The Stellar ITS

BROCHURE

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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.

Any individual who is in any doubt about investing in the Stellar ITS should consult an investment adviser that is authorised by the Financial Conduct Authority, or an appropriately qualified taxation adviser.

This brochure, together with the Stellar ITS Terms and Service Agreement ('Terms') and the corresponding Application Form, constitute a financial promotion in relation to Section 21 of the Financial Services and Market Act 2000. 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). This brochure is dated April 2025.

It is important that investors and their advisers read the whole brochure and associated documents, including the key risks on page 11, and the service agreement, which is in the Terms. These documents form part of any decision to invest in the Stellar ITS. Nothing in this brochure or any associated documents constitutes investment, legal, tax or other advice provided by Stellar.

This brochure is provided on a confidential basis. You may not copy, reproduce or further distribute this brochure or any of its content to any other person at any time, nor discuss with any other person the proposal in this brochure 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. There are significant other risks associated with an investment, which are set out in the Terms.

This brochure 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 this brochure and they may not receive the reliefs available to United Kingdom investors.

The information contained in this brochure makes reference to the current laws concerning Business Property Relief ('Business Relief'). These levels and bases of relief may be subject to change. The tax reliefs referred to in this brochure 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 this brochure (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 this brochure, nor anything stated within it, should be taken to imply that any information in this brochure 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 us on 020 3195 3500. Please note that calls to this number may be recorded.

The Service

The Stellar ITS is a discretionary managed service which is designed for investors who wish to leave a legacy that is free from inheritance tax. It provides access to a range of qualifying business activities that offer security and diversification, whilst seeking capital growth, in addition to qualifying for Business Relief.

All of these qualifying business activities are selected to offer security and diversification whilst seeking capital growth. The Stellar ITS operates across a range of different investment sectors including Commercial Forestry, Hotels, Bridging Finance and, Residential and Commercial Property Development.

You and your beneficiaries should benefit from 100% inheritance tax relief - provided that the portfolio is held for a minimum of two years, and at the time of death.

This brochure will introduce you to Stellar and our range of services. We will provide context to both inheritance tax and Business Relief, how the Stellar ITS operates, and the important information you need in order to make an informed investment decision.

Key Features

Lasting legacy

Providing you with confidence and reassurance, today and in the future

Diversified

Investment in assets across a wide range of qualifying business activities

Growth

Targeted returns of between 3% and 4.5% per annum (net of fees)

Uncapped returns

Offers uncapped returns from qualifying business activities

Control

Retain ownership of your investments, so you keep control

Tax efficiency

Relief from IHT after two years

Welcome to Stellar

When I founded Stellar in 2007 my objective was to create a wide range of innovative and flexible inheritance tax services which allow investors to retain full control of, and access to, their capital. Rather than locking capital up in trusts and insurance policies, I want to give our investors more choice and the opportunity to retain ownership of their capital throughout their lifetime.

My team has managed tax-efficient services for investors who want to create a lasting legacy for their families since 1991. Drawing on our extensive experience, we have created a diverse range of estate and succession planning services, all of which seek to provide 100% relief from inheritance tax after just two years.

We pride ourselves on our level of knowledge and experience and our track record in developing and managing successful inheritance tax mitigation services.

A commitment to transparency is at the heart of our business - as well as offering real choice, delivering uncapped returns, and providing services which can be tailored to your specific needs.

Our helpful and knowledgeable team is always available to assist with any questions you have, and our website contains a wide range of resources and useful information - to help you learn more about us and the ways in which we can help.

I look forward to working with you.

Jonathan Gain, Chief Executive

About Us

We are the inheritance tax and estate planning specialists, with over three decades of financial services experience.

Our directors have been at the forefront of tax-efficient UK investment since the early 1990s, when they established the tax and property division of a major independent merchant bank. Over the next decade this company became one of the market leading investment houses in the market, with assets under management of some £3.5 billion at its peak.

Drawing on this previous experience, Stellar was formed in 2007, with the aim of helping investors to mitigate inheritance tax. Today we remain an independent firm, which is wholly owned by its directors and staff.

Our Philosophy and Purpose

Our philosophy is simple. At Stellar, we put you first. We align all we do to produce the outcomes that you require. We strive to be the leading provider of intergenerational inheritance tax services. We work with you to provide services which allow you to retain ownership and control of your capital during your lifetime - as well as offering the potential for uncapped investment returns, and the reassurance that your legacy can be passed to your beneficiaries free from inheritance tax. This is central to our intent, our purpose. It's what drives us in all we do.

