

LYXOR UCITS ETF MSCI TAIWAN

INDEPENDENT AUDITOR'S REPORT

For the year ended February 29th 2016



INDEPENDENT AUDITOR'S REPORT
For the year ended February 29th 2016

LYXOR UCITS ETF MSCI TAIWAN
Fund managed by
Lyxor International Asset Management

Report on the Financial Statements

We have audited the accompanying financial statements of LYXOR UCITS ETF MSCI TAIWAN ("The Fund"), which comprise the statement of financial position, including the schedule of investments, as at February 29, 2016 and the statements of comprehensive income, changes in net assets attributable to holders of redeemable participating shareholders and cash flow for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Fund as at February 29, 2016, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

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PricewaterhouseCoopers Audit
Neuilly-sur-Seine

Marie-Christine Jetil, Partner

LYXOR UCITS ETF MSCI TAIWAN

STATEMENT OF FINANCIAL POSITION

As at February 29, 2016

	Note	FEBRUARY 29, 2016	FEBRUARY 27, 2015
		USD	USD
Assets			
Investments	2(d)/15	54,850,794.16	41,024,778.64
Financial assets at fair value through profit or loss		54,850,794.16	41,024,778.64
Receivable on pending trade	2(l)	2,070,296.68	125,564.83
Total assets		56,921,090.84	41,150,343.47
Liabilities			
Due to bank	5	0.11	0.00
Swap	2(d)/15	782,655.83	509,435.10
Provisions for Management fees	3	28,987.47	19,873.89
Payable on pending trade	2(k)	2,070,296.68	125,564.83
Liabilities (excluding net assets attributable to holders of redeemable participating units)		2,881,940.09	654,873.82
Net assets attributable to holders of redeemable participating units		54,039,150.75	40,495,469.65
Total Liabilities		56,921,090.84	41,150,343.47

The accompanying notes form an integral part of these financial statements.

LYXOR UCITS ETF MSCI TAIWAN

STATEMENT OF COMPREHENSIVE INCOME
For the year ended February 29, 2016

	Note	FEBRUARY 29, 2016	FEBRUARY 27, 2015
		USD	USD
Income			
Dividend income		10,582.31	0.00
Realised (loss) on investments		(5,474,371.81)	(1,964,758.72)
Realised gain on derivative financial instruments		27,402.51	7,737,341.75
Net change in unrealised gain/(loss) on investments		(3,769,900.98)	(16,567.70)
Net change in unrealised gain/(loss) on derivative financial instruments		(273,220.73)	(169,958.47)
Net (loss)/gain on financial assets at fair value through profit or loss	2(d)	(9,490,091.01)	5,586,056.86
Total Investment (Loss)/Income		(9,479,508.70)	5,586,056.86
Expenses			
Management and other fees	3	(315,123.89)	(270,639.74)
Total Operating expenses		(315,123.89)	(270,639.74)
Operating (loss)/profit		(9,794,632.59)	5,315,417.12
Finance costs		0.00	0.00
Total Finance costs		0.00	0.00
(Decrease)/increase in net assets attributable to holders of redeemable participating units from operations		(9,794,632.59)	5,315,417.12

The accompanying notes form an integral part of these financial statements.

LYXOR UCITS ETF MSCI TAIWAN

STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE PARTICIPATING UNITS

For the year ended February 29, 2016

	Note	FEBRUARY 29, 2016 USD	FEBRUARY 27, 2015 USD
Net assets attributable to holders of redeemable participating units at the beginning of the period	7	40,495,469.65	35,851,281.97
Proceeds from redeemable participating units issued	6	108,078,422.39	18,611,841.32
Redemptions of redeemable participating units	6	(84,740,108.70)	(19,283,070.76)
Total		63,833,783.34	35,180,052.53
Operating (loss)/profit		(9,794,632.59)	5,315,417.12
Net assets attributable to holders of redeemable participating units at end of the period	7	54,039,150.75	40,495,469.65

The accompanying notes form an integral part of these financial statements.

LYXOR UCITS ETF MSCI TAIWAN

STATEMENT OF CASH FLOWS
For the year ended February 29, 2016

	FEBRUARY 29, 2016 USD	FEBRUARY 27, 2015 USD
Cash flows from operating activities		
Purchase of financial assets	(560,675,392.58)	(259,978,622.62)
Proceeds from sale of investments	538,021,284.69	253,067,739.46
Proceeds from derivative financial instruments	(401,664.75)	7,851,378.58
Dividend income	10,582.31	0.00
Operating expenses paid	(306,010.31)	(269,265.98)
Net cash (outflow)/inflow from operating activities	(23,351,200.64)	671,229.44
Cash flows from financing activities		
Proceeds from redeemable shares	108,091,309.23	18,611,841.32
Redemptions of redeemable shares	(84,740,108.70)	(19,283,070.76)
Net cash inflow/(outflow) from financing activities	23,351,200.53	(671,229.44)
Effect of change in foreign exchange rate on cash	0.00	(81,552.00)
Net (decrease)/increase in cash and cash equivalents	(0.11)	0.00
Cash and cash equivalents at beginning of the period	0.00	0.00
Cash and cash equivalents at end of the period	(0.11)	0.00

The accompanying notes form an integral part of these financial statements.

LYXOR UCITS ETF MSCI TAIWAN

NOTES TO THE FINANCIAL STATEMENTS

1 General information

LYXOR UCITS ETF MSCI TAIWAN (“the Fund”) is an open-ended standalone collective investment scheme constituted outside Singapore and recognized under Section 287 of the SFA. The Fund is a *fonds commun de placement* (“FCP”) approved by the French financial markets authority, namely the *Autorité des Marchés Financiers* (“AMF” or the “Financial Markets Authority”), on 21 November 2006 and established in France on 13 February 2007. The Fund is listed on the Singapore Exchange Securities Trading Limited (“SGX-ST”).

Following French regulation, the Fund is publishing its financial statements in accordance with French GAAP and in French language. The following IFRS financial statements have been prepared for the purpose of the Fund’s listing in Singapore.

Investment objective

The Fund’s investment objective is to gain exposure to the Taiwanese equities market by replicating movements in MSCI TAIWANTM (the “Index”) while minimizing as far as possible the tracking error between the Fund’s performance and that of the Index.

The Fund aims to achieve a tracking error, calculated over a period of 52 weeks, of less than 1%. Should the tracking error be higher than 1%, however, the Fund still aims to achieve a rate of tracking error that is less than 5% of the volatility of Index.

In order to provide the greatest possible correlation between the Fund’s performance with the performance of the Index, the Fund may purchase :

- (i) a basket of international and Euro zone shares from all economic sectors and listed on any recognised exchange including the small capitalisation markets (the “Basket of Stocks”);
- (ii) and subject to a limit of 10% of the Fund’s assets (as further described in paragraph 7.6 of the prospectus of the Fund (“the Prospectus”)), financial derivative instruments on equities and indices negotiated over-the-counter. In particular, the Manager currently intends to enter into swap agreements (the “Swaps”) with a counterparty selected by the Manager. The Swaps would essentially exchange the performance of the Index with that of the Basket of Stocks such that the counterparty or the Fund will be required to provide the other with the difference (if any) between (a) the performance of the Index (with cumulated net dividend) and (b) the performance of the Basket of Stocks.

As part of the management of the Basket of Stocks, the Fund qualifies for the special investment ratios applicable to index-based UCITS under the applicable laws in that an index-based UCITS is entitled to use a maximum of 20% of its assets to acquire shares of a single issuing entity, and this 20% limit can be increased to 35% for one of such single issuing entities which the index-based UCITS invests in.

The Fund, nonetheless, currently intends only to invest in accordance with the standard investment restrictions of 10% in a single issuing entity.

2 Summary of significant accounting policies

The principal accounting policies adopted in the preparation of the financial statements are set out below.

LYXOR UCITS ETF MSCI TAIWAN

NOTES TO THE FINANCIAL STATEMENTS

(a) Basis of preparations

These financial statements have been prepared on the historical cost basis except for the revaluation of financial assets and liabilities at fair value through profit or loss and in accordance with International Financial Reporting Standards (IFRS). The preparation of financial statements in accordance with International Financial Reporting Standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from the estimates included in the financial statements.

Standards, amendments and interpretations effective in the financial year ending February 29, 2016 and relevant for the Fund's operations:

The following interpretation is mandatory for the Fund's accounting periods ending February 29, 2016 and is relevant for the Fund's operations:

- Amendment to IFRS 8 "Operating Segments" (effective for annual periods beginning on or after July 1 2014);
- Amendment to IFRS 13 "Fair Value Measurement" (effective for annual periods beginning on or after July 1 2014);
- Amendment to IAS 24 "Related Party Disclosures" (effective for annual periods beginning on or after July 1 2014).

