

Backing Britain's brightest businesses

Octopus Titan VCT brochure

October 2020





Three tax solutions, one expert provider.

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Key investment risks

For UK investors only

- Octopus Titan venture capital trust (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.
- Please note that tax reliefs available on 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 the past performance of Octopus Titan VCT, see [page 21](#).
- Where we refer to a specific company, this is for illustrative purposes only and is not an investment recommendation.

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 26](#).

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 and the Key Information Document (KID) available at octopusinvestments.com/titan.

You can also request print copies by calling our Investor Support team on **0800 316 2295** or by sending an email to investorsupport@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 30 September 2020, unless otherwise stated.

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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 existing portfolio companies, while adding some exciting new investments.

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About Octopus

We invest in the sectors we know inside out. And we've built investments that make a real difference to your financial planning.



Renewable energy

We're the largest solar investor in Europe. We also invest in landfill gas sites, wind farms and biomass plants.



Smaller companies

We turn small businesses into big ones, driving the economy and creating jobs.



Healthcare

We help build state-of-the-art care homes and retirement communities.



Property

We provide award-winning finance for property investment and development.

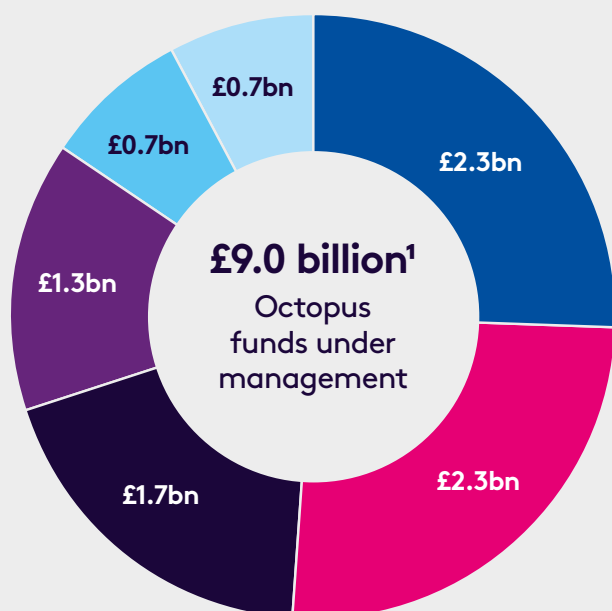


Seen us before?

You may be wondering 'Is this the same Octopus?' Octopus Energy is part of the Octopus family, and the UK's only Which? Recommended energy provider three years running.

A trusted fund manager

We look after substantial assets on behalf of investors and large institutions.



- Renewable energy
- Ventures
- Real Estate
- Quoted Smaller Companies
- Multi-manager
- Development Capital & other

¹Octopus, 30 June 2020. Funds under management data includes funds under advisory mandates, funds monitored and the Octopus Cash service.

20 years of Octopus

We launched Octopus in 2000, wanting to create an investment company that put its customers first. We looked at what didn't work well, and found ways to do things differently.

Along the way, we've become the largest manager of venture capital trusts and investments that qualify for relief from inheritance tax. And we're still looking for new ways to improve people's financial lives. Today we have more than 750 employees and manage £9.0 billion on behalf of tens of thousands of investors.



Have a question?

We've done our best to avoid small print and unhelpful jargon in this brochure, but we do have to include some detailed information. Your financial adviser should be able to answer any questions you might have. But we're always happy to hear from you too.

We're ready for your call

We can't give you financial or tax advice, but we can answer questions about us and our investments. You can call us on **0800 316 2295** or email investorsupport@octopusinvestments.com.

The home-grown success story of VCTs

The UK has become one of the world's most successful markets for entrepreneurial small companies. Venture Capital Trusts (VCTs) have played an important part in this.

Smaller companies are often hailed as the backbone of the British economy. They create jobs, innovate and are an important source of revenue for the government.

But many of these companies need investment to flourish. Without investment, they wouldn't have the same positive impact on the British economy.

Broad and deep support for growing businesses

VCTs were set up to encourage investment into Britain's exciting, entrepreneurial businesses.

Recognising that investing in smaller, younger companies typically involves taking more risk than investing in larger companies (for example, AstraZeneca or Vodafone), the government introduced VCTs in 1995.

They have since helped establish fertile grounds for growing businesses. VCTs are an important source of capital and specialist support for businesses looking to grow. At the same time, they've given investors the opportunity to share in the success of these companies.

VCTs offer tax reliefs

As well as providing an easy way for investors to gain exposure to these small companies, VCTs offer a number of useful tax reliefs. These exist to incentivise investment into growing UK businesses.

Investors can claim 30% upfront income tax relief, receive tax-free dividends and, when the time comes to sell the shares, they don't have to pay any capital gains tax if they've risen in value.

The biggest name in VCTs

Octopus is the UK's largest VCT manager.¹ We launched our first VCT in 2002 and today we manage over £1 billion across our VCTs on behalf of more than 30,000 investors.

We think VCTs offer great investment potential, with some exciting tax benefits attached.

But 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](https://www.octopusinvestments.com) or call us on **0800 316 2295**. We're always happy to hear from you.

