

Embracing growth in emerging UK companies

Octopus AIM VCT and Octopus AIM VCT 2
September 2023



Key investment risks

For UK investors only

- Octopus AIM VCT and Octopus AIM VCT 2 are investments that place your money at risk. This means the value of an investment into the VCTs, and any income from it, can fall as well as rise and you may not get back the full amount invested.
- Venture Capital Trust (VCT) shares could fall or rise in value more than other shares listed on the main market of the London Stock Exchange. They may also be harder to sell.
- Please note that tax reliefs available on VCT investments depend on individual circumstances and may change in the future. Tax reliefs also depend on the VCT maintaining its VCT-qualifying status.
- Past performance is not a reliable indicator of future results. For the past performance of Octopus AIM VCT and Octopus AIM VCT 2, see **page 14**.

It is important that you read and fully understand the key risks involved before deciding whether these investments are right for you. To help, we have a dedicated section detailing the key risks on **page 20**.

This document is an advertisement and not a prospectus. Any decision to invest should only be made on the basis of the information contained in the prospectus and the Key Information Documents (KIDs) available at octopusinvestments.com.

You can also request print copies by calling our Investor Relations Team on **0800 316 2295** or by sending an email to **investorsupport@octopusinvestments.com**. Octopus does not give advice on investments, legal matters, taxation or anything else. We always recommend you talk to a qualified financial adviser before making any investment decisions. All data and factual information provided within this document is sourced to Octopus and is correct at 31 July 2023, unless otherwise stated.

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The Octopus AIM VCTs are a tax-efficient way to invest in established portfolios of AIM-listed, smaller companies with strong growth potential. This new share offer will help fund selective new and follow-on investments.

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About Octopus

We invest in the sectors we know inside out. And we've built investments that make a real difference to your financial planning.



Renewable energy

We're one of the largest solar investors in Europe.¹ We also invest in landfill gas sites, wind farms and biomass plants.



Small companies

We turn small businesses into big ones, driving the economy and creating jobs.



Healthcare

We help build state-of-the-art care homes and retirement communities.



Property

We provide award-winning finance for property investment and development.



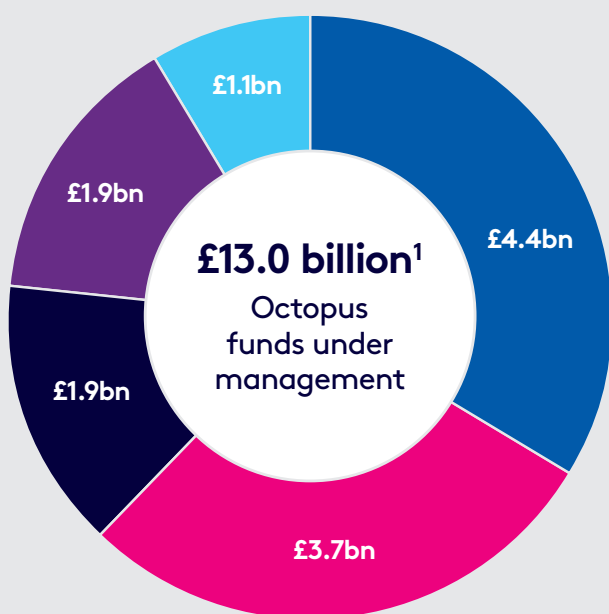
Seen us before?

You may be wondering 'Is this the same Octopus?' Octopus Energy is part of the Octopus family, and the UK's only Which? Recommended energy provider five years running.

¹List of the 300 largest solar park investors in Europe 2023, renewables.digital, 24 April 2023.

A trusted fund manager

We look after substantial assets on behalf of investors and large institutions.



- Renewable energy
- Real estate
- Quoted companies
- Ventures
- Multi-manager & other

¹Octopus, 30 June 2023. Funds under management data includes undrawn commitments, funds under advisory mandates and funds monitored. It also includes funds under the management of Octopus Renewables Limited.

²By Funds under management, The Association of Investment Companies, July 2023.

³By funds under management. Comprehensive Analysis of Business Relief Offers, Tax Efficient Review, 1 March 2023.

Over 20 years of Octopus

We launched Octopus in 2000, wanting to create an investment company that put its customers first. We looked at what didn't work well, and found ways to do things differently.

Along the way, we've become the largest manager of Venture Capital Trusts² and investments that qualify for relief from inheritance tax.³ And we're still looking for new ways to improve people's financial lives. Today the Octopus Group manages £13.0 billion on behalf of tens of thousands of investors.¹

Certified



Corporation

Octopus is a Certified B Corporation™.

We meet the highest standards of social and environmental consideration, transparency and accountability. Our approach means we can continue to meet the needs of all those that matter to us, from our customers to our communities.