Standards, amendments and interpretations effective in the financial year ending February 29, 2016 but not relevant for the Fund's operations:

The following interpretations are mandatory for the Fund's accounting periods ending February 29, 2016 and are not relevant for the Fund's operations:

- Amendment to IFRS 1 "First-time Adoption of International Financial Reporting Standards" (effective for annual periods beginning on or after July 1, 2014);
- Amendment to IFRS 2 "Share-based Payment" (effective for annual periods beginning on or after July 1, 2014);
- Amendment to IFRS 3 "Business Combinations" (effective for annual periods beginning on or after July 1, 2014);
- Amendment to IAS 16 "Property, Plant and Equipment" and to IAS 38 "Intangible Assets" (effective for annual periods beginning on or after July 1 2014);
- Amendment to IAS 40 "Investment Property" (effective for annual periods beginning on or after July 1, 2014);
- Amendment to IAS 19 "Employee Benefits" effective for annual periods beginning on or after July 1, 2014).

Standards, amendments and interpretations to existing standards which are not yet effective and will be relevant for the Fund's operations:

The following interpretation is mandatory for the Fund's accounting periods beginning on or after January 1, 2016 or later periods and will be relevant for the Fund's operations in financial statements as of

- January 31, 2019: IFRS 9, "Financial instruments" (effective for annual periods beginning on or after January 1, 2018);
- January 31, 2017: IFRS 7 "Financial Instruments: Disclosures" (effective for annual periods beginning on or after January 1, 2016);

LYXOR UCITS ETF MSCI TAIWAN

NOTES TO THE FINANCIAL STATEMENTS

- January 31, 2017: IAS 1 “Presentation of Financial Statements” (effective for annual periods beginning on or after January 1, 2016).

There are no other standards, interpretations or amendments to existing standards that are not yet effective that would be expected to have a significant impact on the Fund.

All references to net assets throughout this document refer to net assets attributable to holders of redeemable participating units unless otherwise stated.

(b) Segment reporting

A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different from those of other business segments. A geographical segment is engaged in providing products or services within a particular economic environment that is subject to risks and returns that are different from those of segments operating in other economic environments.

The Fund is invested in securities traded on regulated markets and in a performance Swap (“Swap”). In addition, the Cash and cash equivalent is managed so as always be more or less equal to nil. It is therefore not relevant to proceed to a segment analysis.

(c) Functional and presentation currency

Items included in the Fund’s financial statements are measured using the primary currency used by investors to subscribe in the Fund. The financial statements are presented in USD, which is the Fund’s functional and presentation currency.

(d) Financial assets and liabilities at fair value through profit or loss

The Fund invests in an equity basket and a performance swap. The basket is composed of European and international equities. The Swap consists in swapping the performance of this basket against the MSCI TAIWAN™ performance.

Classification

Financial assets and liabilities have been designated by management at fair value through profit or loss at inception.

Recognition

Regular-way purchases and sales of investments are recognised on trade date – the date on which the Fund commits to purchase or sell the asset. Financial assets and liabilities are derecognised when the rights to receive cash flows from the securities have expired or have been transferred and the Fund has transferred substantially all risks and rewards of ownership.

Measurement

Investments are initially recognised at fair value, and transaction costs for all financial assets and financial liabilities carried at fair value through profit or loss are expensed as incurred.

Gains and losses arising from changes in the fair value of the ‘financial assets at fair value through profit or loss’ category are included in the statement of comprehensive income in the period in which they arise.

Fair value estimation

LYXOR UCITS ETF MSCI TAIWAN

NOTES TO THE FINANCIAL STATEMENTS

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value of financial assets traded in active markets are based on quoted market prices at mid price on reporting date.

The Fund adopted IFRS 13, 'Fair value measurement', from 1 March 2013. IFRS 13 aims to improve consistency and reduce complexity by providing a precise decision of fair value and a single source of fair value measurement for all IFRS standards.

As a result, the Fund changed its fair valuation inputs to use a close of business mid market price within the bid-ask spread for listed financial assets on active market (ie: equities of the basket) when the inputs used last year were the official close of business bid prices on reporting date. There is not material difference in the fair value measurement due to IFRS 13 first application.

An active market is a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

The swap is valued at its fair market value as determined in good faith by the Counterparty using a pricing methodology taking into account observable market data such as time value, intrinsic value, interest rates and dividends, and non observable market data such as correlation between the constituents of the Basket of Stocks and volatility.

The Fund's financial assets and financial liabilities are held for the purpose of being traded or are expected to be realised within one year.

The Manager is checking the swap price, using its own pricing methodology which consists in computing a set of parameters (observable traditional market datas such as interest rates, non observable implicit datas such as volatility and correlation) in an independent pricing tool (which is also commonly used by market participants). The pricing is conducted by a dedicated team.

The resulting unrealised gains and losses on investments are recognised in the statement of comprehensive income. Security transactions are accounted for on the trade date (the date on which the order to buy or sell is executed). Realised gains and losses on sales of securities are calculated on an average cost basis and are recorded in the statement of comprehensive income.

The Fund adopted the amendment to IFRS 7, effective 1 January 2009. This requires the Fund to classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Level I – Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities. The type of investments which would generally be included would include equities and derivatives listed on a securities exchange.
- Level II – Quoted prices in markets that are not considered to be active or financial instruments for which all significant inputs are observable, either directly or indirectly (including quoted prices for similar investments in active markets, interest rates and yield curves, credit risks, etc.). The type of investments which would generally be included in this category would include corporate bonds, bank debt and certain over-the-counter derivatives.

LYXOR UCITS ETF MSCI TAIWAN

NOTES TO THE FINANCIAL STATEMENTS

- Level III – Prices or valuations that require inputs that are both significant to the fair value measurement and unobservable. The type of investments which would generally be included in this category would include private or debt securities issued by private entities. The inputs or methodology used for valuing securities are not necessarily an indication of the risks associated with investing in those securities.

Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position where the Fund currently has a legally enforceable right to set-off the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

There is no such case in the financial assets and liabilities of the Fund at reporting date.

(e) Foreign exchange

The exchange rate used to value instruments in currency is the close fixing WM Reuters of the day before the valuation day.

Foreign currency transactions are translated into USD using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income and included in realised and unrealised gains/(loss) on investments.

(f) Investment income and expenses

Dividend income on equity is credited to Dividend Income in the statement of comprehensive income when the security is quoted as ex-dividend.

All expenses are accounted for on an accrual basis.

(g) Redeemable participating units

The Fund issues redeemable units, which are redeemable at the holder's option and are classified as financial liabilities in accordance with IAS 32, 'Financial Instruments – Presentation'. Redeemable units can be put back to the Fund at any time for cash equal to a proportionate share of the Fund's net asset value.

The redeemable unit is carried at the redemption amount that is payable at the statement of financial position date if the holder exercises the right to put the unit back to the Fund.

Redeemable units are issued and redeemed at the holder's option at prices based on the Fund's net assets value per unit at the time of issue or redemption. The Fund's net asset value per unit is calculated by dividing the net assets attributable to the holders of redeemable units with the total number of outstanding redeemable units.

The Fund has adopted IFRS 13 in 2013 and has changed its valuation input for listed financial assets and liabilities to mid price. This is consistent with the inputs prescribed in the Fund's offering document for the calculation of its per share trading value. In the prior year, the Fund utilised bid and ask prices for its listed financial assets and liabilities in accordance with IAS 39. There is no material difference between the two methods.

LYXOR UCITS ETF MSCI TAIWAN

NOTES TO THE FINANCIAL STATEMENTS

(h) Proceeds and payments on issue and redemption of units

The net asset value of the Fund is computed daily.

Prices for issues and redemptions are based on the latest available underlying prices on the day immediately preceding the valuation day (usually the underlying closing prices).

Proceeds and payments for units issued and redeemed during fund life are shown as movements in the statement of changes in net assets attributable to holders of redeemable participating units.

(i) Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held and other short-term highly liquid investments with original maturities of three months or less.

For the purpose of the statement of cash flows, cash and cash equivalents comprise bank balances net of bank overdrafts.

(j) Pre-operation costs

There were no pre-operation costs incurred by the Fund.

(k) Accrued expenses and other payables

Accrued expenses and other payables are recognised initially at fair value and subsequently stated at amortised cost using the effective interest method.

