For professional advisers and paraplanners only.
Not to be relied upon by retail clients.

Octopus AIM Inheritance Tax Service: Consumer Duty Product Pack for distributors

October 2024

octopus investments
A brighter way

How Octopus is positioned to prioritise good outcomes for customers

Octopus is a group of innovative entrepreneurial businesses investing in the people, ideas and industries that will help change the world

AUM: **£13.4bn**[1]
Employees: **700+**
Investors: **60,000**

Supporting more than 11**,000 advisers** through **55 technical specialists** and a **dedicated intergenerational planning team**

200+ dedicated investment professionals across sector specific teams

Award winning:

Five star rating in the **Financial Adviser Service Awards** for 10 years running

FT ADVISER 5 Star Winner Investment Providers Octopus

WINNER TWO TIMES Investment Life & Pensions Moneyfacts Awards 2023 -2024
Best Venture Capital Trust Provider

WINNER EIGHT TIMES Investment Life & Pensions Moneyfacts Awards 2016 -2023
Best Tax and Estate Planning Solutions Provider

Strong balance sheet:

AKG B
FINANCIAL STRENGTH RATED
DFM SECTOR STRONG
WWW.AKG.CO.UK ISSUED: 13/03/2024
OCTOPUS INVESTMENTS LTD

Certified B Corporation

- Meeting the highest standards of verified social and environmental performance, public transparency and legal accountability.
- Working to redefine success in business by measuring success by more than just profit.
- The interests of employees, customers, communities, environment and shareholders are treated equally.

[1]Octopus to 30 June 2024. 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.

Products and services

We undertake a complete review of this product every year to ensure it continues to deliver good outcomes for customers

Target for a good outcome	Outcome achieved	
	Last 12 months	Since inception (2005)
Performance goal: capital growth	✓	✓
Target 100% qualification for business relief	✓	✓
Liquidity target: within one month (typically weekly)	✓	N/A
Survey distributors to understand processes in place to ensure product is sold within the target market	✓	N/A
Product sold only via the defined distribution channels	✓	✓
Product passed annual stress and scenario testing	✓	N/A

Despite uncertainty and volatility that investors have experienced in the medium term, capital growth has been achieved in the last 12 months and a good outcome for customers has been achieved over the review period.

Price and value

A good outcome for customers is every investor having been provided with the core product services, product features being achieved and no equivalent level of product and service being available for a lower fee elsewhere

Target for a good outcome	Major relevant factors	Last 12 months			Since inception (2005)		
		✓	✗	Evidence	✓	✗	Evidence
1) Every investor is provided with the core product services	Invested into a diversified portfolio of 25-30 companies listed on the AIM exchange capable of targeting growth and BR	✓		Minimum: 25 | Average: 26 Portfolio reviewed for BR qualification by Big 4 Firm.	✓		Minimum: 25 | Average: 26 No portfolio companies considered non-qualifying on review by Big 4 Firm.
2) Important product outcomes are achieved for every investor	All liquidity requests fulfilled	✓		Average: <1 week Longest time: 1 week	✓		Average: 1 week Longest time: 3 weeks
	Capital growth achieved	✓		8.44%	✓		183%
	Portfolio qualifies for BR	✓		c. 400 potential investor claims for BR arose in the period	✓		>3,500 potential investor claims for BR, no known challenges
	Full deployment within 8 weeks	✓		Average: 4 weeks Longest time: 8 weeks	✓		Average: 4 weeks Longest time: 8 weeks
3) It is not possible for an investor to achieve an equivalent product or service for a lower fee	It is possible to find a product/service with similar pricing/lower fees but not with the breadth and experience of the investment team and the long-term performance	✓		Our 10-person sector specialist team has collectively over 200 years of experience of AIM with 2 of the team specialising in AIM since the market launched in 1995. Top quartile over 10 years.			

Despite uncertainty and volatility in the medium term, capital growth has been achieved in the last 12 months and a good outcome for customers has been achieved over the review period.

Consumer understanding

A good outcome for our customers is being able to understand all of our communications and collateral to make informed investment decisions

We have defined a good outcome as	How we asses it	Last 12 months/ most recent assessment:
All of our customer communications and fin proms have gone through the defined production process	Has all material left the building with the relevant sign-offs?	✓
The benefits and risks of the product are clear and not misleading in our collateral	Has a readability assessment been carried out on core collateral at launch or if there has been a major change?	✓ The collateral scored a "Plain English" outcome
Our core collateral provides enough information to allow our customers to decide whether or not to invest in the product	Has a focus group been held at which at least 50% of participants were from the target market, where the majority understood the following from the core product collateral?	✓
The tax reliefs offered by the product are clear in our material		

A good outcome for customers has been achieved over the review period.

Consumer support

A good outcome for customers is when they have been supported throughout their journey with us

Category	We have defined a good consumer outcome as:	Last 12 months:
Customer service resource	We have accessible and appropriate customer service resource (email, phone, in person) including a dedicated intergenerational planning team and we are within our SLAs	✓
Customer journey	All customers receive timely communications at identified touchpoints	✓
Avenues for feedback	Customers continue to use various methods to tell us where things could work better	✓
Feedback received	The Customer Feedback report is reviewed monthly and acted on where appropriate	✓
Complaints - responsiveness	All complaints are responded to within 2 days and concluded within 8 weeks	✓
Complaints - severity	No complaint is upheld by FOS	✓
Provisions for vulnerable clients	Vulnerable customers are identified, MI is reviewed, and actions taken to accommodate them	✓
Service team	Overall happiness score based on service from team is over 95%	✓
Abandoned calls	Abandoned calls are less than 3%	✓

A good outcome for customers has been achieved over the review period.

