

This Prospectus dated 15 April 2011 is a replacement prospectus lodged with the Monetary Authority of Singapore pursuant to Section 298 of the Securities and Futures Act, Chapter 289 of Singapore, which replaces the previous prospectus relating to the Lyxor ETF MSCI Taiwan that was registered by the Monetary Authority of Singapore on 23 February 2011.

## LYXOR ETF MSCI TAIWAN

*A collective investment scheme established in France and constituted outside Singapore*

An application was made to the Singapore Exchange Securities Trading Limited ("SGX-ST") on 20 December 2006 for permission to list and deal in and quote the class A units (the "Units") of the LYXOR ETF MSCI TAIWAN (the "Fund") which may be issued from time to time. Such permission has been granted by the SGX-ST and the Units have been admitted to the Official List of the SGX-ST. The SGX-ST assumes no responsibility for the correctness of any of the statements made or opinions expressed in this Prospectus. Admission to the Official List of the SGX-ST is not to be taken as an indication of the merits of the Manager, the Fund or its Units.

If you are in any doubt about this Prospectus, you should consult your stockbroker, bank manager, solicitor, professional accountant or other professional adviser.

## **LYXOR ETF MSCI TAIWAN**

### **DIRECTORY**

#### **MANAGER**

Lyxor International Asset Management  
Tour Société Générale  
17, Cours Valmy 92800  
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#### **DIRECTORS OF THE MANAGER**

Alain Dubois  
Laurent Seyer

#### **DEPOSITORY AND REGISTRAR**

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75009 Paris  
France

#### **AUDITORS**

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#### **SOLICITORS TO THE MANAGER**

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One Marina Boulevard  
#28-00  
Singapore 018989

#### **SINGAPORE REPRESENTATIVE**

RBC Dexia Trust Services Singapore Limited  
20 Cecil Street  
Equity Plaza #28-01  
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## IMPORTANT INFORMATION

*The collective investment scheme, namely the LYXOR ETF MSCI TAIWAN (the "Fund") offered in this Prospectus is a recognised scheme under the Securities and Futures Act (Cap. 289) of Singapore (the "SFA"). A copy of the Registered Prospectus (as defined in paragraph 2 of this Prospectus) has been lodged with and registered by the Monetary Authority of Singapore (the "MAS") and a copy of this Prospectus has been lodged with the MAS. The MAS assumes no responsibility for the contents of this Prospectus. The lodgment of this Prospectus with the MAS and the registration of the Registered Prospectus by the MAS do not imply that the SFA, or any other legal or regulatory requirements have been complied with. The MAS has not, in any way, considered the investment merits of the collective investment scheme.*

This Prospectus does not constitute an offer or solicitation to anyone in any jurisdiction in which such offer or solicitation is not authorised or to any person to whom it is unlawful to make such offer or solicitation and may only be used in connection with this offering of securities to which it relates by distribution as contemplated herein.

The manager of the Fund is Lyxor International Asset Management (the "Manager"). Copies of the articles of incorporation of the Manager are available for inspection by investors, free of charge, from the Singapore representative for the Fund (whose details appear in paragraph 5.1 of this Prospectus), during normal Singapore business hours.

The directors of the Manager (the "Directors") individually and collectively accept full responsibility for the accuracy of the information given in this Prospectus and confirm, having made reasonable enquiries, that to the best of their knowledge and belief, the facts stated in this Prospectus are true and accurate in all material respects as at the date of this Prospectus and that there are no other material facts the omission of which makes any statement in this Prospectus misleading.

Investors should seek professional advice to ascertain (a) the possible tax consequences, especially in connection with the receipt of any distributions intended to be made in respect of the class A units of the Fund being offered herein (the "Units"), (b) the legal requirements which may be relevant to the subscription, holding or disposal of the Units and (c) any foreign exchange restrictions or exchange control requirements which they may encounter under the laws of the countries of their citizenship, residence, domicile and which may be relevant to the subscription, holding or disposal of the Units.

Please see Part V of this Prospectus for more details on the investment objective, focus and approach of the Fund and Part VIII of this Prospectus for the risks involved in investing in the Units. **In particular, potential investors should note that the Fund may invest in financial derivative instruments ("FDIs") for investment, hedging and/or efficient portfolio management purposes, such as the Swaps described in paragraph 7.2(ii) of this Prospectus.** Please refer to the aforementioned paragraph for further details on the

Swaps which the Fund may invest in and the swap counterparty, paragraphs 10.2(b), (c) and (x) on the counterparty risk, risk of the swap agreements and risk on the use of financial derivative instruments respectively, and paragraphs 20.13 to 20.15 on the Fund's use of FDIs for further details. No person has been authorised to give any information or to make any representation in connection with the offering of Units other than those contained in this Prospectus, and the reports referred to in this Prospectus and, if given or made, such information or representation must not be relied upon as having been authorised by the Manager. **To reflect material changes, this document may be updated from time to time and investors should investigate whether any more recent Prospectus is available.**

**United States** - The Units have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the "Securities Act") and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons (as defined in Regulation S under the Securities Act ("Regulation S"). The Units are being offered and sold outside the United States to non-U.S. persons in reliance on Regulation S. Units may not, except pursuant to a relevant exemption, be acquired or owned by, or acquired with the assets of an ERISA Plan. An ERISA Plan is defined as (i) any retirement plan subject to Title I of the United States Employee Retirement Income Securities Act of 1974, as amended; or, (ii) any individual retirement account or plan subject to Section 4975 of the United States Internal Revenue Code of 1986, as amended.

All enquiries about the Units or the Fund should be directed to the Manager.

# LYXOR ETF MSCI TAIWAN

## OVERVIEW

### LYXOR ETF MSCI TAIWAN

The Fund is a collective investment scheme constituted outside Singapore and recognised under Section 287 of the SFA. The Fund is a *fonds commun de placement* (“FCP”) approved by the French financial markets authority, namely the *Autorité des Marchés Financiers* (“AMF” or the “Financial Markets Authority”), on 21 November 2006 and established in France on 13 February 2007.

Separate classes of units may from time to time be issued under the Fund (each a “Class”, together the “Classes”). As at the date of this Prospectus, the Fund comprises three Classes, namely, the United States Dollar (“USD”) denominated Class A and Class E units and the Euro (“EUR”) denominated Class B units.

This Prospectus describes and offers for subscription and sale of the USD Class A units of the Fund (the “Units”).

***An application was made to the Singapore Exchange Securities Trading Limited (“SGX-ST”) for permission to list and deal in and for quotation of the Units in United States Dollars (“USD”). Such permission has been granted by the SGX-ST and the Units have been admitted to the Official List of the SGX-ST. As at the date of this Prospectus, apart from the SGX-ST, the Units are also listed and traded on the Hong Kong Exchanges and Clearing Limited.***

***Investors who buy and sell the Units on the SGX-ST should note that market prices for Units listed and traded on the SGX-ST may, however, be different from their net asset value (“NAV”) per Unit.***

***Investors should also note that the Units are currently listed, quoted and dealt in on the SGX-ST in USD. The Manager may at its sole discretion (subject to approvals from the SGX-ST and such other relevant authority) decide to list and deal in and quote the Units on the SGX-ST in such other currencies including inter alia Singapore dollars (“SGD”) in addition to USD. In such event, an announcement will be made on the SGXNET and this Prospectus shall be updated, supplemented or replaced accordingly, and investors who wish to buy and sell the Units on the SGX-ST in such other currencies such as SGD should note that as the NAV of the Units is denominated in USD, any foreign currency exchange rate movements are likely to further influence the returns to such investors.***

## FUND COMPLETE PROSPECTUS

The Fund is governed by *inter alia* the fund complete prospectus in respect of the Fund approved by the AMF on 21 November 2006 (the "Fund Complete Prospectus"). A copy of the Fund Complete Prospectus is available for inspection by investors, free of charge, at the office of the Singapore representative at 20 Cecil Street, Equity Plaza #28-01, Singapore 049705 during normal Singapore business hours.

## INVESTMENT OBJECTIVE, FOCUS AND APPROACH

The Fund's investment objective is to seek exposure on the Taiwanese equities market by closely corresponding the performance of the MSCI TAIWAN™ index (the "Index"), denominated in Taiwan Dollars ("TWD"), price return, plus the potential dividends the Fund may receive from the holding of the stocks of the Index (referred hereinafter as the "Benchmark Index"), while minimising as far as possible the tracking error between the Fund's performance and that of the Benchmark Index. The Fund aims to achieve an annualised tracking error, computed on a weekly basis over a period of 52 weeks, that does not exceed either (i) 1% or (ii) 5% of the volatility of the Benchmark Index computed on a weekly basis over a period of 52 weeks, whichever is greater.

**Investors should note that there is no guarantee that the Fund's investment objective will be achieved.** In particular, no asset or financial instrument allows an automatic and continuous replication of movements in the Index. Any re-weighting of the Index can result in various transaction or friction costs, and the Fund may not be able to reproduce the performance of the Benchmark Index due to reasons such as the temporary unavailability of certain securities comprising the Index or other exceptional circumstances which might result in distortions in the weighting of the Index, or due to temporary suspension or interruption of the quotation of the securities comprising the Index.

**Investors should also note that their investments in the Fund are not guaranteed and that the net asset value of the Fund may have a high volatility due to the potential volatility of the Benchmark Index as the Fund's investment objective is to replicate the Benchmark Index. Therefore, an investor of the Fund will be subject to the risks of investing in the Fund, including the risk of the loss of his capital invested.** Investors should refer to the risks relating to the Fund set out in Part VIII of this Prospectus for further details.

*Investors should refer to Appendix 1 of this Prospectus including, inter alia, the section relating to the publication of the MSCI TAIWAN™ index for further details on the Index.*

**Investment Strategy.** The Manager currently uses a *Synthetic Replication* strategy whereby basically the Fund will invest in a universe of stocks selected by the Manager that may be different from the universe of stocks constituting the Index which the Fund is seeking to track and may at the sole discretion of the Manager also invest up to 10% of the

Fund's net assets in one or more underlying fund(s) as may be selected by the Manager (the "underlying fund(s)") in any proportion as the Manager may consider appropriate from time to time. Such underlying fund(s) will be in the form of collective investment schemes ("CIS") in accordance with European Council Directive 85/611/EEC as amended and/or in other collective investment undertakings within the meaning of article 19(1)(e) of the UCITS Directive..

In order to replicate the Benchmark Index, the Manager will also enter into the Swaps (as defined below), where the Fund will exchange its exposure to the stocks and where applicable, the underlying fund(s) as may be invested by the Fund (i.e. the Basket of Balance Sheet Assets as defined below) with the exposure to the Benchmark Index. With this technique the Fund may optimise its replication of the Benchmark Index and minimise the cost of replication in order to achieve its main objective which is to track the Benchmark Index.

However, if the Manager believes that the current Synthetic Replication strategy is not the most efficient means to track the Benchmark Index, the Manager may decide to adopt a direct replication indexing strategy (whereby the Fund invests in substantially all of the securities comprising the Index in approximately the same proportions as in the Index) or any other strategy in its absolute discretion and as often as it believes appropriate in order to achieve the investment objective of the Fund.

Under the current Investment Strategy of the Fund using Synthetic Replication, in order to provide the greatest possible correlation between the Fund's performance with the performance of the Benchmark Index, the Fund may purchase or invest in:

- (i) a basket of international shares from all economic sectors and listed on any exchange including small capitalisation markets which may or may not comprise shares that make up the Index (the "Index Securities"), and where the Manager in its discretion considers appropriate, one or more underlying fund(s) as described above (collectively the "Basket of Balance Sheet Assets"); and
- (ii) financial derivative instruments negotiated over-the-counter (as further described in paragraph 7.7 of this Prospectus). In particular, the Manager currently (as at the date of this Prospectus) enters into swap agreements (the "Swaps") with Société Générale as the swap counterparty in respect of the Fund. The swap counterparty(ies) will be any person(s) (who in the Manager's opinion is/are the best and most suitable swap counterparty(ies) for the Fund) as may from time to time be selected by the Manager. The Swaps would essentially exchange the Fund's exposure to the Basket of Balance Sheet Assets (and where applicable any other assets of the Fund) with that of the Benchmark Index.

**Criteria for selection of the shares comprising the basket of international shares.** The shares in the basket of international shares selected by the Manager to be held as the Fund's assets are chosen to optimise costs. The primary criteria used by the Manager to select such shares is high liquidity and absence of extra cost including, but not limited to, stamp duties, clearing costs and costs of foreign exchange hedging. The high liquidity of the selected shares will have the effect and benefit of minimising the repurchase costs of the selected shares for the swap counterparty in connection with the swap counterparty's borrowing of such selected shares.

For a general description of the structure of the Fund's Investment Strategy, please see the illustration provided in paragraph 7.2 below.

As part of the management of the Basket of Balance Sheet Assets, the Fund qualifies for the special investment ratios applicable to index-tracking UCITS under the applicable laws in that an index-tracking UCITS is entitled to use up to 20% of its assets to acquire shares of a single issuing entity, and this 20% limit can be increased to 35% for one of such single issuing entities which the index-tracking UCITS invests in.

Further details on the Index (including publication details) are set out in Appendix 1 of this Prospectus.

## **LISTING ON THE SGX-ST**

An application was made to the SGX-ST on 20 December 2006 for permission to deal in and quote the Units of the Fund which may be issued from time to time, and the Fund received in-principle approval for its admission to the Official List of the SGX-ST on 30 January 2007. The listing and quotation of Units on the SGX-ST is intended to provide benefits to investors not available in unlisted collective investment schemes. Unlike conventional funds offered to the public in Singapore which are typically bought and sold only at closing NAV (which are unknown at the time of dealing), the Units are tradable on the SGX-ST throughout the trading day on which SGX-ST is open for trading, and will be quoted and traded on the SGX-ST in USD and in board lots of 10 Units. Investors should note that the NAV of the Units is denominated in USD.

Units traded on the SGX-ST will be transacted on the SGX-ST on a willing-buyer-willing-seller basis at market prices throughout the trading day for SGX-ST, and the trading in the Units will be in accordance with SGX-ST's rules and guidelines governing the clearing and settlement of trades in securities. Investors should note that market prices for Units may be different from their NAV.

Units may be subscribed and redeemed in the manner described under the "Subscription and Redemption Procedures" section below. An investor who acquires Units directly from a Participating Dealer may request the Participating Dealer to apply to the depository, namely The Central Depository (Pte) Limited (the "CDP"), for his Units to be entered against his name in the depository register in accordance with the CDP's terms and conditions for the entering of off-market acquisitions of securities in its records.

**Investors should note that the Fund is not like a conventional fund offered to the public in Singapore as issuance and redemption of Units in the Fund may, in the case of a subscription or redemption of In-Kind Unit (as defined below), occur in-kind by contributing Index Securities (as defined below) in multiples of In-Kind Units at each Valuation Day's NAV. This feature is not usually present in conventional funds where units can be purchased and redeemed for cash on each Valuation Day in comparatively smaller multiples of units.**

## **THE MANAGER**

The Manager, Lyxor International Asset Management, a public limited company incorporated in France has been managing FCPs in France for over 12 years and has total assets under management of EUR 56.233 billion as at 31 July 2010.

## **THE DEPOSITORY AND REGISTRAR**

The Depository and Registrar, Société Générale, is a lending institution established in France on 8 May 1864 by an authorisation decree signed by Napoleon III and having its registered office at 29, Boulevard Haussmann, 75009 Paris, France.

## **THE SINGAPORE REPRESENTATIVE**

RBC Dexia Trust Services Singapore Limited has been appointed by the Manager as the representative for the Fund in Singapore (the "Singapore Representative") to provide and maintain certain administrative and other facilities in respect of the Fund.

The Manager has also appointed the Singapore Representative as the registrar's agent in Singapore to provide the Fund with registrar agent services. A copy of the register<sup>1</sup> of Holders of the Fund (the "Register") is kept at the registered office of RBC Dexia Trust Services Singapore Limited at 20 Cecil Street, Equity Plaza #28-01, Singapore 049705 and is available for inspection by Holders, free of charge, during normal Singapore business hours.

## **SUBSCRIPTION AND REDEMPTION PROCEDURES**

The Fund issues and redeems Units at NAV on any Business Day as described in Parts IX and X of this Prospectus. Units can be issued and redeemed in cash on a forward pricing basis through a Participating Dealer, or (where applicable) issued and redeemed in kind for the minimum amount in USD equivalent to EUR 100,000 (in whole number of Units) (each an "In-Kind Unit") pursuant to a subscription or redemption in-kind made to a Participating Dealer by tendering or receiving (as applicable) securities comprising the Index (the "Index Securities").

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<sup>1</sup> For so long as the Units are listed and traded on the SGX-ST, the Units will be registered in the name of CDP or its nominee and held by CDP or its nominee for and on behalf of persons who maintain, either directly or through depository agents, Securities Accounts with CDP. Persons named as direct Securities Account holders and depository agents in the depository register maintained by CDP will be treated as Holders in respect of the number of Units credited to their respective Securities Accounts.

Units bought or sold on the SGX-ST will be transacted on a willing-buyer-willing-seller basis at market prices throughout the trading day for SGX-ST. Most of the trading activity in Singapore in respect of the Units in the Fund is expected to occur on the SGX-ST. Investors may buy and sell Units on the SGX-ST through brokers in the same way as they may buy or sell shares in companies listed on the SGX-ST, subject to such applicable market fees or charges and conditions, including but not limited to broker fees and bid-ask condition. **Investors who wish to purchase Units on/via the SGX-ST may do so in cash only.**

### ***Cash Subscription and Redemption***

Investors may acquire Units in cash in USD in the following manner:

- (i) *From a Participating Dealer:* Investors may apply for the creation or issue of Units in cash on a Business Day by completing the application form attached to this Prospectus and sending it to the Singapore Representative through a Participating Dealer before the Dealing Deadline (as defined below). The Issue Price for cash subscription shall be determined in the manner described in Part IX of this Prospectus. The payment of subscriptions must be made by an investor within 5 Valuation Days following the relevant Business Day on which his subscription request for Units was made, and subscriptions in cash must be in whole number of Units without any decimals.

Requests for subscription of Units using cash must reach the Singapore Representative before the dealing cut-off time of 4 pm (Singapore time) on the relevant Business Day or such other time and/or on such other day as may from time to time be determined by the Manager or the Participating Dealer (the “Dealing Deadline”). If the request for subscription of Units using cash is received by the Singapore Representative after the Dealing Deadline, it shall be deemed to be received by the Singapore Representative before and for the next Dealing Deadline. Redemptions in cash or in kind must be in whole number of Units without any decimals, and save as otherwise agreed by the Manager, subscriptions and redemptions in cash through a Participating Dealer will be subject to a subscription or redemption fee (as applicable) set out in Part VII of this Prospectus.

The Redemption Price for redemption of Units to be settled in cash shall be determined in the manner described in Part X of this Prospectus. Requests for redemption of Units to be settled in cash must reach the Singapore Representative before the Dealing Deadline by completing the application form attached to this Prospectus. If the request for redemption of Units to be settled in cash is received by the Singapore Representative after the Dealing Deadline, it shall be deemed to be received by the Singapore Representative before and for the next Dealing Deadline.

