

British Smaller Companies EIS Fund

A new Growth Capital EIS fund from the top performing¹ VCT investment team

Investment objectives:

- To invest in a diversified portfolio of established UK businesses going through transformational growth
- To realise each investment we make to maximise investor returns
- To benefit from the valuable and recently enhanced EIS tax reliefs

Experienced and successful Investment Team:

- Over 25 years of investing in UK businesses going through transformational growth
 - 6 offices providing nationwide coverage
 - Over 50 employees
 - Over £375m of funds under management
 - Over 200 active portfolio companies
- Award winning manager of the top performing British Smaller Companies VCT plc¹
- Winner of 'VCT of the Year 2011' for British Smaller Companies VCT plc – Investor Allstars Awards
- Winner of 'VCT Deal of the Year 2011' – Unquote British Private Equity Awards



EIS tax benefits are the only common factor between EIS products. Whilst these are attractive in their own right, unless your money is invested in a portfolio of opportunities with good growth potential, your investment will not be maximised. That's where YFM Equity Partners is different. As manager² of the best performing British Smaller Companies VCT, our VCT Shareholders have asked us to apply our expertise in generating consistently strong investment returns to the EIS market, and I am therefore delighted to announce the British Smaller Companies EIS Fund.

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



Transforming Small Businesses

www.bsceis.com



¹ British Smaller Companies VCT plc is the top performing VCT (by Net Asset Value growth) over 1, 3 and 10 years (Citywire data, August 2011)

² British Smaller Companies VCT plc is managed by YFM Private Equity, a wholly owned subsidiary of YFM Equity Partners

A winning EIS strategy.....focused on delivering consistent medium term **value growth** and **strong investment returns**, enhanced by the **valuable EIS tax reliefs**

British Smaller Companies EIS is intending to invest in a portfolio of businesses, investing principally alongside the British Smaller Companies VCT plc, **the top performing VCT over 1, 3 and 10 years.** (Citywire data to August 2011)

Why we are successful

Our long and consistent track record of success is based on:

- Our experience of investing across multiple economic cycles, when we have consistently made profits for investors.
- A team of over 30 investment managers, backed up by a network of 100 plus industry specialists and non executive directors.
- Our long experience of picking good investment opportunities and empowering management teams to maximise the value growth of their business and our investment.

Realising each investment we make at a profit is the key to maximising the value of your investment

To qualify for EIS tax relief you are required to hold your investment in each underlying company for a minimum of three years:

- We will therefore select companies where we anticipate a realisation of your investment within a reasonable time period thereafter.
- Typically we will choose investments where at the time of investment the holding period is expected to be in the range 3-7 years. However, we will seek to realise investments at the point that maximises investor returns.
- Whilst the exact timing of realisations cannot be predicted, historically the median holding period for British Smaller Companies VCT plc investments has been approximately 6.5 years.

British Smaller Companies VCT plc example

investments – these businesses are typical of the type that British Smaller Companies EIS will look to invest in and illustrate the level of return (2-5x cost) and holding period (3-7 years) we will be targeting

Tekton

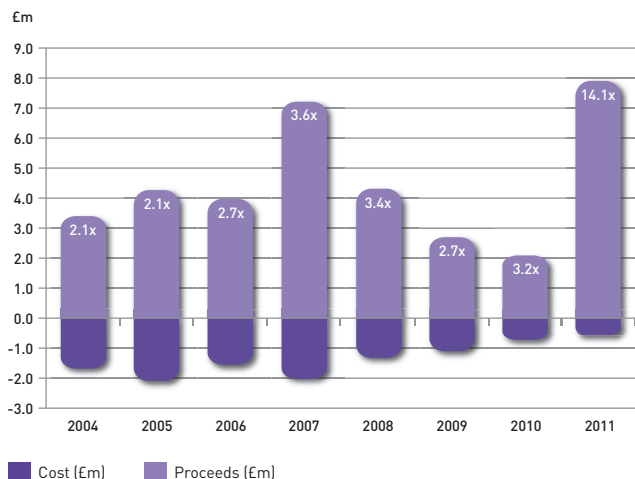
Turnover	£4m
Sector	Computer Software
Location	Manchester
Growth strategy	Buy-and-build
Time held	3 years
Return	3.0x cost

Secure Mail Services Ltd

Turnover	£14m
Sector	Support Services and Logistics
Location	Northampton
Growth strategy	Rollout
Time held	4 years
Return	4.3x cost

Consistent track record of all realisations of unquoted investments in similar funds

British Smaller Companies VCT plc and British Smaller Companies VCT2 plc ("BSC and BSC2") realisation and investment return multiples.



- In the period 2004-2011 BSC and BSC2 have realised or partially realised a total of 20 investments that were unquoted at the point of investment, with an aggregate cost of £10.7m, realised proceeds of £36.1m and aggregate return multiple of **3.4x cost**.