What We Do

The light that we are able to shine on the inheritance tax landscape helps to create a clear pathway to achieving each investor's required outcomes.

We do this by offering a wide range of services that provide you with relief from inheritance tax through a number of qualifying business activities - while ensuring that you continue to own, and have access to, your capital. These services are underpinned by Business Relief, a longstanding government legislation which seeks to provide you with 100% relief from inheritance tax after two years.

The business activities in which we invest are tailored to suit different objectives, and currently include Commercial Forestry, Hotels, Bridging Finance, Care Homes, Leisure Assets and Commercial and Residential Property Development - as well as AiM portfolio services, which are also available via an Individual Savings Account (ISA).

We are focused solely on services for inheritance tax mitigation, and our clients include individuals, trustees, business owners and those with Lasting Powers of Attorney. Our inheritance tax services are designed to create the right balance of flexibility and control - providing you with confidence and reassurance, today and in the future.

Why we are different

Diversified

Our qualifying business activities are diversified across a range of sectors, to ensure that the risk is spread. Each service is further diversified geographically across the UK.

Focused

Our core focus is wealth preservation across all of our inheritance tax services. We then seek to achieve cautious medium-term growth.

Transparent

We pride ourselves on being transparent because we fully disclose all our fees. Each service has its own clearly defined investment strategy, and we report regularly on how your portfolio is performing.

Range

We offer a range of services that provide relief from inheritance tax through a number of qualifying business activities - while ensuring that you continue to own, have control of and access to, your capital.

Professional

We take the responsibility of looking after your legacy seriously - thoroughly researching our chosen activities and each individual investment opportunity. We always employ professional legal and taxation advisers.

Heritage

Drawing on experience gained over 20+ years in the industry, our team has created inheritance tax planning services for investors who wish to leave a lasting legacy for their beneficiaries.

Introduction to Inheritance Tax & Business Relief

Inheritance Tax

This is charged on the value of your taxable estate after your death, in excess of the Nil Rate Band (NRB) – which is a tax-free allowance, currently set at £325,000 per individual and £650,000 for married couples and civil partners.

Legislation introduced in 2016 offered qualifying estates an additional tax-free allowance known as the Residential Nil Rate Band (RNRB), which was phased in over four years and now provides a further £175,000 per individual on top of the standard NRB. However, there are limitations on which estates are entitled to this additional threshold, and the relief is tapered for estates valued at over £2 million.

Any value in excess of the NRB, and the RNRB if relevant, is taxed at 40% - and the nature of this tax means that your beneficiaries are left to pay the bill. Added to this, rising house prices mean that more families than ever before are falling into the inheritance tax trap - which underlines the importance of careful inheritance tax planning.

Business Relief

Traditional inheritance tax planning strategies can help to reduce the final bill that your family will need to pay. However, in many cases it takes seven years before the assets which you pass on are entirely exempt from inheritance tax, and this usually involves a transfer of those assets during your lifetime. But there is an alternative, which takes advantage of something called Business Relief.

This was introduced in 1976 to allow a business owner to pass on their business to family members, without incurring inheritance tax. Our inheritance tax services seek to operate within this robust legislation.

Further details regarding tax are provided in the Terms. Prospective investors should also seek independent tax advice prior to subscribing to The Stellar ITS.

The Stellar ITS

Our inheritance tax services are backed by Business Relief legislation, meaning that you can pass capital to your beneficiaries with 100% inheritance tax relief, whilst also keeping complete control of your capital - as long as you have held the portfolio for at least two years, and at the time of death.

The Stellar ITS is a discretionary managed portfolio service ("Service") which commits your capital to a range of investment sectors that offer security and diversification. It has also been designed to provide capital growth, in addition to relief from inheritance tax as described above.

