
Adequity Trust :
Lyxor Dynamic Alternative Energy Fund
Lyxor Dynamic Listed Private Equity Fund
Lyxor Dynamic Water Fund

**Explanatory Memorandum
Fund Specific Memorandum
November 2009**

Important: Investments involve risks. Investors may sustain a total loss of their investment in the funds. Investors should note that:

- The funds are structured funds, and the performance of each of the funds will correlate to the performance of the relevant underlying index. However, investors should note that each of the funds would only invest in some of the constituent stocks of the relevant underlying index. In order to achieve the relevant investment objective, each of the funds will invest principally in a portfolio of listed shares, and not more than 10% of its assets in a Euro Medium Term Note ("EMTN") issued by SGA Société Générale Acceptance N.V. and guaranteed by Société Générale ("SG"). SG is a licensed bank incorporated in and operating under the laws of France.
- As the guarantor of each of the EMTNs is SG, each of the funds will be exposed to the counterparty risks of SG. In the event of insolvency, liquidation or default of or any material adverse change concerning SG, each of the funds may need to be suspended or terminated, and investors may suffer significant losses, depending on the then market value of the relevant portfolio of listed shares held by the relevant fund.
- The funds are not index tracking funds, and the performance of each of the funds will not replicate that of the relevant underlying index.
- Each of the funds will be exposed to concentration risks in the relevant sector represented by the relevant index, namely, the alternative energy sector, the listed private equity sector and the water sector respectively, and the funds may be more volatile than other funds investing in diversified investment sectors. Investors realising their units on any valuation day will be fully exposed to the performance of such relevant sector, which could result in them receiving a realisation price below the relevant offer price as at the relevant launch date, or the relevant issue price on the relevant valuation day, depending upon the time when they invested in the relevant fund.
- The performance of each of the funds may be linked to the emerging markets and relatively smaller capitalisation companies, and may be more volatile than other funds investing in developed markets and larger, more established companies.
- Each of the fund's investments are subject to the risks inherent in all securities. They may be leveraged through the investment in the relevant EMTN, which may impose greater total returns, and on the other hand, expose to greater risk of loss.
- The investment decision is yours but you should not invest in any of the funds unless the intermediary who sells it/them to you has explained to you that the relevant fund(s) is/are suitable for you having regard to your financial situation, investment experience and investment objectives.

TABLE OF CONTENTS

Heading.....	Page Number
EXPLANATORY MEMORANDUM	1
DEFINITIONS.....	4
INTRODUCTION.....	5
MANAGEMENT AND ADMINISTRATION	5
Manager	5
Trustee	6
Registrar's Agent	6
The Custodian	7
Hong Kong Representative.....	7
INVESTMENT AND BORROWING RESTRICTIONS	7
Investment and Borrowing Restrictions	7
General	7
ISSUE OF UNITS	7
REALISATION OF UNITS	8
Realisation Procedure	8
Payment of Realisation Proceeds	8
Restrictions on Realisation	9
CALCULATION OF NET ASSET VALUE AND PUBLICATION OF PRICES	9
Calculation of Net Asset Value	9
Suspension of Calculation of Net Asset Value.....	10
Calculation of Issue and Realisation Prices	11
Publication of Prices.....	11
CHARGES AND EXPENSES.....	11
Service Providers Fees.....	11
Other Charges and Expenses	11
Cash Rebates and Soft Commissions.....	11
TAXATION	12
Cayman Islands.....	12
Hong Kong	12
General.....	12
GENERAL INFORMATION.....	13
Accounts and Reports	13
Trust Deed.....	13
Segregation of Assets	13
Voting Rights.....	13
Modification of Trust Deed	13
Meetings of Unitholders.....	14
Transfer of Units.....	14
Compulsory Realisation of Units	14
Termination of the Trust.....	14
Conflicts of Interest	15
Regulation of the Trust in the Cayman Islands	15
Documents Available For Inspection	16

TABLE OF CONTENTS

Heading.....	Page Number
FUND SPECIFIC MEMORANDUM	17
ADEQUITY TRUST: LYXOR DYNAMIC ALTERNATIVE ENERGY FUND	17
ADEQUITY TRUST: LYXOR DYNAMIC LISTED PRIVATE EQUITY FUND	17
ADEQUITY TRUST: LYXOR DYNAMIC WATER FUND	17
PART 1	18
DEFINITIONS.....	18
INVESTMENT OBJECTIVES AND POLICIES.....	21
<i>Currency Denomination</i>	21
<i>Investment Objectives and Policy</i>	21
INVESTMENT POLICY	22
Portfolio of Stocks investment:	22
EMTN investment:.....	22
DISTRIBUTION POLICY	23
INVESTMENT AND BORROWING RESTRICTIONS	23
PUBLICATION OF PRICES	24
RISK FACTORS	24
ISSUE OF UNITS	28
Initial Issue of Units in the Funds	28
Subsequent Issue of Units	28
Initial Sales Charge	29
Application procedure.....	29
Minimum Investment	29
Payment Procedure	29
Investors should not pay by cheque due to delays in clearing.	30
REALISATION OF UNITS	30
CHARGES AND EXPENSES.....	30
Management Fees	30
Trustee's Fees, Hong Kong Representative's Fees, Auditors' Fees, Custodian's Fees and Registrar's Agent Fees	31
Establishment Costs and Expenses	31
TERMINATION OF THE FUNDS	31
ADJUSTMENT ON THE INDEX(ICES).....	32
PART 2	33
DETAILS OF THE INDICES	33

EXPLANATORY MEMORANDUM

Date: November 2009

IMPORTANT INFORMATION FOR INVESTORS

Important - If you are in any doubt about the contents of this Explanatory Memorandum, you should seek independent financial advice.

This Explanatory Memorandum comprises information relating to Adequity Trust (the "Trust"), a unit trust established under Cayman Islands law by a trust deed dated 7 March 2002 and a supplemental trust deed dated 27 October 2005 both between Lyxor Asset Management as manager (the "Manager") and Scotiabank & Trust (Cayman) Ltd (previously called The Bank of Nova Scotia Trust Company (Cayman) Limited) as trustee, and a supplemental trust deed dated 13 June 2007 between the Manager, Scotiabank & Trust (Cayman) Ltd as retiring trustee and Close Trustees (Cayman) Limited as new trustee (the "Trustee").

This Memorandum should be read with each Fund Specific Memorandum attached hereto.

The Manager accepts sole responsibility for the information contained in this Explanatory Memorandum and each Fund Specific Memorandum (together the "Offering Documents") as being accurate at their respective date(s) of publication. However, neither the delivery of the Offering Documents nor the offer or issue of Units in the Trust shall under any circumstances constitute a representation that the information contained in the Offering Documents is correct as of any time subsequent to such date(s). The Offering Documents may from time to time be updated. Intending applicants for Units should ask the Manager if any supplements to the Offering Documents or any later Explanatory Memorandum or Fund Specific Memorandum has been issued.

Distribution of the Offering Documents must be accompanied by a copy of the latest available audited annual report and accounts of the Trust and any subsequent interim report. Units are offered on the basis only of the information contained in the Offering Documents and (where applicable) the above mentioned annual reports and accounts and interim reports. Any information given or representations made by any dealer, salesman or other person and (in either case) not contained in the Offering Documents should be regarded as unauthorised and accordingly must not be relied upon.

The Trust has been authorised by the Securities and Futures Commission in Hong Kong. In granting such authorisation the Securities and Futures Commission takes no responsibility for the financial soundness of the Trust or for the accuracy of any of the statements made or opinions expressed in the Offering Documents and does not imply that investment in the Trust is recommended by it.

No action has been taken to permit an offering of Units or the distribution of the Offering Documents in any jurisdiction other than Hong Kong where action would be required for such purposes. Accordingly, the Offering Documents may not be used for the purpose of an offer or solicitation in any jurisdiction or in any circumstances in which such offer or solicitation is not authorised.

In particular:-

- (a) Units have not been registered under the United States Securities Act of 1933 (as amended) and, except in a transaction which does not violate such Act, may not be directly or indirectly offered or sold in the United States of America, or any of its territories or possessions or areas subject to its jurisdiction, or for the benefit of a US Person (as defined in Regulation S under such Act);
- (b) the Trust has not been and will not be registered under the United States Investment Company Act of 1940 as amended.

Units are not being offered to or for the benefit of nationals, citizens or residents of the United States of America or persons who are normally resident in the United States of America (including the estates of such persons and corporations or partnerships created or organised therein).

Save as otherwise specified in respect of a given Fund, the Units may only be offered or sold to investors who meet the following requirement:

Investors who are non-“United States persons.” For this purpose, “United States” means the United States, its states, territories and possessions, and any enclave of the United States government, its agencies or instrumentalities, and the following persons are considered to be non-“United States persons”: (1) a natural person who is not a resident of the United States; (2) a partnership, corporation or other entity, other than an entity organized principally for passive investment, organized under the laws of a non-U.S. jurisdiction and which has its principal place of business in a non-U.S. jurisdiction; (3) an estate or trust, the income of which is not subject to United States federal income tax regardless of source, provided that no executor or administrator of such an estate or trustee of such a trust, as the case may be, is a “United States person;” (4) an entity, organized under the laws of a foreign jurisdiction and which has its principal place of business in a foreign jurisdiction, organized principally for passive investment such as a pool, investment company or other similar entity, provided that: (a) units of participation in the entity held by persons who do not qualify as non-United States persons or otherwise as “Qualified Eligible Persons” under Commodity Futures Trading Commission (“CFTC”) rules represent in the aggregate less than 10% of the beneficial interest in the entity; (b) such entity was not formed principally for the purpose of facilitating investment by “United States persons” in a pool with respect to which the operator is exempt from certain requirements of Part 4 of the CFTC’s regulations by virtue of its participants being non-United States persons; and (c) such entity was not formed by a “United States person” principally for the purpose of investing in securities not registered under the United States Securities Act of 1933 (unless it was organized or incorporated and is owned exclusively by “accredited investors,” as defined in Securities and Exchange Commission rules, who are not natural persons, estates or trusts); and (5) a pension plan for the employees, officers or principals of an entity organized and with its principal place of business outside of the United States, provided that such plan is established and administered in accordance with the laws of a country other than the United States and customary practices and documentation of such country.

The Offering Documents do not constitute, and shall not be construed as, an invitation to the public in the Cayman Islands to subscribe for Units in the Fund.

Potential applicants for Units should inform themselves as to (a) the possible tax consequences, (b) the legal requirements and (c) any foreign exchange restrictions or exchange control requirements which they might encounter under the laws of the countries of their incorporation, citizenship, residence or domicile and which might be relevant to the subscription, holding or disposal of Units.

