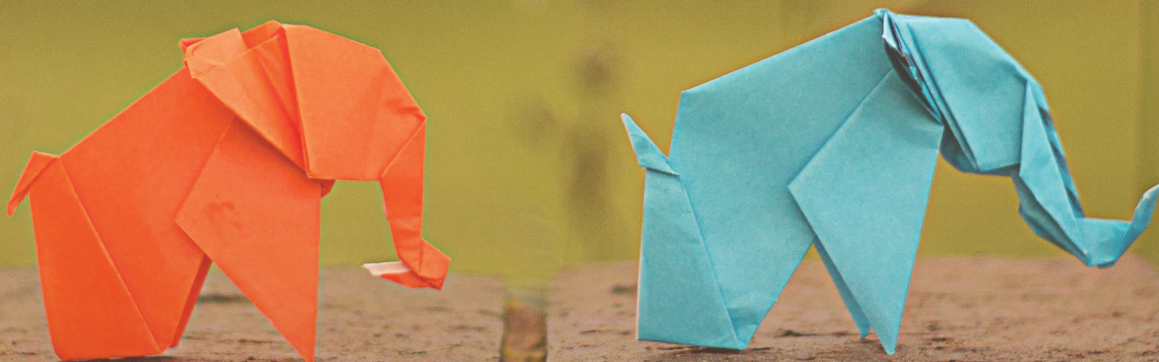




# Diversified investment portfolios, managed by experts

Octopus Portfolio Manager



Octopus Portfolio Manager gives investors access to some of the most effective investment strategies available – within one professionally managed portfolio.

Important information

For UK investors only.

This brochure has been issued by Octopus Investments Limited which is authorised and regulated by the Financial Conduct Authority.

- The value of your investment, and any income from it, could fall or rise and you may not get back the full amount you invest.
- Past performance is not a reliable indicator of future results.
- Tax treatment depends on the individual circumstances of each investor and may be subject to change.

Octopus does not give advice on investments, legal matters, taxation or anything else. We always recommend you talk to a qualified financial adviser before making any investment decision. All data and factual information provided within this document is sourced to Octopus and is correct at 31 March 2019, unless otherwise stated. Registered office: 33 Holborn, London EC1N 2HT. Registered in England and Wales No. 03942880. We record telephone calls. Issued: May 2019. CAM08170-1904

Find it fast

About Octopus	2
Managing risk, return and volatility on your behalf	3
Octopus Portfolio Manager: an investment built around you	4
Foundation Funds: the building blocks of your portfolio	6
Ten investment profiles to choose from	8
The Octopus Multi Manager team	11
Understanding the risks	12
How to invest	13



# About Octopus

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

Today we have more than **600 employees** and **£8 billion<sup>1</sup>** in assets under management. We work with tens of thousands of clients and we've built market-leading positions in tax-efficient investment, smaller company financing, renewable energy and healthcare. But no matter how big we get, we'll keep doing the simple things well and we'll keep looking after each of our customers, day in, day out.

## Talk to Octopus to find out more

We can't give you financial or tax advice, but we can answer any questions you have about us, or about this service. So, if you have any questions after reading this brochure, please give us a call on **0800 316 2295** or visit **octopusinvestments.com**.



Our head office is at **33 Holborn, London**.

<sup>1</sup>Source: Octopus Investments, 31 March 2019

# Managing risk, return and volatility on your behalf

When it comes to investing, the risk you are prepared to take is really a matter of personal choice – there's no 'one size fits all' approach.

You may want to take very little risk, because your priority is to not lose money. On the other hand, you might be prepared to take greater risks with your money if it means the possibility of achieving much higher returns. Most people sit somewhere between the two extremes. Therefore, assembling the right combination of investments to meet these different requirements, and building portfolios that are designed to achieve the best return for the required level of risk, is hugely important.

To keep things simple, it makes sense to think about three types of risk:

- **You could lose some or all of your investment** - there's no guarantee that your investment will increase in value, so you should be prepared for the possibility that you end up with less than you started with.
- **Your investment may not perform as well as expected** - even if your investment grows in value, there's no guarantee it will perform to your expectations. And you can't rely on an investment's past performance to be repeated in the future.
- **The investment journey may be volatile** - the value of investments can go down as well as up, and the riskier the investment, the more unpredictable its return is likely to be.

## Understanding volatility

Volatility measures uncertainty or changeability. When talking about investment volatility, it's worth remembering that the greater an investment's volatility, the wider the range of returns – and therefore the riskier the investment.

