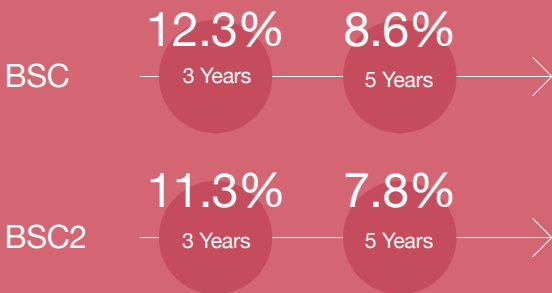


# £40 million Joint Offer plus £20 million over-allotment facility

2021/22 Tax Year

British Smaller Companies VCT plc ( BSC )  
British Smaller Companies VCT2 plc ( BSC2 )

## Total return per annum\*



\* Based on figures to 30 June 2021

BSC and BSC2 are ranked 5th and 7th for NAV Total Return over the last 3 years

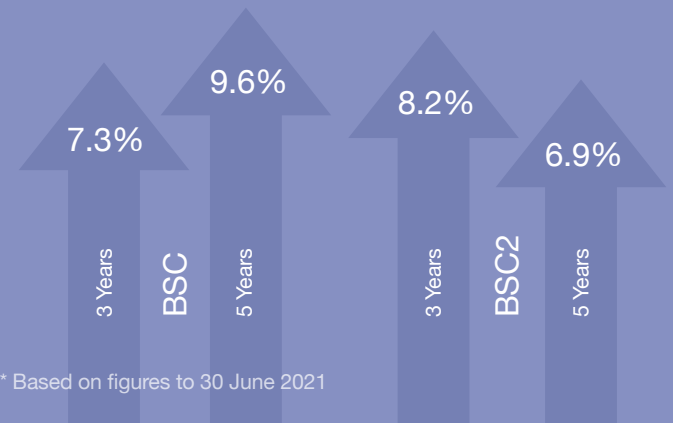
Source: VCT Generalist NAV Total Return from Morning Star compiled by the AIC



Strong demand for investment in the UK regions e.g. £20.5 million invested in the 12 months to 30 June 2021 into new and further investments



## Dividend yield per annum\*



\* Based on figures to 30 June 2021

“The British Smaller Companies VCT and British Smaller Companies VCT 2 can be pointed to as long term success stories of the VCT industry. Their conservative approach to raising funds and making investments has delivered for their shareholders, with cumulative dividends of 157.4p and 71.5p respectively. Combined with long term consistent management from David Hall and low fees, we rate them highly within their peer group”

Martin Churchill, Tax Efficient Review

Investing and actively managing investment in UK small businesses for almost 40 years

Past performance of BSC or BSC2 is no guide to future performance and may not be repeated. The value of investments may go down as well as up and you may not get back the full amount invested.



# Introduction

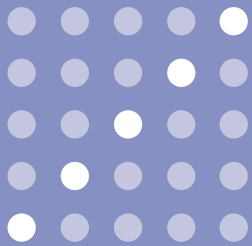
The VCTs invest in growing businesses located in the UK regions. The improved economic climate has increased the demand for equity investment funds provided by Venture Capital Trusts. As a result of this the VCTs have deployed a total of £20.5 million in the 12 months to 30 June 2021.

To meet the growing demand for further and new investment, the VCTs are seeking to raise £40 million plus a £20 million over-allotment facility of new investment funds, to take advantage of the high level and quality of investment opportunities available throughout the UK regions.

## Successful private equity fund manager

YFM Private Equity Limited (YFM), a subsidiary of YFM Equity Partners LLP has an almost 40-year history of investing in growing businesses and has been managing and advising venture capital trusts since 1996. YFM's key strengths are its:

- Highly experienced investment team: 26 investment and portfolio staff spread across YFM's regional office network, with an average of 14 years' experience each
- Strong levels of deal flow in the UK regions: selectively choosing from over 400 investment opportunities each year
- Active portfolio management style: involved in setting strategy, strengthening management teams, evaluating acquisition opportunities and driving exit values.



The last 25 realisations generated a total return of 2.4x cost

Consistent returns across both VCTs with dividend yields above the base dividend that the Boards strive to achieve



## Key Risks

This financial promotion is an advertisement, for information purposes and does not constitute the Prospectus relating to the Offers to subscribe for shares in BSC and BSC2 ("the VCTs") and it does not contain investment advice. You should only invest under the Offers on the basis of information contained in the VCT Offers Prospectus issued by the VCTs ("the Prospectus") which can be found at [bscfunds.com](http://bscfunds.com).

The tax reliefs available are dependent on the VCTs maintaining HM Revenue & Customs approval and will also depend on individual circumstances and on investors retaining their shares for a 5-year period.

Past performance is no guide to future performance and the value of an investment in the VCTs may go down as well as up and you may not get back the full amount invested. An investment in a Venture Capital Trust may be higher risk than investing in other securities listed on the London Stock Exchange official list. You should regard an investment in the VCTs as a long term investment. The VCTs invest 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 venture capital trust shares listed on the London Stock Exchange. It may therefore be difficult to realise shares in the VCTs in the future and the share price may

not reflect the underlying Net Asset Value. For a full list of risk factors, please see "Risk factors" on page 13 of the Prospectus.

