

Product

**British Smaller Companies VCT &
British Smaller Companies VCT 2**

Tax Status

Venture Capital Trust

Fund Group

YFM Equity Partners LLP

Risk Warning

This communication is provided for informational purposes only. This information does not constitute advice on investments within the meaning of Article 53 of the Financial Services and Markets Act (Regulated Activities) Order 2001. Should investment advice be required this should be sought from a FCA authorised person.

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GENERAL RISK WARNINGS

Your attention is drawn to the following risk warnings which identify some of the risks associated with the investments which are mentioned in the Review:

Fluctuations in value of investments

The value of investments and the income from them can go down as well as up and you may not get back the amount invested.

Suitability

The investments may not be suitable for all investors and you should only invest if you understand the nature of and risks inherent in such investments and, if in doubt, you should seek professional advice before effecting any such investment.

Past performance

Past performance is not a guide to future performance.

Legislation

Changes in legislation may adversely affect the value of the investments.

Taxation

The levels and the bases of the reliefs from taxation

may change in the future. You should seek your own professional advice on the taxation consequences of any investment.

ADDITIONAL RISK WARNINGS

Venture capital trusts

1. An investment in a VCT carries a higher risk than many other forms of investment.
2. A VCT's shares, although listed, are likely to be difficult to realise.
3. You should regard an investment in a VCT as a long term investment, particularly as regards a VCT's investment objectives and policy and the five year period for which shareholders must hold their ordinary shares to retain their initial income tax reliefs.
4. The investments made by VCTs will normally be in companies whose securities are not publicly traded or freely marketable and may therefore be difficult to realise and investments in such companies are substantially riskier than those in larger companies.
5. If a VCT loses its Inland Revenue approval tax reliefs previously obtained may be lost.
6. No investment can be made by the VCT in a company whose first commercial sale was more than 7 years prior to date of investment, except where previous State Aid Risk Finance was received by the company within 7 years (10 years for a 'knowledge intensive' company) or where a turnover test is satisfied; and
7. No funds received from an investment by the VCT into a company can be used to acquire another existing business or trade.

Factsheet

British Smaller Companies VCT & VCT2

Type	Generalist VCT with track record
Size	£470m AUM across both VCTs and is seeking £60m with this launch in aggregate across the two VCTs with a £25m over-allotment facility
Manager	YFM Private Equity Limited ("YFM")
Sponsor	Howard Kennedy Corporate Services LLP
Registrars	The City Partnership
Receiving Agent	The City Partnership
Focus	To generate tax free capital gains and dividend income for its shareholders through a diversified portfolio of VCT qualifying investments across a broad range of sectors
Promoter	RAM Capital
Funds initially invested	Cash deposits, fixed income securities, money market funds and other securities
Minimum investment	£6,000 per tax year, including initial adviser charges
Initial Closing Date	27th March 2026 unless fully subscribed before
Issue costs	Existing: 3% of amount subscribed, 3.5% for direct applicants 1% of surplus cash (above £7.5m (BSC) / £5m (BSC2)), 2% of other assets
Annual costs	Agreement from the VCT Boards to the following amendment from 01 January 2026: 1.25% on surplus cash above £20m (both BSC and BSC2), 2% of other assets
Initial advisor charges	If charged, these will be facilitated by the VCT on subscription.

Summary

Table 1: Tax Efficient Review summary of offering Pros and Cons

PROs	CONS
The performance of the BSC VCTs has been one of the top performers over the 3, 5 and 10 year timescales used to assess performance. The level of dividends paid to shareholders total 186.15p per share since launch for BSC and 91.75p per share since launch for BSC2	The BSC VCTs often use ordinary shares with a participating preference to take a priority return in the event of an exit. This does not in any way guarantee a return and it can reduce potential outperformance when compared to VCT managers with normal equity
There have been four profitable exits generated by the British Smaller Companies VCTs since the start of 2024, which is impressive given the general lack of exits from VCTs over that time	Although the largest holding of Matillion has dropped to 8% of NAV, this is still a high concentration in one company. The BSC VCTs current top 5 holdings total £111m (23.5%) of the total £470m, which is a fairly high concentration
The British Smaller Companies VCTs have always had a strong regional focus to their investments and focus on developing companies in the Midlands, North of England and Scotland	As expected in a venture capital portfolio of this size, there have also been write downs of recent investments, which include Outpost (where the value has fallen to just below cost) and Wooshii.

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TER classification

TER classifies this VCT as a “Generalist VCT with track record” and YFM are experienced fund managers within the VCT market. The first British

Smaller Companies VCT was launched in the 1996/7 tax year.

Review based upon

TER always meet/have an internet call with fund managers prior to a review. This review is based on those meetings, the prospectus for the

offer, (British Smaller Companies VCT & VCT2 prospectus (reference 25th September 2025) and data provided by YFM Private Equity Limited.

Consumer Duty

The FCA's Consumer Duty came into force from 31 July 2023 for existing products and services. One of the main purposes of this legislation is that it seeks to ensure customers receive “fair value” and that fund management firms provide evidence that these outcomes are being met.

The assessment carried out by each firm is to ensure that its products provide fair value to retail customers in the target markets for those products; and that it has carried out a value

assessment of its products which they review on a regular basis (appropriate to the nature and duration of the product).

Each firm being reviewed by TER has created their own “Confirmation of Value” assessment, which are available directly from the fund manager. Please note that in each TER report, there is a Fees section which compares the costs of the offer being reviewed against its peer group.

Table 2: **Funds under management as at 30 June 2025**

Product Name	Net assets	Annual Management fee	Still to be invested
VCT funds			
British Smaller Companies VCT plc	£288.4	2.0%*	£125.1
British Smaller Companies VCT2 plc	£182.1	2.0%*	£67.9
NON VCT funds that can co-invest with VCT Funds			
YFM Equity Partners Growth Fund I**	£10.0	2.0%	£-
YFM Equity Partners Buyout Fund I***	£45.9	2.0%	£3.9
YFM Equity Partners Growth Fund II***	£10.0	2.0%	£0.2
YFM Equity Partners Buyout Fund II***	£80.4	2.0%	£15.2
YFM Equity Partners Growth Fund III	£10.0	2.0%	£1.3
YFM Equity Partners Buyout Fund III	£95.5	2.0%	£39.7
TOTAL	£722.3		£253.3

*2% per annum, which is reduced to the extent that cash exceeds £7.5m for BSC and £5m for BSC2, with a fee of only 1% charged on cash amounts above this level.

**Fully invested

*** no new investments, follow-on only

Source: YFM Equity Partners LLP

The Offer

This review is for the new British Smaller Companies VCTs fund raising which is launching on or around 25th September 2025. In a similar style to a few other VCTs, the prospectus is being launched first, but the offer will not be accepting applications until a week later, which is expected to be on or around 2nd October 2025.

It is planned that there will be two allotments for this offer, with the first allotment of shares in January 2026. For early investors in this new VCT offer there will also be an incentive in the form of additional shares added to their allotment.

Applicants who subscribe for the first £25m in the fundraising will receive additional shares equivalent to 0.125% of their application amount, the costs of which will be met by the Manager. In addition, to the extent possible, Applicants will receive additional New Shares equivalent to receiving a c.2.36 per cent per annum rate of return on funds awaiting allotment (this rate is set by the BSC VCTs' receiving agent's banking provider and is subject to change), calculated by reference to the number of days between receipt of cleared funds by the receiving agent and the date of allotment.

The British Smaller Companies (BSC) VCT was launched in 1996 and has £288m in assets under management. The British Smaller Companies VCT2 (BSC2) was launched in 2000 and has £182m in assets under management. These are the latest published figures, as at 30 June 2025.

The current offer is seeking to raise approximately £60m in aggregate with a potential £25m over-allotment, though the exact amounts raised by each VCT will depend on investors' preferences, which have historically been around 60% for BSC and 40% for BSC2, in line with how the companies invest. Investors can allocate their investment between the two VCTs in whatever ratio they choose.

The investment strategy of each VCT is to create a portfolio of UK companies operating across a broad range of sectors 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.

