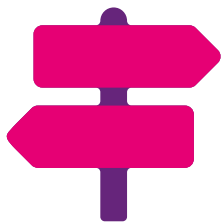


An Octopus VCT guide



Selling your VCT shares

An Octopus guide

octopusinvestments
A brighter way

Key investment risks

The value of an investment, and any income from it, can fall as well as rise. Investors may not get back the full amount they invest. Tax treatment depends on individual 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 other shares listed on the main market of the London Stock Exchange. They may also be harder to sell. Personal opinions may change and should not be seen as advice or a recommendation. 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 and Key Information Document (KID), 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 record telephone calls. Issued: July 2021. CAM010988-2107

This guide provides general information about selling Venture Capital Trust (VCT) shares and should not be regarded as investment advice.

Octopus doesn't offer financial advice, and we strongly recommend talking to a financial adviser before making any investment decisions. If you have any questions about our products, please call us on 0800 316 2295.

Find it fast

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Overview

This guide has been written for people who hold or control shares in an Octopus VCT and want to know what options they have. Remember VCT shares need to be held for the minimum five-year holding period (as set by HM Revenue & Customs) in order to retain the upfront income tax benefits.

You have a number of options available to you:

Sell the shares and reinvest with Octopus

Provided you are comfortable with the risks of making a new investment, we can sell the shares and reinvest the proceeds into another VCT or Octopus product. Octopus Investments is the largest provider of VCTs in the market.¹ We offer three VCTs, each with its own unique focus. **Call us on 0800 316 2295 to find out your options and what discounts you may be entitled to if you decide to reinvest.**

Continue to hold the shares

If you want to keep your VCT shares, you don't need to do anything. We will continue to manage the investment and you will continue to benefit from tax-free dividends and tax-free growth. **Go to pages 12 and 13 for a reminder of the key benefits and risks.**

Sell the shares

And receive the proceeds as cash. There are a number of ways to do this. **Go to page 5 for more details.**

Six month rule

It's worth noting that if you sell shares in a VCT within six months of buying new shares in the same VCT, you will not be able to claim any income tax relief on these shares.

If however you choose to sell shares in a VCT and buy shares in a different VCT including any other Octopus VCT you may do so immediately without restrictions from HMRC on claiming income tax relief on the new shares.

¹Association of investment companies, 07 February 2022.

How to sell your VCT shares

In this section, we outline your options for selling your shares. We recommend you talk to a financial adviser.

There are two ways you can sell your VCT shares. One is to sell them on the secondary market, the same way you would sell any other shares. The other is to sell the shares back to the VCT either through Octopus or via our corporate broker.

Selling shares on the secondary market

VCT shares trade on the London Stock Exchange, so you can buy or sell them at any time through a stockbroker or a share dealing account.

Be aware though that usually the market price is less than the underlying Net Asset Value (NAV) of the shares, which is the combined value of all the assets owned by the VCT after deducting the value of its liabilities (such as debts and financial obligations).

This is because previously-owned VCT shares do not qualify for the 30% upfront income tax relief. As a result, selling shares directly into the market can produce a poor result. This is why investors usually prefer to sell their shares back to the VCT directly or via the corporate broker.

Selling your shares back to the VCT

Because natural demand for VCT shares is limited on the secondary market, VCTs offer a share buyback facility. This facility allows existing VCT investors to sell their shares back to the VCT at a small discount to the NAV.

The current policy agreed by the Boards for the Octopus VCTs is to buy shares back at a 5% discount to the NAV. Share buybacks are conducted at the Board's discretion and may be subject to amendment or cancellation, potentially at short notice. We can't guarantee that shares will always be sold on request.

It's worth noting, however, that Octopus VCTs have a strong record of buying back shares from investors.

We explain the two ways of selling your shares over the next few pages.

Selling VCT shares through Octopus

Why can't the VCT offer a share buyback immediately?

