

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

Octopus Choice

For clients concerned about recent buy-to-let changes.

You're likely to have clients with buy-to-let portfolios, who love investing in property. Recent tax changes have not been favourable to landlords, and some may be looking for something else.

This example highlights an alternative for clients who like investing in property.

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 Niraj



Niraj currently owns nine residential properties and has done well from his property portfolio over the years. He loves everything about property: the enjoyment of spotting an opportunity, the fact that his money is invested in something tangible, and the fact that most tenants pay their rent on time, which means a steady stream of revenue.

These positive aspects have in the past always offset any hassle Niraj felt about being a landlord. Recently, though, he's started to feel the sector is losing its lustre. The Government has made significant changes to the buy-to-let regime, such as reducing mortgage tax relief and increasing stamp duty.

Niraj believes this is unlikely to be the end of the story. He's decided to take a wait-and-see approach before he invests in any other properties, and is looking for somewhere to put his money in the meantime.

He would like something that targets a return similar to the rental yield he gets from his properties, which is around 4% per annum. He doesn't want to put the money into the stock market because he feels it's too volatile.

Niraj speaks to his adviser, who tells him about Octopus Choice, which lets Niraj target a steady 4% per annum interest rate by investing in loans secured against property.

**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 who want a better return than bank interest rates

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

Company directors looking for a better return on the company's money

Clients approaching retirement who want to keep their money working hard



Find out more

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