Octopus Titan VCT plc

Annual Report and Accounts for the period ended 31 December 2019

Company number: 06397765

For UK investors only

octopusinvestments

Octopus Titan VCT plc ('Titan' or 'the Company') is a venture capital trust ('VCT') which aims to provide shareholders with attractive tax-free dividends and long-term capital growth by investing in a diverse portfolio of predom`inantly unquoted companies. The Company is managed by Octopus Investments Limited ('Octopus' or 'Portfolio Manager') and Octopus AIF Management Limited (the 'Manager').

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Financial Summary

	As at 31 December 2019	As at 31 October 2018
Net assets (£'000)	**905,840**	609,402
Profit after tax (£'000)	**67,280**	11,231
Net asset value ('NAV') per share	**95.2p**	93.1p
Cumulative dividends paid since launch	**76.0p**	71.0p
NAV plus cumulative dividends paid ('Total Value')	**171.2p**	164.1p
Total return*	**7.1p**	1.7p
Total return**	**7.6%**	1.8%
Dividends paid in the period	**5.0p**	5.0p
Interim dividend declared***	**3.0p**	3.0p

*Total return is an alternative performance measure calculated as movement in NAV per share in the period plus dividends paid in the period, divided by the NAV per share at the beginning of the period.

**Calculated as total return/opening NAV.

***Payable on 30 April 2020 to those shareholders on the share register on 14 April 2020.

Key Dates

Interim dividend payment date	30 April 2020
Annual General Meeting	26 May 2020
Interim Results to 30 June 2020 published	September 2020

Strategic Report

The Directors are required by the Companies Act 2006 to include a Strategic Report to Shareholders. The Strategic Report comprises the Chairman's Statement, Business Review and Portfolio Manager's Review.

Investment Policy

Titan's focus is on providing early stage, development and expansion funding to unquoted companies. Titan typically makes an initial investment of £0.1 million to £5 million and will make further follow-on investments into existing portfolio companies. The intention is to hold a portfolio of largely unquoted technology companies.

Although the Directors are unsure of the overall impact of the Coronavirus pandemic on the valuation of the investment portfolio and the fund's performance, the Directors control the overall risk of the portfolio by ensuring that Titan has exposure to a diversified range of investee companies from a number of different technology sectors. Concentration risk is mitigated by ensuring that at the point of investment no more than 15% of Titan by value will be in any one investment. Any borrowing by Titan for the purposes of making investments will be in accordance with Titan's Articles of Association.

The investment profile is expected to be:

- 80-100% in VCT qualifying investments, primarily in unquoted companies
- 0-20% in non-VCT qualifying investments or cash.

Non-VCT Qualifying Investments

An active approach is taken to manage any cash held, prior to investing in VCT qualifying companies. After Titan has ensured it satisfies all VCT investment qualification targets required by HMRC, the majority of the remaining cash will be invested in accordance with HMRC rules for non-qualifying investments. Currently this includes Undertakings for Collective Investments in Transferable Securities (UCITS), corporate bonds or other money market funds, including those managed by Octopus.

VCT Qualifying Investments

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 consideration is given 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.

No material changes may be made to Titan's investment policy without the prior approval of shareholders by the passing of an Ordinary Resolution. The Directors will continually monitor the investment process and ensure compliance with the investment policy.

A review of the investment portfolio and of market conditions during the period is included in the Chairman's Statement and Portfolio Manager's Review which form part of the Strategic Report on pages 3 to 6 and 11 to 23 respectively. A Business Review also forms part of the Strategic Report on pages 7 to 10.

Liquidity Strategy

The Board's strategy is to maintain an appropriate level of liquidity in the balance sheet to continue to achieve the following five targets:

- to support further investment in existing portfolio companies if required;
- to take advantage of new investment opportunities as they arise;
- to cover the running costs of Titan as they fall due;
- to support a consistent dividend flow; and
- to assist liquidity in the shares through the buyback facility.

Liquidity in Titan is primarily driven by capital realisations and fundraising activities.

VCT Regulation

Compliance with the required VCT rules and regulations is considered when all investment decisions are made. Internally, this is measured on a continuous basis and it is also reviewed by PricewaterhouseCoopers LLP (PwC) every six months which performs a comprehensive validation exercise. The primary purpose of the investment policy is to ensure Titan continues to qualify and is approved as a VCT by HMRC. The main criteria to which Titan must adhere are detailed on page 64.

Titan will continue to ensure its compliance with the qualification requirements.

Future Prospects

Titan's performance record reflects the success of the strategy set out above and has allowed Titan to maintain the dividend payments to shareholders in line with the Dividend Policy set out on page 4. The Board believes this business model will continue to meet the investment approach above and enable Titan to continue to deliver the targeted regular tax-free annual dividends referred to in the Chairman's Statement, subject to the continual review of the impact of Coronavirus. The Outlook statements in both the Chairman's Statement and the Portfolio Manager's Review on pages 3 to 6 and 11 to 23 respectively provide further details on the future prospects of Titan, including the impact of the Coronavirus outbreak.

Chairman's Statement

I am pleased to present the annual results for Octopus Titan VCT for the fourteen months ended 31 December 2019. As we announced on 12 July 2019, the Company's accounting reference date was changed from 31 October to 31 December to better align with our fundraise schedule.

Whilst the commentary presented below refers primarily to the position at 31 December, shareholders will be aware that since that date the world has experienced the Coronavirus pandemic. Octopus Titan VCT has already felt the effects of this situation and the full consequences upon our Company will not be fully identified for some time. However, we have reviewed the portfolio twice in March and April in advance of recent share allotments and this has led to our announcing a reduction in the NAV per share from 95.2p to 91.0p at 2 April 2020.

As part of the interim review process, the Portfolio Manager carries out a detailed assessment of the portfolio, which will include the impact of the Coronavirus pandemic on the valuations. There could be a significant downward impact on a number of valuations and some portfolio companies may enter Administration. This is kept under continual review by the Portfolio Manager and we expect to announce the interim results in September.

Further references to the effects of the Coronavirus pandemic are included later in my statement and elsewhere in the Annual Report and Accounts.

The NAV at 31 December 2019 was 95.2p, a net increase of 7.1p per share from 31 October 2018. The Total Value (NAV plus cumulative dividends paid per share since launch) at the end of the period was 171.2p (31 October 2018: 164.1p). The tax-free annual compound return for the original shareholders since Titan's launch in October 2007 is now 5.2%.

We were delighted to have raised £231 million in last year's fundraise which closed on 30 April 2019. On 16 September 2019, we launched a new offer to raise up to £120 million, with an over-allotment facility of up to £50 million. Following our recent allotments, and subsequent closing of the Offer on 9 April, we are pleased to have raised £124 million. We now have cash reserves of £295 million which will help us withstand the impact of potential macro shocks including Brexit and the effects of Coronavirus, and to continue to support our portfolio of approximately 80 companies whilst also allowing us to invest in new early stage high growth businesses which embody the overall objectives of the VCT scheme. We would like to take this opportunity to welcome all new shareholders and to thank all existing shareholders for their continued support.

In the fourteen months to 31 December 2019, we utilised £201 million of our cash resources, comprising £128 million in new and follow-on investments, £33 million in dividends, £18 million in share buybacks and £22 million in investment management fees and other running costs which, together, accounted for the utilisation of 114% of our cash and cash equivalents at 31 October 2018.

Investment Portfolio Review

I am pleased to report a net uplift in the value of the portfolio of £104 million since 31 October 2018, excluding additions but including gains and losses on disposals, representing a 24% return on the value of the portfolio at the start of the period. This includes the sales of Zynstra to NCR Corporation, which represented a significant uplift in value during the period.

During the fourteen months to 31 December 2019, the uplift in valuation has been driven by the strength of performance of a number of companies in the portfolio. In particular, Bought By Many, Elliptic, Depop and Permutive have all achieved material increases in value. Collectively, 43 investee companies drove an uplift of £154 million. Many of our portfolio companies have made great progress over this period and hit exciting milestones. More detail on some of these achievements can be found in the Portfolio Manager's Review on pages 11 to 23.

In the period, as mentioned above, Titan has benefitted from the sale of Zynstra to NCR Corporation for £100 million in December 2019. We first invested in Zynstra in 2013 and participated in all subsequent funding rounds. The realisation of Titan's investment in Zynstra yielded proceeds of £23.9 million (compared to a cost of £8.3 million), a small proportion of which is deferred and expected to be paid within 24 months. Since 31 December, we have also realised our investment in We Got POP (Pop Global Limited), which was acquired by Entertainment Partners, and BridgeU, which was acquired by Kaplan UK. We Got POP and BridgeU represent our first realisations from female-led management teams. We are pleased to be able to add these successes to our history of profitable realisations.

Conversely, as is to be expected, 29 companies saw a collective decrease in valuation of £50 million. The significant contributors were Systum, MyTomorrows, Uniplaces and Picsoneye (Edgify) where performance has been more challenging. 8 of these 29 companies saw a reduction in value of 5% or less, typically due to modest downward trends in valuation factors in the relevant sectors as a result of broader macro issues rather than an individual company's performance. The Portfolio Manager believes that a number of these businesses have the potential to overcome the issues they face and return to their ambitious growth plans, notwithstanding the unknown impact of the Coronavirus pandemic. The Portfolio Manager continues to work with these companies to help them achieve their ambitions and, where appropriate, this will include providing further funding to ensure the business has sufficient capital to execute on its strategy. This can be seen in the cases of both Patch and MyTomorrows, where Titan invested further during the period despite Titan's holdings in the companies being valued at less than cost at the period end.

Unfortunately, Swoon (Sourceable Limited) was placed into Administration in December 2019, having failed to secure terms for further funding or an acceptable offer for acquisition despite considerable efforts from the management team and Octopus.

Turning to investments made during the fourteen months to 31 December 2019, £50 million was invested into 14 new companies (further detailed in the Portfolio Manager's Review) and £77 million was invested into 48 follow-on investments as listed on page 17. We are delighted that the volume and quality of investment opportunities was so strong during this period.

In addition, there have been three new investments and nine follow-on investments totalling £35.5 million, since 31 December 2019. The new investments were into: Digital Therapeutics, a company creating Cognitive Behavioural Therapy based programmes to tackle harmful addictions; Skew, which aims to become the leading provider of financial data, tools and services related to cryptoassets for institutional investors; and Stackin, an SMS-based recommendation engine that combines financial education and personalised financial product advice.

Performance Incentive fees

Titan's performance since 31 October 2018 has meant that a performance fee of £17 million has been charged. The performance fee is calculated as 20% on all gains above the High Water Mark, the highest total value as at previous year ends, of 164.1p as at 31 October 2018. See Note 19 of the financial statements for further details.

Dividends

Following careful consideration, I am pleased to confirm that the Board has decided to declare a second interim dividend of 3.0p per share in respect of the current financial year, which will be paid on 30 April 2020 to shareholders on the register as at 14 April 2020, resulting in dividends for the period of 5.0p per share. This represents a tax-free yield of 5.4% on the opening NAV. As shareholders will know, our ambition is to pay an annual dividend of 5.0p per share, supplemented by special dividends when appropriate.

As shareholders will have seen in our announcement on 30 March, we have suspended the Dividend Reinvestment Scheme (DRIS) in relation to this interim dividend in view of the current market conditions and potential valuation uncertainties surrounding Coronavirus. The Board intends to reinstate this facility as soon as practical. To clarify, this means that even if you are one of the 28% of shareholders who usually take advantage of the DRIS, in this instance, you will receive your dividend as cash rather than additional shares in Titan.

Fundraise and Buybacks

As previously stated, Titan successfully raised £231 million (£223 million net of up-front fees) during the period, excluding funds raised through the DRIS. The Board announced a further fundraise of up to £120 million (plus a potential over-allotment facility of a further £50 million), giving new and existing shareholders the opportunity to invest into Titan. On 13 December, £28 million (£27.2 million net of costs) was allotted under this offer and additional unallocated applications received to 31 December amounted to over £5.5 million. Having considered the strength of inflows and the market environment, on 30 March, the Board confirmed that up to £15 million of the over-allotment facility of up to £50 million may be used in relation to this offer, increasing the maximum amount that could be raised to £135 million. In March and April, a further £66 million (£64 million net of costs) was allotted, and the Offer subsequently closed on 9 April having raised a total of £124 million. As always, we would like to thank shareholders for their ongoing support, particularly during the recent challenging macro environment.

During the period, Titan repurchased 20.2 million shares (representing 3.1% of the share capital as at 31 October 2018). Further details can be found in Note 14 of the financial statements. The Board continues to buy back shares from shareholders at no greater than a 5% discount to NAV, subject to a maximum of 5% of the share capital in any one year.

VCT Qualifying Status

PricewaterhouseCoopers LLP (PwC) provides both the Board and Octopus with advice concerning ongoing compliance with HMRC rules and regulations concerning VCTs and has advised that Titan continues to comply with the conditions laid down by HMRC for maintaining approval as a VCT.

As at 31 December 2019, over 96% of the portfolio (as measured by HMRC rules) was invested in VCT-qualifying investments, significantly above the 80% current VCT-qualifying threshold.

Annual General Meeting

As a Board, we have been deliberating the potential impact of the Coronavirus outbreak on the arrangements for our forthcoming Annual General Meeting (AGM). These arrangements will evolve, and we will keep shareholders updated of any changes through regulatory announcements and on our Manager's website at **www.octopusinvestments.com/coronavirus-updates**. Formal notices will also be sent to shareholders by their preferred method (e-mail or post).

We are required by law to hold an AGM within 15 months of the previous AGM, therefore a lengthy postponement or adjournment is not possible in this case. Our AGM will therefore be held at noon on 26 May 2020, at 33 Holborn, London, EC1N 2HT. We are putting in place contingency arrangements which mean that the meeting is unlikely to follow the same format as in previous years, but will still meet the minimum legal requirements for an AGM. As a result, there will be no presentation from the Manager at the AGM though we plan to offer an alternative format and date for this when there is better visibility on what will be permissible and practical due to the Coronavirus measures.

Full details of the business to be conducted at the AGM are given in the Notice of the Meeting on pages 68 and 69. In proposing Resolution 8, we are taking the opportunity to seek authority to issue a further 20% of the share capital which may alleviate the need for a further General Meeting in the autumn to authorise our expected 2020/21 fundraise.

Shareholders' views are important, and the Board encourages shareholders to vote on the resolutions within the Notice of Annual General Meeting on pages 68 and 69 using the proxy form, or electronically at **www.investorcentre.co.uk/eproxy**. The Board has carefully considered the business to be approved at the AGM and recommends shareholders to vote in favour of all the resolutions being proposed.

In light of the current Coronavirus 'stay at home' measures in the UK, the AGM will be run as a closed meeting and shareholders will not be able to attend in person. Shareholders attempting to attend the AGM will be refused entry. However, we encourage shareholders to submit their votes by proxy, rather than attending in person.

We always welcome questions from our shareholders at the AGM but this year, to ensure we are able to respond to any questions you may have for either the Portfolio Manager or Titan VCT Board, please send these via email to **TitanAGM@octopusinvestments.com**. All questions received will be included on the website along with the relevant replies at **www.octopusinvestments.com/our-products/octopus-titan-vct**.

Principal Risks and Uncertainties

The Board continues to regularly review the risk environment in which Titan operates. Other than the impact of the Coronavirus pandemic, there have been no significant changes to the key risks described on pages 9 and 10. In addition, the Coronavirus pandemic has presented the Company with additional immediate risks in respect of the performance and valuation of portfolio companies as well as potential risks such as future fundraising.

Outlook

We are delighted at the successful fundraise and the positive response to the recently closed offer from both new and existing shareholders. While the General Election in December 2019 resulted in a majority government, and should offer more political stability in the UK, the macro environment remains uncertain in the near term following the Coronavirus pandemic which has caused so much disruption, and the Brexit transition period (to end on 31 December 2020).

As shareholders will have seen, we reduced the NAV per share on 10 March and again on 2 April prior to recent allotments and buybacks. Obviously, a number of our investee companies have been negatively affected by macro events, especially those in the travel sector, and it will take time to fully understand the long-term impact of Coronavirus on such businesses. However, change can represent opportunity and enterprising management teams can reap rewards. As such, a number of the companies Titan has invested in are also thriving. Having reviewed the portfolio in detail, we announced the NAV as at 2 April was 91.0p per share, and this was therefore used for all share allotments in April. Our Manager continues to work closely with the companies in our portfolio to mitigate the impact of the current pandemic and maximise the chances of success for those able to take up new opportunities.

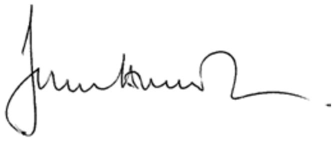
Our fundraising offer, which has now closed having raised £124 million, means that we have £295 million in cash and cash equivalents. This will allow us to continue to support the most promising companies in our portfolio, as well as back the UK and Europe's pioneering entrepreneurs intent on building world changing businesses. The investment team's focus on the 'pods', Future of Health, Future of Money and Deep Tech, has deepened over the last year. The Future of Health pod is helping pioneers who are improving lives through digital health, tackling 'taboo' issues and creating essential software to power health systems. The Future of Money pod is looking to back the companies that will transform the way we exchange and allocate resources as a society. And finally, the Deep Tech pod is focusing on the tools and technologies that will power the next industrial revolution. These include human computer interface, edge and quantum computing, robotics and synthetic biology. Regardless of the pod, all opportunities being considered by Octopus for investment for Titan have technology or a tech-enabled offering in common. The power of this specialisation is starting to show as each pod has been able to develop a deep understanding of these areas and proactively search for the most exciting, early stage opportunities in these verticals. The team has also been working closely with universities across the UK to ensure it is building relationships and sourcing new technology at its earliest stage. Shareholders can read more on this in "Research to Riches", a fascinating piece of research published by Octopus Ventures in November 2019 which included an entrepreneurial impact ranking of universities (available at **www.octopusventures.com/entrepreneurial-impact-ranking-2019**).

Despite disappointing news from some investee companies in the last year, the Board remains positive about the prospects of the existing portfolio. The companies we have invested into have ambitious goals; we look forward to working with Octopus to help optimise their chances of success in future and hope to see further profitable realisations in the coming years as a result. As previously counselled, as investments are made at such an early point in a company's life cycle, successful realisations are expected to take time to come to fruition, while some of these companies will not be as successful and some may fail. However, I am pleased to say that our failure rate to date has been below the historic rate normally seen for early stage/start-up technology ventures.

We believe that the UK has the opportunity to remain a key entrepreneurial hub in Europe post-Brexit and Coronavirus. VCTs have long provided a compelling opportunity for UK investors to provide funding for such businesses in a tax-efficient way and, with a new government in place, we look forward to their ongoing support for small businesses as well as the VCT scheme.

Regardless of the changing macro environment, Octopus Ventures continues to work closely with the portfolio, providing practical mentoring to the entrepreneurs we invest in, giving them skills and contacts to increase the likelihood that they will succeed. They work with the entrepreneurs by holding workshops on strategy, advising on sales and marketing plans, as well as providing connections to other companies who could help. They also believe strongly that the quality of the team can make or break a young business. To achieve this, they hired an expert on start-up 'talent' in 2019, solely focused on partnering and supporting our portfolio company leaders. This initiative has helped those leaders to build the optimal teams around them to succeed and has proved so valuable to the portfolio that Octopus is now expanding the resource, as well as that of the investment team, to allow it to best originate, make, manage and realise investments on behalf of Titan. The Octopus Ventures team now numbers over 30, spanning investment, portfolio, talent and operational expertise.

I would like to conclude by thanking both the Board and the Octopus Ventures team on behalf of all shareholders for their hard work, without which our Company would not continue to achieve such performance.



John Hustler
Chairman
16 April 2020

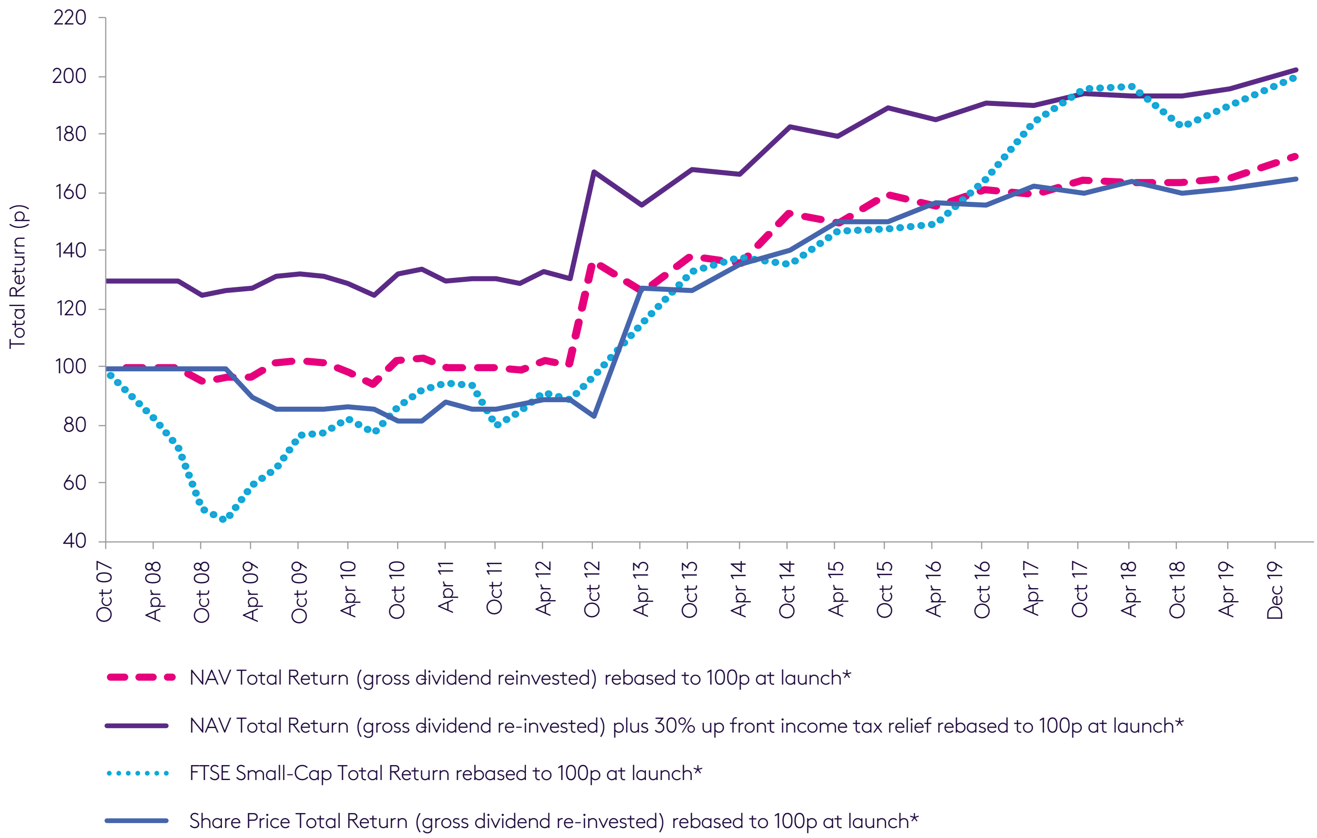
Business Review

Titan Performance

The Board is responsible for the Company's investment strategy and performance, although the management of the investment portfolio is delegated to Octopus through the Investment Management Agreement, as referred to in the Directors' Report on page 25.

The graph below compares the NAV total return and Share Price total return (gross dividends re-invested) of the Company over the period from October 2007 to December 2019 with the total return from a notional investment in the FTSE Small-Cap index over the same period (all rebased to 100p). This index is considered to be the most appropriate broad equity market index for comparative purposes, given the nature of the underlying investments. The Board wishes to point out that VCTs are not able to make qualifying investments in companies quoted on the Main Market in their observance of the HMRC rules.

NAV and share price total return since launch against the FTSE Small-Cap Index total return[1]



* based on notional investment on 31 October 2007

AIC methodology: The NAV total return to the investor, including the original amount invested (rebased to 100p) from launch, assuming that divends paid were re-invested at the NAV of the Company at the time the shares were quoted ex-dividend. Transaction costs are not taken into account.

[1] Total return is an alternative performance measure calculated as movement in NAV per share in the period plus dividends paid in the period, divided by the NAV per share at the beginning of the period.

The Earnings per Share for the period ended 31 December 2019 is 8.0p (2018: 1.8p per share). Further details can be found in Note 8 of the financial statements on page 53.

The total remuneration of the Directors for the period was:

	Period ended 31 December 2019 £'000	Year ended 31 October 2018 £'000
Total	**164**	104

Further details can be found in the Directors' Remuneration Report on pages 34 to 36.

Profit and dividends

	Period ended 31 December 2019 £'000	Year ended 31 October 2018 £'000
Profit attributable to shareholders	**67,280**	**11,231**
Appropriations:		
Previous year final dividend	**26,609**	**19,519**
Interim dividends	**18,516**	**13,077**
Total	**45,125**	**32,596**

In addition to the 2.0p per share interim dividend paid on 15 November 2019, a second interim dividend of 3.0p per share will be paid on 30 April 2020 to shareholders on the register on 14 April 2020.