There has been an increasing level of homogeneity across the two VCTs. Each VCT will invest in

UK businesses across a broad range of sectors including but not limited to Data, Tech-enabled Services, New Media, Business Services, Application Software, Retail & Brands, Cloud & DevOps and Advanced Manufacturing. Details of the values in each sector as at 30 June 2025 are given below.

These investments will primarily be in unquoted UK companies which meet the definition of a Qualifying Investment, in order to maintain each VCT's Venture Capital Trust status. The British Smaller Companies VCTs have always maintained a strong support of venture capital/private equity businesses in the Midlands, North of England and Scotland. They also have the ability to invest in companies based in London and the South East, though pride themselves on being a fully regional business.

The BSC VCTs seek to build a broad portfolio of investments in early-stage companies focused on growth with the aim of spreading maturity profiles and maximising return, as well as ensuring compliance with the VCT guidelines in this regard. The offer builds on the existing diversified portfolio of unquoted investments covering a large number of sectors.

Between them, the two BSC VCTs had liquid funds as at 30 June 2025 totalling £193m (after the receipt of £87m from the 2024/25 fundraising in January/April 2025). Since 30 June 2025 the VCTs have invested £9.6m; paid gross dividends of £7.1m, with a further gross dividend of £45.0m to be paid on 31 October 2025.

The VCTs have also utilised £0.5m for three months of management fees and other net operating costs. The expectation is that at the end of the 2025/26 tax year the cash before any funds from this offer will be around £119m.

This is a high level of cash across the two VCTs, which have £470m of AUM between them. But YFM say that this is necessary, given the forecast level of cash consumption for the VCTs. The manager of the British Smaller Companies VCTs say they have a growing pipeline of new and follow-on investment opportunities to deploy capital into, which underpins YFM's expectation that deployment rates will be ahead of the previous 12 months.

Between the two VCTs around £35m per annum

is normally utilised for the share buy-back scheme, net operating costs and dividends (net of amounts reinvested from the Dividend Re-investment Scheme).

The two VCTs made investments of £48.8m to the year 31 March 2025, which was well-matched to the fundraising offer in the period. Examples of recent investments made by the British Smaller Companies VCTs include:

- **S4labour** – workforce management software, based in Oxfordshire – £4.0m
- **StormHarvester** – AI platform for wastewater utilities, based in Belfast – £3.5m
- **DynaRisk** – cyber risk platform, based in London – £3.0m
- **Integrum ESG** – specialist ESG ratings and analytics platform, based in London – £2.9m

There have also been some successful exits for the British Smaller Companies VCTs since the previous review.

- **Traveltek** – a Scottish travel business which offers 3rd parties aggregated travel solutions for their sites – £2.8m invested in 2016 with £6.2m realised
- **ACC Aviation** – which brokers planes between airlines. It was heavily affected by the COVID-19 disruption, but has recovered since. £3.4m was invested in 2014 and £16.6m was realised

These exits, plus the other recent exits, are covered in more detail in the Track Record section of this review. There is also a table in this review (Table 7) which contains the details of the exits achieved by these VCTs over the past 3 years.

Whilst the two exits above have been profitable, as would be expected in VCTs of this size, there have also been write-offs of portfolio companies. Wooshii was particularly painful as this was an £8m investment in 2019 which has recently been completely written-off. This was a video creation company which YFM said struggled to keep pace with the growth of AI in this area over recent years.

The two British Smaller Companies VCTs operate similar investment strategies. Therefore, they also have a similar split of investments across different

sectors, which is broken down as follows:

Sector	BSC	BSC2	Total
Application Software	32%	30%	31%
Data	25%	27%	26%
Tech-enabled Services	19%	19%	19%
Cloud & DevOps	12%	12%	12%
Retail & Brands	4%	4%	4%
New Media	4%	4%	4%
Business Services	2%	2%	2%
Other	2%	2%	2%
Total	100%	100%	100%

The similarities between the VCTs continues. Whilst the largest holding in both is still Matillion Limited, it has seen a reduction in the percentage of NAV to 7% for BSCVCT and 10% for BSCVCT2.

Whilst this is still a large percentage for one company to hold within a diversified portfolio, this has actually reduced in the percentage it makes up of the portfolio. In 2022 it was 16% and 19% of the portfolio of the two British Smaller Companies VCTs.

This reduction has arisen both from the VCTs taking profits from this company via a partial sale in 2021, a reduction in its valuation since then, as well as the increasing valuations of other investee companies in the portfolio. YFM point out that it remains a large and well-funded company and the drop in valuation has also been due to a combination of slower sales growth and adverse exchange (US \$) rate movements.

When sourcing new investment opportunities, YFM ideally likes to see businesses with at least £1m of sales in the last 12 months, increasing commercial traction and with the ability to scale fast. The VCTs seek to make investment of a size commensurate with each business' addressable market.

Dividend and Share Buy-Back Policy

Both VCTs aim to pay a consistent annual

Table 3: Generalist VCT provider 3,5 & 10 year performance comparison

VCT manager (alphabetical order)	VCT name	Data as at	Annual return over last 3 years	Annual return over last 5 years	Annual return over last 10 years
ALBION	Albion Technology & General VCT	31/03/2025	1.2%	6.2%	5.2%
	Albion Crown VCT	31/03/2025	1.7%	6.4%	7.0%
	Albion Enterprise VCT	31/03/2025	4.2%	9.1%	9.5%
	Albion Crown VCT New share	31/03/2025	-2.5%	2.5%	4.5%
BERINGEA	ProVen VCT	31/05/2025	0.5%	4.3%	3.2%
	ProVen Growth & Income New	31/05/2025	-1.8%	3.8%	1.7%
BLACKFINCH	Blackfinch Spring VCT	30/06/2025	4.8%	2.0%	
CALCULUS	Calculus VCT plc New Ord share	30/06/2025	1.2%	2.7%	
FORESIGHT	Foresight Enterprise VCT	31/03/2025	4.2%	11.1%	2.3%
	Foresight VCT	31/03/2025	6.2%	14.8%	5.1%
	Foresight Technology VCT FWT shares	31/03/2025	-2.1%	-1.6%	
GRESHAM HOUSE	Gresham House Income & Growth 2 VCT PLC	31/03/2025	-2.4%	12.8%	6.3%
	Gresham House Income & Growth VCT PLC	31/03/2025	-2.0%	13.9%	6.1%
	Baronsmead Second Venture Trust	31/07/2025	-1.5%	2.4%	1.9%
	Baronsmead Venture Trust	31/07/2025	-0.9%	2.2%	1.8%
MAVEN	Maven Income & Growth VCT 3	31/08/2025	0.5%	2.5%	2.5%
	Maven Income & Growth VCT 5	31/08/2025	0.9%	3.5%	4.1%
	Maven Income & Growth VCT	31/08/2025	1.5%	2.1%	2.6%
	Maven Income & Growth VCT 4	30/06/2025	-0.4%	3.4%	1.8%
MERCIA	Northern 2 VCT	30/06/2025	2.8%	8.7%	4.6%
	Northern Venture Trust VCT	30/06/2025	2.9%	8.4%	4.8%
	Northern 3 VCT	30/06/2025	2.8%	8.9%	5.1%
MOLTEN	Molten Ventures VCT	31/03/2025	-5.8%	4.2%	1.2%
OCTOPUS	Octopus Apollo VCT	31/01/2025	5.4%	9.1%	3.3%
	Octopus Titan VCT	31/12/2024	-13.3%	-3.3%	0.4%
PEMBROKE	Pembroke VCT B share	30/06/2025	-1.9%	3.5%	4.3%
PUMA	Puma Alpha VCT	31/05/2025	-2.7%	1.7%	
	Puma VCT 13	31/05/2025	-1.4%	8.3%	
SENECA	Seneca Growth Capital VCT B shares	31/03/2025	-13.1%	-3.7%	
TRIPLE POINT	Triple Point Venture VCT Venture shares	30/07/2025	-2.4%	3.7%	
YFM	British Smaller Companies VCT	30/06/2025	4.7%	13.2%	6.2%
	British Smaller Companies VCT 2	30/06/2025	3.9%	12.4%	6.1%

Source: Tax Efficient Review calculation based on dividend and Net Asset Value data from public accounts

