

SiliconMotion

£24.5m	VALUATION
1.9%	OF TOTAL ASSETS
1.1%	OF ISSUED SHARE CAPITAL HELD
£1.7m	BOOK COST

Silicon Motion Technology ('SMT') is the global leader in supplying NAND flash memory controllers for solid state storage devices. They supply more SSD controllers than any other company in the world for servers, PCs and other client devices and are the leading merchant supplier of eMMC and UFS embedded storage controllers used in smartphones, IoT devices and other applications. SMT also supplies customised high-performance hyperscale data center and specialised industrial and automotive SSD solutions. Customers include most of the NAND flash vendors, storage device module makers and leading OEMs.

DIPLOMA PLC

£23.8m	VALUATION
1.8%	OF TOTAL ASSETS
0.3%	OF ISSUED SHARE CAPITAL HELD
£0.3m	BOOK COST

Diploma is an international value-add distribution Group, organised across three sectors: Controls, Seals and Life Sciences. Value-add services are delivered alongside products, which include: wire & cable, connectors, fasteners and adhesives; seals, gaskets, hose and fluid power sealing products; surgical and diagnostic equipment, consumables and instrumentation. An entrepreneurial culture and decentralised management structure ensures that decisions are made close to the customer and that the businesses are agile and responsive to changes in the market and the competitive environment. Diploma operates in core geographies of North America, Continental Europe, UK and Australia.

VICOR

£19.9m	VALUATION
1.5%	OF TOTAL ASSETS
0.7%	OF ISSUED SHARE CAPITAL HELD
£10.3m	BOOK COST

Vicor Corporation designs, develops, manufactures and markets modular power components and complete power systems based upon a portfolio of patented technologies. Vicor sells its products to the power systems market, including enterprise and high performance computing, industrial equipment and automation, telecommunications and network infrastructure, vehicles and transportation, aerospace and defence.

NORDIC SEMICONDUCTOR

Smarter Things

£15.6m	VALUATION
1.2%	OF TOTAL ASSETS
0.8%	OF ISSUED SHARE CAPITAL HELD
£6.2m	BOOK COST

Nordic Semiconductor is a Norwegian fabless semiconductor company specialising in wireless communication technology that powers the Internet of Things (IoT). Nordic was established in 1983 and has more than 1,500 employees across the globe. Nordic's Bluetooth Low Energy solutions pioneered ultra-low power wireless, making them the global market leader. The technology range was later supplemented by ANT+, Thread and Zigbee and in 2018 they launched low power, compact LTE-M/NB-IoT cellular IoT solutions to extend the penetration of the IoT. The Nordic portfolio was further complemented by Wi-Fi technology in 2021. Nordic's Bluetooth LE solutions are used by the world's leading brands in a variety of products, including wireless PC peripherals, gaming, sports and fitness, mobile phone accessories, consumer electronics, toys, healthcare and automation.

Volex

£15.1m	VALUATION
1.2%	OF TOTAL ASSETS
2.0%	OF ISSUED SHARE CAPITAL HELD
£4.7m	BOOK COST

Volex is a leader in integrated manufacturing for mission-critical applications, in particular for power and data connectivity solutions. Volex supports international blue-chip customers in five key sectors: Electric Vehicles, Consumer Electricals, Medical, Complex Industrial Technology and Off-Highway. Headquartered in the UK, Volex has operations across 28 advanced manufacturing facilities, uniting 14,000 employees from 25 different nations. Products find their way to market through localised sales teams and authorised distributor partners, supporting Original Equipment Manufacturers and Electronic Manufacturing Services companies across the globe. In a world that grows more digitally complex by the day, customers choose Volex to deliver power and connectivity that drives everything from household essentials to life-saving medical equipment.

SUPERMICRO

£14.2m	VALUATION
1.1%	OF TOTAL ASSETS
0.1%	OF ISSUED SHARE CAPITAL HELD
£1.3m	BOOK COST

Supermicro Micro Computer ('Supermicro') is a global leader in application-optimised IT solutions. Founded and operating in San Jose, California, Supermicro delivers innovative enterprise, cloud, AI and 5G telco/edge IT infrastructure hardware, it is a total IT Solutions provider with server, AI, storage, IoT, switch systems, software and support services. Supermicro's motherboard, power and chassis design expertise further enables our development and production, enabling next generation innovation from cloud to edge for global customers. Products are designed and manufactured in-house (in the US, Taiwan and the Netherlands), leveraging global operations for scale and efficiency and optimised to improve TCO and reduce environmental impact (Green Computing). The award-winning portfolio of solutions enables customers to optimise for their exact workload and application by selecting from a broad family of systems built from flexible and reusable building blocks that support a comprehensive set of form factors, processors, memory, GPUs, storage, networking, power and cooling solutions (air-conditioned, free air cooling or liquid cooling).

TOP TWENTY EQUITY HOLDINGS AS AT 31 DECEMBER 2025 CONTINUED

BizLink

£13.1m	VALUATION
1.0%	OF TOTAL ASSETS
0.2%	OF ISSUED SHARE CAPITAL HELD
£2.7m	BOOK COST

BizLink was founded in 1996 in Silicon Valley and has grown into a global team of over 20,000 employees across 20 countries. Initial products were power-cord sets, today BizLink offers a full range of wire harnesses, connectors and custom cable assemblies, whilst continuing to innovate in a developing a range of interconnect technologies. With agile manufacturing and collaborative R&D hubs across North America, Europe and Asia, BizLink combines global scale and local responsiveness.

radware

£12.1m	VALUATION
0.9%	OF TOTAL ASSETS
1.6%	OF ISSUED SHARE CAPITAL HELD
£5.1m	BOOK COST

Radware is a global leader of cyber security and application delivery solutions for physical, cloud and software defined data centers. Its award-winning solutions portfolio secures the digital experience by providing infrastructure, application and corporate IT protection and availability services to enterprises globally. Radware's solutions empower enterprise and carrier customers worldwide to adapt to market challenges quickly, maintain business continuity and achieve maximum productivity while keeping costs down.

DESCARTES

£12.0m	VALUATION
0.9%	OF TOTAL ASSETS
0.2%	OF ISSUED SHARE CAPITAL HELD
£0.4m	BOOK COST

Descartes Systems ('Descartes') offers networks, applications, global trade content and collaborative multi-modal logistics communities to improve the productivity, performance. safety and security of logistics and supply chain operations. Customers use Descartes modular, cloud-based and data content solutions to route, schedule, track, train and measure delivery resources; plan, allocate and execute shipments; rate, audit and pay transportation invoices; access and analyse global trade data; research and perform trade tariff and duty calculations; file customs and security documents for imports and exports; comply with trade regulations and complete numerous other logistics processes. Customers can purchase Descartes' solutions either on a subscription, transactional or perpetual license basis. The company serves transportation providers (air, ocean and truck modes), logistics service providers (including third-party logistics providers, freight forwarders, freight brokers and customs brokers) and manufacturers, retailers, distributors and business service providers. Descartes headquarters are in Waterloo, Ontario, Canada and they have offices and partners around the world.

arlo

£11.7m	VALUATION
0.9%	OF TOTAL ASSETS
1.1%	OF ISSUED SHARE CAPITAL HELD
£6.2m	BOOK COST

Arlo Technologies ('Arlo') offers advanced home, business and personal security solutions. Arlo's deep expertise in AI- and CV-powered analytics, cloud services, user experience and product design, and innovative wireless and RF connectivity enables the delivery of a seamless, smart security experience for Arlo users that is easy to set up and interact with. Arlo's cloud-based platform provides users with visibility, insight and a powerful means to help protect and connect in real-time with the people and things that matter most, from any location with a Wi-Fi or a cellular connection. Arlo has recently launched several categories of award-winning connected devices, software and services. These include wire-free, smart Wi-Fi and LTE-enabled security cameras, video doorbells, floodlights, security system and Arlo's subscription service, Arlo Secure.

JFrog

£10.6m	VALUATION
0.8%	OF TOTAL ASSETS
0.2%	OF ISSUED SHARE CAPITAL HELD
£4.5m	BOOK COST

JFrog the creator of the unified DevOps, DevSecOps and MLOps platform, aims to create a world of software delivered without friction from developer to production. The JFrog Software Supply Chain Platform is a single system of record that powers organisations to build, manage and distribute software quickly and securely, that is available, traceable and tamper-proof. Integrated security features also help identify, protect and remediate against threats and vulnerabilities. JFrog's hybrid, universal, multi-cloud platform is available as both SaaS services across major cloud service providers and self-hosted. Millions of users and over 7,000 customers worldwide, including a majority of the Fortune 100, depend on JFrog solutions to securely embrace digital transformation.

Trustpilot

£10.5m	VALUATION
0.8%	OF TOTAL ASSETS
1.6%	OF ISSUED SHARE CAPITAL HELD
£6.8m	BOOK COST

Founded in Denmark in 2007, Trustpilot has since grown to become one of the world's leading consumer review platforms. Trustpilot offers a public platform where consumers can leave reviews for businesses and businesses can respond to honest feedback. The platform is open to all businesses and consumers – yet independent of both – every interaction on Trustpilot is transparent for all to see. Trustpilot business model is to charge recurring software fees to its corporate customers for the use of the platform.

VARONIS

£10.2m	VALUATION
0.8%	OF TOTAL ASSETS
0.4%	OF ISSUED SHARE CAPITAL HELD
£5.2m	BOOK COST

Varonis is a leader in data security, fighting a different battle than conventional cybersecurity companies. The company's cloud-native Data Security Platform continuously discovers and classifies critical data, removes exposures and detects advanced threats with AI-powered automation. Thousands of organisations worldwide trust Varonis to defend their data wherever it lives – across SaaS, IaaS and hybrid cloud environments. Customers use Varonis to automate a wide range of security outcomes, including data security posture management (DSPM), data classification, data access governance (DAG), data detection and response (DDR), data loss prevention (DLP) and insider risk management.

GBG

£10.1m	VALUATION
0.8%	OF TOTAL ASSETS
1.7%	OF ISSUED SHARE CAPITAL HELD
£4.5m	BOOK COST

GB Group ('GBG'), was founded in 1989, originally pioneering new ways of delivering address management services. Since then, the offering has grown to cover three core areas of Location, Identity & Fraud, which together create confidence online. The location business ensures addresses and locations can be easily captured, verified and managed. GBG's digital identity verification tools ensure that companies are trading with good customers and can identify the bad actors. Fraud prevention solutions reduce financial risk and ensure compliance with regulations. GBG's future goal is to facilitate online environments where everyone can transact with the complete and unconditional confidence they expect.

TelecomPlus

£10.0m	VALUATION
0.8%	OF TOTAL ASSETS
0.9%	OF ISSUED SHARE CAPITAL HELD
£5.0m	BOOK COST

Telecom Plus, which owns and operates Utility Warehouse (UW), is the UK's leading multiservice utility provider, offering bundled household services – energy, broadband, mobile and insurance. Customers benefit from the convenience of a single monthly bill, consistently good value across all their utilities and exceptional service levels. Customers sign up through a network of local UW Partners all across the country. These Partners recommend UW's services to friends, family and people they know by word-of-mouth.

seeingmachines

£9.8m	VALUATION
0.8%	OF TOTAL ASSETS
3.7%	OF ISSUED SHARE CAPITAL HELD
£7.4m	BOOK COST

Seeing Machines, a global company founded in 2000 and headquartered in Australia, is an industry leader in vision-based monitoring technology that enable machines to see, understand and assist people. Seeing Machines' technology portfolio of AI algorithms, embedded processing and optics power products that need to deliver reliable real-time understanding of vehicle operators. The technology spans the critical measurement of where a driver is looking, through to classification of their cognitive state as it applies to accident risk. Reliable "driver state" measurement is the end-goal of driver monitoring systems (DMS) technology. Seeing Machines develops DMS technology to drive safety for automotive, commercial fleet, off-road and aviation. The company has offices in Australia, the U.S., Europe and Asia, and supplies technology solutions and services to industry leaders in each market vertical.

DETAILED LIST OF INVESTMENTS

AT 31 DECEMBER 2025

Ordinary or common shares unless otherwise stated.

Classification		Name	Value £'000	%
UNITED KINGDOM				
Advertising & Marketing	●	Ebiquity	384	
	●	Next 15	5,738	
		S4 Capital	1,471	
	●	System1	1,265	
	●	The Mission Group	1,040	
	●	Time Out	546	
	●	YouGov	5,299	
			15,743	1.2
Entertainment Content	●	Zinc Media	**3,929**	0.3
Internet, Media & Services	●	Dianomi	77	
		Future	3,730	
	●	Sysgroup	629	
	●	Ten Lifestyle Group	1,832	
		Trustpilot	10,543	
			16,811	1.3
Publishing & Broadcasting	●	Audioboom	3,083	
		Bloomsbury Publishing	7,604	
			10,687	0.8
Telecommunications	●	Fonix	1,936	
		Gamma Communications	4,194	
	●	GlobalData	2,735	
	●	Maintel	1,045	
			9,910	0.8
Automotive	●	Quartix Technologies	**554**	0.0
Wholesale - Discretionary	●	Northamber	**354**	0.0
Renewable Energy	●	Invinity Energy Systems	2,462	
	●	ITM Power	3,157	
			5,619	0.4
Asset Management	● (unquoted)	HIML Holdings	**5,007**	0.4
Speciality Finance	●	PCI-PAL	**2,215**	0.2
Biotechnology & Pharmaceutical	● (unquoted)	C4X Discovery	**808**	0.1
Health Care Facilities & Services	●	Feedback	**134**	0.0
Medical Equipment & Devices		BATM Advanced Communications	**2,531**	0.2
Aerospace & Defence	●	Cohort	**8,026**	0.6
Commercial Support Services	●	Science Group	6,178	
		Wilmington	5,212	
			11,390	0.9
Electrical Equipment	●	Vianet	340	
	●	Volex	15,085	
		XP Power	898	
			16,323	1.3
Industrial Intermediate Production		Diploma	**23,828**	1.8
IT Services	●	Celebrus Technologies	3,347	
	●	Cerillion	3,672	
		Kainos	2,802	
	●	Netcall	3,337	
	●	Team Internet	1,687	
			14,845	1.1

● denotes AIM stock

● denotes unquoted security

Classification		Name	Value £'000	%
UNITED KINGDOM continued				
Semiconductors	●	CML Microsystems	3,126	0.2
Software	●	1Spatial	2,607	
	●	ActiveOps	6,747	
		Aptitude Software	7,203	
	●	Bango	5,732	
	●	Beeks Financial Cloud	1,265	
	●	Boku	6,417	
	●	BrandShield Systems	554	
	●	Celoxica	4,870	
	●	Checkit	1,876	
	●	Corero Network Security	4,064	
	●	Craneware	9,063	
	●	Dillistone	141	
	●	Dotdigital	2,281	
		GB Group	10,096	
	●	GetBusy	1,124	
	●	Idox	9,144	
	●	Intercede	2,616	
	●	itim	981	
	●	KRM22	1,246	
	●	Microlise	695	
		NCC	2,164	
	●	Oxford Metrics	2,292	
	●	Pulsar Group	3,704	
	●	Spectra Systems	2,791	
	●	ZOO Digital	920	
			90,593	7.0
Technology Hardware	●	Calnex Solutions	605	
	●	Concurrent Technologies	1,889	
		discoverIE	3,789	
	●	Filtronic	705	
	●	Focusrite	1,201	
	●	Gooch & Housego	2,086	
	●	Ilika	2,376	
	●	MTI Wireless Edge	1,958	
	●	SDI	3,551	
	●	Seeing Machines	9,796	
			27,956	2.3
Electricity & Gas Marketing & Trading		Telecom Plus	10,049	0.8
		TOTAL UNITED KINGDOM EQUITIES	280,438	21.7
EUROPE, MIDDLE EAST AND AFRICA (EMEA)				
Entertainment Content		Vivendi	1,024	0.1
Internet, Media & Services		HBX Group	1,951	
		North Media	992	
			2,943	0.2
Publishing & Broadcasting		Louis Hachette	3,407	0.3
Telecommunications		Intred	3,269	0.3
Medical Equipment & Devices		LUMIBIRD	5,657	0.4
Electrical Equipment		Detection Technology	1,909	
		PFISTERER	4,989	
			6,898	0.5

● denotes AIM stock

● denotes unquoted security

DETAILED LIST OF INVESTMENTS CONTINUED
AT 31 DECEMBER 2025

Classification	Name	Value £'000	%
EUROPE, MIDDLE EAST AND AFRICA (EMEA) continued			
IT Services	B3 Consulting	1,363	
	Sword Group	4,682	
		6,045	0.5
Semiconductors	Aixtron	2,629	
	BE Semiconductor Industries	27,955	
	Nordic Semiconductor	15,569	
		46,153	3.6
Software	Atea	4,640	
	Enea	3,418	
	Exasol	1,811	
	Median Technologies	6,025	
	Nordhealth	4,769	
	Planisware	2,561	
	RaySearch Laboratories	7,349	
	Sidetrade	8,440	
	STREAMWIDE	1,270	
	Trifork	2,635	
	Upsales Technology	2,691	
	WALLIX	6,395	
		52,004	4.0
Technology Hardware	Adtran	1,289	
	ATEME	1,953	
	Comet	3,161	
	Ekinops	1,683	
	NCAB	3,857	
		11,943	0.9
	TOTAL EMEA EQUITIES	**139,343**	10.8
NORTH AMERICA			
Internet, Media & Services	HealthStream	**3,420**	0.3
Telecommunications	Cogent Communications	3,199	
	Ooma	2,259	
		5,458	0.4
Wholesale - Discretionary	Climb Global Solutions	5,719	
	ePlus	4,865	
		10,584	0.8
Oil & Gas Services & Equipment	Pason Systems	**2,911**	0.2
Renewable Energy	Electrovaya	**8,407**	0.6
Aerospace & Defence	Leonardo DRS	**7,206**	0.5
Commercial Support Services	CSG Systems	2,344	
	First Advantage	4,306	
	Forrester Research	902	
	FranklinCovey	2,176	
	Spire Global	2,141	
		11,869	1.0
Electrical Equipment	Allient	1,588	
	Bel Fuse - Class A	840	
	Bel Fuse - Class B	3,769	
	Mesa Laboratories	2,905	
	M-tron Industries	2,638	
	nLIGHT	5,977	
	Novanta	3,089	
	Powell Industries	2,363	
	Tecogen	1,545	
		24,714	1.9

Classification	Name	Value £'000	%
NORTH AMERICA continued			
Transportation & Logistics	Freightos	**846**	**0.1**
IT Services	CI&T	1,812	
	Coveo Solutions	1,431	
	Rimini Street	2,871	
		6,114	**0.5**
Semiconductors	Arteris	4,593	
	CEVA	8,306	
	FormFactor	2,688	
	Intellicheck	4,813	
	Ouster	3,209	
	Power Integrations	3,954	
	QuickLogic	3,235	
	Silicon Laboratories	2,663	
	Silicon Motion Technology*	24,539	
	Tower Semiconductor	9,564	
	Valens Semiconductor	994	
	Veeco Instruments	4,236	
	Vishay Precision	5,428	
		78,222	**6.0**
Software	Alkami Technology	8,561	
	AvePoint	8,759	
	Aware	590	
	Bandwidth	2,407	
	Braze	3,180	
	Commerce.com	2,134	
	D2L	6,198	
	Descartes Systems	12,028	
	Digi International	3,854	
	Digital Turbine	2,221	
	DigitalOcean	5,883	
	FalconStor Software	149	
	Five9	4,460	
	Genasys	1,111	
	JFrog	10,639	
	Kinaxis	5,143	
	Kneat	4,511	
	N-able	1,940	
	OneSpan	1,905	
	PDF Solutions	4,762	
	Pegasystems	26,658	
	Qualys	6,403	
	Radware	12,058	
	Real Matters	1,174	
	Red Violet	8,445	
	Similarweb	3,601	
	Simulations Plus	2,702	
	SPS Commerce	4,629	
	Tecsys	3,308	
	Varonis Systems	10,217	
	Vertex	2,963	
	Workiva	3,203	
		175,796	**13.6**

* American Depositary Receipts – certificates representing shares in the stock, issued by a US bank, denominated and paying dividends in US dollars

DETAILED LIST OF INVESTMENTS CONTINUED

AT 31 DECEMBER 2025

Classification	Name	Value £'000	%
NORTH AMERICA continued			
Technology Hardware	Arlo Technologies	11,728	
	Aviat Networks	2,458	
	Blackline Safety	8,393	
	Celestica	46,074	
	CTS	3,497	
	Everspin Technologies	5,484	
	Fabrinet	32,055	
	Harmonic	5,760	
	Kopin	3,284	
	RADCOM	3,127	
	Ribbon Communications	1,709	
	Silicom	1,339	
	Super Micro Computer	14,213	
	VIAVI Solutions	3,636	
	Vicor	19,919	
		162,676	12.6
	TOTAL NORTH AMERICA EQUITIES	**498,223**	**38.5**
ASIA PACIFIC			
Advertising & Marketing	Pureprofile	**690**	**0.1**
Internet, Media & Services	ADDCN Technology	401	
	Bengo4.com	5,663	
	Gabia	1,215	
	giftee	1,070	
	GMO Internet	2,226	
	Praemium	2,454	
	RMA Global	412	
		13,441	**1.0**
Telecommunications	Kinx	**1,373**	**0.1**
Automotive	Musashi Seimitsu Industry	**785**	**0.1**
E-Commerce Discretionary	Momo.com	**795**	**0.1**
Speciality Finance	EML Payments	321	
	Green World FinTech Service	623	
	Infomart	3,677	
	Net Protections	623	
	Plaid	2,443	
		7,687	**0.6**
Medical Equipment & Devices	Artrya	1,334	
	Compumedics	1,241	
	JEOL	356	
		2,931	**0.2**
Aerospace & Defence	Electro Optic Systems	**1,059**	**0.1**
Commercial Support Services	Freelancer	**530**	**0.0**
Electrical Equipment	Catapult Sports	9,273	
	Chroma ATE	1,062	
	FOCI Fibre Optic Communications	1,199	
	Voltronic Power Technology	572	
		12,106	**0.9**

Classification	Name	Value £'000	%
ASIA PACIFIC continued			
Industrial Intermediate Production	Elite Material	1,903	0.1
Chemicals	Soulbrain	2,532	0.2
IT Services	Chief Telecom	1,107	
	Cyber Security Cloud	1,337	
	Cybertrust Japan	1,541	
	ExaWizards	1,725	
	RAKUS	1,336	
	Senetas	1,255	
	WingArc1st	4,179	
		12,480	1.0
Semiconductors	Andes Technology	397	
	AP Memory Technology	2,641	
	ASMPT	1,654	
	eMemory Technology	2,030	
	Eugene Technology	1,661	
	Himax Technologies*	2,430	
	Innodisk	816	
	ISC	1,396	
	Kulicke & Soffa Industries	8,442	
	MPI	691	
	Phison Electronics	853	
	PSK	2,489	
	Realtek Semiconductor	6,286	
	Santec	1,424	
	Tokyo Seimitsu	1,351	
	WinWay Technology	1,138	
	Wonik IPS	1,327	
		37,026	2.9
Software	Acer Cyber Security	1,113	
	Beamtree	570	
	Chanjet Information Technology**	1,415	
	CRESCO	990	
	Fasoo	1,671	
	Freee K.K.	441	
	Genians	1,091	
	GMO GlobalSign	666	
	HENNGE K.K.	1,428	
	Kinatico	2,848	
	Money Forward	5,638	
	OBIC Business Consultants	2,241	
	ORO	842	
	PKSHA Technology	830	
	Plus Alpha Consulting	3,062	
	Property Data Bank	907	
	Sansan	1,952	
	SpiderPlus	221	
	TDC SOFT	475	
	TeamSpirit	1,134	
	TerraSky	2,294	
	Xref	1,027	
	Zuken	1,122	
		33,978	2.6

* American Depositary Receipts – certificates representing shares in the stock, issued by a US bank, denominated and paying dividends in US dollars

** H Shares – issued by companies incorporated in the People's Republic of China and listed on the Hong Kong Stock Exchange

DETAILED LIST OF INVESTMENTS CONTINUED

AT 31 DECEMBER 2025

Classification		Name	Value £'000	%
ASIA PACIFIC continued				
Technology Hardware		Advantech	857	
		BizLink	13,099	
		Chicony Electronics	3,097	
		E Ink	3,152	
		Kinsus Interconnect Technology	1,727	
		Parade Technologies	1,032	
		Park Systems	430	
		RFHIC	1,681	
		Suprema	1,446	
		Taiwan Union Technology	933	
		Tripod Technology	8,059	
			35,513	2.8
		TOTAL ASIA PACIFIC EQUITIES	164,829	12.8
LOAN STOCKS HAVING AN ELEMENT OF EQUITY RISK				
	●	Pulsar Group - 7.25% Loan 31 Jul 2026	3,000	
	●	Zinc Media - 8% Loan 31 Dec 2027	958	
	●	Zinc Media - Libor+4 Rate Bank Loan 31 Dec 2027	1,052	
	●	Zinc Media - Variable Rate Loan 31 Dec 2027	377	
		TOTAL LOAN STOCKS HAVING AN ELEMENT OF EQUITY RISK	5,387	0.4
Total Equity Investments			1,088,220	84.2
Fixed Interest		Norwegian Government Bond - 1.5% 19 Feb 2026	15,795	
		Singapore Government Savings Bond - 1.25% 01 Nov 2026	14,971	
		UK Government Bond - 1.50% 22 Jul 2026	19,772	
		US Treasury Stock - 3.75% 15 Apr 2026	29,689	
		TOTAL FIXED INTEREST	80,227	6.2
Total Investments			1,168,447	90.4
Net Liquid Assets+			123,966	9.6
Total Assets At Market Value			1,292,413	100.0

● denotes unquoted security

+ Cash, current assets and liabilities

LONG-TERM PERFORMANCE

Continued steady growth

The Company, founded in 1994 by Katie Potts, raised an initial £65m to invest in the UK and continental European technology and communications sector. Warrants were issued to initial investors on a 1 for 5 basis. In 1996, a further £30m was raised to globalise the fund, thus bringing the total outside capital to £95m. Since 1996, no new capital has been raised, and the warrants have been repurchased or converted into ordinary shares.

