



Introducing Stellar Inheritance Tax Services

**Solutions designed with
your clients in mind**

For investment professionals only



Important Notice

Stellar Asset Management Limited does not offer investment or tax advice or make recommendations regarding investments. Prospective investors should ensure that they read the product literature and fully understand the risk factors before making any investment decision. This document is dated February 2021 and is exempt from section 21 of the Financial Services and Markets Act 2000 and is not required to be and has not been approved for the purposes of the section because it is only being communicated to selected Investment Professionals (as defined under article 19 of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005). If this document is forwarded to any other person, you must ensure that you have taken responsibility for the document under the financial promotions rules and identified yourself as the issuer. The relevant product literature will provide further details of risks, fees and charges.

If you have any questions, please consult your adviser or call Stellar on 020 3195 3500. Please note that calls to Stellar may be recorded.



Tax-free legacy that still leaves your clients in control

Over the next 30 years, the Baby Boomer generation will leave legacies of more than £5 trillion*. However, the prospect of 40% inheritance tax means that their children and other beneficiaries may never see a large proportion of this money.

The rising value of property also means that more clients are falling into the inheritance tax trap without even knowing it.

Inheritance tax relief is available, but traditional solutions take seven years to qualify and by settling money in trusts or by gifting, your client also loses control of their money.

How can you as a financial adviser offer a better solution for your clients? Stellar's award-winning Inheritance Tax Services enable your clients' investment to be free of inheritance tax after two years. Your clients can also retain control of their capital throughout their lifetime.

Innovative and flexible solutions

The reason that we can reduce the seven-year qualification period to two is that we invest exclusively in assets that qualify for Business Relief. It is a tried and tested statutory tax relief that seeks to avoid complexity and potential challenge.

Moreover, tax mitigation is only part of the value story. Our Inheritance Tax Services provide your clients with the opportunity to keep building their wealth. Depending on the particular service you and your clients choose, they can diversify their investments, support innovative growth businesses or benefit from the asset-backed security of investment in land or property. There is also an option to gain further tax benefits by investing through an ISA.

Further support could include helping your clients to set up a privately owned limited company that enables them to manage their assets as a business. They can then pass on management and/or ownership to their children when they feel the time is right.

These succession planning options are one of the ways that you can create a smooth transfer of assets, while enabling you to develop relationships with beneficiaries.

Value for money

Our charges are highly competitive for both investment and inheritance tax mitigation. Unlike some other firms, our investment returns are also uncapped.

In the coming pages, you can find out more about how our Inheritance Tax Services can support your clients and your business. If you have any questions or would like to know more, please feel free to get in touch.

* Kings Court Trust, 'Passing on the Pounds'.

The right choice

Our Inheritance Tax Services are designed to create the right balance of flexibility, reassurance and control for your clients.

Wealth preservation is at the heart of our investment philosophy – and is what inspires advisers to choose us when securing the best solution for their clients.

By investing exclusively in assets that qualify for Business Relief, your client's investment can be free of inheritance tax after two years.

Our Services are also marked out by the unique range of investment options on offer, from the asset-backed security of land and property to shares in a diversified range of AiM companies.

The breadth of our offering means that you can find the solution that best suits an individual client's circumstances, aspirations and risk appetite.



Stellar AiM Inheritance Tax Service

A discretionary managed portfolio, which mitigates risk through a diversified selection of 40 AiM stocks. This service is available for advised clients on many of the UK's largest wrap platforms.



Stellar AiM ISA Inheritance Tax Service

The Stellar AiM Inheritance Tax Service is also available for investment via an ISA, which enables your clients to benefit from both Business Relief qualification and all ISA tax benefits. This service is also available on various wrap platforms.



Stellar ITS Service

A discretionary managed portfolio designed to provide capital growth. There is a minimum subscription amount of £25,000, but no upper limit.



Stellar Growth Inheritance Tax Service

We create a privately owned limited company for each investor. They can access a discretionary portfolio of asset-backed sectors such as property development and commercial forestry – targeting 5% growth per annum.



Stellar Conservative Growth Inheritance Tax Service

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



Stellar Business Inheritance Tax Services

A discretionary managed service, which provides a range of succession planning and tax efficiency options for business owners – either following the sale of a company, or to invest excess company capital to maintain tax efficiency.



Stellar Bespoke Inheritance Tax Service

With a £1 million minimum investment, this bespoke service is designed for high net worth and/or experienced investors. It offers complete investment choice and flexibility. This service is available on request.