The most common way to measure volatility is through 'standard deviation'. This measures how much the returns of an investment move away (or deviate) from its average returns. More volatile investments deviate further and more frequently from their average. Volatility is shown as a percentage, in the same way as investment returns are shown.

Let's say an investment has a historical annualised volatility of 10% and has achieved an average annual return of 7% over the last ten years. These numbers tell us that over the last ten years, for just over two thirds of the time, the range of returns has been between 17% and -3% (a variance of +/-10% over the average return). For the other third of the time the returns were outside this range.

## Managing volatility

Many funds in the UK marketplace do not primarily focus on managing volatility. Instead, they tend to prioritise maximising the potential return from the assets they invest in.

Octopus Portfolio Manager takes a different investment approach. It offers ten distinct investment profiles, each designed with the primary goal of delivering a set level of risk (the volatility target range), and then maximising the returns for that level of risk. Therefore each investment profile will generate different levels of return.

## Five promises from Octopus

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

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

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

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

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

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

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

### 4. We'll keep putting customers first

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

### 5. We'll never let complexity win

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

# Octopus Portfolio Manager: an investment built around you

No-one understands your financial goals better than you. But building the right investment portfolio to help you achieve them is something we – together with your financial adviser – can help with.

For most investors, assembling (and managing) a well-diversified investment portfolio can be a complicated, and expensive, task. Not only are there thousands of funds to choose from, but selecting the right funds, and investing at the most appropriate time, is a challenging proposition. Finding value for money, and building an investment portfolio capable of reaching your investment goals, is getting harder. But it doesn't have to be. Octopus Portfolio Manager has been designed to do the hard work for you.

### How Octopus Portfolio Manager works

Octopus Portfolio Manager is a discretionary investment management service, which means we use your money to make investments on your behalf. Based on the recommendation made by your financial adviser, your investment will be placed in one of ten risk-targeted investment profiles. Each investment profile is formed from different combinations of funds spread across different asset classes.

Octopus Portfolio Manager is one of the simplest ways for investors to get to a genuinely diversified portfolio. Through our six Foundation Funds investors have access to more than 75 underlying funds.

### What makes Octopus Portfolio Manager different

Octopus Portfolio Manager was launched in 2009, when the concept of managing funds to specifically target risk as well as return was relatively new. Of course, it's important to generate the best available investment returns. But when it comes to investing, returns really only tell half the story. Our fund managers focus on managing investment risk, and use a wide variety of investment tools, combined with their experience, to target the required returns for the risk profile selected.

As one of the first investment managers to offer an extensive range of risk-targeted portfolios, Octopus Portfolio Manager has a long-term track record. Our portfolios are closely managed to make sure they stay within the risk guidelines we set ourselves and in a way that we think best meets the long-term objective of our investors. Your adviser will help you choose the investment profile that most closely matches your requirements.

Investing in Octopus Portfolio Management puts your capital at risk. You can find out more about these risks on page 12 and in our accompanying guide: **Explaining risk, return and volatility**. Just call our Client Relations team on **0800 316 2295** and they'll be happy to send you a copy.



"We are risk managers first and foremost. Our investment approach aims to maximise returns for the level of risk we are targeting. We believe that's the right way to manage clients' money." **Bish Limbu, Fund Manager**

Octopus Portfolio Manager is designed to give investors access to high-quality portfolios of investments, managed by an experienced team.

Octopus Portfolio Manager features	What does this mean for you?
<b>A choice of ten risk-targeted investment profiles:</b> Each one is actively managed across different asset classes, with the aim of delivering the best investment performance for the amount of risk you are willing to take.	After discussions with your adviser to determine your attitude towards risk, you can then choose an investment profile that matches your risk appetite and targets the best available return.
<b>A pragmatic investment approach:</b> Our investment team will shift between different fund managers, depending on their investment style, and the prevailing conditions to generate the targeted risk and returns.	Being flexible means adapting to changing conditions, and minimising the impact of market volatility. At the same time, funds in the 'sweet spot' are given the maximum opportunity to shine.
<b>Unparalleled diversification:</b> Octopus Portfolio Manager gives you instant access to a diversified portfolio of investments. Our team chooses from a universe of more than 15,000 active and passive investments.	No matter how much you invest with us, you'll own a portfolio of more than 75 different funds from a broad selection of fund managers. Each portfolio is invested across different geographic regions and asset classes.
<b>A 'best of both worlds' approach:</b> Active and passive investments both deserve a place in a well-managed portfolio. We only pay a premium for active fund management where it offers the potential for meaningful outperformance.	Blending both active and passive investments in one portfolio gives investors a combination of flexibility and outperformance potential, while ensuring that we manage the impact of costs, making the portfolio more efficient.
<b>Ongoing portfolio management:</b> We choose the investments in your portfolio and make any necessary changes.	With Octopus Portfolio Manager, owning an investment portfolio of more than 75 funds is easy, because we do all the hard work for you.
<b>Several ways to invest:</b> Octopus Portfolio Manager allows you to make use of tax-efficient wrappers including Individual Savings Accounts (ISAs) and Self-Invested Personal Pensions (SIPPs).	With no minimum investment, investors with relatively small sums can invest in Octopus Portfolio Manager, and you can invest tax-efficiently as well.

