



Annual Report and Accounts for the year ended 31 October 2018

Company number: 06397765

For UK investors only

Octopus Titan VCT plc ('Titan' or 'the Company') is a venture capital trust ('VCT') which aims to provide shareholders with attractive tax-free dividends and long-term capital growth by investing in a diverse portfolio of predominantly unquoted companies. The Company is managed by Octopus Investments Limited ('Octopus' or 'Portfolio Manager') and Octopus AIF Management Limited (the 'Manager').

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Financial Summary

| | As at 31 October 2018 | As at 31 October 2017 |
|--|-----------------------|-----------------------|
| Net assets (£'000) | 609,402 | 432,703 |
| Profit after tax (£'000) | 11,231 | 16,181 |
| Net asset value ('NAV') per share | 93.1p | 96.4p |
| Cumulative dividends paid since launch | 71.0p | 66.0p |
| NAV plus cumulative dividends paid ('Total Value') | 164.1p | 162.4p |
| Total return* | 1.7p | 3.5p |
| Total return** | 1.8% | 3.6% |
| Dividends paid in the year | 5.0p | 5.0p |
| Final dividend proposed*** | 3.0p | 3.0p |

*Calculated as the change in NAV in the year plus dividends paid in the year.

**Calculated as total return/opening NAV.

***Payable on 29 April 2019 to those shareholders on the share register on 12 April 2019, subject to shareholder approval at the Annual General Meeting.

Key Dates

| | |
|--|--|
| Final dividend payment date | 29 April 2019 |
| Annual General Meeting | 14 March 2019 (11.30 a.m. at 33 Holborn, London EC1N 2HT) |
| Interim Results to 30 April 2019 published | June 2019 |

Strategic Report

The Directors are required by the Companies Act 2006 to include a Strategic Report to Shareholders. The Strategic Report comprises the Chairman's Statement, Business Review and Portfolio Manager's Review.

Investment Policy

Titan's focus is on providing early stage, development and expansion funding to unquoted companies. Titan typically makes an initial investment of £0.1 million to £5 million and will make further follow on investments into existing portfolio companies. The intention is to hold a portfolio of largely unquoted technology companies.

The Directors control the overall risk of the portfolio by ensuring that Titan has exposure to a diversified range of investee companies from a number of different technology sectors. Concentration risk is mitigated by ensuring that at the point of investment no more than 15% of Titan by value will be in any one investment. Any borrowing by Titan for the purposes of making investments will be in accordance with Titan's Articles of Association.

The investment profile is expected to be:

- 80 – 100% in VCT qualifying investments, primarily in unquoted companies
- 0 – 20% in non-VCT qualifying investments or cash.

Non-VCT Qualifying Investments

An active approach is taken to manage any cash held, prior to investing in VCT qualifying companies. After Titan has ensured it satisfies all VCT investment qualification targets required by HMRC, the majority of the remaining cash will be invested in accordance with HMRC rules for non-qualifying investments. Currently this includes liquid Alternative Investment Funds (AIFs), Undertakings for Collective Investments in Transferable Securities (UCITS) or other money market funds, including those managed by Octopus.

VCT Qualifying Investments

Investment decisions made must adhere to HMRC's VCT qualification rules. In addition to adhering to the VCT rules, when contemplating a prospective investment in a company, particular consideration is given to:

- the strength of the management team;
- large, typically global, addressable markets;
- the investee company's ability to sustain a competitive advantage;
- the existence of proprietary technology;
- visibility over future revenues and recurring income; and
- the company's prospects of being sold or floated in the future, at a significant multiple on the initial cost of investment.

No material changes may be made to Titan's investment policy without the prior approval of shareholders by the passing of an Ordinary Resolution. The Directors will continually monitor the investment process and ensure compliance with the investment policy.

A review of the investment portfolio and of market conditions during the year is included in the Chairman's Statement and Portfolio Manager's Review which form part of the Strategic Report on pages 3 to 6 and 11 to 22 respectively. A Business Review also forms part of the Strategic Report on pages 7 to 10.

Liquidity Strategy

The Board's strategy is to maintain an appropriate level of liquidity in the balance sheet to continue to achieve the following five targets:

- to support further investment in existing portfolio companies if required;
- to take advantage of new investment opportunities as they arise;
- to cover the running costs of Titan as they fall due;
- to support a consistent dividend flow; and
- to assist liquidity in the shares through the buyback facility.

Liquidity in Titan is primarily driven by capital realisations and fundraising activities.

VCT Regulation

Compliance with the required VCT rules and regulations is considered when all investment decisions are made. Internally, this is measured on a continuous basis and it is also reviewed by PricewaterhouseCoopers LLP (PWC) every six months who perform a comprehensive validation exercise. The primary purpose of the investment policy is to ensure Titan continues to qualify and is approved as a VCT by HMRC. The main criteria to which Titan must adhere are detailed on page 63.

Titan will continue to ensure its compliance with the qualification requirements.

Future Prospects

Titan's performance record reflects the success of the strategy set out above and has allowed Titan to maintain the dividend payments to shareholders in line with the Dividend Policy set out on page 4. The Board believes this business model will continue to meet the investment approach above and enable Titan to continue to deliver the targeted regular tax-free annual dividends referred to in the Chairman's Statement. The Outlook statements in both the Chairman's Statement and the Portfolio Manager's Review on pages 3 to 6 and 11 to 22 respectively provide further details on the future prospects of Titan.

Chairman's Statement

I am pleased to present the annual results for Octopus Titan VCT for the year ended 31 October 2018.

The NAV at 31 October 2018 was 93.1p, a net increase of 1.7p per share from 31 October 2017 after accounting for the dividends of 5.0p per share paid in the year, following the payment of dividends in April and August of 3.0p and 2.0p per share respectively. The Total Value (NAV plus cumulative dividends paid per share since launch) at the end of the period is 164.1p. This return brings the tax-free annual compound return for the original shareholders to 5.6% since Titan's launch.

As shareholders may recall, we were delighted to have raised over £205 million before expenses in our fund raising which closed to new applications on 23 March 2018. Following this, we raised a further £8 million from the shares allotted through the dividend reinvestment scheme associated with the dividends paid on 27 April and 24 August. As at 31 October 2018, Titan's net assets totalled £609 million, and we remain excited about continuing to build on the existing portfolio of early stage technology companies which exemplify those for which VCT funding is intended. We would like to thank all shareholders for their continued support in this endeavour.

As is to be expected following such a large fundraising, we now have un-invested cash totalling over £176.5 million as at 31 October 2018 (compared to £130.2 million as at 31 October 2017 and excluding shareholders' funds awaiting allotment). This gives us the ability to continue to support our portfolio of high-growth businesses for the immediate future, many of which need further funding to achieve their ambitious plans, as well as to add new companies to the portfolio. In the year to 31 October 2018, we deployed a total of £179.1 million comprising £122.7 million in new and follow-on investments, £32.6 million in dividends (including the dividend re-investment scheme (DRIS) shares allotted), £8.9 million in share buybacks and £14.9 million in running costs. Following this, and taking account the amount of funds raised during the year and proceeds received from divestments, Titan is broadly neutral in terms of cash and cash equivalents (including OEICs) versus 31 October 2017 and we have, therefore, announced a further fundraise of up to £200 million.

The UK entrepreneurial community continues to thrive, and as a result of that and successful previous fundraising, Octopus has been able to increase its new investment rate significantly, completing more than double the number of investments into new companies compared to the previous year. While these companies will take time to come to fruition and show their success or otherwise, the Board is pleased Octopus has achieved this goal and enthusiastic to be able to take up such opportunities, placing Titan at the forefront of providing support for young high growth UK businesses.

Investment Portfolio Review

We are pleased to report a net uplift in the value of the portfolio of £29.7 million during the period, excluding additions and disposals.

In total the portfolio now consists of 72 companies, of which one has been added since 31 October 2018, in to which £5.0 million has been invested.

The uplift in valuation has been driven by the strength of performance of a number of companies, specifically Ampliance, WaveOptics, DePop, Digital Shadows and Zynstra. Collectively, 34 investee companies drove an uplift of £64.8 million. Offsetting this, 16 companies saw a collective decrease in valuation of £35.1 million where performance has been more challenging including MIRACL which, despite additional financial support during the year, unfortunately saw a further decline in performance since that investment. Octopus believes a number of these businesses may have the potential to overcome the issues they face and return to their ambitious growth plans, so continues to work with them to try to achieve this. In some cases, following careful consideration, this may include providing further funding to ensure the business has sufficient capital to execute on such a strategy. This can be seen in the cases of both Uniplaces Limited and Property Partner (LHE Holdings Limited).

Titan has benefitted from successful transactions in both Tails.com (Tailsco) and Secret Escapes this year, which together saw proceeds of more than £20 million returned to Titan. In April, the Company sold its stake in Tailsco to Nestle Purina Petcare, resulting in total proceeds of almost £9 million (a small balance of which is expected to be received in 2019), compared to an initial investment of £1.5 million. In July, the Company sold part of its stake in Secret Escapes held via Zenith Holding Company Limited. This transaction completed at a price around 80 times that of the initial price Titan purchased shares at, returning £11.5 million to Titan. We are proud to be able to add these successes to our history of profitable realisations.

In addition, Titan also realised investments in Mi-Pay Group plc and Time Out Group plc at a loss during the year. Shareholders may recall Mi-Pay Group became a listed business in 2014, while Titan acquired its shares in Time Out Group as consideration for the sale of YPlan (Leanworks Limited), also in 2014. Unfortunately, both businesses saw a sustained decline in share price, and as a result, Octopus elected to realise Titan's investment when liquidity was available. While it is disappointing to see unprofitable realisations in the portfolio, we know that some such losses are to be expected when making investments into early stage, high growth businesses and remain confident that the high performers in the portfolio will outweigh the failures.

Turning to investments made during the previous 12 months, £61.0 million was invested into 20 new companies and £61.7 million was invested into 25 follow-on investments as detailed in the Portfolio Manager's Review. As anticipated by Octopus, given the volume of high quality investment opportunities available in the UK and Europe, this is a significant increase in investment rate compared to the 12 months to 31 October 2017, during which a total of £22.9 million was invested into 8 new companies and £38.9 million was invested into 23 follow-on investments.

Performance Incentive fees

Titan's performance in the year has meant that a performance fee of £2.8 million has been charged, of which £2.7 million has been earned by Octopus and will be paid in February 2019, with the balance of £0.1 million accrued and payable subject to the achievement of existing performance hurdles in the future. The performance fee is calculated as 20% on all gains above the High Water Mark, the highest total value as at previous year ends, of 162.4p as at 31 October 2017. The accrued performance fee relates to Titan 5 shares and is detailed in Note 19.

Dividends

We are pleased to confirm that the Board has decided to declare a final dividend of 3.0p (2017: 3.0p) per share in respect of the current financial year, which will be paid on 29 April 2019 to shareholders on the register as at 12 April 2019, resulting in full year dividends of 5.0p. This represents a tax-free yield of 5.2% on the opening Net Asset Value.

Our ambition has been to pay annual dividends of 5p per share. However, we are conscious of not eroding the Net Asset Value per share too far through the payment of dividends.

Those shareholders who prefer the value of their investment to remain more steady have the opportunity to reinvest their dividends through the DRIS (which also affords them the extra 30% tax relief). A significant proportion of current shareholders already take advantage of this, with 26% of the total value of the Interim dividend paid in August 2018 reinvested under the Scheme.

Fundraise and Buybacks

As previously stated, Titan successfully raised £205 million (£198 million net of up-front fees) during the year, excluding funds raised through the DRIS. The Board announced a further fundraise of up to £200 million (including the over-allotment facility) giving new and existing shareholders the opportunity to invest into Titan. On 13 December, £78.1 million (£75.7 million net of costs) was allotted under this offer and additional unallocated applications received to 29 January 2019 amount to over £21.5 million. Given the strength of inflows to date, the Board believes there is a good possibility of achieving the extended fundraise target of £200 million and that the over-allotment facility will be utilised.

During the year, Titan repurchased 9.9 million shares (representing 2.2% of the share capital as at 31 October 2017). Further details can be found in Note 14 of the accounts. The Board continues to buy back shares from shareholders at no greater than a 5% discount to NAV, subject to a maximum of 5% of the share capital in any one year.

VCT Qualifying Status

PwC provides both the Board and Octopus with advice concerning ongoing compliance with HMRC rules and regulations concerning VCTs. The Board has been advised that Titan continues to be in compliance with the conditions laid down by HMRC for maintaining approval as a VCT.

As at 31 October 2018, over 95% of the portfolio (as measured by HMRC rules) was invested in VCT-qualifying investments as reviewed and confirmed by PwC, significantly above the 70% current VCT-qualifying threshold. The required level will rise to 80% for accounting periods beginning after 6 April 2019. Given the current qualification level and the analysis undertaken with Octopus, the Board is confident Titan will be in a position to exceed this requirement.

Annual General Meeting ('AGM')

The AGM will take place on 14 March 2019 at 11.30 a.m. and will be held at the offices of Octopus Investments Limited, 33 Holborn, London, EC1N 2HT. I hope to meet as many shareholders as possible at this event, which provides an opportunity for you to meet the Board and Octopus, and to hear an update on Titan's activities and future plans. To ensure we are able to respond to any questions you may have for either the Portfolio Manager or Titan VCT Board, please feel free to send these via email to TitanAGM@Octopusinvestments.com prior to the event, although we will also welcome questions at the AGM itself. We will do our best to address as many shareholder questions as possible in the meeting.

Board of Directors

Since the merger of the Titan funds in 2014, the Board has consisted of three of the five Chairpersons of the original funds and Matt Cooper who remains Octopus Group's representative. We believe it was important to maintain continuity in this regard, particularly in light of the significant increase in the size of the Company in recent years. However, we recognise the importance of ensuring the Board remains independent and, as previously announced, an additional Non-Executive Director, Tom Leader, subsequently joined the Board on 8 August 2018. Tom has over 26 years of private equity experience. He is currently Director and Head of Portfolio, Unquoted Pool at Caledonia Investments plc and full details of his CV can be found on page 23.

We believe that the combination of the experience brought by existing Board members and fresh perspective brought by Tom is a strong one, and something which will be in the best interests of shareholders. The independence of Non-Executive Directors with more than nine years service has been assessed in the Directors Report on page 24.

Finally, as at 9 April 2018, Nicola Board resigned as Company Secretary and Parisha Kanani was subsequently appointed. The Board would like to thank Nicola for her hard work over the past three years, and welcome Parisha.

Investment Management Agreement and Accounting and Administration Agreement

The investment management (IMA) and administration agreements (AA) between Octopus and Titan were signed in November 2014 (following the merger of the five Titan VCTs) for a fixed four-year term, terminable by the parties on 12 months' written notice thereafter. As detailed in the current prospectus and subsequently in the Shareholder Circular on 9 November 2018, in light of the size of the fund we have terminated the existing agreements and agreed new terms with Octopus. These changes are intended to further enhance alignment between Titan and Octopus, helping to ensure the focus remains on the optimal outcome for shareholders.

Full details can be found in Note 19, but in summary:

- The annual management charge (AMC) on uninvested cash raised in the current share offer and thereafter has been amended to reduce cash drag;
- A cap has been placed on the administration and accounting fees that Octopus receives;
- The cap relating to Titan's total expense ratio (TER) has been reduced from 3.2% to 2.5%; and
- From 31 October 2018, Octopus will no longer receive new fees from the companies that Titan invests in and any such new fees will instead be passed to Titan.

Given many of these changes directly contribute to a reduction of Titan's running costs, we believe these changes are very positive, and hope they are welcomed by shareholders. Subsequent to the period end, the resolution to make these amendments as proposed to shareholders was carried at the General Meeting held on 6 December 2018.

Auditor to the Fund

At the last AGM, James Cowper Kreston, our Auditor for the last five years, was re-appointed. However, they subsequently informed us that they have taken the decision to withdraw from auditing certain Public Interest Entities for the time being (including VCTs) because of the increasing regulatory landscape and associated costs. The Board has, therefore, carried out a tender process to appoint new Auditors and it has been decided to appoint BDO, pending their re-appointment at the AGM being held in March 2019. We would like to thank James Cowper Kreston for its excellent service over the last five years and we look forward to continuing to work with BDO.

Principal Risks and Uncertainties

The Board continues to regularly review the risk environment in which Titan operates. There have been no significant changes to the key risks which are fully described on pages 9 and 10. The Board does not anticipate there will be significant changes to these risks.

Outlook

The last 12 months have been a particularly busy period for Titan.

We continue to be very pleased by the support from new and existing shareholders and the resulting success of our fundraising in the past year. While the macro environment remains somewhat uncertain in the near term, such fundraising success means Titan is well positioned to continue investing in both the most compelling new UK technology businesses, as well as the growth plans of the appropriate businesses within the portfolio.

We have been pleased to further enhance and align our relationship with Octopus this year, which was awarded Best VCT Investment Manager by the Growth Investor Awards 2018. It has also been encouraging to see Octopus increase its significant resource commitment to manage Titan, expanding the Octopus Ventures team by around 50% in the last twelve months to ensure it continues to be able to make new investments and manage the resultant enlarged portfolio. With this additional resource, the team has also refined its focus towards technology and tech-enabled businesses in the three key areas of industry, money and health to discover the next generation of innovators.

The Board remains positive about the prospects of the existing portfolio. We look forward to working with the investee companies toward their ambitious goals and hope to see further profitable realisations in the coming years as a result. As previously counselled however, this is expected to take some time, and shareholders should bear in mind that the typical period from investment until realisation for early stage technology businesses can be a number of years. As a result, we are still likely to see some businesses encountering turbulent times and possibly failure, prior to the hoped for profitable exits. In the case of particularly profitable realisations from the portfolio, we will continue to pay special dividends, to enhance the annual dividend.

Finally, the Board believes there are many reasons to remain confident about the future for Titan despite current uncertainties, including the implications of Brexit. I would like to conclude by thanking Octopus on behalf of the Board and all shareholders for their hard work, without which our investment strategy would not achieve the success we are seeing.



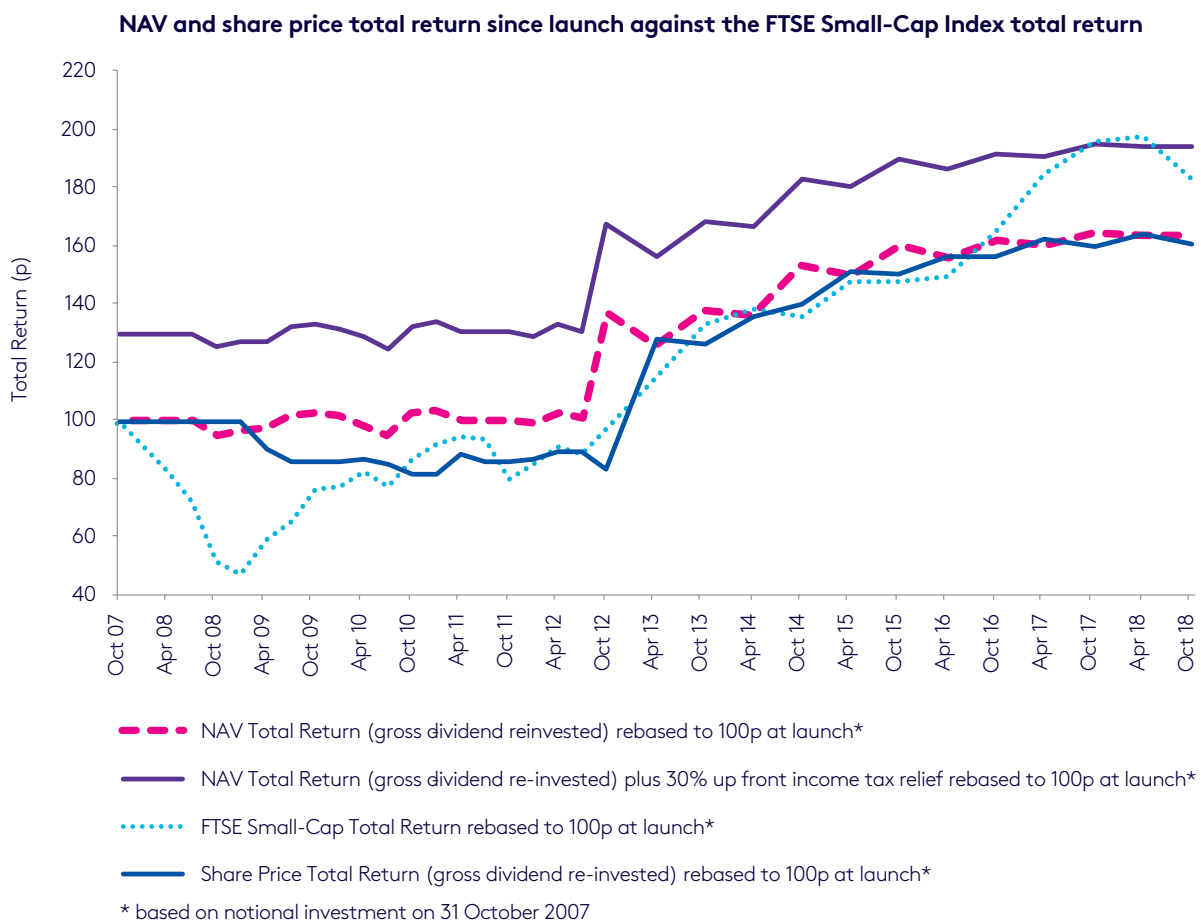
John Hustler
Chairman
29 January 2019

Business Review

Titan Performance

The Board is responsible for the Company’s investment strategy and performance, although the management of the investment portfolio is delegated to Octopus through the Investment Management Agreement, as referred to in the Directors’ Report on page 24.

The graph below compares the NAV total return and Share Price total return (gross dividends re-invested) of the Company over the period from October 2008 to October 2018 with the total return from a notional investment in the FTSE Small-Cap index over the same period (all rebased to 100p). This index is considered to be the most appropriate broad equity market index for comparative purposes. The Board wishes to point out that VCTs are not able to make qualifying investments in companies quoted on the Main Market in their observance of the HMRC rules.



AIC methodology: The NAV total return to the investor, including the original amount invested (rebased to 100p) from launch, assuming that dividends paid were re-invested at the NAV of the Company at the time the shares were quoted ex-dividend. Transaction costs are not taken into account.

The Earnings per Share for the year ended 31 October 2018 is 1.8p (2017: 3.9p per share). Further details can be found in Note 8 on page 52.

The total remuneration of the Directors for the year was:

| | Year ended 31 October 2018 £'000 | Year ended 31 October 2017 £'000 |
|--------------|--|--|
| Total | 104 | 93 |

Further details can be found in the Directors' Remuneration Report on pages 33 to 35.

Profit and dividends

| | Year ended 31 October 2018 £'000 | Year ended 31 October 2017 £'000 |
|-------------------------------------|--|--|
| Profit attributable to shareholders | 11,231 | 16,181 |
| Appropriations: | | |
| Previous year final dividend | 19,519 | 13,327 |
| Interim dividends | 13,077 | 8,945 |
| Special dividend | – | – |
| Total | 32,596 | 22,272 |

In addition to the 2.0p per share interim dividend paid on 24 August 2018, a final dividend of 3.0p per share will be paid on 29 April 2019 to shareholders on the register on 12 April 2019. Payment of the final dividend is subject to Shareholder approval at the forthcoming AGM.

Key Performance Indicators (KPIs)

As a VCT, Titan's objective is to provide shareholders with an attractive income and capital return by investing its funds in a broad spread of smaller unquoted UK companies which meet the relevant criteria for VCTs.

The Board expects Octopus to deliver a performance which meets the twin objectives of providing investors with attractive returns from a portfolio of investments, and maximising tax-free income for shareholders. The KPIs in meeting these objectives are:

- NAV plus dividends paid;
- the total expense as a proportion of shareholders' funds; and
- improvement of the investment performance.

A record of some of the indicators is detailed in the Financial Summary on page 1. Additional comments are provided in the Chairman's Statement regarding the performance of Titan over the current year. The Board regularly assesses the performance of Octopus in meeting Titan's objectives against the KPIs highlighted above.

As previously discussed, the performance for the year was an overall Total Return of 1.8% and 1.7p per share which includes a capital return (portfolio and open ended investment companies (OEICs)) of 2.8% equating to 2.7p per share. The total running costs in the period, as defined in the Prospectus, were 2.4% of Titan's net assets, within the annual limit of 3.2%.

Clearly, when making investments in unquoted companies at an early stage of their development, some are likely to disappoint, but investing the funds raised in high growth companies with the potential to become market leaders creates a diverse portfolio for shareholders. The growth of these companies is largely dependent on continued funding and a healthy economic environment. A volatile economic environment could conversely have a negative impact on the development of the investee companies.