DIRECTORY OF PARTIES

Manager and Registrar

LYXOR ASSET MANAGEMENT
17 Cours Valmy - Tour Société Générale
92800 Puteaux France

Directors of the Manager

Alain Dubois, Laurent Seyer

Trustee

CLOSE TRUSTEES (CAYMAN) LIMITED
*PO Box 1034
Harbour Place
4th Floor
103 South Church Street
Grand Cayman KY1-1102
Cayman Islands
British West Indies*

Custodian

SOCIÉTÉ GÉNÉRALE
29, Boulevard Haussmann
*75009 Paris
France*

Auditors

PRICEWATERHOUSECOOPERS
*Chartered Accountants
PO Box 258GT
Strathvale House
Grand Cayman
Cayman Islands
British West Indies*

DEFINITIONS

For the purposes of this Explanatory Memorandum and each attached Fund Specific Memorandum, unless the context otherwise requires the following expressions have the following meanings:-

"Business Day"	means a day (other than Saturday) on which banks are open for normal banking business in the location(s) applicable to a Fund as specified in the relevant Fund Specific Memorandum
"Dealing Day"	means the day on which a dealing request must be received in relation to a Fund in order to be executed on the following Valuation Day as specified in the relevant Fund Specific Memorandum
"Dealing Deadline"	in relation to any Dealing Day means such time before which realisation or subscription requests (where relevant) must be received in order to be executed on the following Valuation Day, as set out in the relevant Fund Specific Memorandum
"Extraordinary Resolution"	means a resolution of the Unitholders defined as such in the Trust Deed
"Fund"	means the separate pool of assets established in relation to an investment fund of the Trust
"Fund Specific Memorandum"	means each document describing the features of a specific Fund including, inter alia, the investment objective, the fees and charges and the investment restrictions. In the case of inconsistency between the provisions of the Fund Specific Memorandum and this Memorandum, the provisions of the Fund Specific Memorandum shall prevail
"Hong Kong Representative"	means such entity as the Manager may appoint as Hong Kong representative in respect of one or more Funds as designated in the relevant Fund Specific Memorandum/Memoranda
"Manager"	means Lyxor Asset Management
"Maturity Date"	means the maturity date for a specific Fund specified in the relevant Fund Specific Memorandum
"Net Asset Value"	means the net asset value of a Fund or, as the context may require, of a Unit, calculated in accordance with the Trust Deed
"Realisation Price"	means the price, calculated in the manner described under the heading "Calculation of Issue and Realisation Prices" below, at which Units will be realised unless otherwise disclosed in a Fund Specific Memorandum
"Realisation Request Form"	means the form to be used for realisation requests in such format as may be approved from time to time by the Manager and the Hong Kong Representative and which is available upon request from the Hong Kong Representative or any other entity designated in the relevant Fund Specific Memorandum
"Register"	means the register of Unitholders maintained by the Registrar pursuant to the Trust Deed
"Registrar"	means the Manager

"Registrar's Agent"	means the agent that may be appointed by the Registrar in respect of one or more Funds, as designated in the relevant Fund Specific Memorandum/Memoranda, when relevant
"Trust"	means Adequity Trust
"Trust Deed"	means the trust deed between the Manager and Scotiabank & Trust (Cayman) Ltd (previously called The Bank of Nova Scotia Trust Company (Cayman) Limited) establishing the Trust, as amended and supplemented by a supplemental trust deed between the Manager and Scotiabank & Trust (Cayman) Ltd, as further amended and supplemented by a supplemental trust deed between the Manager, Scotiabank & Trust (Cayman) Ltd and the Trustee and, in respect of each Fund, as further amended and supplemented by a supplemental trust deed between the Manager and Scotiabank & Trust (Cayman) Ltd (in respect of the relevant Fund established prior to the resignation of Scotiabank & Trust (Cayman) Ltd as trustee) or the Trustee (in respect of the relevant Fund established after the resignation of Scotiabank & Trust (Cayman) Ltd as trustee)
"Trustee"	means Close Trustees (Cayman) Limited
"Unit"	means a unit in a Fund of the Trust
"Unitholder"	means a person who is registered on the Register as the holder of a Unit
"US dollars", "US\$" and "US cent"	means the currency of the United States of America
"Valuation Day"	means a day on which a dealing request will be processed and the Net Asset Value will be calculated, being such day as shall be specified for each Fund in the relevant Fund Specific Memorandum

INTRODUCTION

ADEQUITY TRUST ("the Trust") is a unit trust established by the Trust Deed under Cayman Islands law. The Manager and the Trustee may establish additional Funds and/or additional classes of Units from time to time by way of supplemental trust deed. The assets of each Fund are held under a separate trust and are segregated from the assets of the other Funds.

MANAGEMENT AND ADMINISTRATION

Manager

Lyxor Asset Management ("Lyxor AM") is a 100% subsidiary of Société Générale Group ("SG"), with an expertise in structured funds activities. In the context of its activities, Lyxor AM benefits from the expertise of SG's Legal and Tax departments 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 structured investments: equity and index derivative instruments and capital guaranteed or leverage products linked to baskets of hedge funds.

The Manager is a management company registered (as of April 23rd, 1998) and regulated by the *Autorité des Marchés Financiers* (the French Financial Markets Authority).

As of June 2009, Lyxor managed approximately US\$ 87.8 billion of assets.

Under the Trust Deed the Manager has also been appointed as the Registrar and references to the Manager in this document refer to the Manager in its role as Registrar, as applicable.

The Manager may appoint an investment adviser to advise in relation to a Fund as described in the relevant Fund Specific Memorandum.

Trustee

The Trustee is Close Trustees (Cayman) Limited who has been appointed by the Manager following the resignation of Scotiabank & Trust (Cayman) Ltd (previously called The Bank of Nova Scotia Trust Company (Cayman) Limited), under and pursuant to a supplemental trust deed dated 13 June 2007 between the Manager, Scotiabank & Trust (Cayman) Ltd and the Trustee. The effective date of the appointment of Close Trustees (Cayman) Limited, and the retirement of Scotiabank & Trust (Cayman) Ltd, as the trustee is 16 July 2007.

Close Trustees (Cayman) Limited is the wholly owned subsidiary of Close Brothers (Cayman) Limited ("Close Brothers") and provides clients with trustee services in the Cayman Islands. Close Brothers through its predecessors has operated in the Cayman Islands for well over 30 years and employs more than 60 people at its offices in George Town and offers a full range of financial services including mutual fund administration. Close Brothers is a subsidiary of Close Brothers Group plc. Close Brothers Group plc is the largest independent merchant bank in the United Kingdom and is amongst the 200 largest companies (measured by market capitalization) listed on the London Stock Exchange. Its total assets exceed US\$9 billion as of 31 January 2007. Founded in 1878, Close Brothers Group plc employs more than 2,400 people in its offices located in the UK, Switzerland, Guernsey, Jersey, Isle of Man, South Africa and the Cayman Islands.

Under the Trust Deed, the Trustee is responsible for the safekeeping of the assets of the Trust. The Trustee may, however, appoint any person or persons to be custodian of such assets. The Trustee is required to exercise reasonable skill, care and diligence in the selection, appointment and monitoring of such persons and during the term of their appointment, must satisfy itself as to the ongoing suitability of such persons to provide custodial services to the Trust, having regard to the market or markets for which such persons are appointed to act as custodian. The Trustee will remain responsible for the acts or omissions of such persons in the same manner as if such acts or omissions were those of the Trustee, except where such persons are appointed in respect of a market or markets which the Trustee has determined by notice to the Manager to be emerging markets. Notwithstanding the above, the Trustee will remain responsible for the acts or omissions of any associate of the Trustee appointed in respect of an emerging market.

Under the terms of the Trust Deed, in addition to appointing one or more custodians, the Trustee is entitled to appoint other persons to provide services for the Trust, including, without limitation investment management, investment advisory, brokerage and registrar and transfer agency services.

The Trustee (being a licensed mutual fund administrator in the Cayman Islands) has also agreed to provide the principal office for the Trust in the Cayman Islands and, accordingly, the Trust will be regulated under Section 4(1)(b) of the Mutual Funds Law of the Cayman Islands.

Registrar's Agent

The Registrar may appoint a Registrar's Agent in respect of certain Funds as described (where relevant) in the relevant Fund Specific Memoranda.

The Custodian

Scotiabank & Trust (Cayman) Ltd (previously called The Bank of Nova Scotia Trust Company (Cayman) Limited) appointed Société Générale as custodian of the Fund's assets by way of a custodian services agreement dated 7 March 2002 between Société Générale, Scotiabank & Trust (Cayman) Ltd and the Manager, as supplemented by a supplemental custodian services agreement between the same parties for each Fund established thereafter on or prior to the date when Scotiabank & Trust (Cayman) Ltd resigned as trustee of the Trust (collectively, the "Custodian Services Agreement"). Under and pursuant to a deed of novation dated 13 June 2007 between Société Générale, Scotiabank & Trust (Cayman) Ltd, the Trustee and the Manager, the parties thereto have agreed, amongst other things, to novate the Custodian Services Agreement to the Trustee and assign to the Trustee all of its rights, benefits and interest in and novate its obligations under the Custodian Services Agreement.

Société Générale's trustee & custodial services are centralized in a dedicated client service unit that brings together Portfolio Account Executives and SG Account Managers specialized in the field of asset management, with a wide-screen view of business flows and fund positions.

At the end of June 2009, Société Générale provided trustee & custodial services to 3,100 investment funds of all types, representing total assets of EUR 2,906 billion under custody.

Société Générale has been recognized by Moody's, which awarded a rating of Aa2, Standard & Poor's awarded Société Générale an A+, FITCH awarded Société Générale an A+ rating.

Hong Kong Representative

Details of the Hong Kong Representative for each Fund are described in the relevant Fund Specific Memorandum.

INVESTMENT AND BORROWING RESTRICTIONS

Investment and Borrowing Restrictions

Details of the investment and borrowing restrictions for each Fund are set out in the relevant Fund Specific Memorandum.

General

All the investment and borrowing restrictions shall be measured by reference to the latest available Net Asset Value of the relevant Fund.

Save as disclosed in a Fund Specific Memorandum, if any of the investment and borrowing restrictions are breached, the Manager shall as a priority objective take all steps necessary within a reasonable period of time to remedy the situation, having due regard to the interests of Unitholders. The Manager is not required to sell investments if any of the investment restrictions are exceeded as a result of changes in the value of the relevant Fund's investments, reconstructions or amalgamations, payments out of the assets of such Fund or realisations of Units but for so long as such limits are exceeded the Manager will not acquire any further investments subject to the relevant restriction and will take all reasonable steps to restore the position so that the limits are no longer exceeded.

ISSUE OF UNITS

Information as to the procedures for issue of Units of each Fund appears in the relevant Fund Specific Memorandum.

Units will be issued in registered form. Certificates will not be issued. A contract note will be issued upon acceptance of an investor's application and will be forwarded by ordinary post (at the risk of the person entitled thereto).

The Trust Deed provides for fractions of a Unit to one hundredth of a Unit to be issued. Application monies representing smaller fractions of a Unit will be retained by the relevant Fund.

The Manager has an absolute discretion to accept or reject in whole or in part any application for Units. In the event that an application is rejected, application monies will be returned without interest by cheque through the post at the risk of the person(s) entitled thereto.

REALISATION OF UNITS

Save as provided in the relevant Fund Specific Memorandum, any Unitholder may realise Units on any Valuation Day in whole or in part provided that the Manager may refuse to accept a request for a partial realisation of less than 100 Units or if, as a result, the Unitholder would hold Units in a Fund with a value of less than US\$3,000.

Realisation Procedure

Unitholders wishing to redeem all or part of their holding of Units must submit a Realisation Request Form. Completed Realisation Request Forms must be received by the Hong Kong Representative before the applicable Dealing Deadline in order to be dealt with on the next following Valuation Day. Realisation requests received after such time will be carried forward and dealt with on the Valuation Day next following the relevant Valuation Day.

