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If you have sold or otherwise transferred all of your Shares, you should pass this document (but not any accompanying personalised Form of Proxy) as soon as possible to the purchaser or transferee or to the person through whom the sale or transfer was effected for onward transmission to the purchaser or transferee.

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## **ALTERNATIVE LIQUIDITY FUND LIMITED**

*(incorporated in the Island of Guernsey under the Companies (Guernsey) Law, 2008, as amended, as a non-cellular company limited by shares with registered number 60552 and registered as a registered closed-ended collective investment scheme with the GFSC)*

### **Recommended proposals relating to the issue of a new segregated class of Ordinary Shares, the appointment of Waverton Investment Management Limited as investment manager of the new Ordinary Portfolio and the adoption of a new investment objective and policy of the Ordinary Portfolio**

**and**

### **Notice of Extraordinary General Meeting**

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The Company is a registered closed-ended collective investment scheme registered pursuant to the Protection of Investors (Bailiwick of Guernsey) Law, 1987, as amended (the "**POI Law**") and the Registered Collective Investment Scheme Rules 2018 (the "**Rules**") issued by the Guernsey Financial Services Commission ("**GFSC**"). Notification of the proposals outlined in this document has been given to the GFSC pursuant to Part 6 of the Rules. The GFSC has not reviewed this document and takes no responsibility for the correctness of any statements made or opinions expressed with regard to the Company.

Your attention is drawn to the "Letter from the Chairman" set out in Part 1 of this document which contains a recommendation from the Board that Shareholders vote in favour of the Resolutions to be proposed at the Extraordinary General Meeting referred to below.

Notice of the Extraordinary General Meeting to be held at 9.00 a.m. on 6 September 2021 at Sarnia House, Le Truchot, St Peter Port, Guernsey GY1 1GR is set out at the end of this document. The accompanying Form of Proxy for use at the Extraordinary General Meeting should be completed and returned as soon as possible and, to be valid, must arrive with Link Group at PXS 1, Link Group, Central Square, 29 Wellington Street, Leeds LS1 4DL no later than 9.00 a.m. on 2 September 2021.

The definitions used in this document are set out on pages 14 to 16 of this document.

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## PART 1 - LETTER FROM THE CHAIRMAN

### ALTERNATIVE LIQUIDITY FUND LIMITED

*(incorporated in the Island of Guernsey under the Companies (Guernsey) Law, 2008, as amended, as a non-cellular company limited by shares with registered number 60552 and registered as a registered closed-ended collective investment scheme with the GFSC)*

*Directors:*

Quentin Spicer (*Chairman*)  
Dr Richard Berman  
Anthony Pickford

*Registered Office:*

Sarnia House  
Le Truchot  
St Peter Port  
Guernsey GY1 1GR

20 August 2021

Dear Shareholder

**Recommended proposals relating to the issue of a new segregated class of Ordinary Shares, the appointment of Waverton Investment Management Limited as investment manager of the new Ordinary Portfolio and the adoption of a new investment objective and policy of the Ordinary Portfolio**

#### **1 Introduction**

The Company was launched in September 2015 and invests in a diversified portfolio of illiquid interests in funds and other instruments and securities with the objective to manage, monitor and realise these investments over time. The Company currently has a single class of ordinary shares in issue, which is admitted to trading on the Specialist Fund Segment.

Since 25 February 2019, when the Company's current investment policy was adopted, the Company has pursued a realisation strategy in relation to the Existing Portfolio. The Company is currently a self-managed AIF and, since 1 January 2021, Hindsight Solutions Limited ("**Hindsight**"), a company owned and operated by Tim Gardner, has been appointed as the investment adviser to the Company in respect of the Existing Portfolio. Tim has provided oversight and support in relation to the management of the Company since its launch in 2015. In the Board's view, the Existing Portfolio retains significant value but such value will take several years to realise. The Board has been considering options for the future of the Company to enable it to continue such realisation process at a lower cost base.

The Board has also been reviewing potential growth strategies and the scope for the Company to offer new share classes. The Company published a placing programme prospectus in October 2019 with a view to issuing an additional share class to make investments in line with the Company's current investment policy. For a variety of factors, including the onset of COVID-19, no new capital was raised under that placing programme.

As well as focusing on realising the Existing Portfolio and maximising returns for Existing Shareholders, the Board believes that it is in the best interests of Shareholders to raise additional capital through the launch of a new segregated share class. Subject to Shareholder approval at the EGM, the Company is proposing to issue a new class of ordinary shares (which will be called the "**Ordinary Shares**") pursuant to an Initial Issue and subsequent Placing Programme. The new Ordinary Shares will also be admitted to trading on the Specialist Fund Segment.

The Board has agreed terms in relation to the management of the portfolio of assets attributable to the new Ordinary Shares with Waverton Investment Management Limited ("**Waverton**" or the "**Investment Manager**"). Further details on Waverton and the proposed strategy for the management of the assets attributable to the new share class are set out below and in Part 3 of this document.

With effect from Admission, the Company's existing class of ordinary shares will be re-designated the "**Realisation Shares**" to reflect the Board's policy to return cash from the proceeds of the investments and the Company's existing assets currently held within the Existing Portfolio will be attributable to the "**Realisation Portfolio**". Any new ordinary shares to be issued pursuant to the Initial Issue and the Placing Programme will be designated as "**Ordinary Shares**" and the assets attributable to that new segregated share class will be the "**Ordinary Portfolio**".

