

Octopus Future Generations VCT brochure

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

January 2022



octopusinvestments
A brighter way





Three tax solutions, one expert provider.

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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 Fund will meet its investment objectives or that suitable investment opportunities will be identified

Past performance of any other Octopus product is not a reliable indicator of future results.

Where we refer to a specific company, this is for illustrative purposes only and is not an investment recommendation. The examples given are indicative of the types of companies this VCT might invest in.

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 25**.

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.

You can also request print copies by calling our Investor Support team on 0800 316 2295 or by sending an email to investorsupport@octopusinvestments.com.

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 31 January 2022, 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 the best 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.

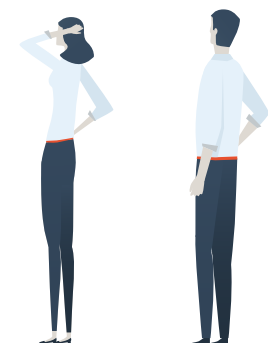
Octopus Future Generations VCT offers investors an opportunity to access a portfolio of early-stage companies which we believe will help to transform the world in which we live.



A sustainability themed VCT, it will invest into private companies **building a sustainable planet, empowering people and revitalising healthcare.**

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

Simon



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Backing businesses that are helping to build a sustainable planet, empower people or revitalise healthcare. We believe these businesses have the potential to deliver some of the strongest financial returns for investors.



About Octopus

We are entrepreneurs and we are investors, applying our expertise and our clients' money to help build a future that we, and our children, can be proud of. We're a group of eight entrepreneurially minded businesses, all driven by one simple belief: **that people and the planet deserve better.**

For the last two decades, we've been challenging convention, backing companies, and turning bright ideas into game-changing businesses.

Octopus Group in numbers

2,500+ employees

across Octopus Group

2030

the date by which we have committed to reach Net Zero

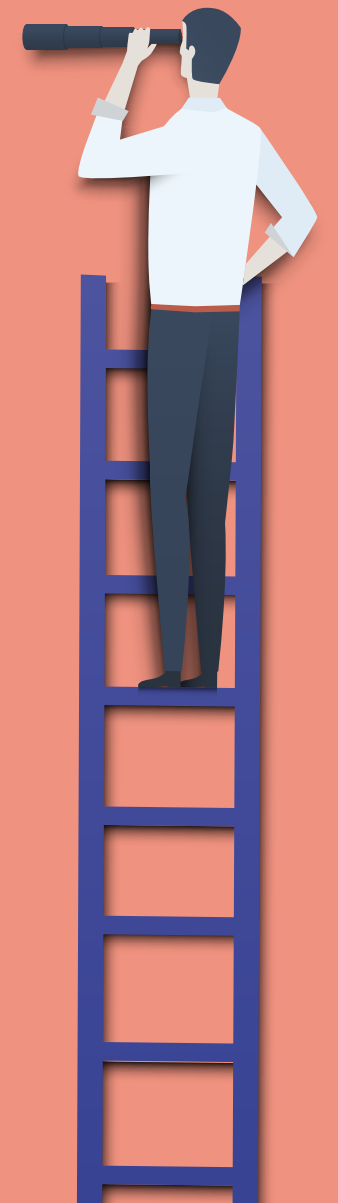
£3.2 billion

Octopus Group estimated turnover in current financial year

Today our investment businesses manage more than £11 billion on behalf of our institutional and retail clients, with the majority of these funds invested in businesses tackling the world's biggest challenges.

And our award-winning energy business, Octopus Energy, is using technology to make the world's transition to renewable energy faster and cheaper for tens of millions of customers.

Today **Octopus Energy has more than three million customers in the UK** and is the only energy company to have been recommended by Which? for each of the last four years.



We're a B Corporation

In 2019 we started the process to become a B Corporation (B Corp.).

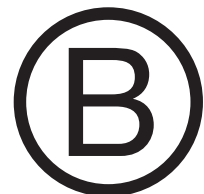
B Corp. is an independent organisation that certifies companies operating at the highest standards of social and environmental performance, accountability and transparency. It is the equivalent of a Fairtrade coffee stamp but for companies.

In 2021, we achieved this goal, joining a growing community of over 4,000 certified B Corps working towards one unifying goal: to redefine success in business.¹

As a B Corp., 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 we invest in to become partners in our vision for the future.

Certified



Corporation

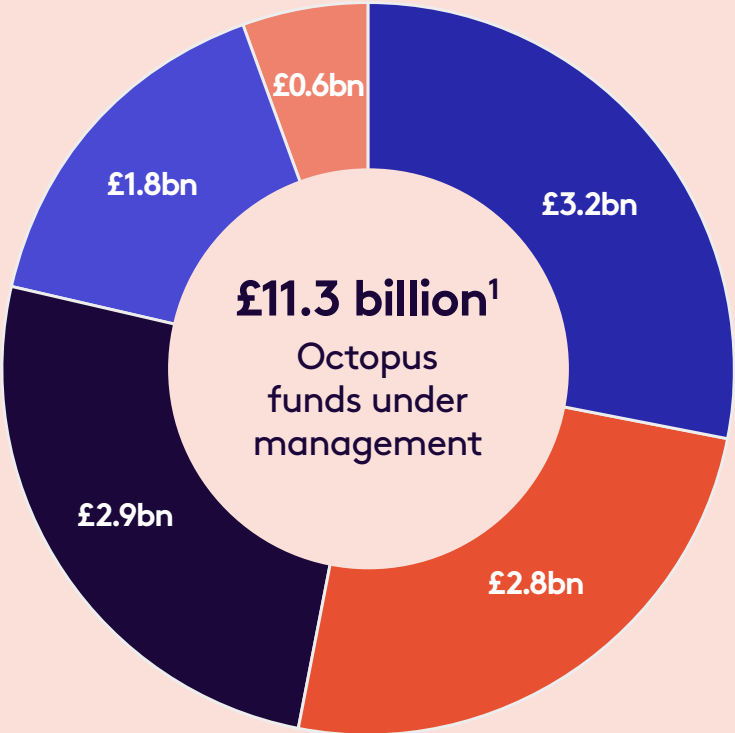


¹B-Corporation, January 2022

Our investment credentials

A trusted fund manager

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



- Renewable energy
- Ventures
- Real Estate
- Quoted Smaller Companies
- Multi-manager & other

¹Octopus, 30 September 2021. Funds under management data includes funds under advisory mandates, funds monitored and the Octopus Cash service.

