

## FINANCIAL HIGHLIGHTS

<b>Ordinary Shares (as at 30 September):</b>	<b>2016</b>	<b>2015</b>
Net asset value per share	75.93p	74.64p
Cumulative distributions paid per share since launch	42.00p	38.00p
Total return per share	117.93p	112.64p
Earnings per share (basic and diluted):		
Revenue return	(0.11)p	(0.40)p
Capital return	5.69p	(0.66)p
Combined return	5.58p	(1.06)p
Dividends per share:		
Interim paid	1.75p	1.75p
Final proposed/paid	2.25p	2.25p
Total dividend for year	4.00p	4.00p
Ongoing Expense Ratio*	1.99%	2.24%
Performance Benchmark:		
FTSE AIM All-share Index (results rebased to 100 at 29 October 2004)	84.98	75.24

\* Calculated as total expenses minus ad hoc legal costs, divided by year end net assets

## CHAIRMAN'S STATEMENT

### Introduction

At 30 September 2016 the net asset value (NAV) was 75.93 pence which after adjusting for the dividends paid gives a Total Return since inception of 117.93 pence. The earnings per ordinary share for the year was 5.58 pence per share (comprising a revenue loss of 0.11 pence and capital gains of 5.69 pence).

### Investments

The investment manager, Hargreave Hale Limited, invested a further £3.67 million in eighteen qualifying companies during the year. The fair value of Qualifying Investments at 30 September 2016 was £28.68 million invested in sixty-six AIM companies and seven unquoted companies. £18.54 million was held in a mix of cash, fixed income and other non-qualifying equities; more detail can be found in the investment manager's report.

### Dividend

An interim dividend of 1.75 pence was paid on 8 July 2016 (Interim 2015 – 1.75 pence).

A final dividend of 2.25 pence is proposed (2015 – 2.25 pence) which, subject to shareholder approval at the Annual General Meeting will be paid on 17 January 2017, to ordinary shareholders on the register on 16 December 2016.

Provided the underlying investment performance of the Company remains acceptable and the liquidity position allows, it remains our policy to target a 5% distribution yield referenced to the year end NAV per share of the Company.

### Buybacks

In total, 1,206,293 shares were purchased during the year at a weighted average price of 69.61 pence per share.

The Board continues to target a share price discount of 5% of the NAV per share (as measured against the mid-price) for market purchases. It should be emphasised that this target is non-binding and dependent on circumstances including the Company's liquidity and market conditions.

### Issue of Equity

The Directors of the Company announced on 2 December 2015 the launch of a new joint offer for subscription for shares in both Hargreave Hale AIM VCTs to raise up to £15 million in Hargreave Hale AIM VCT1 plc and up to £10 million

in Hargreave Hale AIM VCT 2 plc. The offer was approved by shareholders of the Company at a General Meeting on 12 January 2016.

The offer resulted in gross funds being received of £12.46 million and the issue of 16.62 million new shares in the Company. The offer closed at 12pm on 16 November 2016.

#### **New Joint Offer for Subscription**

The Directors of Hargreave Hale AIM VCT 1 plc announced on 16 November 2016 their intention to launch a new offer for subscription of new ordinary shares this calendar year for subscription in the 2016/2017 and 2017/18 tax years. Full details of the offer will be contained in a prospectus that is expected to be published shortly.

#### **VCT Status**

To maintain its VCT qualifying status we must invest at least 70% of the net funds raised in any one accounting period in Qualifying Investments by the start of the accounting period containing the third anniversary of the date on which the funds were raised. I am pleased to report that we continue to make good progress against this test and, at the year end, we had achieved 94.66% and have satisfied all the relevant tests.

#### **VCT Regulation**

In order to comply with EU regulations regarding State Aid, the VCT rules were subject to substantial changes in the budget on 8 July 2015, which came into effect on 18 November 2015. In the round we do not think these rules will greatly affect the Company although we will no longer be able to make non-qualifying investments in companies listed on AIM or UK government bonds. We will be able to continue to invest via the Marlborough Special Situations Fund and we will be free to invest in companies listed on the main market.

#### **Board Changes**

Giles Hargreave will not stand for re-election at the Annual General Meeting in January 2017. I would like to take this opportunity to thank Giles for all his work on the Board. The Board intends to appoint Oliver Bedford and this will be put to shareholders for their approval at the next General Meeting.

#### **Electronic Communications**

Your Board believes that adopting electronic communications would be beneficial to the Company and its shareholders. The benefits include substantial cost savings and improved timeliness and transparency of communications. The Board intends to seek authority in due course at the Company's next general meeting. I would like to reassure shareholders that if they wish to continue to receive paper communications they will be able to do so.

#### **Outlook**

We certainly live in interesting times. Having got over the threat of a Greek Euro Exit and the Chinese realignment of their currency, we were hit with Brexit and the US election, which seems to have taken the City by surprise. There was an inevitable correction in the stock market which has been followed by a climb back to previous levels as it became clear, that in spite of "Project fear", the British economy was not about to fall off a cliff. Furthermore, the pound has devalued against other currencies which should be good for the UK economy's trade deficit and, provided the slide does not go too far, should be generally beneficial for the economy as a whole.

There is a threat that this slide in the pound will lead to higher inflation. This is not necessarily a bad thing. In general, governments have learned how to cope with inflation; what no-one has yet managed to solve is deflation. For example, the Japanese economy has been seeking to reverse it for the last decade.

The press seems intent on blowing any Brexit story out of all proportion, such that we had the availability of Marmite occupying most of the front pages for a day or two. The effect of this is that markets will inevitably be volatile for the next few months until the government discovers what it is actually going to negotiate with Europe.

The fund has a high level of liquid funds and is generally invested in high quality stocks which are well placed to prosper whatever the vagaries of the stock market.

**SIR AUBREY BROCKLEBANK**

**Chairman**

Date: 7 December 2016

# STRATEGIC REPORT

The purpose of the strategic report is to inform shareholders on key matters and help them to assess how the directors have performed in their duty to promote the success of the Company. The report has been prepared by the Directors in accordance with the requirements of Section 414A of the Companies Act 2006. The Company's independent auditor is required by law to report on whether the information given within the strategic report is consistent with the financial statements.

## **The Company and its Business Model**

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".

In common with many other VCTs, the Company revoked its status as an investment company as defined in section 266 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 maximising tax free dividend distributions to shareholders.

The Company is an externally managed fund with a Board comprising of three non-executive directors. Hargreave Hale Limited acts as investment manager, administrator and custodian to the Company and provide the company secretary.

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 Hargreave Hale 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.

## **Investment Objectives**

The Company's investment objectives are:

- to invest in a diversified portfolio of small UK based companies on a high risk, medium term capital growth basis, primarily being companies which are traded on AIM and which have the opportunity for significant value appreciation;
- to invest in smaller companies which may not be readily accessible to private individuals and which also tend to be more risky;
- to maximise distributions to shareholders from capital gains and income generated from the Company's funds;
- targeted investment in equities which are non-qualifying investments on an opportunistic basis; and
- to maintain the Company's exposure to small companies through an initial investment of new capital into the Marlborough Special Situations Fund pending investment into qualifying companies.

