

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

Octopus Choice

For companies looking for a better return on their cash.

It's common for companies to build up a substantial level of cash on their books over time. This case study looks at a company director who wants to make his company's balance sheet work harder.

About this scenario

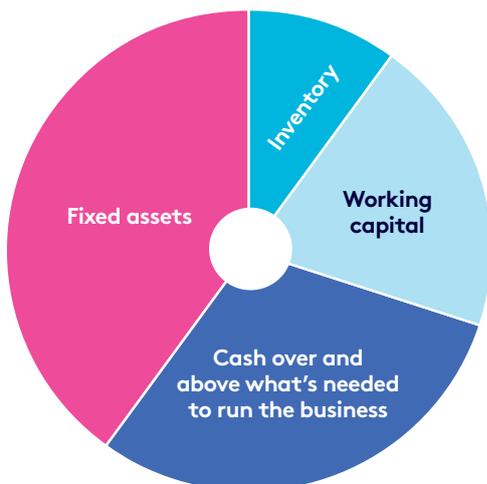
This planning scenario is designed to help advisers like you develop appropriate planning strategies for your clients.

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

For more details, please see the relevant product literature available at [octopusinvestments.com](https://www.octopusinvestments.com).

Meet Graham

Graham is a director at the manufacturing company he has worked at for nine years. The company's balance sheet can be represented like this:



The cash in the business has been growing, over and above what it needs to keep ticking over. Graham thinks this cash could be working harder for the business. As part of his role, Graham is encouraged to make suggestions to the board on how they might make better use of the company's balance sheet.

Graham is looking for a way to invest some of the business's excess cash. He wants to target a decent return without taking money out of the business or tying it up for several years. The company directors are all in agreement that they don't want to put the money into the stock market because they don't want the volatility.

Graham speaks to a financial adviser, who tells him about Octopus Choice, an investment that is intended to sit between cash savings and stock market investments in terms of targeted risk/return profile. Graham can open a corporate account in his company's name and target a return of 4% per annum, without committing to any fixed term.

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

What is Octopus Choice?

Octopus Choice is a flexible way to target a meaningful return from loans secured against bricks and mortar, without tying up money for the long term.

Octopus Choice invests in a portfolio of many different property-backed loans, targeting an interest rate of around 4% a year.

All lending involves risk, and some borrowers may not repay. Because every loan is secured against a specific property, it means the property can be sold if the borrower is unable to pay back the loan.

The loans are made at a conservative loan-to-value (LTV) of no higher than 76% – meaning the property

value would have to drop by nearly a quarter before investors would lose any money.

The conservative nature of the loans – plus the fact that Octopus invests 5% in each and every loan, at first loss – means that the investment should be less volatile than a stocks and shares portfolio.

All loans are sourced and underwritten by our Octopus Property team which specialises in short-term lending to professional property developers and experienced landlords. Octopus Property has a strong lending record, having lent over £3 billion with capital losses of less than 0.1%.

An important reminder about key risks

The value of an investment, and any income from it, can fall or rise. Investors may not get back the full amount they invest. Money invested through Octopus Choice is concentrated in loans backed by property and could be affected by market conditions. For the same reason, instant access to your clients' capital cannot be guaranteed.

Past performance is not a reliable indicator of future results. Investments in peer-to-peer lending aren't covered by the Financial Services Compensation Scheme (FSCS).

Why not look through some of our other Octopus Choice planning scenarios?

Clients seeking good ISA returns, without investing in the stock market

Clients who want a better return than bank interest rates

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

Clients concerned about recent buy-to-let changes

Clients approaching retirement who want to keep their money working hard



Find out more

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