

AN INTRODUCTION TO





# Welcome from the CEO

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 and I have 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



## Living our vision

So how do we live our vision and uphold our values in practice?

### Fairness

A good place to start is what we mean by 'fair'. We set a realistic long-term target return but we do not stop there. Unlike many other firms, our investment returns are uncapped, so clients get their rightful share of the benefits when returns exceed target.

### Protection

The other key plank of our investment philosophy is diversification. As the economic impact of COVID-19 and the market fluctuations seen in 2022 have underlined, diversification is the most effective risk mitigant. We diversify our portfolio across a range of asset classes, all tangible and all located in the UK and our AiM portfolio across forty stocks.

With diversification, dips in one asset class can be offset by gains in others.

### Consideration and innovation

What also differentiates us and reflects our guiding vision are innovation and choice. All of our services seek to provide 100% relief from inheritance tax after just two years. At the same time, we want investors to retain full control of, and access to, their capital. Rather than locking capital up in trusts or insurance policies, we are able to give our investors more choice and the opportunity to retain ownership of their capital throughout their lifetime.

### Understanding

To understand investor circumstances and what they most want for themselves and their families, we need to listen. The more chance they have to share their story and articulate their aspirations, the better the solutions we can offer.

Some aspects of the engagement can be delivered through self-service and digital channels. In turn, data analytics can enhance decision making. But when clients want to discuss their future, we should be on hand, ideally in their locality. We have created a network of account managers to ensure that we can offer this kind of personal engagement and tailored support. Our people on the ground are seasoned professionals who know their communities, are willing to take the time to get to develop individual relationships with clients and are able to engage in ways that support their goals.

### Transparency and value

We take pride in delivering real value for money. From the outset, we set out a fee structure which was equitable and appropriate rather than copying what everyone else in the market was doing mimicking the rest of the market. We carefully control our costs and cut out needless waste through close monitoring and investment in the latest technology.

We disclose all our fees and provide clear and concise performance reporting so investors can see what they are paying for and the value we deliver in return.

# What we do

We provide clear, easy to understand and effective Business Relief solutions to any inheritance tax conundrum.

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 investors 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.

## 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 and drives us in all that we do.



# 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 30+ years in the industry, our team has created inheritance tax planning services for investors who wish to leave a lasting legacy for their beneficiaries.



# Key Features

## Our services offer you



### Tax efficiency

Relief from IHT after two years



### Diversified

The widest range of qualifying business activities



### Control

Full control of your capital unlike trusts or gifts



### Uncapped returns

Uncapped returns unlike many of our peers



### Lasting legacy

Confidence and reassurance, today and in the future

“If your portfolio looks like everyone else’s, you may do well, or you may do poorly, but you can’t do different. And being different is absolutely essential if you want a chance at being superior.”

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# Business Relief Opportunities



Our Business Relief qualifying services provides you with the option to mitigate inheritance tax after two years – as opposed to waiting seven years to claim relief using trusts or gifts.

With our diverse range of estate planning solutions, we ensure that investors can retain complete control of their assets throughout their lifetime.

Our services are designed to provide inheritance tax freedom for individuals and business owners. This helps advisers to guide their clients on how to create a legacy for generations to come.

\*Either to be sold or sold in the last three years.







# Asset-Backed Business Activities

We choose to invest in a diverse range of qualifying business activities, all of which are underpinned by physical assets.

All of the trading activities offered through our services 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 investment diversification.
- ★ Can provide a return, after fees, of up to 5% per annum over the medium term.

Capital preservation is the focal point of our business activities, as such risk mitigation is of paramount importance.

These qualifying business activities are secure, because investors own both the land and either the crops growing on it, or the bricks and mortar. Where capital is used for short term lending purposes, such as bridging finance or development finance, it is secured against assets.

We employ specialist asset managers with extensive expertise in each of these sectors – and this careful and efficient management means that we seek to deliver our target returns, to maximise investment potential.

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

## Buy well, manage well, sell well

Our philosophy for asset-backed investment is built around three fundamental principles.

First, buy off-market and sell on-market to optimise the return.

Second, harness the inside knowledge of sector experts to help identify the most promising assets and realise the potential.

Last, but by no means least, ensure a fair deal for investors, advisers and the people who buy and use the assets we develop, nurture and sell.

