

**THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.** If you are in any doubt about the contents of this document or the action you should take you should consult your stockbroker, bank manager, accountant, legal, financial or other professional adviser or a person authorised for the purposes of the Financial Services and Markets Act 2000, as amended (“FSMA”), or if you are not in the United Kingdom, another appropriately authorised professional adviser.

If you have sold or otherwise transferred all of your holding of Axiom European Financial Debt Fund Limited (“AXI” or the “Company”) ordinary shares (“AXI Ordinary Shares”), please send this document, together with the accompanying documents, as soon as possible, to the purchaser or transferee, or to the stockbroker, bank or other agent through whom the sale or transfer was effected, for delivery to the purchaser or transferee. However, neither this Circular nor any accompanying documents should be forwarded to, or sent into, any jurisdiction in which to do so would constitute a breach of the relevant laws of such jurisdiction. If you have sold only part of your holding of AXI Ordinary Shares, please retain this Circular.

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

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

### **CIRCULAR TO SHAREHOLDERS AND NOTICE OF EXTRAORDINARY GENERAL MEETING**

#### **Recommended proposals for the liquidation of Axiom European Financial Debt Fund Limited**

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This document should be read as a whole. Your attention is drawn to the letter from the Chairman of the Board of Directors of the Company which is set out in Part I of this document and which contains the Board’s recommendation that you vote in favour of the Resolutions to be proposed at the Extraordinary General Meeting referred to below.

The Prospectus published by Axiom Lux contains additional information relating to Axiom Lux and Axiom Obligataire and which is therefore relevant to the Obligataire Option and to the Obligataire Institutional Option. Therefore, Shareholders should read this document in conjunction with the Prospectus of Axiom Lux, which is available on the website of the Investment Manager at <https://www.axiom-ai.com>.

Shareholders should make their own investigation of the proposals set out in this Circular, including the merits and risks involved. Nothing in this Circular constitutes legal, tax, financial or other advice, and if they are in any doubt about the contents of this Circular, Shareholders should consult their own professional advisers.

You will find in Part VII of this document a Notice of the Extraordinary General Meeting of the Company to be held at 1st Floor, Royal Chambers, St Julian’s Avenue, St Peter Port, Guernsey GY1 3JX at 10.00 a.m. on 29 August 2023.

Enclosed with this Circular is a Form of Proxy for use in relation to the Extraordinary General Meeting and which, to be valid, should be completed, signed and returned so as to be received by Elysium Fund Management Limited, PO Box 650, 1st Floor, Royal Chambers, St Julian’s Avenue, St Peter Port, Guernsey, GY1 3JX, as soon as possible but, in any event, so as to arrive not less than 48 hours (excluding non-Business Days) before the time appointed for the Extraordinary General Meeting or holding any adjourned meeting (as the case may be).

Shareholders who hold their AXI Ordinary Shares in certificated form will find enclosed a Form of Election for completion if the Shareholder wishes to elect for (i) the Obligataire Institutional Option (if they are an Obligataire Institutional Eligible Shareholder) or (ii) the Cash Option and which, to be valid, should be completed, signed and returned so as to be received by Link Group, Corporate Actions, Central Square, 29 Wellington Street, Leeds LS1 4DL, as soon as possible but, in any event, so as to arrive no later than 10.00 a.m. on 24 August 2023.

Shareholders who hold their AXI Ordinary Shares in CREST will not be sent a Form of Election but will need instead to make any election electronically in CREST by submitting a valid TTE Instruction which must settle by no later than 10.00 a.m. on 24 August 2023.

A Shareholder should submit a Form of Election or a TTE Instruction in CREST if he or she (i) is an Obligataire Institutional Eligible Shareholder and wishes to elect for the Obligataire Institutional Option or (ii) wishes to elect for the Cash Option. The Form of Election does not include an option to elect for the Obligataire Option. The Obligataire Option is the default option for Rollover Eligible Shareholders and a Rollover Eligible Shareholder wishing to receive the Obligataire Option does not need to submit a Form of Election or TTE Instruction in CREST. A Rollover Eligible Shareholder who does not submit a Form of Election or TTE Instruction in CREST will be deemed to have elected for the Obligataire Option. Any Shareholder who is not a Rollover Eligible Shareholder will receive the Cash Option.

The Company is a registered 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 Guernsey Financial Services Commission to be a registered closed-ended investment scheme under The Protection of Investors (Bailiwick of Guernsey) Law, 2020 and the Registered Collective Investment Scheme Rules and Guidance, 2021 issued by the Guernsey Financial Services Commission.

The AXI Ordinary Shares are admitted to trading on the Main Market of the London Stock Exchange under ticker symbol "AXI".

If you have a query concerning this document or the Extraordinary General Meeting, please telephone the Registrar, Link Market Services (Guernsey) Limited on +44 (0) 371 664 0321. Calls are charged at the standard geographic rate and will vary by provider. Calls outside the United Kingdom will be charged at the applicable international rate. The helpline is open between 9.00 a.m. – 5.30 p.m., Monday to Friday excluding public holidays in England and Wales. Please note that Link Market Services (Guernsey) Limited cannot provide any financial, legal or tax advice and calls may be recorded and monitored for security and training purposes.

Capitalised terms used in this Circular have the meanings given in Part VIII of this Circular.

Dated: 1 August 2023

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### **Accompanying Documents**

- \* *Form of Proxy*
- \* *Form of Election (in the case of Shareholders who hold their AXI Ordinary Shares in certificated form)*
- \* *Reply-paid envelope(s)*

### **Information regarding forward-looking statements**

*This Circular contains a number of forward-looking statements relating to the Company and Axiom Obligataire, a Compartment of Axiom Lux, an existing Luxembourg variable capital investment company managed by Axiom Alternative Investments Sarl. The Company considers any statements that are not historical facts as “forward-looking statements”. They relate to events and trends that are subject to risks and uncertainties that could cause the actual results and financial position of the Company and Axiom Obligataire to differ materially from the information presented in the relevant forward-looking statement. When used in this Circular the words “estimate”, “project”, “intend”, “aim”, “anticipate”, “believe”, “expect”, “should”, and similar expressions, as they relate to the Company and Axiom Obligataire or the management of either of them, are intended to identify such forward-looking statements. Readers are cautioned not to place undue reliance on these forward-looking statements which speak only as at the date of this Circular. The Company does not undertake publicly to update or revise any of the forward-looking statements, whether as a result of new information, future events or otherwise, save in respect of any requirement under any applicable law or regulation.*

## EXPECTED TIMETABLE

2023

Publication and posting of this Circular, the Form of Proxy and the Form of Election	1 August
Latest time and date for receipt of Forms of Election or TTE Instructions	10.00 a.m. on 24 August
Latest time and date for receipt of Forms of Proxy	10.00 a.m. on 24 August
CREST disablement, closing of the Register and Record Date under the Scheme	6.00 p.m. on 24 August
Calculation Date of AXI FAV	As at close of business on 25 August
Extraordinary General Meeting	10.00 a.m. on 29 August
Effective Date for implementation of the Scheme and commencement of the liquidation of the Company	29 August or as soon as reasonably practicable thereafter
Cancellation of: (a) listing of the AXI Ordinary Shares on the premium segment of the Official List; and (b) trading of the AXI Ordinary Shares on the Main Market	As soon as reasonably practicable following the appointment of the Liquidators
Contract notes issued by CACEIS in respect of Obligataire Shares and Obligataire Institutional Shares issued pursuant to the Rollover Options	On or around 5.30 p.m. on 4 September or as soon as reasonably practicable thereafter
Cheques expected to be despatched and payments made by the Company in respect of the Cash Option	On or around 12 September or as soon as possible thereafter

Notes:

- All references to times in this Circular are to London times unless otherwise stated.
- The dates and times specified above may be subject to change. In the event of any such change, the Company will notify investors either by post, by electronic mail or by the publication of a notice through a regulatory information service provider to the London Stock Exchange.

**If the Resolutions are passed at the Extraordinary General Meeting, any trades in AXI Ordinary Shares made after 22 August 2023 on a T+2 settlement basis will not settle. Any trade in AXI Ordinary Shares which settles after 10.00 a.m. on 24 August 2023 will not entitle the purchaser to submit a Form of Election in respect of the relevant shares and the purchaser will be bound by any valid Election already made in respect of such shares. The last time for the appointment of proxies is 10.00 a.m. on 24 August 2023. Following this time, a Shareholder will be able to provide a proxy already appointed with new instructions. If a Shareholder makes an Election for which they are not eligible, and no further Election is made, such Election will be treated as invalid and the Shareholder will be deemed to have elected for the default option for which they are eligible.**

**PART I**  
**LETTER FROM THE CHAIRMAN**

**AXIOM EUROPEAN FINANCIAL DEBT FUND LIMITED**

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

*Directors*

William (Bill) Scott (*Chairman*)  
John Renouf  
Max Hilton

*Registered Office*

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

1 August 2023

*To holders of AXI Ordinary Shares*

Dear Shareholder,

**CIRCULAR TO SHAREHOLDERS AND NOTICE OF EXTRAORDINARY GENERAL MEETING  
RECOMMENDED PROPOSALS FOR THE LIQUIDATION OF THE COMPANY**

**1 INTRODUCTION**

As was noted in the Company's announcement of 18 August 2022, the regulatory transition that the Company's investment strategy has sought to exploit since its launch is now drawing to a close. In addition, as Shareholders will be aware, the Company would be expected to propose a Discontinuation Resolution at its 2023 annual general meeting and, if not approved, Discontinuation Resolutions would be proposed at each seventh annual general meeting thereafter.

The Board and the Company's Investment Manager, Axiom Alternative Investments Sarl, recognise the Company's strong historic performance and the potential for the Company's strategy to evolve and to provide attractive returns in the future. However, the Board is also aware that the persistent discount at which the Company's shares trade and the limited liquidity of the Company's shares have frustrated Shareholders.

While the Board and the Investment Manager understand that Shareholders are supportive of the Company's strategy, they also believe that a significant proportion no longer consider the closed-ended structure of the Company to be optimal, particularly given that a substantially similar strategy, managed by the Investment Manager, is available through an open-ended entity.

In light of the circumstances outlined above, the Board has carefully considered the future of the Company and its business, taking into account feedback from Shareholders. Consequently, the Board is now putting forward proposals for the liquidation of the Company including options for Shareholders to roll over their investment. These proposals include the opportunity for Rollover Eligible Shareholders to receive shares in Axiom Obligataire, a Compartment of an open-ended fund managed by Axiom with a substantially similar investment policy to the Company. The Board believes this will provide continuity for Rollover Eligible Shareholders who roll over their investment in the Company, while mitigating the issues in relation to which Shareholders have expressed their frustration. There will also be an option for a cash exit. Further detail of the Proposals is set out in Section 2 below.

**2 SUMMARY OF THE PROPOSALS**

Under the Proposals (if approved by Shareholders), the Company will be liquidated and all of the AXI Ordinary Shares will ultimately be cancelled.

Under the Scheme, Rollover Eligible Shareholders will be entitled to roll over their investment in the Company into New Shares in Axiom Obligataire.

The New Shares are new classes of accumulation shares in Axiom Obligataire. As such, the relevant net income and net capital gains attributable to the Obligataire Shares and/or Obligataire Institutional Shares will be re-invested for the benefit of the relevant share class. If Rollover Shareholders would prefer to receive periodic distributions from their shares in Axiom Obligataire, they will have the option once they have received their New Shares to convert, in accordance with the provisions of the Prospectus, all or part of their Obligataire Shares and/or Obligataire Institutional Shares into shares of an alternative share class of Axiom Obligataire in relation to which periodic distributions are made.

Shareholders will also have the option to receive instead (in full satisfaction of their rights in respect of the assets of the Company in the winding up of the Company) a cash distribution equal to the Cash Distribution Amount in respect of each AXI Ordinary Share with Cash Rights.

It should be noted that the Cash Distribution Amount will reflect the costs of liquidating the non-cash assets required to be sold in order to fund the distribution. In addition, the NAV per share of the Company reflects the mid price of marketable securities (and of certain other investments) within the Company's portfolio. Consequently, as non-cash assets that are sold to fund the cash distribution are likely to be sold at the applicable bid price, the Cash Distribution Amount will almost certainly be less than the AXI FAV.

Shareholders who elect or are deemed to elect for one of the Rollover Options and who subsequently wish to redeem all or part of their investment in Axiom Obligataire should be able to do so on a daily basis in accordance with the provisions of the Prospectus of Axiom Obligataire at a price reflecting the NAV per share as of the relevant valuation day of Axiom Obligataire. Therefore, it may be in the interests of Rollover Eligible Shareholders to receive the Obligataire Option (or, subject to eligibility, the Obligataire Institutional Option), even if such Shareholders may ultimately wish to receive cash in respect of all or part of their investment.

Axiom Obligataire is a Compartment of Axiom Lux. Axiom Lux is an open-ended Luxembourg SICAV that is organised under Part I of the Luxembourg law of 17 December 2010 relating to undertakings for collective investment (as may be amended from time to time) and which qualifies as a UCITS with the Luxembourg financial regulator, the Commission de Surveillance du Secteur Financier. Axiom Obligataire is open-ended with daily liquidity.

The investment policy of Axiom Obligataire is substantially similar to the investment strategy of the Company.

Axiom Obligataire's strategy is focused broadly across the financial credit universe, with investments ranging from covered bonds to contingent convertible bonds. It focuses on subordinated bonds with an aim to achieve, over a minimum 3-year investment horizon, a return (net of management fees) similar to or greater than that of its benchmarks (ICE BofAML Euro Financial Index (40%), ICE BofAML Euro Corporate Index (40%) and ICE BofAML Contingent Capital Index (20%)).

Investors must have a securities account with CACEIS Bank, Luxembourg Branch in respect of which the relevant know-your-client requirements of CACEIS Bank, Luxembourg Branch have been satisfied in order to hold shares in Axiom Obligataire and the Rollover Options are therefore available only to Rollover Eligible Shareholders.

Further information on Axiom Obligataire, including details of its investment objective and investment strategy, is set out in Part IV of this Circular.

It is proposed that the Proposals be effected by way of a scheme of reconstruction (the "**Scheme**"). The Proposals require the approval of Shareholders. If the Proposals are approved, and upon completion of the Scheme:

- Shareholders who are Rollover Eligible Shareholders will, unless they submit a valid Form of Election or submit a valid TTE Instruction in CREST, be deemed to have elected for the Obligataire Option. Under the Obligataire Option, Shareholders will receive one Obligataire

Share for every one thousand AXI Ordinary Shares held at the Record Date, with fractions of an Obligataire Share being issued (rounded down to four decimal places);

- Shareholders who are Obligataire Institutional Eligible Shareholders and who validly elect for the Obligataire Institutional Option will receive one Obligataire Institutional Share for every one thousand AXI Ordinary Shares held at the Record Date, with fractions of an Obligataire Institutional Share being issued (rounded down to four decimal places); and
- Shareholders who validly elect, or are deemed to validly elect, for the Cash Option will receive a cash distribution in the winding up of the Company equal to the Cash Distribution Amount in respect of each AXI Ordinary Share with Cash Rights.

