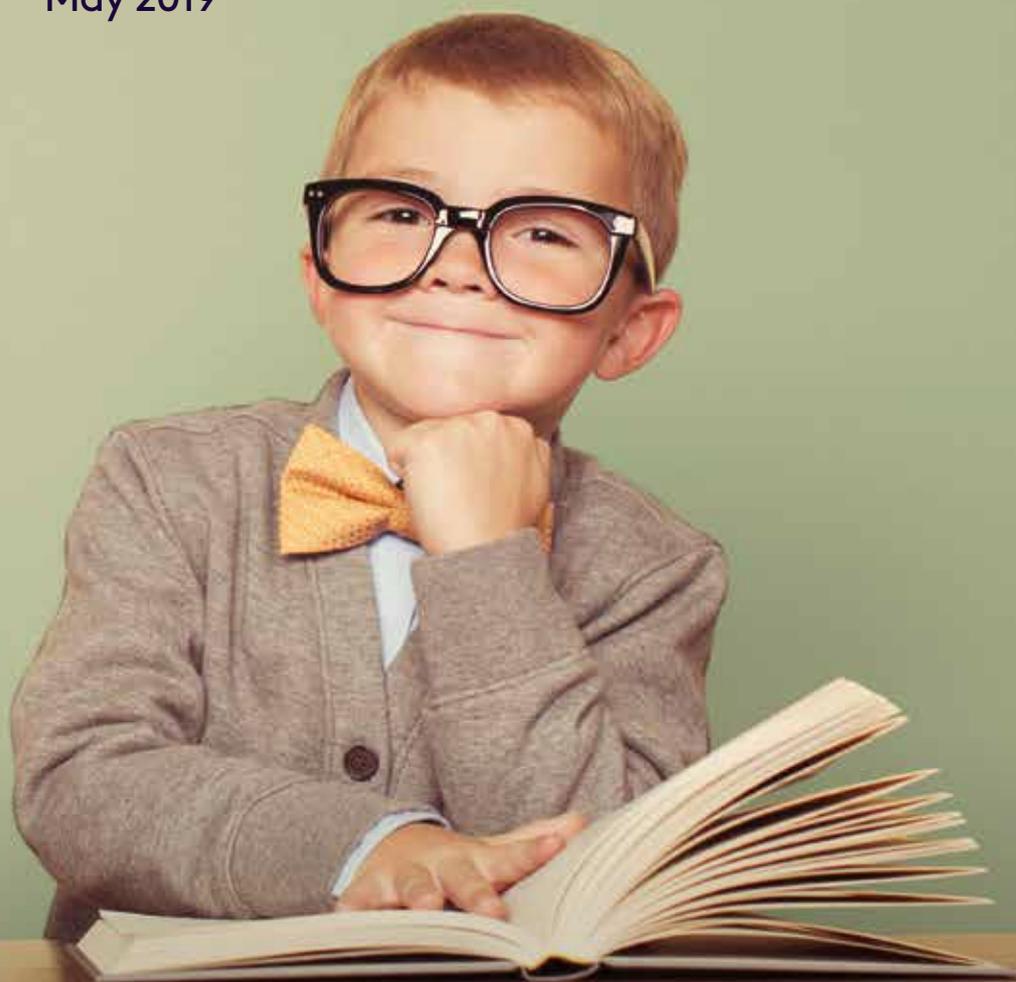


# Accelerating the growth of proven businesses

Octopus Apollo VCT brochure  
May 2019



## Key investment risks

### For UK investors only

- Octopus Apollo venture capital trust (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.
- 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 treatment depends on individual circumstances and may change in the future. Tax reliefs also depend on the VCT maintaining its VCT-qualifying status.
- Past performance is not a reliable indicator of future results. For the past performance of Octopus Apollo VCT, see **page 16**.
- 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 22**.

**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](http://octopusinvestments.com).**

You can also request print copies by calling our Client Relations Team on **0800 316 2295** or by sending an email to [clientrelations@octopusinvestments.com](mailto:clientrelations@octopusinvestments.com).

Octopus does not give 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 30 April 2019, unless otherwise stated.

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**Octopus Apollo VCT gives investors the opportunity to accelerate the growth of proven UK businesses. This new share offer will allow us to add exciting new investments to the portfolio, and support the existing portfolio companies.**

## Find it fast

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# About Octopus

When we launched Octopus in 2000, we wanted to create an investment company that put its customers first. We started by looking at what didn't work very well, and found ways to do things differently.

Today we have more than **750 employees** and **£7.7bn<sup>1</sup>** in assets under management. We work with tens of thousands of clients and we've built market-leading positions in tax-efficient investment, smaller company financing, renewable energy and healthcare. But no matter how big we get, we'll keep doing the simple things well and we'll keep looking after each of our customers, day in, day out.



Our head office is at 33 Holborn, London.

We want what we do to matter, and for the money we invest to make a big difference to people's lives. That's why, for example, we invest in:

- UK smaller companies that create thousands of jobs and generate economic growth.
- Companies that address the needs of older people, by building GP surgeries, retirement villages, care homes and hospitals.
- Renewable energy facilities that are changing the shape of the UK energy market.

We see a strong business case for each of these sectors, whether that's providing for an ageing population in need of lifelong care, or the long-term trend towards renewable energy as a viable alternative to fossil fuels, or investing in dynamic, entrepreneurial companies that have a positive effect on the economy, and the people, around them.

- We've helped several companies grow to become household names, including Zoopla Property Group, graze.com and Secret Escapes.
- We manage £1 billion across our VCTs and currently support over 200 of the UK's smaller businesses.
- We currently have £1.5 billion invested in companies listed on the Alternative Investment Market (AIM).

<sup>1</sup>Octopus Investments, 31 December 2018 (adjusted to exclude MedicX Fund assets under management, which are no longer managed by Octopus).

## Five promises from Octopus

Being different means putting our customers first, every time. Our relationship with our customers is more important than anything else. So, here are five promises we are determined to keep.

### 1 We'll always remember that it's your money

This means we work for you, so if you want to talk to the fund managers who invest your money, you can. Just call us on **0800 316 2295** or pop in for a visit.

