# Key Information Document

This document provides you with key information about this investment product. It is not marketing material. The information is required by law to help you understand the nature, risks, costs, potential gains and losses of this product and to help you compare it with other products.

## Octopus Titan VCT Plc

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Manufactured by Octopus AIF Management Limited, authorised and regulated in the UK by the Financial Conduct Authority.

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**You are about to purchase a product that is not simple and may be difficult to understand**

## What is the product?

New issue shares in Octopus Titan VCT plc (the "Company") which is a Venture Capital Trust (VCT) listed on the London Stock Exchange. It primarily invests into unquoted UK smaller companies which are VCT qualifying with strong growth potential. It is important to note that the information contained within this Key Information Document is related to the subscription of new shares. If shares are purchased on the secondary market the costs may be different and you will not be eligible to claim the 20% income tax relief.

**Summary Investment policy**
The Company's focus is on providing early stage, development and expansion funding to unquoted companies. The Company typically makes an initial investment of £1 million to £10 million and will make further follow-on investments into existing portfolio companies. The intention is to hold a portfolio of largely unquoted technology and technology-enabled companies.

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

The investment profile is expected to be:

- 80-90% in VCT qualifying investments, primarily in unquoted companies
- 10-20% in non-VCT qualifying investments or cash

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 regard is made 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.

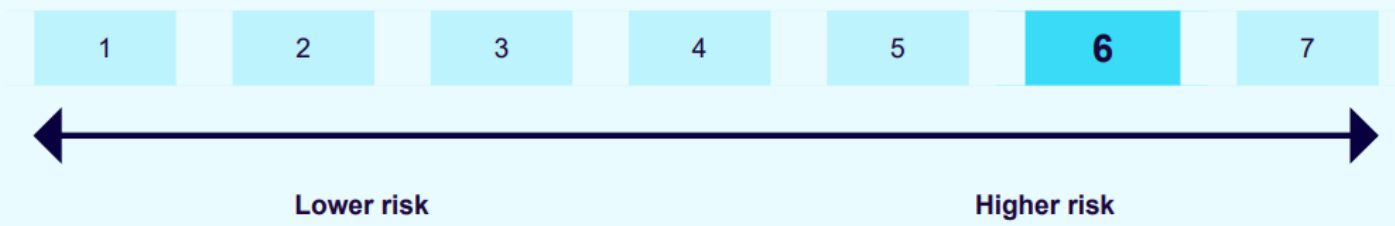
**Dividend Policy**
Octopus Titan VCT aims to pay regular tax-free dividends of at least 5% per share annually, as well as offering investors the potential for special dividends if portfolio companies are sold at a significant profit.

**Who is this product suitable for?**
A typical investor for whom the Offer is designed is a UK taxpayer over 18 years of age with an investment range of between £3,000 and £200,000 who consider the investment policy to be attractive. This may include retail, institutional, sophisticated investors and high net worth individuals who already have a portfolio of non-VCT investments. Investors need to be comfortable that investing in smaller UK companies is higher risk than some other investments and have a longer investment horizon of at least 5 years. Your shares may be difficult to sell, it may take time to find a buyer or you may have to accept a price lower than the NAV (net asset value – value per share on a specific date or time) of the investment.

**Recommended Holding Period**

There is no recommended holding period for VCT shares, although for the purposes of this Key Information Document (to allow you to compare this with other similar products) the recommended holding period is stated as 5 years. This is because VCT shares must be held for a minimum of 5 years in order to retain the 20% upfront income tax relief.

## What are the risks and what could I get in return?




The summary risk indicator is a guide to the level of risk of this product compared to other products. It shows how likely it is that the product will lose money because of movements in the markets or because you are unable to sell your shares.

We have classified this product as 6 out of 7 under the required methodology, which is high risk class. This rates the potential losses from future performance at a high level, however poor market conditions are likely to impact the amount you could get back.

Investment in unquoted companies, which constitutes most of the Company's portfolio, by its nature, involves a higher degree of risk than some other investments.

The value of the shares may go down as well as up. This product does not include any protection from future market performance so you could lose some or all of your investment.

There is no certainty that the market price of shares will fully reflect their underlying NAV or that any dividends will be paid, nor should shareholders rely upon any share buyback policy to offer any certainty of selling their shares at prices that reflect their underlying NAV.

The risk indicator assumes you keep the product for 5 years. If you sell early the risk indicator may be different.

For full details on the risks associated with the Octopus Titan VCT refer to the Prospectus dated October 2023 under the section titled 'What are the key risks that are specific to the securities' which is available on our website www.octopusinvestments.com/titan/

**Investment performance information**

The value of the VCT's investments is significantly influenced by a range of factors such as economic growth, political and market trends. Generally, smaller companies exhibit greater levels of volatility and the potential for higher returns than that of larger companies. The managers investment selection and disinvestment timing can have a material impact on the performance of the VCT.