²Association of Investment Companies, January 2022

21 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.² And we're still looking for new ways to improve people's financial lives. Today we have more than 750 employees across our investment businesses and manage £11.3 billion on behalf of tens of thousands of investors.¹

Octopus Group in numbers

£11.3 billion

Octopus funds under management¹

Four

Number of companies we've backed that went on to achieve "unicorn" status (companies valued at more than \$1 billion)

Eight

the number of years in a row we have been given five stars in the UK Financial Adviser Service Awards

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

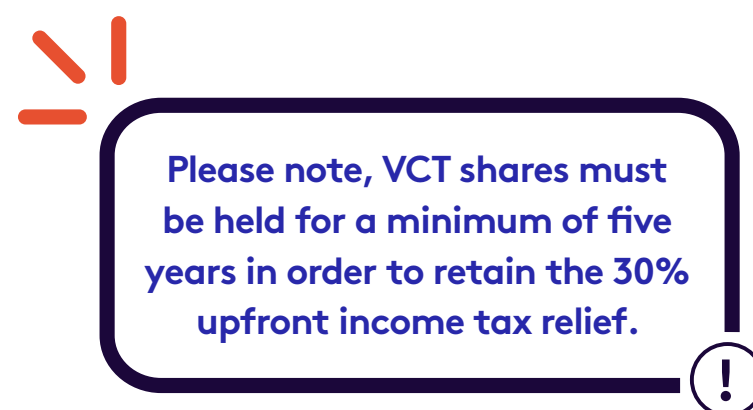
Broad and deep support for growing businesses

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 smaller, early stage companies that are typically unquoted and must meet HMRC's requirements.

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 over £1.8 billion across our VCTs on behalf of more than 35,000 investors.²

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 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 25](#).

¹The Association of Investment Companies, January 2022. ²As at 30 June 2021.

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 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. (Note that the amount of income tax claimed cannot exceed the amount of income tax due.)
- 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.

Complementing other investments

While they have a higher risk profile, VCTs can complement other long-term investments which 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. As this is a new VCT our target is to start paying a regular dividend after the first 3-5 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

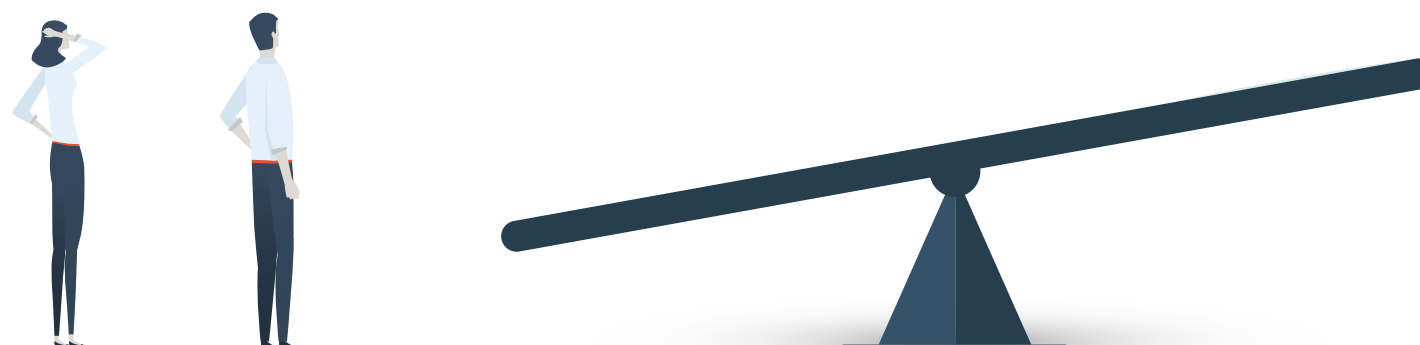
Tax reliefs depend on the VCT meeting and maintaining its VCT-qualifying status.

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 in 2025.



Octopus Future Generations VCT

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

The team

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

The team's rigorous investment process and specialist expertise in the sectors they invest in has been crucial to their success. Prospective investments in the Octopus Future Generations VCT will 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 sustainability 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 the Octopus Future Generations VCT will be investing in companies which have the ambitions and propositions to address these problems. The VCT will be looking to invest in unquoted smaller companies armed with innovative technology, talented management teams and often in sectors prime for disruption.

Octopus will be donating 10% of our annual management charge to Octopus Giving, our charitable foundation dedicated to helping charities which are making the world a better place.

octopus giving

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 or
- revitalising healthcare.



Before deciding to invest, please familiarise yourself with the risks. VCTs are high risk investments. The value of a VCT investment can go down as well as up. They may also be harder to sell. Octopus Future Generations is a new VCT, which comes with additional factors you should consider. You can read more about the risks on [page 25](#).

The sustainability themes

The Octopus Future Generations VCT will invest in three key areas, which we believe demonstrate excellent investment prospects as well as having the 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 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, increase connectivity between people and protect their privacy online, driving 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.

So 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, therefore these companies are attracting the best talent.

Before deciding to invest, please familiarise yourself with the risks. VCTs are high risk investments. The value of a VCT investment can go down as well as up. You may not get back the full amount you invest. Octopus Future Generations is a new VCT, which comes with additional factors you should consider. You can read more about the risks on [page 25](#).

Example company that Octopus has backed through other products

What if businesses prevented addictions rather than fuelled them?

Almost 21 Million Americans have at least one addiction.¹

Quit Genius is set to change this with a digital clinic model that allows users to access a proven treatment programme 100% remotely. Their approach treats the whole person through thereaputics, not just the individual addiction.

So far, their product has achieved a smoking quit rate of 52%. They're already the number one digital clinic for substance addictions too, having improved the lives of over 750,000 people. With operations in the UK and in the United States, its programmes can be accessed by more than two million people. Research has shown a five times greater likelihood of users quitting over the course of a year compared with other programs.²

The Octopus Ventures team are enormously excited about the potential of this personalised digital approach to such an important global health issue.