GROWTH INVESTOR
2021 AWARDS

WINNER
BEST VCT INVESTMENT MANAGER

WINNER
SEVEN TIMES
Investment Life & Pensions
Moneyfacts
Awards 2016-2022

Best Tax and Estate
Planning Solutions Provider

WINNER
FOUR TIMES
Investment Life & Pensions
Moneyfacts
Awards 2018-2021

Best Venture Capital
Trust Provider

Have a question?

We've done our best to avoid small print and unhelpful jargon in this brochure, but we do have to include some detailed information. Your financial adviser should be able to answer any questions you might have. But we're always happy to hear from you too.

We're ready for your call

We can't give you financial or tax advice, but we can answer questions about us and our investments. You can call us on **0800 316 2295** or email investorsupport@octopusinvestments.com.

The home-grown success story of VCTs

The UK has become one of the world's most successful markets for entrepreneurial small companies. Venture Capital Trusts (VCTs) have played an important part in this.

Smaller companies are often hailed as the backbone of the British economy. They create jobs, are innovative and are an important source of revenue for the government.

But many of these companies need investment to flourish. Without investment, they wouldn't have the same positive impact on the British economy.

Broad and deep support for growing businesses

VCTs were set up to encourage investment into Britain's exciting, entrepreneurial businesses.

Investing in smaller, younger companies typically involves taking more risk than investing in larger companies (for example, AstraZeneca or Vodafone). Recognising this, the government introduced VCTs in 1995 to promote investment into these companies.

They have since helped establish fertile grounds for growing businesses. VCTs are an important source of capital and specialist support for businesses looking to grow. At the same time, they've given investors the opportunity to share in the success of these companies.

VCTs offer tax reliefs

As well as providing an easy way for investors to gain exposure to these small companies, VCTs offer a number of useful tax reliefs. These exist to incentivise investment into growing UK businesses.

Investors can claim 30% upfront income tax relief, receive tax-free dividends and, when the time comes to sell the shares, they don't have to pay any capital gains tax if they've risen in value.

The biggest name in VCTs

Octopus is the UK's largest VCT manager.¹ We launched our first VCT in 2002 and today we manage approximately £1.8 billion across our VCTs on behalf of more than 40,000 investors².

We think VCTs offer great investment potential, with some attractive tax benefits attached.

But VCTs are not suitable for everyone, which is why we always recommend talking to a qualified financial adviser before deciding to invest.

If you have any questions after reading this brochure, visit octopusinvestments.com or call us on **0800 316 2295**. We're always happy to hear from you.

VCTs are high-risk investments. It is important to understand that smaller companies can face challenges, and some will not be successful. The tax incentives are there to provide investors some compensation for the risk they take with their money. For more information on the key risks, please see [page 20](#).

In 2022, VCTs invested £700 million to support the UK's private and AIM listed companies.³

¹By funds under management, The Association of Investment Companies, July 2023. ²Octopus Investments, 30 June 2023.

³Second highest VCT fundraising to boost ambitious UK companies, The Association of Investment Companies, 11 April 2023.

Weighing up a VCT investment

Key benefits

Growth potential

VCTs invest in smaller, younger companies in the UK. These have the potential to grow faster than larger companies.

Tax incentives

New VCT shares attract tax reliefs for investments up to £200,000 each year:

- 30% upfront income tax relief, provided your investment is held for at least five years. So if you invest £10,000 in a VCT, £3,000 can be taken off your income tax bill. Note, that the amount of income tax claimed cannot exceed the amount of income tax due.
- Tax-free capital gains if you sell your VCT shares and make a profit.
- Tax-free dividends (you won't need to declare them on your return).

Additional income

Tax-free dividends offer the potential of supplementary income, which may be especially useful in retirement.

Complementing other investments

While they have a higher risk profile, VCTs can complement other long-term investments that have allowances, such as pension plans and Individual Savings Accounts (ISAs).

Diversification

Through a VCT you can gain access to private and AIM quoted smaller companies in the UK. These have a unique profile and can diversify an investment portfolio.

Key risks

Your capital is at risk

The value of a VCT investment, and any income from it, can fall as well as rise. You may not get back the full amount that you invest.

Tax rules can change

Tax treatment depends on individual circumstances and may change in the future.

The VCT's qualifying status could end

Tax reliefs depend on the VCT maintaining its VCT-qualifying status.

Investments in smaller companies can be volatile

VCT shares can fall and rise in value more sharply than the shares of other companies listed on the main market of the London Stock Exchange.

VCT shares may be difficult to sell

There isn't an active secondary market for VCT shares in the way there is for most other listed companies' shares. This means that if you decide to sell your VCT shares you may have to accept a price lower than the net asset value (NAV) of the investment.

We go into more detail about the risks of a VCT investment on [page 20](#).

The AIM opportunity

The junior market of the London Stock Exchange is home to hundreds of outstanding and exciting companies. This makes AIM a market of great opportunity, where investment expertise can bring potential to life for investors.

