

PRODUCTS THAT PERFORM PEOPLE THAT LISTEN

# OCTOPUS TITAN VCT 4

PRODUCT BROCHURE



Octopus Titan Venture Capital Trust (VCT) 4 offers a compelling opportunity for individuals looking for the potential to generate higher investment returns, through a combination of income tax relief and tax-free capital growth from a portfolio of early stage UK companies.

This brochure is designed to give you an overview of Octopus Titan VCT 4. To apply you will need to read the full prospectus which contains the terms and conditions of the investment and the application form. This is available at **octopusinvestments.com** or by calling us on **0800 316 2298**.

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It is very important that you read and fully understand the risks involved with this investment so that you can decide whether it is right for you. The risks associated with this product are outlined on page 9 of this brochure and in the prospectus.

Please note that all the figures and information provided within this document are correct as at 16 November 2009.

# WELCOME TO OCTOPUS

Since we established Octopus nearly ten years ago, we have worked hard to meet the needs of investors through a broad range of innovative products. We now have over 20,000 investors and over £1 billion invested across our funds.

Octopus Titan VCT 4 combines significant tax benefits with the potential for higher returns. It is a compelling investment vehicle which gives individuals the opportunity to invest in high-potential early stage companies with risks buffered by tax benefits.

Octopus Titan VCT 4 follows the successful launches of three previous VCTs in the Titan series, which raised over £50 million.

The key differentiator, and competitive advantage, of Octopus Titan VCT 4 is the Octopus Investor Group. This is made up of more than 100 highly successful entrepreneurs and business people, including ex-FTSE Chairmen and Chief Executives, who provide support and guidance to the portfolio companies and co-invest their own money alongside the Octopus Titan VCTs.



SIMON OCTOPUS CEO

The Titan VCTs are run by the Octopus Ventures team, which has been making investments into smaller companies for over eight years, achieving an internal rate of return of over 15% per annum in a period that has included the 'Technology Crash' and the recent financial crisis.

However, past performance is no guide to future performance. It is important that you read and fully understand the risks involved with this investment so that you can decide whether it is right for you. These are outlined on page 9 of this brochure. You should also read the Octopus Titan VCT 4 prospectus before investing.

I hope that you find this brochure clear and easy to understand. We always recommend that you seek independent professional advice before you invest in any product, but if you do have any questions, or if it would help to speak to me or one of the fund managers, please call us on **0800 316 2298**.

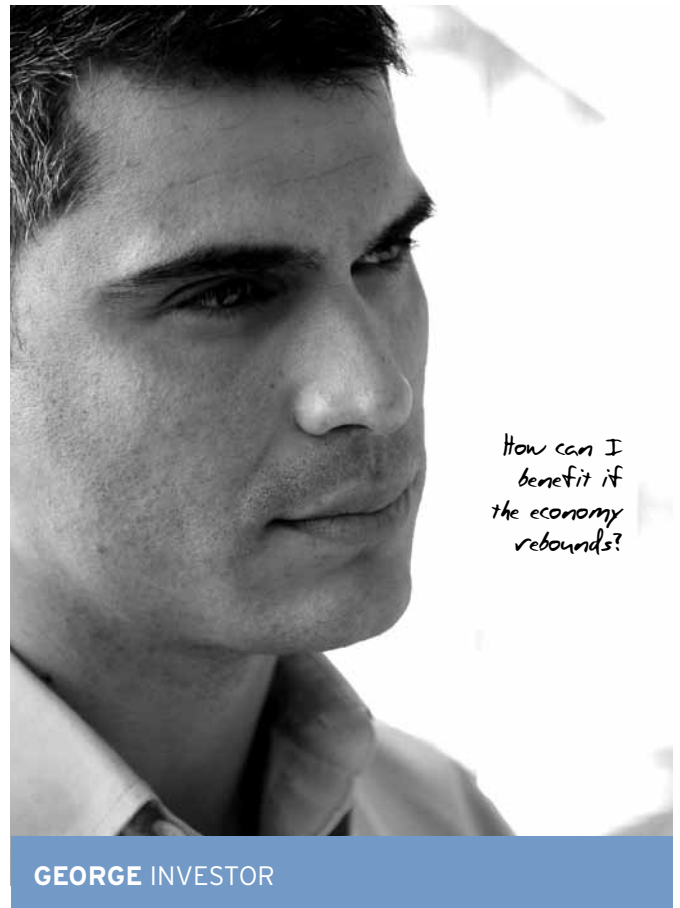
A handwritten signature in blue ink that reads "Simon Rogerson". The signature is written in a cursive, flowing style.

