

Hargreave Hale
AIM VCT

Cultivating opportunities

**Unaudited interim results
for Hargreave Hale AIM VCT plc
for the six month period ending 31 March 2024**



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Background to the Company

Hargreave Hale AIM VCT plc (the “Company”) is an established Venture Capital Trust (“VCT”) that aims to generate capital gains and income from its portfolio and to make distributions to shareholders from capital or income whilst maintaining its status as a VCT. Although the Company’s Qualifying Investments are primarily in companies that are listed on AIM, it also has investments in private companies and the AQSE Growth Market. The Company may also make Non-Qualifying Investments in equities and exchange traded funds listed on the main market of the London Stock Exchange, fixed income securities, bank deposits, the IFSL Marlborough Special Situations Fund and the IFSL Marlborough UK Micro-Cap Fund as allowed by the VCT Rules.

Hargreave Hale AIM VCT plc was approved as a VCT by HMRC at launch in 2004. It has at all times satisfied the various tests required to maintain its status as a VCT. Canaccord Genuity Asset Management Limited (“CGAM”) has been the appointed Investment Manager of the Company’s assets since inception.

Investment objectives

The investment objectives of the Company are to generate capital gains and income from its portfolio and to make distributions from capital or income to shareholders whilst maintaining its status as a VCT.

Investment policy

The Company intends to achieve its investment objectives by making Qualifying Investments in companies listed on AIM, private companies and companies listed on the AQSE Growth Market, as well as Non-Qualifying Investments as allowed by the VCT Rules.

Qualifying Investments

The Investment Manager will maintain a diversified portfolio of Qualifying Investments which may include equities and fixed interest securities as permitted by the VCT Rules. Investments will primarily be made in companies listed on AIM but may also include private companies that meet the Investment Manager’s criteria and companies listed on the AQSE Growth Market. These small companies will be UK based or have a UK presence and, whilst of high risk, will have the potential for significant capital appreciation.

To maintain its status as a VCT, the Company must have 80 per cent. of all funds raised from the issue of shares invested in Qualifying Investments throughout accounting periods of the VCT beginning no later than three years after the date on which those shares are issued. To provide some protection against an inadvertent breach of this rule, the Investment Manager targets a threshold of approximately 85 per cent.

Non-Qualifying Investments

The Non-Qualifying Investments must be permitted by the VCT Rules and may include equities and exchange traded funds listed on the main market of the London Stock Exchange, fixed income securities, bank deposits that are readily realisable, the IFSL Marlborough Special Situations Fund and the IFSL Marlborough UK Micro-Cap Fund. Subject to the investment controls below, the allocation to each of these investment classes will vary to reflect the Investment Manager’s view of the market environment and the deployment of funds into Qualifying Companies. The market value of the Non-Qualifying Investments (excluding bank deposits) will vary between nil and 50 per cent. of the net assets of the Company. The value of funds held in bank deposits will vary between nil and 30 per cent. of the net assets of the Company.

Investment controls

The Company may make co-investments in investee companies alongside other funds, including other funds managed by the Investment Manager. Other than bank deposits, no individual investment shall exceed 10 per cent. of the Company’s net assets at the time of investment.

Borrowings

The Company’s Articles of Association (the “Articles”) permit the Company to borrow up to 15 per cent. of its adjusted share capital and reserves (as defined in the Articles). However, it is not anticipated that the Company will have any borrowings in place and the Directors do not intend to use this authority.

To the extent that any future changes to the Company’s investment policy are considered to be material, shareholder consent to such changes will be sought.

Financial highlights

for the six month period ending 31 March 2024

Net asset value ("NAV") per share	NAV total return	Tax free dividends paid in the period	Share price total return	Ongoing charges ratio
43.64p⁽¹⁾	-2.59%⁽¹⁾	1.50p	1.63%⁽¹⁾	2.45%⁽¹⁾

- **£5.9 million invested in Qualifying Companies in the period.**
- **93.48% invested by VCT tax value in Qualifying Investments at 31 March 2024.**
- **Offer for subscription closed having raised £20.3 million. The Board decided to utilise the over-allotment facility only to the extent that valid applications were received by 5pm on 22 March 2024.**
- **Final dividend of 1.50 pence per share paid 15 February 2024.**
- **Interim dividend of 1 penny and special dividend of 1.50 pence per share approved by the Board.**

Summary financial data	Six months ending 31-Mar-24	Six months ending 31-Mar-23	Year ending 30 Sept-23
NAV (£m)	155.74	174.72	151.92
NAV per share (p) ⁽¹⁾	43.64	52.84	46.34
NAV total return (%) ⁽¹⁾	-2.59	-5.57	-14.70
Market capitalisation (£m)	150.60	165.35	140.96
Share price (p)	42.20	50.00	43.00
Share price discount to NAV per share (%) ⁽¹⁾	-3.30	-5.37	-7.21
Share price 5 year average discount to NAV per share (%) ⁽¹⁾	-5.83	-5.56	-5.64
Share price total return (%) ⁽¹⁾	1.63	-13.94	-23.51
Loss per share for the period (p)	-1.22	-3.72	-9.32
Dividends paid per share (p)	1.50	4.00	5.00
Ongoing charges ratio (%) ⁽¹⁾	2.45	2.17	2.24

(1) Alternative performance measure illustrations and definitions can be found on pages 36 to 38.

Financial Calendar

Record date for interim and special dividend	28 June 2024
Payment of interim and special dividend	26 July 2024
Announcement of annual results for the year ending 30 September 2024	December 2024
Annual General Meeting	February 2025
Payment of final dividend (subject to approval by shareholders at the AGM)	February 2025

Chair's statement

Introduction

May I once again start by welcoming the many new shareholders who have joined us by way of the recent successful fundraise and of course by thanking all shareholders for their continuing support, which is greatly appreciated.

We started the financial year on a difficult note with rapid increases in the yield of the US 10-year Treasury Note causing significant alarm and pushing down hard on equity markets. Not for the first time, October was a difficult month. Dovish statements from several members of the Federal Open Market Committee and soothing words from the Treasury Secretary took yields lower and laid the foundations for a strong rally into Christmas, helped by reports of falling inflation in the UK, US and the Eurozone. Investors priced in significant easing of monetary policy in the US, starting from early 2024. Whilst this did not come to pass, the markets have thus far absorbed the reset without undue stress and instead focused on the resilience of the US economy.

Within the UK, many consumer facing companies endured a tough period of trading either side of Christmas as the UK economy briefly dipped into recession. However, with inflation falling rapidly and confidence gradually returning, the outlook began to improve at the margins. Unfortunately, this did not substantially improve the narrative around the UK stock market within the period, which continued to endure a difficult time with continued outflows and an almost total absence of new initial public offerings ("IPOs"). Low valuations and a weak currency continue to attract buying interest from private equity and trade buyers with five takeovers within the period. Of these, Abcam and Instem were notable having developed into global leaders in their respective fields and been a feature within the qualifying portfolio for more than ten years in each case. In the case of Abcam, the exit valuation of \$5.7bn resulted in a gain of 5,603% over book cost. The Instem exit valued the company at £203m, a gain of 376% over book cost.

We have seen an unusually wide dispersion of outcomes over the period under review. Some companies have excelled, others have struggled. The defence and technology sectors have been very strong, the healthcare sector is recovering, travel was robust but food and beverage was weak. Retail outcomes have varied according to product and channel. For some companies, the experience of the last two or more years might have felt quite Darwinian: improve, adapt or fail.

Where does this leave us as we look forward? The portfolio is leaner with a good spread of investments across different asset classes. Portfolio maturity is improving, profit expectations have been reset and valuations are attractive. We feel we are well positioned to deliver positive returns over the medium term as and when the market recovers. In the meantime, we will continue to work diligently to identify and invest in tomorrow's success stories.

Performance

At 31 March 2024, the NAV per share was 43.64 pence which, after adjusting for the dividends paid in the half year of 1.50 pence, gives a NAV total return for the period of -2.59%. The NAV total return (dividends reinvested) for the half year was -2.67% compared with 3.25% for the FTSE AIM All-Share Index Total Return (also calculated on a dividends reinvested basis). The Directors consider this to be the most appropriate benchmark from a shareholder's perspective, however, due to the investment restrictions placed on a VCT it is not wholly comparable.

Rolling Returns to end March 2024	Six months	1Y	3Y	5Y	10Y
NAV total return	-2.59%	-12.68%	-38.84%	-4.22%	4.59%
Share price total return	1.63%	-10.60%	-36.56%	-3.28%	7.85%
NAV total return (dividends reinvested) ⁽¹⁾⁽²⁾	-2.67%	-12.94%	-43.63%	-13.47%	-5.57%
Share price total return (dividends reinvested) ⁽¹⁾⁽²⁾	1.66%	-10.67%	-41.32%	-12.00%	-1.22%
FTSE AIM All-Share Index Total Return	3.25%	-6.32%	-35.11%	-13.31%	-0.09%

Source: Canaccord Genuity Asset Management/Bloomberg

(1) Alternative performance measure illustrations and definitions can be found on pages 36 to 38.

(2) The NAV total return (dividends reinvested) and Share price total return (dividends reinvested) measures have been included to improve comparability with the FTSE AIM All-Share Index Total Return which is also calculated on that basis.

The earnings per share total return for the year was a loss of -1.22 pence (comprising a capital loss of -1.22 pence and a de minimis revenue profit). Revenue income in the period increased by 26.00% to £1.3m following additional investment into investment grade corporate bonds and higher bank interest received.

The share price decreased from 43.00 pence to 42.20 pence over the reporting period which, after adjusting for dividends paid, gives a share price total return of 1.63% with the gain driven by a narrowing of the share price discount to the NAV per share.

Investments

The Investment Manager invested £5.9 million into 5 Qualifying Companies during the period. The fair value of Qualifying Investments at 31 March 2024 was £82.7 million (53.1% of NAV), invested across 56 AIM companies and 5⁽¹⁾ unquoted companies. At the half-year end, the fair value of non-qualifying equities, the IFSL Marlborough UK Micro-Cap Growth Fund and the IFSL Marlborough Special Situations Fund were £13.5 million (8.7% of NAV), £9.8 million (6.3% of NAV), and £8.9 million (5.7% of NAV) respectively, with most of the non-qualifying equities listed within the FTSE 350 index and offering good levels of liquidity should the need arise. £21.0 million (13.5% of NAV) was held in short-dated investment grade corporate bonds and £19.9 million⁽²⁾ (12.7% of NAV) was held in cash at the period end.

Dividend

The Directors continue to maintain their policy of targeting a tax free dividend yield equivalent to 5% of the year end NAV per share (see page 20 for the full policy).

A final dividend for the year ending 30 September 2023 of 1.50 pence was paid on 15 February 2024.

An interim dividend of 1 penny along with a special dividend of 1.50 pence per share (2023: 1 penny) will be paid on 26 July 2024, with an ex-dividend date of 27 June 2024 and a record date of 28 June 2024. The payment of the special dividend reflects the receipt of proceeds from the sale of Abcam plc and Instem plc. The final dividend will be determined at the year end.

Dividend re-investment scheme

Shareholders may elect to reinvest their dividends by subscribing for new shares in the Company. Further information can be found in the shareholder information section on page 40.

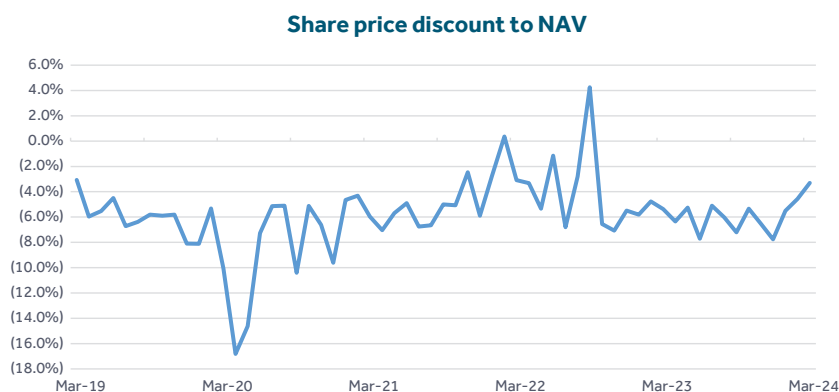
On 15 February 2024, 1,100,783 ordinary shares were allotted at a price of 44.58 pence per share, which was calculated in accordance with the terms and conditions of the dividend re-investment scheme ("DRIS"), on the basis of the last reported NAV per share as at 26 January 2024, to shareholders who elected to receive shares as an alternative to the final dividend for the year ended 30 September 2023, announced on 19 December 2023.

