



# Calculus EIS Fund



eisa  
enterprise investment scheme association  
BEST EIS INVESTMENT EXIT

2012

eisa  
enterprise investment scheme association  
BEST EIS FUND MANAGER

2011

## Further Information

If you have any questions at all, please do not hesitate to get in touch by telephone or send us an email. Making the right investment decision is more important than ever in the current climate, and we want you to feel comfortable about making an informed decision about whether or not to invest with us.



**020 7493 4940**



**info@calculuscapital.com**



**104 Park Street, London, W1K 6NF**

This document describes arrangements by which Investors who wish to make private equity investments in EIS Qualifying Companies may appoint Calculus Capital Limited ("Calculus") to act as their common investment fund manager and to manage the investments made on their behalf. These arrangements together constitute the Calculus EIS Fund ("Fund"). Calculus is authorised to act as an investment manager by the UK Financial Conduct Authority ("FCA"), its registered office is at 104 Park Street, London W1K 6NF and its FCA registration number is 190854.

This document constitutes a financial promotion relating to the Fund and is both issued and approved by Calculus which has taken all reasonable care to ensure that it is fair, clear and not misleading, but the statements of opinion or belief contained in this document regarding future events represent Calculus Capital's own assessment and interpretation of information available to it at the date of issue of this document. No representation is made that such statements are correct or that the objectives of the Fund will be achieved. Additionally, some information contained in this document has been obtained from published sources prepared by other parties and no responsibility is assumed for the accuracy or completeness of such information.

Accordingly each prospective investor must determine for himself what reliance (if any) he should place on such statements and information and no responsibility is accepted by Calculus in respect thereof. All information and illustrations in this document are stated as at June 2017.

This document does not constitute, and may not be used for the purposes of, an offer to or an invitation to treat to any person in any jurisdiction outside the United Kingdom or any person who is a citizen of the United States of America or who is a resident in the United States of America for tax purposes ("US persons"). This document and the information contained in it are not for publication or distribution to persons outside the United Kingdom.

It is very important that you carefully read and fully understand this document and the risks involved with the arrangements described in this document so that you can decide whether they are right for you. The opportunity described in this document is NOT suitable for all. Key risks are explained on pages 3 and 4 and should be carefully considered. You should seek your own independent advice and then rely on your own independent assessment of the Fund; nothing in this document constitutes tax, legal or investment advice.

### **Calculus Capital Limited**

104 Park Street, London W1K 6NF

Telephone: 020 7493 4940 Facsimile: 020 7409 2158 [www.calculuscapital.com](http://www.calculuscapital.com)

Email: [info@calculuscapital.com](mailto:info@calculuscapital.com)

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## CALCULUS EIS FUND at a glance



<b>Fund Closing Dates</b>	Last Friday in October Last Friday in January Last Friday in April Last Friday in June
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**Target Timeframe to Full Investment:**  
18 months from respective closing date

**Minimum companies in a portfolio:** 6

**Portfolio diversification:**  
We are sector agnostic and invest in a diverse range of sectors

**Minimum Investment:**  
£50,000

**Holding Period:**  
Minimum 3 years for EIS Reliefs, 2 years for IHT Relief  
Target exit per company investment 3-5 years, but timings may vary

# Key Risks

This Fund may not be suitable for all investors. Potential investors are recommended to seek independent financial and tax advice before investing. Please note that Calculus Capital is not able to provide you with advice about whether you should invest in this Fund.

As with many investment products, there are risks associated with investing in this Fund. We have tried to explain the material risks as clearly as possible below. Please be aware though that there may be risks not currently known to us which may also have an adverse effect on investments in the Fund.

## Portfolio Risks

- ⇒ Having regard to the Fund's investment objectives and the tax reliefs available, investment in the Fund must be considered as a long term investment.
- ⇒ Investors may not receive back the full amount that they have invested in the Fund. The value of each investment made by the Fund may fall, and there is no guarantee that an investment may not lose all of its value.
- ⇒ Success of the Fund will depend in part upon the skill and expertise of Calculus Capital and the continued availability of the senior investment team.
- ⇒ Investments in shares in unquoted companies are not readily marketable and the timing of any realisation cannot be predicted. You should not invest in this product unless you have carefully thought about whether you can afford it and whether it is right for you, having had the opportunity to take independent advice. You should be prepared to leave the investment intact for significantly longer than three years.
- ⇒ Investment in smaller and unquoted companies is likely to involve a higher degree of risk than investment in larger companies and those traded on the main market of the London Stock Exchange. Smaller companies generally may have limited product lines, markets or financial resources and may be more dependent on their management or key individuals than larger companies. Although the Fund and Calculus Capital may receive conventional rights granted to private equity funds and managers in the legal investment documents it negotiates with Investee Companies in connection with the Fund's investments, as a minority investor it may not always be in a position to fully protect the interests of Investors in the Fund.
- ⇒ The past performance of investments made by funds managed by Calculus Capital should not be regarded as an indication of the future performance of investments made by the Fund.
- ⇒ Although Calculus Capital has been successful in identifying investments in the past, it may be unable to find a sufficient number of attractive opportunities to meet its investment objectives, including achievement of its target IRR, or fully invest the Fund's capital without significant delay.
- ⇒ The fact that shares in EIS Qualifying Companies are, in general, not publicly traded or freely marketable may mean that proper information to determine the current value of investments will not be available.
- ⇒ Many unquoted companies requiring private equity investment are experiencing significant change and carry higher risk than an investment in larger or longer established businesses would.
- ⇒ Legal and regulatory changes could occur during the life of the Fund which may adversely affect the Fund or its Investors.
- ⇒ Technology or scientific research related risks may be greater in some companies although this may be justified by the prospect of higher expected returns from those investments.
- ⇒ Many unquoted companies have small management teams and are highly dependent on the skills and commitment of a small number of individuals. The departure of any directors and/or key employees could have a material adverse effect on the Investee Company's business.

## Taxation Risks

- ⇒ Rates of tax, tax benefits and allowances described in this Information Memorandum are based on current legislation and HM Revenue & Customs practice. These may change from time to time and are not guaranteed. This investment may not be suitable for all investors. Calculus Capital does not provide advice and potential investors are recommended to seek specialist independent tax and financial advice before investing. The Fund has been designed with UK-resident taxpayers in mind. If you are not resident or ordinarily resident in the UK for tax purposes, it may not be appropriate or advantageous for you to invest in the Calculus EIS Fund. Applications will not be accepted from US persons.
- ⇒ Whilst it is the intention of Calculus Capital to invest in companies qualifying under EIS legislation, Calculus Capital cannot guarantee that all investments will qualify for EIS Relief or IHT relief or, indeed, if they do initially, that they will continue to do so throughout the life of the investment.
- ⇒ Your obtaining income tax relief is subject to your making the proper filings with HM Revenue & Customs within the requisite time periods and you may lose such relief if you do not make such filings.
- ⇒ The dates on which initial income tax relief, CGT deferral relief and inheritance tax relief relating to investment in EIS Qualifying Companies are available will depend on the dates on which the Fund makes its EIS Qualifying Investments.
- ⇒ Following an investment in an Investee Company, the continued availability of EIS Reliefs to the Investor relating to any individual investment depends on compliance with the requirements of the EIS legislation by both the Investor and Investee Company.
- ⇒ Where an Investor or an Investee Company ceases to maintain EIS status in relation to any individual investment, this could result in the loss of some or all of the available reliefs in relation to that investment (together with a possible charge to interest thereon).
- ⇒ Following the admission of an Investee Company to the main market of the London Stock Exchange, (but not to trading on the AIM) or certain overseas stock markets, business property relief for Inheritance Tax purposes will cease.
- ⇒ The levels and bases of reliefs from taxation may change or such reliefs may be withdrawn. The tax reliefs referred to in this document are those currently available and their value depends on the individual circumstances of Investors.
- ⇒ Where an exit is facilitated through a share buyback by the Investee Company, this may be treated as a taxable income distribution unless certain criteria are met, including that the investor is UK resident and has held the shares for a minimum 5 year period.

