

**Lyxor STOXX Europe 600 Telecommunications
UCITS ETF**

PROSPECTUS

Lyxor STOXX Europe 600 Telecommunications UCITS ETF

Compliant with DIRECTIVE 2009/65/EC

PROSPECTUS

GENERAL CHARACTERISTICS

LEGAL FORM

A French common fund ("fonds commun de placement")

NAME

Lyxor STOXX Europe 600 Telecommunications UCITS ETF (hereinafter the "Fund")

LEGAL STRUCTURE AND MEMBER STATE IN WHICH THE FUND WAS CREATED

A French FCP common fund formed in France.

DATE ESTABLISHED AND INTENDED TERM

The Fund was approved by l'Autorité des Marchés Financiers on 7 July 2006. It was formed on 18 August 2006 for a term of 99 years.

KEY INFORMATION

| Units | ISIN code | Allocation of amounts available for distribution | Currency | Eligible investors | Minimum subscription / redemption (primary market) or purchase / sale (secondary market) | Listing exchanges |
|-------|--------------|--|----------|--|--|--|
| Acc | FR0010344812 | Accumulation and/or Distribution | EUR | The Fund is available to all investors | 100,000 EUR on the primary market /A on secondary market ⁽¹⁾ | Deutsche Boerse (Frankfurt); NYSE Euronext (Paris), Borsa Italiana (Milan), SIX Swiss Exchange |

(1) There is no minimum purchase or sale amount other than that which may be required by the exchange.

WHERE TO OBTAIN THE MOST RECENT ANNUAL AND INTERIM REPORTS

The most recent annual reports and the asset composition statement will be sent out within eight business days at the investor's request in writing to:

LYXOR INTERNATIONAL ASSET MANAGEMENT.

17 Cours Valmy - 92987 Paris La Défense France.

e-mail: contact@lyxor.com.

More information can be requested on Lyxor's website at www.lyxoretf.com.

SERVICE PROVIDERS

INVESTMENT MANAGEMENT COMPANY

LYXOR INTERNATIONAL ASSET MANAGEMENT.

A French simplified joint-stock company (Société par Actions Simplifiée - SAS).

Registered office: 17 Cours Valmy - 92987 Paris La Défense France.

Postal address: Tour Societe Générale - A08 - 17, cours Valmy - 92987 Paris-La Défense Cedex - France.

REMUNERATION POLICY

The management company has established a remuneration policy that complies with current regulations. This policy is consistent with the economic strategy, objectives, values and interests of the management company, of the funds it manages and of the investors in these funds, and includes measures intended to avoid conflicts of interest.

The management company's remuneration policy provides a balanced framework where the remuneration of the relevant employees is based on the following principles:

- The management company's remuneration policy is consistent with sound and effective risk management, encourages such management and does not encourage risk-taking that would be incompatible with the risk profiles, this prospectus or the other constitutional documents of the funds which the management company manages;
- The remuneration policy was approved by the management company's supervisory board, which reviews the policy's general principles at least once a year;
- The remuneration of internal control personnel is based on the achievement of control objectives and is independent of the financial performance of the business activities controlled;
- When remuneration is performance-based, its total amount is determined on the basis of the assessed performance of the individual employee, his or her operating unit and the relevant funds in accordance with their risk exposure, and on the basis of the management company's overall performance when individual employee performance is assessed, while taking into account both financial and non-financial criteria;
- An appropriate balance must be established between the fixed and variable components of the total remuneration;
- Above a certain threshold, a substantial part of remuneration, and in any case at least 50% of the entire variable component, shall depend on exposure to an index the components and functioning of which ensure that the interests of employees are aligned with those of investors;
- Above a certain threshold a substantial part of remuneration, and in any case at least 40% of the entire variable component, shall be deferred for an appropriate time;
- The variable remuneration, including the deferred portion, shall only be paid or shall only vest if such payment or vesting is consistent with the management company's overall financial situation, and if such payment or vesting is justified by the performance of the operating units, the funds and the relevant employee.

Up-to-date information on the remuneration policy may be found on the Internet at: <http://www.lyxor.com/fr/menu-corporate/nous-connaître/mentions-reglementaires/>

DEPOSITARY & CUSTODIAN

THE DEPOSITARY

The Depositary is Société Générale S.A., acting through its Securities Services department (the "Depositary"). Société Générale, which has its registered office at 29, boulevard Haussmann in Paris (75009), is registered in the Paris trade register under No. 552 120 222, has been approved by the French Prudential Supervision and Resolution Authority (the ACPR) and is also subject to the supervision of the French Financial Markets Authority (the AMF).

The Depositary's duties and potential conflicts of interest

The Depositary is responsible for three things — monitoring the compliance of the management company's decisions, holding the assets of investment funds in custody and monitoring the cash flows of these investment funds.

The Depositary's main objective is to protect the interests of each fund's shareholders and investors.

Potential conflicts of interest may be identified, particularly if the Management Company maintains a business relationship with Société Générale that extends beyond the latter's Depositary duties, for example, if the Management Company delegates to Société Générale the task of calculating the net asset value of the funds of which Société Générale is the Depositary, or when there is a group relationship between the Management Company and the Depositary.

In order to manage such situations, the Depositary has set up and maintains a policy for managing conflicts of interest which serves to:

- Identify and examine potential conflict-of-interest situations
- Record, manage and follow up conflict-of-interest situations, by:
 - (i) using ongoing measures to deal with conflicts of interest, such as segregating duties, separating line and staff functions, monitoring "insiders", and using dedicated IT environments;
 - (ii) and also, on a case-by-case basis:
 - (a) implementing appropriate preventive measures such as drawing up ad hoc "watch lists", setting up Chinese walls, checking that transactions are dealt with appropriately, and/or informing any clients who may be affected;
 - (b) or otherwise, refusing to engage in activities that may result in a conflict of interest.

Custodial functions which the Depositary may delegate, delegates and sub-delegates, and the identification of conflicts of interest that may require such delegation

The Depositary is responsible for the custody of assets (as defined under Article 22.5 of Directive 2009/65/EC as amended by Directive 2014/91/EU). In order to provide custodial services in a large number of countries and enable investment funds to achieve their investment objectives, the Depositary has appointed sub-custodians in the countries where the Depositary normally does not have a direct local presence. These entities are listed on the Internet at:

http://www.securitesservices.societegenerale.com/uploads/tx_bisgnews/Global_list_of_sub_custodians_for_SGSS_2016_05.pdf

In accordance with Article 22 bis 2. of the UCITS V directive, the process for appointing and supervising sub-custodians complies with the highest standards of quality and includes the management of potential conflicts of interest that may arise when sub-custodians are appointed. The Depositary has prepared an effective policy for identifying, preventing and managing conflicts of interest in compliance with national and international regulations and international standards.

The delegation of the Depositary's custodial functions may result in conflicts of interest. The latter have been identified and are monitored. The Depositary's conflict-of-interest policy includes measures to prevent the occurrence of conflict-of-interest situations and to ensure that, in the course of its business activities, the Depositary always acts in the best interests of the investment funds. These preventive measures consist most notably in ensuring the confidentiality of the information exchanged, physically separating activities that may result in a conflict

of interest, determining and classifying remuneration and pecuniary and non-pecuniary benefits, and implementing a policy and measures that govern the acceptance of gifts and hospitality.

Investors may obtain the most recent information on the above policy measures upon request.

SOCIÉTÉ GÉNÉRALE

A credit institution founded on 4 May 1864 by special decree of Napoleon III.

Registered office: 29, bd Haussmann - 75009 Paris – FRANCE.

Postal address: 75886 Paris Cedex 18.

TRANSFER AGENT AND REGISTRAR

By delegation from Lyxor International Asset Management:

SOCIÉTÉ GÉNÉRALE, a credit institution founded on 4 May 1864 by special decree of Napoleon III.

Registered office: 29, bd Haussmann - 75009 Paris – FRANCE.

Postal address: 32 rue du champ de tir - 44000 Nantes – France

AUDITOR

PRICEWATERHOUSECOOPERS AUDIT.

