
OCTOPUS

EUREKA EIS

PORTFOLIO SERVICE



Octopus Eureka EIS Portfolio Service

offers investors the potential to generate higher returns from a portfolio of early stage UK companies. This is combined with income tax relief, capital gains tax deferral and inheritance tax relief.

It is very important that you read and fully understand the risks involved with this investment so that you can decide whether it is right for you. The value of an investment in this product may go down as well as up and you may not get back the full amount invested. Investments in unquoted companies are not readily marketable and may take several years to realise the timing of which cannot be predicted.

Please remember that tax rules and regulations are subject to change. The key risks associated with this product are explained on pages 10 and 11 of this brochure. Please note that all the figures and information provided within this document are correct as at August 2013.

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WELCOME TO OCTOPUS

As an investor with us, you're our priority; part of a growing community of investors who have trusted us to manage their money.

At Octopus, the needs of our customers are central to what we do. From product design to investment management to customer service, we always have you in mind. We work differently from other investment companies, and it's a welcome change for many. In the thirteen years since we launched, we've seen the number of people choosing to invest with Octopus grow to over 50,000, with funds under management now at over £3 billion.

One of the areas where we're leading the market is in Enterprise Investment Schemes (EIS). We've developed a range of EIS products in response to customers' needs, and established ourselves as the largest provider of EIS solutions in the UK, with more than £400 million invested across our EIS range.

Octopus Eureka EIS is part of that range that combines significant tax benefits with the potential for higher returns. It is a compelling investment vehicle which gives individuals the opportunity to invest in high-growth, early stage companies with risks buffered by multiple tax benefits.

As with any investment product, it's important to note that past performance is no guide to future performance. It's really important that you read and fully understand the risks involved so that you can decide whether it is right for you. These are outlined on pages 10 and 11 of this brochure.



I hope you find this brochure clear and easy to understand. We always recommend that you speak to your financial adviser before investing, but if you have any questions – or if it would help to speak to one of the fund managers – please call us on **0800 316 2295**.

A handwritten signature of Simon Rogerson in orange ink. The signature is written in a cursive, flowing style.

Simon Rogerson
Chief Executive

OCTOPUS EUREKA EIS

A compelling solution with the potential to deliver higher returns, and a series of tax benefits that address real investor challenges.

Enterprise Investment Schemes (EIS) allow investors to access a number of tax benefits in a relatively simple structure, helping them reduce their tax burden and potentially generate an attractive return. They can be used to reduce income tax liabilities, address capital gains tax issues or potentially eliminate inheritance tax.

At the same time, some investors are willing to take on a higher level of risk in the pursuit of stronger returns. These individuals need products where they can easily invest in early stage, fast growth companies, but may not know how to access a reliable flow of investment opportunities.

Octopus Eureka EIS addresses both of these challenges – it allows investors to access both the tax benefits and a regular flow of fast growing companies in which to invest.

OCTOPUS VENTURE PARTNERS

The competitive advantage of Octopus Eureka EIS lies in the Octopus Venture Partners. This is a group of more than 100 highly successful entrepreneurs and business people, including ex-FTSE 100 Chairmen and Chief Executives. They introduce investment opportunities to Octopus and our investors, they provide support and guidance to the portfolio companies, and they co-invest their own money alongside the unquoted holdings in the Octopus Eureka EIS. More details about the Venture Partners can be found on page 7.

Richard Power
Octopus



The Eureka tax advantages provide you with a significant head start in comparison to more traditional investment products.

THE TAX BENEFITS

Five different tax benefits combine to make Octopus Eureka EIS a very useful addition to many investors' portfolios.

Enterprise Investment Schemes can help investors generate an attractive return by investing in early stage companies with higher growth potential, combined with multiple tax benefits:

30% UPFRONT INCOME TAX RELIEF

You'll receive 30% tax relief on the amount invested in EIS qualifying companies against your income tax bill for the year of investment, up to a maximum of £1 million invested. In addition, you also have the option to carry back tax relief to the prior tax year, on further investments (limited to £1 million for the 2012/13 tax year). Investments need to be held for at least three years for the benefits to be retained.

Please note, not all your investments will necessarily fall in the same tax year.

CAPITAL GAINS TAX (CGT) DEFERRAL

CGT, say from the sale of shares or a second property, can be deferred for the life of the EIS investment. You can defer any gains made in the three years prior to, or the year following, the date your investment into the EIS companies is made.

LOSS RELIEF

At the current rates of income tax up to 45% loss relief may be available on any holdings that are realised at a loss, helping to offset the effect of any assets which under perform in the overall portfolio.

John Thorpe
Octopus



UP TO 100% INHERITANCE TAX (IHT) RELIEF

The companies we invest in will also qualify for Business Property Relief. This means that investments made through Eureka can be exempt from inheritance tax (IHT) after just two years (from the point at which the investment into the underlying EIS company is made). In order to qualify, the investments must also be held at the time of death.

TAX FREE GROWTH

All capital gains made from EIS investments are tax free (when held for the minimum three year holding period). Given the higher returns targeted by Octopus Eureka EIS, this is an important tax benefit, allowing investors to include smaller companies in their investment portfolio in a highly tax efficient manner.

INVESTMENT APPROACH

Our investment approach combines the smaller company expertise from both our quoted and unquoted teams, who together analyse thousands of business opportunities every year.

Octopus looks to invest in exceptional small businesses across a range of industry sectors, where we believe there is the potential for significant capital growth.

We will typically invest your money in a portfolio of at least ten EIS qualifying companies. This will comprise investments in both unquoted companies and those listed on the Alternative Investment Market (AIM), part of the London Stock Exchange. Typically, these investments will be made over a 12 to 24 month period.

To understand and evaluate each investment opportunity, we go through a rigorous process that involves spending time with a company's management team, evaluating the competitive landscape and reviewing their finances. We conduct full and extensive due diligence on every company we plan to invest into – a full 'look under the bonnet'. We'll only invest when we're confident that we've found the right company, at the right price.

We carry out over 500 AIM company meetings annually. In the unquoted sector, we'll review over 3,000 business opportunities each year, looking for strong entrepreneurial management teams and a compelling vision of how the company can grow. Here, we are regularly supported by the Octopus Venture Partners.



We really try to get under the skin of the companies in which we are investing your money – we want to be sure it's in the right place.

OCTOPUS VENTURE PARTNERS

Our unique way of providing companies with not only finance, but also expertise and ongoing guidance, from people who have been there and done it before.

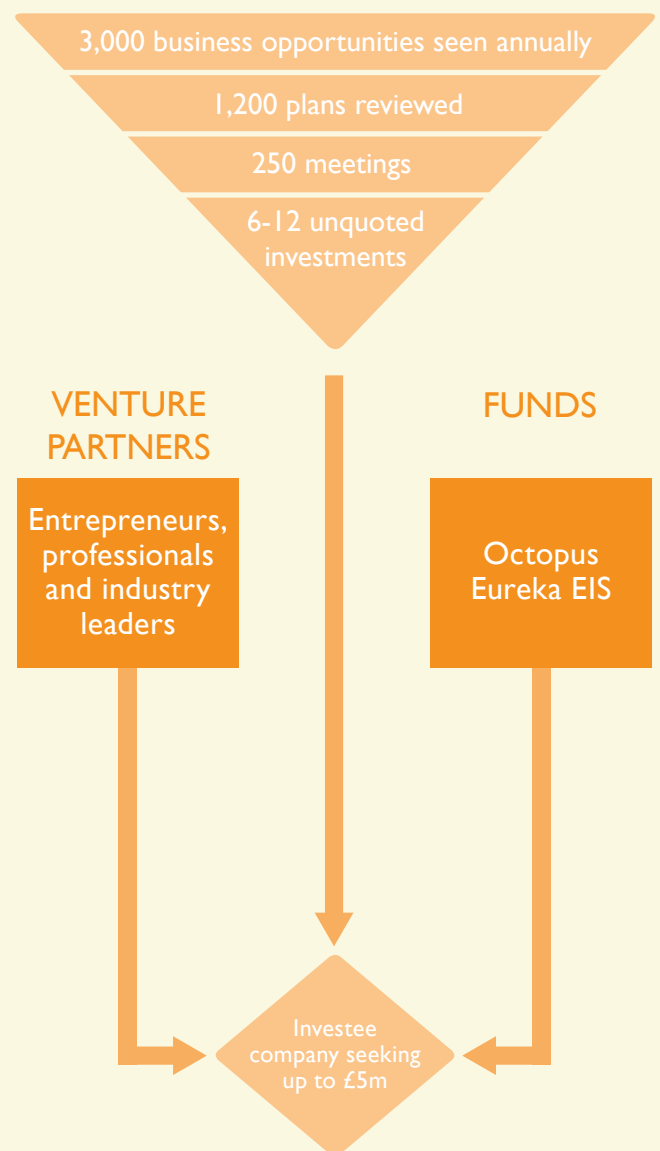
The investments we make into unquoted businesses utilise the expertise of the Octopus Venture Partners.

The Octopus Venture Partners are a group of over 100 entrepreneurs and business experts who co-invest alongside Octopus Eureka EIS. They include a number of ex-FTSE Chairmen and Chief Executives, as well as recognised 'Captains of Industry'. They share our passion for business and use their contacts and experience to help the investee companies succeed.

We involve members of the Octopus Venture Partners at an early stage in our investment decision making process, often engaging partners with relevant industry experience as part of our initial due diligence. This enables us to quickly identify outstanding opportunities into which Octopus Eureka EIS can invest.

The Octopus Venture Partners also bring potential investee companies to Octopus, which allows us to access unique opportunities ahead of the rest of the market.

