

Smaller Client Proposition

Adviser Due Diligence

Welcome

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octopusmoney

Thank you for your interest in Octopus Money!

This pack is designed to support advice firms with their due diligence process in selecting a partner to support their smaller client proposition, including acquiring the client bank of commercially challenging clients, or providing the tech and service platform to lower the cost to serve.

If you'd like to discuss further or have additional questions please reach out.



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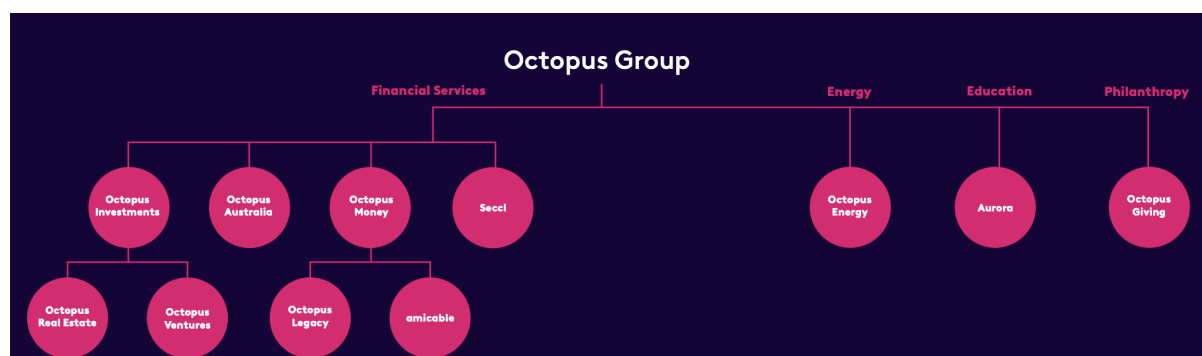
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About Octopus Group

Octopus is a group of entrepreneurs and investors united by a common goal: backing the people, ideas and industries that will change the world.

From our early origins giving retail investors greater access to high growth small businesses, we've built and invested in disruptive, progressive companies spanning financial services, energy and education.



We're a B Corp

We've been a B Corp since 2021, and we consider our stakeholders within every one of our business decisions. Whether it's customers, employees, our community, or the environment, we make sure that our profits help rather than hinder the world around us. In the process, we've built a culture where people instinctively do the right thing, even when nobody is watching. Octopus Investments, The Aurora Group, Octopus Money, Octopus Legacy and Seccl are all included in our B Corp assessment.

Financial Strength

Octopus Group is trusted to manage over £13.5 billion on behalf of investors across the UK.* We're a private business (and always will be) and we're fortunate to have a strong balance sheet. That means we can think longer term than most and aren't constrained by short-term shareholder pressure.

Octopus Money has £207.8m of assets on the platform and is privileged to serve 12,360 customers.*

*correct at 31st March 2024

Ownership Structure

Today, Octopus is owned 18% by our employees (past and present), 45% by the founders and their families, and 37% by friends, family and networks of employees, many of whom have backed us since we were founded in 2000. We'll never be a public company. We don't think it would suit our entrepreneurial nature or our approach to business.

Website : <https://octopusgroup.com/>

Find out more in our [2024 annual report](#).

About Octopus Money

Octopus Money is a group of passionate people on a mission to transform lives by bringing friendly financial planning to millions across the UK.

Website: <https://octopusmoney.com>

Octopus Money was launched in May 2023 as the home for all money-related advice in the group. But the business was built on the insights, successes and teams behind three previous ventures: one which pioneered the concept of financial coaching in the UK, a second which focused on a new approach to wealth management and a third that was building a low cost DFM and investment platform.

We believe that *everyone* deserves access to affordable, 1-to-1 money advice and we've built our proposition from the ground up to deliver just that.

We're founded from the same DNA as every Octopus business – exceptional customer service, great value and a mission to change the world for the better.

Today, over 200,000 employees have access to their own Octopus coach or adviser through their workplace – with tens of thousands of positive financial actions achieved. We're proud to be rated "Excellent" on Trustpilot and have a 4.8 star average customer rating on VouchedFor.

We are based at Octopus HQ in 33 Holborn, London EC1N 2HT.

Regulatory

Octopus Money Limited is an appointed representative of Octopus Investments Limited which is authorised and regulated in the UK by the Financial Conduct Authority. Registered office: 33 Holborn, London EC1N 2HT. Registered in England & Wales under No. 14069098.