### 2 We'll never treat you like just another customer

We don't use call centres and we don't have recorded messages telling you "how important your call is". Our Client Relations Team is frequently praised by our customers for the help and attention they give.

### 3 We'll always keep trying to improve

Having the courage to do things differently lets us create innovative solutions to the real problems people face.

### 4 We'll keep putting customers first

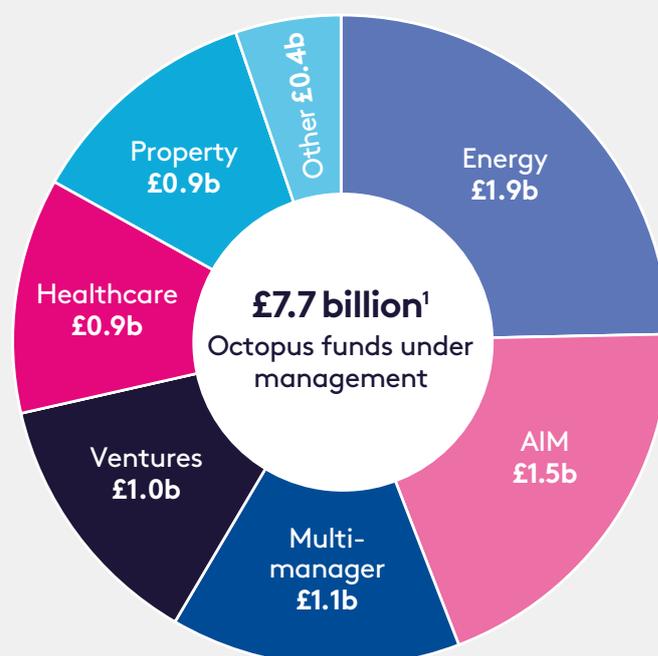
Octopus is not listed on a stock exchange, and is mostly owned by the people who work here. That means we're not accountable to public shareholders demanding short-term profits, so we don't have to cut corners or lower our standards.

### 5 We'll never let complexity win

The best companies and products make your life simpler, not harder. Why should financial services be any different? Although we have to include some fairly complicated information in this brochure, we've done our best to avoid small print and tried to remove any unhelpful jargon. If we haven't got it right, please let us know.

## There's more to Octopus than you might think...

We manage assets on behalf of retail investors, institutions and charities across a range of specialist sectors.



### Talk to Octopus to find out more

We can't give you financial or tax advice, but we can answer any questions you have about us, or about this investment. So, if you have any questions after reading this brochure, please give us a call on **0800 316 2295** or visit [octopusinvestments.com](https://www.octopusinvestments.com).

# The home-grown success story of VCTs

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 and are an important source of revenue for the government.

But many of these companies need investment to flourish. Without investment, they wouldn't have the same positive impact on the British economy.

## Broad and deep support for growing businesses

VCTs were set up to encourage investment into Britain's exciting, entrepreneurial businesses.

Recognising that investing in smaller, younger companies typically involves taking more risk than investing in larger companies (for example, BP or Vodafone), the government introduced VCTs in 1995.

They have since helped establish fertile grounds for growing businesses. VCTs are an important source of capital and specialist support for businesses looking to grow. At the same time, they've given investors the opportunity to share in the success of these companies.

## VCTs offer tax reliefs

As well as providing an easy way for investors to gain exposure to these small companies, VCTs offer a number of useful tax reliefs. These exist to incentivise investment into growing UK businesses. They compensate an investor for taking the risk of investing in smaller, less established companies.

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.

## 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 billion across our VCTs on behalf of more than 30,000 investors.

We think VCTs offer great investment potential, with some exciting 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.

If you have any questions after reading this brochure, visit [octopusinvestments.com](http://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 help compensate investors for the risk they take with their money. **For more information on the key risks, please see page 22.**

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**£731 million was invested into VCTs in the 2018/19 tax year, the largest amount in over a decade.<sup>1</sup>**

<sup>1</sup>Source: The Association of Investment Companies, April 2019

# 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 incentives

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, £3,000 can be taken off your income tax bill. Note though, that the amount of income tax claimed cannot exceed the amount of income tax due.
- Tax-free capital gains if you sell your VCT shares and make a profit.
- Tax-free dividends (you won't need to declare them on your return).

### Additional income

Tax-free dividends offer the potential of supplementary income, which may be especially useful in retirement.

### Complementing other investments

While they have a higher risk profile, VCTs can complement other long-term investments that have allowances, such as pension plans 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.

## 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 could end

Tax reliefs depend on the VCT 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 NAV of the investment.



**We go into more detail about the risks of a VCT investment on page 22.**

# Octopus Apollo VCT

**Apollo accelerates the growth of proven businesses. Our investment team is confident this will support the VCT's target of providing investors with an annual tax-free dividend of 5% of net asset value (NAV).**

## How Apollo invests

Apollo invests in proven businesses. That means businesses that have already brought their product or service to market successfully, have won and retained customers and are growing their customer base.

Apollo makes both equity and debt investments. In other words, we don't just buy stakes in promising businesses, we also make loans to them. This mix means investors get access to a different risk-return profile compared to equity only investments, while looking to target an annual tax-free dividend of 5% of NAV.

## Building on a strong portfolio

Apollo launched in 2006, and now has a diverse portfolio of around 50 smaller UK VCT-qualifying companies. Our investment team provides funding to support companies on the next part of their journey and accelerate them to profitability.

There are 5.6 million small and medium-sized enterprises (SMEs) in the UK.<sup>1</sup> In 2015 one in four high growth SMEs found it difficult to find funding.<sup>2</sup> That means there is a large pool of investment opportunities for Apollo.

This ability to look at plenty of investment opportunities – what investment managers call 'deal flow' – is really important to a VCT's success. It means our Development Capital Team, which manages Apollo, can be highly selective in choosing which companies to back.

Our team considers as many as 300 investment opportunities a year. We only back around five to seven. We make big, high conviction investments in the companies we support, typically investing between £2 million and £10 million.

## What do we mean by a proven business?

Many businesses reach a stage in their development where they look for external investment to accelerate their next phase of growth. The idea is to provide them with capital to accelerate growth and get to profitability.