This was more evident than ever during the Octopus Eureka EIS investment into Graze (2009), the innovative company which delivers healthy food directly to your desk or home by post. During the investment process, an Octopus Venture Partner with food industry experience was so excited by Graze, he made a significant financial investment and joined the board of directors of the company to help represent our investment until 2012. He later created an advisory board of six other highly respected food industry heavyweights, helping the company continue its rapid growth. With the growth of the investment, EIS investors were able to exit from the business with a significant multiple of their original investment, demonstrating the opportunities to individuals backing early stage high growth businesses.



This diagram is for illustrative purposes only.

INVESTMENT TEAM

Octopus Eureka EIS brings together a number of our most experienced investment professionals into a diverse and expert investment team.

UNQUOTED

Investments into private companies are managed by the Octopus Ventures team, which specialises in investing into small fast-growing companies that are not listed on any stock exchange. The team numbers over 15 with a wide variety of backgrounds including former entrepreneurs, professionals, academics and industry experts.

ALEX MACPHERSON

As head of the Ventures team, Alex has built his professional reputation on identifying, assessing and nurturing talented young businesses. He started his career with SG Warburg before becoming fascinated with small business, getting extensive experience of investing into just such companies, and co-founding Katalyst Ventures which he led, before its sale to Octopus in 2007.

JO OLIVER

Having run several businesses of his own, from publishing surf books to property development, and having made numerous angel investments, including many as an Octopus Venture Partner, Jo joined the Ventures team in 2009. He is involved in the investment process, portfolio management and fundraising activity. Prior to Octopus and founding his own businesses, he spent 14 years working as a research analyst at NatWest, Merrill Lynch and Lehman Brothers, where he was the No 1 rated equity research analyst in the European mobile telecoms sector.

QUOTED

Investments into AIM shares are managed by the Octopus Small Cap team, which has extensive experience and a strong track record. All six members of the team work exclusively on AIM mandates. They carry out over 500 company meetings every year and manage funds of over £250 million in AIM quoted companies.

RICHARD POWER

Richard joined Octopus in 2004 and has 18 years' experience managing UK smaller company funds. He previously worked at Close Brothers and Duncan Lawrie. Richard also manages the CFIC Octopus UK Micro Cap Growth fund which focuses on growing AIM companies.

ANDREW BUCHANAN

Andrew joined Octopus in 2008 bringing over 35 years' investment experience. Andrew previously worked at Close Brothers where he had managed AIM portfolios since 2001. Andrew launched the first fund to be focused on AIM in 1995.

PAUL STEVENS

Paul joined Octopus in 2005 after having graduated with a BA in Politics, Philosophy and Economics from the University of York. He has been awarded the Chartered Financial Analyst (CFA) designation and has passed the Investment Management Certificate (IMC). Paul is co-manager to the CF Octopus UK Micro Cap Growth fund, he is also focused on the AIM EIS portfolios and providing analytical support on companies and sectors for the rest of the team.

INVESTMENT EXAMPLES

We believe this is a great time for investors in smaller companies – valuations remain low but, with little bank lending, the best companies need alternative investment more than ever.

Here are some examples of the smaller companies Octopus Eureka EIS has already invested into on behalf of investors. Please note, these particular companies are unlikely to form part of a new Eureka EIS portfolio.

AMPLIENCE INVESTED IN DEC 2010

Amplience is a Rich Adaptive Media Platform that simplifies the production of interactive lifestyle, campaign and product media. Its platform empowers sales and marketing teams to create rich, engaging campaign media that works in all digital channels including Facebook, affiliates, blogs, emails and landing pages on their websites. The Amplience Platform is all you need to create everything from promotional banners and catalogues to rich lifestyle content apps – then rapidly optimise and deliver them across tablets, mobiles, kiosk and beyond, all with its simple and intuitive tools and advanced publishing technologies.

Amplience transforms digital channel economics, reducing overall production costs by 90% and driving significant productivity improvements. As a result, digital marketing and merchandising teams produce more relevant experiences across more customer touch points, to improve conversion and average order values by double digit percentages. Customers now include Anthropologie, BooHoo.com, Halfords, LK Bennett, M&S, Morrisons, and Superdry, amongst others.

ZOOPLA PROPERTY GROUP INVESTED IN JAN 2009

Zoopla Property Group owns and operates some of the UK's leading online property brands including Zoopla.co.uk and Primelocation.com. Over 16,000 estate agent and lettings agent branches across the UK advertise on Zoopla's websites each month

in addition to the leading new homes developers. Zoopla's websites attract over 25 million visitors a month and generate over 2 million enquiries per month for their member estate/letting agents and property developers.

In addition to operating Zoopla.co.uk and Primelocation.com, Zoopla exclusively powers the property search channels on various UK websites including The Times, The Telegraph, Independent, Evening Standard, The Daily Mail, Homes & Property, MSN, and Homes24. Founded in 2007, other shareholders include dmg media following a successful merger with the division of DMGT in 2012.

The merger brings together a complementary set of brands including Findaproperty.com, Zoopla and Primelocation and will benefit estate agents and house builders across the UK, creating a clear alternative in a market that has had a single dominant player for a number of years.

EKF DIAGNOSTICS INVESTED IN JUNE 2010

EKF manufactures and distributes point of care diagnostic devices, relating to the measurement of glucose, lactate, haemoglobin and other chemical compounds. It's looking to capitalise on the increasing global healthcare market trend to more pro-actively address the early detection and causes of diseases such as diabetes. It has sales and distribution channels in over 65 countries, including the US, Europe and Russia. EKF's products are geared to growth areas of the market, for use in both in centralised labs and at the point-of-care. EKF is headed by a Chairman and Chief Executive who both have an exceptional track record of delivery in the sector.

THE RISKS

Investing always means taking some element of risk – we're here to help you understand what that means for your money.

This investment product may not be suitable for all investors. Potential investors are recommended to seek independent advice before investing. Please note that Octopus is not able to provide you with advice about whether you should invest in this product.

PAST PERFORMANCE

Past performance is no guide to future performance and there is no guarantee that Octopus Eureka EIS will achieve its objective. We can make no guarantee of investment performance or the level of growth that will be generated.

RISK TO CAPITAL

Octopus Eureka EIS invests into the shares and securities in unquoted companies, or companies quoted on AIM. Your capital and the investment return is not guaranteed and you may not receive back all the money you invest. You should consider Octopus Eureka EIS a long term investment. Investments in unquoted and AIM traded companies are likely to be more volatile and present a higher risk to your capital than those on the London Stock Exchange official list. The rules governing which companies qualify for EIS relief means that investments will necessarily need to be made into small, early stage and high risk companies. You should not invest in this product unless you have thought carefully about whether you can afford it, and whether it is right for you.

Paul Latham
Octopus



LIQUIDITY RISK

Investments in unquoted and AIM companies made by Octopus Eureka EIS are likely to be less liquid, than for example, companies on the London Stock Exchange official list. Consequently whilst we will always attempt to redeem your investment upon receipt of a withdrawal request, this will not always be possible.

Specifically investments in unquoted companies are not readily marketable and may take several years to realise, the timing of which cannot be predicted.

Octopus Eureka EIS is not designed to be held for the short-term. Investments into qualifying companies have to be held for at least three years to retain the EIS reliefs, and may need to be held for much longer in order to realise their full potential value.

CURRENT LEGISLATION

Rates of tax, tax benefits and allowances described in this brochure are based on current legislation and HM Revenue & Customs (HMRC) practice and depend on personal circumstances. These may change from time to time and are not guaranteed.

Octopus does not provide advice and potential investors are recommended to seek specialist independent tax and financial advice before investing. Octopus Eureka EIS has been designed with UK resident taxpayers in mind. If you are not resident in the UK for tax purposes, it may not be appropriate or advantageous for you to invest in Octopus Eureka EIS.

EIS APPROVAL

We will invest in companies which we reasonably believe to be EIS qualifying companies at the time of investment but please be aware that there is no guarantee that such companies will remain EIS qualifying companies at all times thereafter, or that EIS tax reliefs will be available to investors. A failure of a qualifying company to meet the EIS requirements could result in the withdrawal of EIS tax benefits that have already been obtained and the requirement to repay any rebated tax. There is no guarantee as to the timing of the availability of the EIS3 certificates that are needed in order to claim EIS tax benefits. Your obtaining the EIS tax benefits is subject to you making the appropriate filings with HM Revenue & Customs. Please note, you will need to hold the investment for at least three years to retain the benefit from the EIS tax reliefs.

Henny Dovland

Octopus



THE CHARGES

We try to make our products and charges crystal clear, but if you have any questions please speak to your financial adviser or call us on **0800 316 2295**.

INITIAL CHARGES

OCTOPUS INITIAL CHARGE

The Octopus initial charge of 2.5% inclusive of VAT will be deducted from the amount invested. For direct applications and non-advised applications where intermediary commission is requested, the charge is 5% inclusive of VAT.

ADVISER CHARGES

Adviser charges are costs that you have agreed with your adviser, in payment for the advice they have provided to you. If agreed between you and your adviser, Octopus can facilitate adviser charges from your investment. We will deduct these charges from the amount on your application form and pay them to your adviser.

Please note that these initial charges will reduce the amount invested and so may affect the final value of your investment and the tax reliefs you are able to claim.

ONGOING CHARGES

OCTOPUS ANNUAL MANAGEMENT CHARGE

There is an Octopus annual management charge of 1.5% plus VAT of the value of your portfolio per annum, paid quarterly. For direct and non-advised applications the Octopus annual management charge is 2% plus VAT of the value of your portfolio per annum, paid quarterly.

Dealing charges of 1% will apply on the purchase and sale of shares.

