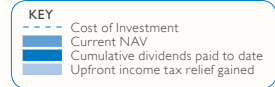


PERFORMANCE

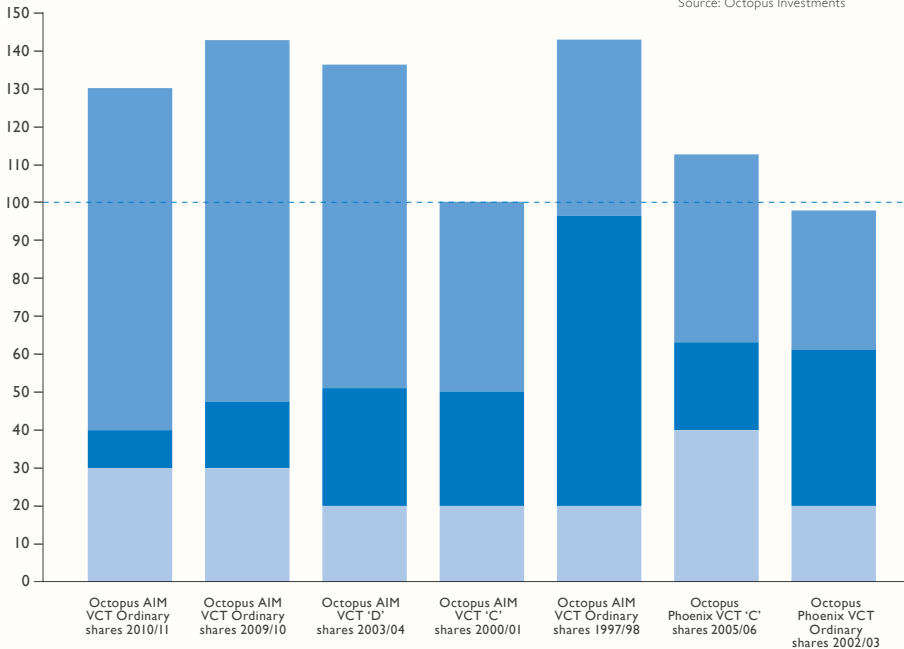
In the three month review period to the end of January 2012, the AIM Index rose 4.6%, the FTSE SmallCap Index increased 2.6% and the FTSE 100 Index rose 1.2%. By contrast, the net asset value (NAV) of the Octopus AIM VCT fell 3.1% from its peak at the end of October 2011. As always, the performance of individual smaller company shares is dependent on newsflow and some of our larger holdings such as Animalcare, Brooks Macdonald and EKF Diagnostics saw their shares drift downwards during the period due to lack of news.

Entering 2012, equity markets were predicting a gloomy start to the year and were pricing in the worst-case scenario. That implied smaller companies would continue to be the forgotten sector of the market, despite the dynamism and growth on offer. January trading statements, however, helped to allay some of those fears and the NAV rose by 3% in January alone. If this means that risk appetite is returning, then today's valuations offer an excellent entry level for investors in search of growth.

PERFORMANCE SINCE INCEPTION



Source: Octopus Investments



DATA AT A GLANCE

The table below shows the NAVs of the VCT at the different investment opportunities. Historic information on dividends is also included. Regular tax-free dividends are one of the major benefits that VCTs can provide to investors.

Original share title	Adjusted NAV (assumes investment at 100p)	Total dividends paid	NAV plus total dividends
Octopus AIM VCT Ordinary shares 2010/11	90.3p	10.0p	100.3p
Octopus AIM VCT Ordinary shares 2009/10	95.5p	17.5p	113.0p
Octopus AIM VCT 'D' shares 2003/04	85.4p	31.1p	116.5p
Octopus AIM VCT 'C' shares 2000/01	50.1p	30.2p	80.3p
Octopus AIM VCT Ordinary shares 1997/98	46.5p	76.6p	123.2p
Octopus Phoenix VCT 'C' shares 2005/06	49.6p	23.2p	72.8p
Octopus Phoenix VCT Ordinary shares 2002/03	36.7p	41.3p	78.0p

NAV data as at 13 Feb 2012. Source: Octopus Investments

* Following the merger of Octopus AIM VCT and Octopus Phoenix VCT and various share re-organisations, there is now only one share class, Ordinary shares. For Ordinary shares, 'C' shares and 'D' shares together with Octopus Phoenix VCT Ordinary shares and 'C' shares, the figures above represent the NAV, rebased to assume investment at 100p, and adjusted in accordance with the relevant conversion factors. Investment has been assumed at the first allotment of each tax year.

INVESTMENT ACTIVITY

We made investments into two new qualifying holdings in the last two months of 2011, GB Group and TLA Worldwide, both of which are described in more detail on the next page. We took the opportunity to sell some of the smaller portfolio holdings that have not traded well and increasingly seemed unlikely to do so. We took some profits in Advanced Computer Software and Silverdell and we sold Optare after its majority takeover by Ashok Leyland. The value within the portfolio has again been highlighted by two more cash takeover bids for Clarity Commerce Solutions and Hamworthy. Both bids were at a premium to the prices at which the shares had been trading just prior to the bid announcements.

OUTLOOK

Smaller company shares remain out of favour (and therefore, we believe, cheaply rated), partly due to the extreme uncertainty surrounding the fate of the Euro. The news coming out of the smaller companies within the portfolio remains more optimistic than share progress would have you believe. Provided that the current lack of confidence doesn't stifle what little positive momentum there is in the UK economy, companies which have managed to grow their profits should continue to do so. Banks are still unwilling to lend to many small businesses, and we think we will start to see attractive investment opportunities once the stability of the stock market becomes more widely appreciated. With that in mind, we will add to our non-qualifying holdings where we see opportunities to invest at low valuations, and will continue to look at potential new VCT qualifying investments.

