

EXCHANGE TRADED FUNDS BY

**LYXOR**

SOCIETE GENERALE GROUP

**LYXOR ETF MSCI TAIWAN\* (\*This is a synthetic ETF)**

**AUDITOR'S REPORT ON THE ANNUAL ACCOUNTS**

**Fiscal year closing on 25 February 2011**

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<b>Investment company</b>	LYXOR INTERNATIONAL ASSET MANAGEMENT 17, cours Valmy - 92800 Puteaux.
<b>Depository and Custodian</b>	SOCIÉTÉ GÉNÉRALE Tour Granite – 75886 Paris Cedex 18.
<b>Underwriters</b>	SOCIÉTÉ GÉNÉRALE Tour Granite – 75886 Paris Cedex 18.
<b>Statutory auditors</b>	PRICEWATERHOUSE COOPERS AUDIT 63, rue de Villiers - 92208 Neuilly-sur-Seine Cedex.

## INFORMATION ON THE INVESTMENTS AND MANAGEMENT

**Classification:** International equities.

The MF is index-based.

**Allocation of the earnings:** The management company reserves the right to capitalise and/or distribute all or part of the revenues each year. Posting according to the collected coupons method.

**Management objective:** The MF's management objective is to obtain an exposure to the Taiwanese equities market while reproducing the evolution of the MSCI TAIWAN™ index (cf. "Benchmark Indicator" section below), while insofar as possible minimizing the tracking error between the MF's performances and those of the MSCI TAIWAN™ index.

The tracking error objective, calculated over a period of 52 weeks, is less than 1%.

Should the tracking error nevertheless be higher than 1%, the objective is still to remain below 5% of the volatility of the MSCI TAIWAN™ index.

**Benchmark indicator:** The benchmark indicator is the MSCI TAIWAN™ index, listed in Taiwan Dollar (TWD), Price Return, increased by the dividends possibly collected by the MF pursuant to the holding of the shares comprising the index.

The MSCI TAIWAN™ is an equities index calculated and published by the supplier of international indices, MSCI.

The MSCI TAIWAN™ index is made up exclusively of Taiwanese equities (Taiwan) and retains the fundamental characteristics of the MSCI indices, i.e.: adjustment of the stock market capitalization of the securities in the index on the basis of the float, and sector classification according to the GICS (Global Industry Classification Standard) classification.

The objective of the MSCI TAIWAN™ index is to represent 85% of the capitalization adjusted on the basis of the float, of each group of industries of the Taiwanese market.

By targeting 85% of the representativeness of each industry group, the MSCI TAIWAN™ index measures 85% of the market capitalization of the Taiwanese market, while also reflecting the market's economic diversity.

The MSCI methodology and its calculation method entail the index being made up of a variable number of companies.

The complete construction methodology for the MSCI Standard indices is available on the MSCI web site [www.msibarra.com](http://www.msibarra.com).

The monitored performance is that of the closing prices.

### **Index calculation**

The MSCI TAIWAN™ index is an index that is weighted by the stock market capitalisation.

### **PUBLICATION OF THE MSCI TAIWAN™ INDEX**

The official MSCI indices are calculated each day at the time of the closing while using the official closing prices from the stock markets in which the constituent securities are listed.

The MSCI TAIWAN™ index is also calculated in real-time on each Trading day.

The MSCI TAIWAN™ index is available in real-time via Reuters and Bloomberg.

Via Reuters: MSCITW

Via Bloomberg: TAMSCI

The closing price of the MSCI TAIWAN™ index is available on the MSCI Internet site:

<http://www.msibarra.com/products/indices/stdindex/performance.jsp>

### **REVISIONS OF THE INDEX**

The MSCI indices are also reviewed each quarter in order to account for changes impacting a security's capitalisation (number of securities and free-float) or its sector-based classification. The main changes in the structure of a company's capital can be implemented in real-time (merger-acquisition, large issuing of rights or IPOs...).

The index revision rules are published by MSCI and available on the MSCI Internet site: [www.msclub.com](http://www.msclub.com)

**Investment strategy:**

**1. Strategy employed**

The MF will comply with the investment rules dictated by the European directive no. 85/611/EEC dated 20 December 1985 as amended by directives no. 2001/07/EC and 2001/108/EC.