ADVISER CHARGES

You may instruct Octopus to facilitate an ongoing adviser charge from your investment, which will be deducted from uninvested cash on your portfolio on a quarterly basis and paid to your adviser.

These changes will reduce the net return and the amount of income tax relief available to you.

In the event that there is insufficient cash to pay ongoing charges the fees will be accrued on your account until such time as a realisation or income on your portfolio facilitates the payment.

PERFORMANCE FEE AND OTHER CHARGES

A performance fee of 20% of any realised profit (plus VAT, if applicable) is payable on Octopus Eureka EIS, as long as:

- An investor has received at least the gross amount they invested into Octopus Eureka EIS (ignoring all tax reliefs) back, and
- At least three years have passed since the date of the investor's initial investment into Octopus Eureka EIS.

Assuming both these conditions have been met, any performance fee due will be deducted from the proceeds following the sale of an investor's shares in an underlying investee company, as and when those sales take place.

Octopus retains the right to charge arrangement, monitoring and exit fees to the private companies in which Octopus Eureka EIS invests. The costs of all deals that do not proceed to completion will be borne by Octopus.

COMMISSION APPLICATIONS

For non-advised (execution only) applications up to 2.5% of the Octopus initial charge may be payable to an introducing agent, if you have one.

Your introducing agent will receive an annual trail commission of 0.5% each year, which is paid by Octopus.

CLAIMING YOUR TAX RELIEF

We always work closely with your financial adviser to ensure your tax benefits are delivered in a timely manner, and that we keep you updated throughout the process.

Octopus Eureka EIS is a discretionary portfolio service and is not a pooled investment, collective or fund. The investments we make on your behalf will be held in your name and the tax reliefs and deferrals are generated as and when your money is invested in qualifying companies.

The relevant date for income tax relief, from a tax year perspective, is the date on which investments are made into each of the qualifying companies. It is not the date on which you invest into the product or the date you receive the EIS3 certificates. Typically we aim to invest your money within 12 to 24 months.

After each company into which we have invested has been trading for a period of four months (which may already have happened) the company will apply to HM Revenue & Customs for permission to issue you with an EIS3 certificate. This certificate enables you to claim your income tax relief and capital gains tax deferral.

You will receive one EIS3 certificate for each of the investments over the course of the 12 to 24 month investment period, meaning your tax relief could be spread over multiple tax years.

The latest date you can claim for EIS relief is five years after 31 January following the tax year to which the claim relates.

Dominique Butters
Octopus



Although Octopus cannot guarantee the speed at which the EIS3 certificates will be issued, we promise to work with the investee companies to try to minimise delays and we commit to keeping you informed throughout the process. Typically you will not receive these for a number of months after each investment.

As the market leader in EIS, we've already helped thousands of investors claim their tax relief.

QUESTIONS AND ANSWERS

We've tried to answer the most common questions here, but we know each of our investors is different, so get in touch if there's something you want to ask, please call us on **0800 316 2295**.

WHAT IS THE MINIMUM I CAN INVEST?

The minimum investment into Octopus Eureka EIS is £25,000 and there is no maximum. Once you are an investor, additional contributions of a minimum of £5,000 can be made at any time.

HOW DO I FOLLOW THE PROGRESS OF MY INVESTMENT?

A valuation statement will be sent to you every three months, but you access them online on our secure service portal or can call us at any time on **0800 316 2295**.

CAN I WITHDRAW MONEY FROM OCTOPUS EUREKA EIS?

You may give notice to withdraw money at any time. However, your investments in unquoted companies are not readily marketable and the timing of any realisation cannot be predicted. As such, you should be prepared to retain these investments until Octopus Eureka EIS exits from them which may be years in some cases. With respect to any investments in AIM companies, you should expect to receive funds relatively quickly although this will depend on the size of the holding and liquidity of the shares on AIM – the team will keep you advised of progress. Very large transactions may take longer but you will be kept informed throughout the process. The proceeds of exits from individual holdings will be reinvested until such time as a withdrawal is requested.

There are also potential tax consequences of withdrawing money. If the three-year holding period for an individual investment that is sold has not been completed, any income tax relief received in respect of that investment will have to be repaid and (if applicable), a portion of the deferred capital gains liability will become payable once again. The money withdrawn will also not be exempt from inheritance tax.

HOW ARE CAPITAL GAINS TREATED?

EIS gains are not subject to capital gains tax for qualifying investors assuming the shares are held for at least three years.

HOW DO I APPLY?

After you have read this brochure please read the Terms and Conditions and complete the Octopus Eureka EIS application form available from our website or your financial adviser. You may invest by cheque or via bank transfer. Your application form (and cheque if appropriate) should be sent to Octopus Investments Limited, PO Box 10847, Chelmsford CM99 2BU.

WHAT SHOULD I EXPECT AFTER I INVEST?

We'll write to let you know we've received your application. Because we aim to process applications the same day we get them, you should receive confirmation within a few days. After that we'll send you a contract note each time we invest your money into a company along with information on why we've decided to invest. Once the EIS3 certificate is available for each company, we'll send it to you so you can claim your tax relief.

You'll also receive a valuation report in the post, after the end of each quarter. The report includes information on trading and investment activity over the report period as well as the current value of your investments. If you ever have any questions about your investment or would like to speak to the people managing your money, you can call or email us. We're always happy to hear from you.

ABOUT OCTOPUS

Octopus is an award-winning company built around the needs of our investors.

OUR APPROACH

Octopus is an investment company with a difference. We don't believe in the 'me-too' approach to launching investment products and we don't hide behind industry jargon. Instead, we're straightforward in our communications and disciplined in our product design – we only launch products which solve real customer problems and where we're confident that they will deliver what we say they will.

This has been our mission since Octopus was founded in 2000. Thirteen years on, we're one of the UK's fastest growing fund management companies. We can count on the support of more than 3,000 wealth managers and financial advisers and 50,000 investors. Together they trust us to manage more than £3 billion on their behalf.

We invest solely in areas of the market where we see value and where hard work pays off. Wherever possible we use government-approved tax wrappers that not only reward investors for supporting the UK economy, but also serve to enhance the risk/return profile of our solutions.

OUR CREDENTIALS

Over the last decade, Octopus has won a number of awards for its products and customer focus. We've twice been voted one of the best 100 SMEs to work for and in November 2012 we were awarded the **Financial Adviser 5 Star Award** for quality service from investment product providers. Our obsessive approach to customer focus means that in an industry where investment companies typically see a fifth of their customers leave every year, we lose just a fraction of this.



Hugi Clarke
Octopus

WHAT NEXT?

You should talk to your financial adviser about investing in Octopus Eureka EIS. If you decide to invest, please ensure you read the Customer Agreement and complete the relevant application forms. Copies of the application form and terms and conditions are available from your financial adviser or via octopusinvestments.com.

Investing with Octopus should be a simple, enjoyable experience.

OCTOPUS EIS PRODUCTS

Terms and Conditions

SECTION 1 – PRODUCT TERMS

I. About this document and our agreement with you

I.1 This document (which is referred to throughout as the “*terms*”) is important and you should read it carefully along with the latest versions of the other following important documents:

- your completed and signed *application form* which is applicable to the specific *EIS service* you have selected, which amongst other important items, includes details about applicable charges and expenses; and
- the *brochure* that accompanies your *application form* – which, amongst other important items includes details about applicable charges and expenses, the investment objectives and restrictions that will apply to your *portfolio*, and a number of important risk warnings.

I.2 These *terms* together with the above documents constitute our agreement with you (which we refer to as our “*agreement*”). However, for the avoidance of doubt, the provisions contained in *these terms* will take precedence if, for any reason, there is any inconsistency or conflict between those provisions and the other documents referred to above.

I.3 Our *agreement* governs the provision of your *EIS service*. It is a legally binding contract under which we both have rights and obligations that we owe to each other. Our *agreement* supersedes any previous terms and conditions and/or related amendments which may have previously governed the basis on which we provided your *EIS service* and, depending on the circumstances, will either

be effective from a date specified by us or the commencement date as provided in clause 10.1.

I.4 You should note that there are other materials which explain the basis on which we provide our services. However, those materials do not form part of our *agreement*. These materials include:

- the *order execution policy*; and
- the *conflicts policy*.

I.5 We know that there is a lot of information here, but it is important that you read and understand the *agreement* and the risk warnings and policies referred to above before you complete your *application form*. **If you have any questions, we recommend that you consult a financial adviser who is appropriately qualified and authorised to give investment advice. You can also call us on: 0800 316 2295.**

I.6 You will see that these *terms* are divided into two separate sections:

- this **First Section** is headed “Section 1 – *Product terms*”. This section contains the terms and conditions that apply to the services we provide to you under the *agreement*; and
- the **Second Section** is headed “Section 2 – *Glossary*”. This section contains a number of words which have a specific legal meaning when used in these *terms*.

2. Meaning of certain words used in these terms

2.1 There are a number of words and phrases which have a specific meaning when used in these *terms*. So, throughout these *terms*:

- “we”; “us”; “our”; and “Octopus” refers to Octopus Investments Limited;
- “you”; or “your” refers to the person(s) named in the *application form* to whom we are providing services; and
- “your EIS service” refers to the specific services you wish to receive from us in accordance with the EIS product you have selected, as stated in your *application form*.

All other words and phrases which have a specific meaning when used in these *terms* are set out in the glossary. You will be able to identify these words because they will be written in italics.