# Foundation Funds: the building blocks of your portfolio

Our six Foundation Funds each focus on a particular asset class, region or type of investment. When combined in different proportions, you get access to a diversified selection of investments, all within a single portfolio.

## The multi manager approach

The six Foundation Funds are ‘multi manager’ funds. Put simply, a multi manager fund is a fund that invests in other funds, run by other fund managers. The aim of a multi manager fund is to assemble a well-diversified portfolio of investments that is capable of generating consistent levels of return and can grow over the long term, while staying within acceptable risk boundaries. Each Foundation Fund is managed by the Octopus Multi Manager team. Their responsibilities include:

- Keeping track of global investment markets, analyse fund performance and form their own views on markets.
- Ensuring that portfolio holdings complement each other well, avoiding an over-reliance on any particular asset class, region or sector.
- Regularly meeting with the managers of the funds they invest in, asking the awkward questions that most investors never get the chance to ask.
- Examining the potential impact of fund manager changes or departures in greater depth.
- Taking decisions to buy or sell part, or all, of the funds within the portfolio, and reinvesting where the best investment opportunities can be found.

## A ready-made portfolio of funds

Investing in Octopus Portfolio Manager gives you access to a wide range of investment funds and experienced fund managers, through a combination of investments in six different ‘Foundation Funds’.

Each Foundation Fund focuses on a particular asset class or region, which determines its own unique approach to managing risk and return. This investment structure provides access to a broad range of different funds, and this diversification helps to reduce the impact of any single fund, region or asset class underperforming.

The Foundation Funds	
FP Octopus Fixed Income	FP Octopus Dynamic Mixed Asset
FP Octopus UK Equity	FP Octopus Global Strategies
FP Octopus International Equity	FP Octopus Global Growth

## Diversification

Diversification is important because the top-performing asset groups and fund managers tend to change each year, meaning consistent returns are more easily achieved by mixing different asset groups and using many fund managers. By combining a number of different funds that are focused on different asset classes, you gain broad diversification within a simple structure. The diversification is ‘managed’, meaning there is less risk of unintentionally having too much money in one particular market or sector, which can occur with a collection of single manager funds.

## The best of both worlds

The Foundation Funds make use of both passive and active funds. Passive funds typically track a market or index, with little managerial involvement to keep costs low. In active funds, the fund manager looks to make investment decisions to try to outperform the market, but this brings with it the extra cost of paying for that manager’s activity. We believe a balance of both active and passive management is likely to be the most successful in providing flexibility and the potential for a good performance, while ensuring that we manage the impact of costs, making the portfolio more efficient.

## Focus on underlying fund selection

The component mix for each of the Octopus Foundation Funds will vary according to a number of factors that are constantly monitored by our experienced fund management team. Before including a fund, a rigorous and exhaustive review process is undertaken as we seek to ensure that the best funds and fund managers are selected. The team will never invest in something they don’t understand or in areas where returns can’t be explained.



“The products we design have to pass a simple but essential test: they must do what they say they will. And our focus is always on putting the customer first.” **Simon Rogerson, Chief Executive**