The Company has operated an opportunistic buyback policy, which has helped create value for shareholders. Since inception, the Company has completed buybacks to the value of £530m which significantly exceeds the outside capital raised by the Company. Over the history of the fund, net asset value per share on a total return basis has grown by 2,847.8% or 11.2% on an annualised basis.

TOTAL RETURN SINCE INCEPTION

2,847.8%

ANNUALISED TOTAL RETURN SINCE INCEPTION

11.2%

CAPITAL SINCE INCEPTION

At 31 December	Total assets £'000	Bank loans £'000	Shareholders' funds £'000	Number of shares in issue '000	Diluted net asset value per share*A p	Share price p	(Discount)/ premiumA %
≠ Inception	64,107	–	64,107	65,000	98.70	90.90◇	(7.9)*
1994	60,823	–	60,823	65,000	93.57	94.60	1.1
±1995	89,689	–	89,689	65,000	132.36§	127.00	(4.0)
1996	130,055	–	130,055	82,894	150.88§	136.00	(9.9)
1997	147,424	–	147,424	82,896	171.80	136.15	(20.8)
1998	170,982	–	170,982	82,901	201.70	161.50	(19.9)
1999	432,620	(3,343)	429,277	82,961	494.22	511.10	3.4
2000	378,607	(3,233)	375,374	83,874	431.43	491.00	13.8
2001	275,624	(2,892)	272,732	84,454	314.53	306.00	(2.7)
2002	199,900	(22,310)	177,590	84,475	206.68	177.00	(14.4)
2003	350,209	(29,325)	320,884	87,807	365.44	325.25	(11.0)
#2004	356,874	(24,663)	332,211	87,556	379.43	322.75	(14.9)
2005	358,293	–	358,293	87,556	409.22	379.75	(7.2)
2006	401,228	(20,000)	381,228	86,556	435.41	383.50	(11.9)
2007	343,497	–	343,497	86,971	394.96	312.00	(21.0)
2008	275,789	(65,079)‡	210,710	83,408	252.63	184.00	(27.2)
2009	397,194	(56,298)‡	340,896	81,053	420.58	337.75	(19.7)
2010	533,499	(58,937)‡	474,562	79,913	593.85	483.00	(18.7)
2011	519,656	(70,357)‡	449,299	79,698	563.75	455.00	(19.3)
2012	572,243	(70,297)‡	501,946	79,323	632.78	513.00	(18.9)
2013	662,538	(38,935)‡	623,603	77,680	802.79	685.00	(14.7)
2014	667,450	(38,534)‡	628,917	77,340	813.19	659.00	(19.0)
2015	709,139	(38,002)‡	671,137	76,112	881.78	745.25	(15.5)
2016	816,414	(25,000)	791,414	73,062	1,083.21	882.50	(18.5)
2017	966,650	–	966,650	70,308	1,374.88	1,171.00	(14.8)
2018	901,154	–	901,154	68,902	1,307.89	1,075.00	(17.8)
2019	1,122,849	–	1,122,849	67,312	1,668.13	1,480.00	(11.3)
2020	1,503,367	–	1,503,367	65,783	2,285.33	2,245.00	(1.8)
2021	1,760,877	–	1,760,877	64,754	2,719.33	2,505.00	(7.9)
2022	1,305,048	–	1,305,048	62,173	2,099.05	1,782.00	(15.1)
2023	1,245,757	–	1,245,757	56,135	2,219.23	1,922.00	(13.4)
2024	1,252,602	–	1,252,602	50,341	2,488.24	2,430.00	(2.3)
2025	**1,292,413**	**–**	**1,292,413**	**47,858**	**2,700.49**	**2,405.00**	**(10.9)**

* The diluted net asset value per ordinary share figures have been calculated in accordance with FRS102 (2015-2018), FRS22 (2008-2014), FRS14 (1995-2007).

A Alternative Performance Measure – see pages 82 and 83.

≠ Inception date 16 February 1994, 100p was shareholders' subscription price before launch costs of 1.3p.

◇ 90.9p is the capital gains tax (CGT) base subscription price for shareholders adjusting for warrants which were issued on a 1 for 5 basis. The CGT base for the warrant is 45.5p.

± Restated for change in accounting policy to account for income on an ex-dividend basis.

§ The diluted net asset values at 31 December 1995 and 1996 have been restated with the adoption of FRS 14. The previously reported fully diluted net asset values were 131.65p and 149.45p respectively.

The figures prior to 2004 have not been restated for the changes in accounting policies implemented in 2005.

‡ Includes derivative financial instruments.

LONG-TERM PERFORMANCE CONTINUED

NET LIQUID ASSETS AND FIXED INTEREST AS PERCENT OF NAV 31 DECEMBER 2025

15.8%

5 YEAR COMPOUND ANNUAL GROWTH IN NAV PER SHARE

3.4%

10 YEAR COMPOUND ANNUAL GROWTH IN NAV PER SHARE

11.8%

REVENUE

At 31 December	Income £'000	Available for ordinary shareholders £'000	Earnings per ordinary share net¶ p	Dividend per ordinary share net p	Ongoing charges %	Net gearing/ cash[A]	Gross gearing[A]
2015	9,136	(36)	(0.05)	–	1.08	95	106
2016	9,541	430	0.58	–	1.09	92	103
2017	10,799	486	0.68	–	1.08	93	100
2018	11,250	58	0.08	–	1.07	87	100
2019	11,735	31	6.79	–	1.09	88	100
2020	9,361	(3,997)	(6.00)	–	1.08	92	100
2021	12,253	(5,417)	(8.33)	–	1.02	93	100
2022	15,326	135	0.21	–	1.05	88	100
2023	17,926	4,026	6.79	–	1.07	92	100
2024	17,169	2,668	4.96	–	1.08	93	100
2025	**15,629**	**346**	**0.70**	**–**	**1.08**	**84**	**100**

¶ The calculation of earnings per ordinary share is based on the revenue from ordinary activities after taxation and the weighted average number of ordinary shares in issue (see note 8).

A Alternative Performance Measure – see pages 82 and 83.

CUMULATIVE PERFORMANCE (TAKING 2015 AS 100) (CAPITAL ONLY)

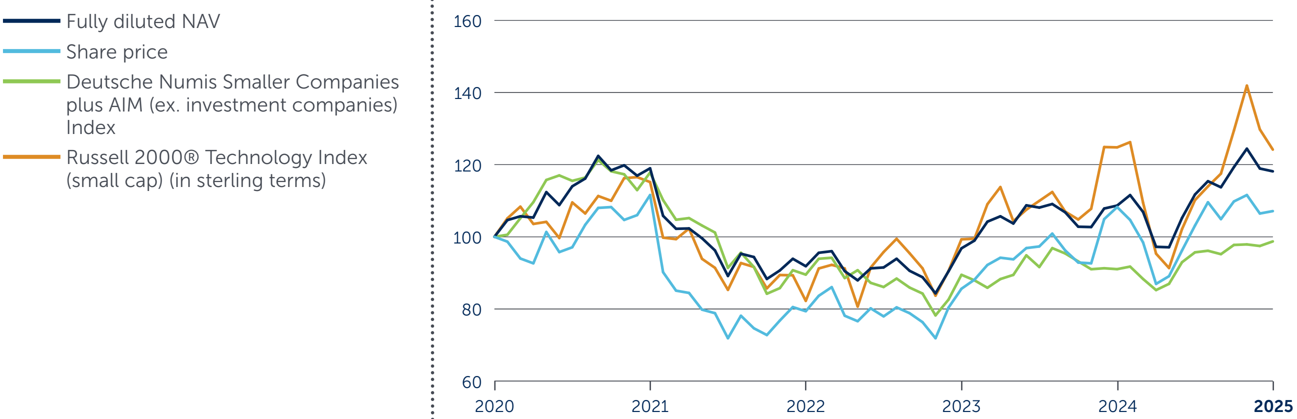
At 31 December	Diluted net asset value per share	Share price p	Deutsche Numis Smaller Companies plus AIM (ex. investment companies) Index	Russell 2000® Technology Index	Retail price index
2015	100	100	100	100	100
2016	123	118	109	150	102
2017	156	157	130	161	107
2018	148	144	106	169	110
2019	189	199	126	218	112
2020	259	301	130	301	113
2021	308	336	154	347	122
2022	238	239	117	248	138
2023	252	258	117	299	145
2024	282	326	119	376	150
2025	**306**	**323**	**129**	**375**	**157**

COMPOUND ANNUAL RETURNS (CAPITAL ONLY)

At 31 December	Diluted net asset value per share	Share price p	Deutsche Numis Smaller Companies plus AIM (ex. investment companies) Index	Russell 2000® Technology Index	Retail price index
5 year	3.4%	1.4%	−0.2%	4.5%	6.8%
10 year	11.8%	12.4%	2.6%	14.1%	4.6%

Past performance is not a reliable indicator to future performance.

FIVE YEAR RETURNS (CAPITAL ONLY)
(FIGURES HAVE BEEN REBASED TO 100 AT 31 DECEMBER 2020)

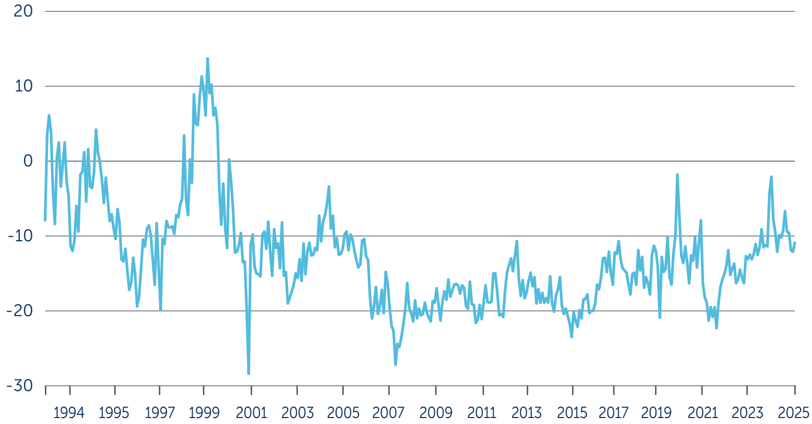


Source: LSEG Data & Analytics.

DISCOUNT TO NAV
31 DECEMBER 2025

10.9%

PREMIUM/(DISCOUNT) TO FULLY DILUTED NET ASSET VALUE
(PLOTTED ON A MONTHLY BASIS)



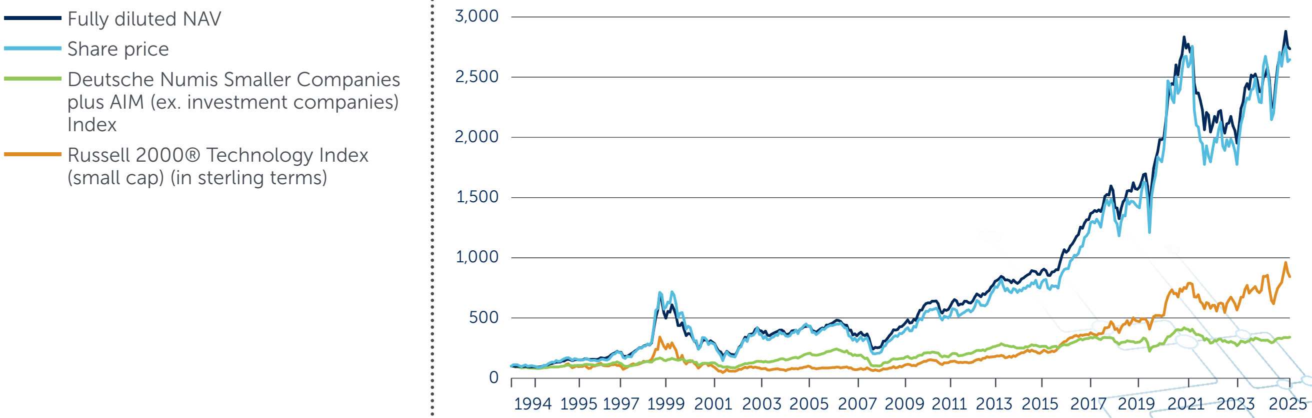
Source: LSEG Data & Analytics.

CAPITAL RETURN SINCE INCEPTION

	31 December 2025	Inception 16 February 1994	% change
Net asset value per ordinary share (including current year income[A]	2,700.49p	98.70p	2,636.06
Net asset value per ordinary share (excluding current year income)[A]	2,699.77p	98.70p	2,635.33
Share price	2,405.00p	90.90p	2,545.76
Deutsche Numis Smaller Companies plus AIM (ex. investment companies) Index	5,963.52	1,750.00	240.77
Russell 2000® Technology Index (small cap) (in sterling terms)[†]	5,758.19	688.70*	736.10

A Alternative Performance Measure (APM). See Glossary of Terms and Alternative Performance Measures on pages 82 and 83 of the financial report for details of the explanation and reconciliations of APMs.
* At 9 April 1996 being the date funds were first available for international investment.
† The Russell 2000® Technology Index (small cap) (in sterling terms) was rebased during 2009 following some minor adjustments to its constituents. The rebased index is used from 31 December 2008 onwards.

CAPITAL RETURNS SINCE INCEPTION
(FIGURES HAVE BEEN REBASED TO 100 AT 16 FEBRUARY 1994)



Source: LSEG Data & Analytics.

Governance

STRATEGIC REPORT

STATUS
The Company is an investment company within the meaning of s833 of the Companies Act 2006 and operates as an investment trust in accordance with s1158 of the Corporation Tax Act 2010 as amended ("s1158"). The Company is governed by its articles of association, amendments to which must be approved by shareholders by way of a special resolution, and is subject to the UK Listing Rules of the FCA. The Company obtained approval from HM Revenue and Customs of its status as an investment trust under s1158 and the directors are of the opinion that the Company has and continues to conduct its affairs in compliance with s1158 since this approval was granted.

BUSINESS MODEL
The Company has appointed Herald Investment Management Limited ("HIML") as the Alternative Investment Fund Manager to provide all portfolio management and risk management services. HIML is authorised and regulated by the FCA both for investment management and as an Alternative Investment Fund Manager (see the Directors' Report, page 51).

Administration of the Company and its investments has been delegated by HIML to the Bank of New York Mellon (International) Limited ("BNYMIL"). BNYMIL is also the depositary under a tripartite agreement between HIML, the Company and BNYMIL, and is responsible for custody activities. The company secretary is NSM Funds (UK) Limited ("NSM").

OBJECTIVE
The Company's objective is described on the inside front cover of this document.

INVESTMENT POLICY – STRATEGY
While the policy is global investment in smaller quoted companies in technology and communications, the approach is to construct a diversified portfolio through the identification of individual companies which offer long-term growth potential, typically over a five-year horizon or more. The portfolio is actively managed and does not seek to track any comparative index. With a remit to invest in smaller companies with market capitalisation generally below $5bn at the point of purchase, there tends to be a correlation with the performance of smaller companies, as well as that of the technology and communications sectors. A degree of volatility relative to the overall market should be expected.

The risk associated with the illiquidity of smaller companies is reduced by generally restricting the stake in any one company to less than 10% of the shares in issue.

A number of investments are in early-stage companies, which have a higher stock specific risk but the potential for above average growth. Stock specific risk is reduced by having a diversified portfolio.

In addition, to contain the risk of any one holding, the Manager generally takes profits when a holding reaches more than 5% of the portfolio. The Manager actively manages the exposure within the constraint that illiquid positions cannot be traded for short-term movements.

The Company has a policy not to invest more than 15% of gross assets in other UK-listed investment companies. From time to time, fixed interest holdings, non-equity or unquoted investments may be held on an opportunistic basis.

The Company recognises the long-term advantages of gearing and has a maximum gearing limit of 50% of net assets. Borrowings are invested primarily in equity markets but the Manager is permitted to invest in other securities in the companies in the target areas when it is considered that the investment grounds merit the Company taking a geared position. The board's intention is to gear the portfolio when appropriate, taking into account current and future cashflow requirements of the Manager. Gearing levels are monitored closely by the Manager and reviewed by directors at each board meeting.

The Company may use derivatives which will be principally, but not exclusively, for the purpose of efficient portfolio management (i.e. for the purpose of reducing, transferring or eliminating investment risk in its investments, including protection against currency risk).

A detailed analysis of the Company's investment portfolio is set out on pages 22 to 28 and in the Investment Manager's Report.

KEY PERFORMANCE INDICATORS ("KPIS")
At each board meeting, the directors consider a number of performance measures to assess the Company's success in achieving its objectives.

The KPIs used to measure the progress and performance of the Company over time are established industry measures and are as follows:

- the movement in net asset value per ordinary share compared to the comparative indices;
- the movement in the share price;
- the discount; and
- the ongoing charges.

A historical record of these measures is shown on pages 29 to 31.

The Company makes reference in this annual report and financial statements to a number of alternative performance measures, as described on pages 82 and 83.

SHARE CAPITAL
At 31 December 2025 the Company's capital structure consisted of 47,858,467 ordinary shares of 25p each (2024 – 50,340,861 ordinary shares). During the year 2,482,394 (2024 – 5,793,809) ordinary shares were bought back and cancelled. There are no restrictions concerning the holding or transfer of the Company's ordinary shares and there are no special rights attached to any of the shares. On a winding up, after meeting the liabilities of the Company, the surplus assets would be paid to ordinary shareholders in proportion to their shareholdings. Since year end and up to 20 February 2026, no shares have been bought back for cancellation.

DERIVATIVE INSTRUMENTS
The Company does not currently have any exposure to derivative instruments (2024 – nil).

BORROWINGS
The Company is not currently geared and does not have any form of credit facility but holds significant cash. The requirement for a credit facility is kept under regular review, taking into account the levels of cash held by the Company, and cost, general market conditions and the Manager's view of its potential use of any such facility.

REVIEW OF THE YEAR AND FUTURE DEVELOPMENTS

A review of the year and the investment outlook is contained in the Chairman's Statement and the Manager's Report on pages 8 to 16.

DIVIDENDS

The ordinary shares carry a right to receive dividends. Interim dividends are determined by the directors and final dividends are subject to shareholder approval.

The revenue reserve at the year end is a deficit of £981,000 (2024 – deficit £1,327,000). The board intends to pay a final dividend when there is revenue reserve available for distribution and to ensure that the investment trust status of the Company is maintained, For the latter, the Corporation Taxes Act requires that 85% of income be distributed in respect of the accounting period (the 'income distribution test').

For the year ended 31 December 2025, although the Company has distributable reserves, no dividend is required given the income distribution test for the year has been met. Accordingly, the directors do not recommend a dividend for the year under review. In making this decision, the board considered the capital nature of returns from investee companies which is reflected in the infrequency of dividends being paid to shareholders, the last one being for the year ended 31 December 2012.

PRINCIPAL RISKS AND UNCERTAINTIES

The audit committee, on behalf of the board, regularly undertakes a robust assessment of the principal, including emerging, risks facing the Company. These include those that would threaten its business model, future performance, solvency or liquidity (see Corporate Governance Report on pages 44 to 47 and the Audit Committee Report on pages 48 and 49). Principal risks are also considered as part of the board's annual strategy meeting. The principal risks that follow are those identified by the board after taking account of mitigating factors.

All risks are documented on a risk register and are grouped into six main categories: strategic risk; market, economic and geopolitical risk; investment management risk; operational risk; emerging/external risk; and regulatory risk. Risks are rated by impact and likelihood of occurrence, with the ratings charted on two risk matrices: a pre-mitigation and a post-mitigation one. Mitigation takes into account processes, procedures and internal controls, and the post-mitigation matrix is used to identify the Company's principal risks. The risk register is reviewed on an ongoing basis, in an attempt to capture all risks and ensure appropriate mitigation is in place, and to enable directors to concentrate on principal risks whilst ensuring all risks are considered. Emerging risks are considered by the board as they come into view and are incorporated into the existing review of the Company's risk register.

As part of the risk review, the board considered the challenging global economic and geopolitical environment including, but not limited to: the continuing effects of tariffs, armed conflicts, climate change (covering adverse impacts, transition and retrenchment of climate policies globally), inflation and interest rates. Closer to the home front, the board considered the challenges to the UK stock market in particular, in conjunction with the wider challenge to investment in the small and mid-cap end of the technology market, and the existential risk to the Company given the non-alignment of shareholders' objectives with each other and the disproportionate challenge to the Company's long-term investment basis caused by the Company's significant minority shareholder.

The top risks identified by this process (which correlate to the principal risks of the Company) are set out below.

Risk trend from previous year: ⇔ Risk level unchanged
⇩ Less risk
⇧ Heightened risk

Strategic Risk ⇔

Company risk as an investor in smaller companies ⇔

There is a risk that public markets become unattractive to investee companies due to a number of factors including burdensome regulations and taxation, and this could result in a smaller investible universe and orphan portfolio stocks. The board and the Manager engage with external bodies in the UK to endeavour to influence government and regulatory policy to support quoted smaller companies. The portfolio is globally diversified and the Manager has the ability to move capital to more favourable markets.

The Company's objective and strategy are not attractive to investors ⇧

This risk rating has heightened from the already heightened rating of the prior year, principally because there is the risk that even though the Company's objective and strategy continue to be attractive to long-term investors, the short term agenda of one or a relatively low number of shareholders could cause significant damage to the Company's ability to continue to meet the Company's, and long-term shareholders', objectives. This was demonstrated by the requisition by Saba in January 2025 proposing the removal of existing Directors and the appointment of directors of its choice. The Chairman's Statement sets out how the board – following lengthy discussions with major shareholders including Saba and in agreement with the Manager – have attempted to address the situation, beginning with the proposed Tender Offer announcement on 9 January 2026. Further details can also be found in the circular sent to shareholders on 12 January 2026, a copy of which is available at www.heralduk.com. Subsequent events are set out in the Short Summary of Recent Events which immediately follows the Chairman's Statement.

A failure to adapt to changes in the market and investor demand could leave the Company exposed to the risk of shareholder dissatisfaction, activism and influence. There is a risk to shareholders that they will not be able to sell their shares at a price close to the underlying NAV. Over the course of the Company's history, the shares have generally traded at a discount to underlying NAV and this discount changes with market conditions. The board regularly reviews the performance of the Company against relevant indices and peers and annually reviews the Company's investment management arrangements. The Company has in place an active buyback policy, which is monitored by the board, whereby the Manager has authority to arrange buybacks of shares within the limits approved at the AGM each year. The board, the broker and the Manager engage regularly with shareholders to understand their views on key topics including discount volatility and shareholder views are discussed at each board and strategy meetings. The board regularly monitors the market for changes in sentiment. The Company has a significant minority shareholder. A significant minority shareholder's vote could disproportionately affect the outcome of any vote if shareholder voting numbers were to be low. The board will seek to ensure all shareholders, including those whose shares are held indirectly on

STRATEGIC REPORT CONTINUED

platforms, are informed of the upcoming AGM and of their opportunity to vote.

