

**THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt about the contents of this document or the action you should take, you should immediately consult your stockbroker, solicitor, accountant or an appropriately qualified independent financial adviser, authorised under the Financial Services and Markets Act 2000 or, if you are in a territory outside the United Kingdom, an appropriately authorised independent financial adviser.**

If you have sold or otherwise transferred all of your Shares in the Company, please send this Circular, but not the accompanying Form of Proxy, as soon as possible to the purchaser or transferee, or to the stockbroker, bank or other agent through whom the sale or transfer was effected, for delivery to the purchaser or transferee. However, such documents should not be distributed, forwarded or transmitted in or into the United States, Canada, Australia, South Africa or Japan or into any other jurisdiction if to do so would constitute a violation of the relevant laws and regulations in such other jurisdiction. If you have sold or transferred only part of your holding of Shares, please consult the bank, stockbroker or other agent through which the sale or transfer was effected.

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## **AXIOM EUROPEAN FINANCIAL DEBT FUND LIMITED**

*(A closed-ended investment company limited by shares incorporated in Guernsey with registered number 61003)*

### **NOTICE OF GENERAL MEETING**

#### **AMENDMENTS TO ARTICLES OF INCORPORATION**

#### **DISAPPLICATION OF PRE-EMPTION RIGHTS**

#### **AMENDMENTS TO INVESTMENT POLICY**

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The Proposals described in this Circular are conditional on approval from Shareholders, which is being sought at a General Meeting of the Company to be held at 1st Floor, Royal Chambers, St Julian's Avenue, St Peter Port, Guernsey GY1 3JX at 10.30 a.m. on 5 October 2018. Notice of the General Meeting is contained within this Circular.

The Company is a closed-ended investment company limited by shares, registered and incorporated in Guernsey under the Companies Law on 7 October 2015, with registered number 61003. The Company is a non-cellular company and has been declared by the Commission to be a registered closed-ended collective investment scheme.

Shareholders are requested to return the Form of Proxy enclosed with this Circular. Shareholders are asked to complete, sign and return the Form of Proxy in accordance with the instructions printed thereon by one of the following means: (i) in hard copy form by post, by courier, or by hand to the Company's Registrar, Link Asset Services, PXS 1, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU; or (ii) in the case of CREST members, by utilising the CREST system service (details of which are contained in this Circular), in each case as soon as possible and, in any event, not later than 10.30 a.m. on 3 October 2018. The lodging of a Form of Proxy will not prevent a Shareholder from attending the General Meeting and voting in person if they so wish.

**This Circular should be read as a whole. Your attention is drawn to the letter from the Chairman of the Company which is set out on pages 2 to 5 of this Circular and which recommends that you vote in favour of the Resolutions to be proposed at the General Meeting. Your attention is drawn to the section entitled "Action to be Taken by Shareholders" on page 5 of this Circular. The definitions used in this document are set out in Part II on pages 6 and 7.**

## CONTENTS

	<b>Page</b>
EXPECTED TIMETABLE OF EVENTS .....	1
PART I – LETTER FROM THE CHAIRMAN .....	2
PART II – DEFINITIONS .....	6
NOTICE OF GENERAL MEETING .....	8

## EXPECTED TIMETABLE OF EVENTS

Latest time and date for receipt of Forms of Proxy  
for the General Meeting\* 10.30 a.m. on 3 October 2018

General Meeting 10.30 a.m. on 5 October 2018

If any of the above times and/or dates change, the revised time(s) and/or date(s) will be notified to Shareholders by an announcement through a Regulatory Information Service provider. All references to times are to London times.

\* Please note that the latest time for receipt of the Forms of Proxy in respect of the General Meeting is 48 hours (excluding any part of a day which is not a Business Day) prior to the time fixed for the meeting.

## PART I – LETTER FROM THE CHAIRMAN

### AXIOM EUROPEAN FINANCIAL DEBT FUND LIMITED

(A closed-ended investment company limited by shares incorporated in Guernsey with registered number 61003)

#### Directors

William Scott (Chairman)  
John Renouf  
Max Hilton

#### Registered Office

P.O. Box 650, 1st Floor, Royal Chambers  
St Julian's Avenue  
St Peter Port  
Guernsey GY1 3JX

Dear Shareholders,

#### GENERAL MEETING AND RECOMMENDED PROPOSALS FOR: (I) AMENDMENTS TO THE COMPANY'S ARTICLES OF INCORPORATION; (II) DISAPPLICATION OF PRE-EMPTION RIGHTS; AND (III) AMENDMENTS TO THE INVESTMENT POLICY

#### 1 Introduction

I am writing to you to outline Proposals regarding the Company to: (a) amend the Articles to incorporate pre-emption rights and to make certain other amendments to reflect and permit the proposed Premium Listing of the Company's Shares; (b) provided that the preceding proposal is approved by the Shareholders, disapply pre-emption rights in respect of the issue of: (i) up to 500 million new Shares under a Placing Programme proposed to be established by the Company; and (ii) such number of Shares as is equal to 10 per cent of the number of Shares in issue immediately following the passing of Resolution 2 (as such term is defined below); and (c) amend the Investment Policy to, *inter alia*, insert a formal limit on the maximum gross notional exposure that the Company may have to underlying assets through derivative instruments.