The Obligataire Option is the default option for Rollover Eligible Shareholders and a Rollover Eligible Shareholder wishing to receive the Obligataire Option does not need to submit a Form of Election or submit a TTE Instruction in CREST. A Rollover Eligible Shareholder who does not submit a Form of Election or submit a TTE Instruction in CREST will be deemed to have elected for the Obligataire Option.

Any Shareholder who is not a Rollover Eligible Shareholder will be deemed to have elected for the Cash Option.

The Company will liquidate sufficient assets to fund the cash distributions to Shareholders who are not Rollover Eligible Shareholders and other Shareholders who have elected to receive the Cash Option, plus an amount sufficient to meet the liabilities of the Company under the Liquidation, including the Winding Up Costs.

Under the terms of the Scheme, the remaining assets, comprising the entire remaining business of the Company, will be transferred to Axiom Obligataire and will accordingly continue to be managed by Axiom but under the investment strategy of Axiom Obligataire, as to which see Section 3 below.

The purpose of this Circular is to explain the background to, and reasons for, the Proposals and to convene the Extraordinary General Meeting to take place on 29 August 2023 at which Shareholders' approval for the Proposals will be sought. Notice of the Extraordinary General Meeting is set out in Part VII of this Circular. The Board recommends that you vote in favour of the Proposals at the Extraordinary General Meeting.

### **3 BACKGROUND TO THE COMPANY, AXIOM LUX, AXIOM OBLIGATAIRE AND THE INVESTMENT MANAGER**

#### **The Company**

The Company was incorporated as a closed-ended investment company limited by shares in Guernsey under the Companies Law on 7 October 2015. The Company was admitted to trading on the Specialist Fund Segment (then the Specialist Fund Market) on 5 November 2015, before its listing was transferred from the Specialist Fund Segment to the Premium Segment of the Official List on 15 October 2018.

AXI's investment strategy is based upon five categories of investments, including liquid and illiquid relative value, restructuring and special situations and midcap origination, and its investment objective is to generate income and capital gain. As of 31 May 2023, this strategy has had a return of 5.00% per annum since its inception on 5 November 2015.

#### **Axiom Obligataire**

Axiom Obligataire is a Compartment of Axiom Lux. Axiom Obligataire is open-ended with daily liquidity and is actively managed by Axiom Alternative Investments Sarl, and by the same management team as the Company. Axiom Obligataire invests across the whole financial credit universe, from covered bonds to contingent convertible bonds, and with a focus on subordinated bonds.

Axiom Obligataire and the Company both focus on the same investment universe. In addition, Axiom Obligataire also focuses on liquid securities.

## **Axiom Lux**

Axiom Lux is an umbrella investment company with variable capital (*société d'investissement à capital variable*) in the form of a société anonyme (public company limited by shares) qualifying as a UCITS in accordance with Part I of the Luxembourg law of 17 December 2010 on undertakings for collective investments, as amended from time to time. As an umbrella structure, Axiom Lux may operate separate Compartments, each being distinguished from others by their specific investment policy or any other specific feature. Within each Compartment, different classes of shares with characteristics detailed in the Prospectus of Axiom Lux may be issued. Axiom Lux constitutes a single legal entity, but the assets of each Compartment are segregated from those of the other Compartments. This means that the assets of each Compartment are invested for the shareholders of the corresponding Compartment and that the assets of a specific Compartment are solely accountable for the liabilities, commitments and obligations of that Compartment.

Further information about Axiom Obligataire is contained in Part IV of this Circular and in the Prospectus. A copy of the Prospectus and the key information documents for Axiom Obligataire are available on the website of the Investment Manager at <https://www.axiom-ai.com>. A paper copy of the Prospectus and the key information document can be provided on request and free of charge.

## **The Investment Manager**

The investment manager of the Company is Axiom Alternative Investments Sarl. Axiom is a private limited liability company (*société à responsabilité limitée*), incorporated in France on 6 November 2006 and registered with the *Registre de Commerce et des Sociétés de Paris* under registration number 492 625 470. The Investment Manager is an independent French asset manager authorised by the AMF under registration number GP-06000039.

Axiom Alternative Investments Sarl is also the management company of Axiom Lux, having been appointed pursuant to a management company services agreement dated 27 March 2015, to serve Axiom Lux as a designated management company in accordance with the Luxembourg Law of 17 December 2010 relating to undertakings for collective investment (as amended from time to time).

## **4 BENEFITS OF THE PROPOSALS**

The Directors consider that the Proposals are in the best interests of Shareholders for the following reasons:

- Rollover Eligible Shareholders will be provided with the opportunity of continuity of exposure to debt instruments issued by European financial institutions. Axiom Obligataire has an investment policy that is substantially similar to AXI's investment policy, with the fund emphasising different aspects of the wider strategy relating to European regulatory capital instruments. The Directors and the Investment Manager therefore believe the Proposals represent an attractive basis for Shareholders to take advantage of future opportunities in the sector.
- In the current market context, Axiom Obligataire has attractive yields. As of 30 June 2023, Axiom Obligataire's yield to call in GBP is 10.93%. For further information on Axiom Obligataire's performance, yield and other key metrics, please refer to the monthly factsheets which are available on the Investment Manager's website and on request.
- Axiom Obligataire is a UCITS and an open-ended investment vehicle with daily liquidity. This will mean that shareholders in Axiom Obligataire should be able to realise some or all of their investment on a daily basis in accordance with the provisions of the Prospectus at a price reflecting the NAV per share as of the relevant valuation day of Axiom Obligataire. This structure will also ensure shareholders in Axiom Obligataire are no longer exposed to the discount issues and low liquidity that has been problematic for them as Shareholders of the Company.



- The Obligataire Option and the Obligataire Institutional Option avoid imposing a capital gains tax event on Eligible Shareholders.
- The Scheme also allows Shareholders to elect for the Cash Option. Shareholders who elect for the Cash Option will receive a cash distribution in the winding up of the Company equal to the Cash Distribution Amount in respect of each AXI Ordinary Share with Cash Rights.

In light of the benefits outlined above, the Board believes that the Proposals represent an attractive opportunity for the Company's Rollover Eligible Shareholders to benefit from continued exposure to European regulatory capital instruments, via a strategy overseen by its current, highly successful management team, while mitigating the issues that have historically caused frustration for Shareholders. The Proposals also provide an opportunity for Shareholders who wish to do so to receive a cash distribution in the winding up of the Company equal to the Cash Distribution Amount in respect of each AXI Ordinary Share with Cash Rights.

## 5 SHAREHOLDERS' ENTITLEMENTS

### Obligataire Option

Obligataire Shares will be issued to Rollover Eligible Shareholders who receive the Obligataire Option. Shareholders will receive one Obligataire Share for every one thousand AXI Ordinary Shares held by such person as at the Record Date (with fractions of a share being issued and rounded down to four decimal places) and will become shareholders in Axiom Obligataire.

The Obligataire Option is the default option for Rollover Eligible Shareholders and a Rollover Eligible Shareholder wishing to receive the Obligataire Option does not need to submit a Form of Election. A Rollover Eligible Shareholder who does not submit a Form of Election will be deemed to have elected for the Obligataire Option.

### Obligataire Institutional Option

Obligataire Institutional Shares will be issued to Obligataire Institutional Eligible Shareholders who elect for the Obligataire Institutional Option. Shareholders will receive one Obligataire Institutional Share for every one thousand AXI Ordinary Shares held by such person as at the Record Date (with fractions of a share being issued and rounded down to four decimal places) and will become shareholders in Axiom Obligataire.

A Shareholder should submit a Form of Election or a TTE Instruction in CREST if he or she is an Obligataire Institutional Eligible Shareholder and wishes to elect for the Obligataire Institutional Option.

### Cash Option

Under the Cash Option, Shareholders will receive a cash distribution in the winding up of the Company equal to the "**Cash Distribution Amount**" (as defined below) in respect of each AXI Ordinary Share with Cash Rights.

On the Effective Date, or as soon as reasonably practicable thereafter, the Company shall allocate to the Cash Distribution Pool assets (which may include cash) with a valuation (valued in accordance with the usual valuation methodology of the Company) equal to the Cash Election Proportion multiplied by the AXI FAV.

Any non-cash assets within the Cash Distribution Pool shall be realised and Shareholders who elect (or are deemed to elect) for the Cash Option will receive a distribution in respect of each AXI Ordinary Share with Cash Rights held by them equal to the Liquid Cash Distribution Pool Value divided by the number of AXI Ordinary Shares with Cash Rights (the "**Cash Distribution Amount**").

It should be noted that the Cash Distribution Amount will reflect the costs of liquidating the non-cash assets required to be sold in order to fund the distribution. In addition, the NAV per share of the Company reflects the mid price of marketable securities (and of certain other investments) within the Company's portfolio. Consequently, as non-cash assets that are sold to fund the cash

distribution are likely to be sold at the applicable bid price, the Cash Distribution Amount will almost certainly be less than the AXI FAV.

Shareholders who elect or are deemed to elect for one of the Rollover Options and who subsequently wish to redeem all or part of their investment in Axiom Obligataire should be able to do so on a daily basis in accordance with the provisions of the Prospectus of Axiom Obligataire at a price reflecting the NAV per share as of the relevant valuation day of Axiom Obligataire. Therefore, it may be in the interests of Rollover Eligible Shareholders to receive the Obligataire Option (or, subject to eligibility, the Obligataire Institutional Option), even if such Shareholders may ultimately wish to receive cash in respect of all or part of their investment.

Any Shareholder who is not a Rollover Eligible Shareholder will receive the Cash Option. A Rollover Eligible Shareholder should submit a Form of Election or a TTE Instruction in CREST if he or she wishes to elect for the Cash Option.

## **6 IMPLEMENTATION OF THE PROPOSALS**

### **Consents and Approvals**

The Proposals require the consent of Shareholders at an Extraordinary General Meeting which has been convened for the purposes of considering the Proposals. Both the ordinary resolution and the special resolution to be put to Shareholders at the Extraordinary General Meeting are required to be passed in order for the Proposals to be implemented. An ordinary resolution requires a majority of votes cast (whether in person or by proxy) to be in favour. A special resolution requires at least 75 per cent of votes cast (whether in person or by proxy) to be in favour.

Notice of the Scheme has been given to the Guernsey Financial Services Commission, although its consent is not required. The Takeover Panel has confirmed that The City Code on Takeovers and Mergers will not apply to the Scheme.

Unless all of the conditions to which the Scheme is subject (further details of which are set out in Part III of this Circular) are satisfied, the Scheme will not be implemented. In such circumstances the Board will revert to its commitment to table a Discontinuation Resolution at the Company's annual general meeting later this year. In the event that the Discontinuation Resolution was passed, the Board would be required to formulate proposals to be put to Shareholders within four months to wind-up or otherwise reconstruct the Company.

### **The Scheme**

Subject to the passing of the Resolutions at the Extraordinary General Meeting (and satisfaction of the other conditions of the Scheme, full details of which are set out in Part III of this Circular), the Scheme will take effect from the Effective Date.

Under the Scheme (if approved by Shareholders), the Company will be placed into voluntary liquidation under Guernsey law.

The AXI Ordinary Shares will be reclassified (in accordance with the Elections made or deemed to have been made under the Scheme) as:

- AXI Ordinary Shares with Obligataire Rollover Rights;
- AXI Ordinary Shares with Obligataire Institutional Rollover Rights; and
- AXI Ordinary Shares with Cash Rights.

The Company's Liquidators will transfer the assets of the Company (excluding the cash required to fund (i) the cash distribution payable in relation to the Cash Option and (ii) the Winding Up Costs, including a provision for the Liquidators' retention as described below, but otherwise constituting the entire remaining business of the Company) to Axiom Obligataire. The consideration for this transfer will comprise two elements:

- the Obligataire Shares to be issued by Axiom Obligataire to the holders of AXI Ordinary Shares with Obligataire Rollover Rights; and

- the Obligataire Institutional Shares to be issued by Axiom Obligataire to the holders of AXI Ordinary Shares with Obligataire Institutional Rollover Rights.

The auditor of Axiom Lux will issue a valuation report on the value of the assets to be transferred to Axiom Obligataire in accordance with the provisions of Luxembourg law.

Holders of AXI Ordinary Shares with Cash Rights will instead receive (in full satisfaction of their rights in respect of the assets of the Company in the Liquidation) a cash distribution in the winding up of the Company equal to the Cash Distribution Amount in respect of each AXI Ordinary Share with Cash Rights.

The Company will request that the listing of the AXI Ordinary Shares is cancelled as soon as reasonably practical following implementation of the Proposals. The Reclassified Shares will not be admitted to the Official List or traded on the London Stock Exchange.

Neither the Obligataire Shares, nor the Obligataire Institutional Shares will be listed or traded on any stock exchange. Instead, liquidity will be achieved through daily creation and redemption of the:

- Obligataire Shares by Axiom Obligataire at a price reflecting the NAV per Obligataire Share at the relevant time; and
- Obligataire Institutional Shares by Axiom Obligataire at a price reflecting the NAV per Obligataire Institutional Share at the relevant time.

The Company, the Liquidators, Axiom Obligataire and the Investment Manager have entered into the Transfer Agreement, which is conditional upon (a) the passing of each of the Resolutions; and (b) the approval of the winding up and the appointment of the Liquidators.

The Liquidators' retention will comprise a reserve to be set aside for the protection of potential creditors and to fund the costs of the Liquidation as detailed in paragraph 3.3 of the Scheme. Any surplus from this reserve (which would be expected to be *de minimis*) will be transferred to Axiom Obligataire in due course for the benefit of the holders of Obligataire Shares and Obligataire Institutional Shares (in proportion to the respective Elections for the Obligataire Option and the Obligataire Institutional Option under the Scheme).

Following implementation of the Scheme, the Company will be wound up.

Further details of the Scheme are set out in Part III of this Circular.

## **Tax**

The attention of Shareholders is drawn to Part V of this Circular ("**Taxation**").

The Company has sought a tax clearance in respect of certain aspects of the Scheme in the UK (as noted below). However, tax clearances have not been obtained in respect of every aspect of UK taxation or in respect of any other jurisdiction in which Shareholders are or may be located. Shareholders are advised to take their own tax advice as to the tax consequences for them of the Scheme. Shareholders will need to consider whether or not the Scheme itself gives rise to any liability for them to pay tax.

### *UK taxation of Shareholders in relation to the Scheme*

For Cash-Paid Shareholders, the cash distribution received by them in satisfaction of their rights in respect of the assets of the Company in the winding up of the Company should be treated as a capital distribution for tax purposes. Accordingly, as a result of its receipt a Cash-Paid Shareholder will be treated as disposing of its interest in the relevant AXI Ordinary Shares in consideration for the cash distribution and for Cash-Paid Shareholders who are UK-resident individuals any gain arising will be subject to capital gains tax (at rates of up to 20%) and for Cash-Paid Shareholders within the charge to corporation tax, any gain arising will be subject to corporation tax at the Shareholder's relevant marginal rate.

The Scheme, through which the AXI Ordinary Shares will be exchanged for New Shares, should not result in a charge to UK capital gains tax for individual Rollover Shareholders, nor a charge

to corporation tax on chargeable gains for UK resident corporate Rollover Shareholders, on the basis that the transaction should qualify as a “scheme of reconstruction” and the conditions of section 136 of the TCGA should be met.

