

£65 million Joint Offer plus £25 million over-allotment facility

British Smaller Companies VCT plc (BSC)
 British Smaller Companies VCT2 plc (BSC2)
 (together the BSC VCTs)

2023/24 Tax Year

Total return per annum*



* Based on figures to 30 June 2023



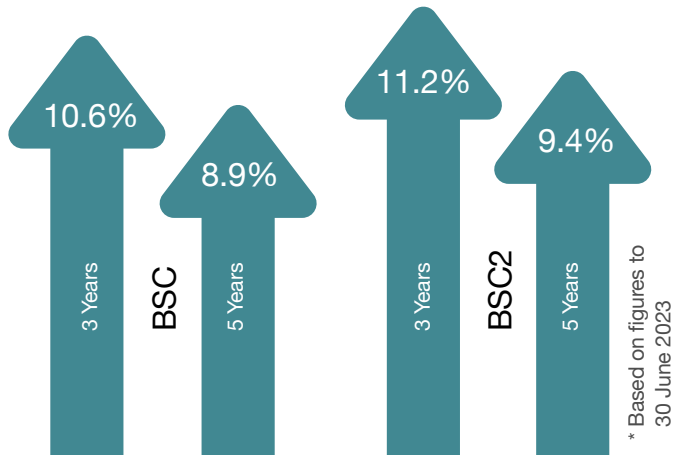
Most consistent performer of all Generalist VCTs that have a 10 year track record

Source: VCT Generalist NAV Total Return from Morningstar compiled by the AIC as at 31 August 2023

Strong demand for investment in the UK regions – £63.4 million into new and further investments in the c21 months from 1 January 2022



Dividend yield per annum*



* Based on figures to 30 June 2023

“The BSC VCTs 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 176.9p and 84.75p respectively. Combined with long term consistent management and low fees, we rate them highly within their peer group”

Martin Churchill, Tax Efficient Review



Investing and creating value in UK small businesses for over 40 years

Introduction


The BSC VCTs invest in growing businesses located across the UK from YFM's five regional offices. YFM has invested heavily in its new deal and portfolio management capability, and this, as well as increased demand for equity investment provided by Venture Capital Trusts, has seen the BSC VCTs deploy £63.4 million in the c 21 months from 1 January 2022

To meet the growing demand for further and new investment, the BSC VCTs are seeking to raise £65 million plus a £25 million over-allotment facility, 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 a 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:**
33 investment and portfolio staff spread across YFM's regional office network, with an average of 12 years' experience each
- **Strong levels of deal flow in the UK regions:**
selectively choosing from around 550 investment opportunities each year
- **Active portfolio management style:**
involved in setting strategy, strengthening management teams, evaluating acquisition opportunities and driving exit values



The last 35 realisations to 30 June 2023 generated a total return of 2.2x cost

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

Key Risks

- The value of an investment, and any income from it, could fall or rise. You may not get back the full amount you invest.
- Tax treatment depends on your circumstances and may change in the future. Tax reliefs depend on the VCT maintaining its VCT-qualifying status.
- Investing in smaller companies is considered a high-risk investment. They can fall or rise in value much more sharply than shares in larger, more established companies. They also have a higher rate of failure.