Octopus Money is a trading name of TW11 Wealth Management Limited. Registered in England and Wales (No. 10339119). Authorised and regulated by the Financial Conduct Authority. Our Financial Services Register number is 763630.

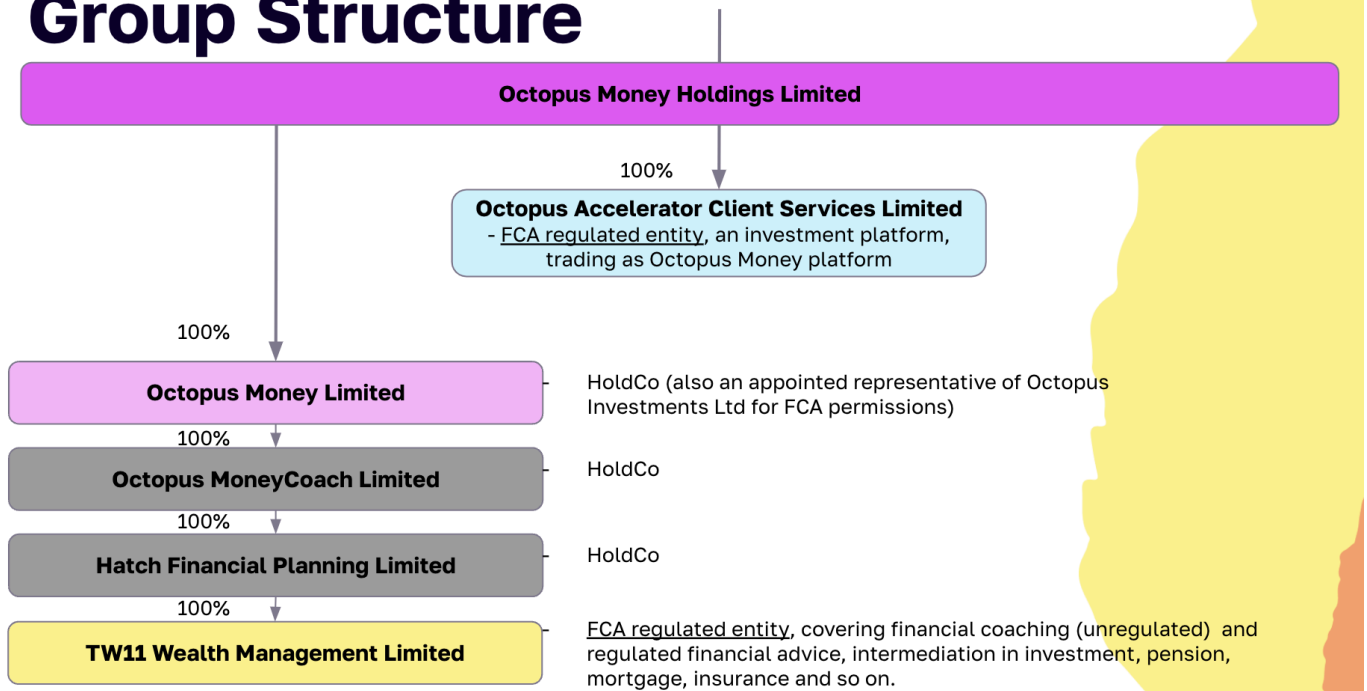
Octopus Money as a group of companies can offer:

- Restricted Pension Advice - restricted to its own SIPP and portfolios
- Restricted Investment Advice - restricted to its own ISA and GIA wrappers and portfolios
- Whole of market Insurance advice
- Whole of market Mortgage advice
- Whole of market Buy to Let mortgage advice
- Simplified advice via a robo advice tool - this provides restricted portfolio advice only
- Facilitation of Execution only clients - this is restricted to its own SIPP, ISA and GIA wrappers and portfolios

Client classification

We will categorise all clients as 'Retail Clients' as defined in the FCA Conduct of Business rules.

Group Structure



Brand

We count ourselves lucky to run a brand that customers already know, love and trust. We're currently in about 1 in 4 homes and almost everyone in the country knows who we are.

Octopus Money Values

Every conversation matters

- We obsess over how we make people feel - on every call, email, screen and event. Every experience really matters. It won't always be perfect, but we'll always work harder to keep making it better.

Challenge the impossible

- We have the courage to aim insanely high - because we know that *not trying* is much worse than *failing*. We back ourselves to do things others say can't be done.

