The Stellar ITS

TERMS AND SERVICE AGREEMENT

STELLAR

Important Notice

Don't invest unless you're prepared to lose all the money you invest. This is a high-risk investment. **Take 2 minutes to learn more**. Please refer to the Risk Summary on page 13 of the Brochure and the Key Risks on page 10 of these Terms..

Any individual who is in any doubt about investing in The Stellar ITS should consult an authorised person or an appropriately qualified taxation adviser.

This Stellar ITS Terms and Service Agreement ('Terms'), together with The Stellar ITS Brochure, and the corresponding Application Form, constitute a financial promotion in relation to Section 21 of the FSMA. It is issued by Stellar Asset Management Limited ('Stellar'), 20 Chapel Street, Liverpool L3 9AG which is authorised and regulated by the Financial Conduct Authority in the United Kingdom (FRN: 474710). The Terms are dated April 2025.

It is important that investors and their advisers read the whole Terms, including the key risks on pages 10 to 11, and other associated documents, including The Stellar ITS Brochure, which is a separate document and form part of any decision to invest in The Stellar ITS. Nothing in these Terms or any associated documents, constitutes investment, legal, tax or other advice provided by Stellar.

These Terms are provided on a confidential basis. You may not copy, reproduce or further distribute these Terms or any of its content to any other person at any time, nor discuss with any other person the proposal in these Terms without the prior written consent of Stellar.

An investment in The Stellar ITS may expose you to a significant risk of losing all of the money invested.

These Terms should not be communicated outside of the United Kingdom. Significantly, the tax treatment for investors who are based outside of the United Kingdom will differ from that set out in these Terms and they may not receive the reliefs available to United Kingdom investors.

The information contained in these Terms makes reference to the current laws concerning Business Relief. These levels and bases of relief may be subject to change. The tax reliefs referred to in these Terms are those currently available to certain persons and their value depends on individual circumstances.

Stellar has taken all reasonable care to ensure that all the facts stated in these Terms (as at the date of publication) are true and accurate in all material respects, and that there are no other material facts or opinions that have been omitted, which would make any part of this promotion misleading. However, where information has been obtained from third party sources, Stellar cannot accept responsibility for the completeness or accuracy of that information, and potential investors must form their own opinion as to the reliance they place on that information. Neither delivery of these Terms, nor anything stated within it, should be taken to imply that any information in these Terms is correct as of any date after the date of publication.

No representation is made or assurance given that such statements, views, projections or forecasts are correct or that the objectives of The Stellar ITS will be achieved. Prospective investors must determine for themselves if such statements, views, projections or forecasts are reasonable and no responsibility is accepted by Stellar or any other person in respect thereof.

Prospective investors will need, and be expected to make, their own independent assessment of an investment in The Stellar ITS - and to rely on their own judgement (or that of their independent financial adviser) in respect of any investments they may make through The Stellar ITS, and the legal, regulatory, tax and investment consequences and risks of so doing.

If you have any questions, please consult your adviser or call Stellar on **020 3195 3500**. Please note that calls to Stellar may be recorded.

Contents

Section	Page
Further details of the Service	**4**
Access to Capital	**6**
Fees and Charges	**7**
Other Information	**8**
UK Taxation	**9**
Key Risks	**10**
Definitions	**12**
Service Agreement	**14**

This document provides additional operational information regarding The Stellar ITS. It should be read with The Stellar ITS Brochure and the corresponding Application Form. It also sets out additional details regarding fees and charges, UK taxation and key risks. The definitions used throughout the Brochure and the Terms are provided on page 12. The Service Agreement is provided from page 14. This is the legally binding agreement between Stellar and you in respect of The Stellar ITS.

Further Details of Service

Minimum Subscription

The minimum personal subscription to the Service is £25,000.

Structure

When you make an Investment in The Stellar ITS you appoint Stellar to make investments on a discretionary basis in qualifying business activities through a Portfolio of one or more IHT Companies.

The Stellar ITS is based on a discretionary investment management agreement to be entered into between Stellar and you, on the terms set out in the Service Agreement enclosed with this Document.

The Shares in the IHT Companies will be held in the name of the Nominee, acting as nominee for you. You are the beneficial owner of the Shares. Stellar will be responsible for discretionary decisions in relation to the selection of, and the exercise of rights in relation to, investments made, but you retain beneficial ownership of the underlying shares.

The Manager will maintain accounts, which will be open to inspection by each Investor, showing the amount contributed by that Investor and the amounts invested and yet to be invested, including where appropriate reinvested distributions, on that Investor's behalf.

Client account

Investors' Investments will be held by the Custodian in a segregated and pooled client money bank account with trust status prior to investment and, following the realisation of Shares, prior to the distribution of proceeds to you or your beneficiaries. Any interest arising therefrom will be paid to the Custodian as a contribution towards the costs of maintaining The Stellar ITS.

All documents of title will be held by the Nominee and will be issued in the name of the Nominee.

Timing of investment

We intend to invest subscriptions with cleared funds monthly. There is, however, no guarantee that this will be achieved. Should you die before your subscription is fully invested, all uninvested sums subscribed by you will be repaid by Stellar upon receipt of a valid notice of the death from the Investor's personal representatives.

Reporting

Quarterly reports, which will contain information on the value and the holdings of your Portfolio, will be provided. Investors shall receive reports regarding the qualifying business activities twice a year for the six month periods to 31 March and 30 September.

These reports will contain full information on the value and composition of your Portfolio. It is also intended to publish Net Asset Values each month and quarterly factsheets. They will also be available on our client portal for you and your adviser.

Business Relief

Until a realisation is achieved, the Manager will seek to ensure that the IHT Companies will undertake trades which qualify for Business Relief. Business Relief may not be available in certain circumstances and neither the Manager, the Custodian nor the Administrator accepts any liability for any loss or damage suffered by you or any other person in consequence of Business Relief not being available or reduced. In this regard, Investors are strongly advised to read the key risks set out on pages 10 to 11 of these terms.

Adviser Charges and impact on target return

We are able to facilitate both initial and ongoing adviser charges from your Portfolio. Initial Adviser Charges will be deducted form the subscription amount prior to the purchase of shares in IHT Companies. Annual Adviser Charges will be paid by selling shares in the IHT Companies.

You and your financial adviser will need to complete the relevant section of the Application Form. You should note that the target return of your Portfolio is calculated on the amount of subscription, less any initial adviser charges.

For example, if you invested £100,000 and agreed to pay your financial adviser an initial adviser charge of 1%, then your target return will be between 2.95% to 4.45% per annum. Should you have agreed to pay your adviser an ongoing adviser charge, this can be facilitated from your Portfolio. If you subsequently agreed to pay your adviser an ongoing adviser charge of 0.5% per annum, then your net target return from your Portfolio will be 2.45% to 3.95% per annum. Therefore, your growth will be reduced. Any VAT on these adviser charges will reduce the target return as well. This information will be shown in your quarterly reports.