This Circular sets out details of, and seeks your approval for, the Proposals and explains why the Board is recommending that you vote in favour of the Resolutions to be proposed at the General Meeting. Notice of the General Meeting is contained within this Circular. The Proposals are described in greater detail below in sections 2, 3, 4 and 5 of this Part I.

#### 2 The Proposals

The Proposals comprise:

- amending the Articles to: (i) introduce pre-emption rights; and (ii) make certain other amendments necessary to reflect and permit the transfer of the Shares to a Premium Listing, in each case in the form set out in resolution 1 in the Notice of General Meeting ("**Resolution 1**");
- the disapplication of pre-emption rights in respect of the issue of: (i) up to 500 million Shares pursuant to the Placing Programme; and (ii) such number of Shares as is equal to 10 per cent of the number of Shares in issue immediately following the passing of this resolution ("**Resolution 2**"); and
- amend the Company's Investment Policy to, *inter alia*, insert a formal limit on the maximum gross notional exposure that the Company may have to underlying assets through derivative instruments ("**Resolution 3**").

The Proposals are subject to the approval of Shareholders.

Resolution 2 is conditional upon Resolution 1 being approved by Shareholders and the Proposals are conditional, and will only take effect, upon the Premium Listing of the Company.

The proposed Premium Listing of the Company (as described in greater detail in section 3 of this Part I below) is conditional upon the Proposals being approved by Shareholders and therefore will not proceed unless each of the Resolutions is duly passed.

The Board notes that while the commencement of the Placing Programme remains subject to the approval of a prospectus by the UKLA, the Placing Programme is not necessarily subject to Shareholders approving the Proposals since the Company may still allot Shares and sell them for cash non pre-emptively under the Companies Law and its current constitution. Consequently, if the Proposals are not approved by Shareholders and the Company therefore does not proceed with the proposed Premium Listing of the Shares, the Company may still decide to proceed with the Placing Programme in due course.

### **3 Amendments to the Articles to introduce pre-emption rights and certain other amendments**

At the Company's initial public offering, the Shares were admitted to the Specialist Fund Segment (then the Specialist Fund Market). As noted in an announcement issued by the Company on 13 November 2017, the Board has been considering whether the Company's listing should be transferred from the Specialist Fund Segment to the LSE's Premium Segment. The Board has now concluded that transferring to a Premium Listing would be in the Company's and Shareholders' interests, in particular as this may result in improved liquidity in the Shares and would enable the Company to be available to a wider investor audience than is currently the case. Therefore, the Board proposes to apply to the LSE and to the UKLA for the Shares to be admitted to trading on the Premium Segment of the LSE and to the Premium Listing Segment of the Official List of the UKLA.

In order to be eligible for a Premium Listing, the Articles must contain pre-emption rights which provide that, subject to certain exceptions, any new shares proposed to be issued for cash or treasury shares proposed to be sold for cash must first be offered (in proportion to their existing holdings) to existing holders of that class of shares and holders of other shares who are entitled to be offered them. At present, the Articles do not contain such pre-emption rights (which are not a requirement under the Companies Law or any other laws or regulations to which the Company is currently subject) and so the Company is seeking approval from Shareholders to amend the Articles to introduce such pre-emption rights in the form set out in Resolution 1.

In addition, it is also proposed that the existing provision contained in the Articles under which, unless authorised by Shareholders, the Directors may not issue shares (including issues or sales of treasury shares) for cash at a price below the prevailing net asset value per share unless such shares are first offered *pro rata* to existing Shareholders, be removed. However, following the transfer of the Company to a Premium Listing, equivalent protection for Shareholders will be conferred under the Listing Rules (specifically LR 15.4.11R).

It is also proposed to amend the definition of "Non-Qualified Holder" which appears in the Articles and which is relevant, *inter alia*, to the Company's ability to take certain actions to regulate the transfer of shares in specified circumstances where such transfer may be prejudicial to the Company. This amendment is proposed in order to comply with technical requirements to which companies with a Premium Listing are subject.

Copies of the Articles (including the existing Articles and the Articles as they are proposed to be amended pursuant to Resolution 1) will be available for inspection at the offices of Bryan Cave Leighton Paisner LLP at Adelaide House, London Bridge, London EC4R 9HA and at the registered office of the Company at P.O. Box 650, 1st Floor, Royal Chambers, St Julian's Avenue, St Peter Port, Guernsey GY1 3JX during normal business hours on any Business Day from the date of this Circular until the conclusion of the General Meeting and at the place of the General Meeting for at least 15 minutes prior to, and during, the General Meeting.

### **4 Disapplication of pre-emption rights**

The Company published a prospectus in May 2017 establishing a placing programme under which the Company could issue, and seek admission to trading for, additional Shares to meet market demand. The Company successfully undertook two fundraisings under that placing programme, issuing 15.1 million Shares in December 2017 and a further 8.2 million Shares in February 2018, effectively increasing the Company's issued Share capital by 38 per cent. That prospectus lapsed in May 2018.

