

Key Fund Characteristics

Monthly NAV total return	+0.51%	Ticker	SMEF:LN
NAV per ordinary share	101.24p	ISIN	GB00BYMK5S87
Mid-price*	96.00p	Domicile	UK
Premium / discount	-5.18%	Listing	LSE SFS
Dividend frequency	Monthly	Ordinary shares in issue	52,660,350
Dividend yield*	7.54%	Market capitalisation	£50,553,936
Weighted average portfolio gross yield	8.56%	NAV	£53,363,748
Gearing	None	Number of direct loans	216
Currency hedged to GBP	100%	Weighted average maturity	3 years

All data as at 31/10/16 *Source Bloomberg

Investment Objective

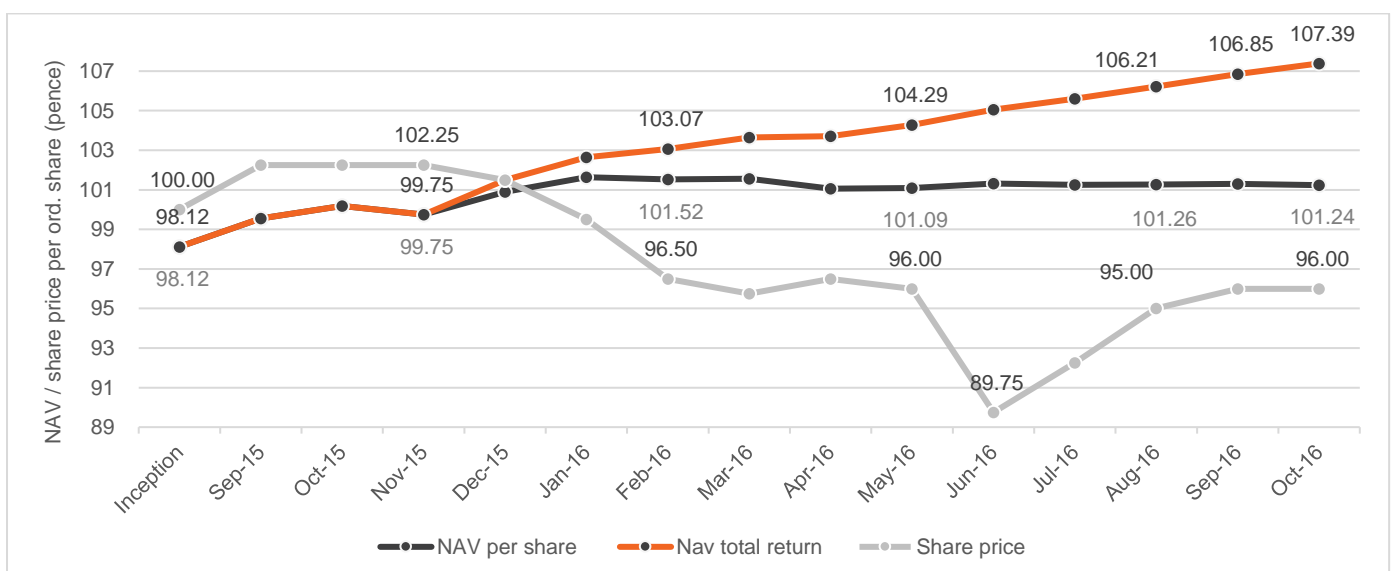
The SME Loan Fund PLC is a UK investment trust with the investment objective of providing shareholders with attractive risk adjusted returns through investment, principally via online finance platforms, in a range of SME loan assets, diversified by way of asset class, geography and duration. The Fund pays a monthly dividend and, over a rolling twelve-month period, is targeting an outright income level of 8% (based on 100p issue price).

Performance and Dividend History

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Inception to date
NAV per share total return, including income*									1.46%	0.64%	-0.43%	1.75%	9.45%
	2016	1.12%	0.42%	0.57%	0.05%	0.55%	0.74%	0.52%	0.57%	0.60%	0.51%		
Dividend per share**												0.60p	6.15p
	2016	0.40p	0.55p	0.55p	0.55p	0.55p	0.60p	0.60p	0.60p	0.60p			
Share price performance total return***									2.25%	0.00%	0.00%	-0.73%	-4.00%
	2016	-1.97%	-3.02%	-0.78%	0.78%	-0.52%	-6.51%	2.79%	2.98%	1.05%	0.00%		

