

Octopus Choice

For clients who are looking for a better return than bank interest rates.

You're likely to have clients with a substantial amount of cash in the bank, earning very little interest. These clients may be nervous about investing in the stock market and are keeping their money in cash because they don't know of any alternatives out there.

About this scenario

This planning scenario is designed to help advisers like you develop appropriate planning strategies for your clients.

Nothing here should be viewed as advice. Any suitability decisions should be based on a comprehensive review of your clients' objectives, needs and attitude towards risk.

For more details, please see the relevant product literature available at [octopusinvestments.com](https://www.octopusinvestments.com).

Meet Alison



Alison sees herself as a conservative investor. Most of her investments are in low-yielding fixed income products, with a small amount in a FTSE 100 tracker fund. Alison also holds £300,000 cash in her bank account, and pays into her pension and cash ISA every month.

Alison is aware that her money in the bank is earning very little interest. While she would like a better return, she is put off by the volatility of the stock market, and feels she has enough in shares and bonds as it is.

Alison would consider investing some of her cash if she could find something that meets these three target criteria:

- A better return than cash in the bank
- Lower volatility than equities
- Low cost

At her annual review, Alison's adviser tells her about Octopus Choice, which targets a return of 4% per annum without investing in equities.

Alison's adviser shows her the impact inflation could have on her cash over the next ten years, assuming her bank pays her an interest rate of 1% per annum on average and inflation averages 2%. He compares that to a scenario in which Alison invests £100,000 into Octopus Choice and receives 4% every year.

If she leaves the entire £300,000 in her bank savings account, then accounting for inflation Alison would lose nearly £30,000 in real terms. However, if she is comfortable placing some of her capital at risk and invests £100,000 into Octopus Choice, she could earn 4% each year. And maintain the purchasing power of her initial £300,000.

**Peer-to-peer investing puts capital at risk.
For more information, please see overleaf.**

What is Octopus Choice?

Octopus Choice is a flexible way to target a meaningful return from loans secured against bricks and mortar, without tying up money for the long term.

Octopus Choice invests in a portfolio of many different property-backed loans, targeting an interest rate of around 4% a year.

All lending involves risk, and some borrowers may not repay. Because every loan is secured against a specific property, it means the property can be sold if the borrower is unable to pay back the loan.

The loans are made at a conservative loan-to-value (LTV) of no higher than 76% – meaning the property

value would have to drop by nearly a quarter before investors would lose any money.

The conservative nature of the loans – plus the fact that Octopus invests 5% in each and every loan, at first loss – means that the investment should be less volatile than a stocks and shares portfolio.

All loans are sourced and underwritten by our Octopus Property team which specialises in short-term lending to professional property developers and experienced landlords. Octopus Property has a strong lending record, having lent over £3 billion with capital losses of less than 0.1%.

An important reminder about key risks

The value of an investment, and any income from it, can fall or rise. Investors may not get back the full amount they invest. Money invested through Octopus Choice is concentrated in loans backed by property and could be affected by market conditions. For the same reason, instant access to your clients' capital cannot be guaranteed.

Past performance is not a reliable indicator of future results. Investments in peer-to-peer lending aren't covered by the Financial Services Compensation Scheme (FSCS).

Why not look through some of our other Octopus Choice planning scenarios?

Clients seeking good ISA returns, without investing in the stock market

Clients approaching retirement who want to keep their money working hard

Clients concerned about recent buy-to-let changes

Self-employed clients looking for a better return from the cash in their company

Company directors looking for a better return than cash



Find out more

Call our Business Development Managers on **0800 316 2067** or visit **octopusinvestments.com**.