Key Performance Indicators (KPIs)

As a VCT, Titan's objective is to provide shareholders with an attractive income and capital return by investing its funds in a broad spread of smaller unquoted UK companies which meet the relevant criteria for VCTs.

The Board expects Octopus to deliver a performance which meets the twin objectives of providing investors with attractive returns from a portfolio of investments, and maximising tax-free income for shareholders. The KPIs in meeting these objectives are:

- NAV plus dividends paid;
- the total expense as a proportion of shareholders' funds; and
- improvement of the investment performance.

A record of some of the indicators is detailed in the Financial Summary on page 1. Additional comments are provided in the Chairman's Statement regarding the performance of Titan over the current period. The Board regularly assesses the performance of Octopus in meeting Titan's objectives against the KPIs highlighted above.

The performance for the period was an overall Total Return of 7.6% and 7.1p per share which includes a capital return (portfolio and open ended investment companies (OEICs)) of 8.2% equating to 7.7p per share. The total ongoing charges in the period, as defined by the AIC, were 2.4% of Titan's net assets, within the annual limit of 2.5%. Further details on performance in the period is provided within the Portfolio Manager's Review.

Clearly, when making investments in unquoted companies at an early stage of their development, some are likely to disappoint, but investing the funds raised in high growth companies with the potential to become market leaders creates a diverse portfolio for shareholders. The growth of these companies is largely dependent on continued funding and a healthy economic environment. A volatile economic environment, such as that caused by the Coronavirus pandemic, could conversely have a negative impact on the development of the investee companies.

Performance, measured by the change in NAV and Total Value per share, and compared to the FTSE Small-Cap index is shown in the graph on page 7.

The Chairman's Statement, on pages 3 to 6, includes a review of Titan's activities and future prospects; further details are also provided within the Portfolio Manager's Review on pages 11 to 23.

Viability Statement

In accordance with provision 4.31 of The UK Corporate Governance Code 2018, the Directors have assessed the prospects of Titan over a longer period than the 12 months required by the "Going Concern" provision. The Board conducted this review for a period of five years, which was considered to be a reasonable time horizon given that the Company had raised funds under an offer for subscription which closed on 24 July 2019. A further fundraising was launched on 16 September 2019 and closed on 9 April 2020. Under VCT rules, subscribing investors are required to hold their investment for a five year period in order to benefit from the associated tax reliefs. The Board regularly considers strategy, including investor demand for the Company's shares, and a five year period is considered to be a reasonable time horizon for this.

The Board carried out a robust assessment of the emerging and principal risks facing the Company and its current position. This includes the impact of the Coronavirus pandemic and any other risks which may adversely impact its business model, future performance, solvency or liquidity. Particular consideration was given to Titan's reliance on, and close working relationship with, the Portfolio Manager. The principal risks faced by the Company and the procedures in place to monitor and mitigate them are set out below.

The Board has also considered the Company's cash flow projections and found these to be realistic and reasonable. This includes forecasting the potential effects of Coronavirus on the Company's cash flow.

Based on the above assessment the Board confirms that it has a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over the five year period to 31 December 2024.

Emerging and principal risks, risk management and regulatory environment

Tax, legislation and compliance

VCT qualifying status risk: The Company is required at all times to observe the conditions laid down in the Income Tax Act 2007, the Finance Act 2015 and, subsequent to Royal Assent, the Finance Bill (no. 2) 2017-19, for the maintenance of approved VCT status. The loss of such approval could lead to the Company losing its exemption from corporation tax on capital gains, to investors being liable to pay income tax on dividends received from the Company and, in certain circumstances, to investors being required to repay the initial income tax relief on their investment.

The Manager keeps Titan's VCT qualifying status under continual review and reports to the Board regularly throughout the year. The Board has also retained PwC to undertake an independent VCT status monitoring role.

Regulatory risk: The Company is required to comply with the Companies Act 2006, the rules of the UK Listing Authority and United Kingdom Accounting Standards. Breach of any of these might lead to suspension of the Company's Stock Exchange listing, financial penalties or a qualified audit report.

Day-to-day operational oversight of the Company is carried out by Octopus. Octopus conduct rigorous on-boarding procedures for new employees and conduct regular staff reviews and training to ensure that teams charged with oversight of the Company are appropriately qualified to conduct their roles and ensure compliance with relevant legislation.

The Board are updated regularly on all regulatory and compliance matters and take specific legal advice where appropriate.

Performance of the Company

Investment risk: the majority of the Company's investments will be in small and medium-sized companies which are VCT qualifying holdings and which, by their nature, entail a higher level of risk and lower liquidity than investments in larger quoted companies.

The Directors and the Portfolio Manager aim to limit the risk attached to the portfolio as a whole by careful selection and timely realisation of investments, by carrying out due diligence procedures and by maintaining a wide spread of holdings in terms of financing stage, industry sector and geographical location. The Board reviews the investment portfolio with the Portfolio Manager on a regular basis.

Performance of Octopus

Competitive risk: retention of key personnel within Octopus is vital to the success of the Company.

The Portfolio Manager has a broad team focused on early stage investing. This mitigates the risk of any one individual with the required skill set and knowledge of the industry leaving.

Incentives to the Portfolio Manager's key staff are monitored.

Financial Control

Financial risk: as a VCT the Company is exposed to market price risk, credit risk, fair value risk, liquidity risk and interest rate risk. Details of the management of these risks can be found in Note 16 of the financial statements.

The Company has some exposure to foreign currency risk but does not enter into derivative transactions. It has cash deposits which are held on the balance sheet of HSBC Bank plc and in cash funds managed by Fidelity, Blackrock, Insight and Aberdeen. The risk of loss to this cash is deemed to be low due to the historical credit ratings and a current Standard & Poor's rating of AAA for the money market funds, and AA- for HSBC.

Internal control risk: the Board reviews annually the system of risk management and internal controls, financial and non-financial, operated by the Company and Octopus. These include controls designed to ensure that Titan's assets are safeguarded and that proper accounting records are maintained.

Operational risk: the Board is reliant on Octopus to manage investments effectively. The Board reviews the system of internal controls, both financial and non-financial, operated by the Company and the Manager (to the extent the latter are relevant to the Company's internal controls). These include controls designed to ensure that the Company's assets are safeguarded and that proper accounting records are maintained.

Economic risk: Events such as an economic recession and movement in interest rates could adversely affect smaller companies' valuations, resulting in a reduction in the value of the Company's assets. This includes the potential impacts of the Coronavirus outbreak. The Company invests in a diversified portfolio of companies, across a range of sectors, which helps to mitigate against the impact on any one sector. The Company also maintains adequate liquidity to ensure that it can continue to provide follow-on investment to those portfolio companies which require it and which is supported by the individual investment case.

The Investment Manager is continually assessing the implication of the financial turmoil arising from the current Coronavirus crisis which has an impact on the UK and Global economies. The continuous assessment implies that exposure to the risks for each portfolio company will be addressed, and appropriate actions, where possible, will be implemented. Further details of the impact of Coronavirus is included in the Portfolio Manager's Review.

Cash flow risk: the risk that the Company's available cash will not be sufficient to meet its financial obligations is managed by frequent budgeting and close monitoring of available cash resources.

Market risk: investment in unquoted companies involves a higher degree of risk than investment in companies listed on the Main Market, which could result in the value of such investment reducing. In particular, small companies often have limited product lines, market diversification or financial resources, may be dependent for their management on a small number of key individuals and may be more susceptible to political, exchange rate, tax and other regulatory changes and therefore, may not produce the hoped-for returns. In addition, the market for securities in smaller companies is less regulated and is usually less liquid than that of securities in larger companies, bringing with it potential difficulties in acquiring, valuing and disposing of such securities. The effects of the Coronavirus pandemic are unknown and are likely to have an impact on the market.

Liquidity risk: the Company's investments may be difficult to realise. The spread between the bid and offer prices of shares in Titan's AIM-traded companies may be wide and thus the price used for their valuations may not be achievable.

The Board has considered emerging risks, including the Coronavirus pandemic. The Board seeks to mitigate emerging risks and those noted above by setting policy, regular review of performance and monitoring progress and compliance. In the mitigation and management of these risks, the Board applies the principles detailed in the Financial Reporting Council's Guidance on Risk Management, Internal Control and Related Financial and Business Reporting.

Gender and Diversity

The Board of Directors comprises one female and four male Non-Executive Directors with considerable experience of the VCT industry and investment in early stage growth companies. The gender and diversity of the constitution of the Board is reviewed on an annual basis.

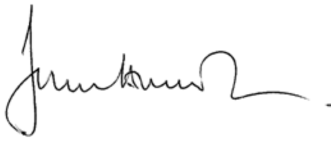
Human Rights Issues

The Board seeks to conduct the Company's affairs responsibly. The Company is required by company law to provide details of employee, human rights, social and community issues, including information about any policies it has in relation to these matters and the effectiveness of such policies. As an externally managed investment company with no employees, the Company does not maintain specific policies in relation to these matters.

Environment Policy and Greenhouse Gas Emissions

The Board's Environment Policy and Greenhouse Gas Emissions Policy is discussed in the Directors' Report on page 26.

The Strategic Report was approved by the Board and signed on its behalf by:



John Hustler
Chairman
16 April 2020

Portfolio Manager's Review

Thanks to Shareholders

We continue to be delighted by the support from investors and the resulting success of the fundraising which closed in April 2019. Further, we have seen significant inflows for the fundraise launched in September 2019, which closed on 9 April 2020 having raised £124 million. We'd like to take this opportunity to thank existing shareholders and welcome new shareholders for their support in our fundraising efforts.

Personal Service

At Octopus, we focus on both managing your investments and providing investors with regular and open communication. Our updates are designed to keep you informed about the progress of your investment.

Octopus was established in 2000 and has a strong commitment to both smaller companies and to VCTs. We currently manage four VCTs, including Titan, and manage over £1.2 billion in the VCT sector.

Investment Strategy

Octopus Ventures helps pioneers change the world. The pioneers we back with investments from Titan VCT dare to reimagine the Future of Health, the Future of Money, and Deep Tech by creating new markets or radically improving traditional industries. The quality of our deal flow means that we are typically in a position to select the most talented teams leading technology or technology-enabled businesses to achieve this. The opportunity here is significant as back in 2010, there were only two European technology companies formed since 2000 valued at more than a billion dollars. By 2014, it had risen to 30, and in 2019, there were over 80, with more than 25 of them based in the UK. With second and third places held by Germany (with 11 such companies) and Israel (with nine), this makes the UK the largest producer of billion-dollar companies in Europe by some margin. Titan provides VCT investors with potential exposure to exciting investment opportunities.

We're proud to have seen a number of successes in the portfolio over previous years from which shareholders have benefitted from multiple high-profile exits, which have enabled Titan to pay out tax-free dividends (both regular and special), including Zoopla, SwiftKey, Magic Pony, GetOptics, Tails.com and partial exits from Secret Escapes and Graze. This period, we were delighted to have completed the exit from Graze and exited Zynstra to NCR Corporation, which were followed by the exits of both We Got POP and BridgeU post period end. By executing on our strategy of investing in unusually talented entrepreneurs addressing large markets and industries ripe for disruption, we have created a diverse portfolio for Titan of approximately 80 companies spanning multiple industries and business sectors.

Within the VCT rules of a maximum annual investment of £10 million per company and a lifetime limit of £20 million for Knowledge Intensive companies (which most Titan portfolio companies qualify as), we typically look to invest in significant minority equity stakes in these companies, first investing a relatively modest amount at the early stages of a company's lifecycle, and typically investing further as the portfolio companies develop and perform well against the milestones we agree with management teams on an ongoing basis. Our investment provides the capital for businesses to grow their operations and build their product suite and/or market reach. We usually expect to realise our investments through trade sales (for example, to a larger technology company such as Amazon, Google or Microsoft, all acquirers of former Titan portfolio companies), private equity sales or IPO. Our view is that if we continue to identify, support and realise investments from category leading businesses, the returns we can generate for Titan shareholders can be significant, particularly with the UK continuing to show such leadership for successful entrepreneurism in Europe.

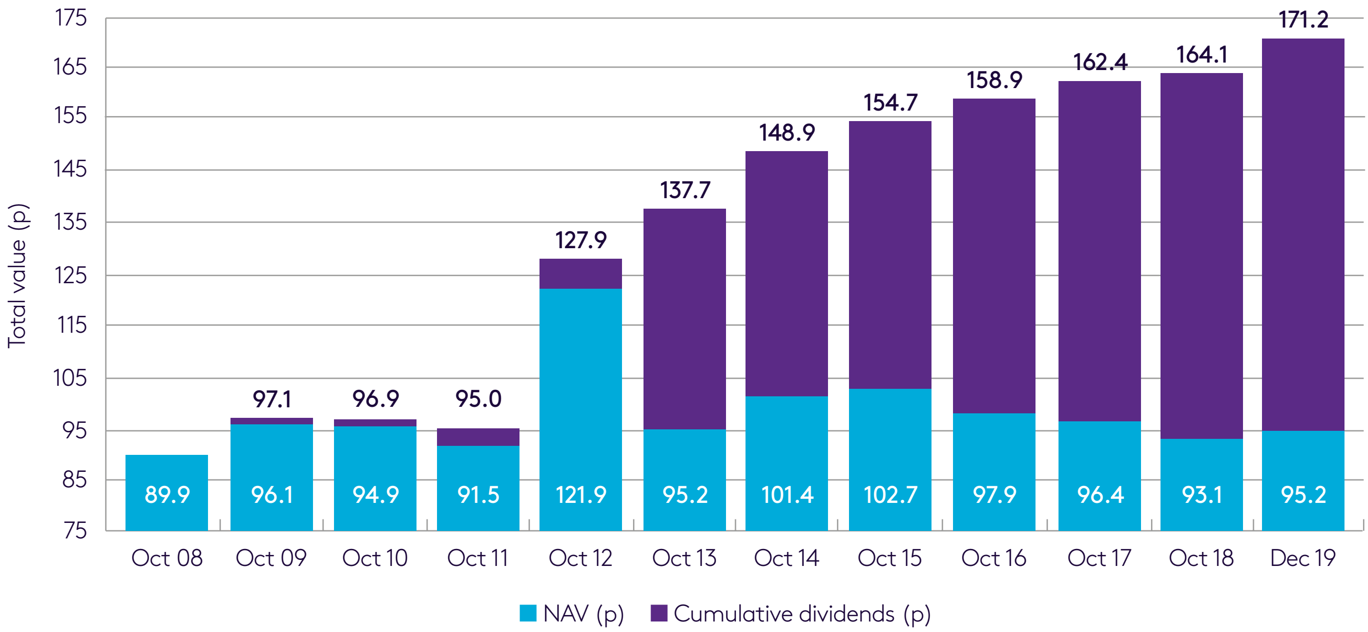
Many portfolio companies meet and exceed the expectations initially set. In these situations, we actively seek to increase our investment exposure as the company demonstrates its ability to create a significant and valuable business. Recent examples here include Bought By Many, Elliptic, DePop and Permutive, amongst others, where we have proactively looked to invest further in subsequent rounds of funding and increase our ownership stake, with the intent of maximising the impact of a positive realisation on Titan's returns.

Whilst many of our investments go on to become successful companies and sometimes household names, it is inevitable that some companies will not perform. We typically look to take a board seat when we make an investment which enables us to closely monitor progress and bring in the appropriate support from within our team or wider network to help each portfolio company reach its potential. In situations where a company is performing less well and not meeting the pre-agreed milestones, we will consider a variety of courses of action. We may work with the company to help them secure funding from a new investor and still invest alongside that investor to maintain Titan's holding in the business. This helps a company to build the company's potential sources of help and funding which can help maximise its chances for success. In other cases, we may have to make more difficult decisions. Where performance and progress continue to lag behind expectations, we may decide not to invest further, and will seek to recover value where possible.

Performance

The following graph represents the performance of Titan since 31 October 2008 (the first full year of Titan) in Net Asset Value (NAV), dividends paid and NAV plus cumulative dividends paid (Total Value), with the most recent year being a fourteen month period in line with the change of accounting reference date to December in 2019:

Titan Total Value[1] growth from inception



[1] Total return is an alternative performance measure calculated as movement in NAV per share in the period plus dividends paid in the period, divided by the NAV per share at the beginning of the period.

The Total Value has seen a significant increase since Titan's first year end (31 October 2008) as shown on the graph, from 89.9p to 171.2p at 31 December 2019. This represents an increase of 90% in value since the first full year of Titan, and dividends paid or announced since inception of 76.0p. Since launch, a total of over £143 million has been distributed back to Titan shareholders as tax free dividends.

As at 31 December 2019, the NAV was 95.2p per share, compared to 93.1p per share as at 31 October 2018 which represents an increase in NAV of 7.1p per share after adding back dividends paid during the period of 5.0p (2018: 5.0p) per share. This represents an increase of 7.6% (2018: 1.8%). The performance of the portfolio has continued to be strong this year with uplifts in fair value which totalled over £154 million. Downward revaluations in the period totalled £50 million. In aggregate, the value of the portfolio, excluding new and follow-on investments in the year, increased by 24%.

The performance over the five years to 31 December 2019 (where the most recent year represents a fourteen month period) is shown below:

	31/10/2015	31/10/2016	31/10/2017	31/10/2018	**31/12/2019**
NAV, p	102.7	97.9	96.4	93.1	**95.2**
Dividends paid, p	52	61	66	71	**76**
Total value, p	154.7	158.9	162.4	164.1	**171.2**
Total return	5.7%	4.1%	3.6%	1.8%	**7.6%**
Dividend yield	4.4%	8.8%	5.1%	5.2%	**5.4%**
Equivalent dividend yield for a higher rate tax payer	6.6%	13.0%	7.6%	7.7%	**8.0%**

There has been an increase in valuation of Titan's cash and cash equivalent investments of £1.8 million in the period to 31 December 2019. Shareholders may recall that it was decided in 2018 to take less risk with the cash and cash equivalent investments for the foreseeable future, with the objective of these investments generating sufficient returns to cover costs, at limited risk to capital. The allocation across these products is reviewed regularly by the Titan Board and may include investments into other products managed by Octopus (though this was not the case in the period).

To take account of the Coronavirus outbreak, which has arisen since the 31 December 2019, the Board reviewed the portfolio as at 10 March 2020 and decided to apply a 25% discount to the equity valuations as at 31 December 2019, for portfolio companies operating in the travel sector. This resulted in a revised NAV of 93.8p per share, which was used for the allotment on 11 March 2020.

The Board also declared a further interim dividend of 3.0p per share the period ended 31 December 2019. The record date for the dividend is 14 April 2020 with payment to be made on 30 April 2020. It is not anticipated that any further dividends will be declared in respect of this period.

Further to this, the Board reviewed the portfolio as at 2 April 2020. This resulted in a revised NAV of 91.0p per share which was used for the allotments on 3, 4 and 7 April 2020, and was the basis for the share buyback on 9 April 2020. This NAV change reflects valuation adjustments across the portfolio, which is carried at fair value. These valuation adjustments are largely related to portfolio companies operating in the travel sector, as advised by the Portfolio Manager and approved by the Board.

We have increased our dialogue with our portfolio companies and continue to provide them with operational support, advice, including financial planning and in relation to accessing various elements of the Government's financial assistance packages, as well as other measures to mitigate the impact of current trading conditions. Titan is also able to provide further funding to the portfolio where appropriate given its significant cash holdings, which as at 2 April 2020 totalled £295 million, held in cash and cash equivalents.

Portfolio Review

The current portfolio encompasses investments in 81 companies (79 unquoted and two quoted, excluding two companies in liquidation and two in administration, but including the two underlying companies in Zenith).

Portfolio	Active	Inactive
31/10/18	71	5
Additions	14	-
Disposals	(3)	(2)
Liquidations and administrations	(3)	3
31/12/19	**79**	**6**

The progress made by many of the portfolio companies in the last fourteen months has been impressive. Within the portfolio, some particular highlights include:

- Big Health, the digital therapeutics company providing fully automated behavioral programs based on cognitive behavioral therapy (CBT), won the Impact Award at the Employer Health Innovation Roundtable (EHIR);
- By Miles, the pay-by-mile car insurance provider, launched a "connected car" insurance policy specifically for Tesla drivers in December. The new insurance product pulls real-time mileage information directly from a car owner's Tesla account and uses the distance they have driven to price their insurance each month. It claims to be the first car insurance policy to take data from a car without the need for a "black box" or aftermarket device;
- Cazoo, the latest venture from Alex Chesterman, who previously founded Zoopla, launched its offering in December 2019 and sold £10 million-worth of cars in its first eight weeks. It is set to transform how 8 million used cars are bought each year by putting the entire process online and offering home delivery, much like buying any other product today. The company announced a £100 million funding round in March 2020;
- DeadHappy, the life insurance provider with a difference, launched and was listed sixth in Forbes's top 15 Social Media Campaigns of 2019. The success of a social marketing campaign ultimately depends on how appealing the audience finds it and if it feels the need to engage with the brand as a result of the campaign;
- Blockchain analytics company Elliptic added XRP, the native currency of the Ripple payment network, to its risk management suite in November and identified $400 million in XRP transactions linked to illicit activity, including scams, theft and money laundering. Elliptic has made its name monitoring the bitcoin network and providing data, including suspicious patterns, and analytics services to financial institutions and law enforcement agencies. The crypto businesses and financial institutions it works with will now be able to screen XRP transactions for links to criminal activity and sanctioned entities;

- Elvie develops products to improve women's lives through smarter technology. It launched its silent breast pump during the year which proved so popular the waiting list ran to over 10,000 people and the company won both Venture-funded Business of the Year and Women in Business Award at the Startup Awards at the end of 2018;
- Sofar Sounds was voted as the number two most innovative music company in the world in 2019 according to Fast Company. Sofar also announced its $25 million funding round led by Battery Ventures, joined by Union Square Ventures;
- Token.io, an open banking platform that helps banks remain compliant and generate new revenue streams, was selected by Mastercard to power the connectivity layer of its Open Banking Hub. It also won Fintech Startup of the Year at the FStech Awards;
- Trouva, an online marketplace for independent boutiques, raised $22 million in further funding. The funding will be used to fuel its international growth; and
- Zynstra, which has developed an intelligent software infrastructure for retail stores to virtualise their back and front office store, won awards for both Infrastructure Innovation of the Year and UK Innovation and Entrepreneurship at the UK IT Industry Awards in November, a major event with over 1200 people in attendance and 30 awards made. It was also acquired by NCR Corporation in December 2019 (more detail below).

Disposals

Titan made two full disposals in the fourteen-month period (Zynstra and Bowman Power). Graze was also disposed of from the Zenith Holding Company portfolio in February 2019.

We are delighted to have successfully realised our investment in Zynstra in December 2019. Zynstra has developed a pioneering intelligent software infrastructure for enterprises and retail stores to virtualise back and front office technology including traditional and next generation Point-of-Sale (POS), and was acquired by NCR Corporation for £100 million in December 2019. NCR is a global enterprise technology company for the retail, hospitality and banking industries, and is listed on the New York Stock Exchange with a market cap of more than $4 billion. We first invested into Zynstra as part of their seed round in 2013, and are proud to have been part of their journey to exit to NCR. The realisation of Titan's investment in Zynstra resulted in proceeds of £23.9 million (vs a cost of £8.3 million), a small proportion of which is expected to be held back, and paid within 24 months.

This adds to the successful acquisition of Graze by Unilever N.V in February 2019. Launched in 2007, the business delivers healthy snacks through the post. Having first invested in 2009 and making partial disposals in 2012 and 2013, Titan realised its remaining holding in Graze.com (held via Zenith Holding Company) as part of the Unilever transaction.

Both Graze and Zynstra are great examples of businesses Titan only gained access to due to Octopus's propriety deal flow channels – the founding team of Graze included a founder of LOVEFiLM.com, while Zynstra was introduced by one of the founding team of SwiftKey, both companies the Octopus Ventures team had previously invested in.

Unfortunately, despite all our and the managements teams' efforts, both MIRACL and Swoon have been placed into Administration during the period. Both had received significant investment from Titan, but due to a combination of factors, struggled to secure further funding from third parties to enable them to execute on their growth plans and were no longer able to continue trading. It is always disappointing for shareholders when such action has to be taken, but is an inevitable risk associated with a venture capital portfolio. This risk is increasingly apparent in light of the Coronavirus pandemic.

Bowman Power has struggled with customer challenges and delayed orders for some years. As a result, we agreed terms to realise our investment at a significant loss versus cost.

New and follow-on investments

Titan completed 48 follow-on investments in the fourteen month period into 36 existing portfolio companies and made 14 new investments, together totalling £127 million (comprising £77 million invested into the existing portfolio and £50 million into new companies). Following this, the portfolio totals £640 million as at 31 December 2019. This compares to a twelve month period in 2018 when Titan made 20 new investments and 25 follow-on investments, together totalling £123 million.