3. What are the services, and who provides them?

- 3.1 Octopus currently offers two different *EIS* products which are designed to invest your *portfolio* in investments which qualify for *EIS relief* (which we refer to as “*qualifying investments*”) – these are:
- the *Octopus EIS service (and formerly the Octopus Protected EIS service)*; and
 - the *Octopus Eureka EIS service*.
- 3.2 The *brochures* which relate to each of the *EIS* services describe how each of these work in detail, and the services we provide in respect of each of them. Your duly completed *application form* will specify the particular *EIS service* you have selected and therefore which of these services you wish to receive from us.
- 3.3 Your *EIS service* is designed to invest your *portfolio* in *qualifying investments*. However, you should note that we are unable to give any guarantees or assurances that such investments are, or will remain, *qualifying investments*.
- 3.4 The assets held within your *portfolio* will be held by *Octopus* either through its *nominee company* or through an *eligible custodian* (which may depend on the nature of the investment in question). Any cash within your *portfolio* will be held by *Octopus*

through its *approved bank*. These arrangements are explained further in clauses 21 and 22 of these *terms*.

- 3.5 For the avoidance of doubt, where we make any further reference in these *terms* to the *application form* or the *brochure* – this is a reference to those specific documents that apply to your *EIS service*.

Important regulatory information

4. Your status and our status

- 4.1 We have categorised you as a *retail client* in accordance with the *FSA rules* and you should be aware that this categorisation generally attracts the highest level of protection under the financial services regulatory regime in the United Kingdom. You have the right to request a different client categorisation and we will always consider your request, although we are not bound to accept it. If we do accept your request, you will lose the protection afforded to you as a *retail client* under the regulatory regime in the UK.
- 4.2 Octopus is incorporated in England and Wales with company number: 03942880 and our registered office is at: 20 Old Bailey, London, EC4M 7AN, United Kingdom. Octopus is authorised and regulated in the United Kingdom by the Financial Services Authority under Firm Reference Number: 194779. Details of our registration can be located via the *FSA's* website at fsa.gov.uk. The *FSA's* current address is: 25 The North Colonnade, London E14 5HS.

5. What you should do if you have a complaint

- 5.1 We pride ourselves on delivering a first-class service to our clients, but we recognise that there are times when things go wrong, and we may fall short of your expectations. If you have a complaint, you can contact us by phone on: **0800 316 2295**, by email or in writing. You can ask us for a copy of our complaints-handling procedure at any time.

5.2 Complaints that we are unable to settle may be referred to the Financial Ombudsman Service (“FOS”). The FOS is an independent service set up to resolve disputes between customers and businesses providing financial services. The FOS can be contacted at: South Quay Plaza, 183 Marsh Wall, London E14 9SR and further information about the FOS may be found at financial-ombudsman.org.uk.

6. The Financial Services Compensation Scheme

6.1 We are a participant in the Financial Services Compensation Scheme (the “FSCS”). As a *retail client* you may be eligible to claim compensation from the FSCS in certain circumstances if we, any *approved bank*, our *nominee company* or *eligible custodian* are in default. Most types of investment business are covered in full for the first £50,000 of any eligible claim. Not every investor is eligible to claim under this scheme: for further information please contact us, or the FSCS directly at fscs.org.uk.

Communications

7. Our communications with each other

- 7.1 We will communicate with you in English. All of our documentation and any other information that you receive from us will be in English.
- 7.2 Save for those instructions mentioned in clause 7.3 which must be made in writing, you can give us instructions in relation to the provision of our services either in writing or by telephone. Our telephone lines that are used for receiving instructions may be recorded. We will not usually accept instructions from you by fax or email. We will only act on such instructions at our discretion, where we believe that the instruction is genuine.
- 7.3 In all circumstances, instructions concerning changes to the important information which we hold about you must be given in writing. This information includes: your address details; your bank details; and any instructions to withdraw money or investments from your *portfolio*. If

you have any queries about how you should be communicating certain information to us you can phone us on: **0800 316 2295**.

7.4 We are entitled to rely upon the information provided by you, unless we are aware that the information is manifestly out-of-date, inaccurate or incomplete. This includes information contained in your *application form*. If you do not provide us with the information requested in the *application form* (or any further information requested by us), we may not be able to provide our services to you.

Operation of your EIS service

8. Grant of Discretionary Authority

- 8.1 Subject to clause 22.9, by entering into this *agreement*, you grant to us the exclusive right to manage your *portfolio* at our sole discretion and without prior reference to you or your *adviser* and to select and manage investments which correspond, or appear to correspond, with the objectives and principles of your *EIS service* as set out in the brochure. We will, normally acting as your agent, have complete discretion to buy, sell, retain, convert, exchange or otherwise deal in investments and other assets of your *portfolio*, make and withdraw deposits, apply for issues and offers for sale and accept placings, underwritings and sub-underwritings of any investments, effect transactions on any markets or exchanges, negotiate and execute counterparty and account opening documentation, take all routine or day-to-day decisions and otherwise act as we think appropriate in relation to the management of the *portfolio*, but subject always to the provisions of our agreement. In accordance with the *brochure*, we will acquire investments for your *portfolio* which we reasonably believe at the time of acquisition to be *qualifying investments*.
- 8.2 There is no restriction on the amount invested in any single investment, or on the proportion of your *portfolio* in any single investment, or any particular type of investment, or on the markets

on which transactions are effected, unless otherwise specified in the *brochure*. You should note that if we sell *qualifying investments* on your behalf, there may be tax consequences about which you should speak to your *adviser*.

- 8.3 You grant to us the right (following your initial investment or any further investments) to hold your uninvested cash in a money market fund pending investment.
- 8.4 You acknowledge receipt of and confirm your understanding of the *brochure* and the risk factors set out in it and acknowledge and agree that we have not provided you with advice about the suitability of this product for your requirements.
- 8.5 You warrant that the cash and assets subject to our management under the *agreement* belong to you and shall at all times belong to you and remain free from any charge, lien, pledge or encumbrance (this means that there are no third parties who could claim any rights over such cash and assets), that you have legal power and authority to enter into and be bound by the *agreement*, and that all information that you have provided to us (including the information provided in your *application form*) is true, accurate and complete in all material respects and you have not omitted any information which may be material in respect of *your EIS service*. We will have no responsibility or liability to you if such information is untrue, inaccurate or incomplete in any material way (save in the case of our own negligence, wilful default or fraud). You agree to notify us in writing as soon as reasonably practicable if any information you have provided needs to be updated or is no longer correct.
- 8.6 You acknowledge that the investment objectives and restrictions applicable to *your EIS service*, as set out in the *brochure* will not be treated as breached as a result of events or circumstances beyond our reasonable control.
- 8.7 You should be aware that the investments in your *portfolio* are unlikely to be classified as “readily

realisable”. This means that it may be difficult or, in some cases, impossible to sell them. It is open to you to have your investments transferred to you should you wish to withdraw or if you wish to terminate your agreement with us.

9. Our role is limited – we do not provide investment advice

- 9.1 You acknowledge that Octopus does not give any investment or tax advice and we therefore recommend that you seek advice from your *adviser* or consult another financial adviser that is appropriately qualified and authorised to give investment advice. If we do provide you with information on particular investments, markets (such as market trends), or the performance of selected companies; this should not be viewed as a personal recommendation or advice and is provided strictly for your information only.
- 9.2 You acknowledge that Octopus has no responsibility for monitoring any on-going service which may be provided by your *adviser*.
- 9.3 You acknowledge that other than in respect of our obligations under the *agreement* we are not responsible for providing you, and we have not provided you with any investment advice, any tax advice, or personal recommendations in respect of your *portfolio* or in relation to your decision to invest. We shall not be liable for any losses you suffer or incur as a result of acting or deciding to act on the advice or recommendation of any third party (including your *adviser*) in relation to our services.
- 9.4 You acknowledge that it is your responsibility (or the responsibility of your *adviser*) to keep your financial circumstances, objectives and appetite for risk under review, and to assess whether *your EIS service* remains suitable for your needs.
- 9.5 We reserve the right not to accept your application if you have not received advice from an *adviser* who is suitably qualified and authorised.
- 9.6 If the relationship between you and your *adviser* ceases to exist for any reason, we would strongly

recommend that you appoint a new *adviser* to ensure that *your EIS service* remains suitable for you.

- 9.7 If you choose to cancel your *adviser's* ongoing service you don't have to terminate *your EIS service*. However, you should note that we reserve the right to charge you an additional fee to reflect the additional cost to us in providing the service in such situations.

10. Opening your investment account and commencing your EIS service

- 10.1 We will only start to provide *your EIS service*, and our agreement will commence, once we have received your duly completed *application form*, have successfully and to our satisfaction undertaken the customer due diligence checks required by the *applicable rules*, confirmed acceptance of your application and have received your cleared funds. We reserve the right not to accept any application where to do so may lead to a breach of the *applicable rules*. With this in mind, we will not accept any transfer of funds into your *portfolio* until we have completed to our satisfaction the customer due diligence checks required by the *applicable rules*.

- 10.2 The customer due diligence procedures referred to in Clause 10.1 above include requiring proof of your identity and of your address. We may undertake an electronic search for the purposes of verifying your identity and address. To do so, we may check the details you supply against your particulars on any database (public or otherwise) to which we have access. We may also use your details in the future to assist other companies for verification purposes. A record of this search will be retained. If we cannot verify your identity, we may ask you to provide, among other things, a recent, original bank statement and an original HMRC Tax Notification, or a copy of your passport certified by a bank, solicitor or accountant or a client verification certificate from your *adviser*. By accepting the *agreement*, you consent to Octopus carrying out the checks

referred to in Clause 10.1 above, and you agree that we may pass on such information as we consider necessary to comply with any such regulatory requirements.

- 10.3 We will acknowledge receipt of your application by return post. Once your funds have cleared in your *account*, we will begin the investment process. We would expect this to happen in accordance with the timescales indicated in the *brochure*; however as this is a discretionary service you should note that we have the flexibility to invest your funds as and when we consider appropriate and therefore your funds may not at all times be fully invested.