In order to provide the greatest possible correlation with the performance of the MSCI TAIWAN™ index, the MF will purchase a basket of international shares and, up to a limit of 10% of its assets, a forward exchange contract negotiated over-the-counter involving shares and indices so as to transform the exposure to the shares that are the MF's assets into an exposure to the MSCI TAIWAN™ index.

An investor subscribing for this MF is completely exposed to the Taiwanese market.

The shares held as assets by the MF will notably be shares that make up the MSCI TAIWAN™ index, as well as other international shares, from all economic sectors, listed on all markets, including the small capitalisation markets.

The shares held as assets by the MF will be chosen in order to limit the costs associated with the replication of the index and in order to obtain a development of the basket of shares as close as possible to that of the MSCI TAIWAN™ index.

The MF's risk diversification rules can be assessed only by taking into consideration the underlying assets of the derivative instruments, including integrated derivatives. The MF can therefore be invested in non-diversified balance sheet assets provided that, after taking into consideration the underlying assets of the derivative instruments, the net exposure to the underlying assets complies with the diversification rules.

In the present case, the manager intends to primarily use the following assets:

**2. Balance sheet assets (excluding integrated derivatives)**

The MF manages, in compliance with the ratios contained in the regulation, European shares (from all economic sectors, listed on all markets), for up to 100% of the net assets.

For up to 10% of its net assets, the fund can invest in the assets of UCITS that comply with Directive 85/611/EEC UCITS as amended according to Directives 2001/107/EC and 2001/108/EC.

As part of a future optimisation of the MF's management, the manager reserves the right to use other instruments within the limits of the regulations in order to achieve the management objective.

The MF can invest in undertakings for collective investment in transferable securities that comply with Directive 85/611/EC as amended by Directives 2001/107/EC and 2001/108/EC (UCITS Directive) and in other undertakings for collective investment within the meaning of article 19(1)(e) of the UCITS Directive up to a limit of 10% of the net assets.

When the company acquires units of another fund directly or indirectly managed by itself or by a company with which it is related as part of common management or control or by a direct or indirect participation with more than 10% of the capital or voting rights, no commission can be deducted from the MF's assets relative to such investments. The company can also not debit the fund for the possible issue or redemption commissions of the related underlying funds.

### **3. Off-balance sheet assets (derivative instruments)**

Up to the limit of 10% of its net assets, the MF will have recourse to equity-linked swaps negotiated over-the-counter, exchanging the value of the securities held as assets by the MF (or of any other financial instrument held as assets by the MF, where appropriate) against the value of the MSCI TAIWAN™ index.

As part of a future optimisation of the MF management, the manager reserves the right to use other instruments within the limits of the regulations, such as to reach the management objective, for example including forward financial instruments other than equity-linked swaps.

This contract can be negotiated with the Société Générale, without open competition involving several counterparties. In order to limit the risk that such instruments might not be carried out under the best conditions, the Société Générale has accepted to include the MF in the “professional customer” category, which is more protective than the “eligible counterparty” category. When there is no open competition between several counterparties, the manager also requires the Société Générale to contractually commit to undertaking all reasonable measures in order to obtain, when placing orders, the best possible result for the MF, in compliance with article L. 533-18 of the [French] Monetary and Financial Code.

The calculation method for the off-balance sheet commitment uses a linear method.

### **4. Securities with integrated derivatives**

None.

As part of a future optimisation of the MF management, the manager reserves the right to use other instruments within the limits of the regulations in order to reach the management objective, for example including debt securities with integrated derivatives.

### **5. Deposits**

Up to a maximum of 20% of its net assets, the MF can have recourse to deposits with lending institutions in order to optimise its cash management.

## **6. Cash borrowing**

Up to a maximum of 10% of its net assets, the MF can turn to borrowing, notably in order to optimise its cash management.

## **7. Temporary stock acquisition and sale operations**

None.

As part of a future optimisation of the MF's management, the manager reserves the right to use other instruments within the limits of the regulations in order to achieve the management objective, including for example:

- reverse repurchase agreements in exchange for cash, governed by articles L.432-12 et seq. of the [French] Monetary and Financial Code, up to 10% of the net assets;
- repurchase agreements in exchange for cash, governed by articles L.432-12 et seq. of the [French] Monetary and Financial Code, up to 100% of the net assets;
- lending and borrowing of securities, up to 10% of the net assets.

Any temporary acquisitions or sales of securities that are carried out, and any lending and borrowing of securities, will be all performed according to market conditions

**Risk profile:** The bearer's money will primarily be invested in financial instruments selected by the management company. These instruments will be subject to the vagaries of the markets.