A realisation request must be given in writing or by facsimile on the Realisation Request Form and must specify the name of the Fund and the number of Units to be redeemed, the name(s) of the registered holder(s), and give payment instructions for the realisation proceeds. Unless otherwise agreed by the Manager or otherwise determined in each relevant Fund Specific Memorandum, the original of any realisation request given by facsimile should be forwarded to the Hong Kong Representative. Neither the Manager nor the Hong Kong Representative shall be responsible to a Unitholder for any loss resulting from non-receipt of any realisation request sent by facsimile.

Payment of Realisation Proceeds

Realisation proceeds (being the number of Units multiplied by the Realisation Price, less realisation charges and fixed handling fees if any) will not be paid to any realising Unitholder until (a) unless otherwise agreed by the Trustee, the written original of the Realisation Request Form duly signed by the Unitholder has been received by the Manager or the Registrar and (b) where realisation proceeds are to be paid by telegraphic transfer to a bank account in Hong Kong or New York State, the signature of the Unitholder (or each joint Unitholder) has been verified to the satisfaction of the Trustee or the Registrar. Realisation proceeds will only be paid to the realising Unitholder and requests for payment to be made to a third party nominated by a realising Unitholder will not be entertained.

Unless some other method of payment is agreed with the Manager and the Registrar, realisation proceeds will be paid to the realising Unitholder (or to the first-named of joint Unitholders) at the Unitholder's risk by bank transfer in the base currency of the Fund, normally within three Business Days after the relevant Valuation Day. For the avoidance of doubt unless specifically authorised by the Registrar, no payments in the base currency shall be effected by cheque.

Realisation proceeds can be paid by cheque or bank transfer in HK dollars at the request and expense of the Unitholder but this may involve delays. For the avoidance of doubt, in the event of payments effected in HK dollars, the currency risk shall be borne by the Unitholder.

In any event realization proceeds will be paid within one calendar month of the receipt by the Registrar or the Hong Kong Representative of a properly completed Realisation Request Form.

Realisation proceeds from units held until the Maturity Date will be paid within one calendar month of the Maturity Date.

Restrictions on Realisation

The Manager may suspend the realisation of Units or delay the payment of realisation proceeds during any periods in which the determination of the Net Asset Value of the relevant Fund is suspended (for details see "Suspension of Calculation of Net Asset Value" below).

With a view to protecting the interests of Unitholders, the Manager is entitled, with the approval of the Trustee, to limit the number of Units of a Fund realised on any Valuation Day (whether by sale to the Manager or by cancellation by the Trustee) to 10 per cent. of the total number of Units of the relevant Fund in issue. In this event, the limitation will apply pro rata so that all Unitholders wishing to realise Units of the relevant Fund on that Valuation Day will realise the same proportion of such Units, and Units not realised (but which would otherwise have been realised) will be carried forward for realisation, subject to the same limitation, on the next Valuation Day. If requests for realisation are so carried forward, the Manager will inform the Unitholders concerned.

CALCULATION OF NET ASSET VALUE AND PUBLICATION OF PRICES

Calculation of Net Asset Value

The value of the net assets of each Fund will be determined on each Valuation Day in the base currency. The Net Asset Value per Unit is the Net Asset Value of the Fund divided by the number of Units in issue on that relevant Valuation Day.

The Net Asset Value of the Fund is equal, at any time, to the difference between (i) assets and (ii) liabilities.

The calculation of the Net Asset Value of the Fund shall be made in the following manner:

1. The value of any asset negotiated or listed on any exchange will be determined on the basis of the closing bid-price, or as the case may be, settlement price on the Business Day before the Valuation Day in question.
2. The value of any asset negotiated on an organised market will be based on the latest bid-price available the Business Day before the Valuation Day in question.
3. The value of any asset (other than an interest in a collective investment scheme or a commodity) which is not quoted, listed or ordinarily dealt in on an exchange shall be the original acquisition cost or such other price as may be determined by an independent professional person qualified to value such assets.
4. The value of any commodity where such commodity is dealt on a recognised market shall be valued with regard to the latest ascertainable price on such market and if that price is not reasonably up to date in the opinion of the Manager or is not ascertainable the Manager shall have regard to any certificate as to value provided by an institution making a market in the relevant commodity.

5. The value of units of collective investments schemes will be based on the latest available net asset value of the units in such collective investment schemes concerned before the Valuation Day in question or if no such net asset value is available, the fair market value as determined by the Manager at their foreseeable realisation date.
6. Where on any Valuation Day the Fund owns assets which are not negotiated or listed on an exchange market or organised market or where the price determined in compliance with paragraphs 1 to 4 above for any asset is not representative of the real value of the said asset, such assets will be valued by such method as the Manager may use with the consent of the Trustee, as is required to reflect the fair value thereof.
7. Cash, deposits and similar investments shall be valued at their face value (together with accrued interest) unless, in the opinion of the Manager, any adjustment should be made to reflect the value thereof provided that discounted certificates of deposit shall be valued at their discounted value.
8. All other assets shall be valued in such manner and at such time or times as the Manager and the Trustee shall from time to time agree.

Suspension of Calculation of Net Asset Value

The Manager may, after giving notice to the Trustee, declare a suspension of the determination of the Net Asset Value of a Fund for the whole or any part of any period during which:

- (i) there is a closure of or the restriction or suspension of trading on any securities market on which a substantial part of the investments of the Fund is normally traded or a breakdown in any of the means normally employed by the Manager or the Trustee (as the case may be) in ascertaining the prices of investments or the Net Asset Value of the Fund or the Net Asset Value per Unit in the Fund; or
- (ii) for any other reason the prices of investments of the Fund cannot, in the opinion of the Manager, reasonably, promptly and fairly be ascertained; or
- (iii) circumstances exist as a result of which, in the opinion of the Manager, it is not reasonably practicable to realise any investments of the Fund or it is not possible to do so without seriously prejudicing the interests of Unitholders; or
- (iv) the remittance or repatriation of funds which will or may be involved in the realisation of, or in the payment for, the investments of the Fund or the issue or realisation of Units in the Fund is delayed or cannot, in the opinion of the Manager, be carried out promptly at normal rates of exchange.

Such suspension shall take effect forthwith upon the declaration thereof and thereafter there shall be no determination of the Net Asset Value of the relevant Fund until the Manager shall declare the suspension at an end, except that the suspension shall terminate in any event on the day following the first Business Day on which (i) the condition giving rise to the suspension shall have ceased to exist and (ii) no other condition under which suspension is authorised shall exist.

Whenever the Manager declares such a suspension it shall, as soon as may be practicable after any such declaration and at least once a month during the period of such suspension, publish a notice in one English and one Chinese newspaper where the relevant Fund's prices are published (as detailed in the relevant Fund Specific Memorandum) and/or cause a notice to be given to Unitholders and to all those (whether Unitholders or not) whose applications to realise Units shall have been affected by such suspension stating that such declaration has been made.

The attention of investors is drawn to the fact that no Units may be issued or realised during such a period of suspension.

Calculation of Issue and Realisation Prices

Save as disclosed in a Fund Specific Memorandum, the Realisation Price of Units in the Fund on a Valuation Day, and the issue price of Units after any initial offer period has closed, will be calculated by dividing the Net Asset Value of such Fund on that Valuation Day by the number of Units in such Fund in issue on that Valuation Day prior to any realisation or issue being effected on that Valuation Day and, where the resulting amount is not an integral Unit of the minimum Unit of the base currency of the relevant Fund, rounding the resulting amount down to the nearest such integral Unit. Any roundings will be retained for the benefit of the relevant Fund.

Under the Trust Deed the Manager is given the power, in determining the Realisation Price of Units of the Fund to deduct for the account of the Fund from the Net Asset Value per Unit (before making any rounding adjustment) an amount which it considers to be an appropriate allowance to reflect duties and charges which would be incurred if the investments of the Fund were to be sold at the values attributed to them, though the Manager does not have any intention to charge such duties and charges.

Publication of Prices

The Net Asset Value per Unit of each Fund will be published daily in the newspapers designated in the relevant Fund Specific Memorandum.

CHARGES AND EXPENSES

Service Providers Fees

In relation to each Fund the maximum and current rates of fees payable to service providers are disclosed in the relevant Fund Specific Memorandum.

Other Charges and Expenses

The preliminary establishment expenses of the Trust including the costs and expenses in obtaining authorisation of the Trust in Hong Kong will be borne by the Manager. The subsequent preliminary establishment expenses to be borne by each Fund will be disclosed in the relevant Fund Specific Memorandum.

Each Fund will bear the costs set out in the Trust Deed which are directly attributable to it. Where such costs are not directly attributable to a Fund, each Fund will bear such costs in proportion to its respective Net Asset Value. Such costs include but are not limited to the costs of investing and realising the investments of the Fund, the fees and expenses of custodians of the assets of the Trust, the fees and expenses of the auditors, valuation costs, legal fees, the costs incurred in connection with any listing or regulatory approval, the costs of holding meetings of Unitholders and the costs incurred in the preparation and printing of any explanatory memorandum.

Cash Rebates and Soft Commissions

Neither the Manager nor any other company within the Manager's group will receive cash commissions or other rebates from brokers or dealers in respect of transactions for the account of the Trust.

The Manager and/or any company associated with it reserve the right to effect transactions by or through the agency of another person with whom the Manager and/or any company associated with it have an arrangement under which that party will from time to time provide to or procure for the Manager and/or any company associated with it goods, services or other benefits (such as research and advisory services, computer hardware associated with specialised software or research services and performance measures)

the nature of which is such that their provision can reasonably be expected to benefit the Trust as a whole and may contribute to an improvement in the performance of the Trust or of the Manager and/or any company associated with it in providing services to the Trust and for which no direct payment is made but instead the Manager and/or any company associated with it undertakes to place business with that party. For the avoidance of doubt, such goods and services do not include travel, accommodation, entertainment, general administrative goods or services, general office equipment or premises, membership fees, employee salaries or direct money payments.

TAXATION

The following statements regarding taxation are based on advice received by the Trust regarding the law and practice in force in the Cayman Islands and Hong Kong at the date of this document.

Cayman Islands

The Trust has applied for and received an undertaking from the Governor-in-Council of the Cayman Islands that, in accordance with section 81 of the Trusts Law (2009 Revision) of the Cayman Islands, for a period of 50 years from the date of such undertaking, no laws of the Cayman Islands thereafter enacted imposing any tax on income, capital assets, gains or appreciation shall apply to the Trust and that no tax in the nature of estate duty or inheritance tax shall apply to any property or income of the Trust or Unitholders with respect thereto. Each Fund, as well as the Trust, will be registered as an exempted trust and will pay fees likewise.

Under current Cayman Islands law no tax will be charged in the Cayman Islands on profits or gains of the Trust and distributions of the Trust will be payable to Unitholders without deduction of tax. No stamp duty is levied in the Cayman Islands on the transfer or realisation of Units in the Trust. There is, at the date of this Explanatory Memorandum, no exchange control in the Cayman Islands. As an exempted trust, the Trust was required to pay an initial registration fee of approximately US\$500 and pays an annual fee currently at the rate of approximately US\$600 to the Registrar of Trusts. An initial fee of US\$2,500 was paid to the Cayman Islands Monetary Authority (the "Authority") upon the establishment of the Trust and a fee of approximately US\$3,000 is payable on an annual basis to the Authority.

