

## British Smaller Companies VCT plc (BSC)

# INVESTOR UPDATE Summer 2016



Dear Shareholder

I would like to welcome you to the Summer 2016 edition of the BSC Investor Update.

### Overview

BSC has again delivered a robust performance this quarter, with portfolio growth in the period helping to deliver a NAV per share increase of 1.5%. At 30 June total return stood at 210.2 pence per share, with NAV per share at 101.5 pence and cumulative dividends at 108.7 pence per share.

Following the AGM on 27 July a final dividend for last year of 3.5 pence has been paid as has a first interim dividend for the current year of 2.0 pence per share. This brings cumulative dividends to 114.2 pence per share.

Although the new VCT legislation came into force in November last year, HMRC's guidance was only issued in May, with the result that getting the necessary advance assurances on new investments has been slower than I think everyone would have liked. Despite this it is pleasing that we have now completed our first investment under the new rules; advance assurances have been received for a further two potential investments and application for a fourth is underway. It is hoped that approvals will be issued more quickly as everyone gets used to working with the new guidelines.

### Brexit

It will be some time before we know the real impact of the vote to leave the European Union on BSC's ability to make new investments, realise existing investments and on its current portfolio and your Board will keep this under constant review.

### New investment

We completed an investment of £1.35 million into Hosted Network Services Limited (trading as Sipsynergy) on 30 June. Sipsynergy, based in Hertfordshire, is a market leading cloud collaboration solutions provider to SMEs. Sipsynergy has worked closely with technology firm Cisco to create a solution which is sold on a white label basis through IT and telecoms resellers and managed service providers. The funding will support Sipsynergy's growth strategy through the expansion of its sales and support teams.

### Dividend Re-investment Scheme ("DRIS")

We know that there were many more of you who wanted to take up last year's fundraising offer than could be catered for. Re-investing dividends can be a good way of investing further in venture capital trusts. Currently just under 25% of you choose to re-invest your dividends.

Any DRIS investment does attract income tax relief at the rate of 30% and additionally in the case of BSC's scheme, the investment is made at a 5% discount to the last reported NAV. **If you are interested in signing up for the DRIS, more details of this can be found on page 3.**

### Common Reporting Standards ("CRS")

The Government has recently introduced legislation enacting the CRS, which requires companies to report to HMRC on shareholders based outside the UK and the Company's Registrar has started writing to shareholders impacted by this to confirm their details. Applicants for future fundraisings will be required to provide their taxpayer reference numbers and their country of residence for tax purposes.

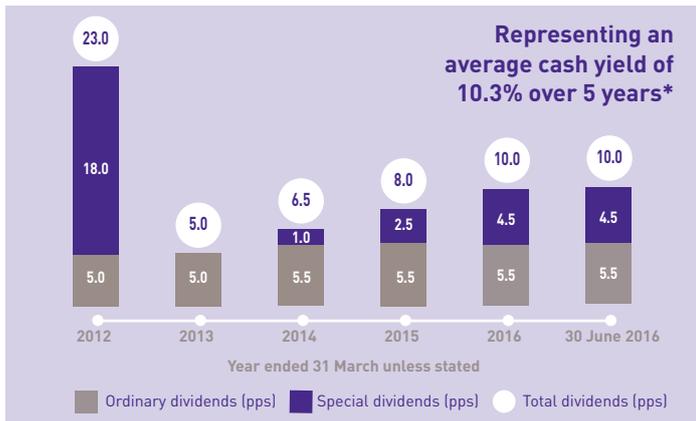
### Communications

The latest Investor Workshop was held on 17 May and, with over 200 present, I was pleased that so many of you were able to attend. BSC also recently held its Annual General Meeting. This is a much smaller, more formal affair but it was pleasing to see a number of you attend and contribute to the event. As ever, we do really value your feedback, so if there was anything you would like to see added to the Workshops, this Update or any other communication you receive from us please do let us know.

Thank you again for your continued support of BSC.

