

FINANCIAL HIGHLIGHTS

Ordinary Shares (as at 31 March):	31 March 2020	31 March 2019	30 September 2019 ¹
Net asset value (NAV) per share	56.70p	70.67p	70.60p
Cumulative distributions paid per share since launch	59.15p	53.65p	55.15p
NAV total return since inception ²	115.85p	124.32p	125.75p
Earnings per share (basic and diluted):			
Revenue return	(0.10)p	(0.08)p	(0.01)p
Capital return	(9.73)p	(13.34)p	(11.04)p
Combined return	(9.83)p	(13.42)p	(11.05)p
Dividends per share:			
Interim proposed/paid	1.00p	1.50p	1.50p
Special dividend	1.75p	1.00p	1.00p
Final paid	-	-	2.25p
Ongoing charges ratio ²	2.30%	1.90%	2.05%

¹ 30 September 2019 financial highlights represent annual results

² Alternative performance measure (APM) definitions and illustrations can be found in the APM and glossary of terms sections.

Investment objectives

The Company's investment objectives are:

- to invest in a diversified portfolio of small UK based qualifying 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.

Chairman's statement

Introduction

This is my first report to you since taking over the Chair post the AGM in February and within two months the world couldn't look more different. Covid-19 has had a dramatic effect on all parts of the economy and society which required a response from your company to take account of these very significant changes.

The investment team have entered remote working which is functioning well. Your Board has received regular updates from the fund manager making full use of video-conferencing where appropriate.

An increasing number of possible deals are coming our way; lots to look at; lots to leave behind. Within these will be some attractive follow on AIM and private company opportunities with the latter requiring additional careful scrutiny and due diligence. In the expectation that this trend will continue your fund manager has increased the team of professionals providing support to the fund.

Whilst the detailed fund performance follows and it is disappointing that our NAV has fallen during the reporting period, it is gratifying to see that your fund has outperformed the relevant indices in the first half of the year.

Performance

At 31 March 2020, the NAV per share was 56.70 pence which after adjusting for the dividends paid gives a NAV total return since inception of 115.85 pence. The earnings per share combined return for the period was a loss of 9.83 pence per share (comprising revenue losses of 0.10 pence and capital losses of 9.73 pence). The share price fell from 66.50 pence to 51.00 pence over the reporting period.

The NAV total return for the period⁽¹⁾ was a loss of 14.0% compared to a fall of 21.3% in the FTSE AIM All Share Total Return Index.

Investments

The investment manager, Hargreave Hale Limited, invested a further £7.64 million in 11 qualifying companies during the period. The fair value of qualifying investments at 31 March 2020 was £73.68 million invested in 73 AIM companies and 9 unquoted companies. The balance of the fund was held in a mix of cash and non-qualifying equities.

Dividend

A final dividend for the year ended 30 September 2019 of 2.25 pence was paid on 11 February 2020. A special dividend of 1.75 pence was paid on 28 November 2019, returning to shareholders proceeds from the realisation of some of the Company's underlying investments.

An interim dividend of 1.00 pence (2019: 1.50 pence) will be paid on 24 July 2020, with an ex-dividend date of 2 July 2020 and a record date of 3 July 2020.

The Directors continue to maintain their policy of targeting a tax free dividend yield equivalent to 5% of the year end NAV. The ability to pay dividends is also dependent on the Company's available reserves and cash resources, the Companies Act and the Listing 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. Dividends will vary with investment performance; in good years, the Directors may consider a higher dividend payment; in poor years, the Directors may reduce or even pay no dividend.

Buy backs

In total, 1,991,947 shares (nominal value £19,919) were repurchased during the six month period ending 31 March 2020 at a cost of £1,326,339 (average price: 66.59 pence per share). Since the period end a further 1,439,977 shares have been repurchased at a cost of £844,166 (average price of 58.62 pence per share).

Share price discount

The Board continues to target a share price discount of 5% to the NAV per share (as measured against the mid-price) for market purchases. It should be emphasised that this target is non-binding and depends upon a range of factors, including the Company's liquidity, its shareholder permissions and market conditions. Share buy backs are governed by the Listing Rules and Market Abuse Regulations, which can restrict the delivery of the policy in volatile markets. The Company has a 5 year average share price discount of 5.68%. The share price discount as at 31 March 2020 was 10.05% compared to 5.81% at 30 September 2019. Whilst the discount reported at 31 March is wider than our target of 5% we were pleased we were able to operate the policy despite the challenging market environment, whilst remaining compliant with relevant legislation.

Offer for subscription

The Company announced on 22 June 2020 its intention to launch a new offer for subscription (the "Offer"). The Company is seeking to raise up to £20 million under the Offer together with an over-allotment facility to raise up to a further £10 million.

Full details of the Offer will be set out in a prospectus to be published by the Company shortly. A further announcement will be made when the prospectus is available.

VCT fund management team

The Company's investment manager, Hargreave Hale Limited, has also notified the Board of Giles Hargreave's intention to step back from his role as co-manager of the Company's portfolio, with effect from 31 December 2020. Since 1 July 2019, Giles Hargreave has primarily supported the delivery of the Company's non-qualifying investment strategy. Although he will no longer hold a formal portfolio management role, it is the Board's expectation that he will continue to support the VCT's fund management team.

Cost efficiency

Your Board reviews costs incurred by the Company on a regular basis and are focused on maintaining a competitively low ongoing charges ratio. The period end ongoing charges ratio was 2.30% when calculated in accordance with the AIC's "Ongoing Charges" methodology.

Total costs as measured under the EU rules and published in the Company's Key Information Document (KID) are also monitored by the Board. This measure is calculated using a different methodology including some costs which are not treated as ongoing charges under the AIC's approach and therefore shows a higher figure than the published ongoing charge ratio. The current KID is published on the Company's website www.hargreaveaimvcts.co.uk.

Change to audit committee composition

Following my appointment as Chairman and in line with the guidance set out in the UK Corporate Governance Code I have decided to stand down as a member of the audit committee.

Regulatory update

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

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 94.5% when measured using HMRC's methodology. The Company satisfied all other tests relevant to its status as a Venture Capital Trust.

Key information document

In accordance with the EU's PRIIPs regulations the Company's KID is published on the Company's website at www.hargreaveaimvcts.co.uk.

The KID has been prepared using the methodology prescribed in the PRIIPs regulation. Although well intended, there are concerns about the application of some aspects of the prescribed methodologies to VCTs. Specifically, the Board is concerned that the risk score may be understating the level of risk and would like shareholders to continue to classify the VCT as a high risk investment.

Covid-19

Your Board has reviewed the risks facing the Company as a result of the Covid-19 pandemic, further detail can be found in the principal risk section.

Outlook

We are clearly in very unsettling times with the Covid-19 outbreak causing so much human sadness and suffering.

Unprecedented central bank and government interventions are taking place around the world which have stabilised markets and led to the shortest bear market of all time. There may of course be a second Covid-19 wave causing uncertainty and volatility with possible further market corrections and then there is Brexit coming up fast.

Notwithstanding these uncertainties, history shows that moments such as these can also offer tremendous investment opportunities which can be exploited by careful stock selection.

Where will all this end? None of us can predict the future with certainty but one thing I can promise is that your Board and investment team are focused on delivering the best possible outcome for shareholders from the well spread, diversified portfolio of quoted and private British companies.

I look forward to updating you further with the annual results later in the year.

David Brock
Chairman

Date: 23 June 2020

⁽¹⁾ Alternative performance measure definitions and illustration can be found in the APM and glossary of terms sections.

Investment manager's report

Introduction

This report covers the first half of the 2019/20 financial year, 1 October 2019 to 31 March 2020. 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 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.