**Simon Rogerson**  
Chief Executive

# THE PROBLEM

Many investors are seeing their finances eroded on two fronts: increasing tax burdens and falling investment or savings returns.

- It is often difficult to access early stage companies where significant gains have historically been made
- Not all investors are aware of the options to help reduce their income tax bill



GEORGE INVESTOR

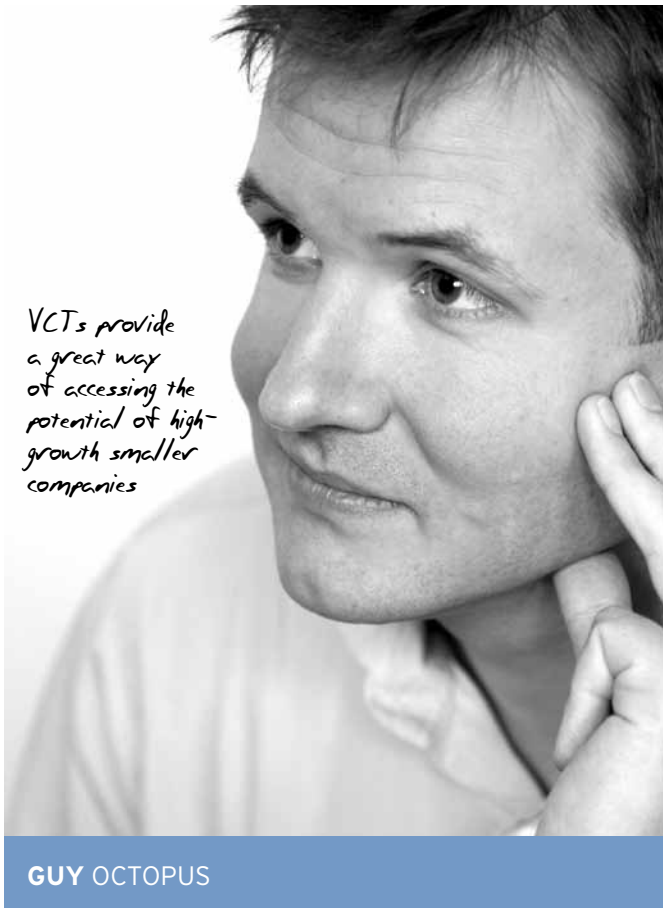
The current economic climate has significantly affected many investors, reducing the value of their assets and creating uncertainty around the future value of their investments. Meanwhile, the Government's planned response to the crisis - increased taxation - has further hit some people's finances.

In an effort to promote economic growth and development, the Government provides an incentive for investment in smaller UK companies through tax relief.

VCTs allow investors to access a number of tax benefits in a relatively simple structure, helping them reduce their tax burden and potentially generating an attractive return. However, a large number of investors remain unaware of how they work and the tax benefits they can deliver.

At the same time, some investors are willing to take on a higher level of risk in the pursuit of stronger returns. These individuals are looking for products where they can easily invest in early stage, fast growth companies, but may not know how to access a reliable flow of investment opportunities.

Octopus Titan VCT 4 has been designed specifically to meet the needs of investors who are seeking an investment solution that combines much needed tax benefits with the potential for significant returns.