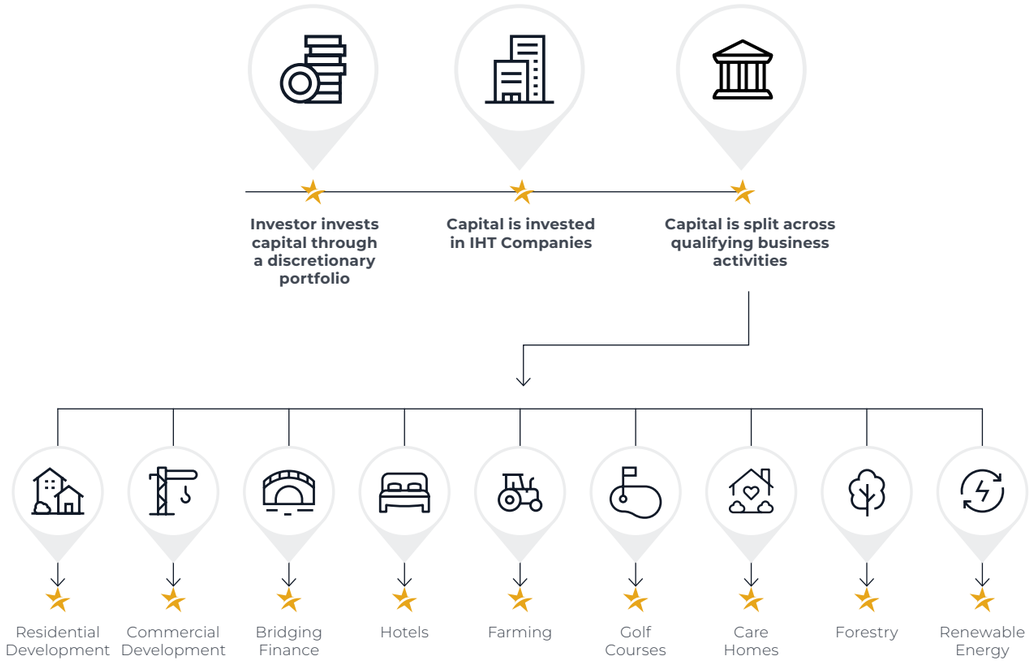
All of the qualifying business activities are carefully selected for both their low-risk characteristics and ability to generate growth. Please note that there is a minimum subscription amount of £25,000, but no upper limit.

Structure

When you invest in the Service we set up a discretionary portfolio in your name, which then invests in a range of qualifying business activities through IHT Companies.

You are the beneficial owner of the shares in the IHT Companies, which are held through a nominee, so that you keep control of your capital.

How it Works



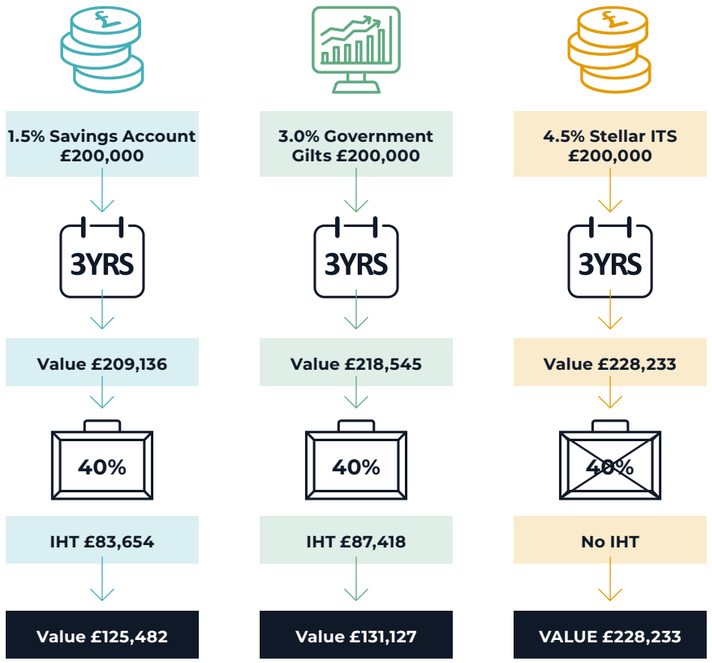
Target Return

The qualifying business activities are carefully selected for their ability to provide capital security and generate capital growth. The target return is between 3% and 4.5% per annum (net of fees). Please note that this is a target only and is not guaranteed.

The target return is quoted before the effect of any adviser charges which, if paid, will reduce the target return. Please refer to the Terms to see how adviser charges may reduce the target return.

Performance Comparison

The Stellar ITS is designed to provide real returns during your lifetime, as well as a tax-efficient legacy for your beneficiaries. This graphic compares the three year performance of a savings account, government gilts and the Stellar ITS, assuming it meets its target return.



Notes:

- The Stellar ITS is higher risk than saving accounts and government gilts.
- After two years, a holding in the Stellar ITS should attract 100% relief from IHT, provided the investment is held at the point of death.
- All returns are calculated using annual compounding and rounded to the nearest whole pound where applicable.

Our Investment Sectors

We choose to invest in a diverse range of qualifying business activities, all of which are underpinned by physical assets. Capital preservation is the focal point of our strategy because we believe this helps to reduce risk.