A French joint-stock company.

Registered office: 3, rue de Villiers - 92208 Neuilly-sur-Seine - France.

Signatory: Marie-Christine Jetil.

ADMINISTRATION AND ACCOUNTING

LYXOR INTERNATIONAL ASSET MANAGEMENT will delegate the Fund's administration and accounting to:

Société Générale, a credit institution founded on 4 May 1864 by special decree of Napoleon III.

Registered office address: 29, bd Haussmann – 75009 Paris – France.

The services that Société Générale provides to Lyxor International Asset Management consist of assistance with the Fund's administrative management and bookkeeping, and, more specifically, calculating net asset value, providing the information and supporting material needed to produce interim and annual reports and statistics to Banque de France.

MARKET MAKERS

The following financial institution (the "Market Maker") is responsible for making a market in the Fund's units:

Societe Generale Corporate and Investment Banking - Tour Societe Generale, 17 Cours Valmy, 92987 Paris-La Défense, FRANCE.

MANAGEMENT AND OPERATIONS: GENERAL CHARACTERISTICS

UNIT CHARACTERISTICS

The units are listed in a register in the name of the establishments holding accounts for subscribers on their behalf. The register is kept by the Depository.

Each Fund unit-holder has a co-ownership right to the Fund's net assets that is proportional to the number of units held.
The units do not bear any voting rights as all decisions are made by the management company.
The units are to be held in bearer form and will not be divided into fractions.

LISTING OF THE FUND'S UNITS ON A REGULATED MARKET

- When the units are listed on Euronext Paris, as indicated in the "Key Information" section, investors should note the following rules:

Pursuant to article D 214-22-1 of the French Monetary and Financial Code the units or shares of undertakings for collective investments in transferable securities may be admitted to trading, provided that these undertakings have a system to ensure that the market price of their units or shares does not differ significantly from their net asset value. Under NYSE Euronext Paris rules trading in the Fund's units is also subject to a 'reservation threshold' of 1.5% above or below the Fund's indicative net asset value or "iNAV" (see the "Indicative Net Asset Value" section), as published by NYSE Euronext Paris and updated on an estimated basis during trading in accordance with the change in the STOXX® Europe 600 TELECOMMUNICATIONS Net Total Return index.

To comply with the reservation thresholds of the NYSE Euronext Paris exchange (see the "Indicative Net Asset Value" section) the Market Makers will ensure that the market price of the Fund's units does not differ from the Fund's indicative Net Asset Value by more than 1.5%.

- When the units are listed on an exchange other than Euronext Paris, as indicated in the "Key Information" section, investors should note the following rules:

Investors wishing to acquire units in the Fund listed on an exchange listed in the "Key Information" section should familiarise themselves with the guidelines laid down by the relevant market undertaking in compliance with local regulations, and if necessary should seek assistance from their usual brokers on the relevant exchange(s).

BALANCE SHEET DATE

Last business day in France in June.

First balance sheet date: last business day of June 2007.

TAXATION

Investors should note that the following information is just a general summary of the applicable tax regime, under current French law, for investment in a French FCP fund. Investors are therefore advised to consider their specific situation with their usual tax advisor.

France:

The Fund is eligible for French equity savings (PEA) plans.

The Fund shall remain in compliance with asset restrictions which qualify it for purchase under an Equity Savings Plan, i.e. more than 75% of the shares held are in companies with their head office in a member state of the European Union or in another state that is party to the European Economic Area agreement and which has signed a tax convention with France that includes an administrative assistance clause for the purpose of fighting fraud and tax evasion.

The Fund is eligible for unit-linked life insurance policies.

1. Taxation of the Fund

In France, the co-ownership status of FCP funds means that they are not subject to corporate income tax and therefore inherently benefit from some tax transparency. Income received and generated by the Fund through its management activities is not therefore taxable at the level of the Fund.

Outside France (in the countries in which the Fund invests), capital gains on the disposal of foreign negotiable securities and income from foreign sources received by the Fund through its management activities may, if applicable, be subject to tax (generally in the form of withholding tax). In certain limited cases, foreign taxation may be reduced or cancelled in the presence of any applicable tax treaties.

2. Taxation of Fund unit-holders

2.1 French resident unit-holders

The Fund's distributions to French residents, as well as capital gains or losses, are subject to prevailing tax legislation. Investors are advised to consider their specific situation with their usual tax advisor.

2.2 Non-French resident unit-holders

The terms of a tax treaty or lack thereof may make the Fund's distributions subject to a standard deduction at source or withholding tax in France.

Moreover, capital gains realized on the purchase/disposal of FCP fund units are generally tax-exempt.

Unit holders resident outside France will be subject to the applicable tax legislation in their country of residence.

INFORMATION ON THE AUTOMATIC AND COMPULSORY EXCHANGE OF TAX INFORMATION

The management company may collect and report to tax authorities information that concerns investors in the Fund for the sole purpose of complying with Article 1649 AC of the French General Tax code and with Council Directive 2014/107/EU of 9 December 2014 which amended Directive 2011/16/EU on the automatic and compulsory exchange of tax information.

Investors are entitled to access information that concerns them and have this information corrected or deleted if necessary and may exercise these rights vis-à-vis the financial institution pursuant to the French data privacy act of 6 January 1978 (the "loi information et libertés") but also agree to provide the information the financial institution requires for its reporting purposes.

INFORMATION CONCERNING THE FOREIGN ACCOUNT TAX COMPLIANCE ACT (FATCA)

France and the United States have concluded a Model I intergovernmental agreement (“IGA”), to enable the enforcement in France of the U.S. Foreign Account Tax Compliance Act (FATCA), the purpose of which is to prevent tax evasion by U.S. taxpayers who hold financial assets abroad. The term “U.S. taxpayer” means a U.S. citizen or resident individual, a partnership or corporation organized in the United States or under the laws of the United States or any State thereof, a trust if (i) a court located in the United States would have authority under applicable law to render orders or judgments concerning substantially all issues regarding administration of the trust, and (ii) one or more U.S. taxpayers have the authority to control all substantial decisions of the trust, or an estate of a decedent that is a citizen or resident of the United States

The Fund has been registered with the U.S. tax authorities as a “reporting financial institution”. As such, the Fund is required, as of 2014, to report information to the U.S. tax authorities concerning certain asset holdings of, or payments to, certain U.S. taxpayers or non-U.S. financial institutions that are considered as non participating to FATCA, via automatic information exchange between French and U.S. tax authorities. Investors will be responsible for certifying their FATCA status with their financial intermediary or with the management company, as applicable.

Since the Fund will observe its obligations under IGA as implemented in France, it will be considered FATCA compliant and should therefore be exempt from withholding tax under FATCA on certain U.S. source income or products.

It is recommended that investors whose units are held by a custodian in a jurisdiction that is not a party to an IGA ask their custodian what the custodian’s intentions are with respect to FATCA. Some custodians may require additional information from investors to comply with their obligations under FATCA or with the obligations of the custodian’s jurisdiction. Moreover, the scope of obligations under FATCA or under an IGA may vary depending on the custodian’s jurisdiction. Investors should therefore seek advice from their financial advisor.

MANAGEMENT AND OPERATIONS: SPECIFIC CHARACTERISTICS

ISIN CODE

Acc unit class: FR0010344812

CLASSIFICATION

Global equities.

The Fund continuously maintains at least 60% exposure to at least one foreign equity market, or to the equity markets of two or more countries which may include France.

The Fund is a UCITS ETF type index tracker.

INVESTMENT OBJECTIVE

The Fund's investment objective is to replicate the performance of the STOXX® Europe 600 TELECOMMUNICATIONS Net Total Return index (the "**Benchmark Index**"), denominated in euros (EUR), while minimising the tracking error between the Fund's performance and that of the Benchmark Index.

The expected ex-post tracking error under normal market conditions is 0.25%

BENCHMARK INDEX

The Benchmark Index is the STOXX® Europe 600 TELECOMMUNICATIONS Net Total Return index, with net dividends reinvested.

The Benchmark Index is an equity index that is calculated and published by the global index provider STOXX Ltd.