(l) Other receivables

Receivables are carried at anticipated realisable value. An estimate is made for doubtful receivables based on a review of all outstanding amounts at period end. Bad debts are written off during the period in which they are identified

(m) Finance costs

Distributions to holders of redeemable units and other finance costs such as interest expenses are recognised in the statement of comprehensive income as finance costs.

(n) Critical accounting estimates and judgements

Management makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. Estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are outlined below.

Fair value of derivative financial instruments

LYXOR UCITS ETF MSCI TAIWAN

NOTES TO THE FINANCIAL STATEMENTS

The Fund may, from time to time, hold financial instruments that are not quoted in active markets, such as over-the-counter derivatives. Fair values of such instruments are determined by using valuation techniques. Where valuation techniques are used to determine fair value, they are validated and periodically reviewed by experienced personnel at the Manager's.

The Fund's financial assets and financial liabilities are held for the purpose of being traded or are expected to be realised within one year.

3 Fees

Management fees

The operating expenses supported by the Fund represent 0.65 percent per annum of the net assets. As at February 29, 2016, management fees are USD 286,133.91 and provision for management fees USD 28,989.98.

These expenses recover all the expenses invoiced directly to the fund, with the exception of transaction fees. Transaction fees include the expenses of brokerage (courtage, stock exchange taxes) and the movement commission, if necessary, which can be notably perceived by the depositary and the management company.

Lyxor International Asset Management is not entitled to receive commissions in kind either for his account or for a third party.

4 Distributions payable to holders of redeemable shares

Proposed distributions to holders of redeemable shares are recognised in the income statement when they are ratified by the Annual General Meeting. The distribution on these redeemable shares is recognised in the statement of comprehensive income as finance cost.

Distributions per unit (expressed in USD) to holders of redeemable shares at February 29, 2016

Share class	Interim distribution	Distribution	Total
USD/FR0010398701	-	-	-
D-EUR/FR0010444786	-	-	-
D-USD/FR0010444794	-	-	-
Total	-	-	-

Distributions per unit (expressed in USD) to holders of redeemable shares at February 27, 2015

Share class	Interim distribution	Distribution	Total
USD/FR0010398701	-	-	-
D-EUR/FR0010444786	-	-	-
D-USD/FR0010444794	-	-	-
Total	-	-	-

For the year ended February 29, 2016, no dividend for holders of shares will be proposed at the Annual General Meeting.

LYXOR UCITS ETF MSCI TAIWAN

NOTES TO THE FINANCIAL STATEMENTS

5 Bank loans, overdrafts and other borrowings

Bank overdrafts total USD 0.11 as presented in the statement of financial position as at February 29, 2016.

There were no bank loans and other borrowings as at February 27, 2015.

6 Units in issue

	For the year ended February 29, 2016	For the year ended February 27, 2015
Units outstanding at the beginning of the period	8,882,589.000	8,960,089.000
Units issued	10,126,733.000	1,615,000.000
Units redeemed	(9,698,823.000)	(1,692,500.000)
Units outstanding at the end of the period	9,310,499.000	8,882,589.000

7 Net asset value per unit

	As at February 29, 2016	As at February 27, 2015
Net assets attributable to holders of Redeemable participating units (share USD)	4,365,888.89	7,397,652.57
Net assets attributable to holders of Redeemable participating units (share D-EUR)	46,007,337.00	26,968,145.23
Net assets attributable to holders of Redeemable participating units (share D-USD)	3,665,924.86	6,129,671.85
Number of units in issue (share USD)	4,355,266.00	6,136,889.00
Number of units in issue (share D-EUR)	4,589,533.00	2,237,200.00
Number of units in issue (share D-USD)	365,700.00	508,500.00
Net asset value per unit (share USD)	1.0024	1.2054
Net asset value per unit (share D-EUR)	10.0244	12.0544
Net asset value per unit (share D-USD)	10.0244	12.0544

8 Transactions with Manager and its related parties

(a) Investment transactions with related parties of the Manager

The following is a summary of the transactions entered into during the year between the Fund and the Manager and its related parties:

Name of company	Aggregate value of purchases and sales of securities	% of the Fund's total transactions	% of the Fund's total commission paid in the year	Average rate of commission
	USD			%
<u>Year ended February 29,</u>				
<u>2016</u>				

LYXOR UCITS ETF MSCI TAIWAN

NOTES TO THE FINANCIAL STATEMENTS

Société Générale	1,098,696,677.27	100.00	0.00	0.00
<u>Year ended February 27,</u> <u>2015</u>				
Société Générale	513,046,362.08	100.00	0.00	0.00

As at February 29, 2016, the equity linked swap concluded with Société Générale has a market value of USD (782,655.83).

The Manager, Lyxor International Asset Management, is also a 100% subsidiary of Société Générale.

(b) The Fund utilises the brokerage, custodian, agency and banking services of Société Générale, related parties of the Manager.

9 Soft commission arrangements

During the year, the Manager and its connected persons did not enter into any soft commission arrangements with brokers.

10 Stock lending arrangements

There are no stock-lending arrangements.

11 Commitments

There are no commitments.

12 Negotiability of assets

The Fund's assets are not restricted by statutory or contractual requirements and therefore are freely negotiable.

13 Contingent liabilities

There are no contingent liabilities.

14 Post-statement of financial position events

There are no post-statement of financial position events.

15 Financial risk factors

The following summary is not intended to be a comprehensive outline of all risks and investors should refer to the Prospectus for a more detailed discussion of the risks inherent in investing in the Fund.

LYXOR UCITS ETF MSCI TAIWAN

NOTES TO THE FINANCIAL STATEMENTS

The general risks of investing in the Fund are as follows:

- (a) while the Manager believes that the Fund offers income revenue and potential for capital appreciation, no assurance can be given that these objectives will be achieved. Prospective investors should read this Prospectus and discuss all risks with their financial and legal advisers before making an investment decision;
- (b) investors may not get back their original investment. Investments in the Fund are not suitable for short term speculation;
- (c) prospective investors should be aware that the price of Units may go down as well as up in response to changes in interest rates, foreign exchange, economic and political conditions and the financial condition of issuers whose securities are in the Index; and
- (d) dealings in the Units and the calculation of the NAV thereof may be suspended or deferred in certain circumstances.

The specific risks of investing in the Fund are as follows :

Market and Equity risk

The Fund's NAV and trading prices will react to securities markets movements. Investors may lose money over short periods due to fluctuation in the Fund's NAV and trading price in response to market movements, and over longer periods during market downturns.

Notwithstanding the composition of the investment portfolio, the Fund is entirely exposed through the swap to the MSCI TAIWANTM, and is therefore exposed to 100% of market risks linked to movements in equities comprised in the Index. Unitholders are thus exposed to any declines in the Index. The Fund therefore carries an equity high risk profile.

The Fund's investments in the Taiwanese market and its exposure to this market may involve a greater risk of potential losses than investments or exposure to developed markets, notably arising from higher market volatility, a lower trading volume in the relevant assets, possible economic and/or political instability, risks of market closure or government restrictions on foreign investment.

LYXOR UCITS ETF MSCI TAIWAN

NOTES TO THE FINANCIAL STATEMENTS

The overall market exposures were as follows:

As at February 29, 2016, the composition of the MSCI TAIWAN™ is as follows.