Performance, measured by the change in NAV and Total Value per share, and compared to the FTSE Small-Cap index is shown in the graph on page 7.

The Chairman's Statement, on pages 3 to 6, includes a review of Titan's activities and future prospects; further details are also provided within the Portfolio Manager's Review on pages 11 to 22.

Viability Statement

In accordance with provision C.2.2 of The UK Corporate Governance Code 2016 the Directors have assessed the prospects of Titan over a longer period than the 12 months required by the "Going Concern" provision. The Board conducted this review for a period of five years, which was considered to be a reasonable time horizon given that the Company had raised funds under an offer for subscription which closed on 23 March 2018, a further fundraising was launched on 14 September 2018 and, under VCT rules, subscribing investors are required to hold their investment for a five year period in order to benefit from the associated tax reliefs. The Board regularly considers strategy, including investor demand for the Company's shares, and a five year period is considered to be a reasonable time horizon for this.

The Board carried out a robust assessment of the principal risks facing the Company and its current position, including those which may adversely impact its business model, future performance, solvency or liquidity. Particular consideration was given to Titan's reliance on, and close working relationship with, the Portfolio Manager. The principal risks faced by the Company and the procedures in place to monitor and mitigate them are set out below.

The Board has also considered the Company's cash flow projections and found these to be realistic and reasonable.

Based on the above assessment the Board confirms that it has a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over the five year period to 31 October 2023.

Principal risks, risk management and regulatory environment

Tax, legislation and compliance

VCT qualifying status risk: The Company is required at all times to observe the conditions laid down in the Income Tax Act 2007, the Finance Act 2015 and, subsequent to Royal Assent, the Finance Bill (no. 2) 2017-19, for the maintenance of approved VCT status. The loss of such approval could lead to the Company losing its exemption from corporation tax on capital gains, to investors being liable to pay income tax on dividends received from the Company and, in certain circumstances, to investors being required to repay the initial income tax relief on their investment.

The Manager keeps Titan's VCT qualifying status under continual review and reports to the Board regularly throughout the year. The Board has also retained PwC to undertake an independent VCT status monitoring role.

Regulatory risk: The Company is required to comply with the Companies Act 2006, the rules of the UK Listing Authority and United Kingdom Accounting Standards. Breach of any of these might lead to suspension of the Company's Stock Exchange listing, financial penalties or a qualified audit report.

Day-to-day operational oversight of the Company is carried out by Octopus. Octopus conduct rigorous on boarding procedures for new employees and conduct regular staff reviews and training to ensure that teams charged with oversight of the Company are appropriately qualified to conduct their roles and ensure compliance with relevant legislation.

The Board are updated regularly on all regulatory and compliance matters and take specific legal advice where appropriate.

Performance of the Company

Investment risk: the majority of the Company's investments will be in small and medium-sized companies which are VCT qualifying holdings and which, by their nature, entail a higher level of risk and lower liquidity than investments in larger quoted companies.

The Directors and the Portfolio Manager aim to limit the risk attached to the portfolio as a whole by careful selection and timely realisation of investments, by carrying out due diligence procedures and by maintaining a wide spread of holdings in terms of financing stage, industry sector and geographical location. The Board reviews the investment portfolio with the Portfolio Manager on a regular basis.

Performance of Octopus

Competitive Risk: retention of key personnel within Octopus is vital to the success of the Company.

Incentives to the Portfolio Manager's key staff are monitored.

Financial Control

Financial risk: as a VCT the Company is exposed to market price risk, credit risk, fair value risk, liquidity risk and interest rate risk. Details of the management of these risks can be found in Note 16 of the financial statements.

The Company has some exposure to foreign currency risk but does not enter into derivative transactions. It has cash deposits which are held on the balance sheet of HSBC Bank plc and in cash funds managed by Fidelity and Blackrock. The risk of loss to this cash is deemed to be low due to the historical credit ratings and a current Standard & Poor's rating of AAA for the Fidelity and Blackrock funds, and AA- for HSBC. The Company is also invested into an UCITS fund managed by a different investment team within Octopus.

Internal control risk: the Board reviews annually the system of risk management and internal controls, financial and non-financial, operated by the Company and Octopus. These include controls designed to ensure that Titan's assets are safeguarded and that proper accounting records are maintained.

Operational risk: the Board is reliant on Octopus to manage investments effectively. The Board reviews the system of internal controls, both financial and non-financial, operated by the Company and the Manager (to the extent the latter are relevant to the Company's internal controls). These include controls

designed to ensure that the Company's assets are safeguarded and that proper accounting records are maintained.

The Portfolio Manager has a broad team focused on early stage investing. This mitigates the risk of any one individual with the required skill set and knowledge of the industry leaving.

Economic risk: Events such as an economic recession and movement in interest rates could adversely affect smaller companies' valuations, resulting in a reduction in the value of the Company's assets. The Company invests in a diversified portfolio of companies, across a range of sectors, which helps to mitigate against the impact on any one sector. The Company also maintains adequate liquidity to ensure that it can continue to provide follow-on investment to those portfolio companies which require it and which is supported by the individual investment case.

Cash flow risk: the risk that the Company's available cash will not be sufficient to meet its financial obligations is managed by frequent budgeting and close monitoring of available cash resources.

Market risk: investment in unquoted companies involves a higher degree of risk than investment in companies listed on the Official List, which could result in the value of such investment reducing. In particular, small companies often have limited product lines, market diversification or financial resources, may be dependent for their management on a small number of key individuals and may be more susceptible to political, exchange rate, tax and other regulatory changes and therefore, may not produce the hoped-for returns. In addition, the market for securities in smaller companies is less regulated and is usually less liquid than that of securities in larger companies, bringing with it potential difficulties in acquiring, valuing and disposing of such securities.

Liquidity risk: the Company's investments may be difficult to realise. The spread between the bid and offer prices of shares in Titan's AIM-traded companies may be wide and thus the price used for their valuations may not be achievable.

The Board seeks to mitigate the risks set out above by setting policy, regular review of performance and monitoring progress and compliance. In the mitigation and management of these risks, the Board applies the principles detailed in the Financial Reporting Council's Guidance on Risk Management, Internal Control and Related Financial and Business Reporting.

Gender and Diversity

The Board of Directors comprises one female and four male Non-Executive Directors with considerable experience of the VCT industry and investment in early stage growth companies. The gender and diversity of the constitution of the Board is reviewed on an annual basis.

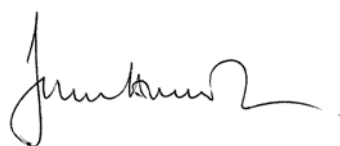
Human Rights Issues

The Board seeks to conduct the Company's affairs responsibly. The Company is required by company law to provide details of employee, human rights, social and community issues, including information about any policies it has in relation to these matters and the effectiveness of such policies. As an externally managed investment company with no employees the Company does not maintain specific policies in relation to these matters.

Environment Policy and Greenhouse Gas Emissions

The Board's Environment Policy and Greenhouse Gas Emissions Policy is discussed in the Directors' Report on page 25.

The Strategic Report was approved by the Board and signed on its behalf by:



John Hustler
Chairman
29 January 2019

Portfolio Manager's Review

Personal Service

At Octopus, we focus on both managing your investments and providing our investors with regular and open communication. Our updates are designed to keep you informed about the progress of your investment.

Octopus was established in 2000 and has a strong commitment to both smaller companies and to VCTs. At the time of writing we manage four VCTs, including Titan, and manage over £1 billion in the VCT sector.

Investment Strategy

Titan invests in pioneering entrepreneurs looking to change the world by creating new markets or radically improving traditional industries. The excellent quality of our deal flow means that we are typically in a position to select the most talented of teams leading technology or tech-enabled businesses to achieve this. The opportunity is significant – in 2010, there were only two European technology companies founded after 2000 valued at more than a billion dollars, one of which was from the UK; by 2017, this had grown to 50, with 20 being UK businesses. We're excited to be part of supporting Britain's brightest businesses of tomorrow, and are proud to have seen a number of successes in the portfolio. For example, having invested in 2009, our final exit from Zoopla Property Group (now known as ZPG) in 2017 represented an increase of 33 times that of the initial share price paid for the company. In addition, shareholders have also benefitted from multiple high-profile sales, which have enabled Titan to pay out tax-free dividends. For example, Titan successfully realised its investments in Magic Pony, Vision Direct and SwiftKey in 2016. Collectively, these sales returned a total of £48 million to the Company, compared to initial investment that totalled just £10 million. Based on a strategy of investing in unusually talented entrepreneurs addressing the largest markets and industries ripe for disruption, we have created a diverse portfolio spanning multiple industries and business sectors.

Within the VCT rules of a maximum annual investment of £10 million per company and a lifetime limit of £20 million for Knowledge Intensive companies (most of which Titan portfolio companies qualify as), we typically look to invest in significant minority equity stakes in these qualifying companies, first investing a relatively small amount, and then investing further as the portfolio companies achieve the milestones we agree with

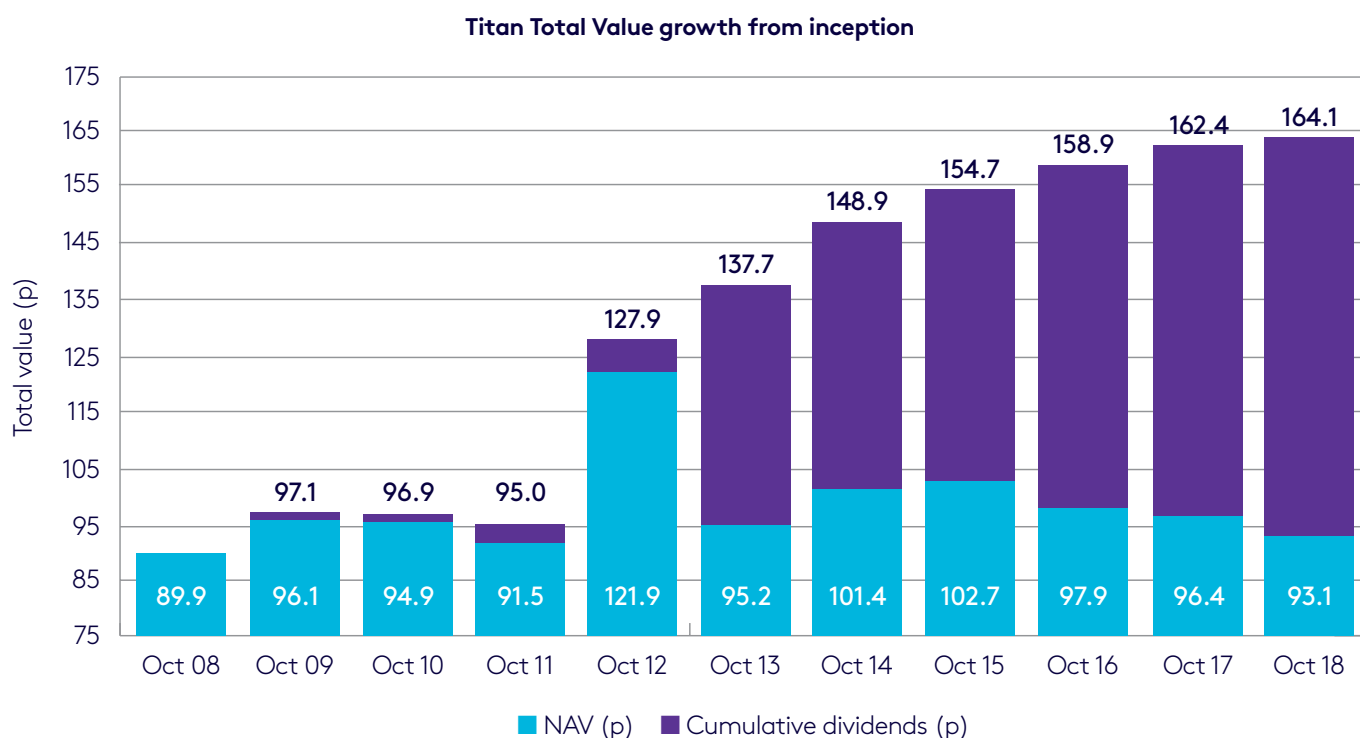
management teams. Our investment provides the capital for businesses to build and grow their operations. We usually expect to realise our investments through trade sale (for example, to a larger technology company such as Amazon, Google or Microsoft, all recent acquirers of Titan portfolio companies), third party investment or IPO on a stock exchange. Our view is that if we identify, support and exit category leading businesses, with the UK continuing to lead Europe in entrepreneurship, then the returns we can generate for Titan shareholders can be significant.

Many portfolio companies meet and exceed the expectations initially set. In these situations, we actively seek to increase our investment exposure as these companies demonstrate their ability to create significant and valuable businesses. Recent examples here include Ampliance, Bought By Many, and WaveOptics amongst others, where we have proactively looked to invest further in subsequent rounds of funding and increase our ownership stake, with the intent of maximising the impact of a positive realisation on Titan's returns.

Whilst many of our investments go on to become very successful companies and sometimes household names, it is inevitable that some companies will not perform. We typically look to take a board seat when we make an investment, which enables us to closely monitor progress and bring in the appropriate support from within our team or wider network to help each portfolio company reach its potential. In situations where a company is performing less well and not meeting the pre-agreed milestones, we will usually take one of a few courses of action. We may work with the company to help them secure funding from a new investor and still invest alongside that investor to maintain Titan's holding in the business. This helps a company to build the company's potential sources of help and funding which can help maximise its chances for success. In other cases, we may have to make more difficult decisions. Where performance and progress continues to be behind where it should be, we would not usually expect to invest further if we did not feel that a portfolio company could achieve the level of returns we target. In some instances we believe companies have potential to recover value to varying degrees. In these cases, we may choose to invest further to protect our existing investment and maximise the chances of a return of some capital to Titan.

Performance

The following graph represents the performance of Titan since 31 October 2008 (the first full year of Titan) in NAV, dividends paid and NAV plus cumulative dividends paid (Total Value):



The Total Value has seen a significant increase since Titan's first year end (31 October 2008) as shown on the graph, from 89.9p to 164.1p at 31 October 2018. This represents an increase of 83% in value since the first full year of Titan, and dividends paid since inception of 71.0p. Since launch, a total of over £97 million has been distributed back to Titan shareholders as tax-free dividends.

As at 31 October 2018 the NAV was 93.1p per share, compared to 96.4p per share as at 31 October 2017 which represents an increase in NAV of 1.7p per share after adding back dividends paid during the year of 5.0p (2017: 5.0p) per share. This represents an increase of 1.8% (2017: 3.6%). The performance of the portfolio continued to be strong this year with uplifts in fair value which totalled over £64.8 million. Downward revaluations in the period totalled £35.1 million. In aggregate the value of the portfolio, excluding new and follow-on investments and disposals in the year, increased by 10%.

The performance over the five years to 31 October 2018 is shown below:

| | 31/10/2014 | 31/10/2015 | 31/10/2016 | 31/10/2017 | 31/10/2018 |
|---|------------|------------|------------|------------|--------------|
| NAV, p | 101.4 | 102.7 | 97.9 | 96.4 | 93.1 |
| Dividends paid, p | 47.5 | 52.0 | 61.0 | 66.0 | 71.0 |
| Total value, p | 148.9 | 154.7 | 158.9 | 162.4 | 164.1 |
| Total return % | 11.8% | 5.7% | 4.1% | 3.6% | 1.8% |
| Dividend yield | 5.3% | 4.4% | 8.8% | 5.1% | 5.2% |
| Equivalent dividend yield for a higher rate tax payer | 7.8% | 6.6% | 13.0% | 7.6% | 7.7% |

There has been a decrease in valuation of Titan's cash and cash equivalents of £3.8 million in the year to 31 October 2018. Given the uncertainty and expected increased volatility of the global markets, it has been decided to take less risk with the cash and cash equivalent investments for the foreseeable future, with the objective of these investments generating sufficient returns to cover costs, at limited risk to capital. The allocation across these products is reviewed regularly by the Titan Board and may include investments into other products managed by Octopus.

Portfolio Review

The portfolio as at 31 October 2018 encompassed investments in 71 companies (69 unquoted and two quoted, excluding four companies in liquidation and one in administration, but including the three underlying companies in Zenith).

| Portfolio | Active | Inactive |
|----------------------------------|-----------|----------|
| 31/10/2017 | 54 | 7 |
| Additions | 20 | - |
| Disposals | (3) | - |
| Liquidations and administrations | - | (2) |
| 31/10/2018 | 71 | 5 |

The progress made by many of the portfolio companies in the last 12 months has been impressive. Within the portfolio, some particular highlights include;

- The Sunday Times Hiscox Tech Track 100 league table ranks Britain's 100 private tech (TMT) companies with the fastest-growing sales over their latest three years. It is compiled by Fast Track and published in The Sunday Times each September. In 2018, BoughtByMany, Secret Escapes, DePop and Ampliance were all featured;
- Wired released its European 100 Hottest Startups list and Titan has invested in six of the 10 London-based companies (Fluidly, BBM, Chiaro, Streetbees, Elliptic, Trouva);
- Ampliance, the global leader in Content and Asset Management as-a-Service, was named a Strong Performer in The Forrester Wave™: Web Content Management Systems, Q4 2018 report shortly after the year end in November. Ampliance Dynamic Content achieved the highest-possible scores in a number of criteria and Ampliance's ability to enable collaborative content planning, tasks, delivery and high-level attribution in a single platform was described as a 'game-changer' for commerce scenarios;
- BehaviorSec, the pioneer in continuous authentication through Behavioral Biometrics, raised a \$17.5 million Series B investment, led by Trident Capital Cybersecurity. Cisco Investments and ABN AMRO also joined the round alongside existing investors including Titan. Proceeds of the investment will be used to expand global operations and relocate corporate headquarters to the United States;
- CurrencyFair, which provides cheap, fast, secure international money transfers, announced the acquisition of the Hong Kong-based payments company, Convoy Payments Ltd in August 2018. The deal marks CurrencyFair's first step into the Asian market and is part of a wider €20 million investment plan;
- Medisafe, the leading medication management platform with over four and a half million registered users, announced a further step in its collaboration with Merck KGaA, Darmstadt, Germany, a leading science and technology company. The initiative, which is supporting medication adherence and engagement for patients taking Merck

KGaA, Darmstadt, Germany's cardiometabolic medications has now been launched in Brazil, Mexico and Russia;

- OLIO, a new portfolio company and the world's only neighbor-to-neighbor food sharing app, were announced as winners of the United Nations 'Momentum for Change' climate action award. These projects showcase how ideas, big and small, are successful in tackling climate change. Activities range from a mobile app that promotes the fight against food waste and hunger worldwide to an entire government that is taking 100% responsibility for its greenhouse gas emissions. The 15 winners were chosen from a pool of over 560 applications from all over the world ranging from businesses and governments to communities and organizations; and
- WaveOptics, the world leading designer and manufacturer of diffractive waveguides for use in Augmented Reality (AR) wearables, raised \$26 million from existing shareholders and new investors, Goertek and Optimas Capital Partners. Goertek is a global leader in the design and manufacturing of high-tech consumer electronics. Goertek's investment is a significant development for the business and follows the announcement that WaveOptics and Goertek have agreed an exclusive manufacturing partnership that will enable the global mass production of waveguides. The capital raised will be used to scale up the business operations on a national and international basis. WaveOptics is building a large volume manufacturing supply chain to meet customer demand from Asia and US markets. The business is also investing in its overseas infrastructure having recently opened offices in Los Angeles and Taipei and plans to open a new office in Beijing in 2019.

Disposals

Titan made three full disposals in the year (Time Out, Tailasco and Mi-Pay) and one partial realisation (Secret Escapes).

Time Out and Mi-Pay were both listed on the London Stock Exchange and Titan's holdings were unfortunately sold at a loss totalling £0.3 million in the year.

However, Tailasco and Secret Escapes were much more successful. In April, Titan sold its stake in Tailasco to Nestle Purina Petcare, resulting in total proceeds of £8.7 million (a proportion of which is expected to be received in 2019), compared to an initial investment of £1.5 million. In July, Titan sold part of its stake in Secret Escapes held via Zenith Holding Company Limited. This transaction completed at a price around 80 times that of the initial price Titan purchased shares at, returning around £11.5 million back to the VCT. We are proud to be able to add these successes to our history of profitable realisations.

New and follow-on investments

We have proactively increased the size of the Octopus investment team significantly over the last five years to enable us to increase the rate of new investments from 8-10 a year previously to 15-20 currently. This is also only possible given the quality of the deal flow we see, the health of the UK entrepreneurial ecosystem and an enlarged team, having expanded by around 50% in the

last twelve months to ensure we continue to be able to make new investments and manage the resultant portfolio. With this additional resource, the team has also refined its focus towards technology and tech-enabled businesses in the three key areas of industry, money and health to discover the next generation of innovators.

Having visibility over the best available investment opportunities in the market is largely due to the increasing prominence of Octopus in supporting many of the fastest growth technology businesses in Europe (e.g. Swiftkey, Zoopla and Secret Escapes) which in turn makes Octopus an increasingly attractive investment partner for technology entrepreneurs looking to build global businesses. The combined impact of the increase in investment team resource and the strengthening brand of Octopus means that we believe we see approximately 60-70% of the best deals in the UK. The investment team receives thousands of investment opportunities a year and is in the privileged position of being able to diligence these in order to identify the small number of investment opportunities that will be taken to Investment Committee ahead of making an investment.

Given the health of the underlying portfolio and the cash requirement to scale these businesses, we have good visibility on the opportunity to invest further into companies we already know and understand. It is for this reason that approximately 50-75% of funds raised will be invested in follow-on deals. We were very successful in our previous fundraise, exceeding our target and closing the fundraise earlier than expected. The funds raised during the year have given us the capability to increase our new investment rate to match the quality of the opportunity we are seeing in the market, and we are on target to deploy the capital raised in line with our budget.

The twenty new investments in FY 2018 are comprised of:

- Allplants Ltd – delivers healthy, chef-made, vegan meals, for you to reheat at home either as a one-off or on a subscription basis;
- Casual Speakers Ltd (trading as Jolt) – an educational technology business offering curated career development sessions by live-streamed vetted expert practitioners;
- Context-Based 4 Casting (C-B4) Ltd (trading as C-B4) – applies machine-learning & AI algorithms to point-of sale data to capture lost sales and improve customer experience for brick and mortar retail stores and their IT teams;
- Dead Happy Limited – an innovative, online, direct-to-consumer life insurance provider with differentiated pricing scheme;
- DePop Limited – a social marketplace for unique things;
- Dogtooth Technologies Limited – builds intelligent autonomous robots which are used to harvest soft fruits;
- GTN Ltd – technology used in the hunt for new drugs which combines and builds upon techniques from machine learning and quantum physics to simulate, filter and search for drug-like molecules, previously entirely hidden from view;
- Katalyst Inc – offers premium boutique full body Electro Muscular Stimulation fitness;
- Intrepid Owls Ltd (trading as Rest Less) – a platform seeking to engage the large and growing number of retirees with flexible, part time opportunities to work or volunteer;
- Memrise Inc – a language learning platform;
- Mush Limited – a local social network for new and expectant mums;
- Olio Exchange Limited – an online marketplace facilitating neighbour-to-neighbour interactions through gifting of food that would otherwise be wasted;
- OpenSignal Inc – building a platform to become the global ‘gold standard’ for mobile network coverage mapping;
- Patch Gardens Ltd – a highly-curated ecommerce site aimed at urban dwellers, enabling them to discover, purchase and care for appropriate plants for their space;
- Phoelex Ltd – new technology for components used to connect servers in large datacentres;
- Picsoneye Segmentation Innovation Limited (trading as Pixoneye) – uses computer-understanding to analyse on-device user-data;
- PLU&M Limited (trading as The Plum Guide) – handpicks the world’s most inspiring accommodation and hosts, using a mix of algorithms and visits by experts;
- Rook Wealth Limited (trading as Multiply) – provides automated, personalised and holistic financial plans for those who historically have not had access to financial advice;
- Seatfrog Limited – allows travellers to upgrade from standard to first class travel through a live auction via its mobile app; and
- SLAMcore Limited – developing algorithms that allow robots and drones to truly understand the space around them.

Subsequent to the year end one new investment and 12 follow-on investments were made, totalling £21.8 million. Further details can be seen in Note 17.