All of the qualifying business activities offered through the Stellar ITS are carefully selected to ensure that they:

- Qualify for Business Relief, and therefore full inheritance tax relief, after two years
- Are asset-backed to offer a high level of security
- Are uncorrelated to equities, gilts and bonds to provide you with investment diversification
- Can provide a return, after fees, of between 3% and 4.5% per annum over the medium-term

These qualifying business activities are secure, because you will own both the land and the assets required for the qualifying business activity. Where capital is used for short-term lending purposes, such as development finance and bridging finance, it is secured against assets.

Stellar employs specialist asset managers with extensive expertise in each of these sectors – and this careful and efficient management means that Stellar seeks to deliver its target returns, to maximise your investment potential.

We continually source and develop new sectors, to ensure you can benefit from diversification in areas that provide a high level of security. In addition, we do not place caps on performance, so your interests are fully aligned with those of our asset managers.

Please refer to our Investment Sector Guides, which can be found on our website, for further details and examples of the sectors in which the IHT Companies may participate.

Our qualifying business activities are secure, because you will own both the land and the assets required for qualifying business activity.

Key Risks

The key risks associated with the Service are outlined here - please refer to the Terms and Service Agreement for a full list. **Estimated reading time: 2 minutes.** Due to the potential for losses, the Financial Conduct Authority (FCA) considers this investment to be high risk.

What are the risks?

1. You could lose some or all of the money you invest

The Service invests in a number of asset-backed qualifying business activities. If one or more of those activities fails, you are likely to lose a significant proportion of the money invested in that activity.

2. You are unlikely to be protected if something goes wrong

- Protection from the Financial Services Compensation Scheme (FSCS), in relation to claims against failed regulated firms, does not cover poor investment performance. Try the FSCS investment protection checker **here**.
- Protection from the Financial Ombudsman Service (FOS) does not cover poor investment performance. If you have a complaint against an FCA regulated firm, FOS may be able to consider it. Learn more about FOS protection **here**.

3. You won't get your money back quickly

- Even if the qualifying business activities the Service invests in are successful, it may take several months to get your money back. You are unlikely to be able to sell your investment early.
- The most likely way to get your money back is if your shares are bought by another investor. Alternatively, the qualifying business activities assets have to be sold to another business and these sales are not common.

4. Don't put all your eggs in one basket

- The Service invests in a range of qualifying business activities. Spreading your investment across different qualifying business activities helps to spread your risk. You could also consider different services.
- A good rule of thumb is not to invest more than 10% of your money in high-risk investments. **https://www.fca.org.uk/investsmart/5- questions-ask-you-invest**

5. Tax reliefs are not guaranteed and Qualifying business activities are not certain.

The rate of tax, tax benefits and tax allowances are subject to change and are also dependent on personal circumstances. Any changes to what constitutes a qualifying business activity may have a material adverse effect on the value of the business, or Stellar's potential to achieve the objectives of the service. Qualifying business activities may subsequently cease to qualify for Business Relief. In such cases, Business Relief could be lost or delayed.

If you are interested in learning more about how to protect yourself, visit the FCA's website here.

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.

Fees and Charges

Fees and Charges	
Initial Subscription Fee	**Nil**
Dealing Fee	**1%**
Management Fee	**0.5% plus VAT subject to Investors achieving a minimum performance of 3.5% per annum.**
Service Fee	**1.5% plus VAT**

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.

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.

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.

There are no exit charges or other over-performance fees.

Further details regarding the timing and calculation of fees can be found in the Terms. 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.

Adviser Charges

Stellar is able to facilitate both initial and ongoing adviser charges from the IHT Companies. You and your financial adviser will need to complete the relevant section of the Application Form.

Access to Capital

One of the distinguishing features of the Service is that, unlike some inheritance tax planning you retain ownership and control of, and access to, your capital.

The Service provides access to your capital for the purposes of providing the opportunity to make withdrawals, either on a regular basis to supplement your income or on a one-off basis. Withdrawals can be made on a monthly basis, subject to liquidity and at Stellar's discretion.

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 Stellar with at least 10 days' notice.

There are no exit fees or penalties, but any gains on the realisation of shares from the Service may be subject to capital gains tax or income tax, depending on the circumstances.

Any amount realised from the Service, prior to death, will not be eligible for Business Relief and will be subject to IHT in the normal way.

Partial withdrawals from the Service may be 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.

One of the distinguishing features of the Service is that, unlike some inheritance tax planning, you retain ownership and control of, and access to, your capital.

Further details on the structure of the Service, and on accessing your capital, are provided in the Terms. If you have any further questions please speak to your adviser or call Stellar on 020 3195 3500. Please note that calls to Stellar may be recorded.

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

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