

AiM IHT Service

TERMS AND SERVICE AGREEMENT



Important Notice

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

This Stellar AiM IHT Service Terms and Service Agreement ('Terms'), together with the Stellar AiM IHT Service Brochure 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 (FRN: 474710). These Terms are dated August 2025.

It is important that investors and their advisers read the whole Terms, including the key risks on pages 9 to 10, and other associated documents, including the Stellar AiM IHT Service Brochure which are separate documents and form part of any decision to invest in the Stellar AiM IHT Service. Nothing in these Terms or any associated documents constitutes investment, legal, tax or other advice provided by Stellar.

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

An investment in the Stellar AiM IHT Service may expose you to a significant risk of losing all of the money invested.

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

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

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

No representation is made or assurance given that such statements, views, projections or forecasts are correct or that the objectives of the Stellar AiM IHT 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, your own independent assessment of an investment in Stellar AiM IHT Service and to rely on your own judgement (or that of your independent financial adviser) in respect of any investments you may make through the Stellar AiM IHT 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.

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This document provides additional operational information regarding the Service. It should be read with the corresponding Brochure. It also sets out additional details regarding fees and charges, UK taxation and key risks. At the end of the document the definitions used throughout the product literature are provided on page 11 and the Service Agreement at page 13. This is the legally binding agreement between Stellar and you in respect of the Service.

Further Details of Service

Minimum Subscription

The minimum personal subscription to the Stellar AiM IHT Service is £40,000 unless you are subscribing for a new ISA where the minimum personal subscription is £20,000. The maximum investment across all your ISAs in any tax year is limited. For the 2025/26 tax year this limit is £20,000.

Cash

Any amount of capital, which has not been invested in Investee Companies at any time, will be held as cash in a client account (operated by the Custodian) with a UK clearing bank. Interest may be payable, depending on the prevailing rates offered. For an up to date position please contact us. Stellar accepts no liability for the loss of any cash held in a bank account in the event of the bank defaulting.

Timing of returns

Stellar intends to invest your funds within 30 days of receipt. There is no guarantee that this will be achieved.

Administration

We have our own in-house administration and support team which provides a comprehensive administration service. Investors are offered a simple and efficient account opening process with only one set of forms. Valuations and other reports will be available online.

We also provide a probate valuation service and can provide full estate liquidation. Probate valuations can be requested by executors or administrators and are usually produced within 10 working days.

Reporting

Quarterly reports, which will contain information on the market value and composition of your Portfolio will be provided, but you can also request ad-hoc valuations at any time. Annual tax letters will be sent to you within three months of the end of each tax year in respect of Portfolios held outside an ISA.

Adviser Charges

We are able to facilitate both initial and ongoing adviser charges from your Portfolio. You and your financial adviser will need to complete the relevant section of the Application Form.

Service Agreement

The arrangements described in this document relate to the offering of a discretionary investment management service. This service will be conducted subject to the terms of the Service Agreement set out in this document.

Access to Capital

You can withdraw monies from the Service at any time; withdrawals will usually be satisfied within 10 days of your withdrawal request being received by us.

Where the withdrawal amounts to £30,000 or more, we will try to raise the entire amount within the timescale requested, but reserve the right, in your own interest, to take longer if necessary, to ensure the orderly disposal of investments. However, the timescale for any withdrawals or transfers will also need to comply with the ISA Regulations where appropriate.

Investors should note that liquidity in some companies quoted on AiM may be limited, making it difficult to accommodate sudden large orders for sales or purchases of investments. Money withdrawn from the Service will come back within your estate for IHT purposes. Money withdrawn from an ISA will also no longer be eligible for the ISA related capital gains tax and income tax benefits. This does not include transfers from one ISA provider to another, which continue to receive these tax benefits.

Fees & Charges

The following section sets out the fees and charges applicable to the Service.

There is no initial fee, save for non-advised clients where a charge of 0.75% of the amount invested will be payable.

The dealing fee is 0.25% of the value of each transaction. It is payable to the Manager at the time of the transaction.

The annual management fee is 1% (plus VAT) of the end of the day value of the Portfolio calculated and paid at each quarter end.

The administration fee is payable to cover the cost of providing administrative services in respect of your Portfolio and is 0.225% per annum (plus VAT) of the month-end value of the portfolio calculated and paid at each quarter end. This fee is shared between the Custodian and the Manager.

We do not charge any exit or performance related fees.

A service fee of 0.5% per annum (plus VAT) will be charged where annual trail commission is payable to an intermediary in respect of non-advised clients.

Commission

Intermediaries who are permitted to receive commission (e.g. for non-advised clients) can be paid initial commission of 0.75% of the amount subscribed, plus annual trail commission, usually at the rate of 0.5% per annum of their clients holding. Trail commission is payable by Stellar from the service fee.

Other Information

No guarantee

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

Complaints

If you wish to complain about any aspect of the Service you have received, you should contact Stellar's Compliance Officer at 20 Chapel Street, Liverpool L3 9AG in the first instance.

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

Financial Services Compensation Scheme

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

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

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

Further information is also available from the Financial Services Compensation Scheme, which may be contacted on 0800 678 1100 or 020 7741 4100, or via www.fscs.org.uk or at their address, which is Financial Services Compensation Scheme, 10th floor Beaufort House, 15 St Botolph Street, London, EC3A 7QU

UK Taxation

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

The tax analysis, so far as it applies to investors, is in respect of investors who are resident in the UK for tax purposes. The analysis is based upon the current legislation, current case law, guidance published by HMRC and practice existing as of the date of these Terms. The foregoing authorities are subject to change and such changes may be retroactively effective. If so, the tax analysis set out below may be affected and may not be relied upon. You are recommended to seek independent professional advice regarding the tax implications of your investment, in light of your circumstances. If you are in any doubt as to your tax position, or if you are subject to tax in any other jurisdiction outside the UK, then you should consult an appropriate professional adviser.

IHT

This 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-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 IHT trap - which underlines the importance of careful estate and succession planning.

Business Relief

Traditional IHT 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 IHT, 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 IHT. Our IHT services seek to operate within this robust legislation.

Prospective investors should also seek independent taxation advice prior to subscribing to the Service.