## **Asset Allocation**

The Company will have a range of investments in three distinct asset classes:

- Equity investments in qualifying companies, referred to as "Qualifying Investments". Qualifying Investments will:
  - comprise qualifying holdings for a VCT as defined in Chapter 4 Part 6 of the Income Tax Act 2007;
  - primarily be made in AIM companies, but the Company's investment manager will also consider ISDX-quoted companies (formally PLUS) and private companies that meet the investment criteria summarised below; and
  - vary in size from £50,000 to £1 million;
- Quasi-sovereign debt, bonds and other fixed income securities;
- Bank deposits that are readily realisable; and
- Non qualifying equity exposure in the form of equity exposure to UK and international equities through targeted investments made on an opportunistic basis or through an investment into the Marlborough Special Situations Fund.

### **Investment Manager**

The Company is managed by Hargreave Hale Limited, a fund manager with approximately £6.9 billion under administration and £6.0 billion under managed accounts. Hargreave Hale has been managing investments in UK Small and Micro Cap companies for 18 years and VCTs for 12 years. It has a long established reputation that stems from its management of the Marlborough Special Situations Fund and the Marlborough UK Micro Cap Fund, and more recently the VCTs. It has won numerous awards for its management of small cap funds. In accordance with the investment policy, both Hargreave Hale AIM VCT 1 and Hargreave Hale AIM VCT 2 have made investments in the Marlborough Special Situations Fund, which has returned 2,258% (to 30 September 2016) since Giles Hargreave took responsibility for it in July 1998.

The investments of the Company are co-managed by Giles Hargreave and Oliver Bedford, with support from the rest of the firm's investment team together comprising a total investment team of 14. The investment team manages approximately £3.9 billion, of which approximately £2.6 billion is invested in small companies, many of which are quoted on AIM. The breadth of the investment team, the scale of investment in small companies and the investment manager's track record help attract deal flow.

### **Investment Strategy**

#### **Qualifying Investments**

The investment manager will maintain a diversified and fully invested portfolio of Qualifying Investments, primarily in small UK companies with a quotation on AIM. The primary purpose of the investment strategy is to ensure the Company maintains its status as a VCT. To achieve this, the Company must have 70% 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.

Although VCTs are required to invest and maintain a minimum of 70% of their funds invested in Qualifying Investments as measured by the VCT rules, it is likely that the investment manager will target a higher threshold of approximately 80% in order to provide some element of protection against an inadvertent breach of the VCT rules. The Company's maximum exposure to a single Qualifying Investment is limited to 15% of net assets.

The key selection criteria used in deciding which Qualifying Investments to make include, inter alia:

- the strength and credibility of the management team;
- the business plan;
- the risk/reward profile of the investment opportunity;
- the quality of the finance function and budgetary process;
- the strength of the balance sheet relative to anticipated cash flow from operations; and
- the existing balance of investments within the portfolio of Qualifying Investments.

The investment manager follows a stock specific, rather than sector specific, investment approach and is more likely to provide expansionary capital than seed capital.

The investment manager will primarily focus on investments in companies with a quotation on AIM or plans to trade on AIM. The investment manager prefers to participate in secondary issues of companies that are quoted on AIM as such companies have an established track record that can be more readily assessed and greater disclosure of financial performance. Secondary issues are often priced at an attractive discount to the market price.

#### **Non-Qualifying Investments**

The Company will have additional non-qualifying equity exposure to UK and international equities through targeted investments made on an opportunistic basis. This will vary in accordance with the investment manager's view of the equity markets and may fluctuate between nil and 30% of the net assets of the Company. The investment manager will also invest in fixed income securities and cash.

The investment manager may invest up to 75% of the net proceeds of any issue of new shares into the Marlborough Special Situations Fund subject to a maximum of 20% of the gross assets of the Company. This will enable the Company to maintain their exposure to small companies indirectly, whilst the investment manager identifies opportunities to invest directly into small UK companies through a suitable number of Qualifying Investments.

The allocation between asset classes in the non-qualifying portfolio will vary depending upon opportunities that arise with a maximum exposure of 100% of the non-qualifying portfolio to any individual asset class.

## Business Review

The chairman's statement and investment manager's report contain a balanced and comprehensive analysis of the business during the financial year and the position of the investments at the year end. The financial position of the Company at 30 September 2016 was strong with no debt or gearing.

## Key Performance Indicators

At each board meeting, the Directors consider a number of performance measures to assess the Company's success in achieving its objectives. The key performance indicators (KPIs) are established industry measures and are as follows:

- Net asset value;
- Total return;
- Ongoing expense ratio;
- Earnings and dividend per share; and
- Percentage invested in Qualifying Companies.

Commentary on the performance of these KPIs has been discussed in the chairman's statement and investment manager's report. In addition to the above, the Board considers peer group comparative performance. Performance is also measured against the Company's closest benchmark, The FTSE AIM All-share Index. The performance measures for the year are included in the financial highlights.

## Overview of the year

In the financial year under review, net assets increased from £35.9m to £47.1m. In this period the NAV per share increased from 74.64p to 75.93p. This resulted in a gain to ordinary shareholders of 5.29 pence per share after adjusting for dividends paid of 4.00 pence per share.

## Ongoing Expenses

The ongoing charges of the Company for the financial year under review represented 1.99% (2015: 2.24%) of year end net assets, which remains competitive when compared with other AIM focused VCTs. Shareholders should note this ratio has been calculated as total expenses minus ad hoc legal costs, divided by year-end net assets.

## Earnings per Share

The Company's earnings per share for the year ended 30 September 2016 was 5.58 pence per share (2015: -1.06 pence). The Board remains pleased with the Company's performance.

## Dividends

An interim dividend of 1.75 pence was paid on 8 July 2016 and a final dividend of 2.25p has been proposed.

## Investments

As a whole, during the year, the qualifying portfolio increased from £25.5m to £28.7m. The Company invested in 19 Qualifying Investments at a cost of £3.7m, of which 11 were investments into new Qualifying Companies.

For further details please refer to the investment managers report.

## Borrowings

It is not the Company's present intention to have any borrowings. The Company does, however, have the ability to borrow a maximum amount up to 15% of the "Adjusted Capital and Reserves" amount (as such term is defined in the Articles of Association of the Company), which is effectively the aggregate of the nominal capital of the Company issued and paid up and the amount standing to the credit of the consolidated reserves of the Company, less specified adjustments, exclusions and deductions. There are no plans to utilise this ability at the current time.

## Buybacks

In total, 1,206,293 shares were purchased during the year at a weighted average price of 69.61 pence per share.

## Principal Risks and Uncertainties

The Directors acknowledge that they are responsible for the effectiveness of the Company's risk management and internal controls and periodically review the principal risks faced by the Company at the quarterly board meetings. The Board may exercise these responsibilities through delegation to Hargreave Hale Limited as it considers appropriate.

