

The Stellar ITS

Offer Review

22 September 2025

Review Process

MI Capital Research Ltd (MICAP) is a provider of independent due diligence and research into the alternative investment market. Founded in 2013, MICAP also provides an innovative and user-friendly online system for advisers considering EIS, VCT, SEIS & BR (commonly referred to as BPR) investment at www.micap.com.

The following summarises the steps from the initiation of research to the publication of a MICAP Review on the MICAP Fund Finder:

1. An Insight Investment Analyst sends the relevant due diligence questionnaire (DDQ) to the party under review.
2. Insight appoints one of its investment analysts to review the completed DDQ, requesting further information or documentation where required.
3. The Investment Analyst will contact and/or interview the relevant party as required, validating and auditing the information provided, and thereby collating soft data to supplement the factual data already provided.
4. The Investment Analyst will draft the review.
5. The review is then submitted for internal peer review to an Insight Investment Analyst.
6. Prior to issue to the party under review, a final review and check is undertaken by Insight Investment Management to ensure no advice or opinion is contained within.
7. The review is sent to the party under review for factual accuracy. Any comments will be evaluated by the Insight Investment Analyst before the final draft is prepared.
8. The final version of the review is then sent to the relevant party for sign off.
9. Subject to sign off, the full MICAP Review will then be posted on the MICAP Fund Finder and made available to all subscribing users.

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Overview

Launched in July 2015, The Stellar ITS (the "Service") is a discretionary managed portfolio service operated and promoted by Stellar Asset Management Ltd ("Stellar"). The Service will invest funds into trading companies that will carry out trades which Stellar expects will qualify for up to 100% BR, subject to the minimum holding period. The Service currently deploys investors' funds into one company, Stellar Trading Ltd ("Stellar Trading"), although Stellar advises that future companies may be added. Stellar Trading is currently invested across several sectors, often uncorrelated: commercial property development, leisure assets, SME lending, hotels, forestry and bridging finance in descending order of current asset allocation. Stellar advises that there are other sectors pending. Stellar also notes that the Service adopts a concentrated and convicted investment style where c.50% of allocation can be in one sector albeit within several assets.

The Service has a target return of between 3.0% to 4.5% per annum and focuses on real equity participation and uncapped returns.

Offer Details

Offer name	The Stellar ITS
FCA Authorised Manager	Stellar Asset Management Ltd
Investment Adviser	Stellar Asset Management Ltd
Promoter	Stellar Asset Management Ltd
Offer type/tax wrapper	BR (Individual)
Launch date	01 July 2015
Close date	Evergreen
Minimum subscription	£25,000
Estimated deployment timeframe	Within one month
Associated life insurance policy	no
Minimum required to proceed	n/a
NMPI (UCIS)?	No
Total target return	3.00% - 4.5%
Legal structure	Discretionary Portfolio Service
Target no. of investee companies	1
Investee company type	Asset-backed
Investment objective	Capital Preservation & Real Equity Participation
Sector	Hotels, Leisure, Business Loans, Property Development, Agriculture, Renewables
Sub-sector	Cash/ Hospitality/Golf/Business Loans/Bridging Finance/Commercial Development/Residential Development/Social Engagement/Forestry/Farming/Wind
Exit strategy	n/a - evergreen
Minimum expected duration	n/a - evergreen

MICAP Summary

Highlights

- Since inception, the annualised return for the Service is 5.76%, which is above both the minimum and maximum target returns and the market median of 3.67% across open unlisted BR services listed on MICAP and places the Service in the top quartile for performance
- Looking at the one- (4.14%), three- (11.44%) and five-year (21.48%) share price total returns, the Service has outperformed within its targeted performance range of between 3.0% and 4.5% for all three periods, though we note that prior to 2021 the Service was targeting a 4.5%
- Over seven years, the total fees for the Service come in at 15.00%, placing it below the market average of 15.54% , excluding any potential performance fees
- Stellar enters into joint ventures with industry specialists to source, acquire (off market), manage and dispose of their assets (on market), leveraging off their experience and expertise to optimise returns/exits
- Stellar utilises multiple third-party services including CMS LLP to carry out an assessment of the general nature of any trade prior to commencement and to confirm in writing its likelihood of qualifying for BR. This BR oversight is embedded into the investment process according to Stellar.

Considerations

- The largest holding in the Service accounts for 30.3% of all assets, the largest five holdings accounting for 69.2% and the largest ten holdings accounting for 82.5%, which places all three in the bottom quartile when compared to the market concentration of holdings across the open unlisted BR services that are listed and supply data to MICAP
- The Investment Committee ("IC") consists of four members, with three being internal members to Stellar and one non-executive providing the IC with a level of external oversight. It must be noted that the new non-exec, John Fearon, was a former contractor to Stellar, being associated on a non-exclusive basis for five years. The IC has also seen two departures in the last two years
- Over the last six months, inflows have been circa £849,000 while outflows have been circa £580,000 resulting in net inflows for the last six months being circa £269,000, which as a percentage of AUM is 0.67%, placing the Service in the third quartile when compared to the market
- The Service has completed 41 exits totalling circa £5.1 million, placing it in the third quartile of number of exits among peers by number. Since inception, average exit time has been 37 days, improving to 31 days over the past year and this is within the 30-to-90-day target, but still in the third quartile compared to the market, with the market average being 23 days and 12 days respectively
- As announced at the Autumn Budget 2024, certain IHT rules are due to change in 2026 and 2027, with BR rules set to change significantly from April 2026. Investors and their advisers should be mindful of these proposed changes.

