

EXCHANGE TRADED FUNDS BY

LYXOR

LYXOR ETF FTSE RAFI EUROPE

**AUDITORS' REPORT ON THE
ANNUAL ACCOUNTS**

Fiscal year closing on 29 August 2008

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ON THE ANNUAL ACCOUNTS
Fiscal year closing on 29 August 2008**

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LYXOR ETF FTSE RAFI EUROPE

Mutual fund governed by the
Monetary and Financial Code

Management Company

LYXOR INTERNATIONAL ASSET MANAGEMENT

Tour Société Générale

17, cours Valmy

92800 Puteaux

Ladies, Gentlemen,

As part of the mission entrusted to us by the management company's executive committees, we hereby present our report relative to the fiscal year closing on 29 August 2008 concerning:

- the verification of the annual accounts of the mutual fund LYXOR ETF FTSE RAFI EUROPE, drawn up in euros, as they are attached to the present report,
- the bases of our assessments,
- the specific verifications and information required by law.

The annual accounts have been closed under the responsibility of the management company. It is our duty to express an opinion on these accounts based on our audit.

1. OPINION ON THE ANNUAL ACCOUNTS

We have conducted our audit in accordance with the generally accepted auditing standards in France; these standards require that we plan and perform the audit in order to obtain reasonable assurance that the annual accounts are free of material misstatements.

An audit includes examining, on a sample basis, evidence supporting the information contained in these accounts. As this is a mutual fund, it does not cover the databases provided by independent third parties for the preparation of the off-balance sheet report included in the annual accounts. An audit also involves assessing the accounting principles used and the significant estimates used for the establishment of the accounts, as well as their overall presentation. We feel that our verifications provide a reasonable basis for the opinion expressed below.

We certify that, in accordance with French accounting rules and principles, the annual accounts are truthful and in order, and present a fair picture of the operating profits and losses for the past fiscal year, as well as the fund's financial situation and assets at the end of said fiscal year.

2. JUSTIFICATION OF THE ASSESSMENTS

In application of the provisions of article L.823-9 of the [French] Commercial Code relative to the justification of our assessments, we draw your attention to the following elements:

Over-the-counter contracts are valued according to the methods described in note 1 of the appendix. On the basis of the elements leading to the determination of the adopted valuations, we have carried out an assessment of the approach used by the management company, as well as of the reasonable nature of these estimates.

The assessments made in this way are in line with our approach for the audit of the annual accounts, taken as a whole, and they therefore contributed to the formulation of our unreserved opinion as expressed in the first part of this report.

3. SPECIFIC INFORMATION AND AUDIT PROCEDURES

We have also conducted the auditing procedures required by law, in accordance with the applicable professional standards in France.

We have no observations to report regarding the truthfulness or consistency with the annual accounts of the information included in the annual report and in the documents sent to the shareholders concerning the company's situation and annual accounts.

Taking into account the delay for the transfer of certain information, this report is dated 5 November 2008.

Neuilly sur Seine, 5 November 2008

The auditor
PricewaterhouseCoopers Audit
(signature)
Marie-Christine Jetil

ANNUAL ACCOUNTS

BALANCE SHEET assets

	29.08.2008	31.08.2007
Currency	EUR	EUR
Net fixed assets	-	-
Deposits	-	-
Financial instruments	40 926 917,34	94 908 794,96
• SHARES AND SIMILAR SECURITIES		
Negotiated on a regulated or similar market	37 458 030,42	87 204 520,41
Not negotiated on a regulated or similar market	-	-
• BONDS AND SIMILAR SECURITIES		
Negotiated on a regulated or similar market	-	-
Not negotiated on a regulated or similar market	-	-
• DEBT INSTRUMENTS		
Negotiated on a regulated or similar market		
<i>Negotiable debt instruments</i>	-	-
<i>Other debt instruments</i>	-	-
Not negotiated on a regulated or similar market	-	-
• MUTUAL FUND SHARES		
European co-ordinated UCITS		
and French UCITS of a general nature	-	-
UCITS reserved for certain investors – FCPR (type of collective		
investment MF) – FCIMT (type of MF intervening on futures	-	-
markets)	-	-
Listed SPVs and investment funds	-	-
Non-listed SPVs and investment funds		
• TEMPORARY OPERATIONS INVOLVING SECURITIES	-	-
Receivables representing securities held in pension	-	-
Receivables representing loaned securities	-	-
Securities borrowed	-	-
Securities given in pension	-	-
Other temporary operations		
• FUTURE FINANCIAL INSTRUMENTS		
Operations on a regulated or similar market	-	-
Other positions	3 468 886,92	7 704 274,55
• OTHER FINANCIAL INSTRUMENTS	-	-
Liabilities	64 747,40	3 660 019,95
Future foreign currency operations	-	-
Other	64 747,40	3 660 019,95
Financial accounts	15,41	-
Liquidity	15,41	-
Total assets	40 991 680,15	98 568 814,91