Since its introduction in 1995, the Alternative Investment Market (AIM) has helped thousands of companies to raise growth capital. Its companies trade in more than 78 countries and operate across 42 different sectors.¹ It is currently home to over 790 companies, with a combined worth of more than £80 billion.¹

As well as being a good place for smaller companies to gain access to funding to help them grow, AIM remains one of the best places for growing businesses to take their first steps to becoming public companies. Over the years, AIM companies have made significant contribution to the UK economy, tax revenue and gross domestic product growth.

What is often overlooked within AIM is the diversity of companies and sectors that exist on the market. This means that having the ability to spot growth potential at an early stage can create the opportunity for significant returns.

Accessing AIM through a VCT

For those comfortable with the risks of investing in smaller companies, getting exposure to these companies via a VCT can prove attractive. As well as the long-term potential growth of smaller companies, the tax benefits associated with a VCT can enhance the position for investors further. In addition, a larger and more diversified portfolio of companies can provide a higher level of confidence that if one company fails, the performance of the other holdings can compensate.

Please be aware that the value of an investment in a VCT, and any income from it, can fall or rise. Investors may not get back the full amount they invest. The ability of claiming tax reliefs available depends on the investors' own circumstances and may change in the future. Tax reliefs also depend on the VCT maintaining its qualifying status.

Reasons to consider AIM

High-growth companies

While AIM is the home of smaller UK companies, you might be surprised by how much some of these companies can grow. For example, in 2022, the average market cap of AIM companies was £114m.¹

Diversification

AIM features a number of younger, dynamic businesses that operate in a diverse range of sectors. Many of these companies are providing solutions to modern-day problems in areas such as technology, healthcare and the environment.

Transparency

AIM-listed companies must meet certain regulatory and governance requirements, ensuring higher levels of reporting than companies that are not listed on any stock exchange.

¹London Stock Exchange Group, AIM statistics, July 2023.

Octopus AIM VCTs

Octopus manages two AIM VCTs. Each offers a tax-efficient way to invest in diverse portfolios of emerging and established companies judged to have strong growth potential.

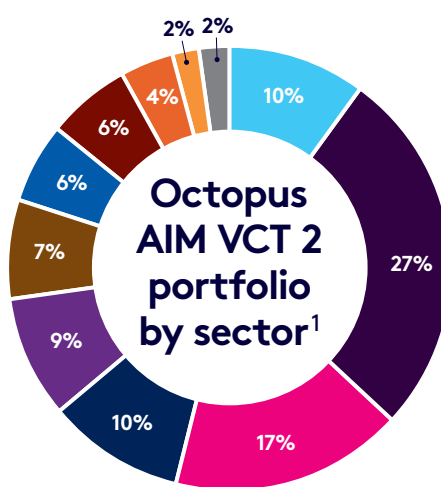
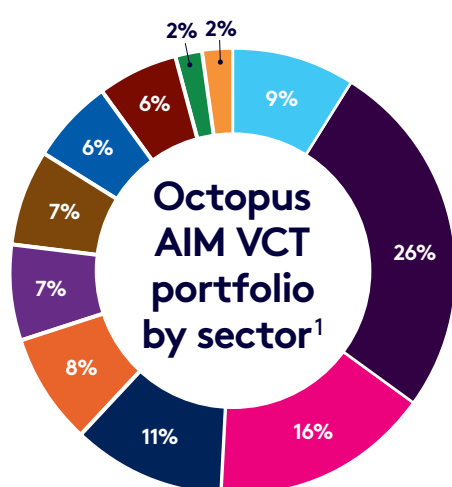
The Octopus AIM VCTs

Octopus AIM VCT was launched in 1997 and Octopus AIM VCT 2 in 2005. Both VCTs have been making investments alongside each other, in proportion to the size of each VCT, since 2010. Each benefits from holding a broad spectrum of VCT-qualifying UK companies.

Although new investments remain small enough to qualify for VCT funding, the established nature of the Octopus AIM VCTs means they feature a broad range of maturing AIM-listed businesses. This means investors can instantly benefit from owning established portfolios of around 90 AIM-listed companies, many of which we believe will continue to deliver sales growth and generate profits.

For those willing to accept the investment risks of investing in small VCT-qualifying AIM-listed companies, the Octopus AIM VCTs can offer an easy way to access this part of the market. They offer instant diversification through a broad portfolio across a diverse range of sectors, from building materials and pharmaceuticals to software development. For more information on the key risks, please see [page 20](#).

	Number of holdings ¹	Fund size ¹	Dividend policy
Octopus AIM VCT	86	£123 million	Targets a tax-free dividend of 5p annually or 5% of share price, whichever is greater.
Octopus AIM VCT 2	85	£86 million	Targets a tax-free dividend of 3.6p annually or 5% of share price, whichever is greater.



¹Octopus Investments, 31 July 2023.

²'Other' refers to portfolio companies in sectors including aerospace and defence, alternative energy, industrial engineering and materials, investment banking and brokerage, media, oil services, telecommunications and unquoted investments.

