

**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 development and application of innovation in their products and services.**

Dear Shareholder

We hope you had an enjoyable summer in the sunshine.

As we move into Autumn, we are seeing a continuing cooling of the macroeconomic environment. High levels of inflation accompanied by rising interest rates have fed through to soften sentiment towards many technology stocks in the public market. Both companies and consumers are needing to adapt their spending and habits in line with this ever changing environment, particularly when factoring in energy costs.

Against this backdrop, we are pleased with the resilience currently being shown by the portfolio and the continued growth being seen within many of the underlying companies. The portfolio's slant towards business-to-business services, providing services to clients that are focused on improving efficiencies, is likely to remain of interest to customers as they look to manage costs through a period of economic challenge.

The planned fundraise for the Company will ensure it has capital to continue to support the existing portfolio, with a focus on funding companies through to profitability, as well as remaining an active investor in new opportunities arising across the UK.

## Investments

A number of investments within the portfolio are seeking to extend or accelerate their growth plans, which has resulted in further investment of £3.4 million into three portfolio companies in the three months to 30 June 2022 - including £3.0 million into visual effects company Outpost, which will fund the development of new studios in London and Mumbai. At the same time, the Company added one new investment, deploying £1.5 million into Quality Clouds, a tool for the control and governance of critical SaaS platforms within corporations. Subsequent to the period end, a further £3.5 million has also been invested into four portfolio companies.

## Performance

The Company's Total Return at 30 June 2022 was 253.2 pence per ordinary share, representing an increase of 1.1 pence per ordinary share over the Total Return of 252.1 pence per ordinary share as at 31 March 2022. The increase is 1.3 per cent of the opening net asset value at the beginning of the quarter of 85.7 pence per share. A 2.0 pence per share dividend has been declared, which was paid on 3 October 2022 to those shareholders on the register on 2 September 2022.

## Registrar

The Company is in the process of changing its registrar, from Link Group to The City Partnership; transition is expected to take place over the weekend of 21-23 October. The City Partnership will send further correspondence on this to all shareholders in due course.

## Shareholder workshop

The workshop, held on 29 June, was well attended. We heard from Paul Collier, economist and author of *The Future of Capitalism* and Ben Hookway who is the CEO of Relative Insight, one of the most recent investments of the BSC VCTs. 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.bsccfunds.com](http://www.bsccfunds.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. Information on how to register can be found below.



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 VCT plc may go down as well as up and you may not get back the full amount invested.

## Shareholder Workshop

Thursday 1 December 2022 at 11.00am.

We intend to hold an online Shareholder Workshop on Thursday 1 December 2022 at 11.00am. Please email **Tracey Nice** at [tracey.nice@yfmeop.com](mailto:tracey.nice@yfmeop.com) should you wish to register for this event.

# QualityClouds



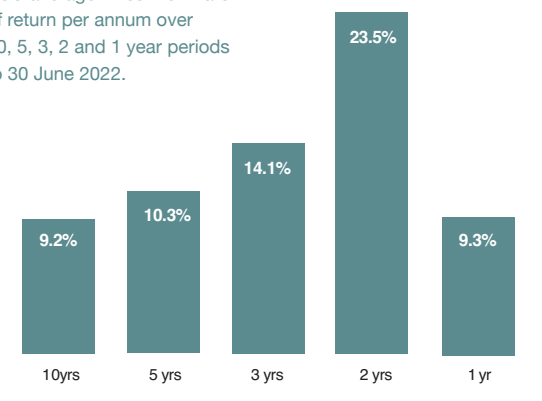
**Sector:** Software applications  
**Location:** London & Barcelona  
**Deal type:** Growth Capital & Management Buyout  
**Investment size:** £3.5million  
**Investment date:** 2022  
**Website:** qualityclouds.com

“YFM’s tech track record was crucial for us. We see them as part of the team and welcome their strategic input. This investment, coupled with our new corporate structure, will turbo-charge the company in the coming months. Our clients will also get a boost from our ability to enable development speed, quality and security on ServiceNow and Salesforce platforms.”

ALBERT FRANQUESA, CEO AND CO-FOUNDER

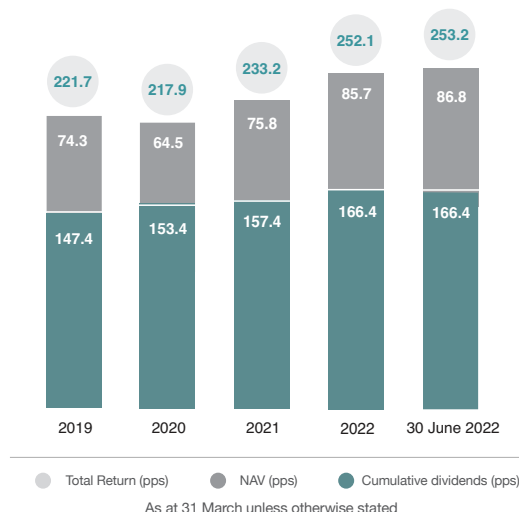
## BSC Investment Rate Of Return

BSC average investment rate of return per annum over 10, 5, 3, 2 and 1 year periods to 30 June 2022.



Excluding DRIS and benefits of all tax reliefs

## BSC Total Shareholder Return



## Changes to the Board

At the Company’s AGM in September, Helen Sinclair stepped down as a Director, following a very successful period as Chair. We thank Helen for her contribution to the Company over the course of her Directorship.

Following Helen’s departure, Rupert Cook steps up to Chair of the board, having served as a director for five years. Rupert specialises in strategy and corporate development, with 30 years’ experience of technology companies, including 20 years in corporate finance and investment. He has led multiple fundraisings, acquisitions and sales of technology businesses, as well as having co-founded and built up his own consultancy and training business through to sale to a UK plc.

