

Octopus Titan VCT

# Backing Britain's brightest businesses

Octopus Titan VCT  
September 2017



**octopus**investments  
A brighter way

## Key investment risks

For UK investors only.

Octopus Titan VCT is an investment, that places your money at risk. This means the value of an investment, and any income from it, can fall as well as rise and you may not get back the full amount invested. VCT shares could fall or rise in value more than other shares listed on the main market of the London Stock Exchange. They may also be harder to sell. It is important that you read and fully understand the key risks involved before deciding whether this investment is right for you. To help, we have a dedicated section outlining the key risks on **page 18**.

Please note that tax reliefs available on Venture Capital Trust (VCT) investments depend on individual circumstances and may change in the future. Tax reliefs also depend on the VCT maintaining its VCT-qualifying status. Past performance is not a reliable indicator of future results. For five-year performance history, please see **page 12**.

**This document is an advertisement and not a prospectus. Any decision to invest should only be made on the basis of the information contained in the prospectus, available at [octopusinvestments.com/titanvct](https://octopusinvestments.com/titanvct).**

You can also request print copies by calling our Client Relations team on **0800 316 2295** or by sending an email to [clientrelations@octopusinvestments.com](mailto:clientrelations@octopusinvestments.com). Octopus does not give advice on investments, legal matters, taxation or anything else. We always recommend you talk to a qualified financial adviser before making any investment decisions. All data and factual information provided within this document is sourced to Octopus and is correct at 31 August 2017, unless otherwise stated.

Issued by Octopus Investments Limited, which is authorised and regulated by the Financial Conduct Authority. Registered office: 33 Holborn, London EC1N 2HT. Registered in England and Wales No. 03942880. We may record telephone calls to improve our customer service. Issued: September 2017.



Octopus Titan VCT gives investors the opportunity to participate in the growth of some of the UK's most exciting entrepreneurial businesses. This new share offer will provide further funding to a number of portfolio companies, as well as add some exciting new investments.

# Find it fast

About Octopus	2
VCTs: a home-grown success story	4
Reasons to consider a VCT	5
Octopus Titan VCT: a decade of supporting outstanding UK smaller companies	6
The value of successful VCT exits	8
Backing Britain's brightest businesses	10
A strong performance record	12
New share offer	15
The life cycle of your VCT investment	17
Understanding the key risks	18
Conflicts of interest	19
The charges	20
How to invest	21

# About Octopus

Octopus was founded in 2000. We're known for innovation, doing the simple things well and for customer service that goes the extra mile. We call it 'a brighter way'.

Today the Octopus Group has 150,000 customers across a range of different businesses. We believe in creating better futures for everyone, by taking care of people's financial security, health and wellbeing. Our approach is simple: find out what's broken and then work out the way it should be. This allows us to make a difference, both to our customers and to the world around us.

## About Octopus Investments

Octopus Investments is an award-winning, fast-growing UK fund management business. We have more than 500 employees and we manage £7.2 billion in assets for private investors and institutions. We work with tens of thousands of clients and we've built market-leading positions in tax-efficient investments, smaller company financing, renewable energy and healthcare.



Our head office is at 33 Holborn, London.

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

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

## About Octopus Ventures

Octopus Titan VCT is managed by Octopus Ventures. Launched in 2007, Octopus Ventures is one of Europe's largest venture capital teams. It features a diverse team of 19 investment professionals, operations and investor relations specialists.

Before joining Octopus, many of the team were well-established in other industries, such as consumer goods, professional services and technology. Some of the team were also entrepreneurs themselves, growing their own businesses before selling them when the time was right.

The Ventures team aims to back entrepreneurs capable of 'unleashing change', and makes investments of between £500,000 and £5 million in companies they believe can grow to return ten times the original investment amount.



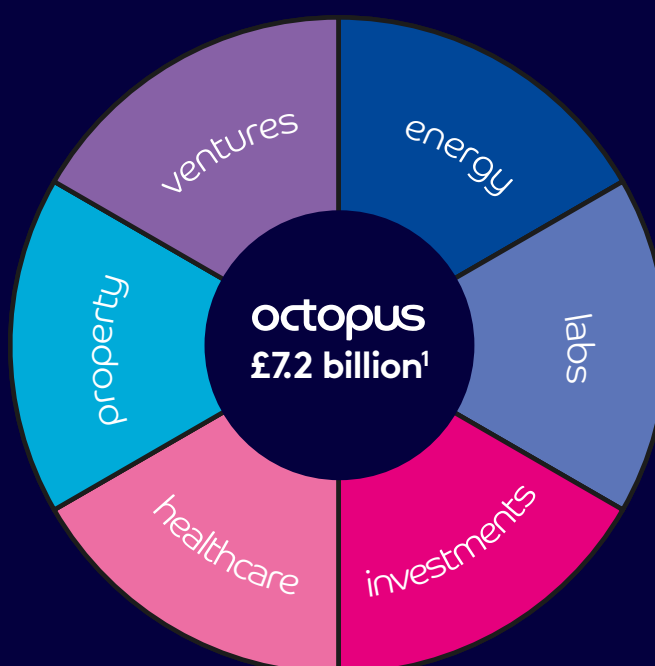
## Five promises from Octopus

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, not profit**  
Octopus is owned by the people who work here. We're not accountable to 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? We have to include some fairly complicated information in this brochure, but 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.