- (ii) *From the SGX-ST: Investors may buy and sell Units on the SGX-ST through brokers at market prices throughout the trading day for SGX-ST. Such sales and purchases will be transacted on a willing-buyer-willing-seller basis and will be subject to such applicable market fees or charges and conditions, including but not limited to broker fees and bid-ask condition.*

***The Units are currently listed, quoted and dealt in on the SGX-ST in USD. The Manager may at its sole discretion (subject to approvals from the SGX-ST and such other relevant authority) decide to list and deal in and quote the Units on the SGX-ST in such other currencies including inter alia SGD in addition to USD. In such event, investors who wish to buy and sell the Units on the SGX-ST in, for instance, SGD should note that the designated Market Maker of the Fund will convert the indicative NAV of the Units which is in USD into the listing currency of the Units (which may include inter alia SGD), based on the last applicable and available real time exchange rate published by Reuters (or any other suitable real time data provider as may be determined by the designated Market Maker of the Fund). Subject to the applicable laws, the Manager and the designated Market Maker shall not be liable to any person, including any investors who buy and sell the Units on the SGX-ST, for any action taken or loss suffered or incurred as a result of such foreign exchange rate fluctuations or foreign exchange conversions carried out in respect of such Units.***

### ***In-Kind Subscription and Redemption***

Investors may also create Units in In-Kind Unit size by requesting Participating Dealers via the application form attached to this Prospectus to apply to the Singapore Representative on their behalf for the issue of Units on any Business Day by tendering a basket of Index Securities (a “Deposit Basket”) (or multiples thereof) as approved by the Manager, plus or minus a cash payment as determined by the Manager. Units may only be issued in-kind in In-Kind Unit size of the minimum amount in USD equivalent to EUR 100,000 (in whole number of Units). Subscription requests received from Participating Dealers before the Dealing Deadline and accepted by the Manager pursuant to a written confirmation will be issued at the Issue Price as calculated in accordance with Part IX of this Prospectus. Subscription requests received from Participating Dealers after the Dealing Deadline shall be deemed to be received by the Singapore Representative before and for the next Dealing Deadline.

Investors who hold In-Kind Unit size of the minimum amount in USD equivalent to EUR 100,000 (in whole number of Units) may request Participating Dealers to apply to the Singapore Representative on their behalf for the redemption of Units for the Index Securities comprising a Deposit Basket (or multiples thereof) as approved by the Manager, plus or minus a cash payment as determined by the Manager. Investors should note nonetheless that for redemption in-kind, except when aggregated in In-Kind Unit sizes, Units are generally not redeemable securities (i.e., Units may only be redeemed in-kind in In-Kind Unit

size of the minimum amount in USD equivalent to EUR 100,000 (in whole number of Units) ). Redemption requests received from Participating Dealers before the Dealing Deadline and accepted by the Manager pursuant to a written confirmation will be issued at the Redemption Price as calculated in accordance with Part X of this Prospectus. Redemption requests received from Participating Dealers after the Dealing Deadline shall be deemed to be received by the Singapore Representative before and for the next Dealing Deadline. Save as otherwise agreed by the Manager, subscriptions and redemptions in kind will be subject to a subscription or redemption fee (as applicable) set out in Part VII of this Prospectus.

For avoidance of doubt, in-kind subscription and redemption may only be done through a Participating Dealer and is not applicable for Units traded on the SGX-ST.

## **RISKS OF INVESTING IN THE FUND**

Investors should note that there are risks involved in investing in the Units. Investors subscribing to the Fund are seeking exposure to the Taiwan equity market. The amount that can be reasonably invested in the Fund depends on each investor's personal situation by taking into account his personal circumstances at present and for the next five years, as well as whether they wish to take risks or opt instead for a cautious investment approach. Potential investors should read this Prospectus carefully before deciding whether to invest in the Units, and should seek advice from a financial adviser as to whether the Fund is suitable for him before investing. The listing of the Units does not guarantee a liquid market for the Units.

The Manager is of the view that the recommended minimum investment period is more than five years.

As the Fund will be invested primarily in financial instruments selected by the Manager, these instruments will fluctuate in line with the markets. Accordingly, through the Fund, investors are exposed to, *inter alia*, 100% of market risks linked to movements in the Benchmark Index and, in particular, are exposed to any declines in the Benchmark Index. The Fund therefore carries a high equity risk profile.

In addition, investors are also exposed to the other main risks as described in Part VIII of this Prospectus, including amongst others, the counterparty risk, the risk of the swap agreements and the risk of the loss of his capital invested. Investors should therefore carefully consider the risk factors described in Part VIII of this Prospectus together with all of the other information included in this Prospectus before deciding whether to invest in the Units.

## **CLEARANCE AND SETTLEMENT**

### **Introduction**

Approval has been obtained from the SGX-ST for the listing and quotation of the Units. For the purpose of trading on the SGX-ST, a board lot for the Units will comprise 10 Units.

The Units will be cleared and settled under the electronic book-entry clearance and settlement system of CDP. All dealings in and transactions of the Units through the SGX-ST will be effected in accordance with the terms and conditions for the operation of Securities Accounts, as amended from time to time.

CDP, a wholly-owned subsidiary of Singapore Exchange Limited, is incorporated under the laws of Singapore and acts as a depository and clearing organisation. CDP holds securities for its account holders and facilitates the clearance and settlement of securities transactions between account holders through electronic book-entry changes in the Securities Accounts maintained by such account holders with CDP.

It is expected that the Units will be credited or debited into the Securities Accounts of the relevant investors within 3 Market Days after the transaction date on which the Units are purchased or sold by the investors through the SGX-ST.

### **Clearance and Settlement under the Depository System**

The Units will be held in the name of CDP or its nominee for and on behalf of persons who maintain, either directly or through depository agents, Securities Accounts with CDP. Persons named as direct Securities Account holders and depository agents in the depository register maintained by CDP will be treated as Holders in respect of the number of Units credited to their respective Securities Accounts. Investors should note that as long as the Units are listed on the SGX-ST, Units may not be withdrawn from the depository register kept by CDP.

Transactions in the Units under the book-entry settlement system will be reflected by the seller's Securities Account being debited with the number of Units sold and the buyer's Securities Account being credited with the number of Units acquired and no transfer stamp duty is currently payable for the transfer of Units that are settled on a book-entry basis.

Units credited to a Securities Account may be traded on the SGX-ST on the basis of a price between a willing buyer and a willing seller. Units credited into a Securities Account may be transferred to any other Securities Account with CDP, subject to the terms and conditions for the operation of Securities Accounts and a S\$10.00 transfer fee payable to CDP. All persons trading in the Units through the SGX-ST should ensure that the relevant Units have been credited into their Securities Accounts, prior to trading in such Units, since no assurance can be given that the Units can be credited into the Securities Account in time for

settlement following a dealing. In particular, should a subscription and redemption occur on the same trading day, it may not be possible to determine whether Units have been credited into a Securities Account before debiting the Securities Account. If the Units have not been credited into the Securities Account by the due date for the settlement of the trade, the buy-in procedures of the CDP will be implemented.

### **Clearing Fees**

A clearing fee for the trading of Units on the SGX-ST is payable at the rate of 0.04% of the transaction value, subject to a maximum of S\$600.00 per transaction. The clearing fee, fees relating to instruments of transfer, deposit fee and unit withdrawal fee may be subject to GST (currently 7.0%).

Dealings in the Units will be carried out in USD and US cents per Unit and will be effected for settlement in CDP on a scripless basis. Settlement of trades on a normal "ready" basis on the SGX-ST generally takes place on the third Market Day following the transaction date. CDP holds securities on behalf of investors in Securities Accounts. An investor may open a direct account with CDP or a sub-account with any CDP depository agent. A CDP depository agent may be a member company of the SGX-ST, bank, merchant bank or trust company.

# LYXOR ETF MSCI TAIWAN

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## LYXOR ETF MSCI TAIWAN

### PROSPECTUS REQUIRED PURSUANT TO DIVISION 2 OF PART XIII OF THE SECURITIES AND FUTURES ACT, CHAPTER 289 OF SINGAPORE

The collective investment scheme offered in this Prospectus is a recognised scheme under the Securities and Futures Act, Chapter 289 of Singapore (the "SFA"). This Prospectus has been prepared in accordance with the requirements in the SFA. A copy of the Registered Prospectus (as defined in paragraph 2 of this Prospectus) has been lodged with and registered by the Monetary Authority of Singapore (the "MAS") and a copy of this Prospectus has been lodged with the MAS. The MAS assumes no responsibility for the contents of this Prospectus. The lodgment of this Prospectus with the MAS and the registration of the Registered Prospectus by the MAS do not imply that the SFA, or any other legal or regulatory requirements have been complied with. The MAS has not, in any way, considered the investment merits of the Fund.

#### I BASIC INFORMATION

1. The collective investment scheme offered pursuant to this Prospectus is the Lyxor ETF MSCI Taiwan (the "Fund"). Separate classes of units may from time to time be issued under the Fund (each a "Class", together the "Classes"). As at the date of this Prospectus, the Fund comprises 3 Classes of units, namely, the USD denominated ("USD") Class A and Class E units and the Euro denominated ("EUR") Class B units. This Prospectus describes and offers for subscription of the USD Class A units of the Fund ("Units").

An application was made to the Singapore Exchange Securities Trading Limited ("SGX-ST") for permission to list and deal in and for quotation of the Units in USD. Such permission has been granted by the SGX-ST and the Units have been admitted to the Official List of the SGX-ST. As at the date of this Prospectus, apart from the SGX-ST, the Units are also listed and traded on the Hong Kong Exchanges and Clearing Limited.

2. This Prospectus is a replacement prospectus lodged with the MAS on 15 April 2011. This Prospectus replaces the previous prospectus relating to the Fund that was registered with the MAS on 23 February 2011 (the "Registered Prospectus") and shall be valid for a period of 12 months after the date of registration of the Registered Prospectus (i.e., up to and including 22 February 2012) and shall expire on 23 February 2012.
3. The Fund, which is constituted as a *fonds commun de placement* ("FCP") in France, was approved by the *Autorité des Marchés Financiers* ("AMF" or the "Financial Markets Authority") on 21 November 2006 and established on 13 February 2007.

## II THE MANAGER

4.1 The manager of the Fund is Lyxor International Asset Management, a company incorporated in France, whose registered address is at Tour Société Générale, 17, Cours Valmy, 92800 Puteaux, France. As at 31 July 2010, the Manager has a share capital of EUR 1,059,686.

4.2 The Manager is a wholly-owned subsidiary of Lyxor Asset Management, which is in turn a wholly-owned subsidiary of Société Générale, fully dedicated to fund activities. In the context of its activities, the Manager benefits from the expertise of the legal and tax departments of entities within the Société Générale Group (“SG Group”) and meets high internal quality requirements in terms of operational and risk procedures, organisation and business ethics.

By providing a fully integrated approach, its mission is to facilitate access to innovative investments.

The Manager is a management company registered (as of 12 June 1998) and regulated by the AMF. The Manager has been managing FCPs for over 12 years. Investors of the funds managed by the Manager are located in *inter alia* France, Singapore, Hong Kong, Germany, Italy, Austria, Spain, Switzerland and the Scandinavian countries. As at 31 July 2010, the Manager had EUR 56.233 billion of assets under management.

4.3 As at the date of the Registered Prospectus, the Singapore recognised collective investment schemes currently managed by the Manager are as follows:

- Hi-Lo Reverso Capital Guaranteed Fund (SGD)
- Hi-Lo Reverso Capital Guaranteed Fund (USD)
- Trigger Express Guaranteed Fund (SGD)
- Trigger Express Guaranteed Fund (USD)
- Step Up Capital Guaranteed Fund
- Super Trigger Guaranteed Fund (SGD)
- Super Trigger Guaranteed Fund (USD)
- Lyxor ETF MSCI AC Asia-Pacific Ex Japan
- Lyxor ETF China Enterprise (HSCEI)
- Lyxor ETF MSCI Korea
- Lyxor ETF Commodities CRB (Reuters/Jefferies CRB Index)
- Lyxor Oracle Series – The S&P All Stars Global Income Fund (SGD)
- Lyxor ETF Hong Kong (HSI)

- Lyxor ETF MSCI Taiwan
- Lyxor ETF Japan (TOPIX®)
- Lyxor ETF India (S&P CNX NIFTY)
- Lyxor Agri-Opportunity Capital Guaranteed Fund
- Lyxor ETF MSCI Malaysia
- Lyxor ETF MSCI India
- Lyxor ETF MSCI Asia APEX 50
- Lyxor ETF Commodities CRB Non-Energy (Reuters/Jefferies CRB Non-Energy Index)
- Lyxor ETF MSCI Emerging Markets
- Lyxor ETF MSCI EM Latin America
- Lyxor ETF Eastern Europe (CECE NTR EUR) (formerly known as “Lyxor ETF Eastern Europe (CECE EUR)”)
- Lyxor ETF MSCI World
- Lyxor ETF NASDAQ-100
- Lyxor ETF Dow Jones Industrial Average
- Lyxor ETF MSCI Europe
- Lyxor ETF Russia (DJ RUSINDEX TITANS 10)
- Lyxor ETF MSCI AC ASIA EX JAPAN Real Estate

\* *Please note that the above list may be subject to change from time to time.*

4.4 The details of the directors of the Manager are:

**Alain DUBOIS – Chairman of the Managing board**  
**13, rue de la Chaussée de la Muette**  
**75016 Paris**  
**France**

Alain DUBOIS joined Lyxor International Asset Management in 2000 as a member of the Managing Board and Head of Business Development before being appointed as Chairman of the Managing Board in October 2003. He was previously a director of Structured Finance at Lazard Frères et Cie between 1992 and 1996 and then Senior Structurer at Commerzbank from 1997 to 2000. Alain DUBOIS is a graduate from École Polytechnique, ENSAE and Ecole Nationale d'Administration (ENA) and holds a Master in Business law from University of Paris.

Alain DUBOIS is also currently a director of Lyxor Asset Management and certain funds established as corporate entities.

**Laurent SEYER – Chief Executive Officer**  
**38, Quater rue de Tourville**  
**78100 Saint-Germain en Laye**  
**France**

Laurent SEYER is a graduate of the Institut d'Etudes Politiques in Paris. He joined Société Générale in 1988 as an inspector. Laurent SEYER then joined the Mergers and Acquisitions team, first as coordinator for several of Société Générale's acquisition projects and then as Corporate Finance Director for Financial Institution clients, in London. In 1999, he was asked to join the equity derivatives department at Société Générale Corporate & Investment Banking in order to develop the structured products (for life insurance) business, setting up Inora Life Limited, a Dublin-incorporated pan-European insurance company focusing on unit-linked policies. In 2003, he assumed responsibility for the equity derivatives sales and marketing team for Switzerland, in charge of marketing hedge fund, investment fund and equity and index-linked structured products to institutional clients. Under his influence, the team's business doubled in the space of 3 years.

Laurent SEYER is also currently a director of Lyxor Asset Management, Lyxor Asset Management Japan Co., Ltd. and certain funds established as corporate entities.

- 4.5 The Manager will remain as manager of the Fund for so long as the Manager continues to be duly licensed to carry out its activities under the applicable laws. The AMF may, nonetheless, at any time request for a change of manager in respect of the Fund if it deems appropriate.

In particular, the Manager shall cease to be the manager of the Fund if the AMF withdraws its authorisation issued to the Manager as manager of the Fund, in accordance with the applicable French laws and regulations and the relevant UCITS directives. Holders shall be given 1 month's prior notice before the Manager is removed and such announcement shall be made on the SGXNET accordingly.

- 4.6 The Manager, its directors and their associates are not entitled to receive any part of any brokerage charged to the Fund or any part of any fees<sup>2</sup>, allowances, benefits received on purchases charged to the Fund. In addition, as there are no voting rights attached to the Units, the Manager, its directors and its connected persons will not be able to vote their own Units, if any.
- 4.7 Any change to the appointment or resignation of any director or chief executive officer of the manager of the Fund will be announced on the SGXNET and this Prospectus will be amended, supplemented or replaced as appropriate.

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<sup>2</sup> For the avoidance of doubt, the word "fees" mentioned in this paragraph 4.5 shall exclude the management fee payable out of the assets of the Fund to the Manager. The Manager shall be entitled to the management and other fees as set out in paragraph 9.2 of this Prospectus.

## Portfolio Manager of the Fund

- 4.8 The appointed individual / principal portfolio manager of the Fund is Stéphane CAVAILLÈS.

Stéphane CAVAILLÈS joined Lyxor International Asset Management in February 2006 as a Structured Fund Manager, in charge of the exchange traded fund (“ETF”) business (including fund registration, fund creation, fund management, corporate events and cross listing). Prior to joining Lyxor International Asset Management, he was working for the Equity Financing desk of a major financial institution for 4 years (in charge of developing the delta one products such as equity funding, certificates and ETF projects), and he spent 2 years previously as an Inspector of the *Autorité des Marchés Financiers* (AMF), the French Financial Regulatory Authority, primarily in charge of controlling the compliance duties of the French asset managers. Stéphane CAVAILLÈS graduated from ENSEEIHT as an engineer and obtained his Master in Finance from the Toulouse Business School.

### **III OTHER PARTIES**

#### The Singapore Representative

- 5.1 RBC Dexia Trust Services Singapore Limited has been appointed by the Manager as the representative for the Fund in Singapore (the “Singapore Representative”) to provide and maintain certain administrative and other facilities in respect of the Fund such as the following (as applicable):

5.1.1 facilitating the issue and redemption of Units, in particular:

- (a) receiving on behalf of the Manager, and sending upon receipt to the Manager, applications for the issue and requests for the realisation of Units;
- (b) receiving on behalf of the Manager, and remitting to the Manager subscription monies in respect of applications for the issue of Units, and issuing to applicants receipts in respect of such monies;

5.1.2 facilitating the publishing of the NAV per Unit;

5.1.3 facilitating the furnishing of such books relating to the sale and redemption of Units as the MAS may require;

5.1.4 facilitating the inspection of instruments constituting the Fund;

- 5.1.5 maintaining in Singapore any facility that enables the inspection of or extraction from the register of the Fund kept by the Registrar in respect of all Units issued and available for trading and has been entered in the Register in the name of CDP<sup>3</sup> or its nominee as the registered Holder of such Units. A copy of the Register is available for inspection at the office of the Singapore Representative by investors, free of charge, during normal Singapore business hours;
- 5.1.6 giving notice of any change in such particulars as may be prescribed under the SFA or by the MAS, to the MAS within 14 days of such change;
- 5.1.7 receiving all enquiries in relation to the Fund from the Holders and/or applicants and forwarding the same to the Manager; and
- 5.1.8 furnishing such information or record regarding the Fund as the MAS may, at any time, require for the proper administration of the SFA.

In addition, the Singapore Representative has also been appointed by the Manager to act as the Fund's local agent in Singapore to accept service of process on behalf of the Fund as well as to provide the Fund with registrar agent services and such other services as may from time to time be agreed between the Manager and the Singapore Representative.

RBC Dexia Trust Services Singapore Limited is a company incorporated in Singapore on 4 July 1995 with registered address at 20 Cecil Street, Equity Plaza #28-01, Singapore 049705. As at 6 June 2006, RBC Dexia Trust Services Singapore Limited has an issued and paid-up share capital of S\$6 million.

#### The Depository and the Registrar

- 5.2 The depository of the Fund is Société Générale (the "Depository"), an institution established in France on 8 May 1864 with registered address at 29, Boulevard Haussmann, 75009 Paris, France. As at 31 December 2008, the Depository has a share capital of EUR 725,909,055.