Calculation: (Closing period NAV less Opening period NAV plus dividends paid in the period) divided by number of years in the period

Figures do not include tax relief

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Table 4: **Provider results comparison**

PROVIDER	AVERAGE SCORE BASED ON PLACE IN PEER GROUP (lower is better)
YFM BSC VCTs	5
OCTOPUS Apollo VCT	8
MERCIA Northern VCTs	10
GRESHAM HOUSE Mobeus VCTs	11
ALBION	12
BERINGEA Proven VCTs	18
MAVEN	18
PEMBROKE	19
GRESHAM HOUSE Baronsmead VCTs	22
MOLTEN	23
OCTOPUS Titan VCT	29

Calculation as at 24/09/2025 and based on results in Table 3 for providers with ten year performance. In order to reduce the data down to one figure, each VCTs' position in the Table 3 results is scored from 1 (first in the year) to the total number of VCTs in the analysis for the period (lower numbers are better), added together and then averaged over the three periods being measured

Table 5: **YFM Equity Partners LLP VCT unquoted analysis of sector (% of original cost) as at 30 June 2025**

Sector name	%
Application Software	18%
Data	15%
Tech-enabled services	11%
Cloud & DevOps	7%
Retail & Brands	2%
New Media	2%
Advanced manufacturing/other	2%
Other current assets	2%
Cash etc	41%
TOTAL	100%

Source: YFM Equity Partners LLP

Table 6: **YFM Equity Partners LLP VCT unquoted portfolio analysis of investment stage (% of original cost) as at 30 June 2025**

STAGES	%
Early stage (revenue under £1m):	1%
Growth (revenue £1m-£5m):	44%
Scale up (revenue over £5m):	55%
TOTAL	100%

Source: YFM Equity Partners LLP

Table 7: Realisation analysis including write-offs - last three years to 30 June 2025

Company	Activity	Date of investment	Date of exit	Total invested	Total Proceeds	Multiple
Intelligent Office UK (via IO Outsourcing Limited) (2014 - 2022)	Business Services	07/05/2014	30/09/2022	£4,890,000	£12,590,013	2.6
Springboard Research Holdings Limited (2014 - 2022)	Data & Analytics	24/10/2014	27/09/2022	£3,964,000	£16,416,489	4.1
Arraco Global Markets Limited (2020 - 2022)	Business Services	10/12/2020	30/09/2022	£4,449,702	£0	0.0
Seven Technologies Holdings Limited (2012 - 2022)	Advanced manufacturing	03/04/2012	25/11/2022	£6,974,278	£2,746,526	0.4
Vuealta Group Limited (partial 2021 - 2022)	Tech-enabled Services	22/09/2021	19/12/2022	£4,923,915	£7,668,326	1.6
Wakefield Acoustics (via Malvar Engineering Limited) (2014 - 2023)	Advanced manufacturing	01/12/2014	09/01/2023	£1,800,000	£2,624,311	1.5
Ncam Technologies Limited (2018 - 2023)	New Media	01/03/2018	09/04/2023	£4,404,520	£2,982,725	0.7
E2E Engineering Limited (2017 - 2023)	Business Services	29/09/2017	02/11/2023	£1,500,000	£3,701,047	2.5
Macro Art Holdings Limited (2014 - 2023)	Business Services	11/06/2014	16/11/2023	£2,100,000	£4,147,541	2.0
Arcus partial (2018-2024)	Application Software	11/05/2018	06/01/2024	£2,074,980	£500,000	0.2
Ketech partial (2015-2024)	Tech-enabled Services	05/11/2015	05/01/2024	£3,980,000	£8,118,723	2.0
Displayplan Holdings Limited (2012 - 2024)	New Media	11/01/2012	29/02/2024	£2,000,000	£19,172,710	9.6
Traveltek	Application Software	01/10/2016	01/10/2024	£2,879,426	6,243,784	2.2
ACC Aviation	Business Services	01/11/2014	01/02/2025	£3,446,667	16,653,370	4.8
Wooshii	New Media	01/05/2019	01/07/2025	£8,192,309		0.0
TOTAL				£56,114,795	£103,981,634	1.8

Source: YFM Equity Partners LLP

dividend but this is dependent on the level of investment income and realisations that can be achieved in any one period and cannot be guaranteed. We think investors should no longer expect a regular smooth “yield”, although distributable reserves will still allow VCTs to smooth dividends for a time.

The table below shows the dividends paid for the past 5 years from the two British Smaller Companies VCTs:

Past 5 years of dividends paid		
	BSC VCT	BSC VCT 2
to 31/12/2021	7.00p	8.00p
to 31/12/2022	6.00p	3.00p
to 31/12/2023	8.50p	5.25p
to 31/12/2024	4.00p	3.00p
to 30/06/2025	1.25p	2.50p

There is also a dividend reinvestment scheme available to shareholders. Cumulative dividends

to date of 186.15p (including a 2p dividend paid on 25 July 2025) and 91.75p have been paid from BSCVCT and BSC2VCT respectively. BSC2VCT has declared a dividend of 1.5p, to be paid on 31 October 2025.

The VCTs operate a share buy-back policy at a 5% discount to net asset value. In the twelve months to 30 June 2025 BSCVCT acquired 7.1m shares at a cost of £5.5m, and BSC2VCT 6.8m shares at a cost of £3.7m.

The manager of the British Smaller Companies VCTs says that all share buy-backs have been conducted at a 5% discount to the prevailing NAV per share, that all buy-back requests have been satisfied and that the share buy-backs are usually processed at the end of each quarter.

Non-Qualifying Investments

The initial proceeds of the Offer may be invested in a portfolio of equities, fixed income and other securities, including money-market funds and cash deposits.

Tax Efficient Review Strategy rating: 29 out of 30

Track record

Our approach to comparing track records between providers is to use 3, 5 & 10 year measures of the annual increase in total return (calculated as closing net asset value less opening net asset value plus dividends paid during the period).

The results are in Table 3 and consist of results for each provider and their VCTs over a 3, 5 and 10 year period. As can be seen in this table, the 3, 5 and 10 year annual returns for the BSC VCTs are some of the best over each of the time periods under analysis.

In order to reduce the data down to one figure we score each VCT's position in the results from 1 (top position) to the total number of VCTs in the analysis, sum them and take an average over the three periods being measured. Thus lower numbers are better and are in Table 4.

The analysis in Table 4 shows that YFM's performance places it first out of the list of generalist VCT managers with an aggregate score of 5, when the best possible score is 3.

This performance is something that investors have come to expect from the British Smaller Cos VCTs, and it's good to see that there have been profitable exits to back up this performance.

Recent exits including both profitable exits and write-offs include:

- **Displayplan** - 9.6x - one of the older MBO investments which made point of sale displays for clients such as Lego
- **KeTech** - 2.0x - a partial realisation of this company which provides passenger information technology for large transport providers
- **ACC Aviation** - 4.8x, potential to increase to 5.9x - one of the older MBO investments, which was a global aviation services provider
- **Traveltek** - 2.2x, potential to increase to 2.6x - a full realisation of a company that provided

travel technology solutions

- **Wooshii** - 0.0x – a realisation of the business assets of a company that provided technology-enabled video production. Despite early promise in what was seen as a fast-growing market, the business struggled as market conditions deteriorated. With limited options, the business was sold, helping to protect creditors and jobs

Given the difficult trading period that many VCTs and EISs have endured over recent years, delivering several successful exits is a positive reflection on the VCTs' portfolio holdings and YFM's proactive portfolio approach, having invested heavily in a dedicated portfolio and value creation team over a number of years.

Since the last fund raising closed in April 2025, there have been six follow-on investments totalling £7.6m made by the BSC VCTs, as well as £7.0m into 2 new investments.

Valuing unquoted venture capital backed companies can be a nightmare of interpretation and analysis. The way the BSC VCTs structure their investments is with a high degree of reliance upon preference shares (which confer some form of "liquidation preference") within the structure of the investment. To be clear, this is not a debt structure, but as the name suggests, it does give the investor in the preference shares a preference (or priority) on returns in the event of a sale.