Borrowings

It is not our intention to utilise external debt to fund any Qualifying Business Activities on a regular basis, with the exception of Hotels and Commercial Property. However, we may occasionally recommend that debt funding be provided to increase our ability to complete an acquisition - either on a more timely basis, or to enhance returns. Where external debt is utilised, we will ensure that any such debt has recourse only to the respective assets of that Qualifying Business Activity. If utilised it is our intention that any debt required will be no more than 25% of the total value of Shares issued by that IHT Company.

Insurance

Suitable insurance cover is arranged for each Business.

Access to Capital

The Stellar ITS has been designed to provide access to your capital (for the purposes of providing the opportunity to make withdrawals), on a monthly basis. You will need to provide at least 10 days' notice before the next month end in order to make a withdrawal subject to liquidity.

You can opt to receive regular withdrawals on a quarterly, half-yearly or annual basis. If the withdrawal is on a one-off basis you will need to provide at least 10 days' notice.

There are no exit fees or penalties, but any gains on the realisation of Shares from The Stellar ITS may be subject to capital gains tax or income tax, depending on the circumstances. All payments are subject to liquidity constraints and are at Stellar's discretion. Any amount realised from The Stellar ITS, prior to death, will not be eligible for Business Relief and will be subject to IHT in the normal way.

Partial withdrawals from The Stellar ITS are permitted, subject to a minimum remaining value of £25,000. Stellar will have a lien on all assets being withdrawn by you and shall be entitled to dispose of some or all of the same and apply the proceeds in discharging your liability to Stellar in respect of damages or accrued but unpaid fees. The balance of any sale proceeds and control of any remaining investments will then be passed to you.

Fees & Charges

There is no initial fee.

All of the fees below are payable by the IHT Companies.

The IHT Companies will trade through underlying businesses. Over time these businesses will change as new opportunities arise and exits are achieved. Each time an IHT Company commits capital to or withdraws capital from a qualifying business activity, a dealing fee of 1% of the amount committed or withdrawn is payable by the relevant IHT Company. This fee is payable within 30 days.

The management fee is payable by the underlying qualifying businesses, it is 0.5% (plus VAT) per annum of the net asset value of the IHT Companies, subject to a minimum investor return of 3.5% per annum. Once the returns are sufficient to pay this management fee, all further returns are retained by Investors. This arrangement aligns the interests of the Manager with the investors because the management fee is capped and does not incentivise the manager to take on additional risks. It is payable by each IHT Company individually and is payable at the end of each financial period of the IHT Companies.

The service fee is payable by the IHT Companies and covers the cost of providing administration, accounting and other services that Stellar provides to the IHT Companies, which do not employ staff of their own. This fee is 1.5% (plus VAT) per annum, and is calculated on the net asset value of the IHT Companies at the end of each quarter. The fee is paid in advance every quarter and is apayable within 30 days of the quarter end date.

There are no exit charges.

Some of the fees described above are payable by the IHT Companies, rather than from your portfolio directly. Nevertheless they will reduce the returns generated by the IHT Companies and the value of your portfolio. Any unpaid fees will be recouped from the proceeds of the sale of the shares in the IHT Companies.

Other Information

No guarantee

Neither Stellar nor any of its directors, officers, employees, advisers, representatives, affiliates or associates guarantees a rate of return to be achieved by the IHT Companies, the repayment or performance of a Business meeting its investment objectives or any increase in value. Participating in The Stellar ITS is subject to risks, including the possibility of delays in the repayment of, or the loss of, capital invested.

Complaints

If you wish to complain about any aspect of the service you have received, you should contact Stellar's Compliance Officer at 20 Chapel Street, Liverpool L3 9AG or via email to **enquiries@stellar-am.com** or phone 020 3195 3500.

In limited circumstances, for certain types of investors, an investor can then complain to The Financial Ombudsman Service, Exchange Tower, London E14 9SR - if the investor's complaint to Stellar's Compliance Officer is not dealt with to their satisfaction.

Financial Services Compensation Scheme

If Stellar is unable to meet its liabilities in full for any valid claims, in respect of its role as Manager of The Stellar ITS then you may, depending on your status, be entitled to compensation from the Financial Services Compensation Scheme.

The level of compensation currently available under the Financial Services Compensation Scheme depends upon the type of business and the circumstances of the claim, as well as whether the investor is, depending on their circumstances, an eligible claimant under the rules of the Financial Services Compensation Scheme.

Most types of investment business are covered for up to £85,000 per person, per firm. If necessary Stellar will, on request, provide full details of this cover and how to obtain any compensation that may be payable.

Further information is also available from the Financial Services Compensation Scheme, which may be contacted on 0800 678 1100 or 020 7741 4100, or via **www.fscs.org.uk** - or at their address, which is Financial Services Compensation Scheme, PO Box 300, Mitcheldean GL17 1DY.

UK Taxation

A summary of the UK tax treatment of the Service is set out below.

The tax analysis, so far as it applies to investors, is in respect of investors who are resident in the UK for tax purposes. The analysis is based upon the current legislation, current case law, guidance published by HMRC and practice existing as of the date of these terms. The foregoing authorities are subject to change and such changes may be retroactively effective. If so, the tax analysis set out below may be affected and may not be relied upon.

You are recommended to seek independent professional advice regarding the tax implications of your investment, in light of your circumstances. If you are in any doubt as to your tax position, or if you are subject to tax in any other jurisdiction outside the UK, then you should consult an appropriate professional adviser.

Inheritance tax: Business Relief

Business Relief is granted under Sections 103-114 IHTA 1984. Under these provisions, the inheritance tax liability which would otherwise arise on the estate of a deceased person, or on a transfer of assets by way of a lifetime gift, may be reduced or eliminated to the extent that the assets comprise Relevant Business Property.

For this purpose, Relevant Business Property includes shares where the company concerned is unlisted and is either a trading company or the holding company of a trading group. Currently, 100% Business Relief from inheritance tax is available in respect of shares in an unlisted trading company, regardless of the percentage held by the individual shareholder.

Businesses which do not qualify for Business Relief

Business Relief is not normally available where the business carried on consists wholly or mainly of dealing in securities, stocks or shares, land or buildings (in the absence of a property development trade), or in making or holding of investments.

Corporation tax

The IHT Companies will be subject to corporation tax (currently 19%) on their share of the trading profits and other income, if any, of the Businesses to which they participate.

Personal Taxation

You will receive an annual tax statement detailing all dividends and capital gains which you will need to add to your tax return each year and pay both income tax and capital gains tax as appropriate.

Conditions to be satisfied for Business Relief

The main conditions which must be satisfied are as follows:

- The shares must have been owned continuously during the previous two years or must have been inherited from a spouse and, when the spouse's period of ownership is taken into account, the combined period of ownership must be at least two years; and
- The Qualifying Business Activity must be carried on at the date of death or transfer.