Share buybacks

In total, 5,858,590 shares (nominal value: £58,586) were repurchased during the six month period ending 31 March 2024 at a cost of £2,496,726 (average price: 42.62 pence per share). As at 18 June 2024, a further 2,248,121 shares have been repurchased at a cost of £948,234 (average price of 42.18 pence per share).

Share price discount

The Company aims to improve liquidity and maintain a discount of approximately 5 per cent. to the last published NAV per share (as measured against the mid-price) by making secondary market purchases of its shares in accordance with parameters set by the Board (see page 20 for the full policy).



(1) Excluding companies in administration or at risk of administration with zero value.

(2) Net of prepayments and accruals.

We continued to operate the discount control and management of share liquidity policy effectively during the period. The Company has 1 and 5 year average share price discounts of 5.89% and 5.83% respectively.

The share price discount as at 31 March 2024 was -3.30% compared to a discount of -7.21% at 30 September 2023.

As at 18 June 2024 the discount to NAV is 5.14% of the last published NAV per share.

Offer for subscription

The Directors of the Company announced on 7 September 2023 the launch of an offer for subscription for shares to raise up to £20 million, together with an over-allotment facility of up to a further £20 million. On 22 March 2024, the Company announced it had received valid applications of approximately £20 million. The Board decided to utilise the over-allotment facility only to the extent that valid applications under the offer were received by 5pm on 22 March 2024. The offer closed on 22 March 2024 at 5pm.

The offer resulted in gross funds being received of £20.3 million and the issue of 44.5 million shares.

Cost efficiency

The Board reviews costs incurred by the Company on a regular basis and is focused on maintaining a competitive ongoing charges ratio. The period end ongoing charges ratio was 2.45% (30 Sept 2023; 2.24%) when calculated in accordance with the Association of Investment Companies ("AIC") "Ongoing Charges" methodology, which is based on the average net assets of the fund within the period (and its comparator). In absolute terms, the fixed costs of the Company have declined by 0.70%.

Shareholder engagement

The Investment Manager has continued to record quarterly video updates and interviews with senior managers of the VCT's portfolio companies all of which are available through the website (www.hargreaveaimvcts.co.uk). Improving our shareholder communication has been a big focus of the last 12 months and I strongly encourage you to visit the website and review the content.

In a similar vein, we have continued to run a series of shareholder events with two in person events held in the first half of the financial year and a third held post period end. Responding to shareholder comments, we held an event in Manchester, the first time we have run an event outside of London. Whilst the London events continue to attract good attendance, only a small number of shareholders were able to join us in Manchester reflecting the challenge of communicating with shareholders who are yet to opt in to email communications. Whilst we would always prefer the opportunity to engage with our shareholders in person, we recognise this is difficult for many of you. We therefore plan to run our first shareholder webinar at 12pm on Thursday 20 June 2024.

Reflecting our wish to encourage increased participation in digital communications, we are launching a major drive to upgrade and expand our database of shareholders who opt in for email and digital communications. Please do register your consent with us through the website.

As noted above we will continue to give shareholders an opportunity to engage with the Investment Manager and Board in person. The next shareholder presentation will be held at the Investment Manager's offices at 88 Wood Street, London on 22 August 2024. For those who cannot attend in person, the Investment Manager will post a recorded video update on the website. The final event of 2024 will be held at the Everyman Cinema in Broadgate, London on Thursday 28 November 2024. This event will include a review of the 12 months to 30 September 2024 and presentations from various guest speakers. Shareholders are asked to register their attendance at events via email at aimvct@canaccord.com.

Electronic communications

As ever, we are asking shareholders to opt into electronic communications and update their dividend payment preference from cheque to bank transfer. Switching to the digital delivery of shareholder communications and dividend distributions is more cost efficient, secure and faster whilst also helping to reduce our environmental footprint.

The Company no longer prints and distributes interim reports to shareholders. The interim results continue to be available to download on the Company's website (www.hargreaveaimvcts.co.uk) and a summary of the results are also published via a Regulatory Information Service on the London Stock Exchange. Where necessary, the Administrator can produce and send out a hard copy.

The Company publishes regular updates from the Investment Manager and portfolio companies on its website. Updates are also available for distribution by email. You can register your interest in (and opt out of) email updates through the Company's website.

Shareholders are also encouraged to make use of Equiniti's shareview portal, which can be used to monitor their investment, review their transaction history, see information on dividend payments and update their communication preferences.

Regulatory update

There were no major changes to VCT legislation during the period under review.

On 23 September 2022, the Government announced that it intended to extend the sunset clause that was first introduced as part of the 2015 EU State aid review. If not otherwise repealed or extended, the sunset clause will result in the withdrawal of the upfront 30% income tax relief for new investment into VCTs from 6 April 2025.

The sunset clause does not affect the Capital Gains Tax relief or tax free dividend payments, nor does it affect investors' income tax relief on VCT investments made before 6 April 2025. On 22 November 2023, the Chancellor of the Exchequer announced as part of the Autumn Statement the intention to extend the VCT and EIS schemes to 5 April 2035.

Through the Finance Act 2024, the Government extended the sunset clause for the VCT scheme from 5 April 2025 to 5 April 2035, allowing investors to claim income tax relief for subscriptions for new VCT shares for a further 10 years. Whilst this is welcome news, the extension is not likely to come into effect without EU approval. The timetable for this is not yet known.

Consumer Duty

The Financial Conduct Authority (the "FCA") introduced Consumer Duty Regulation on 31 July 2023 to improve the standard of care provided by firms that are involved in the manufacture or supply of products and services to retail clients.

As the Company is not regulated by the FCA, it falls outside of the FCA's new Consumer Duty regulation. However, CGAM and Canaccord Genuity Wealth Limited ("CGWL") are regulated companies and in scope, respectively as the designated manufacturer and distributor of the Company. In its capacity as manufacturer, CGAM has conducted a fair value assessment and a target market assessment. Having reviewed both reports, the Board is satisfied that CGAM and CGWL continue to comply with their obligations.

VCT status

I am pleased to report that we continue to perform well against the requirements of the legislation and at the period end, the investment test was 93.48% (2023: 95.79%) against an 80% requirement when measured using HMRC's methodology. The Company met all other tests relevant to its status as a VCT.

Key information Document ("KID")

In accordance with the Packaged Retail Investment and Insurance Products regulations, the Company's KID is published on the Company's website at www.hargreaveaimvcts.co.uk.

Risk review

The Board has reviewed the risks facing the Company. Further detail can be found in the principal risks and uncertainties section on page 19.

Outlook

Although trading continues to vary quite widely by sector, there are signs that sectors that struggled in 2023 and early 2024 are starting to feel more confident. In general, corporate news flow across the portfolio is improving. UK Purchasing Managers' Indices also continue to point to a further expansion of economic activity. Retail remains a weak spot despite UK consumer confidence reaching a 2 year high. Defence companies continue to report very strong trading and rapidly growing order books.

AIM has started to recover, posting two months of strong performance post period end. There are, at last, signs of a return of investor interest in small UK companies, with the tone markedly improved since the March 2024 GDP print. Although fund outflows from UK equities continue to overshadow the market, the flow picture is improving for UK small cap managers. Deal flow remains very quiet; however, there are signs that the market for initial public offerings is re-opening. It remains early days and we will need to see several more months of improving sentiment and increased activity before we can be more confident that the market is normalising.

David Brock

Chair

Date: 18 June 2024

Investment Manager's report

Introduction

This report covers the first half of the 2023/24 financial year, 1 October 2023 to 31 March 2024. The Investment Manager's report contains references to movements in the NAV per share and NAV total return per share for the period. Movements in the NAV per share do not necessarily mirror the earnings per share total return reported in the accounts and elsewhere, which convey the profit after tax of the Company within the reported period as a function of the weighted average number of shares in issue for the period.

Investment performance measures contained in this report are calculated on a pence per share basis and include realised and unrealised gains and losses.

Overview

In the first quarter the inflation outlook continued to moderate in the UK, US and elsewhere, with headline inflation falling more quickly than many had expected. Dovish comments from the US Federal Reserve raised the prospect of potential cuts in the base rate. Improving sentiment and substantially easier financial conditions helped to push markets higher in the run up to Christmas. In contrast, inflation fell more slowly than anticipated in the second quarter, particularly in the US where the steep declines of last year were replaced by a modest uptick in March 2024.

Whilst the situation is much improved, recent trends have not supported the original market expectations of multiple rate cuts in the US this year. The current expectation is just one. Borrowing costs in the US, which fell so sharply in late 2023, have reverted to levels that caused significant alarm in the autumn of 2023. For now, equity and credit markets remain calm with financial conditions in the US now more accommodating than at any point since the Russian invasion of Ukraine. The foreign exchange markets have not been so relaxed, with the dollar strengthening significantly against other major global currencies.

Whilst still high, UK wage growth has started to moderate, falling from a high of 8.0% in September 2023 to 5.7% in March 2024. Along with steep falls in the cost of energy, this has taken UK inflation (CPI, Consumer Price Index), sharply lower from 6.7% in September 2023 to 3.2% in March 2024. Further falls are expected in the coming months.

News that the UK had endured a short and very shallow recession in late 2023 briefly halted the recovery in UK consumer confidence that had been underway since late 2022. However, the UK economy has since returned to growth in the 3 months to March with improving conditions in the service, construction and manufacturing sectors. UK consumer confidence has reverted to its improving trend with employment markets remaining healthy and real wage growth strongly positive.

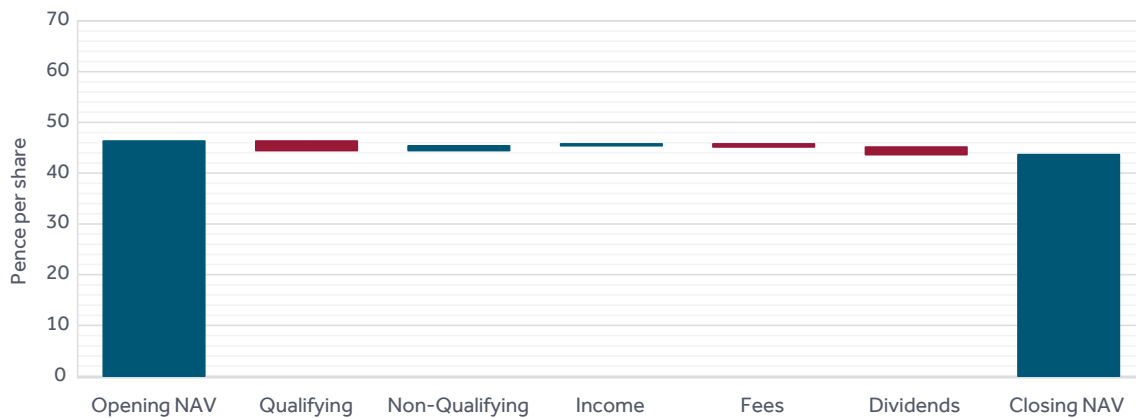
AIM was particularly strong in the first quarter, gaining 5.68% in the three months to December 2023. Inevitably, this was followed by a period of consolidation in which AIM retreated 2.29% in the three months to March 2024. The net outcome was a gain of 3.26% over the six months under review. Low levels of liquidity and continued fund outflows from the UK equity markets continue to make it difficult for a broader rally to take hold.

Performance

In the six months to 31 March 2024 the unaudited NAV per share decreased from 46.34 pence to 43.64 pence. A final dividend for FY23 of 1.50 pence was paid on 15 February 2024, giving a NAV total return to investors of -1.20 pence per share, which translates to a loss of -2.59%. The NAV total return (dividends reinvested) for the period was -2.67% compared with +3.25% in the FTSE AIM All-share Index Total Return and +6.91% in the FTSE All-Share Index Total Return (also calculated on a dividends reinvested basis).

The Qualifying Investments made a net contribution of -1.90 pence per share whilst the Non-Qualifying Investments returned +0.93 pence per share. The adjusting balance was the net of running costs and investment income. The contribution to NAV performance is split out in further detail below

Contribution to NAV performance



Qualifying Investments

Positive Contributors

Beeks Financial (+95.5%, +0.46 pence per share) reported excellent results for the 6 months to December 2023 with revenues increasing by 25% to £13.0m and EBITDA by 28% to £4.6m. The company is seeing strong commercial momentum and has announced several significant contract wins which have driven upgrades to the outlook for 2025.