The primary role of the Depository is to act in the best interest of Holders at all times. The Depository is also responsible for inter alia the safe-keeping, custody or control of the assets of the Fund and to ensure that the underlying transactions of the Fund are conducted in a proper manner in accordance with the Fund's investment objectives, the internal rules of the Fund (as set out in the Appendix 2) and the relevant French laws and regulations.

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<sup>3</sup> For so long as the Units are listed and traded on the SGX-ST, the Units will be registered in the name of CDP or its nominee and held by CDP or its nominee for and on behalf of persons who maintain, either directly or through depository agents, Securities Accounts with CDP. Persons named as direct Securities Account holders and depository agents in the depository register maintained by CDP will be treated as Holders in respect of the number of Units credited to their respective Securities Accounts.

The Depository will remain as depository of the Fund until such time when the Manager (subject to approval of the AMF) removes the Depository as depository of the Fund. In such circumstances, prior one month notice shall be given to Holders and Holders shall be given opportunities to redeem their Units in the Fund prior to the removal of the Depository. The Fund must have one Depository at any time.

As there are no voting rights attached to the Units, the Depository, its directors and its connected persons will not be able to vote on their own Units, if any.

Société Générale is also the registrar of the Fund.

#### The Auditors

- 5.3 The auditors of the Fund are PricewaterhouseCoopers Audit of 63 rue de Villiers, 92208 Neuilly-sur-Seine, France.

#### The Administrative Agent

- 5.4 Société Générale Securities Services Net Asset Value (“SGSSNAV”) has been appointed to assist in the accounting management, including the calculation of the NAV, of the Fund.

SGSSNAV is an institution established in France on 1 October 2002 with registered address at Immeuble Colline Sud – 10 Passage de l’Arche 92034 Paris La Défense Cedex, France. As at 31 December 2009, SGSSNAV has a share capital of EUR 40,000.

Established in 2002, SGSSNAV provides specialised back-office services for investment funds and institutional portfolios. Due to the scale of its current operations and the diversity of its client base, SGSSNAV is able to provide back-office services beyond the borders of France. SGSSNAV is a wholly owned subsidiary of the Société Générale group.

SGSSNAV will remain as administrative agent of the Fund until such time when the Manager removes SGSSNAV as administrative agent of the Fund.

#### The Central Depository (Pte) Limited

- 5.5 For so long as the Units are listed, quoted and traded on the SGX-ST, the Manager shall appoint CDP as the Unit depository for the Fund in Singapore, and all Units issued and available for trading will be represented by entries in the Register kept by the Registrar in the name of, and deposited with, CDP or its nominee as the registered Holder of such Units. The Manager or the Registrar shall issue to CDP or its nominee not less than 4 Business Days after the issue of Units a confirmation note confirming the date of issue and the number of Units so issued.

- 5.6 Any change to the Singapore Representative, Depository, Auditors, and Administrative Agent of the Fund will be announced on the SGXNET and this Prospectus will be amended, supplemented or replaced as appropriate.

#### The Participating Dealer

- 5.7 The current Participating Dealer of the Fund is OCBC Securities Private Limited. As of the date of this Prospectus, the Fund has only one Participating Dealer. The Manager may appoint one or more additional Participating Dealers. In the event that additional Participating Dealers are appointed, the Manager will notify Unitholders accordingly and this Prospectus will be amended, supplemented or replaced as appropriate. The role of the Participating Dealer is to facilitate subscription and redemption of Units in the Fund from time to time. Please refer to Paragraph IX - Subscription of Units and Paragraph X - Realisation of Units below on the applicable subscription and redemption procedures of Units through the Participating Dealer for more details.

#### The Designated Market Maker

- 5.8 For so long as the Units are listed, quoted and traded on the SGX-ST, the Manager shall ensure that at least one Market Maker who is approved and registered by the SGX-ST as a designated Market Maker of the Fund is appointed at all times. The designated Market Maker is required to make a market for the Units in the secondary market on the SGX-ST to provide for an adequately liquid market for the Units, by amongst others, quoting bid prices to potential sellers and offer prices to potential buyers on the SGX-ST in accordance with the market making requirements of the SGX-ST.

The current designated Market Maker of the Fund is Société Générale. Any change to the designated Market Maker will be announced on the SGXNET. In addition, an announcement will be released via the SGXNET as soon as practicable in the event that there is not at least one designated Market Maker who is able to fulfil its duties of providing an adequately liquid market for the Units. Investors should refer to paragraphs 10.2(t) and 20.3 for more details relating to the Market Maker in connection with the Fund.

For the avoidance of doubt, the Manager shall not be liable for anything done or omitted or any loss suffered or incurred whatsoever by any person in the event that such designated Market Maker is not fulfilling its duties to provide for an adequately liquid market for the Units in accordance with the market making requirements of the SGX-ST.

## IV STRUCTURE OF THE SCHEME

- 6.1 The Fund is an open-ended standalone collective investment scheme with a term of 99 years and constituted in France as a FCP. The interests issued or offered to the public are represented by Units comprised in the Fund, the property of which shall be invested in Investments.
- 6.2 Separate Classes of units may from time to time be issued under the Fund. As at the date of this Prospectus, the Fund comprises 3 Classes of units, namely, the USD denominated Class A and Class E units and the EUR denominated Class B units. This Prospectus describes and offers for subscription and sale of the USD Class A units of the Fund (i.e. the “Units”).
- 6.3 Each Unit represents an undivided interest in the underlying securities held by the Fund.
- 6.4 The Units are currently listed, quoted and dealt in on the SGX-ST in USD. **Investors should note that the Manager may at its sole discretion (subject to approvals from the SGX-ST and such other relevant authority) decide to list and deal in and quote the Units on the SGX-ST in such other currencies including inter alia SGD in addition to USD.** As at the date of this Prospectus, apart from the SGX-ST, the Units are also listed and traded on the Hong Kong Exchanges and Clearing Limited.

## V INVESTMENT OBJECTIVES, FOCUS & APPROACH

- 7.1 The Fund’s investment objective is to seek exposure on the Taiwanese equities market by closely corresponding the performance of the MSCI TAIWAN™ index (the “Index”), denominated in Taiwan Dollars (“TWD”), price return, plus the potential dividends the Fund may receive from the holding of the stocks of the Index (referred hereinafter as the “Benchmark Index”), while minimising as far as possible the tracking error between the Fund’s performance and that of the Benchmark Index. The Fund aims to achieve an annualised tracking error, computed on a weekly basis over a period of 52 weeks, that does not exceed either (i) 1% or (ii) 5% of the volatility of the Benchmark Index computed on a weekly basis over a period of 52 weeks, whichever is greater.

***Investors should refer to Appendix 1 of this Prospectus including, inter alia, the section relating to the publication of the Index for further details on the Index.***

**Investors should note that there is no guarantee that the Fund’s investment objective will be achieved.** In particular, no asset or financial instrument allows an automatic and continuous replication of movements in the Index. Any re-weighting of the Index can result in various transaction or friction costs, and the Fund may not be

able to reproduce the performance of the Benchmark Index due to reasons such as the temporary unavailability of certain securities comprising the Index or other exceptional circumstances which might result in distortions in the weighting of the Index, or due to temporary suspension or interruption of the quotation of the securities comprising the Index.

**Investors should also note that their investments in the Fund are not guaranteed and that the net asset value of the Fund may have a high volatility due to the potential volatility of the Benchmark Index as the Fund's investment objective is to replicate the Benchmark Index. Therefore, an investor of the Fund will be subject to the risks of investing in the Fund, including the risk of the loss of his capital invested.** Investors should refer to the risks relating to the Fund set out in Part VIII of this Prospectus for further details.

- 7.2 **Investment Strategy.** The Manager currently uses a *Synthetic Replication* strategy whereby basically the Fund will invest in a universe of stocks selected by the Manager that may be different from the universe of stocks constituting the Index which the Fund is seeking to track and may at the sole discretion of the Manager also invest up to 10% of the Fund's net assets in one or more underlying fund(s) as may be selected by the Manager (the "underlying fund(s)") in any proportion as the Manager may consider appropriate from time to time. Such underlying fund(s) will be in the form of collective investment schemes ("CIS") in accordance with European Council Directive 85/611/EEC as amended and/or in other collective investment undertakings within the meaning of article 19(1)(e) of the UCITS Directive.

In order to replicate the Benchmark Index, the Manager will also enter into the Swaps (as defined below), where the Fund will exchange its exposure to the stocks and where applicable, the underlying fund(s) as may be invested by the Fund (i.e. the Basket of Balance Sheet Assets as defined below) with the exposure to the Benchmark Index. With this technique the Fund may optimise its replication of the Benchmark Index and minimise the cost of replication in order to achieve its main objective which is to track the Benchmark Index.

However, if the Manager believes that the current Synthetic Replication strategy is not the most efficient means to track the Benchmark Index, the Manager may decide to adopt a direct replication indexing strategy (whereby the Fund invests in substantially all of the securities comprising the Index in approximately the same proportions as in the Index) or any other strategy in its absolute discretion and as often as it believes appropriate in order to achieve the investment objective of the Fund (please also see paragraph 7.3 below on "Future Change(s) to the Investment Strategy").

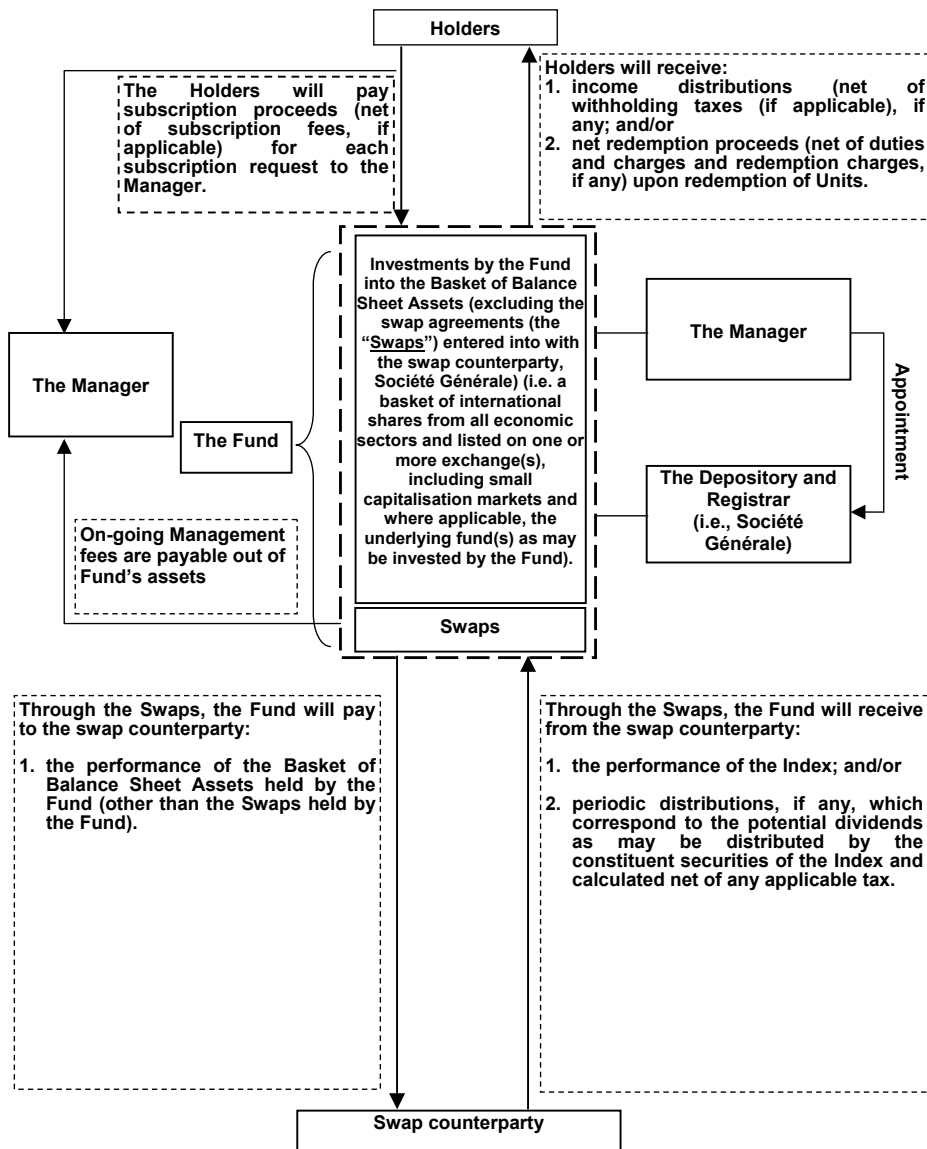
Under the current Investment Strategy of the Fund using Synthetic Replication, in order to provide the greatest possible correlation between the Fund's performance with the performance of the Benchmark Index, the Fund may purchase or invest in:

- (i) a basket of international shares from all economic sectors and listed on any exchange including small capitalisation markets which may or may not comprise shares that make up the Index (the “Index Securities”), and where the Manager in its discretion considers appropriate, one or more underlying fund(s) as described above (collectively the “Basket of Balance Sheet Assets”); and
- (ii) financial derivative instruments negotiated over-the-counter (as further described in paragraph 7.7 of this Prospectus). In particular, the Manager currently (as at the date of this Prospectus) enters into swap agreements (the “Swaps”) with Société Générale as the swap counterparty in respect of the Fund. The swap counterparty(ies) will be any person(s) (who in the Manager’s opinion is/are the best and most suitable swap counterparty(ies) for the Fund) as may from time to time be selected by the Manager. The Swaps would essentially exchange the Fund’s exposure to the Basket of Balance Sheet Assets (and where applicable any other assets of the Fund) with that of the Benchmark Index.

**Criteria for selection of the shares comprising the basket of international shares.**

The shares in the basket of international shares selected by the Manager to be held as the Fund’s assets are chosen to optimise costs. The primary criteria used by the Manager to select such shares is high liquidity and absence of extra cost including, but not limited to, stamp duties, clearing costs and costs of foreign exchange hedging. The high liquidity of the selected shares will have the effect and benefit of minimising the repurchase costs of the selected shares for the swap counterparty in connection with the swap counterparty’s borrowing of such selected shares.

The Fund's Investment Strategy as described above is illustrated in the diagram below, with key operating parties included:-



The Swaps are valued at mark-to-market price on each Valuation Day given by the swap counterparty of the Swaps. The Manager carries out the independent verification and valuation of such mark-to-market prices.

- 7.3 **Future Change(s) to the Investment Strategy.** With a view to future optimisation of the management of the Fund, the Manager reserves the right to use any other suitable investment strategy which is consistent with the investment objective of the Fund and the applicable UCITS Regulations to achieve the investment objective of the Fund (subject to the review of and/or approval from the relevant regulatory authority, where required). In particular, the Manager may decide to invest substantially or all of the net proceeds of any issue of the Fund's Units in one or more Swaps with any swap counterparty(ies) as may be selected by the Manager and exchange the invested proceeds against the performance of the Benchmark Index. Although the Fund may in such case be at any time fully or partially exposed to one or more such funded Swaps with the swap counterparty(ies), it is intended that suitable collateral arrangements will be taken in relation to such funded Swaps so that the percentage of the counterparty risk exposure is substantially reduced. In the event that such a change to the investment strategy is to be effected, investors will be notified in accordance with the applicable laws and regulations and this Prospectus will accordingly be updated, supplemented or replaced to provide relevant details on the new investment strategy and/or collateral arrangements that will be adopted by the Manager and the risks associated with such investment strategy or arising therefrom.
- 7.4 As part of the management of the Basket of Balance Sheet Assets, the Fund qualifies for the special investment ratios applicable to index-tracking UCITS under the applicable laws in that an index-tracking UCITS is entitled to use up to a maximum of 20% of its assets to acquire shares of a single issuing entity, and this 20% limit can be increased to 35% for one of such single issuing entities which the index-tracking UCITS invests in.
- 7.5 The Fund currently does not intend to invest in options, warrants, commodities, futures contracts and precious metals.
- 7.6 **Investment restrictions.** The Fund will comply with the investment rules under the European directive 85/611/EEC dated 20 December 1985 (as amended).
- 7.7 The Fund may invest its net assets in equity-linked swaps negotiated over-the-counter.

Other than equity-linked swaps, the Manager is also entitled to use any other instruments, including but not limited to forward financial instruments, within the limits of the applicable laws and regulations, in order to meet the investment objective of the Fund.

- 7.8 Up to a maximum of 20% of the NAV of the Fund may be placed as deposits with lending institutions in order to optimise its cash management, and the Manager may exercise the power of the Fund to borrow, in particular to optimise the management of its available funds provided that aggregate borrowings should not exceed 10% of the NAV of the Fund.
- 7.9 The Manager currently does not intend to engage in any borrowings, although the Fund's borrowing powers may (if so required) be exercised to meet redemptions or for payment of distributions.

## **VI CPF INVESTMENT SCHEME**

- 8 The Fund is currently not included under the CPF Investment Scheme.

## **VII FEES AND CHARGES**

- 9.1 The fees and charges payable by an investor investing in the Fund:

Subscription fee or preliminary charge <sup>Note 1</sup>	The higher of (i) USD 40,000 per subscription request and (ii) 2% of the NAV per Unit multiplied by the number of Units subscribed.
Redemption or realisation charge <sup>Note 1</sup>	The higher of (i) USD 40,000 per redemption request and (ii) 2% of the NAV per Unit multiplied by the number of Units redeemed.
Switching fee	Not applicable.
Other fees	There will be a clearing fee for trading of Units on the SGX-ST which is currently 0.04% of the transaction value, subject to a maximum of S\$600.00 per transaction*. Investors will have to bear brokerage fees charged by their stockbrokers as in the case of acquiring or selling shares listed on the SGX-ST.  The prevailing GST (7.0%) on brokerage fees and clearing fees will apply.

\* Investors should note that the exchange costs and risks, if any, will be borne by the investors.

9.2 The fees and charges payable out of the assets of the Fund are as follows:

Operating and Management fee Notes 2 and 3	Currently 0.65% of the Fund's NAV per annum;  Maximum 0.65% of the Fund's NAV per annum.
Performance fee	Nil.

Notes:

1. Unless otherwise agreed by the Manager, subscriptions and redemptions in cash or in kind through a Participating Dealer are subject to subscription fees and realisation charges (as applicable), which are payable to the Manager. Such subscription fees and redemption charges, if any, or a portion thereof, may at the sole discretion of the Manager be retroceded to third parties, including third party service providers or such other persons whom the Manager deems appropriate. No subscription fees or realisation charges will apply in the case of Units bought or sold on the SGX-ST.
2. Operating and Management fee includes all fees and charges payable by the Fund except transaction costs, out-performance fees and fees linked to investments in UCITS or investment funds. The transaction costs may include transfer fees and a share of the income from operations involving the temporary acquisition and sale of securities. Such transaction costs and out-performance fees may be charged to the Fund, although they are currently nil. Transaction costs (if any) includes, amongst others, costs in connection with the Fund's purchase of the Basket of Balance Sheet Assets, as well as any brokerage and stock market taxes and transfer fees (if applicable) payable to the Depository and/or the Manager.
3. The Depository fee, the Index Provider's fee and the fees payable to the administrative agents (including the Singapore Representative and SGSSNAV) will be paid out of the Manager's management fee.