We recommend that you seek independent financial advice from an appropriately authorised independent financial adviser as to whether this investment is suitable for you as well as your personal entitlement to tax reliefs associated with the Offers.

Past performance of BSC or BSC2 is no guide to future performance and may not be repeated. The value of investments may go down as well as up and you may not get back the full amount invested.

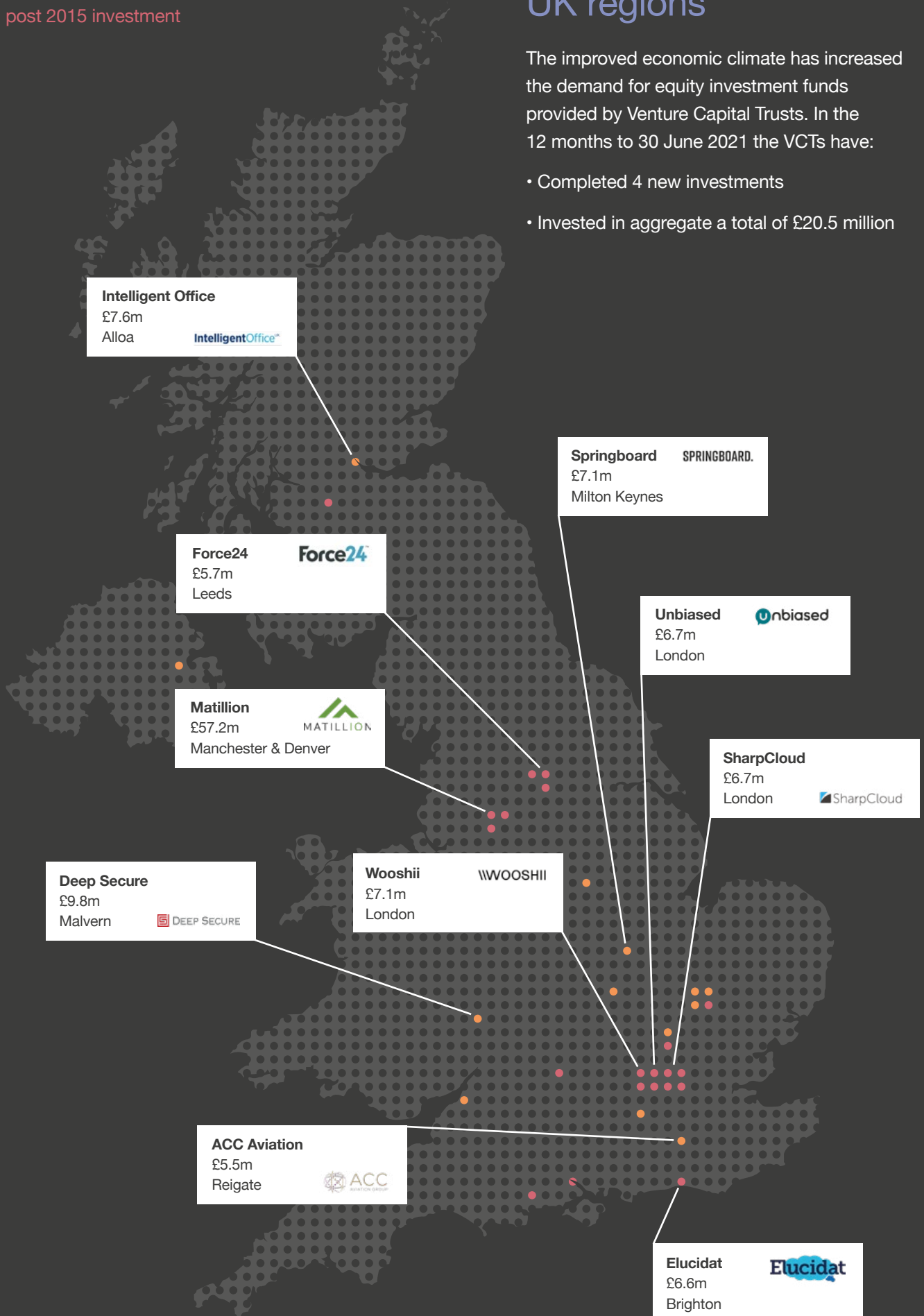
Map showing the geographical diversification of the current investment portfolio.