The principal risks facing the Company relate to the Company's investment activities and include risks stated below:

Risk	How the Board mitigates risk
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<b>Venture Capital Trust approval risk</b> – the Company operates in a complex regulatory environment and faces a number of related risks. A breach of section 259 of the Income Taxes Act 2007 could result in the disqualification of the Company as a VCT and the loss of tax reliefs for the Company and individual shareholders.	To reduce this risk, the Board has appointed the investment manager, who has significant experience in venture capital trust management and reports to the Board regularly throughout the year. In addition, to provide further formal assurance, the Board has appointed Philip Hare & Associates LLP to monitor compliance with regulations and provide half yearly compliance reports to the Board.
<b>Investment risk</b> – Many of the Company’s investments are held in high risk companies, which are either listed on AIM or privately held.	The investment manager maintains a broad portfolio of investments and holds regular company meetings to monitor investments and identify potential risk. Regular board meetings and dialogue with the Directors support strong governance. Whilst tax legislation limits each Company’s maximum exposure to a single Qualifying Investment to 15% of net assets (at book cost), the investment manager’s preference for portfolio diversification means that Qualifying Investments rarely exceed 5% of net assets.
<b>Discount volatility</b> – Venture Capital Trust shares tend to trade at discounts to their underlying net asset values, which can fluctuate considerably.	To minimise the impact of such fluctuations, the Company has a share buyback policy whereby the Company purchases shares for cancellation.
<b>Compliance risk</b> – The Company is required to comply with the rules of the UK Listing Authority, the Companies Act, Accounting Standards and other legislation. The Company is also a small registered Alternative Investment Fund Manager (“AIFM”) and has to comply with the requirements of the AIFM Directive.	Failure to comply with these regulations could result in a delisting of the Company’s shares, financial penalties, a qualified audit report or loss of shareholder trust. Board members and the investment manager have considerable experience of operating at senior levels within quoted businesses. Regulatory requirements are continually reviewed and the Board seek legal advice when appropriate.
<b>Economic risk</b> – Events such as economic recession and movement in interest rates could affect smaller companies’ valuations.	The investment manager constantly monitors the markets and the portfolio companies and reports to the Board at each meeting. The risk that the value of a security or portfolio of securities could decline in the future is mitigated by holding a diversified portfolio, across a broad range of sectors.
<b>Fraud</b> – Fraud may occur enacted by a third party, the investment manager or administrator.	Internal controls are documented and periodically reviewed on a quarterly basis by senior management. The investment management and administration functions are segregated by department and location.
<b>Operational risk</b> – Failure of the investment manager/administrator’s systems or disruption to their business could result in the inability to provide accurate reporting.	The Board regularly reviews performance at quarterly board meetings.
<b>Reputational risk</b> – Inadequate or failed controls might result in breaches of regulations or loss of shareholder trust.	The investment manager operates a robust risk management system which is reviewed regularly to ensure controls remain effective in mitigating risks to the Company. Details of the Company’s internal controls are included in the corporate governance statement.
<b>Liquidity risk</b> – Investments in small companies are often illiquid and may be difficult to realise.	The funds liquidity is monitored on a monthly basis.
<b>Outsourcing risk</b> – Any task outsourced to an external company.	Reputable firms used and documents reviewed internally.

Additional risks and further details of the above risks and how they are managed are explained in the notes to the financial statements. Trends affecting future developments are discussed in the chairman’s statement and the investment manager’s report.

#### **Environmental and social responsibility**

The Board conducts the Company’s affairs responsibly and expects the investment manager to consider social and environmental matters when appropriate, particularly with regard to investment decisions. The Board acknowledges

that adopting electronic communications would reduce the volume of paper used for investor communication and intends to seek authority from its shareholders at the Company's next general meeting. Board meetings are held by conference call where appropriate.

#### **Human Rights**

The Board conducts the Company's affairs responsibly and expects the investment manager to consider human rights when fulfilling their role, particularly with regard to investment decisions.

#### **Long term viability statement**

In accordance with provision C.2.2 of the 2014 revision of the Code, the Directors have assessed the prospect of the Company over a longer period than the 12 months required by the 'Going Concern' provision. The Board conducted this review for a period of five years, which was selected because it:

- i. falls in line with the Company continuation vote and investors minimum holding period to retain tax relief; and
- ii. covers a sufficient period for all funds raised to comply with HMRC investment test rules.

The Directors have taken account of the Company's current position and the potential impact of the principal risks documented in this report. Based on this assessment the Directors have a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over the next five years.

In making this statement the Directors have considered the current position of the Company, carried out a robust assessment of the principal risks facing the Company in severe but reasonable scenarios and the effect of any mitigating actions and considered the potential impact of these risks on the business model, future performance and liquidity of the Company.

#### **Prospects**

The prospects and future development of the Company are discussed in detail in the outlook section of the chairman's statement.

#### **Additional disclosures required by the Companies Act**

#### **Employees**

The Company had no employees during the year. Board members are appointed according to knowledge and expertise. The Board currently comprises three male non-executive directors who confirm they will consider gender diversity when making future appointments.

By order of the Board of Directors.

**STUART BROOKES**

**Company Secretary**

Date: 7 December 2016

## **INVESTMENT MANAGER'S REPORT**

This report covers the 2015/16 financial year, 1 October 2015 to 30 September 2016. The investment manager's report contains references to movements in the Net Asset Value per share (NAV) and Total Return per share (net asset value per share plus distributed earnings per share). Movements in the NAV per share do not necessarily mirror the earnings per share (EPS) reported in the accounts and elsewhere, which convey the profit after tax within the Company within the reported period as a function of the weighted average number of shares in issue for the period.

#### **INVESTMENT REPORT**

The year has largely been characterised by consistent NAV appreciation disrupted by two vigorous sell offs. After a strong first quarter in which the VCT gained 3.83 pence per share, the market corrected in January as investors reacted to a stronger US dollar and downward revisions to global growth. UK small caps, we are sorry to say, were not immune to this contagion.

The uplift in global markets that started in mid-February continued through to late June as several central banks either intervened, appeared set to intervene or, in the case of the US, looked likely to adopt a more dovish position on further increases in interest rates. The UK's decision to leave the European Union led to further volatility and falls in the NAV.

Some soothing words from the Bank of England restored much needed stability in the market and allowed the NAV to recover as we moved into the final quarter of the year under review.

We feel it is too early to know the impact (if any) of Brexit on our portfolio and our view seems unlikely to change in the short-term. By and large we have left the portfolio of Qualifying Investments untouched, while reducing at the margin some of our non-qualifying equity risk. While we are cautious of certain sectors, financials and consumer discretionary for example, we continue to find interesting investment opportunities in qualifying companies that we believe can grow regardless of the outcome. To that end, we intend to continue with business as usual while keeping a close eye on events as they unfold.

## **PERFORMANCE**

In the twelve months to 30 September 2016, the NAV increased from 74.64p to 75.93p. A total of 4 pence per share was paid in dividends, giving investors a total return of 5.29 pence per share, which translates to a gain of 7.1%. During the same period the FTSE AIM All-Share Total Return gained 15.6%, whilst the FTSE 100 gained 13.8% (18.4% on a total return basis).

The Qualifying Investments made a net contribution of 3.32 pence per share with thirty-five out of the eighty making gains, four unchanged and forty-one losing ground. The balance was the net of non-qualifying portfolio gains, running costs and investment income.

DP Poland was the top performing Qualifying Investment (+169.4%, +1.13 pence per share) as the shares responded to a set of strong results in March, an encouraging trading update in July and substantial director's buying. Craneware also performed very well (+87.4%, +1.11 pence per share). On top of strong progress over the year Craneware is a significant net benefiter of the depreciation in sterling, with 100% of revenues and only 75% of costs derived in the US (the remaining 25% of costs are based in the UK). The market has been quick to re-rate dollar earners post Brexit. Portr (+76.6%, +0.89 pence per share), an early stage private company providing London with an on-demand luggage transfer service, raised capital at a 76.6% premium to our initial cost to help fund the recently launched off airport check in solution in partnership with British Airways (we participated in the last round and marked the shares up accordingly). Idox (+67.9%, +0.89 pence per share), Abcam (+44.7%, +0.84 pence per share) and Quixant (+86.2%, +0.76) were all also significant contributors over the period.