* Per Ordinary Share excluding set-up costs ** Per Ordinary Share paid from income reserves to date *** Source Bloomberg

NAV vs. Share Price



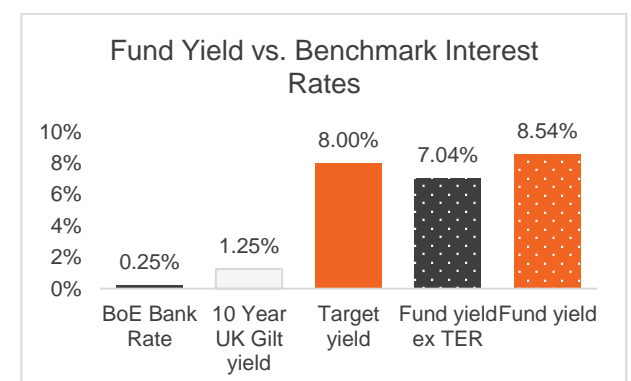
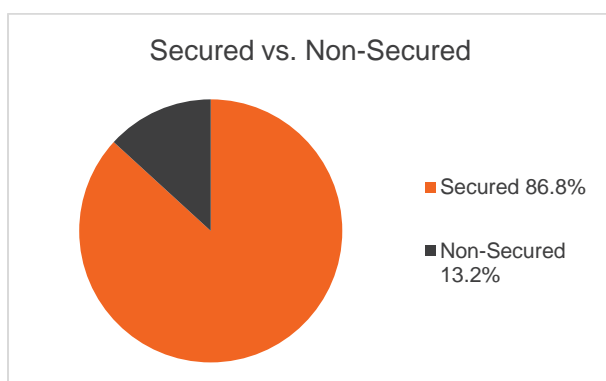
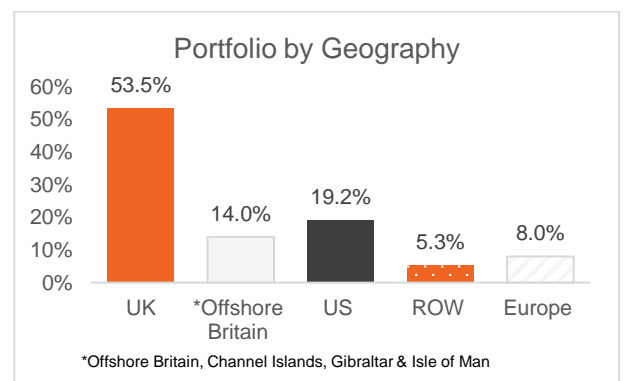
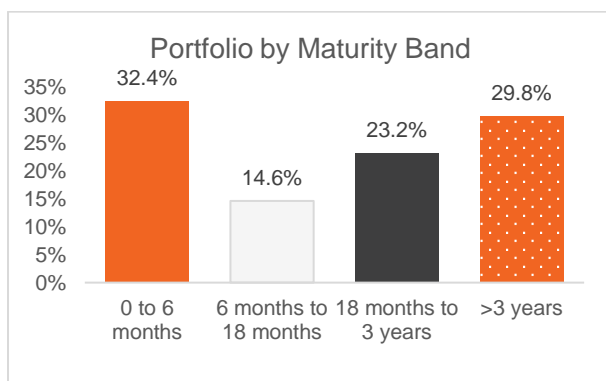
Market Commentary