The application of section 136 of the TCGA may however be restricted under section 137(1) of the TCGA in the case of any Shareholder who alone, or together with any connected persons, holds five (5) per cent. or more of the AXI Ordinary Shares. Section 137(1) of the TCGA will not apply if the exchange is effected for bona fide commercial reasons and does not form part of a scheme of arrangements of which the main purposes, or one of the main purposes, is avoidance of liability to capital gains tax or corporation tax.

Clearance has been obtained from HMRC under section 138 of the TCGA to confirm that HMRC is satisfied that the Scheme will be effected for bona fide commercial reasons and will not form part of any such scheme for the avoidance of tax.

The New Shares will constitute interests in an offshore fund for UK tax purposes. The Investment Manager intends to apply for the New Shares to be recognised by HMRC as interests in a “reporting fund” for the purposes of the UK regime of taxation of offshore funds. The effect of maintaining reporting fund status for the New Shares throughout a Shareholder’s relevant period of ownership would be that any gains on disposal of New Shares would be taxed as capital gains. However, there can be no guarantee that reporting fund status will be maintained for the New Shares. Were the application for reporting fund status to be unsuccessful or such status subsequently to be withdrawn for the New Shares, any gains arising to Shareholders resident or ordinarily resident in the United Kingdom on a sale, redemption or other disposal of relevant New Shares (including a deemed disposal on death) would be taxed as offshore income gains rather than capital gains, and so (for UK individual Shareholders) subject to income tax at rates of up to 45%.

If and for so long as the New Shares constitute interests in a reporting fund, then Axiom Obligataire is required to calculate and report the income returns for each reporting period (as defined for United Kingdom tax purposes) on a per-share basis to all relevant holders of New Shares. UK-resident individual holders of New Shares, at the end of the reporting period to which the reported income relates, will be subject to income tax on their proportionate share of the excess (if any) of reported income over distributions paid in respect of the reporting period. The excess reported income will be deemed to arise to such UK holders of New Shares six months following the last day of the relevant reporting period. On the basis of the investment policy of Axiom Obligataire, it is expected that the distributions and excess reported income of Axiom Obligataire will be subject to tax for Shareholders as interest rather than as dividends, and accordingly Shareholders who are UK tax resident individuals will be liable to income tax on the amount of such distributions and excess reported income, at a rate of 20% for basic rate taxpayers, 40% for higher rate taxpayers and 45% for additional rate taxpayers.

On the basis of the investment policy of Axiom Obligataire, it is expected that the New Shares will be treated for corporation tax purposes as creditor relationships within the loan relationships regime contained in Parts 5 and 6 of the Corporation Tax Act 2009 with the result that all returns on the New Shares in respect of such a Shareholder’s accounting period (including gains, profits and losses and of which the distributions and reported income of Axiom Obligataire will form components) will be taxed or relieved as an income receipt or expense on a “fair value accounting” basis. Accordingly, such a person who acquires New Shares may, depending on its own circumstances, incur a charge to corporation tax on an unrealised increase in the value of its holding of New Shares.

Further information on the United Kingdom taxation position may be found in Part V of this Circular under the heading “United Kingdom”.

#### *Luxembourg tax considerations*

Luxembourg UCITS, such as Axiom Lux, are tax exempt in Luxembourg with the exception of a subscription tax (*taxe d’abonnement*) levied at the rate of 0.05% per annum based on the NAV at the end of the relevant quarter, calculated and paid quarterly. Interest and dividend income received by a Luxembourg UCITS may be subject to non-recoverable withholding tax in the source countries. The Luxembourg UCITS may further be subject to tax on the realised or

unrealised capital appreciation of its assets in the countries of origin. However, Axiom Lux may benefit from double tax treaties entered into by Luxembourg which may provide for exemption from withholding tax or reduction of applicable withholding tax rates. Distributions by the Luxembourg UCITS as well as liquidation proceeds and capital gains derived therefrom are made free and clear of withholding tax in Luxembourg.

## 7 SETTLEMENT ARRANGEMENTS

Dealings in AXI Ordinary Shares in CREST will be disabled with effect from 24 August 2023.

Contract notes in respect of Obligataire Shares and Obligataire Institutional Shares to be issued to Shareholders who validly elect for either of the Rollover Options will be issued by CACEIS on or around 5.30 p.m. (London time) on 4 September 2023 or as soon as practicable thereafter.

Shareholders who elect (or are deemed to have elected) for the Cash Option will receive their cash distribution winding up of the Company as follows:

- Shareholders who hold their AXI Ordinary Shares in uncertificated form will receive payment through CREST on 12 September 2023 or as soon as practicable thereafter; and
- payment of the cash distribution to Shareholders who hold their AXI Ordinary Shares in certificated form will be made by cheque. All cheque payments will be made in pounds sterling and will draw on a branch of a UK clearing bank. Cheques will be despatched at the risk of the person entitled to such payment by first class post on 12 September 2023 or as soon as practicable thereafter. Cheques will be sent to Shareholders at the address appearing in the Register or, in the case of joint holders, to the holder whose name appears first in the Register in respect of the joint holding concerned.

## 8 COSTS OF THE PROPOSALS

It is expected that the costs of the Proposals will be approximately £659,180. Such costs will be borne by the Company.

## 9 EXTRAORDINARY GENERAL MEETING

The Extraordinary General Meeting has been convened for 10.00 a.m. on 29 August 2023. The Notice of the Extraordinary General Meeting is set out in Part VII of this Circular.

## 10 ACTION TO BE TAKEN

Before taking any action, you are recommended to read the further information set out in this Circular relating to the Proposals and Axiom Obligataire. Rollover Eligible Shareholders are also recommended to read the Prospectus which contains further information on Axiom Lux. If you are in any doubt as to what action you should take, you should consult your stockbroker, bank manager, solicitor, accountant or other independent professional adviser duly authorised under the FSMA without delay.

### *Elections*

Shareholders who held AXI Ordinary Shares in certificated form at the close of business on 28 July 2023 will find enclosed a Form of Election to be used by them should they wish.

Shareholders who hold their AXI Ordinary Shares in CREST will not receive a Form of Election but will instead need to arrange for their election to be submitted electronically in CREST.

The Obligataire Option is the default option for Rollover Eligible Shareholders and a Rollover Eligible Shareholder wishing to receive the Obligataire Option does not need to submit a Form of Election or valid TTE Instruction in CREST. A Rollover Eligible Shareholder who does not submit a Form of Election or valid TTE Instruction in CREST will be deemed to have elected for the Obligataire Option. Any Shareholder who is not a Rollover Eligible Shareholder will be deemed to have elected for the Cash Option.

*AXI Ordinary Shares held in certificated form:*

If you hold your AXI Ordinary Shares in certificated form and you (i) are an Obligataire Institutional Eligible Shareholder and wish to elect for the Obligataire Institutional Option or (ii) a Rollover Eligible Shareholder and wish to elect for the Cash Option, please complete and return the Form of Election, so as to be received by Link Group, Corporate Actions, Central Square, 29 Wellington Street, Leeds LS1 4DL as soon as possible but, in any event, so as to arrive not later than 10.00 a.m. on 24 August 2023.

Instructions on how to complete the Form of Election are set out in the guidance notes attached thereto. Elections, once made, will be irrevocable without the consent of the Directors, which may be withheld.

If any Shareholders hold AXI Ordinary Shares in certificated form, but under different designations, they should complete a separate Form of Election in respect of each designation. Further Forms of Election are available on request from Link Group (using the telephone number shown in the paragraph below under the heading "Helpline").

*AXI Ordinary Shares held in uncertificated form*

If you hold your AXI Ordinary Shares in uncertificated form and you (i) are an Obligataire Institutional Eligible Shareholder and wish to elect for the Obligataire Institutional Option or (ii) a Rollover Eligible Shareholder and wish to elect for the Cash Option, you should not complete a Form of Election but should instead arrange for your election to be submitted electronically in CREST.

If you are a CREST personal member, you should refer to your CREST sponsor before taking any action. Your CREST sponsor will be able to confirm details of your participant ID and the member account ID under which your AXI Ordinary Shares are held. In addition, only your CREST sponsor will be able to send the TTE Instruction to Euroclear UK & International in relation to any Election you wish to make.

If you wish to make an Election, you should send (or, if you are a CREST personal member, procure that your CREST sponsor sends) a TTE Instruction to Euroclear UK & International, which must be properly authenticated in accordance with Euroclear UK & International's specifications and which must contain, in addition to other information that is required for the TTE Instruction to settle in CREST, the following details:

- the number of AXI Ordinary Shares to be transferred to an escrow account;
- the ISIN for the AXI Ordinary Shares, which is GG00BTC2K735;
- your Participant ID;
- your member account ID;
- the corporate action number for the Proposal, which is allocated by Euroclear UK & International and can be found by viewing the relevant corporate action details in CREST;
- the intended settlement date for the transfer to escrow, which should be as soon as possible and in any event no later than 10.00 a.m. on 24 August 2023;
- the contact name and telephone number inserted at the beginning of the shared notes field; and
- input with standard delivery instruction priority 80.

You should send the TTE Instruction with the following information, in addition to the information listed above:

- the Participant ID of the Registrar, in its capacity as a CREST Receiving Agent, which is RA10; and

- the member account of the Receiving Agent, in relation to the Obligataire Institutional Option, being 22146INS or the member account of the Receiving Agent, in relation to the Cash Option, being 22146CAS.

If any Shareholders wishing to make an Election hold AXI Ordinary Shares in uncertificated form, but under different member account IDs, they must send a TTE Instruction in respect of each member account ID.

If any Shareholders wishing to make an Election hold AXI Ordinary Shares in both certificated and uncertificated form (that is, in CREST), they should complete a Form of Election for their certificated holding and send a TTE Instruction for their CREST uncertificated holding.

After settlement of a TTE Instruction, you will not be able to access the AXI Ordinary Shares in CREST (to which such TTE Instruction relates) for any transaction or for charging purposes, notwithstanding that they will be held by Link Group as escrow agent until completion or lapsing of the Scheme. You are recommended to refer to the CREST Manual (available at <https://www.crh.com>) for further information on the CREST procedures outlined above.

#### *Helpline*

If you have any questions relating to this document or the procedures for making an election please telephone Link Group on +44 (0)371 664 0321. Calls from within the United Kingdom are charged at the standard geographic rate and will vary by provider. Calls from outside the United Kingdom will be charged at the applicable international rate. The helpline is open between 9.00 a.m. – 5.30 p.m., Monday to Friday (excluding public holidays in England and Wales). Please note that Link Group cannot provide any financial, legal or tax advice and calls may be recorded and monitored for security and training purposes. You are reminded that, if you are a CREST sponsored member, you should contact your CREST sponsor before taking any action.

#### *Form of Proxy*

Enclosed with this Circular is a Form of Proxy for use in relation to the Extraordinary General Meeting. Whether or not you propose to attend the Extraordinary General Meeting in person, you are requested to complete the Form of Proxy and return it to Elysium Fund Management Limited, PO Box 650, 1st Floor, Royal Chambers, St Julian's Avenue, St Peter Port, Guernsey, GY1 3JX in accordance with the instructions printed on it as soon as possible but, in any event not later than 10.00 a.m. on 24 August 2023 or not less than 48 hours (excluding non-Business Days) before the time appointed for holding any adjourned meeting.

Completion and return of Forms of Proxy will not prevent you from attending and voting in person at the Extraordinary General Meeting should you wish to do so.

## 11 VOTING INTENTIONS

Axiom has confirmed to the Company that it intends to vote in favour of or to procure that votes are exercised in favour of all the Resolutions at the Extraordinary General Meeting in respect of all AXI Ordinary Shares which are under its control, being in aggregate 11,192,369 AXI Ordinary Shares.

## 12 RECOMMENDATION

**The Board believes that the Proposals are in the best interests of the Company and the Shareholders as a whole and unanimously recommends that Shareholders vote in favour of all of the resolutions at the Extraordinary General Meeting.**

Yours sincerely

William (Bill) Scott  
*Chairman*

## PART II FURTHER DETAILS OF THE PROPOSALS

### 1 **AMENDMENTS TO THE ARTICLES IN CONNECTION WITH THE SCHEME**

The Proposals involve a scheme of reconstruction of the Company under the Articles. As part of the reconstruction of the Company, it is necessary to reorganise its share capital. In order to implement the Scheme, Shareholders will be asked to approve the Scheme and to approve amendments to the Articles. The Articles will require to be amended to effect the reclassification of the AXI Ordinary Shares into:

- AXI Ordinary Shares with Obligataire Rollover Rights;
- AXI Ordinary Shares with Obligataire Institutional Rollover Rights; and
- AXI Ordinary Shares with Cash Rights,

and to allow the distribution of assets in the manner envisaged under the Scheme.

The amendments to the Articles will:

- set out the rights attaching to the AXI Ordinary Shares with Obligataire Rollover Rights, as further detailed in section 2 of Part III of this Circular;
- set out the rights attaching to the AXI Ordinary Shares with Obligataire Institutional Rollover Rights, as further detailed in section 2 of Part III of this Circular;
- set out the rights attaching to the AXI Ordinary Shares with Cash Rights, as further detailed in section 2 of Part III of this Circular;
- enable the Company to issue a single share of no par value of a separate class to Elysium Fund Management Limited, which will have no rights while AXI Ordinary Shares are in issue, save to approve the winding up of the Company for the purposes of the Scheme and otherwise to approve matters in relation to such winding up (the “**Liquidation Share**”); and
- provide for the automatic cancellation of:
  - the AXI Ordinary Shares with Obligataire Rollover Rights and the AXI Ordinary Shares with Obligataire Institutional Rollover Rights, upon the New Shares in Axiom Obligataire having been issued in accordance with the Scheme; and
  - the AXI Ordinary Shares with Cash Rights, upon the cash distribution payable to the holders of such shares having been made in accordance with the Companies Law and the Scheme.

### 2 **DEALINGS IN AXI ORDINARY SHARES ON THE LONDON STOCK EXCHANGE**

Dealings in AXI Ordinary Shares in CREST will be disabled with effect from 6.00 p.m. on 24 August 2023. The last day for settlement of trading of the AXI Ordinary Shares in CREST will be on 24 August 2023.

The listing of AXI Ordinary Shares is expected to be suspended at 7.30 a.m. on 29 August 2023.

The Company will request that the listing of the AXI Ordinary Shares is cancelled as soon as reasonably practical following implementation of the Proposals.

If the Resolutions are passed at the Extraordinary General Meeting, any trades in AXI Ordinary Shares made after 22 August 2023 on a T+2 settlement basis will not settle. Any trade in AXI Ordinary Shares which settles after 10.00 a.m. on 24 August 2023 will not entitle the purchaser to submit a Form of Election in respect of the relevant shares, and the purchaser will be bound by any valid Election already made in respect of such shares. The last time for the appointment of proxies is 10.00 a.m. on 24 August 2023. Following this time, a Shareholder will be able to provide a proxy already appointed with new instructions. If a Shareholder makes an Election for



which they are not eligible, and no further Election is made, such Election will be treated as invalid and the Shareholder will be deemed to have elected for the default option for which they are eligible.