As previously reported, we have proactively increased the size of the Octopus investment team over the last 5 years to enable us to increase the rate of new investments and appropriately manage the growing portfolio. With this additional resource, the team has also refined its focus towards technology and technology-enabled businesses in our three key areas of the Future of Health, Future of Money and Deep Tech.

Having visibility over the best available deals in the market is largely due to the increasing prominence of Octopus in supporting many of the fastest growth technology businesses in Europe (e.g. Swiftkey and Zoopla) which in turn makes Octopus an increasingly attractive investment partner for technology entrepreneurs looking to build global businesses. The investment team receives thousands of investment opportunities each year and is in the privileged position of being able to diligence these in order to identify the small number of deals that will be taken to Investment Committee ahead of making an investment.

Given the health of the underlying portfolio and the cash requirement to scale these businesses, we have good visibility into the opportunity to invest further into companies we already know and understand. It is for this reason that the majority of funds raised will be invested in follow-on deals. The funds raised during the period have given us the capability to ensure we continue to invest sufficiently into the highest quality investment opportunities we are seeing in the market, including those already in our portfolio, and we are on target to deploy the capital raised in line with our budget.

A few technical changes to VCT qualification rules have been introduced in recent years, such as VCTs having to invest at least 30% of funds raised into qualifying holdings within 12 months from 6 April 2018, and the proportion of funds that VCTs must hold in qualifying investments rising from 70% to 80% from 6 April 2019. Given Titan's current qualifying proportion of over 96% and its current and intended investment rate, these changes have not had a material impact on Titan and we do not anticipate they will do so. From 6 April 2018, it was also announced that Knowledge Intensive companies (i.e. those that have a high proportion of Research & Development or innovation spend) are able to raise up to £10 million each year from VCTs and EIS, up from £5 million previously. Titan typically invests in knowledge intensive companies and so has benefitted from this change.

The 14 new investments in the fourteen months to December 2019 are comprised of:

- Aire Labs: a technology platform that allows lenders to serve more customers by automating the data collection for those with thin credit files, removing the traditional costly human interaction previously required to assess these individuals;
- AudioTelligence: real time audio processing technology;
- By Miles: a pay-per-mile car insurance provider;
- Cazoo: an online platform which allows consumers to purchase used cars and arrange any finance necessary. Cazoo is founded by Alex Chesterman, Founder and CEO of Zoopla Property Group and previously at LOVEFiLM;
- Cred Investments: an online marketplace that will enable professional athletes to sell a share of their future salary and endorsement to their fans;
- Gleam: direct-to-consumer, personalised acne treatment;
- Glofox: gym management software for boutique fitness studios;
- Inrupt: is working to bring Sir Tim Berners-Lee's distributed data ownership model that is Solid into the mainstream, by building enterprise tools for companies who need to use customer data;
- Mosaic Smart Data: a data analytics tool for professionals in the capital markets to help improve investment decisions;
- Ometria: Customer retention marketing platform for retailers;
- Systum: a business and inventory management platform for wholesale distributors;
- ThirdEye Labs: a software solution for retailers to leverage existing security cameras to understand what is happening in store in real time to help prevent theft, stock shortages and queues;
- Unmade: a fashion software company that limits waste by manufacturing on demand; and
- vHive: an artificial intelligence solution that enables enterprises to deploy autonomous drone hives for the acquisition, management and processing of field data.

Subsequent to the year end, three new investments and nine follow-on investments were made, totalling £35.5 million. Further details can be seen in Note 17 of the financial statements.

Supporting our portfolio companies

Backing entrepreneurs and helping them reach their ambitions goes well beyond just providing finance. We give them a platform to succeed, providing practical support to the companies, helping them find and hire the right people and introducing them to valuable contacts, among other activities.

Since Titan was launched, we've built the Octopus Ventures team, which manages the Titan portfolio, from five people to more than 40, including our Operating Partners. In 2018, Octopus increased its resource commitment to manage Titan by expanding the investment team by nearly 50% to 17 people, as well as adding further portfolio and operational support to make sure we continue to be able to make new investments and manage the expanding portfolio. Octopus Ventures now has a combined investment experience of 150 years and brings together a wide range of specialist skills and individual insights.

Early-stage companies often need nurturing. So, we don't just make an investment, we also actively participate in the company's growth journey. Usually someone from Octopus Ventures sits on the board of the company they invest into, which allows them to play a prominent role in the company's ongoing development and supporting those teams through the often perilous activity of company building.

Some of the ways we help the entrepreneurs we back include holding workshops on strategy, advising on sales and marketing plans, as well as providing connections to other companies who may be helpful. We know that, as with many companies, the quality of the team can make or break a business. We have often introduced people who go on to become key members of senior management teams within our portfolio companies – for example, in the case of SwiftKey, we introduced the CFO, COO and Chairman to the business. With talented management teams being so crucial to the success of early stage companies, we've created a group focussed on start-up 'talent'. The group of three (one of which is based in New York) is focused on partnering and supporting our portfolio company leaders with building and developing the teams around them. We're also in a great position to help companies expand internationally. Octopus Ventures itself is spread between offices in London and New York, so we can better help companies understand both the opportunities and challenges of expanding globally.

The team is also bolstered by a group of Operating Partners, a select group of entrepreneurs and business experts who offer expertise in areas such as CEO leadership, sales and international expansion. They are based in London, San Francisco, Shanghai and Singapore and their purpose is to help Titan portfolio companies reach their full potential and achieve their global ambitions.

This combined approach can be a useful tool for winning the most competitive deals and proving our value beyond simply investment.

Outlook

The rapid development of the Coronavirus pandemic has spread fear and disrupted global economic activity. Central banks have been swift to reduce interest rates and Governments have announced unprecedented peacetime financial support and stimulus in response.

The impact has been felt across the portfolio and will continue to be felt for months to come. The challenges are numerous, and are experienced in a variety of ways; from the reduction in demand for products and services, to the disruptions associated with the transition to remote working. Some companies are being more significantly affected than others, notably those in the travel and leisure sectors, but on the positive side, companies that are at a structural advantage versus incumbent competitors are experiencing record trading (i.e. ecommerce, and digital-first services).

Many companies in the portfolio are well funded having recently closed large funding rounds, or are in the final stages of completing those rounds. We continue to work very closely with all of the portfolio companies to plan appropriately, take necessary action, assess potential funding requirements and to engage with existing funders early.

We are at a time of maximum uncertainty with regards to the Coronavirus. It is currently too early to accurately predict the effects on the portfolio and the economy more broadly, but we will continue to work with our portfolio companies as they navigate this challenging environment and provide further follow on funding where appropriate.

Stepping back from the immediate concerns, we feel it is important to remind our investors of the quality and maturity of the entrepreneurial ecosystem in the UK and across Europe. We remain excited by the opportunities presenting themselves, and our more recent focus on the Future of Health, the Future of Money and Deep Tech has allowed us to deepen our knowledge of and access to some of the most exciting and pioneering companies within this ecosystem. Regardless of sector, technology remains a driving force behind many businesses as they look to disrupt, replace or reinvent industries. The UK remains one of the most exciting markets to start, scale and exit a technology business, despite some of the ongoing political uncertainty following the UK's exit from the European Union in January 2020 and the Coronavirus pandemic. While some companies can struggle in such an environment, many can also successfully seize the opportunities afforded to small businesses such as those in the Titan portfolio, with many ultimately able to thrive where other larger incumbents may stumble. However, as is always the case when investing in small businesses, it is likely the portfolio will see some turbulence as well as success, as has been seen during the course of the last fourteen months. Ensuring Titan's investee companies continue to have sufficient funds to drive for growth and capitalize on any appropriate new prospects, as well as providing support through our own team and wider network of experienced advisors continues to be important to the potential future success of our companies.

Often early stage companies need more than just access to funding to achieve such success. As detailed in our report, we offer a suite of assistance which is highly valued by the teams seeking funding for their ambitious ideas, and not only helps add value to the existing companies in the portfolio in a practical way, but also helps attract and secure some of the best investment opportunities in the market. As a result, we're proud to be known as a trusted and valued partner for entrepreneurs intent on building global businesses valued in the billions, and this in turn helps Titan win competitive investment opportunities. Whilst there are a number of portfolio companies which have been very successful already and delivered significant value to Titan and its shareholders, we are confident many more have the potential to at least equal that success.

Valuation Methodology

Overview

Each unquoted portfolio investment will be valued at least twice a year, usually at the Titan interim and year end dates (30 June and 31 December, respectively), although this may vary according to fund raising schedules. The portfolio investments are valued in accordance with International Private Equity and Venture Capital (IPEV) valuation guidelines – December 2018. This means the investments are valued at fair value. The value of the unquoted portfolio investments will be combined with the value of the quoted portfolio investments, together with the value of the Company's other assets, investments and liabilities to generate the overall Net Asset Value of the Company.

General Principles

For all investment companies, we will consider several triangulated valuation methodologies including recent funding rounds, relevant trading comparables, recent M&A comparables and investment comparables to inform the company valuation, and may adjust up or down accordingly. For companies that have raised funds within the previous 12 months of the valuation point, the price of the most recent funding round may be an indicator of fair value. However, it may be appropriate to update this value, even if less than 12 months since the last investment, if this value is no longer deemed to be fair value. This may include both downward revisions reflecting underperformance, or valuation increases.

Investment Portfolio

Fixed asset investments	Sector	Investment cost as at 31 December 2019 (£'000)[1]	Amount invested in the period ending 31 December 2019 (£'000)
LHE Holdings Limited (trading as Property Partner)	Fintech and Insurance	13,600	1,243
Wave Optics Limited	AI, Robotics & Hardware	13,576	–
Amplience Limited[3]	Business Services	13,499	–
Sofar Sounds Limited	Consumer and Social	10,918	3,214
Bought By Many Limited	Fintech and Insurance	9,978	3,954
Permutive Inc.	Business Services	9,839	7,975
Digital Shadows Ltd	Security	9,702	3,479
Streethub Limited (trading as Trouva)	Consumer and Social	9,233	3,757
Zenith Holding Company Limited[2]	Other	8,963	–
UltraSoC Technologies Limited	AI, Robotics & Hardware	8,856	495
Ometria Limited	Business Services	8,800	8,800
Katalyst Inc	Life Science, Health & Wellbeing	8,769	3,949
DePop Limited[3]	Consumer and Social	8,766	3,766
Appear Here Limited	Business Services	8,509	4,695
Uniplaces Limited	Consumer and Social	8,434	813
CurrencyFair Limited[3]	Fintech and Insurance	8,381	830
Zynstra Limited	Business Services	8,317	–
Big Health Limited	Life Science, Health & Wellbeing	8,269	4,993
Sourceable Limited (trading as Swoon Editions)	Consumer and Social	8,148	1,191
Smartkem Limited	AI, Robotics & Hardware	7,768	2,994
Chronext AG	Consumer and Social	7,708	–
PLU&M Limited	Consumer and Social	7,500	4,000
Surrey NanoSystems Limited	AI, Robotics & Hardware	6,918	–
Antidote Technologies Ltd	Life Science, Health & Wellbeing	6,650	1,554
Chiaro Technology Limited (trading as Elvie)[3]	Life Science, Health & Wellbeing	6,417	1,820
Iovox Limited	Communications and Infrastructure	6,263	991
Token.IO Ltd	Fintech and Insurance	6,221	1,384
Context-Based 4Casting (C-B4) Ltd	Business Services	6,096	–
Conversocial Limited	Communications and Infrastructure	6,064	1,898
Origami Energy Limited[3]	Communications and Infrastructure	5,533	–
Artesian Solutions Limited	Business Services	5,481	–
Seatfrog UK Holdings Limited	Consumer and Social	5,300	1,800
Cazoo Limited[3]	Consumer and Social	5,000	5,000

Systum Inc	Business Services	5,000	5,000
Allplants Limited	Consumer and Social	5,000	–
Elliptic Enterprises Limited	Fintech and Insurance	4,913	2,829
OpenSignal Inc	Communications and Infrastructure	4,862	–
Michelson Diagnostics Limited	Life Science, Health & Wellbeing	4,795	–
Casual Speakers Limited (trading as Jolt)	Consumer and Social	4,770	1,604
Impatients N.V. (trading as MyTomorrows)	Life Science, Health & Wellbeing	4,705	954
Picsoneye Segmentation Innovation Limited (trading as Pixoneye)	AI, Robotics & Hardware	4,700	500
Olio Exchange Limited	Consumer and Social	4,500	1,000
The Faction Collective SA (trading as Faction)	Consumer and Social	4,461	1,494
Memrise Inc	Consumer and Social	4,375	–
Secret Escapes Limited[3,4]	Consumer and Social	4,256	–
BridgeU Corporation	Business Services	4,195	–
Patch Gardens Limited	Consumer and Social	4,172	2,072
Eve Sleep Plc	Consumer and Social	4,151	1,758
Mr & Mrs Oliver Limited (trading as Gleam)	Life Science, Health & Wellbeing	4,000	4,000
AudioTelligence Limited	AI, Robotics & Hardware	4,000	4,000
Zappy Limited (trading as Glofox)	Business Services	3,812	3,812
Medisafe Project Limited	Life Science, Health & Wellbeing	3,664	778
Semafone Limited	Communications and Infrastructure	3,594	–
vHive Tech Ltd	AI, Robotics & Hardware	3,500	3,500
Behaviometrics AB	Security	3,336	–
Dogtooth Technologies Limited	AI, Robotics & Hardware	3,278	–
Unmade Ltd	Consumer and Social	3,000	3,000
By Miles Limited	Fintech and Insurance	2,872	2,872
Ecrebo Limited[3]	Business Services	2,857	–
Mosaic Smart Data Limited	Fintech and Insurance	2,780	2,780
Dead Happy Limited	Fintech and Insurance	2,700	1,200
Metrasens Limited	AI, Robotics & Hardware	2,688	–
e-Therapeutics plc	Life Science, Health & Wellbeing	2,415	–
Inrupt Inc.	Communications and Infrastructure	2,372	2,372
Bowman Power Limited	AI, Robotics & Hardware	2,305	–
Fluidly Limited	Business Services	2,299	899
Trafi Limited[3]	Communications and Infrastructure	2,288	–
Pop Global Limited (trading as We Got Pop)	Business Services	2,100	600

Streetbees.com Limited	Business Services	2,086	259
CRED Investment Holdings Limited	Fintech and Insurance	2,000	2,000
Phoelex Ltd	AI, Robotics & Hardware	1,525	–
Mush Limited	Consumer and Social	1,500	–
Thirdeye Labs Limited	Security	1,500	1,500
Segura Systems Limited[3]	Business Services	1,470	–
Aire Labs Limited	Fintech and Insurance	1,332	1,332
Multiply AI Limited	Fintech and Insurance	1,283	283
GTN Ltd	Life Science, Health & Wellbeing	800	–
Slamcore Limited	AI, Robotics & Hardware	750	–
M10 Networks Inc	Fintech and Insurance	626	626
Intrepid Owls Limited (trading as Rest-Less)	Consumer and Social	550	–
Excession Technologies Limited	Security	298	–
Phasor Inc.	AI, Robotics & Hardware	250	–
Total fixed asset Investments		**418,157**	**127,618**

[1] Investment cost reflects the amount invested into each investee company from Titan's 1 – 5 before the 2014 merger and from Titan after the merger. This is different to the book cost (as per Note 10 of the financial statements) which includes the holding gains/(losses) on assets which transferred from Titan's 1, 3, 4 and 5 to Titan 2 (now Titan) during the 2014 merger, as Titan purchased these assets at fair value.

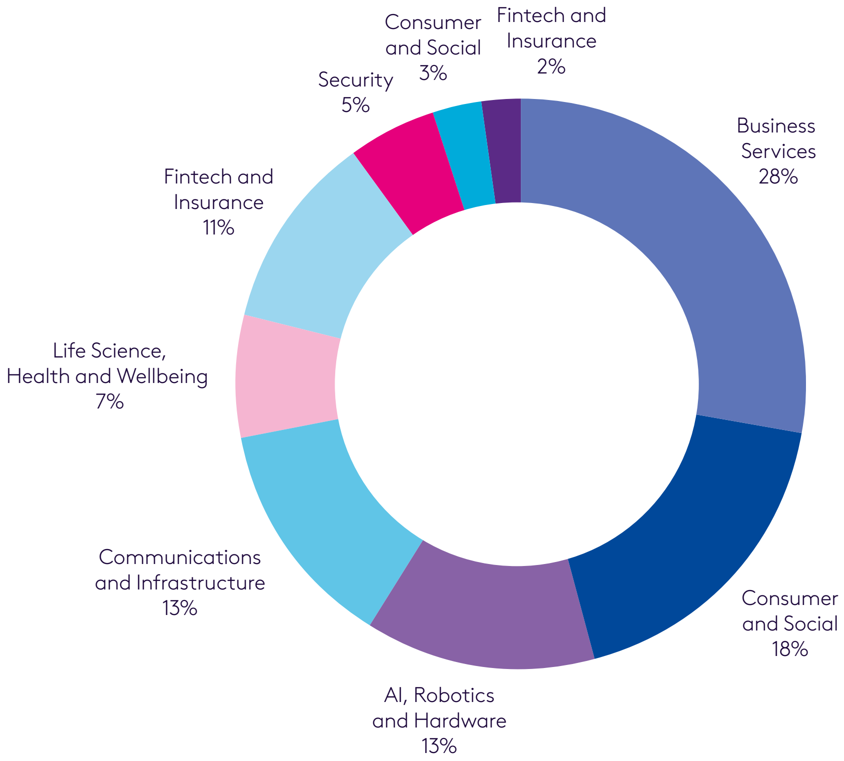
[2] Owns stakes in Secret Escapes Limited and Calastone Limited.

[3] These companies have also been invested into by other funds managed by Octopus.

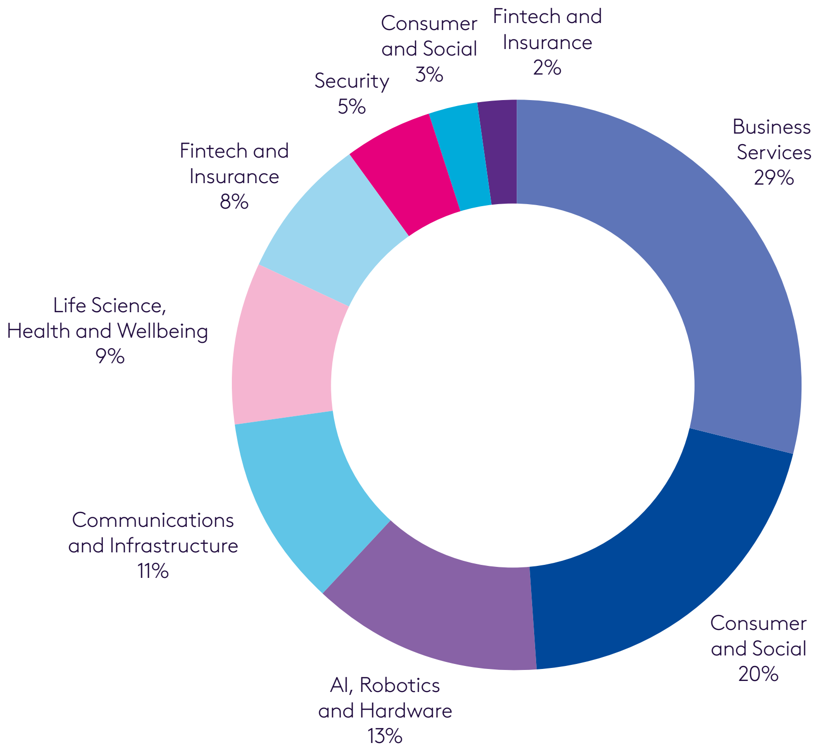
[4] The figures for Secret Escapes relate to Titan's direct investment only.

Sector Analysis

Total Investments by Cost



Total Investments by Value



Review of Investments

Listed below are details of Titan's ten largest investments by value.

Zenith Holding Company Limited

Zenith Holding Company has a holding in Octopus Zenith LP, an Octopus managed fund, which holds stakes in Calastone and Secret Escapes, which were formerly held by Titan 1-3 prior to the merger of the five Titan VCTs in November 2014. Following the merger, Zenith Holding Company became a 100% owned investment of Titan.

- Founded in 2007, Calastone is a financial technology company. Its mission is to make markets friction-free by connecting trading partners through its global fund transaction network. More than 1,400 customers in 34 countries of domicile are now processing domestic and cross border transactions via Calastone, benefitting from the cost and risk reduction opportunities transaction automation can offer. Its purpose is to use smart technology solutions and industry collaboration to enable global distribution, reduce operational risk, and enhance client profitability. Calastone is part of Fintech50, ranked in The Sunday Times Hiscox Tech Track 100 and is one of the UK Government Tech City's Future Fifty companies, recognised for high growth and transforming industries. Calastone has offices in London, Luxembourg, Hong Kong, Sydney, Taiwan and Singapore.
- Founded in 2009, Secret Escapes is an online travel club. Members of Secret Escapes may purchase luxury holidays at significant discounts. Members have the opportunity to purchase for a limited period of time (less than seven days) but can choose when to stay at a particular hotel over an extended period of time. The business has offices in London, Sweden, Spain, Poland, Germany, Singapore and the US, has over 50 million customers globally and operates in 21 countries.
- Following the sale of Zenith's remaining shares in ZPG in February 2017, Titan no longer has an investment in ZPG.
- Following the sale of Zenith's remaining shares in Graze.com in February 2019, Titan no longer has an investment in Graze.com.

Country of incorporation:	The Cayman Islands
Initial investment date:	June 2013
Investment cost:	£8,963,000
Valuation:	£45,116,000
Last submitted accounts:	31 October 2018
Loss before tax:	£(7,000)
Net assets:	£21,000

Amplience Limited

Amplience helps retailers generate profitable growth through improved online shopping experiences using smartphones, tablet and desktop computers. The Amplience Media Platform allows retailers to create campaign and product media that increases customer engagement, sales and average order values.

Over 200 leading UK, European and US brands, including Argos, Tesco, Shop Direct Group (Littlewoods.com), LK Bennett, Jimmy Choo, Tom Ford, Labelux and Halfords, report significant benefits from using Amplience. These include saving up to 90% on campaign and product media production, conversion rate increases of up to 200% and a 20% increase in average order values.

Initial investment date:	December 2010
Investment cost:	£13,499,000
Valuation:	£44,880,000
Last submitted accounts:	30 June 2019
Consolidated turnover:	£8,914,292
Consolidated loss before tax:	£(9,222,618)
Consolidated net assets:	£(2,370,881)

Secret Escapes
Secret Escapes provides an online vacation booking service that aims to be an exciting, enjoyable and stress-free experience. It handpicks the best hotels and holidays, making exclusive offers available to its members. The company guarantees that its 'flash sale' prices, which are available for limited periods, will be better than anywhere else online during that period. The business operates in the US, Europe and Asia.

The Company has been impacted by the Coronavirus worldwide pandemic being in the travel industry. The management team is reacting well despite the challenging situation and the Portfolio Manager has taken the measures to reflect this in the latest valuation.

Initial investment date:	April 2011
Investment cost:	£4,256,000
Valuation:	£38,937,000
Last submitted group accounts:	31 December 2018
Consolidated turnover:	£121,227,000
Consolidated loss before tax:	£(9,975,000)
Consolidated net assets:	Not disclosed

Bought By Many
Bought By Many is an award-winning insurtech company with a specific focus on providing better pet insurance for everyone. Bought by Many designed its unique policies based on more than 40,000 comments from pet owners. Its stream-lined customer experience and commitment to treating customers fairly has resulted in them being voted the UK's most trusted pet insurance company.

Initial investment date:	October 2016
Investment cost:	£9,978,000
Valuation:	£26,360,000
Last submitted group accounts:	31 March 2019
Consolidated turnover:	Not disclosed
Consolidated loss before tax:	Not disclosed
Consolidated net assets:	£10,233,204

Depop Limited
Depop is a free to download mobile and tablet app on which you can sell unique items including art, vintage and luxury fashion, illustrations, books, records and trainers.

Initial investment date:	January 2018
Investment cost:	£8,766,000
Valuation:	£23,883,000
Last submitted accounts:	31 December 2018
Turnover:	Not disclosed
Profit before tax:	Not disclosed
Net assets:	£10,073,389

Wave Optics Limited
WaveOptics designs a critical component, known as a waveguide, for Augmented Reality (AR) glasses. AR superimposes a computer-generated image on a user's view of the real world. AR glasses are used in industrial applications, such as on-site maintenance and repairs, manufacturing and logistics and it is a widely held belief that there will be a large consumer market once the technology is sufficiently mature.