Shareholders can raise questions of the board and the Manager at the AGM. Shareholders are given the opportunity to vote on the Company's continuation every three years at the AGM, with the next vote to be held at the AGM in 2028.

Market, Economic and Geopolitical Risks ⇔

Market risk including but not limited to liquidity, price, valuation, technology and communications, small cap risks ⇔

This risk is considered unchanged, however, it remains high. The Company's assets consist mainly of listed securities and the success of the Company's business model is therefore market-related and bears market risk (comprising currency risk, interest rate risk and other price risk), liquidity risk and credit risk. An explanation of those risks, which have been subject to robust assessment by the directors, and how they are managed is contained in note 17 to the financial statements, and a description of the internal controls operated by the Company is on pages 46 and 47. As a specialist investor in technology and communications and small cap stocks, the Company is exposed to more volatile share price movements than those of the general market and, on occasion, it may be difficult for the Manager to achieve sales of investments at market prices. The board's assessment of risk remained unchanged from the previous year due to the continuing uncertainty and volatility in the markets.

Economic risk ⇔

Interest rates, exchange rates, inflation, recession, taxes and changes in supply and demand can all pose a threat to the future of portfolio companies. The risk rating is unchanged from last year, reflecting the continuing impact of higher for longer interest rates and costs and the continuing challenging economies.

Geopolitical risk ⇔

Political developments can create risks to the value of the Company's assets. For example, armed conflicts can affect pricing and supply chains; uncertainty arising from global trade tariffs; antitrust action in the US undermines technology valuations and ongoing changes in UK Government policy on Net Zero continues to create uncertainty for UK businesses.

The Manager considers the above three risks on an ongoing basis and reports on a regular basis to the board, including reporting on the composition and diversification of the portfolio by geography, sector and capitalisation along with sales and purchases of investments. Individual investments are discussed with the Manager together with the investment team's general views on the various investment markets and sectors. The board recognises that the potential for mitigation is likely to be limited other than through diversification. The risk rating remains consistent with last year, being at a heightened level from that of more 'normal' times.

Investment Management Risk ⇔

Liquidity risk ⇔

There is a risk that the Manager is unable to realise profits on significant positions in the portfolio and to redeploy them in sufficient sizes to new positions. Smaller companies have, by their nature, limited liquidity and the Company may also invest in unquoted securities which generally have greater valuation uncertainties and liquidity risks than securities listed or traded on a regulated market. The board receives regular reports from the Manager, which is experienced in stock selection. Investment risk is spread by having a diversified portfolio. The holding in any one company is generally restricted to less than 10% of the portfolio company's shares in issue and the Manager would usually start taking profits when a holding reaches 5% of the portfolio. The risk rating remains consistent with last year to reflect the deteriorating liquidity in certain markets for some stocks, albeit the Company's closed end nature reduces the risk of a forced disposal of illiquid investments.

Key person dependency ⇧

There is a risk the lead investment manager (Katie Potts) or other key members of the team become incapacitated or otherwise unavailable. The loss of key members of the team or key personnel changes in a short space of time could destabilise the investment team, however, the investment management team collaborate collectively and this ensures there is appropriate coverage of all geographic areas and sectors with back up where required easily available. The risk has been increased due to the theoretical possibility of team changes arising from the uncertainty that the Company is exposed to given the diversity of shareholders' requirements, rather than any factual or anticipated changes.

Third Party Service Provider Operational Risk ⇔

Information (including cyber) security and physical security ⇔

The failure or breach of information security could potentially lead to breaches of confidentiality, data records being compromised and the inability to make investment decisions. The failure or breach of physical security could lead to damage or loss of equipment, with consequential negative results. Cyber security risks are considered and continually monitored by the Manager as these threats evolve and become increasingly sophisticated. This includes advances in technology that has seen a greater use of Artificial Intelligence. The integrity of the Company's information security is closely monitored by the board, with each of the key service providers providing a regular report through its internal audit function which covers information technology security and provides comfort to the board that appropriate safeguards are in place. All physical locations have security in place and all third-party service providers have disaster recovery plans.

Emerging/External Risk ⇔

Emerging risk is a failure to have in place procedures that assist in identifying new or familiar risks that become apparent in new or unfamiliar conditions. The audit committee reviews risk management and internal controls twice a year and the board regularly considers industry trends and forthcoming legislation/regulatory change with its advisors, including the Manager, the broker and company secretary. It also reviews regular updates from the Association of Investment Companies ("AIC") and the auditor on such matters.

OTHER RISKS

The following are risks identified by the audit committee as potentially having a major impact on the Company but, after mitigation, are not deemed to be principal risks. All risk ratings remained unchanged from the previous year.

Strategic Risk

Discount and discount volatility ⇔

There is a risk that the discount at which the Company's shares trade may widen. The board monitors the level of discount and its volatility and has undertaken significant share buy backs over the life of the Company, including buying back 4.9% of the issued share capital in 2025 and 10.3% in 2024, measured to the start of each year.

Operational Risk ⇔

Disruption to or failure of the Manager's or administrator's accounting systems or those of other third-party service providers could lead to an inability to provide accurate reporting and monitoring or a misappropriation of assets. The Company uses third-party service providers and, consequently, is exposed to operational risk including information security and physical security, as described earlier. The Manager, administrator and company secretary each have comprehensive business continuity plans which facilitate continued operation of the business in the event of a service disruption or a major disruption event. The audit committee receives the administrator's report on internal controls and the reports by other key thirdparty providers are reviewed by the Manager and company secretary on behalf of the audit committee. The depositary reports six monthly on custody matters, including the continued safe custody of the Company's assets.

Emerging/External Risk

Climate change risk ⇔

The financial risks from climate change are typically classified as physical or transitional risks. Physical risks are those arising from specific weather events (such as wildfires) and transitional risks are those arising from the changes to regulations (such as the move to netzero carbon). The portfolio is well diversified to mitigate against physical risks. Changes in climate change focused regulation, governing both the Company and investee companies, will create some uncertainty. A number of investments address the challenges arising from climate change and may benefit. However, if climate change has a significant adverse impact on the wider economy, the Company could be negatively affected. In comparison to the broader economy, the portfolio has a relatively low carbon footprint. The board encourages the Manager to consider environmental, social and governance factors when selecting and retaining investments.

Global pandemic risk ⇔

A pandemic remains an ongoing risk with both primary and consequential negative effects. The board continues to monitor, together with the Manager, the market and operational risks associated with pandemic risk and the ongoing economic impact on the underlying investee companies. The board is satisfied that the Manager and the key service providers have in place robust plans and infrastructure to minimise the impact on the Company's operations so that it can continue to trade, meet its regulatory obligations, and report and meet shareholder requirements. By their nature the risks presented by possible future pandemics are exceptionally difficult to assess.

Regulatory Risk ⇔

The failure to comply with applicable legal and regulatory requirements could lead to a suspension of the Company's Stock Exchange listing, financial penalties by the FCA or a qualified audit report. Breach of s1158 could lead to the Company being subject to tax on capital gains. The Manager, depositary and administrator provide regular reports to the audit committee on their monitoring programmes. The Manager monitors investment positions and the Manager and administrator monitor the level of forecast income and expenditure. Major regulatory change could impose disproportionate compliance burdens on the Company. In such circumstances, representations would be made to seek to ensure that the special circumstances of investment trusts are recognised.

THE BOARD AND DIVERSITY

Information concerning the board's diversity is set out on pages 44 and 45, including the board's diversity policy.

BOARD'S DUTY TO PROMOTE THE SUCCESS OF THE COMPANY (SECTION 172 STATEMENT)

The directors have a statutory duty to promote the success of the Company for the benefit of shareholders, whilst having regard to all stakeholders. They are also required to report annually how they have had regard to such matters, including identification of, and engagement with, key stakeholders and how this has impacted their decision making.

As an externally managed investment company with no employees, the directors consider the Company's main stakeholders to be: its shareholders; the Manager; a small number of other key service providers; investee companies in the portfolio; the environment; and the wider economy. In this context, the directors are not responsible for setting a "business culture" in the usual sense, but they do meet regularly with representatives of the Manager and the company secretary and seek to understand the culture of those businesses, and those of the Company's key service providers, and would raise any concerns in this regard if necessary.

SHAREHOLDERS

Shareholder support is critical to both the continued existence of the Company and the successful delivery of its long-term strategy. Nowhere was this better demonstrated than at the requisitioned general meeting and AGM in the year. Feedback from shareholders was key to helping form the decisions of the board. In this, the board is mindful of its duty to act fairly between shareholders and is focused on fostering good working relationships with shareholders and on understanding the views of shareholders.

A fundamental consideration of the board is whether the investment objective of the Company is continuing to meet shareholder expectations. The board's strategy is validated on a triennial basis – the last vote was in March 2025 with 65.27% (2022 triennial AGM vote: 99.99%) of shareholders voting for the continuation of the Company and the next continuation vote will be proposed at the AGM in 2028. Excluding the votes that the board believed were cast by a significant minority shareholder, more than 99% of all other votes were in favour of continuation.

The board places great importance on communication with all its shareholders and maintaining an open dialogue with them. The principal forum for this is the AGM. The Company's annual financial report is published generally in time to give shareholders at least 20 working days' notice of the AGM. Details of the proxy voting position on each resolution are published on the Company's website shortly after the AGM. At the requisitioned general meeting in January 2025, and the Company's most recent AGM held in March 2025, shareholders had the opportunity to meet with the board and the Manager and raise questions and concerns.

The board regularly monitors the shareholder profile of the Company. It aims to provide shareholders with a full understanding of the Company's activities and performance, and it reports formally to shareholders twice a year by way of the annual and half-yearly financial reports. This is supplemented by the daily publication of the Company's net asset value, routine and ad hoc regulatory announcements, monthly factsheets and other information placed on the

STRATEGIC REPORT CONTINUED

Manager's website, including pre-investment information, portfolio disclosures, terms of reference and the Company's share price.

One of the board's objectives has been, along with the Manager, to ensure shareholder engagement is sufficient. The board has endorsed the ongoing appointment of QuotedData, a provider of research notes on the Company, and retains joint brokers, Singer Capital Markets Securities Limited and Peel Hunt LLP. During the year, the board also engaged JPMorgan Cazenove to act as a corporate adviser and DF King to engage with shareholders prior to the January 2025 requisitioned general meeting. The chairman and directors are available to meet on a one-to-one basis with the institutional shareholders with or without either brokers or the Manager present. The chairman undertook a significant number of meetings with institutional shareholders and Saba during the year. The Company's brokers and Manager also held regular discussions with the larger shareholders. Feedback from shareholder engagement is reported to the board. Shareholders wishing to contact the chairman or any other member of the board may do so at any time by writing to the company secretary.

Consumer Duty

The FCA's Consumer Duty rules comprise a fundamental component of the FCA's consumer protection strategy and aim to improve outcomes for retail customers across the entire financial services industry through the assessment of various outcomes, one of which is an assessment of whether a product provides value. Under the Consumer Duty, the Manager is the product manufacturer of the Company and therefore the Manager is required to complete a fair value assessment on a regular basis. As at July 2025, the Manager assessed the Company as "expected to provide fair value for the reasonably foreseeable period". The board has an understanding of the Manager's basis of assessment and no concerns have been identified with either the assessment method or the outcome of the assessment.

THE MANAGER

The Manager is the principal service provider and supplies investment management and administration services to the Company. Details of the investment management contract are shown on pages 40.

The board seeks to engage with the Manager in a collaborative and collegiate manner, encouraging open and constructive discussion and debate, whilst also ensuring that there is appropriate and regular challenge. At all board meetings there is a dialogue with the lead investment manager, Katie Potts except where the Manager's attendance is not appropriate for governance reasons. In addition, other members of the investment team attend board meetings to provide updates on specific sectors or geographies in which the portfolio is invested. A principal consideration of the board is whether the Manager is performing in accordance with the Company's investment objective and investment policies. This consideration, as quantified by the KPIs described earlier in the Strategic Report, is discussed at all board meetings and at the board's annual strategy meeting and explained to shareholders in detail in the Manager's Report.

The investment management section of the Strategic Report sets out the key terms of the management agreement. During the year, the board established a Management Engagement Committee ("MEC"), and this committee undertook a comprehensive review of the performance of the Manager, its remuneration and the discharge of its contractual obligations.

A number of directors of HIML Holdings Limited and employees of the Manager have shareholdings in the Company, further aligning the Manager's interests with those of the Company's shareholders.

OTHER SERVICE PROVIDERS

Other key service providers comprise the company secretary, the administrator, the depositary, the custodian, the brokers, the registrar and the auditor. The continuance, or otherwise, of the engagement of these were reviewed by the MEC in the year and are reviewed every year to ensure that the Company continues to receive high quality services at a competitive cost.

Day to day dealings with the other key service providers are, in general, conducted by the Manager with periodic reports being provided to the board and an emphasis by both the Manager and the directors on constructive and transparent relationships.

In maintaining the Company's reputation and high standards of business conduct, the board is provided with regular reports from the Company's brokers and company secretary. These alert the board to recent changes in regulation and market practice, as well as any likely reputational threats which, in turn, influence the board's decision-making process. The board also seeks annual assurance from its service providers as regards governance, including whistleblowing, prevention of tax evasion and anti-bribery policy and procedures.

INVESTEE COMPANIES, THE ENVIRONMENT AND WIDER ECONOMY

As stated earlier, as an investment trust with no trading activity or employees, the Company has little direct impact on the social community or the environment. It is a low energy user in relation to the carbon reporting regulations and is exempt from the relevant disclosure requirements. A greenhouse gas emissions statement is included in the Directors' Report on page 50 and the Company has given shareholders the option to receive electronic copies of annual reports and other information.

However, the Company has indirect interests through its investment portfolio. The Company's long-term success is derived from the underlying success of the technology and communications businesses in which it is invested through the expertise of the Manager. The Manager in turn is committed to being a long-term and responsible investor.

The directors believe that the Company is making a positive contribution to addressing the challenges posed by climate change through its investments in companies involved in, for example, renewable energy and its supply chain, companies which develop software which enables more efficient work processes and companies which produce power efficient components. In addition, the Manager's Stewardship Report (further described below) sets out the Manager's approach to encouraging investee companies to consider environmental factors in a way that is proportionate to their size.

The Manager is committed to being a responsible investor and applies, and is a signatory to, the United Nations Principles for Responsible Investment ("PRI"), which demonstrates its extensive efforts in terms of the integration of ESG factors into the investment process, active ownership, investor collaboration and transparency. Further details of responsible investing, ESG and stewardship matters are dealt with on pages 40 and 41 of the Strategic Report.

All engagement with investee companies in the portfolio is through the Manager and, if strategically relevant, reported to the board. Following the introduction of the UK Stewardship Code 2020 by the Financial Reporting Council (FRC), the Manager refreshed the explanation of its approach to the stewardship of its clients' assets. This included the formalisation of the Manager's Stewardship Approach and Policy, which was discussed and approved by the board. The Manager has been a signatory to the UK Stewardship Code 2020 since September 2022. The board regularly reviews the voting record of the Manager and the detailed reports which set out the reasons why the Manager has voted against investee company management recommendations and/or against the recommendations of third party proxy advisors. The Stewardship Approach and Policy, the Stewardship Code Report and a summary of the 2025 Voting Record are available on the Manager's website www.heralduk.com.

The Company has investments in early-stage companies – frequently companies which have not reached profitability. Secondary fund raisings are often required for them to reach profitability while other companies seek more capital to acquire businesses. The Manager endeavours to support these follow-on fund raisings as long as it is in the interests of the Company's shareholders. This supportive approach to investee companies, combined with a willingness to engage directly with their management, helps to underpin the Manager's reputation as an attractive source of finance among potential investees and brokers. Bearing this in mind, as well as several other factors including market conditions, the economic cycle and liquidity, the directors have adopted a conservative gearing policy. Borrowing facilities are a board decision, but within this policy the Manager decides on net cash or gearing levels which are reported on and discussed at every quarterly board meeting.

KEY DECISIONS

Key decisions and action taken by the board during the year which required the directors to have regard to the factors set out in s172 of the Companies Act 2006, included:

- Prior to the requisition of a general meeting by Saba, the board had put in contingency plans for possible activist activity. These plans were invoked following receipt of the requisition on 18 December 2024, and included the appointment of advisers to the Company necessary for the lead into and holding of the requisitioned general meeting on 22 January 2025. Costs were a key consideration for the board and where possible these were kept to a minimum. The total costs incurred in connection with the requisitioned general meeting were £604,000. This meeting saw a resounding defeat of the attempt by Saba to replace the board with its own nominees. This period saw an enhanced level of engagement with all shareholders, resulting in significantly increased shareholder engagement than in previous years and rejection of all the resolutions.
- The board reaffirmed its belief in the long-term objective of the Company and therefore recommended that shareholders vote for the continuation of the Company at the 2025 AGM. The triennial continuation vote passed, with Saba again being nearly the only shareholder to vote against the board's recommendation.
- Following the annual appraisal of the Manager by the Management Engagement Committee, the board resolved to continue the appointment of the Manager as it considers this to be in the best interests of the Company and its stakeholders.
- Stewardship Approach and Policy and the Stewardship Code Report: As stated earlier, the board regularly reviewed stewardship matters during the year and is pleased to report that the Manager continues to be a signatory to the FRC Stewardship Code 2020, which seeks to improve the quality of engagement between institutional investors and companies to help improve long-term returns to shareholders and to ensure the efficient exercise of governance responsibilities.
- The board reviewed the Manager's latest Climate Report for the Company which is available on the Company's website.
- During the year the directors decided to endorse the Manager's recommendation not to put in place any borrowing facility, because of the cost of borrowing, continued challenging liquidity and the uncertain macroeconomic environment. The directors will consider adopting leverage when market conditions seem appropriate.
- During the year, the board regularly reviewed buyback levels and endorsed the continuation of the Manager's approach.

The directors are cognisant of their duty under s172 in their deliberations as a board on all matters. Decisions made by the board take into account the interests of all the Company's key stakeholders and reflect the board's belief that the long-term sustainable success of the Company is linked directly to its key stakeholders.

VIABILITY STATEMENT

The Company, as an investment trust, is a collective investment vehicle designed and managed for the long-term. The directors consider that three years is an appropriate forward-looking time period to consider viability. This recognises the Company's investment strategy, which includes investment in smaller companies, some of which are early-stage and for which a three-year horizon is a meaningful period over which to judge prospects, the board's assessment of the main risks that threaten the ongoing business model and the relatively fast-moving nature of the sectors in which the Company invests. Inevitably, investment in smaller and early-stage companies carries higher risks, both in terms of stock liquidity and longer-term business viability and this risk is accepted by the board as necessary to seek to deliver high returns.

There are no current plans to amend the investment strategy, which has delivered good investment performance for shareholders over many years and, the directors believe, should continue to do so. The investment strategy and its associated risks are kept under constant review by the board. The board undertook a robust assessment of the risks pertaining to the Company during the year, including risks to the Company's viability, and this is set out in the principal risks and uncertainties section. This assessment included emerging risks such as ongoing global tensions (armed conflicts, global trade tariffs), the risk arising from the recent increase in minority activist shareholder concentration, and continuing negative growing effects of climate change. As part of this, the board considered several severe but plausible scenarios, including the impact of significant market movements.

STRATEGIC REPORT CONTINUED

Other items relevant in the directors' assessment of the Company's viability were: income and expenses projections and the expectation that a majority of the Company's investments comprise readily realisable securities as substantiated by liquidity analysis of the portfolio; and the fact that as a closed-ended investment company, the Company is not affected by the liquidity issues of open-ended companies caused by large or unexpected redemptions.

The board takes account of the triennial shareholder vote on whether the Company should continue as an investment trust. At the AGM in March 2025, 65.27% of votes cast were in favour of continuation (AGM vote in favour: 2022 – 99.99% and 2019 – 99.88%), with the lower than normal vote in favour reflecting an activist voting against the resolution following the failure of the January 2025 requisitioned general meeting resolutions to replace the board with the activist's nominees. The next vote, which is an ordinary resolution, will be at the Company's AGM in 2028.

Accordingly, the directors confirm that, based on the above and on reviews conducted as part of the detailed internal controls and risk management processes set out on pages 46 and 47, they have a reasonable expectation that the Company will continue to maintain its status as an investment trust, to implement its investment strategy and to operate and be able to meet its liabilities as they fall due for at least the next three financial years.

The directors' assessment of the viability of the Company has also taken into account its communications with, and the actions of, Saba. The latter include Saba's requisitioned general meeting in January 2025 (which failed to remove the directors, amongst other things), and Saba's votes against the re-election of directors and the continuation vote (amongst other things) at the Company's AGM later in March.

Saba's significant minority shareholding means that it can block all special (75%) resolution votes, as demonstrated at the AGM. Therefore, as explained in more detail in the Chairman's Statement on pages 8 and 9, on 9 January 2026 the Company issued an announcement that the board had assessed that it is not sustainable to do nothing given that a process of attrition may eventually see Saba able to win a simple majority vote even though it itself is a minority shareholder, and launched a Tender Offer. The Tender Offer was subsequently cancelled and the board is currently in dialogue with Saba, however, the outcome of this is uncertain and the option to go ahead with the Backstop Tender remains. Notwithstanding the possible strategic outcomes of the discussions or the Backstop Tender, the Company's ability to meet its liabilities as they fall due remains, as does its financial and operational ability. However, were an action proposed by the Company to result in the Company changing its investment strategy and/or business model, the period over which it would be reasonable to assess the viability of the Company could be significantly changed, as is also the case were the Company to propose a wind up. These considerations do not affect the underlying viability of the Company.

INVESTMENT MANAGEMENT

The management contract with HIML is terminable on 12 months' notice by either party. The senior director of HIML, with overall responsibility for the management of the Company's portfolio, is Katie Potts, who is also a substantial shareholder of HIML Holdings Limited, the parent company of HIML. For the year under review, HIML was remunerated at an annual rate of 1.0% of the Company's net asset value (excluding current year net revenue) up to £1.25bn and 0.8% thereafter, calculated using middle-market prices. There is no performance fee in place. Compensation fees would only be payable in respect of this 12-month notice period if termination were to occur sooner.

The board considers that maintaining an appropriate level of ongoing charges for a specialist trust is in the best interest of all shareholders. The board is also of the view that calculating the fee with reference to performance would be unlikely to exert a positive influence over the long-term performance.

At 31 December 2025, Katie Potts held 354,684 or 0.7% (2024 – 344,165 or 0.7% respectively) of the Company's shares.

In addition, HIML Holdings Limited held 178,473 shares (0.4%) in the Company (2024 – 213,473 or (0.4)% respectively) and a number of directors of HIML Holdings Limited and employees of the Manager have shareholdings in the Company. At 31 December 2025, the Company was the beneficial owner of 15.4% (2024 – 15.4%) of the ordinary share capital of HIML Holdings Limited.

The board considers the investment management arrangements for the Company on a continuing basis and a formal review is conducted annually. The board considers, amongst others, the following topics in its review: investment performance in relation to the investment policy and strategy; the continuity of personnel managing the assets and reporting to the board; the level of service provided in terms of the accuracy and timeliness of reports to the board and the frequency and quality of both verbal and written communications with shareholders.

Following the most recent review, the board is of the opinion that the continued appointment of HIML as Manager, on the current terms, is in the interests of shareholders due to the experience of the Manager's investment team, the strengths of the investment process, the track record of performance and the quality of service and information provided to the board.

RESPONSIBLE INVESTING, ESG AND STEWARDSHIP

The United Nations PRI defines responsible investing as a strategy and practice to incorporate environmental, social and governance factors in investment decisions and active ownership. The Stewardship Code 2020 sets out the principles of stewardship which it defines as the responsible allocation, management and oversight of capital to create long-term value for clients and beneficiaries leading to sustainable benefits for the economy, the environment and society.

The board has delegated the management of the Company's investments to the Manager, HIML, and seeks to ensure that HIML has a sensible and systematic approach to stewardship. The board has adopted HIML's suggested approach, after considerable deliberations by the board with HIML. As well as designing a robust framework, HIML regularly evidences to the board that it has implemented its policies to act as a responsible investor on an on-going basis.

In relation to the portfolio, HIML has in turn documented its approach to environmental, social and governance ("ESG") factors which sets out a number of objectives and criteria that are considered in the context of its responsibility to manage investments in the financial interests of shareholders. Thus, whilst ESG is effectively integrated into the Manager's investment process, the Company does not have a sustainability objective or seek to achieve any particular sustainability outcome and its investment policy does not have specific sustainability characteristics.