- Software & Computer Services
- Pharmaceuticals & Biotechnology
- Electronic & Electrical Equipment
- Investment Banking & Brokerage Services
- Health Care Providers
- Medical Equipment & Services
- Construction & Materials
- Retailers
- Industrial Support Services
- Technology Hardware
- Media
- Other²

The investment team

Not every company listed on AIM will end up being successful or profitable. That's why our AIM portfolios are managed by an experienced team of AIM specialists with a proven track record.

The Octopus AIM VCTs are managed by the Octopus Quoted Companies team, which includes some of the most experienced AIM-focused fund managers in the market, with over 150 years of collective investment experience and an average tenure of 11 years.¹ Together, they look after £1.9bn.¹

The team makes investment decisions based on their considerable knowledge of the market and analysis of the companies themselves, including the company management track record, financial position, growth potential and long-term prospects.

Maintaining a portfolio of companies operating in diverse industries is fundamental to the team's approach to managing risk. The team work extensively on AIM investments and have a great track record of uncovering value in smaller companies. In the past year, the team

conducted around 850 meetings with AIM companies to help identify the best investment opportunities.¹

Boards of Directors

Octopus AIM VCT and Octopus AIM VCT 2 each have an independent board of directors appointed to represent the interests of shareholders. The Directors have broad experience in investing, advising and managing both small and large, private and public companies. They operate in a non-executive capacity and are responsible for overseeing the investment strategy of the VCT. You can find full details of the Boards in the prospectus, available at octopusinvestments.com/aimvct.

Octopus AIM VCTs fund managers



Kate Tidbury



Mark Symington



Dominic Weller



Freda Isingoma

The wider Octopus Quoted Companies team



Richard Power



Stephen Henderson



Chris McVey



Edward Griffiths



Charles Lucas



Jessica Sweeney

¹Octopus Investments, 30 June 2023.

A straightforward investment approach

The Octopus Quoted Companies team looks to invest in small businesses with significant growth potential.

In order to achieve this, the team applies the following investment process:

1 Research

Compared with larger companies, smaller companies are lesser known and under-researched. Undertaking comprehensive research helps the team to uncover hidden gems with the opportunity for significant long-term returns.

2 Eligibility

When selecting potential portfolio companies to back, the team must consider which companies will be VCT-qualifying. There is an extensive range of criteria to bear in mind, which HMRC regularly reviews to ensure that funds are being directed into the right kind of companies.

3 Portfolio diversity

Investments are spread across a wide range of industries as diverse as building materials, pharmaceuticals and software development. New investors will gain access to existing portfolios of around 90 AIM-listed companies.

4 Due diligence

Not all smaller companies will be successful. So, before making a decision to invest, the team investigates a broad range of factors including the company's business plan, management, growth rate, profitability, valuation relative to its peers, industry dynamics and overall financial strength.

5 Knowing when to sell

After investment, the team continues to monitor the progress of the companies it has chosen to invest in. Selling profitable investments can help the VCTs achieve their aim of paying out regular tax-free dividends to investors.

It's worth bearing in mind that dividends are not guaranteed. For five year performance history, please see [page 14](#).

Octopus AIM VCTs in numbers¹

£362m

The average weighted market value of companies in Octopus AIM VCTs

63%

The proportion of the portfolios by value invested in profitable companies

£209m

Combined funds under management of Octopus AIM VCT and Octopus AIM VCT 2

150+

Combined years of investment experience within our Quoted Smaller Companies team

850

Average number of meetings with company management every year

43%

The proportion of the portfolios by value invested in companies paying dividends

¹Octopus Investments, 31 July 2023.

Embracing growth in emerging UK companies



Craneware: helping healthcare providers achieve optimal financial and operational performance.

Craneware Plc engages in the provision of software and support services for the healthcare industry. The company aims to transform healthcare businesses through its applications and industry-leading team of experts who examine operational, financial, and clinical data to provide valuable insights. The company's services and solutions include patient engagement, charge capture and pricing, claims analysis, revenue recovery and retention, and cost analytics.

Diaceutics

Diaceutics: provides data, data analytics and implementation services that enables the advancement of genetic analysis.

Diaceutics provides the world's leading pharmaceutical companies with an end-to-end solution for the launch of precision medicine diagnostics enabled by DXRX – The Diagnostic Network®. The company generates insights from its aggregated testing data from its worldwide laboratory network. This provides real world evidence that informs the decision making of pharmaceutical companies across hundreds of precision medicine projects.



Equipmake is an engineering services business focussed on the electrification of transport.

Equipmake has the expertise and technology to offer customers the ability to retrofit fossil-fuel based transport solutions into electric ones, and is working on projects in the global automotive, aerospace, marine, construction, and bus markets.



Judges is a group of over 20 businesses offering the design, manufacture, and sale of highly specialised scientific instruments.

It has an excellent track record of delivering organic and acquisitive growth. Its approach is to bring profitable companies with niche products and established reputations under the Group umbrella and provide an environment in which they can thrive and grow.



BROOKS MACDONALD

Brooks is a leading provider of investment management services business, both in the UK and internationally.