ISA tax benefits

Investments held within an ISA will benefit from tax-free growth and income. Within an ISA, any gains following the sale of shares are free from capital gains tax and any dividend income is free from income tax.

Personal taxation


For Portfolios held outside an ISA wrapper, you will receive an annual tax statement detailing all dividends and capital gains which you will need to add to your tax return each year and pay both income tax and capital gains tax as appropriate.

Key Risks

There are risks associated with any investment. It is important that we make these risks clear to you and that you are sure you understand and accept them before you commit to an investment with us.

The Service may not be suitable for all investors. Potential investors are recommended to seek independent financial and tax advice before investing. Please note that we are unable to provide you with advice about whether you should invest in this Service.

- ★ Investing in smaller capitalised companies is high risk and may expose you to a significant risk of losing your investment.
- ★ Investment through the Service should not be considered as a short-term investment. Any withdrawals within two years of investment into AiM companies will result in the unavailability of IHT relief in relation to those companies upon the death of the Investor.
- ★ The past performance of investments managed by the Manager should not be regarded as an indication of the performance of future investments made through the Service.
- ★ AiM companies may be illiquid investments and it may take some time to invest and divest your Portfolio.
- ★ Market makers may not be prepared to deal in all AiM quoted securities.
- ★ Many smaller quoted companies have small management teams and are highly dependent on the skill and commitment of a small number of individuals. The performance of these companies may therefore be adversely affected by the departure or unavailability of certain key personnel.
- ★ Smaller quoted companies commonly experience significant change and carry higher risk than would investment in larger or longer-established businesses.
- ★ Force majeure events, which are events beyond the control of any party, including fire, flood, earthquake and other acts of God, terrorist attacks and war may affect a party's ability to perform its contractual obligations or may lead to the underperformance of an Investee Company.

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- ★ The Manager will seek to invest in companies quoted on AiM which qualify under the Business Relief legislation. However, the Manager cannot guarantee that all investments will continue to qualify for Business Relief and therefore accepts no liability in this regard.
 - ★ Following the admission of an Investee Company to the main market of the London Stock Exchange, relief for IHT purposes will cease.
 - ★ The levels and bases of reliefs from tax may change or such reliefs may be withdrawn. The tax reliefs referred to in these Terms are those currently available in accordance with current legislation and their value depends on the individual circumstances of investors at the point of investment.
 - ★ The tax reliefs referred to in these Terms may not continue to apply throughout the life of the investment.
 - ★ The tax treatment depends on the individual circumstances of that Investor and may change in the future. Investors are recommended to seek independent professional advice regarding the tax implications of any investment through the Service.

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

Definitions

In these Terms and the Service Brochure, these expressions and abbreviations have the following meanings, unless the context otherwise requires:

Agreement or Service Agreement

The service agreement to be entered into between:

1. Stellar, as the Manager or its successor from time to time, and
2. You

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

AiM

The AiM market of the London Stock Exchange.

Applicable Laws

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

Application Form

A Stellar AiM IHT Service or Stellar AiM ISA IHT Service application form.

Brochure

The Service brochure and any supplement to it.

Business Relief or BR

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

Custodian or ISA Manager

Third Financial Services Limited, a private limited company registered in England and Wales under number 09588254 which is authorised and

regulated by the Financial Conduct Authority, or such organisation as the Manager may appoint to provide, and with whom it has agreed terms for, safe custody, custodial and nominee services in respect of the Service.

Custodian Terms

The agreement between the Custodian and you setting out the agreed terms for safe custody and other administrative services in respect of the Service which are available upon request.

Effective Date

The date that your Application Form is accepted by the Manager.

FCA

The Financial Conduct Authority or any successor or replacement body.

FCA Rules

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

HMRC

His Majesty's Revenue and Customs.

IHT

Inheritance Tax.

IHTA 1984

Inheritance Tax Act 1984.

Definitions

Investee Company

A company quoted on AiM in which the Manager makes an investment on behalf of Investors and Investee Companies shall mean all or any Investee Company.

Investment Restrictions

The investment restrictions for the Portfolio, as set out in the Brochure and the Terms.

Investment Strategy

The investment strategy for the Portfolio, as set out in the Brochure and the Terms.

Investor or Applicant or You or Your or Customer

Any individual or Trust who completes an Application Form which is accepted by the Manager and who thereby enters into the Service Agreement and invests through the Service.

ISA

An Individual Savings Account which is subject to beneficial tax treatment under the ISA Regulations.

ISA Regulations

The Individual Savings Account Regulations 1998.

Joint Account

An account of two or more Investors holding as joint tenants (rather than tenants in common). Not relevant to ISAs which have to be individual accounts.

Manager or We

Stellar, the Manager of the Portfolio responsible for its day to day management or its successor from time to time whether by assignment,

transfer, novation or otherwise pursuant to these Terms.

Nominee

The nominee provided by the Custodian.

Portfolio

Your portfolio of assets invested through the Service, including the shares in Investee Companies and any uninvested cash.

Relevant Business Property

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

Service

The Stellar AiM IHT Service or Stellar AiM ISA IHT Service, being a discretionary investment management service pursuant to the terms of the Service Agreement.

Stellar

Stellar Asset Management Limited, a company incorporated in England and Wales with registered number 06381679, which is authorised and regulated by the Financial Conduct Authority or its successor from time to time whether by assignment, transfer, novation or otherwise pursuant to these Terms.

Terms

This document, and any supplement to it.

UK

The United Kingdom of Great Britain and Northern Ireland.

Service Agreement

Section 1: General Terms

1. Definitions, construction and interpretation

- 1.1 In this Agreement the definitions contained on page 11 and 12 of the Terms document dated April 2025 relating to the Service issued by Stellar shall apply.
- 1.2 Words and expressions defined in the FCA Rules, which are not otherwise defined in this Agreement, shall, unless the context otherwise requires, have the same meaning in this Agreement.
- 1.3 Any reference to a statute, statutory instrument or to rules or regulations shall be references to such statute, statutory instrument or rules and regulations as from time to time amended, re-enacted or replaced and to any codification, consolidation, re-enactment or substitution thereof as from time to time in force.
- 1.4 References to the singular only shall include the plural and vice versa.
- 1.5 Unless otherwise indicated, references to Clauses shall be to Clauses in this Agreement.
- 1.6 Headings to clauses are for convenience only and shall not affect the interpretation of this Agreement.