The Benchmark Index measures the stock performance of large companies in the telecommunications sector in the eurozone and covers the following countries: Germany, Austria, Belgium, Denmark, Spain, Finland, France, Greece, Ireland, Italy, Luxembourg, Norway, Netherlands, Portugal, United Kingdom, Sweden and Switzerland,

The weighting of each stock in the Benchmark Index is adjusted in line with its free-floating market capitalisation. As a result the number of the stocks in the Benchmark Index can change over time.

The STOXX methodology and calculation method allow for variance in the number of Benchmark Index constituents.

The complete construction methodology for the STOXX indices is available on the Internet at <https://www.stoxx.com/indices>.

The performance tracked is that of the Benchmark Index's closing price.

A full description and the complete methodology used to construct the Benchmark Index and information on the composition and respective weightings of the Benchmark Index components are available on the Internet at <https://www.stoxx.com/indices>.

BENCHMARK INDEX COMPOSITION AND REBALANCING

The Benchmark Index is rebalanced quarterly.

The exact composition of the Benchmark Index and the rules for its rebalancing are available on the internet at <https://www.stoxx.com/indices>.

The frequency of the rebalancing referred to above does not affect the cost of implementing the Investment Strategy.

BENCHMARK INDEX PUBLICATION

The Benchmark Index is calculated daily at the official closing price of the exchanges where the index constituents are listed.

The Benchmark Index is also calculated in real time every business day that the Benchmark Index is published.

Real-time Benchmark Index values are available via Bloomberg and Reuters.

On Reuters: .SXXR

On Bloomberg: SXXR

The Benchmark Index's closing price is available on the Internet at <https://www.stoxx.com/indices>.

In compliance with EU Regulation 2016/1011, the management company has a benchmark index tracking plan which it uses pursuant to this Regulation.

STOXX is the administrator of the Benchmark Index. In compliance with EU Regulation 2016/1011, the administrator must apply for approval/register with the relevant supervisory authority by 1 January 2020.

INVESTMENT STRATEGY

1. Strategy employed

The Fund will comply with the investment rules of the European Directive 2009/65/EC of 13 July 2009.

To achieve the highest possible correlation with the performance of the Benchmark Index, the Fund will employ an indirect replication method, which means that it will enter into one or more OTC swap contracts enabling it to achieve its investment objective. These swap contracts will serve to exchange the value of the Fund's assets, which will consist of cash and/or balance sheet assets (excluding any securities received as collateral), for the value of the securities that underlie the Benchmark Index.

The Fund's securities may consist of those that make up the Benchmark Index, as well as other international equities from all economic sectors, listed on all exchanges including small-cap exchanges.

The basket of assets held may be adjusted daily such that its value will generally be at least 100% of the net assets. When necessary, this adjustment will be made to ensure that the counterparty risk arising from the aforementioned swap contract will be neutralized.

Information on the updated composition of the basket of 'balance sheet' assets in the Fund's portfolio and the value of the swap contract concluded by the Fund is available on the page dedicated to the Fund accessible on Lyxor's website at www.lyxoretf.com. The frequency of any updates and/or the date on which the aforementioned information is updated is also indicated on the same page of the aforementioned website.

The Fund will at all times invest at least 75% of its assets in companies with head offices in a member state of the European Union or in another country that is a member of the European Economic Area and which has signed a tax convention with France that includes an administrative assistance clause for the purpose of fighting tax fraud and evasion. This minimum investment requirement qualifies the Fund for French 'PEA' equity savings plans.

In managing its exposure, up to 20% of the Fund's assets may be exposed to equities from the same issuing entity. This 20% limit will be checked on each rebalancing date for the Benchmark Index, by applying the method for calculating the Benchmark Index which limits exposure to the same issuing entity to 20% and where the calculation is carried out by the sponsor or agent for calculating the Benchmark Index. This 20% limit may be increased to 35% for a given issuing entity when this is shown to be justified by exceptional market conditions, in particular when certain securities are largely dominant and/or in the event of strong volatility affecting a financial instrument or securities linked to an economic sector represented in the Benchmark Index. This could be the case, for example, in the event of a public offering that substantially affects a Benchmark Index security or in the event of a significant drop in the liquidity of one or more of the Benchmark Index's financial instruments.

The manager currently intends to invest mainly in the assets indicated below:

2. Balance sheet assets (excluding embedded derivatives)

In accordance with regulatory ratios, the Fund may invest in global equities in all economic sectors and listed on any exchange, including "small-cap" exchanges.

The aforementioned equities will be selected on the basis of the following:

- eligibility criteria, in particular:
 - o their inclusion in a major stock exchange index
 - o liquidity (must exceed a minimum daily trading volume and market capitalization)
 - o credit rating of the country where the issuer has its registered office (must have at least a minimum S&P or equivalent rating)
- diversification criteria, in particular regarding:
 - o the issuer (application of investment ratios to assets that qualify for UCITS, pursuant to Art. R214-21 of the French Monetary and Financial Code)
 - o geography
 - o sector

Investors may find more information on the above eligibility and diversification criteria, and in particular the list of eligible indices, on Lyxor's website at www.lyxoretf.com.

Investment in undertakings for collective investment in transferrable securities ("UCITS") that comply with Directive 2009/65/EC is limited to 10% of the Fund's net assets. The fund manager will not invest in the shares or units of alternative investment funds (AIF) or other investment funds that were formed under a foreign law.

When the Fund receives collateral in the form of securities, subject to the terms of section 8 below, it acquires full title to these securities and they are therefore included among the balance sheet assets to which it has full title.

To optimize the Fund's management and achieve its investment objective, the manager reserves the right to use other instruments in accordance with the regulations.

3. Off-balance sheet assets (derivatives)

The Fund will use OTC index-linked swaps that swap the value of the Fund's assets (or of any other financial instrument or asset the Fund may hold) for the value of the Benchmark Index (as described in part 1 of this section).

- Maximum proportion of assets under management that may be subject to Total Return Swaps or TRS: 100% of the assets under management.
- Expected proportion of assets under management that may be subject to Total Return Swaps or TRS: up to 100% of the assets under management.

To optimize the Fund's management, the manager reserves the right to use other instruments, in compliance with regulations, to achieve its investment objective, such as financial derivative instruments other than index-linked swaps.

In accordance with its best execution policy, the management company considers that Société Générale is the counterparty that is generally able to obtain the best possible execution for these financial derivative instruments. Accordingly, these financial derivative instruments (including index-linked swaps) may be traded via Société Générale without having to seek a competitive bid from another counterparty.

The counterparty of the financial derivative instruments referred to above (the "Counterparty") will have no discretionary power over the composition of the Fund's portfolio nor over the underlying assets of the financial derivative instruments.

4. Securities with embedded derivatives

N/A.

5. Cash deposits

In order to optimise its cash management, the Fund may deposit funds representing up to 20% of its net assets with lending institutions that belong to the same group as the depositary/custodian.

6. Cash borrowing

The Fund may temporarily borrow up to 10% of its net assets.

7. Temporary purchases and disposals of securities

N/A The manager shall not engage in any temporary purchases or sales of securities.

8. Collateral

Whenever the investment strategy exposes to the Fund to counterparty risk, and in particular when the Fund uses over-the-counter swaps, the Fund may accept eligible securities as collateral to reduce the counterparty risk associated with these swaps. The portfolio of collateral received may be adjusted daily to ensure that its value is at least sufficient to cover the Fund's counterparty risk in most cases. The purpose of this adjustment is to neutralize the Fund's counterparty risk.

The Fund will have full title to all collateral received, which will be deposited in the Fund's account with the depository. This collateral will therefore be included in the Fund's assets. If the counterparty defaults on its obligation, the Fund may dispose of the assets received from the counterparty to pay off the counterparty's debt to the Fund in respect of the secured transaction.