It offers a range of investment management services to individuals, pensions funds, institutions, and trusts. Brooks had £16.8 billion of Discretionary Funds Under Management as at 31 March 2023, and operates from 15 offices across the UK and Channel Islands.



GB Group: leading specialists in identity (ID) verification.

Recognised as a global leader, GB Group is a technology specialist in fraud, location and identity data intelligence. Its software helps companies and governments to fight fraud and cybercrime, lower the cost of compliance and improve the experience for onboarding new customers in today's digital economy. GB Group has made acquisitions to gain an international presence and client list, and we expect this strategy to continue.



LTG: a group of businesses who provide innovative learning technology solutions.

LTG's businesses are at the forefront of innovation and best practice in the learning technology sector, and have received numerous awards for their exceptional performance. Through its portfolio of brands, LTG offers large organisations a new approach to digital learning and talent management. The company benefited from a series of material acquisitions and now has several locations across the UK, Europe, the United States, Asia-Pacific and South America.



Breedon Group: supplying a wide range of materials to the construction industry.

Breedon is a leading independent construction materials group, operating in the UK and Ireland. The company produces cement, aggregates, asphalt, ready-mixed concrete, Welsh slate and specialist concrete clay products. The company benefited from a series of material acquisitions and now employs 3,500 people in the UK and Ireland. Breedon's strategy is to continue growing through organic improvement and consolidation of the UK's building materials sector.

Note

Any company examples provided are for illustrative purposes only. They should not be considered as an investment recommendation.

Performance record

Both Octopus AIM VCTs have built a strong track record of paying a steady stream of tax-free dividends to investors.

Dividend policy

Octopus AIM VCT targets a tax-free dividend of 5p annually or 5% of share price, whichever is greater, and Octopus AIM VCT 2 targets a tax-free dividend of 3.6p annually or 5% of share price, whichever is greater. In addition, the VCTs can pay special dividends, although it's worth bearing in mind that dividends are not guaranteed.

As a reminder, Net Asset Value (NAV) is the combined value of all the assets owned by the VCT after deducting the value of its liabilities. The performance shown is net of all ongoing fees and costs (shown on [page 22](#)).

Five-year performance

Year to 31 July	2019	2020	2021	2022	2023
Octopus AIM VCT NAV total return ¹	-12.2%	3.6%	38.6%	-22.3%	-17.0%
Octopus AIM VCT 2 NAV total return ¹	-10.8%	3.6%	42.1%	-23.8%	-17.2%
FTSE AIM All-Share total return ²	-13.6%	-3.9%	42.6%	-25.5%	-15.6%
FTSE All-Share total return ²	1.3%	-17.8%	26.6%	5.5%	6.1%
Octopus AIM VCT dividend yield ³	4.5%	8.9% ⁴	5.8%	6.7% ⁴	6.1%
Octopus AIM VCT 2 dividend yield ³	4.6%	10.5% ⁴	5.8%	6.0% ⁴	6.4% ⁵

¹ **NAV total return:** The performance table above shows the total return of the Octopus AIM VCTs over the last five years to 31 July. The annual total return is calculated from the movement in NAV over the year to 31 July, with any dividends paid over that year then added back. The revised figure is divided by the NAV at the start of the year to get the annual total return.

² **FTSE AIM and All Share total return:** Performance is shown alongside the total returns of the FTSE AIM and FTSE All Share indices, which are indicators of activity in the broader UK equity market (source: Lipper). Note that none of these indices are used as benchmarks for the Octopus AIM VCTs.

³ **Annual dividend yield:** The annual dividend yield, is calculated by dividing all the dividends for the 12 months to 31 July by the NAV per Share on 31 July of the prior year.

⁴ Includes special dividend paid following a number of partial and total sales of holdings from the portfolio.

⁵ Octopus AIM VCT 2 has proposed an interim dividend of 1.8p to be paid to shareholders on 9 November 2023 to those on the share register by 13 October 2023. Please note for the upcoming fundraise we do not expect to complete an allotment before 13 October 2023.

Past performance is not a reliable indicator of future results and may not be repeated. Please note, the NAV per share may be higher than the share price, which is the price you may get for shares on the secondary market.