2. Appointment

- 2.1 By signing the Application Form, you agree to appoint the Manager from and including the Effective Date as your discretionary investment manager to manage your Portfolio on your behalf on the terms of this Agreement, and the Manager accepts such appointment.

An Application Form is accepted when recorded on the Manager's register of applications.

- 2.2 The Manager is authorised and regulated by the Financial Conduct Authority (of 12 Endeavour Square, London E20 5HS) under Firm Reference number 474710.
- 2.3 The Manager will treat you as a Retail Client for the purposes of the FCA Rules. Retail Clients attract the highest level of protection under the FCA Rules. You have a right to request a different client categorisation but the Manager is not obliged to accept your request. If the Manager accepted your request, you would lose certain protections afforded to Retail Clients under the FCA Rules, details of which are available from the Manager on request.
- 2.4 You confirm that you are an experienced investor who is suitably knowledgeable about the risks associated with investments in companies quoted on AiM, including the fact that you may not be able to readily realise your investment and that you have read and acknowledge the key risks on pages 9 and 10 of these Terms.
- 2.5 Where applicable your independent financial adviser will assess whether our products are suitable for you, as required under the FCA Rules. The independent financial adviser should also endeavour to carry out an annual review of your circumstances, objectives, strategy and risk profile and provide you with an updated suitability statement as to whether your investments meet your investment requirements on a regular basis.

- 2.6 You confirm that you are not seeking advice from the Manager on the merits of the Service.
- 2.7 You agree that the Manager may hold information about you and your affairs in order to verify your identity and financial standing (among other things the Manager or the Custodian may consult a credit or mutual reference agency, which may retain a record of the enquiry).
- 2.8 Anti-money laundering regulations aim to prevent criminal property being used or disguised as legitimate wealth. To satisfy these regulations you may have to produce satisfactory evidence of your identity before the Manager can do business with you, and from time to time thereafter. This identification process is designed to assist in the prevention of crime within the financial services industry. If you do not provide the information when requested, the Manager may be unable to accept any instructions from you or provide you with any services.
- 2.9 Investors should be aware that the right to cancel a distance contract within 14 days does not apply to this Agreement as it falls within the exemption contained in FCA rule COBS 15 Annex 1. Please speak to your adviser or us if you would like further information.
- 2.10 In accordance with Clause 11, we reserve the right to delegate any of our functions or responsibilities under this Agreement to another person and you authorise us to disclose to that person such information about your investment as is necessary for this purpose. We will satisfy ourselves that such person is competent to carry out such functions or responsibilities.
- 2.11 Subject to the ISA regulations, you have the right at any time by notice in writing to us to transfer in cash all or part of your Portfolio (with all rights and obligations of the parties to it) to another ISA plan Manager. Instructions to transfer all of your Portfolio will entitle us to terminate the Service.

3. Subscribing to the Service

- 3.1 You must make an initial subscription of £20,000 in respect of the Stellar AiM ISA IHT Service or £40,000 in respect of the Stellar AiM IHT Service at the same time as submitting your Application Form to invest through either Service. Where applicable any subscriptions are subject to the ISA Regulations.
- 3.2 The Manager may allow you to make further subscriptions (with a minimum of £1,000) in its sole discretion but the Manager may refuse to accept further subscriptions at any time.
- 3.3 You may withdraw all or part of your subscription, or terminate this Agreement, in accordance with Clause 15 below.
- 3.4 Your subscription will be deposited in an interest bearing client account pending its investment in accordance with this Agreement.

4. Investment Services

- 4.1 You grant the Manager full power and authority to select and exercise all rights relating to your Portfolio on the terms of this Agreement.
- 4.2 You agree that the Manager may appoint the Custodian to provide administration and safe custody services in respect of your Portfolio and the Service and that the Custodian will arrange for the Nominee to provide nominee services in relation to the holdings of your Portfolio.
- 4.3 You hereby authorise the Manager to act on your behalf and in your name to negotiate, agree and do all such acts, transactions, agreements and deeds, as the Manager may deem necessary or desirable for the purposes of managing your Portfolio including making, managing and disposing of Investments on your behalf and this authority shall be irrevocable and shall survive, and shall not be affected by, your subsequent death, disability, incapacity, incompetence, bankruptcy or insolvency. This authority will terminate only upon termination of this Agreement in accordance with Clause 15.

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

5. Investment Strategy and Restrictions

- 5.1 In performing its services, the Manager shall have regard to and shall comply with the Investment Strategy and the Investment Restrictions as detailed in the Brochure and the Terms.
- 5.2 In performing its services, the Manager shall at all times have regard to:
- 5.2.1 the need for the Investments to attract Business Relief; and
- 5.2.2 all Applicable Laws.
- 5.3 Except as disclosed in the Brochure and the Terms and as otherwise provided in this Agreement (for example on early termination), neither the Manager nor the Custodian shall take any action which may prejudice your tax position, in so far as either of them are aware of the relevant circumstances, and in particular which may prejudice obtaining Business Relief for your Portfolio.
- 5.4 Surplus cash held as part of your Portfolio pending investment, and in the event of a gradual realisation of Investments prior to termination of this Agreement, any cash proceeds of realised Investments, may be placed on deposit or invested in government securities or in other investments of a similar risk profile.

6. Entering into Investments

- 6.1 In effecting transactions on your behalf as part of the Service, the Manager will act in accordance with the FCA Rules.
- 6.2 You acknowledge and agree to the Manager's execution policy, a copy of which is in Schedule 3 and that transactions can be executed outside of a Regulated Market, a Multilateral Trading Facility and Organised Trading Facility.

