

Changes to the Octopus Inheritance Tax Service (OITS)

An important change has been made to the structure of Fern Trading Limited (Fern), the portfolio company OITS and OITSPlus investors currently hold shares in. Alongside this, there will be some changes to how OITS will operate going forward. This overview explains what's changing and what it means for you.

The Octopus Inheritance Tax Service (OITS) is designed to help reduce the inheritance tax

your family pays when you die. Investments that qualify for Business Relief should offer relief from inheritance tax after two years, provided the investment is still held at the time of death.

Your money was used to buy shares in Fern, a company that owns a range of UK businesses, including renewable energy, property and fibre broadband.

Why changes are being made

Where things stand

We recognise recent investment performance has been disappointing. Fern's biggest challenge has been its retail fibre businesses, which have built broadband networks serving hundreds of thousands of homes across the UK. Developing this infrastructure has required significant investment, but customer growth has been slower than anticipated. As a result, these businesses, along with many others across the fibre sector, have faced significant challenges in recent years.

What we are doing about it

Together with Fern's board, we have been exploring ways to try to improve things. We've strengthened the management teams and more recently have been in talks with another fibre broadband company about a potential deal to buy part of it. Whilst those talks did not reach the conclusion we originally anticipated for various reasons, we believe there is strong merit in continuing to pursue opportunities to improve the outcomes for Fern's fibre businesses.

Because the outcome of the potential deal could have had a significant impact on the value of Fern's

shares, we temporarily paused new investment and withdrawals. This was important as it prevented anyone buying or selling Fern shares at a price that might not reflect their true value.

A better way to manage Fern.

We believe there is a better way to manage this part of the portfolio. To support this, there has been some important structural changes to Fern.

What has changed

Fern has been split into two share classes. There's nothing you need to do. We've done this automatically behind the scenes.

Going forward, you hold two investments: Fern A shares and Fern B Shares.

What stays the same

We expect the changes to have no impact on your existing two-year qualifying period, and both Fern A shares and Fern B shares are expected to continue to be managed in line with the aims of OITS, including maintaining Business Relief qualification, subject to the relevant conditions being met.

Your investment has been split into Fern A and Fern B.



Fern A

68%* of the value of your investment

Diversified portfolio of assets expected to qualify for Business Relief.



Renewable energy



Real estate businesses



Enterprise fibre

- Invests in companies that qualify for Business Relief.
- Targets steady long-term moderate returns.
- Access to your investment – although withdrawals cannot be guaranteed.



Fern B

32%* of the value of your investment

Fibre assets expected to qualify for Business Relief.



Retail and wholesale fibre

- Will contain the fibre assets that need a longer-term approach to try to get the best value.
- Will be managed with the aim of maximising long-term value of the businesses.
- We will focus on returning your money, if required, as assets are sold, refinanced or otherwise turned into cash.

0% Annual Management Charge – For both existing and new investors.

*as at 1 October 2026.

Key risks of the Octopus Inheritance Tax Service

- The Octopus Inheritance Tax Service is a high risk investment that places your money at risk. This means you may not get back the full amount you put in.
- The Service is based on current tax legislation which could change in the future. Tax relief depends on the companies we invest in maintaining BR-qualifying status. Tax treatment depends on individual circumstances and may change in the future.
- The shares of unquoted companies could fall or rise in value more than shares listed on the main market of the London Stock Exchange.
- While the Service aims to help investors withdraw money when required, there is no guarantee that withdrawal requests can always be met immediately or in full.
- We cannot guarantee that the investments we make will qualify for BR in every case in the future. HMRC will only conduct a BR assessment after the death of an investor, to confirm whether the companies invested in qualify for BR at that time.

Find out more

We are committed to keeping you up to date with your investment. We have a dedicated online area for investors <https://octopusinvestments.com/oits-changes> where you can follow the changes and find answers to common questions in our Q&A. You can also speak to one of our team directly by contacting your local Financial advisor.

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