9.3 The fees and charges payable out of the assets of the underlying fund(s) (where applicable):

Operating and management fee, tax included Note 4	Currently nil;  Maximum 0.15% of the underlying fund's NAV per annum
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9.4 The fees charged by the underlying fund(s) into which the Fund invests (where applicable):

Subscription fee payable to third parties	Currently nil. Maximum 5.0%
Redemption or realisation charge	Nil.

Notes:

4. Operating and management fee includes all fees and charges payable by the underlying fund, except transaction costs, out-performance fees and fees linked to investments in UCITS or investment funds (where applicable) ("Other Fees and Charges"). Such Other Fees and Charges may be charged to the underlying fund (where applicable), however they are currently nil.

## VIII RISKS

10.1 The **general risks** of investing in the Fund are as follows:

- (a) while the Manager believes that the Fund offers income revenue and potential for capital appreciation, no assurance can be given that these objectives will be achieved. Prospective investors should read this Prospectus and discuss all risks with their financial and legal advisers before making an investment decision;
- (b) prospective investors should be aware that the capital invested is not guaranteed and the price of Units can go down as well as up. As a result, the investor's capital is at risk and the amount originally invested may not be wholly or partially recovered. In particular, the Benchmark Index may be subject to a negative performance over the investment period. Investments in the Fund are not suitable for short term speculation;
- (c) prospective investors should be aware that the price of Units may go down as well as up in response to changes in interest rates, foreign exchange, economic and political conditions and the financial condition of issuers whose securities are in the Index; and
- (d) dealings in the Units and the calculation of the NAV thereof may be suspended or deferred in certain circumstances. Please refer to Part XII of this Prospectus for details of suspension of dealings and valuation of Units.

10.2 The **specific risks** of investing in the Fund are as follows:

- (a) Market and Equity risk. The Fund's NAV and trading prices will react to securities markets movements. Investors may lose money over short periods due to fluctuation in the Fund's NAV and trading price in response to market movements, and over longer periods during market downturns.

The Fund is entirely exposed to the Benchmark Index, therefore the Fund is exposed to 100% of market risks linked to movements in the Benchmark Index. Holders are thus exposed to any declines in the Benchmark Index. Furthermore the Fund's NAV is subject to significant volatility due to the market conditions and changes in the level of the Index. The Fund therefore carries a high equity risk profile. Equities are generally more volatile than fixed income markets where revenues are generally more predictable over a certain period of time under the same macro risk conditions.

- (b) Counterparty risk and settlement risk. Counterparty risk is the risk that the party trading with the Fund will be unable to meet its obligation to make payments or to settle a trade. The Fund will be exposed to the counterparty risk resulting from the use of over-the-counter financial instruments (including financial derivative instruments) contracted with a counterparty in that the counterparty may be unable to honour its commitments relative to these instruments albeit such risk (for each counterparty) is managed in accordance with applicable regulations within a limit of 10% of the Fund's NAV. The Fund will also be exposed to the credit risk of such counterparty. Moreover, should a counterparty become bankrupt or insolvent, the Fund may experience delays in recovering the mark-to-market value of such over-the-counter financial instruments and may incur significant losses, including declines in the value of its investment during the period in which the Fund seeks to enforce its rights, inability to realise any gains on its investment during such period and fees and expenses incurred in enforcing its rights. There is also a possibility that the above transactions may be terminated due to certain events, such as bankruptcy, supervening illegality or change in the tax or accounting laws relative to those in force at the time the transactions were entered into or may be affected by any orders or directions issued to the counterparty by relevant regulators or authorities. Investors should note that counterparty risk may increase in the current market conditions and in the event that the risk materialises, the NAV per Unit of the Fund may be adversely affected and investors may sustain a loss on their investment in the Fund.

- (c) Risk of swap agreements. The Manager currently enters into swap agreements (as described in paragraph 7.2 above) with a swap counterparty in order to essentially exchange the Fund's exposure to the Basket of Balance Sheet Assets (or any other assets as may be held by the Fund) with an

exposure to the Benchmark Index. The swap agreement(s) entered into by the Fund are subject to the risk of default by the swap counterparty on its obligations. The current swap counterparty for the swap agreement(s) entered into by the Fund is Société Générale. As at the date of this Prospectus, Société Générale was recognised by Moody's, which awarded a rating of Aa2, Standard & Poor's awarded Société Générale an A+, and FITCH-AMR's awarded Société Générale an A+ rating. Investors may refer to the Société Générale website at <http://www.socgen.com> for information on the current financial situation of Société Générale. If such a default were to occur, the Fund will have contractual remedies pursuant to the agreements related to the transaction. In the event the Fund enters into funded swap agreements with the swap counterparty(ies) (as described in paragraph 7.3 above), the counterparty risk exposure will be reduced due to the collateral arrangements which will be taken in relation to such funded swaps. If such a default were to occur, the Fund will have contractual remedies pursuant to the agreements related to the funded swaps to realise the collaterals provided by the swap counterparty(ies). However, such remedies may be subject to bankruptcy and insolvency laws which could affect the Fund's rights as a creditor. For example, the Fund may not receive the net amount of payments that it contractually is entitled to receive. Nevertheless this risk is limited as the Fund is subject to a counterparty limit of 10% of its NAV on a single counterparty. In the other words, whilst the Fund may notionally invest an amount constituting up to 100% of its NAV in financial derivative instrument(s) in accordance with the UCITS Directive, the Fund is subject to a maximum single counterparty risk exposure of 10% of the NAV of the Fund in relation to the swap transaction entered by the Fund.

- (d) Foreign exchange and currency risks. Foreign exchange trading risks include, but are not limited to, exchange rate risk, interest rate risk and potential interference by foreign governments through regulation of local exchange markets, foreign investment, or particular transactions in foreign currency. The Holder will be exposed to the fluctuation of the Taiwanese Dollar ("TWD") since the NAV of the Units are denominated in USD, the Units are currently being listed, quoted and dealt in on the SGX-ST in USD and the Index is an index which is expressed in TWD. Therefore, the NAV of one Unit could change one day to the next according to the USD / TWD exchange rate fluctuations even if the value of the Index is kept unchanged during the same period. Further, the NAV of the Fund could decrease while the value of the Index increases due to the exchange rate fluctuations. The Fund will have exposure to fluctuations in the aforesaid currency exchange rates. In particular, Holders are exposed to the risk linked to the rise in USD in relation to the TWD.

The Units are currently listed, quoted and dealt in on the SGX-ST in USD. An investor whose functional currency is not USD will therefore be exposed to the foreign exchange risks for investing in the Fund. The Manager may at its sole discretion (subject to approvals from the SGX-ST and such other relevant authority) decide to list and deal in and quote the Units on the SGX-ST in such other currencies including *inter alia* SGD in addition to USD. In the event that the Manager decides to list and deal in and quote the Units on the SGX-ST in, for instance, SGD in addition to USD, investors who wish to buy and sell the Units on the SGX-ST in SGD should note that such investors will be further exposed to the fluctuation of the exchange rates for TWD and SGD.

As the Fund primarily intends to provide investment results that track that of the Benchmark Index, the Fund does not have a hedging policy and does not intend to enter into any foreign exchange contract in this respect. As far as the Manager or its directors are aware, there is currently no foreign exchange controls or restrictions which are of relevance to the Fund or its investment objective or policy.

- (e) Tracking error risk. There is no guarantee that the Fund's investment objective will be achieved. No asset or financial instrument will allow automatic and continuous replication of the Benchmark Index. Changes in the NAV of the Fund are unlikely to replicate exactly changes in the Benchmark Index. Factors such as fees and expenses of the Fund, liquidity of the market, imperfect correlation of returns between the Fund's securities and those in the Index, changes to the Index and regulatory policies may affect the Manager's ability to achieve close correlation with the Benchmark Index. Imperfect correlation between the returns of portfolio securities and the Benchmark Index is more likely to happen to the extent that the Fund invests in securities that are Non-Index Securities or invests in those Index Securities with different weighting from that of the Index. The Fund's returns may therefore deviate from those of the Benchmark Index. In addition, a fall in the Benchmark Index may result in a corresponding fall in the NAV of the Fund.
- (f) Risk linked to the Index. The Fund is exposed to the fluctuation of performance of the Index Securities comprised within the Index through the Swaps. The Fund will not be able to fully track the performance of the Benchmark Index due to circumstances such as temporary unavailability of certain Index Securities or occurrence of exceptional circumstances that result in distortions in the weighting of the Index. This is also the case in the event of the suspension or temporary interruption of the listing of stocks in the Index. Any re-weighting of the Index can also result in miscellaneous transaction or friction costs. Further, since the Fund's investment objective is to replicate the performance of the Benchmark Index and the initial investment is not guaranteed, there is a risk that the invested capital in the Fund may be lost since the Benchmark Index may post a negative performance.

- (g) Risk of absence of active market. There can be no assurance that an active trading market in respect of the Units will be developed or be maintained. There is no certain basis for predicting the actual price levels at, or sizes in, which Units may trade. Further, there can be no assurance that investors in the Units will experience trading or pricing patterns similar to those of market-traded shares which are issued by investment companies in other jurisdictions or which are based upon indices other than the Index.
- (h) Risk related to the SGX-ST listing of the Fund. Investors will not be able to purchase or sell Units on the SGX-ST during any period that the SGX-ST suspends trading in the Units. The SGX-ST may suspend the trading of Units whenever the SGX-ST determines that it is appropriate in the interests of a fair and orderly market to protect investors. The subscription and redemption of Units via the Participating Dealer may also be suspended in the event that the trading of Units on the SGX-ST is suspended. Liquidity of Units on the SGX-ST may also be limited as a result of (i) an abnormal event linked to the market making of the Units of the Fund; (ii) the Index calculation being suspended or stopped; (iii) the underlying market(s) represented by the Index being suspended; (iv) a breach by a designated Market Maker of the SGX-ST requirements and guidelines; and/or (v) a failure in the systems of the SGX-ST.
- (i) Units may be delisted from the SGX-ST. The SGX-ST imposes certain requirements for the continued listing of securities, including the Units, on the SGX-ST. Investors cannot be assured that the Fund will continue to meet the requirements necessary to maintain the listing of Units on the SGX-ST or that the SGX-ST will not change the listing requirements. Subject to the requirements of the SGX-ST, the governing laws, regulations and rules of the Fund (if any), the Manager may delist the Units from the SGX-ST in such manner as it may determine appropriate. The Fund may also be terminated if its Units are delisted from the SGX-ST, subject to paragraph 20.9 below. If the Units are delisted from the SGX-ST or if the CDP is no longer able to act as the depository for the Units listed on the SGX-ST, the Units in the investors' securities accounts with the CDP or held by the CDP may be compulsorily repurchased by the designated Market Maker at a price calculated by reference to the NAV of the Fund calculated as of a certain trading day following the delisting date (or such other day as may be determined by the Manager in consultation with the CDP).
- (j) Units may trade at prices other than NAV. The NAV of the Fund represents the fair price for buying or selling Units. As with any listed fund, the market price of Units may sometimes trade above or below this NAV. The price of any Units traded on the SGX-ST will depend, amongst other things, on market supply and demand, movements in the value of the Index, prevailing financial market, corporate, economic and political conditions. There is a risk, therefore, that

Holders may not be able to buy or sell at a price close to this NAV. The deviation from the NAV is dependent on a number of factors, but will be accentuated when there is a large imbalance between market supply and demand for Index Securities. The "bid/ask" spread (being the difference between the prices being bid by potential purchasers and the prices being asked by potential sellers) is another source of deviation from the NAV. The bid/ask spread can widen during periods of market volatility or market uncertainty, thereby increasing the deviation from the NAV.

- (k) Lack of discretion of the Manager to adapt to market changes. Unlike many conventional funds, the Fund is not "actively managed". Therefore, the Fund will not adjust the composition of its portfolio except in order to seek to closely correspond to the duration and total return of the Index. The Fund does not try to "beat" the market it tracks and does not seek temporary defensive positions when markets decline or is judged to be overvalued. Accordingly, a fall in the Index may result in a corresponding fall in the NAV of the Fund.
- (l) Suspension of subscriptions and redemptions. Dealings of Units on the SGX-ST may not necessarily be suspended in the event that the issuance and redemption of Units is temporarily suspended by the Manager. If the issuance and redemption of Units is temporarily suspended, the trading price of the Units may be adversely affected and differ from the market value of the Fund's underlying assets.
- (m) Concentration of Index in certain issuers. The Index and the investments of the Fund may be concentrated in securities of a single or several issuers. Changes in the financial condition of an issuer, changes in specific economic or political conditions that affect a particular issuer, and changes in general economic or political conditions can affect the value of an issuer's securities. Such issuer-specific changes may have an impact on the securities held by the Fund.
- (n) Asset class risk. The returns generated from the securities in which the Fund invests may not provide returns equivalent to that of other classes of securities or different asset classes. The securities in which the Fund invests may be subject to cycles of underperformance relative to that of other classes of securities.
- (o) License to use the Index may be terminated. The Manager has been granted a license by the Index Provider to use the Index in order to create the Fund based on the Index and to use certain trade marks and any copyright in the Index. The Fund may not be able to fulfil its objective and may be terminated if the license agreement between the Manager and the Index Provider is terminated. The Fund may also be terminated if the Index ceases to be

compiled or published and there is no replacement index using the same or substantially similar formula for the method of calculation as used in calculating the Index.

- (p) Compilation of Index. The securities which comprise the Index are determined and composed by the index provider, Morgan Stanley Capital International Inc. (the “Index Provider” or “MSCI”) without regard to the performance of the Fund. The Fund is not sponsored, endorsed, sold or promoted by the Index Provider. The Index Provider makes no representation or warranty, express or implied, to investors in the Fund or other persons regarding the advisability of investing in securities generally or in the Fund particularly. The Index Provider has no obligation to take the needs of the Manager or investors in the Fund into consideration in determining, composing or calculating the Index. There is no assurance that the Index Provider will compile the Index accurately, or that the Index will be determined, composed or calculated accurately, and consequently there can be no guarantee that its actions will not prejudice the interests of the Fund, the Manager or investors.
- (q) Composition of the Index may change. The composition of the Index will change as Index Securities mature or are redeemed or as new securities are included in the Index. When this happens the weighting or composition of the securities owned by the Fund would be changed as considered appropriate by the Manager in order to achieve the investment objective. Thus, an investment in Units will generally reflect the Index as its constituents change and not necessarily the way it is comprised at the time of an investment in Units. Appendix 1 of this Prospectus describes how the Index is computed.
- (r) Liquidity risk. The Fund’s liquidity and/ or valuation may be adversely affected if, when the Fund (or its swap counterparty) is rebalancing its investments or exposure, the trading markets for such investments or exposure are limited, closed or absent or if bid-offer spreads are wide. An inability to execute trades in line with the Index due to low trading volumes may also affect the process of subscription and redemption of Units.
- (s) Minimum subscription and redemption size. For subscriptions and redemptions in-kind, Units will only be issued or redeemed in In-Kind Unit aggregations (currently the minimum amount is the USD equivalent to EUR 100,000 (in whole number of Units). Investors who do not hold In-Kind Unit aggregations may only be able to realise the value of their Units by selling their Units on the SGX-ST at the prevailing trading price of the Units.
- (t) Reliance on Market Makers. There may or may not be Market Makers for the Fund. Investors should note that liquidity in the market for the Units may be adversely affected if there is no Market Maker for the Fund. It is the Manager’s current intention that there will be at least one Market Maker in respect of the Units.

- (u) Reliance on Participating Dealers. The issuance and redemption of Units may only be effected through Participating Dealers. The number of Participating Dealers at any given time will be limited. Participating Dealers are under no obligation to accept instructions to apply for or redeem Units on behalf of investors, and may charge a fee for providing this service. Participating Dealers will not be able to issue or redeem Units during any period when, amongst other things, dealings on the SGX-ST are restricted or suspended, settlement or clearing of securities through the CDP is disrupted or the Index is not compiled or published. In addition, Participating Dealers will not be able to issue or redeem Units if some other event occurs which impedes the calculation of the NAV of the Fund or disposal of the Fund's portfolio securities cannot be effected.
- (v) Risks relating to the governing laws and regulations in respect of the Fund. The Fund is a collective investment scheme constituted as a *fonds commun de placement* in France and registered as an Undertakings for Collective Investments in Transferable Securities ("UCITS") Part III scheme. As such, the Fund is subject to the applicable laws and regulations in France and the relevant UCITS Directives, and a set of internal rules established by the Manager and approved by the AMF (Please refer to Appendix 2 of this Prospectus for extracts of the set of internal rules from the Fund Complete Prospectus). Such laws, regulations and rules may differ from the corresponding laws and regulations in Singapore. For instance, any change in investment objective of the Fund, the internal rules of the Fund, the Manager and/or the Depository under the applicable French laws require only the approval of the AMF and notification to the Holders and/or the Depository, and the Manager may (albeit it has no intention to) change the investment objective of the Fund within the first 3 years of its life without seeking Holders' approval but upon approval of the AMF and notification to the Holders and the Depository. There is currently no specific requirement under the governing laws, regulations or rules of the Fund for the approval of the Holders in respect of the aforesaid changes.
- (w) Risks linked to the country in which the Fund invests or to which it is exposed to. The Fund's investments in the Taiwanese market and its exposure to this market may involve a greater risk of potential losses than investments or exposure to developed markets, notably arising from higher market volatility, a lower trading volume in the relevant assets, possible economic and/or political instability, risks of market closure or government restrictions on foreign investments, the interruption or limitation in the convertibility or transferability of the TWD or a moratorium on payment due for trading transactions, and more generally of organisation and monitoring conditions of the markets which can deviate from standards prevailing over major international market places.

- (x) Use of Financial Derivative Instruments. As a Fund whose performance is linked to the Index will often be invested in securities which differ from the Index, financial derivative instruments will be used to link the value of the Units to the performance of the Index. While the prudent use of such financial derivative instruments can be beneficial, financial derivative instruments also involve risks which, in certain cases, can be greater than the risks presented by more traditional investments. The financial derivative instruments investments of the Fund may also be affected by the risks of the Fund. In particular the counterparty risk, hedging disruption, index disruption, taxation risk, regulatory risk, operational risk and liquidity risk may materially affect an financial derivative instrument and could lead to an adjustment or an early termination of the financial derivative instrument transaction, which may correspondingly affect the NAV of the Fund. In addition, there may be transaction costs, if any, associated with the use of financial derivative instruments.
- (y) Taxation Risk. Any change(s) in the taxation legislation in any jurisdiction in which the Fund is registered, cross-listed, marketed, invested or exposed to could affect the tax treatment of the Fund or Unitholders. As a result, in the case of a discrepancy between the estimated and effective tax treatment applied to the Fund and/or the swap counterparty for the Fund, the NAV of the Fund may be affected. The Manager shall not be liable to any investor for any payment required to be made by the Fund to a fiscal authority.
- (z) Regulatory Risk. In the event of a change in the regulatory regime in any jurisdiction in which the Fund is registered for sale, marketed, invested or exposed to, the process of the subscription and redemption of Units and the NAV of the Fund may be affected.
- (aa) Index Disruption Risk. In the event of an Index disruption (such as but not limited to a modification, cancellation or suspension of the Index), the Manager acting in accordance with the applicable laws and regulations may have to suspend the subscription and redemption of Units and/or the calculation of the NAV of the Fund may be affected. If the disruption of the Index persists, the Manager will determine the appropriate measures to be carried out, which could affect the NAV of the Fund.