- 6.3 The Manager shall devote such time and attention, and has all necessary competent personnel and equipment as may be required, to enable it to provide its services properly and efficiently, and in compliance with the FCA Rules.
- 6.4 Subject to the FCA Rules, your transactions may be aggregated with those of other Investors and may be aggregated with other customers of the Manager, and of its employees and associates and their employees. Investments made pursuant to such transactions will be allocated on a fair and reasonable basis in accordance with the FCA Rules and endeavours will be made to ensure that the aggregation will work to the advantage of each of the investors, but you should be aware that the effect of aggregation may work on some occasions to your disadvantage.
- 6.5 The Manager will act in good faith and with due diligence in its choice and use of counterparties but, subject to this obligation, shall have no responsibility for the performance by any counterparty of its obligations in respect of transactions effected under this Agreement.
- 6.6 The Manager may combine your orders with orders of other customers. By combining your order with those of others, the Manager must reasonably believe that it will obtain a more favourable price than if your order had been executed separately. However, on occasions aggregation may result in you obtaining a less favourable price.
- 6.7 The Manager will always allocate orders which have been aggregated to its private clients within one business day of completing the transaction, or as soon as it is reasonably practical to do so. When deciding how to allocate an aggregated order the Manager will not give unfair preference to any client or group of clients.

7. Fees and Expenses

- 7.1 The Manager shall receive fees for its services as set out in the Brochure and the Terms. The Manager's management fee is payable from your Portfolio on a quarterly basis.
- 7.2 You agree to reimburse the Manager, the Custodian and the Nominee all reasonable fees, costs and expenses incurred by them in the provision of the services under this Agreement out of your Portfolio.
- 7.3 The Manager will provide you, at least annually, with information about costs and charges in aggregated form so you can understand the overall costs relating to your Portfolio. If requested, we will provide you with an itemised breakdown of costs and charges information.

8. Administration and Custody of Investments

- 8.1 The Manager shall arrange for the Custodian to provide services for the safe keeping of Investments and cash comprised in the Service from time to time, including the settlement of transactions, collection and distribution of income and the effecting of other administrative actions in relation to your Portfolio. The Custodian will be responsible for the provision of such services to you.
- 8.2 Investments will be registered in the name of the Nominee. Investments within your Portfolio will be beneficially owned by you at all times but the Nominee will be the legal owner of the Investments.
- 8.3 The Nominee will hold any title documents or documents evidencing title to the Investments. Individual customer entitlements are not identifiable by separate certificate or any other physical document of title or external electronic record. In the event of a default of the Nominee, those for whom it holds

securities may share in any shortfall pro-rata. On occasion, your Investments may be used to settle other person's transactions which will not affect the Custodian's record of your entitlements.

- 8.4 Investments or title documents may not be lent to a third party and nor may there be any borrowing against the security of the Investments or such title documents.
- 8.5 An Investment may be realised in order to discharge your obligations under this Agreement, for example in relation to payment of fees, costs and expenses.
- 8.6 The Custodian will arrange for the Manager to receive details of any meetings of any Investee Companies in which you are invested and any other information issued by an Investee Company if you at any time in writing request such details and information (either specifically in relation to an Investment or generally in respect of all Investments). The Manager may apply to the Nominee for a proxy directing how any voting rights are to be exercised by the Nominee in respect of an Investee Company. You shall be entitled, as a matter of right, to require the Nominee to appoint you as its proxy to vote as you may see fit at any meeting of shareholders in an Investee Company in which you are invested.
- 8.7 Legal title to Investments held by the Custodian or the Nominee, will be segregated or separately identifiable from the Custodian's assets, or the assets of the Nominee or the third party and, in the event of the Custodian's default or the default or insolvency of the Nominee or the third party (as the case may be), Investments should be protected from the claims of the Custodian's creditors or the creditors of the Nominee or the third party (as the case may be).

- 8.8 Unless otherwise agreed, the Custodian will be responsible for holding your cash in accordance with the client money rules of the FCA. Any cash balance forming part of your Portfolio will be deposited with an authorised banking institution in the name of the Custodian and held on trust for you and other customers of the Custodian. The Custodian may debit or credit the account for all sums payable by you or to you (including dividends receivable in cash and fees and other amounts payable by you) and make adjustments in respect of sums received by you otherwise than as a result of credits properly made to the account initiated by the Custodian under this Agreement and to effect settlement in respect of Investments. Dividends shall not be receivable under this Agreement otherwise than in cash. Interest may be payable on all credit balances on the bank account and shall be paid to the Custodian as a contribution towards the cost of establishing and maintaining the Service.
- 8.9 The Custodian may decide to cease to treat as client money any of your unclaimed cash if there has been no movement in the balance in the bank account in a period of five years (notwithstanding any payments or receipts or charges, interest or similar items) and the Custodian has taken reasonable steps to contact you and to return the balance.
- 8.10 You confirm that in no event shall an investment counterparty dealing with the Manager, the Custodian or Nominee with respect to any document signed or action undertaken for or on behalf of you in accordance with this Agreement be obliged to inquire into the necessity or expediency of any act or action of you, the existence or non-existence of any fact or facts which constitute conditions precedent to acts by you or any act or failure to act by you or as to any other matter whatsoever involving you.
- 8.11 You declare that a person who deals with the Custodian, the Nominee and the Manager in good faith may accept a written statement signed by the Custodian, the Nominee or the Manager to the effect that their appointment as such hereunder has not been revoked as conclusive evidence of that fact.
- ## 9. Reports
- 9.1 You will be provided with reports as detailed in the Brochure and the Terms.
- 9.2 The Manager shall send you a report relating to your Portfolio, complying with the FCA Rules, every three months for the periods ending 31 March, 30 June, 30 September and 31 December.
- 9.3 The Manager shall supply such further information which is in its possession or under its control as you may reasonably request as soon as reasonably practicable after receipt of such request.
- 9.4 Any contract notes, confirmations, statements, reports or information so provided by the Manager to you will state the basis of any valuations of Investments provided.
- ## 10. Your Obligations
- 10.1 The Manager agrees to provide the Service to you on the basis of the declaration made in your Application Form.
- 10.2 You confirm that the information stated in an Application Form in these (and all other) respects is true and accurate as at the date of this Agreement.
- 10.3 You must immediately inform the Manager in writing of any change of tax status, other material changes in circumstance and any change in the information provided in an Application Form.
- 10.4 In addition, you must provide the Manager with any information which it reasonably requests for the purposes of managing your Portfolio pursuant to the terms of this Agreement.