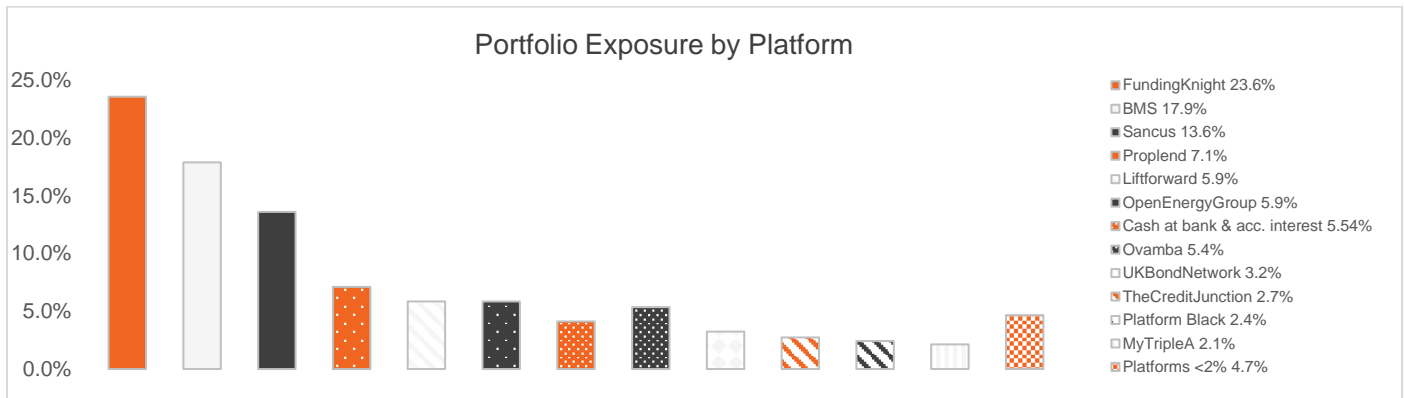
Fixed rate bonds provided investors with a bloody nose throughout the month of October as inflation reared its ugly head. This is a market that many feel is low risk however as we have mentioned in previous factsheets this may not be the case over the coming months. The UK ten-year government bond rose in yield spectacularly from 0.64% to end the reporting period at 1.25%. This transposes into a capital mark-down on the bonds of 4.4%. In the UK, the much forecast slump in economic activity has failed to materialise and Bank of England governor Carney is feeling the heat as he was a proponent of economic “doom and gloom” following the Brexit vote. Inflation figures released in the UK showed a resilience that few expected and the National Institute for Economic and Social Research (NIESR) revised its forecast showing inflation shooting up to 4% by the latter stages of next year. If this does come to fruition, then fixed rate government bond yields would jump substantially and, correspondingly, their prices would fall. Worryingly the same “think tank” also predicts that the economy also faces “significant risks” that could restrict growth. That nasty word stagflation could feature in the broadsheets next year.

Alternative Finance markets continue to settle down following the upheaval of Q1 & Q2 this year. It is true that some Investment Trusts are experiencing difficulties and their share price discount to Net Asset Value in some cases is exceeding 20%. The SME Loan Fund plc is not suffering these issues. Its share price has risen from a low of 89p to the month-end level of 96p (Source Bloomberg). Loan impairment rates remain extremely low within the Fund, testament to the strict manual credit underwriting that is carried out by the Manager. After a sector-wide lull in origination during the Summer, this reversed during October. The AltFi UK monthly volume index jumped to more than £360 million; during September, this figure stood at just £285 million.

Cash levels rose slightly during the month to 11% however, a property development loan delayed until 1st November reduced this figure. Activity in the month was relatively high and exposure to European origination increased slightly with a series of small loans to Spanish SME borrowers. Sectors included retail, HR training and steel fabrications – diversification indeed! As always the constant between the borrowers is one of decent credit quality, including stability of cashflow combined with an acceptable trading history. The rapid depreciation in GBP throughout the month (the Pound fell 5.5% vs. the US Dollar) saw the relative exposure to non-base currency loans increase from 30.5% to 32.8%; a full currency hedge remains in place.

Portfolio Analytics





Top-Ten Loan Exposure

Asset	Coupon	Maturity	Currency	Geographic region	Weighting
Loan 1	8.00%	Mar 17	GBP	Offshore Britain	2.33%
Loan 2	9.00%	Mar 17	USD	ROW	2.28%
Loan 3	9.50%	May 18	GBP	UK	2.10%
Loan 4	9.75%	Sep 18	GBP	UK	1.96%
Loan 5	7.34%	Dec 19	GBP	UK	1.93%
Loan 6	8.00%	Dec 16	GBP	Offshore Britian	1.86%
Loan 7	8.00%	Mar 17	GBP	Offshore Britian	1.86%
Loan 8	9.75%	Jul 18	GBP	UK	1.86%
Loan 9	9.50%	Mar 18	GBP	UK	1.82%
Loan 10	4.88%	Jun 18	USD	ROW	1.70%

For more information, please contact:

Manager: Amberton Asset Management Limited, PO Box 296 Suite W5, Sarnia House, Le Truchot, St Peter Port, GY1 4NA

Email info@thesmeloanfund.com

Web www.thesmeloanfund.com

Phone +44 (0) 14 8170 8240



Financial Advisor & Broker: Cantor Fitzgerald Europe, One Churchill Place, Canary Wharf, E14 54RB

Ben Heatley

Email bheatley@cantor.com

Phone +44 (0) 20 7894 8229



TERMS AND CONDITIONS

The information contained in this document has been prepared by Amberton Asset Management Limited ("Amberton") in respect of The SME Loan Fund plc (the "Fund"). It has not been verified and is subject to material revision and further amendment without notice.