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 provide investors some compensation for the risk they take with their money. For more information on the key risks, please see [page 26](#).

£619 million was invested into VCTs in the 2019/20 tax year, the fourth highest amount, despite the impact of COVID-19.¹

¹The Association of Investment Companies, April 2020.

Weighing up a VCT investment

Key benefits

Growth potential

VCTs invest in smaller, younger companies in the UK. These have the potential to grow faster than larger companies.

Tax incentives

New VCT shares attract tax reliefs for investments up to £200,000 each year:

- 30% upfront income tax relief, provided your investment is held for at least five years. So if you invest £10,000 in a VCT, £3,000 can be taken off your income tax bill. Note that the amount of income tax claimed cannot exceed the amount of income tax due.
- Tax-free capital gains if you sell your VCT shares and make a profit.
- Tax-free dividends (you won't need to declare them on your return).

Additional income

Tax-free dividends offer the potential of supplementary income.

Complementing other investments

While they have a higher risk profile, VCTs can present an additional tax-efficient investment option alongside other tax-efficient investment wrappers that you can only invest a certain amount into each year, such as pension plans and Individual Savings Accounts (ISAs).

Diversification

Through a VCT you gain access to unquoted smaller companies in the UK. These have a unique profile and can diversify an investment portfolio.

Key risks

Your capital is at risk

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

Tax rules can change

Tax treatment depends on individual circumstances and may change in the future.

The VCT's qualifying status could end

Tax reliefs depend on the VCT maintaining its VCT-qualifying status.

Investments in smaller companies can be volatile

VCT shares can fall and rise in value more sharply than the shares of other companies listed on the main market of the London Stock Exchange.

VCT shares may be difficult to sell

There isn't an active secondary market for VCT shares in the way there is for most other listed companies' shares. This means that if you decide to sell your VCT shares you may have to accept a price lower than the Net Asset Value (NAV)¹ of the investment.

VCT Risks

We go into more detail about the risks of this VCT investment on [page 26](#).

¹The Net Asset Value (NAV) is the combined value of all the assets owned by the VCT after deducting the value of its liabilities.

Introducing Octopus Titan VCT

Since 2007, Octopus Titan VCT has earned a reputation for backing pioneering entrepreneurs. We invest in companies that are using technology to shape the future.

Octopus Titan VCT is the largest VCT in the market, with over £900 million of funds under management¹ and a diverse portfolio of around 80 companies. Titan has a proud history of backing some of the UK's most successful entrepreneurs, having made early investments in Zoopla Property Group, Secret Escapes and graze.com, among many others, and continues to provide backing to promising companies with the potential to become household names.

The investment team

Octopus Ventures is the team that manages the investments in Titan, investing mainly in UK-based tech-enabled companies with global ambitions and the potential to grow quickly. The team is one of the largest in Europe, and our network reaches from China to Silicon Valley from our base in London and office in New York.

Octopus Ventures backs pioneering entrepreneurs who are changing the world, focusing predominantly on five key areas. Having started with the Future of Health, Future of Money and Deep Tech, the team are expanding into two additional areas of expertise, Consumer and Growth.

Future of Health looks to work with pioneers who are improving lives through digital health, tackling taboo health issues and creating software that helps existing health systems achieve better outcomes.

Future of Money explores novel finance and insurance products, and aims to find entrepreneurs who want to vastly improve society's ability to exchange and allocate financial resources and risk.

Deep Tech focuses on tools and innovations that will power the next industrial revolution, including human-computer interface, edge and quantum computing, robotics and synthetic biology.

Consumer backs the innovators who influence the way we live, work, travel, play, rest and recuperate.

Growth backs outstanding teams with established, highly scalable business models and excellent execution capabilities.

This sharpening of focus helps attract the best entrepreneurs, who tend to have a preference for investors who specialise in their sector. It also allows us to find the best opportunities in each area more efficiently while continuing to build specialist skills and expertise.

The opportunity

Back in 2010, there were only two European technology companies formed since 2000 valued at more than a billion dollars. By 2014, it had risen to 30, and in 2020, there are over 110, with more than 30 of them based in the UK. With the second and third places held by Israel (with 20 such companies) and Germany (with 16), this makes the UK the largest producer of billion dollar companies in Europe by some margin.² Titan provides VCT investors with access to this exciting area.

For those willing to accept the 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 80 companies. For more information on the key risks, please see [page 26](#).

¹Octopus Investments, 30 June 2020 ²GP Bullhound, June 2020

CAZOO

Cazoo is transforming the way people buy used cars. Octopus Titan VCT first invested in Cazoo in November 2018.



Octopus Titan VCT first invested in Cazoo in November 2018.

What makes Titan successful

Titan's success is down to three things

- 1 Octopus Ventures has access to a wide range of exciting investment opportunities.
- 2 The team is in a strong position to back winners through multiple investment rounds.
- 3 Octopus has the resources and experience to provide practical support and guidance to the entrepreneurs we back to increase the chances of success.

We can access the best investment opportunities

The best entrepreneurs are selective about accepting investment, so it's important for us to have a good reputation for adding value beyond the finance we provide.