The Board and the Investment Manager, however, remain ambitious to grow the size of the Company and the Board believes that this should also improve the liquidity in the Shares as well as increasing

the appeal of the Company to a wider set of investors, particularly those with minimum investment size restrictions. The Board also recognises that Shareholders should benefit from a lower ongoing charges ratio from a larger asset base. The Board therefore intends to establish the Placing Programme which would facilitate ongoing issuance of Shares to satisfy market demand and would enable the Company to undertake further structured fundraisings.

It is intended that the Placing Programme would, as with previous placing programmes, be for up to 500 million Shares. The Board is therefore seeking the disapplication of pre-emption rights in respect of (i) the Shares to be issued under the Placing Programme and (ii) such number of Shares as is equal to 10 per cent of the number of Shares in issue immediately following the passing of Resolution 2. The Placing Programme will remain subject to approval of a prospectus by the UKLA that the Board currently aims to publish shortly after receiving Shareholder approval for the Proposals.

Therefore, if Resolution 2 is approved, the Directors will be authorised to allot new Shares up to (i) an aggregate number of 500 million Shares (representing approximately 585% of the total share capital of the Company in issue at 13 September 2018 (being the latest practicable date prior to the publication of this document)), and (ii) such number of Shares as is equal to 10% of the number of Shares in issue immediately following the passing of Resolution 2, for cash without first offering such Shares to existing Shareholders *pro rata* to their existing shareholdings.

This authority, if approved by the Shareholders, will expire 18 months from the date on which Resolution 2 becomes unconditional or (as regards the element of the authority relating to the Placing Programme), if earlier, upon the termination of the Placing Programme.

The Board will use the authority conferred by Resolution 2 only to issue Shares: (i) at a premium to the net asset value per Share; and (ii) when the Board believes that it is in the best interests of the Company and its Shareholders to do so. As Shares will be issued under the Proposals only at a premium to the net asset value per Share, the value of the underlying assets attributable to the Shares will not be diluted. Shareholders should note, however, that the allotment of Shares pursuant to the authority conferred by Resolution 2 will dilute the voting control of existing Shareholders.

## **5 Amendments to the Investment Policy**

In order to be eligible for a Premium Listing, it will be necessary for the Company to amend the Investment Policy to insert a formal limit on the maximum gross notional exposure that the Company may have to underlying assets through derivative instruments. The formal limit proposed is consistent with the limits that the Investment Manager has, in practice, operated in relation to the Company to date.

In addition, under the Company's current Investment Policy, the Company may borrow for investment purposes in order to leverage its investments in "fix to fix instruments". However, the Investment Manager has noted that the universe of fix to fix instruments has reduced significantly and therefore offers reduced opportunities for investment. Consequently, it is proposed to amend the Investment Policy to allow the Company to borrow for investment purposes in relation to any investments falling within its Investment Policy. However, it is the intention of the Investment Manager to use borrowings only for investment in instruments that have what the Investment Manager considers to be an attractive carry (i.e. exhibiting similar characteristics in that respect to fix to fix instruments) and borrowings by the Company will continue to be limited to 20 per cent of net asset value at the time of drawdown.

Certain amendments are also proposed to be made to the Investment Policy to clarify the way in which the limit on exposure to a single financial counterparty applies to exposure under derivative instruments and hedging arrangements.

The Investment Policy in the form it will take if Resolution 3 is duly passed, and with the amendments proposed to be made to the Investment Policy if Resolution 3 is duly passed highlighted, is set out in full in Appendix 1 of this Circular.

## **6 General Meeting**

A General Meeting of the Company will be held at 10.30 a.m. on 5 October 2018 at 1st Floor, Royal Chambers, St Julian's Avenue, St Peter Port, Guernsey GY1 3JX for the purpose of approving the

Proposals. The business to be considered at the General Meeting is contained in the Notice of General Meeting at the end of this Circular.

At the General Meeting, Resolution 1 will be proposed as a Special Resolution, Resolution 2 will be proposed as an Extraordinary Resolution and Resolution 3 will be proposed as an Ordinary Resolution. Resolution 1 and Resolution 2 will each require the approval of a majority of not less than three-quarters of the members present on a show of hands or, if a poll is demanded, the total voting rights held by Shareholders cast at the General Meeting (in each case, whether voted by Shareholders in person or by proxy). Resolution 3 will require the approval of a simple majority of the members present on a show of hands or, if a poll is demanded, the total voting rights held by Shareholders cast at the General Meeting (in each case, whether voted by Shareholders in person or by proxy).

## **7 Action to be taken by Shareholders**

If you are a Shareholder you will find enclosed with this Circular the Form of Proxy for use at the General Meeting. Whether or not you intend to be present at the General Meeting, you are asked to complete the Form of Proxy in accordance with the instructions printed thereon and return the Form of Proxy to the Company's Registrar, Link Market Services (Guernsey) Limited by one of the following means:

- in hard copy form by post, by courier or by hand to Link Asset Services, PXS 1, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU; or
- in the case of CREST members, by utilising the CREST system service in accordance with the procedures set out in the notes to the Notice of General Meeting.