**Click here** to read as we set out the rationale for this approach, how it works in practice and the tangible value it generates for our investors, for us as a business and for society as a whole.



# AiM (Alternative Investment Market)

Our AiM IHT Service enables investment in companies that qualify for Business Relief, which are actively trading on the London Stock Exchange's Alternative Investment Market (AiM).

AiM is the most successful growth market in the world. Since its launch in 1995, over 3,800\* companies have chosen to join AiM. Powering the businesses of tomorrow, it continues to help growing companies raise the capital they need for expansion. Today there are over 800 companies\* quoted on AiM, with a combined market capitalisation of nearly £100 billion\*.

The AiM market includes new, ambitious and little-known companies that are keen to grow; but not exclusively so. Some of its larger and more familiar names include ASOS, Boohoo and Fever-Tree. With a market capitalisation of approximately £3 billion\*, ASOS is one of the biggest and most successful companies currently quoted on AiM.

The nature of AiM means that the size of the companies quoted can vary quite dramatically, with 89.7% of the companies in the index valued at less than £250 million and only 2.2% with a value of over £1 billion.\*

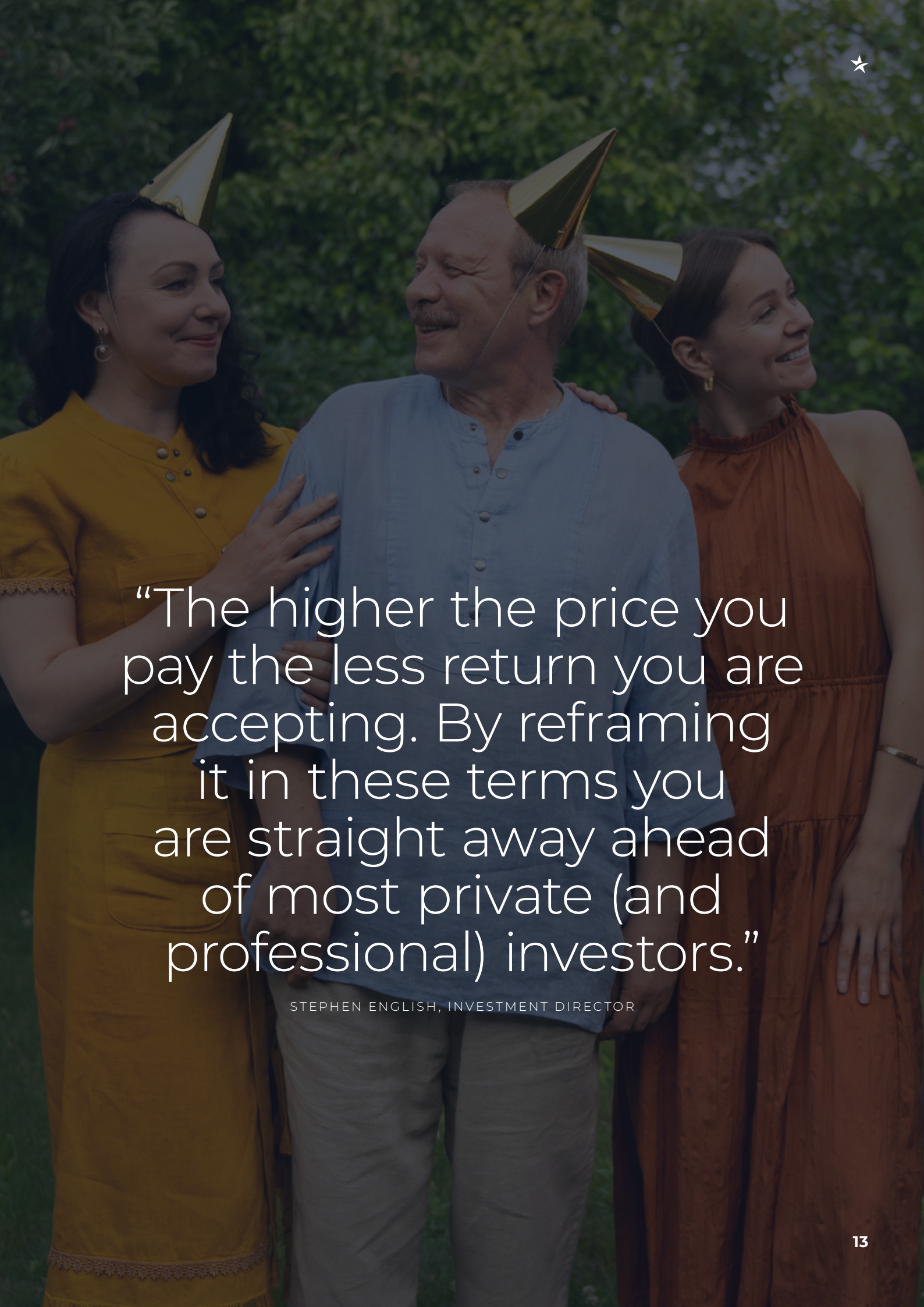
## Bigger is not always better

Small-cap stocks represent one of the last areas of market inefficiency, with price not always being reflective of intrinsic value.

This is usually due to low analyst coverage and lack of interest from the largest fund management groups.

Small-caps throw up larger pricing anomalies with much greater regularity. This is fertile hunting ground for nimble stock pickers.

**Click here** to read as we explore this investment approach further and unpack how it allows us to get in early when stocks are smaller, cheaper and shunned and exit when they become larger, dearer and coveted...



“The higher the price you pay the less return you are accepting. By reframing it in these terms you are straight away ahead of most private (and professional) investors.”

STEPHEN ENGLISH, INVESTMENT DIRECTOR

\*Source: London Stock Exchange AiM Statistics, November 2023.



# Sustainability and ESG

We are working to ensure that our impact on the environment is positive, that we consider social responsibility, and we make governance a priority. We support the ESG movement and incorporate its principles across our firm.

Effective management of ESG matters is a business imperative. We are committed to continual improvement of our ESG management practices to help drive lasting value creation and to strengthen our ability to support to the needs and expectations of all stakeholders.

As part of our process, we focus on ESG factors and ensure that the organisations in which we invest have a responsible approach.

We became a signatory to the **Principles for Responsible Investment (PRI)** in 2021, the world's leading proponent for responsible investment. In doing so, we have committed to adhering to the associated principles, with an absolute focus on ensuring we incorporate ESG issues into both our investment process and our decision making and seek appropriate disclosure on ESG issues in the entities in which we invest.