Name	Ticker	% weight in the index
Acer Inc	2353 TT Equity	0.2533540
Advanced Semiconductor Engineering Inc	2311 TT Equity	1.7416390
Advantech Co Ltd	2395 TT Equity	0.5281040
Asia Cement Corp	1102 TT Equity	0.4719970
Asia Pacific Telecom Co Ltd	3682 TT Equity	0.1564820
Asustek Computer Inc	2357 TT Equity	1.4026050
AU Optronics Corp	2409 TT Equity	0.5672040
Casetek Holdings Ltd	5264 TT Equity	0.1787510
Catcher Technology Co Ltd	2474 TT Equity	1.2373970
Cathay Financial Holding Co Ltd	2882 TT Equity	2.2137500
Chailease Holding Co Ltd	5871 TT Equity	0.4128280
Chang Hwa Commercial Bank Ltd	2801 TT Equity	0.5510470
Cheng Shin Rubber Industry Co Ltd	2105 TT Equity	0.6867190
Chicony Electronics Co Ltd	2385 TT Equity	0.2575780
China Airlines Ltd	2610 TT Equity	0.2244130
China Development Financial Holding Corp	2883 TT Equity	0.7925410
China Life Insurance Co Ltd/Taiwan	2823 TT Equity	0.5327300
China Steel Corp	2002 TT Equity	1.7668390
Chunghwa Telecom Co Ltd	2412 TT Equity	2.8869340
Compal Electronics Inc	2324 TT Equity	0.6021760
CTBC Financial Holding Co Ltd	2891 TT Equity	1.8068900
Delta Electronics Inc	2308 TT Equity	1.8809120
E.Sun Financial Holding Co Ltd	2884 TT Equity	0.8946160
Eclat Textile Co Ltd	1476 TT Equity	0.5704850
Eva Airways Corp	2618 TT Equity	0.2503120
Evergreen Marine Corp Taiwan Ltd	2603 TT Equity	0.1470370
Far Eastern New Century Corp	1402 TT Equity	0.5905610
Far EasTone Telecommunications Co Ltd	4904 TT Equity	0.8065000
Feng TAY Enterprise Co Ltd	9910 TT Equity	0.3911760
First Financial Holding Co Ltd	2892 TT Equity	1.0328900
Formosa Chemicals & Fibre Corp	1326 TT Equity	1.7524900
Formosa Petrochemical Corp	6505 TT Equity	0.7011940
Formosa Plastics Corp	1301 TT Equity	2.3757190
Formosa Taffeta Co Ltd	1434 TT Equity	0.1669450
Foxconn Technology Co Ltd	2354 TT Equity	0.4302580
Fubon Financial Holding Co Ltd	2881 TT Equity	1.9071930
Giant Manufacturing Co Ltd	9921 TT Equity	0.4334200
Hermes Microvision Inc	3658 TT Equity	0.2344270
Highwealth Construction Corp	2542 TT Equity	0.1813200
Hiwin Technologies Corp	2049 TT Equity	0.1966860
Hon Hai Precision Industry Co Ltd	2317 TT Equity	8.1598190
Hotai Motor Co Ltd	2207 TT Equity	0.6153790
HTC Corp	2498 TT Equity	0.3867090
Hua Nan Financial Holdings Co Ltd	2880 TT Equity	0.7253750
Innolux Corp	3481 TT Equity	0.5939930
Inotera Memories Inc	3474 TT Equity	0.4755610
Inventec Corp	2356 TT Equity	0.4033530
Largan Precision Co Ltd	3008 TT Equity	1.8535480
Lite-On Technology Corp	2301 TT Equity	0.5903450

LYXOR UCITS ETF MSCI TAIWAN

NOTES TO THE FINANCIAL STATEMENTS

MediaTek Inc	2454 TT Equity	2.5608160
Mega Financial Holding Co Ltd	2886 TT Equity	1.7139710
Merida Industry Co Ltd	9914 TT Equity	0.2312040
Nan Ya Plastics Corp	1303 TT Equity	2.2064590
Novatek Microelectronics Corp	3034 TT Equity	0.5797990
OBI Pharma Inc	4174 TT Equity	0.3446390
Pegatron Corp	4938 TT Equity	1.1039570
Phison Electronics Corp	8299 TT Equity	0.2600720
Pou Chen Corp	9904 TT Equity	0.6619860
Powertech Technology Inc	6239 TT Equity	0.3480020
President Chain Store Corp	2912 TT Equity	0.9371110
Quanta Computer Inc	2382 TT Equity	1.1043910
Radiant Opto-Electronics Corp	6176 TT Equity	0.2112680
Realtek Semiconductor Corp	2379 TT Equity	0.2771150
Ruentex Development Co Ltd	9945 TT Equity	0.2745360
Ruentex Industries Ltd	2915 TT Equity	0.2209000
Shin Kong Financial Holding Co Ltd	2888 TT Equity	0.3737650
Siliconware Precision Industries Co Ltd	2325 TT Equity	0.8133340
Simplo Technology Co Ltd	6121 TT Equity	0.2157660
SinoPac Financial Holdings Co Ltd	2890 TT Equity	0.6402640
Standard Foods Corp	1227 TT Equity	0.2141440
Synnex Technology International Corp	2347 TT Equity	0.3326730
Taishin Financial Holding Co Ltd	2887 TT Equity	0.6373520
Taiwan Business Bank	2834 TT Equity	0.2599760
Taiwan Cement Corp	1101 TT Equity	0.7245220
Taiwan Cooperative Financial Holding Co	5880 TT Equity	0.7401340
Taiwan Fertilizer Co Ltd	1722 TT Equity	0.2552700
Taiwan Mobile Co Ltd	3045 TT Equity	1.2486980
Teco Electric and Machinery Co Ltd	1504 TT Equity	0.3761080
Transcend Information Inc	2451 TT Equity	0.1429950
TSMC	2330 TT Equity	26.676229
Uni-President Enterprises Corp	1216 TT Equity	2.0113220
United Microelectronics Corp	2303 TT Equity	1.1759740
Vanguard International Semiconductor Cor	5347 TT Equity	0.3043480
Wistron Corp	3231 TT Equity	0.3493550
WPG Holdings Ltd	3702 TT Equity	0.3676820
Yunta Financial Holding Co Ltd	2885 TT Equity	0.6879170
Yulon Motor Co Ltd	2201 TT Equity	0.1854800
Zhen Ding Technology Holding Ltd	4958 TT Equity	0.2102640

Market risks are controlled by the Manager through tracking error monitoring on a daily basis.

The overall market exposures were as follows:

At February 29, 2016	Fair Value	% Net Assets
Equities at fair value through profit and loss	54,850,794.16	101.50%
Derivative liabilities at fair value through profit and loss	(782,655.83)	(1.45%)
Derivative liabilities held for trading	-	-
Securities designated at fair value through profit or loss	-	-
Securities sold short	-	-

LYXOR UCITS ETF MSCI TAIWAN

NOTES TO THE FINANCIAL STATEMENTS

At February 27, 2015	Fair Value	% Net Assets
Equities at fair value through profit and loss	41,024,778.64	101.31%
Derivative liabilities at fair value through profit and loss	(509,435.10)	(1.26%)
Derivative liabilities held for trading	-	-
Securities designated at fair value through profit or loss	-	-
Securities sold short	-	-

Tracking error risk

Changes in the NAV of the Fund are unlikely to replicate exactly changes in the Index. Factors such as fees and expenses of the Fund, liquidity of the market, imperfect correlation of returns between the Fund's securities and those in the Index, changes to the Index and regulatory policies may affect the Manager's ability to achieve close correlation with the Index. Imperfect correlation between the returns of portfolio securities and the Index is more likely to happen to the extent that the Fund invests in securities that are Non-Index Securities or invests in those Index Securities with different weighting from that of the Index. The Fund's returns may therefore deviate from those of the Index. In addition, a fall in the Index may result in a corresponding fall in the NAV of the Fund.

The tracking error objective calculated over a period of 52 weeks is less than 1%. If the tracking error exceeds 1% nonetheless, the objective is to remain below 5% of the volatility of the MSCI TAIWANTM index.

The tracking error as at February 29, 2016 is 0.0432% (0.0425% as at February 27, 2015).

Interest rate risk

The majority of the Fund's financial assets and liabilities are non-interest bearing. As a result, the Fund is not subject to significant amounts of risk due to fluctuations in the prevailing levels of market interest rates. Any excess cash and cash equivalents are invested at short-term market interest rates.

LYXOR UCITS ETF MSCI TAIWAN

NOTES TO THE FINANCIAL STATEMENTS

Credit risk, counterparty risk and settlement risk

Credit risk, is the risk that a counterparty will be unable to pay amounts in full when due. Impairment provisions are provided for losses that have been incurred by the statement of financial position, if any.

Counterparty risk is the risk that the party trading with the Fund will be unable to meet its obligation to make payments or to settle a trade by the counterparty.

The counterparty risk is reduced by the fact that different divisions within Société Générale will be responsible for selecting, monitoring and providing custody over the Fund's assets. Société Générale's compliance procedures require effective segregation of duties and responsibilities between relevant divisions within Société Générale: each division is run as a separate operational unit, segregated by Chinese walls and run by different management teams.

The Fund also bears the risk that the settlement fails for whatever reason.

To minimize those risks, Société Générale has been selected as the only counterparty of the Resetable Swap. As of February 29, 2016, Société Générale had a credit rating of A from Standard & Poor's (A in 2015).

In accordance with the Fund's policy, the Manager monitors the Fund's credit positions on a daily basis.

Foreign exchange risk

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. As the Index replicated by the Fund is calculated in Taiwanese Dollar, its constituents are quoted in Taiwanese Dollar and the Units are denominated in US Dollar, the Fund and its Holders will be exposed to the fluctuation of the exchange rates between Taiwanese Dollar and US Dollar.