There may be a number of reasons why a VCT can't facilitate a share buyback. This could be if the VCT is being revalued, or if there is information in the VCT that is not yet public. For example, as VCTs are publicly traded companies, they need to announce financial results twice a year. While this is occurring, the VCT is being revalued and is in a 'closed period'. This ensures that you as an investor are getting the right price for your shares at the point of sale. We can't proceed with the buyback until a VCT comes out of a closed period, so be aware that buybacks will take longer during these times.

Please note

A cut off date may occur up to 2 weeks before entering a close period. If you miss the open period we will hold on to your request to sell shares but won't be able to facilitate it until the next open period.

We've set out a summary below of the historical frequency of buyback dates for each VCT:

| VCT | Historical share buyback dates |
|--------------------|-----------------------------------|
| Octopus Titan VCT | March - April, October - December |
| Octopus Apollo VCT | April - June, October - December |
| Octopus AIM VCT* | Monthly |
| Octopus AIM VCT 2* | Monthly |

*Since the AIM VCTs are predominantly invested into shares that are on a listed market, the VCT's value is calculated on a weekly basis. As a result there is no need for these VCTs to enter a closed period in order to revalue the shares.

If you choose to sell your shares through Octopus Investments, you'll need to complete the share buyback form and CREST transfer form available online at octopusinvestments.com/selling-your-vct-shares/. Once completed you'll need to send them back to us with your original share certificate. Scans of your share certificate are not acceptable.

We explain what a CREST transfer form is and how to fill it out **on the next page**.

Once we've received your completed forms we'll then sell the shares on your behalf. In addition to the 5% discount charged by the VCT, we take a fee of £25 for this buyback service. Once you have sent us the form, if there are any dividends before the buyback occurs you will be paid them.

Please note that if you are selling shares in Octopus Titan VCT ISA you will not have a share certificate and do not need to complete the CREST transfer form.

Please note

The process typically takes four to eight weeks provided the VCT is not in a closed period although it can take longer if we are not supplied with the correct documentation. If the VCT is in a closed period when we receive your request, you will need to wait for the closed period to end before we can process your request.

Here's an outline of the process for selling your shares with Octopus:

Contacting us:

We'll talk you through your options

Visit octopusinvestments.com/selling-your-vct-shares/ for forms and information.

We'll sell the shares for you:

We receive your completed forms

A week after receiving your form we'll send you a letter outlining the next steps and expected time frames for the sale

We facilitate the buyback with the VCT's corporate broker on your behalf. This will typically occur at the end of each month within an open period

Payment:

We receive funds from the corporate broker

We'll send out a sale confirmation letter and will make the payment to you via bank transfer (BACS) as per your instruction

Please note

The deadline for us to receive your share certificate and form is usually one week before the share buyback date.

What is the CREST form and why do you need to fill it out?

You'll need to transfer the shares to Octopus before we can sell them back to the VCT on your behalf (not required if you'd like to sell shares in the Octopus Titan VCT ISA). You can do this using what's known as a CREST transfer form. Once the shares have been transferred to Octopus we can then sell the shares on your behalf. To help you fill it out there's a sample version below, which points out which parts are relevant to you.

What do you need to fill out?

You only need to fill out the sections which are highlighted below. We've also given examples to make it clearer. Please leave all other sections blank. We've also provided a handy frequently asked questions section at the back of this guide.

*If you've changed your address since you were issued your share certificate please contact the VCT's registrar, Computershare, on **0370 703 6329**, to confirm what address they hold for you.