All collateral the Fund receives for this purpose must comply with the applicable laws and regulations, with respect in particular to liquidity, valuation, the credit-worthiness of securities issuers, correlation, and the risks of collateral management and enforceability. All collateral received must in particular meet the following criteria:

- (a) all collateral must be of high quality, be highly liquid and tradable on a regulated market or on a multilateral trading facility, with transparent pricing to enable the collateral to be rapidly sold near its estimated price;
- (b) this collateral must be valued, at the marked-to-market price, at least daily and assets with highly volatile prices are not acceptable as collateral, unless a sufficiently prudent discount or "haircut" is applied;
- (c) the issuer of this collateral must be independent of the counterparty and must not be closely correlated with the counterparty's financial performance;
- (d) collateral must be sufficiently diversified in terms of country, market and issuer, with exposure to any single issuer not exceeding 20% of the Fund's net asset value;
- (e) collateral must be immediately enforceable by the Fund's management company without informing the counterparty and without its approval.

Notwithstanding the condition specified in (d) above, the Fund may accept a basket of securities collateral that increases its exposure to a single issuer to more than 20% of its net asset value provided that:

- such securities collateral is issued by (i) a Member State, (ii) one or more of a Member State's local authorities, (iii) a country that is not a Member State (iv) a public international organization to which one or more Member States belong; and
- such securities collateral consists of at least six different issues of securities of which no single issue exceeds 30% of the Fund's assets.

In accordance with the above conditions the collateral accepted by the Fund may consist of:

- (i) cash and cash-equivalent assets, which for example include short-term bank deposits and balances and money-market instruments;
- (ii) Bonds issued or guaranteed by an OECD member state, or by its local government entities, or by an EU, regional or global supranational institution or organisation, or by any country provided that conditions (a) to (e) above are fully complied with;
- (iii) Shares or units issued by money-market funds that calculate a daily net asset value and have an AAA or equivalent credit rating;
- (iv) The shares or units of UCITS that invest mainly in the bonds and/or equities indicated in (v) and (vi) below;
- (v) Bonds issued or guaranteed by first-class issuers offering sufficient liquidity;
- (vi) Equities admitted for trading or traded on a regulated exchange of an EU member country, on a stock exchange of an OECD member country or on a stock exchange of another country provided that conditions (a) to (e) above are fully complied with and that these equities are components of a major index.

Collateral discount policy:

The Fund's management company shall apply a discount to the collateral accepted by the Fund. The amount of these discounts will depend mainly on the following:

- The nature of the collateral asset;
- The collateral's maturity (if applicable);
- The credit rating of the collateral issuer (if applicable).

Reinvestment of collateral:

The non-cash collateral received will not be sold, reinvested or pledged.

Cash collateral may, at the manager's discretion, be:

- (i) deposited with an authorized institution;
- (ii) invested in high-quality government bonds;
- (iii) used for reverse repurchase transactions, provided that these are entered into with credit institutions that are subject to prudential supervision and that the fund may recover the full cash amount at any time with accrued interest;
- (iv) invested in short-term money market funds that meet the guidelines for a common EU definition of money market funds.

All cash collateral that is reinvested must be invested in a diversified manner in compliance with the rules that apply to the acceptance of non-cash collateral.

RISK PROFILE

Investors' money will be invested mainly in the financial instruments selected by the management company. These instruments are subject to market trends and contingencies. Investors in the Fund are exposed to the following main risks.

Equity risk

The price of an equity security can increase or decrease in accordance with changes in the issuer's risk exposure or in the economic conditions of the market in which the security is traded. Equities are more volatile than Fixed Income markets where it is possible to estimate revenues for a certain period of time under the same macroeconomic conditions.

Low Benchmark Index Diversification risk

Since the index to which investors are exposed represents a given region, sector and strategy it may provide less diversification of assets in comparison with a broader index that is exposed to several regions, sectors or strategies. Exposure to such a less-diversified index may result in higher volatility than in more diversified markets. Nevertheless, diversification rules as stated in the UCITS Directive still apply to the Fund's underlying assets at all times.

Capital risk

The capital invested is not guaranteed. Investors therefore may not recover all or part of their initial investment, particularly in the event that the Benchmark Index posts a negative return over the investment period.

Liquidity risk (primary market)

The Fund's liquidity and/or value may be adversely affected if, when the Fund or a counterparty to a financial derivative instrument (**FDI**) is rebalancing its exposure, the underlying financial markets are restricted, closed, or subject to large bid/offer spreads. An inability, due to low trading volume, to execute the trades required to replicate the Benchmark Index may also adversely affect the subscription, conversion or redemption of shares or units.

Liquidity risk (secondary market)

The Fund's on-exchange price may deviate from its indicative net asset value. On-exchange liquidity may be limited due to a suspension caused in particular when:

- i) the calculation of the Benchmark Index is suspended or stopped
- ii) the market(s) in the Benchmark Index's underlying assets is (are) suspended, and/or
- iii) a stock exchange cannot obtain or calculate the indicative net asset value and/or
- iv) a market maker fails to comply with an exchange's rules
- v) an exchange's IT, electronic or other system fails.

Counterparty risk

The Fund is exposed to the risk of bankruptcy, settlement default or any other type of default by a counterparty to a trading transaction or to agreement entered into by the Fund. The Fund is in particular exposed to counterparty risk resulting from the use of financial derivative instruments (FDI) traded over the counter with Société Générale or some other counterparty. In compliance with UCITS guidelines, counterparty risk (whether the counterparty is Société Générale or another third party), cannot exceed 10% of the Fund's total assets.

If a counterparty defaults on an obligation the FDI contract may be terminated before maturity. The Fund will do everything in its power to achieve its investment objective by, if appropriate, entering into another FDI contract with another counterparty at the market conditions at the time of such an event.

If this risk materializes it could have an impact on the Fund's ability to achieve its investment objective, i.e. to replicate the Benchmark Index.

When Société Générale is the FDI counterparty, conflicts of interest may arise between it and the Fund's management company, which has procedures to identify and reduce such conflicts of interest and to resolve them equitably if necessary.

Risk that the investment objective is not fully achieved

There is no guarantee that the investment objective will be achieved, as no asset or financial instrument can ensure that the Benchmark Index will be automatically and continuously replicated, particularly in the event of one or more of the following risks:

- Risk of using financial derivative instruments

In order to achieve its investment objective, the Fund can enter into over-the-counter financial derivative instruments ("FDI"), such as swaps, in order to secure the performance of the Benchmark Index. These FDI involve various risks, such as counterparty risk, hedging disruption, Benchmark Index disruption, taxation risk, regulatory risk, operational risk and liquidity risk. These risks can materially affect an FDI and could lead to an adjustment or even the early termination of the FDI transaction, which could affect the Fund's net asset value.

- Legal risk

The Fund may be exposed to a legal risk arising from a total return swap (TRS) agreement as indicated in EU Regulation No. 2015/2365.

- Risk due to a change in tax regime

A change in the tax regime of a jurisdiction where the Fund is domiciled, authorized for sale or listed could adversely affect the taxation of investors. In such an event, the fund manager shall not be liable to any investor with respect to any payment that may have to be made to a competent tax authority.

- Risk of a change in the tax regime of the Fund's underlying assets

A change in the taxation of the Fund's underlying assets could adversely affect the Fund's tax treatment. As a result, in case of a discrepancy between the estimated and effective tax treatment applied to the Fund and/or to the Fund's counterparty to the FDI, the net asset value of the Fund may be affected.

- Regulatory Risk affecting the Fund

In the event of a change in the regulatory regime in a jurisdiction where the Fund is domiciled, authorized for sale or listed, the subscription, conversion or redemption of share or units may be adversely affected.

- Regulatory Risk affecting the Fund's underlying assets

In the event of a change in the regulations that govern the Fund's underlying assets, the Fund's net asset value and the subscription, conversion or redemption of shares or units may be adversely affected.

- Benchmark Index disruption risk

If an event adversely affects the Benchmark Index, the Fund manager may be required, as provided for by law, to suspend the subscription and redemption of the Fund's shares or units. The calculation of the Fund's net asset value could also be adversely affected.

If the Benchmark Index disruption persists, the manager of the Fund will determine the appropriate measures to be carried out, which could have an impact on the net asset value of the Fund.