As an investment company with no employees, property or activities outside investment, environmental policy has limited direct application for the Company. Nevertheless, the board is required to make a statement on greenhouse gas emissions and this is included in the Directors' Report on page 50.

HIML's, and thus the Company's, approach to responsible investing follows:

1. HIML does not exclude companies from its investment universe purely on the grounds of an ESG issue although the technology and communications focus of Herald implicitly limits investment in a number of the most environmentally damaging sectors, such as coal mining or generating energy by burning fossil fuels.
2. It adopts a positive engagement approach whereby matters are discussed with the management of portfolio companies with the aim of sharing best practice, improving the portfolio companies' relevant policies and management systems and enabling HIML to consider how ESG factors could impact long-term investment returns.
3. HIML's focus on the newer sectors of the economy means that it believes that in aggregate investee companies assist in improving the world environmentally. The largest component of the portfolio is software, which provides efficiencies for enterprises, governments and consumers. Other sectors of the portfolio often provide and improve the enabling supply chain. Technology also provides energy efficient communications, entertainment and more; and HIML firmly believes that capitalism and technological innovation combined offer the best prospects to address the environmental challenges we face. This is in contrast to the environmental impact of the older parts of the economy such as transport, extractive industries or heavy industrial sectors where HIML does not invest. The majority of investments in the technology and communications sectors have a low carbon footprint and the carbon emissions of the portfolio are estimated to be a fraction of those relative to the large companies' indices in the UK and US. Furthermore, much of the world's most advanced technology and intellectual property tends to reside in the wealthiest and most advanced economies, which themselves have strict social and environmental standards.
4. HIML is a signatory of the PRI, the globally recognised accord for responsible investment. HIML is also a signatory to the FRC Stewardship Code 2020. In addition, HIML is a supporter of the Task Force on Climate-related Financial Disclosures ("TCFD"). HIML contributes to the development of the rules that govern smaller companies through its participation in the Quoted Companies Alliance ("QCA") and its committees including the QCA secondary markets group and the QCA remuneration and corporate governance committees which produce the guides outlining best practice for UK quoted small companies. HIML's investment team undertake in-depth company research, seeking to identify sustainable competitive advantages that enable businesses to generate excess returns on capital and predictable cash flow. As bottom-up fundamental investors, the team consider the ESG risks that are material alongside other risks faced by companies in the portfolio. They investigate and incorporate any problematic issues into their assessment and decision-making process; and portfolio holdings are closely monitored throughout the time that the Company are shareholders.
5. HIML actively encourages company management to think about employees, customers and broader stakeholders ahead of short-term shareholder returns, and firmly believe that this leads to the best long-term outcomes for shareholders. This includes engaging and interacting with company management on strategy, performance, governance, risk management and their treatment of employees.
6. HIML votes the vast majority of the Company's shares in investee companies by proxy using the ISS system, although in exceptional circumstances, HIML will attend meetings where the Company has large holdings and there is a contentious issue and where attendance in person, rather than voting by proxy, is in the Company's best interests. Given the wide range of company sizes and variety of governance and regulatory environments, HIML does not believe that it is sensible to enforce prescriptive policies and rules. Furthermore, such an approach may well prove to be damaging. Voting decisions made by HIML's investment team reflect all the knowledge they have on the industry, company and management as well as incorporating input from specialist information sources.

PROXY VOTING

	2025	2024
Number of meetings	**331**	399
Number of meetings voted at	**329**	398
Number of meetings voted against management	**20**	39
Number of resolutions	**2,996**	3,692
Number of resolutions voted against management	**34**	71
Number of resolutions where abstained or vote withheld	**14**	37

During 2025 votes were cast against or abstained where there were concerns about board composition, remuneration, governance, auditors, erosion of shareholder rights and delisting.

Further details on Responsible Investing, ESG and Stewardship can be found on HIML's website at www.heralduk.com.

CLIMATE CHANGE REPORTING

The Company does not seek specific climate outcomes as part of its investment objective. However, the need to create a more sustainable world represents a considerable upside opportunity for companies contributing to the transition, and a significant downside risk for those which do not. Given the long-term investment time horizon of at least five years, this encompasses not only the risks from climate change itself but also how market forces and regulation could influence the potential returns for shareholders.

As explained in the Responsible Investing, ESG and Stewardship section on pages 40 and 41, responsible investing incorporates environmental factors, which includes climate change. The board supports the aim of the TCFD for more effective disclosure of climate-related financial risks and opportunities across the economy and financial system, which in turn help the Manager better assess climate-related risks and opportunities as part of its investment decisions. Although the TCFD was disbanded in 2023, the TCFD's recommendations remain applicable with the IFRS Foundation taking over the monitoring of the progress of companies' climate-related disclosures.

STRATEGIC REPORT CONTINUED

The Manager is also a supporter of the aim of the TCFD and has historically reported annually on its climate risks and emissions. Although the Company as an investment company is exempt from the requirement to produce a TCFD report, the Manager has produced its third Climate Report in line with TCFD recommendations for the Company as at March 2025 (the same date as the Manager's reporting). The report layout mirrors the TCFD four core recommendations: governance; strategy; risk management; and metrics and targets and includes the estimated emissions of the Company. The Climate Report can be found on the Manager's website: www.heralduk.com.

Emissions

Given the focus of the Company on investing in small companies in the technology and communications sector, the Company's portfolio has a relatively low carbon intensity and carbon footprint compared to the wider economy and minimal exposure to "TCFD climate material" sectors. The Company does not target a specific level of CO2 emissions. Companies within the technology and communications sector tend to be enablers of environmental efficiency rather than contributors to substantial environmental damage. There is a significant and current environmental challenge from the enormous and rapidly increasing power consumption of AI data centres, however, the large AI companies remain committed to their net zero targets and are investing billions in green power (frequently nuclear) to produce the electricity they need.

As climate change and its effects will continue to pose ever changing systemic risks, the Manager has developed a more focused emissions based risk methodology to help identify portfolio companies which may be high emitters. This risk ranking of the portfolio from lowest to highest risk is set out in the table that follows. No portfolio companies are in the highest rating.

The Manager's Climate Change Risk Matrix Analysis of the Company's portfolio†

Risk Matrix	Number of Companies in HIT Portfolio	%
1 – Lowest	177	59
2 – Low	20	7
3 – Medium Low	6	2
4 – Medium High	98	32
5 – High	1	0
6 – Highest	0	0
	302	**100**

The following table analyses those portfolio companies risk rated medium or above.

Emission Risk Factor	BICS Level 3 Sectors	Value £m	% AUM
5 – High	Chemicals	2.6	0.19
		2.6	**0.19**
4 – Medium High	Automotive	1.2	0.09
	Electrical Equipment	38.2	2.88
	Forestry, Paper & Wood Products	0.8	0.06
	Semiconductors	110.9	8.37
	Technology Hardware	172.4	13.01
		323.5	**24.41**
3 – Medium Low	Aerospace & Defence	20.4	1.54
	E-Commerce Discretionary	1.3	0.09
	Industrial Intermediate Products	22.5	1.70
	Wholesale – Discretionary	3.9	0.29
		48.1	**3.62**

† Emissions data based on portfolio holdings as at 31 March 2025.

Companies which have a medium risk factor and above, have further analysis undertaken by the Manager, and engagement is undertaken where relevant. Where applicable, voting will be used, including for relevant shareholder resolutions. The level of engagement on ESG issues is also considered in the context of the relative size of the shareholding. Information with regards to individual company engagements are reported in the Manager's annual Stewardship Report available on the website (www.heralduk.com).

The Manager actively encourages investee companies to reduce emissions and to improve climate-related disclosures but recognises that there is an additional cost to this. Many of the companies in the portfolio are early-stage and have far more limited resources for providing comprehensive ESG reports than larger, more established companies.

TCFD Reporting Targets

In 2025 the Manager actively executed its climate engagement strategy, which focuses on encouraging companies in the high risk sectors (Medium High, High, Highest), to report Scope 1 & 2 emissions and, where applicable, to introduce an emissions reduction plan. After a detailed review of portfolio holdings emissions reporting, which included consideration of climate change risk and business scale, a total of nineteen companies were contacted and it was requested that they consider improving their emissions reporting. The current status and reporting targets set for the Company's portfolio holdings are shown in the table below.

High Risk Sectors (Medium High, High, Highest)†	Status 31 March 2025	2024	Short-Term (2030) Target	Long-Term (2040) Target
% Reporting Scope 1&2 By Value	73%	77%	90%	100%
% Emissions Reduction Plan By Value	58%	66%	90%	100%
Total Portfolio†			**Short-Term (2030) Target**	**Long-Term (2040) Target**
% Reporting Scope 1&2 By Value	64%	63%	60%	90%
% Emissions Reduction Plan By Value	44%	42%	50%	90%

† Data based on portfolio holdings as at 31 March 2025.

Significant progress on improving emissions reporting has been made by portfolio holdings in the last year, we expect that this trend will continue, however there is increased uncertainty, in particular due to attitudes to 'green' policies in the United States.

Comments on Metrics and Targets in General

The Climate Report prepared by the Manager contains metrics for the portfolio including, but not limited to: Carbon Footprint; Weighted Average Carbon Intensity; and Emissions. These metrics and further information with regards to the challenges of data collection, estimation and aggregation can be found in this Climate Report on the Manager's website: www.heralduk.com.

On behalf of the board

ANDREW JOY
CHAIRMAN
20 February 2026

YOUR BOARD OF DIRECTORS

ANDREW JOY

Andrew Joy was appointed to the board on 1 October 2022 and became Chairman of the board and the nomination committee on 18 April 2023. Andrew is a senior advisor of Stonehage Fleming, a leading international multi-family office and chairman of the investment committee of FPE Capital.

Andrew was one of the founding partners of Cinven, a leading private equity firm investing in Europe and U.S. and has been chairman or director of numerous growth companies over the past 30 years. He was previously chairman of the British Venture Capital and Private Equity Association, The Biotech Growth Trust plc and a director of the European Venture Capital Association.

He is highly regarded for his extensive knowledge of the financial sector and of the high-growth part of the smaller company sector.

STEPHANIE EASTMENT

Stephanie Eastment was appointed to the board on 1 December 2018 and is chair of the audit committee. She is the non-executive senior independent director of Murray Income Trust plc, a non-executive director and audit chairman of Impax Environmental Markets plc and Alternative Income REIT plc, and a non-executive director of RBS Collective Investment Funds Limited.

Stephanie qualified as a chartered accountant at KPMG and subsequently worked in financial services for Wardley Asset Management and UBS (with roles in accounts, compliance and taxation) before moving to Invesco Asset Management where she specialised in investment companies for 22 years. She is also a chartered company secretary.

She has extensive accounting, corporate governance and investment trust sector experience and provides constructive oversight and challenge not only as a director, but as the audit committee chair.

PRIYA GUHA MBE

Priya Guha MBE was appointed to the board on 13 December 2023. She has a portfolio of roles across the global and UK technology and innovation landscape including as a non-executive director at UK Research & Innovation and the Digital Catapult, a member of the Investment Governance Board at Future Planet Capital, a UK VC Fund and an advisor to various start-up companies including Gallos Technologies. She is also a non-executive director at Reach PLC and chairs its sustainability committee.

She has significant knowledge of the global technology sector and valuable experience in both public and private sectors.

HENRIETTA MARSH

Henrietta Marsh was appointed to the board on 1 September 2019, and became senior independent director on 24 March 2025. She has a background in fund management, having worked in UK small cap and private equity investment over several decades. From 2005 until 2011, she was AIM fund manager at Living Bridge Equity Partners. Prior to that, Henrietta spent 14 years at 3i in several roles, including in private equity and as fund manager of 3i Smaller Quoted Companies Trust plc (1997–2002). Her earlier career was with Morgan Stanley and Shell. More recently she has pursued a nonexecutive career, having served on the boards of discoverIE plc, Alternative Networks plc, Electric Word plc and Gamma Communications plc (AIM-listed) where she was the senior independent director.

She has direct experience and understanding of the investment process required in the Company. She takes the lead on the board in reviewing HIML's stewardship approach.

CHRISTOPHER METCALFE

Christopher Metcalfe was appointed to the board on 24 April 2024 and was appointed chairman of the newly formed Management Engagement Committee on 20 February 2025. Christopher is currently chairman of Franklin Global Trust plc and a non-executive director of JP Morgan US Smaller Companies Investment Trust plc and Columbia Threadneedle UK Capital and Income Investment Trust plc. He was previously a non-executive director of abrdn Smaller Companies Income Trust plc until its merger with Shires Income plc in December 2023.

He has considerable investment management experience and a deep understanding of UK investors having worked previously in senior fund management positions at Newton Investment Management, Schroder Investment Management and Henderson Administration Group plc.

All directors are, in the opinion of the board, independent of the management company.

All directors are non-executive.

All directors are members of the audit committee except for the chairman. All directors are members of the nomination and management engagement committees.

CORPORATE GOVERNANCE REPORT

GOVERNANCE PRINCIPLES

The board is committed to achieving and demonstrating high standards of corporate governance, including consideration of the best interests of all shareholders. This statement outlines how governance principles were applied throughout the financial year. The UK Corporate Governance Code ("UK Code") issued by the Financial Reporting Council ("FRC") in 2024 and the AIC Code of Corporate Governance ("AIC Code") issued in 2024 are the applicable governance codes in this regard.

The FRC has confirmed that by following the AIC Code, investment company boards will meet their obligations in relation to the UK Code and paragraph 6.6.6 of the UK Listing Rules. The AIC Code is available on the AIC website at www.theaic.co.uk, and the UK Code on the FRC website at www.frc.org.uk.

STATEMENT OF COMPLIANCE

The directors believe that the Company has complied with the AIC Code during the year and up to the date of this report, and thereby the provisions of the UK Code except as set out below.

The UK Code includes provisions relating to the role of the chief executive; executive directors' remuneration; and the need for an internal audit function. As an investment company which outsources its administration to third-party providers, the Company has no chief executive or other executives and therefore these provisions are not applicable. It does not maintain an internal audit function. The audit committee considers the need for such a function at least annually and additional detail is provided later on in this statement.

THE ROLE OF THE BOARD

The board has overall responsibility for the Company's affairs and for setting the Company's purpose and strategy. The s172 Statement on pages 37 to 39 sets out in detail the parties, shareholders and other stakeholders, and factors the directors consider as they perform their duties and the board its role. There is an annual cycle of board meetings. A formal schedule of matters reserved for the board has been established covering strategy; structure and capital; investment objective, policy and limits; gearing; dividend and corporate governance policy; performance; key contracts; risk; financial reporting and board membership. This is reviewed annually to ensure compliance with latest regulatory requirements and best market practice.

The board is responsible for the approval of the annual and half-yearly reports and board-published documents and for ensuring that such documents provide a fair, balanced and understandable assessment of the Company's position and prospects.

The board's oversight of the Company's risk management and internal controls is set out in detail later in this report on pages 46 and 47. Full and timely information is provided to the board to enable it to function effectively and to allow directors to discharge their responsibilities.

CHAIRMAN

The chairman of the Company, Andrew Joy, is responsible for organising the business of the board, ensuring its effectiveness and setting its agenda.

SENIOR INDEPENDENT DIRECTOR ("SID")

Following James Will's retirement, Henrietta Marsh was appointed as the senior independent director on 24 March 2025. The SID provides a sounding board for the chairman; is an intermediary for other directors if required; and is an additional channel for shareholders if contact through the chair or company secretary has failed to resolve an issue or where that channel would not be appropriate.

BOARD COMPOSITION AND INDEPENDENCE OF DIRECTORS

At the year end the board comprised five directors. All are non-executive. All directors will retire at the AGM and offer themselves for re-election.

The directors believe that the board has a balance of skills and experience which enable it to provide effective leadership and proper governance of the Company.

All the directors are considered by the board to be independent, of the Manager and free of any business or other relationship which could interfere with the exercise of their independent judgement.

There is an agreed procedure for directors to seek independent professional advice if necessary at the Company's expense.

Conflicts of interest are unusual but in the event of one occurring, there is an established procedure to manage them.

BOARD DIVERSITY

Diversity policy

Appointments are based on merit with due regard to the benefits of diversity. The board considers many factors, including the balance of skills, knowledge, experience, inclusion and equal opportunities when reviewing its composition and appointing new directors. The aim of the policy is to identify those with the best range of skills and experience to complement existing directors in order to provide effective oversight of the Company and constructive support and challenge to the Manager. Summary biographical details of the directors, including their relevant experience, are set out on page 43.

Implementation of the Board's Diversity Policy

The board reports against the "comply or explain" statement targets set out in the FCA's UK Listing Rules 6.6.6R(9)(a) that at least 40% of individuals on the board should be women; at least one individual on the board should be from a minority ethnic background; and at least one of the senior board positions of Chair, SID, CEO and CFO should be held by a woman.

At 31 December 2025, and at the date this annual report and financial statements was signed, the board comprised five non-executive directors. All targets are met as there are three women on the board (60%); one director is from a minority ethnic background and the SID position is held by a woman. Furthermore, the board considers that the chair of the audit committee of an investment company is a senior position, and this is held by a woman.

Board as at 31 December 2025

The information in the following table has been provided by each director. As the Company has no employees, no information is included for executive management. The board has resolved that the Company's year end date be the most appropriate date for disclosure purposes. There have been no changes since 31 December 2025.

	Number of board members	Percentage of the board	Number of senior positions on the board
Men	2	40%	1
Women	3	60%	1

	Number of board members	Percentage of the board	Number of senior positions on the board
White British or other White (including minority-white groups)	4	80%	2
Mixed/Multiple Ethnic Groups	1	20%	0

TERMS OF APPOINTMENT

The terms and conditions of directors' appointments are set out in formal letters of appointment which are available for inspection upon request. There are no service contracts between the Company and any of the directors.

Under the provisions of the Company's articles of association, a director appointed during the year is required to retire and seek election by shareholders at the next AGM. All directors retire annually and, if appropriate, offer themselves for re-election.

DIRECTORS' MEETINGS

The board considers that it meets sufficiently regularly to discharge its duties effectively. The table below shows the attendance record for scheduled board and committee meetings held during the year, including the annual strategy day, the requisitioned general meeting and the annual general meeting. In addition, directors attended a significant number of non-scheduled board and other ad-hoc meetings throughout the year.

Number of scheduled meetings	Board and General Meetings 7	Audit Committee 2	Nomination Committee 1	Management Engagement Committee 1
Andrew Joy[1]	7	2	1	1
Stephanie Eastment	7	2	1	1
Priya Guha	7	2	1	1
Henrietta Marsh	7	2	1	1
Christopher Metcalfe	7	2	1	1
James Will[2]	4	1	1	1

1 The chairman is not a member of the audit committee but attends the committee by invitation from the audit committee chairman.

2 James Will retired from the board on 24 March 2025. He attended all meetings up to his retirement.

COMMITTEES OF THE BOARD

The board has three committees: the audit committee, the nomination committee and the newly formed management engagement committee. The role, responsibilities and activities during the year of the audit committee are detailed in its report on page 48 and those for the nomination and management engagement committees are shown below.

A separate remuneration committee has not been established as all directors are non-executive and the board as a whole considers directors' remuneration in line with the remuneration policy set out on page 52.

DIRECTORS: RE-ELECTIONS

All directors standing for re-election at the forthcoming AGM served throughout the year. The biographies of the directors are set out on page 43 and are incorporated into this report by reference. They include the skills and experience that each director brings to the board in order to contribute to the long-term sustainable success of the Company. The attendance record of each director at meetings of the board and its committees throughout the year is shown in the Directors' Meetings section.

NOMINATION COMMITTEE

The nomination committee consists of all the directors and is chaired by the chairman of the board. The committee meets on an annual basis and at such other times as may be required. The committee has written terms of reference which include identifying and nominating new candidates for appointment to the board including engagement of independent search consultants, board and director appraisal, succession planning and training. The committee also considers whether directors should be recommended for re-election by shareholders. The committee is responsible for considering directors' potential conflicts of interest and for making recommendations to the board on whether or not the potential conflicts should be authorised. The terms of reference are reviewed annually and are available on request from the company secretary and at www.heralduk.com.

Appointments to the Board

Appointments to the board are made on merit. They are assessed in accordance with the following standards:

- when seeking to recruit, the committee will evaluate the skills, experience, independence, knowledge and diversity of the board and prepare a description of the role and capabilities required to fulfil the appointment and will normally appoint an independent agency to assist in the recruitment process or use open advertisements;
- the committee will ensure that a diverse group of candidates is considered;
- candidates will be considered against objective criteria having regards to the benefits of diversity – including inclusion and equal opportunities and personal strengths, experience and knowledge; and
- the demands on each candidate's time and consideration of their other commitments.

During the year the committee held one scheduled meeting and as well as a number of ad hoc meetings and undertook the following activities:

- updated the Company's succession planning;
- reviewed the board and its committees' structure, size, composition and culture, and considered the skills required of current and future directors;
- undertook a board performance review as detailed further below;
- considered the independence of each director;
- considered each director's time commitment;
- considered the board's skills matrix;
- reviewed and approved the Company's diversity policy statement and disclosure on diversity targets; and
- reviewed and approved the Company's tenure and succession planning policy.

CORPORATE GOVERNANCE REPORT CONTINUED

Board and chairman's tenure

The nomination committee is responsible for considering the policy on tenure of the chairman of the board and planning for the chair's succession. In line with the board's policy on director tenure, which meets the recommendations of the AIC Code principles, the chairman's appointment may extend beyond nine years if required to provide flexibility and an orderly succession during the handover period. This principle is further extended to all members of the board.

Performance review

During the year, the nomination committee met to assess the effectiveness of the chairman, each director, the board as a whole, and its committees. The review, facilitated by an external party Board Forms, required the directors to complete a short questionnaire based on the operation of the board and its committees and the contribution of directors and the performance of the chairman. Following these, the chairman undertook an individual interview with each director and summarised results of the process which was discussed with the board. The review of the chairman was conducted by the senior independent director and discussed with the chairman. Reviews considered, amongst other criteria, the board composition, board dynamics, meetings, information, support and board committees, the investment strategy, performance and the Company's top strategic challenges. The review concluded that the board oversees the management of the Company effectively, was collegiate whilst providing effective challenge. Each director made a valuable contribution to the board and its discussions and brought different qualities to the board.

The nomination committee reported to the board on each director's performance, the process for which is described above, and concluded that their performance continues to be effective, they remain committed to the Company and have sufficient time to fulfil their duties. The board therefore recommends the re-election of all five directors at the forthcoming AGM to be held in due course.

Induction and training

Training for new directors is tailored to the particular circumstances of the individual appointee. Regular briefings are provided on changes in regulatory requirements that could affect the Company and the directors. Directors receive other relevant training as necessary.

MANAGEMENT ENGAGEMENT COMMITTEE

The board set up a management engagement committee in 2025, its membership consisting all of the directors and it is chaired by Christopher Metcalfe. The committee meets on an annual basis and at such other times as may be required. The committee reviews the performance and contract details, including fees, of the investment manager as well as other key service providers. The terms of reference will be reviewed annually and are available on request from the company secretary and at www.heralduk.com.

During the year the management engagement committee reviewed the performance of the Manager and the terms of the management agreement and determined it was in the best interests of shareholders to reappoint the Manager, as set out on page 40. The committee also reviewed the performance of and contracts with its brokers, company secretary, marketing and investor relations and other advisers. All parties were found to be performing their duties diligently and their ongoing appointment confirmed.

RISK MANAGEMENT AND INTERNAL CONTROLS

The directors acknowledge their responsibility for the Company's risk management and internal controls systems and for reviewing their effectiveness. The systems are designed to manage rather than eliminate the risk of failure to achieve business objectives and can only provide reasonable but not absolute assurance against material misstatement or loss.

The board confirms that there is a continuing process for identifying, evaluating and managing the significant and emerging risks faced by the Company, in accordance with the guidance on risk management, internal control and related financial and business reporting, published by the FRC. This takes into account ongoing and emerging risks, procedures and controls and, after mitigation, identifies the significant risks as summarised on pages 35 to 37.

The directors confirm that they have reviewed the effectiveness of the Company's risk management and internal control systems and they have procedures in place to review their effectiveness on a regular basis. No significant weaknesses were identified in the year under review and in the period up to and including the date of this report.

The practical measures to ensure compliance with regulation and company law, and to provide effective and efficient operations and investment management, have been delegated to HIML, NSM (the company secretary) and BNYMIL.

The audit committee and board monitor performance of the functions performed by HIML, the company secretary and BNYMIL through regular review. Since July 2014, when HIML became the Company's AIFM under the Alternative Investment Fund Managers Directive ("AIFMD"), the audit committee and board also monitor the controls managed by the AIFM.