Conditional on the passing of the Resolutions and Admission, Waverton will be appointed as investment manager to the Company with responsibility for the management of the Ordinary Portfolio. Hindsight will remain as investment adviser to the Company in respect of the Realisation Portfolio.

In conjunction with the proposed introduction of the new segregated class of Ordinary Shares and the appointment of Waverton as investment manager of the Ordinary Portfolio, the Board is also proposing that:

- (i) the Company adopt a new and separate investment objective and policy of the Ordinary Portfolio, in order to reflect the differing investment strategies to be applied to the management of each of the Realisation Portfolio and the Ordinary Portfolio. The Company's existing investment objective and policy will continue to apply as the investment objective and policy of the Realisation Portfolio and will not be changed;
- (ii) certain amendments be made to the Company's articles of incorporation; and
- (iii) the Company's name be changed to "The Endowment Fund Limited".

The proposed new investment objective and policy of the Ordinary Portfolio is summarised in paragraph 4 below and set out in full in Part 2 of this document. A summary of the changes proposed to the Company's articles of incorporation is set out in paragraph 6 below.

The purpose of this document is to explain the Proposals which, in order to become effective, require, *inter alia*, the Resolutions to be passed at the Extraordinary General Meeting. The notice convening the Extraordinary General Meeting is set out at the end of this document. In addition to providing you with further details of the Proposals, this document also explains the reasons why the Board believes that the Proposals are in the best interests of Shareholders as a whole.

## **2 Further details of the Proposals**

The Proposals are conditional on Shareholder approval. The Board is recommending that, at the EGM, Shareholders vote in favour of resolutions to:

- adopt a new investment objective and policy for the Ordinary Portfolio;

- amend the Articles in order to, *inter alia*, extend the continuation vote from being held at the annual general meeting of the Company in 2023 to 2026 and then every two years thereafter;
- approve the disapplication of the pre-emption rights contained in the Articles so that the Board will have authority to allot and issue (or sell from treasury) up to 250 million new Ordinary Shares pursuant to the Initial Issue and Placing Programme for cash on a non-pre-emptive basis;
- approve the buy back of up to 14.99 per cent. of the Ordinary Shares in issue on Admission; and
- change the Company's name to "The Endowment Fund Limited".

If Shareholders approve the Proposals, the Company intends to publish a prospectus and introduce the Initial Issue and 12 month Placing Programme for up to 250 million new Ordinary Shares, the net proceeds of which will be used to invest in a diversified portfolio of investments attributable to the Ordinary Shares in line with the new investment objective and policy of the Ordinary Portfolio.

If the Resolutions are passed, and conditional on Admission, Waverton will be appointed as the Company's investment manager in respect of the Ordinary Portfolio pursuant to an investment management agreement to be entered into between the Company and Waverton. Waverton is an independent, owner-managed investment management firm based in London with assets under management of approximately £7.6 billion as of 30 June 2021. Further information relating to Waverton, the key members of the investment team and the investment strategy proposed in relation to the management of the Ordinary Portfolio is set out in Part 3 of this document.

The Company and Waverton have entered into heads of terms in connection with the appointment of Waverton as investment manager in respect of the Ordinary Portfolio. Waverton will be entitled to receive a management fee of 0.75 per cent. per annum of market capitalisation and its appointment may be terminated on 12 months' notice, such notice to expire on or at any time after the fifth anniversary of Admission.

The existing investment advisory agreement in place in respect of the Realisation Portfolio will not be affected. If the Proposals become effective, the Realisation Portfolio's strategy will be to realise the underlying assets in the Realisation Portfolio as quickly as possible while also seeking to preserve value. It is unlikely that any new investments will be acquired by the Realisation Portfolio and, as a result of this portfolio going into wind down, it is expected that it will become more concentrated over time as assets are sold.

The Board will consider, over the next 12 to 24 months, options for the orderly termination of the Realisation Portfolio and will consult with Shareholders prior to determining the best route, which may include a portfolio sale of remaining assets in the Realisation Portfolio (and subsequent return of capital) or introducing a right of conversion of the Realisation Shares into another share class.

In the event that the Resolutions are not passed, the Proposals will not become effective, the Company will not publish a prospectus and no new Ordinary Shares will be issued, nor will the appointment of Waverton as investment manager of the Ordinary Portfolio become effective.

In such an event, the Company will continue with its existing investment policy and realisation strategy, and to be advised by Hindsight in the execution of that strategy.

### **3 Benefits of the Proposals**

The Board believes that the Proposals offer the following benefits for Existing Shareholders:

- increasing the Company's issued share capital through the Initial Issue and subsequent Placing Programme would result in the fixed costs of the Company being spread over a larger asset base and the ongoing expense ratio in respect of the Existing Portfolio being lower than would otherwise be the case; and
- the Existing Portfolio will continue to be realised in an orderly manner that achieves a balance between returning proceeds to Existing Shareholders promptly and preserving value. If the Proposals are not approved by Shareholders, the Company may accelerate the managed realisation of assets which could have a potentially negative effect on realisation values for underlying assets.