Supporting our portfolio companies

In order to attract the best entrepreneurs in Europe and to then maximize their full potential, we have invested significant resources in building one of the most significant and experienced venture capital teams in Europe, including our people based in the US and Asia offering dedicated resource for companies looking to expand into these markets. Another key element to how we look to attract and support the most promising investments is through our group of Venture Partners, who no longer co-invest alongside Titan as they did previously, but are now exclusively devoted to helping companies reach their potential and achieve their global ambitions. This group now comprises around eight people and examples of Venture Partners include Stephen Morana, previously Chief Financial Officer at Zoopla and Betfair, Howard Bell, previously Head of Product for PayPal Europe and John Hamm, a management coach that has worked with many executives that have been successful in building global billion-dollar companies. Each of these individuals represent best-in-class expertise within their specific domain and together are working to support a large number of portfolio companies.

The Venture Partners are a key part of how we look to support our companies and are just part of a wider range of assistance through which, we look to have a meaningful impact on how quickly our portfolio companies can scale whilst also limiting the risks in their journey. This also includes: dedicated help from our overseas offices; our wider network of corporates, consultants and advisors who may assist with things from key staff recruitment to consulting or coaching; an annual US CEO Summit to the US West Coast, where portfolio company CEOs meet and learn from world class CEOs, advisors and venture capitalists; as well as a member of our own team typically sitting on the Board of the companies Titan invests in. Our approach to being operationally involved in our portfolio companies is also a very useful tool for winning the most competitive deals and proving our value beyond simply investment.

Outlook

The entrepreneurial ecosystem in the UK and across Europe continues to thrive, and technology remains a driving force behind many businesses as they look to disrupt, replace or reinvent industries. Despite the ongoing political and economic uncertainty which could bring some challenges in the coming year, we believe the UK remains one of the most exciting markets in which to start, scale and exit a technology business. While some companies may struggle with these challenges, such environments can often also provide opportunities for small businesses such as those in the Titan portfolio, with many ultimately able to thrive as they are small and nimble enough to take advantage of them where other larger incumbents may not. However, as is always the case when investing in small businesses, it is likely to take time for successes to come to fruition, and it may not be unexpected to see some turbulence in the portfolio in the meantime. Ensuring Titan's investee companies continue to have sufficient funds to drive forward with their growth plans and take up any appropriate new opportunities, as well as providing support through our own team and wider network of experienced advisors, will be important during this period. If we are able to do this and the talented teams behind the companies we have invested in react well, we believe there remains a great deal of potential for success for our investee companies.

Often early-stage companies need more than just access to funding to achieve such success. We offer a suite of assistance ranging from access to best in class specialists to help shape their strategies and execute on them, to assisting with key staff recruitment, as well as any necessary consulting, coaching and mentoring support. This is highly valued by the talented teams seeking funding for their small ambitious businesses, and not only helps add value to the existing companies in the portfolio in a practical way, but also helps attract and secure some of the best investment opportunities in the market. As a result, we're proud to be one of the most trusted and valued partners for any entrepreneur intent on building a global business valued at £1 billion or more, and this enables Titan to win the most competitive deals. We are fortunate enough to work alongside some of the most successful European entrepreneurs aiming to do just that. Whilst there are a number of portfolio companies which have become household names already, we are confident many more have the potential to be at least equally successful.

We were delighted by the demand from investors and the success of the fundraising which closed early in March 2018. Further, we have already seen significant inflows for the fund raise launched in September 2018. Given the continued progress of the underlying portfolio, our increased investment rate for new deals, and the continued support for the valuable role VCTs play in the UK economy, we are confident that these factors should enable Titan to achieve its full fundraising target again this year. We'd like to take this opportunity to thank existing shareholders and welcome new shareholders for their support in our fundraising efforts.

Changes to VCT legislation

A few technical changes to VCT qualification rules have been introduced in recent years, for example from 6 April 2018 VCTs had to invest at least 30% of funds raised into qualifying holdings within 12 months, and from 6 April 2019, the proportion of funds that VCTs must hold in qualifying investments will rise from 70% to 80%. Given Titan's current qualifying proportion of over 95% and its current and intended investment rate, we do not believe that these changes will have a material impact on Titan. It was also announced that, with effect from 6 April 2018, "knowledge intensive" companies, which are those that have high Research & Development or innovation spending, are able to raise up to £10 million each year from VCTs and EIS, up from £5 million previously. Titan typically invests in knowledge intensive companies and so this is a positive and welcomed change.

Valuation Methodology

Overview

Each unquoted portfolio investment will be valued at least twice a year, usually at the Titan interim and year end dates (30 April and 31 October, respectively), although this may vary according to fund raising schedules.

The portfolio investments are valued in accordance with International Private Equity and Venture Capital Valuation (IPEV) Guidelines. In general, this means the investments are valued at fair value.

The value of the unquoted portfolio investments will be combined with the value of the quoted portfolio investments, together with the value of the Fund's other assets, investments and liabilities to generate the overall Net Asset Value of the Fund.

General Principles

For companies that have raised funds within the previous 12 months of the valuation point, the price of the most recent funding round may be an indicator of fair value. However, it may be appropriate to update this value, even if less than 12 months since the last investment, if this value is no longer deemed to be fair value. This may include both downward revisions reflecting underperformance, or valuation increases.

For all investment companies, we will consider several triangulated valuation methodologies including recent funding rounds, relevant trading comparables, recent M&A comparables and investment comparables to inform the company valuation, and may adjust up or down accordingly.

For Companies where we consider that there is a material funding risk, additional provisions may be applied.

If you would like to find out more regarding the IPEV Guidelines, please visit their website at: www.privateequityvaluation.com.

The valuations and detailed descriptions of the 10 largest investments in Titan are detailed in the Review of Investments section later in this Report on pages 19 to 22.

The investment costs and amounts invested in the year for each portfolio company are tabulated below.

Investment Portfolio

| Fixed asset investments | Sector | Investment cost as at 31 October 2018 (£'000) ¹ | Amount invested in the year ending 31 October 2018 (£'000) |
|---|--------------------|--|---|
| MIRACL Limited ³ | Security | 17,042 | 4,863 |
| Wave Optics Limited | Hardware | 13,576 | 9,802 |
| Amplience Limited ³ | Business Software | 13,499 | 2,513 |
| LHE Holdings Limited (trading as Property Partner) | Property | 12,357 | 5,447 |
| Zenith Holding Company Limited ² | Other | 8,963 | - |
| UltraSoC Technologies Limited | Hardware | 8,361 | - |
| Zynstra Limited ³ | Business Software | 8,317 | - |
| Oxcis Aviation Limited (trading as Stratajet) | Leisure & Consumer | 7,817 | - |
| Chronext AG | Ecommerce | 7,708 | 4,544 |
| Sofar Sounds Limited | Leisure & Consumer | 7,705 | - |
| Uniplaces Limited | Property | 7,621 | - |
| CurrencyFair Limited ³ | Financial Services | 7,551 | 805 |
| Sourceable Limited (trading as Swoon Editions) ³ | Ecommerce | 6,957 | - |
| Surrey NanoSystems Limited | Hardware | 6,918 | 4,925 |
| Digital Shadows Inc. | Security | 6,223 | 1,998 |
| Context-Based 4 Casting (C-B4) Ltd | Business Software | 6,096 | 6,096 |
| Bought By Many Limited | Financial Services | 6,024 | 3,243 |
| Origami Energy Limited ³ | Hardware | 5,533 | 3,500 |
| Artesian Solutions Limited ³ | Business Software | 5,481 | - |
| Streethub Limited (trading as Trouva) | Ecommerce | 5,476 | 3,496 |
| lovox Limited | Business Software | 5,272 | 2,000 |
| Antidote Technologies Ltd | Health & Medical | 5,096 | 2,107 |
| DePop Limited | Ecommerce | 5,000 | 5,000 |
| Allplants Limited | Leisure & Consumer | 5,000 | 5,000 |
| OpenSignal Inc | Business Software | 4,862 | 4,862 |
| Token, Inc ³ | Financial Services | 4,837 | 439 |
| Katalyst Inc | Health & Medical | 4,820 | 4,820 |
| Michelson Diagnostics Limited | Health & Medical | 4,795 | 253 |
| Smartkem Limited | Hardware | 4,775 | 1,061 |
| Chiaro Technology Limited (trading as Elvie) ³ | Health & Medical | 4,739 | 1,969 |
| Memrise Inc | Leisure & Consumer | 4,375 | 4,375 |
| Secret Escapes Limited ^{3,4} | Leisure & Consumer | 4,256 | - |
| Picsoneye Segmentation Innovation Limited (trading as Pixoneye) | Business Software | 4,200 | 4,200 |

| | | | |
|--|--------------------|----------------|----------------|
| BridgeU Inc. | Business Software | 4,195 | 1,260 |
| Conversocial Limited | Business Software | 4,165 | – |
| Appear Here Limited | Property | 3,814 | – |
| Impatients N.V. (trading as MyTomorrows) | Health & Medical | 3,751 | 1,662 |
| Semafone Limited | Business Software | 3,594 | – |
| Seatfrog UK Holdings Limited | Leisure & Consumer | 3,500 | 3,500 |
| Olio Exchange Limited | Leisure & Consumer | 3,500 | 3,500 |
| PLU&M limited | Ecommerce | 3,500 | 3,500 |
| Behaviosec Inc ³ | Security | 3,336 | 2,735 |
| Dogtooth Technologies Limited | Hardware | 3,278 | 3,278 |
| Big Health Limited | Health & Medical | 3,276 | – |
| Casual Speakers Limited (trading as Jolt) | Ecommerce | 3,166 | 3,166 |
| The Faction Collective SA (trading as Faction) | Ecommerce | 2,968 | – |
| Medisafe Project Limited | Health & Medical | 2,886 | 173 |
| Ecrebo Limited ³ | Business Software | 2,857 | – |
| Metrasens Limited | Hardware | 2,688 | – |
| Affectv Limited | Business Software | 2,627 | – |
| e-Therapeutics plc | Health & Medical | 2,415 | – |
| Eve Sleep Plc ³ | Ecommerce | 2,394 | – |
| Bowman Power Limited | Hardware | 2,305 | – |
| Trafi Limited ³ | Leisure & Consumer | 2,288 | – |
| Patch Gardens Limited | Leisure & Consumer | 2,100 | 2,100 |
| Elliptic Enterprise Limited | Security | 2,084 | 423 |
| Permutive Inc. | Business Software | 1,863 | 1,473 |
| Streetbees.com Limited | Business Software | 1,827 | 937 |
| Phoelex Ltd | Hardware | 1,525 | 1,525 |
| Dead Happy Limited | Financial Services | 1,500 | 1,500 |
| Mush Limited | Leisure & Consumer | 1,500 | 1,500 |
| Pop Global Limited (trading as We Got Pop) | Business Software | 1,500 | – |
| Segura Systems Limited ³ | Business Software | 1,470 | – |
| Fluidly Limited | Business Software | 1,400 | – |
| Rook Wealth Limited (trading as Multiply) | Financial Services | 1,000 | 1,000 |
| GTN Ltd | Health & Medical | 800 | 800 |
| Slamcore Limited | Technology | 750 | 750 |
| Intrepid Owls Limited (trading as Rest-Less) | Education | 550 | 550 |
| Excession Technologies Limited | Business Software | 298 | 90 |
| Phasor Inc. | Hardware | 250 | – |
| Total fixed asset investments | | 318,172 | 122,740 |

¹ Investment cost reflects the amount invested into each investee company from Titan's 1 – 5 before the 2014 merger and from Titan after the merger. This is different to the book cost (as per Note 10) which includes the holding gains/(losses) on assets which transferred from Titan's 1, 3, 4 and 5 to Titan 2 (now Titan) during the 2014 merger, as Titan purchased these assets at fair value.

² Owns stakes in Nature Delivered Limited (trades as Graze), Secret Escapes Limited and Calastone Limited.

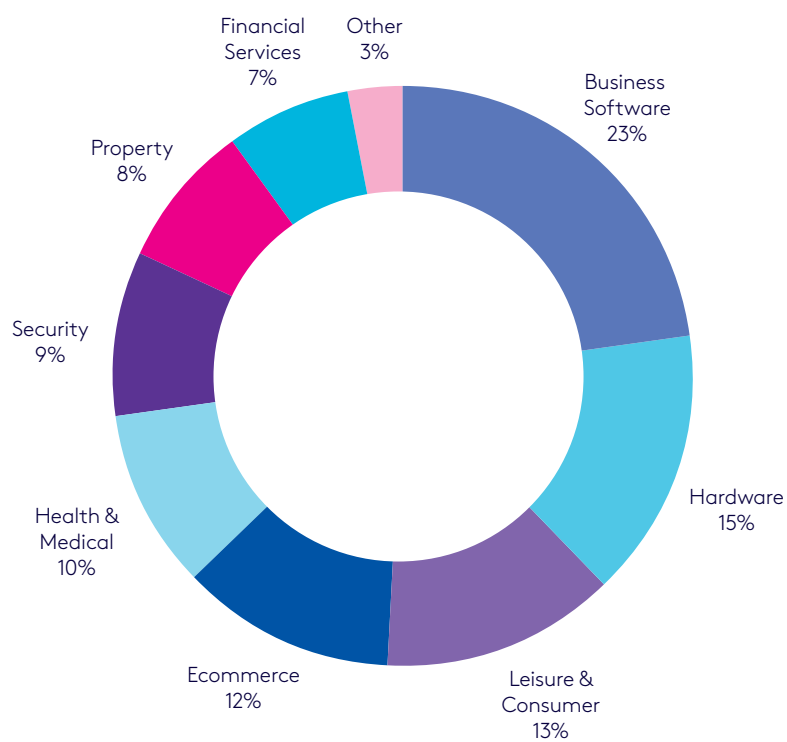
³ These companies have also been invested into by other funds managed by Octopus.

⁴ The figures for Secret Escapes relate to Titan's direct investment only.

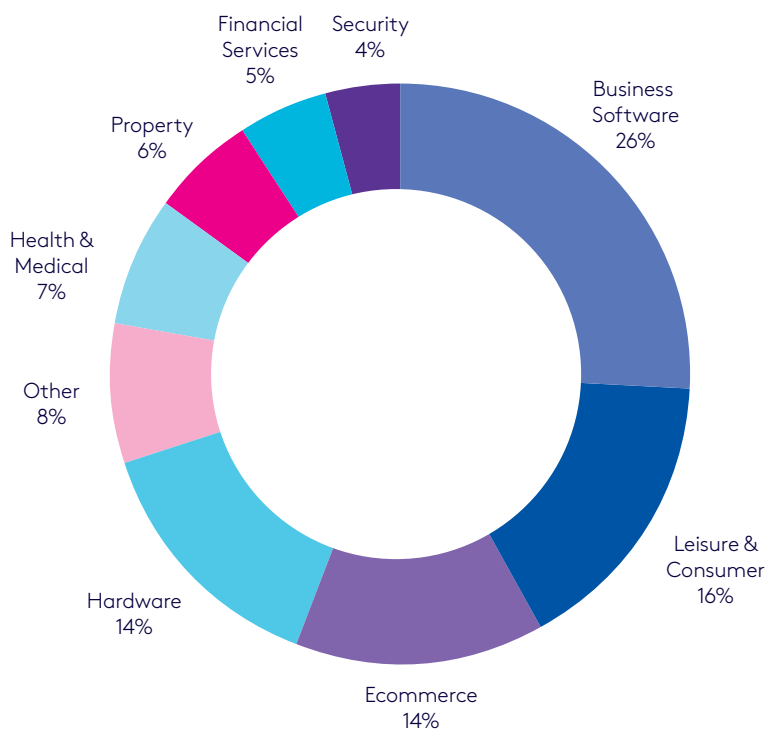
The table above excludes four companies in liquidation (Shopa Limited, Mailcloud Limited, Hubbub Deliveries Limited and Applied Superconductor Limited) and one in administration (Adbrain Limited).

Sector Analysis

Total Investments by Cost



Total Investments by Value



Review of Investments

Listed below are details of Titan's ten largest investments by value.

Zenith Holding Company Limited

Zenith Holding Company has a holding in Octopus Zenith LP, an Octopus managed fund, which holds stakes in Secret Escapes, Nature Delivered (Graze) and Calastone, which were formerly held by Titan 1-3 prior to the merger of the five Titan VCTs in November 2014. Following the merger, Zenith Holding Company became a 100% owned investment of Titan.

- Founded in April 2007, Graze was the UK's first company to deliver healthy and nutritionally balanced food by post, straight to the home or office. Graze promotes a varied and balanced diet through facilitating the intake of a wide variety of smaller portions of natural, high energy foods throughout the day, allowing for a healthier approach to eating delicious foods. Customers can select graze boxes created by the company's team of nutrition specialists to place orders for personalised assortments of foods to match their specific tastes and needs including health, diet and indulgent treats. Graze launched in the US in 2013 and in UK retail in 2015, and has offices in the UK and the US.
- Calastone is a financial technology company. Its mission is to make markets friction-free by connecting trading partners through its global fund transaction network. More than 1400 customers in 34 countries of domiciles are now processing domestic and cross border transactions via Calastone, benefitting from the cost and risk reduction opportunities transaction automation can offer. Its purpose is to use smart technology solutions and industry collaboration to enable global distribution, reduce operational risk, and enhance client profitability. Calastone is part of Fintech50, ranked in The Sunday Times Hiscox Tech Track 100 and is one of the UK Government Tech City's Future Fifty companies, recognised for high growth and transforming industries. Calastone has offices in London, Luxembourg, Hong Kong, Sydney, Taiwan and Singapore.
- Launched in 2011, Secret Escapes is an online travel club. Members of Secret Escapes may purchase luxury holidays at significant discounts. Members have the opportunity to purchase for a limited period of time (less than seven days) but can choose when to stay at a particular hotel over an extended period of time. The business has offices in London, Sweden, Spain, Poland, Germany, Singapore and the US, has over 50 million customers globally and operates in 21 countries.
- Following the sale of Zenith's remaining shares in ZPG in February 2017, Titan no longer has an investment in ZPG.

| | |
|----------------------------------|--------------------|
| Country of incorporation: | The Cayman Islands |
| Initial investment date: | June 2013 |
| Investment cost: | £8,963,000 |
| Valuation: | £36,266,000 |
| Last submitted accounts: | 31 October 2018 |
| Loss before tax: | £(6,600) |
| Net assets: | £20,738 |



Secret Escapes Limited

Titan also holds a direct stake in Secret Escapes.

| | |
|---------------------------------------|------------------|
| Initial investment date: | April 2011 |
| Investment cost: | £4,256,000 |
| Valuation: | £35,810,000 |
| Last submitted group accounts: | 31 December 2017 |
| Consolidated turnover: | £73,209,000 |
| Consolidated loss before tax: | £(14,217,000) |
| Consolidated net assets: | £(32,227,000) |



Amplience Limited

Amplience helps retailers generate profitable growth through improved online shopping experiences using smartphones, tablet and desktop computers. The Amplience Media Platform (AMP) allows retailers to create campaign and product media that increases customer engagement, sales and average order values. Over 200 leading UK, European and US brands, including Argos, Tesco, Shop Direct Group (Littlewoods.com), LK Bennett, Jimmy Choo, Tom Ford, Labelux and Halfords, report significant benefits from using Amplience. These include saving up to 90% on campaign and product media production, conversion rate increases of up to 200% and a 20% increase in average order values.

| | |
|--------------------------------------|---------------|
| Initial investment date: | December 2010 |
| Investment cost: | £13,499,000 |
| Valuation: | £35,774,000 |
| Last submitted accounts: | 30 June 2017 |
| Consolidated turnover: | not disclosed |
| Consolidated loss before tax: | not disclosed |
| Consolidated net assets: | £12,698,480 |

**Wave Optics Limited**

WaveOptics designs a critical component, known as a waveguide, for Augmented Reality (AR) glasses. AR superimposes a computer-generated image on a user's view of the real world. AR glasses are used in industrial applications, such as on-site maintenance and repairs, manufacturing and logistics. But it is hoped there will be a large consumer market once the technology is sufficiently mature.

| | |
|---------------------------------|-------------------|
| Initial investment date: | December 2015 |
| Investment cost: | £13,576,000 |
| Valuation: | £23,896,000 |
| Last submitted accounts: | 30 September 2017 |
| Turnover: | not disclosed |
| Loss before tax: | not disclosed |
| Net assets: | £10,363,694 |

**Sourceable Limited (trading as Swoon Editions)**

Swoon Editions sells high-quality furniture at insider prices. Sourcing direct from factories in India, China and Vietnam, it buys in container quantities and sells direct to consumers and through media partnerships. Its model of volume purchasing and direct sales allows it to sell more efficiently than other retailers.

| | |
|---------------------------------|--------------|
| Initial investment date: | March 2013 |
| Investment cost: | £6,957,000 |
| Valuation: | £18,012,000 |
| Last submitted accounts: | 31 July 2017 |
| Turnover: | £13,351,550 |
| Loss before tax: | £(6,697,050) |
| Net assets: | £9,498,926 |



LHE Holdings Limited (trades as Property Partner)

Property Partner combines residential crowdfunding with a secondary exchange where investors can trade their holdings. The company allows anyone to invest in a property, with as little or as much as they wish, so they can own a share of the property, receive rental income and benefit if its capital value grows. Property Partner carries out the letting and management of the properties on behalf of investors. The company brings accessibility, simplicity and transparency to a residential property market that has traditionally had high barriers to entry.

| | |
|---------------------------------|------------------|
| Initial investment date: | September 2014 |
| Investment cost: | £12,357,000 |
| Valuation: | £11,786,000 |
| Last submitted accounts: | 31 December 2017 |
| Turnover: | £2,022,353 |
| Loss before tax: | £(6,714,697) |
| Net assets: | £2,929,102 |

**DePop Limited**

DePop is a free to download mobile and tablet app on which you can sell unique items including art, vintage and luxury fashion, illustrations, books, records and trainers.

| | |
|---------------------------------|------------------|
| Initial investment date: | January 2018 |
| Investment cost: | £5,000,000 |
| Valuation: | £9,659,000 |
| Last submitted accounts: | 31 December 2017 |
| Turnover: | not disclosed |
| Profit before tax: | not disclosed |
| Net assets: | £2,365,131 |

**Chronext AG**

Chronext is an online marketplace for new and used watches. Every watch listed online is examined in the company's watchmaking workshop, which guarantees quality and authenticity. Customers can browse a selection of watches, or pick up their online purchase at the company's flagship store in London.

| | |
|---------------------------------|------------------|
| Initial investment date: | March 2014 |
| Investment cost: | £7,708,000 |
| Valuation: | £9,658,000 |
| Last submitted accounts: | 31 December 2016 |
| Turnover: | not disclosed |
| Profit before tax: | not disclosed |
| Net assets: | €15,514,859 |



Semafone Limited

Semafone provides a service that allows consumers to give their credit card details to call centre operators securely via the telephone keypad. The core value proposition is based on the prevention of 'card-not-present' fraud, together with the avoidance of any associated loss of reputation. The service enables the call centres to become PCI DSS (Payment Card Industry Data Security Standard) compliant, as no card data is seen, heard or recorded anywhere in the call centre.

| | |
|---------------------------------------|------------------|
| Initial investment date: | June 2010 |
| Investment cost: | £3,594,000 |
| Valuation: | £9,247,000 |
| Last submitted group accounts: | 31 December 2017 |
| Consolidated turnover: | £11,451,703 |
| Consolidated loss before tax: | £(372,149) |
| Consolidated net assets: | £2,808,903 |

**Digital Shadows**

Digital Shadows monitors and manages an organisation's digital risk (such as cyber threats & data breaches), providing relevant threat intelligence across the widest range of data sources within the open, deep, and dark web to protect their brand, and reputation.

| | |
|---------------------------------|--------------------------------|
| Initial investment date: | March 2011 |
| Investment cost: | £6,223,000 |
| Valuation: | £9,158,000 |
| Last submitted accounts: | 31 December 2017 (abbreviated) |
| Turnover: | not disclosed |
| Profit before tax: | not disclosed |
| Net liabilities: | £(1,426,409) |



The top 10 investments detailed above represent 46% by value of the investment portfolio and account for an uplift in valuation of over £38 million for the year.

If you have any questions on any aspect of your investment, please call one of the Octopus team on **0800 316 2295**.

Octopus Ventures Team
Octopus Investments Limited
29 January 2019

Details of Directors

John Hustler (Non-Executive Chairman)

John joined Peat Marwick, now KPMG, in 1965 and became a Partner in 1983. Since leaving KPMG in 1993 to form Hustler Venture Partners Limited, he has advised and been a director of a number of growing companies. He is presently Chairman of Seneca Growth Capital VCT plc (formerly Hygea VCT plc). He was also a member of the Council of The Institute of Chartered Accountants in England and Wales and Chairman of its Corporate Finance Faculty from 1997-2000 and was a member of the Council of the British Venture Capital Association from 1989-1991. John has been a director of Octopus Titan VCT plc from 29 October 2007 to date.