Itaconix shares (+82.7%, +0.38 pence per share) moved sharply higher after the company confirmed that 2023 results would be in-line with market expectations. However, much of the gains were surrendered in April after the company reported that it had not been able to renew a supply agreement with its largest customer. Although this led to a substantial revision to revenue forecasts for 2024, low margins meant the impact on EBITDA was less severe. Management plan to replace the lost revenues over time with higher margin agreements.

Learning Technologies Group (+32.8%, +0.28 pence per share) reported 2023 results that were in line with market expectations with revenues of £562m and EBIT of £99m. Strong cash generation reduced net leverage by more than expected. Cyclical headwinds continue to affect its markets, with the company maintaining a cautious outlook for 2024.

Cohort (+33.3%, +0.22 pence per share) was awarded a £135m 10-year contract from the Ministry of Defence to supply the Royal Navy with its Trainable Decoy Launcher System. Additional options and export opportunities may increase the contract value over time. The new award takes the company's contract wins within the financial year to £215m and the order book to more than £500m. FY25 EBITDA expectations were also upgraded by 10%.

Craneware (+49.7%, +0.21 pence per share) reported half-year results that were in line with expectations with revenues and EBITDA both increasing by 8% to \$91.2m and \$27.5m respectively. The company highlighted a significant increase in sales to existing and new customers and an improving market backdrop in the US healthcare sector. In its outlook statement, the company noted good sales momentum and that US hospitals were increasing their investment in technology to provide them with additional insight as they refocused on their strategic priorities following the post-COVID unwind.

Negative Contributors

Equipmake (-38.9%, -0.87 pence per share) reported a 97% increase in its revenues for the 6 months to November 2023 to £2.1 million as the company continued to commercialise its EV solutions. Despite good progress, the company reduced its revenue expectations for the year to May 2024 to £8.5 million. If achieved, this would still equate to 57% growth year on year. Cost control has meant the forecast for operating losses was largely unchanged. The company has hired a new chief operating officer, a new finance director and raised additional funding to assist with the delivery of its growth plan.

Consistent with many online retailers, Kidly (-91.7%, -0.71 pence per share) continues to experience a difficult trading environment. Although revenues were below budget, operational efficiencies resulted in significantly lower losses. The company secured additional funding post period end.

Surface Transforms (-66.7%, -0.53 pence per share) raised £11m of new equity funding in November 2023 following a significant reduction in its revenue forecasts to £8.3m for the year to December 2023 as the company struggled to overcome process issues as it scaled its manufacturing capacity. Post period end, this was followed by a second revision to revenue forecasts in FY24 to no less than £17.5m. Whilst revenue growth of 111% is substantial, the reduction in forecasts left the company yet again requiring further funding. £5.7m was raised at 1 pence per share through a round that was not VCT qualifying, severely diluting our interest in the company.

Shares in C4X Discovery (-44.5%, -0.23 pence per share) declined after the company proposed to cancel its AIM listing believing that the market was not correctly valuing its assets and that it would be more attractive to potential investors as a private company. Operational progress has been good, and the company is well funded with over £20m cash following large milestone payments from Indivior and AstraZeneca. We have retained our investment.

After delays that contributed to a profit warning in December, Engage XR (-32.1%, -0.23 pence per share) was able to announce its first €1m+ contract with a Middle East based education and training company. The contract was won through its partnership with PricewaterhouseCoopers International Limited. The publication in April of the company's results for the year to December 2023 was accompanied by a downgrade to its outlook for 2024, with revenues now expected to increase from €3.7m in 2023 to €5.4m in 2024. The company reports that it remains funded to break even.

Portfolio structure

The VCT is comfortably through the HMRC defined investment test and ended the period at 93.48% invested as measured by the HMRC investment test. By market value, the VCT had a 53.10% weighting to Qualifying Investments.

Although Qualifying Investment activity was healthy within the period with £5.9m invested into Qualifying Companies, more broadly the market remains very subdued with just one VCT qualifying IPO within the last 12 months. Within the qualifying portfolio we exited Abcam, Instem, Osirium, Velocys and Smoove through takeovers. Of these, Abcam and Instem were notable having developed into global leaders in their respective fields and been a feature within the qualifying portfolio for more than ten years in each case. In the case of Abcam, the exit valuation of \$5.7bn resulted in a gain of 5,603% over book cost. The Instem exit valued the company at £203m, a gain of 376% over book cost. We reduced our investment in Blackbird and completely exited Renalytix following sustained underperformance.

Within the non-qualifying equity portfolio we remained cautious and made adjustments in response to company updates. We exited our position in Bytes following the CEO's unexpected departure from the company. We also exited Diversified Energy, XP Power and Watches of Switzerland following disappointing trading updates and Energean due to elevated geopolitical risk in its principal areas of operations as a consequence of the war in Gaza. We exited our position in Ashtead over concerns that a weakening US economy and increasing political risk might impact trading later this year. The allocation to non-qualifying equities fell from 10.1% to 8.7% of net assets.

In the non-qualifying fixed income portfolio, we added two net new investments into short-dated investment grade corporate bonds issued by Next and Unilever. We also reinvested into a Marks & Spencer 2026 bond following the redemption of the 2023 Marks & Spencer bond. We exited our position in short-dated UK Government bonds, which had been held through a London-listed exchange traded fund. The allocation to non-qualifying fixed income increased from 12.7% to 13.5% of net assets. The average maturity of the corporate bonds is 2.5 years with an average yield to maturity of 5.2%. The portfolio is expected to generate annual income of approximately £0.9m.

Following the receipt of proceeds from the offer for subscription, we increased the investment in the IFSL Marlborough Special Situations Fund and made a series of investments into the IFSL Marlborough Micro-Cap Growth Fund. The combined investment across the two funds increased from 5.4% to 12.0% of net assets, split broadly equally across the two funds. The weighting to cash was largely unchanged at 12.7%⁽¹⁾ of net assets despite the inflow from the offer for subscription.

The HMRC investment tests are set out in Chapter 3 of Part 6 Income Tax Act 2007, which should be read in conjunction with this Investment Manager's report. Funds raised by VCTs are first included in the investment

(1) Net of prepayments and accruals.

tests from the start of the accounting period containing the third anniversary of the date on which the funds were raised. Therefore, the allocation of Qualifying Investments as defined by the legislation can be different to the portfolio weighting as measured by market value relative to the net assets of the VCT.

Post period end update

In the 2 months to 31 May 2024, the FTSE AIM All-Share Total Return Index has gained 8.81%, whilst the FTSE All-Share Total Return Index has gained 4.90%. The Company's NAV per share has increased by 3.67% to 45.24 pence.

As of 18 June 2024, the share price of 43.00 pence represented a discount of 5.14% to the last published net asset value per share.

For further information please contact:

Oliver Bedford
Lead Manager

Date: 18 June 2024

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Investment portfolio summary

As at 31 March 2024

	Net Assets % at 31.03.24	Cost £000	Cumulative movement in value £000	Valuation £000	Market	COI ⁽¹⁾
Equity Qualifying Investments						
Equipmake Holdings plc	3.29	4,162	960	5,122	AIM	NO
Eagle Eye Solutions Group plc	3.00	1,642	3,033	4,675	AIM	YES
PCI-PAL plc	2.71	2,703	1,520	4,223	AIM	YES
Learning Technologies Group plc	2.46	2,238	1,596	3,834	AIM	NO
Beeks Financial Cloud Group plc	2.09	1,038	2,209	3,247	AIM	YES
Cohort plc	2.00	619	2,497	3,116	AIM	YES
Infinity Reliance Ltd (My 1st Years) ⁽²⁾	2.00	2,500	607	3,107	Unlisted	YES
Itaconix plc	1.93	3,025	(12)	3,013	AIM	NO
The Property Franchise Group plc	1.70	1,139	1,503	2,642	AIM	YES
Maxcyte Inc	1.61	1,270	1,242	2,512	AIM	YES
Qureight Ltd	1.61	2,500	-	2,500	Unlisted	NO
Fadel Partners Inc	1.44	2,300	(64)	2,236	AIM	NO
Craneware plc	1.38	125	2,031	2,156	AIM	YES
Diaceutics plc	1.34	1,550	530	2,080	AIM	YES
Aquis Exchange plc	1.23	765	1,143	1,908	AIM	YES
XP Factory plc	1.16	4,068	(2,262)	1,806	AIM	YES
Team Internet Group plc ⁽³⁾	1.16	588	1,217	1,805	AIM	YES
Engage XR Holdings plc	1.05	3,453	(1,813)	1,640	AIM	YES
SCA Investments Ltd (Gousto)	1.00	2,484	(929)	1,555	Unlisted	YES
Zoo Digital Group plc	0.99	2,159	(619)	1,540	AIM	YES
Eden Research plc	0.84	1,855	(553)	1,302	AIM	NO
Intelligent Ultrasound Group plc	0.80	1,550	(311)	1,239	AIM	NO
Skillcast Group plc	0.76	1,571	(382)	1,189	AIM	NO
AnimalCare Group plc	0.76	720	467	1,187	AIM	YES
Equals Group plc	0.76	750	436	1,186	AIM	NO
Tortilla Mexican Grill Plc	0.72	1,125	-	1,125	AIM	YES
Intercede Group plc	0.71	305	803	1,108	AIM	YES
Idox plc	0.71	135	971	1,106	AIM	YES
C4X Discovery Holdings plc	0.64	2,300	(1,301)	999	AIM	NO
Ilika plc	0.64	1,636	(637)	999	AIM	NO
Bivictrix Therapeutics Plc	0.61	1,600	(647)	953	AIM	NO
Nexteq plc	0.60	1,209	(272)	937	AIM	NO
Zappar Ltd	0.58	1,600	(698)	902	Unlisted	NO
Surface Transforms plc	0.57	1,744	(853)	891	AIM	YES
Arecor Therapeutics Plc	0.55	1,687	(823)	864	AIM	NO
Tristel plc	0.54	543	291	834	AIM	NO
EKF Diagnostics Holdings plc	0.53	565	263	828	AIM	NO
Creo Medical Group plc	0.49	2,329	(1,558)	771	AIM	YES
Globaldata plc	0.46	173	543	716	AIM	YES
Crimson Tide Plc	0.42	1,260	(609)	651	AIM	YES
Verici DX plc	0.41	1,939	(1,298)	641	AIM	NO
Blackbird plc	0.40	594	36	630	AIM	NO
OneMedia iP Group plc	0.40	1,141	(522)	619	AIM	YES
Science in Sport plc	0.24	1,479	(1,106)	373	AIM	NO
Roslyn Data Technologies plc	0.23	1,345	(987)	358	AIM	YES
Hardide plc	0.20	3,566	(3,247)	319	AIM	YES
K3 Business Technology Group plc	0.20	270	48	318	AIM	YES
Crossword Cybersecurity plc	0.20	2,039	(1,725)	314	AIM	YES
Polarean Imaging plc	0.19	2,081	(1,782)	299	AIM	NO
Tan Delta Systems plc	0.19	504	(213)	291	AIM	NO
Angle plc	0.18	1,158	(883)	275	AIM	NO
Everyman Media Group plc	0.15	600	(373)	227	AIM	YES
Faron Pharmaceuticals Oy	0.14	1,133	(910)	223	AIM	NO
Strip Tinning Holdings plc	0.12	1,054	(866)	188	AIM	NO
Eneraqua Technologies plc	0.12	1,401	(1,214)	187	AIM	NO
MYCELX Technologies Corporation	0.07	361	(254)	107	AIM	YES
Trakm8 Holdings plc	0.05	486	(415)	71	AIM	NO