The event of an Index disruption notably includes the following situations where:

- the Index is deemed to be inaccurate or does not reflect actual market developments;
- the Index is permanently cancelled by the Index Provider;
- the Index Provider fails to calculate and announce the level of the Index; or

- the Index Provider makes a material change in the formula for or method of calculating the Index (other than a modification prescribed in that formula or method to maintain the calculation of the Index level in the event of change(s) in the constituent components and weightings of the Index and other events) which cannot be efficiently replicated with reasonable costs by the Fund.
- (bb) Operational Risk. In the event of an operational failure within the Manager or one of its representatives, investors may experience delays in the processing of the subscription and redemption of Units, or other disruptions.
- (cc) Corporate Action Risk. In the event of an unforeseen implementation of a corporate action policy which affects an underlying asset or a constituent component of the Index after an official announcement has been made and priced into the Fund or into the financial derivative instrument(s) entered into by the Fund, a discrepancy between the realised corporate action and the Index treatment could arise.

## **IX SUBSCRIPTION OF UNITS**

### Subscription for Units in cash

11.1 Investors may acquire Units in USD in cash in the following manner:

- (a) *From a Participating Dealer*. Investors may subscribe for Units using cash on any Business Day<sup>4</sup> by completing the application form attached to this Prospectus and sending it to the Singapore Representative through a Participating Dealer. Requests for subscription of Units using cash must be made in whole number of Units with no decimals, and must reach the Singapore Representative before the dealing cut-off time of 4 pm (Singapore time) on the relevant Business Day or such other time and/or on such other day as may from time to time be determined by the Manager or the Participating Dealer (the “Dealing Deadline”). This means that if an application is received by the Singapore Representative before the Dealing Deadline, the Issue Price the investor will get will be based on the value of the assets of the Fund as at the Valuation Point applicable for that Dealing Deadline. If the request for subscription of Units using cash is received by the Singapore Representative after the Dealing Deadline, it shall be deemed to be received by the Singapore Representative before and for the next Dealing Deadline. Please see paragraphs 11.4 and 11.5 for further details.

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<sup>4</sup> Investors who wish to purchase or sell Units on a day other than on a Business Day may do so by trading in the Units on the SGX-ST.

- (b) *From the SGX-ST: Investors may also acquire issued Units using cash on the SGX-ST during normal trading hours on any Market Day through brokers at market prices throughout the trading day for SGX-ST. Such sale and purchase will be transacted on a willing-buyer-willing-seller basis and will be subject to such applicable market fees or charges and conditions, including but not limited to broker fees and bid-ask condition. An investor who wishes to purchase the Units on the SGX-ST must (if not already done so) open a direct account with CDP or a sub-account with any CDP depository agent which may be a member company of the SGX-ST, bank, merchant bank or trust company.*

*Investors who buy and sell the Units on the SGX-ST should note that market prices for Units listed and traded on the SGX-ST may, however, be different from their NAV per Unit.*

***The Units are currently listed, quoted and dealt in on the SGX-ST in USD. The Manager may at its sole discretion (subject to the approvals of the SGX-ST and such other relevant authority) decide to list and deal in and quote the Units on the SGX-ST in such other currencies including inter alia SGD in addition to USD. In such event, investors who wish to buy and sell the Units on the SGX-ST in, for instance, SGD should note that the designated Market Maker of the Fund will convert the indicative NAV of the Units which is in USD into the listing currency of the Units (which may include inter alia SGD), based on the last applicable and available real time exchange rate published by Reuters (or any other suitable real time data provider as may be determined by the designated Market Maker of the Fund). Subject to the applicable laws, the Manager and the designated Market Maker shall not be liable to any person, including any investors who buy and sell the Units on the SGX-ST, for any action taken or loss suffered or incurred as a result of such foreign exchange rate fluctuations or foreign exchange conversions carried out in respect of such Units.***

- 11.2 There is no minimum initial and subsequent subscription amount for Units in cash being imposed by the Fund. For Units which are quoted and traded on the SGX-ST, Units will be quoted and traded in board lots of 10 Units. Payment for Units may be made in such manner as stipulated by the Participating Dealers or brokers (as applicable).
- 11.3 **In respect of subscriptions of Units through a Participating Dealer, the Manager and/or the Participating Dealer shall retain the absolute discretion to accept or reject any application for Units or delay the acceptance or processing of any application for Units.** In the event that an application for Units is rejected by the Manager, the application monies shall be refunded (without interest) to the investor within a reasonable time in such manner as the Manager shall determine. No certificates will be issued by the Manager.

- 11.4 The Units are offered for subscription to investors through the Participating Dealers at the issue price per Unit (the “Issue Price”). The Issue Price of Units is based on forward pricing, which means that the Issue Price of the Units shall not be ascertainable at the time of application for Units. Subscriptions in cash will be carried out on the basis of the NAV per Unit calculated on the Valuation Day following the relevant Valuation Point. In the case of Units bought or sold on the SGX-ST, the price of Units shall be based on their market prices throughout the trading day for SGX-ST.
- 11.5 The following is an illustration on the amount that an investor will have to pay based on an investment of 100,000 Units through a Participating Dealer, a notional Issue Price of USD 1.00 (the actual Issue Price of the Units will fluctuate according to the value of the Fund’s NAV) and assuming that a subscription fee is imposed:

USD 140,000	-	USD 40,000	=	USD 100,000
Total investment amount		Subscription fee (assuming that the subscription fee is USD 40,000)*		Your subscription amount
USD 100,000	/	USD 1.00	=	100,000 Units
Your subscription amount		Notional Issue Price		Number of Units to be allotted

\* This illustration is based on the assumption that the investor would be subject to a subscription fee of USD 40,000. Currently, the subscription fee, if imposed, is USD 40,000 per subscription request or 2% of the NAV per Unit multiplied by the number of Units subscribed, whichever is higher. Investors should note that as of 31 December 2010, no subscription fee or redemption charge has been paid by investors since the inception of the USD Class A Units of the Fund on 13 February 2007. Investors should note that the above example is purely hypothetical and is not a forecast or indication of any expectation of the performance of the Fund.

Please note that the price of Units traded on the SGX-ST shall be based on their market prices throughout the trading day for SGX-ST. No subscription fees or redemption charges will apply in the case of Units bought or sold on the SGX-ST.

- 11.6 Applications for subscription of Units through a Participating Dealer using cash will only be accepted and processed if the application monies in respect of that application have been received in full in cleared funds by or to the order of the Participating Dealer no later than 5 Valuation Days from the date of submission of the relevant application (“Settlement Date”). In the case of a purchase of Units on the SGX-ST, it is expected that the Units will be credited into the relevant Securities Accounts of the investor within 3 Market Days after the transaction date of the purchase of the Units.

### Subscriptions for Units in-kind

- 11.7 Investors may make subscriptions in-kind for the minimum amount in USD equivalent to EUR 100,000 (in whole number of Units) (i.e., an “In-Kind Unit”) on any Business Day to the Singapore Representative through the Participating Dealers at the Issue Price for that In-Kind Unit by contributing Index Securities comprising within the Index. Investors may request from the Manager a list of the Index Securities comprising the Index for subscriptions in-kind and any applicable Adjustments (as defined in paragraph 11.11 below) that may be payable by or returned to the investor.

Requests for subscription of Units in-kind must reach the Singapore Representative before the Dealing Deadline. If the request for subscription of Units in-kind is received by the Singapore Representative after the Dealing Deadline, it shall be deemed to be received by the Singapore Representative before and for the next Dealing Deadline.

For avoidance of doubt, in-kind subscription may only be done through a Participating Dealer and is not applicable for Units traded on the SGX-ST.

- 11.8 The Issue Price for an In-Kind Unit shall be ascertained as follows:

- (i) by dividing the value of the Fund's assets at the relevant Valuation Point applicable for that Dealing Deadline by which applications for In-Kind Units are deemed to be received by the Manager by the number of Units then in issue and deemed to be in issue;
- (ii) by rounding down the resulting total per Unit to 2 decimal places; and
- (iii) by multiplying the resulting total by the number of In-Kind Units.

The Manager may add to the Issue Price calculated (but not include within it) such sum (if any) as the Manager may consider represents the appropriate provision for the transaction costs (if any), which shall be for the account of the Fund. The Issue Price for the In-Kind Unit shall be calculated in USD. The Issue Price for the In-Kind Unit shall be based on forward pricing which means that the Issue Price of the Units shall not be ascertainable at the time of request to issue the In-Kind Unit.

- 11.9 Investors who wish to create Units by subscribing for Units in-kind must approach a Participating Dealer to do so on their behalf. Such investor may be required to complete a form as required by the Participating Dealer. In addition, the Participating Dealer may request the investor to make certain representations or enter into agreements with respect to the order, for example, to provide for payments of cash, when required. Investors should be aware that their particular broker or dealer may not have executed a Participant Agreement and that, therefore, orders to create Units have to be placed by the investor's broker or dealer through a Participating Dealer

that has entered into a Participant Agreement. In such cases there may be additional charges to such investor. At any given time, there may be only one or a limited number of Participating Dealers.

- 11.10 Subscription requests received from Participating Dealers before the Dealing Deadline and accepted by the Manager pursuant to a written confirmation will be issued at the Issue Price as calculated in accordance with paragraph 11.8 of this Prospectus. Subscription requests received from Participating Dealers after the Dealing Deadline shall be deemed to be received by the Singapore Representative before and for the next Dealing Deadline. Investors placing orders for Units should afford sufficient time to permit proper submission of the order by the Participating Dealers to the Singapore Representative prior to the relevant Dealing Deadline.
- 11.11 An investor who wishes to create Units by subscribing for Units in-kind must deliver such number of Index Securities comprising the Index corresponding with 10,000 times the Index which the investor must deliver (rounded down to the nearest whole Unit) and, where appropriate, an amount in cash paid or received by the Fund (the “Adjustments”) for a subscription request for the minimum amount in USD equivalent to EUR 100,000 (in whole number of Units) of the Fund. The Adjustments will be calculated by the Manager in accordance with the market practice.
- 11.12 When submitting the subscription request, the Participating Dealer should tender to the Depository of the Fund the Index Securities comprising a Deposit Basket for each In-Kind Unit no later than the Settlement Date in accordance with the terms of the Participant Agreement. The delivery of Units properly applied for will occur in accordance with the terms of the Participant Agreement which is normally no later than the Settlement Date in accordance with the terms of the Participant Agreement.
- 11.13 The issuance of Units in In-Kind Unit aggregations will only be done if the following are satisfied:
- (i) the Index Securities delivered to the Depository in respect of that issue of In-Kind Units have been approved by the Manager as comprising a Deposit Basket with respect to the relevant Dealing Deadline;
  - (ii) the aggregate of (a) the value of the Index Securities as at the relevant Valuation Point delivered to the Depository and (b) the amount of cash paid to or to the order of the Depository in respect of the Adjustment for the In-Kind Unit aggregation is equal to the Issue Price for that In-Kind Unit aggregation;
  - (iii) the Index Securities have been vested upon the Depository to the Depository's satisfaction or satisfactory evidence of title and instruments of transfer shall have been produced to or to the order of the Depository by such time and date as determined therefor by the Manager in its discretion, provided that such date shall occur no later than the relevant Settlement Date; and

- (iv) the full amount of the Adjustments, the duties and charges and/or transaction costs (if any) in respect of that In-Kind Unit size shall have been received in full in cleared funds by or to the order of the Depository by such time and date as determined therefor by the Manager in its discretion, provided that such date shall occur no later than the relevant Settlement Date.

If any of the above is not satisfied, the subscription order will be cancelled. Participating Dealers will be liable for all direct and indirect losses incurred by the Fund resulting from subscription orders submitted by them, including, the transaction costs (if any), interest costs incurred by the Fund and any losses arising in respect of the Fund's purchase and sale of Investments in connection with such cancellation (including the difference between the NAV on the Settlement Date compared to the relevant Business Day).

#### Acceptance of subscriptions

11.14 The Manager reserves the absolute right without giving any reason therefor to reject a subscription request transmitted to the Singapore Representative. It is the current intention of the Manager that a subscription request will be rejected if:

- (i) the order is not in proper form; or
- (ii) under applicable law or regulation, the applicant (on whose behalf the Participating Dealer is acting) is not eligible to subscribe for, purchase or hold Units, or in the discretion of the Manager the purchase or holding of Units by the applicant might result in the Fund, or the Manager incurring any liability to tax or suffering any other financial disadvantage or becoming subject to any law or regulation which they might not otherwise have incurred or suffered or become subject to.

The Manager will notify the Participating Dealer of any rejection of an order placed by that Participating Dealer within 7 days. The Manager and the Depository are under no duty to provide reasons for rejecting a subscription request in respect of the Fund.

11.15 No Units will be issued and no subscription requests will be accepted during any period when the issuance of Units is suspended (see Part XII entitled "Suspension of Dealings and Valuation" below).

#### Confirmation note

11.16 For every successful application for Units, the Participating Dealer will be sent a confirmation detailing the number of Units allotted within 5 Valuation Days of the receipt of the application by the Registrar. All Units issued through subscription of Units through the Participating Dealers will be entered on the records of CDP in the name of the Participating Dealer or its nominee.

## Minimum Fund Size

- 11.17 If the NAV of the Fund falls below EUR 300,000, the Manager is required to notify the AMF whereupon the Fund may be merged or dissolved within 30 days unless during this 30 day period the NAV of the Fund increases to EUR 300,000 or above. Where the Fund is merged or dissolved in accordance with the foregoing, the Manager shall provide such prior notice via an SGXNET announcement and provide all relevant persons with such other notification as may be required under the applicable laws and regulations.

## **X REALISATION OF UNITS**

### Redemption of Units in cash

- 12.1 Holders may redeem Units for cash in USD on a Business Day by submitting a realisation request form to the Singapore Representative through the Participating Dealers. Applications to redeem Units for cash must be made in whole number of Units with no decimals, and must reach the Singapore Representative before the Dealing Deadline. This means that if an application is received by the Singapore Representative before the Dealing Deadline, the Redemption Price the Holder will get will be based on the value of the assets of the Fund as at the Valuation Point applicable for that Dealing Deadline. If the request to redeem Units for cash is received by the Singapore Representative after the Dealing Deadline, it shall be deemed to be received by the Singapore Representative before and for the next Dealing Deadline. Please see paragraphs 12.3 and 12.4 for further details.

In addition to the above, Holders who acquire Units on the SGX-ST may also dispose of their Units for cash on the SGX-ST at market prices through brokers during normal trading hours on any Market Day. Holders who sell their Units via the SGX-ST are not subject to realisation charges as set out in Part VII of this Prospectus.

- 12.2 There is no minimum holding amount or minimum redemption number for Units. For Units quoted and traded on the SGX-ST, Units will be quoted or traded or sold in board lots of 10 Units. Payment of the redemption or sale proceeds will be made in such manner as stipulated by the Participating Dealers or brokers (as applicable) respectively.
- 12.3 The net redemption proceeds are, in the case of a redemption of Units through a Participating Dealer, calculated by multiplying the number of Units to be redeemed by the redemption price per Unit (the "Redemption Price") on the Business Day which shall be ascertained as follows:
- (i) by dividing the value of the Fund's assets at the relevant Valuation Point applicable for that Dealing Deadline by which applications to redeem Units are deemed to be received by the Manager by the number of Units then in issue and deemed to be in issue; and

- (ii) by rounding down the resulting total per Unit to 2 decimal places.

The Manager may deduct from the redemption proceeds such sum (if any) as the Manager may consider represents the appropriate provision for duties and charges and/or the transaction costs (if any), which shall be for the account of the Fund. The Redemption Price shall be calculated in USD and be based on forward pricing which means that the Redemption Price of the Units shall not be ascertainable at the time of application to redeem Units.

- 12.4 The following is an illustration on the realisation proceeds (before deduction of duties and charges, if any) that an investor will receive based on a redemption of 100,000 Units through a Participating Dealer, a notional Redemption Price of USD1.00 (the actual Redemption Price of the Units will fluctuate according to the value of the Fund's NAV) and assuming that a redemption charge is imposed.

100,000 Units Number of Units Redeemed	X	USD 1.00 Notional Redemption Price	=	USD 100,000 Gross redemption proceeds
USD 100,000 Gross redemption proceeds	-	USD 40,000 Redemption charge (assuming that the redemption charge is USD 40,000)*	=	USD 60,000 Net redemption proceeds

\* This illustration is based on the assumption that the investor would be subject to a redemption charge of USD 40,000. Currently the redemption charge, if imposed, is USD 40,000 per redemption request or 2% of the NAV per Unit multiplied by the number of Units redeemed, whichever is higher. Investors should note that as of 31 December 2010, no subscription fee or redemption charge has been paid by investors since the inception of the USD Class A Units of the Fund on 13 February 2007. Investors should note that the above example is purely hypothetical and is not a forecast or indication of any expectation of the performance of the Fund.

*The price of Units traded on the SGX-ST shall be based on their market prices throughout the trading day for SGX-ST. No subscription fees or redemption charges will apply in the case of Units bought or sold on the SGX-ST.*

- 12.5 In the case of a redemption through a Participating Dealer, payment will be made within 5 Valuation Days of the receipt of the relevant realisation request by the Singapore representative. Payment of the redemption proceeds to the investor will be made in such manner as stipulated by the relevant Participating Dealer. In the case of a sale of Units on the SGX-ST, it is expected that the Units will be debited from the relevant Securities Accounts within 3 Market Days after the transaction date for the sale of the Units. Payment of the sale proceeds to the investor will be made in such manner as stipulated by the relevant broker.

## Redemption of Units in-kind

- 12.6 Holders may apply for redemption in-kind for the minimum amount in USD equivalent to EUR 100,000 (in whole number of Units) (hereinafter referred to as a "Redemption Unit") on any Business Day at the Realisation Price for that Redemption Unit.
- 12.7 Holders who wish to redeem Units in-kind must approach a Participating Dealer to apply to the Singapore Representative for a redemption of Units in-kind on their behalf. Such investor may be required to complete a form as required by the Participating Dealer. Investors should be aware that their particular broker or dealer may not have executed a Participant Agreement and that, therefore, orders to redeem Units have to be placed by the investor's broker or dealer through a Participating Dealer that has entered into a Participant Agreement. In such cases there may be additional charges to such investor. At any given time, there may be only one or a limited number of Participating Dealers.

Redemption requests received from Participating Dealers and accepted by the Singapore Representative before the Dealing Deadline will be redeemed at the Redemption Price as calculated in accordance with paragraph 12.9 of this Prospectus. Redemption requests received from Participating Dealers after the Dealing Deadline shall be deemed to be received by the Singapore Representative before and for the next Dealing Deadline. Investors placing orders to redeem Units should afford sufficient time to permit proper submission of the order by the Participating Dealers to the Singapore Representative prior to the Dealing Deadline.

For avoidance of doubt, in-kind redemption may only be done through a Participating Dealer and is not applicable for Units traded on the SGX-ST.

