



NUCLEATION CAPITAL ROLLING FUND TERM SHEET

THIS TERM SHEET PROVIDES INFORMATION TO ACCREDITED INVESTORS ABOUT THE NUCLEATION CAPITAL FUND BUT SUBSCRIPTION IS MADE THROUGH THE FUND'S ONLINE FUND PORTAL.

- ISSUER/MANAGER:** Nucleation Capital (“Nucleation” or the “Fund Manager”)
- GENERAL PARTNER:** Angellist Ventures serves as fund General Partner (“Angellist,” “GP” or the “Fund GP”) and provides venture fund administrative services to the Fund Manager and access to the investment platform and account custodial services to fund Limited Partners, the investors.
- TYPE OF SECURITY:** The Fund is a “rolling” fund which is structured as a Master Series LLC. Each quarter consists of a new series that will have one class of members, “Limited Partners,” who are subscribers to that fund. Each Limited Partner (“LP”) selects the Quarterly Amount that they shall agree to pay in as their quarterly capital contribution and the number of quarters for which that level capital contribution shall be made for their Subscribed Term.
- MINIMUM SUBSCRIPTION:** \$5,000 per quarter paid for four sequential quarters (\$20,000). Recommended minimum: \$5,000 per quarter paid for eight sequential quarters (\$40,000), which qualifies for a 25% promotional fee discount. Institutional LP recommended minimum: \$50,000 per quarter for twelve sequential quarters (so discount applies). A maximum per LP may apply. The Fund Manager reserves the right to make exceptions.
- TARGET FOR DEALS:** Nucleation Capital expects to invest at the rate of approximately five deals per year, or slightly more than one deal per quarter. Thus, subscribers selecting eight quarters will likely get equity positions in eight to ten ventures. LPs selecting twelve quarters will likely get equity positions in an estimated twelve to fifteen ventures. Although the amounts invested per deal will vary and follow-on investments may be made in later rounds of ventures previously invested in, LPs can size their subscriptions based upon the approximate amount of capital that they would like to have as an amount invested per deal.
- TARGET FUND SIZE:** \$20 - \$30 million in total commitments.
- TERM:** The Fund Manager may raise capital from new LPs every quarter going forward on an indefinite basis. As a Master Series LLC, the fund is an evergreen structure that does not have a formal end date.



**GENERAL
OPERATIONS:**

LP capital funded each quarter may be committed and/or invested that quarter. Any amounts not committed or invested will roll over to the subsequent quarter until fully invested. Investments are expected to have an average holding period of 5-7 years. After investment of any capital, the fund will continue to actively manage the investment for the full ten-year term unless investment returns are received prior. Investments that produce returns will be harvested and returns distributed to the LPs subscribed for that quarter. The target term for holding any specific investment made by the Fund is 10 years, subject to two optional one-year extensions at the Fund Manager's discretion.

**MANAGER'S
COMMITMENT:**

\$25,000 per quarter or a minimum of 1.0% of the total capital per quarter, whichever is greater, but not to exceed \$100,000 per quarter.

MANAGEMENT FEE:

The Fund Manager will be paid a management fee of 2% per year by the General Partner, from funds reserved from principal paid by LPs, such that there are no subsequent capital calls for fees. For subscriptions of eight quarters or longer, the Fund Manager's fee will be 1.5% per year.

CARRIED INTEREST:

20% of net profits, calculated after the full return of principal to each LP, for their Subscribed Term. In the event the Subscribed Term is eight quarters or more, the carried interest paid to the Fund Manager will be 15% of net profits.

**ORGANIZATIONAL &
OTHER EXPENSES:**

Nucleation will not charge its organizational costs to LPs in the fund. Additionally, the 15 basis-point annual fee charged by the General Partner for its platform and custodial services, will be deducted from the Fund Manager's management fee. Only extraordinary out-of-pocket expenses exceeding \$1,500 relating to post-investment legal or portfolio company needs will be allocated pro rata to the Members, based on their pro-rata invested capital amounts.

**INVESTMENT
LIQUIDITY EVENT:**

The Fund Manager will distribute the net proceeds attributable to the full or partial liquidation or disposition of an investment in a portfolio Company following the liquidation or disposition of each such investment.

Distributions will be made in the following order of priority:

(a) First, 100% to the Members in return of and in proportion to their contributed capital with respect to the portfolio company investment or related expenses that has been fully or partially liquidated;

(b) Second, 100% to the Members until they have received the return of their fully-paid capital for their Subscribed Term; and



(c) Third, a Profit Share of 80% (or 85% in the event the fee discount applied) to the Members and 20% (or 15% in the event the fee discount applied) to the Fund Manager. The distribution of the Profit Share to the Members shall be made pro rata based on the relative principal amount of each Member's Capital Contribution to that portfolio company.

**INVESTOR
QUALIFICATIONS:**

The investment will be limited to persons qualifying as accredited investors under federal securities laws. Individual accredited investors are those persons who meet at least one of the following standards:

- an investor who, together with such person's spouse, had income in excess of \$300,000 in the previous two years and reasonably expects to have income in excess of \$300,000 in the current year;
- an investor who had individual income, irrespective of the income of such investor's spouse, of at least \$200,000 in the two most recent years and reasonably expects to have income in excess of \$200,000 in the current year; or
- an investor who has a net worth, either individually or jointly with a spouse, which exceeds \$1 million at the time of purchase, excluding the value of the investor's primary residence.

INVESTOR RIGHTS:

From time to time, the Fund Manager may float a special purpose vehicle (SPV) through the Nucleation syndicate. Fund subscribers shall get priority access to participate in Nucleation syndicates and a discount on carry.

This Term Sheet has been provided solely for informational purposes. To subscribe to Nucleation Capital, please follow the instructions provided for accessing the fund portal at AngelList and download the official legal documents for the fund.