	Net Assets % at 31.03.24	Cost £000	Cumulative movement in value £000	Valuation £000	Market	COI ⁽¹⁾
Fusion Antibodies plc	0.02	624	(600)	24	AIM	NO
Gfinity plc	0.01	2,026	(2,014)	12	AIM	NO
Honest Brew Ltd ⁽²⁾	–	2,800	(2,800)	–	Unlisted	NO
Bidstack Group plc	–	2,733	(2,733)	–	AIM	NO
Laundrapp Ltd ⁽²⁾	–	2,450	(2,450)	–	Unlisted	NO
Airportr Technologies Ltd ⁽²⁾	–	1,888	(1,888)	–	Unlisted	NO
Kidly Ltd ⁽²⁾	–	1,660	(1,660)	–	Unlisted	NO
Mporium Group plc	–	33	(33)	–	Unlisted	NO
Flowgroup plc	–	26	(26)	–	Unlisted	NO
Infoserve Group Plc ⁽⁴⁾	–	–	–	–	Unlisted	NO
Total – equity Qualifying Investments	51.36	100,376	(20,396)	79,980		
Qualifying fixed income investments						
Strip Tinning Holdings plc (convertible loan notes)	1.37	2,000	131	2,131	AIM	NO
Rosslyn Data Technologies plc (convertible loan notes)	0.20	300	18	318	AIM	NO
Kidly Ltd (convertible loan notes)	0.15	2,400	(2,175)	225	Unlisted	NO
Honest Brew Ltd (Loan notes)	–	300	(300)	–	Unlisted	NO
Total qualifying fixed income investments	1.72	5,000	(2,326)	2,674		
Total Qualifying Investments	53.08	105,376	(22,722)	82,654		
Non-Qualifying funds						
IFSL Marlborough UK Micro-Cap Growth	6.29	9,321	478	9,799	Unlisted	NO
IFSL Marlborough Special Situations Fund	5.70	9,781	(903)	8,878	Unlisted	NO
Total non-qualifying funds	11.99	19,102	(425)	18,677		
Equity Non-Qualifying Investments						
Hollywood Bowl Group plc	1.27	1,566	411	1,977	Main	YES
Chemring Group plc	1.05	1,362	269	1,631	Main	YES
Bodycote plc	1.01	1,534	33	1,567	Main	NO
BAE Systems plc	0.86	782	554	1,336	Main	YES
TP ICAP Group Plc	0.81	1,023	238	1,261	Main	YES
National Grid PLC	0.68	1,041	25	1,066	Main	NO
WH Smith plc	0.68	1,220	(167)	1,053	Main	YES
Rotork plc	0.59	944	(24)	920	Main	YES
On the Beach Group plc	0.58	1,304	(395)	909	Main	NO
Shell plc	0.51	809	(21)	788	Main	NO
Wickes Group plc	0.50	952	(176)	776	Main	NO
MYCELX Technologies Corporation	0.08	298	(174)	124	AIM	YES
Tortilla Mexican Grill Plc	0.08	161	(39)	122	AIM	YES
Genagro Ltd ⁽⁵⁾	–	–	–	–	Unlisted	YES
Total-equity Non-Qualifying Investments	8.70	12,996	534	13,530		

	Net Assets % at 31.03.24	Cost €000	Cumulative movement in value €000	Valuation €000	Market	COI ⁽¹⁾
Non-qualifying fixed income – bonds						
British Telecommunications 5.75% SNR BDS 07/12/2028	2.01	3,144	(6)	3,138	Main	NO
Unilever plc 1.375% GTD SNR NTS 15/09/2024	1.96	3,064	(16)	3,048	Main	NO
Natwest Markets plc 6.375% SNR EMTN 08/11/2027	1.94	3,034	(7)	3,027	Main	NO
Royal Bank of Canada 5% SNR NTS 24/01/2028	1.93	3,040	(27)	3,013	Main	NO
Next Group plc 4.375% SNR BDS 02/10/2026	1.89	2,984	(33)	2,951	Main	NO
Barclays plc 3.25% SNR NTS 12/02/2027	1.82	2,894	(59)	2,835	Main	NO
Marks and Spencer plc 3.75% SNR EMTN 19/05/2026	1.30	2,037	(11)	2,026	Main	NO
Next Group plc 3% GTD SNR BDS 26/08/2025	0.62	962	7	969	Main	NO
Total non-qualifying fixed income - bonds	13.47	21,159	(152)	21,007		
Total – Non-Qualifying Investments	34.16	53,257	(43)	53,214		
Total investments	87.24	158,633	(22,765)	135,868		
Cash at bank	12.96			20,183		
Prepayments & accruals	(0.20)			(309)		
Net assets	100.00			155,742		

- (1) COI – Co-investments with other funds managed by the Investment Manager at 31 March 2024.
- (2) Different classes of shares held in unlisted companies within the portfolio have been aggregated.
- (3) On 11 October 2023, CentralNic Group plc changed its name to Team Internet Group plc.
- (4) Impaired fully through the profit and loss account and therefore shows a zero cost.
- (5) Company awaiting liquidation.

The investments listed below are either listed, headquartered or registered outside the UK:

	Listed	Headquartered	Registered
<i>Listed Investments:</i>			
Crimson Tide plc	UK/Republic of Ireland	UK	UK
Craneware plc	UK	UK/USA	UK
Engage XR Holdings plc	UK	ROI	UK
Fadel Partners Inc.	UK	USA	USA
Faron Pharmaceuticals Oy	UK/Finland	Finland	Finland
Itaconix plc	UK/USA	USA	UK
Maxcyte Inc	UK/USA	USA	USA
Mycelx Technologies Corporation plc	UK/USA	USA	USA
National Grid plc	UK/USA	UK	UK
Polarean Imaging plc	UK	USA	UK
Royal Bank of Canada	UK	Canada	Canada
Verici DX plc	UK	UK/USA	UK
<i>Unlisted private companies:</i>			
Genagro Ltd ⁽¹⁾	–	UK	Jersey

- (1) Company awaiting liquidation.

Top ten investments

As at 31 March 2024 (by market value)

The top ten investments are shown below. Each investment is valued by reference to the bid price, or, in the case of unquoted companies, the IPEV guidelines using one or more valuation techniques according to the nature, facts and circumstances of the investment. Forecasts, where given, are drawn from a combination of broker research and/or Bloomberg consensus forecasts. Forecasts are in relation to a period end for which the company results are yet to be released. Published accounts are used for private companies or public companies with no published broker forecasts. The net asset figures and net cash values are from published accounts in most cases.

Equipmake Holdings plc			Share price: 5.50p
Investment date	July 2022	Forecasts for the year to	May 2024
Equity held	9.82%	Turnover (£'000)	8,500
Av. Purchase Price	4.5p	Loss before tax (£'000)	(5,600)
Cost (£'000)	4,162	Net cash November 2023 (£'000)	3,913
Valuation (£'000)	5,122	Net assets November 2023 (£'000)	10,852

Company description

Equipmake is a UK based engineering company, which develops and integrates electric powertrain solutions for global automotive, aerospace, marine, construction and bus markets. The company manufactures electric drivetrains, electric motors, inverters, power electronics, control systems and heating, ventilation and air-conditioning supplying customers with both components as well as full turnkey systems.

Eagle Eye Solutions Group plc			Share price: 540.0p
Investment date	April 2014	Forecasts for the year to	June 2024
Equity held	2.92%	Turnover (£'000)	50,000
Av. Purchase Price	189.7p	Profit before tax (£'000)	4,200
Cost (£'000)	1,642	Net cash December 2023 (£'000)	9,003
Valuation (£'000)	4,675	Net assets December 2023 (£'000)	25,128

Company description

Eagle Eye is a Software-as-a-Service ("SaaS") technology company that creates digital connections enabling personalised, real-time marketing solutions for large retailers. Through Eagle Eye AIR, the company's loyalty and promotions omnichannel SaaS platform, companies connect all aspects of the customer journey in real time, unlocking the capability to deliver personalisation, streamline marketing execution and open up new revenue streams through promotions, loyalty apps, subscriptions and gift services.

PCI PAL plc			Share price: 55.0p
Investment date	January 2018	Forecasts for the year to	June 2024
Equity held	11.73%	Turnover (£'000)	19,100
Av. Purchase Price	35.2p	Profit before tax (£'000)	100
Cost (£'000)	2,703	Net cash December 2023 (£'000)	545
Valuation (£'000)	4,223	Net (liabilities) December 2023 (£'000)	(4,665)

Company description

PCI PAL plc is a provider of SaaS solutions that allows companies to take payments from their customers securely. Its products secure payments and data in any business communications environment including voice, chat, social, email, and contact centre and is integrated to, and resold by, business communications vendors and payment service providers.

Learning Technologies Group plc			Share price: 85.20p
Investment date	July 2015	Forecasts for the year to	December 2024
Equity held	0.57%	Turnover (£'000)	534,100
Av. Purchase Price	49.7p	Profit before tax (£'000)	92,000
Cost (£'000)	2,238	Net cash December 2023 (£'000)	42,431
Valuation (£'000)	3,834	Net assets December 2023 (£'000)	427,231

Company description

Learning Technologies Group provides workplace digital learning and talent management software and services to corporate and government clients. The group offers end-to-end learning and talent solutions ranging from strategic consultancy, through a range of content and platform solutions to analytical insights that enable corporate and government clients to meet their performance objectives.

Beeks Financial Cloud Group plc			Share Price: 172.0p
Investment date	November 2017	Forecasts for the year to	June 2024
Equity held	2.88%	Turnover (£'000)	30,000
Av. Purchase Price	55.0p	Profit before tax (£'000)	4,100
Cost (£'000)	1,038	Net cash December 2023 (£'000)	6,925
Valuation (£'000)	3,247	Net assets December 2023 (£'000)	34,120

Company description

Beeks Financial Cloud Group is a cloud-based connectivity provider of technology solutions to the financial services sector. The company's Infrastructure-as-a-Service model is optimised for low-latency private cloud compute, connectivity and analytics, providing the flexibility to deploy and connect to exchanges, trading venues and public cloud for a true hybrid cloud experience. The company serves over 1,000 enterprise clients from its network of 22 data centres.

Cohort plc			Share Price: 656.0p
Investment date	February 2006	Forecasts for the year to	April 2024
Equity held	1.15%	Turnover (£'000)	187,400
Av. Purchase Price	130.2p	Profit before tax (£'000)	19,200
Cost (£'000)	619	Net cash October 2023 (£'000)	13,315
Valuation (£'000)	3,116	Net assets October 2023 (£'000)	97,916

Company description

Cohort plc provides electronic and surveillance technology solutions. The company offers electronic warfare operational support, secure communication systems and networks, test systems and data management. Cohort serves defence and security, transport, offshore energy and other commercial markets.

Infinity Reliance Ltd (My 1st Years)			Unquoted
Investment date	May 2018	Results for the year to	December 2022
Voting rights held	9.66%	Turnover (£'000)	18,751
Av. Purchase Price	4670.4p	Profit before tax (£'000)	1,091
Cost (£'000)	2,500	Net cash December 2022 (£'000)	2,818
Valuation (£'000)	3,107	Net assets December 2022 (£'000)	6,235
Income recognised in period (£)	0		

Company description

My 1st Years is a UK retail platform that focusses on the sale of personalised baby and children's gifts through e-commerce channels. The product range includes bespoke presents for newborn babies to seven year olds, for christenings, birthdays and Christmas.

Itaconix plc			Share Price: 254.0p
Investment date	February 2023	Forecasts for the year to	December 2024
Equity held	13.17%	Turnover (\$'000)	6,200
Av. Purchase Price	255.0p	Loss before tax (\$'000)	(1,800)
Cost (£'000)	3,025	Net cash December 2023 (\$'000)	2,567
Valuation (£'000)	3,013	Net assets December 2023 (\$'000)	11,224

Company description

Itaconix develops and produces bio-based polymers from itaconic acid. The company's products are used as functional ingredients in a range of consumer products, including laundry detergents, automatic dishwasher pods, odour management products and hair styling. Their products are designed to match or beat the performance of traditional ingredients, whilst also offering superior environmental credentials.

The Property Franchise Group Plc			Share Price: 320.0p
Investment date	December 2013	Forecasts for the year to	December 2024
Equity held	2.58%	Turnover (£'000)	68,700
Av. Purchase Price	138.0p	Profit before tax (£'000)	22,300
Cost (£'000)	1,139	Net cash December 2023 (£'000)	5,142
Valuation (£'000)	2,642	Net assets December 2023 (£'000)	40,812

Company description

The Property Franchise Group is the UK's largest multi-brand property franchisor, with a portfolio of 15 lettings and estate agency brands and a network of over 910 lettings and estate agency businesses serving residential clients. The group also includes an established financial services business.

Maxcyte Inc			Share Price: 335.0p
Investment date	March 2016	Forecasts for the year to	December 2024
Equity held	0.73%	Turnover (\$'000)	38,700
Av. Purchase Price	169.3p	Loss before tax (\$'000)	(45,400)
Cost (£'000)	1,270	Net cash December 2023 (\$'000)	46,506
Valuation (£'000)	2,512	Net assets December 2023 (\$'000)	232,167

Company description

Maxcyte is a leading cell-engineering focused company providing enabling platform technologies to advance the discovery, development and commercialization of next-generation cell therapeutics.

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Principal risks and uncertainties

The principal risks facing the Company relate to the Company's investment activities and include venture capital trust approval, investment, compliance, operational risk and outsourcing, key personnel and exogenous risks such as economic, political, financial, climate change and health risk. Other risks faced by the Company include market risk, currency risk, interest rate risk, liquidity risk and credit risk. These risks and the way in which they are managed are described in more detail in the Company's annual report and accounts for the year ended 30 September 2023 on pages 22 to 23. The Company's principal risks and uncertainties have not changed materially since the date of that report.

