

# Octopus Future Generations VCT brochure

Backing businesses with the power to  
transform the world for the better

January 2024



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A brighter way





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## Risks and disclaimers

### Key investment risks. For UK investors only.

Octopus Future Generations VCT is an investment that places your money at risk. This means 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 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 treatments available on VCT investments depend on individual circumstances and may change in the future. Tax treatments also depend on the VCT meeting and maintaining its VCT-qualifying status.

There can be no guarantee that the VCT will meet its investment objectives or that suitable investment opportunities will be identified.

Past performance is not a reliable indicator of future results. For past performance of Octopus Future Generations VCT, see **page 11**.

Where we refer to a specific company, this is for illustrative purposes only and is not an investment recommendation.

It is important that you read and fully understand the key risks involved before deciding whether this investment is right for you. To help, we have a dedicated section outlining the key risks on **page 23**.

**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 Document (KID) available at [octopusinvestments.com/futuregenvct/](https://octopusinvestments.com/futuregenvct/).**

The information provided within this brochure does not constitute 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 19 January 2024, unless otherwise stated.

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# We're on a mission to invest in the ideas, industries and people that will change the world.



We are living through a period of unprecedented change, in which whole industries are transforming, almost overnight, creating value for investors at a rate never seen before. At the same time, society is struggling to deal with rising levels of inequality, the massive impact of climate change and creaking healthcare systems.

The combination of these factors creates a huge opportunity for investors. **I believe that over the next couple of decades some of the best investment returns will come from companies trying to solve society's biggest problems.** These companies will help build a better tomorrow, allowing us, and future generations, to live happier, healthier and longer lives.

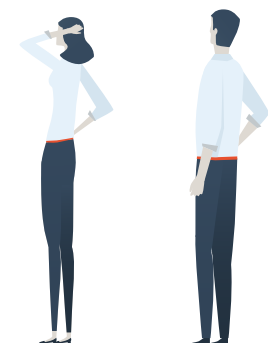
Octopus Future Generations VCT offers investors an opportunity to access a portfolio of early-stage companies that we believe will help to transform the world in which we live.



As a sustainability themed VCT, it will invest into private companies looking to **build a sustainable planet, empower people** and **revitalise healthcare**.

I look forward to seeing the positive change this investment has on society and the planet. This is the start of a journey - one that I hope you're as excited as me to be a part of.

Simon



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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.<sup>1</sup> We also invest in landfill gas sites, wind farms and biomass plants.



## Smaller 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.

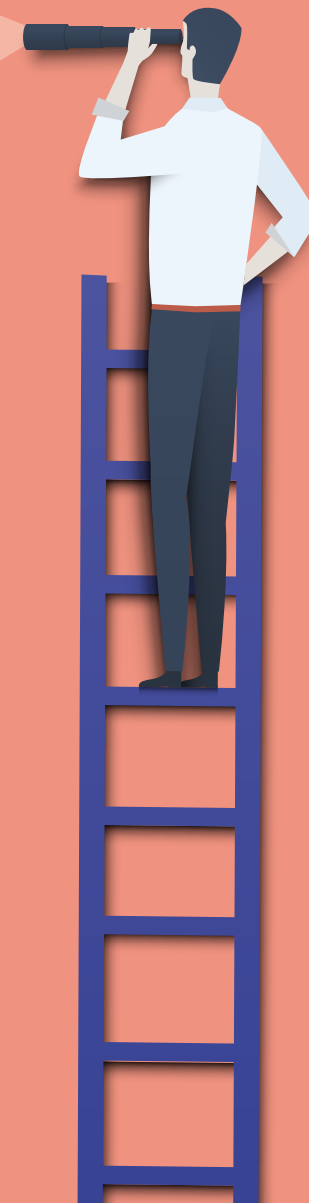


## Property

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 is the UK's only Which? recommended energy provider for seven years running.



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



# We're a B Corporation

A B Corporation (B Corp) is an independent organisation that certifies companies operating at the highest standards of social and environmental performance, accountability and transparency. It is the equivalent of a Fairtrade coffee stamp but for companies.

Becoming a B Corp, which we did in 2021, has been the single most important decision we've ever made as a business. We have changed our Articles of Association (the rules that govern how a company is run) so that we consider the interests of all our stakeholders (employees, customers, shareholders, communities and the environment) in every decision we make.

We want to demonstrate, across all Octopus companies, the power of business as a force for good and to inspire the companies in which we invest to become partners in our vision for the future.

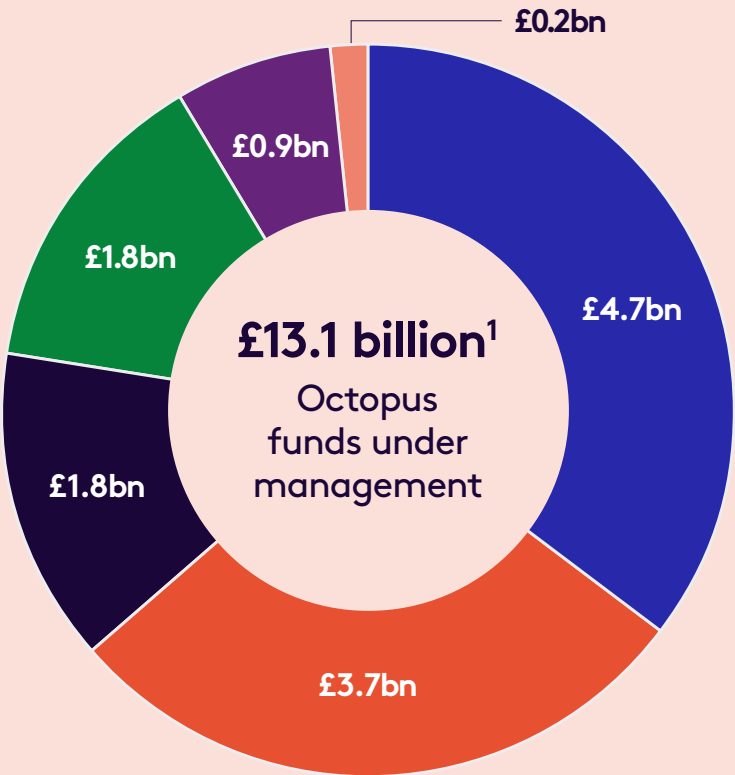




# Our investment credentials

## A trusted fund manager

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



- Renewable energy
- Real estate
- Quoted companies
- Ventures
- Fibre
- Other

<sup>1</sup>Octopus, 30 September 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.

<sup>2</sup>Association of Investment Companies, January 2024.

<sup>3</sup>Octopus Ventures, January 2024.

<sup>4</sup>Octopus Investments, December 2023.