This document has not been approved by an authorised person in accordance with section 21 of the Financial Services and Markets Act 2000. As such this document is being made available only to and is directed at: (a) persons outside the United Kingdom; (b) persons having professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the "Order"); or (c) high net worth bodies corporate, unincorporated associations and partnerships and trustees of high value trusts as described in Article 49(2) (A) to (C) of the Order, and other persons to whom it may otherwise lawfully be communicated (all such persons together being referred to as "relevant persons"). Any failure to comply with these restrictions constitutes a violation of the laws of the United Kingdom. The distribution of this document in or to persons subject to other jurisdictions may be restricted by law and persons into whose possession this document comes should inform themselves about, and observe, any such restrictions. Any failure to comply with these restrictions may constitute a violation of the laws of the relevant jurisdiction. This document and its contents are confidential and are being supplied to you solely for your information and may not be reproduced, redistributed or passed on, directly or indirectly, to any other person or published in whole or in part, for any purpose.

This document does not constitute or form any part of, and should not be construed as, an offer or invitation or other solicitation or recommendation to purchase or subscribe for any securities. Prospective investors should only subscribe for shares in the Fund on the basis of information contained in any prospectus to be published by the Fund in due course in connection with the admission of the Fund's shares to the Official List and to trading on the London Stock Exchange. No reliance may be placed for any purpose whatsoever on the information, representations or opinions contained in this document, and no liability is accepted for any such information, representations or opinions. This document does not constitute either advice or a recommendation regarding any securities. Any person who is in any doubt about the subject matter of this document should consult a duly authorised person.

None of the Fund, Amberton, Cantor Fitzgerald Europe ("Cantor Fitzgerald" ("Cantor Fitzgerald")) or any other person makes any guarantee, representation or warranty, express or implied as to the accuracy, completeness or fairness of the information and opinions contained in this document, and none of the Fund, Amberton, Cantor Fitzgerald or any other person accepts any responsibility or liability whatsoever for any loss howsoever arising from any use of this document or its contents or otherwise arising in connection therewith.

Source: Amberton Asset Management Limited

In preparing this document, Amberton has relied upon and assumed, without independent verification, the accuracy and completeness of all information available from public sources or which was otherwise reviewed by Amberton. The information presented in this document may be based upon the subjective views of Amberton or upon third party sources subjectively selected by Amberton. Amberton believes that such third party sources are reliable, however no assurances can be made in this regard.

This document includes forward-looking statements. These forward-looking statements include all matters that are not historical facts, statements regarding the Fund's intentions, beliefs or current expectations concerning, among other things, the Fund's results of operations, financial condition, liquidity, prospects, growth, strategies, and the sectors in which the Fund intends to operate. By their nature, forward-looking statements involve risks and uncertainties. You are cautioned that forward looking statements are not guarantees of future performance and that the Fund's actual results of operations, financial condition and the development of the sectors in which the Fund intends to operate may differ materially from those made in or suggested by the forward-looking statements contained in this document. No representation, express or implied, is made that any changes to the information herein will be provided to you.

Neither this document nor its contents may be distributed, published or reproduced, in whole or in part, by you or any other person for any purpose. In particular, neither this presentation nor any copy of it may be: (i) taken or transmitted into the United States of America; (ii) distributed, directly or indirectly, in the United States of America or to any US person (within the meaning of regulations made under the Securities Act 1933, as amended); (iii) taken or transmitted into or distributed in any member state of the European Economic Area (other than the United Kingdom), Canada, Australia, the Republic of Ireland or the Republic of South Africa or to any resident thereof; or (iv) taken or transmitted into or distributed in Japan or to any resident thereof. Any failure to comply with these restrictions may constitute a violation of the securities laws or the laws of any such jurisdiction. The distribution of this document in other jurisdictions may be restricted by law and the persons into whose possession this document comes should inform themselves about, and observe, any such restrictions.

By accepting this document or by attending any presentation to which this document relates you will be taken to have represented, warranted and undertaken that: (i) you are a relevant person; (ii) you have read and agree to comply with the contents of this notice; and (iii) you will treat and safeguard as strictly private and confidential all the information contained herein and take all reasonable steps to preserve such confidentiality.