THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt as to what action you should take, you should immediately consult a person authorised for the purposes of the Financial Services and Markets Act 2000 (as amended) ("FSMA") who specialises in advising on the acquisition of shares and other securities if you are in the United Kingdom, or another appropriately authorised independent financial adviser if you are outside the United Kingdom.

A copy of this document, which comprises a prospectus relating to Axiom European Financial Debt Fund Limited (the "Company"), prepared in accordance with the Prospectus Rules of the Financial Conduct Authority (the "FCA") made under section 73A of FSMA, has been filed with the FCA in accordance with Rule 3.2 of the Prospectus Rules. This document has been made available to the public as required by the Prospectus Rules.

Application will be made to London Stock Exchange plc (the "**London Stock Exchange**") for all of the Shares, issued and to be issued in connection with the Issue, to be admitted to trading ("**Admission**") on the Specialist Fund Market of the London Stock Exchange. Admission to trading on the London Stock Exchange constitutes admission to trading on a regulated market. It is expected that Admission will become effective and that unconditional dealings will commence in the Shares on the London Stock Exchange at 8.00 a.m. on 5 November 2015.

No Shares are dealt in on any other recognised investment exchanges and no applications for the Shares to be admitted to listing or to be traded on any such other exchanges have been made or are currently expected to be made.

The Directors of the Company, whose names appear on page 30 of this document, and the Company itself, accept responsibility for the information contained in this document. To the best of the knowledge of the Directors and of the Company (who have taken all reasonable care to ensure that such is the case), the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information.

Although the whole text of this document should be read, the attention of persons receiving this document is drawn to the section headed "Risk Factors" contained on pages 13 to 23 of this document.

AXIOM EUROPEAN FINANCIAL DEBT FUND LIMITED

(a closed-ended investment company limited by shares incorporated under the laws of Guernsey with registered number 61003)

Placing of 50,737,667 ordinary shares of no par value at an issue price of £1.00 per Share

and

Placing Programme in respect of up to 500,000,000 ordinary shares of no par value

and

Admission to trading on the Specialist Fund Market of the London Stock Exchange

Investment Manager	*Sole Financial Adviser and Bookrunner*
Axiom Alternative Investments SARL	**Liberum Capital Limited**

Liberum Capital Limited ("**Liberum**"), which is authorised and regulated in the United Kingdom by the FCA, is acting for the Company and no one else in relation to Admission and the Issue and the other transactions and arrangements referred to in this document. Liberum will not regard any other person (whether or not a recipient of this document) as its client in relation to Admission and the Issue and will not be responsible to anyone other than the Company for providing the protections afforded to its clients or for providing any advice in relation to Admission or the Issue, the contents of this document or any transaction or arrangement referred to herein. Apart from the responsibilities and liabilities, if any, which may be imposed on Liberum by FSMA or the regulatory regime established thereunder, Liberum does not make any representation, express or implied, in relation to, nor accepts any responsibility whatsoever for, the contents of this document or any other statement made or purported to be made by it or on its behalf in connection with the Company, the Shares or the Issue. Liberum accordingly, to the fullest extent permissible by law, disclaims all and any responsibility or liability whether arising in tort, contract or otherwise which it might have in respect of this document or any other statement.

The Shares have not been and will not be registered under the United States Securities Act of 1933 as amended (the "**Securities Act**") or with any securities regulatory authority of any state or other jurisdiction of the United States' and, subject to certain exceptions, may not be offered or sold within the United States or to, or for the account or benefit of, US Persons (as defined in Regulation S under the Securities Act ("**Regulation S**")). In addition, the Company has not been and will not be registered under the United States Investment Company Act of 1940, as amended (the "**Investment Company Act**"), and no recipient of this document will be entitled to the benefits of that Act. Neither the US Securities and Exchange Commission nor any US state securities commission has approved or disapproved of the Shares or determined if this document is truthful or complete. Any representation to the contrary is a US criminal offence.

This document does not constitute an offer to sell, or the solicitation of an offer to acquire or subscribe for, Shares in any jurisdiction where such offer or solicitation is unlawful or would impose any unfulfilled registration, qualification, publication or approval requirements on the Company, the Investment Manager, Liberum or any other person. The Shares have not been, and will not be, registered under the securities laws, or with any securities regulatory authority of, the United States, any member state of the EEA other than the United Kingdom, Australia, Canada, the Republic of South Africa or Japan. Subject to certain exceptions, the Shares may not, directly or indirectly, be offered, sold, taken up or delivered in, into or from the United States, any member state of the EEA other than the United Kingdom, Australia, Canada, the Republic of South Africa or Japan or to or for the account or benefit of any national, resident or citizen or any person resident in the United States, any member state of the EEA other than the United Kingdom, Australia, Canada, the Republic of South Africa or Japan. This document does not constitute an offer to sell or a solicitation of an offer to purchase or subscribe for Shares in any jurisdiction in which such offer or solicitation is unlawful or would impose any unfulfilled registration, publication or approval requirements on the Company. The distribution of this document in other jurisdictions may be restricted by law and therefore persons into whose possession this document comes should inform themselves of and observe any restrictions.

Dated: 3 November 2015

CONTENTS

SUMMARY

Summaries are made up of disclosure requirements known as 'Elements'. These elements are numbered in Sections A – E (A.1 – E.7).

This summary contains all the Elements required to be included in a summary for this type of security and issuer. Because some Elements are not required to be addressed, there may be gaps in the numbering sequence of the Elements.

Even though an Element may be required to be inserted in the summary because of the type of securities and issuer, it is possible that no relevant information can be given regarding the Element. In this case a short description of the Element is included in the summary with the mention of the words 'not applicable'.

Section A – Introduction and warnings		
Element		
A.1	Warning	This summary should be read as introduction to this prospectus. Any decision to invest in the Shares should be based on consideration of this prospectus as a whole by the investor. Where a claim relating to the information contained in this prospectus is brought before a court, the plaintiff investor might, under the national legislation of a member state of the EU, have to bear the costs of translating this prospectus before the legal proceedings are initiated. Civil liability attaches only to those persons who have tabled the summary, including any translation thereof, but only if the summary is misleading, inaccurate or inconsistent when read together with the other parts of this prospectus or it does not provide, when read together with the other parts of this prospectus, key information in order to aid investors when considering whether to invest in the Shares.
A.2	Subsequent resale or final placement of securities through financial intermediaries	Not applicable. This document has not been drawn up in connection with any subsequent resale or final placement of securities by financial intermediaries.

Section B – Issuer		
Element		
B.1	Legal and Commercial Name	Axiom European Financial Debt Fund Limited.
B.2	Domicile and legal form, legislation and country of incorporation	The Company was incorporated with limited liability in Guernsey under the Companies Law on 7 October 2015 with registered number 61003. The principal legislation under which the Company operates is the Companies Law.
B.5	Group description	Not applicable. The Company does not have any subsidiaries and is not part of a group.

<table>
<tr><td>B.6</td><td>Notifiable interests and voting rights</td><td>Except as set out below, as at the date of this document, there are no persons known to the Company who, directly or indirectly, will be interested in 3 per cent. or more of the Company's issued share capital or voting rights on Admission.

<table>
<tr><th>Name</th><th>Number of Shares immediately following Admission</th><th>Percentage of issued share capital immediately following Admission</th></tr>
<tr><td>Axiom Alternative Investments SARL*</td><td>15,200,000</td><td>29.96</td></tr>
<tr><td>Serimnir Fund</td><td>10,000,000</td><td>19.71</td></tr>
<tr><td>Turcan Connell Asset Management Limited</td><td>7,130,500</td><td>14.05</td></tr>
<tr><td>Capfi Delen Asset Management Limited</td><td>5,073,767</td><td>10.00</td></tr>
<tr><td>Alvis Asset Management Limited</td><td>3,600,000</td><td>7.10</td></tr>
<tr><td>Brooks Macdonald Asset Management Limited</td><td>2,500,000</td><td>4.93</td></tr>
<tr><td>Alder Investment Management Limited</td><td>2,000,000</td><td>3.94</td></tr>
</table>
*Immediately following Admission Axiom Alternative Investments SARL will be the legal and beneficial owner of 11,000,000 Shares, and will be the legal owner of a further 4,200,000 Shares, the beneficial interest in which will be held by Mount Capital Limited.

All Shareholders have the same voting rights in respect of the share capital of the Company.

Pending the allotment of Shares pursuant to the Placing and before the commencement of its business, the Company is controlled by Elysium Secretaries Limited (which holds the single issued subscriber Share on trust for the Investment Manager). The Company and the Directors are not aware of any other person who, directly or indirectly, jointly or severally, exercises or could exercise control over the Company.</td></tr>
<tr><td>B.7</td><td>Selected historical key financial information</td><td>Not applicable. The Company is newly incorporated and therefore there is no historical financial information included in this document.</td></tr>
<tr><td>B.8</td><td>Selected key pro forma financial information</td><td>Not applicable. There is no pro forma financial information in this document.</td></tr>
<tr><td>B.9</td><td>Profit forecast or estimate</td><td>Not applicable. No profit forecasts or estimates for the Company have been made.</td></tr>
<tr><td>B.10</td><td>Audit report qualifications</td><td>Not applicable. There is no historical financial information included in this document and therefore there are no audit reports included in this document.</td></tr>
<tr><td>B.11</td><td>Insufficient working capital</td><td>Not applicable. The Company is of the opinion that, after taking into account the net proceeds of the Placing, the working capital available to the Company is sufficient for its present requirements, that is for at least 12 months from the date of this document.</td></tr>
<tr><td>B.34</td><td>Investment policy</td><td>Investment objective
The investment objective of the Company is to provide Shareholders with an attractive return, while limiting downside risk, through investment in the following Financial Institution Investment Instruments:</td></tr>
</table>

		● Regulatory Capital Instruments, being financial instruments issued by a European Financial Institution which constitute regulatory capital for the purposes of Basel I, Basel II or Basel III or Solvency I or Solvency II; ● Other Financial Institution Investment Instruments, being financial instruments issued by a European Financial Institution, including without limitation senior debt, which do not constitute Regulatory Capital Instruments; and ● Derivative Instruments, being CDOs, securitisations or derivatives, whether funded or unfunded, linked or referenced to Regulatory Capital Instruments or Other Financial Institution Investment Instruments. ***Investment policy*** The Company will seek to invest in a diversified portfolio of Financial Institution Investment Instruments. The Company will focus primarily on investing in the secondary market although instruments may also be subscribed in the primary market where the Investment Manager identifies attractive opportunities. The Company will invest its assets with the aim of spreading investment risk. *Deployment of capital* The Company intends to initially invest the Investable Placing Proceeds in a selection of liquid relative value securities within two weeks following Admission. Subsequently, the Company intends that the Investable Placing Proceeds will be redeployed into Financial Institution Investment Instruments within six months following Admission. It is anticipated that, once the Investable Placing Proceeds have been fully deployed, the Portfolio will be composed of at least fifty different securities. *Financial Institution Investment Instruments* The Company will have the flexibility to invest in different kinds of Financial Institution Investment Instruments. No more than 15 per cent. of NAV, calculated at the time of investment, will be exposed to any one Financial Counterparty. 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. 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 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.

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 will have 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 will be 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.

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

At Admission, the Shares will be admitted to trading on the Specialist Fund Market. As the Shares will not be listed on the Official List of the UKLA, the Listing Rules applicable to closed-ended investment companies will not apply to the Company. Nonetheless, the Company intends to 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.
B.35	Borrowing and/or leverage limits	The Company may use borrowings for investment purposes in order to leverage its investments in 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 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.
B.36	Regulatory status	The Company is neither regulated nor authorised by the FCA. From Admission, it will be subject to the Prospectus Rules and the Disclosure and Transparency Rules. As at the date of this document, the Company is regulated by the GFSC as a registered closed-ended collective investment scheme under the POI Law and the RCIS Rules. Registered schemes are regulated by the Commission insofar as they are required to comply with the requirements of the RCIS Rules, including requirements to notify the Commission of certain events and the disclosure requirements of the Commission's Prospectus Rules 2008.
B.37	Typical investor	Typical investors in the Company pursuant to the Placing and the Placing Programme are expected to be institutional and sophisticated investors.
B.38	Investment of 20 per cent. or more in single underlying asset or collective investment undertaking	Not applicable. The Company will not invest 20 per cent. or more in any single underlying asset or collective investment undertaking.

B.39	Investment of 40 per cent. or more in single underlying asset or collective investment undertaking	Not applicable. The Company will not invest 40 per cent. or more in any single underlying asset or collective investment undertaking.
B.40	Service providers	***Investment Manager*** The Company has entered into an investment management agreement with Axiom Alternative Investments SARL under which the Company receives investment advice and management services. *Management fee* Under the terms of the Investment Management Agreement, a management fee will be paid to the Investment Manager quarterly in arrears. The quarterly fee will be calculated by reference to the following sliding scale: ● where NAV is less than or equal to £250 million, 1 per cent. per annum of NAV; ● where NAV is greater than £250 million but less than or equal to £500 million, 1 per cent. per annum of NAV on the first £250 million and 0.8 per cent. per annum of NAV on the balance; and ● where NAV is greater than £500 million, 0.8 per cent. per annum of NAV, in each case, plus applicable VAT. If in any quarter (other than the final quarter) of any accounting period the aggregate expenses of the Company during such quarter exceed an amount equal to one-quarter of 1.5 per cent. of the average NAV of the Company during such quarter (such amount being a "**Quarterly Expenses Excess**"), then the management fee payable in respect of that quarter shall be reduced by the amount of the Quarterly Expenses Excess, provided that the management fee shall not be reduced to an amount that is less than zero and no sum will be payable by the Investment Manager to the Company in respect of the Quarterly Expenses Excess. If in the final quarter of any accounting period the aggregate expenses of the Company during such accounting period exceed an amount equal to 1.5 per cent. of the average NAV of the Company during such accounting period (such amount being an "**Annual Expenses Excess**"), then the management fee payable in respect of that quarter shall be reduced by the amount of the Annual Expenses Excess. If such reduction would not fully eliminate the Annual Expenses Excess (the amount of any such shortfall being a "**Management Fee Deduction Shortfall**"), the Investment Manager shall pay to the Company an amount equal to the Management Fee Deduction Shortfall (a "**Management Fee Deduction Shortfall Payment**") as soon as is reasonably practicable. If at any time there has been any deduction from the management fee pursuant to either of the two preceding paragraphs (a "**Management Fee Deduction**") or there has been a Management Fee Deduction Shortfall Payment, and during any subsequent quarter: (a) all or part of the Management Fee Deduction can be paid; and/or (b) all or part of the Management Fee Deduction Shortfall Payment can be repaid,

by the Company to the Investment Manager without:

(c) in any quarter (other than the final quarter) of any accounting period the aggregate expenses of the Company during such quarter exceeding an amount equal to one-quarter of 1.5 per cent. of the average NAV of the Company during such quarter; or

(d) in the final quarter of any accounting period the aggregate expenses of the Company during such accounting period exceeding an amount equal to 1.5 per cent. of the average NAV of the Company during such accounting period,

then such payment and/or repayment shall be made by the Company to the Investment Manager as soon as is reasonably practicable.

Any amount accrued or paid in respect of the performance fee is not an "expense" for the purposes of the three preceding paragraphs.

Performance fee

The Investment Manager shall be entitled to receive from the Company a performance fee subject to certain performance benchmarks.

The fee will be payable as a share of Total Shareholder Return (TSR) where TSR is defined as growth in NAV per Share plus dividends per Share paid.

The performance fee, if any, will be equal to 15 per cent. of total shareholder returns in excess of a hurdle equal to a 7 per cent. per annum cumulative return since Admission, compounded annually. The performance fee is subject to a high watermark.

The fee, if any, will be payable annually and calculated on the basis of audited annual accounts.

50 per cent. of the performance fee will be settled in cash. The balance will be satisfied in Shares, subject to certain exceptions where settlement in Shares would be prohibited by law or would result in the Investment Manager or any person acting in concert with it incurring an obligation to make an offer under Rule 9 of the City Code, in which case the balance will be settled in cash.

Assuming no such requirement, the balance of the performance fee will be settled either by the allotment to the Investment Manager of such number of new Shares credited as fully paid as is equal to 50 per cent. of the performance fee (net of VAT) divided by the most recent practicable NAV per Share (rounded down to the nearest whole Share) or by the acquisition of Shares in the market, as required under the terms of the Investment Management Agreement. All Shares allotted to (or acquired for) the Investment Manager in part satisfaction of the performance fee will be subject to a lock-up until the date that is 12 months from the end of the accounting period to which the award of such Shares related.

Any applicable VAT will be paid in cash.

Administrator and company secretary

Elysium Fund Management Limited has been appointed by the Company to provide day to day administration services to the Company, to calculate the NAV per Share on a weekly basis and to provide company secretarial functions required under the Companies Law.

Under the terms of the Administration Agreement, the Administrator is entitled to receive a fee of £110,000 per annum (exclusive of any VAT), which is subject to an annual adjustment upwards to reflect any percentage change

		in the retail prices index over the preceding year. In addition, the Company shall pay the Administrator a time-based fee for any work undertaken in connection with the calculation of the weekly NAV, up to a maximum of £400 (exclusive of any VAT) per NAV calculation, subject to a maximum aggregate amount of £10,000 per annum (exclusive of any VAT). The Administrator will also be entitled to a one-off establishment fee of £25,000 (exclusive of any VAT) on Admission. ***Registrar*** Capita Registrars (Guernsey) Limited has been appointed registrar of the Company. Under the terms of the Registrar Agreement, the Registrar is entitled to receive from the Company certain annual maintenance and activity fees, subject to a minimum fee of £5,500 per annum (exclusive of any VAT). ***Depositary*** CACEIS Bank France has been appointed by the Company to provide depositary, settlement and other associated services to the Company. Under the terms of the Depositary Agreement, the Depositary is entitled to receive from the Company: (i) an annual depositary fee of 0.03 per cent. of NAV, subject to a minimum annual fee of €25,000 (exclusive of any VAT); (ii) a safekeeping fee calculated using a basis point fee charge based on the country of settlement and the value of the assets; and (iii) an administration fee on each transaction, together with various other payment/wire charges on outgoing payments. ***Auditor*** Ernst & Young LLP has been appointed auditor of the Company. The Auditor will be entitled to an annual fee from the Company, which will be agreed with the Board each year in advance of the Auditor commencing audit work.
B.41	Regulatory status of investment manager, investment adviser and depositary	***Investment Manager*** The investment manager of the Company is Axiom Alternative Investments SARL, a company incorporated in France on 6 November 2006 with registered number 492 625 470. The Investment Manager is an independent French asset manager authorised by the AMF under registration number GP-06000039 to act as full-scope AIFM to the Company. The Investment Manager acts as valuer to the Company (within the meaning of Article 19(4)(d) of the AIFM Directive). ***Investment Adviser*** The Investment Manager has obtained permission pursuant to European legislation to establish a branch in the UK without any change of regulatory authority. The Investment Adviser (being the UK-established branch of the Investment Manager) has been registered with the FCA under registration number 606930 and is permitted to conduct regulated activities in the UK under the authority of the AMF. It is subject to limited regulation (for example in relation to conduct of business requirements) by the FCA. ***Depositary*** The depositary of the Company is CACEIS Bank France, a member of Crédit Agricole (France). The Depositary is regulated by the ACPR and the AMF.
B.42	Calculation of Net Asset Value	It is intended that an estimated NAV per Share will be calculated on a weekly basis by the Administrator, based on information and prices provided by the Investment Manager (including third party valuations or information supplied by issuers, as applicable). The estimated weekly NAV per Share will be

		published in Pounds Sterling by RIS announcement and on the website of the Company at www.axiom-ai.com.
B.43	Cross liability	Not applicable. The Company is not an umbrella collective investment undertaking and as such there is no cross liability between classes or investment in another collective investment undertaking.
B.44	No financial statements have been made up	The Company is newly incorporated and no financial statements have been made up.
B.45	Portfolio	Not applicable. The Company has not commenced operations and does not hold any assets.
B.46	Net Asset Value	Not applicable. The Company has not commenced operations and so has no Net Asset Value as at the date of this document.

Section C – Securities		
Element		
C.1	Type and class of securities being admitted to trading and identification number	The Company intends to issue 50,737,666 Shares (and the single existing Share will be transferred) at an issue price of £1.00 per Share pursuant to the Placing. The Placing will not be underwritten. The Company may also issue up to 500 million Shares at an issue price calculated by reference to the estimated cum income Net Asset Value per Share at the time of allotment, together with a premium to the Net Asset Value per Share at that time intended to cover the costs and expenses of the relevant placing of Shares (including, without limitation, any placing commissions) pursuant to the Placing Programme. The ISIN for the Shares is GG00BTC2K735.
C.2	Currency of issue	The Shares are denominated in Pounds Sterling.
C.3	Number of shares in issue and par value	As at the date of this document, the Company has one fully paid Share of no par value in issue. The Company has no partly paid Shares in issue.
C.4	Rights attaching to the securities	The Shares carry the right to receive all dividends declared by the Company. Shareholders are entitled to all dividends paid by the Company and, on a winding up, provided the Company has satisfied all of its liabilities, the Shareholders are entitled to all of the surplus assets of the Company. Shareholders will be entitled to attend and vote at all general meetings of the Company and, on a poll, will be entitled to one vote for each Share held.
C.5	Restrictions on transfer	The Board may, in its absolute discretion and without giving a reason, refuse to register a transfer of any Share which is not fully paid or on which the Company has a lien provided that this would not prevent dealings in the Shares of that class from taking place on an open and proper basis on the London Stock Exchange. In addition, the Board may refuse to register a transfer of Shares in certificated form or (to the extent permitted by the CREST Regulations and the RCIS Rules) uncertificated form: (a) if it is in respect of more than one class of Shares; (b) if it is in favour of more than four joint transferees; (c) if applicable, if it is delivered for registration to the registered office of the Company or such other place as the Board may decide and is not accompanied by the certificate for the Shares to which it relates and such other evidence as the Board may reasonably require; or (d) if the transfer is in favour of any Non-Qualified Holder.

		For these purposes a Non-Qualified Holder means any person whose ownership of Shares may cause the Company to suffer any pecuniary or tax disadvantage which will: (a) include any excise tax, penalties or liabilities, including as a result of the Company's failure to comply with the Internal Revenue Code or the requirements of any similar laws or regulations to which the Company may be subject enacted from time to time by any other jurisdiction or as a result of the Non-Qualified Holder failing to provide information concerning itself as requested by the Company in accordance with its Articles; (b) require the Company to register under the Investment Company Act; or (c) result in the assets of the Company being deemed to constitute "plan assets" within the meaning of ERISA or the Plan Assets Regulation.
C.6	Admission to trading	Application will be made to the London Stock Exchange for all of the Shares to be issued pursuant to the Placing to be admitted to trading on the Specialist Fund Market. It is expected that Admission will become effective and that dealings in the Shares will commence at 8.00 a.m. on 5 November 2015. Application will be made to the London Stock Exchange for any Shares issued pursuant to the Placing Programme to be admitted to trading on the Specialist Fund Market. It is expected that Admission will occur, and that dealings in Shares issued pursuant to the Placing Programme will commence, not later than 2 November 2016.
C.7	Dividend Policy	On the basis of market conditions as at the date of this document, and whilst not forming part of its investment objective or investment policy, the Company will target a net total return on invested capital in excess of 10 per cent. per annum over a seven year period. Returns to Shareholders will predominantly comprise dividends. Subject to compliance with the Companies Law and the satisfaction of the solvency test set out therein, the Company intends to distribute all of its income from investments, net of expenses, by way of dividends on a quarterly basis, with dividends declared in March, June, September and December and paid in April, July, October and January in each year. The Company may retain income for distribution in a subsequent quarter to that in which it arises in order to smooth dividend amounts or for the purposes of efficient cash management. Subject to market conditions and the financial position of the Company and assuming that the Investable Placing Proceeds are invested in accordance with the intended timetable, the Company will seek to pay dividends totalling at least 6 pence per Share in respect of the period from Admission to 31 December 2016, with the first dividend likely to be declared in March 2016 in respect of the period to 31 December 2015.

Section D – Risks		
Element		
D.2	Key information on the key risks that are specific to the Company	The key risk factors relating to the Company are: ● the Company will invest in undated subordinated securities and there is a risk that such securities may not be redeemed by the issuer; ● the securities interest payments on the target investments may be deferred or cancelled, which may have a negative and potentially substantial effect on the Company's anticipated return and dividend policy; and ● the Company will invest in less liquid instruments and such illiquidity may limit the ability of the Company to realise its investments and/or

		the Company may only be able to realise such interest at a discount to the net asset value of the instrument.
D.3	Key information on the key risks that are specific to the securities	The key risk factors relating to the Shares are: ● the market price of the Shares may fluctuate significantly and investors may not be able to sell their Shares at or above the price at which they purchased them, meaning that they could lose all or part of their investment; ● an active and liquid trading market for the Shares may not develop; ● there can be no assurances as to the level and/or payment of any dividends by the Company in relation to the Shares; and ● the Shares may trade at a discount to their net asset value per share and there can be no guarantee that attempts by the Company to mitigate such a discount (if such attempts are capable of being and in fact are made) will be successful.

Section E – Offer		
Element		
E.1	Net proceeds and estimated expenses	The Gross Placing Proceeds will be £50.73 million. The estimated costs and expenses relating to the Placing will amount to approximately £1.01 million and the net proceeds of the Placing will be approximately £49.72 million. The Investable Placing Proceeds will be approximately £49.47 million. The maximum number of Shares that may be made available under the Placing Programme is 500 million. The net proceeds of the Placing Programme are dependent on the number of Shares issued pursuant to the Placing Programme and the issue price of such Shares. The formation and initial expenses of the Company are those that relate to the incorporation of the Company, the Placing and Admission of the Shares issued pursuant to the Placing.
E.2a	Reasons for the offer and use of proceeds	The Placing is being made in order to raise funds for the purpose of achieving the investment objective of the Company. All of the Investable Placing Proceeds will be invested in accordance with the Company's investment policy, subject to the availability of sufficient investment opportunities. The Placing Programme is being created to enable the Company to raise further capital on an ongoing basis as it is required. The Company will invest the net proceeds of any Subsequent Placing in investments in line with its investment objectives and investment policy, subject to the availability of suitable investment opportunities.
E.3	Terms and conditions of the offer	The Company intends to issue 50,737,666 Shares (and the single existing Share will be transferred) at an Issue Price of £1.00 per Share pursuant to the Placing. The Company has appointed Liberum to act as sole financial adviser and bookrunner in relation to the Placing. The Placing is conditional, amongst other things, on: ● Admission occurring on or before 8.00 a.m. on 5 November 2015 (or such later date as the Company and Liberum may agree, being not later than 8.00 a.m. on 19 November 2015;

		● the Placing Agreement having become unconditional in all respects (save for conditions relating to Admission) and not having been terminated in accordance with its terms prior to Admission; and ● the gross proceeds of the Placing being at least £50 million. In circumstances in which these conditions are not fully met, the Placing will not take place and no Shares will be issued. The Company will also institute the Placing Programme pursuant to which up to 500 million Shares may be made available to Placees at an issue price calculated by reference to the estimated cum income Net Asset Value per Share at the time of allotment together with a premium to the Net Asset Value per Share at that time intended to cover the costs and expenses of the relevant placing of Shares (including, without limitation, any placing commissions).
E.4	Material interests	Not applicable. No interest is material to the Issue.
E.5	Selling shareholders and lock-up agreements	Other than the subscriber Share issued to a nominee company on behalf of the Investment Manager on the Company's incorporation, the Company has no shares in issue and there will therefore be no selling Shareholders, save that the subscriber Share will be transferred pursuant to the Placing. Save for any lock-up arrangements in relation to Shares issued to the Investment Manager in part satisfaction of the payment of the performance fee, no lock-up arrangements are being entered into in connection with the Issue.
E.6	Dilution	Other than the subscriber Share issued to a nominee company on behalf of the Investment Manager on the Company's incorporation, the Company has no Shares in issue and there will therefore be no dilution of existing Shareholders pursuant to the Placing. The percentage holding of a Shareholder will be diluted to the extent that Shares are issued pursuant to the Placing Programme and any such Shareholder does not participate in the Subsequent Placing.
E.7	Estimated expenses charged to investor	The expenses of the Placing are borne indirectly by the Shareholders since they will be paid out of the assets of the Company. Investors will not be charged a fee in addition to the Issue Price. The estimated costs and expenses of the Placing will be approximately £1.01 million. The issue price of Shares issued pursuant to the Placing Programme will include at the time of allotment a premium to the Net Asset Value per Share intended, *inter alia*, to cover the costs and expenses of the relevant placing of Shares (including, without limitation, any placing commissions).

RISK FACTORS

Any investment in the Company involves significant risks and is only suitable for investors who are capable of evaluating the merits and risks of such an investment and who have sufficient resources to be able to bear any losses (which may be equal to the entire amount invested) which may result from such an investment. Prospective investors should review carefully and evaluate the risks and other information contained in this document before making a decision to invest in the Company. If in any doubt, prospective investors should immediately seek their own personal financial advice from their independent professional adviser authorised under FSMA who specialises in advising on the acquisition or shares and other securities or other advisers such as legal advisers and accountants.

If any of the following risks actually occur, the business, financial condition, capital resources, results and/or future operations of the Company could be materially and adversely affected. In such circumstances, the trading price of the Shares could decline and investors may lose all or part of their investment. Additional risks and uncertainties not currently known to the Directors may also have an adverse effect on the Company. The information set out below does not purport to be an exhaustive summary of the risks affecting the Company.

The Directors believe that the risks described below are the material risks relating to the Shares, the Company and its industry at the date of this document. Additional risks and uncertainties not currently known to the Directors, or that the Directors deem to be immaterial at the date of this document, may also have an adverse effect on the performance of the Company and the value of the Shares. Potential investors should review this document carefully and in its entirety and consult with their professional advisers before making an application to invest in the Shares.

RISKS RELATING TO THE COMPANY

No operating history

The Company is a newly incorporated investment company and has no operating history. Accordingly, no historical financial statements or other meaningful operating or financial data upon which prospective investors may evaluate the Company and may base an evaluation of the Company's likely performance have been prepared. An investment in the Company is therefore subject to all of the risks and uncertainties associated with a new business, including the risk that the Company will not achieve its investment objectives pursuant to its investment policy and that the value of an investor's investment could decline substantially (even to zero) as a consequence.

The Company will have no investments or commitments to invest when it commences operations

The Company will have no investments or commitments to invest when it commences operations and the pace of investment could fall short of expectations. A reduction in the pace of investment may reduce investment returns to Shareholders over the life of the Company and may reduce dividend payments during the period in which the Portfolio is not fully invested.

The Company is reliant upon the provision of services by third party service providers in order to carry on its business and a failure by a service provider could materially disrupt the business of the Company or impact detrimentally on its investment performance

The Company has no employees and the Directors have all been appointed on a non-executive basis. The Company is therefore reliant in part upon the performance of third party service providers for its executive function. In particular, the Investment Manager, the Administrator, the Depositary and the Registrar will be performing services which are integral to the operation of the Company. Failure by any service provider to carry out its obligations to the Company in accordance with the terms of its appointment could have a materially detrimental impact on the operation of the Company and could affect the ability of the Company to meet its investment objectives pursuant to its investment policy.

The level of dividends and other distributions to be paid by the Company may fluctuate and there is no guarantee that any such distributions will be paid

There can be no assurance as to the level and/or payment of any future dividends or any distributions by the Company. The declaration, payment and amount of any future dividends or distributions by the Company are subject to the discretion of the Directors and will depend upon, among other things, the Company's financial position and cash requirements and the ability of the Company to comply with the applicable legal requirements for paying dividends, including the statutory solvency test under the Companies Law.

Past performance is no indication of future results

The Company's performance may be volatile and investors could lose all or part of their investment. Past performance of other investments managed or advised by the Investment Manager or the Investment Adviser is no indication of future results and there can be no assurance that the Company will achieve results comparable to any past performance achieved by the Investment Manager or the Investment Adviser or any employee of the Investment Manager described in this document.

The Company may be unable to realise value from its investments and investors could lose all or part of their investment

Investments that the Company makes may not appreciate in value and may decline in value. Due to the illiquid nature of certain investments the Company expects to make, the Investment Manager and the Investment Adviser are unable to predict with confidence, what, if any, exit strategy for a given investment will ultimately be available to the Company and the Company may be unable to realise value from these investments. Accordingly, there can be no assurance that the Company's investments will generate gains or income or that any gains or income that may be generated will be sufficient to offset any losses that may be sustained. As a result, investing in the Company is speculative and involves a high degree of risk. The Company's performance may be volatile and investors could lose all or part of their investment.

Some hybrid capital instruments with loss-absorbency features written into their terms can be converted to ordinary shares or other hybrid capital instruments or written down on a permanent or temporary basis. Hybrid capital instruments may also have unusual characteristics for non-equity instruments, in that they can be permanent notes or notes with entirely discretionary income payments. This means that for some instruments, coupons may be cancelled at any time, for any reason, and the notes may never be cancelled or redeemed.

RISKS RELATING TO THE PORTFOLIO

The Company will invest in Financial Institution Investment Instruments. These instruments are mostly undated subordinated securities. The interest payable in relation to those securities may be deferred or cancelled and the capital may be partially or fully written-down or converted to equity.

Subordinated securities

The debt instruments subscribed for by the Company are mainly subordinated obligations of the issuer which are the most junior debt instruments of the issuer, ranking *pari passu* among themselves but subordinated to and ranking behind the claims of senior creditors of the issuer. If a judgment is rendered by any competent court declaring the judicial liquidation of the issuer, or if the issuer is liquidated for any other reason, the rights of payment for the Company will be subordinated to the payment in full of the unsubordinated creditors of the issuer and any other creditors that are senior to the Regulatory Capital Instruments and/or the Other Financial Institution Investment Instruments. Consequently, if the financial condition of the issuer that has issued the debt instrument were to deteriorate, the Company could suffer direct and materially adverse consequences, including non-payment of interest, automatic conversion of the securities into equity in the issuer or, if a liquidation, dissolution or winding up of the issuer were to occur, loss by the Company of all or part of its investment.

Undated securities

The subordinated securities issued by European Financial Institutions for regulatory capital purposes are mostly undated instruments. Consequently, issuers of these instruments are under no obligation to redeem these securities at any time. Undated securities may be more difficult to value. Where a call date is uncertain,

the Company may only be able to realise its interest at a discount to fair market value or may not be able to realise its interest at all. If the Company had to realise its interest in an undated security at a discount or was not able to sell it at all, this may have a negative effect on the value of the Company's investments and its investment return.

Interest payments on investments in which the Company invests may be deferred or cancelled

The Regulatory Capital Instruments and the Other Financial Institution Investment Instruments in which the Company will seek to invest generally contain provisions that allow the issuer to defer payment of interest on the occurrence of a trigger event. Any interest not paid can be either accumulated until the next coupon payment date (cumulative interests) or deferred indefinitely (non-cumulative interests). Any anticipated deferral of interest payments will likely have an adverse effect on the market price of the securities. In addition, as a result of the interest deferral provisions of the securities, their market price may be more volatile than the market prices of other debt securities on which interest accrues that are not subject to such deferral and may be more sensitive generally to adverse changes in the issuer's financial condition. A deferral of interest payments on a security may have a negative and potentially substantial effect on the Company's target return and dividend policy.

Write-down or conversion to equity

In certain circumstances (for example when the regulatory capital ratio of the issuer falls below a certain level), in order to restore the capital ratio and/or financial health of the issuer, the principal amount of the securities can be automatically converted to equity or written down in full or on a *pro rata* basis with other loss absorbing instruments of the Financial Counterparty. After a write-down, the issuer may not be obliged to increase the principal amount of the securities. Any write-down or conversion of the securities does not necessarily constitute an event of default or a breach of the issuer's obligations to perform and does not entitle holders to petition for the insolvency or dissolution of the issuer. The occurrence of a capital ratio event, and therefore a write-down of the principal amount of a subordinated security, can result from a change to the capital ratio required by the relevant regulator of the issuer or other factors affecting the issuer's earnings or dividend payment, the mix of its businesses or its ability to effectively manage its risk-weighted assets. Due to the uncertainty regarding whether a capital ratio event will occur, it can be difficult to predict when, if at all, the principal amount of the securities could be written down. A write-down or conversion to equity of a security invested in by the Company could affect the Company's returns.

The CRD IV interpretation and the EBA's Regulatory Technical Standards on banking own funds can affect the terms and conditions of some securities

CRD IV is a recently adopted set of rules and regulations that imposes a series of new requirements, many of which will be phased in over a number of years. Although CRD IV is directly applicable in each Member State, CRD IV leaves a number of important interpretational issues to be resolved through binding technical standards that will be adopted in the future, and leaves certain other matters to the discretion of the relevant regulator. Therefore, possible issues of interpretation can raise difficulties in determining the conditions of payment of interest or reinstatement of the securities following a write-down. This uncertainty and the resulting complexity may adversely impact the trading price and the liquidity of the Financial Institution Investment Instruments.

Some securities may be redeemed upon occurrence of a tax event or capital event

Regulatory Capital Instruments and Other Financial Institution Investment Instruments mostly offer to the issuer the possibility to redeem by acceleration the notes upon the occurrence of a "tax event" or a "capital event". A tax event is generally defined as a change in law or regulation that reduces the tax deductibility of interest on the notes, or that results in withholding tax requiring the issuer to pay additional amounts to the investors. A capital event mainly refers to an unexpected change of regulatory classification of the notes under the applicable banking regulation (for example, if the instruments become excluded from the Tier 1 capital of the issuer). Tax and capital events generally trigger a call at par value. If a security was trading below par, such tax or capital event may result in a gain for the Company. However, if a security was trading above par value, such tax or capital event may result in a mark to market loss for the Company, which could adversely affect the value of the Company's investments.

Illiquid instruments

The Company may make investments that are illiquid or that may become less liquid in response to market developments or adverse investor perceptions. Illiquid investments may be more difficult to value. Liquidity risk may be the result of, among other things, the reduced number and capacity of traditional market participants to make a market in fixed income securities or the lack of an active market. The illiquidity of some instruments may limit the ability of the Company to realise its investments and in turn pay dividends to Shareholders. In circumstances where there is no active market in the Company's interests in credit securities or equity securities and the Company is required to generate liquidity, for example in order to repay borrowings, the Company may only be able to realise its interest at a discount to fair market value and at a time when the value of such illiquid instruments is depressed because of adverse market conditions. As a consequence, the value of the Company's investments may be materially adversely affected.

The due diligence process that the Investment Manager plans to undertake in evaluating specific investment opportunities for the Company may not reveal all facts that may be relevant in connection with an investment and any corporate mismanagement, fraud or accounting irregularities may materially affect the integrity of the Investment Manager's due diligence on investment opportunities

When conducting due diligence and making an assessment regarding an investment, the Investment Manager will be required to rely on the resources available to it, including internal sources of information as well as information provided by existing and potential issuers, borrowers, lenders and other independent sources. Such information may be limited, inaccurate or incomplete.

In addition, the Investment Manager may select investments for the Company in part on the basis of information and data relating to potential investments filed with various government regulators which are publicly available or made directly available to the Investment Manager by such issuers or third parties. Although the Investment Manager will evaluate all such information and data and seek independent corroboration when it considers it appropriate and reasonably available, the Investment Manager will not be in a position to confirm the completeness, genuineness or accuracy of such information and data. The Investment Manager is dependent upon the integrity of the management of the entities filing such information and of such third parties as well as the financial reporting process in general.

In addition, investment analyses and decisions by the Investment Manager may be undertaken on an expedited basis in order to make it possible for the Company to take advantage of short-lived investment opportunities. In such cases, the available information at the time of an investment decision may be limited, inaccurate and/or incomplete.

Accordingly, due to a number of factors, the Company cannot guarantee that the due diligence investigation it carries out with respect to any investment opportunity will reveal or highlight all relevant facts that may be necessary or helpful in evaluating such investment opportunity. Any failure by the Company to identify relevant facts through the due diligence process may cause it to make inappropriate investment decisions, which may have a material adverse effect on the Company's business, financial condition, results of operations or the value of the Shares.

Due diligence may also be costly. This will decrease the Company's overall profits from an investment.

Derivatives

The Company may be subject to risks associated with derivative instruments. A derivative is a financial contract whose value depends on, or is derived from, the value of an underlying asset, reference rate or index. Derivatives can be used as a substitute for taking a position in a related asset or as part of strategies designed to optimise the exposure on a given issuer. The Company's use of derivative instruments may lead to risks that are different from, or greater than, the risk associated with the related assets, reference rates or indices. Derivatives are subject to liquidity risk, interest rate risk, market risk, credit risk, risks related to changes in margin requirements, operational risk or the risk that the value of the derivative does not correlate perfectly with the underlying asset, rate or index. The Company may invest in derivatives with a small initial principal amount and the Company could lose more than such principal amount. There can be no assurance that the Company will be able to reduce risks with these transactions or that such strategies will be successful in improving the return on the Company's investments.

Exchange rate risk

A proportion of the Company's investments will be denominated in Euros. The Company will maintain its accounts and intends to pay distributions in Pounds Sterling. Accordingly, fluctuations in the Pounds Sterling/Euro exchange rate and the costs of conversion may affect the value of the Company's investments and the ultimate rate of return realised by investors. Whilst the Company will have a systemic hedging policy with respect to currency risk, and intends to enter into hedging arrangements to mitigate this risk to some extent, there can be no assurances that such arrangements will be available to the Company or that they will be sufficient to cover such risk.

In the event of an extreme fall in the value of the Pound Sterling against the Euro, the Company would be required to sell assets in order to meet hedging losses. Although the Company intends to maintain a proportion of the Portfolio in readily realisable securities, there can be no assurance that the value of such securities would be sufficient to meet such losses within the contractual settlement terms of the hedging arrangements, with the consequence that the Company may become a forced seller of less liquid securities, possibly at a substantial discount to their holding value. This would have a negative effect on the value of the Company's investments and its investment return.

RISKS RELATING TO THE INVESTMENT MANAGER AND THE INVESTMENT ADVISER

The Company is reliant on the expertise of the Investment Manager, the Investment Adviser and their respective key personnel to evaluate attractive investment opportunities and to implement its investment policy

In accordance with the Investment Management Agreement, the Investment Manager is responsible for the management of the Company's investments and the Investment Adviser is responsible for providing investment advice and research services to the Investment Manager. The Company has no employees and all the Directors are appointed on a non-executive basis. Therefore the Company will be significantly reliant upon, and its success will depend to a significant extent on, the Investment Manager, the Investment Adviser and their personnel, services and resources.

Accordingly, the ability of the Company to implement its investment policy will depend on the Investment Manager's ability to retain its staff and/or to recruit individuals with a similar experience and of a similar calibre. Whilst the Investment Manager has endeavoured to ensure that the principal members of its management team are suitably incentivised, the retention of key members of the team cannot be guaranteed. Furthermore, in the event of a departure of a key employee of the Investment Manager, there is no guarantee that the Investment Manager would be able to recruit a suitable replacement or that any delay in doing so would not adversely affect the performance of the Company. Events not entirely within the Investment Manager's control, such as its financial performance, its being acquired or making acquisitions or changes to its internal policies and structures could in turn affect the Investment Manager's ability to retain key personnel.

The Investment Manager's strategy is resource and time intensive. If the Investment Manager is unable to allocate the appropriate time or resources to the Company's investments, the Company may be unable to achieve its investment objective.

The Company is also subject to the risk that the Investment Management Agreement may be terminated and that no suitable replacement investment adviser will be found to manage the Company. If the Investment Management Agreement is terminated and a suitable replacement is not secured in a timely manner or key personnel of the Investment Manager are not available to the Company with an appropriate time commitment, the ability of the Company to execute its investment policy or achieve its investment objective may be adversely affected.

The Investment Manager may face competition in sourcing and making investments

The Company may become subject to competition in sourcing and making investments. Some of the Company's competitors may have greater financial, technical and marketing resources or a lower cost of capital and the Company may not be able to compete successfully for investments. In addition, potential competitors of the Company may have higher risk tolerances, different risk assessments or access to different sources of funding, which could allow them to consider a wider variety of investments on a different cost basis. Furthermore, competition for investments may lead to the margin on investments decreasing

which may further limit the Company's ability to generate its desired returns. The Company can offer no assurance that competitive pressures will not have a material adverse effect on its investment returns, the dividends payable to Shareholders, the NAV and the value of the Shares.

The existence of the performance fee may incentivise the Investment Manager's personnel to make risky investments

Pursuant to the Investment Management Agreement, the Company may become liable to pay the Investment Manager a performance fee (details of which are set out in paragraph 9(b) of Part 3 of this document). The existence of such performance fee may create an incentive for the Investment Manager to recommend or make more speculative investments than it would otherwise recommend in the absence of such fees, which may adversely affect the Company's business, financial condition and results of operations.

RISKS RELATING TO THE MARKET

General market risk

There are certain general market conditions in which any investment policy is unlikely to be profitable. The Company does not have the ability to control or predict such market conditions.

General economic and market conditions, such as currencies, interest rates, availability of credit, inflation rates, economic uncertainty, changes in laws, trade barriers, currency exchange controls, national and international political circumstances, government regulations or other policies, the worldwide economic environment, changes in law and taxation, natural disasters, terrorism, social unrest and civil disturbances or the occurrence of risks described elsewhere in this document, all of which are beyond the Company's control, may affect the price level, volatility and liquidity of securities prices and result in losses in the value of the Company's assets.