11. Delegation

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

12. Conflicts of Interest

12.1 The Manager and the Custodian may provide similar services or any other services whatsoever to any customer and neither the Manager nor the Custodian shall in any circumstance be required to account to you for any profits earned in connection therewith. The Manager and the Custodian shall take sufficient steps to ensure fair treatment as between you and any such customers in compliance with the FCA Rules and to prevent conflicts of interest. The Manager will manage any such conflicts which may potentially arise, subject to and insofar as permitted by the FCA Rules.

12.2 The Manager will take sufficient steps to identify, prevent and if necessary manage conflicts of interest arising.

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

- ★ the Manager or any associate may receive remuneration or other benefits by reason of acting in corporate finance or similar transactions involving companies whose securities are held for you;
- ★ the Manager or any associate may take an equity stake in a company whose securities are held for you at a price not below the issue price available to you;
- ★ the Manager or an associate provides investment services for other customers;
- ★ any of the Manager's directors or employees, or those of an associate, is or may become a director of, holds or deals

in securities of, or is otherwise interested in any Investee Company whose securities are held on your behalf;

- ★ the transaction is in securities issued by an associate of the Manager or the client of that associate;
- ★ the transaction is in relation to an Investment in respect of which the Manager (or its associate) may benefit from a commission or fee payable otherwise than by you and/or the Manager or its associate may also be remunerated;
- ★ the Manager deals on your behalf with an associate;
- ★ the Manager may act as your agent in relation to a transaction in which it is also acting as agent for the account of other customers and associates;
- ★ the Manager may, in exceptional circumstances, deal in investments as principal in respect of a transaction for you;
- or
- ★ the transaction is in the securities of an Investee Company for which the Manager or an associate has underwritten, managed or arranged an issue within the period of twelve months before the date of the transaction.

13. Liability

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

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

- 13.3 You agree to indemnify the Manager, the Custodian and the Nominee, and each of their directors, partners, officers, employees or agents (each an 'Indemnified Party') for and against any and all claims, actions, demands, damages, costs, liabilities and expenses, fines and penalties which are brought against or incurred by the Indemnified Party as a result of performing its services under this Agreement ('Losses'), except to the extent such Losses arise from the Indemnified Party's fraud, negligence, wilful default or breach of this Agreement. This indemnity shall survive termination of this Agreement.
- 13.4 The Manager accepts no responsibility for holdings of Investee Company shares in the name of the Nominee and for the acts and omissions of the Nominee, provided, however, that the Manager shall not be liable for any loss to you arising from any action it takes in accordance with this Agreement, except to the extent that such loss is directly due to the fraud, negligence wilful default or breach of this Agreement by the Manager or any of its directors, partners, officers, employees or agents.
- 13.5 The Manager accepts no responsibility for the acts and omissions of the Custodian in providing the Custodial services.
- 13.6 Subject to Clauses 6.5 and 11, the Manager shall not be liable for any defaults of any counterparty, agent, banker, nominee or other person or entity which holds money, investments or documents of title for the Service, other than any person which is its associate.
- 13.7 In the event of any failure, interruption or delay in the performance of the Manager's obligations resulting from acts, events or circumstances not reasonably within its control (including but not limited to acts or regulations of any governmental or supranational bodies or authorities) or breakdown, failure or malfunction of any telecommunications or computer service or systems, you acknowledge that neither the Manager nor the Custodian, as appropriate, shall be liable or have any responsibility of any kind in respect of any loss or damage thereby incurred or suffered by you.
- 13.8 The Manager gives no representations or warranties as to the performance of the Service. Investments in Investee Companies are high risk. By entering into this Agreement, you confirm that you have considered the suitability of the Investment Strategy and Investment Restrictions set out in this Agreement, have read and understood this document including, in particular, the risk warnings set out therein, and have taken your own independent advice.
- 13.9 Nothing in this Clause 13 shall operate to limit or exclude the liability of the Manager for its own fraud.
- ## 14. Death of a Client
- 14.1 On notification of your death to us, Stellar will continue to manage your Portfolio in line with the existing mandate until instructed otherwise by your personal representatives. This Agreement will continue in force until terminated by your personal representatives or by us on giving notice to your personal representatives.
- 14.2 Notification of your death to us will not affect any outstanding order or transaction or accrued charges under this Agreement or any legal rights or obligations which may already have arisen. Fees will also continue to apply as set out in the Brochure and the Terms. The date of termination for fee calculation will be the date:
- (i) of any new signed agreement, or
 - (ii) that we receive the Personal Representatives' written instructions to liquidate or transfer.
- 14.3 Once we have received the grant of representation in respect of your

estate, we shall carry out your personal representatives' instructions subject to any re-registration of assets in connection with this Agreement. Before we receive the grant of representation, or if there is no statutory requirement to obtain one, we may, in our absolute discretion, act in accordance with your personal representatives' instructions subject to such persons entering into an appropriate agreement with us.

- 14.4 No instructions will be accepted in relation to the withdrawal of funds from the portfolio until probate has been obtained, after which your personal representatives may instruct us to sell, transfer or otherwise dispose of your investments.

15. Termination

- 15.1 This Agreement and the Service shall continue until terminated in accordance with this Clause 15.
- 15.2 You are entitled to make withdrawals of Investee Company shares in your Portfolio at any time. You are also entitled to withdraw cash in your Portfolio at any time before it has been committed to an Investee Company and subject to giving 20 days' notice in writing.
- 15.3 The Manager will have a lien on all assets being withdrawn or distributed from the Service and shall be entitled to dispose of some or all of the same and apply the proceeds in discharging any liability you have to the Manager.
- 15.4 This Agreement shall terminate automatically upon the completion of the withdrawal from the Service of all Investee Company shares and cash which are due to you under this Agreement. The balance of any sale proceeds net of outstanding fees will then be passed to you.

- 15.5 If:

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

The Manager shall use reasonable endeavours to make arrangements to transfer the Investments to another manager in which case that manager shall assume the role of the manager under this Agreement, failing which the Agreement shall terminate forthwith and, subject to Clause 16, the Investments held in your name shall be transferred into your name or as you may otherwise direct.

