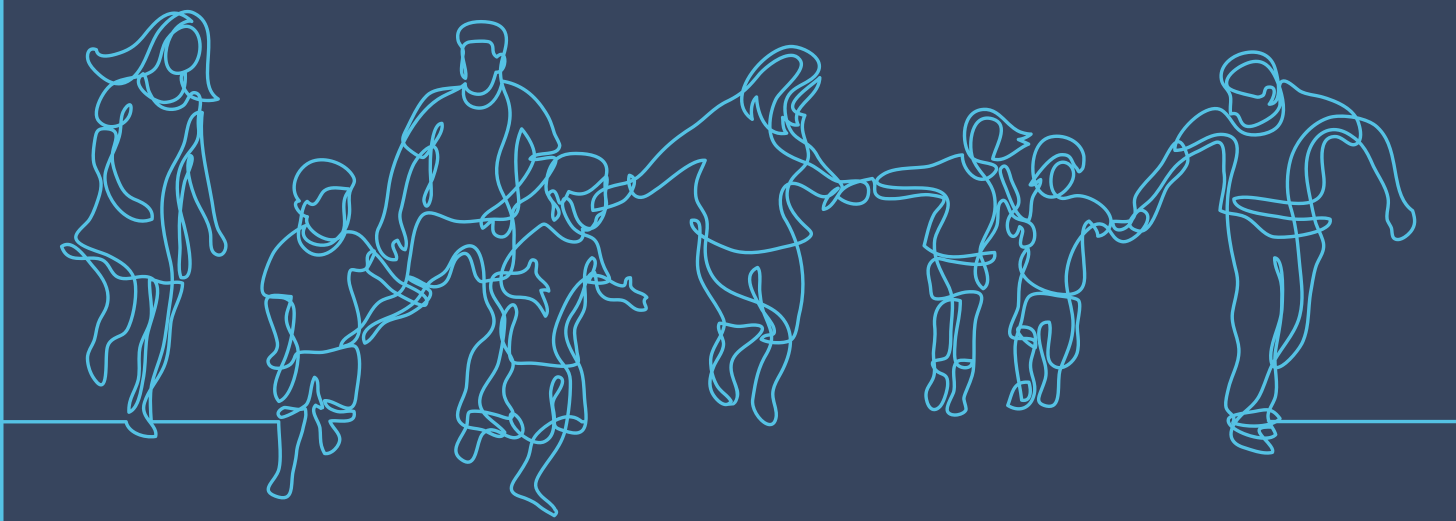
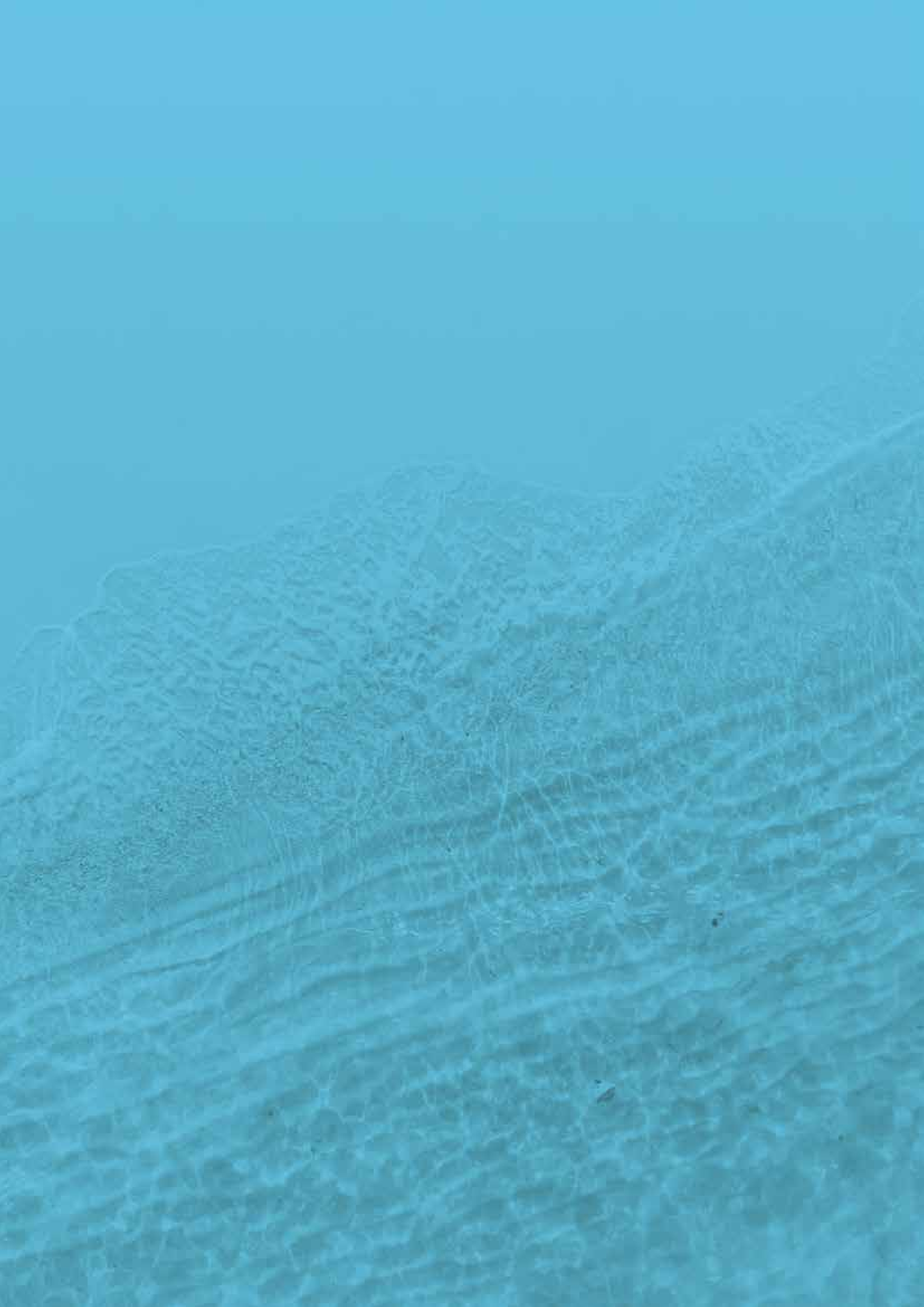
The Seneca IHT Service

Planning your family's inheritance

Information Memorandum



SENECA PARTNERS



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Important information

The Seneca IHT Service is not a simple product and may be difficult to understand.