We also welcome Purvi Sapre to the Board, Purvi having been appointed in June of this year. Purvi is currently a managing director at Sustainable Development Capital LLP, the investment manager of SDCL Energy Efficiency Income Trust plc “SEEIT” and has overall responsibility for fund activities and is a member of the investment committee. She has over 15 years’ investment experience in the UK and international capital markets, investing on behalf of debt, equity and impact investment funds, including in energy efficiency and renewable energy projects, across a range of financing structures.



Rupert Cook - Chair



Adam Bastin



Jonathan Cartwright



Purvi Sapre

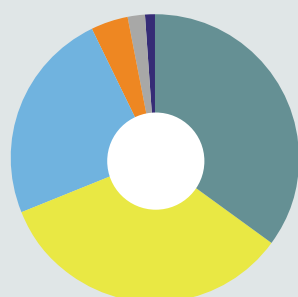
## Portfolio Update

In the first quarter to June the aggregate investment portfolio delivered realised and unrealised gains of £3.1 million (after netting off additions) driven by positive revaluations from a number of companies, particularly those based in UK regions outside of London. This gain was limited by the fall in valuation multiples (for comparable public technology companies) used to price similar stocks in BSC's portfolio, which in the Top 10 particularly impacted the valuation of Matillion. The Top 10 investments generated £4.6 million towards this value gain. The portfolio includes 23 companies valued at over £1.0 million.

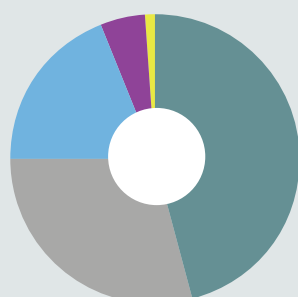
Company	Website	Unaudited investment valuation at 31 Mar 2022 £000	Additions £000		Valuation gains (losses) £000	Unaudited investment valuation at 30 Jun 2022 £000	Cumulative % of net asset value of £161.3m
Matillion	matillion.com	28,053	-	↓	(1,961)	26,092	16.2%
Springboard	spring-board.info	6,638	-	↑	1,595	8,233	21.3%
Outpost	outpost-vfx.com	3,310	3,000	↑	1,677	7,987	26.2%
DisplayPlan	displayplan.com	4,393	-	↑	2,658	7,051	30.6%
Unbiased	unbiased.co.uk	6,230	-	↑	113	6,343	34.5%
Intelligent Office UK	intelligentofficeuk.com	5,051	-	↑	712	5,763	38.1%
Wooshii	wooshii.com	5,098	-	↓	(227)	4,871	41.1%
Elucidat	elucidat.com	4,634	-	↓	(126)	4,508	43.9%
ACC Aviation	accaviation.com	3,641	-	↑	471	4,112	46.5%
SharpCloud	sharpcloud.com	4,298	-	↓	(312)	3,986	48.9%
<b>Top 10 total</b>		<b>71,346</b>	<b>3,000</b>	<b>↑</b>	<b>4,600</b>	<b>78,946</b>	<b>48.9%</b>
Remainder of unquoted portfolio		29,813	1,887	↓	(1,453)	30,247	67.7%
<b>Total portfolio</b>		<b>101,159</b>	<b>4,887</b>	<b>↑</b>	<b>3,147</b>	<b>109,193</b>	<b>67.7%</b>

## Portfolio at a Glance

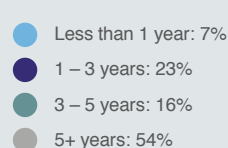
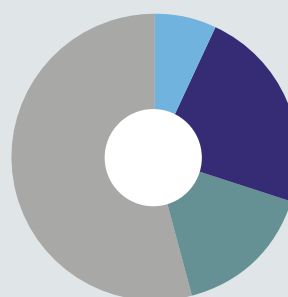
VCT Rules Pre 2015 (%)



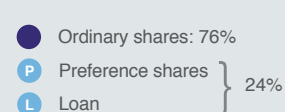
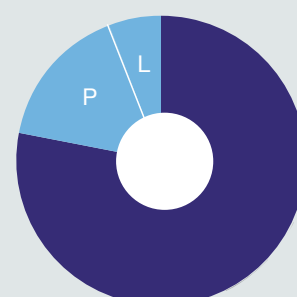
VCT Rules Post 2015 (%)



Age Of Investment (%)



Investment Instrument (%)



Data source: Based on BSC Valuations at 30 June 2022



## For your Records - Dividends and Dates

The table below displays the dates when BSC dividends have been paid and we hope you find it useful in keeping and checking your records.

Date paid	Pence per share
<b>Cumulative to 31 March 2012</b>	<b>79.20</b>
17 August 2012	3.00
14 January 2013	2.00
13 August 2013	4.50
21 March 2014	2.00
1 August 2014	3.50
7 January 2015	2.00
2 March 2015	2.50
4 August 2015	3.50

Date paid	Pence per share
7 September 2015	3.50
15 January 2016	2.00
11 March 2016	1.00
5 August 2016	2.00
5 August 2016	3.50
18 January 2017	16.50
26 May 2017	5.75
18 May 2018	4.00
15 February 2019	7.00

Date paid	Pence per share
12 June 2019	4.00
20 March 2020	2.00
31 July 2020	2.00
5 October 2020	2.00
23 July 2021	2.00
16 November 2021	5.00
5 January 2022	2.00
<b>Cumulative to 30 June 2022</b>	<b>166.45</b>
12 July 2022	2.00
3 October 2022	2.00

### 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.

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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

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