As an exempted trust, each of the Funds is required to pay an initial registration fee of approximately US\$1,400 and an annual fee currently at the rate of approximately US\$600 to the Registrar of Trusts. Each of the Funds is not required to pay a fee to the Authority on an annual basis.

Hong Kong

During such period as the Funds are authorised by the Securities and Futures Commission in Hong Kong then, under present Hong Kong law and practice:-

- (a) The Funds are not expected to be subject to Hong Kong tax in respect of any of their authorised activities.
- (b) No tax will be payable by Unitholders in Hong Kong in respect of dividends or other income distributions of the Trust or in respect of any capital gains arising on a sale, realisation 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.

General

Investors should consult their professional advisers on the consequences to them of acquiring, holding, redeeming, transferring or selling Units under the relevant laws of the jurisdictions to which they are

subject, including the tax consequences and any exchange control requirements. These consequences, including the availability of, and the value of, tax relief to investors will vary with the law and practice of the investors' country of citizenship, residence, domicile or incorporation and their personal circumstances.

GENERAL INFORMATION

Accounts and Reports

The Trust's year end is 31st January in each year, commencing 31st January 2003. Audited accounts are sent to Unitholders within four months of the end of each financial year. The Manager also sends half-yearly unaudited interim reports made up to the last Valuation Day in July each year to Unitholders within two months of the end of the period which they cover. Such reports will contain a statement of the value of the net assets of each Fund and the investments comprising its portfolio.

Trust Deed

The Trust was established under Cayman Islands law by a trust deed made between the Manager and Scotiabank & Trust (Cayman) Ltd (previously called The Bank of Nova Scotia Trust Company (Cayman) Limited) dated 7 March 2002, as amended by a supplemental trust deed dated 27 October 2005 between the Manager and Scotiabank & Trust (Cayman) Ltd, as further amended and supplemented by a supplemental trust deed dated 13 June 2007 between the Manager, Scotiabank & Trust (Cayman) Ltd and the Trustee, as further amended by a supplemental trust deed relating to each Fund. All Unitholders are entitled to the benefit of, are bound by and are deemed to have notice of the provisions of the Trust Deed, as amended or supplemented from time to time.

The Trust Deed contains provisions for the indemnification of the Trustee and the Manager and their relief from liability in certain circumstances. Unitholders and intending applicants are advised to consult the terms of the Trust Deed.

Segregation of Assets

The assets of each Fund are segregated from those of the other Funds and a creditor of any specific Fund shall have recourse only against the assets of that Fund. The Trust Deed provides that the Trustee shall not have recourse to the assets of one Fund to meet the liabilities of another Fund.

Voting Rights

All rights of voting conferred by any investments of the Fund shall be exercised in such manner as directed by the Manager at its absolute discretion.

Modification of Trust Deed

The Trustee and the Manager may (subject to the prior approval of the Securities and Futures Commission) agree to modify the Trust Deed by supplemental deed provided that:

- (a) in the opinion of the Trustee such modification (i) is not materially prejudicial to the interests of Unitholders, does not operate to release to any material extent the Trustee, the Manager or any other person from any responsibility to the Unitholders and (with the exception of the costs of preparing and executing the relevant supplemental deed) does not increase the costs and charges payable out of the assets of the Trust or (ii) is necessary in order to comply with any fiscal, statutory or official requirement or (iii) is made to correct a manifest error. In all other cases modifications require the sanction of an Extraordinary Resolution of the Unitholders affected; and

- (b) where such modification relates to a Fund to which a guarantee applies and is made or is expressed to be effective before the expiry of such guarantee, the relevant guarantor has consented.

In any event, where any modification relates to a Fund to which a guarantee applies and is made or is expressed to be effective before the expiry of such guarantee, any decision made by an Extraordinary Resolution of the Unitholders is subject to the approval of the relevant guarantor.

Any modifications to the Trust Deed, unless they are sanctioned by an Extraordinary Resolution of the Unitholders affected or in the opinion of the Trustee are not of material significance or are made to correct a manifest error, will be notified to the Unitholders within such period as required by the Securities and Futures Commission.

Meetings of Unitholders

The Trust Deed provides for meetings of Unitholders to be convened by the Trustee or the Manager upon at least 21 days' notice. Notices of meetings of Unitholders will be posted to Unitholders.

Proxies may be appointed. The quorum at Unitholders' meetings is Unitholders present in person or by proxy holding not less than 10 per cent. (or, in relation to a resolution proposed as an Extraordinary Resolution, 25 per cent.) of the Units in issue. If a quorum is not present, the meeting will be adjourned for not less than 15 days. Separate notice of any adjourned meeting will be given, and at an adjourned meeting Unitholders whatever their number or the number of Units held by them will form a quorum.

An Extraordinary Resolution is required under the Trust Deed for certain purposes and is a resolution proposed as such and passed by a majority of 75 per cent. of the total number of votes cast.

The Trust Deed contains provisions for the holding of separate meetings of Unitholders in different Funds where only the interests of Unitholders in a particular Fund are affected.

The Trust Deed provides that at any meeting of Unitholders, on a poll, every Unitholder who (being an individual) is present in person or (being a partnership or corporation) is present by an authorised representative or by proxy shall have one vote for every Unit of which he is the holder.

Transfer of Units

Units may be transferred by an instrument in writing in the form approved by the Trustee signed by (or, in the case of a body corporate, signed on behalf of or sealed by) the transferor and the transferee. The transferor will be deemed to remain the holder of the Units transferred until the name of the transferee is entered on the Register of Unitholders in respect of such Units. In the case of the death of any one of the joint holders, the survivor(s) will be the only person(s) recognised as having any title to the Units registered in the names of such joint holders.

Compulsory Realisation of Units

The Manager may realise Units in accordance with the Trust Deed if it shall come to the notice of the Manager that the Unitholder holds such Units (a) in breach of the law or requirements of any country, any governmental authority or any stock exchange on which such Units are listed or (b) in circumstances (whether directly or indirectly affecting such Unitholder and whether taken alone or in conjunction with any other persons, connected or not, or any other circumstances appearing to the Manager to be relevant) which, in the opinion of the Manager, might result in the Trust or any Fund incurring any liability to taxation or suffering any other pecuniary disadvantage which the Trust or any Fund might not otherwise have incurred or suffered.

Termination of the Trust

The Trust shall continue for a period of 100 years from the date of the Trust Deed or until it is terminated in one of the ways set out below.

1. The Trustee may terminate the Trust, provided that the Trustee certifies that the termination is in the interest of Unitholders, if:-
 - (a) the Manager goes into liquidation (except a voluntary liquidation for the purpose of reconstruction or amalgamation upon terms previously approved by the Trustee); or
 - (b) in the opinion of the Trustee, the Manager is incapable of performing its duties properly; or
 - (c) if any law is passed which renders it illegal or in the opinion of the Trustee impracticable or inadvisable to continue the Trust; or
 - (d) the Manager ceases to manage the Trust and the Trustee fails to appoint a successor Manager within a period of 30 days; or
 - (e) if the Trustee wishes to retire as trustee of the Trust and the Manager fails to appoint a successor Trustee.

2. The Manager may terminate the Trust if any law is passed which renders it illegal or in the opinion of the Manager in consultation with the Securities and Futures Commission impracticable or inadvisable to continue the Trust.

Where the Trust is terminated as provided in paragraphs 1 or 2 above, the party terminating the Trust must give at least three month's notice of termination to Unitholders.

Conflicts of Interest

The Manager and the Trustee may from time to time act as trustee, administrator, registrar, manager, custodian, investment manager or investment adviser or otherwise as may be required from time to time in relation to, or be otherwise involved in or with, other funds and clients which have similar investment objectives to those of any of the Funds. It is, therefore, possible that any of them may, in the course of business, have potential conflicts of interest with the Trust. Each will, at all times, have regard in such event to its obligations to the Trust and will endeavour to ensure that such conflicts are resolved fairly. In any event, the Manager shall ensure that all investment opportunities will be fairly allocated.

Regulation of the Trust in the Cayman Islands

The Trust falls within the definition of a "mutual fund" in the Mutual Funds Law (2009 Revision) of the Cayman Islands (the "Mutual Funds Law"). The Trustee (being a licensed mutual fund administrator) has agreed to provide the principal office for the Trust in the Cayman Islands and, accordingly, the Trust will be regulated under Section 4(1)(b) of the Mutual Funds Law. Accordingly, the obligations of the Trust under the Mutual Funds Law are to file certain prescribed details (and any changes thereto) with the Authority and to file audited accounts with the Authority on an annual basis.

As a regulated mutual fund, the Trust is subject to the supervision of the Authority which may at any time instruct the Trust to have its accounts audited and submitted to the Authority within such time as the Authority specifies. In addition, the Authority may ask the Trustee to provide it with such information or such explanation in respect of the Trust as the Authority may reasonably require to enable it to carry out its duty under the Mutual Funds Law.

The Trustee must give the Authority access to or provide at any reasonable time all records relating to the Trust and the Authority may copy or take an extract of any record to which it is given access. Failure to comply with these requests by the Authority may result in substantial fines on the part of the Trustee and may result in the Authority applying to a court to have the Trust wound up.

The Authority may take certain actions if it is satisfied that a regulated mutual fund is or is likely to become unable to meet its obligations as they fall due or is carrying on or is attempting to carry on its business or is winding up its business voluntarily in a manner that is prejudicial to its investors or creditors. The powers of the Authority include, inter alia, the power to require the substitution of the Trustee, to appoint a person to advise the Trust on the proper conduct of its affairs or to appoint a person

to assume control of the affairs of the Trust. There are other remedies available to the Authority, including the ability to apply to a court for approval of other actions.

Where a petition for the winding up of a regulated mutual fund is presented by a person other than the Authority, the Authority must be served by the petitioner with a copy of the petition and may appear at the hearing of the petition. The Authority may also appoint a representative to attend a creditors meeting of a regulated mutual fund, a meeting of a committee established to discuss a compromise or arrangement or to make representations at any such meeting.

As part of the Trustee's and the Manager's responsibility to prevent money laundering, they may require detailed verification of an investor's identity and the source of the payment of application monies. The Trustee and the Manager reserve the right to request such information as is necessary to verify the identity of an applicant and the source of the payment. In the event of delay or failure by the applicant to produce any information required for verification purposes, the Trustee and/or the Manager may refuse to accept the application and the application monies relating to such application.

If any person in the Cayman Islands involved in the business of the Trust (including the Trustee) has a suspicion or belief that another person is engaged in money laundering, that person is required to report such suspicion to the relevant authorities pursuant to The Proceeds of Crime Law (2008 Revision) of the Cayman Islands.

Documents Available For Inspection

Copies of the Trust Deed, the Supplemental Trust Deeds, the Guarantee documentation (if applicable), the Custodian Agreement, the Deed of Novation, the Hong Kong Representative Agreement, the Registrar's Agent Agreement (in the event a Registrar's Agent has been appointed), the Supplemental Deed and the Notice of Establishment 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.