### 3 **OVERSEAS SHAREHOLDERS**

The issue of New Shares to persons resident in or citizens of jurisdictions outside the UK or Guernsey may be affected by the laws of the relevant jurisdiction. Such Shareholders should inform themselves about and observe any legal requirements. In particular, the New 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 nor has Axiom Obligataire registered, nor does Axiom Obligataire intend to register, as an investment company under the Investment Company Act.

It is the responsibility of Shareholders with registered addresses outside the UK to satisfy themselves as to the observance of the laws of the relevant jurisdiction in connection with the issue of New Shares, including obtaining any governmental or exchange control or other consents which may be required, the compliance with any other necessary formalities which need to be observed and the payment of any issue, transfer or other taxes or duties due in such jurisdiction.

This Circular does not constitute an offer to sell, or the solicitation of an offer to subscribe for or buy, New Shares.

### 4 **GENERAL**

All documents and remittances despatched to or from Shareholders or their appointed agents in connection with the Scheme will be despatched at Shareholders' own risk.

## PART III THE SCHEME

### 1 DEFINITIONS AND INTERPRETATION

The definitions set out on pages 42 to 46 of this Circular have the same meaning when used in the context of the Scheme, save as otherwise provided in this Part III.

### 2 RIGHTS

2.1 Subject to the fulfilment of the conditions set out in paragraph 12 of this Scheme:

- (a) the AXI Ordinary Shares in respect of which Rollover Eligible Shareholders have made, or are deemed to have made, valid Elections for the Obligataire Option shall be reclassified into AXI Ordinary Shares with Obligataire Rollover Rights;
- (b) the AXI Ordinary Shares in respect of which Obligataire Institutional Eligible Shareholders have made valid Elections for the Obligataire Institutional Option shall be reclassified into AXI Ordinary Shares with Obligataire Institutional Rollover Rights; and
- (c) the AXI Ordinary Shares in respect of which Shareholders have made, or are deemed to have made, valid Elections for the Cash Option shall be reclassified into AXI Ordinary Shares with Cash Rights.

2.2 The rights of the AXI Ordinary Shares following the passing of the Resolutions will be as set out in Article 4A to be inserted in the Articles pursuant to Resolution 2 contained in the Notice of the Extraordinary General Meeting, being thereafter:

- (a) AXI Ordinary Shares with Obligataire Rollover Rights;
- (b) AXI Ordinary Shares with Obligataire Institutional Rollover Rights; or
- (c) AXI Ordinary Shares with Cash Rights,

and references to Shareholders shall be construed accordingly.

2.3 The AXI Ordinary Shares with Obligataire Rollover Rights, AXI Ordinary Shares with Obligataire Institutional Rollover Rights and AXI Ordinary Shares with Cash Rights shall be separate and distinct classes of shares of the Company.

### 3 CALCULATIONS

3.1 On the Effective Date, the Administrator shall calculate the NAV per AXI Ordinary Share as at the Calculation Date on the basis of the normal accounting policies of the Company and shall provide such calculation to the Company, the Liquidators, Axiom, CACEIS and Axiom Lux.

3.2 As soon as reasonably practicable following the closing date for submission of Forms of Election and valid TTE Instructions, the Receiving Agent shall calculate the numbers of AXI Ordinary Shares in respect of which valid Elections have been made, or are deemed to have been made, for each of the Obligataire Option, the Obligataire Institutional Option and the Cash Option and shall notify such information to the Company, the Liquidators, Axiom and Axiom Lux.

3.3 On or prior to the Effective Date, the Liquidators shall determine and notify to the Company and the Administrator their estimate of the amount which they consider to be sufficient to meet the actual and contingent liabilities of the Company (excluding, for these purposes, such amounts as are required to satisfy the rights to a cash distribution for holders of the AXI Ordinary Shares with Cash Rights) (in aggregate, the "**Liabilities Amount**"), including (without prejudice to the generality of the foregoing):

- (a) the costs and expenses incurred and to be incurred by the Company and the Liquidators in formulating, preparing and implementing the Proposals and this Scheme;
- (b) the costs and expenses incurred and to be incurred by the Company and the Liquidators in preparing and implementing the Transfer Agreement;
- (c) the costs and expenses of winding up the Company, including the fees and expenses of the Liquidators;
- (d) any tax and contingent liabilities of the Company (including any tax that may fall payable as a result of the implementation of the Transfer Agreement); and
- (e) any other amounts considered by the Liquidators to be appropriate to provide for any other costs, expenses, liabilities or contingencies (including any unknown costs, expenses, liabilities or contingencies), in each case including any VAT (where applicable) in respect thereof, such amounts not to exceed £50,000 in aggregate.

3.4 As soon as reasonably practicable following the Effective Date, the Administrator shall calculate:

- (a) the AXI FAV, which shall be the NAV per AXI Ordinary Share as at the Calculation Date, as calculated by the Administrator in accordance with paragraph 3.1 above, having been adjusted to take account of the Liabilities Amount; and
- (b) the Cash Distribution Amount,

and shall provide such information to the Company, the Liquidators, Axiom and Axiom Lux.

#### **4 APPLICATION OF LIQUIDATION FUND**

4.1 Before any assets of the Company are transferred to Axiom Obligataire, the Liquidators shall retain the Liquidation Fund. The Liquidation Fund shall be applied by the Liquidators in discharging the liabilities of the Company (including the Winding Up Costs).

4.2 If there shall be any balance of the Liquidation Fund remaining after discharging such liabilities, the Liquidators shall pay the remaining balance to Axiom Obligataire.

#### **5 TRANSFER OF ASSETS**

5.1 Pursuant to the Transfer Agreement, the Liquidators shall procure the transfer of all the assets of the Company (excluding the Liquidation Fund and such amount of cash as is required to fund the cash distribution payable to holders of AXI Ordinary Shares with Cash Rights in respect of the winding up of the Company) to Axiom Obligataire. In consideration for such transfers, Axiom Obligataire shall issue:

- (a) one Obligataire Share to each holder of AXI Ordinary Shares with Obligataire Rollover Rights for every one thousand AXI Ordinary Shares with Obligataire Rollover Rights held by such person, with any fraction of an Obligataire Share being issued and rounded down to four decimal places; and
- (b) one Obligataire Institutional Share to each holder of AXI Ordinary Shares with Obligataire Institutional Rollover Rights for every one thousand AXI Ordinary Shares with Obligataire Institutional Rollover Rights held by such person, with any fraction of an Obligataire Institutional Share being issued and rounded down to four decimal places.

5.2 The Transfer Agreement provides that the assets to be transferred to Axiom Obligataire shall be transferred with such rights and title as the Company may have in respect of the same or any part thereof, subject to and with the benefit of all and any rights, restrictions, obligations, conditions and agreements affecting the same or any part thereof, including the right to all income, dividends, distributions, interest and other rights and benefits attaching thereto or accruing therefrom. The Transfer Agreement also provides that Axiom shall continue to manage the assets transferred, in accordance with the investment strategy of Axiom Obligataire.

5.3 The investments to be transferred to Axiom Obligataire and those to be allocated to the Cash Distribution Pool will be determined by the Investment Manager (with whom the Liquidators shall

consult as required) having regard to such matters as the Investment Manager considers appropriate including the investment strategy and portfolio composition of Axiom Obligataire and the practicalities of realising the non-cash assets to be allocated to the Cash Distribution Pool.

- 5.4 The Transfer Agreement further provides that the Company, acting by its Liquidators, insofar as it is reasonably able to do so by law or otherwise, shall comply with all reasonable requests made by Axiom Obligataire (or its nominee) in respect of the assets of the Company to be acquired and shall, in particular, account to Axiom Obligataire for all income, dividends, distributions, interest and other rights and benefits in respect of such assets received from the Effective Date.
- 5.5 Axiom Lux shall procure that the auditor of Axiom Lux will issue a valuation report on the value of assets to be transferred to Axiom Obligataire in accordance with the provisions of Luxembourg law.

## **6 DISTRIBUTION**

- 6.1 Each holder of AXI Ordinary Shares with Cash Rights shall be entitled under the Scheme and in respect of the winding up of the Company to a cash distribution equal to the Cash Distribution Amount in respect of each AXI Ordinary Share with Cash Rights, and such cash distribution shall be in full satisfaction of their entitlement to share in the assets of the Company in its liquidation and/or winding up.
- 6.2 The Liquidators shall procure that such distribution is lawfully made by the Company in accordance with the Companies Law as a distribution falling within section 302(1)(d) (and accordingly section 303) of the Companies Law.

## **7 SETTLEMENT**

- 7.1 Contract notes in respect of Obligataire Shares and Obligataire Institutional Shares to be issued to Shareholders who validly elect for either of the Rollover Options will be issued by CACEIS on or around 5.30 p.m. (London time) on 4 September 2023 or as soon as practicable thereafter.
- 7.2 Shareholders who elect or are deemed to have elected for the Cash Option will receive their cash distribution in the winding up of the Company as follows:
- (a) Shareholders who hold their AXI Ordinary Shares in uncertificated form will receive payment through CREST on 12 September 2023 or as soon as practicable thereafter; and
  - (b) payment of the cash distribution to Shareholders who hold their AXI Ordinary Shares in certificated form will be made by cheque. Cheques will be despatched at the risk of the person entitled to such payment by first class post on 12 September 2023 or as soon as practicable thereafter. All cheque payments will be made in pounds sterling and will draw on a branch of a UK clearing bank. Cheques will be sent to Shareholders at the address appearing in the Register or, in the case of joint holders, to the holder whose name appears first in the Register in respect of the joint holding concerned.
- 7.3 The New Shares to be issued pursuant to this paragraph 7 shall be issued against the transfer of assets to Axiom Obligataire in accordance with paragraph 5 above.
- 7.4 Axiom Lux shall procure that CACEIS is instructed to credit the New Shares to the appropriate stock accounts in accordance with paragraph 7.1 above.
- 7.5 Axiom Lux shall be entitled to assume that all information delivered to it in accordance with paragraph 3.2 above is correct and to utilise the same in procuring registration in Axiom Obligataire's register of members of the New Shares issued pursuant to the Scheme.
- 7.6 Upon the issue of the Obligataire Shares and the Obligataire Institutional Shares required to be issued pursuant to the Scheme, the AXI Ordinary Shares with Obligataire Rollover Rights and the AXI Ordinary Shares with Obligataire Institutional Rollover Rights shall be automatically cancelled.

- 7.7 Upon the payment of the cash distribution in satisfaction of the entitlement of holders thereof to share in the assets of the Company in its winding up, the AXI Ordinary Shares with Cash Rights shall be automatically cancelled.

## 8 **MODIFICATIONS**

The provisions of the Scheme shall have effect subject to such non-material modifications or additions as the Directors and the parties to the Transfer Agreement may from time to time approve in writing.

## 9 **FORMS OF ELECTION**

- 9.1 The Form of Election and the provisions set out thereon shall form part of this Scheme.
- 9.2 Any Rollover Eligible Shareholder who does not return a valid Form of Election shall be deemed to have elected to receive the Obligataire Option in respect of their entire holding.
- 9.3 Any Shareholder who is not a Rollover Eligible Shareholder shall be deemed to have elected to receive the Cash Option in respect of their entire holding.
- 9.4 If, on any Form of Election, the total of a Shareholder's Elections is greater than his or her actual holding as at the Record Date, the Election made by such Shareholder on that Form of Election shall be decreased (pro rata, where more than one Election is made) so that the total of such Election(s) shall equal their total holding and, in any such case, such decreased Election(s) shall be deemed to be the Election(s) made by such Shareholder on the Form of Election for all purposes of this Scheme.
- 9.5 If, on any Form of Election, the total of a Rollover Eligible Shareholder's Election is less than their actual holding as at the Record Date, then for the balance of such Shareholder's AXI Ordinary Shares, that Shareholder will be deemed to have elected for the Obligataire Option.
- 9.6 By signing and delivering a Form of Election or sending a TTE Instruction and in consideration of the Company agreeing to process the Form of Election or TTE Instruction, a Shareholder agrees that the Election made on the Form of Election or in a TTE Instruction shall be irrevocable (other than with the consent of the Directors) and such Shareholder represents and warrants that his or her Election is valid and binding and is made in accordance with all applicable legal requirements (including the requirements of any applicable jurisdiction outside the UK).
- 9.7 Any questions as to the validity of any Form of Election shall be at the discretion of the Directors, whose determination shall be final.

## 10 **RELIANCE ON INFORMATION**

The Company, the Directors, the Liquidators, the Investment Manager and Axiom Lux shall be entitled to act and rely, without enquiry, on any information furnished or made available to them or any of them (as the case may be) in connection with the Scheme and the Transfer Agreement, including, for the avoidance of doubt, any certificate, opinion, advice, valuation, evidence or other information furnished or made available to them by the Company, the Directors (or any of them), CACEIS, Axiom and Axiom Lux or the Registrar, auditors, bankers or other professional advisers to the Company, and no such person shall be liable or responsible for any loss suffered as a result thereof by the Company, any Shareholder, Axiom Obligataire or any other person.

## 11 **LIQUIDATOR'S LIABILITY AND INDEMNITY**

Nothing in the Scheme or in any document executed under or in connection with the Scheme (including the Transfer Agreement) shall impose any personal liability on the Liquidators or either of them, including any such liability for any act specifically done (or as the case may be, not done) by the Liquidators in accordance with the Scheme or the Transfer Agreement, save in each case for any liability arising out of any negligence, fraud, bad faith, breach of duty or wilful default by the Liquidators in the performance of their duties.

## 12 **CONDITIONS**

12.1 The Scheme is conditional on:

- (a) the passing of the Resolutions by the Shareholders at the Extraordinary General Meeting;
- (b) the approval of the winding up and the appointment of the Liquidators by the Company; and
- (c) the Transfer Agreement having become unconditional in all respects and not having been terminated in accordance with its terms before completion of the Scheme.

12.2 Subject to paragraph 12.3, the Scheme shall become effective immediately upon the last of the above conditions being satisfied. If it becomes effective, the Scheme shall be binding on all Shareholders and on all persons claiming through or under them.

12.3 If the Scheme does not become effective on or before 15 September 2023, the Scheme shall never become effective.

## 13 **GOVERNING LAW**

The Scheme shall, in all respects, be governed by, and construed in accordance with, the laws of Guernsey.

## PART IV AXIOM OBLIGATAIRE

The information below is taken from the Prospectus appendix relating to Axiom Obligataire and has been prepared by Axiom Obligataire. Neither the Company nor the Directors accept any responsibility for the information set out in this Part IV.

Shareholders should read the full text of the Prospectus and the key information document, which contain important information relating to Axiom Obligataire, and should not rely merely upon the information below. The Prospectus and the key information document are available at <https://www.axiom-ai.com>.