Technical product information

Target market – European MIFID template

		Codes	Additional information
Investor type	Investor type retail	Yes	
	Investor type professional	Yes	
	Investor type eligible counterparty	Yes	
Knowledge and / or Experience	Basic investor	Neutral	Has the potential to be suitable for a basic investor who receives advice in relation to this investment
	Informed investor	Yes	
	Advanced investor	Yes	
Client ability to bear losses	Compatible with clients who can not bear capital loss	N	
	Compatible with clients who can bear limited capital loss	Neutral	Has the potential to be suitable for an investor who is able to bear loss on the amount invested. Consideration of the potential for loss against the cost to the estate of inheritance tax may also be relevant.
	Compatible with clients who do not need capital guarantee	Y	
	Compatible with clients who can bear loss beyond capital	Y	
Client objectives and needs	Return profile preservation	N	
	Return profile growth	Y	
	Return profile income	Neutral	Does not pay income but regular returns of capital can be facilitated to create cash flow by selling down shares
	Minimum recommended holding period	L	2 years required in order to benefit from Business Relief
	Specific investment need	O	Capital growth, estate planning
Distribution strategy	Execution only	N	
	Execution with appropriateness test or non advised services	P	Non-advised investors must complete a suitability questionnaire that considers their understanding and experience. Preference for advice.
	Investment advice	B	
	Portfolio management	B	
Risk tolerance	Risk tolerance PRIIPs methodology	-	
	Risk tolerance internal methodology for non PRIIPs and non UCITs	H	
Value for money	Outcome of assessment of value	1	1 – charges are justified based on assessment and any action identified or, where the first assessment is not yet due, based on initial product design 2 – charges are not justified, significant action is required
	Outcome of value assessment or review	1	1 – product expected to provide fair value for reasonably foreseeable period 2 – review indicates significant changes required in order to provide fair value

Please note we have only included the relevant information applicable to this product from the template

Definitions and key

Basic investor	Informed investor	Advanced investor	Key	Negative target market:
Investors having the following characteristics: • basic knowledge of relevant financial instruments (a basic investor can make an informed investment decision based on the regulated and authorised offering documentation or with the help of basic information provided by point of sale); • no financial industry experience, i.e. suited to a first time investor	**Having one, or more, of the following characteristics:** • average knowledge of relevant financial products (an informed investor can make an informed investment decision based on the regulated and authorised offering documentation, together with knowledge and understanding of the specific factors/risks highlighted within them only) • some financial industry experience	**Investors having one, or more, of the following characteristics:** • good knowledge of relevant financial products and transactions • financial industry experience or accompanied by professional investment advice or included in a discretionary portfolio service	**1** = ISO 6166 for ISN code **99** = Code attributed by the undertaking ✓ = Yes ✗ = No **Neutral** = neutral ***Risk Tolerance PRIIPS Methodology** = Range of 1-7 or Empty **H** = High **Long Term** = L **Other** = O **P** = Professional **B** = Both (Retail and professional) *** Distribution Strategy** = N = Neither (Retail and Professional)	**We have considered whether there any other customer groups for whom the service would be unsuitable.** • Investors who are not willing to take any risk with this investment • Investors who need immediate access to this investment • Investors with less than £25,000 to invest • Inexperienced investors who are not in receipt of financial advice

Fees charged for the Octopus AIM Inheritance Tax Service

Investing through an adviser

Type of charge	Rate	Occasion of charge
Initial fee	2.5%	On investment
Dealing fee (in/out)	1%	Applied on the purchase and sale of all shares within the portfolio
Annual management fee	1.5% plus VAT	Accrued on the portfolio on a daily basis and deducted on a quarterly basis

If investing directly or through an intermediary who doesn’t give advice (execution-only)

Type of charge	Rate	Occasion of charge
Initial charge	3.5%	On investment
Annual management charge	2% plus VAT	Accrued on the portfolio on a daily basis and deducted on a quarterly basis
Dealing fee	1%	Applied on the purchase and sale of all shares within the portfolio

The Octopus AIM Inheritance Tax Service places invested capital at risk. The value of an investment, and any income from it, can fall as well as rise and investors may not get back the full amount invested. In particular, the shares of smaller companies could fall or rise in value more sharply than shares in larger, more established companies. They may also be harder to sell.

Tax reliefs available on these investments depend on individual circumstances. Tax treatment is assumed as per current legislation and interpretation, which may change in the future. Tax reliefs also depend on the portfolio companies maintaining qualifying status, which is not guaranteed.

Past performance is not a reliable indicator of future results.

The investments discussed are not suitable for everyone. This document does not constitute advice on investments, legal matters, taxation or any other matters. Any recommendation should be based on a holistic review of a client's financial situation, objectives and needs.

Investors should read the product brochure before deciding to invest, this can be found at octopusinvestments.com.

All information, unless otherwise stated, is sourced from Octopus Investments and is correct at August 2024.

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