- pre 2015 investment
- post 2015 investment

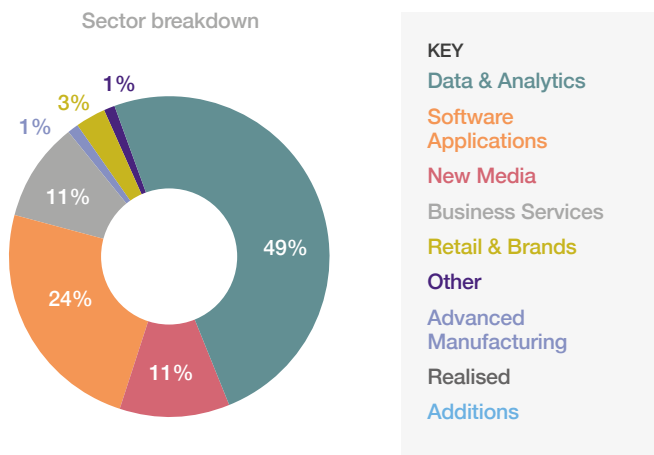
## Strong demand for investment in the UK regions

The improved economic climate has increased the demand for equity investment funds provided by Venture Capital Trusts. In the 12 months to 30 June 2021 the VCTs have:

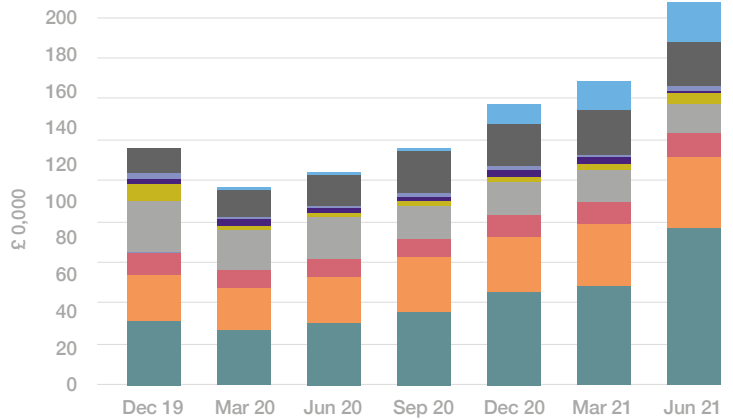
- Completed 4 new investments
- Invested in aggregate a total of £20.5 million



# Portfolio sector analysis



Valuation movement



Past performance of BSC and BSC2 is no guide to future performance and may not be repeated.

## Offer details

### Closing date

1 April 2022 (or earlier if fully subscribed)

### Final allotment date

4 April 2022 (or earlier if fully subscribed)

### Offer size

£40 million plus £20 million over-allotment facility

### Allotment

Based on most recently reported Net Asset Values

### Minimum investment

£6,000 (across both VCTs)

### Maximum investment

£200,000 (per tax year)

### Early bird offers

An additional 0.5% for the first £10 million raised  
An additional 0.25% for the next £5 million raised

### Costs of the offers

3% Advised. 3.5% Direct. 5.0% Execution only.

### Offer terms

For full details of the Offer terms, please refer to the Prospectus

### Offer details

For further details about the VCT Offer please speak to your financial adviser or contact Tracey Nice for a copy of the Prospectus.

### Tracey Nice

Investor Relations Support Manager  
T: 0113 261 6478 M: 07500 330986  
tracey.nice@yfmeq.com  
bscfunds.com



Promoter to the Offers  
T 020 3006 7530  
ramcapital.co.uk

This document is an advertisement and is not a prospectus and any decision to invest in this product should be made on the basis of the information contained in the prospectus issued by British Smaller Companies VCT plc and British Smaller Companies VCT2 plc, which can be found on bscfunds.com.

## Venture Capital Trusts

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

Each of the VCTs operates a DRIS which provides investors a tax efficient way of building up their shareholding as an alternative to receiving dividends in cash. Tax free dividends are re-invested at the most recent Net Asset Value and newly acquired shares attract 30% income tax relief.

### Providing improved liquidity and buy-back policy

Both VCTs want to ensure that shareholders have some ability to realise their investment and to facilitate this they operate a share buy-back policy whereby shares are currently bought back at a 5% discount to Net Asset Value. This policy and the rate of discount are regularly reviewed.

### New to Venture Capital Trusts?

VCTs offer significant tax benefits to investors which currently include:

- 30% income tax rebate on your investment (subject to your total income tax bill)
- Tax free dividends and capital distributions
- Exemption from capital gains tax on any capital on sale
- More information on Venture Capital Trusts can be found on the Association of Investment Companies website: [theaic.co.uk](http://theaic.co.uk)

Tax reliefs are subject to change. Please refer to your tax adviser or HM Revenue & Customs website for further guidance on Venture Capital Trust reliefs.

## Important Notice

An investment in British Smaller Companies VCT plc and British Smaller Companies VCT2 plc ("the VCTs") is suitable only for investors who are capable of evaluating the risks (see page 2) and merits of such an investment and who have sufficient resources to bear any loss which might arise. If you are in any doubt as to the action you should take, you should consult an independent financial adviser authorised under the Financial Services and Markets Act 2000.

This financial promotion has been issued and approved for the purposes of Section 21 of the Financial Services and Markets Act 2000 by YFM Private Equity Limited, which is authorised and regulated by the Financial Conduct Authority (FRN 122120). YFM Private Equity is the Manager to the VCTs and is a wholly owned subsidiary of YFM Equity Partners LLP (OC 384467) Registered in England and Wales. Registered office: 5th Floor, Valiant Building, 14 South Parade, Leeds, LS1 5QS.