Initial investment date:	December 2015
Investment cost:	£13,576,000
Valuation:	£23,078,000
Last submitted accounts:	31 December 2018
Turnover:	£1,367,465
Loss before tax:	£(10,970,644)
Net assets:	£18,928,133

Cazoo
Cazoo's aim is to deliver the best selection, value and experience for used car buyers. It provides consumers with a transparent, no-pressure buying environment where they can simply and seamlessly buy and finance a used car entirely online.

Initial investment date:	November 2018
Investment cost:	£5,000,000
Valuation:	£21,250,000
Last submitted accounts:	None
Consolidated turnover:	Not disclosed
Consolidated loss before tax:	Not disclosed
Consolidated net assets:	Not disclosed

Conversocial
Conversocial is a customer engagement platform for 'always-on' mobile, social consumers. The company is delivering a unified approach to new types of customer interaction by enabling hundreds of global brands, to answer questions from people instantly. This helps companies to build stronger relationships with their customers. Customers now expect brands to engage across multiple channels, such as Facebook Messenger, Twitter, SMS, Instagram, Google Play Store Reviews and YouTube. Conversocial allows brands to do this seamlessly through one single platform.

Initial investment date:	May 2013
Investment cost:	£6,064,000
Valuation:	£18,559,000
Last submitted group accounts:	31 December 2018
Consolidated turnover:	Not disclosed
Consolidated loss before tax:	Not disclosed
Consolidated net assets:	£16,551,214

Permutive
Permutive collects user event data and uses it to target specific marketing messages, or to trigger specific actions. For example, if a user has clicked on three links, it then prompts them to sign up for an email subscription. Permutive is currently targeting large online publishers, in addition to e-commerce businesses where there is pressure to increase marketing efficiency.

Initial investment date:	May 2015
Investment cost:	£9,839,000
Valuation:	£15,830,000
Last submitted group accounts:	31 December 2018
Consolidated turnover:	Not disclosed
Consolidated profit before tax:	Not disclosed
Consolidated net assets:	£(3,442,929)

Trouva
Trouva is an online tool for products that are sold at independent retailers' shops. It offers services to reserve online, pick up in-store, as well as same-day and nationwide delivery. The company aggregates and displays local independent retailers across London, allowing consumers to browse the retailers' offerings. This is done under the Trouva consumer brand.

Initial investment date:	December 2013
Investment cost:	£9,234,000
Valuation:	£13,871,000
Last submitted group accounts:	31 July 2018
Consolidated turnover:	Not disclosed
Consolidated loss before tax:	Not disclosed
Consolidated net assets:	£302,627

If you have any questions on any aspect of your investment, please call one of the Octopus team on **0800 316 2295**.

Octopus Ventures Team
16 April 2020

Details of Directors

John Hustler (Non-Executive Chairman)

John joined Peat Marwick, now KPMG, in 1965 and became a Partner in 1983. Since leaving KPMG in 1993 to form Hustler Venture Partners Limited, he has advised and been a director of a number of growing companies. He is presently Chairman of Seneca Growth Capital VCT Plc (formerly Hygea VCT Plc). He was also a member of the Council of The Institute of Chartered Accountants in England and Wales and Chairman of its Corporate Finance Faculty from 1997-2000 and was a member of the Council of the British Venture Capital Association from 1989-1991. John has been a director of Octopus Titan VCT plc from 29 October 2007 to date.

Matt Cooper (Non-Executive Director)

Matt currently works as a non-executive chairman and/or director with a range of public and private companies. These include Octopus Capital Limited, VouchedFor Ltd and Tandem Bank Limited. Matt's areas of expertise include corporate strategy formulation, brand and marketing and implementation, organisational culture and design, and executive coaching and leadership. Previously, Matt was Principal Managing Director of Capital One Bank Europe plc until leaving the company in 2001. Originally from New Jersey, Matt graduated first in his class in Chemistry from Princeton University in 1988. Matt was a director of Octopus Titan VCT 1 plc from 29 October 2007 to 27 November 2014, in addition to being a director of Titan from 29 October 2007 to date.

Mark Hawkesworth (Non-Executive Director)

Mark has over 25 years experience in the private equity industry, having retired as an investment partner at Nova Capital Management Limited ("Nova") in January 2010. Prior to joining Nova, he was a senior partner at Baring Private Equity Partners and also spent 12 years at Lazard. Mark originally trained as an electrical engineer and spent his early career working for international engineering companies such as Taylor Woodrow, Trafalgar House and BICC/Balfour Beatty. Mark was a director and Chairman of Octopus Titan VCT 3 plc from 17 March 2008 to 27 November 2014, and has been a director of Titan from 27 November 2014 to date.

Jane O'Riordan (Non-Executive Director)

Jane is currently executive chair of Turtle Bay restaurants and Chairperson of Caravan Restaurants and Red Engine. Jane was previously a Director of Yellowwoods Associates UK Limited, where she was involved in the strategic development of companies such as Nando's, Gourmet Burger Kitchen, Pizza Express/Gondola and others. Before Yellowwoods, Jane was a director with Braxton Associates, the then strategic consulting division of Deloitte & Touche. In addition to over 25 years of private equity, venture capital and management consulting experience, Jane worked for three years with British Aerospace as a spacecraft systems engineer. Jane has a BSc in mechanical engineering and an MBA from Harvard Business School. Jane was a director and Chairperson of Octopus Titan VCT 5 plc from 17 November 2010 to 27 November 2014, and has been a director of Titan from 27 November 2014 to date.

Tom Leader (Non-Executive Director)

Tom has over 27 years' private equity experience. He is currently Head of Portfolio at Caledonia Private Capital. In his last role, he was Chief Investment Officer of Nova Capital Management. Before Nova, Tom worked at Baring Private Equity Partners and Morgan Grenfell Private Equity. Tom started his career in the management consultancy practice of Coopers & Lybrand. Tom is a Non-Executive Director of Liberation Group, Seven Investment Management, Cooke Optics and Bloom Engineering. Separately, he is Non-Executive Chairman of Penox Group GmbH. Tom was appointed a director of Titan on 8 August 2018.

Directors' Report

The Directors present their report and the audited financial statements for the fourteen month period ended 31 December 2019.

The Directors consider that the Annual Report and Financial Statements, taken as a whole is fair, balanced and understandable and provides the information necessary for shareholders to assess Titan's position, performance, business model and strategy.

Directors

Brief biographical notes on the Directors are given on page 24.

In accordance with the Articles of Association and the Association of Investment Companies Code of Corporate Governance, Mr Hawkesworth and Mr Hustler offer themselves for re-election and the Board recommends their re-election at the forthcoming AGM. Mr Hustler has now served over nine years as Director of the Company. The Association of Investment Companies Code of Corporate Governance recommends the Board should state its reasons for believing that a Director who has served for more than nine years remains independent. The Board has considered provisions of The UK Corporate Governance Code and following a formal performance evaluation as part of the Board Evaluation, further details of which can be found on page 29, believes that Mr Hawkesworth and Mr Hustler continue to be effective Non-Executive Directors, providing considerable experience and continuity to the Company, and demonstrates commitment to their roles as Director and Chairman, to the Board and the Company. The Board therefore has no hesitation in recommending them for re-election at the forthcoming AGM.

Mr Cooper is not considered to be independent due to his role as Chairman of Octopus Investments Limited, Titan's Portfolio Manager. As a non-independent Director, Mr Cooper will stand for re-election at the 2020 AGM of Titan as required by Listing Rule 15.2.13A. The Board has also considered the provisions of The UK Corporate Governance Code and believes that he continues to be effective and to demonstrate commitment to his role, the Board and the Company. The Board therefore has no hesitation in recommending him for re-election at the forthcoming AGM.

Further details can be found in the Corporate Governance report on pages 28 to 31.

Directors' and Officers' Liability Insurance

The Company has, as permitted by the Companies Act 2006, maintained insurance cover on behalf of the Directors and Company Secretary indemnifying them against certain liabilities which may be incurred by them in relation to the Company.

Going Concern

The Company's business activities, together with the factors likely to affect its future development, performance and position, are set out in the Strategic Report, on pages 2 to 23. Further details on the management of financial risk may be found in Note 16 of the financial statements.

The Board receives regular reports from Octopus and the Directors believe that the Company has adequate financial resources to continue in operational existence for a period of at least twelve months from the date of the signing of these financial statements. In reaching this conclusion the Directors have considered the liquid assets of the Company and its ability to meet its obligations as they fall due. As no material uncertainties leading to significant doubt about going concern have been identified, and taking into account all available information about the Company, the Directors believe that is appropriate to continue to adopt the going concern basis of accounting in preparing the financial statements.

As mentioned in the Business Review, the Board has considered the Company's cash flow projections, including the potential effects of Coronavirus, and found these to be realistic and reasonable.

The assets of the Company include securities which are readily realisable (25% of net assets). The Board regularly reviews cash flow projections which demonstrate the Company has adequate financial resources to meet its expenses and discretionary expenditure in relation to the dividend policy and share buybacks and to continue in operational existence for the foreseeable future.

Management

Given Titan's continued growth in assets under management, the Company is now classified as a full-scope Alternative Investment Fund under the Alternative Investment Fund Management Directive (the "AIFM Directive"). As a result, since 1 September 2017, the Company has in place an agreement with Octopus AIF Management Limited to act as Manager (an authorised alternative investment fund manager responsible for ensuring compliance with the AIFM Directive). Octopus AIF Management Limited has in turn appointed Octopus to act as Portfolio Manager to Titan (responsible for portfolio management and the day-to-day running of the fund). These agreements (which ensure the same personnel are managing the Company's portfolio both before and after 1 September 2017) are central to Titan's ability to continue in business. The principal terms of the management agreement with Octopus are set out in Notes 3 and 19 of the financial statements.

Octopus also provides secretarial and administrative services to the Company, and provided custodian services up to September 2017. On 1 September 2017, BNP Paribas Securities Services was appointed as Depositary to Titan. BNP Paribas provides cash monitoring, safekeeping of financial instruments and other assets and oversight duties.

There are no other contracts which are deemed to be essential to the business of the Company.

As required by the Listing Rules, the Directors confirm that, in their opinion, the continuing appointment of Octopus as Portfolio Manager is in the best interests of the shareholders as a whole. In reaching this conclusion the Directors have taken into account the performance of the investment portfolio and the ability of Octopus to produce satisfactory investment performance in the future. It also considered the length of the notice period of the management agreement and fees payable to Octopus, together with the standard of other services provided, as set out above. Details of the fees paid to Octopus in respect of services provided are detailed in Note 19 of the financial statements.

With the exception of Mr Cooper, no Director has an interest in any contract to which Titan is a party. Mr Cooper is the Chairman of Octopus.

The Company has established a performance incentive scheme whereby Octopus is entitled to an annual performance-related incentive fee in the event that certain performance criteria are met. The criteria have been met in 2019 resulting in a performance fee payable to Octopus. Further details of this scheme are disclosed within Note 19 of the financial statements.

Through the agreements described above, the investment decisions and routine management decisions such as the payment of standard running costs are delegated to Octopus

Whistleblowing

The Board has considered the arrangements implemented by Octopus in accordance with The UK Corporate Governance Code's recommendations, to encourage staff of the Portfolio Manager or the Company Secretary to raise concerns, in confidence, within their organisation about possible improprieties in matters of financial reporting or other matters. It is satisfied that adequate arrangements are in place to allow an independent investigation, and follow on action where necessary, to take place within the organisation.

Bribery Act

Octopus has an Anti-Bribery Policy which introduced robust procedures to ensure full compliance with the Bribery Act 2010 and to ensure that the highest standards of professional ethical conduct are maintained. All employees and those working for, or on behalf of, the firm are aware of their legal obligations when conducting company business.

VCT Regulation

Compliance with required rules and regulations is considered when all investment decisions are made. The Company is further monitored on a continual basis to ensure compliance. The main criteria to which it must adhere are detailed on page 64.

The Finance Act 2014 amended the rules relating to VCT shares issued on or after 6 April 2014 such that VCT status will be withdrawn if, in respect of shares issued on or after that date, a dividend is paid (or other forms of distributions or payments are made to investors) from the capital received by the VCT from that issue within three years of the end of the accounting period in which shares were issued to investors.

The Finance (No 2) Act 2015 received Royal Assent in November 2015 and introduced a number of changes to VCT rules to bring the legislation into line with EU State Aid Risk Finance Guidelines. The legislation introduced new criteria which stipulates a lifetime cap on the total amount of State Aid investment a company can receive, the age of companies which are eligible for investment and specific requirements relating to the use of the funds raised.

The Company will continue to ensure its compliance with the qualification requirements.

Environment Policy and Greenhouse Gas Emissions

The Board has no specific environmental policy; however, the Company recognises the need to conduct its business, including investment decisions, in a manner that is responsible to the environment wherever possible.

The Company does not produce any reportable emissions as the fund management is outsourced to Octopus, with no physical assets or property held by the Company. As Titan has no employees or operations, it is not responsible for any direct emissions.

Share Capital

Titan's ordinary share capital as at 31 December 2019 comprised 951,607,197 (2018: 654,665,529) Ordinary shares of 10p each. No shares were held in Treasury.

Share Issues and Open Offers

During the period 241,582,175 shares were issued under the offer launched on 13 September 2018 to raise up to £120 million in aggregate with an overallotment facility of £80 million.

On 16 September 2019 an offer for subscription to raise up to £120 million in aggregate with an overallotment facility of £50 million was launched. As at 9 April 2020, 131,470,761 shares had been issued for a total consideration of £124 million. This offer is now closed.

Share Buybacks

During the fourteen month period, the Company purchased 20,178,694 shares, with a nominal value of £2,017,869 for cancellation at a weighted average price of 87.2p per share for a total consideration of £17.6 million, which represents 3.1% of the shares in issue at the prior year end (2018: 9,854,067 shares, with a nominal value of £985,407 for cancellation at a weighted average price of 90.2p per share for a total consideration of £8.9 million). These were repurchased in accordance with the Company's share buyback facility in order to assist the marketability of the shares and to prevent the shares trading at a wide discount to the NAV.

Post Balance Sheet Events

A full list of post balance sheet events since 31 December 2019 can be found in Note 17 of the financial statements on page 61.

Rights Attaching to the Shares and Restrictions on Voting and Transfer

Subject to any suspension or abrogation of rights pursuant to relevant law or Titan's Articles of Association, the shares confer on their holders the following principal rights:

(a) the right to receive out of profits available for distribution such dividends as may be agreed to be paid (in the case of a final dividend in an amount not exceeding the amount recommended by the Board as approved by shareholders in a general meeting or in the case of an interim dividend in an amount determined by the Board). All dividends unclaimed for a period of 12 years after having become due for payment are forfeited automatically and cease to remain owing by Titan;

(b) the right, on a return of assets on a liquidation, reduction of capital or otherwise, to share in the surplus assets of Titan remaining after payment of its liabilities pari passu with the other holders of Ordinary shares; and

(c) the right to receive notice of and to attend and speak and vote in person or by proxy at any general meeting of Titan. On a show of hands, every member present or represented and voting has one vote, and on a poll, every member present or represented and voting has one vote for every share of which that member is the holder. The appointment of a proxy must be received not less than 48 hours before the time of the holding of the relevant meeting or adjourned meeting or, in the case of a poll taken otherwise than at or on the same day as the relevant meeting or adjourned meeting, be received after the poll has been demanded and not less than 24 hours before the time appointed for the taking of the poll.

These rights can be suspended. If a member, or any other person appearing to be interested in shares held by that member, has failed to comply within the time limits specified in the Company's Articles of Association with a notice pursuant to s793 of the Companies Act 2006 (notice by the Company requiring information about interests in its shares), the Company can, until the default ceases, suspend the right to attend and speak and vote at a general meeting. If the shares represent at least 0.25% of their class the Company can also withhold any dividend or other money payable in respect of the shares (without any obligation to pay interest) and refuse to accept certain transfers of the relevant shares. Shareholders, either alone or with other shareholders, have other rights as set out in the Company's Articles of Association and in company law (principally the Companies Act 2006).

A member may choose whether his shares are evidenced by share certificates (certificated shares) or held in electronic (uncertificated) form in CREST (the UK electronic settlement system). Any member may transfer all or any of his shares, subject in the case of certificated shares to the rules set out in the Company's Articles of Association or in the case of uncertificated shares to the regulations governing the operation of CREST (which allow the Directors to refuse to register a transfer as therein set out); the transferor remains the holder of the shares until the name of the transferee is entered in the register of members. The Directors may refuse to register a transfer of certificated shares in favour of more than four persons jointly or where there is no adequate evidence of ownership or the transfer is not duly stamped (if so required). The Directors may also refuse to register a share transfer if it is in respect of a certificated share which is not fully paid up or on which the Company has a lien provided that, where the share transfer is in respect of any share admitted to the Official List maintained by the UK Listing Authority, any such discretion may not be exercised so as to prevent dealings taking place on an open and proper basis, or if in the opinion of the Directors (and with the concurrence of the UK Listing Authority) exceptional circumstances so warrant, provided that the exercise of such power will not disturb the market in those shares. Whilst there are no squeeze-out and sell out rules relating to the shares in the Company's Articles of Association, shareholders are subject to the compulsory acquisition provisions in s974 to s991 of the Companies Act 2006.

Directors' Authority to Allot Shares, to disapply Pre-emption Rights

The authority proposed under Resolution 8 is required so that the Directors may offer existing shareholders the opportunity to add to their investment or to offer potential shareholders an opportunity to invest in the Company in a tax-efficient manner without it having to incur substantial costs. Any consequent modest increase in the size of the Company will, in the opinion of the Directors, be in the interests of shareholders generally. Any issue proceeds will be available for investment in line with the Company's investment policy and may be used, in part, to purchase Ordinary shares in the market.

Resolution 8 renews the Directors' authority to allot Ordinary shares. Such authority would expire at the latter of the conclusion of the next AGM following the passing of this Resolution and the expiry of 15 months from the passing of the Resolution, giving the Directors authority to allot up to 20% of the Company's issued share capital as at the date of the notice of AGM. This authority is in addition to existing authorities.

Resolution 9 renews and extends the Directors' authority to allot equity securities for cash without pre-emption rights applying in certain circumstances. This Resolution would authorise the Directors, until at the conclusion of the next AGM of the Company following the passing of this Resolution or, if earlier, on the expiry of 15 months from the passing of this Resolution, to issue Ordinary shares for cash without pre-emption rights applying by way of an offer to existing shareholders, or re-issue shares out of Treasury up to 10% of the Company's issued share capital. This power will be exercised only if, in the opinion of the Directors, it would be in the best interests of shareholders, as a whole. This authority is in addition to existing authorities.

Directors' Authority to Make Market Purchase of its Own Shares

The authority proposed under Resolution 10 is required so that the Directors may make purchases of up to 50,635,967 Ordinary shares, representing approximately 5% of the Company's issued share capital as at the date of the notice of AGM. Any shares bought back under this authority will be at a price determined by the Board, (subject to a minimum price of 10p (being the nominal value of such shares) and a maximum price of 5% above the average mid-market quotation for such shares on the London Stock Exchange and the applicable regulations thereunder) and may be cancelled or held in Treasury as may be determined by the Board. The authority conferred by Resolution 10 will expire 18 months from the date of the passing of the Resolution unless renewed, varied or revoked by the Company in a general meeting and will be in addition to existing authorities. This power will be exercised only if, in the opinion of the Directors, a repurchase would be in the best interests of shareholders as a whole.

Cancellation of Share Premium Account

The Board considers it appropriate to obtain shareholders' approval for the cancellation of the amount standing to the share premium account of the Company as at 31 October 2017 to create (subject to Court approval) a pool of distributable reserves. A Special Resolution to this effect is being proposed at Resolution 11.

Substantial Shareholdings

As at the date of this report, no disclosures of major shareholdings had been made to the Company under Disclosure and Transparency Rule 5 (Vote Holder and Issuer Notification Rules).

Independent Auditor

BDO LLP were appointed as Auditor on 20 June 2018 and offer themselves for re-appointment as auditor. A Resolution to re-appoint BDO LLP will be proposed at the forthcoming AGM.

As far as the Directors are aware, there is no relevant audit information of which the auditor is unaware and the Directors have taken all the steps they ought to have taken as a Director in order to make them aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Information given in the strategic report

Information on dividends and likely future development has not been given in the Directors' Report as equivalent disclosure has been given in the Strategic Report.

Corporate Governance

The Board of Directors has considered the principles and recommendations of the Association of Investment Companies Code of Corporate Governance (AIC Code).

The AIC Code, addresses the principles and provisions set out in The UK Corporate Governance Code (the UK Code), as well as setting out additional provisions on issues that are of specific relevance to the Company. The Board considers that reporting against principles and provisions of the AIC Code, which has been endorsed by the Financial Reporting Council provides more relevant information to shareholders.

The Company is committed to maintaining high standards in Corporate Governance. The Directors consider that the Company has, throughout the period under review, complied with the provisions set out in The UK Code with the exceptions set out in the Compliance Statement on page 31.

The Company has complied with the principles and provisions of the AIC Code.

The AIC Code is available on the AIC website (**www.theaic.co.uk**). It includes an explanation of how the AIC Code adapts the principles and provisions set out in the UK Code to make them relevant for investment companies.

Board of Directors

The Company has a Board of five Non-Executive Directors, four of whom are considered to be independent. Mr Cooper is not considered to be independent due to his role as Chairman of Octopus. The Board meets regularly on a quarterly basis, and on other occasions as required, to review the investment performance and monitor compliance with the investment policy laid down by the Board as set out in the Strategic Report on page 2.

Subject to the provisions of the Companies Act 2006, the Articles of Association of the Company and any directions given by shareholders by Special Resolution, the Articles of Association specify that the business of the Company is to be managed by the Directors, who may exercise all the powers of the Company, whether relating to the management of the business or not. In particular, the Directors may exercise on behalf of the Company its powers to purchase its own shares to the extent permitted by shareholders. Authority was given at the Company's 2019 AGM to make market purchases of up to 5% of the issued ordinary share capital at any time up to the 2020 AGM and otherwise on the terms set out in the relevant resolution, and renewed authority is being sought at the 2020 AGM as set out in the notice of meeting.

The Board has a formal schedule of matters specifically reserved for its decision which include:

- the consideration and approval of future developments or changes to the investment policy, including risk and asset allocation;

- consideration of corporate strategy;
- approval of the appropriate dividend to be paid to the shareholders;
- the appointment, evaluation, removal and remuneration of Octopus;
- the performance of the Company, including monitoring of the discount of the NAV to the share price; and
- monitoring shareholder profiles and considering shareholder communications.

The Chairman leads the Board in the determination of its strategy and in the achievement of its objectives. The Chairman is responsible for organising the business of the Board, ensuring its effectiveness and setting its agenda, and has no involvement in the day-to-day business of the Company. He facilitates the effective contribution of the Directors and ensures that they receive accurate, timely and clear information and that they communicate effectively with shareholders.

The Company Secretary is responsible for advising the Board, through the Chairman, on all governance matters. All of the Directors have access to the advice and services of the Company Secretary, who has administrative responsibility for the meetings of the Board and its committees. Directors may also take independent professional advice at the Company's expense where necessary in the performance of their duties. The Board does not consider it necessary for the size of the Board or the Company to identify a member of the Board as the senior Non-Executive Director.

The Company's Articles of Association and the schedule of matters reserved to the Board for decision provide that the appointment and removal of the Company Secretary is a matter for the full Board.

During the period the following meetings were held:

	Full Board meetings held	No. of meetings attended	Audit Committee meetings held	Audit Committee meetings attended
John Hustler	6	6	2	2
Matt Cooper	6	6	2	n/a
Mark Hawkesworth	6	6	2	2
Jane O'Riordan	6	6	2	2
Tom Leader	6	6	2	2

Additional meetings were held as required to address specific issues including considering investment recommendations from Octopus, allotments and purchases of its own shares.

The Company's Articles of Association require that one third of Directors should retire by rotation each year and seek re-election at the AGM, and that Directors appointed by the Board should seek re-appointment at the next AGM. All Directors are required to submit themselves for re-election at least every three years with the exception of Mr Cooper who is not considered to be independent as he is the Chairman of Octopus, the Company's Portfolio Manager, and therefore is required to stand for re-election each year.

This practice was followed during the year under review.

	Date of Original Appointment	Date of last election/Re-election	Due date for Re-election
John Hustler	29/10/2007	AGM 2019	AGM 2020
Matt Cooper	29/10/2007	AGM 2019	AGM 2020
Mark Hawkesworth	27/11/2014	AGM 2017	AGM 2020
Jane O'Riordan	27/11/2014	AGM 2018	AGM 2021
Tom Leader	08/08/2018	AGM 2019	AGM 2022

Performance Evaluation

In accordance with The UK Corporate Governance Code, each year a formal performance evaluation is undertaken of the Board as a whole, its Committees and the directors in the form of one-to-one meetings between the Chairman and each director. The directors were made aware of the annual performance evaluation on their appointment. The Chairman provides a summary of the findings to the Board, which are discussed at the next meeting and an action plan agreed. There were no issues requiring action in the period. The performance of the Chairman was evaluated by the other Directors.