Matt Cooper (Non-Executive Director)

Matt currently works as a non-executive chairman and/or director with a range of public and private companies. These include Octopus Capital Limited, VouchedFor Ltd, Tandem Bank Limited, and the National Centre for Circus Arts. Matt's areas of expertise include corporate strategy formulation, brand and marketing and implementation, organisational culture and design, and executive coaching and leadership. Previously, Matt was Principal Managing Director of Capital One Bank Europe plc until leaving the company in 2001. Originally from New Jersey, Matt graduated first in his class in Chemistry from Princeton University in 1988. Matt was a director of Octopus Titan VCT 1 plc from 29 October 2007 to 27 November 2014, in addition to being a director of Titan from 29 October 2007 to date.

Mark Hawkesworth (Non-Executive Director)

Mark has over 25 years experience in the private equity industry, having retired as an investment partner at Nova Capital Management Limited ("Nova") in January 2010. Prior to joining Nova, he was a senior partner at Baring Private Equity Partners and also spent 12 years at Lazard. Mark originally trained as an electrical engineer and spent his early career working for international engineering companies such as Taylor Woodrow, Trafalgar House and BICC/Balfour Beatty. Mark is Treasurer of The Gordon Foundation. Mark was a director and Chairman of Octopus Titan VCT 3 plc from 17 March 2008 to 27 November 2014, and has been a director of Titan from 27 November 2014 to date.

Jane O'Riordan (Non-Executive Director)

Jane is a Director of Yellowwoods Associates UK Limited, a private equity and venture capital advisory firm where she has been involved in the strategic development of companies such as Nando's, Gourmet Burger Kitchen, Pizza Express/Gondola and others. Jane was previously a director with Braxton Associates, the then strategic consulting division of Deloitte & Touche. In addition to over 20 years of private equity, venture capital and management consulting experience, Jane worked for three years with British Aerospace as a spacecraft systems engineer. Jane has a BSc in mechanical engineering and an MBA from Harvard Business School. Jane was a director and Chairman of Octopus Titan VCT 5 plc from 17 November 2010 to 27 November 2014, and has been a director of Titan from 27 November 2014 to date.

Tom Leader (Non-Executive Director)

Tom has over 26 years' private equity experience. He is currently Director and Head of Portfolio, Unquoted Pool at Caledonia Investments plc. In his last role, he was Chief Investment Officer of Nova Capital Management. Before Nova, Tom worked at Baring Private Equity Partners and Morgan Grenfell Private Equity. Tom started his career in the management consultancy practice of Coopers & Lybrand. Tom is Non-Executive Director of Liberation Group, Brookshire Capital, Cooke Optics and Bloom Engineering. Separately, he is Non-Executive Chairman of Penox Group GmbH. Tom was appointed a director of Titan on 8 August 2018.

Directors' Report

The Directors present their report and the audited financial statements for the year ended 31 October 2018.

The Directors consider that the Annual Report, taken as a whole is fair, balanced and understandable and provides the information necessary for shareholders to assess Titan's performance, business model and strategy.

Directors

Brief biographical notes on the Directors are given on page 23.

In accordance with the Articles of Association and the Association of Investment Companies Code of Corporate Governance, Mr Leader offers himself for election and Mr Hustler offers himself for re-election and the Board recommends their election and re-election respectively at the forthcoming AGM. Mr Hustler has now served over nine years as Director of the Company. The Association of Investment Companies Code of Corporate Governance recommends the Board should state its reasons for believing that a Director who has served for more than nine years remains independent. The Board has considered provisions B.1.1 and B.7.2 of The UK Corporate Governance Code and following a formal performance evaluation as part of the Board Evaluation, further details of which can be found on page 28, believes that Mr Hustler continues to be an effective Non-Executive Director, providing considerable experience and continuity to the Company, and demonstrates commitment to his role as Chairman, the Board and the Company. The Board therefore has no hesitation in recommending him for re-election at the forthcoming AGM.

Mr Cooper is not considered to be independent due to his role as Chairman of Octopus Investments Limited, Titan's Portfolio Manager. As a non-independent Director, Mr Cooper will stand for re-election at the 2019 AGM of Titan as required by Listing Rule 15.2.13A. The Board has also considered provision B.7.2 of The UK Corporate Governance Code and believes that he continues to be effective and to demonstrate commitment to his role, the Board and the Company. The Board therefore has no hesitation in recommending him for re-election at the forthcoming AGM.

Further details can be found in the Corporate Governance report on pages 27 to 30.

Directors' and Officers' Liability Insurance

The Company has, as permitted by the Companies Act 2006, maintained insurance cover on behalf of the Directors and Company Secretary indemnifying them against certain liabilities which may be incurred by them in relation to the Company.

Going Concern

The Company's business activities, together with the factors likely to affect its future development, performance and position, are set out in the Strategic Report, on pages 2 to 22. Further details on the management of financial risk may be found in Note 16 of the financial statements.

The Board receives regular reports from Octopus and the Directors believe that the Company has adequate financial resources to continue in operational existence for a period of at least twelve months from the date of the signing of these financial statements. In reaching this conclusion the Directors have considered the liquid assets of the Company and its ability to meet its obligations as they fall due. As no material uncertainties leading to significant doubt about going concern have been identified, and taking into account all available information about the Company, the Directors believe that is appropriate to continue to adopt the going concern basis of accounting in preparing the financial statements.

The assets of the Company include securities which are readily realisable (22% of net assets). The Board regularly reviews cash flow projections which demonstrate the Company has adequate financial resources to meet its expenses and discretionary expenditure in relation to the dividend policy and share buybacks and to continue in operational existence for the foreseeable future.

Management

Given Titan's continued growth in assets under management, the Company is now classified as a full-scope Alternative Investment Fund under the Alternative Investment Fund Management Directive (the "AIFM Directive"). As a result, since 1 September 2017, the Company has in place an agreement with Octopus AIF Management Limited to act as Manager (an authorised alternative investment fund manager responsible for ensuring compliance with the AIFM Directive). Octopus AIF Management Limited has in turn appointed Octopus to act as Portfolio Manager to Titan (responsible for portfolio management and the day-to-day running of the fund). These agreements (which ensure the same personnel are managing the Company's portfolio both before and after 1 September 2017) are central to Titan's ability to continue in business. The principal terms of the management agreement with Octopus are set out in Notes 3 and 19 of the financial statements.

Octopus also provides secretarial and administrative services to the Company, and provided custodian services up to September 2017. On 1 September 2017, BNP Paribas Securities Services was appointed as Depositary to Titan AIFM Directive. BNP Paribas provides cash monitoring, safekeeping of financial instruments and other assets and oversight duties.

There are no other contracts which are deemed to be essential to the business of the Company.

As required by the Listing Rules, the Directors confirm that, in their opinion, the continuing appointment of Octopus as Portfolio Manager is in the best interests of the shareholders as a whole. In reaching this conclusion the Directors have taken into account the performance of the investment portfolio and the ability of Octopus to produce satisfactory investment performance in the future. It also considered the length of the notice period of the management agreement and fees payable to Octopus, together with the standard of other services provided, as set out above.

Details of the fees paid to Octopus in respect of services provided are detailed in Note 19 of the financial statements.

With the exception of Mr Cooper, no Director has an interest in any contract to which Titan is a party. Mr Cooper is the Chairman of Octopus.

The Company has established a performance incentive scheme whereby Octopus is entitled to an annual performance-related incentive fee in the event that certain performance criteria are met. The criteria have been met in 2018 resulting in a performance fee payable to Octopus. Further details of this scheme are disclosed within Note 19 of the financial statements.

Through the agreements described above, the investment decisions and routine management decisions such as the payment of standard running costs are delegated to Octopus

Whistleblowing

The Board has considered the arrangements implemented by Octopus in accordance with The UK Corporate Governance Code's recommendations, to encourage staff of the Portfolio Manager or the Company Secretary to raise concerns, in confidence, within their organisation about possible improprieties in matters of financial reporting or other matters. It is satisfied that adequate arrangements are in place to allow an independent investigation, and follow on action where necessary, to take place within the organisation.

Bribery Act

Octopus has an Anti-Bribery Policy which introduced robust procedures to ensure full compliance with the Bribery Act 2010 and to ensure that the highest standards of professional ethical conduct are maintained. All employees and those working for, or on behalf of, the firm are aware of their legal obligations when conducting company business.

VCT Regulation

Compliance with required rules and regulations is considered when all investment decisions are made. The Company is further monitored on a continual basis to ensure compliance. The main criteria to which it must adhere are detailed on page 63.

The Finance Act 2014 amended the rules relating to VCT shares issued on or after 6 April 2014 such that VCT status will be withdrawn if, in respect of shares issued on or after that date, a dividend is paid (or other forms of distributions or payments are made to investors) from the capital received by the VCT from that issue within three years of the end of the accounting period in which shares were issued to investors.

The Finance (No 2) Act 2015 received Royal Assent in November 2015 and introduced a number of changes to VCT rules to bring the legislation into line with EU State Aid Risk Finance Guidelines. The legislation introduced new criteria which stipulates a lifetime

cap on the total amount of State Aid investment a company can receive, the age of companies which are eligible for investment and specific requirements relating to the use of the funds raised.

The Company will continue to ensure its compliance with the qualification requirements.

Environment Policy and Greenhouse Gas Emissions

The Board has no specific environmental policy; however, the Company recognises the need to conduct its business, including investment decisions, in a manner that is responsible to the environment wherever possible.

The Company does not produce any reportable emissions as the fund management is outsourced to Octopus, with no physical assets or property held by the Company. As Titan has no employees or operations, it is not responsible for any direct emissions.

Share Capital

Titan's ordinary share capital as at 31 October 2018 comprised 654,665,529 (2017: 448,990,601) Ordinary shares of 10p each. No shares were held in Treasury.

Share Issues and Open Offers

During the year 206,322,029 shares were issued under the offer launched on 5 September 2017 to raise up to £120 million in aggregate with an overallotment facility of £80 million.

On 13 September 2018 an offer for subscription to raise up to £120 million in aggregate with an overallotment facility of £80 million was launched. As at 29 January 2019, 81,861,608 shares had been issued. This offer remains open.

Share Buybacks

During the year the Company purchased 9,854,067 shares, with a nominal value of £985,407 for cancellation at a weighted average price of 90.2p per share for a total consideration of £8.9 million, which represents 2.2% of the shares in issue at the prior year end (2017: 3,215,355 shares, with a nominal value of £321,536 for cancellation at a weighted average price of 91.0p per share for a total consideration of £2.9 million). These were repurchased in accordance with the Company's share buyback facility in order to assist the marketability of the shares and to prevent the shares trading at a wide discount to the NAV.

Post Balance Sheet Events

A full list of post balance sheet events since 31 October 2018 can be found in Note 17 of the financial statements on page 60.

Rights Attaching to the Shares and Restrictions on Voting and Transfer

Subject to any suspension or abrogation of rights pursuant to relevant law or Titan's Articles of Association, the shares confer on their holders the following principal rights:

- (a) the right to receive out of profits available for distribution such dividends as may be agreed to be paid (in the case of a final dividend in an amount not exceeding the amount recommended by the Board as approved by shareholders in a general meeting or in the case of an interim dividend in an amount determined by the Board). All dividends unclaimed for a period of 12 years after having become due for payment are forfeited automatically and cease to remain owing by Titan;
- (b) the right, on a return of assets on a liquidation, reduction of capital or otherwise, to share in the surplus assets of Titan remaining after payment of its liabilities *pari passu* with the other holders of Ordinary shares; and
- (c) the right to receive notice of and to attend and speak and vote in person or by proxy at any general meeting of Titan. On a show of hands, every member present or represented and voting has one vote, and on a poll, every member present or represented and voting has one vote for every share of which that member is the holder. The appointment of a proxy must be received not less than 48 hours before the time of the holding of the relevant meeting or adjourned meeting or, in the case of a poll taken otherwise than at or on the same day as the relevant meeting or adjourned meeting, be received after the poll has been demanded and not less than 24 hours before the time appointed for the taking of the poll.

These rights can be suspended. If a member, or any other person appearing to be interested in shares held by that member, has failed to comply within the time limits specified in the Company's Articles of Association with a notice pursuant to s793 of the Companies Act 2006 (notice by the Company requiring information about interests in its shares), the Company can, until the default ceases, suspend the right to attend and speak and vote at a general meeting. If the shares represent at least 0.25% of their class the Company can also withhold any dividend or other money payable in respect of the shares (without any obligation to pay interest) and refuse to accept certain transfers of the relevant shares. Shareholders, either alone or with other shareholders, have other rights as set out in the Company's Articles of Association and in company law (principally the Companies Act 2006).

A member may choose whether his shares are evidenced by share certificates (certificated shares) or held in electronic (uncertificated) form in CREST (the UK electronic settlement system). Any member may transfer all or any of his shares, subject in the case of certificated shares to the rules set out in the Company's Articles of Association or in the case of uncertificated shares to the regulations governing the operation of CREST (which allow the Directors to refuse to register a transfer as therein set out); the transferor remains the holder of the shares until the name of the transferee is entered in the register of members.

The Directors may refuse to register a transfer of certificated shares in favour of more than four persons jointly or where there is no adequate evidence of ownership or the transfer is not duly stamped (if so required). The Directors may also refuse to register a share transfer if it is in respect of a certificated share which is not fully paid up or on which the Company has a lien provided that, where the share transfer is in respect of any share admitted to the Official List maintained by the UK Listing Authority, any such discretion may not be exercised so as to prevent dealings taking place on an open and proper basis, or if in the opinion of the Directors (and with the concurrence of the UK Listing Authority) exceptional circumstances so warrant, provided that the exercise of such power will not disturb the market in those shares. Whilst there are no squeeze-out and sell out rules relating to the shares in the Company's Articles of Association, shareholders are subject to the compulsory acquisition provisions in s974 to s991 of the Companies Act 2006.

Directors' Authority to Allot Shares, to disapply Pre-emption Rights

The authority proposed under Resolution 8 is required so that the Directors may offer existing shareholders the opportunity to add to their investment or to offer potential shareholders an opportunity to invest in the Company in a tax-efficient manner without it having to incur substantial costs. Any consequent modest increase in the size of the Company will, in the opinion of the Directors, be in the interests of shareholders generally. Any issue proceeds will be available for investment in line with the Company's investment policy and may be used, in part, to purchase Ordinary shares in the market.

Resolution 8 renews the Directors' authority to allot Ordinary shares. Such authority would expire at the later of the conclusion of the next AGM following the passing of this Resolution and the expiry of 15 months from the passing of the Resolution, giving the Directors authority to allot up to 10% of the Company's issued share capital as at the date of the notice of AGM. This authority is in addition to existing authorities.

Resolution 9 renews and extends the Directors' authority to allot equity securities for cash without pre-emption rights applying in certain circumstances. This Resolution would authorise the Directors, until at the conclusion of the next AGM of the Company following the passing of this Resolution or, if earlier, on the expiry of 15 months from the passing of this Resolution, to issue Ordinary shares for cash without pre-emption rights applying by way of an offer to existing shareholders, or re-issue shares out of Treasury up to 10% of the Company's issued share capital. This power will be exercised only if, in the opinion of the Directors, it would be in the best interests of shareholders, as a whole. This authority is in addition to existing authorities.

Directors' Authority to Make Market Purchase of its Own Shares

The authority proposed under Resolution 10 is required so that the Directors may make purchases of up to 36,826,356 Ordinary shares, representing approximately 5% of the Company's issued

share capital as at the date of the notice of AGM. Any shares bought back under this authority will be at a price determined by the Board, (subject to a minimum price of 10p (being the nominal value of such shares) and a maximum price of 5% above the average mid-market quotation for such shares on the London Stock Exchange and the applicable regulations thereunder) and may be cancelled or held in Treasury as may be determined by the Board. The authority conferred by Resolution 10 will expire 18 months from the date of the passing of the Resolution unless renewed, varied or revoked by the Company in a general meeting and will be in addition to existing authorities. This power will be exercised only if, in the opinion of the Directors, a repurchase would be in the best interests of shareholders as a whole.

Substantial Shareholdings

As at the date of this report, no disclosures of major shareholdings had been made to the Company under Disclosure and Transparency Rule 5 (Vote Holder and Issuer Notification Rules).

Independent Auditor

BDO LLP were appointed as Auditor on 20 June 2018 and offer themselves for re-appointment as auditor. A Resolution to re-appoint BDO LLP will be proposed at the forthcoming AGM.

As far as the Directors are aware, there is no relevant audit information of which the auditor is unaware and the Directors have taken all the steps they ought to have taken as a Director in order to make them aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Information given in the strategic report

Information on dividends and likely future development has not been given in the Directors' Report as equivalent disclosure has been given in the Strategic Report.

Corporate Governance

The Board of Directors has considered the principles and recommendations of the Association of Investment Companies Code of Corporate Governance (AIC Code) by reference to the Association of Investment Companies Corporate Governance Guide for Investment Companies (AIC Guide).

The AIC Code, as explained by the AIC Guide, addresses all the principles set out in The UK Corporate Governance Code, as well as setting out additional principles and recommendations on issues that are of specific relevance to investment companies. The Board considers that reporting against principles and recommendations of the AIC Code, by reference to the AIC Guide (which incorporates The UK Corporate Governance Code), will provide better information to shareholders.

The Company is committed to maintaining high standards in Corporate Governance. The Directors consider that the Company has, throughout the period under review, complied with the

provisions set out in The UK Corporate Governance Code with the exceptions set out in the Compliance Statement on page 30.

Board of Directors

The Company has a Board of five Non-Executive Directors, four of whom are considered to be independent. Mr Cooper is not considered to be independent due to his role as Chairman of Octopus. The Board meets regularly on a quarterly basis, and on other occasions as required, to review the investment performance and monitor compliance with the investment policy laid down by the Board as set out in the Strategic Report on page 2.

Subject to the provisions of the Companies Act 2006, the Articles of Association of the Company and any directions given by shareholders by Special Resolution, the Articles of Association specify that the business of the Company is to be managed by the Directors, who may exercise all the powers of the Company, whether relating to the management of the business or not. In particular, the Directors may exercise on behalf of the Company its powers to purchase its own shares to the extent permitted by shareholders. Authority was given at the Company's 2018 AGM to make market purchases of up to 5% of the issued ordinary share capital at any time up to the 2019 AGM and otherwise on the terms set out in the relevant resolution, and renewed authority is being sought at the 2019 AGM as set out in the notice of meeting.

The Board has a formal schedule of matters specifically reserved for its decision which include:

- the consideration and approval of future developments or changes to the investment policy, including risk and asset allocation;
- consideration of corporate strategy;
- approval of the appropriate dividend to be paid to the shareholders;
- the appointment, evaluation, removal and remuneration of Octopus;
- the performance of the Company, including monitoring of the discount of the NAV to the share price; and
- monitoring shareholder profiles and considering shareholder communications.

The Chairman leads the Board in the determination of its strategy and in the achievement of its objectives. The Chairman is responsible for organising the business of the Board, ensuring its effectiveness and setting its agenda, and has no involvement in the day-to-day business of the Company. He facilitates the effective contribution of the Directors and ensures that they receive accurate, timely and clear information and that they communicate effectively with shareholders.

The Company Secretary is responsible for advising the Board, through the Chairman, on all governance matters. All of the Directors have access to the advice and services of the Company Secretary, who has administrative responsibility for the meetings of the Board and its committees. Directors

may also take independent professional advice at the Company's expense where necessary in the performance of their duties. The Board does not consider it necessary for the size of the Board or the Company to identify a member of the Board as the senior Non-Executive Director.

The Company's Articles of Association and the schedule of matters reserved to the Board for decision provide that the appointment and removal of the Company Secretary is a matter for the full Board.

During the year the following meetings were held:

| | Full Board meetings held | No. of meetings attended | Audit Committee meetings held | Audit Committee meetings attended |
|-----------------------------------|--------------------------|--------------------------|-------------------------------|-----------------------------------|
| John Hustler | 5 | 5 | 2 | 2 |
| Matt Cooper | 5 | 5 | 2 | n/a |
| Mark Hawkesworth | 5 | 5 | 2 | 2 |
| Jane O'Riordan | 5 | 5 | 2 | 2 |
| Tom Leader (appointed 08/08/2018) | 5 | 1 | 2 | - |

Additional meetings were held as required to address specific issues including considering investment recommendations from Octopus, allotments and purchases of its own shares.

The Company's Articles of Association require that one third of Directors should retire by rotation each year and seek re-election at the AGM, and that Directors appointed by the Board should seek re-appointment at the next AGM. All Directors are required to submit themselves for re-election at least every three years with the exception of Mr Cooper who is not considered to be independent as he is the Chairman of Octopus, the Company's Portfolio Manager, and therefore is required to stand for re-election each year.

This practice was followed during the year under review.

| | Date of Original Appointment | Due date for Re-election |
|------------------|------------------------------|--------------------------|
| John Hustler | 29/10/2007 | AGM 2019 |
| Matt Cooper | 29/10/2007 | AGM 2019 |
| Mark Hawkesworth | 27/11/2014 | AGM 2020 |
| Jane O'Riordan | 27/11/2014 | AGM 2021 |
| Tom Leader | 08/08/2018 | AGM 2019 |

Performance Evaluation

In accordance with The UK Corporate Governance Code, each year a formal performance evaluation is undertaken of the Board as a whole, its Committees and the directors in the form of one-to-one meetings between the Chairman and each director. The directors were made aware of the annual performance evaluation on their appointment. The Chairman provides a summary of the findings to the Board, which are discussed at the next meeting and an action plan agreed. There were no issues requiring action in the year. The performance of the Chairman was evaluated by the other Directors.

The Board also conducts an evaluation of Octopus, as the Portfolio Manager, and feedback of the results of the evaluation is provided to Octopus.

Appointment and Replacement of Directors

A person may be appointed as a Director of the Company by the shareholders in a general meeting by Ordinary Resolution (requiring a simple majority of the persons voting on the relevant resolution) or by the Directors. No person, other than a Director retiring by rotation or otherwise, shall be appointed or reappointed a Director at any general meeting unless he is recommended by the Directors or, not less than seven nor more than 42 clear days before the date appointed for the meeting, notice is given to the Company of the intention to propose that person for appointment or re-appointment in the form and manner set out in the Company's Articles of Association. Each Director who is appointed by the Directors (and who has not been elected as a Director by the members at a general meeting held in the interval since his appointment as a Director) is to be subject to election as a Director of the Company by the members at the first AGM following his or her appointment. At each AGM one third of the Directors for the time being, or if their number is

not three or an integral multiple of three the number nearest to but not exceeding one-third, are to be subject to re-election. The Companies Act 2006 allows shareholders in a general meeting by Ordinary Resolution (requiring a simple majority of the persons voting on the relevant resolution) to remove any Director before the expiration of his or her period of office, but without prejudice to any claim for damages which the Director may have for breach of any contract of service between him or her and the Company. A person also ceases to be a Director if he or she resigns in writing, ceases to be a Director by virtue of any provision of the Companies Act, becomes prohibited by law from being a Director, becomes bankrupt or is the subject of a relevant insolvency procedure, or becomes of unsound mind, or if the Board so decides following at least six months' absence without leave or if he or she becomes subject to relevant procedures under the mental health laws, as set out in the Company's Articles of Association.

Board Committees

It should be noted that there is no formal Management Engagement Committee as matters of this nature are dealt with by the independent Non-Executive Directors. The Board does not have a separate Remuneration Committee as the Company has no employees or executive Directors. Detailed information relating to the remuneration of Directors is given in the Directors' Remuneration Report on pages 33 to 35.

The Board has appointed two committees to make recommendations to the Board in specific areas:

Audit Committee:

Mark Hawkesworth
John Hustler
Jane O'Riordan
Tom Leader

The Audit Committee consists of four independent Directors. The Audit Committee believes that Mark Hawkesworth possesses appropriate and relevant financial experience as per the requirements of The UK Corporate Governance Code. The Board considers that the members of the Committee are independent and have collectively the skills and experience required to discharge their duties effectively. The Audit Committee Report is given on pages 31 and 32.

Nomination Committee:

John Hustler (Chairman)
Matt Cooper
Mark Hawkesworth
Jane O'Riordan
Tom Leader

The Nomination Committee considers the selection and appointment of Directors considering the composition and selection of the Board, appointing members on merit, measured against objective criteria with due regard for the benefits of gender and diversity. It also makes recommendations to the Board as to the level of Directors' fees if appropriate. The Board appointed one new Director, Tom Leader on 8 August 2018, upon

the recommendation of the committee. Following acceptance by the Board as a whole, the appointment was confirmed.