We're changing the way people think about their savings and investments, we're building care homes, hospitals and schools you'd be proud to send your loved ones to, and we're supplying hundreds of thousands of UK homes with renewable energy.

## Octopus funds under management:



## Talk to Octopus to find out more

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

<sup>1</sup>Octopus Investments, June 2017

# VCTs: a home-grown success story

The UK is one of the world's most successful markets for entrepreneurial small companies. But companies that start small usually need investment to help them grow and develop.

Recognising that investing in such companies typically involves taking more risk than investing in larger listed companies (for example, BP or Vodafone), the government introduced Venture Capital Trusts (VCTs) in 1995 as a way of encouraging investment into Britain's exciting, entrepreneurial businesses. In the two decades since they were introduced, VCTs have helped to create jobs, reward innovation and bolster the UK economy.

## Backing some of the UK's brightest companies

The UK's small businesses are often hailed as the backbone of the British economy. However, many could be growing even faster with better access to funding. VCTs provide investors with the opportunity to support these small entrepreneurial companies and, in return, benefit if they do well.

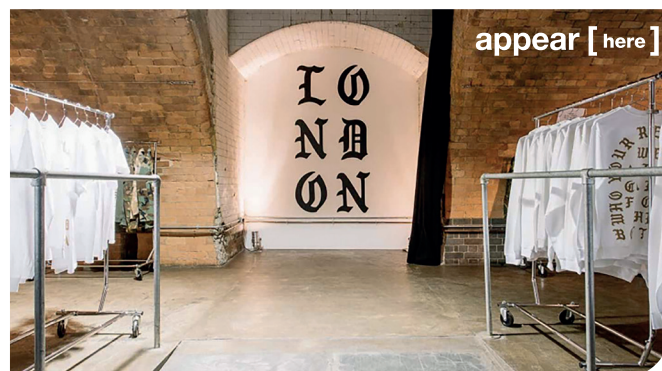
## VCTs offer a number of tax benefits

As well as providing an easy way for investors to gain exposure to these small companies, VCTs offer a number of useful tax reliefs. Investors can claim up to 30% upfront income tax relief, receive tax-free dividends and, when the time comes to sell the shares, investors don't have to pay capital gains tax if they've risen in value.

## Octopus: the biggest name in VCTs

Having launched our first VCT in 2002, Octopus is the UK's largest VCT provider<sup>1</sup>. We currently manage more than £750 million of VCT money on behalf of over 26,000 investors. We think VCTs offer great investment potential, with some exciting tax benefits attached. However, VCTs are not suitable for everyone, which is why we always recommend talking to a qualified financial adviser before deciding to invest.

If you have any questions after reading this brochure, visit [octopusinvestments.com](http://octopusinvestments.com) or call us on **0800 316 2295**. We're always happy to hear from you.



Octopus Titan VCT first invested in Appear Here in 2017. Find out more on [page 11](#).

VCTs are high-risk investments. It is important to understand that smaller companies can struggle, and many will not be successful. The tax incentives are there to help compensate investors for the risk they take with their money. **For more information on the key risks, please see page 18.**

**£542 million was invested into VCTs in the 2016/17 tax year, the largest amount in a decade.<sup>1</sup>**

<sup>1</sup>Source: The Association of Investment Companies, April 2017.



# Reasons to consider a VCT

## Growth potential

VCTs invest in smaller, VCT-qualifying companies that are not listed on the main London Stock Exchange. Smaller companies have the potential to grow much faster than their larger, listed counterparts. By offering investors access to an instantly diversified portfolio of smaller companies, established VCTs can offer an attractive way to gain exposure to this sector. Always remember, however, that investing in small, VCT-qualifying companies is high-risk and you may not get back the full amount you invest.

## Supporting British innovation

Investing in a VCT means you can feel confident that you are helping innovative smaller companies to create jobs, prosperity and economic growth.

## Complementing other investments

While VCTs carry a higher risk profile, they can be a useful addition to your investment portfolio if you are looking to complement existing pension plans or other long-term investments, such as Individual Savings Accounts (ISAs). Recent changes to pension rules have placed further restrictions on the amount you can invest into a personal pension, both annually and over your lifetime. This means that VCTs could become a valuable part of retirement planning if your pension limits are at risk of being breached. As with any investment, please ensure that you are comfortable with the associated key risks before making any investment decisions.

## Generating additional income

The potential for tax-free dividends can provide an attractive, supplementary income, which could be useful, especially if you're approaching, or are in, retirement.