## 24 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 Trusts and investments that qualify for relief from inheritance tax.<sup>2</sup> And we're still looking for new ways to improve people's financial lives. Today, we have more than 700 employees across our investment businesses and manage £13.1 billion on behalf of tens of thousands of investors.<sup>1</sup>

## Octopus in numbers

**£13.1 billion**

Octopus funds under management<sup>1</sup>

**Four**

Number of companies we've backed that have either been held or exited at over \$1 billion. Companies like these are known as 'unicorns'.<sup>3</sup>

**Ten**

The number of years in a row we have been given five stars in the UK Financial Adviser Service Awards.<sup>4</sup>

## Our investment philosophy

We want the world to be a better place because of where (and how) we invest our clients' money.

And we're making good progress. **Today, more than two thirds of our funds under management are focused on building a sustainable planet, empowering people to create a fairer and more equitable society or revitalising healthcare.**

Our philosophy is simple. We believe that some of the best returns in the future will come from companies solving society's biggest problems.



# Why Venture Capital Trusts

**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, innovate the industries in which they are operating and are an important source of revenue for the government. But many of these companies need investment to flourish.

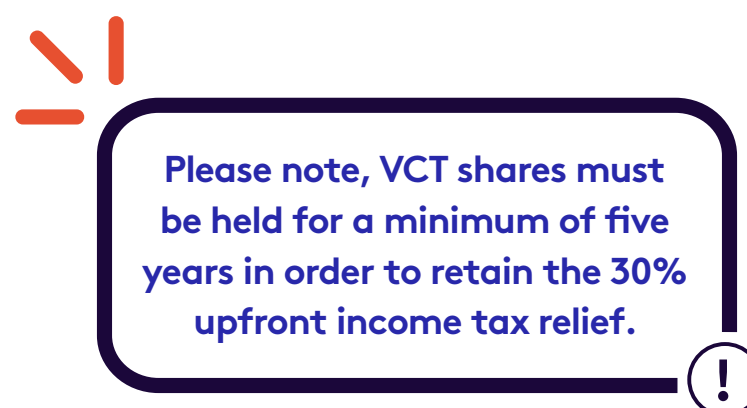
## **Broad and deep support for growing businesses**

The government introduced VCTs in 1995 to encourage investment into Britain's exciting, entrepreneurial businesses. VCTs offer an important source of patient capital and provide specialist support for businesses looking to grow. At the same time, VCTs have given investors the opportunity to share in the success of these companies.

## **VCTs offer tax reliefs**

Investing in small, unquoted companies comes with a high amount of risk. Therefore, to incentivise investors to back UK growing businesses, VCTs offer a number of attractive tax reliefs.

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.



**A VCT is a company that is listed on the London Stock Exchange. It invests its funds across a portfolio of small, early-stage companies that are typically not listed on any stock exchange and must meet HMRC's requirements.**

## **The biggest name in VCTs**

Octopus is the UK's largest VCT manager.<sup>1</sup> We launched our first VCT in 2002, and today we manage over £1.8 billion across our VCTs on behalf of more than 40,000 investors.<sup>2</sup>

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.

## **Got a question?**

If you have any questions after reading this brochure, visit [octopusinvestments.com](https://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 struggle and many 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 23](#).

<sup>1</sup> The Association of Investment Companies, January 2024, <sup>2</sup>Octopus Investments, 30 September 2023.



# Weighing up a VCT investment

## Growth potential

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

## Complementing other investments

While they have a high risk profile, VCTs can complement other long-term investments that attract tax relief, such as pensions and Individual Savings Accounts (ISAs).

## Diversification

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

## Additional income

VCTs offer the potential to receive supplementary income in the form of tax-free dividends. Our target is to start paying a regular dividend 3-5 years after the VCT launched in 2022.

## Tax reliefs

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 (after adviser charges), £3,000 can be taken off your income tax bill.
- Any dividends paid out are free from income tax.
- Tax-free capital gains if you sell your VCT shares and make a profit, provided you have held your shares for at least five years.

## 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 is not guaranteed

Tax reliefs depend on the VCT meeting and 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 expect our share buy back facility to be available from 2025. However, this is not guaranteed, and is at the Board's discretion to offer or withdraw this option at any point.



# Octopus Future Generations VCT

**Backing businesses that aim to address society's biggest challenges and providing an opportunity for investors to share in the growth of ambitious, purpose-driven companies.**

Octopus donates 10% of its annual management charge to Octopus Giving, our charitable foundation dedicated to helping charities that are making the world a better place.

**octopus** giving

## The team

The VCT is managed by Octopus Ventures, one of Europe's largest venture capital investment teams<sup>1</sup> and manager of the UK's largest VCT, Octopus Titan VCT.<sup>2</sup> Octopus Ventures has built a reputation for backing innovative businesses that have gone on to be household names, including Depop and Zoopla.

The team's rigorous investment process and specialist expertise in the sectors in which they invest has been crucial to their success. Prospective investments in Octopus Future Generations VCT follow the same process, as the team aims to invest in early-stage companies that offer the potential of returning ten times the initial investment.

Once a potential investment meets this objective, it will then be assessed against three investment themes.

## The opportunity

We're living in a period of unprecedented change. Entire industries are transforming at an increasingly fast rate - and they need to. Society faces very real issues, from inequality to the tremendous impact of climate change. Businesses have a critical role to play in solving these problems.

We believe the companies that understand what it means to make the world a better place have the potential to deliver some of the best returns to investors over the coming decades.


## The VCT

That's why Octopus Future Generations VCT invests in companies that have the ambitions and propositions to address these problems. The VCT looks to invest in unquoted smaller companies armed with innovative technology, talented management teams and often in sectors primed for disruption.

## Three sustainability themes

Every Octopus Future Generations VCT investment will align with one of the three core investment themes:

- building a sustainable planet
- empowering people to create a fairer and more equitable society or
- revitalising healthcare.



