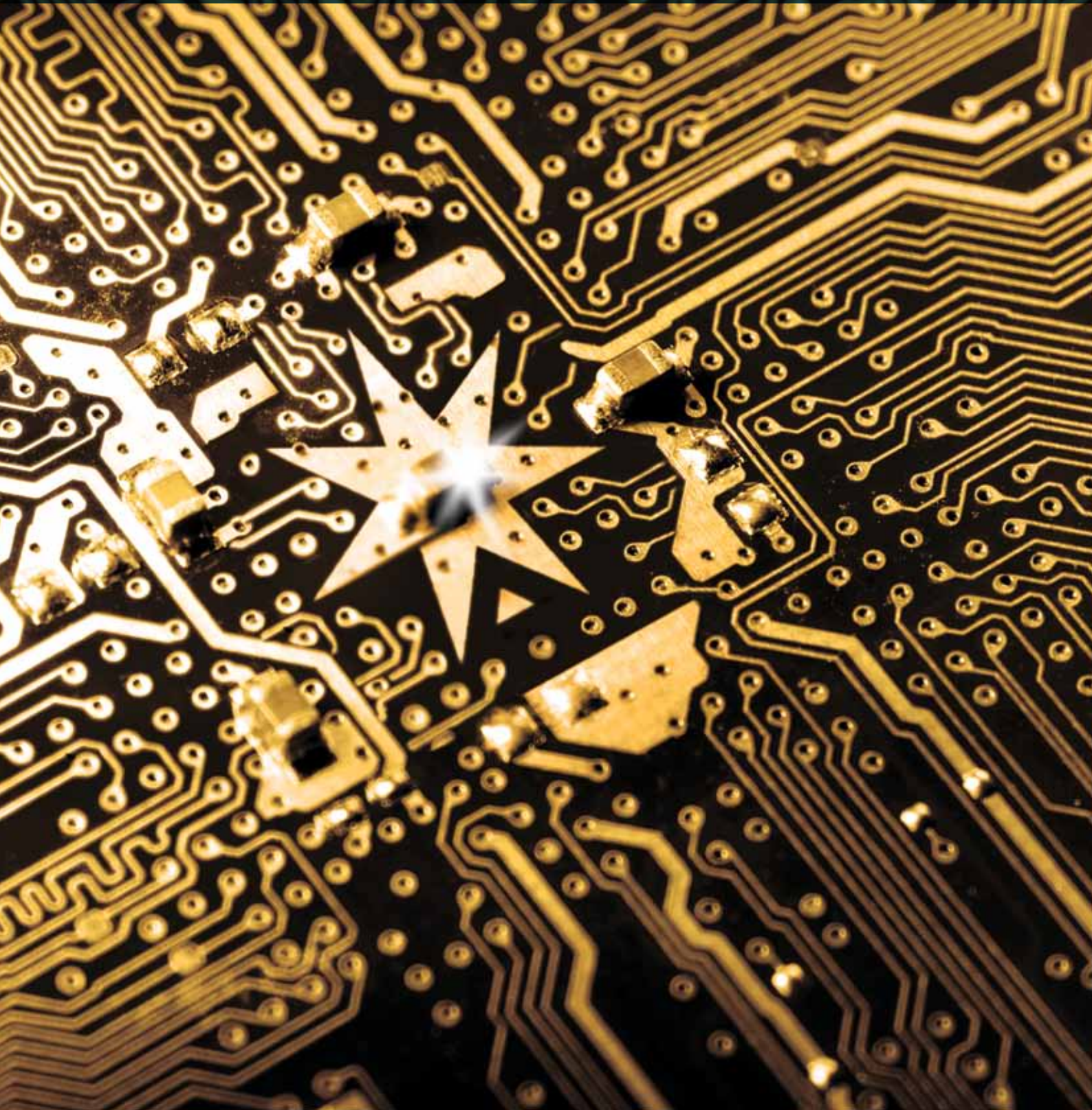


**THE STELLAR GROWTH EIS FUND EXECUTIVE SUMMARY**



## **Inheritance Tax**

An EIS investment is eligible as business property for **100%** relief against IHT after two years ownership

## **Income Tax**

**20%** relief up to a maximum of **£500,000** in any one year

**No Capital Gains Tax**  
**on any profit**  
made in an EIS investment

The tax treatment depends on the circumstances of each investor and may be subject to change in the future.