Going concern

The Company's business activities and the factors affecting its future development are set out in the Chair's statement on pages 4 to 8 and the Investment Manager's report on pages 9 to 12. The Company's principal risks are set out above.

The Board receives regular reports from the Investment Manager and Administrator and reviews the financial position, performance and liquidity of the Company's investment portfolio. Revenue forecasts and expense budgets are prepared at the start of each financial year and performance against plan is reviewed by the Board. Cash forecasts are prepared and reviewed by the Board as part of the HMRC investment test compliance monitoring.

The Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for a period of at least twelve months. No material uncertainties related to events or conditions that may cast significant doubt about the ability of the Company to continue as a going concern have been identified by the Directors. For this reason, they continue to adopt the going concern basis in preparing the financial statements.

On behalf of the Board of Directors.

David Brock
Chair

Date: 18 June 2024

Other matters

Dividend policy

The Company's dividend policy is to target a tax free dividend yield equivalent to 5 per cent. of the year end NAV per share. The ability to pay dividends is dependent on the Company's available distributable reserves and cash resources, the Act, the Listing Rules and the VCT Rules. The policy is non-binding and at the discretion of the Board. Dividend payments may vary from year to year in both quantum and timing. The level of dividend paid each year will depend on the performance of the Company's portfolio. In years where there is strong investment performance, the Directors may consider a higher dividend payment, including the payment of special dividends. In years where investment performance is not as strong, the Directors may reduce or even pay no dividend.

Discount control policy and management of share liquidity

The Company aims to improve liquidity and to maintain a discount of approximately 5 per cent. to the last published NAV per share (as measured against the mid-price) by making secondary market purchases of its shares in accordance with parameters set by the Board.

This policy is non-binding and at the discretion of the Board. Its operation depends on a range of factors including the Company's liquidity, shareholder permissions, market conditions and compliance with all laws and regulations. These factors may restrict the effective operation of the policy and prevent the Company from achieving its objectives.

Diversity

The Board comprises three male non-executive directors and three female non-executive directors with a diverse range of experience, skills, length of service and backgrounds. The Board considers diversity when reviewing Board composition and has made a commitment to consider diversity when making future appointments. The Board will always appoint the best person for the job. It will not discriminate on the grounds of gender, race, ethnicity, religion, sexual orientation, age or physical ability.

Environmental, Social and Governance ("ESG") and Considerations

The Board seeks to maintain high standards of conduct with respect to ESG issues and to conduct the Company's affairs responsibly.

The Company does not have any employees or officers and so the Board does not maintain any specific policies regarding employees, human rights, social and community issues but does expect the Investment Manager to consider them when fulfilling their role. The Company is exempt from the Streamlined Energy and Carbon Reporting requirements.

The Company, whilst exempt, continues to monitor and develop its approach to the recommendations of the Task Force on Climate related Financial Disclosures.

The management of the Company's investment portfolio has been delegated to its Investment Manager Canaccord Genuity Asset Management Ltd. The Company has adopted specific policies on divestment and excluded activities and it expects the Investment Manager to take account of ESG considerations in its investment process for the selection and ongoing monitoring of underlying investments. The Board has also given the Investment Manager discretion to exercise voting rights on resolutions proposed by investee companies. The Investment Manager continues to strengthen its approach to ESG issues.

To minimise the direct impact of its activities the Company offers electronic communications where acceptable to reduce the volume of paper it uses and uses Carbon Balanced paper manufactured at a FSC accredited mill to print its annual financial report. Vegetable based inks are used in the printing process where appropriate.

David Brock

Chair

Date: 18 June 2024

Statement of directors' responsibilities in respect of the half-yearly financial report

In accordance with the Disclosure Transparency Rule ("DTR") 4.2.10, David Brock (Chair), Oliver Bedford, Angela Henderson, Justin Ward, Megan McCracken and Busola Sodeinde, the Directors, confirm that to the best of their knowledge that:

- The half-yearly financial results have been prepared in accordance with UK Generally Accepted Accounting Practice ("UK GAAP") and give a true and fair view of the assets, liabilities, financial position and loss of the Company as at 31 March 2024 as required by DTR 4.2.4;
- The interim management report consisting of the Chair's statement, Investment Manager's report, investment portfolio summary, principal risks and uncertainties disclosure and notes to the half-yearly report includes a fair review of the information required by the Financial Conduct Authority Disclosure and Transparency Rules, being;
 - an indication of the important events that have occurred during the first six months of the financial year and their impact on the condensed set of financial statements;
 - a description of the principal risks and uncertainties for the remaining six months of the year; and
 - a description of related party transactions that have taken place in the first six months of the current financial year, that may have materially affected the financial position or performance of the Company during that period and any changes in the related party transactions described in the last annual report that could do so.

On behalf of the Board of Directors.

David Brock
Chair

Date: 18 June 2024

Condensed income statement

for the six month period to 31 March 2024 (unaudited)

	Note	For the six month period to 31 March 2024 (unaudited)			For the six month period to 31 March 2023 (unaudited)		
		Revenue £000	Capital £000	Total £000	Revenue £000	Capital £000	Total £000
Net loss on investments held at fair value through profit or loss	5	–	(3,226)	(3,226)	–	(10,472)	(10,472)
Income	2	1,270	–	1,270	1,008	–	1,008
		1,270	(3,226)	(1,956)	1,008	(10,472)	(9,464)
Management fee		(319)	(959)	(1,278)	(363)	(1,089)	(1,452)
Other expenses		(934)	(6)	(940)	(515)	(26)	(541)
		(1,253)	(965)	(2,218)	(878)	(1,115)	(1,993)
Profit/(loss) on ordinary activities before taxation		17	(4,191)	(4,174)	130	(11,587)	(11,457)
Taxation		–	–	–	–	–	–
Profit/(loss) after taxation		17	(4,191)	(4,174)	130	(11,587)	(11,457)
Basic and diluted earnings/(loss) per share	3	0.00p	(1.22)p	(1.22)p	0.04p	(3.76)p	(3.72)p

The total columns of these statements are the income statements of the Company. All revenue and capital items in the above statements derive from continuing operations. There was no other comprehensive income other than the profits/losses for the six-month periods as set out above. The accompanying notes are an integral part of these financial statements.

Condensed income statement

for the year ended 30 September 2023 (audited)

	Note	For the year to 30 September 2023 (audited)		
		Revenue £000	Capital £000	Total £000
Net loss on investments held at fair value through profit or loss	5	–	(28,455)	(28,455)
Income	2	2,616	–	2,616
		2,616	(28,455)	(25,839)
Management fee		(699)	(2,098)	(2,797)
Other expenses		(1,052)	(39)	(1,091)
		(1,751)	(2,137)	(3,888)
Profit/(loss) on ordinary activities before taxation		865	(30,592)	(29,727)
Taxation		–	–	–
Profit/(loss) after taxation		865	(30,592)	(29,727)
Basic and diluted earnings/(loss) per share	3	0.27p	(9.59)p	(9.32)p

The total column of this statement is the income statement of the Company. All revenue and capital items in the above statement derive from continuing operations. There was no other comprehensive income other than the loss for the year as set out above. The accompanying notes are an integral part of these financial statements.

Condensed balance sheet

as at 31 March 2024 (unaudited)

	Note	31 March 2024 (unaudited) €000	31 March 2023 (unaudited) €000	30 September 2023 (audited) €000
Fixed assets				
Investments at fair value through profit or loss	5	135,868	155,631	132,120
Current assets				
Debtors	7	573	925	1,475
Cash and cash equivalents		20,183	19,130	19,231
		20,756	20,055	20,706
Creditors: amounts falling due within one year	8	(882)	(961)	(906)
Net current assets		19,874	19,094	19,800
Total assets less current liabilities		155,742	174,725	151,920
Capital and Reserves				
Called up share capital		3,569	3,307	3,278
Share premium		15,578	132,541	286
Capital redemption reserve		331	227	272
Capital reserve – unrealised		15,682	22,030	13,640
Special reserve		170,116	50,058	177,762
Capital reserve – realised		(47,304)	(30,456)	(41,071)
Revenue reserve		(2,230)	(2,982)	(2,247)
Total shareholders' funds		155,742	174,725	151,920
Net asset value per share (basic and diluted)	4	43.64p	52.84p	46.34p

The accompanying notes are an integral part of these financial statements.

Condensed statement of changes in equity

for the six month period to 31 March 2024 (unaudited)

	Note	Non-distributable reserves			Distributable reserves ⁽¹⁾			Total £000	
		Share capital £000	Share premium £000	Capital redemption reserve £000	Capital reserve unrealised £000	Special reserve £000	Capital reserve realised £000		Revenue reserve £000
At 1 October 2023		3,278	286	272	13,640	177,762	(41,071)	(2,247)	151,920
Loss and total comprehensive income for the period									
Realised loss on investments	5	–	–	–	–	–	(182)	–	(182)
Unrealised loss on investments	5	–	–	–	(3,044)	–	–	–	(3,044)
Management fee charged to capital		–	–	–	–	–	(959)	–	(959)
Income allocated to capital	2	–	–	–	–	–	–	–	–
Due diligence investment costs		–	–	–	–	–	(6)	–	(6)
Revenue profit after taxation for the period		–	–	–	–	–	–	17	17
Total loss after taxation for the period		–	–	–	(3,044)	–	(1,147)	17	(4,174)
Contributions by and distributions to owners									
Subscription share issues	9	339	15,141	–	–	–	–	–	15,480
Issue costs	14	–	(329)	–	–	–	–	–	(329)
Share buybacks	9	(59)	–	59	–	(2,497)	–	–	(2,497)
DRIS share issues	9	11	480	–	–	–	–	–	491
Equity dividends paid	6	–	–	–	–	(5,149)	–	–	(5,149)
Total contributions by and distributions to owners		291	15,292	59	–	(7,646)	–	–	7,996
Other movements									
Diminution in value	5	–	–	–	5,086	–	(5,086)	–	–
Total other movements		–	–	–	5,086	–	(5,086)	–	–
At 31 March 2024		3,569	15,578	331	15,682	170,116	(47,304)	(2,230)	155,742

Reserves available for distribution are special reserve, capital reserve realised and revenue reserve. Total distributable reserves at 31 March 2024 were £120.5 million (adjusted to remove £0.1 million accumulation income included in the revenue reserve but not distributable). The accompanying notes are an integral part of these financial statements.

(1) The Income Taxes Act 2007 restricts distribution of capital from reserves created by the conversion of the share premium account into a special (distributable) reserve until the third anniversary of the share allotment that led to the creation of that part of the share premium account. As at 31 March 2024, £108.9 million of the special reserve is subject to this restriction.

Condensed statement of changes in equity

for the six month period to 31 March 2023 (unaudited)

	Note	Non-distributable reserves				Distributable reserves ⁽¹⁾			Total £000
		Share capital £000	Share premium £000	Capital redemption reserve £000	Capital reserve unrealised £000	Special reserve £000	Capital reserve realised £000	Revenue reserve £000	
At 1 October 2022		2,666	93,660	201	23,935	63,931	(20,774)	(3,112)	160,507
Loss and total comprehensive income for the period									
Realised loss on investments	5	-	-	-	-	-	(5,075)	-	(5,075)
Unrealised loss on investments	5	-	-	-	(5,397)	-	-	-	(5,397)
Management fee charged to capital		-	-	-	-	-	(1,089)	-	(1,089)
Income allocated to capital	2	-	-	-	-	-	-	-	-
Due diligence investment costs		-	-	-	-	-	(26)	-	(26)
Revenue profit after taxation for the period		-	-	-	-	-	-	130	130
Total loss after taxation for the period		-	-	-	(5,397)	-	(6,190)	130	(11,457)
Contributions by and distributions to owners									
Subscription share issues	9	649	38,720	-	-	-	-	-	39,369
Issue costs	14	-	(830)	-	-	-	-	-	(830)
Share buybacks	9	(26)	-	26	-	(1,454)	-	-	(1,454)
DRIS share issues	9	18	991	-	-	-	-	-	1,009
Equity dividends paid	6	-	-	-	-	(12,419)	-	-	(12,419)
Total contributions by and distributions to owners		641	38,881	26	-	(13,873)	-	-	25,675
Other movements									
Diminution in value	5	-	-	-	3,492	-	(3,492)	-	-
Total other movements		-	-	-	3,492	-	(3,492)	-	-
At 31 March 2023		3,307	132,541	227	22,030	50,058	(30,456)	(2,982)	174,725

Reserves available for distribution are special reserve, capital reserve realised and revenue reserve. Total distributable reserves at 31 March 2023 were £16.6 million. The accompanying notes are an integral part of these financial statements.