- 12.8 The Manager shall determine and designate the Index Securities comprising the redemption basket (the "Redemption Basket") applicable to requests to redeem Units in Redemption Unit aggregations submitted with respect to that Dealing Deadline. On receipt of a redemption request by the Singapore Representative from a Participating Dealer, the Manager shall effect the redemption of the Units, in Redemption Unit aggregations, specified in the redemption request for proceeds equivalent to the Redemption Price of each In-Kind Unit aggregation to be redeemed, such proceeds to be by way of a transfer by or on behalf of the Depository *in specie* of the Redemption Securities and payment by or on behalf of the Depository in cash of the Adjustments (if positive) determined as at the relevant Valuation Point.
- 12.9 The Redemption Price for an In-Kind Unit shall be ascertained as follows:
- (i) by dividing the value of the Fund's assets at the relevant Valuation Point applicable for that Dealing Deadline by which applications to redeem the In-Kind Unit are deemed to be received by the Manager by the number of Units then in issue and deemed to be in issue;

- (ii) by rounding down the resulting total per Unit to 2 decimal places; and
- (iii) by multiplying the resulting total by the number of In-Kind Units.

The Manager may set off against any Adjustments payable to a Participating Dealer such sum (if any) as the Manager may consider represents the appropriate provision for the transaction costs (if applicable), which deduction shall be for the account of the Fund. The Redemption Price for the In-Kind Unit shall be based on forward pricing which means that the Redemption Price of the Units shall not be ascertainable at the time of request to redeem the In-Kind Unit.

12.10 The Index Securities comprising the Redemption Basket (the "Redemption Securities" and each a "Redemption Security") distributable and Adjustments (less any transaction costs) in respect of the redemption of Units may be transferred or paid sooner but shall be distributable and payable no later than the Settlement Date provided that the Units, which are the subject of the redemption request, have been delivered to the Singapore Representative by the Settlement Date and the full amount of the Adjustments (if negative) and any additional sums payable and/or the transaction costs payable have been deducted and set-off or otherwise paid in full by the Settlement Date. For the purposes of this paragraph, the Holder on whose behalf a Redemption request is made by a Participating Dealer shall be deemed to authorise (i) the transfer of the Redemption Securities by book entry to the designated stock account and (ii) the payment of the Adjustments by book entry payment to the designated cash account or by telegraphic transfer to a bank account in the name or to the order, in each case, of that Participating Dealer by or through whom that redemption request was made. The Adjustments shall be paid in USD and, if paid by telegraphic transfer, shall be paid to a USD account of a designated bank, unless otherwise agreed by the Manager.

12.11 Where Units are to be redeemed, the Manager may effect any sales of Investments necessary to provide the cash required to pay the Adjustments. In such event the Fund shall be reduced by the cancellation of those Units on that Settlement Date and for settlement on that Settlement Date (or such later date as may from time to time be determined by the Manager) the Depository shall transfer the applicable Redemption Securities out of the Fund's assets to or to the order of the Participating Dealer through which the redeeming Holder made his redemption request and shall pay the Adjustments to the relevant Holder. Notwithstanding the foregoing, no Redemption Securities shall be delivered and no Adjustments shall be paid unless the Units, the subject of the redemption request, have been delivered to the Depository for redemption by such time on the Settlement Date as the Manager shall for the time being prescribe for such redemption request. The Manager, may at its discretion extend the settlement period, such extension to be on such terms and conditions (including as to the payment of any fees it may determine to represent the administrative costs involved in extending the Settlement Date) as the Manager may

determine. In the event that Units are not delivered to the Depository for redemption in accordance with the foregoing: (i) the redemption request shall be deemed never to have been made (except that the transaction costs (if any) therefor shall remain due and payable) and (ii) the Manager may, but shall not be bound to, charge the applicant (for the account of the Fund) a cancellation fee of such amount as it may from time to time determine to represent the administrative costs involved in processing the redemption request, and any losses arising in respect of the Fund's sale and purchase of Investments and any interest costs incurred by the Fund in connection with such failed redemption. In addition, the Manager may, but shall not be bound to require the Participating Dealer to pay it for the account of the Fund in respect of each Unit, the subject of the redemption request, the amount (if any) by which the redemption value of each such Unit is less than the Issue Price which would have applied in relation to each such Unit as if the Manager had received on the relevant Settlement Date in relation to such Units to be redeemed an application from such applicant for the subscription of such Units in accordance with Part IX of this Prospectus.

12.12 The Adjustments as mentioned above will be calculated by the Manager in accordance with the market practice.

#### Acceptance of Orders for Redemption of Units

12.13 To be effective, a redemption request:

- (i) must be given to the Participating Dealer in accordance with a Participant Agreement; and
- (ii) must specify the aggregate (round) number of Units to be redeemed.

12.14 A redemption request once given and accepted by the Manager pursuant to a written confirmation cannot be revoked or withdrawn without the consent of the Manager. The Manager and/or the Participating Dealer shall have the absolute discretion to delay the acceptance or processing of any redemption request.

#### Maintaining the assets of the Fund

12.15 No redemption of Units will be possible if the Fund's assets fall below EUR 300,000.

12.16 No Units will be redeemed and no redemption requests will be accepted during any period when the redemption of Units is suspended (see Part XII entitled "Suspension of Dealings and Valuation" below).

## **XI OBTAINING PRICES OF UNITS**

13. The indicative Issue Price and Redemption Price for the Units (or the latest NAV of the Units) will be available on the website of the Manager at [www.lyxoretf.com.sg](http://www.lyxoretf.com.sg) or published in such publications as the Manager may decide from time to time.

*Investors should note that the frequency of the publication of prices in such publications as the Manager may from time to time decide is dependent on the publication policies of the newspaper and publisher concerned. The Manager does not accept any responsibility for any errors of the prices published in the newspapers or for any non-publication, non-telecast, late publication or late telecast of prices and shall incur no liability in respect of any action taken or loss suffered by the investors in reliance upon such publication.*

Please note that the closing NAV of the Fund and NAV per Unit will normally be displayed on the Manager's website by the next Valuation Day. The Manager also intends to display the current indicative NAV of the Units on the Manager's website as far as it is practicable and on a best effort basis, which will be updated at approximately every 30 seconds throughout the trading period of the Units on the SGX-ST of each Business Day. *Investors should note, however, that the current indicative NAV of the Units or the Fund set out in the Manager's website (a) is merely indicative in nature and may be different from the actual NAV of the Units or the Fund and (b) is normally at least 15 minutes delayed. The Manager shall not be responsible for any errors, delay or unavailability of such indicative NAV on the Manager's website due to any technical or third parties' fault or such other factors beyond the control of the Manager.*

The trading prices of the Units may be obtained from the website of the SGX-ST at [www.sgx.com.sg](http://www.sgx.com.sg).

## **XII SUSPENSION OF DEALINGS AND VALUATION**

- 14.1 The Manager may temporarily suspend the issuance, realisation and/or valuation of Units of the Fund if required by exceptional circumstances and in the interest of Holders. This may include suspension during *inter alia* the following periods:

- (a) any period when the SGX-ST is closed;
- (b) any period when dealings of the Units on the SGX-ST are restricted or suspended;
- (c) any period when settlement or clearing of securities in CDP is disrupted;

- (d) the existence of any state of affairs as a result of which delivery of Index Securities comprised in a Deposit Basket or Redemption Basket or disposal of Investments for the time being comprised in the assets of the Fund cannot, in the opinion of the Manager, be effected normally or without prejudicing the interests of Holders;
- (e) any period when, in the opinion of the Manager, funds cannot be normally remitted from assets of the Fund without prejudicing the interests of Holders;
- (f) any period when the Index is not compiled or published;
- (g) any breakdown in the means normally employed in determining the value of the assets of the Fund or liability of the Fund or when for any other reason the value of any Investment or other property for the time being comprised in the assets of the Fund or the liabilities of the Fund cannot be promptly and accurately ascertained;
- (h) any period when the business operations of the Manager in relation to the operations of the Fund are substantially interrupted or closed as a result of or arising from pestilence, acts of war, terrorism, insurrection, revolution, civil unrest, riots, strikes or acts of God;
- (i) any period when the dealing of Units is suspended pursuant to any order or direction issued by the MAS; or
- (j) any period during which the Euronext or any other market or exchange where any of the Index Securities or the shares comprising the Basket of Balance Sheet Assets are listed and quoted are closed.

In addition, no redemption of Units will be possible if the Fund's assets fall below EUR 300,000.

- 14.2 Such suspension (which expression shall include the aforesaid right to delay payment) shall take effect forthwith upon the declaration thereof by the Manager and thereafter there shall be no issuance, redemption of Units and/or transfer of such Redemption Securities and payment of the Adjustments or cash redemption value in respect of any such redemption until the Manager shall declare the suspension at an end, except that the suspension shall terminate in any event on the Business Day following the first Business Day on which (a) the condition giving rise to the suspension shall have ceased to exist and (b) no other condition under which suspension is authorised shall then exist. Each declaration by the Manager pursuant to paragraph 14.1 shall be consistent with such official rules and regulations, if any, relating to the subject matter thereof as shall have been promulgated by any authority having jurisdiction over the Fund and as shall be in effect at the time. To the extent

not inconsistent with such official rules and regulations, and subject to the foregoing provisions hereof, the declaration of the Manager shall be conclusive. During any such suspension by reason of any of the circumstances set out in paragraphs 14.1(a) to (j) above, the calculation of the value of the assets of the Fund and each Unit (including the Issue Price and Redemption Price) may also be suspended and the Manager shall be under no obligation to rebalance or adjust the assets of the Fund, in either case at the discretion of the Manager. The Manager shall publish the fact that the dealings in and/or valuation of Units is suspended immediately following such suspension, and at least once a month during the period of such suspension in such newspaper or newspapers in Singapore or elsewhere as the Manager may from time to time think fit.

- 14.3 Any Participating Dealer may at any time after such a suspension has been declared and before termination of such suspension withdraw any redemption request or any application for the issue of Units by notice in writing to the Manager. If no such notification of the withdrawal of any such request or application has been received by the Manager before termination of such suspension, the Manager shall redeem Units in respect of which the Manager has received a valid request for redemption of Units and the Manager shall consider applications for the issue of Units as at the Business Day next following the termination of such suspension. In addition, the period for distributing any proceeds the distribution of which has been delayed pursuant to the suspension shall be extended by a period equal to the length of the period of the suspension.

### **XIII PERFORMANCE OF THE FUND AND ITS BENCHMARK**

- 15.1 The inception date of the USD Class A units of the Fund is 13 February 2007 (the "Inception Date"). The past performance of the USD Class A units of the Fund and the Benchmark Index as of 31 December 2010 are set out below.

	<b>Returns over the last one (1) year</b>	<b>Returns over the last three (3) years</b>	<b>Returns since inception</b>
	<b>(average annual compounded return)</b>		
USD Class A units of the Fund	20.31%	4.85%	6.18%
Benchmark Index, converted to USD	20.85%	4.91%	6.53%

Sources: Lyxor International Asset Management, Reuters, Bloomberg

## Notes:

1. The performance of the USD Class A units of the Fund is calculated in USD on an Offer to Bid basis as of 31 December 2010. The above performance figures over the past one (1) year, three (3) years and since inception are calculated with net dividends or distributions reinvested, if any and have not included the subscription fee and redemption charge, as there is no subscription fee or redemption charge paid by any investors to the Manager since the Inception Date of the USD Class A units of the Fund, as of 31 December 2010.
2. The Benchmark Index is converted to USD using the WM Reuters exchange rate on the day prior to that on which the corresponding Fund's NAV was calculated.
3. For the avoidance of doubt, subscription fee and redemption charge are not applicable for the purchase and sale of Units on the SGX-ST.

## Benchmark

- 15.2 The reference benchmark or Benchmark Index against which the performance of the Fund is measured is the Index, denominated in TWD, price return, increased by the net potential dividends the Fund may receive from the holding of the stocks of the Index. For purposes of measuring performance, the value of the Index (which is denominated in TWD) was converted to USD using the WM Reuters fixing exchange rate.

## Expense ratio

- 15.3 The expense ratio of the Fund, based on figures in the Fund's latest audited accounts for the financial year ended 28 February 2010 is 0.65%<sup>5</sup>.

## Turnover ratio

- 15.4 The turnover ratio of the Fund for the financial year ended 28 February 2010 is 1410%<sup>6</sup>.

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<sup>5</sup> The following expenses (where applicable) are excluded from the calculation of the expense ratio:

- (a) brokerage and other transaction costs associated with the purchase and sales of investments;
- (b) foreign exchange gains and losses of the Fund, whether realised or unrealised;
- (c) front-end loads, back-end loads and other costs arising on the purchase or sale of a foreign unit trust or mutual fund;
- (d) tax deducted at source or arising on income received, including withholding tax;
- (e) dividends and other distributions paid to Holders; and
- (f) interest expense.

<sup>6</sup> The turnover ratio is calculated in accordance with the requirements set by the AMF. The AMF calculation method for the turnover ratio is based on the sum of purchases and sales of securities by the Fund, minus the sum of successful subscriptions and redemptions orders and expressed as a percentage of daily average net asset value.

**Investors should note that the past performance of the Fund or its benchmark is not necessarily indicative of the future or likely performance of the Fund.**

#### **XIV SOFT DOLLAR COMMISSIONS/ARRANGEMENTS**

16. The Manager will not receive or enter into soft dollar commissions or arrangements in respect of its management of the Fund.

#### **XV CONFLICTS OF INTEREST**

17. The Manager is of the view that it is not in a position of conflict in managing the Fund and its other funds.

Investors should note that the Manager is a wholly-owned subsidiary of Lyxor Asset Management, which is in turn a wholly-owned subsidiary of Société Générale (as the Depository and the swap counterparty). Whilst compliance procedures require effective segregation of duties and responsibilities between the relevant divisions within the SG Group, the possibility of conflicts of interest arising cannot be wholly eliminated. If such conflicts arise, the Manager in conjunction with the Depository, will seek to ensure that Holders are treated fairly, and any such conflicts will be treated on an arm's length basis.

#### **XVI REPORTS**

##### Fiscal Year End

- 18.1 The Fund's financial year ends on the last Valuation Day of February of each year.

##### Yearly and Semi-Annual Reports

- 18.2 The Fund's accounts are kept in USD. Yearly audited reports and semi-annual reports will be prepared by the Manager.

Yearly audited reports will contain the annual financial statements of the Fund prepared in accordance with the International Financial Reporting Standards, the statutory auditor's certified opinion, a breakdown of the NAV of the Fund between the various types of securities held, the Manager's report and other miscellaneous information.

Semi-annual reports will contain information on the investment policy pursued during the period under review, changes in the NAV, number of units, NAV per unit and revenues, and a simplified breakdown of the NAV of the Fund. The statutory auditor will validate the information contained in the semi-annual reports.

Yearly audited reports and semi-annual reports will be available for inspection by investors, free of charge, at the office of the Singapore Representative during normal Singapore business hours.

The yearly audited reports will be sent to Holders within 4 months of the period covered by the relevant report, while the semi-annual reports and (where available) quarterly reports will be sent to Holders within 2 months of the period covered by the relevant report.

## **XVII QUERIES AND COMPLAINTS**

19. Investors may raise any queries on or make any complaints about the Fund by contacting:

- (i) *either* the Singapore Representative at:  
RBC Dexia Trust Services Singapore Limited  
20 Cecil Street,  
Equity Plaza #28-01,  
Singapore 049705
  
- (ii) *or* the Manager at:  
Hotline: (65) 6423 2638  
Fax number: (65) 6423 2632

## **XVIII OTHER MATERIAL INFORMATION**

### Trading on the SGX-ST

20.1 Units of the Fund are listed for trading on the SGX-ST. Units can be bought and sold throughout the trading day like other publicly traded shares. There is no minimum investment. Although Units are generally purchased and sold in "board lots" of 10 Units, brokerage firms may permit investors to purchase or sell Units in smaller "odd-lots", although prices of Units traded in "odd-lots" may differ slightly from Units purchased and sold in "board lots". When buying or selling Units through a broker, investors will incur customary brokerage commissions and charges and stamp duty, and investors may pay some or all of the spread between the bid and the offered price in the market on each leg of a round trip (purchase and sale) transaction. Unit prices are traded on the SGX-ST in USD and US cents per Unit.

### Book-entry Securities

20.2 Units will be deposited, cleared and settled by the CDP. Units are held in book-entry form, which means that no Unit certificates are issued. The Units will be held in the name of the CDP or its nominee for and on behalf of persons who maintain, either

directly or through depository agents, Securities Accounts with the CDP. Persons named as direct Securities Account holders and depository agents in the depository register maintained by the CDP or its nominee will be treated as Holders in respect of the number of Units credited to their respective Securities Accounts. Investors should note that as long as the Units are listed on the SGX-ST, Units may not be withdrawn from the depository register kept by the CDP.

#### Units' Trading Prices and Market Makers

- 20.3 The trading prices of Units on the SGX-ST may differ in varying degrees from their daily NAVs and can be affected by market forces such as supply and demand, economic conditions and other factors.

It is the intention of the Manager to assist in the creation of liquidity for investors by appointing at least one Market Maker for as long as the Units are listed on the SGX-ST to make a market for the Units. Units may be purchased from and sold through the Market Maker.

However, there is no guarantee or assurance as to the price at which a market will be made. A list of appointed Market Makers may be obtained from the Manager. In making a market for Units, the Market Makers may realise profits or sustain losses in the amount of any differences between the prices at which they buy Units and the prices at which they sell Units, which is to a certain extent dependent on the difference between the purchase and sale prices of the underlying stocks comprised within the Index. Any profit made by the Market Makers may be retained by them for their absolute benefit and they shall not be liable to account to the Fund in respect of such profits.

#### Additional Listing

- 20.4 The Manager may, seek a listing of the Units on any other internationally recognised regulated stock or investment exchange or marketplace having regard to such factors as commercial viability of the proposed listing, legal and regulatory readiness of the market concerned, prevailing market environment, operational requirements and market development. Any costs associated with any such listing will not be funded out of the assets of the Fund.

#### Distributions

- 20.5 The Manager reserves the right to distribute and/or capitalise all or part of the income of the Fund.

The Manager may at its discretion, pay out income distributions (net of any withholding taxes, if applicable) and net realised capital gains of the Fund to Holders at such times as it may determine. Whilst the Manager currently intends to pay out income distributions of the Fund to the Holders at least annually, there can be no

assurance that the Manager will declare dividends or make other distributions. On each such distribution, the Manager will allocate for distribution among the Holders of the Fund as at the Record Date such amount that the Manager determines to be distributed in its absolute discretion. The Record Dates may be changed, or added to, as determined by the Manager. Distributions per Unit shall be declared by the Manager with such number of decimal places as may be determined by the Manager in its discretion. As the payment of income distributions (if any) will be in USD, although the distribution may be declared with more than 2 decimal places, the total amount to be finally distributed to each Holder of Units will be rounded down to the nearest USD and US cents.

In the event that the Manager decides to list and deal in and quote the Units on the SGX-ST in such other currencies such as SGD in addition to USD, investors who have obtained their Units in, for instance, SGD through the SGX-ST in such event should make prior suitable arrangement to receive any such potential income distributions in USD.

Notwithstanding the above, distributions will only be paid to the extent that they are covered by income received from underlying investments and by share of profits of associated companies which are received by the Fund and are available for distribution.