The investments we make usually go towards increasing sales and marketing efforts, or to help the business expand to new geographies. Straightforward, but the absolute sweet spot of where we like to invest.

We believe a company is more likely to succeed if it has already proved there is a market for what it does and can demonstrate it has a diversified and growing customer base.

## We typically back companies with loyal customers

Many of the companies we invest in sell to other businesses. That often means their revenues are contracted and recurring, which is one factor in making them more predictable. We find that the companies we back quickly become part of the fabric of their customers' businesses.

By becoming irreplaceable to customers, they generate so-called 'sticky revenues' and can be confident a customer will continue to buy from them.

<sup>1</sup>High Growth Small Business Report 2018, Octopus. <sup>2</sup>High Growth Small business report 2015, Octopus.

## Why companies come to us

Have you ever seen Dragons' Den? Sometimes the owners of a business get an offer from someone who could be a valuable ally in growing their business. Unfortunately, sometimes this means they have to give away a large stake in the business, which is too high a price and they turn the investor down. For very early stage companies this might make sense, but for more proven businesses they don't need to give away as much.

Apollo offers flexibility. Not only can we add value to a business and help them on their growth journey, but we tend to take a smaller stake in the business. Owners and management don't lose significant ownership, which maintains their incentive to work hard and make the business a success.

As well as buying equity stakes in businesses, we also fund companies through unsecured debt. This mix of funding gives investors in Apollo access to a different risk-return profile than they would get from just equity.

Whilst Apollo has a different risk return profile to equity only investments, it's worth bearing in mind that VCTs are considered high risk investments. The value of an investment in a VCT can go down as well as up. Investors may not get back the full amount they invest. You can read more about the risks on **page 22**.



# Our Development Capital Team

## About our team

Our Development Capital Team is made up of people with a wide range of knowledge gained from their work across various different industries. Our team members are experienced at evaluating and investing in many different types of business. With backgrounds of investing in both stocks and shares and debt, we are well positioned to find and manage the types of investment Apollo makes.

We use this experience to support companies after we make an investment. This support includes strategic guidance, with a member of our team usually sitting on a company's board. This puts us on the inside track, being able to help a company hire key staff, make valuable introductions to consultants or otherwise help them solve the sort of problems we have seen other companies go through as they grow.

## Finding the right companies to invest in

Of course, making a new investment is a rigorous process. As well as conducting our own analysis, we engage external specialists as part of our due diligence on every deal we consider.

The process starts with finding potential deals. Our network includes corporate financiers who introduce us to businesses that are seeking funding.

If a deal looks like it has potential, we have an initial meeting with the company's management to see if the business meets our standards.

If we're happy, we then bring in external experts to dig deeper into the company.

This helps us test the investment case. It gives us an independent view on a company's financial strength, the quality of its technology and other factors that can determine whether a company succeeds.

There are two major benefits to this process. The process often reveals improvements a business can make that will increase its chances of success, so when we make an investment, we can use this information to make sure there is an immediate focus on improvements.

In other cases, the process has uncovered areas of concern and we have walked away from the deal.

## Part of the UK's largest VCT manager

Octopus Investments manages over £1 billion across our VCTs<sup>1</sup>. That's around a quarter of the money managed by all of the VCTs in the industry.<sup>2</sup>

We are able to draw on all that experience in the way we manage Apollo. For example, we will often consult with teams that manage other Octopus VCTs to share knowledge, including how they have solved problems faced by the companies they invest in.

Octopus has a high profile in the venture capital industry, which acts as a magnet for attractive deals. Sometimes a team managing one of our VCTs will pass a potential deal to another of our VCTs if a company seeking investment would be a better fit for that portfolio.

## Independent governance

The combined experience of our investment committee adds up to more than 120 years. The committee, which is independent of any one VCT's management team, brings that experience to bear when reviewing potential investments, scrutinising each deal in careful detail. This is part of our highly selective process, by which we whittle down promising deals and only invest in the most compelling ones. Apollo VCT also has its own independent board of directors, which signs off on all deals.

<sup>1</sup>Octopus Investments, 30 April 2019; <sup>2</sup>Association of Investments Companies, 30 April 2019.

# What we look for

**We typically look to invest between £2 million and £10 million into opportunities where the following apply:**

- A business that has been operating for around four to ten years, that already sells a product or service and has therefore proven there is a market for it.
- A business whose customers are other businesses. We find these companies are usually able to retain their customers well.
- Annual revenues between £3-8 million, ideally recurring or contracted. This makes future revenues more predictable.
- A growing and diversified customer base, with a clear trajectory toward profitability.
- A clearly defined business model and a competitive edge. This may, for example, involve proprietary technology, industry-leading innovation or operating in a niche market.
- A strong management team with extensive industry experience.