Key Risks

You should consider the following key risk factors which, on their own or together, could have a material adverse effect on a subscription to The Stellar ITS:

- A subscription to The Stellar ITS requires a long-term commitment, with no certainty of any investment return and the risk of loss of capital. The return of capital, and the realisation of gains, if any, will generally occur only upon the partial or complete disposition of all Shares, as to which there can be no certainty. Businesses are illiquid and may take months or years to realise.
- Shares will be unquoted, there will be no market for Shares and it is unlikely that any public market will emerge in the future. You should therefore note that the value of the Shares may go down, perhaps substantially, as well as up - and there is no certainty that you will get back in full the amount which you invest.
- You should consider carefully whether a subscription to The Stellar ITS is suitable for you, in light of your personal circumstances and the financial resources available to you. There can be no guarantee that any appreciation in the value of a Business will occur, or that the objectives will be achieved.
- To maximise returns and to qualify for Business Relief, you will need to hold Shares for the medium- term. Consequently, a subscription to The Stellar ITS will not be suitable for short-term investment, and you should not proceed if it is likely that you may need to realise your subscription over the short-term. Any downturn in the market of the relevant Qualifying Business Activity could adversely affect the value of Shares.
- The IHT Companies in The Stellar ITS may undertake qualifying business activities in a limited number of trade sectors and/or one trade sector may constitute a significant percentage of the IHT Companies interests. A decline in the value of a Business could substantially affect the value of your Shares.
- The process of identifying suitable Qualifying Business Activities is competitive and involves a high degree of uncertainty. High levels of competition may result in Stellar being unable to source suitable activities. Furthermore, the availability of opportunities will generally be subject to market conditions. Accordingly, there is no guarantee that Stellar will be able to identify Qualifying Business Activities.
- A realisation of your interests through The Stellar ITS may result in the loss of Business Relief.
- No guarantees as to investment performance, capital gains or income distribution are given, either expressly or by implication, in these Terms. There can be no assurance that the strategy of The Stellar ITS, or the investment strategy of The Stellar ITS will be successful.
- It may be difficult for you to obtain information relating to the value of the IHT Companies or to sell your Shares.
- You should note that a substantial portion of your subscription may be committed to investments in real property, and that such investments are of a long-term and illiquid nature. Therefore, Shares may be difficult to value. The value of property is generally a matter of a valuer's opinion rather than fact. A subscription is likely to involve an above average level of risk.
- In the event of a failure of an asset-backed Business, the value of the freehold or long leasehold property owned by a Business may be significantly below cost where it is considered by potential purchasers that the business is no longer viable or that alternative uses for the property are limited. In addition, any trading losses suffered before the sale of the property would reduce the proceeds

further. Therefore, although asset-backed businesses provide an additional level of protection compared to businesses with no assets, there remains the possibility that significant losses could be suffered in the event of a failure of the Business.

- There is a risk that returns may be adversely impacted if a counterparty fails to deliver on its contractual obligations, or experiences financial difficulties.
- Business interests are illiquid assets. It may impact the investment returns, if the asset cannot be sold at a beneficial price.
- Determination of the value of Shares involves the exercise of discretion, if fair value or similar determinations are made. There can be no assurance that the values assigned in good faith by Stellar will equal or be approximate to the price at which it may be sold, or otherwise disposed of, from time to time.
- The performance and operation of The Stellar ITS is largely dependent upon the expertise of the directors and certain employees of Stellar, and the key personnel of the sector specialists that Stellar may appoint to a Business - who may change from time to time. If such persons were to become unavailable, it could have a detrimental effect on the ability of The Stellar ITS to achieve its objectives.
- There is a risk that an extraordinary event, such as a hurricane, flood, tornado, earthquake, terrorist attack or political uprising could adversely affect any Business at any given time.
- The value of any Business of The Stellar ITS may be affected by uncertainties, such as political developments, changes in government policies and taxation.
- Business performance and returns may be affected by:
  - Changes to legislation that either a Business that carries on a Qualifying Business Activity, is subject to
  - The introduction of new legislation or regulations regulating any of these
  - A change in the interpretation of the taxation position
  - A change in the taxation treatment of any of these.
- Dependent upon the specific outcome of the Businesses in which it participates, the IHT Companies may incur a taxation liability in advance of profits being distributed to it through The Stellar ITS.
- The statements in these Terms relating to taxation are intended to be a brief description of some of the tax consequences for UK resident investors of a subscription to The Stellar ITS. The statements are based on Stellar's understanding of applicable law and practice, as at the date of these Terms. They do not apply to certain classes of investors, such as financial traders, which hold property as trading stock, or to non-UK investors. You should seek your own advice on the taxation consequences of owning Shares through The Stellar ITS, because Stellar and its advisers can take no responsibility in this regard.
- Currently, we only typically utilise bank debt to finance the acquisition of Hotels and Commercial Developments. Bank debt may also be utilised in other limited circumstances. There are risks associated with using bank debt to leverage the capital of a project. The bank will have security over the income and assets of the project to ensure full repayment of its loan facility. Enforcement of such security would most likely render a write off in the value of the investment in that Qualifying Business Activity. The security given to any bank will rank in priority to any equity interests of the relevant IHT Company.

The foregoing list of risks is not comprehensive and there may be other risks that relate to the Service. You should note that a subscription to The Stellar ITS should be of a medium to long-term nature, and you should consult with your professional advisers before deciding whether to proceed.

Definitions

In these Terms or The Stellar ITS Brochure, these expressions and abbreviations have the following meanings, unless the context otherwise requires:

Agreement or Service Agreement

The service agreement to be entered into between:

1 Stellar as the Manager, and

2 You

In the form set out in the Terms, pursuant to a valid Application Form.

Applicable Laws

Any FCA rules or government laws which apply to the conduct and actions of a discretionary managed portfolio.

Application Form

The Stellar ITS application form.

Brochure

The Stellar ITS brochure, and any supplement to it.

Business or Partnership or Investment

A partnership or other entity undertaking Qualifying Business Activities for the purpose of Business Relief.

Business Relief or BR

Relief granted from inheritance tax under sections 103-114 IHTA 1984, on the estate of a deceased person, or on a transfer of assets by way of a lifetime gift, to the extent that the assets comprise Relevant Business Property.

Custodian or Administrator

Woodside Corporate Services Limited, First Floor, 12-14 Mason's Avenue, London, EC2V 5BT or such organisation as the Manager may appoint to provide, and with whom it has agreed terms for safe custody, nominee and administrative services in respect of the Service.

Custodian Terms

The agreement between the Custodian and you setting out the agreed terms for safe custody, nominee and other administrative services to be provided by the Custodian in respect of the Service which are on the Stellar website at **https://stellar-am.com/docs/custodian-terms-and-conditions** or available upon request.

Effective Date

The date that the Application Form is accepted by Stellar.

FCA

The Financial Conduct Authority or any successor or replacement body.

FCA Rules

The Financial Services and Markets Act 2000, as amended from time to time, and the rules and glossary contained in the FCA Handbook of Rules and Guidance, as amended or replaced from time to time.