## A number of tax benefits

When you invest in new VCT shares, you're entitled to a number of tax incentives on investments up to £200,000 each tax year. These include:

- **Income tax relief** – You can claim up to 30% upfront income tax relief on the amount you invest, provided you keep your VCT shares for at least five years. So if you invest £10,000 in a VCT, £3,000 can be taken off your income tax bill, although the amount of income tax claimed cannot exceed the amount of income tax due.
- **Tax-free capital gains** – If you decide to sell your VCT shares and you make a profit, the proceeds won't be liable for capital gains tax.
- **Tax-free dividends** – If your VCT pays dividends, there is no tax to pay and you won't need to declare them on your tax return.

**REMINDER:** You should never invest in a VCT solely for the tax benefits. Tax reliefs depend on the VCT maintaining its VCT-qualifying status, and the tax benefits available to you will depend on your own personal circumstances and can change. **For more information on the key risks, please see page 18.**

# Octopus Titan VCT: a decade of supporting outstanding UK smaller companies

Since 2007, Octopus Titan VCT has earned a reputation for backing talented entrepreneurs that are using technology to drive innovation and disrupt traditional industries.

## The UK technology market is thriving

British companies are becoming hugely successful at developing technology that gives them a competitive edge. In the past decade, the UK has become the most active technology market in Europe. Back in 2010, there were only two European technology companies valued at \$1 billion. There are now close to 50 companies with a billion-dollar valuation, and 18 of these are UK-based<sup>1</sup>. Investors can access this exciting investment opportunity through Octopus Titan VCT.

## A distinctive model of hands-on support

The managers of Octopus Titan VCT have a combined investment experience of 150 years and bring together a wide range of business skills and individual insights, having been involved in some of the most successful European technology companies.

The team is spread between offices in London and New York, and also has seven Venture Partners based in London, San Francisco, Shanghai and Singapore, who offer best-in-class expertise in areas that can make a significant difference to the growth of early-stage businesses. The Venture Partners no longer co-invest alongside the Octopus Titan VCT, as they did previously, but they are now exclusively devoted to helping companies reach their potential and achieve their global ambitions.

For those willing to accept the key risks of investing in small VCT-qualifying companies, Octopus Titan VCT offers an easy way to access this part of the market with instant diversification through a broad portfolio of around 50 companies. **For more information on the key risks, please see page 18.**

## Seeking the bold and the talented

The team looks to invest in early-stage companies operating in many different sectors. For example, portfolio company myTomorrows takes an entirely new approach to how medicines should be made available, while Swoon Editions is using technology to turn the traditional world of furniture retail on its head. You can read more about both of these companies on [page 10](#).

## Turning start-ups into success stories

The Octopus Ventures team understands that early-stage companies often need nurturing. So, they don't just make an investment, but they also actively participate in the company's growth plans. Usually one of the Ventures team sits on the board of directors, which allows them to play a prominent role in the company's ongoing development.

One important feature of investing in early-stage companies is that there's no guarantee they will prove to be successful, or will deliver a return on the investment. The team recognises that smaller companies, on average, have a higher failure rate than companies listed on the main market of the London Stock Exchange. Therefore, the team typically starts cautiously. Small investments are made from the outset, with an Investment Committee ultimately scrutinising each deal. Larger stakes are then built up in those companies that continue to prove successful, with strict milestones put in place for each investment. This approach helps the team to reduce the impact of failures by only making repeat investments in the potential winners.

**Past performance is not a reliable indicator of future results. For five-year performance history, please see [page 12](#).**

<sup>1</sup>The Guardian, Britain leads Europe in tech, 20 June 2016.



The advantages of a diverse portfolio

Octopus Titan VCT offers investors access to a portfolio of both established and developing companies, as well as a pipeline of exciting young businesses. The portfolio features around 50 early-stage companies, from a broad range of sectors. Managing a portfolio of this size gives the team greater confidence that if any of the portfolio companies fail, the other holdings can compensate. This makes it a great way for investors to get broad exposure to this part of the UK economy.

Backing successful entrepreneurs

A successful VCT not only invests in companies capable of realising their potential but will also sell the holding when the time is right. This is where Octopus Titan VCT truly excels. In fact, some of the world’s highest profile and most innovative technology companies, such as Google, Microsoft and Amazon, have acquired businesses funded by Octopus Titan VCT, establishing Octopus Ventures as an important investor in the next generation of world-changing technology companies.

Strong portfolio growth helps drive performance

The performance of Octopus Titan VCT has been driven by the success of its underlying portfolio of companies, many of which have proven capable of delivering exceptional growth. Octopus Titan VCT investors have benefited from a number of high-profile company exits, which enabled the VCT to pay out tax-free dividends.

However, it’s important to remember that the past performance of an investment, or of individual companies, doesn’t guarantee future success.