Summary

Launched on 01 July 2015, the Service is a discretionary managed portfolio service. As of 31 March 2025, it invests in Stellar Trading, which Stellar expects will qualify for up to 100% BR, subject to the minimum holding period. The Service holds £35.7 million in AUM (including market valuation and debt), with 56.0% in commercial property development (reduced to 47% by June 2025). Other allocations include golf courses (12.9%), SME lending (0.9%), hotels (7.3%), forestry (3.9%), bridging finance (2.8%) and other sectors (5.0%) and 11.7% in cash. Stellar notes that the high cash level follows recent asset exits and is expected to be re-deployed. The largest holding accounts for 30.3% of assets, with the top five at 69.3% and top ten at 82.5%, placing all three in the bottom quartile when compared to the open unlisted BR services that are listed and supply data to MICAP. The Service has operated for nine years, delivering an annualised return of 5.76%, above both the maximum target return and the market median of 3.67% across open unlisted BR services listed on MICAP. Over the one- (4.14%), three- (11.44%) and five-year (21.48%) share price total returns, it performed within its 3.0% to 4.5% target return for the Service. Performance has been steady, with some volatility, including sharp gains in 2018 and 2019 driven by key sector according to Stellar, and a drop in early 2021, due to post COVID-19 impacts. Stellar's investment team is led by CEO Jonathan Gain, supported by CFO Claire Taylor and Investment Director David Stein, all with 15+ years of sector experience, while one senior team member left in 2023. The four-member IC consists of three internal members and one non-exec, which provides a level of external oversight. It must be noted that the new non-exec was a former contractor to Stellar, being associated on a non-exclusive basis for five years. The IC has also seen two departures in the past two years. Recruitment of a non-exec addition to the IC is currently being pursued. Additionally, the Board of Stellar Trading Ltd contains no independent members with its two members (Jonathan Gain and Claire Taylor) both investment team and IC members. The Service has completed 41 exits totalling £5.1 million, placing it in the third quartile among peers. Average exit time is 37 days since inception, improving to 31 days in the past year, which is within the 30 – 90-day target but still in the third quartile market-wide. Over seven years, total fees (excluding performance fees) amount to 15.00%, below the market average of 15.54%.

Track Record

Target Return

	Minimum target ²	Maximum target ²
The Stellar ITS	3.00%	4.50%
Quartiles	Q2	Q2

¹ Based on the open unlisted BR services that are listed on MICAP and provide data to MICAP, and updated every three months.

² Many unlisted BR services target a range of returns. The minimum and maximum here refer to the top and bottom of any target range provided.

In order to reach its target return after deductions, we are advised that the following gross returns are required:

Gross return	6.15%	7.65%
Direct operating costs ¹	0.60%	0.60%
Service charge	1.80%	1.80%
AMC (including VAT)	0.60%	0.60%
Cash drag	0.15%	0.15%
Target return	3.00%	4.50%

¹ Direct operating costs include Director & Officer insurance, director fees, audit and tax advice fees and bank charges.