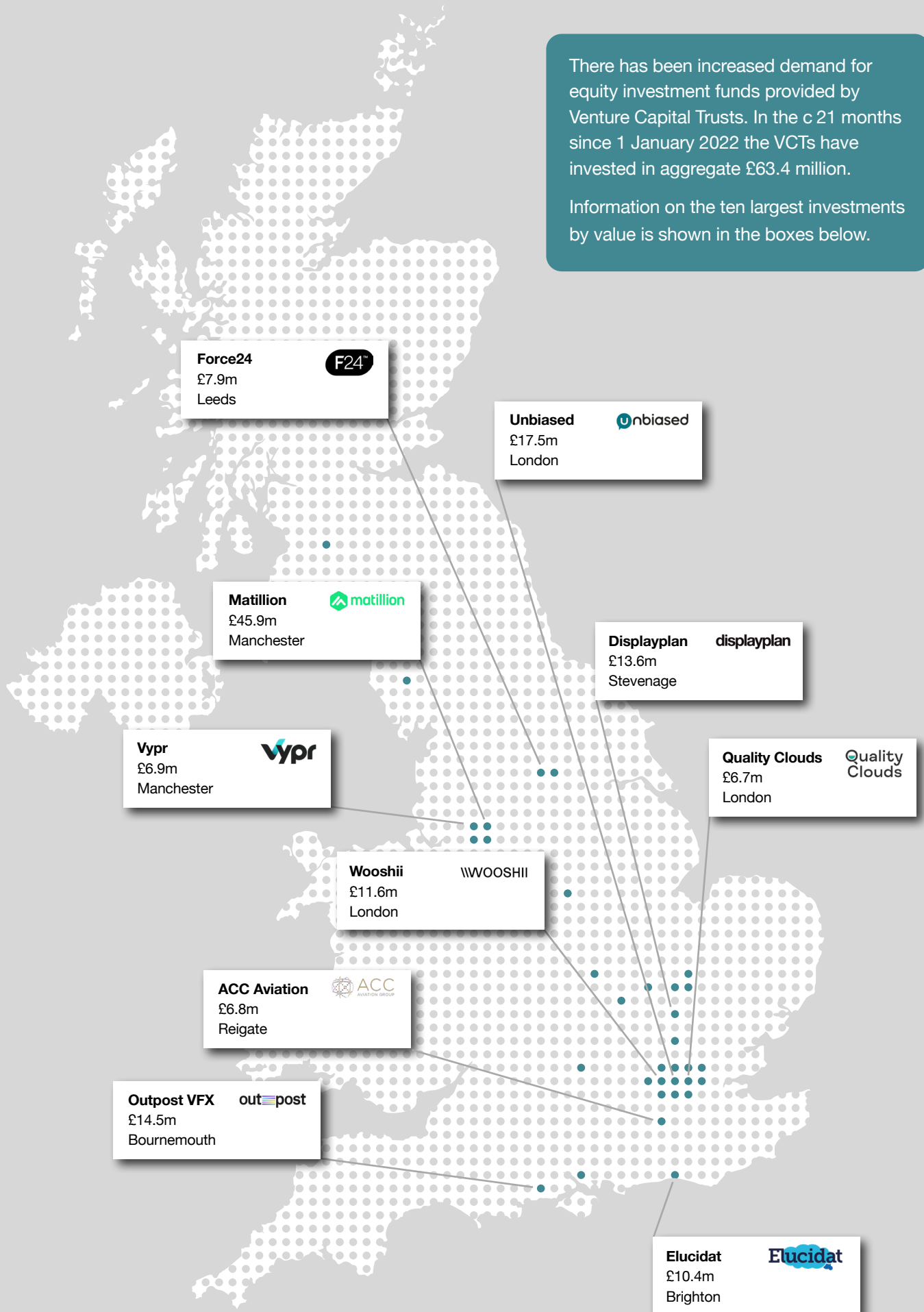
- Your shares might be difficult to sell. It might take time to find a buyer and you might have to accept a price lower than the Net Asset Value (NAV) of the investment.

Please refer to Risk Factors on page 13 of the prospectus for a full list of risk factors. 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.

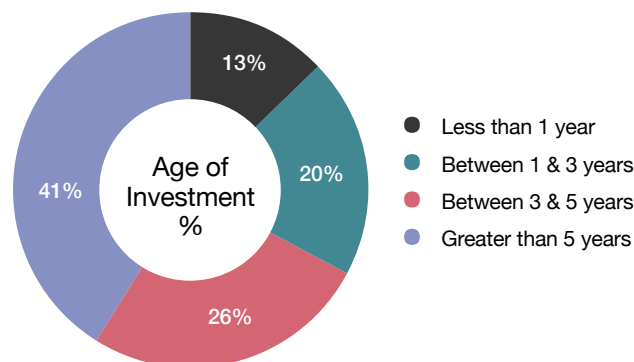
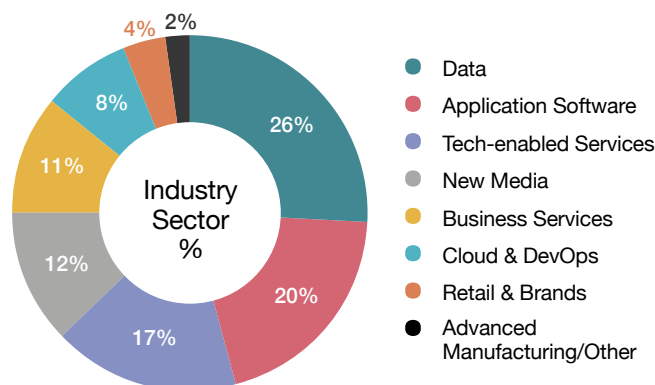
Strong demand for investment in the UK regions

There has been increased demand for equity investment funds provided by Venture Capital Trusts. In the c 21 months since 1 January 2022 the VCTs have invested in aggregate £63.4 million.

Information on the ten largest investments by value is shown in the boxes below.



Portfolio sector analysis as at 30 June 2023



Venture Capital Trusts

Dividend Re-investment Scheme ("DRIS")

Each of the BSC 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 attract 30% income tax relief.

Providing improved liquidity and buy-back policy

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

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

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.

Offer details

Closing date	28 March 2024 – receipt of applications and cleared funds (or earlier if fully subscribed)
Allotment dates	First allotment January 2024 (up to £30 million) Second and final allotment 2-5 April 2024
Offer size	£65 million plus £25 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	0.25% for the first £20 million raised 0.125% for the next £10 million raised
Funds awaiting allotment	Additional shares equivalent to 3.7%* per annum return
Costs of the offers	3.0% Advised 3.5% Direct 5.0% Execution only
Offer terms	For full details of the Offer terms, please refer to the Prospectus

*This rate is subject to change



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PROMOTER TO THE OFFERS

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Important Notice

This advertisement is not a prospectus. Investors should only subscribe for shares based on the information contained within the prospectus and Key Information Document which can be found at bscfunds.com.

An investment in British Smaller Companies VCT plc and British Smaller Companies VCT2 plc ("BSC 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 Limited 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.