FUND SPECIFIC MEMORANDUM

Date: November 2009

ADEQUITY TRUST: LYXOR DYNAMIC ALTERNATIVE ENERGY FUND

ADEQUITY TRUST: LYXOR DYNAMIC LISTED PRIVATE EQUITY FUND

ADEQUITY TRUST: LYXOR DYNAMIC WATER FUND

This document relates to each of the following funds, namely, the Adequity Trust: Lyxor Dynamic Alternative Energy Fund, the Adequity Trust: Lyxor Dynamic Listed Private Equity Fund and the Adequity Trust: Lyxor Dynamic Water Fund, each of which is a Cayman Islands unit trust established by a trust deed. This Fund Specific Memorandum should be read in conjunction with the Explanatory Memorandum dated November 2009 relating to Adequity Trust. In case of discrepancies between the Explanatory Memorandum and this document in relation to the Adequity Trust: Lyxor Dynamic Alternative Energy Fund, the Adequity Trust: Lyxor Dynamic Listed Private Equity Fund and the Adequity Trust: Lyxor Dynamic Water Fund, this document shall prevail.

Unless expressly provided otherwise in the relevant provision(s) of this document, in which case the relevant provision(s) shall only be applicable to the relevant Fund as so expressly provided, each provision of this document shall be applicable to all of the Adequity Trust: Lyxor Dynamic Alternative Energy Fund, the Adequity Trust: Lyxor Dynamic Listed Private Equity Fund and the Adequity Trust: Lyxor Dynamic Water Fund.

PART 1

DEFINITIONS

Defined terms used in this Memorandum which are not defined below bear the same meanings as in the Explanatory Memorandum.

"Business Day"	means a day (other than Saturday) on which banks are open for normal banking business in Hong Kong and Paris
"Dealing Day"	means, in respect of each of the Funds, the relevant Exchange Business Day applicable to the relevant Fund immediately following the Dealing Deadline day, or such other day or days as the Trustee and the Manager may agree from time to time, provided that orders received after the Dealing Deadline immediately preceding such Dealing Day shall not be executed on the relevant immediate following Valuation Day applicable to the relevant Fund, but shall be executed on the next Valuation Day applicable to the relevant Fund
"Dealing Deadline"	means 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
"EMTN"	means a Euro Medium Term Note issued by SGA Société Générale Acceptance N.V. and guaranteed by Société Générale
"Exchange"	means, for each of the Funds, in respect of each of the relevant stocks included in the portfolio of the relevant Fund from time to time, the exchange or any successor thereto at which such relevant stock is listed and traded, and collectively, the "Exchanges"
"Exchange Business Day"	means, in respect of each of the Funds, any day that is a Trading Day applicable to the relevant Fund on each and every Exchange applicable to the relevant Fund, other than a day on which trading on any of the relevant Exchange(s) applicable to the relevant Fund is/are scheduled to close prior to its/their regular weekday closing time(s)
"Explanatory Memorandum"	means the explanatory memorandum relating to Adequity Trust dated November 2009 as amended or supplemented from time to time
"Fund"	means any one of the following funds, namely, the Adequity Trust: Lyxor Dynamic Alternative Energy Fund, the Adequity Trust: Lyxor Dynamic Listed Private Equity Fund and the Adequity Trust: Lyxor Dynamic Water Fund, and any two or all of such funds (as the context may require) are collectively referred to as the "Funds"
"Hong Kong Business Day"	means a day (other than Saturday) on which banks are open for normal banking business in Hong Kong provided that where a typhoon signal no. 8 or higher or a black rainstorm warning is issued or remain issued after 12:00 noon on such day, it shall not be a Hong Kong Business Day unless the Manager otherwise determines

"Hong Kong Representative" means SG Securities (HK) Limited, the registered office of which is situated at Level 38, Three Pacific Place, 1 Queen's Road East, Hong Kong or such other entity as the Manager may appoint from time to time

"Index" means, in respect of each of the Funds, the relevant underlying index as described in Part 2 of this Memorandum as applicable to the relevant Fund, and any two or all of such indices (as the context may require) are collectively referred to as the "Indices"

"Initial Offer Period" means, in respect of each of the Funds, the following relevant period applicable to the relevant Fund:

Adequity Trust: Lyxor Dynamic Alternative Energy Fund	commencing from 9.00 a.m. (Hong Kong time) on 14 May 2007 to 4.00 p.m. (Hong Kong time) on 14 June 2007 (or such later time or date as the Manager shall determine)
Adequity Trust: Lyxor Dynamic Listed Private Equity Fund	commencing from 9.00 a.m. (Hong Kong time) on 9 August 2007 to 4.00 p.m. (Hong Kong time) on 5 September 2007 (or such later time or date as the Manager shall determine)
Adequity Trust: Lyxor Dynamic Water Fund	commencing from 9.00 a.m. (Hong Kong time) on 5 March 2007 to 4.00 p.m. (Hong Kong time) on 13 April 2007 (or such later time or date as the Manager shall determine)

"Issue Price" means, for each of the Funds, in respect of Units of the relevant Fund applied for by Unitholders of the relevant Fund during the relevant Initial Offer Period applicable to the relevant Fund, the Offer Price and means, in respect of Units of the relevant Fund applied for by Unitholders of the relevant Fund other than during the relevant Initial Offer Period applicable to the relevant Fund, such price per Unit of the relevant Fund as may be determined by the Manager as the issue price per Unit of the relevant Fund on the relevant Valuation Day applicable to the relevant Fund

"Launch Date" means, in respect of each of the Funds, the following relevant date applicable to the relevant Fund:

Adequity Trust: Lyxor Dynamic Alternative Energy Fund	21 June 2007
Adequity Trust: Lyxor Dynamic Listed Private Equity Fund	12 September 2007
Adequity Trust: Lyxor Dynamic Water Fund	18 April 2007

or, in each case, such later date as the Manager may determine in the event that the relevant Initial Offer Period applicable to the relevant Fund is extended

"Market Disruption Event"	means, for each of the Funds, in respect of each of the relevant stocks included in the portfolio of the relevant Fund from time to time, (i) a suspension or material limitation of trading in a material number of such relevant stock on the relevant Exchange applicable to the relevant Fund, or (ii) a material limitation on prices in a material number of such relevant stock on such relevant Exchange applicable to the relevant Fund, or (iii) a suspension or material limitation of trading in any futures and/or options contracts related to such relevant stock or the relevant Index applicable to the relevant Fund which are traded on such relevant Exchange applicable to the relevant Fund. For the purposes of this definition a material limitation of trading resulting from a fluctuation of prices which exceeds levels permitted by the relevant authority and a limitation on the hours of trading will constitute a Market Disruption Event
"New York Business Day"	means a day (other than Saturday) on which banks are open for normal banking business in New York
"Offer Price"	means, in respect of each of the Funds, US\$10.00 per Unit subscribed during the relevant Initial Offer Period applicable to the relevant Fund (exclusive of an initial sales charge of up to 5%)
"Portfolio of Stocks"	means, in respect of each of the Funds, a portfolio of stocks comprising (but not limited to) a certain number of the constituent stocks of the relevant Index applicable to the relevant Fund as may be selected by the Manager at its absolute discretion from time to time
"Realisation Price"	means, in respect of each of the Funds, the realisation price per Unit of the relevant Fund calculated in accordance with the Trust Deed
"Registrar's Agent"	means RBC Dexia Trust Services Hong Kong Limited, the registered office of which is situated at 51/F, Central Plaza, 18 Harbour Road, Wanchai, Hong Kong, or such other entity as may be appointed from time to time by the Manager
"Trading Day"	means, for each of the Funds, in respect of each of the relevant stocks included in the portfolio of the relevant Fund from time to time, a day on which the relevant Exchange applicable to the relevant Fund is open and there is no Market Disruption Event
"US dollars" and "US\$"	means the currency of the United States of America
"Valuation Day"	means, in respect of each of the Funds, the Business Day immediately following the relevant Dealing Day applicable to the relevant Fund, or such other day or days as the Trustee and the Manager may determine from time to time

INVESTMENT OBJECTIVES AND POLICIES

Currency Denomination

Each of the Funds is denominated in US dollars.

Investment Objectives and Policy

In respect of each of the Funds, the investment objectives and policy applicable to the relevant Fund are as follows:-

Adequity Trust: Lyxor Dynamic Alternative Energy Fund	<p>The Adequity Trust: Lyxor Dynamic Alternative Energy Fund seeks to capture the potential growth of the World Alternative Energy Total Return Index in USD (Bloomberg Ticker: WAEXTD, with the details as described in Part 2 of this Memorandum) and to outperform such relevant Index applicable to the Adequity Trust: Lyxor Dynamic Alternative Energy Fund through the Manager's proprietary trading strategy in accordance with the investment policy set out below.</p> <p>The relevant Index applicable to the Adequity Trust: Lyxor Dynamic Alternative Energy Fund, the World Alternative Energy Total Return Index in USD, is calculated by reference to the stocks of 20 companies which form the constituent stocks of such relevant Index, with their major revenue derived from the following investment clusters: namely, renewable energy, energy efficiency, and decentralised energy supply. Please refer to Part 2 for further details of such relevant Index.</p>
Adequity Trust: Lyxor Dynamic Listed Private Equity Fund	<p>The Adequity Trust: Lyxor Dynamic Listed Private Equity Fund seeks to capture the potential growth of the Private Equity Total Return Index in USD (Bloomberg Ticker: PRIVEXD, with the details as described in Part 2 of this Memorandum) and to outperform such relevant Index applicable to the Adequity Trust: Lyxor Dynamic Listed Private Equity Fund through the Manager's proprietary trading strategy in accordance with the investment policy set out below.</p> <p>The relevant Index applicable to the Adequity Trust: Lyxor Dynamic Listed Private Equity Fund, the Private Equity Total Return Index in USD, is calculated by reference to the stocks of the top 25 listed companies with the largest revenue share in the private equity area and which form the constituent stocks of such relevant Index. Please refer to Part 2 for further details of such relevant Index.</p>
Adequity Trust: Lyxor Dynamic Water Fund	<p>The Adequity Trust: Lyxor Dynamic Water Fund seeks to capture the potential growth of the World Water Total Return Index in USD (Bloomberg Ticker: WOWAXD, with the details as described in Part 2 of this Memorandum) and to outperform such relevant Index applicable to the Adequity Trust: Lyxor Dynamic Water Fund through the Manager's proprietary trading strategy in accordance with the investment policy set out below.</p> <p>The relevant Index applicable to the Adequity Trust: Lyxor Dynamic Water Fund, the World Water Total Return Index in USD, is calculated by reference to the stocks of the 20 companies which form the constituent stocks of such relevant Index, with their major revenue derived from the following investment clusters: namely, water utilities, water infrastructure, and water treatment. Please refer to Part 2 for further details of such relevant Index.</p>

Unitholders of the relevant Fund are entitled to request the realisation of their Units of the relevant Fund on each Dealing Day applicable to the relevant Fund at the then prevailing Realisation Price per Unit of the relevant Fund (calculated by reference to the applicable Net Asset Value per Unit of the relevant Fund).

The Manager may exercise its discretion not to issue any Units in any of the Funds in the event that less than US\$15 million is raised during the relevant Initial Offer Period applicable to the relevant Fund. In such event subscription monies paid by applicants of the relevant Fund will be returned by the Manager, acting in its sole and absolute discretion, either by bank transfer or by cheque (at the risk of the applicant) in US dollars (without interest) within 14 Business Days after the expiry of the relevant Initial Offer Period applicable to the relevant Fund.

After consultation with the agents appointed to offer the relevant Fund, the Manager may exercise its discretion to extend the relevant Initial Offer Period applicable to the relevant Fund for a maximum of 14 Business Days.