A 'Benchmark Index event' includes but is not limited to the following situations:

- i) the Benchmark Index is deemed to be inaccurate or does not reflect actual market developments
- ii) the Benchmark Index is permanently cancelled by the index provider
- iii) the index provider is unable to indicate the level or value of the Benchmark Index
- iv) the index provider makes a material change in the Benchmark Index calculation formula or method (other than a minor modification such as an adjustment to the Benchmark Index's underlying components or their respective weightings) which the Fund cannot effectively replicate at a reasonable cost
- (v) a Benchmark Index component becomes illiquid because it is no longer traded on a regulated market or because its trading over-the-counter (e.g. bonds) is disrupted
- (vi) the Benchmark Index components are exposed to higher transaction costs for execution or settlement/delivery, or to specific tax constraints and these costs are not reflected in the Benchmark Index's performance.

- Corporate Action risk

An unforeseen change, by the issuer of a security that is a component of the Benchmark Index, in a planned corporate action that is in contradiction with a previous official announcement on which the Fund based its valuation of the corporate action (and/or on which the Fund's counterparty to a financial derivative instrument or transaction based its valuation of the corporate action) can adversely affect the Fund's net asset value, particularly if the Fund's treatment of the corporate event differs from that of the Benchmark Index.

- Benchmark index currency risk

The Fund is exposed to currency risk, as the underlying securities composing the Benchmark Index may be denominated in a currency different from the Benchmark Index, or be derived from securities denominated in a currency different to that of the Benchmark Index. Exchange rate fluctuations can therefore have a negative impact on the Benchmark Index tracked by the Fund.

ELIGIBLE INVESTORS AND TYPICAL INVESTOR PROFILE

The Fund is available to all investors.

Investors subscribing to this Fund are seeking exposure to the equities of European telecommunications companies.

The amount that can be reasonably invested in the Fund depends on each investor's personal situation. To determine this amount, investors must take into account their personal wealth and/or estate, their cash requirements at present and for the next five years, and their willingness to take on risk or adopt a more cautious approach. Investors are also advised to diversify their investments sufficiently so as not to be exposed solely to this Fund's risks.

All investors are therefore asked to consider their specific situation with the help of their usual investment advisor.

The recommended minimum investment period is at least five years.

CURRENCY

Euro

CALCULATION AND ALLOCATION OF DISTRIBUTABLE AMOUNTS

If a distribution is decided, the management company reserves the right to distribute distributable amounts one or more times a year and/or accumulate all or part of these amounts.

DISTRIBUTION FREQUENCY

If a distribution is decided, the management company reserves the right to distribute distributable amounts in one or more annual distributions.

UNIT CHARACTERISTICS

Subscription orders may be placed for a specific monetary amount or for a whole number of units.

Only a whole number of units may be redeemed.

SUBSCRIPTION AND REDEMPTION

1. SUBSCRIPTION AND REDEMPTION ON THE PRIMARY MARKET

Subscription/redemption orders for units in the Fund will be processed by the Depositary from 10:00am to 3:30pm (Paris time) every day that the Fund's net asset value is to be published, provided that prices are quoted for a significant proportion of the Benchmark Index components (hereinafter a "**Primary Market Day**"), and will be executed at the net asset value on the Primary Market Day, hereinafter the "reference NAV". Subscription/redemption orders submitted after 3:30pm (Paris time) on a Primary Market Day will be processed as if received from 10:00am to 3:30pm (Paris time) on the following Primary Market Day. Orders to purchase or redeem units in the Fund must be made for a whole number of units that represents a minimum amount of at least 100,000 euros.

Subscriptions and redemptions in cash.

Subscriptions and redemptions shall be made exclusively in cash and executed at the ref NAV.

Delivery and settlement.

Settlement/delivery of subscriptions/redemptions will take place a maximum of five French business days after the date on which the subscription/redemption requests are received.

Date and frequency of NAV calculation

The net asset value will be calculated and published daily provided that at least one of the exchanges where the Fund is traded is open and that the orders placed in the primary and secondary markets can be funded.

The Fund's net asset value is calculated using the Benchmark Index's closing price.

The net asset value of the unit classes that are denominated in another currency than the Fund's accounting currency (if applicable) is calculated using the exchange rate between the accounting currency and the currency of the unit class, at the applicable WM Reuters rate on the date the reference NAV is calculated.

2. PURCHASES AND SALES ON THE SECONDARY MARKET

A. COMMON PROVISIONS

For any purchase or sale of units in the Fund executed directly on an exchange on which the Fund is admitted or will be admitted for continuous trading, no minimum purchase or sale amount is required other than that which may be required by the relevant exchange(s)

Shares or units in a listed fund that are purchased on the secondary market cannot generally be directly sold back to that fund. Investors must therefore buy and sell their shares or units on a secondary market through an intermediary (e.g. a broker) and may consequently incur costs. Furthermore, there is a possibility that investors may pay more than the indicative net asset value when buying shares or units and receive less than the indicative net asset value when selling shares or units.

If the stock market value of a listed fund's shares or units differs significantly from their indicative net asset value, or if trading in the fund's share or units is suspended, investors may be authorized, subject to the conditions set forth below, to redeem their units on the primary market directly from the fund, without being subject to the minimum redemption amount requirement set forth herein in the section entitled "SUBSCRIPTION AND REDEMPTION FEES (charged only on primary market transactions)".

The management company shall decide whether to allow such primary market redemptions and for how long, on the basis of the following criteria for assessing the significance of a market disruption:

- The suspension or strong disturbance of secondary trading on a given exchange is relatively frequent;
- The link between the market disruption and secondary market operators (such as the default of one or more of the Market Makers of a given exchange, or a breakdown or malfunction of an exchange's IT or operating systems), excluding a disruption caused by a source external to the secondary exchange on which the shares or units of the fund are traded, such as an event that affects the liquidity and valuation of all or some of the Benchmark Index's components;
- Any other objective circumstance that could adversely affect the fair treatment and/or the interests of the Fund's unit-holders.

Notwithstanding the provisions concerning fees presented in the section entitled "SUBSCRIPTION AND REDEMPTION FEES (charged only on primary market transactions)", redemptions made in the primary market in this case shall only be subject to a net redemption fee of 1% paid to the Fund and which serves to cover its trading costs.

In such exceptional cases when redemption in the primary market is allowed, the Management Company shall post on Lyxor's website at www.lyxor.elf.com the procedure that investors must observe to redeem their units in the primary market. The Management Company shall also make this procedure available to the market undertaking that handles trading in the Fund's units.

B. SPECIAL PROVISIONS

- a) If the Fund's units are listed on Euronext Paris, as indicated in the "Key Information" section, investors should note the following rules

Negotiability of units and information about the financial institutions acting as Market Makers:

The unit are freely negotiable on the Euronext Paris regulated market under the following conditions and according to the applicable legal and regulatory provisions.

The Fund units will be listed on a specific trading list, the rules for which are defined in the following instructions published by Euronext Paris SA:

- Instruction No. 4-01 " Universal Trading Platform Manual"
- Appendix to Instruction N4-01 (Appendix to the Euronext Market Trading Manual
- Instruction No. 6-04 "Documentation to be provided when filing a listing application for an ETF, ETN, ETV and open-ended undertakings for collective investment other than ETFS"

Pursuant to article D 214-22-1 of the French Monetary and Financial Code the units or shares of undertakings for collective investments in transferable securities may be admitted to trading, provided that these undertakings have a system to ensure that the market price of their units or shares does not differ significantly from their net asset value. Under Euronext Paris SA's rules trading in the Fund's units is also subject to a 'reservation threshold' of 1.5% above or below the Fund's indicative net asset value or "iNAV" (see the "Indicative Net Asset Value" section), as published by Euronext Paris SA and updated on an estimated basis during trading in accordance with the change in the Benchmark Index.

To comply with Euronext Paris SA's reservation threshold requirement (see the section entitled "Indicative net asset value") the Market Makers will ensure that the market price of the Fund's units does not differ from the Fund's indicative Net Asset Value by more than 1.5%.