Investment report

The financial year started with global equity markets performing well and US indices hitting new highs. Markets also found support from the more dovish stance adopted by many central banks and, in the case of the UK and elsewhere, talk of fiscal stimulus. The General Election produced some clarity on how and when the UK will exit the EU. We started 2020 with an optimistic outlook for the small domestically orientated companies that we invest in. Since then, all of us have had to adjust to a profoundly different way of life and we now contemplate the most significant reduction in global activity in living memory. How we emerge from this crisis is yet to become clear although, after an initial wave of indiscriminate selling, the market has started to apply some filters. Whilst there will be many losers, some companies will emerge in a stronger position than when they entered the crisis. It also seems some emerging or existing trends will accelerate and become more entrenched: deglobalisation, digitisation, remote working/learning and e-commerce are some obvious examples. These will throw up opportunities for those with relevant service propositions and those companies able to adjust quickly to the new world we find ourselves in.

Performance

In the six months to 31 March 2020 the unaudited NAV per share decreased from 70.60p to 56.70p. A special dividend of 1.75 pence was paid on 28 November 2019 and a final dividend of 2.25 pence was paid on 11 February 2020. Adjusting for the total distribution within the period of 4.0 pence per share results in a NAV total return to investors of -9.90 pence per share, which translates to a loss of 14.0%. During the same period, the FTSE AIM All-Share Total Return index lost 21.3%, whilst the FTSE All Share Total Return index lost 22.0%. The qualifying investments made a net contribution of -5.28 pence per share whilst the non-qualifying investments returned -4.11 pence per share. The adjusting balance was the net of running costs and investment income.

Gousto (one of our unquoted companies) was the top performing qualifying investment (+65.1%, +1.45 pence per share) following continued strong performance and a substantial equity raise to fund further investment in technology, infrastructure and proposition to position itself for delivery of its medium-term growth objectives. Gousto is now the largest investment within the VCT, representing 6.5% of net assets. Other positive contributors included Learning Technologies Group (+18.4%, +0.60 pence per share), Faron Pharma (+354.5%, +0.53 pence per share) and Diaceutics (+31.9%, +0.29 pence per share), which enjoyed a strong debut year as a public company. Post period end, Faron Pharma announced a £12 million fundraise and the use of one of its experimental drugs in two global trials and one US. The three trials are not linked; however, each of them will include Covid-19 patients within the treatment arm. Learning Technologies Group raised £81 million post period end to fund acquisition opportunities, whilst Diaceutics raised £21 million to support a new product launch and accelerate growth.

The biggest detractors within the period came from some of our larger investments such as Hardide (-68.9%, -1.42 pence per share), Zoo Digital (-31.6%, -0.57 pence per share) and Laundrapp (-100%, -0.52 pence per share), which appointed administrators on 14 February 2020. Escape Hunt (-92.7%, -0.50 pence per share) was hit particularly hard by the winding up of its largest shareholder. The company, which reported strong trading ahead of lockdown, raised £4 million post period end to strengthen its balance sheet and to support future expansion of its estate once the current restrictions ease. In its recently released interim results, Hardide reported record first-half revenues and maintained guidance for the current financial year. Zoo Digital also released a reassuring trading update following a recovery in the share price back to pre-crisis levels.

Within the period, we invested £7.64 million into 11 qualifying companies, comprising 7 follow on investments into existing portfolio (including one private) companies, 3 secondary placings into new portfolio companies, and one new investment into a private company. Within the qualifying portfolio, we reduced our investments in Faron Pharma, Learning Technologies Group and Blackbird, in all cases as a result of strong share price performance. APC Technology and Synnovia (formerly Plastic Capital) were acquired through private equity backed bids. We also made complete exits from LoopUp and Genedrive.

Portfolio structure

The VCT is comfortably through the HMRC defined investment test and ended the period at 94.5% invested as measured by the HMRC investment test. By market value, the VCT had a 64.3% weighting to qualifying investments.

The allocation to non-qualifying equity investments decreased from 20.1% to 19.2%. We continued to make use of the Marlborough Special Situations Fund as a temporary home for proceeds from fundraising; the allocation reduced from 7.9% to 4.1%. The period ended with no non-qualifying fixed income investments and a decrease in the cash weighting from 17.1% to 12.8%.

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 interim 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

Having gone to great lengths to reduce Covid-19 infection rates, Governments are now under considerable pressure to re-open their economies. Unfortunately, the virus continues to circulate within the UK, and more freely in other parts of the world, opening us up to the risk of subsequent waves of infection and further loss of life. I am sure we are all united in hoping that is not the case.

We have been consistently impressed by the efforts of the senior leadership teams within our portfolio companies as they try to protect their balance sheets, employment and welfare in the most demanding of circumstances. The near term outlook remains uncertain; however, it is clear that the enormous fiscal and monetary response will go some way to offsetting some of the very worst economic and financial consequences of this crisis.

Although the shape of the recovery remains the subject of much debate, these interventions have catalysed a strong rebound in equity markets, providing positive support to the (unaudited) NAV per share, which has increased by 14.4% to 64.85 pence on 12 June 2020.

We have been able to deploy capital into qualifying companies substantially ahead of budget despite the lack of IPO activity on AIM, investing a further £6.4 million (including one investment subject to a general meeting on 1 July 20) into ten qualifying companies, with April a record for a single month. With investment activity ahead of plan, we took the opportunity to exit eleven legacy qualifying investments. We further reduced the investment in the Marlborough Special Situations Fund to 1.7% and trimmed our allocation to non-qualifying equities to 16.6% to fund investment into qualifying companies. Cash decreased to 11.6% of net assets.

As of 19 June 2020, the share price of 59.00 pence represented a discount of 9.0% to the last published NAV.

For further information please contact:

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Date: 23 June 2020

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Investment portfolio

As at 31 March 2020

Qualifying investments	Net Assets %	Cost £000	Cumulative movement in value £000	Valuation £000	Market	COI (1)
SCA Investments Ltd (Gousto)	6.50	2,484	4,962	7,446	Unlisted	Y
Learning Technologies Group plc	5.25	2,238	3,774	6,012	AIM	Y
Ideagen plc	3.65	1,992	2,190	4,182	AIM	N
Creo Medical Group plc	2.21	2,329	201	2,530	AIM	Y
Zoo Digital Group plc	2.18	2,266	228	2,494	AIM	N
Diaaceutics plc	2.14	1,550	897	2,447	AIM	Y
Oxford Genetics Ltd	1.91	2,186	-	2,186	Unlisted	Y
Cohort plc	1.88	619	1,538	2,157	AIM	Y
Abcam plc	1.65	55	1,831	1,886	AIM	Y
Craneware plc	1.54	125	1,639	1,764	AIM	Y
Infinity Reliance Ltd	1.41	2,500	(878)	1,622	Unlisted	Y
Zappar Ltd	1.40	1,600	-	1,600	Unlisted	N
Eden Research plc	1.38	1,355	226	1,581	AIM	N
Aquis Exchange plc	1.35	764	776	1,540	AIM	Y
Beeks Financial Cloud Group plc	1.32	1,038	472	1,510	AIM	Y
Blackbird plc	1.28	700	770	1,470	AIM	Y
Cloudcall Group plc	1.27	2,442	(983)	1,459	AIM	Y
Ilika plc	1.22	1,534	(136)	1,398	AIM	Y
Hardide plc	1.16	3,566	(2,232)	1,334	AIM	Y
Eagle Eye Solutions Group plc	1.00	1,642	(491)	1,151	AIM	Y
Angle plc	0.98	1,158	(34)	1,124	AIM	N
Maxcyte Inc	0.98	1,514	(397)	1,117	AIM	Y
Mexican Grill Ltd	0.86	1,125	(145)	980	Unlisted	N
CentralNic Group plc	0.85	588	387	975	AIM	Y
Crossword Cybersecurity plc	0.85	877	90	967	AIM	Y
Surface Transforms plc	0.84	980	(13)	967	AIM	Y
Honest Brew Ltd	0.78	2,800	(1,899)	901	Unlisted	N
Faron Pharmaceuticals Oy	0.79	1,373	(473)	900	AIM	N
AnimalCare Group plc	0.74	720	124	844	AIM	N
Yourgene Health plc	0.73	521	314	835	AIM	N
Tristel plc	0.70	543	262	805	AIM	N
EKF Diagnostics Holdings plc	0.66	565	185	750	AIM	Y
Science in Sport plc	0.65	1,479	(734)	745	AIM	N
Instem plc	0.64	297	434	731	AIM	Y
Diurnal Group plc	0.59	750	(70)	680	AIM	N
Idox plc	0.53	135	477	612	AIM	Y
Globaldata plc	0.50	173	395	568	AIM	Y
PCI-PAL plc	0.49	810	(250)	560	AIM	Y
Belvoir Group plc	0.49	762	(205)	557	AIM	Y
Synaigen plc	0.48	322	231	553	AIM	N
Intelligent Ultrasound Group plc	0.48	800	(250)	550	AIM	N
Clearstar Inc	0.47	720	(181)	539	AIM	Y
C4X Discovery Holdings plc	0.46	1,000	(475)	525	AIM	Y
The Property Franchise Group plc	0.43	377	112	489	AIM	Y
Intercede Group plc	0.41	305	167	472	AIM	Y
Everyman Media Group plc	0.36	600	(188)	412	AIM	Y
WANDisco plc	0.34	346	38	384	AIM	N
Fusion Antibodies plc	0.33	414	(35)	379	AIM	Y
Quixant plc	0.32	1,209	(844)	365	AIM	N
ULS Technology plc	0.28	770	(455)	315	AIM	N
Gfinity plc	0.27	1,526	(1,213)	313	AIM	N
KRM22 plc	0.26	619	(322)	297	AIM	Y
DP Poland plc	0.25	1,390	(1,107)	283	AIM	Y
Lidco Group plc	0.24	307	(29)	278	AIM	N
Location Sciences Group plc	0.23	1,200	(933)	267	AIM	N

Portr Ltd	0.22	1,888	(1,633)	255	Unlisted	N
K3 Business Technology Group plc	0.22	270	(18)	252	AIM	Y
bigblu Broadband plc	0.22	347	(95)	252	AIM	Y
Equals Group plc	0.19	750	(527)	223	AIM	N
Vertu Motors plc	0.18	600	(393)	207	AIM	N
Renuron Group plc	0.15	606	(435)	171	AIM	N
Osirium Technologies plc	0.14	858	(700)	158	AIM	Y
Renalytix AI plc	0.12	82	60	142	AIM	Y
TrakM8 Holdings plc	0.09	486	(379)	107	AIM	N
MYCELX Technologies Corporation plc	0.09	361	(260)	101	AIM	Y
Pressure Technologies plc	0.09	170	(70)	100	AIM	N
Verona Pharma plc	0.08	221	(131)	90	AIM	Y
Escape Hunt plc	0.07	1,959	(1,879)	80	AIM	Y
Universe Group plc	0.07	210	(135)	75	AIM	N
Mirada plc	0.07	96	(21)	75	AIM	N
Mirriad Advertising plc	0.06	610	(537)	73	AIM	N
Omega Diagnostics Group plc	0.05	129	(67)	62	AIM	N
Redcentric plc	0.05	42	11	53	AIM	N
Kidly Ltd	0.04	50	-	50	Unlisted	N
Egdon Resources plc	0.03	158	(127)	31	AIM	Y
i-nexus Global plc	0.02	700	(673)	27	AIM	Y
SEC Newgate S.p.A.	0.02	106	(80)	26	AIM	N
Microsaic Systems plc	0.01	26	(15)	11	AIM	N
Tasty plc	-	40	(36)	4	AIM	Y
Midatech Pharma plc	-	53	(51)	2	AIM	N
Flowgroup plc	-	26	(26)	-	Unlisted	N
Fusionex International plc	-	-	-	-	Unlisted	N
Hawkwing plc	-	135	(135)	-	Listed	N
Infoserve Group plc	-	-	-	-	Unlisted	N
Laundrapp Ltd	-	2,450	(2,450)	-	Unlisted	N
Mporium Group plc	-	33	(33)	-	Unlisted	N
Paragon Entertainment Ltd	-	87	(87)	-	Unlisted	N
Total – equity qualifying investments	63.24	75,609	(3,174)	72,435		
Qualifying fixed income investments						
Osirium Technologies plc (Loan Notes)	0.70	800	-	800	Unlisted	Y
Kidly Ltd (Loan Notes)	0.39	450	-	450	Unlisted	N
Total fixed income qualifying investments	1.09	1,250	-	1,250		
Total qualifying investments	64.33	76,859	(3,174)	73,685		
Non-qualifying investments						
Marlborough Special Situations Fund	4.15	5,816	(1,062)	4,754	Unlisted	N
Total - unit trusts	4.15	5,816	(1,062)	4,754		
Future plc	1.57	786	1,014	1,800	Main	Y
IntegraFin Holdings plc	1.23	893	516	1,409	Main	Y
Hilton Food Group plc	1.15	1,183	138	1,321	Main	Y
Tesco plc	1.15	1,287	27	1,314	Main	Y
Halma plc	1.09	822	427	1,249	Main	Y
JD Sports Fashion plc	0.92	892	156	1,048	Main	Y
Dechra Pharmaceuticals plc	0.83	854	98	952	Main	Y
XP Power Ltd	0.74	871	(20)	851	Main	Y
Spirax-Sarco Engineering plc	0.71	633	179	812	Main	Y
Glaxosmithkline plc	0.60	707	(26)	681	Main	Y
Royal Dutch Shell plc	0.59	1,086	(406)	680	Main	N
Trainline plc	0.59	796	(117)	679	Main	Y
Liontrust Asset Management plc	0.57	820	(166)	654	Main	Y
James Fisher and Sons plc	0.54	870	(254)	616	Main	Y

BP plc	0.51	793	(209)	584	Main	Y
Anglo American plc	0.50	591	(25)	566	Main	N
Pennon Group plc	0.47	520	23	543	Main	Y
Ascential plc	0.43	724	(231)	493	Main	N
On the Beach Group plc	0.42	954	(471)	483	Main	Y
SThree plc	0.40	703	(245)	458	Main	Y
S4 Capital plc	0.39	575	(125)	450	Main	Y
Hiscox Ltd	0.39	663	(219)	444	Main	N
Cohort plc	0.38	333	98	431	AIM	Y
NCC Group plc	0.36	534	(119)	415	Main	Y
Melrose Industries plc	0.36	867	(456)	411	Main	Y
GoCo Group plc	0.33	674	(295)	379	Main	Y
Howden Joinery Group plc	0.31	483	(125)	358	Main	N
Renishaw plc	0.26	393	(92)	301	Main	N
Taylor Wimpey plc	0.26	487	(193)	294	Main	Y
Next plc	0.25	481	(196)	285	Main	N
Countryside Properties plc	0.25	504	(219)	285	Main	Y
Everyman Media Group plc	0.18	293	(93)	200	AIM	Y
Easyjet plc	0.17	409	(209)	200	Main	N
MYCELX Technologies Corporation plc	0.10	298	(181)	117	AIM	Y
Mexican Grill Ltd	0.09	161	(54)	107	Unlisted	N
Ricardo plc	0.09	236	(134)	102	Main	Y
Abal Group plc	-	-	3	3	Main	Y
Hargreave Hale AIM VCT plc	-	-	1	1	Main	N
Genagro Ltd	-	-	-	-	Unlisted	Y
Total – equity non-qualifying investments	19.18	24,176	(2,200)	21,976		
Total - non-qualifying investments	23.33	29,992	(3,262)	26,730		
Total investments	87.66	106,851	(6,436)	100,415		
Cash at bank	12.79			14,651		
Prepayments & Accruals	(0.45)			(514)		
Net assets	100.00			114,552		