*VCTs provide a great way of accessing the potential of high-growth smaller companies*

GUY OCTOPUS

VCTs can help investors generate an attractive return by investing in early stage companies with higher growth potential, combined with tax benefits that reduce the net cost of the initial investment:

- 30% upfront income tax relief\*
- Tax-free dividends
- Tax-free capital gains

Octopus Titan VCT 4 is managed by Octopus Investments, voted by Professional Adviser magazine as "VCT Provider of the Year" for the last three years.

The funds will be invested by Octopus Ventures, a division of Octopus Investments, which specialises in investing VCT funds into early stage higher risk companies.

Octopus Ventures is supported by the Octopus Investor Group - over 100 highly successful entrepreneurs and senior business people who co-invest their own money alongside the Titan VCTs and provide ongoing guidance to the portfolio companies.

We believe that this combination of tax benefits and experience in smaller company investment and VCT management delivers a compelling investment solution with the potential for significant growth.

# OUR SOLUTION

Octopus Titan VCT 4 offers a simple and effective solution for individuals to invest in early stage companies with the potential for higher returns, with downside risks buffered by a series of tax benefits.

- Potential for higher returns
- Experienced investment and management team
- Multiple tax benefits
- Octopus Investor Group expertise and guidance

\* Provided the investment is held for at least five years

# THE OCTOPUS INVESTMENT APPROACH

Octopus looks to invest in exceptional businesses across all industry sectors, where we believe there is the potential for significant capital growth.

- 100+ members of the Octopus Investor Group
- 3,000 opportunities annually
- 1,200 business plans reviewed
- 250 company meetings
- 8-12 investments per year



ALAN OCTOPUS VENTURES

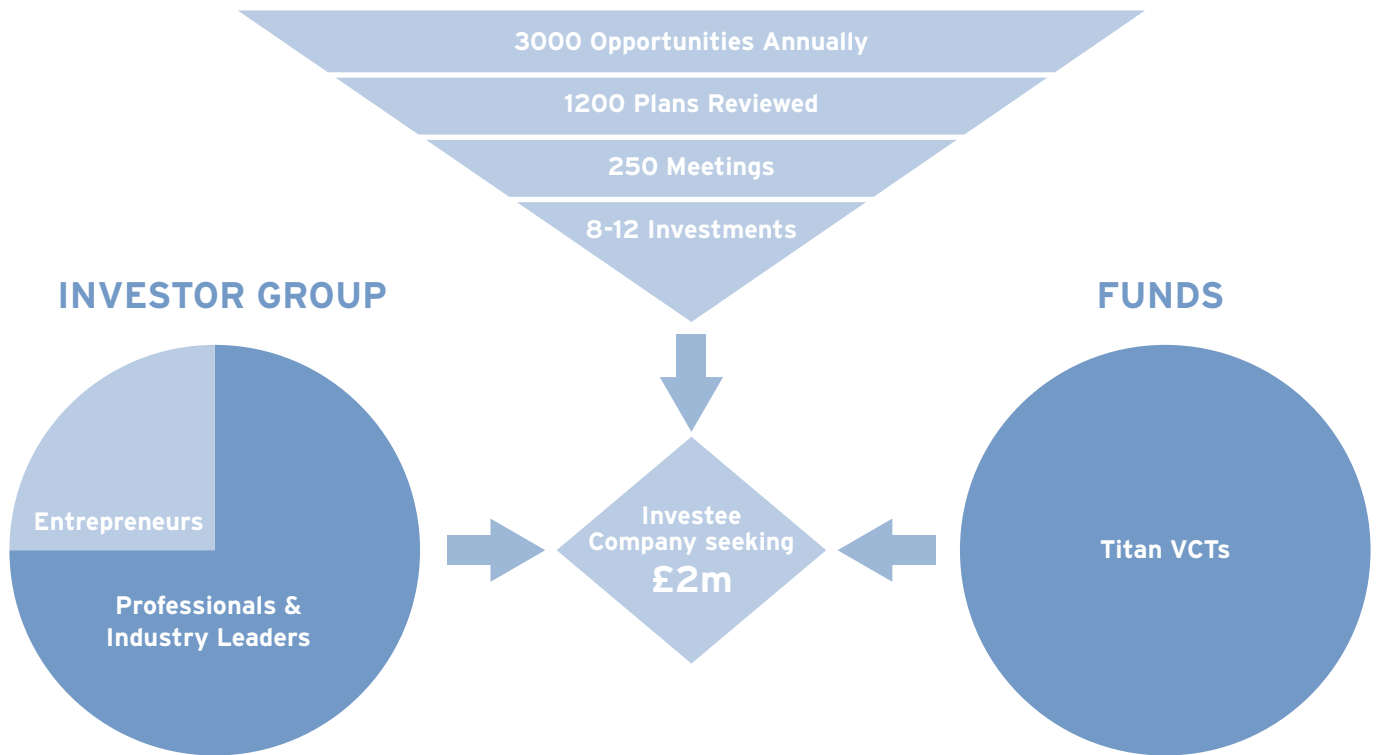
Over the three year investment period, Octopus Titan VCT 4 aims to provide early stage funding to 20 to 30 companies.