Internal Controls

The Directors have overall responsibility for keeping under review the effectiveness of the Company's systems of risk management and internal controls. The purpose of these controls is to ensure that proper accounting records are maintained, the Company's assets are safeguarded and the financial information used within the business and for publication is accurate and reliable; such a system can only provide reasonable and not absolute assurance against material misstatement or loss. The systems of risk management and internal control are designed to manage rather than eliminate the risk of failure to achieve the business objectives. The Board regularly reviews financial results and investment performance with Octopus.

Octopus identifies the investment opportunities, monitors the portfolio of investments and makes recommendations to the Board in terms of suggested disposals and further acquisitions.

Octopus is engaged to carry out the accounting function and retains physical custody of the documents of title relating to unquoted investments. Octopus regularly reconciles the client asset register with the physical documents.

The Directors confirm that they have established a continuing process throughout the year and up to the date of this report for identifying, evaluating and managing the significant potential risks faced by the Company and have reviewed the effectiveness of the risk management and internal control systems. As part of this process an annual review of the risk management and internal control systems is carried out in accordance with the Financial Reporting Council's Guidance on Risk Management, Internal Control and Related Financial and Business Reporting. The Board does not consider it appropriate to have an internal audit function due to the nature of the Company's transactions as this would not be an appropriate control for a VCT.

The risk management and internal control systems include the production and review of monthly bank reconciliations and management accounts. All outflows made from the Company's accounts require the authority of two approved signatories from Octopus. The Company is subject to a full annual audit whereby the auditor is the same auditor as for some of the other VCTs managed by Octopus. Further to this, the Audit Partner has open access to the Company's Directors and Octopus is subject to regular review by the Octopus Compliance Department.

Financial Risk Management

The Company is exposed to the risks arising from its operational and investment activities. Further details can be found in Note 16 of the Financial Statements.

Relations with Shareholders

Shareholders have the opportunity to meet the Board and representatives of the Portfolio Manager at the AGM and at any General Meetings held during the year. In addition to the formal business of the AGM, the Board is available to answer any questions a shareholder may have for the Board and the Portfolio Manager on any matters relating to the operation and performance of the Company. The proxy figures for each meeting are announced at the meeting and are published on the Octopus website and the London Stock Exchange following the meeting.

The Board is also happy to respond to any written queries made by shareholders during the course of the year and can be contacted at 33 Holborn, London, EC1N 2HT. Alternatively, the team at Octopus will be pleased to answer any questions you may have and can be contacted on **0800 316 2295**.

Compliance Statement

The Listing Rules require the Board to report on compliance throughout the accounting period with all relevant provisions set out in The UK Corporate Governance Code. The preamble to The UK Corporate Governance Code does, however, acknowledge that some provisions may have less relevance for investment companies adding that the AIC Code and AIC Guide can assist in meeting the obligations under The UK Corporate Governance Code. With the exception of the limited items outlined below, the Company has complied throughout the accounting year to 31 October 2018 with the provisions set out in The UK Corporate Governance Code. The section references to The UK Corporate Governance Code are shown in brackets.

1. The Company does not have a Chief Executive Officer or a senior independent Director. The Board does not consider this necessary as it does not have any executive directors. [A.4.1]

2. New Directors do not receive a full, formal and tailored induction on joining the Board. Such matters are addressed on an individual basis as they arise. [B.4.1]
3. The Company conducts a formal review as to whether there is a need for an internal audit function. However, the Directors do not consider that an internal audit would be an appropriate control for a VCT. [C.3.6]
4. The Company does not have a Remuneration Committee as it does not have any executive directors. [D.1.1 – 2.4]
5. The Company has no major shareholders therefore shareholders are not given the opportunity to meet any Non-Executive Directors at a specific meeting other than at the Annual or General Meetings. [E.1.1 & E.1.2]

By order of the Board



Parisha Kanani
Company Secretary
29 January 2019

Audit Committee Report

This report is submitted in accordance with The UK Corporate Governance Code in respect of the year ended 31 October 2018 and describes the work of the Audit Committee in discharging its responsibilities.

The Committee's key objective is the provision of effective governance of the appropriateness of the Company's financial reporting, the performance of the auditor and the management of the internal control and business risks systems. The Directors forming the Audit Committee can be found on page 29.

The Audit Committee's terms of reference include the following responsibilities:

- reviewing and making recommendations to the Board in relation to the Company's published financial statements and other formal announcements relating to the Company's financial performance;
- advising the Board on whether the Annual Report and Accounts, taken as a whole, is fair, balanced and understandable;
- advising the Board on whether the Annual Report and Accounts provides necessary information for shareholders to assess performance, business model and strategy;
- reviewing and making recommendations to the Board in relation to the Company's internal control (including internal financial control) and risk management systems;
- periodically considering the need for an internal audit function;
- making recommendations to the Board in relation to the appointment, reappointment and removal of the external auditor and approving the remuneration and terms of engagement of the external auditor;
- reviewing and monitoring the external auditor's independence and objectivity and the effectiveness of the audit process, taking into consideration relevant UK professional regulatory requirements;
- monitoring the extent to which the external auditor is engaged to supply non-audit services; and
- ensuring that Octopus has arrangements in place for the investigation and follow-up of any concerns raised confidentially by staff in relation to the propriety of financial reporting or other matters.

As part of the process of working with the Board to maximise effectiveness, meetings of the Committee usually take place immediately prior to a Board meeting and a report is provided on relevant matters to enable the Board to carry out their duties.

The Committee reviews its terms of reference and its effectiveness periodically and recommends to the Board any changes required as a result of the review. The terms of reference are available on request from the Company Secretary. The Committee meets twice per year and on an ad hoc basis as necessary and has direct access to BDO LLP, the Company's external auditor. When considering whether to recommend the appointment or reappointment of the external auditor the Committee takes into account the tenure of the current auditor in addition to comparing the fees charged by similar sized audit firms.

A review of the audit services was undertaken in the current year. The Committee undertook a tendering process in the current year with a view to appointing (or reappointing) the auditor for the year ended 31 October 2018. Following a competitive tender process BDO LLP were appointed on 20 June 2018 as the Company's new external auditor for the year ended 31 October 2018. The reason for James Cowper Kreston (JCK) ceasing to hold office as Auditor to the Company is their decision to withdraw from auditing certain Public Interest Entities for the time being because of the increasing regulatory landscape and associated costs. The effectiveness of the external audit is assessed as part of the Board evaluation conducted annually and by the quality and content of the Audit Plan and Report provided to the Committee by the Auditor and the resultant discussions on topics raised. The Committee also challenges the Auditor when present at a Committee meeting, if appropriate.

The Company does not have an internal audit function as it is not deemed appropriate given the size of the Company and the nature of its business. However, the Committee considers annually whether there is a need for such a function and if so would recommend this to the Board. Octopus has an internal audit function which reports to the Board periodically on the outcome of the internal audits that have taken place. Any significant issues arising from the Octopus internal audit that affect the Company would be raised to the Committee immediately. Octopus' Compliance Department also reports regularly to the Board.

The Committee monitors the significant risks at each meeting and Octopus engages closely with the Auditor to mitigate the risks and the resultant impact.

During the year ended 31 October 2018, the Audit Committee discharged its responsibilities by:

- reviewing and approving the external auditor's terms of engagement and remuneration;
- reviewing the external auditor's plan for the audit of the Company's financial statements, including identification of key risks and confirmation of auditor independence;
- reviewing Octopus' statement of internal controls in relation to the Company's business and assessing the effectiveness of those controls in minimising the impact of key risks;
- reviewing periodic reports on the effectiveness of Octopus' regulatory compliance;
- reviewing the appropriateness of the Company's accounting policies;
- reviewing the Company's draft annual financial and interim results statements prior to Board approval;
- reviewing the external auditor's Audit Findings Report to the Committee on the annual financial statements;
- reviewing the Company's going concern as referred to on page 24; and
- reviewing in detail the valuation of the investment portfolio and supporting data.

The Committee has considered the whole Annual Report and Accounts for the year ended 31 October 2018 and has reported to the Board that it considers them to be fair, balanced and understandable, providing the information necessary for shareholders to assess the Company's performance, business model and strategy.

Significant Risks

The Audit Committee is responsible for considering and reporting on any significant risks that arise in relation to the audit of the financial statements. The Committee and the Auditors have identified the most significant risks for the Company as:

- **Valuation of investment portfolio:** The Committee gives special audit consideration to the valuation of investments and supporting data provided by Octopus. The impact of this risk would be a large gain or loss in the Company's results. The valuations are supported by investment company audited accounts and third party evidence which give comfort to the Audit Committee.
- **Management override of financial controls:** The Committee reviews all significant accounting estimates that form part of the financial statements and consider any material judgements applied by management during the completion of the financial statements.

- **Recognition of revenue from investments:** Investment income is the Company's source of revenue. Revenue is recognised when the Company's right to the return is established in accordance with the Statement of Recommended Practice. Octopus confirms to the Audit Committee that the revenues are recognised appropriately.

These issues were discussed with Octopus and the Auditor at the conclusion of the audit of the financial statements.

The Audit Committee is also responsible for considering and reporting on any significant issues that arise in relation to the audit of the financial statements. The Audit Committee can confirm that there were no significant issues to report to the shareholders in respect of the audit of the financial statements to 31 October 2018.



Mark Hawkesworth
Audit Committee Chairman
29 January 2019

Directors' Remuneration Report

Introduction

This report has been prepared in accordance with Schedule 8 to the Large and Medium-sized Companies and Groups (Accounts and Reports) (Amendment) Regulations 2013, in respect of the year ended 31 October 2018. The reporting requirements entail two sections be included, a Policy Report and an Annual Remuneration Report, which are presented below.

The Company's auditor, BDO LLP, is required to give its opinion on certain information included in this report; this comprises the Directors' emoluments section and share information below. Their report on these and other matters is set out on pages 37 to 41.

Consideration by the Directors of Matters Relating to Directors' Remuneration

The Board as a whole considers Directors' remuneration and has not appointed a separate committee in this respect. The Board has not sought advice or services from any external person in respect of its consideration of Directors' remuneration during the year although the Directors expect from time to time to review the fees against those paid to the boards of directors of other VCTs. The Directors' remuneration paid during the year is set out on page 34. The Company does not have a Chief Executive Officer, Senior Management or any employees.

Directors' Remuneration Policy Report

The Board consists entirely of Non-Executive Directors, who meet at least four times a year and on other occasions as necessary, to deal with the important aspects of the Company's affairs. Directors are appointed with the expectation that they will serve for at least a period of three years. All Non-Executive Directors retire at the first general meeting after election and thereafter one third of all Directors are subject to retirement by rotation at subsequent AGMs. Re-election will be recommended by the Board but is dependent upon a shareholder vote.

Each Director received a letter of appointment which is subject to termination by the Director or the Company on three months' notice in writing. None of the Directors are entitled to compensation payable upon early termination of their contract other than in respect of any unexpired notice period.

The Company's policy is that the fees payable to the Directors should reflect the time spent by the Board on the Company's affairs and the responsibilities borne by the Directors. They should be sufficient to attract candidates of high calibre to be recruited. The policy is for the Chairman of the Board and the Chairman of the Audit Committee, to be paid higher fees than the other Directors in recognition of their more onerous roles. The policy is to review these rates from time to time. Due to the nature of

the Company, there are no employees other than the Directors and therefore no such issues to consider when determining the Directors' remuneration.

The maximum level of Directors' remuneration is fixed by the Company's Articles of Association, not to exceed £150,000 in aggregate; any amendment to this is by way of an ordinary resolution subject to the approval of shareholders in a General Meeting.

The Company's policy is for the Directors to be remunerated in the form of fees, payable quarterly in arrears. The fees are not specifically related to the Directors' performance, either individually or collectively. There are no long-term incentive schemes, share option schemes or pension schemes in place. The Articles of Association also entitle the Directors to be repaid all reasonable travelling, subsistence and other expenses incurred by them respectively whilst conducting their duties as Directors; however no other remuneration or compensation was paid or payable by the Company during the year to any of the current Directors.

The remuneration policy was amended and, in accordance with the Large and Medium-sized Companies and Groups (Accounts and Reports) (Amendment) Regulations 2013, approved by shareholders at the AGM held on 23 March 2017. The policy will be effective for a period of three years from that date. Subject to no further changes to the Remuneration Policy it will be presented to shareholders for approval again in 2020.

Annual Remuneration Report

This Remuneration Report is subject to approval by a simple majority of shareholders at the AGM in March 2019, as in previous years.

Statement of Voting at the Annual General Meeting

The 2017 Director's Remuneration Report was presented to the AGM in March 2018 and received shareholder approval following a vote on a show of hands. Of the 14,867,973 votes received, those for the resolution totalled 90.2%, 8.0% of votes were at the discretion of the Chairman and 1.8% of the votes cast were against, with 893,888 votes withheld. The proxy forms returned to the Registrars contained no explanation for the votes against the resolution.

Shareholders' views are always welcome and considered by the Board. The methods of contacting the Board are set out in the Directors' Report on page 30.

Company Performance

The Board is responsible for the Company's investment strategy and performance, although the management of the Company's investment portfolio is delegated to the Portfolio Manager through the agreements, as referred to in the Directors' Report.

The performance graph on page 7 also shows the performance of the NAV and Total Value of the Company. Further details of the Company's performance are shown in the graph and table on page 12 in the Portfolio Manager's Review.

Directors' Emoluments (Audited)

The amount of each Director's fees for the year were:

| | Year ended 31 October 2018 £'000 | Year ended 31 October 2017 £'000 |
|---------------------------------|--|--|
| John Hustler (Chairman) | 36 | 35 |
| Mark Hawkesworth | 31 | 30 |
| Jane O'Riordan* | 29 | 28 |
| Tom Leader (Appointed 8/8/2018) | 8 | – |
| Matt Cooper** | – | – |
| Total | 104 | 93 |

*Jane O'Riordan's salary for the year ended 31 October 2017 was £27,500 but has been rounded in the comparative figure up to the nearest £1,000 above.

**Matt Cooper's fees have been paid by Octopus Investments Limited since 1 May 2016.

The Directors do not receive any other form of emoluments in addition to the Directors' fees; their total remuneration is not linked to the performance of the Company and no bonuses were or will be paid to the Directors.

The Chairman of the Board and the Chairman of the Audit Committee, receive additional remuneration over the basic Directors' fee in recognition of the additional responsibilities and time commitment required of their roles. From 1 August 2018 Directors' fees have been paid at the following rates: Chairman £40,000; Chairman of the Audit Committee £35,000; and all other Directors £32,500.

Dividends paid to directors in the year as a result of their shareholdings in the Company are shown in Note 20.

| | Expected fees for the year to 31 October 2019 £ |
|---------------------------------|--|
| Chairman | 40,000 |
| Chairman of the Audit Committee | 35,000 |
| Non-executive Director | 32,500 |

Relative Importance of Spend on Pay

The actual expenditure in the current year is as follows:

| | Year to 31 October 2018 £'000 | Year to 31 October 2017 £'000 |
|----------------------|-------------------------------------|-------------------------------------|
| Total Dividends paid | 32,596 | 22,272 |
| Total Buybacks | 8,889 | 2,926 |
| Total Directors Fees | 104 | 93 |
| Total Expenses | 15,192 | 10,498 |

There were no other significant payments during the year relevant to understanding the relative importance of spend on pay.

Statement of Directors' Shareholdings (Audited)

There are no guidelines or requirements for Directors to own shares in the Company. The interests of the Directors of the Company during the year (in respect of which transactions are notifiable under Disclosure and Transparency Rule 3.1.2R) in the issued Ordinary shares of 10p each are shown in the table below:

| | Year to 31 October 2018 | Year to 31 October 2017 |
|-----------------------------------|----------------------------|----------------------------|
| John Hustler (Chairman) | 92,695 | 82,178 |
| Matt Cooper | 1,205,185 | 977,048 |
| Mark Hawkesworth | 86,202 | 75,685 |
| Jane O'Riordan | 68,262 | 56,267 |
| Tom Leader (Appointed 08/08/2018) | - | - |

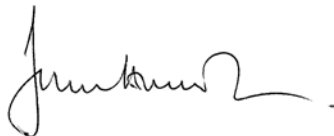
There have been the following changes in the Directors' share interests between 31 October 2018 and the date of this report:

| | Shares Purchased |
|------------------|------------------|
| Mark Hawkesworth | 10,698 |

All of the Directors' shares were held beneficially except for Jane O'Riordan who holds 39,489 Ordinary shares in a nominee account.

Any information required by legislation in relation to executive directors (including a Chief Executive Officer) or employees has been omitted because the Company has neither and therefore it is not relevant.

By Order of the Board



John Hustler
Chairman
29 January 2019

Directors' Responsibilities Statement

The Directors are responsible for preparing the Strategic Report, the Directors' Report, the Directors' Remuneration Report and the Financial Statements in accordance with applicable law and regulations. They are also responsible for ensuring that the Annual Report and Accounts include information required by the Listing Rules of the Financial Conduct Authority.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice ("GAAP"), including Financial Reporting Standard 102 – "The Financial Reporting Standard Applicable in the United Kingdom and Republic of Ireland" ("FRS 102"), (United Kingdom accounting standards and applicable law). Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs and profit or loss of the Company for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business; and
- prepare a Strategic Report, Directors' Report and Directors' Remuneration Report which comply with the requirements of the Companies Act 2006.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as each of the Directors is aware:

- there is no relevant audit information of which the Company's auditor is unaware; and

- the Directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

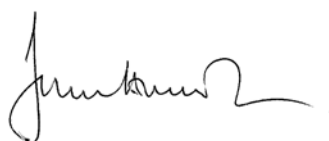
The Directors are responsible for preparing the Annual Report and Accounts in accordance with applicable law and regulations. Having taken advice from the Audit Committee, the Directors are of the opinion that this report as a whole provides the necessary information to assess the Company's performance, business model and strategy and is fair, balanced and understandable.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

The Directors confirm that, to the best of their knowledge:

- the financial statements, prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including FRS 102, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company; and
- the Annual Report and Accounts (including the strategic report), give a fair review of the development and performance of the business and the position of the Company, together with a description of the principal risks and uncertainties that it faces.

On behalf of the Board



John Hustler
Chairman
29 January 2019

Independent auditor's report to the members of Octopus Titan VCT Plc

Opinion

We have audited the financial statements of Octopus Titan VCT plc (the "Company") for the year ended 31 October 2018 which comprise the Income Statement, the Balance Sheet, the Statement of Changes in Equity and the Cash Flow Statement and Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 October 2018 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to principal risks, going concern and viability statement

We have nothing to report in respect of the following information in the annual report, in relation to which the ISAs (UK) require us to report to you whether we have anything material to add or draw attention to:

- the disclosures in the annual report that describe the principal risks and explain how they are being managed or mitigated;

- the directors' confirmation in the annual report that they have carried out a robust assessment of the principal risks facing the Company, including those that would threaten its business model, future performance, solvency or liquidity;
- the directors' statement in the financial statements about whether the directors considered it appropriate to adopt the going concern basis of accounting in preparing the financial statements and the directors' identification of any material uncertainties to the Company's ability to continue to do so over a period of at least twelve months from the date of approval of the financial statements;
- whether the directors' statement relating to going concern required under the Listing Rules in accordance with Listing Rule 9.8.6R(3) is materially inconsistent with our knowledge obtained in the audit; or
- the directors' explanation in the annual report as to how they have assessed the prospects of the Company, over what period they have done so and why they consider that period to be appropriate, and their statement as to whether they have a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

| Key Audit Matter | How We Addressed the Key Audit Matter in the Audit |
|---|---|
| <p>Valuation of investments (Notes 1 and 10 to the financial statements)</p> <p>There is a high level of estimation uncertainty involved in determining the unquoted investment valuations; consisting both equity and loan stock portions.</p> <p>The Investment Manager's fee is based on the value of the net assets of the fund, as shown in note 3.</p> <p>As the Investment Manager is responsible for valuing investments for the financial statements, there is a potential risk of overstatement of investment valuations.</p> | <p>We tested a sample of 99% of the unquoted investment portfolio by value of investment holdings.</p> <p>64% of the unquoted portfolio is based on valuations using cost (where the investment was recently acquired), the price of a recent investment, or an offer to acquire the investee Company. For such investments, we checked the cost, recent investment price or third party offer to supporting documentation and considered the Investment Manager's determination of whether there were any reasons why the valuation and the valuation methodology was not appropriate at 31 October 2018.</p> <p>The remaining 36% of the investment portfolio is valued with reference to more subjective techniques including using multiples of revenue or earnings.</p> <p>Our detailed testing for such investments, performed on all investments within our sample comprised:</p> <ul style="list-style-type: none"> • Forming a determination of whether the valuation methodology is the most appropriate in the circumstances under the International Private Equity and Venture Capital Valuation ("IPEV") Guidelines obtaining management explanations • Re-performed the calculation of the multiples-based investment valuations • Benchmarked key inputs and estimates to independent information and our own research • Challenged the assumptions inherent in the valuation of unquoted investments and assessed the impact of the estimation uncertainty concerning these assumptions and the disclosure of these uncertainties in the financial statements • Considered the economic environment in which the investment operates to identify factors that could impact the investment valuation • Developed our own point estimates where alternative assumptions could reasonably be applied and considered the overall impact of such sensitisations on the portfolio of investments in determining whether the valuations as a whole are reasonable and unbiased <p>For investments not included in our detailed testing, we performed the following procedures where relevant:</p> <ul style="list-style-type: none"> • Considered whether the valuation had been prepared by a suitably qualified individual • Considered whether a valid IPEV methodology had been adopted • Considered whether the valuation used up to date trading information <p>For a sample of loans held at fair value included above, we:</p> <ul style="list-style-type: none"> • Vouched security held to documentation • Considered the assumption that fair value is not significantly different to cost by challenging the assumption that there is no significant movement in the market interest rate since acquisition and considering the "unit of account" concept (i.e. the investment as a whole) • Reviewed the treatment of accrued redemption premium/other fixed returns in line with the SORP. |

Our application of materiality

We apply the concept of materiality both in planning and performing our audit, and in evaluating the effect of misstatements. We consider materiality to be the magnitude by which misstatements, including omissions, could influence the economic decisions of reasonable users that are taken on the basis of the financial statements. In order to reduce to an appropriately low level the probability that any misstatements exceed materiality we use a lower materiality level, performance materiality, to determine the extent of

testing needed. Importantly, misstatements below these levels will not necessarily be evaluated as immaterial as we also take account of the nature of identified misstatements, and the particular circumstances of their occurrence, when evaluating their effect on the Financial Statements. The application of these key considerations gives rise to three levels of materiality, the quantum and purpose of which are tabulated below.

| Materiality measure | Purpose | Key considerations and benchmarks | Quantum (£) |
|--|---|--|-------------|
| Financial statement materiality. (2% of gross investments) | Assessing whether the financial statements as a whole present a true and fair view. | <ul style="list-style-type: none"> The value of gross investments The level of judgement inherent in the valuation The range of reasonable alternative valuations | £11,000,000 |
| Performance materiality. | Lower level of materiality applied in performance of the audit when determining the nature and extent of testing applied to individual balances and classes of transactions. | <ul style="list-style-type: none"> Financial statement materiality Risk and control environment | £7,100,000 |
| Specific materiality – classes of transactions and balances which impact on net realised returns. (10% gross expenditure) | Assessing those classes of transactions, balances or disclosures for which misstatements of lesser amounts than materiality for the financial statements as a whole could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements. | <ul style="list-style-type: none"> Level of gross expenditure | £1,500,000 |

We agreed with the Audit Committee that we would report to the Committee all audit differences in excess of £100,000, as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds.

An overview of the scope of our audit

Our audit approach was developed by obtaining an understanding of the Company's activities, and the overall control environment. Based on this understanding we assessed those aspects of the Company's transactions and balances which were most likely to give rise to a material misstatement.

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we looked at where the directors made subjective judgements, for example in respect of the valuation of investments which have a high level of estimation uncertainty involved in determining the unquoted investment valuations

We gained an understanding of the legal and regulatory framework applicable to the Company and the industry in which it operates, and considered the risk of acts by the Company which were contrary to applicable laws and regulations, including fraud. These included but were not limited to compliance with Companies Act 2006, the FCA listing and DTR rules, the principles of the UK Corporate Governance Code, industry practice represented by the Statement of Recommended Practice: Financial Statements of Investment Trust Companies and Venture Capital Trusts ("the SORP") issued in November 2014 and updated in February 2018 with consequential amendments and FRS 102. We also considered the Company's qualification as a VCT under UK tax legislation.

We designed audit procedures to respond to the risk, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion.