⁽¹⁾ COI – Co-investments with other funds managed by Hargreave Hale at 31 March 2020

Different classes of shares held in unlisted companies within the portfolio have been aggregated

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

	Listed	Headquartered	Registered
<i>Listed Investments:</i>			
BP plc	UK	UK/USA	UK
Clearstar Inc	UK	USA	Cayman Islands
Craneware plc	UK	USA	UK
Faron Pharmaceuticals Oy	UK/Finland	Finland	Finland
Hiscox Ltd	UK	Bermuda	Bermuda
Intelligent Ultrasound Group plc	UK	UK/USA	UK
Maxcyte Inc	UK	USA	USA
Mycelx Technologies Corporation plc	UK	USA	USA
Renalytix AI plc	UK	USA	UK
Royal Dutch Shell plc	UK/Netherlands	Netherlands	UK
SEC Newgate S.p.A.	UK	Italy	Italy
WANDisco plc	UK	UK/USA	Jersey
XP Power Ltd	UK	Singapore	Singapore
<i>Unlisted private companies:</i>			
Fusionex International plc	-	Malaysia	Jersey
Genagro Ltd	-	UK	Jersey

Top ten investments

As at 31 March 2020 (By Market Value)

The top ten equity investments are shown below; each is valued by reference to the bid price, or, in the case of unquoted companies, the investment manager will apply 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 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. Forecasts are not shown for private companies. The net asset figures and net cash values are from published accounts in most cases.

SCA Investments Ltd (Gousto) (unquoted)

Share price: 11,125.0p

Investment date	July 2017	Results for the year to	December 2018
Equity held	1.52%	Turnover (£'000)	49,284
Av. Purchase Price	3,711.0p	Profit/(loss) before tax (£'000)	(16,544)
Cost (£'000)	2,484	Net cash/(debt) December 2018 (£'000)	16,447
Valuation (£'000)	7,446	Net assets December 2018 (£'000)	24,550
Income recognised in period (£)	0	Voting rights held	1.52%

COMPANY DESCRIPTION

Founded in February 2012, Gousto is an e-commerce company offering recipe kit boxes which include fresh ingredients for step-by-step chef designed recipes to be made at home. Shoppers select meals from a variety of options on Gousto's e-commerce platform. Gousto then delivers the pre-proportioned ingredients to the doorstep, along with instructions on how to prepare the meal.

Learning Technologies Group plc

Share price: 133.6p

Investment date	November 2014	Forecasts for the year to	December 2020
Equity held	0.67%	Turnover (£'000)	126,400
Av. Purchase Price	49.7p	Profit/(loss) before tax (£'000)	36,800
Cost (£'000)	2,238	Net cash/(debt) December 2019 (£'000)	3,830
Valuation (£'000)	6,012	Net assets December 2019 (£'000)	173,989

COMPANY DESCRIPTION

Learning Technologies Group provides a comprehensive and integrated range of e-learning services and technologies 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.

Ideagen plc

Share price: 162.0p

Investment date	December 2014	Forecasts for the year to	April 2020
Equity held	1.17%	Turnover (£'000)	56,000
Av. Purchase Price	77.2p	Profit/(loss) before tax (£'000)	14,500
Cost (£'000)	1,992	Net cash/(debt) October 2019 (£'000)	(17,981)
Valuation (£'000)	4,182	Net assets October 2019 (£'000)	75,245

COMPANY DESCRIPTION

Ideagen is a supplier of compliance-based information management software with operations in the UK and the United States. The company specialises in enterprise governance, risk and compliance and healthcare solutions for organisations operating within highly regulated industries. Ideagen provides complete content lifecycle solutions that enable organisations to meet their regulatory and quality compliance standards, helping them to reduce costs and improve efficiency.

Cohort plc			Share price: 454.0p
Investment date	February 2006	Forecasts for the year to	April 2020
Equity held	1.39%	Turnover (£'000)	133,400
Av. Purchase Price	166.9p	Profit/(loss) before tax (£'000)	17,500
Cost (£'000)	952	Net cash/(debt) October 2019 (£'000)	(6,794)
Valuation (£'000)	2,588	Net assets October 2019 (£'000)	74,135

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.

Creo Medical Group plc			Share price: 110.0p
Investment date	December 2016	Forecasts for the year to	December 2020
Equity held	2.83%	Turnover (£'000)	1,100
Av. Purchase Price	101.3p	Profit/(loss) before tax (£'000)	(18,000)
Cost (£'000)	2,329	Net cash/(debt) December 2019 (£'000)	80,331
Valuation (£'000)	2,530	Net assets December 2019 (£'000)	82,663

COMPANY DESCRIPTION

Creo Medical is a medical device company focused on the emerging field of surgical endoscopy, a recent development in minimally invasive surgery. Creo Medical was founded in 2003, initially to target the treatment of cancers through use of high frequency microwave energy and dynamic matching techniques.

Zoo Digital Group plc			Share price: 54.0p
Investment date	April 2017	Forecasts for the year to	March 2020
Equity held	6.21%	Turnover (\$'000)	35,000
Av. Purchase Price	49.1p	Profit/(loss) before tax (\$'000)	700
Cost (£'000)	2,266	Net cash/(debt) September 2019 (\$'000)	(6,864)
Valuation (£'000)	2,494	Net assets September 2019 (\$'000)	5,203

COMPANY DESCRIPTION

Zoo Digital is a leading provider of cloud-based dubbing, subtitling, localisation and distribution services for the global entertainment industry. Zoo's clients are some of the best-known brands in the world including major Hollywood studios, global broadcasters and independent distributors. Zoo's point of difference in the marketplace is its development and use of innovative cloud technology that ensures that content is localised in any language and delivered to all the major online platforms such as Amazon, iTunes, Google and Hulu with reduced time to market, higher quality and lower costs.

Diaceutics plc			Share price: 120.0p
Investment date	March 2019	Forecasts for the year to	December 2020
Equity held	2.93%	Turnover (£'000)	15,900
Av. Purchase Price	76.0p	Profit/(loss) before tax (£'000)	800
Cost (£'000)	1,550	Net cash/(debt) December 2019 (£'000)	11,613
Valuation (£'000)	2,447	Net assets December 2019 (£'000)	20,132

COMPANY DESCRIPTION

Diaceutics PLC is a leading diagnostics data analytics and implementation services provider for global pharmaceutical companies, enabling pharma to accelerate their market penetration and achieve a better return on precision medicine therapies by helping them to revolutionise patient testing.

Oxford Genetics Ltd (unquoted)**Share price: 32,000.0p**

Investment date	March 2019	Results for the year to	April 2019
Equity held	7.17%	Turnover (£'000)	2,685
Av. Purchase Price	32,000.2	Profit/(loss) before tax (£'000)	(4,632)
Cost (£'000)	2,186	Net cash/(debt) April 2019 (£'000)	5,976
Valuation (£'000)	2,186	Net assets April 2019 (£'000)	8,945
Income recognised in period (£)	0	Voting rights held	7.17%

COMPANY DESCRIPTION

Oxford Genetics is a synthetic biology company focused on developing novel technologies to overcome the challenges associated with the discovery, development and production of biologics, gene therapies, cell therapies and vaccines.