As the manager of more VCTs than anyone else, we regularly receive investment opportunities ahead of the rest of the market.

Typically we will review over 3,000 business opportunities each year, looking for strong entrepreneurial management teams and a compelling vision of how the company can grow.

The Octopus Ventures team has an eight year track record of investing in smaller companies and an internal rate of return of over 15% per annum.

Please remember that past performance is no guide to future performance and that the value of an investment in Octopus Titan VCT 4 may fall as well as rise.



*This diagram is for illustrative purposes only*

# THE OCTOPUS INVESTOR GROUP

A unique approach that not only provides companies with finance, but also expertise and guidance on an ongoing basis.

The Octopus Investor Group is a team of over 100 entrepreneurs and business experts who co-invest alongside the Titan VCTs. It includes a number of ex-FTSE Chairmen and CEOs, as well as recognised 'Captains of Industry'. They share our passion for business and use their contacts and experience to help the investee companies succeed.

We involve members of the Investor Group at an early stage in our investment decision making process, often engaging members with relevant industry experience as part of our initial due diligence. This enables us to quickly identify outstanding opportunities into which our VCTs can invest.

This was more evident than ever during a recent Titan VCT investment into Graze, the innovative company which delivers healthy food directly to your desk or home by post. During the investment process, an entrepreneur and industry specialist who is a member of the Octopus Investor Group was so excited by the company, he made significant financial investment and is now part of the Board of Directors. He has since led the creation of and chairs an advisory board of six other highly respected food industry heavyweights, helping the company continue its rapid growth.

The Investor Group also brings potential investee companies to Octopus, which allows us to access some unique opportunities ahead of the rest of the market.

# VCT RETURNS

Octopus Titan VCT 4 will invest in a combination of qualifying investments and non-qualifying investments, including money market funds and quoted investments.

- 30% upfront income tax relief
- Potential for significant dividends in the medium term
- Proposed buy back policy at 10% discount to prevailing NAV



JAMES OCTOPUS

VCTs provide 30% income tax relief on the amount invested. This tax relief reduces the effective cost of the investment and provides a buffer against downside risk.

VCTs then typically invest their funds over a three year period, with a minimum requirement to have 70% invested within three years. We expect Octopus Titan VCT 4 to invest around 80% of its total size in a portfolio of 20 to 30 companies by the end of year three, with the remainder in cash, money market funds and other non-qualifying investments.

VCTs tend to begin delivering significant dividends as underlying investments are sold, typically three to five years after investment into these companies.

## LIQUIDITY

It is intended that Octopus Titan VCT 4 will operate a buyback policy, purchasing shares back at a 10% discount to the prevailing net asset value.



CHARLOTTE INVESTOR

## KEY RISKS

Investors should be aware of the key risks involved with their investment.