## Fund Issues

- ⇒ The Fund Manager will normally allocate investments to Investors proportionate to their respective Contributions to the Fund. As investments arise at different times, the contributions of a later Investor in the Fund may not be invested in all or any of the Investee Companies in which an earlier Investor is invested, similarly an early Investor in the Fund may not have sufficient uninvested cash in his Portfolio to participate in the same Investments as a later Investor. The Fund Manager may depart from this basis of allocation if, in its absolute discretion, it considers it appropriate to do so having regard to the overall investment policy of the Fund and the benefit of creating diversity within the Portfolios of Investors.

# Welcome

**'As we enter our 18th year managing EIS Funds, our focus remains consistent - building diversified portfolios of UK growth businesses for our investors.'**



SMEs are of fundamental importance to the UK, representing the backbone and main driver of growth for our economy. Businesses employing less than 250 employees account for 60% of UK private sector employment and almost 50% of company revenues. The changes to EIS and VCT legislation have led to an industry shift towards investing to support growth and development, with strong encouragement from the Treasury and HMRC. This aligns well with our investment strategy which focuses, primarily, on supporting businesses to expand and grow.

We regard diversification as an essential element of portfolio management. Our investors' portfolios contain an average of ten investments, mostly private companies, but with some trading on AIM. The sector spread of the current portfolio is broad from engineering and manufacturing, to drug discovery and environmental services. The geographic reach spans the country, from Southampton to Glasgow and from Cardiff to Cambridge. The political and economic climate has changed over the last year, not only with the Brexit referendum, but also the snap General Election. However, the UK economy remains strong (and much stronger than post-referendum forecasts expected) and Government policy developments recognise the importance of SMEs, and in particular the EIS to the post-Brexit economy. Indeed, the Conservative Party election manifesto describes the Enterprise Investment Scheme as 'world leading'.

Overall, the outlook for younger, growing companies remains positive and the quantity and, importantly, the quality of new investment opportunities we see continues to increase, with many of these companies addressing global, not just UK, markets. Although uncertainty may have increased, this is best addressed with a diversified investment strategy and, as there are still many good investment opportunities, I look forward with optimism.

Yours faithfully,

A handwritten signature in black ink that reads "John Glencross".

**John Glencross,**  
Chief Executive

# Why EIS? Why Now?

## What is EIS?

The Enterprise Investment Scheme (EIS) is designed to help smaller higher-risk trading companies raise finance by offering a range of tax reliefs to investors who purchase new shares in those companies. By investing in the Calculus EIS Fund, Calculus Capital will invest monies in such companies on your behalf.

Each investor in the Calculus EIS Fund will have at least six established, EIS Qualifying Companies per portfolio, across a range of sectors.

## Why Now?

We believe that the current economic climate presents investors with a unique opportunity. Bank lending has decreased significantly, which means that even high quality, well managed smaller companies are finding it difficult to raise funds for expansion.

There is continued governmental support of EIS as a strategy for growth for small private companies. Since EIS was created in 1993/94, over 26,000 businesses have received funding through the scheme and more than £15.9bn of funds have been raised\*, which is a great testament to its success.

We have also seen a move to encourage EIS investment within the ‘spirit’ of the rules, ultimately providing capital to growing businesses and addressing the equity gap.

The higher rate tax payer is under attack and there remains uncertainty around the future for tax reliefs on pension contributions. Investment in our Calculus EIS Fund – with its focus on capital appreciation, tax mitigation and risk management – is seen as a valuable addition to funding a future pension.

\*EIS and SEIS Statistics, HMRC, April 2017

## Tax Benefits

The Calculus EIS Fund takes advantage of the generous tax incentives currently offered by the Treasury and HM Revenue & Customs for investment in smaller UK companies. These tax benefits have the ability to enhance the return on your investment.

Under current legislation the Calculus EIS Fund will provide Investors with access to five generous tax incentives:

**Income tax relief at 30%**  
which can be taken in the tax year the Fund makes its investments or carried back to the previous tax year

**Tax free capital gains**  
on the investments within the Fund

**Full inheritance tax relief**  
provided the investments have been held for two years and are held at time of death

**Full capital gains tax (CGT) deferral**  
of tax due on other capital gains for the life of the investment

**Loss relief**  
which can be taken as a deduction against income or as a capital loss and can give total tax relief up to 61.5% for the tax year the loss occurred or the preceding year.

The information given above provides only a summary of the tax benefits. The rates shown are based on current UK legislation which could change in the future, possibly retrospectively. These tax benefits depend on individual circumstances. If you are unsure of your tax situation you should seek professional advice from a qualified tax adviser. Tax rules and regulations can be subject to change.

# Why Choose Calculus Capital?

## Our History

### **EIS PIONEERS – Calculus created the 1st UK approved EIS fund.**

Calculus Capital launched the first approved EIS fund in 1999/2000, which gives us over 17 invaluable years of experience. Since then, we have built a strong reputation as an investor in EIS Qualifying Companies through our multi award winning funds. Our focus on capital appreciation, a diligent investment and monitoring process and our record of profitable exits distinguishes us from other EIS fund managers.

## Our Results

### **We are incredibly proud of our track record of profitable exits and commitment to ‘true spirit’ EIS investing.**

**We won ‘Best EIS Fund Manager’ for the the 3rd year in a row at the February 2017 EIS Association Awards ceremony and won Best EIS Fund Manager at the 2016 Growth Investor Awards.**

Evidence of the Fund’s successful approach is also demonstrated by our loyal investor base, many of our clients have invested in multiple Calculus EIS Funds. A large number of our investors are experienced fund managers and investment professionals who have discovered us through recommendations within the industry.

## Our Focus

### **We invest in real companies with real products, working in real markets with real prospects.**

Although investment driven, our Fund is structured to manage risk and preserve capital by primarily targeting more established businesses.

We are sector agnostic, we simply look to back good quality management teams.



## Our Diligent Process and Expertise

### **We enjoy privileged deal flow - a large number of our deals come from management teams we’ve backed successfully in the past.**

As part of our disciplined investment approach, we always consider potential exit strategies before we make an investment and our detailed investment agreements are often written with this in mind. We conduct our own comprehensive research then bring in external parties for in depth due diligence of investment opportunities. Our ‘hands on’ approach after investment means we constantly monitor performance and effect change when needed, we usually have a member of our team on the Investee Company board. The core investment team has been together for over 10 years and has since attracted significant talent from top institutions.

We are experienced at investing through varying periods of economic expansion, contraction and changing tax rules.

## Investment in the Fund

Fund closes will take place on the last Friday of October, January, April and June (subject to capacity).

A Contribution made after a particular Closing Date may not be invested in the same Investee Companies as a Contribution made before that Closing Date, depending on the timing of investments.

# Our Investment Strategy

**At Calculus Capital, we invest in established businesses with growth potential, over a range of sectors with good quality management teams.**

Our main objective is to attain capital appreciation whilst keeping focus on capital preservation.

We focus primarily on investment opportunities in smaller, privately held companies. Each Investor in the Calculus EIS Fund will have a portfolio comprised of holdings in at least six Qualifying Companies. It is intended to be lower risk than many competitor products by primarily targeting Investee Companies with the following characteristics:

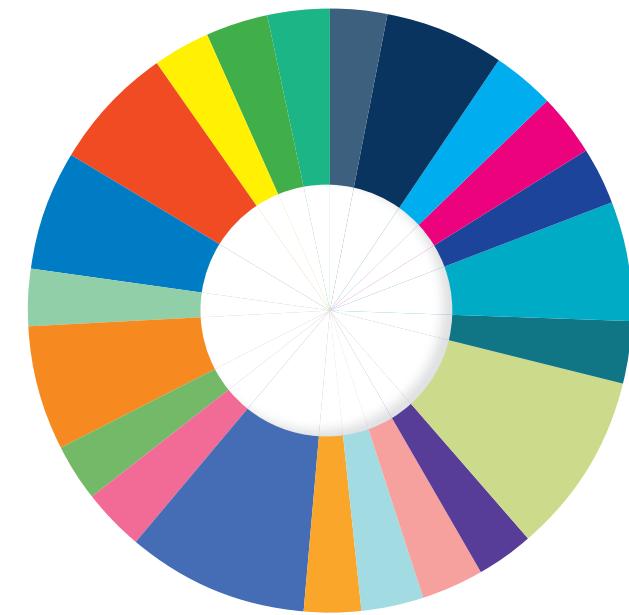
- Strong management teams
- More predictable cash flows, recurring revenues and a strong balance sheet
- Their primary constraint is access to finance
- Profits or a clear path to profitability
- Proven successful products or services
- Clear route to exit
- Companies which can achieve our target IRR of 20%

Investee Companies may conduct a trade in the UK or overseas provided they maintain a permanent establishment in the UK.