**Read more about  
the three investment  
themes on page 13.**

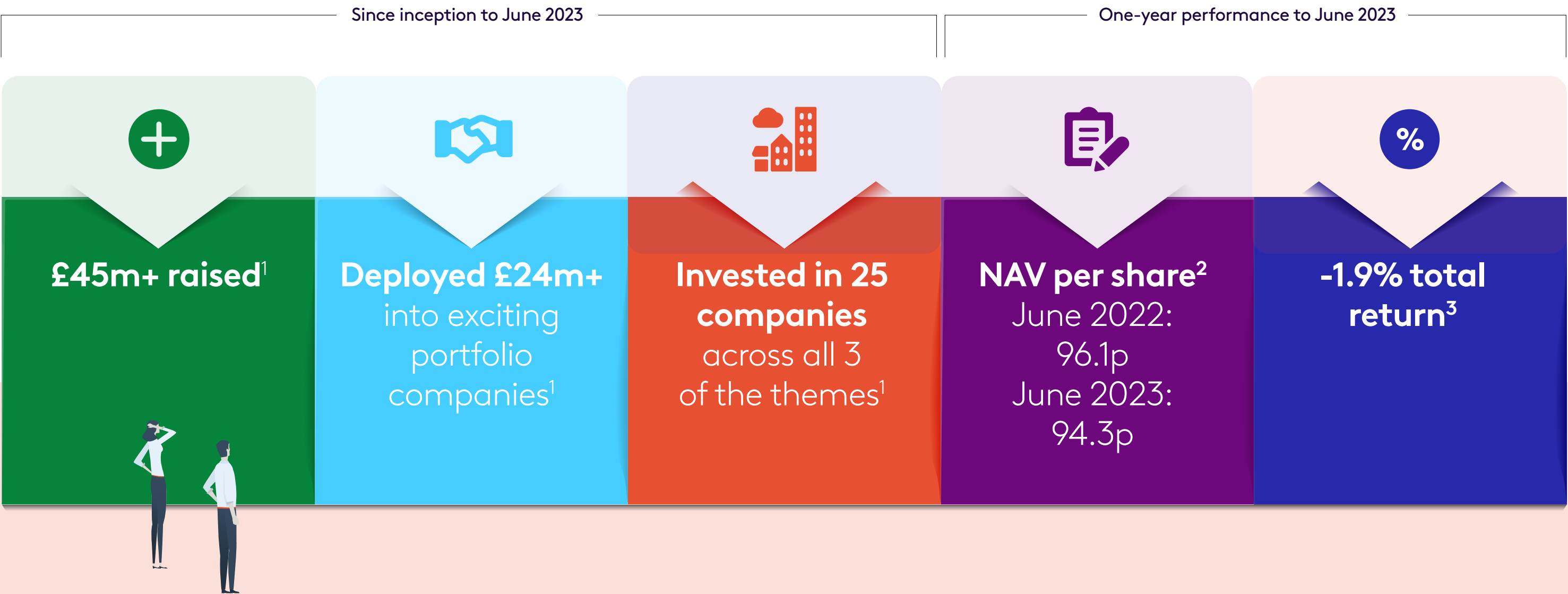
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<sup>1</sup>2022 Annual Interactive Global League Tables, PitchBook, 9 February 2023. <sup>2</sup>By funds under management, Association of Investment Companies, January 2024.



# Octopus Future Generations VCT

Octopus Future Generations VCT launched in January 2022.



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<sup>1</sup>Octopus Ventures, 31 December 2023. <sup>2</sup>Octopus Future Generations VCT launched in January 2022, with its results to 30 June 2022 covering less than 12 months. The year to 30 June 2023 was the first full year's performance reported. The performance information above shows the total return of Octopus Future Generations VCT for the one year to 30 June 2023. The annual total return for Octopus Future Generations VCT is calculated from the movement in net asset value (NAV) over the year to 30 June. The first shares were issued at 100p in January 2022. The revised figure is divided by the NAV at the start of that period to get the annual total return. Performance shown is net of all fees and costs. Please note, the NAV per share may be higher than the share price, which is the price you may get for the shares on the secondary market. <sup>3</sup>Net Asset Value (NAV) is the combined value of all the assets owned by the VCT after deducting the value of its liabilities. <sup>3</sup>Total return % is an alternative performance measure, calculated as total return/opening NAV for the last year to 30 June.



## Neat

### What Neat does

Neat is a subscription-based insurance platform, that gives merchants the ability to provide lifetime insurance bundles to customers at highly competitive rates. The platform is simple and scalable, allowing seamless integration without technical expertise. Its application allows them to offer this service to their customers with tailored offers. Its mission is to promote more sustainable consumption through its services as protecting products extends their lifespan and therefore reduces their environmental impact, promoting repair and reconditioning.

### Why we like it

Individuals and businesses will spend over £66 trillion<sup>1</sup> on insurance over the next decade, yet the gap between the level of cover that people have versus need is increasingly widening. Neat has recognised this gap and the team has seized the opportunity to offer a solution that meets customer need.

Stage at initial investment

**Seed<sup>2</sup>**

Initial investment date

**Oct 2022**

Worked with over<sup>3</sup>

**700 merchants**

Number of products offered by Neat<sup>3</sup>

**25+**

<sup>1</sup>2022 Global E-waste already weighs more than four Burj Khalifa, Unlock net zero, 3 March 2022.

<sup>2</sup>Seed funding is the first official round of funding that early stage companies seek. <sup>3</sup>Neat, January 2024.

**"Neat's embedded insurance platform gives merchants the ability to provide insurance bundles to their customers at a competitive rate. The co-founders have a strong background in the insurance industry, e-commerce and start-ups, and the passion to make insurance protection more accessible to all. We can't wait to see the company grow in future."**

Nicholas Sando, Principal, Octopus Ventures



Scan to discover other companies that Octopus Future Generations VCT has backed.



# The investment themes

Octopus Future Generations VCT invests in three key areas that we believe demonstrate excellent investment prospects and have potential to transform outdated industries for the better.

## Building a sustainable planet

As society moves to a low carbon economy, the way we produce and consume information, materials and energy is changing.

Some of the most exciting early-stage businesses are helping to accelerate this transition.

Businesses under this theme might be reducing carbon emissions, protecting ecosystems or creating a circular economy that removes waste.

## Empowering people

We want to empower people to create a fairer and more equitable society so invest in businesses that are reimagining the future of society. These companies could democratise education or financial services, disrupt the food industry to stop people going hungry or increase connectivity between people and protect their privacy online. This could drive innovations that will make the world a better and safer place.

