

**The investment strategy of the Company is to invest in UK businesses across a broad range of sectors to create a portfolio that blends a mix of businesses operating in established and emerging industries that offer opportunities in the application and development of innovation in their products and services.**

## Dear Shareholder

The existing portfolio continues to perform steadily. There are some investments that continue to significantly outperform and a few which are finding conditions more challenging, but overall performance has proved resilient in the quarter, an encouraging result given the depressed performance of many publicly listed technology stocks in recent months. We continue to seek to support portfolio companies facing challenges, albeit in some cases limiting any additional capital deployed; whereas for those investments whose products and services are demonstrating the strongest market fit we are encouraging acceleration and, where appropriate, adding further investment.

Whilst the current UK and global economic backdrop presents an overall challenging environment, the search for those smaller higher growth businesses that can develop and adapt over the medium term continues, with the characteristics sought unchanged. In the current environment, we believe that the requirement and demand for equity from the UK's smaller businesses is likely to be heightened, which will give your Company opportunity to add to its portfolio over the coming months.

## Investments

In the quarter to 31 March 2022, the Company made one new investment, providing £2.0 million of funding to Relative Insight, a Lancaster-based company focused on text analysis, which helps businesses generate objective customer, audience and market insights from qualitative data. The investment will help the business continue its international expansion and further develop its platform. There were also two follow-on investments in the period, into Sipsynergy and Arraco, totalling £0.5 million; the latter being the first tranche of an investment, with the second tranche completing in the following quarter.

As I write, one new investment and four follow-on investments, totalling £4.5 million, have subsequently been completed. £1.0 million of new investment was made into development governance platform Quality Clouds, which will enable the company to accelerate its growth plans. The follow-on investments included £2.0 million to support the accelerated growth of Outpost, a visual effects firm working with many of the leading global streaming platforms, with a further £1.5 million invested in total into Force24, Vuealta and Arraco (second tranche).

## Performance

The Company's total return at 31 March 2022 was unchanged at 139.5 pence per ordinary share. During the same period the FTSE Small Cap Market Overview fell by 6.8 per cent. A 1.5 pence per share dividend was paid post period end, in May 2022.

## Shareholder workshop

The shareholder workshop, held on 29 June, was well attended. We heard from Paul Collier, economist and author of *The Future of Capitalism*, and Ben Hookway, CEO of Relative Insight, one of the recent investments made by the BSC VCTs; a case study on this company can be found overleaf. As Matthew Scullion of Matillion was unable to attend in person, there was a short film of him being interviewed by Laura Sisson, one of YFM's Investment Managers. The YFM team provided an update on the financial performance and the portfolio, along with a glimpse into the future. The Matillion interview and the presentation slides can be viewed at [www.bscfunds.com](http://www.bscfunds.com).

Following the popularity of the webinars over the past couple of years, we will also continue to provide these once per year, with the next event planned for December 2022.

Thank you again for your continued support.



**David Hall**  
Managing Director, YFM Equity Partners



Past performance is no guide to future performance and the value of an investment in British Smaller Companies VCT2 plc may go down as well as up and you may not get back the full amount invested.