Top ten holdings

Octopus AIM VCT¹

	Percentage of net assets ²	Date of first investment ²	Market cap (£m) ³	Revenue (£m) ⁴	Profit before tax (£m) ⁴
Ergomed plc	6.4%	09/07/2014	551	145	17
Breedon Group plc	4.2%	26/08/2010	1,234	1,396	136
Hasgrove plc	3.7%	14/09/2006	186	23	6
Judges Scientific plc	3.5%	10/05/2012	625	113	16
Equipmake Holdings plc	3.3%	15/07/2022	90	3	-5
Popsa Holdings Ltd	3.0%	23/02/2018	43	23	-4
Learning Technologies Group plc	2.8%	13/06/2011	593	597	40
Brooks Macdonald Group plc	2.7%	03/03/2005	346	122	30
SDI Group plc	2.4%	11/12/2015	140	68	6
IDOX plc	2.4%	08/05/2007	286	66	7

Octopus AIM VCT 2¹

	Percentage of net assets ²	Date of first investment ²	Market cap (£m) ³	Revenue (£m) ⁴	Profit before tax (£m) ⁴
Ergomed plc	6.1%	09/17/2014	551	145	17
Hasgrove plc	5.1%	17/11/2008	186	23	6
Breedon Group plc	4.0%	26/08/2010	1,234	1,396	136
Judges Scientific plc	3.3%	10/05/2012	625	113	16
Equipmake Holdings plc	3.2%	15/07/2022	90	3	-5
Popsa Holdings plc	2.9%	23/02/2018	43	23	-4
IDOX plc	2.7%	08/05/2007	286	66	7
Learning Technologies Group plc	2.7%	13/06/2011	593	597	40
Craneware plc	2.5%	11/09/2007	484	125	10
SDI Group plc	2.3%	12/11/2015	140	68	6

¹Table excludes current asset investments held for short-term liquidity.

²Octopus Investments, 31 July 2023.

³Bloomberg, 31 July 2023.

⁴Revenue and profit before tax figures are based on the previous year financial accounts.



Netcall Plc provides customer engagement solutions. The company designs, develops, and markets communications, workforce management, and business process management software and services to the healthcare, public, and private sectors.



New share offer

The Octopus AIM VCTs are open for investment through a new share offer of up to £20 million.

Choosing your investment

New investors have the option of buying shares in one or both of the Octopus AIM VCTs. They can split their investment 60/40 between Octopus AIM VCT and Octopus AIM VCT 2, or place 100% of their investment into either VCT. As the two VCTs pay dividends at different times of the year, investing in both VCTs offers the potential for investors to receive four dividend payments per year. Each VCT independently has the right to close its fundraise at the Board's discretion. If either VCT closes you'll be invested into the open VCT.

Applying for shares

Before applying, it's important that you read the prospectus, which is available at octopusinvestments.com/aimvct. As with any investment, there are risks to consider before you decide to invest. Please read about these key risks on [page 20](#) and in the prospectus. We always recommend you talk to a professional financial adviser about whether this investment is right for you.

If you decide to invest, fill in an online application at apply.octopusinvestments.com. We'll confirm we've received your application, and we'll let you know if we need any further information.

Reinvesting VCT dividends

Both Octopus AIM VCTs give you the option to reinvest any dividends you are entitled to receive to purchase more VCT shares. This could increase your shareholding, enabling you to get further income tax relief on the additional shares allotted. To reinvest your dividends, please complete the relevant section on the application form. You can also ask us to do this at any point after investing with us, and of course, you can change your mind at any time. Please be aware that reinvested dividends would form part of your £200,000 annual VCT investment limit.

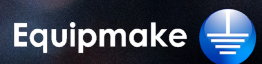
Claiming income tax relief after selling VCT shares

HM Revenue & Customs (HMRC) places restrictions on buying and selling shares in the same VCT within a six-month period. If you have recently sold shares in Octopus AIM VCT or Octopus AIM VCT 2, in order to benefit from the 30% upfront income tax relief available you will need to wait six months from the date of sale before investing in the same Octopus AIM VCT again.

"We expect to invest some of the proceeds of this new share offer in emerging companies exposed to attractive growth markets. We will also look to provide existing portfolio companies with further funding to help them achieve their growth ambitions."

Kate Tidbury

AIM VCT Fund Manager



The Octopus AIM VCTs invested in Equipmake in July 2022. The company provides electric drivetrain solutions from individual components to turnkey solutions.



The life cycle of your VCT investment

This section tells you what to expect from your investment over the course of its life, from making your application, the first five years and what to do if you decide to sell your shares.

Your investment journey

1. Making your initial investment

After you've read the prospectus and Key Information Documents (KIDs) – available at octopusinvestments.com/aimvct – you'll need to complete the application form by applying online. We'll let you know when we've processed it and if we need any more information from you.

2. Issuing your shares

Once we've received your funds, we will allot your VCT shares at the next available date. These dates are usually listed on our website. This process can take several months, but we always aim for shares to be allotted in the same tax year as the application was made. When complete, we'll write to you to let you know your shares are allotted, and you can check the value of your shares using our online portal.

3. Your share and income tax certificates

You receive share and income tax certificates from the VCT's registrar, Computershare, usually within 21 working days of your shares being allotted. In addition, we'll also provide you with a guide to claiming tax relief. Please note, if you lose your share or tax certificate there is likely to be a cost to replace them.

4. Keeping you updated

We'll send you annual and half-yearly reports that include updates from the Chairman of the VCT and Octopus Investments, the VCT manager. As you are a shareholder, Computershare (the VCT's registrar) will also write to you giving you the option to vote on resolutions and proposals (e.g. new fundraises) from the VCT's board.