In each case, the Form of Proxy must arrive by the time and date specified within. To be valid, the relevant Form of Proxy should be completed in accordance with the instructions accompanying it and lodged with the Company's Registrars by the relevant time.

The completion and return of the Form of Proxy will not preclude you from attending the General Meeting and voting in person if you wish to do so.

## **8 Recommendation**

**The Board considers that the Proposals are in the best interests of the Company and its Shareholders as a whole. Accordingly, the Board unanimously recommends all Shareholders to vote in favour of the Resolutions.**

Yours sincerely

William Scott  
**Chairman**

## PART II – DEFINITIONS

<b>“Articles”</b>	the articles of incorporation of the Company in force from time to time
<b>“Board” or “Directors”</b>	the board of directors of the Company whose names are set out in Part I of this Circular
<b>“Business Day”</b>	means a day (except Saturday or Sunday) on which the LSE and banks in the City of London and Guernsey are normally open for business, or such other day as the Directors may determine
<b>“Circular”</b>	this document
<b>“Commission”</b>	the Guernsey Financial Services Commission
<b>“Companies Law”</b>	the Companies (Guernsey) Law, 2008, as amended
<b>“Company”</b>	Axiom European Financial Debt Fund Limited
<b>“CREST”</b>	the system for paperless settlement of trades and the holding of uncertificated securities administered by Euroclear
<b>“Extraordinary Resolution”</b>	a resolution which requires a majority of not less than three-quarters of the Shareholders present in person or by proxy and entitled to vote and voting at the relevant meeting, in accordance with the Articles as they are proposed to be amended pursuant to Resolution 1
<b>“FCA”</b>	the Financial Conduct Authority of the United Kingdom
<b>“Form of Proxy”</b>	the form of proxy for use at the General Meeting
<b>“General Meeting”</b>	the general meeting of the Company convened at 10.30 a.m. on 5 October 2018
<b>“Investment Manager”</b>	the Company’s investment manager, Axiom Alternative Investments SARL
<b>“Investment Policy”</b>	the published investment policy of the Company
<b>“Listing Rules”</b>	the listing rules made by the FCA for the purposes of Part VI of the UK Financial Services and Markets Act 2000
<b>“LSE”</b>	the London Stock Exchange
<b>“Notice of General Meeting”</b>	the notice convening the General Meeting, as set out at the end of this Circular
<b>“Official List”</b>	the official list of the UKLA
<b>“Ordinary Resolution”</b>	an ordinary resolution as defined in section 176 of the Companies Law
<b>“Placing Programme”</b>	the placing programme proposed to be established by the Company, which will be subject to the approval by the UKLA of a prospectus
<b>“Premium Listing”</b>	listing on the Premium Segment and the Premium Listing Segment
<b>“Premium Listing Segment”</b>	the premium listing segment of the Official List
<b>“Premium Segment”</b>	the premium segment of the main market of the LSE

<b>“Proposals”</b>	the proposals described in sections 2, 3, 4 and 5 of Part I of this Circular
<b>“Registrar”</b>	Link Market Services (Guernsey) Limited
<b>“Regulatory Information Service”</b>	a regulatory information service approved by the FCA and on the list of regulatory information services maintained by the FCA
<b>“Resolution 1”</b>	has the meaning given to it in Part I of this Circular
<b>“Resolution 2”</b>	has the meaning given to it in Part I of this Circular
<b>“Resolution 3”</b>	has the meaning given to it in Part I of this Circular
<b>“Resolutions”</b>	Resolution 1, Resolution 2 and Resolution 3, as set out in the Notice of General Meeting which forms part of this Circular
<b>“Shareholders”</b>	holders of Shares
<b>“Shares”</b>	ordinary shares of no par value in the capital of the Company
<b>“Special Resolution”</b>	a special resolution as defined in section 178 of the Companies Law
<b>“Specialist Fund Segment”</b>	the specialist fund segment of the main market of the LSE
<b>“UKLA”</b>	the UK Listing Authority
<b>“United States”</b>	the United States of America

# AXIOM EUROPEAN FINANCIAL DEBT FUND LIMITED

(A closed-ended investment company limited by shares incorporated in Guernsey with registered number 61003)  
(the “**Company**”)

## NOTICE OF GENERAL MEETING

**NOTICE IS HEREBY GIVEN that a general meeting of the Company will be held at 1st Floor, Royal Chambers, St Julian’s Avenue, St Peter Port, Guernsey GY1 3JX at 10.30 a.m. on 5 October 2018 (the “General Meeting”) to consider and, if thought fit, to pass the following resolutions:**

### SPECIAL RESOLUTION

#### THAT:

1. Conditional on the Company’s ordinary shares of no par value (“**Shares**”) being admitted to Premium Listing (as such term is defined in the circular dated 14 September 2018 of which this notice forms part (the “**Circular**”)), the Company’s articles of incorporation shall be amended by:

- (i) deleting the definition of “Admission”;
- (ii) inserting a new definition of “extraordinary resolution” as follows:

“**extraordinary resolution**” means (i) a resolution of the holders present in person or by proxy in a general meeting passed by a majority of not less than seventy-five per cent. of the votes recorded on a show of hands or by way of a poll or (ii) a Written Resolution passed by holders holding not less than seventy-five per cent. of the total voting rights of holders entitled to vote at the date of circulation of the resolution.