BALANCE SHEET liabilities

	29.08.2008	31.08.2007
Currency	EUR	EUR
Shareholders equity		
• Capital	38 583 996,33	88 588 184,98
• Carried forward	-	-
• Adjustment of carried forward	-	-
• Result	2 302 130,71	5 984 358,50
Total shareholders equity <i>(amount representing the net assets)</i>	40 886 127,04	94 572 543,48
Financial instruments	-	-
• Operations involving the sale of financial instruments	-	-
• Temporary operations involving securities		
Debts representing securities given in pension	-	-
Debts representing borrowed securities	-	-
Other temporary operations	-	-
• Future financial operations		
Operations on a regulated or similar exchange market	-	-
Other positions	-	-
Debts	105 553,11	3 996 206,20
Future foreign exchange operations	-	-
Other	105 553,11	3 996 206,20
Financial accounts	-	65,23
Current bank accommodations	-	65,23
Loans	-	-
Total liabilities	40 991 680,15	98 568 814,91

Off-balance sheet commitments

	29.08.2008	31.08.2007
Currency	EUR	EUR
Hedging operations		
• Commitments on regulated or similar markets		
- Futures market	-	-
- Options market	-	-
- Credit derivatives	-	-
- Swaps	-	-
- Contracts for Differences (CFD)	-	-
• Over-the-counter commitments		
- Futures market	-	-
- Options market	-	-
- Credit derivatives	-	-
- Swaps	-	-
- Contracts for Differences (CFD)	-	-
• Other commitments		
- Futures market	-	-
- Options market	-	-
- Credit derivatives	-	-
- Swaps	-	-
- Contracts for Differences (CFD)	-	-
Other operations		
• Commitments on regulated or similar markets		
- Futures market	-	-
- Options market	-	-
- Credit derivatives	-	-
- Swaps	-	-
- Contracts for Differences (CFD)	-	-
• Over-the-counter commitments		
- Futures market	-	-
- Options market	-	-
- Credit derivatives	-	-
- Performance swaps	50 322 411,24	91 455 000,00
- Contracts for Differences (CFD)	-	-
• Other commitments		
- Futures market	-	-
- Options market	-	-
- Credit derivatives	-	-
- Swaps	-	-
- Contracts for Differences (CFD)	-	-

Profit and loss account

	29.08.2008	31.08.2007
Currency	EUR	EUR
Earnings and financial operations		
• Earnings on deposits and financial accounts	-	-
• Earnings and shares and similar securities	-	-
• Earnings on bonds and similar securities	-	-
• Earnings on debt instruments	1 815 287,57	6 379 399,76
• Earnings on temporary acquisitions and sales of securities	-	-
• Earnings on future financial instruments	-	-
• Other financial earnings	-	-
Total (I)	1 815 287,57	6 379 399,76
Charges on financial operations		
• Charges on temporary acquisitions and sales of securities	-	-
• Charges on future financial instruments	-	-
• Charges on financial debts	-1 529,61	-5 068,92
• Other financial charges	-	-
Total (II)	-1 529,61	-5 068,92
Earnings on financial operations (I - II)	1 813 757,96	6 374 330,84
Other earnings (III)	-	-
Management fees and depreciation expenses (IV)	-390 347,72	-336 191,32
Net earnings of the fiscal year (L.214-9) (I - II + III - IV)	1 423 410,24	6 038 139,52
Adjustment of the fiscal year's earnings (V)	878 720,47	-53 781,02
Advances paid for the fiscal year (VI)	-	-
Earnings (I - II + III - IV +/- V - VI):	2 302 130,71	5 984 358,50

1 Accounting rules and methods

The annual accounts are presented in the format pursuant to the provisions of CRC Regulation no. 2003-02 of 2 October 2003 relative to the chart of accounts of UCITS, modified by CRC regulation no. 2005-07 03 of November 2005, and approved by the ministerial decree of 26 December 2005.