16. Consequences of Termination

- 16.1 On termination of this Agreement pursuant to Clause 15, the Manager will use reasonable endeavours to complete all transactions in progress at termination expeditiously on the basis set out in this Agreement.
- 16.2 Termination will not affect accrued rights, existing commitments or any contractual provision intended to survive termination and will be without penalty or other additional payments save that you will pay fees, expenses and costs properly incurred by the Manager and the Custodian up to and including the date of termination and payable under the terms of this Agreement.
- 16.3 On termination, the Manager may apply cash held for you, and may retain and/or realise such Investments as may be required to settle transactions already initiated and to pay your outstanding liabilities, including fees, costs and expenses payable under Clause 7 of this Agreement, the details of which are set out in the Brochure and the Terms.

17. Joint Accounts (Not ISAs which have to be individual)

- 17.1 Where you apply for a Joint Account the following additional terms apply:
- (a) each Joint Account holder is jointly and severally liable for the obligations of the investor under this Agreement;
 - (b) the Manager is entitled to accept instructions from any Joint Account holder, save as expressly agreed between Joint Account holders and the Manager in writing; and
 - (c) statements, reports or information will be sent to the first Joint Account holder unless otherwise expressly agreed between Joint Account holders and the Manager in writing.
- 17.2 In accordance with Applicable Rules, on the death of one Joint Account holder their interest passes to the other Joint Account holder.
- 17.3 The Manager is not responsible for advising Joint Account holders on the tax consequences of a Joint Account.

18. Confidentiality

- 18.1 None of the Manager, the Custodian or you shall disclose to third parties or take into consideration information:
- 18.1.1 the disclosure of which by it, would be or might be a breach of duty or confidence to any other person; or
 - 18.1.2 which comes to the notice of a director, officer, employee or agent of the Manager or the Custodian or of any associate of the Manager or the Custodian but properly does not come to the actual notice of that party providing services under this Agreement.

- 18.2 Each of the Manager and the Custodian will at all times keep confidential all information acquired in consequence of the Service, except for information which:
- 18.2.1 is in the public knowledge; or
 - 18.2.2 which they may be entitled or bound to disclose by law; or
 - 18.2.3 is requested by regulatory agencies; or
 - 18.2.4 is given to their professional advisers where reasonably necessary for the performance of their professional services; or
 - 18.2.5 which is authorised to be disclosed by the relevant party; and shall use all reasonable endeavours to prevent any breach of this Clause 18.2.
- 18.3 The Manager or the Custodian may verify your identity and assess your financial standing. In doing so, a credit or mutual reference agency may be consulted which will record a search.

19. Complaints and Compensation

- 19.1 The Manager and Custodian have established procedures in accordance with the FCA Rules for consideration of complaints. Details of these procedures are available from them on request. Should you have a complaint, you should contact either the Manager or Custodian in the first instance. If your complaint is still not resolved, you may be able to refer your complaint to the Financial Ombudsman Service.
- 19.2 The Manager is a member of the Financial Services Compensation Scheme ('FSCS'), which provides compensation to 'eligible complainants' in the event of a firm being unable to meet its liabilities. Compensation under the scheme is limited to a maximum of £85,000 per institution for investment business. For further information on the FSCS and to see if you may be eligible, you can contact the FSCS using the details on its website www.fscs.org.uk.

20. Notices and Communication

- 20.1 Notices or instructions to the Manager, the Nominee or the Custodian should be in writing and signed by you, except as otherwise specifically indicated.
- 20.2 The Manager, the Nominee or the Custodian may rely and act on any notice or instruction which purports to have been given by persons authorised to give instructions by you on an Application Form or subsequently notified by you from time to time and, unless that relevant party receives written notice to the contrary, whether or not the authority of such person shall have been terminated.
- 20.3 All communications with you shall be sent (whether postal or electronic) to the latest address you have supplied in writing to the Manager or the Custodian and shall be deemed received by you on the second day after posting or on the day after dispatch in the case of electronic communication.
- 20.4 All communications by you shall be made in writing or (save as otherwise provided) by telephone to the Manager (on 020 3195 3500). Calls to this number may be recorded.
- 20.5 Communications sent by you will be deemed received only if actually received by the Manager or the Custodian. Neither the Manager or the Custodian will be liable for any delay or failure of delivery (for whatever reason) of any communication sent by you.

21. Amendments

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

- (a) to make them fairer or more easily understandable, or to correct a mistake (provided that this correction would not adversely affect you);
- (b) to respond proportionately to changes in the applicable rules or the decisions of any relevant regulatory authority;
- (c) to reflect new industry guidance and codes of practice;
- (d) to reflect a change in technology, to cover an improvement or change in the way in which we, as Manager, provide the Service;
- (e) to reflect a change in market conditions or the overall cost of providing our services to our clients; or
- (f) to reflect other legitimate cost increases (or reductions) associated with providing your inheritance tax service.

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

22. Assignment

The Manager may assign, transfer, novate or delegate any of our obligations or rights under this Agreement to any appropriately authorised and regulated person, upon providing you with 14 days' written notice, provided that we are satisfied that such person is competent to perform or exercise such obligations or rights. We may provide information about you and your investments and activities on the platform to any person to whom we assign, transfer, novate or delegate our obligations or rights.

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

23. Data Protection

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

24. Telephone Recording and Electronic Communication

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

25. Language of Communications

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

26. Entire Agreement

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

27. Rights of Third Parties

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

28. Severability

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

29. Governing Law

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

Section 2: ISA Specific Terms

To the extent that there is any conflict or inconsistency between the General Terms set out above and these ISA Specific Terms, these ISA Specific Terms shall take precedence in relation to the Service.

1. Manager status

- 1.1 The Custodian will act as the ISA plan Manager of the Service and has been approved by HMRC to act as an ISA plan Manager in respect of the stocks and shares component of an ISA. They will manage the ISAs within the Applicable Rules to carry out an annual review of your circumstances, objectives, strategy and risk profile and provide you with an updated suitability statement as to whether your investments meet your investment requirements on a regular basis.
- 1.2 The Manager only offers a stocks and shares ISA and does not offer a cash ISA.