The Board also conducts an evaluation of Octopus, as the Portfolio Manager, and feedback of the results of the evaluation is provided to Octopus.

Appointment and Replacement of Directors

A person may be appointed as a Director of the Company by the shareholders in a general meeting by Ordinary Resolution (requiring a simple majority of the persons voting on the relevant resolution) or by the Directors. No person, other than a Director retiring by rotation or otherwise, shall be appointed or reappointed a Director at any general meeting unless he is recommended by the Directors or, not less than seven nor more than 42 clear days before the date appointed for the meeting, notice is given to the Company of the intention to propose that person for appointment or re-appointment in the form and manner set out in the Company's Articles of Association. Each Director who is appointed by the Directors (and who has not been elected as a Director by the members at a general meeting held in the interval since his appointment as a Director) is to be subject to election as a Director of the Company by the members at the first AGM following his or her appointment. At each AGM one third of the Directors for the time being, or if their number is not three or an integral multiple of three the number nearest to but not exceeding one-third, are to be subject to re-election. The Companies Act 2006 allows shareholders in a general meeting by Ordinary Resolution (requiring a simple majority of the persons voting on the relevant resolution) to remove any Director before the expiration of his or her period of office, but without prejudice to any claim for damages which the Director may have for breach of any contract of service between him or her and the Company. A person also ceases to be a Director if he or she resigns in writing, ceases to be a Director by virtue of any provision of the Companies Act, becomes prohibited by law from being a Director, becomes bankrupt or is the subject of a relevant insolvency procedure, or becomes of unsound mind, or if the Board so decides following at least six months' absence without leave or if he or she becomes subject to relevant procedures under the mental health laws, as set out in the Company's Articles of Association.

The Board does not have a policy of limiting the tenure of any Director, including the Chairman, as the Board does not consider that a Director's length of service reduces his or her ability to act independently of the Portfolio Manager.

Board Committees

It should be noted that there is no formal Management Engagement Committee as matters of this nature are dealt with by the independent Non-Executive Directors. The Board does not have a separate Remuneration Committee as the Company has no employees or executive Directors. Detailed information relating to the remuneration of Directors is given in the Directors' Remuneration Report on pages 34 to 36.

The Board has appointed two committees to make recommendations to the Board in specific areas:

Audit Committee:
Mark Hawkesworth
John Hustler
Jane O'Riordan
Tom Leader

The Audit Committee consists of four independent Directors. The Audit Committee believes that Mark Hawkesworth possesses appropriate and relevant financial experience as per the requirements of The UK Corporate Governance Code. The Board considers that the members of the Committee are independent and have collectively the skills and experience required to discharge their duties effectively. The Audit Committee Report is given on pages 32 and 33.

Nomination Committee:
John Hustler (Chairman)
Matt Cooper
Mark Hawkesworth
Jane O'Riordan
Tom Leader

The Nomination Committee considers the selection and appointment of Directors considering the composition and selection of the Board, appointing members on merit, measured against objective criteria with due regard for the benefits of gender and diversity. It also makes recommendations to the Board as to the level of Directors' fees if appropriate.

Internal Controls

The Directors have overall responsibility for keeping under review the effectiveness of the Company's systems of risk management and internal controls. The purpose of these controls is to ensure that proper accounting records are maintained, the Company's assets are safeguarded and the financial information used within the business and for publication is accurate and reliable; such a system can only provide reasonable and not absolute assurance against material misstatement or loss. The systems of risk management and internal control are designed to manage rather than eliminate the risk of failure to achieve the business objectives. The Board regularly reviews financial results and investment performance with Octopus.

Octopus identifies the investment opportunities, monitors the portfolio of investments and makes recommendations to the Board in terms of suggested disposals and further acquisitions.

Octopus is engaged to carry out the accounting function and retains physical custody of the documents of title relating to unquoted investments. Octopus regularly reconciles the client asset register with the physical documents.

The Directors confirm that they have established a continuing process throughout the year and up to the date of this report for identifying, evaluating and managing the significant potential risks faced by the Company and have reviewed the effectiveness of the risk management and internal control systems. As part of this process an annual review of the risk management and internal control systems is carried out in accordance with the Financial Reporting Council's Guidance on Risk Management, Internal Control and Related Financial and Business Reporting. The Board does not consider it appropriate to have an internal audit function due to the nature of the Company's transactions as this would not be an appropriate control for a VCT.

The risk management and internal control systems include the production and review of monthly bank reconciliations and management accounts. All outflows made from the Company's accounts require the authority of two approved signatories from Octopus. The Company is subject to a full annual audit whereby the auditor is the same auditor as for some of the other VCTs managed by Octopus. Further to this, the Audit Partner has open access to the Company's Directors and Octopus is subject to regular review by the Octopus Compliance Department.

Financial Risk Management

The Company is exposed to the risks arising from its operational and investment activities. Further details can be found in Note 16 of the financial statements.

Relations with Shareholders

Shareholders have the opportunity to meet the Board and representatives of the Portfolio Manager at the AGM and at any General Meetings held during the year. In addition to the formal business of the AGM, the Board is available to answer any questions a shareholder may have for the Board and the Portfolio Manager on any matters relating to the operation and performance of the Company. The proxy figures for each meeting are announced at the meeting and are published on the Octopus website and the London Stock Exchange following the meeting.

The Board is also happy to respond to any written queries made by shareholders during the course of the year and can be contacted at 33 Holborn, London, EC1N 2HT. Alternatively, the team at Octopus will be pleased to answer any questions you may have and can be contacted on **0800 316 2295**.

Compliance Statement

The Listing Rules require the Board to report on compliance throughout the accounting period with all relevant provisions set out in The UK Corporate Governance Code. The preamble to The UK Corporate Governance Code does, however, acknowledge that some provisions may have less relevance for investment companies adding that the AIC Code and AIC Guide can assist in meeting the obligations under The UK Corporate Governance Code. With the exception of the limited items outlined below, the Company has complied throughout the fourteen month accounting period to 31 December 2019 with the provisions set out in The UK Corporate Governance Code. The section references to The UK Corporate Governance Code are shown in brackets.

1. The Company does not have a Chief Executive Officer or a senior independent Director. The Board does not consider this necessary as it does not have any executive directors. [2.9 and 2.12]
2. The Company conducts a formal review as to whether there is a need for an internal audit function. However, the Directors do not consider that an internal audit would be an appropriate control for a VCT. [4.26]
3. The Company does not have a Remuneration Committee as it does not have any executive directors. The whole Board deals with any matters of this nature. [5.32 – 5.41]
5. The Company has no major shareholders therefore shareholders are not given the opportunity to meet any Non-Executive Directors at a specific meeting other than at the Annual or General Meetings. [1.3]

By order of the Board

John Hustler
Chairman
16 April 2020

Audit Committee Report

This report is submitted in accordance with The UK Corporate Governance Code in respect of the fourteen month period ended 31 December 2019 and describes the work of the Audit Committee in discharging its responsibilities.

The Committee's key objective is the provision of effective governance of the appropriateness of the Company's financial reporting, the performance of the auditor and the management of the internal control and business risks systems. The Directors forming the Audit Committee can be found on page 30.

The Audit Committee's terms of reference include the following responsibilities:

- reviewing and making recommendations to the Board in relation to the Company's published financial statements and other formal announcements relating to the Company's financial performance;
- advising the Board on whether the Annual Report and Accounts, taken as a whole, is fair, balanced and understandable;
- advising the Board on whether the Annual Report and Accounts provides necessary information for shareholders to assess performance, business model and strategy;
- reviewing and making recommendations to the Board in relation to the Company's internal control (including internal financial control) and risk management systems;
- periodically considering the need for an internal audit function;
- making recommendations to the Board in relation to the appointment, reappointment and removal of the external auditor and approving the remuneration and terms of engagement of the external auditor;
- reviewing and monitoring the external auditor's independence and objectivity and the effectiveness of the audit process, taking into consideration relevant UK professional regulatory requirements;
- monitoring the extent to which the external auditor is engaged to supply non-audit services; and
- ensuring that Octopus has arrangements in place for the investigation and follow-up of any concerns raised confidentially by staff in relation to the propriety of financial reporting or other matters.

As part of the process of working with the Board to maximise effectiveness, meetings of the Committee usually take place immediately prior to a Board meeting and a report is provided on relevant matters to enable the Board to carry out their duties.

The Committee reviews its terms of reference and its effectiveness periodically and recommends to the Board any changes required as a result of the review. The terms of reference are available on request from the Company Secretary. The Committee meets twice per year and on an ad hoc basis as necessary and has direct access to BDO LLP, the Company's external auditor. When considering whether to recommend the appointment or reappointment of the external auditor the Committee takes into account the tenure of the current auditor in addition to comparing the fees charged by similar sized audit firms.

A review of the audit services was undertaken in 2018. Following a competitive tender process BDO LLP were appointed on 20 June 2018 as the Company's external auditor. The effectiveness of the external audit is assessed as part of the Board evaluation conducted annually and by the quality and content of the Audit Plan and Report provided to the Committee by the Auditor and the resultant discussions on topics raised. The Committee also challenges the Auditor when present at a Committee meeting, if appropriate.

The Company does not have an internal audit function as it is not deemed appropriate given the size of the Company and the nature of its business. However, the Committee considers annually whether there is a need for such a function and if so would recommend this to the Board. Octopus has an internal audit function which reports to the Board periodically on the outcome of the internal audits that have taken place. Any significant issues arising from the Octopus internal audit that affect the Company would be raised to the Committee immediately. Octopus' Compliance Department also reports regularly to the Board.

The Committee monitors the significant risks at each meeting and Octopus engages closely with the Auditor to mitigate the risks and the resultant impact.

During the fourteen month period ended 31 December 2019, the Audit Committee discharged its responsibilities by:

- reviewing and approving the external auditor's terms of engagement and remuneration;
- reviewing the external auditor's plan for the audit of the Company's financial statements, including identification of key risks and confirmation of auditor independence;
- reviewing Octopus' statement of internal controls in relation to the Company's business and assessing the effectiveness of those controls in minimising the impact of key risks;
- reviewing periodic reports on the effectiveness of Octopus' regulatory compliance;
- reviewing the appropriateness of the Company's accounting policies;
- reviewing the Company's draft annual financial and interim results statements prior to Board approval;
- reviewing the external auditor's Audit Findings Report to the Committee on the annual financial statements;
- reviewing the Company's going concern as referred to on page 25; and
- reviewing in detail the valuation of the investment portfolio and supporting data.

The Committee has considered the whole Annual Report and Accounts for the fourteen month period ended 31 December 2019 and has reported to the Board that it considers them to be fair, balanced and understandable, providing the information necessary for shareholders to assess the Company's performance, business model and strategy.

Significant Risks

The Audit Committee is responsible for considering and reporting on any significant risks that arise in relation to the audit of the financial statements. The Committee and the Auditors have identified the most significant risks for the Company as:

- **Valuation of investment portfolio:** The Committee gives special audit consideration to the valuation of investments and supporting data provided by Octopus. The impact of this risk would be a large gain or loss in the Company's results. The valuations are supported by investment company audited accounts and third party evidence which give comfort to the Audit Committee.
- **Management override of financial controls:** The Committee reviews all significant accounting estimates that form part of the financial statements and consider any material judgements applied by management during the completion of the financial statements.
- **Recognition of revenue from investments:** Investment income is the Company's source of revenue. Revenue is recognised when the Company's right to the return is established in accordance with the Statement of Recommended Practice. Octopus confirms to the Audit Committee that the revenues are recognised appropriately.

These issues were discussed with Octopus and the Auditor at the conclusion of the audit of the financial statements.

The Audit Committee is also responsible for considering and reporting on any significant issues that arise in relation to the audit of the financial statements. The Audit Committee can confirm that there were no significant issues to report to the shareholders in respect of the audit of the financial statements to 31 December 2019.

Mark Hawkesworth
Audit Committee Chairman
16 April 2020

Directors' Remuneration Report

Introduction

This report has been prepared in accordance with Schedule 8 to the Large and Medium-sized Companies and Groups (Accounts and Reports) (Amendment) Regulations 2013, in respect of the fourteen month period ended 31 December 2019. The reporting requirements entail two sections be included, a Policy Report and an Annual Remuneration Report, which are presented below.

The Company's auditor, BDO LLP, is required to give its opinion on certain information included in this report; this comprises the Directors' emoluments section and share information below. Their report on these and other matters is set out on pages 38 to 42.

Consideration by the Directors of Matters Relating to Directors' Remuneration

The Board as a whole considers Directors' remuneration and has not appointed a separate committee in this respect. The Board has not sought advice or services from any external person in respect of its consideration of Directors' remuneration during the year although the Directors expect from time to time to review the fees against those paid to the boards of directors of other VCTs. The Directors' remuneration paid during the period is set out on page 35. The Company does not have a Chief Executive Officer, Senior Management or any employees.

Directors' Remuneration Policy Report

The Board consists entirely of Non-Executive Directors, who meet at least four times a year and on other occasions as necessary, to deal with the important aspects of the Company's affairs. Directors are appointed with the expectation that they will serve for at least a period of three years. All Non-Executive Directors retire at the first general meeting after election and thereafter one third of all Directors are subject to retirement by rotation at subsequent AGMs. Re-election will be recommended by the Board but is dependent upon a shareholder vote.

Each Director received a letter of appointment which is subject to termination by the Director or the Company on three months' notice in writing. None of the Directors are entitled to compensation payable upon early termination of their contract other than in respect of any unexpired notice period.

The Company's policy is that the fees payable to the Directors should reflect the time spent by the Board on the Company's affairs and the responsibilities borne by the Directors. They should be sufficient to attract candidates of high calibre to be recruited. The policy is for the Chairman of the Board and the Chairman of the Audit Committee, to be paid higher fees than the other Directors in recognition of their more onerous roles. The policy is to review these rates from time to time. Due to the nature of the Company, there are no employees other than the Directors and therefore no such issues to consider when determining the Directors' remuneration.

The maximum level of Directors' remuneration is fixed by the Company's Articles of Association, not to exceed £150,000 in aggregate; any amendment to this is by way of an ordinary resolution subject to the approval of shareholders in a General Meeting.

The Company's policy is for the Directors to be remunerated in the form of fees, payable quarterly in arrears. The fees are not specifically related to the Directors' performance, either individually or collectively. There are no long-term incentive schemes, share option schemes or pension schemes in place. The Articles of Association also entitle the Directors to be repaid all reasonable travelling, subsistence and other expenses incurred by them respectively whilst conducting their duties as Directors; however no other remuneration or compensation was paid or payable by the Company during the year to any of the current Directors.

An Ordinary Resolution to approve the remuneration policy will be put to shareholders at the forthcoming AGM. The policy will be effective for a period of three years from that date. Subject to no further changes to the Remuneration Policy it will be presented to shareholders for approval again in 2023.

Annual Remuneration Report

This Remuneration Report is subject to approval by a simple majority of shareholders at the AGM in May 2020, as in previous years.

Statement of Voting at the Annual General Meeting

The 2018 Director's Remuneration Report was presented to the AGM in March 2019 and received shareholder approval following a vote on a show of hands. Of the 19,872,150 votes received, those for the resolution totalled 90.5%, 6.9% of votes were at the discretion of the Chairman and 2.7% of the votes cast were against, with 531,599 votes withheld. The proxy forms returned to the Registrars contained no explanation for the votes against the resolution.

Shareholders' views are always welcome and considered by the Board. The methods of contacting the Board are set out in the Directors' Report on page 31.

Company Performance

The Board is responsible for the Company's investment strategy and performance, although the management of the Company's investment portfolio is delegated to the Portfolio Manager through the agreements, as referred to in the Directors' Report.

The performance graph on page 7 also shows the performance of the NAV and Total Value of the Company. Further details of the Company's performance are shown in the graph and table on page 12 in the Portfolio Manager's Review.

Directors' Emoluments (Audited)

The amount of each Director's fees for the fourteen month period were:

	Period ended 31 December 2019 £'000	Year ended 31 October 2018 £'000
John Hustler (Chairman)	**47**	36
Mark Hawkesworth	**41**	31
Jane O'Riordan	**38**	29
Tom Leader	**38**	8
Matt Cooper*	–	–
Total	**164**	104

*Matt Cooper's fees have been paid by Octopus Investments Limited since 1 May 2016.

The Directors do not receive any other form of emoluments in addition to the Directors' fees; their total remuneration is not linked to the performance of the Company and no bonuses were or will be paid to the Directors.

The Chairman of the Board and the Chairman of the Audit Committee, receive additional remuneration over the basic Directors' fee in recognition of the additional responsibilities and time commitment required of their roles. From 1 August 2018 Directors' fees have been paid at the following rates: Chairman £40,000; Chairman of the Audit Committee £35,000; and all other Directors £32,500.

Dividends paid to directors in the fourteen month period as a result of their shareholdings in the Company are shown in Note 20 of the financial statements.

	Expected fees for the year to 31 December 2020 £
Chairman	40,000
Chairman of the Audit Committee	35,000
Non-executive Director	32,500

Relative Importance of Spend on Pay

The actual expenditure in the current period is as follows:

	Period to 31 December 2019 £'000	Year to 31 October 2018 £'000
Total dividends paid	**45,125**	32,596
Total buybacks	**17,597**	8,889
Total directors fees	**164**	104
Total expenses	**21,271**	15,192

There were no other significant payments during the fourteen month period relevant to understanding the relative importance of spend on pay.

Statement of Directors' Shareholdings (Audited)

There are no guidelines or requirements for Directors to own shares in the Company. The interests of the Directors of the Company during the year (in respect of which transactions are notifiable under Disclosure and Transparency Rule 3.1.2R) in the issued Ordinary shares of 10p each are shown in the table below:

	Period to 31 December 2019	Year to 31 October 2018
John Hustler (Chairman)	**92,695**	92,695
Matt Cooper	**1,442,202**	1,205,185
Mark Hawkesworth	**96,900**	86,202
Jane O'Riordan	**77,668**	68,262
Tom Leader	**8,291**	–

There have been the following changes in the Directors' share interests between 31 December 2019 and the date of this report:

	Shares Purchased
Matt Cooper	219,106

All of the Directors' shares were held beneficially except for Jane O'Riordan who holds 39,489 Ordinary shares in a nominee account.

Any information required by legislation in relation to executive directors (including a Chief Executive Officer) or employees has been omitted because the Company has neither and therefore it is not relevant.

By Order of the Board

John Hustler
Chairman
16 April 2020

Directors' Responsibilities Statement

The Directors are responsible for preparing the Strategic Report, the Directors' Report, the Directors' Remuneration Report and the Financial Statements in accordance with applicable law and regulations. They are also responsible for ensuring that the Annual Report and Accounts include information required by the Listing Rules of the Financial Conduct Authority.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice ("GAAP"), including Financial Reporting Standard 102 – "The Financial Reporting Standard Applicable in the United Kingdom and Republic of Ireland" ("FRS 102"), (United Kingdom accounting standards and applicable law). Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs and profit or loss of the Company for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business; and
- prepare a Strategic Report, Directors' Report and Directors' Remuneration Report which comply with the requirements of the Companies Act 2006.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as each of the Directors is aware:

- there is no relevant audit information of which the Company's auditor is unaware; and
- the Directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

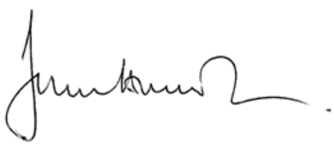
The Directors are responsible for preparing the Annual Report and Accounts in accordance with applicable law and regulations. Having taken advice from the Audit Committee, the Directors are of the opinion that this report as a whole provides the necessary information to assess the Company's performance, business model and strategy and is fair, balanced and understandable.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

The Directors confirm that, to the best of their knowledge:

- the financial statements, prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including FRS 102, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company; and
- the Annual Report and Accounts (including the strategic report), give a fair review of the development and performance of the business and the position of the Company, together with a description of the principal risks and uncertainties that it faces.

On behalf of the Board



John Hustler
Chairman
16 April 2020

Independent auditor's report to the members of Octopus Titan VCT Plc

Opinion

We have audited the financial statements of Octopus Titan VCT plc (the "company") for the 14 month period ended 31 December 2019 which comprise the Income Statement, the Balance Sheet, the Statement of Changes in Equity and the Cash Flow Statement and Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2019 and of its profit for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to principal risks, going concern and viability statement

We have nothing to report in respect of the following information in the annual report, in relation to which the ISAs (UK) require us to report to you whether we have anything material to add or draw attention to:

- the directors' confirmation in the annual report that they have carried out a robust assessment of the company's emerging and principal risks and the disclosures in the annual report that describe the principal risks and the procedures in place to identify emerging risks and explain how they are being managed or mitigated;
- the directors' statement in the financial statements about whether the directors considered it appropriate to adopt the going concern basis of accounting in preparing the financial statements and the directors' identification of any material uncertainties to the company's ability to continue to do so over a period of at least twelve months from the date of approval of the financial statements;
- whether the directors' statement relating to going concern required under the Listing Rules in accordance with Listing Rule 9.8.6R(3) is materially inconsistent with our knowledge obtained in the audit; or
- the directors' explanation in the annual report as to how they have assessed the prospects of the company, over what period they have done so and why they consider that period to be appropriate, and their statement as to whether they have a reasonable expectation that the company will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

<table>
<tr><th>Key Audit Matter</th><th>How We Addressed the Key Audit Matter in the Audit</th></tr>
<tr><td>
Valuation of investments (Notes 1 and 10 to the financial statements)
There is a high level of estimation uncertainty involved in determining the unquoted investment valuations; consisting both equity and loan stock portions.
69% of the unquoted portfolio is based on valuations using cost (where the investment was recently acquired), the price of a recent investment, or an offer to acquire the investee company. The remaining 31% of the investment portfolio is valued with reference to more subjective techniques including using multiples of revenue or earnings.
The Investment Manager's fee is based on the value of the net assets of the fund, as shown in note 3 and as the Investment Manager is responsible for valuing investments for the financial statements, there is a potential risk of overstatement of investment valuations.
</td><td>
For all investments, we performed the following where relevant:

Checked whether the valuation had been prepared by a suitably qualified individual
Considered whether a valid IPEV methodology had been adopted
Verified whether the valuation used up to date trading information

For a risk stratified detailed sample of the entire population, we tested 88% of the unquoted investment portfolio as below.
Valuations based on cost
For such investments, we checked the cost, recent investment price or third party offer to supporting documentation and considered the Investment Manager's determination of whether there were any reasons why the valuation and the valuation methodology was not appropriate at 31 December 2019 in line with the IPEV guidelines.
Valuations based on multiples
For such investments we performed the following procedures for all investments within our sample:

Determined whether the valuation methodology is the most appropriate in the circumstances under the International Private Equity and Venture Capital Valuation ("IPEV") Guidelines and obtaining management explanations
Checked the arithmetic accuracy of the multiples-based investment valuations
Benchmarked key inputs and estimates such as comparable listed trading multiples and forecasts to independently obtained information and our own research
Challenged the assumptions inherent in the valuation of unquoted investments with our own research and discussions with the Investment Manager and assessed the impact of the estimation uncertainty concerning these assumptions
Considered the adequacy of the disclosure of these uncertainties in the financial statements
Developed our own point estimates based on own research and discussions with the Investment Manager where alternative assumptions could reasonably be applied and considered the overall impact of such sensitisations on the portfolio of investments in determining whether the valuations as a whole are reasonable and unbiased
Considered the known economic environment in which the investment operates at year-end to identify factors that could impact the investment valuation

For a sample of loans held at fair value included above, we:

Agreed security held to supporting documentation
Considered the assumption that fair value is not significantly different to cost by challenging the assumption that there is no significant movement in the market interest rate since acquisition and considering the "unit of account" concept (i.e. the investment as a whole)
Reviewed the treatment of accrued redemption premium/other fixed returns in line with the SORP.

Key observation:
Based on our procedures performed we considered management's judgements in respect of the investment valuations to be appropriate.
</td></tr>
</table>

Our application of materiality

We apply the concept of materiality both in planning and performing our audit, and in evaluating the effect of misstatements. We consider materiality to be the magnitude by which misstatements, including omissions, could influence the economic decisions of reasonable users that are taken on the basis of the financial statements. In order to reduce to an appropriately low level the probability that any misstatements exceed materiality we use a lower materiality level, performance materiality, to determine the extent of testing needed. Importantly, misstatements below these levels will not necessarily be evaluated as immaterial as we also take account of the nature of identified misstatements, and the particular circumstances of their occurrence, when evaluating their effect on the financial statements. The application of these key considerations gives rise to different levels of materiality, the quantum and purpose of which are presented below.