Assessment rules

The MF's assets are assessed in compliance with the applicable laws and regulations, and more particularly with the rules defined in regulation no. 2003-02 of the Comité de la Réglementation Comptable dated 2 October 2003 relative to the chart of accounts of UCITS (1st part).

The financial instruments negotiated on a regulated market are assessed at the closing price on the day preceding the calculation date of the net asset value.

When these financial instruments are negotiated on several regulated markets at the same time, the chosen closing price is the one of the regulated market in which they are primarily negotiated.

However, in the absence of significant transactions on a regulated market, the following financial instruments are assessed using the following specific methods:

- negotiable debt securities (“NDS”) having a residual life upon acquisition that is less than or equal to 3 months are assessed with a straight-line extension over the residual lifespan of the difference between the acquisition value and the redemption value. The management company nevertheless reserves the possibility of assessing these securities at the actual value in case of particular sensitivity to market risks (rates, etc.). The chosen rate is that of the equivalent security issues allocated to the risk margin related to the issuer;
- NDS, of which the residual lifespan at acquisition is greater than 3 months but of which the residual lifespan on the net asset value closing date is equal to or less than 3 months, are assessed by means of a linear distribution, over the residual lifespan, of the difference between the last adopted current value and the reimbursement value. The management company nevertheless reserves the possibility of assessing these securities at the actual value in case of particular sensitivity to market risks (rates, etc.). The chosen rate is that of the equivalent security issues allocated to the risk margin related to the issuer;
- NDS, of which the residual lifespan on the net asset value closing date is greater than 3 months, are assessed at their current value. The chosen rate is that of the equivalent security issues allocated to the risk margin related to the issuer.

Firm future financial instruments negotiated on organised markets are assessed at the clearing price on the day before the net asset value calculation date. Conditional future financial instruments negotiated on organised markets are assessed at the market value on the day before the net asset value calculation date. Over-the-counter firm or conditional future financial instruments are assessed at the price given by the financial instrument's counterparty. They are presented in the off-balance sheet on the basis of the nominal value defined in the contract.

In the event of the holding of an EMTN, it will be valued on the basis of a market price given by the financial instrument's counterparty.

The management company independently carries out a verification of this valuation. Deposits are assessed at their nominal value, plus any related interest that has accrued. Subscription warrants, cash certificates, promissory notes and mortgage notes are assessed at their probable negotiation value, under the management company's responsibility.

Temporary acquisitions and sales of securities are assessed at the market price.

Units and shares in undertakings for collective investment in transferable securities operating under French law are assessed at the last net asset value known on the calculation date of the MF's net asset value.

Units and shares of investment funds operating under foreign law are assessed at the last unit net asset value known on the calculation date of the MF's net asset value.

Financial instruments negotiated on a regulated market for which the price has not been determined or for which the price has been corrected are assessed at their probable negotiation value, under the management company's responsibility.

The exchange rate used for the assessment of financial instruments drafted in a currency other than the MF's reference currency are the exchange rates disseminated by the WM Reuters the day before the closing date of the MF's net asset value.

Posting method for the negotiation fees

The chosen method is that of included fees.

Posting method of revenues from fixed revenue securities

The chosen method is that of the collected coupon.

Operation and management fees units A and B

These fees include all of the fees invoiced directly to the MF, except for the transaction fees. The transaction fees include intermediation fees (brokerage, stock market tax, etc.) and the transaction commission which, if relevant, may notably be collected by the custodian and management company. The following can be added to the operation and management fees:

- outperformance commissions. These reward the management company when the MF has exceeded its objectives. They are therefore invoiced to the MF;
- transaction commissions invoiced to the MF;
- a portion of the earnings from temporary acquisitions and sales of securities.

For more details on the fees actually invoiced to the MF, refer to the Statistical Part of the simplified prospectus.

Fees invoiced to the MF	Basis	Schedule rate
Operation and management fees, tax incl. ⁽¹⁾	Net assets	maximum 0.75% per year
Outperformance commissions	Net assets	None
Service providers' collecting commissions on transactions	Collection on each transaction	None

- (1) including all fees excluding transaction fees, outperformance commissions and fees related to investments in UCITS or investment funds.