The AIFM has a risk policy covering the risks associated with its management of the portfolio and it has in place its own risk management procedures, which are periodically reviewed. Risk limits are set by the AIFM and approved by the audit committee taking into account several factors, including investment strategy and risk appetite. The investment policy limits are described in the Strategic Report and are monitored at each board meeting, taking account of appropriate sensitivity analysis.

HIML has a compliance function in accordance with the FCA regulations. The compliance function provides the audit committee and board with a report on its monitoring procedures on a regular basis. Compliance monitoring by HIML includes risk-based internal monitoring as well as external monitoring of services that have been delegated to third parties – principally fund accounting and company secretarial services.

For fund accounting, monitoring includes reviewing the monthly net asset value produced by BNYMIL versus HIML's own system, reviewing BNYMIL's client accounting compliance reports and internal audit confirmations and reviewing KPMG's annual Service Organisation Control ("SOC1") and Centrally Managed Information Technology Services ("CMITS") reports on BNYMIL. The audit committee also receives regular compliance reports from BNYMIL, including performance against service level standards.

Under AIFMD, the Company has appointed a depositary, BNYMIL, whose responsibilities include cash monitoring and safekeeping of the Company's assets. It also acts as the custodian. The scope of the fund accounting services includes reconciliations to custody records. Provision of custody services by BNYMIL is covered by a SOC1 report, a copy of which is available to audit committee members.

As set out in the Strategic Report, the board, using the detailed risk and control review work of the audit committee, undertakes a robust and ongoing assessment of the Company's risk management and controls. This active monitoring ensures consideration is given regularly to the nature and extent of the risks facing the Company. Where new risks, or changes in risk, are identified during the year, these procedures also provide a mechanism to assess whether further action is required to manage the changes identified.

The board confirms that these procedures have been in place throughout the year under review and that they continue to be in place up to the date of approval of this report.

ACCOUNTABILITY AND AUDIT

The respective responsibilities of the directors and the auditor in connection with the financial statements are set out on page 55.

DISCLOSURES REQUIRED BY UK LISTING RULE 6.6.4

The above rule requires listed companies to report certain information in a single identifiable section of their annual financial reports or a cross reference table indicating where the information is set out. None of the prescribed information is applicable to the Company for the year under review.

RELATIONS WITH SHAREHOLDERS

The board places great importance on communication with shareholders. The Company's Manager meets with shareholders and reports to the board. The chairman is also available to meet shareholders and undertook several such meetings during the year, both with and without the Manager. Shareholders wishing to communicate with the chairman or any other director may do so by writing to the company secretary at the registered office of the Company which is shown on page 81.

Information is provided to all shareholders via the annual and half-yearly financial statements and also by the publication of daily NAVs and monthly factsheets.

The Company's AGM provides a forum for communication with all shareholders. The level of proxies lodged for each resolution is announced at the meeting and is published on the Manager's website, www.heralduk.com, subsequent to the meeting. Shareholders and potential investors may obtain up-to-date information on the Company from the Manager's website.

In line with governance recommendations, if 20% or more of votes cast are against any resolution, the Company would announce what action it intended to take to consult shareholders views and would provide a summary of the outcome and actions it intended to take within six months of the date at which the vote was held. The board confirms that at the AGM held on 24 March 2025, more than 20% of votes were cast against the board recommendations seeking the re-election of directors and continuation of the Company. An activist shareholder represented the vast majority of the votes cast against the board's recommendations. The board has attempted to engage with them in order to understand their reasons for voting against the resolutions which could, for example, have left the Company with no directors. This engagement has met with limited success.

AGM

At the Company's AGM on 24 March 2025, the Company received significant votes against resolutions 1-7 (to adopt the annual report; to approve the remuneration report; and to re-elect directors), 10-12 (to issue shares; to approve the continuation vote; to issue share on a non pre-emptive basis) and 14 (to allow a general meeting to be called on not less than 14 clear days notice). All resolutions were passed except for resolutions 12 (to issue share on a non pre-emptive basis) and 14 which, being special resolutions requiring 75% of votes cast to be in favour, did not pass. Given nearly all the votes cast against were cast by, or on behalf of, Saba, the Chairman and the Company's corporate adviser, JPMorgan Cazenove, have engaged with Saba to, amongst other things, understand the rationale for the votes against. However, Saba's intentions remain unclear.

Feedback received from other shareholders during the year, and as evidenced by non-Saba attributable votes at both the requisitioned general meeting and AGM in the first quarter 2025, continued to be supportive of the current board, the investment manager and Company's investment objective.

The Chairman's Statement sets out how the board – following lengthy discussions with major shareholders, including Saba and in agreement with the Manager – have attempted to reconcile the short term and long-term shareholders' objectives, beginning with the proposed Tender Offer announcement on 9 January 2026. Further details can also be found in the circular sent to shareholders on 12 January 2026, a copy of which is available at www.heralduk.com. Subsequent events are set out in the Short Summary of Recent Events which immediately follows the Chairman's Statement.

On behalf of the board

ANDREW JOY
CHAIRMAN
20 February 2026

AUDIT COMMITTEE REPORT

AUDIT COMMITTEE

The audit committee is made up of all the independent non-executive directors, with the exception of the chairman, although he joins by invitation. The committee believes that it is in the best interests of the Company for the chairman of the board to attend. The committee is chaired by Stephanie Eastment and the committee meets at least twice a year.

The committee considers that at least one of its members has recent and relevant financial experience and that the committee as a whole has competence relevant to the sector in which the Company operates. Its authority and duties are defined within its written terms of reference which are available on request from the company secretary and on the Manager's website: www.heralduk.com.

ROLE AND RESPONSIBILITIES

The committee's responsibilities include:

— monitoring and reviewing the integrity of the half-yearly and annual financial statements and any formal announcements relating to the Company's financial performance including: ensuring compliance with statutory and listing requirements; appropriateness of accounting policies and any financial judgements and key assumptions;

— at the request of the board, considering whether the annual report, when taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's position, performance, business model and strategy;

— reviewing the adequacy and effectiveness of internal control and risk management systems and considering the key risks and emerging risks facing the Company;

— making recommendations to the board in relation to the appointment of the external auditor and approving the remuneration and terms of its engagement;

— overseeing and managing the audit tender and selection processes and making recommendations to the board about the appointment, reappointment and removal of the external auditor;

— developing and implementing policy on the engagement of the external auditor to supply non-audit services;

— management of the relationship with the external auditor including: the scope, nature and planning of the audit; discussion of matters of audit focus; evaluation of external auditor's results; and review and monitoring the independence, objectivity and effectiveness of the external auditor taking into consideration relevant UK professional and regulatory requirements;

— ensuring compliance with the FRC's Audit Committees and the External Audit: Minimum Standard;

— reviewing whistleblowing arrangements in place within HIML; and

— considering annually whether there is a need for the Company to have its own internal audit function.

COMMITTEE ACTIVITY FOR THE YEAR

The committee fulfilled all the above roles and responsibilities for the year under review, with the exception of audit tendering as this was undertaken in 2019.

The Company's external auditor is PricewaterhouseCoopers LLP ("PwC"). As part of the year end audit process, the committee reviewed the audit plan at an early stage. This review covered the scope of the audit, materiality, ensuring that the auditor's objectives would meet the committee's expectations and the key audit and accounting matters to be considered. During the audit the committee chair liaised with both the company secretary and PwC to receive progress updates and reviewed the auditor's draft audit results report prior to the year end committee meeting at which the annual financial report was reviewed.

RISK MANAGEMENT AND INTERNAL CONTROL

The extensive array of internal controls adopted by the Company are set out in the Corporate Governance Report. The board, as a whole, is responsible for the effectiveness of internal control mechanisms but it is informed by more specific work carried out by the audit committee.

SIGNIFICANT ISSUES RELATING TO THE 2025 FINANCIAL STATEMENTS

The UK Corporate Governance Code requires the committee to describe any significant issues considered in relation to the financial statements and how those issues were addressed. Two matters of risk of particular focus at the statement of financial position date are the risks that investments might not have been correctly valued or beneficially owned. The committee receives bi-annual reports from the depositary confirming the valuation, existence and ownership of the Company's investments as well as the year end auditor's report on these items. No issues were discovered.

As part of the committee's review of the annual report and financial statements, it considered the appropriateness of accounting policies. This includes the appropriateness of the going concern basis for the preparation of the financial statements (which is set out in detail on page 50), together with the disclosures in respect of this assessment.

INTERNAL AUDIT

The audit committee carried out its annual review of the need for an internal audit function. The committee continues to believe that the compliance and internal control systems in place within the Manager and the administrator provide sufficient assurance that a sound system of internal control, which safeguards shareholders' investment and the Company's assets, is maintained. An internal audit function, specific to the Company, is therefore not considered necessary.

FINANCIAL REPORTING COUNCIL ("FRC") REVIEW OF ANNUAL REPORT 2024

In 2025, the FRC reviewed the Company's 2024 Annual Report. It was pleasing to note that the FRC letter to the Chairman of the board setting out the results of its review confirmed that it had no matters to raise in respect of Company's compliance with corporate reporting requirements. The letter went on to note that it "provides no assurance that the annual report and accounts are correct in all material respects; the FRC's role is not to verify the information provided to it but to consider compliance with reporting requirements."

This FRC review was the second one undertaken of the Company's financial reporting to shareholders of recent date, both of which confirmed there were no matters to raise. These results reflect the hard work of the audit committee, the board, and the Company's Manager and other professional service providers.

EXTERNAL AUDITOR

The committee reviewed the independence and objectivity of the auditor, its performance and effectiveness by meeting with the audit partner to discuss the year's audit. Part of that process required the auditor to give the committee an assessment of how the audit team identified and managed threats to its independence. The committee received confirmation from the auditor that it has complied with the relevant UK professional and regulatory requirements on independence. It also took into account the findings in the most recent FRC audit quality inspection report on PwC, and discussed its findings with the audit partner. The committee does not believe that there has been any impairment to the auditor's independence.

This year's audit was the seventh performed by PwC since it was appointed on 21 October 2019 following an audit tender process and second by the audit partner, Jeremy Jensen. As part of the year end committee meeting, the committee sought the views of the Manager and administrator on the effectiveness and performance of the audit team. No issues were raised. As set out above, the committee reviewed the performance and effectiveness, independence and objectivity of the auditor for the year under review. This also included consideration of the experience of the audit partner and staff, the quality of service, review of the audit plan, execution and reporting, and additional meetings with the auditor as part of the annual and half-yearly reporting process. All results were satisfactory. Accordingly, the committee has recommended that PwC be reappointed at the forthcoming AGM.

PwC have indicated their willingness to continue in office and resolutions proposing the reappointment of PwC and authorising the committee to determine their remuneration for the ensuing year will be proposed at the forthcoming AGM.

The next competitive audit tender will occur prior to the financial year ending 31 December 2029 in line with legal requirements.

NON-AUDIT SERVICES

The committee's policy is that non-audit work should be limited to those matters where the external auditor is most appropriately placed to carry out the work, unless there is a conflict of interest. All non-audit services must be approved in advance. PwC did not provide any non-audit services to the Company in this or the previous accounting year.

STEPHANIE EASTMENT
AUDIT COMMITTEE CHAIR
20 February 2026

DIRECTORS' REPORT

The directors present their Directors' Report for the year ended 31 December 2025. The Strategic Report and the Corporate Governance Report on pages 34 to 47 form a part of the Directors' Report.

RESULTS AND DIVIDEND

The net asset value ("NAV") of the Company as at 31 December 2025 was 2,700.5p per ordinary share (2024 – 2,488.2p). This represented an increase of 8.5% during the year, compared to an increase in the comparative total return indices of 11.8% for the Deutsche Numis Smaller Companies plus AIM (ex. investment companies) Index and an decrease of 0.3% for the Russell 2000® Technology Index (small cap) (in sterling terms). The discount at year end was 10.9% (2024 – 2.3%).

The directors do not recommend a dividend for the year ended 31 December 2025 (2024 – nil) as explained in the dividend section on page 35.

DIRECTORS

The directors of the Company who were in office during the year and up to the date of signing the financial statements are listed on page 43.

GOING CONCERN

The directors have undertaken a review of the Company's ability to adopt the going concern basis of accounting, which included consideration of the financial position of the Company, its cashflows and its liquidity position. The review included consideration of any material uncertainties and events that might cast significant doubt upon the Company's ability to continue as a going concern, including ongoing global tensions, such as global trade tariffs and armed conflicts, which continue to create market uncertainty and exacerbate inflationary pressures. The Company's principal risks are market-related and the current market conditions have demonstrated the resilience of the Company and its investment objective and policy. An explanation of the market, liquidity and credit risks and how they are managed is contained in note 17 to the financial statements. The Company's assets, the majority of which are investments in quoted securities, exceed its liabilities significantly. All borrowings require the prior approval of the board. The Company had no borrowings as at 31 December 2025. In accordance with the Company's articles of association, shareholders have the right to vote on the continuation of the company as an investment trust every three years and a resolution to that effect was last approved at the AGM in March 2025. The next continuation vote will be held at the AGM to be held in 2028.

At the year end, and at the date of signing of the financial statements, the Company has in Saba a significant minority shareholder. As a result of that holding and following discussion with major shareholders, including Saba, and as explained in more detail in the Chairman's Statement on pages 8 and 9, on 9 January 2026 the Company launched a Tender Offer. The Tender Offer was subsequently cancelled as Saba voted against the tender and the board is currently in discussions with Saba in an effort to reach a mutually acceptable outcome for a new tender offer in which shareholders would be able to tender up to 100% of their holding. If these discussions do not lead to a mutually acceptable outcome, it is likely that the board would proceed with the Backstop Tender, requiring only a simple majority for approval whereby Saba could gain a controlling stake and then make changes to the Company's business and/or operating model, over which the board does not have full visibility. On the basis that both these options raise inherent uncertainties that could potentially call into question the Company's ability to continue to be a going concern for at least 12 months from the date of approval of these financial statements, the board concluded that there is a material uncertainty that casts significant doubt about the Company's ability to continue as a going concern, although it remained appropriate to prepare the financial statements on a going concern basis. The financial statements do not include adjustments that would be necessary if the Company was unable to continue as a going concern.

CONFLICTS OF INTEREST

The Company maintains a register of directors' interests which is reviewed at each board or committee meeting. The board is able to authorise conflicts if appropriate.

Directors are expected to notify the board if they become aware of any actual or potential conflict of interest for themselves or their connected parties, whether on an ongoing basis or in relation to a particular transaction.

Having considered the lists of potential conflicts there were no situations which gave rise to a direct or indirect interest of a director which conflicted with the interests of the Company.

The board have recorded within its conflicts register that Priya Guha is a director of an entity in which the Company is invested and have concluded that as the management of the investment portfolio is delegated to HIML, there is no conflict arising from this appointment. Should a decision need to be taken by the board in relation to this investment, the relevant director would abstain themself from any such discussion and decision.

BRIBERY ACT 2010 AND CRIMINAL FINANCES ACT 2017

The board has a zero tolerance policy towards bribery and the criminal facilitation of tax evasion. It is committed to carrying out business fairly, honestly and openly.

The Manager, administrator and company secretary also adopt a zero tolerance approach and have policies and procedures in place to prevent both bribery and the facilitation of tax evasion.

GREENHOUSE GAS EMISSIONS

The Company has no employees, physical assets, property or operations of its own, does not provide goods or services and does not have its own customers. It follows that the Company has little to no direct environmental impact. In consequence, the Company has limited greenhouse gas emissions to report from its operations aside from travel to board meetings, nor does it have responsibility for any other sources of emissions under the Companies Act 2006 (Strategic Report and Directors' Reports) Regulations 2013. The Company consumed less than 40,000 kWh of energy during the year.

DIRECTOR INDEMNIFICATION AND INSURANCE

The Company has entered into deeds of indemnity in favour of each of the directors. The deeds cover any liabilities that may arise to a third party, other than the Company, for negligence, default or breach of trust or duty. The directors are not indemnified in respect of liabilities to the Company, any regulatory or criminal fines, or any costs incurred in connection with criminal proceedings in which the director is convicted or civil proceedings brought by the Company in which judgement is given against him. In addition, the indemnity does not apply to any liability to the extent that it is recovered from another person.

The Company maintains Directors' and Officers' liability insurance.

PRINCIPAL RISKS AND UNCERTAINTIES
These are set out as part of the Strategic Report.

SHARE CAPITAL
Details of the Company's share capital and changes thereto are disclosed in the Strategic Report on page 34 and note 12 of the financial statements.

ARTICLES OF ASSOCIATION
Any amendments to the Company's Articles must be made by special resolution at a general or annual general meeting of the Company.

INTERESTS IN THE COMPANY'S SHARES
At year end the Company was aware of the following substantial interests in the voting rights of the Company.

	% of issued share capital as notified to the Company
Saba Capital Management, L.P.	30.7%*
Rathbone Investment Management Limited	13.4%**
Bank of America Corporation	13.1%*+
Interactive Investor Services Limited	5.1%**
Hargreaves Lansdown Stockbrokers	4.5%**
Wells Fargo Bank NA	4.2%**+
Charles Stanley & Co	3.2%**

* TR1 disclosure
** Shareholder register
\+ The board believes that these holdings may include certain of Saba's interests already disclosed above (pursuant to nominee or swap arrangements).

At the latest practicable date prior to the publication of this report, the Company has not been notified of any changes to the above interests.

REGULATORY COMPLIANCE
THE ALTERNATIVE INVESTMENT FUND MANAGERS ("AIFM") DIRECTIVE
The AIFM is required to provide portfolio management and risk management. In accordance with the AIFM's agreement it is also required to provide administration, accounting and company secretarial services to the Company. The Company has appointed HIML as its AIFM, to undertake these functions on its behalf.

AIFMs are obliged to publish certain information for investors and prospective investors, which may be found either in this annual report or on the Company's website. Any information on remuneration not already disclosed in the remuneration report will be provided to investors on request.

The AIFMD requires an annual disclosure of 'leverage'. On a 'gross' basis, this is 0.97 against a maximum of 2.00 (2024 – 0.99: 2.00) and on a 'commitment' basis, 1.00 against a maximum of 2.00 (2024 – 1.00: 2.00).

THE MODERN SLAVERY ACT 2015
The Company falls outside the scope of the Modern Slavery Act and is therefore not required to make a slavery and human trafficking statement. Nevertheless, it requires all of its suppliers in the scope of the Modern Slavery Act to confirm compliance.

PAYMENT TO SUPPLIERS
The Company is a signatory to the Prompt Payment Code, which enshrines a 30-day payment term as a norm.

DISCLOSURE OF INFORMATION TO THE AUDITOR
The directors confirm that so far as each of them is aware, there is no relevant audit information of which the Company's auditor is unaware and the directors have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

INDEPENDENT AUDITOR
The independent auditor, PricewaterhouseCoopers LLP, is willing to continue in office. Resolutions proposing the reappointment of PricewaterhouseCoopers LLP and authorising the Audit Committee to determine its remuneration for the ensuing year will be proposed at the AGM.

POST BALANCE SHEET EVENTS
The Chairman's Statement sets out the position of the Company given the ongoing large shareholding of Saba and the non-alignment of short term and long-term shareholders' objectives. The board – following lengthy discussions with major shareholders including Saba and in agreement with the Manager – have attempted to address the situation, beginning with the proposed Tender Offer announcement on 9 January 2026. Further details can also be found in the circular sent to shareholders on 12 January 2026, a copy of which is available at www.heralduk.com. Subsequent events are set out in the Short Summary of Recent Events which immediately follows the Chairman's Statement.

AGM
It is anticipated that the Company will convene its AGM as soon as practicable. A separate circular, detailing the Notice of AGM and voting instructions, will be sent to shareholders in due course. It is intended that the Manager will make a presentation reviewing the year which will be posted on the Manager's website for those unable to attend.

On behalf of the board

ANDREW JOY
CHAIRMAN
20 February 2026

DIRECTORS' REMUNERATION REPORT

1. CHAIRMAN'S ANNUAL STATEMENT

Dear Shareholder

I present below the Company's remuneration report for the year ended 31 December 2025.

Our remuneration policy (see section 2 below) was approved by shareholders at the 2023 AGM. The policy is set out below. In accordance with statute, the remuneration policy must be put to shareholders for approval every three years and the board must only operate in accordance with the approved policy during the three-year cycle, unless shareholder approval is sought to amend the policy. Accordingly, the remuneration policy will be put to shareholders at the forthcoming AGM.

I confirm that the board has complied with the Company's remuneration policy during the year ended 31 December 2025. The current annual fee rate paid to directors, and the amounts to be used to determine the maximum total increase allowable under the policy on directors' fees, are detailed in the table below:

Role	Fee Rate from 1 January 2026[1] £	Fee Rate from 1 July 2024 £	Annualised Percentage Increase for the year %
Chairman	**48,000**	45,000	**4.4%**
Audit Committee Chair	**39,600**	36,500	**5.6%**
Management Engagement Committee Chair	**36,300**	33,500[2]	**n/a**
Senior Independent Director	**36,300**	33,500	**5.5%**
Director	**33,000**	30,500	**5.4%**

1 The fee increase for the year was delayed to align the annual increase with the Company's year end.
2 The new Management Engagement Committee was set up on 20 February 2025 and the chair fee rate for this was set at that date.

In reviewing the level of fees in October 2025 the board took into consideration market data on the level of fees paid to investment trust non-executive directors, utilising external third-party independent benchmarking reports, with particular focus on other trusts within its peer group and the global and technology sectors. Following this review, it was agreed that it was appropriate to increase fees for all directors, to bring them more into line with the median level of fees paid. In addition, the Committee aligned the timing of the annual increase from mid year to the Company's year end, albeit that this delayed increases by six months. When considering directors' fees, the board did not appoint an external adviser during the year.

SCOPE AND RESPONSIBILITY

As the Company has no employees and no executive directors, the policy relates only to the non-executive directors.

2. COMPANY'S REMUNERATION POLICY

The policy is that the remuneration of directors should be set at a reasonable level that is commensurate with the duties and responsibilities of the role and consistent with the requirement to attract and retain directors of appropriate quality and experience. It should also reflect the experience of the board as a whole and be fair and comparable to that of other investment trusts that are similar in size and complexity. The policy will continue in force (subject to shareholder approval) until the forthcoming AGM. The board considers, where raised, shareholder views on directors' fees.

Directors are entitled to be reimbursed for any reasonable expenses properly incurred in the performance of their duties. The board may amend the levels of remuneration paid to individual directors within the parameters of this policy.

Component	Commentary
Basic fee arrangement	Fees paid to directors are determined within an aggregate limit set out in the Company's articles of association which currently stands at £250,000 per annum. There is no separate remuneration committee and the board as a whole considers changes to directors' fees from time to time. The company secretary provides advice and comparative information when the board considers the level of directors' fees. Under the terms of the directors' appointment letters, there is no notice period and no provision for compensation upon early termination of appointment.
Benefits	None
Pension arrangements	None
Bonus arrangements	None

3. ANNUAL DIRECTORS' REMUNERATION REPORT FOR THE YEARS ENDED 31 DECEMBER (AUDITED)

The law requires the Company's auditor to audit certain of the disclosures provided. Where disclosures have been audited, they are indicated as such, and include this section. The independent auditor's opinion is included in their report on pages 56 to 61.

The table below sets out the single total figure of remuneration for each director who served during the year end and the preceding year, and the percentage change for basic fees for the five years to 31 December 2025.

		2025			2024			**2025**	2024	2023	2022	2021
	Notes	**Fees £**	**Taxable expenses £**	**Total £**	Fees £	Taxable expenses £	Total £	**%**	Annual percentage change of fees %	%	%	%
Andrew Joy	1	**45,000**	**–**	**45,000**	43,950	–	43,950	**2.4**	14.8	Note B	Note A	n/a
Stephanie Eastment		**36,500**	**521**	**37,021**	35,575	113	35,688	**2.6**	5.2	3.9	4.8	8.0
Priya Guha	2	**30,500**	**–**	**30,500**	29,950	160	30,110	**1.8**	Note B	Note A	n/a	n/a
Henrietta Marsh	3	**32,856**	**–**	**32,856**	29,950	–	29,950	**9.7**	4.4	5.8	5.9	4.6
Christopher Metcalfe	4	**32,691**	**–**	**32,691**	20,714	–	20,714	**Note B**	Note A	n/a	n/a	n/a
James Will	5	**7,786**	**1,539**	**9,325**	32,920	1,141	34,061	**Note A**	4.3	4.3	10.6	11.7
Karl Sternberg	6	**–**	**–**	**–**	9,202	–	9,202	**n/a**	Note A	5.8	5.9	4.6
Total		**185,333**	**2,060**	**187,393**	202,261	1,414	203,675					

Note A: In the year of appointment or retirement/resignation, a meaningful percentage change figure cannot be calculated.