Important - for sophisticated investors only  
and not for general distribution

The Government budget statements have significantly affected pension planning for high earners and consequently an investment under the Enterprise Investment Scheme ("EIS") is, in our opinion, an alternative which should be considered.

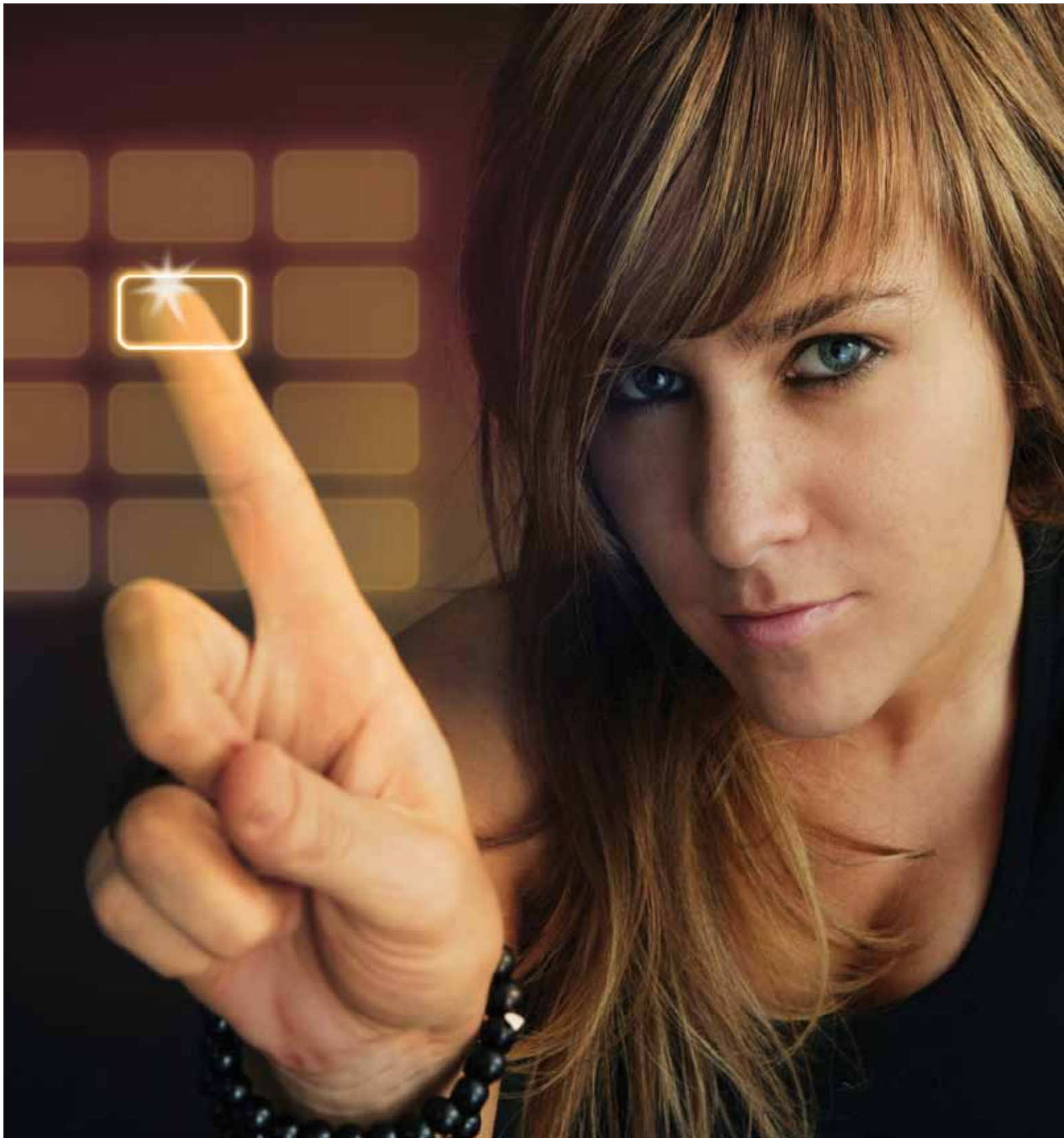
Stellar Asset Management ("Stellar") has established a fund to offer investors the opportunity of investing in the technology sector and enables investors to qualify for various tax reliefs currently available in an EIS. We have joined forces with Accretion Capital LLP ("Accretion"), whose management team has been known to us for many years, to launch this fund.