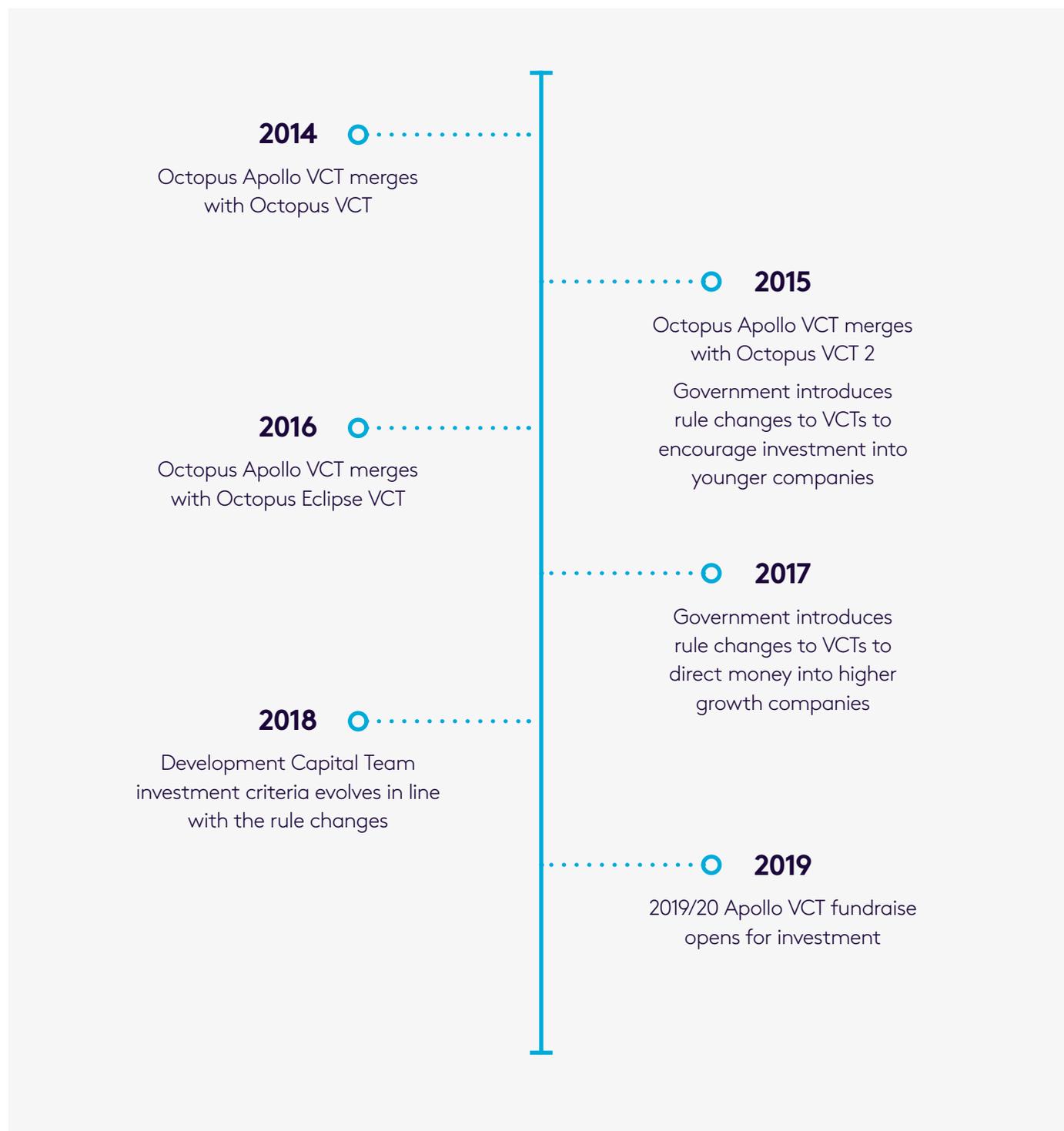
Apollo invests in early stage companies and should be considered a high risk investment. Unquoted company shares and VCT shares can rise and fall in value more than shares listed on the main market of the London Stock Exchange.



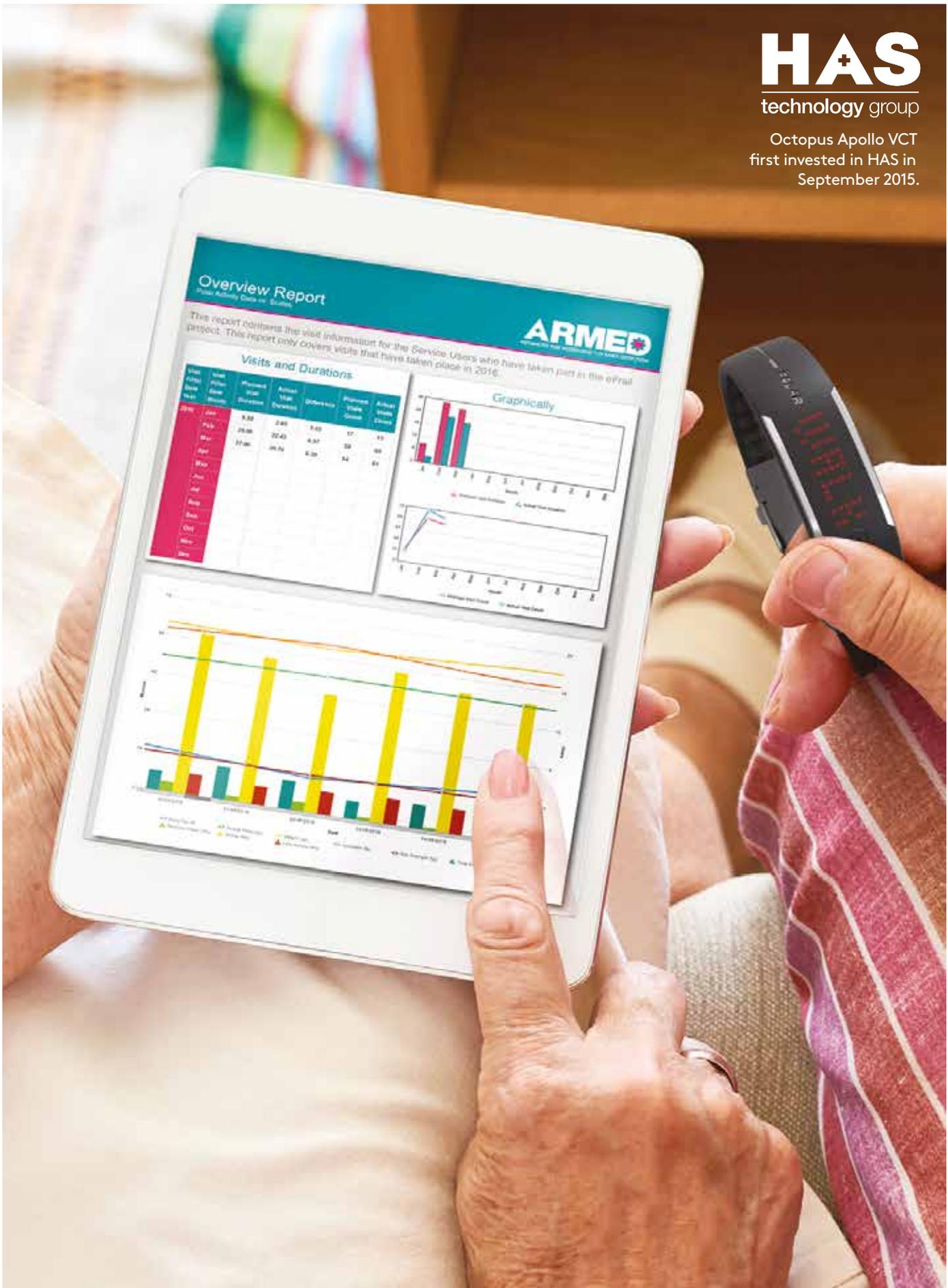
Octopus Apollo VCT first invested in City Pantry in April 2018.

