

Dear Unitholders,

**THIS NOTICE IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. IF IN DOUBT, PLEASE SEEK PROFESSIONAL ADVICE**

**Proposed Termination of the Adequity Trust: Lyxor Dynamic Water Fund (the “Fund”)**

Unless otherwise defined in this notice, terms and expressions used in this notice shall have the same meanings ascribed to them under the Explanatory Memorandum dated and the Fund Specific Memorandum of the Fund dated 22 January 2018 (the “**Offering Documents**”).

We, Lyxor Asset Management, as the manager of the Fund wishes to notify you that we have decided to terminate the Fund on and with effect from 18 December 2018 (the “**Termination Date**”).

**Reasons for termination**

As at 16 October 2018, the Net Asset Value of the Fund was US\$4,938,622.53, which is below the level which the Manager considers as sufficient to manage the Fund in a cost-efficient manner under current market conditions. Pursuant to Clause 27.3(b) of the Trust Deed (as amended) and the Notice of Establishment dated 5 March 2007, and in accordance with the Offering Documents, the Manager has decided to terminate the Fund on the Termination Date.

In accordance with the Trust Deed, no Extraordinary Resolution of Unitholders in the Fund is required to be passed to authorize the termination of the Fund. The notice period is in compliance with the requirements of the Trust Deed and shall not be less than one month after the service of this notice.

**Arrangements pending and upon termination**

The Fund’s total expense ratio for the period between 1 February 2017 and 31 January 2018 (both dates inclusive) is 2.25% of the Net Asset Value of the Fund, which represents the total operating expenses of the Fund over the average Net Asset Value of the Fund during the relevant period. The legal and printing costs and expenses of the termination, estimated to be in the region of US\$3,000 to US\$5,000, will be borne and paid by the Manager.

From 25 June 2011, the Fund has not been marketed to the public in Hong Kong and has not accepted subscription for Units from new Hong Kong investors regardless of the distribution or subscription channels used.

We will continue to process any application for realisation, free of charge, received by us before the Dealing Deadline, being 4:00 p.m. (Hong Kong time) on Friday of each week or if any such day is not a Hong Kong Business Day the following Hong Kong Business Day, prior to the Termination Date. The last Dealing Deadline will be 4:00 p.m. (Hong Kong time) on 14 December 2018 (the “**Last Dealing Deadline**”). To ensure that your request(s) will be processed, you must submit your request(s) to us (via your distributor(s)) by no later than the Last Dealing Deadline. Unitholders should note that your distributor may impose an internal dealing cut-off time which may be earlier than the Fund’s Dealing Deadline. Please note the following:

*1) Early redemption at the prevailing Realisation Price on or before the Last Dealing Deadline*

Unitholders who choose to realize their Units on or before the Last Dealing Deadline (i.e. 14 December 2018 at 4:00 p.m. (Hong Kong time)) will have their Units realized at the then prevailing Realisation Price per Unit on the relevant Valuation Day (calculated by reference to the applicable Net Asset Value per Unit), free of charge.

*2) Units not realized on or before the Last Dealing Deadline*

Unitholders who remain in the Fund after the Termination Date will receive their pro-rata entitlement to the proceeds of the Fund after the completion of the termination of the Fund.

**Tax implication to Hong Kong investors**

The Fund is not expected to be subject to Hong Kong tax in respect of any of its authorised activities. No tax will be payable by Unitholders in Hong Kong in respect of any capital gains arising on a sale, realization or other disposal of Units, except that Hong Kong profits tax may arise where such transactions form part of a trade, profession or business carried on in Hong Kong. However, investors are recommended to consult their professional advisers on the consequences to them arising from the termination of the Fund.

**Documents available for inspection**

Copies of the Trust Deed, Supplemental Trust Deeds, the Custodian Agreement, the Hong Kong Representative Agreement, Registrar's Agent Agreement, Notice of Establishment, and the latest available audited annual report and semi-annual report together with the Offering Documents are available for inspection free of charge at any time during normal business hours on any day (excluding Saturdays, Sundays and public holidays) at the offices of the Hong Kong Representative (i.e., SG Securities (HK) Limited, the registered office of which is situated at Level 38, Three Pacific Place, 1 Queen's Road East, Hong Kong).

Unitholders may contact the Hong Kong Representative of the Fund, SG Securities (HK) Limited at Level 38, Three Pacific Place, 1 Queen's Road East, Hong Kong or at (852) 2166 4266.

**This notice does not constitute any part of the Fund's offering documents. The Manager of the Fund, Lyxor Asset Management, accepts full responsibility for the accuracy of the contents of this notice and confirms, having made all reasonable enquiries, that to the best of their knowledge and belief there are no other facts the omission of which would make any statement misleading.**