

STELLAR

Family Trading Companies Service

Brochure



Welcome to Stellar

At Stellar, we know that your money needs to work for you today and ideally provide for your children and grandchildren tomorrow. Through our range of flexible and innovative inheritance tax (IHT) services, we provide you with choices that suit your needs today and when you are no longer here, paving a clear path designed by you for you and them, which allows you to maintain control.

My team has managed tax-efficient services for investors who want to create a lasting legacy for their families for nearly 35 years. Drawing on our extensive experience, we deliver a diverse range of succession planning services, all of which seek to provide your estate with 100% relief from inheritance tax.

More and more, our clients want the opportunity to see and feel the tangible impact of their investments right now. So, we have developed services that have a real social return today and can build income and more impacts in the future. For those who want it, our innovative approach allows clients to witness and choose to see their money back real businesses, delivering real services, creating real jobs, solving real social and environmental challenges and benefitting their local communities. All the while, accruing economic returns delivering a tax-exempt status.

A commitment to transparency is at the heart of our business. We offer real choice, work with you and your goals to deliver uncapped returns and provide precisely tailored services to suit your specific needs and aspirations. Our knowledgeable team is always on-hand to assist with any questions you have as you consider your choices, your preferences, your family needs and your legacy. Our website contains a wide range of helpful information, resources and useful guides to prompt your thinking before you call us. I look forward to working with you to meet your goals.'

Jonathan Gain, Chief Executive

An introduction

Build a legacy for your family

A Family Trading Company, or FTC, is a bespoke, uncomplicated, effective and trusted way of enabling you to leave a legacy for your family free from inheritance tax (IHT). Choosing a FTC as you navigate your objectives for financial security will see your money invested in real businesses, delivering tangible on-the-ground services and which create impact in social and employment terms whilst generating economic growth and benefit to you and your family.

Crucially, using an FTC will afford you certainty and provide you and your loved ones clarity about what happens to your investments and therefore your legacy when you are no longer here.





You have probably heard of a family investment company (FIC) and thought that they are the preserve of the truly wealthy families. Wrong. Our FTC work in exactly the same way but is less complex, requires no trusts or loans to mitigate IHT provides the additional and substantial benefit of ensuring your hard-earned money can be passed to the next generation efficiently, with minimum fuss and without a substantial IHT deduction.

We have been establishing and managing FTCs for thousands of customers for nearly thirty years. Just like you, these clients:

- **Have family assets above the joint nil rate band**
- **Wish to leave a legacy for their loved ones**
- **Want a real return on their capital**
- **Desire financial clarity and for their loved ones, and**
- **A Want to see their money have a tangible impact on society now and in the future**

Establishing an FTC with Stellar can help you and your family achieve all this and more, with a minimum subscription of £250,000. We believe that every family should have access to straightforward and effective legacy planning. Think of us as your “retail” Family Office – entrusted to look after the funds of hundreds of families just like yours.



Investing in a future you can touch

Through our unique approach, which has worked successfully for almost 30 years, your money will go into the community and come back with profit. Houses will be built; trees will be planted and jobs will be created thanks to your FTC. Funds that are free of IHT liabilities and offer clear succession planning for your family.

We created the Service to generate wealth alongside societal impact. You will back real businesses delivering real services. We create that choice.

- If you want to see, touch and enjoy the tangible social and economic impact of your investments, you can.
- If you want healthy returns and direct control, you can.
- If you want flexibility for when circumstances change, you can.
- If you want your loved ones to have simple clarity about succession and easy access to investments, you can.
- And if you want all this free of IHT, you absolutely can.

If these are your goals, our FTC Service is for you.

Unlike nearly all of our competitors, we do not cap returns. If a business performs well and we generate above average returns, your family will benefit directly.