# Apollo VCT timeline

Having launched in 2006, Apollo now has over £115 million in funds under management and is one of the top ten largest VCTs in the market.<sup>1</sup>



<sup>1</sup>Association of Investments Companies, 30 April 2019.



# Two companies we invested in

## HAS Technology Group

### Technology solutions that are transforming the global care industry

HAS helps the care industry to provide better care.

Take their product ARMED (Advanced Risk Modelling for Early Detection). It involves cutting-edge wearable technology that alerts carers to risks earlier. This reduces the number of falls and hospital admissions.

Not only does this mean improved quality of life for those in care, it means a care provider can reduce costs and redirect these savings into areas that really make a difference.

It's a similar story with their software products, such as Ezitracker. These allow for remote workforce management, including staff scheduling, payroll automation and business reporting. These offer significant cost savings that allow their customers to focus on providing care.

We invested in HAS back in 2015. Since then, the company has grown to operate globally, with offices in New Zealand and Australia. Its products are now relied on by more than 70 government agencies and over a thousand private and third sector organisations.

### We love a few things about HAS:

- The management team has deep sector expertise, including an Executive Chairman introduced by the Development Capital Team.
- HAS benefits from the global trend of an ageing population. This trend has driven growth in the care industry and growth in the need for their products.
- The products work seamlessly with other business-critical software. This gives HAS a competitive edge and makes it less likely customers will leave.



**Note:** Any company examples are for illustrative purposes only. They should not be considered as an investment recommendation.



## Natterbox

### Cloud telephony helps growing businesses handle more calls from customers

If you're a rapidly growing business and you want more customers to be able to call you, how do you handle the extra calls?

There was a time when a company would have to go to the likes of British Telecom and get some more physical hardware installed on their premises. This was both costly and time consuming.

Then came call centres. They were an improvement, but companies still needed to invest in a lot of expensive telecoms equipment and systems.

Natterbox helps businesses increase their call handling capacity at a fraction of the cost and hassle.

For businesses that are growing rapidly, Natterbox offers a phone system that can keep up with them, using something called cloud telephony. All someone needs is a headset, a laptop and an internet connection and they can start handling calls.

One of the advantages of cloud telephony is that adding to a system is a matter of clicks, rather than a matter of new equipment, hardware or software. That saves Natterbox customers time and money.

Natterbox is unique in this space because its offering works seamlessly with the customer relationship management software (known as CRM) that customers already use.

Among these customers are big names, such as Deutsche Bank, Legal & General, Groupon and Majestic Wine.

Natterbox now has contracts with over 600 customers across 42 countries, operating from Europe, the US and Asia Pacific.



# Accelerating the growth of proven businesses

Our Development Capital Team looks for established businesses that want flexible funding to help them get to profitability. Here are some of the companies we've backed.



**City Pantry** brings food from exciting local caterers and restaurants direct to offices. The company serves more than 20,000 meals every week to the employees of more than 700 companies, including the likes of Google, Amazon and PayPal.



**Ubisecure** provides customer identity and access management software to financial institutions, the public sector and other large institutions.



**Countrywide Healthcare** supplies healthcare and cleaning products, as well as furniture and bedding, to some of the biggest names in the UK's growing care home sector.



**Rotolight** is a specialist LED lighting business. It develops and sells patent-protected lighting products to photographers, filmmakers and broadcasters.



**TRI** provides risk-based monitoring (RBM) software and services for clinical trials to contract research organisations in the life sciences sector.



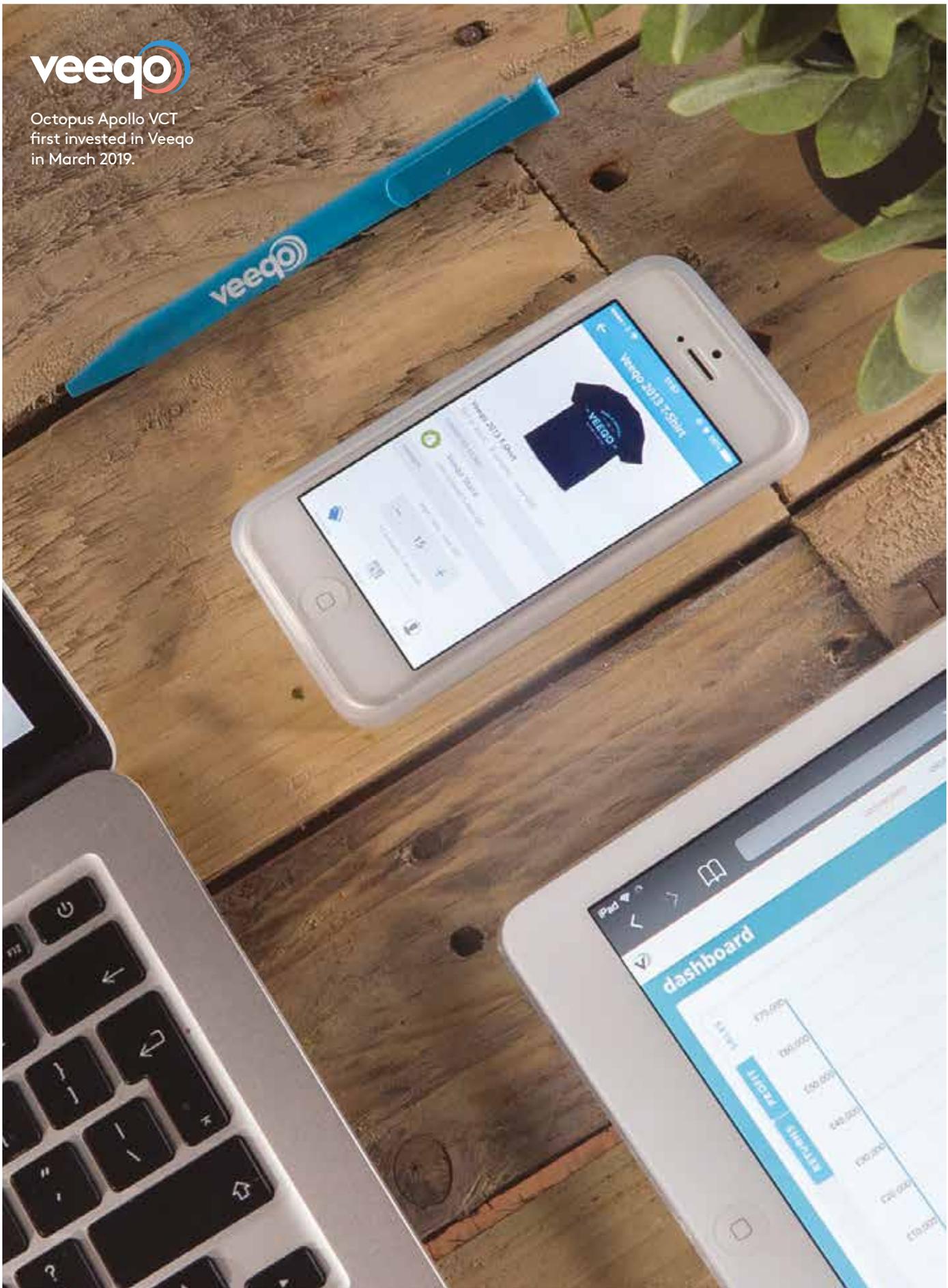
**Veeqo** helps online retailers sell and ship their products. Its inventory management software is tailored to the needs of the e-commerce retail sector.