HMRC

His Majesty's Revenue and Customs.

IHT

Inheritance Tax.

IHTA 1984

Inheritance Tax Act 1984.

IHT Company

A qualifying company for IHT purposes, in which an Investor holds shares through the Service.

Investment Restrictions

The investment restrictions for the Investments made through The Stellar ITS as set out in the Brochure and the Terms.

Investment Strategy

The investment strategy for the Investments made through The Stellar ITS, as set out in the Brochure and the Terms.

Investor or Applicant or You

Any individual, or certain trustees, who completes an Application Form, which is accepted by the Manager, enters into the Service Agreement and invests in IHT Companies.

Joint Account

An account of two or more shareholders holding a Portfolio as joint tenants (rather than tenants in common).

Manager

Stellar, the manager of the Service responsible for its day to day management, or its successor from time to time whether by assignemnt, transfer, novation or otherwise purchant to these terms.

NAV

Net Asset Value.

Nominee

WCS Nominees Limited, a member of the same group of companies as the Custodian, being the registered holder of shares, stocks, securities held as nominee on your behalf as beneficial owner.

Portfolio

Your portfolio of assets invested through The Stellar ITS, including the Shares in IHT Companies and any uninvested cash.

Qualifying Business Activity

A business venture managed by Stellar, which qualifies for Business Relief.

Relevant Business Property

Property, including shares in unquoted trading companies, which qualifies for relief from inheritance tax under the Business Relief provisions contained in IHTA 1984.

Service

The Stellar ITS, being a discretionary investment management service which enables Investors to invest in IHT Companies, pursuant to the terms of the Service Agreement.

Shares

Shares in an IHT Company.

Stellar

Stellar Asset Management Limited, a company incorporated in England and Wales with registered number 06381679 which is authorised and regulated by the Financial Conduct Authority.

Terms

This document, and any supplement to it.

UK

The United Kingdom of Great Britain and Northern Ireland.

Service Agreement

This Agreement sets out the terms and conditions that will form a legally binding agreement between you and the Manager from and including the date the Manager accepts your Application Form to invest in The Stellar ITS (the 'Service').

1. Definitions, construction and interpretation

1.1 In this Agreement the definitions contained on page 9 of these Terms dated April 2025 relating to the Service issued by Stellar Asset Management Limited shall apply.

1.2 Words and expressions defined in the FCA Rules, which are not otherwise defined in this Agreement, shall, unless the context otherwise requires, have the same meaning in this Agreement.

1.3 Any reference to a statute, statutory instrument or to rules or regulations shall be references to such statute, statutory instrument or rules and regulations as from time to time amended, re-enacted or replaced and to any codification, consolidation, re-enactment or substitution thereof as from time to time in force.

1.4 References to the singular only shall include the plural and vice versa.

1.5 Unless otherwise indicated, references to Clauses shall be to Clauses of this Agreement.

1.6 Headings to Clauses are for convenience only and shall not affect the interpretation of this Agreement.

2. Appointment

2.1 By signing the Application Form you agree to appoint the Manager from and including the Effective Date as your discretionary investment manager to invest your subscription and manage your Portfolio on your behalf on the terms of this Agreement, and the Manager accepts its appointment. An Application Form is accepted when recorded on the Manager's register of applications.

2.2 The Manager is authorised and regulated by the Financial Conduct Authority (of 12 Endeavour Square, London, E20 1JN) under Firm Reference Number 474710.

2.3 The Manager will treat you as a Retail Client for the purposes of the FCA Rules. Retail Clients attract the highest level of protection under the FCA Rules. You have a right to request a different client categorisation but the Manager is not obliged to accept your request. If the Manager accepted your request, you would lose certain protections afforded to Retail Clients under the FCA Rules, details of which are available from the Manager on request.

2.4 You confirm that you are an experienced investor in small to medium sized, higher risk and unquoted companies and are suitably knowledgeable about the risks associated with such investments, including the fact that you may not be able to readily realise your investment and that you have read and acknowledge the key risks on pages 10 to 11 of these Terms.

2.5 Your independent financial adviser will assess whether our products and services are suitable for you, as required under the FCA Rules. The independent financial adviser should also endeavour to carry out an annual review of your circumstances, objectives, strategy and risk profile and provide you with an updated suitability statement as to whether your investments meet your investment requirements on a regular basis.

2.6 You confirm that you are not seeking advice from the Manager on the merits of the Service.

2.7 You agree that the Manager may hold information about you and your affairs in order to verify your identity and financial standing (among other things the Manager or the Custodian may consult a credit or mutual reference agency, which may retain a record of the enquiry).

2.8 Anti-money laundering regulations aim to prevent criminal property being used or disguised as legitimate wealth. To satisfy these regulations you may have to produce satisfactory evidence of your identity before the Manager can do business with you, and from time to time thereafter. This identification process is designed to assist in the prevention of crime within the financial services industry. If you do not provide the information when requested, the Manager may be unable to accept any instructions from you or provide you with any services.

2.9 Investors should be aware that the right to cancel a distance contract within 14 days does not apply to this Agreement as it falls within the exemption contained in FCA rule COBS 15 Annex 1. Please speak to your adviser if you would like further information.

2.10 We reserve the right to delegate any of our functions or responsibilities under this Agreement to another person and you authorise us to disclose to that person such information about your investment as is necessary for this purpose. We will satisfy ourselves that such person is competent to carry out such functions or responsibilities.

3. Subscribing to the Service

3.1 You must make an investment of £25,000 or more at the same time as submitting your Application Form to invest through the Service.

3.2 The Manager may allow you to make further investments (in multiples of £1,000) in its sole discretion but the Manager may refuse to accept further investments at any time.

3.3 You may withdraw all or part of your investment, or terminate this Agreement, in accordance with Clause 14 below.

3.4 Your investment will be deposited in a non-interest bearing client account pending its investment in accordance with this Agreement.

4. Portfolio Services

4.1 You grant the Manager full power and authority to select and exercise all rights relating to Investments on the terms of this Agreement.

4.2 You agree that the Manager may appoint the Custodian to provide administration and safe custody services in respect of your Portfolio and the Service and that the Custodian will arrange for the Nominee to provide nominee services in relation to the holding of your Portfolio.

4.3 You hereby authorise the Manager to act on your behalf and in your name to negotiate, agree and do all such acts, transactions, agreements and deeds, as the Manager may deem necessary or desirable for the purposes of managing your Portfolio including making, managing and disposing of Investments on your behalf and this authority shall be irrevocable and shall survive, and shall not be affected by, your subsequent death, disability, incapacity, incompetence, bankruptcy or insolvency. .This authority will terminate only upon termination of this Agreement in accordance with Clause 14.

4.4 Save as expressly provided in this Agreement, the Manager shall not have any authority to act on your behalf or as your agent.

5. Investment Strategy and Restrictions

5.1 In performing its services, the Manager shall have regard to and shall comply with the Investment Strategy and the Investment Restrictions as detailed in the Brochure and the Terms.