The biggest losses within the period came from Intercede (-47.7%, -0.54 pence per share) after they announced a slow start to the financial year ending March 2017, with delays continuing in the receipt of anticipated license orders from both new and existing customers. Other losses came from TLA (-29.9%, -0.50 pence per share), Microsaic (-83.6%, -0.46 pence per share) and Cohort (-15.3%, -0.40 pence per share).

We invested £3.67m into nineteen Qualifying Investments over the period, including eight further investments into existing qualifying companies; four IPOs; six secondary placings into listed companies and one additional private investment.

Within the qualifying portfolio we reduced our investments in TrakM8, DP Poland, Imaginatik, Directa Plus, Abcam, Craneware and Cohort. All seven companies experienced strong runs in the market with a combined realised gain of £778k. We completely exited Sphere Medical, Nektan, Proxama and Outsourcery following prolonged periods of poor progress recognising a realised loss of £1,078k. We exited Vision Direct and Jelf through competitive trade sales and also exited Tangent Communications through a Management Buyout resulting in a net gain of £614k.

## **PORTFOLIO STRUCTURE**

The VCT is comfortably through the HMRC defined investment test and ended the period at 94.66% invested as measured by the HMRC investment test. By market value, the VCT had a 60.9% weighting to Qualifying Investments.

The allocation to non-qualifying equity investments increased marginally from 13.8% to 15.4%. We continued to make use of the Marlborough Special Situations Fund as a temporary home for proceeds from fundraising; the allocation marginally increased from 4.4% to 4.7%. The non-qualifying investments contributed +2.87 pence per share to the overall gains. Fixed income as a percentage of the fund increased from 0.8% to 0.9% and cash increased from 10.5% to 18.4%.

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 section of the annual report. Funds raised by VCTs are first included in the investment 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**

Deal flow has been good since period end and we have made one follow on investment in an existing qualifying holding, one investment in a new qualifying holding and one investment in a new private qualifying company. We also have a number of deals in the pipeline which we expect to complete in the coming weeks.

For further information please contact:

Stuart Brookes

Company Secretary

Hargreave Hale AIM VCT1 plc

01253 754740

Date: 7 December 2016

## **STATEMENT OF DIRECTORS' RESPONSIBILITIES**

### **In respect of the financial statements**

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors are required to prepare the financial statements and have elected to prepare the company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice ("UK GAAP") (United Kingdom Accounting Standards and applicable law). Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss for the Company for that period.

In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether they have been prepared in accordance with UK GAAP; subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business; and
- prepare a director's report, a strategic report and director's remuneration report which comply with the requirements of the Companies Act 2006.

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

The Directors are responsible for ensuring that the annual report and accounts, taken as a whole, are fair, balanced, and understandable and provides the information necessary for shareholders to assess the Company's position and performance, business model and strategy.

### **Website publication**

The Directors are responsible for ensuring the annual report and the financial statements are made available on a website. Financial statements are published on the Company's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the Company's website is the responsibility of the Directors. The Directors' responsibility also extends to the ongoing integrity of the financial statements contained therein.

## Directors' Responsibility Statement pursuant to DTR4

Sir Aubrey Brocklebank (Chairman), David Brock and Giles Hargreave, the Directors confirm to the best of their knowledge that:

- The financial statements have been prepared in accordance with UK GAAP and give a true and fair view of the assets, liabilities, financial position and profit and loss of the Company; and
- The annual report includes a fair review of the development and performance of the business and the financial position of the Company, together with a description of the principal risks and uncertainties that it faces.

For and on behalf of the Board

**Sir Aubrey Brocklebank Bt**

Chairman

Date: 7 December 2016

## DIRECTORS' REMUNERATION

The Director's Remuneration Report was approved by the Board of Directors on 7 December 2016 and will be further subject to an advisory vote at the Annual General Meeting being held on 12 January 2017 and every year thereafter.

## INCOME STATEMENT

**For the year ended 30 September 2016**

	Note	Revenue £000	Capital £000	Total £000
Net gain on investments held at fair value through profit or loss		-	3,645	3,645
Income		369	-	369
		-----	-----	-----
		369	3,645	4,014
		-----	-----	-----
Management fee		(156)	(467)	(623)
Other expenses		(276)	-	(276)
		-----	-----	-----
		(432)	(467)	(899)
		-----	-----	-----
(Loss)/gain on ordinary activities before taxation		(63)	3,178	3,115
Taxation		-	-	-
		-----	-----	-----
(Loss)/gain after taxation		(63)	3,178	3,115
		-----	-----	-----
(Loss)/gain per share basic and diluted	2	(0.11)p	5.69p	5.58p
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## INCOME STATEMENT

**For the year ended 30 September 2015 (Comparative Information)**

	Note	Revenue £000	Capital £000	Total £000
Net gain on investments held at fair value through profit or loss		-	88	88
Income		240	-	240
		-----	-----	-----
		240	88	328
		-----	-----	-----

Management fee		(127)	(381)	(508)
Other expenses		(290)	-	(290)
		-----	-----	-----
		(417)	(381)	(798)
		-----	-----	-----
(Loss) on ordinary activities before taxation		(177)	(293)	(470)
Taxation		-	-	-
		-----	-----	-----
(Loss) after taxation		(177)	(293)	(470)
		-----	-----	-----
(Loss) per share basic and diluted	2	(0.40)p	(0.66)p	(1.06)p
		-----	-----	-----

The total column of these statements is the income statement of the Company. All revenue and capital items in the above statement's derive from continuing operations. There are no recognised gains or losses other than the loss for the year.

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

## BALANCE SHEET

**As at 30 September 2016**

Company registration number: 5206425  
(in England and Wales)

	Note	2016	2015
		£000	£000
<b>Fixed assets</b>			
Investments at fair value through profit or loss		38,572	32,353
		-----	-----
<b>Current assets</b>			
Debtors		44	32
Cash at bank		8,647	3,764
		-----	-----
		8,691	3,796
Creditors: amounts falling due within one year		(191)	(208)
		-----	-----
Net current assets		8,500	3,588
		-----	-----
Net assets		47,072	35,941
		-----	-----
<b>Capital and Reserves</b>			
Called up share capital		620	482
Share premium		21,845	10,987
Capital redemption reserve		28	16
Special reserve		19,052	22,044
Capital reserve – realised		(3,725)	(3,506)
Capital reserve – unrealised		9,651	6,254
Revenue reserve		(399)	(336)
		-----	-----
Total shareholders' funds		47,072	35,941
		-----	-----
Net asset value per share	3	75.93p	74.64p

These financial statements were approved and authorised for issue by the Board of Directors on 7 December 2016 and signed on its behalf by

**Sir Aubrey Brocklebank Bt**  
Chairman

7 December 2016

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

## STATEMENT OF CHANGES IN EQUITY

**For the year ending 30 September 2016**

	Share Capital £000	Share Premium £000	Capital Redemption Reserve £000	Capital Reserve Realised £000	Capital Reserve Unrealised £000	Special Reserve £000	Revenue Reserve £000	Total £000
At 1 October 2015	482	10,987	16	(3,506)	6,254	22,044	(336)	35,941
Share buybacks	(12)		12			(846)		(846)
Share Issues	150	11,093						11,243
Issue Costs		(235)						(235)
Equity dividends paid						(2,146)		(2,146)
Realised gains on investments				248				248
Unrealised gains on investments					3,397			3,397
Management fee charged to capital				(467)				(467)
Revenue loss after taxation for the year							(63)	(63)
Total gain after taxation				(219)	3,397		(63)	3,115
At 30 September 2016	620	21,845	28	(3,725)	9,651	19,052	(399)	47,072

Reserves available for distribution are capital reserve realised, special reserve and revenue reserve.