As the Fund primarily intends to provide investment results that track that of the Index, the Fund does not have a hedging policy and does not intend to enter into any foreign exchange contract in this respect. As far as the Manager or its directors are aware, there is currently no foreign exchange controls or restrictions which are of relevance to the Fund or its investment objective or policy.

Liquidity Risk

The Fund is exposed to daily cash redemptions of redeemable shares. At February 29, 2016, the redeemable units amounted to USD 54,039,150.75 increasing by 33.44% in comparison with February 27, 2015 (USD 40,495,469.65). It therefore invests the majority of its assets in investments that are traded in an active market and can be readily disposed of; it invests only a limited proportion of its assets in investments not actively traded on a stock exchange.

The Fund's listed securities are considered readily realisable, as they are listed on the main European stock exchanges. The price at which portfolio securities may be purchased or sold by the Fund upon any rebalancing activities or otherwise and the value of the Units will be adversely affected if trading markets for the Fund's portfolio securities are limited or absent or if bid-offer spreads are wide.

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NOTES TO THE FINANCIAL STATEMENTS

The Fund's Over-The-Counter derivative contracts may be illiquid. In order to meet realisation requests, the Swap Counterparty is compelled to quote a daily price to unwind any part of the Resettable Swap. The price will reflect the market liquidity conditions and the size of transactions.

The tables below summarises the Fund's liabilities into relevant maturity groupings based on the remaining period at the statement of financial position date to the contractual maturity date :

At February 29, 2016 (in USD)	Less than 3 months	3 – 12 months	More than 12 months	No stated maturity	Total
Liabilities :					
Accrued expenses and other payables	2,099,284.15	-	-	-	2,099,284.15
Due to the bank	0.11	-	-	-	0.11
Financial liabilities at fair value through profit and loss	-	-	782,655.83	-	782,655.83
Redeemable shares	54,039,150.75	-	-	-	54,039,150.75
Total liabilities	56,138,435.01	-	782,655.83	-	56,921,090.84

At February 27, 2015 (in USD)	Less than 3 months	3 – 12 months	More than 12 months	No stated maturity	Total
Liabilities :					
Accrued expenses and other payables	145,438.72	-	-	-	145,438.72
Due to the bank	-	-	-	-	-
Financial liabilities at fair value through profit and loss	-	-	509,435.10	-	509,435.10
Redeemable shares	40,495,469.65	-	-	-	40,495,469.65
Total liabilities	40,640,908.37	-	509,435.10	-	41,150,343.47

In accordance with the Fund's policy, the Manager monitors the Fund's liquidity positions on a daily basis.

LYXOR UCITS ETF MSCI TAIWAN

NOTES TO THE FINANCIAL STATEMENTS

Fair value measurement risk

The following table analyses within the fair value hierarchy the Fund's financial assets and liabilities measured at fair value at February 29, 2016, as discussed in note 2 (d):

At February 29, 2016

	Level 1	Level 2	Level 3	Total Balance
Assets				
Financial assets designated at fair value through profit or loss				
Investments	54,850,794.16	-	-	54,850,794.16
Swap	-	-	-	-
Total financial assets at fair value	54,850,794.16	-	-	54,850,794.16
Liabilities				
Financial liabilities designated at fair value through profit or loss				
Investments	-	-	-	-
Swap	-	782,655.83	-	782,655.83
Total financial liabilities at fair value	-	782,655.83	-	782,655.83

At February 27, 2015

	Level 1	Level 2	Level 3	Total Balance
Assets				
Financial assets designated at fair value through profit or loss				
Investments	41,024,778.64	-	-	41,024,778.64
Swap	-	-	-	-
Total financial assets at fair value	41,024,778.64	-	-	41,024,778.64
Liabilities				
Financial liabilities designated at fair value through profit or loss				
Investments	-	-	-	-
Swap	-	509,435.10	-	509,435.10
Total financial liabilities at fair value	-	509,435.10	-	509,435.10

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NOTES TO THE FINANCIAL STATEMENTS

The following tables analyze within the fair value hierarchy the Fund's financial assets and liabilities (by class) measured at fair value:

As at February 29, 2016

Assets	Level 1	Level 2	Level 3	Total Balance
Financial assets held for trading:				
Equity securities				
Belgium :				
Brewers	2,293,544.07	-	-	2,293,544.07
Broadcasting and Entertainment	506,011.87	-	-	506,011.87
Fixed Line Telecommunications	678,868.49	-	-	678,868.49
Industrial and Office REITs	1,034,094.63	-	-	1,034,094.63
Life Insurance	1,336,524.81	-	-	1,336,524.81
Finland :				
Fixed Line Telecommunications	264,522.53	-	-	264,522.53
Germany :				
Automobiles	2,443,454.34	-	-	2,443,454.34
Conventional Electricity	137,981.89	-	-	137,981.89
Diversified Industrials	175,220.33	-	-	175,220.33
Drug Retailers	66,858.53	-	-	66,858.53
Fixed Line Telecommunications	1,986,764.92	-	-	1,986,764.92
Full Line Insurance	2,049,777.93	-	-	2,049,777.93
Health Care Providers	1,611,129.04	-	-	1,611,129.04
Pharmaceuticals	1,389,015.65	-	-	1,389,015.65
Software	2,706,121.66	-	-	2,706,121.66
Specialty Chemicals	1,814,107.66	-	-	1,814,107.66
Japan :				
Conventional Electricity	74,852.17	-	-	74,852.17
Industrial Machinery	2,486,076.02	-	-	2,486,076.02
Internet	292,452.18	-	-	292,452.18
Iron and Steel	52,078.84	-	-	52,078.84
Recreational Products	52,812.84	-	-	52,812.84
Specialty Chemicals	1,943,280.83	-	-	1,943,280.83
Netherlands :				
Aerospace and Defense	5,115,449.04	-	-	5,115,449.04
Banks	981,059.28	-	-	981,059.28
Diversified Industrials	3,423,104.18	-	-	3,423,104.18
Marine Transportation	879,493.07	-	-	879,493.07

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NOTES TO THE FINANCIAL STATEMENTS

Semiconductors	3,244,967.06	-	-	3,244,967.06
Portugal :				
Broadcasting and Entertainment	1,082,648.49	-	-	1,082,648.49
Russia :				
Integrated Oil and Gas	899,219.70	-	-	899,219.70
Spain :				
Banks	3,864,324.32	-	-	3,864,324.32
Broadcasting and Entertainment	395,638.69	-	-	395,638.69
Fixed Line Telecommunications	1,048,902.04	-	-	1,048,902.04
Gas Distribution	1,922,975.52	-	-	1,922,975.52
Heavy Construction	3,281,817.79	-	-	3,281,817.79
Real Estate Holding and Development	191,825.19	-	-	191,825.19
Transportation Services	1,908,390.72	-	-	1,908,390.72
Sweden :				
Durable Household Products	326,848.19	-	-	326,848.19
Paper	888,579.65	-	-	888,579.65
Total financial assets at fair value	54,850,794.16	-	-	54,850,794.16

Liabilities	Level 1	Level 2	Level 3	Total Balance
Financial				
Swap	-	(782,655.83)	-	(782,655.83)
Total financial Liabilities at fair value	-	(782,655.83)	-	(782,655.83)

LYXOR UCITS ETF MSCI TAIWAN

NOTES TO THE FINANCIAL STATEMENTS

As at February 27, 2015

Assets	Level 1	Level 2	Level 3	Total Balance
Financial assets held for trading:				
Equity securities				
Belgium :				
Brewers	2,914,734.83	-	-	2,914,734.83
Specialty Chemicals	269,459.81	-	-	269,459.81
Denmark :				
Pharmaceuticals	1,465,639.40	-	-	1,465,639.40
Finland :				
Conventional Electricity	1,331,453.60	-	-	1,331,453.60
Full Line Insurance	650,743.64	-	-	650,743.64
Germany :				
Automobiles	3,518,708.05	-	-	3,518,708.05
Banks	123,424.96	-	-	123,424.96
Health Care Providers	149,861.88	-	-	149,861.88
Conventional Electricity	1,207,376.32	-	-	1,207,376.32
Mobile Telecommunications	1,193,655.59	-	-	1,193,655.59
Pharmaceuticals	1,649,032.05	-	-	1,649,032.05
Real Estate Holding and Development	634,464.16	-	-	634,464.16
Reinsurance	391,996.49	-	-	391,996.49
Semiconductors	1,415,101.10	-	-	1,415,101.10
Software	278,061.30	-	-	278,061.30
Specialty Chemicals	1,392,821.45	-	-	1,392,821.45
Transportation Services	194,380.66	-	-	194,380.66
Luxembourg :				
Fixed Line Telecommunications	2,699,152.92	-	-	2,699,152.92
Netherlands :				
Banks	2,935,858.81	-	-	2,935,858.81
Diversified Industrials	1,977,249.67	-	-	1,977,249.67
Diversified REITs	71,304.64	-	-	71,304.64
Fixed Line Telecommunications	88,402.68	-	-	88,402.68
Full Line Insurance	1,613,298.76	-	-	1,613,298.76
Publishing	260,413.31	-	-	260,413.31
Semiconductors	1,593,147.04	-	-	1,593,147.04
Norway :				
Diversified Industrials	592,908.56	-	-	592,908.56
Portugal :				
Banks	520,783.42	-	-	520,783.42
Russia :				
Exploration and Production	2,612,011.35	-	-	2,612,011.35
Mobile Telecommunications	480,242.31	-	-	480,242.31