- 10.4 We will accept the transfer of your existing investments from another investment manager in cash. We are not usually able to accept 'in specie' transfers. If you want to transfer investments from another investment manager you will need to complete a transfer of authority form and return it to us. We can't accept any responsibility for losses incurred or delays caused in the transfer or payment of proceeds to us.

11. Reporting to you

- 11.1 You can call us at any time to check the progress of your *portfolio*. Where you invest in the *Octopus EIS service* we will provide you with a *portfolio* valuation report twice a year, but you can ask us to send you a valuation at any time. Where you invest in the *Octopus Eureka EIS service* we will provide you with a portfolio valuation report every quarter. This report will contain the cost, current value and dividends of all holdings within your *portfolio*. The report will also show the performance of your *portfolio* over the reporting period. Due to the relatively illiquid nature of the investments to be held in your *portfolio*, the performance of the investments held within your *portfolio* will not be measured against a relevant benchmark. All investments in your *portfolio* will be valued at close of business on the last *business day* of the reporting period in question, at a price which is, in our opinion, a reasonable valuation as

at that date. Periodic statements will also show income and interest credited to your *portfolio*, fees charged and transactions made within the period.

Fees and Charges

12. Charges – General

- 12.1 How you are charged in respect of our services may depend on when the advice to invest in your *EIS service* was given.
- 12.2 The ‘**Product charges and fees**’ section below outlines the charges that are payable by you to us.
- 12.3 The ‘**Your adviser’s charges**’ section below outlines the charges that may be payable to your *adviser* either as a commission payment or separate *adviser* charge.

13. Product charges and fees

- 13.1 You shall pay the fees and charges applicable to our services as set out in the *application form* and/or *brochure*. Fees and charges will be charged with appropriate taxes applied, eg VAT.
- 13.2 An *annual management charge* will be deducted and you authorise us to make such deduction from any cash in your *portfolio* at such intervals as stated in the *application form* and/or *brochure*. In circumstances where there are insufficient monies available to meet our *annual management charge*, then we may at our discretion elect either:
 - (a) to roll this up interest free to be deducted proportionally across the *portfolio* on a later occasion when sufficient monies may be available to cover such *annual management charge*, whether such monies are derived from dividends, investment liquidity events, additional investments made by you or otherwise; or
 - (b) liquidate a sufficient amount of assets proportionally across the *portfolio* in order to meet such fees and charges.

13.3 Initial charges and performance fees may also apply to your *EIS service*, full details of which are set in the *application form* and/or *brochure*.

14. Your adviser’s charges

- 14.1 Your *adviser* will have disclosed to you the total charges that relate to the advice that they gave you to invest in your *EIS service*. How you pay for your *adviser’s* services may depend on when the advice to invest in your *EIS service* was given.
- 14.2 If the advice to invest in your *EIS service* was given before 31 December 2012, your *adviser* may receive a portion of the *annual management charge* as a commission. Your *adviser* will tell you the amount of this commission and disclose it to you in the *application form*.
- 14.3 If the advice to invest in your *EIS service* was given after 31 December 2012, or if new advice in respect of your existing investments was given to you after 31 December 2012, your *adviser* will be paid for their advice by separate *adviser* charges rather than as a portion of the *annual management charge*. If you would like us to facilitate the payment of your *adviser’s* charges on your behalf you will need to complete the relevant section of the *application form*.
- 14.4 Any initial *adviser* charges will be deducted from the amount of cash that you subscribe before the balance is invested in your *portfolio*. The amount taken will be agreed between you as the investor and your *adviser*.
- 14.5 If you have agreed to pay for your *adviser’s* charges on an ongoing basis, we will continue to facilitate the payment of your *adviser’s* ongoing charges until you give us further instructions.
- 14.6 You are entitled to withdraw your consent to us facilitating your *adviser’s* charges at any time by letting us know in writing. We will stop calculating the *adviser* charges as soon as we receive your instruction, but please note that we cannot backdate any instruction to stop paying your *adviser’s* charges: your instruction to cease

facilitating your *adviser's* charges will be valid only from the date we receive it, and we will assume that your *adviser* is entitled to receive the charges that you have authorised up to the date that you withdraw your authorisation, and we will make arrangements to pay any accrued *adviser* charges from your *portfolio*. Once we have processed the charge and paid your *adviser*, we can't recover it, so you will need to take the matter up directly with your *adviser*.

- 14.7 If you change your *adviser* and want us to start paying charges to your new *adviser* you will need to let us know in writing. As above, we will stop calculating your previous *adviser's* charges as soon as we receive your instruction. Your new *adviser's* charges will start accruing from the date that we receive your instruction.
- 14.8 If you cancel your *adviser's* ongoing service you also need to tell us to cease debiting your *portfolio* to pay your *adviser's* ongoing charges.
- 14.9 If you choose to cancel your *adviser's* ongoing service you don't have to sell your investments. However you should note that we reserve the right to charge an additional fee as referred to in clause 9.7.

15. Other charges

- 15.1 Your *application form* and/or *brochure* will set out all of the fees and charges that may apply to your *portfolio* that are not otherwise referred to above.

16. Dealing

- 16.1 When we execute orders on your behalf whilst carrying out the management of your *portfolio*, we are required to take all reasonable steps to achieve what is called 'best execution'. We maintain a document which sets out our best execution policy (which is known as our "*order execution policy*") and is in accordance with our obligations under the *FSA rules*. Our *order execution policy* is available on our website at **octopusinvestments.com**, or you can ask us to send you a copy.

16.2 For the avoidance of doubt, by accepting the *agreement*, you consent to our *order execution policy* and you agree that we or any of our *associates* may trade outside a regulated market or multi-lateral trading facility ("MTF"). In the event that we engage in trading outside of a regulated market or MTF you should note that terms equivalent to regulated markets and/or MTFs may not apply and there is a risk that your *portfolio* may be exposed to counterparty risk. You also acknowledge that any specific instructions you may give us about the execution of orders in respect of your *portfolio* may prevent us from acting in accordance with the *order execution policy* and from achieving best execution.

16.3 We may aggregate the orders for your *portfolio* with those of other customers, *associates* or persons connected to us, but only in accordance with the *applicable rules*. It is likely that the effect of such an allocation will not work to your disadvantage however occasionally this may not be the case. We will allocate aggregated transactions promptly and on a fair basis, in accordance with the requirements of the *applicable rules*.

16.4 You should be aware that for the *Octopus EIS service* we are the only execution venue through which investments may be bought and sold for your *portfolio*. In addition, in respect of the *Octopus Eureka service* we are the only execution venue available for a substantial number of transactions carried out for your *portfolio*. Please refer to our *order execution policy* for further information.

17. Withdrawals

- 17.1 You are entitled to withdraw the assets and/or cash from your *portfolio* at any time by giving us written notice. Upon receipt of a withdrawal notice we will, as promptly as possible, transfer to you the cash and/or assets that you wish to withdraw. Please be aware that you may lose your entitlement to certain tax reliefs where you withdraw your investments.

17.2 If, rather than having your assets transferred to you as provided in clause 17.1, you would prefer that we sell your investments on your behalf and, assuming your investments can be sold, transfer to you the sales proceeds, then you must provide us with written instructions to that effect. We will pay the sales proceeds less any amounts you may owe us into your nominated bank account.

17.3 Where you instruct us to sell the assets in your portfolio you should be aware that investments may not be readily marketable and the timing of any sale cannot be predicted. In the normal course of events investments in AIM companies are usually realised within 10 business days, however you should be aware that large transactions may take longer. In the event that we are unable to sell your investments within six months of your instructions then we reserve the right to transfer them to you.

17.4 Where you elect to withdraw or transfer investments, third party administration and/or custody fees and costs may apply. If you fully withdraw funds from any of your portfolios we may deduct our annual management charge, any applicable performance fees, and any accrued adviser charges prior to making the payment.

17.5 Once we have fully withdrawn your investments we will keep your portfolio open for 2 months to allow for any interest to be paid. At this point we will transfer the proceeds into your nominated bank account.

18. What happens when an investor dies

18.1 Your portfolio will be suspended from the date that we receive notification of your death and subject to our completion of any transactions already initiated; our discretionary management mandate will stop immediately.

18.2 Where your portfolio has been suspended in accordance with clause 18.1, we will continue to deduct our annual management charge from your portfolio for administering your portfolio and

dealing with any arrangements concerned with your death, including (without limitation) closing your account with us.

18.3 No instructions will be accepted in relation to the withdrawal of funds from the portfolio until title to it has been established at our discretion, at which point your personal representatives may instruct us to sell, transfer or otherwise dispose of your investments.

19. Delegation and use of agents

19.1 We may delegate any of our functions under these terms to a third party of our choosing which is competent (and if relevant, appropriately regulated) to perform such functions. We will give you written notice of any such delegation which involves the exercise of our discretionary investment management powers and will not, without your consent in writing, delegate the whole or substantially the whole of such powers.

19.2 We will act in good faith and with due diligence in the selection, use and monitoring of third party delegates.

19.3 We may from time to time change or amend the terms of the relationship with an eligible custodian, including replacement thereof but such terms shall never be more onerous on you than those we presently have without your consent in writing.

19.4 We will use reasonable skill and care in our selection, monitoring and use of agents.

20. Conflicts of Interest

20.1 We have a conflicts of interest policy (known as our "conflicts policy") that sets out the types of actual or potential conflicts of interest which affect our business and how these are managed. Our conflicts policy also includes details of any conflicts which, were they to arise, we could not effectively manage. In these circumstances we would not be in a position to provide our services to you. You acknowledge that you have read the current version of our conflicts policy which is

available on our website, or you can ask us for a copy. Our *conflicts policy* may be updated from time to time.