### **4 Adoption of new investment objective and policy of the Ordinary Portfolio**

The Board is proposing, conditional on Shareholder approval, to adopt a new investment objective and policy of the Ordinary Portfolio, in order to reflect the differing investment strategies to be applied to the management of each of the Realisation Portfolio and the Ordinary Portfolio. The Company's current investment objective and policy will continue to apply as the investment objective and policy of the Realisation Portfolio and will not be changed as part of the Proposals.

The investment objective of the Ordinary Portfolio will be to generate capital growth and income over the long term through investment in a globally diversified multi asset class portfolio across a range of quoted and unquoted asset classes.

The full text of the proposed investment objective and policy of the Ordinary Portfolio is set out in Part 2 of this document.

### **5 Distribution policy in respect of the Realisation Shares**

Since the Company's launch, when the Existing Shares were originally issued at US\$1.00, the Company has made 10 capital distributions in respect of the Existing Shares in the form of redeemable B shares to the Existing Shareholders.

The Board currently expects to continue to make capital distributions in respect of the Realisation Shares in the form of redeemable B shares as realisations are achieved in the Realisation Portfolio.

### **6 Amendments to the Company's articles of incorporation**

In 2019, prior to the publication of the previous placing programme prospectus, amendments were made to the Articles in order, conditional upon the admission of any new Ordinary Shares to listing on the premium listing segment of the Official List of the FCA and to trading on the Main Market, to: (i) create two distinct portfolios, being the "**Realisation Portfolio**" and the "**Ordinary Portfolio**"; (ii) rename the ordinary shares of the Company the "**Realisation Shares**"; (iii) amend the rights attaching to the Realisation Shares; and (iv) include a new sub-article specifying the rights attaching to the new class of Ordinary Shares. As explained above,

for a variety of factors, including the onset of COVID-19, no new capital was raised under that placing programme and the Company currently continues to have only a single class of ordinary shares in issue.

If the Resolutions are passed at the EGM, and conditional on Admission, the Articles will be amended to provide that the changes referred to above take effect on admission of any new Ordinary Shares to trading on the Specialist Fund Segment. In addition, the Articles will be amended to:

- (i) provide for the continuation vote to be extended so as to be held at the annual general meeting of the Company to be held in 2026 and every two years thereafter;
- (ii) remove the automatic conversion of Realisation Shares into Ordinary Shares upon the value of the Realisation Portfolio reducing below US\$5 million;
- (iii) reflect the admission to trading of the Existing Shares, and the proposed admission to trading of the new Ordinary Shares, on the Specialist Fund Segment;
- (iv) increase the aggregate amount that may be paid to Directors by way of fees for their services in any financial year from £150,000 to £200,000. There is no intention to increase the fees currently paid to Directors, however, should the Proposals be approved by Shareholders, and the Initial Issue be successful, the Board may consider adding further Director(s) to strengthen corporate governance if it considers it in the best interests of Shareholders to do so;
- (v) reduce the time period after which unclaimed dividends shall be forfeited, and shall revert to the Company, from 7 years after the date of payment, to 3 years;
- (vi) reduce the time period after which the Company may sell the Shares of an untraceable Shareholder, and record such Shareholder as a creditor of the Company in respect of such sale proceeds, from 12 years to 3 years; and
- (vii) update for changes in legislation.

A summary of the rights attaching to the Realisation Shares and the Ordinary Shares, if the Resolutions are passed at the EGM and conditional on Admission, is set out below.

*Summary of the rights attaching to the Realisation Shares*

- At any general meeting of the Company each Realisation Shareholder will have, on a show of hands, one vote, and on a poll, a weighted vote determined by reference to the underlying NAV of the Realisation Shares and calculated in accordance with the Articles. This weighted voting right will be calculated and fixed immediately following Admission. As an illustrative example, a Realisation Shareholder holding 100 Realisation Shares, and on the basis of the Company's NAV of US\$0.1617 per Existing Share as at 31 March 2021, and the prevailing GBP/USD exchange rate as at the date of this document, such Realisation Shareholder would have, on a poll, 11 votes in respect of the 100 Realisation Shares held.
- Each Realisation Share will entitle its holder to participate in a return of assets of the Realisation Portfolio on a winding up of the Realisation Portfolio.

- The prior class consent of the Realisation Shareholders will be required prior to *inter alia*:
  - any change being made to the investment policy which would materially affect the Realisation Portfolio;
  - any change being made to the Articles in such a way as to materially affect the class rights of the Realisation Shareholders; and
  - a resolution, other than the continuation vote resolution, being put to Shareholders in a general meeting in relation to the voluntary winding up of the Company.

Summary of the rights attaching to the Ordinary Shares

- At any general meeting of the Company each Ordinary Shareholder will have, on a show of hands, one vote, and on a poll, each Ordinary Shareholder will have one vote for each Ordinary Share held.
- Each Ordinary Share will entitle its holder to participate on a return of assets of the Ordinary Portfolio on a winding up of the Ordinary Portfolio.
- The prior class consent of the Ordinary Shareholders will be required prior to *inter alia*:
  - any change being made to the investment policy which would materially affect the Ordinary Portfolio;
  - any change being made to the Articles in such a way as to materially affect the class rights of the Ordinary Shareholders; and
  - a resolution, other than the continuation vote resolution, being put to Shareholders in a general meeting in relation to the voluntary winding up of the Company.