Abcam plc**Share price: 1,143.0p**

Investment date	October 2005	Forecasts for the year to	June 2020
Equity held	0.08%	Turnover (£'000)	289,900
Av. Purchase Price	33.4p	Profit/(loss) before tax (£'000)	74,500
Cost (£'000)	55	Net cash/(debt) December 2019 (£'000)	88,500
Valuation (£'000)	1,886	Net assets December 2019 (£'000)	389,800

COMPANY DESCRIPTION

Abcam is a global life sciences company providing highly validated antibodies and other binders and assays to the research and clinical communities to help advance the understanding of biology and cause of disease. The company's customers include universities, research institutes, and pharmaceutical and biotechnology companies in countries around the world.

Future plc**Share price: 1,000.0p**

Investment date	May 2018	Forecasts for the year to	September 2020
Equity held	0.22%	Turnover (£'000)	322,700
Av. Purchase Price	436.9p	Profit/(loss) before tax (£'000)	76,900
Cost (£'000)	786	Net cash/(debt) September 2019 (£'000)	(40,300)
Valuation (£'000)	1,800	Net assets September 2019 (£'000)	213,400

COMPANY DESCRIPTION

Future plc is a global multi-platform media company. The company is behind successful brands in specialist consumer and B2B sectors including technology, gaming & entertainment, music, creative & photography, home interest, education and television.

For further information please contact:

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Principle 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, political and key personnel 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 2019.

Covid-19

Your Board has reviewed the risks facing the Company as a result of the Covid-19 pandemic.

Operational risk and outsourcing

Covid-19 has compelled companies en masse to adopt remote working. The core outsourced functions of the Company provided by Hargreave Hale Limited and Canaccord Genuity Wealth Limited have had a seamless transition to remote working and continue to operate effectively. Services provided by other outsourced service providers have also been unaffected.

Investment risk

The future path of the Covid-19 epidemic is still uncertain and the full economic impact of measures taken to control the epidemic is yet to be seen. This has given rise to a heightened level of uncertainty resulting in many companies withdrawing future profits guidance and reducing dividend payments. Whilst stock markets have already fallen in an attempt to price in these uncertainties further volatility in share prices is possible in the short term. In mitigation the Board has an experienced investment manager who maintains a well diversified portfolio of investments.

Valuation risk

Most of the Company's investments are traded on a recognised exchange providing daily share prices. Key estimation uncertainties continue to relate to the fair value of the unquoted investments which in the current conditions require an increased level of judgement. The independent non-executive directors have reviewed the private company valuations with Covid-19 in mind and have applied a prudent approach where appropriate. They will continue to review these valuations on a regular basis to ensure they remain appropriate as conditions change.

Going concern

The Company's business activities and the factors affecting its future development are set out in the chairman's statement and the investment manager's report. The Company's principal risks are set out above.

The Board receives regular reports from the 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
Chairman

Date: 23 June 2020

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

In accordance with Disclosure Transparency Rule (DTR) 4.2.10, David Brock (Chairman), Sir Aubrey Brocklebank, Oliver Bedford, Angela Henderson and Ashton Bradbury, the Directors, confirm that to the best of their knowledge:

- The half yearly financial results have been prepared in accordance with UK GAAP and give a true and fair view of the assets, liabilities, financial position and profit of the Company as at 31 March 2020 as required by DTR 4.2.4;
- The interim management report consisting of the chairman's statement, investment manager's report, investment portfolio, 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
Chairman

Date: 23 June 2020

Condensed income statement for the six month period to 31 March 2020 (unaudited)

	Note	For the six month period to 31 March 2020 (unaudited)			For the six month period to 31 March 2019 (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	-	(18,938)	(18,938)	-	(24,074)	(24,074)
Income	2	418	65	483	447	-	447
		-----	-----	-----	-----	-----	-----
		418	(18,873)	(18,455)	447	(24,074)	(23,627)
Management fee		(275)	(824)	(1,099)	(258)	(776)	(1,034)
Other expenses		(355)	(117)	(472)	(345)	(70)	(415)
		-----	-----	-----	-----	-----	-----
		(630)	(941)	(1,571)	(603)	(846)	(1,449)
		-----	-----	-----	-----	-----	-----
(Loss) on ordinary activities before taxation		(212)	(19,814)	(20,026)	(156)	(24,920)	(25,076)
Taxation		-	-	-	-	-	-
		-----	-----	-----	-----	-----	-----
(Loss) on ordinary activities after taxation		(212)	(19,814)	(20,026)	(156)	(24,920)	(25,076)
		-----	-----	-----	-----	-----	-----
(Loss) per share basic and diluted	3	(0.10)p	(9.73)p	(9.83)p	(0.08)p	(13.34)p	(13.42)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 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 2019 (audited)

	Note	For the year to 30 September 2019 (audited)		
		Revenue £000	Capital £000	Total £000
Net (loss) on investments held at fair value through profit or loss	5	-	(20,687)	(20,687)
Income	2	1,163	354	1,517
		-----	-----	-----
		1,163	(20,333)	(19,170)
Management fee		(565)	(1,696)	(2,261)
Other expenses		(616)	(133)	(749)
		-----	-----	-----
		(1,181)	(1,829)	(3,010)
(Loss) on ordinary activities before taxation		(18)	(22,162)	(22,180)
Taxation		-	-	-
		-----	-----	-----
(Loss) after taxation		(18)	(22,162)	(22,180)
		-----	-----	-----
(Loss) per share basic and diluted	3	(0.01)p	(11.04)p	(11.05)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 2020 (unaudited)

	Note	31 March 2020 (unaudited) £000	31 March 2019 (unaudited) £000	30 September 2019 (audited) £000
Fixed assets				
Investments at fair value through profit or loss	5	100,415	123,272	119,947
		-----	-----	-----
Current assets				
Debtors	7	132	157	466
Cash at bank		14,651	21,897	24,638
		-----	-----	-----
		14,783	22,054	25,104
Creditors: amounts falling due within one year	8	(646)	(340)	(1,009)
		-----	-----	-----
Net current assets		14,137	21,714	24,095
		-----	-----	-----
Net assets		114,552	144,986	144,042
		-----	-----	-----
Capital and Reserves				
Called up share capital		2,020	2,052	2,040
Share premium		24,238	23,735	24,238
Capital redemption reserve		66	27	46
Special reserve		103,339	117,153	112,803
Capital reserve – realised		(24,161)	(7,978) ⁽¹⁾	(16,043)
Capital reserve – unrealised		10,017	10,890 ⁽¹⁾	21,713
Revenue reserve		(967)	(893)	(755)

Total shareholders' funds		-----	-----	-----
		114,552	144,986	144,042
Net asset value per share basic and diluted	4	-----	-----	-----
		56.70p	70.67p	70.60p

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

⁽¹⁾ Re-stated due to prior period impairment adjustment.