Note B: In the year following appointment, the direct per cent. figure is overstated because the denominator figure does not reflect a full year in office.

Notes:
1. Andrew Joy was appointed 1 October 2022. He became chairman on 18 April 2023 and this significantly increased his percentage change in 2024.
2. Priya Guha was appointed on 13 December 2023.
3. The 9.7% increase in 2025 for Henrietta Marsh arose from her appointment as SID on 24 March 2025.
4. Christopher Metcalfe was appointed 24 April 2024 and appointed Management Engagement Committee chair on 20 February 2025.
5. James Will retired at the conclusion of the AGM on 24 March 2025.
6. Karl Sternberg retired at the conclusion of the AGM on 23 April 2024.

The table above omits other columns set out in the relevant regulations as the Company does not make payments of other types, such as pension related benefits or performance related pay. Board meetings are normally held at the Company's registered office. Directors are entitled to claim travel expenses and other reasonable expenses in carrying out their duties as Directors of the Company. The Company has entered into a PAYE settlement agreement with HMRC under which the grossed up expenses detailed above are accounted for directly with HMRC.

DIRECTORS' INTERESTS (AUDITED)

There is no requirement for directors to own the Company's shares. Directors' shareholdings and interests (beneficial unless stated) at the year end were as follows:

Interest as at 31 December	**2025**	2024
Andrew Joy	**6,000**	6,000
Stephanie Eastment*	**3,200**	3,200
Henrietta Marsh	**1,000**	1,000
Christopher Metcalfe	**5,220**	5,220
Priya Guha	**–**	–

* 1,500 held non-beneficially; shares held by connected person.

There have been no changes to any of the directors' share interests in the period from 1 January 2026 to the date of this report.

COMPANY PERFORMANCE

The graph on the following page compares the total return (assuming all dividends are reinvested) to ordinary shareholders compared to the total shareholder return of the Deutsche Numis Smaller Companies plus AIM (ex. investment companies) Index and the Russell 2000® Technology Index (small cap) (in sterling terms). Although the Company considers these indices to provide reasonable bases for measuring the Company's performance, the portfolio is not modelled on them and outcomes may diverge widely.

DIRECTORS' REMUNERATION REPORT CONTINUED

HERALD'S SHARE PRICE AND COMPARATIVE INDICES*
(FIGURES HAVE BEEN REBASED TO 100 AT 31 DECEMBER 2015)

Source: LSEG Data & Analytics.
* Total return (assuming all dividends are reinvested).

RELATIVE SPEND ON FEES

The following table shows the total amount spent on payments to directors with a comparator to last year, along with total distributions to shareholders by way of dividend or (where applicable) share buy-back or other distributions. There are no other significant distributions, payments or other uses of the Company's profit or cash flow that the board feels are relevant to assist the understanding of the relating spend on fees.

	2025 £'000	2024 £'000
Total spend – directors' fees	**185**	202
Total distributed to shareholders – dividends	**–**	–
– share buybacks	**58,659**	127,451

VOTING ON REMUNERATION MATTERS

At the AGM on 24 March 2025, the resolution to receive and approve the directors' remuneration report for the year ended 31 December 2024 received the following votes: for – 65.1% (22,486,272 votes); against – 34.9% (12,039,188 votes). 40,881 votes were withheld. As detailed in the corporate governance report, nearly all the votes cast against were cast by, or on behalf of, Saba. The Chairman and the Company's corporate adviser, JPMorgan Cazenove, have engaged with Saba to, amongst other things, understand the rationale for the votes against.

The remuneration policy was last approved by shareholders on 18 April 2023 with 99.9% of votes in favour (31,668,834 votes); 0.1% votes against (23,373 votes). 7,570 votes were withheld.

The directors' annual remuneration report set out above (section 3) was approved by the board of directors on 20 February 2026 and signed on its behalf by

ANDREW JOY
CHAIRMAN
20 February 2026

STATEMENT OF DIRECTORS' RESPONSIBILITIES
IN RESPECT OF THE FINANCIAL STATEMENTS

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland". Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the directors are required to:

— select suitable accounting policies and then apply them consistently;

— make judgements and accounting estimates that are reasonable and prudent;

— state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and

— prepare the financial statements on the going concern basis, unless it is inappropriate to assume that the Company will continue in business.

The directors are responsible for the keeping of adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements and the Directors' Remuneration Report comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors have delegated responsibility to the Manager for the maintenance and integrity of the Company's page of the Manager's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

The work carried out by the auditor does not involve any consideration of these matters and, accordingly, the auditor accepts no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.

Each of the directors, whose names and functions are listed on page 43 confirm that, to the best of their knowledge:

— the financial statements, which have been prepared in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), give a true and fair view of the assets, liabilities, financial position and loss of the Company;

— the annual report and financial statements includes a fair review of the development and performance of the business and the position of the Company, together with a description of the principal risks and uncertainties that it faces and the Directors' Report contains those matters required to be disclosed by applicable law; and

— they consider that the annual report and financial statements, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's position, performance, business model and strategy.

On behalf of the board

ANDREW JOY
CHAIRMAN
20 FEBRUARY 2026

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF HERALD INVESTMENT TRUST PLC

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

OPINION

In our opinion, Herald Investment Trust plc's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2025 and of its profit and cash flows for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual report & financial statements (the "Annual Report"), which comprise:

- the Statement of Financial Position as at 31 December 2025;
- the Statement of Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows for the year then ended; and
- the notes to the financial statements, which include a description of the significant accounting policies.

Our opinion is consistent with our reporting to the Audit Committee.

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

INDEPENDENCE

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, as applicable to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

To the best of our knowledge and belief, we declare that non-audit services prohibited by the FRC's Ethical Standard were not provided.

We have provided no non-audit services to the company in the period under audit.

MATERIAL UNCERTAINTY RELATED TO GOING CONCERN

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosure made in note 1(A) Accounting Convention to the financial statements concerning the company's ability to continue as a going concern. At the year end, and at the date of signing of the financial statements, the Company has in Saba a significant minority shareholder. As a result of that holding and following discussion with major shareholders, including Saba, the Company launched a Tender Offer. The Tender Offer was subsequently cancelled as Saba voted against the tender and the board is currently in discussions with Saba in an effort to reach a mutually acceptable outcome for a new tender offer in which shareholders would be able to tender up to 100% of their holding. If these discussions do not lead to a mutually acceptable outcome, it is likely that the board would proceed with the Backstop Tender, requiring only a simple majority for approval whereby Saba could gain a controlling stake and then make changes to the Company's business and/or operating model, over which the board does not have full visibility. These conditions, along with the other matters explained in note 1(A) Accounting Convention to the financial statements, indicate the existence of a material uncertainty which may cast significant doubt about the Company's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the Company were unable to continue as a going concern.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Our evaluation of the directors' assessment of the Company's ability to continue to adopt the going concern basis of accounting included:

- evaluating the Directors' assessment of potential operational impacts, considering their consistency with other available information and our understanding of the business;

— reviewing the Directors' assessment of the Company's financial position in the context of its ability to meet future expected operating expenses, their assessment of liquidity as well as their review of the operational resilience of the Company and oversight of key third-party service providers;

— assessing the discount at which the Company's share price trades compared to the net asset value per share; and

— assessing the implication of significant reductions in net assets as a result of market performance on the ongoing ability of the Company to operate.

In relation to the directors' reporting on how they have applied the UK Corporate Governance Code, other than the material uncertainty identified in note 1(A) Accounting Convention to the financial statements, we have nothing material to add or draw attention to in relation to the Directors' Statement in the financial statements about whether the directors considered it appropriate to adopt the going concern basis of accounting, or in respect of the directors' identification in the financial statements of any other material uncertainties to the Company's ability to continue to do so over a period of at least 12 months from the date of approval of the financial statements.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

OUR AUDIT APPROACH

CONTEXT

The Company is a standalone Investment Trust Company and engages Herald Investment Management Limited (the "AIFM") to manage its assets.

OVERVIEW

Audit scope

— We conducted our audit of the financial statements using information from the AIFM, NSM Funds (UK) Limited (the "Company Secretary"), and The Bank of New York Mellon(International) Limited (the "Depositary, Custodian and Administrator") with whom the AIFM has engaged to provide certain administrative functions.

— We tailored the scope of our audit taking into account the types of investments within the Company, the involvement of the AIFM referred to above, and the industry in which the Company operates.

Key audit matters

— Material uncertainty related to going concern.

— Valuation and existence of investments.

— Income from investments.

Materiality

— Overall materiality: £12,924,000 (2024 – £12,526,000) based on approximately 1% of net assets.

— Performance materiality: £9,693,000 (2024 – £9,394,000).

THE SCOPE OF OUR AUDIT

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements.

KEY AUDIT MATTERS

Key audit matters are those matters that, in the auditors' professional judgement, were of most significance in the audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by the auditors, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters, and any comments we make on the results of our procedures thereon, were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

In addition to going concern, described in the Material Uncertainty Related To Going Concern section above, we determined the matters described below to be the key audit matters to be communicated in our report. This is not a complete list of all risks identified by our audit.

Material uncertainty related to going concern is a new key audit matter this year. Ability to continue as a going concern (Continuation Vote), which was a key audit matter last year, is no longer included because of the Company held its continuation vote in 2025, which was passed. The next continuation vote is scheduled for 2028. Otherwise, the key audit matters below are consistent with last year.

INDEPENDENT AUDITOR'S REPORT CONTINUED
TO THE MEMBERS OF HERALD INVESTMENT TRUST PLC

KEY AUDIT MATTER	HOW OUR AUDIT ADDRESSED THE KEY AUDIT MATTER
Valuation and existence of investments	
Refer to Audit Committee Report, note 1 Accounting Policies (C) Investments and note 9 to the Financial Statements. The investment portfolio at 31 December 2025 comprised of quoted investments of £1,151.8m and £16.6m of unquoted investments. We focused on the valuation and existence of investments because investments represent the principal element of the net asset value as disclosed in the Statement of Financial Position in the financial statements.	We tested the valuation of all quoted investments by agreeing the prices used in the valuation to independent third-party sources. For a sample of unquoted investments, we assessed that management's methodology for determining the fair value of the investments is consistent with the International Private Equity and Venture Capital Guidelines 'IPEV', agreed the inputs into the valuation to relevant supporting documentation (such as signed financial statements of the issuer, publicly available investor reports and the instrument terms) and re-performed calculations to confirm their arithmetical accuracy. We tested the existence of all investments by agreeing the holdings of all investments to an independent confirmation from the Depositary, The Bank of New York Mellon (International) Limited as at 31 December 2025.
Income from investments	
Refer to note 1 Accounting Policies (E) Income, note 2 and note 9 to the Financial Statements. We focused on dividend income recognition as incomplete or inaccurate income could have a material impact on the Company's net asset value. We also focused on the accounting policy for income recognition and its presentation in the Statement of Comprehensive Income for compliance with the requirements of The Association of Investment Companies Statement of Recommended Practice (the "AIC SORP") as incorrect application could indicate a misstatement in income recognition.	We assessed the accounting policy for income recognition for compliance with accounting standards and the AIC SORP and performed testing to check that income had been accounted for in accordance with this stated accounting policy. The gains and losses on investments held at fair value comprise realised and unrealised gains and losses. For unrealised gains and losses, we tested the valuation of the portfolio at the year-end (see Valuation and existence of investments key audit matter), together with testing the reconciliation of opening and closing investments and agreeing the year end holdings to an independent confirmation. For realised gains and losses, we tested a sample of disposal proceeds by agreeing the proceeds to bank statements and we re-performed the calculation of a sample of realised gains and losses. We tested the accuracy of dividend receipts by agreeing the dividend rates from all quoted investments to independent third party sources. To test for completeness, we tested, for all quoted investment holdings in the portfolio, that all dividends declared in the market for investment holdings had been recorded. We tested occurrence of dividend income, by testing that all dividends from quoted investments recorded in the year had been declared in the market by investment holdings, and we traced a sample of dividends received to bank statements. We tested the allocation and presentation of dividend income for a sample of special dividends, between income and capital by agreeing treatments to third party sources.

HOW WE TAILORED THE AUDIT SCOPE

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account the structure of the company, the accounting processes and controls, and the industry in which it operates.

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we looked at where the Directors made subjective judgements, for example in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain.

THE IMPACT OF CLIMATE RISK ON OUR AUDIT

In planning our audit, we made enquiries of the Directors and the Investment Manager to understand the extent of the potential impact of climate change risk on the Company's financial statements. The Directors and Investment Manager concluded that the impact on the measurement and disclosures within the financial statements is not material because the Company's investment portfolio is approximately 98.6% made up of level 1 quoted securities which are valued at fair value based on market prices along with a remaining unquoted portfolio. We found this to be consistent with our understanding of the Company's investment activities.

MATERIALITY

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

Overall company materiality	£12,924,000 (2024 – £12,526,000).
How we determined it	Approximately 1% of net assets.
Rationale for benchmark applied	We believe that net assets is the primary measure used by the shareholders in assessing the performance of the entity, and is a generally accepted auditing benchmark. This benchmark provides an appropriate and consistent year on year basis for our audit.

We use performance materiality to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds overall materiality. Specifically, we use performance materiality in determining the scope of our audit and the nature and extent of our testing of account balances, classes of transactions and disclosures, for example in determining sample sizes. Our performance materiality was 75% (2024 – 75%) of overall materiality, amounting to £9,693,000 (2024 – £9,394,000) for the company financial statements.

In determining the performance materiality, we considered a number of factors - the history of misstatements, risk assessment and aggregation risk and the effectiveness of controls – and concluded that an amount at the upper end of our normal range was appropriate.

We agreed with the Audit Committee that we would report to them misstatements identified during our audit above £646,000 (2024 – £626,000) as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

REPORTING ON OTHER INFORMATION

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic Report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

STRATEGIC REPORT AND DIRECTORS' REPORT

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors' Report for the year ended 31 December 2025 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic report and Directors' Report.

DIRECTORS' REMUNERATION

In our opinion, the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006.

CORPORATE GOVERNANCE STATEMENT

The Listing Rules require us to review the directors' statements in relation to going concern, longer-term viability and that part of the corporate governance statement relating to the company's compliance with the provisions of the

INDEPENDENT AUDITOR'S REPORT CONTINUED
TO THE MEMBERS OF HERALD INVESTMENT TRUST PLC

UK Corporate Governance Code specified for our review. Our additional responsibilities with respect to the corporate governance statement as other information are described in the Reporting on other information section of this report.

Based on the work undertaken as part of our audit, we have concluded that each of the following elements of the corporate governance statement is materially consistent with the financial statements and our knowledge obtained during the audit, and, except for the matters reported in the section headed 'Material uncertainty related to going concern', we have nothing material to add or draw attention to in relation to:

— The directors' confirmation that they have carried out a robust assessment of the emerging and principal risks;

— The disclosures in the Annual Report that describe those principal risks, what procedures are in place to identify emerging risks and an explanation of how these are being managed or mitigated;

— The directors' statement in the financial statements about whether they considered it appropriate to adopt the going concern basis of accounting in preparing them, and their identification of any material uncertainties to the company's ability to continue to do so over a period of at least 12 months from the date of approval of the financial statements;

— The directors' explanation as to their assessment of the company's prospects, the period this assessment covers and why the period is appropriate; and

— The directors' statement as to whether they have a reasonable expectation that the company will be able to continue in operation and meet its liabilities as they fall due over the period of its assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

Our review of the directors' statement regarding the longer-term viability of the company was substantially less in scope than an audit and only consisted of making inquiries and considering the directors' process supporting their statement; checking that the statement is in alignment with the relevant provisions of the UK Corporate Governance Code; and considering whether the statement is consistent with the financial statements and our knowledge and understanding of the company and its environment obtained in the course of the audit.

In addition, based on the work undertaken as part of our audit, we have concluded that each of the following elements of the corporate governance statement is materially consistent with the financial statements and our knowledge obtained during the audit:

— The directors' statement that they consider the Annual Report, taken as a whole, is fair, balanced and understandable, and provides the information necessary for the members to assess the company's position, performance, business model and strategy;

— The section of the Annual Report that describes the review of effectiveness of risk management and internal control systems; and

— The section of the Annual Report describing the work of the Audit Committee.

We have nothing to report in respect of our responsibility to report when the directors' statement relating to the company's compliance with the Code does not properly disclose a departure from a relevant provision of the Code specified under the Listing Rules for review by the auditors.

RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS AND THE AUDIT

RESPONSIBILITIES OF THE DIRECTORS FOR THE FINANCIAL STATEMENTS

As explained more fully in the Statement of Directors' Responsibilities, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the company and industry, we identified that the principal risks of non-compliance with laws and regulations related to breaches of section 1158 of the Corporation Tax Act 2010, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as the requirements of the Companies Act 2006. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries to present a more favourable financial position. Audit procedures performed by the engagement team included:

- discussing with the AIFM and the Audit Committee, including specific enquiry of known or suspected instances of non-compliance with laws and regulation and fraud where applicable;
- reviewing relevant meeting minutes, including those of the Audit Committee and the board of Directors;
- assessing the Company's compliance with the requirements of section 1158 of the Corporation Tax Act 2010, including recalculation of numerical aspects of the eligibility conditions;
- identifying and testing year-end journal entries, in particular any material journal entries posted during the preparation of the financial statements that would manipulate revenue or to increase the net asset value of the Company; and
- designing audit procedures to incorporate unpredictability around the nature, timing or extent of our testing.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

Our audit testing might include testing complete populations of certain transactions and balances, possibly using data auditing techniques. However, it typically involves selecting a limited number of items for testing, rather than testing complete populations. We will often seek to target particular items for testing based on their size or risk characteristics. In other cases, we will use audit sampling to enable us to draw a conclusion about the population from which the sample is selected.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

USE OF THIS REPORT

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

OTHER REQUIRED REPORTING

COMPANIES ACT 2006 EXCEPTION REPORTING

Under the Companies Act 2006 we are required to report to you if, in our opinion:

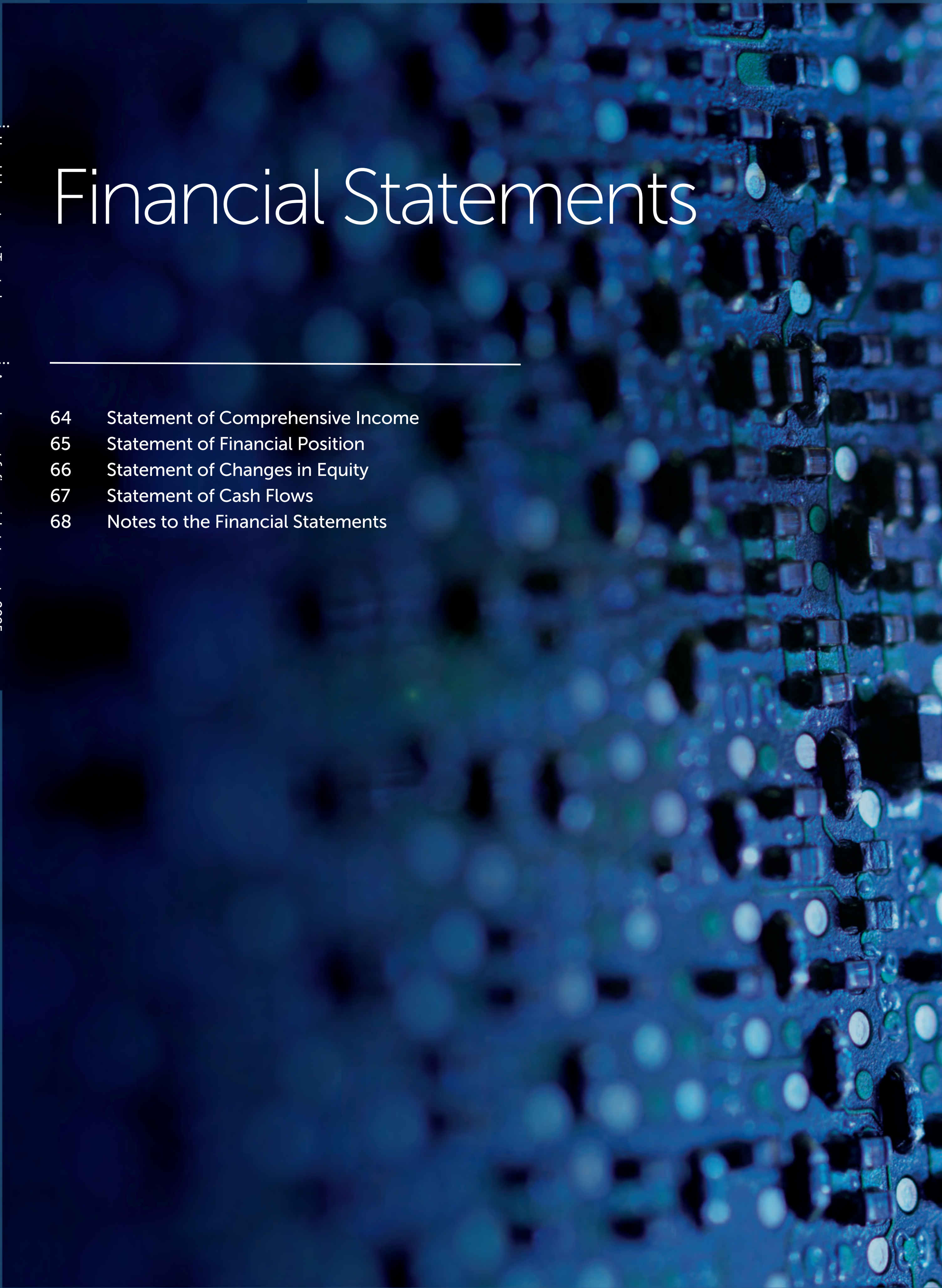
- we have not obtained all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the financial statements and the part of the Directors' Remuneration Report to be audited are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

APPOINTMENT

We were first appointed by the company for the financial year ended 31 December 2019. Our uninterrupted engagement covers 7 financial years.

Jeremy Jensen (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
20 February 2026



Financial Statements

STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2025

	Notes	2025 Revenue £'000	2025 Capital £'000	2025 Total £'000	2024 Revenue £'000	2024 Capital £'000	2024 Total £'000
Gains on investments	9	**–**	**98,869**	**98,869**	–	131,830	131,830
Losses on foreign exchange		**–**	**(735)**	**(735)**	–	(194)	(194)
Income	2	**15,629**	**–**	**15,629**	17,169	–	17,169
Investment management fee	3	**(12,558)**	**–**	**(12,558)**	(12,894)	–	(12,894)
Other administrative expenses	4	**(2,250)**	**(10)**	**(2,260)**	(1,147)	(8)	(1,155)
Profit before taxation		**821**	**98,124**	**98,945**	3,128	131,628	134,756
Taxation	6	**(475)**	**–**	**(475)**	(460)	–	(460)
Profit after taxation		**346**	**98,124**	**98,470**	2,668	131,628	134,296
Profit per ordinary share (basic and diluted)	8	**0.70p**	**198.31p**	**199.01p**	4.96p	244.77p	249.73p

There is no final dividend proposed (2024 – nil). More information on dividend distributions can be found in note 7.

The total column of this statement is the profit and loss account of the Company, prepared in accordance with UK Accounting Standards.

The profit after taxation is the total comprehensive income and therefore no additional statement of comprehensive income is presented. The supplementary revenue and capital columns are presented for information purposes in accordance with the Statement of Recommended Practice issued by the Association of Investment Companies. All items in the above statement derive from continuing operations of the Company. No operations were acquired or discontinued in the year.

The accompanying notes are an integral part of this statement.

STATEMENT OF FINANCIAL POSITION

At 31 December 2025

	Notes	**2025 £'000**	2024 £'000
Fixed assets			
Investments held at fair value through profit or loss	9	**1,168,447**	1,230,027
Current assets			
Cash and cash equivalents		**124,266**	21,890
Other receivables	10	**1,215**	1,850
		125,481	23,740
Current liabilities			
Other payables	11	**(1,515)**	(1,165)
		(1,515)	(1,165)
Net current assets		**123,966**	22,575
TOTAL NET ASSETS		**1,292,413**	1,252,602
Capital and reserves			
Called up share capital	12	**11,965**	12,585
Share premium	13	**73,738**	73,738
Capital redemption reserve	13	**9,987**	9,367
Capital reserve	13	**1,197,704**	1,158,239
Revenue reserve	13	**(981)**	(1,327)
TOTAL SHAREHOLDERS' FUNDS		**1,292,413**	1,252,602
NET ASSET VALUE PER ORDINARY SHARE (including current year income)	14	**2,700.49p**	2,488.24p
NET ASSET VALUE PER ORDINARY SHARE (excluding current year income)	14	**2,699.77p**	2,482.94p

The financial statements of Herald Investment Trust plc (company registration number 02879728) on pages 64 to 67 were approved by the board of directors and authorised for issue on 20 February 2026 and signed on its behalf by

ANDREW JOY
CHAIRMAN

The accompanying notes are an integral part of this statement.

STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2025

	Notes	Called up Share Capital £'000	Share Premium £'000	Capital Redemption Reserve £'000	Capital Reserve £'000	Revenue Reserve £'000	Total Shareholders' funds £'000
Shareholders' funds at 1 January 2025		**12,585**	**73,738**	**9,367**	**1,158,239**	**(1,327)**	**1,252,602**
Profit after taxation		**–**	**–**	**–**	**98,124**	**346**	**98,470**
Shares purchased for cancellation	12	**(620)**	**–**	**620**	**(58,659)**	**–**	**(58,659)**
Shareholders' funds at 31 December 2025		**11,965**	**73,738**	**9,987**	**1,197,704**	**(981)**	**1,292,413**

For the year ended 31 December 2024

	Notes	Called up Share Capital £'000	Share Premium £'000	Capital Redemption Reserve £'000	Capital Reserve £'000	Revenue Reserve £'000	Total Shareholders' funds £'000
Shareholders' funds at 1 January 2024		14,034	73,738	7,918	1,154,062	(3,995)	1,245,757
Profit after taxation		–	–	–	131,628	2,668	134,296
Shares purchased for cancellation	12	(1,449)	–	1,449	(127,451)	–	(127,451)
Shareholders' funds at 31 December 2024		12,585	73,738	9,367	1,158,239	(1,327)	1,252,602

The accompanying notes are an integral part of this statement.

STATEMENT OF CASH FLOWS

For the year ended 31 December 2025

	Notes	**2025 £'000**	**2025 £'000**	2024 £'000	2024 £'000
Cash flow from operating activities					
Profit before taxation		**98,945**		134,756	
Adjustments for gains on investments		**(98,869)**		(131,830)	
Purchase of investments		**(247,249)**		(229,991)	
Sale of investments		**408,315**		335,563	
Return of capital		**138**		348	
Decrease in receivables		**649**		123	
Increase/(decrease) in payables		**350**		(24)	
Amortisation of fixed income book cost		**(755)**		(1,424)	
Effect of foreign exchange rate changes		**735**		194	
Overseas tax on overseas income		**(489)**		(465)	
Net cash inflow from operating activities			**161,770**		107,250
Cash flow from financing activities					
Shares purchased for cancellation	12	**(58,659)**		(127,451)	
Net cash outflow from financing activities			**(58,659)**		(127,451)
Net increase/(decrease) in cash and cash equivalents			**103,111**		(20,201)
Cash and cash equivalents at start of the year			**21,890**		42,285
Effect of foreign exchange rate changes			**(735)**		(194)
Cash and cash equivalents at the end of the year			**124,266**		21,890
Comprised of:					
Cash and cash equivalents			**124,266**		21,890

Cash flow from operating activities includes interest received of £3,743,000 (2024 – £3,765,000) and dividends received of £11,053,000 (2024 – £11,896,000).

As the Company did not have any long-term debt at both the current and prior year ends, no reconciliation of the net debt position is presented.

The accompanying notes are an integral part of this statement.

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 31 December 2025

1. PRINCIPAL ACTIVITY AND SIGNIFICANT ACCOUNTING POLICIES

Herald Investment Trust plc (the "Company") is a public limited company incorporated in England and Wales with registered number 02879728, the registered office of which is situated at 10-11 Charterhouse Square, London EC1M 6EE. The Company is a closed-ended investment company with its ordinary shares being admitted to trading on London Stock Exchange's Main Market and to listing of the Official List of the FCA. The financial statements for the year to 31 December 2025 have been prepared on the basis of the accounting policies set out below. The Company has applied "FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102"), which forms part of Generally Accepted Accounting Practice ("UK GAAP") issued by the Financial Reporting Council.

(A) ACCOUNTING CONVENTION

The financial statements are prepared on the assumption that approval as an investment trust will be retained.

The financial statements are presented in sterling, which is the Company's functional and presentational currency and the currency in which the Company's share capital and expenses, as well the majority of its assets and liabilities, are denominated.

The financial statements have been 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 (AIC) in July 2022. The accounting policies applied are unchanged from the prior year and have been applied consistently.

In order to better reflect the activities of the Company and in accordance with guidance issued by the AIC, supplementary information which analyses the profit and loss account between items of a revenue and capital nature has been presented in the statement of comprehensive income.

As reported in the Going Concern section on page 50, based on the information available to the Directors at the time of this report, including the results of stress tests, the Company's cash balances and cash flows, the liquidity of the Company's investments and the Company's ability to meet its liabilities as they fall due, the Directors are satisfied that the Company has adequate financial resources to enable it to continue in operational existence for a period of 12 months from the approval of the financial statements.

In addition, as reported in the Going Concern Section, at the year end, and at the date of signing of the financial statements, the Company has in Saba a significant minority shareholder. As a result of that holding and following discussion with major shareholders, including Saba, and as explained in more detail in the Chairman's Statement on pages 8 and 9, on 9 January 2026 the Company launched a Tender Offer. The Tender Offer was subsequently cancelled as Saba voted against the tender and the board is currently in discussions with Saba in an effort to reach a mutually acceptable outcome for a new tender offer in which shareholders would be able to tender up to 100% of their holding. If these discussions do not lead to a mutually acceptable outcome, it is likely that the board would proceed with the Backstop Tender, requiring only a simple majority for approval whereby Saba could gain a controlling stake and then make changes to the Company's business and/or operating model, over which the board does not have full visibility. On the basis that both these options raise inherent uncertainties that could potentially call into question the Company's ability to continue to be a going concern for at least 12 months from the date of approval of these financial statements, the board concluded that there is a material uncertainty that casts significant doubt about the Company's ability to continue as a going concern, although it remained appropriate to prepare the financial statements on a going concern basis. The financial statements do not include adjustments that would be necessary if the Company was unable to continue as a going concern.

The Directors are of the opinion that the Company is engaged in a single segment of business activity, being investment business. Consequently, no business segmental reporting is required.

(B) FINANCIAL INSTRUMENTS

The Company recognises financial assets and financial liabilities when the Company becomes a party to the contractual provisions of the instrument. The Company will offset financial assets and financial liabilities if the Company has a legally enforceable right to set off the recognised amounts and interests and intends to settle on a net basis.

The Company has chosen to apply the provisions of sections 11 and 12 of FRS 102 in full in respect of the financial instruments.

(C) INVESTMENTS

Purchases and sales of investments are accounted for on a trade date basis.

All investments are at fair value through profit or loss upon initial recognition and are measured at subsequent reporting dates at fair value. The fair value of listed security investments is bid value. Investments on the Alternative Investment Market are included at their bid value. The fair value of unquoted investments uses valuation techniques determined by the directors on the basis of latest information in line with the relevant principles of the International Private Equity and Venture Capital Valuation Guidelines.

Gains and losses arising from changes in the unrealised fair value and on the sale of investments are taken to capital reserve through the statement of comprehensive income.

(D) CASH AND CASH EQUIVALENTS

Cash and cash equivalents may comprise cash as well as cash equivalents (including short-term deposits and money market funds which are readily convertible to a known amount of cash and are subject to an insignificant risk of change in value). Investments are regarded as cash equivalents if they meet all of the following criteria: highly liquid investments held in the Company's base currency that are readily convertible to a known amount of cash, are subject to an insignificant risk of change in value and provide a return no greater than the rate of a three-month high quality government bond.

(E) INCOME

Dividend income is accounted for when the entitlement to the income is established (normally on the ex-dividend date). Franked income is stated net of tax credits. Foreign dividends that suffer withholding tax at source are shown gross, with the corresponding tax charge in the statement of comprehensive income. Unfranked investment income includes the taxes deducted at source. Interest from fixed interest securities is recognised on an effective yield basis. Underwriting commission and interest receivable on deposits are recognised on an accruals basis.

(F) EXPENSES
All expenses are accounted for on an accruals basis and are charged through the revenue column of the statement of comprehensive income except where they relate directly to the acquisition or disposal of an investment (transaction costs) and are taken to the statement of comprehensive income as a capital item.

(G) FINANCE COSTS
Finance costs are accounted for on an effective interest basis and are charged through the revenue column of the statement of comprehensive income.

(H) DEFERRED TAXATION
Deferred taxation is provided on all timing differences which have originated but not reversed at the statement of financial position date, calculated on an undiscounted basis, and based on enacted tax rates relevant to the benefit or liability. Deferred tax assets are recognised only to the extent that it is more likely than not that there will be taxable profits from which underlying timing differences can be deducted.

(I) FOREIGN CURRENCY
Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. Assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the statement of financial position date. Exchange differences of a revenue or capital nature are taken to the revenue or capital reserves respectively through the statement of comprehensive income.

(J) USE OF JUDGEMENTS AND ESTIMATES
The preparation of financial statements requires the Company to make judgements, estimates and assumptions that affect amounts reported for assets and liabilities as at the statement of financial position date and the amounts reported for revenues and expenses during the year. In the course of preparing the financial statements, no judgements have been made in the process of applying the Company's accounting policies, that have had a significant effect on the amounts recognised in the financial statements, other than those involving estimations in the valuations of unquoted investments. The nature of estimation means that the actual outcomes could differ from those estimates, possibly significantly. The estimates relate to the investments where there is no appropriate market price i.e. the unquoted investments. Whilst the board considers the methodologies and assumptions adopted in the valuation are supportable, reasonable and robust, because of the inherent uncertainty of valuation, those estimated values may differ significantly from the values that would have been used had a ready market for the investment existed.

As at 31 December 2025, the Company does not have any single key assumption concerning the future, or other key sources of estimation uncertainty that, in the Directors' opinion, has a significant risk of causing a material adjustment to the carrying values of assets and liabilities within the next financial year.

(K) SHARES PURCHASED FOR CANCELLATION
When the Company buys back its shares for cancellation, the amount of consideration paid, including directly attributable costs and any tax effects, is deducted from total shareholders' funds. Upon cancellation, the nominal value of the shares cancelled is transferred from the called-up share capital to the capital redemption reserve. Any difference between the total consideration paid and the nominal value of the shares cancelled is adjusted through the capital reserve.

2. INCOME

	2025 £'000	2024 £'000
Dividend income from investments		
UK dividends from listed investments	**2,801**	3,146
UK dividends from unlisted investments and AIM companies	**2,565**	3,454
Overseas dividends from UK-listed and AIM companies	**265**	266
Overseas dividend income	**5,714**	5,157
	11,345	12,023
Interest income from equity investments		
Income from unlisted and AIM companies UK convertible bonds*	**(15)**	470
Income from unlisted US convertible bonds	**17**	205
	2	675
Fixed interest		
UK interest from government securities	**68**	–
Overseas interest from government securities	**2,260**	2,656
	2,328	2,656
Other income		
Deposit interest	**1,804**	1,702
Other income	**150**	113
	1,954	1,815
Total income	**15,629**	17,169

* Includes £428,000 receivable interest income written off as an unlisted security was revalued to nil during the year.

Included within dividend income are special dividends of £148,000 (2024 – £330,000).

Included within deposit interest is interest received of £1,804,000 (2024 – £1,702,000).

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

For the Year Ended 31 December 2025

3. INVESTMENT MANAGEMENT FEE

	2025 £'000	2024 £'000
Investment management fee	**12,558**	12,894

Herald Investment Management Limited is appointed investment manager under a management agreement which is terminable on 12 months' notice. The management fee is 1.0% per annum of the Company's net asset value (excluding current year net revenue) based on middle market prices up to £1.25bn and 0.8% per annum on amounts beyond this level. The management fee is levied on all assets.

4. OTHER ADMINISTRATIVE EXPENSES

	2025 £'000	2024 £'000
Custodian's fees	**109**	107
Registrar's fees	**45**	40
Directors' fees	**185**	202
Auditor's fees – statutory audit*	**64**	54
Depositary's fees	**224**	231
Legal and advisory fees+	**1,156**	–
Miscellaneous expenses	**467**	513
	2,250	1,147

* Auditor's fees excludes VAT. The VAT is included in miscellaneous expenses. The £10,000 (2024 – £5,000) increase in audit fees arose from additional audit procedures required in respect of going concern.

+ Consist mainly of the costs incurred in respect of the Requisitioned General Meeting of the Company by Saba (held in January 2025), together with costs incurred during the year in respect of the Tender Circular issued in January 2026.

Other capital administration expenses of £10,000 (2024 – £8,000) consist of custodian transaction charges.

5. FINANCE COSTS OF BORROWING

There were no finance costs of borrowing during the year (2024 – £nil).

6. TAXATION

	2025 £'000	2024 £'000
Analysis of charge in year		
Overseas taxation	**475**	460
Factors affecting tax charge for year		
The tax charge for the year is lower (2024 – lower) than the standard rate of corporation tax in the UK of 25.00% (2024 – 25.00%). The differences are explained below:		
Profit before taxation	**98,945**	134,756
Profit multiplied by the standard rate of corporation tax in the UK of 25.00% (2024 – 25.00%)	**24,736**	33,689
Effects of:		
Capital gains not taxable	**(24,717)**	(32,957)
UK dividends not subject to UK tax	**(1,337)**	(1,621)
Overseas dividends not subject to UK tax	**(1,493)**	(1,357)
Capital losses on foreign exchange movements not subject to tax	**182**	50
Disallowable expenses	**2**	2
Overseas withholding tax	**475**	460
Movement in excess management expenses	**2,627**	2,194
Total tax charge for the year	**475**	460

As an investment trust, the Company's capital gains are not taxable.

There is no UK corporation tax charge at 31 December 2025 or 31 December 2024 as the Company has unrelieved management expenses which are available to be carried forward. The tax charge for 31 December 2025 and 2024 comprises overseas withholding taxes incurred.

At 31 December 2025, the Company had a potential deferred tax asset of £43m (2024 – £41m) on taxable losses of £173m (2024 – £162m) which are available to be carried forward and offset against future taxable profits. A deferred tax asset has not been provided on these losses as it is considered unlikely that the Company will make taxable revenue profits in the future and it is not liable to tax on its capital gains. The potential deferred tax asset has been calculated using a corporation tax rate of 25% (2024 – 25%).

7. DIVIDENDS ON ORDINARY SHARES

	2025	2024	**2025 £'000**	2024 £'000
Amounts recognised as distributions in the year:				
Previous year's final	**nil**	nil	**nil**	nil

Set out below are the total dividends payable in respect of the financial year, which is the basis on which the requirements of Section 1158 of the Corporation Tax Act 2010 are considered. As the revenue reserve is in deficit, there is no profit available for distribution for the year ended 31 December 2025 (2024 – £nil).

	2025	2024	**2025 £'000**	2024 £'000
Amounts paid and proposed per ordinary share in respect of the year:				
Proposed final dividend	**nil**	nil	**nil**	nil

8. PROFIT PER ORDINARY SHARE (BASIC AND DILUTED)

	2025 Revenue	**2025 Capital**	**2025 Total**	2024 Revenue	2024 Capital	2024 Total
	0.70p	**198.31p**	**199.01p**	4.96p	244.77p	249.73p

Revenue, capital and total profit per ordinary share is based on each of the returns on ordinary activities after taxation respectively, revenue profit of £346,000 (2024 – revenue profit of £2,668,000), capital profit of £98,124,000 (2024 – capital profit of £131,628,000) and total profit of £98,470,000 (2024 – total profit of £134,296,000) and on 49,480,701 ordinary shares (2024 – 53,775,344) being the weighted average number of ordinary shares in issue during the year.

There are no dilutive or potentially dilutive shares in issue.

9. INVESTMENTS HELD AT FAIR VALUE THROUGH PROFIT OR LOSS

	2025 £'000	2024 £'000
Financial assets designated at fair value through profit or loss on initial recognition		
Listed UK – equity investments – London Stock Exchange	**96,114**	139,618
– AIM	**173,085**	288,515
Listed overseas – equity investments	**802,395**	723,150
Unquoted	**16,626**	17,327
Total equity investments	**1,088,220**	1,168,610
Government debt securities	**80,227**	61,417
Total investments in financial assets at fair value through profit or loss	**1,168,447**	1,230,027

See Detailed List of Investments on pages 22 to 28.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

For the Year Ended 31 December 2025

9. INVESTMENTS HELD AT FAIR VALUE THROUGH PROFIT OR LOSS CONTINUED

	Listed in UK £'000	Listed overseas £'000	AIM £'000	Unquoted £'000	**2025 Total £'000**	2024 Total £'000
Cost of investments at 1 January	66,000	511,288	227,026	27,391	**831,705**	813,794
Investment holding gains/(losses) 1 January	73,618	273,279	61,489	(10,064)	**398,322**	386,845
Fair value of investments at 1 January	139,618	784,567	288,515	17,327	**1,230,027**	1,200,639
Movements in the year:						
Purchases at cost	27,966	208,698	9,859	726	**247,249**	230,129
Sales proceeds	(46,991)	(265,164)	(95,095)	(1,065)	**(408,315)**	(333,647)
– (losses)/gains on investments	(10,415)	134,426	(22,864)	(2,278)	**98,869**	131,830
Amortisation of fixed income book cost	40	715	–	–	**755**	1,424
Transferred from listed to unquoted	–	(981)	–	981	**–**	–
Transferred from unquoted to listed	–	726	–	(726)	**–**	–
Transferred from AIM to listed	5,669	–	(5,669)	–	**–**	–
Transferred from AIM to unquoted	–	–	(1,661)	1,661	**–**	–
Return of capital/capital special dividends	–	(138)	–	–	**(138)**	(348)
Fair value of investments at 31 December	**115,887**	**862,849**	**173,085**	**16,626**	**1,168,447**	1,230,027
Cost of investments at 31 December	67,997	565,496	145,587	29,450	**808,530**	831,705
Investment holding gains/(losses) 31 December	47,890	297,353	27,498	(12,824)	**359,917**	398,322
Fair value of investments at 31 December	**115,887**	**862,849**	**173,085**	**16,626**	**1,168,447**	1,230,027
Cost of investments sales	**31,678**	**154,812**	**83,968**	**583**	**271,041**	213,294
Gains/(losses) on investments						
Net realised gains on sales	15,313	110,352	11,127	482	**137,274**	120,353
Investment holding (losses)/gains	(25,728)	24,074	(33,991)	(2,760)	**(38,405)**	11,477
	(10,415)	**134,426**	**(22,864)**	**(2,278)**	**98,869**	131,830

The Company received £408,315,000 (2024 – £333,647,000) from investments sold in the year. The book cost of these investments when they were purchased was £271,041,000 (2024 – £213,294,000). These investments have been revalued over time and until they were sold any unrealised gains/losses were included in the fair value of the investments.

The investments in the equity and fixed interest stocks of unlisted companies that the Company holds are not traded and as such the prices are more uncertain than those of more widely traded securities. The fair value of unlisted investments uses valuation techniques determined by the directors on the basis of latest information in line with the relevant principles of the International Private Equity and Venture Capital Valuation Guidelines as described in note 1(c). The fair value of unquoted investments at 31 December 2025 was £16,626,000 (2024 – £17,327,000) and the investment is not considered material in the context of these financial statements.

At 31 December 2025 the Company was the beneficial owner of 15.4% (2024 – 15.4%) of the ordinary share capital of HIML Holdings Limited. HIML Holdings Limited is incorporated in the United Kingdom and is the parent company of the Company's Manager.

	2025 £'000	2024 £'000
Transaction costs		
Commission costs:		
Purchases	**513**	366
Sales	**837**	551
Total commission costs	**1,350**	917
Custody transaction costs	**10**	8
Other transaction costs	**110**	38
	1,470	963

10. OTHER RECEIVABLES

	2025 £'000	2024 £'000
Due within one year:		
Prepayments and accrued income	**1,074**	1,723
Taxation recoverable	**141**	127
	1,215	1,850

The carrying amount of other receivables is a reasonable approximation of fair value.

11. OTHER PAYABLES

	2025 £'000	2024 £'000
Amounts falling due within one year:		
Other payables	**1,515**	1,165
	1,515	1,165

Included in other payables and accruals is £1,072,000 (2024 – £1,046,000) in respect of the investment management fee.

12. CALLED UP SHARE CAPITAL

	2025 Number	2025 £'000	2024 Number	2024 £'000
Allotted, called up and fully paid ordinary shares of 25p:				
Brought forward	**50,340,861**	**12,585**	56,134,670	14,034
Shares bought back and cancelled	**(2,482,394)**	**(620)**	(5,793,809)	(1,449)
Carried forward	**47,858,467**	**11,965**	50,340,861	12,585

At the AGM held on 24 March 2025 the Company's authority to buy back up to 14.99% of its issued share capital at that date was renewed. During the year to 31 December 2025 a total of 2,482,394 (2024 – 5,793,809) ordinary shares of 25p each with a nominal value of £620,000 (2024 – £1,449,000) were bought back and cancelled at a total cost of £58,659,000 (2024 – £127,451,000). This was 4.9% (2024 – 10.3%) of the ordinary shares in issue at the start of the year. At 31 December 2025 the Company had authority to buy back a further 5,063,701 ordinary shares. Under the provisions of the Company's articles share buy-backs are funded from the capital reserve.

13. CAPITAL AND RESERVES

	Share Premium £'000	Capital Redemption Reserve £'000	Capital Reserve £'000	Revenue Reserve £'000
At 1 January 2025	**73,738**	**9,367**	**1,158,239**	**(1,327)**
Shares purchased for cancellation	**–**	**620**	**(58,659)**	**–**
Gains on sales	**–**	**–**	**137,274**	**–**
Changes in investment holding gains	**–**	**–**	**(38,405)**	**–**
Other exchange differences	**–**	**–**	**(735)**	**–**
Custody transaction and capital legal costs	**–**	**–**	**(10)**	**–**
Profit after taxation	**–**	**–**	**–**	**346**
Balance at 31 December 2025	**73,738**	**9,987**	**1,197,704**	**(981)**
At 1 January 2024	73,738	7,918	1,154,062	(3,995)
Shares purchased for cancellation	–	1,449	(127,451)	–
Gains on sales	–	–	120,353	–
Changes in investment holding gains	–	–	11,477	–
Other exchange differences	–	–	(194)	–
Custody transaction and capital legal costs	–	–	(8)	–
Profit after taxation	–	–	–	2,668
Balance at 31 December 2024	73,738	9,367	1,158,239	(1,327)

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

For the Year Ended 31 December 2025

13. CAPITAL AND RESERVES CONTINUED

The share premium represents the premium above nominal value received by the Company on issuing shares net of cost. The share premium is non-distributable.

The capital redemption reserve represents the nominal value of shares bought back and cancelled and is non-distributable.

The capital reserve includes investment holding gains of £359,917,000 (2024 – gains of £398,322,000) as disclosed in note 9. The capital reserve is non-distributable except for the buy back of shares.

The revenue reserve represents cumulative net revenue retained after payment of any dividends and is the only reserve from which dividends can be funded. Dividends can only be paid when this reserve is in surplus.

14. NET ASSET VALUE PER ORDINARY SHARE

The net asset value per ordinary share and the net assets attributable to the ordinary shareholders at the year end calculated in accordance with the articles of association were as follows:

	2025 per share (pence)	2024 per share (pence)	**2025 £'000**	2024 £'000
Total net assets (including current year revenue)	**2,700.49**	2,488.24	**1,292,413**	1,252,602
Less revenue profit after taxation	**(0.72)**	(5.30)	**(346)**	(2,668)
Total net assets (excluding current year revenue)	**2,699.77**	2,482.94	**1,292,067**	1,249,934

Net asset value per ordinary share is based on net assets as shown above and on 47,858,467 (2024 – 50,340,861) ordinary shares, being the number of ordinary shares in issue at each balance sheet date.

15. CONTINGENT LIABILITIES, GUARANTEES AND FINANCIAL COMMITMENTS

There were no contingent liabilities, guarantees or financial commitments at 31 December 2025 (2024 – nil).