Move with urgency and focus

- We're impatient to make remarkable things. We focus on what matters most, make fast initial progress and then iterate forward

Smaller Client Proposition

At Octopus Money, we're on a mission to close the advice gap for good.

Our advice team works with a combination of coaches and automated advice technology, in building a new methodology for a segment of customers that many firms find difficult to serve.

Human-led methodology

While others try to innovate humanity out of advice, we put *people* at the heart of our service. Every client has a dedicated coach, who works with them 1-on-1 to explore their goals, build a plan and be on call whenever they need.

Holistic financial planning

We believe *holistic* advice, across all the pieces of your financial life, is the key to deeply engaging clients and delivering better outcomes. Our coaches work alongside our technology, designed with advisers, to deliver automated holistic advice.

Fair, transparent pricing

Our proposition to clients includes planning, advice, platform, products and DFM – in a single joined-up experience. All-in pricing, including fund fees, starts at 1.15%.

Detailed fee breakdown

Advice Fee

0.55%

Covers the 1-to-1 financial coaching, planning and investing advice we provide you

Investment Fees

0.60%

Management Fee (DFM)

0.10%

Covers the cost of managing your investments on your behalf

Platform Fee

0.40%

Covers all the digital tools that allow you to hold, access and track your investments online

Fund Fees

0.10%

Covers the ongoing charges set by the funds in your investment portfolio. This fee may vary slightly based on the portfolio we recommend (+/- 0.02%).

UK Average	Source
0.80% - 2.40%	Which, 2023
0.20% - 0.35%	Platform, 2020
0.30% - 0.45%	Boring Money, 2023
0.37%	Morningstar, 2022

Our offering and who we are best placed to serve

We believe that delivering brilliant advice is part empathy and part logic. So we combine coaches – who are brilliant at empathising and educating – with powerful automated advice technology – which codifies the advice logic. Coaches are the key point of contact for clients and use our technology to build a cash flow forecast around their financial goals. Then, our advice engine translates the forecast (as well as risk profile, capacity for loss and other assessments) into specific, personal investment actions.

Our holistic advice technology has been developed alongside financial advisers, with decades of practical experience serving clients, to ensure it's fit for purpose. And the suitability reports it generates are reviewed and checked for quality.

As a firm offering restricted advice, we also help save time and money by making recommendations from a range of products (ISA, SIPP and GIA) and portfolios, which we manage on the Octopus Money platform.

There are obviously many personal circumstances that an algorithm isn't well equipped to deal with. But we find this methodology is really well suited to individuals with simpler financial circumstances and enables them to get access to 1-to-1 advice in a new, more affordable way – without losing access to a dedicated person who can guide them on the path to their financial goals. We have human-led advice capabilities for those whose needs are more complex.

Current services which we offer:

		Octopus Money
Advice	Cash flow forecasting	✓
	Financial Coaching	✓ Holistic Guidance
	Financial Advice	✓ Restricted Investment Advice
	Mortgages	✓ Independent Advice
	Protection	✓ Independent Advice
	Client point of contact	✓ Coach
Invest	Investment Platform	✓
	Product Wrappers	ISA, JISA, GIA, SIPP
Service	Service Delivery	Hybrid: human first
Access	Ways clients access or interact with us	Phone, Website, mobile-optimised pages, Video calls

VAT Position on services

We consider our digital advice proposition to be VAT Exempt.

Our Target Market

We've built our service and methodology from the ground up to serve a different segment from the rest of the financial advice market: smaller clients with simpler circumstances. That means we can work hand-in-hand with partner firms like yours to complement the amazing work you do for higher-value, more complex clients.

At Octopus Money, clients meet with us virtually, via video call, at times that suit them best. We find that most clients actually prefer the ease and flexibility of this set-up. But when we're kicking off a new relationship, we're always open to discussing other options – and happy to join you for a day in your offices. At the end of the day, the most important thing is for clients to build a relationship with a friendly and dedicated expert they can trust.

Our Customer Promise

We believe in keeping the bar high for customer experience and quality of care. Having access to a real person, who really understands and cares about you, is one of the most important aspects of advice. At Octopus Money, every client gets a dedicated planner, who works with them 1-on-1 to explore their goals, build a cashflow forecast and be on call whenever they need. While our technology takes care of the regulated advice, 1-to-1 support is at the heart of our proposition.

Don't just take our word for it Our Trustpilot review can be found [here](#), and VouchedFor reviews can be found [here](#).