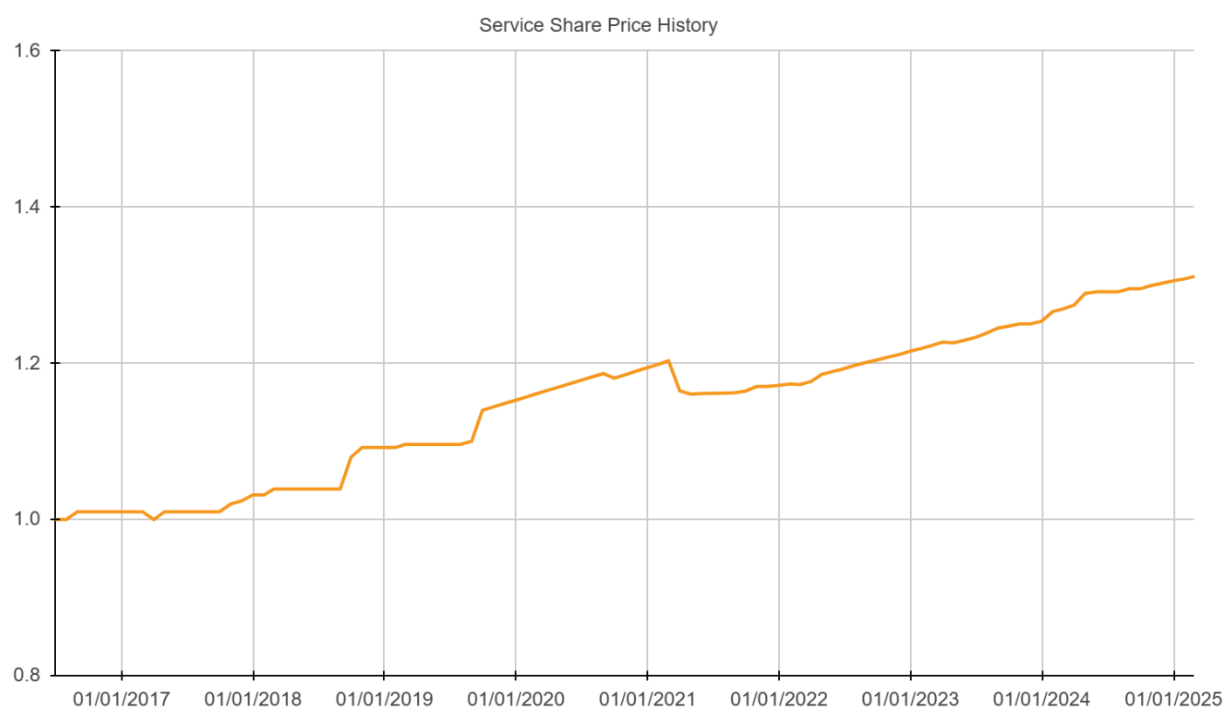
Return Since Inception

	No. Years in Operation ¹	Annualised return ²
The Stellar ITS	9	5.76%

¹ The number of years each service has been in operation

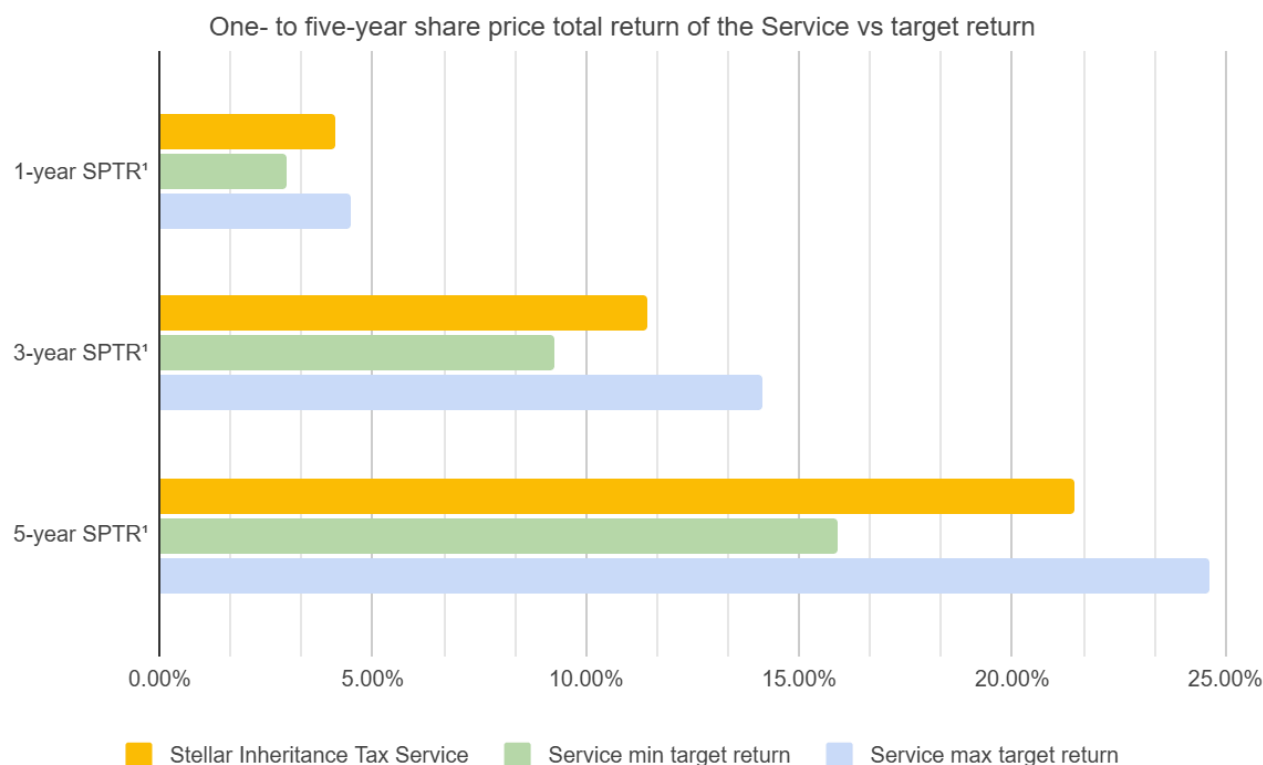
² Annualised compound return since inception

The below chart shows the share price performance of the Service since inception (as rebalanced to 1.0 from launch date). Depending on how fees are structured this may not fully reflect the performance to investors.



5-Year Performance Overview

The below chart shows the share price performance of the Service in comparison to its target return. The share price return for the Service may not reflect an investor's return over these holding periods, as the Service charges a deferred AMC which is payable only in any year where the underlying business achieves growth of 3.5% per annum.



¹ The 1-year, 3-year and 5-year share price total return calculated by dividing the growth in the share price over the period by the share price at the beginning of the period.