Euronext Paris SA may suspend trading in the Fund's units pursuant to the terms of its operating rules, if the aforementioned reservation threshold limit is exceeded.

Euronext Paris SA will also suspend trading in the Fund's units in the following cases:

- the Benchmark Index is no longer traded or calculated
- Euronext Paris SA cannot obtain the Benchmark Index's level
- Euronext Paris SA cannot obtain the Fund's net asset value.

In accordance with the terms and conditions governing admission to trading on Euronext Paris, the Market Makers undertake to provide market-making services for the Fund's units as soon as they are admitted to trading on the Euronext Paris exchange.

In particular, the Market Makers undertake to carry out market-making operations by maintaining a significant presence in the market, which initially entails the setting of a bid/ask spread.

More specifically, the Market Makers are required by contract with Euronext Paris SA to ensure that the Fund maintains:

- a maximum global spread of 2% between the bid and offer price in the centralised order book.
- a minimum nominal trading value of EUR 100,000.

The obligations of the Fund's Market Makers will be suspended in the following cases:

- the Benchmark Index is no longer traded or calculated
- The Market Maker's obligations will be suspended if trading is substantially disrupted, for example due to a widespread shift in prices or an event that makes normal market making impossible.

Indicative net asset value:

Euronext Paris SA will calculate and publish, each Trading Day (as defined below) and during trading hours, the Fund's indicative net asset value (hereinafter "iNAV"). The iNAV is a measure of the intra-day value of the Fund's net asset value based on the most recent data. The iNAV is not the value at which investors buy and sell shares or units in the Fund on the secondary market.

A "**Trading Day**" is a day on which NSYE Euronext is normally open and on which the Benchmark Index is normally published.

The Fund's iNAV is a theoretical net asset value calculated every 15 seconds by Euronext Paris SA throughout the Paris trading day and is based on the level of the Benchmark Index. The iNAV enables investors to compare the prices that the Market Makers offer on the market with the theoretical value calculated by Euronext.Paris S.A.

The iNAV will be calculated each day that the net asset value is normally calculated and published.

For the calculation of the Fund's iNAV during the Paris trading session (from 9.05 am to 5.35 pm), Euronext Paris SA will use the Benchmark Index value provided by Reuters. If one or more stock exchanges on which the Benchmark Index's constituent equities are listed are closed (on a public holiday as indicated on the TARGET calendar) and if the calculation of the iNAV proves impossible, trading in the Fund's units may be suspended.

Lyxor International Asset Management, the Fund's management company, will provide Euronext Paris SA with all the financial and accounting data it needs to calculate the Fund's iNAV and in particular:

- The day's estimated net asset value
- The official net asset value of the previous business day
- The level of the Benchmark Index on the previous business day.

These data will serve as a basis for Euronext Paris SA's calculations to determine the Fund's iNAV in real time every Trading Day.

Additional information about the indicative net asset value of a unit listed on a regulated market may, depending on the terms and limits set by the relevant market undertaking, be provided on the website of the exchange where the unit is listed. This information is also available on the Reuters or Bloomberg pages dedicated to the particular share. Additional information about the Bloomberg and Reuters codes for the indicative net asset values of all UCITS ETF type unit classes is also available in the "Term Sheets" section of Lyxor's website at www.lyxoretf.com.

b) If the Fund's units are listed on an exchange other than Euronext Paris, as indicated in the "Key Information" section, investors should note the following

Investors wishing to acquire units in the Fund or obtain more information regarding the market-making terms that govern the listing and trading of units on the types of exchanges indicated in the "Key Information" section are advised to familiarise themselves with the guidelines laid down by the relevant market undertaking in compliance with local regulations, and to seek if necessary the assistance of their usual broker(s) for executing trades on the relevant exchange(s).

FEES AND CHARGES

SUBSCRIPTION AND REDEMPTION FEES (charged only on primary market transactions)

Subscription and redemption fees increase the subscription price paid by investors and reduce the redemption price. Fees kept by the Fund compensate it for the expenses it incurs in investing in the Fund's assets or in divesting these assets. Any fees that are not kept by the Fund are paid to the management company, marketing agent or other service provider.

| Fees paid by investors upon subscription or redemption | Base | Maximum charge |
|--|------------------------------------|---|
| Subscription fee not kept by the Fund | NAV per share × number of units | The higher value of either EUR 50,000 per subscription order or 5% of the net asset value per unit multiplied by the number of units subscribed, payable to third parties |
| Subscription fee kept by the Fund | NAV per share × number of units | N/A |
| Redemption fee not kept by the Fund | NAV per share × number of units | The higher value of either EUR 50,000 per redemption request or 5% of the net asset value per unit multiplied by the number of shares redeemed, payable to third parties |
| Redemption fee kept by the Fund | NAV per share × number of units | N/A |

OPERATIONAL AND MANAGEMENT FEES

These fees cover all of the expenses invoiced directly to the Fund, except for transaction expenses, which include intermediary fees (brokerage, stock market taxes etc.) and any turnover fee that may be charged by the depositary or the management company, in particular.

For this Fund the following fees may be charged in addition to the operating and management fees (see table below):

- incentive fees, which the Fund pays to the management company when the Fund exceeds its objectives
- turnover fees charged to the Fund

For more information on the fees or expenses that the Fund must pay, see the Statistics section of the Key Investor Information Document.

| Fees charged to the Fund | Base | Maximum charge |
|--------------------------|------|----------------|
|--------------------------|------|----------------|

| | | |
|---|----------------------------|----------------|
| Financial management and administrative fees that are external to the management company (auditor, depositary, fund distribution and legal fees) including tax ⁽¹⁾ | Net asset value | 0.30 per annum |
| Incentive fee | Net asset value | N/A |
| Turnover fee | Charge on each transaction | N/A |

⁽¹⁾ Includes all fees and expenses except for transaction expenses, incentive fees and fees associated with investment in UCITS.

COMMERCIAL INFORMATION

Distribution of this prospectus and the offer or purchase of units in the Fund may be subject to restrictions with regard to certain persons or in certain countries by virtue of national regulations applying to such persons or such countries. Each investor is therefore responsible for ensuring that he or she is authorised to subscribe to or invest in this Fund. As a result, the information contained in this prospectus cannot be understood as constituting an offer or solicitation to buy or sell units in the Fund in a country where such offer or solicitation is unlawful.

The Fund's unit classes will not be registered pursuant to the U.S. Securities Act of 1933, as amended (the "U.S. Securities Act") and cannot be offered, assigned, transferred or allocated to the United States of America, or to:

- (A) any "U.S. Person", as this term is defined under Regulation S of the U.S. Securities Act and (ii) by U.S. regulations as defined in Section 7701 (a) (30) of the Internal Revenue Code of 1986 as amended. The Fund's unit classes will not be offered to U.S. Persons.
- (B) anyone other than those persons considered to be "non-US Persons" as this term is defined under U.S. regulations pursuant to the Commodity Futures Trading Commission, Rule 4.7 (a) (1) (iv).

The Fund's unit classes will only be offered for sale outside of the United States of America to non-U.S. Persons.

For the purpose of this document, the term "U.S. Person" shall mean, among other things, any individual who resides in the United States of America, any entity organized or formed under the laws of the United States of America, certain entities organized or formed outside of the United States of America by one or more U.S. persons, or any account held on behalf of such a U.S. person.

Under the German tax act on investment funds (InvStG-E), the Fund is a "mutual fund" and must comply with the criteria that apply to "equity funds". As such, the Fund will hold a basket of securities that are eligible for the equity ratio as this term is defined under said German tax act, and which will represent at least 94% of its net assets under normal market conditions. To ensure compliance with this ratio, the Fund may adjust this basket of securities on a daily basis.

Before making an investment in the Fund, investors should seek the advice of their financial, tax and legal advisers.

PLACE AND METHOD OF NET ASSET VALUE PUBLICATION OR COMMUNICATION

At the head office of LYXOR INTERNATIONAL ASSET MANAGEMENT, at 17, cours Valmy - 92987 Paris La Défense CEDEX - France.