A copy of the Articles (containing the full terms of the amendments proposed to be made) will be available at the venue for the EGM for at least 15 minutes prior to and during the meeting and are available during normal business hours (Saturdays, Sundays and public holidays excepted) at the offices of Stephenson Harwood LLP, 1 Finsbury Circus, London EC2M 7SH until the close of the EGM.

**7 Additional considerations associated with the Proposals**

Existing Shareholders should have regard to the following when considering the Proposals:

- implementation of the Proposals is subject to a number of conditions, including Admission, and there is no certainty that the Proposals will become effective; and
- the Directors intend that, in the absence of unforeseen circumstances, each Portfolio will effectively operate as if it were a stand-alone company. However, as a matter of law, the Company is a single entity. Therefore, in the event that any of the Portfolios has insufficient funds or assets to meet all of its liabilities, on a winding-up or otherwise, such a shortfall would become a liability of the other Portfolios and would be payable out of the assets of the other Portfolios.



## **8 Initial Issue and Placing Programme**

The Company is proposing to issue up to a maximum of 250 million new Ordinary Shares under the Initial Issue and subsequent Placing Programme. If the Resolutions are passed at the EGM, the Company will be permitted to issue up to 250 million Ordinary Shares to investors without first having to offer them, *pro rata*, to Existing Shareholders.

Waverton will seek to procure investors for new Ordinary Shares pursuant to the Initial Issue.

The Initial Issue and Placing Programme are conditional, *inter alia*, on:

- Shareholder approval being granted at the Extraordinary General Meeting for the Proposals;
- the publication by the Company of a prospectus in relation to the Initial Issue and Placing Programme which has been approved by the FCA; and
- Admission.

If Shareholders approve the Proposals, the Company intends to publish a prospectus and introduce the Initial Issue and 12 month Placing Programme. It is intended that the net proceeds of the Initial Issue and the Placing Programme will be invested in accordance with the new investment objective and policy of the Ordinary Portfolio.

If the conditions are not met, the Initial Issue and subsequent Placing Programme will not proceed.

## **9 Costs and impact of the Proposals**

In the event that the Existing Shareholders do not approve the Proposals or Admission does not occur, the costs incurred by the Company in relation to the Proposals, including the publication of this document and the convening of the EGM, will be borne by Waverton.

In the event that Existing Shareholders approve the approvals and Admission occurs, the costs and expenses of the Proposals will be borne by the Company from the proceeds of the Initial Issue and accordingly be attributable only to the holders of the new Ordinary Shares.

## **10 The Extraordinary General Meeting**

You will find set out at the end of this document a notice convening the Extraordinary General Meeting of the Company to be held at 9.00 a.m. on 6 September 2021 at Sarnia House, Le Truchot, St Peter Port, Guernsey GY1 1GR at which a special resolution and an extraordinary resolution will be proposed to:

- (i) adopt a new investment objective and policy of the Ordinary Portfolio;
- (ii) amend the Articles;
- (iii) change the name of the Company to "The Endowment Fund Limited";
- (iv) dis-apply the pre-emption rights contained in the Articles so that the Board has authority to allot and issue (or sell from treasury) in relation to the Initial Issue and the Placing Programme up to 250 million new Ordinary Shares for cash on a non-pre-emptive basis, such authority to expire at the end of the Placing Programme; and

- (v) approve the buyback of up to 14.99 per cent. of the Ordinary Shares in issue on Admission.

Each of the special resolution and the extraordinary resolution requires a majority of at least 75 per cent. of members entitled to vote and present in person or by proxy to vote in favour in order for it to be passed. Shareholders should also note that the special resolution to adopt the new investment objective and policy of the Ordinary Portfolio, amend the Articles, approve the buyback of the Ordinary Shares and change the Company's name is conditional on Admission.

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

You will find enclosed with this document a Form of Proxy for use at the Extraordinary General Meeting. Whether or not you intend to be present at the Extraordinary General Meeting, you are requested to complete the Form of Proxy in accordance with the instructions printed on it and return it to Link Group at PXS 1, Link Group, Central Square, 29 Wellington Street, Leeds LS1 4DL so as to be received as soon as possible and, in any event, not later than 9.00 a.m. on 2 September 2021.

The completion and return of the Form of Proxy will not preclude you from attending the Extraordinary General Meeting.

## **12 Recommendation**

The Board considers that the Resolutions are in the best interests of Shareholders taken as a whole and accordingly unanimously recommends that Existing Shareholders vote in favour of the Resolutions to be proposed at the Extraordinary General Meeting. The Directors who hold Existing Shares intend to vote in favour of the Resolutions in respect of their own beneficial holdings amounting, in aggregate, to 100,000 Existing Shares (representing approximately 0.07 per cent. of the Company's issued share capital as at 19 August 2021).

Yours faithfully



**Quentin Spicer**  
*Chairman*

## **PART 2 – PROPOSED NEW INVESTMENT OBJECTIVE AND POLICY OF THE ORDINARY PORTFOLIO**

### Proposed new investment objective

The investment objective of the Ordinary Portfolio will be to generate capital growth and income over the long term through investment in a globally diversified multi asset class portfolio across a range of quoted and unquoted asset classes.