NEW INVESTMENTS

TLAWORLDWIDE

TLA is a newly incorporated company which listed on AIM towards the end of last year. TLA acquired Legacy Sports Group and The Agency Sports Management Group to form a leading athlete representation and sports event marketing business, primarily focused on professional baseball in the United States.

Major League Baseball (MLB) is the most attended professional sport in the US, with an attendance of 73 million in 2010, generating gross revenues of \$7 billion, of which \$2.8 billion was paid out to players. The combined revenue of the two constituent businesses was \$11.4 million in 2011 producing a total operating profit of \$3.3 million. The new group has a balanced mix of established MLB stars, plus emerging and minor league talent. The latter two groupings create a basis from which to grow representation fees as stars retire. In all, the new group represents over 200 clients.

MLB is a strongly regulated sport with substantial financial backing. So, even in the event of a club failing, player wages continue to be paid. With contracts over a number of years, there is an attractive visibility to the revenue line and TLA has floated with a record of profitability and a commitment to paying dividends. The management is respected in the industry and one of the founders is well known to us as the CEO of Essentially, which was an AIM traded company until its purchase by Chime Communications. We expect TLA to grow by recruiting more players and by achieving a number of economies of scale over the next few years.

GB GROUP

GB Group is a data and identity management business that enables corporate clients to check the identities of their own customers. Clients can then use this knowledge to improve customer marketing and reduce transaction risk.

With the ever increasing use of the internet as a sales channel, identity verification and fraud prevention is a major issue for companies. In the year to March 2011, GB reported total revenue of £24.4 million and a pre-tax profit of £1.7 million as margins improved. This revenue came from two main sources: identity verification and marketing services. Identity verification can help to prevent illegal activities such as under-age online gambling and money laundering. Marketing services help to 'cleanse' customer information for corporate clients who need to maintain accurate records. Revenue is also derived from online customer registration and identity tracing services.

The loss of personal contact and the need to verify the credit worthiness of the other party in any transaction means that GB Group operates in a growth sector. It accesses over 70 databases of personal information. The opportunity to invest in GB Group arose when it acquired its main UK competitor, Capscan, in October 2011, and the placing, in which we participated, financed the acquisition. Following the acquisition of Capscan, GB Group is now the second largest operator in the UK market, behind Experian. The group will now grow outside the UK as it builds its international databases and overseas clients.

TOP 10 OVERALL HOLDINGS AS AT 13 FEBRUARY 2012

1	Brooks MacDonald Group	6	Enteq Upstream
2	Advanced Comp Soft	7	Escher Group Holdings plc
3	EKF Diagnostics	8	Brady plc
4	Idox plc	9	MyCelix Technologies plc
5	Breedon Aggregates Limited	10	TLA Worldwide plc

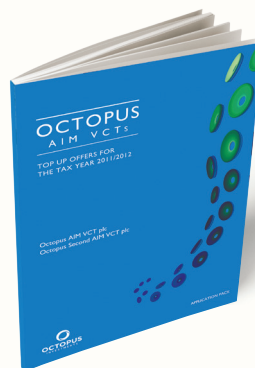
AIM VCTS: ACCESS NEW SHARES VIA TOP-UP OPPORTUNITY

With good companies still priced at relatively low valuations, time is running out to add to your investment in the Octopus AIM VCTS.

As you're aware, investment in a VCT brings a whole host of tax benefits. These include: 30% income tax relief on the amount invested, assuming the shares are held for five years; tax-free dividends; and tax-free capital gains. Taking advantage of new offers in existing portfolios means the companies are more mature and therefore less susceptible to the volatility of smaller less established companies. There's also access to established dividend streams too.

Octopus AIM VCT has paid out dividends of 2.5p twice a year since 2006, and will be announcing its next dividend in May (payable in July). Octopus Second AIM VCT also has a policy of maintaining at least a 5% yield payable to investors, and will be paying a dividend in May.

We anticipate rapid take-up of this offer, so we'll be allocating shares on a first come, first served basis. If you're interested in investing we recommend you speak to your financial adviser first. More information can be found on our website.



TALK TO OCTOPUS

We want to make sure the information we send you is interesting, useful and easy to understand. And we take your feedback very seriously. If you have any comments about this update or any questions about your investment we'd love to speak to you. Just call 0800 316 2295 or email comms@octopusinvestments.com

FOR UK RETAIL INVESTORS ONLY – This document is specifically for the recipient and should not be relied upon by any other person. The value of an investment in a VCT may go down as well as up and you may not get back the full amount invested. Past performance is no guide to future performance. This document is a financial promotion and has been approved for the purposes of section 21 of the Financial Services and Markets Act 2000 by Octopus Investments Ltd. Investors should seek their own personal financial advice from an appropriately authorised independent financial adviser. Any investment should be made solely on the basis of the information contained in the product prospectus and product terms and conditions attached to the application form. Shares quoted on AIM may be higher risk than companies listed on the London Stock Exchange Official List. Octopus Investments is authorised and regulated in the UK by the Financial Services Authority, 25 The North Colonnade, London E14 5HS. Registered in England & Wales under No. 3942880. All information correct as at 24 February 2012 unless otherwise stated. 1549-01-VCT-0212.