We focused on laws and regulations that could give rise to a material misstatement in the Company financial statements. Our tests included, but were not limited to:

- agreement of the financial statement disclosures to underlying supporting documentation;
- enquiries of management;
- review of minutes of board meetings throughout the period; and
- considering the effectiveness of the control environment in monitoring compliance with laws and regulations

There are inherent limitations in the audit procedures described above and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we would become aware of it. As in all of our audits we also addressed the risk of management override of internal controls, including testing journals and evaluating whether there was evidence of bias by the directors that represented a risk of material misstatement due to fraud.

Other information

The Directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

In this context, we also have nothing to report in regard to our responsibility to specifically address the following items in the other information and to report as uncorrected material misstatements of the other information where we conclude that those items meet the following conditions:

- Fair, balanced and understandable– the statement given by the directors that they consider the annual report and financial statements taken as a whole is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's performance, business model and strategy, is materially inconsistent with our knowledge obtained in the audit; or

- Audit Committee reporting – the section describing the work of the audit committee does not appropriately address matters communicated by us to the audit committee; or
- Directors' statement of compliance with the UK Corporate Governance Code – the parts of the directors' statement required under the Listing Rules relating to the Company's compliance with the UK Corporate Governance Code containing provisions specified for review by the auditor in accordance with Listing Rule 9.8.10R(2) do not properly disclose a departure from a relevant provision of the UK Corporate Governance Code.

Opinions on other matters prescribed by the Companies Act 2006 and the Listing Rules

In our opinion, the part of the directors' remuneration report to be audited has been properly prepared in accordance with the Companies Act 2006.

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements and those reports have been prepared in accordance with applicable legal requirements;
- the information about internal control and risk management systems in relation to financial reporting processes and about share capital structures, given in compliance with rules 7.2.5 and 7.2.6 in the Disclosure Guidance and Transparency Rules sourcebook made by the Financial Conduct Authority (the FCA Rules), is consistent with the financial statements and has been prepared in accordance with applicable legal requirements; and
- information about the Company's corporate governance code and practices and about its administrative, management and supervisory bodies and their committees complies with rules 7.2.2, 7.2.3 and 7.2.7 of the FCA Rules.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in:

- the strategic report or the directors' report; or
- the information about internal control and risk management systems in relation to financial reporting processes and about share capital structures, given in compliance with rules 7.2.5 and 7.2.6 of the FCA Rules.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements and the part of the directors' remuneration report to be audited are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- a corporate governance statement has not been prepared by the Company.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Other matters which we are required to address

Following the recommendation of the audit committee, we were first appointed by the Company on 20 June 2018 to audit the financial statements for the year ending 31 October 2018 and subsequent financial periods.

The non-audit services prohibited by the FRC's Ethical Standard were not provided to the Company and we remain independent of the Company in conducting our audit.

No non-audit services were provided by the firm to the Company in the year.

Our audit opinion is consistent with the additional report to the audit committee.

Use of our report

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Vanessa-Jayne Bradley (Senior Statutory Auditor)

For and on behalf of BDO LLP, Statutory Auditor

London
United Kingdom
29 January 2019

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

Income Statement

| | Notes | Year to 31 October 2018 | | | Year to 31 October 2017 | | |
|--|-------|-------------------------|------------------|----------------|-------------------------|------------------|----------------|
| | | Revenue £'000 | Capital £'000 | Total £'000 | Revenue £'000 | Capital £'000 | Total £'000 |
| Gains on disposal of fixed asset investments | 10 | – | 2,985 | 2,985 | – | 581 | 581 |
| Gains on disposal of current asset investments | | – | 3,155 | 3,155 | – | – | – |
| Fixed asset investments holding gains | 10 | – | 29,749 | 29,749 | – | 23,669 | 23,669 |
| Current asset investments holding (losses)/gains | | – | (7,161) | (7,161) | – | 6,688 | 6,688 |
| Investment income | 2 | 595 | – | 595 | 212 | – | 212 |
| Investment management fees | 3 | (2,734) | (8,202) | (10,936) | (1,933) | (5,798) | (7,731) |
| Performance fee | 3 | – | (2,805) | (2,805) | – | (3,852) | (3,852) |
| Other expenses | 4 | (4,256) | – | (4,256) | (2,767) | – | (2,767) |
| FX translation | | – | (95) | (95) | – | (619) | (619) |
| (Loss)/Profit before tax | | (6,395) | 17,626 | 11,231 | (4,488) | 20,669 | 16,181 |
| Tax | 6 | – | – | – | – | – | – |
| (Loss)/Profit after tax | | (6,395) | 17,626 | 11,231 | (4,488) | 20,669 | 16,181 |
| Earnings per share – basic and diluted | 8 | (1.1)p | 2.9p | 1.8p | (1.1)p | 5.0p | 3.9p |

- The 'Total' column of this statement is the profit and loss account of the Company; the supplementary revenue return and capital return columns have been prepared under guidance published by the Association of Investment Companies.
- All revenue and capital items in the above statement derive from continuing operations.
- The Company has only one class of business and derives its income from investments made in shares and securities and from bank and money market funds.

Titan has no other comprehensive income for the period.

The accompanying notes form an integral part of the financial statements.

Balance Sheet

| | Notes | Year to 31 October 2018 | | Year to 31 October 2017 | |
|---|-------|-------------------------|-----------------|-------------------------|----------|
| | | £'000 | £'000 | £'000 | £'000 |
| Fixed asset investments | 10 | | 434,897 | | 301,791 |
| Current assets: | | | | | |
| Money market funds | 12 | 72,679 | | 2,453 | |
| OEICs | 12 | 61,581 | | 104,484 | |
| Applications cash* | | 57,679 | | 39,272 | |
| Cash at bank | | 42,210 | | 23,290 | |
| Debtors | 11 | 2,850 | | 5,821 | |
| | | 236,999 | | 175,320 | |
| Current liabilities | 13 | (62,494) | | (44,408) | |
| Net current assets | | | 174,505 | | 130,912 |
| Net assets | | | 609,402 | | 432,703 |
| Share capital | 14 | | 65,467 | | 44,899 |
| Share premium | | | 299,804 | | 114,404 |
| Capital redemption reserve | | | 2,056 | | 1,071 |
| Special distributable reserve | | | 169,637 | | 211,122 |
| Capital reserve realised | | | 11,245 | | 2,284 |
| Capital reserve unrealised | | | 79,428 | | 70,668 |
| Revenue reserve | | | (18,235) | | (11,745) |
| Total equity shareholders' funds | | | 609,402 | | 432,703 |
| NAV per share | 9 | | 93.1p | | 96.4p |

*Cash held but not yet allotted.

The accompanying notes form an integral part of the financial statements.

The statements were approved by the Directors and authorised for issue on 29 January 2019 and are signed on their behalf by:



John Hustler
Chairman

Company No: 6397765

Statement of Changes in Equity

| | Share capital £'000 | Share premium £'000 | Capital redemption reserve £'000 | Special distributable reserve* £'000 | Capital reserve realised* £'000 | Capital reserve unrealised £'000 | Revenue reserve* £'000 | Total £'000 |
|---|---------------------------|---------------------------|---|---|--|---|------------------------------|-----------------|
| As at 1 November 2017 | 44,899 | 114,404 | 1,071 | 211,122 | 2,284 | 70,668 | (11,745) | 432,703 |
| Share issue (includes DRIS)** | 21,553 | 185,400 | - | - | - | - | - | 206,953 |
| Repurchase of own shares | (985) | - | 985 | (8,889) | - | - | - | (8,889) |
| Revenue loss after tax | - | - | - | - | - | - | (6,395) | (6,395) |
| Management fees allocated as capital expenditure | - | - | - | - | (8,202) | - | - | (8,202) |
| Current year gains on disposal of fixed asset investments | - | - | - | - | 2,985 | - | - | 2,985 |
| Current year gains on disposal of current asset investments | - | - | - | - | 3,155 | - | - | 3,155 |
| Prior year fixed asset gains now realised | - | - | - | - | 8,868 | (8,868) | - | - |
| Prior year current asset gains now realised | - | - | - | - | 4,960 | (4,960) | - | - |
| Gains on fair value of fixed asset investments | - | - | - | - | - | 29,749 | - | 29,749 |
| Losses on fair value of current asset investments | - | - | - | - | - | (7,161) | - | (7,161) |
| Dividends paid (includes DRIS) | - | - | - | (32,596) | - | - | - | (32,596) |
| Performance fee | - | - | - | - | (2,805) | - | - | (2,805) |
| FX translation | - | - | - | - | - | - | (95) | (95) |
| Balance as at 31 October 2018 | 65,467 | 299,804 | 2,056 | 169,637 | 11,245 | 79,428 | (18,235) | 609,402 |

*Reserve is available for distribution, subject to the restrictions tabled in Note 15.

**This is net of allotment fees of £6.6m.

The accompanying notes form an integral part of the financial statements.

| | Share capital £'000 | Share premium £'000 | Capital redemption reserve £'000 | Special distributable reserve* £'000 | Capital reserve realised* £'000 | Capital reserve unrealised £'000 | Revenue reserve* £'000 | Total £'000 |
|--|------------------------|------------------------|-------------------------------------|---|------------------------------------|-------------------------------------|---------------------------|-----------------|
| As at 1 November 2016 | 32,262 | 1,619 | 749 | 240,172 | 1,777 | 46,035 | (6,638) | 315,976 |
| Share issue (includes DRIS)** | 12,959 | 112,785 | - | - | - | - | - | 125,744 |
| Repurchase of own shares | (322) | - | 322 | (2,926) | - | - | - | (2,926) |
| Revenue loss after tax | - | - | - | - | - | - | (4,488) | (4,488) |
| Management fees allocated as capital expenditure | - | - | - | - | (5,798) | - | - | (5,798) |
| Current year losses on disposal of fixed asset investments | - | - | - | - | 581 | - | - | 581 |
| Prior year fixed asset gains now realised | - | - | - | - | 5,724 | (5,724) | - | - |
| Gains on fair value of fixed asset investments | - | - | - | - | - | 23,669 | - | 23,669 |
| Gains on fair value of current asset investments | - | - | - | - | - | 6,688 | - | 6,688 |
| Dividends paid (includes DRIS) | - | - | - | (22,272) | - | - | - | (22,272) |
| Performance fee | - | - | - | (3,852) | - | - | - | (3,852) |
| FX translation | - | - | - | - | - | - | (619) | (619) |
| Balance as at 31 October 2017 | 44,899 | 114,404 | 1,071 | 211,122 | 2,284 | 70,668 | (11,745) | 432,703 |

*Reserve is available for distribution, subject to the restrictions tabled in Note 15.

**This is net of allotment fees of £4.2m.

The accompanying notes form an integral part of the financial statements.

Cash Flow Statement

| | Notes | Year to 31 October 2018 £'000 | Year to 31 October 2017 £'000 |
|---|-------|----------------------------------|----------------------------------|
| Reconciliation of profit to cash flows from operating activities | | | |
| Profit before tax | | 11,231 | 16,181 |
| Decrease in debtors | | 2,971 | 6,816 |
| (Decrease)/Increase in creditors | | (321) | 255 |
| Gains on disposal of current assets | | (3,155) | - |
| Losses/(Gains) on valuation of current assets | | 7,161 | (6,688) |
| Gains on disposal of fixed assets | | (2,985) | (581) |
| Gains on valuation of fixed asset investments | | (29,749) | (23,669) |
| Surplus funds received from fixed asset investments | | - | 513 |
| Outflow from operating activities | | (14,847) | (7,173) |
| Cash flows from investing activities | | | |
| Purchase of current asset investments | | (46,000) | (70,000) |
| Sale of current asset investments | | 84,897 | 35,000 |
| Purchase of fixed asset investments | 10 | (122,739) | (61,880) |
| Sale of fixed asset investments* | 10 | 22,367 | 180 |
| Outflow from investing activities | | (61,475) | (87,518) |
| Cash flows from financing activities | | | |
| Applications inflows not yet allotted | 13 | 18,407 | 21,312 |
| Dividends paid (net of DRIS) | 7 | (24,178) | (16,545) |
| Purchase of own shares | 14 | (8,889) | (2,926) |
| Net proceeds from share issues | | 198,535 | 120,017 |
| Inflow from financing activities | | 183,875 | 121,858 |
| Increase in cash and cash equivalents | | 107,553 | 27,167 |
| Opening cash and cash equivalents | | 65,015 | 37,848 |
| Closing cash and cash equivalents | | 172,568 | 65,015 |
| Cash and cash equivalents comprise | | | |
| Cash at Bank | | 42,210 | 23,290 |
| Applications Cash | | 57,679 | 39,272 |
| Money Market Funds | | 72,679 | 2,453 |
| Closing cash and cash equivalents | | 172,568 | 65,015 |

*This includes the distribution from Zenith of £11.8m following the part disposal of Secret Escapes.

The accompanying notes form an integral part of the financial statements.

Notes to the Financial Statements

1. Principal Accounting Policies

Titan is a Public Limited Company (plc) incorporated in England and Wales and its registered office is 33 Holborn, London EC1N 2HT.

The Company has been approved as a Venture Capital Trust by HMRC under Section 259 of the Income Tax Act 2007. The Shares of the Company were first admitted to the Official List of the UK Listing Authority and trading on the London Stock Exchange on 28 December 2007 and can be found under the TIDM code "OTV2". The Company is premium listed.

The principal activity of Titan is to invest in a diversified portfolio of UK smaller companies in order to generate capital growth over the long-term as well as an attractive tax-free dividend stream.

The financial statements are presented in Sterling (£) to the nearest £'000. The functional currency is also Sterling (£).

Basis of accounting

The financial statements have been prepared on a going concern basis under the historical cost convention, except for the measurement at fair value of certain financial instruments, and in accordance with UK Generally Accepted Accounting Practice ("GAAP"), including Financial Reporting Standard 102 – 'The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland' (FRS 102'), and with the Companies Act 2006 and the Statement of Recommended Practice (SORP) 'Financial Statements of Investment Trust Companies and Venture Capital Trusts (issued 2014 and revised 2018)'.

The principal accounting policies have remained unchanged from those set out in Titan's 2017 Annual Report and Accounts. A summary of the principal accounting policies is set out in the notes.

Titan presents its income statement in a tri-columnar format to give shareholders additional detail of the performance of Titan, split between items of a revenue or capital nature.

The preparation of the financial statements requires management to make judgements and estimates that affect the application of policies and reported amounts of assets, liabilities, income and expenses. Estimates and assumptions mainly relate to the fair valuation of the fixed asset investments particularly unquoted investments. Estimates are based on historical experience and other assumptions that are considered reasonable under the

circumstances. The estimates and the assumptions are under continuous review with particular attention paid to the carrying value of the investments.

Capital valuation policies are those that are most important to the manifestation of Titan's financial position and that require the application of subjective and complex judgements, often as a result of the need to make estimates about the effects of matters that are inherently uncertain and may change in subsequent periods. The critical accounting policies that are declared will not necessarily result in material changes to the financial statements in any given period but rather contain a potential for material change. The main accounting and valuation policies used by Titan are disclosed in the notes below. Whilst not all of the significant accounting policies require subjective or complex judgements, Titan considers that the following accounting policies should be considered critical.

Titan has designated all fixed asset investments as being held at fair value through profit or loss; therefore all gains and losses arising from investments held are taken to the income statement in the period in which they occur. Accordingly, all interest income, fee income, expenses and investment gains and losses are attributable to assets designated as being at fair value through profit or loss. OEICs (part of current asset investments) are held at fair value through profit or loss.

Investments are regularly reviewed to ensure that the fair values are appropriately stated. Quoted investments are valued in accordance with the bid-price on the relevant date, unquoted investments are valued in accordance with current IPEV valuation guidelines, although this does rely on subjective estimates such as appropriate sector earnings multiples, forecast results of investee companies, asset values of subsidiary companies and liquidity or marketability of the investments held.

Although Titan believes that the assumptions concerning the business environment and estimates of future cash flows are appropriate, changes in estimates and assumptions could require changes in the stated values. This could lead to additional changes in fair value in the future.

Revenue and capital

The revenue column of the income statement includes all income and revenue expenses of Titan. The capital column includes gains and losses on the disposal of investments and gains and losses arising from changes in the fair value of investments at the period end.

Cash and cash equivalents

Cash, for the purposes of the cash flow statement, comprises cash at bank. Cash equivalents are current asset investments which are disposable without curtailing or disrupting the business and are either readily convertible into known amounts of cash at or close to their carrying values or traded in an active market. This comprises investments in money market funds and OEICs.

Financing strategy and capital structure

Capital management is monitored and controlled by forecasting income and expenditure over both the short and medium terms to enable investments to be made at the same time as controlling short term liquidity. The investments being managed include equity and fixed-interest investments, and short term liquidity comprises cash and cash equivalents including debtors and creditors.

We define capital as shareholders' funds and our financial strategy in the medium term is to manage a level of cash that balances the risks of the business with optimising the return on equity. Titan currently has no borrowings nor does it anticipate that it will drawdown any borrowing facilities in the future to fund the acquisition of investments.

Titan does not have any externally imposed capital requirements.

The value of the managed capital is indicated in Note 15. The Board considers the distributable reserves and the total return for the period when recommending a dividend. In addition, the Board is authorised to make market purchases up to a maximum of 5% of the issued Ordinary share capital of Titan in accordance with Special Resolution 9 in order to maintain sufficient liquidity in the VCT.

Financial instruments

Titan's principal financial assets are its investments and the policies in relation to those assets are set out in Note 10. Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the entity after deducting all of its financial liabilities. Where the contractual terms of share capital do not have any terms meeting the definition of a financial liability then this is classed as an equity instrument. Dividends and distributions relating to equity instruments are debited directly to equity.

Judgments in applying accounting policies and key sources of estimation uncertainty

This is addressed in Note 10.

Reserves

Share capital – represents the nominal value of shares that have been issued.

Share premium – includes any premiums received on issue of share capital. Any transaction costs associated with the issuing of shares are deducted from share premium.

Special distributable reserve – includes realised profits and cancelled share premium available for distribution.

Capital redemption reserve – represents the nominal value of shares bought back from shareholders and cancelled.

Capital reserve realised – arises when an investment is sold any balance held on the Capital reserve unrealised is transferred to the Capital reserve realised, as a movement in reserves.

Capital reserve unrealised – arises when Titan re-values the investments still held during the period, any gains or losses arising are credited/charged to the Capital reserve unrealised.

Revenue reserve – revenue profits and losses are credited and charged to this account.

Translation reserve – gains or losses arise when assets other than portfolio assets, and not denominated in sterling, are revalued to the year-end sterling exchange rate.

Subsidiaries

Zenith Holding Company is a subsidiary of Titan, but owing to the exemption permitted under FRS 102 to not have to consolidate investment companies held as part of an investment portfolio (Section 9 of FRS 102, paragraphs 9.9(b) and 9.9B), Titan has not consolidated the assets and liabilities of Zenith Holding Company. Details of the country of incorporation and latest financial information can be found in the Portfolio Manager's Review.

2. Investment income

Accounting Policy

Investment income includes interest earned on money market funds. Dividend income is shown net of any related tax credit.

Dividends receivable are brought into account when Titan's right to receive payment is established and there is no reasonable doubt that payment will be received. Fixed returns on debt and money market funds are recognised so as to reflect the effective interest rate; provided there is no reasonable doubt that payment will be received in due course.

Disclosure

| | Year to 31 October 2018 £'000 | Year to 31 October 2017 £'000 |
|-------------------------------|-------------------------------------|-------------------------------------|
| Money market funds | 226 | 20 |
| Loan note interest receivable | 369 | 192 |
| Total income | 595 | 212 |

3. Investment Management Fees

Accounting Policy

For the purposes of the revenue and capital columns in the income statement, the management fee has been allocated 25% to revenue and 75% to capital, in line with the Board's expected long-term return in the form of income and capital gains respectively from Titan's investment portfolio.

Disclosure

| | Year to 31 October 2018 | | | Year to 31 October 2017 | | |
|---------------------------|-------------------------|------------------|----------------|-------------------------|------------------|----------------|
| | Revenue £'000 | Capital £'000 | Total £'000 | Revenue £'000 | Capital £'000 | Total £'000 |
| Investment management fee | 2,734 | 8,202 | 10,936 | 1,933 | 5,798 | 7,731 |
| Performance fee – payable | – | 2,679 | 2,679 | – | 3,601 | 3,601 |
| Performance fee – accrued | – | 126 | 126 | – | 251 | 251 |
| Total | 2,734 | 11,007 | 13,741 | 1,933 | 9,650 | 11,583 |

The performance fee has been wholly attributed to capital. For more details please refer to Note 19.

The Portfolio Manager provides investment management services through agreements with Octopus AIF Management Limited and the Company. It also provides accounting and administration services to Titan under an administration agreement. No compensation is payable in the event of terminating the agreement by either party, if the required notice period is given. The fee payable, should insufficient notice be given, will be equal to the fee that would have been paid should continuous service be provided, or the required notice period was given. The basis upon which the management fee is calculated is disclosed within Note 19 of the financial statements.

4. Other Expenses

Accounting Policy

Other expenses are accounted for on an accruals basis and are charged wholly to revenue.

The transaction costs incurred when purchasing or selling assets are written off to the Income Statement in the period that they occur.

| | Year to 31 October 2018 £'000 | Year to 31 October 2017 £'000 |
|--|-------------------------------------|-------------------------------------|
| Accounting and administration services | 1,640 | 1,160 |
| Ongoing advisor charges and trail commission | 1,618 | 1,011 |
| Listing fees | 216 | 130 |
| Depository fees | 157 | – |
| Registrar's fees | 128 | 111 |
| Directors' remuneration* | 114 | 102 |
| Audit fees | 33 | 19 |
| Other fees | 350 | 234 |
| Total | 4,256 | 2,767 |

*Includes employers' NI.

Total ongoing charges are capped at 3.2% of net assets. For the year to 31 October 2018 the ongoing charges were 2.4% of net assets (2017: 2.5%). This is calculated by summing the expenses incurred in the year (excluding ongoing IFA charges and non-recurring expenses) divided by the average NAV throughout the year.

5. Directors' Remuneration

Total Directors' fees paid during the year were £104,000 (2017: £93,000). The highest paid director received £36,000 (2017: £35,000). None of the Directors received any other remuneration or benefit from the Company during the year. The Company has no employees other than non-executive Directors. The average number of non-executive Directors in the year was four (2017: four).

6. Tax on Ordinary Activities

Accounting Policy

Corporation tax payable is applied to profits chargeable to corporation tax, if any, at the current rate. The tax effect of different items of income/gain and expenditure/loss is allocated between capital and revenue return on the 'marginal' basis as recommended in the SORP.

Deferred tax is recognised in respect of all timing differences at the reporting date. Timing differences are differences between taxable profits and total income as stated in the financial statements that arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements.

Disclosure

The corporation tax charge for the period was £nil (2017: £nil).

| | Year to 31 October 2018 £'000 | Year to 31 October 2017 £'000 |
|---|-------------------------------------|-------------------------------------|
| Profit on ordinary activities before tax | 11,231 | 16,181 |
| Current tax at 19% (2017: 19%) | 2,134 | 3,074 |
| Effects of: | | |
| Non taxable income | (16) | (16) |
| Non taxable capital gains | (5,458) | (5,816) |
| Non deductible expenses | 25 | 17 |
| Zenith distribution | 2,241 | 1,745 |
| Excess management expenses on which deferred tax not recognised | 1,075 | 996 |
| Total current tax charge | - | - |

Unrelieved tax losses of £35,184,000 (2017: £29,347,000) are estimated to be carried forward at 31 October 2018 (subject to completion of the Company's tax return) and are available for offset against future taxable income, subject to agreement with HMRC. Titan has not recognised the deferred tax asset of £5,981,000 (2017: £5,576,000) in respect of these excess management charges because there has been no taxable income.

Approved VCTs are exempt from tax on capital gains within Titan. As the Directors intend for Titan to continue to maintain its approval as a VCT through its affairs, no current deferred tax has been recognised in respect of any capital gains or losses arising on the revaluation or disposal of investment.

7. Dividends

Accounting Policy

Dividends payable are recognised as distributions in the financial statements when Titan's liability to make the payment has been established. This liability is established on the record date, the date on which those shareholders on the share register are entitled to the dividend.

Disclosure

| | Year to 31 October 2018 £'000 | Year to 31 October 2017 £'000 |
|---|-------------------------------------|-------------------------------------|
| Dividends paid in the year | | |
| Previous year's final dividend | 19,519 | 13,327 |
| Current period's interim dividend | 13,077 | 8,945 |
| | 32,596 | 22,272 |
| Dividends in respect of the year | | |
| Interim dividend paid – 2.0p (2017: 2.0p) | 13,077 | 8,945 |
| Final dividend proposed – 3.0p (2017: 3.0p) | 22,096 | 19,519 |
| | 35,173 | 28,464 |

The figures above include dividends elected to be reinvested through DRIS.