The Seneca IHT Service is a discretionary service, where investment decisions are made by Seneca Partners Ltd, the Manager of the Service.

Don't invest unless you are prepared to lose all of the money you invest. This is a high-risk investment and you are unlikely to be protected if something goes wrong. Please take two minutes to learn more by reading the Risk Summary on page 3.

Before you decide to invest, please make sure that you understand the contents of this Information Memorandum and are satisfied that this is a suitable investment for you, bearing in mind your own personal circumstances. If you are in any way unsure, you should seek advice from a qualified financial adviser. Please note that Seneca does not offer or give advice on investments, taxation or legal matters.

Whilst every effort is made to ensure that all shares purchased will qualify for Business Relief, the Manager cannot guarantee that this will be granted in the event that you die whilst an investor in the Service.

Please remember that tax rules and regulations may change and in doing so may affect whether your investment qualifies for Business Relief. In addition, such qualification will depend on your personal circumstances.

The Manager has made every effort to ensure that the content of this Information Memorandum is accurate and that it is presented in a fair and clear way. Seneca does not accept responsibility for any reliance placed on any opinions expressed in this document or liability for information obtained from public or third-party sources. This Fund is designed for UK investors only.

All figures and information provided within this document are correct as at April 2024, unless otherwise stated. The Manager reserves the right to update this Information Memorandum from time to time.

Risk summary

(Estimated reading time: 2 minutes)

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

What are the key risks?

1. **You could lose all the money you invest**

   - If the business you invest in fails, you are likely to lose 100% of the money you invested.
   - Many of the loans ultimately financed by your investment are made to borrowers who can't borrow money from traditional lenders such as banks. These borrowers have a higher risk of not paying back their loan.
   - Advertised rates of return aren't guaranteed. If a borrower doesn't pay back their loan as agreed, you could earn less money than expected. A higher advertised rate of return means a higher risk of losing your money.

2. **You are unlikely to be protected if something goes wrong**

   - Protection from the Financial Services Compensation Scheme (FSCS), in relation to claims against failed regulated firms, does not cover poor investment performance. Try the FSCS investment protection checker at https://www.fscs.org.uk/check/investment-protection-checker/.
   - Protection from the Financial Ombudsman Service (FOS) does not cover poor investment performance. If you have a complaint against an FCA-regulated firm, FOS may be able to consider it. Learn more about FOS protection at https://www.financial-ombudsman.org.uk/consumers.

3. **You won't get your money back quickly**

   - Some of the loans financed by your investment will last for several years. You may need to wait for your money to be returned even if the borrower repays on time.
   - Some Managers may give you the opportunity to sell your investment early through a 'secondary market', but there is no guarantee you will be able to find someone willing to buy.
   - Even if your agreement is advertised as affording early access to your money, you will only get your money early if someone else wants to buy your shares or the company in which you are invested has sufficient available capital to buy them from you. If no one wants to buy, it could take longer to get your money back.
   - If you are investing for growth, you should not expect to get your money back through dividends as the Service is not designed to pay dividends to investors seeking growth. If you are investing for income, it will take at least 25 years to get your money back purely through dividends.

4. **Don't put all your eggs in one basket**

   - Putting all your money into a single business or type of investment for example, is risky. Spreading your money across different investments makes you less dependent on any one to do well.
   - A good rule of thumb is not to invest more than 10% of your money in high-risk investments. (See https://www.fca.org.uk/investsmart/5-questions-ask-you-invest).

5. **The value of your investment can be reduced**

   - The percentage of the business that you own will decrease if the business issues more shares. This could mean that the value of your investment reduces, depending on the basis on which these new shares are issued.
   - If these new shares have additional rights that your shares don't have, such as the right to receive a fixed dividend, this could further reduce your chances of getting a return on your investment.

If you are interested in learning more about how to protect yourself, visit the FCA's website at www.fca.org.uk/investsmart

About Seneca Partners

Seneca is an award-winning specialist SME investment and advisory business. Formed in 2010 and Headquartered in the North West of England, our team brings together decades of experience across a range of sectors including private equity, corporate finance, wealth management, accountancy and stockbroking to provide innovative investment solutions for investors, the majority of which benefit from a variety of well-established tax reliefs. Seneca Partners currently has in excess of £100 million of tax advantaged investments under management in the IHT, EIS and VCT space.

Seneca is also the founding member of a similarly branded network of companies which includes Seneca Property Investments Limited, which currently manages in excess of £75 million of property assets. Other activities also include the provision of secured commercial finance across a variety of assets including Commercial Property, Residential Property in the Assisted Living sector, Asset and Trade Finance, Stock Finance and Vehicle Finance. To date, over £160 million has been lent across more than 2,000 loans.

Seneca has been the manager of the Seneca IHT Service since its launch in 2014, responsible for the administration and management of each investor's portfolio. It will also monitor the lending activities of the companies in which the Service invests.

Keeping in touch

We believe that we should be accessible to any of our investors. Rather than use a call centre, we have our own in-house Client Relationship Team based in our Newton-le-Willows office.

You can call us on:
01942 271 746

or email us at:
clientteam@senecapartners.co.uk

or even pop in to see us.

SENECA PARTNERS

Oversight of the Seneca IHT Service

The operation of the Seneca IHT Service and the lending activities of the companies into which it invests are over seen by members of the board of Seneca Partners Ltd who have extensive debt and corporate finance experience.

Tim Murphy

Tim is a director and co-founder of Seneca Partners. Tim commenced his finance career with Barclays in 1983 before joining County Natwest in 1990. In 1993, Tim joined The Royal Bank of Scotland and later became Joint Managing Director of their Mid-Cap Structured Finance business. In 2005, he was hired by Deloitte (Manchester) as a corporate finance partner and, after a successful spell, joined HBOS as UK Managing Director Large Corporate. Tim joined Seneca in 2012 from NorthEdge Capital, where he was a founder partner of the business. Tim has been a continuous member of the credit and investment committees at Seneca, and has played a key role in the development of Seneca's debt and private equity businesses including the Seneca IHT Service.

Ian Currie

Ian is a director and co-founder of Seneca Partners. He qualified as a chartered accountant with KPMG before working in Corporate Finance with firms including Peel Hunt & Co, Apax Partners and Altium Capital. Ian sits on the board of directors of Hedley & Co Stockbrokers, is a partner of Palatine Private Equity LLP and is on the Board of Trustees for the Lowry Arts Centre in Manchester. Ian has been a continuous member of the credit and investment committees at Seneca. Ian has been involved in all of the development of Seneca's debt and private equity businesses including the Seneca IHT Service.