INVESTMENT POLICY

In respect of and at any time during the life of each of the Funds, the Manager will invest the proceeds of the relevant Fund (having regard to Chapter 7 of the Code on Unit Trusts and Mutual Funds) in the relevant Portfolio of Stocks applicable to the relevant Fund described in the paragraph entitled "Portfolio of Stocks investment" below and/or in cash and/or money market instruments and/or short term deposits and/or in the relevant EMTN applicable to the relevant Fund described in the paragraph entitled "EMTN investment" below.

Portfolio of Stocks investment:

The management of the relevant Portfolio of Stocks applicable to the relevant Fund will be based on the Manager's proprietary trading strategy and the Manager will, for such purpose, take into account of the performance of the relevant Index applicable to the relevant Fund. The relevant Portfolio of Stocks applicable to the relevant Fund will neither comprise all of the constituent stocks of the relevant Index applicable to the relevant Fund nor comprise the selected constituent stocks with the same weightings as in the relevant Index applicable to the relevant Fund.

EMTN investment:

Each of the Funds will, subject always as permitted by and in compliance with the investment restrictions of Chapter 7 of the Code on Unit Trusts and Mutual Funds, invest in an EMTN (not more than 10% of the relevant Fund's assets) in order to:

- 1) generate a leveraged exposure of up to 150% of the performance of the relevant Index applicable to the relevant Fund for investors in the relevant Fund (by way of illustration and example, this means that, for an increase (or decrease) of the relevant Index level applicable to the relevant Fund by 1%, the relevant Fund may receive a gain (or sustain a loss) of up to 1.5% in the relevant Index level applicable to the relevant Fund), which is similar to an investment strategy of taking of a long position in the index futures of the relevant Index applicable to the relevant Fund (assuming the index futures are in existence and available for investment), when the market is less risky as determined by the Manager from time to time, or
- 2) reduce the relevant Fund's exposure to the relevant Index applicable to the relevant Fund, which is similar to an investment strategy of taking of a short position in the index futures of the relevant Index applicable to the relevant Fund (assuming the index futures are in existence and available for investment), when the market is more risky as determined by the Manager from time to time.

DISTRIBUTION POLICY

The Manager does not intend to declare dividends for any of the Funds. In respect of each of the Funds, any income (whether in the form of cash or otherwise) will be reinvested in the relevant Fund and reflected in the value of its Units.

INVESTMENT AND BORROWING RESTRICTIONS

The Trust Deed sets out restrictions and prohibitions on the acquisition of certain investments by the Manager for each of the Funds. A summary of these restrictions appears below, with the meanings of those relevant expressions not otherwise defined in this Memorandum more particularly defined and explained in the Trust Deed:-

1. not more than 10 per cent. of the Net Asset Value of the relevant Fund may consist of securities (other than Government securities and certain other public securities, subject always to the applicable requirements set out in the Trust Deed) issued by a single issuer;
2. the Trust may not in aggregate hold more than 10 per cent. of any ordinary shares issued by any single issuer;
3. not more than 15 per cent. of the Net Asset Value of the relevant Fund may consist of securities of any company not listed or quoted on a stock exchange, over-the-counter market or other organised securities market;
4. not more than 15 per cent. of the Net Asset Value of the relevant Fund may consist of warrants and options, other than warrants and options held for hedging purposes;
5. not more than 10 per cent. of the Net Asset Value of the relevant Fund may consist of units in unit trusts or shares in mutual fund corporations provided that no investment may be made in any unit trust or mutual fund corporation managed by the Manager or any of its connected persons if such investment would result in an increase in the overall total of the preliminary charge, manager's fee or other fees payable to the Manager or any of its connected persons which are borne by the Unitholders of the relevant Fund or the relevant Fund;
6. not more than 20 per cent. of the Net Asset Value of the relevant Fund may consist of physical commodities (including gold, silver, platinum or other bullion) and commodity based investments (other than shares in companies engaged in producing, processing or trading in commodities);
7. the net aggregate value of the contract value, whether payable to or by the relevant Fund under all outstanding futures contracts (other than futures contracts entered into for hedging purposes), together with the aggregate value of those investments falling within paragraph 6. above held by the relevant Fund, may not exceed 20 per cent. of the Net Asset Value of the relevant Fund;
8. not more than 30 per cent. of the Net Asset Value of the relevant Fund may consist of Government securities and certain other public securities of a single issue; and
9. subject to paragraph 8 above, the relevant Fund may be fully invested in Government securities and certain other public securities issued by a single issuer provided that the relevant Fund holds such Government securities and such other public securities of at least six different issues.

The Manager shall not on behalf of any of the Funds:-

- (i) invest in a security of any class in any company or body if directors and officers of the Manager individually own more than 1/2 per cent. of the total nominal amount of all the issued securities of that class or collectively own more than 5 per cent. of those securities;

- (ii) invest in any type of real estate (including buildings) or interests in real estate (including options or rights but excluding shares in real estate companies and interests in real estate investment trusts (REITs) that are listed on a stock exchange);
- (iii) make short sales if as a result the relevant Fund would be required to deliver securities having a value (determined in the accordance with the Trust Deed) which would exceed 10 per cent. of the Net Asset Value of the relevant Fund (and for this purpose "short sale" means a sale of securities actively traded on a recognised securities market or recognised commodities market where short selling is permitted);
- (iv) write uncovered options;
- (v) write a call option if the aggregate of the exercise prices of all such call options written on behalf of the relevant Fund would exceed 25 per cent. of the Net Asset Value of the relevant Fund;
- (vi) make a loan out of the relevant Fund without the prior written consent of the Trustee except to the extent that the acquisition of an investment or the making of a deposit might constitute a loan;
- (vii) assume, guarantee, endorse or otherwise become directly or contingently liable for or in connection with any obligation or indebtedness of any person in respect of borrowed money without the prior written consent of the Trustee and any guarantor of the relevant Fund;
- (viii) enter into any obligation on behalf of the relevant Fund or acquire any asset for the account of the relevant Fund which in the opinion of the Trustee involves or is likely to involve the assumption of any liability (contingent or otherwise) by the Trustee which is not limited to the assets of the relevant Fund; or
- (ix) apply any part of the relevant Fund in the acquisition of any investments or other property which are for the time being nil paid or partly paid in respect of which a call is due to be made unless such call could be met in full out of cash or near cash forming part of the relevant Fund which has not been appropriated and set aside for any other purposes of the Trust Deed or, without the consent of the Trustee, apply any part of the relevant Fund in the acquisition of any other investment or property which is in the opinion of the Trustee likely to involve the Trustee in any liability (contingent or otherwise).

The Trustee at the request and with the concurrence of the Manager may borrow for the account of any of the Funds up to 25 per cent. of the latest available Net Asset Value of the relevant Fund to acquire investments or for liquidity purposes to meet realisation and other expenses of the relevant Fund. The assets of the relevant Fund may be charged, pledged or otherwise encumbered by the Trustee with the concurrence of the Manager as security for any such borrowings.

PUBLICATION OF PRICES

The Net Asset Value per Unit in issue of each of the Funds will be published daily in the South China Morning Post and Hong Kong Economic Times.

RISK FACTORS

Each of the Funds is not an index tracking fund, and the relevant Fund's performance would not replicate that of the relevant Index applicable to the relevant Fund. There is no assurance that the investment objectives mentioned in "Investment Objectives and Policies" above could be achieved for any of the Funds, and each of the Funds is subject to market fluctuations and to the risks inherent in all investments. The Realisation Price of Units of the relevant Fund, and the income from them, may go down as well as up.

Investors' attention is drawn to the following risk factors:

- The performance of each of the Funds is subject to a number of risk factors, including those set out below:
- (a) Political, economic and social risks - All financial markets may at times be adversely affected by changes in political, economic and social conditions.
 - (b) Currency risk - Each of the Funds will have exposure to fluctuations in currency exchange rates where it invests directly or indirectly in securities denominated in currencies other than US dollars. Each of the Funds may, in part, seek to offset the risks associated with such exposure through foreign exchange transactions. The markets in which foreign exchange transactions are effected are highly volatile, highly specialised and highly technical. Significant changes, including changes in liquidity and prices, can occur in such markets within very short periods of time, often within minutes. 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.
 - (c) Diversification risk - From time to time, each of the Funds will be exposed to concentration risks in the relevant sector represented by the relevant Index applicable to the relevant Fund. This means that, investors realising their Units of the relevant Fund on any Valuation Day applicable to the relevant Fund will be fully exposed to the performance of the relevant sector represented by the relevant Index applicable to the relevant Fund which could result in them receiving a Realisation Price per Unit of the relevant Fund below the Issue Price per Unit of the relevant Fund as at either the relevant Launch Date applicable to the relevant Fund or the relevant Valuation Day applicable to the relevant Fund.
 - (d) Market risk - Each of the Fund's investments are subject to the risks inherent in all securities, including the fact that the value of holdings may go down as well as up. Investors should satisfy themselves that the relevant Fund is suitable for them in terms of their own circumstances and financial position before making any decision to invest in any of the Funds. In addition, investors should avoid excessive investment (in terms of the proportion of the relevant type of investment bears to their overall portfolio) in any single type of investment, including any proposed investment in any of the Funds, so as to avoid the investment portfolio being over-exposed to any particular investment risk.
 - (e) Risks associated with the counterparty risk of the EMTN investment - Investors should note that each of the Funds will only invest in some of the constituent stocks of the relevant Index applicable to the relevant Fund. In order to achieve the relevant investment objective applicable to the relevant Fund, each of the Funds will invest principally in the relevant Portfolio of Stocks applicable to the relevant Fund, and will further invest not more than 10% of its assets in a EMTN issued by SGA Société Générale Acceptance N.V. ("SGA") and guaranteed by Société Générale ("SG"). SG is a licensed bank incorporated in and operating under the laws of France. As the issuer and the guarantor of each of the EMTNs are SGA and SG (collectively, the "counterparties") respectively, each of the Funds will be exposed to the counterparty risks of the counterparties. In the event of insolvency, liquidation or default of or any material adverse change concerning the relevant counterparties, the relevant Fund may need to be suspended or terminated, and investors may suffer significant losses, depending on the then market value of the relevant Portfolio of Stocks held by the relevant Fund.
 - (f) Liquidity Risk - Each of the EMTN investments may be illiquid. In order to meet realisation requests on each Dealing Day, the relevant counterparties are obligated to quote a price to unwind any part of the relevant EMTN. The price will reflect, among other things, the market liquidity conditions and the size of the transactions.

- (g) Risks associated with the leveraged position - Each of the Funds may be leveraged through the investment in the relevant EMTN applicable to the relevant Fund. Whilst leveraging provides each of the Funds with significantly more market exposure and hence an opportunity for greater total returns than it would have had when compared to the case where no leveraging is used, leveraging, on the other hand, also exposes each of the Funds to a greater risk of loss arising from adverse movements in the relevant Index applicable to the relevant Fund, so that any adverse market movement may result in a correspondingly more significant fall in the Net Asset Value per Unit of the relevant Fund.
- (h) Connected Parties' Transactions risk - Investors should note that the Manager and the Custodian are all part of the Société Générale group, and member(s) of the Société Générale group may also act as the counterparty(ies) in relation to the relevant Fund's transaction(s). However, each of such entities operates independently in assuming its duties and obligations in relation to the relevant Fund, and is subject to the supervision of the relevant industry regulator(s). All transactions and dealings between such entities in relation to the relevant Fund shall be dealt with on arm's length basis, having regard to the terms of the Trust Deed, and in compliance with the relevant laws, regulations and regulatory codes applicable to such entities. In the unlikely event that conflicts of interest shall arise, the Manager in conjunction with the Trustee shall seek to ensure that Unitholders of the relevant Fund shall be treated fairly.