## What kind of companies will we invest in?

Unquoted investments broken down by industry

Data as at 5 April 2017



# Our Investment Strategy

**We have a very structured investment process and take great care in managing your money.**

## Deal Flow – how do we find these companies?

We have an established track record of identifying high quality EIS Qualifying Companies. On average, our investment team reviews around 500+ deals a year and complete around 12-15 investments.

Our standing and longevity in the market ensure we receive excellent deal flow from a range of sources. A substantial number of investment opportunities come from our investor base and management teams that we have successfully backed in the past. As we have a strong relationship with these sources, such opportunities are often pre-screened and strongly aligned with our investment approach. We also benefit from our investment team's diverse industry experience and personal networks of lawyers, advisers and brokers to source potential deals.

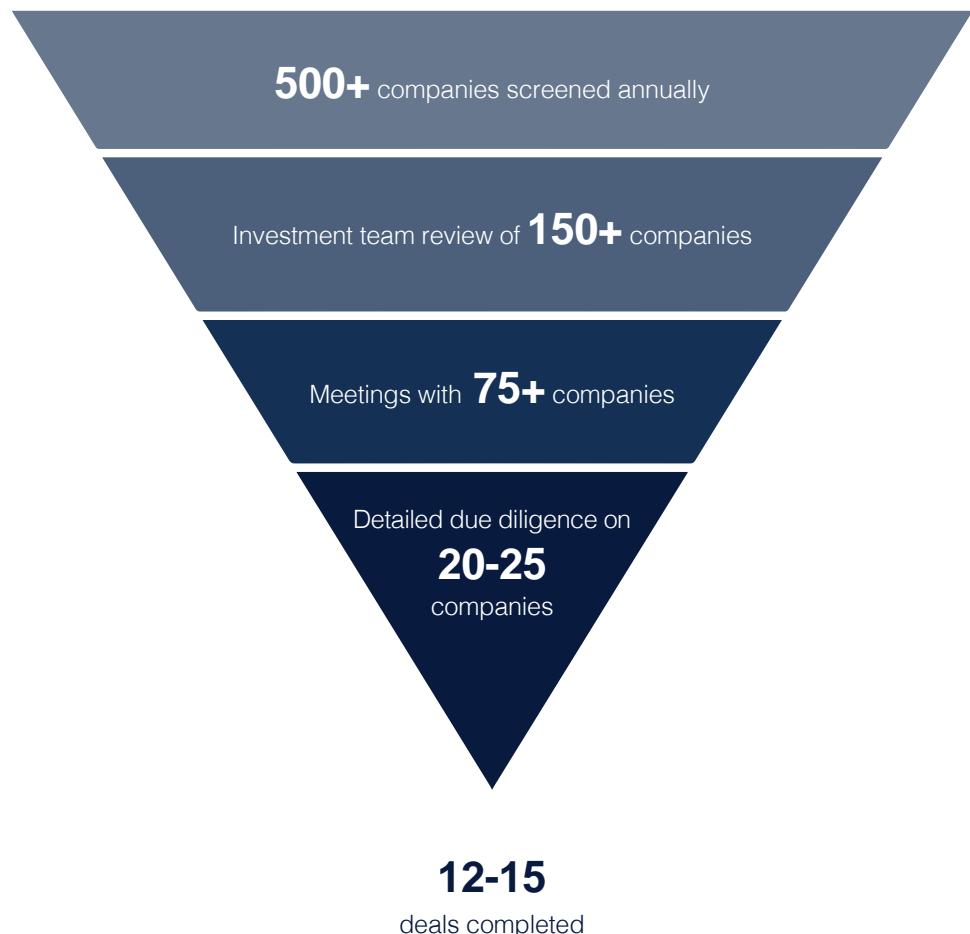
## Due Diligence

Our long track record of successful exits is down to our talented investment team and the robust process they follow. Our detailed due diligence process normally takes 4-5 months per company, and there is a keen focus on the strength of the management team. Often we will send in an executive coach to evaluate the team and identify strengths and weaknesses. Thorough financial, legal and commercial due diligence is executed by third parties. Our due diligence culminates in a detailed investment agreement including key warranties and investor rights.

## Value Creation and Support

From the moment we invest in a company, a partnership is formed. We help our investee companies create value by actively supporting the business, sharing our market knowledge and connections and using our in depth experience of growing small UK businesses. We also run a series of 'toolkit' seminars including CEO forums and CFO workshops, where our portfolio companies can meet their peers, exchange ideas and hear from a leading industry expert. Often, the issues facing small businesses are similar regardless of sector. Previous forum topics include 'how to build a leading sales team', 'scaling up', 'branding' and 'cyber security'.

## Annual Deal Flow



## Risk Management

We believe a fundamental element of good risk management is diversification. Our aim is therefore to create a balanced, thoughtfully structured portfolio of at least six qualifying companies, across a range of sectors. We always seek advance assurance from HMRC prior to making an investment.

We predominantly invest in later-stage growth companies, which we believe provides an attractive risk reward profile for our investors. More established companies are less likely to fail than start ups, and often there is a shorter timeframe to exit as they are further along in their life cycle. Importantly we aim to mitigate risk by actively managing our portfolio companies, we usually take a Board seat and receive monthly management accounts.

## How will we monitor these investments?

We build strong interactive relationships with management and our 'hands on' approach after investment means we constantly monitor performance and encourage change when needed. We understand the complexities of running small companies and usually have a member of our team on the board. Sometimes we may appoint one of our appropriately qualified investors to represent our interests. Whilst we recognise that management teams run businesses, our backgrounds enable us to provide guidance on key company and management decisions, help build corporate strategies and develop and execute financial plans.

Once we make an investment in an Investee Company, we communicate on a regular basis to ensure our expectations are understood. We pay close attention to the financial results and review forecasts on a regular basis with management.

## Corporate Governance

The service which we provide you as an investor in the Calculus EIS Fund is conducted according to the terms of the Investor Agreement set out in full at the end of the application pack.

All of our investments are subject to a review by our Investment Committee, comprised of Susan McDonald, John Glencross, Robert Davis and one other director on a rotational basis. Investment Committee meetings are scheduled as and when required.

Calculus Capital Limited is authorised and regulated by the Financial Conduct Authority (FCA registration number 190854) and is committed to maintaining high standards of corporate governance.

***Calculus Capital's "...investment style, criteria for investment selection, and due diligence appears robust and thorough...."***

Allenbridge, Tax Shelter Report, Issue 397

***"We considered several funding options and were approached by a fair number of other firms, but Calculus was the obvious choice. Their experienced investment team and track record of growing businesses was appealing."***

Eddie Holmes, Managing Director, Chop'd

# Our portfolio - investing in SMEs across the UK

● ActiveOps Limited <i>Reading</i>	● IPV Limited <i>Cambridge</i>	● Quai Administration Services Limited <i>Peterborough</i>
● AnTech Limited <i>Exeter</i>	● Jumptastic (Air Leisure Group Limited) <i>Gloucester</i>	● Scancell Holdings plc <i>Nottingham</i>
● Arcis Biotechnology Holdings Limited <i>Cheshire</i>	● MCD Ventures Limited <i>Oxford</i>	● Solab Group (Hampshire Cosmetics Limited) <i>Hampshire</i>
● Avvio Limited <i>Limerick and London</i>	● MicroEnergy Generation Services Limited <i>London</i>	● Synpromics Limited <i>Edinburgh</i>
● Benito's Hat Limited <i>London</i>	● Mologic Limited <i>Bedford</i>	● Terrain Energy Limited <i>London</i>
● C4X Discovery plc <i>Manchester</i>	● Money Dashboard (The One Place Capital Limited) <i>Edinburgh</i>	● Tollan Energy Limited <i>Milton Keynes</i>
● Chop'd Limited <i>London</i>	● Once Upon a Time London Limited <i>London</i>	● TP Group plc (previously Corac) <i>Hampshire</i>
● Collagen Solutions plc <i>Glasgow</i>	● Origin Broadband Limited <i>Doncaster</i>	● Venn Life Sciences plc <i>Dublin and London</i>
● Duvas Technology Limited <i>Woking</i>	● Park Street Shipping Limited <i>London</i>	● Weeding Technologies Limited <i>London</i>
● Genedrive plc <i>Manchester</i>	● Premaitha Health plc <i>Manchester</i>	● WheelRight Limited <i>Oxford</i>
● Inspiresport Limited <i>Cardiff</i>		



Data as at 5th April 2017

# Investment Examples



**A healthy salad bar chain with sites throughout London and the UK.**

#### Strategy

The investment will fund the roll-out of further site openings to reach new customers across London and the UK.