**Relative**  
INSIGHT  
LANCASTER / LONDON / NEW YORK



**Sector:** Data & Analytics

**Location:** Lancaster, London & NY

**Deal type:** Growth capital

**Investment size:** £5,000,000 (BSC & BSC2)

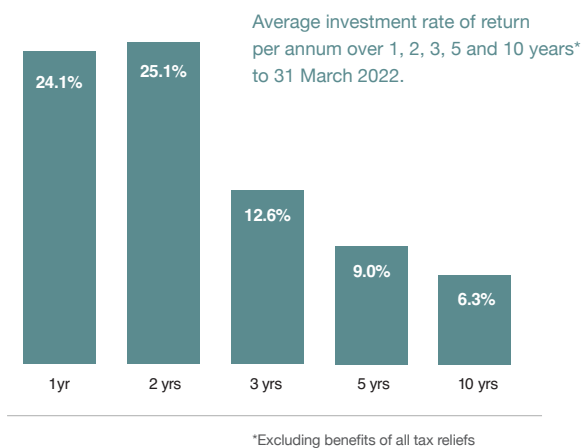
**Investment date:** 2022

**Website:** relativeinsight.com

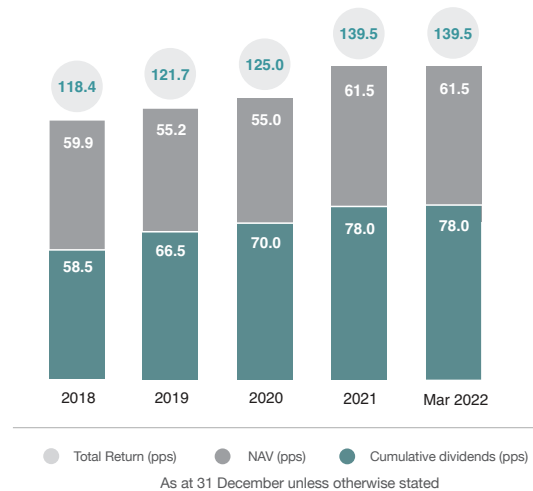
“Having seen rapid growth over the last four years, the business is now embarking on the next stage of its journey as we expand in the US. We believe that YFM is the ideal partner to support us. As well as having an established track record scaling SaaS businesses, they have a real understanding of our market and are a great fit culturally – we like the team and are confident they will add real value.”

BEN HOOKWAY, CEO OF RELATIVE INSIGHT

## BSC2 Investment Rate Of Return



## BSC2 Total Shareholder Return



## Are you in the Dividend Re-investment Scheme? How to claim your upfront tax relief.

Here is a reminder on how to claim your initial 30% upfront tax relief when purchasing new shares. This also applies to shares where dividends are re-invested, as those shares are treated as new shares.

### There are two ways to claim:

- 1) If you complete a self-assessment tax return, you can complete the SA101 additional information form, which can be downloaded from here: <https://www.gov.uk/government/publications/self-assessment-additional-information-sa101>
- 2) If you have invested towards the start of the tax year, you can call or write to HMRC asking them to adjust your tax code. This means the amount of income tax you pay will be reduced on a month-by-month basis, until your income tax relief is used up. You will need to include your national insurance number, a P60 form and a photocopy of your VCT tax certificate (if you do this it is likely that HMRC will ask for a tax return to be completed).

### The letter can be sent to:

HM Revenue and Customs  
Pay As You Earn and Self-Assessment  
HM Revenue and Customs  
BX9 1AS United Kingdom.

You can call **0300 200 3300** if you want to speak to HMRC directly.

Please note that:

- The income tax claimed cannot exceed the amount of the tax due.
- The maximum investment on which income tax can be reclaimed is £200,000 per annum. If you are in the Dividend Re-investment Scheme, please make note of this.
- If you forget to claim your tax relief, you can go back for up to five tax years.



For further information on this or any other shareholder matter, simply contact Tracey Nice (details on back page) who will be happy to help.

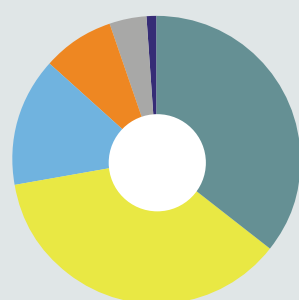
## Portfolio Update

The quarter to 31 March 2022 continued to show underlying growth for many of the services and products offered by our companies and delivered a gain of £1.1 million (after adjusting for additions), of which £2.0 million came from Springboard, DisplayPlan and Unbiased, which was offset by a decrease in Matillion. During the quarter, BSC2 made a new investment of £2.0 million into Relative Insight, together with smaller follow-on amounts into other portfolio companies.

Company	Website	Unaudited investment valuation at 31 Dec 2021 £000	Additions £000		Valuation gains (losses) £000	Unaudited investment valuation at 31 Mar 2022 £000	Cumulative % of net asset value of £111.5m
Matillion	matillion.com	25,050	-	↓	(1,354)	23,696	21.3%
Springboard	spring-board.info	3,959	-	↑	466	4,425	25.2%
Unbiased	unbiased.co.uk	3,082	-	↑	1,071	4,153	28.9%
Wooshii	wooshii.com	3,162	-	↑	237	3,399	32.0%
Intelligent Office UK	intelligentofficeuk.com	3,163	-	↑	205	3,368	35.0%
Elucidat	elucidat.com	2,926	-	↑	158	3,084	37.8%
SharpCloud	sharpcloud.com	2,927	-	↓	(62)	2,865	40.3%
Force24	force24.co.uk	2,773	-	↓	(108)	2,665	42.7%
ACC Aviation	accaviation.com	2,450	-	↓	(14)	2,436	44.9%
DisplayPlan	displayplan.com	1,891	-	↑	475	2,366	47.0%
<b>Top 10 total</b>		<b>51,383</b>	<b>-</b>	<b>↑</b>	<b>1,074</b>	<b>52,457</b>	<b>47.0%</b>
Remainder of unquoted portfolio		18,636	2,489	↓	(13)	21,112	66.0% (cumulative)
<b>Total portfolio</b>		<b>70,019</b>	<b>2,489</b>	<b>↑</b>	<b>1,061</b>	<b>73,569</b>	<b>66.0%</b>

