

An Octopus guide

Buying Octopus Venture Capital Trusts (VCTs) through the Transact platform

Octopus has teamed up with Transact, a leading independent investment platform in the UK, to help provide more investors with access to the investment opportunities offered by VCTs.

VCT investments now available through Transact

VCT shares can now be purchased by investors through a platform nominee account, whilst still allowing investors to claim income tax relief from HM Revenue & Customs (HMRC). With the aim of ensuring more investors have access to the attractive investment opportunities offered by VCTs, Octopus has teamed up with Transact, one of the UK's leading investment platforms.



Octopus VCTs will be available to purchase through Transact when open for new investment.



Information about Octopus VCTs, including current share offers, is available via [octopusinvestments.com](https://www.octopusinvestments.com).



This guide should be read in conjunction with the relevant VCT brochure and prospectus.



Advisers and investors can view their VCT investment inside their portfolio on the Transact platform:

transact-online.co.uk. Advisers can also print client reports from the Transact website.

Any questions they have on viewing their portfolio, online login or reporting should be directed to Transact's client services team: **020 7608 4900**.

How does it work?

- 1 The adviser assesses suitability and follows their standard advice process, ensuring that the client has been provided with a copy of the relevant VCT prospectus, brochure and any other supporting materials. There is no need for the client to complete an application form. Any queries on the VCT itself should be directed to Octopus. 'Know your customer' and client suitability remain the responsibility of the adviser.
- 2 The adviser places an instruction by completing Transact's VCT investment instruction form and sending this via Transact's secure email system. Transact's dealing team receives the instruction and notifies Octopus. Cash is sent from Transact to Octopus before the VCT share allotment date.
- 3 After the VCT shares have been allotted, the VCT delivers stock electronically to Transact as the investment is held in their nominee account.
- 4 Transact issues a contract note which is sent directly to the investor.
- 5 The VCT issues a tax certificate via the VCT registrar which is sent directly to the investor. This is normally 2-3 weeks following the share allotment date. If they have not arrived investors can contact Octopus on **0800 316 2295** who will be able to put them in touch with the registrar.



Existing VCT Investments

Existing VCT investments can be re-registered on Transact's platform. Please contact Transact for details by calling **020 7608 4900**.



Key differences for investors and advisers

The customer experience will be different when investing through Transact compared with investors who purchase their VCT shares through Octopus directly. The key differences are outlined below:

- There is no additional AML/application form to complete and investors are not required to send cash or a cheque to Octopus. Any initial or ongoing adviser charges will be paid from cash in the Transact portfolio according to the investor's existing adviser fee instruction. Adviser charges will not be paid out by the VCT.
- Investors will not receive a welcome letter or any ongoing VCT communications from Octopus. Information about the VCTs' performance will be available via octopusinvestments.com to all shareholders. Advisers will continue to receive ongoing marketing and communications from Octopus. Investors will not receive a VCT share certificate, but will receive a tax certificate sent by the VCT's registrar.
- Dividends will be paid in cash because the dividend reinvestment scheme is not available when VCT shares are purchased through Transact. Transact will credit cash dividends to the investor's General Investment Account on the platform. There is no facility for Transact to automatically reinvest any VCT dividends they receive.
- Octopus AIM VCT and Octopus AIM VCT 2 are both available as separate VCTs for investors to purchase, rather than as a combined new share offer. To invest in both AIM VCTs, advisers must send two separate instructions to Transact.

Selling VCT Shares

Investors may sell their VCT shares either in the secondary market or, more commonly, by selling their VCT shares back to the VCT at a discount to the Net Asset Value (NAV). Each VCT will have different discounts and buyback policies which are outlined in the relevant VCT prospectus. Note that in order for a client to retain their income tax relief, they must retain their VCT shares for the minimum five-year holding period.

How to request a buyback through Transact: where advisers are instructing the sale of a VCT through Transact and they want a buyback to be arranged, they must make this clear on the trade instruction, otherwise Transact

will default to the secondary market to sell the shares. If Transact receives a buyback instruction, they will contact the VCT's broker to arrange the sale. For Octopus VCTs the broker is Panmure Gordon.

Charges

- **Octopus charges:** clients will benefit from a 1% discount on the initial fee charged by Octopus for all investments through Transact. This is normally only offered to existing investors in the Octopus VCTs.
- **Adviser charges:** when investing in VCTs through Transact, adviser initial charges or ongoing adviser charges will not be paid out by the VCT. Instead additional shares will be purchased for the investor and Transact will process adviser fees and charges separately from cash in the client's Transact portfolio.

Tax certificates and share certificates

Investors will be sent their tax certificate by the VCT's registrar, once shares have been allotted. Share certificates and electronic holdings will be issued to Transact Nominees Ltd. Transact will send a contract note to the investor to confirm the investment.

Reporting

Pricing data will be obtained by Transact from external sources such as Morningstar. These are the bid/offer share prices rather than the NAV. Be mindful, therefore, that the values that investors and advisers see on Transact's reports will be different to the NAV.



Get in touch

Octopus offers a wealth of client literature for investors, as well as training for advisers, to help them find out more about our products.

If you have any questions please call the Octopus Business Development Team on **0800 316 2067**.

You can also contact Transact directly on **020 7608 4900**.

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

The value of an investment, and any income from it, can fall or rise. Investors may not get back the full amount they invest. Tax treatment depends on your client's circumstances and may change in the future. Tax reliefs depend on the VCT maintaining its VCT-qualifying status. VCT shares could fall or rise in value more than the shares of companies listed on the main market of the London Stock Exchange. They may also be harder to sell. These products are not suitable for everyone. Any recommendation should be based on a holistic review of the client's financial situation, objectives and needs. We do not offer investment or tax advice. We recommend investors seek professional advice before deciding to invest. This advertisement is not a prospectus. Investors should only subscribe for shares based on information in the prospectus, which can be obtained from octopusinvestments.com. Issued by Octopus Investments Limited, which is authorised and regulated by the Financial Conduct Authority. Registered office: 33 Holborn, London EC1N 2HT. Registered in England and Wales No. 03942880. We may record telephone calls to help improve our customer service. Issued: September 2017. CAM05656-1709