Each year, nearly

half a million

Americans die prematurely of smoking or exposure to second-hand smoke.²

Every day

1,600 children

in the US smoke their first cigarette.⁴

All-time high

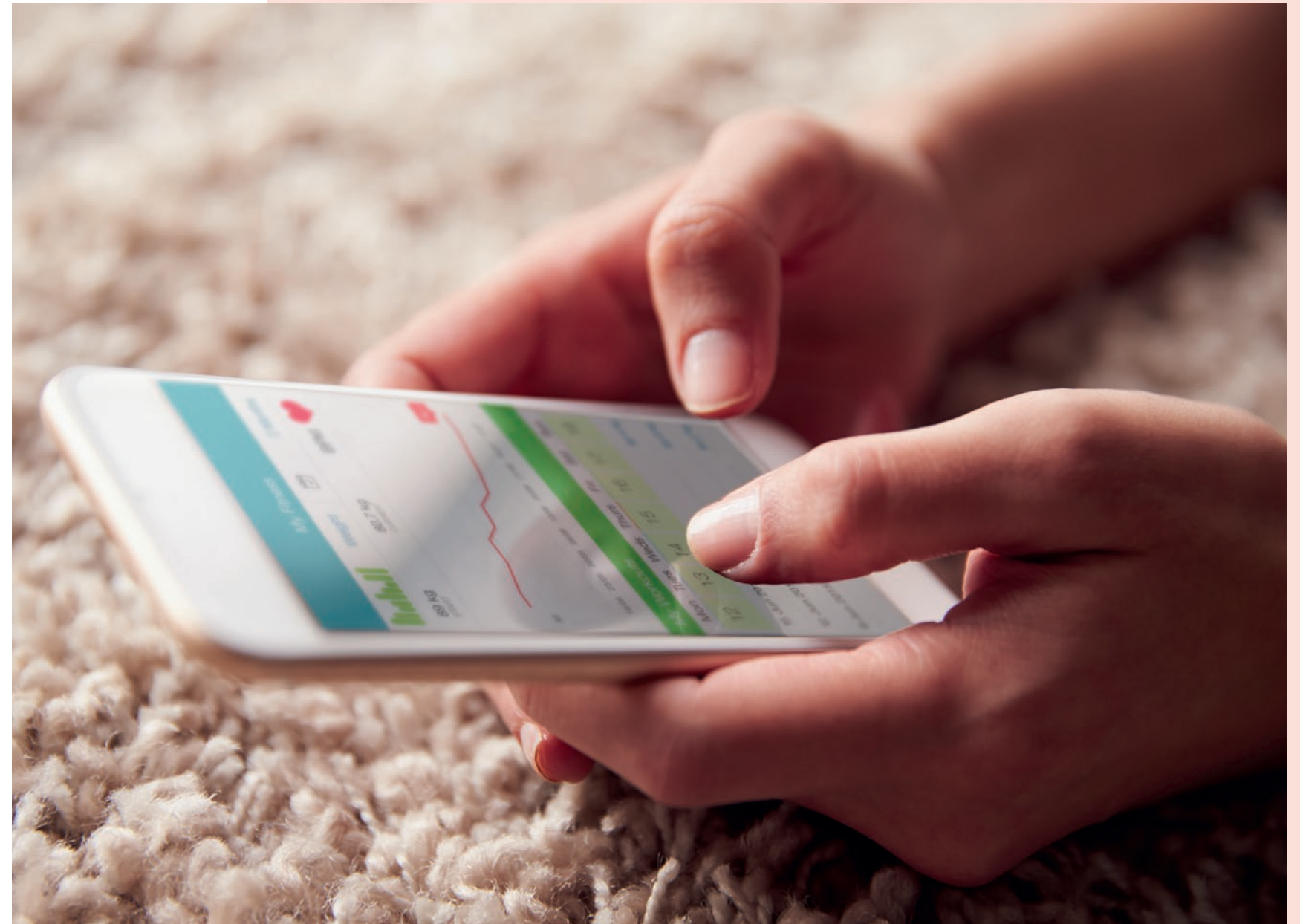
reported deaths from drug overdose in the USA and UK.³