Many entrepreneurs make the first move and come to us, because they know we offer great practical support. They sometimes include entrepreneurs we've backed in earlier ventures, who come back to us with a new idea. This is a strong endorsement of our reputation. For example, the founder of Zoopla Property Group came back to us when he started Cazoo, through which customers are able to buy or finance a used car online and have it delivered to their door within 48 hours.

The team are highly selective, choosing the best of the best. They engage with thousands of companies seeking investment every year, but typically select less than 1% for new investments.

Over the years, the team has built an established portfolio of around 80 early-stage companies operating in a diverse range of sectors. Investors in Octopus Titan VCT are getting a portfolio of some of the very best ideas the UK's vibrant entrepreneurial scene has to offer.

We're in a strong position to provide further investment to the companies we back

Creating a brand-new market or disrupting an existing one doesn't happen overnight. Our typical investment horizon is five to ten years, and an early-stage company will often need several rounds of funding as it grows. So entrepreneurs want to partner with investors who can support them throughout their journey.

¹ONS Survivals and growth by size, June 2020

Thanks to its shareholders, Titan has the funds available to do this, which is a powerful factor in attracting new deals.

As a result, the majority of the investments we make are follow-on investments. We get to know the companies we work with inside out, so we know which ones will want follow-on investments and when, as well as how they're performing against their goals.

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.

The team typically starts cautiously, making modest initial investments in companies. They then build up larger investments in those companies that continue to prove successful, with milestones put in place for each investment. This approach helps the team to reduce the impact of failures by typically making repeat investments in the potential winners.

The typical industry failure rate for early-stage companies is around 55%.¹ Since Titan launched in 2007, we have only exited 21% of the companies we've invested in at a loss. However, this accounts for less than 13% of the money customers have invested since launch. This shows the benefit of investing in a broad range of companies and making only small initial investments. However, it's worth remembering that past performance is no guide to future performance.

Note: For further information about the past performance of Octopus Titan VCT, see [page 21](#).

We help founders be better, faster

Backing entrepreneurs and helping them reach their ambitions goes well beyond just providing finance. We help elevate them to success, providing practical support to the companies we back, helping them find the right people to hire and introducing them to valuable contacts.

Since Titan launched, the Octopus Ventures team has grown with it, from five people to more than 40, including the Venture Partners. In 2020, Octopus increased its resource commitment to manage Titan by expanding the investment team as well as adding further portfolio and operational support.

Great entrepreneurs come from a diverse range of backgrounds. We want to reflect that in our team, which brings together a mix of people with a wide variety of skills and experience. Many have co-founded businesses themselves before joining Octopus, and nearly half of the team are women. One of the reasons entrepreneurs love working with us is we offer a variety of different viewpoints, based on knowledge gained from beyond the world of finance.

Early-stage companies need nurturing. So, we don't just make an investment, we also actively participate in the company's growth plans.

Usually someone from Octopus Ventures sits on the board of the companies we invest into, which allows them to play a prominent role in the company's ongoing development. Beyond that, we provide practical mentoring to the entrepreneurs that we invest in.

We're in a great position to help companies grow internationally. We work with the entrepreneurs we back by holding workshops on strategy, advising on sales and marketing plans, and providing connections to other companies who could help. We know that, as with many companies, the quality of the team can make or break a young business, so we've significantly expanded our expert team advising on start-up talent. They're solely focused on partnering and supporting our portfolio company leaders to help them be better, faster.

The team is also spread between offices in London and New York, so we can help companies understand the opportunities and challenges of expanding internationally to make their expansion more fruitful.

Octopus Ventures' talent team worked closely with our portfolio companies to navigate all the major financial aid initiatives brought in by governments in the UK, US and other countries towards the start of the Covid-19 crisis. The talent team reviewed all available options, held webinars with key advisers and set up a platform to help our entrepreneurs source and retain the best people within the Octopus portfolio companies.

The team is bolstered by the Venture Partners, a select group of entrepreneurs and business experts who offer best-in-class expertise in areas such as CEO leadership, sales and international expansion, which make a significant difference for companies. They have a global reach and their purpose is to help Titan portfolio companies realise their full potential and achieve their global ambitions.

As well as helping businesses with specific challenges, the Venture Partners have also held sessions with CEOs more recently on 'how to lead in a crisis'. It's this combination of team work and decisive actions that should enable the portfolio companies to weather any prolonged period of disruption and drive future success.

VCT Risks

We go into more detail about the risks of a VCT investment on [page 26](#).

Ingredients for a great early-stage company

The UK is the best place in Europe to find pioneers changing the world with bold new business ideas. So how do you zero in on the very best ones? As a rule of thumb, there are three criteria we want to see before we consider adding a company to the portfolio.

We invest in businesses changing the world

The entrepreneurs we back are pioneers changing the world. DeadHappy, for example, is an online, direct-to-consumer life insurance provider that offers a fun and consumer-friendly service. Skin+Me provides acne sufferers with the treatment cream they need, personalised to the individual and posted through their door. OLIO connects neighbours and local cafés so they can share surplus food that would otherwise be thrown away. All are companies working to have a positive impact on the world.