## STATEMENT OF CHANGES IN EQUITY

**For the year ending 30 September 2015 (Comparative Information)**

	Share Capital £000	Share Premium £000	Capital Redemption Reserve £000	Capital Reserve Realised £000	Capital Reserve Unrealised £000	Special Reserve £000	Revenue Reserve £000	Total £000
At 1 October 2014	365	1,308	4	(4,917)	7,958	24,734	(159)	29,293
Share buybacks	(12)		12			(850)		(850)
Subscriptions	129	9,871						10,000
Issue Costs		(192)						(192)
Equity dividends paid						(1,840)		(1,840)
Realised gains on investments				1,792				1,792
Unrealised gains on investments					(1,704)			(1,704)
Management fee charged to capital				(381)				(381)
Revenue loss after taxation for the year							(177)	(177)

taxation for the year								
Total profit after taxation				1,411	(1,704)		(177)	(470)
At 30 September 2015	482	10,987	16	(3,506)	6,254	22,044	(336)	35,941

## STATEMENT OF CASH FLOWS

For the year ending 30 September 2016

	2016 £000	2015 £000
Total gain/(loss) on ordinary activities after taxation	3,115	(470)
Realised (gain) on investments	(248)	(1,792)
Unrealised (gain)/loss on investments	(3,397)	1,704
(Increase)/decrease in debtors	(12)	3
(Decrease)/increase in creditors	(17)	15
Net cash (outflow) from operating activities	(559)	(540)
Purchase of investments	(13,410)	(10,253)
Sale of investments	10,836	4,236
Net cash (outflow) from investment activities	(2,574)	(6,017)
Share buybacks	(846)	(849)
Issue of share capital	11,008	9,807
Dividends paid	(2,146)	(1,840)
Net cash inflow from financing activities	8,016	7,118
Increase in cash	4,883	561
Opening cash	3,764	3,203
Cash movement	4,883	561
Closing cash	8,647	3,764

Notes to the preliminary announcement.

### 1. Basis of Preparation

The financial information set out in this preliminary announcement does not constitute the Company's statutory accounts for the years ended 30 September 2016 or 30 September 2015. Statutory accounts for the year ended 30 September 2015 have been filed with the Registrar of Companies and those of the year ended 30 September 2016 will be delivered to the Registrar in due course; both have been reported on by the independent auditors. The independent auditor's reports on the Statutory accounts for the years ended 30 September 2015 and 30 September 2016 were unqualified, did not draw attention to any matters by way of emphasis, and did not contain a statement under 498(2) or 498(3) of the Companies Act 2006.

The accounts of the Company are prepared in accordance with Accounting Standards applicable in the United Kingdom. The Company's financial statements are prepared in accordance with FRS 102 and the Statement of Recommended Practice (SORP) for Financial Statements of Investment Trust Companies issued in November 2014.

This is the first period in which the Financial Statements have been prepared under FRS102 which became mandatory for companies with a financial year beginning on or after 1 January 2015.

The main change from the adoption of FRS 102 to impact the Company is presentational changes to the primary statements. There have been no changes to the recognition or measurement of assets and liabilities following the transition so no restatements have been deemed necessary.

The accounting policies used in preparing this preliminary announcement are consistent with those used in the preparation of the financial statements.

All AIM investments are valued at bid price. Unquoted companies are included at fair value. Where cost is no longer considered appropriate the Company will use a value indicated by a material arms-length transaction by an independent third party in the shares of a company. Where no such transaction exists the Company will use the most appropriate valuation technique including discounted cash flow analysis, earnings multiples, net assets and industry valuation benchmarks. The fair value of such assets or liabilities will be reviewed on a 6 monthly basis and more frequently if events occur that could have a material impact on the investment.

The accounting policies adopted in these preliminary results have been consistently applied to all the years presented and are consistent with the policies used in the preparation of the statutory accounts for the years ended 30 September 2016 and 30 September 2015. The full statutory annual accounts will be published in December 2016. Copies may in due course be obtained during normal business hours from Hargreave Hale Limited, Talisman House, Boardmans Way, Blackpool, FY4 5FY.

The Annual General Meeting of the Company will be held at the Company's registered office on 12 January 2017 at 11.00am.

## **2. Earnings per share (basic and diluted)**

Revenue return per ordinary share based on a net revenue loss on ordinary activities after taxation of £62,763 (2015 - £176,700 loss) and on 55,810,087 (2015 - 44,087,008) ordinary shares, being the weighted average number of ordinary shares in issue during the year. Capital return per ordinary share based on a net capital gain of £3,177,775 (2014 - £292,746 loss) for the year and on 55,810,087 (2015 - 44,087,008) ordinary shares, being the weighted average number of ordinary shares in issue during the year.

## **3. Net asset value per share**

The net asset value per ordinary share at 30 September 2016 of 75.93p (2015: 74.64p) is based on net assets of £47,071,964 (2015: £35,941,073) and on 61,995,274 (2015 - 48,152,281) ordinary shares being the number of shares in issue at year end.

## **4. Principle Risks and Uncertainties**

The principal risks facing the Company relate to the Company's investment activities and include venture capital trust approval risk, Investment risk, discount volatility, compliance risk, economic risk, fraud, operational risk, reputational risk, liquidity risk and outsourcing risk. Other risks faced by the Company include market risk, currency risk, interest rate risk and credit risk. These risks and the way in which they are managed are described in more detail in the Strategic Report.

## **5. Related party transactions**

### **Hargreave Hale Limited**

Hargreave Hale Limited is considered to be a related party to the Company. Giles Hargreave, a non-executive director of the Company and a member of its key management personnel, is the chairman of Hargreave Hale Limited and has an interest in excess of 7% in that company. In addition Hargreave Hale Limited acts as investment manager, administrator and custodian to the Company and it provides the company secretary. All of the support functions performed by Hargreave Hale Limited are segregated by department and location and are independent of each other.

Hargreave Hale Limited in its capacity as investment manager of the fund receives annual fees of 1.5% per annum of the net asset value of the Company, calculated and payable quarterly in arrears. Fees for the year are £622,596 (2015 - £507,556). In relation to the other support functions described above, Hargreave Hale Limited also provides administration services, custody services, company secretarial services and one non-executive director, and received fees of £81,667 (2015: £78,500) in relation to these services. Of those fees, £72,089 (2015: £57,177) was still owed at the year end.