Materiality measure	Purpose	Key considerations and benchmarks	Quantum (£)
Financial statement materiality. (2% of fixed asset investments, money market funds and corporate bonds)	Assessing whether the financial statements as a whole present a true and fair view.	• The value of gross investments • The level of judgement inherent in the valuation • The range of reasonable alternative valuations	£17,400,000 (2018: £11,000,000)
Performance materiality. (75% of financial statement materiality)	Lower level of materiality applied in performance of the audit when determining the nature and extent of testing applied to individual balances and classes of transactions.	• Financial statement materiality • Risk and control environment	£13,050,000 (2018: £7,100,000)

We have set a lower testing threshold for those items impacting revenue return of £3,820,000 which is based on 10% of gross expenditure. In the prior year we set a formal specific materiality threshold for those items impacting revenue return of £1,500,000 calculated on the same basis.

We agreed with the Audit Committee that we would report to the them all individual audit differences in excess of £140,000 (2018: £100,000), as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds.

An overview of the scope of our audit

Our audit approach was developed by obtaining an understanding of the company's activities, and the overall control environment. Based on this understanding we assessed those aspects of the company's transactions and balances which were most likely to give rise to a material misstatement.

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we looked at where the directors made subjective judgements, for example in respect of the valuation of investments, which have a high level of estimation uncertainty involved in determining the unquoted investment valuations.

Capability of the audit to detect irregularities, including fraud

We gained an understanding of the legal and regulatory framework applicable to the company and the industry in which it operates, and considered the risk of acts by the company which were contrary to applicable laws and regulations, including fraud. These included but were not limited to compliance with Companies Act 2006, the FCA listing and DTR rules, the principles of the UK Corporate Governance Code, industry practice represented by the Statement of Recommended Practice: Financial Statements of Investment Trust Companies and Venture Capital Trusts ("the SORP") issued in November 2014 and updated in February 2018 with consequential amendments and FRS 102. We also considered the company's qualification as a VCT under UK tax legislation.

We designed audit procedures to respond to the risk, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion.

We focused on laws and regulations that could give rise to a material misstatement in the company financial statements. Our tests included, but were not limited to:

- agreement of the financial statement disclosures to underlying supporting documentation;
- enquiries of management;
- review of minutes of board meetings throughout the period; and
- considering the effectiveness of the control environment in monitoring compliance with laws and regulations

There are inherent limitations in the audit procedures described above and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we would become aware of it. We also addressed the risk of management override of internal controls, including testing journals and evaluating whether there was evidence of bias by the directors that represented a risk of material misstatement due to fraud.

Other information

The Directors are responsible for the other information. The other information comprises the information included in the annual report and accounts, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

In this context, we also have nothing to report in regard to our responsibility to specifically address the following items in the other information and to report as uncorrected material misstatements of the other information where we conclude that those items meet the following conditions:

- **Fair, balanced and understandable** – the statement given by the directors that they consider the annual report and financial statements taken as a whole is fair, balanced and understandable and provides the information necessary for shareholders to assess the company's position, performance, business model and strategy, is materially inconsistent with our knowledge obtained in the audit; or
- **Audit Committee reporting** – the section describing the work of the audit committee does not appropriately address matters communicated by us to the audit committee; or
- **Directors' statement of compliance with the UK Corporate Governance Code** – the parts of the directors' statement required under the Listing Rules relating to the company's compliance with the UK Corporate Governance Code containing provisions specified for review by the auditor in accordance with Listing Rule 9.8.10R(2) do not properly disclose a departure from a relevant provision of the UK Corporate Governance Code.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, the part of the directors' remuneration report to be audited has been properly prepared in accordance with the Companies Act 2006.

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial period for which the financial statements are prepared is consistent with the financial statements;
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements and the part of the directors' remuneration report to be audited are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: **www.frc.org.uk/auditorsresponsibilities**. This description forms part of our auditor's report.

Other matters which we are required to address

Following the recommendation of the audit committee, we were appointed by the Directors on 15 March 2018 to audit the financial statements for the year ending 31 October 2018 and subsequent financial periods. In respect of the period ended 31 December 2019 we were reappointed as auditor by the members of the company at the annual general meeting held on 14 March 2019. The period of total uninterrupted engagement including previous renewals and reappointments of the firm is two years.

The non-audit services prohibited by the FRC's Ethical Standard were not provided to the company and we remain independent of the company in conducting our audit.

No non-audit services were provided by the firm to the company in the period.

Our audit opinion is consistent with the additional report to the audit committee.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Vanessa-Jayne Bradley (Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor
London
United Kingdom
16 April 2020

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

Income Statement

	Notes	Period to 31 December 2019 Revenue £'000	Capital £'000	Total £'000	Year to 31 October 2018 Revenue £'000	Capital £'000	Total £'000
Gains on disposal of fixed asset investments	10	**–**	**15,626**	**15,626**	–	2,985	2,985
(Losses)/gains on disposal of current asset investments		**–**	**(368)**	**(368)**	–	3,155	3,155
Fixed asset investments holding gains	10	**–**	**88,302**	**88,302**	–	29,749	29,749
Current asset investments holding gains/(losses)		**–**	**1,006**	**1,006**	–	(7,161)	(7,161)
Investment income	2	**1,535**	**–**	**1,535**	595	–	595
Investment management fees	3	**(784)**	**(14,890)**	**(15,674)**	(2,734)	(8,202)	(10,936)
Performance fee	3	**–**	**(16,965)**	**(16,965)**	–	(2,805)	(2,805)
Other expenses	4	**(6,058)**	**–**	**(6,058)**	(4,256)	–	(4,256)
FX translation		**-**	**(124)**	**(124)**	–	(95)	(95)
(Loss)/profit before tax		**(5,307)**	**72,587**	**67,280**	(6,395)	17,626	11,231
Tax	6	**–**	**–**	**–**	–	–	–
(Loss)/profit after tax		**(5,307)**	**72,587**	**67,280**	(6,395)	17,626	11,231
(Loss)/earnings per share – basic and diluted	8	**(0.6)p**	**8.6p**	**8.0p**	(1.1)p	2.9p	1.8p

- The 'Total' column of this statement is the profit and loss account of the Company; the supplementary revenue return and capital return columns have been prepared under guidance published by the Association of Investment Companies.
- All revenue and capital items in the above statement derive from continuing operations.
- The Company has only one class of business and derives its income from investments made in shares and securities and from bank and money market funds.

Titan has no other comprehensive income for the period.

The accompanying notes form an integral part of the financial statements.

Balance Sheet

		As at 31 December 2019		As at 31 October 2018	
	Notes	**£'000**	**£'000**	£'000	£'000
Fixed asset investments	10		**640,109**		434,897
Current assets:					
Money market funds	12	**149,210**		72,679	
Corporate bonds	12	**80,325**		61,581	
Applications cash*		**5,565**		57,679	
Cash at bank		**52,763**		42,210	
Debtors	11	**2,985**		2,850	
			290,848		236,999
Current liabilities	13	**(25,117)**		(62,494)	
Net current assets			**265,731**		174,505
Net assets			**905,840**		609,402
Share capital	14		**95,161**		65,467
Share premium			**559,972**		299,804
Capital redemption reserve			**4,074**		2,056
Special distributable reserve			**106,915**		169,637
Capital reserve realised			**(45,705)**		11,245
Capital reserve unrealised			**209,089**		79,428
Revenue reserve			**(23,666)**		(18,235)
Total equity shareholders' funds			**905,840**		609,402
NAV per share	9		**95.2p**		93.1p

*Cash held but not yet allotted.

The accompanying notes form an integral part of the financial statements.

The statements were approved by the Directors and authorised for issue on 16 April 2020 and are signed on their behalf by:

John Hustler
Chairman

Company No: 6397765

Statement of Changes in Equity

	Share capital £'000	Share premium £'000	Capital redemption reserve £'000	Special distributable reserve* £'000	Capital reserve realised* £'000	Capital reserve unrealised £'000	Revenue reserve* £'000	Total £'000
As at 01 November 2017	**44,899**	**114,404**	**1,071**	**211,122**	**2,284**	**70,668**	**(11,745)**	**432,703**
Comprehensive income for the year:								
Management fees allocated as capital expenditure	–	–	–	–	(8,202)	–	–	(8,202)
Current year gain on disposal of fixed asset investments	–	–	–	–	2,985	–	–	2,985
Current year gain on disposal of current asset investments	–	–	–	–	3,155	–	–	3,155
Gains on fair value of fixed asset investments	–	–	–	–	–	29,749	–	29,749
Losses on fair value of current asset investments	–	–	–	–	–	(7,161)	–	(7,161)
Loss after tax	–	–	–	–	–	–	(6,395)	(6,395)
Performance fee	–	–	–	–	(2,805)	–	–	(2,805)
Total comprehensive income for the year	–	–	–	–	(4,867)	22,588	(6,395)	11,326
Contributions by and distributions to owners:								
Share issue (includes DRIS)**	21,553	185,400	–	–	–	–	–	206,953
Repurchase of own shares	(985)	–	985	(8,889)	–	–	–	(8,889)
Dividends paid (includes DRIS)	–	–	–	(32,596)	–	–	–	(32,596)
Total contributions by and distributions to owners	20,568	185,400	985	(41,485)	–	–	–	165,468
Other movements:								
Prior year fixed asset gains now realised	–	–	–	–	8,868	(8,868)	–	–
Prior year current asset gains now realised	–	–	–	–	4,960	(4,960)	–	–
FX translation	–	–	–	–	–	–	(95)	(95)
Total other movements	–	–	–	–	13,828	(13,828)	(95)	(95)
Balance as at 31 October 2018	**65,467**	**299,804**	**2,056**	**169,637**	**11,245**	**79,428**	**(18,235)**	**609,402**

*Reserves are available for distribution, subject to the restrictions tabled in Note 15 of the financial statements.

**This is net of allotment fees of £9.9 million.

The accompanying notes form an integral part of the financial statements.

	Share capital £'000	Share premium £'000	Capital redemption reserve £'000	Special distributable reserve* £'000	Capital reserve realised* £'000	Capital reserve unrealised £'000	Revenue reserve* £'000	Total £'000
As at 01 November 2018	**65,467**	**299,804**	**2,056**	**169,637**	**11,245**	**79,428**	**(18,235)**	**609,402**
Comprehensive income for the year:								
Management fees allocated as capital expenditure	–	–	–	–	(14,890)	–	–	(14,890)
Current year gain on disposal of fixed asset investments	–	–	–	–	15,626	–	–	15,626
Current year losses on disposal of current asset investments	–	–	–	–	(368)	–	–	(368)
Gains on fair value of fixed asset investments	–	–	–	–	–	88,302	–	88,302
Gains on fair value of current asset investments	–	–	–	–	–	1,006	–	1,006
Loss after tax	–	–	–	–	–	–	(5,307)	(5,307)
Performance fee	–	–	–	–	(16,965)	–	–	(16,965)
Total comprehensive income for the year	–	–	–	–	(16,597)	89,308	(5,307)	67,404
Contributions by and distributions to owners:								
Share issue (includes DRIS)**	31,712	260,168	–	–	–	–	–	291,880
Repurchase of own shares	(2,018)	–	2,018	(17,597)	–	–	–	(17,597)
Dividends paid (includes DRIS)	–	–	–	(45,125)	–	–	–	(45,125)
Total contributions by and distributions to owners	29,694	260,168	2,018	(62,722)	–	–	–	229,158
Other movements:								
Prior year fixed asset losses now realised	–	–	–	–	(38,010)	38,010	–	–
Prior year current asset losses now realised	–	–	–	–	(2,343)	2,343	–	–
FX translation	–	–	–	–	–	–	(124)	(124)
Total other movements	–	–	–	–	(40,353)	40,353	(124)	(124)
Balance as at 31 December 2019	**95,161**	**559,972**	**4,074**	**106,915**	**(45,705)**	**209,089**	**(23,666)**	**905,840**

*Reserves are available for distribution, subject to the restrictions tabled in Note 15 of the financial statements.

**This is net of allotment fees of £6.6 million.

The accompanying notes form an integral part of the financial statements.

Cash Flow Statement

	Notes	Period to 31 December 2019 £'000	Year to 31 October 2018 £'000
Reconciliation of profit to cash flows from operating activities			
Profit before tax		**67,280**	11,231
(Increase)/decrease in debtors		**(135)**	2,971
Increase/(decrease) in creditors		**14,737**	(321)
Losses/(gains) on disposal of current assets		**368**	(3,155)
(Gains)/losses on valuation of current assets		**(1,006)**	7,161
Gains on disposal of fixed asset investments		**(15,626)**	(2,985)
Gains on valuation of fixed asset investments		**(88,302)**	(29,749)
Outflow from operating activities		**(22,684)**	(14,847)
Cash flows from investing activities			
Purchase of current asset investments		**(79,319)**	(46,000)
Sale of current asset investments		**61,213**	84,897
Purchase of fixed asset investments	10	**(127,618)**	(122,739)
Sale of fixed asset investments*	10	**26,334**	22,367
Outflow from investing activities		**(119,390)**	(61,475)
Cash flows from financing activities			
Movement in applications account	13	**(52,114)**	18,407
Dividends paid (net of DRIS)		**(33,187)**	(24,178)
Purchase of own shares	14	**(17,597)**	(8,889)
Net proceeds from share issues		**279,942**	198,535
Inflow from financing activities		**177,044**	183,875
Increase in cash and cash equivalents		**34,970**	107,553
Opening cash and cash equivalents		**172,568**	65,015
Closing cash and cash equivalents		**207,538**	172,568
Cash and cash equivalents comprise			
Cash at bank		**52,763**	42,210
Applications cash		**5,565**	57,679
Money market funds		**149,210**	72,679
Closing cash and cash equivalents		**207,538**	172,568

*This includes the distribution from Zenith of £2.16 million following the part disposal of Graze.

The accompanying notes form an integral part of the financial statements.

Notes to the Financial Statements

1. Principal Accounting Policies

Titan is a Public Limited Company (plc) incorporated in England and Wales and its registered office is 33 Holborn, London EC1N 2HT.

The Company has been approved as a Venture Capital Trust by HMRC under Section 259 of the income Taxes Act 2007. The Shares of the Company were first admitted to the Official List of the UK Listing Authority and trading on the London Stock Exchange on 28 December 2007 and can be found under the TIDM code "OTV2". The Company is premium listed.

The principal activity of Titan is to invest in a diversified portfolio of UK smaller companies in order to generate capital growth over the long-term as well as an attractive tax-free dividend stream.

The financial statements are presented in Sterling (£) to the nearest £'000. The functional currency is also Sterling (£).

Basis of accounting

The financial statements have been prepared on a going concern basis under the historical cost convention, except for the measurement at fair value of certain financial instruments, and in accordance with UK Generally Accepted Accounting Practice ("GAAP"), including Financial Reporting Standard 102 – 'The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland' ('FRS 102'), and with the Companies Act 2006 and the Statement of Recommended Practice (SORP) 'Financial Statements of Investment Trust Companies and Venture Capital Trusts (October 2019)'.

The principal accounting policies have remained unchanged from those set out in Titan's 2018 Annual Report and Accounts. A summary of the principal accounting policies is set out in the notes.

Titan presents its income statement in a tri-columnar format to give shareholders additional detail of the performance of Titan, split between items of a revenue or capital nature.

The preparation of the financial statements requires management to make judgements and estimates that affect the application of policies and reported amounts of assets, liabilities, income and expenses. Estimates and assumptions mainly relate to the fair valuation of the fixed asset investments particularly unquoted investments. Estimates are based on historical experience and other assumptions that are considered reasonable under the circumstances. The estimates and the assumptions are under continuous review with particular attention paid to the carrying value of the investments.

Capital valuation policies are those that are most important to the manifestation of Titan's financial position and that require the application of subjective and complex judgements, often as a result of the need to make estimates about the effects of matters that are inherently uncertain and may change in subsequent periods. The critical accounting policies that are declared will not necessarily result in material changes to the financial statements in any given period but rather contain a potential for material change. The main accounting and valuation policies used by Titan are disclosed in the notes below. Whilst not all of the significant accounting policies require subjective or complex judgements, Titan considers that the following accounting policies should be considered critical.

Titan has designated all fixed asset investments as being held at fair value through profit or loss; therefore all gains and losses arising from investments held are taken to the income statement in the period in which they occur. Accordingly, all interest income, fee income, expenses and investment gains and losses are attributable to assets designated as being at fair value through profit or loss. Corporate bonds (part of current asset investments) are held at fair value through profit or loss.

Investments are regularly reviewed to ensure that the fair values are appropriately stated. Quoted investments are valued in accordance with the bid-price on the relevant date, unquoted investments are valued in accordance with current IPEV valuation guidelines, although this does rely on subjective estimates such as appropriate sector earnings multiples, forecast results of investee companies, asset values of subsidiary companies and liquidity or marketability of the investments held.

Although Titan believes that the assumptions concerning the business environment and estimates of future cash flows are appropriate, changes in estimates and assumptions could require changes in the stated values. This could lead to additional changes in fair value in the future.

As announced on 12 July 2019, the Company's accounting reference date was changed from 31 October to 31 December to better align with the Company's fundraise schedule.

Revenue and capital
The revenue column of the income statement includes all income and revenue expenses of Titan. The capital column includes gains and losses on the disposal of investments and gains and losses arising from changes in the fair value of investments at the period end.

Cash and cash equivalents
Cash, for the purposes of the cash flow statement, comprises cash at bank and money market funds. Cash equivalents are current asset investments which are disposable without curtailing or disrupting the business and are either readily convertible into known amounts of cash at or close to their carrying values or traded in an active market. This comprises investments in money market funds and corporate bonds.

Financing strategy and capital structure
Capital management is monitored and controlled by forecasting income and expenditure over both the short and medium terms to enable investments to be made at the same time as controlling short-term liquidity. The investments being managed include equity and fixed-interest investments, and short-term liquidity comprises cash and cash equivalents including debtors and creditors.

We define capital as shareholders' funds and our financial strategy in the medium term is to manage a level of cash that balances the risks of the business with optimising the return on equity. Titan currently has no borrowings nor does it anticipate that it will have any borrowing facilities in the future to fund the acquisition of investments.

Titan does not have any externally imposed capital requirements.

The value of the managed capital is indicated in Note 15. The Board considers the distributable reserves and the total return for the period when recommending a dividend. In addition, the Board is authorised to make market purchases up to a maximum of 5% of the issued Ordinary share capital of Titan in accordance with Special Resolution 9 in order to maintain sufficient liquidity in the VCT.

Financial instruments
Titan's principal financial assets are its investments and the policies in relation to those assets are set out in Note 10. Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the entity after deducting all of its financial liabilities. Where the contractual terms of share capital do not have any terms meeting the definition of a financial liability then this is classed as an equity instrument. Dividends and distributions relating to equity instruments are debited directly to equity.

Judgments in applying accounting policies and key sources of estimation uncertainty
This is addressed in Note 10.

Reserves
Share capital – represents the nominal value of shares that have been issued.

Share premium – includes any premiums received on issue of share capital. Any transaction costs associated with the issuing of shares are deducted from share premium.

Special distributable reserve – includes realised profits and cancelled share premium available for distribution.

Capital redemption reserve – represents the nominal value of shares bought back from shareholders and cancelled.

Capital reserve realised – arises when an investment is sold any balance held on the Capital reserve unrealised is transferred to the Capital reserve realised, as a movement in reserves.

Capital reserve unrealised – arises when Titan re-values the investments still held during the period, any gains or losses arising are credited/charged to the Capital reserve unrealised.

Revenue reserve – revenue profits and losses are credited and charged to this account.

Translation reserve – gains or losses arise when assets other than portfolio assets, and not denominated in sterling, are revalued to the year-end sterling exchange rate.

Subsidiaries
Zenith Holding Company is a subsidiary of Titan, but owing to the exemption permitted under FRS 102 to not have to consolidate investment companies held as part of an investment portfolio (Section 9 of FRS 102, paragraphs 9.9(b) and 9.9B), Titan has not consolidated the assets and liabilities of Zenith Holding Company. Details of the country of incorporation and latest financial information can be found in the Portfolio Manager's Review.

2. Investment income

Accounting Policy

Investment income includes interest earned on money market funds. Dividend income is shown net of any related tax credit.

Dividends receivable are brought into account when Titan's right to receive payment is established and there is no reasonable doubt that payment will be received. Fixed returns on debt and money market funds are recognised so as to reflect the effective interest rate; provided there is no reasonable doubt that payment will be received in due course.

Disclosure

	Period to 31 December 2019 £'000	Year to 31 October 2018 £'000
Money market funds	**1,153**	226
Loan note interest receivable	**382**	369
Total income	**1,535**	595

3. Investment Management Fees

Accounting Policy

For the purposes of the revenue and capital columns in the income statement, the management fee has been allocated 5% to revenue and 95% to capital, in line with the Board's expected long-term return in the form of income and capital gains respectively from Titan's investment portfolio. This was changed from 25% to revenue and 75% to capital in the year to 31 October 2018, to better align with the Board's expected long-term return in the form of income and capital gains respectively from Titan's investment portfolio.

Disclosure

	Period to 31 December 2019			Year to 31 October 2018		
	Revenue £'000	**Capital £'000**	**Total £'000**	Revenue £'000	Capital £'000	Total £'000
Investment management fee	**784**	**14,890**	**15,674**	2,734	8,202	10,936
Performance fee – payable	**–**	**16,965**	**16,965**	–	2,679	2,679
Performance fee – accrued	**–**	**–**	**–**	–	126	126
Total	**784**	**31,855**	**32,639**	2,734	11,007	13,741

The performance fee has been wholly attributed to capital. For more details please refer to Note 19.

The Portfolio Manager provides investment management services through agreements with Octopus AIF Management Limited and the Company. It also provides accounting and administration services to Titan under an administration agreement. No compensation is payable in the event of terminating the agreement by either party, if the required notice period is given. The fee payable, should insufficient notice be given, will be equal to the fee that would have been paid should continuous service be provided, or the required notice period was given. The basis upon which the management fee is calculated is disclosed within Note 19 of the financial statements.

4. Other Expenses

Accounting Policy

Other expenses are accounted for on an accruals basis and are charged wholly to revenue.

The transaction costs incurred when purchasing or selling assets are written off to the Income Statement in the period that they occur.

	Period to 31 December 2019 £'000	Year to 31 October 2018 £'000
Accounting and administration services	**1,943**	1,640
Ongoing advisor charges and trail commission	**2,148**	1,618
Impairment of accrued loan note interest receivable	**461**	-
Listing fees	**436**	216
Depositary fees	**245**	157
Registrar's fees	**193**	128
Directors' remuneration*	**181**	114
Audit fees	**45**	33
Other fees	**406**	350
Total	**6,058**	4,256

*Includes employers' NI.

Total ongoing charges are capped at 2.5% of net assets. For the period to 31 December 2019 the ongoing charges were 2.4% of net assets (2018: 2.4%). This is calculated by summing the expenses incurred in the period (excluding ongoing IFA charges and non-recurring expenses) divided by the average NAV throughout the period.

5. Directors' Remuneration

Total Directors' fees paid during the period were £164,000 (2018: £104,000). Employers' National Insurance contributions paid during the period were £17,000 (2018: £10,000). The highest paid director received £47,000 (2018: £36,000). None of the Directors received any other remuneration or benefit from the Company during the period. The Company has no employees other than non-executive Directors. The average number of non-executive Directors in the period was five (2018: four).

6. Tax on Ordinary Activities

Accounting Policy

Corporation tax payable is applied to profits chargeable to corporation tax, if any, at the current rate. The tax effect of different items of income/gain and expenditure/loss is allocated between capital and revenue return on the 'marginal' basis as recommended in the SORP.

Deferred tax is recognised in respect of all timing differences at the reporting date. Timing differences are differences between taxable profits and total income as stated in the financial statements that arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements.

Disclosure

The corporation tax charge for the period was £nil (2018 £nil).

	Period to 31 December 2019 £'000	Year to 31 October 2018 £'000
Profit on ordinary activities before tax	**67,280**	11,231
Current tax at 19% (2018: 19%)	**12,783**	2,134
Effects of:		
Non taxable income	**(19)**	(16)
Non taxable capital gains	**(19,867)**	(5,458)
Non deductible expenses	**40**	25
Zenith distribution	**411**	2,241
Excess management expenses on which deferred tax not recognised	**6,652**	1,075
Total current tax charge	**-**	–

Unrelieved tax losses of £70,195,000 (2018: £35,184,000) are estimated to be carried forward at 31 December 2019 (subject to completion of the Company's tax return) and are available for offset against future taxable income, subject to agreement with HMRC. Titan has not recognised the deferred tax asset of £11,933,000 (2018: £5,981,000) in respect of these excess management charges because there has been no taxable income.

Approved VCTs are exempt from tax on capital gains within Titan. As the Directors intend for Titan to continue to maintain its approval as a VCT through its affairs, no current deferred tax has been recognised in respect of any capital gains or losses arising on the revaluation or disposal of investment.

7. Dividends

Accounting Policy

Dividends payable are recognised as distributions in the financial statements when Titan's liability to make the payment has been established. This liability is established on the record date, the date on which those shareholders on the share register are entitled to the dividend.