2. Subscribing to the Service and further payments

- 2.1 If you subscribe to the Service, you may not subscribe to another stocks and shares ISA in the same UK tax year.
- 2.2 You should seek advice from your adviser regarding whether or not you are eligible to subscribe for the Service, and how much you can subscribe in any particular tax year. You are responsible for ensuring that you do not exceed your maximum ISA allowance in the relevant tax year.
- 2.3 The minimum investment in the Service is specified in the Brochure and the Terms. Subscriptions can comprise a combination of either (a) and (b) below, or (b) only:
 - (a) An initial subscription of such amount as does not exceed the maximum ISA allowance in the relevant tax year;
 - (b) The transfer of existing ISA(s) from other ISA plan Manager(s) in cash or in specie.

- 2.4 As the rules on taxation can change, the Manager cannot guarantee that the UK tax treatment of the Service will continue during the lifetime of the investment. If you are uncertain about this or any aspect of how a subscription may relate to your tax position, you should seek professional advice.
- 2.5 You can make a lump sum payment to your Service by cheque or by electronic bank transfer. Other than for lump sums which constitute your first subscription, and provided that their original application remains valid, you may need to complete an additional Application Form which can be obtained from Stellar or from your adviser.
- 2.6 All applications to the Service are accepted on a rolling basis, which means that if you wish to subscribe in subsequent tax years you may not have to complete a new Application Form. This is an optional arrangement and you are under no obligation to make further investments. Provided that you make a subscription to your account either through a lump sum or any other type of payment in each consecutive tax year, and the basis on which you pay their adviser remains the same, you may not need to complete a new Application Form because your original Application Form may remain valid.
- 2.7 The ISA investments will be registered in the name of the Nominee but will be and must remain beneficially owned by you. This means that you will not be the registered legal owner of those investments but you will be entitled to the benefit that they can provide.

3. Cash balances in the Service

- 3.1 In accordance with the ISA Regulations, your investment in the Service must be fully invested into qualifying investments at all times. Cash may only be held temporarily for the purpose of purchasing such qualifying investments.
- 3.2 All uninvested cash received or held for your Portfolio shall be treated by the Custodian under the FCA Rules as 'client money' on the basis set out in the General Terms.

4. Delegation

- 4.1 The Manager and the Custodian reserve the right to delegate any of their functions or responsibilities under these Terms to another person and you authorise the Manager or the Custodian to disclose to that person such information about your Portfolio as is necessary for this purpose. The Manager will satisfy itself that any such person is competent to carry out such functions or responsibilities.

5. Transfers and withdrawals

- 5.1 You may at any time request that all or part of the investments held in your Portfolio be sold and the proceeds arising be transferred or paid to you within such reasonable time as you stipulate (which, subject to the ISA Regulations, must not exceed 30 days). In such cases, you would receive the cash sum, subject to the deduction of any fees (where appropriate).
- 5.2 The Manager will accept the transfer of your existing ISA from another ISA Plan Manager in cash, subject to the minimum investment specified in the Brochure and the Terms.
- 5.3 Transfers will only be accepted from an account in your name. You will need to complete a transfer authority form and return this to the Manager, and your existing ISA Plan Manager, with your written instructions. You represent and warrant that the value of your current ISA stated on the transfer authority

form is correct as at the time the form is completed. You should be aware that on receiving a transfer authority form, the Manager reserves the right not to accept a transfer of an existing ISA or an initial subscription (if applicable) if it reasonably appears to the Manager that the value of the existing ISA, together with the initial subscription (if applicable), would not achieve the minimum investment specified in the Brochure and the Terms once the your investments have been liquidated and all outstanding costs, charges and fees, settled.

- 5.4 The Manager will not be responsible for any loss or delay caused in the transfer or payment of proceeds to the Manager where this is due to something the Manager cannot reasonably control.
- 5.5 On your written instructions and within such reasonable time as you stipulate (subject to a maximum of 30 days) the Manager will transfer your Portfolio to another ISA Plan Manager provided they agree to the transfer. Whilst under normal circumstances, the Manager will carry out the ISA transfer within the time stipulated, occasionally it may take longer to complete due to circumstances outside of the Manager's control. The Manager will only transfer your Portfolio in full to another ISA Plan Manager, no partial transfers will be allowed. You may be liable to pay the fees and charges of third party administrators and/or Custodians arising from any transfer.
- 5.6 The Manager will liquidate the holdings in your Portfolio and transfer the cash realised to the new ISA Plan Manager subject to any retentions or deductions that the Manager may be entitled or bound to make under these Terms or under the Applicable Rules. When the Manager transfers the cash realised from liquidating the ISA to another ISA Plan Manager, all rights and obligations of the parties to your Portfolio are transferred with it to the new Manager. The new ISA Plan Manager may require you to complete a transfer application form.

- 5.7 Where you request a transfer or withdrawal in accordance with this clause 5 and your Portfolio holds investments in respect of which dealing has been suspended in accordance with the applicable FCA rules (or any direct foreign equivalent), this 30 day period may be extended to seven days after the suspension ends.

6. Termination

- 6.1 The following provisions apply in addition to those set out in section 14 of the General Terms.
- 6.2 The Manager may terminate your Portfolio on notice in accordance with the ISA Regulations.
- 6.3 The Manager will notify you if your Portfolio has become, or will become, void because of any failure, either on the Manager's or the Custodian's part or on your part, to satisfy the ISA Regulations. If an ISA is made void, you may lose all or part of your tax exemption relating to the ISA. The Manager or the Custodian is required to provide HMRC with full details of any void ISAs, including your personal details.
- 6.4 If at any time the Manager ceases to provide the Service to you because you have notified the Manager in accordance with section 14 of the General Terms, the Manager will hold the assets within your portfolio at the time at which the Manager receives your notice, but will no longer manage the assets on a discretionary basis.

Your notice to terminate this Agreement shall constitute notice to terminate their ISA which will, in such circumstances, be affected 30 days following such notice and clause 5.1 of these ISA Specific Terms will apply as relevant.