Measuring the impact of our investments

We believe the best companies look to make a positive contribution to the world around us, and that ‘investing for good’ has long-term benefits for everyone, without compromising returns to investors. We are now working with a leading consultancy, ClearlySo<sup>1</sup>, to measure the impact of our portfolio companies. ClearlySo has based its evaluation on the Sustainable Development Goals published by the United Nations. This research is ongoing, but the initial results are encouraging:

Theme	Status
Climate stability	good
Resource security	
Wellbeing	
Healthy ecosystems	satisfactory

A reminder of the key risks

- Your capital is at risk and you could lose money
- Past performance is no guide to the future
- The VCT’s qualifying status could end
- Your shares may be difficult to sell
- Tax rules can change

Octopus Titan VCT in numbers				
£425m funds under management	50+ portfolio companies	>45% annual revenue growth of the portfolio companies <sup>2</sup>	12 companies grew their revenue by more than 200% last year <sup>2</sup>	700 jobs were created by portfolio companies last year <sup>2</sup>

<sup>1</sup>Octopus is passionate about ‘investing for good’ and since August 2017 has taken a minority stake of 15% in ClearlySo.  
<sup>2</sup>Octopus Ventures, comparison of 2015 calendar year vs. 2016 calendar year.






# The value of successful VCT exits

Octopus Titan VCT has a history of selling stakes in highly successful companies, resulting in significant tax-free dividends for investors.

One reason why Octopus Titan VCT has proven so popular with investors is that it gives them the opportunity to benefit from the growth of some of the UK's most exciting, high-growth businesses. While Octopus Ventures often backs successful companies from the earliest stage of their development, it is the sale (or 'exit') of those holdings at a profit that drives tax-free dividends for investors.

In recent years, Octopus Titan VCT investors have benefited from some of the most high-profile exits in the UK. These exits demonstrate that large companies are prepared to acquire outstanding smaller companies capable of exceptional growth.

These exits include:

2012		<b>Evi Technologies</b> Sold to Amazon
2014		<b>Rangespan</b> Sold to Google
2016		<b>Magic Pony</b> Sold to Twitter
		<b>Vision Direct</b> Sold to Essilor
		<b>SwiftKey</b> Sold to Microsoft

This is not an exhaustive history of exits.

Investing in small, VCT-qualifying companies is high risk and many will go on to fail. Company examples are for illustrative purposes only. They should not be considered as an investment recommendation. **For more information on the key risks, please see page 18.**

## SwiftKey and Octopus

SwiftKey's flagship mobile app adapts to the way users type, so they spend less time correcting their typos and more time saying what they really mean. Today, SwiftKey has saved an estimated 10 trillion keystrokes for 300 million global users.

Octopus Titan VCT made its first investment in SwiftKey in 2010, before its app was even launched. As usual, the initial investment was small, and the team continued to invest larger sums as the company began realising its potential. SwiftKey started in 2008. By 2016 it was employing around 160 people and making a significant contribution to the UK economy, as well as improving the lives of millions of people. In April 2016, SwiftKey was acquired by Microsoft, whose mission is to empower every person to achieve more. SwiftKey's goal has always been to enhance the interaction between people and technology, so it's a great match. Following the acquisition, a special dividend of 5p per share was paid to every Octopus Titan VCT investor, in addition to the VCT's regular annual dividend.

## Success leads to success

SwiftKey is an inspiring example to ambitious entrepreneurs everywhere. Successful exits like this have helped Octopus Ventures build a brand associated with backing market-leading global technology companies, and attract world-class entrepreneurs looking to build businesses in related industries.

## Exits drive dividends

Octopus Titan VCT invested a total of £10 million into Magic Pony, Vision Direct and SwiftKey. Following the successful sale of all three in 2016, a total of £48 million was returned to the VCT. As well as being used to pay special dividends to shareholders, some of the proceeds of an exit can be put back to work – by either investing in new companies or investing further into existing portfolio companies.



## From a bright idea to a billion pound business

When Zoopla Property Group (now known as ZPG) began trading on the London Stock Exchange in 2014, it was a noteworthy event. It's still rare for a UK start-up company to grow to become a billion-pound business. ZPG's tale is even more exceptional. It started life as a single website and today owns and operates some of the UK's most trusted property and household-related digital brands, including Zoopla, uSwitch, PrimeLocation and Hometrack. It was one of the first UK start-ups to reach a billion-pound valuation after having started out with VCT funding. But back in 2007, long-term success wasn't a sure thing.

At the time, ZPG was one of over 20 property websites in the UK, all competing for a slice of the UK estate agency market. But Octopus Ventures had a strong relationship with the company's founders, Alex Chesterman and Simon Kain, having invested in their previous business LOVEFiLM, which was sold to Amazon. Octopus Titan VCT made its first investment in ZPG in January 2009, when it had revenues of £100,000. By 2016, its revenues had increased to nearly £200 million.