5.2 In performing its services, the Manager shall at all times have regard to:

5.2.1 the need for the Business interests to attract Business Relief; and

5.2.2 all Applicable Laws.

5.3 Except as disclosed in the Brochure and the Terms and as otherwise provided in this Agreement (for example on early termination), neither the Manager nor the Custodian shall take any action which may prejudice your tax position, in so far as either of them are aware of the relevant circumstances, and in particular which may prejudice obtaining Business Relief for your Portfolio.

5.4. Surplus cash held as part of your Portfolio pending investment, and in the event of a gradual realisation of Investments prior to termination of this Agreement, any cash proceeds of realised Investments, may be placed on deposit or invested in government securities or in other investments of a similar risk profile.

6. Entering into Investments

6.1 In effecting transactions on your behalf as part of the Service, the Manager will act in accordance with the FCA Rules.

6.2 You acknowledge and agree to the Manager's best execution policy, a copy of which is in Schedule 3 and that transactions will be executed outside of a Regulated Market, Multilateral Trading Facility and Organised Trading Facility.

6.3 The Manager and the Custodian shall each devote such time and attention and have all necessary competent personnel and equipment as may be required to enable them to provide their respective services properly and efficiently, and in compliance with the FCA Rules.

6.4 Subject to the FCA Rules, your transactions may be aggregated with those of other Investors and may be aggregated with other customers of the Manager, and of its employees and Associates and their employees. Investments made pursuant to such transactions will be allocated on a fair and reasonable basis in accordance with the FCA Rules and endeavours will be made to ensure that the aggregation will work to the advantage of each of the investors, but you should be aware that the effect of aggregation may work on some occasions to your disadvantage.

6.5 The Manager will act in good faith and with due diligence in its choice and use of counterparties but, subject to this obligation, shall have no responsibility for the performance by any counterparty of its obligations in respect of transactions effected under this Agreement.

6.6 The Manager may combine your orders with orders of other customers. By combining your order with those of others, the Manager must reasonably believe that it will obtain a more favourable price than if your order had been executed separately. However, on occasions aggregation may result in you obtaining a less favourable price.

6.7 The Manager will always allocate orders which have been aggregated to our private clients within one business day of completing the transaction, or as soon as it is reasonably practical to do so. When deciding how to allocate an aggregated order we will not give unfair preference to any client or group of clients.

7. Fees and Expenses

7.1 The Manager shall receive fees for its services as set out in the Brochure and the Terms. The Manager's annual fee is payable by the IHT Companies on a quarterly basis. The Manager will pay the costs of the Custodian and the Nominee.

7.2 You agree to reimburse the Manager all reasonable fees, costs and expenses incurred by them in the provision of the services under this Agreement out of your Portfolio.

7.3 The Manager will provide you, at least annually, with information about costs and charges in aggregated form so you can understand the overall costs relating to your Portfolio. If requested, we will provide you with an itemised breakdown of costs and charges information.

8. Administration and Custody of Investments

8.1 The Manager shall arrange for the Custodian to provide services for the safe keeping of Investments and cash comprised in the Service from time to time, including the settlement of transactions, collection and distribution of income and the effecting of other administrative actions in relation to your Portfolio. The Custodian will be responsible for the provision of such services to the Investors.

8.2 Investments will be registered in the name of the Nominee. Investments within your Portfolio will be beneficially owned by you at all times but the Nominee will be the legal owner of the Investments.

8.3 The Nominee will hold any title documents or documents evidencing title to the Investments. Individual customer entitlements are not identifiable by separate certificate or any other physical document of title or external electronic record. In the event of a default of the Nominee, those for whom it holds securities may share in any shortfall pro rata. On occasion, your Investments may be used to settle other person's transactions which will not affect the Custodian's record of your entitlements.

8.4 Investments or title documents may not be lent to a third party and nor may there be any borrowing against the security of the Investments or such title documents.

8.5 An Investment may be realised in order to discharge your obligations under this Agreement, for example in relation to payment of fees, costs and expenses.

8.6 The Custodian will arrange for the Manager to receive details of any meetings of any IHT Company in which you are invested and any other information issued by an IHT Company if you at any time in writing request such details and information (either specifically in relation to a particular Investment or generally in respect of all Investments). The Manager may apply to the Custodian for a proxy directing how any voting rights are to be exercised by the Nominee in respect of an IHT Company. You shall be entitled, as a matter of right, to require the Nominee to appoint you as its proxy to vote as you may see fit at any meeting of shareholders in any IHT Company in which you are invested.

8.7 If legal title to Investments is held by the Custodian, the Nominee or a third party, the Investments may not be segregated or separately identifiable from the Custodian's assets, or the assets of the Nominee or third party and, in the event of the Custodian's default or the default or insolvency of the Nominee or third party (as the case may be), Investments may not be as well protected from the claims of the Custodian's creditors or the creditors of the Nominee or third party (as the case may be).

8.8 Unless otherwise agreed, the Custodian will be responsible for holding your cash in accordance with the client money rules of the FCA. Any cash balance forming part of your Portfolio will be deposited with an authorised banking institution in the name of the Custodian and held on trust for you and other customers of the Custodian. The Custodian may debit or credit the account for all sums payable by you or to you (including dividends receivable in cash and fees and other amounts payable by you) and make adjustments in respect of sums received by you otherwise than as a result of credits properly made to the account initiated by the Custodian under this Agreement and to effect settlement in respect of Investments. Interest may be payable on all credit balances on the bank account and shall be paid to the Custodian as a contribution towards the cost of establishing and maintaining the Service.

8.9 The Custodian may decide to cease to treat as client money any of your unclaimed cash if there has been no movement in the balance in the bank account in a period of five years (notwithstanding any payments or receipts of charges, interest or similar items) and the Custodian has taken reasonable steps to contact you and to return the balance.

8.10 You confirm that in no event shall an investment counterparty dealing with the Manager, the Custodian or Nominee with respect to any document signed or action undertaken for or on behalf of you in accordance with this agreement be obliged to inquire into the necessity or expediency of any act or action of you, the existence or non-existence of any fact or facts which constitute conditions precedent to acts by you or any act or failure to act by you or as to any other matter whatsoever involving you.

8.11 You declare that a person who deals with the Nominee and the Manager in good faith may accept a written statement signed by the Nominee or the Manager to the effect that their appointment as such hereunder has not been revoked as conclusive evidence of that fact.

9. Reports

9.1 You will be provided with reports as detailed in the Brochure and the Terms.

9.2 The Manager shall send you a report relating to the Service, complying with the FCA Rules, every three months, in respect of the periods ending 31 March, 30 June, 30 September, 31 December. Reports will include a measure of performance once valuations are available for the Investments. Investments will be valued in accordance with appropriate International Private Equity and Venture Capital valuation rules from time to time prevailing.

9.3 The Manager shall supply such further information which is in its respective possession or under its control as you may reasonably request as soon as reasonably practicable after receipt of such request.