Three things we look for in the companies we back:

1 Talented entrepreneurs and management team

We need to see there's a deep-seated passion for the idea, knowledge of the relevant industry and an appreciation of how big the opportunity is. The management team needs to be adaptable, while keeping everyone focused on the overriding goal.

2 A world-changing idea

We look for those ideas that can turn an established industry upside down or create something that didn't exist before. The pioneers we back dare to reimagine the future of health, the future of money, consumer and deep tech.

It's crucial that these companies have the ingredients to grow quickly, which is why we focus on tech-enabled companies, which can scale up without a big increase in costs. When you have a great product or service, you want to get it to as many customers as you can as quickly and efficiently as possible.

3 Enormous market opportunity

We're not interested in niche ideas that will only ever stay niche. We look for those companies that could grow to be much, much bigger than they are today. So the potential market for what they do needs to be large, to give them plenty of room for future growth.

"It is an incredibly exciting time to be investing in early stage technology companies. We've seen a massive acceleration in the adoption of technology, meaning the long-term outlook for our portfolio and the types of businesses we invest in is extremely positive."

Jo Oliver, Titan VCT Fund Manager



Big Health

Big Health looks to tackle consumer mental health problems through app-based cognitive behavioural therapy. Octopus Titan VCT first invested in Big Health in June 2016.

Octopus Titan VCT first invested in Big Health in June 2016.

World-changing businesses



Depop

Depop is the social marketplace where people buy, sell and discover unique fashion. Users can open their own Depop shop and sell items via their phone by taking a photo or video. Think of it as a virtual, people-owned fashion show, where sellers and buyers can trade directly. Since its launch in 2011, Depop has grown and now has over 24 million users globally.

The company continues to grow quickly, with users expected to increase from five to 15 million over the next three years – one reason why Octopus invested further as part of the company's \$62 million fundraising in 2019. As well as helping to accelerate its expansion, the funds will be used to grow Depop's London-based engineering and data science teams and invest in new tools and functionality.

"The next generation of young people want an experience the fashion industry is struggling to provide," says Maria Raga, Depop CEO. "We exist to empower the next generation to transform fashion. Social shopping, independent brands and re-sale are gaining popularity around the world. This latest investment will enable us to scale further and faster, building a platform that helps to find and grow the fashion stars and trends of the future."



Leading a new trend
in fashion sales.

Bought By Many

Bought By Many is an award-winning pet insurance provider that builds previously unavailable policies by listening closely to the needs of pet owners. Pet owners can now enjoy life with their pet, knowing they have excellent cover that's always getting better.

Co-founded in 2012 by Steven Mendel (CEO) and Guy Farley (CTO), this unique insurance provider launched its market-leading policies in 2017 and now covers more than 250,000 pets in both the UK and Sweden.

Not only has it been voted the *"Most Trusted Pet Insurance Provider"* at the 2019 Moneywise Customer Service Awards, but it has also won the Feefo Platinum Service Award (2019). Furthermore, it has been ranked as one of the best pet insurers by Which?; been included in the Sunday Times' *"Tech Track 100"* three years in a row (2018 – 2020); and has been named by WIRED as one of the *"hottest start-ups in Europe"*.

In May 2020, we invested further in Bought By Many as part of a recent £78 million funding round. This latest capital injection is expected to boost international growth in 2021 (especially after a successful launch in Sweden in 2019), increase its market share in the UK and help develop its product and claims experience.



Insurance designed by
pet owners for pet owners.

World-changing businesses

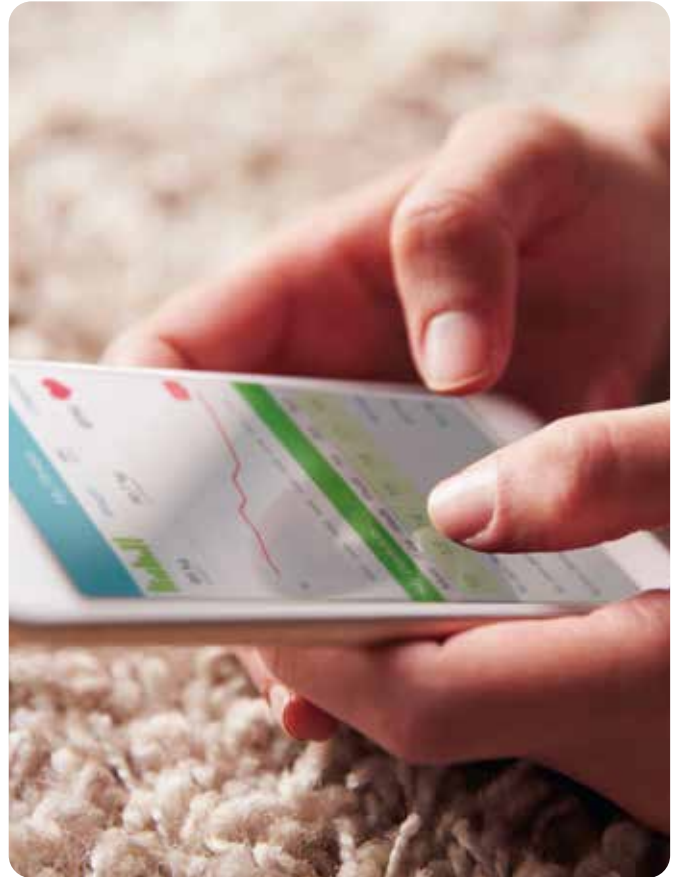
Quit Genius

Quit Genius

In 2018, US businesses spent \$120 billion on healthcare claims directly related to smoking. Quit Genius pioneers a combination of behavioural therapy treatments with approved medications, to support employers and health plans as they help their members conquer substance addictions.