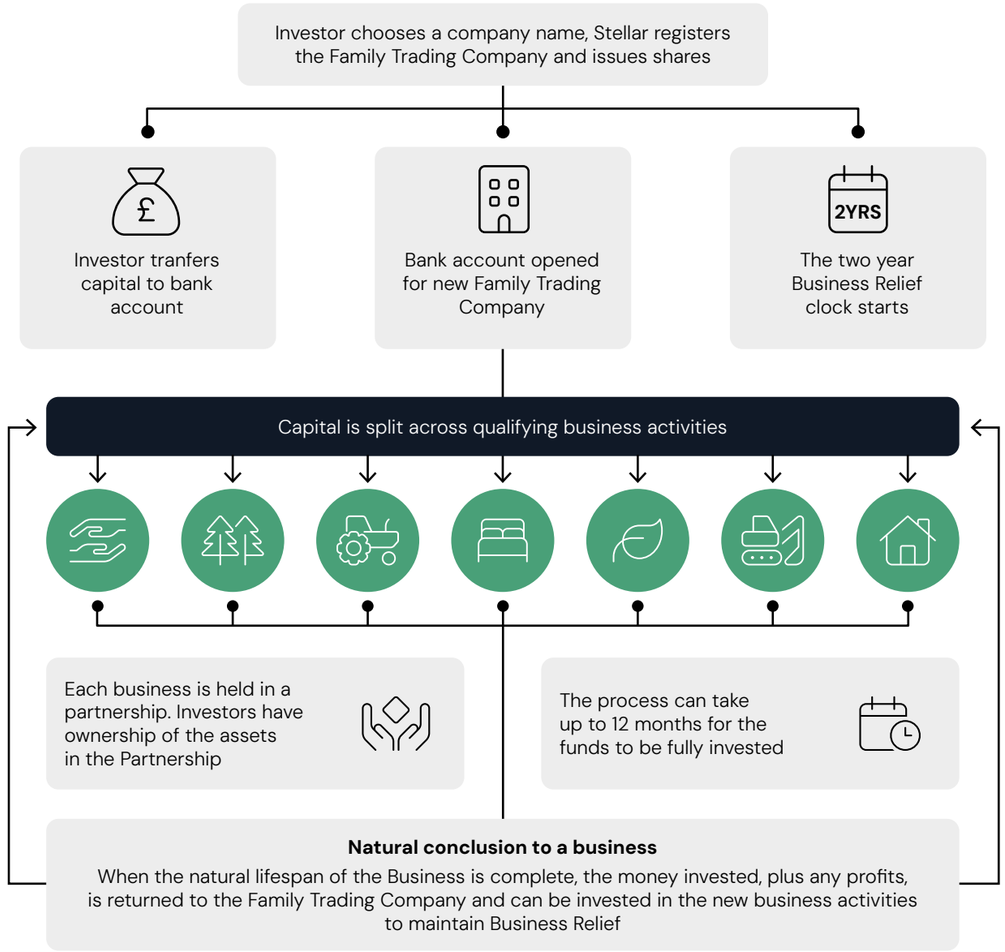
Jonathan Gain

How does an FTC work?

Our approach involves setting up a trading company to invest your family's capital in real assets such as hotels, commercial property and forestry, affording the added attraction of asset security and social impact – specifically employment and community cohesion. An FTC does not invest in equities or gilts or bonds.

Your FTC will build homes for people and their families, conserve and enhance the natural environment, and create fulfilling jobs for local people. Moreover, your funds will become free of IHT liabilities and offer clear succession planning for your family.





The FTC founders (you) can name whoever they wish as shareholders. Typically, this starts with the parents who have the exposure to an IHT liability and then, on their passing, their beneficiaries become shareholders and the legacy continues.

The FTC invests currently in projects from eight sectors including forestry, hotels, commercial property and residential development, amongst others. After two years, the shares of an FTC should qualify for full relief from IHT and remain so provided the business activities continue.

The businesses of the FTC will expand over its life as businesses are sold and proceeds reinvested in new projects - adding further diversification to your FTC.

A Stellar FTC means you no longer need to think of your money as a passive pot to grow. For those who wish to see their money create tangible benefit today and grow free of a tax burden for their families tomorrow, then this is the solution for you.

Why use our Family Trading Companies Service

1. Personal

It is your own company(ies) to enable you to leave a legacy for the next generation.

You own all the shares and you have created a FTC to serve you and your families needs today and in the future.