## Revitalising healthcare

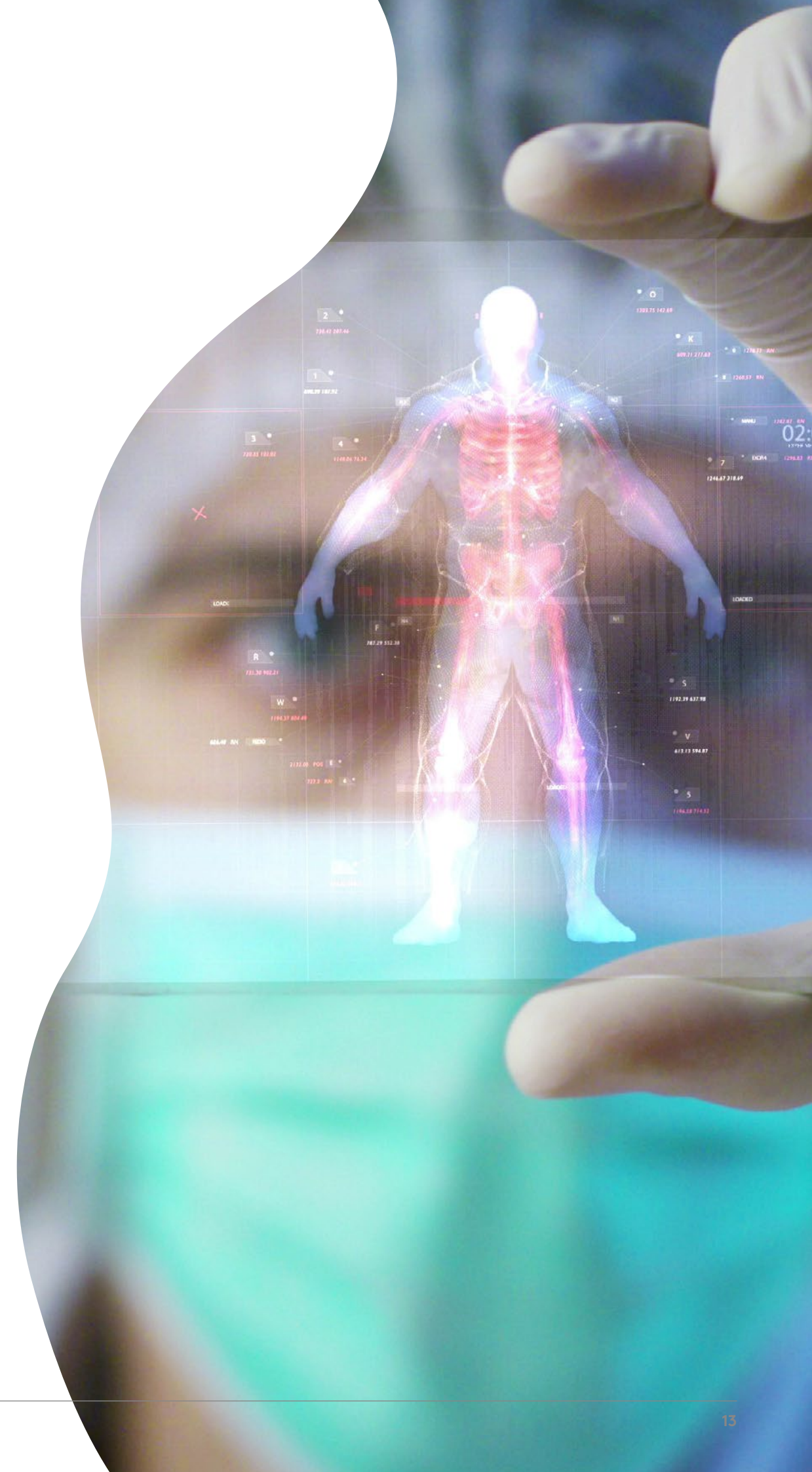
Healthcare is essential. We want to back businesses moving health and wellbeing forward.

That could mean investing in entrepreneurs who are improving lives through digital health solutions. Or it might mean supporting businesses helping people conquer addictions or creating software that will make healthcare services more efficient and accessible.

### Why do we think these areas have great potential?

- 1) Tackling society's biggest challenges means there are huge markets to address.
- 2) The demand for solutions to the planet's challenges is urgent and growing.
- 3) People increasingly want to work for businesses that make a positive difference in the world; as a result, these companies are attracting the best talent.

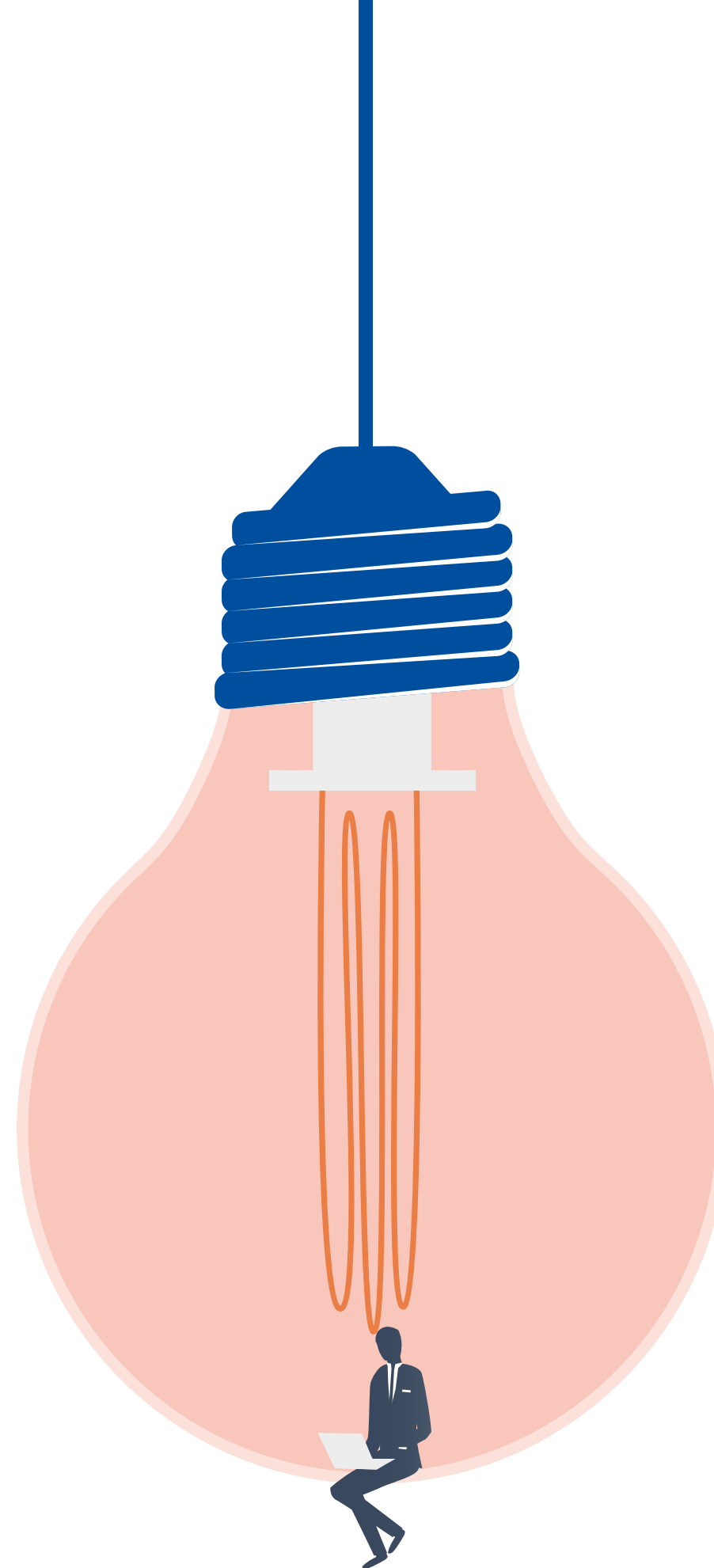
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# Specific risks of a young VCT

Octopus Future Generations VCT is a young VCT. There are additional risks you'll want to consider before deciding to invest:

- As this VCT is at the beginning of its journey, it will take time to deploy the money raised into companies we consider to be good investment opportunities.
- The VCT doesn't have as many investments in its portfolio as older VCTs do, but this is expected to increase over time.
- While the VCT is building up its investments, the portfolio will naturally be more concentrated in fewer companies. This means that the performance of the VCT will be more sensitive to the success and/or failure of these investments than if the portfolio of investments was greater in number.
- Most investments are made into companies of similar age and size. This differs from established VCTs, which often give investors exposure to a mixture of new, maturing and mature companies.
- The long-term target is to pay an annual dividend of 5% of the NAV; however, given the expected holding period of target investee companies and changes to VCT rules in 2014, our target is for Octopus Future Generations VCT to pay dividends before 1 July 2025. During this time, any growth will increase the value of the VCT.