5. Receiving dividends

When our VCTs pay dividends to you, you can choose to have the dividend paid directly into your bank account or re-invested into the VCT. If you choose the latter

you will then receive an additional share and income tax certificate that will allow you to claim additional income tax relief. When any dividends are paid, you will be sent a dividend confirmation.

Selling your VCT shares

Sell your shares on the secondary market

VCT share prices are quoted on the London Stock Exchange, so you can buy or sell shares at any time through a stockbroker or a share dealing account. Usually the market price is less than the underlying NAV of the shares. It's worth noting that since previously owned VCT shares do not qualify for the 30% upfront income tax relief, the number of buyers of second-hand VCT shares is, in practice, limited. As a result, selling shares directly into the market can produce a poor result.

Sell your shares back to the VCT

Because natural demand for VCT shares on the secondary market is limited, the Octopus AIM VCTs offer a share buyback facility for investors, provided there are funds available. This facility allows existing Octopus AIM VCTs investors to sell their shares back to the VCT at a small discount to the NAV. The current policy agreed by the Boards is to buy shares back at a 5% discount to the NAV. Share buybacks are conducted at the Boards' discretion, and therefore there can be no guarantees that shares will always be sold on request. It's worth noting, however, that the Octopus AIM VCTs have a strong record of buying back shares from investors.

If you'd like more information please give us a call on **0800 316 2295** or visit octopusinvestments.com/vct-share-options/ to find out more.

Please remember, VCT shares should be held for a minimum of five years in order to retain the 30% upfront income tax relief.

Understanding the key risks

We want to make sure you understand the key risks associated with this investment before making a decision. If you have any questions about the key risks mentioned here, we recommend you talk to a professional financial adviser.

Any decision to invest in the Octopus AIM VCTs should be made on the basis of information contained in the prospectus and Key Information Documents (KIDs). These are available at octopusinvestments.com/aimvct.

Your capital is at risk and you could lose money

The value of an investment, and any income from it, can fall as well as rise and you may not get back the full amount that you invested.

Investments in smaller companies can be volatile

The Octopus AIM VCTs invest in smaller publicly traded companies that are listed on the Alternative Investment Market, a sub-market of the London Stock Exchange. Investments in smaller companies can fall or rise in value much more sharply than shares in larger, more established companies. They also have a higher rate of failure.

This is a long-term investment

You should be prepared to hold your shares for a minimum of five years. If you decide to sell your shares before then, you will be required to repay to HMRC any upfront income tax relief you've claimed.

Past performance is no guide to the future

The past performance of the Octopus AIM VCTs is not a reliable indicator of future results. Nor should you rely on any forecasts made about future returns.

The VCT's qualifying status could end

There is no guarantee that the Octopus AIM VCTs will maintain their VCT-qualifying status. If a VCT loses its qualifying status, tax advantages will be withdrawn from that point. Additionally, if a VCT loses its status within five years of your initial investment, you will be asked to repay any upfront income tax relief that you have already claimed.

Tax rules can change

The VCT tax benefits we've described in this brochure are correct at the time of publishing. However, rates of tax, tax benefits and tax allowances do change. In addition, the tax benefits available to you through this investment depend on your own personal circumstances.

To ensure that VCT money continues to support government policy objectives, HM Treasury can also change the definition of a VCT-qualifying investment in the future. This could impact the nature of new investments a VCT can make over time.

Your shares may be difficult to sell

There isn't an active market for VCT shares in the way there is for most other listed companies' shares. This means that if you decide to sell your VCT shares, it may take time to find a buyer, or you may have to accept a price lower than the NAV of the investment.

"Our goal is to be totally transparent with our investors and their advisers. We want them to understand how our products work, how their money is being invested, and what the key investment risks are, before they reach any decision."

John Averill

Chief Risk Officer, Octopus Investments

Conflicts of interest

Octopus has built strong relationships with many of the companies in which we invest, and we sometimes use different sources of funding to invest in the same companies. This can present ‘conflicts of interest’, as explained below.

With these relationships, there’s a chance that the interests of one group of investors will be at odds, or present a conflict, with the interests of another group, or with the interests of Octopus. We aim to make sure that the interests of our customers are always looked after. Conflicts of interest are sometimes unavoidable. In the first instance, we look to prevent them, but if we can’t, we’ll take action to manage, or mitigate, any effects.

For more information on some of the main conflicts, please see below, and refer to the Octopus conflicts of interest policy, which is available in the resource centre at octopusinvestments.com.

Investing alongside other Octopus funds

The Quoted Companies team will often invest funds from Octopus AIM VCT and Octopus AIM VCT 2 alongside and into other Octopus-managed products. Through this co-investment, investors in the Octopus AIM VCTs have access to deals that may not have been possible without being part of the larger deal with other Octopus investors. In addition, funds from Octopus AIM VCT and Octopus AIM VCT 2 may be invested in other Octopus products.

When could conflicts of interest be harmful to investors?