- 6.5 Your Service will automatically cease to be exempt from tax from the date of your death but the Manager will continue to act on any authorisation previously given until it is notified of your death. Stellar will then continue to act on the instructions of your personal representatives in accordance with the ISA Regulations, as applicable, until your Service is closed. Following an ISA investor's death, all their ISAs will lose their ISA tax status and will, in effect, become general investment accounts.

Schedule 1: Portfolio Management Policy

- 1 The Manager will select Investee Companies, in which to invest on your behalf on the basis of the Investment Strategy and Investment Restrictions set out in the Brochure and the Terms.
 - 2 The Manager is aware that Shares in Investee Companies should be held at the time of death and for at least the two years preceding death to obtain IHT Relief.
 - 3 The Manager may look to exit an investment prior to the end of two years if the growth of the investment has outperformed the market and covers any potential loss of tax benefit. It may also exit an investment in the event of a trade sale of the investment. If the proceeds are reinvested there should be no loss of IHT Relief.
 - 4 Once the Investor dies, the Manager will use reasonable endeavours to liquidate the investments in the Investee Companies with a view to these holdings becoming fully liquid within three months of receiving all completed documents from the executors of the deceased's estate.
-

Schedule 2: Conflict of Interest Policy

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

Under the SYSC, the Manager is required to take all appropriate steps to identify, prevent and, if necessary, manage conflicts of interest between:

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

The Manager believes that it should identify and prevent any conflicts that may arise in other situations including between the Manager and any of its shareholders. Where the Manager owes a duty to such clients, it must maintain and operate arrangements to prevent any conflict from giving rise to a material risk of damage to the interests of its clients.

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

Schedule 3: Execution Policy

1 General execution factors and execution criteria

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

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

2 Monitoring and review

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

3 Notification of changes

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

4 Process

The Manager generates its decision to deal in a particular instrument for all of its clients interested or potentially interested in that instrument simultaneously as it makes its investment management decision. This can, depending on the client, be either through the discretion allowed to an individual investment manager working for the Manager or through an investment committee meeting of the Manager called to decide whether to proceed with the buy/sell decision for a particular client or group of clients. The client order is then communicated by an investment manager to an intermediary, such as a stockbroker authorised to transact. If the intermediary can execute the order as specified by the Manager, the order is fulfilled.

5 Price

Depending on whether the Manager is investing in or realising, it will normally consider, and instruct the entities with which it places orders that, the best result for its clients in relation to exchange traded instruments is to pay the minimum total consideration (buying) or obtaining the maximum total consideration (selling) for its clients, representing the price of its financial instruments less the costs related to execution such as legal and other expenses. The Manager specialises in AIM quoted securities and despite these securities having a quotation on a recognised stock exchange they will not always be highly liquid and inevitably it can, on occasion, particularly in adverse market conditions be difficult for the stockbrokers who the Manager instructs to execute these orders. In some circumstances the relative illiquidity of the relevant securities or size of the relevant holding may require consideration to be given to other execution factors such as the ability to find the necessary liquidity and affect the transaction in the required size or the impact on the market as it may affect securities which are retained.

6 Execution venues

For each transaction the Manager executes on behalf of clients, consideration is made on an on-going basis of the variety of venues or sources of liquidity available, to enable the Manager to obtain the best possible result for the execution of transactions on a consistent basis. In order to satisfy this policy, the Manager may consider one of the following venues:

- ★ Systematic internalisers;
- ★ Regulated markets;
- ★ Multilateral Trading Facilities (MTFs); and
- ★ Third party investment firms and/or affiliates acting as Market Maker or other liquidity providers.

In certain financial instruments there may only be one execution venue. In executing a trade in such circumstances, the Manager will presume that it has provided the best possible outcome in this respect for these types of instruments.

7 Execution factors

In relation to each type of instrument the following factors will be considered to determine the venue used, the manner in which the Manager instructs others or directly executes the order in the marketplace:

- ★ Price;
- ★ Costs;
- ★ Speed;
- ★ Settlement quality;
- ★ Size of the order;
- ★ Investment objectives; and
- ★ Any other relevant matters.

The relative importance of each factor is determined using the following criteria:

- ★ Client characteristics, including regulatory categorisation;
- ★ Client characteristics and the nature of the order, including whether any specific instructions are given in relation to any individual or series of transactions;
- ★ Characteristics of the financial instruments that are the subject of the order; and
- ★ Characteristics of the execution venue to which the order can be directed.

Normally liquidity would be the deciding factor and it is important that the venues used are able to deliver the volume of securities required within a reasonable time frame. The Manager will assess the relevant market data to contrast the volumes achieved against the market availability.

8 Order execution policy

The Manager will place instructions with the entities it selects to execute orders with a view to achieving the minimum or maximum total consideration (depending on whether it is buying or selling) since that is of primary importance for the Manager in achieving the best possible outcome for its clients in relation to transactions in exchange traded financial instruments. Speed, likelihood of execution and settlement, the size and nature of the order, market impact and any other implicit transaction costs may be given precedence over the immediate price and cost consideration only insofar as they are instrumental in delivering the best possible outcome for the investor in terms of total consideration.

In selecting the intermediary entity to execute the orders, normally a stockbroker, the Manager will, in the case of instruments traded on UK exchanges (which make up the majority of the Manager's transactions), ensure that all the stockbrokers it transacts with are authorised by the FCA and owe it a duty of best execution under the FCA's rules on best execution.

Consideration will be given to using the broker of the investee company where the Manager considers that it may improve access to liquidity. The Manager will also review the best execution policies, and where relevant conflicts of interest policies of the stockbrokers concerned and seek to monitor their execution quality. The Manager will maintain a record of the stockbrokers who are authorised to act for investors.

Although limit orders in normal market size which are not immediately filled may be publicised in order to facilitate the earliest possible execution of an order, the Manager may instruct an intermediary not to disclose such orders where it, or the intermediary, considers that non-disclosure may improve the outcome for the client.

In certain circumstances, the Manager may execute the purchase and sale of the same financial instrument between the clients' accounts, known as matched bargain. The Manager will only undertake this where it believes this will secure the best possible outcome for the clients.

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

Important Information

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