9.4 Any contract notes, statements, reports or information so provided by the Manager to you will state the basis of any valuations of Investments provided.

10. Your Obligations

10.1 The Manager agrees to provide the Service to you on the basis of the declaration made in your Application Form.

10.2 You confirm that the information stated in the Application Form in these (and all other) respects is true and accurate as at the date of this Agreement.

10.3 You must immediately inform the Manager in writing of any change of tax status, other material change in circumstance and any change in the information provided in the Application Form.

10.4 In addition, you must provide the Manager with any information which it reasonably requests for the purposes of managing your Portfolio pursuant to the terms of this Agreement.

11. Delegation

11.1 The Manager (and the Custodian and the Nominee where reasonable and as may be agreed with the Manager) may employ agents and sub-contractors, including associates, to perform any administrative, custodial or ancillary services to assist the Manager in performing its services, in which case it will act in good faith and with due diligence in the selection, use and monitoring of agents. Any such employment of agents shall not affect the liability of the Manager (or the Nominee, where appropriate) under the terms of this Agreement.

12. Conflicts of Interest

12.1 The Manager and the Custodian may provide similar services or any other services whatsoever to any customer and neither the Manager nor the Custodian shall in any circumstance be required to account to you for any profits earned in connection therewith. So far as is

deemed practicable by the Manager or the Custodian, respectively, the Manager and the Custodian shall use all reasonable endeavours to ensure fair treatment as between you and such customers in compliance with the FCA Rules.

12.2 The Manager and any Associate ('Associate') means in relation to any person, each of its direct and indirect subsidiaries or subsidiary undertakings or its direct or indirect holding companies or parent undertakings or any direct or indirect subsidiary or subsidiary undertaking of any such holding company or parent undertaking) may, subject to the FCA Rules, and without prior reference to you, recommend transactions in which they or an Associate has, directly or indirectly, a material interest or a relationship of any description with another party, which may involve a potential conflict with its duty to you. Neither the Manager, nor any Associate, shall be liable to account to you for any profit, commission or remuneration made or received from or by reason of such transactions or any connected transactions.

For example, such potential conflicting interests or duties may arise because:

- the Manager or any Associate may receive remuneration or other benefits by reason of acting in corporate finance or similar transactions involving companies whose securities are held for you;
- the Manager or any Associate may take an equity stake in a company whose securities are held for you at a price not below the issue price available to you;
- the Manager or an Associate provides investment services for other customers;
- any of the Manager's directors or employees, or those of an Associate, is or may become a director of, holds or deals in securities of, or is otherwise interested in any IHT Company whose securities are held on your behalf;
- the transaction is in securities issued by an Associate of the Manager or the client of that Associate;
- the transaction is in relation to an Investment in respect of which the Manager (or its Associate) may benefit from a commission or fee payable otherwise than by you and/or the Manager or its Associate may also be remunerated;
- the Manager deals on your behalf with an Associate;
- the Manager may act as your agent in relation to a transaction in which it is also acting as agent for the account of other customers and Associates;
- the Manager may, in exceptional circumstances, deal in investments as principal in respect of a transaction for you;

or

- the transaction is in the securities of an IHT Company for which the Manager or an Associate has underwritten, managed or arranged an issue within the period of 12 months before the date of the transaction.

13. Liability

13.1 The Manager agrees that it will at all times act in good faith and with reasonable care and due diligence. Nothing in this Clause 13 shall exclude any duty or liability owed to you under the FCA Rules.

13.2 The Manager shall not be liable to you for any loss arising from any investment decision made in accordance with the Investment Strategy and the Investment Restrictions or for other action in accordance with this Agreement, except to the extent that such loss is directly due to the negligence or wilful default or fraud of the Manager or any of its directors, officers, employees or agents.

13.3 You agree to indemnify the Manager, the Custodian and the Nominee, and each of their directors, partners, officers and employees (each an 'Indemnified Party') for and against any and all claims, actions, demands, damages, costs, liabilities and expenses, fines and penalties which are brought against or incurred by the Indemnified Party as a result of performing its services under this Agreement ('Losses'), except to the extent such Losses arise from the Indemnified Party's fraud, negligence, wilful default or breach of this Agreement. This indemnity shall survive termination of this Agreement.

13.4 The Manager accepts responsibility for holdings of IHT Company shares in the name of the Nominee and for the acts and omissions of the Nominee, provided, however, that the Manager shall not be liable for any loss to you arising from any action it takes in accordance with this Agreement, except to the extent that such loss is directly due to the negligence or wilful default or fraud of the Manager or any of its directors, officers, agents or employees.

13.5 The Manager accepts no responsibility for the acts and omissions of the Custodian in providing the administration services.

13.6 Subject to Clauses 6.5 and 11, the Manager shall not be liable for any defaults of any counterparty, agent, banker, nominee or other person or entity which holds money, investments or documents of title for an IHT Company, other than any person which is its Associate.

13.7 In the event of any failure, interruption or delay in the performance of the Manager's obligations resulting from acts, events or circumstances not reasonably within its control (including but not limited to acts or regulations of any governmental or supranational bodies or authorities) or breakdown, failure or malfunction of any telecommunications or computer service or systems, you acknowledge that neither the Manager nor the Custodian, as appropriate, shall be liable or have any responsibility of any kind in respect of any loss or damage thereby incurred or suffered by you.

13.8 The Manager gives no representations or warranties as to the performance of the Service. Shares in an IHT Company are high risk and not readily realisable. There is a restricted market for the Shares and it may therefore be difficult to sell the Shares or to obtain reliable information about their value. By entering into this Agreement you confirm that you have considered the suitability of the Investment Strategy and Investment Restrictions set out in this Agreement, have read and understood the Brochure and the Terms including, in particular, the risk warnings set out therein, and have taken your own independent advice.

14. Termination

14.1 This Agreement and the Service shall continue until terminated in accordance with this Clause 14.

14.2 You are entitled to make withdrawals of Investee Company shares in your Portfolio at any time. You are also entitled to withdraw cash in your Portfolio at any time before it has been committed to an Investee Company and subject to giving 20 days' notice in writing.

14.3 The Manager will have a lien on all assets being withdrawn or distributed from the IHT Company and shall be entitled to dispose of some or all of the same and apply the proceeds in discharging any liability you have to the Manager.

14.4 This Agreement shall terminate automatically upon the completion of the withdrawal from the Service of all IHT Company shares and cash which are due to you under this Agreement. The balance of any sale proceeds and control of any remaining IHT Company Investments will then be passed to you.

14.5 If:

- the Manager gives you not less than three months' written notice of its intention to terminate its role as Manager under this Agreement; or
- the Manager ceases to be appropriately authorised by the FCA or becomes insolvent;

The Manager shall use reasonable endeavours to make arrangements to transfer the Investments to another manager in which case that fund manager shall assume the role of the Manager under this Agreement, failing which the Agreement shall terminate forthwith and, subject to Clause 15, the Investments held in your name shall be transferred into your name or as you may otherwise direct.