About our Coaches

We're proud to be creating new career pathways into advice. Over the past few years, we've trained and accredited a diverse group of financial coaches who are passionate about helping clients and closing the advice gap.

We start by running a highly selective application process, in which less than 5% of applicants are selected to join our training programme. We look for individuals with high emotional intelligence and exceptional communication skills, as well as strong financial literacy. Our training and certification programme includes a mix of theory and practical experience – and was the first of its kind to be independently accredited by The London Institute of Banking & Finance (LIBF). Every coach must pass a final assessment to receive their accreditation with Octopus.

We also have an industry-leading approach to ongoing quality assurance. Every client call is recorded, we have a dedicated team to monitor and review calls and we consistently ask for detailed feedback from our clients.

Adviser Proposition

We have a tried and tested track record in acquisition - both acquiring businesses and client banks, successfully migrating both advised and D2C clients. We also operate referral agreements where firms have chosen to recommend Octopus Money as a home for those clients that they are not best set up to serve.

Acquiring smaller client book - Stages of engagement

1. Initial discover meeting

An opportunity for us to understand more about your business, your proposition and client base. We will share our proposition and commercials, and bring to life the benefits to the clients, and the ways we can make the client onboarding experience a positive one. We will answer any questions you may have.

2. Opportunity to access a coaching session or have a more detailed demo

As you reflect on the information we have shared on our proposition, and client and acquisition offering, you are welcome to experience a coaching session to help you understand what your clients will be invited to sign up to.

3. Pricing of smaller client book

Our Commercial Team will review the anonymised client data you send, and will come back with a multiple of the ongoing advice fee we can pay for each client, and the overall financial consideration. There may be clients that we are not best able to serve, and these will be identified accordingly. Pricing can normally be completed within 2 working days.

The data we would need includes:

- Date of birth/age
- Product/wrapper
- Level of assets
- Ongoing advice fee charged
- Platform
- If they are in drawdown or not
- Back office system used

4. Head of Terms

If you are comfortable with our proposition and pricing, we will send a Head of Terms agreement for your consideration. Once signed we will mobilise a project team to ensure the transaction goes smoothly for all stakeholders.

5. Operational readiness

We will set up a working group with nominated stakeholders across your firm and Octopus Money who are best placed to own the operational aspects of the client migration. This will include understanding the client data, back office environment, client onboarding options, and setting our roles, responsibilities and agreed timelines to ensure brilliant customer outcomes.

6. Asset Purchase Agreement

An agreement will be sent for consideration by you and your legal support. From our previous acquisitions, we have a standard template but we are happy to customise based on the operational readiness and commercial agreement reached. Once we reach an agreement on any clause amendments, we suggest your legal services partner reviews them ahead of signing.

7. Client Onboarding and migration of assets

We'll work closely with you to create a brilliant first introduction to Octopus Money. Every client is unique, and we want them to feel excited about taking the next step in their financial journey with us.