Accretion was set up in 2007 by Stephen Bellamy and Michael Bourne to focus on their particular area of investment expertise, technology companies. We are delighted that they are now stepping back into the retail area with this EIS product following their success with The First Close Technology Fund.

Whilst advisers are probably well aware of their track record, we are happy to produce a summarised record over the page.

## KEY POINTS

- **Proven investment management team**
- **Excellent track record**
- **EIS tax reliefs available**
- **Investing in revenue generating companies not start-ups**
- **Targeting high growth potential companies which face lack of funding**
- **Exceptional investment opportunities at reduced valuations**



## Summary of Tax Reliefs

The Stellar Growth EIS Fund will be an "unapproved" fund and therefore tax relief will be available to investors on the date that investments are made by the Fund

- Income Tax Relief at 20% up to a maximum of £500,000 invested in any one tax year.
- Up to 40% Capital Gains Tax Deferral if an EIS investment is

made within one year prior or three years after the gain.

- No capital gains tax on disposal of an EIS investment (where the conditions have been satisfied throughout the relevant period).
- Exemption from Inheritance Tax after two years.
- Loss relief available on any failed investment which limits any loss to 40p for every £1 invested (for higher rate tax payers).

The availability of the above reliefs will be subject to the investor and investee company satisfying the EIS conditions at the time of issue of shares as well as for the three years thereafter or three years following commencement of trading if later. Furthermore, the tax treatment depends on the individual circumstances of each investor and may be subject to change in the future.

The taxation analysis is based upon the current legislation, current case law, guidance published by HMRC and practice existing as of the date of this document. The foregoing authorities are subject to change and such changes may be retroactively effective. If so, the tax analysis set out in this document may be affected and may not be relied upon.

## The Strategy

Steve and Mike have updated their investment strategy to allow for current market conditions. Whilst naturally continuing to focus on the technology sector; they believe that many, later stage companies are being starved of new capital for expansion. This includes many well established, revenue producing companies with proven technology which have already achieved a public quotation. They will, therefore, focus on both established private companies and suitable companies quoted on AIM, which qualify for the EIS, as targets for investment. This, potentially, means a lower risk strategy than that adopted for the investments within The First Close Technology Fund.

Accretion will work with each company to agree an exit strategy in advance of any investment and will actively pursue that strategy. Investments will be made on a three to five year view. Exit is likely to be either by means of trade sale to a strategic buyer or a financial buyer or through a stock market sale of shares.

## The track record - The First Close Technology Fund

This EIS fund was launched in May 2000, raising approximately £9 million. Its objective was to act as a feeder fund for technologically advanced companies seeking early stage capital before moving to a wider public placing of shares. At

the time of launch this strategy of investing in early stage companies was selected because the price of quoted investments had risen and was continuing to rise significantly during the "dot com" market boom.

However, within only a few months of closing this fund, the dot com boom had turned to dot com bust and any thought of easy investment gains had evaporated with it. In our view, the excellent performance of this fund is a major testament to the investment skills of Mike Bourne and Steve Bellamy.