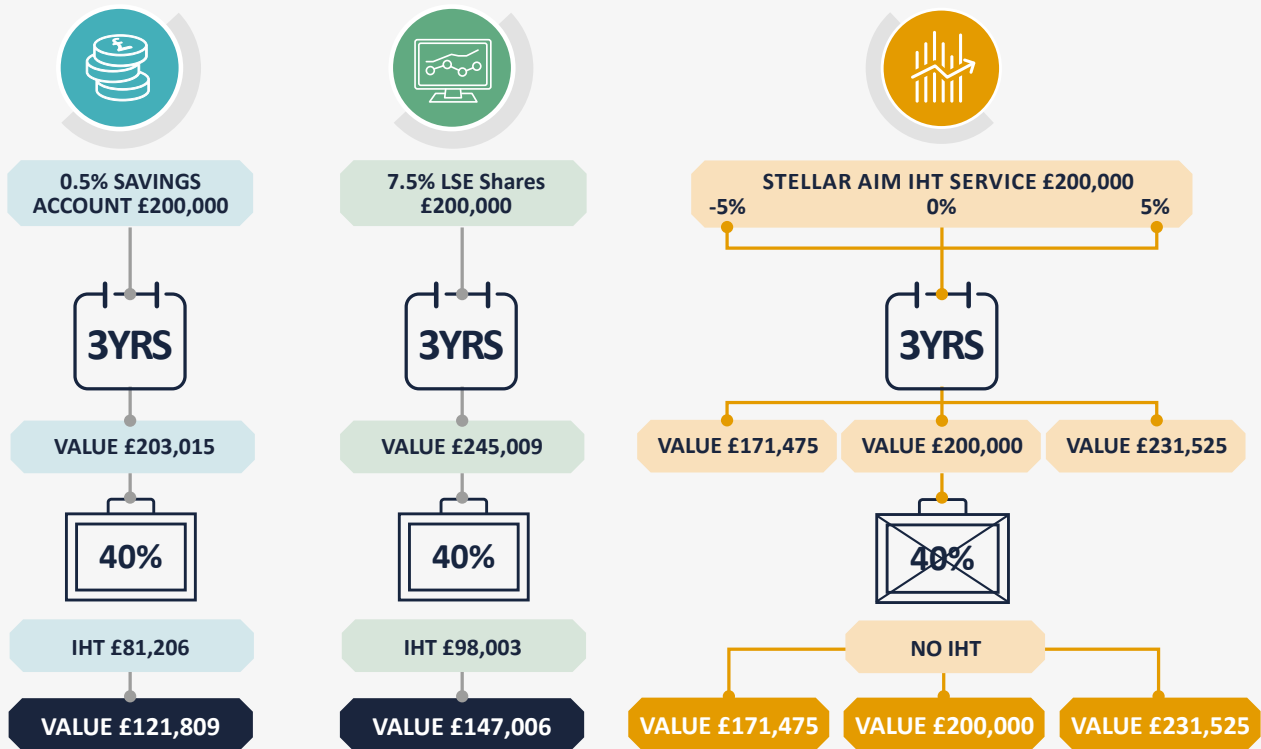
Managing and tracking performance

Performance Updates

We produce quarterly valuations and factsheets showing our latest performance, our sector allocations and up-to-date market commentary. These are available on our website at: www.stellar-am.com and will also be published on our online portals for clients and advisers.

The benefit of Business Relief

The following table illustrates how an investment in one of the Stellar Inheritance Tax Service might compare over three years to holding cash in a savings account, with interest of 0.5%, or with an investment in a portfolio of stocks in the main market of the London Stock Exchange - assumed to return 7.5% per annum. A range of potential annual returns is shown for a Stellar AiM Inheritance Tax service as an example.



Notes:

Stellar Inheritance Tax Services are higher risk than saving accounts and the main market of the London Stock Exchange. After two years, a holding in a Stellar Inheritance Tax Service should attract 100% relief from IHT, provided the initial investment is held at the point of death. All returns are calculated using annual compounding and rounded to the nearest whole pound where applicable.

Shining a light

Face-to-face with Jonathan Gain, founder and Chief Executive of Stellar Asset Management

What was your background prior to forming Stellar Asset Management?

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

What inspired you to establish Stellar Asset Management?

When I founded Stellar in 2007, my objective was to create a range of innovative and flexible inheritance tax services.

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





How you would you characterise Stellar?

We put advisers and their clients first – pure and simple. The lighthouse that forms the centrepiece of our branding is a telling symbol of our purpose and intent. The light that we are able to shine on a complex inheritance tax landscape creates a clear pathway for advisers. This helps them to achieve their client's required outcomes – and supports them along their client's journeys.