- (iii) deleting the existing definition of “Issue Date” and replacing it with the following:

“**Issue Date**” means, in relation to any class of C Shares, the date of admission of that class of C Shares to trading on the London Stock Exchange or, if later, the day on which the Company receives the net proceeds of the issue of the relevant class of C Shares.”

- (iv) deleting the existing definition of “Non-Qualified Holder” and replacing it with the following:

“**Non-Qualified Holder**” means any person, as determined by the board in its sole discretion, to whom a sale or transfer of shares, or in relation to whom the direct or beneficial holding of shares, (whether directly or indirectly affecting such person, and whether taken alone or in conjunction with any other person or persons, connected or not, or any other circumstances appearing to the board to be relevant) would or might result in the Company incurring a liability to taxation or suffering any pecuniary, fiscal, administrative or regulatory or similar disadvantage, in connection with the Company being, or being required to register as, an “investment company” under the Investment Company Act, losing any exemptions under the Investment Company Act, or the assets of the Company being deemed to be assets of a “plan investor” as defined by ERISA.

- (v) deleting the definition of “Specialist Fund Market”;
- (vi) deleting Article 2 and inserting in its place a new Article 2 in the following form:

#### “2. RIGHTS ATTACHED TO SHARES

2.1 The share capital of the Company is an unlimited number of no par value shares which may be issued as ordinary shares, B Shares or C Shares, in each case of such classes, and denominated in such currencies, as shall be determined at the discretion of the board and the price per share at which shares of each such class shall first be offered to subscribers shall be fixed by the board.

- 2.2 Subject to the other provisions of these Articles (in particular Articles 2.5 to 2.15), the directors may exercise the power of the Company to issue an unlimited number of shares, to grant rights to subscribe for, or to convert any security into, shares, to issue shares of different types or classes, to issue shares with par value and to determine the consideration payable on the issue of such shares.
- 2.3 Subject to the other provisions of these Articles, and to any special rights conferred on the holders of any other shares, any share may be issued with or have attached to it such rights and restrictions as the board may decide.
- 2.4 Where an authorisation to issue shares or grant rights to subscribe for or to convert any security into shares specifies and expires on any date, event or circumstance, the directors may issue shares or grant rights to subscribe for or to convert any security into shares after the expiry of such authorisation if the shares are issued or the rights are granted in pursuance of an offer or agreement made by the Company before the authorisation expired and the authorisation allowed the Company to make an offer or agreement which would or might require shares to be issued, or rights to be granted, after the authorisation had expired.
- 2.5 In this Article 2 (and only in this Article 2):
- (a) "ordinary shares" means shares other than shares that as respects dividends and capital carry a right to participate only up to a specified amount in a distribution and for the avoidance of doubt includes the C Shares; and
  - (b) references to the allotment and issue of equity securities include:
    - (i) the grant of a right to subscribe for, or to convert any securities into, ordinary shares in the Company (but do not include the allotment and issue of ordinary shares pursuant to such a right); and
    - (ii) the sale of ordinary shares in the Company that immediately before the sale are held by the Company in treasury.
- 2.6 Subject to Article 2.10, the Company shall not allot and issue equity securities for cash to a person on any terms unless:
- (a) it has made an offer to each person who holds ordinary shares in the Company to allot and issue to him on the same or more favourable terms a proportion of those securities that is as nearly as practicable equal to the proportion of the total Net Asset Value of the Company represented by the ordinary shares held by such holder; and
  - (b) the period during which any such offer may be accepted has expired or the Company has received notice of the acceptance or refusal of every offer so made,
- provided that the directors may impose such exclusions and/or make such other arrangements as they deem necessary or expedient in relation to fractional entitlements or having regard to any legal or practical problems arising under the laws of any overseas territory, or the requirements of any regulatory body or stock exchange in any territory or otherwise howsoever. The holders of ordinary shares affected as a result of such exclusions or arrangements shall not be, or be deemed to be, a separate class of holders for any purpose whatsoever.
- 2.7 Securities that the Company has offered to allot and issue to a holder of ordinary shares may be allotted and issued to him, or anyone in whose favour

he has renounced his right to their allotment and issue, without contravening Article 2.6(b).