Disclosure

	Period to 31 December 2019 £'000	Year to 31 October 2018 £'000
Dividends paid in the year		
Previous year's final dividend	**26,609**	19,519
Current period's interim dividend	**18,516**	13,077
	45,125	32,596
Dividends in respect of the year		
Interim dividend paid – 2.0p (2018: 2.0p)	**18,516**	13,077
Second interim dividend – 3.0p (2018: 3.0p)	**30,382**	26,609
	48,898	39,686

The figures above include dividends elected to be reinvested through DRIS.

The second interim dividend of 3.0p for the period ending 31 December 2019 will be paid on 30 April 2020 to shareholders on the register on 14 April 2020.

8. Earnings per Share

	Period to 31 December 2019			Year to 31 October 2018		
	Revenue	**Capital**	**Total**	Revenue	Capital	Total
(Loss)/profit attributable to ordinary shareholders (£'000)	**(5,307)**	**72,587**	**67,280**	(6,395)	17,626	11,231
(Loss)/profit per ordinary share (p)	**(0.6)**	**8.6**	**8.0**	(1.1)	2.9	1.8

The total earnings per share is based on 836,847,918 (2018: 609,205,764) Ordinary shares, being the weighted average number of Ordinary shares in issue during the period.

There are no potentially dilutive capital instruments in issue and, therefore no diluted return per share figures are relevant. The basic and diluted earnings per share are therefore identical.

9. Net Asset Value per Share

	31 December 2019 Ordinary Shares	31 October 2018 Ordinary Shares
Net assets (£)	**905,840,000**	609,402,000
Shares in issue	**951,607,197**	654,665,529
NAV per share (p)	**95.2**	93.1

10. Fixed Asset Investments

Accounting Policy

Titan's principal financial assets are its investments and the policies in relation to those assets are set out below. Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the entity after deducting all of its financial liabilities. Where the contractual terms of share capital do not have any terms meeting the definition of a financial liability then this is classed as an equity instrument. Dividends and distributions relating to equity instruments are debited directly to equity.

Purchases and sales of investments are recognised in the financial statements at the date of the transaction (trade date).

These investments are managed and their performance evaluated on a fair value basis in accordance with a documented investment strategy and information about them is provided internally on that basis to the Board. Accordingly, as permitted by FRS 102, the investments are measured as being at fair value through profit or loss ("FVTPL") on the basis that they qualify as a group of assets managed, and whose performance is evaluated, on a fair value basis in accordance with a documented investment strategy. Titan's investments are measured at subsequent reporting dates at fair value.

In the case of unquoted investments, fair value is established by using measures of value such as price of recent transaction, earnings multiples, discounted cash flows and net assets. This is consistent with International Private Equity and Venture Capital valuation guidelines. Where price of recent transaction is used, the valuation is calibrated to a valid methodology.

Gains and losses arising from changes in fair value of investments are recognised as part of the capital return within the income statement and allocated to the capital reserve unealised. Fixed returns on non-equity shares and debt securities which are held at fair value are computed using the effective interest rate, to distinguish between the interest income receivable (which is disclosed as interest income within the revenue column of the Income Statement) and other fair value movements arising on these instruments (which are disclosed as holding gains within the capital column of the Income Statement).

Investments deemed to be associates due to the shareholding and level of influence exerted over the investee company are measured at fair value using a consistent methodology to the rest of Titan's portfolio as permitted by FRS102 and highlighted in the SORP (para 32).

In preparation of the valuations of assets the Directors are required to make judgements and estimates that are reasonable and incorporate their knowledge of the performance of the investee companies.

Fair value hierarchy

Paragraph 34.22 of FRS102 recognises a hierarchy of fair value measurements, for financial instruments measured at fair value in the Balance Sheet, which gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). This methodology is adopted by Titan and requires disclosure of financial instruments to be dependent on the lowest significant applicable input, as laid out below:

Level 1: The unadjusted, fully accessible and current quoted price in an active market for identical assets or liabilities that an entity can access at the measurement date. Titan's quoted investments are included in Level 1.

Level 2: Inputs for similar assets or liabilities other than the quoted prices included in Level 1 that are directly or indirectly observable, which exist for the duration of the period of investment. Titan holds no such investments in the current or prior year.

Level 3: This is where inputs are unobservable, where no active market is available and recent transactions for identical instruments do not provide a good estimate of fair value for the asset or liability. Titan's unquoted investments are included in level 3 in the current and prior year.

There have been no transfers between these classifications in the year (2018: none). The change in fair value of Titan's investments for the current and previous year has been recognised through the income statement.

All items held at fair value through profit or loss were designated as such upon initial recognition. Movements in investments at fair value through profit or loss during the period to 31 December 2019 are summarised below and in Note 12.

Disclosure

	Level 1: Quoted investments £'000	Level 3: Unquoted investments £'000	Total £'000
Valuation and net book amount:			
Book cost at 1 November 2018	4,651	348,475	353,126
Cumulative revaluation at 1 November 2018	(2,481)	84,252	81,771
Valuation at 1 November 2018	**2,170**	**432,727**	**434,897**
Movement in the period:			
Purchases at cost	1,758	125,860	127,618
Disposal proceeds*	-	(26,334)	(26,334)
Gain/(Loss) on realisation of investments	-	15,626	15,626
Revaluation in period	(3,176)	91,478	88,302
Valuation at 31 December 2019	**752**	**639,357**	**640,109**
Book cost at 31 December 2019	6,409	465,787	472,196
Cumulative revaluation at 31 December 2018	(5,657)	173,570	167,913
Valuation at 31 December 2019	**752**	**639,357**	**640,109**

*This includes the distribution from Zenith of £2.16 million following the part disposal of Graze.

The investment portfolio is managed with capital growth as the primary focus. The loan and equity investments are considered to be one instrument due to the legal binding stated within the investment agreement and therefore they are combined in the table shown above.

Level 3 valuations include assumptions based on non-observable market data, such as discounts applied either to reflect fair value of financial assets held at the price of recent investment, or, in the case of unquoted investments, to adjust earnings multiples. Further details in respect of the methods and assumptions applied in determining the fair value of the investments are disclosed in the Portfolio Manager's Review. The sensitivity of these valuations to a reasonable possible change in such assumptions is given in Note 16.

At 31 December 2019 there were no commitments in respect of investments not yet completed (2018: none).

The material unquoted disposals in the period are tabulated below:

Disposals of unquoted investments

	Net disposal proceeds including retentions £'000	Investment Cost* £'000	Carry value on 1 November 2018 £'000
Zynstra Disposal	**23,855**	8,317	7,864

*This represents the cost of investment in Titan's 1-5 before the 2014 merger plus the cost to Titan 2 (now "Titan") after the merger.

11. Debtors

	31 December 2019 £'000	31 October 2018 £'000
Disposal proceeds – deferred consideration	**1,947**	1,570
Accrued income	**921**	1,142
Prepayments	**5**	75
Other debtors	**112**	63
Total	**2,985**	2,850

12. Current Asset Investments

Accounting Policy

Current asset investments comprise money market funds and OEICs, which are designated as FVTPL. Gains and losses arising from changes in fair value of investments are recognised as part of the capital return within the Income Statement and allocated to the capital reserve unrealised.

The current asset investments are readily convertible into cash at the option of Titan. The current asset investments are held for trading, are actively managed and the performance is evaluated in accordance with a documented investment strategy. Information about them is provided internally on that basis to the Board.

Disclosure

	31 December 2019 £'000	31 October 2018 £'000
Money Market funds	**149,210**	72,679
Corporate Bonds	**80,325**	61,581
Total	**229,535**	134,260

Money market funds held at year end sit within Level 1 of the fair value hierarchy for the purposes of FRS 102, as set out in Note 10.

Corporate bonds held at year end sit within Level 2 of the fair value hierarchy for the purposes of FRS 102, as set out in Note 10.

At 31 December 2019 and 31 October 2018 there were no commitments in respect of current asset investments approved by the Portfolio Manager but not yet completed.

13. Current liabilities

	31 December 2019 £'000	31 October 2018 £'000
Applications cash*	**5,565**	57,679
Trade creditors	**18,202**	2,759
Accruals**	**1,350**	2,056
Total	**25,117**	62,494

*Applications cash is cash received from investors to the fund but not yet allotted. The movement in the applications cash creditor is reflected in the cashflow statement as Application inflows not yet allotted.

**Includes the Titan 5 performance fee cumulative accrual.

Included within trade creditors is an amount of £18,178,000 (2018: £2,679,000) relating to a performance fee payable to the Portfolio Manager. Within accruals there is an amount of £nil (2018: £1,212,000) accrued in respect of the Titan 5 shares which were not through the hurdles at the time of the merger. For more details please refer to Note 19.

14. Share Capital

	31 December 2019 £'000	31 October 2018 £'000
Allotted and fully paid up:		
951,607,197 (2018: 654,665,529) Ordinary shares of 10p	**95,161**	65,467

The capital of Titan is managed in accordance with its investment policy with a view to the achievement of its investment objective as set out on page 8. Titan is not subject to any externally imposed capital requirements.

We define capital as shareholders' funds and our financial strategy in the medium term is to manage a level of cash that balances the risks of the business with optimising the return on equity. Titan currently has no borrowings nor does it anticipate that it will drawdown any borrowing facilities in the future to fund the acquisition of investments.

The Board considers the distributable reserves and the total return for the year when recommending a dividend. In addition, the Board is authorised to make market purchases up to a maximum of 5% of the issued ordinary share capital of Titan as at the date of the AGM for the period to the next AGM in accordance with Special Resolution 9 in order to maintain sufficient liquidity in the Company's shares.

Capital management is monitored and controlled using the internal control procedures set out on page 30 of this report. The capital being managed includes equity and fixed-interest investments, cash balances and liquid resources including debtors and creditors.

10p Ordinary Shares	**31 December 2019 '000**	**31 October 2018 '000**
Brought forward	**654,666**	448,991
Shares issued – fundraise	**303,894**	206,529
Shares issued – DRIS*	**13,226**	9,000
Shares repurchased for cancellation	**(20,179)**	(9,854)
Carried forward	**951,607**	**654,666**

*The Dividend Reinvestment Scheme ("DRIS") allows shareholders to elect to receive Ordinary Shares instead of a dividend. This is explained further in the Shareholder Information and Contact Details at the back of this Report.

Each share has full voting, dividend and capital distribution rights.

During the period 317,120,362 shares were issued at an average price of 97.9p per share (2018: 215,528,995 shares were issued at a price of 102.2p). The gross consideration received for these shares was £302 million (net, £292 million) including DRIS. (2018: £214 million gross, £207 million net).

Titan repurchased 20,178,694 Ordinary shares for cancellation at a weighted average price of 87.2p (2018: 9,854,067 shares at a price of 90.2p) at a cost of £17,597,000.

The total nominal value of the shares repurchased during the financial year was £2,017,869 representing 3.1% of the issued share capital at the year end. (2018: £985,407 representing 2.2%).

15. Reserves

When Titan revalues its investments during the year, any gains or losses arising are credited or charged to the income statement. Unrealised gains/losses are then transferred to the 'Capital reserve unrealised'. When an investment is sold, any balance held on the 'Capital reserve unrealised' is transferred to the 'Capital reserve realised' as a movement in reserves.

Reserves available for potential distribution by way of a dividend are:

	31 December 2019 £'000	31 October 2018 £'000
Brought forward	**162,647**	201,543
Movement in period	**(125,103)**	(38,896)
Carried forward	**37,544**	162,647

The purpose of the special distributable reserve was to create a reserve which will be capable of being used by Titan to pay dividends and for the purpose of making repurchases of its own shares in the market (subject to the above restriction) with a view to narrowing the discount to NAV at which Titan's Ordinary shares trade.

16. Financial Instruments and Risk Management

Titan's financial instruments comprise equity and fixed interest investments, cash balances and liquid resources including debtors and creditors. Titan holds financial assets in accordance with its investment policy of investing mainly in a portfolio of VCT qualifying unquoted securities whilst holding a proportion of its assets in cash or near-cash investments in order to provide a reserve of liquidity.

Classification of financial instruments

Titan held the following categories of financial instruments, all of which are included in the balance sheet at fair value, at 31 December 2019:

	31 December 2019 £'000	31 October 2018 £'000
Financial assets held at fair value through profit or loss		
Investments	**640,109**	434,897
Money market funds	**149,210**	72,679
Corporate bonds	**80,325**	61,581
Total	**869,644**	569,157
Financial assets at amortised cost		
Applications cash*	**5,565**	57,679
Cash at bank	**52,763**	29,125
Disposal proceeds	**1,947**	1,570
Accrued income	**921**	1,142
Other debtors	**112**	63
Total	**61,308**	89,579
Financial liabilities at amortised cost		
Trade creditors	**18,202**	2,759
Unallotted cash*	**5,565**	57,679
Total	**23,767**	60,438

*Applications cash and unallotted cash is cash received from investors by Titan but not yet allotted and is included within cash on the balance sheet.

Fixed asset investments (see Note 10) are valued at fair value. Unquoted investments are carried at fair value as determined by the Directors in accordance with current venture capital industry guidelines. The fair value of all other financial assets and liabilities is represented by their carrying value in the balance sheet. The Directors believe that the fair value of the assets held at the year end is equal to their book value.

In carrying on its investment activities, Titan is exposed to various types of risk associated with the financial instruments and markets in which it invests. The most significant types of financial risk facing Titan are market risk, interest rate risk, credit risk and liquidity risk. Titan's approach to managing these risks is set out below together with a description of the nature and amount of the financial instruments held at the balance sheet date.

Market risk
Titan's strategy for managing investment risk is determined with regard to Titan's investment objective, as outlined on page 8. The management of market risk is part of the investment management process and is a central feature of venture capital investment. Titan's portfolio is managed in accordance with the policies and procedures described in the Corporate Governance statement on pages 28 to 31, having regard to the possible effects of adverse price movements, with the objective of maximising overall returns to shareholders. Investments in unquoted companies, by their nature, usually involve a higher degree of risk than investments in companies quoted on a recognised stock exchange, though the risk can be mitigated to a certain extent by diversifying the portfolio across business sectors and asset classes. The overall disposition of Titan's assets is regularly monitored by the Board.

Details of Titan's investment portfolio at the balance sheet date are set out on pages 17 to 19.

70.66% (2018: 71.4%) by value of Titan's net assets comprises investments in quoted and unquoted companies held at fair value. The valuation methods used by Titan include the application of a multiples ratio derived from listed companies with similar characteristics, and consequently the value of the unquoted element of the portfolio can be indirectly affected by price movements on the London Stock Exchange. A 25% (2018: 5%) overall decrease in the valuation of the quoted and unquoted investments at 31 December 2019 would have decreased net assets for the year by £160,027,000 (2018: £21,745,000) and an equivalent change in the opposite direction would have increased net assets for the year by the same amount.

The Portfolio Manager considers that the majority of the investment valuations are based on multiples which are ascertained with reference to the individual sector multiple or similarly listed entities. It is considered that due to the diversity of the sectors, the 25% sensitivity discussed above provides the most meaningful potential impact of average multiple changes across the portfolio, taking into account the potential impact of the Coronavirus pandemic.

Interest rate risk
Some of Titan's financial assets are interest-bearing, of which some are at fixed rates and some variable. As a result, Titan is exposed to fair value interest rate risk due to fluctuations in the prevailing levels of market interest rates.

Fixed rate
The table below summarises weighted average effective interest rates for the fixed interest-bearing financial instruments:

	As at 31 December 2019			As at 31 October 2018		
	Total fixed rate portfolio by value £'000	**Weighted average interest rate**	**Weighted average time for which rate is fixed in years**	Total fixed rate portfolio by value £'000	Weighted average interest rate	Weighted average time for which rate is fixed in years
Fixed-rate investments in unquoted companies	**21,866**	**3.03%**	**3.3**	4,491	1.80%	1.4

Due to the relatively short period to maturity of the fixed rate investments held within the portfolio, it is considered that an increase or decrease of 1% in the base rate as at the reporting date would not have had a significant effect on Titan's net assets for the year.

Floating rate
Titan's floating rate investments comprise interest-bearing money market funds as at 31 December 2019. Titan's cash held at bank earns no interest due to the HMRC VCT rule which prohibits VCTs from earning more than 30% of its income in non-VCT qualifying income, and interest earned on bank balances is non-qualifying income. The benchmark rate which determines the rate of interest receivable on Titan's money market investment is the Bank of England base rate, which was 0.75% at 31 December 2019. The amounts held in floating rate investments at the balance sheet date were as follows:

	31 December 2019 £'000	31 October 2018 £'000
Money market funds	**149,210**	72,679
Total	**149,210**	72,679

A 1% increase in the base rate would increase income receivable from these investments and the net assets for the year by £1,492,000 (2018: £727,000).

Credit risk
There were no significant concentrations of credit risk to counterparties at 31 December 2019. By fair value, no individual investment exceeded 5% (2018: 6%) of Titan's net assets at 31 December 2019.

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with Titan. The Portfolio Manager and the Board carry out a regular review of counterparty risk. The carrying values of financial assets represent the maximum credit risk exposure at the balance sheet date.

At 31 December 2019 Titan's financial assets exposed to credit risk comprised the following:

	31 December 2019 £'000	31 October 2018 £'000
Cash at bank	**52,763**	42,210
Applications cash	**5,565**	57,679
Money market funds	**149,210**	72,679
Corporate bonds	**80,325**	61,581
Fixed rate investments in unquoted companies	**21,866**	4,491
Total	**309,729**	238,640

Credit risk relating to listed money market funds is mitigated by investing in a portfolio of investment instruments of high credit quality, comprising securities issued by major UK companies and institutions. Credit risk relating to loans to and preference shares in unquoted companies is considered to be part of market risk.

The investments in money market funds and Corporate bonds are uncertified.

Credit risk arising on the sale of investments is considered to be small due to the short settlement and the contracted agreements in place with the settlement lawyers.

Titan's deposit and current accounts are maintained with HSBC Bank plc. The Portfolio Manager has in place a monitoring procedure in respect of counterparty risk which is reviewed on an ongoing basis. Should the credit quality or the financial position of HSBC deteriorate significantly, the Portfolio Manager will move the cash holdings to another bank.

Liquidity risk
Titan's financial assets include investments in unquoted equity securities which are not traded on a recognised stock exchange and which generally may be illiquid. They also include investments in AIM-quoted companies, which, by their nature, involve a higher degree of risk than investments on the main market. As a result, Titan may not be able to realise some of its investments in these instruments quickly at an amount close to their fair value in order to meet its liquidity requirements, or to respond to specific events such as deterioration in the creditworthiness of any particular issuer.

Titan's listed money market funds are considered to be readily realisable as they are of high credit quality as outlined above.

Titan's liquidity risk is managed on a continuing basis by the Portfolio Manager in accordance with policies and procedures laid down by the Board. Titan's overall liquidity risks are monitored on a quarterly basis by the Board.

Titan maintains sufficient investments in cash and readily realisable securities to pay accounts payable and accrued expenses. At 31 December 2019 these investments were valued at £229,535,000 (2018: £134,260,000).

17. Post Balance Sheet Events

Although it is generally accepted as a non-adjusting post balance sheet event, since 31 December 2019, the scale of the Coronavirus pandemic began to adversely impact the UK and the world economy at large. This has had an effect on the UK economy but also remains too early to predict when restrictions will be lifted and thus what the eventual impact of these restrictions will be.

To take account of the Coronavirus pandemic, the Board and Portfolio Manager evaluated the portfolio on 10 March 2020 and concluded the NAV to be 93.8p per share, which was used for the allotment on 11 March 2020. This reflected a 25% discount to the equity valuations as at 31 December 2019, for the travel companies in the portfolio.

Further to this, the Board and Portfolio Manager reviewed the portfolio on 2 April 2020 in detail. This resulted in a revised NAV of 91.0p per share which was used for the allotments on 3, 4 and 7 April 2020, and the basis for the share buyback on 9 April 2020. This NAV change reflects valuation adjustments across the portfolio, which is carried at fair value, including those resulting from conditions arising from the Coronavirus pandemic, as advised by the Portfolio Manager and approved by the Board.

As the full impact of this pandemic is unknown, there may be further information that emerges but the impact of this would have been unknown on 2 April 2020, and thus may affect the portfolio companies further in ways that cannot be predicted with any certainty by the Board or the Portfolio Manager. At the date of publishing this report, the Board is unaware of any matter that will have caused NAV per share to have changed significantly since 2 April 2020.

The following other events occurred between the balance sheet date and the signing of these financial statements:

- 44 million shares were issued on 11 March 2020 at an allotment price of 99.3p under the Offer closed on 9 April 2020.
- 18 million shares were issued on 3 April 2020 at an allotment price of 96.3p under the Offer closed on 9 April 2020.
- The Board also suspended its dividend reinvestment scheme with regards to the Interim Dividend, due to the current market conditions.
- 3.8 million shares were repurchased at a price of 84.1p per share on 9 April 2020.
- Three new investments completed totalling £16.0 million.
- Nine follow-on investments completed totalling £19.5 million.

18. Contingencies, Guarantees and Financial Commitments

Provided that an intermediary continues to act for a shareholder and the shareholder continues to be the beneficial owner of the shares, intermediaries will be paid an annual IFA commission of 0.5% of advised investors' gross NAV from Titan. IFA charges of £2,148,000 was expensed during the period (2018: £1,618,000) and there was £1,128,000 (2018: £688,000) outstanding at the period end.

There were no contingencies, guarantees or financial commitments as at 31 December 2019 (2018: £nil).

19. Transactions with Manager and Portfolio Manager

Since 1 September 2017, the Company has been classified as a full-scope Alternative Investment Fund under the Alternative Investment Fund Management Directive (the "AIFM Directive"). As a result, since 1 September 2017, the Company's investment management agreement was assigned by way of the deed of novation from Octopus to Octopus AIF Management Limited to act as Manager (an authorised alternative investment fund manager responsible for ensuring compliance with the AIFM Directive). Octopus AIF Management Limited has in turn appointed Octopus to act as Portfolio Manager to Titan (responsible for portfolio management and the day-to-day running of the fund). These agreements ensure the same personnel are managing the Company's portfolio both before and after 1 September 2017.

Titan paid Octopus AIF Management £15,674,000 (2018: £10,936,000) in the period as a management fee. The management fee is payable quarterly in advance and is based on 2.0% of the NAV calculated at quarterly intervals from 31 October.

Octopus also provides accounting and administrative services to Titan, payable quarterly in advance. The fee is the lower of either (i) 0.3% of the Company's NAV and (ii) the administration and accounting costs of the Company for the year ending 31 October 2018, with inflation increases going forward, calculated at quarterly intervals from 31 October. During the period £1,943,000 (2018: £1,640,000) was paid to Octopus for the accounting and administrative services. In addition, Octopus also provided company secretarial services for a fee of £20,000 per annum up to 1 September 2017.

In addition, Octopus is entitled to performance-related incentive fees. The incentive fees were designed to ensure that there were significant tax-free dividend payments made to Shareholders as well as strong performance in terms of capital and income growth, before any performance-related fee payment was made.

At the time of the merger, all the Titan funds – except for Titan 5 – had met their performance fee hurdles. The remaining hurdles to be achieved in respect of the previous Titan 5 shares are a total value (defined as NAV plus cumulative dividends paid) plus cumulative performance fees paid, of 169.3p, and further dividends paid of 3.3p per share, in Titan. The latter hurdle has already been met at 31 October 2018.

Once both the hurdles have been met, performance fees would be payable to the Manager on all gains above a total value of 147.2p (equivalent to 100p in previous Titan 5 share price terms) on the Titan 5 shares. On the remainder of the fund, a Performance Fee of 20% of all future gains above a NAV plus cumulative dividends paid of 164.1p (the High Water Mark, being the highest total value as at previous year ends, and this being 31 October 2018), will be payable to the Manager.

Due to positive performance in the period, the total value has increased to 171.2p, representing a total return of 7.1p, and therefore historically accrued performance fees of £1.2 million are now payable, in respect of the shares in Titan 5 which had not met the hurdles at 31 October 2018.

The High Water Mark for FY 2020 will therefore be 171.2p. If, on a subsequent financial year end, the Performance Value of Titan falls short of the High Water Mark on the previous financial year end, no performance fee will arise. If, on a subsequent financial year end, the performance exceeds the previous best High Water Mark of Titan, the Manager will be entitled to 20% of such excess in aggregate.

Octopus received £0.34 million in the period to 31 December 2019 (2018: £1.05 million) in regards to arrangement and monitoring fees in relation to investments made on behalf of the Company.

Changes to the IMA and AA

On 10 December 2018, the Company terminated its existing investment management agreement ("IMA") and administration agreement ("AA") and agreed new terms with the Manager.