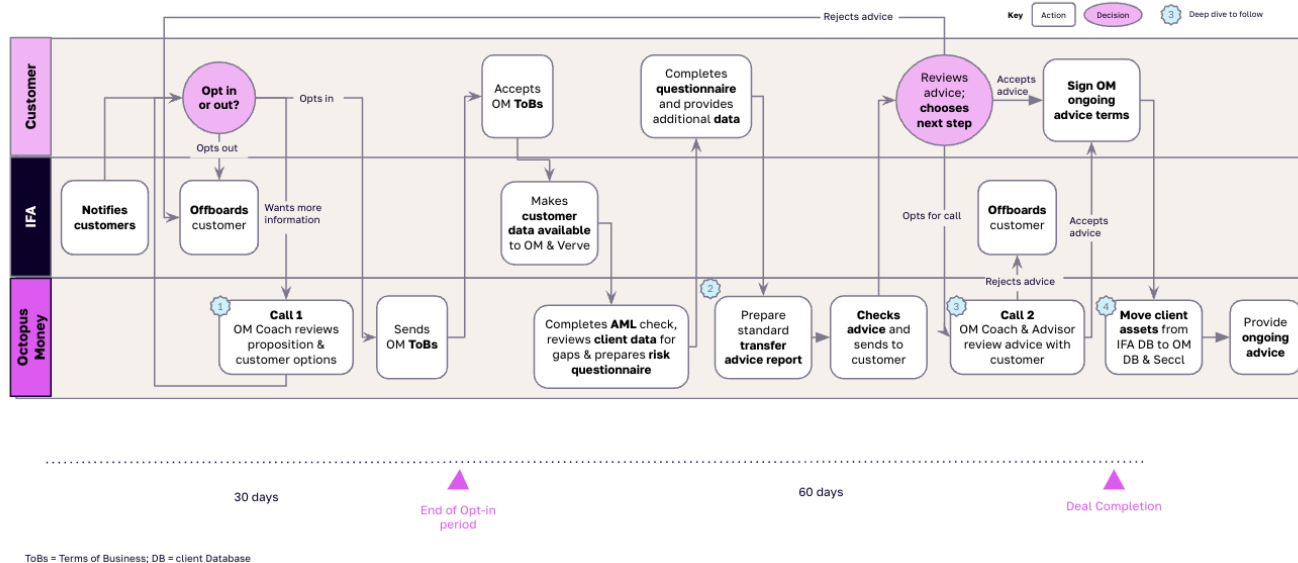
We have detailed our standard client onboarding journey below, but are happy to customise. This lays out the journey and roles and responsibilities for each stage of the migration. We're happy to join joint handover calls, create bespoke content or video introductions and work with you on a coordinated written introduction. The clients' first call will be with a coach who will take time to understand how they feel about money, their hopes and dreams, ensure the information we hold is correct as well as answer any questions. If the client is comfortable to proceed, we will send out the initial advice terms for them to sign. We will create a dedicated landing page with additional information for clients.

Following a revalidation of the client circumstances, existing holdings and attitude to risk, we will kick off the transfer advice process and direct clients to the right solutions for their needs. The transfer advice will be played back to the client and they will then be asked to sign to confirm they are happy, and sign up to our digital advice terms.

We will then complete the asset migration process where appropriate, and this will trigger the first part of the commercial payment, typically 50%, but as detailed in the asset purchase agreement.

The remaining phases of the commercial consideration are typically paid on day 1 of year 2, and day 1 of year 3, or as detailed in the asset purchase agreement.

Customer migration | High level journey



Investment proposition and governance

Octopus Money digital advice proposition operates under the restricted advice regime. We offer a range of 10 model portfolios that operate under a passive investment style, and we have discretionary permissions allowing us to rebalance in line with the mandate. Our Investment Committee oversees the performance and governance of those solutions. We make available product wrappers including ISA, GIA and SIPP through the Octopus Money platform, powered by Seccl.

You can find out more about our investment offering [here](#).

How the deals are funded

We're part of Octopus Group, a private business (and always will be) and we're fortunate to have access to cash on our balance sheet (c. £100m).*

*At March 2024

Technical and Operations

Platform and custodian

Octopus acquired Seccl in 2019 as an investment in the future of financial advice technology. Bringing together our platform and financial advice businesses will enable us to provide an ever more streamlined and consistent user experience to our clients.

Assets will be held on the Octopus Money Platform, powered by Seccl Technology Limited. Seccl will provide administration services such as processing transfers, custodial services as well as the underlying platform technology to manage investments. Seccl is a market-leading provider which powers a number of other major financial services firms – taken together, these firms manage, or advise on, in excess of £13bn in client assets.

Keeping client data safe during migration

We are ISO27001 certified (Information security management).

Our team are experienced in extracting data from CRMs including Intelligent Office and Salesforce and efficiently migrating into our systems.

We recognise the importance of keeping client data safe during a migration. We'll work with you to understand the data migration requirements including:

- identifying what data needs to be moved
- where it's going
- how we'll get it there

Once agreed, we'll ensure that the migration process is understood by all parties involved and so that data is securely transferred, in line with regulatory requirements.

Our privacy policy is available to read [here](#).

Governance

Engagement with the regulator

We have engaged with the Financial Conduct Authority (FCA) on our approach to financial coaching and digital regulated advice and shared our thoughts on the Advice Guidance Boundary Review. We have also worked with the regulator in order to save client books from firms which were in financial difficulty.

Risk Management

Octopus is committed to operating within a strong system of internal control that enables business to be transacted and risk taken, without exposing itself to unacceptable potential losses or reputational damage. For this purpose, a Policy Register is maintained in a Risk System, detailing the most significant Group-wide policies. All colleagues are responsible for ensuring that their actions are compliant with policies.