No transaction commission will be charged to the Fund.

Accounting currency

The UCITS' accounting is carried out in Euros.

Indication of changes having to be declared to the bearers

- Occurred change:
 - Creation of the Fund's B unit on 20 May 2008.
- Future change: None

Indication and justification of the changes to estimates and application provisions

None.

Indication of the nature of the errors corrected during the fiscal year

None.

Indication of the rights and conditions attached to each category of units

The management company reserves the right to capitalise and/or distribute all or part of the revenues each year.

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2. Evolution of the net assets

	29.08.2008	31.08.2007
Currency	EUR	EUR
Net assets at the start of the fiscal year	94 572 543,48	-
Subscriptions (including subscription commission acquired by the UCITS)	37 059 879,72	91 605 000,00
Redemptions (less the redemption commission acquired by the UCITS)	-79 673 016,16	-
Capital gains generated on deposits and financial instruments	7 627 437,45	10 709 559,84
Capital losses generated on deposits and financial instruments	-20 249 955,09	-10 404 029,20
Capital gains generated on future financial instruments	6 625 480,20	1 031 403,62
Capital losses generated on future financial instruments	-4 245 589,59	-2 491 501,21
Negotiation fees	-	-
Exchange differentials	69 891,98	-30 478,98
Changes to the estimate difference of the deposits and financial instruments:		
- <i>Estimate difference fiscal year N</i>	2 418 820,94	-4 633 222,77
- <i>Estimate difference fiscal year N-1</i>	-2 214 401,83	-4 633 222,77
	-4 633 222,77	-
Changes to the estimate difference of future financial instruments:		
- <i>Estimate difference fiscal year N</i>	-2 867 776,13	2 747 672,66
- <i>Estimate difference fiscal year N-1</i>	-120 103,47	2 747 672,66
	2 747 672,66	-
Distribution from the previous fiscal year	-1 875 000,00	-
Net earnings of the fiscal year before adjustment account	1 423 410,24	6 038 139,52
Advance(s) paid during the fiscal year	-	-
Other elements	-	-
Net assets at the end of the fiscal year	40 886 127,04	94 572 543,48

3. Information supplements

3.1 Financial instruments: breakdown by the instrument's legal or economic type

3.1.1 Breakdown of the “Bonds and similar securities” item

	Negotiated on a regulated or similar market	Not negotiated on a regulated or similar market
Indexed bonds	-	-
Convertible bonds	-	-
Fixed-rate bonds	-	-
Variable-rate bonds	-	-
Zero coupon bonds	-	-
Equity interests	-	-
Other instruments	-	-

3.1.2 Breakdown of the “Receivables” item by legal or economic type

	Negotiated on a regulated or similar market	Not negotiated on a regulated or similar market
Treasury Bonds	-	-
Commercial paper	-	-
Deposit certificates	-	-
Negotiable medium-term notes (“BMTN”)	-	-
Other instruments	-	-

3.1.3 Breakdown of the “Sale operations on financial instruments” item by instrument type

	Securities received in pension sold	Securities borrowed sold	Securities acquired with redemption right sold	Short sales
Equities	-	-	-	-
Bonds	-	-	-	-
Debt securities	-	-	-	-
Other investments	-	-	-	-

3.1.4 Breakdown of the off-balance sheet headings by market type (notably rates, equities)

	Rate	Equities	Exchange	Other
Hedging operations				
Commitments on regulated or similar markets	-	-	-	-
Over-the-counter commitments	-	-	-	-
Other commitments	-	-	-	-
Other operations				
Commitments on regulated or similar markets	-	-	-	-
Over-the-counter commitments	-	-	-	50 322 411,24
Other commitments	-	-	-	-

3.2 Breakdown by rate types of the asset, liability and off-balance sheet items

	Fixed rate	Variable rate	Revisable rate	Other
Assets				
Deposits	-	-	-	-
Bonds and similar securities	-	-	-	-
Debt instruments	-	-	-	-
Temporary operations on securities	-	-	-	-
Financial accounts	-	-	-	15,41
Liabilities				
Temporary operations on securities	-	-	-	-
Financial accounts	-	-	-	-
Off-balance sheet				
Hedging operations	-	-	-	-
Other operations	-	-	-	-

