

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

<b>Price at 31-October-21</b>	£137.78 (Starting at £100.00 1/6/16)	<b>Minimum Investment</b>	£20,000
<b>Fund Currency</b>	GBP	<b>Investment Advisor</b>	LGB Investments
<b>Fund Size</b>	£6,291,375	<b>Investment Manager</b>	Heritage Fund Managers Ltd
<b>Management Fees</b>	1% p.a. + 5% of increase in NAV	<b>Custodian</b>	Butterfield Bank (Guernsey) Limited
<b>Dealing (see Risk Factors below)</b>	Monthly (Redemptions at NAV -1%)	<b>Fund Domicile</b>	Guernsey
<b>Portfolio Composition</b>	MTNs, shares and cash	<b>Auditor</b>	PWC CI LLP, Guernsey
<b>Fund Status</b>	Non-distributor ("roll-up")	<b>Pricing Information</b>	lgbc.com
<b>Subscriptions</b>	LGB Investments, Heritage Capital Management Ltd and 7IM	<b>ISIN</b>	GG00BG44XG61

## Performance & Commentary

The NAV increased this month from £137.00 to £137.78 (+78bps), 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 90.7% invested over 4 publicly traded securities and 9 MTN issues.

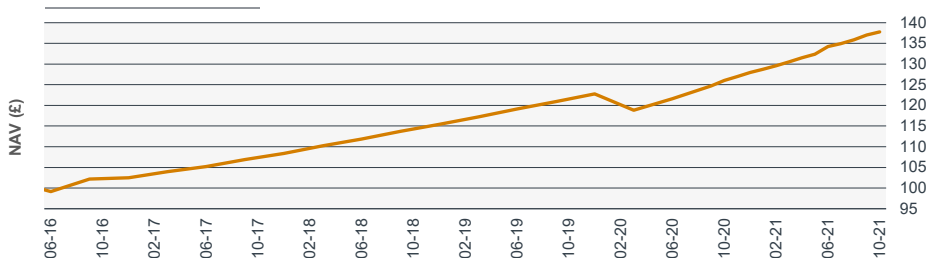
During October the fund reinvested into new issues of Time Finance plc, Acamar Films Limited and SRT Marine Systems plc. These are all existing portfolio companies. The investment into SRT Marine Systems plc was a special opportunity for an 18-month issue with an interest rate of 10% per annum.

The fund has also agreed to a further extension of its position in AnCellTek Series 1, which was partially repaid at the end of September. This is due to be repaid at the end of November at a price of 108% of par. Demand for the company's facial tissues has been strong, but shortages of factory staff and HGV drivers have been challenging.

### NAV Performance

3 months	2.11%
6 months	4.78%
12 months	9.31%
Since establishment	37.78%

### LGB SME Fund NAV



## Asset Allocation at 31 October 2021

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



### Form of Investment

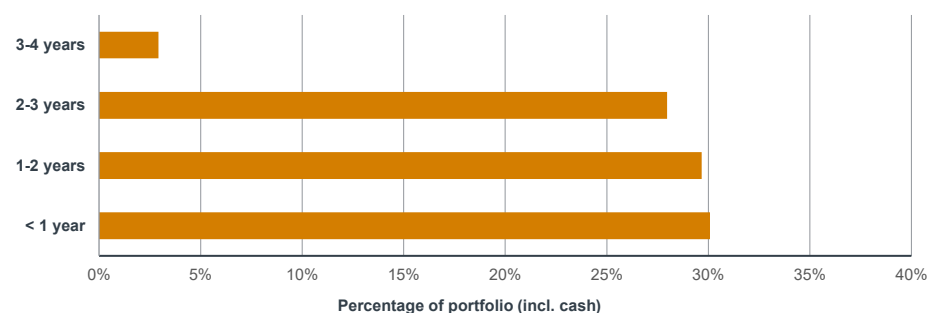
MTNs and Notes:	90.7%
Cash:	9.3%

Portfolio fund:

**£6.3m**

MTN and note issues: 36

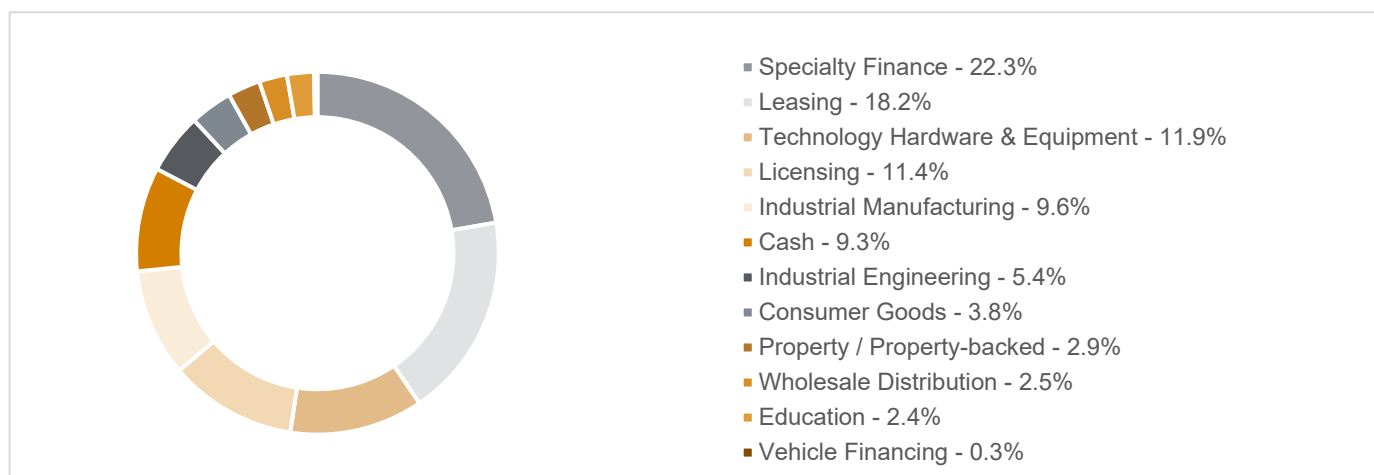
### Duration Profile of MTN Portfolio



## MTN and Fixed income Portfolio as of 31 October 2021

Issuer	Sector	Interest Rate	Portfolio Weighting
<b>SRT Marine Systems Plc</b>	Technology Hardware & Equipment	8.00-10.00% p.a.	11.9%
<b>Time Finance Plc (previously 1pm Plc)</b>	Specialty Finance	6.50-7.00% p.a.	11.5%
<b>Acomar Films Limited</b>	Licensing	8.00-8.50% p.a.	11.4%
<b>SAF Group Finance Limited</b>	Specialty Finance	10.00% p.a.	10.8%
<b>Sema Lease UK Limited</b>	Leasing	8.00% p.a.	10.7%
<b>Windmill Extrusions Limited</b>	Industrial Manufacturing	8.00% p.a.	9.6%
<b>Rivers Leasing Limited</b>	Leasing	8.00% p.a.	7.5%
<b>600 Group Plc</b>	Industrial Engineering	8.00% p.a.	5.4%
<b>AnCellTek Holdings Limited</b>	Consumer Goods	9.00% p.a.	3.8%
<b>Bruntwood Bonds 2 Plc</b>	Property Investments	6.00% p.a.	2.9%
<b>R.E.A Trading Limited 9.5% pref.</b>	Wholesale Distribution	9.50% p.a.	2.5%
<b>Alpha Plus Holdings Plc</b>	Education	5.00% p.a.	2.4%
<b>CLS Finance Limited</b>	Vehicle Financing	default	0.3%
<b>Weighted Average Interest Rate/Total</b>		<b>8.10% p.a.</b>	<b>90.7%</b>

## LGB SME Fund Sector Allocation



## 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.