

British Smaller Companies VCT plc
Interim Management Statement
For the quarter ended 30 June 2020

British Smaller Companies VCT plc (the “Company”) presents its interim management statement for the quarter ended 30 June 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.

Overview

Total Return was up 3.1 pence per ordinary share in the quarter at 221.0 pence per ordinary share, representing an increase of 4.8 per cent over the opening Net Asset Value per ordinary share (“NAV”).

The Company made one follow-on investment of £0.1 million in the quarter, and also generated equity proceeds of £1.4 million.

	30 June 2020	Movement	31 March 2020
Net Assets (£m)	92.8	3.8	89.0
NAV per share (PPS)	67.6p	3.1p	64.5p
Cumulative dividends paid (PPS)	153.4p	-	153.4p
Total Return (PPS)	221.0p	3.1p	217.9p
Shares in issue	137,154,832	(752,215)	137,907,047

Performance

The Total Return at 30 June 2020, calculated by reference to the NAV per ordinary share and the cumulative dividends paid per ordinary share, was 221.0 pence per ordinary share compared to 217.9 pence per ordinary share at 31 March 2020. Cumulative dividends paid were unchanged at 153.4 pence per ordinary share (31 March 2020: 153.4 pence per ordinary share).

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

	Pence per ordinary share
Cumulative dividends to 31 March 2020	153.4
Net Asset Value at 31 March 2020	<u>64.5</u>
Total Return at 31 March 2020	217.9
Net underlying increase in portfolio	3.2
Net income after expenses	<u>(0.1)</u>
Change in Total Return	3.1
Total Return at 30 June 2020	221.0

The unaudited NAV per ordinary share as at 30 June 2020 was up 3.1 pence per ordinary share at 67.6 pence per ordinary share (31 March 2020: 64.5 pence per ordinary share).

The movement in NAV is set out in the table below:

	£m	Pence per ordinary share
NAV at 31 March 2020	89.0	64.5
Net underlying increase in portfolio	4.4	3.2
Net income after expenses	(0.1)	(0.1)
Share buybacks	(0.5)	-
Increase	3.8	3.1
NAV at 30 June 2020	92.8	67.6

Shares in issue

On 26 June 2020 the Company purchased 752,215 ordinary shares of 10 pence each at a price of 61.78 pence per ordinary share. These shares were placed in treasury.

The number of ordinary shares in issue at 30 June 2020 was 137,154,832 (31 March 2020: 137,907,047). In addition, at 30 June 2020 the Company held 12,345,205 ordinary shares in treasury (31 March 2020: 11,592,990).

Following the payment of the interim dividend of 2.0 pence per ordinary share on 31 July 2020 the Company issued 1,254,024 ordinary shares under the Company's dividend re-investment scheme. The Company's issued share capital at 31 July 2020 was therefore 138,408,856 ordinary shares of 10 pence each.

Net assets

Net assets at 30 June 2020 comprised the following:

	£000	% of net assets
Unquoted investments at fair value	51,289	55.3
Listed investment funds	4,912	5.3
Cash and cash equivalents	36,055	38.9
Other net current assets	500	0.5
Net assets	92,756	100.0

The investment portfolio at 30 June 2020 was comprised as follows:

	Valuation £000	Valuation as a % of net assets
Matillion Limited	8,281	8.9
ACC Aviation Group Limited	7,568	8.2
Intelligent Office UK	4,576	4.9
Unbiased EC1 Limited	3,171	3.4
Deep-Secure Ltd	2,956	3.2
Springboard Research Holdings Limited	2,837	3.1
Arcus Global Limited	2,600	2.8
KeTech Enterprises Limited	2,233	2.4
Elucidat Ltd	2,216	2.4
Wooshii Limited	2,196	2.4
	38,634	41.7
Other investments	12,655	13.6
Total investments	51,289	55.3

During the quarter to 30 June 2020 the Company made one follow-on investment of £0.1 million into Ncam Technologies Limited.

In the quarter to 30 June 2020 the realisation of the Company's investment into RMS Holdings Limited generated cash proceeds of £1.4 million, which generated a profit over residual cost of £1.3 million of which £1.0 million was recognised in the period. The total return (including income) over the holding period of this investment was £2.7 million, a multiple of 2.6x total cost and a rate of return of 16 per cent per annum.

Portfolio Performance

As well as the realisation of the Company's investment in RMS Holdings Limited, the quarter saw a recovery in valuations, reflecting the underlying trading performances of the investment portfolio and a recovery in equity market benchmark multiples.

The Board continues to maintain a diversified portfolio and at 30 June 2020 the top ten investments represented 41.7 per cent of the net asset value, of which two investments represented more than 5 per cent of the Company's NAV, the largest being 8.9 per cent. Investments made since the VCT rule changes in November 2015 now make up 53 per cent of the portfolio by value.

Dividends paid and proposed

On 31 July 2020 the Company paid an interim dividend for the year ending 31 March 2021 of 2.0 pence per ordinary share to shareholders on the register as at 3 July 2020, taking cumulative dividends to 155.4 pence per ordinary share and the adjusted NAV to 65.6 pence per ordinary share based upon portfolio valuations as at 30 June 2020.

The directors are pleased to announce the payment of a second interim dividend in respect of the year ending 31 March 2021 of 2.0 pence per ordinary share (“Second Interim Dividend”) after which total dividends paid in the current financial year will be 4.0 pence per ordinary share.

The Second Interim Dividend will be paid on 5 October 2020 to those shareholders on the Company’s register at the close of business on 21 August 2020. The ex-dividend date will be 20 August 2020.

The Company operates a dividend re-investment scheme (“DRIS”). The latest date for receipt of new DRIS elections so as to participate in the DRIS in respect of the Second Interim Dividend is the close of business on 7 September 2020.

Arrangements for the Annual General Meeting (“AGM”)

Due to the social-distancing guidelines currently in place the Board has decided that, as permitted under the Corporate Insolvency and Governance Bill 2020, this year’s AGM on 10 September 2020 at 9.30am will be held electronically rather than at 33 St James Square, London, SW1Y 4JS. The Board will advise shareholders of the revised arrangements for the AGM in due course.

Outlook

The Company has substantial resources with which it can undertake new investments. Although the short- to medium-term economic outlook appears challenging, having liquidity to invest in businesses operating in innovative ways and in sectors where there is potential growth, is beneficial. Whilst the conversion process for new investments from initial enquiry to completion is currently slower than previously the Company is extremely well placed to take advantage of these opportunities as they arise.

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.

12 August 2020

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