#### Taxation

- 20.6 *The following discussion is a summary of the material Singapore income tax consequences of the purchase, ownership and disposal of Units in the Fund to a Holder who is a tax resident of Singapore. This discussion does not purport to be a comprehensive description of all of the Singapore tax considerations that may be relevant to a decision to purchase, own or dispose of the Units and does not purport to deal with the Singapore tax consequences applicable to all investors, some of which (such as dealers in securities) may be subject to special rules. The following is a discussion of certain tax matters arising under the current tax laws in Singapore and is not intended to be and does not constitute legal or tax advice. Whilst this discussion is considered to be a correct interpretation of existing laws in force as at the date of the Registered Prospectus, no assurance can be given that courts or fiscal authorities responsible for the administration of such laws will agree with this interpretation or that changes in such laws will not occur. Prospective investors of Units should consult their own tax advisers as to the Singapore or other tax consequences of the purchase, ownership or disposal of the Units including, in particular, the effect of any foreign, state or local tax laws to which they are subject. Each prospective investor should inform himself of, and where appropriate take advice on, the taxes applicable to the acquisition, holding and redemption of Units by him under the laws of the places of his citizenship, residence and domicile.*

Individuals resident in Singapore will be exempt from Singapore tax on all foreign-sourced income received in Singapore on or after 1 January 2004, other than income received through a partnership in Singapore. Accordingly, individual investors should generally be exempt from Singapore tax on income distributions received from the Fund (assuming that the Fund's investment income being distributed is not itself Singapore-sourced). It should also be noted that income distributions from the Fund may be treated as Singapore-sourced income in the hands of an investor where the distributions constitute gains or profits from a trade or business carried on by the investor in Singapore.

Investors should also note that the above exemption extends to resident individuals only and not to corporates or other persons or entities. Corporates or other bodies of persons resident in Singapore will be taxed on the income distributions received from the Fund at the applicable corporate tax rates. There are certain exemptions available to Singapore-resident persons (excluding individuals) on certain foreign-sourced income received by them, subject to certain conditions being met.

Singapore currently does not impose tax on capital gains. However, there are no specific laws or regulations which deal with the characterisation of gains. In general, gains from the disposal of the Units may be construed to be of an income nature and subject to Singapore income tax if they arise from activities which the Inland Revenue Authority of Singapore ("IRAS") regards as the carrying on of a trade or business in Singapore.

In addition, investors who apply, or who are required to apply, the Singapore Financial Reporting Standard 39 Financial Instruments - Recognition and Measurement ("FRS 39") for the purposes of Singapore income tax may be required to recognise gains or losses (not being gains or losses in the nature of capital) in accordance with the provisions of FRS 39 (as modified by the applicable provisions of Singapore income tax law) even though no sale or disposal of Units is made.

The above provisions are not intended to be definitive, comprehensive or exhaustive and must not be viewed as tax advice. Investors should consult their own tax advisers with regard to the tax consequences arising from the acquisition, holding or disposal of Units and of the tax treatment which they may be subject to. The Manager does not accept responsibility for any tax effects or liabilities resulting from the acquisition, holding or disposal of Units.

#### Change of Index

- 20.7 The Manager reserves the right, subject to any approval that may be required by the AMF, and provided that in their opinion, the economic interests of the Holders would not be adversely affected, to replace the Index with another index in certain events, including, without limitation, the following events:

- (a) the Index ceases to exist;
- (b) a significant modification of the formula or calculation method of the Index (other than a modification in accordance with the index operating rules, notably in case of a change of the Index Securities) should be made;
- (c) a new index replacing the Index should appear;
- (d) in the opinion of the Manager, a new index providing a better valuation of the investment of the Holders should appear. In connection with the foregoing, objective financial criteria such as greater liquidity, reduced expenses and a more efficient secondary market, would serve as an appropriate basis;
- (e) it becomes difficult to invest in the Index Securities, or should a part of the Index Securities offer limited liquidity;
- (f) the Index Provider increases its license fees to a level considered too high by the Manager;
- (g) in the opinion of the Manager, the quality (including the precision and availability of the data) of the Index should deteriorate; or
- (h) the instruments and techniques used to ensure good management of the portfolio or to hedge against the exchange risks as necessary for the implementation of the Fund's investment policy are not available.

In the event of a change of the Index, the Manager shall be entitled to change the name of the Fund. Any changes to the Index that would result in a different risk profile or investment focus or material modification to this Prospectus and affecting the interests of the Holders will, however, be subject to the prior consultation and/or approval with/of the AMF and/or such other relevant authorities, and (for so long as the Units are listed on the SGX-ST) one month prior notice of such change shall be announced via the SGXNET.

#### Extension of term of Fund

- 20.8 The Manager may, with the agreement of the Depository, extend the term of the Fund which is currently 99 years from the date of approval of the Fund by the AMF. This decision must be taken at least 3 months before the expiry of the Fund's term or duration and must be announced on the SGXNET and notified to the Holders and the AMF.

### Termination of the Fund

20.9 The Fund may be terminated in the following circumstances:

- (i) If, for 30 days, the Fund's assets were to remain below EUR 300,000, the Manager will inform the AMF of the fact and will, unless during this 30 day period the NAV of the Fund increases to EUR 300,000 or above, dissolve or merge the Fund.
- (ii) The Manager may terminate the Fund before the end of its term of 99 years:
  - (a) upon the approvals of the AMF and the Depository, provided that prior notice has been or will be given to the Holders and all subscription or redemption requests will cease to be accepted from the date of notice;
  - (b) in the event that redemption requests have been received in respect of all Units of the Fund; or
  - (c) upon the termination of the Depository's appointment, when no other depository has been appointed for the Fund,
- (iii) Upon the expiry of the term of the Fund, provided that it has not been extended.

### Costs and expenses in establishing the Fund

20.10 The preliminary expenses of establishing the Fund were paid by the Manager and not out of the assets of the Fund.

### Valuation of the Fund

20.11 The Fund's assets are valued in accordance with the applicable laws and regulations, more specifically the rules set out in CRC Regulation no. 2003-02 of 2 October 2003 relating to the chart of accounts for UCITS (1st part).

Financial instruments traded on a regulated market are valued at the closing price recorded on the day prior to the calculation of the NAV. If these financial instruments are traded on several regulated markets at the same time, the closing price used is that recorded on the regulated market on which they are principally traded.

However, in the absence of significant trading on a regulated market, the following financial instruments are valued using the following specific methods:

- negotiable debt securities with a residual term to maturity of less than or equal to three months on acquisition are valued at their purchase price. Any discount or premium to redemption value is amortised on a straight-line basis over the residual term of the instrument. The Manager nevertheless reserves the right to value these instruments at their market price if they are particularly sensitive to any market risks (interest rate risk, etc.). The rate applied is that of issues of equivalent securities adjusted by the risk margin relating to the issuer;
- negotiable debt securities with a residual term to maturity of more than three months on acquisition, but with a residual term to maturity at the accounting date on which the NAV is calculated of three months or less are valued at the last known market price. Any discount or premium to redemption value is amortised on a straight-line basis over the residual term of the instrument. The Manager nevertheless reserves the right to value these instruments at their market price if they are particularly sensitive to any market risks (interest rate risk, etc.). The rate applied is that of issues of equivalent securities adjusted by the risk margin relating to the issuer; and
- negotiable debt securities with a residual term to maturity of more than three months at the calculation date of the NAV are valued at their market price. The rate applied is that of issues of equivalent securities adjusted by the risk margin relating to the issuer.

Financial futures traded on organised markets are valued at the clearing price on the day prior to the calculation of the NAV. Options traded on organised markets are valued at their market price on the day prior to the calculation of the NAV. Futures and options traded over the counter are valued at the price given by the counterparty of the financial instrument. The Manager monitors these prices independently.

Deposits are valued at their nominal value plus accrued interest.

Warrants, treasury bills, promissory notes and mortgage notes are valued at their probable trading value by the Manager.

Temporary purchases and disposals of securities are valued at the market price.

Units and shares in UCITS under French law are valued at the last known NAV on the day the Fund's NAV is calculated.

Units and shares in investment funds not registered under French law are valued at the last known NAV per unit on the day the Fund's NAV is calculated.

Financial instruments traded on a regulated market for which the price has not been observed or the price of which has been corrected are valued at their probable trading value by the Manager.

The exchange rates used to value financial instruments denominated in currencies other than the Fund's reference currency are the WM Reuters exchange rates on the day prior to that on which the Fund's NAV is calculated.

Trading Hours of the SGX-ST and the Taiwan Stock Exchange Corp.

20.12 The table below sets out the normal opening and closing times of the SGX-ST and the Taiwan Stock Exchange Corp.:

	<b>Trading of Units of the Fund on the SGX-ST</b>	<b>Trading Hours of the Taiwan Stock Exchange Corp.</b>
Opening time	9:00 a.m. (Singapore time)	9:00 a.m. (Singapore time)
Closing time	5:06 p.m. (Singapore time)	1:30 p.m. (Singapore time)

Use of Financial Derivative Instruments

20.13 As the Fund will be making use of financial derivative instruments ("FDIs"), including but not limited to the swap agreements and equity-linked swaps, for investment, efficient portfolio management and/or hedging purposes, there are counterparty risks associated with the use of FDIs such as the risk that a counterparty will not settle a transaction in accordance with its terms and conditions because of a dispute over the terms of the contract (whether or not bona fide) or because of a credit or liquidity problem, thus causing the Fund to suffer a loss.

20.14 The Manager shall supply to a Holder upon request, supplementary information in relation to:

- (i) the quantitative risk management limits applied by it;
- (ii) the risk management methods used by it; and
- (iii) the recent developments in the risks and yields characteristics of the main categories of investments of the Fund.

### Documents Available for Inspection

20.15 Copies of the following documents are available for inspection at the address of the Singapore Representative during normal business hours for a period of 12 months from the date of this Prospectus:

- (i) copies of the Fund Complete Prospectus (both French and English translated versions);
- (ii) the Depository Services Agreement between the Manager and the CDP; and
- (iii) sample agreement between the Manager and Participating Dealers.

### Indemnities accorded to the Manager

20.16 There are currently no indemnities being accorded by the Fund to the Manager in respect of its management of the Fund.

### Index disclaimers

20.17 The Fund is in no way sponsored, endorsed, sold or promoted by MSCI, by any other MSCI subsidiary, or by any other of the entities involved in the production of the MSCI indices. The MSCI indices are the sole property of MSCI, and the MSCI indices are trademarks registered by MSCI and its subsidiaries and have been licensed, for specific purposes, by the Manager. Neither MSCI, nor any subsidiary of MSCI, nor any of the entities involved in producing or calculating the MSCI indices have made any statement or any warranty, either expressed or implied, to Holders of units in the Fund or more generally to the general public, concerning the merits of trading in units of FCPs in general or in Units of this Fund in particular or the ability of any MSCI index to replicate the performance of the global equities market. MSCI and its subsidiaries are the owners of certain names, registered trademarks and the MSCI indices, which are determined, constructed and calculated by MSCI without any consultation with the Manager or the Fund. Neither MSCI, nor any subsidiary of MSCI, nor any of the entities involved in the production of the MSCI indices, are obliged to take into consideration the needs of the Manager or the Holders of the Fund's Units when determining, constructing or calculating the MSCI indices. Neither MSCI, nor any subsidiary of MSCI, nor any of the entities involved in the production of the MSCI indices make any decision concerning the launch date, pricing, quantity of the Fund's Units, or the determination and calculation of the formula used to establish the Fund's NAV. Neither MSCI, nor any subsidiary of MSCI, nor any of the entities involved in the production of the MSCI indices, accept any responsibility for or obligation concerning the administration, management or marketing of the Fund.

ALTHOUGH MSCI OBTAINS DATA INCORPORATED OR USED IN THE CALCULATION OF INDICES ORIGINATING FROM SOURCES THAT MSCI BELIEVES TO BE RELIABLE, NEITHER MSCI, NOR ANY OTHER PARTY INVOLVED IN THE CREATION OR CALCULATION OF THE MSCI INDICES GUARANTEES THE ACCURACY AND/OR THE COMPLETENESS OF THE INDICES OR ANY INCORPORATED DATA. NEITHER MSCI NOR ANY PARTY INVOLVED IN THE CREATION OR CALCULATION OF THE MSCI INDICES MAKES ANY WARRANTIES, EXPRESSED OR IMPLIED, CONCERNING THE RESULTS THAT THE HOLDER OF A MSCI LICENSE, CUSTOMERS OF SAID LICENSEE, COUNTERPARTIES, FUND UNITHOLDERS OR ANY OTHER PERSON OR ENTITY WILL ACHIEVE FROM THE USE OF THE INDICES OR ANY INCORPORATED DATA IN RELATION TO THE RIGHTS LICENSED OR FOR ANY OTHER PURPOSE. NEITHER MSCI NOR ANY OTHER PARTY MAKES ANY WARRANTIES, EXPRESSED OR IMPLIED, AND MSCI DISCLAIMS ANY WARRANTIES CONCERNING THE COMMERCIAL VALUE OR SUITABILITY FOR A SPECIFIC PURPOSE OF THE INDICES OR INCORPORATED DATA. SUBJECT TO THE FOREGOING, UNDER NO CIRCUMSTANCES SHALL MSCI OR ANY OTHER PARTY BE HELD LIABLE FOR ANY LOSS, BE IT DIRECT, INDIRECT OR OTHER (INCLUDING LOSS OF EARNINGS) EVEN IF IT IS AWARE OF THE POSSIBILITY OF SUCH A LOSS.

## **XIX GLOSSARY**

21 Unless the context otherwise requires, the following words or expressions shall have the meanings respectively assigned to them, namely:

"associate" has the meaning ascribed to it in the listing manual of the SGX-ST;

"Benchmark Index" means the MSCI TAIWAN<sup>TM</sup>, price return index denominated in TWD, plus the potential dividends the Fund may receive from the holding of the stocks of the Index;

"Business Day" means a Valuation Day (other than a Saturday) on which the SGX-ST is open for normal trading and on which the Index is compiled and published, and on which banks in Singapore are open for general business (or such other day or days as may from time to time be determined by the Manager);

"connected persons" has the meaning ascribed to it in the listing manual of the SGX-ST;

"CDP" means The Central Depository (Pte) Limited, a wholly-owned subsidiary of the Singapore Exchange Limited;

"CPF" means Central Provident Fund;

“Dealing Deadline” means the dealing cut-off time of 4 pm (Singapore time) on the relevant Business Day or such other time and/or on such other day as may from time to time be determined by the Manager or the Participating Dealer;

“Depository” means Société Générale or the person or persons for the time being appointed by the Manager as the depository of the Fund to hold all the assets and property of the Fund;

“Euro” or “EUR” means the currency to be used within the Economic Monetary Union from 1st January, 1999, unless expressly provided to the contrary;

“Fund” means the Lyxor ETF MSCI Taiwan or such other name as the Manager may from time to time determine subject to the prior approval of the relevant authorities where necessary;

“GST” means goods and services tax as provided for in the Goods and Services Tax Act, Chapter 117A of Singapore;

“Holder” generally means the person for the time being entered in the register (kept and maintained in Singapore by the Singapore Representative in such manner as may be required by applicable law and regulation) as the holder of a Unit and (where the context so admits) persons jointly so entered. An investor who acquires Units directly from a Participating Dealer would be the beneficial owner of the Units as shown on the records of such Participating Dealer. Nonetheless, for Units purchased via the SGX-ST, the CDP or its nominee will be the registered owner (i.e. the Holder on record) of all outstanding Units deposited with the CDP. Investors named in the depository register maintained by CDP whether directly or in the sub-account of any CDP depository agent, are the beneficial owners of the Units in respect of the number of Units credited to their respective accounts as shown on the records of CDP or the CDP depository agent (as the case may be);

“Index” means the MSCI TAIWAN™ index, which is a share index as well as an equity index;

“Index Provider” or “MSCI” means Morgan Stanley Capital International Inc.;

“Index Securities” means the constituent securities for the time being of the Index;

“Investments” means the Index Securities and/or such other investments as may from time to time be permitted under the Fund Complete Prospectus of the Fund or the applicable laws and regulations;

“Market Day” means any day (other than a Saturday, Sunday or gazetted public holiday) on which commercial banks are open for business in Singapore and the SGX-ST is open for business;

"Market Maker" means Société Générale or any person who has entered into an agreement with the Manager to make a market in the Units on the SGX-ST;

"MAS" means Monetary Authority of Singapore or any successor thereto;

"NAV" means net asset value;

"Non-Index Securities" means securities other than Index Securities;

"Participant Agreement" means an agreement entered into between the Manager, and a Participating Dealer setting out, *inter alia*, the arrangements in respect of the issue and redemption of Units;

"Participating Dealer" means such dealer, stockbroker or other financial intermediary who has entered into the Participant Agreement with the Manager with respect to issues and redemptions of Units;

"Record Date" means the date or dates as may from time to time be determined by the Manager as the date or dates for the purpose of determining the Holders on record entitled to receive any distributions of income;

"Registrar" means Société Générale or the person or persons for the time being appointed by the Manager as the registrar of the Fund;

"Securities Accounts" means Securities account or sub-account maintained by a Depositor (as defined in Section 130A of the Companies Act, Chapter 50 of Singapore) with CDP;

"SFA" means Securities and Futures Act, Chapter 289 of Singapore;

"Settlement Date" has the meaning ascribed to it in paragraph 11.6 of this Prospectus or such other time/date as from time to time determined by the Manager;

"SGX-ST" means the Singapore Exchange Securities Trading Limited or any successor thereto;

"UCITS" are collective funds which can be sold across national borders within the European Union in accordance with the 'Undertaking for Collective Investment in Transferable Securities' Directive, a set of European Union regulations that aim to allow collective investment schemes to operate freely throughout the European Union on the basis of a single authorisation from one member state;

"Valuation Day" means any business day on which commercial banks are open for business in Singapore and Paris and the SGX-ST is open for normal trading (other than a day on which trading on the SGX-ST is scheduled to close prior to its regular weekday closing time) and on which the exchanges of the Index Securities are normally open for trading or such other day or days as may from time to time be determined by the Manager); and

"Valuation Point" in respect of a Business Day, means the close of business of the relevant exchange on which the relevant Index Security is traded on the same Business Day (or such other time or times as from time to time determined by the Manager provided that there shall always be a Valuation Point in respect of each Valuation Day).

**LYXOR INTERNATIONAL ASSET MANAGEMENT**

**BOARD OF DIRECTORS**

Signed:

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Alain Dubois  
Director  
(Signed by Loi Chee Seng as agent  
for Alain Dubois)

Signed:

---

Laurent Seyer  
Director  
(Signed by Loi Chee Seng as agent  
for Laurent Seyer)

## APPENDIX 1: UNDERLYING INDEX

The information presented in this Appendix is subject to change by the Index Provider. Investors should note that the information relating to the Index in this Appendix was obtained from publicly available documents that have not been prepared or independently verified by the Manager or any of their respective affiliates or advisers in connection with the offering and listing of Units and none of them makes any representation as to or takes any responsibility for the accuracy, timeliness or completeness of this Appendix. Any liability for errors or omissions in this Appendix, or for any action taken in reliance on the information contained therein is hereby expressly disclaimed. No warranty of any kind, implied, express or statutory, including but not limited to the warranties of non-infringement of third party rights, title, merchantability, satisfactory quality or fitness for a particular purpose, is given in conjunction with the Appendix or any information contained therein.