The programme is built on the evidence-based principle of Medication-Assisted Treatment (MAT), and 'Quit Coaches' guide users through the process of overcoming an addiction by providing emotional support and education. All this is delivered through the Quit Genius mobile app. To date Quit Genius has helped 60,000 people beat their nicotine addiction, and the product has demonstrated a 53% quit rate. With an increase in data of Quit Genius' population, the company expects to significantly improve its current quit rate. In June, it also announced that the platform would be extended to cover alcohol and opioid addictions.

The team behind Quit Genius are of a rare breed – medical doctors from Imperial College London, with a history of entrepreneurship. Co-founders include Yusuf Sherwani (CEO), Maroof Ahmed (COO) and Sarim Siddiqui (CPO), and together their mission is an ambitious one: namely to help 100 million people quit their addictions.



A digital clinic for beating addictive behaviour.

WaveOptics

WaveOptics designs and manufactures 'waveguides', the transparent displays in augmented reality (AR) devices that overlay the real world with computer generated images.

Originally a team of 20 engineers, WaveOptics has grown into a 120-strong global specialist in 'near-eye' displays, with offices in Taiwan, China, and North America. In fact, more than 70% of the R&D team are PhD researchers with expertise in nano-photonics, optical design and the commercial production of head-mounted displays.

The global AR market is expected to be huge, with some estimating it at \$75 billion by 2023¹ (just as every smartphone needs a screen, every wearable AR device will need a waveguide). Likewise, products such as its recently launched Katana waveguide – the lightest and thinnest of its kind – are much easier to manufacture at scale than rival designs: a major factor in our decision to invest.

WaveOptics is the brainchild of co-founders David Grey and Sumanta Talukdar – with David Hayes appointed as CEO in 2017. We think it has quickly established itself as a leading optical technology provider in the emerging AR ecosystem, and is on track for a five-times growth in revenue by the end of 2020.



Looking to the future
of augmented reality.

¹Digi-Capital AR/VR Analytics Platform and Augmented/Virtual Reality Report, May 2019

Exit history

As well as backing the right businesses, it's essential we're able to sell our stake when the time comes, so we can realise returns for our investors. Here are some examples of successful exits from the portfolio.



This is not an exhaustive history of exits. Zenith is an Octopus managed fund.

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 26](#).

Backing Britain's brightest businesses

Octopus Ventures looks for companies with talented entrepreneurs and management teams, world-changing ideas and enormous market opportunities.

We're always looking for businesses that we think could make a return of ten times our initial investment, including those with the potential to be worth billions of pounds in the future. Here are some examples of businesses that we think have the potential for strong growth over the coming years:

elvie

Elvie is developing a range of products to improve women's lives through smarter technology. They start with a real problem faced by women, then solve it through science, design and engineering.

 WaveOptics

WaveOptics designs and manufactures 'waveguides', the see-through displays for augmented reality wearable devices, which overlay the real world with computer-generated images.

 BOUGHT BY MANY

Bought By Many is an award-winning insurtech company with a specific focus on providing better pet insurance for everyone.

CAZOO

Cazoo's aim is to deliver the best selection, value and experience for used-car buyers, giving them a no-pressure environment where they can buy and finance a used car entirely online.

depop

Depop is the social marketplace where people buy, sell and discover unique fashion. Users can open their own Depop shop and sell items via their phone by taking a photo or video.

It's worth remembering that Octopus Titan VCT invests in smaller unlisted companies, and puts your capital at risk. 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.

Note: Any company examples are for illustrative purposes only. They should not be considered as an investment recommendation.

Performance record

Launched over a decade ago, Octopus Titan VCT now features a number of established companies, such as Secret Escapes, Ampliance and Bought By Many, 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 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 5p per share annually. If portfolio companies are exited or sold for a significant profit, there may also be the potential for the payment of a special dividend. Since its launch in 2007, Titan has paid total cumulative dividends of 79p per share to investors (as at 30 June 2020). 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. Investors can choose to have their dividends reinvested into the VCT. Investors will then receive additional share and income tax certificates.

As announced in July 2019, Titan's accounting year end has changed from 31 October to 31 December, to better align with its fundraise schedule. This also makes the valuation processes more efficient for the Octopus Ventures team as the timing now aligns with other funds they manage, which largely hold the same portfolio companies as Titan. Titan's annual report to 31 December 2019 reflects a 14-month accounting period, as does the interim report to 30 June 2020.