### Proposed new investment policy

The investment policy will be global and flexible and the Ordinary Portfolio may be invested across multiple asset classes, industries, sectors and geographies. The Ordinary Portfolio will be invested in a global portfolio of equities, fixed income and alternatives including real assets, private equity, private credit and hedge funds. The Ordinary Portfolio will seek to maintain a meaningful exposure to private market investments.

Investments may be made in quoted or unquoted closed end investment funds, open-ended investments funds, limited partnership interests, listed or unlisted company shares and debt instruments, exchange traded funds, contracts for difference ('CFDs'), warrants and related instruments and structured products. The Ordinary Portfolio will include investment vehicles sponsored, managed or advised by other managers, as well as the Investment Manager. The Ordinary Portfolio may hold cash and near-cash instruments where, in view of market circumstances, the Investment Manager believes that it would not be in the interests of Shareholders for the Ordinary Portfolio to be fully invested and may utilise financial derivatives for efficient portfolio management and/or investment purposes.

The following investment restrictions will apply to the Ordinary Portfolio with the object of spreading investment risk. All these limits are measured at the point of acquisition of investments, unless otherwise stated:

- not more than 30 per cent of the Net Asset Value of the Ordinary Portfolio may be invested in any one underlying investment (this limit applies to direct investments and on a look through basis to any investments held by another investment fund in which the Ordinary Portfolio may invest);
- not more than 20 per cent of the Net Asset Value of the Ordinary Portfolio may be invested in any one collective investment scheme; and
- aggregate investment in structured products shall be limited to 20 per cent of the Net Asset Value of the Ordinary Portfolio.

The Ordinary Portfolio may borrow up to 25 per cent. of its Net Asset Value. It is not expected that the Ordinary Portfolio will employ long term gearing.

## **PART 3 – INFORMATION ON WAVERTON AND THE PROPOSED INVESTMENT STRATEGY RELATING TO THE ORDINARY PORTFOLIO**

### **1 Introduction to Waverton Investment Management Limited**

Waverton Investment Management Limited ("**Waverton**" or the "**Investment Manager**") is an independent, owner-managed investment management firm based in London. Waverton had approximately £7.6 billion of assets, as of 30 June 2021, through four major business streams: Private Clients, Institutional Investment Solutions, Charities and Advisor Solutions.

Waverton was originally founded as J O Hambro Investment Management ("**JOHIM**") in 1986 by Richard Hambro. In 2001, JOHIM was acquired by the Credit Suisse Group, although it remained an independently managed entity. In 2013, Credit Suisse agreed to sell JOHIM to Bermuda National Limited, since re-named Somers Limited, and to the firm's existing management team and staff. The board agreed that the firm would be renamed Waverton Investment Management Limited following the successful acquisition by management and Somers Ltd. All key personnel hold meaningful equity stakes in the firm.

Waverton's principal aim is to generate attractive real returns for clients over the long term, using an active, flexible approach through bespoke portfolios or specialist funds and mandates. Waverton attaches huge importance to investing in what its specialist investment teams believe to be the best ideas worldwide, be that in individual stocks, funds, fixed interest or alternative asset classes.

### **2 Introduction to Waverton's Multi-Asset Investment Team**

#### ***William Dinning, Chief Investment Officer***

Bill joined Waverton in August 2017 and in 2019 was appointed Chief Investment Officer. He is also chairman of the Asset Allocation Committee and a member of the Management Committee. Bill was previously Head of Investment Strategy at Coal Pension Trustees, helping to run the £20 billion Coal Industry pension schemes. Prior to that he worked at Kames Capital in Edinburgh where he was responsible for managing several different funds and client mandates. He began his career with investment bank PaineWebber and has also worked for investment banks Merrill Lynch and UBS Warburg in a variety of research roles in London, New York and Hong Kong. He has MA degrees in Philosophy, Politics and Economics from Trinity College, Oxford and in American Government from Georgetown University, Washington DC.

#### ***Luke Hyde-Smith CFA, Head of Third-Party Fund Selection & Fund Manager***

Luke joined Waverton in February 2017 as the Head of Third-Party Fund Selection. He is the co-manager of the Waverton Real Assets Fund and Waverton Absolute Return Fund and a member of the Managed Portfolio Service Investment team. Prior to working at Waverton, he was at Brompton Asset Management where he built and developed their collective investment selection process and was a key team member focussed on managing a range of multi-asset class strategies. Luke has also worked at New Star Asset Management and SG Private Bank. He has a BA Hons degree from Manchester University and is a CFA Charterholder.

#### ***James Mee CFA, Fund Manager***

James joined Waverton in September 2012 as an Assistant Portfolio Manager for the Managed Portfolio Service Team. He is now the lead manager of the Waverton Multi-Asset Income Fund,

and co-manager of the Waverton Real Assets Fund and Waverton Absolute Return Fund. James is also co-manager of the Waverton Protection Strategy and is a member of the Asset Allocation Committee. James graduated from Bristol University in 2012 with a degree in law and is a CFA Charterholder. In May 2016, he won the WealthBriefing European Rising Star Award.