More than

1.4 million

people are dependent on alcohol in the UK.⁵

Quit Genius



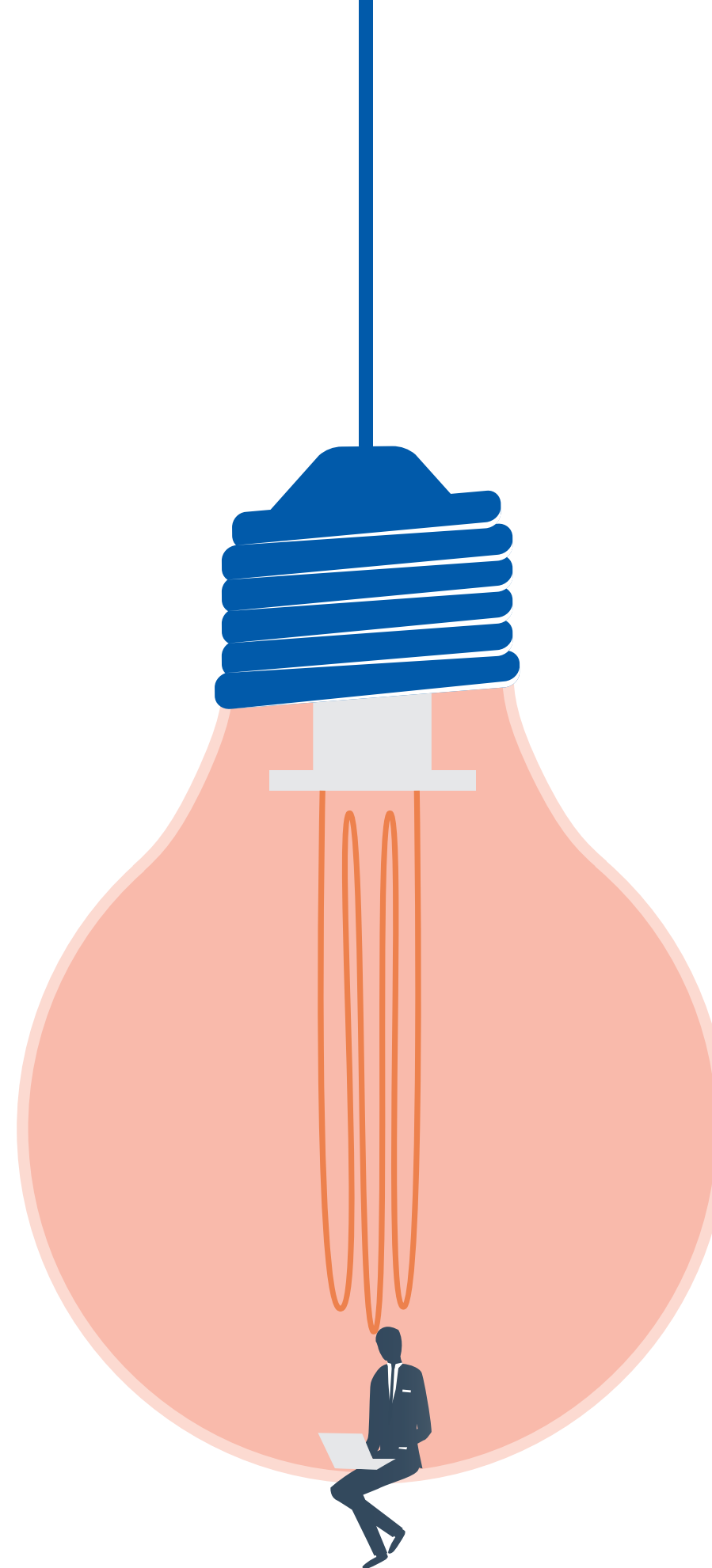
¹Alcohol and drug abuse statistics, American addiction centre, November 2021. ²Health consequences of smoking, Surgeon General Factsheet, 2014.

³Drug deaths hit record high, The Guardian, October 2020. ⁴Youth and tobacco use, Centres for disease control and prevention, 2017. ⁵Alcoholics anonymous, January 2022.

Specific risks of a new VCT

Octopus Future Generations VCT is a new VCT. This means there are some 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.
- At the very start of its life, the VCT won't have any investments in its portfolio, but it will make investments over time (or as soon as possible).
- While the VCT is building up its investments, the portfolio will naturally be more concentrated in fewer company's shares. 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.
- All investments are expected to be made into companies of similar age and size. This differs from established VCTs which often gives 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, it is very unlikely the Octopus Future Generations VCT will be able to pay dividends before 1 July 2025. During this time any growth will increase the value of the VCT.



The journey of a VCT

An early stage VCT

As the Octopus Future Generations VCT is a new VCT it means it doesn't yet hold any investments. It will use the funds raised to start investing and begin to grow its portfolio. As this can take time the VCT's portfolio will start off concentrated and because performance is reliant on a smaller number of companies, there's a greater chance of its value increasing or decreasing suddenly. The VCT intends to increase the number of companies it holds as it scales.

Example performance of Octopus Titan VCT

The graph shows the performance of Octopus Titan VCT since its inception. While its past performance should not be considered a reliable indicator of the future performance of Octopus Future Generations VCT, we think this data is relevant as it illustrates the performance journey of a VCT managed by the same investment team, looking for companies with the same growth potential. In reality, the performance of Octopus Future Generations VCT will be subject to the success or failure of the portfolio of companies it invests in.

Octopus Future Generations VCT will also be co-investing alongside Octopus Titan VCT where the investee company meets the investment mandate of both funds.

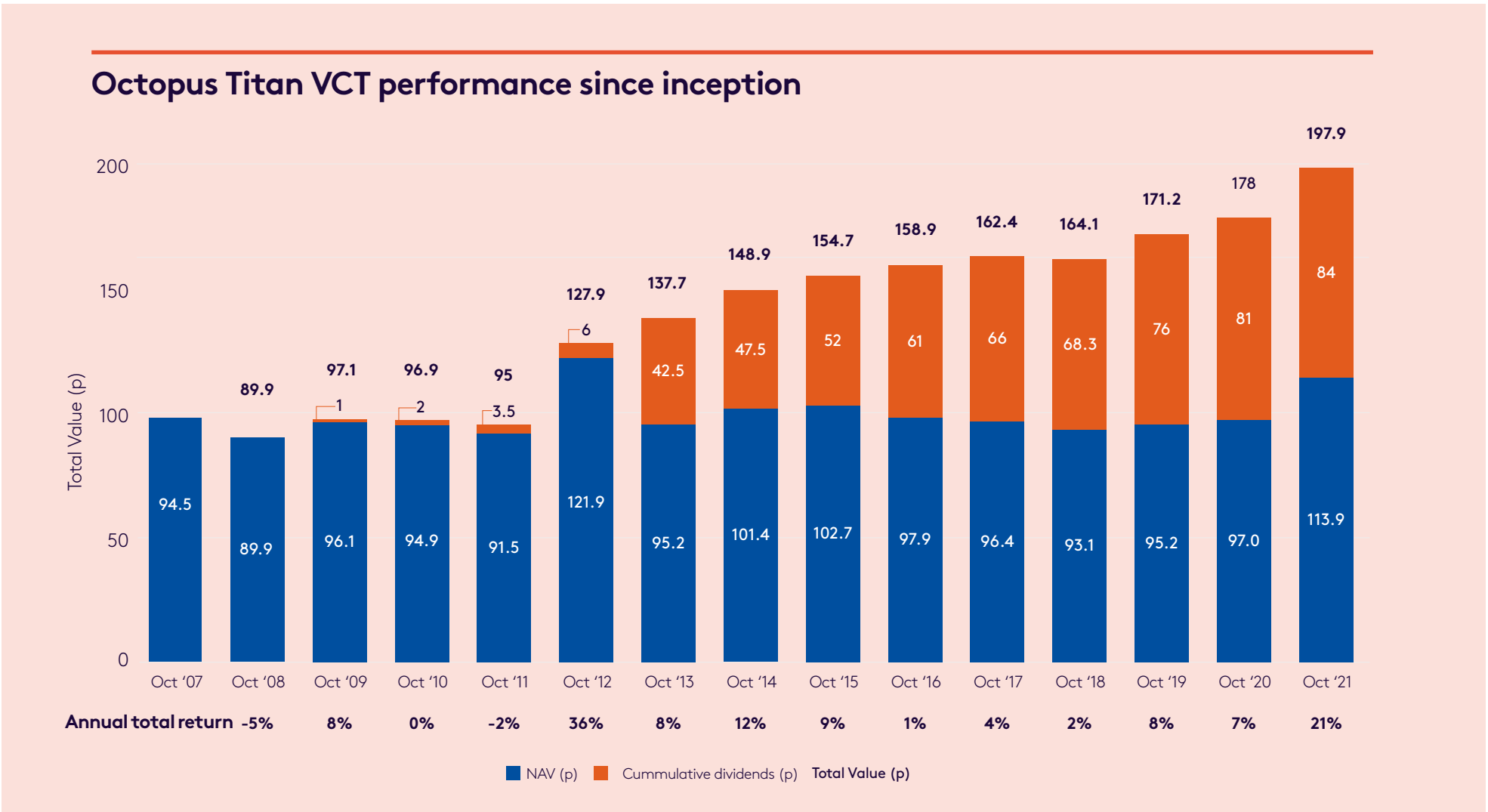
The performance of Octopus Titan VCT is typical for a venture capital fund which is targeting high returns. Company failures are expected within the portfolio before successes.