The Fund's net asset value will be calculated and published on each Trading Day.

IMPORTANT INFORMATION ABOUT THE BENCHMARK INDEX PROVIDER

STOXX and its Licensors have no other relationship with the license-holder than through the license granted in respect of the STOXX® EUROPE 600 TELECOMMUNICATIONS NET TOTAL RETURN index and the associated trade marks for the purpose of using them in relation to the Fund

STOXX and its Licensors

- make no representation or warranty as to the merits of investing in the Fund, which they also refrain from marketing or promoting.
- make no recommendation to anyone whomsoever to invest in the Fund or in any other securities.
- shall not be held responsible or liable nor have any obligation in respect of the issuance, number or pricing of the Fund units, and will make no decisions in relation to this.
- shall not be held responsible or liable nor have any obligation in respect of the administration, management or marketing of the Fund.
- have no obligation to take into consideration the needs of the Fund or of its unit-holders when determining, constructing or calculating the STOXX® EUROPE 600 TELECOMMUNICATIONS NET TOTAL RETURN.

STOXX and its licensors disclaim any and all liability in connection with the Fund and in particular:

- STOXX and its licensors make no warranty, express or implied, whatsoever regarding the following:
 - the results to be obtained by the Fund, by an investor in the Fund, or by anyone who uses the EURO STOXX 600 TELECOMMUNICATIONS NET TOTAL RETURN index or its data
 - the accuracy or completeness of the EURO STOXX 600 TELECOMMUNICATIONS NET TOTAL RETURN index or its data
 - the negotiability of the EURO STOXX 600 TELECOMMUNICATIONS NET TOTAL RETURN index or of its data, and their appropriateness for a specific use or particular purpose.
- STOXX and its licensors disclaim any and all liability for any error, omission or interruption in the EURO STOXX 600 TELECOMMUNICATIONS NET TOTAL RETURN index or its data.
- Under no circumstance shall STOXX or its licensors be liable for any economic loss whatsoever, including consequential loss, even if STOXX and its licensors are informed of such risk.

The license agreement between LYXOR INTERNATIONAL ASSET MANAGEMENT and STOXX was entered into in their sole interest and not in the interest of the Fund's unit-holders nor in the interest of any third party.

ADDITIONAL INFORMATION

The Fund's units are admitted to trading by Euroclear France S.A.

Subscription and redemption orders are sent by investors' financial intermediaries (members of Euroclear France SA) to the Depositary.

The Fund's prospectus, the Key Investor Information Document, the most recent annual reports and the asset inventory statement will be sent out within eight business days after the receipt of a written request from the investor to:

LYXOR INTERNATIONAL ASSET MANAGEMENT

17 Cours Valmy - 92987 Paris La Défense France.

E-mail: contact@lyxor.com

More information can also be requested from Lyxor International Asset Management on its website at www.lyxoretf.com.

Prospectus publication date: 31/01/2018.

Pursuant to Article L.533-22-1 of the French Monetary and Financial Code, information concerning the Management Company's possible inclusion of social, environmental and corporate governance objectives and performance criteria in its investment policy is available on the management company's website and in the Fund's annual report.

The AMF's website (www.amf-france.org) contains additional information on the list of regulatory documents and all the provisions relating to investor protection.

This Prospectus shall be made available to investors prior to subscription.

INVESTMENT RULES

The Fund will comply with the investment rules of the European Directive 2009/65/EC of 13 July 2009.

The Fund may invest in the assets specified in Article L214-20 of the French Monetary and Financial Code, subject to the risk-diversification and investment ratio requirements of Articles R214-21 to R214-27 of said Code.

Notwithstanding the 10% limit under Paragraph II of Article R214-21 of the French Monetary and Financial Code, the Fund may invest up to 20% of its assets in the equities and debt securities of a single issuer, in compliance with Article R214-22-I, which deals with index-tracking funds. Pursuant to Article R214-22 II, the Fund may also increase this 20% limit for a single issuer to 35%, when this is shown to be justified by exceptional market conditions, and in particular when certain securities are largely dominant.

OVERALL RISK EXPOSURE

The commitment approach is used to calculate the overall risk exposure.

ASSET VALUATION AND ACCOUNTING RULES

A. VALUATION RULES

The Fund's assets are valued in accordance with applicable laws and regulations and most notably Regulation No. 2014-01 of 14 January 2014 of the Comité de la Réglementation Comptable (the Accounting Regulations Committee), which applies to the chart of accounts for undertakings for collective investment in transferable securities.

Financial instruments traded on a regulated market are valued at the closing price recorded on the day prior to the calculation of the net asset value. If these financial instruments are traded on several regulated markets at the same time, the closing price used is that recorded on the regulated market on which they are principally traded.

However, in the absence of significant trading on a regulated market, the following financial instruments are valued using the following methods:

- Negotiable debt securities ("NDS") with a remaining life upon acquisition that is less than or equal to three months are valued by applying the difference between the acquisition value and the redemption value on a straight-line basis over the remaining life. However, the management company reserves the right to value these securities at their current value if it deems that they are particularly exposed to market risks (interest rates, etc). The rate applied is that of issues of equivalent securities adjusted by the risk margin relating to the issuer;
- NDS with a remaining life of more than three months upon acquisition but less than or equal to three months at the net asset value calculation date are valued by applying the difference between the most recent valuation and the redemption value on a straight-line basis over the remaining life. However, the management company reserves the right to value these securities at their current value if it deems that they are particularly exposed to market risks (interest rates, etc). The rate applied is that of issues of equivalent securities adjusted by the risk margin relating to the issuer;
- NDS with a remaining life at the net asset value calculation date that exceeds three months are valued at their current value. The rate applied is that of issues of equivalent securities adjusted by the risk margin relating to the issuer.
- Financial futures traded on organised markets are valued at the clearing price on the day prior to the calculation of the net asset value. Options traded on organised markets are valued at their market price on the day prior to the calculation of the net asset value. Forward contracts and over-the-counter options are valued at the price quoted by the counterparty. The management company monitors these prices independently.
- Bank deposits are valued at their nominal value plus accrued interest.
- Warrants, short and medium-term notes (bons de caisse), promissory notes and mortgage notes are valued under the management company's responsibility at their most likely trading value.
- Temporary purchases and disposals of securities are valued at the market price.
- Shares and units in UCITS under French law are valued at the last known net asset value on the day the Fund's net asset value is calculated.
- Financial instruments traded on a regulated market and for which no price has been quoted or whose price has been corrected, are valued under the management company's responsibility at their most likely trading value.
- The exchange rates used to value financial instruments denominated in a currency other than the Fund's base currency are the WM / Reuters fixing rates on the day the Fund's net asset value is calculated.

B. ACCOUNTING METHOD FOR TRADING EXPENSES

Trading expenses are included in the initial cost of the transaction.

C. ACCOUNTING METHOD FOR INCOME FROM FIXED-INCOME SECURITIES

Income from fixed-income securities is accounted for using the cash-basis method.

D. DISTRIBUTION POLICY

For more information see the section entitled "Calculation and Allocation of Distributable amounts"

E. ACCOUNTING CURRENCY

The Fund's accounts are kept in euros.

SECTION 1

ASSETS AND UNITS

ARTICLE 1 - CO-OWNERSHIP OF UNITS

Co-ownership rights are expressed in units, with each unit corresponding to the same percentage of the Fund's assets. Each unit-holder has a co-ownership right to the Fund's assets proportional to the number of units held.

The Fund's term begins on the date it is approved by l'Autorité des Marchés Financiers (the French financial markets authority) and ends 99 years later unless the Fund is wound up prior to this or extended as provided for in these rules.

The Fund reserves the right to combine or divide units.

The units can be divided, if so decided by the management company's chairman, into 100 thousandths of units known as 'fractional units'.

Rules pertaining to the issue and redemption of units shall be applicable to fractional units, whose value shall be proportional to that of their corresponding unit. All other provisions relating to units apply to fractional units without the need to stipulate this, unless indicated otherwise.

Finally, the management company's chairman may, at his sole discretion, carry out the division of units through the creation of new units that are allocated to unit-holders in exchange for old units.