Through the MF, the bearer is primarily exposed to the following risks:

### 1. Equity risk:

The MF is 100% exposed to the MSCI TAIWAN™ equities index. The MF is therefore 100% exposed to the market risks related to the fluctuations of the equities comprising the MSCI TAIWAN™ index. The bearer is notably exposed to downward movements of the equities comprising the MSCI TAIWAN™ index, and therefore a risk of the decrease of the MSCI TAIWAN™ index. The MF therefore has a high equity risk.

### 2. The risk that the MF's management objective might only be partially reached.

Nothing guarantees that the MF's management objective will be reached. Indeed, no asset or financial instrument will allow an automatic and continuous replication of the MSCI TAIWAN™ index: any re-weighting of the MSCI TAIWAN™ index may result in miscellaneous transaction or friction costs. Similarly, the MF will not be able to perfectly reproduce the performance of the MSCI TAIWAN™ index notably because of the temporary unavailability of certain securities comprising the index or due to exceptional circumstances that might result in distortions in the weighting of the index, and notably in case of temporary suspension or interruption of the listing of the securities comprising the MSCI TAIWAN™ index.

3. Risk of loss of the invested capital, since the initially invested capital is not guaranteed. Though the MF's management objective is to replicate the performance of the MSCI TAIWAN™ index, there is a risk that the capital could be lost since the MSCI TAIWAN™ index may perform negatively.

4. Counterparty risks: the MF will be exposed to the counterparty risk resulting from its use of forward financial instruments obtained through a lending institution. The MF is therefore exposed to the risk that this lending institution might be unable to honour its commitments relative to these instruments. The counterparty risk arising from the use of forward financial instruments is limited at all times to 10% of the MF's net assets per counterparty.

5. Risk related to the country of the MF's investment or exposure (investment in an emerging country): The MF's investments in the Taiwanese market or its exposure to this market could result in a greater risk of potential loss than would be the case with investments or exposure within developed markets, notably because of greater market volatility, the lower trading volume of the assets in question, possible economic and/or political instability, risks of the market's closing or of government restrictions on foreign investment, and overall due to operating and surveillance conditions within the markets that could differ from the standards that prevail on the major international marketplaces.

**Units A and E (only):**

6. USD/TWD exchange risk since the securities comprising the basket of the index replicated are expressed in Taiwan Dollars. As such, the unit's value could change due to fluctuations of the Taiwan/US Dollar exchange rate, even though the MSCI TAIWAN™ index remains unchanged over the same period.

The bearer is therefore notably exposed to the risk of upward movements of the exchange rate of the Taiwan Dollar against the US Dollar.

**Units B (only):**

7. EUR/TWD exchange risk since the securities comprising the basket of the index replicated are expressed in Taiwan Dollars. As such, the unit's value could change due to fluctuations of the Taiwan Dollar/Euro exchange rate, even though the MSCI TAIWAN™ index remains unchanged over the same period.

The bearer is therefore notably exposed to the risk of upward movements of the exchange rate of the Taiwan Dollar against the Euro.

**Subscribers concerned and typical investor profile:** The MF is open to any subscriber.

An investor subscribing to this MF wishes to obtain an exposure to the Taiwanese equities market.



The amount that it is reasonable to invest in this MF depends on each investor's personal situation. To determine this amount, the investor must take into account his/her personal wealth and/or estate, cash requirements at the present and for five years, but also his/her desire to take risks or, on the contrary, to prefer a cautious investment. It is also highly recommended to sufficiently diversify one's investments so as to avoid an exposure only to this MF's risks.

Investors are therefore recommended to study their individual situations with their usual estate management advisers.

The minimum recommended investment duration is greater than 5 years.

**Tax system:** According to the bearer's tax system, possible capital gains and earnings linked to the holding of the MF's units may be subject to taxation. We recommend that all bearers seek information in this regard from the MF marketer.

**Units B (only):**

FRANCE:

The MF can serve as the support for a life insurance contract denominated in account units.