Dividend expectations

You can see from the table that Octopus Titan VCT issued some small dividends within its first three years of trading. However, given the expected holding period of target investee companies and changes to VCT rules in 2014, it is very unlikely the Octopus Future Generations VCT will be able to pay dividends before the 1 July 2025.

A mature VCT

Octopus Titan VCT has grown to over £1.3 billion. As a result of its scale and longevity it is now invested in over 95 investee companies that range from more established businesses the team backed more than a decade ago, as well as very early-stage businesses that have been invested in more recently.



Source: Octopus, January 2022.

Octopus Future Generations VCT invests in early-stage unquoted companies. Unquoted company shares and VCT shares can rise and fall in value more than shares listed on the main market of the London Stock Exchange. 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.

How we calculate VCT performance

We've included the performance of Octopus Titan VCT on the previous page to illustrate what the performance of a VCT might look like throughout its lifecycle. Here's some information of the terms we've used and how we've calculated it.

The annual total return

The performance information on the previous page shows the total return of Octopus Titan VCT for the last 13 years to 30 October. The annual total return for Octopus Titan VCT is calculated from the movement in NAV over the year to 30 October, with any dividends paid over that year then added back. The revised figure is divided by the NAV at the start of that year to get the annual total return. The performance shown is net of all ongoing fees and costs.

Total value

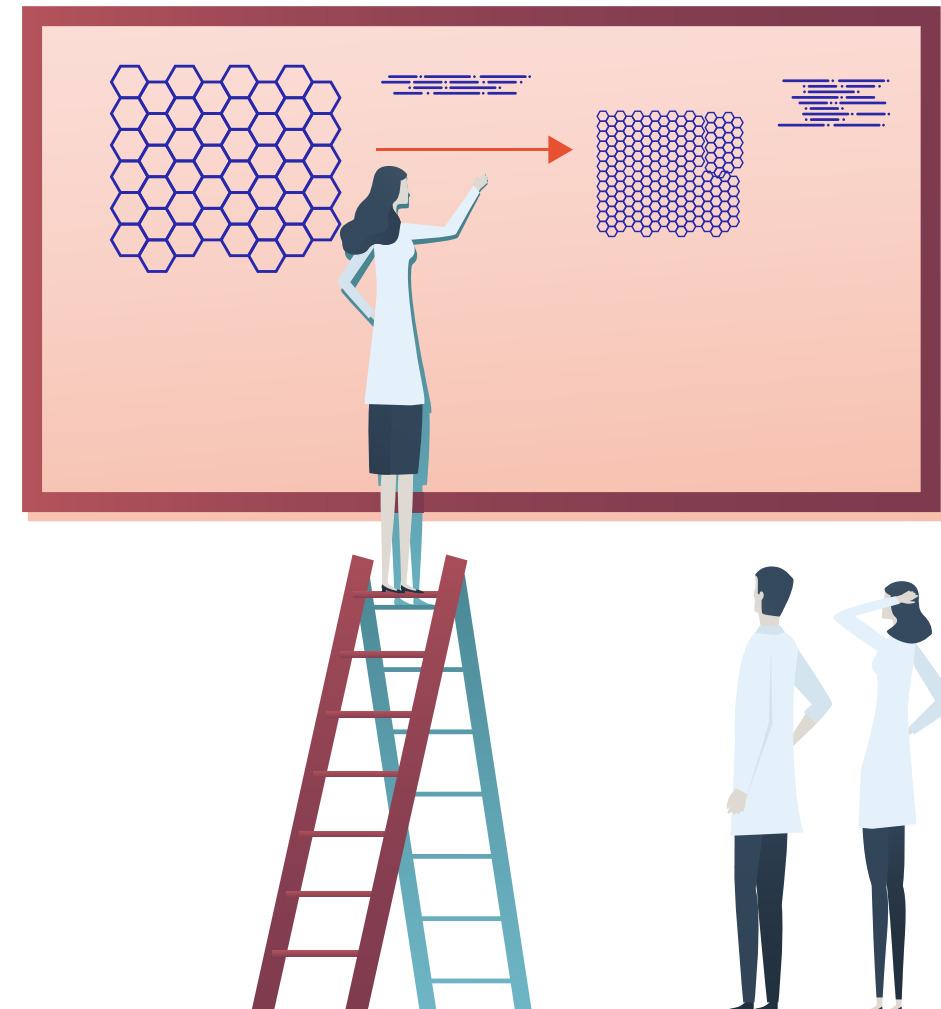
Total value shows the sum of the NAV per share in pence and cumulative dividends per share in pence since inception.