Whilst past performance is not a guide to future performance, an investment in The First Close Technology Fund was valued at £1.89 for every £1 invested (including

income tax relief and the remaining investments). This compares to a 52.5% decrease in the FTSE techMARK 100 index over the same period. Out of the 15 original investments made in 10 different companies, 13 have been realised and only 2 remain. The Internal Rate of Return of the fund to 30 June 2010 was, after allowing for the EIS income tax relief, 17.1%.

## Accretion

**Mike Bourne**, Chief Investment Officer at Accretion, has 24 years experience as a technology fund manager and is one of the most recognised names in technology investing. Mike made his name as founder and chief investment officer of Reabourne Investment Management Ltd and was the manager of the Finsbury Technology Trust from 1995 to 2007. During this period, he was also responsible for the investment strategy of all other Reabourne funds as well as technology adviser to The First Close Technology Fund. Of these funds, no less than three were consistently awarded "best of breed" accolades from a wide range of sources.

**Steve Bellamy**, CEO of Accretion, has fifteen years operational & strategic business experience (in both an executive & non-executive capacity) and sixteen years investment experience (both quoted & venture/private equity related).

**Pierce Casey**, Chairman, is a private equity specialist and an entrepreneur with twenty five years investment experience including having been a director of Alchemy Venture Partners and of Apax Partners.

Mike Bourne, Steve Bellamy and Pierce Casey offer investors their very significant and successful investment management skills in the UK technology sector.

Further information on Accretion can be found at [www.ac-llp.com](http://www.ac-llp.com)

**Awards** Mike was founder and chief investment officer at Reabourne Investment Management Limited which won the awards opposite.

Finsbury Technology Trust plc	(i) techMARK Fund manager of the year 2000 (ii) 1st Place, 3 & 5 Years for UK Investment Trusts, Spec. TMT, Standard & Poor's Fund Awards 2001, 2002 & 2003
Close Finsbury EuroTech Trust plc	(i) Technology Fund Manager of the Year 2003, techMARK Awards (ii) Best Specialist Trust 2003, Investment Trusts Magazine (iii) Technology Fund Manager of the Year 2005, techMARK Awards (iv) Best Specialist Trust 2005, Investment Trusts Magazine
Close Finsbury Global Technology Fund	(i) 1st Place, 1 Year Registered for Sale Fund, TMT Global sector, Standard & Poor's Fund Awards 2002 (ii) Winner Equity Sector Technology, Lipper Citywire Awards 2004 (iii) One & Five Years - 1st Place for UK Marketed Funds TMT Global Sector, Standard & Poor's Fund Awards 2004 (iv) Five Years - 1st Place for UK Marketed Funds TMT Global sector, Standard & Poor's Fund Awards 2005

**DETAIL****DESCRIPTION**

Name	The Stellar Growth EIS Fund
Structure	Discretionary portfolio
Sponsor & Fund Manager	Stellar Asset Management Limited
Investment Adviser	Accretion Capital LLP
Investment Objective	Capital growth over the medium term
Initial Charge	5.75%
Annual Management Charge	1.5% of funds raised from which trail commission will be paid
Investment Method	Lump sum
Minimum Initial Investment	£10,000
Fund raising	Minimum £1,500,000 Maximum £10,000,000
Commission	Initial 2.5%
	Renewal commission rate 0.5%
Performance benchmark	20% (payable on realisation of each of the Fund's investments over and above the investors' investment in each investee company)
Reporting Period End	30 June – annual
	31 December – interim
First Reporting Period	30 June 2011

Any investment should only be made on the information contained in the Information Memorandum and associated application form.



# IMPORTANT INFORMATION

## Important - For sophisticated investors only and not for general distribution.

Any person who is in any doubt about the opportunity referred to in this document should consult a person authorised by the Financial Services Authority (the "FSA") specialising in EIS investments. Stellar does not offer investment or tax advice or make recommendations regarding investments. This document may be incomplete or condensed and it may not contain all material information including information about risks associated with this investment. Any decision to invest

must only be made on the basis of the Information Memorandum and the risk factors set out therein.

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November 2010

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