General market risks may also mean that the Company may not be able to implement its investment objective and investment policy in a manner that generates returns in line with the targets. Furthermore, the targeted returns are based on the market conditions and the economic environment at the time of assessing the targeted returns, and are therefore subject to change. There is no guarantee that actual (or any) returns can be achieved at or near the levels set out in this document. Accordingly, the actual rate of return achieved may be materially lower than the targeted returns, or may result in a partial or total loss, which could have a material adverse effect on the performance of the Company, the NAV and the value of the Shares.

Global capital markets have been experiencing volatility, disruption and instability. Material changes affecting global debt capital markets may have a negative effect on the Company's business, financial condition and results of operations

The global financial markets have experienced extreme volatility and disruption in recent years, as evidenced by a lack of liquidity in the debt capital markets, significant write-offs in the financial services sector, the repricing of credit risk in the credit market and the failure of various major financial institutions. Despite actions of government authorities, these events contributed to general economic conditions that have materially and adversely affected the broader financial and credit markets and reduced the availability of debt capital.

The default of any financial institution could lead to defaults by other institutions. Concerns about, or default by, one financial institution could lead to significant liquidity problems, losses or defaults by other institutions, because the credit quality and integrity of many financial institutions may be closely related as a result of their credit, trading, clearing or other relationships. This risk is sometimes referred to as "systemic risk" and may adversely affect brokers, lending banks and other trading counterparties with whom the Company deals. The Company may, therefore, be exposed to systemic risk when it deals with various third parties, such as brokers, lending banks and other trading counterparties whose creditworthiness may be interlinked.

Financial market disruptions may also have a negative effect on the valuations of, and may increase the risk of liquidity events involving, the Company's investments (and, by extension, may adversely affect the NAV and/or the market price of the Shares). In the future, non-performing assets in the Portfolio may cause the value of the Portfolio to decrease if the Company is required to write down the values of its investments. Depending on market conditions, the Company may incur substantial realised losses and may suffer

additional unrealised losses in future periods, which may adversely affect its business, financial condition and results of operations.

Possible defaults by member states of the Eurozone on their sovereign debt may have an adverse effect on investments of the Company in Europe

Certain European countries which are part of the Eurozone have experienced and may further experience increased borrowing costs in the international sovereign debt markets which brings with it a risk of default on such debts if refinancing costs increase beyond certain levels. Such defaults, which may lead to a breakup of the Eurozone, and related systemic failures in the Eurozone may materially adversely affect the ability of private sector borrowers to service or refinance their debts. Therefore, such financial market disruptions may have a negative effect on the performance of the Company's investments and the Company may have to write down the values of its investments as a result.

In addition, as the Company will hold assets that are denominated in Euros, the impact of the events described above would also mean an increase in and a realisation of currency risks that the investment policy of the Company brings with it. In particular, if any country were to leave the Eurozone, or if the Eurozone were to break up entirely, the treatment of debt obligations previously denominated in Euros is uncertain. A potential re-denomination of those investments could have a material adverse effect on the value of the Company's investments and the income from them.

RISKS RELATING TO THE SHARES

General

An investment in the Shares carries the risk of loss of capital. The value of a Share can go down as well as up and Shareholders may receive back less than the value of their initial investment and could lose all of the investment.

General movement in local and international stock markets, prevailing and anticipated economic conditions and interest rates, investor sentiment and general economic conditions may all affect the market price of the Shares. To optimise returns, Shareholders may need to hold the Shares for the long term and the Shares may not be suitable for short term investment.

The Shares have never been publicly traded on the SFM and the existence of a liquid market in the Shares cannot be guaranteed

The Company will apply for the Shares to be admitted to trading on the SFM. The SFM is a relatively new market and likely liquidity and price volatility levels are relatively unknown. Liquidity experienced on the SFM to date may not be a suitable indicator for liquidity levels in the future. The Company is not required to appoint a market maker or make a market for Shares traded on the SFM. There can be no guarantee that a liquid market in the Shares will develop or that the Shares will trade at prices close to their underlying NAV. Accordingly, Shareholders may be unable to realise their investment at NAV or at all.

In addition, if such a market does not develop, relatively small transactions or intended transactions in the Shares may have a significant negative impact on the price of the Shares whilst transactions or intended transactions related to a significant number of Shares may be difficult to execute at a stable price.

Following the Placing, there will be a limited number of holders of Shares. Limited numbers and/or holders of Shares may mean that there is limited liquidity in such Shares which may affect: (i) an investor's ability to realise some or all of his investment; and/or (ii) the price at which such investor can effect such realisation and/or (iii) the price at which such Shares trade in the secondary market.

Shareholders will have no right to have their Shares redeemed or repurchased by the Company at any time

The Company has been established as a listed closed-ended vehicle. Accordingly, Shareholders will have no right to have their Shares redeemed or repurchased by the Company at any time. While the Directors retain the right to effect repurchases of Shares and to return capital to Shareholders, they are under no obligation to use such powers at any time and Shareholders should not place any reliance on the willingness

of the Directors to do so. Shareholders wishing to realise their investment in the Company will therefore be required to dispose of their Shares through the secondary market. Accordingly, Shareholders' abilities to realise their investment at NAV or at all is dependent on the existence of a liquid market for the Shares.

The Shares may trade at a discount to NAV per Share and Shareholders may be unable to realise their investments through the secondary market at NAV per Share

The Shares may trade at a discount to NAV per Share for a variety of reasons, including adverse market conditions, a deterioration in investors' perceptions of the merits of the Company's investment objective and investment policy, an excess of supply over demand in the Shares, and to the extent investors undervalue the management and/or advisory activities of the Investment Manager and the Investment Adviser or discount their valuation methodology and judgments. While the Directors may seek to mitigate any discount to NAV per Share through such discount management mechanisms as they consider appropriate, there can be no guarantee that they will do so or that such mechanisms will be successful, and the Directors accept no responsibility for any failure of any such strategy to effect a reduction in any discount.

In the event that the Directors were to issue further Shares in the future this could have a detrimental effect on the NAV of existing Shares then in issue. The Directors will not, however, issue further Shares for cash on a non pre-emptive basis at a discount to NAV without Shareholder approval.

The NAV may be based on estimates which are inaccurate

A portion of the Company's investments may be in the form of investments for which market quotations are not readily available, and third-party pricing information may not be available for certain investments held in the Portfolio. Individual assets which make up the Portfolio will be valued by the Investment Manager, on the basis described in paragraph 11 of Part 1 of this document.

As valuations, and in particular valuations of investments for which market quotations are not readily available, are inherently uncertain, these may fluctuate over short periods of time and may be based on estimates. In addition, determinations of fair value may differ materially from the values that would have resulted if a ready market had existed. Even if market quotations are available for certain of the investments, such quotations may not reflect the value that could actually be realised because of various factors, including the illiquidity of certain investments held in the Portfolio, future price volatility or the potential for a future loss in value based on poor industry conditions or overall company and management performance. Consequently, the value at which investments in the Portfolio could be liquidated may differ, sometimes significantly, from the valuations reflected in the latest published NAV.

The value ascribed to investments will not constitute a guarantee of value and may not necessarily reflect the prices at which such investments could be, or could have been, purchased or sold at any given time, which may be subject to significant uncertainty and depend on various factors beyond the control of the Company, the Investment Manager and the Investment Adviser. This may result in volatility in the NAV and operating results that the Company will report from period to period.

In calculating the NAV, estimates of the value of certain investments of the Company may be required to be relied upon, which will be supplied, directly or indirectly, by issuers and/or borrowers. Such estimates may be unaudited or may be subject to little verification or other due diligence and may not comply with generally accepted accounting practices or other valuation principles. In addition, issuers and/or borrowers may not provide estimates of the value of investments on a regular or timely basis or at all with the result that the values of such investments may be estimated by the Directors on the basis of information available at the time.

Borrowings

The Company may use borrowings for investment purposes by reference to its investments in 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. The Company's aggregate borrowings at any one time will be limited to an amount equal to 20 per cent. of NAV, at the time of drawdown. Whilst the use of borrowings should generally enhance the total return on the Shares where the return on the Company's

underlying assets is positive and exceeds the cost of borrowing, it will have the opposite effect were the underlying return is negative, further reducing the total return on the Shares. Accordingly, the use of borrowings by the Company may increase the volatility of NAV and the price of the Shares.

RISKS RELATING TO REGULATION

The regulatory environment continues to develop at a national and international level. The financial services industry generally, and the activities of alternative investment funds and their managers in particular, have been the subject of increasing legislative and regulatory scrutiny. For example, the AIFMD Directive imposes a new regime for managers of investment funds if those managers are located in the EEA and in respect of the marketing of funds in the EEA. The AIFMD has been transposed into the national legislation of most Member States. The AIFMD and other legislative or regulatory changes or developments may significantly increase management costs, including regulatory and compliance costs, of the manner in which the Company is managed and operated and such changes may be adverse and substantial.

Implications of operating the Company in compliance with AIFMD

The Investment Manager is authorised by the AMF as a full-scope AIFM and is responsible for the management of the Company as an AIF. The Investment Manager must comply with various organisational, operational, reporting, regulatory capital, conduct of business and transparency obligations. The Company is also required to appoint a depositary and has appointed CACEIS Bank France. In complying with these obligations, the Investment Manager and the Company are likely to have higher management and operating costs than would otherwise be the case. Any failure by the Investment Manager to comply with the restrictions and other regulatory requirements placed on it by the AMF could result in criminal, civil or regulatory enforcement proceedings and the imposition of fines, restitution or compensation orders and restrictions or the removal of the Investment Manager.

If the Investment Manager were to fail to comply with the legal and other regulatory requirements applicable to an authorised AIFM or otherwise cease to hold authorisation as an AIFM, it would not be permitted to continue to manage the Company or market interests in the Company and a successor fund manager duly authorised as an AIFM would need to be appointed to perform these functions. This may adversely impact the Company's ability to raise further capital and manage and/or add to the Portfolio.

Further, there is a risk that the AMF (or any other applicable regulator in the EEA) may determine that the Investment Manager is not the external AIFM of the Company in France. If so, it may be necessary for such other person as the AMF (or other regulator) determines is properly to be considered to be managing the Company as its AIFM to obtain authorisation as an AIFM and the Company may not be able to raise further capital or manage and/or add to the Portfolio until such authorisation is obtained or the Investment Manager is replaced.

The AIFM Directive may prevent the marketing of the Shares in the EEA

The AIFMD initially allows marketing of a non-EU AIF, such as the Company, by its AIFM or its agent under national private placement regimes where individual states so choose. The United Kingdom has adopted such a private placement regime, as have numerous other EEA states, albeit certain EEA states are subject to additional conditions imposed by national law. Such marketing will be subject to, *inter alia*, (a) the requirement that appropriate cooperation agreements continue to be in place between the supervisory authorities of the relevant EEA states and the GFSC, (b) Guernsey not being on the Financial Action Task Force money-laundering blacklist, and (c) compliance with certain aspects of the AIFMD. Therefore, marketing into an EEA state (such as the UK) under the AIFMD is likely to involve additional compliance costs related to additional and ongoing investor disclosures and reports to regulators.

Accordingly, the ability of the Company or the Investment Manager to market the Company's securities in the EEA will depend on the relevant EEA state permitting the marketing of non-EEA managed funds, the continuing status of Guernsey in relation to the AIFMD and the Company's and the Investment Manager's willingness to comply with the relevant provisions of the AIFMD and the other requirements of the national private placement regimes of individual EEA states, the requirements of which may restrict the Company's ability to raise additional capital from the issue of new Shares in one or more EEA states.

Changes to the AIFMD regime or its interpretation may have a material adverse effect on the Company

The AIFMD has only recently come into force and is untested by the regulators or the courts. Changes to the AIFMD regime or new recommendations and guidance as to its implementation may impose new operating requirements or result in a change in the operating procedures of the Investment Manager and its relationship with the Company and service providers and may impose restrictions on the investment activities that the Investment Manager (and in turn the Company) may engage in, and may increase the on-going costs borne, directly or indirectly, by the Company by virtue of the contractual arrangements agreed between the Company and the Investment Manager or between the Company and the Depositary.

These factors may have a material adverse effect on the Company's financial condition, business, prospects and results of operations.

Changes in law or regulation may adversely affect the Company's ability to carry on its business

The Company is incorporated under the laws of Guernsey. Accordingly, the rights of Shareholders are governed by the Companies Law and by the Company's Memorandum and Articles, which may differ from the typical rights of shareholders in the UK and other jurisdictions.

The Company is subject to laws and regulations of national and local governments. In particular, the Company is subject to and will be required to comply with certain regulatory requirements that are applicable to listed closed-ended vehicles which are domiciled in Guernsey. These include compliance with any decision of the Guernsey Financial Services Commission and with applicable UK legal requirements. Changes in law or regulations, or a failure to comply with any such laws or regulations, may adversely affect the performance of the Shares and returns to Shareholders, and the ability of the Company to successfully pursue its investment policy.

RISKS RELATING TO TAXATION

Local laws or regulations may mean that the status of the Company or the Shares is uncertain or subject to change, which could adversely affect a Shareholder's ability to hold Shares

For regulatory and tax purposes, the status and treatment of the Company and the Shares may be different in different jurisdictions. For instance, in certain jurisdictions and for certain purposes, the Shares may be treated as units in a collective investment scheme. Furthermore, in certain jurisdictions, the regulatory and tax status of the Company and/or the Shares may be uncertain or subject to change, or it may differ depending on the availability of certain information or as a result of disclosures made by the Company. Changes in the status or treatment of the Company or the Shares for regulatory and/or tax purposes may have unforeseen effects on the ability of investors to hold Shares or the consequences to investors of doing so.

Changes in the Company's tax status or tax treatment may adversely affect the Company and if the Company becomes subject to the UK offshore fund rules there may be adverse tax consequences for certain UK resident Shareholders

Any change in the Company's tax status, or in taxation legislation or practice (in particular in relation to any obligation to withhold tax in respect of payments on its Financial Institution Investment Instruments) in either Guernsey or the United Kingdom or any jurisdiction in which issuers are held to be resident, or in the Company's tax treatment may affect the value of the investments held by the Company or the Company's ability to successfully pursue and achieve its investment objective and investment policy, or alter the after-tax returns to Shareholders. Statements in this document concerning the taxation of Shareholders are based upon current United Kingdom and Guernsey tax law and published practice, any aspect of which law and practice is, in principle, subject to change (potentially with retrospective effect) that may adversely affect the ability of the Company to successfully pursue its investment objective and investment policy and which may adversely affect the taxation of Shareholders.

Statements in this document in particular take into account the United Kingdom offshore fund rules contained in Part 8 of the Taxation (International and Other Provisions) Act 2010. Should the Company or any class of shares issued by the Company be regarded as being subject to the offshore fund rules this may have adverse tax consequences for certain UK resident shareholders.

In particular, the tax treatment of Shareholders on any return of cash to Shareholders will depend on the taxation legislation and practice in force at the relevant time. Tax law and practice can change frequently and there can be no guarantee that the discount control mechanisms set out in this document can be implemented in a way that is tax efficient for Shareholders.

Potential investors are urged to consult their tax advisers with respect to their particular tax situations and the tax effect of an investment in the Company.

Reporting under other exchange of information regimes

The United Kingdom has entered into intergovernmental agreements with the Crown Dependencies and some overseas territories, including Guernsey. On 29 October 2014 Guernsey entered into a multi-lateral competent authority agreement that activates the automatic exchange of FATCA-like information in line with the common reporting standard. The Company is required to comply with Guernsey domestic legislation implementing the intergovernmental agreement and the multi-lateral agreement under which certain disclosure requirements will be imposed in respect of certain investors in the Company. See "UK-Guernsey Intergovernmental Agreement" and "Reporting under the Foreign Multilateral Competent Authority Agreement for Automatic Exchange of Taxpayer Investment" on pages 78 to 79 below for further information. Potential investors should consult their advisors regarding the application of the information that may be required to be provided and disclosed to the Company and in certain circumstances to the tax authorities as are set out in the Guernsey domestic legislation implementing the intergovernmental agreement, the multilateral agreement and implementation guidance notes. The information that may be required to be reported and disclosed may be subject to change. Shareholders may be required to provide certain information to the Company in order to enable the Company to comply with its obligations under the intergovernmental agreement and the multilateral agreement in accordance with the Articles. If a Shareholder fails to provide the required information within the prescribed period, the Board may treat that Shareholder as a Non-Qualified Holder and require the relevant Shareholder to sell its Shares in the Company.

IMPORTANT INFORMATION

General

In assessing an investment in the Company, investors should rely only on the information in this document. No person has been authorised to give any information or make any representations in relation to the Company other than those contained in this document and, if given or made, such information or representations must not be relied upon as having been authorised by the Company, the Directors, the Investment Manager, the Investment Adviser, Liberum or any other person. Neither the delivery of this document nor any subscription or purchase of Shares made pursuant to this document shall, under any circumstances, create any implication that there has been no change in the affairs of the Company since, or that the information contained herein is correct at any time subsequent to, the date of this document.

Apart from the responsibilities and liabilities, if any, which may be imposed on Liberum by FSMA or the regulatory regime established thereunder, Liberum accepts no responsibility whatsoever for the contents of this document or for any other statement made or purported to be made by it, or on its behalf, in connection with the Company, the Investment Manager, the Investment Adviser, the Shares or the Placing. Liberum accordingly disclaims all and any liability whether arising in tort, contract or otherwise (save as referred to above), which it might otherwise have in respect of such prospectus or any such statement.

The distribution of this document in jurisdictions other than the United Kingdom may be restricted by law and persons into whose possession this document comes should inform themselves about and observe any such restrictions.

This document does not constitute, and may not be used for the purposes of, an offer or an invitation to apply for any Shares by any person: (i) in any jurisdiction in which such offer or invitation is not authorised; or (ii) in any jurisdiction in which the person making such offer or invitation is not qualified to do so; or (iii) to any person to whom it is unlawful to make such offer or invitation. The distribution of this document and the offering of Shares in certain jurisdictions may be restricted. Accordingly, persons into whose possession this document comes are required to inform themselves about and observe any restrictions as to the offer or sale of Shares and the distribution of this document under the laws and regulations of any jurisdiction in connection with any applications for Shares, including obtaining any requisite governmental or other consent and observing any other formality prescribed in such jurisdiction. No action has been taken or will be taken in any jurisdiction by the Company that would permit a public offering of Shares where action for that purpose is required.

Guernsey regulatory information

The Company is a registered closed-ended investment scheme registered pursuant to the Protection of Investors (Bailiwick of Guernsey) Law, 1987, as amended, and the RCIS Rules 2015 issued by the GFSC. The GFSC, in granting registration, has not reviewed this document but has relied upon specific warranties provided by the Administrator, the Company's designated administrator.

The GFSC takes no responsibility for the financial soundness of the Company or for the correctness of any of the statements made or opinions expressed with regard to it.

If potential investors are in any doubt about the contents of this document they should consult their accountant, legal, or professional adviser, or financial adviser.

It should be remembered that the price of the Shares, and the income from such Shares (if any), can go down as well as up.

Investment considerations

The contents of this document are not to be construed as advice relating to legal, financial, taxation, investment or any other matters. Prospective investors should inform themselves as to:

- the legal requirements within their own countries for the subscription for, purchase, holding, transfer or other disposal of Shares;
- any foreign exchange restrictions applicable to the subscription for, purchase, holding, transfer or other disposal of Shares which they might encounter; and

- the income and other tax consequences which may apply in their own countries as a result of the subscription for, purchase, holding, transfer or other disposal of Shares.

Prospective investors must rely upon their own representatives, including their own legal advisers and accountants, as to legal, tax, investment or any other related matters concerning the Company and an investment in Shares.

An investment in Shares should be regarded as a long term investment and there can be no assurance that the Company's investment objective will be achieved.

This document should be read in its entirety before making any investment in the Shares. All Shareholders are entitled to the benefit of, are bound by and are deemed to have notice of, the provisions of the Memorandum and Articles, which investors should review.

Website

The contents of the Company's website www.axiom-ai.com do not form part of this document. Investors should base their decision whether or not to invest in the Shares on the contents of this document alone.

Reference to credit ratings

This document contains reference to credit ratings issued by Standard & Poor's ("**S&P**") and Moody's. As at the date of this document, S&P and Moody's are established in the European Union and registered under Regulation (EC) No. 1060/2009 of the European Parliament and of the Council of 16 September 2009 on credit rating agencies, as amended.

Restrictions on sales in the United States

The Shares have not been, nor will be, registered under the Securities Act or under the securities legislation of any state or other political sub-division of the United States and, subject to certain exceptions, the Shares may not be offered, sold, exercised, resold, transferred or delivered, directly or indirectly, within the United States or to, or for the account or benefit of, US Persons (as defined in Regulation S). There will be no public offer of the Shares in the United States. The Shares are being offered and sold outside the United States to non-US Persons in reliance on the exemption from registration provided by Regulation S. Moreover, the Company has not been and will not be registered under the Investment Company Act and investors will not be entitled to the benefits of the Investment Company Act. The Shares and any beneficial interests therein may only be transferred in an offshore transaction in accordance with Regulation S to: (i) a person outside the United States and not known by the transferor to be a US Person, by prearrangement or otherwise; (ii) the Company or a subsidiary thereof; or (iii) otherwise to a person in a transaction in compliance with an exemption from the registration requirements of the Securities Act and under circumstances which will not require the Company to register under the Investment Company Act. Neither the Shares nor any beneficial interests therein may be sold or transferred to (i) an "employee benefit plan" as defined in Section 3(3) of ERISA that is subject to Part 4 of Subtitle B of Title I of ERISA, (ii) a "plan" as defined in Section 4975 of the Internal Revenue Code, including an individual retirement account, that is subject to Section 4975 of the Internal Revenue Code, or (iii) an entity whose underlying assets include the assets of any such "employee benefit plan" or "plan" by reason of ERISA or the Plan Assets Regulation, or otherwise (including certain insurance company general accounts) for purposes of Section 406 of ERISA or Section 4975 of the Internal Revenue Code.

Notice to prospective investors in the EEA

In relation to each Relevant Member State, no Shares have been offered or will be offered pursuant to the Placing to the public in that Relevant Member State prior to the publication of a prospectus in relation to the Shares which has been approved by the competent authority in that Relevant Member State, all in accordance with the Prospectus Directive, except that offers of Shares to the public may be made at any time under the following exemptions under the Prospectus Directive, if they are implemented in that Relevant Member State:

A. to any legal entity which is a qualified investor as defined in the Prospectus Directive;

B. to fewer than 150, or, if the Relevant Member State has not implemented the relevant provision of the Prospectus Directive, 100 natural or legal persons (other than qualified investors as defined in the Prospectus Directive) in such Relevant Member State; or

C. in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer of Shares shall result in a requirement for the publication of a prospectus pursuant to Article 3 of the Prospectus Directive or any measure implementing the Prospectus Directive in a Relevant Member State. For the purposes of this provision, the expression "an offer to the public" in relation to any offer of Shares in any Relevant Member State means a communication in any form and by any means presenting sufficient information on the terms of the offer and any Shares to be offered so as to enable an investor to decide to purchase or subscribe for the Shares, as the same may be varied in that Relevant Member State by any measure implementing the Prospectus Directive in that Relevant Member State.

Notice to prospective investors in Guernsey

This document may only be made available in or from within the Bailiwick of Guernsey, and any offer or sale of Shares may only be made in or from within the Bailiwick of Guernsey, either:

(i) by persons licensed to do so under the POI Law; or

(ii) to persons licensed under the POI Law, the Insurance Business (Bailiwick of Guernsey) Law, 2002 (as amended), the Banking Supervision (Bailiwick of Guernsey) Law, 1994 (as amended) or the Regulation of Fiduciaries, Administration Business and Company Directors, etc. (Bailiwick of Guernsey) Law, 2000 (as amended) provided the Company complies with the applicable requirements of the POI Law and all applicable guidance notes issued by the Guernsey Financial Services Commission.

This document and any offer or sale of Shares in the Company pursuant to this document are not available in or from within the Bailiwick of Guernsey other than in accordance with the above paragraphs (i) and (ii) and must not be relied upon by any person unless received or made in accordance with such paragraphs.

Notice to prospective investors in Luxembourg

This document does not constitute a public offer in the Grand Duchy of Luxembourg. The Luxembourg financial sector regulator, the Commission de Surveillance du Secteur Financier ("**CSSF**"), has neither reviewed nor approved this document. The Shares are not and may not be offered to the public in or from the Grand-Duchy of Luxembourg and they may not be offered outside the scope of the exemptions provided for by Article 5 § 2 of the law of 10 July 2005 on prospectuses for securities (the "**Prospectus Law**"). This document is addressed only to "qualified investors" (within the meaning of the Prospectus Law) and in connection with such investors consideration of the purchase of Shares. This offer has not been, and may not be, announced to the public, and offering material may not be made available to the public.

As such, the Company may not be marketed, and this document may not be sent, to investors domiciled or with a registered office in the Grand-Duchy of Luxembourg unless the Shares:

(i) are offered within the scope of the exemptions provided for by Article 5 § 2 of the Prospectus Law; and

(ii) are permitted to be marketed into the Grand Duchy of Luxembourg pursuant to article 37 of the AIFM Directive, if and when applicable, or can otherwise be lawfully offered or sold under any other private placement regime or other exemption applicable in the Grand-Duchy of Luxembourg (including on the basis of an unsolicited request from a professional investor within the meaning of the AIFM Directive).

Forward-looking statements

This document includes statements that are, or may be deemed to be, "forward-looking statements". These forward-looking statements can be identified by the use of forward-looking terminology, including the terms "believes", "estimates", "anticipates", "expects", "intends", "may", "will" or "should" or, in each case, their negative or other variations or comparable terminology. These forward-looking statements include all matters that are not historical facts.

All forward looking statements address matters that involve risks and uncertainties. Accordingly, there are or will be important factors that could cause the Company's actual results to differ materially from those indicated in these statements. These factors include, but are not limited to, those described in the part of this document entitled "Risk Factors", which should be read in conjunction with the other cautionary statements that are included in this document. Any forward-looking statements in this document reflect the Directors' current views with respect to future events and are subject to these and other risks, uncertainties and assumptions relating to the Company's operations, results of operations and growth strategy.

Prospective investors should specifically consider the factors identified in this document which could cause actual results to differ before making an investment decision.

These forward looking statements speak only as of the date of this document. Subject to its legal and regulatory requirements, the Company expressly disclaims any obligation to update or revise any forward-looking statement contained herein to reflect changes in expectations with regard thereto or any change in events, conditions or circumstances on which any statement is based, unless required to do so by law or any appropriate regulatory authority, including FSMA, the London Stock Exchange, the GFSC, the RCIS Rules, the Prospectus Rules and the Disclosure and Transparency Rules.

For the avoidance of doubt, nothing in the preceding four paragraphs qualifies the working capital statement set out in paragraph 12 of Part 7 of this document.

Presentation of information

Market, economic and industry data

Market, economic and industry data used throughout this document is sourced from various industry and other independent sources. The Company and the Directors confirm that such data has been accurately reproduced and, so far as they are aware and are able to ascertain from information published from such sources, no facts have been omitted which would render the reproduced information inaccurate or misleading.

Currency presentation

Unless otherwise indicated, all references in this document to "Sterling", "Pounds Sterling", "£", "pence" or "p" are to the lawful currency of the UK; all references to "dollars", "$" and "US$" are to the lawful currency of the United States of America; and all references to "Euros" and "€" are to the lawful currency of the participating member states of the Eurozone.

Definitions and glossary

A list of defined terms used in this document is set out at pages 123 to 127. A glossary of terms used in this document is set out at pages 128 to 129.

Governing law

Unless otherwise stated, statements made in this document are based on the law and practice currently in force in England and Wales or the Island of Guernsey (as appropriate) and are subject to changes therein.

VOLUNTARY COMPLIANCE WITH THE LISTING RULES

Application will be made to the London Stock Exchange for all of the Shares to be issued pursuant to the Issue to be admitted to trading on the Specialist Fund Market. It is expected that Admission will become effective and that dealings will commence at 8.00 a.m. on 5 November 2015. As such, the Listing Rules applicable to closed-ended investment companies which are listed on the premium listing segment of the Official List of the UKLA will not apply to the Company.

The Directors have resolved that, as a matter of good corporate governance, the Company will voluntarily comply with the following key provisions of the Listing Rules should Admission be granted:

- The Company is not required to comply with the Listing Principles set out at Chapter 7 of the Listing Rules. Nonetheless, it is the intention of the Company to comply with these Listing Principles from Admission.
- The Company is not required to appoint a listing sponsor under Chapter 8 of the Listing Rules. It has appointed Liberum as sole financial adviser and bookrunner to guide the Company in understanding and meeting its responsibilities in connection with Admission and the Issue and also for compliance with Chapter 10 of the Listing Rules (as and when applicable) relating to significant transactions, with which the Company intends to voluntarily comply.
- The Company is not required to comply with the provisions of Chapter 9 of the Listing Rules regarding continuing obligations. The Company intends, however, to comply with the following provisions of Chapter 9 of the Listing Rules from Admission: (i) Listing Rule 9.3 (Continuing obligations: holders) other than Listing Rule 9.3.11 (pre-emption rights); (ii) Listing Rule 9.6.4 to Listing Rule 9.6.21 (Notifications); (iii) Listing Rule 9.7A (Preliminary statement of annual results and statement of dividends); and (iv) Listing Rule 9.8 (Annual financial report).
- The Company is not required to comply with the provisions of Chapter 10 of the Listing Rules. Nonetheless, the Company intends to comply with the provisions of Chapter 10 of the Listing Rules from Admission.
- The Company is not required to comply with the provisions of Chapter 11 of the Listing Rules regarding related party transactions. Nonetheless, the Company has adopted the following related party policy. The policy shall apply to any transaction which it may enter into with:

  (i) any "substantial shareholder" (as defined in Listing Rule 11.1.4A) (other than: (a) related party transactions with "substantial shareholders" under Listing Rule 11.1.5(2) regarding co-investments or joint provision of finance; or (b) issues of new securities in, or a sale of treasury shares of, the Company to "substantial shareholders" on terms which are more widely available, for example as part of an offer to the public or a placing to institutional investors);

  (ii) any Director;

  (iii) the Investment Manager or the Investment Adviser; and

  (iv) any associates of such persons ("associate" having the meaning given in the Listing Rules),

  where (in each case) such transaction would constitute a "related party transaction" as defined in Chapter 11 of the Listing Rules. The Company shall deal with such related party transactions in accordance with Chapter 11 of the Listing Rules with appropriate modifications in relation to Chapter 11 requirements to provide information, confirmation and undertakings to the FCA.
- The Company is not required to comply with the provisions of Chapter 12 of the Listing Rules regarding market repurchases by the Company of its Shares. Nonetheless, the Company has adopted a policy consistent with the provisions of Listing Rules 12.4.1 and 12.4.2, as more particularly described in paragraph 7 of Part 1 of this document.
- The Company is not required to comply with the provisions of Chapter 13 of the Listing Rules regarding contents of circulars. The Company intends however to comply with the following provisions of Chapter 13 of the Listing Rules from Admission: (i) Listing Rule 13.3 (Contents of all circulars); (ii) Listing Rule 13.4 (Class 1 circulars); (iii) Listing Rule 13.5 (Financial information in class 1 circulars); (iv) Listing Rule 13.6 (Related Party Circulars); (v) Listing Rule 13.7 (Circulars about purchase of own equity shares); and (vi) Listing Rule 13.8 (Other circulars).

- The Company is not required to comply with the provisions of Chapter 15 of the Listing Rules (Closed-Ended Investment Funds: Premium listing). Nonetheless, the Company intends to comply with the following provisions of Chapter 15 of the Listing Rules from Admission: (i) Listing Rule 15.4.2 to Listing Rule 15.4.11 (Continuing obligations) (save that, after Admission, any difference between the indicative portfolio composition and the actual Portfolio would not constitute a material change to the Company's investment policy for the purposes of Listing Rule 15.4.8); (ii) Listing Rule 15.5 (Transactions) (including Listing Rule 15.5.1 (Compliance with Model Code)); and (iii) Listing Rule 15.6 (Notifications and periodic financial information).
- The Company will voluntarily comply with the Model Code. The Board will be responsible for taking all proper and reasonable steps to ensure compliance with the Model Code by the Directors.

It should be noted that the UK Listing Authority will not have the authority to monitor the Company's voluntary compliance with the Listing Rules set out above, nor will it impose sanctions in respect of any breach of such requirements by the Company.

DIRECTORS, AGENTS AND ADVISERS

Directors (all non-executive)	William (Bill) Scott (*Chairman*) John Renouf Max Hilton
Administrator, secretary, registered office and designated administrator of the Company	Elysium Fund Management Limited P.O. Box 650 1st Floor, Royal Chambers St Julian's Avenue St Peter Port Guernsey GY1 3JX Channel Islands
Registrar	Capita Registrars (Guernsey) Limited Mont Crevelt House Bulwer Avenue, St Sampson Guernsey GY2 4LH Channel Islands
Investment Manager	Axiom Alternative Investments SARL 39, avenue Pierre 1er de Serbie 75008 Paris France
Investment Adviser	Axiom Alternative Investments UK Branch 4th Floor, Kendal House One Conduit Street London W1S 2XA United Kingdom
Sole Financial Adviser and Bookrunner	Liberum Capital Limited Level 12, Ropemaker Place 25 Ropemaker Street London EC2Y 9LY United Kingdom
Legal advisers to the Company *as to English law*	Berwin Leighton Paisner LLP Adelaide House London Bridge London EC4R 9HA United Kingdom
Legal advisers to the Company *as to Guernsey law*	Carey Olsen Carey House Les Banques St. Peter Port Guernsey GY1 4BZ Channel Islands
Legal advisers to the Sole Financial Adviser and Bookrunner	Wragge Lawrence Graham & Co LLP 4 More London Riverside London SE1 2AU United Kingdom

Reporting Accountants and Auditors	Ernst & Young LLP Royal Chambers St. Julian's Avenue St. Peter Port Guernsey GY1 4AF Channel Islands
Depositary and principal bankers	CACEIS Bank France 1-3, place Valhubert 75013 Paris France

EXPECTED PLACING TIMETABLE

Publication of this document	3 November 2015
Admission and dealings in Shares commences	8.00 a.m. on 5 November 2015
CREST accounts credited in respect of the Shares	5 November 2015
Despatch of definitive share certificates (as applicable)	By 19 November 2015

Each of the times and dates in the above timetable is subject to change. All times are London times unless stated otherwise.

EXPECTED PLACING PROGRAMME TIMETABLE

Placing Programme opens	5 November 2015
Publication of the Placing Programme Price in respect of each Subsequent Placing	as soon as reasonably practicable following the closing of each Subsequent Placing
Admission and crediting of CREST in respect of each Subsequent Placing	8.00 a.m. on each day on which Shares are issued pursuant to a Subsequent Placing
Despatch of definitive share certificates (as applicable)	approximately one week following Admission of the relevant Shares
Last date for Shares to be issued pursuant to the Placing Programme	2 November 2016

PLACING STATISTICS

Issue Price	£1.00
Gross Placing Proceeds	£50.73 million
Estimated net proceeds of the Placing	£49.72 million
Estimated Net Asset Value per Share at Admission	£0.98

PLACING PROGRAMME STATISTICS

Maximum size of the Placing Programme	500,000,000 Shares
Placing Programme Price	Not less than the prevailing Net Asset Value (cum income) per Share at the time of issue

DEALING CODES

The dealing codes for the Shares will be as follows:

ISIN	GG00BTC2K735
SEDOL	BTC2K73
EPIC/TIDM	AXI

PART 1

INFORMATION ON THE COMPANY

1. INTRODUCTION

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 GFSC to be a registered closed-ended collective investment scheme.

The Company will be managed by Axiom Alternative Investments SARL (the "**Investment Manager**"). Axiom Alternative Investments UK Branch (the "**Investment Adviser**") will provide investment advice and research services.

Further information in relation to the Investment Manager and the Investment Adviser is set out in Part 3 of this document.

The Company will issue 50,737,666 Shares (and the single issued Share will be transferred) to investors pursuant to the Placing at the Issue Price. The Company will also institute a Placing Programme of Shares.

Application will be made to the London Stock Exchange for all of the Shares to be issued pursuant to the Placing to be admitted to trading on the Specialist Fund Market. It is expected that Admission will become effective and that dealings will commence at 8.00 a.m. on 5 November 2015. The Shares will be denominated and quoted in Pounds Sterling.

The Specialist Fund Market is an EU regulated market.

2. INVESTMENT OBJECTIVE

The investment objective of the Company is to provide Shareholders with an attractive return, while limiting downside risk, through investment in the following Financial Institution Investment Instruments:

- Regulatory Capital Instruments, being financial instruments issued by a European Financial Institution which constitute regulatory capital for the purposes of Basel I, Basel II or Basel III or Solvency I or Solvency II;
- Other Financial Institution Investment Instruments, being financial instruments issued by a European Financial Institution, including without limitation senior debt, which do not constitute Regulatory Capital Instruments; and
- Derivative Instruments, being CDOs, securitisations or derivatives, whether funded or unfunded, linked or referenced to Regulatory Capital Instruments or Other Financial Institution Investment Instruments.

3. INVESTMENT POLICY

The Company will seek to invest in a diversified portfolio of Financial Institution Investment Instruments. The Company will focus primarily on investing in the secondary market, although instruments may also be subscribed in the primary market where the Investment Manager identifies attractive opportunities.

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

Deployment of capital

The Company intends to initially invest the Investable Placing Proceeds in a selection of liquid relative value securities (as described in paragraph 4 below) within two weeks following Admission.

Subsequently, the Company intends that the Investable Placing Proceeds will be redeployed into Financial Institution Investment Instruments within six months following Admission.

It is anticipated that, once the Investable Placing Proceeds have been fully deployed, the Portfolio will be composed of at least fifty different securities. Further information is set out in paragraph 4 below.

Financial Institution Investment Instruments

The Company will have the flexibility to invest in different kinds of Financial Institution Investment Instruments.

No more than 15 per cent. of NAV, calculated at the time of investment, will be exposed to any one Financial Counterparty. 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.

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 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, for example, 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.

At present, the Company does not have any debt facilities in place.

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 will have 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 will be 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.

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

At Admission, the Shares will be admitted to trading on the Specialist Fund Market. As the Shares will not be listed on the Official List of the UKLA, the Listing Rules applicable to closed-ended investment companies will not apply to the Company. Nonetheless, the Company intends to 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.

4. INVESTMENT STRATEGY

The Company's target investments will broadly fall into the following asset classes:

- **Liquid relative value:** "Liquid" Financial Institution Investment Instruments may account for up to 25 per cent. of the Portfolio (once fully deployed) from time to time. These instruments can easily be bought and sold in the secondary market. Nonetheless, they can be volatile, and sometimes have complex characteristics and, in the view of the Investment Manager, this creates value opportunities. The target rate of return to the Company on such instruments is between 7 per cent. and 8 per cent. per annum;
- **Less liquid relative value:** "Less liquid" Financial Institution Investment Instruments may account for up to 30 per cent. of the Portfolio (once fully deployed) from time to time. These are securities issued by large institutions that trade with poor liquidity, either due to their complexity or the nature of the securities (e.g. a private placement or a retail offering), which, in the view of the Investment Manager, can offer an illiquidity premium. These securities will generally be bought at a discount and held to maturity in most cases. The target rate of return to the Company on such instruments is between 6 per cent. and 16 per cent. per annum;
- **Restructuring:** Securities issued by European Financial Institutions which are undergoing or expected to undergo a significant restructuring (and/or derivatives linked or referenced to such securities) may account for up to 20 per cent. of the Portfolio (once fully deployed) from time to time. Typically, companies in restructuring tend to be former well established financial institutions (banks that were

performing well pre-2008) with, in the view of the Investment Manager, strong prospects of recovery. The target rate of return to the Company on such instruments is between 7 per cent. and 25 per cent. per annum;

- **Special situations:** Investments in securities that are subject to a "special situation" may account for up to 20 per cent. of the Portfolio (once fully deployed) from time to time. A "special situation" is an event that, in the view of the Investment Manager, is expected to trigger an improvement in the pricing of capital securities (such as a corporate reorganisation for regulatory and/or financial reasons or a regulatory decision with a strong impact on the price of a security). Such special situations could be linked to a particular European Financial Institution or a particular security or a combination of both. The target rate of return to the Company on such instruments is between 8 per cent. and 35 per cent. per annum; and
- **Midcap origination:** Investments in equity or debt securities (senior or subordinated) issued by non-listed European Financial Institutions generally through a private placement may account for up to 30 per cent. of the Portfolio (once fully deployed) from time to time. Value opportunities are created through negotiation of the terms of issue of such securities. The target rate of return to the Company on such instruments is between 9 per cent. and 11 per cent. per annum.

The Portfolio weighting set out above is indicative only and the Company may allocate the Investable Placing Proceeds between the asset classes described above without restriction.

The target rates of return on Financial Institution Investment Instruments described above are targets only and are not profit forecasts and nor do they form part of the Company's investment objective or investment policy. No reliance should be placed on such targets and actual returns may be lower.

Further details of the Financial Institution Investment Instruments which the Company will target for investment are set out in paragraph 4 of Part 2 of this document.

5. TARGET RETURN AND DIVIDEND POLICY

On the basis of market conditions as at the date of this document, and whilst not forming part of its investment objective or investment policy, the Company will target a net total return on invested capital in excess of 10 per cent. per annum over a seven year period. Returns to Shareholders will predominantly comprise dividends.

Subject to compliance with the Companies Law and the satisfaction of the solvency test set out therein, the Company intends to distribute all of its income from investments, net of expenses, by way of dividends on a quarterly basis, with dividends declared in March, June, September and December and paid in April, July, October and January in each year. The Company may retain income for distribution in a subsequent quarter to that in which it arises in order to smooth dividend amounts or for the purposes of efficient cash management.

The Company intends that the Investable Placing Proceeds will be invested in accordance with its investment policy as rapidly as practicable following but in any event within six months of Admission. The Investable Placing Proceeds are intended to be invested in liquid relative value securities during the first two weeks following Admission and it is intended that such investments will be reallocated within a six month period in order to increase the portion of less liquid securities in accordance with the Company's overall strategy.

Subject to market conditions and the financial position of the Company and assuming that the Investable Placing Proceeds are invested in accordance with the intended timetable described above, the Company will seek to pay dividends totalling at least 6 pence per Share in respect of the period from Admission to 31 December 2016, with the first dividend likely to be declared in March 2016 in respect of the period from Admission to 31 December 2015.

The target return and dividend payments should not be taken as a forecast of the Company's future performance, profits or results. The target return and dividend payments are targets only and there is no guarantee that they can or will be achieved and they should not be seen as an indication of the Company's actual return. Accordingly, investors should not place any reliance on the target return and dividend payments in deciding whether to invest in the Shares. Dividend payments may fall short of, or exceed, the amounts indicated above.

6. USE OF PROCEEDS

All of the Investable Placing Proceeds will be invested in accordance with the Company's investment policy, subject to the availability of sufficient investment opportunities.

The Company intends to initially invest the Investable Placing Proceeds in liquid relative value securities within two weeks following Admission. Subsequently, the Company intends that the Investable Placing Proceeds will be redeployed into Financial Institution Investment Instruments within six months following Admission.

Uninvested cash will be deposited in an account opened with a financial institution with short term credit ratings of A-1 (Standard & Poor's) or P-1 (Moody's).

7. PURCHASES OF OWN SHARES

The Company may, subject to compliance with the Companies Law, purchase its own Shares in the market on an ad hoc basis with a view, *inter alia*, to addressing any imbalance between the supply of, and demand for, the Shares, to increase the NAV per Share and to assist in minimising any discount to the NAV per Share at which Shares may be trading. Where the market price of a Share trades at more than 7.5 per cent. below the latest published NAV per Share for more than 90 consecutive calendar days, the Directors will give consideration to purchasing Shares under this authority, but are not bound to do so.

An ordinary resolution has been passed granting the Company authority to make market purchases of up to 14.99 per cent. of the Shares in issue immediately following Admission. This authority is due to expire at the conclusion of the first annual general meeting of the Company. The Directors intend to seek annual renewal of this buy-back authority from Shareholders each year at the Company's annual general meeting. If the Company purchases any of its Shares, the maximum price (exclusive of expenses) which may be paid for a Share must not be more than the higher of (i) 5 per cent. above the average of the mid-market values of a Share for the five Business Days before the purchase is made; and (ii) the higher of the price of the last independent trade and the highest current independent bid for the Shares. In addition, Shares will be purchased through the market only at prices below the last published NAV per Share, which should have the effect of increasing the NAV per Share for the remaining Shareholders. The minimum price payable per Share is £0.01.

Investors should note that the purchase of Shares by the Company is entirely discretionary and no expectation or reliance should be placed on the Directors exercising such discretion on any one or more occasions. Investors should also note that any purchase of Shares will be subject to the ability of the Company to fund the purchase price. Purchases of Shares will be made in accordance with the Companies Law and the Disclosure and Transparency Rules. The Company is not required to comply with the provisions of Chapter 12 of the Listing Rules regarding market repurchases by the Company of its shares. Nonetheless, by adopting the policy above, the Company will voluntarily be complying with the provisions of Listing Rules 12.4.1 and 12.4.2.

Shares purchased by the Company may be cancelled or held in treasury.

Treasury shares

Pursuant to the Companies Laws and the Articles, the Company may hold up to 10 per cent. of its issued share capital in treasury when Shares have been purchased by the Company. It is the Company's current intention that Shares held in treasury will only be issued at or above the prevailing NAV.

