

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-September-21	£137.00 (Starting at £100.00 1/6/16)	Minimum Investment	£20,000
Fund Currency	GBP	Investment Advisor	LGB Investments
Fund Size	£6,206,044	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	lgbco.com
Subscriptions	LGB Investments, Heritage Capital Management Ltd and 7IM	ISIN	GG00BG44XG61

Performance & Commentary

The NAV increased this month from £135.86 to £137.00 (+114bps), a new high. The monthly return comprised a combination of interest received in the MTN portfolio and receipt of some capital repayments at par that had been valued at a discount during the first national lockdown. At the end of the month the fund was 85% invested over 4 publicly traded securities and 9 MTN issuers.

At the end of September, the fund received a partial redemption of its position in Ancelltek Series 1, at the price of 107% of par. The premium was paid in return for recent extensions to the maturity date. The fund retains a small position in Ancelltek, which is due to repay at the end of October, also at a premium. Demand for the company's facial tissues has been strong, but shortages of factory staff and HGV drivers have been challenging.

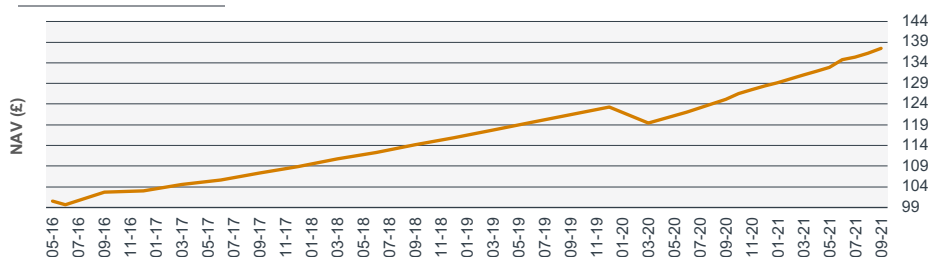
During September the fund also received the redemption on its REA 10% preference shares, retaining a position in the publicly traded R.E.A bonds 9.5% 2024.

The fund has committed to a new investment in the latest issue of Time Finance plc from 1st October, in order to reinvest some of the proceeds received during the month. It will also be looking at additional investments in SRT and Acamar.

NAV Performance

3 months	2.08%
6 months	4.93%
12 months	9.85%
Since establishment	37.00%

LGB SME Fund NAV



Asset Allocation as of 30 September 2021

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



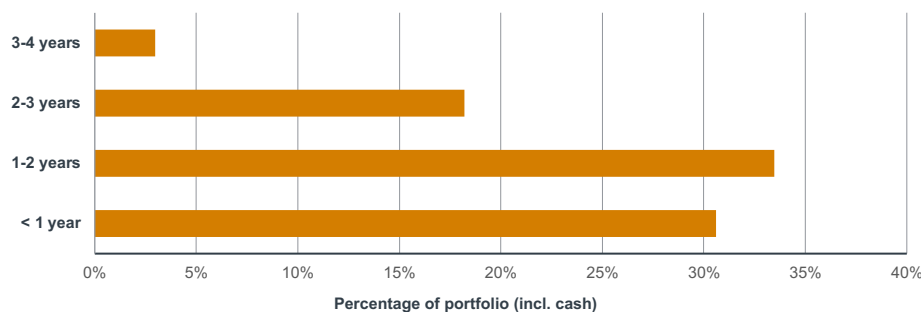
Form of Investment

MTNs and Notes:	85.2%
Cash:	14.8%

Portfolio fund: **£6.2m**

MTN and note issues: 33

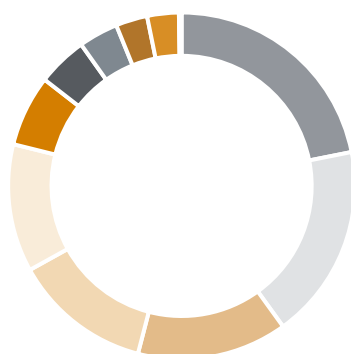
Duration Profile of MTN Portfolio



MTN and Fixed income Portfolio as of 30 September 2021

Issuer	Sector	Interest Rate	Portfolio Weighting
SRT Marine Systems Plc	Technology Hardware & Equipment	8.00% p.a.	11.4%
SAF Group Finance Limited	Specialty Finance	10.00% p.a.	10.9%
Sema Lease UK Limited	Leasing	8.00% p.a.	10.8%
Acamar Films Limited	Licensing	8.50% p.a.	10.5%
Windmill Extrusions Limited	Industrial Manufacturing	8.00% p.a.	9.7%
Rivers Leasing Limited	Leasing	8.00% p.a.	7.8%
Time Finance Plc (previously 1pm Plc)	Specialty Finance	6.50-7.00% p.a.	6.9%
600 Group Plc	Industrial Engineering	8.00% p.a.	5.4%
AnCellTek Holdings Limited	Consumer Goods	9.00% p.a.	3.8%
Bruntwood Bonds 2 Plc	Property Investments	6.00% p.a.	3.0%
R.E.A Trading Limited 9.5% pref.	Wholesale Distribution	9.50% p.a.	2.4%
Alpha Plus Holdings Plc	Education	5.00% p.a.	2.4%
CLS Finance Limited	Vehicle Financing	default	0.2%
Weighted Average Interest Rate/Total		8.09% p.a.	85.2%

LGB SME Fund Sector Allocation



- Specialty Finance - 17.8%
- Cash - 14.8%
- Technology Hardware & Equipment - 11.4%
- Licensing - 10.5%
- Industrial Manufacturing - 9.7%
- Industrial Engineering - 5.4%
- Consumer Goods - 3.8%
- Property / Property-backed - 3.0%
- Wholesale Distribution - 2.4%
- Education - 2.4%
- Vehicle Financing - 0.2%

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.