Preference shares can be Participating (known as "hard" preference) or non-Participating (known as "soft" preference). Participating refers to whether after recouping any funds in preference to other shares, the shares continue to share in any funds still available.

For example, a VCT investor may invest £5m into a company as participating preference shares with a 1x liquidation preference which have a priority on the first £5m (driven by the 1x preference) in the event of the sale of that company to a trade purchaser. So (assuming no other share class has a priority position) if the company is sold for only £5m, the investor will get their investment back but the other equity holders will get nothing. But if the company were sold for, say £15m, then the preference shareholder would receive their £5m preference first and then the remaining £10m would be split across all shareholder(s) (including the VCT investor) as a normal equity participation.

Clearly, there are many, many ways in which preference shares can be structured in terms of the rights and return profile they give the investor/shareholder, and it's part of the negotiation of an investor when they come to put money into a Venture Capital/Private Equity company.

But TER would like to point out that these preference share structures do not provide any form of safety net or guarantees. If a company with preference shares in its equity structure folds with a nil value, then there is no recourse for the preference shareholder to take a preferred position ahead of other shareholders, as there is no equity value remaining in the company.

Why is this important for the performance of comparing BSC VCTs to other VCTs which might not use preference shares? Well the preference shares mean that the BSC VCTs' performance may be more "static" compared to others which do not use preference shares.

Whilst preference shares typically help to give a priority recoupment on a sale of a company, they also can have a reduced upside in exchange for this priority return.

When negotiating the terms of an investment, YFM will balance what valuation is being sought by the company and what valuation and structure it feels is necessary to achieve its target return, whilst achieving some downside protection. Table 8 has a column indicating the type of shares held by the VCTs: 28 were in participating shares, 5 in a combination of participating/non-participating, 1 in non-participating and 9 in just "naked" equity (i.e. with no preference).

Prior to 2015, the structuring of investments with the use of secured loan stock/and or preference shares enabled the VCTs to generate more revenue income than, say, other VCTs which use external gearing. In addition, however, dividends can also clearly come from realised capital profits, and like many other VCT managers YFM has regard to a "total return" of longer-term performance when advising the Boards on setting their dividend policy.

The balance of investment from 2015 has seen a heavier weighting towards TMT (Technology, Media and Telecoms), with a strong emphasis on Data, Tech-enabled Services, New Media, Application Software and Cloud & DevOps. In total 32 investments have been made in these

sectors of which 30 were still in the portfolio.

As at 30 June 2025 BSC held 41 unquoted investments valued at £159m and BSC2 held 42 unquoted investments valued at £112m.

Despite this level of diversification, there is still a reliance on the top 10 holdings within the portfolio. The portfolio weighting of the BSC VCTs stands at 35.9% of NAV and although YFM say that this includes a number of businesses that are performing strongly.

It is often to be expected with private equity/venture capital portfolios that the “winners” become more predominant within a portfolio as the “losers” see their value erode and disappear within a portfolio. Within the top ten, the largest holding is Matillion Ltd, which represents approximately 8% of the NAV. This is still large for one company, but it is almost half of what it comprised 3 years ago when it was 19% and 16% of the two portfolios respectively.

Within the BSC VCTs the current top 5 holdings total £111m (23.5%) of the total £470m of AUM. The top 10 holdings equate to £169m (35.9%), and the top 15 holdings equate to £211m(45%).

Table 7 shows the exits achieved over the past 3 years. Within the 15 exits achieved, 10 of them have been profitable and at considerable margins to comfortably outweigh the losses with an average return multiple of 1.85x. NB the average return multiple over the period is 2.20x, if the nil return on Wooshii is excluded.

The exits, alongside the performance of the remaining portfolio, have helped to drive a

healthy level of dividends across the two VCTs. The average dividends paid over the last 5 and 10 years to 30 June 2025, as well as the level of cumulative dividends to date are shown in the two tables below:

British Smaller Companies VCT

- Average over last 5 years: 6.2p
- Average over last 10 years 8.6p
- Cumulative since launch: 184.15p*

* 186.15p after the 2p dividend paid on 25 July 2025.

British Smaller Companies VCT 2

- Average over last 5 years: 4.7p
- Average over last 10 years 4.6p
- Cumulative since launch: 91.75p*

* excludes a 1.5p dividend to be paid on 31 October 2025

In summary, an investor at the beginning of the life of British Smaller Companies VCT and British Smaller Companies 2 VCT could not fail to be happy with the returns they have seen over the past 20 years.

The British Smaller Companies VCTs, under the management of YFM, have consistently delivered for their shareholders, and this has continued with the recent exits of Traveltek and ACC Aviation. For any financial adviser who is under the apprehension that VCTs are simply a vehicle for recouping income tax, they should look at the long term track record of the British Smaller Companies VCTs.

Tax Efficient Review Track Record rating: 34 out of 40

Manager

YFM, the manager of the British Smaller Companies VCTs have been running for over 40 years and have realised over 150 investments in that time. The investment manager has also developed relationships with CEOs and NEDs of these businesses as well as their advisors across the UK regions.

YFM's investment team has grown over time and now comprises 40 investment/portfolio partners, directors and managers. This is one of the largest VCT teams in the UK and gives

a substantial presence in each region, giving the manager a larger reach than most. YFM's investment team also includes an in-house direct origination function (established in recent years), which comprises three individuals who are responsible for sourcing proprietary investment opportunities through direct outreach to businesses. YFM says that this combination of a large regional team with long-standing relationships across the country and its in-house capability to identify and engage with prospective investee businesses, gives the BSC

VCTs access to investment opportunities that many others do not see and which are not the subject of private equity auctions. Indeed, YFM has seen c.750 new opportunities for the BSC VCTs over the last 12 months.

YFM say that their dedicated portfolio resource is a point of difference to several other VCT managers and allows them to allocate portfolio managers (who are not also required originate and transact new investments) to each of the BSC VCTs' portfolio businesses and support their growth journey. YFM further enhances the support it provides to management teams by appointing external non-executive directors and / or chairmen with industry expertise. Table 9 shows the key team members.

The role of YFM's in-house Value Creation specialists comprises of experts whom work with portfolio companies alongside YFM's portfolio managers, providing support and guidance across Talent (helping portfolio companies to source new hires), ESG (supporting portfolio companies operate more sustainably and meet the growing stakeholder demands surrounding ESG) and Revenue Operations (working with portfolio companies to improve their Sales and Go-To-Market functions).

YFM has five offices providing national coverage and local presence, through which deals can be sourced. Over the last few years most deals have been sourced through the YFM network and from the network of Chairmen and CEO's that they work with on a regular basis. Five of the last 14 new investments made by the BSC VCTs have been sourced by YFM's Direct Origination team. The local offices also see proprietary deal flow from local banks and intermediaries, which is a further benefit of YFM's regional office network.

There has also been a recent expansion of the London office to a new location near Goodge Street for the expanding London team, as well as new offices in Leeds.

Not only must an investment manager obtain deal flow, but it must have a team resourced to invest at the correct rate to satisfy the VCT rules. The 30% and 80% investment rules require that by the end of the first accounting period after launch that 30% of the fundraised must be invested and by the end of the third accounting period, and in every accounting period thereafter, the VCT must have at least 80% of its funds

invested in qualifying holdings. In this case both VCTs have a preferred investment level of around 85% or more.

As well as VCTs, YFM manages a number of Limited Partnership Funds, details of which are included in Table 2.

The growth capital funds that invest alongside the VCTs, are dedicated to providing the replacement capital element of the transactions, which the VCTs are unable to provide. The funds invest on the same economic terms as the VCTs. The buyout funds provide funding where the VCTs are completely precluded; focusing on supporting entrepreneurs, owners and management teams of small businesses throughout the UK who wish to progress with management buyouts and cash out situations.

The VCT position as to funds needing investing by the team is as follows. Prior to the raising of these monies, the liquid funds of the two VCTs at 31 March 2026 are forecast to total c.£119m. The initial offer, assuming the full over-allotment facility is utilised, will raise around £82m after costs making a total of £201m.

