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Potential investors are strongly urged to seek independent professional advice when considering an investment in British Smaller Companies VCT2 plc (BSC2 or the Company). Although the significant tax benefits available to investors in Venture Capital Trusts (VCTs) balance the risk of the investment, there are a number of risk factors of which investors should be aware.

As with most investment products, prospective investors should be aware that the value of ordinary shares in a VCT, and the income from them, may go down as well as up and an investor may not get back the amount originally invested. The price at which the ordinary shares are traded may not reflect the net asset value of the Company. Subscribing for shares in a Venture Capital Trust should be considered as a long-term investment.

Investing in Venture Capital Trusts carries particular risks. The principal risks factors are:

Past performance of the Company and/or investments managed or advised by the Fund Adviser should not be regarded as an indication of future performance.

Levels and bases of, and relief from, taxation are subject to change. Such changes could be retrospective. Any change of governmental, economic, fiscal, monetary or political policy could materially affect, directly or indirectly, the operation of the Company and/or its ability to achieve or maintain final VCT status. Investors must follow certain simple steps to receive the income tax relief. It is possible for investors to lose their tax reliefs by not taking these steps. For example, if an Investor disposes of his/her ordinary shares within five years of acquisition, HM Revenue & Customs may claw back any income tax relief obtained on subscription. Investors are, therefore, advised to take their own independent financial advice on the tax aspects of their investment.

There can be no assurance that British Smaller Companies VCT2 plc will meet its objectives or that suitable investment opportunities will be identified. Whilst it is the intention of the Directors of British Smaller Companies VCT2 plc that the Company will be managed so as to maintain its qualification as a VCT, there can be no guarantee that such status will be maintained. A failure to meet the qualifying requirements could result in British Smaller Companies VCT2 plc losing the tax reliefs previously or prospectively obtained, resulting in adverse tax consequences for investors, including a requirement to repay the 30% income tax relief.

Investments made by Venture Capital Trusts will be in companies whose shares are not readily marketable and, therefore, may be difficult to realise. The fact that a share is traded on AIM or PLUS-quoted (formerly OFEX) or any other stock market does not guarantee its liquidity. The spread between the buying and selling price of such

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companies' shares may be wide. Whilst run as a Venture Capital Trust, British Smaller Companies VCT2 plc must invest the proceeds of the Offers in companies which satisfy certain qualifying tests including having gross assets of not more than £7 million immediately prior to investment and £8 million immediately thereafter. Individually, such companies generally have a higher risk profile than larger companies.

The performance of British Smaller Companies VCT2 plc may be difficult to assess due to the frequency of its net asset valuations. Prospective investors should be aware that the net asset value of the company will only be audited on an annual basis and, accordingly, the ordinary shares will frequently trade at a discount to net asset value. The unaudited net asset values will be reported at quarterly intervals and will include the audited full-year net asset value and the unaudited interim net asset values.

Although the shares of a Venture Capital Trust are traded on the London Stock Exchange's market for listed securities, there is only a very limited secondary market for shares in a venture capital trust and, consequently, investors may find it difficult to realise their investment in British Smaller Companies VCT2 plc.

The content of this website is not an offer or invitation to apply for shares in British Smaller Companies VCT2 plc. Any application made for shares should be made solely on the basis of the duly approved offer document as may be issued from time to time by British Smaller Companies VCT2 plc and which can be accessed on this website. Investors are strongly urged to seek independent professional advice when considering an investment in a Venture Capital Trust.

You should be aware that share values and income from them can go down as well as up and you may not get back the full amount you invested. Past performance of British Smaller Companies VCT2 plc or any fund advised or managed by YFM is not a guide or a guarantee of the future performance of British Smaller Companies VCT2 plc.

A Venture Capital Trusts shares, though listed, are likely to be difficult to realise. Prospective investors should regard an investment in a Venture Capital Trust as a long-term investment. The value of tax reliefs available depends on personal circumstances and is subject to shareholders retaining their shares for a five-year period.

The content of this website has been approved as a financial promotion under section 21 of the Financial Services and Markets Act 2000 by YFM Private Equity Limited, which is the investment adviser to British Smaller Companies VCT2 plc. YFM Private Equity Limited is authorised and regulated by the Financial Conduct Authority (FRN: 122120) and ultimately owned by YFM Equity Partners LLP.