



A Growth Story

The Seneca IHT Service

Inheritance Tax - in a nutshell

Inheritance Tax ("IHT") is charged on the value of the items and money you leave to your beneficiaries when you die. Some of your assets are free from this tax (see below) but those that are not will be taxed at 40%.

Inheritance tax

Anything left to your spouse should be exempt from Inheritance Tax. For other beneficiaries, the first £325,000 of your assets are free from this tax: this is known as the 'individual nil rate band'. In addition, there may be a further 'residence nil rate band' which can apply to the value of a family home in certain circumstances.

Business Relief (formerly known as Business Property Relief) was introduced in 1976 as a way of encouraging investment into unquoted trading businesses and to prevent them being broken up in order to pay Inheritance Tax.

Business relief

If you leave shares that qualify for Business Relief to your beneficiaries and have owned them for at least two years at the time of your death*, **no Inheritance Tax should be due on the value of those shares.**

Please speak to your tax adviser for further information.

**This qualifying period may be less where your Subscription has previously been held in another asset that qualified for Business Relief.*

How the underlying trade operates



Seneca Partners Ltd is an award winning, specialist SME investment and advisory business headquartered in the North West of England. Seneca specialises in equity and lending based investments with the aim of providing growth and income for its investors.



The wider Seneca family of companies has over £200 million of funds under management for advisers and their clients throughout the UK.



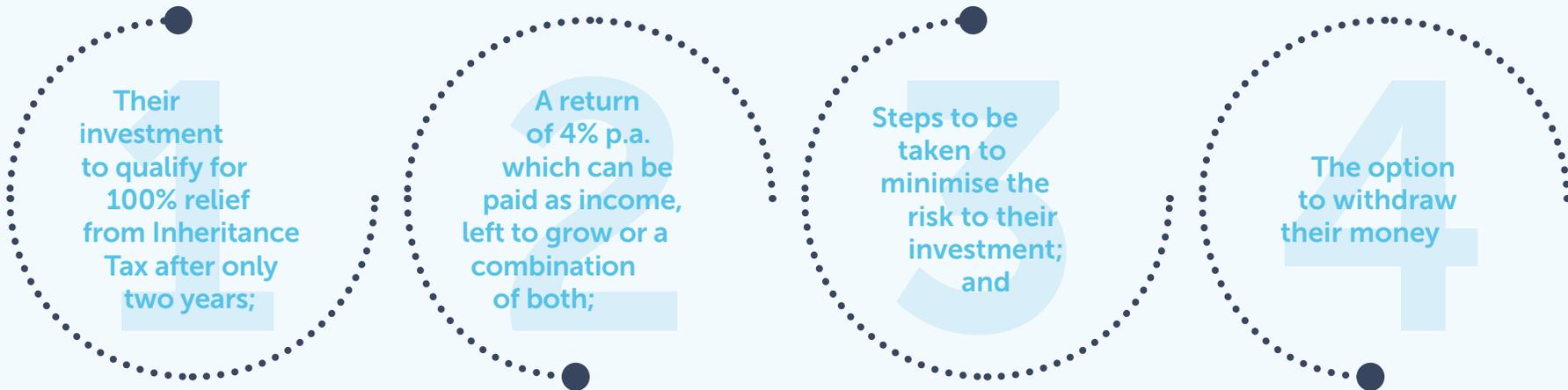
Lending is a core trading activity for the wider Seneca family of companies, with over £160 million having been lent across more than 1,500 loans. This lending includes Commercial Property, Assisted Living, Asset and Trade Finance, Property Development and Bridging Loans.



Tangible security is taken in support of all loans with the sole purpose of minimising the risk to investors' capital.

Who invests in the Seneca IHT Service?

The Seneca IHT Service ("Service") is aimed at investors who are looking for:



Your capital is at risk and you may get back less than you invest. Income and/or growth are not guaranteed. As long as you have invested in the Service for at least 12 months, you can give 3 months' notice to withdraw some or all of your money. A Withdrawal Fee may apply.

