

15 July 2016

**This notice is for your information only, and no action is required from you**

Dear Unitholders,

**Notice to Unitholders – Explanatory Memorandum of**

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

We, as the Manager of the Adequity Trust (the “**Trust**”) and the Lyxor Dynamic Water Fund (the “**Fund**”), hereby inform you that the Explanatory Memorandum has been updated to reflect United States regulatory updates.

The revised Explanatory Memorandum together with the Fund Specific Memorandum and product key facts statement have been uploaded onto the Manager’s website at [www.lyxor.com.hk](http://www.lyxor.com.hk)\*.

The Manager accepts full responsibility for the accuracy of the information contained in this Notice and confirm, 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.

Should you have any question on the above information, please contact your distributing bank or call the Lyxor Fund Hotline at 2166 4266.

**Lyxor Asset Management**

**This notice does not constitute any part of the Fund's offering documents.**

\*This website has not been reviewed by the Securities and Futures Commission of Hong Kong.

**Adequity Trust**  
**Lyxor Dynamic Water Fund**  
(Sub-Fund of the Adequity Trust)

**Amendments to the Explanatory Memorandum  
of the Fund**

The following amendments have been made to the Explanatory Memorandum of the Lyxor Dynamic Water Fund (the “**Fund**”). These amendments form part of the offering documents and should be read in conjunction with the Explanatory Memorandum, Fund Specific Memorandum, and the Product Key Facts Statement of the Fund.

The following amendments shall take effect on 15 July 2016.

*Amendments to the Explanatory Memorandum of the Fund*

In section “IMPORTANT INFORMATION FOR INVESTORS”, the seventh to tenth paragraphs are deleted in their entirety and replaced with the following:

“The Offering Documents and/or the Application Form and/or more generally any information or documents with respect to or in connection with the Funds do not constitute an offer for sale or solicitation of an offer for sale in any jurisdiction (i) in which such offer or solicitation is not authorized, (ii) in which the person making such offer or solicitation is not qualified to do so, or (iii) to any person to whom it is unlawful to make such offer or solicitation. In addition, the Units are not registered under the United States Securities Act of 1933 and may not be directly or indirectly offered or sold in the United States (including its territories or possessions) or to or for the benefit of a U.S. Person. No United States federal or state securities commission has reviewed or approved the Offering Documents and/or an Application Form. Any representation to the contrary is a criminal offence.

Without limitation to the foregoing, no holder of Units will be permitted to sell, transfer or assign directly or indirectly (for example, by way of swap or other derivatives contract, participation or other similar contract or agreement), their Units to a U.S. Person without obtaining prior consent from the Manager. Any such sale, transfer or assignment shall be void unless consented by the Manager.

For the purpose of this document, the term “U.S Person” shall mean (A) a “U.S. Person” within the meaning of Regulation S under the United States Securities Act of 1933, as amended; or (B) any person other than a “Non-United States person” as defined in United States Commodity Futures Trading Commission (the “CFTC”) Rule 4.7 (a) (1) (iv); or (C) a “U.S. Person” within the meaning of Section 7701(a)(30) of the Internal Revenue Code of 1986, as amended.

THE MANAGER IS EXEMPT FROM REGISTRATION AS A COMMODITY POOL OPERATOR (“CPO”) WITH THE CFTC WITH RESPECT TO THE LYXOR DYNAMIC WATER FUND PURSUANT TO THE EXEMPTION UNDER CFTC RULE 4.13(a)(3).

THE MANAGER HAS FILED AN EXEMPTION NOTICE TO EFFECT THE EXEMPTION AND COMPLY WITH THE OFFER REQUIREMENTS OF THE EXEMPTION, INCLUDING THAT THE LYXOR DYNAMIC WATER FUND ENGAGE IN LIMITED COMMODITY INTEREST TRADING AS SPECIFIED IN THE RULE AND THAT EACH INVESTOR BE AN ELIGIBLE PARTICIPANT AS SPECIFIED IN THE RULE. THE RULE ALSO REQUIRES THAT INTERESTS IN THE FUND BE EXEMPT FROM REGISTRATION UNDER THE UNITED STATES SECURITIES ACT OF 1933 AND BE OFFERED AND SOLD WITHOUT MARKETING TO THE PUBLIC IN THE UNITED STATES.

THEREFORE, UNLIKE A REGISTERED CPO, THE MANAGER IS NOT REQUIRED TO PROVIDE PROSPECTIVE INVESTORS WITH A CFTC COMPLIANT DISCLOSURE DOCUMENT, NOR IS IT REQUIRED TO PROVIDE INVESTORS WITH CERTIFIED ANNUAL REPORTS THAT SATISFY THE REQUIREMENTS OF CFTC RULES APPLICABLE TO REGISTERED CPOS. THE MANAGER WILL HOWEVER DELIVER THE OFFERING DOCUMENTS TO PROSPECTIVE INVESTORS. THE OFFERING DOCUMENTS HAVE NOT BEEN REVIEWED OR APPROVED BY THE CFTC.

**The Volcker Rule.** Recent legislative and regulatory changes in the United States are relevant to Société Générale, the Lyxor Dynamic Water Fund and the Unitholders. On 21 July 2010, President Obama signed into law the Dodd-Frank Act. Section 619 of the Dodd-Frank Act and its implementing regulations (commonly known as the “**Volcker Rule**”) restrict the ability of a banking entity, such as most entities within the Société Générale group (which includes any of its subsidiaries, affiliated entities and/or associates (“**Société Générale**

**Group**)), from, among other things, acquiring or retaining any equity, partnership or other ownership interest in, or sponsoring (including serving as commodity pool operator for), a “covered fund” (which term includes certain hedge funds and private equity funds). Notwithstanding the foregoing, the Volcker Rule permits non-U.S. banking entities to sponsor, and acquire or retain ownership interests in foreign funds not offered into the United States that meet certain conditions (so-called “foreign excluded funds”). In order for a fund to qualify as a foreign excluded fund, the following requirements must be satisfied: (1) the banking entity must be a non-U.S. banking entity; (2) the fund must be organized or established outside the United States and the ownership interests of the fund must be offered and sold solely outside of the United States; and (3) either the fund must not be a “commodity pool” as defined under the U.S. Commodity Exchange Act, or if it is a commodity pool, it must not have a commodity pool operator that relies on, or could have relied on, CFTC Rule 4.7 as an exemption from certain obligations under the U.S. Commodity Exchange Act. The statutory effective date of the Volcker Rule is 21 July 2012 and a banking entity, subject to certain exceptions, was required to bring its activities and investments into compliance with the Volcker Rule by the end of the conformance period, on 21 July 2015. The U.S. Federal Reserve Board has decided to extend the conformance period until 21 July 2017. Third party Unitholders that are themselves “banking entities” subject to the Volcker Rule in certain circumstances may be unable to acquire or retain ownership interests in the Lyxor Dynamic Water Fund due to the restrictions of the Volcker Rule. A fund that is not advised or sponsored by the Manager (or any other company within the Société Générale Group) may not be subject to these considerations.

The Manager and its affiliates provide no assurances to Unitholders regarding the treatment of the Lyxor Dynamic Water Fund under the Volcker Rule. Unitholders should seek legal advice regarding the implication of the Volcker Rule to the investors’ purchase of any Units of the Lyxor Dynamic Water Fund.”

## **Lyxor Asset Management**

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