Net Asset Value (NAV)

The NAV is the combined value of all the assets owned by the VCT after deducting the value of its liabilities.

Cumulative dividends

Cumulative dividends is the total amount of dividends paid since inception.



The investment team

Octopus Future Generations VCT is managed by Octopus Ventures, one of Europe's largest venture capital teams. The team has previously backed businesses which have gone on to be household names, including Depop, Zoopla and Cazoo.

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

1. Highly selective

More than half of early stage companies will fail.¹ 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 their reputation in the industry.

We meet 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 an excellent track record investing in small unquoted companies:

- **Octopus Ventures has invested in four companies which have gone on to become 'unicorns' (companies valued at more than \$1 billion)¹**
- **Octopus Ventures manages Titan VCT, the UK's largest VCT (£1.3 billion)³**
- **Since launching in 2007, Titan VCT has only exited 22% of companies at a loss, compared to 55% industry average for early stage companies¹**
- **The average return of successfully sold Titan VCT companies was 13x the initial investment²**

3. Nurturing success

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

That's why we have offices in London and New York and a network that spans from San Francisco to Shanghai, to help companies expand internationally.

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

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

Past performance is not a reliable indicator of future results. Please see [page 14](#) for performance track record of the Octopus Titan VCT, as managed by Octopus Ventures.

¹ONS, Survivals and growth by size, June 2020. ²As at 30 June 2021. ³Association of Investment Companies, January 2022.

The investment process – investment sourcing

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

Of a typical venture capital portfolio of ten companies:

- four might return a total loss
- two might break even
- two might return 3x initial investment
- two might return 10x initial investment

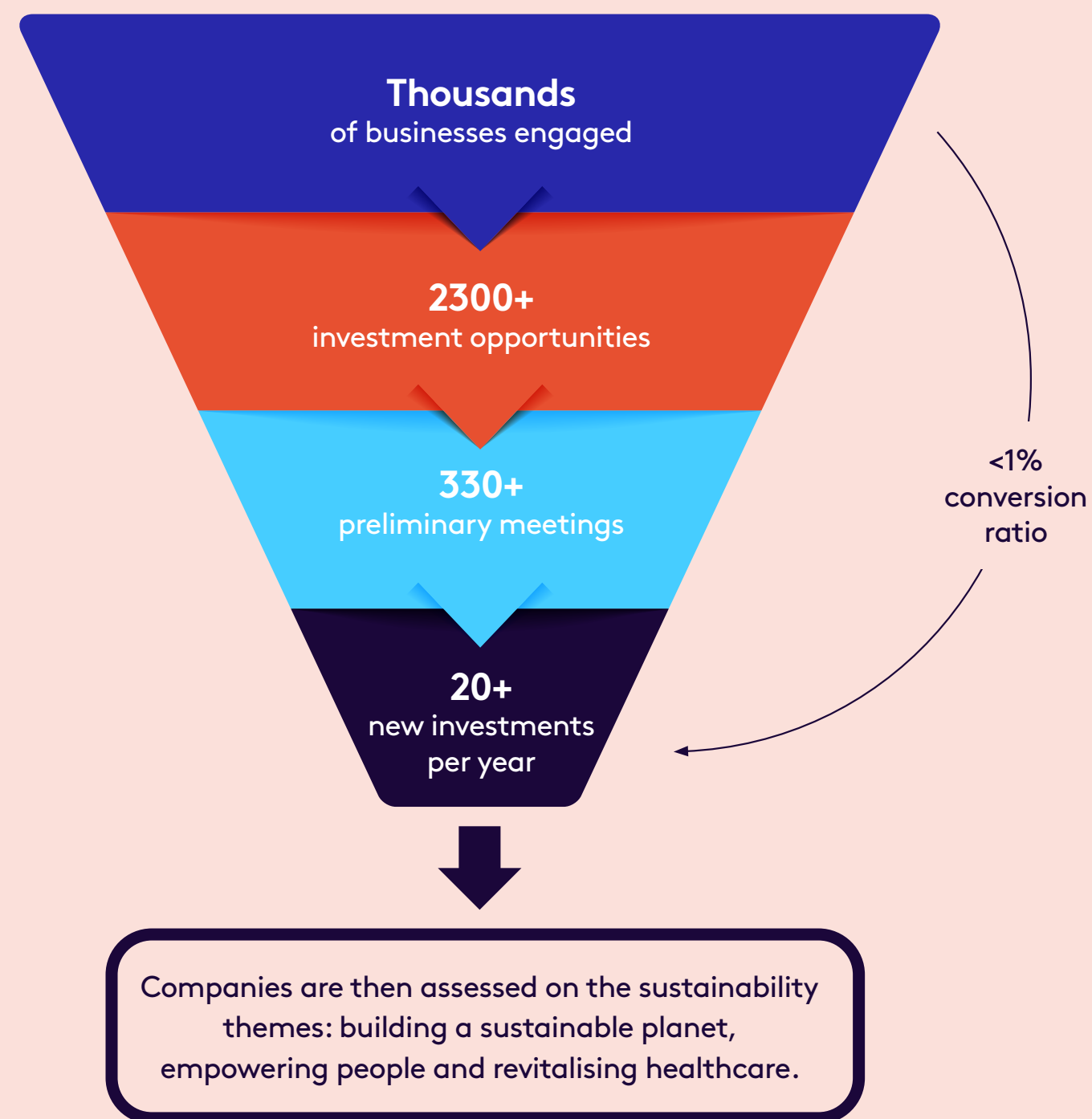
It is typical to see the failures happen quickly and for the more successful investments to take time to realise their full potential. We expect to hold an investment for 5-10 years.

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

Co-investing with other Octopus Venture Funds

Investments made by the Future Generations VCT may 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 deal with other Octopus funds, more on this can be found in the Conflicts section on [page 26](#).

Sourcing and selection: how we find and evaluate portfolio companies¹



¹Octopus Ventures Affinity CRM report (May 2020–June 2021) and Titan VCT annual and interim accounts.

The investment process – responsible investing

Responsible investment strategy

A successful VCT relies on a rigorous investment process and the ability to support companies as they grow. We will use a screening processes that both include and exclude companies based on our research and assessment of each company's business model, strategic objectives and alignment with one of the three investment themes to select appropriate investment opportunities.