Richard Manley

Richard is a co-founder and CEO of Seneca Partners. He qualified as a chartered accountant with KPMG in 2004, joined NM Rothschild's leveraged finance team in Manchester in 2007 before joining Cenkos Fund Managers in 2008. Richard joined Seneca on launch in 2010. Richard has been involved in the development of all areas of Seneca's business and played a key role in its journey from start up to managing more than £100m. Richard has been a continuous member of Seneca's investment and credit committees. Richard has been involved in the development of all areas of Seneca's operations including the Seneca IHT Service.

Matt Currie – Portfolio Manager

Matt is an ACA qualified Chartered Accountant and holds both a degree in Business Management & Finance and the CFA Investment Management Certificate. He has previously worked for Deloitte and within the Structured Finance Team at RBS.

Inheritance Tax – in a nutshell

Inheritance Tax

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%.

Anything left to your spouse should be exempt from Inheritance Tax (IHT). However, if you are leaving your estate to other beneficiaries, it is only the first £325,000 of your assets that are free from Inheritance 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. For the period from 6th April 2020 to 5th April 2026, this 'residence nil rate band' is £175,000.

In addition to these 'nil rate bands', there are a number of ways to reduce your family's exposure to IHT, such as insurance policies, gifts and trusts. These have varying degrees of cost and complexity and each take different lengths of time to become effective. However, these methods can involve the loss of control or access to your assets (potentially permanently).

In April 2024, HMRC reported that IHT receipts for the 2023/24 tax year were a record £7.5bn. This amount paid each year is expected to continue rising, with the OBR (Office of Budget Responsibility) predicting an annual figure of £9.7bn for the 2028/29 tax year.

Business Relief

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.

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.

Business Relief is assessed by HMRC on a case by case basis and only when an investor dies. It is not possible to guarantee qualification in advance nor obtain any form of "advance assurance" that it will apply.

Finding out more

Your financial or tax adviser can give you further details about 'nil rate bands', Business Relief and other ways in which you might be able to mitigate the Inheritance Tax due on your estate. You can also obtain further information from the HM Revenue and Customs website (www.hmrc.gov.uk).

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

How the Seneca IHT Service works

This is a discretionary service managed by Seneca Partners. After the deduction of any applicable fees, Seneca will use the money you invest to buy shares on your behalf in one or more investee companies. These shares are expected to qualify for Business Relief, once you have held them for 2 years.

Target market

The IHT Service is designed to appeal to investors who are looking to reduce the amount of Inheritance Tax that will be paid on their estate. They will have experience of investing in tax advantaged investments (eg. EIS, VCT) or buying shares in FTSE 100, FTSE 250, smaller quoted (e.g. FTSE 350), AIM quoted or unquoted companies.

Those investors will understand what factors drive the movement of share prices and how in turn that impacts the value of the product. They will also understand and accept the risks associated with making an investment in the Service (see pages 18 to 19). Their current financial situation will mean that they do not need access to the amount they invest for at least three years or need a guaranteed income from it. They should also be able to withstand the loss of some or all of the amount they invest.

You should not invest in this Service if you lack the requisite knowledge and experience, are looking to invest for less than three years, need your investment to pay a guaranteed income or are risk averse or have a low tolerance to risk.

The aims of the Service

The aims of the Service are:

- To invest your money in such a way that it should qualify for 100% relief from Inheritance Tax after only two years.
- To minimise the risk to the amount you invest.*
- To generate a return of 4% p.a.* which can be paid to you as income, left to help your investment grow or a mixture of the two.

The Manager will:

- Only invest in investee companies that have the ability to provide a sustainable return, whether as growth or income
- Monitor the activities of the investee companies to ensure that they act in a way that is consistent with the aims of the Service.

Further details of how an investee company might use your money are included on page 11.

If your circumstances change

Over time, your circumstances might change. For example, you may need to access the money you have invested in the Service in order to pay for long term care.

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. If you do, a Withdrawal Fee will apply. Please see page 20 for further details.

**Please note that target returns are not guaranteed and you may get back less than you invest.*

Do you prefer income or growth?

The Seneca IHT Service has a target return of 4% per annum.** By investing in the shares of different investee companies, the Manager aims to deliver this return to investors as income or growth, or as a mixture of both.

Investing for growth

Any growth is delivered by the Service investing in the ordinary shares of one or more companies such as Seneca Secured Lending Ltd (see page 11 for further information). The strategy of these companies is to retain the profits they generate which in turn should increase the value of your shareholding.

Investing for income

If you invest with the intention of receiving an income, this is delivered by the Service investing in the ordinary shares of one or more companies such as Seneca Secured Finance Ltd. In this case, the strategy of the investee companies is to pay quarterly dividends in order to provide you with a regular income*.

Investing for both

By electing to split your investment between these two strategies, you may also receive a mix of income and growth. See our frequently asked questions section on page 13 for further information on how this might work.

Please note that the amount and payment of each dividend is not guaranteed.
***Target returns are not guaranteed and you may get back less than you invest.*

How and when income payments are made

If you have invested with the intention of receiving an income, any income will be paid by way of dividend, subject to the relevant company or companies in which you have invested having adequate distributable reserves at the end of each quarter. The payment dates on which any income will be paid are on or around 15th January, 15th April, 15th July and 15th October each year.

Please note that income will accrue from the date your shares are allotted (the Allotment Date) rather than the date you pay your subscription. Shares are allotted four times a year, in line with the following timetable:

Completed Application and Cleared Funds Received by Seneca	Shares Allotted on or around	1st Dividend Period End Date on or around	1st Dividend Paid on or around
1st January to 31st March	1st April	30th June	15th July
1st April to 30th June	1st July	30th September	15th October
1st July to 30th September	1st October	31st December	15th January
1st October to 31st December	2nd January	31st March	15th April

Where the due date falls on a weekend or is a bank holiday, the due date will move to the next working day.

The allotment dates mentioned in the table above only refer to shares purchased when investing for income. If you are investing for growth, shares are allotted within 10 days of us receiving a correctly completed application form and cleared funds.

An example of how the IHT Service works

How Anthony's children could save almost £40,000

This is Anthony. He is 66 years old and having worked hard all of his life, has managed to build up a reasonable portfolio of investments. His financial adviser has explained to him that his home and other assets will use up his available nil rate bands, leaving his children to pay inheritance tax on the balance of his estate.

