

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

Octopus Choice

For self-employed clients looking for a better return from the cash in their companies.

Some of your clients are likely to be self-employed and run their own business, including contractors or consultants who have set up limited companies.

It's common for such limited companies to build up a substantial level of cash over time.

This case study looks at two such businesses and highlights one way clients can make their company's balance sheet work harder.

About this scenario

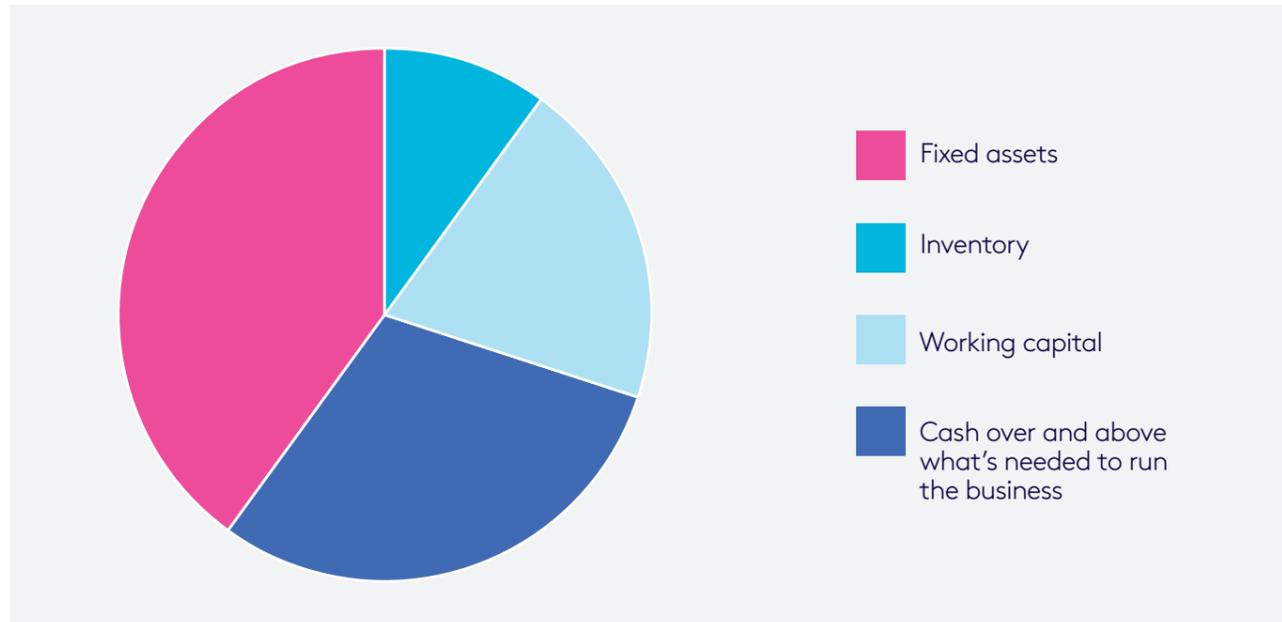
This planning scenario is designed to help advisers like you develop appropriate planning strategies for your clients.

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 Paul

Paul runs his own tiling business. His 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. It sits in the company's bank account, where it earns 0.7% interest per annum. Paul thinks this cash could be working harder for the business. He has no plans to invest in any fixed assets for the foreseeable future, so he is looking for a way to invest some of the business's cash.

He wants to target a decent return without putting the money into the stock market because he doesn't want the volatility.

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

Since 2016, hundreds of business owners like Paul have deposited some of their excess cash into Octopus Choice in order to get it working harder.

Meet Claire

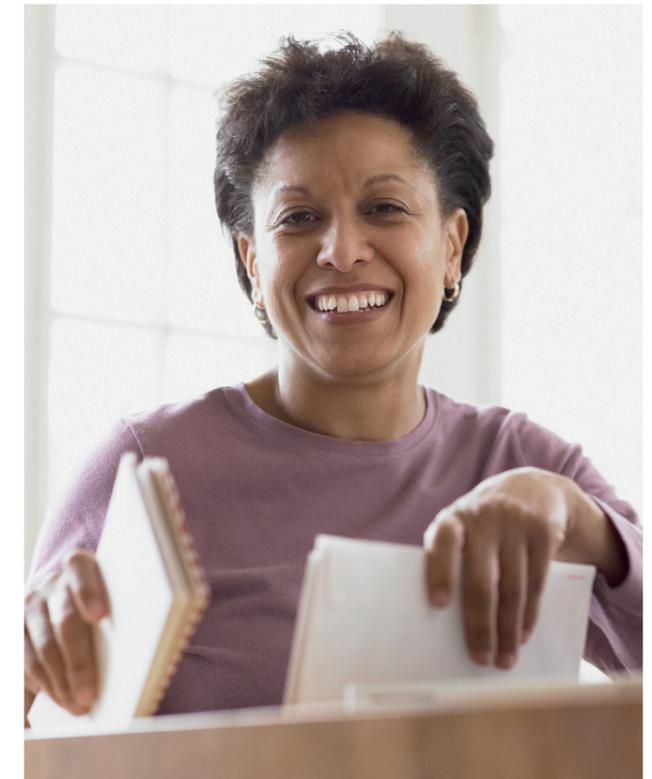
Claire has worked as a freelance business consultant for the last eight years.

She works from home and finds her clients from her network of contacts and via referrals, so the overheads of running the business are low.

She has set up a limited company, to which clients pay fees. Claire pays herself an annual dividend of £70,000, which is substantially less than the fees the business takes in. As a result, the business now has a sizeable amount of cash on its balance sheet.

Claire doesn't want to withdraw the cash from the business as she may want to use it to maintain her dividend in any future lean years. However, she is well aware that it is earning very little in interest by being sat in the company's bank account.

Claire speaks to her adviser, who tells her about Octopus Choice. Claire can open a corporate account in her company's name and target a return of 4% per annum, without committing to any fixed term.



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.

Because investments are concentrated in property, they could be affected by market conditions – and for the same reason, instant access to your clients' money cannot be guaranteed, should a withdrawal be requested.

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



Clients approaching retirement who want to keep their money working hard



Clients concerned about recent buy-to-let changes



Company directors looking for a better return than cash



Find out more

Call our Business Development Managers on **0800 316 2067** or visit [octopusinvestments.com](https://www.octopusinvestments.com).