

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 Alpha Equity Fund – Nikkei 225 (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 and Fund Specific Memorandum of the Fund dated July 2007 (the “**Prospectus**”).

We, Lyxor Asset Management, as the manager of the Fund wishes to notify you that we have decided not to continue the Fund for a further Investment Cycle. The Fund will be terminated on and with effect from the upcoming Investment Cycle Review Date, namely, 2 June 2014 (the “**Termination Date**”).

**Reasons for termination**

As at 1 April 2014, the Net Asset Value of the Fund was US\$ 479,200, 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(c) of the Trust Deed (as amended) and the Notice of Establishment dated 24 April 2006, and in accordance with the Prospectus, the Manager has decided to terminate the Fund on the next Investment Cycle Review Date, 2 June 2014 (i.e. 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 2012 and 31 January 2013 (both dates inclusive) is 0.51% per annum 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\$3,500, will be borne and paid by the Manager, and the Fund has no unamortized preliminary expenses.

From 25 June 2011, the Fund has not accepted subscription for Units from new Hong Kong investors regardless of the distribution or subscription channels used. From the date of this notice, the Manager will not accept application for subscription of Units from investors in Hong Kong regardless of the distribution or subscription channels used.

We will continue to process any application for redemption, 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 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 23 May 2014 (the “**Last Dealing Deadline**”). To ensure that your redemption 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 Realization Price on or before the Last Dealing Deadline (i.e. 23 May 2014 4:00 p.m. (Hong Kong time))*

Unitholders who choose to realize their Units on or before the Last Dealing Deadline (i.e. 23 May 2014 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).

**Unitholders should be aware that any Units redeemed on or before the Last Dealing Deadline will not enjoy the benefit of any Potential Return (if any) and the guarantee in relation to the Realization Price per Unit in accordance with the provisions of the Prospectus as set out in item (2) below.**

**Such Units will be redeemed at a Realization Price per Unit on the relevant Valuation Day (calculated by reference to the applicable Net Asset Value per Unit) which may be lower than the Realization Price per Unit as at the Investment Cycle Review Date (see below).**

*2) Units not realized on or before 23 May 2014 4 p.m. (Hong Kong Time)*

Units for which the redemption orders are received after the Last Dealing Deadline, and Units not realized on or before the Last Dealing Deadline will be realized on the Termination Date. Unitholders of such Units will be entitled to receive a Realization Price per Unit as at the Investment Cycle Review Date which is guaranteed to be equal to either (a) the Net Asset Value per Unit as at the Investment Cycle Review Date or (b) the realization price calculated based on the applicable formula set out in either scenario (1) or (2) on pages 21 of the Prospectus, whichever (a) or (b) is the higher.

Unitholders whose Units are realised on the Termination Date will receive their pro-rata entitlement to the proceeds of the Fund after the completion of the termination of the Fund and will enjoy the benefit of any Potential Return (if any) and the guarantee provided by Société Générale, in accordance with the provisions of the Prospectus.

**Investors should note that the Potential Return (if any) locked-in on any Lock-in Date during, or the Investment Cycle Review Date of, the Investment Cycle is payable only if the Units are realized on the Investment Cycle Review Date of such Investment Cycle (i.e.**

the Termination Date). Please refer to pages 21, 22, 29, and 30 of the Prospectus for details.

### *3) Conversion of Units*

As at the date of this notice, the Manager is not in a position to offer conversion of Units into units of other funds managed by the Manager. There are no sub-funds under the Adequity Trust authorised by the SFC open for new subscription and available for switch-in.

### **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 Guarantee documentation (if applicable), 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 Prospectus 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).

Should you have any question on the above information, please contact your distributing bank or 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.**

**Lyxor Asset Management**  
30 April 2014