We evaluate the company's material environmental, social and governance risks and opportunities. This way, we get to understand how we might minimise those risks, improve returns, and encourage better social and environmental outcomes.

Responsible ownership

As part of our responsible ownership strategy we will

- 1) Require investee companies to put in place a Diversity and Inclusion Policy and an Anti-Harassment Policy and
- 2) Engage with companies to help them understand their greenhouse gas emissions, and encourage companies to take action to minimise them.

Exclusions

Octopus Future Generations VCT will not engage with any person or company on an internationally recognised 'deny list' and will not invest in any business whose activities or practices appear on Octopus Ventures' Exclusion List, which includes sectors such as tobacco, arms, fossil fuels, gambling and deforestation.



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 nurture portfolio companies to help them reach their full potential.

Typically, one of the team will sit 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 their 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 that we have engaged with around their greenhouse gas emissions.

Reporting on the portfolio companies

We are looking for companies which 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 and work with each of them to understand how they are creating a better tomorrow for future generations so we can communicate this to investors.



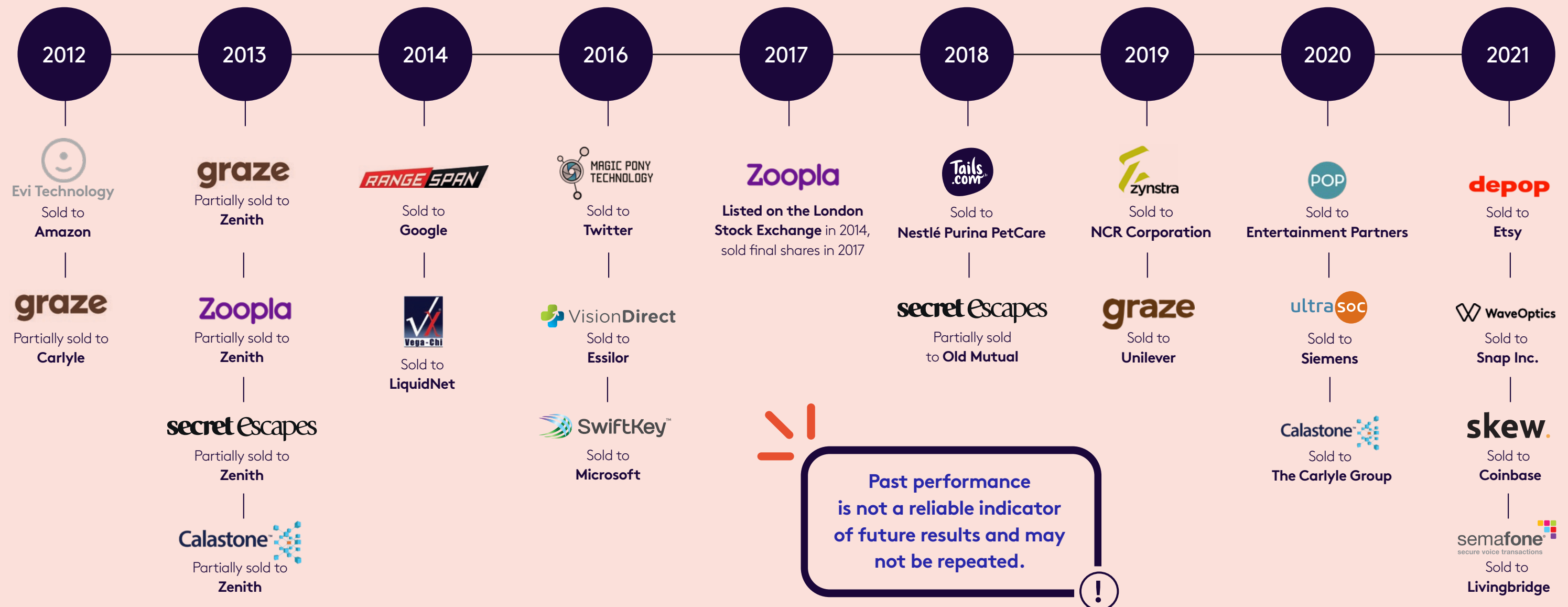
Octopus Ventures success stories

Some of the companies Octopus Ventures have 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.

Please note, the below is not an exhaustive history of exits. Zenith is an Octopus managed fund. 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 25](#).

The companies we have backed and then sold:



Example company that Octopus have backed through other products

What if women's tech actually worked for women?

ELVIE

Empowering women through radical female-first technology.

Armed with genuine female insight and world-class design expertise, their first two products – a pelvic floor trainer and a silent, wearable breast pump – are transforming the way women think and feel about themselves.

80%

of women wish they could breastfeed for longer.¹

<2.5%

of publicly funded research is dedicated to reproductive health.²

1 in 3

women suffer in silence with pelvic floor issues.³

¹Mothers stop breastfeeding early due to lack of support, Independent Nurse, 2017.

²'Women have been woefully neglected': does medical science have a gender problem?, The Guardian, 2019.

³One In Three Women Has Pelvic Floor Disorder, Science Daily, 2008.

“Women’s health affects 51% of the population but is often seen as a niche issue.”

Dr Tania Boler, Founder and Chief Executive, Elvie



New share offer

Octopus Future Generations VCT is open for investment through a new share offer of an initial £20 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 journey before selling its holdings, when the time is right, to generate a return for investors. We invest modestly when backing a company and when the time is right, we look to sell our stake.

Dividend policy

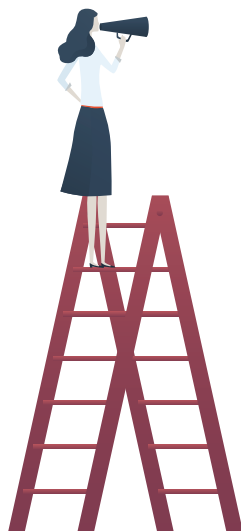
VCTs typically return profits to investors by paying dividends. The size and frequency of these dividends will depend on the performance of the VCT and aren't guaranteed.

