

# THE ANGLO SCIENTIFIC EIS FUND

EXTRAORDINARY TECHNOLOGIES, TARGETING EXTRAORDINARY RETURNS

## AS EIS FUND - PERFORMANCE FEE EXAMPLE

This simple example aims to show how the Performance Fee payable to the Manager is calculated.

### ASSUMPTIONS

The following assumptions are for illustration purposes only and provide no indication of anticipated figures / returns. The example deliberately includes good and bad returns within the assumed portfolio to illustrate how the performance fee works.

Investors Commitment	£10,000,000
5 investments in the Fund Portfolio	5 x £2,000,000

#### Example Returns:

1. 1 <sup>st</sup> investment returns	£2,000,000
2. 2 <sup>nd</sup> investment returns	£7,000,000
3. 3 <sup>rd</sup> investment returns	£20,000,000
4. 4 <sup>th</sup> investment returns	£1,000,000
5. 5 <sup>th</sup> investment returns	£nil

**Total cash return** £30,000,000

It is assumed that all the money is returned to investors in one sum after 7 years.

### CALCULATION OF MANAGER'S PERFORMANCE FEE

- A 40% "hurdle rate" equates to a return to investors of £14m
- The Performance Fee only applies once £14m has been returned to investors
- Performance Fee at 30% of gain once investors have received back £14m

Once investors have received their 140% the balance of the total cash returned is then divided as follows;

1. "Catch Up" for the Manager then
2. Pro rata share of the balance of which the investor receives 70% and the Manager 30%

### Catch Up

In the example, Catch Up is equal to  $\frac{3}{7}$  of the hurdle amount paid to investors before anything under the Performance Fee becomes payable to the Manager.

i.e.  $\frac{3}{7} \times £4m = £1.7m$

### Distribution Of Cash Return

In the following priority:

1. Investors Commitment £10m
2. Investors 40% hurdle rate £4m
3. Managers Performance Fee "Catch Up" £1.7m
4. Balance of cash return to be distributed £14.3
  - Investors at 70% — £10m
  - Manager at 30% — £4.3m

## The Anglo Scientific EIS Fund

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