20.2 Some of the situations where a conflict of interest may arise include the following:

- Where we are likely to make a gain (or avoid a loss) at the expense of one of our clients;
- Where our interest in an outcome is different to our clients';
- Where we may have an incentive to favour the interests of one of our clients over another;
- Where we carry on the same business as our clients, and
- Where we receive an inducement from one client in relation to the services provided to another client.

20.3 You agree that we or any *associate* may effect transactions in which we or an *associate* has directly or indirectly a material interest or a relationship of any description with another party which involves or may involve a potential conflict with our duty to you. We shall ensure that such transactions are effected on terms that are not less favourable to you than if the conflict or potential conflict of interest had not existed. Subject to the terms of our *conflicts policy* and subject to any contrary obligation under the *FSA rules* neither we nor any of our *associates* shall be required to account to you for any profit, commission or remuneration made or received from or by reason of such transactions.

20.4 It is likely that the trading activities of the entities in which your *portfolio* invests will include dealings with companies and other entities (and in the securities of such companies and entities) in which we or a member of our group (including any *associate*) or any client advised by us may have an interest. Such interests may include, without limitation, equity investments and/or debt investments and/or our interest as a service

provider. Dealings may include the provision of credit facilities on preferred or subordinated terms. Accordingly, we or any member of our group (including any *associate*) may be entitled to gains, profits or fees from or in relation to such companies and entities.

20.5 Any additional monetary benefits not otherwise referred to above which we might receive from any third parties in the course of providing our services to you will be paid into your *portfolio*.

Holding your assets and your money

21. Money

21.1 Octopus holds cash in your portfolio as "client money" in accordance with the applicable *FSA rules*. Amongst other things, this is intended to ensure that your money is held so that it is segregated from our own funds.

21.2 However, your money may be pooled with money belonging to other clients, which means that you would not have a claim against a specific sum in a specific account. In such circumstances any claim which you might have would be against the client money pool in general.

21.3 We will deposit your money with an *approved bank* to be held on trust in a pooled account, separate from any account used to hold money belonging to us in our own right. Whilst we take due skill, care and diligence in selecting *approved banks*, we do not accept any liability for any act, omission or default on their part.

21.4 If the *approved bank* holding your money becomes insolvent, the nature of any claim that we might have would be an unsecured claim on behalf of all our customers with an interest in the pooled client account. If there is a shortfall, our clients may share that shortfall in proportion to their original share of cash in the pool.

21.5 You agree that your money may also be placed in a qualifying money market fund and in such case your money will be held in accordance with the

FSA rules on custody and not client money. You should notify us in writing if you do not wish to place any of your money in such a fund.

- 21.6 We may cease to treat your money as 'client money' if it remains unclaimed for a period of six years, and after we have taken reasonable steps to trace you and return the balance.
- 21.7 Client money may be transferred to third parties for the purposes of settling transactions in accordance with the *applicable rules*.

22. Assets

- 22.1 Assets held on your behalf, including any investment certificate or other documents which evidence title to assets held within your *portfolio* (including any documents of title to investments in bearer form) will be registered in the name of our *nominee company* or, if applicable, our appointed *eligible custodian*. We will, in accordance with the FSA rules keep records to show the beneficial owner of the assets.
- 22.2 Where we appoint an *eligible custodian* to hold your assets, whilst we will take due skill, care and diligence in the selection and monitoring of such *eligible custodian*, we do not accept any liability for any act, omission or default on the part of such *eligible custodian*.
- 22.3 Your assets will be held in a pooled account which means that whilst your assets should be held in such a way that it is readily apparent that they do not belong to us, our *nominee company* or, if applicable, an *eligible custodian*, your individual holdings and entitlements may not be identifiable by separate certificates, physical documents or equivalent electronic records on the register. In the event of an irreconcilable shortfall following any loss by or default by us, our *nominee company* or an *eligible custodian*, you may not receive your full entitlement and may have to share in a proportion of the shortfall.
- 22.4 Where assets are pooled with third parties, distribution of entitlements to any benefits or entitlements arising from corporate events will be allocated pro rata. Fractions of entitlements arising from this process will be rounded down to the nearest whole unit or share.
- 22.5 Our *nominee company*, or if applicable, an *eligible custodian*, as soon as reasonably practical, will claim and account for all dividends, interest and other payments or entitlements received in relation to investments in your *portfolio*, but is entitled to deduct or withhold any sum on account of any tax required to be so deducted or withheld and provide you with evidence of such deduction or withholding for your tax records.
- 22.6 We may (where this is market practice) use the services of a clearing system (being any market clearance facility, settlement system, dematerialised book entry system, centralised custodial depositary or similar facility, system or depositary) on such terms as we believe to be appropriate, for the purposes of holding and transferring uncertificated investments.
- 22.7 You agree that it may be necessary for your assets to be held by a counterparty or sub-custodian which may be located outside of the EEA. In such circumstances, the legal and regulatory regime applying to the counterparty or sub-custodian in the name of which your assets are held will be different from that of the UK or other EEA states and in the event of a default of the counterparty or sub-custodian, assets may be treated differently from the position which would apply if the assets were held in an EEA state.
- 22.8 Subject to clause 22.9 below, you authorise us to act on your behalf and exercise all rights (including voting rights) attaching to assets held in your *portfolio* as we shall deem fit and at our discretion subject at all times to our duties and obligations under the *applicable rules*.
- 22.9 We will procure that: (a) any investor who so requests in writing (an "involved investor") receives details of any meetings of shareholders in any investee company, or generally in respect

of all investee companies, which represents a qualifying investment held in your portfolio and any other information issued to shareholders in such company; and (b) notification is given to an involved investor that he is entitled as a matter of right to require us, our *nominee company* or *eligible custodian* to appoint him as its proxy to vote as the involved investor may see fit in respect of shares held by him at any meeting of shareholders in such company, and it is acknowledged that, in the case of an investor who is not validly appointed as our, our nominee company's or *eligible custodian's* proxy for the purposes of a meeting of the shareholders of any investee company representing a *qualifying investment*, we, our *nominee company* or an *eligible custodian* may (but is/are not obliged to) upon the application of us, our *nominee company* or *eligible custodian*, appoint us, our *nominee company* or *eligible custodian* as a proxy to vote at that meeting.

General

23. Variation and Assignment

- 23.1 Subject to clause 23.2, these *terms* may only be amended by the parties as agreed in writing from time to time.
- 23.2 We may, at any time, change these *terms* by giving you written notice (including for the avoidance of doubt, as regards our fees and charges or the level of service provided under *your EIS service*) for any of the following reasons:
- (a) to make them fairer or more easily understandable, or to correct a mistake (provided that this correction would not adversely affect you);
 - (b) to respond proportionately to changes in the *applicable rules* or the decisions of any relevant regulatory authority;
 - (c) to reflect new industry guidance and codes of practice;

- (d) to reflect a change in technology, to cover an improvement or change in the way in which we provide *your EIS service*;
- (e) to reflect a change in market conditions or the overall cost of providing our services to our clients; or
- (f) to reflect other legitimate cost increases (or reductions) associated with providing *your EIS service*.

23.3 You will be given at least 30 days' prior notice in respect of any changes to these *terms*, unless the specific circumstances require a shorter or longer period (including, without limitation, where required to do so under the *applicable rules*).

23.4 We may assign this *agreement* to any appropriately authorised and regulated person, such assignment being effective upon written notice to you. The *agreement* is personal to you and you may not assign it.

24. Termination

24.1 Should we wish to terminate these *terms*, we may do so by giving you not less than 30 days' prior notice. Where required to do so by the *applicable rules* or where it becomes impossible, impractical or unreasonable for us to continue to manage your *portfolio*, we may terminate these terms immediately, in which case you will be notified in writing. In such circumstances we will make arrangements to either transfer the assets in your *portfolio* to you, or appoint another investment manager in our place in accordance with clause 23.4.

24.2 We will terminate your *portfolio* if it is inactive after 2 months, where there is a nil balance in the *portfolio*.

24.3 If you wish to terminate your *portfolio* you should notify us of your wish to do so in writing. Subject to clause 24.4, your *portfolio* will be closed as soon as practically possible after we receive your written notice. Please be aware that any transactions already initiated before we receive

your instructions will be completed, and that we can't transfer the assets within your *portfolio* until all amounts due to us have been paid, and you provide us with written instructions confirming what you would like us to do with your *portfolio* investments and cash, including, whether you would like us to sell your investments or whether you would like us to transfer the investments and cash to you (see clause 17). Please note that if *qualifying investments* are sold, or otherwise disposed of, you may lose any potential entitlement to the tax reliefs to which such investments are subject. The *brochure* contains more information about this.

24.4 The *agreement* will continue to apply until all outstanding transactions and liabilities have been completed and discharged. Please note that where we are required to sell investments held in your *portfolio*, this may take place over an extended period of time as there may be limited liquidity in respect of the investments in your *portfolio*. In addition you should be aware that if we are required to sell investments in your *portfolio*, we cannot guarantee that we will be in a position to obtain the best result for you in accordance with our *order execution policy*.

24.5 After all outstanding transactions have been completed, we will provide you with a closing valuation of your *portfolio* prepared in the manner described above. Our responsibility for managing your *portfolio* and providing your *EIS service* will then cease entirely.

24.6 On termination, you will be liable to pay (and we may debit from your *portfolio*):

- (a) all fees and other charges mentioned at clauses 13 -15 above, accrued daily up until the date of termination;
- (b) any additional expenses necessarily incurred by us in liquidating your *portfolio*, closing out any transactions or settling or concluding outstanding obligations incurred by us on your behalf; and

- (c) our charges in connection with transferring or registering your portfolio into your name or as you may direct.

