

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 arranging issues of Medium Term Notes (MTNs) by SMEs 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 30-June-21	£134.21 (Starting at £100.00 1/6/16)	Minimum Investment	£20,000
Fund Currency	GBP	Investment Advisor	LGB Investments
Fund Size	£6,074,975	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	MTNs, 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 £132.38 to £134.21 (+183p). This was an exceptional month. The monthly return comprised a combination of interest received in the MTN portfolio, receipt of some capital repayments at par that had been valued at a discount during the first national lockdown, but also a cash receipt on the sale of equity warrants of Acamar Films Limited. The fund was granted the warrants in 2018 in conjunction with an investment in an MTN issue.

As exercising the warrants would not have been consistent with the fund's fixed income mandate, the warrants were held at zero value. However, the fund was able to identify a buyer for these warrants, which resulted in an unexpected cash contribution of 99p.

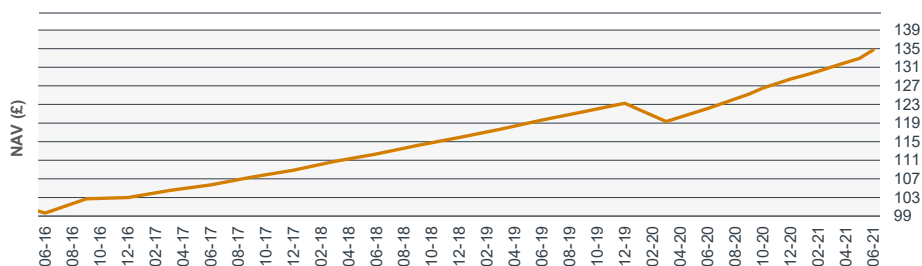
During June, the fund reinvested into new issues of Rivers Leasing plc and SAF Group Finance Limited, both existing portfolio companies.

Both issuers have been managing their respective alternative finance businesses very proactively during the pandemic. Rivers and Simply can each see significant new opportunities for lending, with their respective MTN programmes supporting their growth. Finally, the fund rolled over a maturing position in SRT into a new three year issue on the same terms.

### NAV Performance

3 months	2.80%
6 months	4.88%
12 months	10.34%
Since establishment	34.21%

LGB SME Fund NAV.



## Asset Allocation as of 30 June 2021

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



### Form of Investment

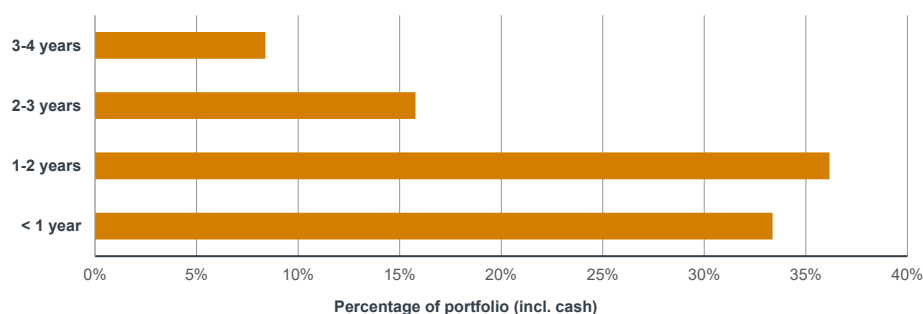
MTNs and Notes:	93.7%
Cash:	6.3%

Portfolio fund:

£6.1m

MTN and note issues:	34
MTN issuers:	13

### Duration Profile of MTN Portfolio



## MTN and Fixed income Portfolio as of 30 June 2021

Issuer	Sector	Interest Rate	Portfolio Weighting
SRT Marine Systems Plc	Technology Hardware & Equipment	8.00% p.a.	11.6%
SAF Group Finance Limited	Specialty Finance	10.00% p.a.	11.1%
Sema Lease UK Limited	Leasing	8.00% p.a.	11.0%
Acamar Films Limited	Licensing	8.50% p.a.	10.7%
Windmill Extrusions Limited	Industrial Manufacturing	8.00% p.a.	9.9%
Rivers Leasing Limited	Leasing	8.00% p.a.	9.0%
AnCellTek Holdings Limited	Consumer Goods	9.00% p.a.	8.3%
Time Finance Plc (previously 1pm Plc)	Specialty Finance	6.50-7.00% p.a.	8.0%
600 Group Plc	Industrial Engineering	8.00% p.a.	5.7%
Bruntwood Bonds 2 Plc	Property Investments	6.00% p.a.	3.0%
R.E.A Trading Limited 10% pref.	Wholesale Distribution	10.00% p.a.	2.6%
Alpha Plus Holdings Plc	Education	5.00% p.a.	2.5%
CLS Finance Limited	Vehicle Financing	default	0.3%
<b>Weighted Average Interest Rate/Total</b>		<b>8.19% p.a.</b>	<b>93.7%</b>

## LGB SME Fund Sector Allocation



- Leasing - 20.0%
- Specialty Finance - 19.1%
- Technology Hardware & Equipment - 11.6%
- Licensing - 10.7%
- Industrial Manufacturing - 9.9%
- Consumer Goods - 8.3%
- Cash - 6.3%
- Industrial Engineering - 5.7%
- Property / Property-backed - 3.0%
- Wholesale Distribution - 2.6%
- Education - 2.5%
- Vehicle Financing - 0.3%

## 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 MTN portfolio and robust security arrangements in the terms of MTNs. However, investors should note that:

- There is no active market for MTNs 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.
- MTNs 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.