<b>Investment objectives</b>	<p>The objective of this Compartment is to achieve, over a minimum 3-year investment horizon, a return (net of management fees) similar to or greater than that of its benchmarks (ICE BofAML Euro Financial Index (40%), ICE BofAML Euro Corporate Index (40%) and ICE BofAML Contingent Capital Index (20%) (together the “<b>Benchmarks</b>”).</p>
<b>Management policy</b>	<p>The investment process of the management company, Axiom Alternative Investments Sarl, aims to take advantage of major opportunities in the international bond market. In order to optimise the portfolio’s return, the investment process is organised in several steps:</p> <p><b>Step 1: Quality of securities</b></p> <p>The portfolio management team defines the criteria likely to affect the credit risk of each issuer based on the information supplied by companies (reports, press releases, meetings), supervisory authorities (regulatory rules, transparency data, stress tests), independent research and analysis by external research teams.</p> <p>Only securities issued by companies with proven track records, strong market positions and known and measurable competitive advantages are taken into consideration.</p> <p>Detailed scenarios and stress tests are prepared with different interest rates and credit spreads, for each credit rating category, against different redemption dates.</p> <p>Securities are selected based on an in-depth analysis of prospectuses.</p> <p>The acquisition or disposal of bonds or debt securities is also based on an in-house analysis of each issuer’s credit risk.</p> <p><b>Step 2: Portfolio construction</b></p> <p>The portfolio is then constructed based on the decisions made on risk allocation and securities as outlined above.</p> <p>Portfolio construction is intended to ensure efficient diversification through an allocation by type of issuer.</p> <p>However, exposure to each sector and/or type of underlying asset may be as high as 100%.</p> <p>The portfolio managers may hedge the currency and interest rate risks.</p> <p><b>Step 3: Portfolio monitoring</b></p> <p>Regular monitoring of the performance of underlying assets through the publication of statistical data regarding the securities is carried out as well as systematic monitoring of the trends in each sub-sector (issuer concentration, regulatory intelligence).</p> <p>Circumstances that are likely to affect the payment of coupons or the repayment of the principal are closely monitored.</p>

Within the limit of maximum 50% of the NAV, the Compartment invests in contingent convertible bonds (“CoCo”). CoCo are regulatory capital instruments issued by banks under the applicable solvency rules which can be converted into ordinary shares if a certain minimum level of capital ratio is breached by the issuer.

The use of subordinated bonds, especially “Additional Tier 1” bonds, will be at the core of the investment process, as these securities offer high yields in compensation for high risks, including:

- risk of coupon cancellation: coupon payments are fully discretionary;
- risk of a trigger event: if a certain capital level is reached, these bonds are either converted into shares or partially or totally written down; and
- principal payment risk: these are perpetual bonds that can only be redeemed at the issuer’s discretion on predefined call dates.

The debt security prospectus for a subordinated bond sets out the requirements and risks applicable to it as an instrument qualifying as capital for financial institutions.

This Compartment is constantly exposed to the interest rate markets of The Organisation for Economic Cooperation and Development (“OECD”) countries.

The exposure to non-OECD markets may be as high as 20%. For the purpose of monitoring this constraint, the country of risk is deemed to correspond to the main country of operations, for multinational companies.

This Compartment is not sector-specific. The selection process may lead to 100% exposure of this Compartment to a given business sector.

Bonds issued by both public and private sector issuers may be selected. The minimum average rating (internal rating of Axiom Alternative Investments Sarl may be based on ratings of Standard and Poor’s, Moody’s and Fitch) is BB.

The acquisition or disposal of bonds or debt securities is based on an in-house analysis of each issuer’s credit risk; the acquisition or disposal of a holding is not based exclusively on ratings assigned by rating agencies.

Transferable debt securities and bonds rated below B- by Standard and Poor’s, or B3 by Moody’s, or B- by Fitch Ratings, or B Low by DBRS (the highest rating will be applied), or a rating considered equivalent by Axiom Alternative Investments Sarl, or which have no rating, shall not exceed 20% of the Compartment’s net asset value.

This Compartment is managed within a 0 to 10 sensitivity scale (see risk profile – interest rate risk).

Currency of denomination of the securities in which this Compartment is invested: International.

Currency risk borne by this Compartment: residual due to imperfect hedge.

In addition to the above, although the Compartment does not seek to meet a specific sustainable investment objective as defined by SFDR, the Compartment has adopted the following binding restrictions that are consistent with its investment objective and also promotes specific environmental and social characteristics. The Compartment thus falls under the scope of the Article 8 of The Sustainable Finance Disclosure Regulation (“SFDR”).

The tools used to consider ESG factors consist of:

**Exclusion filters**

They are used to exclude companies involved in forbidden activities, which are covered through Axiom Alternative Investments Sarl thematic and sectoral policies and related exclusion list. Activities include tobacco production, coal



power and mining production, conventional and unconventional oil and gas, alcohol, gambling, cannabis and adult entertainment.

#### **Controversies monitoring**

- **Social issues:** Axiom analyses firms' exposure to litigation risks arising from torts caused to consumers, most of the times associated to mis-selling;
- **Governance:** Axiom analyses firms' risk exposure to business ethics controversies. This risk includes AML, tax fraud, sanctions breaches, market manipulation, etc.

#### **ESG screening**

The ESG data is sourced from an external provider. The criteria and related weighting varies depending on the sector. Some examples of the areas assessed include:

- **Governance:** Board of Directors (structure, diversity policy, average tenure), risk and crisis management processes, the codes of conduct, and the anti-crime policies and prevention measures;
- **Environment:** Environmental reporting and assurance, operational eco-efficiency, greenhouse gas emissions and water use; and
- **Social:** Human capital development, talent attraction and retention and financial inclusion.

More information on the ESG data used is disclosed in our responsible investment policy, which can be found at the following link: <https://axiom-ai.com/web/data/documentation/Responsible-Investment-Policy.pdf>.

#### **Axiom's Climate Readiness Score**

The ACRS uses both quantitative and qualitative analysis to assess financial institutions' climate performance based on three pillars:

- **Corporate engagement.** This pillar seeks to identify the level of priority given to climate change by a company by looking at its governance (e.g., involvement of the board and top management on the decision-making), its climate strategy and related targets, and its disclosure on the activities and means deployed to better integrate climate change.
- **Climate risk and opportunities management.** This pillar assesses the issuers' processes and tools used to identify, measure and mitigate their exposure to climate related risks as well as their approach to seize the opportunities arising from the energy transition. In the case of banks, Axiom applies a methodology to assess the exposure to physical and transition risks of banks' corporate lending portfolios.
- **Contribution to the low-carbon transition.** This pillar seeks to understand the contribution the issuer may have to the energy transition through their investments or lending activities with corporates, as well as through thematic products. In the case of banks, Axiom applies a methodology to assess the compatibility of their corporate lending portfolio temperature with the well below 2°C temperature objective of the Paris Agreement.

While this Compartment promotes environmental characteristics within the meaning of Article 8 of the SFDR, it does not currently commit to investing in any sustainable investment within the meaning of the SFDR or the Taxonomy Regulation.

The attention of the investors is drawn to the fact that the "Do No Significant Harm" principle applies only to those investments underlying the Compartment that take into account the EU criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of the Compartment do not take into account the EU criteria for environmentally sustainable economic activities.

	<p>In addition, Axiom monitors the most material “Principle Adverse Sustainability Impacts” indicators which are used as well to assess investee companies’ compliance of the “Do No Significant Harm” principle of SFDR. These estimates are based on third-party data.</p> <p>For more information with respect to the Compartment’s ESG characteristics, please refer to the Annex “Pre-contractual disclosures for the financial products referred to in Article 8 and Article 9 under SFDR” to this Prospectus, which forms an integral part of this investment policy.</p>
<b>Term</b>	Undetermined duration
<b>Reference currency</b>	The reference currency of this Compartment is EUR.
<b>Assets used</b>	<p><b><i>Equities:</i></b></p> <p>The Compartment’s exposure to equity risk may not exceed 10%.</p> <p>The Compartment may invest in preferred shares, which give their holders a preferred and unconditional right to receive a dividend. If, in any given year, a company finds itself in financial difficulty, it may, exceptionally, decide not to pay dividends to its ordinary shareholders; however, it must in any case pay dividends to preferred shareholders. This dividend is usually equal to a fixed percentage of the nominal value or to a priority dividend repayment, or both. Therefore, preferred shares offer the features and benefits of debt securities while being considered equity from an accounting perspective.</p> <p><b><i>Bonds and debt securities:</i></b></p> <p>The Compartment shall invest in bonds issued by sovereign states, industrial, commercial and financial companies, as well as convertible bonds, shares or debt securities. All financial instruments may be fixed-, variable- and/or adjustable-rate securities. These securities, issued by international issuers, may be secured, unsecured or subordinated.</p> <p>The Compartment invests up to 50% in CoCo. CoCo are regulatory capital instruments issued by banks under the applicable solvency rules which can be converted into ordinary shares if a certain minimum level of capital ratio is breached by the issuer. The Compartment will not invest in distressed securities.</p> <p><b><i>Shares or units from other UCITS and/or UCIs:</i></b></p> <p>The Compartment may invest, which may not exceed 10%, in Luxembourg – or European regulated UCITS and/or AIF.</p> <p>The Compartment may invest in UCITS as well as in other Luxembourg or foreign UCIs that comply with point 1 (e) of Article 41 of the Luxembourg Law of 17 December 2010 relating to undertakings for collective investment (as amended from time to time). The Compartment may invest in a mutual fund managed by Axiom.</p> <p><b><i>Money market instruments:</i></b></p> <p>During periods when the investment strategy leads the management team to trim the Compartment’s exposure to bonds and/or other debt securities in order to attain the investment objective, the Compartment may be exposed up to 100% to treasury bills, certificates of deposit and euro commercial paper. These financial instruments may also be used on an incidental basis for treasury purposes.</p> <p><b><i>Securitisation:</i></b></p> <p>On an incidental basis, the Compartment may also be invested in securitised products via the UCITS or AIF in which it invests.</p>

### ***Derivative instruments:***

For hedging or exposure purposes, the Compartment may trade any futures or options provided that their underlying assets have a direct financial relationship or correlation with an asset held in the portfolio.

The Compartment may invest in futures/forwards, options, swaps, CFDs (contracts for difference), DPSs (dynamic portfolio swaps) and TRS traded on Eurozone and/or international markets, be they regulated or OTC markets. As part of such transactions, the Compartment may take positions to hedge and/or expose the portfolio against/to specific industries, geographic areas, interest rates, shares (all caps), currencies or financial indices in order to achieve the management objective.

Types of markets where the Compartment is invested:

- regulated
- organised
- OTC

Risks to which the manager seeks exposure:

- equity
- interest rate
- currency
- credit
- index
- dividend

Purpose of the investments:

- hedging
- exposure
- arbitrage

Types of instruments used:

- futures
- options
- swaps
- currency forwards
- credit derivatives

Derivative contracts may be entered into with counterparties selected, which have a minimum BBB- rating at the ultimate parent company level, by Axiom in accordance with its best execution/best selection policy and with the procedure for authorising new counterparties. The latter may be large French or foreign counterparties such as credit institutions or banks. They are subject to exchanges of collateral. It should be noted that they do not have any discretion in the composition or management of the Fund's portfolio, and/or in the underlying assets of the financial derivatives. The counterparties comply with the Article 3 of the SFT Regulation.

Such instruments are subject to various types of risks, including, for instance, market risk, liquidity risk, credit risk, counterparty risk, legal risk or operational risk. Securities financing transactions allow the build-up of leverage, procyclicality and interconnectedness in the financial markets.

### ***Securities with embedded derivatives:***

The Compartment may be invested in securities with embedded derivatives. The underlyings are eligible assets as defined in Luxembourg Law of 17 December 2010 relating to undertakings for collective investment (as amended from time to time).

Risks to which the manager may seek exposure:

- equity
- interest rate
- currency
- credit
- index

	<p>Purpose of the investments:</p> <ul style="list-style-type: none"> <li><input checked="" type="checkbox"/> hedging</li> <li><input checked="" type="checkbox"/> exposure</li> <li><input type="checkbox"/> arbitrage</li> </ul> <p>Types of instruments used will include, for instance:</p> <ul style="list-style-type: none"> <li>- Convertible bonds or any other fixed-income investment vehicle carrying a conversion or subscription right;</li> <li>- EMTN;</li> <li>- CLN;</li> <li>- Subscription rights; and</li> <li>- Preferred Shared.</li> </ul> <p>All underlying instruments are eligible assets of Luxembourg Law of 17 December 2010 relating to undertakings for collective investment (as amended from time to time).</p> <p><b>Deposits:</b></p> <p>The Compartment may make deposits limited to 20% of its NAV and for a maximum 12-month duration, with one or several European credit institutions.</p> <p><b>Cash borrowings:</b></p> <p>Under normal operating conditions, the Compartment may also have a temporary debt balance and may use cash borrowings up to 10% of its NAV.</p>
<p><b>Risk Management</b></p>	<p>The method used to calculate overall exposure of the Compartment is the commitment calculation method.</p>
<p><b>SFT Regulation</b></p>	<p>The Compartment will employ SFTs as described under 4.5 “Use of Techniques and Instruments relating to Transferable Securities and Money Market Instruments” for reducing risks (hedging) or costs, or for generating additional capital or income (including through the reinvestment of the cash collateral received as a result therein).</p> <p>Securities lending, repurchase and reverse repurchase transactions will be entered into depending on the market opportunities and in particular depending on the market demand for the securities held in each Compartment’s portfolio (for the securities lending and repurchase transactions) or on the market rates (for the reverse repurchase transactions) at any time and the expected revenues of the transaction compared to the market conditions on the investment side.</p> <p>The Compartment will also employ TRS (or other derivatives instruments with the same characteristics like Dynamic Portfolio Swap) for investment and/or hedging purposes.</p> <p>Types of assets that may be subject to SFTs:</p> <ul style="list-style-type: none"> <li>- Negotiable debt securities;</li> <li>- Bonds;</li> <li>- Equities; and</li> <li>- Derivatives.</li> </ul> <p>These types of operation could increase the Compartment’s overall level of leverage with a potential impact on its risk profile.</p> <p>The use of SFTs and TRS is intended to be under normal market conditions in accordance with the levels as disclosed in the table below. The expected and maximum levels mentioned in the table below have been set based on historical levels as well as expected projection under normal conditions. In certain circumstances this proportion may be higher. Such expected levels mentioned in the table below may be updated from time to time based on the actual levels reported to Axiom, with no prior notice to shareholders.</p>