Track Record Summary

The Service has a target return of between 3% and 4.5% (with this being revised down from 4.5% in 2021 due to advise that some investors were put off by higher targets perceiving it as a higher risk) which compares to the minimum market average of 3% and maximum market average of 4.5% based on the open unlisted BR services that are listed on MICAP. For the 3% target, Stellar requires a gross return of 6.15%, which after deductions, reaches its minimum target return of 3%, while for the maximum target of 4.5% (with a required gross return of 7.65%).

The Service has been in operation for nine years which makes it one of the less established unlisted BR services, and below the market median of 11 years based on the number of years each service has been in operation across the open unlisted BR services that are listed on MICAP. Over this period, the annualised return for the Service, of 5.76%, is above both the minimum and maximum target returns, while it is also above the market median of 3.67% across open unlisted BR services listed on MICAP. The performance of the Service has seen periods of volatility with both sharp increases and decreases prior to March 2021. An example of the sharp increase was seen in mid-2018 and mid-2019, due to the performance of its forestry portfolio, while the Service also saw a decrease in performance at the start of 2021, due to a COVID overhang.

Looking at the one- (4.14%), three- (11.44%) and five-year (21.48%) share price total returns, the Service has performed within its target return for all three periods.

Diversification & Investment Process

Overview

	Service AUM	Total # assets ²	Top 10 ³	Top 5 ³	Top 1 ³
The Stellar ITS	£35,700,000	16	82.5%	69.3%	30.3%
Quartiles	Q4	Q3	Q4	Q4	Q4

¹ Based on the open unlisted BR services that are listed on and supply data to MICAP, and updated every three months.

² The total number of assets or contracts held by the Service, based on data supplied by the relevant managers and updated every three months.

³ The largest 10/5/1 holdings as a percentage of the NAV of the Service, based on data supplied by the relevant managers and updated every three months.

Largest 10 holdings

The data below was supplied by Stellar on 31 March 2025:

Asset name	Asset description	Date invested	Value ¹	% AUM ¹
Tavis House Stellar (Hoddesdon) LP	Commercial Development fully built with units to be sold.	2021	c.£22m	30.3%
Stellar Bramshaw LLP	Golf & leisure resort with independent hotel attached.	2021	c.£5m	13.1%
Tavis House Stellar (Tunbridge Wells) LP	Commercial Development fully built with units to be sold.	2022	c.£24m	12.5%
Stellar Murrayshall LLP	Golf & Spa resort with luxury independent hotel.	2016	£15m	8.7%
Duchrae Forestry LLP	New planting forestry opportunity.	2022	c.£10.7m	4.7%
Tavis House Stellar (Poole) LP	Commercial Development fully built with units to be sold.	2022	c.£17.5m	4.3%
Stellar Newark LP	Golf & Leisure resort.	2024	c.£1.2m	4.0%
The Brandon Strategic Land Development LP	Mixed Development partnership	2013	c.2.6m	2.3%
Sky Delta Partnership	Bridging Finance partnership	2024	c.1.5m	1.7%
Stellar Paultons LP	Golf & Leisure resort.	2021	c.4.0m	1.0%
Total			c. £103.5	82.5%

¹ The total value of the asset itself, i.e. the total size of the LLP that the Service can invest in

Sector Allocation & Experience

The data below was supplied by Stellar on 31 March 2025:

Sector	No. assets/ contracts ¹	AUM (£m) ²	AUM (%) ²	Manager experience ³	Manager AUM (£m) ⁴	Institutional funds? ⁵
Commercial Property Development	3	£20.00	55.99%	16	-	No
Golf	3	£4.60	12.88%	16	-	No
SME Lending	1	£0.32	0.90%	16	-	No
Other	3	£1.80	5.04%	16	-	No
Hotels	2	£2.60	7.28%	16	-	No
Forestry	2	£1.40	3.92%	16	-	No
Property bridging	2	£1.00	2.80%	16	-	No
Cash		£4.00	11.70%	-	-	No
Total	16	£35.72	100.00%	-	-	-

¹ The total number of assets or contracts held by the Service operating in this sector.

² The AUM of the Service operating in this sector.

³ The number of years the Manager has, as a firm, been operating investments in this sector.

⁴ The Manager's total AUM in this sector (including the Service).

⁵ Whether the Manager manages any institutional funds in this sector.

Investment Selection and Due Diligence

Investors' money will be deployed into Stellar Trading. Stellar Trading will then invest into a number of limited liability partnerships (or similar) across a range of different investment sectors including: Hotels, Golf Courses, Business Loans, Bridging Finance, Commercial Forestry and Residential & Commercial Property Development. It should be noted that the Service initially had renewable energy as one of its trades; however, Stellar advises that in light of changes to government subsidies that used to be available to the renewable energy businesses, but are no longer, the Service is not seeking to commit any capital to this sector for the foreseeable future, but notes that the door is always open to change in the future.