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Nonferrous Metals	2,846,171.68	-	-	2,846,171.68
Spain :				
Apparel Retailers	817,149.95	-	-	817,149.95
Banks	535,393.95	-	-	535,393.95
Diversified REITs	17,013.19	-	-	17,013.19
Fixed Line Telecommunications	100,120.14	-	-	100,120.14
Gas Distribution	553,478.55	-	-	553,478.55
Integrated Oil and Gas	192,660.58	-	-	192,660.58
Sweden :				
Fixed Line Telecommunications	426,958.38	-	-	426,958.38
Switzerland :				
Biotechnology	1,252,181.01	-	-	1,252,181.01
Industrial Machinery	54,766.96	-	-	54,766.96
Specialty Retailers	3,195.49	-	-	3,195.49
Total financial assets at fair value	41,024,778.64	-	-	41,024,778.64

Liabilities	Level 1	Level 2	Level 3	Total Balance
Financial				
Swap	-	(509,435.10)	-	(509,435.10)
Total financial Liabilities at fair value	-	(509,435.10)	-	(509,435.10)

The amendments to IFRS 7 require disclosure of transfer between levels.

There were no transfers between levels for the period from February 28, 2015 to August 31, 2015.

During period from February 28, 2015 to August 31, 2015, the Fund did not invest in instruments classified under level 3; the analysis of movement in level 3 instruments is therefore not applicable.

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NOTES TO THE FINANCIAL STATEMENTS

Risks linked to the SGX-ST

Trading in Units on the SGX-ST may be suspended: Investors will not be able to purchase or sell Units on the SGX-ST during any period that the SGX-ST suspends trading in the Units. The SGX-ST may suspend the trading of Units whenever the SGX-ST determines that it is appropriate in the interests of a fair and orderly market to protect investors. The subscription and redemption of In-Kind Units may also be suspended in the event that the trading of Units on the SGX-ST is suspended.

Units may be delisted from the SGX-ST: The SGX-ST imposes certain requirements for the continued listing of securities, including the Units, on the SGX-ST. Investors cannot be assured that the Fund will continue to meet the requirements necessary to maintain the listing of Units on the SGX-ST or that the SGX-ST will not change the listing requirements. The Fund may be terminated if its Units are delisted from the SGX-ST.

Suspension of subscriptions and redemptions: Dealings of Units on the SGX-ST may not necessarily be suspended in the event that the issuance and redemption of Units is temporarily suspended by the Manager. If the issuance and redemption of Units is temporarily suspended, the trading price of the Units may be adversely affected and differ from the market value of the Fund's underlying assets.

Risks linked to the Index

The Fund is exposed to the fluctuation of performance of the Index Securities comprised within the Index through the Swaps. The Fund will not be able to fully track the performance of the Index due to circumstances such as temporary unavailability of certain Index Securities or occurrence of exceptional circumstances that result in distortions in the weighting of the Index. Any re-weighting of Index can also result in miscellaneous transaction or friction costs.

- Concentration of Index in certain issuers: The Index and the investments of the Fund may be concentrated in securities of a single or several issuers. Changes in the financial condition of an issuer, changes in specific economic or political conditions that affect a particular issuer, and changes in general economic or political conditions can affect the value of an issuer's securities. Such issuer specific changes may have an impact on the securities held by the Fund.
- Compilation of Index: The securities which comprise the Index are determined and composed by the Index Provider without regard to the performance of the Fund. The Fund is not sponsored, endorsed, sold or promoted by the index provider, Morgan Stanley Capital International Inc ("MSCI"). The Index Provider makes no representation or warranty, express or implied, to investors in the Fund or other persons regarding the advisability of investing in securities generally or in the Fund particularly. The Index Provider has no obligation to take the needs of the Manager or investors in the Fund into consideration in determining, composing or calculating the Index. There is no assurance that the Index Provider will compile the Index accurately, or that the Index will be determined, composed or calculated accurately, and consequently there can be no guarantees that its actions will not prejudice the interests of the Fund, the Manager or investors.
- Composition of the Index may change: The composition of the Index will change as Index Securities mature or are redeemed or as new securities are included in the Index. When this happens the weighting or composition of the securities owned by the Fund would be changed as considered appropriate by

LYXOR UCITS ETF MSCI TAIWAN

NOTES TO THE FINANCIAL STATEMENTS

the Manager in order to achieve the investment objective. Thus, an investment in Units will generally reflect the Index as its constituents change and not necessarily the way it is comprised at the time of an investment in Units.

- Licence to use the Index may be terminated: The Manager has been granted a licence by the Index Provider to use the Index in order to create the Fund based on the Index and to use certain trade marks and any copyright in the Index. The Fund may not be able to fulfill its objective and may be terminated if the licence agreement between the Manager and the Index Provider is terminated. The Fund may also be terminated if the Index ceases to be compiled or published and there is no replacement index using the same or substantially similar formula for the method of calculation as used in calculating the Index.

Lack of discretion of the Manager to adapt to market changes

Unlike many conventional funds, the Fund is not "actively managed". Therefore, the Fund will not adjust the composition of its portfolio except in order to seek to closely correspond to the duration and total return of the Index. The Fund does not try to "beat" the market it tracks and does not seek temporary defensive positions when markets decline or is judged to be overvalued. Accordingly, a fall in the Index may result in a corresponding fall in the NAV of the Fund.

Units may trade at prices other than NAV

The NAV of the Fund represents the fair price for buying or selling Units. As with any listed fund, the market price of Units may sometimes trade above or below this NAV. There is a risk, therefore, that Holders may not be able to buy or sell at a price close to this NAV. The deviation from NAV is dependent on a number of factors, but will be accentuated when there is a large imbalance between market supply and demand for Index Securities. The "bid/ask" spread (being the difference between the prices being bid by potential purchasers and the prices being asked by potential sellers) is another source of deviation from NAV. The bid/ask spread can widen during periods of market volatility or market uncertainty, thereby increasing the deviation from NAV.

Risk of swap agreements

The risk of loss with respect to swaps generally is limited to the net amount of payments that the Fund is contractually obligated to make. Swap agreements are also subject to the risk that the swap counterparty will default on its obligations. If such a default were to occur, the Fund will have contractual remedies pursuant to the agreements related to the transaction. However, such remedies may be subject to bankruptcy and insolvency laws which could affect the Fund's rights as a creditor. For example, the Fund may not receive the net amount of payments that it contractually is entitled to receive. Nevertheless this risk is limited as the Fund is subject to counterparty ratio of 10% on a single counterpart. Besides, SG has been selected as the only counterparty of the swap agreement.

Minimum subscription and redemption size

For subscriptions and redemptions in-kind, Units will only be issued or redeemed in In-Kind Unit aggregations (currently 100,000 Units, and multiples thereof). Investors who do not hold In-Kind Unit aggregations may only be able to realise the value of their Units by selling their Units on the SGX-ST at the prevailing trading price of the Units.

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NOTES TO THE FINANCIAL STATEMENTS

Reliance on Market Makers

There may or may not be Market Makers for the Fund. Investors should note that liquidity in the market for the Units may be adversely affected if there is no Market Maker for the Fund. It is Manager's current intention that there will be at least one Market Maker in respect of the Units.