Hargreave Hale Limited has agreed to indemnify the Company against annual running costs (such costs excluding VAT, any performance incentive fee and any trail commissions the payment of which is the responsibility of the Company) exceeding 3.5% of its net assets. No fees were waived between 1 October 2014 and 30 September 2015 and no fees were waived between 1 October 2015 and 30 September 2016 under the indemnity.

## 6. Joint Offer for Subscription of Ordinary Shares

During the year, the Company issued 15,049,286 ordinary shares of 1 pence per share (nominal value £150,493) in a joint offer for subscription which resulted in gross funds being received of £11,242,501. As marketing agent to the Company, and in return for covering costs of the joint offer, Hargreave Hale was entitled to 3.5% of the gross proceeds (£393,488) often referred to as the 'premium'. From this, Hargreave Hale Ltd paid for the allotment of additional shares to investors with a value of £158,726 and introducer commission of £290 resulting in net fees payable to Hargreave Hale Limited of £234,472.

Following the year end, the offer for subscription has resulted in an additional 1,573,371 ordinary shares being issued, raising gross proceeds of £1,217,664.50. The offer closed on 16 November 2016.

### New Joint Offer for Subscription of Ordinary Shares

The Directors announced on 16 November 2016 their intention to launch a new offer for subscription of new ordinary shares this calendar year for subscription in the 2016/2017 and 2017/2018 tax years. Full details of the offer will be contained in a prospectus that is expected to be published shortly.

## 7. Capital Structure

### Share Capital

Ordinary shares are classed as equity. The ordinary shares in issue have a nominal value of one pence and carry one vote each. Substantial holdings in the Company are disclosed in the directors' report.

### Share Premium

This reserve represents the difference between the issue price of shares and the nominal value of shares at the date of issue, net of related issue costs.

### Capital Redemption Reserve

This reserve is used for the cancellation of shares bought back under the buyback facility.

### Special Reserve

Distributable reserve used to pay dividends and re-purchase shares under the buyback facility.

### Capital Reserve Realised

Gains/losses on disposal of investments, permanent impairment of financial assets and 75% of the investment management fee are accounted for in the capital reserve realised.

### Capital Reserve Unrealised

Unrealised gains and losses on investments held at the year-end arising from movements in fair value are taken to the capital reserve unrealised.

### Revenue Reserve

Net revenue profits and losses of the Company.

## INVESTMENT PORTFOLIO SUMMARY

### Ordinary Share Fund

As at 30 September 2016

	Book Cost	Valuation	Valuation	Net Assets	Sector
Qualifying Investments	£000	£000	%	%	
Abcam plc	60	1,512	3.92	3.21	Health Care
Cohort plc	619	1,473	3.82	3.13	Industrials
Craneware plc	135	1,318	3.42	2.80	Health Care
Portr Ltd**	722	1,275	3.31	2.71	Information Technology

Idox plc	135	1,225	3.18	2.60	Information Technology
Animalcare Group plc	220	1,068	2.77	2.27	Health Care
K3 Business Tech Group plc	270	1,056	2.74	2.24	Information Technology
Learning Technologies Group plc	663	1,010	2.62	2.15	Information Technology
Science in Sport plc	778	1,010	2.62	2.15	Consumer Discretionary
Quixant plc	160	939	2.43	1.99	Consumer Discretionary
TrakM8 Holdings plc	106	935	2.42	1.99	Information Technology
DP Poland plc	262	804	2.08	1.71	Consumer Discretionary
Mexican Grill Ltd (A Preference Shares)**	185	770	2.00	1.64	Consumer Discretionary
Ideagen plc	410	639	1.66	1.36	Information Technology
TLA Worldwide plc	300	615	1.59	1.31	Consumer Discretionary
Instem plc	297	542	1.41	1.15	Health Care
Surface Transforms plc	289	500	1.30	1.06	Industrials
Belvoir Lettings plc	513	494	1.28	1.05	Real Estate
Vertu Motors plc	600	463	1.20	0.98	Consumer Discretionary
Hardide plc	786	431	1.12	0.92	Materials
Tasty plc	288	430	1.11	0.91	Consumer Discretionary
Intercede Group plc	247	420	1.09	0.89	Information Technology
Eagle Eye Solutions plc	541	414	1.07	0.88	Information Technology
Angle plc	348	380	0.98	0.81	Health Care
Osirium Technologies plc	301	371	0.96	0.79	Information Technology
ULS Technology plc	221	362	0.94	0.77	Information Technology
MartinCo plc	225	349	0.90	0.74	Real Estate
Kalibrate Technologies plc	323	326	0.85	0.69	Information Technology
Premaitha Health plc	432	324	0.84	0.69	Health Care
Gfinity plc	326	316	0.82	0.67	Information Technology
CentralNic Group plc	293	315	0.82	0.67	Information Technology
Loopup Group plc	257	307	0.80	0.65	Information Technology
Laundrapp Ltd**	301	300	0.78	0.64	Consumer Discretionary
EKF Diagnostics Holdings plc	300	285	0.74	0.61	Health Care
Plastics Capital plc	250	280	0.73	0.59	Materials
Clearstar Inc	449	276	0.72	0.59	Industrials
					Telecommunication
Satellite Solutions Worldwide Group plc	154	275	0.71	0.58	Services
Flowgroup plc	577	264	0.68	0.56	Industrials
Universe Group plc	210	263	0.68	0.56	Information Technology
Renuron plc	534	251	0.65	0.53	Health Care
Mirada plc	618	242	0.63	0.51	Information Technology
Electrical Geodesics, Inc	200	240	0.62	0.51	Health Care
Everyman Media Group plc	171	225	0.58	0.48	Consumer Discretionary
Maxcyte Inc	190	225	0.58	0.48	Health Care
Globaldata plc	173	206	0.53	0.44	Information Technology
Egdon Resources plc	158	203	0.53	0.43	Energy
Ilika plc	218	198	0.51	0.42	Industrials
Faron Pharmaceuticals Oy	200	196	0.51	0.42	Health Care
APC Technology Group plc	499	186	0.48	0.40	Information Technology
Verona Pharma plc	127	179	0.46	0.38	Health Care
Medaphor Group plc	250	167	0.43	0.35	Consumer Discretionary
Porta Communications plc	505	164	0.43	0.35	Consumer Discretionary
Pressure Technologies plc	170	147	0.38	0.31	Energy
Fusionex International plc	138	138	0.36	0.29	Information Technology
					Telecommunication
Cloudcall Group plc	259	135	0.35	0.29	Services
Audioboom plc	166	134	0.35	0.28	Information Technology
Directa Plus plc	70	121	0.31	0.26	Materials
WANDisco plc	89	103	0.27	0.22	Information Technology
Lidco Group plc	220	98	0.25	0.21	Health Care
Genedrive plc	140	96	0.25	0.20	Health Care
Redcentric plc	214	95	0.25	0.20	Information Technology
Midatech Pharma plc	200	93	0.24	0.20	Health Care
Synairgen plc	140	90	0.23	0.19	Health Care