	<b>Expected use (in % of net assets)</b>	<b>Maximum use (in % of net assets)</b>
<b>Securities lending</b>	0-10	20
<b>Repurchase and reverse repurchase agreements</b>	0-10	20
<b>Sell/buy back and buy/sell backs</b>	0-10	20
<b>TRS</b>	0-10	20
<b>Benchmarks</b>	<p>The Compartment is actively managed by Axiom Alternative Investments Sarl and references the Benchmarks for comparative purposes as well as for the calculation of its performance fees.</p> <p>Axiom Alternative Investments Sarl has full discretion over the composition of the portfolio of the Compartment and may take exposure to companies, countries or sectors not included in the Benchmarks, even though the Benchmarks' constituents may be representative of the Compartment's portfolio. Shareholders' attention is drawn to the fact that the Benchmarks are not indices which integrate environmental and social considerations. Instead, the Compartment promotes environmental and social characteristics by adhering to Axiom Alternative Investments Sarl's ESG analysis, as described above.</p> <p>ICE BofAML Euro Financial Index tracks the performance of EUR denominated investment grade debt publicly issued by financial institutions in the eurobond or Euro member domestic markets. Qualifying securities must have an investment grade rating (based on an average of Moody's, S&amp;P and Fitch). In addition, qualifying securities must have at least one year remaining term to final maturity, at least 18 months to final maturity at point of issuance, a fixed coupon schedule and a minimum amount outstanding of EUR 250 million. Guide, which can be accessed on our public website (<a href="http://www.mlindex.ml.com">www.mlindex.ml.com</a>). Ticker Bloomberg: EB00 Index.</p> <p>ICE BofAML Euro Corporate Index tracks the performance of EUR denominated investment grade corporate debt publicly issued in the eurobond or Euro member domestic markets. Qualifying securities must have an investment grade rating (based on an average of Moody's, S&amp;P and Fitch) and at least 18 months to final maturity at the time of issuance. In addition, qualifying securities must have at least one year remaining term to final maturity, a fixed coupon schedule and a minimum amount outstanding of EUR 250 million. Guide, which can be accessed on our public website (<a href="http://www.mlindex.ml.com">www.mlindex.ml.com</a>). Ticker Bloomberg: ER00 Index.</p> <p>ICE BofAML Contingent Capital Index tracks the performance of investment grade and below investment grade contingent capital debt publicly issued in the major domestic and eurobond markets. Qualifying securities must have a capital-dependent conversion feature and must be rated by either Moody's, S&amp;P or Fitch. In addition, qualifying securities must have at least one month remaining term to final maturity and at least 18 months to maturity at point of issuance. Guide, which can be accessed on our public website (<a href="http://www.mlindex.ml.com">www.mlindex.ml.com</a>). Ticker Bloomberg: COCO Index.</p>	
<b>Profile of typical investor in the Compartment</b>	<p>The Compartment is intended for all investors seeking a return net management fees similar to or greater than the performance of the ICE BofAML Euro Financial Index, the ICE BofAML Euro Corporate Index and the ICE BofAML Contingent Capital Index.</p> <p>For this Compartment, the recommended investment horizon is at least three years.</p> <p>The amount considered reasonable to invest in the Compartment depends on each investor's individual situation. Any calculation of this amount must take into account their personal assets and financial projects as well as their level of risk aversion. It is also strongly recommended that investors diversify their investments sufficiently so that they are not solely exposed to the risks of this Compartment.</p>	

<b>Compartment's Specific Risk Factors</b>	<p>The Compartment is exposed to the following risks which are more fully explained in the General Section under 6. "Risk Warnings":</p> <ul style="list-style-type: none"> <li>- Risk of capital loss; and</li> <li>- Interest rate risk.</li> </ul> <p><i>The risk is measured as the Compartment's interest rate sensitivity, which ranges between 0 and 10.</i></p> <ul style="list-style-type: none"> <li>- Credit risk;</li> <li>- High Yield risk;</li> <li>- Counterparty risk;</li> <li>- Risk inherent to subordinated bonds;</li> <li>- Risk inherent to perpetual bonds;</li> <li>- Liquidity risk;</li> <li>- Currency risk;</li> <li>- Discretionary management risk;</li> <li>- Risk inherent to non-OECD countries (below 20%);</li> <li>- Risk related to securitised products;</li> <li>- Risks relating to the use of SFTs (counterparty risk, operational risk, liquidity risk, legal risk, custody risk);</li> <li>- Sustainability Risk: the Compartment having a diversified portfolio, may be exposed to different Sustainability Risks varying from issuers, markets, sectors, financial instruments, geographical regions etc. These risks could have several effects on the securities, which could have an impact on the return of the Compartment; and</li> <li>- ESG/Climate data risk.</li> </ul>
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CHARACTERISTICS OF THE COMPARTMENT	
<b>Valuation Day</b>	Every Business Day
<b>Distribution</b>	<p>Allocation of net income: Distribution or postponement decision of Axiom Alternative Investments Sarl.</p> <p>Allocation more or less net capital gains realised: Distribution or postponement decision of Axiom Alternative Investments Sarl.</p>
<b>Cut-off Time</b>	12.00 p.m. of the relevant Valuation Day
<b>Subscription and Redemption Settlement Day</b>	3 Business Days following the Valuation Day

## PART V TAXATION

The following summary is based upon current tax law of the UK, Guernsey and Luxembourg and what is understood to be current tax authority practice in these jurisdictions, any of which are subject to change, possibly with retrospective effect.

The summary is intended only as a general guide to the tax treatment of certain Shareholders in respect of the Scheme and their holding of New Shares, and does not purport either to cover all tax issues which might be applicable to such Shareholders, or to analyse the tax position of the Company or Axiom Obligataire. The summary is not intended to be, nor should be construed to be, legal, tax or investment advice to any particular Shareholder.

In particular, the summary may not apply to certain Shareholders, such as dealers in securities, insurance companies, collective investment schemes or Shareholders who have (or are deemed to have) acquired their AXI Ordinary Shares or New Shares by virtue of an office or employment, who may be subject to special rules.

The summary only applies to Shareholders who are (a) in the case of the section headed "United Kingdom" below, resident for UK tax purposes in the UK and, in the case of individuals, domiciled in the UK and to whom "split year" treatment does not apply (except in so far as express reference is made to the UK tax treatment of non-UK residents); or (b) in the case of the section headed "Luxembourg" below, resident for tax purposes in Luxembourg (except in so far as express reference is made to the Luxembourg tax treatment of non-Luxembourg residents). This summary only applies to Shareholders who hold AXI Ordinary Shares and New Shares as an investment rather than trading stock and who are the absolute beneficial owners of those AXI Ordinary Shares and New Shares.

**All Shareholders, and in particular those who are in any doubt about their tax position, or who are resident or otherwise subject to taxation in a jurisdiction outside the UK, should consult their own professional advisers on the potential tax consequences of the Scheme and their holding of New Shares under the laws of their country and/or state of citizenship, domicile or residence.**

### UNITED KINGDOM

#### UK taxation of Shareholders in relation to the Scheme

For Cash-Paid Shareholders, the cash distribution received by them in satisfaction of their rights in respect of the assets of the Company in its winding up should be treated as a capital distribution for tax purposes. Accordingly, as a result of its receipt a Cash-Paid Shareholder will be treated as disposing of its interest in the relevant AXI Ordinary Shares in consideration for the cash distribution and for Cash-Paid Shareholders who are UK-resident individuals any gain arising will be subject to capital gains tax (at rates of up to 20%) and for Cash-Paid Shareholders within the charge to corporation tax, any gain arising will be subject to corporation tax at the Shareholder's relevant marginal rate.

The Scheme should not result in a charge to UK capital gains tax for Rollover Shareholders that are individuals, nor a charge to corporation tax on chargeable gains for UK resident corporate Rollover Shareholders, on the basis that the transaction should qualify as a "scheme of reconstruction" and the conditions of section 136 TCGA 1992 should be met.

The application of section 136 of the TCGA may however be restricted under section 137(1) of the TCGA in the case of any Shareholder who alone, or together with any connected persons, holds five (5) per cent. or more of the AXI Ordinary Shares. Section 137(1) of the TCGA will not apply if the exchange is effected for bona fide commercial reasons and does not form part of a scheme of arrangements of which the main purposes, or one of the main purposes, is avoidance of liability to capital gains tax or corporation tax.

Clearance has been obtained from HMRC under section 138 of the TCGA to confirm that HMRC is satisfied that the Scheme will be effected for bona fide commercial reasons and will not form part of any such scheme for the avoidance of tax.

The original shares in the Company and the New Shares in Axiom Obligataire should accordingly be treated for chargeable gains taxation purposes as the same asset for Rollover Shareholders that are individuals, with the New Shares inheriting the capital gains tax base cost and acquisition date of the original shares in the Company. Rollover Shareholders chargeable to corporation tax will need to calculate any gain or loss that would have arisen upon the disposal of AXI Ordinary Shares at the time at which the Scheme takes effect and to treat that gain or loss as arising upon any subsequent disposal of New Shares.

### **UK taxation of Shareholders in relation to the New Shares**

The directors and the Investment Manager of Axiom Lux intend that the affairs of Axiom Lux should be managed and conducted so that it does not become resident in the United Kingdom for United Kingdom taxation purposes.

The New Shares will accordingly constitute interests in an offshore fund. The Investment Manager intends to apply for the New Shares to be recognised by HMRC with effect from the time the Scheme has effect as interests in a “reporting fund” for the purposes of the UK regime of taxation of offshore funds. In broad terms, a “reporting fund” is an offshore fund that meets certain upfront and annual reporting requirements to HMRC and its holders of New Shares. Such annual duties will include calculating and reporting the income return of Axiom Obligataire for each reporting period (as defined for United Kingdom tax purposes) on a per-share basis to all relevant holders of New Shares (as to which see further below). Axiom Obligataire intends to manage its affairs so that the relevant upfront and annual duties are met and continue to be met on an ongoing basis. The effect of obtaining and maintaining reporting fund status for the New Shares throughout a Shareholder’s relevant period of ownership would be that any gains on disposal of New Shares would be taxed as capital gains for shareholders who are individuals. However, there can be no guarantee that reporting fund status will be obtained and maintained for Axiom Obligataire. Were the application for reporting fund status to be unsuccessful or such status subsequently to be withdrawn in respect of the New Shares, any gains arising to Shareholders resident or ordinarily resident in the United Kingdom on a sale, redemption or other disposal of New Shares (including a deemed disposal on death) would be taxed as offshore income gains rather than capital gains, and so (for UK individual Shareholders) subject to income tax at rates of up to 45%.

The effect of maintaining reporting fund status in respect of the New Shares throughout a UK resident individual Shareholder’s relevant period of ownership would be that any gains on disposal of New Shares would be taxed as capital gains for such a Shareholder, and accordingly subject to UK capital gains tax at the flat rate of 10% for basic rate taxpayers or 20% for higher or additional rate taxpayers. UK resident individual Shareholders may be entitled to an annual exemption from capital gains (for the year 2023/2024 this is £6,000, but is set to reduce to £3,000 for the tax year 2024/2025 and subsequent years).

Shareholders within the charge to UK corporation tax should note that on the basis of the investment policy of Axiom Obligataire, it is expected that the New Shares will be treated for corporation tax purposes as creditor relationships within the loan relationships regime contained in Parts 5 and 6 of the Corporation Tax Act 2009 with the result that all returns on the New Shares in respect of such a Shareholder’s accounting period (including gains, profits and losses) will be taxed or relieved as an income receipt or expense on a “fair value accounting” basis. Accordingly, such a person who acquires New Shares may, depending on its own circumstances, incur a charge to corporation tax on an unrealised increase in the value of its holding of New Shares (and, likewise, obtain relief against corporation tax for an unrealised reduction in the value of its holding of New Shares). The rate of UK corporation tax is currently 25%.

### **Taxation of dividend distributions and reported income**

Subject to their personal circumstances, Shareholders resident in the United Kingdom for taxation purposes will be liable to United Kingdom income tax or corporation tax in respect of distributions of an income nature made by Axiom Obligataire, whether or not such distributions are reinvested. If and for so long as Axiom Obligataire constitutes a reporting fund, then UK individual holders of New Shares at the end of the reporting period to which the reported income relates, will be subject to income tax on their proportionate share of the excess (if any) of reported income over distributions paid in respect of the reporting period. The excess reported income will be deemed to arise to such UK holders of New Shares six months following the last day of the reporting period.



On the basis of the investment policy of Axiom Obligataire, it is expected that the distributions and excess reported income of Axiom Obligataire will be subject to tax for Shareholders as interest rather than as dividends, and accordingly:

- (a) Shareholders who are UK tax resident individuals will be liable to income tax on the amount of such distributions and excess reported income, at a rate of 20% for basic rate taxpayers, 40% for higher rate taxpayers and 45% for additional rate taxpayers; and
- (b) for Shareholders within the charge to UK corporation tax such distributions and excess reported income will form a component of the return for that Shareholder that is taxed or relieved under the loan relationship regime, as described above.

### **Anti-avoidance**

The attention of UK resident corporate Shareholders is also drawn to the provisions of Part 9A of the Taxation (International and Other Provisions) Act 2010.

These provisions may subject a Shareholder that is a UK resident company to further corporation tax on profits of Axiom Obligataire. A charge to tax cannot arise, however, under these provisions, unless Axiom Lux is under the control of persons resident in the UK and, on an apportionment of Axiom Lux's "chargeable profits", more than 25% would be attributed to the relevant Shareholder and persons associated or connected with that Shareholder.

*Shareholders are advised to take professional advice to confirm their tax position.*

### **Stamp duty and stamp duty reserve tax**

The issue of New Shares by Axiom Obligataire will be outside the scope of UK stamp duty, so no UK stamp duty liability will arise on the Scheme.

### **Inheritance tax**

Any individual Shareholder domiciled or deemed domiciled in the UK for UK tax purposes may be liable to UK inheritance tax on their New Shares in the event of death or on making certain categories of lifetime transfer.

## **GUERNSEY**

### **Guernsey**

Shareholders should be considered to acquire New Shares in place of their AXI Ordinary Shares for Guernsey tax purposes.

As a capital transaction, no adverse Guernsey tax consequences should arise to Shareholders.

### **Guernsey taxation of Shareholders in respect of their New Shares**

#### *Guernsey resident companies and individuals*

No stamp duty or similar duty or tax will be payable in Guernsey in relation to the issue of the New Shares.

Shareholders who are resident for tax purposes in Guernsey (which includes Alderney and Herm), or who are not so resident but have a permanent establishment in Guernsey to which the holding of their AXI Ordinary Shares is attributable, will incur Guernsey income tax at the applicable rate on a dividend paid to them by Axiom Obligataire.

## **LUXEMBOURG**

### **Taxation of the Shareholders**

#### *Luxembourg Resident Shareholders*

##### *Individual Shareholders*

A Luxembourg resident individual Shareholder is subject to Luxembourg personal income tax levied at progressive rates with respect to income or gains derived from the shares.

Capital gains realised upon the disposal of the shares held by a resident individual shareholder who acts in the course of the management of his/her private wealth, are not subject to income tax, unless said capital gains qualify either as speculative gains or as gains on a substantial participation:

- speculative gains are subject to income tax at progressive ordinary rates if the shares are disposed of within six months after their acquisition; and
- capital gains realised on a substantial participation more than six months after the acquisition thereof are taxed at half the average combined tax rate.

#### *Corporate shareholders*

A fully taxable resident corporate shareholder will in principle be subject to corporate income tax, municipal business tax and employment fund surcharge at ordinary rate (“**Corporation Taxes**”), in respect of income or gain derived from the shares.

Luxembourg corporate resident shareholders which benefit from a special tax regime, such as, for example, (i) undertakings for collective investment subject to the law of 17 December 2010 relating to undertakings for collective investments, (ii) specialised investment funds subject to the law of 13 February 2007 relating to specialised investment funds, (iii) reserved alternative investment funds (not opting for the treatment as a venture capital vehicle for Luxembourg tax purposes) subject to the law of 23 July 2016 relating to reserved alternative investment funds or (iv) family wealth management companies subject to the law of 11 May 2007 related to family wealth management companies, are exempt from Corporation Taxes in Luxembourg and are instead subject to an annual subscription tax (*taxe d’abonnement*).

The shares shall be part of the taxable net wealth of the Luxembourg resident corporate shareholder subject to net wealth tax levied on a yearly basis at a rate of 0.5%. A reduced rate of 0.05% is available for the part of the net wealth exceeding €500,000,000.