With a NAV post fundraise of £c.552m this equates to approximately 36% of the NAV in liquid funds at 31 March 2026, which is lower than the equivalent figures of 43% at 31 March 2025 (with the 24/25 fundraising included) and 48% at 31 March 2024 (with the 23/24 fundraising included).

In considering the deployment of cash, it should be noted that since 2024 there has been a step towards buyback levels being more commensurate with longer term trends, and it would not be unreasonable for future annual levels to increase by c.£5m. In addition, as the BSC VCT's portfolio continues to grow, there is likely to be increased demand for follow-on investments into portfolio businesses, which, when combined with the pipeline of new investment opportunities, is expected to take annual investment deployment to c. -£60m.

For good governance, the VCTs will likely always retain a level of cash of c.20% of NAV; around £110m. This would leave cash to utilise of c.£91m from 31 March 2026 onwards.

Between the two VCTs, around £35m per annum is currently utilised for the share buy-

back scheme, net operating costs and dividends (net of amounts reinvested from the Dividend Re-investment Scheme). This would leave a net £56m to invest. This compares to investments (new and follow-on) of £68.6m in the two years to 30 September 2025, and the target to invest £60m in the year to 31 March 2026. (Figures supplied by YFM).

The LP funds work differently. YFM tell us that generally they would seek to invest 75-80% of the fund total over a three to four year period.

Growth Funds I,II and III are closed for new investment, with Funds I and II targeting exits for their existing portfolio companies over the next few years. YFM tell us that the Growth Funds will undertake small follow-on investments alongside the VCTs.

Buyout Fund I has approximately £4m, and Buyout Fund II £15m available for further investments into the current portfolio. For Buyout Fund III, of the total fund of £95.5m, the amount for new investment is £72m-£76m of which £63m had been invested to date, so YFM have c.£11m to invest.

YFM is preparing to launch a fundraise process for its Buyout Fund IV in Autumn 2025, which is expected to take 12-24 months to close. Whilst a larger target than BFIII (at £150m), the Fund will start to invest, once Buyout Fund III has finished its investment programme (expected in 2026). The Fund will follow the same investment strategy as the previous three Buyout Funds. The only difference is that it will target 12-15 investments (as opposed to ten in previous Buyouts Funds) and is expected to be invested over a slightly longer investment period of three to four years.

Between funds, this suggests the need for an overall investment rate of c.£75-90m per annum (with a target of £60m for the VCTs). YFM have highlighted the investment they have made in growing the size and experience of their investment team and are confident this rate of deployment is achievable.

YFM tell us that they invested £53m in new investments and £22m in follow-ons in the year to 30 September 2025, a total of £75m. In our view this indicates that the team are well resourced to invest the funds being sought.

The principal members of the investment team are:

- David Hall (Executive Chair, 36 years' experience)
- Jamie Roberts (Director, Managing Partner, 22 years' experience)

- Eamon Nolan (Director, Head of Investor Relations and Fundraising, 26 years' experience)
- Marcus Karia (Director, CFO/COO, 17 years' experience)
- David Bell (Director, Senior Portfolio Partner, 26 years' experience)
- Steve Harrison (Senior Portfolio Partner, 18 years' experience)
- Nick Holt (Senior Portfolio Partner, 20 years' experience)
- Nicola McQuaid (Senior Portfolio Partner, 15 years' experience)
- David Wrench (Head of New Investments South, 15 years' experience)
- Neil Inskip (Head of New Investments North, 15 years' experience)

YFM continues to invest in its business, , both in terms of its people and its digital infrastructure. Neil Inskip (ex-BGF) and Nicola McQuaid (ex-NorthEdge) have both joined the business in 2025 in senior roles in new investment and portfolio respectively, with Nick Holt being promoted to Senior Portfolio Partner in the period too.

Finally, YFM remains committed to investing in its IT systems. Its new CRM system (Dealcloud) has been rolled out now across YFM's investment, talent and investor relations teams and YFM has comprehensive information security policies and procedures, which are reviewed regularly.

The VCT directors of the VCTs are:

BSC VCT

- Rupert Cook – Chair
- Adam Bastin
- Jonathan Cartwright
- Purvi Sapre

BSC VCT 2

- Barbara Anderson - Chair
- Arif Ahmed
- Roger McDowell

Tax Efficient Review Team rating: 18 out of 20

Costs

The costs for the British Smaller Companies VCT are as follows:

- **Initial costs:** The Initial Application Fee is 3.0 per cent of the Application Amount and is paid by the relevant Company to the Manager. In consideration, the Manager has agreed to meet the costs associated with the Offers, save for commissions payable to execution only brokers, on behalf of the Companies and the Manager will, therefore, be responsible for all of these costs. For investors who apply direct i.e. not via a broker or advisor the initial cost is 3.5%. Applicants who subscribe for the first £25m in the fundraising will receive additional shares equivalent to 0.125% of their application amount. of their application amount, the costs of which will be met by the Manager. In addition, to the extent possible, Applicants will receive additional New Shares equivalent to receiving a c. 3.35 per cent (this rate is set by the BSC VCTs' receiving agent's banking provider and is subject to change) rate of return on funds awaiting allotment, calculated by reference to the number of days between receipt of cleared funds and the date of allotment
- **Annual management fee:** 1% of surplus cash 2% of other assets. The annual fee for the twelve months to 31 March 2025 was £3,773,000, equal to 1.56 per cent of the average NAV.

The annual fee payable to the Manager is calculated as 1.0 per cent on all surplus cash, defined as all cash above £7.5 million. The annual fee on all other assets is 2.0 per cent per annum. This is calculated half yearly at 31 March and 30 September. . The VCT Boards have agreed in principle to an amendment to the annual management fee: the threshold for surplus cash will increase to £20m (from £7.5m (BSC) and £5.0m (BSC2)) for both BSC VCTs, with the fee increasing from 1% to 1.25%, likely from 1st January 2026.

In the year ended 31 March 2025 annual operating expenses (including the management fee but excluding any payment of the performance incentive) were 1.75% (they are capped at 2.9% of Net Asset Value). At this level the costs are at the lower end of charges for generalist funds.

- **Performance Fee:** a performance incentive fee of 20% is payable subject to BSC VCT achieving a target level of Total Return (the "BSC Total Return Hurdle") and dividend ("BSC Dividend Hurdle"). Subject to meeting the BSC Total Return Hurdle, the Manager will receive an amount equivalent to 20% of the amount by which dividends paid per BSC share exceeds the BSC Dividend Hurdle, multiplied by the number of shares in issue at the year end. The incentive fee in any financial year will be subject to a cap if the excess of dividends paid over the BSC Dividend Hurdle is greater than the sum of the excess of the Total Return over the BSC Total Return Hurdle divided by 1.2.

The Total Return Hurdle is increased annually by an RPI-adjusted 4.0 pence per BSC share. For the year ended 31 March 2026 the annual increase in the BSC Total Return Hurdle and the BSC Dividend Hurdle is 7.50 pence per BSC share.

No fee was paid in respect of the year ended 31 March 2025. As the Hurdles for the year ended 31 March 2026 have not been met to date, no accrual for a 2026 performance fee has been made at 30 June 2025.

The costs for the British Smaller Companies VCT 2 are as follows:

- **Initial costs:** The Initial Application Fee is 3.0 per cent of the Application Amount and is paid by the relevant Company to the Manager. In consideration, the Manager has agreed to meet the costs associated with the Offers, save for commissions payable to execution only brokers, on behalf of the Companies and the Manager will, therefore, be responsible for all of these costs. For investors who apply direct i.e. not via a broker or advisor the initial cost is 3.5%. Applicants who subscribe for the first £25m in the fundraising will receive additional shares equivalent to 0.125% of their application amount., the costs of which will be met by the Manager. In addition, to the extent possible, Applicants will receive additional New Shares equivalent to receiving a c.2.36 per cent (this rate is set by the BSC VCTS receiving agents' banking provider and is subject to change) rate of return on funds awaiting allotment, calculated by reference to the number of days between receipt of cleared funds and the date of allotment.