Reliance on Participating Dealers

The issuance and redemption of Units may only be affected through Participating Dealers. The number of Participating Dealers at any given time will be limited. Participating Dealers are under no obligation to accept instructions to apply for or redeem Units on behalf of investors, and may charge a fee for providing this service. Participating Dealers will not be able to issue or redeem Units during any period when, amongst other things, dealings on the SGX-ST are restricted or suspended, settlement or clearing of securities through the CDP is disrupted or the Index is not compiled or published. In addition, Participating Dealers will not be able to issue or redeem Units if some other event occurs which impedes the calculation of the NAV of the Fund or disposal of the Fund's portfolio securities cannot be effected.

Risks relating to the governing laws and regulations in respect of the Fund

The Fund is a collective investment scheme constituted as a *fonds commun de placement* in France and registered as an Undertaking for Collective Investment in Transferable Securities ("UCITS") Part III scheme. As such, the Fund is subject to the applicable laws and regulations in France and the relevant UCITS Directives, and a set of internal rules established by the Manager and approved by the AMF. Such laws, regulations and rules may differ from the corresponding laws and regulations in Singapore.

16 Approval of financial statements

The financial statements were approved by the Manager on June 6th, 2016.

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SCHEDULE OF INVESTMENTS AS AT FEBRUARY 29, 2016

	<u>Numbers of Securities</u>	<u>Market Value in USD</u>	<u>% of Net Assets</u>
Financial assets at fair value through profit or loss			
Listed / quoted financial assets			
Equities			
Belgium			
AGEAS NV	36,173.00	1,336,524.81	2.47%
ANHEUSER-BUSH INBEV	20,375.00	2,293,544.07	4.24%
COFINIMMO SICAFI	9,423.00	1,034,094.63	1.91%
PROXIMUS	21,489.00	678,868.49	1.26%
TELENET GROUP HLDG	9,623.00	506,011.87	0.94%
Finland			
ELISA OYJ	7,402.00	264,522.53	0.49%
Germany			
ALLIANZ SE-NOM	13,745.00	2,049,777.93	3.79%
BASF SE	6,961.00	455,169.90	0.84%
BAYER AG	13,257.00	1,389,015.65	2.57%
BMW	5,071.00	414,068.61	0.77%
CELESIO	2,414.00	66,858.53	0.12%
DEUTSCHE TEL AG-NOM	118,197.00	1,986,764.92	3.68%
E.ON SE	15,145.00	137,981.89	0.26%
FRESENIUS SE CO KGAA	24,356.00	1,611,129.04	2.98%
LINDE AG	9,733.00	1,358,937.76	2.51%
SAP	35,610.00	2,706,121.66	5.01%
SIEMENS AG-NOM	1,887.00	175,220.33	0.32%
VOLKSWAGEN AG-PFD	17,342.00	2,029,385.73	3.76%
Japan			
DAIKIN INDUSTRIES	37,045.00	2,486,076.02	4.60%
KYUSHU ELECT.POWER	7,444.00	74,852.17	0.14%
MIZUNO CORP	11,875.00	52,812.84	0.10%
OSAKA STEEL	3,200.00	52,078.84	0.10%
SHIN-ETSU CHEMICAL	38,713.00	1,943,280.83	3.60%
YAHOO JAPAN	74,181.00	292,452.18	0.54%
Netherlands			
AALBERTS INDUSTRIE	6,742.00	209,839.52	0.39%
AIRBUS GROUP	78,755.00	5,115,449.04	9.47%
ASM INTERNATIONAL	54,174.00	2,292,704.49	4.24%
ASML HOLDING N.V.	10,357.00	952,262.57	1.76%
ING GROEP NV-CVA	82,874.00	981,059.28	1.82%
KONINKLIJKE PHILIPS	126,192.00	3,213,264.66	5.95%
KONINKLIJKE VOPAK	19,270.00	879,493.07	1.63%
Portugal			
NOS	155,957.00	1,082,648.49	2.00%
Russia			
GAZPROM PJSC ADR	244,121.00	899,219.70	1.66%
Spain			
ABERTIS INFRAES A	7,751.00	116,642.61	0.22%
AENA	15,750.00	1,791,748.11	3.32%
BCO BILBAO VIZCAYA	607,431.00	3,864,324.32	7.15%
FERROVIAL	169,400.00	3,281,817.79	6.07%

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GAS NATURAL SDG	109,755.00	1,922,975.52	3.56%
INMOBILIARIA COLON	294,242.00	191,825.19	0.35%
MEDIASET ESPANA COM	36,588.00	395,638.69	0.73%
TELEFONICA SA	104,430.00	1,048,902.04	1.94%
Sweden			
ELECTROLUX B	13,918.00	326,848.19	0.60%
HOLMEN B	30,406.00	888,579.65	1.64%
Total listed / quoted financial assets		54,850,794.16	101.50%
Unlisted / unquoted financial assets			
SWAP		(782,655.83)	(1.45%)
Total unlisted / unquoted financial assets		(782,655.83)	(1.45%)
Total Financial assets at fair value through profit or loss		54,068,138.33	100.05%
Total Financial assets at fair value through profit and loss at purchase date		56,594,997.33	

LYXOR UCITS ETF MSCI TAIWAN

SCHEDULE OF INVESTMENTS AS AT FEBRUARY 27, 2015

	<u>Numbers of Securities</u>	<u>Market Value in USD</u>	<u>% of Net Assets</u>
Financial assets at fair value through profit or loss			
Listed / quoted financial assets			
Equities			
Belgium			
ANHEUSER-BUSH INBEV	22,855.00	2,914,734.83	7.20%
SOLVAY	1,809.00	269,459.81	0.67%
Denmark			
NOVO NORDISK	30,500.00	1,465,639.40	3.62%
Finland			
FORTUM OYJ	58,303.00	1,331,453.60	3.29%
SAMPO A	12,864.00	650,743.64	1.61%
Germany			
BASF SE	8,956.00	860,396.85	2.12%
BAYER AG	5,147.00	762,342.15	1.88%
BAYERISCHE MOTO WER	5,451.00	528,259.46	1.30%
BMW	8,346.00	1,057,825.87	2.61%
DAIMLER	10,262.00	995,762.31	2.46%
DEUTSCHE BANK AG-NOM	3,746.00	123,424.96	0.30%
DEUTSCHE POST AG-NOM	5,695.00	194,380.66	0.48%
DEUTSCHE TEL AG-NOM	63,839.00	1,193,655.59	2.95%
FRESENIUS MED.CARE	1,826.00	149,861.88	0.37%
INFINEON TECHNO AG-N	121,955.00	1,415,101.10	3.49%
LEG IMMOBILIEN	7,697.00	634,464.16	1.57%
LINDE AG	2,611.00	532,424.60	1.31%
MERCK KGAA	8,574.00	886,689.90	2.19%
MUENCHENER RU AG-NOM	1,884.00	391,996.49	0.97%
RWE AG	43,083.00	1,207,376.32	2.98%
SAP	3,945.00	278,061.30	0.69%
VOLKSWAGEN AG-PFD	3,704.00	936,860.41	2.31%
Luxembourg			
ALTICE	27,008.00	2,699,152.92	6.67%
Netherlands			
AEGON NV	82,080.00	637,090.02	1.57%
ASML HOLDING N.V.	14,702.00	1,593,147.04	3.93%
CORIO	1,280.00	71,304.64	0.18%
DELTA LLOYD	53,658.00	976,208.74	2.41%
ING GROEP NV-CVA	195,990.00	2,935,858.81	7.25%
KONINKLIJKE KPN NV	25,824.00	88,402.68	0.22%
ROYAL PHILIPS NV	65,850.00	1,977,249.67	4.88%
WOLTERS KLUWER COMMO	8,010.00	260,413.31	0.64%
Norway			
ORKLA ASA	75,150.00	592,908.56	1.46%
Portugal			
BANCO COMERC.PORTU	5,580,543.00	520,783.42	1.29%
Russia			
MEGAFON OJSC	27,271.00	480,242.31	1.19%
MMC NORILSK ADR	157,421.00	2,846,171.68	7.03%

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NOVATEK GDR REG S	31,151.00	2,612,011.35	6.45%
Spain			
BANCO SANTANDER SA	73,064.00	535,393.95	1.32%
ENAGAS	17,996.00	553,478.55	1.37%
INDITEX	25,940.00	817,149.95	2.02%
MERLIN PROPERTIES	1,264.00	17,013.19	0.04%
REPSOL	9,943.00	192,660.58	0.48%
TELEFONICA SA	6,424.00	100,120.14	0.25%
Sweden			
TELIASONERA AB	67,255.00	426,958.38	1.05%
Switzerland			
ABB N STOCKHOLM	2,542.00	54,766.96	0.14%
ACTELION N	10,404.00	1,252,181.01	3.09%
DUFREY AG REG	22.00	3,195.49	0.01%
Total listed / quoted financial assets		41,024,778.64	101.31%
Unlisted / unquoted financial assets			
SWAP		(509,435.10)	(1.26%)
Total unlisted / unquoted financial assets		(509,435.10)	(1.26%)
Total Financial assets at fair value through profit or loss		40,515,343.54	100.05%
Total Financial assets at fair value through profit and loss at purchase date		38,999,080.83	