8. DURATION

The Company is intended to have an indefinite life and the Articles do not provide for a scheduled winding-up. However, at every seventh annual general meeting, the Board will propose a special resolution that the Company should cease to continue as presently constituted (a "**Discontinuation Resolution**"). In the event that a Discontinuation Resolution is passed, the Board will be required to formulate proposals to be put to Shareholders within four months to wind-up or otherwise reconstruct the Company, having regard (to the extent applicable) to the illiquid nature of the Company's underlying assets. Any such proposals may

incorporate arrangements which enable investors who wish to continue to be exposed to the Portfolio to maintain some or all of their existing exposure.

9. FURTHER ISSUES OF SHARES

The Directors will have authority, subject to the Articles, to issue further shares in the share capital of the Company following Admission. Further issues of shares and sales of shares from treasury would only be made if the Directors determine such issues to be in the best interests of Shareholders and the Company as a whole. Relevant factors in making such determination include net asset performance, Share price, availability of investment opportunities and perceived investor demand.

There are no provisions of Guernsey law which confer rights of pre-emption in respect of the allotment of shares of any class. However, the Articles provide that, unless authorised by Shareholders, the Directors may not issue any further Shares (including issues or sales of treasury shares) for cash at a price below the prevailing NAV per Share unless such Shares are first offered *pro rata* to existing Shareholders.

Shares may be issued pursuant to the Placing Programme under this document, provided that the prospectus is updated by a supplementary prospectus (if required) under section 87G of FSMA.

The Prospectus Rules also currently allow for the issue of shares representing, over a period of 12 months, less than 10 per cent. of the number of shares of the same class already admitted to trading on the same regulated market without a prospectus, provided that such issue is not made by way of an offer of the Company's securities to the public.

The proceeds from the issue of Shares will be used in accordance with the Company's investment objective and investment policy as described in paragraphs 2 and 3 above, which can only be materially changed with the approval of Shareholders.

10. REPORTS AND ACCOUNTS

The annual report and accounts of the Company will be made up to 31 December in each year with copies made available to Shareholders within the following four months. The Company will also publish unaudited interim reports to 30 June with copies made available to Shareholders within the following two months.

The first interim report of the Company will cover the period from incorporation to 30 June 2016 and the first full financial period will cover the period from incorporation to 31 December 2016.

The Company's financial statements will be prepared in accordance with IFRS and reported in Pounds Sterling.

The annual report (or other period statement provided to Shareholders) shall include the following disclosures:

(a) the percentage of the Company's assets that are subject to special arrangements arising from their illiquid nature (if any);

(b) any new arrangements for managing the liquidity of the Company;

(c) the current risk profile of the Company and the risk management systems employed by the Investment Manager to manage those risks;

(d) changes (if any) to:

  (i) the maximum level of leverage that the Investment Manager may employ on behalf of the Company; and

  (ii) any right of reuse of collateral or any guarantee granted under the leveraging arrangement (if any); and

(e) the total amount of leverage employed by the Company.

11. NAV

Publication and calculation of NAV

It is intended that an estimated NAV per Share will be calculated on a weekly basis by the Administrator, based on information and prices provided by the Investment Manager (including third party valuations or information supplied by issuers, as applicable). The estimated weekly NAV per Share will be published in Pounds Sterling by RIS announcement and on the website of the Company at www.axiom-ai.com.

The NAV means the Company's assets at fair value less liabilities. The Company's assets and liabilities will be valued in accordance with IFRS consistently applied, as in effect from time to time, as described in more detail below. In particular, the estimated weekly NAV will, as required, include an accrual for any performance fees payable by the Company to the Investment Manager under the terms of the Investment Management Agreement.

Investments will initially be recognised at their acquisition cost and thereafter be re-measured at fair value as follows:

- any investments which are marketable securities quoted on an investment exchange will be valued at the relevant mid price at the close of business on the calculation date, provided that the market for these securities is liquid or that, in the Investment Manager's view, the market price substantially reflects the value assigned to these securities by investors;
- transferable debt securities and similar securities that are not traded in significant volumes will be valued on the basis of an actuarial method – the rate used will be that applied to issues of equivalent securities plus or minus, where applicable, a differential reflecting the issuer's specific characteristics, provided that transferable debt securities with low sensitivity and a residual maturity of less than or equal to three months may be valued using a straight-line method (as determined by the Investment Manager);
- for investments not traded on an investment exchange, valuations will be based upon the mid or last traded prices at the close of business on the calculation date supplied by independent investment banks, securities brokers and/or originators;
- derivatives will be valued by reference to widely available market quotations. When such market quotations are not available or for 'over-the-counter' derivatives contracts, valuations will be based on the quotation received from the counterparty;
- cash, cash equivalents and other liquid assets will be valued at their face value with interest accrued, where applicable, as at the close of business on the relevant calculation date;
- any value expressed otherwise than in the base currency of the Company (whether of an investment or cash) and any borrowing in a currency other than the base currency of the Company shall be converted into the base currency of the Company at the relevant quoted mid rate at close of business on the calculation date; and
- in the event of it being impossible or incorrect to carry out a valuation of a specific asset in accordance with the valuation rules set out in the paragraphs above, or if such valuation is not representative in the opinion of the Investment Manager of the asset's fair market value, the Investment Manager, subject to the approval of the Board, is entitled to use other generally recognised valuation principles in order to reach a proper valuation of that specific asset, provided that any alternative method of valuation is consistent with the accounting policies used to draw up the annual audited financial statements of the Company.

Suspension of the calculation of NAV

The Directors may, but are not obliged to, at any time temporarily suspend the calculation of the estimated weekly NAV per Share during:

- any period when any of the principal markets or stock exchanges on which a substantial part of the Portfolio is quoted is closed, otherwise than for ordinary holidays, or during which dealings thereon are restricted or suspended; or
- any period when, as a result of political, economic, military or monetary events or any circumstances outside the control, responsibility and power of the Directors, valuation of a substantial part of the Portfolio is not reasonably practicable without this being seriously detrimental to the interests of the Shareholders or if in the opinion of the Directors the NAV cannot be fairly calculated; or

- any breakdown in the means of communication normally employed in determining the value of the investments or when for any reason the current prices on any market of a substantial part of the investments cannot be promptly and accurately ascertained.

In the circumstances described above, the Company may elect to treat the next Business Day on which the calculation can be made as the next NAV calculation date.

Where the Directors temporarily suspend the calculation of the estimated weekly NAV, such suspension shall be notified by the Company by RIS announcement.

12. DISCLOSURE OBLIGATIONS

The provisions of Chapter 5 of the Disclosure and Transparency Rules (as amended from time to time) ("**DTR 5**") of the UK Financial Conduct Authority Handbook (the "**Handbook**") apply to the Company on the basis that the Company is a "non-UK issuer", as such term is defined in the Handbook. As such, a person would be required to notify the Company of the percentage of voting rights it holds as a holder of Shares or holds or is deemed to hold through the direct or indirect holding of financial instruments falling within DTR 5 if, as a result of an acquisition or disposal of Shares (or financial instruments), the percentage of voting rights reaches, exceeds or falls below the relevant percentage thresholds being, in the case of a non-UK issuer, 5, 10, 15, 20, 25, 30, 50 and 75 per cent. However, pursuant to the Articles, DTR 5 is deemed to apply to the Company as if the Company were a "UK issuer", as such term is defined in the Handbook. As such, the relevant percentage thresholds that apply to the Company are 3, 4, 5, 6, 7, 8, 9, 10 per cent. and each 1 per cent. threshold thereafter up to 100 per cent., notwithstanding that in the absence of those provisions in the Articles such thresholds would not apply to the Company.

13. RISK FACTORS

The Company's performance is dependent on many factors and potential investors should read the whole of this document and in particular the section entitled "Risk Factors" on pages 13 to 23.

14. NON-MAINSTREAM POOLED INVESTMENTS

The Board notes the rules of the FCA on the promotion of non-mainstream pooled investments set out in Chapter 4.12 of the FCA's Conduct of Business Sourcebook (the "**NPMI Rules**"). The Board confirms that it intends to conduct the Company's affairs so that the Company's shares will be "excluded securities" under the NPMI Rules. On that basis, the Company's shares would not amount to non-mainstream pooled investments and accordingly promotion of the Company's shares would not be subject to the FCA's restriction on promotion of non-mainstream pooled investments.

PART 2

THE INVESTMENT OPPORTUNITY

1. INTRODUCTION

1.1 Background

The 2008 global financial crisis has been described as the worst financial crisis since the Great Depression of the 1930s.

Much has been said about the macro-economic or micro-economic causes of the global financial crisis. Commentators point to loose monetary policy, excessive credit growth, regulatory arbitrage, compensation incentives leading to excessive risk taking, inadequate credit ratings and rogue trading. The search by financial institutions and investors for increasingly higher returns, and a perceived lack of regulatory restrictions or ill-designed regulations, resulted in distribution of securities whose risks were poorly understood and more correlated than initially expected. Risks such as liquidity risk, correlation risk, model risk, counterparty risk, rating migration risk and collateral risk were not adequately measured and, more importantly, not adequately covered by capital buffers.

A severe downturn in the US real estate sector triggered a sharp fall in the price of real-estate securities (including AAA rated securities). This was especially apparent in the subprime market. Financial institutions holding highly leveraged exposures in subprime securities had to book immediate mark to market losses and often had to sell subprime securities that they were holding to reduce exposure, making the fall in prices even more severe. Because these securities were often used as collateral for unrelated transactions, and because market participants started to refuse them as eligible collateral, liquidity in the market dried up, leading to the first liquidity crisis in the summer of 2007 and to the collapse of several high profile hedge funds and money market funds. After the bailout of several systemic institutions by the U.S. government, Lehman Brothers went bankrupt in September 2008 and the world economy entered into recession.

1.2 Regulatory response

The global financial crisis in 2008 led to a swift regulatory response from world leaders. The G20 summit in Washington in November 2008 was dedicated to strengthening financial regulation and a 47 point action plan was agreed. This paved the way for future regulation.

Among the 47 points, several were of paramount importance for the financial industry, including the decision to "*review resolution regimes and bankruptcy laws in light of recent experience to ensure that they permit an orderly wind-down of large complex cross-border financial institutions"* and to *"[harmonize the] definitions of capital […] in order to achieve consistent measures of capital and capital adequacy*". There were also calls for *"authorities [to] ensure that financial institutions maintain adequate capital in amounts necessary to sustain confidence.*"

The task of implementing these reforms was primarily given to the Basel Committee and its oversight body, the Group of Governors and Heads of Supervision. The BCBS is a committee of banking supervisory authorities that was established in 1974 by ten central banks and was later extended to include other countries. It is primarily an informal forum for regular cooperation between its members on banking supervisory matters. It issues guidelines and its decisions are not binding nor do they have legal force. However, the BCBS' guidelines have formed the basis for most European and national banking legislation and regulation.

Following the G20 Washington Summit and the subsequent 2009 Pittsburgh summit, the BCBS outlined a reform programme to strengthen the resilience of the global banking system. Collectively, the new standards have been referred to as "Basel III" and comprise the following building blocks agreed between July 2009 and September 2010:

- raising the quality of capital of banks and the loss-absorbency of that capital;
- increasing banks' capital buffers for specific activities (e.g. securitisations, off-balance sheet vehicles and counterparty credit exposures);

- raising the level of banks' minimum capital requirements, including an increase in the minimum Common Equity Tier 1 capital requirement from 2 per cent. to 4.5 per cent. and introducing a capital conservation buffer of 2.5 per cent.;
- introducing a minimum leverage ratio of Tier 1 capital to total assets;
- introducing new liquidity standards (i.e. a short term liquidity coverage ratio and a longer term net stable funding ratio); and
- promoting the build-up of capital buffers to smooth the effects of the credit cycle.

The core element of this package of measures aims to fundamentally improve banks' capital and liquidity. Under Basel III, banks are required to hold a higher percentage of minimum capital reserves, and of a higher quality, than required previously under Basel I and Basel II.

Within the EU and the EEA, the Basel III standards have mainly been implemented under CRD IV (which has been transposed into national legislation) and the CRR (which is directly applicable to member states). The CRR came into force on 27 June 2013, while the supervised entities within its scope have been subject to it since 1 January 2014.

Implementation of the Basel III recommendations will be staggered over the next few years. The new minimum regulatory capital requirements have already been implemented through the CRR, together with a preliminary minimum NSFR and a minimum leverage ratio. A preliminary minimum LCR was implemented on 1 January 2015. The final minimum NSFR will come into force on 1 January 2018 and the final minimum LCR will come into force on 1 January 2019, while the minimum leverage ratio is also expected to be given legal force in 2018. Banks have been required to disclose their leverage ratio since 1 January 2015.

2. REGULATORY CAPITAL

2.1 What is regulatory capital?

The BCBS first created guidance on regulatory capital in 1998. This guidance has evolved over the years, and national regulators have reshaped their regulatory capital requirements accordingly.

Regulatory capital ratios, including the solvency ratio/capital adequacy ratio, are calculated by reference to financial institutions' "risk-weighted assets" and total capital.

Regulatory capital is not the same as the concept of "accounting capital" used in the IFRS accounting standard or in other national generally accepted accounting principles. Regulatory capital excludes some items of accounting capital but it also includes liabilities issued by financial institutions that can be classified as debt or equity under prevailing accounting standards but that exhibit some loss-absorbency capacity justifying their inclusion in regulatory capital.

This is why, in addition to issuing equity or retaining profits in their earnings reserves, European Financial Institutions have sought to meet their capital requirements by issuing Regulatory Capital Instruments.

2.2 Bank Regulatory Capital under Basel I and Basel II

Under Basel I and Basel II, banks' regulatory capital was divided into three tiers: Tier 1 capital, Tier 2 capital (comprising an upper and lower tier) and Tier 3 capital.

The exact requirements differed from country to country, but generally banks were expected to hold at least 50 per cent. of their regulatory capital in Tier 1 capital (also referred to as "core capital"), with the rest held in Tier 2 capital or Tier 3 capital.

Tier 1 capital consisted primarily of accounting capital (with regulatory modifications called "prudential filters"), and hybrid Tier 1 capital in the form of hybrid debt or preferred shares with fixed dividends.

Hybrid Tier 1 capital was limited to a fixed percentage of total Tier 1 capital (between 15 per cent. and 35 per cent. depending on the year and jurisdiction).

The result was that a bank's Tier 1 "accounting capital" (as opposed to its hybrid Tier 1 capital), could be as little as 3 per cent. of its total capital.

Hybrid Tier 1 capital instruments

Under Basel I and Basel II, hybrid Tier 1 capital had the following characteristics:

- non-cumulative and discretionary coupons, meaning that coupons could be skipped and did not have to be paid at a later date;
- able to absorb losses within the bank on a going-concern basis;
- junior to depositors, general creditors and other subordinated debts of the bank;
- permanent source of funds with no contractual maturity;
- neither secured nor covered by a guarantee of the issuer or a related entity or any other arrangement that enhanced the seniority of the claim legally or economically; and
- callable at the initiative of the issuer only after a minimum of five years with regulatory consent and under the condition that it would be replaced with capital of the same or better quality unless the national regulator determined that the bank had capital more than adequate for its risks.

Hybrid Tier 1 capital was generally issued in the form of bonds or preferred shares. Because the Basel I and Basel II recommendations were transposed into national legislation (rather than being implemented across all Member States by way of European regulation), the exact characteristics of hybrid Tier 1 capital differ from country to country. For example, the Investment Manager has identified hybrid Tier 1 instruments with a fixed maturity.

Different categories of hybrid Tier 1 capital also emerged following a recommendation by the BCBS on 27 October 1998 (which was subsequently implemented by national regulators) to change the coupon structure of hybrid Tier 1 capital securities after the first call date, so that there was a "step-up" in the coupon.

Banks were allowed to have different maximum amounts of capital in the two hybrid Tier 1 capital categories: initially innovative bonds (i.e. bonds with an incentive to redeem) were allowed to represent 15 per cent. of Tier 1 capital and non-innovative bonds (i.e. bonds with no incentive to redeem) 25 per cent. of Tier 1 capital.

Tier 2 capital instruments

Tier 2 capital was made up of Upper Tier 2 capital and Lower Tier 2 capital.

Upper Tier 2 capital instruments generally had the following characteristics:

- a permanent source of funds with no contractual maturity;
- senior to Hybrid Tier 1, preferred shares and ordinary shares;
- discretionary and cumulative coupons: skipped coupons had to be paid at a later point in time; and
- interest and principal could be written-down if losses were suffered.

Lower Tier 2 capital instruments were the cheapest form of hybrid debt for banks to issue. They were not perpetual and they held no provision allowing the bank to defer the payment of coupons. Lower Tier 2 capital was debt that was subordinated to the majority of other non-regulatory capital liabilities of the bank.

Tier 3 capital instruments

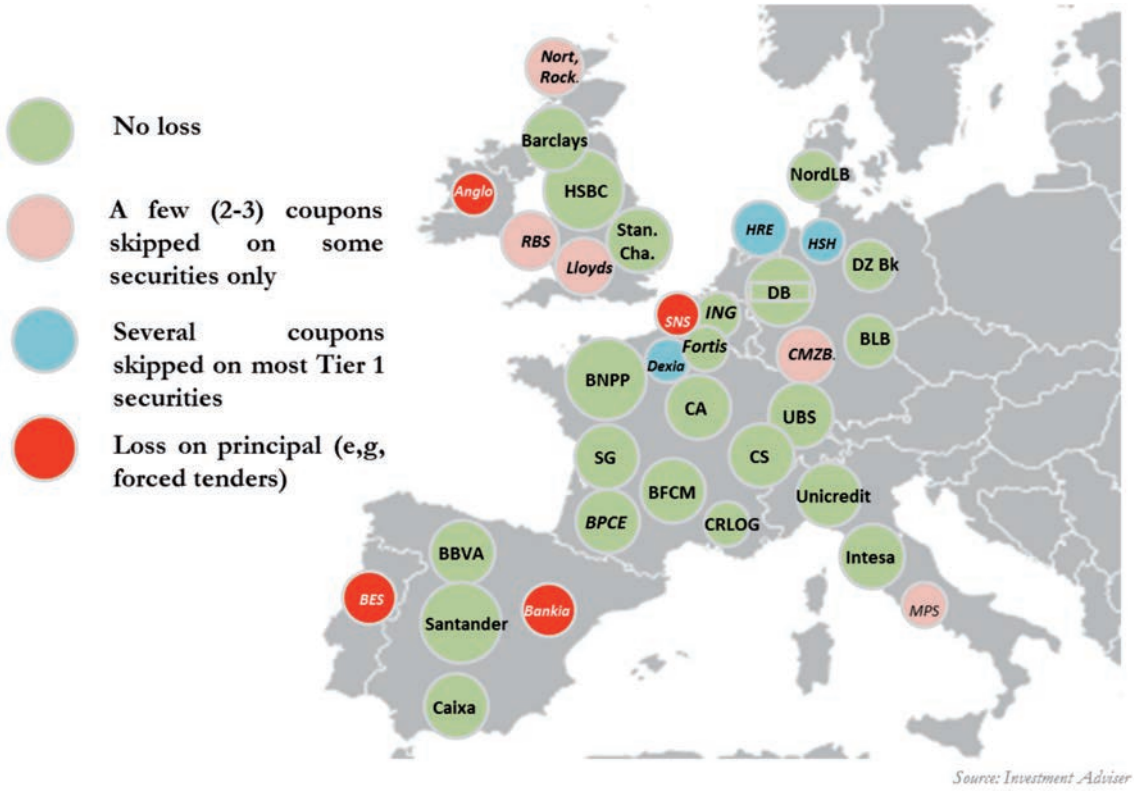
Tier 3 regulatory capital supported trading book activity and market risks, such as foreign exchange risk. It was broadly short-term subordinated debt with a minimum maturity of two years.

Structural deficiencies

During the 2008 global financial crisis, it became apparent that there were weaknesses in the Basel II Regulatory Capital Instruments. Apart from specific highly distressed cases, Basel II Regulatory Capital

Instruments did not absorb the losses they were originally designed to stop, meaning that in cases where governments decided to bail-out the banks, such losses had to be borne by the taxpayers and not the holders of the Regulatory Capital Instruments.

The following chart, which is not exhaustive, shows a sample of the large European banks which received public money:



2.3 Bank Regulatory Capital under Basel III

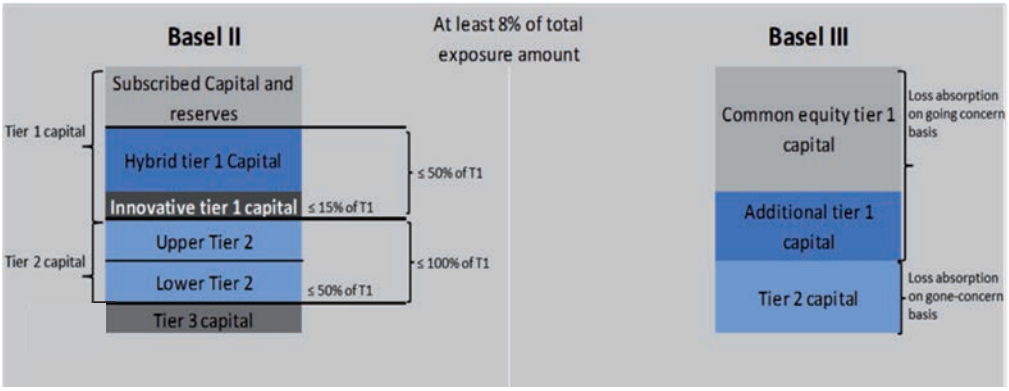
Moving from Basel II to Basel III

Confronted with the inefficiency of the loss absorption capacity of Basel II Regulatory Capital Instruments, the BCBS, as part of its mandate to improve the financial robustness of banks' regulatory capital, resolved to implement major changes to the structure of Regulatory Capital Instruments.

Under Basel III, more stringent and more uniform criteria for recognising regulatory capital components have been introduced. The capital structure has also been simplified as follows:

- a new category of Common Equity Tier 1 capital has been introduced (which has very strict eligibility criteria);
- hybrid Tier 1 capital has been replaced by Additional Tier 1 capital (which has much stronger loss-absorbency features);
- the various Tier 2 categories have been replaced by a simpler, single Tier 2 category (which is largely similar to the old Lower Tier 2 category); and
- Tier 3 capital has been abolished.

These changes are shown in the following chart:



Source: BaFin

Characteristics of Basel III Regulatory Capital Instruments

Additional Tier 1 capital instruments have the following characteristics:

- they must be deeply subordinated and perpetual (as was the case under Basel II);
- incentives to redeem are now prohibited; and
- distributions have to be fully discretionary – "dividend pushers" (an obligation to pay coupons if other distributions such as dividends on ordinary shares were paid) and "dividend stoppers" (a requirement to delay other distributions such as dividends on ordinary shares if coupons were not paid) are now prohibited.

As a consequence of these limitations, the payment of coupons on AT1 capital instruments cannot be made legally binding, whereas this was often the case with old hybrid Tier 1 securities.

A bank will also be prohibited from making distributions (including the payment of coupons) where the combined buffer requirements of the bank (as set out below) are not met. Banks that fail this requirement will have to calculate a maximum distributable amount ("**MDA**") and the combined payments made on distributions in connection with CET1 capital instruments or AT1 capital instruments and on staff compensation cannot exceed such MDA.

AT1 capital instruments have to be continuously available for loss absorbency purposes, with the objective being that this will enable the issuing bank to continue on a going-concern basis.

Additional Tier 1 capital is also required to be converted to Common Equity Tier 1 capital or to be depreciated if the CET1 Capital Ratio falls below a threshold of 5.125 per cent. or if the regulators believe that the bank is likely to fail in the near future.

For the reasons set out above, AT1 capital instruments are perceived by the market as having a greater risk to investors (in terms of their potential to absorb losses) than old Tier 2 capital instruments.

New Tier 2 instruments are similar to old Lower Tier 2 instruments but typically have the following characteristics:

- step-ups are prohibited;
- they must have a maturity of at least five years before the first call date;
- they cannot have any form of rating call (i.e. a call driven by a change in the "equity credit" given by credit rating agencies); and
- an instrument gradually loses its regulatory capital value as its maturity date approaches.

Common Equity Tier 1 capital buffers

In addition to holding at least 4.5 per cent. of capital as CET1 capital, at least 1.5 per cent. of capital as AT1 capital and at least 2 per cent. of capital as Tier 2 capital, banks will, depending on the bank, be required to maintain the following CET1 capital buffers:

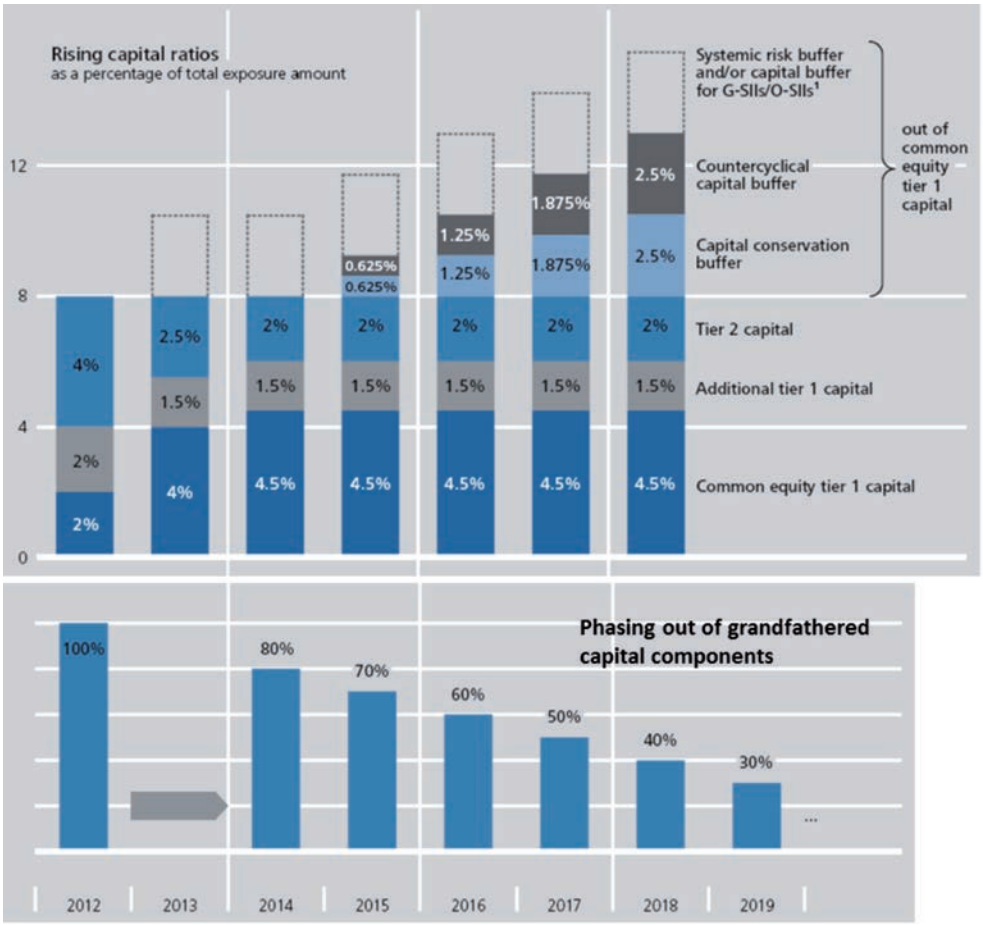
- **Capital conservation buffer:** (2.5 per cent. of risk-weighted assets). This buffer will apply to all banks and has been introduced to conserve banks' capital. If a bank breaches the buffer, automatic safeguards will be triggered.
- **Countercyclical buffer:** (the amount of capital as a percentage of risk-weighted assets required will depend on the economic cycle). This buffer will apply to all banks and has been introduced to counteract the effects of the economic cycle. Where an economy is strong, a bank will be required to hold additional capital. When economic activity slows down, this capital will be able to be "released" to absorb losses from non-performing loans.
- **Global systemic institution buffer (the "GSII" buffer):** (between 1 per cent. and 3.5 per cent. of risk-weighted assets from 1 January 2016 onward). This buffer will apply to banks identified by the Financial Stability Board as globally systemically important.
- **National systemic institution buffer (the "OSII" buffer):** national regulators will also be able to apply a further CET1 capital buffer to banks which are important from a domestic or EU perspective. When a regulator wishes to apply such a buffer, it must notify the European Commission of the buffer (which must be no more than 2 per cent. of risk-weighted assets).
- **Systemic risk buffer:** each Member State may also introduce a CET1 systemic risk buffer to mitigate long-term non-cyclical systemic or macro-prudential risks. Member States are required to notify the European Commission, the European Banking Authority, and the European Systemic Risk Board of buffer rates of between 3 per cent. and 5 per cent.. Buffer rates above 5 per cent. need to be authorised by the European Commission.

Transitional period

The new minimum capital requirements and the new categories of Regulatory Capital Instruments will be phased in by way of a transitional period that will run until 31 December 2021. The particular rules that apply in this transitional period will depend on various factors, such as whether instruments have been categorised by the European Commission as state aid, whether (in terms of the non-state aid instruments) the instruments are "accounting capital" Tier 1 capital, hybrid Tier 1 capital or Tier 2 capital instruments, and whether hybrid instruments have a step-up or not.

Banks will be required by 31 December 2021 to have removed from their regulatory capital all Regulatory Capital Instruments that do not meet the new requirements. Some old Regulatory Capital Instruments (e.g. hybrid Tier 1 capital with a step-up) will need to be removed much earlier (as set out in paragraph 3.2 below). To replenish their capital base, banks will issue new Basel III compliant Regulatory Capital Instruments.

In parallel, the new CET1 Capital Ratio, with its various additions in the form of buffers (details of which are set out above) will be implemented over a 10 year phase-in period, as illustrated in the chart below:



Source: BaFin

As shown in the above chart, the actual minimum CET1 capital requirement will change from 2015 onwards with the application of the various capital buffers. At the end of the transitional period, the minimum CET1 Capital Ratio will be close to 10 per cent. for large banks. However, it is expected that most banks will reach this target ahead of schedule.

2.4 Insurance companies – Solvency II

Like banks, insurance companies will be required to hold a capital buffer to cover the risk of their assets not being sufficient to cover their liabilities.

Under Solvency II (which is the equivalent for insurance companies of CRD IV and is scheduled to come into effect on 1 January 2016), the main capital requirement will be the solvency capital requirement. There will also be a lower minimum capital requirement.

The final terms of Solvency II are still under discussion but insurers' own funds will be divided into three tiers based on permanence and loss absorbency as follows:

- Tier 1 Regulatory Capital Instruments will include ordinary share capital, non-cumulative preference shares and relevant subordinated liabilities. Subordinated debt will be subject to a new loss absorption requirement which could involve writing off all amounts owed by the insurer.
- Tier 2 Regulatory Capital Instruments are, in the view of the Investment Manager, likely to include cumulative preference shares and subordinated liabilities with a shorter duration than Tier 1 instruments (which must be perpetual). Unlike Tier 1 instruments, the principal will likely not need to be written down or converted following a serious breach of the SCR. Tier 2 capital instruments may therefore also include shares or long term debt which does not comply with that requirement. All distributions on Tier 2 instruments will be suspended following a breach of the SCR whereas

coupons and other amounts owing on debt and capital instruments will be required to be cancelled.

- Tier 3 Regulatory Capital Instruments will be required to have an original maturity of at least three years and only suspend distributions (not interest/coupons on debt) on breach of the MCR (and not the SCR). However, breach of the SCR would still trigger a suspension of repayment of principal amounts.

3. REGULATORY CAPITAL INSTRUMENTS IN EUROPE: AN ATTRACTIVE ASSET CLASS

3.1 Very large universe of investable securities

Regulatory capital issued by financial companies in Europe is a very large market, which currently amounts to approximately €1,000 billion. This vast market encompasses large liquid public issuances (e.g. securities issuances exceeding €500 million and tradable on a daily basis in blocks of €5 million to €10 million), as well as illiquid securities (e.g. small issuances, private placements and complex securities).

Of the approximately €1,000 billion of issued Regulatory Capital Instruments, the Investment Adviser estimates that liquid Regulatory Capital Instruments currently amount to approximately €400 billion, while the balance comprises less liquid Regulatory Capital Instruments. As set out in more detail in paragraph 4.1 below, investment opportunities arise in relation to liquid Regulatory Capital Instruments because of, in some cases, a poor understanding by the market of the complex rules that apply to the grandfathering period and the incentives of banks to redeem non-CRR compliant Regulatory Capital Instruments. Less liquid Regulatory Capital Instruments (e.g. capital instruments issued by mid-size banks and by banks in distressed or restructuring situations) generally offer an illiquidity premium.

As explained in paragraph 2.4 above, Regulatory Capital Instruments issued by the European insurance industry are also subject to regulatory changes, which will create value opportunities.

3.2 Opportunities created by the move from Basel II to Basel III

As explained in paragraph 2.3 above, banks will replace Basel II Regulatory Capital Instruments during the transitional period. The Investment Manager expects banks to identify instruments which offer little value for money in terms of cost versus regulatory capital value, and phase-out such instruments gradually by way of redemptions and liability management exercises (principally, tender offers or exchange offers). Banks will be required to exercise call options at par or buy back the securities at a premium to market prices.

Depending on its intrinsic features, a hybrid capital instrument may remain Tier 1 capital, become Tier 2 capital or cease to constitute regulatory capital. The final return for an investor will vary greatly depending on the timing of redemptions: bonds trading above par will offer more value if they are redeemed late whereas bonds trading below par will offer more value if they are redeemed early. The Investment Adviser has designed a sophisticated model, which allows it to determine bonds that, based on a pure cost rationale, should be redeemed earlier, and those that should be kept outstanding by the issuing bank. This model, together with the Investment Adviser's understanding of the specific terms of various bond issuances and the complex rules that apply to the transitional (or grandfathering) period, will enable the Investment Adviser to determine the derecognition profile of hybrid bonds, to estimate their fair price, and to identify those bonds that offer value opportunities.

Banks will also need to replace old Basel II Regulatory Capital Instruments with new Basel III compliant Regulatory Capital Instruments. As at the date of this document, European banks have issued approximately €131 billion of new Basel III compliant Regulatory Capital Instruments. Based on the current estimates of total risk-weighted assets of the European banking industry, the market size for AT1 capital instruments could, in the view of the Investment Manager, exceed €300 billion by 2022. The size of the Tier 2 market could exceed €400 billion by 2022. This will create significant markets in which the Investment Manager will seek relative value opportunities. Technical expertise will be required to assess the intrinsic value of these securities, including measurement of the risk of conversion to equity and the risk of coupon suspension. It will also create a market for illiquid securities issued by mid-cap banks that do not have access to the benchmark bond market. The Investment Adviser will seek to identify such illiquid securities with a premium (in terms of yield) to the liquid market prices.

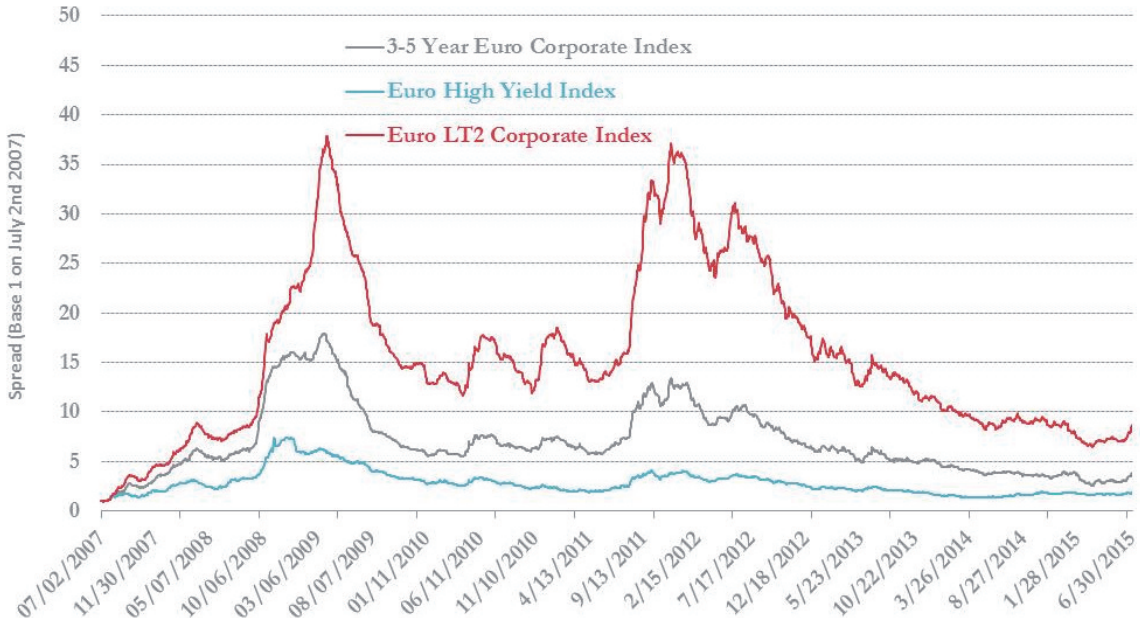
3.3 **Spreads are still wide by historic standards and should tighten as the market catches up**

Credit spreads widened sharply on all sectors and rating classes in 2008 during the global financial crisis. However, corporate bond spreads started to rally in 2009 and since then have normalised close to long term historical averages.

By contrast, banks were affected by the Eurozone crisis and the organised default on Greek sovereign bonds, and credit spreads widened again in 2011. While the European banking industry is now in an advanced phase of recovery, credit spreads in the financial sector have not yet normalised to long term historical averages.

For example, Tier 1 credit spreads tightened in 2014 from approximately 400bps to 350bps, but are still 150bps over their long term historical average. Tier 2 credit spreads also tightened from 200bps to 150bps but, like Tier 1 credit spreads, are also above their long term historical average. Overall, the hybrid market has underperformed various high yield indices in Europe over the past decade (by 29 per cent. for the IBOXX Tier 1 Index, 111 per cent. for the CS Western Euro High Yield Index and 54 per cent. for the S&P European Leveraged Loan Index). This is mainly due to underperformance in periods of distress (namely the 2008 financial crisis and the 2011 Eurozone crisis).

In contrast, as shown in the chart below, corporate (investment grade or high yield) credit spreads have returned to pre-2008 crisis levels:



Source: Bloomberg

At the same time, as set out in paragraph 3.4 below, the Investment Adviser believes that the risk profile of banks has reduced.

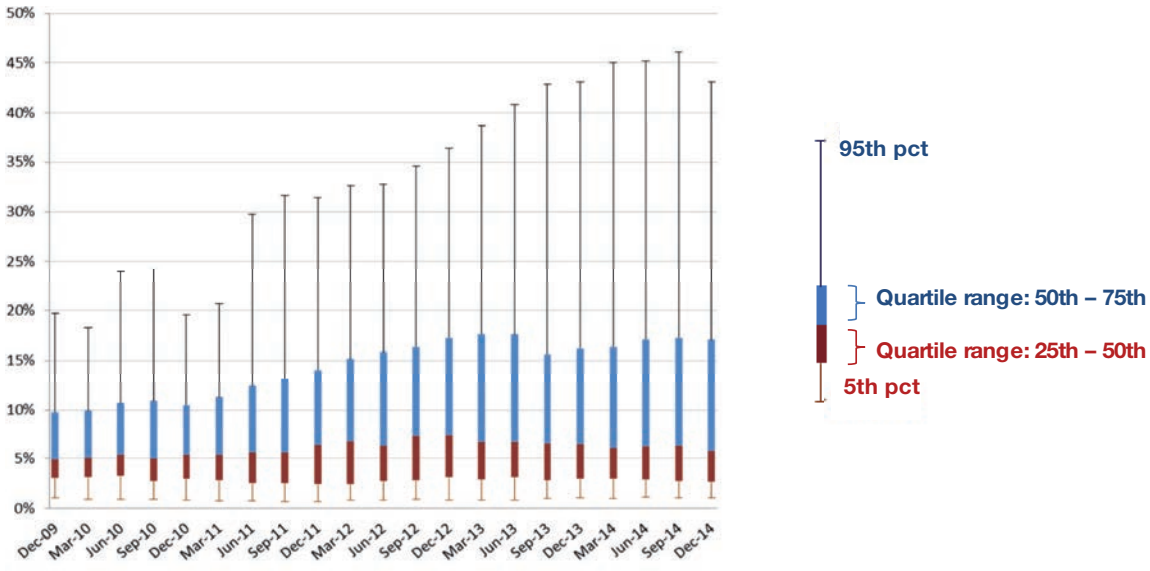
The effect is that the Investment Manager believes that it may be able to purchase "cheap" bonds, which will increase in value as credit spreads tighten.

3.4 **Improvements to the risk profile of European banks since 2008**

The risk profile of banks has, according to most metrics, improved noticeably since 2008. Compared to the pre-crisis period, banks are now much more capitalised with less leverage. According to the Q4 2014 EBA data, EU banks' weighted average Tier 1 Capital Ratio peaked at 13.3 per cent. in December 2014 compared to 10.2 per cent. in December 2009.

The Tier 1 Capital Ratio (excluding hybrid instruments), which is a good proxy of the new CET1 Capital Ratio, has been rising steadily since Q4 2011 and, in Q4 2014, was at 12.1 per cent. This increase in the Tier 1 Capital Ratio is the consequence of both increased capital and there having been no aggregate increase in risk-weighted assets since December 2009 (the 11.83 per cent. increase in risk-weighted assets from December 2009 to September 2011 was reversed after the Eurozone crisis).

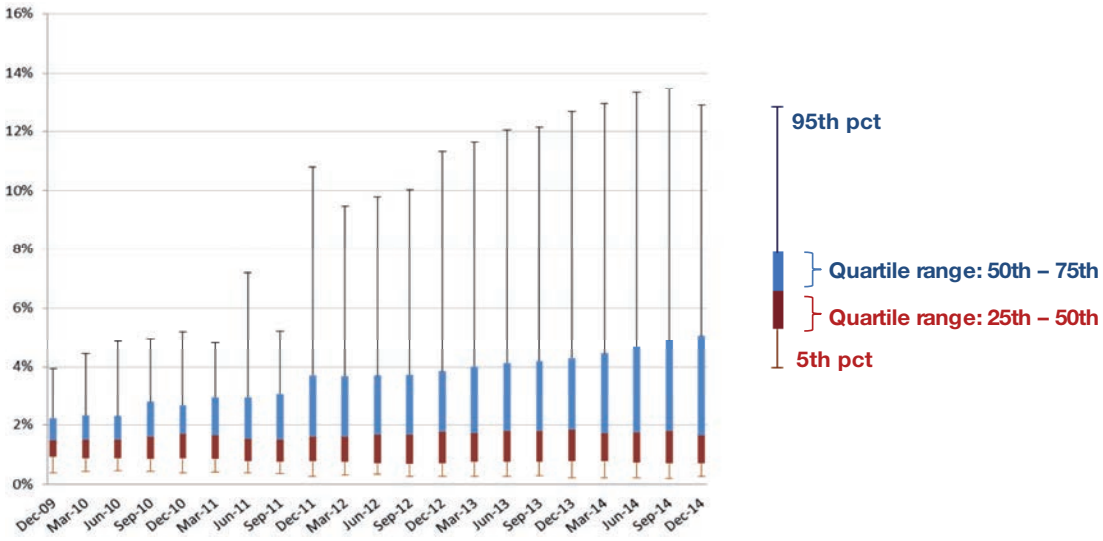
The chart below illustrates the gradual increase of non-performing loans ("**NPL**") since 2009. It also demonstrates the substantial disparity in the loan books of European banks, with some institutions having NPL ratios (impaired loans and more than 90 days past due loans to total loans) above 40 per cent.



Source: EBA

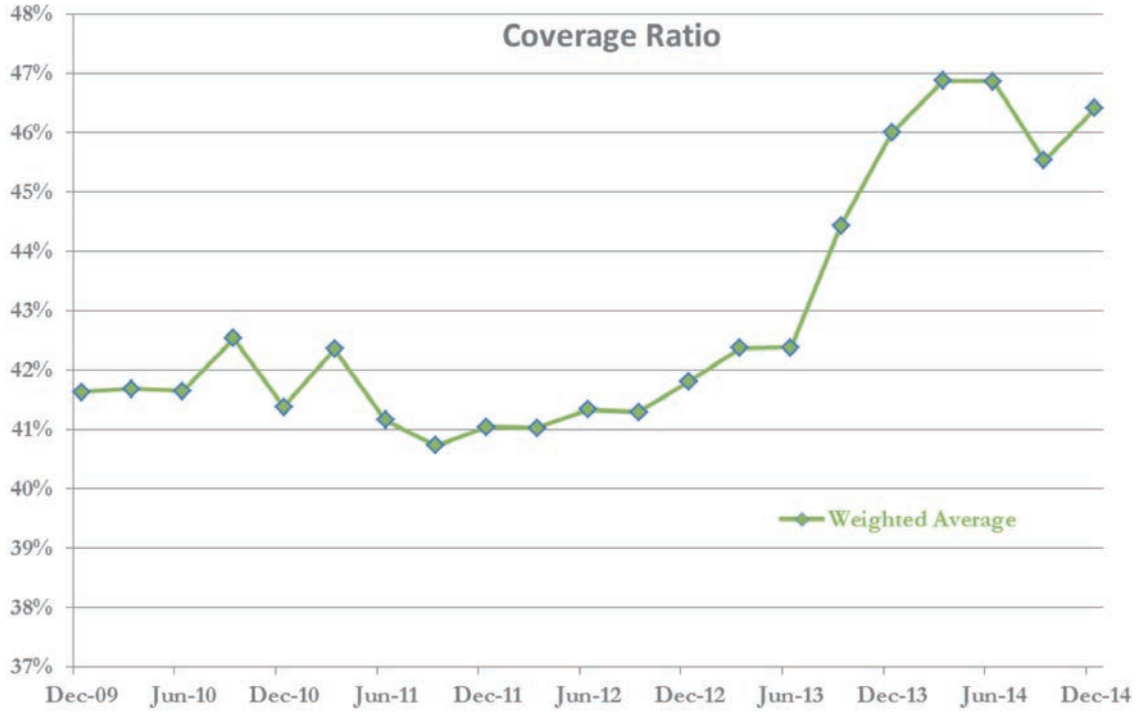
However, since March 2013, the trend has been reversed and the NPL ratio is now decreasing. This is mostly due to the strong provisioning efforts of Spanish and Italian banks.