***Lorenzo Marchioni, Head of Private Markets & Fund Manager***

Lorenzo is an investment professional with 15 years' experience in private capital markets. He started his investment management career at private equity investment firm Clayton, Dublier & Rice, focusing on leveraged buyout opportunities in Europe. Subsequent to that, he was responsible for proprietary capital investments at Tages Holding, an alternative investments group focused on distressed and infrastructure investing. Lorenzo joined DWS Alternative Investments (Deutsche Bank) to develop a private markets co-investment program for institutional clients. Lorenzo started his career in the investment banking division of Credit Suisse as an M&A banker in London. He holds an undergraduate degree in Finance and a MSc in Finance from Bocconi University in Milan.

**3 Proposed investment strategy in respect of the Ordinary Portfolio**

The Investment Manager will invest the Ordinary Portfolio in assets which it considers have attractive medium to long term return potential across both quoted public markets and unquoted private market opportunities. The Investment Manager will seek to identify a combination of investments that have the potential to produce positive real returns (i.e. returns in excess of UK inflation, as measured by the UK Consumer Price Index) over a medium to long-term investment horizon and provide income through the investment cycle.

The Investment Manager intends to apply a bottom-up approach to investment selection and portfolio construction, leveraging and expanding the existing research and investment processes applied in its liquid multi asset and liquid real asset investment programs. The Investment Manager has a longstanding track record in managing liquid multi asset and liquid real asset portfolios, through a well-established investment process. The Investment Manager intends to apply to the Ordinary Portfolio a broadly similar research and investment process, while broadening the scope of the investable universe.

Thanks to the evergreen, closed-ended structure of the Ordinary Portfolio, the Investment Manager intends to combine investments across the liquidity spectrum to seek the most compelling risk-adjusted return opportunities. The Ordinary Portfolio will aim to maintain a meaningful exposure to private market investments, with the view of earning a "liquidity premium" over and above traditional liquid asset classes.

Examples of themes that the Investment Manager currently intends to pursue across its liquid multi asset and liquid real asset portfolios include: investment in sustainable real assets; investments advancing decarbonization and the energy transition to "net zero"; investment in inflation-linked real assets like commercial real estate and infrastructure assets.

## DEFINITIONS

Unless the context otherwise requires, the following words and expressions have the following meanings in this document:

<b>Admission</b>	the admission of the new Ordinary Shares to trading on the Specialist Fund Segment becoming effective in accordance with the Admission and Disclosure Standards
<b>Admission and Disclosure Standards</b>	the Admission and Disclosure Standards published by the London Stock Exchange as amended from time to time
<b>Articles</b>	the articles of incorporation of the Company, as in force from time
<b>Board or Directors</b>	the board of Directors of the Company or any duly constituted committee thereof
<b>Company</b>	Alternative Liquidity Fund Limited
<b>CREST</b>	the system for the paperless settlement of trades in securities and the holding of uncertificated securities operated by Euroclear UK & Ireland Limited in accordance with the Uncertificated Securities (Guernsey) Regulations 2009 (as amended)
<b>EGM or Extraordinary General Meeting</b>	the extraordinary general meeting of the Company to be held at 9.00 a.m. on 6 September 2021, or any adjournment thereof, notice of which is set out at the end of this document
<b>Existing Portfolio</b>	the Company's existing portfolio of assets attributable to the Existing Shares
<b>Existing Shareholder</b>	a holder of Existing Shares that is entitled to vote at the Extraordinary General Meeting
<b>Existing Shares</b>	the issued ordinary shares of US\$0.01 each in the capital of the Company which will, on Admission, be re-designated as Realisation Shares
<b>FCA</b>	the UK Financial Conduct Authority
<b>Form of Proxy</b>	the form of proxy accompanying this document, for use by Existing Shareholders in connection with the Extraordinary General Meeting
<b>FSMA</b>	the Financial Services and Markets Act 2000, as amended
<b>GFSC</b>	the Guernsey Financial Services Commission

<b>Hindsight</b>	Hindsight Solutions Limited
<b>Initial Issue</b>	the proposed issue of new Ordinary Shares by the Company
<b>Investment Manager or Waverton</b>	Waverton Investment Management Limited
<b>London Stock Exchange</b>	London Stock Exchange plc
<b>Main Market</b>	the main market for listed securities operated by the London Stock Exchange
<b>NAV or Net Asset Value</b>	(i) in relation to the Company as a whole, the value of the assets of the Company, less its liabilities; and (ii) in relation to a Portfolio, the assets comprised in the Portfolio less the relevant Portfolio Liabilities, in each case determined by the Directors in accordance with the Company's normal accounting policies
<b>Net Asset Value per Share</b>	the Net Asset Value of the relevant Portfolio divided by the number of Shares of that class in issue (excluding any Shares of that class held in treasury)
<b>Ordinary Portfolio</b>	the new portfolio of assets to be attributable to the new Ordinary Shares in accordance with the Articles
<b>Ordinary Portfolio Liabilities</b>	to the extent not otherwise deducted from or comprised in the assets attributable to the Ordinary Shares (a) those liabilities, costs and expenses incurred by the Company in connection with the management of the assets comprised in the Ordinary Portfolio; and (b) any borrowings or indebtedness associated with the Ordinary Portfolio, all of which, in the Directors' opinion (having consulted with the Company's auditor), reflects fairly the amount of such liabilities, costs and expenses of the Company attributable to the Ordinary Shares
<b>Ordinary Shareholders</b>	holders of the new Ordinary Shares
<b>Ordinary Shares</b>	ordinary shares of £0.01 each in the capital of the Company designated as such and having the rights and being subject to the restrictions specified in the Articles
<b>Placing Programme</b>	the proposed programme of placings of new Ordinary Shares
<b>Portfolio</b>	the Realisation Portfolio and/or the Ordinary Portfolio, as the context requires or permits
<b>Portfolio Liabilities</b>	the Realisation Portfolio Liabilities and/or the Ordinary Portfolio Liabilities, as appropriate

