INVESTOR GUIDE

BRITISH SMALLER COMPANIES VCTS

OFFERS FOR SUBSCRIPTION FOR THE 2026/27 TAX YEAR

YFM Equity Partners

RAISING UP TO £40 MILLION WITH A £20 MILLION OVER-ALLOTMENT FACILITY

The British Smaller Companies VCT (BSC) and the British Smaller Companies VCT2 (BSC2) have played a key role in the successful growth of many early-stage UK businesses for over 25 years. Investors are able to participate in the latest share offer, which will be used to bring new businesses into the portfolio and to provide follow-on funding to existing holdings.

The British Smaller Companies VCTs (together the BSC VCTs) are managed by YFM Equity Partners, an experienced VCT manager that invests in ambitious UK SMEs from its five regional offices. By providing the growth capital that these businesses need to scale, the BSC VCTs aim to deliver long-term value for shareholders while supporting the wider UK economy.

BRITISH SMALLER COMPANIES VCT PLC

Total return per annum*

3 Years	5 Years	10 Years
3.2%	5.3%	7.3%

Dividend yield per annum*

3 Years	5 Years	10 Years
5.3%	7.0%	7.8%

BRITISH SMALLER COMPANIES VCT2 PLC

Total return per annum*

3 Years	5 Years	10 Years
2.6%	4.4%	6.4%

Dividend yield per annum*

3 Years	5 Years	10 Years
5.8%	7.3%	7.3%

* Based on figures to 30 June 2026

The BSC VCTs have a track record of delivering long-term returns and distributions.

The last 47 portfolio company realisations have generated an average total return of 2.14x cost.

The BSC VCTs are amongst the most consistent performers of all Generalist VCTs that have a 10 year track record.

Past performance of BSC or BSC2 is no guide to future performance and may not be repeated. The value of investments may go down as well as up and you may not get back the full amount invested.

YOUR VCT MANAGER

YFM Equity Partners

We believe that our ownership structure, our regional office network and our differentiated approach to investing is what sets us apart.

TRACK RECORD

We were founded in 1982 and have been managing Venture Capital Trusts since 1996, making us one of the longest-standing VCT managers in the industry.

INDEPENDENCE

We are a privately owned partnership and have a long-term outlook, ensuring we are aligned with the investors who trust us to look after their capital.

PORTFOLIO FOCUS

Our dedicated portfolio professionals provide the time, expertise and support needed to guide portfolio companies through their journey.

REACH

Through our regional office network and Direct Origination team, we are able to source attractive investment opportunities.

Key Risks

- The value of your 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 BSC VCTs maintaining their 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 your investment.

Please read through the full list of risk factors set out on page 12 of the Prospectus. Before you make your decision to invest, we recommend that you seek the relevant financial advice from an appropriately authorised independent financial adviser.

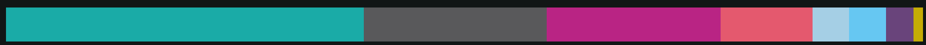
STRONG DEMAND FOR INVESTMENT

£77.4M invested by the BSC VCTs in the two years to 23 September 2026

BSC VCTS PORTFOLIO ANALYSIS

As at 30 June 2026

INDUSTRY SECTOR %



- Application Software: **39%**
- Data: **20%**
- Tech-enabled Services: **19%**
- Cloud & DevOps: **10%**
- Retail & Brands: **4%**
- Business Services: **4%**
- New Media: **3%**
- Other: **1%**

AGE OF INVESTMENT %

- Greater than 5 years: **40%**
- Between 3 & 5 years: **37%**
- Between 1 & 3 years: **15%**
- Less than 1 year: **8%**

TOP 10

portfolio investments in the BSC VCTs by value, as at 30 June 2026

xapien AI

PORTFOLIO CASE STUDY

Company Name	Date First Invested	Total Invested
Xapien	**March 2023**	**£12.7m***

WHAT PROBLEM ARE THEY SOLVING

Businesses increasingly need to carry out detailed background checks on the people and organisations they deal with. But doing this manually is slow, costly and prone to human error.

HOW THEIR PRODUCT HELPS SOLVE THIS ISSUE

Xapien's AI-powered software automates this research, scanning vast amounts of public information from around the world and turning it into an easy-to read report that flags risks in minutes not days.

WHY WE LIKED THIS OPPORTUNITY

Xapien has an experienced management team with a strong track record in the sector; its technology is genuinely differentiated; and, the business is benefiting from strong market tailwinds.

* = as at 30 June 2026. Please note the BSC VCTs participated in a funding round in July 2026, increasing their total investment in Xapien to £14.7m.

KEY FEATURES

SIZE OF THE OFFERS
£40 million with a £20 million over-allotment facility

CLOSING DATE
31 March 2027 – receipt of applications and cleared funds (or earlier if fully subscribed)

MINIMUM INVESTMENT
£6,000 (across both VCTs)

MAXIMUM INVESTMENT
£200,000 (per tax year)

EARLY BIRD DISCOUNT
0.125% on the first £25 million raised

ALLOTMENT DATES
First allotment January 2027 (up to £25 million)
Second and final allotment 1-5 April 2027

ALLOTMENT PRICE
Based on most recently reported Net Asset Values

FUNDS AWAITING ALLOTMENT
Receive additional shares equivalent to a c.2.06% p.a. return (this rate is subject to change)

INITIAL APPLICATION FEES
3.0% Advised
3.5% Direct
5.0% Execution only

FURTHER INFORMATION
Please refer to the Prospectus at bscfunds.com for further details, including a breakdown of the fees and charges

VENTURE CAPITAL TRUSTS

New to Venture Capital Trusts?

VCTs offer significant tax benefits to investors that currently include:

- 20% income tax relief on your investment (subject to your total income tax liability)
- 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 the HM Revenue & Customs website for further guidance on the Venture Capital Trust reliefs.

Dividend Re-investment Scheme ("DRIS")

Each of the BSC VCTs operates a DRIS, which provides investors with 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 20% income tax relief.

Providing liquidity through share buy-backs

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.

HOW TO APPLY

You can find all relevant documentation, including the Prospectus, the Key Information Documents and the application form at bscfunds.com.

Investors or their financial intermediary can apply.

ONLINE

Please apply online at bscfunds.com

BY POST

Please send your application form to: BSC and BSC2 Offers, The City Partnership (UK) Ltd, The Mending Rooms, Park Valley Mills, Meltham Road, Huddersfield HD4 7BH.

CONTACT US

TRACEY NICE

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