

21 November 2014

This notice is for your information, no action is required. If you are in doubt about the contents of this notice, you should seek independent professional financial advice.

Dear Unitholders:

Adequity Trust: Lyxor China A Fund (the "Fund")

PRC Tax Provisioning Adjustment and Impact on the NAV of the Fund

Lyxor Asset Management (the "**Manager**"), hereby announces that certain adjustments have been made to the Net Asset Value (the "**NAV**") of the Fund and the provisioning policy with respect to the capital gains tax ("**CGT**") applicable to the Fund.

Background of the Circular

The Ministry of Finance of the PRC (MoF), the State Administration of Taxation of the PRC (SAT) and the China Securities Regulatory Commission (CSRC) issued "*Caishui [2014]79 - The Circular Concerning the Corporate Income Tax Temporary Exemption for Gains Obtained by the QFII and RQFII from Transfer of Shares and Other Equity Interest Investment*" ("關於 QFII 和 RQFII 取得中國境內的股票等權益性投資資產轉讓所得暫免徵收企業所得稅問題的通告") on 14 November 2014 (the "**Circular**").

The Circular states that, effective from 17 November 2014, the gains obtained by the qualified foreign institutional investors (the "**QFIIs**") and the RMB qualified foreign institutional investors (the "**RQFIIs**") from transfer of shares and other equity interest investment in China (the "**Gains**") shall temporarily be exempted from the corporate income tax. The Circular also states that the Gains obtained by QFIIs and RQFIIs prior to 17 November 2014 shall be subject to the corporate income tax according to laws.

Investors please refer to the link below for the Circular (in Chinese only):

<http://www.chinatax.gov.cn/n810341/n810755/c1305363/content.html>

Changes on CGT Provisioning Policy of the Fund following the Issuance of the Circular

- 1. Reversal of Provisioning on Unrealised Gains for A Share Investments as of 14 November 2014 -** The Circular clarified that effective from 17 November 2014, the Gains obtained by the QFIIs and the RQFIIs shall be temporarily exempted from the corporate income tax. Based on this clarification, reversal of provisioning on unrealised Gains will be made to the NAV as of 18 November 2014 in order to reflect the clarification that selling of these positions will not be subject to CGT subject to further notice.
- 2. Cessation of Provisioning on Realised Gains and Unrealised Gains from 17 November 2014 onwards -** The Circular clarified that effective from 17 November 2014, the Gains obtained by the QFIIs and the RQFIIs shall be temporarily exempted from the corporate income tax. The clarification allows the Manager to cease provisioning for Gains obtained on A Share investments from 17 November 2014 onwards subject to further notice.
- 3. Continual Provision on Realised Gains up to and including 14 November 2014 -** The Circular clarified that prior to 17 November 2014, the Gains obtained by the QFIIs and the RQFIIs shall be subject to corporate income tax. In relation to the Fund, the corporate income tax has been provisioned on Gains realised from 09 August 2012 up to and including 14 November 2014. This provision will continue to be withheld as these amounts represent potential liability. Furthermore, as the provision on realised Gains started on 09 August 2012 while the Fund was launched on 27 July 2007, there is an amount of realised Gains for which tax provision has not been made. Based on this clarification, adjustment on the provision on realised Gains will be made to the NAV as of 18 November 2014.

Impact of Changes to the CGT Provisioning Policy to Investors

Investors should be reminded that any further changes to the applicable PRC taxation laws and regulations relevant to the Fund may result in a further and possible substantial loss to the Fund, if or to the extent that such liabilities are not already provisioned for, or withheld upon as described above by the Manager.

In particular, investors should note that the Circular states that the exemption of taxation on Gains only applies on a temporary basis. There may be significant impact on the NAV of the Fund when the PRC Authorities announce the expiry date of the exemption. Any future clarification or cessation of exemption of tax on Gains may substantially impact the NAV of the Fund negatively or positively. The Manager will closely monitor and act accordingly on any further announcements and or updates on the relevant PRC taxation laws and regulations and will inform investors on any such.

The CGT provisioning adjustment is made on the NAV as of 18 November 2014. The adjustment details (unaudited) are shown below:

CGT Adjustment to 18 November 2014 NAV per Unit (USD)	CGT Adjustment Expressed in % of the 18 November 2014 NAV
-0.08	-1.4%

The Trustee has no objection to the adjustment to the NAV as of 18 November 2014 and the provisioning policy.

The Manager will amend the Hong Kong offering documents of the Fund (by way of addendum) to reflect the above changes. Copies of the updated Hong Kong offering documents will be available from the Manager's website <http://lyxor.com.hk/cc/services/quotes/search.php>* at as soon as practicable. (*This website has not been reviewed by the Hong Kong Securities and Futures Commission.)

If you have any questions concerning the above matter, please 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, Tel: (852) 2166 4266.

The Manager accepts responsibility for the accuracy of the information contained in this Notice. Unless otherwise defined in this notice, terms and expressions defined in the Explanatory Memorandum and the Fund Specific Memorandum of the Fund dated 9 August 2012 as amended from time to time shall have the same meanings ascribed to them when used in this notice.

Lyxor Asset Management