16. CAPITAL MANAGEMENT

The Company does not have any externally imposed capital requirements. The capital of the Company is the ordinary share capital and reserves as detailed in notes 12 and 13. It is managed in accordance with its investment policy in pursuit of its investment objective, both of which are detailed on pages 2 and 34 respectively, and shares may be repurchased in accordance with its annual authority as detailed in note 12.

17. FINANCIAL INSTRUMENTS

In accordance with the corporate objective of maximising capital appreciation the Company invests in securities on a worldwide basis. The Company may make use of gearing to achieve improved performance in rising markets. The Company's other financial instruments consist of cash and cash equivalents, short term debtors and creditors.

The main risks arising from the Company's financial instruments are:

A. MARKET RISK

(i) Other price risk, being the risk that the value of investment holdings will fluctuate as a result of changes in market prices caused by factors other than interest rate or currency rate movement;

(ii) Interest rate risk, being the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates; and

(iii) Foreign currency risk, being the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

B. CREDIT RISK

Being the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

The Company invests in government debt securities which are investment grade.

Cash and cash equivalent balances are held only with approved deposit takers which are regulated entities and considered of high credit quality.

The Company is exposed to counterparty credit risk from the parties with which it trades and will bear the risk of settlement default. Counterparty credit risk to the Company arises from transactions to purchase or sell investments held within the portfolio.

There were no past due nor impaired assets as of 31 December 2025 (2024 – nil).

The counterparties engaged with the Company are regulated entities and of high credit quality.

C. LIQUIDITY RISK

Being the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities.

These risks and the policies for managing them have been applied throughout the year and are summarised below. Further detail is contained in the strategic report on page 36.

A. MARKET RISK

(i) Other Price Risk

The Company's investment portfolio is exposed to market price fluctuations which are monitored by the Manager in pursuance of the corporate objective. Quoted securities held by the Company are valued at bid prices, whereas material unquoted investments are valued by the directors on the basis of the latest information in line with the relevant principles of the International Private Equity and Venture Capital Valuation Guidelines (Accounting Policy 1(c)). These valuations represent the fair value of the investments, see note 9.

A full list of the Company's investments is given on pages 22 to 28. In addition, a geographical analysis of the portfolio, an analysis of the investment portfolio by broad industrial or commercial sector and a review of the 20 largest equity investments by their aggregate market value, are shown on pages 18 to 21.

Other Price Risk Sensitivity

8.8% of the Company's total equity investments at 31 December 2025 (2024 – 11.9%) were listed on the main list of the London Stock Exchange and a further 15.9% (2024 – 24.7%) on AIM. The NASDAQ Stock Exchange accounts for 32.2% (2024 – 26.6%), New York Stock Exchange for 11.7% (2024 – 7.8%) and other stock exchanges or unquoted 31.4% (2024 – 29.0%).
A 10% increase in equity investment prices at 31 December 2025 would have increased total net assets and profit & loss after taxation by £108,822,000 (2024 – £116,861,000). A decrease of 10% would have the exact opposite effect. The portfolio does not target any exchange as a comparative index, and the performance of the portfolio has a low correlation to generally used indices.

The shares of Herald Investment Trust plc have an underlying NAV per share. The NAV per share of Herald Investment Trust plc fluctuates on a daily basis. In addition, there is volatility in the discount/premium the share price has to NAV.

(ii) Interest Rate Risk

The majority of the Company's assets are equity shares and other investments which neither pay interest nor have a maturity date. However, the Company does hold convertible bonds and Government bonds, the interest rate and maturity dates of which are detailed below. Interest is accrued on cash balances at a rate linked to the local base rate.

The interest rate risk profile of the financial assets and financial liabilities at 31 December was:

FINANCIAL ASSETS

	2025 Fair value £'000	**2025 Weighted average interest rate/ interest rate**	**2025 Weighted average period until maturity/ maturity date**	2024 Fair value £'000	2024 Weighted average interest rate/ interest rate	2024 Weighted average period until maturity/ maturity date
Fixed rate:						
US bonds	**29,689**	**3.8%**	**0.3 years**	31,919	3.9%	0.3 years
EMEA bonds	**15,795**	**1.5%**	**0.1 years**	14,689	1.8%	0.2 years
Asia Pacific bonds	**14,971**	**1.3%**	**0.8 years**	14,809	1.3%	1.8 years
UK bonds	**19,772**	**1.5%**	**0.6 years**	–	–	–
Overseas convertible bonds	**–**	**–**	**–**	559	18.0%	0.1 years
UK convertible bonds	**–**	**–**	**–**	835	16.0%	1.7 years
Floating rate cash:						
Non-sterling	**87,208**	**2.1%**		8,593	4.0%	
Sterling	**37,058**	**3.6%**		13,297	4.9%	
	124,266			21,890		

The benchmark rate which determines the interest payments received on cash balances is the Bank of England base rate, the European Central Bank rate and the United States Federal Reserve rate.

Interest rate risk sensitivity

(a) Cash

An increase of 100 basis points in interest rates as at 31 December 2025 would have a direct effect on net assets. Based on the position at 31 December 2025, over a full year, an increase of 100 basis points would have increased the profit & loss after taxation by £1,243,000 (2024 – £219,000) and would have increased the net asset value per share by 2.60p (2024 – 0.44p). The calculations are based on the cash balances as at the respective balance sheet dates and are not representative of the year as a whole.

(b) Fixed rate bonds

An increase of 100 basis points in bond yields as at 31 December 2025 would have decreased total net assets and profit & loss after taxation by £332,000 (2024 – £367,000) and would have decreased the net asset value per share by 0.69p (2024 – 0.73p).
A decrease in bond yields would have had an equal and opposite effect. The convertible loan stocks having an element of equity are not included in this analysis as given the nature of the businesses and the risk profile of their balance sheets; they are considered to have more equity like characteristics.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

For the Year Ended 31 December 2025

17. FINANCIAL INSTRUMENTS CONTINUED

(iii) Foreign Currency Risk

The Company's reporting currency is sterling, but investments are made in overseas markets as well as the United Kingdom and the asset value can be affected by movements in foreign currency exchange rates.

Furthermore many companies trade internationally both through foreign subsidiaries, and through exports. The greatest foreign currency risk occurs when companies have a divergence in currencies for costs and revenues. A much less risky exposure to currency is straight translation of sales and profits. The list of investments on pages 22 to 28 breaks down the portfolio by geographic listing. However the location of the stock market quote only has a limited correlation to the costs, revenues and even activities of those companies, and so this note should not be regarded as a reliable guide to the sensitivity of the portfolio to currency movements. For example, the holdings in the portfolio that have suffered most from US$ weakness are UK companies with dollar revenues and sterling costs.

The Company does not hedge the sterling value of investments that are priced in other currencies. Overseas income is subject to currency fluctuations. The Company does not hedge these currency fluctuations because it is impossible to quantify the effect for the reasons stated above. However, from time to time the manager takes a view by holding financial assets or liabilities in overseas currencies.

Exposure to currency risk through asset allocation by currency of listing is indicated below:

At 31 December 2025

	Investments £'000	Cash and deposits £'000	Other receivables and payables £'000	Net exposure £'000
US dollar	**507,005**	**16,668**	**279**	**523,952**
Euro	**87,609**	**29,629**	**124**	**117,362**
Taiwan dollar	**55,582**	**6,931**	**21**	**62,534**
Australian dollar	**23,013**	**33,980**	**–**	**56,993**
Japanese yen	**53,980**	**–**	**69**	**54,049**
Norwegian krone	**40,773**	**–**	**205**	**40,978**
Canadian dollar	**33,069**	**–**	**9**	**33,078**
Swedish krona	**18,678**	**–**	**–**	**18,678**
Korean won	**18,312**	**–**	**78**	**18,390**
Singaporean dollar	**14,971**	**–**	**31**	**15,002**
Other overseas currencies	**9,857**	**–**	**10**	**9,867**
Exposure to currency risk on translation of valuations of securities listed in overseas currencies	**862,849**	**87,208**	**826**	**950,883**
Sterling	**305,598**	**37,058**	**(1,126)**	**341,530**
	1,168,447	**124,266**	**(300)**	**1,292,413**

At 31 December 2024

	Investments £'000	Cash and deposits £'000	Other receivables and payables £'000	Net exposure £'000
US dollar	436,547	2,663	344	439,554
Euro	101,417	2,771	95	104,283
Taiwan dollar	51,898	3,159	–	55,057
Japanese yen	47,741	–	44	47,785
Norwegian krone	36,083	–	207	36,290
Canadian dollar	32,895	–	16	32,911
Australian dollar	27,039	–	–	27,039
Swedish krona	19,257	–	–	19,257
Singaporean dollar	14,920	–	32	14,952
Other overseas currencies	17,494	–	139	17,633
Exposure to currency risk on translation of valuations of securities listed in overseas currencies	785,291	8,593	877	794,761
Sterling	444,736	13,297	(192)	457,841
	1,230,027	21,890	685	1,252,602

Foreign currency risk sensitivity

At 31 December 2025, had sterling strengthened by 10% (2024 – 10%) in relation to all currencies, with all other variables held constant, total net assets and profit & loss after taxation would have decreased by the amounts shown below based on the balances denominated in foreign currency. A 10% (2024 – 10%) weakening of sterling against all currencies, with all other variables held constant, would have had the exact opposite effect on the financial statement amounts. However, companies whose cost base diverges in currency terms from its sales will in the longer term have a significantly greater effect on valuation than simple translation. In the short term investee companies generally cover their currency exposure to varying degrees. There is insufficient publicly disclosed information to quantify this, but in the long-term this effect is expected to dwarf simple translation of foreign listings in terms of both risk and reward, because many investee companies trade globally. Furthermore, the country of listing is not necessarily an indication of the geography of some or even any operational activities for investee companies. The Manager does not use financial instruments to protect against currency movements. From time to time financial leverage has been made using debt in overseas currencies.

	2025 £'000	2024 £'000
US dollar	**52,395**	43,955
Euro	**11,736**	10,428
Taiwan dollar	**6,253**	5,506
Australian dollar	**5,699**	2,704
Japanese yen	**5,405**	4,779
Norwegian krone	**4,098**	3,629
Canadian dollar	**3,308**	3,291
Swedish krona	**1,868**	1,926
Korean won	**1,839**	1,372
Singaporean dollar	**1,500**	1,495
Other overseas currencies	**987**	391
	95,088	79,476

B. Credit Risk

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment which it has entered into with the Company. The Manager monitors counterparty risk on an ongoing basis.

The Company has investments in convertible loan stocks that have an element of equity. These securities are viewed as having a risk profile similar to the equity holdings. This is because the convertibles held are in nascent technology companies that may be loss making and may have weak balance sheets. For this reason these stocks are categorised as equity holdings and for risk management purposes excluded from the credit risk analysis.

Credit Risk Exposure

The exposure to credit risk at 31 December was:

	Credit rating (S&P)	**2025 £'000**	2024 £'000
Government debt securities			
Norway	AAA	**15,795**	14,689
Singapore	AAA	**14,971**	14,809
UK	AA	**19,772**	–
US	AA+	**29,689**	31,919
		80,227	61,417
Cash and cash equivalents		**124,266**	21,890
		204,493	83,307

During the year the maximum exposure in fixed interest investments was £81,019,000 (2024 – £61,804,000) and the minimum £30,163,000 (2024 – £29,506,000). The maximum exposure in cash was £124,266,000 (2024 – £68,825,000) and the minimum £37,480,000 (2024 – £21,890,000).

C. Liquidity Risk

The Company's policy with regard to liquidity is to provide a degree of flexibility so that the portfolio can be repositioned when appropriate and that most of the assets can be realised without an excessive discount to the market price.

Equity Securities

The Company's unquoted investments are not readily realisable, but these only amount to 1.3% of the Company's total assets at 31 December 2025 (2024 – 1.4%).

In practice, liquidity in investee companies is imperfect, particularly those with a market value of less than £100m. To reduce this liquidity risk it is the policy to diversify the holdings and generally to restrict the holding in any one company to less than 10% of the share capital of that company. Furthermore, to contain the risk of any one holding, the Manager generally takes profits when a holding reaches more than 5% of the portfolio.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED
For the Year Ended 31 December 2025

17. FINANCIAL INSTRUMENTS CONTINUED
Equity Securities continued
The market valuation of each underlying security gives an indication of value, but the price at which an investment can be made or realised can diverge materially from the bid or offer price depending on market conditions generally and particularly to each investment. 8.7% (£93m) (2024 – 11.9% (£136m)) of the listed equities in the portfolio are invested in stocks with a market capitalisation below £100m, where liquidity is expected to be more limited. If these stocks had on average a realisable value 20% below the bid price the value of the total fund would be adversely affected by 1.4% (2024 – 2.2%).

Liquidity Risk Exposure
Contractual maturities of the financial liabilities at the year end, based on the earliest date on which payment can be required are as follows:

	2025 One year or less £'000	2024 One year or less £'000
Other payables	**1,515**	1,165
	1,515	1,165

Fair Value of Financial Instruments
The Company's investments, as disclosed in the Company's balance sheet, are valued at fair value.

Nearly all of the Company's portfolio of investments are disclosed in the Level 1 category as defined in FRS 102.

Categorisation is based on the lowest level input that is significant to the fair value measure in its entirety.

The three levels set out in FRS 102 follow:

Level 1 – The unadjusted quoted price in an active market 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 (i.e. developed using market data) for the asset or liability, either directly or indirectly.

Level 3 – Inputs are unobservable (i.e. for which market data is unavailable) for the asset or liability.

The investment manager considers observable data to be that 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 analysis of the valuation basis for the financial instruments based on the hierarchy as at 31 December is as follows:

At 31 December 2025

	Level 1 £'000	**Level 2 £'000**	**Level 3 £'000**	**Total £'000**
Financial assets				
Equity investments	**1,071,594**	**–**	**11,239**	**1,082,833**
Government debt securities	**80,227**	**–**	**–**	**80,227**
Unquoted loan stocks	**–**	**–**	**5,387**	**5,387**
Total investments	**1,151,821**	**–**	**16,626**	**1,168,447**

At 31 December 2024

	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Financial assets				
Equity investments	1,151,283	–	10,546	1,161,829
Government debt securities	61,417	–	–	61,417
Unquoted loan stocks	–	–	6,781	6,781
Total investments	1,212,700	–	17,327	1,230,027

Unquoted Investments are valued £16,626,000 as at 31 December 2025 (2024 – £17,327,000). A 10% increase in unquoted equity investment prices at 31 December 2025 would have increased total net assets and profit & loss after taxation by £1,662,600 (2024 – £1,732,700). A decrease of 10% would have the exact opposite effect.

A reconciliation of fair value measurements in Level 3 is set out below:

At 31 December 2025

	£'000
Opening balance at 1 January 2025	**17,327**
Purchases	**726**
Sales	**(1,065)**
Total gains or (losses)	
– on assets sold during the year	**482**
– on assets held at 31 December 2025	**(2,760)**
Net assets transferred during the year	**1,916**
Closing balance at 31 December 2025	**16,626**

At 31 December 2024

	£'000
Opening balance at 1 January 2024	15,085
Purchases	3,000
Sales	(2,361)
Total losses	
– on assets sold during the year	(87)
– on assets held at 31 December 2024	(6,753)
Net assets transferred during the year	8,443
Closing balance at 31 December 2024	17,327

18. RELATED PARTY TRANSACTIONS AND TRANSACTIONS WITH THE MANAGER

Under UK GAAP, the Company has identified the directors as related parties. The directors' emoluments and interests have been disclosed within the Directors' Remuneration Report on page 53 with additional disclosure in note 4. No other related parties have been identified.

The Company has agreements with HIML for the provision of management, accounting and administration services and promotional activities as disclosed in the Strategic Report on page 40. Details of transactions during the year are disclosed in note 3 and 11.

19. POST BALANCE SHEET EVENTS

The Chairman's Statement sets out the position of the Company given the ongoing large shareholding of Saba and the non-alignment of short-term and long-term shareholders' objectives. The board – following lengthy discussions with major shareholders including Saba and in agreement with the Manager – have attempted to address the situation, beginning with the proposed Tender Offer announcement on 9 January 2026. Further details can also be found in the circular sent to shareholders on 12 January 2026, a copy of which is available at www.heralduk.com. Subsequent events are set out in the Short Summary of Recent Events which immediately follows the Chairman's Statement.

Other than the above there are no significant events after the end of the reporting period requiring disclosure.

FURTHER SHAREHOLDER INFORMATION

HERALD INVESTMENT TRUST PLC

The Company is an investment trust. Investment trusts offer investors the following:

- Participation in a diversified portfolio of shares;
- Constant supervision by experienced professional managers;
- The Company is free from capital gains tax on capital profits realised within the portfolio; and
- The opportunity to achieve improved performance for shareholders' funds in rising markets by the borrowing of additional money.

HOW TO INVEST

The Company's shares are traded on the London Stock Exchange. They can be bought by placing an order with a stockbroker or an online share dealing platform or by asking a professional adviser to do so.

SOURCES OF FURTHER INFORMATION ON THE COMPANY

The price of shares is quoted daily in the Financial Times, The Daily Telegraph and The Times. The NAV per share is calculated and released daily to the London Stock Exchange and monthly to the Association of Investment Companies.

KEY DATES

If a dividend is declared in respect of a financial year, it is normally paid mid May.

TAXATION

The price of the ordinary shares (adjusted for the price of attributable warrants) on 21 February 1994, which was the first day of trading, was 90.9p. The amount attributable to the warrants for the purpose of capital gains tax is 9.1p per share issued (1994 Annual Report). Any shareholder uncertain of his or her position is recommended to seek expert advice.

ISAs

The ordinary shares of the Company are qualifying investments for individual saving accounts.

ELECTRONIC PROXY VOTING

If you hold stock in your own name you should vote by returning proxies electronically at https://uk.investorcentre.mpms.mufg.com/ or via the Investor Centre app. If you have any questions about this service please contact MUFG Corporate Markets on 0371 664 0300. Calls are charged at the standard geographic rate and will vary by provider. Calls outside the United Kingdom will be charged at the applicable international rate. Lines are open between 9.00am and 5.30pm Monday to Friday (excluding public holidays in England and Wales). Shareholders who wish to do so can obtain a hard copy proxy form by calling the above number or writing to the registrar at: MUFG Corporate Markets, Central Square, 29 Wellington Street, Leeds LS1 4DL.

MAINSTREAM INVESTMENT

The Company conducts its affairs so that its ordinary shares are capable of being recommended by independent financial advisors to ordinary retail investors in accordance with relevant FCA rules. Our ordinary shares are, we consider, mainstream investment products because they are shares in an investment trust. The Company intends to continue conducting its affairs for the foreseeable future so that the ordinary shares can continue to be categorised as mainstream.

KEY INFORMATION DOCUMENT ("KID")

Since 1 January 2018 there is a requirement to make a KID available to retail investors in the Company. The KID provides key information about the Company's shares as an investment product. The information is required by law to help potential shareholders understand the nature, risks, costs, potential gains and losses of the Company's shares and to help them compare it with other products. The KID can be viewed at https://www.heralduk.com/the-packaged-retail-and-insurance-based-investmentproducts-regulation-priips/.

ALTERNATIVE INVESTMENT FUND MANAGERS DIRECTIVE (AIFMD)

The UK version of the AIFMD, an European Union Directive which came into force on 22 July 2013 and which is part of UK law by virtue of the European Union (Withdrawal) Act 2018, as amended by The Alternative Investment Fund Managers (Amendment etc.) (EU Exit) Regulations 2019 and any further equivalent UK legislation replacing or superseding the AIFMD. The UK AIFMD regulates fund managers that manage alternative investment funds (this includes investment trusts).

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ALTERNATIVE PERFORMANCE MEASURES

ALTERNATIVE PERFORMANCE MEASURE ("APM")

An APM is a numerical measure of the Company's current, historical or future performance, financial position or cash flows other than a financial measure defined or specified in the applicable financial framework. The following APMs are typically used within the investment trust sector to provide additional useful information to shareholders and others and to help assess an investment trust's performance and position against its peers and the market generally. The Company's directors have therefore chosen the following APMs as useful measures, however, make the important distinction for the discount APM that the Company does not target or attempt to control the discount (or premium) given that this is a function of the stock market's view of the Company's share price.

GEARING

The gearing ratio reflects the degree to which the Company is exposed to movements on its investment portfolio. The gearing ratio indicates the extra amount by which shareholders' funds would move if the Company's investments were to rise or fall. A gearing ratio higher than 100 indicates the extent to which shareholders' funds are geared; a gearing ratio of 100 shows the Company is ungeared and fully invested; and a gearing ratio lower than 100 indicates that the Company is not fully invested. There are several ways to calculate gearing, and the following methods are used in this report.

Gross gearing

This reflects the amount of borrowings in use by the Company and takes no account of any cash balances or amounts invested in government debt securities which the directors deem to be equivalent to cash for the purpose of the net gearing/net cash calculation.

Net gearing or net cash

This reflects the amount of borrowings actively invested , i.e. investments (excluding amounts invested in government debt securities) divided by shareholders' funds. A net cash position arises when cash and cash equivalents and government debt securities held are greater than borrowings.

	PAGE		**31 December 2025 £'000**	31 December 2024 £'000
Cash and cash equivalents	65	A	**124,266**	21,890
Add: Government debt securities	71	B	**80,227**	61,417
Total cash and cash equivalents and government debt securities		C=A+B	**204,493**	83,307
Net assets	65	D	**1,292,413**	1,252,602
Add: borrowings		E	**–**	–
Net assets plus borrowings		F=D+E	**1,292,413**	1,252,602
Less: Total cash and cash equivalents and government debt securities		C	**(204,493)**	(83,307)
Total assets (excluding total cash and cash equivalents and government debt securities)		G=F-C	**1,087,920**	1,169,295
Gross gearing		F/D	**100**	100
Net gearing		G/D	**n/a**	n/a
Net cash		G/D	**84**	93

NET ASSET VALUE (NAV) PER ORDINARY SHARE

The value of the Company's assets less any liabilities for which the Company is responsible, divided by the number of shares in issue. See note 14. The NAV per ordinary share is published daily.

The NAV per ordinary share is shown both including and excluding current year revenue.

The change in NAV per share (see total return below) during 2025, as shown on page 1, is calculated by taking 2025 total return and dividing by the opening NAV for the year (that is, the NAV disclosed for 31 December 2024).

ONGOING CHARGES

The ongoing charges figure have been calculated in accordance with AIC guidelines: annualised charges (total expenses), excluding non-recurring expenses and interest, incurred by the Company, divided by the average daily net asset values throughout the year.

The ongoing charges are derived in accordance with the following table:

	PAGE		**2025 £'000**	2024 £'000
Investment management fee	64	A	**12,558**	12,894
Other administrative expenses	64	B	**2,260**	1,155
Less:				
Custody costs in relation to trades		C	**(10)**	(8)
Non-recurring expenses*		D	**(1,188)**	(80)
Ongoing charges		E=A+B+C+D	**13,620**	13,961
Average net assets		F	**1,256,950**	1,290,744
Ongoing charges figure		E/F	**1.08%**	1.08%

* Non recurring expenses for 2025 consist mainly of the costs incurred in respect of the General Meeting requisitioned by Saba held in January 2025, together with costs incurred during the year in respect of the Tender Circular issued in January 2026.

TOTAL RETURN

Share price and NAV total returns show how the NAV and share price have performed over a period of time in percentage terms, taking into account both the movement in share price/NAV and any dividends paid to shareholders.

	PAGE		Share Price	NAV
Opening at 1 January 2025	3	A	**2,430.0p**	**2,488.2p**
Closing at 31 December 2025	3	B	**2,405.0p**	**2,700.5p**
Price movements		C=(B-A)/A	**(1.0%)**	**8.5%**
Dividend reinvestment*		D	**0.0%**	**0.0%**
Total return		C+D	**(1.0%)**	**8.5%**

	PAGE		Share Price	NAV
Opening at 1 January 2024	29	A	1,922.0p	2,219.2p
Closing at 31 December 2024	3	B	2,430.0p	2,488.2p
Price movements		C=(B-A)/A	26.4%	12.1%
Dividend reinvestment*		D	0.0%	0.0%
Total return		C+D	26.4%	12.1%

* No dividend has been declared for the year (2024 – nil).

DISCOUNT OR PREMIUM

The amount by which the share price of an investment trust is either higher (premium) or lower (discount) than the NAV per share, expressed as a percentage of the NAV per share.

DISCOUNT OR PREMIUM	PAGE		**31 December 2025**	31 December 2024
Share Price (p)	3	A	**2,405.0**	2,430.0
Net Asset Value per share (p)	3	B	**2,700.5**	2,488.2
Discount		(A-B)/B	**10.9%**	2.3%

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