#### Rationale

Chop'd was founded in 2004 and is a pioneer in the healthy eating space, the Company's commitment to using the best, locally sourced ingredients from high-quality suppliers has set a precedent for the sector. Chop'd places real emphasis on the provenance of its food, from Essex barn-reared chicken to sustainable salmon from the Shetland Islands. Calculus was attracted to Chop'd because of its successful offering and capable management team, who have a strong track record of operational experience within firms such as Yo! Sushi, Pizza Express and Chez Gerard.

The Company currently has 17 sites across London, Manchester, Leeds and Liverpool.



**A synthetic biology company that designs and develops custom built synthetic promoters.**

#### Strategy

The investment will be used to build their promoter platform and to continue to partner with organisations to take products which include Synpromics promoters to market.

#### Rationale

Synpromics is developing a commercial library of synthetic promoters for application across target markets which include Cell & Gene Therapy, Bioprocessing and Agriculture. Promoters are the genetic engines that control and drive production of all proteins from their DNA code, and synthetic versions are often higher yield and more specific than those which exist in nature.

The Company has an impressive client list including Dow Agrosciences and uniQure N.V. Revenue from the promoter libraries, created in collaboration with partners, will be generated by licenses, milestone payments and royalties subsequent to their integration into products.



**IPV provides digital asset management software to the global broadcasting industry.**

#### Strategy

The investment will be used to grow the sales team and to expand the international reach which already includes Europe, North America and the Pacific Rim.

#### Rationale

IPV's proprietary software enables News, Media and Sports broadcast production companies to access, store, modify, tag and transfer their content as quickly as possible, significantly improving their processes. Their products utilise sophisticated techniques for integrating social media analytics and importantly, managing metadata.

Calculus was attracted to the Company as it sits in a high growth, global market, with an established blue chip customer base such as CNN, Sony Entertainment and A+E New York as well as having market leading, well developed products.

# Investment Examples



**A trampoline park operator with sites in Gloucestershire and Denmark.**

#### Strategy

The investment is funding the roll out of further sites across Scandinavia, a region in which the management team have previous experience. The business is targeting 10 sites by 2020 and has already identified 6 potential sites across Scandinavia.

#### Rationale

The trampoline park market is relatively new in the UK, however already more than 140 sites have been opened or announced, and the US market has over 350 sites in operation today\*. Jumptastic is targeting the Scandinavian market which has very little market saturation and thus presents a big opportunity. The Company has opened its first European site in Denmark in March 2017, trading under the brand name 'Xjump', which attracted over 12,000 visitors in the first month alone. Jumptastic is a revenue generating, profitable and scalable business looking to expand into a market with huge potential. Calculus Capital was attracted to Jumptastic's strong management team, impressive margins and cash payment model.

\*Source: BDO, Growth Financing, 2016



**A developer of cutting edge Point of Care (PoC) diagnostic devices.**

#### Strategy

The investment will be used to commercialise Mologic's pipeline of PoC diagnostic products which will include small scale clinical trials and subsequent self-certification in order to obtain the CE Mark and take these various products to market.

#### Rationale

Mologic has a pipeline of products that it is looking to launch into the market, which target Respiratory Disease, Women's Health, Sepsis, Wound Care and Peritoneal Dialysis Infection. Once launched, revenues from these products will be generated through a combination of direct sales and licencing payments. In addition, the Company has a number of contract partnering programmes which include the creation of a companion diagnostic tool for a new malaria therapy. Mologic has an impressive senior management team, which includes Professor Paul Davis, Chief Scientific Officer and co-founder, who was a co-inventor of the well-known Clear Blue pregnancy test.



**A cleantech company focused on replacing toxic herbicides.**

#### Strategy

The investment will be used to expand the sales pipeline into new geographies, bolster the sales team and increase product development and manufacturing.

#### Rationale

Increasingly, governments and regulators around the world are considering, or are already, banning the use of certain chemical herbicides (e.g. glyphosate, as used in Roundup, which studies have shown to be potentially carcinogenic) amid concerns about the risks they pose to human health and the environment. As such there is huge potential for herbicide-free alternatives as concerns around glyphosate grow. Calculus has invested in the business in recognition of the global market potential of its patented weed-control technology, Foamstream. Foamstream uses hot water and an organic foam made from plant oils and sugars, with the foam acting as a thermal blanket that retains heat long enough to kill the weed or moss. Foamstream is already used in the UK by businesses such as Yeo Valley Family Farms, Southwest Water and by local authorities such as Southwark and Glastonbury.

# Our Exit Strategy

Example Exit Methods	Method of exit	Companies
	<b>Trade sale</b>	Dunn-Line, Human Race, Mount Engineering, Quintus, Tellings Golden Miller
	<b>Sales in market</b>	Debt Free Direct, Egdon Resources, Epistem, Horizon Discovery, Infrastrata, Scancell
	<b>Selling to larger private equity firm</b>	Lindley Catering, Waterfall
	<b>Management Buy-out</b>	Metropolitan Safe Custody

## Exit Strategy

It would be prudent to view an investment in the Fund as long term. You should only invest in the Fund if you are willing to leave the investment intact for at least three years and possibly longer. We always consider potential exit strategies before we make an investment and aim to exit investments as soon as commercially feasible after the minimum three year holding period.

In the normal course, Calculus Capital does not intend to sell any investments within three years although there may be instances when a sale within three years is judged to be commercially prudent. Once the holding period for EIS qualification is achieved, we will look for disposal opportunities as soon as commercially possible thereafter. In practice, we aim to realise investments over the following twelve to twenty-four months though there may be instances where realisation of an investment could take longer depending on individual investments and market conditions.

Exit may be achieved through a variety of routes:

- **Trade sale of the shares or assets of the Investee Company**
- **Management buy-out**
- **Sale of shares to other shareholders or through a buy back by the Investee Company itself**
- **Sales of shares on the stock market following an Initial Public Offering (IPO) on the AIM**

## Distributions

On sale of the Fund's investments, the net proceeds are distributed to the Investor or, if you so choose, may be re-invested in a separate Reinvestment Fund. It is intended that all of the Fund's investments will be realised and the Fund terminated within seven years of the date of the Fund's final investment.

## Reinvestment Fund

The Reinvestment Fund will be invested alongside the Calculus EIS Fund in EIS Qualifying Investments (assuming there has been no change to the legislation). Investment via the Reinvestment Fund should enable that any inheritance tax exemption remains, capital gains continue to be deferred, and a further 30% income tax relief becomes available once invested into the underlying companies. Please note that such reliefs are generally only available provided the Investor is at that time invested in EIS Qualifying Investments and there may be a period during which such funds are uninvested when such reliefs may not be available or maintained.

# Examples of Exit Methods

Please see below for examples of previous exits which demonstrate the typical exit strategies we follow.

Note: These are included for illustrative purpose only and not all future investments may prove to be successful.