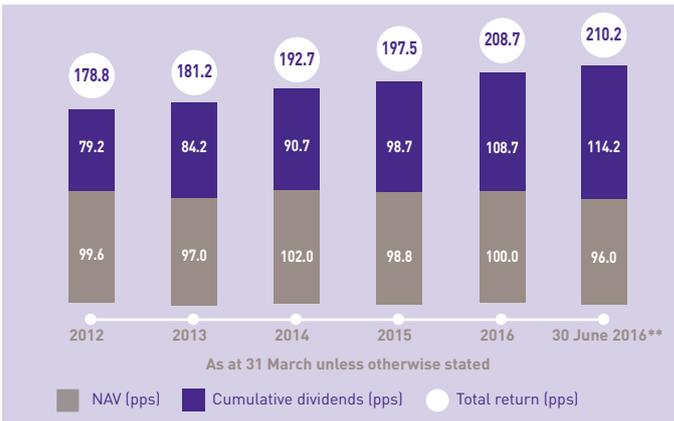
**David Hall**  
Managing Director  
YFM Equity Partners

## DIVIDENDS PAID



\* Based on the average dividend paid over 5 years to 30 June 2016 expressed as a percentage of the last reported NAV (30 June 2016)

## TOTAL RETURN



\*\* Adjusted for the 5.5 pence dividends paid on 5 August 2016

# SIPSYNERGY



“YFM's continued support will be key in driving our future growth as we look to develop our offering and customer base and I look forward to working with our new team to ensure continued success.”

John Fox,  
Founder, Sipsynergy

## The business

A market-leading cloud collaboration solutions provider to SME's

Has developed a solution which provides a range of communications technologies to SME's on a cost effective basis

Partnered with Cisco to create a solution which is sold on a white label basis through IT and telecoms resellers and managed service providers

Employs 15 staff in Ware and Southampton

## Key investment attractions

Clever technology which enables a high specification, yet competitively priced solution

Well placed in the cloud hosted communications market which is forecast to double over the next five years

Expanded management team with wealth of experience in this market

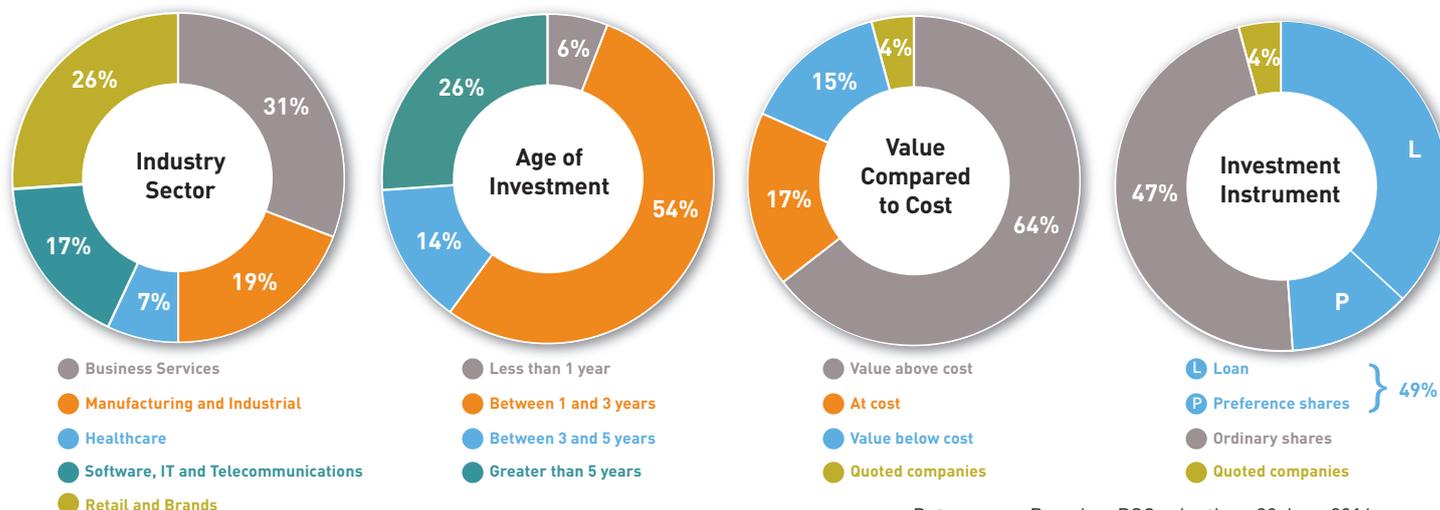
Close alignment with Cisco provides access to a largely untapped part of the SME market