**Note:** Any company examples are for illustrative purposes only. They should not be considered as an investment recommendation.



Octopus Apollo VCT  
first invested in Veeqo  
in March 2019.



# Performance record

Since its launch in 2006, Octopus Apollo VCT has built a track record of paying regular tax-free dividends, targeting a 5% dividend yield of NAV annually.

## Dividend history

Octopus Apollo VCT targets capital growth from a portfolio of proven UK businesses. However, like most VCTs, rather than increasing the value of its shares, it aims to return this investment performance back to shareholders in the form of tax-free dividends.

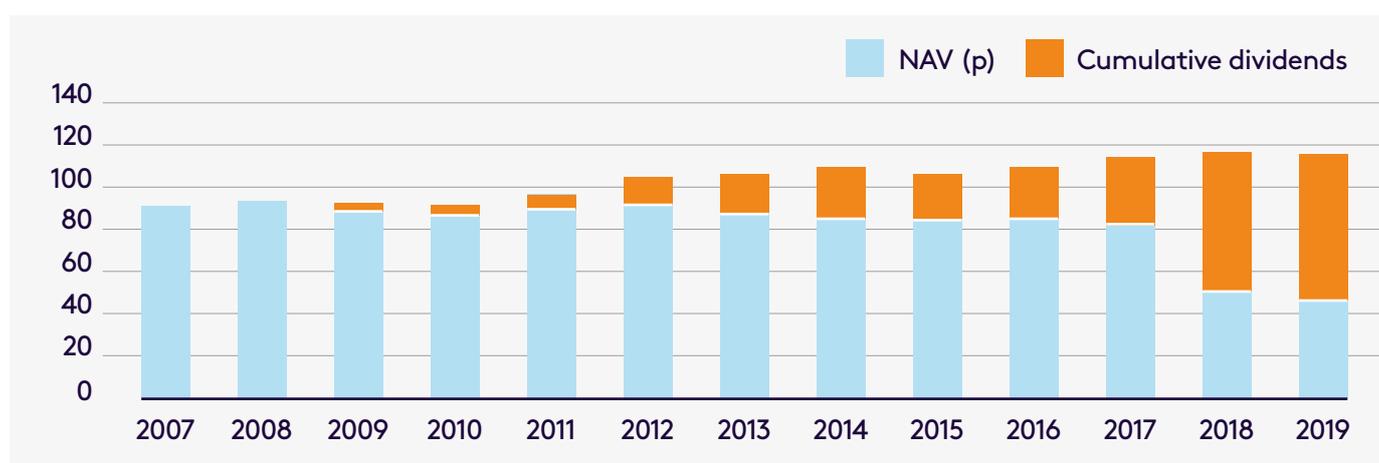
It targets a dividend yield of 5% per year as well as offering investors the potential for special dividends, although these are not guaranteed. Since its launch in 2006, it has announced total cumulative dividends of 71.1p per share to investors.

## Five-year performance

| Year to 31 January    | 2015   | 2016   | 2017   | 2018   | 2019   |
|-----------------------|--------|--------|--------|--------|--------|
| Annual total return   | 3.5%   | 2.9%   | 2.9%   | 2.2%   | -0.8%  |
| Annual dividend yield | 5.8%   | 5.9%   | 26.1%  | 22.2%  | 6.1%   |
| Total value           | 113.3p | 114.8p | 117.2p | 118.6p | 118.2p |

## Performance since inception

Year to 31 January



## Calculating performance

The performance table opposite shows the total return of Apollo for the last five years to 31 January 2019, the VCT's annual accounting period. The annual total return for Apollo is calculated from the movement in net asset value (NAV) over the year to 31 January, with any dividends paid over that year then added back. The revised figure is divided by the NAV at the start of the year to get the annual total return.