## Scancell

**Exit:** Placement of blocks of shares through AIM

**Sector:** Life sciences



Scancell has developed novel therapeutic vaccine 'platforms' to treat cancer and infectious diseases. Following its successful IPO on AIM, its share price rose significantly due to an increasing awareness of its lead compound, the SCIB1 anti-cancer vaccine which is based on its ImmunoBody® platform, and the development of a new technology platform called Moditope® that stimulate the production of killer cells.

Calculus Capital exited Scancell through the placement of blocks of shares on AIM to meet institutional demand. The EIS Association voted this exit the Best EIS Investment Exit of 2012. We have subsequently successfully exited a further investment in Scancell in 2014 and 2015.

## Human Race

**Exit:** Trade Sale

**Sector:** Sports, Travel and Leisure



Human Race organises more than 30 mass participation events in the UK, including the London Winter Run, Windsor Triathlon and the VitalityMove events run in partnership with Olympic champion Jessica Ennis-Hill.

Calculus Capital successfully sold its holding in Human Race in 2016 to Amaury Sport Organisation (A.S.O.), the company behind Le Tour de France, the Schneider Electric Marathon de Paris and many other European sports events.

## Metropolitan Safe Custody

**Exit:** Sold to private investors

**Sector:** Businesses and Professional Services



Metropolitan Safe Custody is one of the oldest established brands in the safe custody sector in London. Traditionally, this service has been provided by clearing banks but high street banks are fast withdrawing from such physical banking services, providing opportunities for independent operators.

Calculus Capital successfully sold its shares in Metropolitan Safe Custody to a group of private investors in 2016.

## Horizon Discovery

**Exit:** Placement of block of shares through AIM

**Sector:** Pharmaceuticals and Biotechnology



Horizon Discovery is a world leader in the application of gene editing technologies, which are used for research into, and treatment of, genetically-based diseases.

Calculus Capital exited its holding in 2016, via a placement of shares on the AIM. The investment was held for 3 years, 3 months.

# Meet The Calculus Capital Team

The investment management team at Calculus Capital has substantial experience of private equity investment, portfolio management and realisation of investments. They have been a leading investor in EIS Qualifying Companies since 1999 when they launched the UK's first approved EIS fund.



**Susan McDonald**

Executive Chairman

Susan is one of the UK's leading experts on investing in smaller companies and the government's Enterprise Investment Scheme. A pioneer of the EIS industry, in 1999/2000, she structured and launched the UK's first HM Revenue & Customs approved EIS fund with John Glencross. Susan has over 28 years of experience and has personally directed investment to over 80 companies in the last 18 years covering a diverse range of sectors. She has regularly served as board member of the firm's private equity-backed companies.

Before co-founding Calculus Capital, Susan was Director and Head of Asian Equity Sales at Banco Santander. Prior to this, she gained over 12 years' experience in company analysis, flotations and private placements with Jardine Fleming in Hong Kong, Robert Fleming (London) and Peregrine Securities (UK) Limited. Susan has an MBA from the University of Arizona and a BSc from the University of Florida. Before entering the financial services industry, Susan worked for Conoco National Gas Products Division and with Abbott Laboratories Diagnostics Division.



**John Glencross**

Chief Executive

John co-founded Calculus Capital with Susan McDonald in 1999, creating one of the UK's most successful, independent private equity firms focused on investing in smaller, proven companies.

John has over 30 years' experience in private equity, corporate finance, and operational management. During that time, he has invested in, advised on or negotiated more than 100 transactions and served on publicly quoted and private corporate boards. Before co-founding Calculus Capital, John served as an Executive Director of European Corporate Finance for UBS for nine years where he advised on M&A, IPOs,

restructurings and recapitalisations, strategic alliances and private equity. Prior to this, John was headhunted to be Head of the Mergers & Acquisitions Group of Philips and Drew, a 100 year old London based financial institution. At the start of his career, John qualified as a Chartered Accountant with Peat Marwick (subsequently KPMG), where he then went on to be recruited as a founder member of Deloitte's newly established consultancy practice in the Gulf Region and then Corporate Finance practice in London.

John graduated from Oxford University with an MA (Hons) in Philosophy, Politics and Economics.

**Robert Davis**

Deputy Chief Executive,  
Head of Portfolio Management

Robert joined Calculus Capital in 2014 with responsibility for working with the portfolio companies in helping to build value and, importantly, guiding them towards a successful exit.

Robert has over 25 years' advisory experience covering the full spectrum of corporate and capital raising transactions, but with a particular expertise in M&A. Most recently he was Head of the European business of Avendus Capital, an Indian investment bank, and previously was the Head of European M&A at Nomura International for eight years. He has also held positions at JP Morgan and Robert / Jardine Fleming. As well as London, he has also worked in Hong Kong, Sydney and Mumbai.

Robert qualified as a Chartered Accountant with Price Waterhouse and, prior to his career in finance, served in the British army. He holds an MA from the University of Cambridge.

**Lesley Watkins**  
Finance Director

Lesley joined Calculus Capital in 2002. She has over 19 years' experience in investment banking and held senior posts at three international investment banks, where her responsibilities included advising several companies in the FTSE 100. Most recently, she was Managing Director, Global Investment Banking at Deutsche Bank, which took over BT Alex Brown, where she was a Managing Director in the UK Equity Advisory Division. Before that, Lesley spent 14 years at UBS, where she was a Managing Director in the Corporate Finance Division. She has extensive experience of fundraising, flotation, mergers and acquisitions, disposals and restructurings for her clients.

From 2009 to 2014, Lesley was a Non-Executive Council Member of the Competition Commission. In 2011 she was appointed as a Non-Executive director of Panmure Gordon and in 2014 she was appointed as a Non-Executive Director of Game Digital plc. She is a fellow of the Institute of Chartered Accountants.

**Richard Moore**

Investment Director,  
Head of New Investments

Richard joined Calculus Capital in 2013. Prior to this he was a Director at Citigroup, which he joined in 2005, and previously worked at JPMorgan and Strata Technology Partners. Richard has over 14 years corporate finance experience advising public and private corporations and financial sponsors on a range of M&A and capital raising transactions. Richard began his investment banking career in the UK mid-cap advisory team at Flemings (acquired by JPMorgan in 2000), working with companies across a broad range of sectors. More recently Richard has specialised in advising companies in the technology industry. Richard has advised on a wide range of transactions including buy-side and sell-side M&A mandates, public equity and debt offerings, private equity investments and leveraged buy outs in the UK, Europe, US and Asia.

Richard began his career at KPMG where he qualified as a Chartered Accountant, and remains a member of the ICAEW. He has a BA (Hons) in Politics and Economics from Durham University.

**Alexandra Lindsay**

Investment Director

Alexandra joined Calculus Capital in 2008. As a senior member of the investment team, Alexandra's role is to source and execute new deals, as well as managing some of the existing portfolio companies through to exit.

Prior to joining Calculus Capital, she worked on the hedge fund team at Apollo Management International where she conducted research into companies and markets.

She graduated from University College London with a first class degree in History of Art having previously studied Engineering Science at Wadham College, Oxford. Alexandra is a CFA charterholder.



**Alexander Crawford**  
Investment Director

Alexander joined Calculus Capital in 2015, and has over 20 years' corporate finance experience, incorporating M&A, capital raising in both public and private markets, and other strategic advice. He spent ten years with Robert Fleming & Co, Evercore Partners and JP Morgan in London, New York and Johannesburg, where he advised the South Africa government on the privatisation of their incumbent telecoms operator. He was more recently a Managing Director at Pall Mall Capital. As a senior member of the investment team, Alexander's role is to source and execute new deals, as well as managing some of the existing portfolio companies through to exit.

Alexander has an MA in Mathematics from Cambridge University and qualified as a Chartered Accountant with KPMG.



**Roshan Puri**  
Investment Assistant Director

Roshan joined Calculus Capital in 2013. Prior to this, he qualified as a Chartered Accountant with Ernst & Young where he gained experience in transaction advisory, tax and audit. He has worked on structuring numerous domestic and international mergers and acquisitions and corporate restructuring transactions, modelling the transaction implications and project-managing the transaction implementation.

Roshan has a wide range of industry experience and since joining Calculus Capital, has worked with businesses within the leisure, healthcare and software sectors.