24.7 On termination, we may retain and/or realise such investments as may be required to settle transactions already initiated and to pay your outstanding liabilities. If there is a dispute as to the payment of fees to us, you may require the disputed amount to be held in an escrow account pending resolution of the dispute.

24.8 You should be aware that if on termination we are required to liquidate your *portfolio*, we cannot guarantee that we will be in a position to obtain the best result for you in accordance with our *order execution policy*.

24.9 Termination will not affect accrued rights, or any contractual provision intended to survive termination.

24.10 On termination, we may retain and/or realise such assets within your *portfolio* as may be required to settle transactions already initiated and to pay your outstanding liabilities. If there is a dispute as to the payment of fees to us, you may require the disputed amount to be held in an escrow account pending resolution of the dispute.

25. Data Protection and Confidentiality

25.1 We may collect, use and store personal information about you and about your relationship with us and our *associates* – including products and services you have purchased and use.

25.2 If you contact us we may keep a record of that correspondence and we may keep copies of any documents that you provide to us including any documents provided for verifying your identity such as your passport or driving licence.

25.3 We may use the information we collect about you for processing your application, verifying your identity, meeting our obligations under any *applicable rules*, providing the services to you under the *agreement*, administering your account

and for customer service, product analysis and market research purposes.

- 25.4 We may share your information with our *associates* if they provide products or services to you, credit reference agencies and UK and overseas law enforcement agencies or regulatory authorities and other relevant bodies.
- 25.5 The information that we hold about you is confidential and will not be used for any other purpose other than in connection with the provision of services to you, unless it is information that is already publically available. This confidential information will only be disclosed to third parties in the circumstances described below:
- As stated in clause 25.4 above;
 - Where required by *applicable rules*, or if requested by any regulatory or competent authority having control or jurisdiction over us;
 - To investigate or prevent fraud, money laundering, terrorism or any other illegal activity;
 - To any third party in or outside the European Union in connection with our services;
 - For identity checks;
 - If it is in the public interest to disclose such information; or
 - At your request or with your consent.
- 25.6 You have the right, upon payment of a reasonable fee (currently £10), to receive a copy of the information that we hold about you to the extent that it constitutes personal information. For more details, please write to our Compliance Officer at 20 Old Bailey, London, EC4M 7AN.
- 25.7 Unless you have told us otherwise, we may send you information about our other products and services or those of our *associates* from time to time. We may provide this information by telephone, post, email, text message or other

means. If you would like to stop receiving this information, please contact us at **comms@octopusinvestments.com, 0800 294 6855**, 20 Old Bailey, London EC4M 7AN.

26. Our Liability

- 26.1 For the avoidance of doubt, nothing in these *terms* or the *agreement* is deemed to limit any liability we may owe you under the *applicable rules* (including for the avoidance of doubt, *FSMA*, any regulations made under *FSMA* or the *FSA rules*).
- 26.2 We will act in good faith and with due diligence in managing your *portfolio* in accordance with the *agreement*. We accept responsibility for loss to you only to the extent that such loss is due to our negligence, wilful default or fraud.
- 26.3 Subject to clause 26.2 above, we will not be liable for any loss in value which your *portfolio* suffers, or for our failure to perform investment transactions for the account of your *portfolio*, in the event of any failure, interruption or delay in the performance of our obligations resulting from acts, events or circumstances that are not reasonably within our control. Acts, events or circumstances that are not reasonably within our control, may for example, include: the acts or regulations of any governmental, supranational body or authority; breakdown, failure or malfunction of any telecommunications or computer service or services; disruptions to stock markets (for example, our ability to deal on stock markets); and acts of war, terrorism, civil unrest or natural disaster.
- 26.4 Subject to clause 26.2 above, we accept no responsibility for any loss of tax benefits that you may suffer as a result of any transactions that we carry out for your *portfolio*. In addition we shall not be liable for any loss or damage of any direct or indirect nature caused by the retraction, by HM Revenue & Customs of the EIS status of any holdings within your *portfolio* (or for failure to grant EIS status), or for any other changes in legislation, or from corporate action or inactivity.

26.5 Where we are liable to you under this agreement, subject to the provisions above, our liability shall be limited to the replacement of the assets or cash held in your *portfolio* (including interest) lost or foregone as an immediate result of our action or failure to act. We will not be liable for any consequential, indirect, special, incidental, punitive or exemplary loss, liability or cost which you may suffer or incur arising out of our acts or omissions, however that loss, liability or cost is caused and regardless of whether it was foreseeable or not. This means that we will not be liable for any losses that are indirectly associated with the specific incident which has caused you to claim (for example, loss you may incur from your not being able to sell investments where the prices of such investments are falling or from not being able to purchase investments where the price of investments are rising, loss which may arise from our not being able to complete transactions for your *portfolio*, loss of profits, loss of business or loss of data).

27. Interpreting these terms

27.1 The *agreement* is based on our understanding of current law and the *applicable rules*. It is governed by and is to be construed in accordance with English law. The English Courts have non-exclusive jurisdiction in respect of any claim between you and us.

27.2 Nothing in the *agreement* shall exclude or restrict any obligation which we may have to you under the *applicable rules*.

27.3 Neither party intends any provision of our *agreement* to be enforceable by any person other than themselves or their permitted successors or assigns unless provided expressly to the contrary under the *agreement*. Save as otherwise provided under this clause, a person who is not a party to the *agreement* may not enforce any of its terms under the Contracts (Rights of Third Parties) Act 1999.

27.4 If any part of the wording of these *terms* will become or is declared to be illegal, invalid or unenforceable for any reason, such part or wording will be deleted and will be divisible from the rest of these *terms*, which will continue in force. Our failure to exercise or delay in exercising a right or remedy provided by these terms or by law does not constitute a waiver of other rights or remedies.

28. Notices

28.1 We may send any communications to you at the address which you provide to us in the *application form* (or to any other address that you may notify to us in writing from time to time). You may communicate with us at: **Octopus Investments Limited, 20 Old Bailey, London EC4M 7AN**. Notice sent by first class post is deemed to have arrived on the second *business day* after posting. Notice sent by fax or email or hand delivered is deemed to be delivered immediately (or on the next *business day* if sent after 5pm on a *business day* or on a day which is not a *business day*). **Our telephone number is: 020 7710 2800.**

Telephone calls may be recorded or monitored for our mutual protection.

SECTION 3 – GLOSSARY

This section of the *terms* sets out the defined terms that are used throughout these *terms*.

Any reference in these *terms* to any statute, statutory provision, or rule (including, without limitation, a reference to the *applicable rules*) includes reference to any statutory modification, or amendment of it or any re-enactment, or replacement that supersedes it, and to any regulation or subordinate legislation made under it (or under such a modification or re-enactment).

References to these *terms*, the *agreement*, or to any other document shall include any permitted variation, amendment, supplement to, or replacement of, such document(s).

References to the plural shall include the singular and vice versa. Any reference to a person shall be to a legal person of whatever kind, whether incorporated or unincorporated.

Any reference to a “clause” is to a clause in these *terms*.

adviser: means the appropriately qualified and authorised investment adviser that you may appoint from time to time provide you with investment advice.

agreement: the agreement between us as described in clause 1.1 and 1.2 of these *terms*.

AIM: the London Stock Exchange's Alternative Investment Market.

annual management charge: means the fee that we will take at the intervals set out in the *brochure* and/or *application form*. It is made up of the discretionary fee which is Octopus' fee for managing your *portfolio*.

approved bank: means HSBC Bank plc or such other bank, credit institution, or other regulated institution selected by us to hold client money in accordance with the *FSA rules*.

applicable rules: means the *FSA Rules*, *FSMA*, the *MLR* and the *DPA*, and all other applicable laws, regulations, rules, evidential provisions and the directions of any applicable regulatory body (including, without limitation the *FSA*).

application form: means the separate document referred to in clause 1.1 that is applicable to your *EIS service*, which you need to complete in order to apply for your *EIS service*.

associate: means any holding, or subsidiary company of Octopus.

brochure: means the separate document referred to in clause 1.1 that is applicable to your chosen *EIS service*, published by us from time to time.

business day: means any day on which The London Stock Exchange is open for business.

conflicts policy: the conflicts policy published by us from time to time and which is available on our website: [octopusinvestments.com](https://www.octopusinvestments.com).

DPA: means the Data Protection Act 1998.

EIS: means the Enterprise Investment Scheme as set out in the Income Tax Act 2007 and Part IV and Schedule 5B of the Taxation of Chargeable Gains Act 1992.

EIS service: means the Octopus products referred to in clause 3.1 and further described in the relevant brochure for that product.

EIS relief: means Enterprise Investment Scheme tax relief as provided for in Part 5 of the Income Taxes Act 2007 and Part IV and Schedule 5B of the Taxation of Chargeable Gains Act 1992.

eligible custodian: means any third party custodian (including an associate) whom may be appointed by us from time to time to hold the assets and/or cash in your *portfolio*.

FSA: means the Financial Services Authority, which expression shall include any replacement or substitute and any regulatory body or person succeeding, in whole or in part, to the functions of the FSA; or any other relevant supervisory body.

FSA handbook: means the handbook of rules, and regulations and guidance issued by the FSA.

FSA rules: means the rules issued by the FSA, including (without limitation) the FSA handbook.

FSMA: means the Financial Services and Markets Act 2000.

MLR: means the Money Laundering Regulations 2007.

nominee company: means the Octopus nominee company appointed to hold assets in your portfolio.