As shown below, banks have also been able to stabilise their accumulated stocks of impairments on financial assets to total assets.



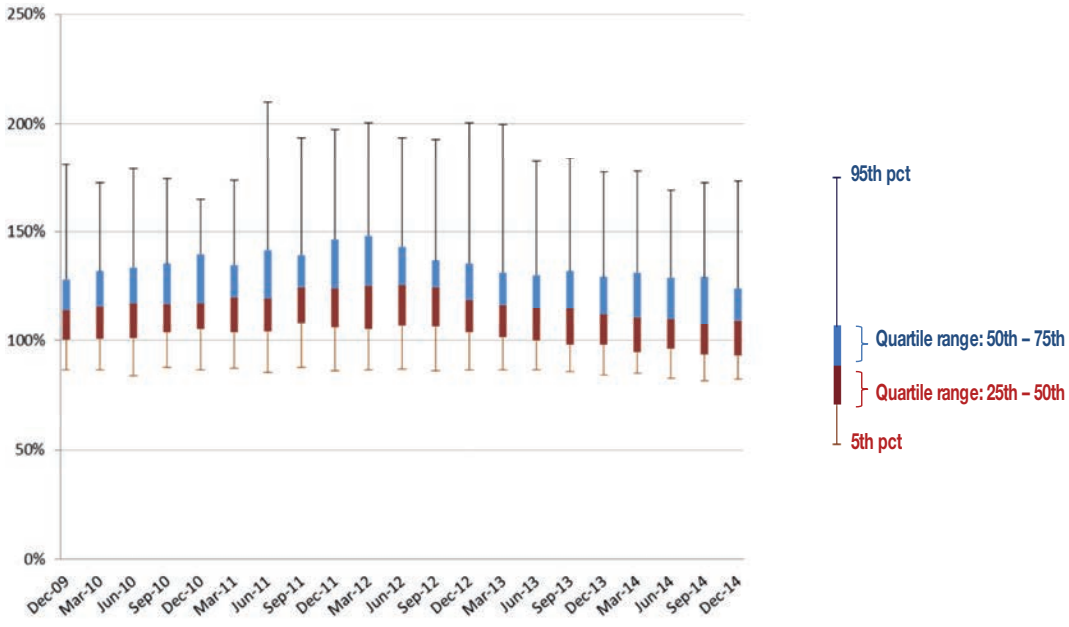
Source: EBA

This has been achieved under strong regulatory and investor pressure to improve coverage ratios substantially, as shown below.



Source: EBA

Liquidity has also improved and banks now exhibit healthier loan to deposits ratios, with the average being less than 110 per cent., down from 120 per cent..



Source: EBA

This recovery phase of the banking industry is thus characterised by banks repairing balance sheets on many fronts: stronger capital, improving NPL trends, stricter provisioning policies and a safer funding mix.

However, the Investment Manager is of the view that such changes to banks' balance sheets have not yet been fully reflected in the pricing of bank credit risk.

In the view of the Investment Adviser, one reason for that was the market's fear that further high-profile failures could still happen, as in 2013 with SNS or in 2014 with Banco Espirito Santo. To mitigate that risk, at the end of 2013 the ECB decided to launch a "Comprehensive Assessment" that comprised two pillars: a full asset quality review of the books of Eurozone banks and a new round of harsher, better designed, stress tests. The purpose of that comprehensive assessment was: (i) to identify "zombie banks", so that they can be removed from the European banking system; and (ii) to restore confidence in the European banking sector to kick-start future credit growth.

On 26 October 2014, the ECB published the results of this year-long assessment that involved 6,000 auditors inspecting 130 banks, with 135,000 credit files reviewed.

The ECB identified 25 banks that required additional capital, most of whom had already cured their capital shortfall with capital actions. But, more importantly, the ECB also uncovered 18 per cent. of additional NPLs and more than €40 billion of additional loan loss provisions.

4. STRATEGIES

The Company will pursue five diversified underlying strategies to spread risk and attain value from both capital gains and income. These are: (1) liquid relative value; (2) illiquid relative value; (3) restructuring; (4) special situations; and (5) midcap origination.

4.1 **Liquid Relative Value:** *Anticipated investment range as a percentage of the total Portfolio from 0 to 25 per cent.*

Certain liquid Financial Institution Investment Instruments are subject to legal and/or regulatory restrictions or have some other technical element which makes the fair value of such instruments temporarily difficult to assess, leading to potential mispricing.

On Basel I and Basel II securities, the primary value creation driver will be based on the treatment of securities in the grandfathering period, on the identification of the best risk/return profile for a given bank and on a careful examination of the terms and conditions of selected securities.

As explained in paragraph 2.3 above, there is a Basel III transitional period to enable the gradual replacement of Basel I and Basel II securities with new Basel III securities. Exactly when such "old" securities are phased out of the regulatory capital of a bank will depend on various factors, such as the regulatory value of the instrument (this will be determined by the terms of issue) and the projected evolution of the old stock of hybrid securities of the issuing bank.

The Investment Adviser has analysed the regulatory waterfall of the old Regulatory Capital Instruments of the largest issuers in the European banking industry (comprising approximately 50 banks) and has assessed the lowest cost strategy for each bank over the grandfathering period. Securities that appear too expensive or with low regulatory capital value should have greater chances to be redeemed or tendered in advance. On the contrary, "cheap" securities with long term regulatory capital value should be kept outstanding as long as possible.

Both high coupon and low coupon securities can offer attractive investment opportunities:

- A high coupon security may exhibit coupon values that are above the fair market price for the selected bank, but may also trade close to par due to expectations that such security will be redeemed in the near future. If the Investment Adviser believes that the security will not be redeemed in the short-term, the Company could invest in the security and benefit from a superior risk adjusted return.
- On the contrary, a low coupon security could trade at low cash prices because the market believes that such security will be redeemed very late (e.g. not before 2022). If the Investment Adviser believes that the security will be redeemed much sooner, the Company could invest in the security and benefit from an early redemption at par and a superior risk adjusted return.

The Investment Manager will also seek to exploit the complexity of the legacy hybrid debt market. In particular, the Investment Adviser will seek to identify bonds the market price of which does not reflect the effect of certain contractual provisions (such as the terms of coupon payments and call options). The Investment Adviser will also seek to identify securities for which the risk adjusted return appears

superior, e.g. because the returns are the same whereas the coupon payment risks are different. The Investment Adviser expects that at some point in time market pricing will converge to the estimated fair value, and the Company will benefit from the liquidity of this market to realise capital gains and engage in other liquid relative value trades.

The relative value on Basel III compliant securities will be mainly driven off the analysis of coupon suspension as well as conversion risk. Basel III securities, as detailed in paragraph 2.3 above, have fully discretionary coupon provisions as well as a loss absorption trigger. Pricing will hence gradually depend on those risks which derive from the European regulatory constraints (such as the Maximum Distributable Amount provision, which will come into effect in 2016), local legal limitations, banks' official payment rationale on coupons, staff bonuses and dividends and the amount of available distributable profits. For an equal credit risk, instruments with a high distance to trigger and a clear payment rationale should theoretically trade at tighter spreads than those with a low distance to trigger. The Investment Adviser will seek to understand discrepancies in market pricing and consequently identify relative value trades where the spread differences cannot be explained by fair value considerations.

Returns stemming from this strategy are expected to be based on coupon payment and on capital gains. Opportunities will range from the Basel I and II compliant "old" style securities to new Basel III compliant securities.

The rate of return on instruments targeted through this strategy is between 7 per cent. and 8 per cent. per annum.

4.2 **Less liquid relative value:** *Anticipated investment range as a percentage of the total Portfolio from 0 to 30 per cent. This portion of the Portfolio will be less liquid and could take a number of months to trade at the desired pricing.*

This strategy consists of capturing the illiquidity premium on securities issued by large institutions that trade with poor liquidity either due to the complexity or the nature of the securities (e.g. a private placement or retail offering). These securities will be bought at a discount and held to maturity in most cases.

Under this framework, bonds with "constant maturity swap" coupons, for example, offer illiquidity premiums that, depending on market circumstances, can, in the Investment Manager's experience, exceed 300 basis points. Other instruments that the Investment Adviser may identify in pursuing this strategy include structured credit transactions, such as CDOs of hybrid securities (which typically offer substantial premiums to the corresponding standalone securities).

Less liquid relative value securities currently only exist in Basel I and Basel II compliant forms, as a market for midcap banks or structured coupons on AT1 bonds has not developed yet. However, based on the historical development of the Basel II compliant hybrid debt, the Investment Adviser believes Basel III compliant less liquid securities will also be created in the coming years as these markets grow.

Returns stemming from this strategy are expected to be based on both income and capital gains.

The rate of return on instruments targeted through this strategy is between 6 per cent. and 16 per cent. per annum.

4.3 **Restructuring:** *Anticipated investment range as a percentage of the total Portfolio from 0 to 20 per cent. This portion of the Portfolio will be less liquid and could take a number of months to trade at the desired pricing.*

Since 2007, many banks have faced stress situations, ranging from a short term liquidity crisis (e.g. French banks in August 2011) to outright bankruptcy (e.g. Icelandic banks). These stress situations have triggered responses from management or regulators that sometimes have had far-reaching consequences on the pricing of Regulatory Capital Instruments.

Applying the following methodology, the Investment Adviser will seek to identify opportunities where restructuring actions decided by management or regulators could lead to a substantial improvement of the risk profile of capital securities and an increase in their prices:

- Early detection: the Investment Adviser has developed a proprietary stress test model, designed to reflect the regulators' approach to the risk of bank failures. This model should enable the Investment Adviser to anticipate and take advantage of future stress situations.
- Strategic analysis: the Investment Adviser will assess the possible outcomes of a crisis (with such analysis focussing on various factors, including political will, the legal environment and legal hurdles (e.g. state aid and local law vs. foreign law), the loss-absorbing capacity of the bank and capital buffers, maximum loss estimates, market appetite for further capital issuance, the terms of the securities, the capacity of the management to cut costs and increase profits and the possible sale of assets) and will seek to identify the securities that will perform best. In the current European context (characterised by a uniformity in the national banking industries), the conclusions can differ vastly from one bank to another: for example, a Lower Tier 2 instrument can be preferred if the bank is at risk of unfavourable conversion into shares of Tier 1 instruments and if the Tier 1 capital buffer is sufficient to cover losses but a Tier 1 instrument can be preferred if it is believed that the bank will be able to raise CET1 Capital on the capital markets to cover the losses or to sell a substantial, valuable and liquid asset to reduce any potential capital shortfall.
- Timing: the Investment Adviser will seek to avoid early investment and will wait until a clear, sustainable and predictable restructuring plan is approved and its effects on capital securities adequately assessed.

These hybrid securities would be Basel I and Basel II compliant and could be Tier 1, Tier 2, preference shares or senior securities traded in the secondary market.

The banks targeted by the Investment Manager will be former well established financial institutions (banks that were performing well pre-2008) with strong prospects of recovery, and could range from banks that are still in distressed situations to banks that have sharply improved their risk profile but for which the Investment Adviser believes that spreads remain very attractive, not giving full credit to the likely successful outcome of the restructuring process.

The Financial Institution Investment Instruments targeted though this strategy could be liquid or illiquid and may or may not have been subject to a coercive or non-coercive tender offer in the past.

Returns stemming from this strategy are expected to be mainly based on capital gains (as some securities could be non-coupon paying securities).

The rate of return on instruments targeted through this strategy is between 7 per cent. and 25 per cent. per annum.

4.4 **Special situations:** *Anticipated investment range as a percentage of the total Portfolio from 0 to 20 per cent. This portion of the Portfolio will be less liquid and could take a number of months to trade at the desired pricing.*

A "special situation" is an event that is expected to trigger an improvement in the pricing of capital securities (such as a corporate reorganisation for regulatory and/or financial reasons or a regulatory decision with a strong impact on the price of a security). Such special situations could be linked to a particular European Financial Institution or a particular security or a combination of both.

The following are examples of potential special situations:

- Where a bank has issued Regulatory Capital Instruments at an expensive price but such securities do not constitute regulatory capital anymore and the bank has no option to redeem the bonds. The Investment Manager would wait for the bank to make a tender offer at a premium over market price and would then sell the bonds.
- Where a bank was taken over by the government but has to be re-privatised in the medium term. Capital securities could prevent the privatisation process from taking place – e.g. by blocking any dividend that a private investor would require on its investment, and the bank could be strongly incentivised to redeem or repurchase these securities at a premium to market price.
- Where a bank is expected to be sold to a stronger competitor, leading to a tightening of credit spreads, or where a bank is being forced by the regulators to raise CET1 Capital and to improve its credit profile.

- A plan to convert hybrid securities into other securities (e.g. shares) has been implemented by the regulators but the market is unable to fully understand this plan and to assess the fair value of these securities.

All of the above examples are real-life examples stemming from reorganisations, regulatory actions or management decisions. The relevant securities are generally undervalued due to the complexity of the situation or due to the poor understanding of its various ramifications, and such bonds may trade with high yields not necessarily because they have poor credit risk.

Returns stemming from this strategy are expected to be based on both income and capital gains.

The rate of return on instruments targeted through this strategy is between 8 per cent. and 35 per cent. per annum.

4.5 **Midcap origination:** *Anticipated investment range as a percentage of the total Portfolio from 0 to 30 per cent. This portion of the Portfolio will be illiquid and the Investment Manager will wait for call or repayment.*

The securities targeted pursuant to this strategy will be hybrid securities which are Basel III compliant and either Tier 1 or Tier 2 securities. The typical issuer is likely to be a high credit quality mid-capitalisation bank or a subsidiary of a larger institution, with limited access to capital markets and targeting a relatively small bond issuance (between €20 million and €100 million).

The Company will mostly invest in "club deals" (which are private placements or small debt issues limited to a small number of investors) and will generally seek to hold no more than 10 per cent. of any issue, but could invest a more substantial percentage in specific cases where the Investment Manager believes that the investment is particularly attractive from a risk-reward point of view.

The origination process will be done through brokers and investment banks but the Investment Adviser will take an active part in the drafting of the prospectuses to ensure that the terms and conditions are satisfactory from an investor's point of view.

Returns stemming from this strategy are expected to be based primarily on income.

The rate of return on instruments targeted through this strategy is between 9 per cent. and 11 per cent. per annum.

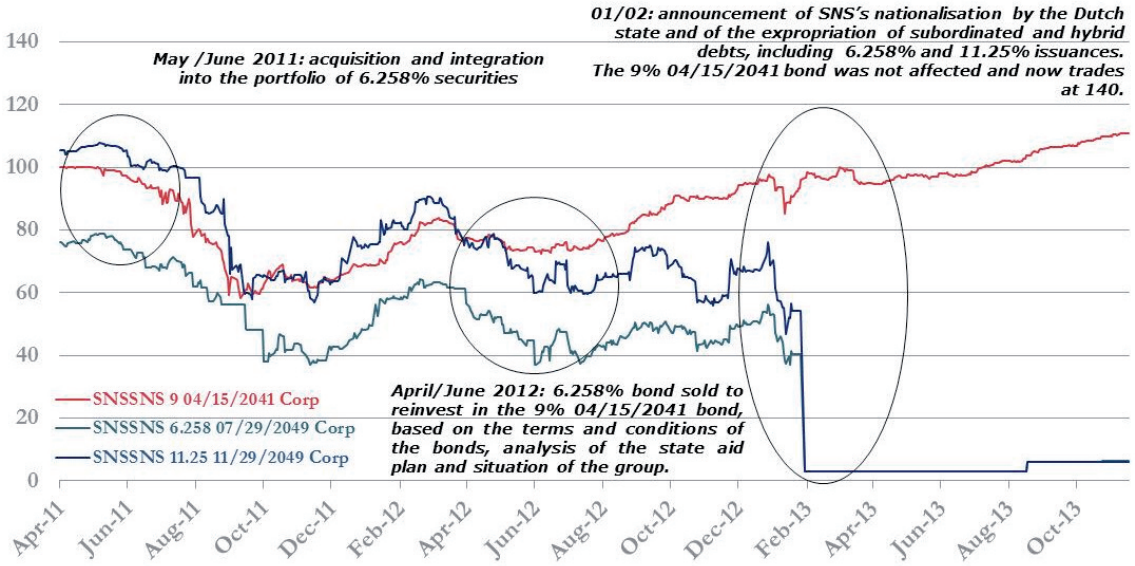
4.6 **Use of borrowings for investment purposes**

The Investment Manager estimates that the Fix to Fix Instruments market is approximately €76 billion. Fix to Fix Instruments bear fixed rate coupon terms before and after their call date. In certain circumstances, Fix to Fix Instruments may not be called at their first call date. In the view of the Investment Manager, such uncalled Fix to Fix Instruments offer an attractive risk/reward profile, namely, an average return of 6 per cent. per annum for a low volatility profile. As issuers can redeem such instruments on a monthly, quarterly or annual basis, the cash price of such instruments typically remains close to par value. Such instruments, in the view of the Investment Manager, therefore present an attractive opportunity to utilise leverage in order to enhance returns, and the Company may use borrowings for such investment purposes.

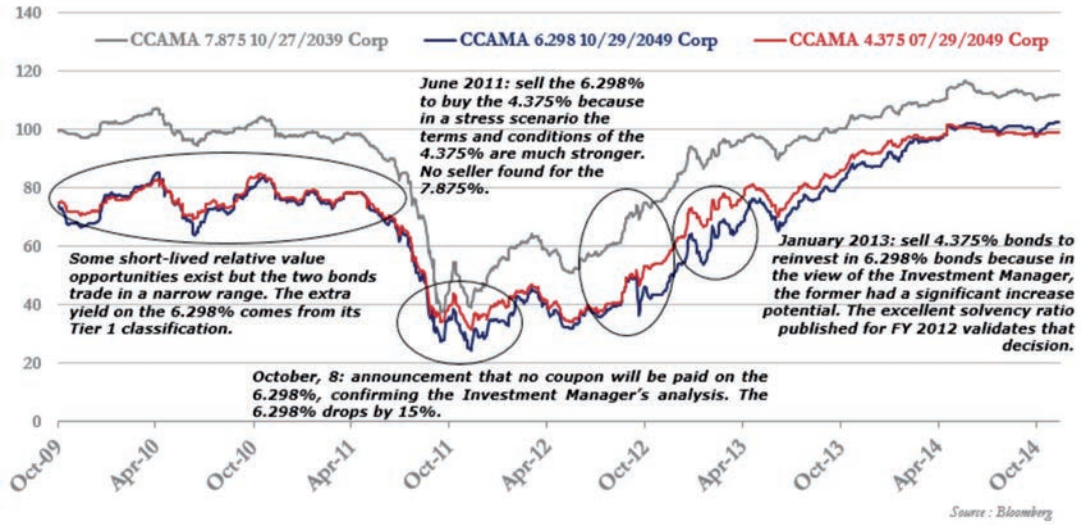
Borrowings for investment purposes will be limited to 50 per cent. of the market value of the Fix to Fix Instruments in the Portfolio from time to time. The Company will limit the amount of borrowings at any one time to an amount equivalent to a maximum of 20 per cent. of its NAV, at the time of drawdown.

5. CASE STUDIES

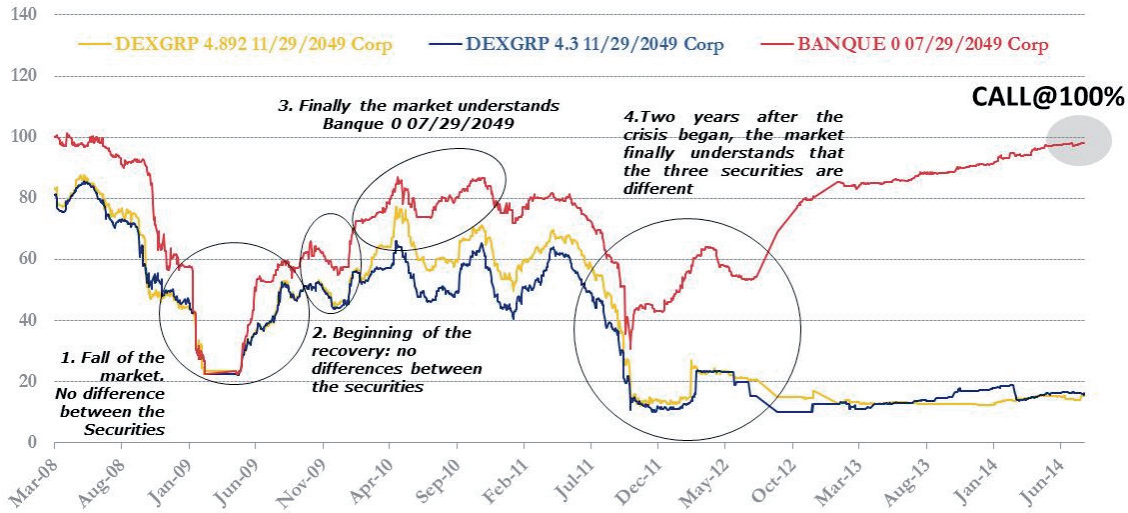
5.1 Liquid relative value: SNS



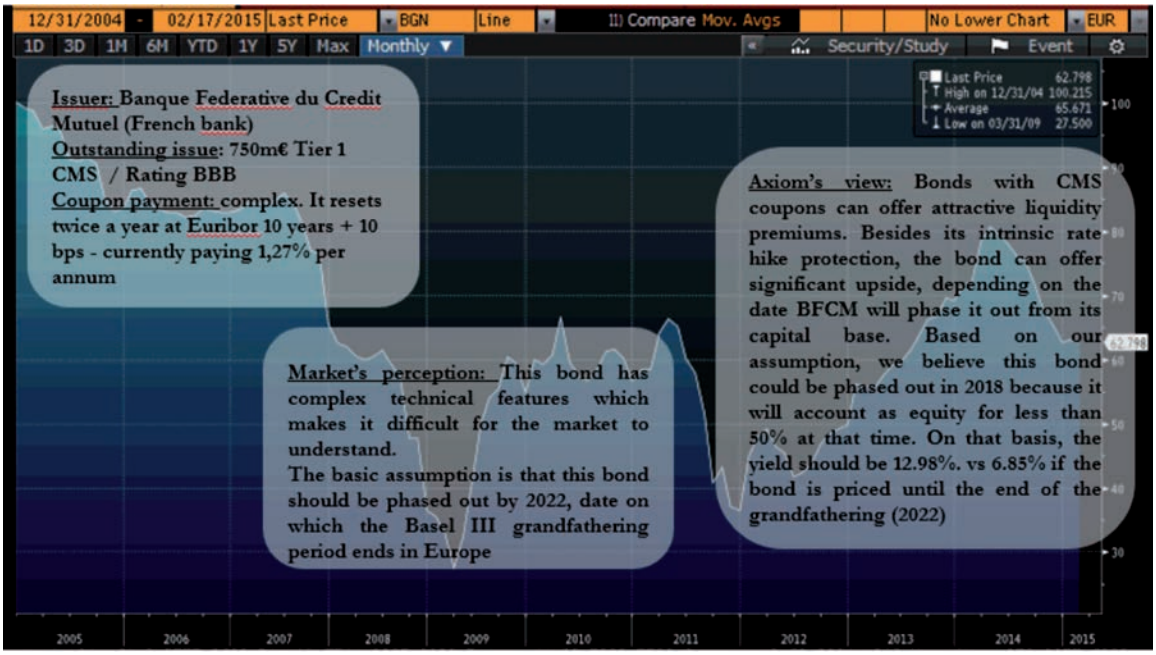
5.2 Liquid relative value: Groupama



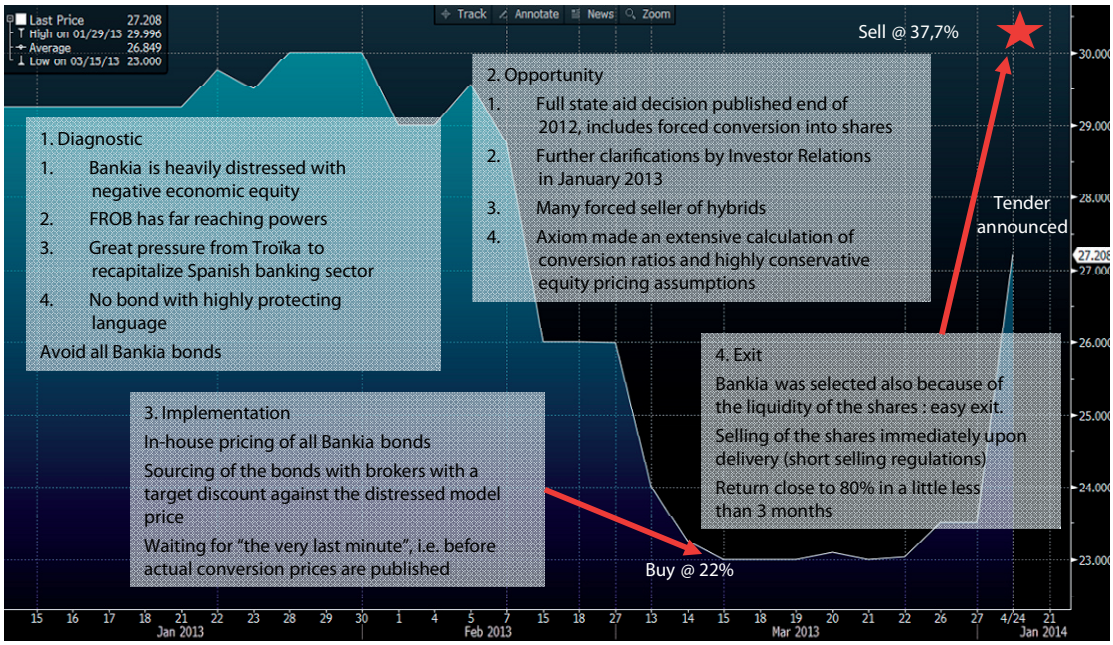
5.3 Liquid relative value: Dexia



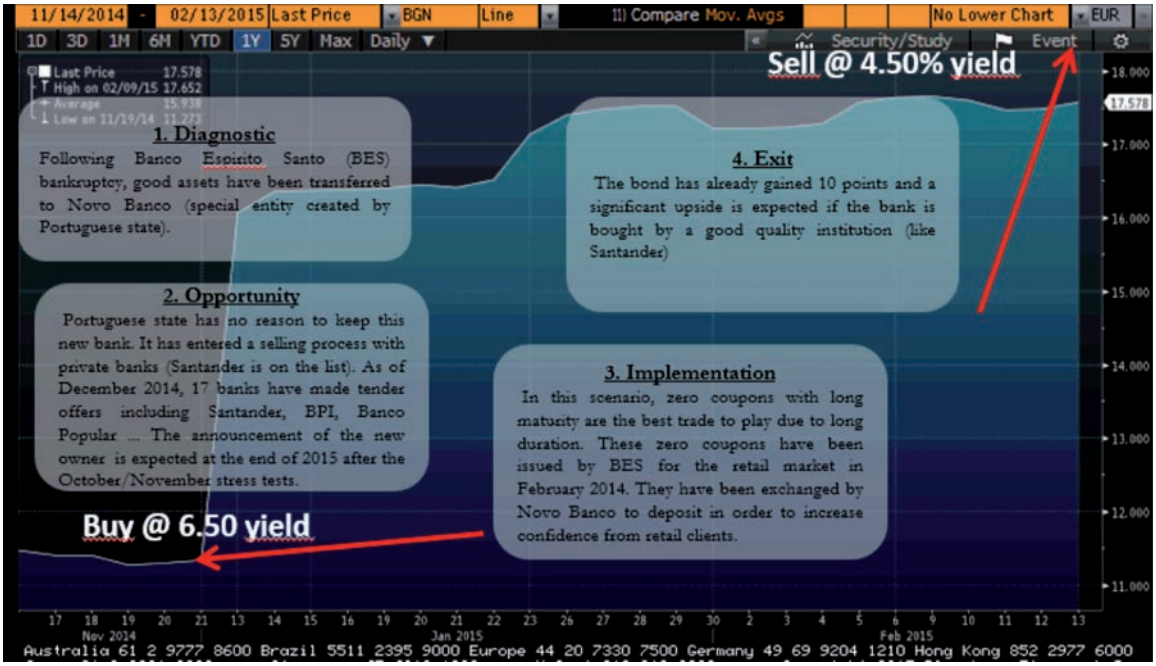
5.4 Less liquid relative value: Banque Federative du Credit Mutuel



5.5 Restructuring: Bankia



5.6 Special situations: Novo Banco



5.7 Midcap origination: Grenkeleasing

The issuer

- Leasing specialist of IT equipment for SMEs mainly in Germany and rest of Europe through franchise networks.
- Balance sheet of 2.9bn€: 517M€ of equity and 70M€ of net income

Strengths

- Strong regulatory capitalization: 13.1% Common Equity Tier 1
- Dividends paid continuously
- 42% owned by its founder
- Bond issued by the bank subsidiary (Grenke Bank)

Risks

- Small balance sheet
- Marginal banking business which represents only 7% of net income, 300M€ of deposits, 12M€ of new loans in 2014 (mostly SME financing with a risk sharing of 20/80 with the German institution KfW)

Bond and conclusion

- Additional Tier 1 Perpetual Call 2021, 8.25% coupon, issue of 30M€, format CRR/Basel 3 standard, 5.125% trigger .
- Rationale for issuing: capital raising without dilution, credit rating support (S&P), growth support.
- **Conclusion**: very small issue offering an attractive carry for a profitable activity displaying stable earnings. To be considered as a source of diversification in a granular "by and hold" portfolio.

PART 3

DIRECTORS, MANAGEMENT AND INVESTMENT PROCESS

1. DIRECTORS

The Directors have overall responsibility for the Company's activities including the review of investment activity and performance. All of the Directors are non-executive and are independent of the Investment Manager.

The Directors will meet at least four times per annum.

The Directors are as follows:

William Scott, *non-executive chairman* (aged 55)

William Scott, a Guernsey resident, serves as an independent non-executive director of a number of investment companies and funds. From 2003 to 2004, Mr. Scott worked as Senior Vice President with FRM Investment Management Limited. Previously, Mr. Scott was a director at Rea Brothers (which became part of the Close Brothers group in 1999 and where he was a director of Close Bank Guernsey Limited) (1989-2002) and Assistant Investment Manager with the London Residuary Body Superannuation Scheme (1987-1989). Mr. Scott graduated from the University of Edinburgh in 1982 and is a Chartered Accountant having qualified with Arthur Young (now E&Y) in 1987. Mr. Scott also holds the Securities Institute Diploma and is a Chartered Fellow of the Chartered Institute for Securities & Investment. He is also a Chartered Wealth Manager.

John Renouf, *non-executive director* (aged 60)

John Renouf, a Guernsey resident, is a qualified accountant and holds a number of directorships of funds and fund management companies. Mr. Renouf was employed by FRM Investment Management Limited, which is now a wholly owned subsidiary of Man Group, from 2003 to 2015 initially as a Director and then Managing Director. Mr. Renouf was employed on a part time basis by Collins Stewart from September 2000 to December 2005 to assist in their development of offshore funds. He spent over 10 years with Royal Bank of Canada Offshore Fund Managers Limited (RBCOFM) in Guernsey. He joined the RBCOFM in 1990, was appointed a director in 1993 and assumed the position of Managing Director in 1996, a position he held until he left in August 2000. In this role he had overall responsibility for the management and administration of Royal Bank of Canada's offshore funds in Guernsey together with funds managed and administered on a third party basis. Prior to joining RBCOFM Mr. Renouf was a company accountant for the Guernsey subsidiary of Aetna International. Prior to joining Aetna, he spent 12 years with Tektronix Limited, the Guernsey subsidiary of an American electronics company. He held a variety of positions during this period including financial analyst for the European operations centre and international credit manager.

Max Hilton, *non-executive director* (aged 41)

Max Hilton, a Guernsey resident, is Managing Director of Clarus Risk Limited, a risk solutions provider. He returned to Guernsey from New York in 2008 and formed the predecessor firm to Clarus Risk. He previously worked for JPMorgan Securities Inc in New York within Proprietary Equities and was responsible for managing a global equities portfolio. Prior to this he had worked at Ziff Brothers Investments in New York and London as a Senior Associate within the Quantitative Strategy Group. Mr. Hilton has a BSc (Hons) Economics from the University of London and has held the CFA designation since 2001. Since 2009 he has served as Chair of the CFA UK Performance and Risk Measurement Special Interest Group.

2. INVESTMENT MANAGER

The investment manager of the Company is Axiom Alternative Investments SARL, a company incorporated in France on 6 November 2006, with registered number 492 625 470, registered address at 39, Avenue Pierre 1er de Serbie, 75008 Paris, France and telephone number +33 1 44 69 43 90. The Investment Manager is an independent French asset manager authorised by the AMF under registration number GP-06000039. The Investment Manager has been appointed pursuant to the Investment Management Agreement (further details of which are set out in paragraph 8(b) of Part 7 of this document).

Subject to the overall supervision of the Board the Investment Manager is responsible for the discretionary management of, and will conduct day-to-day management of, the assets held in the Portfolio (including uninvested cash). The Investment Manager also acts as valuer to the Company (within the meaning of Article 19(4)(d) of the AIFM Directive). The Investment Manager is not required to, and generally will not, submit individual decisions for approval by the Board.

Other than relying on the support of its London branch (referred to as the Investment Adviser), the Investment Manager has not delegated any significant functions.

The Investment Manager has extensive knowledge of the hybrid debt securities market.

Senior management

David Benamou – *Chief Investment Officer*

David Benamou is a managing partner of the Investment Manager and a director of the Investment Adviser. Mr. Benamou is responsible for the day to day management of the firm and has veto rights at the investment committee level. Mr Benamou, together with Jérôme Legras, is also responsible for the investment allocation of Axiom Obligataire fund. Prior to joining the Investment Manager as partner in 2009, Mr. Benamou was Managing Director and Co-Head of the Capital Structured Finance department at Société Générale Investment Banking where he designed and implemented many subordinated debt issuances for European banks.

Mr. Benamou has a Masters in Business and Taxation Law and graduated from ESSEC where he obtained a Masters in International Business Law and Management.

Mr. Benamou is a shareholder of the Investment Manager.

Jérôme Legras – *Head of research*

Jérôme Legras is a managing partner of the Investment Manager and head of research at the Investment Adviser. Prior to joining the Investment Manager as partner in 2009, Mr. Legras was Managing Director and Co-Head of the Capital Structured Finance department at Société Générale Investment Banking where he designed and implemented many subordinated debt issuances for European banks. From 2000 to 2002, Mr. Legras was Head of Quantitative Research at Société Générale Investment Banking.

Before joining SGCIB in 2001, Mr. Legras worked at CCF (now HSBC France) as a financial engineer in the Research and Innovation Department. There, he mainly worked on the quantitative measure of risk and the valuation of derivative products.

Mr. Legras graduated from École Polytechnique (X93) and from ENSAE.

Mr. Legras is a shareholder of the Investment Manager.

Background

In 2009, a team of three investment bankers from Société Générale, specialising in structured credit and hybrid debt structuring, bought out the Investment Manager in order to launch a fund dedicated to hybrid debt based on the following rationale:

- hybrid debt was trading at very low prices, offering an attractive risk/reward profile;
- the Investment Manager was not aware of any competitor offering a fund dedicated to hybrid debt with extensive knowledge of the asset class; and
- in the view of the Investment Manager, buy-side analysts were trading hybrid debt on the same basis as senior debt, basing trading decisions on credit risk, with no in-depth analysis of each bond issue.

Accordingly, attractive investment opportunities existed for investors, such as the Investment Manager, able and willing to analyse extensively the terms and regulatory situation of each bond.

As at 29 October 2015 (being the latest practicable date prior to publication of this document), the Investment Manager had assets under management of €389.3 million under UCITS IV funds, an AIF,

dedicated funds and managed accounts. Its primary focus is to invest in hybrid securities issued by major European Financial Institutions.

The Investment Manager's track record*

The Investment Manager manages a UCITS fund ("**Axiom Obligataire**") invested in hybrid debt issued by European Financial Institutions.

Axiom Obligataire was set up in July 2009 and has achieved an annualised net return since inception of 9.31 per cent. as of 30 September 2015. Axiom Obligataire had €306.9 million of net assets as of 30 September 2015.

The key metrics of Axiom Obligataire as of 30 September 2015 are as follows:

Volatility (1 year)	*Interest rates sensitivity*	*Sensitivity to credit*	*Yield to call*	*Yield to perpetuity*	*Annualised performance since inception*
2.88%	1.89%	4.67%	7.54%	5.56%	9.31%

The following table shows the monthly performance of Axiom Obligataire since inception:

Monthly performance – Unit C

	Jan.	*Feb.*	*March*	*April*	*May*	*June*	*July*	*August*	*Sept.*	*Oct.*	*Nov.*	*Dec.*	*Annual perf.*
2009	–	–	–	–	–	–	–	13.27%	9.72%	3.25%	-1.29%	2.70%	**30.08%**
2010	7.07%	1.09%	6.65%	4.80%	-5.26%	-3.07%	7.54%	-0.38%	4.15%	3.10%	-10.88%	-0.29%	**12.34%**
2011	2.58%	3.18%	2.42%	2.00%	0.33%	-2.49%	-2.60%	-13.57%	-20.42%	9.41%	-13.09%	6.50%	**-26.61%**
2012	15.50%	10.36%	2.19%	-4.32%	-7.64%	0.96%	2.02%	4.74%	6.70%	1.36%	2.57%	3.47%	**42.54%**
2013	2.16%	0.35%	0.29%	2.75%	1.10%	-1.71%	2.47%	0.54%	1.40%	2.44%	1.17%	0.56%	**14.29%**
2014	1.96%	1.22%	0.91%	1.56%	0.94%	0.55%	-2.11%	-2.10%	-1.53%	-0.62%	0.10%	-0.50%	**0.26%**
2015	-0.66%	1.91%	0.29%	0.45%	0.38%	-1.00%	0.53%	-0.50%	-1.78%				**-0.43%**

Between October 2010 and November 2011, Axiom Obligataire had a -38.76 per cent. return. The negative return over this period was due to the second episode of the Eurozone crisis (contagion to Eurozone Financial Institutions). At the time, Axiom Obligataire was "long" only and, because Axiom Obligataire did not have the ability to hedge at that time, it was difficult to mitigate volatility. Since 2013, Axiom has had the ability to use hedging tools, derivatives and futures to reduce volatility.

The Investment Manager's other funds include:

- Axiom Equity (UCITS IV): This fund, which invests in financial institution shares, was launched in March 2014 and had €20.5 million of net assets as of 30 September 2015.
- Axiom 2018 (UCITS IV): This fund, which invests in bonds (senior & lower Tier 2) and CDSs issued by European financial institutions with a maturity near December 2018, was launched in May 2013 and had €28.2 million of net assets as at 30 September 2015 and a return of 3.62 per cent. since inception.
- Axiom Contingent Capital (UCITS IV): This fund, which invests in new Basel III bonds (Additional Tier 1 and Tier 2 CoCos) issued by major European financial institutions was launched in March 2015 and had €14.8 million of net assets as at 30 September 2015.

* The financial information relating to the Investment Manager's track record has been prepared in accordance with French GAAP and is unaudited.

Professional liability risks

The Investment Manager will maintain sufficient financial resources to meet its regulatory capital requirements as provided for by the AIFMD. The Investment Manager will hold additional funds to cover liability risks arising from professional negligence which are at least equal to 0.01 per cent. of the value of the portfolios of AIFs that it manages.

For these purposes, the types of professional liability risks to be covered by the additional funds described above include the risk of loss or damage caused by a relevant person through the negligent performance of activities for which the Investment Manager (as AIFM to the Company) has legal responsibility. These types of risk are specified in European Regulation 231/2013 and include the risks arising from: (a) loss of documents evidencing title of assets of the Company; (b) misrepresentations or misleading statements made to the Company or Shareholders; (c) acts, errors or omissions resulting in a breach of duties including legal and regulatory obligations, fiduciary duties, or as set out in the Articles or the Investment Management Agreement; (d) failure to establish, implement and maintain appropriate procedures to prevent dishonest, fraudulent or malicious acts; (e) improperly carried out valuation of assets or calculation of share prices; and (f) losses arising from business disruption, system failures, failure of transaction processing or process management.

Fair treatment of investors

The Investment Manager will ensure, in relation to its role as AIFM of the Company, the fair treatment of investors by, among other things, implementing and maintaining:

(a) clear decision-making procedures and internal control mechanisms;

(b) effective internal reporting and communication of information both within the Investment Manager (and the Investment Adviser) and with third parties;

(c) adequate records of the Investment Manager's business and internal organisation;

(d) systems and procedures that adequately safeguard the confidentiality of information; and

(e) an adequate business continuity policy in the event of an interruption to the Investment Manager's systems and procedures. The Investment Manager can provide a copy of its business continuity and disaster recovery plan to Shareholders on request.

In addition, the Investment Manager's appointment is subject to the oversight and supervision of the Board. Each of the Directors is independent of the Investment Manager.

Neither the Investment Manager nor the Company will enter into side letters or similar preferential arrangements with Shareholders, save that the Investment Manager at its discretion and out of its own resources, may rebate to certain investors, part or all of the commissions it receives from Liberum in relation to the Placing (as set out in paragraph 6 of Part 7 of this document).

3. THE INVESTMENT ADVISER

The investment adviser of the Company is Axiom Alternative Investments UK Branch. The Investment Adviser is a branch of the Investment Manager and is a specialist adviser on investment in regulatory capital. The Investment Adviser will provide investment advice and research services to the Investment Manager.

The Investment Manager has obtained permission pursuant to European legislation to establish a branch in the UK without any change of regulatory authority. The Investment Adviser (being the UK-established branch of the Investment Manager) has been registered with the FCA under registration number 606930 and is permitted to conduct regulated activities in the UK under the authority of the French regulator, the AMF. It is subject to limited regulation (for example in relation to conduct of business requirements) by the FCA.

4. INVESTMENT PROCESS

The Investment Manager will not be required to, and generally will not, submit decisions concerning the discretionary or ongoing management of the Company's assets for the approval of the Board, except where such approval relates to an application of the investment guidelines or a conflict of interest.

Each investment which is made by the Investment Manager on behalf of the Company will require the approval of the Investment Manager's investment committee ("**Investment Committee**"). The Investment Committee currently comprises David Benamou, Jérôme Legras, Philip Hall, Adrian Paturle, François-Xavier Lénier and Gildas Surry.

Financial Institution Investment Instruments are a highly specialised asset class requiring an extensive knowledge of banking regulation, an advanced technology platform and a proven ability to manage credit risk.

The Investment Adviser will follow the following steps in identifying target Financial Institution Investment Instruments:

Step 1: Identifying the target Financial Institution Investment Instruments

The target Financial Institution Investment Instruments will be identified by the Investment Adviser based on in-depth analysis of:

- structure, including key terms, different types of calls and issuer policies;
- regulation, including regulatory category of issue, modelling of amortisation profiles and market mispricing; and
- risks, including credit analysis, AQR reverse engineering and stress testing analysis.

Step 2: Portfolio construction

The Portfolio will be constructed by the Investment Manager from the Financial Institution Investment Instruments identified by the Investment Adviser.

The Investment Manager will take advantage of daily information flows offered by several brokers (bid-ask management, relative value) and may hedge currency and interest rate risks.

Step 3: Portfolio monitoring

The Investment Manager will undertake:

- regular monitoring of the performance of the Portfolio based on publicly available statistical data on the securities;
- systematic monitoring of the trends in each sector (including the concentration of issuers and regulatory developments); and
- regular monitoring of circumstances that are likely to affect the payment of coupons or the repayment of principal.

5. INVESTMENT MANAGEMENT AGREEMENT

The Investment Manager and the Company have entered into the Investment Management Agreement (further details of which are set out in paragraph 8(b) of Part 7 of this document) pursuant to which the Investment Manager has been given sole responsibility for the discretionary management of the Company's assets (including uninvested cash) in accordance with the Company's investment policy and in the capacity of the AIFM of the Company, each subject to the overall control and supervision of the Directors.

Details of the fees and expenses payable to the Investment Manager are set out in paragraph 9 below.

6. ADMINISTRATOR AND SECRETARY

Elysium Fund Management Limited has been appointed as administrator and secretary of the Company pursuant to the Administration Agreement (further details of which are set out in paragraph 8(c) of Part 7 of this document). The Administrator will be responsible for the general administrative requirements of the Company, such as the maintenance of accounting and statutory records.

Details of the fees and expenses payable to the Administrator are set out in paragraph 9 below.