DISTRIBUTION STATEMENT (UNAUDITED)
As at February 29, 2016

	FEBRUARY 29, 2016 USD	FEBRUARY 27, 2015 USD
Undistributed income/(loss) brought forward	4,590,700.01	(724,717.11)
Operating (loss)/profit	(9,794,632.59)	5,315,417.12
Interest Expense	0.00	0.00
(Decrease)/increase in net assets attributable to holders of redeemable participating units from operations	(9,794,632.59)	5,315,417.12
Undistributed (loss)/ income carried forward	(5,203,932.58)	4,590,700.01

LYXOR UCITS ETF MSCI TAIWAN

STATEMENT OF MOVEMENTS IN SCHEDULE OF INVESTMENTS (UNAUDITED)

For the period from February 27, 2015 to February 29, 2016

	Percentage holdings of net assets		
	<u>February 27, 2015</u>	<u>February 29, 2016</u>	<u>Variation over the period</u>
Financial assets at fair value through profit or loss			
Listed / quoted financial assets			
Equities			
Belgium			
AGEAS NV	0.00%	2.47%	2.47%
ANHEUSER-BUSH INBEV	7.20%	4.24%	(2.96%)
COFINIMMO SICAFI	0.00%	1.91%	1.91%
PROXIMUS	0.00%	1.26%	1.26%
SOLVAY	0.67%	0.00%	(0.67%)
TELENET GROUP HLDG	0.00%	0.94%	0.94%
Denmark			
NOVO NORDISK	3.62%	0.00%	(3.62%)
Finland			
ELISA OYJ	0.00%	0.49%	0.49%
FORTUM OYJ	3.29%	0.00%	(3.29%)
SAMPO A	1.61%	0.00%	(1.61%)
Germany			
ALLIANZ SE-NOM	0.00%	3.79%	3.79%
BASF SE	2.12%	0.84%	(1.28%)
BAYER AG	1.88%	2.57%	0.69%
BAYERISCHE MOTO WER	1.30%	0.00%	(1.30%)
BMW	2.61%	0.77%	(1.84%)
CELESIO	0.00%	0.12%	0.12%
DAIMLER	2.46%	0.00%	(2.46%)
DEUTSCHE BANK AG-NOM	0.30%	0.00%	(0.30%)
DEUTSCHE POST AG-NOM	0.48%	0.00%	(0.48%)
DEUTSCHE TEL AG-NOM	2.95%	3.68%	0.73%
E.ON SE	0.00%	0.26%	0.26%
FRESENIUS MED.CARE	0.37%	0.00%	(0.37%)
FRESENIUS SE CO KGAA	0.00%	2.98%	2.98%
INFINEON TECHNO AG-N	3.49%	0.00%	(3.49%)
LEG IMMOBILIEN	1.57%	0.00%	(1.57%)
LINDE AG	1.31%	2.51%	1.20%
MERCK KGAA	2.19%	0.00%	(2.19%)
MUENCHENER RU AG-NOM	0.97%	0.00%	(0.97%)

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RWE AG	2.98%	0.00%	(2.98%)
SAP	0.69%	5.01%	4.32%
SIEMENS AG-NOM	0.00%	0.32%	0.32%
VOLKSWAGEN AG-PFD	2.31%	3.76%	1.45%
Japan			
DAIKIN INDUSTRIES	0.00%	4.60%	4.60%
KYUSHU ELECT.POWER	0.00%	0.14%	0.14%
MIZUNO CORP	0.00%	0.10%	0.10%
OSAKA STEEL	0.00%	0.10%	0.10%
SHIN-ETSU CHEMICAL	0.00%	3.60%	3.60%
YAHOO JAPAN	0.00%	0.54%	0.54%
Luxembourg			
ALTICE	6.67%	0.00%	(6.67%)
Netherlands			
AALBERTS INDUSTRIE	0.00%	0.39%	0.39%
AEGON NV	1.57%	0.00%	(1.57%)
AIRBUS GROUP	0.00%	9.47%	9.47%
ASM INTERNATIONAL	0.00%	4.24%	4.24%
ASML HOLDING N.V.	3.93%	1.76%	(2.17%)
CORIO	0.18%	0.00%	(0.18%)
DELTA LLOYD	2.41%	0.00%	(2.41%)
ING GROEP NV-CVA	7.25%	1.82%	(5.43%)
KONINKLIJKE KPN NV	0.22%	0.00%	(0.22%)
KONINKLIJKE PHILIPS	0.00%	5.95%	5.95%
KONINKLIJKE VOPAK	0.00%	1.63%	1.63%
ROYAL PHILIPS NV	4.88%	0.00%	(4.88%)
WOLTERS KLUWER COMMO	0.64%	0.00%	(0.64%)
Norway			
ORKLA ASA	1.46%	0.00%	(1.46%)
Portugal			
BANCO COMERC.PORTU	1.29%	0.00%	(1.29%)
NOS	0.00%	2.00%	2.00%
Russia			
GAZPROM PJSC ADR	0.00%	1.66%	1.66%
MEGAFON OJSC	1.19%	0.00%	(1.19%)
MMC NORILSK ADR	7.03%	0.00%	(7.03%)
NOVATEK GDR REG S	6.45%	0.00%	(6.45%)
Spain			
ABERTIS INFRAES A	0.00%	0.22%	0.22%
AENA	0.00%	3.32%	3.32%

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BANCO SANTANDER SA	1.32%	0.00%	(1.32%)
BCO BILBAO VIZCAYA	0.00%	7.15%	7.15%
ENAGAS	1.37%	0.00%	(1.37%)
FERROVIAL	0.00%	6.07%	6.07%
GAS NATURAL SDG	0.00%	3.56%	3.56%
INDITEX	2.02%	0.00%	(2.02%)
INMOBILIARIA COLON	0.00%	0.35%	0.35%
MEDIASET ESPANA COM	0.00%	0.73%	0.73%
MERLIN PROPERTIES	0.04%	0.00%	(0.04%)
REPSOL	0.48%	0.00%	(0.48%)
TELEFONICA SA	0.25%	1.94%	1.69%
Sweden			
ELECTROLUX B	0.00%	0.60%	0.60%
HOLMEN B	0.00%	1.64%	1.64%
TELIASONERA AB	1.05%	0.00%	(1.05%)
Switzerland			
ABB N STOCKHOLM	0.14%	0.00%	(0.14%)
ACTELION N	3.09%	0.00%	(3.09%)
DUFRI AG REG	0.01%	0.00%	(0.01%)
Total listed / quoted financial assets	101.31%	101.50%	0.19%
Unlisted / unquoted financial assets			
SWAP	(1.26%)	(1.45%)	(0.19%)
Total unlisted / unquoted financial assets	(1.26%)	(1.45%)	(0.19%)
Total Financial assets at fair value through profit or loss	100.05%	100.05%	0.00%

LYXOR UCITS ETF MSCI TAIWAN

PERFORMANCE TABLE (UNAUDITED) As at February 29, 2016

Net asset values for last 3 years

	Total net asset value	Net asset value per unit
	USD	USD
As at February 29, 2016 (share USD)	4,365,888.89	1.0024
As at February 29, 2016 (share D-EUR)	46,007,337.00	10.0244
As at February 29, 2016 (share D-USD)	3,665,924.86	10.0244
As at February 27, 2015 (share USD)	7,397,652.57	1.2054
As at February 27, 2015 (share D-EUR)	26,968,145.23	12.0544
As at February 27, 2015 (share D-USD)	6,129,671.85	12.0544
As at February 28, 2014 (share USD)	6,401,483.81	1.0431
As at February 28, 2014 (share D-EUR)	23,910,848.61	10.4313
As at February 28, 2014 (share D-USD)	5,538,949.55	10.4311

Performance record for last 10 years

	Highest issue price per unit	Lowest redemption price per unit
	USD	USD
From February 13, 2007 to February 29, 2016 (share USD)	1.2809	0.49
From February 13, 2007 to February 29, 2016 (share D-EUR)	12.809	4.93
From August 5, 2008 to February 29, 2016 (share D-USD)	12.809	4.91