## The strategy

Scale a proven technology and proven business model

Significantly accelerate the growth of the customer base and recurring revenues through recruitment into sales, support and product development

## PORTFOLIO AT A GLANCE



Data source: Based on BSC valuations 30 June 2016

## FINANCIAL HIGHLIGHTS

Total Return Since Launch (to March 2016)	208.7			
Years	1	3	5	10
Net Asset Value - "NAV" at start of period *	98.8	97.0	120.0	97.5
NAV 31 March 2016 *	100.0	100.0	100.0	100.0
Dividends paid in period *	10.0	24.5	52.5	78.3
Total Return *	110.0	124.5	152.5	178.3
Total Growth (%)	11.3%	28.4%	27.1%	82.9%
Investment Rate of Return (%)	11.9%	9.6%	6.4%	8.1%

\* Excludes all tax relief - Pence per share

We have included here a new table which demonstrates the total return growth per annum of the Company over the 1, 3, 5 and 10 year periods to 31 March 2016.

Past performance is no guide to future performance and the value of an investment in British Smaller Companies VCT plc may go down as well as up and you may not get back the full amount invested.

## PORTFOLIO UPDATE

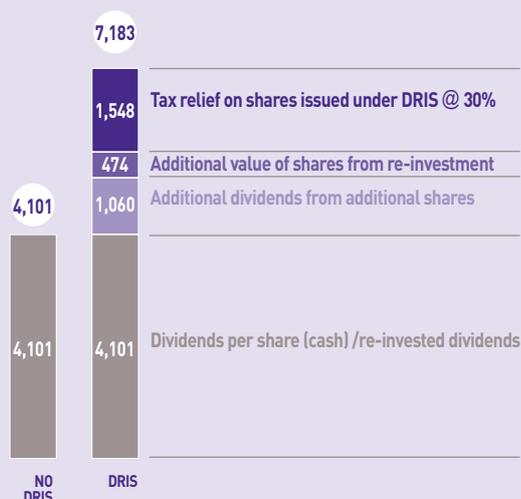
In the three months to 30 June 2016 the investment portfolio (after netting off additions and proceeds), grew in value by £1.11 million. The unquoted portfolio, which comprised 96% of the total portfolio increased by £1.80 million, with a value gain of £1.01 million after netting off additional investment of £1.37 million offset by loan repayments of £0.57 million. The Top 10 investments performed very strongly with a value gain in the quarter of £2.26 million. The quoted portfolio saw a value gain of £0.11 million in the quarter.

Company	Website	Investment valuation at 31 Mar 2016 (£000)	Proceeds (£000)	Additions (£000)	Valuation gains including profits on disposal (£000)	Unaudited investment valuation at 30 Jun 2016 (£000)	% of Net asset value of £97.1m
GO Outdoors TopCo Limited	gooutdoors.co.uk	9,387	-	-	↑ 1,321	10,708	11.0%
Intelligent Office (via IO Outsourcing Limited)	intelligentofficeuk.com	4,990	-	-	↓ (95)	4,895	5.0%
Mangar Health Limited	mangar.co.uk	3,285	-	-	↑ 125	3,410	3.5%
ACC Aviation (via New Acc (2014) Limited)	flyacc.com	3,019	-	-	↑ 389	3,408	3.5%
DisplayPlan Holdings Limited	displayplan.com	3,317	-	-	↑ 82	3,399	3.5%
GTK (Holdco) Limited	gtk.co.uk	2,663	-	-	↑ 139	2,802	2.9%
Springboard Research Holdings Limited	spring-board.info	2,469	-	-	↔ -	2,469	2.6%
Gill Marine Holdings Limited	gillmarine.com	2,338	-	-	↓ (42)	2,296	2.4%
Business Collaborator Limited	groupbc.com	2,029	-	-	↑ 222	2,251	2.3%
Leengate Holdings Limited	leengatevalves.co.uk	1,944	-	-	↑ 114	2,058	2.1%
<b>Top 10 total</b>		<b>35,441</b>	<b>-</b>	<b>-</b>	<b>↑ 2,255</b>	<b>37,696</b>	<b>38.8%</b>
Remainder of unquoted portfolio		21,092	(573)	1,370	↓ (1,250)	20,639	21.3%
<b>Total unquoted portfolio</b>		<b>56,533</b>	<b>(573)</b>	<b>1,370</b>	<b>1,005</b>	<b>58,335</b>	<b>60.1%</b>
<b>Quoted portfolio</b>		<b>2,257</b>	<b>(124)</b>	<b>-</b>	<b>107</b>	<b>2,240</b>	<b>2.3%</b>
<b>Total portfolio</b>		<b>58,790</b>	<b>(697)</b>	<b>1,370</b>	<b>1,112</b>	<b>60,575</b>	<b>62.4%</b>