Prior to investing in Octopus Titan VCT 4, investors should ensure that they have read and understood the prospectus, including the risk factors.

There can be no assurances that Octopus Titan VCT 4 will meet its objectives, identify suitable investment opportunities or be able to diversify its portfolio. Please remember that the past performance of Octopus Investments or members of its team is no guide to future performance and that the value of an investment into Octopus Titan VCT 4 may fall as well as rise, and an investor may not receive back the full amount invested.

There is no guarantee as to the level of dividends that will be paid by Octopus Titan VCT 4.

As the shares need to be held for a minimum of five years in order to retain the upfront income tax relief you should consider an investment in this product as a long-term investment.

Rates of tax, tax benefits and allowances are based on current legislation and HM Revenue & Customs practice and depend on personal circumstances. These may change from time to time and are not guaranteed.

There is no guarantee that Octopus Titan VCT 4 will qualify as a VCT or that such status will be maintained which could lead to adverse tax consequences for investors, including a requirement to repay the 30% income tax relief.

Investors may find it difficult to realise their investment and the price at which the shares are traded may not reflect the net asset value of Octopus Titan VCT 4.

Investments made by Octopus Titan VCT 4 will be in companies whose shares are not readily marketable and, therefore, may be difficult to realise.

Octopus Titan VCT 4 must invest in companies with gross assets of no more than £7 million prior to investment. Such companies generally have a higher risk profile than larger companies.

# OCTOPUS VENTURES INVESTMENT TEAM

Key members of our investment team are listed below. They are also supported by the wider Octopus Ventures team and members of the Octopus Investor Group.

## ALEX MACPHERSON

Alex has extensive experience of investing into smaller companies. Within the Octopus Ventures team, he has particular responsibility for evaluating and assessing potential investee companies and negotiating transactions with a view to maximising investment returns.

## ALAN WALLACE

Prior to joining Octopus, he held senior positions at Sara Lee UK, Rank Hovis McDougall, and Cambridge Nutrition Holdings. He was also managing director of Dairy Crest and Premier Brands (Hillsdown) and Market Planning Director for GUS. He has over fifteen years' general management experience.

## LUKE HAKES

Luke focuses on sourcing deal flow, evaluating and assessing potential investee companies and portfolio management. Prior to joining Octopus, he worked in both the scientific and management consultancy sectors. After commencing his career as a research scientist, he held positions in sales at Apple and as a management consultant where he acted as a business analyst at Goldman Sachs. Luke received a first class degree in Biochemistry and Biotechnology, an MSc with distinction in Bioinformatics and a PhD in Computational Genetics from The University of Manchester. He is also the recipient of a number of academic awards.



ALEX OCTOPUS VENTURES

## JO OLIVER

Having been a member of the Octopus Investor Group for a number of years, Jo joined Octopus in 2009. He is an entrepreneur who has extensive experience of working with and investing in smaller companies. He has founded several businesses and has also held senior roles in equity research at Merrill Lynch and Lehman Brothers. Jo is a Chartered Accountant and worked at Arthur Anderson between 1991 and 1995.

## ALLIOTT COLE

Alliott is involved in all aspects of the investment process from the evaluation and assessment of new opportunities, to the negotiation and documentation of deal terms, through to the monitoring and support of portfolio companies post investment. Prior to joining Octopus, Alliott spent four years at the international law firm Ashurst, where he worked within the corporate finance and private equity team.



NICK INVESTOR

#### INVESTMENT EXAMPLE - ZOOPLA\*

Zoopla is an online property information service and community website integrating elements such as house pricing, free valuation estimates, 'For Sale' listings, and local community information in an award-winning site. Launched in January 2008, Zoopla has become one of the most visited property websites in the UK and boasts over a million user contributions within the first twelve months of launch.