Mexican Grill Ltd (Ordinary Shares)**	21	86	0.22	0.18	Consumer Discretionary
Haydale Graphene Industries plc	67	78	0.20	0.17	Materials
Imaginatik plc	254	76	0.20	0.16	Information Technology
TP Group plc	185	66	0.17	0.14	Industrials
Microsaic Systems plc	51	49	0.13	0.10	Information Technology
Mycelx Technologies Corporation plc (Com SHS \$0.025 + (D1) shares)	300	39	0.10	0.08	Industrials
Mporium Group plc	301	21	0.05	0.04	Information Technology
Brigantes Energy Ltd***	0	0	0.00	0.00	Energy
Corfe Energy Ltd***	0	0	0.00	0.00	Energy
Infoserve Group plc***	0	0	0.00	0.00	Consumer Discretionary
Invocas Group plc***	0	0	0.00	0.00	Consumer Discretionary
	-----	-----	-----	-----	
<i>Total Qualifying Investments</i>	<i>20,381</i>	<i>28,683</i>	<i>74.36</i>	<i>60.93</i>	

#### Non-Qualifying Investments

MFM Special Situations Fund**	1,949	2,206	5.72	4.69	
	-----	-----	-----		
<i>Total – Unit Trusts</i>	<i>1,949</i>	<i>2,206</i>	<i>5.72</i>	<i>4.69</i>	

UK Treasury Stock 0.125% 2068	312	443	1.15	0.94	
	-----	-----	-----		
<i>Total – UK gilts</i>	<i>312</i>	<i>443</i>	<i>1.15</i>	<i>0.94</i>	

FCFM Group Ltd**	300	565	1.46	1.20	Financials
Melrose Industries plc	334	522	1.35	1.11	Industrials
Fulcrum Utility Services Ltd	125	504	1.31	1.07	Utilities
Atkins (WS) plc	345	423	1.10	0.90	Industrials
Royal Dutch Shell plc	333	400	1.04	0.85	Energy
Merlin Entertainments plc	331	330	0.86	0.70	Consumer Discretionary
RPC Group plc	234	327	0.85	0.69	Materials
Quixant plc	159	304	0.79	0.65	Consumer Discretionary
Finsbury Food Group plc	140	299	0.77	0.64	Consumer Staples
BP plc	216	291	0.75	0.62	Energy
Babcock International Group plc	236	259	0.67	0.55	Industrials
On the Beach Group plc	357	251	0.65	0.53	Consumer Discretionary
Ladbrokes plc	259	245	0.64	0.52	Consumer Discretionary
JD Sports Fashion plc	202	242	0.63	0.51	Consumer Discretionary
Just Eat plc	200	241	0.62	0.51	Information Technology
Horizon Discovery Group plc	260	226	0.59	0.48	Health Care
Taylor Wimpey plc	299	223	0.58	0.47	Consumer Discretionary
Micro Focus International plc	152	220	0.57	0.47	Information Technology
Mexican Grill Ltd (A Preference Shares)**	128	196	0.51	0.42	Consumer Discretionary
Mccarthy and Stone plc	225	158	0.41	0.34	Health Care
Learning Technologies Group plc	76	136	0.35	0.29	Information Technology
Sanne Group plc	106	134	0.35	0.28	Financials
Sportech plc	130	128	0.33	0.27	Consumer Discretionary
Everyman Media Group plc	85	109	0.28	0.23	Consumer Discretionary
Reneuron plc	104	91	0.24	0.19	Health Care
Amerisur Resources plc	167	74	0.19	0.16	Energy
The Fulham Shore plc	38	68	0.18	0.14	Consumer Discretionary
Regent Pacific Group Ltd	150	63	0.16	0.13	Health Care
Midatech Pharma plc	134	62	0.16	0.13	Health Care
Audioboom plc	59	43	0.11	0.09	Information Technology
Eagle Eye Solutions plc	44	36	0.09	0.08	Information Technology
Plexus Holdings plc	125	31	0.08	0.07	Energy
Mexican Grill Ltd (Ordinary Shares)**	26	26	0.07	0.06	Consumer Discretionary
Mycelx Technologies Corporation plc (Com SHS \$0.025 REG S+ shares)	200	13	0.03	0.03	Industrials

	-----	-----	-----	-----
<i>Total – Non-Qualifying equities</i>	6,279	7,240	18.77	15.38
	-----	-----	-----	-----
<i>Total –Non-Qualifying Investments</i>	8,540	9,889	25.64	21.01
	-----	-----	-----	-----
<b>Total investments</b>	<b>28,921</b>	<b>38,572</b>	<b>100.00</b>	<b>81.94</b>
	-----	-----	-----	-----
Cash at bank		8,647		18.37
Prepayments & Accruals		(147)		(0.31)
		-----		-----
<b>Net Assets</b>		<b>47,072</b>		<b>100.00</b>
		-----		-----

\*These are actual holdings of less than £500.

\*\*Unquoted Companies.

\*\*\*Unquoted Company holding of less than £500.

The majority of investments held within the portfolio are listed and/or headquartered in the UK with the exception of the following:

	<b>Listed</b>	<b>Headquartered</b>	<b>Registered</b>
<i>AIM listed Investments:</i>			
Audioboom plc	UK	UK	Jersey
Clearstar Inc	UK	Cayman Islands	Cayman Islands
Electrical Geodesics Inc	UK	USA	USA
Faron Pharmaceuticals Oy	UK	Finland	Finland
Fulcrum Utility Services Ltd	UK	UK	Cayman Islands
Fusionex International plc	UK	UK	Jersey
Maxcyte Inc	UK	USA	USA
Mycelx Technologies Corporation plc	UK	USA	USA
Sanne Group plc	UK	Jersey	Jersey
WANDisco plc	UK	UK	Jersey
<i>Unlisted private companies:</i>			
Brigantes Energy Ltd	-	UK	UK
Corfe Energy Ltd	-	UK	UK
FCFM Group Ltd	-	UK	UK
Infoserve Group plc	-	UK	UK
Invocas Group plc	-	UK	UK
Laundrapp Ltd	-	UK	UK
Mexican Grill Ltd	-	UK	UK
Portr Ltd	-	UK	UK
<i>Authorised unit trust:</i>			
Marlborough Special Situations Fund	-	UK	UK

## TOP TEN INVESTMENTS

As at 30 September 2016 (By Market Value)

The top 10 equity investments are shown below; each is valued by reference to the bid price, or in the case of unquoted companies, values are either based on the last arm's length transaction or valuation techniques, such as earnings

multiples. Forecasts, where given, are drawn from a combination of broker research and/or Bloomberg consensus forecasts and exclude amortisation, share based payments and exceptional items. Forecasts are in relation to a period end for which the company results are yet to be released. The net asset figures are drawn from audited accounts and net cash values are from published accounts in most cases.

<b>Abcam plc</b>			<b>840.0p</b>
Investment date	November 2010	Forecasts for the year to	June 2017
Equity Held	0.09%	Turnover (£'000)	203,600
Av Purchase Price	33.4p	Profit/(loss) before tax (£'000)	59,500
Cost (£'000)	60	Net Cash (£'000)	68,919
Valuation (£'000)	1,512	Net Assets June 2016 (£'000)	261,190

#### **Company Description**

Abcam PLC produces and distributes research-grade antibodies via an online catalogue. The Company's customers include universities, research institutes and pharmaceutical and biotechnology companies in countries around the world.