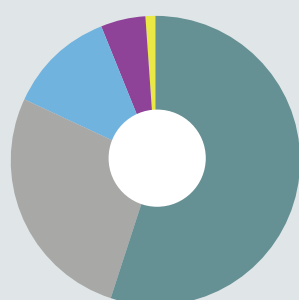
## Portfolio at a Glance

VCT Rules Pre 2015 (%)



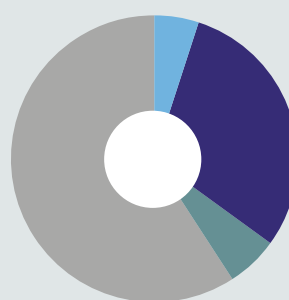
- Data & Analytics: 38%
- Business Services: 35%
- New Media: 14%
- Other: 8%
- Software Applications: 4%
- Advanced Manufacturing: 1%

VCT Rules Post 2015 (%)



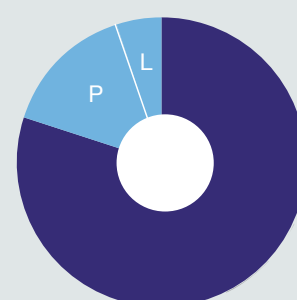
- Data & Analytics: 55%
- Software Applications: 27%
- New Media: 12%
- Retail & Brands: 5%
- Business Services: 1%

Age Of Investment (%)



- Less than 1 year: 5%
- 1 – 3 years: 30%
- 3 – 5 years: 6%
- 5+ years: 59%

Investment Instrument (%)



- Ordinary shares: 80%
- Preference shares } 20%
- Loan }

Data source: Based on BSC2 Valuations at 31 March 2022

## Key Dates



## For your Records - Dividends and Dates

The table below displays the dates when BSC2 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 December 2010</b>	<b>26.00</b>	08 June 2015	2.50	10 May 2019	1.50
10 June 2011	2.00	28 September 2015	2.00	23 September 2019	1.50
08 September 2011	2.00	09 May 2016	2.50	12 May 2020	2.00
22 May 2012	2.00	26 September 2016	2.00	21 September 2020	1.50
26 October 2012	2.50	12 May 2017	1.50	05 March 2021	1.50
05 June 2013	2.50	29 September 2017	1.50	25 October 2021	1.50
27 September 2013	2.00	11 May 2018	1.50	16 November 2021	5.00
30 June 2014	2.50	28 September 2018	1.50	<b>Cumulative to 31 March 2022</b>	<b>78.00</b>
07 October 2014	2.00	15 February 2019	5.00	6 May 2022	1.50

### Important notice

**i** This Investor Update is for information only. It has been provided to help you understand how the fund is invested and performing. It is not an offer to invest in the company and should not be used for making investment decisions. Please contact your financial adviser if you require further explanation or advice.

Past performance is no guide to future performance and the value of an investment in British Smaller Companies VCT2 plc ("the Company") may go down as well as up and you may not get back the full amount invested.

Nothing within this Investor Update should be construed as investment, tax, legal or other advice. Tax treatment depends on individual circumstances, and may be subject to change in the future.

This Investor Update has been issued by YFM Private Equity Limited ("YFM"), which is authorised and regulated by the Financial Conduct Authority (FRN: 122120). YFM is the Fund Manager to the Company. YFM Private Equity Limited is ultimately owned by YFM Equity Partners LLP which is registered in England and Wales No: OC384467. Registered Office: 5th Floor, Valiant Building, 14 South Parade, Leeds LS1 5QS.

## Contact us

Please call or email for further information on any shareholder issue, including switching to direct dividend payments, and for more details on the shareholder workshop webinar.

- Dividends
- Shareholder workshop webinar
- General

Tracey Nice

Investor Relations Support Manager

☎ 0113 261 6478

✉ tracey.nice@yfmp.com

🌐 bscfunds.com