# Ten investment profiles to choose from

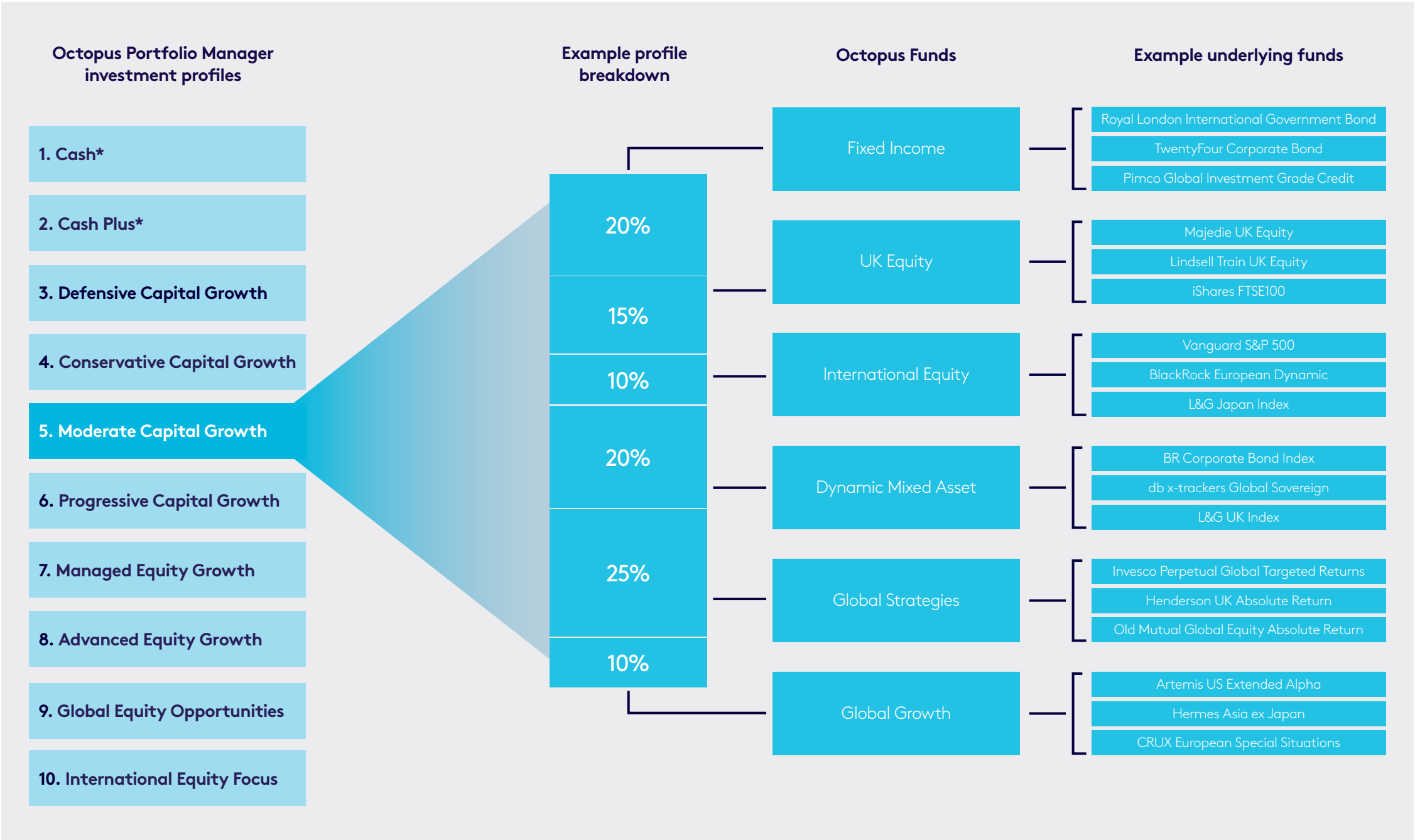
With Octopus Portfolio Manager, investors can choose from ten different investment profiles. Each one features a specific blend of the Foundation Funds to create a diversified portfolio.

Each investment profile is made up of a combination of the six Foundation Funds, plus a proportion of the investment held in cash. Profiles at the lower end of the range will have a greater amount invested in cash, fixed interest investments and alternative assets, whereas the higher numbered profiles will generally have a greater exposure to international and emerging market equities.

The blend of these funds determines the risk and return level for each profile. So, for example, a low volatility profile such as 3. Defensive Capital Growth will have a greater exposure to Foundation Funds with fixed income assets and alternative strategies, whereas a higher volatility profile, such as 7. Managed Equity Growth or 8. Advanced Equity Growth, will have a stronger focus on the equity-based Foundation Funds.

### Aligned with your financial adviser

Your financial adviser will help you choose the most appropriate investment profile, based on the information gathered from their ‘fact find’. This valuable research provides an insight into your investment time horizon and attitude to risk, both of which help to identify the investment that best reflects your requirements.



\*Please note, investment profiles 1 and 2 are cash investments and are therefore not available via our ISA. For more information, please talk to your financial adviser.