2. Wealth Generation and societal impact

Your FTC is a future and family focused service which will invest in real businesses generating real returns with the added benefit of reducing the value of your estate for IHT purposes.

Your company will ultimately build new houses, new commercial developments, welcome hotel guests, plant trees and store valuable amounts of carbon, create jobs, pay taxes and generate growth both to the UK economy and your legacy.

3. Invest in tangible assets

If you want to see your money work hard and invested in tangible asset backed businesses then this Service is for you.

Not only will you generate returns for your family benefit the wider society but your FTC will benefit from the security of owning real assets such as land and buildings.

4. Flexibility

Unlike other IHT Services, the FTC is personal to you and your family's needs. Want to provide for multiple beneficiaries or want to pay a dividend? – these features, and more, are available. Tell us what us what you want to achieve and we can show you how an FTC will benefit you and your family.

5. Diversification

The principal risk mitigating factor – we offer the widest asset-backed sector diversification and then go further by community capital to multiple businesses in each sector.

6. Off-On Strategy

We love to look to aquire businesses off-market and then seek to transform its operations, management and improve its revenues and profitability. We would then seek to sell on-market to obtain best value. We never sell to ourselves.

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

Howard Marks, Oaktree Capital

Our business sectors for your FTC

Your capital will be committed to one of the widest range of asset-backed trading businesses available.

The following are currently available as we believe these sectors offer compelling reasons for future growth.

We do know that all businesses are cyclical and also that these businesses do not follow the same cycle and therefore in the future, is likely that these business sectors will change. All sectors fundamentally offer the characteristics that we believe make the Service a compelling proposition.

- **Commercial Forestry**
- **Care Homes**
- **Commercial Property Development**
- **Hotels**
- **Residential Property Development**
- **Leisure**
- **Lending**

Further information on each of these sectors is available on our website.

Case Studies

Clients like you have trusted us with their family legacy planning since 2008 and we are pleased and proud to share in the successes we have created for them. To date, all our completed businesses have generated an average annual returns, in excess of £4m.

For more information on our past performance and for some case studies on the businesses we have started and completed please visit our website.



An FTC or a FIC?

A Stellar Family Trading Company is very similar to how a family investment company might be structured but has two key differences.

Firstly, a FTC will grow for full relief from inheritance tax after two years.

Secondly, an FTC will be much simpler to administer and requires no gifting, setting up of trusts or lending money to the beneficiaries.

This saves time, complexity and also costs.



Performance Comparison

The Service is designed carefully to provide real returns during your lifetime, as well as a tax-efficient legacy for your beneficiaries. This graphic compares the three year projected performance of a savings account and government gilts with the Service.

Savings Account	Government Gilt	A Stellar FTC
1.5% Savings Account	3% Government Gilts	4% Stellar FTC
£250,000	£250,000	£250,000
↓	↓	↓
3YRS	3YRS	3YRS
Value £261,420	Value £273,182	Value £281,216
↓	↓	↓
40%	40%	~~40%~~
IHT £104,568	IHT £109,273	No IHT
↓	↓	↓
Value £156,852	Value £163,909	Value £281,216

Notes

- The Service is higher risk than saving accounts and government gilts.
- After two years, a holding in the Service 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.

Investor Updates

We produce quarterly factsheets showing our latest performance, our allocations and up to date market commentary.

In addition we provide spotlights providing further information on individual holdings within the Service. These documents are available on our website at **www.stellar-am.com** and will also be published on our online portal for investors and advisers. You can also find guides to help you manage your family's legacy using the Service.



Fees and Charges

Our values ensure that we are transparent with our fees and we do not separately charge any other fees to our businesses other than those described below.

Each time your FTC commits capital to a Business, a trading fee of 1.5% of the amount committed is payable by the Business.

The annual management fee is payable by the Businesses. It is 1% (plus VAT) per annum, and is calculated on the value of each Business at the end of each quarter.

The annual administration fee is payable by your FTC and covers the costs of providing administrative services to your Family Trading Company. This fee is 0.5% (plus VAT) per annum, and is calculated on the net asset value of your Family Trading Company at the end of each quarter.