The final dividend of 3.0p for the year ending 31 October 2018 will be paid on 29 April 2019 to shareholders on the register on 12 April 2019, subject to approval at the AGM.

8. Earnings per Share

| | Year to 31 October 2018 | | | Year to 31 October 2017 | | |
|--|-------------------------|---------|--------|-------------------------|---------|--------|
| | Revenue | Capital | Total | Revenue | Capital | Total |
| Profit attributable to ordinary shareholders (£'000) | (6,395) | 17,626 | 11,231 | (4,488) | 20,669 | 16,181 |
| Profit per ordinary share (p) | (1.1) | 2.9 | 1.8 | (1.1) | 5.0 | 3.9 |

The total earnings per share is based on 609,205,764 (2017: 415,317,468) Ordinary shares, being the weighted average number of Ordinary shares in issue during the year.

There are no potentially dilutive capital instruments in issue and, therefore no diluted return per share figures are relevant. The basic and diluted earnings per share are therefore identical.

9. Net Asset Value per Share

| | 31 October 2018 Ordinary Shares | 31 October 2017 Ordinary Shares |
|-------------------|------------------------------------|------------------------------------|
| Net assets (£) | 609,402,000 | 432,703,000 |
| Shares in issue | 654,665,529 | 448,990,601 |
| NAV per share (p) | 93.1 | 96.4 |

10. Fixed Asset Investments

Accounting Policy

Titan's principal financial assets are its investments and the policies in relation to those assets are set out below. Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the entity after deducting all of its financial liabilities. Where the contractual terms of share capital do not have any terms meeting the definition of a financial liability then this is classed as an equity instrument. Dividends and distributions relating to equity instruments are debited directly to equity.

Purchases and sales of investments are recognised in the financial statements at the date of the transaction (trade date).

These investments are managed and their performance evaluated on a fair value basis in accordance with a documented investment strategy and information about them is provided internally on that basis to the Board. Accordingly, as permitted by FRS 102, the investments are measured as being at fair value through profit or loss ("FVTPL") on the basis that they qualify as a group of assets managed, and whose performance is evaluated, on a fair value basis in accordance with a documented investment strategy. Titan's investments are measured at subsequent reporting dates at fair value.

In the case of unquoted investments, fair value is established by using measures of value such as price of recent transaction, earnings multiples, discounted cash flows and net assets. This is consistent with International Private Equity and Venture Capital valuation guidelines.

Gains and losses arising from changes in fair value of investments are recognised as part of the capital return within the income statement and allocated to the capital reserve unrealised. Fixed returns on non-equity shares and debt securities which are held at fair value are computed using the effective interest rate, to distinguish between the interest income receivable (which is disclosed as interest income within the revenue column of the Income Statement) and other fair value movements arising on these instruments (which are disclosed as holding gains within the capital column of the Income Statement).

Investments deemed to be associates due to the shareholding and level of influence exerted over the investee company are measured at fair value using a consistent methodology to the rest of Titan's portfolio as permitted by FRS102 and highlighted in the SORP (para 32).

In preparation of the valuations of assets the Directors are required to make judgements and estimates that are reasonable and incorporate their knowledge of the performance of the investee companies.

Fair value hierarchy

Paragraph 34.22 of FRS102 recognises a hierarchy of fair value measurements, for financial instruments measured at fair value in the Balance Sheet, which gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). This methodology is adopted by Titan and requires disclosure of financial instruments to be dependent on the lowest significant applicable input, as laid out below:

Level 1: The unadjusted, fully accessible and current quoted price in an active market for identical assets or liabilities that an entity can access at the measurement date. Titan's quoted investments are included in Level 1.

Level 2: Inputs for similar assets or liabilities other than the quoted prices included in Level 1 that are directly or indirectly observable, which exist for the duration of the period of investment. Titan holds no such investments in the current or prior year.

Level 3: This is where inputs are unobservable, where no active market is available and recent transactions for identical instruments do not provide a good estimate of fair value for the asset or liability. Titan's unquoted investments are included in level 3 in the current and prior year.

There have been no transfers between these classifications in the year (2017: one). The change in fair value of Titan's investments for the current and previous year has been recognised through the income statement.

All items held at fair value through profit or loss were designated as such upon initial recognition. Movements in investments at fair value through profit or loss during the period to 31 October 2018 are summarised below and in Note 12.

Disclosure

| | Level 1: AIM-quoted investments £'000 | Level 3: Unquoted investments £'000 | Total £'000 |
|--|--|--|------------------------|
| Valuation and net book amount: | | | |
| Book cost at 1 November 2017 | 7,446 | 233,458 | 240,904 |
| Cumulative revaluation at 1 November 2017 | 3,568 | 57,319 | 60,887 |
| Valuation at 1 November 2017 | 11,014 | 290,777 | 301,791 |
| Movement in the period: | | | |
| Purchases at cost | – | 122,739 | 122,739 |
| Disposal proceeds* | (971) | (21,396) | (22,367) |
| Gain/(Loss) on realisation of investments | (283) | 3,268 | 2,985 |
| Revaluation in period | (7,590) | 37,339 | 29,749 |
| Valuation at 31 October 2018 | 2,170 | 432,727 | 434,897 |
| Book cost at 31 October 2018: | 4,651 | 348,475 | 353,126 |
| Cumulative revaluation at 31 October 2018: | (2,481) | 84,252 | 81,771 |
| Valuation at 31 October 2018 | 2,170 | 432,727 | 434,897 |

*This includes the distribution from Zenith of £11.8m following the part disposal of Secret Escapes.

The investment portfolio is managed with capital growth as the primary focus. The loan and equity investments are considered to be one instrument due to the legal binding stated within the investment agreement and therefore they are combined in the table shown above.

Level 3 valuations include assumptions based on non-observable market data, such as discounts applied either to reflect fair value of financial assets held at the price of recent investment, or, in the case of unquoted investments, to adjust earnings multiples. Further details in respect of the methods and assumptions applied in determining the fair value of the investments are disclosed in the Portfolio Manager's Review. The sensitivity of these valuations to a reasonable possible change in such assumptions is given in Note 16.

At 31 October 2018 there were no commitments in respect of investments not yet completed, and at 31 October 2017 there were two commitments of £3,523,000 in respect of investments not yet completed.

During the year to 31 October 2018 there were no material disposals of unquoted investments that require separate disclosure.

11. Debtors

| | 31 October 2018 £'000 | 31 October 2017 £'000 |
|--|----------------------------------|--------------------------|
| Disposal proceeds - deferred consideration | 1,570 | 1,202 |
| Accrued income | 1,142 | 1,043 |
| Prepayments | 75 | 49 |
| Other Debtors | 63 | 3,527 |
| Total | 2,850 | 5,821 |

12. Current Asset Investments

Accounting Policy

Current asset investments comprise money market funds and OEICs, which are designated as FVTPL. Gains and losses arising from changes in fair value of investments are recognised as part of the capital return within the Income Statement and allocated to the capital reserve unrealised.

The current asset investments are readily convertible into cash at the option of Titan. The current asset investments are held for trading, are actively managed and the performance is evaluated in accordance with a documented investment strategy. Information about them is provided internally on that basis to the Board.

Disclosure

| | 31 October 2018 £'000 | 31 October 2017 £'000 |
|--------------------|---------------------------------|--------------------------|
| Money Market funds | 72,679 | 2,453 |
| OEICs | 61,581 | 104,484 |
| Total | 134,260 | 106,937 |

All current asset investments held at year end sit within Level 1 of the fair value hierarchy for the purposes of FRS 102, as set out in Note 10.

At 31 October 2018 and 31 October 2017 there were no commitments in respect of current asset investments approved by the Portfolio Manager but not yet completed.

13. Current liabilities

| | 31 October 2018 £'000 | 31 October 2017 £'000 |
|------------------|---------------------------------|--------------------------|
| Unallotted cash* | 57,679 | 39,272 |
| Trade creditors | 2,759 | 3,607 |
| Accruals** | 2,056 | 1,529 |
| Total | 62,494 | 44,408 |

*Unallotted cash is cash received from investors to the fund but not yet allotted. The movement in the unallotted cash creditor is reflected in the cashflow statement as Application inflows not yet allotted.

**Includes the Titan 5 performance fee cumulative accrual.

Included within trade creditors is an amount of £2,679,000 (2017: £3,601,000) relating to a performance fee payable to the Manager. Within accruals there is an amount of £1,212,000 (2017: £1,087,000) accrued in respect of the Titan 5 shares which were not through the hurdles at the time of the merger. For more details please refer to Note 19.

14. Share Capital

| | 31 October 2018 £'000 | 31 October 2017 £'000 |
|---|---------------------------------|--------------------------|
| Allotted and fully paid up: 654,665,529 (2017: 448,990,601) Ordinary shares of 10p | 65,467 | 44,899 |

The capital of Titan is managed in accordance with its investment policy with a view to the achievement of its investment objective as set out on page 8. Titan is not subject to any externally imposed capital requirements.

We define capital as shareholders' funds and our financial strategy in the medium term is to manage a level of cash that balances the risks of the business with optimising the return on equity. Titan currently has no borrowings nor does it anticipate that it will drawdown any borrowing facilities in the future to fund the acquisition of investments.

The Board considers the distributable reserves and the total return for the year when recommending a dividend. In addition, the Board is authorised to make market purchases up to a maximum of 5% of the issued ordinary share capital of Titan as at the date of the AGM for the period to the next AGM in accordance with Special Resolution 9 in order to maintain sufficient liquidity in the Company's shares.

Capital management is monitored and controlled using the internal control procedures set out on page 29 of this report. The capital being managed includes equity and fixed-interest investments, cash balances and liquid resources including debtors and creditors.

| | 31 October 2018 '000 | 31 October 2017 '000 |
|-------------------------------------|-------------------------|-------------------------|
| 10p Ordinary Shares | | |
| Brought forward | 448,991 | 322,617 |
| Shares issued – fundraise | 206,529 | 123,514 |
| Shares issued – DRIS* | 9,000 | 6,075 |
| Shares repurchased for cancellation | (9,854) | (3,215) |
| Carried forward | 654,666 | 448,991 |

*The Dividend Reinvestment Scheme ("DRIS") allows shareholders to elect to receive Ordinary Shares instead of a dividend. This is explained further in the Shareholder Information and Contact Details at the back of this Report.

Each share has full voting, dividend and capital distribution rights.

During the year 215,528,995 shares were issued at an average price of 102.2p per share (2017: 129,588,800 shares were issued at a price of 100.3p). The gross consideration received for these shares was £214 million (net, £207 million) including DRIS. (2017: £130 million gross, £126 million net).

Titan repurchased 9,854,067 Ordinary shares for cancellation at a weighted average price of 90.2p (2017: 3,215,355 shares at a price of 91.0p) at a cost of £8,889,000.

The total nominal value of the shares repurchased during the financial year was £985,407 representing 2.2% of the issued share capital at the year end. (2017: £321,536 representing 0.7%).

15. Reserves

When Titan revalues its investments during the year, any gains or losses arising are credited or charged to the income statement. Unrealised gains/losses are then transferred to the 'Capital reserve unrealised'. When an investment is sold, any balance held on the 'Capital reserve unrealised' is transferred to the 'Capital reserve realised' as a movement in reserves.

Reserves available for potential distribution by way of a dividend are:

| | 31 October 2018 £'000 | 31 October 2017 £'000 |
|------------------------|--------------------------|--------------------------|
| Brought forward | 201,543 | 234,574 |
| Movement in year | (38,919) | (33,031) |
| Carried forward | 162,624 | 201,543 |

The purpose of the special distributable reserve was to create a reserve which will be capable of being used by Titan to pay dividends and for the purpose of making repurchases of its own shares in the market (subject to the above restriction) with a view to narrowing the discount to NAV at which Titan's Ordinary shares trade.

16. Financial Instruments and Risk Management

Titan's financial instruments comprise equity and fixed interest investments, cash balances and liquid resources including debtors and creditors. Titan holds financial assets in accordance with its investment policy of investing mainly in a portfolio of VCT qualifying unquoted securities whilst holding a proportion of its assets in cash or near-cash investments in order to provide a reserve of liquidity.

Classification of financial instruments

Titan held the following categories of financial instruments, all of which are included in the balance sheet at fair value, at 31 October 2018:

| | 31 October 2018 £'000 | 31 October 2017 £'000 |
|---|--------------------------|--------------------------|
| Financial assets held at fair value through profit or loss | | |
| Investments | 434,897 | 301,791 |
| Money market funds | 72,679 | 2,453 |
| OEICs | 61,581 | 104,484 |
| Total | 569,157 | 408,728 |
| Financial assets at amortised cost | | |
| Applications cash* | 57,679 | 39,272 |
| Cash at bank | 29,125 | 23,290 |
| Disposal proceeds | 1,570 | 1,202 |
| Accrued Income | 1,142 | 1,043 |
| Other Debtors | 63 | 3,527 |
| Total | 89,579 | 68,335 |
| Financial liabilities at amortised cost | | |
| Trade creditors | 2,759 | 3,607 |
| Unallotted cash* | 57,679 | 39,272 |
| Total | 60,438 | 42,879 |

*Applications cash and unallotted cash is cash received from investors by Titan but not yet allotted and is included within cash on the balance sheet.

Fixed asset investments (see Note 10) are valued at fair value. Unquoted investments are carried at fair value as determined by the Directors in accordance with current venture capital industry guidelines. The fair value of all other financial assets and liabilities is represented by their carrying value in the balance sheet. The Directors believe that the fair value of the assets held at the year end is equal to their book value.

In carrying on its investment activities, Titan is exposed to various types of risk associated with the financial instruments and markets in which it invests. The most significant types of financial risk facing Titan are market risk, interest rate risk, credit risk and liquidity risk. Titan's approach to managing these risks is set out below together with a description of the nature and amount of the financial instruments held at the balance sheet date.

Market risk

Titan's strategy for managing investment risk is determined with regard to Titan's investment objective, as outlined on page 8. The management of market risk is part of the investment management process and is a central feature of venture capital investment. Titan's portfolio is managed in accordance with the policies and procedures described in the Corporate Governance statement on pages 27 to 30, having regard to the possible effects of adverse price movements, with the objective of maximising overall returns to shareholders. Investments in unquoted companies, by their nature, usually involve a higher degree of risk than investments

in companies quoted on a recognised stock exchange, though the risk can be mitigated to a certain extent by diversifying the portfolio across business sectors and asset classes. The overall disposition of Titan's assets is regularly monitored by the Board.

Details of Titan's investment portfolio at the balance sheet date are set out on pages 16 and 17.

71.4% (2017: 69.7%) by value of Titan's net assets comprises investments in quoted and unquoted companies held at fair value. The valuation methods used by Titan include the application of a multiples ratio derived from listed companies with similar characteristics, and consequently the value of the unquoted element of the portfolio can be indirectly affected by price movements on the London Stock Exchange. A 5% overall increase in the valuation of the quoted and unquoted investments at 31 October 2018 would have increased net assets for the year by £21,745,000 (2017: £15,090,000) and an equivalent change in the opposite direction would have reduced net assets for the year by the same amount.

The Portfolio Manager considers that the majority of the investment valuations are based on multiples which are ascertained with reference to the individual sector multiple or similarly listed entities. It is considered that due to the diversity of the sectors, the 5% sensitivity discussed above provides the most meaningful potential impact of average multiple changes across the portfolio.

Interest rate risk

Some of Titan's financial assets are interest-bearing, of which some are at fixed rates and some variable. As a result, Titan is exposed to fair value interest rate risk due to fluctuations in the prevailing levels of market interest rates.

Fixed rate

The table below summarises weighted average effective interest rates for the fixed interest-bearing financial instruments:

| | As at 31 October 2018 | | | As at 31 October 2017 | | |
|--|---|--------------------------------|--|---|--------------------------------|--|
| | Total fixed rate portfolio by value £'000 | Weighted average interest rate | Weighted average time for which rate is fixed in years | Total fixed rate portfolio by value £'000 | Weighted average interest rate | Weighted average time for which rate is fixed in years |
| Fixed-rate investments in unquoted companies | 4,491 | 1.8% | 1.4 | 12,862 | 0.0% | 1.5 |

Due to the relatively short period to maturity of the fixed rate investments held within the portfolio, it is considered that an increase or decrease of 1% in the base rate as at the reporting date would not have had a significant effect on Titan's net assets for the year.

Floating rate

Titan's floating rate investments comprise one interest-bearing money market fund at 31 October 2018. Titan's cash held at bank earns no interest due to the HMRC VCT rule which prohibits VCTs from earning more than 30% of its income in non-VCT qualifying income, and interest earned on bank balances is non-qualifying income. The benchmark rate which determines the rate of interest receivable on Titan's money market investment is the Bank of England base rate, which was 0.75% at 31 October 2018. The amounts held in floating rate investments at the balance sheet date were as follows:

| | 31 October 2018 £'000 | 31 October 2017 £'000 |
|--------------------|--------------------------|--------------------------|
| Money market funds | 72,679 | 2,453 |
| Total | 72,679 | 2,453 |

A 1% increase in the base rate would increase income receivable from these investments and the net assets for the year by £727,000 (2017: £25,000).

Credit risk

There were no significant concentrations of credit risk to counterparties at 31 October 2018. By fair value, no individual investment exceeded 6.0% (2017: 5.7%) of Titan's net assets at 31 October 2018.

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with Titan. The Portfolio Manager and the Board carry out a regular review of counterparty risk. The carrying values of financial assets represent the maximum credit risk exposure at the balance sheet date.

At 31 October 2018 Titan's financial assets exposed to credit risk comprised the following:

| | 31 October 2018 £'000 | 31 October 2017 £'000 |
|--|--|--------------------------|
| Cash at bank | 42,210 | 23,290 |
| Applications Cash | 57,679 | 39,272 |
| Money market funds | 72,679 | 2,453 |
| Fixed rate investments in unquoted companies | 4,491 | 12,862 |
| Total | 177,059 | 77,877 |

Credit risk relating to listed money market funds is mitigated by investing in a portfolio of investment instruments of high credit quality, comprising securities issued by major UK companies and institutions. Credit risk relating to loans to and preference shares in unquoted companies is considered to be part of market risk.

The investments in money market funds and OEICs are uncertified.

Credit risk arising on the sale of investments is considered to be small due to the short settlement and the contracted agreements in place with the settlement lawyers.

Titan's deposit and current accounts are maintained with HSBC Bank plc. The Portfolio Manager has in place a monitoring procedure in respect of counterparty risk which is reviewed on an ongoing basis. Should the credit quality or the financial position of HSBC deteriorate significantly, the Portfolio Manager will move the cash holdings to another bank.

Liquidity risk

Titan's financial assets include investments in unquoted equity securities which are not traded on a recognised stock exchange and which generally may be illiquid. They also include investments in AIM-quoted companies, which, by their nature, involve a higher degree of risk than investments on the main market. As a result, Titan may not be able to realise some of its investments in these instruments quickly at an amount close to their fair value in order to meet its liquidity requirements, or to respond to specific events such as deterioration in the creditworthiness of any particular issuer.

Titan's listed money market funds are considered to be readily realisable as they are of high credit quality as outlined above.

Titan's liquidity risk is managed on a continuing basis by the Portfolio Manager in accordance with policies and procedures laid down by the Board. Titan's overall liquidity risks are monitored on a quarterly basis by the Board.

Titan maintains sufficient investments in cash and readily realisable securities to pay accounts payable and accrued expenses. At 31 October 2018 these investments were valued at £134,260,000 (2017: £106,937,000).

17. Post Balance Sheet Events

The following events occurred between the balance sheet date and the signing of these financial statements:

- 82 million shares were issued on 13 December 2018 at an allotment price of 98.6p under the current Offer.
- On 10 December 2018 the Company terminated its existing investment management agreement ("IMA") and administration agreement ("AA") and agreed new terms with the Manager. See note 19 for further details.
- One new investments completed totalling £5.0 million.
- 12 follow-on investments completed totalling £16.8 million.

18. Contingencies, Guarantees and Financial Commitments

Provided that an intermediary continues to act for a shareholder and the shareholder continues to be the beneficial owner of the shares, intermediaries will be paid an annual IFA commission of 0.5% of advised investors' gross NAV from Titan. IFA charges of £1,618,000 was expensed during the year (2017: £1,011,000) and there was £688,000 (2017: £364,000) outstanding at the year end.

There were no contingencies, guarantees or financial commitments as at 31 October 2018 (2017: £3,523,000).

19. Transactions with Manager and Portfolio Manager

Since 1 September 2017, the Company has been classified as a full-scope Alternative Investment Fund under the Alternative Investment Fund Management Directive (the "AIFM Directive"). As a result, since 1 September 2017, the Company's investment management agreement was assigned by way of the deed of novation from Octopus to Octopus AIF Management Limited to act as Manager (an authorised alternative investment fund manager responsible for ensuring compliance with the AIFM Directive). Octopus AIF Management Limited has in turn appointed Octopus to act as Portfolio Manager to Titan (responsible for portfolio management and the day-to-day running of the fund). These agreements ensure the same personnel are managing the Company's portfolio both before and after 1 September 2017.

Titan paid Octopus AIF Management £10,936,000 (2017: £7,731,000) in the year as a management fee. The management fee is payable quarterly in advance and is based on 2.0% of the NAV calculated at quarterly intervals from 31 October.

Octopus also provides accounting and administrative services to Titan, payable quarterly in advance for a fee of 0.3% of the NAV calculated at quarterly intervals from 31 October. During the year £1,640,000 (2017: £1,160,000) was paid to Octopus for the accounting and administrative

services. In addition, Octopus also provided company secretarial services for a fee of £20,000 per annum up to 1 September 2017.

In addition, Octopus is entitled to performance-related incentive fees. The incentive fees were designed to ensure that there were significant tax-free dividend payments made to Shareholders as well as strong performance in terms of capital and income growth, before any performance-related fee payment was made.

At the time of the merger, all the Titan funds – except for Titan 5 – had met their performance fee hurdles. The remaining hurdles to be achieved in respect of the previous Titan 5 shares are a total value (defined as NAV plus cumulative dividends paid) plus cumulative performance fees paid, of 169.3p, and further dividends paid of 3.3p per share, in Titan. The latter hurdle has already been met at 31 October 2018.

Once both the hurdles have been met, performance fees will be payable to the Manager on all gains above a total value of 147.2p (equivalent to 100p in previous Titan 5 share price terms) on the Titan 5 shares. On the remainder of the fund, a Performance Fee of 20% of all future gains above a NAV plus cumulative dividends paid of 162.4p (the High Water Mark, being the highest total value as at previous year ends, and this being 31 October 2017), will be payable to the Manager.

Due to positive performance in the year, the total value has increased to 164.1p, representing a total return of 1.7p, and therefore included within creditors is £2,679,000 (2017: £3,601,000) relating to the performance fee payable to the Manager, and in accrued expenses is £1,213,000 (2017: £1,087,000) accrued in respect of the shares in Titan 5 which had not met the hurdles at 31 October 2018. The Board has decided to recognise the accrual for the performance fee to reflect the cost of the fee in the period in which the fees were earned.

The High Water Mark for FY 2019 will therefore be 164.1p on the remainder of the fund and 167.9p for the Titan 5 shares (the difference of 3.8p constitutes the performance fees earned since the merger in November 2014). If, on a subsequent financial year end, the Performance Value of Titan falls short of the High Water Mark on the previous financial year end, no performance fee will arise. If, on a subsequent financial year end, the performance exceeds the previous best High Water Mark of Titan, the Manager will be entitled to 20% of such excess in aggregate.

Octopus received £1.05 million in the year to 31 October 2018 (2017: £1.16 million) in regards to arrangement and monitoring fees in relation to investments made on behalf of the Company.

The Company is invested into a discretionary management service operated by a separate investment team within Octopus, in addition to an UCITS fund which is also managed by a different investment team within Octopus. Both

investments are included within the "OEICs" category of asset on the balance sheet, and an arrangement is in place so that Octopus does not earn management fees from both investment teams in relation to the same investment i.e. no double charging of fees takes place.

Changes to the IMA and AA

On 10 December 2018, the Company terminated its existing investment management agreement ("IMA") and administration agreement ("AA") and agreed new terms with the Manager.

The annual management charge ("AMC") will remain at 2% of the Company's NAV in respect of existing funds but in respect of funds raised by the Company under the 2018 Offer and thereafter (and subject to the Company having a cash reserve of 10% of its NAV), the AMC on uninvested cash will be the lower of either (i) the actual return that the Company receives on its cash and funds that are the equivalent of cash (which currently consist of open ended investment companies and money market funds) subject to a 0% floor and (ii) 2% of the Company's NAV. The AMC will be payable quarterly in advance and calculated using the latest published NAV of the Company and the number of Shares in issue at each quarter end.