7. DEPOSITARY

CACEIS Bank France, whose registered office and principal place of business is located at 1-3, place Valhubert, 75013 Paris, France, has been appointed as depositary of the Company pursuant to the Depositary Agreement (further details of which are set out in paragraph 8(d) of Part 7 of this document). The Depositary is a French limited company (société anonyme), registered in the Paris Trade and Companies Register under number 692024722 and its telephone number is +33157780277. The Depositary was incorporated on 5 June 1969

under the laws of France. The Depositary has a banking licence granted in accordance with the act of 24 January 1984 on the activity and supervision of credit institutions and provides investment services and related ancillary services. It is registered on the "registre des agents financiers" and is regulated by the ACPR and the AMF.

The Depositary is responsible for acting as custodian and banker to the Company, the safe-keeping of financial instruments held on behalf of the Company, the periodic verification of the ownership of other assets held directly by the Company, cash monitoring and the general oversight of the Company as required by the AIFMD.

CACEIS Bank Luxembourg will be appointed to provide accounting services in connection with the Depositary's requirements.

Details of the fees and expenses payable to the Depositary and CACEIS Bank Luxembourg are set out in paragraph 9 below.

8. REGISTRAR

Capita Registrars (Guernsey) Limited has been appointed to provide registrar services to the Company pursuant to the Registrar Agreement (further details of which are set out in paragraph 8(e) of Part 7 of this document). The Registrar is responsible for maintaining the register of Shareholders, receiving transfers of shares for certification and registration and receiving and registering Shareholders' dividend payments, together with related services.

Details of the fees and expenses payable to the Registrar are set out in paragraph 9 below.

9. FEES AND EXPENSES

Formation and initial expenses

The formation and initial expenses of the Company are those that relate to the incorporation of the Company, the Placing and Admission of the Shares issued pursuant to the Placing. These expenses include fees and commissions payable under the Placing Agreement, Admission fees, printing, legal and accounting fees and any other applicable expenses, and will be paid on or around Admission out of the Gross Placing Proceeds. The total amount of the formation and initial expenses of the Company will be approximately £1.01 million.

Ongoing annual expenses

Ongoing annual expenses will include the following:

(a) *Management fee*

Under the terms of the Investment Management Agreement, a management fee will be paid to the Investment Manager quarterly in arrears. The quarterly fee will be calculated by reference to the following sliding scale:

- where NAV is less than or equal to £250 million, 1 per cent. per annum of NAV;
- where NAV is greater than £250 million but less than or equal to £500 million, 1 per cent. per annum of NAV on the first £250 million and 0.8 per cent. per annum of NAV on the balance; and
- where NAV is greater than £500 million, 0.8 per cent. per annum of NAV,

in each case, plus applicable VAT.

If in any quarter (other than the final quarter) of any accounting period the aggregate expenses of the Company during such quarter exceed an amount equal to one-quarter of 1.5 per cent. of the average NAV of the Company during such quarter (such amount being a "**Quarterly Expenses Excess**"), then the management fee payable in respect of that quarter shall be reduced by the amount of the Quarterly Expenses Excess, provided that the management fee shall not be reduced to an amount that is less than zero and no sum will be payable by the Investment Manager to the Company in respect of the Quarterly Expenses Excess.

If in the final quarter of any accounting period the aggregate expenses of the Company during such accounting period exceed an amount equal to 1.5% of the average NAV of the Company during such

accounting period (such amount being an "**Annual Expenses Excess**"), then the management fee payable in respect of that quarter shall be reduced by the amount of the Annual Expenses Excess. If such reduction would not fully eliminate the Annual Expenses Excess (the amount of any such shortfall being a "**Management Fee Deduction Shortfall**"), the Investment Manager shall pay to the Company an amount equal to the Management Fee Deduction Shortfall (a "**Management Fee Deduction Shortfall Payment**") as soon as is reasonably practicable.

If at any time there has been any deduction from the management fee pursuant to either of the two preceding paragraphs (a "**Management Fee Deduction**") or there has been a Management Fee Deduction Shortfall Payment, and during any subsequent quarter:

(a) all or part of the Management Fee Deduction can be paid; and/or

(b) all or part of the Management Fee Deduction Shortfall Payment can be repaid,

by the Company to the Investment Manager without:

(c) in any quarter (other than the final quarter) of any accounting period the aggregate expenses of the Company during such quarter exceeding an amount equal to one-quarter of 1.5 per cent. of the average NAV of the Company during such quarter; or

(d) in the final quarter of any accounting period the aggregate expenses of the Company during such accounting period exceeding an amount equal to 1.5 per cent. of the average NAV of the Company during such accounting period,

then such payment and/or repayment shall be made by the Company to the Investment Manager as soon as is reasonably practicable.

Any amount accrued or paid in respect of the performance fee is not an "expense" for the purposes of the three preceding paragraphs.

(b) *Performance fee*

The Investment Manager shall be entitled to receive from the Company a performance fee subject to certain performance benchmarks.

The fee will be payable as a share of Total Shareholder Return (TSR) where TSR is defined as growth in NAV per Share plus dividends per Share paid.

The performance fee, if any, will be equal to 15 per cent. of total shareholder returns in excess of a hurdle equal to a 7 per cent. per annum cumulative return since Admission, compounded annually. The performance fee is also subject to a high watermark.

The fee, if any, will be payable annually and calculated on the basis of audited annual accounts.

50 per cent. of the performance fee will be settled in cash. The balance will be satisfied in Shares, subject to certain exceptions where settlement in Shares would be prohibited by law or would result in the Investment Manager or any person acting in concert with it incurring an obligation to make an offer under Rule 9 of the City Code, the balance will be settled in cash.

Assuming no such requirement, the balance of the performance fee will be settled either by the allotment to the Investment Manager of such number of new Shares credited as fully paid as is equal to 50 per cent. of the performance fee (net of VAT) divided by the most recent practicable NAV per Share (rounded down to the nearest whole Share) or by the acquisition of Shares in the market, as required under the terms of the Investment Management Agreement. Further details in relation to these settlement arrangements are set out in paragraph 8(b) of Part 7. All Shares allotted to (or acquired for) the Investment Manager in part satisfaction of the performance fee will be subject to a lock-up until the date that is 12 months from the end of the accounting period to which the award of such Shares related.

Any applicable VAT will be paid in cash.

(c) *Administrator*

Under the terms of the Administration Agreement, the Administrator is entitled to receive from the Company a fee of £110,000 per annum (exclusive of any VAT), which is subject to an annual adjustment upwards to reflect any percentage change in the retail prices index over the preceding year. In addition, the Company shall pay the Administrator a time-based fee for any work undertaken in connection with

the calculation of the weekly NAV, up to a maximum of £400 (exclusive of any VAT) per NAV calculation, subject to a maximum aggregate amount of £10,000 per annum (exclusive of any VAT). The Administrator will also receive a one-off listing fee of £25,000 (exclusive of any VAT) on Admission.

(d) *Registrar*

Under the terms of the Registrar Agreement, the Registrar is entitled to receive from the Company certain annual maintenance and activity fees, subject to a minimum fee of £5,500 per annum (exclusive of any VAT).

(e) *Depositary*

Under the terms of the Depositary Agreement, the Depositary is entitled to receive from the Company: (i) an annual depositary fee of 0.03 per cent. of NAV, subject to a minimum annual fee of €25,000 (exclusive of any VAT); (ii) a safekeeping fee calculated using a basis point fee charge based on the country of settlement and the value of the assets; and (iii) an administration fee on each transaction, together with various other payment/wire charges on outgoing payments.

CACEIS Bank Luxembourg will be entitled to receive a monthly fee from the Company in respect of the provision of certain accounting services which will, subject to a minimum monthly fee of €1,800, be calculated by reference to the following sliding scale:

- where NAV is less than or equal to €50 million, 0.04 per cent. per annum of NAV;
- where NAV is greater than €50 million but less than or equal to €100 million, 0.03 per cent. per annum of NAV; and
- where NAV is greater than €100 million, 0.02 per cent. per annum of NAV,

in each case, plus applicable VAT.

The EUR NAV (for the purpose of calculating the amount payable to CACEIS Bank Luxembourg) will be calculated by converting the Company's published NAV in accordance with the valuation methodology set out paragraph 11 of Part 1 of this document.

(f) *Directors*

The initial fee for Bill Scott will be £35,000 per annum. The initial fee for John Renouf will be £32,500 per annum. The initial fee for Max Hilton will be £27,500 per annum.

The Directors are also entitled to reimbursement of all reasonable travelling and other expenses properly incurred in the performance of their duties.

(g) *Auditor*

The Auditor will be entitled to receive from the Company an annual fee, which will be agreed with the Board each year in advance of the Auditor commencing audit work.

(h) *Other expenses*

Other ongoing operational expenses of the Company will be borne by the Company including legal fees (including those incurred on behalf of the Company by the Investment Manager), corporate broking fees (which, from Admission, shall be as set out in paragraph 8(f) of Part 7 of this document) and annual London Stock Exchange fees. All reasonable out of pocket expenses of the Investment Manager, the Administrator, the Registrar, the Depositary and the Directors relating to the Company will be borne by the Company.

10. CONFLICTS OF INTEREST

Investment Manager and Investment Adviser

The Investment Manager and/or the Investment Adviser and their key individuals may from time to time act as manager, investment manager or investment adviser in relation to, or be otherwise involved in, other funds established by parties other than the Company, which may have similar objectives to those of the Company. In particular:

- Axiom Alternative Investments UK Branch is the Investment Adviser to the Company and may act in the same capacity for other entities or collective investment undertakings;
- Axiom Alternative Investments SARL is the Investment Manager to the Company and may act in the same capacity for other entities or collective investment undertakings; and
- key individuals of the Investment Manager and Investment Adviser may be involved in other businesses or with other funds not involving the Company.

It is therefore possible that any of them may, in the course of business, have potential conflicts of interest with the Company. The Investment Manager and the Investment Adviser will each at all times, subject to the terms of the Investment Management Agreement, have regard in such event to its obligations to the Company and will endeavour to ensure that such conflicts are resolved fairly. In addition, subject to applicable law and the RCIS Rules, any of the foregoing may deal, as principal or agent, with the Company, provided that such dealings are carried out as if effected on normal commercial terms negotiated on an arm's length basis with an independent counterparty.

The Investment Manager and any of its affiliates or any person connected with any of them may invest in, directly or indirectly, or manage or advise or act as manager, investment manager or investment adviser for other investment funds or accounts, including funds or accounts which invest in the same Financial Institution Investment Instruments that are purchased or sold by the Company.

When allocating investment opportunities within the scope of the Company's investment policy, the Investment Manager and/or the Investment Adviser and, where relevant, any other service provider to the Company, will ensure that all such investments will be allocated between the Company and other clients in a fair and equitable manner. The Investment Manager and the Investment Adviser may manage or advise other portfolios and expect that the Company and such other portfolios will, from time to time, purchase or sell the same Financial Institution Investment Instruments. The Investment Manager may aggregate orders for the purchase or sale of Financial Institution Investment Instruments on behalf of the Company with orders on behalf of such other portfolios.

The Investment Manager is permitted to:

- aggregate orders for the purchase or sale of Financial Institution Investment Instruments, in a fair and equitable manner, on behalf of the Company with orders on behalf of other portfolios under the management of the Investment Manager and/or the Investment Adviser; and
- average the prices paid or received for Financial Institution Investment Instruments purchased or proceeds of Financial Institution Investment Instruments sold through aggregated orders.

In the event that less than the total of the aggregated orders is executed, purchased Financial Institution Investment Instruments or proceeds of Financial Institution Investment Instruments will generally be allocated *pro rata* among the Company and any other participating portfolios in proportion to their planned participation in the original aggregated orders.

In some circumstances, the order aggregation may be to the disadvantage of the Company and/or of other fund(s) or account(s).

11. CORPORATE GOVERNANCE

Whilst the Company is not required to do so, as at the date of this document it voluntarily complies with the provisions of Chapter 9 of the Listing Rules regarding corporate governance. Chapter 9 of the Listing Rules requires that a company must "comply or explain" against the UK Corporate Governance Code. In addition, the Disclosure and Transparency Rules require the Company to (i) make a corporate governance statement in its annual report and accounts based on the code to which it is subject, or with which it voluntarily complies; and (ii) describe its internal control and risk management systems.

The Directors recognise the value of the UK Corporate Governance Code and have taken appropriate measures to ensure that the Company complies, so far as is practicable given the Company's size and nature of business, with the UK Corporate Governance Code. The areas of non-compliance by the Company with the UK Corporate Governance Code are in respect of the provisions relating to:

- the role of the chief executive;

- the appointment of a senior independent director;
- the need for an internal audit function; and
- the establishment of a remuneration committee and nomination committee.

The Board considers these provisions are not relevant to the position of the Company because it is an externally managed investment company and it has no employees. The Directors have not established a remuneration committee or nomination committee because they consider that this would be inappropriate given the size and composition of the Board. Remuneration and appointments of new Directors will be determined by the full Board. The full Board will also regularly review the Investment Management Agreement and the Investment Manager's performance and fees.

The GFSC's "Finance Sector Code of Corporate Governance" (the "**Code**") applies to all companies that hold a licence from the GFSC under the regulatory laws of Guernsey or which are registered or authorised as collective investment schemes in Guernsey. The GFSC has stated in the Code that companies which report against the UK Corporate Governance Code or the AIC Code are deemed to meet the requirements of the Code.

The Company's Audit Committee is chaired by John Renouf and consists of all the Directors and will meet at least three times a year. The Board considers that the members of the Audit Committee have the requisite skills and experience to fulfil the responsibilities of the Audit Committee. The Audit Committee examines the effectiveness of the Company's control systems. It will review the half-yearly and annual reports and also receive information from the Investment Manager. It will review the scope, results, cost effectiveness, independence and objectivity of the external auditor.

12. DIRECTORS' SHARE DEALINGS

The Company is not required to comply with the Model Code. However, as a matter of best practice and good corporate governance, the Company has adopted a voluntary share dealing code for the Board pursuant to which the Directors will comply with the Model Code. The Board will be responsible for taking all proper and reasonable steps to ensure compliance with the share dealing code by the Directors.

PART 4

DETAILS OF THE PLACING

1. INTRODUCTION

The Company will issue 50,737,666 Shares (and the single issued Share will be transferred) to investors pursuant to the Placing and the Gross Placing Proceeds will be £50.73 million. The net proceeds of the Placing will be approximately £49.72 million and the Investable Placing Proceeds will be approximately £49.47 million. The Placing is not being underwritten.

Liberum has agreed to use its reasonable endeavours to procure Placees on the terms and subject to the conditions set out in the Placing Agreement.

The terms and conditions which shall apply to any subscription for Shares procured by Liberum pursuant to the Placing are set out in Part 8 of this document. Each Placee will agree to be bound by the Articles once the Shares that the Placee has agreed to subscribe for pursuant to the Placing have been acquired by the Placee.

Details of the Placing Agreement are set out in paragraph 6 of Part 7 of this document.

The Placing is conditional, amongst other things, on:

- Admission occurring on or before 8.00 a.m. on 5 November 2015 (or such later date as the Company and Liberum may agree, being not later than 8.00 a.m. on 19 November 2015);
- the Placing Agreement having become unconditional in all respects (save for conditions relating to Admission) and not having been terminated in accordance with its terms prior to Admission; and
- the gross proceeds of the Placing being at least £50 million.

2. THE SPECIALIST FUND MARKET

Application will be made for the Shares to be issued pursuant to the Placing to be admitted to trading on the Specialist Fund Market of the London Stock Exchange.

The Specialist Fund Market is an EU regulated market. Pursuant to its admission to the Specialist Fund Market, the Company will be subject to the Prospectus Rules, the Disclosure and Transparency Rules and the Market Abuse Directive (as implemented in the UK through FSMA).

3. INVESTOR PROFILE

Typical investors in the Company pursuant to the Placing are expected to be institutional and sophisticated investors.

4. THE PLACING AGREEMENT

The Placing Agreement contains provisions entitling Liberum to terminate the Placing (and the arrangements associated with it) at any time prior to Admission in certain circumstances. If this right is exercised, the Placing and these arrangements will lapse and any monies received in respect of the Placing will be returned to each applicant, without interest and at the applicant's risk.

The Placing Agreement provides for Liberum to be paid both a corporate finance fee and a commission by the Company in respect of the Shares to be allotted pursuant to the Placing.

Further details of the terms of the Placing Agreement are set out in paragraph 6 of Part 7 of this document.

5. COSTS OF THE PLACING

The costs of the Placing will, provided that the Placing is completed, be borne out of the proceeds of the Placing. The total costs of the Placing (including any commission) are expected to be approximately £1.01 million.

6. ADMISSION

It is expected that Admission will become effective and that dealings in the Shares will commence at 8.00 a.m. on 5 November 2015.

The Shares will be issued in registered form and may be held in certificated or uncertificated form. No temporary documents of title will be issued. Dealings in Shares in advance of the crediting of the relevant stock account shall be at the risk of the persons concerned. It is expected that CREST accounts will be credited on 5 November 2015 in respect of Shares held in uncertificated form and definitive share certificates in respect of Shares held in certificated form will be despatched by normal post by 19 November 2015.

The Company does not guarantee that at any particular time market makers will be willing to make a market in the Shares, nor does it guarantee the price at which a market will be made in the Shares. Accordingly, the dealing price of the Shares may not necessarily reflect changes in the NAV per Share. In addition, the level of the liquidity in the Shares may vary significantly and typical liquidity on the Specialist Fund Market is relatively unknown.

7. SETTLEMENT

Payment for Shares issued under the Placing will be made through CREST or through Liberum, in any such case in accordance with settlement instructions to be notified to Placees by Liberum. In the case of those subscribers not using CREST, monies received by Liberum will be held in a segregated client account pending settlement.

To the extent that any placing commitment is rejected in whole or in part, any monies received will be returned without interest at the risk of the Placee.

The Company does not propose to accept multiple subscriptions. Financial intermediaries who are investing on behalf of clients should make separate applications or, if making a single application for more than one client, provide details of all clients in respect of whom application is being made. Multiple applications or suspected multiple applications on behalf of a single client are liable to be rejected.

8. CERTIFICATES AND CREST

CREST is a paperless settlement procedure operated by Euroclear enabling securities to be evidenced otherwise than by a certificate and transferred otherwise than by written instrument. The Articles permit the holding of Shares under the CREST system. The Company has applied for the Shares to be admitted to CREST with effect from Admission in respect of the Shares issued under the Placing and it is expected that the Shares will be admitted with effect from that time. Accordingly, settlement of transactions in the Shares following Admission may take place within the CREST system if any Shareholder so wishes.

It is expected that the Company will arrange for Euroclear to be instructed to credit the appropriate CREST accounts of the subscribers concerned or their nominees with their respective entitlements to Shares. The names of subscribers or their nominees investing through their CREST accounts will be entered directly on to the share register of the Company.

The transfer of Shares out of the CREST system following the issue of Shares should be arranged directly through CREST. However, an investor's beneficial holding held through the CREST system may be exchanged, in whole or in part, only upon the specific request of the registered holder to CREST for share certificates or an uncertificated holding in definitive registered form.

9. USE OF PROCEEDS

All of the Investable Placing Proceeds will be invested in accordance with the Company's investment objectives and investment policy, subject to the availability of sufficient investment opportunities.

10. OVERSEAS INVESTORS

This document does not constitute an offer to sell, or the solicitation of an offer to acquire or subscribe for, Shares under the Placing in any jurisdiction where such an offer or solicitation is unlawful or would impose any unfulfilled registration, qualification, publication or approval requirements on the Company.

The Company has elected to impose the restrictions described below on the Placing and on the future trading of the Shares so that the Company will not be required to register the offer and sale of the Shares under the Securities Act and will not have an obligation to register as an investment company under the Investment Company Act and related rules and also to address certain ERISA, Internal Revenue Code and other considerations.

The Shares have not been, nor will be, registered under the Securities Act or under the securities legislation of any state or other political sub-division of the United States and, subject to certain exceptions, the Shares may not be offered, sold, exercised, resold, transferred or delivered, directly or indirectly, within the United States, Australia, Canada, the Republic of South Africa or Japan or to, or for the account or benefit of, US Persons (as defined in Regulation S). There will be no public offer of the Shares in the United States. The Shares are being offered and sold outside the United States to non-US Persons in reliance on the exemption from registration provided by Regulation S. Moreover, the Company has not been and will not be registered under the Investment Company Act and investors will not be entitled to the benefits of the Investment Company Act. The Shares and any beneficial interests therein may only be transferred in an offshore transaction in accordance with Regulation S to: (i) a person outside the United States and not known by the transferor to be a US Person, by prearrangement or otherwise; (ii) the Company or a subsidiary thereof; or (iii) otherwise to a person in a transaction in compliance with an exemption from the registration requirements of the Securities Act and under circumstances which will not require the Company to register under the Investment Company Act. Neither the Shares nor any beneficial interests therein may be sold or transferred to (i) an "employee benefit plan" as defined in Section 3(3) of ERISA that is subject to Part 4 of Subtitle B of Title I of ERISA, (ii) a "plan" as defined in Section 4975 of the Internal Revenue Code, including an individual retirement account, that is subject to Section 4975 of the Internal Revenue Code, or (iii) an entity whose underlying assets include the assets of any such "employee benefit plan" or "plan" by reason of ERISA or the Plan Assets Regulation, or otherwise (including certain insurance company general accounts) for purposes of Section 406 of ERISA or Section 4975 of the Internal Revenue Code.

The relevant clearances have not been and will not be obtained from the securities regulatory authority of the United States, any member state of the EEA other than the United Kingdom, Australia, Canada, the Republic of South Africa or Japan and the Shares may not, subject to certain exceptions, be offered or sold directly or indirectly in, into or within the United States, any member state of the EEA other than the United Kingdom, Australia, Canada, the Republic of South Africa or Japan.

11. MONEY LAUNDERING

Pursuant to anti-money laundering laws and regulations with which the Company must comply in the UK or Guernsey, the Company and its agents, the Administrator, the Registrar and Liberum may require evidence in connection with any application for Shares, including further identification of the applicant(s) before any Shares are issued.

The Company and its agents, the Administrator, the Registrar and Liberum reserve the right to request such information as is necessary to verify the identity of the prospective Shareholder and (if any) the underlying prospective beneficial owner of the Shares. In the event of delay or failure by the prospective Shareholder to produce any information required for verification purposes, the Directors, in consultation with Liberum, may refuse to accept a subscription for Shares.

12. DILUTION

Other than the subscriber Share issued to a nominee company on behalf of the Investment Manager on the Company's incorporation, the Company has no Shares in issue and there will therefore be no dilution of existing Shareholders pursuant to the Placing.

PART 5

DETAILS OF THE PLACING PROGRAMME

1. INTRODUCTION

The Company has instituted a Placing Programme under which the Board has discretion to issue up to 500 million Shares. The maximum number of Shares available under the Placing Programme should not be taken as an indication of the number of Shares finally to be issued. The allotment and issue of Shares under the Placing Programme is at the discretion of the Directors. The Placing Programme is intended to be flexible and allotments and issuances may take place at any time prior to the final closing date of 2 November 2016.

The terms and conditions which shall apply to any subscription for Shares procured by Liberum pursuant to a Subsequent Placing are set out in Part 8 of this document. Each Placee will agree to be bound by the Articles once the Shares that the Placee has agreed to subscribe for pursuant to such Subsequent Placing have been acquired by the Placee.

Each allotment and issue of Shares pursuant to a Subsequent Placing is conditional, amongst other things, on:

- the Placing Programme Price being not less than the prevailing cum income Net Asset Value per Share;
- Admission of the Shares issued pursuant to such Subsequent Placing; and
- the Placing Agreement not being terminated in accordance with its terms and a particular Subsequent Placing becoming unconditional, in each case in accordance with the terms of the Placing Agreement, prior to the completion of the Subsequent Placing.

In circumstances in which these conditions are not fully met, the relevant issue of Shares pursuant to the Placing Programme will not take place.

2. BACKGROUND TO AND REASONS FOR THE PLACING PROGRAMME

The Company wishes to have the flexibility to issue further Shares where there appears to be reasonable demand for Shares in the market, for example if the Shares trade at a premium to their Net Asset Value per Share. In addition, as any Shares issued under the Placing Programme will be issued at a price not less than the prevailing cum income Net Asset Value per Share, an issue of Shares under the Placing Programme may be used by the Company to reduce any premium over NAV per Share at which the Shares may be trading. Shares will be issued pursuant to the Placing Programme when the Directors consider that it is in the best interests of Shareholders to do so.

3. BENEFITS OF THE PLACING PROGRAMME

The Directors believe that the issue of Shares pursuant to the Placing Programme should yield the following principal benefits:

- maintain the Company's ability to issue Shares, so as to better manage any premium at which the Shares may trade to NAV per Share;
- grow the Company, thereby spreading operating costs over a larger capital base which should reduce the total expense ratio; and
- improve liquidity in the market for the Shares.

In addition, if Shares are issued pursuant to the Placing Programme at a premium that exceeds the costs and expenses of the issue, that will enhance the NAV per Share of the existing Shares.

4. INVESTOR PROFILE

Typical investors in the Company pursuant to the Placing Programme are expected to be institutional and sophisticated investors.

5. THE PLACING PROGRAMME

The Placing Programme will open immediately following Admission and is expected to close on 2 November 2016 (or any earlier date on which it is fully subscribed). The maximum number of Shares to be issued pursuant to the Placing Programme is 500 million.

The allotment and issue of Shares under the Placing Programme is at the discretion of the Directors. Allotments and issuances may take place at any time prior to the final closing date of 2 November 2016. An announcement of each allotment and issue pursuant to a Subsequent Placing will be released by RIS announcement, including details of the number of Shares allotted and issued and the applicable Placing Programme Price for the allotment and issue. It is anticipated that dealings in the Shares will commence two Business Days after the trade date for each Subsequent Placing.

Shares issued pursuant to a Subsequent Placing will be issued in registered form and may be held in certificated or uncertificated form. No temporary documents of title will be issued. Dealings in Shares issued pursuant to a Subsequent Placing in advance of the crediting of the relevant stock account shall be at the risk of the persons concerned. It is expected that CREST accounts will be credited on the date of Admission in respect of Shares held in uncertificated form and definitive share certificates in respect of Placing Programmes held in certificated form will be despatched approximately one week after Admission.

Such Shares will, subject to the Company's decision to proceed with a placing under the Placing Programme at any given time, be issued to Placees secured by Liberum at the Placing Programme Price. No Shares will be issued at a discount to the Net Asset Value per Share at the time of the relevant allotment.

The Placing Programme is not being underwritten and, as at the date of this document, the actual number of Shares to be issued under the Placing Programme is not known. The number of Shares available under the Placing Programme should not be taken as an indication of the number of Shares finally to be issued.

So far as the Directors are aware as at the date of this document, no Directors (or existing Shareholders) intend to make a commitment for Shares under the Placing Programme.

Applications will be made to the London Stock Exchange for the Shares issued pursuant to the Placing Programme to be admitted to trading on the Specialist Fund Market. All Shares issued pursuant to the Placing Programme will be issued conditionally on such Admission occurring.

The Shares issued pursuant to the Placing Programme will rank *pari passu* with the Shares then in issue (save for any dividends or other distributions declared, made or paid on the Shares by reference to a record date prior to the issue of the relevant Shares).

The Placing Programme will be suspended at any time when the Company is unable to issue Shares pursuant to the Placing Programme under any statutory provision or other regulation applicable to the Company or otherwise at the Directors' discretion. The Placing Programme may resume when such conditions cease to exist.

Details of the Placing Agreement are set out in paragraph 6 of Part 7 of this document.

6. CALCULATION OF THE PLACING PROGRAMME PRICE

The Placing Programme Price will be calculated by reference to the estimated cum income Net Asset Value of each existing Share together with a premium to the Net Asset Value per Share intended to cover the costs and expenses of the placing pursuant to the Placing Programme (including, without limitation, any placing commissions). The Directors will determine the Placing Programme Price on the basis described above so as to cover the costs and expenses of each Subsequent Placing under the Placing Programme and thereby avoid any dilution of the Net Asset Value of the existing Shares held by Shareholders.

Fractions of Shares will not be issued and placing consideration will be allocated accordingly. Where Shares are issued, the total assets of the Company will increase by that number of Shares multiplied by the relevant Placing Programme Price. It is not expected that there will be any material impact on the earnings and Net Asset Value per Share, as the net proceeds resulting from any issue are expected to be invested in accordance with the investment objective and policy of the Company and the Placing Programme Price is expected to represent a modest premium to the then prevailing Net Asset Value.

7. COSTS OF THE PLACING PROGRAMME

The costs of the Placing Programme, including the commissions payable to Liberum on the Shares issued pursuant to the Placing Programme, are expected to be recouped through the premium to the Net Asset Value per Share at which the relevant Shares are issued pursuant to the Placing Programme.

8. SETTLEMENT

Payment for Shares issued under the Placing Programme will be made through CREST or through Liberum, in any such case in accordance with settlement instructions to be notified to Placees by Liberum. In the case of those subscribers not using CREST, monies received by Liberum will be held in a segregated client account pending settlement.

To the extent that any placing commitment is rejected in whole or in part, any monies received will be returned without interest at the risk of the Placee.

The Company does not propose to accept multiple subscriptions. Financial intermediaries who are investing on behalf of clients should make separate applications or, if making a single application for more than one client, provide details of all clients in respect of whom application is being made. Multiple applications or suspected multiple applications on behalf of a single client are liable to be rejected.

9. CERTIFICATES AND CREST

CREST is a paperless settlement procedure operated by Euroclear enabling securities to be evidenced otherwise than by a certificate and transferred otherwise than by written instrument. The Articles permit the holding of Shares under the CREST system. The Company will apply for any Shares issued under the Placing Programme to be admitted to CREST with effect from Admission and it is expected that any such Shares will be admitted with effect from that time. Accordingly, settlement of transactions in any such Shares following Admission may take place within the CREST system if any Shareholder so wishes.

It is expected that the Company will arrange for Euroclear to be instructed to credit the appropriate CREST accounts of the subscribers concerned or their nominees with their respective entitlements to Shares. The names of subscribers or their nominees investing through their CREST accounts will be entered directly on to the share register of the Company.

The transfer of Shares out of the CREST system following the issue of Shares under the Placing Programme should be arranged directly through CREST. However, an investor's beneficial holding held through the CREST system may be exchanged, in whole or in part, only upon the specific request of the registered holder to CREST for share certificates or an uncertificated holding in definitive registered form.

10. USE OF PROCEEDS

The net proceeds of any Subsequent Placing will depend on the number of Shares issued pursuant to it and the relevant Placing Programme Price. The Directors intend to invest such net proceeds in accordance with the Company's investment objective and investment policy.

11. SCALING BACK

In the event that applications for Shares to be issued pursuant to any Subsequent Placing exceed a level that the Directors determine, in their absolute discretion at the time of closing that Subsequent Placing, to be the appropriate maximum size of that issue of Shares and, in any event, if applications under the Placing Programme exceed the maximum number of Shares available under the Placing Programme, it would be necessary to scale back applications under the relevant Subsequent Placing. Liberum reserves the right, after consultation with the Company and the Investment Manager, to scale back applications in such amounts as it considers appropriate. The Company reserves the right to decline in whole or in part any application for Shares issued pursuant to the Placing Programme.

The Company will notify investors of the number of Shares in respect of which their application has been successful, and the results of each Subsequent Placing (including the number of Shares issued and the Placing Programme Price) will be announced by the Company by way of an announcement through a Regulatory Information Service as soon as possible following the closing of each Subsequent Placing.

12. OVERSEAS INVESTORS

This document does not constitute an offer to sell, or the solicitation of an offer to acquire or subscribe for, Shares under the Placing Programme in any jurisdiction where such an offer or solicitation is unlawful or would impose any unfulfilled registration, qualification, publication or approval requirements on the Company.

The Company has elected to impose the restrictions described below on the Placing Programme and on the future trading of the Shares so that the Company will not be required to register the offer and sale of the Shares under the Securities Act and will not have an obligation to register as an investment company under the US Investment Company Act and related rules and also to address certain ERISA, Internal Revenue Code and other considerations.

The Shares have not been, nor will be, registered under the Securities Act or under the securities legislation of any state or other political sub-division of the United States and, subject to certain exceptions, the Shares may not be offered, sold, exercised, resold, transferred or delivered, directly or indirectly, within the United States, Australia, Canada, the Republic of South Africa or Japan or to, or for the account or benefit of, US Persons (as defined in Regulation S). There will be no public offer of the Shares in the United States. The Shares are being offered and sold outside the United States to non-US Persons in reliance on the exemption from registration provided by Regulation S. Moreover, the Company has not been and will not be registered under the Investment Company Act and investors will not be entitled to the benefits of the Investment Company Act. The Shares and any beneficial interests therein may only be transferred in an offshore transaction in accordance with Regulation S to: (i) a person outside the United States and not known by the transferor to be a US Person, by prearrangement or otherwise; (ii) the Company or a subsidiary thereof; or (iii) otherwise to a person in a transaction in compliance with an exemption from the registration requirements of the Securities Act and under circumstances which will not require the Company to register under the Investment Company Act. Neither the Shares nor any beneficial interests therein may be sold or transferred to (i) an "employee benefit plan" as defined in Section 3(3) of ERISA that is subject to Part 4 of Subtitle B of Title I of ERISA, (ii) a "plan" as defined in Section 4975 of the Internal Revenue Code, including an individual retirement account, that is subject to Section 4975 of the Internal Revenue Code, or (iii) an entity whose underlying assets include the assets of any such "employee benefit plan" or "plan" by reason of ERISA or the Plan Assets Regulation, or otherwise (including certain insurance company general accounts) for purposes of Section 406 of ERISA or Section 4975 of the Internal Revenue Code.

The relevant clearances have not been and will not be obtained from the securities regulatory authority of the United States, any member state of the EEA other than the United Kingdom, Australia, Canada, the Republic of South Africa or Japan and the Shares may not, subject to certain exceptions, be offered or sold directly or indirectly in, into or within the United States, any member state of the EEA other than the United Kingdom, Australia, Canada, the Republic of South Africa or Japan.

13. MONEY LAUNDERING

Pursuant to anti-money laundering laws and regulations with which the Company must comply in the UK or Guernsey, the Company and its agents, the Administrator, the Registrar and Liberum may require evidence in connection with any application for Shares, including further identification of the applicant(s) before any Shares are issued.

The Company and its agents, the Administrator, the Registrar and Liberum reserve the right to request such information as is necessary to verify the identity of the prospective Shareholder and (if any) the underlying prospective beneficial owner of the Shares. In the event of delay or failure by the prospective Shareholder to produce any information required for verification purposes, the Directors, in consultation with Liberum, may refuse to accept a subscription for Shares.

14. DILUTION

The Company does not intend that any Shares issued pursuant to a Subsequent Placing will be offered to existing Shareholders on a *pro rata* basis. The percentage holding of a Shareholder will be diluted to the extent that Shares are issued pursuant to the Placing Programme and any such Shareholder does not participate in the Subsequent Placing.

PART 6

TAXATION

1. INTRODUCTION

The information below, which relates only to Guernsey and United Kingdom taxation, summarises the advice received by the Board from the Company's tax advisers in so far as applicable to the Company and to persons who are resident or ordinarily resident in Guernsey or the United Kingdom for taxation purposes and who hold Shares as an investment. It is based on current Guernsey and United Kingdom tax law and published practice, respectively, which law or practice is, in principle, subject to any subsequent changes therein (potentially with retrospective effect). Certain Shareholders, such as dealers in securities, collective investment schemes, insurance companies and persons acquiring their Shares in connection with their employment may be taxed differently and are not considered. The tax consequences for each Shareholder of investing in the Company may depend upon the Shareholder's own tax position and upon the relevant laws of any jurisdiction to which the Shareholder is subject.

If you are in any doubt about your tax position, you should consult your professional adviser.

2. GUERNSEY TAXATION

The Company

The Company has applied for and expects to receive exemption from liability to income tax in Guernsey under the Income Tax (Exempt Bodies) (Guernsey) Ordinance, 1989 as amended ("**Exempt Bodies Ordinance**") by the Director of Income Tax in Guernsey for the current year. Exemption must be applied for annually and will be granted, subject to the payment of an annual fee, which is currently fixed at £1,200, provided the Company qualifies under the applicable legislation for exemption. It is the intention of the Directors to conduct the affairs of the Company so as to ensure that it continues to qualify for exempt company status for the purposes of Guernsey taxation.

As an exempt company, the Company is and will be treated as if it were not resident in Guernsey for the purposes of liability to Guernsey income tax. Under current law and practice in Guernsey, the Company will only be liable to tax in Guernsey in respect of income arising or accruing in Guernsey, other than from a relevant bank deposit.

Taxation of Shareholders

Shareholders not resident for tax purposes in Guernsey (which includes Alderney and Herm for these purposes) will not be subject to income tax in Guernsey and will receive dividends without deduction of Guernsey income tax. Any Shareholders who are resident for tax purposes in Guernsey, Alderney or Herm will be subject to income tax in Guernsey on any dividends paid on Ordinary Shares owned by them but will suffer no deduction of tax by the Company from any such dividend payable by the Company whilst the Company maintains exempt status.

The Company is required to provide the Director of Income Tax in Guernsey with such particulars relating to any distribution paid to Guernsey resident Shareholders as the Director of Income Tax may require, including the names and addresses of the Guernsey resident Shareholders, the gross amount of any distribution paid and the date of the payment.

The Director of Income Tax can require the Company to provide the name and address of every Guernsey resident who, on a specified date, has a beneficial interest in shares in the Company, with details of the interest.

Except as mentioned above, Shareholders are not subject to tax in Guernsey as a result of purchasing, owning or disposing of Shares or either participating or choosing not to participate in a redemption of shares in the Company.

Capital Taxes and Stamp Duty

Guernsey currently does not levy taxes upon capital inheritances, capital gains, gifts, sales or turnover (unless the varying of investments and the timing of such investments to account is a business or part of a business), nor are there any estate duties, save for registration fees and ad valorem duty for a Guernsey grant of representation where the deceased dies leaving assets in Guernsey (which required presentation of such a grant). No stamp duty is chargeable in Guernsey on the issue, transfer, switching or redemption of shares in the Company.

EU Savings Tax Directive

Although not a Member State of the European Union, Guernsey, in common with certain other jurisdictions, entered into bilateral agreements with Member States on the taxation of savings income. Paying agents in Guernsey must automatically report to the Director of Income Tax in Guernsey any interest payment to individuals resident in the contracting Member States which falls within the scope of the EU Savings Directive (2003/48/EC) ("**EU Savings Directive**") as applied in Guernsey. However, whilst such interest payments may include distributions from the proceeds of shares or units in certain collective investment schemes which are, or are equivalent to, UCITS, in accordance with EC Directive 85/611/EEC (as recast by EC Directive 2009/65/EC (recast)) and guidance notes issued by the States of Guernsey on the implementation of the bilateral agreements, the Company should not be regarded as, or as equivalent to, a UCITS. Accordingly, any payments made by the Company to an individual beneficial owner resident in an EU Member State will not be subject to reporting obligations pursuant to the agreements between Guernsey and Member States to implement the EU Savings Directive in Guernsey.

On 24 March 2014, the Council of the European Union formally adopted a directive (the "**Amending Directive**") to amend the EU Savings Directive. The amendments significantly widen the scope of the EU Savings Directive. Member States are required to adopt national legislation to comply with the amended EU Savings Directive by 1 January 2016. The amended EU Savings Directive is anticipated to be applicable from 2017.

However, on 18 March 2015 the European Commission announced a proposal to repeal the EU Savings Directive from 1 January 2017 in the case of Austria and from 1 January 2016 in the case of all other Member States (subject to ongoing requirements to fulfil administrative obligations such as the reporting and exchange of information relating to, and accounting for withholding taxes on, payments made before those dates. This is to prevent overlap between the EU Savings Directive and a new automatic exchange of information regime to be implemented under Council Directive 2011/16/EU on Administrative Cooperation in the field of Taxation (as amended by Council Directive 2014/107/EU). The proposal also provides that, if it proceeds, Member States will not be required to apply the new requirements of the Amending Directive. This proposal is still being considered and has not yet been adopted.

Guernsey, along with other dependent and associated territories, will consider the effect of the amendments to, or any repeal of, the EU Savings Directive in the context of existing bilateral agreements and domestic law. If changes to the implementation of the EU Savings Directive are brought into effect, or if it is repealed, then the treatment of investors in the Company and the position of the Company in relation to the EU Savings Directive may be different to that set out above.

FATCA- US-Guernsey Intergovernmental agreement

On 13 December 2013 the Chief Minister of Guernsey signed an intergovernmental agreement with the US (the "**US-Guernsey IGA**") regarding the implementation of FATCA, under which certain disclosure requirements are imposed in respect of certain investors in the Company who are, or being entities are controlled by one or more, residents or citizens of the US. The US-Guernsey IGA is implemented through Guernsey's domestic legislation, in accordance with guidance which is currently published in draft form. Accordingly, the full impact of the US-Guernsey IGA on the Company and the Company's reporting responsibilities pursuant to the US-Guernsey IGA as implemented in Guernsey is currently uncertain.

UK-Guernsey Intergovernmental Agreement

On 22 October 2013, the Chief Minister of Guernsey signed an intergovernmental agreement with the UK ("**UK-Guernsey IGA**") under which certain disclosure requirements are imposed in respect of certain investors in the Company who are residents of the UK or in the case of entities, are controlled by one or

more residents of the UK. The UK-Guernsey IGA is implemented through Guernsey's domestic legislation, in accordance with guidance which is currently published in draft form. Accordingly, the full impact of the UK-Guernsey IGA on the Company and the Company's reporting responsibilities pursuant to the UK-Guernsey IGA as implemented in Guernsey is currently uncertain.

Reporting under the Foreign Multilateral Competent Authority Agreement For Automatic Exchange Of Taxpayer Information

On 13 February 2014, the Organization for Economic Co-operation and Development released a "Common Reporting Standard" ("**CRS**") designed to create a global standard for the automatic exchange of financial account information, similar to the information to be reported under FATCA. On 29 October 2014, fifty-one jurisdictions signed a multilateral competent authority agreement ("**Multilateral Agreement**") that activates this automatic exchange of FATCA-like information in line with the CRS. Pursuant to the Multilateral Agreement, certain disclosure requirements will be imposed in respect of certain investors in the Company who are, or are entities that are controlled by one or more, residents of any of the signatory jurisdictions. Both Guernsey and the UK have signed up to the Multilateral Agreement, but the US has not signed the Multilateral Agreement. Early adopters who signed the Multilateral Agreement (including Guernsey) have pledged to work towards the first information exchanges taking place by September 2017. Others are expected to follow with information exchange starting in 2018. Guidance regarding the implementation of the CRS and the Multilateral Agreement in Guernsey is yet to be published in finalised form. Accordingly, the full impact of the CRS and the Multilateral Agreement on the Company and the Company's reporting responsibilities pursuant to the Multilateral Agreement as it will be implemented in Guernsey is currently uncertain.

Whilst the Company will seek to satisfy its obligations under each of the US-Guernsey IGA, the UK-Guernsey IGA, the Multilateral Agreement and the CRS as implemented in Guernsey pursuant to regulations and to guidance (which is yet to be published in final form) in order to avoid the imposition of any financial penalties under Guernsey law, the ability of the Company to satisfy such obligations will depend on receiving relevant information and/or documentation about each investor and where appropriate the direct and indirect beneficial owners of the interests held in the Company. There can be no assurance that the Company will be able to satisfy such obligations.

3. UNITED KINGDOM TAXATION

The Company

The Directors intend to conduct the management and control of the affairs of the Company in such a way that it should not be resident in the United Kingdom for United Kingdom tax purposes. Accordingly, on the basis that the Company is not resident in the United Kingdom and provided that the Company does not carry on a trade in the United Kingdom (whether or not through a branch, agency or permanent establishment situated therein), the Company will not be subject to United Kingdom corporation tax, nor will it be subject to United Kingdom income tax other than on any United Kingdom source income.

Shareholders

UK Offshore Fund Rules

The Directors have been advised that the Company should not be, and the shares in the Company should not be shares in, an "offshore fund" for the purposes of United Kingdom taxation.

Taxation of chargeable gains

A disposal of Shares by a Shareholder who is resident in the United Kingdom for United Kingdom tax purposes or who is not so resident but carries on business in the United Kingdom through a branch, agency or permanent establishment with which their investment in the Company is connected may give rise to a chargeable gain or an allowable loss for the purposes of UK taxation of chargeable gains or capital gains, depending on the Shareholder's circumstances and subject to any available exemption or relief.

For individual Shareholders, capital gains tax at the rate of 18 per cent. (for basic rate taxpayers) or 28 per cent. (for higher or additional rate taxpayers) will be payable on any gain. Individuals may benefit from certain reliefs and allowances (including an annual exemption allowance, which for the tax year 2015-16 exempts the first £11,100 of gains from tax) depending on their circumstances.

For Shareholders that are bodies corporate resident in the United Kingdom any gain will be within the charge to corporation tax (chargeable at the applicable corporation tax rate for each Shareholder). Shareholders that are bodies corporate resident in the United Kingdom for taxation purposes will benefit from indexation allowance which, in general terms, increases the chargeable gains tax base cost of an asset in accordance with the rise in the retail prices index.

Taxation of dividends

Individual Shareholders resident in the United Kingdom for tax purposes will be liable to UK income tax in respect of dividends or other income distributions of the Company. An individual Shareholder resident in the UK for tax purposes and in receipt of a dividend from the Company will, provided they own less than 10 per cent. of the Shares, be entitled to claim a non-repayable dividend tax credit equal to one-ninth of the dividend received.

Individual Shareholders resident but not domiciled in the United Kingdom to which the remittance basis apply will be liable to UK income tax in respect of dividends or other distributions of the Company on remittance of such to the United Kingdom.

