Calculus
experience counts

Reinvestment **Fund**

A diverse portfolio of innovative companies
built to deliver tax free capital growth

Don't invest unless you're prepared to lose all the money you invest. This is a high-risk investment and you are unlikely to be protected if something goes wrong.

1 December 2022

Risk Summary

Estimated reading time: 2 mins

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

- Investments made by the Calculus Reinvestment Fund will be in shares in early-stage businesses. Investors in these shares often lose 100% of the money they invested, as many early-stage businesses fail.

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 here. 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 here. https://www.financial-ombudsman.org.uk/consumers

3. You won't get your money back quickly

- Even if the businesses the Fund invests your money in are successful, it may take several years to get your money back.
- The most likely way to get your money back is if the businesses invested in by the Fund are bought by another business or list their shares on an exchange such as the London Stock Exchange. These events are not common.
- Early-stage businesses very rarely pay you back through dividends. You should not expect to get your money back this way.

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. https://www.fca.org.uk/investsmart/5-questions-ask-you-invest

5. The value of your investment can be reduced

- The percentage of each investee company that the Fund owns will decrease if the business issues more shares. This could mean that the value of your investment in each investee company reduces, depending on how much the business grows. Most early-stage businesses issue multiple rounds of shares.
- These new shares could have additional rights that your shares don't have, such as the right to receive a fixed dividend, which could further reduce your chances of getting a return on your investment.

6. Tax advantages not guaranteed

- Whilst it is the Fund's intention to invest in companies qualifying under EIS legislation, Calculus 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. The tax advantages of investing through the Fund are therefore not guaranteed.

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

Contents

What is the Calculus Reinvestment Fund?

When an exit is made, investors can choose to receive their proceeds as cash or reinvest monies into the Calculus EIS Reinvestment Fund.

Once monies are reinvested:

- 30% income tax relief is available
- An existing CGT liability can once again be deferred
- The investment once again falls outside of the estate, without restarting the 'two-year clock'*
- The investments benefit from capital gains tax relief and loss relief

*After two years of holding EIS shares, it is possible to claim full inheritance tax relief. The investment should be held at death and the holding period should be at least two out of the last five years.

How does it work?

Calculus will invest proceeds in EIS qualifying businesses and will follow the same investment strategy as the Calculus EIS Fund and Calculus Knowledge Intensive EIS Fund. To ensure investments are made as quickly as possible the Reinvestment Fund does not commit to offering a diversified portfolio across various sectors. There will, however, be an investment cap, which is one third of the original amount subscribed into the Fund in which the exit has come from.

By signing up to the Reinvestment Fund, this will become your default distribution preference unless you notify us otherwise.

We can facilitate reinvesting a percentage of the realisation proceeds, for example you may wish to reinvest 75% and take the remaining 25% as a distribution. As we exit further investments the same split will apply to the net proceeds being reinvested until you notify us otherwise.

Working example

1. Company x is exited and delivers £20,000 exit proceeds net of fees which will be transferred to the Reinvestment Fund
2. Calculus makes an investment in company y and would like to invest £10,000* of your proceeds into the company on your behalf. After Reinvestment Fund fees (please see page 7) and adviser fees if applicable, an amount of £9,500 is invested in company y
3. Calculus makes an investment in company z and would like to invest the remainder of the proceeds less fees – another £9,500
4. Calculus sends the two EIS3 certificates and income tax relief of £5,700 is eligible to be claimed
5. Any capital gains can once again be deferred
6. The investment once again falls outside of your estate, now all proceeds are reinvested

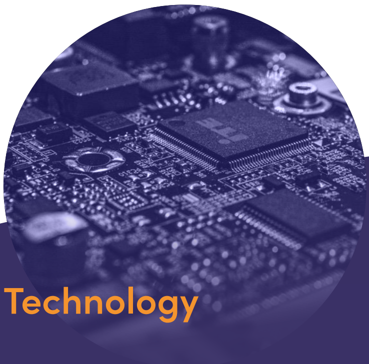
*Quantum depends on how big the overall investment amount into the underlying company is. As the Reinvestment fund co-invests with other Calculus funds, it also depends on how many other open tranches there are.

It is important to be aware that we are unable to guarantee a timeframe for when the monies will be reinvested back into EIS qualifying shares. Once an investment has exited and whilst the monies are in cash, it is not exempt from inheritance tax and any capital gain deferred during the existing Fund will have crystallised upon exit. Once the monies are reinvested into replacement shares in a qualifying company, it will once again sit outside of an investor's estate – under current legislation the two-year clock does not restart. Equally, once the monies are back in qualifying shares a capital gain can once again be deferred and 30% income tax relief is available.

Investment strategy

We target the following sectors

Please note, in the interest of time we do not commit to sector diversification across the Reinvestment Fund.



Technology

We predominantly look for companies with a defensible marketing position providing software as a service (SaaS) to an already established client base. SaaS companies benefit from significant operating leverage, they are asset light and capable of very rapid, non-linear growth.