We have 3 lines of defence:

1. The business is responsible for managing risks on a day-to-day basis.
2. The Risk Committee provides oversight of management and control functions including reviewing business risk management.
3. Internal and External Audit independently access the risk mitigation of the business

Every quarter we carry out a risk assessment of the key areas of our business on a "Risk Placemat". This is also submitted to our group company (Octopus Group) to also assess our collective risk at a group level.

The risk will be rated (Red, Amber, Green) depending on how well the risk is being managed. There are a number of supporting indicators in place that will determine the RAG rating.

Consumer Duty

Our Consumer Duty packs are available on request.

Vulnerable customers

Our coaches and advise staff are trained on an annual basis in order to identify and also support customers with vulnerable circumstances. In particular, they are trained in order to identify signs of vulnerability and assess if we can appropriately support them.

Internally all reports of vulnerability are reviewed by that team's manager and discussed with the compliance team to agree on next steps. Where we are unable to support a client i.e. where a client is in debt crisis we will provide details of charities or third parties which may be able to assist further.

As part of your client book migration, we will discuss with you your clients and any vulnerabilities which you are aware of. This is to ensure that from day one we are meeting their needs in the most appropriate way possible.

Financial Crime

As the clients are coming from a regulated entity our overall financial crime risk is low as we can place a partial reliance that you have completed the required checks.

However, to mitigate the risk of a client's information being out of date etc, we will complete AML checking including PEP and Sanction screening of all clients before advice is presented.

Our check is primarily completed via an automated check, where this check fails or where concerns are identified we will discuss these with the client in advance of any advice being presented.

When a client then agrees with our recommendation to migrate, they will enter our ongoing monitoring which includes daily PEP and Sanction screening.

Data Protection

Data is at the heart of everything we do.

- We have stringent controls around data security
- During migration, we will work with you to ensure that client data is transferred securely between your CRM and ours
- Where you use IO (our CRM provider) we can arrange the migration from your IO instance to ours without the need for data to be exported and transferred to us
- Where data needs to be transferred to us we use a secure data vault to protect client data, access to this data during migration is restricted to core personnel. With teams only having access to required data to enable migration at any one time

Conflicts of interest

Octopus Money is in no way incentivising its advising staff or those of a firm which it is acquiring clients from regarding this migration. There are no changes in staffing etc and as such we do not think that we have a conflict of interest.

Although we'll always try to act in a client's best interests there may be situations where we or one of our other clients has some form of interest in the business being transacted for your clients. If this happens or we become aware that our interests or those of one of our other clients conflict with your clients interests, we'll write to the client and ask for their consent to proceed before we carry out any business for them. We'll also let them know the steps we'll take to make sure they are treated fairly.

We have a conflict of interest policy. If you want to see a copy of it please ask us.

TW11 Wealth Management Limited and its chosen DFM provider - Octopus Money Limited are both part of the Octopus Group of companies and are 100% owned by the same shareholders. This conflict of interest does not alter our regulatory responsibility to provide our clients with impartial advice, and so should not influence our advice to a client.

Through the Octopus Group of companies TW11 Wealth Management Limited and Octopus Money Limited also use the services of a group-owned Platform provider - Seccl. This platform under the name Octopus Money Platform provides an administrative platform that we may use to manage the investment portfolio. This relationship does not alter our regulatory responsibility to provide clients with impartial advice, and so should not influence our advice to them.

Complaints

We are responsible for complaints post-migration.

We will as part of ongoing client communications make it clear to the client that any concerns regarding historic advice or platforms will need to be addressed to that entity.

Internally, Octopus Money will update its complaint flow charts to identify complaints that it receives that need to be forwarded to the previous firm for investigation etc.

Following the migration, Octopus Money will take liability for any new complaints which relate to any actions post the client's acquisition e.g. migration-related issues etc.

PI cover

Octopus Money holds the required level of Professional Indemnity cover as set required by the FCA. A copy of the policy is available on request.

Coaching accreditation and oversight

We have a coach Training, Knowledge and Competence scheme.

- This covers a route to accreditation whereby coaches must evidence their technical and financial knowledge and their skill in coaching and delivery of our service.
- Thereafter the scheme sets out ongoing skills, knowledge and standards of conduct that must be maintained and coaches are certified as remaining competent annually.
- We validate the skills, knowledge and conduct via observations, file checks and reviews of MI like conversion and complaints to identify potential risks and manage them accordingly.

Policies

We have a number of policies that are available for review on request.

Thank you for reading! Please do reach out if you have any questions.

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