<b>Proposals</b>	the recommended proposals described in Part 1 of this document to: (i) issue up to 250 million new Ordinary Shares on a non-pre-emptive basis by way of an Initial Issue and Placing Programme; (ii) appoint Waverton Investment Management Limited as investment manager of the Ordinary Portfolio; (iii) adopt a new investment objective and policy of the Ordinary Portfolio; (iv) change the name of the Company; (v) amend the Articles; and (vi) approve the buy back of the Ordinary Shares
<b>Realisation Portfolio</b>	the portfolio of assets attributable to the Realisation Shares in accordance with the Articles
<b>Realisation Portfolio Liabilities</b>	to the extent not otherwise deducted from or comprised in the assets attributable to the Realisation Shares (a) those liabilities, costs and expenses incurred by the Company in connection with the management of the assets comprised in the Realisation Portfolio; and (b) any borrowings or indebtedness associated with the Realisation Portfolio, all of which, in the Directors' opinion (having consulted with the Company's auditor), reflects fairly the amount of such liabilities, costs and expenses of the Company attributable to the Realisation Shares
<b>Realisation Shareholders</b>	holders of Realisation Shares
<b>Realisation Shares</b>	the existing ordinary shares of US\$0.01 each in the capital of the Company which shall be designated as Realisation Shares on Admission and having the rights and being subject to the restrictions specified in the Articles
<b>Registrar</b>	Link Group
<b>Resolutions</b>	the resolutions to be proposed at the EGM, as set out in the notice at the end of this document
<b>Shareholder</b>	a holder of Shares
<b>Shares</b>	the Existing Shares (to be re-designated as Realisation Shares) and/or the Ordinary Shares, as the context requires or permits
<b>Specialist Fund Segment</b>	the Specialist Fund Segment of the Main Market



## NOTICE OF EXTRAORDINARY GENERAL MEETING

### ALTERNATIVE LIQUIDITY FUND LIMITED

*(Incorporated in the Island of Guernsey under the Companies (Guernsey) Law, 2008, as amended, as a non-cellular company limited by shares with registered number 60552 and registered as a registered closed-ended collective investment scheme with the GFSC)*

**NOTICE IS HEREBY GIVEN** that an Extraordinary General Meeting of Alternative Liquidity Fund Limited (the "**Company**") will be held at Sarnia House, Le Truchot, St Peter Port, Guernsey GY1 1GR at 9.00 a.m. on 6 September 2021 to consider and, if thought fit, pass the following resolutions, in the case of resolution 1 as a special resolution and in the case of resolution 2 as an extraordinary resolution:

#### SPECIAL RESOLUTION

1. THAT subject to the passing of extraordinary resolution 2 below, and conditional on and with effect from Admission:
  - (i) the proposed investment objective and policy of the Ordinary Portfolio set out in the circular to shareholders of the Company dated 20 August 2021, a copy of which has been produced to the meeting and signed by the Chairman for the purposes of identification (the "**Circular**"), be and is hereby adopted as the investment objective and policy of the Ordinary Portfolio;
  - (ii) the draft articles of incorporation produced to the meeting and, for the purposes of identification, initialled by the Chairman of the meeting be adopted as the articles of incorporation of the Company in substitution for, and to the entire exclusion of, the existing articles of incorporation of the Company;
  - (iii) the Company be generally and unconditionally authorised, in accordance with the Companies (Guernsey) Law, 2008 (as amended) (the "**Law**") to make market acquisitions (as defined in the Law) of ordinary shares of £0.01 each ("**Ordinary Shares**"), either for retention as treasury shares for future resale or transfer or cancellation, provided that:
    - (a) the maximum number of Ordinary Shares hereby authorised to be purchased shall be 14.99 per cent. of the issued Ordinary Shares on the date of Admission (as defined in the Circular);
    - (b) the minimum price which may be paid for an Ordinary Share shall be £0.01 per share;
    - (c) the maximum price (exclusive of expenses) which may be paid for an Ordinary Share shall be an amount equal to the higher of (i) 105 per cent. of the average of the middle market quotations of the Ordinary Shares for the five business days immediately preceding the date of purchase and (ii) the higher of the latest independent trade and the highest current independent bid on the trading venue on which the purchase is carried out; and
    - (d) unless previously varied, revoked or renewed, the authority hereby conferred shall expire 15 months from the date of passing of this

resolution, save that the Company may, prior to such expiry, enter into a contract to purchase Ordinary Shares under such authority and may make a purchase of Ordinary Shares pursuant to any such contract;

- (iv) the name of the Company be changed to "The Endowment Fund Limited".