Luxembourg corporate resident shareholders which benefit from a special tax regime, such as, for example, (i) undertakings for collective investment subject to the law of 17 December 2010 relating to undertakings for collective investments, (ii) vehicles governed by the law of 22 March 2004 on securitisation, (iii) companies governed by the law of 15 June 2004 on venture capital vehicles, (iv) specialised investment funds subject to the law of 13 February 2007 relating to specialised investment funds, (v) reserved alternative investment funds subject to the law of 23 July 2016, relating to reserved alternative investment funds or (vi) family wealth management companies subject to the law of 11 May 2007 related to family wealth management companies, or (vii) professional pension institutions governed by the law of 13 July 2005 on institutions for occupational retirement provision in the form of pension savings companies with variable capital and pension savings associations are exempt from net wealth tax.

A minimum net wealth tax may however be due under certain circumstances by certain resident corporate investors.

#### *Non-resident shareholders*

Non-resident investors without a permanent establishment, a permanent representative, or a fixed place of business in Luxembourg to which the shares are attributable, are not, in principle, subject to any capital gains tax, income tax, withholding tax or net wealth tax in Luxembourg.

The tax consequences for shareholders wishing to purchase, subscribe, acquire, hold, convert, sell, redeem or dispose shares will depend on the relevant laws of any jurisdiction to which the shareholder is subject.

#### **Other Taxes**

Neither the issuance nor the transfer of the shares will give rise to any Luxembourg stamp duty, value added tax, issuance tax, registration tax, transfer tax or similar taxes or duties.

No inheritance tax is levied on the transfer of the shares upon death of an investor in cases where the deceased was not a resident of Luxembourg for inheritance tax purposes. Where the investor is a resident of Luxembourg for tax purposes at the time of his/her death, the shares may be included in his/her taxable estate for inheritance tax purposes.

Gift tax may be due on donation of the shares if passed before a Luxembourg notary or recorded in a deed registered in Luxembourg.

**Residence**

An investor will not become resident, or deemed to be resident, in Luxembourg by reason only of holding the shares.

**UK ISAS AND SIPPS**

It is expected that the New Shares will be eligible for inclusion in individual savings accounts (“**ISAs**”).

For the 2023/2024 tax year, ISAs will have a subscription limit of £20,000, all of which can be invested in stocks and shares.

It is expected that the New Shares will be eligible for inclusion in Investment-Regulated Pension Schemes including schemes formerly known as self-invested personal pensions (“**SIPP**”) (subject to the terms of the particular SIPP).

**Individuals wishing to invest in the New Shares through ISAs should contact their professional advisers regarding their eligibility.**

## PART VI RISKS RELATING TO THE SCHEME

### *No guarantee that the Scheme will be implemented*

The implementation of the Scheme is subject to a number of conditions, details of which are set out in Part III of this Circular. There is no certainty that all of these conditions will be met.

If the Scheme is not implemented, Shareholders will continue to hold their AXI Ordinary Shares and the Company will be responsible for the payment of all costs and fees which have been incurred in connection with the proposed implementation of the Scheme.

In such circumstances, the Board will also revert to its commitment to table a Discontinuation Resolution at the Company's annual general meeting later this year. In the event that the Discontinuation Resolution was passed, the Board would be required to formulate proposals to be put to Shareholders within four months to wind-up or otherwise reconstruct the Company.

### *Taxation*

The tax consequences of the Scheme for Shareholders will vary. The attention of Shareholders is specifically drawn to Part V of this Circular ("**Taxation**"). All Shareholders, and in particular those who are in any doubt about their tax position, or who are resident or otherwise subject to taxation in a jurisdiction outside the UK, Guernsey or Luxembourg, should consult their own professional advisers on the potential tax consequences of the Scheme and their holding of New Shares under the laws of their country and/or state of citizenship, domicile or residence.

Following the implementation of the Scheme, Rollover Shareholders will hold New Shares in Axiom Obligataire (a Compartment of Axiom Lux), as opposed to AXI Ordinary Shares in the Company (a Guernsey-incorporated closed-ended investment company limited by shares). Rollover Eligible Shareholders should consider whether the tax treatment of the New Shares is appropriate for them and in particular should check that they are able to hold the New Shares pursuant to the terms of any investment mandate or other applicable requirements (including any tax scheme or wrapper) through which they currently hold their AXI Ordinary Shares. If and to the extent that a Rollover Eligible Shareholder is not able to hold the New Shares pursuant to such terms, that Shareholder will need either to dispose of its holding of AXI Ordinary Shares prior to the Effective Date or elect for the Cash Option.

**PART VII**  
**NOTICE OF EXTRAORDINARY GENERAL MEETING**

**AXIOM EUROPEAN FINANCIAL DEBT FUND LIMITED**

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

**NOTICE IS HEREBY GIVEN** that an **EXTRAORDINARY GENERAL MEETING** of Axiom European Financial Debt Fund Limited (the “**Company**”) will be held at 1st Floor, Royal Chambers, St Julian’s Avenue, St Peter Port, Guernsey GY1 3JX on 29 August 2023 at 10.00 a.m.

Defined terms in this notice will have the meaning given to them in the circular published on 1 August 2023 (the “**Circular**”). This Extraordinary General Meeting is being convened for the purpose of considering and, if thought fit, passing the following resolutions:

**ORDINARY RESOLUTION**

- 1 That, subject to the fulfilment (or, to the extent permitted, earlier waiver) of the conditions set out in paragraph 12.1 of the Scheme contained in Part III of the Circular, a copy of which has been produced to the meeting and signed for the purpose of identification by the Chairman thereof, and in accordance with Article 123.2 of the Articles:
  - (a) the Scheme be and is hereby approved, the actions of the holder of the Liquidation Share that are taken to give effect to the Scheme are approved, and the Liquidators of the Company, being Benjamin Alexander Rhodes and Andrea Frances Alice Harris both of Grant Thornton Limited, St James Place, St James Street, St Peter Port, Guernsey, GY1 2NZ, when appointed as the liquidators of the Company, be and are hereby authorised to implement the Scheme and to execute any document and do anything for the purpose of carrying the Scheme into effect; and
  - (b) in particular and without prejudice to the generality of paragraph 1(a) above, the Liquidators, when appointed, be and are hereby authorised and directed, pursuant to this resolution and/or the Articles:
    - (i) to give effect to the Transfer Agreement;
    - (ii) to procure that the relevant assets of the Company be vested in Axiom Obligataire on and subject to the terms of the Transfer Agreement;
    - (iii) to request that, in accordance with the Scheme, Axiom Obligataire allots and issues Obligataire Shares, credited as fully paid, on the basis described in the Transfer Agreement to the holders of AXI Ordinary Shares with Obligataire Rollover Rights, or to the Liquidators on their behalf for distribution among such holders, in consideration for the transfer of such assets of the Company as shall be transferred to Axiom Obligataire in accordance with the Transfer Agreement and with the Scheme;
    - (iv) to request that, in accordance with the Scheme, Axiom Obligataire allots and issues Obligataire Institutional Shares, credited as fully paid, on the basis described in the Transfer Agreement to the holders of AXI Ordinary Shares with Obligataire Institutional Rollover Rights, or to the Liquidators on their behalf for distribution among such holders, in consideration for the transfer of such assets of the Company as shall be transferred to Axiom Obligataire in accordance with the Transfer Agreement and with the Scheme; and
    - (v) to pay a cash distribution to the holders of AXI Ordinary Shares with Cash Rights calculated in accordance with the Scheme in full satisfaction of their entitlement to share in the assets of the Company in its winding up.

## SPECIAL RESOLUTION

2 That subject to and conditional on the passing of Resolution 1, and subject to the fulfilment (or, to the extent permitted, earlier waiver) of the conditions set out in paragraph 12.1 of the Scheme:

- (a) each of the AXI Ordinary Shares in issue shall be reclassified as AXI Ordinary Shares with Obligataire Rollover Rights, AXI Ordinary Shares with Obligataire Institutional Rollover Rights or AXI Ordinary Shares with Cash Rights as required to give effect to the Elections made or deemed to have been made, as the case may be, by the Shareholders and otherwise in accordance with the terms of the Scheme;
- (b) the AXI Ordinary Shares with Obligataire Rollover Rights, the AXI Ordinary Shares with Obligataire Institutional Rollover Rights and the AXI Ordinary Shares with Cash Rights shall have the respective rights set out in the Company's Articles, as amended by this Resolution 2; and
- (c) the Company's Articles be amended as follows:

- (i) the following new defined terms shall be added to Article 1.1 of the Company's Articles:

"Automatic Cancellation"	has the meaning given in Article 10A.1;
"Cash Rights"	has the meaning given in the Circular;
"Circular"	means the circular to holders dated 1 August 2023;
"Election"	has the meaning given in the Circular;
"Form of Election"	has the meaning given in the Circular;
"Liquidation Shares"	means unclassified shares of no par value each in the capital of the Company issued and designated as "Liquidation Shares" and having the rights described in these Articles;
"Liquidators"	has the meaning given in the Circular;
"New Shares"	has the meaning given in the Circular;
"Obligataire Institutional Rollover Rights"	has the meaning given in the Circular;
"Obligataire Institutional Shares"	has the meaning given in the Circular;
"Obligataire Rollover Rights"	has the meaning given in the Circular;
"Obligataire Shares"	has the meaning given in the Circular;
"Proposals"	has the meaning given in the Circular;
"Scheme"	has the meaning given in the Circular;
"Transfer Agreement"	has the meaning given in the Circular;

- (ii) Article 4.2 shall be deleted in its entirety and replaced with the following new Article 4.2:

"Subject to the provisions of these Articles and any special rights, restrictions or prohibitions as regards voting for the time being attached to any ordinary shares, the ordinary shares shall carry the right to receive notice of, and attend and/or vote at, any general meeting of the Company or class meeting and at any such meeting:

4.2.1 on a show of hands every holder of ordinary shares present in person or by proxy and entitled to vote shall have one vote; and

4.2.2 on a poll every holder of ordinary shares of a particular class present in person or by proxy at any general meeting of the Company or class meeting shall have one vote for each ordinary share held,

save only that the ordinary shares shall not carry the right to receive notice of, and attend and/or vote at, any general meetings to approve the voluntary winding up of the Company for the purposes of the Scheme or otherwise in relation to the liquidation and dissolution of the Company pursuant to such winding up.”;

(iii) a new Article 4A shall be inserted as follows:

**“4A. SHARES WITH OBLIGATAIRE ROLLOVER RIGHTS, SHARES WITH OBLIGATAIRE INSTITUTIONAL ROLLOVER RIGHTS AND SHARES WITH CASH RIGHTS**

4A.1 On a winding up of the Company for the purpose of reconstruction as described in the Circular:

4A.1.1 the rights of holders of ordinary shares with Obligataire Rollover Rights in respect of the assets of the Company, notwithstanding anything to the contrary in these Articles, shall be satisfied by the issue to such holders of the number of Obligataire Shares to which they shall be respectively entitled in accordance with the Scheme;

4A.1.2 the rights of holders of AXI Ordinary Shares with Obligataire Institutional Rollover Rights in respect of the assets of the Company, notwithstanding anything to the contrary in these Articles, shall be satisfied by the issue to such holders of the number of Obligataire Institutional Shares to which they shall be respectively entitled in accordance with the Scheme; and

4A.1.4 the rights of holders of ordinary shares with Cash Rights shall be entitled, in respect of the assets of the Company, to payment of a cash distribution (paid pursuant to section 303 of the Companies Law) in such amount as they shall respectively be entitled in accordance with the Scheme, which payment shall, notwithstanding anything to the contrary in these Articles, fully satisfy the rights of such holders in respect of the assets of the Company.

4A.2 Notwithstanding anything to the contrary in these Articles, ordinary shares with Obligataire Rollover Rights, ordinary shares with Obligataire Institutional Rollover Rights and ordinary shares with Cash Rights shall have no entitlement to participate in any distribution of any surplus assets of the Company in connection with its liquidation pursuant to the Proposals save as provided under the Scheme.

4A.3 Save for the special rights set out in Article 4A.1 and the restriction contained in Article 4A.2, for all other purposes of these Articles the ordinary shares with Obligataire Rollover Rights, ordinary shares with Obligataire Institutional Rollover Rights and the ordinary shares with Cash Rights shall be deemed to be shares and the Articles shall be construed accordingly. Notwithstanding the foregoing, the ordinary shares with Obligataire Rollover Rights, ordinary shares with Obligataire Institutional Rollover Rights and the ordinary shares with Cash Rights shall be separate and distinct classes of shares.”

(iv) a new Article 5A shall be inserted as follows:

**“5A. LIQUIDATION SHARES**

The Liquidation Shares shall:

(a) have no rights to income except where no shares of any other class are in issue, in which case the holders of Liquidation Shares shall be

entitled to receive, and participate in, any dividends or other distributions of the Company available for dividend or distribution and resolved to be distributed in respect of any accounting period or any other income or right to participate thereof in accordance with Articles 106 to 117 inclusive;

- (b) be entitled to receive notice of and to attend and vote at general meetings of the Company (in accordance with Article 44) to approve the voluntary winding up of the Company for the purposes of the Scheme or otherwise in relation to the liquidation and dissolution of the Company pursuant to such winding up; and
  - (c) at any time when no shares of any other class are in issue, to also receive notice of and to attend and vote (in accordance with Article 44) at all other general meetings of the Company.”; and
- (v) a new Article 10A shall be inserted as follows:
- “10A. **AUTOMATIC CANCELLATION**
- 10A.1 Upon the:
- 10A1.1 issue of the New Shares pursuant to the Scheme, the AXI Ordinary Shares with Obligataire Rollover Rights and the AXI Ordinary Shares with Obligataire Institutional Rollover Rights shall be automatically cancelled; and
  - 10A1.2 payment of the cash distribution pursuant to the Scheme, the AXI Ordinary Shares with Cash Rights shall be automatically cancelled,
- (an “**Automatic Cancellation**”).
- 10A.2 Immediately upon an Automatic Cancellation occurring, the former holders of such cancelled AXI Ordinary Shares shall cease to have any rights in relation to such AXI Ordinary Shares.”;
- (vi) in the event that the Scheme does not become unconditional in accordance with its terms on or prior to midnight on 15 September 2023, the amendments to Article 4.2 and Articles 4A, 5A and 10A made pursuant to this Resolution 2 shall cease to have effect and the reclassification of the shares provided for by this Resolution 2 shall be reversed; and
  - (vii) this Resolution 2 shall operate by way of such further amendments to the Articles of the Company as may be necessary to give effect hereto.