- (1) The Income Taxes Act 2007 restricts distribution of capital from reserves created by the conversion of the share premium account into a special (distributable) reserve until the third anniversary of the share allotment that led to the creation of that part of the share premium account. As at 31 March 2023, none of the special reserve was subject to this restriction.

Condensed statement of changes in equity

for the year ended 30 September 2023 (audited)

	Note	Non-distributable reserves				Distributable reserves ⁽¹⁾			Total €000
		Share Capital €000	Share Premium €000	Capital Redemption Reserve €000	Capital Reserve Unrealised €000	Special Reserve €000	Capital Reserve Realised €000	Revenue Reserve €000	
At 1 October 2022		2,666	93,660	201	23,935	63,931	(20,774)	(3,112)	160,507
Loss and total comprehensive income for the year									
Realised loss on investments	7	–	–	–	–	–	(8,245)	–	(8,245)
Unrealised loss on investments	7	–	–	–	(20,210)	–	–	–	(20,210)
Management fee charged to capital	3	–	–	–	–	–	(2,098)	–	(2,098)
Income allocated to capital	2	–	–	–	–	–	–	–	–
Due diligence investments costs	4	–	–	–	–	–	(39)	–	(39)
Revenue profit after taxation for the year		–	–	–	–	–	–	865	865
Total loss after taxation for the year		–	–	–	(20,210)	–	(10,382)	865	(29,727)
Contributions by and distributions to owners									
Subscription share issues	11	659	39,277	–	–	–	–	–	39,936
Issue costs	11	–	(742)	–	–	–	–	–	(742)
Share buybacks	11	(71)	–	71	–	(3,637)	–	–	(3,637)
DRIS share issues	11	24	1,276	–	–	–	–	–	1,300
Equity dividends paid	16	–	–	–	–	(15,717)	–	–	(15,717)
Total contributions by and distributions to owners		612	39,811	71	–	(19,354)	–	–	21,140
Other movements									
Capital reduction	11	–	(133,185)	–	–	133,185	–	–	–
Diminution in value		–	–	–	9,915	–	(9,915)	–	–
Total other movements		–	(133,185)	–	9,915	133,185	(9,915)	–	–
At 30 September 2023		3,278	286	272	13,640	177,762	(41,071)	(2,247)	151,920

Reserves available for distribution are special reserve, capital reserve realised and revenue reserve. Total distributable reserves at 30 September 2023 were €134.4 million, following the capital reduction of €133.2 million (2022: €40 million). The accompanying notes are an integral part of these financial statements.

(1) The Income Taxes Act 2007 restricts distribution of capital from reserves created by the conversion of the share premium account into a special (distributable) reserve until the third anniversary of the share allotment that led to the creation of that part of the share premium account. As at 30 September 2023, €108.9 million of the special reserve is subject to this restriction.

Condensed statement of cash flows

for the six month period to 31 March 2024 (unaudited)

	Note	31 March 2024 (unaudited) £000	31 March 2023 (unaudited) £000	30 September 2023 ⁽¹⁾ (audited) £000
Total loss on ordinary activities before taxation		(4,174)	(11,457)	(29,727)
Realised losses on investments	5	182	5,075	8,245
Unrealised losses on investments	5	3,044	5,397	20,210
Decrease/(increase) in debtors	7	902	(517)	(1,067)
(Decrease) in creditors	8	(24)	(39)	(94)
Non-cash distributions	2	(64)	-	(24)
Amortisation		(71)	(26)	-
Net cash (outflow) from operating activities		(205)	(1,567)	(2,457)
Purchase of investments	5	(22,530)	(51,920)	(57,699)
Sale of investments	5	15,691	5,031	16,336
Net cash (used in) investing activities		(6,839)	(46,889)	(41,363)
Share buybacks	9	(2,497)	(1,454)	(3,637)
Issue of share capital	9	15,480	39,369	39,936
Issue costs	14	(329)	(830)	(742)
Dividends paid	6	(4,658)	(11,410)	(14,417)
Net cash provided by financing activities		7,996	25,675	21,140
Net increase/(decrease) in cash		952	(22,781)	(22,680)
Opening cash		19,231	41,911	41,911
Closing cash		20,183	19,130	19,231

The accompanying notes are an integral part of these financial statements.

(1) 30 September 2023 cash flow represents annual results.

Explanatory notes

for the six month period to 31 March 2024 (unaudited)

Basis of preparation

The Company has prepared its half-yearly financial results for the six month period ending 31 March 2024. The condensed financial statements have been prepared in accordance with UK Generally Accepted Accounting Practice (UK GAAP), including Financial Reporting Standard 104 and with the Companies Act 2006 and the Statement of Recommended Practice for "Financial Statements of Investment Trust Companies and Venture Capital Trusts" July 2022.

They do not include all disclosures that would otherwise be required in a complete set of financial statements and should be read in conjunction with the 2023 annual report.

1. Significant accounting policies

The Company has applied the same accounting policies and methods of computation in its interim condensed financial statements as in its 2023 annual report.

Segmental reporting

There is considered to be one operating segment being investment in equity and debt securities.

Key judgements and estimates

The preparation of the financial statements requires the Board to make judgements and estimates that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The nature of estimation means that the actual outcomes could differ from those estimates. Key judgements and estimates mainly relate to the determination of the fair valuation of unquoted investments.

The assessment of fair value will reflect the market conditions at the measurement date irrespective of which valuation technique is used. The IPEV guidelines describe a range of valuation techniques, as described in the "financial instruments" section on pages 29 to 30.

Further areas requiring judgement and estimation are recognising and classifying unusual or special dividends as either capital or revenue in nature. The estimates and underlying assumptions are under continuous review with particular attention paid to the carrying value of the investments.

2. Income

	Six months to 31 March 2024 (unaudited) £000	Six months to 31 March 2023 (unaudited) £000	Year ended 30 September 2023 (audited) £000
Income from investments			
Revenue:			
Dividend income	374	467	1,247
Interest from bonds	513	146	579
Interest from loan notes	56 ⁽¹⁾	151 ⁽²⁾	288 ⁽²⁾
Bank interest	263	244	502
Accumulation Fund income	64 ⁽³⁾	–	–
	1,270	1,008	2,616
Capital:			
Return of capital	–	–	–
In-specie dividend	–	–	–
	–	–	–
Total income	1,270	1,008	2,616

(1) The amount of loan stock interest recognised in the period is lower than prior year, largely because of the Kidly loan interest being fully impaired in the period.

(2) Additional loan stock interest of £18k was recognised in the year following reversal of the Osirium plc loan note impairment being carried at 30 September 2022. The loan note accrued interest to 30 June 2023 in line with the terms of the redemption agreement with Sailpoint Technologies UK Limited.

(3) Accumulation income from the IFSL Marlborough Special Situations Fund.

3. Basic and diluted (loss) per share

	Six months to 31 March 2024 (unaudited)	Six months to 31 March 2023 (unaudited)	Year ended 30 September 2023 (audited)
(Loss) per share	(1.22p)	(3.72p)	(9.32p)
Net (loss) for the period	(£4,174,334)	(£11,457,253)	(£29,726,556)
Weighted average number of shares	342,161,187	308,143,674	318,946,009

4. Net asset value per share

	Six months to 31 March 2024 (unaudited)	Six months to 31 March 2023 (unaudited)	Year ended 30 September 2023 (audited)
Net asset value per share	43.64p	52.84p	46.34p
Net assets	£155,742,030	£174,724,979	£151,920,267
Number of shares in issue at period end	356,864,474	330,697,542	327,813,939

5. Investments

	Quoted Investments ⁽¹⁾ 31-Mar-24 £000	Unquoted Investments 31-Mar-24 £000	Total Investments 31-Mar-24 £000	Total Investments 31-Mar-23 £000	Total Investments 30-Sep-23 £000
Opening valuation	122,567	9,553	132,120	119,188	119,188
Purchases at cost	18,029	4,501	22,530	51,920	57,699
Non – cash distribution	64	–	64	–	–
Sale proceeds	(14,891)	(800)	(15,691)	(5,031)	(16,336)
Realised losses	(182)	–	(182) ⁽²⁾	(5,075)	(8,245)
Unrealised losses	(528)	(2,516)	(3,044) ⁽²⁾	(5,397)	(20,210)
Amortisation for discount/premium on bonds	71	–	71	26	24
Closing valuation	125,130	10,738	135,868	155,631	132,120
Cost at period end	135,692	22,941	158,633	160,539	151,841
Unrealised gains/(losses) at period end	15,856	(174)	15,682	22,030	13,640
Diminution in value at period end ⁽³⁾	(26,418)	(12,029)	(38,447)	(26,938)	(33,361)
Valuation at period end	125,130	10,738	135,868	155,631	132,120

(1) Includes the IFSL Marlborough Special Situations Fund (previously included in unquoted) and the IFSL Marlborough UK Micro-Cap Fund with valuations of £9.8m and £9.3m respectively as at 31 March 2024.

(2) The net loss on investments held at fair value through profit or loss in the income statement is the sum of the realised losses and unrealised losses for the period as detailed in the table above.

(3) Diminishments of £8,967,203 were made in the six-month period ending 31 March 2024. Once adjusted for disposals of (£3,724,810) and diminishment reversals (£156,881) the net movement in the period is £5,085,512. Diminishments carried forward are £38,446,954.

Financial Instruments – fair value measurement hierarchy

The table below sets out fair value measurements using FRS102 (appendix to section 2 fair value measurement) fair value hierarchy. The Company has one class of assets, being held at fair value through profit or loss.

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: Valued by reference to valuation techniques using inputs that are not based on observable market data.

	Level 1 Investments £'000	Level 2 Investments £'000	Level 3 Investments £'000	Total Investments £'000
Six months ended 31 March 2024 (unaudited)	91,452	33,678	10,738	135,868
Year ended 30 September 2023 (audited)	82,565	40,002	9,553	132,120
Six months ended 31 March 2023 (unaudited)	143,615	2,449	9,567	155,631

Transfers between level 3 and level 1 occur when a previously unquoted investment undertakes an IPO, resulting in its equity becoming quoted on an active market. There have been no instances in the current period (2023: none).

Transfers between level 1 and 3 would occur when a quoted investment's market becomes inactive, or the portfolio company elects to delist. There have been no instances in the current period (2023: none).

There were transfers of £0.2m between level 1 and level 2 in the current period where the investments market is not sufficiently active (2023: none). There were transfers of £6.8m between level 2 and level 1 (2023: none).

Level 3 financial assets

	Equity Shares 31-Mar-24 £000	Preference Shares 31-Mar-24 £000 ⁽¹⁾	Loan Notes 31-Mar-24 £000	Total Level 3 31-Mar-24 £000	Total Level 3 31-Mar-23 £000	Total Level 3 30-Sep-23 £000
Opening valuation	2,984	3,069	3,500	9,553	10,558	10,558
Re-Classification Adjustment	–	–	–	–	–	–
Purchases at cost	–	2,501	2,000	4,501	1,200	1,500
Non – cash distribution	–	–	–	–	–	–
Sale proceeds	–	–	(800)	(800)	–	–
Realised (losses)/gains	–	–	–	–	–	–
Unrealised gains/(losses)	(527)	38	(2,027)	(2,516)	(2,191)	(2,505)
Closing valuation	2,457	5,608	2,673	10,738	9,567	9,553

(1) The preference shares held are in the nature of equity.

In assessing fair value, the Investment Manager considered a range of valuation methodologies including EV/Sales, and EV/EBITDA multiples for the current and next financial year. Where appropriate, the Investment Manager also assessed value using discounted cash flow analysis. Where observable market multiples were available, these were used as part of peer group analysis. Market based multiples were taken as reference points with discounts applied (where appropriate) to reflect liquidity and forecast risk.

The following table sets out the basis of valuation for the material Level 3 investments and those where the value has materially changed during the 6 months to 31 March 2024.