Octopus Ventures invested £2 million in Zoopla, having been impressed by the strong entrepreneurial management team and rapid growth of the company. The funds were used to enhance Zoopla's unique technology platform and expand its sales and marketing functions. Zoopla also acquired the Property Finder Group, increasing its overall visitor numbers significantly, making it now the second biggest portal in the sector.

#### INVESTMENT EXAMPLE - CALASTONE\*

Calastone is the UK's only independent transaction service for the mutual fund industry. The company enables buyers and sellers of mutual funds to communicate orders electronically by providing a universal message communication and translation service, which allows previously incompatible systems to communicate.

Octopus Ventures invested £2 million into Calastone in October 2008. Calastone has used these funds to scale up the business, accelerate commercialisation of its services and increase its marketing efforts to cement the company's edge over exiting providers in the market.

# INVESTMENT EXAMPLES

Octopus Titan VCT 4 will invest alongside the other three VCTs in the Titan series. These VCTs have raised over £50 million, some of which is already invested in the following companies:

- Calastone
- e-Therapeutics
- GetOptics
- Graze
- The Key Revolution
- Phase Vision
- Phasor Solutions
- Surrey NanoSystems
- True Knowledge
- Zoopla

\* These investments are for illustrative purposes only and Octopus Titan VCT 4 may not invest in them

# ABOUT OCTOPUS

Octopus is AAA rated for investment planning by Citywire.

- 17 VCTs under management
- Over £230 million invested in our range of VCTs
- Voted “VCT Provider of the Year” by advisers for the past three years



CHRIS DIRECTOR

#### **A DIFFERENT KIND OF INVESTMENT COMPANY**

At Octopus, we believe our success has come from listening to our customers, designing investment products that meet their needs and providing a level of service which, we believe, is unmatched within the industry.

#### **PRODUCTS THAT MEET CLIENT NEEDS**

At Octopus, we look to develop innovative solutions that really meet investors' needs. Time and again, we have designed products that offer features you simply won't find anywhere else. It's this innovation, coupled with our track record, that has meant our funds under management have risen tenfold over the last four years. This extraordinary record of success has also attracted many experienced investment professionals to work for us. So you can be sure investments with us are in the best possible hands.

#### **PERSONALISED SERVICE**

We want investors to feel informed, comfortable and confident about how we're investing their money. So once invested, we'll talk to you about how often you want us to get in touch, and how much information we should provide, so you get the level of service that's right for you.

#### **VCT EXPERTISE**

Octopus is a leading provider of VCT solutions, with thousands of investors currently trusting the Octopus range of VCT products to deliver against their investment needs.



**NOREEN** RELATIONSHIP MANAGER

# THE CHARGES

If you have any questions about the charges, or if it would help to speak to one of the fund managers, please call us on **0800 316 2298**.

## **INITIAL FEE**

There is an initial fee of 5.5%. Out of this fee, Octopus will be responsible for paying all of the costs of the launch of the VCT including any initial commission payable to financial advisers.

## **ANNUAL MANAGEMENT FEE**

The annual management fee is 2% of net assets per annum.

## **PERFORMANCE FEE**

In line with industry practice, Octopus will be entitled to performance related incentive fees. The incentive fees are designed to ensure that there are significant tax-free dividend payments made to shareholders as well as strong performance in terms of capital and income growth, before any performance related incentive fee payment is made.

Full details of the performance fee are provided in the Octopus Titan VCT 4 prospectus.

## **ADMINISTRATION FEE**

Octopus Investments will provide administrative and accounting services to Octopus Titan VCT 4 for an annual fee of 0.3% (plus VAT, if any, at the applicable rate) of the net assets of the fund and company secretarial services for an annual fee of £15,000 plus VAT.

# QUESTIONS AND ANSWERS

If you have any questions, or if you would like to speak to one of the fund managers, please call us on **0800 316 2298**.



MARGARET INVESTOR

## WHAT IS THE MINIMUM I CAN INVEST?

The minimum investment is £3,000. There is no maximum, although investments of more than £200,000 per person per tax year will have the income tax relief capped at £60,000 for each tax year in which the relief is claimed.