Sometimes we spot a good investment opportunity, but are unable to invest as much money as we’d like due to restraints such as the size of a company or the number of shares available. In these instances, the amounts being invested from different Octopus vehicles must be managed carefully. Similarly, when investments held by a number of different investors come to be sold, the interests of all parties may not be fully aligned.

We have agreed policies and processes to make sure that conflicts of interests between different investor groups are managed fairly.

Managing conflicts

Our goal is to make sure the interests of our customers are always looked after. So we have a number of controls in place to manage conflicts of interest. These include:

- Our investment committee makes sure investment decisions are in the best interests of investors, including how potential conflicts of interest are managed.
- The Octopus Conflicts Committee is responsible for ensuring conflicts are handled appropriately, and is independent of the Quoted Companies team, and our other investment teams.
- As the Octopus AIM VCTs are publicly listed companies, they both have their own board of directors, who are required to act independently and represent shareholders’ best interests at all times, and who are ultimately responsible for ensuring the investment objectives and policy of the VCT is carried out.

The charges

Our charges are taken from the money you invest, so you don't have to send any additional payment for the services we provide. If there's anything about our charges that you don't understand, call us on 0800 316 2295 and we'll be happy to talk them through.

Four ways to invest in Octopus AIM VCT and Octopus AIM VCT 2

- 1 Through a financial adviser who charges a one-off initial fee on investments:** You can ask for the one-off cost of the investment advice you receive to be paid on your behalf through the VCT.
- 2 Through a financial adviser who may also charge ongoing fees:** You can choose to pay your financial adviser a smaller initial fee and ongoing fees. Both of these fees can be paid on your behalf through the VCT.
- 3 Through an 'execution-only' intermediary:** They won't offer financial advice, but they will arrange the purchase of VCT shares for you. They may charge you a commission for this service.
- 4 Make a direct application yourself:** Although we are happy to arrange this, we always recommend you talk to a financial adviser before deciding to invest.

		Advised (initial only)	Advised (initial and ongoing)	Execution- only	Direct investor
Upfront charges	Initial fee (to Octopus)	3%	3%	3%	5.5%
	Adviser charges	up to 4.5%	up to 2.5%	–	–
	Commission (to execution-only intermediary)	–	–	up to 2.5%	–
Ongoing annual charges	Effective annual management charges (to Octopus) ¹	1.5%	1.5%	1.5%	1.5%
	Adviser charges ²	–	up to 0.5%	–	–
	Commission (to execution-only intermediary) ²	–	–	up to 0.5%	–
	Direct application ongoing charge (to Octopus) ²	–	–	–	0.5%

¹Octopus charges an annual management charge of 2% per annum. However, Octopus reduces this by the amount of the maximum ongoing adviser charges, execution-only commission and direct application charges. This creates an 'effective rate' of 1.5% for the first nine years, while the adviser charges may be paid.

²Ongoing adviser charges, direct charges or commission can only be paid for a maximum of nine years after the investment date. After these charges stop the effective annual management charge paid to Octopus will revert to the full 2%. If you choose to pay your adviser less than the maximum amount shown in the table, Octopus AIM VCT and Octopus AIM VCT 2 will use the money left over to buy more shares for you. Similarly, if your execution-only intermediary chooses not to take any upfront commission, this amount will instead be used to buy additional VCT shares for you.

How to invest

Apply online

Go to apply.octopusinvestments.com to get started.

If you have a financial adviser

They can begin the online application process for you. If your adviser has any questions, they can call us on **0800 316 2067** or visit octopusinvestments.com.

If you are investing directly

If you have any questions, you can call our Investor Relations Team on **0800 316 2295**. Please remember that we can't offer investment or tax advice, but we'll be happy to talk you through the application process and help you with anything else we can.

What if you change your mind?

Please let us know as soon as possible. You can't cancel your investment, but if you contact us before your shares have been allotted, we will do our best to return your money to you.

After your shares have been allotted, you own shares in the VCT itself and you will need to sell the shares instead. See [page 19](#) for details of how to sell your shares.

Once you've invested

After your application has been processed, we'll send you a confirmation along with guidance on how to login to our online portal. Once your funds have been allotted (you can find allotment dates at octopusinvestments.com), you'll then be able to see your portfolio value, account information, valuations and any other documents through the portal.

Giving us feedback and how to make a complaint

Outstanding customer service is at the heart of everything we do. But that doesn't mean we get it right every time. If you're not happy with the service we give you, we'll listen to your complaint and confirm it in writing, as well as outlining how we plan to resolve it.

Our complaints procedures follow the rules set out by the Financial Conduct Authority, responsible for regulating investment companies like Octopus, and the Financial Ombudsman Service, which has been set up to resolve disputes between consumers and companies.

If you want to make a complaint, email complaints@octopusinvestments.com, call **0800 316 2295** or write to us at: **Octopus Investments Limited, 33 Holborn, London EC1N 2HT.**



0800 316 2295
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