Some examples in the current portfolio include:

- Hinterview
- Optalitix
- Rotageek
- Notify
- eConsult
- Wazoku

Healthcare

We focus primarily on the fields of diagnostics, pharmaceutical services, and drug discovery. We look for validated platform technologies as opposed to point solutions, and we favour businesses that have existing partnerships with large pharma companies.

Some examples in the current portfolio include:

- Oxford Biotherapeutics
- Arecor
- Invizius
- MIP Discovery
- Censo Biotechnologies
- Spectral MD

Entertainment

We look to invest in successful UK media and entertainment companies spanning production companies which develop and produce ambitious commercial content for an international market, companies developing innovative media-related technologies, gaming companies and developers of new digital content.

Some examples in the current portfolio include:

- Brouhaha
- Maven Screen Media
- Riff Raff Entertainment
- Raindog
- Home Team
- Wonderhood

Stage

Calculus prefers to invest in companies with established, proven products and business models. We favour revenue generating companies, requiring proof of an explicit market need. There needs to be a clear route to exit, and, most importantly, a strong and adaptable management team aligned to our growth plans and exit timeframes.

Reinvestment Fund
Timeline

1. Request application form and complete application pack.
2. A confirmation letter will be sent out within 7 days of receiving the completed application form.
3. Realisation proceeds, net of fees, are transferred to the Reinvestment Fund. Your funds will be held in a segregated client money account until they are reinvested.
4. The proceeds will be invested into an EIS qualifying company, subject to the investment cap. The proceeds may be invested in more than one company depending on the allocation.
5. An EIS3 form is usually sent out 2-3 months after each investment is made. These funds can be used claim income tax and defer capital gains tax.
6. You will receive bi-annual valuation and statements dated 5 April and 5 October for your Reinvestment Fund, this will be a separate statement to your existing Fund(s).

Charges

Summary

Quarterly Operating Expenses	0.1%	**Annual Administration Charge**	1.5%
Dealing Charge	1%	**Incentive Fee**	10%

We do not charge a setup fee or transaction fee for the Reinvestment Fund. A dealing charge of 1% will apply on purchases and sales of shares for the Reinvestment Fund.

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 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.

Calculus 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 and will not attract income tax relief.

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.

To align the Fund Manager's interests with those of Investors, an incentive fee of 10% will be applied to the total return more than each individual contribution to the Reinvestment Fund. This will be on a deal-by-deal basis, after deduction of amounts paid to advisers if applicable.

We can facilitate adviser fees that have been agreed

How to apply

Please get in touch with the sales & marketing team to request an application form on:

info@calculuscapital.com

020 7493 4940

Management of team talent

Calculus looks to attract and retain the best talent to invest in, manage and exit investors' investments. In order to align interests alongside our investors, it will be operating, from September 2022, a co-investment incentive scheme (the "Scheme") in line with best market practice in the private equity and venture capital industry. Under the Scheme, members of the Manager's investment team, together with other key employees, invest their own money into each investment made by the Fund.

Participants will be required to transfer an amount of capital into the Scheme at the start of the Fund's investing period. The Scheme will then automatically invest alongside the Fund in all eligible investments, but always in junior ranking equity. This means that Scheme participants will not receive back any capital from an investment unless the Fund has received at least all of its capital back from that investment. The Scheme will only be able to sell its junior ranking shares in an individual investment at the same time as the Fund sells its senior ranking shares.

If the structure of an individual investment prevents the creation of a junior ranking class of equity, that investment will not be considered eligible for investment by the Scheme. This would be the case for AIM quoted securities which are required to issue equal ranking equity.

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 is not able to provide you with advice about whether you should invest in this 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 will not lose all of its value.
- Success of the Fund will depend in part upon the skill and expertise of Calculus and the continued availability of the senior investment team, which cannot be guaranteed.
- 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 involves 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 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 will not always be in a position to fully protect the interests of Investors in the Fund.
- EIS qualifying companies are also required to meet a "risk to capital" gateway test requiring them to have long term growth and development objectives and for there to be a significant risk that invested capital will be lost over and above the net return to investors.
- The past performance of investments made by funds managed by Calculus should not be regarded as a reliable indication of the future performance of investments made by the Fund. Although Calculus 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 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 Reinvestment Fund. Applications will not be accepted from US persons.

- Whilst it is the intention of Calculus to invest in companies qualifying under EIS legislation, Calculus 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 date on which initial income tax relief is available will depend on the date investments are made into the underlying companies. The dates on which 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 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 a UK resident and has held the shares for a minimum five-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.

Information correct as of 1 September 2022

Directory

Manager	**Calculus Capital Limited** 12 Conduit Street London, W1S 2XH 020 7493 4940 www.calculuscapital.com
Legal and Tax Adviser	**RW Blears LLP** 70 Colombo Street London, SE1 8PB
Bankers	**Coutts & Co** 440 Strand London, WC2R 0QS

Each of the professional firms: RW Blears LLP and Coutts & Co, 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. Calculus Capital is a member of the British Venture Capital Association (BVCA) and the Enterprise Investment Scheme Association (EISA).

Calculus Capital's VCT is a member of the Association of Investment Companies (AIC). Calculus Capital is authorised and regulated by the Financial Conduct Authority.

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1 December 2022