

Quarterly update

5 January 2024



Ed Fellows is the Head of the Octopus Inheritance Tax Service

I am pleased to confirm that we have successfully deployed the funds raised in the recent Rights Issue across the Group as planned.

Fern's well diversified business continues to deliver steady growth in the medium and long-term. Fern's share price has continued to increase steadily, albeit slightly below our 3% target over the last 12 months due to challenging macro-economic conditions. The share price has increased by 2.49% over the 12 months to 5 January 2024.

Fern's annualised share price growth over the last five years is 4.13%, broadly in line with our target of 4.20%.

Fern has remained well positioned and resilient in the ongoing challenging macro-economic environment by focusing on sectors where demand is robust. As a result, annualised medium and long-term share price growth remains in line with our target, despite the recent underperformance. We expect fluctuations in performance (both up and down) to be short-term in nature.

Fern's renewable energy business performed slightly below expectations in the quarter. This is primarily due to inflation falling faster than forecast and power price forecasts decreasing. Discount rates have also continued to increase for some assets – reflecting the high bank base rates in the UK and Europe.

Fern continues to focus its property lending business on short-term secured loans at conservative loan to value levels. Fern's current average loan to value at issue,

is just over 60%. The credit committee remains cautious in their assessment of new opportunities, favouring loans with a lower LTV, as opposed to targeting higher returns. At the end of the quarter, Fern's loan book was comprised of 223 loans.

Fern's housebuilder, Elivia; and Rangeford, its retirement village business, remain resilient in the current challenging market conditions, acquiring new sites and managing build and delivery schedules in line with expectations.

Recent improvements to mortgage deals should further increase sales, although market conditions continue to be challenging.

Fern's consolidated fibre business continues to perform broadly in line with expectations. Demand for stable, super fast connectivity continues to grow. Fern is well positioned to take advantage of opportunities in the market, as one of the UK's significant alternative network providers following last year's merger.

The outlook for Fern remains positive and well positioned for growth. You can read more about Fern's business at ferntrading.com.

In this quarterly update, you'll find information on the Octopus Inheritance Tax Service and Fern Trading Limited (Fern), a company selected by the Service that the majority of investors hold in their portfolios. Please note that Fern's performance should not be viewed as performance information for the Octopus Inheritance Tax Service. The Octopus Inheritance Tax Service will place investors' capital at risk, and the tax benefits associated with Business Relief investing are contingent on personal circumstances and qualifying criteria. Please see [page 4](#) for the key risks associated with the Service.

Fern's business strategy

Fern is a £3.5 billion trading group that operates in sectors where Octopus has extensive experience. Fern has been trading for over 13 years. The group comprises over 330 subsidiary companies with its business split across four core sectors and more than 450 assets. By carefully selecting a blend of businesses that work together, Fern can target long-term predictable growth and offer genuine diversification for investors.

Renewable energy (45%)

16% Wind



Performance



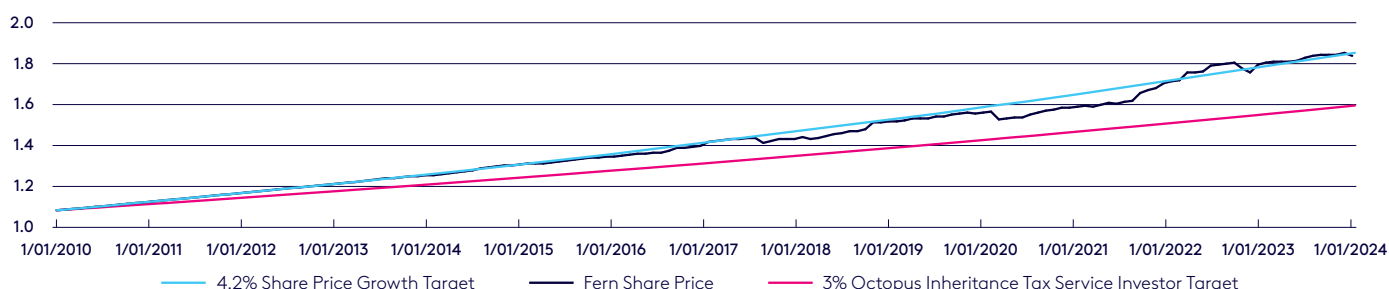
The mandate of the Octopus Inheritance Tax Service is to invest in companies that qualify for Business Relief (BR), generate 3% annual growth for investors, and provide liquidity, should investors request to sell their investment.

	Since inception
Length of Service	15 years
Investor withdrawals facilitated	£1,450m
Longest time taken to provide liquidity	4 weeks
Number of estates that have been entitled to claim BR	5,763
Number of investors	27,045

2 weeks
Longest time taken to provide liquidity this quarter

£58 m
Liquidity provided this quarter

Fern share price since inception (£)



Fern discrete annual performance

Jan-24	Jan-23	Jan-22	Jan-21	Jan-20	Jan-19	Jan-18	Jan-17	Jan-16	Jan-15	Jan-14	Jan-13
2.49%	5.54%	7.86%	1.92%	2.97%	5.94%	2.88%	4.11%	3.09%	4.44%	4.09%	4.03%

Fern average annualised performance

Since inception: **4.10%**

1 year	2 year	3 year	4 year	5 year	6 year	7 year	8 year	9 year	10 year	11 year	12 year
2.49%	4.00%	5.27%	4.42%	4.13%	4.43%	4.21%	4.19%	4.07%	4.11%	4.11%	4.10%

Performance is calculated based on the share price for Fern's shares at 2 January each year. The performance data in the table and graph here show Fern's share price only. They do not take account of initial fees, dealing fees or annual management charges associated with investing in the Octopus Inheritance Tax Service. They should not be viewed as performance information for the Octopus Inheritance Tax Service. For more shareholder information please [visit Fern's website](#).

Past performance is not a reliable indicator of future results.

Spotlight on Wryde Croft Wind Farm

Wryde Croft is a 26MW wind farm located near Peterborough and has been producing clean electricity since 2016. The site comprises 13 x 2MW Vestas wind turbines sitting on 60m towers with a blade diameter of 80m. The site is managed by RES Asset Management and operated by the turbine manufacturer Vestas.

Since commissioning, the site has produced over 420GWh of clean electricity, enough to power 15,000 typical UK homes, power an electric car to drive the circumference of the Earth 4.5 times, reducing CO2 emissions by some 88,000 tonnes. The site should be operating for another 20+ years.

The site operates in active farmland and the wind farm has worked with local stakeholders to ensure biodiversity is protected and enhanced. The site has installed two kestrel boxes, dedicated a proportion of the leased land to a wildflower meadow and is looking to add bee hives in the coming months.



Fern's renewable energy assets produce sufficient energy to power more than **1.2 million homes** annually.



Nearly **one million tonnes** of carbon avoided annually. This is equivalent to taking over half a million cars off the road.

Key risks of the Octopus Inheritance Tax Service

- The value of an investment, and any income from it, can fall as well as rise. Investors may not get back the full amount they invest.
- Tax treatment depends on individual circumstances and tax rules could change in the future.
- Tax relief depends on portfolio companies maintaining their qualifying status.
- The shares of unquoted companies could fall or rise in value more than shares listed on the main market of the London Stock Exchange. They may also be harder to sell.



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