This breakdown is provided for illustrative purposes only, and may not be consistent with the latest asset breakdown for this investment profile. Each Foundation Fund will contain many more than three underlying funds.

# Ten investment profiles to choose from

The investment profiles are managed to a pre-determined level of risk, and therefore each targets a specific level of return.

Not only do the ten investment profiles offer investors greater diversity and choice, because each profile is individually risk-managed, they offer greater certainty that the risks taken are those that are most appropriate to investor needs. What’s more, should their risk tolerance change, for example due to retirement or starting a family, investors can easily switch from one investment profile to another for a transaction charge of £50 + VAT.

As each investment profile is managed to a long-term volatility target, the level of risk is designed to remain consistent over time.

The investment profiles are reviewed by the investment team on a frequent basis and ‘rebalanced’ as necessary, by selling and buying different proportions of the Foundation Funds. This ensures that the level of risk is managed appropriately over the suggested timeframe of the investment. This timeframe is very important, as every asset class can have periods where volatility is higher or lower than normal. Therefore, holding the investment for a shorter period increases the risk that the investment profile will deviate from its long-term target.

Investment profile	Volatility target range (annual)	Long-term targeted return (annualised)	Suggested investment timeframe
1. Cash	0-2.5%	2.5%	less than 5 years
2. Cash Plus	2.5-5%	3.5%	
3. Defensive Capital Growth	5-6.5%	4.5%	
4. Conservative Capital Growth	6.5-8%	5.0%	5-10 years
5. Moderate Capital Growth	8-9.5%	5.5%	
6. Progressive Capital Growth	9.5-11%	6.0%	
7. Managed Equity Growth	11-12.5%	6.5%	
8. Advanced Equity Growth	12.5-14%	7.0%	more than 10 years
9. Global Equity Opportunities	14-15.5%	7.5%	
10. International Equity Focus	15.5-17%	8.0%	

These assumptions are based on a range of inputs, including historical asset class data and third party research. The long-term targeted return includes all fund charges. **There is no guarantee that the actual performance of your portfolio will meet the objectives of your investment profile. The value of your investment and the income you derive from it may go down as well as up and there is a chance you may not get back the full amount invested.**

# The Octopus Multi Manager team

Octopus launched its multi manager business in 2008 and now manages more than £1.2 billion across investments distributed primarily through financial advisers.

The Octopus Multi Manager team is a respected and established fund management team with a wealth of experience. The team is currently responsible for over 20 multi manager funds.

**Global reach**

The team is free to select investment managers from around the world in each asset group. Their overarching aim is to achieve a superior risk and return outcome for each Foundation Fund. Their multi manager approach also involves constant monitoring of the managers they invest in. They do this to make sure they keep performing – and those who aren’t are replaced.

**Expertise in alternatives**

While equities and bonds form the foundation of all investment portfolios, the Octopus Multi Manager team excels through its use of alternatives as a means to managing risk. The team has a great deal of experience in this important but underused asset class, which enables them to look more widely than the usual alternative asset classes of property and commodities.

The Global Strategies Foundation Fund helps demonstrate the team’s approach to alternatives. It includes absolute return funds (these are funds that aim to give a positive return even when markets are falling). When included alongside the other Foundation Funds, it can help to enhance portfolio returns during periods of volatility, without increasing the risk level of the investment profile.

**Broader resources**

The fund managers are supported by internal fund analysts and external research to help them decide which funds to invest in. The team analyses thousands of investment funds to determine whether they merit inclusion. The team also has access to wider investment resources at Octopus, including more than 100 dedicated investment professionals.

If you would like to speak to one of the fund managers, please call us on **0800 316 2295**. We’re always happy to hear from you.



“The Multi Manager team has honed its investment approach down the years, delivering high-quality investment portfolios for individuals, charities and other institutions.” **Simon Reynolds, Fund Manager**

# Understanding the risks

All of us face different risks every day. We want to make sure you understand and feel comfortable with the key risks associated with Octopus Portfolio Manager before making any decisions.

## You could lose money

Investing in Octopus Portfolio Manager puts your capital at risk. The value of your investment and the income you derive from it may go down as well as up and there is a chance you may not get back the full amount invested.

## The value of your investment may fluctuate

Investment markets can be volatile and, as the value of markets goes up and down, the value of your Octopus Portfolio Manager investment will change too. The extent to which your investment may rise and fall will depend on the combination of different assets within your portfolio. It is therefore important to talk to your adviser first about the volatility of the investment profile you choose, and select an option that best reflects your tolerance for risk and potential losses.