Shareholders that are bodies corporate resident in the United Kingdom for tax purposes may be able to rely on Part 9A of the Corporation Tax Act 2009 to exempt dividends received from being chargeable to UK corporation tax. Where none of the exemptions apply, the dividends will be liable to UK corporation tax at the applicable corporation tax rate.

From April 2016 (2016-17 tax year), the dividend tax credit will be abolished and a new dividend tax allowance of £5,000 a year will be introduced. New rates of tax on dividends for UK tax payers will also be introduced. These rates will apply to dividends received by an individual above the dividend tax allowance. A rate of 7.5 per cent. applies to basic rate tax payers, 32.5 per cent. for higher rate tax payers and 38.1 per cent. additional rate tax payers.

Withholding tax

The Company will not be required to withhold UK tax at source from any dividends or redemption proceeds payable to Shareholders.

Stamp duty and Stamp Duty Reserve Tax ("SDRT")

No UK stamp duty or SDRT will arise on the issue of Shares.

No UK stamp duty will be payable on a transfer of Shares, provided that all instruments effecting or evidencing the transfer (or matters or things done in relation to the transfer) are not executed in the United Kingdom and no matters or actions relating to the transfer are performed in the United Kingdom.

Provided that the Shares are not registered in any register kept in the United Kingdom by or on behalf of the Company and that the Shares are not paired with shares issued by a company incorporated in the United Kingdom, any agreement to transfer the Shares will not be subject to UK SDRT.

New Individual Savings Accounts ("NISAs") and Small Self Administered Schemes ("SSASs")/Self-Invested Personal Pensions ("SIPPs")

Shares acquired pursuant to the Issue will not be eligible to be held in a NISA. Shares acquired in the secondary market should be eligible for inclusion in a NISA, subject to the applicable subscription limits. Investors resident in the United Kingdom who are considering acquiring Shares in the secondary market are recommended to consult their own tax and/or investment advisers in relation to the eligibility of the Shares for NISAs and SSAS/SIPPs.

The annual ISA investment allowance is £15,240 for the 2015-16 tax year.

Other United Kingdom tax considerations

Controlled Foreign Companies

If the Company is controlled by United Kingdom residents such that it would be a "Controlled Foreign Company" for United Kingdom tax purposes, United Kingdom resident companies having an interest in the

Company, such that 25 per cent. or more of the Company's profits for an accounting period could be apportioned to them, may be liable to United Kingdom corporation tax in respect of their share of the Company's profits in accordance with the provisions of Part 9A of the Taxation (International and Other Provisions) Act 2010.

Prevention of Avoidance of Income Tax

Individual Shareholders resident in the United Kingdom should note the provisions in Chapter 2 of Part 13 of the Income Tax Act 2007. These provisions are aimed at preventing the avoidance of income tax through transactions resulting in the transfer of assets to non-UK resident persons, and may render the UK-resident shareholder liable to taxation in respect of any undistributed income profits of the company.

However, the provisions do not apply if such a Shareholder can satisfy HMRC that, either (i) it would not be reasonable to conclude from all the circumstances of the case that avoiding liability to tax was the purpose or one of the purposes of effecting the transaction; or (ii) the transaction was a genuine commercial transaction and it would not be reasonable to conclude from all the circumstances of the case that one or more of the transactions was more than incidentally designed for the purpose of avoiding liability to taxation.

Attribution of Gains to Persons Resident in the United Kingdom

If the Company would be a "close company" for United Kingdom tax purposes if resident in the United Kingdom, in certain circumstances, a portion of capital gains made by the Company can be attributed to a Shareholder who holds, alone or together with associated persons, more than 25 per cent. of the Shares.

If any Shareholder is in doubt as to his taxation position, he is strongly recommended to consult an independent professional adviser without delay.

PART 7

ADDITIONAL INFORMATION

1. INCORPORATION AND STATUS OF THE COMPANY

1.1 The Company was incorporated with limited liability by shares in Guernsey under the Companies Law on 7 October 2015 with registered number 61003.

1.2 The principal legislation under which the Company operates is the Companies Law.

1.3 The Company's legal and commercial name is Axiom European Financial Debt Fund Limited.

1.4 The address of the registered office and principal place of business of the Company and the business address of the Directors is P.O. Box 650, 1st Floor, Royal Chambers, St Julian's Avenue, St Peter Port, Guernsey GY1 3JX, Channel Islands. The statutory records of the Company will be kept at this address. The telephone number of the Company's registered office is +44 1481 810 100.

1.5 The Company has no employees and most of its day-to-day activities are carried out by third parties.

1.6 The Company has no subsidiary or parent undertakings, associated companies and neither owns nor leases any premises.

1.7 As at the date of this document, the Company has not traded or commenced operations and no financial statements have been made up since its incorporation on 7 October 2015. The Company's accounting period will end on 31 December of each year, with the first year end on 31 December 2016.

1.8 The Company is neither regulated nor authorised by the FCA. From Admission, it will be subject to the Prospectus Rules and the Disclosure and Transparency Rules. As at the date of this document, the Company is regulated by the GFSC as a registered closed-ended collective investment scheme under the POI Law and the RCIS Rules.

1.9 Regulated schemes are regulated by the Commission insofar as they are required to comply with the requirements of the RCIS Rules, including the requirements to notify the Commission of certain events and the disclosure requirements of the Commission's Prospectus Rules 2008.

1.10 Save for its entry into the material contracts summarised in paragraph 8 of this Part 7, since its incorporation the Company has not carried on business, incurred any borrowings, issued any debt securities, incurred any contingent liabilities or made any guarantees, nor granted any charges or mortgages.

1.11 Ernst & Young LLP has been the only auditor of the Company since its incorporation. Ernst & Young LLP is a member of Institute of Chartered Accountants in England and Wales. The annual report and financial statements of the Company will be prepared according to IFRS and in accordance with the requirements of the Companies Law.

1.12 The Company has no fixed life.

2. SHARE CAPITAL OF THE COMPANY

2.1 The share capital of the Company consists of an unlimited number of shares of no par value which upon issue the Directors may classify as Shares, B Shares or C Shares denominated in such currencies as the Directors may determine.

2.2 As at the date of incorporation and as at the date of this document, the Company's issued share capital comprises one fully paid Share issued at a price of £1.00.

2.3 As at the date of this document, the entire issued share capital of the Company, comprising one Share, is held by the subscriber to the Memorandum, Elysium Secretaries Limited of PO Box 650, 1st Floor, Royal Chambers, St. Julian's Avenue, St. Peter Port, Guernsey GY1 3JX, on trust for the Investment Manager and will be transferred pursuant to the Placing.

2.4 The Shares will be issued and created in accordance with the Articles and the Companies Law and the Directors have absolute authority to allot and issue the Shares under the Articles and are expected to resolve, conditionally only on Admission, to allot and issue Shares shortly prior to Admission in respect of the Shares to be issued pursuant to the Placing.

2.5 Pursuant to a written resolution of the subscriber to the Company's Memorandum dated 2 November 2015:

(a) the Directors have been granted general authority to purchase in the market up to 14.99 per cent. of the Shares in issue immediately following Admission. The Directors intend to seek annual renewal of this authority from the Shareholders at the Company's annual general meetings. In the event that the Board decides to repurchase Shares, purchases will only be made through the market for cash at prices (taking account of the expenses of purchases) not exceeding the latest reported Net Asset Value per Share and the maximum price to be paid per Share must not be more than the higher of (a) five per cent. above the average of the mid-market values of the Shares for the five Business Days before the purchase is made; and (b) the higher of the last independent trade or the highest current independent bid for the Shares, and purchases must be made in accordance with the Companies Law, which provides among other things that any such purchase is subject to the Company passing the solvency test contained in the Companies Law at the relevant time; and

(b) it was resolved to adopt new articles of incorporation of the Company, in the form summarised in paragraph 3 below.

2.6 The Company does not hold any Shares in treasury and no Shares are held by or on behalf of the Company itself.

2.7 Other than the issue of Shares pursuant to the Placing and, if the Directors so determine, under the Placing Programme, the Company has no present intention to issue any new shares in the share capital of the Company.

2.8 The Company does not have in issue any securities not representing share capital.

2.9 No shares of the Company are currently in issue with a fixed date on which entitlement to a dividend arises and there are no arrangements in force whereby future dividends are waived or agreed to be waived.

2.10 Save as disclosed in this paragraph 2, there has been no issue of share or loan capital of the Company since its incorporation and (other than pursuant to the Placing and, if the Directors so determine, under the Placing Programme) no such issues are proposed.

2.11 Save as disclosed in paragraph 6 below, no commissions, discounts, brokerages or other special terms have been granted by the Company in connection with the issue or sale of any share or loan capital of the Company since the date of its incorporation.

2.12 On Admission no share or loan capital of the Company will be under option or has been agreed conditionally or unconditionally to be put under option.

2.13 The Shares will be in registered form. No temporary documents of title will be issued and prior to the issue of definitive certificates, transfers will be certified against the register. It is expected that definitive share certificates for the Shares not to be held through CREST will be posted to Placees by 19 November 2015. Shares to be held through CREST will be credited to CREST accounts on Admission.

2.14 No convertible securities, exchangeable securities or securities with warrants have been issued by the Company and remain outstanding.

2.15 Except as set out below, as at the date of this document, the Company is not aware of any person who, immediately following Admission, would be directly or indirectly interested in 3 per cent. or more of the Company's issued share capital.

Name	*Number of Shares immediately following Admission*	*Percentage of issued share capital immediately following Admission*
Axiom Alternative Investments SARL*	15,200,000	29.96
Serimnir Fund	10,000,000	19.71
Turcan Connell Asset Management Limited	7,130,500	14.05
Capfi Delen Asset Management Limited	5,073,767	10.00
Alvis Asset Management Limited	3,600,000	7.10
Brooks Macdonald Asset Management Limited	2,500,000	4.93
Alder Investment Management Limited	2,000,000	3.94

*Immediately following Admission Axiom Alternative Investments SARL will be the legal and beneficial owner of 11,000,000 Shares, and will be the legal owner of a further 4,200,000 Shares, the beneficial interest in which will be held by Mount Capital Limited.

2.16 No person has voting rights that differ from those of other Shareholders.

2.17 Pending the allotment of Shares pursuant to the Placing and before the commencement of its business, the Company is controlled by Elysium Secretaries Limited (which holds the single issued subscriber Share on trust for the Investment Manager), as described in paragraph 2.3 above. The Company and the Directors are not aware of any other person who, directly or indirectly, jointly or severally, exercises or could exercise control of the Company.

2.18 The Company and the Directors are not aware of any arrangement, the operation of which may at a subsequent date result in a change of control of the Company.

2.19 Save as set out above, as at the date of this document, neither the Investment Manager nor any person connected with the Investment Manager has a shareholding or any other interest in the share capital of the Company.

3. ARTICLES OF INCORPORATION

The Articles contain provisions, *inter alia*, to the following effect.

3.1 Objects

The Memorandum and Articles do not limit the objects of the Company.

3.2 Voting rights

Subject to any special rights or restrictions for the time being attached to any class of shares, every holder (being an individual) present in person or by proxy or (being a corporation) present by a duly authorised representative or by proxy at a general meeting has, on a show of hands, one vote and, on a poll, one vote for every Share held by him.

3.3 Restrictions on voting

Unless the Board otherwise decides, a holder shall not be entitled to vote, either in person or by proxy, at any general meeting of the Company or at any separate general meeting of the holders of any class of shares in the Company in respect of any share held by him unless all calls and other amounts presently payable by him in respect of that share have been paid.

A holder shall not, if the Directors determine, be entitled to be present or to vote at general meetings of the Company or to exercise any other rights of membership if he, or another person appearing to be interested in the relevant shares, has failed to comply with a notice requiring disclosure of interests in shares given in accordance with the Articles within 14 days.

3.4 **Dividends**

Subject to compliance with the Companies Law, the Board may at any time declare and pay such dividends and distributions to be paid to the holders in accordance with the procedures set out in the Companies Law and subject to any holder's rights attaching to their shares. The amount of dividends or distributions paid in respect of one class of shares may be different from that of another class. No dividend, distribution or other monies payable by the Company on or in respect of any Share shall bear interest as against the Company unless otherwise provided by the rights attaching to the Share.

The Directors may, if authorised by Shareholders by ordinary resolution, offer the holders of any particular class of shares in the Company the right to elect to receive further shares (whether or not of that class), credited as fully paid, instead of cash in respect of all or part of any dividend specified by the ordinary resolution.

The Board may fix a date as the record date by reference to which a dividend will be declared or paid or a distribution, allotment or issue made, and that date may be before, on or after the date on which the dividend, distribution, allotment or issue is declared.

A dividend unclaimed for a period of 12 years after having been declared or became due for payment shall be forfeited and cease to remain owing by the Company.

3.5 **Return of capital**

If the Company is wound up, the liquidator may, with the sanction of a special resolution and any other sanction required by law, divide among the holders *in specie* the whole or any part of the assets of the Company and may, for that purpose, value any assets and determine how the division shall be carried out as between the holders or different classes of holders. The liquidator may with the same sanction, vest the whole or any part of the assets in trustees on trusts for the benefit of the holders as the liquidator, with the same sanction, thinks fit but no holders shall be compelled to accept any assets on which there is any liability.

3.6 **Variation of rights**

All or any of the rights attaching to a class of shares in the Company may be varied with the written consent of the holders of not less than three-fourths in nominal value of the issued shares of the class (excluding any shares of the class held as treasury shares), or with the sanction of a special resolution passed at a separate class meeting of the holders of the relevant class. The quorum for the separate class meeting shall be two persons holding, or represented by proxy, not less than one-third in nominal value of the issued shares of the relevant class (excluding any shares of the class held as treasury shares save that where the class has only one holder, the quorum shall be that holder).

3.7 **Transfer of shares**

Subject to the Articles (and the restrictions on transfer contained therein), a holder may transfer all or any of his Shares in any manner which is permitted by the Companies Law or in any other manner which is from time to time approved by the Board.

The Articles provide that the Board has power to implement such arrangements as it may, in its absolute discretion, think fit in order for Shares to be admitted to settlement by means of the CREST system. If the Board implements any such arrangements, no provision of the Articles will apply or have effect to the extent that it is in any respect inconsistent with:

(a) the holding of Shares in uncertificated form;

(b) the transfer of title to Shares by means of the CREST system; or

(c) the CREST Regulations or the RCIS Rules.

Where the Shares are, for the time being, admitted to settlement by means of the CREST system such securities may be issued in uncertificated form in accordance with and subject to the CREST Regulations and the RCIS Rules. Unless the Board otherwise determines, Shares held by the same

holder or joint holders in certificated form and uncertificated form will be treated as separate holdings. Shares may be changed from uncertificated to certificated form, and from certificated to uncertificated form, in accordance with and subject to the CREST Regulations and the RCIS Rules. Title to such of the Shares as are recorded on the register as being held in uncertificated form may be transferred only by means of the CREST system.

The Board may, in its absolute discretion and without giving a reason, refuse to register a transfer of any Share in certificated form or uncertificated form subject to the Articles which is not fully paid or on which the Company has a lien provided that, in the case of a Share, this would not prevent dealings in the Shares from taking place on an open and proper basis on the London Stock Exchange.

In addition, the Board may decline to transfer, convert or register a transfer of any Share in certificated form or (to the extent permitted by the CREST Regulations or the RCIS Rules) uncertificated form: (a) if it is in respect of more than one class of shares; (b) if it is in favour of more than four joint transferees; (c) if applicable, if it is delivered for registration to the registered office of the Company or such other place as the Board may decide, not accompanied by the certificate for the Shares to which it relates and such other evidence of title as the Board may reasonably require; or (d) if the transfer is in favour of any Non-Qualified Holder.

If any Shares are owned directly, indirectly or beneficially by a person believed by the Board to be a Non-Qualified Holder, the Board may give notice to such person requiring him either: (i) to provide the Board within 30 days of receipt of such notice with sufficient satisfactory documentary evidence to satisfy the Board that such person is not a Non-Qualified Holder; or (ii) to sell or transfer his Shares to a person who is not a Non-Qualified Holder within 30 days (or such other period as the Directors consider reasonable) and within such period to provide the Board with satisfactory evidence of such sale or transfer and pending such sale or transfer, the Board may suspend the exercise of any voting or consent rights and rights to receive notice of or attend any meeting of the Company and any rights to receive dividends or other distributions with respect to such shares. Where condition (i) or (ii) is not satisfied within 30 days after the serving of the notice, the person will be deemed, upon the expiration of such 30 days, to have forfeited his shares. If the Board in its absolute discretion so determines, the Company may dispose of the shares at the best price reasonably obtainable and pay the net proceeds of such disposal to the former holder.

3.8 Pre-emption rights

There are no provisions of Guernsey law which confer rights of pre-emption in respect of the allotment of shares of any class. However, the Articles provide that, unless authorised by Shareholders by ordinary resolution, the Directors may not issue any further Shares (including issues or sales of treasury shares) for cash at a price below the prevailing NAV per Share unless such Shares are first offered *pro rata* to existing Shareholders.

3.9 Alteration of capital and purchase of own shares

The Company may alter its share capital in accordance with the provisions in any manner permitted by the Companies Law.

3.10 General meetings

3.10.1 *Annual general meetings*

The Board shall convene and the Company shall hold annual general meetings in accordance with the requirements of the Companies Law. The first annual general meeting of the Company must be held within 18 months of the date of the Company's incorporation. Thereafter, an annual general meeting must be held at least once in every calendar year, and in any event, no more than 15 months after the last annual general meeting. Annual General Meetings shall be held at such place outside the United Kingdom as may be determined by the Board.

3.10.2 ***Convening of general meetings***

All meetings other than annual general meetings shall be called general meetings. The Board may convene a general meeting whenever it thinks fit. All general meetings shall be held in Guernsey or such other place outside the United Kingdom as may be determined by the Board. A general meeting shall also be convened by the Board on the requisition of holders who hold more than 10 per cent. of such capital of the Company as carries the right to vote at general meetings (excluding any capital held as treasury shares) pursuant to the provisions of the Companies Law or, in default, may be convened by such requisitions, as provided by the Companies Law. The Board shall comply with the provisions of the Companies Law regarding the giving and the circulation, on the requisition of holders, of notices of resolutions and of statements with respect to matters relating to any resolution to be proposed or business to be dealt with at any general meeting of the Company.

3.10.3 ***Orderly conduct of meetings***

The Board may both prior to and during any general meeting make any arrangements and impose any restrictions which it considers appropriate to ensure the security and/or the orderly conduct of any such general meeting, including, without limitation, arranging for any person attending any such meeting to be searched, for items of personal property which may be taken into any such meeting to be restricted and for any person (whether or not a holder of the Company) who refuses to comply with any such arrangements or restrictions to be refused entry to or excluded from any such meeting.

3.10.4 ***Notice of general meetings***

Subject to the provisions of the Companies Law, a general meeting (including an annual general meeting) shall be called by at least ten clear days' notice.

The notice shall specify the place, day and time of the meeting and the general nature of the business to be transacted and the text of any proposed special resolutions and ordinary resolutions.

Notice of every general meeting shall be given to all holders other than any who, under the provisions of the Articles or the terms of issue of the shares which they hold, are not entitled to receive such notices from the Company, and also to the auditors (or, if more than one, each of them) and to each director (and alternate director, if any).

Every notice of meeting shall state with reasonable prominence that a holder entitled to attend, speak and vote at the meeting may appoint one or more proxies to attend, speak and vote at that meeting instead of him and that a proxy need not be a holder.

3.10.5 ***Quorum***

No business shall be transacted at any general meeting unless a quorum is present when the meeting proceeds to business, but the absence of a quorum shall not preclude the choice or appointment of a chairman of the meeting which shall not be treated as part of the business of the meeting.

Except as otherwise provided by the Articles two persons entitled to attend and to vote on the business to be transacted, each being a holder present in person or by proxy or a duly authorised representative of a corporation which is a holder shall be a quorum. If within fifteen minutes from the time appointed for the commencement of the general meeting a quorum is not present, the meeting, if convened by or on the requisition of holders, shall be dissolved. In any other case, it shall stand adjourned to such other day (not being less than ten days later, excluding the day on which the meeting is adjourned and the day for which it is reconvened) and at such other time and place, as the chairman of the meeting may decide. If at an adjourned meeting a quorum is not present within 15 minutes from the time fixed for holding the meeting or if during the meeting a quorum ceases to be present, the adjourned meeting shall be dissolved.

3.10.6 ***Chairman***

The chairman of any general meeting shall be either:

(a) the chairman of the Board;

(b) in the absence of the chairman, or if the Board has no chairman, then the Board shall nominate one of their number to preside as chairman;

(c) if neither the chairman of the Board nor the nominated director are present at the meeting then the directors present at the meeting shall elect one of their number to be the chairman;

(d) if only one director is present at the meeting then he shall be chairman of the general meeting; or

(e) if no directors are present at the meeting then the holders present in person or by proxy shall elect a chairman for the meeting by an ordinary resolution.

3.10.7 ***Directors entitled to attend and speak***

Each director shall be entitled to attend and speak at any general meeting of the Company and at any separate general meeting of the holders of any class of shares of the Company.

3.10.8 ***Adjournment***

The chairman may with the consent of any meeting at which a quorum is present and shall if so directed by the meeting adjourn the meeting at any time and to any place.

In addition, the chairman of the meeting may at any time without the consent of the meeting adjourn the meeting (whether or not it has commenced or a quorum is present) to another time or place if, in his opinion, it would facilitate the conduct of the business of the meeting to do so, notwithstanding that by reason of such adjournment some holders may be unable to be present at the adjourned meeting.

3.10.9 ***Method of voting and demand for poll***

At a general meeting a resolution put to the vote of the meeting shall be decided on a show of hands, unless (before or immediately after the declaration of the result of the show of hands or on the withdrawal of any other demand for a poll) a poll is demanded by:

(a) the chairman of the meeting; or

(b) not less than five holders present in person or by proxy having the right to vote on the resolution; or

(c) a holder or holders present in person or by proxy representing in aggregate not less than 10 per cent. of the total voting rights of all the holders having the right to vote on the resolution (excluding any voting rights attached to any shares in the Company held as treasury shares),

and a demand for a poll by a person as proxy for a holder shall be as valid as if the demand were made by the holder himself.

3.10.10 ***Taking a poll***

If a poll is demanded (and the demand is not withdrawn), it shall be taken at such time (either at the meeting at which the poll is demanded or within 30 days after the meeting), at such place and in such manner as the chairman of the meeting shall direct and he may appoint scrutineers (who need not be holders).

3.10.11 ***Proxies***

A proxy need not be a holder. An instrument of proxy may be valid for one or more meetings.

3.10.12 ***Form of proxy***

Subject to the provisions of the Companies Law, the instrument appointing a proxy shall be in any common form or in such other form as the directors may approve and (i) if in writing but not sent in electronic form, made under the hand of the appointor or of his attorney duly authorised in writing or if the appointor is a corporation under its common seal or under the hand of an officer or attorney duly authorised in that behalf, or (ii) if sent in electronic form by electronic means, submitted by or on behalf of the appointor and authenticated.

3.10.13 ***Deposit of proxy***

The instrument appointing a proxy and the power of attorney or other authority (if any) under which it is signed, or a copy of that power or authority (if any) under which it is signed, or a copy of that power or authority certified notarially or in some other way approved by the directors shall:

(a) in the case of an instrument in writing (including whether or not the appointment of a proxy is sent in electronic form, any such power of attorney or authority) be deposited at the office or such other place within Guernsey as may be specified by or on behalf of the Company for that purpose, not less than 48 hours before the time appointed for holding the meeting or adjourned meeting;

(b) in the case of an appointment transmitted in electronic form by electronic means, where received at an address which has been specified for the purpose of receiving documents or information in electronic form in, or by way of note to, the notice convening the meeting or in any instrument of proxy sent by or on behalf of the Company in relation to the meeting or in any invitation to appoint a proxy issued by or on behalf of the Company in relation to the meeting to be received at such an address not less than 48 hours before the time appointed for holding the meeting or adjourned meeting;

(c) in the case of a poll which is taken more than 48 hours after it is demanded, be deposited or received as aforesaid after the poll has been demanded and not less than 24 hours before the time appointed for the taking of the poll; or

(d) in the case of a poll which is not taken at the meeting at which it is demanded but is taken not more than 48 hours after it was demanded, be delivered at the meeting at which the poll was demanded to the chairman or to the secretary or to any director or some other person authorised by the Company.

No account shall be taken of any part of a day that is not a business day, as defined in the Companies Law.

In relation to any shares which are held in uncertificated form, the Board may from time to time permit appointments of a proxy to be made by electronic means in the form of an uncertificated proxy instruction.

3.10.14 ***Notice of revocation of proxy***

Notice of the revocation of the appointment of a proxy may be given in any lawful manner which complies with the regulations (if any) made by the directors to govern the revocation of a proxy.

3.11 **Directors**

3.11.1 ***Number***

Unless otherwise determined by ordinary resolution of the Company, the directors (other than alternate directors) shall not be less than two but there shall be no maximum number of directors.

3.11.2 ***Remuneration***

The directors (other than any director who for the time being holds an executive office of employment with the Company or a subsidiary of the Company) shall be paid out of the funds of the Company by way of remuneration for their services as determined by the directors. The aggregate of the fees shall not exceed £200,000 per annum (or such larger sum as the Company may, by ordinary resolution determine). Any fee shall be distinct from any remuneration or other amounts payable to a director under other provisions of the Articles and shall accrue from day to day. The directors may be paid all travelling, hotel and other expenses properly incurred in and about the discharge of their duties as directors including expenses incurred in travelling to and from meetings of the Board, committee meetings, general meetings and separate meetings of the holders of any class of securities of the Company.

3.11.3 ***Retirement of directors by rotation***

(a) At every annual general meeting any director:

(i) who has been appointed by the Board since the previous annual general meeting;

(ii) who held office at the time of the two preceding annual general meetings and who did not retire at either of them; or

(iii) who has held office with the Company, other than employment or executive office, for a continuous period of nine years or more at the date of the meeting,

shall retire from office and may offer himself for re-appointment by the holders.

(b) The names of the directors to retire by rotation shall be stated in the notice of the annual general meeting or in any document accompanying the notice. The directors to retire on each occasion (both as to number or identity) shall be determined by the composition of the Board on the day which is 14 days prior to the date of the notice convening the annual general meeting and no directors shall be required to retire or be relieved from retiring by reason of any change in the number or identity of the directors after that time but before the close of the meeting.

3.11.4 ***Position of retiring directors***

A director who retires at an annual general meeting (whether by rotation or otherwise) may, if willing to continue to act, be re-appointed. If he is re-appointed he is treated as continuing in office throughout. If he is not re-appointed, he shall retain office until the end of the meeting or (if earlier) when a resolution is passed to appoint someone in his place or when a resolution to re-appoint the director is put to the meeting and lost.

3.11.5 ***Removal of Directors***

The Company may by ordinary resolution in accordance with the Articles remove any director before his period of office has expired notwithstanding anything in the Articles or in any agreement between him and the Company.

3.11.6 ***Vacation of office of Director***

Without prejudice to the provisions of the Articles for retirement or removal, the office of a director shall be vacated:

(a) if he ceases to be a director by virtue of any provision of the Companies Law or is removed from office pursuant to these Articles;

(b) if he is prohibited by law from being a director;

(c) if he becomes bankrupt or he makes any arrangement or composition with his creditors generally;

(d) if a registered medical practitioner who is treating that person gives a written opinion to the Company stating that person has become physically or mentally incapable of acting as a director and may remain so for more than three months;

(e) if he is or may be suffering from mental disorder and in relation to that disorder either he is admitted to hospital for treatment or an order is made by a court (whether in Guernsey or elsewhere) for his detention or for the appointment of some person to exercise powers with respect to his property or affairs;

(f) if for more than six months he is absent (whether or not an alternate director attends in his place), without special leave of absence from the Board, from meetings of the Board held during that period and the Board resolves that his office be vacated;

(g) if he serves on the Company notice of his wish to resign, in which event he shall vacate office on the service of that notice on the Company or at such later time as is specified in the notice; or

(h) if he becomes resident in the United Kingdom for UK tax purposes and a majority of the directors would, if he were to remain a director, be resident in the United Kingdom for UK tax purposes.

3.11.7 ***Power to appoint alternate Directors***

Each director may appoint another director or any other person who is willing to act as his alternate and may remove him from that office. The appointment as an alternate director of any person who is not himself a director shall be subject to the approval of a majority of the directors.

An alternate director shall be entitled to receive notice of all meetings of the Board and of all meetings of committees of which the director appointing him is a holder, to attend and vote at any such meeting at which the director appointing him is not personally present and at the meeting to exercise and discharge all the functions, powers and duties of his appointor as a director and for the purposes of the proceedings at the meeting the provisions of the Articles shall apply as if he were a director.

Every person acting as an alternate director shall have one vote for each director for whom he acts as alternate, in addition to his own vote if he is also a director, but he shall count as only one for the purpose of determining whether a quorum is present.

3.11.8 ***Quorum and voting requirements***

(a) A director shall not vote on (or be counted in the quorum) in relation to any resolution of the Board concerning his own appointment (including fixing or varying its terms), or the termination of his own appointment, as the holder of any office or place of profit with the Company or any other company in which the Company is interested but, where proposals are under consideration concerning the appointment (including fixing or varying its terms), or the termination of the appointment, of two or more directors to offices or places of profit with the Company or any other company in which the Company is interested, those proposals may be divided and a separate resolution may be put in relation to each director and in that case each of the directors concerned (if not otherwise debarred from voting under this Article) shall be entitled to vote (and be counted in the quorum) in respect of each resolution unless it concerns his own appointment or the termination of his own appointment.

(b) A director shall not be entitled to vote on a resolution (or attend or count in the quorum at those parts of a meeting regarding such resolution) relating to a transaction or arrangement with the Company in which he is interested, save:

(i) where the other directors resolve that the director concerned should be entitled to do so in circumstances where they are satisfied that the director's interest cannot reasonably be regarded as likely to give rise to a conflict of interest; or

(ii) in any of the following circumstances:

(A) the giving of any guarantee, security or indemnity in respect of money lent or obligations incurred by the director or by any other person at the

request of or for the benefit of the Company or any of its subsidiary undertakings;

(B) the giving of any guarantee, security or indemnity in respect of a debt or obligation of the Company or any of its subsidiary undertakings for which the director has himself assumed responsibility in whole or in part under a guarantee or indemnity or by the giving of security;

(C) any contract concerning an offer of shares, debentures or other securities of or by the Company or any of its subsidiary undertakings for subscription or purchase in which offer the director is or may be entitled to participate as a holder of securities or he is or is to be interested as a participant in the underwriting or sub-underwriting thereof;

(D) any contract in which the director is interested by virtue of his interest in shares, debentures or other securities of the Company or otherwise in or through the Company;

(E) any contract concerning any other company in which the director is interested, directly or indirectly and whether as an officer, shareholder, creditor or otherwise, unless the company is one in which he has a relevant interest;

(F) any contract relating to an arrangement for the benefit of the employees of the Company or any of its subsidiary undertakings which does not award him any privilege or benefit not generally awarded to the employees to whom such arrangement relates;

(G) any contract concerning the adoption, modification or operation of a pension fund or retirement, death or disability benefits scheme which relates both to directors and employees of the Company and/or of any of its subsidiary undertakings and does not provide in respect of any director as such any privilege or advantage not accorded to the employees to which the fund or scheme relates;

(H) any contract concerning the adoption, modification or operation of an employees' share scheme; and

(I) any proposal concerning the purchase or maintenance of insurance for the benefit of persons including directors.

(c) A company shall be deemed to be one in which a director has a relevant interest if and so long as he (together with persons connected with him within the meaning of sections 252 to 255 of the UK Companies Act 2006) to his knowledge holds an interest in shares (as determined pursuant to sections 820 to 825 of the UK Companies Act 2006) representing 1 per cent. or more of any class of the equity share capital of that company (calculated exclusive of any shares of that class in that company held as treasury shares) or of the voting rights available to members of that company or if he can cause 1 per cent. or more of those voting rights to be exercised at his direction; and

(d) Where a company in which a director has a relevant interest is interested in a contract, he shall also be deemed interested in that contract.

3.11.9 ***Other conflicts of interest***

(a) If a director is in any way, directly or indirectly, interested in a proposed contract with the Company or a contract that has been entered into by the Company, he must declare to the Board the nature and extent of that interest to the directors in accordance with the Companies Law.

(b) Provided he has declared his interest in accordance with the Articles, a director may:

(i) be party to, or otherwise interested in, any contract with the Company or in which the Company has a direct or indirect interest;

(ii) hold any other office or place of profit with the Company (except that of auditor) in conjunction with his office of director for such period and upon such terms, including as to remuneration, as the Board may decide, either in addition to or in lieu of any remuneration under any other provision of the Articles;

(iii) act by himself or through a firm with which he is associated in a professional capacity for the Company or any other company in which the Company may be interested (otherwise than as auditor); and

(iv) be or become a director or other officer of, or employed by or otherwise be interested in any holding company or subsidiary company of the Company or any other company in which the Company may be interested.

3.11.10 ***Conflicts of interest requiring board authorisation***

(a) A "conflict of interest" means, in relation to any person, an interest or duty which that person has which directly or indirectly conflicts or may conflict with the interests of the Company or the duties owed by that person to the Company but excludes a conflict of interest arising in relation to a transaction or arrangement with the Company (to which the provisions summarised in paragraphs 3.11.8 and 3.11.9 above apply).

(b) A director seeking authorisation in respect of a conflict shall declare to the Board the nature and extent of his interest in a conflict as soon as is reasonably practicable. The director shall provide the Board with such details of the relevant matter as are necessary for the Board to decide how to address the conflict together with such additional information as may be requested by the Board. Subject to compliance with any rules of the Guernsey Financial Services Commission to which the Company is subject and the Companies Law, the non-conflicted directors shall have authority to authorise any matter which gives rise to the conflict of interest concerned on such terms as they think fit. Any terms on which the matter in question is authorised may be varied by the non-conflicted directors from time to time and the non-conflicted directors may revoke such authority at any time insofar as it has not already been acted on.

(c) A conflicted director shall not be entitled to any information which is relevant to the matter giving rise to the conflict of interest except to the extent authorised by the non-conflicted directors.

(d) Where a matter giving rise to a conflict of interest is authorised by the non-conflicted directors, the conflicted director shall:

(i) be released from any duty to disclose to the Company any confidential information relating to the matter in question which he receives or has received from a third party;

(ii) save as otherwise determined by the non-conflicted directors, be released from any duty to attend or remain in attendance at a board meeting when the matter giving rise to a conflict of interest is due to be discussed; and

(iii) save as otherwise determined by the non-conflicted directors at the time when they authorise the matter, not be accountable to the Company for any benefit which he derives from such matter (excluding a benefit conferred on the director by a third party by reason of his being a director of the Company or by reason of his doing or not doing anything as a director of the Company).

(e) Any confidential information which a conflicted director has received from the Company or in his capacity as a director of the Company shall not be disclosed by him to any third party except insofar as permitted by the non-conflicted directors.

(f) The directors may authorise a matter which may give rise to a conflict on the part of a person who is proposed to be appointed as a director to the Board and any authorisation of such matter by the directors shall promptly be communicated to such person and shall apply to him on his appointment as a director.

(g) A director shall not be regarded as having a conflict by reason of his also being a director of or holding any other position with another Group Company and the director shall not be in breach of any duty to the Company by reason of his disclosure of any information to the other Group Company or by anything done by the other Group Company including the exploitation of any property, information or opportunity following any such disclosure to it by the director. The directors may resolve that a specified company shall no longer be treated as a Group Company for the purposes of these provisions.

3.11.11 ***Benefits***

Subject to the provisions of the Companies Law a director shall not be disqualified by his office from entering into any contract with the Company, either with regard to his tenure of any office or position in the management, administration or conduct of the business of the Company or as vendor, purchaser or otherwise. Subject to the interest of the director being duly declared, a contract entered into by or on behalf of the Company in which any director is in any way interested shall not be liable to be avoided; nor shall any director so interested be liable to account to the Company for any benefit resulting from the contract by reason of the director holding that office or of the fiduciary relationship established by his holding that office.

3.11.12 ***Powers of the Board***

The business of the Company shall be managed by the Board which may exercise all the powers of the Company, subject to the provisions of the Companies Law and the Articles. No alteration of the Articles shall invalidate any prior act of the Board which would have been valid if the alteration had not been made.

3.11.13 ***Borrowing powers***

Subject to the provisions of the Companies Law and the Articles, the Board may exercise all the powers of the Company to borrow money and to mortgage or charge all or any part of the Company's undertaking, property, assets (present and future) and uncalled capital and to issue debentures and other securities and to give security either outright or as collateral security for any debt, liability or obligation of the Company or of any third party.

3.11.14 ***Indemnity of officers***

Insofar as the Companies Law allows, every present or former officer (other than an auditor) of the Company shall be indemnified out of the assets of the Company against any loss or liability incurred by him by reason of being or having been such an officer.

The directors may without sanction of the Company in general meeting authorise the purchase or maintenance by the Company for any officer or former officer of the Company of any such insurance as is permitted by the Companies Law in respect of any liability which would otherwise attach to such officer or former officer.

3.11.15 ***Delegation to individual directors***

The Board may entrust to and confer upon any director any of its powers, authorities and discretions (with power to sub-delegate) on such terms and conditions as it thinks fit and may revoke or vary all or any of them, but no person dealing in good faith shall be affected by any revocation or variation.

3.11.16 ***Committees***

The Board may delegate any of its powers, authorities and discretions (with power to sub-delegate) including without prejudice to the generality of the foregoing all powers, authorities and discretions whose exercise involves or may involve the payment of remuneration to, or the conferring of any other benefit on, all or any of the directors to any committee consisting of such person or persons (whether directors or not) as it thinks fit, provided that the majority of the holders of the committee are directors and that no meeting of the committee shall be

quorate for the purpose of exercising any of its powers, authorities or discretions unless a majority of those present are directors.

3.11.17 ***Board meetings***

The Board may meet for the despatch of business, adjourn and otherwise regulate its meetings as it thinks fit.

3.11.18 ***Notice of board meetings***

Notice of a board meeting shall be deemed to be properly given to a director if it is given to him personally or by word of mouth or sent in hard copy form to him at his last known address or any other address given by him to the Company for this purpose or sent in electronic form to him at an address given by him to the Company for this purpose.

3.11.19 ***Quorum***

The quorum necessary for the transaction of the business of the Board may be fixed by the Board and, unless so fixed at any other number, shall be two. Subject to the provisions of the Articles, any director who ceases to be a director at a board meeting may continue to be present and to act as a director and be counted in the quorum until the termination of the Board meeting if no other director objects and if otherwise a quorum of directors would not be present.

3.11.20 ***Voting***

Questions arising at any meeting shall be determined by a majority of votes. In the case of an equality of votes neither the chairman of the meeting nor any person shall have a second or casting vote.

3.11.21 ***Telephone and video conference meetings***

A meeting of the Board may consist of a conference between directors some or all of whom are in different places provided that each director who participates is able:

(a) to hear each of the other participating directors addressing the meeting; and

(b) if he wishes, to address all of the other participating directors simultaneously, whether by conference telephone or by video conference or by any other form of communications equipment (whether in use when the Articles are adopted or developed subsequently) or by a combination of any such methods.

A meeting held in this way is deemed to take place at the place from where the chairman of the meeting participates.

3.11.22 ***Resolutions in writing***

Any director may propose a directors' written resolution and the secretary must propose a written resolution if a director so requests. A resolution in writing signed by all the directors who are entitled to notice of a meeting of the Board, to attend such meeting and to vote on such resolution shall be as valid and effective as if it had been passed at a meeting of the Board duly called and constituted provided that the number of directors signing the resolution is not less than the number of directors required for a quorum necessary for the transaction of the business of the Board. The resolution may be contained in one document or in several documents in like form, each signed or approved by one or more of the directors concerned.

3.11.23 ***Duration***

The Board will propose a special resolution at every seventh annual general meeting of the Company that the Company should cease to continue as presently constituted (a "**Discontinuation Resolution**"). In the event that a Discontinuation Resolution is passed, the Board shall formulate proposals to be put to holders within four months to wind up or otherwise reconstruct the Company. Any such proposals may incorporate arrangements

which enable investors who wish to continue to be exposed to the Company's portfolio of assets to maintain some or all of their existing exposure.

3.12 **B Shares**

The Company may from time to time issue redeemable shares of no par value ("**B Shares**").

B Shares may be issued only to existing holders of ordinary shares *pro rata* to their holdings of ordinary shares at the time of such issue. The Board may issue fractional B Shares. The B Shares shall be non-transferable and shall be redeemable at the option of the Board on such terms as the Board shall determine.

On a redemption of a B Share, the Board shall have the power to divide in specie the whole or any part of the assets of the relevant value (which shall be conclusively determined by the Board in good faith) of the Company and appropriate such assets in satisfaction of the redemption price and any other sums payable on redemption as provided in the Articles and provided any such appropriation does not materially prejudice the interests of the remaining members.

B Shares shall not carry any right to any dividends, any other income distributions, or any capital distributions of the Company other than as expressly permitted under the Articles. The B Shares shall not entitle any holder thereof to any surplus assets of the Company remaining after payment of all the creditors of the Company apart from a distribution in respect of any capital paid up on the B Shares which shall rank behind any amounts due in respect of other classes of shares and such distribution shall be distributed *pro rata*.

B Shares shall not carry any right to receive notice of, or attend or vote at, any general meeting of the Company or any right to vote on written resolutions of the Company.

3.13 **C Shares**

3.13.1 ***General***

An issue of C Shares is designed to overcome the potential disadvantages for both existing and new investors which could arise out of a conventional fixed price issue of further ordinary shares for cash.

In particular, the basis upon which the C Shares will convert into ordinary shares is such that the number of New Ordinary Shares will reflect the relative investment performance and value of the pool of new capital attributable to the C Shares issued pursuant to the Issue up to the Calculation Time, as compared to the assets attributable to the Existing Ordinary Shares at that time and, as a result, neither the net asset value attributable to the Existing Ordinary Shares nor the net asset value attributable to the C Shares will be adversely affected by Conversion.

The C Shares will convert into ordinary shares on the basis of the Conversion Ratio.

The Conversion Ratio will be calculated as at the Calculation Time.

3.13.2 ***Terms of the C Shares***

The rights and restrictions attaching to the C Shares are set out in the Articles and are summarised below.

3.13.3 ***Definitions***

The following definitions apply for the purposes of this paragraph 3.13 in addition to, or (where applicable) in substitution for, the definitions applicable elsewhere in this document.

"**C Share Surplus**" means the net assets of the Company attributable to the C Shares, being the assets attributable to such C Shares (including, for the avoidance of doubt, any income and/or revenue (net of expenses) arising from or relating to such assets) less such proportion of the Company's liabilities as the Directors shall reasonably allocate to the assets of the Company attributable to the C Shares.

"**Calculation Time**" means the earliest of:

(a) the close of business on the date, determined by the Directors, occurring not more than 10 Business Days after the day on which the investment adviser of the Company shall have given notice to the Directors that at least 85 per cent. of the net proceeds attributable to the relevant tranche of C Shares (or such other percentage as the Company's investment adviser and the Directors shall agree) has been invested;

(b) the close of business on the last Business Day prior to the day on which the Directors resolve that Force Majeure Circumstances have arisen;

(c) the close of business on such date as the Directors may determine to enable the Company to comply with its obligations in respect of Conversion; and

(d) the close of business on the Business Day falling nine calendar months after the issue date of the relevant tranche of C Shares.

"**Conversion**" means the conversion of C Shares into ordinary shares and, if applicable, Deferred Shares, as described below.

"**Conversion Ratio**" is A divided by B calculated to four decimal places (with 0.00005 being rounded upwards) where:

$$A = \frac{C - D}{E}$$

and

$$B = \frac{F - G}{H}$$

and where:

"C" is the net asset value of the relevant tranche of C Shares as at the Calculation Time.

"D" is the amount which (to the extent not otherwise deducted in the calculation of "C") in the Directors' opinion fairly reflects the amount of liabilities and expenses of the Company attributable to the relevant tranche of C Shares at the Calculation Time.

"E" is the number of the relevant tranche of C Shares in issue at the Calculation Time.

"F" is the net asset value of the ordinary shares as at the Calculation Time.

"G" is the amount which (to the extent not otherwise deducted in the calculation of "F") in the Directors' opinion fairly reflects the amount of the liabilities and expenses of the Company at the Calculation Time (including, for the avoidance of doubt, the full amount of all dividends declared on the ordinary shares but not paid), less the amount of "D".

"H" is the number of ordinary shares in issue at the Calculation Time.

"**Conversion Time**" means a time which falls after the Calculation Time and is the time at which the admission of the New Ordinary Shares to trading on the Specialist Fund Market becomes effective, being the opening of business on such Business Day as is selected by the Directors, provided that such day shall not be more than 20 Business Days after the Calculation Time.

"**Existing Ordinary Shares**" means the ordinary shares in issue immediately prior to the Conversion Time.

"**Deferred Shares**" means the redeemable deferred shares of no par value in the capital of the Company arising from Conversion.

"**Force Majeure Circumstances**" means any political and/or economic circumstances and/or actual or anticipated changes in fiscal or other legislation which, in the reasonable

opinion of the Directors, renders Conversion necessary or desirable, notwithstanding that conversion of the C Shares into ordinary shares would not otherwise occur at such time.

"**New Ordinary Shares**" means the ordinary shares arising on the conversion of the C Shares.

"**Share Surplus**" means the net assets of the Company less the C Share Surplus.