# The investment team

**Octopus Future Generations VCT is managed by Octopus Ventures, one of Europe's largest venture capital teams.<sup>1</sup> The team has previously backed businesses that have gone on to be household names, including Depop, Zoopla and Tails.com.**

The team's experience and network bring significant advantages to investors.

## 1. Highly selective

Approximately 70% of early-stage companies will fail.<sup>2</sup> So it's critical to attract and select only the very best opportunities.

Our reputation, scale and extensive network mean we get to review a large number of exciting investment opportunities. In many cases, entrepreneurs will approach us directly based on our reputation in the industry.

We engage with thousands of companies seeking investment every year. In the end, we typically select fewer than 1% of opportunities for investment.

## 2. A strong track record

- Octopus Ventures has seven core investment areas; business-to business software (B2B), bio, climate, consumer, deep tech, fintech, and health.
- Octopus Ventures has backed over 180 teams.
- Some of Octopus Ventures' portfolio companies have gone on to be household names, including Depop, Tails.com and Zoopla.

## 3. Nurturing success

Practical support, guidance and specialist knowledge are all things an early-stage company needs to accelerate its growth.

It's why close to a third of our team have experience of founding their own businesses.

And it's also why we have a dedicated portfolio people and talent team on hand to support with selecting and hiring the best candidates to drive the companies to meet their objectives.

<sup>1</sup> 2022 Annual Interactive Global League Tables, PitchBook, 9 February 2023. <sup>2</sup> Startup Demographics: A standardised framework for measuring startup activity in tech ecosystems, dealroom.co, 15 August 2023.

# The investment process – investment sourcing

Companies invested in by Octopus Future Generations VCT are sourced using the same proven pipeline and assessed using the same criteria as our existing products, such as Octopus Titan VCT and our two Octopus Ventures EIS products.

- talented and ambitious team
- big market opportunity
- innovative technology
- rapid pace of growth

For Future Generations we also look for:

- alignment with one of the three sustainability themes

**It is typical to see the failures happen quickly and for the more successful investments to take time to realise their full potential. You should expect to hold an investment for 5-10 years.**

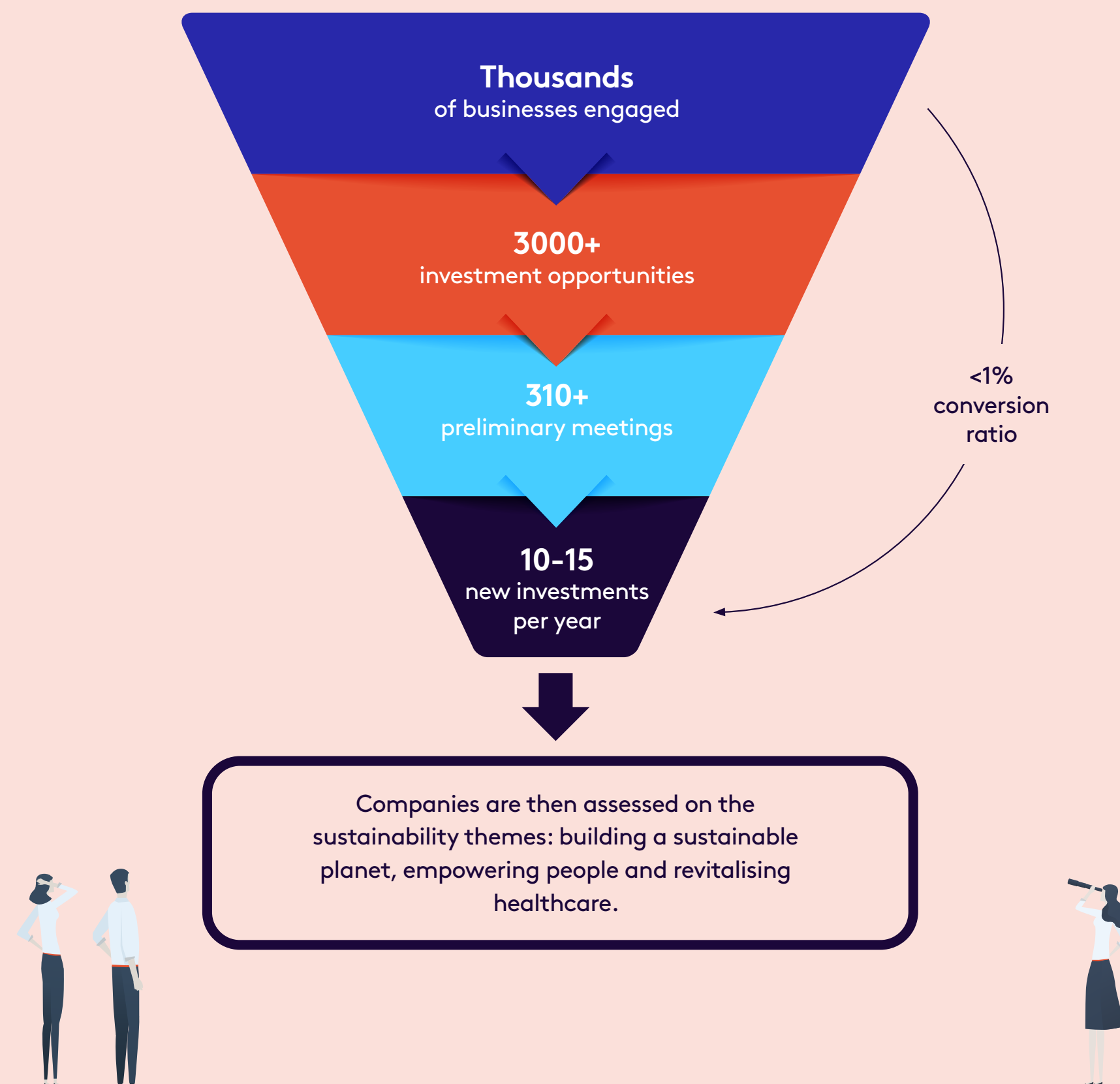
**Please note: this example is illustrative and is not a guarantee of future performance**

## Co-investing with other Octopus Venture Funds

Investments made by Octopus Future Generations VCT are expected to be made alongside an investment from one of our other Octopus Ventures managed funds, such as Octopus Titan VCT. Through this co-investment, it will be able to access investment opportunities that may not have been possible without being part of the larger investment with other Octopus funds. More on this can be found in the conflicts of interest section on [page 24](#).