Roshan graduated in Economics from the University of Warwick.



**Daniela Tsoneva**  
Investment Associate

Daniela joined Calculus in 2016. She assists with financial modelling, primary due diligence and valuations. Prior to this she worked as an Analyst in a mergers and acquisitions focused investment bank Berkshire Capital Securities in New York City where she covered the financial services sector. Daniela's experience also includes product launch and supply chain consulting projects in the renewables and financial services industries in Africa.

Daniela hold an MBA (Dist) degree from Oxford University and a BA (Hons) in Political Economy from Middlebury College in the US.



**Toby Scregg**  
Investment Analyst

Toby joined Calculus in 2016 and works in the investment team. He assists with financial modelling, primary due diligence and valuations. Prior to this, he worked as an analyst within the Mining and Metals industry team at Standard Chartered Bank, assisting in the origination and execution of a range of structured financing, M&A and financial market transactions after having completed the Corporate Finance and Coverage International Graduate Scheme.

Toby graduated in Economics from the University of Exeter.

**Madeleine Ingram**

Director, Head of Marketing  
and Investor Relations

Madeleine joined Calculus in 2013 and looks after Marketing and Investor Relations. Prior to joining Calculus Capital, she worked for S&P Capital IQ where she was responsible for investment management, investment banking, private equity and algorithmic trading marketing and communications for the EMEA markets. She has managed all elements of the marketing mix, both offline and online. Before joining the marketing team she was a private equity analyst at Capital IQ.

Madeleine graduated from the University of Newcastle upon Tyne with a BA (Hons) in Modern Languages, French with Spanish.

**Francesca Rayneau**

Associate,  
Marketing and Investor Relations

Francesca joined Calculus in 2015 and works in the Investor Relations and Marketing team. Prior to joining she has worked for independent financial advisory firms, including the De Vere Group, for three years in Switzerland and Dubai. Upon moving back to the UK she joined CW+, the charity which supports Chelsea and Westminster Hospital.

Francesca has a degree in International Management from the University of Manchester. She is an associate member of Chartered Institute of Securities and Investment, having passed the Certificate in Wealth Management and Client Assets and Money qualification.

**Natalie Evans**

Director,  
Head of Fund Finance and Operations

Natalie joined Calculus in 2010 and has been administering our EIS and VCT funds for since 2011. Natalie manages all aspects of fund finance and operations including investor reporting, preparation of annual accounts as well as being responsible for regulatory aspects of the funds. Most recently Natalie has taken on the company secretarial function for the Calculus VCT.

Natalie is a Chartered Management Accountant, has a first class Bachelor of Law degree and graduated with a Masters of Modern Languages from the University of Manchester.

**Karen Makomereh**

Fund Administration Manager

Karen joined Calculus in 2015 as Fund Administration Manager. Prior to joining she worked at Fidelity Investment Limited initially on the graduate scheme before moving into the Portfolio Analytics Group. Karen has experience in project management, client reporting and portfolio performance analysis.

Karen has a degree in Biomedical Engineering from Imperial College London. She also holds the Investment Management Certificate (IMC) and is currently studying for her CIMA qualification.



**Tony Davies**  
Compliance Adviser

Tony is an independent management consultant who provides Calculus with advice on compliance with Financial Services and Markets Act rules. He has been advising UK financial services firms about regulatory compliance for over 28 years and founded The First Financial Consultancy in 1991, where he is currently a Director.

His consultancy career has spanned the retail banking, building society, life insurance and intermediary sectors as well as fund management, where his clients included Citibank, both Lloyds Bank and TSB bank, Standard Life, Abbey National (now Santander) and Marks & Spencer Financial Services. Tony has a Cambridge Mathematics degree and is a Master of Business Administration from Cranfield University, and has lectured and published papers on the regulation of the fund management industry. He is also a Fellow of the Institute of Consulting and a Chartered Management Consultant.



**Ken Edwards**  
Non-Executive Director

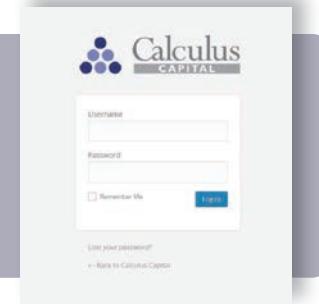
Ken has over 40 years' experience in Financial Services and held senior management posts at two leading investment management companies and the unit trust arm of a major UK Retail Bank. He was Intermediary Sales and Marketing Director, Retail Investments at Baillie Gifford & Co for 12 years. Before that, Ken spent 3 years at Barclays Unicorn, where he was Head of Intermediary Sales. He was Managing Director of Hill Samuel Professional Adviser Services, the intermediary distribution arm of Hill Samuel Investment Services and operated out of Bristol, London and Croydon. He has extensive experience of the UK Intermediary market, Sales Management, Marketing, Distribution, Strategy, PR, Compliance and Client Service.

Ken has also become a Business Mentor for The Prince's Trust and been appointed an Honorary Life Vice-President of Rockleaze Rangers FC.

# Calculus EIS Fund Timeline

## What happens next?

**Investment Information:** a statement and up-to-date valuations for each of the companies in your portfolio are sent out semi-annually. Detailed narratives on each of the companies in your portfolio are sent out annually.



**Investor Portal:** access our online investor portal, for both investors and advisers. Portfolio information and EIS3 updates available.



**Quarterly eNewsletter:** keep up to date with news on Calculus investments, exits and deal flow.



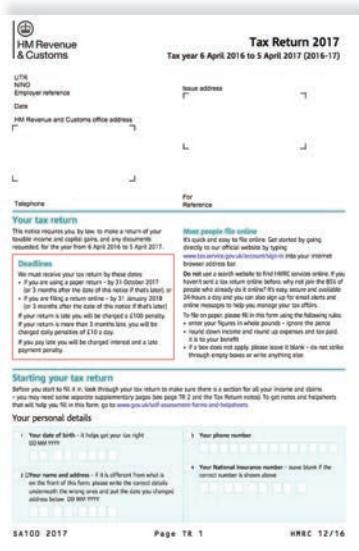
### Step 1

Complete and send your application pack.

### Step 2

A confirmation letter will be sent out within 7 days of receiving your application pack.

**Monies will be held in a segregated client account until invested.**



## Step 3

You will receive an investment 'postcard' and letter for each company we invest in. These will provide information on your investment details, the company, the transaction and our investment rationale.



## Step 4

An EIS3 form is usually sent out 2-3 months after each investment is made.



## Step 5

These forms may be used to claim income tax relief against tax paid in the current or previous year and also to defer Capital Gains tax payable on relevant gains.



## Step 6

As we exit investments, all net proceeds are distributed to investors or, if you have selected our Reinvestment Fund option, realisations will be reinvested into the Reinvestment Fund.



**After the fund close, we make investments on your behalf over an 18 month period.**

**Minimum holding period for EIS relief is three years. We look to exit investments as soon as commercially feasible after three years.**

# Our Charges

We charge a transaction fee of 2% of your contribution upon your subscription to the Fund. A dealing charge of 0.65% will apply on purchases and sales of shares.

There is an annual administration charge of 1.5% based on the Fund's last published net asset value, paid quarterly in arrears.

The Fund will also have certain operating expenses, such as audit, legal and corporate governance, for this, each Investor will incur a charge of 0.1% per quarter, based on the Fund's last published net asset value, and paid quarterly in arrears.

For non-advised investors there will be a 2% non-advised set up fee, a loyalty discount of 1% is applicable for existing Calculus EIS investors.

We are able to facilitate the payment of any fees that you may have agreed upon with your adviser in relation to your application. If this is the case, the amount available for investment will be decreased to cover payment of the initial adviser fee which you have agreed and also any ongoing annual adviser fees you might have agreed upon, for up to three years. Adviser fees should be described in pounds. For amounts stated in respect of adviser fees, VAT should be included if applicable.

Calculus Capital retains the right to deduct charges from funds awaiting investment. A portion of your Contribution sufficient to cover up to the first three years' annual administration charges may therefore be held uninvested.