- (i) In respect of each of the Funds, the risks associated with investment(s) linked to the relevant sector represented by the relevant Index applicable to the relevant Fund are as follows:-

Adequity Trust: Lyxor Dynamic Alternative Energy Fund	The assets of the Adequity Trust: Lyxor Dynamic Alternative Energy Fund will be invested in a specialized sector, namely, the alternative energy sector represented by the World Alternative Energy Total Return Index in USD. Therefore, the Adequity Trust: Lyxor Dynamic Alternative Energy Fund may be more volatile than other funds investing in diversified investment sectors, and the Adequity Trust: Lyxor Dynamic Alternative Energy Fund may be subject to rapid cyclical changes in investor activity. In particular, the share price gains of many companies involved in the alternative energy sector represented by the relevant Index applicable to the Adequity Trust: Lyxor Dynamic Alternative Energy Fund in the recent past have been significantly greater than those experienced by other companies in equity markets as a whole. Consequently, the shares of many companies in this sector are now valued, using certain valuation criteria, by taking into account of a higher premium when compared to the average premium adopted for other shares in equity markets in general. There can be no assurance or guarantee that the current valuations of companies in this sector are sustainable. For these reasons, investment in shares of such companies by the Adequity Trust: Lyxor Dynamic Alternative Energy Fund may be considered speculative.
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Adequity Trust: Lyxor Dynamic Listed Private Equity Fund	The assets of the Adequity Trust: Lyxor Dynamic Listed Private Equity Fund will be invested in a specialized sector, namely, the listed private equity sector represented by the relevant Index applicable to the Adequity Trust: Lyxor Dynamic Listed Private Equity Fund. Therefore, the Adequity Trust: Lyxor Dynamic Listed Private Equity Fund may be more volatile than other funds investing in diversified investment sectors, and the Adequity Trust: Lyxor Dynamic Listed Private Equity Fund may be subject to rapid cyclical changes in investor activity. In particular, the share price gains of many companies involved in the listed private equity sector represented by the relevant Index applicable to the Adequity Trust: Lyxor Dynamic Listed Private Equity Fund in the recent past have been significantly greater than those experienced by other companies in equity markets as a whole. Consequently, the shares of many companies in this sector are now valued, using certain valuation criteria, by taking into account of a higher premium when compared to the average premium adopted for other shares in equity markets in general. There can be no assurance or guarantee that the current valuations of companies in this sector are sustainable. For these reasons, investment in shares of such companies by the Adequity Trust: Lyxor Dynamic Listed Private Equity Fund may be considered speculative.
Adequity Trust: Lyxor Dynamic Water Fund	The assets of the Adequity Trust: Lyxor Dynamic Water Fund will be invested in a specialized sector, namely, the water sector represented by the World Water Total Return Index in USD. Therefore, the Adequity Trust: Lyxor Dynamic Water Fund may be more volatile than other funds investing in diversified investment sectors, and the Adequity Trust: Lyxor Dynamic Water Fund may be subject to rapid cyclical changes in investor activity. In particular, the share price gains of many companies involved in the water sector represented by the relevant Index applicable to the Adequity Trust: Lyxor Dynamic Water Fund in the recent past have been significantly greater than those experienced by other companies in equity markets as a whole. Consequently, the shares of many companies in this sector are now valued, using certain valuation criteria, by taking into account of a higher premium when compared to the average premium adopted for other shares in equity markets in general. There can be no assurance or guarantee that the current valuations of companies in this sector are sustainable. For these reasons, investment in shares of such companies by the Adequity Trust: Lyxor Dynamic Water Fund may be considered speculative.

- (j) Risks associated with investment(s) linked to the emerging markets and relatively smaller capitalisation companies – The assets of each of the Funds may be invested in the emerging markets which can be significantly more volatile than developed markets, so that the value of investments may be subject to large fluctuations. Markets are not always regulated in emerging markets and investments in such markets may subject to greater custodial and settlement risk. Investing in smaller capitalisation companies may involve greater risk than investing in larger, more established companies. For example, small capitalisation companies may have limited product lines, markets and financial or managerial resources. As a result, price movements in securities of smaller capitalisation companies may be more volatile. Transaction costs in securities of smaller capitalisation companies can be higher than those of larger capitalisation companies and there may be less liquidity. Because of the special risks associated with investing in emerging markets and smaller companies, funds which invest in such securities, including the Funds, should be considered speculative.

(k) Licence to use the relevant Index applicable to each of Funds may be terminated - The Manager has been granted licences by Dow Jones Indexes and/or SAM Group (each of which is, or (as the context may require) collectively are, referred to as the "Index Sponsor") to the use of and reference to the Indices in connection with the Funds. Each of the Funds may not be able to fulfil its objectives and may be terminated if the relevant licence applicable to the relevant Fund is revoked. In addition, each of the Funds may also be terminated if the form or the method of calculating the relevant Index applicable to the relevant Fund is substantially modified, or in the event that the relevant Index applicable to the relevant Fund is replaced by a new index to be substituted to the relevant Index applicable to the relevant Fund, or in the event that the calculation of the relevant Index applicable to the relevant Fund shall cease and there is no substitute index acceptable to the Manager.

POTENTIAL INVESTORS MUST READ THE ENTIRE EXPLANATORY MEMORANDUM AND MUST CONSULT THEIR OWN PROFESSIONAL ADVISERS, BEFORE DECIDING TO INVEST IN ANY OF THE FUNDS.

ISSUE OF UNITS

Initial Issue of Units in the Funds

Units of each of the Funds are initially being offered to investors during the relevant Initial Offer Period applicable to the relevant Fund at an Issue Price of US\$10.00 per Unit (exclusive of an initial sales charge of up to 5%).

Units of the relevant Fund will be issued on the relevant Valuation Day applicable to the relevant Fund following the close of the relevant Initial Offer Period applicable to the relevant Fund in respect of applications, together with application monies in cleared funds received by the Manager prior to 4:00 p.m. (Hong Kong time) on the last day of the relevant Initial Offer Period applicable to the relevant Fund.

The Manager may exercise its discretion not to issue any Units in the relevant Fund in the event that less than US\$15 million is raised during the relevant Initial Offer Period applicable to the relevant Fund. In such event subscription monies paid by applicants of the relevant Fund will be returned by the Manager, acting in its sole and absolute discretion, either by bank transfer or by cheque (at the risk of the applicant) in US dollars (without interest) within 14 Business Days after the expiry of the relevant Initial Offer Period applicable to the relevant Fund.

Subsequent Issue of Units

In respect of each of the Funds, after the close of the relevant Initial Offer Period applicable to the relevant Fund, Units of the relevant Fund will be available for issue on a weekly basis on each Valuation Day applicable to the relevant Fund. Subscriptions (together with subscription monies in cleared funds) received by the Manager prior to 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) (the "Dealing Deadline") will be dealt with on the relevant Valuation Day applicable to the relevant Fund immediately following the Dealing Deadline. Where subscriptions and/or subscription monies are received after the Dealing Deadline, they will be carried forward and dealt with on the next following Valuation Day applicable to the relevant Fund.

The Issue Price of Units of each of the Funds on a Valuation Day applicable to the relevant Fund will be calculated by reference to the Net Asset Value per Unit of the relevant Fund as at the relevant Valuation Day applicable to the relevant Fund.

The Manager has an absolute discretion to accept or reject in whole or in part any subscription for Units for each of the Funds. In the event that a subscription is rejected, subscription monies will be returned without interest by cheque through the post at the risk of the person(s) entitled thereto. No Units in the relevant Fund(s) will be issued where the determination of the Net Asset Value(s) of the relevant Fund(s) is/are suspended (for details see "Suspension of Calculation of Net Asset Value" in the Explanatory Memorandum above).

Initial Sales Charge

In respect of each of the Funds, the Manager, at its discretion, is entitled to an initial sales charge of up to 5 per cent. of the gross investment amount invested (i.e. sum of monies received by the Manager before the deduction of the initial sales charge) during and after the close of the relevant Initial Offer Period applicable to the relevant Fund. The Manager may re-allow or pay all or part of the initial sales charge (and any other fees it receives) to recognised intermediaries or such other persons as the Manager may at its absolute discretion determine.

Based on an initial investment of US\$5,000 during the relevant Initial Offer Period applicable to the relevant Fund at the Offer Price of US\$10 per Unit of the relevant Fund and initial sales charge of 5%, the number of Units of the relevant Fund received by the Unitholder of the relevant Fund will be calculated as follows:

US\$5,000 Initial Investment	–	US\$250 Initial Sales Charges	=	US\$4,750 Net Investment
US\$4,750 Net Investment	÷	US\$10 Offer Price per Unit	=	475 Units Number of Units

Investors should note that after the relevant Initial Offer Period applicable to the relevant Fund, the relevant actual Issue Price of the relevant Fund will vary weekly in line with the Net Asset Value of the relevant Fund.

Application procedure

In respect of each of the Funds, applications for Units of the relevant Fund both during and after the relevant Initial Offer Period applicable to the relevant Fund should be made by completing the relevant Application Form applicable to the relevant Fund and sending it to the Registrar or to the Hong Kong Representative who will arrange transmission to the Registrar, together with payment for the Units of the relevant Fund. Applications are subject to the terms of this Memorandum, the Explanatory Memorandum and the provisions of the Application Form applicable to the relevant Fund. The original of any application given by facsimile should be forwarded to the Registrar or the Hong Kong Representative. Neither the Registrar, nor the Hong Kong Representative shall be responsible to an applicant for any loss resulting from non-receipt of any application sent by facsimile.

Minimum Investment

The minimum investment in each of the Funds is US\$3,000.

Payment Procedure

In respect of each of the Funds, payment should be made in one of the ways set out in the attached Application Form applicable to the relevant Fund. Payments should be made in US dollars or in HK dollars. Payment in HK dollars will be converted into US dollars and the proceeds of conversion (after deducting the costs of such conversion) will be applied in the subscription of Units in the relevant Fund. Conversion of currencies may involve some delay.

In respect of each of the Funds, payment of subscription monies in cleared funds **must** be received prior to 4:00 p.m. (Hong Kong time) on the last day of the relevant Initial Offer Period applicable to the relevant Fund in relation to subscriptions made during the relevant Initial Offer Period applicable to the relevant Fund or before the Dealing Deadline in relation to subscriptions made after the close of the relevant Initial Offer Period applicable to the relevant Fund and, in each case, a copy of the remittance advice must be attached to the Application Form applicable to the relevant Fund for such application to be processed.

Investors should note that for payment in US dollars to be received for value on a particular day, payment must be made for value in New York on the New York Business Day preceding such day and for payment in Hong Kong dollars to be received for value on a particular day, payment must be made for value in Hong Kong on the Hong Kong Business Day preceding such day.

Investors should not pay by cheque due to delays in clearing.

No money should be paid to an intermediary in Hong Kong who is not registered or licensed to undertake Type 1 regulated activity under Part V of the Securities and Futures Ordinance.