- **Annual management fee:** 1% of surplus cash (above £7.5m for BSC and above £5m for BSC2) 2% of other assets. The annual fee for the twelve months ending 31 December 2023 was £2,496,000, equal to 1.65 per cent of the average NAV. The VCT Boards have agreed in principle to an amendment to the annual management fee: the threshold for surplus cash will increase to £20m (from £7.5m (BSC) and £5.0m (BSC2)) for both BSC VCTs, with the fee increasing from 1% to 1.25%, likely from 1st January 2026. The annual fee payable to the Manager is calculated as 1.0 per cent on all surplus cash, defined as all cash above £5 million, as the hurdle has been met triggering a performance incentive payment. The annual fee on all other assets is 2.0 per cent per annum. This is calculated half yearly at 30 June and 31 December.

In the year ended 31 December 2024 annual operating expenses (including management fee but excluding any payment of the performance incentive) were 1.98% (they are capped at 2.9% of Net Asset Value). At this level the costs are at the lower end of charges for generalist funds.

- **Performance Fee:** a performance incentive fee of 20% is payable subject to BSC2 VCT achieving a hurdle; NB the BSC2 VCT hurdle is different to that of BSC VCT.

From 1 January 2024 an amended scheme is in force. The Hurdle for each financial year will be increased by an agreed percentage of the corresponding Share Price for each of the five years commencing with 1 per cent for the year ending 31 December 2024 and increasing by an additional 1 per centage point per year until the year ending 31 December 2028 when the increase to the Hurdle will be 5 per cent of the corresponding Share Price. Following the changes, the Hurdle for the year ending 31 December 2024 was reset at 141.295 pence per ordinary share.

As at 31 December 2024 the total of cumulative cash dividends paid and the Share Price was 142.75 pence per ordinary share. Consequently, the Hurdle was exceeded and a performance related incentive of £818,000 for the year ended 31 December 2024 was payable. The Hurdle for the year ending 31 December 2025 is 143.800 pence per share.

Based on the BSCVCT2 net asset value per share at 30 June 2025, the Company estimates that the share price total return will increase to 144.250 pence per ordinary share. At this level, the Hurdle would be exceeded and a fee of £298,000 would be due. As such, this amount has been accrued at 30 June 2025. Any incentive fee ultimately paid is calculated on the actual share price total return at year-end, as defined below, and not on the estimated level.

In addition to the fees described above, which are paid by the VCTs, the Manager receives advisory fees in connection with new investments which are paid by the relevant investee company. In respect of each of the VCTs there is an aggregate annual cap applied to these fees for new investments of 3 per cent and for further investments of 2 per cent, with any fees above this cap being payable to the VCTs. Where expenses have been incurred and the investment does not proceed, the Manager pays any abort fees. The Manager also receives monitoring or non-executive director fees from unquoted portfolio companies. In respect of each of the VCTs these fees are capped at a maximum of £40,000 per annum for an unquoted company.

The aggregate of these fees received by the Manager in the twelve months to 31 March 2025 was £2,345,000. The VCT Board have agreed in principle to increase the monitoring fee cap from £40,000 per annum to £60,000 per annum. The current £40k cap has been in place for over 10 years, having been introduced in 2014. YFM explain that this amendment is more likely to impact new additions to the portfolio from January 2026, than existing portfolio assets.

Tax Efficient Review Cost rating: 8 out of 10

Conclusion

The British Smaller Companies VCTs offer comprises a £60m fund raising split across the two British Smaller Companies VCTs. It is roughly split 60/40 across the two VCTs due to their differences in size, but there is also a £25m over-allotment facility if demand warrants it, and in this case, one would expect that it should.

The British Smaller Companies VCT and VCT 2 have developed an enviable track record over the years and currently sit at the top of the VCT managers in the aggregated performance table within this review. This table assesses performance over 3, 5 and 10 years, and attributes a score depending upon where a VCT with a 10 year track record sits against its peer group. So 1st in each of the categories would lead to a lowest possible score of 3. The score for YFM (manager of these VCTs) is 5.

This track record has been generated from a consistent level of paying dividends to shareholders. The first VCT was launched in 1996, making it one of the first ever launched, and the second was launched in 2000. Cumulative dividends to date of 186.15p (including a 2p dividend paid on 25 July 2025) and 91.75p have been paid from BSCVCT and BSC2VCT respectively (BSC2VCT has declared a dividend of 1.5p, to be paid on 31 October 2025).

The team at YFM focus on regional investing across a broad range of sectors including Tech-enabled Services, New Media, Business Services, Application Software, Retail & Brands, Cloud & DevOps and Advanced Manufacturing.

Recent exits from these VCTs include Traveltek, a Scottish travel business which offers aggregated travel solutions for 3rd party travel sites and was a £2.8m investment in 2016 with £6.2m realised in October 2024. Also, ACC Aviation, which brokers planes between airlines. Despite being heavily affected by the COVID-19 disruption, it has recovered to generate a £16.6m exit in early 2025 from a £3.4m investment in 2014.

There have been some failures as well of late, Wooshii was a large, £8m investment in 2019 which has recently been completely written-off. This was a video creation company which YFM said struggled to keep pace with the growth of AI in this area over recent years. There have also been concerns raised by Tax Efficient Review in previous reviews of the size of Matillion within the investment portfolio. This company is still the largest holding and represents approximately 8% of the NAV, but this is almost half of what it comprised 3 years ago when it was 19% and 16% of the two portfolios respectively.

The team at the British Smaller Companies VCTs have evolved as well, with long term manager David Hall in the process of handing over the reins to Jamie Roberts as Managing Partner and Eamon Nolan to head up Investor Relations and fund raising. Given the progress outlined above, we are happy to still give the British Smaller Companies VCTs our top rating.

Tax Efficient Review rating: 89 for a generalist VCT with a track record.