Octopus EIS service: means the product referred to in clause 3.1 and further described in the relevant *brochure* for that product.

Octopus Eureka EIS service: means the product referred to in clause 3.1 and further described in the relevant *brochure* for that product.

order execution policy: the execution policy published by us from time to time and which is available on our website: octopusinvestments.com.

portfolio: means the portfolio of assets (including uninvested cash) subject to our management in accordance with the *agreement*.

qualifying investment: means an investment into a company which is a qualifying company for the purposes of EIS.

retail client: has the meaning given by the FSA Handbook, being in summary, a categorisation prescribed by the FSA which may be applied to clients and which affords the highest levels of protection under the UK regulatory regime.

Please remember to complete the Octopus Client Suitability Questionnaire

Title (Mr/Mrs/Miss/Ms/Other)

First name(s)

Last name

Existing Octopus investor? Yes No

Date of birth

Telephone numbers

Address

Email

National Insurance
Number

Is there a registered
Power of Attorney in place?

No

Yes – who should we send correspondence to?

The investor

The Power of Attorney

If you'd like us to send correspondence to the POA, please give us their address (if different from the above).

Please note, if you are acting as Power of Attorney (POA), please include a certified copy of the POA document and verification of identity documents for each POA. In all cases Octopus will need to verify the identity of all POAs and may run electronic searches to do so.

Would you like information
about other products and
services from Octopus?

Other products

Newsletter

No thanks

How much are
you investing?

You can invest as much as you like, so long as you invest at least £25,000.

Cheque/bankers' draft,
or bank transfer?

(Tick one box only)

Cheque/bankers' draft

Please enclose a cheque from a personal account, made payable to 'Eureka'. We do not accept cheques from business accounts. Bankers' drafts and building society cheques must specifically mention the investor's name.

Bank transfer

Please transfer your investment to the following account after first sending in your completed application form and identification, making sure that you **reference the payment with your name:**

Sort code: 40-03-28 Bank: HSBC
Account number: 02038609 Branch: Holborn

Payments need to come from your personal account (we do not accept payments from business accounts).

Intermediary
Company Clubfinance Ltd

Title (Mr/Mrs/Miss/Ms/Other)

Mr

Mr

First name(s)

David

Richard

Last name

Scrivens

Hobbs

Telephone

01442 217 287

01442 217 287

Please use adviser's address details

Address

PO Box 1036
Hemel Hempstead
Hertfordshire
H P 1 2 W U

Email

contact@clubfinance.co.uk

contact@clubfinance.co.uk

FSA number

4 0 0 1 3 9

Are you part of a
network/service provider?

No

Yes – please give us the network/service provider name

Email address for adviser
charge and
commission statements

Adviser/intermediary

Administrator

Other

(Tick one box only)

Please give the bank account
details for Octopus to
pay your adviser charges/
commission by BACS

Account name

Clubfinance Ltd

Sort code

Account number

Octopus reserves the right to withhold adviser/intermediary payments if we are not fully satisfied that you are authorised under the Financial Services and Markets Act 2000 or exempt from authorisation.

What type of investment is this?
(Tick one box only)

- This is an advised investment – Please go to Adviser charges below
- This is a non-advised investment (i.e. your intermediary is not providing you with advice)
– Please go to Intermediary commission below
- This is a direct investment (i.e. you are not submitting this application through an adviser/intermediary)
– Leave the rest of this section blank

n/a

Please **cross through** this section if you do not need Octopus to facilitate adviser charges from this investment. To understand all your options, please read our Adviser Charges Frequently Asked Questions document, and if you have any further questions please talk to your adviser.

Initial adviser charge
(Tick one box only)

Fixed amount **OR** percentage

This is taken from your Octopus Eureka EIS investment and paid to your adviser before your funds are invested.

Ongoing adviser charge
(Tick one box only)

Fixed amount per year **OR** percentage

The amount or percentage stated above (whichever is relevant) is an annual amount, accrued each day. If you choose to pay on a percentage basis, this will be calculated on the value of your portfolio. We will pay your adviser quarterly from uninvested cash on the portfolio. In the event that there is insufficient cash to pay your adviser, the fees will be accrued on your account until such time as a realisation or income on your portfolio facilitates the payment.

(standard terms apply if left blank)

Initial Commission **0.625** Ongoing Commission **0.5**

[†]Commission should not exceed our standard terms, otherwise this form may be rejected.

Octopus Initial Charge

Advised application	2.5% inclusive of VAT
Non-advised or direct application	5.0% inclusive of VAT

Octopus Annual Management Charge

Advised application	1.5% + VAT
Non-advised or direct application	2.0% + VAT

Special instructions

Please rebate 1.875% of our initial commission to reduce the initial charge. Please pay 0.625% initial commission to Clubfinance Ltd. Please pay trail commission to Clubfinance Ltd.

Adviser/intermediary declaration

By submitting this form, I agree that:

- I have read and understand the *Terms of Business for Intermediaries*
- I agree to be bound by these Terms of Business
- As an Appointed Representative, I warrant and represent that my principal also accepts the *Terms of Business for Intermediaries*

Applicant declaration

By signing this form I HEREBY DECLARE THAT I:

To be completed by the investor named in Section 1, or registered Attorney(s)

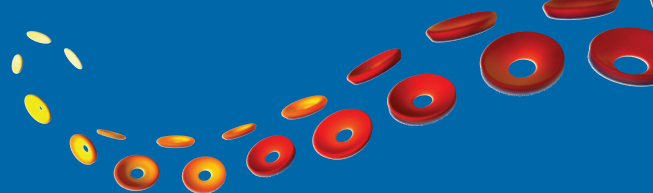
1. Have read and understand the current *Octopus Eureka EIS brochure* and the risk factors explained in it.
2. Have read and understand the *Terms and Conditions* and agree to be bound by them.
3. Have provided accurate information, to the best of my knowledge.
4. Consent to Octopus' best execution policy and the execution of trades on my behalf outside of a recognised investment exchange or multi-lateral trading facility (as detailed in the *Terms and Conditions*).
5. Consent to Octopus facilitating my adviser's fees and charges as set out in Section 4.

Name

Signature

Date signed

CLIENT SUITABILITY QUESTIONNAIRE



FOR NON-ADVISED INVESTMENT INTO OCTOPUS TAX PRODUCTS

ABOUT THIS DOCUMENT

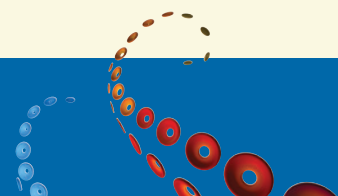
In providing the service to you, we are required by the FSA to obtain the necessary information in order to assess the suitability of the service. The information we require includes your knowledge and experience in the investment field relevant to this type of service, your financial situation and your investment objectives. You should note that we do not provide investment advice and you should not consider any of our services or the initial application process to be investment advice. Before making any investment choice (including selecting this service), you should always take adequate steps to ensure the decision is right for your personal circumstances. If you are in any doubt, you may wish to consult an appropriately authorised and qualified financial adviser to discuss your selection.

Product name for which I am applying (please tick one box only)	
Octopus Inheritance Tax Service (OITS)	<input type="checkbox"/>
Octopus Accelerated Discounted Gift Trust (OA DGT)	<input type="checkbox"/>
Octopus Aim Inheritance Tax Service (AIM ITS)	<input type="checkbox"/>
Octopus Enterprise Investment Scheme (OEIS)	<input type="checkbox"/>
Octopus Eureka	<input type="checkbox"/>

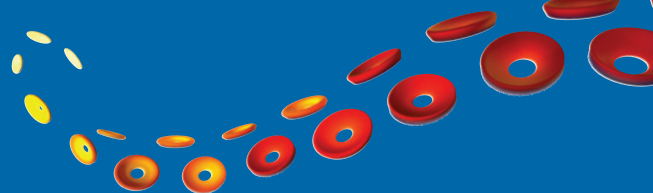
PLEASE COMPLETE THE FOLLOWING QUESTIONS BY INDICATING 'YES', 'NO' OR "DON'T KNOW".

Question	Yes	No	Don't know
Q1 I regularly make my own investment decisions.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Q2 I understand the additional risks of investing in small/unquoted companies.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Q3 I understand the tax advantages of the product for which I am applying.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Q4 I understand the implications of settling assets into a trust.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Q5 My primary objective is to achieve the tax benefits of the product for which I am applying, and I am able to utilise some or all of those benefits. The investment return is secondary.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Q6 My primary objective is to achieve an investment return. The tax benefits are secondary.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Q7 My primary objective is to ease administration by consolidating my holdings in a portfolio.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Q8 While my objective is to make an overall investment return, I am willing to accept that some of the holdings in my portfolio may fall to zero value.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Q9 While my objective is to make an investment return, I am willing to accept that the value of my portfolio may fall so long as the fall is less than the tax benefits from the investment.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

CONTINUED OVERLEAF



CLIENT SUITABILITY QUESTIONNAIRE



FOR NON-ADVISED INVESTMENT INTO OCTOPUS TAX PRODUCTS

PLEASE COMPLETE THE FOLLOWING BY TICKING THE APPROPRIATE STATEMENT

Q10	I have sufficient other assets or income that I can afford for the majority of the investment to be tied up for (please tick one box):			
	Less than two years	<input type="checkbox"/>	At least four years	<input type="checkbox"/>
	At least two years	<input type="checkbox"/>	At least six years	<input type="checkbox"/>

Full Name

Signed	Date
--------	------

FOR OFFICE USE ONLY

Reviewed by

Signed	Date
--------	------

Checked by

Signed	Date
--------	------

OUTCOME:

Approved Declined

1241-01-ALL-0711