Condensed statement of changes in equity for the six month period to 31 March 2020 (unaudited)

	Note	Non-distributable reserves				Distributable reserves ⁽¹⁾			Total
		Share capital	Share premium	Capital redemption reserve	Capital reserve unrealised	Special reserve	Capital reserve realised	Revenue reserve	
		£000	£000	£000	£000	£000	£000	£000	£000
At 1 October 2019		2,040	24,238	46	21,713	112,803	(16,043)	(755)	144,042
Share buybacks	9	(20)	-	20	-	(1,326)	-	-	(1,326)
Equity dividends paid	6	-	-	-	-	(8,138)	-	-	(8,138)
Permanent impairment	5	-	-	-	5,802	-	(5,802)	-	-
Realised (loss) on investments	5	-	-	-	-	-	(1,440)	-	(1,440)
Unrealised (loss) on investments	5	-	-	-	(17,498)	-	-	-	(17,498)
Management fee charged to capital		-	-	-	-	-	(824)	-	(824)
Income allocated to capital	2	-	-	-	-	-	65	-	65
Due diligence investment costs		-	-	-	-	-	(117)	-	(117)
Revenue (loss) after taxation for the period		-	-	-	-	-	-	(212)	(212)
Total (loss) after taxation		-	-	-	(17,498)	-	(2,316)	(212)	(20,026)
		-----	-----	-----	-----	-----	-----	-----	-----
At 31 March 2020		2,020	24,238	66	10,017	103,339	(24,161)	(967)	114,552
		-----	-----	-----	-----	-----	-----	-----	-----

Reserves available for distribution are capital reserve realised, special reserve and revenue reserve. Total distributable reserves at 31 March 2020 were £78.2 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 2020, £47.2 million of the special reserve is subject to this restriction.

Condensed statement of changes in equity

for the six month period to 31 March 2019 (unaudited)

	Note	Non-distributable reserves				Distributable reserves ⁽¹⁾			Total
		Share capital	Share premium	Capital redemption reserve	Capital reserve unrealised	Special reserve	Capital reserve realised	Revenue reserve	
		£000	£000	£000	£000	£000	£000	£000	£000
At 1 October 2018		1,767	-	5	30,606	125,919	(2,774)	(737)	154,786
Share buybacks		(22)	-	22	-	(1,625)	-	-	(1,625)
Share issues		307	24,175	-	-	-	-	-	24,482
Issue costs		-	(440)	-	-	-	-	-	(440)
Equity dividends paid		-	-	-	-	(7,141)	-	-	(7,141)
Permanent impairment ⁽²⁾	5	-	-	-	3,255	-	(3,255)	-	-
Realised (loss) on investments ⁽²⁾	5	-	-	-	-	-	(1,103)	-	(1,103)
Unrealised (loss) on investments ⁽²⁾	5	-	-	-	(22,971)	-	-	-	(22,971)
Management fee charged to capital		-	-	-	-	-	(776)	-	(776)
Due diligence costs		-	-	-	-	-	(70)	-	(70)
Revenue (loss) after taxation for the period		-	-	-	-	-	-	(156)	(156)
Total (loss) after taxation		-	-	-	(22,971)	-	(1,949)	(156)	(25,076)
		-	-	-	-	-	-	-	-
At 31 March 2019		2,052	23,735	27	10,890	117,153	(7,978)	(893)	144,986

Reserves available for distribution are capital reserve realised, special reserve and revenue reserve. Total distributable reserves at 31 March 2019 were £108.3 million (re-stated as per ⁽²⁾ below). 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 2019, £70.8 million of the special reserve is subject to this restriction.

⁽²⁾ Re-stated due to prior period impairment adjustment.

Condensed statement of changes in equity

for the year ended 30 September 2019 (audited)

	Note	Non-distributable reserves				Distributable reserves ⁽¹⁾			Total
		Share capital	Share premium	Capital redemption reserve	Capital reserve unrealised	Special reserve	Capital reserve realised	Revenue reserve	
		£000	£000	£000	£000	£000	£000	£000	£000
At 1 October 2018		1,767	-	5	30,606	125,919	(2,774)	(737)	154,786
Share buybacks		(41)	-	41	-	(2,902)	-	-	(2,902)
Share issues		314	24,686	-	-	-	-	-	25,000
Issue costs		-	(448)	-	-	-	-	-	(448)
Equity dividends paid	6	-	-	-	-	(10,214)	-	-	(10,214)
Permanent impairment	5	-	-	-	10,651	-	(10,651)	-	-
Realised (loss) on investments	5	-	-	-	-	-	(1,143)	-	(1,143)

Unrealised (loss) on investments	5	-	-	-	(19,544)	-	-	-	(19,544)
Management fee charged to capital		-	-	-	-	-	(1,696)	-	(1,696)
Income allocated to capital	2	-	-	-	-	-	354	-	354
Due diligence investment costs		-	-	-	-	-	(133)	-	(133)
Revenue (loss) after taxation for the period		-	-	-	-	-	-	(18)	(18)
Total (loss) after taxation		-	-	-	(19,544)	-	(2,618)	(18)	(22,180)
At 30 September 2019		2,040	24,238	46	21,713	112,803	(16,043)	(755)	144,042

Reserves available for distribution are capital reserve realised, special reserve and revenue reserve. Total distributable reserves at 30 September 2019 were £96.0 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 2019, £70.8 million of the special reserve is subject to this restriction.

Condensed statement of cash flows

for the six month period to 31 March 2020 (unaudited)

	Note	31 March 2020 (unaudited) £000	31 March 2019 (unaudited) £000	30 September 2019 ⁽¹⁾ (audited) £000
Total (loss) on ordinary activities before taxation		(20,026)	(25,076)	(22,180)
Realised loss on investments	5	1,440	1,103 ⁽²⁾	1,143
Unrealised loss on investments	5	17,498	22,971 ⁽²⁾	19,544
Decrease/(Increase) in debtors	7	334	10	(299)
(Decrease)/Increase in creditors	8	(363)	(6)	663
Non-cash distributions	2	(65)	-	(166)
Net cash (outflow) from operating activities		(1,182)	(998)	(1,295)
Purchase of investments	5	(17,219)	(23,666)	(35,628)
Sale of investments	5	17,878	6,425	25,265
Net cash used in investing activities		659	(17,241)	(10,363)
Share buybacks	9	(1,326)	(1,625)	(2,902)
Issue of share capital		-	24,482	25,000
Share issue costs		-	(440)	(448)
Dividends paid		(8,138)	(7,141)	(10,214)
Net cash provided by financing activities		(9,464)	15,276	11,436
Net (decrease) in cash		(9,987)	(2,963)	(222)
Opening cash		24,638	24,860	24,860
Closing cash		14,651	21,897	24,638

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

⁽¹⁾ 30 September 2019 cash flow represents annual results

⁽²⁾ Re-stated due to prior period impairment adjustment.

Explanatory notes

for the six month period to 31 March 2020 (unaudited)

Basis of preparation

The Company has prepared its half-yearly financial results for the six month period ending 31 March 2020. The condensed financial statements have been prepared in accordance with UK Generally Accepted Accounting Practice ("UK GAAP"), including Financial Reporting Standard 104 ("FRS 104") and with the Companies Act 2006 and the Statement of Recommended Practice for "Financial Statements of Investment Trust Companies and Venture Capital Trusts" October 2019 ("SORP").

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 2019 annual report.

1. Significant accounting policies

Hargreave Hale AIM VCT plc has applied the same accounting policies and methods of computation in its interim consolidated financial statements as in its 2019 annual financial statements.

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. Key estimation uncertainties mainly relate to 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 in note 5.

The estimates are under continuous review with particular attention paid to the carrying value of the investments. The process of estimation is also affected by the determination of fair value hierarchy described in note 5 to the financial statements.