Stage	Description	Number of Companies per year	Responsible party
Initial Screen	Stellar's Joint Venture partners (third party experts who manage the day-to-day activities of each asset) are constantly screening the opportunity universe and do their "first cut" predicated upon what they think are the most attractive opportunities.	50	Joint Venture Partners
Initial due diligence	We are advised Stellar partners with industry experts in each operational sector. In each case Stellar's partners will conduct initial due diligence before proposing a deal to Stellar's investment team.	15	Joint Venture Partners / Investment Team
Third party review	Stellar's investment team will conduct due diligence from multiple sources including but not limited to asset data rooms, public sources, trading information, market data, valuation reports and surveys. Site visits will be conducted by multiple members of Stellar's investment team. Following these, an investment proposal is drafted for the IC.	5 - 10	Investment Team
IC Sign off	Stellar's IC will review the investment proposal and discuss all matters at an in-person meeting. All remaining questions will be clarified by the investment team and resolved prior to proceeding with any investment.	4 - 8	IC
Investment	Stellar targets one new deal per quarter.	4	-

Investment Team and Roles

Please refer to the end of this document for a summary biography on each senior member of the team.

	Job title	Years working with investment team	Years working in sector
Jonathan Gain	CEO	Since Inception	30+
Claire Taylor	CFO	6	15+
David Stein	Investment Director	6	10+

The investment team has had the following senior leavers in the last five years:

	Role	Date joined	Date left	Replacement?
Piere Clarke	Investment Manager – Corporate Development	2020	2023	Under consideration

Investment Committee

	Role	Date joined	Internal/external	Investment team member?	Date left (if applicable)
Jonathan Gain	CEO	Since Inception	Internal	Yes	
Craig Reader	Chairman	Since Inception	Internal	No	
Claire Taylor	CFO	2019	Internal	Yes	
John Fearon	Non-Executive	2025	External	No	
Daryl Hine	COO	2019	Internal	No	2025
Piere Clarke	Investment Manager – Corporate Development	2020	Internal	Yes	2023

Diversification & Investment Process Summary

The Service has an AUM of £35.7 million, with a large allocation (55.99%) across the commercial property development sector. However, Stellar notes that this allocation has since been reduced to 47% as of June 2025. The Service also has allocations to golf (12.88%), SME lending (0.90%), hotels (7.28%), forestry (3.92%), property bridging (2.80%) and other (5.04%) sectors. There is also currently a 11.70% allocation in cash that Stellar notes will be recycled. The Service is split across 16 assets as at March 2025 with Stellar attributing this to the current size of the Fund and its investment style. The largest holding in the Service (represented by total value of the asset itself) accounts for 30.3% of all assets, the largest five holdings accounting for 69.2% and the largest ten holdings accounting for 82.5%, which places all three in the bottom quartile when compared to the market concentration of holdings across the open unlisted BR services that are listed and supply data to MICAP.

Stellar's joint venture partners, who we are advised are industry experts managing day-to-day asset operations, screen opportunities and conduct initial due diligence on the most attractive prospects. Only vetted deals are brought to Stellar's investment team, which then performs in-depth analysis using asset data rooms, public sources, market data, valuation reports, and site visits. A formal investment proposal is then presented to the IC, which reviews and discusses it during an in-person meeting. Any outstanding issues are addressed before proceeding. Stellar targets one new investment per quarter. The joint venture partners receive a management fee and are typically incentivised with profit share agreements upon exit.

Stellar's investment team is headed by Jonathan Gain (CEO) with support from two other senior team members, Claire Taylor (CFO) and David Stein (Investment Director), all of whom have 15 to 30 years' experience working in the sector. The Investment Team also includes one additional member, Daniel Edwards (Investment Analyst). The investment team has seen one senior departure in the last five years, with an Investment Manager leaving in 2023 to pursue other interests. The IC consists of four members, with three being internal members to Stellar and one non-exec being external, which gives the IC a level of external oversight. It must be noted that the new non-exec was a former contractor to Stellar, being associated on a non-exclusive basis for five years. The IC has also seen two departures in the last two years.

Asset Profile

Asset Class Breakdown

The data below was supplied by Stellar on 31 March 2025:

Sector	Equity investment ¹	3 rd party debt ²	Debt investment (1 st) ³	Debt investment (other) ⁴
Commercial Property Development	£20,000,000	-	£9,000,000	-
Golf	£4,600,000	-	-	-
SME Lending	£3,200,000	-	-	-
Other	£1,800,000	-	-	-
Hotels	£1,500,000	-	-	-
Forestry	£1,200,000	-	-	-
Property bridging	£1,000,000	-	-	-
Cash	£2,000,000	-	-	-
Total	£35,300,000	-	£9,000,000	-

¹ The total amount invested by the Service in this sector via equity investments i.e. through companies that directly own and operate yield-producing assets.

² The total amount of third-party debt secured against the equity investments in this sector.

³ The total amount invested by the Service in this sector via debt investments secured with a first charge over the underlying assets or a first-ranking debenture over the borrower's total assets.

⁴ The total amount invested by the Service in this sector via debt investments secured with a subordinate charge over the underlying assets or a subordinate debenture over the borrower's total assets.