- 2.8 Shares held by the Company as treasury shares are disregarded for the purposes of Article 2.6 so that:
- (a) the Company is not treated as a person who holds ordinary shares; and
  - (b) the shares are not treated as forming part of the ordinary share capital of the Company.
- 2.9 Any offer required to be made by the Company pursuant to Article 2.6 should be made by a notice given in accordance with Article 115, and such offer must state a period during which it may be accepted and such offer shall not be withdrawn before the end of that period. Such period must be a period of at least 14 days beginning on the date on which such offer is deemed to be delivered or received (as the case may be) pursuant to Article 115.
- 2.10 Article 2.6 shall not apply in relation to the allotment and issue of:
- (a) bonus shares and shares allotted and issued in accordance with Article 102.3 and/or Article 109; nor
  - (b) a particular allotment and issue of equity securities if these are, or are to be, wholly or partly paid up otherwise than in cash; nor
  - (c) equity securities that would, apart from any renunciation or assignment of the right to their allotment, be held under or allotted or transferred pursuant to an employees' share scheme; nor
  - (d) equity securities in connection with a rights issue, open offer or other offer of securities in favour of holders of ordinary shares at such record date as the directors may determine where the securities attributable to the interests of the holders of ordinary shares are proportionate (as nearly as may be practicable) to the proportion of the total Net Asset Value of the Company represented by the ordinary shares held by them on such record date, subject to such exclusions or other arrangements as the directors may deem necessary or expedient in relation to fractional entitlements or legal or practical problems arising under the laws of any overseas territory or the requirements of any regulatory body or stock exchange or any other matter whatever.
- 2.11 The Company may by extraordinary resolution resolve that Article 2.6 shall be excluded or that such Article shall apply with such modifications as may be specified in the extraordinary resolution:
- (a) generally in relation to the allotment and issue by the Company of equity securities;
  - (b) in relation to allotments and issues of a particular description; or
  - (c) in relation to a specified allotment and issue of equity securities;
- and any such resolution must:
- (d) state the maximum number (which may be expressed as a percentage) of equity securities in respect of which Article 2.6 is excluded or modified; and
  - (e) specify the date on which such exclusion or modifications will expire, which must be not more than five years from the date on which the resolution is passed.

- 2.12 An extraordinary resolution passed pursuant to Article 2.11, or an extraordinary resolution to renew such a resolution, must be proposed by the directors. Before such an extraordinary resolution is proposed, the directors must make a written statement setting out:
- (a) their reasons for making the recommendation;
  - (b) the amount to be paid to the Company in respect of the equity securities to be allotted; and
  - (c) the directors' justification of that amount.
- 2.13 Any extraordinary resolution passed pursuant to Article 2.11 may be:
- (a) renewed or further renewed by a further extraordinary resolution for a further period not exceeding five years; and
  - (b) revoked or varied at any time by a further extraordinary resolution.
- 2.14 Notwithstanding that any such resolution referred to in Article 2.12 or 2.13 has expired, the directors may allot and issue equity securities in pursuance of an offer or agreement previously made by the Company if the resolution enabled the Company to make an offer or agreement that would or might require equity securities to be allotted and issued after it expired.
- 2.15 In this Article 2, in relation to an offer to allot and issue equity securities, a reference (however expressed) to the holder of ordinary shares of any description is to whoever was the holder of ordinary shares of that description at the close of business on a date to be specified in the offer and the specified date must fall within the period of 28 days immediately before the date of the offer."
- (vi) in the definition of "Conversion Time" in Article 10.3, replacing the words "Specialist Fund Market" with the words "London Stock Exchange";
  - (vii) in Article 10.25, replacing the words "Specialist Fund Market" with the words "London Stock Exchange"; and
  - (viii) deleting the following words from Article 60.1:  

“(which, for the avoidance of doubt, shall not include the directors holding office at Admission)”.

## EXTRAORDINARY RESOLUTION

2. Conditional on (i) the Shares being admitted to Premium Listing and (ii) the passing of resolution 1 above, the provisions of Article 2.6 of the Articles (as amended pursuant to resolution 1 above) shall not apply and shall be excluded in relation to the issue of up to:
- (i) an aggregate number of 500 million Shares pursuant to the placing programme proposed to be put in place by the Company and described in the Circular (the "**Placing Programme**"); and
  - (ii) such number of Shares as is equal to 10 per cent of the number of Shares in issue immediately following the passing of this resolution,

provided that such disapplication and exclusion shall expire on the date which is 18 months from the date of this resolution becoming unconditional or, if earlier (in the case of (i) only), at the termination of the Placing Programme, save that the Company may before such expiry make an offer or agreement which would or might require Shares to be allotted after such expiry and the directors of the Company may allot Shares in pursuance of such an offer or agreement as if the disapplication and exclusion conferred hereby had not expired.

**ORDINARY RESOLUTION**

3. Conditional on the Shares being admitted to Premium Listing, the Company shall adopt the text set out in Appendix 1 to the Circular as its investment policy, in substitution for its current published investment policy.

*By order of the Board*

Elysium Fund Management Limited  
*Secretary*

*Registered office:*

P.O. Box 650 1st Floor  
Royal Chambers  
St Julian's Avenue  
St Peter Port  
Guernsey GY1 3JX

Date: 14 September 2018

Notes:

### Proxy appointments

1. A Shareholder entitled to attend and vote is entitled to appoint one or more proxies to exercise his rights to attend, speak and vote at the General Meeting instead of him. A Shareholder may appoint more than one proxy provided that each proxy is appointed to exercise the rights attached to a different Share or Shares held by him. A proxy need not also be a Shareholder.
2. To be valid, the form of proxy for use at the General Meeting (the “**Form of Proxy**”) and any power of attorney or other authority under which the Form of Proxy is signed (or a notarially certified copy thereof) must be sent by one of the following means: (i) in hard copy form by post, by courier, or by hand to the Company’s Registrar, Link Asset Services, PXS 1, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU; or (ii) in the case of CREST members, by utilising the CREST system service (details of which are contained in this Circular), in each case as soon as possible and, in any event, not later than 10.30 a.m. on 3 October 2018. A Form of Proxy is enclosed. A Shareholder must inform the Company’s registrars in writing of any termination of the authority of a proxy.