Insert name of VCT

Insert type of share

Insert number of shares you wish to sell in words

Insert the name and address of the shareholder exactly as it appears on your share certificate.*

Shareholder to sign here

| | |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------|
| CREST TRANSFER | |
| Above this line for Registrar's use | |
| Counter Location Stamp | Barcode or Reference SDRN |
| Above this line for completion by the depositing system-user only. | |
| Consideration Money | Certificate(s) lodged with Registrar (To be completed by Registrar) |
| Name of Undertaking Octopus Titan VCT plc | |
| Description of Security Ordinary shares | |
| Please complete form in type or in block capitals One Thousand | 1000 |
| Name(s) of registered holder(s) should be given in full; the address should be given where there is only holder. MR AB Sample 12 Sample Street Sample Town Sampleshire, ABC 123 | Designation (if any) |
| If the transfer is not made by the registered holder(s) insert also the name(s) and capacity (e.g. executor(s) of the person(s) making the transfer) | Balance certificate(s) required |
| MR AB Sample | Stamp of depositing system-user |

Insert number of shares you wish to sell in numbers

Next steps

Complete the CREST transfer form and the VCT buyback form, which you'll find online at octopusinvestments.com/selling-your-vct-shares/. Then please send your completed forms to the address below with your original share certificate.

Octopus Investments

PO Box 10847
Chelmsford CM99 2BU

To recap, the envelope should include:

- The completed CREST transfer form.
- The completed VCT buyback form.
- Your valid VCT share certificate.

To validate your VCT share certificate, you can contact our registrar, Computershare. You can do this by going to investorcentre.co.uk or calling them on **0370 703 6324**.

We will hold onto instructions and look to sell your shares as early as possible. We always recommend sending in your request to sell shares at the earliest opportunity. This is to avoid disappointment if the dates for an anticipated buyback are revised, for example.

If you are selling Octopus Titan VCT ISA shares you should only include a completed VCT buyback form.

Please note

Submit your forms as soon as possible to avoid missing out. You will continue to benefit from tax-free dividends and tax-free growth until the shares are sold back to the VCT. Go to **pages 12 and 13** for a reminder of the key benefits and risks.



Selling VCT shares through a broker

If you want to sell your VCT shares at any time, including during a closed period, you can sell them via our corporate broker.

Octopus can refer you to the VCT's corporate broker if you do not have one. They will explain their process and any necessary fees and charges which are in addition to the 5% discount charged by the VCT. For more information, call us on **0800 316 2295**.

Here's an outline of the process for selling your shares through the corporate broker:

Contact the VCT's corporate broker:

VCT's corporate broker will talk you through your options

The broker will sell the shares for you:

The broker will discuss the process and any necessary fees and charges

You'll send the broker relevant documentation

The broker will facilitate the VCT buyback on your behalf

Payment:

The broker will send out a sale confirmation letter and will make the payment to you via bank transfer (BACS) as per your instruction.

Reinvesting in another Octopus product

If you would like to sell your VCT shares and reinvest into another VCT or Octopus product, please call our investor relations team on **0800 316 2295**. We can let you know what options are available to you and answer any questions you may have.

You'll be eligible for a loyalty discount on an investment into another VCT and you may be eligible for discounts on some of our other products as well. This is our way of saying thank you for your support.

Octopus Investments is the largest provider of Venture Capital Trusts (VCTs) in the market. We launched our first VCT in 2002, and now manage over £1 billion across our range of three VCTs. Call us or head to octopusinvestments.com/vct-share-options/ to find out more.

Before making any decisions, we recommend you talk to a financial adviser who can help you decide what's right for you.

Reinvest in another VCT

If you reinvest into another VCT you can claim up to 30% upfront income tax relief as you will be buying new VCT shares.

Please note that you're unable to claim 30% upfront income tax relief on your investment if you reinvest into the same VCT within six months of selling your original shares. However, if you invest into a different VCT within this six-month period you can still claim 30% income tax relief.