Calculating performance

The annual total return

The performance information on the next page shows the total return of Octopus Titan VCT for the last five years to 30 June, the VCT's interim accounting period. The annual total return for Octopus Titan VCT is calculated from the movement in NAV over the year to 30 June, 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.

Total value

Total value shows the sum of the NAV per share in pence and cumulative dividends per share in pence since inception for the last five years to 30 June.

Net Asset Value (NAV)

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. The performance shown is net of all ongoing fees and costs (shown on [page 28](#)).

Annual dividend yield

The annual dividend yield is calculated by dividing the dividends paid per annum by the NAV at the start of the period.

Octopus Titan VCT in numbers

£906m¹
funds under
management

80+¹
portfolio
companies

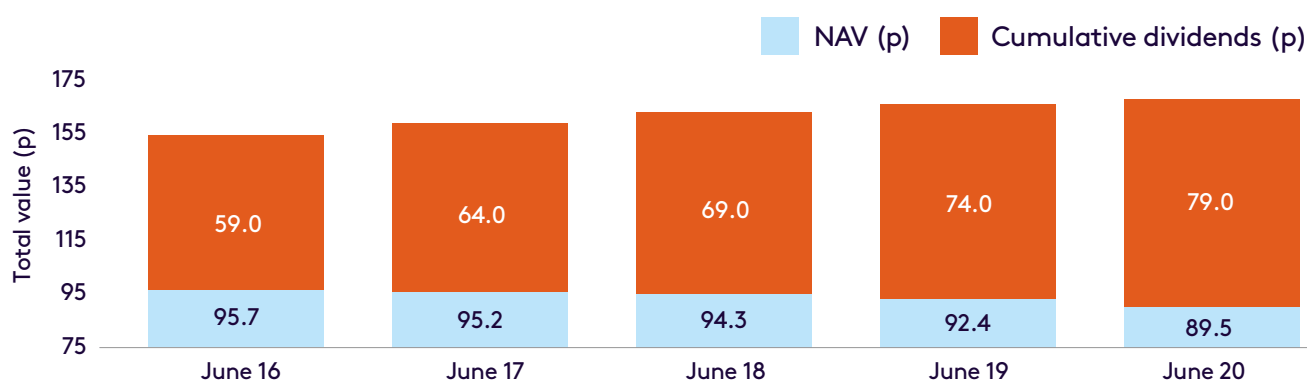
43%²
annual revenue
growth of the
portfolio companies

1300+²
jobs in the portfolio
companies

Five-year performance

| Year to 30 June | 2016 | 2017 | 2018 | 2019 | 2020 |
|-----------------------|--------|--------|--------|--------|--------|
| Annual total return | 7.2% | 4.7% | 4.3% | 3.3% | 2.3% |
| Annual dividend yield | 9.2% | 5.2% | 5.3% | 5.3% | 5.4% |
| Total value per share | 154.7p | 159.2p | 163.3p | 166.4p | 168.5p |

Total value growth



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 on the secondary market.

¹Octopus Investments, 30 June 2020 ²Octopus Ventures, comparison of 2019 calendar year vs. 2018



elvie

Elvie is transforming the way women think and feel about themselves with its products. Octopus Titan VCT first invested in Elvie in November 2016.

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

Over five years,
the total return on
investment would
be **£6,064,**
a **21% gain**

This illustration assumes upfront fees have already been taken from the value of the initial investment and that the investment on 30 June 2015 was held for five years to 30 June 2020 – the VCT's latest interim accounting period. The cumulative total return shown above is the change in NAV from 30 June 2015 to 30 June 2020 plus any dividends paid out. This takes into account all ongoing fees and costs relating to Octopus Titan VCT. It does not include any upfront income tax relief claimed by the investor. Please see page 21 for five-year performance table.

Octopus Titan VCT first invested in Elvie in November 2016.

New share offer

Octopus Titan VCT is open for investment through a new share offer of £80 million. 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 80 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 modestly 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 usually 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 and Key Information Document (KID), available at octopusinvestments.com/titan. As with any investment, there are risks to consider before you decide to invest. Please read about the key risks on [page 26](#) and in the prospectus. We always recommend you talk to a professional financial adviser about whether this investment is right for you. If you decide to invest, the fastest way to invest is to fill in an online application at octopusinvestments.com/titan/. 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