Table 8: YFM VCTs unquoted holdings as at 30 June 2025

Investee Company	Share class (one per row)	Cost £	Value £	Date invested	Structure of investment (Equity/ Loan)	Industry Sector	Stage of Investment	Valuation method	Multiple on cost
Arcus	Loan	£250,000	£250,000	31/12/2021	Fixed Return	Application Software	Scale-Up	Note 1	1.00
	Preference shares	£2,800,009	£2,800,000	11/05/2018	Fixed Return	Application Software	Scale-Up	Note 1	1.00
Arcus Total		£3,050,009	£3,050,000						1.00
Automate Pro	B Ordinary Shares	£3,708,493	£7,741,997	22/12/2022	Participating	Cloud and DevOps	Growth	Note 1	2.09
	C Ordinary Shares	£3,000,040	£6,263,003	29/07/2024	Participating	Cloud and DevOps	Growth	Note 1	2.09
Automate Pro Total		£6,708,533	£14,005,000						2.09
B2M	B Ordinary Shares	£2,499,999	£	01/10/2016	Participating	Application Software	Early Stage	Note 2	0
	C Ordinary Shares	£263,503	£	13/03/2019	Participating	Application Software	Early Stage	Note 2	0
	D Ordinary Shares	£200,000	£	16/06/2021	Participating	Application Software	Early Stage	Note 2	0
	D Ordinary Shares	£200,000	£	17/09/2021	Participating	Application Software	Early Stage	Note 2	0
B2M Total		£3,163,502	£						0.00
Biorelate	Preferred Ordinary Shares	£2,599,996	£2,620,260	28/11/2022	Participating	Application Software	Growth	Note 1	1.01
	Preferred Ordinary Shares	£1,249,997	£1,259,740	18/09/2024	Participating	Application Software	Growth	Note 1	1.01
Biorelate Total		£3,849,993	£3,880,000						1.01
DrDoctor	A2 Ordinary Shares	£5,942,451	£5,942,000	03/02/2023	Non-Participating	Application Software	Scale-Up	Note 1	1.00
	A3 Ordinary Shares	£2,982,537	£4,740,000	07/03/2025	Participating	Application Software	Scale-Up	Note 1	1.59
DrDoctor Total		£8,924,988	£10,682,000						1.20
Eikon	D Ordinary Shares	£750,000	£	26/03/2018	Equity	New Media	Scale-Up	Note 2	0
	D Ordinary Shares	£500,000	£	01/01/2023	Equity	New Media	Scale-Up	Note 2	0
Eikon Total		£1,250,000	£						0.00
EL Support	Loan	£300,000	£1,000,000	04/04/2015	Loan	Investment Companies	Early Stage	Note 3	3.33
	Ordinary shares	£700,000	£518,000	04/04/2015	Equity	Investment Companies	Early Stage	Note 3	0.74
EL Support Total		£1,000,000	£1,518,000						1.52
Elucidat	C Preference Shares	£2,000,000	£2,500,000	21/12/2022	Fixed Return	Application Software	Scale-Up	Note 1	1.25
	C Preference Shares	£500,000	£625,000	27/07/2023	Fixed Return	Application Software	Scale-Up	Note 1	1.25
	Ordinary shares	£3,500,000	£4,546,280	07/05/2019	Participating	Application Software	Scale-Up	Note 1	1.30
	Ordinary shares	£1,100,685	£1,429,720	21/12/2022	Participating	Application Software	Scale-Up	Note 1	1.30
Elucidat Total		£7,100,685	£9,101,000						1.28
Force 24	Preference shares	£1,250,000	£3,047,000	16/10/2023	Fixed Return	Application Software	Scale-Up	Note 1	2.44
	A Ordinary Shares	£4,000,154	£5,028,000	20/11/2020	Participating	Application Software	Scale-Up	Note 1	1.26
	A Ordinary Shares	£1,250,001	£1,571,000	08/07/2022	Participating	Application Software	Scale-Up	Note 1	1.26
	A Ordinary Shares	£625,000	£786,000	19/05/2025	Participating	Application Software	Scale-Up	Note 1	1.26
Force 24 Total		£7,125,155	£10,432,000						1.46
Frescobol	A Ordinary Shares	£3,000,000	£3,430,000	20/03/2019	Participating	Retail & Brands	Scale-Up	Note 1	1.14
Frescobol Total		£3,000,000	£3,430,000						1.14
Fuuse Ltd	Senior Ordinary Shares	£4,999,993	£5,000,000	31/05/2024	Non-Participating	Software	Growth	Note 1	1.00
Fuuse Ltd Total		£4,999,993	£5,000,000						1.00
GEEIQ	A1 Ordinary Shares	£3,930,001	£4,790,000	13/09/2023	Participating	Data	Growth	Note 1	1.22
GEEIQ Total		£3,930,001	£4,790,000						1.22
Immunobiology	Ordinary shares	£2,769,039	£70,000	01/09/2015 to 13/5/25	Equity	Life Sciences	Early Stage	Note 4	0.03
Immunobiology Total		£2,769,039	£70,000						0.03
Intamac	F Ordinary shares	£1,000,000	£	05/06/2012	Equity	Tech-enabled Services	Early Stage	Note 2	0
	F Ordinary shares	£103,373	£	11/12/2015	Equity	Tech-enabled Services	Early Stage	Note 2	0
	F Ordinary shares	£103,373	£	12/08/2016	Equity	Tech-enabled Services	Early Stage	Note 2	0
Intamac Total		£1,206,746	£						0.00
Integrum	A Ordinary Shares	£2,900,301	£2,900,000	19/09/2024	Participating	Data	Early Stage	Note 1	1.00
Note 1: Revenue: Uplift in value, manager valuation based on revenue multiple					Note 5: Earnings: Uplift in value, manager valuation based on earnings multiple				
Note 2: Write down 100%					Note 6: Write down 0% to 25%				
Note 3: Net assets					Note 7: Write down 51% to 75%				
Note 4: Price of recent investment					Note 8: Write-down 1% to 25%				
Source: YFM Equity Partners LLP									

Table 8: YFM VCTs unquoted holdings as at 30 June 2025

Investee Company	Share class (one per row)	Cost £	Value £	Date invested	Structure of investment (Equity/Loan)	Industry Sector	Stage of Investment	Valuation method	Multiple on cost
Integrum Total		£2,900,301	£2,900,000						1.00
Ketech	A Ordinary Shares	£20,000	£2,582,000	01/11/2015	Equity	Tech-enabled Services	Scale-Up	Note 5	129.10
Ketech Total		£20,000	£2,582,000						129.10
Matillion	A Ordinary Shares	£2,289,797	£32,294,000	29/11/2016	Equity	Data	Scale-Up	Note 1	14.10
	Series B Ordinary Shares	£934,090	£7,233,000	20/05/2029	Equity	Data	Scale-Up	Note 1	7.74
	Deferred Ordinary shares	£9,935	£64,000	20/05/2029	Equity	Data	Scale-Up	Note 1	6.44
Matillion Total		£3,233,822	£39,591,000						12.24
NB Technology	Loan	£300,000	£954,000	04/04/2015	Loan	Investment Companies	Early Stage	Note 3	3.18
	Ordinary shares	£700,000	£ 04/04/2015		Equity	Investment Companies	Early Stage	Note 3	0
NB Technology Total		£1,000,000	£954,000						0.95
OC Engineering	Loan	£300,000	£1,000,000	04/04/2015	Loan	Investment Companies	Early Stage	Note 3	3.33
	Ordinary shares	£700,000	£480,000	04/04/2015	Equity	Investment Companies	Early Stage	Note 3	0.69
OC Engineering Total		£1,000,000	£1,480,000						1.48
Ohalo Limited	B Ordinary Shares	£2,775,503	£3,442,000	10/06/2024	Participating	Software	Growth	Note 1	1.24
Ohalo Limited Total		£2,775,503	£3,442,000						1.24
Outpost	Loan	£1,666,667	£1,666,667	30/06/2022	Fixed Return	New Media	Scale-Up	Note 6	1.00
	Preferred A Ordinary Shares	£2,500,000	£2,444,739	12/02/2021	Participating	New Media	Scale-Up	Note 6	0.98
	Preferred A Ordinary Shares	£3,333,333	£3,259,341	30/06/2022	Participating	New Media	Scale-Up	Note 6	0.98
	Preferred A Ordinary Shares	£2,083,333	£2,037,620	08/02/2024	Participating	New Media	Scale-Up	Note 6	0.98
Outpost Total		£9,583,333	£9,408,367						0.98
Panintelligence	A Ordinary Shares	£2,500,029	£2,500,000	26/11/2019	Non-Participating	Data	Growth	Note 1	1.00
Panintelligence Total		£2,500,029	£2,500,000						1.00
Plandek	C Ordinary Shares	£3,450,147	£3,450,147	14/10/2022	Non-Participating	Cloud and DevOps	Growth	Note 1	1.00
	D2 Ordinary Shares	£2,450,353	£3,477,853	14/06/2024	Participating	Cloud and DevOps	Growth	Note 1	1.42
Plandek Total		£5,900,500	£6,928,000						1.17
Quality Clouds	Y1 Preferred Shares	£2,500,000	£2,500,000	04/05/2022	Non-Participating	Cloud and DevOps	Growth	Note 1	1.00
	Series A Ordinary Shares	£4,026,168	£4,126,160	31/03/2023	Participating	Cloud and DevOps	Growth	Note 1	1.02
	Series A Ordinary Shares	£3,174,988	£3,253,840	05/08/2024	Participating	Cloud and DevOps	Growth	Note 1	1.02
Quality Clouds Total		£9,701,156	£9,880,000						1.02
Relative Insight	Preference shares	£300,000	£525,000	03/10/2024	Fixed Return	Tech-enabled Services	Growth	Note 7	1.75
	Preference shares	£343,000	£429,000	26/06/2025	Fixed Return	Tech-enabled Services	Growth	Note 7	1.25
	Ordinary shares	£5,000,005	£1,822,357	25/03/2022	Participating	Tech-enabled Services	Growth	Note 7	0.36
	A Ordinary Shares	£1,339,998	£488,390	10/05/2023	Participating	Tech-enabled Services	Growth	Note 7	0.36
	A Ordinary Shares	£660,004	£240,552	12/02/2024	Participating	Tech-enabled Services	Growth	Note 7	0.36
Relative Insight Total		£7,643,007	£3,505,299						0.46
SH Healthcare	Loan	£300,000	£494,000	04/04/2015	Loan	Investment Companies	Early Stage	Note 3	1.65
	Ordinary shares	£700,000	£ 04/04/2015		Equity	Investment Companies	Early Stage	Note 3	0
SH Healthcare Total		£1,000,000	£494,000						0.49
S4labour	A Ordinary Shares	£4,000,000	£4,000,000	28/04/2025	Participating	Application Software	Growth	Note 4	1.00
S4labour Total		£4,000,000	£4,000,000						1.00
Sharpcloud	Y ordinary Shares	£3,650,000	£6,561,788	15/10/2019	Participating	Data	Growth	Note 1	1.80
	Y ordinary Shares	£2,028,003	£3,645,844	16/06/2021	Fixed Return	Data	Growth	Note 1	1.80
	Y2 ordinary Shares	£283,901	£603,290	15/02/2024	Fixed Return	Data	Growth	Note 1	2.13
	Y2 ordinary Shares	£1,338,390	£2,844,079	29/08/2024	Participating	Data	Growth	Note 1	2.13
Sharpcloud Total		£7,300,294	£13,655,000						1.87
Sipsynergy	A Ordinary Shares	£2,250,000	£160,951	30/06/2016	Participating	Cloud and DevOps	Growth	Note 7	0.07
	D Ordinary Shares	£525,342	£37,580	23/06/2017	Participating	Cloud and DevOps	Growth	Note 7	0.07
Note 1: Revenue: Uplift in value, manager valuation based on revenue multiple Note 2: Write down 100% Note 3: Net assets Note 4: Price of recent investment Note 5: Earnings: Uplift in value, manager valuation based on earnings multiple Note 6: Write down 0% to 25% Note 7: Write down 51% to 75% Note 8: Write-down 1% to 25%									
Source: YFM Equity Partners LLP									