2. Income

Income from investments	Six months to 31 March 2020 (unaudited) £000	Six months to 31 March 2019 (unaudited) £000	Year ended 30 September 2019 (audited) £000
Revenue:			
Dividend income	364	408	1,093
Fixed income interest	28	12	13
Interest	26	27	57
	418	447	1,163
Capital:			
Return of capital	-	-	188 ⁽²⁾
In-specie dividend	65 ⁽¹⁾	-	166 ⁽³⁾
	65	-	354
Total income	483	447	1,517

- (1) The Company received shares in M&G plc as an in-specie non-cash distribution following its demerger from Prudential plc. This has been treated as capital income.
- (2) Distribution from Micro Focus plc relating to the completion of the disposal of the SUSE business.
Distribution from Cineworld plc relating to the sale and leaseback transaction of 18 US based multi-screen cinemas.
- (3) The Company received shares in Renalytix plc as a result of an in-specie dividend from EKF Diagnostics Holdings plc. This has been treated as capital income.

3. Earnings per share (basic and diluted)

	Six months to 31 March 2020 (unaudited)	Six months to 31 March 2019 (unaudited)	Year ended 30 September 2019 (audited)
(Loss) per share	(9.83)p	(13.42)p	(11.05)p
Net (loss) for the period	(£20,025,750)	(£25,076,246)	(£22,180,473)
Weighted average number of shares	203,721,910	186,851,704	200,668,966

4. Net asset value per share

	Six months to 31 March 2020 (unaudited)	Six months to 31 March 2019 (unaudited)	Year ended 30 September 2019 (audited)
Net asset value per share	56.70p	70.67p	70.60p
Net assets	£114,551,888	£144,985,833	£144,042,275
Number of shares in issue at period end	202,022,420	205,167,942	204,014,367

5. Investments

	Quoted Investments 31-Mar-20 £000	Unquoted Investments 31-Mar-20 £000	Total Investments 31-Mar--20 £000	Total Investments 31-Mar-19 £000	Total Investments 30-Sep-19 £000
Opening valuation	94,647	25,300	119,947	130,105	130,105
Purchases at cost	14,235	2,984	17,219	23,666	35,692
Re-classification adjustment ⁽¹⁾	(2)	2	-	-	(64)
In-specie dividend	65	-	65	-	166
Sale proceeds	(11,242)	(6,636)	(17,878)	(6,425)	(25,265)
Realised (losses)/gains	(1,843)	403	(1,440)	(1,103) ⁽²⁾	(1,143)
Unrealised (losses)/gains	(16,596)	(902)	(17,498)	(22,971) ⁽²⁾	(19,544)
Closing valuation	79,264	21,151	100,415	123,272	119,947
Cost at period end	82,396	24,455	106,851	115,980	108,885
Unrealised gains at period end	6,271	3,746	10,017	10,547	21,713
Permanent impairment at period end ⁽³⁾	(9,403)	(7,050)	(16,453)	(3,255)	(10,651)
Valuation at period end	79,264	21,151	100,415	123,272	119,947

(1) Mporium delisting adjustment for March 2020. Commission Rebate of £64k from investment manager for September 2019 that reduces the cost of impacted stocks.

(2) Restated due to prior period impairment adjustment.

(3) Further impairments of £7,252,639 were made in the 6 month period ending 31 March 2020. Once adjusted for the disposal of impaired assets by £1,451,286, permanent impairments at the period end are £16,452,704.

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 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.

The following table sets out the basis of valuation for the Level 3 investments held within the portfolio at 31 March 2020.

Level 3 Unquoted Investments

SCA Investments Ltd (Gousto)	The fair value of the investment has been increased to £111.25 per share. Enterprise Value-to-sales (EV/Sales) peer group ratios and a Discounted Cash Flow (DCF) valuation were analysed to support the valuation. The share price also reflects the price of the most recent transaction in the shares (on an arm's length basis).
Honest Brew Ltd	The fair value of the investment has been marked down to £0.02 per share reflecting liquidity and forecast risk.
Kidly Ltd	The fair value of the investment has been maintained at £20.23 per share, our entry price. The valuation was tested against listed peers.
Kidly Ltd - CLN	The fair value of the convertible loan note has been maintained at the redemption value of the instrument.
Mexican Grill Ltd	The fair value of the investment has been marked down to £39.19 per share and is based on a reduced EV/Sales multiple applied to reduced forecasts. The EV/Sales multiple was cross-referenced to a listed peer group.
Infinity Reliance Ltd (My 1st Years)	The Enterprise Value of the company was decreased to reflect disappointing performance, downgrades to 2019 and 2020 forecasts and the requirement for further funding. However, the holding value was increased due to a change of valuation methodology that more accurately reflects the structure of the investment. The valuation was tested against peer group EV/Sales ratios.
Osirium plc - CLN	The fair value of the convertible loan note has been maintained at the redemption value of the instrument.
Oxford Genetics Ltd	The fair value of the investment has been maintained at £320.00 per share, our entry price. The valuation was tested against listed peers.
Portr Ltd	The fair value of the investment was written down to £0.50 per share reflecting significant risks to the outlook.
Zappar Ltd	Fair value of investment is maintained at £74.45 per share, our entry price. The valuation was tested against listed peers.

	Level 1 Investments £'000	Level 2 Investments £'000	Level 3 Investments £'000	Total Investments £'000
Six months ended 31 March 2020 (unaudited)	84,019	-	16,396	100,415
Year ended 30 September 2019 (audited)	106,087	-	13,860	119,947
Six months ended 31 March 2019 (unaudited)	109,906	-	13,366	123,272

6. Dividends paid

Summary of dividends paid in the six months to 31 March 2020 and the financial year ending 30 September 2019 are detailed below:

	Six months ended 31 March 2020 (unaudited) £'000	Year ended 30 September 2019 (audited) £'000
Special capital dividend of 1.00 pence paid on 24 October 2018	-	1,772

Final capital dividend of 2.65 pence per share for the year ended 30 September 2018 paid on 8 February 2019	-	5,370
Interim capital dividend of 1.50 pence per share for the half year ended 31 March 2019 paid on 26 July 2019	-	3,072
Special capital dividend of 1.75 pence per share paid on 28 November 2019	3,564	-
Final capital dividend of 2.25 pence per share for the year ended 30 September 2019 paid on 11 February 2020	4,576	-
Unclaimed dividends ⁽¹⁾	(2)	
Total	8,138	10,214

⁽¹⁾ Dividends unclaimed for a period of 12 years reverted to the Company

7. Debtors

	Six months to 31 March 2020 (unaudited) £000	Six months to 31 March 2019 (unaudited) £000	Year ended 30 September 2019 (audited) £000
Prepayments and accrued income	132	157	466

8. Creditors: amounts falling due within one year

	Six months to 31 March 2020 (unaudited) £000	Six months to 31 March 2019 (unaudited) £000	Year ended 30 September 2019 (audited) £000
Trade Creditors	2	11	3
Accruals and deferred income	644	329	1,006
	646	340	1,009

9. Transactions in shares

Buybacks

In total, the Company repurchased 1,991,947 shares during the six month period ending 31 March 2020 at a total cost of £1,326,339. The repurchased shares represent 0.98% of ordinary shares in issue on 1 October 2019. The acquired shares have been cancelled.

10. Contingencies, guarantees and financial commitments

There were no contingencies, guarantees or financial commitments of the Company at 31 March 2020.

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 maximising tax free dividend distributions to shareholders.

The Company is registered as a small UK Alternative Investment Fund Manager (AIFM) with a Board comprising of five non-executive directors, four of whom are independent. Hargreave Hale Limited acts as investment manager whilst Canaccord Genuity Wealth Limited acts as administrator and custodian and provides 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/Canaccord Genuity Wealth 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 2020. 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 2020 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 2019 have been reported on by the Company's auditors.

