

For the use of professional advisers only and not to be relied upon by retail clients.

Octopus Choice

For clients approaching retirement.

You're likely to have clients who want to target a steady return on their capital. You're also likely to have clients who are wary of putting too much into the stock market, particularly if they're getting close to retirement.

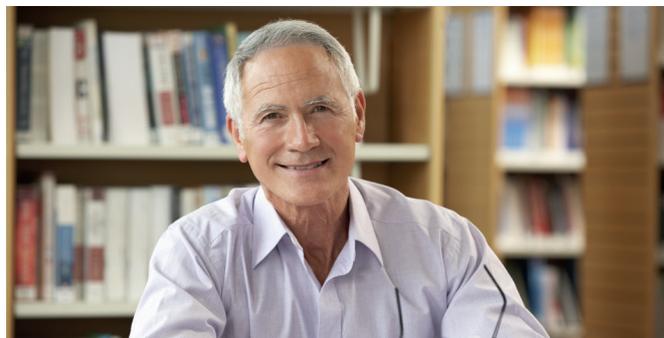
Often, they'll be the same client. This example highlights an alternative for clients who want to make their capital work as hard as possible without investing it in the stock market.

About this scenario

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

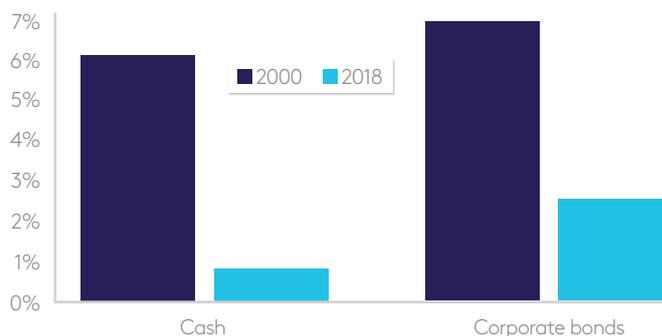
Nothing here should be viewed as advice. Any suitability decisions should be based on a comprehensive review of your clients' objectives, needs and attitude towards risk.

For more details, please see the relevant product literature available at octopusinvestments.com.



Meet Richard

Richard plans to retire soon. Like many clients, he worries that today's low interest rate environment will make it tricky to fund his retirement. Cash in the bank earns much less than it used to. Bond yields are also lower than they were not so long ago. For example, take a look at the chart below, which shows how cash interest rates and corporate bond yields have fallen since the year 2000.



Source: Bloomberg, 27 July 2018. Cash is based on LIBOR GBP 3 month. Bonds is based on Intercontinental Exchange Bank of America Merrill Lynch Sterling non-gilt index. All yields are based on yield to maturity.

Richard knows he could get a higher yield by investing in dividend-paying shares. However, because he's approaching retirement, Richard is concerned he's already holding more of his wealth in equities than he feels comfortable with. He asks his adviser about other ways he could invest his capital to keep it growing ahead of retirement while reducing his exposure to equities. Richard's adviser suggests Octopus Choice, which allows Richard to target a return of 4% per annum without investing in equities.

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

octopusinvestments

A brighter way

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 who want a better return than bank interest rates



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



Clients concerned about recent buy-to-let changes



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**.