

The Fund's objective is to generate steadily compounding returns for income and growth orientated investors with a long-term investment horizon. It utilises LGB's expertise in secured SME lending and fixed income investing.

The LGB SME Fund is authorised by the Guernsey Financial Services Commission and is available in the UK on a restricted basis to Investment Professionals, High Net Worth Investors and Sophisticated Investors.

Key Facts

Price at 31-Aug-19	£120.32 (Starting at £100.00 1/6/16)	Minimum Investment	£20,000
Fund Currency	GBP	Investment Advisor	LGB Investments
Fund Size	£5,025,923	Investment Manager	Heritage Fund Managers Ltd
Management Fees	1% p.a. + 5% of increase in NAV	Custodian	ABN AMRO (Channel Islands) Ltd
Dealing (see Risk Factors below)	Monthly (Redemptions at NAV -1%)	Fund Domicile	Guernsey
Portfolio Composition	Loan notes, shares and cash	Auditor	PWC CI LLP, Guernsey
Fund Status	Non-distributor ("roll-up")	Pricing Information	lgbc.com
Subscriptions	Heritage Capital Management Ltd	ISIN	GG00BG44XG61

Performance & Commentary

The NAV was up 61bps this month to £120.32 which gives a one year performance of the fund's net asset value of 6.34%. Out of the total assets of the fund, 85% were invested in secured loan notes at the end of the month with a gross weighted average yield of 8.17%.

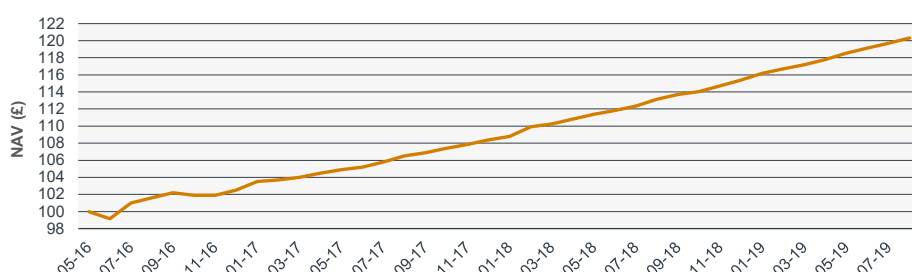
The portfolio is kept very liquid with currently 14% in cash and 69% invested in notes maturing within 2 years. The fund has regular opportunities for re-investment through new issues under existing loan note programmes as well as secondary purchases.

The fund aims to keep a minimum of 5% of the portfolio in cash. It has committed to invest in the Acamar Films Limited and 1pm Plc loan notes issues, both closing in September, in order to invest the current surplus.

NAV Performance

3 months	1.62%
6 months	3.08%
12 months	6.34%
Since establishment	20.31%

LGB SME Fund NAV



Please note that past performance is not a guide to future performance.

Asset Allocation as of 31 August 2019

Form of Investment

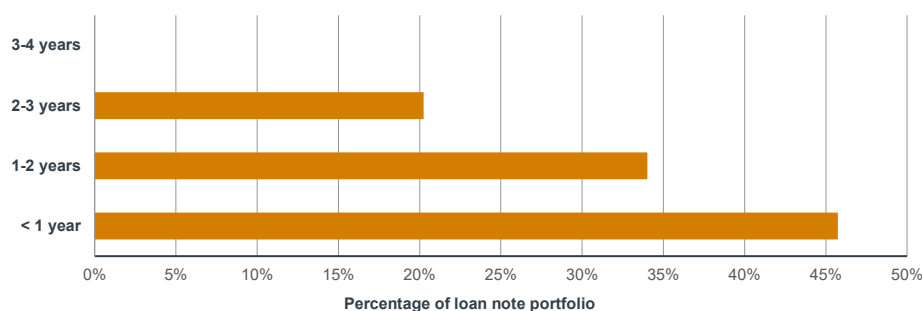
Loan notes:	85%
AIM quoted shares:	0%
Cash:	14%

Portfolio fund:

£5.0m

Loan note issues:	37
Loan note issuers:	11
AIM shares:	1

Duration Profile of Loan Notes



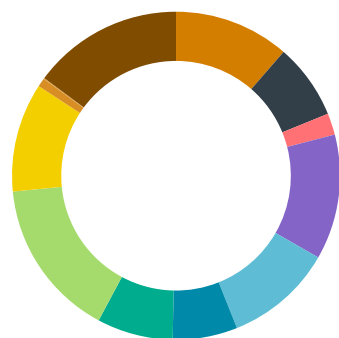
Loan Note Portfolio as of 31 August 2019

Issuer	Sector	Interest Rate	Portfolio Weighting
SRT Marine Systems plc	Technology Hardware & Equipment	8.00% p.a.	12.2%
Sema Lease UK Limited	Leasing	8.00% p.a.	11.7%
Acamar Films Limited	Licensing	8.50/9.00% p.a.	10.8%
Rivers Leasing Limited	Leasing	8.00/8.50% p.a.	10.2%
AnCellTek Holdings Limited	Consumer Goods	9.00% p.a.	10.1%
Windmill Extrusions Limited	Industrial Manufacturing	9.00% p.a.	7.6%
1pm plc	Specialty Finance	6.50/7.00% p.a.	7.6%
600 Group plc	Industrial Engineering	8.00% p.a.	7.0%
Scisys plc	Software	7.00% p.a.	6.0%
CLS Finance Limited	Vehicle Financing	9.00% p.a.	3.1%
MPE Properties Limited	Property Backed	14.00% p.a.	0.8%
Weighted Average Yield/Total		8.17% p.a.	86.5%

Equity Portfolio as of 31 August 2019

Issuer	Sector	AIM Ticker	Portfolio Weighting
Dillistone Group plc	Technology	DSG	0.1%
Total			0.1%

LGB SME Fund Sector Allocation



■ Licensing	11%
■ Industrial Engineering	7%
■ Cash	14%
■ Property Backed	1%
■ Industrial Manufacturing	2%
■ Leasing	12%
■ Software	6%
■ Specialty Finance	7%
■ Technology Hardware & Equipment	10%
■ Vehicle Financing	15%
■ Consumer Goods	10%

UK Tax Reporting

Upon a realisation or other disposal of shares UK resident investors are liable for income tax on any increase in NAV. There are no UK tax reporting requirements for a tax year in which there have not been any disposals of shares.

Risk Factors

The fund seeks to reduce portfolio risk through diversification of investments, robust security arrangements in the terms of loan notes and limited investment in shares on AIM. However, investors should note that:

- There is no market for loan notes and liquidity is limited on AIM. Consequently, investors may experience delays in redeeming shares if redemption requests exceed the cash resources of the fund.
- Loan notes may experience events of default, in which case the fund may incur a capital loss or be required to enter a re-structuring process to recover its capital.
- AIM quoted shares can experience significant price fluctuations at times of market volatility or upon the announcement of company specific developments. These may affect the NAV of the fund.

The information contained herein relates to an investment fund which is not a recognised collective investment schemes for the purposes of the Financial Services and Markets Act 2000. The promotion of this fund is accordingly restricted by law. Past performance is not necessarily indicative of future results. Actual results could differ materially from those anticipated in any estimates provided. The value of investments and any income derived from them can go down as well as up. The fund invests in illiquid and non-publicly traded securities.