

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.