

# Reserve sizing

Tactyc calculates your fund's expected reserve ratios instead of having you enter it. This ensures there is no "left-over" capital and enables you to "build up" to the ideal reserve ratio from more granular assumptions.

Follow-on reserves are calculated based on:

- Number of graduations (this comes from the Sector Profile)
- Follow-on strategy defined in each allocation. This includes:
  - Follow-on check sizes amounts
  - How many rounds will your fund be follow-on for an allocation?
  - How often will you be following-on for this allocation?

## How to define follow-on strategies?

Follow-on strategies are defined at each **Allocation**. In the **Follow-on Strategy** section of the allocation, you can set the follow-on amounts, or choose to maintain your pro-rata ownership.

## Pre-Seed

Capital Allocated: \$14,780,179 Expected MOIC: 7.90x Reserve Ratio: 48.13%

### Allocation Name

Pre-Seed

### Linked Sector Profile <sup>?</sup>

Default

### Entry Ro

Pre-Seed

### Initial Check Size <sup>?</sup>

Amount

737,500

Implied Entry Ownership

10.00%

Number of Deals

10.39

Capital Allocated

\$7,665,828

### Follow-On Strategy <sup>?</sup>

	Pre-Seed		Seed		Series A		Series B	
Maintain Ownership (%) of	0	%	10	%	10	%	0	%
Follow-on Participation (%) <sup>?</sup>	0	%	100	%	100	%	0	%
Implied Follow-On Check	-		\$377,778		\$1,200,000		-	
Graduation Rate	-		70%		50%		50%	
Number of Graduations	-		7.28		3.64		1.82	
Number of Follow-ons	-		7.28		3.64		-	
Capital Allocated	-		\$2,748,726		\$4,365,624		-	

## My calculated follow-on reserve % is too low (or too high), how do I adjust this?

If the fund's reserve ratio doesn't line up with your expectations, here are some strategies to use:

- If your reserves are too low, increase the follow-on check sizes or follow-on participation %
- If the above method still doesn't give you your expected reserve ratio, revisit the **Sector Profiles** and adjust the **Graduation Rate** and **Exit Rates**. Tactyc will only follow-on into graduated companies. So if you adjust your model's graduation rates, you can increase or decrease the number of follow-ons demanded in your portfolio. Please keep in mind this is a

"macro" change and implies your view on the sector may have now changed as well.

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