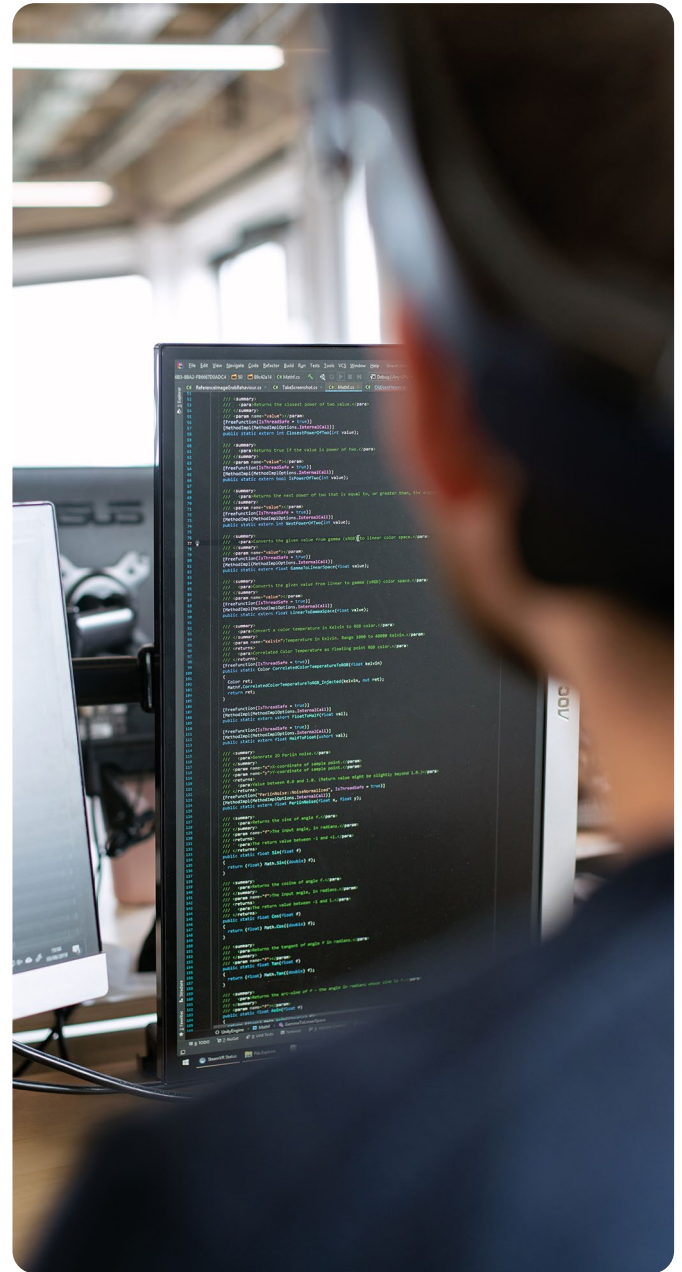
As a reminder, VCTs offer growth potential, they can complement other investments and they can generate additional income. VCT investors can also benefit from certain tax reliefs (which we cover in more detail on [page 12](#)). When you buy new VCT shares, you can claim these reliefs on investments up to £200,000.

A reminder of the VCT tax reliefs

Here's a summary of the tax benefits VCTs offer

- **Income tax relief** – You can claim up to 30% upfront income tax relief on the amount you invest, provided you keep your VCT shares for at least five years. So if you invest £10,000 in a VCT, £3,000 can be taken off your income tax bill, although the amount of income tax claimed cannot exceed the amount of income tax due.
- **Tax-free capital gains** – If you decide to sell your VCT shares and you make a profit, the proceeds won't be liable for capital gains tax.
- **Tax-free dividends** – If your VCT pays dividends, there is no tax to pay and you won't need to declare them on your tax return.

It's worth bearing in mind that these tax reliefs are offered as an incentive to investors to take on the risks of investing in a VCT, which can be found on [page 13](#).



A reminder of the key risks

Your capital is at risk and you could lose money

The value of an investment, and any income from it, can fall as well as rise and you may not get back the full amount that you invested.

This is a long-term investment

You should be prepared to hold your shares for a minimum of five years. If you decide to sell your shares before then, you'll be required to repay to HMRC any upfront income tax relief you've claimed.