## Past performance is no guide to the future

The past performance of an investment is not a reliable indicator of future results. Nor should you rely on any forecasts made about future returns. We can't guarantee the level of capital gains or income that will be generated through your Octopus Portfolio Manager investment. There is no guarantee that your portfolio will meet the objectives of your investment profile.

## This is a medium to long-term investment

As your adviser will explain, any investment in Octopus Portfolio Manager should be considered a medium to long-term investment. Suggested minimum holding periods are shown in the investment profile factsheets, available on our website or by calling **0800 316 2295**, they are also shown in the table on **page 10**.

## Fees and charges will reduce the value of your investment

The performance of your investment will be affected by the fees and charges. You should read the Octopus Portfolio Manager Fees and Charges document, which outlines the fees and charges payable for Octopus Portfolio Manager and the costs incurred by investing in the underlying funds that form your portfolio. Your financial adviser can provide this for you. You should also ask your financial adviser to explain the impact of any agreed adviser fees and platform charges, where these are applicable.

## Your chosen investment profile may not meet your performance goals

We will manage your portfolio according to the investment profile you have agreed with your adviser. You will need to inform us of any change you wish to make to your investment profile. We recommend you regularly review the suitability of your investment profile with your adviser. There is no guarantee the investment profiles will meet their investment objectives. Changing market conditions mean that, for short periods of time, the risk of the investment profiles can deviate from the long-term target.



"Our goal is to be totally transparent with our investors and their advisers. We want them to understand how our products work, how their money is being invested, and what the investment risks are, before they decide to invest."  
**John Averill, Head of Compliance and Risk**

# How to invest

Octopus Portfolio Manager is available exclusively through financial advisers. Your financial adviser can explain the risks and help to determine the most appropriate investment profile to meet your needs.

## Making an investment

Please ask your financial adviser for an application form. You should also read the 'Fees and Charges' and 'Terms and Conditions' documents, also available from your financial adviser.

## Investing through a fund platform

A fund platform is an online service allowing financial advisers to administer their clients' investment portfolios. Octopus Portfolio Manager is available on a number of platforms, and your financial adviser will be able to explain whether this option is right for you.

## Investing in ISA and SIPP tax wrappers

You can invest tax-efficiently through an Individual Savings Accounts (ISA) or you can hold your Octopus Portfolio Manager investment in a Self-Invested Personal Pension (SIPP). Please note, tax treatment will depend on your personal circumstances and may change in the future.

## Investing tax-efficiently

We will regularly buy and sell some of your Foundation Fund holdings. This is called 'rebalancing' and it ensures your portfolio's risk profile remains appropriate. Rebalancing can create capital gains that use some or all of your annual capital gains tax allowance. Using this annual allowance on a regular basis can help to lower your final capital gains tax bill when you sell your investment. The structure of your portfolio ensures that the sale of any underlying funds within each Foundation Fund remains free of any capital gains tax liability.

## Getting in touch

We can't offer investment or tax advice and we always recommend you talk to a financial adviser before making an investment decision. But if you have any other questions about this investment, please call **0800 316 2295** and we'll be happy to help.

## Giving us feedback

Outstanding customer service is at the heart of everything we do. But that doesn't mean we get it right every time. If you're not happy with the service we give you, please tell us. We'll listen to your complaint and acknowledge it in writing, as well as outlining how we plan to deal with it. Where possible, we'll try to improve things so it doesn't happen again.

If you want to make a complaint, email: **complaints@octopusinvestments.com**, call us on **0800 316 2295** or write to us at: **Octopus Investments Limited, 33 Holborn, London EC1N 2HT**, and we'll do our best to help. We'll also send you a printed copy of our complaints procedure, which follows the rules set out by the Financial Conduct Authority. Please remember we record all calls.

If you're not happy with our decision, or if you'd like to take your complaint further, you can refer it to the Financial Ombudsman Service. This is a free, independent service that aims to resolve disputes between financial services companies and their customers. You can refer a complaint to the Financial Ombudsman Service within six months of us sending you our final response. Further information can be found at **financial-ombudsman.org.uk**.





0800 316 2295  
[clientrelations@octopusinvestments.com](mailto:clientrelations@octopusinvestments.com)  
[octopusinvestments.com](https://octopusinvestments.com)



Octopus Investments  
33 Holborn  
London EC1N 2HT