## HOW DO I FOLLOW THE PROGRESS OF THE FUND?

Each year you will receive an annual report and an interim report, but you can call us at any time on **0800 316 2298**.

## CAN I WITHDRAW MONEY FROM OCTOPUS TITAN VCT 4?

As the VCT is listed on the London Stock Exchange, you may sell your shares at any time. However, income tax relief on a subscription for shares in a VCT is withdrawn if the shares are disposed of (other than between spouses) within five years of issue. Please note that the price at which the shares are traded is likely to be at a discount to the prevailing net asset value.

## WHAT IS YOUR SHARE BUYBACK POLICY?

It is intended that Octopus Titan VCT 4 will operate a buyback policy where, subject to having the requisite authorisation in place and having distributable reserves and sufficient financial resources, it is envisaged that purchases of shares will be made at a 10% discount to the prevailing net asset value.

## HOW ARE CAPITAL GAINS TREATED?

Any gains made on VCT shares are not subject to capital gains tax. Similarly, any losses on shares held in a VCT will not be treated as an allowable loss. Both of the above apply to the extent that the shares have been acquired within the limit of £200,000 for any tax year.

## HOW DO I APPLY?

Please read the prospectus and complete the Octopus Titan VCT 4 application form. Your cheque should be made payable to '**Octopus Titan 4 Client Money Account**'. This cheque, along with your completed application form, should be sent to: **Octopus Investments Ltd, 8 Angel Court, London, EC2R 7HP**.

## WHAT SHOULD I EXPECT AFTER I INVEST?

We will send you confirmation that we have received your application by return of post. You should expect to receive your share certificate and tax certificate within a few weeks of making your investment.

## HOW DO I CLAIM MY TAX RELIEF?

You can write to your HM Revenue & Customs office and ask them to change your tax coding under the PAYE system. You will then receive your income tax relief on a monthly basis through your pay cheques. Or, you can wait until you fill in your tax return at the end of the tax year in which you made your investment.



MATT CHAIRMAN

## WHAT NEXT?

If you have any questions please contact your financial adviser or call us on **0800 316 2298** or visit us at **octopusinvestments.com**.

You can obtain a prospectus and application form by calling us on **0800 316 2298** or by visiting **octopusinvestments.com** where all of our literature can be downloaded.

Please be sure to read the prospectus carefully in order to familiarise yourself with the terms and conditions of investment. If you have any queries, please **contact your financial adviser** or call Octopus.

We know how important making the right investment decision is, and we want you to feel comfortable and informed about investing with us. We recognise that many investors may have questions so please feel free to call us at any time with your queries. We're here to help and we're always happy to hear from you.



# OCTOPUS

INVESTMENTS

## IMPORTANT INFORMATION

This document constitutes a financial promotion pursuant to Section 21 of the Financial Services and Markets Act 2000 and is issued by Octopus Investments Limited.

Your attention is drawn to the risk factors set out on page 9. Nothing in this document should be regarded as constituting legal, taxation, investment, or other advice and prospective investors are advised to consult their own professional advisers before contemplating any investment.

Any decision to invest in this product should be made on the basis of the information contained in the prospectus for Octopus Titan VCT 4 plc, including the terms and conditions attached to the application form.

Past performance is not a guide to future performance and may not be repeated. The value of shares can go down as well as up and you may not get back the full amount invested. You should consider an investment in this product as a long-term investment.

Rates of tax, tax benefits and allowances are based on current legislation and HM Revenue and Customs practice. These may change from time to time and are not guaranteed.

Changes in legislation in respect of VCTs in general, and qualifying investments and qualifying trades in particular, may restrict or adversely affect the ability of the Fund to meet its objectives and/or reduce the level of returns which would otherwise have been achievable.

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Octopus Investments Limited has taken all reasonable care to ensure that all the facts stated in this document are true and accurate in all material respects.

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