In order to align the Fund Manager's interests with those of Investors, an Incentive Fee of 20% will be applied to the total return in excess of the original Contribution after deduction of amounts paid to your financial adviser to facilitate agreed adviser fees. The fee will only be payable once you have received back the full amount of your original Contribution net of such adviser fees. For example, if (ignoring any adviser fees) your original Contribution is £150,000, the fee will not be applied until £150,000 has been returned to you.

Calculus Capital retains the right to charge upfront arrangement, monitoring and, where it has board representation, director's fees to companies in which the Fund invests. The cost of all deals that do not proceed to completion will be borne by Calculus Capital.

Value Added Tax will be charged where applicable.

**If you have any questions about the charges, please call us on 020 7493 4940.**

## Fee Summary



### Transaction Fee

### Annual Administration Charge

**Non-Advised Investor Set Up Fee  
(Loyalty discount of 1% for existing  
Calculus EIS Investors)**



### Dealing Charge

### Quarterly Audit and Legal Fee

### Incentive Fee

# Frequently Asked Questions



## Questions?

Please contact Madeleine Ingram

020 7493 4940

[madeleine@calculuscapital.com](mailto:madeleine@calculuscapital.com)

The following is based on our understanding of current legislation and HM Revenue & Customs practice.



### What is the minimum and maximum that I can invest?



The minimum investment into the Fund is £50,000. There is no maximum. However, under current legislation the maximum amount of EIS Qualifying Investments on which you can claim income tax relief in any tax year is £1 million. This can be claimed in the tax year the investments were made or carried back to the previous tax year. There is no maximum amount on which CGT deferral relief and IHT relief can be claimed.



### How do I check the progress of the Fund?



A formal valuation statement will be sent to you every six months, dated April 5th and October 5th, but you can call us at any time for an informal overview. We will also notify you of significant events including investments and disposals. Your statement will include for each investment made, cost and both opening and closing market values for the relevant period. We also send postcards when we make investments, quarterly e-newsletters and run 'Meet the CEO' seminars.



### Can I own my investment jointly with my spouse?



Investments via the Fund cannot be jointly owned, but each spouse can make a separate investment, and each can receive income tax relief at 30% on the first £1 million invested by the Fund per tax year.



### Who owns the investment in the EIS Qualifying Companies?



You are the beneficial owner of shares in each company in which the Fund invests your money and investments will normally be made in proportion to the total original Contributions to the Fund by all Investors (net of financial adviser charges as well as initial and periodic management and administration charges and expenses) subject to any rounding that may occur to avoid issuing fractions of shares. However, to allow efficient administration, the shares will be registered in the name of the Custodian or its nominee company who will hold them on your behalf as your nominee, subject always to HM Revenue & Customs rules for ownership from time to time.



### How long will it take to invest my subscription?



Our target investment horizon is 18 months and we aim to have our investors fully invested within the 18 month timescale, although this cannot be guaranteed.



### How many companies will be in my Portfolio?



Each Investor's Portfolio will include at least 6 companies.



## Can I choose the companies for my Portfolio?



No, Calculus Capital will be responsible for all investment decisions which will be made in accordance with a stated investment mandate. You will be allocated a share of investments made by the Fund.



## What is the dividend policy?



To reduce the tax payable by Investors, dividends are likely to be small. Returns will primarily be realised as tax free capital growth as dividends paid by EIS companies are taxable.



## How can I claim my Tax Relief?



The Fund is an unapproved EIS Fund and accordingly the relevant dates for claiming income tax relief, capital gains tax deferral and inheritance tax reliefs are the dates we make investments into the underlying Investee Companies.

Although investments will be managed in common, your investments will not be pooled with investments made by other Investors. Investors will receive an EIS3 form following each EIS Qualifying Investment. This form will enable Investors to claim certain tax benefits earlier; without waiting for the end of the investment programme. These forms can be used to claim both income and capital gains tax deferral relief by sending them to your tax office. You do not need to wait until the entire Fund is invested before you can start claiming tax reliefs.



## When can I make a withdrawal?



Each Investor is entitled to make the following withdrawals from their Portfolio in the Fund as follows:

**Uninvested cash:** at any time provided 20 days' notice in writing has been given to Calculus Capital.

**EIS shares:** at any time after the expiry of seven years following the issue of the shares;

**EIS shares which can be dealt in on a recognised investment exchange:** at any time after the expiry of five years following the issue of the shares; and

**Non-EIS shares:** at any time after the expiry of six months following the date on which they ceased to be EIS shares.

After the expiry dates above, an Investor can request to transfer their holding in an Investee Company into their own name. From the point of such transfer, the relevant holding will no longer be managed by Calculus Capital and instead will be the responsibility of the Investor.

As part of the transfer into the investors' name, investors may be required to adhere to the investment, shareholder or subscription agreement applicable to the Investee Company as if they had invested directly in such company rather than through the Fund. Investors will also be bound by the provisions in the Investee Companies' articles of association including any restrictions on transfer of shares.

It is important to note that the transfer of shares into an Investor's name and outside of Calculus Capital's management does not mean that such shares will be any more readily realisable than they were previously.

Investors should familiarise themselves thoroughly with the risk factors for unquoted investments on pages 3 and 4 and you should note that one of the risks is that an Investor may find his investment difficult to realise.



## How do you value portfolio companies?



Valuations are audited by an independent firm of Chartered Accountants. Investments in portfolio companies are valued accordingly to the International Private Equity and Venture Capital (IPEV) Guidelines which have been adopted as best practice internationally and are endorsed by all leading accounting bodies and national venture capital organisations. Methods used in the valuation process include comparable company and transaction analysis as well as discounted cash flow models. We share valuations with investors every 6 months, as at April 5th and October 5th.



## Can I invest in the Fund if I am a US person?



Individuals who are citizens of the United States of America or who are residents of the United States of America for tax purposes ("US Persons") may not invest in the Fund. The Fund Manager will not accept Application Forms from US Persons and by submitting a completed Application Form, an Investor warrants and confirms to the Fund Manager that he is not a US Person.



## What happens if I die while invested?



In the event of your death during the lifetime of the Fund, Calculus Capital will cease to make investments on your behalf as soon as the team is notified. A probate valuation will be produced on request. Calculus will distribute any uninvested cash as instructed by the executors of your estate less any expenses or unpaid management fees. Beneficial and legal ownership of investments which have become quoted will be transferred to your executor and then on to your beneficiaries. Your beneficial interest in unquoted investments will transfer via your executor to your beneficiaries and Calculus Capital will retain its mandate over such investments and your beneficiaries will receive twice yearly valuations and other investor communications in respect of such investments.

Where shares in the underlying Investee Companies have been held for at least two years at the time of your death, the value of these holdings should fall outside your estate for inheritance tax purposes.



## Your Account



Your Contribution monies will be held in a designated client account which is segregated from the Fund Manager's own funds prior to investment in Investee Companies, and following the realisation of investments in Investee Companies prior to distribution or reinvestment of the proceeds. The interest arising will be paid to Calculus Capital as a contribution towards the cost of establishing and maintaining the Fund.



## Practising Accountants and other Professional Persons



The Fund Manager will arrange to exclude practising accountants or other professional persons from any investment that their professional rules prevent them from making, provided that details of potential conflicts and such qualifications are notified to the Fund Manager. Any amounts not invested for this reason will be returned to the participants concerned and will not be used to increase their share of other Fund investments.



## Do 'carry back' rules apply?



HM Revenue & Customs 'carry-back' rules will apply. For example, if you invest £1 million via the Fund into EIS Qualifying Investments in a particular tax year and have made no EIS Qualifying Investments in the previous tax year, you can also carry back income tax relief on £1 million to that previous tax year. There is no maximum limit on the amount eligible for capital gains tax deferral and inheritance tax relief.



## How is my money protected?



Monies which you have subscribed to a Calculus EIS fund are held pending investment or distribution by Calculus (the "Custodian") in a segregated client money account. By placing your money in segregated client money account, your money should be protected in the unlikely event that the Custodian were to default. In addition investors may be entitled to receive the protection of the Financial Services Compensation Scheme established under the Financial Services and Markets Act 2000. Details of the investor's rights under this scheme are available from Calculus on request, and further information is available from the FCA and the Financial Services Compensation Scheme.