3.13.4 ***Issues of C Shares***

Subject to the Companies Law (and every other order in council, statutory instrument, regulation or order for the time being in force concerning companies registered under the Companies Law) and in accordance with the Articles, the Directors shall be authorised to issue C Shares on such terms as they determine provided that such terms are consistent with the provisions of the Articles.

Each tranche of C Shares, if in issue at the same time, shall be deemed to be a separate class of shares. The Directors may, if they so decide, designate each tranche of C Shares in such manner as they see fit in order that each tranche of C Shares can be identified.

3.13.5 ***Dividend and pari passu ranking of C Shares, New Ordinary Shares and Deferred Shares***

The holders of C Share(s) shall be entitled to receive, and participate in, any dividends declared only insofar as such dividend is attributed, at the sole discretion of the Directors, to the C Share Surplus.

If any dividend is declared after the issue of C Shares and prior to Conversion, the holders of ordinary shares shall be entitled to receive and participate in such dividend only insofar as such dividend is not attributed, at the sole discretion of the Directors, to the C Share Surplus.

Subject as provided in the following sentence, the New Ordinary Shares shall rank in full for all dividends and other distributions declared, made or paid after the Conversion Time and otherwise *pari passu* with ordinary shares in issue at the Conversion Time. For the avoidance of doubt, New Ordinary Shares shall not be entitled to any dividends or distributions which are declared prior to the Conversion Time but made or paid after the Conversion Time.

The Deferred Shares (to the extent that any are in issue and extant) shall not entitle the holders thereof to any dividend or any other right as the holders thereof to share in the profits (save as set out in below) of the Company.

3.13.6 ***Rights as to capital***

In the event that there are C Shares in issue on a winding up or a return of capital, the capital and assets of the Company available to holders shall, on such a winding up or a return of capital (otherwise than on a purchase or redemption by the Company of any of its shares), be applied as follows:

(a) if there are for the time being Deferred Shares in issue, in paying to the holders of the Deferred Shares 1p in respect of all of the Deferred Shares;

(b) the Share Surplus shall be divided among the holders of ordinary shares *pro rata* according to their respective holdings of ordinary shares; and

(c) the C Share Surplus shall be divided amongst the holders of C Shares *pro rata* according to their respective holdings of C Shares.

In the event that no C Shares are in issue on a winding up or a return of capital, the capital and assets of the Company available to holders shall on such a winding up or a return of capital (otherwise than on a purchase by the Company of its shares) be applied as follows:

(a) if there are for the time being Deferred Shares in issue, in paying to the holders of the Deferred Shares 1p in respect of all of the Deferred Shares; and

(b) the surplus shall be divided amongst the holders of ordinary shares *pro rata* according to their respective holdings of ordinary shares.

3.13.7 ***Voting and transfer***

The C Shares shall carry the right to receive notice of, attend and vote at any general meeting of the Company. The voting rights of holders of C Shares will be the same as those applying to other holders of equity securities as set out in the Articles. The C Shares shall be transferable in the same manner as the other equity shares in the Company. The Deferred Shares shall not be transferable and shall not carry any rights to receive notice of, attend or vote at any general meeting of the Company.

3.13.8 ***Redemption***

At any time prior to Conversion, the Company may, at its discretion, redeem all or any of the C Shares of a particular class then in issue by agreement with any holder(s) thereof in accordance with such procedures as the Directors may determine (subject, where applicable, to the facilities and procedures of CREST) and in consideration of the payment of such redemption price as may be agreed between the Company and the relevant holders of the relevant class of C Shares.

The Deferred Shares arising from Conversion (to the extent that any are in issue and extant) may, subject to the provisions of the Companies Law (and every other order in council, statutory instrument, regulation or order for the time being in force concerning companies registered under the Companies Law), be redeemed at the option of the Company at any time following Conversion for an aggregate consideration of 1 pence for all such Deferred Shares, and for such purposes any Director is authorised as agent on behalf of each holder of Deferred Shares, in the case of any share in certificated form, to execute any stock transfer form, and to do any other act or thing as may be required to give effect to the same including, in the case of a share in uncertificated form, the giving of directions to or on behalf of each holder of Deferred Shares who shall be bound by them.

The Company shall not be obliged to issue share certificates to the holders of Deferred Shares.

3.13.9 ***Class consents and variation of rights in relation to the Company***

Without prejudice to the generality of the Articles for as long as there are C Shares in issue, the consent of the holders of the C Shares as a class shall be required for, and accordingly the special rights attached to the C Shares shall be deemed to be varied, *inter alia*, by:

(a) any alteration to the Memorandum or the Articles which directly or indirectly affects the rights attaching to the C Shares as set out in the Articles; or

(b) any alteration, increase, consolidation, division, subdivision, cancellation, reduction or purchase by the Company of any issued or authorised share capital of the Company (other than on Conversion and/or redemption of the Deferred Shares all as provided for in the Articles); or

(c) any allotment or issue of any security convertible into or carrying a right to subscribe for any share capital of the Company or any other right to subscribe or acquire share capital of the Company; or

(d) the passing of any resolution to wind up the Company.

3.13.10 ***Assets attributable to C Shares***

Until Conversion, and without prejudice to its obligations under the Companies Law:

(a) the Company's records and bank accounts shall be operated so that the assets attributable to the C Shares can, at all times, be separately identified and separate cash accounts shall be created and maintained in the books of the Company for the assets attributable to the C Shares;

(b) the assets attributable to the C Shares shall have allocated such proportion of the expenses or liabilities of the Company as the Directors fairly consider to be attributable to the C Shares including, without prejudice to the generality of the foregoing, those liabilities specifically identified in the definition of "**Conversion Ratio**" above; and

(c) the Company shall give appropriate instructions to its investment adviser and its administrator to manage the Company's assets so that such undertaking can be complied with by the Company.

3.13.11 ***Conversion of C Shares***

C Shares shall be converted into New Ordinary Shares and, where appropriate, Deferred Shares at the Conversion Time in accordance with the provisions set out below.

The Directors shall procure that:

(a) the Company (or its delegate) calculates, within two Business Days after the Calculation Time, the Conversion Ratio as at the Calculation Time and the number of New Ordinary Shares to which each holder of C Shares shall be entitled on Conversion; and

(b) chartered accountants appointed by the Company shall be requested to certify, within three Business Days after the Calculation Time, that such calculations:

(i) have been performed in accordance with the Articles; and

(ii) are arithmetically accurate,

whereupon such calculations shall become final and binding on the Company and all holders.

The Directors shall procure that, as soon as practicable following such certificate, an announcement is made to a Regulatory Information Service advising holders of C Shares of:

(a) the Conversion Time;

(b) the Conversion Ratio; and

(c) the aggregate number of New Ordinary Shares to which holders of the C Shares are entitled on Conversion.

On Conversion each C Share shall automatically convert into such number of New Ordinary Shares and, where relevant, Deferred Shares as shall be necessary to ensure that, upon such Conversion being completed, the number of New Ordinary Shares equals the number of C Shares in issue at the Calculation Time multiplied by the Conversion Ratio (rounded down to the nearest whole New Ordinary Share).

The Directors may in their absolute discretion from time to time decide the manner in which the C Shares are to be converted, subject to the provisions of the Articles and the Companies Law (and every other order in council, statutory instrument, regulation or order for the time being in force concerning companies registered under the Companies Law).

The Directors may, where the Conversion Ratio is greater than one, in order to facilitate Conversion, provide for the profits or reserves (of any type whatever) attributable to the C Shares to be capitalised and applied in paying up in full such number of New Ordinary Shares arising pursuant to Conversion as exceeds the number of C Shares immediately prior to the Calculation Time and allot such shares, credited as fully paid up, to the persons holding C Shares immediately prior to the Conversion Time *pro rata* to their holdings of C Shares immediately prior to the Conversion Time.

The New Ordinary Shares arising upon Conversion shall be divided amongst the former holders of C Shares *pro rata* according to their respective former holdings of C Shares (provided always that the Directors may deal in such manner as they think fit with fractional entitlements to New Ordinary Shares, including, without prejudice to the generality of the foregoing, selling any such shares representing such fractional entitlements and retaining the proceeds for the benefit of the Company) and for such purposes any Director is authorised

as agent on behalf of the former holders of C Shares, in the case of a share in certificated form, to execute any stock transfer form and to do any other act or thing as may be required to give effect to the same including, in the case of a share in uncertificated form, the giving of directions to or on behalf of the former holders of any C Shares who shall be bound by them. Forthwith upon Conversion, any certificates relating to the C Shares shall be cancelled and the Company shall issue to each such former holder of C Shares new certificates in respect of the New Ordinary Shares which have arisen upon Conversion unless such former holder of any C Shares elects to hold its New Ordinary Shares in uncertificated form.

The Company will use its reasonable endeavours to procure that, upon Conversion, the New Ordinary Shares are admitted to the Specialist Fund Market.

The Directors are authorised to effect such and any conversions and/or consolidations and/or subdivisions and/or combinations of the foregoing (or otherwise as appropriate) as may have been or may be necessary from time to time to implement the conversion mechanics for C Shares set out in the Articles.

3.13.12 ***Deferred Shares***

Deferred Shares shall only be issued on Conversion of C Shares. The provisions of the Articles as to dividends, voting and entitlements on winding-up after conversion and redemption of the Deferred Shares are summarised above.

3.14 **Disclosure of beneficial interests**

The provisions of Chapter 5 of the Disclosure and Transparency Rules (as amended from time to time) ("**DTR 5**") of the UK Financial Conduct Authority Handbook (the "**Handbook**") apply to the Company on the basis that the Company is a "non-UK issuer", as such term is defined in DTR 5. As such, a person would be required to notify the Company of the percentage of voting rights it holds as a holder of Shares or holds or is deemed to hold through the direct or indirect holding of financial instruments falling within DTR 5 if, as a result of an acquisition or disposal of Shares (or financial instruments), the percentage of voting rights reaches, exceeds or falls below the relevant percentage thresholds being, in the case of a non-UK issuer, 5, 10, 15, 20, 25, 30, 50 and 75 per cent. However, pursuant to the Articles, DTR 5 is deemed to apply to the Company as if the Company were an "issuer" whose "Home State" is in the United Kingdom, as such terms are defined in DTR 5. As such, the relevant percentage thresholds that apply to the Company are 3, 4, 5, 6, 7, 8, 9, 10 per cent. and each 1 per cent. threshold thereafter up to 100 per cent., notwithstanding that in the absence of those provisions in the Articles such thresholds would not apply to the Company.

In addition, the Board may serve notice on any holder requiring that holder to promptly provide the Company with any information, representations, certificates or forms relating to such holder (or its direct or indirect owners or account holders) that the Board determines from time to time are necessary or appropriate for the Company to: (A) satisfy any account or payee identification, documentation or other diligence requirements and any reporting requirements imposed under sections 1471 to 1474 of the Internal Revenue Code or the requirements of any similar laws or regulations to which the Company may be subject enacted from time to time by any other jurisdiction ("**Similar Laws**"); or (B) avoid or reduce any tax otherwise imposed by the Internal Revenue Code or Similar Laws (including any withholding upon any payments to such holder by the Company); or (C) permit the Company to enter into, comply with, or prevent a default under or termination of, an agreement of the type described in section 1471(b) of the Internal Revenue Code or under Similar Laws.

If any holder (a "**Defaulting Shareholder**") is in default of supplying to the Company the information referred to above within the prescribed period (which shall not be less than 28 days after the service of the notice), the Defaulting Shareholder shall be deemed to be a Non-Qualified Holder, in which case the relevant provisions described in paragraph 3.7 above would apply.

4. DIRECTORS' INTERESTS

4.1 Immediately following Admission, no Director nor any of their associates will have any interest, whether beneficial or non-beneficial, in the share or loan capital of the Company.

4.2 No Director has or has had any interest in any transaction which is or was unusual in its nature or conditions or significant to the business of the Company or which has been effected by the Company since its incorporation.

4.3 The Company and the Directors are not aware of any arrangements, the operation of which may at a subsequent date result in a change of control of the Company.

4.4 In addition to their directorships of the Company, the Directors hold or have held the directorships and are or were members of the partnerships, as listed below, over or within the five years preceding the date of this document:

Name	*Current directorships/partnerships*	*Past directorships/partnerships*
Bill Scott	Aberdeen Global Infrastructure GP Limited (name changed from Lloyds Bank Global Infrastructure GP Limited 15 May 2014) Aberdeen Global Infrastructure GP II Limited Aberdeen Infrastructure Finance GP Limited (name changed from Uberior Infrastructure Finance GP Limited) Absolute Alpha Fund PCC Limited AcenciA Debt Strategies Limited Acis Loan Funding Ltd AHL Strategies PCC Limited Cinven Capital Management (V) General Partner Limited Cinven Capital Management (VI) General Partner Limited Cinven Capital Management (G3) Limited Cinven Capital Management (G4) Limited Cinven Limited Financial Risk Management Diversified Fund Limited Financial Ventures Limited FRM Customised Diversified Fund Limited FRM Diversified II Fund SPC FRM Diversified II Master Fund Limited) FRM Equity Alpha Limited FRM Sigma Fund Limited Hanseatic Asset Management LBG KCSB Properties Limited MAN AHL Diversified PCC Limited OldCo Limited (name changed from Axiom European Financial Debt Limited) Pershing Square Holdings Limited Sandbourne Asset Management Limited (name changed from Sandbourne Asset Management	Arch Multi Strategy ICC Limited BMS Specialist Debt Fund Limited FCA Catalyst Fund SPC (formerly FCM Catalyst Fund SPC) FCA Catalyst Master Fund SPC (name changed from FCM Catalyst Master Fund SPC) FCA Trading SPC (name changed from FCM Trading SPC) Financial Risk Management Matrio Fund Limited FRM Access II Fund SPC FRM Credit Strategies Fund PCC Limited FRM Credit Strategies Master Fund PCC Limited FRM Diversified III Fund PCC Limited FRM Diversified III Master Fund Limited FRM Equity Opportunity Fund SPC FRM Equity Opportunity Master Fund SPC FRM Global Diversified Fund FRM Global Equity Fund SPC FRM Global Equity Master Fund SPC FRM Phoenix Fund Limited (name changed from FRM Financials Limited) FRM Strategic Fund PCC Limited FRM Strategic Master Fund Limited FRM Tail Hedge Limited FRM Thames Fund General Partner 1 Limited Invista European Real Estate Trust SICAF Land Race Limited Ocean Capital 3 (Opportunities Fund) Limited PIG Fund Horsham SPV Limited Principia TR-S 40 Ltd Property Income & Growth Fund Limited Psource Structured Debt Fund Limited

Name	*Current directorships/partnerships*	*Past directorships/partnerships*
Bill Scott (continued)	Guernsey Limited) Sandbourne Fund Savile Durham 1 Limited Savile Exeter 1 Limited Savile AD4 Limited Savile AD7 Limited Savile AD8 Limited Savile AD9 Limited SPL Guernsey ICC Limited (name changed from Arch Guernsey ICC Limited) The Flight and Partners Recovery Fund Limited UCAP Investment Management Limited (name changed from Uttrup Investment Management Limited) UCAP Investment Management Fund PCC Limited (name changed from Uttrup Investment Management Fund PCC Limited)	Psource Structured Debt SPV1 Limited Psource Structured Debt SPV II Inc Savile ANG1 Limited Savile APG1 Limited Savile APG3 Limited Savile AD2 Limited Savile ML1 Limited Secured Real Estate Finance Limited TBH Guernsey Limited Threadneedle Asset Backed Income Limited WyeTree RMBS Opportunities Fund Limited (name changed from WyeTree Opportunities Fund Limited)
John Renouf	Absolute Alpha Fund PCC Limited Absolute Alpha Yen Diversified Dividend Limited Absolute Alpha Sterling Opportunistic Limited Absolute Alpha Swedish Kroner Opportunistic Limited AHL Strategies PCC Limited ARIS Euro Aggressive Limited ARIS Euro Defensive Limited ARIS Fund PCC Ltd CAM Global Equity Limited Canaccord Genuity Investment Funds Plc Capricorn Fund PCC Limited CGS Zar Limited Class N AHL Alpha 2.5XL Trading Limited Class P AHL Global Futures Trading Limited Financial Risk Management Diversified Limited FMAP BHC Limited FMAP BHSM Limited FMAP CIM Limited FMAP GAMA Limited FRM Customised Diversified Fund Limited FRM Diversified II Fund SPC FRM Diversified II Master Fund Limited FRM Equity Alpha Fund Limited FRM Global Diversified Limited FRM Sigma Fund Limited Man AHL Diversified PCC Limited OldCo Limited (name changed from	Absolute Alpha Australia Dollar Diversified Limited Absolute Alpha Growth Limited Absolute Alpha Sterling Arbitrage Limited Absolute Alpha Sterling Diversified Limited Absolute Alpha Swiss Franc Diversified Limited Absolute Alpha Yen Diversified Limited Absolute Return Investment Managers Limited Active Fund Services Limited AHL Desertwood Fund Limited Albacrest Corporation Alternative Investment Management Products Limited ARK Masters Fund Betapoint Corporation Class R AHL Diversified JPY Trading Limited Collins Stewart Fund Management Limited Da Vinci fund Limited DB Alternatives Discovery Fund Limited Dominion Distribution Management Limited Euro Arbitrage Limited Euro Diversified Limited Euro Opportunistic Limited FA Sub 1 Limited FA Sub 2 Limited FCA Catalyst Fund SPC (name changed from FCM Catalyst Fund SPC) FCA Catalyst Master Fund SPC (name changed from FCM Catalyst Master

Name	*Current directorships/partnerships*	*Past directorships/partnerships*
John Renouf (continued)	Axiom European Financial Debt Limited) Peregrine Global Funds PCC Limited Peregrine Global Portfolios PCC Limited Peregrine Guernsey Limited Peregrine International Holdings Limited Real Estate Fund ICC Series 2 Fund Limited ZKB Finance (Guernsey) Limited	Fund SPC) FCA Catalyst Trading SPC (name changed from FCM Catalyst Trading SPC) FCA Guernsey Limited (name changed from FCM Guernsey Limited) Financial Risk Management Academy Fund Limited Financial Risk Management Matrio Limited Focus Absolute Alpha Fund Plc FRM Access Fund PCC Limited FRM Access II Fund SPC Limited FRM Aqua Fund Limited FRM Aqua Master Fund Limited FRM Conduit Fund FRM Credit Alpha Limited FRM Credit Strategies Fund PCC Limited FRM Credit Strategies Master Fund PCC Limited FRM Diversified Alpha Limited FRM Diversified III Fund PCC Ltd FRM Diversified III Master Fund Limited FRM Emerging Markets Fund SPC FRM Emerging Markets Master Fund SPC FRM Equity Opportunity Fund SPC FRM Equity Opportunity Master Fund SPC FRM Global Equity Fund SPC FRM Global Equity Master Fund SPC FRM Hedge Overlay Fund Limited FRM Holdings Limited FRM Hong Kong Limited FRM Idiosyncratic Alpha SPC FRM Investment Management (Americas) Limited FRM Investment Management Limited FRM Phoenix Fund Limited FRM Premium Portfolio FRM Selection Limited FRM Strategic Fund PCC Limited FRM Strategic Master Fund Limited FRM Tail Hedge Limited FRM Thames Fund General Partner 1 Limited GLG Partners (Cayman) Limited GLG Partners Corp GLG Partners International (Cayman) Limited GLG Partners Services International Limited GLG Partners Services Limited Global Managed Futures Fund Limited Liquidity Pass Through Holdings SPC Man Fund Management (Guernsey) Limited Man Group Japan Limited

Name	*Current directorships/partnerships*	*Past directorships/partnerships*
John Renouf (continued)		Man Holdings Limited Principia Diversified Ltd Principia TR-S 40 Ltd RBH Holdings (Jersey) Limited REF Eastern European Opportunities Luxembourg SARL REF Poland 2012 Luxembourg SARL RMF Co-Investment Limited The Collins Stewart Fund PCC Limited Trident Investment Management (Guernsey) Ltd
Max Hilton	Arterial Capital Management Ltd Clarus Risk Limited Falcon Asset Management Limited OldCo Limited (name changed from Axiom European Financial Debt Limited)	Confiance Risk Monitor Limited Confiance Fund Services Limited Cavendish Corporate Investments PCC Ltd Nova Wealth Limited ZAN Macro Opportunities Fund

4.5 William Scott is a representative (but not a director) of a general partner on the Management Committee of 30 St Mary Axe Limited Partnership Incorporated which was the indirect and ultimate owner of 30 St Mary Axe, an office building in the City of London. The terms of appointment of the Management Committee are limited to operational matters in respect of the building and oversight of partnership distributions and are such that they exclude inter alia authority to exercise the powers of the general partner concerned in respect of refinancing senior debt or the disposal of partnership interests. The senior lending syndicate banks appointed Joint Fixed Charge Receivers over the building on 24 April 2014 and obtained the appointment of receivers over the limited partnership interests in an intermediate holding limited partnership on 5 June 2014. Subsequent to that date, it has been reported that the Joint Fixed Charge Receivers sold the asset for in excess of £700 million which, according to such reports, will mean that there is no deficiency to any class of creditor and there will be a return of capital to equity holders.

4.6 William Scott was a director of Invista European Real Estate Trust SICAF ("**IERET**") until his resignation on 11 August 2015. On 14 September 2015, a mezzanine creditor enforced its security rights over IERET's equity holding in an intermediate holding company. IERET has stated that the enforcement of security was done in a manner which left IERET solvent, but without any value to distribute to shareholders, and as a result IERET intends to seek the approval of ordinary shareholders for a voluntary liquidation.

4.7 John Renouf was a director of FRM Diversified Alpha Limited and FRM Credit Alpha Limited when each company was placed into voluntary liquidation. Whilst the liquidation process is still ongoing, to the best of Mr. Renouf's knowledge, neither company was insolvent nor owed any amounts to creditors when it was placed into voluntary liquidation.

4.8 John Renouf was a director of Absolute Alpha Australia Diversified Limited, Absolute Alpha Growth Limited, Absolute Alpha Sterling Arbitrage Limited, Absolute Alpha Sterling Diversified Limited, Absolute Alpha Swiss Franc Diversified Limited, Absolute Alpha Yen Diversified Limited, Absolute Return Investment Management Limited, Class R AHL Diversified JPY Trading Limited, Da Vinci Fund Limited, Euro Arbitrage Limited, Euro Diversified Limited, Euro Opportunistic Limited, Financial Risk Management Academy Fund Limited, Focus Absolute Alpha Fund Plc, FRM Access Fund PCC Limited, FRM Access II Fund SPC, FRM Aqua Fund Limited, FRM Aqua Master Fund Limited, FRM Conduit Fund SPC, FRM Emerging Markets Fund SPC, FRM Emerging Markets Master Fund SPC, FRM Equity Opportunity Fund SPC, FRM Equity Opportunity Master Fund SPC, FRM Hedge Overlay Fund Limited, FRM Hong Long Limited, FRM Premium Portfolio, FRM Strategic Fund PCC Limited, FRM Strategic Master Fund Limited and Global Managed Futures Fund Limited when each company was dissolved (in each case, following either a voluntary liquidation or voluntary strike off). To the best of Mr. Renouf's knowledge, none of the companies was insolvent nor owed any amounts to creditors at the time of its dissolution.

4.9 Save as disclosed in paragraphs 4.5 to 4.8 above, none of the Directors has at any time within the last five years:

(a) had any convictions (whether spent or unspent) in relation to fraudulent offences;

(b) been the subject of any official public incrimination and/or sanctions by statutory or regulatory authorities (including designated professional bodies) or been disqualified by a court from acting as a member of the administrative, management or supervisory bodies of any issuer or from acting in the management or conduct of the affairs of any issuer;

(c) been a director or senior manager of a company which has been put into receivership, compulsory liquidation, administration, company voluntary arrangement or any composition or arrangement with its creditors generally or any class of its creditors; or

(d) been the subject of any bankruptcy or been subject to an individual voluntary arrangement or a bankruptcy restrictions order.

4.10 There are no arrangements or understandings with major shareholders, customers, suppliers or others, pursuant to which any Director was selected.

4.11 There are no outstanding loans or guarantees provided by the Company for the benefit of any of the Directors nor are there any loans or any guarantees provided by any of the Directors for the Company.

4.12 No Director has any potential conflicts of interest between any duties the Director owes to the Company and private interests and/or duties.

4.13 There are no lock-up provisions regarding the disposal by any of the Directors of any Shares.

5. DIRECTORS' REMUNERATION

5.1 Each of the Directors will be entitled to receive an annual fee from the Company. The initial fee for Bill Scott as Chairman will be £35,000. The initial fee for John Renouf will be £32,500. The initial fee for Max Hilton will be £27,500. The Directors are also entitled to reimbursement of all reasonable travelling and other expenses properly incurred in the performance of their duties. The aggregate remuneration and benefits in kind of the Directors in respect of the Company's accounting period ending 31 December 2016 which will be payable out of the assets of the Company are not expected to exceed £200,000.

5.2 None of the Directors is entitled to any pension, retirement or similar benefits.

5.3 All of the Directors are non-executive directors. No Director has a service contract with the Company, nor are any such arrangements proposed. Each of the Directors was appointed as a non-executive director pursuant to a letter of appointment dated 23 October 2015. None of the Directors has been appointed for a fixed initial period. Each Director's appointment can be terminated in accordance with the terms of his letter of appointment and the Articles without compensation. There is no notice period specified in the letters of appointment or the Articles for the retirement or removal of the Directors. The letters of appointment provide that a Director's appointment can be terminated by the Company if, among other things, the Director: (i) commits a material breach of his obligations under the letter of appointment; (ii) is guilty of fraud or dishonesty or has acted in a matter which, in the opinion of the Company acting reasonably, brings or is likely to bring the Company into disrepute or is materially adverse to the interests of the Company; (iii) is convicted of any arrestable offence other than an offence under road traffic legislation for which a fine or non-custodial penalty is imposed; (iv) is declared bankrupt or is disqualified from acting as director; (v) or resigns.

6. PLACING AGREEMENT

Under an agreement dated 3 November 2015 (the "**Placing Agreement**") and made between the Company, Liberum, the Investment Manager and the Directors, Liberum has agreed (conditionally, *inter alia*, on Admission becoming effective not later than 8.00 a.m. on 5 November 2015 or such date as the Company and Liberum may agree, being not later than 8.00 a.m. on 19 November 2015) as agent for the Company to use its reasonable endeavours to procure subscribers for Shares at the Issue Price and following Admission to procure subscribers for Shares pursuant to any Subsequent Placing.

Under the Placing Agreement, the Company has agreed to pay Liberum upon Admission of the Shares issued pursuant to the Placing a corporate finance fee of £100,000 and a commission in relation to the Placing equal to 1.5 per cent. of the Gross Placing Proceeds, together with any applicable VAT. Liberum has agreed that the commission payable to it pursuant to the Placing Agreement shall to the extent required, be reduced by such amount as is necessary to ensure that the expenses of the Placing do not exceed, in aggregate, an amount equal to 2 per cent. of the Gross Placing Proceeds.

Liberum has agreed with the Investment Manager that, in connection with the Placing, it shall pay commission to the Investment Manager in respect of certain investors who have participated in the Placing. The Investment Manager, at its discretion and out of its own resources, may rebate to certain investors, part or all of the commissions it receives from Liberum in relation to the Placing.

In addition, the Company has agreed to pay Liberum in relation to any Subsequent Placing a commission equal to 1.5 per cent. of the gross proceeds of such Subsequent Placing together with any applicable VAT.

Liberum has agreed to pay out of its commission detailed above any commission to sub-placing agents it employs.

The Company will pay certain other costs and expenses (including any applicable VAT) of, or incidental to, the Placing and the Placing Programme including all fees and expenses payable in connection with Admission, expenses of the registrars, printing and advertising expenses, postage and all other legal, accounting and other professional fees and expenses.

The Placing Agreement contains representations and warranties given by the Company, the Investment Manager and the Directors to Liberum as to the accuracy of the information contained in this document and other matters relating to the Company and its business, and also contains indemnities given by the Company and the Investment Manager to Liberum in a form customary for this type of agreement. Liberum is entitled to terminate the Placing Agreement in certain specified circumstances prior to Admission.

The Placing Agreement is governed by and construed in accordance with the laws of England and Wales.

7. THE CITY CODE

The City Code applies to all takeover and merger transactions in relation to the Company, and operates principally to ensure that shareholders are treated fairly and are not denied an opportunity to decide on the merits of a takeover and that shareholders of the same class are afforded equivalent treatment. The City Code provides an orderly framework within which takeovers are conducted and the Panel on Takeovers and Mergers has now been placed on a statutory footing.

The City Code is based upon a number of General Principles which are essentially statements of standards of commercial behaviour. General Principle One states that all holders of securities of an offeree company of the same class must be afforded equivalent treatment and if a person acquires control of a company, the other holders of securities must be protected. This is reinforced by Rule 9 of the City Code which requires a person, together with persons acting in concert with him, who acquires shares carrying voting rights which amount to 30 per cent. or more of the voting rights to make a general offer. "**Voting rights**" for these purposes means all the voting rights attributable to the share capital of a company which are currently exercisable at a general meeting. A general offer will also be required where a person who, together with persons acting in concert with him, holds not less than 30 per cent. but not more than 50 per cent. of the voting rights, acquires additional shares which increase his percentage of the voting rights. Unless the Panel consents, the offer must be made to all other shareholders, be in cash (or have a cash alternative) and cannot be conditional on anything other than the securing of acceptances which will result in the offeror and persons acting in concert with him holding shares carrying more than 50 per cent. of the voting rights.

There are not in existence any current mandatory takeover bids in relation to the Company.

8. MATERIAL CONTRACTS

The following are the only contracts (not being contracts entered into in the ordinary course of business) which have been entered into by the Company in the two years immediately preceding the date of this document or which are expected to be entered into prior to Admission and which are, or may be, material

or which have been entered into at any time by the Company and which contain any provision under which the Company has any obligation or entitlement which is, or may be, material to the Company as at the date of this document:

(a) the Placing Agreement, details of which are set out in paragraph 6 above;

(b) **Investment Management Agreement**

The Investment Manager has been appointed pursuant to the Investment Management Agreement as the Company's investment manager.

The Investment Manager's role includes sourcing potential investments which match the Company's investment policy and providing the Company with investment advice and management services. Some of these services will be provided by the Investment Adviser.

The Investment Manager has full responsibility for the external management of the Company (including portfolio management, risk management and the provision of investment advisory services).

Management fee

A management fee will be paid to the Investment Manager quarterly in arrears. The quarterly fee will be calculated by reference to the following sliding scale:

- where NAV is less than or equal to £250 million, 1 per cent. per annum of NAV;
- where NAV is greater than £250 million but less than or equal to £500 million, 1 per cent. per annum of NAV on the first £250 million and 0.8 per cent. per annum of NAV on the balance; and
- where NAV is greater than £500 million, 0.8 per cent. per annum of NAV,

in each case, plus any applicable VAT.

If in any quarter (other than the final quarter) of any Accounting Period the aggregate expenses of the Company during such quarter exceed an amount equal to one-quarter of 1.5 per cent. of the average NAV of the Company during such quarter (such amount being a "**Quarterly Expenses Excess**"), then the management fee payable in respect of that quarter shall be reduced by the amount of the Quarterly Expenses Excess, provided that the management fee shall not be reduced to an amount that is less than zero and no sum will be payable by the Investment Manager to the Company in respect of the Quarterly Expenses Excess.

If in the final quarter of any Accounting Period the aggregate expenses of the Company during such Accounting Period exceed an amount equal to 1.5 per cent. of the average NAV of the Company during such Accounting Period (such amount being an "**Annual Expenses Excess**"), then the management fee payable in respect of that quarter shall be reduced by the amount of the Annual Expenses Excess. If such reduction would not fully eliminate the Annual Expenses Excess (the amount of any such shortfall being a "**Management Fee Deduction Shortfall**"), the Investment Manager shall pay to the Company an amount equal to the Management Fee Deduction Shortfall (a "**Management Fee Deduction Shortfall Payment**") as soon as is reasonably practicable.

If at any time there has been any deduction from the management fee pursuant to either of the two preceding paragraphs (a "**Management Fee Deduction**") or there has been a Management Fee Deduction Shortfall Payment, and during any subsequent quarter:

(a) all or part of the Management Fee Deduction can be paid; and/or

(b) all or part of the Management Fee Deduction Shortfall Payment can be repaid,

by the Company to the Investment Manager without:

(c) in any quarter (other than the final quarter) of any Accounting Period the aggregate expenses of the Company during such quarter exceeding an amount equal to one-quarter of 1.5 per cent. of the average NAV of the Company during such quarter; or

(d) in the final quarter of any Accounting Period the aggregate expenses of the Company during such Accounting Period exceeding an amount equal to 1.5 per cent. of the average NAV of the Company during such Accounting Period,

then such payment and/or repayment shall be made by the Company to the Investment Manager as soon as is reasonably practicable.

Any amount accrued or paid in respect of the performance fee is not an "expense" for the purposes of the three preceding paragraphs.

Performance fee

The Company shall pay a performance fee in respect of each Accounting Period in which a performance fee is earned. The performance fee is calculated annually as the lesser of 15 per cent. of:

- the Total Shareholder Return minus the Hurdle with the balance multiplied by the time weighted number of Shares in issue during the Accounting Period in respect of which the performance fee is calculated; and
- the Total Shareholder Return minus the relevant High Water Mark with the balance multiplied by the time weighted number of Shares in issue during the Accounting Period in respect of which the performance fee is calculated.

The Investment Management Agreement contains provisions to adjust the calculation of the performance fee in certain circumstances. These circumstances include adjustments to take account of corporate actions that entail changes to the Company's share capital, such as consolidations, sub-divisions or bonus issues or other restructurings or reorganisations affecting its share capital.

The performance fee will be settled as follows:

- in cash in respect of the VAT element;
- in cash as to 50 per cent. of the performance fee; and
- as to the balance, either: (i) where the then current market price of the Shares is at or above the last reported NAV per Share, by the allotment to the Investment Manager of such number of new Shares credited as fully paid as is equal to 50 per cent. of the performance fee (net of VAT) divided by the most recent practicable NAV per Share (rounded down to the nearest whole Share); or (ii) where the then current market price of the Shares is lower than the last reported NAV per Share by acquiring Shares in the market at a price (including dealing costs) no greater than the last reported NAV per Share.

If the settlement of the performance fee in Shares would be prohibited by applicable law or would result in the Investment Manager or any person acting in concert with either of them incurring an obligation to make an offer under Rule 9 of the City Code, the balance will be settled in cash.

For the purposes of this paragraph 8(b):

Accounting Period means the period commencing on the date of Admission and ending on 31 December 2016 and thereafter each successive period of twelve calendar months each of which starts on the end of the preceding Accounting Period and ends at midnight on 31 December in each year throughout the term and, in the last year of the term, the period which starts on the expiry of the immediately preceding Accounting Period and which ends at midnight on the date of termination of the Investment Management Agreement;

Admission NAV means the NAV of the Company immediately following Admission;

High Water Mark means an amount equal to the Total Shareholder Return at the end of the Accounting Period in respect of which a performance fee was last payable or, if no performance fee has been earned previously, Opening NAV;

Hurdle means a cumulative Total Shareholder Return of 7 per cent. per annum, by reference to the Admission NAV, compounded annually;

Opening NAV means £0.98; and

Total Shareholder Return means in respect of an Accounting Period, the sum of the Company's NAV at the end of the Accounting Period plus the total of all dividends and other distributions made to Shareholders since Admission divided by the time weighted average number of Shares in issue during the period from Admission to the end of the Accounting Period, calculated by reference to the audited accounts of the Company.

Term and termination

The Investment Management Agreement has an initial term of two years from the date of the Investment Management Agreement and will continue until terminated by:

(i) either party giving to the other not less than 12 months' written notice, such notice not to expire earlier than the second anniversary of the execution of the Investment Management Agreement;

(ii) either party (the "**innocent party**") where the other party (the "**defaulting party**") commits a material breach of its obligations under the Investment Management Agreement and the defaulting party shall fail to make good such breach within thirty days of receipt of written notice from the innocent party requesting it so to do;

(iii) either party where the other party commits a material breach of applicable laws or regulations.

(iv) either party where the other party goes into liquidation (except a voluntary liquidation for the purpose of reconstruction, amalgamation or merger upon terms previously approved in writing by the other party) or if an administrator, examiner or receiver is appointed over all or any of its assets or upon the happening of a like event at the direction of an appropriate regulatory agency or court of competent jurisdiction;

(v) the Company where the Investment Manager commits an act of fraud or is guilty of negligence or wilful default;

(vi) the Company where the Investment Manager ceases or fails to be authorised and regulated by the AMF (or, in respect of the services to be provided by the Investment Adviser, appropriately regulated by the FCA) or any other applicable regulator as an investment manager unless such cessation or failure is as a result of it no longer needing to be so regulated as supported by a legal opinion from a reputable firm of lawyers; or

(vii) the Company where each of David Benamou and Jérôme Legras are no longer engaged in relation to the Investment Manager's business on a full time basis and replacement key individuals (or alternative arrangements) have not been put in place within three months.

Delegation

The Investment Manager may, where permitted by written consent of the Company, delegate part (but not the whole) of its functions or services under the Investment Management Agreement to any person that it thinks fit, provided that, if required, any such delegate is appropriately authorised (whether by the AMF, the FCA or otherwise) to provide such services (except where no such authorisation is required or an appropriate exemption applies) and further provided that any such appointment is entered into in compliance with the applicable provisions of the AIFMD, the EU Regulation 203/2013 and the applicable rules of the AMF. The cost of delegation of the services shall be borne by the Investment Manager. The Investment Manager will retain responsibility to the Company for any delegation of the services, details of which are set out in the Investment Management Agreement.

Warranties

The Investment Management Agreement contains warranties, representations and covenants from each party and it also provides for the indemnification by the Company of the Investment Manager (and its directors, agents, officers and employees) in circumstances where loss is suffered in connection with the provision of the services under the Investment Management Agreement save where there has been fraud, negligence, wilful misconduct, bad faith, reckless disregard or material breach of its obligations under the Investment Management Agreement or rules of any relevant regulatory body.

The Investment Management Agreement is governed by the laws of England and Wales.

(c) **Administration Agreement**

The Administrator has been appointed pursuant to the Administration Agreement to provide day to day administration services to the Company, to calculate the NAV per Share on a weekly basis and to provide company secretarial functions required under the Companies Law.

The Administration Agreement is conditional upon Admission and not being terminated in accordance with its terms (the "**Commencement Date**").

The Administration Agreement is terminable as follows:

(i) by either party on 6 months' prior written notice, such notice to expire on or after the second anniversary of Admission;

(ii) by either party by written notice on the insolvency of the other party; and

(iii) by either party by written notice on the material breach of the Administration Agreement by the other party if such breach is not remedied within 30 days of receipt of written notice from the notifying party.

The Administrator is permitted under the Administration Agreement, with the agreement of the Company, to delegate any of its functions, powers and duties to any person and may provide information about the Company or the Portfolio to any person provided that the Administrator remains responsible at all times for all acts or omissions of any delegates. The Administrator may also employ agents in connection with the performance of its services under the Administration Agreement provided that it shall remain liable for the acts or omissions of such agent.

The Administrator is entitled to receive a fee of £110,000 per annum (exclusive of any VAT) payable quarterly in arrear (the "**Administration Fee**"), together with reimbursement of all reasonable expenses properly incurred and such other expenses as agreed between the Company and the Administrator. The Administration Fee will be adjusted annually so as to reflect any percentage change in the retail prices index over the preceding year. Such adjustment shall be upwards only. In addition, the Company shall pay the Administrator a time-based fee for any work undertaken in connection with the calculation of the weekly NAV, up to a maximum of £400 (exclusive of any VAT) per NAV calculation, subject to a maximum aggregate amount of £10,000 per annum (exclusive of any VAT). The Administrator will also be entitled to receive a one-off establishment fee of £25,000 (exclusive of any VAT) on Admission.

Save as provided above, the Administrator will not be liable for any loss suffered by the Company unless such loss is due to an act of negligence, wilful default or fraud on the part of the Administrator or any of its employees.

The Company will indemnify the Administrator and the Directors from and against any and all liabilities, obligations, losses, damages, suits and expenses which may be incurred or asserted against the Administrator other than those resulting from the Administrator's or any of its directors', officers', employees', agents' or delegates' negligence, wilful default or fraud (other than expenses for which the Administrator is responsible in accordance with the Administration Agreement).

The Administration Agreement is governed by the laws of the Island of Guernsey.

(d) **Depositary Agreement**

CACEIS Bank France, a member of Crédit Agricole (France), has been appointed pursuant to the Depositary Agreement to provide depositary, settlement and other associated services to the Company.

The Depositary is regulated by the ACPR and the AMF. The Depositary will be responsible for the safe-keeping of financial instruments held on behalf of the Company and will periodically verify the ownership of other investments held directly by the Company.

The Depositary is entitled to: (i) an annual depositary fee of 0.03 per cent. of NAV, subject to a minimum annual fee of €25,000 (exclusive of any VAT); (ii) a safekeeping fee calculated using a basis

point fee charge based on the country of settlement and the value of the assets; and (iii) an administration fee on each transaction, together with various other payment/wire charges on outgoing payments. The Depositary will be entitled to reimbursement of certain expenses.

The Depositary is authorised under the Depositary Agreement to act through and hold the Company's assets with a sub-depositary. The Depositary will be liable for direct losses incurred by the Company that result from a breach by the Depositary of any provisions of the Depositary Agreement, save that in the case of a financial instrument held by the Depositary or a sub-depositary, the Depositary will not be liable for such loss if it can prove that:

(a) the loss does not result from an act or omission of the Depositary or the sub-depositary;

(b) the Depositary was not in position to prevent the loss of the financial instrument even by taking all the precautions which characterise a diligent depositary according to the common practice in the industry; and

(c) the Depositary could not prevent the loss from occurring even though it had been rigorously and generally diligent.

The above conditions are presumed not to be fulfilled where the loss has arisen due to an accounting mistake, operational malfunction, fraud or non-compliance with asset segregation requirements.

The liability of each of the Depositary and the Company to the other in respect of any liabilities that arise in connection with the other party's performance under the Depositary Agreement is limited to a maximum of an amount equal to 100 per cent. of the aggregate fee paid for the depositary services over the preceding 12 months, subject to certain exceptions.

The agreement may be terminated by either party on not less than three months' prior written notice.

The Depositary Agreement is governed by and construed in accordance with French law.

(e) **Registrar Agreement**

The Registrar has been appointed pursuant to the Registrar Agreement to provide certain share registration services to the Company. The Registrar shall be entitled to receive an annual fee from the Company based on activity and subject to an annual minimum charge of £5,500 (exclusive of any VAT). The Registrar shall also be entitled to reimbursement of all reasonably incurred out of pocket expenses.

The Registrar Agreement is governed by the laws of the Island of Guernsey.

(f) **Ongoing Broker Agreement**

Liberum has been appointed pursuant to the Ongoing Broker Agreement to act as corporate broker to the Company. Liberum has agreed, amongst other things, to advise on and coordinate an investor liaison programme for the Company, to monitor and report to the Board on the trading of the Shares and significant movements in the Company's share price, to provide advice on results reporting and any announcement made by the Company and to act as market maker in respect of the Company's shares.

Liberum shall be entitled to a fee of £75,000 per annum (exclusive of VAT), together with reimbursement of all reasonable expenses properly incurred, payable semi-annually in advance.

The Ongoing Broker Agreement may be terminated by either party on 60 days' prior written notice.

The Company has agreed to indemnify Liberum against all losses which Liberum may suffer or incur by reason of or arising out of or in connection with its engagement under the Ongoing Broker Agreement, save where the same arises from the judicially determined fraud, regulatory breach, negligence or wilful default of Liberum or from a material breach by Liberum of the terms of the Ongoing Broker Agreement.

The Ongoing Broker Agreement is governed by the laws of England and Wales.

9. RELATED PARTY TRANSACTIONS

Except with respect to the appointment letters entered into between the Company and each Director and the Investment Management Agreement entered into between the Company and the Investment Manager (details of which are set out in paragraphs 5 and 8(b) of this Part 7, respectively), the Company has not entered into any related party transaction since incorporation.

10. INVESTMENT GUIDELINES AND RESTRICTIONS

At Admission, the Shares will be admitted to trading on the Specialist Fund Market. As the Shares will not be listed on the Official List of the UKLA, the Listing Rules applicable to closed-ended investment companies will not apply to the Company. Nonetheless, the Company intends to comply with the following investment restrictions set out at 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 guidelines and restrictions set out above, the Investment Manager shall inform the Board upon becoming aware of such breach, and if the Board considers the breach to be material, notification will be made to a Regulatory Information Service.

11. PROPERTY, PLANT AND EQUIPMENT

The Company has no existing or planned material tangible fixed assets.

12. WORKING CAPITAL

The Company is of the opinion that, after taking into account the net proceeds of the Placing, the working capital available to the Company is sufficient for its present requirements, that is for at least 12 months from the date of this document.

13. LITIGATION

There are no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Company is aware), which may have, or have since incorporation had, a significant effect on the Company's financial position or profitability.

14. NO SIGNIFICANT CHANGE

There has been no significant change in the financial or trading position of the Company since the date of its incorporation.

15. THIRD PARTY INFORMATION

Where third party information has been referenced in this document, the source of that information has been disclosed. The Company and the Directors confirm that such data has been accurately reproduced and, so far as they are aware and are able to ascertain from information published from such sources, no facts have been omitted which would render the reproduced information inaccurate or misleading.