Anthony is looking for a simple way in which he can reduce the amount of Inheritance Tax that will be due but does not want to make a substantial gift to his children at this stage. His adviser has explained that it can take up to 7 years for a gift to be free from Inheritance Tax and in any case, Anthony would like to have access to any money he invests in case he needs it to pay for care in later life.

Anthony's financial adviser has recommended that he consider investing in the Seneca IHT Service and Anthony has decided that he would like to invest £100,000. He is not looking for an income from his investment.

After the deduction of the initial fee, £97,900 is available for investment. This amount will be used to buy shares and pay the dealing fee for purchasing those shares. For example, if the share price is £1.26 per share, Anthony's portfolio will comprise of 77,235 shares purchased at a cost of £97,316.10 (after the payment of a dealing fee of £583.90).

If we assume that the 4% pa growth target is met, his shares should have increased in value from £97,324.39 to £105,257.09 after two years and no longer be subject to Inheritance Tax. This represents a saving of over £39,000 (compared to having no IHT planning in place).

	No IHT Planning	Seneca IHT Service
Initial Investment	£100,000.00	**£100,000.00**
All Upfront Fees*	-	**(£2,683.90)**
Amount Invested*	£100,000.00	**£97,316.10**
Assume 2 Years Growth at 4% pa*	£108,160.00	**£105,257.09**
Inheritance Tax at Death (charged at 40%)	(£43,264.00)	**£0.00**
All Exit Fees	-	**(£1,263.09)**
Cash Value to Beneficiaries	£64,896.00	**£103,994.00**

Equally, if Anthony's circumstances do change, he can give three months' notice to withdraw some or all of his funds, subject to certain fees (see page 20) and funds being available to redeem the shares. Whilst withdrawing any funds may remove any IHT saving, Anthony should be able to access his investment when needed (subject to giving 3 months' notice).

**Assumes that no advice fees are to be facilitated via the Service.*

Please note that target returns are not guaranteed and you may get back less than you invest.

One of the companies we currently invest in

One of the investee companies that the Seneca IHT Service currently invests into is Seneca Secured Lending Limited. This is a UK based company with assets in excess of £34m and which targets growth of 4% per annum.

Seneca Secured Lending's trading activities are consistent with the objectives of Seneca's IHT Service and are focused on the provision of secured loans to UK based corporates.

These loans are usually secured against the borrowers' assets which may include property, receivables, plant and machinery, stock and/or vehicles.

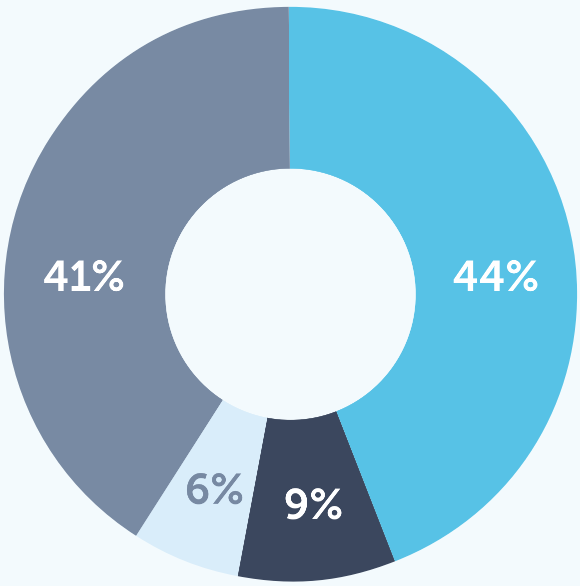
The lending activity of Seneca Secured Lending is managed by Seneca to ensure that the loan book is diversified across a variety of underlying asset classes and borrowers and that the return on these loans will produce returns consistent with the targets of Seneca's IHT Service.

Seneca Secured Lending's loan book

Diversifying the loan book helps to increase the spread of assets over which Seneca Secured Lending has taken security in respect of its loans and therefore reduces concentration risk.

The underlying asset classes providing the security for Seneca Secured Lending's Loan Book as at 31st March 2024 were as follows:

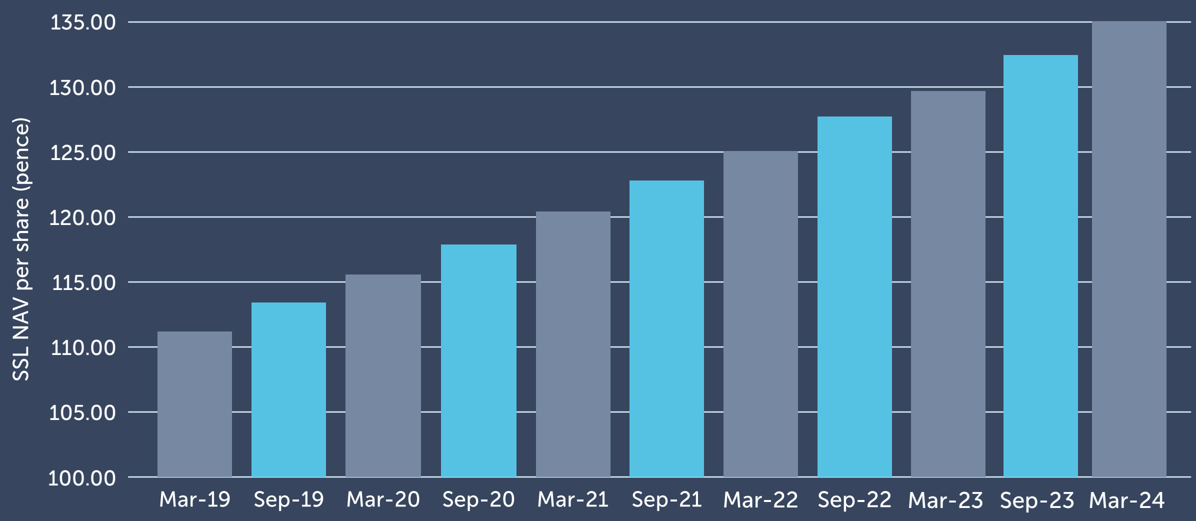
Asset Based Lending (Stock)	**41%**
Property (Commercial)	**44%**
Asset Based Lending (Vehicles)	**9%**
Property (Social Housing)	**6%**



Investors should note that the companies in which the Seneca IHT Service invests and the composition of their loan books may change over time.