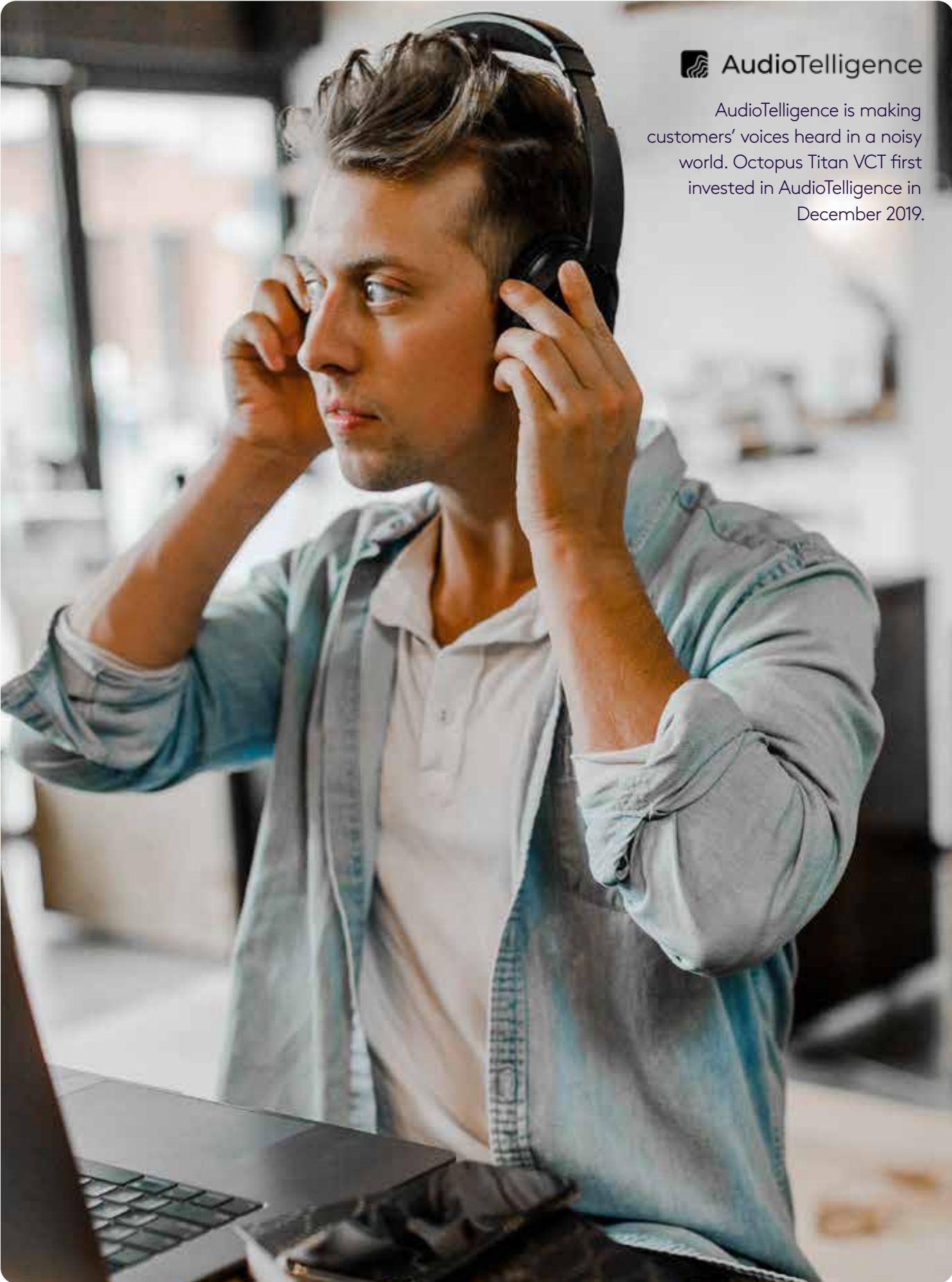
Octopus Titan VCT gives you the option to reinvest any dividends you are entitled to receive, using the proceeds to purchase more VCT shares. This will increase your shareholding, enabling you to get further income tax relief on the additional shares allotted. To reinvest your dividends, please complete 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.”

Paul Latham, Managing Director, Octopus Investments



 **AudioTelligence**

AudioTelligence is making customers' voices heard in a noisy world. Octopus Titan VCT first invested in AudioTelligence in December 2019.

Octopus Titan VCT first invested in AudioTelligence in December 2019.

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 if you decide to sell your shares.

Your investment journey

- 1 Making your initial investment**

After you've read the prospectus and Key Information Document (KID) – available at octopusinvestments.com/titan – you can complete an application form by applying online. We'll let you know when we've processed 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 typically take a few months. Once your shares are allotted, you can check the value of your shares whenever you like using our Octopus online service.
- 3 Your share and income tax certificates**

You will receive share and income tax certificates usually within 21 working days of your shares being allotted. In addition, we'll also provide you with a guide to claiming tax relief. Please note, if you lose your share or tax certificate there is likely to be a cost to replace them.
- 4 Keeping you updated**

We'll send you annual reports which include updates from the Chairman of the VCT and Octopus Investments, the VCT manager. We'll also write to you giving you the option to vote on resolutions and proposals (e.g. new fundraises) from the VCT's Board.
- 5 Receiving dividends**

When our VCTs pay dividends to you, you can choose to have the dividend paid directly into your bank account or re-invested into the VCT. If you choose the latter you will then receive an additional share and income tax certificate which will allow you to claim additional income tax relief from HMRC.

Selling your VCT shares

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.

If you'd like more information please give us a call on **0800 316 2295** and we'll send you a copy of our guide to selling your VCT shares.

Please remember, VCT shares must 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 and Key Information Document (KID). This is available at octopusinvestments.com/titan.

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.

Investments in smaller companies can be volatile

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.

