

**British Smaller Companies VCT2 plc**  
**Interim Management Statement**  
**For the quarter ended 31 March 2020**

British Smaller Companies VCT2 plc (the “Company”) presents its interim management statement for the quarter ended 31 March 2020. The statement also includes relevant financial information between the end of the quarter and the date of this statement. A copy of this interim management statement can be found at [www.bscfunds.com](http://www.bscfunds.com).

**Overview**

The Company’s Total Return at 31 March 2020 was 114.9 pence per ordinary share, representing an increase of 0.3 pence per ordinary share over the Total Return of 114.6 pence per ordinary share announced on 25 March 2020.

As previously reported, on 10 March 2020 the Company realised its investment in Business Collaborator Limited for £5.1 million, compared to a valuation of £3.5 million at 31 December 2019. The realised gain of £1.6 million has been included in the Total Return announced today.

**Performance**

The movement in **Total Return** in pence per ordinary share is set out in the table below:

	<b>Pence per ordinary share</b>	
Cumulative dividends to 31 December 2019	66.5	
Net Asset Value (“NAV”) at 31 December 2019	<u>55.2</u>	
Total Return at 31 December 2019		121.7
Net underlying movement in portfolio	(6.5)	
Net result after expenses / share buy-backs	<u>(0.3)</u>	
Decrease in Total Return		(6.8)
<b>Total Return at 31 March 2020</b>		<b>114.9</b>

	<b>31 March 2020</b>	<b>Movement</b>	<b>31 December 2019</b>
<b>Net Assets (£m)</b>	<b>62.8</b>	<b>(9.5)</b>	<b>72.3</b>
<b>NAV per share (PPS)</b>	<b>48.4p</b>	<b>(6.8p)</b>	<b>55.2p</b>
<b>Cumulative dividends paid (PPS)</b>	<b>66.5p</b>	<b>-</b>	<b>66.5p</b>
<b>Total Return (PPS)</b>	<b>114.9p</b>	<b>(6.8p)</b>	<b>121.7p</b>
<b>Shares in issue</b>	<b>129,883,515</b>	<b>(1,217,031)</b>	<b>131,100,546</b>

The Total Return at 31 March 2020, calculated by reference to the NAV per ordinary share and the cumulative dividends paid per ordinary share, was 114.9 pence per ordinary share compared to 121.7 pence per ordinary share at 31 December 2019.

The unaudited NAV per ordinary share as at 31 March 2020 was 48.4 pence per ordinary share (31 December 2019: 55.2 pence per ordinary share) representing a decrease of 6.8 pence per ordinary share from the portfolio/net income.

Cumulative dividends paid were unchanged at 66.5 pence per ordinary share (31 December 2019: 66.5 pence per ordinary share).

The movement in NAV per ordinary share are set out in the table below:

	£m	Pence per ordinary share
NAV at 31 December 2019	72.3	55.2
Net underlying movement in portfolio	(8.5)	(6.5)
Net income after expenses	(0.4)	(0.3)
Shares buybacks	(0.6)	-
<b>Increase</b>	<b>(9.5)</b>	<b>(6.8)</b>
<b>NAV at 31 March 2020</b>	<b>62.8</b>	<b>48.4</b>

### Dividends and shares in issue

On 20 March 2020 the Company purchased 1,217,031 ordinary shares of 10 pence each at a price of 52.44 pence per ordinary share. These shares were placed in treasury.

The number of ordinary shares in issue at 31 March 2020 was 129,883,515 (31 December 2019: 131,100,546). In addition, at 31 March 2020 the Company held 10,526,123 ordinary shares in treasury (31 December 2019: 9,309,092).

An interim dividend of 2.0 pence per ordinary share was paid on 12 May 2020, taking cumulative dividends paid at that date to 68.5 pence per ordinary share.

### Dividend Reinvestment Scheme (DRIS) and share buybacks

The DRIS and buyback schemes were suspended in March due to the severe market disruption. Since then there has been more clarity over how the restrictions imposed in managing the coronavirus and the various Government measures of support have been applied. As a result, whilst there may still be caution over the general economic conditions, this has resulted in some recovery and stability. As a result the Directors have decided to reinstate the Company's DRIS and buyback schemes as of the date of this announcement.

### Net assets

Net assets at 31 March 2020 comprised the following:

	£000	% of net assets
Unquoted investments	<b>34,681</b>	55.2%
Cash and cash equivalents	<b>27,777</b>	44.2%
Other net current assets	<b>356</b>	0.6%
<b>Net assets</b>	<b>62,814</b>	100%

The investment portfolio at 31 March 2020 comprised:

	<b>Valuation</b>	<b>Valuation</b>
	<b>£000</b>	<b>as a % of</b>
		<b>net assets</b>
Matillion Limited	<b>6,295</b>	10.0%
ACC Aviation Group Limited	<b>5,014</b>	8.0%
Intelligent Office UK	<b>2,711</b>	4.3%
KeTech Enterprises Limited	<b>2,197</b>	3.5%
Unbiased EC1 Limited	<b>2,022</b>	3.2%
Elucidat Ltd	<b>1,432</b>	2.3%
Wooshii Limited	<b>1,377</b>	2.2%
Deep-Secure Ltd	<b>1,300</b>	2.1%
Springboard Research Holdings Limited	<b>1,251</b>	2.0%
Arcus Global Limited	<b>1,108</b>	1.7%
	<b>24,707</b>	39.3%
Other investments	<b>9,974</b>	15.9%
<b>Total investments</b>	<b>34,681</b>	55.2%

There were 3 follow-on investments totalling £0.3 million during the quarter.

In the quarter to 31 March 2020 the realisation and repayment of investments generated cash proceeds of £5.1 million.

Investments made prior to the November 2015 Budget represented 45 per cent of the value of the unquoted portfolio at 31 March 2020.

### **Portfolio performance**

Over the quarter to 31 March 2020 the aggregate unrealised portfolio valuation has decreased by £10.1 million as a result of the impact of the coronavirus pandemic on public markets. The Board continues to follow its policy of maintaining a diversified portfolio. At 31 March 2020, only two investments represented more than 5 per cent of the Company's NAV, the largest being 10.0 per cent, with the top ten investments representing 39.3 per cent of NAV (31 December 2019 42.5 per cent).

### **Board composition**

The Board is currently recruiting a replacement for Robert Pettigrew, a long serving director, who intends to stand down later this year. The Board believe that new directors with new approaches, balanced with a level of continuity, are good for decision making within the Board.

### **Outlook**

The coronavirus pandemic has caused a massive shock to the global economy with activity curtailed and a lockdown imposed. The Company is well funded and well placed to support its portfolio of investments, albeit to date only there has been a small need for additional funding. There continues to be demand for growth capital and there is every likelihood this could increase as the Government's intervention measures are withdrawn and again the Company is ideally placed to provide support and to take advantage of new opportunities.

The information contained within this announcement is deemed by the Company to constitute inside information as stipulated under the Market Abuse Regulations (EU No. 596/2014). Upon the publication of this announcement via Regulatory Information Service this inside information is now considered to be in the public domain.

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