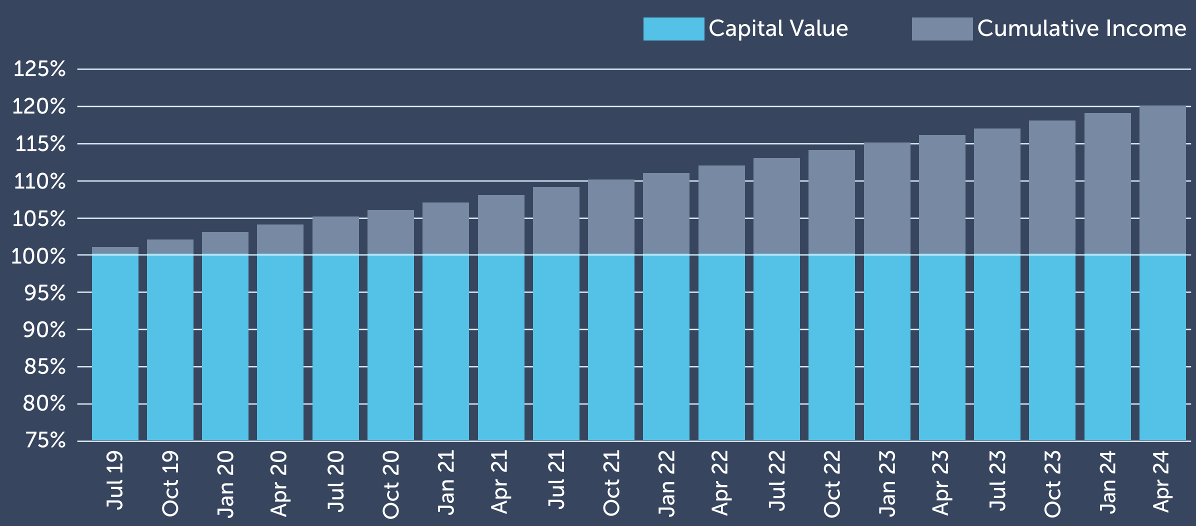
The historic performance of the growth option

The following graph shows the Net Asset Value ("NAV") per share for Seneca Secured Lending Ltd over the last five years.



The historic performance of the income option

Since October 2017, the Seneca IHT Service has offered an alternative investment strategy for those investors looking for income. Since its launch, the target income has been paid in full and on time. In addition, investors have seen the value of their capital maintained throughout.



Figures shown are correct as at April 2024 and exclude any fees that may be charged upon withdrawal. Past performance is not a guide to future returns. Target returns are not guaranteed and you may get back less than you invest.

Frequently asked questions

How much can I invest?

Whilst we do not set a minimum investment amount, there is a minimum initial fee of £500 + VAT. If you are thinking about investing a smaller amount (say below £20,000), you should carefully consider the impact this minimum fee will have on the amount available for investment. The Service does not have a maximum investment amount.

How much income can I take?

The Service is designed to generate a target return of 4% p.a. Your investment options are:

- To invest 100% of your subscription for growth
- To invest 75% of your subscription for growth and 25% for income
- To invest 50% of your subscription for growth and 50% for income
- To invest 25% of your subscription for growth and 75% for income
- To invest 100% of your subscription for income

So, for example, you might opt to invest 75% of your Subscription for income (in effect aiming for 3% income + 1% growth).

Is the return of 4% p.a. guaranteed?

No it is not. The return may be lower or indeed your investment may fall in value.

Who is the Custodian?

Prior to shares being allotted, your Subscription will be held by **Woodside Corporate Services Limited**, who act as the custodian of the Service. Woodside Corporate Services Limited ("Woodside") is a company registered in England and Wales, whose registered office is at **1st Floor, 12-14 Mason's Avenue, London, EC2V 5BT** and which is authorised and regulated by the Financial Conduct Authority (reference 467652).

Once your shares are purchased, Woodside will use WCS Nominees Ltd to act as the Nominee, holding shares in the relevant Investee Companies on your behalf.

Will my subscription be invested immediately?

This will depend on whether you are investing for income or growth.

Where you are investing for growth, your Subscription will normally be used to purchase shares within 10 working days of the Custodian receiving your Subscription.

Where you are investing for income, your Subscription will be used to purchase shares on the next quarterly Allotment Date as long as the Custodian has received cleared funds prior to that date (see page 9 for further information).

In exceptional circumstances, purchasing your shares may take longer, for example where doing so in the usual timeframe may disadvantage you or any existing investors. If your Subscription is not going to be used to purchase shares within the usual timeframe, the Manager will inform you or your financial adviser.

What type of shares are purchased?

Whether you are investing for income or growth, you will be allotted ordinary shares in one or more investee company.

When will the two-year qualifying period for Business Relief start?

The two-year qualifying period will commence at the point that your shares in the investee companies are allotted (i.e. on the relevant Allotment Date). This is not the date you make your investment.

Your two-year qualifying period may have started prior to the allotment of shares where your Subscription has previously been held in another asset that qualified for Business Relief. Please speak to your tax adviser for further information.

Do I control my shares?

Whilst your shares are held by a nominee, you are the beneficial owner and you can request that they be redeemed at anytime, subject to the required notice period (see below). However, day to day decisions relating to your shares (such as voting at general meetings) will be made by the Manager on your behalf, in accordance with the Terms and Conditions of the Service.

How often do you value my shares?

Your investment will be revalued twice a year as at 31st March and 30th September.

When shares are purchased on your behalf, the share price used will be set by the directors of the investee companies in which your money is being invested. In the normal course of events, this will be based on each respective investee company's most recent monthly management accounts.

When shares are sold on your behalf, the share price used will be set by the directors of the company or companies in which your money is invested. In the normal course of events, this will be based on the last half yearly share valuation.

How do I follow the progress of my investment?

A valuation will be sent to you every three months, showing details of your investment as at 16th January, April, July and October. Please allow up to four weeks for each valuation to arrive. You and your financial adviser can also request access to the manager's Online Portal. This allows you and your adviser to view your investment and also download current and previously issued valuations.

How do I withdraw money from the Service?

You can request the withdrawal of some or all of your investment by giving at least three months' notice. If you wish to withdraw a part of your investment rather than all, you must withdraw at least £5,000 and leave a minimum of £25,000 invested. All withdrawals are subject to certain fees (please see page 20).

Withdrawal requests are facilitated by the sale of shares held in your name 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.

In the normal course of events, the Manager will fulfil all withdrawal requests by the end of or before the three-month notice period. However, in exceptional circumstances, there may be a delay in meeting such requests (for example, where the Manager has received a significant number of withdrawal requests at the same time).