Assets Under Construction/Not Operational

The data below was supplied by Stellar on 31 March 2025:

Sector	AUM (%)	Outline of construction risk or factors required for asset(s) to become operational, plus any mitigations
Mixed Development	2%	<p>Stellar currently has one strategic land development in progress; however, this is still in planning. The project falls under Stellar's "social engagement" heading, with a proposed educational Special Educational Needs hub, a GP hub and a leisure centre, adding to its ESG footprint.</p> <p>Monthly progress meetings with all vested parties are held to ensure that any issues are unearthed and dealt with in a timely manner.</p>
Forestry	4%	<p>Stellar currently has one new planting opportunity within the Service. The initial planting phase on half of the site was undertaken in 2023. However, a planning application on the remainder of the site is in progress.</p> <p>Goldcrest have been employed as a forestry manager to not only secure planting permission on the remainder of the site but also to manage planting, harvesting and general maintenance activities.</p> <p>Stellar retains oversight of the asset. However, Stellar advises that Goldcrest's extensive experience in the sector ensures that day-to-day activities are taken care of.</p>

Company Accounts

Investee company	Full accounts?	Audited accounts?	Revenue	Net profit	Net assets
Stellar Trading Ltd	Yes	Yes	£1,563,803	£1,323,538	£27,600,190

Asset Profile Summary

Equity investments total £35.7 million across the commercial property development, golf, SME lending, hotels, forestry, property bridging and other sectors, with an additional £9 million debt for construction in the commercial property development sector being secured with a first charge over the underlying assets. The Service has the majority (56%) of NAV exposed to commercial property development, and so there is a level of concentration risk that will be reliant on the completion of the properties and subsequent sale, or the developer to be able to refinance the loan to provide an exit for the loan. Stellar has confirmed that there is currently one development asset under construction (and still in the planning stage) that accounts for 2% of AUM, as well as a forestry asset accounting for 4% of NAV that is awaiting planning permission for the second half of its planting.

The various proposed trades have varying levels of asset coverage and income. The hotels and golf course trades will hold the assets directly, while for commercial property developments, the Partnership will own the sites and once the construction of the development has completed, the commercial units will then be sold or tenanted and sold to institutional investors when multiple units are tenanted. Stellar has agreements in place with its property developer joint venture partner that it works with to ensure a priority return to investors from the sales of the units to mitigate the risk of delays eating into profits.

Stellar advises that investors should expect the Service to typically hold between 2-5% in cash, with the current allocation being 11.7%. Stellar notes that this is high currently due to recent successful asset exits, with cash being re-deployed as high cash is not desirable. However, if a run of withdrawal requests cannot be met by investor inflows, the liquidity reserve and the Service's contractual income, withdrawals would then be met via a liquidation of some assets. In such a scenario each of the trades should be considered illiquid.

Liquidity

Investor Profile

	No. investors ²	Largest investor ²
The Stellar ITS	200	4%
Quartiles	Q3	Q3

¹ Based on the open unlisted BR services that are listed on and supply data to MICAP, and updated every three months.

² The number of investors in the service and the largest investor in the service as a percentage of the Service's AUM, based on data supplied by the relevant managers and updated every three months.

³ The top quartile for number of investors is for offers with the most investors, whereas for the largest investor, it relates to the smallest allocation to one investor.

Net inflows

	Inflows (6m) ²	Outflows (6m) ²	Net inflows (6m)	Net inflows/AUM
The Stellar ITS	£849,000	£580,000	£269,000	0.67%
Quartiles	Q4	Q2	Q3	Q3

¹ Based on the open unlisted BR services that are listed on and supply data to MICAP, and updated every three months.

² The inflows and outflows of the service over the last six months, based on data supplied by the relevant managers and updated every three months.

³ Due to the size of some of the largest services, they can also appear in the top quartile for the most outflows over six months, but the level of net-inflows is important. Some smaller services can also appear in the top quartile of net inflows/AUM due to their smaller starting level of AUM.

Liquidity Record

	No. exits (inception) ²	Amount exits (inception) ³	Avg. exit time (inception) ⁴	Avg. exit time (12m) ⁵
The Stellar ITS	41	£5,100,000	37 days	31 days
Quartiles	Q3	Q3	Q3	Q3

¹ Based on the open unlisted BR services that are listed on and supply data to MICAP, and updated every three months.

² The number of investor withdrawals from the service since inception, based on data supplied by the relevant managers and updated every three months.

³ The amount withdrawn from the service since inception, based on data supplied by the relevant managers and updated every three months.

⁴ The average time taken for investors to withdraw from the service since inception, based on data supplied by the relevant managers and updated every three months.

⁵ The average time taken for investors to withdraw from the service in the last 12 months, based on data supplied by the relevant managers and updated every three months.

⁶ Offers with the largest number and amount of exits rank in the top quartile, with the quickest exit times ranking in the top quartile.

Liquidity Summary

Investors may request to withdraw some or all of their funds every calendar quarter by giving 10 days' notice. Partial withdrawal requests are permitted subject to a minimum remaining value of £25,000. Stellar will then aim to pay withdrawal proceeds to the investor within one to three months, depending on liquidity. However, other BR services offer quicker access to funds, with some offering weekly or fortnightly targets and no minimum holding period.

There are currently 200 investors in the Service, which ranks in the third quartile for number of investors based on the open unlisted BR services that are listed on and supply data to MICAP, while the largest investor within the Service represents 4% which also ranks it in the third quartile in comparison to the market.

Over the last six months, inflows have been circa £849,000 while outflows have been circa £580,000 resulting in net inflows for the last six months being circa £269,000, which as a percentage of AUM is 0.67%, placing the Service in the third quartile when compared to the market for net inflows.