<sup>1</sup> Octopus Ventures, June 2023.

## Sourcing and selection: how we find and evaluate portfolio companies<sup>1</sup>





# Responsible investment

Octopus Future Generations VCT is a catalyst for positive, meaningful change. All of our attention is focused on the things that bring us closer to achieving our mission: backing the people, ideas and industries that will change the world.

Our three-step responsible investment process creates the change we want to see in the world:

## Mission

We target sectors that make the world a better place.

We're making investments in companies that are helping to build a more sustainable planet, empower people to create a fairer and more equitable society or revitalise healthcare.

Our internal process gives us oversight over the sustainability outcomes that we're contributing to and how they're being managed.

## Materiality

We manage sustainability issues that could impact the financial performance of the portfolio.

We consider environmental, social and governance risks through our Responsible Investment Tool that we integrate within our investment process. This identifies sustainability issues (including climate risks) that could impact the performance of an investment and helps us manage these risks.

## Responsibility

We think a company's values and culture are the best indicators of future growth.

Our portfolio companies complete an Engagement Tool within the investment process and then annually. It helps us understand whether the company considers their wider stakeholders (community, customers, people, planet and governance) within decision-making and provides tools and guidance to help them become more responsible businesses.





# Supporting companies and assessing sustainability

## After we invest

### **We support a company throughout the life of our investment**

We know that managing a successful VCT is about more than just making good investments. We also understand the value we can bring to our portfolio companies through our experience and our network of experienced entrepreneurs and specialist partners. Our established team nurtures portfolio companies to help them reach their full potential.

Typically, one of the team sits on the board of each portfolio company. This allows us to play a prominent role in that company's development, steer its growth plans and navigate emerging risks.

### **Measuring performance**

We work with management teams to set and maintain appropriate standards of conduct towards people and the planet.

We also monitor a company's financial performance and measure its progress against social and environmental goals.

### **Reporting on the VCT**

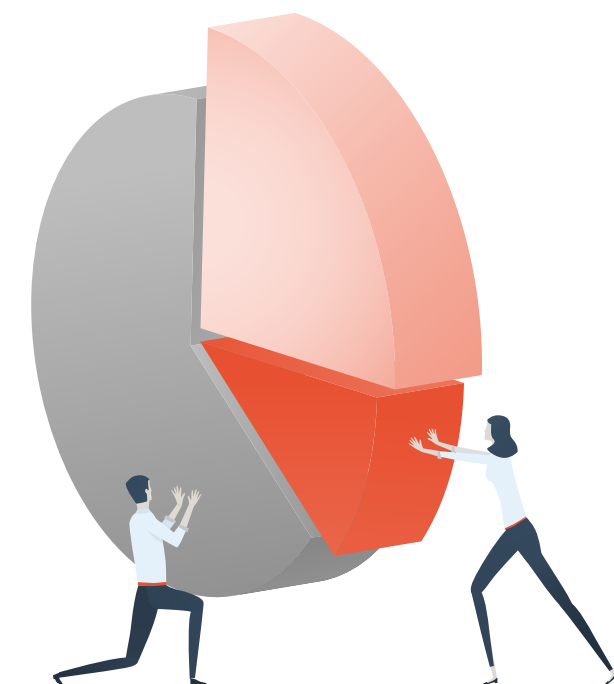
We will regularly report on progress across the three sustainability themes to investors throughout the duration of their investment.

At a portfolio level, this will include:

- % and value of investments within each sustainability theme.
- % of investee companies to put in place a Diversity and Inclusion Policy and an Anti-Harassment/Discrimination Policy within 90 days of initial investment.
- % of companies with which we have engaged about their greenhouse gas emissions.

### **Reporting on the portfolio companies**

We are looking for companies that are disrupting industries and driving positive outcomes for the planet and our society. We will measure the change created by portfolio companies using relevant metrics across each of the three sustainability themes. We will work with each of them to understand how they are creating a better tomorrow for future generations so we can communicate this to investors.





# Octopus Ventures success stories

## Some of the companies Octopus Ventures has supported

As well as backing the right businesses, it's essential that we're able to sell our stake when the time comes so that we can realise returns for our investors. Here are some examples of successful exits that the Octopus Ventures team has realised from Octopus Titan VCT.

This is not an exhaustive history of exits and does not reflect exits made at a loss. Investing in small, VCT-qualifying companies is high risk and many will go on to fail. Company examples are for illustrative purposes only. They should not be considered as an investment recommendation. For more information on the key risks, please see [page 23](#).

## The companies we have backed and then sold:

Portfolio company	Exited to	Portfolio company	Exited to	Portfolio company	Exited to	Portfolio company	Exited to
 SwiftKey	 Microsoft	 iSIZE	 Sony Interactive Entertainment	 RANGE SPAN	 Google	 Evi	 amazon
 graze	 Unilever	 skew.	 coinbase	 MAGIC PONY TECHNOLOGY		 BehavioSec	 LexisNexis
 Tails.com	 Nestle	 WaveOptics	 Snap Inc.	 CALASTONE	 THE CARLYLE GROUP	 glofox	 ABC
 ultraSoc	 SIEMENS	 ZPG	 London Stock Exchange	 depop	 Etsy		

Past performance is not a reliable indicator of future results and may not be repeated.

# New share offer

## Octopus Future Generations VCT is open for investment through a new share offer of an initial £15 million.

### Reasons to invest

Octopus Future Generations VCT looks to invest in exciting early-stage companies that are aiming to build a sustainable planet, empower people or revitalise healthcare.

We believe businesses that understand what it means to make the world a better place have the potential to deliver some of the best returns to investors over the coming decades.

The VCT will support the companies on their growth journeys. We invest modestly when backing a company and, when the time is right, the VCT will sell its holdings.

### Dividend policy

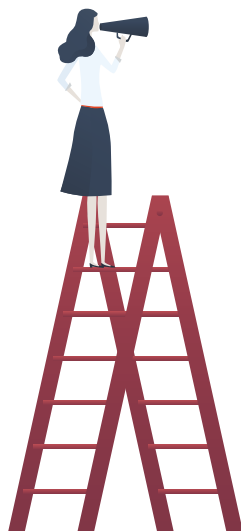
VCTs typically return profits to investors by paying dividends. The size and frequency of these dividends will depend on the performance of the VCT and aren't guaranteed.