Withdrawal requests should be made in writing to **The Client Relationship Team, Seneca Partners Ltd, 9 The Parks, Newton-le-Willows, WA12 0JQ.**

How is any withdrawal treated for tax purposes?

Funds that are withdrawn will no longer qualify for the IHT benefits that the Service offers unless you reinvest them in another asset that qualifies for Business Relief. As withdrawal is facilitated by the disposal of shares held in a investee company, you may be liable to pay Capital Gains Tax or Income Tax (if the shares were bought back by the investee company and placed into treasury) on any increase in the value of those shares. Any dividend payments you receive may be liable to dividend tax and will not qualify for relief from Inheritance Tax.

What happens when I die?

In the event of your death, the executor of your will (or, if you have no will, the administrator of your estate) should contact our Client Relationship Team who will assist them with the administration of your investment. Your executor (or administrator) will be asked to provide a certified copy of your death certificate and, in due course, the original sealed Grant of Probate and their written instructions regarding your investment. We will also need to verify their identity and that of any beneficiaries. Any requests to withdraw monies will be dealt with in line with our usual withdrawal procedures and requirements.

In addition to their wider obligations, executor(s) or administrator(s) will complete an IHT 412 form, including the shares that were allotted as a part of our Service and then send it to HMRC to review and assess qualification for Business Relief. Assuming this is established and Business Relief status accepted, the value of the investment at the date of death will not be subject to Inheritance Tax.

In certain circumstances, it may be possible for us to encash your investment and make a payment directly to HMRC to settle some or all of your estate's wider inheritance tax liability. Further details are available from our Client Relationship Team.

Risk factors

Before you decide to invest, please make sure that you understand the contents of this Information Memorandum and are satisfied that this is a suitable investment for you, bearing in mind your own personal circumstances. If you are in any way unsure, you should seek advice from a qualified financial adviser. Please note that Seneca does not offer or give advice on investments, taxation or legal matters.

Don't invest unless you are prepared to lose all of the money you invest. This is a high-risk investment and you are unlikely to be protected if something goes wrong. Please take two minutes to learn more by reading the Risk Summary on page 3.

In addition to the risks included in that summary, please also note the risk factors shown on page 17.

Neither growth nor income is guaranteed

The Service targets a return of 4% p.a. However, this is not guaranteed and it is possible that your investment may fall in value. Past performance should not be taken as an indication of what the performance might be in the future.

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 sale of shares held and are therefore conditional on either someone being willing to buy your shares or cash being available in the relevant investee companies to redeem them.

In the normal course of events, the Manager will fulfil all withdrawal requests by the end of the three-month notice period. However, in exceptional circumstances, there may be a delay in meeting such requests (for example, where the Manager has received a significant number of withdrawal requests at the same time).

Your investment may not be diversified

You may only be invested in one company. In addition, there may be times where the investee companies are primarily focussed on only one or two types of lending. If this occurs, this concentration should be considered as having a higher risk profile than a more diverse portfolio.

Lending in the property sector

Lending in the commercial property sector involves significant risk associated with the progression of building works. The borrowers will have to obtain the necessary permissions, approvals and legal consents, and ensure that the work undertaken is to the required specifications and a good standard.

Any new build development or refurbishment may encounter site problems or technical issues that were previously unknown. All or any of the above can have a significant impact on the ability of the borrower to meet their loan repayments.

The property market is affected by many factors, such as general economic conditions, availability of financing, interest rates and other factors, including supply and demand, that are beyond the control of the investee companies. It can be difficult to predict whether the borrowers will be able to sell the properties for the price or at the time envisaged in the business plan submitted when finance was agreed.

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.

Consumer duty

We have embedded the Consumer Principle into our corporate culture. We always act to deliver good outcomes for retail customers. All investors will be treated with equal consideration, with none given preference over others. All of the products and services we offer are designed to meet the needs of identified consumer groups and are targeted accordingly. (Our target market for this Service is detailed on page 7).

Our goal is to provide you with clear information and ensure you are kept appropriately informed before, during and after the point at which you invest. Whilst we are unable to offer you any legal, financial or taxation advice, we make every effort to ensure that any investment you make with us is appropriate for you. We would encourage you to seek advice from a financial adviser before making an investment. We would be happy to answer any questions your adviser has to help them to advise if the investment is appropriate. If you do not have an adviser, our application includes certain questions about your financial position, your knowledge and experience, your investment objectives and attitude to risk. We will use the answers to these questions to establish if the investment is appropriate although again please remember that we will not be able to advise you so the decision on whether to invest ultimately rests with you.

Our processes and procedures are intended to ensure that the service you receive from us as Manager is, at the very least, of an appropriate standard and in line with what we have set out in this document and our Terms and Conditions. We have ensured that these have been drafted with consumer outcomes in mind. This includes ensuring that we impose no unreasonable barriers following your investment should you seek to change product, switch provider or make a complaint.

Conflicts of interest

It is possible that your interests could conflict with those of Seneca or with its directors, employees or any other person linked to it. Your interests could also conflict with those of another or other investors.

This section explains the types of conflicts that can arise, as well as the controls in place to prevent or manage these conflicts.

In the case of the Seneca IHT Service, the following conflicts of interest may occur:

1. **Seneca manages some of the day-to-day operations of the investee companies, receiving an appropriate fee.**

2. **An investee company may employ staff that are also employed by Seneca.**

   Whilst an investee company may have employees or consultants who they pay directly to run their day-to-day operations, it is more cost effective for them to outsource certain tasks to a third party such as Seneca. In addition, they may employ staff that are also employed by Seneca.

   Why is this beneficial?
   Having a greater level of control over how each investee company operates helps to ensure that the needs of investors and aims of the Service are met.

   Where Seneca provides services to an investee company, it will receive an appropriate fee from that company. However, the running costs of each investee company are strictly controlled and will not exceed the equivalent of 3% + VAT per annum of that company's Net Asset Value (excluding any non-executive director costs). Any annual management charge paid to the Manager is included with those running costs.

3. **An investee company may trade with or lend to other companies managed by Seneca or its employees.**

   If Seneca has an interest in a company that an investee company engages with, Seneca or its employees may benefit. For example:

   - Seneca or its employee could be entitled to a share of profits if an investee company provides finance to a company they own an equity stake in, and that company could become more profitable as a result.

   - Seneca could be paid arrangement and/or management fees by other companies that an investee company lends money to.

