

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-April-22	£143.12 (Starting at £100.00 1/6/16)	Minimum Investment	£20,000
Fund Currency	GBP	Investment Advisor	LGB Investments
Fund Size	£6,563,051	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, bonds 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 £142.05 to £143.12 (+0.75%). The monthly return comprised a combination of interest received in the MTN portfolio and the receipt of some capital repayments at par that had been valued at a discount at the onset of the pandemic. At the end of the month the fund was 81% invested in notes of nine MTN issuers and three publicly traded securities.

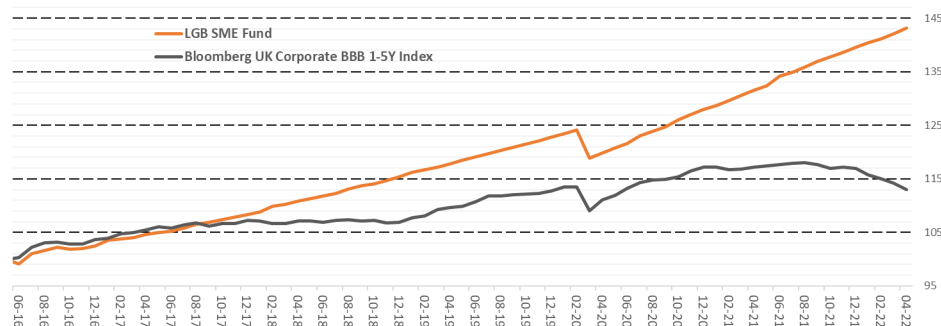
The relatively high cash allocation reflected receipt in April of the redemption of five year notes of 600 Group plc, issued in 2015 and extended in 2020 and 2021, and some notes of SRT Marine Systems plc. The fund rolled over an investment in Sema Lease UK Limited. This company is performing well as business conditions in the vehicle leasing market have improved.

The fund has committed to invest in a new issue for SAF Group Finance Limited closing at the beginning of May. The terms for this investment will be 10% p.a. for 3 years. We are also expecting a new MTN programme to be launched in June and have earmarked some of the cash for this opportunity subject to due diligence.

NAV Performance

3 months	1.96%
6 months	3.88%
12 months	8.84%
Since establishment	43.12%

LGB SME Fund NAV

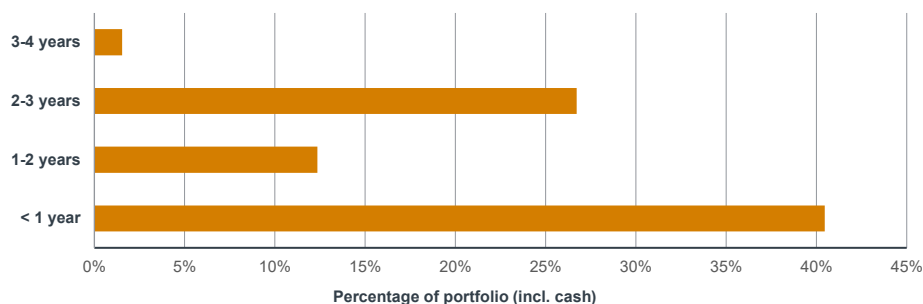


Please note that past performance is not a guide to future performance

Asset Allocation at 30 April 2022

Form of Investment	
■ MTNs and Notes:	81.1%
■ Cash:	18.9%
Portfolio fund:	£6.6m
MTN and note issues:	34
MTN issuers:	12

Duration Profile of MTN Portfolio



MTN and Fixed income Portfolio as of 30 April 2022

Issuer	Sector	Interest Rate	Portfolio Weighting
SRT Marine Systems Plc	Technology Hardware & Equipment	8.00-10.00% p.a.	13.0%
Acamar Films Limited	Licensing	8.00-8.50% p.a.	11.5%
SAF Group Finance Limited	Specialty Finance	10.00% p.a.	10.4%
Sema Lease UK Limited	Vehicle Leasing	8.00% p.a.	10.4%
Rivers Leasing Limited	Specialty Finance	8.00% p.a.	9.2%
Windmill Extrusions Limited	Industrial Manufacturing	8.00% p.a.	9.2%
Time Finance Plc (previously 1pm Plc)	Specialty Finance	6.75-7.00% p.a.	8.4%
Bruntwood Bonds 2 Plc	Property Investments	6.00% p.a.	2.7%
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.	2.2%
AnCellTek Holdings Limited	Consumer Goods	9.00% p.a.	1.4%
CLS Finance Limited	Vehicle Financing	default	0.3%
Weighted Average Interest Rate/Total		8.12% p.a.	81.1%

LGB SME Fund Sector Allocation



- Specialty Finance - 28.0%
- Cash - 18.9%
- Technology Hardware & Equipment - 13.0%
- Licensing - 11.5%
- Vehicle Leasing - 10.4%
- Industrial Manufacturing - 9.2%
- Property / Property-backed - 2.7%
- Wholesale Distribution - 2.4%
- Education - 2.2%
- Consumer Goods - 1.4%
- 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.