<b>Cohort plc</b>			<b>310.0p</b>
Investment date	February 2006	Forecasts for the year to	April 2017
Equity Held	1.16%	Turnover (£'000)	131,700
Av Purchase Price	130.2p	Profit/(loss) before tax (£'000)	14,300
Cost (£'000)	619	Net Cash (£'000)	19,800
Valuation (£'000)	1,473	Net Assets June 2016 (£'000)	70,789

#### **Company Description**

Cohort is the parent company of four well established, wholly owned subsidiaries providing a wide range of services and products for UK and international customers. Mass designs, manufactures and supports electronic systems and software, and provides specialist services and training. SCS specialises in providing advice and support based on sound technical knowledge coupled with experience of its practical application. SEA delivers systems engineering, software and electronic engineering services and solutions, including specialist design and manufacture. MCL designs, services and supports advanced electronic and surveillance equipment.

<b>Craneware plc</b>			<b>1250.0p</b>
Investment date	September 2007	Forecasts for the year to	June 2017
Equity Held	0.39%	Turnover (£'000)	56,700
Av Purchase Price	128.0p	Profit/(loss) before tax (£'000)	17,200
Cost (£'000)	135	Net Cash (£'000)	48,800
Valuation (£'000)	1,318	Net Assets June 2016 (£'000)	52,808

#### **Company Description**

Craneware develops and sells billing software analysis tools for the United States healthcare sector. The company's software automates the checking process, aids in cash flow and revenue generation, and ensures accurate submission of claims and managing compliance risk.

<b>Portr</b>			<b>Unquoted</b>
Investment date	July 2015	Results for the year to	December 2015
Equity Held	4.60%	Turnover (£'000)	26
Av Purchase Price	599.2p	Profit/(loss) before tax (£'000)	(2,200)
Cost (£'000)	722	Net Cash (£'000)	826
Valuation (£'000)	1,275	Net Assets June 2016 (£'000)	659
Income recognised in period (£)	0		

#### **Company Description**

Portr runs AirPortr, London's premium same day luggage transfer service. In its most basic form they deliver luggage through a flexible, transparent and cost efficient solution from London Airports to your hotel, office or home and vice

versa. Additional functionality will launch later, allowing users to specify service enhancements such as carousel collection and delivery and off-airport check in solutions.

<b>Idox plc</b>			<b>68.0p</b>
Investment date	May 2007	Forecasts for the year to	October 2016
Equity Held	0.50%	Turnover (£'000)	80,100
Av Purchase Price	7.5p	Profit/(loss) before tax (£'000)	16,600
Cost (£'000)	135	Net Cash (£'000)	(13,900)
Valuation (£'000)	1,225	Net Assets June 2016 (£'000)	53,639

#### **Company Description**

IDOX operates a software company, which produces and develops integrated and adaptable software systems for document, content and information management via web-based applications. The Company's main product, Image-Gen, allows paper-based processes to be converted into an electronic process, which can be accessed from any computer with a network or Internet link.

<b>Animalcare Group plc</b>			<b>267.0p</b>
Investment date	December 2007	Forecasts for the year to	June 2017
Equity Held	1.90%	Turnover (£'000)	15,100
Av Purchase Price	55.0p	Profit/(loss) before tax (£'000)	3,200
Cost (£'000)	220	Net Cash (£'000)	7,100
Valuation (£'000)	1,068	Net Assets June 2016 (£'000)	22,515

#### **Company Description**

Animalcare is a leading supplier of generic veterinary medicines and animal identification products to companion animal veterinary markets. It develops and sells goods and services to veterinary professionals principally for use in companion animals; operating directly in the UK and through distribution and development partners in key markets in Western Europe. Its principle product lines are licensed veterinary medicines and companion animal identification products and services.

<b>K3 Business Technology Group plc</b>			<b>352.0p</b>
Investment date	September 2005	Forecasts for the year to	June 2017
Equity Held	0.83%	Turnover (£'000)	93,700
Av Purchase Price	90.0p	Profit/(loss) before tax (£'000)	11,300
Cost (£'000)	270	Net Cash (£'000)	(8,880)
Valuation (£'000)	1,056	Net Assets June 2016 (£'000)	73,410

#### **Company Description**

K3 Business Technology Group specialises in the provision of enterprise resource planning software, which encompasses supply chain management and e-business solutions products and services. More than 200 companies rely to K3 Business Solutions to advise, recommend, implement and support their critical business systems.

<b>Learning Technologies Group plc</b>			<b>32.0p</b>
Investment date	November 2014	Forecasts for the year to	December 2016
Equity Held	0.86%	Turnover (£'000)	30,000
Av Purchase Price	20.6p	Profit/(loss) before tax (£'000)	6,200
Cost (£'000)	739	Net Cash (£'000)	(9,795)
Valuation (£'000)	1,146	Net Assets June 2016 (£'000)	25,479

#### **Company Description**

Learning Technologies Group (LTG) provides a comprehensive and integrated range of e-learning services and technologies to corporate and government clients. LTG is making good progress towards its goal of establishing a substantial global organisation of specialist digital learning businesses from Europe, US, Latin America and Asia to form a market-leading technologies agency.

**Science in Sport plc****70.0p**

Investment date	April 2014	Forecasts for the year to	December 2016
Equity Held	3.34%	Turnover (£'000)	12,002
Av Purchase Price	53.9p	Profit/(loss) before tax (£'000)	(1,187)
Cost (£'000)	778	Net Cash (£'000)	6,622
Valuation (£'000)	1,010	Net Assets December 2015 (£'000)	12,016

**Company Description**

Science in Sport plc manufactures and sells sports nutrition products. The Company develops and distributes food, nutritional supplements, and beverages formulated to hydrate, energize, recover, and enhance sports performance.

**Quixant plc****270.0p**

Investment date	May 2013	Forecasts for the year to	December 2016
Equity Held	0.70%	Turnover (£'000)	82,500
Av Purchase Price	69.3p	Profit/(loss) before tax (£'000)	13,000
Cost (£'000)	319	Net Cash (£'000)	(3,300)
Valuation (£'000)	1,243	Net Assets June 2016 (£'000)	25,651

**Company Description**

Founded in 2005, Quixant designs and manufactures complete advanced hardware and software solutions for the pay-for-play gaming and slot machine industry. Quixant's specialised products provide an all-in-one solution, based on PC technology but with additional hardware features and operating software developed specifically to address the requirements of the gaming industry.

**Co-Investment**

As at 30 September 2016, other funds managed by Hargreave Hale Ltd were also invested in some of the investments held within the Company's portfolio, these include: Abcam plc, Angle plc, Animalcare Group plc, CentralNic Group plc, Cohort plc, DP Poland plc, Eagle Eye Solutions plc, Egdon Resources plc, EKF Diagnostics Holdings plc, Finsbury Food Group plc, Flowgroup plc, Fulcrum Utility Services Ltd, The Fulham Shore plc, Genedrive plc, Gfinity plc, Globaldata plc, Horizon Discovery Group plc, Ideagen plc, Idox plc, Ilika plc, Imaginatik plc, Instem plc, Intercede Group plc, K3 Business technology Group plc, Kalibrate technologies plc, Learning Technologies Group plc, Lidco Group plc, Microsaic Systems plc, Midatech Pharma plc, Mirada plc, Mporium Group plc, Mycelx Technologies Corporation plc, On The Beach Group plc, Osirium Technologies plc, Plexus Holdings plc, Premaita Health plc, Pressure Technologies plc, Quixant plc, Redcentric plc, Sanne Group plc, Satellite Solutions Worldwide Group plc, Tasty plc and Verona Pharma plc.