Solving the typical IHT problem using business relief

This is Anthony. He is 66 years old and married with children and grandchildren. He and his wife own their own home and Anthony has a healthy pension and investment portfolio. Whilst he hopes to have a few years left in him, Anthony would like to increase the value of his legacy for his children and grandchildren.

At this stage, Anthony does not want to make a substantial gift to his children and would prefer to avoid further exposure to stock markets or what he views as complicated arrangements (such as setting up a trust).

Whilst he doesn't require an income from his investment, Anthony would like to have access to his capital in case he needs it to pay for care in later life.

Anthony has spoken to his financial adviser who has suggested the Seneca IHT Service as a simple way in which Anthony can reduce the amount of Inheritance Tax that will be due on his estate.



His adviser starts by comparing the differences in tax treatment between investing £100,000 in the Service to making an investment without any IHT planning:

	No IHT Planning	Seneca IHT Service
Initial Investment	£100,000.00	£100,000.00
All Upfront Fees*	-	(£2,675.58)
Amount Invested*	£100,000.00	£97,324.42
*Assumes 2 Year Growth at 4% p.a	£108,160.00	£105,226.09
Inheritance Tax at Death (charged at 40%)	(£43,264.00)	£0.00
All Exit Fees	-	(£261.04)
Cash Value to Beneficiaries	£64,896.00	£105,005.05

* Assumes that we have not been asked to facilitate any advice fees

In this example, the beneficiaries would receive over £40,000 more assuming we have not been asked to facilitate any advice fees.

Anthony is interested and would like to know more.

“If I invest, how will my money be used?”

The company (or companies) in which your money would be invested provide secured commercial loans to UK businesses. Each loan is secured against the borrowers’ assets which may include property, receivables, plant and machinery, stock and/or vehicles.

An example of one such company is Seneca Secured Lending Limited (“SSL”). SSL’s trading activities are consistent with the objectives of investors seeking growth from their investment in the Service. Any profits made on the loans are retained in the business helping to increase the value of your investment.

SSL’s lending activity is spread across hundreds of underlying borrowers with a number of different types of asset taken as security in support of the loans made.

“Is it linked to Stock Market performance?”

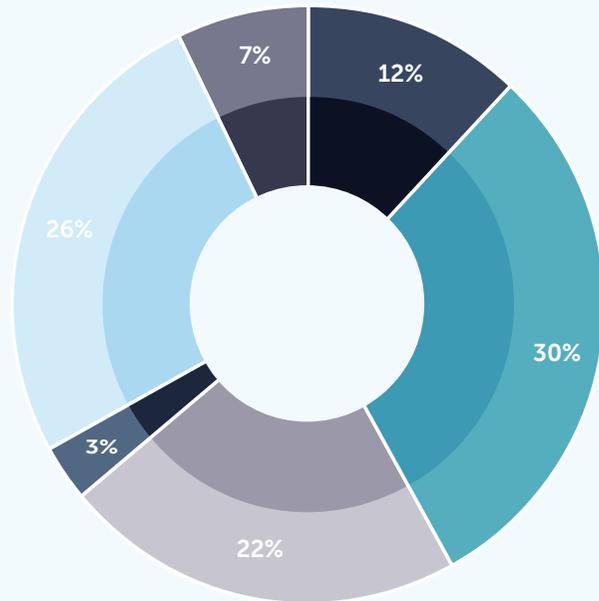
No. The Service only invests in private limited companies, none of which are listed on any stock market. Each company’s share price is therefore based on its net asset value (“NAV”) and has no correlation with share price movements of quoted companies, such as those that make up the Alternative Investment Market (“AIM”).

Your capital is at risk and you may get back less than you invest. Income and/or growth are not guaranteed.



“What type of loans have been made?”

The underlying asset classes providing the security for SSL’s Loan Book are currently as follows:



■ Receivables ■ Vehicles ■ Commercial Property ■ Stock
■ Residential Property ■ Corporate Loans

Please note that the companies in which the Seneca IHT Service invests and the composition of their loan books may change over time, particularly as loans are repaid and new loans are made.