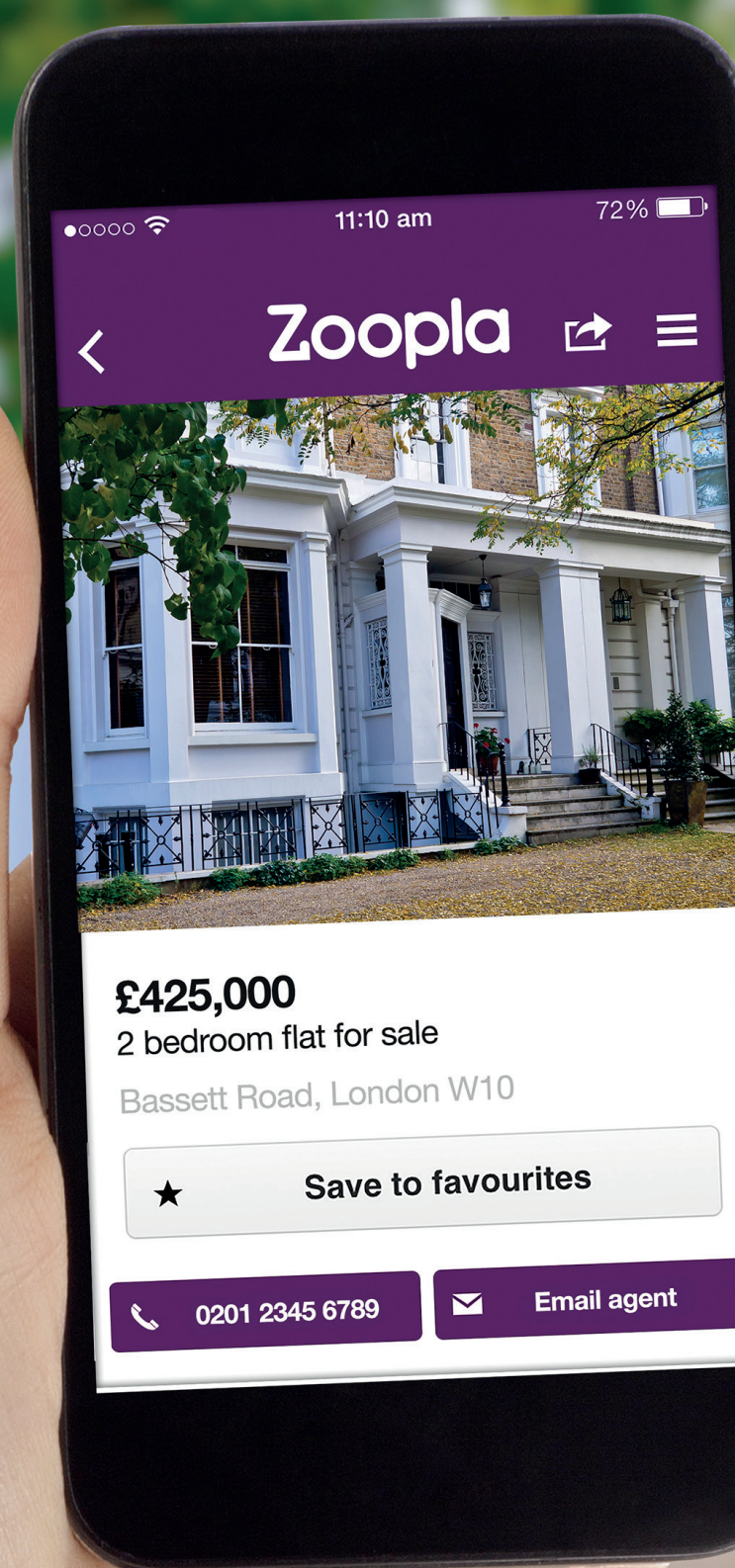
Overall, Octopus Titan VCT invested a total of £3 million over several rounds of funding. The holding was completely exited in February 2017. The sale price of the last remaining shares represented a multiple of more than 33 times the price paid originally.

ZPG has shown what can be achieved and has become a poster child for entrepreneurs everywhere looking to turn their ideas into billion-pound businesses.

Past performance is not a reliable indicator of future results. For five-year performance history, see page 12.



Octopus Titan VCT first invested in Zoopla Property Group (ZPG) in 2009. The last remaining ZPG shares sold for 33 times the price originally paid.



# Backing Britain's brightest businesses

Octopus Ventures looks for companies that use innovative technology, have talented and ambitious management teams, address large market opportunities and demonstrate a rapid pace of growth.

## myTomorrows: digital marketplace for pre-approval medicines

Developing drugs to fight diseases, and getting them approved for use on patients, is a slow and complex process. By assisting with regulatory hurdles, myTomorrows streamlines the process of patients getting pre-approval access to treatments. This could potentially be life-saving for those patients who have exhausted existing approved options. Strengthened by the experience of the company's management team, whose chief executive sold his previous business for \$2.3 billion, myTomorrows is set to revolutionise an industry valued at an estimated \$500 billion worldwide.

"We want to unburden regulators, physicians and drug developers. We believe earlier access to medicines can not only help patients facing unmet medical needs, but will also improve drug development as a whole."