16. CAPITALISATION AND INDEBTEDNESS

As at the date of this document the Company has no guaranteed, secured, unguaranteed or unsecured debt and no indirect or contingent indebtedness, and has not entered into any mortgage, charge or security interest, and the Company's issued share capital consists of one Share.

17. GENERAL

17.1 The expenses of the Placing are borne indirectly by the Shareholders since they will be paid out of the assets of the Company. Investors will not be charged a fee in addition to the Issue Price. The expenses of the Placing (including those fees and commissions referred to in paragraph 6 above) payable by the Company will be approximately £1.01 million.

17.2 Liberum is registered in England and Wales under number 05912554 and its registered office is at Ropemaker Place, Level 12, 25 Ropemaker Street, London EC2Y 9LY. Liberum is regulated by the Financial Conduct Authority and is acting in the capacity as sole financial adviser and bookrunner to the Company.

17.3 Liberum has given and has not withdrawn its written consent to the issue of this document with the inclusion of its name and references to it in the form and context in which they appear.

17.4 The Investment Manager has given and has not withdrawn its written consent to the issue of this document with the inclusion of its name and references to it in the form and context in which they appear and has authorised the contents of Part 2 of the Prospectus for the purposes of Prospectus Rule 5.5.3R(2)(f). To the best of the knowledge of the Investment Manager, who has taken all reasonable care to ensure that such is the case, the information contained in Part 2 of this document, and any other information in this document attributed or pertaining to it, is in accordance with the facts and does not omit anything likely to affect the import of such information.

17.5 There are no patents or other intellectual property rights, licences, industrial, commercial or financial contracts or new manufacturing processes which are material to the Company's business or profitability.

17.6 No application is being made for the Shares to be dealt in or on any stock exchange or investment exchange other than the Specialist Fund Market.

17.7 Under the Judgments (Reciprocal Enforcement) (Guernsey) Law, 1957 as amended (the "**Judgments Law**") a judgment of a superior court can be reciprocally enforced in Guernsey by way of registration subject to certain qualifications to registration outlined in the Judgments Law. The scope of the Judgments Law is limited to a small number of jurisdictions including the United Kingdom, Israel, the Netherlands and Italy. The Royal Court may (in its discretion) recognise as a valid judgment any final and conclusive judgment obtained in a court of a country other than those listed under the Judgments Law provided certain conditions are met. Legal advice needs to be taken before attempting to enforce a foreign judgment in the Guernsey courts.

18. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of this document, and the memorandum of incorporation of the Company and the Articles, will be available for inspection during normal business hours on any day (except Saturdays, Sundays, bank and public holidays) free of charge to the public at the offices of the Company and at the offices of Berwin Leighton Paisner LLP, Adelaide House, London Bridge, London EC4R 9HA from the date of this document until 2 November 2016.

Dated: 3 November 2015

PART 8

TERMS AND CONDITIONS OF APPLICATIONS UNDER THE PLACING AND EACH SUBSEQUENT PLACING

IMPORTANT INFORMATION FOR INVITED PLACEES ONLY.

1. INTRODUCTION

1.1 Each Placee which confirms its agreement to the Company and Liberum to subscribe for Shares under either the Placing or a Subsequent Placing will be bound by these terms and conditions and will be deemed to have accepted them.

1.2 The Company and/or Liberum may require any Placee to agree to such further terms and/or conditions and/or give such additional warranties and/or representations as it/they (in its/their absolute discretion) sees fit and/or may require any such Placee to execute a separate placing letter (a "**Placing Letter**").

2. AGREEMENT TO SUBSCRIBE FOR SHARES

2.1 Conditional on, amongst other things: (i) in respect of the Placing only, Admission occurring and becoming effective by 8.00 a.m. on or prior to 5 November 2015 (or such later time and/or date, not being later than 19 November 2015, as the Company and Liberum may agree); (ii) in respect of a Subsequent Placing only, admission of the Shares issued pursuant to the relevant Subsequent Placing occurring and becoming effective by 8.00 a.m. on or prior to the date agreed by the Company and Liberum in respect of that Subsequent Placing; (iii) the Placing Agreement becoming otherwise unconditional in all respects and not having been terminated on or before the date of the Placing or the relevant Subsequent Placing (as applicable); (iv) in respect of the Placing only, the gross proceeds of the Placing being at least £50,000,000 and (v) Liberum confirming to the Placees their allocation of Shares, a Placee agrees to become a member of the Company and agrees to subscribe for those Shares allocated to it by Liberum at the Issue Price or Placing Programme Price (as applicable). To the fullest extent permitted by law, each Placee acknowledges and agrees that it will not be entitled to exercise any remedy of rescission at any time. This does not affect any other rights the Placee may have.

2.2 Applications under the Placing and each Subsequent Placing under the Placing Programme must be for a minimum subscription amount of £5,000.

2.3 Any commitment to acquire Shares under the Placing and/or any Subsequent Placing agreed orally with Liberum, as agent for the Company, will constitute an irrevocable, legally binding commitment upon that person (who at that point will become a Placee) in favour of the Company and Liberum, to subscribe for the number of Shares allocated to it and comprising its placing confirmation on the terms and subject to the conditions set out in this Part 8 and in the contract note (the "**Contract Note**") and the Placing Letter (if any) and in accordance with the Articles in force as at the date of Admission. Except with the consent of Liberum, such oral commitment will not be capable of variation or revocation after the time at which it is made.

2.4 Each Placee's allocation of Shares under the Placing and/or any Subsequent Placing will be evidenced by a Contract Note or Placing Letter confirming: (i) the number of Shares that such Placee has agreed to acquire; (ii) the aggregate amount that such Placee will be required to pay for such Shares; and (ii) settlement instructions to pay Liberum, as agent for the Company. The provisions as set out in this Part 8 will be deemed to be incorporated into that Contract Note or Placing Letter (as applicable).

3. PAYMENT FOR SHARES

3.1 Each Placee undertakes to pay the Issue Price or Placing Programme Price (as applicable) for the Shares issued to the Placee in the manner and by the time directed by Liberum. In the event of any failure by any Placee to pay as so directed and/or by the time required by Liberum, the relevant Placee shall be deemed hereby to have appointed Liberum or any nominee of Liberum as its agent to use its reasonable endeavours to sell (in one or more transactions) any or all of the Shares in respect of which payment shall not have been made as directed, and to indemnify Liberum and its respective affiliates

on demand in respect of any liability for stamp duty and/or stamp duty reserve tax or any other liability whatsoever arising in respect of any such sale or sales. A sale of all or any of such Shares shall not release the relevant Placee from the obligation to make such payment for relevant Shares to the extent that Liberum or its nominee has failed to sell such Shares at a consideration which, after deduction of the expenses of such sale and payment of stamp duty and/or stamp duty reserve tax as aforementioned, exceeds the Issue Price or Placing Programme Price (as applicable) per Share.

3.2 Settlement of transactions in the Shares following Admission will take place in CREST but Liberum reserves the right in its absolute discretion to require settlement in certificated form if, in its opinion, delivery or settlement is not possible or practicable within the CREST system within the timescales previously notified to the Placee (whether orally, in the Contract Note, in the Placing Letter (if any) or otherwise) or would not be consistent with the regulatory requirements in any Placee's jurisdiction.

4. REPRESENTATIONS AND WARRANTIES

By agreeing to subscribe for Shares under either the Placing or a Subsequent Placing, each Placee which enters into a commitment to subscribe for Shares will (for itself and for any person(s) procured by it to subscribe for Shares and any nominee(s) for any such person(s)) be deemed to undertake, represent and warrant to each of the Company, Liberum, the Investment Manager and the Registrar that:

4.1 in agreeing to subscribe for Shares under the Placing or a Subsequent Placing, it is relying solely on this document and any supplementary prospectus issued by the Company and not on any other information given, or representation or statement made at any time, by any person concerning the Company, the Shares, the Placing or any Subsequent Placing. It agrees that none of the Company, Liberum, the Investment Manager or the Registrar, nor any of their respective officers, agents, employees or affiliates, will have any liability for any other information or representation. It irrevocably and unconditionally waives any rights it may have in respect of any other information or representation;

4.2 if the laws of any territory or jurisdiction outside the United Kingdom are applicable to its agreement to subscribe for Shares under the Placing or a Subsequent Placing, it warrants that it has complied with all such laws, obtained all governmental and other consents which may be required, complied with all requisite formalities and paid any issue, transfer or other taxes due in connection with its application in any territory and that it has not taken any action or omitted to take any action which will result in the Company, Liberum, the Investment Manager or the Registrar or any of their respective officers, agents, employees or affiliates acting in breach of the regulatory or legal requirements, directly or indirectly, of any territory or jurisdiction outside the United Kingdom in connection with the Placing and/or any Subsequent Placing;

4.3 it has carefully read and understands this document in its entirety and acknowledges that it is acquiring Shares on the terms and subject to the conditions set out in this Part 8 and in the Contract Note, the Placing Letter (if any) and the Articles as in force at the date of Admission or the Subsequent Placing (as applicable);

4.4 the price payable per Share is payable to Liberum on behalf of the Company in accordance with the terms of these terms and conditions and in the Contract Note and the Placing Letter (if any);

4.5 it has the funds available to pay for in full the Shares for which it has agreed to subscribe and that it will pay the total subscription amount in accordance with the terms set out in these terms and conditions and as set out in the Contract Note and the Placing Letter (if any) on the due time and date;

4.6 it has not relied on Liberum or any person affiliated with Liberum in connection with any investigation of the accuracy of any information contained in this document;

4.7 it acknowledges that the content of this document is exclusively the responsibility of the Company and the Directors and neither Liberum nor any person acting on its behalf nor any of its affiliates are responsible for or shall have any liability for any information, representation or statement contained in this document or any information published by or on behalf of the Company and will not be liable for any decision by a Placee to participate in the Placing or a Subsequent Placing based on any information, representation or statement contained in this document or otherwise;

4.8 it acknowledges that no person is authorised in connection with the Placing or any Subsequent Placing to give any information or make any representation other than as contained in this document and, if given or made, any information or representation must not be relied upon as having been authorised by Liberum, the Company or the Investment Manager;

4.9 it is not applying as, nor is it applying as nominee or agent for, a person who is or may be liable to notify and account for tax under the Stamp Duty Reserve Tax Regulations 1986 at any of the increased rates referred to in section 67, 70, 93 or 96 (depository receipts and clearance services) of the Finance Act 1986;

4.10 it accepts that none of the Shares have been or will be registered under the securities laws, or with any securities regulatory authority of, the United States, any member state of the EEA other than the United Kingdom, Australia, Canada, the Republic of South Africa or Japan (each a "**Restricted Jurisdiction**"). Accordingly, the Shares may not be offered, sold, issued or delivered, directly or indirectly, within any Restricted Jurisdiction unless an exemption from any registration requirement is available;

4.11 if it is within the United Kingdom, it is (a) a person who falls within (i) Articles 49(2)(A) to (D) or (ii) Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotions) Order 2005 (the "**Order**") or is a person to whom the Shares may otherwise lawfully be offered under such Order, or, if it is receiving the offer in circumstances under which the laws or regulations of a jurisdiction other than the United Kingdom would apply, that it is a person to whom the Shares may be lawfully offered under that other jurisdiction's laws and regulations and (b) a qualified investor (as such term is defined in section 86(7) of FSMA);

4.12 if it is a resident in the EEA (other than the United Kingdom), it is (a) a qualified investor within the meaning of the law in the relevant EEA State implementing Article 2(1)e(i), (ii) or (iii) of the Prospectus Directive and (b) if the Relevant Member State has implemented the AIFMD, that it is a person to whom the Shares may lawfully be marketed to under the applicable implementing legislation (if any) of the Relevant Member State;

4.13 in the case of any Shares acquired by an investor as a financial intermediary as that term is used in Article 3(2) of the Prospectus Directive (i) the Shares acquired by it in the Placing and/or Subsequent Placings have not been acquired on behalf of, nor have they been acquired with a view to their offer or resale to, persons in any Relevant Member State other than qualified investors, as that term is defined in the Prospectus Directive, or in circumstances in which the prior consent of Liberum has been given to the offer or resale; or (ii) where Shares have been acquired by it on behalf of persons in any Relevant Member State other than qualified investors, the offer of those Shares to it is not treated under the Prospectus Directive as having been made to such persons;

4.14 if it is outside the United Kingdom, neither this document nor any other offering, marketing or other material in connection with the Placing or any Subsequent Placing (for the purposes of this Part 8, each a "**Placing Document**") constitutes an invitation, offer or promotion to, or arrangement with, it or any person whom it is procuring to subscribe for Shares pursuant to the Placing or any Subsequent Placing unless, in the relevant territory, such offer, invitation or other course of conduct could lawfully be made to it or such person and such documents or materials could lawfully be provided to it or such person and Shares could lawfully be distributed to and subscribed and held by it or such person without compliance with any unfulfilled approval, registration or other regulatory or legal requirements;

4.15 it does not have a registered address in, and is not a citizen, resident or national of a Restricted Jurisdiction or any jurisdiction in which it is unlawful to make or accept an offer of the Shares and it is not acting on a non-discretionary basis for any such person;

4.16 if the investor is a natural person, such investor is not under the age of majority (18 years of age in the United Kingdom) on the date of such investor's agreement to subscribe for Shares under the Placing or relevant Subsequent Placing and will not be any such person on the date any such Placing or Subsequent Placing (as applicable) is accepted;

4.17 it has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of section 21 of FSMA) relating to the Shares in circumstances in which section 21(1) of FSMA does not require approval of the communication by an authorised person and you acknowledge and agree that no Placing Document is being issued by Liberum in its capacity as an authorised person under section 21 of FSMA and they may not therefore be subject to the controls which would apply if they were made or approved as financial promotion by an authorised person;

4.18 it is aware of and acknowledges that it is required to comply with all applicable provisions of FSMA with respect to anything done by it in relation to the Ordinary Shares in, from or otherwise involving, the United Kingdom;

4.19 it is aware of the provisions of the Criminal Justice Act 1993 regarding insider dealing, section 118 of FSMA and the Proceeds of Crime Act 2002 and confirms that it has and will continue to comply with any obligations imposed by such statutes;

4.20 unless, it is otherwise expressly agreed with the Company and Liberum in the terms of any particular placing it has not, directly or indirectly, distributed, forwarded, transferred or otherwise transmitted this document nor any other Placing Document to any persons within the United States or to any US Persons, nor will it do any of the foregoing;

4.21 it represents, acknowledges and agrees to the representations, warranties and agreements as set out under the heading "United States Purchase and Transfer Restrictions" in paragraph 5 below;

4.22 no action has been taken or will be taken in any jurisdiction other than the United Kingdom that would permit a public offering of the Shares or possession of the Prospectus (and any supplementary prospectus issued by the Company), in any country or jurisdiction where action for that purpose is required;

4.23 it acknowledges that neither Liberum nor any of its respective affiliates nor any person acting on its or their behalf is making any recommendations to it, advising it regarding the suitability of any transactions it may enter into in connection with the Placing or any Subsequent Placing or providing any advice in relation to the Placing or any Subsequent Placing and participation in the Placing or relevant Subsequent Placing is on the basis that it is not and will not be a client of Liberum and that Liberum does not have any duties or responsibilities to it for providing protection afforded to their respective clients or for providing advice in relation to the Placing or Subsequent Placing (as applicable) nor, if applicable, in respect of any representations, warranties, undertaking or indemnities contained in the Placing Letter;

4.24 that, save in the event of fraud on the part of Liberum, none of Liberum, its ultimate holding companies nor any direct or indirect subsidiary undertakings of such holding companies, nor any of their respective directors, members, partners, officers and employees shall be responsible or liable to a Placee or any of its clients for any matter arising out of Liberum's role as sole financial adviser and bookrunner or otherwise in connection with the Placing or any Subsequent Placing and that where any such responsibility or liability nevertheless arises as a matter of law the Placee and, if relevant, its clients, will immediately waive any claim against any of such persons which the Placee or any of its clients may have in respect thereof;

4.25 it acknowledges that where it is subscribing for Shares for one or more managed, discretionary or advisory accounts, it is authorised in writing for each such account: (i) to subscribe for the Shares for each such account; (ii) to make on each such account's behalf the representations, warranties and agreements set out in this document; and (iii) to receive on behalf of each such account any documentation relating to the Placing or Subsequent Placing (as applicable) in the form provided by the Company and/or Liberum. It agrees that the provision of this paragraph shall survive any resale of the Shares by or on behalf of any such account;

4.26 it irrevocably appoints any Director and any director of Liberum to be its agent and on its behalf (without any obligation or duty to do so), to sign, execute and deliver any documents and do all acts, matters and things as may be necessary for, or incidental to, its subscription for all or any of the Shares for which it has given a commitment under the Placing or Subsequent Placing (as applicable), in the event of its own failure to do so;

4.27 it accepts that if the Placing or relevant Subsequent Placing does not proceed or the relevant conditions to the Placing Agreement are not satisfied or the Shares for which valid application are received and accepted are not admitted to trading on the Specialist Fund Market for any reason whatsoever then none of Liberum or the Company or the Investment Manager, nor persons controlling, controlled by or under common control with any of them nor any of their respective employees, agents, officers, members, stockholders, partners or representatives, shall have any liability whatsoever to it or any other person;

4.28 in connection with its participation in the Placing or Subsequent Placing (as applicable) it has observed all relevant legislation and regulations, in particular (but without limitation) those relating to money laundering ("**Money Laundering Legislation**") and that its application is only made on the basis that it accepts full responsibility for any requirement to verify the identity of its clients and other persons in respect of whom it has applied. In addition, it warrants that it is a person: (i) subject to the Money Laundering Regulations 2007 in force in the United Kingdom; or (ii) subject to the Money Laundering

Directive (2005/60/EC of the European Parliament and of the EC Council of 26 October 2005 on the prevention of the use of the financial system for the purpose of money laundering and terrorist financing); or (iii) subject to the Guernsey AML Requirements; or (iv) acting in the course of a business in relation to which an overseas regulatory authority exercises regulatory functions and is based or incorporated in, or formed under the law of, a country in which there are in force provisions at least equivalent to those required by the Money Laundering Directive;

4.29 it acknowledges that due to anti-money laundering requirements, Liberum, the Administrator, the Registrar and the Company may require proof of identity and verification of the source of the payment before the application can be processed and that, in the event of delay or failure by the applicant to produce any information required for verification purposes, Liberum and the Company may refuse to accept the application and the subscription monies relating thereto. It holds harmless and will indemnify Liberum and the Company against any liability, loss or cost ensuing due to the failure to process such application, if such information as has been requested has not been provided by it in a timely manner;

4.30 that they are aware of, have complied with and will at all times comply with their obligations in connection with money laundering under the Proceeds of Crime Act 2002;

4.31 it acknowledges and agrees that information provided by it to the Company, the Administrator or the Registrar will be stored on the Registrar's and the Administrator's computer system and manually. It acknowledges and agrees that for the purposes of the Data Protection (Bailiwick of Guernsey) Law 2001 (the "**Data Protection Law**") and other relevant data protection legislation which may be applicable, the Registrar and the Administrator are required to specify the purposes for which they will hold personal data. The Registrar and the Administrator will only use such information for the purposes set out below (collectively, the "**Purposes**"), being to:

(a) process its personal data (including sensitive personal data) as required by or in connection with its holding of Shares, including processing personal data in connection with credit and money laundering checks on it;

(b) communicate with it as necessary in connection with its affairs and generally in connection with its holding of Shares;

(c) provide personal data to such third parties as the Administrator or Registrar may consider necessary in connection with its affairs and generally in connection with its holding of Shares or as the Data Protection Law may require, including to third parties outside the Bailiwick of Guernsey or the European Economic Area;

(d) without limitation, provide such personal data to the Company, Liberum or the Investment Manager and their respective associates for processing, notwithstanding that any such party may be outside the Bailiwick of Guernsey or the European Economic Area; and

(e) process its personal data for the Administrator's internal administration;

4.32 in providing the Registrar and Administrator with information, it hereby represents and warrants to the Registrar and Administrator that it has obtained the consent of any data subjects to the Registrar and Administrator and their respective associates holding and using their personal data for the Purposes (including the explicit consent of the data subjects for the processing of any sensitive personal data for the purpose set out in paragraph 4.31). For the purposes of this document, "**data subject**", "**personal data**" and "**sensitive personal data**" shall have the meanings attributed to them in the Data Protection Law;

4.33 Liberum and the Company are entitled to exercise any of their rights under the Placing Agreement or any other right in their absolute discretion without any liability whatsoever to them;

4.34 the representations, undertakings and warranties contained in this document are irrevocable. It acknowledges that Liberum and the Company and their respective affiliates will rely upon the truth and accuracy of the foregoing representations and warranties and it agrees that if any of the representations or warranties made or deemed to have been made by its subscription of the Shares are no longer accurate, it shall promptly notify Liberum and the Company;

4.35 where it or any person acting on behalf of it is dealing with Liberum, any money held in an account with Liberum on behalf of it and/or any person acting on behalf of it will not be treated as client money within the meaning of the relevant rules and regulations of the Financial Conduct Authority which therefore will not require Liberum to segregate such money, as that money will be held by Liberum under a banking relationship and not as trustee;

4.36 any of its clients, whether or not identified to Liberum, will remain its sole responsibility and will not become clients of Liberum for the purposes of the rules of the FCA or for the purposes of any other statutory or regulatory provision;

4.37 it accepts that the allocation of Shares shall be determined by Liberum, in its absolute discretion and that it may scale down any Placing or Subsequent Placing commitments for this purpose on such basis as they may determine;

4.38 time shall be of the essence as regards its obligations to settle payment for the Shares and to comply with its other obligations under the Placing or Subsequent Placing (as applicable);

4.39 it authorises Liberum to deduct from the total amount subscribed under the Placing or Subsequent Placing (as applicable) the aggregation commission (if any) (calculated at the rate agreed with the Placee) payable on the number of Shares allocated under that Placing or Subsequent Placing;

4.40 in the event that a supplementary prospectus is required to be produced pursuant to section 87G FSMA and in the event that it chooses to exercise any right of withdrawal pursuant to section 87(Q)(4) FSMA, such Placee will immediately re-subscribe for the Shares previously comprising its Placing commitment;

4.41 the commitment to subscribe for Shares on the terms set out in these terms and conditions will continue notwithstanding any amendment that may in the future be made to the terms of the Placing or to any Subsequent Placing and that it will have no right to be consulted or require that its consent be obtained with respect to the Company's conduct of the Placing and/or any Subsequent Placing; and

4.42 it is capable of being categorised as a person who is a "professional client" or an "eligible counterparty" within the meaning of Chapter 3 of the FCA's Conduct of Business Sourcebook.

5. UNITED STATES PURCHASE AND TRANSFER RESTRICTIONS

Unless it is otherwise expressly agreed with the Company and Liberum in the terms of any particular placing, by participating in the Placing and/or a Subsequent Placing, each Placee acknowledges and agrees that it will (for itself and any person(s) procured by it to subscribe for Shares and any nominee(s) for any such person(s)) be further deemed to represent and warrant to each of the Company, Liberum, the Investment Manager and the Registrar that:

5.1 it is not a US Person, is not located within the United States, is acquiring the Shares in an offshore transaction meeting the requirements of Regulation S and is not acquiring the Shares for the account or benefit of a US Person;

5.2 it acknowledges that the Shares have not been and will not be registered under the Securities Act or with any securities regulatory authority of any State or other jurisdiction of the United States and, subject to certain exceptions, may not be offered or sold in the United States or to, or for the account or benefit of, US Persons absent registration or an exemption from registration under the Securities Act;

5.3 it acknowledges that the Company has not registered under the Investment Company Act and that the Company has put in place restrictions for transactions not involving any public offering in the United States, and to ensure that the Company is not and will not be required to register under the Investment Company Act;

5.4 unless the Company expressly consents in writing otherwise, no portion of the assets used to purchase, and no portion of the assets used to hold, the Shares or any beneficial interest therein constitutes or will constitute the assets of: (i) an "employee benefit plan" as defined in Section 3(3) of ERISA that is subject to Part 4 of subtitle B of fiduciary responsibility or prohibited transaction Title I of ERISA; (ii) a "plan" as defined in Section 4975 of the Internal Revenue Code, including an individual retirement account, that is subject to Section 4975 of the Internal Revenue Code; or (iii) an entity whose underlying assets include the assets of any such "employee benefit plan" or "plans" by reason of ERISA or the Plan Assets Regulation, or otherwise (including certain insurance company general accounts) for the purposes of Section 4.6 of ERISA or Section 4975 of the Internal Revenue Code. In addition, if an investor is a governmental, church, non-US or other employee benefit plan that is subject to any federal, state, local or non-US law that is substantially similar to the fiduciary responsibility or prohibited transaction provisions of Title I of ERISA or Section 4975 of the Internal Revenue Code, its purchase, holding, and disposition of the Shares must not constitute or result in a non-exempt violation of any such substantially similar law;

5.5 that if any Shares offered and sold pursuant to Regulation S are issued in certificated form, then such certificates evidencing ownership will contain a legend substantially to the following effect unless otherwise determined by the Company in accordance with applicable law:

"AXIOM EUROPEAN FINANCIAL DEBT FUND LIMITED (THE "**COMPANY**") HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE US INVESTMENT COMPANY ACT OF 1940, AS AMENDED (THE "**INVESTMENT COMPANY ACT**"). IN ADDITION, THE SECURITIES OF THE COMPANY REPRESENTED BY THIS CERTIFICATE HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE US SECURITIES ACT OF 1933, AS AMENDED (THE "**SECURITIES ACT**"), OR WITH ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES. ACCORDINGLY, THIS SECURITY MAY NOT BE OFFERED, SOLD, PLEDGED, EXERCISED OR OTHERWISE TRANSFERRED WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, US PERSONS EXCEPT IN ACCORDANCE WITH THE SECURITIES ACT OR AN EXEMPTION THEREFROM AND UNDER CIRCUMSTANCES WHICH WILL NOT REQUIRE THE COMPANY TO REGISTER UNDER THE INVESTMENT COMPANY ACT, IN EACH CASE IN ACCORDANCE WITH ALL APPLICABLE SECURITIES LAWS. FURTHER, NO PURCHASE, SALE OR TRANSFER OF THE SECURITIES REPRESENTED BY THIS CERTIFICATE MAY BE MADE UNLESS SUCH PURCHASE, SALE OR TRANSFER WILL NOT RESULT IN THE ASSETS OF THE COMPANY CONSTITUTING "**PLAN ASSETS**" WITHIN THE MEANING OF THE EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974, AS AMENDED ("**ERISA**") OR THE PLAN ASSETS REGULATION;"

5.6 if in the future the investor decides to offer, sell, transfer, assign or otherwise dispose of the Shares, it will do so only in compliance with an exemption from the registration requirements of the Securities Act and under circumstances which: (a) will not require the Company to register under the US Investment Company Act; and (b) will not result in the assets of the Company constituting "plan assets" within the meaning of ERISA or the Plan Assets Regulation;

5.7 it is purchasing the Shares for its own account or for one or more investment accounts for which it is acting as a fiduciary or agent, in each case for investment only, and not with a view to or for sale or other transfer in connection with any distribution of the Shares in any manner that would violate the Securities Act, the Investment Company Act or any other applicable securities laws;

5.8 it acknowledges that the Company reserves the right to make inquiries of any holder of the Shares or interests therein at any time as to such person's status under the US federal securities laws and to require any such person that has not satisfied the Company that the holding of Shares by such person will not violate or require registration under the US securities laws to transfer such Shares or interests in accordance with the Articles;

5.9 it acknowledges and understand the Company is required to comply with FATCA and that the Company will follow FATCA's extensive reporting and withholding requirements. The Placee agrees to provide the Company at the time or times prescribed by applicable law and at such time or times reasonably requested by the Company such information and documentation prescribed by applicable law and such additional documentation reasonably requested by the Company as may be necessary for the Company to comply with its obligations under FATCA;

5.10 it is entitled to acquire the Shares under the laws of all relevant jurisdictions which apply to it, it has fully observed all such laws and obtained all governmental and other consents which may be required thereunder and complied with all necessary formalities and it has paid all issue, transfer or other taxes due in connection with its acceptance in any jurisdiction of the Shares and that it has not taken any action, or omitted to take any action, which may result in the Company, Liberum, the Investment Manager or their respective directors, officers, agents, employees and advisers being in breach of the laws of any jurisdiction in connection with the Issue or its acceptance of participation in the Placing and/or Subsequent Placings (as applicable);

5.11 it has received, carefully read and understands this document, and has not, directly or indirectly, distributed, forwarded, transferred or otherwise transmitted this document or any other presentation or offering materials concerning the Shares to or within the United States or to any US Persons, nor will it do any of the foregoing; and

5.12 if it is acquiring any Shares as a fiduciary or agent for one or more accounts, the investor has sole investment discretion with respect to each such account and full power and authority to make such foregoing representations, warranties, acknowledgements and agreements on behalf of each such account.

The Company, Liberum, the Investment Manager and their respective directors, officers, agents, employees, advisers and others will rely upon the truth and accuracy of the foregoing representations, warranties, acknowledgments and agreements. If any of the representations, warranties, acknowledgments or agreements made by the investor are no longer accurate or have not been complied with, the investor must immediately notify the Company.

6. SUPPLY OF INFORMATION

If Liberum, the Registrar or the Company or any of their agents request any information about a Placee's agreement to subscribe for Shares under the Placing and/or any Subsequent Placing, such Placee must promptly disclose it to them.

7. MISCELLANEOUS

7.1 The rights and remedies of the Company, Liberum, the Investment Manager and the Registrar under these terms and conditions are in addition to any rights and remedies which would otherwise be available to each of them and the exercise or partial exercise of one will not prevent the exercise of others.

7.2 On application, if a Placee is an individual, that Placee may be asked to disclose in writing or orally, his nationality. If a Placee is a discretionary fund manager, that Placee may be asked to disclose in writing or orally the jurisdiction in which its funds are managed or owned. All documents provided in connection with the Placing and the Subsequent Placings will be sent at the Placee's risk. They may be returned by post to such Placee at the address notified by such Placee.

7.3 Each Placee agrees to be bound by the Articles once the Shares, which the Placee has agreed to subscribe for pursuant to the Placing and/or the relevant Subsequent Placing, have been acquired by the Placee. The contract to subscribe for Shares under the Placing or Subsequent Placing (as applicable) and the appointments and authorities mentioned in this document will be governed by, and construed in accordance with, the laws of England and Wales. For the exclusive benefit of Liberum, the Company and the Registrar, each Placee irrevocably submits to the jurisdiction of the courts of England and Wales and waives any objection to proceedings in any such court on the ground of venue or on the ground that proceedings have been brought in an inconvenient forum. This does not prevent an action being taken against Placee in any other jurisdiction.

7.4 In the case of a joint agreement to subscribe for Shares under the Placing or a Subsequent Placing, references to a Placee in these terms and conditions are to each of the Placees who are a party to that joint agreement and their liability is joint and several.

7.5 Liberum and the Company expressly reserve the right to modify the Placing and/or any Subsequent Placing (including, without limitation, their timetable and settlement) at any time before allocations are determined. The Placing and each Subsequent Placing is subject to the satisfaction of the conditions contained in the Placing Agreement and the Placing Agreement not having been terminated. Further details of the terms of the Placing Agreement are contained in paragraph 6 of Part 7 of this document.

PART 9

DEFINITIONS

The following definitions apply in this document unless the context otherwise requires:

"ACPR"	Autorité de Contôle Prudentiel et de Résolution
"Administration Agreement"	the administration agreement dated 3 November 2015 between the Company and the Administrator, a summary of which is set out in paragraph 8(c) of Part 7 of this document
"Administrator"	Elysium Fund Management Limited and/or such other person or persons appointed as administrator by the Company
"Admission"	admission of the Shares to be issued pursuant to the Placing and, where applicable, the Placing Programme to trading on the Specialist Fund Market
"AIF"	an alternative investment fund for the purposes of the AIFM Directive
"AIFM"	an alternative investment fund manager within the meaning of AIFMD
"AIFM Directive" or "AIFMD"	the EU Directive on Alternative Fund Managers (Directive 2011/61/EC)
"AMF"	Autorité des Marchés Financiers, the French financial services regulator
"Articles"	the articles of incorporation of the Company
"Audit Committee"	the audit committee of the Company
"Auditor"	Ernst & Young LLP
"Basel Committee" or "BCBS"	the Basel Committee on International Banking Supervision
"Basel I"	the First Basel Accord agreed upon by the members of the BCBS and representing a voluntary regulatory standard on minimum capital requirements of financial institutions with the goal of minimising credit risk
"Basel II"	the Second Basel Accord agreed upon by the members of the BCBS and representing a voluntary regulatory standard on minimum capital requirements of financial institutions with the goal of ensuring institution liquidity
"Basel III"	the Third Basel Accord agreed upon by the members of the BCBS and representing a voluntary regulatory standard on bank capital adequacy, stress testing and member liquidity risk
"Board" or "Board of Directors"	the board of directors of the Company
"Business Day"	a day on which the London Stock Exchange and banks in London and Guernsey are normally open for business
"City Code"	the City Code on Takeovers and Mergers
"Companies Law"	the Companies (Guernsey) Law, 2008, as amended
"Company"	Axiom European Financial Debt Fund Limited

"CRD IV"	Directive 2013/36/EU of the European Parliament and Council of 26 June 2013 on access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms
"CREST"	the computerised settlement system operated by Euroclear UK and Ireland Limited which facilitates the transfer of title to shares in uncertificated form
"CREST Regulations"	the Uncertificated Securities (Guernsey) Regulations, 2009
"Crown Dependencies"	Jersey, Guernsey and the Isle of Man
"CRR"	Regulation 575/2013 of the European Parliament of the Council on prudential requirements for credit institutions and investment firms
"Depositary"	the person appointed to act as banker, custodian and depositary (within the meaning of AIFMD) to the Company being, at Admission, CACEIS Bank France
"Depositary Agreement"	the depositary agreement dated 3 November 2015 between the Company and the Depositary, a summary of which is set out in paragraph 8(d) of Part 7 of this document
"Derivative Instruments"	any CDOs, securitisations or derivatives, whether funded or unfunded, linked or referenced to Regulatory Capital Instruments or Other Financial Institution Investment Instruments
"Director"	a director of the Company from time to time
"Disclosure and Transparency Rules"	the disclosure and transparency rules made by the FCA under Part VI of FSMA
"EBA"	the European Banking Authority
"ECB"	the European Central Bank
"EEA"	the European Economic Area
"ERISA"	the United States Employee Retirement Income Security Act of 1974, as amended, and the regulations thereunder and interpretations thereof promulgated by the U.S. Department of Labor, as in effect from time to time
"EU"	the European Union
"Euroclear"	Euroclear UK & Ireland Limited
"European Commission"	the Commission of the EU
"European Financial Institution"	banks, insurance companies and other UK or EU financial institutions
"Eurozone"	those member states of the EU which have adopted the Euro as their lawful currency
"FATCA"	the United States Foreign Account Tax Compliance Act 2010
"FCA" or "Financial Conduct Authority"	the Financial Conduct Authority of the United Kingdom
"Financial Counterparty"	a consolidated banking or insurance group
"Financial Institution Investment Instruments"	Regulatory Capital Instruments, Other Financial Institution Investment Instruments and Derivative Instruments

"FSMA"	the Financial Services and Markets Act 2000, as amended
"GFSC" or "Commission"	the Guernsey Financial Services Commission
"Gross Placing Proceeds"	the aggregate value of the Shares issued pursuant to the Placing at the Issue Price
"Guernsey AML Requirements"	the Criminal Justice (Proceeds of Crime) (Bailiwick of Guernsey) Law, 1999 (as amended), ordinances, rules and regulations made thereunder, and the GFSC's Handbook for Financial Services Businesses on Countering Financial Crime and Terrorist Financing (as amended, supplemented and/or replaced from time to time)
"HMRC"	HM Revenue & Customs
"IFRS"	International Financial Reporting Standards (including International Accounting Standards)
"Internal Revenue Code"	the U.S. Internal Revenue Code of 1986, as the same may be amended from time to time, or any successor U.S. federal income tax code
"Investable Placing Proceeds"	the Gross Placing Proceeds less the applicable fees and expenses of the Placing less the amount retained by the Company in respect of its anticipated working capital requirements
"Investment Adviser"	Axiom Alternative Investments UK Branch
"Investment Management Agreement"	the investment management agreement dated 3 November 2015 between the Investment Manager and the Company, a summary of which is set out in paragraph 8(b) of Part 7 of this document
"Investment Manager"	Axiom Alternative Investments SARL
"IRS"	the United States Internal Revenue Service
"ISIN"	International Securities Identification Number
"Issue"	the issue of Shares pursuant to the Placing and the Placing Programme
"Issue Price"	£1.00 per Share
"Liberum"	Liberum Capital Limited
"Listing Rules"	the listing rules made by the UK Listing Authority under section 73A of FSMA
"London Stock Exchange" or "LSE"	London Stock Exchange plc
"Member State"	a sovereign state which is a member of the European Union
"Memorandum"	the memorandum of incorporation of the Company
"Model Code"	the model code for directors' dealings contained in Chapter 9 of the Listing Rules
"NAV" or "Net Asset Value"	the fair value of the assets of the Company less its liabilities
"Non-Qualified Holder"	any person whose ownership of Shares may cause the Company to suffer any pecuniary or tax disadvantage which will: (a) include any

	excise tax, penalties or liabilities, including as a result of the Company's failure to comply with the Internal Revenue Code or the requirements of any similar laws or regulations to which the Company may be subject enacted from time to time by any other jurisdiction or as a result of the Non-Qualified Holder failing to provide information concerning itself as requested by the Company in accordance with its Articles; (b) require the Company to register under the Investment Company Act; or (c) result in the assets of the Company being deemed to constitute "plan assets" within the meaning of ERISA or the Plan Assets Regulation
"Ongoing Broker Agreement"	the ongoing broker agreement dated 3 November 2015 between Liberum and the Company, a summary of which is set out in paragraph 8(f) of Part 7 of this document
"Other Financial Institution Investment Instruments"	any financial instruments issued by a European Financial Institution, including without limitation senior debt, which do not constitute Regulatory Capital Instruments.
"Placee"	a person subscribing for Shares pursuant to the Placing and/or the Placing Programme
"Placing"	the placing of Shares at the Issue Price, as described in Part 4 of this document
"Placing Agreement"	the conditional placing agreement dated 3 November 2015 between the Company, Liberum, the Investment Manager and the Directors, a summary of which is set out in paragraph 6 of Part 7 of this document
"Placing Programme"	the placing programme of up to 500 million Shares, as described in Part 5 of this document
"Placing Programme Price"	the price at which any Shares will be issued or sold to Placees under the Placing Programme, calculated by reference to the NAV per Share at the time of allotment together with a premium intended to cover the costs and expenses of the Subsequent Placing (including, without limitation, any placing commissions)
"Plan Assets Regulation"	the regulations issued by the U.S. Department of Labor at Section 2510.3-101 of Part 2510 of Chapter XXV, Title 29 of the U.S. Code of Federal Regulations, as modified by Section 3(42) of ERISA
"POI Law"	the Protection of Investors (Bailiwick of Guernsey) Law, 1987, as amended
"Portfolio"	the Company's portfolio of investments from time to time
"Prospectus Directive"	Directive 2003/71/EC of the European Parliament and Council of 4 November 2003 (as amended) and any relevant implementing measure in each Relevant Member State
"Prospectus Rules"	the rules made for the purposes of Part VI of FSMA in relation to offers of securities to the public and admission of securities to trading on a regulated market
"RCIS Rules"	the Registered Collective Investment Schemes Rules 2015
"Registrar"	Capita Registrars (Guernsey) Limited

"Registrar Agreement"	the registrar agreement dated 3 November 2015 between the Registrar and the Company, a summary of which is set out in paragraph 8(e) of Part 7 of this document
"Regulatory Capital Instrument"	any financial instrument issued by a European Financial Institution which constitutes regulatory capital for the purposes of Basel I, Basel II or Basel III or Solvency I or Solvency II
"Relevant Member State"	each member state of the EEA which has implemented the Prospectus Directive
"RIS" or "Regulatory Information Service"	a regulatory information service as defined in the Listing Rules
"Securities Act"	the United States Securities Act of 1933, as amended
"Shareholder"	a holder of Shares
"Shares"	ordinary shares of no par value in the capital of the Company
"Solvency I"	Directive 2002/13/EC of the European Parliament and Council of 5 March 2002 amending Council Directive 73/239/EEC as regards the solvency margin requirements for non-life insurance undertakings and Directive 2002/83/EC of the European Parliament and Council of 5 November 2002 concerning life assurance
"Solvency II"	Directive 2009/138/EC of the European Parliament and Council of 25 November 2009 on the taking-up and pursuit of the business of insurance and reinsurance
"Specialist Fund Market" or "SFM"	the Specialist Fund Market of the London Stock Exchange
"Subsequent Placing"	any placing of Shares made pursuant to the Placing Programme
"UK Corporate Governance Code"	the UK Corporate Governance Code published in September 2014 by the Financial Reporting Council
"UK Listing Authority" or "UKLA"	the FCA acting in its capacity as the competent authority for the purposes of Part VI of FSMA
"United Kingdom" or "UK"	the United Kingdom of Great Britain and Northern Ireland
"United States" or "US"	the United States of America, its states, territories and possessions, including the District of Columbia
"VAT"	value added tax or any similar or replacement tax
"£" and "p"	respectively pounds and pence sterling, the lawful currency of the United Kingdom

PART 10

GLOSSARY

"AQR"	the asset quality review of European Financial Institutions undertaken by the ECB, the results of which were released on 26 October 2014
"AT1 capital" or "Additional Tier 1 capital"	hybrid debt eligible as regulatory capital under Basel III
AT1 Capital Ratio	the ratio of AT1 capital to risk-weighted assets
"bps"	a basis point, one basis point being equal to 0.01 per cent
"CDO"	a collateralised debt obligation which is a debt obligation issued in multiple classes secured by an underlying portfolio of investments
"CDS"	a credit default swap. A CDS is a type of credit derivative which allows one party (the "**protection buyer**") to transfer credit risk of a reference entity (the "**reference entity**") to one or more parties (the "**protection seller**"). The protection buyer pays a periodic fee to the protection seller in return for protection against the occurrence of a number of credit events which may be experienced by the reference entity
"CET1 capital" or "Common Equity Tier 1 capital"	the strongest form of regulatory capital under Basel III, comprising mainly share capital and retained earnings with some deductions as compared to accounting capital (such as deferred tax assets)
"CET1 Capital Ratio"	the ratio of CET1 capital to risk-weighted assets
"CLO"	a collateralised loan obligation
"CoCo"	a contingent convertible bond that can be converted into shares in certain circumstances, usually linked to a solvency ratio trigger
"Fix to Fix Instruments"	fixed rate perpetual securities issued by European Financial Institutions under Basel II and Solvency I regulations which bear fixed rate coupon terms before and after their call date
"hybrid debt"	subordinated debt and preference shares that are eligible as regulatory capital for banks and insurance companies
"LCR"	the amount of highly-liquid assets equal to or greater than net cash over a 30 day period (having at least 100 per cent. coverage)
"Lower Tier 2 capital"	under Basel II regulations, a bank's Lower Tier 2 capital is subordinate to its Tier 1 and Upper Tier 2 capital. The coupons on Lower Tier 2 capital instruments are not deferrable without triggering defaults, and the instruments have a maturity of a minimum of 10 years. This category of regulatory capital will be phased out under Basel III regulations
"MCR" or "minimum capital requirement"	the standardised requirements in place for banks and other depository institutions, which determines how much liquidity is required to be held for a certain level of assets
"NSFR"	Net Stable Fund Ratio. The NSFR is defined as the amount of available stable funding relative to the amount of required stable funding. The NSFR is intended to promote longer-term structural

	funding of banks' balance sheets, off-balance sheet exposures and capital markets activities
"regulatory capital"	all items of a bank or insurance company's balance sheet that are eligible to be included as capital in the calculation of solvency ratios
"SCR" or "solvency capital requirement"	solvency capital requirements are part of the Solvency II Directive issued by the European Union (EU) in 2009, which replaces 13 existing EU directives
"Tier 1 capital"	under Basel II regulations, regulatory capital comprised Tier 1 capital, Tier 2 capital and Tier 3 capital, with hybrid Tier 1 capital being a part of Tier 1 capital. Loosely defined, Tier 1 capital can also refer to legacy hybrid Tier 1 capital and AT1 capital (which is effectively replacing hybrid Tier 1 capital under Basel III regulations)
"Tier 2 capital"	under Basel II regulations, regulatory capital comprised Tier 1 capital, Tier 2 capital and Tier 3 capital, with Tier 2 capital being split between Upper Tier 2 capital and Lower Tier 2 capital. Under Basel III regulations, Tier 2 capital is a component of regulatory capital with characteristics similar to legacy Lower Tier 2 capital (with step-ups being forbidden)
"Tier 3 capital"	under Basel II regulations, Tier 3 capital was used to support market risk, commodities risk and foreign currency risk. It was broadly short-term subordinated debt with a minimum maturity of two years
"UCITS fund"	an undertaking for the collective investment in transferable securities established in accordance with Directive 2009/65/EC of the European Parliament and Council of 13 July 2009 on the coordination of laws, regulations and administrative provisions relating to undertakings for collective investment in transferable securities
"Upper Tier 2 capital"	perpetual subordinated debt (including debt convertible into equity), revaluation reserves from fixed assets and fixed asset investments and general provisions. Senior to Tier 1 capital, coupons are deferrable and cumulative and interest and principal can be written down