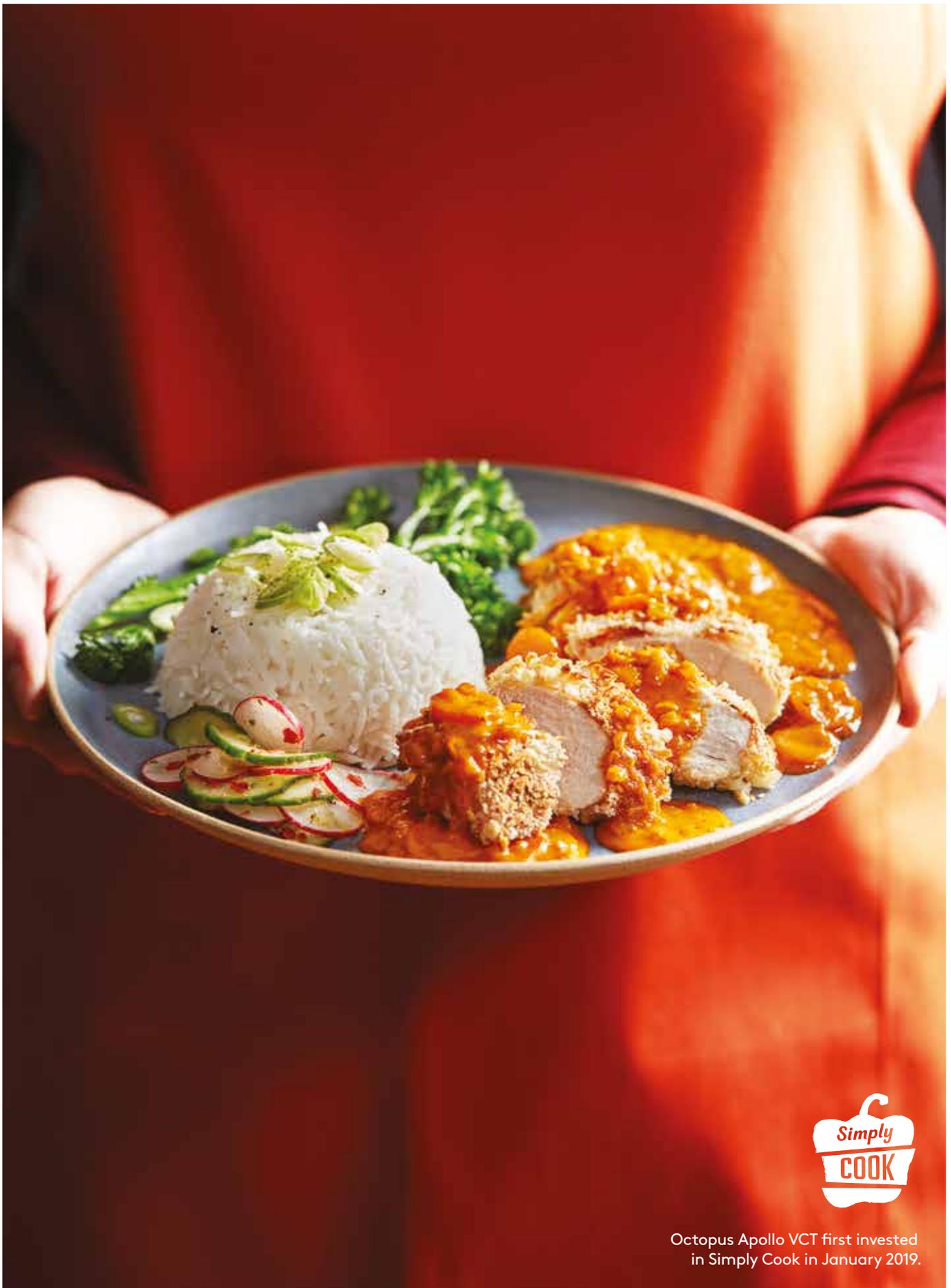
Total value is the sum of the NAV per share in pence for the year to 31 January and cumulative dividends per share in pence since inception for the year to 31 January.

Just to remind you, the NAV is the combined value of all the assets owned by the VCT after deducting the value of its liabilities. The performance shown is net of all ongoing fees and costs (shown on **page 24**). The annual dividend yield is calculated by dividing the dividends paid per annum by the NAV at the start of the period.

### Important information

**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.



Octopus Apollo VCT first invested in Simply Cook in January 2019.

# New share offer

Octopus Apollo VCT is open for investment through a new share offer of up to £20 million, subject to demand. This money will be used to selectively fund investments into new companies, and support the existing portfolio companies.

## Reasons to invest

Octopus Apollo VCT features an existing portfolio of over 50 companies. We invest between £2 million and £10 million in the businesses. When the time is right, we look to sell our stakes in these companies and return any profits to investors in the form of tax-free dividends.

## Applying for shares

Before making an application, it's important that you read the Octopus Apollo VCT prospectus and Key Information Document (KID), available at [octopusinvestments.com](https://www.octopusinvestments.com). As with any investment, there are risks to consider before you decide to invest. Please read about the key risks on **page 22** and in the prospectus for the share offer. We always recommend you talk to a professional financial adviser about whether this investment is right for you. If you decide to invest, you'll need to complete the application form and return it to us. We'll write to confirm we've received your application, and we'll let you know if we need any further information. Please note the minimum investment is £5,000.

## Reinvesting VCT dividends

Apollo gives you the option to reinvest any dividends you are entitled to receive, using the proceeds to purchase more VCT shares. This could increase your shareholding, enabling you to get further income tax relief on the additional shares allotted. To reinvest your dividends, please complete the relevant section on the application form. You can also ask us to do this at any point after investing with us and, of course, you can change your mind at any time. Please be aware that reinvested dividends would form part of your £200,000 annual VCT investment limit.

## Claiming income tax relief after selling VCT shares

HM Revenue & Customs (HMRC) places restrictions on buying and selling VCT shares in the same VCT within a six-month period. This means that if you have recently sold shares in Apollo, you will need to wait six months from the date of sale before investing again in order to benefit from the 30% upfront income tax relief available.



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"At Octopus, we're passionate about supporting businesses. We are delighted to launch this new share offer, enabling Octopus Apollo VCT to continue to finance the growth of proven businesses."

**Paul Latham, Managing Director, Octopus Investments**



Octopus Apollo VCT first invested in Rotolight in February 2019.



# The life cycle of your VCT investment

This section tells you what to expect from your investment over the course of its life.

## Your investment journey

### 1 Making your initial investment

After you've read the prospectus and Key Information Document (KID) – available at **octopusinvestments.com** – you'll need to complete the application form and return it to us. We'll let you know when we've received 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 typically take a few months. Once your shares are allotted, you can check the value of your shares whenever you like using our Octopus online service.