### Ronald Brus

Founder and chief executive officer,  
myTomorrows

**myTomorrows**

## Swoon Editions: High-end furniture at affordable prices

Founded in 2012, Swoon Editions offers online-only designer furniture, direct to consumers, at prices significantly less than traditional retailers. It takes an entirely 'non-traditional' approach that cuts out inefficiencies. The design team launches new products every day, at rapid speed, and every design is tested. Swoon Editions then accurately predicts sales demand so that all items are sold out by the time they are ready to deliver. This 'no stock' business model cuts out unnecessary overheads and passes the cost savings directly to customers.

"People should be able to own beautifully crafted furniture without paying six times what it costs to make it. We are rapidly growing our base of designs, customers and suppliers."

### Brian Harrison

Co-founder and chief executive officer,  
Swoon Editions

**SWOON**  
EDITIONS

**Note:** Company quotes on page 10 and 11 were sourced in August 2017. Any company examples are for illustrative purposes only. They should not be considered as an investment recommendation.



### Appear Here: The leading marketplace for short-term retail space

Appear Here is the online marketplace for short-term retail, connecting landlords' vacant spaces with brands looking for physical locations. Spaces can be booked online by day, week or month in some of the world's best retail destinations. Appear Here lists thousands of prime spaces across the UK, France and New York, and has been chosen by designers, start-ups and brands including Apple, Spotify and Coca-Cola. Appear Here is a great example of a 'disruptive' company, having created an entirely new business model within the retail property market.

"Our mission is to create a world where anyone with an idea can find space to make it happen. What we're doing never used to be viable, but we're showing it has huge value commercially."

**Ross Bailey**

Chief executive officer,  
Appear Here

**appear [ here ]**

### Eve Sleep: Online mattress retailer that guarantees a great night's sleep

Eve Sleep designs and sells mattresses and other sleep products, including pillows, sheets and duvets. It focuses on the design, branding, marketing and selling of its products, while outsourcing other operations including manufacturing and delivery. After just two years of trading, Eve Sleep listed its shares on the Alternative Investment Market. It is a great example of a high-growth business combining technology with innovation to disrupt a traditional market.

"Eve is now one of the UK's fastest-growing consumer brands. But we'll still keep that creative, entrepreneurial, dynamic aspect of a start-up."

**Jas Bagniewski**

Founder and chief executive officer,  
Eve Sleep



# A strong performance record

Launched a decade ago, Octopus Titan VCT now features a number of established companies, such as Secret Escapes, Calastone and graze.com, along with its more recent investments into early-stage businesses.

## Dividend history

Octopus Titan VCT targets high levels of capital growth from a portfolio of early-stage UK companies. However, like most VCTs, rather than increasing the value of its shares, it aims to return this investment performance back to shareholders in the form of regular and special tax-free dividends. The potential for paying tax-free dividends to investors is one of the main benefits of VCTs, although it is not guaranteed.

## Targeting a 5p annual dividend

Octopus Titan VCT aims to pay regular tax-free dividends of at least 5p per share annually, as well as offering investors the potential for special dividends if portfolio companies are sold at a significant profit. Since its launch in 2007, it has announced total cumulative dividends of 66p per share to investors. While profits are usually paid out to investors as tax-free dividends, if the shares do rise in value, there's also no capital gains tax to pay when you eventually choose to sell them.

## Five-year performance

Year to 30 April	2013	2014	2015	2016	2017
Annual total return	33.8%	9.6%	11.4%	7.2%	4.7%
Annual dividend yield	38.3%	5.6%	5.4%	9.2%	5.2%

## Calculating performance

The performance information above shows the total return of Octopus Titan VCT for the last five years to 30 April, the VCT's interim accounting period. The annual total return for Octopus Titan VCT is calculated from the movement in net asset value (NAV) over the year to 30 April, with any dividends paid over that year then added back. The revised figure is divided by the NAV at the start of that year to get the annual total return.

Just to remind you, the NAV is the combined value of all the assets owned by the VCT after deducting the value of its liabilities (such as debts and financial obligations). The performance shown is net of all ongoing fees and costs (shown on **page 20**). The annual dividend yield is calculated by dividing the dividends paid per annum by the NAV at the start of the period.

The Board of Directors has determined it would be incorrect to compare the NAV of Octopus Titan VCT with those of other VCTs as different year-end dates for other VCTs would result in timing differences in each NAV calculation.

## Important information

The value of an investment, and any income from it, can fall as well as rise and you may not get back the full amount invested. Past performance is not a reliable indicator of future results and may not be repeated. Please note, the NAV per share may be higher than the share price, which is the price you may get for shares in the secondary market. On 27 November 2014, Octopus Titan VCTs 1, 3, 4 and 5 merged into Octopus Titan VCT 2, which was then renamed Octopus Titan VCT.



**£5,000  
invested in  
Octopus  
Titan VCT five  
years ago**

**Would,  
over five years,  
have given a total  
return of £8,335:  
a 67% gain**

This illustration assumes upfront fees have already been taken from the value of the initial investment and that the investment on 30 April 2012 was held for five years up until 30 April 2017 – the VCT's latest interim accounting period. The cumulative total return shown above takes into account any ongoing fees and costs and is inclusive of any dividends paid out. It does not include any upfront income tax relief claimed by the investor.