15. Consequences of Termination

15.1 On termination of this Agreement pursuant to Clause 14, the Manager will use reasonable endeavours to complete all transactions in progress at termination expeditiously on the basis set out in this Agreement.

15.2 Termination will not affect accrued rights, existing commitments or any contractual provision intended to survive termination and will be without penalty or other additional payments save that you will pay fees, expenses and costs properly incurred by the Manager and the Custodian up to and including the date of termination and payable under the terms of this Agreement.

15.3 On termination, the Manager may apply cash held for you, and may retain and/or realise such Investments as may be required to settle transactions already initiated and to pay your outstanding liabilities, including fees, costs and expenses payable under Clause 7 of this Agreement, the details of which are set out in the Brochure and the Terms.

16. Joint Accounts

16.1 Where you apply for a Joint Account the following additional terms apply:

(a) each Joint Account holder is jointly and severally liable for the obligations of the investor under this Agreement;

(b) The Manager is entitled to accept instructions from any Joint Account holder, save as expressly agreed between Joint Account holders and the Manager in writing; and

(c) statements, reports or information will be sent to the first Joint Account holder unless otherwise expressly agreed between Joint Account holders and the Manager in writing.

16.2 In accordance with Applicable Rules, on the death of one Joint Account holder their interest passes to the other Joint Account holder.

16.3 The Manager is not responsible for advising Joint Account holders on the tax consequences of a Joint Account.

17. Confidentiality

17.1 Neither the Manager, the Custodian nor you shall disclose to third parties or take into consideration information:

17.1.1 the disclosure of which by it would be or might be a breach of duty or confidence to any other person; or

17.1.2 which comes to the notice of a director, officer, employee or agent of the Manager or the Custodian or of any Associate but properly does not come to the actual notice of that party providing services under this Agreement.

17.2 Each of the Manager and the Custodian will at all times keep confidential all information acquired in consequence of the Services, except for information which:

17.2.1 is in the public knowledge; or

17.2.2 which they may be entitled or bound to disclose by law; or

17.2.3 is requested by regulatory agencies; or

17.2.4 is given to their professional advisers where reasonably necessary for the performance of their professional services; or

17.2.5 which is authorised to be disclosed by the relevant party; and shall use all reasonable endeavours to prevent any breach of this Clause 17.2.

17.3 The Manager or the Custodian may verify your identity and assess your financial standing. In doing so, a credit or mutual reference agency may be consulted which will record a search.

18. Complaints and Compensation

18.1 The Manager and the Custodian have established procedures in accordance with the FCA Rules for consideration of complaints. Details of these procedures are available from them on request. Should you have a complaint, you should contact either the Manager or Custodian in the first instance. If your complaint is still not resolved, you may be able to

refer your complaint to the Financial Ombudsman Service.

18.2 The Manager and the Custodian are members of the Financial Services Compensation Scheme ('FSCS'), which provides compensation to eligible investors in the event of a firm being unable to meet its liabilities. Compensation under the scheme us limited to a maximum of £85,000 per institution for investment business. For further information on the FSCS and to see if you may be eligible, you can contact the FSCS using the details on its website **www.fscs.org.uk**.

19. Notices and Communication

19.1 Notices of instructions to the Manager, the Nominee or the Custodian should be in writing and signed by you, except as otherwise specifically indicated.

19.2 The Manager, the Nominee or the Custodian may rely and act on any instruction or communication which purports to have been given by persons authorised to give instructions by you on the Application Form or subsequently notified by you from time to time and, unless that relevant party receives written notice to the contrary, whether or not the authority of such person shall have been terminated.

19.3 All communications with you shall be sent (whether postal or electronic) to the latest address you have supplied in writing to the Manager or the Custodian and shall be deemed received by you on the second day after posting or on the day after dispatch in the case of electronic communication.

19.4 All communications by you shall be made in writing or (save as otherwise provided) by telephone to the Manager (on 020 3195 3500) or the Custodian (on 020 3216 2000). Calls may be recorded.

19.5 Communications sent by you will be deemed received only if actually received by the Manager or the Custodian. None of the Manager or the Custodian will be liable for any delay or failure of delivery (for whatever reason) of any communication sent to you.

20. Amendments

The Manager may amend these Terms in this Agreement with immediate effect by giving the Investor written notice if such amendment is in the Manager's opinion necessary to comply with any changes in Applicable Laws including FCA Rules or to comply with HMRC requirements or to maintain Business Relief. In addition, the Manager may make any other amendments to these Terms at any time by giving the Investor not less than 14 days' written notice. In particular the Manager may amend these Terms and will notify you of any changes including in relation to fees and charges or the level of service provided under the Service for any of the following reasons:

(a) to make them fairer or more easily understandable or to correct a mistake (provided that this correction would not adversely affect you);

(b) to respond proportionately to changes in the applicable rules or the decision of any relevant regulatory authority;

(c) to reflect new industry guidance and codes of practice;

(d) to reflect a change in technology, to cover an improvement or change in the way which we, as Manager, provide the Service;

(e) to reflect a change in market conditions or the overall cost of providing our services to our clients; or

(f) to reflect other legitimate cost increases (or reductions) associated with providing this Service.

The latest copy of these Terms can be found in our website at **www.stellar-am.com**

21. Assignment

The Manager may assign, transfer, novate or delegate any of our obligations or rights is under this Agreement to any appropriately authorised and regulated person, upon providing you with 14 days' written notice, provided that we are satisfied that such person is competent to perform or exercise such obligations or rights.

We may provide information about you and your investments activities to any person to whom we assign, transfer, novate or delegate our obligations or rights.

This Agreement is personal to you and therefore none of your rights or obligations in connection with this Agreement can be assigned, transferred, or delegated to any person.

22. Data Protection

All data which you provide to the Manager, the Nominee or the Custodian is held by that party subject to the Applicable Laws. You hereby agree that the Manager, the Nominee and the Custodian may pass personal data to each other and to other parties insofar as is necessary in order for them to provide their services as set in this Agreement and to the FCA and any regulatory authority which regulates them and in accordance with all other Applicable Laws. Please refer to Stellar's privacy policy for further information.

23. Telephone Recording and Electronic Communication

For your protection, please be aware that telephone calls and electronic communications between us may be recorded, although we will not be obliged to do so where the conversation or communication does not relate to (or is not intended to result in) the conclusion of a transaction or order.

24. Language of Communications

All communications and correspondence between you and the Manager, the Nominee or the Custodian shall be in English.

25. Entire Agreement

This Agreement, together with the Application Form and other documents mentioned in it, comprises the entire agreement of the Manager, the Nominee and the Custodian with you relating to the provision of the Services described therein.

26. Rights of Third Parties

A person who is not a party to this Agreement has no right under the Contracts (Rights of Third Parties) Act 1999 to enforce any term of this Agreement, but this does not affect any right or remedy of such third party which exists or is available apart from that Act.