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 Octopus Titan VCT 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.

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.

Your shares may be difficult to sell

There isn't an active market for VCT shares in the way there is for most other listed companies' shares. 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.

"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 key investment risks are, before they reach any decision."

John Averill, Head of Compliance and Risk, Octopus Investments

Conflicts of interest

Conflicts of interest are when the interests of one group of investors could be at odds, or present a conflict, with the interests of another group or with the interests of Octopus Investments. We aim to make sure that the interests of our customers are always looked after.

Conflicts of interest are sometimes unavoidable. In the first instance, we look to prevent them, but if we can't, we'll take action to manage, or mitigate, any effects.

For more information on some of the main conflicts, please see below, and refer to the Octopus Conflicts of Interest policy, which is available in the document library at [octopusinvestments.com](https://www.octopusinvestments.com).

Investing alongside other Octopus funds

Octopus Ventures has previously invested funds from Octopus Titan VCT alongside other Octopus managed products or services and sometimes even alongside Octopus itself. Going forward, when investing into new companies and some of those already in the portfolio, we expect to invest Octopus Titan VCT funds along with funds from Octopus Ventures EIS Service and potentially other Octopus managed funds. This means an investee company can benefit from more diverse sources of funding while still partnering with Octopus, which in turn could make Octopus a more attractive investor. However, it could also result in potential conflicts of interests between different investor groups.

The role of Octopus employees

We usually place an Octopus employee on the Board of the companies we invest in. 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?

An example of this could be when investments are sold. They may be held by a number of different investor groups across Octopus, so investors may be restricted in the timing of an exit and their interests are not fully aligned.

Fees from portfolio companies

Octopus used to receive fees from the companies that Octopus Titan VCT invested into (for example, when making or selling our investment, as well as for appointing a representative to the Board of Directors). This is no longer the case for new investments, and these fees received go to Octopus Titan VCT.

The costs of all deals that do not proceed to completion are typically borne by either the company seeking funding or by Octopus, not by the VCT.

Managing conflicts

We have agreed policies and processes to make sure that conflicts of interests between different investor groups are managed fairly. For example, we have a number of controls in place to manage any conflicts of interest where we cannot prevent them.

These include:

- Octopus Ventures Investment Committee makes sure investment decisions are in the best interests of investors, including how potential conflicts of interest are managed when they cannot be avoided as well as being responsible for the allocation policy. The allocation policy sets out how the amount invested from each fund into each opportunity is decided.
- In cases where there are a large number of conflicts of interest or they are particularly significant, proposals are reviewed by the Octopus Conflicts Committee, which is responsible for ensuring conflicts are handled appropriately, and is independent of Octopus Ventures and Titan VCT.
- As Octopus Titan VCT is a publicly listed company, it has its own Board of Directors, which is required to act independently and represent shareholders' best interests at all times, and who are ultimately responsible for ensuring the investment objectives and policy of Octopus Titan VCT are carried out.

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. 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.

| | | 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) ¹ | up to 2% | up to 2% | up to 2% | up to 2% |
| | Adviser charges ² | - | up to 0.5% | - | - |
| | Commission (to execution-only intermediary) ² | - | - | 0.5% | - |
| | Direct application ongoing charge (to Octopus) ² | - | - | - | 0.5% |
| | Admin and accounting charge (to Octopus) ³ | up to 0.3% | up to 0.3% | up to 0.3% | up to 0.3% |
| Performance fees³ | | 20% | 20% | 20% | 20% |

¹This fee can be up to 2%. A cash buffer of 10% of the fund value will be charged the full 2%. For any cash above this the fee will match the return on cash (subject to a 0% minimum and 2% maximum). Please see prospectus for more information. ²Ongoing adviser charges, direct charges or commission are paid for a maximum of seven 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. ³Please see page 49 of prospectus for more information. ⁴We 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. In order to do so the NAV plus cumulative dividends of Octopus Titan VCT at the year end (31 December) must exceed the previous highest NAV plus cumulative dividends (net of performance fee already taken). In this case Octopus will charge a 20% performance fee on the excess. For full details on the performance fee and other fees please see the prospectus and KID. Both documents are available on our website, octopusinvestments.com/titan. The minimum investment is £3,000.

Skin+Me

Skin+Me offers a pioneering and personalised online dermatology service. Octopus Titan VCT first invested in Skin+Me in September 2019.



Octopus Titan VCT first invested in Skin+Me in September 2019.

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 Investor Support 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 25** 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, we'll listen to your complaint and confirm it in writing, as well as outlining how we plan to resolve it.

Our complaints procedures follow the rules set out by the Financial Conduct Authority, responsible for regulating investment companies like Octopus, and the Financial Ombudsman Service, which has been set up to resolve disputes between consumers and companies.

If you want to make a complaint, email complaints@octopusinvestments.com, call **0800 316 2295** or write to us at: **Octopus Investments Limited, 33 Holborn, London EC1N 2HT.**

If we are unable to settle a complaint, it may be referred to the Financial Ombudsman Service. You can contact them at Exchange Tower, London E14 9SR. Further information on the service can be found at financial-ombudsman.org.uk.



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