## DIVIDEND RE-INVESTMENT SCHEME (DRIS)

BSC's Dividend Re-investment Scheme ("DRIS") is a great way of building up your shareholding in a tax efficient\* way by re-investing your cash dividends in the Company.

## DRIS returns over 5 years based on an initial investment of £10,000



## How to subscribe to DRIS

Visit the BSC website for terms and conditions and mandate form:

- [www.bscfunds.com](http://www.bscfunds.com)
- Click on British Smaller Companies VCT plc (BSC)
- Select the DRIS section (on the left)

For more information contact Tracey Nice on 0113 261 6478 or email [tracey.nice@yfmepl.com](mailto:tracey.nice@yfmepl.com)

\* Tax relief may not be available to all shareholders in BSC. If you are in any doubt as to your tax position you should consult with an appropriately qualified professional adviser.

## KEY DATES



## FOR YOUR RECORDS – DIVIDENDS PAID AND DATE

The table below displays the dates when BSC dividends have been paid and we hope you find it useful in keeping and checking your records.

Date paid	Pence per share	Date paid	Pence per share	Date paid	Pence per share
<b>Cumulative to 31 March 2005</b>	<b>26.75</b>	7 January 2010	2.00	1 August 2014	3.50
5 August 2005	2.20	28 September 2010	4.25	7 January 2015	2.00
10 January 2006	1.50	7 January 2011	2.00	3 March 2015	2.50
11 August 2006	3.00	22 August 2011	18.00	4 August 2015	3.50
6 November 2006	1.50	22 August 2011	3.00	7 September 2015	3.50
8 August 2007	3.00	20 January 2012	2.00	15 January 2016	2.00
16 November 2007	2.00	17 August 2012	3.00	11 March 2016	1.00
8 August 2008	3.00	14 January 2013	2.00	<b>Cumulative at 30 June 2016</b>	<b>108.70</b>
11 February 2009	2.00	13 August 2013	4.50	5 August 2016	3.50
13 August 2009	3.00	21 March 2014	2.00	5 August 2016	2.00

## IMPORTANT NOTICE

Past performance is no guide to future performance and the value of an investment in British Smaller Companies VCT plc ("the Company") may go down as well as up and you may not get back the full amount invested. An investment in a VCT is higher risk than investing in other securities listed on the London Stock Exchange official list. You should regard an investment in the Company as a higher risk, long term investment. The Company invests in mostly unquoted companies which are small and which by their nature carry a heightened level of risk.

In the past there has been limited liquidity in VCT shares listed on the London Stock Exchange. It may therefore be difficult to realise shares in the Company in the future and the share price may not reflect the underlying net asset value.

Tax rules and regulations can change over time and the tax reliefs available are dependent on the Company maintaining HM Revenue & Customs approval, on individual circumstances and on investors retaining their shares for a five year period. We recommend that you seek independent financial advice from an appropriately authorised

independent financial adviser as to whether an investment in the Company is suitable for you, as well as your personal entitlement to tax reliefs associated with any share offer by the Company.

**This Investor Update is not an offer to invest in the Company. It is an advertisement and is not a prospectus.**

This Investor Update has been issued and approved for the purposes of Section 21 of the Financial Services and Markets Act 2000 by YFM Private Equity Limited ("YFM"), which is authorised and regulated by the Financial Conduct Authority

(FRN: 122120). YFM is the Investment Adviser to the Company.

YFM Private Equity Limited is ultimately owned by YFM Equity Partners LLP which is registered in England and Wales No: 0C384467. Registered Office: 5th Floor, Valiant Building, 14 South Parade, Leeds LS1 5QS.

## CONTACT US

For further information, including how to register for email communications please call or email.

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