### Electronic proxy appointment through CREST

3. CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so for the General Meeting to be held on 5 October 2018 (and any adjournment(s) thereof) by following the procedures described in the CREST manual available via [www.euroclear.com/CREST](http://www.euroclear.com/CREST) (the “**CREST Manual**”). CREST personal members or other CREST sponsored members (and those CREST members who have appointed a voting service provider(s)) should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.
4. In order for a proxy appointment made by means of CREST to be valid, the appropriate CREST message (a “**CREST Proxy Instruction**”) must be properly authenticated in accordance with Euroclear UK & Ireland Limited (“**EUI**”)’s specifications and must contain the information required for such instructions, as described in the CREST Manual. The message (regardless of whether it constitutes the appointment of a proxy or an amendment to the instruction given to a previously appointed proxy) must, in order to be valid, be transmitted so as to be received by the issuer’s agent (ID RA10) by the latest time(s) for receipt of proxy appointments specified in the notice of General Meeting. For this purpose, the time of receipt will be taken to be the time (as determined by the time-stamp applied to the message by the CREST applications host) from which the issuer’s agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time any change of instructions to a proxy appointed through CREST should be communicated to him by other means.
5. CREST members (and, where applicable, their CREST sponsors or voting service provider(s)) should note that EUI does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member or has appointed a voting service provider(s), to procure that his CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members (and, where applicable, their CREST sponsors or voting service provider(s)) are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

### Corporate representatives

6. Any corporation which is a Shareholder can appoint one or more corporate representatives who may exercise on its behalf all of its powers as a Shareholder provided that they do not do so in relation to the same Shares.

### Total voting rights

7. As at 13 September 2018 (being the last practicable date prior to any publication of this notice) the Company’s issued share capital consists of 85,452,024 ordinary Shares carrying one vote each. The total voting rights in the Company as at 13 September 2018 are, therefore, 85,452,024.

### Quorum and adjournment

8. Save as otherwise provided below, the quorum for the General Meeting is two Shareholders present in person or by proxy, provided that, if at any time all of the shares in the Company are held by one Shareholder, the quorum shall consist of that Shareholder present.
9. If within 15 minutes from the time appointed for the General Meeting a quorum is not present, the General Meeting shall stand adjourned for ten clear days at the same time and place (or, if that day is not a “**Business Day**” (being a day (except Saturday or Sunday) on which the London Stock Exchange and banks in the City of London and Guernsey are normally open for business or such other day as the directors of the Company may determine), to the next Business Day) or to such other later Business Day and at such time and place outside the UK as the directors of the Company may determine. This notice shall be deemed to constitute due notice of any such adjourned meeting within the meaning of the Articles of Incorporation of the Company. If at any such adjourned meeting, a quorum is not present within 15 minutes from the time fixed for holding the adjourned meeting, the meeting shall be dissolved.

### Voting

10. The majority required for the passing of both the special resolution and the extraordinary resolution proposed at the meeting is not less than 75 per cent of the total number of votes cast in favour of each such resolution.
11. At the General Meeting, the vote shall be taken on a show of hands, unless before or immediately after the declaration of the result of the show of hands a poll is demanded by the chairman of the meeting or by not less than five Shareholders present in person or by proxy having the right to vote on the resolution or by any one or more of the Shareholders present

who hold at least one tenth of the issued Shares between them having the right to vote on the resolution. On a show of hands, every Shareholder who is present in person or by proxy shall have one vote. On a poll, every Shareholder who is present in person or by proxy shall have one vote for every Share of which he is the Shareholder. A Shareholder entitled to more than one vote need not, if he votes, use all of his votes or cast all of the votes which he uses in the same way.

**Right to ask questions at the general meeting**

12. During the meeting there will be an opportunity for shareholders, proxies or corporate representatives to ask questions relevant to the business of the meeting.

## APPENDIX 1

### INVESTMENT POLICY

The Company seeks to invest in a diversified portfolio of Financial Institution Investment Instruments. The Company focuses primarily on investing in the secondary market, although instruments have been, and may also in the future be, subscribed in the primary market where the Investment Manager identifies attractive opportunities.

The Company invests its assets with the aim of spreading investment risk.

#### Financial Institution Investment Instruments

The Company has the flexibility to invest in different kinds of Financial Institution Investment Instruments. It is anticipated that the Portfolio will be composed of at least fifty different securities from time to time.

No more than 15 per cent of NAV, calculated at the time of investment or entering into a relevant Derivative Instrument or hedging arrangement (as applicable), will be exposed to any one Financial Counterparty. Exposure to a Financial Counterparty arising under Derivative Instruments and/or hedging arrangements will be taken into account in assessing compliance with this limit, save to the extent that the Company holds collateral in respect of such exposure. This limit will increase to 20 per cent where, in the Investment Manager's opinion (having informed the Board in writing of such increase), the relevant Financial Institution Investment Instrument is expected to amortise such that, within 12 months of the date of the investment, the expected exposure (net of any hedging costs and expenses) will be equal to or less than 15 per cent of NAV, calculated at the time of investment or entering into the relevant Derivative Instrument or hedging arrangement.

