

Hargreave Hale AIM VCT 1 plc announced its results for the year ended 30 September 2016 on 7 December 2016. The full Financial Statements can be accessed on the Company's website <http://www.hargreaveaimvcts.co.uk> or alternatively by following the link at the bottom of this report.

FINANCIAL HIGHLIGHTS

Ordinary Shares (as at 30 September):	2016	2015
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

For further information, please contact:-

Stuart Brookes

Company Secretary

Hargreave Hale AIM VCT 1 Plc

01253 754740

[Annual Report and Accounts - Year ended 30 September 2016](#)