**eve**

Octopus Titan VCT first invested in Eve Sleep, an innovative mattress company, in 2015. Eve Sleep was voted the UK's number 1 start-up for 2017 by StartUps 100.





## SWOON EDITIONS

Octopus Titan VCT first  
invested in Swoon Editions  
in 2013. By July 2016, Swoon  
Editions had delivered more  
than 70,000 products to  
its customers.



# New share offer

Octopus Titan VCT is open for investment through a new share offer of up to £120 million, with the potential for a further £80 million, subject to demand. This money will be used to make further investments into established and developing portfolio companies, as well as selectively funding investments into new companies.

## Reasons to invest

Octopus Titan VCT features an existing portfolio of around 50 companies. It looks to invest in exciting early-stage companies and then sell the holdings in these companies, aiming to realise a significant profit. We invest small at the start, and then look to commit more money as we see these companies grow. When the time is right, we look to sell our stakes in these companies and return any profits to investors in the form of tax-free dividends.

## Applying for shares

Before making an application, it's important that you read the Octopus Titan VCT prospectus, available at [octopusinvestments.com/titan](https://octopusinvestments.com/titan). As with any investment, there are key risks to consider before you decide to invest. Please read about these key risks on **page 18** and in the prospectus for the share offer. We always recommend you talk to a professional financial adviser about whether this investment is right for you. If you decide to invest, you'll need to complete the application form and return it to us. We'll write to confirm we've received your application, and we'll let you know if we need any further information.

## Reinvesting VCT dividends

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

## Claiming income tax relief after selling VCT shares

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



---

"At Octopus, we're passionate about supporting the UK's entrepreneurs and small businesses. We are delighted to launch this new share offer, enabling Octopus Titan VCT to continue to support its entrepreneurs on their journey to build the big businesses of tomorrow." **Stuart Lewis, Head of Tax-Efficient Investments, Octopus Investments**



Octopus Titan VCT first  
invested in Tails.com in 2013.  
Tails.com is currently  
feeding more than 70,000  
dogs in the UK.



# The life cycle of your VCT investment

This section tells you what to expect from your investment over the course of its life, from making your application, the first five years and what to do should you decide to sell your shares.

## Your investment journey

### 1 Making your initial investment

After you've read the prospectus – available at [octopusinvestments.com/titanvct](https://octopusinvestments.com/titanvct) – you'll need to complete the application form and return it to us. We'll let you know when we've received it and if we need any more information from you.

### 2 Issuing your shares

Once we've received your funds, we will allot your VCT shares at the next available date. These dates are usually listed on our website. This process can take several months, but we always seek to allot shares in the same tax year as the application was made.

### 3 Your share and income tax certificates

You'll receive share and income tax certificates shortly after your shares have been allotted. You can use the income tax certificate to claim income tax relief from HMRC. It's a straightforward process, and we'll include a guide when we send you your certificate. If you have any questions, call **0800 316 2295** and we'll be happy to talk you through it.

### 4 Keeping you updated

We'll send you annual and half-yearly reports containing the full financial statements for your VCTs. These reports will include updates from the Chairman of the VCT and Octopus Investments, the VCT manager.

### 5 Receiving dividends

Most shareholders ask us to pay dividends directly into their bank account.

## Selling your VCT shares – the two options

### Sell your shares on the secondary market

VCT share prices are quoted on the London Stock Exchange, so you can buy or sell shares at any time through a stockbroker or a share dealing account. Usually the market price is less than the underlying NAV of the shares. It's worth noting that since previously owned VCT shares do not qualify for the 30% upfront income tax relief, the number of buyers of second-hand VCT shares is, in practice, limited. As a result, selling shares directly into the market can produce a poor result.

### Sell your shares back to the VCT

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

Due to regulations governing public companies, there can be specific times of the year when a buyback is restricted – for example, when the VCT is preparing its annual and half-yearly reports and accounts.

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

# Understanding the key risks

We want to make sure you understand the key risks associated with this investment before making a decision. If you have any questions about the key risks mentioned here, we recommend you talk to a professional financial adviser.

Any decision to invest in Octopus Titan VCT should be made on the basis of information contained in the prospectus.

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

## **Your capital is at risk and you could lose money**

The value of an investment, and any income from it, can fall as well as rise and you may not get back the full amount that you invested.

## **This is a long-term investment**

You should be prepared to hold your shares for a minimum of five years. If you decide to sell your shares before then, you will be required to repay to HMRC any upfront income tax relief you've claimed.

## **Past performance is no guide to the future**

The past performance of an investment is not a reliable indicator of future results. Nor should you rely on any forecasts made about future returns.

## **The VCT's qualifying status could end**

There is no guarantee that Octopus Titan VCT will maintain its VCT status. If a VCT loses its qualifying status, tax advantages will be withdrawn from that point. Additionally, if a VCT loses its status within five years of your initial investment, you will be asked to repay any upfront income tax relief that you have already claimed.

