

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-Jul-20	£123.08 (Starting at £100.00 1/6/16)	Minimum Investment	£20,000
Fund Currency	GBP	Investment Advisor	LGB Investments
Fund Size	£5,430,781	Investment Manager	Heritage Fund Managers Ltd
Management Fees	1% p.a. + 5% of increase in NAV	Custodian	Butterfield Bank (Guernsey) Limited
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	LGB Investments, Heritage Capital Management Ltd and 7IM	ISIN	GG00BG44XG61

Performance & Commentary

The NAV increased this month from £121.63 to £123.08 (+145bps). There was no change in the approach to the credit assessment of each issuer, however a substantial redemption was received on the fund's various issues of Rivers Leasing, which had been revalued in March at a discount to par. This boosted the NAV considerably and reduced exposure to RL by 2% of the fund's portfolio.

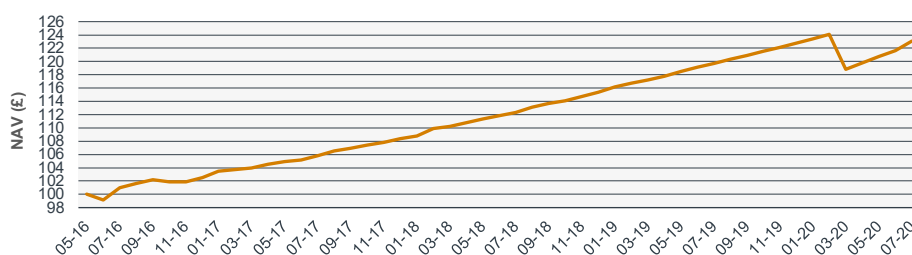
RL's ability to resume capital repayments reflected an improving rate of collections from its leasing clients. The immediate response to the lockdown was a general suspension of payments as businesses sought to preserve cash. Now that lockdown measures are being eased, businesses are normalising relationships with funders to the extent that their cash flows allow.

In addition to Rivers Leasing, LGB is actively engaging with issuers to ensure that they continue to be well funded throughout this crisis. Where appropriate, it is suggesting pragmatic financing structures to navigate headwinds.

There were no new transactions in the fund during the month of July.

NAV Performance

3 months	2.73%
6 months	-0.25%
12 months	2.82%
Since establishment	23.08%



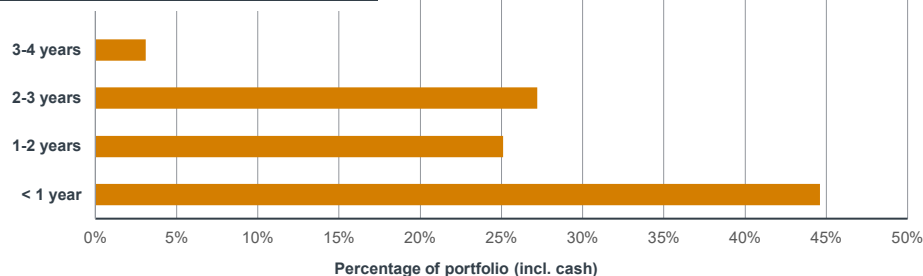
LGB SME Fund NAV

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

Asset Allocation as of 31 July 2020

Form of Investment	
■ Loan notes:	91%
■ Cash:	9%
Portfolio fund:	£5.4m
Loan note issues:	35
Loan note issuers:	12

Duration Profile of Loan Note Portfolio



Loan Note Portfolio as of 31 July 2020

Issuer	Sector	Interest Rate	Portfolio Weighting
SRT Marine Systems plc	Technology Hardware & Equipment	8.00% p.a.	12.9%
Acamar Films Limited	Licensing	8.50/9.00% p.a.	12.1%
SAF Group Finance Limited	Specialty Finance	10.00% p.a.	11.1%
Windmill Extrusions Limited	Industrial Manufacturing	9.00% p.a.	11.0%
Rivers Leasing Limited	Leasing	8.00/8.50% p.a.	10.0%
AnCellTek Holdings Limited	Consumer Goods	9.00% p.a.	9.3%
Sema Lease UK Limited	Leasing	8.00% p.a.	8.6%
600 Group plc	Industrial Engineering	8.00% p.a.	6.3%
1pm plc	Specialty Finance	6.50/7.00% p.a.	5.9%
Bruntwood Bonds 2 PLC	Property Investments	6.00% p.a.	3.0%
MPE Properties Limited	Property Backed	14.00% p.a.	0.8%
CLS Finance Limited	Vehicle Financing	9.00% p.a.	0.3%
Weighted Average Interest Rate/Total		8.49% p.a.	91.3%

LGB SME Fund Sector Allocation



Licensing	12%
Industrial Engineering	6%
Cash	8%
Property	4%
Industrial Manufacturing	11%
Leasing	20%
Specialty Finance	17%
Technology Hardware & Equipment	13%
Vehicle Financing	2%
Consumer Goods	9%

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 by issuer, the active management of maturities in the loan note portfolio and robust security arrangements in the terms of loan notes. However, investors should note that:

- There is no active market for loan notes and liquidity is dependent on identifying a buyer. 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.

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.