The commitment to shining a light is also reflected in transparency. We fully disclose all our fees. Each service has its own clearly defined investment strategy, and we report regularly on how each client's portfolio is performing.

How would you describe Stellar's investment philosophy?

Wealth preservation and diversification is at the heart of our investment philosophy. We seek to provide investors with the reassurance that their legacy can be passed to their beneficiaries free from inheritance tax. We then seek to achieve cautious medium-term growth, which is built around thorough research of individual investment opportunities.

What gives you the greatest satisfaction as Chief Executive of Stellar?

Being able to provide the outcomes advisers and their clients require is hugely satisfying. It is a great source of satisfaction for us here at Stellar that we are giving back to society. This includes supporting innovation and growth in the UK economy through investment in AiM companies and protecting the environment for future generations through investment in forestry and renewables.

We have always prided ourselves on being innovators and supporting our colleagues in the advisory community, with innovations such as our [Partner Services](#). This provides a gateway to all the critical services you as an adviser would need to create great legacy solutions for your clients but may not have the specialist capabilities to offer.

What sets Stellar Inheritance Tax Services apart?



Dedicated

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



Diversified

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



Focused

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



Transparent

We disclose all our fees. Please read the relevant product literature for a full disclosure of our fees. Each service has its own clearly defined investment strategy, and we report regularly on how each client's portfolio is performing.



Range

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



Professional

We take the responsibility of looking after your clients' legacies seriously. We thoroughly research our chosen activities and each individual investment opportunity. We always employ professional legal and taxation advisers.



Heritage

Drawing on experience gained since entering this industry in 1991, our team has created inheritance tax planning services for investors who wish to leave a lasting legacy for their beneficiaries.



Keeping you in the picture: Inheritance tax and business relief explained

Inheritance tax

This is charged on the value of taxable estate your clients own when they die, in excess of the Nil Rate Band (NRB). The NRB 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 Residence Nil Rate Band (RNRB). The RNRB has been 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%. The nature of this tax means that your clients' 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. This underlines the importance of careful inheritance tax planning.

Business Relief

Traditional inheritance tax planning strategies can help to reduce the final bill that your clients' beneficiaries will need to pay. However, in many cases it takes seven years before the assets which your clients would want to pass on are entirely exempt from inheritance tax. Moreover, this usually involves a transfer of those assets during their 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 an inheritance tax liability. Our Inheritance Tax Services seek to operate within this robust legislation.

Prospective clients should seek independent tax advice prior to subscribing to the Stellar Inheritance Tax Services.



Keeping you in the picture: Key risks

The key risks associated with the Stellar Inheritance Tax Services are outlined here - please refer to the product literature for a full list.

Your capital is at risk

The value of your client's portfolio, and any income derived from it, may go down as well as up and you may not get back the full amount you invested.

Qualifying investments are not guaranteed

Although it is intended that the Stellar Inheritance Tax Services will be operated such that investors will qualify for inheritance tax relief after two years, there is no guarantee that this will be achieved or maintained. The level of inheritance tax relief may be restricted if any investment becomes non-qualifying for Business Relief purposes.

Target returns are not guaranteed and you cannot rely on past performance

Please remember that past performance is not a reliable indicator to future performance, and there is no guarantee the target return objectives will be met.

Tax reliefs are not guaranteed

The rates of tax, tax benefits and tax allowances described in this brochure are based on current legislation and HMRC practice. They are not guaranteed, are subject to change and depend on personal circumstances. In addition, any changes to the investments that qualify for Business Relief may have a material adverse effect on the value of your client's portfolio or the ability of Stellar to achieve the objectives of a Stellar Inheritance Tax Service.

Investments are long-term

Investments must be held for at least two years, and held at death, to benefit from Business Relief. Investments will be in unquoted companies which are higher risk and less liquid than companies traded on the main market of the London Stock Exchange.

Your client's portfolio may be difficult to sell

Although you can request a withdrawal from your portfolio, there may be a delay because the investments may be illiquid and take time to sell.

Conflicts of interest

Instances may arise where the interests of one group of investors will present a conflict with the interests of another group, or an interest of Stellar. In the event of a conflict, Stellar's investment committee will work to ensure that this is resolved fairly and in accordance with its conflicts policy.

If you have any questions, please consult your adviser or call Stellar on 020 3195 3500. Please note that calls to Stellar may be recorded.



Find out more

**If you would like to know more about Stellar Inheritance Tax Services
or how we could work together, please contact**

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