### **EXTRAORDINARY RESOLUTION**

2. THAT, subject to the passing of special resolution 1 above, the Directors of the Company be and they are hereby generally empowered to allot and issue, to grant rights to subscribe for, or to convert and make offers or agreements to allot Ordinary Shares for cash as if the pre-emption rights contained in the Articles in respect of such equity securities did not apply to any such allotment, provided that this power shall:
- (i) expire at the end of the Placing Programme, save that the Company may, before such expiry, make an offer or agreement which would or might require equity securities to be allotted after such expiry and the Directors may allot equity securities in pursuance of any such offer or agreement as if the power conferred hereby had not expired; and
  - (ii) shall be limited to the allotment of Ordinary Shares up to an aggregate nominal value of £2,500,000.

Terms defined in the Circular (as hereinafter defined) have the same meanings in this notice.

### **By order of the Board**

**Praxis Fund Services Limited**  
**Company Secretary**

#### **Registered office**

Sarnia House  
Le Truchot  
St Peter Port  
Guernsey, GY1 1GR

20 August 2021

#### **Notes:**

- 1 Any Shareholder entitled to attend, speak and vote at the meeting is entitled to appoint one or more proxies to attend, speak and, on a poll, vote instead of him. A proxy need not be a Shareholder of the Company. A Shareholder may appoint more than one proxy in relation to the meeting provided that each proxy is appointed to exercise the rights attached to a different Share or Shares held by the Shareholder. A Shareholder entitled to more than one vote need not, if he votes, use all his votes or cast all the votes he uses in the same way. A proxy may be an individual or a body corporate who need not be a Shareholder of the Company.
- 2 The Form of Proxy, together with, if appropriate, any power of attorney or other authority or a notarially certified copy of any power of attorney or other authority (if any) under which it is signed, must be deposited with Link Group at PXS 1, Link Group, Central Square, 29 Wellington Street, Leeds LS1 4DL not later than forty-eight hours before the time appointed for holding the meeting.

- 3 To appoint more than one proxy to vote in relation to different Shares within your holding you may photocopy the form. Please indicate the proxy holder's name and the number of Shares in relation to which they are authorised to act as your proxy (which in aggregate should not exceed the number of Shares held by you). Please also indicate if the proxy instruction is one of multiple instructions being given. All Forms of Proxy must be signed and should be returned together in the same envelope.
- 4 Return of a completed Form of Proxy will not preclude a Shareholder from attending and voting personally at the meeting. If you have appointed a proxy and attend the meeting in person, your proxy appointment will automatically be terminated.
- 5 Any corporation which is a Shareholder of the Company may, by resolution of its directors or other governing body, authorise such person as it thinks fit to act as its representative at any meeting of any class of Shareholders of the Company and the person so authorised shall be entitled to exercise the same power on behalf of the corporation which he represents as that corporation could exercise if it were an individual Shareholder of the Company.
- 6 To change your proxy instructions, simply submit a new proxy appointment using the method set out above. If you submit more than one valid proxy appointment, the appointment received last before the latest time for the receipt of proxies will take precedence. Please note that the cut-off time for receipt of proxy appointments also applies in relation to amended instructions; any amended proxy appointment received after the relevant cut-off time will be disregarded.
- 7 CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so for the meeting and any adjournment(s) of it by using the procedures described in the CREST Manual (available from <https://www.euroclear.com/site/public/EUI>). CREST Personal Members or other CREST sponsored members, and those CREST members who have appointed a service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.
- 8 In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (a "**CREST Proxy Instruction**") must be properly authenticated in accordance with Euroclear UK & Ireland Limited's specifications and must contain the information required for such instructions, as described in the CREST Manual. The CREST Proxy Instruction, regardless of whether it constitutes the appointment of a proxy or an amendment to the instruction given to a previously appointed proxy, must, in order to be valid, be transmitted so as to be received by Link Group (ID RA10) no later than 48 hours before the time appointed for the meeting (excluding any part of a non-working day). No such CREST Proxy Instruction received through the CREST network after this time will be accepted. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the CREST Proxy Instruction by the CREST Applications Host) from which our registrar is able to retrieve the CREST Proxy Instruction by enquiry to CREST in the manner prescribed by CREST. After this time any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.
- 9 CREST members and, where applicable, their CREST sponsors, or voting service providers should note that Euroclear UK & Ireland Limited does not make available special procedures in CREST for any particular message. Normal system timings and limitations will, therefore, apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member, or sponsored member, or has appointed a voting service provider, to procure that his CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting system providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.
- 10 The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.
- 11 Only Shareholders registered in the register of Shareholders of the Company by close of business on 2 September 2021 shall be entitled to attend, speak, and vote at the meeting in respect of the number of Shares registered in their name at that time. Changes to entries on the register after such time shall be disregarded in determining the rights of any person to attend or vote at the meeting.
- 12 The quorum for a meeting of Shareholders is two or more Shareholders (provided that they are entitled to vote on the business to be transacted at the meeting) present in person or by proxy.
- 13 If, within half an hour from the appointed time for the meeting, a quorum is not present, then the meeting will be adjourned to 9.00 a.m. on 13 September 2021 at the same address. At that meeting, those Shareholders present in person or by proxy will form a quorum whatever their number and the number of Shares held by them.

14 As at 5.00 p.m. on 19 August 2021, the Company's issued share capital comprised 146,644,387 Existing Shares carrying one vote each. Therefore, the total voting rights in the Company at 19 August 2021 were 146,644,387 votes.