“How has the Service performed?”

The following graph shows the NAV per share for Seneca Secured Lending Ltd as at 30th September for each of the last five years:



The Service opened in April 2014, with a share price of £1 per share. To date, every investor who invested for growth and has held their shares for at least 2 years has seen their investment grow.

Figures shown are correct as at February 2021. Your capital is at risk and you may get back less than you invest. Past performance is not a guide to future returns.

“Can I withdraw my investment if I need access to my money?”

Once you have held your investment for 12 months, you can give three months’ notice to withdraw some or all of your money, subject to certain fees and funds being available to redeem the shares. Withdrawing any funds may remove any IHT saving.

This could be particularly useful if you need to pay for your long term care in the future.

“What does it cost to invest in the Service?”

The following table summarises the fees charged by the Service:



Upfront Fees

Initial Fee

2.0%
+ VAT

(increasing to 3.0% + VAT if you invest without having received financial advice from a financial adviser)

Administration Fee

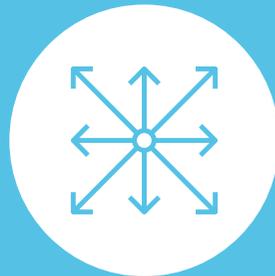
£35
+ VAT

(only charged for your first investment into the service)

Share Purchase Fee

0.2%
+ VAT

of the cost of the shares purchased



Ongoing Fees

We do not charge an AMC (“Annual Management Charge”) to investors.

(Investee companies are responsible for their own running costs. These are capped at 3% + VAT p.a and include a payment of up to 1% p.a + VAT as an annual management charge)



Withdrawal Fees

Administration Fee

1%
+ VAT

except where the withdrawal follows the death of the investor

Bank Payment Fee

£7
+ VAT

(increasing to £25 + VAT for Amounts over £250,000)

Share Sale Fee up to

0.2%

of the value of shares sold

In certain circumstances, Stamp Duty may be charged on the value of the shares sold. This is currently charged at 0.5%.



For more information contact us at:

Seneca Partners Ltd, 9 The Parks,
Newton-Le-Willows, WA12 0JQ

T: 01942 271746

**E: clientteam@senecapartners.co.uk
senecapartners.co.uk**

Authorised and Regulated by the Financial Conduct Authority
Version 2 March 2021



Important information and key risks

This brochure has been published by Seneca Partners Ltd ("Seneca" or "we"), the Manager of the Seneca IHT Service ("the Service").

You should base any decision to invest solely on the contents of the Information Memorandum, paying particular attention to the risks detailed in it, and our Terms and Conditions. We recommend that you seek advice from your financial adviser before making an investment.



You may lose money

The Service invests in companies whose strategy is to preserve capital by taking security in support of the loans they make. Despite this, it is possible that those loans may not be repaid in full or at all, resulting in losses that affect the value of your investment. When your shares are sold, the Net Asset Value of the investee companies may be lower than it was at the time you invested. Alternatively, the price achieved may not represent the full Net Asset Value of those shares in the investee companies.



Growth is not guaranteed

If you have invested for growth, the amount of any future growth in the value of your investment is not guaranteed.



Income is not guaranteed

If you have invested for income, the amount of any future dividends is not guaranteed.



It may take longer to withdraw your money

Your investment will be used to buy shares in one or more unquoted companies. This type of investment generally carries a higher degree of risk. There is no market in which these shares can be traded and therefore they can be more difficult to sell. Withdrawal requests are facilitated by the disposal of shares held and are therefore conditional on either someone being willing to buy the shares or cash being available in the relevant investee companies to redeem them. Whilst we will make every effort to fulfil all withdrawal requests once the three month notice period has elapsed, there may be a delay in meeting such requests if we have been unable to dispose of your shares (for example, where we have received withdrawal requests from a number of investors at the same time).



Changes to Tax Rules and Legislation

The Service relies on the current legislation and interpretation relating to Business Property and HMRC practice. These could change in the future, affecting the potential tax benefits of your investment. The value of and qualification for tax reliefs depend on your personal circumstances.