3.3 Breakdown by residual maturity of the asset, liability and off-balance sheet items

	0-3 months	3 months - 1 year	1-3 years	3-5 years	>5 years
Assets					
Deposits	-	-	-	-	-
Bonds and similar securities	-	-	-	-	-
Debt instruments	-	-	-	-	-
Temporary operations on securities	-	-	-	-	-
Financial accounts	15,41	-	-	-	-
Liabilities					
Temporary operations on securities	-	-	-	-	-
Financial accounts	-	-	-	-	-
Off-balance sheet					
Hedging operations	-	-	-	-	-
Other operations	-	-	-	-	50 322 411,24

3.4 Breakdown by listing or assessment currency of the asset, liability and off-balance sheet items

This breakdown is given for the main listing or assessment currencies, with the exception of the currency in which the accounting is maintained.

By main currency	CHF	SEK	DKK	JPY
Assets				
Deposits	-	-	-	-
Equities and similar securities	1 641 961,74	212 466,83	178 266,75	1 048,05
Bonds and similar securities	-	-	-	-
Debt instruments	-	-	-	-
MF shares	-	-	-	-
Temporary operations on securities	-	-	-	-
Receivables	-	-	-	-
Financial accounts	-	-	-	-
Liabilities				
Sale operations on financial instruments	-	-	-	-
Temporary operations on securities	-	-	-	-
Debts	-	-	-	-
Financial accounts	-	-	-	-
Off-balance sheet				
Hedging operations	-	-	-	-
Other operations	-	-	-	-

3.5 Receivables and Debts: breakdown by type

Details of the elements comprising the "other receivables" and "other debts" items, notably breakdown of the future currency exchange operations by type of operation (purchase/sale).

Receivables	64 747,40
Future currency exchange operations	
Future purchases of currency	-
Total negotiated amount of future currency sales	-
Other receivables:	
Deferred settlement sales	64 747,40
-	-
-	-
-	-
-	-
Other operations	-
Debts	105 553,11
Future currency exchange operations	
Future sales of currency	-
Total negotiated amount of future currency purchases	-
Other debts:	
Deferred settlement purchases	64 746,85
Provisioned costs	40 806,26
Adjustment accounts	-
-	-
-	-
Other operations	-

3.6 Shareholders equity

Number of units issued/redeemed during the fiscal year:	Subscriptions		Redemptions	
	Number of units	Amount	Number of units	Amount
UNIT A / FR0010400770	447 556	23 117 779,72	1 350 864	79 673 016,16
UNIT B / FR0010568857	2 500 000	13 942 100,00	-	-
Subscription / redemption commission by share category:		Amount		Amount
UNIT A / FR0010400770		-		-
UNIT B / FR0010568857		-		-
Remittances by share category:		Amount		Amount
UNIT A / FR0010400770		-		-
UNIT B / FR0010568857		-		-
Commissions acquired by the UCITS by share category:		Amount		Amount
UNIT A / FR0010400770		-		-
UNIT B / FR0010568857		-		-

3.7 Management fees

Operating and management fees (fixed fees) as % of the average net assets:	%
Share category:	
UNIT A / FR0010400770	0,75
UNIT B / FR0010568857	0,75
Performance commissions (variable fees): amount of costs for the year	Amount
Share category:	
UNIT A / FR0010400770	-
UNIT B / FR0010568857	-
Retrocession of management fees:	
- Total amount of fees retroceded to the UCITS	-
- Breakdown by "target" UCITS	
- UCITS 1	-
- UCITS 2	-
- UCITS 3	-
- UCITS 4	-

3.8 Commitments given and received

- 3.8.1 Description of guarantees received by the UCITS with indication of the capital guarantees **None**
- 3.8.2 Description of the other commitments received and/or given **None**

3.9 Other information

3.9.1 Current value of the financial instruments that are the subject of temporary acquisition:

- Financial instruments sold under forward repurchase agreements	-
- Other temporary operations	-

3.9.2 Current value of the financial instruments comprising security deposits:

Financial instruments received as guarantees and not included in the balance sheet:

- equities	-
- bonds	-
- debt instruments	-
- other financial instruments	-

Financial estimates given as guarantees and maintained in their original item:

- equities	-
- bonds	-
- debt instruments	-
- other financial instruments	-

3.9.3 Financial instruments held in the portfolio, issued by entities linked to the management company (fund) or to the financial managers (MF) and UCITS managed by these entities