Many investors establish their FTC for their beneficiaries to inherit. The beneficiaries can continue to hold the Family Trading Company to seek to provide a growing legacy to pass to future generations free from inheritance tax. Hence an FTC can be passed from generation to generation without any cost of transfer whilst remaining free from inheritance tax.

In the future, you or your beneficiaries may wish to access your capital. In such instances, there is an exit fee of up to 2% (plus VAT) of the amounts realised, with a maximum fee of £1,000 (plus VAT) for a share capital reduction. This fee is payable from the amounts withdrawn.

Fees and Charges	
Set up Fee	1%
Trading Fee	1.5%
Annual Management Fee	1% plus VAT
Annual Administration Fee	0.5% plus VAT

Withdrawals usually require a share capital reduction.

Whilst the Businesses in which Stellar invests are tangible, asset-backed and lower risk, an opportunity still exists for strong performance arising from effective asset management. Your FTC will benefit from this out-performance, subject to a performance fee which is equivalent to 20% of the excess above the target, which is payable to Stellar. Further details regarding the timing and calculation of fees can be found in the Terms. We are able to facilitate both initial and ongoing adviser charges from your FTC. You and your financial adviser will need to complete the relevant section of the Application Form.

Example of the Performance Fee in operation

Business return (p.a)	Performance fee hurdle	Excess	Share of excess (Investor)	Share of excess (Stellar)	Investor net return
6%	5%	1%	0.8%	0.2%	5.8%

Notes

The performance fee is only charged on Businesses which provide a return in excess of 5% per annum. No performance fee will be levied on a Business with returns of 5% or less.

Key Risks

Due to the potential for losses, the Financial Conduct Authority (FCA) considers this investment to be high risk.

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.

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**.

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 Family Trading Company's interests in qualifying business activities are bought by another investor. Alternatively, the qualifying business activities assets have to be sold to another business and these sales are not common.

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. **www.fca.org.uk/investsmart/5-questions-ask-you-invest**

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 us on 020 3195 3500. Please note that calls to this number may be recorded.



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 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

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 an AiM portfolio service, which is also available via an Individual Savings Account (ISA).

We are focused solely on services for inheritance tax mitigation, and our investors include individuals, business owners, trustees 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.



Introduction to Inheritance Tax & Business Relief

Inheritance Tax

IHT is charged on the value of everything you own 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-tree 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.

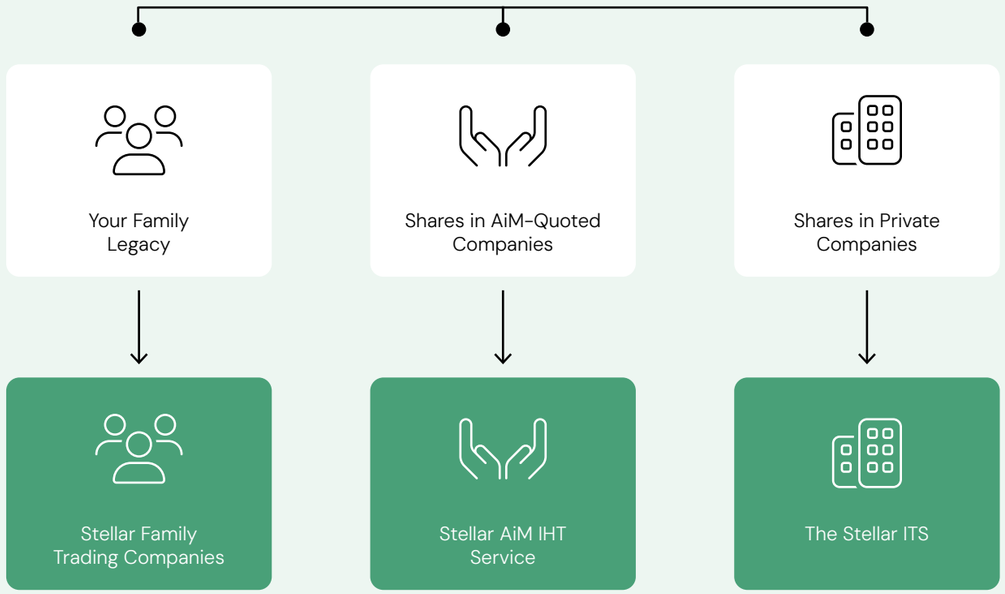
Business Relief

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 legislation 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 taxation are provided in the Terms and Service Agreement. Prospective investors should also seek independent taxation advice prior to subscribing to the Service.