REALISATION OF UNITS

In respect of each of the Funds, the procedures relating to realisation of Units of the relevant Fund are described in the Explanatory Memorandum. There is no realisation charge.

Unitholders of the relevant Fund are entitled to request the realisation of their Units of the relevant Fund on each Dealing Day applicable to the relevant Fund at the then prevailing Realisation Price per Unit of the relevant Fund (calculated by reference to the applicable Net Asset Value per Unit of the relevant Fund).

If at any time during the period from the time as at which the Realisation Price of the relevant Fund is calculated and the time at which realisation moneys are converted out of any other currency into the base currency of the relevant Fund there is a devaluation or depreciation of that currency, the amount payable to any relevant realizing Unitholder of the relevant Fund may be reduced as the Manager considers appropriate to take account of the effect of that devaluation or depreciation.

Unitholders of each of the Funds may, subject to the consent of the Manager have the option to convert their Units of the relevant Fund into units of certain other funds of the Adequity Trust. Further details of such option are available from the Manager. The Manager has the discretion to charge a conversion charge of up to 1% of the gross amount invested in units of such other funds of the Adequity Trust.

CHARGES AND EXPENSES

Management Fees

The Manager is entitled to receive from each of the Funds a quarterly management fee (payable in arrears), which shall start to accrue from and inclusive of the relevant Launch Date applicable to the relevant Fund, accrued on and calculated as at each Valuation Day applicable to the relevant Fund at the current rate of 1.75% per annum of the Net Asset Value of the relevant Fund.

The maximum rate of management fee payable to the Manager pursuant to the Trust Deed for each of the Funds is 3% per annum and any increase in the current rate up to the maximum permitted rate will only be implemented upon giving not less than 3 months' notice to affected Unitholders of the relevant Fund.

Any increase in the current rate of the management fee payable in respect of any period for each of the Funds will be fixed prior to the date of commencement of such period and such rate will apply with effect from the date of commencement of such period and will continue to apply until further notified otherwise by the Manager as aforesaid.

The Manager is entitled to receive an initial sales charge on the issue of Units of each of the Funds of up to 5% of the gross amount invested.

The Manager is also entitled to receive a conversion charge of 1% of the gross amount invested in units of such other funds of the Adequity Trust if the investor elects to convert their Units of the relevant Fund into units of certain other funds of the Adequity Trust.

The Manager may share any fees it receives with distributors or agents procuring subscriptions in each of the Funds.

The Manager and other companies within the Manager's group may with the prior written consent of the Trustee deal with each of the Funds as principal and, subject as provided above, may retain any benefit which they receive as a result.

Trustee's Fees, Hong Kong Representative's Fees, Auditors' Fees, Custodian's Fees and Registrar's Agent Fees

The Manager is entitled to receive from each of the Funds a quarterly fixed cost (payable in arrears), which shall start to accrue from and inclusive of the relevant Launch Date applicable to the relevant Fund, accrued on and calculated as at each Valuation Day applicable to the relevant Fund at the current rate of up to 0.50% per annum of the Net Asset Value of the relevant Fund in order to cover the Trustee's fees, the Auditors' fees, the Custodian's fees and the Registrar's Agent's fees applicable to the relevant Fund and which may from time to time be payable by the Manager on an ongoing basis. The Hong Kong Representative's fees will be paid by the Manager.

Establishment Costs and Expenses

The preliminary establishment expenses of each of the Funds, including the legal fees, the costs and expenses in obtaining authorisation of the relevant Fund in Hong Kong and in the Cayman Islands, the preparation, the translation and the printing of the Explanatory Memorandum, this Fund Specific Memorandum, the supplemental deeds or any agreements and any other incidental expenses will be borne by the Manager and may be shared with any other agent or representative.

TERMINATION OF THE FUNDS

Each of the Funds may be terminated

- (i) by an Extraordinary Resolution of Unitholders in the relevant Fund; or
- (ii) if any laws shall be passed rendering it illegal or in the opinion of the Manager in consultation with the Securities and Futures Commission, impracticable or inadvisable to continue the relevant Fund; or
- (iii) in the event the Net Asset Value of the relevant Fund falls below US\$5 million, further to a proposal by the Manager; or
- (iv) by the Manager after consultation with the Trustee if the form or the method of calculating the relevant Index applicable to the relevant Fund is substantially modified, or in the event that the relevant Index applicable to the relevant Fund is replaced by a new index to be substituted to the relevant Index applicable to the relevant Fund, or in the event that the calculation of the relevant Index applicable to the relevant Fund shall cease and there is no substitute index acceptable to the Manager; or
- (v) if the licence to use and / or refer to the relevant Index applicable to the relevant Fund is revoked.

Notice of termination shall be given to Unitholders of the relevant Fund.

ADJUSTMENT ON THE INDEX(ICES)

In respect of each of the Funds, if any of the events below shall occur, the following provisions shall apply:

(a) Third Party Calculates the relevant Index applicable to the relevant Fund

If the relevant Index applicable to the relevant Fund is not calculated by the relevant Index Sponsor applicable to the relevant Fund, but is calculated by another person(s) or party(ies) (collectively, the "Third Party") which has been designated by the relevant Index Sponsor applicable to the relevant Fund or any other competent market authority, the relevant Index Sponsor applicable to the relevant Fund shall be replaced by the Third Party.

The same provisions will apply in the event that the Third Party nominated by the relevant Index Sponsor applicable to the relevant Fund or any other competent market authority ceases to calculate the relevant Index applicable to the relevant Fund but is replaced by another Third Party designated under the same provisions.

(b) Modification to the Calculation, Replacement and /or Termination of the relevant Index applicable to the relevant Fund

If relevant Index Sponsor applicable to the relevant Fund or the Third Party (as defined above) substantially modifies the form or the method of calculating the relevant Index applicable to the relevant Fund, or in the event that the relevant Index Sponsor applicable to the relevant Fund or any other competent market authority replaces the relevant Index applicable to the relevant Fund by a new index to be substituted to the relevant Index applicable to the relevant Fund, or in the event that the relevant Index Sponsor applicable to the relevant Fund or the Third Party ceases to calculate the relevant Index applicable to the relevant Fund and there is no substitute index acceptable to the Manager, the Manager shall have the right, after consultation with the Trustee:

- (i) to replace the relevant Index applicable to the relevant Fund by the index as so modified or by the substitute index (as the case may be) multiplied, if need be, by a linking coefficient allowing to ensure continuity in the evolution of the relevant Index applicable to the relevant Fund; or
- (ii) to terminate the relevant Fund.

In the event that the Fund(s) is/are terminated in the circumstances set out above, the Units of the relevant Fund(s) then in issue will be realised at the prevailing Realisation Price(s) per Unit of the relevant Fund(s) (calculated by reference to the applicable Net Asset Value(s) per Unit of the relevant Fund(s)) as at the date(s) of such termination.

Upon the occurrence of any adjustment(s) or termination of the Fund(s), the Manager will act reasonably and in good faith in order to preserve the economic interests of investors in the relevant Fund(s).

Notification of any adjustment(s) or termination of the Fund(s) will be published in the South China Morning Post and Hong Kong Economic Times as soon as practicable following such event(s).

PART 2

DETAILS OF THE INDICES

Fund	Index	Description
Adequity Trust: Lyxor Dynamic Alternative Energy Fund	World Alternative Energy Total Return Index in USD (WAEXTD)	<p>The WAEXTD is an equally weighted index of 20 largest global organisations in the areas renewable energy, energy efficiency and decentralised energy supply.</p> <p>In order to be included in the WAEXTD, the index companies must fulfill various qualitative criteria. The primary source of revenue of the selected companies is from one of the following investment clusters as determined according to the current definition:</p> <ul style="list-style-type: none"> - Renewable energy - Energy efficiency - Decentralised energy supply <p>The companies belong to the largest in their sectors based on their free-float market capitalisation and the stock demonstrates, in addition, a sufficiently high liquidity.</p> <p>An index review with respect to the component companies is performed on a six-month basis, a re-weighting of the component stocks every quarter. If companies, that become listed on a stock exchange via an IPO, qualify for inclusion in the WAEXTD, a recompilation of the index can also take place at the time of the quarterly adjustment.</p> <p>The WAEXTD is conceived as a performance index (total return) meaning that dividend payments are reinvested.</p> <p>The index (Bloomberg code: WAEXTD) price could be accessed through the Bloomberg terminal. Important news relating to the index will be posted on the website of the Manager http://www.lyxor.com.hk.</p>
Adequity Trust: Lyxor Dynamic Listed Private Equity Fund	Private Equity Total Return Index in USD (PRIVEXD)	<p>The PRIVEXD aims at reflecting the world private equity sector.</p> <p>It tracks the performance of globally listed private equity stocks and is composed of the 25 largest and most liquid stocks of private equity companies listed on the world's stock exchanges. To be included in PRIVEXD, companies' revenues must primarily derive from private equity activities such as leveraged buy-out, venture capital and growth capital. It covers the various regions where private equity companies are active (Asia, Europe and the USA) as well as the various activities of the sector.</p> <p>The PRIVEXD is free float market capitalization weighted. The constituent stocks' weightings are rebalanced every quarter and its composition is reassessed every six months by Dow Jones Indexes. For the quarterly rebalancing of the Index, a cap factor of 15% will be applied for each stock.</p>

		<p>To be admitted to the PRIVEXD, companies must satisfy the minimum market capitalization requirement (i.e., US\$200 million based on full market capitalization). In addition, there must be sufficient liquidity in the trading of shares of member companies. The capping factors for the individual index members are adjusted on a quarterly basis. Dow Jones Indexes is responsible for the selection of the index components, the index calculation, the ongoing maintenance and the index dissemination.</p> <p>The PRIVEXD is conceived as a performance index (total return) meaning that dividend payments are reinvested.</p> <p>The index (Bloomberg code: PRIVEXD) price could be accessed through the Bloomberg terminal. Important news relating to the index will be posted on the website of the Manager http://www.lyxor.com.hk.</p>
Adequity Trust: Lyxor Dynamic Water Fund	World Water Total Return Index in USD (WOWAXD)	<p>The WOWAXD is an equally weighted index of 20 largest global organisations, which are listed on global exchanges, in the areas water utilities, water infrastructure and water treatment.</p> <p>In order to be included in the WOWAXD Index companies must fulfill various qualitative criteria. The primary source of revenue of the selected companies is from one of the following investment clusters as determined according to the current definition:</p> <ul style="list-style-type: none"> - Water Utilities - Water Infrastructure - Water Treatment <p>The companies belong to the largest in their sectors based on their free-float market capitalisation and the stock demonstrates, in addition, a sufficiently high liquidity.</p> <p>An index review with respect to the component companies is performed on a six-month basis, a re-weighting of the component stocks every quarter. If companies, that become listed on a stock exchange via an IPO, qualify for inclusion in the WOWAXD, a recompilation of the index can also take place at the time of the quarterly adjustment.</p> <p>The WOWAXD Index is conceived as a performance index (total return) meaning that dividend payments are reinvested.</p> <p>The index (Bloomberg code: WOWAXD) price could be accessed through the Bloomberg terminal. Important news and information (including the composition) relating to the index will be posted on the website of the Manager http://www.lyxor.com.hk.</p>

WAEXTD Disclaimer - applicable to the Adequity Trust: Lyxor Dynamic Alternative Energy Fund only

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