Level 3 Unquoted Investments	
Infinity Reliance Ltd (My 1st Years)	Trading in the run up to Christmas was positive, allowing the company to report another year of revenue growth and an increase in EBITDA. The company expects to grow further this year. The fair value of the investment increased as the valuation rolled forward into 2024. A substantially stronger balance sheet provided additional support to the share price. The valuation was reviewed against EV/Sales multiples across a peer group of listed companies. Peer group multiples were unchanged.
Kidly Ltd	A difficult trading environment was compounded by balance sheet constraints. Although revenue performance has been below budget, operational efficiencies resulted in significantly lower losses. Reflecting the need for additional funding, the fair value of the equity was reduced to nil and the value of the debt heavily impaired. Subsequent to the period end, the company secured new funding resulting in some recovery of value in the investment as the most immediate risk factors fell away. As a result, the fair value of the convertible loan note instrument has increased post period end. The conversion option is valued using the Black-Scholes option pricing model.
Qureight Ltd	The investment into Qureight Ltd completed on 19 March 2024. The valuation was set with reference to FY25 EV/Sales multiples and assessed against listed peers.
SCA Investments Ltd (Gousto)	The company closed 2023 strongly with EBITDA ahead of budget. EBITDA and cash flow generation improved significantly over the course of the year. Trading in early 2024 suggests another year of progress. The fair value of the investment was unchanged within the period as we rolled forward into 2024 and adopted EV/EBITDA as the primary valuation metric. Several members of the peer group have reported difficult trading, leading to a marked reduction in peer group multiples.
Zappar Ltd	Zappar reported notably weaker end markets towards the end of its 2024 financial year as the arrival of new headset technologies sparked increased interest in immersive experiences at the expense of augmented reality. Weakness in the US digital marketing sector provided an additional layer of challenge and revenues and profits were below budget. The valuation, which was reviewed against listed peers using EV/Sales multiple, was reduced to reflect the weaker outlook. Peer group multiples reduced in the period under review.
Roslyn Data Technologies plc – convertible loan note	On 19 September 2023, Roslyn Data Technologies completed a £3.3m fundraising through the issue of new shares and convertible loan notes to fund its organic growth strategy. As part of the funding round, the Company invested £0.3m through new convertible loan notes. Extended sales cycles led the company to reduce expectations for FY24. The company will require additional funding to reach break even. The fair value of the convertible loan notes was unchanged with the value of the conversion option calculated using the Black-Scholes option pricing model.
Strip Tinning plc – convertible loan note	On 17 January 2024, Strip Tinning completed a £5.1m fundraising through the issue of new shares and convertible loan notes to fund its EV growth strategy. As part of the funding round, the Company invested £2.0m through the new convertible loan notes. The fair value of the convertible loan notes was unchanged with the value of the conversion option calculated using the Black-Scholes option pricing model. Commercial progress has been positive, and the company has more recently announced two record contract wins to supply Smart Glass Connectors for new EV platforms and a £43m strategic nomination for the supply of a cell contacting system for the battery pack of an autonomous vehicle being developed by one of the world's largest corporations, based in the USA.

6. Dividends paid

Summary of dividends paid in the six months to 31 March 2024 and the financial year ending 30 September 2023 are detailed below:

	Six months ended 31 March 2024 (unaudited) £'000	Year ended 30 September 2023 (audited) £'000
Special capital dividend of 2.00 pence per share paid for the year ended September 2023		6,216
Final capital dividend of 2.00 pence for the year ended 30 September 2022		6,216
Interim capital dividend of 1.00 pence per share for the year ended 30 September 2023		3,298
Final capital dividend of 1.50 pence per share for the year ended 30 September 2023	5,149	
Dividends unclaimed ⁽¹⁾	–	(13)
Total	5,149⁽²⁾	15,717⁽³⁾

(1) Unclaimed dividends for a period of 12 years reverted to the Company.

(2) The difference between total dividends paid for the period ending 31 March 2024, and the cash flow statement is £490,729 which is the amount of dividends reinvested under the DRIS for the period.

(3) The difference between total dividends paid for the period ending 30 September 2023 and the cash flow statement is £1,300,000 which is the amount of dividends reinvested under the DRIS for the period.

7. Debtors

	Six months to 31 March 2024 (unaudited) £000	Six months to 31 March 2023 (unaudited) £000	Year ended 30 September 2023 (audited) £000
Prepayments and accrued income	573	925	1,475

8. Creditors: amounts falling due within one year

	Six months to 31 March 2024 (unaudited) £000	Six months to 31 March 2023 (unaudited) £000	Year ended 30 September 2023 (audited) £000
Trade Creditors	5	–	21
Accruals	877	961	885
	882	961	906

9. Transactions in shares

Buybacks

In total, the Company repurchased 5,858,590 shares during the six month period ending 31 March 2024 at a total cost of £2,496,726. The repurchased shares represent 1.79% of ordinary shares in issue on 1 October 2023. The acquired shares have been cancelled.

Share issues

In total, the Company issued 33,808,342 new shares (nominal value £338,083) through an offer for subscription during the six month period ending 31 March 2024, raising gross proceeds of £15,479,608. Once adjusted for issue costs this resulted in net proceeds of £15,151,035.

The Company also issued 1,100,783 shares under the dividend re-investment scheme.

10. Contingencies, guarantees and financial commitments

There were no contingencies, guarantees or financial commitments of the Company at 31 March 2024.

11. Legal form and principal activities

The Company was incorporated and registered in England and Wales on 16 August 2004 under the Companies Act 1985, registered number 5206425.

The Company has been approved as a Venture Capital Trust by HMRC under section 259 of the Income Taxes Act 2007. The shares of the Company were first admitted to the Official List of the UK Listing Authority and trading on the London Stock Exchange on 29 October 2004 and can be found under the TIDM code "HHV". The Company is premium listed.

In common with many other VCTs, the Company revoked its status as an investment company as defined in Section 256 of the Companies Act 1985 on 23 May 2006 to facilitate the payment of dividends out of capital profits.

The Company's principal activity is to invest in a diversified portfolio of qualifying small UK based companies, primarily trading on AIM, with a view to generating capital returns and income from its portfolio and to make distributions from capital and income to shareholders whilst maintaining its status as a VCT.

The Company is registered as a small UK Alternative Investment Fund Manager with a Board comprising of six non-executive directors, five of whom are independent. Oliver Bedford is not considered independent as he is an employee of Canaccord Genuity Asset Management Limited, the Company's Investment Manager. Canaccord Genuity Wealth Limited acts as administrator and custodian and JTC (UK) Limited provides company secretarial services to the Company.

The Board has overall responsibility for the Company's affairs including the determination of its investment policy, however, the Board may exercise these responsibilities through delegation to Canaccord Genuity Asset Management Limited, Canaccord Genuity Wealth Limited and JTC (UK) Limited as it considers appropriate.

The Directors have managed and continue to manage the Company's affairs in such a manner as to comply with Section 259 of the Income Taxes Act 2007.

12. Cautionary statement

The results should not be taken as a guide to the results for the financial period ending 30 September 2024. This report may contain forward looking statements with regards to the financial condition and results of the Company, which are made in the light of current economic and business circumstances. Nothing in this report should be considered as a profit forecast.

13. Publication of non-statutory accounts

The financial information contained in the 31 March 2024 income statement, balance sheet, statement of cash flows and statement of changes in equity has not been audited and does not comprise full financial statements within the meaning of Section 434 of the Companies Act 2006. No statutory accounts in respect of any period after 30 September 2023 have been reported on by the Company's auditor.

The comparative figures for the financial year ended 30 September 2023 have been extracted from the 2023 annual report. Those accounts have been reported on by the Company's auditor and lodged with the Registrar of Companies. The report of the auditor (i) was unqualified, (ii) did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying their report, and (iii) did not contain a statement under section 498 (2) or (3) of the Companies Act 2006.

14. Related party transactions and conflicts of interest

The remuneration of the Directors, who are key management personnel of the Company is disclosed in the table below.

Director	Role	Fees for the six-month period ending 31 March 2024 (£)
David Brock	Chair	20,500
Oliver Bedford	Director	14,750
Angela Henderson	Director (Chair of Management and Service Provider Engagement Committee)	16,750
Megan McCracken	Director	16,000
Busola Sodeinde	Director	16,000
Justin Ward	Director (Chair of Audit Committee)	17,500

Transactions with the manager

As the Company's Investment Manager, CGAM is a related party to the Company for the purposes of the Listing Rules. As the Investment Manager and CGWL are part of the same CGWL group, CGWL also falls into the definition of related party.

Oliver Bedford, a non-executive director of the Company is also an employee of the Investment Manager. CGAM received fees of £14,750 for the period ended 31 March 2024 in respect of his position on the Board (2023: £14,000). Of these fees £7,375 (2023: £7,000) was owed at the period end.

CGWL act as administrator and custodian to the Company.

	31 March 2024 (£)	31 March 2023 (£)	30 September 2023 (£)
Custody	15,000	15,000	30,000
Administration	125,000 ⁽¹⁾	97,500	195,000
Total	140,000	112,500	225,000
Still owed at the period end	69,680	55,975	55,765

(1) On 7 September 2023, the Company entered into an amended administration agreement with CGWL. Under the terms of the agreement the fees to be paid to CGWL were increased to £250,000 per annum (previously £195,000) with effect from 1 October 2023.

Under an offer agreement dated 7 September 2023, CGWL were appointed by the Company to administer the offer for subscription and act as receiving agent in relation to the offer. Under the terms of the agreement CGWL received a fee of 3.5% of the gross proceeds of the offer for providing these services. The Administrator agreed to discharge commissions payable to financial advisers in respect of accepted applications for Offer Shares submitted by them, including any trail commission.

The Administrator also agreed to discharge and/or reimburse all costs and expenses of and incidental to the offer and the preparation of the prospectus, including without limitation to the generality of the foregoing, FCA vetting fees in relation to the prospectus, sponsor and legal fees, expenses of the Company and CGWL, the Company's tax adviser's fees and expenses, registrar's fees, costs of printing, postage, advertising, publishing and circulating the prospectus and marketing the offer, including any introductory commission and discounts to investors. However, the Administrator was not responsible for the payment of listing fees associated with the admission of the ordinary shares to the premium segment of the Official List and to trading on the main market of the London Stock Exchange.

If following the final admission under the offer, the aggregate fee that has been paid to CGWL exceeds the costs and expenses referred to above by more than £25,000, then CGWL will rebate any surplus to the Company subject to a maximum rebate of £100,000.

During the half year, the Company issued 33,808,342 ordinary shares of 1 penny (nominal value £338,083) in an offer for subscription which resulted in gross funds being received of £15,479,608. As marketing adviser and receiving agent to the Company, CGWL was entitled to 3.5% of the gross proceeds (£541,786), often referred to as the 'premium'. From this, CGWL paid for the allotment of additional shares to investors with a value of £213,213. A further reduction of £320 introductory commission was made resulting in net fees payable to CGWL of £328,253 which were then used to pay other costs associated with the prospectus and marketing.

CGAM is appointed as Investment Manager to the Company and receives an investment management fee of 1.7% per annum.

Investment management fees for the half-year are £1,277,846 (2023: £1,451,972). Of these fees £623,452 was still owed at the period end. As the Investment Manager to the Company and the investment advisor to the IFSL Marlborough Special Situations and IFSL Marlborough UK Micro-Cap Growth Funds (in which the Company may invest), the Investment Manager makes an adjustment as necessary to its investment management fee to ensure the Company is not charged twice for their services.

Upon completion of an investment, the Investment Manager is permitted under the investment management agreement to charge private investee companies a fee equal to 1.5% of the investment amount. This fee is subject to a cap of £40,000 per investment and is payable directly from the investee company to the Investment Manager. The Investment Manager may recover external due diligence and transactional services costs directly from private investee companies. Fees of £37,502 (2023: nil) were charged to investee companies in the period to 31 March 2024 under this agreement.

Total commission of £25,803 was paid to CGWL in the half year for broker services.

The Investment Manager has agreed to indemnify the Company and keep indemnified the Company in respect of the amount by which the annual running costs of the Company exceed 3.5% of the net assets of the Company, such costs shall exclude any VAT payable thereon and any payments to financial intermediaries, the payment of which is the responsibility of the Company. No fees were waived by the Investment Manager in the first half of the financial year under the indemnity.

As at 31 March 2024, the Company had cash deposits of £20,183,269. Of this, £10,378,993 was held in the client account at CGWL.

15. Post balance sheet events

Buybacks

Since the period end, a further 2,248,121 ordinary shares have been purchased at an average price of 42.18 pence and a total cost of £948,234.

Share issues

Since the period end, a further 10,676,942 new shares have been issued (nominal value £106,769) raising net proceeds of £4,723,401. The offer is now fully subscribed and closed. Following the final allotment under the offer, CGWL rebated £100,000 to the Company, being the maximum rebate available under the offer agreement.