Past performance is no guide to the future

The past performance of an investment isn't a reliable indicator of future results. Nor should you rely on any forecasts made about future returns.

The VCT's qualifying status could end

There is no guarantee that Octopus VCTs will maintain their VCT status. If a VCT loses its qualifying status, tax advantages will be withdrawn from that point. Additionally, if a VCT loses its status within five years of your initial investment, you'll be asked to repay any upfront income tax relief that you've already claimed.

Your shares may be difficult to sell

There isn't an active market for VCT shares in the way there is for shares in bigger 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.

Tax rules can change

The VCT tax benefits we've described in this guide are correct at the time of going to print. However, rates of tax, tax benefits and tax allowances do change. In addition, the tax benefits available to you through this investment depend on your own personal circumstances.

To ensure that VCT money continues to support government policy objectives, HM Treasury can also change the definition of a VCT-qualifying investment in the future. This could impact the nature of new investments a VCT can make over time.

Smaller company investments can be volatile

Octopus VCTs invest in smaller companies that are not listed on the main market of the London Stock Exchange. Investments in smaller companies can fall or rise in value more than shares in larger, more established companies. They also have a higher rate of failure.

Frequently asked questions

Q My share certificate(s) has (have) an old address on, which one(s) should I use?

A You should use the new address although this needs to match the address that the VCT registrar (Computershare) have on file for you. If you haven't updated Computershare with your new details since you moved address you should call them on **0370 703 6324** to notify them of the change before sending us anything.

Q I have multiple certificates for the same VCT, does that mean I need to fill out multiple CREST forms?

A Fortunately the answer is no. On the CREST form you just need to state how many shares you wish to sell. If you've got multiple share certificates you can just add the number of shares together.

Q I have multiple investments and don't know how many shares are through the five-year minimum holding period?

A Don't worry, give us a call on **0800 316 2295** and we'll be able to let you know how many shares you hold past the five-year minimum holding period.

Q What if I only want to sell some of my shares?

A Indicate how many shares you would like to sell and send us the relevant share certificate(s). We will sell the number of shares indicated and a new certificate for the remaining shares will be subsequently issued to you within the space of a few weeks.

Q I think there's been a merger, are my original certificates still valid?

A All of our VCTs have been through mergers. When VCTs go through mergers we provide new share certificates to investors. For example, if you held certificates in Octopus Titan VCT 1, 3, 4, and 5 you should have received a new share certificate in December 2014. When replacement certificates are issued the originals are no longer valid.

Q I've lost my share certificate(s), what should I do?

A Please give us a call on **0800 316 2295** and we can arrange for new share certificates to be issued by the VCT registrar (Computershare). This may take a few weeks and there may be a cost involved.

Q Can the share buyback dates and deadlines move?

A Yes, there may be a number of reasons why the share buyback dates may move including if there are any transactions going on within the VCT, Board discretion etc. We recommend submitting your share certificates with plenty of time to spare so that you don't miss out on the next share buyback.

Q If I have submitted my application to sell my shares through Octopus and there is a dividend paid – will I still get it?

A Yes, if we've got your share certificate, but the transaction hasn't been processed, you'll still receive dividends.

Q If I haven't held my shares for five years will you hold them for me until they reach five years?

A No we will hold your shares until the next available share buyback, we will not be able to discriminate based on the age of the share certificate or special instructions.

Q How do I check that my share certificates are valid?

A You can check with our registrar, Computershare. You can do this by going to investorcentre.co.uk or calling them on **0370 703 6324**.

Got a question?

We don't offer financial or tax advice. We always recommend you talk to a qualified financial adviser before making any investment decisions. However, if you have any other questions, please call us on **0800 316 2295**. We're always happy to hear from you.



0800 316 2295
investorsupport@octopusinvestments.com
octopusinvestments.com



Octopus Investments
33 Holborn
London EC1N 2HT