

BARONSMEAD

Baronsmead VCT 2 plc

Quarterly update

For the 3 month period from 1 April 2014 to
30 June 2014



Headlines

- £1.8 million realised from the sale of investments in four quoted companies
- £0.4 million invested in 1 new and 3 follow-on investments

Performance Summary

	As at 30 June 2014	As at 31 March 2014	Movement
Capital return			
Total net assets	£86.63m	£86.50m	
Net asset value per share	102.56p	102.19p	0.4%
Share price	97.75p	95.75p	2.1%
Discount to NAV	(4.7%)	(6.3%)	

	3 months (%)	1 year (%)	5 years (%)	10 years (%)	Since launch (%)
Total return					
Net asset value ¹	0.4	15.5	75.0	123.9	217.1

¹ NAV total return = NAV + reinvested dividends; Source: ISIS VC LLP

These total returns are stated before the inclusion of VCT tax reliefs which are designed to mitigate the higher risks and costs associated with investing in smaller companies and the constraints of the VCT legislation. The tax reliefs given at the time of subscription have varied between 20% and 40%, so any adjusted performance measure including this relief will vary depending on the date of subscription. There is also the additional ongoing benefit of receiving VCT dividends tax free.

Investment Performance

In the three months to 30 June 2014, Baronsmead VCT 2's net asset value per share increased by 0.4%. Over the quarter, the unquoted portfolio valuation increased by 1.9%, the quoted portfolio increased by 1.3% and Wood Street Microcap Fund decreased by 4.4%.

The Company's net assets as at 30 June 2014 were £86.6 million. This figure takes into account the valuation of the Company's investments as at 30 June 2014.

Top Ten Investments

Position as at 30 June 2014	Position as at 31 March 2014	Company	Percentage of NAV as at 30 June 2014
1	1	Nexus Vehicle Holdings Limited	6.1
2	3	Staffline Group plc	3.5
3	2	Netcall plc	3.4
4	4	IDOX plc	3.2
5	5	Crew Clothing Holdings Limited	2.8
6	7	Valldata Group Limited	2.1
7	14	Accumuli plc	2.0
8	6	Vectura Group plc	1.8
9	8	Independent Community Care Management Limited	1.8
10	12	Create Health Limited	1.8
Total			28.5

Analysis of Total Assets

	Percentage of total assets at 30 June 2014	Percentage of total assets at 31 March 2014
Unquoted investments	31	31
AIM, listed, ISDX & collective investment vehicle	46	48
Listed interest bearing securities	12	-
Net current assets	11	21
Total liquid assets	23	21
Total assets	100	100

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Analysis of Investment Portfolio by Sector

(excluding cash and interest bearing securities)

	Percentage of total investments at 30 June 2014	Percentage of total investments at 31 March 2014
Business Services	47	46
Consumer Markets	11	12
Healthcare & Education	14	15
Technology, Media & Telecommunications	28	27
Total	100	100

Investment Activity

In the three months to 30 June 2014, Baronsmead VCT 2 invested approximately £0.4 million in 1 new and 3 follow on investments as set out in the table below:

Investments made	Date	Cost (£'000)
One Media iP Group plc*	Apr 2014	57
Synety Group plc	Apr 2014	113
Happy Days Consultancy Limited*	May 2014	180
Nexus Vehicle Holdings Limited*	May 2014	8
Total investments		358

*Follow on investments

Realisations

In the three months to 30 June 2014, Baronsmead VCT 2 realised total proceeds of £1.8 million from the sale of four quoted investments. Details are set out in the table below:

Company	Date	Cost (£'000)	Proceeds (£'000)	Multiple
Anpario plc	Apr/Jun 2014	69	284	4.1
Sinclair IS Pharma plc	May 2014	524	546	1.0
Murgitroyd Group plc	May/Jun 2014	130	707	5.4
Tristel plc	Jun 2014	217	281	1.3
Total realisations		940	1,818	

Dividend Declaration

Following an exceptional period of divestments, an interim dividend of 8p per share was paid on 7 March 2014. In the absence of unforeseen circumstances, it is anticipated that a second interim dividend will be paid in September 2014.

Net Asset Value as at 31 July 2014

The net asset value as at 31 July 2014 was 102.82p per share.

Investment Objective

Baronsmead VCT 2 is a tax efficient listed company which aims to achieve long-term investment returns for private investors, including tax free dividends.

Events after the period end

Other than the events described above, the Board is not aware of any significant events or transactions which have occurred between 30 June 2014 and the date of publication of this statement which would have a material impact on the financial position of the Company.

Further information

Further information regarding the Company, including net asset values published since the end of the period and quarterly factsheets, can be found at the Company's website www.baronsmeadvct2.co.uk

Contact

For further information please contact the Company's Investment Manager, ISIS VC LLP as follows:

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Baronsmead VCT 2 plc is managed by ISIS VC LLP (ISIS Equity Partners), which is Authorised and regulated by the Financial Conduct Authority (FCA). ISIS VC LLP manages five Baronsmead VCTs.

All information sources are provided by ISIS VC LLP and all figures are as at 30 June 2014 unless otherwise stated. ISIS VC LLP does not give investment advice. Past performance is not necessarily a guide to future performance. Stock markets and currency movements may cause the value of investments and the income from them to fall as well as rise and investors may not get back the amount they originally invested. Where investments are made in unquoted securities or smaller companies, their potential volatility may increase the risk to the value of, and income from, the investment. Investors should take their own financial and tax advice before investing, based on their own individual circumstances. VCTs should be regarded as a long term investment and are only suitable for private investors who are capable of evaluating the risks and merits of such investment and who have sufficient resources to bear any loss which might result.

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