27. Severability

If any term, condition or provision of this Agreement shall be held to be invalid, unlawful or unenforceable to any extent, such term, condition or provision shall not affect the validity, legality or enforceability of the remainder of this Agreement.

28. Governing Law

This Agreement and all matters relating thereto shall be governed by and construed in accordance with English Law and the parties submit to the non-exclusive jurisdiction of the English Courts.

Schedule 1: Portfolio Management Policy

1 The Manager will select one or more IHT Companies, in which to invest on your behalf on the basis of the Investment Strategy and Investment Restrictions set out in the Brochure and the Terms.

2 The Manager is aware that Shares in IHT Companies should be held at the time of death and for at least the two years preceding death to obtain Business Relief.

3 The Manager may look to realise an interest in a Business prior to the end of two years if the growth of the Business has outperformed the market and covers any potential loss of tax benefit. It may also exit a Business in the event of a trade sale of the Business. If the proceeds are reinvested there should be no loss of Business Relief.

4 Once the Investor dies, the Manager will use reasonable endeavours to liquidate the investments in Businesses with a view to the investments in Businesses becoming fully liquid within three months of receiving all completed documents from the executors of the deceased's estate.

Schedule 2: Conflict of Interest Policy

The Manager has produced a policy to manage effectively the conflicts of interest that may arise from its business as required by the rules and guidance contained in chapter 10 of the Senior Management Arrangements, Systems and Controls Sourcebook in the FCA Rules ('SYSC'). The policy has been reviewed and approved by the Manager and is subject to monitoring by the Manager.

Under the SYSC, the Manager is required to take all reasonable steps to identify conflicts of interest between:

1 the Manager, including its employees and contracted consultants, or any person directly or indirectly linked to them by control, and a client of the Manager; or

2 one client of the Manager and another client.

The Manager believes that it should identify any conflicts that may arise in other situations including between the Manager and any of its shareholders.

A copy of the Manager's 'conflict of interest' policy is available upon request.

Schedule 3: Execution Policy

1 General execution factors and execution criteria

The Manager has an obligation when executing orders on behalf of clients to obtain the best possible outcome. The FCA requires various execution factors to be taken into account including price; cost; speed; market impact; likelihood of execution and settlement; size; or any other consideration relevant to the execution of the order. Price will ordinarily merit a high relative importance in obtaining the best possible result. However, in some circumstances, the Manager may appropriately determine that other execution factors are more important than price in obtaining the best possible execution result.

The Manager will determine the relative importance of the execution factors by using its commercial judgement and experience in light of market information available and taking into account the execution criteria. The execution criteria are defined as the characteristics of the client, order (orders placed in the market will indicate a price range that is suitable for the investment decision), type of financial instrument (some shares are more liquid than others, and illiquid shares will be less easily tradable in volume) and the execution venue.

2 Monitoring and review

The Manager will review the effectiveness of its execution policy on an annual basis. Whenever a material change occurs that affects the Manager's ability to continue to obtain the best possible result for you, the Manager will notify you of any material changes to its execution arrangements or its execution policy by posting an updated version on its website.

3 Notification of changes

The Manager will notify its clients of any material changes to its order execution arrangements and policy. It may provide information, including details of any changes, either in a durable medium or via its website.

4 Unquoted Investments Specific Characteristics of client order

In the absence of a specific client order or instructions from a client, the Manager generates its decision to deal for its clients when it makes its investment management decision at one of its investment committee meetings called to decide whether to proceed with the investment or realisation decision.

5 Characteristics of financial instruments

All of the private equity financial instruments transacted in are shares, loan notes, options or other related instruments of private companies or other corporate bodies. None of them are admitted to trading on any regulated exchange, multilateral trading facility or other market. The mix of financial instruments is important and the mix is chosen to achieve optimum value generation for the Manager's clients. Each structure is tailored to individual investment situations and there is no ideal structure. The Manager is available to explain to its clients the characteristics of the financial instruments used in any individual situation.

6 Characteristics of execution venues

The most distinctive characteristic of the transactions that the Manager directly executes is that they are inherently off-market transactions subject to direct negotiation with an independent third party. In relation to acquisitions by the Manager for its clients, the third party is generally the only possible source of the relevant instrument. Normally this is the issuing company, though sometimes it is an existing holder of the relevant securities. In the case of disposals, the possibility of an initial public offering ('IPO') producing a higher price for the Manager's clients is considered (and any disposals through an IPO are then handled

through brokers in accordance with the policy for quoted investments) but, unless an IPO is considered clearly advantageous, the transaction remains off-market and handled through private negotiations with third parties who are willing to purchase the relevant instruments.

Accordingly, there is normally no choice of execution venue in either case, and generally there is only a choice of counterparty in the case of realisations. The decision of the investment committee on investment/realisation, and the negotiations with counterparties, and possible counterparties, therefore incorporate within them a consideration of the execution factors of price, costs, speed, likelihood of execution and settlement size and the nature of the transaction and other relevant considerations, as part of the decision whether to buy or sell the relevant financial instrument on particular terms rather than, as may be the case with securities for which there is a choice of execution venue, the execution factors and related choice of venue being capable of separate consideration after a decision to trade has been taken without considering those factors.

7 Price and Value Generation

Depending on whether the Manager is investing in or realising private equity investments, it will normally consider the best result to be paying the minimum total consideration or obtaining the maximum total consideration respectively for its clients, representing the price of its financial instruments less the costs related to execution such as legal and other expenses.

However, in relation to acquisitions, the Manager also considers the overall best result for the client on realisation of the investment as part of its initial structuring of transactions. In some cases, negotiating the appropriate level of control over the conduct of the business and providing appropriate incentives for growth of the business may be regarded as more important to achieving the best possible result for its clients than simply getting the lowest possible acquisition cost. Equally in relation to both acquisitions and disposals, although the pricing is of the highest importance, attention is also paid to the size of the stake and the importance of achieving completion of the transaction with a reliable counterparty in order to ensure settlement in view of the limited range of possible sellers and buyers in each case.

Additionally, particularly on disposals, obtaining the highest possible price has to be weighed against any warranties, escrow agreements and any other ongoing liabilities on disposal. In accordance with FCA requirements, the Manager is obliged to inform its clients that client orders may be executed outside a regulated market or a Multilateral Trading Facility.

8 Special Purpose Vehicles ('SPVs')

The Manager may establish SPVs as Investments and accordingly you may be issued Shares in such SPVs. As shares in SPVs cannot be obtained from any other sources there is limited opportunity to apply the execution factors.

Get in touch

We're here to help

Investors

We recommend you speak to a Financial Adviser in the first instance, as we cannot offer investment or tax advice.

If you have any other questions please contact us on 020 3195 3500 or email us at enquiries@stellar-am.com

For further information, please visit www.stellar-am.com

Stellar Asset Management Limited
20 Chapel Street,
Liverpool,
L3 9AG

Registered in England and Wales No. 06381679. Stellar Asset Management Limited is authorised and regulated by the Financial Conduct Authority.