The annual management charge ("AMC") will remain at 2% of the Company's NAV in respect of existing funds but in respect of funds raised by the Company under the 2018 Offer and thereafter (and subject to the Company having a cash reserve of 10% of its NAV), the AMC on uninvested cash will be the lower of either (i) the actual return that the Company receives on its cash and funds that are the equivalent of cash (which currently consist of OEICs and money market funds) subject to a 0% floor and (ii) 2% of the Company's NAV. The AMC will be payable quarterly in advance and calculated using the latest published NAV of the Company and the number of Shares in issue at each quarter end.

Octopus currently receives fees from the companies that the Company invests in (for example, when making or selling an investment in a company, as well as for appointing a representative to the board of directors of the investee company). The costs of all deals that do not proceed to completion are typically borne by either the company seeking funding or by the Manager. From 31 October 2018, Octopus will no longer receive such fees in respect of new investments or any such new fees in respect of further investments into portfolio companies in which the Company invested on or before 31 October 2018, with any such fees received after that time being passed to the Company.

The cap relating to the Company's total expense ratio, that is the regular, recurring costs of the Company expressed as a percentage of its NAV, above which Octopus has agreed to pay, will be reduced from its present level of 3.2% to 2.5%, calculated in accordance with the AIC Guidelines.

The Administration Fee will be capped at the lower of either (i) 0.3% of the Company's NAV and (ii) the administration and accounting costs of the Company for the year ending 31 October 2018 (£1.6 million), with inflation increases going forward. It is also proposed that the Administration Fee will be calculated using the latest published NAV of the Company and the number of Shares in issue at each quarter end of the Company.

20. Related Party Transactions

Titan owns Zenith Holding Company Limited, which owns a share in Zenith LP, a fund managed by Octopus.

Several members of Octopus' investment team hold non-executive directorships as part of their monitoring roles in Titan's investee companies, but they have no controlling interests in those companies.

Mr Cooper, a Non-Executive Director of Titan, is also Chairman of Octopus Capital Ltd. and owns shares in Octopus, and is the Chairman of ClearlySo, an impact consultancy which measures the social and environmental impact of Titan's portfolio companies.

The Directors received the following dividends from Titan:

	Period to 31 December 2019 £	Year to 31 October 2018 £
John Hustler (Chairman)	**4,634**	4,634
Matt Cooper	**71,541**	59,290
Jane O'Riordan	**3,847**	3,357
Mark Hawkesworth	**4,845**	4,310
Tom Leader	**407**	–

21. Voting Rights and Equity Management

The following table shows the percentage of voting rights held by Titan for each of the top 10 investments held in Titan. Titan has no other substantial interests that require separate disclosure.

Investments	**% equity held by Titan**
Zenith Holding Company Limited	100.0%
Amplience Limited	41.0%
Secret Escapes Limited*	7.4%
Bought By Many Limited	13.7%
DePop Limited	10.2%
Wave Optics Limited	21.8%
Cazoo Limited	4.1%
Conversocial Limited	21.3%
Permutive Inc.	20.8%
Streethub Limited	26.2%

*This is 9.0% when the Zenith Holding Company stake in Secret Escapes is included (Zenith Holding Company has a 38.28% investment in Zenith LP).

Zenith Holding Company is a subsidiary of Titan, but owing to the exemption permitted under FRS 102 to not have to consolidate investment companies held as part of an investment portfolio (Section 9 of FRS 102, paragraphs 9.9(b) and 9.9B), Titan has not consolidated the assets and liabilities of Zenith Holding Company. Details of the country of incorporation and latest financial information can be found in the Portfolio Manager's Review.

Shareholder Information and Contact Details

Octopus Titan VCT 2 plc was renamed Octopus Titan VCT plc on 27 November 2014 following the merger with Octopus Titan VCT 1 plc, Octopus Titan VCT 3 plc, Octopus Titan VCT 4 plc and Octopus Titan VCT 5 plc on the same date.

The Company was incorporated on 12 October 2007. In collaboration with Octopus Titan VCT 1 plc, over £30.8 million in aggregate (£29.5 million net of expenses) was raised through an Offer for Subscription during the year to 31 October 2008. Since then, further funds have been raised through fundraises as follows:

- £1.37 million (£1.29 million net of expenses) during the year to 31 October 2010;
- £1.40 million (£1.32 million net of expenses) during the year to 31 October 2012;
- £4.82 million (£4.58 million net of expenses) during the year to 31 October 2013;
- £10.78 million (£10.41 million net of expenses) during the year to 31 October 2014;
- £54.69 million (£52.56 million net of expenses) during the year to 31 October 2015;
- £99.81 million (£96.30 million net of expenses) during the year to 31 October 2016;
- £124.10 million (£119.89 million net of expenses) during the year to 31 October 2017;
- £204.93 million (£198.35 million net of expenses) during the year to 31 October 2018; and
- £289.62 million (£279.67 million net of expenses) during the period to 31 December 2019.

The Offer for Subscription is now closed. This was detailed in the Prospectus issued on 16 September 2019, to raise up to £120 million in aggregate, with an overallotment facility of a further £80 million. On 11 March 2020, £43 million (£41 million net of expenses) was allotted at a price of 99.3p per share, equivalent to the current NAV at the time of 93.8p grossed up by 5.5% as set out in the Prospectus. On 3, 4 and 7 April 2020, £23 million (£22 million net of expenses) was allotted at a price of 96.3p per share, equivalent to the current NAV at the time of 91.0p grossed up by 5.5% as set out in the Prospectus. The offer closed on 9 April 2020.

Further details of the Company's progress are discussed in the Chairman's Statement and Portfolio Manager's Review on pages 3 to 6 and 11 to 23 respectively.

Venture Capital Trusts ("VCTs")

VCTs were introduced in the Finance Act 1995 to provide a means for private individuals to invest in unquoted companies in the UK. Subsequent Finance Acts have introduced changes to VCT legislation. The tax benefits currently available to eligible new investors in VCTs include:

- up to 30% upfront income tax relief;
- exemption from income tax on dividends paid; and
- exemption from capital gains tax on disposals of shares in VCTs.

The principal activity of the Company is to invest in a diversified portfolio of UK smaller companies in order to generate capital growth over the long-term as well as an attractive tax-free dividend stream. The Company has been granted full approval as a VCT by HM Revenue & Customs ("HMRC").

In order to maintain its approval the Company must comply with certain requirements on a continuing basis including the provisions of chapter 3 of the Income Tax Act 2007, in particular s280A:

- at least 80% of its investments must comprise 'qualifying holdings'* (as defined in the legislation); at least 70% of the 80% of qualifying holdings must be invested in Ordinary shares with no preferential rights (for money allotted pre April 2011 the limit is 30% for new investments);
- no single investment made can exceed 15% of the Company's total value; and
- a minimum of 10% of each Qualifying Investment must be in Ordinary shares with no preferential rights.

*A 'qualifying holding' consists of up to £5 million invested in any one year in new shares or securities in an unquoted company (or companies quoted on AIM) which is carrying on a qualifying trade and whose gross assets do not exceed a prescribed limit at the time of investment. The definition of a 'qualifying trade' excludes certain activities such as property investment and development, financial services and asset leasing.

Dividends

Dividends are paid by Computershare Investor Services PLC ("Computershare") on behalf of the Company. Shareholders who wish to have dividends paid directly into their bank account rather than by cheque to their registered address can complete a mandate form for this purpose or complete an instruction electronically by visiting the Computershare Investor Centre at: **www-uk.computershare.com/investor/**.

Queries relating to dividends, shareholdings or requests for mandate forms should be directed to Computershare by calling **0370 703 6324**. Calls to this number cost the same as a normal local or national landline call and may be included in your service provider's tariff. Calls outside the United Kingdom will be charged at the applicable international rate. Computershare Investor Services PLC are open between 8.30 am – 5.30 pm, Monday to Friday excluding public holidays in England and Wales.

Computershare can be contacted in writing at:

The Registrar
Computershare Investor Services PLC
The Pavilions
Bridgwater Road
Bristol
BS99 6ZZ

The table below shows the NAV per share and lists the dividends that have been paid since the launch of Titan:

Period Ended	NAV	Dividends paid in period	NAV + cumulative dividends (Total Value)
30 April 2008	95.0p	–	95.0p
31 October 2008	89.9p	–	89.9p
30 April 2009	91.5p	0.5p	92.0p
31 October 2009	96.1p	0.5p	97.1p
30 April 2010	92.0p	0.5p	93.5p
31 October 2010	94.9p	0.5p	96.9p
30 April 2011	92.1p	0.75p	94.85p
31 October 2011	91.5p	0.75p	95.0p
30 April 2012	92.8p	1.0p	97.3p
31 October 2012	121.9p	1.5p	127.9p
30 April 2013	88.7p	34.0p	128.7p
31 October 2013	95.2p	2.5p	137.7p
30 April 2014	92.2p	2.5p	137.2p
31 October 2014	101.4p	2.5p	148.9p
30 April 2015	97.7p	2.5p	147.7p
31 October 2015	102.7p	2.0p	154.7p
30 April 2016	95.7p	7.0p	154.7p
31 October 2016	97.9p	2.0p	158.9p
30 April 2017	95.2p	3.0p	159.2p
31 October 2017	96.4p	2.0p	162.4p
30 April 2018	94.3p	3.0p	163.3p
31 October 2018	93.1p	2.0p	164.1p
30 April 2019	92.4p	3.0p	166.4p
31 December 2019	95.2p	2.0p	171.2p

A second interim dividend of 3.0p per share will be paid on 30 April 2020 to shareholders on the register on 14 April 2020.

The Company also offers a Dividend Reinvestment Scheme ("DRIS"). Any shareholder wishing to reinvest their dividends, who has not already elected to do so, can request a DRIS instruction form by calling Computershare on **0370 703 6324**. The application form can also be found on the Octopus Investments Limited website: **www.octopusinvestments.com**. If you are uncertain about your current DRIS position, please call Computershare on the number above or complete a new form.

Share Price

Titan's share price can be found on various financial websites including **www.londonstockexchange.com**, with the following TIDM/EPIC code:

Ordinary shares	
TIDM/EPIC code	OTV2
Latest share price (15 April 2020)	84.0 pence per share

Buying and Selling Shares

The Company's Ordinary shares can be bought and sold via a stockbroker in the same way as any other company quoted on the London Stock Exchange. There may be tax implications in respect of selling all or part of your holdings, so shareholders should contact their independent financial adviser if they have any queries.

Buyback of Shares

The Company operates a policy of buying its own shares for cancellation as they become available, and envisages that purchases will be made at no greater than a 5% discount to the prevailing NAV. The Company is, however, unable to buyback shares directly from shareholders. If you are considering selling your shares please contact Octopus Investments who can talk to you about the options available. They will also be able to provide details of closed periods (when the Company is prohibited from buying shares) and details of the price at which it has been bought and can be contacted as follows:

Octopus Client Relations Team	0800 316 2295 clientrelations@octopusinvestments.com

If you are considering trading on the secondary market or would like to talk directly to the Company's Corporate Broker, Panmure Gordon (UK) Limited ('Panmure') they can be contacted as follows:

Chris Lloyd	020 7886 2716	chris.lloyd@panmure.com
Paul Nolan	020 7886 2717	paul.nolan@panmure.com

Secondary market

UK income tax payers, aged 18 or over, can purchase shares in the secondary market and benefit from:

- Tax-free dividends
- Realised gains not being subject to capital gains tax (although any realised losses are not allowable)
- No minimum holding period
- No need to include VCT dividends in annual tax returns

The UK tax treatment of VCTs is on a first in and first out basis and therefore tax advice should be obtained before shareholders dispose of their shares.

Whilst there is no specific limit on the amount of an individual's acquisition of shares in a VCT, tax reliefs will only be given to the extent that the total of an individual's subscriptions or other acquisitions of shares in VCTs in any tax year do not exceed £200,000. Qualifying investors who intend to invest more than £200,000 in VCTs in any one tax year should consult their professional advisers.

Notification of Change of Address

Communications with shareholders are mailed to the registered address held on the share register. In the event of a change of address or other amendment, this should be notified to the Company's registrar, Computershare, under the signature of the registered holder or via the Computershare Investor Centre at: **www-uk.computershare.com/investor/**. Computershare's contact details are provided on page 67.

Other Information for Shareholders

Shareholders can obtain a full copy of the Company's Annual Report as well as previously published Annual Reports and Interim Reports on the Octopus website at **www.octopusinvestments.com/investor/our-products/venture-capital-trusts/octopus-titan-vct.**

All other statutory information can also be found here.

Electronic Communications

We also publish reports and accounts and all other correspondence electronically. This cuts the cost of printing and reduces the impact on the environment. If, in future, you would prefer to receive an email telling you a report is available to view or to receive documents by email please contact Octopus on **0800 316 2295** or Computershare on **0370 703 6324**. Alternatively you can sign up to receive e-communications via the Computershare Investor Centre at: **www-uk.computershare.com/investor/**.

Warning to Shareholders

Many companies are aware that their shareholders have received unsolicited phone calls or correspondence concerning investment matters. These are typically from overseas based 'brokers' who target UK shareholders offering to sell them what often turn out to be worthless or high risk shares in US or UK investments. They can be very persistent and extremely persuasive. Shareholders are therefore advised to be wary of any unsolicited advice, offer to buy shares at a discount, or offer for free company reports.

Please note that it is very unlikely that either Octopus or the Company's Registrar would make unsolicited telephone calls to shareholders and that any such calls would relate only to official documentation already circulated to shareholders and never in respect of investment advice.

If you are in any doubt about the authenticity of an unsolicited phone call, please call Octopus on **0800 316 2295**.

The Financial Conduct Authority has also issued guidelines on how to avoid share fraud and further information can be found on their website: **www.fca.org.uk/scamsmart/share-bond-boiler-room-scams**. You can report any share fraud to them by calling **0800 111 6768**.

Directors and Advisers

Board of Directors
John Hustler (Chairman)
Mark Hawkesworth
Jane O'Riordan
Matt Cooper
Tom Leader

Company Number
Registered in England & Wales
No. 06397765

Secretary and Registered office
Parisha Kanani
33 Holborn
London
EC1N 2HT

Portfolio Manager
Octopus Investments Limited
33 Holborn
London
EC1N 2HT
Tel: 0800 316 2295
www.octopusinvestments.com

Manager
Octopus AIF Management Limited
33 Holborn
London
EC1N 2HT
Tel: 0800 316 2295
www.octopusinvestments.com

Corporate Broker
Panmure Gordon (UK) Limited
One New Change
London
EC4M 9AF
020 7886 2500

Independent Auditor
BDO LLP
150 Aldersgate St.
London
EC1A 4AB

Tax Adviser
PricewaterhouseCoopers UK
1 Embankment Place
London
WC2N 6RH

VCT Status Adviser
PricewaterhouseCoopers LLP
1 Embankment Place
London
WC2N 6RH

Bankers
HSBC Bank plc
31 Holborn
London
EC1N 2HR

Registrars
Computershare Investor Services PLC
The Pavilions
Bridgwater Road
Bristol
BS99 6ZZ
Tel: 0370 703 6324
(Calls are charged at the standard geographic rate and will vary by provider. Calls from outside the United Kingdom will be charged at the applicable international rate.)
www.computershare.com/uk
www-uk.computershare.com/investor/

Depositary
BNP Paribas Securities Services
10 Avenue
London
NW1A 6AA

Notice of Annual General Meeting

In light of the current Coronavirus 'stay at home' measures in the UK, the AGM will be run as a closed meeting and shareholders will not be able to attend in person. Shareholders attempting to attend the AGM will be refused entry.

Notice is hereby given that the AGM of Octopus Titan VCT plc will be held at the offices of Octopus Investments, 33 Holborn, London, EC1N 2HT on Tuesday, 26 May 2020 at 12.00 p.m. for the purposes of considering and if thought fit, passing the following resolutions of which Resolutions 1 to 8 will be proposed as Ordinary Resolutions and Resolutions 9, 10 and 11 will be proposed as Special Resolutions:

Ordinary Business

1. To receive and adopt the financial statements for the fourteen month period to 31 December 2019 and the Directors' and Auditor's Reports.

2. To approve the Directors' Remuneration Policy.

3. To approve the Directors' Remuneration Report.

4. To re-elect John Hustler as a Director.

5. To re-elect Matt Cooper as a Director.

6. To re-elect Mark Hawkesworth as a Director.

7. To re-appoint BDO LLP as auditor of the Company and to authorise the Directors to determine their remuneration.

Special Business

To consider and if thought fit, pass Resolution 8 as an Ordinary Resolution and Resolutions 9, 10 and 11 as Special Resolutions:

8. Authority to allot relevant securities
THAT, in addition to existing authorities, the Directors be and are generally and unconditionally authorised in accordance with s551 of the Companies Act 2006 to exercise all the powers of the Company to allot shares in the Company up to a maximum nominal amount of £20,254,387 (representing approximately 20% of the ordinary share capital in issue as at the date of this notice) such authority to expire at the later of the conclusion of the Company's next AGM following the passing of this Resolution and the expiry of 15 months from the passing of the relevant Resolution (unless previously revoked, varied or extended by the Company in a general meeting but so that such authority allows the Company to make offers or agreements before the expiry thereof, which would or might require relevant securities to be allotted after the expiry of such authority).

9. Empowerment to make allotments of equity securities
TO empower the Directors pursuant to s571 of the Companies Act 2006 to allot or make offers or agreements to allot equity securities (as defined in s560(1) of the said Act) for cash pursuant to the authority referred to in Resolution 8 as if s561 (1) of the said Act did not apply to any such allotments and so that:

(a) reference to allotment in this Resolution shall be construed in accordance with s560(2) of the said Act; and

(b) the power conferred by this Resolution shall enable the Company to make any offer or agreement before the expiry of the said power which would or might require equity securities to be allotted after the expiry of the said power and the Directors may allot equity securities in pursuance of such offer or agreement notwithstanding the expiry of such power.

And this power, unless previously varied, revoked or renewed, shall come to an end at the conclusion of the next AGM of the Company following the passing of this Resolution or, if earlier, on the expiry of 15 months from the passing of this Resolution. The authority being sought under this Resolution is in addition to existing authorities.

10. Authority to make market purchases
THAT, in addition to existing authorities, the Company be and is hereby generally and unconditionally authorised to make one or more market purchases (within the meaning of s693(4) of the Act) of Ordinary shares of 10p each in the Company ('Ordinary shares') provided that:

(a) the maximum number of Ordinary shares so authorised to be purchased shall not exceed 50,635,967 Ordinary shares, representing approximately 5% of the present issued ordinary share capital of the Company as at the date of this notice;

(b) the minimum price which may be paid for an Ordinary share shall be 10p;

(c) the maximum price, exclusive of expenses, which may be paid for an Ordinary share is an amount equal to the higher of (i) 105% of the average of the middle market quotation for an Ordinary share taken from the London Stock Exchange Daily Official List for the five business days immediately preceding the day on which the Ordinary share is contracted to be purchased; and (ii) the amount stipulated by Article 5(6) of the Market Abuse Regulation;

(d) the authority conferred by this resolution shall expire at the later of the conclusion of the next AGM of the Company or 15 months from the passing of this Resolution(unless renewed, varied or revoked by the Company in general meeting); and

(e) the Company may enter into a contract to purchase its Ordinary shares under this authority prior to the expiry of this authority which will or may be completed wholly or partly after the expiry of this authority.

11. Cancellation of Share Premium

THAT, subject to the approval of the High Court of Justice, the amount standing to the credit of the share premium account of the Company as at 31 October 2017 be cancelled.

By Order of the Board

Parisha Kanani
Company Secretary
16 April 2020

33 Holborn
London
EC1N 2HT

Notes:

(a) A member entitled to attend and vote at the AGM may appoint one or more proxies to attend and vote on his or her behalf. A proxy need not be a member.

(b) Pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001, entitlement to attend and vote at the meeting and the number of votes which may be cast thereat will be determined by reference to the Register of Members of the Company at close of business on the day which is two days before the day of the meeting. Changes to entries on the Register of Members after that time shall be disregarded in determining the rights of any person to attend and vote at the meeting.

(c) A form of proxy is enclosed which, to be effective, must be completed and delivered to the registrars of the Company, **Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol, BS99 6ZY** or alternatively, you may register your proxy electronically at **www.investorcentre.co.uk/eproxy**, in each case, so as to be received by no later than 48 hours (excluding non-working days) before the time the AGM is scheduled to begin. To vote electronically, you will be asked to provide your Control Number, Shareholder Reference Number and PIN which are detailed on your proxy form.

Appointment of a proxy, or any CREST proxy instruction (as described in paragraph (d) below) will not preclude a member from subsequently attending and voting at the meeting should he or she choose to do so. This is the only acceptable means by which proxy instructions may be submitted electronically.

(d) To appoint one or more proxies or to give an instruction to a proxy (whether previously appointed or otherwise) via the CREST system, CREST messages must be received by the issuer's agent (ID number 3RA50) not later than 48 hours (excluding non-working days) before the time appointed for holding the meeting. For this purpose, the time of receipt will be taken to be the time (as determined by the time stamp generated by the CREST system) from which the issuer's agent is able to retrieve the message. After this time any change of instructions to a proxy appointed through CREST should be communicated to the proxy by other means. CREST personal members or other CREST sponsored members, and those CREST members who have appointed voting service provider(s) should contact their CREST sponsor or voting service provider(s) for assistance with appointing proxies via CREST. For further information on CREST procedures, limitations and system timings please refer to the CREST manual. The Company may treat as invalid a proxy appointment sent by CREST in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.

(e) Any person receiving a copy of the Notice as a person nominated by a member to enjoy information rights under section 146 of the Companies Act 2006 (a 'Nominated Person') should be aware that the provisions in Notes (a) and (b) above concerning the appointment of a proxy or proxies to attend the meeting in place of a member, do not apply to a Nominated Person as only Shareholders have the right to appoint a proxy. However, a Nominated Person may have a right under an agreement between the Nominated Person and the member by whom he or she was nominated to be appointed, or to have someone else appointed, as a proxy for the meeting. If a Nominated Person has no such proxy appointment right or does not wish to exercise it, he/she may have a right under such an agreement to give instructions to the member as to the exercise of voting rights at the meeting.

(f) Section 319A of the Companies Act 2006 requires the Directors to answer any question raised at the AGM which relates to the business of the meeting although no answer need be given (a) if to do so would interfere unduly with the preparation of the meeting or involve disclosure of confidential information; (b) if the answer has already been given on the Company's website; or (c) if it is undesirable in the best interests of the Company or the good order of the meeting.

Questions from our shareholders in relation to the AGM can be sent via email to **titanagm@computershare.co.uk**. The Company may, however, elect to provide answers to questions raised within a reasonable period of days after the conclusion of the AGM.

(g) Members satisfying the thresholds in section 527 of the Companies Act 2006 can require the Company to publish a statement on its website setting out any matter relating to (a) the audit of the Company's accounts (including the auditor's report and the conduct of the audit) that are to be laid before the AGM; or (b) any circumstances connected with an auditor of the Company ceasing to hold office since the last AGM, that the members propose to raise at the meeting. The Company cannot require the members requesting the publication to pay its expenses. Any statement required to be placed on the website must also be sent to the Company's auditors no later than the time it makes its statement available on the website. The business which may be dealt with at the meeting includes any statement that the Company has been required to publish on its website.

(h) Under sections 338 and 338A Companies Act 2006, members meeting the threshold requirements in those sections have the right to require the Company:

(i) To give, to members of the Company entitled to receive notice of the meeting, notice of a resolution which may properly be moved and is intended to be moved at the meeting, and/or

(ii) To include in the business to be dealt with at the meeting any matters (other than a proposed resolution) which may be properly included in the business.

A resolution may properly be moved or a matter may properly be included in the business unless:

(i) (In the case of a resolution only) it would, if passed, be ineffective (whether by reason of inconsistency with any enactment or the Company's constitution or otherwise);

(ii) It is defamatory of any person; or

(iii) It is frivolous or vexatious.

Such a request may be in hard copy form or in electronic form, and must identify the resolution of which notice is to be given or the matter to be included in the business, must be authorised by the person or persons making it, must be received by the Company not later than six weeks before the meeting, and (in the case of a matter to be included in the business only) must be accompanied by a statement setting out the grounds for the request.

(i) A copy of the Notice of AGM and the information required by Section 311A Companies Act 2006 is included on the Company's website, **www.octopusinvestments.com** under Venture Capital Trusts. Copies of the Directors' Letters of Appointment, the Register of Directors' Interests in the Ordinary shares of the Company kept in accordance with the Listing Rules and a copy of the Memorandum and Articles of Association of the Company will be available for inspection at the registered office of the Company during usual business hours on any weekday from the date of this notice until the AGM, and at the place of that meeting for at least 15 minutes prior to the commencement of the meeting until its conclusion.

(j) As at 16 April 2020 (being the last practicable date prior to the publication of this Notice) the Company's issued share capital consists of 1,012,719,355 Ordinary shares, carrying one vote each. Therefore, the total voting rights in the Company as at 16 April 2020 are 1,012,719,355.

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Octopus Titan VCT plc