The comparative figures for the financial year ended 30 September 2019 have been extracted from the latest published audited Annual Report and Financial Statements. Those accounts have been reported on by the Company's auditor and lodged with the Registrar of Companies. The report of the auditor was (i) unqualified, (ii) did not include a reference to any matters to which the auditors 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

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

Director	Role	Fees for the six-month period ending 31 March 2020
David Brock ⁽¹⁾	Chairman	£14,612
Sir Aubrey Brocklebank ⁽¹⁾	Director	£15,388
Oliver Bedford	Director	£12,500
Ashton Bradbury	Director	£12,500
Angela Henderson ⁽²⁾	Director	£10,622

⁽¹⁾ Aubrey Brocklebank stepped down as Chairman at the AGM on 4 February 2020 and was appointed as Chairman of the Audit Committee. David Brock replaced Aubrey Brocklebank as Chairman on 4 February 2020 and at the same time retired as Chairman of the Audit Committee.

⁽²⁾ Angela Henderson was appointed as a director on 29 October 2019

David Brock was appointed as Chairman of Honest Brew Limited which is an investee company in the VCT's portfolio on 25 July 2019. David is also a shareholder in Honest Brew Limited, however he does not control the entity.

Transactions with the manager

As the Company's investment manager, Hargreave Hale Limited is a related party to the Company for the purposes of the Listing Rules. As Hargreave Hale Limited and Canaccord Genuity Wealth Limited (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 Hargreave Hale Limited which received fees of £12,500 for the period ended 31 March 2020 in respect of his position on the Board (2018: £9,000). On 1 October 2019 Oliver Bedford's directors' fees increased from £18,000 to £25,000 per annum. Of these fees £6,250 was still owed at the period end.

CGWL act as administrator and custodian to the Company and provide the company secretary. During the financial year ending 30 September 2019 administration fees increased from £110,000 to £195,000 per annum and custodian fees increased from £10,000 to £30,000 per annum. CGWL received fees for the support functions as follows:

	31 March 2020 (£)	31 March 2019 (£)	30 September 2019 (£)
Custody	15,000	5,000	19,642
Administration	97,500	55,000	132,713
Company secretarial	8,500	8,500	17,000
Total	121,000	77,000	169,355
Still owed at the year end	60,500	22,833	88,130

Hargreave Hale Limited is appointed as investment manager to the Company and receives an investment management fee of 1.7% per annum (increased from 1.5% effective 1 April 2019). Investment management fees for the half-year are £1,099,314 (2019: £1,034,310). Of these fees £481,493 was still owed at the period end. As the investment manager to the Company and the investment advisor to the Marlborough Special Situations Fund (in which the VCT has an investment), Hargreave Hale Limited makes an adjustment to its investment management fee to ensure the VCT is not charged twice for their services.

Total commission of £32,332 was paid to CGWL in the half year for broker services.

Hargreave Hale 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 per cent. 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 Hargreave Hale in the first half of the financial year under the indemnity.

The Company held £8,485,819 in the client account at CGWL at 31 March 2020.

15. Post balance sheet events

Buybacks

Since the period end, a further 1,439,977 ordinary shares have been purchased at an average price of 58.62 pence and a total cost of £844,166.

Investments

The Company has made the following investments since the period end

	Amount Invested £000	Investment into existing company
Qualifying companies		
C4X Discovery Holdings plc	150	Yes
Escape Hunt plc (subject to approval at general meeting)	340	Yes
Fusion Antibodies plc	300	Yes
Intelligent Ultrasound Group plc	350	Yes
Kidly Ltd	500	Yes
Oxford Genetics Ltd	1,000	Yes
PCI-PAL plc	1,545	Yes
Polarean Imaging plc	1,000	No
Roslyn Data Technologies plc	750	No
Surface Transforms plc	500	Yes
Non-qualifying companies		
On the Beach Group plc	170	Yes
Taylor Wimpey plc	141	Yes
Trifast plc	500	No

Alternative Performance Measure ("APM")

An alternative performance measure 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 is in the glossary of terms. Where the calculation of the APM is not detailed within the financial statements, an explanation of the methodology employed is below:

NAV total return since inception

		31 March 2020
Net asset value per share	A	56.70p
Dividends paid per share since inception	B	59.15p
NAV total return since inception ⁽¹⁾	A+B	115.85p

(1) Includes 100 pence initial cost

NAV total return

		31 March 2020
Net asset value per share 30 September 2019	A	70.60p
Dividends paid	B	4.00p
Net asset value per share 31 March 2020	C	56.70p
NAV total return	$[(B+C-A)/A]*100$	-14.02%

Ongoing charges ratio

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

		31 March 2020
		£000
Investment management fee ⁽¹⁾		2,199
Other expenses ⁽¹⁾		943
VCT proportion of MSSF expenses ⁽¹⁾		37
Ongoing charges	A	3,179
Average net assets	B	138,249
Ongoing charges ratio	$(A/B)*100$	2.30%

(1) Figures for the period ending 31 March 2020 have been annualised to calculate the ongoing charges ratio

Share price discount

		31 March 2020
Share price	A	51.00p
Net asset value per share	B	56.70p
(Discount) / premium	$[(A/B)-1]*100$	(10.05%)

The 5 year average discount of 5.68% is calculated by taking the average of the share price discount at each month end between 1 April 2015 and 31 March 2020.

Glossary of terms

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

A Venture Capital Trust or VCT is a company, broadly similar to an investment trust, which has been approved by HMRC and which subscribes for shares in (or lends money to) small unquoted companies, including those quoted on AIM or NEX (formally ISDX). Under the VCT scheme, VCTs and their investors enjoy certain tax reliefs. The VCT scheme is designed to encourage investment in small unquoted companies. Individuals invest by holding shares in a VCT.

Revenue return

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

Capital return

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

Combined return

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

Alternative performance measures

An alternative performance measure 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 Company uses the following alternative performance measures:

Net asset value (NAV)

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

Net asset value (NAV) per share

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

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

The price of a share is derived from buyers and sellers agreeing a price at which to trade their shares. The share price may not be identical to the NAV per share of the underlying assets less liabilities of the Company. If the share price is lower than the NAV per share, the shares are trading at a discount. Shares trading at a price above NAV per share are said to be at a premium.

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 since inception

The sum of the published NAV per share plus all dividends paid per share over the lifetime of the Company.

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 12 June 2020 was 64.85 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 1.00 pence in respect of the six months ended 31 March 2020.

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.

Selling your shares

Hargreave Hale AIM VCT plc uses secondary market purchases of its shares to improve the liquidity in its ordinary shares and support the discount. The share buy-back policy targets a 5% discount to the last published NAV per share as announced on the London Stock Exchange through a regulatory news service provider, which is measured against the mid-price per share as listed on the London Stock Exchange.

VCT share disposals are exempt of capital gains tax when the disposal is made at arms' 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.

The 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. As a result, there is no guarantee that a shareholder will be able to sell their shares on request or the discount to the NAV per share at which the shares will be sold.

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 Limited has particular expertise in 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 Canaccord Genuity Wealth Limited to act for you as their client (as opposed to a shareholder in the Company) then please contact Andrew Pang for further information (0207 523 4872, andrew.pang@canaccord.com).

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.

Electronic copies of this report and 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 below.

Company information

Secretary and registered office

Canaccord Genuity Wealth Limited
41 Lothbury
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EC2R 7AE

Directors

David Brock, Chairman
Sir Aubrey Brocklebank
Oliver Bedford
Ashton Bradbury
Angela Henderson

Manager

Hargreave Hale Limited
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EC2R 7AE

Registrars

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Brokers

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Canaccord Genuity Wealth Limited**Company Secretary**

Registered office:
Hargreave Hale AIM VCT plc,
41 Lothbury
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EC2R 7AE

23 June 2020**Administrator and Custodian**

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Company registration number

05206425 in England and Wales