## **Your shares may be difficult to sell**

There isn't an active market for VCT shares in the way there is for shares in bigger listed companies. This means that if you decide to sell your VCT shares, it may take time to find a buyer, or you may have to accept a price lower than the NAV of the investment.

## **Tax rules can change**

The VCT tax benefits we've described in this brochure are correct at the time of going to print. However, rates of tax, tax benefits and tax allowances do change. In addition, the tax benefits available to you through this investment depend on your own personal circumstances.

To ensure that VCT money continues to support government policy objectives, HM Treasury can also change the definition of a VCT-qualifying investment in the future. This could impact the nature of new investments a VCT can make over time.

## **Investing in smaller companies is considered a high-risk investment**

Octopus Titan VCT invests in smaller companies that are not listed on the main market of the London Stock Exchange. Investments in smaller companies can fall or rise in value much more sharply than shares in larger, more established companies. They also have a higher rate of failure.



---

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



# Conflicts of interest

We've built strong relationships with many of the companies in which we invest, and sometimes use different sources of funding to invest in the same companies. This can present 'conflicts of interest', as we explain below.

With these relationships, there's a chance that the interests of one group of investors will be at odds, or present a conflict, with the interests of another group or with the interests of Octopus Investments. Conflicts of interest are not a problem in themselves, and we manage them carefully to make sure we treat our investors fairly at all times. Here are some of the main conflicts:

## Investing alongside other Octopus funds

The Octopus Ventures team has previously invested funds from Octopus Titan VCT along with other Octopus funds and sometimes even Octopus Investments itself. Through this co-investment, investors in Octopus Titan VCT can have access to deals that may not have been possible without being part of the larger deal with other Octopus investors.

## The role of Octopus employees

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

## When could conflicts of interest be harmful to investors?

Sometimes we spot a good investment opportunity, but are unable to invest as much money as we'd like due to restraints such as the size of a company or the number of shares available. In these instances, the amounts being invested from different Octopus vehicles must be managed carefully. Similarly, when investments held by a number of different investors come to be sold, the interests of all parties may not be

fully aligned. We have agreed policies and processes in place to make sure this is done fairly, but sometimes, investors may still be limited in the amounts they can invest or be restricted in the timing of an exit.

## Fees from portfolio companies for our services

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

We received fees totalling £1.31 million in the 12 months to 30 April 2016, and £1.27 million in the 12 months to 30 April 2017. The costs of all deals that do not proceed to completion are typically borne by either the company seeking funding or by Octopus Investments, not by Octopus Titan VCT.

## Managing conflicts

Our goal is to make sure the interests of our customers are always looked after, so we have a number of controls in place to manage any conflicts of interest. These include:

- The Ventures Investment Committee makes sure investment decisions are in the best interests of investors, including how potential conflicts of interest are managed.
- In cases where there are a large number of conflicts of interest or they are particularly significant, proposals are reviewed by the Conflicts Committee, which is responsible for ensuring conflicts are handled appropriately.
- As Octopus Titan VCT is a public-listed company, it has its own Board of Directors, which is required to act independently and represent shareholders' best interests at all times.

# The charges

Our charges are taken from the money you invest, so you don't have to send any additional payment for the services we provide. If there's anything about our charges that you don't understand, call us on 0800 316 2295 and we'll be happy to talk them through.

## Four ways to invest in Octopus Titan VCT

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

- 4 Make a direct application yourself:** Although we are happy to arrange this, we always recommend you talk to a financial adviser before deciding to invest.

## Performance fees

We want our investments to do what we say they will. When the performance of the companies we invest in exceeds expectations, we think it's fair to take a performance fee of 20% on all future gains.<sup>2</sup>

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

<sup>1</sup>Ongoing adviser charges, direct charges or commission can only be paid for a maximum of nine years after the investment date. If you choose to pay your adviser less than the maximum amount shown in the table, Octopus Titan VCT will use the money left over to buy more VCT shares for you. Similarly, if your execution-only intermediary chooses not to take any upfront commission, this amount will instead be used to buy additional VCT shares for you. <sup>2</sup>For full details on the performance fee and other fees, please see the prospectus. The minimum investment is £3,000.

# How to invest

## If you have a financial adviser

They can help you to complete your application form.

If your adviser has any questions, they can call us on **0800 316 2067** or visit **octopusinvestments.com**.

## If you are investing directly

If you have any questions, you can call our Client Relations team on **0800 316 2295**. Please remember that we can't offer investment or tax advice, but we'll be happy to talk you through the application process and help you with anything else we can.

## What if you change your mind?

Please let us know as soon as possible. You can't cancel your investment, but if you contact us before your shares have been allotted, we will do our best to return your money to you.

After your shares have been allotted, you own shares in the VCT itself and you will need to sell the shares instead. See **page 17** for details of how to sell your shares.



## Giving us feedback

Outstanding customer service is at the heart of everything we do. But that doesn't mean we get it right every time. If you're not happy with the service we give you, 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, please 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.

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 which 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