   Why is this beneficial?
   Taking stakes in businesses and companies that investee companies provide finance to allows Seneca to undertake extensive research and gives investee companies confidence that they can continue to access quality lending opportunities as they grow. Where Seneca is represented on the board of such complies, it affords more oversight, helping to ensure that the companies operate in ways that help meet the aims of the Service.

How do we manage conflicts of interest?

The Manager endeavours to make sure that the interests of investors are always looked after. Our procedures, governance and culture are clear that our investors interests must be safeguarded.

It is not always possible to avoid a conflict of interests. Where they occur, procedures are in place to make sure that investors' interests are looked after and that you are treated fairly. These procedures are dealt with in line with our conflicts policy which is designed to ensure that any identified conflicts are managed appropriately.

Our Risk, Conflicts and Compliance Committee examines any potential conflicts. It considers proposals that could give rise to conflicts of interest and decides whether, in light of the conflicts, the basis of the proposals is appropriate. Their role is to ensure that despite the existence of conflicts of interest, we never compromise the fair treatment of our investors. All conflicts are reported to Seneca's Board of Directors for challenge and sign off.

We take the management of any potential conflicts of interest very seriously and in certain circumstances, for example where we believe the consequences of a conflict of interest does or will create client detriment, will decline to take on a new client or transaction, as appropriate.

We update our Conflicts of Interest Policy and Register of Potential Conflicts of Interest as necessary on an ongoing basis and formally review our arrangements quarterly.

Fees and charges

Fees paid at outset

The following fees are paid by you by deduction from your Subscription:

An Initial Fee paid to the Manager of the Service. This fee is either:

- **1.75% + VAT** (where you have received advice from a financial adviser); or
- **2.75% + VAT** (where no financial advice has been received).

In either case, **a minimum fee of £500 + VAT applies**.

A dealing fee of 0.5% + VAT (of the value of shares being purchased) is paid for the purchase of shares in an investee company.

Ongoing fees

No annual management charge will be deducted from your investment. Instead:

The investee companies will pay the Manager an Annual Management Charge (AMC) of up to 1.0% + VAT.

Fees for withdrawal or closure

A Withdrawal Fee of 0.5% + VAT is charged to cover the costs of administering the withdrawal.

A dealing fee of 0.5% + VAT (of the value of shares being sold) is paid for the sale of shares.

Switching fee

When you make your investment in the Service, you have the choice of investing for income, growth or a combination of both. If you subsequently ask the Manager to alter how your investment is split between the income and growth options, shares will have to be bought and sold on your behalf to accommodate your request.

Whilst we do not charge an explicit switching fee, you will pay a dealing fee of 0.5% + VAT (of the value of any share sold) and a further dealing fee of 0.5% + VAT (of the value of any shares purchased) in order to facilitate the switch. If any Stamp Duty is due, this will be paid by Seneca.

Switching requests are subject to three months' notice and can only be completed if cash is available in the investee company whose shares you wish to sell.

Fees payable to your Financial Adviser

If you ask us to, we can facilitate the payment of advice fees to your financial adviser. This can include an initial advice fee and annual advice fees. The payment you send to us to make your investment should include the total value of any initial advice fee in addition to your Subscription.

Please note that a bank payment fee of £7 + VAT will be deducted from any advice fee payments made.

The running costs of the investee companies

There are a number of conditions that must be met in order that shares in a company qualify for Business Relief. One of these conditions is that the company undertakes a Qualifying Trade. Seneca may provide staff and other resources in order to help the investee companies trade effectively. However, the running costs of each investee company are strictly controlled and will not exceed the equivalent of 3% + VAT per annum of that company's Net Asset Value (excluding any non-executive director costs). Any annual management charge paid to the Manager is included with those running costs.

Making your investment

We recommend that you seek independent financial advice before you invest in the Seneca IHT Service.

Please make sure that you have fully read and understood:

- **This Information Memorandum;**
- **The terms and conditions for the Service; and**
- **The Custodian's Terms of Business**

You can download copies from the Seneca website or request a printed copy from the Client Relationship Team. By completing an Application Form, you are agreeing to the terms and conditions contained in these documents.

To make your investment into the Fund, please complete and return the appropriate Application Form to:

Woodside Corporate Services Limited
1st Floor, 12-14 Mason's Avenue, London, EC2V 5BT

Our **Client Relationship Team** can also be reached on **01942 295 985** or at **clientteam@senecapartners.co.uk**

If you wish to invest by cheque, please make it payable to:

'WCSL Seneca IHT Client Acc' and include it with the Application Form.

If you wish to invest by bank transfer, please use the following bank details:

Account Name: WCSL Seneca IHT Client Acc
Sort Code: 80-20-00
Account Number: 10420565
Reference: Investor's surname followed by initial(s)*
*For example, John Edward Smith would be 'Smith JE'

If you are investing by bank transfer, you can send your application by email to: **applications@woodsidesecretaries.co.uk** rather than posting it. Please note that we can only accept scanned applications emailed by you (from your email address provided on your application form) or your financial adviser.

Please note that photographs of application forms cannot be accepted and we cannot invest your money until we have received your application.

To assist us with meeting our anti-money laundering obligations, we and our Custodian will attempt to verify your identity electronically. If we are unable to do so, we will need you to provide certain documentation. Details are included in the Application Form.

After you have invested

Once we receive your application

Firstly, you and your adviser will be notified that your application form has been received. Assuming everything is in order, the Custodian will set up an account in your name.

You will also be notified once your investment monies have cleared and are ready to be invested. Prior to your shares being purchased, your Subscription will be held by the Custodian.

Buying shares

Where you are investing for growth, your Subscription will normally be invested within 35 days of receiving your Subscription.

Where you are investing for income, your Subscription will be invested on the next quarterly Allotment Date as long as cleared funds prior to that date (see page 9 for further information).

Once your shares have been purchased, a contract note will be published on the Manager's online portal, confirming the number of shares purchased, the cost of those shares and the amount of the dealing fee charged.

Once your shares have been purchased, they will be looked after by the third-party nominee.

Keeping you up to date

A valuation will be sent to you every three months, showing details of your investment as at 16th January, April, July and October. Please allow up to four weeks for each valuation to arrive. You and your financial adviser can also request access to the manager's Online Portal. This allows you and your adviser to view your investment and also download current and previously issued valuations.

If you want to be sent printed copies of your statements, please select that option on the application form.

If you have any queries, please contact our Client Relationship Team at clientteam@senecapartners.co.uk or on 01942 271 746.