ARTICLE 2 - MINIMUM AMOUNT OF ASSETS

Units cannot be redeemed if the Fund's assets fall below €300,000. If the Fund's assets remain below this amount for 30 days, the management company shall make the necessary provisions to liquidate the Fund or proceed with one of the measures mentioned in Article 411-16 of the AMF General Regulations (Fund transfers).

ARTICLE 3 - ISSUE AND REDEMPTION OF UNITS

Units are issued at any time at the request of unit-holders on the basis of their net asset value plus, where appropriate, subscription fees.

Subscriptions and redemptions are carried out in accordance with the terms and procedures set out in the prospectus.

Fund units may be admitted to trading in accordance with the applicable regulations.

Subscriptions shall be fully paid up by the day the net asset value is calculated. Subscriptions must be paid up in cash only

Redemptions are carried out exclusively in cash, except when the Fund is liquidated and the unit-holders have agreed to be reimbursed in the form of securities. They will be paid by the depositary / registrar within five days after unit valuation.

However, if under exceptional circumstances redemption requires the prior realisation of the Fund's assets, this period could be extended but may not exceed 30 days.

Except in the case of inheritance or an inter-vivos distribution, the disposal or transfer of units between unit-holders or from unit-holders to a third party is equivalent to a redemption followed by subscription. If a sale or transfer involves a third party the beneficiary shall, if necessary, supplement the amount of the transaction until the minimum subscription amount stipulated in the prospectus is reached.

Pursuant to article L.214-8-7 of the Code Monétaire et Financiers, the French Financial and Monetary Code, the redemption of units by the Fund as well as the issue of new units may be suspended on a temporary basis by the management company in exceptional circumstances and if this is deemed necessary to protect the interests of the unit-holders.

If the Fund's assets fall below the minimum regulatory requirement no units shall be redeemed.

ARTICLE 4 - CALCULATION OF NET ASSET VALUE

The net asset value of the units shall be calculated in accordance with the valuation rules indicated in the prospectus.

SECTION 2

FUND OPERATION

ARTICLE 5 - THE MANAGEMENT COMPANY

The Fund is managed by the management company in accordance with the Fund's strategy.

The management company shall act on behalf of unit holders under all circumstances and is the only party able to exercise voting rights attached to securities in the Fund's portfolio.

ARTICLE 5A - OPERATING RULES

The Fund's prospectus describes the instruments and deposits eligible for inclusion in the Fund's assets and the Fund's investment rules.

ARTICLE 5B – LISTING ON A REGULATED MARKET AND/OR A MULTI-LATERAL TRADING FACILITY

The units may be listed for trading on a regulated market and/or a multi-lateral trading facility, in compliance with applicable regulations. If the Fund's units are listed on a regulated market and it has an index-based investment objective, it must implement a means to ensure that the market price of its units does not deviate substantially from its net asset value.

ARTICLE 6 - THE DEPOSITARY

The depositary is responsible for the tasks incumbent upon it under the applicable laws and regulations, and for its contractual obligations to the management company. It must, in particular, ensure that decisions taken by the asset management company are lawful. The depositary shall take any protective measures it deems necessary. In the event of a dispute with the management company, it shall inform the AMF.

ARTICLE 7 - AUDITOR

A statutory auditor is appointed by the management company's chairman for a term of six financial years after approval from the Autorité des Marchés Financiers.

The auditor shall certify that accounts are true and fair.

The auditor may be reappointed.

The auditor shall inform the Autorité des marchés financiers as soon as possible of any event or decision concerning the collective investment scheme of which it gains knowledge in the course of its work that may:

1° constitute an infringement of applicable laws or regulations and which may have a significant effect on the Fund's financial situation, earnings or assets

2° compromise the operation of the Fund's business

3° result in a qualified opinion or a refusal to certify the accounts.

Assessments of the assets and the determination of exchange parities during transformation, merger or demerger operations are carried out under the auditor's control.

The auditor shall be responsible for the valuation of all contributions in kind.

The auditor shall certify the composition of the Fund's assets and other information before it is reported.

The auditor's fees shall be agreed with the management company's chairman on the basis of the estimated work schedule.

The auditor certifies the financial statements serving as the basis for the payment of interim dividends.

The auditor fees shall be included in the management fees.

ARTICLE 8 - FINANCIAL STATEMENTS AND MANAGEMENT REPORT

At the close of each fiscal year, the management company shall draw up the financial statements and a report on the Fund's management for the year.

At least once every six months the management company shall prepare an inventory of the Fund's assets under the depositary's supervision.

The management company shall keep these documents available to unit-holders for four months after the end of the fiscal year and inform them of the income to which they are entitled:

These documents shall be dispatched by mail at the express request of unit-holders or made available to them at the management company's premises.

SECTION 3

ALLOCATION OF DISTRIBUTABLE AMOUNTS

ARTICLE 9 - ALLOCATION OF INCOME AND CAPITAL GAINS

The net income for the year is equal to the amount of interest, arrears, dividends, premiums, bonuses and directors' fees, as well as all income relating to securities that constitute the Fund's portfolio, plus income from temporary cash holdings, less management fees and borrowing costs.

Distributable amounts consist of the following:

1° The net income for the year, plus retained earnings and plus or minus the net revenue accruals for the year

2° Realized capital gains, net of expenses, minus realized capital losses, net of expenses, recognized for the year, plus similar net capital gains recognized over the previous years that were not distributed or accumulated, minus or plus the balance of capital gains accruals.

The amounts indicated in points 1) and 2) above may be distributed independently of each other, in whole or in part.

The Fund may select either of the following three distribution options for each class of Fund unit:

Pure accumulation — All distributable amounts will be entirely reinvested

Pure distribution — All distributable amounts will be distributed to the closest rounded-off figure and interim dividends may be distributed.

Accumulation and/or Distribution — The management company decides how the distributable amounts are to be allocated each year. It may decide, during the year, to pay out one or more interim dividends up to the limit of the distributable amounts recognized when such dividends are decided.

The allocation of the distributable amounts is described in detail in the prospectus.

SECTION 4

MERGER - DEMERGER - DISSOLUTION - LIQUIDATION

ARTICLE 10 - MERGER - DEMERGER

The Management Company may transfer all or part of the Fund's assets to another UCITS or split the Fund into two or more other FCP-type fund.

Such mergers or demergers may only be carried out after unit-holders have been notified. A new certificate indicating the number of units held by each unit-holder will be issued for this purpose.

ARTICLE 11 - DISSOLUTION - EXTENSION

- If the Fund's assets remain below the level set out in Article 2 above for 30 days, the management company duly informs the Autorité des Marchés Financiers and shall dissolve the Fund, except in the event of a merger with another fund.

- The management company may dissolve the Fund before it reaches its term. In this case it must inform the unit-holders of its decision and after this date shall not accept subscription or redemption orders.

- The management company shall also dissolve the Fund if a request is made for redemption of all units, if the Fund's appointment is terminated and no other Fund has been appointed or upon expiry of the Fund's life, if it has not been extended.

The management company shall inform the AMF by mail of the planned dissolution date and procedure and then send the AMF the auditor's report.

The decision to extend the Fund's term may be made by the management company with the depositary's approval. It must make this decision at least three months before the Fund's term is to expire and inform unit-holders and the AMF of this decision.

ARTICLE 12 - LIQUIDATION

In the event of dissolution, the management company, or the depositary, with the management company's approval, will assume the role of liquidator; or if this is not possible a liquidator will be appointed by the court at the request of any interested party. In such an event, they shall be entrusted with full powers to realize assets, pay off any creditors and distribute the remaining balance among the unit-holders in the form of cash or securities.

The auditor and the depositary shall continue to perform their duties until liquidation is completed.

SECTION 5

DISPUTES

ARTICLE 13 - COMPETENT COURTS - JURISDICTION

Any disputes concerning the Fund that may arise during its lifetime or upon its liquidation, either between the unit-holders or between the unit-holders and the management company or the depositary, shall be subject to the jurisdiction of the competent courts.