

# Key Information Document

## Purpose

This document provides you with key information about this investment product. It is not marketing material. The information it contains is required by law to help you understand the nature, risks, costs, potential gains and losses of this product and to help you compare it with other products.

## Product

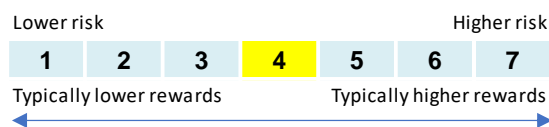
Name	Ordinary shares in Herald Investment Trust PLC (HIT)
ISIN	GB0004228648
Manufacturer	Herald Investment Management Limited (HIML) Website: <a href="http://www.heralduk.com">www.heralduk.com</a> ; or call +44 20 7553 6300
Regulator	Financial Conduct Authority, United Kingdom (FCA)
Publication date	20 February 2024 – information shown is accurate at 31 December 2023

## What is this product?

<b>Type</b>	This product is an investment trust, a UK publicly listed company which complies with the rules of the UK Listing Authority, part of the FCA.
<b>Objectives</b>	This product aims to achieve capital appreciation through investments in smaller quoted companies in the areas of telecommunications, multimedia and technology. Investments may be made across the world.
<b>Intended retail investor</b>	This product is suitable for retail investors who are prepared to take on some risk of loss to their original capital to get a higher potential return, who plan to stay invested for at least 5 years, who do not require an income or expect dividends from the investment during that period, and who will hold it as part of a diversified portfolio of investments.
<b>Maturity</b>	This product is closed ended and the ordinary shares in issue have no maturity date although, with shareholder approval, HIT may buy back its own shares at market prices and cancel them.

## What are the risks and what could I get in return?

### Summary risk indicator



The above summary risk indicator is a guide to the level of risk associated with this investment and will help you assess it and compare it to other investments. It is based on the historical volatility of the price of shares in HIT and assumes that you hold your shares for 5 years. We have classified this product as 4 out of 7, which is a medium risk class and means you could potentially suffer losses in poor market conditions. Historical data may not be a reliable indicator of the future risk profile of this



investment and the risk category shown may change over time. HIT is exposed to material risks that the risk indicator may not adequately capture including:

**Concentration risk.** HIT gives investors exposure to sectors stimulated by rapidly evolving technology and these may prove more volatile than the market in general.

**Currency risk.** HIT is exposed to exchange rate volatility as about half of its investments are denominated in foreign currencies.

**Borrowing risk.** HIT currently has no borrowings but may borrow up to 50% of its net assets to make further investments.

**Market risk.** This investment holds no capital protection against market risk.

## What are the risks and what could I get in return? (continued)

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These and other risks – more fully described in ‘Principal Risks and Uncertainties’ in the [HIT annual report](#) - mean that HIT may not achieve its

investment objective and investors could suffer losses of up to the amount invested.

### Performance information

Potential investors should visit the HIML website and read recent HIT monthly factsheets. These provide a range of information about historical performance as well as portfolio composition. Charts in the factsheets compare performance to certain relevant indices. HIT has outperformed these indices cumulatively and in most annual periods since it was launched in 1994, but investors should always bear in mind that past performance may not be a reliable guide to future performance.

#### *What could affect my return positively?*

Holding your shares in HIT for at least 5 years, as the investment manager recommends. Your returns will come from the growth in value of HIT investee companies developing innovative services and products to gain competitive advantage, and that process takes time. With 320+ investments, few of which account for more than 3% of the value of HIT, future returns depend on the overall performance of the technology sector rather than on stellar performance by a few investments.

#### *What could affect my return negatively?*

HIT typically invests in small companies with big ideas trying to grow rapidly. They will do so best in a benign global economic climate in which potential customers and investors are optimistic and funding is available; not so well when funding is more expensive and increased geopolitical risk is making investors more cautious, as at the report date. Sudden unfavourable changes in government policy, particularly taxation, are always a threat. For example, most of HIT’s listed UK holdings are in AIM-quoted companies and removal of the favourable inheritance tax treatment they currently enjoy could negatively impact their market value.

HIT invests in companies inevitably exposed to market downturns caused by factors beyond their control, but unless economic conditions become so severe that stock markets cease to function, investors should not have difficulty realising their investment in a closed-ended fund such as HIT, albeit at a significant discount to the underlying net asset value of the portfolio.

## What happens if HIT is unable to pay out?

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As a shareholder of HIT you will not be able to obtain compensation from the [Financial Services Compensation Scheme](#).

## What are the costs?

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### Costs over time

The amounts shown here are the cumulative costs of the product itself, for three different holding periods. They include potential early exit penalties. The figures assume you invest £10,000. The figures are estimates and may change in the future. The person selling you this product or advising you about it may charge you other costs. If so that person will provide you with information about those costs and show you the impact that all costs will have on your investment over time.

The Reduction in Yield (RIY) in the table below shows you what impact the total costs you pay will have on the investment return you might get. The total costs shown in the table below take into account one-off, ongoing and incidental costs.

## What are the costs? (continued)

On an investment of £10,000			
	If you cash in after 1 year	If you cash in after 3 years	If you cash in after 5 years
Total Costs	£111	£447	£953
Impact on return (RIY) per year	1.11%	1.11%	1.11%

### Composition of costs

This table shows the impact each year of the different types of costs on the investment return you might get at the end of the recommended holding period, and the meaning of the different cost categories.

One-off costs	Entry costs	N/A	Neither HIML nor HIT make charges when you purchase your investment
	Exit costs	N/A	Neither HIML nor HIT make charges when you sell your investment
Ongoing costs	Portfolio transaction costs	0.03%	The impact of the cost of HIT buying and selling underlying investments
	Borrowing costs	0.00%	The impact of the costs of HIT borrowing to make further investments or for efficient portfolio management
	Other ongoing costs	1.08%	The impact of the costs taken each year for managing your investment
Incidental costs	Performance fees	N/A	HIML charges no performance fees

## How long should I hold it and can I take my money out early?

**Recommended holding period:** 5 years

This investment is designed to be held for the medium to long term and you should be prepared to stay invested for at least 5 years. In normal market conditions you should be able to sell your shares on any day the London Stock Exchange is open for business.

## How can I complain?

As a shareholder in HIT you will not have the right to complain to the [Financial Ombudsman Service](#) about its management. If you have a complaint about this document or any aspect of this investment you should first write to the Compliance Officer, Herald Investment Management Limited, 10-11 Charterhouse Square, London EC1M 6EE (or email your complaint to [info@heralduk.com](mailto:info@heralduk.com)).

## Other relevant information

Depending on how you buy these shares you may incur other costs, including broker commission, platform fees and stamp duty. The distributor will provide you with additional documents where necessary.

Information of interest to prospective investors in HIT, including annual and interim financial statements, can be found on the HIML website [www.heralduk.com](http://www.heralduk.com).