The long-term objective is for Octopus Future Generations VCT to pay an annual dividend of 5% of its Net Asset Value (NAV). However, we do not expect it to pay dividends for three to five years after the VCT's launch in 2022. During this period, any growth in value of the VCT's investments will increase the NAV of your shares.

### Applying for shares

**Before making an application, it's important that you read the Octopus Future Generations VCT prospectus and Key Information Document (KID), available at [octopusinvestments.com/futuregenvct/](https://octopusinvestments.com/futuregenvct/).** As with any investment, there are risks to consider before you decide to invest. Please read about the key risks on **page 23** and in the prospectus.

We recommend you talk to a financial adviser about whether this investment is right for you. If you proceed, apply at **[apply.octopusinvestments.com/futuregenvct/](https://apply.octopusinvestments.com/futuregenvct/)**. We'll let you know we've received your application and if we need any further information. Please note that the minimum investment is £3,000.





# Lifecycle of your VCT investment

## Your investment journey

### 1. Making your initial investment

After you've read the prospectus and Key Information Document (KID) – available at [octopusinvestments.com/futuregenvct/](https://octopusinvestments.com/futuregenvct/) – you can complete an 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 (unless you state otherwise). When complete, we'll email 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

The administration of your shareholding in the VCT will be looked after by a company called Computershare, which is the VCT's registrar. Computershare will send you your share and income tax certificates, 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 email you to let you know that the interim and annual reports from the VCT are available. The reports will include updates from the VCT's board and from Octopus. Computershare will contact you to let you know about VCT matters that you are entitled to vote on, such as raising more money into the VCT. We also have an online portal where you can view all the information about your investment: [octopusinvestments.com/login/](https://octopusinvestments.com/login/).

### 5. Receiving dividends

The long-term target is to pay an annual dividend of 5% of the NAV; however, given the expected holding period of target investee companies and changes to VCT rules in 2014, our target is to start paying dividends 3-5 years after the VCT launched in 2022. During this time, any growth will increase the value of the VCT. Once the VCT begins paying dividends, you can choose to have them paid directly into your bank account or re-invested into the VCT. You can choose to have your dividends 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, which will allow you to claim additional income tax relief from HMRC. When any dividends are paid, you will be sent a dividend confirmation.

### 6. Selling your VCT shares

Because natural demand for VCT shares on the secondary market is limited, Octopus Future Generations VCT offers a share buyback facility for investors, provided that there are funds available. This facility allows existing Octopus Future Generations VCT investors to sell their shares back to the VCT at a small discount to the NAV. The current policy agreed by the board is to buy shares back at no greater than 5% of the NAV. Share buybacks are conducted at the board's discretion; therefore, there can be no guarantees that shares will always be sold on request. Please remember that VCT shares need to be held for the minimum five-year holding period in order to retain the upfront income tax benefits. Due to regulations governing public companies, there can be specific times of the year when a buyback is restricted – for example, when the VCT is preparing its annual and half-yearly reports and accounts.

**If you'd like more information, please give us a call on 0800 316 2295 or visit [octopusinvestments.com/your-vct-options/](https://octopusinvestments.com/your-vct-options/) to find out more.**



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





## Secfix

### What Secfix does

The ISO 27001 standard is like a seal of approval for a company's IT security. It helps businesses organise their people, processes, and technologies to ensure the confidentiality, availability, and integrity of information. Secfix realised that a huge problem for small businesses around the world was the methods of preparing for an ISO 27001 compliance audit. This process can be cumbersome, requiring significant company leadership focus and expensive consultancy contracts. Secfix aims to automate this process, reducing the time to completion from 12-15 months, to only 3-4 months.

### Why we like it

Making things easier for smaller businesses who, otherwise, wouldn't necessarily have the ability to become as compliant is important. The manual methods for preparing for certain compliance audits are time-consuming, cost-intensive and error-prone so the founders created a company to simplify the lives of small and medium-sized businesses by enabling them to become secure and compliant in weeks rather than months and grow their business further.

Stage at initial investment

**Seed<sup>1</sup>**

Initial investment date

**Nov 2022**

Approximately

**90%**

of work for security frameworks can be automated by Secfix<sup>2</sup>

Success rate is

**100%**

in guiding their clients through the certification process<sup>2</sup>

<sup>1</sup> Seed funding is the first official round of funding that early stage companies seek.

<sup>2</sup>Secfix, January 2024



Scan to discover other companies that Octopus Future Generations VCT has backed.

**"We view Secfix's ability to automate up to 90% of work for security frameworks, and 100% success rate in ISO 270001 audits, as a game changer for small businesses allowing them to focus on achieving their growth potential. Their highly scalable solution has seen them recommended by many companies across Europe."**

**Conor Scanlan, Principal, Octopus Ventures**



# Risks

## 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 Octopus Future Generations VCT should be made on the basis of information contained in the prospectus and Key Information Document (KID).

This is available at [octopusinvestments.com/futuregenvct/](https://octopusinvestments.com/futuregenvct/).

### 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.

### Portfolio diversification

As this is a young VCT, it will take time to build a diverse portfolio of companies. The VCT will therefore be more concentrated in the early years and is expected to become less concentrated as it scales and makes more investments. However, if the VCT is unable to scale, the portfolio will remain concentrated in a smaller number of companies. This could result in more volatile performance, both up and down.

### Age of portfolio companies

As this is a young VCT, the companies it invests in are more likely to be at the start of their investment journey. This is unlike more established VCTs that often have a blend of young, maturing and mature companies, which can make them more susceptible to failure and might impact the VCT's performance.

### Investments in smaller companies can be volatile

Octopus Future Generations VCT will invest in smaller companies that are not listed on the main 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 Octopus Future Generations VCT is not a reliable indicator of future results. Nor should you rely on any forecasts made about future returns.

### The VCT's qualifying status is not guaranteed

There is no guarantee Octopus Future Generations VCT will maintain its VCT 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 publication. 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 builds strong relationships with many of the companies in which we invest, and we sometimes use different investment products to invest in the same companies. This can present 'conflicts of interest'.

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 document library at [octopusinvestments.com](https://octopusinvestments.com).

## Investing alongside other Octopus funds

We expect Octopus Future Generations VCT to invest alongside other Octopus managed products or services. This means an investee company can benefit from a diverse source of funding while partnering with Octopus, which in turn could make Octopus a more attractive investor for them to choose to work with. However, it could also result in potential conflicts of interests between different investor groups.

## The role of Octopus employees

We usually place an Octopus employee on the Board of the companies in which we invest. This means we are able to closely monitor the investment we've made on behalf of Octopus Future Generations VCT investors. But this also means as company directors, those employees have obligations to all shareholders of the company, and not just Octopus investors.