Our Business Relief Opportunities





Sustainability

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.

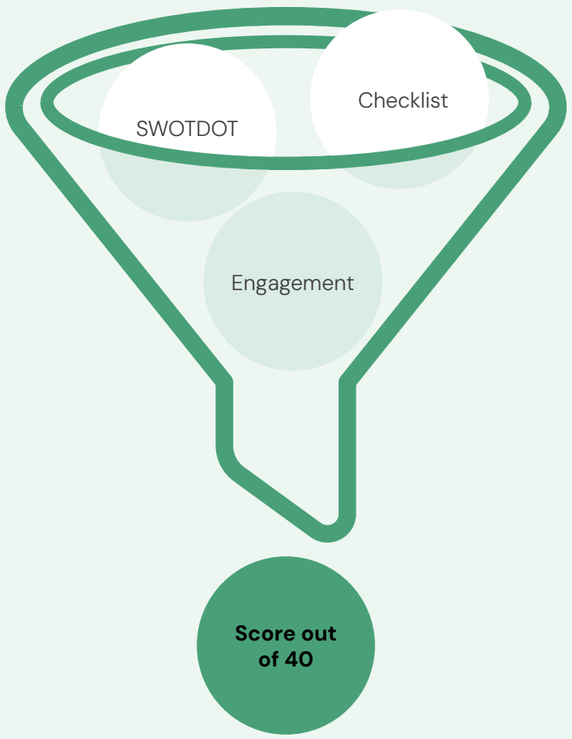
Investee companies are analysed at the point of investment and at least annually thereafter.

SWOTDOT – Strength, Weakness, Opportunities and Threats (SWOT) analysis of the E, S, and G are scored out of 10 points each as well as the year-on-year improvement or 'Direction of Travel' (DOT).

Checklist – The analysis is informed by company information and a simple checklist that is adaptable to a changing regulatory environment.

Engagement – We provide challenge to all investee companies to improve ESG quality and disclosure, as well as promote acceptance of ESG in the broader market.

Score – Companies must score 24 out of 40 points to qualify for investment; those that fall below have 18 months to improve or risk divestment.



How to invest

We are committed to making it simple for you to invest with us. You can invest in the Service by transferring an existing company or its cash reserves as well as investing capital directly.

Upon acceptance of a completed and signed Application Form, your money will be held in a bank account pending investment, with each investor's investment clearly and separately identified. The shares in your FTC will be beneficially owned by you, but held by a nominee on your behalf.

Upon the death of the investor, the securities are included in the deceased's estate for probate purposes and revalued as at the date of death. However, if the securities were held for two years or more, then 100% Business Relief is available – which should mean that no IHT will be payable on the market value of the securities at the time of death.

If the investor dies within two years of investment, then the FTC will not benefit from Business Relief and the assets will be liable to IHT as part of their estate. However, if the investor has a surviving spouse, the assets may be transferred without triggering an IHT liability, and without the requirement of a new two year qualifying period.



Important Notice

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

This brochure, together with the Service Terms and Service Agreement ('Terms'), and the corresponding Application Forms, constitute a financial promotion in relation to Section 21 of the Financial Services and Markets 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 (RN: 474710). This brochure is dated May 2025.

It is important that investors and their advisers read the whole brochure and associated documents, including the key risks on page 26 and the service agreement, which is in the Terms and forms part of any decision to invest in the Service. Nothing in this brochure or any associated documents constitutes investment, legal, tax or other advice 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 Service 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 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 Service 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 Service and to rely on their own judgement (or that of their independent financial adviser) in respect of any investments they may make through the Service, 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.



STELLAR

Get in touch

We're here to help

Further Information

Our team are here to support and guide you during this process. Should you require any further assistance, or have any questions, please do not hesitate to get in touch.

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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