### 3 Your share and income tax certificates

You will receive share and income tax certificates usually within 21 working days of your shares being allotted. These are very important, so please keep them safe as there may be a cost to replace them. In addition, we'll also provide you with a guide to claiming tax relief.

### 4 Keeping you updated

We'll send you annual and half-yearly reports which include updates from the Chairman of the VCT and Octopus Investments, the VCT manager. As a shareholder, we'll also write to you giving you the option to vote on resolutions and proposals (e.g. new fundraises) from the VCT's Board.

### 5 Receiving dividends

When our VCTs pay dividends to you, you can choose to have the dividend 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.

## 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 NAV of the shares. It's worth noting that since previously owned VCT shares do not qualify for the 30% upfront income tax relief, the number of buyers of second-hand VCT shares is, in practice, limited. As a result, selling shares directly into the market can produce a poor result.

### Sell your shares back to the VCT

Because natural demand for VCT shares on the secondary market is limited, Apollo offers a share buyback facility for investors, provided there are funds available. This facility allows existing Apollo 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 a 5% discount to the NAV. Share buybacks are conducted at the Board's discretion, and therefore there can be no guarantees that shares can always be sold on request. It's worth noting, however, that Apollo has a strong record of buying back shares from investors.

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** and we'll send you a copy of our guide to selling VCT shares.

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

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

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

## 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.

## Investments in smaller companies can be volatile

Octopus Apollo VCT invests 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 Apollo 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 could end

There is no guarantee that Octopus Apollo 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 going to print. However, rates of tax, tax benefits and tax allowances do change. Only UK tax payers can benefit from the tax reliefs offered by VCTs. 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.



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"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 investment risks are, before they reach any decision."  
John Averill, Head of Compliance and Risk, Octopus Investments.

# Conflicts of interest

We've built strong relationships with many of the companies in which we invest, and sometimes this can present 'conflicts of interest,' as we explain below.

With these relationships, there's a chance that the interests of one group of investors will be at odds, or present a conflict, with the interests of another group or with the interests of Octopus Investments. We aim to make sure that the interests of our customers are always looked after. 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 on our website, [octopusinvestments.com](https://www.octopusinvestments.com).

## Investing into Octopus funds

Funds from Octopus Apollo VCT may be invested in other Octopus managed products.

## The role of Octopus employees

We often place an Octopus employee on the Board of the companies we invest in, either as an observer or a director. This means we are able to closely monitor the investment we've made on behalf of Octopus Apollo VCT investors. However, this also means that, as company directors, those employees have obligations to all shareholders of the company, and not just Octopus investors.

## Fees from portfolio companies

We may receive fees from the companies that Octopus Apollo VCT invests in (for example, when making or selling our investment in a company, as well as for appointing a representative to the Board of Directors).

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

## Managing conflicts

We have a number of controls in place to manage any conflicts of interest where we cannot prevent them.

These include:

- The Octopus 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.
- In cases where there are a large number of conflicts of interest or they are particularly significant, proposals are reviewed by the Octopus Conflicts Committee, which is responsible for ensuring conflicts are handled appropriately, and whose members are independent of the Development Capital Team and Octopus Apollo VCT.
- As Octopus Apollo 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 who are ultimately responsible for ensuring the investment objectives and policy of Octopus Apollo VCT are carried out.

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

## Four ways to invest in Octopus Apollo VCT

- 1 Through a financial adviser who charges a one-off fee on investments:** You can ask for the one-off cost of the investment advice you receive to be paid on your behalf through the VCT.
- 2 Through a financial adviser who may also charge ongoing fees:** You can choose to pay your financial adviser a smaller initial fee and ongoing fees for as long as you hold the investment. Both of these fees can be paid on your behalf through the VCT.
- 3 Through an 'execution-only' intermediary:** They won't offer financial advice, but they will arrange the purchase of VCT shares for you. They may charge you a commission for this service.
- 4 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.

|                                     |                                                             | Advised (initial only) | Advised (initial and ongoing) | Execution-only | Direct investor |
|-------------------------------------|-------------------------------------------------------------|------------------------|-------------------------------|----------------|-----------------|
| <b>Upfront charges</b>              | Initial fee (to Octopus)                                    | 3%                     | 3%                            | 3%             | 5.5%            |
|                                     | Adviser charges                                             | up to 4.5%             | up to 2.5%                    | –              | –               |
|                                     | Commission (to execution-only intermediary)                 | –                      | –                             | 2.5%           | –               |
| <b>Ongoing annual charges</b>       | Annual management charges (to Octopus)                      | 2%                     | 2%                            | 2%             | 2%              |
|                                     | Adviser charges <sup>1</sup>                                | –                      | up to 0.5%                    | –              | –               |
|                                     | Commission (to execution-only intermediary) <sup>1</sup>    | –                      | –                             | 0.5%           | –               |
|                                     | Direct application ongoing charge (to Octopus) <sup>1</sup> | –                      | –                             | –              | 0.5%            |
|                                     | Admin and accounting charge (to Octopus)                    | 0.3%                   | 0.3%                          | 0.3%           | 0.3%            |
| <b>Performance fees<sup>2</sup></b> |                                                             | 20%                    | 20%                           | 20%            | 20%             |

<sup>1</sup>Ongoing adviser charges, direct charges or commission are paid for a maximum of nine years after the investment date. If you choose to pay your adviser less than the maximum amount shown in the table, Octopus Apollo VCT will use the money left over to buy more VCT shares for you. Similarly, if your execution-only intermediary chooses not to take any upfront commission, this amount will instead be used to buy additional VCT shares for you.

<sup>2</sup>Octopus may charge a 20% performance fee. In order to be eligible to do so the NAV plus cumulative dividends of the Octopus Apollo VCT at the year end (31 January) must exceed the previous highest NAV plus cumulative dividends (net of performance fee already taken). In this case Octopus will charge a 20% performance fee on the excess.

For full details on the performance fee and other fees please see the prospectus and KID. Both documents are available on our website, [octopusinvestments.com](http://octopusinvestments.com).

The minimum investment is £5,000.

# How to invest

## If you have a financial adviser

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

## If you are investing directly

If you have any questions, you can call our Client Relations 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, 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.



## Giving us 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**.



0800 316 2295  
clientrelations@octopusinvestments.com  
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