In terms of exits, the Service has had 41 exits in total (amounting to circa £5.1 million) which places it in the third quartile for number of exits in comparison to its peers. Average exit times for investors since inception has been 37 days which places in the third quartile for exit times while in the last 12 months, exit times have been 31 days, which have been within its target of between 30 and 90 days and again placing in the third quartile for exit times compared to the market.

HMRC Compliance

BR Assessment

As at the date of this review, 100% BR is potentially available on shares in unquoted companies as long as investee companies meet the qualifying criteria, which include that the company does not mainly deal in securities, stocks or shares, land or buildings, or in the making or holding of investments. This is also subject to the investee companies holding any "excepted assets" (such as excess cash) which may reduce the quantum of BR available. However, as was announced at the Autumn Budget 2024, it is proposed that from 6 April 2026 100% BR will only be available on business assets and certain agricultural property up to a value of £1 million. After £1 million, the rate of relief will be reduced to 50%.

	Conducted by
Tax opinion of structure	CMS LLP
Initial assessment of deals/sectors	CMS LLP
Annual assessment of investee company	CMS LLP

HMRC Record

	Successful BR claims ²
The Stellar ITS	24
Quartiles	Q3

¹ Based on the open unlisted BR services that are listed on and supply data to MICAP, and updated every six months.

² The number of investors in the service that have died, been fully exited from the Service, and (to the best of the manager's knowledge) had their claims for 100% Business Relief on their holdings at the date of death accepted by HMRC

HMRC Compliance Summary

The Service's BR tax record has seen 24 successful claims with none queried by HMRC to Stellar's knowledge which places it in the third quartile of successful BR claims based on the open unlisted BR services that are listed on MICAP. Stellar has appointed CMS LLP on a contracted annual monitoring basis to provide an opinion on the structure and operations of the Service, with regular informal reviews occurring, with the latest one occurring in August 2025. This undertaking of an annual assessment is typical across other unlisted BR offers. Stellar also utilises CMS LLP for initial assessment of deals, and to monitor the BR qualifying status of the Service's investee companies annually.

It should be noted that the current BR rules are subject to change, as was announced at the Autumn Budget 2024. As announced at the Autumn Budget 2024, certain IHT rules are due to change in 2025, 2026 and 2027, with BR rules set to change significantly from April 2026. Investors and their advisers should be mindful of these proposed changes.

Regulatory Compliance

BR services have certain regulatory requirements including how and to whom they can be promoted. Adherence to these regulatory requirements does not reflect in any way the likelihood of the Service meeting its performance objectives, but a failure to comply with the regulations could jeopardise the Service's standing and may be indicative of other serious failing in its management team and processes.

For a discretionary portfolio service, the fund manager (or the investor's financial adviser) must assess the suitability of the service for the investor, whereas for an Alternative Investment Fund whoever is responsible for arranging the investment must complete an appropriateness test on the investor.

Stellar has provided the following regulatory classifications for the Service:

	Yes/No
Non-Mainstream Pooled Investment (NMPI)	No
Discretionary Portfolio Service	Yes
Alternative Investment Fund (AIF)	No
Restricted Mass Market Investment (RMMI)	No

Governance

The companies that investors buy shares in will be governed by its board of directors in the same manner as any other company. While these companies will retain various third parties to perform certain functions, their board of directors have a legal duty to uphold the interests of their shareholders, and so meet regularly to assess the performance of the manager making the investment decisions, general governance, the valuation policy, any conflicts and whether to review the ongoing arrangements with the third-party service providers.

The directors should therefore be suitably qualified, experienced, and independent from the third-party service providers (especially the manager making the investment decisions) to undertake these duties. Although targeted at VCTs, the Corporate Governance Code of the Association of Investment Companies suggests that investment companies should have (among other criteria) an independent Chairman, a majority independent board, and submit its directors for re-election at regular intervals.

Company Name	Date Joined	Internal / External	Board meetings
Jonathan Gain	16/04/2007	Internal	4/4
Claire Taylor	14/11/2019	Internal	4/4
Craig Reader	16/04/2007	Internal	4/4

Valuation & Reporting

Valuation Policy

Stellar provides investors with quarterly net asset value for Stellar Trading. NAV, however, is struck monthly and can be made available to investors on request. All underlying assets are valued by an independent third-party valuer prior to purchase, and these will then be updated internally, annually. Valuations are undertaken in accordance with International Private Equity and Venture Capital (IPEVC) valuation rules. Stellar Trading will record all loans, borrowings, fees and investments on an accruals basis, in other words, it recognises the simple value of all interest receivable, and interest and fees payable - but not yet received or paid - at each reporting date. As assets are only internally valued annually, so in between these valuation dates, the quarterly share price includes the income generated, where applicable, which will vary depending on profitability over that period and periodic, ad hoc valuations by third parties. With the accounts of Stellar Trading audited annually, there is external input ratifying the quantum and timing of investments into underlying assets and operational cost reconciliation.

Reporting

Report	Frequency	Date Available	Detail included
Valuations and Investment updates	Quarterly	Valuations are circulated to investors four weeks after quarter end.	Performance information including investment valuation.
Trading summaries	Quarterly	These are circulated to investors four weeks after quarter end.	Commentary on each asset held within the service including an operational update and wider strategy overview.