BY ORDER OF THE BOARD

1 August 2023

Registered Office  
PO Box 650  
1st Floor, Royal Chambers  
St Julian’s Avenue  
St Peter Port  
Guernsey  
GY1 3JX



#### Notes to the Notice of the Extraordinary General Meeting:

1. A member is entitled to attend and vote at the meeting provided that all calls due from him/her in respect of his/her shares have been paid (and subject to certain other provisions in the Company's Articles). A member is also entitled to appoint one or more proxies to attend, speak and vote on his/her behalf at the meeting. The proxy need not be a member of the Company. Shareholders will have received, or will shortly receive, a Form of Proxy, which should be completed in accordance with the instructions in the notes to the Form of Proxy. To be effective, the instrument appointing a proxy (together with any power of attorney or other authority under which it is executed or a duly certified copy of such power) must be sent to Elysium Fund Management Limited, PO Box 650, 1st Floor, Royal Chambers, St Julian's Avenue, St Peter Port, Guernsey, GY1 3JX, by no later than 10.00 a.m. on 24 August 2023, or not less than 48 hours (excluding non-Business Days) before the time for holding any adjourned meeting, as the case may be. A corporation may execute a proxy under its common seal or by the hand of a duly authorised officer or other agent. Completion and return of the Form of Proxy will not preclude members from attending and voting in person at the meeting.
2. An ordinary resolution of the members (or of a class of members) of the Company means a resolution passed by the holders of a simple majority of the shares entitled to be voted.
3. A special resolution of the members (or of a class of members) of the Company means a resolution passed by the holders of not less than 75 per cent. of the shares entitled to be voted.
4. Joint registered holders of shares shall not have the right of voting individually in respect of such shares but shall elect one of their number to represent them and to vote whether in person or by proxy in their name. In default of such election the person whose name stands first on the Register shall alone be entitled to vote.
5. In accordance with Regulation 41 of the Uncertificated Securities Regulations 2001, the Company specifies that only those members registered on the Register at 6.00 p.m. on 24 August 2023 (or in the event that the meeting is adjourned, only those members registered on the Register as at 6.00 p.m. on the day which is two days prior to (excluding non-Business Days) the adjourned meeting) shall be entitled to attend in person or by proxy and vote at the Extraordinary General Meeting in respect of the number of shares registered in their name at that time. Changes to entries on the Register after that time shall be disregarded in determining the rights of any person to attend or vote at the meeting.
6. A copy of this Notice of the Extraordinary General Meeting is available on the Company's website: <https://www.axiom-ai.com>.
7. The total issued share capital of the Company as at the date of this Notice of the Extraordinary General Meeting is 91,852,904 ordinary shares. Pursuant to the Articles, every member (being an individual) present in person or by proxy or (being a corporation) present by a duly authorised representative shall have one vote on a show of hands, and one vote per ordinary share on a poll (other than the Company itself where it holds its own shares as treasury shares). As at the date of this Notice of the Extraordinary General Meeting, there are no outstanding warrants and/or options to subscribe for ordinary shares and there are no treasury shares in issue.
8. The quorum for the Extraordinary General Meeting shall be any two or more Shareholders present in person or by proxy, provided that if at any time all of the issued shares in the Company are held by one Shareholder, such quorum shall consist of that Shareholder present. If the Extraordinary General Meeting needs to be adjourned because it is not quorate, it shall stand adjourned for seven days at the same time and place or to such other time and place as the Board may determine. On the resumption of the adjourned meeting, the Shareholders present in person or by proxy shall be a quorum.

## **PART VIII DEFINITIONS**

The following definitions apply throughout this document, unless stated otherwise:

<b>“ACRS”</b>	means Axiom Climate Readiness Score, Axiom’s proprietary methodology that scores the climate performance of insurers and banks;
<b>“Administrator”</b>	means Elysium Fund Management Limited, the administrator to the Company;
<b>“AMF”</b>	Autorité des marchés financiers, the French financial services regulator;
<b>“Articles”</b>	means the articles of incorporation of the Company, as amended from time to time;
<b>“AXI” or the “Company”</b>	means Axiom European Financial Debt Fund Limited (registered number 61003) of PO Box 650, 1st Floor, Royal Chambers, St Julian’s Avenue, St Peter Port, Guernsey, GY1 3JX;
<b>“AXI FAV”</b>	means the NAV per AXI Ordinary Share as at the Calculation Date, as calculated by the Administrator on the basis of the normal accounting policies of the Company and as set out in Part III of this Circular, adjusted as set out in paragraph 3.4(a) of the Scheme;
<b>“AXI Ordinary Share”</b>	means a share of no par value in the capital of the Company, classed as an ordinary share and having the rights attached thereto from time to time, and following reclassification pursuant to the passing of the Resolutions shall comprise the AXI Ordinary Shares with Obligataire Rollover Rights and AXI Ordinary Shares with Cash Rights;
<b>“Axiom Alternative Investments Sarl” or “Axiom”</b>	means Axiom Alternative Investments Sarl (registered number 492 625 470) of 39, Avenue Pierre 1er de Serbie 75008 Paris, France;
<b>“Axiom Lux”</b>	means Axiom Lux, a Luxembourg SICAV;
<b>“Axiom Obligataire”</b>	means Axiom Obligataire, a Compartment of Axiom Lux, further details of which are set out in Part IV of this Circular and in the Prospectus;
<b>“Business Day”</b>	means any day (other than a Saturday or Sunday) on which commercial banks are open for business in London and Guernsey;
<b>“CACEIS”</b>	means CACEIS Bank, Luxembourg Branch and CACEIS Ireland Limited, respectively;
<b>“Calculation Date”</b>	means close of business on 25 August 2023 or such later or replacement date as may be determined by the Directors;
<b>“Cash Distribution Amount”</b>	has the meaning given in paragraph 5 of Part I of this Circular;
<b>“Cash Distribution Pool”</b>	means the pool of assets of the Company which (once any non-cash assets have been realised) will finance the cash distribution to be made as part of the Proposals;

<b>“Cash Election Proportion”</b>	means the proportion of the AXI Ordinary Shares in respect of which valid Elections for the Cash Option are received, or are deemed to be received, from Shareholders;
<b>“Cash Option”</b>	means the option for Shareholders to receive a cash distribution from the Company under the Scheme in satisfaction of their rights to assets in the winding up of the Company;
<b>“Cash Rights”</b>	means the rights attaching to AXI Ordinary Shares with Cash Rights, as set out in Part III of this Circular and in Resolution 2;
<b>“Cash-Paid Shareholder”</b>	means a Shareholder who receives a cash distribution from the Company under the Scheme in satisfaction of its rights to assets in the winding up of the Company;
<b>“certificated” or “in certificated”</b>	means, in relation to a share or other security, a share or other form of security, title to which is recorded in the relevant register of the share or other security concerned as being held in certificated form (that is, not in CREST or in an account with CACEIS);
<b>“Circular”</b>	means this Circular;
<b>“Companies Law”</b>	means The Companies (Guernsey) Law, 2008 (as amended);
<b>“Compartment”</b>	means a specific portfolio of assets and liabilities within Axiom Lux having its own NAV and represented by a separate class or separate classes of shares in Axiom Lux;
<b>“CREST”</b>	means the paperless settlement procedure operated by Euroclear UK & Ireland enabling system securities to be evidenced otherwise than by certificates and transferred otherwise than by written instrument;
<b>“Directors” or “Board”</b>	means the directors of the Company at any time or the Directors present at a duly convened meeting at which a quorum is present;
<b>“Discontinuation Resolution”</b>	means a special resolution that the Company should cease to continue as presently constituted;
<b>“Effective Date”</b>	means the date on which the Scheme becomes effective, expected to be 29 August 2023;
<b>“Election”</b>	means an election made or deemed to have been validly made pursuant to the Scheme;
<b>“Euroclear UK &amp; International”</b>	means Euroclear UK & International Limited, the operator of CREST;
<b>“Extraordinary General Meeting”</b>	means the extraordinary general meeting of the Shareholders of the Company to be held at 1st Floor, Royal Chambers, St Julian’s Avenue, St Peter Port, Guernsey, GY1 3JX at 10.00 a.m. on 29 August 2023 to consider and, if thought fit, approve the Resolutions;
<b>“Form of Election”</b>	means the form of election that Shareholders who hold their AXI Ordinary Shares in certificated form will have received, or will shortly receive, for use in relation to the Scheme;
<b>“Form of Proxy”</b>	means the form of proxy accompanying this Circular that Shareholders will have received, or will shortly receive, for use in relation to the Extraordinary General Meeting;

<b>“FSMA”</b>	means the United Kingdom Financial Services and Markets Act 2000;
<b>“HMRC”</b>	means His Majesty’s Revenue and Customs;
<b>“Investment Company Act”</b>	means the United States Investment Company Act of 1940, as amended;
<b>“Investment Manager”</b>	means Axiom Alternative Investments Sarl acting in its capacity as investment manager of the Company;
<b>“Liabilities Amount”</b>	has the meaning given in paragraph 3.3 of Part III of this Circular;
<b>“Link Group”</b>	means Link Market Services Limited;
<b>“Liquid Cash Distribution Pool Value”</b>	means the amount of cash contained within the Cash Distribution Pool following the realisation of all non-cash assets allocated to that pool;
<b>“Liquidation”</b>	means the proposed liquidation of the Company as part of the Proposals;
<b>“Liquidation Fund”</b>	means the amount of cash and other assets to be retained by the Liquidators, which shall be at least sufficient to cover the costs, expenses and other liabilities of the Company accruing due for payment on or after the Effective Date (including the Winding Up Costs);
<b>“Liquidation Share”</b>	means a share of no par value of a separate class to be issued to Elysium Fund Management Limited, which will have no rights while AXI Ordinary Shares are in issue, save to approve the winding up of the Company for the purposes of the Scheme and to approve matters in relation to such winding up of the Company;
<b>“Liquidators”</b>	means Benjamin Alexander Rhodes and Andrea Frances Alice Harris both of Grant Thornton Limited, St James Place, St James Street, St Peter Port, Guernsey, GY1 2NZ;
<b>“London Stock Exchange”</b>	means London Stock Exchange Plc;
<b>“Main Market”</b>	means the London Stock Exchange’s main market for listed securities;
<b>“NAV”</b>	means net asset value, being assets less liabilities;
<b>“New Shares”</b>	means Obligataire Shares or Obligataire Institutional Shares (as the case may be), to be issued to Shareholders in connection with the Proposals;
<b>“Notice of the Extraordinary General Meeting”</b>	means the notice of the Extraordinary General Meeting set out in Part VII of this Circular;
<b>“Obligataire Institutional Eligible Shareholder”</b>	means a Rollover Eligible Shareholder who has had, at any time prior to the date of this Circular, a holding of AXI Ordinary Shares which would, if such holding were subject to an Election for the Obligataire Institutional Option, result in a holding of Obligataire Institutional Shares with a NAV of not less than £2,000,000;
<b>“Obligataire Institutional Option”</b>	means the option for Obligataire Institutional Eligible Shareholders to receive Obligataire Institutional Shares in connection with the Proposals;

<b>“Obligataire Institutional Rollover Rights”</b>	means the rights attaching to the AXI Ordinary Shares with Obligataire Institutional Rollover Rights, as set out in Part III of this Circular and in Resolution 2;
<b>“Obligataire Institutional Share”</b>	means a MC GBP(hv) accumulation share, ISIN: LU2648982267, in Axiom Obligataire, having the rights described in the Prospectus and in respect of which the minimum subscription amount shall have been dis-applied;
<b>“Obligataire Option”</b>	means the option for Rollover Eligible Shareholders to receive Obligataire Shares in connection with the Proposals;
<b>“Obligataire Rollover Rights”</b>	means the rights attaching to the AXI Ordinary Shares with Obligataire Rollover Rights, as set out in Part III of this Circular and in Resolution 2;
<b>“Obligataire Share”</b>	means a P(1)C GBP(hv) accumulation share, ISIN: LU2650977668, in Axiom Obligataire, having the rights described in the Prospectus;
<b>“Official List”</b>	means the official list of the UK Listing Authority;
<b>“Proposals”</b>	means the proposals for the implementation of the Scheme as described in this Circular and the Prospectus;
<b>“Prospectus”</b>	means the prospectus of Axiom Lux published on 1 January 2023;
<b>“Receiving Agent”</b>	means Link Market Services (Guernsey) Limited;
<b>“Reclassified Shares”</b>	means the AXI Ordinary Shares as reclassified respectively as AXI Ordinary Shares with Obligataire Rollover Rights, AXI Ordinary Shares with Obligataire Institutional Rollover Rights or AXI Ordinary Shares with Cash Rights (as applicable) under the Scheme;
<b>“Record Date”</b>	means 6.00 p.m. on 24 August 2023, being the record date for entitlements under the Scheme;
<b>“Register”</b>	means the register of members of the Company;
<b>“Registrar”</b>	means Link Market Services (Guernsey) Limited;
<b>“Resolution 1”</b>	means the ordinary resolution to be proposed at the Extraordinary General Meeting to approve the terms and implementation of the Scheme;
<b>“Resolution 2”</b>	means the special resolution to be proposed at the Extraordinary General Meeting to sanction the continuance of the powers of the Directors in the liquidation of the Company pursuant to the Scheme and approve amendments to the Articles required in connection with the implementation of the Scheme;
<b>“Resolutions”</b>	means Resolutions 1 and 2;
<b>“Rollover Eligible Shareholder”</b>	means a Shareholder who has a securities account open with CACEIS Bank, Luxembourg Branch in respect of which the know-your-client requirements of CACEIS Bank, Luxembourg Branch have been satisfied;
<b>“Rollover Options”</b>	means together the Obligataire Option and the Obligataire Institutional Option;

<b>“Rollover Shareholder”</b>	means a Shareholder who receives Obligataire Shares or Obligataire Institutional Shares under the Scheme;
<b>“Scheme”</b>	means the proposed scheme of reconstruction pursuant to which the Company will be placed into voluntary liquidation and the Transfer will be effected, as set out in Part III of this Circular;
<b>“Securities Act”</b>	means the United States Securities Act of 1933, as amended;
<b>“SFDR”</b>	means Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability-related disclosures in the financial services sector, as may be amended from time to time;
<b>“Shareholders”</b>	means the holders of AXI Ordinary Shares;
<b>“SICAV”</b>	means société d’investissement à capital variable (in English, an “investment company with variable capital”);
<b>“Specialist Fund Segment”</b>	means the Specialist Fund Segment of the Main Market;
<b>“TCGA”</b>	means the Taxation of Chargeable Gains Act 1992;
<b>“Transfer”</b>	means the proposed transfer of substantially all of the assets of the Company (excluding the Liquidation Fund and the cash contained within the Cash Distribution Pool following the realisation of all non-cash assets allocated to that pool) to Axiom Obligataire in exchange for the issue by Axiom Obligataire of the New Shares pursuant to the Transfer Agreement and the Scheme, as further described in this Circular;
<b>“Transfer Agreement”</b>	means the transfer agreement to be dated the Effective Date between the Company, the Liquidators, Axiom and Axiom Lux;
<b>“TTE Instruction”</b>	means transfer to escrow instruction;
<b>“UCITS”</b>	means undertakings for collective investment in transferable securities under the Directive 2009/65/EC of the European Parliament and of the Council of 13 July 2009 on the coordination of laws, regulations and administrative provisions relating to undertakings for collective investment in transferable securities;
<b>“uncertificated” or “in uncertificated form”</b>	means, in relation to a share or other security, a share or other security, title to which is recorded in the relevant register of the share or other security concerned as being held in uncertificated form (that is, in CREST) and title to which may be transferred by means of CREST;
<b>“VAT”</b>	means value added tax; and
<b>“Winding Up Costs”</b>	means the costs, fees and expenses associated with the winding up of the Company.

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