As at 31 December 2010, the constituent stocks of the MSCI TAIWAN™ Index are:

No	ISIN Code	Index Security	Weighting (% of the Index)
1	TW0002330008	TAIWAN SEMICONDUCTOR MANUFAC	13.38%
2	TW0002317005	HON HAI PRECISION INDUSTRY	7.79%
3	TW0002498003	HTC CORP	4.81%
4	TW0001301000	FORMOSA PLASTICS CORP	2.97%
5	TW0002454006	MEDIATEK INC	2.93%
6	TW0002412004	CHUNGHWA TELECOM CO LTD	2.71%
7	TW0001303006	NAN YA PLASTICS CORP	2.60%
8	TW0002002003	CHINA STEEL CORP	2.58%
9	TW0002882008	CATHAY FINANCIAL HOLDING CO	2.49%
10	TW0001326007	FORMOSA CHEMICALS & FIBRE	2.14%
11	TW0002308004	DELTA ELECTRONICS INC	1.97%
12	TW0002353000	ACER INC	1.79%
13	TW0002409000	AU OPTRONICS CORP	1.75%
14	TW0002881000	FUBON FINANCIAL HOLDING CO	1.54%
15	TW0002303005	UNITED MICROELECTRONICS CORP	1.53%
16	TW0003481008	CHIMEI INNOLUX CORP	1.47%
17	TW0002891009	CHINATRUST FINANCIAL HOLDING	1.47%
18	TW0002886009	MEGA FINANCIAL HOLDING CO LT	1.33%
19	TW0002324001	COMPAL ELECTRONICS	1.25%
20	TW0002357001	ASUSTEK COMPUTER INC	1.21%
21	TW0002311008	ADVANCED SEMICONDUCTOR ENGR	1.20%
22	TW0001216000	UNI-PRESIDENT ENTERPRISES CO	1.20%
23	TW0002382009	QUANTA COMPUTER INC	1.17%
24	TW0001402006	FAR EASTERN NEW CENTURY CORP	1.07%
25	TW0002885001	YUANTA FINANCIAL HOLDING CO	1.01%

<b>No</b>	<b>ISIN Code</b>	<b>Index Security</b>	<b>Weighting (% of the Index)</b>
26	TW0003045001	TAIWAN MOBILE CO LTD	1.00%
27	TW0002892007	FIRST FINANCIAL HOLDING CO	0.99%
28	TW0006505001	FORMOSA PETROCHEMICAL CORP	0.87%
29	TW0002883006	CHINA DEVELOPMENT FINANCIAL	0.85%
30	TW0003231007	WISTRON CORP	0.85%
31	TW0001101004	TAIWAN CEMENT	0.81%
32	TW0002325008	SILICONWARE PRECISION INDS	0.78%
33	TW0002801008	CHANG HWA COMMERCIAL BANK	0.74%
34	TW0002880002	HUA NAN FINANCIAL HOLDINGS C	0.74%
35	TW0002347002	SYNNEX TECHNOLOGY INTL CORP	0.71%
36	TW0005854004	TAIWAN COOPERATIVE BANK	0.69%
37	TW0002301009	LITE-ON TECHNOLOGY CORP	0.63%
38	TW0001722007	TAIWAN FERTILIZER CO LTD	0.62%
39	TW0002354008	FOXCONN TECHNOLOGY CO LTD	0.60%
40	TW0002105004	CHENG SHIN RUBBER IND CO LTD	0.57%
41	TW0002890001	SINOPAC FINANCIAL HOLDINGS	0.57%
42	TW0002888005	SHIN KONG FINANCIAL HOLDING	0.56%
43	TW0002912003	PRESIDENT CHAIN STORE CORP	0.54%
44	TW0002887007	TAISHIN FINANCIAL HOLDING	0.54%
45	TW0003037008	UNIMICRON TECHNOLOGY CORP	0.54%
46	TW0003008009	LARGAN PRECISION CO LTD	0.53%
47	TW0002448008	EPISTAR CORP	0.52%
48	TW0004904008	FAR EASTONE TELECOMM CO LTD	0.52%
49	TW0002337003	MACRONIX INTERNATIONAL	0.52%
50	TW0002884004	E.SUN FINANCIAL HOLDING CO	0.50%
51	TW0004938006	PEGATRON CORP	0.48%
52	TW0009904003	POU CHEN	0.48%
53	TW0003702007	WPG HOLDINGS LTD	0.48%
54	TW0001605004	WALSIN LIHWA CORP	0.46%
55	TW0001102002	ASIA CEMENT CORP	0.46%
56	TW0006239007	POWERTECH TECHNOLOGY INC	0.45%
57	TW0002384005	WINTEK CORP	0.43%
58	TW0002618006	EVA AIRWAYS CORP	0.42%
59	TW0002610003	CHINA AIRLINES LTD	0.41%
60	TW0002474004	CATCHER TECHNOLOGY CO LTD	0.40%
61	TW0002201001	YULON MOTOR COMPANY	0.37%
62	TW0001314003	CHINA PETROCHEMICAL DEV CORP	0.36%
63	TW0003044004	TRIPOD TECHNOLOGY CORP	0.36%
64	TW0003034005	NOVATEK MICROELECTRONICS LTD	0.35%
65	TW0008069006	E INK HOLDINGS INC	0.34%
66	TW0006008006	KGI SECURITIES CO LTD	0.34%

<b>No</b>	<b>ISIN Code</b>	<b>Index Security</b>	<b>Weighting (% of the Index)</b>
67	TW0002903002	FAR EASTERN DEPARTMENT STORE	0.33%
68	TW0006121007	SIMPLO TECHNOLOGY CO LTD	0.33%
69	TW0002854007	POLARIS SECURITIES CO LTD	0.30%
70	TW0002823002	CHINA LIFE INSURANCE CO LTD	0.29%
71	TW0002603008	EVERGREEN MARINE	0.29%
72	TW0002915006	RUENTEX INDUSTRIES LTD	0.28%
73	TW0002371002	TATUNG CO LTD	0.28%
74	TW0002609005	YANG MING MARINE TRANSPORT	0.28%
75	TW0009921007	GIANT MANUFACTURING	0.27%
76	TW0002362001	CLEVO COMPANY	0.25%
77	TW0006286008	RICHTEK TECHNOLOGY CORP	0.25%
78	TW0001504009	TECO ELECTRIC & MACHINERY	0.25%
79	TW0005371009	CORETRONIC CORP	0.24%
80	TW0002356003	INVENTEC CO LTD	0.24%
81	TW0005346001	POWERCHIP TECHNOLOGY CORP	0.24%
82	TW0002352002	QISDA CORP	0.24%
83	TW0002103009	TSRC CORP	0.24%
84	TW0002834009	TAIWAN BUSINESS BANK	0.23%
85	TW0001802007	TAIWAN GLASS IND CORP	0.23%
86	TW0006116007	HANNSTAR DISPLAY CORP	0.21%
87	TW0003189007	KINSUS INTERCONNECT TECH	0.21%
88	TW0005483002	SINO-AMERICAN SILICON PRODUC	0.21%
89	TW0002606001	U-MING MARINE TRANSPORT CORP	0.21%
90	TW0002615002	WAN HAI LINES LTD	0.21%
91	TW0002385002	CHICONY ELECTRONICS CO LTD	0.20%
92	TW0002542008	HIGHWEALTH CONSTRUCTION CORP	0.20%
93	TW0003474003	INOTERA MEMORIES INC	0.20%
94	TW0006244007	MOTECH INDUSTRIES INC	0.20%
95	TW0002379005	REALTEK SEMICONDUCTOR CORP	0.20%
96	TW0002393006	EVERLIGHT ELECTRONICS CO LTD	0.19%
97	TW0002015005	FENG HSIN IRON & STEEL CO	0.19%
98	TW0001704005	LCY CHEMICAL CORP	0.19%
99	TW0008046004	NAN YA PRINTED CIRCUIT BOARD	0.19%
100	TW0002006004	TUNG HO STEEL ENTERPRISE COR	0.19%
101	TW0003622007	YOUNG FAST OPTOELECTRONICS	0.19%
102	TW0009945006	RUENTEX DEVELOPMENT CO LTD	0.18%
103	TW0002344009	WINBOND ELECTRONICS CORP	0.18%
104	TW0002392008	CHENG UEI PRECISION INDUSTRY	0.17%
105	TW0001434009	FORMOSA TAFFETA CO.	0.17%
106	TW0002101003	NAN KANG RUBBER TIRE CO LTD	0.17%
107	TW0002408002	NANYA TECHNOLOGY CORP	0.17%

No	ISIN Code	Index Security	Weighting (% of the Index)
108	TW0002395001	ADVANTECH CO LTD	0.16%
109	TW0002323003	CMC MAGNETICS CORP	0.16%
110	TW0001717007	ETERNAL CHEMICAL CO LTD	0.16%
111	TW0005522007	FARGLORY LAND DEVELOPMENT CO	0.15%
112	TW0008299009	PHISON ELECTRONICS CORP	0.15%
113	TW0001440006	TAINAN SPINNING	0.15%
114	TW0002475001	CHUNGHWA PICTURE TUBES LTD	0.14%
115	TW0006005002	CAPITAL SECURITIES CORP	0.13%
116	TW0002204005	CHINA MOTOR CORP	0.13%
117	TW0002315009	MITAC INTERNATIONAL	0.12%
118	TW0002607009	EVERGREEN INTERNATIONAL STOR	0.11%
119	TW0002707007	FORMOSA INTERNATIONAL HOTELS	0.11%
120	TW0003227005	PIXART IMAGING INC	0.11%
121	TW0002451002	TRANSCEND INFORMATION INC	0.11%
122	TW0005347009	VANGUARD INTERNATIONAL SEMI	0.09%

Source: MSCI, Société Générale

### **The Index**

The underlying index in respect of the Fund is the MSCI TAIWAN™ index (the “Index”) denominated in Taiwanese dollars, price return, increased by the potential dividends the Fund may receive from the holding of the stocks of the Index.

The MSCI TAIWAN™ index is an equity index calculated and published by the international index supplier MSCI.

MSCI TAIWAN™ index comprises solely Taiwanese stocks and boasts the fundamental characteristics of MSCI indices, namely: adjustment of the market capitalization of stocks in the index based on their free float and classification by sector using the GICS (Global Industry Classification Standard) classification.

The MSCI TAIWAN™ index is weighted by the market capitalisation and aims to represent 85% of the free float-adjusted market capitalisation of each group of industries on the Taiwanese market. By targeting 85% representation for each industry group, the MSCI TAIWAN™ index reflects 85% of the entire market capitalisation of the Taiwanese market, while also mirroring the market's economic diversity.

The Manager reserves the right to replace or substitute the Index with a new index in certain circumstances as described in paragraph 20.7 of this Prospectus.

The exchange rate used to convert the value of the Index into USD is the fixing WM Reuters.

### ***Constituent securities of the Index***

The official MSCI indices are calculated on the closing value by using the official closing price of each stock exchange on which the constituent stocks are listed.

The MSCI TAIWAN™ index is also calculated in real time on each trading day. The MSCI TAIWAN™ index is available in real time through Reuters (TAMSCI) and Bloomberg (TAMSCI), and the closing price of the MSCI TAIWAN™ index is available on the MSCI Internet site: [www.mscibarra.com](http://www.mscibarra.com).

The MSCI indices (including the Index Securities) are reviewed quarterly by the MSCI in order to update changes on a stock's market capitalisation (number of shares and free-float) or its sector classification. All principal changes (e.g., merger, acquisition, right issues and initial public offering) in respect of a company's capital structure may be implemented in real time. Any changes to the composition of the indices or rules for inclusion in the Index are available on [www.mscibarra.com](http://www.mscibarra.com).

### ***Description of the index methodology***

The MSCI methodology and its calculation method are based on a variable number of companies comprising the index.

The performance tracked is that of the index closing prices.

The complete construction methodology for the MSCI Standard Indices is available on the MSCI Internet site: [www.mscibarra.com](http://www.mscibarra.com).

## **APPENDIX 2: INTERNAL RULES**

### **TITLE 1**

#### **ASSETS AND UNITS**

##### **Article 1 - Co-ownership units**

The rights of the co-owners are stated in terms of units, with each unit corresponding to an equal portion of the Fund's assets. Each unitholder has a co-ownership right to the Fund assets proportional to the number of units held.

The life of the Fund begins on the date of its approval by the *Autorité des Marchés Financiers* and runs for a period of 99 years, except in the event of early dissolution or extension as indicated in these internal regulations.

The Fund reserves the right to combine or divide units.

The units may be divided, if so decided by the Manager, into 100-thousandths known as unit fractions.

The provisions relating to the issue and redemption of units apply to units with a value proportional to that of the share they represent. All other provisions relating to units apply to units without the need to stipulate this, unless indicated otherwise.

Finally, the Manager's executive board may, at its sole discretion, carry out the division of units through the creation of new units that are allocated to unitholders in exchange for old units.

##### **Article 2 - Minimum amount of assets**

The minimum amount of assets in the Fund when it is created is 400,000 euros. Units may not be redeemed if the Fund asset value falls below 300,000 euros. In this case, unless the asset value reverts above this level in the meantime, the Manager will take the necessary provisions to merge or dissolve the Fund within 30 days.

##### **Article 3 - Issue and redemption of units**

Units are issued at any time at the request of unitholders on the basis of their net asset value plus, where appropriate, subscription fees.

Subscriptions and redemptions are carried out in accordance with the terms and procedures set out in the summary prospectus and the detailed memorandum of the full prospectus.

Fund units may be admitted to trading in accordance with the applicable regulations.

Subscriptions must be paid up in full on the day net asset value is calculated. They may be made solely in cash or through the transfer of securities.

Redemptions are made in cash or through the transfer of securities. They are paid by the custodian within a maximum of five days from the valuation of the unit. However, if under exceptional circumstances redemption requires the prior realisation of the Fund's assets, this period could be extended but may not exceed 30 days.

Except in the case of inheritance or an inter-vivos distribution, the disposal or transfer of units between unitholders or from unitholders to a third party is equivalent to a redemption followed by subscription. If this involves a third party, if applicable, the beneficiary must supplement the amount of the disposal or transfer to bring it up to the minimum subscription amount as required in the summary prospectus and the full prospectus.

Pursuant to article L.214-30 of the French Monetary and Financial Code, redemption of units by the Fund and the issuance of new units may be suspended provisionally by the Manager if required by exceptional circumstances and in the interests of unitholders.

If the Fund's net asset value falls below the level laid down in the regulations, no units may be redeemed.

#### **Article 4 - Calculation of net asset value**

The net asset value of the units is calculated using the valuation rules set out in the detailed memorandum of the full prospectus.

## TITLE 2

### FUND OPERATION

#### **Article 5 - Management company: LYXOR INTERNATIONAL ASSET MANAGEMENT (the “Manager”)**

The Fund is managed by the Manager in accordance with the Fund's strategy.

Under all circumstances, the Manager acts on behalf of unitholders and is the only party able to exercise voting rights attached to shares held by the Fund.

#### **Article 5b - Operating rules**

Instruments and deposits eligible for inclusion in the Fund assets and the investment rules are set out in the detailed memorandum of the full prospectus.

The Fund may invest up to 10% of net assets in undertakings for collective investment in transferable securities (UCITS) in accordance with Council Directive 85/611/EEC as amended by Directives 2001/107/EC and 2001/108/EC (UCITS Directive) and in other collective investment undertakings within the meaning of article 19(1)(e) of the UCITS Directive.

#### **Article 6 - Custodian bank: SOCIETE GENERALE**

The custodian bank holds the Fund assets and handles the Manager's orders to buy and sell securities and those relating to the exercise of subscription and allocation rights attached to shares held by the Fund. It handles all receipts and payments.

The custodian bank must ensure that the Manager's decisions are lawful. If necessary, it must take all the protective measures it deems appropriate. In the event of a dispute with the Manager, it must inform the *Autorité des Marchés Financiers*.

#### **Article 7 - Statutory auditor**

A statutory auditor is appointed by the Manager's executive board for a term of six financial years after approval from the *Autorité des Marchés Financiers*.

He performs the procedures and controls required by law and certifies, wherever necessary, that the financial statements and accounting information provided in the management report provide a true and fair view.

The statutory auditor may be reappointed.

He informs the *Autorité des Marchés Financiers*, as well as the Manager of the Fund, of any irregularities or inaccuracies identified in the course of his audit.

Valuations of assets and the exchange ratios determined for conversions, mergers or demergers are verified by the statutory auditor.

He assesses all contributions in kind and is responsible for drawing up a report on the valuation thereof and payments made in consideration.

He confirms the accuracy of the breakdown of assets and other information prior to publication.

The statutory auditor's fees are set under a joint agreement with the Manager's executive board on the basis of a work schedule defining the measures considered necessary.

In the event of liquidation, he values the amount of assets and prepares a report on the conditions of the liquidation.

He validates the accounting statements serving as the basis for the payment of interim dividends.

The statutory auditor's fees are included in the management fees.

### **Article 8 - Financial statements and management report**

At the end of each financial year, the Manager prepares summary documents and a report on the management of the Fund over the financial year then ended.

The inventory is certified by the custodian and all of the above documents are verified by the statutory auditor.

The Manager makes these documents available to unitholders within four months of the end of the financial year and informs them of the amount of income to which they are entitled: these documents are sent either by post on the express request of unitholders or made available at the premises of the Manager or the custodian.

## **TITLE 3**

### **APPROPRIATION OF INCOME**

#### **Article 9**

Net income for the year is equal to the amount of interest, arrears, dividends, premiums, bonuses and directors' fees, as well as all income relating to securities making up the Fund's portfolio, plus income from temporary cash holdings, less management fees and borrowing costs.

Income available for distribution is equal to net income for the year plus retained earnings, plus or minus the balance of income adjustment accounts relating to the financial year then ended.

The Manager decides on the appropriation of income each year. The Manager may decide, in the course of the financial year, to pay one or more interim dividends up to the level of net income at the date of the decision.

## TITLE 4

### MERGER - DEMERGER - DISSOLUTION - LIQUIDATION

#### Article 10 - Merger - Demerger

The Manager may either contribute, in whole or in part, the Fund's assets to another UCITS under its management, or split the Fund into two or more other *fonds commun de placements* under its management.

Mergers or demergers may be carried out only one month after unitholders are notified. A new certificate is issued showing the number of units held by each unitholder.

#### Article 11 - Dissolution - Extension

- If the Fund assets remain below the level set out in Article 2 above for 30 days, the Manager duly informs the *Autorité des Marchés Financiers* and shall dissolve the Fund, except in the event of a merger with another fund.
- The Manager may dissolve the Fund at an earlier date; it informs unitholders of its decision and subscription or redemption requests will not be accepted from this date onwards.
- The Manager shall also dissolve the Fund if a request is made for redemption of all units, if the custodian's appointment is terminated and no other custodian has been appointed or upon expiry of the Fund's life, if it has not been extended.

The Manager informs the *Autorité des Marchés Financiers* by post of the dissolution date and procedure. It then sends the statutory auditor's report to the *Autorité des Marchés Financiers*.

The Manager may decide to extend the Fund's life with the agreement of the custodian. Its decision must be made at least three months prior to expiry of the Fund's life and communicated to unitholders and the *Autorité des Marchés Financiers*.

#### Article 12 - Liquidation

In the event of dissolution, the custodian or the Manager is responsible for liquidation. For this purpose, they have the full powers to sell the Fund's assets, settle liabilities and distribute the available balance between unitholders in cash or securities.

The statutory auditor and the custodian shall continue to perform their duties until liquidation is complete.

## **TITLE 5**

### **DISPUTES**

#### **Article 13 - Competent courts - Jurisdiction**

Any disputes relating to the Fund that may arise during the operation of the Fund or on its liquidation, either between unitholders or between unitholders and the Manager or the custodian, are subject to the jurisdiction of the competent courts.