Where credit hedging arrangements are used in order to comply with these limits, the hedges will be maintained such that the net exposure to the Financial Counterparty is no more than 15 per cent of NAV as at the date that any relevant credit hedging contract matures or is adjusted or rolled over.

#### Borrowing and gearing policy

The Company may use borrowings for investment purposes in order to leverage its investments in ~~Financial Institution Investment Instruments~~ ~~Fix to Fix Instruments~~. ~~Borrowings for investment purposes will be limited to 50 per cent of the market value of the Fix to Fix Instruments in the Portfolio from time to time.~~ ~~Notwithstanding that the use of borrowings for investment purposes will be limited by reference to investments in Fix to Fix Instruments, such borrowings may be secured on any assets in the Portfolio.~~ The Company may also use borrowings for the purpose of short term bridging, financing repurchases of Shares or managing working capital requirements. The Company will limit the amount of borrowings at any one time to an amount equivalent to a maximum of 20 per cent of its NAV at the time of drawdown. The Board will oversee the level of gearing in the Company and will review the position with the Investment Manager on a regular basis.

Pursuant to its regulatory obligations, the Investment Manager is required to state the maximum level of leverage which it is entitled to employ on behalf of the Company. The AIFMD prescribes two methods of measuring and expressing leverage (as opposed to gearing) and requires disclosures of the maximum amount of "leverage" the Company may be subject to. These two measures are referred to as the "gross methodology" and the "commitment methodology". The definition of leverage is wider than that usually ascribed to gearing and includes exposures that are not considered to constitute gearing. The Investment Manager will use both the gross and the commitment methodologies to calculate, monitor and report the leverage of the Company.

The Company has negotiated credit lines and has implemented borrowing contracts with certain financial institutions in order to give it the ability to use borrowings for managing working capital requirements and for investment purposes.

## Hedging and derivatives

The types of securities in which the Company invests may be sensitive to changes in interest rates and, to the extent any such securities are not denominated in Pounds Sterling, changes in foreign exchange rates.

The Company has a systematic hedging policy with respect to currency risk. Subject only to the availability of suitable arrangements, all assets denominated in currencies other than Pounds Sterling are hedged by the Company by using currency forward agreements to buy or sell a specified amount of Pounds Sterling on a particular date in the future.

The Company may implement other hedging and derivative strategies designed to protect investment performance against material movements in exchange rates and interest rates and to protect against credit risk. Such strategies may include (but are not limited to) options, forwards and futures and interest rate or credit default swaps, and will only be entered into when they are available in a timely manner and on terms acceptable to the Company. The Company may also bear risks that could otherwise be hedged where it is considered appropriate.

There can be no certainty as to the efficacy of any hedging transactions.

The Company may also invest in Derivative Instruments for investment purposes when these instruments are consistent with the overall strategy of the Company and have terms that are considered appropriate. Such strategies may include (but are not limited to) credit default swaps or structured notes such as credit linked notes. They will only be entered into when they are available in a timely manner and on terms acceptable to the Company. The maximum gross notional exposure that the Company may have to underlying assets through Derivative Instruments is 200 per cent. of net assets, measured at the time of investment, although typically the Company expects its exposure to be between 75 per cent. and 125 per cent. of net assets.

## Changes to investment policy and action in case of breach

No material change will be made to the investment policy without the approval of Shareholders by ordinary resolution.

In the event of a breach of the investment policy set out above, the Investment Manager shall inform the Directors upon becoming aware of the same and, if the Directors consider the breach to be material, such breach shall be notified by the Company by RIS announcement.

## Investment restrictions

The Shares are admitted to trading on the ~~Specialist Fund Premium~~ Segment. ~~As the Shares are not listed on the Official List of the UKLA, such~~, the Listing Rules applicable to closed-ended investment companies ~~do not~~ apply to the Company. ~~Nonetheless,~~ and the Company ~~intends to~~ must comply with the following investment restrictions set out in Chapter 15 of the Listing Rules if and for so long as these restrictions are applicable to closed-ended investment companies to which the Listing Rules apply:

- the Company will invest and manage its assets in accordance with the objective of spreading risk in accordance with its investment policy;
- neither the Company nor any of its subsidiaries (if any) will conduct any trading activity which is significant in the context of its group as a whole; and
- not more than 10 per cent, in aggregate, of the gross asset value at the time of acquisition may be invested in investment companies admitted to the Official List of the UKLA (including listed investment trusts), but this restriction will not apply to investments in investment companies or investment trusts which themselves have stated investment policies to invest no more than 15 per cent of their gross assets in other listed investment companies (including listed investment trusts).

In the event of a breach of the investment restrictions set out above, the Investment Manager shall inform the Directors upon becoming aware of the same and, if the Directors consider the breach to be material, such breach shall be notified by the Company by RIS announcement.