Fees & Charges

Overview

Entity fees charged to	Investment	Investee Company
Initial charge (%)	-	-
Initial charge (flat rate)	-	-
Dealing fees (%)	1.00%	-
Dealing fees (flat rate)	-	-
AMC (%)	-	0.50% ¹
AMC (flat rate)	-	-
AMC no. years applied	-	n/a
Annual admin fee (%)	-	1.50%
Annual admin fee (flat rate)	-	-
AMC basis	NAV	
Directors' fees (%)	-	-
Directors' fees (flat rate)	-	-
Exit deal fee (%)	-	-
Exit deal fee (flat rate)	-	-
Performance fee (%)	-	-
Performance fee basis	-	-
Arrangement fee	-	-
Exit performance hurdle	n/a	-
Annual performance hurdle	-	- ¹
Annual running cost cap	n/a	-

Other fee information

A dealing fee is only applied when Stellar Trading enters and exits a new trading partnership and is charged to the investor. AMC and Admin fees are payable by Stellar Trading.

¹The AMC of 0.5% is payable only in any year where the underlying business achieves growth of 3.5% per annum. Stellar charges include custodian, administrator and nominee fees.

Fee Comparison

	The Stellar ITS	Market Average
Total initial fees	1.00%	2.00%
Total annual fees	2.00%	1.85%
7-year modelled fees	15.00%	15.54%

¹ Based on the open unlisted BR services that are listed on and supply data to MICAP, and updated every three months.

Fees & Charges Summary

The Service charges total initial fees of 1.00% which is an initial dealing fee charged to the investment when Stellar Trading deploys capital and compares to the market average for total initial fees of 2.00% based on the open unlisted BR services that are listed on and supply data to MICAP. It must be noted that the dealing fee is only applied when Stellar Trading enters and exits a new trading partnership with Stellar noting that there is no average fee. Stellar advises that the number of trading partnerships that Stellar Trading enters and exits each year depends on deal flow into the Service and exits on when the LLP completes its investment cycle, reaches maturity and is sold.

The Service's combined annual fees of 2.00% (which includes a 0.50% AMC and 1.50% annual admin charge) is above the market average of 1.85%. The AMC and annual admin fees are payable by the underlying businesses that Stellar Trading invests into, with the AMC payable only in any year where the underlying business achieves growth of 3.50% per annum.

Over seven years, the total fees for the Service come in at 15.00%, which includes all initial and ongoing fees charged to investors and investee companies and excluding any potential performance fees, placing it below the market average of 15.54%.

Summary Biographies

Below are the summary biographies of the key members of the investment team for the Fund. Please note that the summary biographies have been written by the manager of the Fund and have not been verified by MICAP.

Jonathan Gain

Role	CEO
Summary biography	<p>Jonathan Gain (ACMA) is the Chief Executive Officer and the Chief Investment Officer of Stellar Asset Management and has been involved in financial services since 1993. Prior to forming Stellar in 2007, he was the finance director of Close Brothers Investment Limited – the tax-advantaged investment division at Close Brothers. In his role of finance director, he was responsible for overseeing its property investment funds and numerous tax planning products. Jonathan then became Managing Director of Close Brothers in 2005. When he left to set up Stellar, Close Brothers Investment Limited had approximately £1 billion of funds under management. Drawing on his wide-ranging experience, Jonathan established Stellar in 2007, along with the former founder of Close Brothers Investment Limited. Jonathan remains the majority shareholder of Stellar and is a member of the investment committee.</p> <p>Jonathan is a passionate advocate of asset backed investing. Accountancy qualified with considerable experience in the tax efficient space. An opportunity spotting reputation and enviable asset backed track.</p> <p>Jonathan graduated from Bournemouth University with a BA (Hons) in Accountancy.</p>

Claire Taylor

Role	CFO
Summary biography	<p>With a background in the professional services and financial services sectors, Claire leads Stellar's Finance team and is a member of the firm's Executive Leadership Team. Claire joined Stellar in 2019 from Investment Management firm Greencoat Capital LLP where she gained exposure to the renewable energy infrastructure sector and had several roles including Management Accountant and Financial Controller.</p> <p>In her previous role as a Corporate Accountant with GVA Property Consultancy, Claire gained experience in the property sector. She originally trained as an Accountant with Jackson Calvert Certified Chartered Accountants, a prominent firm in the West Midlands. Claire has an MBA from The University of Manchester.</p>

David Stein

Role	Investment Director
Summary biography	<p>David is an experienced investment manager with entire deal cycle management expertise. He holds the CFA UK IMC qualification as well as a CAIA Charterholder and brings considerable insight, analytical thinking and operational flair to the process. David graduated from The University of Nottingham with a BA (Hons) in History.</p>

Daniel Edwards

Role	Investment Analyst
Summary biography	<p>Daniel works as an investment analyst providing analysis across the entire investment cycle from initial opportunity screening and due diligence through to active portfolio monitoring and value creation during ownership. Daniel is currently working towards the CFA level 3 exam. Daniel holds an honours degree in Geography from the University of Durham.</p>