## When could conflicts of interest be harmful to investors?

An example of this could be when a company is sold. The company may be held by a number of different funds across Octopus, so investors may be restricted in the timing of an exit and their interests are not fully aligned.

## Fees from portfolio companies

The costs of all deals that do not proceed to completion are typically borne by either the company seeking funding or by Octopus, not by the VCT.

Neither Octopus nor the VCT are expected to receive any ongoing fees from portfolio companies.

## Managing conflicts

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

- The Octopus Ventures Investment Committee makes sure investment decisions are in the best interests of investors, including how potential conflicts of interest are managed when they cannot be avoided, as well as being responsible for the allocation policy. The allocation policy sets out how the amount invested from each fund into each opportunity is decided and implemented by the Octopus Ventures Allocation Committee.
- The Octopus Conflicts Committee is responsible for ensuring conflicts are handled appropriately and is independent of Octopus Ventures and Octopus Future Generations VCT.
- As Octopus Future Generations VCT is a publicly-listed company, it has its own board of directors, which is required to act independently and represent shareholders' best interests at all times. It is ultimately responsible for ensuring the investment objectives and policy of Octopus Future Generations VCT are carried out.





# 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, please call us on **0800 316 2295** and we'll be happy to talk them through.

## Three ways to invest in Octopus Future Generations VCT

1. Through a financial adviser:  
  
If they charge a one-off fee for the advice they provide, you can ask for this fee to be paid on your behalf before your money is invested into the VCT. **Please note that funds paid to your adviser will not qualify for income tax relief.**
2. Through an 'execution-only' intermediary:  
  
They won't offer financial advice, but they will arrange the purchase of VCT shares for you. Intermediaries are eligible to receive an ongoing commission for facilitating the purchase. This commission is paid directly by Octopus and not a payment borne by the investor or the VCT.
3. Make a direct application yourself:  
  
Although we are happy to arrange this, we always recommend that you talk to a financial adviser before deciding to invest. Investing through this channel may result in a higher product charge than the other channels.

Octopus donates 10% of our annual management charge to Octopus Giving, our charitable foundation.

## Table of charges

Upfront charges	Initial fee	3%
Ongoing annual charges	Annual management charges	2%
	Non investment services <sup>1</sup>	0.3%
Performance fees		20%

## How performance fees work

We want our investments to do what we say they will and we want to align ourselves with the long-term investment objectives of shareholders. A way in which we do this is by applying a performance fee on the gains made. In order for Octopus to receive this performance fee, we must meet three conditions. Firstly, the performance fee cannot be paid until 1 July 2025. Secondly, the VCT's Total Return (NAV plus cumulative dividends paid) at the previous year-end must exceed 120p. Thirdly, shareholders must have received cumulative dividends of a minimum of 10p. If all of these conditions are met, then 20% of the excess above the starting NAV per share of 97p will be paid to Octopus. It is important to note that Total Return will include 'realised' and 'unrealised' gains.

Realised gains are when an investee company is sold for more than the VCT invested in it, crystallising the VCT's profit.

Unrealised gains are when an investee company's value has increased, which increases the NAV of the VCT, but the company has not been sold, making it subject to move up or down depending on the company valuation.

<sup>1</sup> Please see the prospectus for more information.

Each time the VCT calculates its NAV, it will include the accrued performance fee to date, meaning each time a new NAV is issued the performance fee will have already been factored in. This means that, when it comes to the VCT paying the performance fee, it won't have any impact on the NAV (value of the VCT or the value of your shares).

For full details on the performance fee and other fees please see the prospectus and Key Information Document (KID).



## Skin+Me

### What Skin+Me does

Pioneering a skincare revolution, Skin+Me combine medical expertise and technology to offer personalised treatment plans on a subscription basis. Through an online consultation, customers are prescribed a bespoke treatment plan and presented with a fully customised skincare routine, without requiring a trip to the dermatologist. The high-quality products are developed by industry experts and tailored to address the specific needs of the consumer, whether that be acne, ageing, melasma, rosacea or hyperpigmentation.

### Why we like it

The global personalised skincare market was valued at \$18.6 billion in 2022 and is expected to hit \$43.4 billion in 2031.<sup>1</sup> The momentum behind this growth is largely driven by consumers dismissing the one-size-fits-all approach. There is also an increased awareness of sustainability among consumers, whereby Skin+Me strive to challenge industry standards. The company uses recyclable packaging and offers personalised solutions that are made-to-order.<sup>1</sup>

Stage at initial investment

**Series C<sup>2</sup>**

Initial investment date

**Dec 2022**

<sup>1</sup> Personalised Skincare Market Worth USD 43.43 Billion to 2031 | Know in Detail with Latest InsightAce Survey Report, GlobeNewswire, May 2023.

<sup>2</sup> Series C funding is a later round of funding that enables a company to continue its growth.

<sup>3</sup> Trustpilot, January 2024.

Personalised skincare market worth

**\$43.4bn**

by 2031<sup>1</sup>

Average score of

**4.4/5**

on Trustpilot from over 7,000 reviews.<sup>3</sup>



Scan to discover other companies that Octopus Future Generations VCT has backed.



"We believe Skin+Me's team of dermatologists, pharmacists and customer experts can deliver on their mission to revolutionise skincare by delivering a powerful, personalised solution that truly works, straight to customers' doors. The founding team are innovators in their space and have ambitious plans about growing this company to help even more people with their skincare issues."

Will Gibbs, Partner, Octopus Ventures



# How to invest

## Apply online

To invest, please fill in an online application.

Go to [apply.octopusinvestments.com/futuregenvct/](https://apply.octopusinvestments.com/futuregenvct/) to get started.

## If you have a financial adviser

They can start the online application form for you. If your adviser has any questions, they can call us on **0800 316 2067** or visit [octopusinvestments.com/futuregenvct/](https://octopusinvestments.com/futuregenvct/).

## If you are investing directly

If you have any questions, you can call our investor support 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 once it has been made, 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 21](#) for details of how to sell your shares.

## Once you've invested

After your application has been processed, we'll send you 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/futuregenvct/](https://octopusinvestments.com/futuregenvct/)), you'll then be able to see your portfolio value, account information, valuations and any other documents through the portal. You can also visit our FAQ hub at [octopusinvestments.com/vct-faqs/](https://octopusinvestments.com/vct-faqs/) for more information.



# 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](mailto:complaints@octopusinvestments.com), call **0800 316 2295** or write to us at: Octopus Investments Limited, 33 Holborn, London EC1N 2HT.

If we are unable to settle a complaint, it may be referred to the Financial Ombudsman Service. You can contact them at Exchange Tower, London E14 9SR. Further information on the service can be found at [financial-ombudsman.org.uk](https://financial-ombudsman.org.uk).







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