Our approach is inherently pragmatic, considering ESG "in the round" by incorporating both objective and subjective factors, all aimed at further improving risk adjusted returns.

Further information on our sustainable policies and how we manage our process when investing is available on our website.

## Regulatory position

Stellar is authorised and regulated by the Financial Conduct Authority with FRN 474710. Our regulated activities can be found [here](#).



# Consumer Duty

The Financial Conduct Authority's flagship regulation 'Consumer Duty' was introduced in 2023. As a regulated business, we are already consumer-focused in our principles and beliefs. However, here are some of the initiatives that we are undertaking to further enhance our proposition.

## Service Review Process

We are enhancing our review process for the Services we offer to ensure that we continue to meet your needs and those of your clients.

**Target Market Statements:** We provide Target Market Statements for all of our services. They form part of the Consumer Duty Service guides for distributors.

**Distribution Strategy:** Our Consumer Duty Service guides for distributors also include a summary of our strategy for distributing our services.

## Price and Value

**Fair Value Statements:** As part of the Consumer Duty rules we have produced a statement that provides details of Value Assessments that we have conducted on each of our services.

This includes details such as the benefits and limitations for each service and our charging structures.

## Consumer Support

**Service Levels:** Our service levels and terms of business have always been a significant area of focus for us. This remains the case and we continue to look at ways in which we can improve our support to you and our mutual clients.

**Vulnerable Clients:** A significant area of focus of the FCA over the last few years is the support that the industry offers to those clients that are deemed vulnerable. We will continue to make further enhancements as part of our Consumer Duty work.

## Consumer Understanding and Support

**Communications Review:** We appreciate that we interact with you and your clients in many ways. We are undertaking a comprehensive review of our communications to make sure that we provide each respective audience with the clearest view of the services we offer.

We are seeking to ensure that we improve consumer understanding and provide the customer support that you and your clients need to meet their financial objectives.

If there are any specific client communications from us that you believe could be improved, please do let us know by contacting [enquiries@stellar-am.com](mailto:enquiries@stellar-am.com).



# Get in touch

We're here to help

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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](mailto:enquiries@stellar-am.com)

For further information, please visit [www.stellar-am.com](http://www.stellar-am.com)

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