When monies are invested in EIS qualifying companies, the Custodian may transfer the investment monies from your account with the Custodian to the firm of solicitors we have instructed to act for us, in our capacity as your fund manager. Similarly, on a realisation, the purchaser of your shares may transfer realisation proceeds to the firm of solicitors we have instructed to act for us, in our capacity as your fund manager. Money held by a firm of solicitors is covered by the rules of the Solicitors' Regulatory Authority and not by the Financial Conduct Authority. If a firm of solicitors were to default you would be entitled to claim compensation from the Solicitors' Compensation Fund.

When making investments in quoted companies we may transfer monies from your account to the CREST Custodian we have instructed to act for us, in our capacity as your fund manager. Similarly, on a realisation of a quoted investment, the purchaser of your shares may transfer proceeds to the CREST Custodian. The CREST Custodian is regulated by the Financial Conduct Authority and in the event of a default by the CREST Custodian you would also be entitled to claim under the Financial Services Compensation Scheme subject to the prevailing limits.



## What are the key dates for benefiting from the various tax reliefs?



All dates are based on the date on which the underlying investments in Investee Companies are made, not the date at which you enter the Fund.

**Income Tax Relief:** can be claimed against tax paid in the year of investment and/or carried back to the previous tax year.

**Capital Gains Tax Exemption:** any capital gains on investments made by the Fund on your behalf will be exempt from capital gains tax provided they have been held for three years.

**CGT Deferral Relief:** you can go back three years or forward one year from the dates the Fund invests in EIS Qualifying Companies to claim deferral relief on other capital gains provided an amount equivalent to those gains is invested in EIS Qualifying Companies by the Fund.

**Inheritance Tax (IHT) Relief:** The investments made by the Fund should qualify for up to 100% relief from inheritance tax. An investment in an EIS Qualifying Company is normally treated as Relevant Business Property for the purposes of IHT where the shares are held for at least two years and are held at the date of death.

Under current legislation, IHT relief would be lost if the company's shares were listed on the main market of the London Stock Exchange or certain overseas stock markets. (Even if shares are sold, provided that the qualifying shares have been held for at least two years out of the last five and a replacement qualifying asset is held at the time of death, IHT relief should apply).

# Definitions

**Adviser & AML Certificate** – a certificate from your authorised financial adviser in the form approved by Calculus. The Adviser & AML Certificate is enclosed within the Application Pack

**AIM** – the London Stock Exchange's alternative investment market

**Applicable Laws** – all relevant UK laws, regulations and rules, including those of any government or of the FCA

**Application Form or Application** – the form for making an application to invest in the Fund. The Application Form is enclosed within the Application Pack

**Application Pack** – the Individual Investor's Application Form and Adviser & AML Certificate (or Investor & AML Certificate)

**Associate** – any person or entity which (whether directly or indirectly) controls or is controlled by the Fund Manager

**Capital Gains Deferral Relief** – the relief from CGT provided for by Section 150C and Schedule 5B of the Taxation of Chargeable Gains Act 1992

**CGT** – Capital Gains Tax

**Closing Date** – a date by reference to which Contributions received by the Fund Manager may be applied in the creation of Portfolios. The Fund Manager reserves the right to extend the date of any Closing Date

**Connected Person** – a director, shareholder, partner, employee or Associate of the Fund Manager, or any Associate, or the Custodian (as the case may be)

**Contribution** – the total gross amount subscribed by an Investor in accordance with the terms of the Information Memorandum

**CREST** – the UK's electronic registration and settlement system for equity share trading

**Custodian** – an entity (which may be an Associate or a third party) whom the Manager appoints to carry out safe custody and administration (and related) services in relation to investments made by the Fund

**EIS** – Enterprise Investment Scheme

**EIS Qualifying Company or Qualifying Company** – a company which is a qualifying company for the purposes of the Enterprise Investment Scheme

**EIS Qualifying Investment or Qualifying Investment** – investments by an individual eligible for relief under Part 5, Income Tax Act 2007 into shares of a Qualifying Company as defined in S180, Income Tax Act 2007

**EIS Relief** – the tax relief made available to investors under EIS legislation. This may include income tax relief, capital gains tax relief, loss relief, capital gains tax deferral relief and inheritance tax relief subject to the individual circumstances of the Investor

**FCA** – Financial Conduct Authority

**Fund** – the Calculus EIS Fund (sometimes referred to as the Calculus Capital EIS Fund)

**Fund Manager or Manager or Calculus Capital or Calculus** – Calculus Capital Limited (registered in England and Wales under company number 3861194) whose registered office is 104 Park Street, London, W1K 6NF

**Incentive Fee** – the fee payable to the Manager, upon the return to the Investor (or his/her nominee) by way of distribution of cash (whether of capital or gross income) or transfer to him/her (or his/her nominee) of any shares held on his/her behalf of an amount equal to 20% of the aggregate value (whether of capital or gross income) which has been returned to an Investor less the Investor's Contribution to the Fund

**IHT** – Inheritance Tax

**IHTA 1984** – the Inheritance Tax Act 1984

**Information Memorandum or Memorandum** – this information memorandum published by the Fund Manager in relation to the Fund

**Investee Company** – a company, being a Qualifying Company, in which the Manager makes an investment

**Investor** – an individual who completes an Application Form which is accepted by the Fund Manager

**Investor Agreement or Agreement** – the Investor Agreement in the form set out in the Application Pack

**Investor & AML Certificate** – where you do not have an authorised financial adviser, a certificate to be provided by you, in the form approved by Calculus. The Investor & AML certificate is enclosed within the Application Pack

**IPO or an Initial Public Offering** – a flotation on a recognised stock market (including AIM) of shares in a company

**IRR** – Internal Rate of Return, which is a measure of performance derived by calculating the discount rate which when applied to a series of cash flows produces a result equivalent to zero

**Portfolio** – your personal allocation of all investments that the Manager makes under the terms of the Investor Agreement and all cash subscribed by you (after deduction of expenses and charges) which remains to be invested at any given time

**Readily Realisable Investments** – a government or public security denominated in the currency of the country of its issuer or any other security which is admitted to official listing on an exchange in an EEA state, regularly traded on or under the rules of such an exchange, or regularly traded on or under the rules of a recognised investment exchange or (except in relation to unsolicited real-time financial promotions) designated investment exchange, or a newly issued security which can reasonably be expected to fall within the above categories when it begins to be traded. This term does not include AIM traded investments, nor does it include unlisted securities

**Reinvestment Fund** – an arrangement on terms substantially similar to those of the Fund or otherwise on such terms as Calculus may propose in accordance with clause 21 of the Investor Agreement within the Application Pack

**Relevant Business Property or Business Property Relief** – relevant business property for IHT purposes which includes shares in unlisted trading companies and the relief available thereon as set out in the IHTA 1984 (S.105)

**Relevant Period** – a minimum of three years from the date of investment in the EIS Qualifying Investee Company or three years from its date of commencement of trading, if later

**Retail Investor** – an investor who completes the application form for Retail Investors and is accepted into the Fund

**Sophisticated Investor** - a person who, if he were a client of the Manager and the appropriate procedure were followed, could be categorised as an elective professional client in accordance with COBS 3.5.3 (1) and (3)

## Directory

<b>Manager</b>	Calculus Capital Limited 104 Park Street London W1K 6NF Telephone: 020 7493 4940 Website: <a href="http://www.calculuscapital.com">www.calculuscapital.com</a>
<b>Legal and Tax Adviser</b>	RW Blears LLP 125 Old Broad Street London EC2N 1AR Telephone: 020 3192 5690 Website: <a href="http://www.blears.com">www.blears.com</a>
<b>Bankers</b>	Adam & Company plc 22 King Street London SW1Y 6QY
<b>Auditor to the Fund</b>	Hillier Hopkins LLP 45 Pall Mall London SW1Y 5JG

Each of the professional firms: RW Blears LLP, Adam & Company plc and Hillier Hopkins LLP has been named above for information purposes only and takes no responsibility for any statement or omission from this Information Memorandum.

We reserve the right to change professional firms at any time.

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