What could affect my return positively?

The VCT is likely to achieve higher returns if conditions in the overall economy are favourable. The VCT will achieve higher returns if the companies it invests in provide positive returns over time.

What could affect my return negatively?

The VCT is likely to achieve lower or negative returns if conditions in the overall economy are unfavourable. The VCT will achieve lower returns if the securities selected by the Fund manager provide negative returns over time. If you cash in your investment at a time of adverse market conditions, when values of investments are down, you could achieve lower than expected returns, including the possibility that you will make a loss on your investment.

## What happens if Octopus Titan VCT is unable to pay out?

If the Octopus Titan VCT is unable to facilitate a share buyback then you could sell your VCT shares on the secondary market. The number of buyers of second-hand VCT shares is limited, as a result, selling shares directly into the market can produce a poor result. As a shareholder of Octopus Titan VCT you are not covered by the Financial Services Compensation Scheme (FSCS).

## What are the costs?

The Reduction in Yield (RIY) shows what impact the total costs you pay will have on the investment return you might get. The total costs take into account one-off, ongoing and incidental costs. The amounts shown here are the cumulative costs of the product itself, for three different holding periods.

| Scenarios | If you cash in after 1 year | If you cash in after 3 years | If you cash in at 5 years |
|---|---|---|---|
| Total costs | £752 | £1,187 | £1,664 |
| Impact on return (RIY) per year | 7.76% | 3.97% | 3.18% |

The figures assume you make an initial investment of £10,000. The figures are estimates and may change in the future. The person selling you or advising you about this product may charge you additional costs. If so, this person will provide you with information about their costs and show you the impact that all costs will have on your investment over time. This does not take into account any penalties that may be incurred by HM Treasury for selling prior to the 5-year holding period.

The table below shows the impact each year of the different types of costs you might get at the end of the recommended holding period (5 years) and, what the different cost categories mean. This table shows the impact on return per year.

| | | | |
|---|---|---|---|
| **One-off costs** | **Entry costs** | 1.20% | *The impact of costs you pay when entering your investment* |
| | **Exit costs** | - | *There are no exit costs associated with this product* |
| **Ongoing costs** | **Portfolio transaction costs** | - | *There are no portfolio transaction costs* |
| | **Other ongoing costs** | 1.8% | *The impact of costs that we charge for managing your investment* |
| **Incidental costs** | **Performance fees** | - | *The performance fee for Titan VCT is suspended until at least 2034.* |
| | **Carried interests** | - | *There are no carried interests associated with this product* |

## How long should I hold it and can I take money out early?

You must hold onto the shares for a minimum of 5 years in order to retain the upfront income tax relief. If you choose to disinvest before the 5 year holding period you will have to pay any income tax relief back to HMRC and there may be additional penalties. Your shares may be difficult to sell, there isn't an active market for VCT shares in the way there is for shares in many other listed companies. This means that if you decide to sell your VCT shares, it may take time to find a buyer, or you may have to accept a price lower than the NAV of the investment. The Octopus Titan VCT offers investors a share buyback facility, provided there are funds and distributable reserves available and will purchase them at a small discount to the NAV price which is currently 5%. The buybacks are conducted at the Board's discretion, therefore there are no guarantees that shares will always be bought back on request.

## How can I complain?

If you have a complaint, you can contact Octopus Investments by phone on 0800 316 2295, by email complaints@octopusinvestments.com or in writing to 'The Complaints Manager, Octopus Investments Ltd, 33 Holborn, London, EC1N 2HT'. Octopus AIF Management Limited (OAIFM) delegates portfolio management and marketing activities of Octopus Titan VCT to Octopus Investments Limited (OIL) (Firm Reference Number 194779). OAIFM and OIL are both entities under Octopus Group Holdings Limited.

## Other Relevant Information:

Other relevant information relating to the Octopus Titan VCT can be found in the Prospectus (which acts as the Terms & Conditions of the offer) which is the last Prospectus under which investment was sought and available on our website. For full details of the VCT's risks please see 'What are the key risks that are specific to the securities?' in the VCT's Prospectus dated October 2023. This Key Information Document is in relation to subscribing to new issue shares, if shares are purchased on the secondary market the costs may be different and you would not be eligible to claim the 20% upfront income tax relief.

The cost, performance and risk calculations included in this Key Information Document follow the methodology prescribed by EU rules, as stated in the PRIIPs Regulation and as transposed in UK law in the FCA Handbook.