Table 8: YFM VCTs unquoted holdings as at 30 June 2025

Investee Company	Share class (one per row)	Cost £	Value £	Date invested	Structure of investment (Equity/Loan)	Industry Sector	Stage of Investment	Valuation method	Multiple on cost
	D Ordinary Shares	£1,023,782	£73,235	23/04/2021	Participating	Cloud and DevOps	Growth	Note 7	0.07
	Preferred Ordinary Shares	£900,155	£1,350,234	18/02/2022	Fixed Return	Cloud and DevOps	Growth	Note 7	1.50
Sipsynergy Total		£4,699,279	£1,622,000						0.35
SP Manufacturing	Loan	£300,000	£316,000	04/04/2015	Equity/Loan	Investment Companies	Early Stage	Note 3	1.05
	Ordinary shares	£700,000	£	04/04/2015	Equity/Loan	Investment Companies	Early Stage	Note 3	0
SP Manufacturing Total		£1,000,000	£316,000						0.32
Spotless Water Limited	Preferred Ordinary Shares	£3,638,843	£5,041,000	21/06/2024	Participating	Business Services	Scale-Up	Note 5	1.39
Spotless Water Limited Total		£3,638,843	£5,041,000						1.39
Stormharvester	A1 Ordinary Shares	£3,499,649	£3,745,000	20/01/2025	Soft Participatng	Data	Growth	Note 1	1.07
Stormharvester Total		£3,499,649	£3,745,000						1.07
Summize	Preferred Ordinary Shares	£3,000,000	£9,259,765	24/10/2022	Participating	Application Software	Growth	Note 1	3.09
	Preferred Ordinary Shares	£1,250,000	£3,858,235	14/06/2024	Participating	Application Software	Growth	Note 1	3.09
Summize Total		£4,250,000	£13,118,000						3.09
Teraview	A/B Preferred Shares	£753,998	£1,998,000	10/04/2017	Equity	Life Sciences	Growth	Note 4	2.65
Teraview Total		£753,998	£1,998,000						2.65
Tonkotsu	Y ordinary Shares	£3,980,067	£6,859,000	10/06/2019	Participating	Retail & Brands	Scale-Up	Note 5	1.72
Tonkotsu Total		£3,980,067	£6,859,000						1.72
Unbiased	C ordinary shares	£4,910,000	£17,769,000	19/12/2019	Participating	Tech-enabled Services	Scale-Up	Note 1	3.62
	C1 ordinary Shares	£4,416,998	£6,489,000	21/10/2022	Participating	Tech-enabled Services	Scale-Up	Note 1	1.47
Unbiased Total		£9,326,998	£24,258,000						2.60
Vuealta	Loan	£890,988	£890,988	01/12/2023	Fixed Return	Tech-enabled Services	Growth	Note 1	1.00
	Ordinary shares	£151,467	£2,041,000	19/12/2022	Participating	Tech-enabled Services	Growth	Note 1	13.47
Vuealta Total		£1,042,455	£2,931,988						2.81
Vypr	A Ordinary Shares	£2,500,000	£4,799,500	07/01/2021	Participating	Tech-enabled Services	Growth	Note 1	1.92
	A Ordinary Shares	£2,999,895	£5,759,198	10/08/2022	Participating	Tech-enabled Services	Growth	Note 1	1.92
	A Ordinary Shares	£3,995,886	£7,671,302	17/03/2025	Participating	Tech-enabled Services	Growth	Note 1	1.92
Vypr Total		£9,495,781	£18,230,000						1.92
Wooshii	B Ordinary Shares	£3,600,000	£226,000	17/05/2019	Participating	New Media	Growth	Note 8	0.06
	B Ordinary Shares	£2,500,000	£	09/06/2021	Participating	New Media	Growth	Note 8	0
	D Convertible Ordinary Shares	£664,544	£	25/11/2022	Fixed Return	New Media	Growth	Note 8	0
	D Convertible Ordinary Shares	£974,665	£	25/07/2023	Participating	New Media	Growth	Note 8	0
	B Ordinary Shares	£453,100	£	28/11/2024	Participating	New Media	Growth	Note 8	0
Wooshii Total		£8,192,309	£226,000						0.03
Workbuzz	C Ordinary Shares	£4,294,981	£5,757,211	20/06/2023	Participating	Application Software	Growth	Note 1	1.34
	C2 Ordinary shares	£3,543,426	£4,749,789	25/03/2025	Participating	Application Software	Growth	Note 1	1.34
Workbuzz Total		£7,838,407	£10,507,000						1.34
Xapien	A1 Ordinary shares	£2,899,998	£4,151,509	31/03/2023	Participating	Application Software	Growth	Note 1	1.43
	A1 Ordinary shares	£7,258,879	£10,391,491	19/07/2024	Participating	Application Software	Growth	Note 1	1.43
Xapien Total		£10,158,877	£14,543,000						1.43
TOTAL		£184.5m	£270.7m						1.5

Note 1: Revenue: Uplift in value, manager valuation based on revenue multiple

Note 2: Write down 100%

Note 3: Net assets

Note 4: Price of recent investment

Source: YFM Equity Partners LLP

Note 5: Earnings: Uplift in value, manager valuation based on earnings multiple

Note 6: Write down 0% to 25%

Note 7: Write down 51% to 75%

Note 8: Write-down 1% to 25%

Table 9: Matrix of individual responsibilities YFM Equity Partners LLP 30 June 2025 where members spend at least 50% of their time on Deal origination and New deal doing and have at least three years involved with VCTs

NAMES	Mike Clarke	Dan Freed	Roshan Puri	Adam Hart	Stephen Murray	Laura Wiggins	Matt Gordon- Smith	Zach Francis	Callum Long	Srikar Karri	Tiffany Young
VCT WORK											
Deal origination %	30%	30%	30%	30%	30%	30%	30%	30%	30%	30%	40%
General enquiries %											
New deal doing %	40%	40%	40%	40%	40%	40%	40%	40%	40%	40%	25%
Sitting on Boards/ Monitoring %	5%	5%	5%	5%	5%	5%	5%	5%	5%	5%	
Fund raising %											
Internal issues %											10%
Exits %											
NON VCT WORK											
NonVCT work %	25%	25%	25%	25%	25%	25%	25%	25%	25%	25%	25%
TOTAL	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Years in venture capital	9	12	9	9	4	5	15	4	3	7	9
Years involved with VCTs	7	7	9	7	4	5	15	3	3	7	4
Years with current team	7	7	5	7	4	5	3	3	3	0	4

Source: YFM Equity Partners LLP