Definitions

Allotment Date

The date that shares are purchased in the name of the Investor and the starting date of the two year period for qualification for Business Relief. Please refer to page 9 for details of the expected quarterly allotment dates that apply when you are investing for income.

Custodian

Woodside Corporate Services Limited, who will hold the cash you invest on your behalf.

IHT

Inheritance Tax.

Investor

An individual who subscribes to the Service.

Manager

Seneca Partners Limited, 9 The Parks, Newton-le-Willows, WA12 0JQ.

Nominee

WCS Nominees Ltd, a nominee company that will hold Investments on behalf of the Investors.

Payment Date (only for investors who have invested for income)

The date on which any dividend payments are made. These fall quarterly on or around 15th January, 15th April, 15th July and 15th October. Please note that income will accrue from the Allotment Date for each Investor's shares.

Qualifying Trade

A trade which is a qualifying trade within the meaning of Part 5, Chapter 4 of the Income Tax Act (ITA) 2007.

Seneca

Seneca Partners Limited, 9 The Parks, Newton-le-Willows, WA12 0JQ.

Service

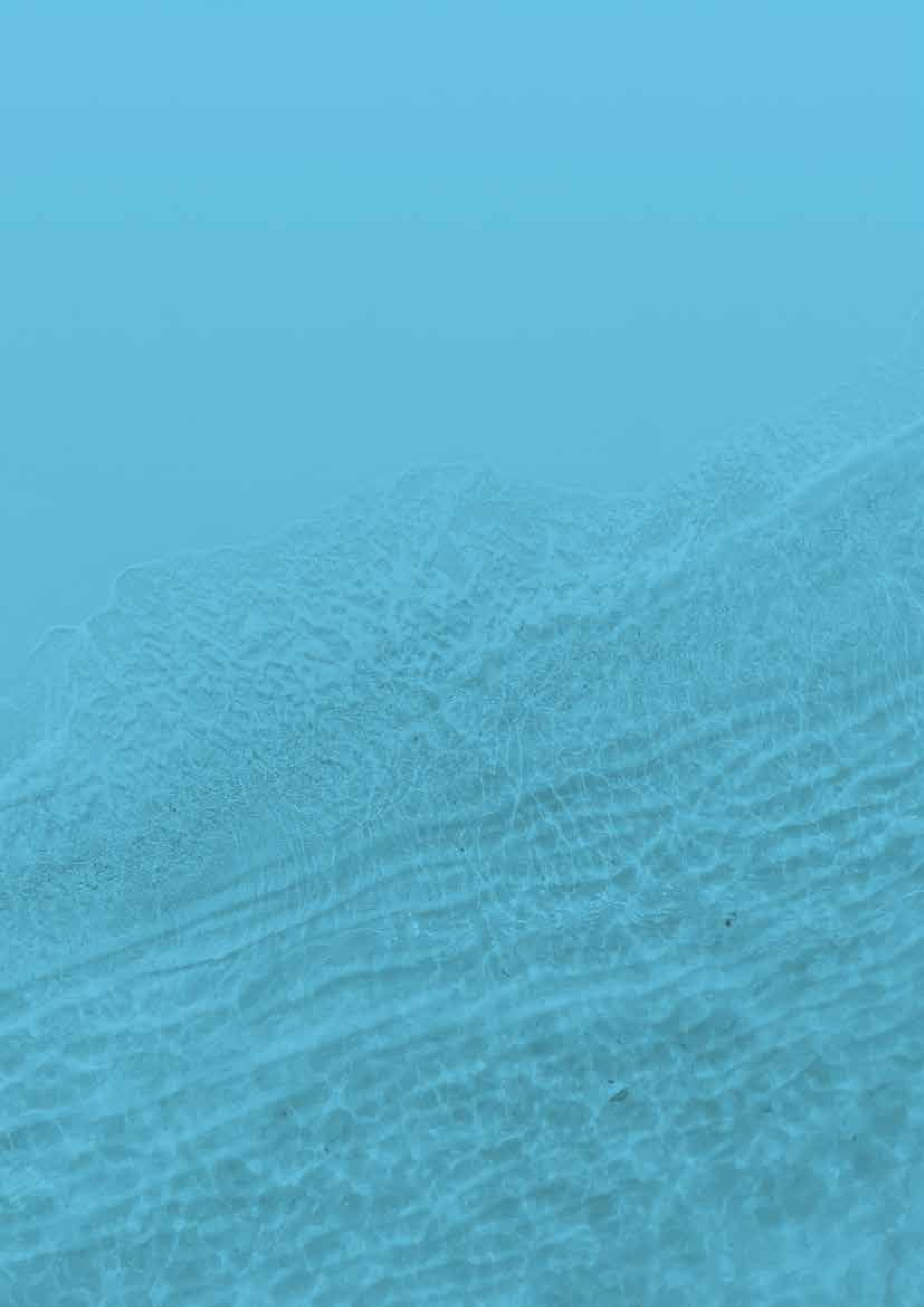
The Seneca IHT Service

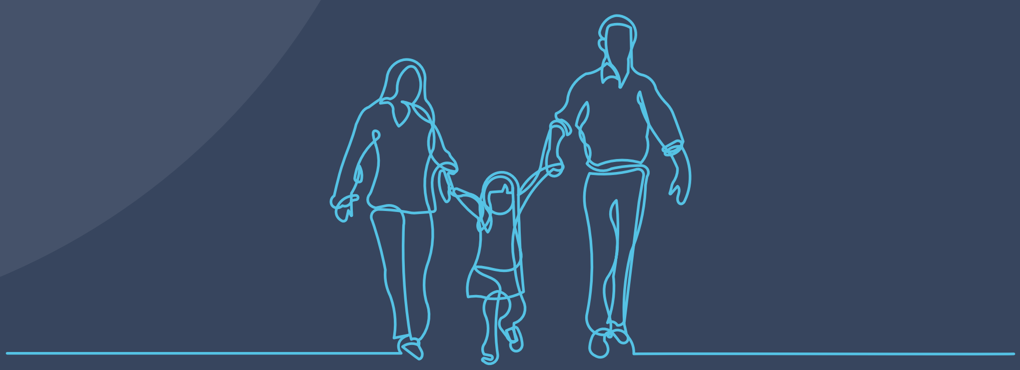
Subscription

The amount an Investor invests before the deduction of any fees or charges but excluding any advice fees we are asked to pay to their Financial Adviser.

VAT

Value Added Tax.





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