Octopus currently receives fees from the companies that the Company invests in (for example, when making or selling an investment in a company, as well as for appointing a representative to the board of directors of the investee company). The costs of all deals that do not proceed to completion are typically borne by either the company seeking funding or by the Manager. From 31 October 2018, Octopus will no longer receive such fees in respect of new investments or any such new fees in respect of further investments into portfolio companies in which the Company invested on or before 31 October 2018, with any such fees received after that time being passed to the Company.

The cap relating to the Company's total expense ratio, that is the regular, recurring costs of the Company expressed as a percentage of its NAV, above which Octopus has agreed to pay, will be reduced from its present level of 3.2% to 2.5%, calculated in accordance with the AIC Guidelines.

The Administration Fee will be capped at the lower of either (i) 0.3% of the Company's NAV and (ii) the administration and accounting costs of the Company for the year ending 31 October 2018 (£1.6 million), with inflation increases going forward. It is also proposed that the Administration Fee will be calculated using the latest published NAV of the Company and the number of Shares in issue at each quarter end of the Company.

20. Related Party Transactions

Titan owns Zenith Holding Company Limited, which owns a share in Zenith LP, a fund managed by Octopus.

Several members of Octopus' investment team hold non-executive directorships as part of their monitoring roles in Titan's investee companies, but they have no controlling interests in those companies.

Mr Cooper, a Non-Executive Director of Titan, is also Chairman of Octopus and owns shares in Octopus, and is the Chairman of ClearlySo, an impact consultancy which measures the social and environmental impact of Titan's portfolio companies.

The Directors received the following dividends from Titan:

| | Year to 31 October 2018 £ | Year to 31 October 2017 £ |
|-------------------------|------------------------------|------------------------------|
| John Hustler (Chairman) | 4,634 | 4,109 |
| Matt Cooper | 59,290 | 47,917 |
| Jane O'Riordan | 3,357 | 2,781 |
| Mark Hawkesworth | 4,310 | 3,785 |
| Tom Leader | - | - |

21. Voting Rights and Equity Management

The following table shows the percentage of voting rights held by Titan for each of the top 10 investments held in Titan. Titan has no other substantial interests that require separate disclosure.

| Investments | % equity held by Titan |
|--------------------------------|------------------------|
| Zenith Holding Company Limited | 100.00% |
| Secret Escapes Limited* | 7.4% |
| Amplience Limited | 41.0% |
| Wave Optics Limited | 26.5% |
| Sourceable Limited | 22.7% |
| London House Exchange Limited | 49.2% |
| DePop Limited | 9.7% |
| Chronext AG | 11.1% |
| Semafone Limited | 30.2% |
| Digital Shadows Inc. | 7.6% |

*This is 9.0% when the Zenith Holding Company stake in Secret Escapes is included (Zenith Holding Company has a 38.28% investment in Zenith LP).

Zenith Holding Company is a subsidiary of Titan, but owing to the exemption permitted under FRS 102 to not have to consolidate investment companies held as part of an investment portfolio (Section 9 of FRS 102, paragraphs 9.9(b) and 9.9B), Titan has not consolidated the assets and liabilities of Zenith Holding Company. Details of the country of incorporation and latest financial information can be found in the Portfolio Manager's Review.

Shareholder Information and Contact Details

Octopus Titan VCT 2 plc was renamed Octopus Titan VCT plc on 27 November 2014 following the merger with Octopus Titan VCT 1 plc, Octopus Titan VCT 3 plc, Octopus Titan VCT 4 plc and Octopus Titan VCT 5 plc on the same date.

The Company was incorporated on 12 October 2007. In collaboration with Octopus Titan VCT 1 plc, over £30.8 million in aggregate (£29.5 million net of expenses) was raised through an Offer for Subscription during the year to 31 October 2008. Since then, further funds have been raised through fund raises as follows:

- £1.37 million (£1.29 million net of expenses) during the year to 31 October 2010
- £1.40 million (£1.32 million net of expenses) during the year to 31 October 2012
- £4.82 million (£4.58 million net of expenses) during the year to 31 October 2013
- £10.78 million (£10.41 million net of expenses) during the year to 31 October 2014
- £54.69 million (£52.56 million net of expenses) during the year to 31 October 2015
- £99.81 million (£96.30 million net of expenses) during the year to 31 October 2016
- £124.10 million (£119.89 million net of expenses) during the year to 31 October 2017
- £204.93 million (£198.35 million net of expenses) during the year to 31 October 2018

There is currently an open Offer for Subscription for Ordinary Shares, as detailed in the Prospectus issued on 13 September 2018, to raise up to £120 million in aggregate, with an over-allotment facility of a further £80 million. On 13 December 2018, £78 million (£76 million net of expenses) was allotted at a price of 98.6p per share, equivalent to the current NAV at the time of 93.1p grossed up by 5.5% as set out in the Prospectus. The offer will close on 12 September 2019 or earlier at the behest of the Board.

Further details of the Company's progress are discussed in the Chairman's Statement and Portfolio Manager's Review on pages 3 to 6 and 11 to 22 respectively.

Venture Capital Trusts ("VCTs")

VCTs were introduced in the Finance Act 1995 to provide a means for private individuals to invest in unquoted companies in the UK. Subsequent Finance Acts have introduced changes to VCT legislation. The tax benefits currently available to eligible new investors in VCTs include:

- up to 30% up-front income tax relief;
- exemption from income tax on dividends paid; and

- exemption from capital gains tax on disposals of shares in VCTs.

The principal activity of the Company is to invest in a diversified portfolio of UK smaller companies in order to generate capital growth over the long-term as well as an attractive tax-free dividend stream. The Company has been granted full approval as a VCT by HM Revenue & Customs ("HMRC").

In order to maintain its approval the Company must comply with certain requirements on a continuing basis including the provisions of chapter 3 of the Income Tax Act 2007, in particular s280A:

- at least 70% of its investments must comprise 'qualifying holdings' (as defined in the legislation); at least 70% of the 70% of qualifying holdings must be invested in Ordinary shares with no preferential rights (for money allotted pre April 2011 the limit is 30% for new investments);
- no single investment made can exceed 15% of the Company's total value; and
- a minimum of 10% of each Qualifying Investment must be in Ordinary shares with no preferential rights.

*A 'qualifying holding' consists of up to £5 million invested in any one year in new shares or securities in an unquoted company (or companies quoted on AIM) which is carrying on a qualifying trade and whose gross assets do not exceed a prescribed limit at the time of investment. The definition of a 'qualifying trade' excludes certain activities such as property investment and development, financial services and asset leasing.

Dividends

Dividends are paid by Computershare Investor Services PLC ("Computershare") on behalf of the Company. Shareholders who wish to have dividends paid directly into their bank account rather than by cheque to their registered address can complete a mandate form for this purpose or complete an instruction electronically by visiting the Computershare Investor Centre at: www-uk.computershare.com/investor/.

Queries relating to dividends, shareholdings or requests for mandate forms should be directed to Computershare by calling **0370 703 6324**. Calls to this number cost the same as a normal local or national landline call and may be included in your service provider's tariff. Calls outside the United Kingdom will be charged at the applicable international rate. Computershare Investor Services PLC are open between 8.30 am – 5.30 pm, Monday to Friday excluding public holidays in England and Wales.) Computershare can be contacted in writing at:

The Registrar
Computershare Investor Services PLC
The Pavilions
Bridgwater Road
Bristol
BS99 6ZZ

The table below shows the NAV per share and lists the dividends that have been paid since the launch of Titan:

| Period Ended | NAV | Dividends paid in period | NAV + cumulative dividends (Total Value) |
|-----------------|--------|--------------------------|---|
| 30 April 2008 | 95.0p | – | 95.0p |
| 31 October 2008 | 89.9p | – | 89.9p |
| 30 April 2009 | 91.5p | 0.5p | 92.0p |
| 31 October 2009 | 96.1p | 0.5p | 97.1p |
| 30 April 2010 | 92.0p | 0.5p | 93.5p |
| 31 October 2010 | 94.9p | 0.5p | 96.9p |
| 30 April 2011 | 92.1p | 0.75p | 94.85p |
| 31 October 2011 | 91.5p | 0.75p | 95.0p |
| 30 April 2012 | 92.8p | 1.0p | 97.3p |
| 31 October 2012 | 121.9p | 1.5p | 127.9p |
| 30 April 2013 | 88.7p | 34.0p | 128.7p |
| 31 October 2013 | 95.2p | 2.5p | 137.7p |
| 30 April 2014 | 92.2p | 2.5p | 137.2p |
| 31 October 2014 | 101.4p | 2.5p | 148.9p |
| 30 April 2015 | 97.7p | 2.5p | 147.7p |
| 31 October 2015 | 102.7p | 2.0p | 154.7p |
| 30 April 2016 | 95.7p | 7.0p | 154.7p |
| 31 October 2016 | 97.9p | 2.0p | 158.9p |
| 30 April 2017 | 95.2p | 3.0p | 159.2p |
| 31 October 2017 | 96.4p | 2.0p | 162.4p |
| 30 April 2018 | 94.3p | 3.0p | 163.3p |
| 31 October 2018 | 93.1p | 2.0p | 164.1p |

A final dividend of 3.0p per share will be paid on 29 April 2019 to shareholders on the register on 12 April 2019.

The Company also offers a Dividend Reinvestment Scheme (“DRIS”). Any shareholder wishing to reinvest their dividends, who has not already elected to do so, can request a DRIS instruction form by calling Computershare on **0370 703 6324**. The application form can also be found on the Octopus Investments Limited website: **www.octopusinvestments.com**. If you are uncertain about your current DRIS position, please call Computershare on the number above or complete a new form.

Share Price

Titan’s share price can be found on various financial websites including **www.londonstockexchange.com**, with the following TIDM/EPIC code:

Ordinary shares

| | |
|--------------------------------------|----------------------|
| TIDM/EPIC code | OTV2 |
| Latest share price (29 January 2019) | 88.5 pence per share |

Buying and Selling Shares

The Company’s Ordinary shares can be bought and sold via a stockbroker in the same way as any other company quoted on the London Stock Exchange. There may be tax implications in respect of selling all or part of your holdings, so shareholders should contact their independent financial adviser if they have any queries.

Buyback of Shares

The Company operates a policy of buying its own shares for cancellation as they become available, and envisages that purchases will be made at no greater than a 5% discount to the prevailing NAV. The Company is, however, unable to buy back shares directly from shareholders. If you are considering selling your shares please contact Octopus Investments who can talk to you about the options available. They will also be able to provide details of closed periods (when the Company is prohibited from buying shares) and details of the price at which it has been bought and can be contacted as follows:

| | | |
|-------------------------------|---------------|--|
| Octopus Client Relations Team | 0800 316 2295 | clientrelations@octopusinvestments.com |
|-------------------------------|---------------|--|

If you are considering trading on the secondary market or would like to talk directly to the Company's Corporate Broker, Panmure Gordon (UK) Limited ('Panmure') they can be contacted as follows:

| | | |
|-------------|---------------|-------------------------|
| Chris Lloyd | 020 7886 2716 | chris.lloyd@panmure.com |
| Paul Nolan | 020 7886 2717 | paul.nolan@panmure.com |

Secondary market

UK income tax payers, aged 18 or over, can purchase shares in the secondary market and benefit from:

- Tax-free dividends
- Realised gains not being subject to capital gains tax (although any realised losses are not allowable)
- No minimum holding period
- No need to include VCT dividends in annual tax returns

The UK tax treatment of VCTs is on a first in and first out basis and therefore tax advice should be obtained before shareholders dispose of their shares.

Whilst there is no specific limit on the amount of an individual's acquisition of shares in a VCT, tax reliefs will only be given to the extent that the total of an individual's subscriptions or other acquisitions of shares in VCTs in any tax year do not exceed £200,000. Qualifying investors who intend to invest more than £200,000 in VCTs in any one tax year should consult their professional advisers.

Notification of Change of Address

Communications with shareholders are mailed to the registered address held on the share register. In the event of a change of address or other amendment, this should be notified to the Company's registrar, Computershare, under the signature of the registered holder or via the Computershare Investor Centre at: www-uk.computershare.com/investor/. Computershare's contact details are provided on page 66.

Other Information for Shareholders

Shareholders can obtain a full copy of the Company's Annual Report as well as previously published Annual Reports and Interim Reports on the Octopus website at www.octopusinvestments.com/investor/our-products/venture-capital-trusts/octopus-titan-vct/

All other statutory information can also be found here.

Electronic Communications

We also publish reports and accounts and all other correspondence electronically. This cuts the cost of printing and reduces the impact on the environment. If, in future, you would prefer to receive an email telling you a report is available to view or to receive documents by email please contact Octopus on **0800 316 2295** or Computershare on **0370 703 6324**. Alternatively you can sign up to receive e-communications via the Computershare Investor Centre at: www-uk.computershare.com/investor/.

Warning to Shareholders

Many companies are aware that their shareholders have received unsolicited phone calls or correspondence concerning investment matters. These are typically from overseas based 'brokers' who target UK shareholders offering to sell them what often turn out to be worthless or high risk shares in US or UK investments. They can be very persistent and extremely persuasive. Shareholders are therefore advised to be wary of any unsolicited advice, offer to buy shares at a discount, or offer for free company reports.

Please note that it is very unlikely that either Octopus or the Company's Registrar would make unsolicited telephone calls to shareholders and that any such calls would relate only to official documentation already circulated to shareholders and never in respect of investment advice.

If you are in any doubt about the authenticity of an unsolicited phone call, please call Octopus on **0800 316 2295**.

The Financial Conduct Authority has also issued guidelines on how to avoid share fraud and further information can be found on their website: www.fca.org.uk/consumers/scams/investment-scams/share-fraud-and-boiler-room-scams. You can report any share fraud to them by calling **0800 111 6768**.

Directors and Advisers

Board of Directors

John Hustler (Chairman)
 Mark Hawkesworth
 Jane O'Riordan
 Matt Cooper
 Tom Leader (Appointed 8/8/2018)

Company Number

Registered in England & Wales
 No. 06397765

Secretary and Registered office

Parisha Kanani
 33 Holborn
 London
 EC1N 2HT

Portfolio Manager

Octopus Investments Limited
 33 Holborn
 London
 EC1N 2HT
 Tel: 0800 316 2295
www.octopusinvestments.com

Manager

Octopus AIF Management Limited
 33 Holborn
 London
 EC1N 2HT
 Tel: 0800 316 2295
www.octopusinvestments.com

Corporate Broker

Panmure Gordon (UK) Limited
 One New Change
 London
 EC4M 9AF
 020 7886 2500

Independent Auditor

BDO LLP
 55 Baker Street
 London
 W1U 7EU

Tax Adviser

James Cowper Kreston
 Reading Bridge House
 George Street
 Reading
 Berkshire
 RG1 8LS

VCT Status Adviser

PricewaterhouseCoopers LLP
 1 Embankment Place
 London
 WC2N 6RH

Bankers

HSBC Bank plc
 31 Holborn
 London
 EC1N 2HR

Registrars

Computershare Investor Services PLC
 The Pavilions
 Bridgwater Road
 Bristol
 BS99 6ZZ
 Tel: 0370 703 6324

(Calls are charged at the standard geographic rate and will vary by provider. Calls from outside the United Kingdom will be charged at the applicable international rate.)
www.computershare.com/uk
www-uk.computershare.com/investor/

Depository

BNP Paribas Securities Services
 10 Avenue
 London
 NW1A 6AA

Notice of Annual General Meeting

Notice is hereby given that the AGM of Octopus Titan VCT plc will be held at 33 Holborn, London EC1N 2HT on Thursday, 14 March 2019 at 11.30 a.m. for the purposes of considering and if thought fit, passing the following resolutions of which Resolutions 1 to 8 will be proposed as Ordinary Resolutions and Resolutions 9 and 10 will be proposed as Special Resolutions:

Ordinary Business

1. To receive and adopt the financial statements for the year to 31 October 2018 and the Directors' and Auditor's Reports.
2. To approve a final dividend of 3.0p per share.
3. To approve the Directors' Remuneration Report.
4. To re-elect John Hustler as a Director.
5. To re-elect Matt Cooper as a Director.
6. To elect Tom Leader as a Director.
7. To re-appoint BDO LLP as auditor of the Company and to authorise the Directors to determine their remuneration.

Special Business

To consider and if thought fit, pass Resolution 8 as an Ordinary Resolution and Resolutions 9 and 10 as Special Resolutions:

8. Authority to allot relevant securities

THAT, in addition to existing authorities, the Directors be and are generally and unconditionally authorised in accordance with s551 of the Companies Act 2006 to exercise all the powers of the Company to allot shares in the Company up to a maximum nominal amount of £7,365,271 (representing approximately 10% of the ordinary share capital in issue as at the date of this notice) such authority to expire at the later of the conclusion of the Company's next AGM following the passing of this Resolution and the expiry of 15 months from the passing of the relevant Resolution (unless previously revoked, varied or extended by the Company in a general meeting but so that such authority allows the Company to make offers or agreements before the expiry thereof, which would or might require relevant securities to be allotted after the expiry of such authority).

9. Empowerment to make allotments of equity securities

TO empower the Directors pursuant to s571 of the Companies Act 2006 to allot or make offers or agreements to allot equity securities (as defined in s560(1) of the said Act) for cash pursuant to the authority referred to in Resolution 8 as if s561

(1) of the said Act did not apply to any such allotments and so that:

- (a) reference to allotment in this Resolution shall be construed in accordance with s560(2) of the said Act; and
- (b) the power conferred by this Resolution shall enable the Company to make any offer or agreement before the expiry of the said power which would or might require equity securities to be allotted after the expiry of the said power and the Directors may allot equity securities in pursuance of such offer or agreement notwithstanding the expiry of such power.

And this power, unless previously varied, revoked or renewed, shall come to an end at the conclusion of the next AGM of the Company following the passing of this Resolution or, if earlier, on the expiry of 15 months from the passing of this Resolution. The authority being sought under this Resolution is in addition to existing authorities.

10. Authority to make market purchases

THAT, in addition to existing authorities, the Company be and is hereby generally and unconditionally authorised to make one or more market purchases (within the meaning of s693(4) of the Act) of Ordinary shares of 10p each in the Company ('Ordinary shares') provided that:

- (a) the maximum number of Ordinary shares so authorised to be purchased shall not exceed 36,826,356 Ordinary shares, representing approximately 5% of the present issued ordinary share capital of the Company as at the date of this notice;
- (b) the minimum price which may be paid for an Ordinary share shall be 10p;
- (c) the maximum price, exclusive of expenses, which may be paid for an Ordinary share is an amount equal to the higher of (i) 105% of the average of the middle market quotation for an Ordinary share taken from the London Stock Exchange Daily Official List for the five business days immediately preceding the day on which the Ordinary share is contracted to be purchased; and (ii) the amount stipulated by Article 5(6) of the Market Abuse Regulation;

- (d) the authority conferred by this resolution shall expire at the later of the conclusion of the next AGM of the Company or 15 months from the passing of this Resolution (unless renewed, varied or revoked by the Company in general meeting); and
- (e) the Company may enter into a contract to purchase its Ordinary shares under this authority prior to the expiry of this authority which will or may be completed wholly or partly after the expiry of this authority.

By Order of the Board



Parisha Kanani
Company Secretary
29 January 2019

33 Holborn
London
EC1N 2HT

Notes:

- (a) A member entitled to attend and vote at the AGM may appoint one or more proxies to attend and vote on his or her behalf. A proxy need not be a member.
- (b) Pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001, entitlement to attend and vote at the meeting and the number of votes which may be cast thereat will be determined by reference to the Register of Members of the Company at close of business on the day which is two days before the day of the meeting. Changes to entries on the Register of Members after that time shall be disregarded in determining the rights of any person to attend and vote at the meeting.
- (c) A form of proxy is enclosed which, to be effective, must be completed and delivered to the registrars of the Company, **Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol, BS99 6ZY** or alternatively, you may register your proxy electronically at **www.investorcentre.co.uk/eproxy**, in each case, so as to be received by no later than 48 hours (excluding non-working days) before the time the AGM is scheduled to begin. To vote electronically, you will be asked to provide your Control Number, Shareholder Reference Number and PIN which are detailed on your proxy form.
- Appointment of a proxy, or any CREST proxy instruction (as described in paragraph (d) below) will not preclude a member from subsequently attending and voting at the meeting should he or she choose to do so. This is the only acceptable means by which proxy instructions may be submitted electronically.
- (d) To appoint one or more proxies or to give an instruction to a proxy (whether previously appointed or otherwise) via the CREST system, CREST messages must be received by the issuer's agent (ID number 3RA50) not later than 48 hours (excluding non-working days) before the time appointed for holding the meeting. For this purpose, the time of receipt will be taken to be the time (as determined by the time stamp generated by the CREST system) from which the issuer's agent is able to retrieve the message. After this time any change of instructions to a proxy appointed through CREST should be communicated to the proxy by other means. CREST personal members or other CREST sponsored members, and those CREST members who have appointed voting service provider(s) should contact their CREST sponsor or voting service provider(s) for assistance with appointing proxies via CREST. For further information on CREST procedures, limitations and system timings please refer to the CREST manual. The Company may treat as invalid a proxy appointment sent by CREST in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.
- (e) Any person receiving a copy of the Notice as a person nominated by a member to enjoy information rights under section 146 of the Companies Act 2006 (a 'Nominated Person') should be aware that the provisions in Notes (a) and (b) above concerning the appointment of a proxy or proxies to attend the meeting in place of a member, do not apply to a Nominated Person as only Shareholders have the right to appoint a proxy. However, a Nominated Person may have a right under an agreement between the Nominated Person and the member by whom he or she was nominated to be appointed, or to have someone else appointed, as a proxy for the meeting. If a Nominated Person has no such proxy appointment right or does not wish to exercise it, he/she may have a right under such an agreement to give instructions to the member as to the exercise of voting rights at the meeting.
- (f) Section 319A of the Companies Act 2006 requires the Directors to answer any question raised at the AGM which relates to the business of the meeting although no answer need be given (a) if to do so would interfere unduly with the preparation of the meeting or involve disclosure of confidential information; (b) if the answer has already been given on the Company's website; or (c) if it is undesirable in the best interests of the Company or the good order of the meeting.
- (g) Members satisfying the thresholds in section 527 of the Companies Act 2006 can require the Company to publish a statement on its website setting out any matter relating to (a) the audit of the Company's accounts (including the auditor's report and the conduct of the audit) that are to be laid before the AGM; or (b) any circumstances connected with an auditor of the Company ceasing to hold office since the last AGM, that the members propose to raise at the meeting. The Company cannot require the members requesting the publication to pay its expenses. Any statement required to be placed on the website must also be sent to the Company's auditors no later than the time it makes its statement available on the website. The business which may be dealt with at the meeting includes any statement that the Company has been required to publish on its website.
- (h) Under sections 338 and 338A Companies Act 2006, members meeting the threshold requirements in those sections have the right to require the Company:
- (i) To give, to members of the Company entitled to receive notice of the meeting, notice of a resolution which may properly be moved and is intended to be moved at the meeting, and/or
 - (ii) To include in the business to be dealt with at the meeting any matters (other than a proposed resolution) which may be properly included in the business.

A resolution may properly be moved or a matter may properly be included in the business unless:

- (i) (In the case of a resolution only) it would, if passed, be ineffective (whether by reason of inconsistency with any enactment or the Company's constitution or otherwise);
- (ii) It is defamatory of any person; or
- (iii) It is frivolous or vexatious.

Such a request may be in hard copy form or in electronic form, and must identify the resolution of which notice is to be given or the matter to be included in the business, must be authorised by the person or persons making it, must be received by the Company not later than six weeks before the meeting, and (in the case of a matter to be included in the business only) must be accompanied by a statement setting out the grounds for the request.

- (i) A copy of the Notice of AGM and the information required by Section 311A Companies Act 2006 is included on the Company's website, **www.octopusinvestments.com** under Venture Capital Trusts. Copies of the Directors' Letters of Appointment, the Register of Directors' Interests in the Ordinary shares of the Company kept in accordance with the Listing Rules and a copy of the Memorandum and Articles of Association of the Company will be available for inspection at the registered office of the Company during usual business hours on any weekday from the date of this notice until the AGM, and at the place of that meeting for at least 15 minutes prior to the commencement of the meeting until its conclusion.
- (j) As at 29 January 2019 (being the last practicable date prior to the publication of this Notice) the Company's issued share capital consists of 736,527,137 Ordinary shares, carrying one vote each. Therefore, the total voting rights in the Company as at 29 January 2019 are 736,527,137.