Investments

The Company has made the following investments since the period end:

	Amount Invested £000	Investment into existing company
Qualifying Companies		
None		
Non-Qualifying Companies		
Marks and Spencer plc 3.75% SNR EMTN 19/05/2026	£1,001	Yes
Vaneck Vectors Gold Miners UCTS ETF	£634	No

Bidstack plc

Following a protracted period of underperformance, failed fundraising efforts, and a strategic review which also failed to solicit a buyer for the company's assets, Bidstack entered administration on 22 March 2024. This was a very disappointing outcome, and we had been actively engaged with the board in the period prior to this in an attempt to preserve and potentially recover value. Following this, shares in the company were cancelled from trading on AIM on 23 April 2024.

C4X Discovery plc

On 27 March 2024, C4X Discovery announced the proposed cancellation of admission of its ordinary shares to trading on AIM and re-registration as a private limited company. The cancellation took effect from 26 April 2024. The Company remains a shareholder.

Kidly Ltd

The company secured additional funding post period end.

Alternative performance measures

An alternative performance measure ("APM") is a financial measure of the Company's historic or future financial performance, financial position or cash flows which is not defined or specified in the applicable financial reporting framework.

The Directors assess the Company's performance against a range of criteria which are viewed as particularly relevant for a VCT.

The definition of each APM can be found on page 38. Where the calculation of the APM is not detailed within the financial statements, an explanation of the methodology employed is below:

NAV total return

		31 March 2024	31 March 2023
Opening NAV per share	A	46.34p	60.19p
Special dividend paid	B	–	2.00p
Final dividend paid	C	1.50p	2.00p
Closing NAV per share	D	43.64p	52.84p
NAV total return	$((B+C+D-A)/A)*100$	-2.59%	-5.57%

NAV total return (dividends reinvested)

		31 March 2024	% Return
Opening NAV per share (30 September 2023)	A	46.34p	
Closing NAV per share (31 March 2024)		43.64p	
	Final dividend for year paid February 2024	1.50p	
Total dividend payments		1.50p	
			-2.59% (-5.57%)
Closing NAV per share plus dividends paid		45.14p	31 March 2023)
Half yearly performance of reinvested dividends		-0.04p	
			-2.67% (-5.98%)
NAV total return (dividends reinvested)	$((B-A)/A)*100$	B	45.10p
			31 March 2023)

Share price total return

		31 March 2024	31 March 2023
Opening share price	A	43.00p	62.75p
Special dividend paid	B	–	2.00p
Final dividend paid	C	1.50p	2.00p
Closing share price	D	42.20p	50.00p
Share price total return	$((B+C+D-A)/A)*100$	1.63%	-13.94%

Share price total return (dividends reinvested)

		31 March 2024	% Return
Opening share price (30 September 2023)	A	43.00p	
Closing share price (31 March 2024)		42.20p	
	Final dividend for year paid February 2024	1.50p	
Total dividend payments		1.50p	
			1.63% (-13.94%)
Closing share price plus dividends paid		43.70p	31 March 2023)
Half yearly performance of reinvested dividends		0.01p	
			1.66% (-14.42%)
Share price total return (dividends reinvested)	$((B-A)/A)*100$	B	43.71p
			31 March 2023)

Ongoing charges ratio

The ongoing charges ratio has been calculated using the AIC's "Ongoing Charges" methodology.

		31 March 2024 £000	31 March 2023 £000
Investment management fee ⁽¹⁾		2,556	2,904
Other expenses ⁽¹⁾⁽²⁾		1,074	932
VCT proportion of IFSL Marlborough funds expenses ⁽¹⁾		147	113
Ongoing charges	A	3,777	3,949
Average net assets	B	154,284	182,015
Ongoing charges ratio	$(A/B)*100$	2.45%	2.17%

(1) Figures for the period ending 31 March 2023/24 have been annualised to calculate the ongoing charges ratio.

(2) Other expenses exclude impaired income of £368k (March 2024) and London Stock Exchange fees of £35k (March 2024) and £75k (March 2023) for admission of shares under the offer for subscription. The Board do not consider these costs to be ongoing costs to the fund.

Share price discount

		31 March 2024	31 March 2023
Share price	A	42.20p	50.00p
NAV per share	B	43.64p	52.84p
Discount	$((A/B)-1)*100$	-3.30%	-5.37%

The 1-year average discount of 5.89% is calculated by taking the average of the share price discount at each month end between 1 April 2023 and 31 March 2024.

The 5-year average discount of 5.83% is calculated by taking the average of the share price discount at each month end between 1 April 2019 and 31 March 2024.

Alternative performance measures (definitions)

The Company uses the following alternative performance measures:

Net Asset Value (“NAV”)

The value of the Company's assets, less its liabilities.

NAV per share

The net asset value divided by the total number of shares in issue at the period end.

NAV total return

The NAV total return shows how the NAV per share has performed over a period of time in percentage terms taking into account both capital returns and dividends paid. We calculate this by adding the dividends paid in the period to the closing NAV per share and measuring the percentage change relative to the opening NAV per share.

NAV total return (dividends reinvested)

The NAV total return (dividends reinvested) shows the percentage movement in the NAV total return per share over time taking into account both capital returns and dividends paid assuming dividends are re-invested into new shares. To be consistent with industry standard practice, the allotment price of the new shares issued in place of the cash dividend is assumed to be the prevailing ex-dividend NAV per share on the day the shares go ex-dividend. This differs from the methodology followed by the registrar when issuing shares under the Company's dividend re-investment scheme.

Ongoing charges ratio

The ongoing costs of managing and operating the Company divided by its average net assets. Calculated in accordance with AIC guidance, this figure excludes 'non-recurring costs'.

Share price discount

As stock markets and share prices vary, a VCT's share price is rarely the same as its NAV. When the share price is lower than the NAV per share it is said to be trading at a discount. The size of the discount is calculated by subtracting the share price from the NAV per share and is usually expressed as a percentage of the NAV per share. If the share price is higher than the NAV per share, it is said to be trading at a premium.

Share price total return

The share price total return shows performance over a period of time in percentage terms by reference to the mid-price of the Company's shares taking into account dividends paid and payable having passed the ex-dividend date in the period and any return of capital if applicable.

We calculate this by adding the dividends paid and payable having passed the ex-dividend date in the period to the closing mid-price and measuring the percentage change relative to the opening mid-price.

Share price total return (dividends reinvested)

The performance of the Company's share price on a total return basis assuming dividends are reinvested in new shares at the mid-price of the shares on the ex-dividend date.

Glossary of terms

Administrator

Canaccord Genuity Wealth Limited.

AIM

The Alternative Investment Market operated by the London Stock Exchange.

AQSE Growth Market

The Growth Market of the Aquis Stock Exchange, a recognised investment exchange for growth companies operated by Aquis Exchange plc.

CGWM

In the UK & Europe, Canaccord Genuity Wealth Management ("CGWM") is a trading name of Canaccord Genuity Wealth Limited ("CGWL"), CG Wealth Planning Limited ("CGWPL"), Canaccord Genuity Asset Management Limited ("CGAM"), Intelligent Capital Ltd ("ICL") and Canaccord Genuity Wealth (International) Limited ("CGWIL"), which are all subsidiaries of Canaccord Genuity Group Inc. In Scotland, Adam & Company is a trading name of Canaccord Genuity Wealth Limited ("CGWL"), CG Wealth Planning Limited ("CGWPL") and Intelligent Capital Limited ("ICL").

Earnings per share total return

Total profit/(loss) for the reporting period divided by the weighted average number of shares in issue.

FTSE AIM All-Share Index Total Return

Measures the total return of the underlying FTSE AIM All-Share index combining both capital performance and income. Calculated on a dividends re-invested basis.

FTSE All-Share Index Total Return

Measures the total return of the underlying FTSE All-Share index combining both capital performance and income. Calculated on a dividends re-invested basis.

Investment Manager

Canaccord Genuity Asset Management Limited.

ITA

Income Tax Act 2007, as amended.

Non-Qualifying Company or Non-Qualifying Investment

An investment made by the Company which is not a Qualifying Investment and is permitted under the VCT Rules.

Offer Shares

New ordinary shares of 1 penny each in the capital of the Company issued or to be issued pursuant to the Offer for Subscription of Ordinary Shares in Hargreave Hale AIM VCT plc launched on 7 September 2023.

Qualifying Company or Qualifying Investment

An investment made by a Venture Capital Trust in a trading company which comprises a qualifying holding under Chapter 4 of Part 6 ITA.

VCT or Venture Capital Trust

Venture capital trust as defined in section 259 ITA.

VCT Rules

All rules and regulations that apply to VCTs from time to time, including the ITA.

Shareholder information

The Company's ordinary shares (Code: HHV) are listed on the London Stock Exchange. Shareholders can visit the London Stock Exchange website, www.londonstockexchange.com, for the latest news and share prices of the Company. Further information for the Company can be found on its website at www.hargreaveaimvcts.co.uk.

Net asset value per share

The Company's NAV per share as at 7 June 2024 was 45.33 pence per share. The Company publishes its unaudited NAV per share on a weekly basis.

Dividends

The Board has approved the payment of an interim dividend of 1 penny and a special dividend of 1.50 pence per share in respect of the six months ended 31 March 2024.

Shareholders who wish to have future dividends paid directly into their bank account rather than sent by cheque to their registered address can complete a mandate for this purpose. Mandates can be obtained by contacting the Company's registrar, Equiniti. Alternatively, bank details can be updated through the registrar's Shareview system.

Dividend re-investment scheme

The Company offers a dividend re-investment scheme ("DRIS") allowing shareholders to elect to receive all of their dividends from the Company in the form of new ordinary shares. Shareholders may elect to join the DRIS at any time by completing a DRIS mandate form. Mandates can be obtained by contacting the Company's registrar, Equiniti or by visiting the Company's website at www.hargreaveaimvcts.co.uk. As new ordinary shares will be issued, shareholders are also able to claim tax relief on the shares, including 30 per cent. income tax relief on their investment (subject to the terms of the VCT legislation and the personal circumstances of the shareholder). To exit the DRIS, a revoke form must be completed and returned to the Company's registrar. Revoke forms can be obtained by contacting the Company's registrar, Equiniti or by visiting the Company's website at www.hargreaveaimvcts.co.uk. Please note that completing a bank mandate form or adding bank details to your account through Shareview in isolation will not remove you from the DRIS scheme.

Selling your shares

The Company aims to improve the liquidity in its ordinary shares and to maintain a discount of approximately 5% to the last published NAV per share (as measured against the mid-price of the shares) by making secondary market purchases. This policy is non-binding and at the discretion of the Board. The effective operation of the policy is dependent on a range of factors which may prevent the Company from achieving its objectives. As a result there, is no guarantee you will be able to sell your shares or of the discount to NAV per share at which they will be sold.

VCT share disposals are exempt of capital gains tax when the disposal is made at arm's length, which means a shareholder should sell their shares to a market maker through a stockbroker or another share dealing service. In practice, this means that the price achieved in a sale is likely to be below the mid-price of the Company's shares and, therefore, the discount is likely to be more than 5% to the last published NAV per share.

VCT share disposals settle two business days post trade if the shares are already dematerialised or placed into CREST ahead of the trade, or ten days post trade if the stock is held in certificated form.

Investors who sell their VCT shares before the fifth anniversary of the share issue are likely to have to repay their income tax relief. Canaccord Genuity Wealth Management can facilitate the sale of VCT shares and is able to act for VCT shareholders who wish to sell their shares. However, you are free to nominate any stockbroker or share dealing service to act for you. If you would like further information from Canaccord Genuity Wealth Management, please contact the VCT administration team at aimvct@canaccord.com or call 01253 376622.

Please note that Canaccord Genuity Wealth Limited will need to be in possession of the share certificate and a completed CREST transfer form before executing the sale. If you have lost your share certificate, then you can request a replacement certificate from the Company's registrar, Equiniti. The registrar will send out an indemnity form, which you will need to sign. The indemnity form will also need to be countersigned by a UK insurance company or bank that is a member of the Association of British Insurers. Since indemnification is a form of insurance, the indemnifying body will ask for a payment to reflect their risk. Fees will reflect the value of the potential liability.

Shareholder enquiries:

For general shareholder enquiries, please contact Canaccord Genuity Wealth Limited on 01253 376622 or by e-mail to aimvct@canaccord.com. For enquiries concerning the performance of the Company, please contact the Investment Manager on 0207 523 4837 or by e-mail to aimvct@canaccord.com.

Other published information can be found on the Company's website at www.hargreaveaimvcts.co.uk.

Change of address

To notify the Company of a change of address please contact the Company's registrar at the address on page 42. Alternatively, address details can be updated through the registrar's Shareview system.

Company information

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Oliver Bedford
Angela Henderson
Megan McCracken
Busola Sodeinde
Justin Ward

Administrator and Custodian

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VCT Status Adviser

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