- UCITS securities	-
- Swap	3 468 886,92

3.10 Allocation of the earnings table (in the UCITS' currency of account)

Advances paid during the fiscal year

Date	Share category	Overall amount	Unit amount	Total tax credits	Unit tax credits
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
Total advances		-	-	-	-

	29.08.2008	31.08.2007
Allocation of the profit/loss	EUR	EUR
Sums still to be allocated		
Carried forward	-	-
Adjustment of carried forward	-	-
Earnings	2 302 130,71	5 984 358,50
Total	2 302 130,71	5 984 358,50

LYXOR ETF FTSE RAFI EUROPE

UNIT A / FR0010400770	29.08.2008	31.08.2007
Currency	EUR	EUR
Allocation		
Distribution	924 872,60	1 875 000,00
Carried forward for the fiscal year	-	-
Capitalisation	642 736,09	4 109 358,50
Total	1 567 608,69	5 984 358,50
Information relative to the units and resulting in a distribution right		
Number of circulating units	596 692	1 500 000
Distribution per unit	1,55	1,25
Tax credits	-	-

UNIT B / FR0010568857	29.08.2008	31.08.2007
Currency	EUR	EUR
Allocation		
Distribution	385 572,58	-
Carried forward for the fiscal year	-	-
Capitalisation	348 949,44	-
Total	734 522,02	-
Information relative to the units and resulting in a distribution right		
Number of circulating units	2 500 000	-
Distribution per unit	0,15	-
Tax credits	-	-

3.11 Table of the earnings and other characteristic elements of the MF during the last 5 fiscal years

UCITS creation date: Units A: 24 January 2007; Units B: 20 May 2008.

UCITS currency

EUR	29.08.2008	31.08.2007	Date n-2	Date n-3	Date n-4
Net assets	40 886 127,04	94 572 543,48	-	-	-

UNIT A / FR0010400770

Currency of the UNIT and of the NAV: EUR

	29.08.2008	31.08.2007	Date n-2	Date n-3	Date n-4
Number of circulating units	596 692,00	1 500 000,00	-	-	-
Net asset value	48,28	63,04	-	-	-
Unit distribution (including advances)*	1,55	1,25	-	-	-
Unit tax credit transferred to unit holders (natural persons)⁽¹⁾	-	-	-	-	-
Unit capitalization *	1,07	2,73	-	-	-

* The amounts of the unit distribution, the unit capitalisation and the tax credits are indicated in the accounting currency of the UCITS.

⁽¹⁾ Fiscal year closed; pursuant to the Fiscal Instruction of 4 March 1993 from the General Tax Department, the unit tax credit will be determined on the day of the dividend's detachment by distribution of the total amount of the fiscal tax credits between the securities in circulation on that date.

UNIT B / FR0010568857

Currency of the UNIT and of the NAV: EUR

	29.08.2008	31.08.2007	Date n-2	Date n-3	Date n-4
Number of circulating units	2 500 000,00	-	-	-	-
Net asset value	7,10	-	-	-	-
Unit distribution (including advances)*	**0,15	-	-	-	-
Unit tax credit transferred to unit holders (natural persons)⁽¹⁾	-	-	-	-	-
Unit capitalization *	0,14	-	-	-	-

* The amounts of the unit distribution, the unit capitalisation and the tax credits are indicated in the accounting currency of the UCITS.

** the unit dividend amount results from the conversion of the dividend of USD 0.22 paid in USD and converted into EUR using the WM Reuters EUR/USD fixing set at 1.42645 on 5 September 2008.

⁽¹⁾ Fiscal year closed; pursuant to the Fiscal Instruction of 4 March 1993 from the General Tax Department, the unit tax credit will be determined on the day of the dividend's detachment by distribution of the total amount of the fiscal tax credits between the securities in circulation on that date.