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

EIS tax benefits

- Income tax relief recently increased from 20% to 30%
- Capital Gains Tax deferral
- Tax free capital growth
- Up to 100% Inheritance Tax Relief
- Income tax carry back relief
- Loss relief
- Enhanced investment terms which have increased the pool of eligible investment opportunities

The effect of these tax benefits is to enhance the level of investor returns as illustrated by the example opposite.

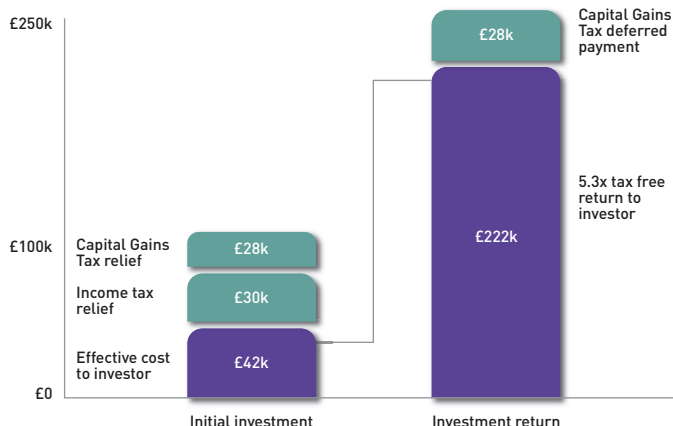
Tax rules can change over time and any benefit will also depend on individual circumstances, on investors retaining their investments for a 3 year period and on investee companies maintaining their qualifying status.



Some funds focus on capital preservation (where the tax benefit is the major part of the return), whilst others invest in high risk early stage opportunities that can often fail – looking for the “Big Winner”. The YFM Equity Partners approach is different – we intend to invest in businesses which we expect to generate strong investment returns that will be further enhanced by the EIS tax benefits.

Robert Desborough – Investment Director, YFM Equity Partners

Investment realised at 2.5x³ cost: Assuming the £100,000 investment, into an EIS eligible company, grew in value to £250,000, £222,000 would be returned tax free to the investor once the deferred capital gain of £28,000 had been repaid. Please note that deferred gains will re-crystallise at the rate of CGT that is in place at the time of disposal of the EIS asset, which may be a different rate to that which was in place at the time of deferral.



³ This investment return is indicative of the aggregate multiple of cost (3.4x) that has been achieved by unquoted realisations made by BSC and BSC2 over the last seven years. Past performance is no guide to future performance and the value of investments may go down as well as up and you may not get back the full amount invested.

How can you invest

The Information Memorandum contains the full terms and conditions and the application form. You can download this from www.bsceis.com.

For a hard copy of the Information Memorandum or for any further information, please contact your IFA, visit www.bsceis.com or contact us direct:

Tracey Nice

T: 0113 294 5055 E: tracey.nice@yfmepl.com

Key Features

British Smaller Companies EIS Fund

Growth Capital EIS Fund

Minimum individual
subscription: £15,000

Anticipated fund size £10 million

Investments made over
a 12-24 month period

Investment size: £250,000 - £2,000,000

Focus: Diversified portfolio
of UK businesses

Launch November 2011

Initial closing date: 5 April 2012

IMPORTANT NOTICE

Past performance of YFM Equity Partners or any of its subsidiaries and employees is no guide to future performance and the value of an investment in British Smaller Companies EIS Fund ("the Fund") may go down as well as up and you may not get back the full amount invested. An investment in an EIS fund is higher risk than investing in other securities listed on the London Stock Exchange official list. You should regard an investment in the Fund as a long term investment. The Fund intends to invest in mostly unquoted companies which are small and which by their nature carry a heightened level of risk.

For a full list of risk factors, please see "Risk Factors" page of the Information Memorandum for the British Smaller Companies EIS Fund issued by YFM Private Finance Limited.

This document has been issued and approved for the purposes of Section 21 of the Financial Services and Markets Act 2000 by YFM Private Finance Limited ('YFM'), which is authorised and regulated by the Financial Services Authority. This document does not

constitute an offer to invest in British Smaller Companies EIS Fund. You should only invest on the basis of information contained in the Information Memorandum. The tax reliefs available are dependent on the Fund maintaining HM Revenue & Customs approval. Tax rules can change over time and any benefit will also depend on individual circumstances and on investors retaining their investments for a 3 year period. We recommend that you seek independent financial advice from an appropriately authorised independent financial adviser as to whether an investment is suitable for you, as well as your personal entitlement to tax reliefs associated with the Fund's share/investment offer.

YFM Private Equity Limited (FSA Registered Number 122120) and YFM Private Finance Limited (FSA Registered Number 531644) are wholly owned subsidiaries of YFM Equity Partners Limited which is part of the GLE Group of companies. YFM Equity Partners Limited is registered in England and Wales, Co No 4848599. Registered office: Saint Martins House, Chapeltown Road, Leeds LS7 4HZ.