The long-term objective is for the 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 any dividends for at least the first three to five years. 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. As with any investment, there are risks to consider before you decide to invest. Please read about the key risks on [page 25](#) and in the prospectus.

We always recommend you talk to a financial adviser about whether this investment is right for you. If you decide to go ahead, apply online at [apply.octopusinvestments.com/futuregenvct/](https://octopusinvestments.com/futuregenvct/). We'll let you know we've received your application and if we need any further information. Please note 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/ – 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

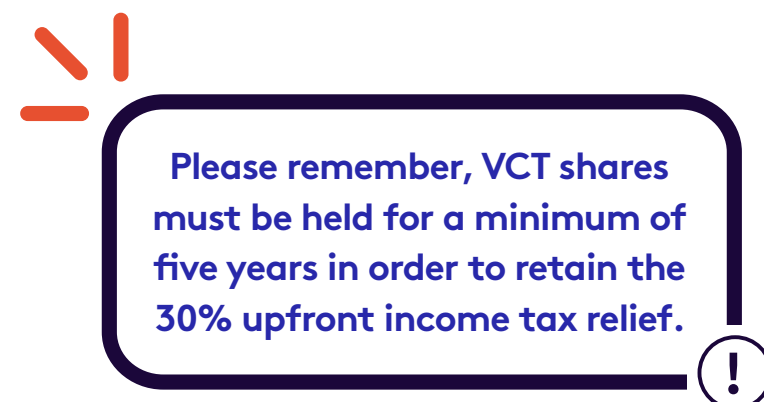
The administration of your shareholding in the VCT will be looked after by a company called Computershare, who are the VCT's registrar. Computershare will send you your share and income tax certificates, usually within 21 working days of your shares being allotted. In addition, we'll also provide you 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 annual report from the VCT is available. The reports will include updates from the VCT 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/.

5. Receiving dividends

The Future Generations VCT will look to pay its first dividend between 3–5 years after launching. 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

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 Net Asset Value (NAV) of the shares. As a result, selling shares directly into the market can produce a poor result, including potentially the inability to sell your shares. Please note, the number of buyers of second-hand VCT shares is, in practice, limited.

Sell your shares back to the VCT

After 1 July 2025 the Octopus Future Generations VCT intends to offer a share buyback facility for investors. Once available, the facility will allow investors to sell their shares back to the VCT at a small discount to the NAV. Share buybacks are conducted at the Board's discretion, and therefore there can be no guarantees that shares will always be sold on request.

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



Example company that Octopus has backed through other products

What if David always beat Goliath?

WEFARM

Four of the five most-traded commodities on earth, and 70% of the world's food, are produced by smallholder farmers.¹ No one has built a platform for these farmers. Until Wefarm.

Wefarm is the world's largest farmer-to-farmer digital network, where farmers join for free and become part of a community where members support each other with knowledge and reviews. The platform also gives members access to inputs and markets

The Wefarm community comes together online, via the Wefarm app. This digital platform allows farmers to browse special interest forums and form groups based on their specific farming interests and value chains. It also allows farmers to purchase their farming inputs via Wefarm Shop.

Smallholder farmers produce

70%

of the world's food.¹

Small-scale farmers cultivating less than five acres live on less than

\$2 per day²

26.7%

of the world's population derive their livelihoods from agriculture.³

608 million

smallholder farms in the world.¹

¹Small family farmers produce a third of the world's food, Food and Agriculture Organisation of the United Nations, 2021.

²A year in the lives of smallholder farmers, The World Bank, 2016. ³Industrial Agriculture and Small-scale Farming, Global Agriculture, 2022.



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/.

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 new 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 new VCT, the companies it invests in are more likely to be at the start of their investment journey. This is unlike more established VCTs which 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 any other Octopus product 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 that Octopus Future Generations VCT will achieve or 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, Head of Compliance and Risk, Octopus Investments

Conflicts of interest

Octopus has built 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.

Investing alongside other Octopus funds

We expect investments made by Octopus Future Generations VCT to invest alongside funds from Octopus Titan VCT and Octopus Ventures EIS Service. 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 we invest in. This means we are able to closely monitor the investment we've made on behalf of the Octopus Future Generations VCT investors. This means, as company directors, those employees have obligations to all shareholders of this VCT, 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 team decides what proportion of the total investment falls into each fund.
- The Octopus Conflicts Committee is responsible for ensuring conflicts are handled appropriately and is independent of Octopus Ventures and Future Generations VCT.
- As the 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, and which 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 the 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 you talk to a financial adviser before deciding to invest.

Octopus will be donating 10% of its 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 | 0.3% |
| Performance fees ¹ | | 20% |

If you're investing through a financial adviser, the VCT can facilitate an initial advice fee of up to 4.5%. Please note that funds paid to your adviser will not qualify for income tax relief.

¹We 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 and 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 of 97p will be paid to Octopus. For full details on the performance fee and other fees please see the prospectus and Key Information Document (KID).

Example company that Octopus has backed through other products

What if 'best before' dates were yesterday's problem?

OLIO

Reducing food waste is the number one solution to fighting the climate crisis.¹ OLIO's vision is for millions of hyper local food sharing networks all around the world. They're helping to create a future in which nothing of value goes to waste, and every single person has enough to eat – without destroying our planet in the process.

OLIO is tackling the problem of food waste by connecting neighbours with each other, and volunteers with local businesses, so that surplus food can be given away, not thrown away.

To date, **five million people** have joined the OLIO community and they've shared **35 million portions of food**, and counting.

An area

larger than China

is used to grow food that is never eaten.¹

25%

of the world's fresh water supply is used to grow food that is never eaten.¹

If food waste were a country, it would be the

third largest emitter

of greenhouse gas (after China and the USA).¹

¹If food waste were a country..., Varsity, 2019.



How to invest

If you have a financial adviser

They can help you to complete your online application form. If your adviser has any questions, they can call us on **0800 316 2067** or visit **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.

Apply online

The only way to invest is to fill in an online application. Go to **apply.octopusinvestments.com/futuregenvct/** to get started.

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 23** 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/futuregenvct/**), you'll then be able to see your portfolio value, account information, valuations and any other documents through the portal.



Feedback

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.

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.





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