4. UCITS inventory

appendix

Fund: LYXOR ETF FTSE RAFI EUROPE

Date: 29/08/2008

Security code	Name	Quantity	Stock market value	Listing currency	% Assets
LYXOR ETF FTSE RAFI EUROPE					
Equity					
Shares & Securities on NMR or O/S					
CH0072410317	BAUERE-HOLDING AG	1 757.00	104 867.52	CHF	0.26
JPM06600009	TRAI CARBON	45.00	311.79	JPY	0.00
DE000257503	METRO	14 182.00	551 200.54	EUR	1.30
DE000516003	BAYERISCHE MOTORENWERKE	16 513.00	523 777.38	EUR	1.28
IT0000060072	ASSICURAZIONE GENERALI	54 283.00	1 224 198.28	EUR	3.02
DE000004004	ADIDAS AG	29 895.00	1 570 651.68	EUR	3.64
CH001232372	SCHWEIZERISCHE RUCKVERSICHERUNGSGESELLSCHAFT AG	20 492.00	865 682.91	CHF	2.11
CH001026605	WESTAS WIND SYSTEMS AS	1 951.00	175 989.76	DKK	0.44
DE000235101	SIEMENS AG-NOW	22 775.00	1 707 214.00	EUR	4.18
BE0000618273	TELECOM ITALIA SPA	68 655.00	1 773 376.76	EUR	4.34
IT0003497165	ENELVER CVA	1 067 276.00	1 048 865.38	EUR	2.68
NL0000000355	SWEDEN MATCO LAB	72 816.00	1 379 135.04	EUR	3.37
JP027410009	CREDIT SAISON DO LTD	507.00	6 769.15	SEK	0.02
JP030422009	TRD HOLDINGS INC	37.00	305.43	JPY	0.00
SE0009196859	ERICSSON AB	11.00	70.63	SEK	0.00
IT000197403	FIAT SPA	25 595.00	199 350.39	EUR	0.49
IT0001062116	MEDIASET SPA	15 786.00	1 241 364.71	EUR	3.04
FR0000120058	INTESA SANPAOLO SPA	357 815.00	1 744 725.44	EUR	4.27
IT0000060854	AXA	398 295.00	1 442 355.40	EUR	3.53
DE0007664065	UNICREDIT SPA	14 955.00	976 165.21	EUR	2.39
DE0007664036	VOLKSWAGEN AG	5 790.00	52 553.66	EUR	0.13
DE0005619045	DEUTSCHE BOERSE AG	6 457.00	1 187 181.00	EUR	2.90
ES011211035	BAUO BILBAO VIZCAYA ARGENTIA	167 235.00	677 606.27	EUR	1.65
FR0000102271	TOTAL SA	28 882.00	48 933.38	EUR	0.10
FR0000102271	BOUYGUES	45 550.00	1 232 138.12	EUR	3.02
FR0000111104	BNP PARIBAS	1 319 860.55	1 319 860.55	EUR	3.23
DE0005558622	OCELLS AG	217 654.79	1 874 862.50	EUR	4.58
DE0007007129	RWE AG	1 346 073.40	217 654.79	EUR	0.53
DE0006937733	POENSCHE VORZUGS-ILDG	16 630.00	1 385 169.72	EUR	3.30
		26 003.00	2 698 047.79	EUR	6.57

Security code	Name	Quantity	Stock market value	Listing currency	% Assets
FT000457028	UBI BANK SCPA	11 232.00	175 048.58	EUR	0.43
CH0002686443	UBS AG NOM	34 524.00	506 853.45	CHF	1.24
FR0000120172	CARREFOUR SA	31 924.00	1 075 038.80	EUR	2.83
SE0009679325	TELSONERA AB	1 258.00	8 014.28	SEK	0.02
FR0000130007	ALCATEL-LUCENT	345 919.00	1 502 853.56	EUR	3.68
BE0004340226	MUENCHEN RUECKVERSICHERUNG AG-NOM	9 994.00	1 048 852.80	EUR	2.85
FR0000121922	SCHNEIDER ELECTRIC SA	18 993.00	1 252 220.80	EUR	3.36
DE0004939707	MAN AG	20 798.00	1 360 533.00	EUR	3.33
CH0002262151	THE SWATCH GROUP	1 055.00	168 887.86	CHF	0.41
DE0000197006	RAIF SE	12 028.00	472 859.00	EUR	1.16
FR0010040885	GEICINA	16 104.00	1 319 600.72	EUR	3.23
Total Shares & Securities as: NMR or ass.					91.02
Total Equities					91.02
OTHER					
Other swaps					
SWP reset base EUR GO					8.78
Total Other swaps					8.78
Adjustment accounts					
PMLETTI Swap excl. PTF					-0.28
Total Adjustment accounts					-0.28
Total OTHER					8.48
AT BANK OR PENDING					
Deferred settlements purchases					-0.16
Def. purchases EUR securities					-0.16
Total Deferred settlements purchases					-0.16
Demand operations					
EUR SGP bank					15.41
Total Demand operations					15.41
Deferred settlements sales					
Def. sales EUR securities					0.16
Total Deferred settlements sales					0.16
Total AT BANK OR PENDING					15.96
MANAGEMENT FEES					
Provisioned expenses					-0.10
ProCompteam					-0.10
Total Provisioned expenses					-0.10
Total MANAGEMENT FEES					-0.10
Total LYXOR ETF FTSE RAFI EUROPE					100.00

Information provided as part of the fund's marketing in Hong Kong**4. Operations with the Manager and its affiliated companies****4.1. Transactions with affiliated companies**

The present memo summarizes the transactions carried out during the period between the Fund, the Manager and its affiliated companies.

The companies affiliated with the Manager are those defined in the Hong Kong "Code on Unit Trusts and Mutual Funds established by the Securities & Futures Commission". All transactions were carried out as part of the Fund's normal activities and according to normal market conditions.

Transactions with affiliated companies:

Company name	Total value of the purchases / sales of securities	% of the Fund's total transactions	% of the total commissions paid by the Fund over the year	Average commission rate
Closing on 29 August 2008	EUR			
Société Générale	613 029 531,18	100%	0,00	0,00

4.2. Fees for transactions with affiliated companies

The Fund uses the services of the Société Générale, a company affiliated with the Manager, namely brokerage, safekeeping and bank services.

The Fund does not pay transaction fees to Lyxor International Asset Management or to Société Générale.

5. Soft commissions

The Manager has no knowledge of agreements providing for soft commissions signed with third parties or pertaining to the transactions carried out by the Fund.

6. Securities representing more than 10% of the portfolio on the closing date

On the closing date, no security represents more than 10% of the portfolio.

7. Fund performance relative to the performance of its reference index

The LYXOR ETF FTSE RAFI EUROPE Fund posted a performance of -23.41% for the A unit (EUR) between 31/08/2007 and 29/08/2008 and a performance of -17.92% for the B unit (USD) between 20/05/2008 and 29/08/2008.

Over the period from 31/08/2007 to 29/08/2008, the FTSE RAFI EUROPETM index posted a performance of -24.36%.

Over the period from 20/05/2008 to 29/08/2008, the FTSE RAFI EUROPETM index posted a performance of -14.57%.

Comment: As the fund is not valued in the index currency, the evolution of the B unit (listed in USD) has been adjusted accordingly.

The following notes relate to the marketing of the fund in Hong-Kong

4. Transactions with Manager and its connected persons

4.1. Investment transactions with connected persons of the Manager

The following note is a summary of the transactions entered into during the year between the Fund and the Manager and its connected persons.

Connected persons of the Manager are those as defined in the Code on Unit Trusts and Mutual Funds established by the Securities & Futures Commission of Hong Kong. All such transactions were entered into in the ordinary course of business and on normal commercial terms.

Investment transactions with connected persons of the Manager:

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
From September 01, 2007 to August 29, 2008	EUR			
Société Générale	613 029 531.18	100%	0	0

4.2. Fees on investment transactions with connected persons of the Manager

The Fund utilises the brokerage, custodian, agency and banking services of Société Générale, connected persons of the Manager.

There are no Investment transaction fees paid by the fund to Lyxor International Asset Management and to Société Générale.

5. Soft commission arrangements

The Manager is not aware of any agreements with third parties involving soft commissions and based on investment transactions.

6. Constituent stocks of the basket which represent more than 10 percent at year-end date

As at year-end, none of the constituent stocks represents more than 10 percent of the portfolio.

7. Performance of the fund vs performance of the Index

The LYXOR ETF FTSE RAFI EUROPE is 23.41% down for shares A (EUR) from 31/08/2007 to 29/08/2008 and is 17.92% down for shares B (USD) from 20/05/2008 to 29/08/2008 on the relevant (fiscal) period.

On the period from 31/08/2007 to 29/08/2008, the FTSE RAFI EUROPE™ returned a performance equal to -24.36%.

On the period from 20/05/2008 to 29/08/2008, the FTSE RAFI EUROPE™ returned a performance equal to -14.57%.

Note: Since the index and the fund are not valued in the same currency, the performance of share B (in USD) is shifted accordingly.