***For more details, the complete prospectus can be obtained by requesting it from the management company.***

- *The net asset value is available from the head office of Lyxor International Asset Management. The UCITS' complete prospectus and the latest annual and periodic documents are sent within one week of the bearer's written request, submitted to Lyxor International Asset Management, 17, cours Valmy - F-92800 Puteaux - France.*
- *Approval date by the AMF (Financial Markets Authority): 21 November 2006.*

*MF creation date:      Units A: 13 February 2007.  
                                 Units B: 28 March 2007.  
                                 Units E: 5 August 2008.*

# Management policy

Data as of 25 February 2011



EXCHANGE TRADED FUNDS BY  
SOCIÉTÉ GÉNÉRALE GROUP

AMF classification: International equities

**LYXOR ETF MSCI TAIWAN**  
MANAGEMENT REPORT from 26 February 2010 to 25 February 2011

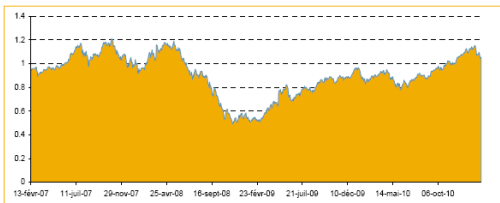
Value code unit A (USD): FR0010398701  
Value code unit B (EUR): FR0010444786  
Value code unit E (USD): FR0010444794

Minimum investment duration		Over 5 years
Original net asset value Unit A	:	0.95
Original net asset value Unit B	:	7.11
Original net asset value Unit E	:	9.00
Net asset value Unit A on	26 February 2010:	0.84
Net asset value Unit B on	26 February 2010:	6.25
Net asset value Unit E on	26 February 2010:	8.49
Net asset value Unit A on	25 February 2011:	1.0512
Net asset value Unit B on	25 February 2011:	7.6950
Net asset value Unit E on	25 February 2011:	10.5412
Performance since the start of the year Unit A	:	-6.54%
Performance since the start of the year Unit B	:	-9.16%
Performance since the start of the year Unit E	:	-6.54%
Performance since the launch Unit A	:	10.65%
Performance since the launch Unit B	:	8.23%
Performance since the launch Unit E	:	17.12%
Performance Unit A since	26 February 2010:	25.14%
Performance Unit B since	26 February 2010:	23.12%
Performance Unit E since	26 February 2010:	24.16%

**Management objective**

The MF's management objective is to obtain an exposure to the Taiwanese equities market while reproducing the evolution of the MSCI TAIWAN™ index, while insofar as possible minimizing the tracking error between the MF's performances and those of the MSCI TAIWAN™ index. The tracking error objective, calculated over a period of 52 weeks, is less than 1%. Should the tracking error nevertheless be higher than 1%, the objective is still to remain below 5% of the volatility of the MSCI TAIWAN™ index.

**Fluctuation of the net asset value since inception**



**Particular events**

None

**Explanation of the Net Asset Value**

The net asset value of the unit A of the LYXOR ETF MSCI TAIWAN MF is up by 25.14% over the fiscal year and stands at USD 1.0512 on 25 February 2011, meaning a MF performance of +10.65% since its launch date.

The net asset value of unit B is up by 23.12% and stands at EUR 7.695 on 25 February 2011, meaning a MF performance of +8.23% since its launch date.

The net asset value of unit E is up by 24.16% over the fiscal year and stands at USD 10.5412 on 25 February 2011, meaning a MF performance of +17.12% since its launch date.

The MF replicates the performance of the MSCI TAIWAN™ Index, listed in Taiwan dollars (TWD), net dividends reinvested which is showing an evolution of +14.68% over the fiscal year. As the units are not valued in the index currency, the evolution of its net asset value is subject to an exchange risk.

Over the year, the TWD has increased by 7.93% against the USD and by 6.17% against the EUR.

Following the summary index-based management method, the replication of the index is provided via an equity linked swap. This forward swap contract negotiated over-the-counter and involving shares and indices serves to transform the exposure to the basket of international shares that comprise the MF's assets into an exposure to the MSCI TAIWAN™ Index.

On 25 February 2011, the tracking error reached a level of 0.091778%.

In compliance with the UCITS prospectus, as proposed by the investment advisor, the manager traded future financial instruments directly with the Société Générale, without carrying out an open competition between several counterparties.

**Evolution of the basket since inception**

Unit A	Performance	Closing price on	Initial price on
		25 February 2011	12 February 2007
<b>lower</b>			
MSCI TAIWAN	-2.65%	306.58	314.91
<b>Unit B</b>			
Performance	Closing price on	Initial price on	
	25 February 2011	27 March 2007	
<b>lower</b>			
MSCI TAIWAN	-1.99%	306.58	312.82
<b>Unit E</b>			
Performance	Closing price on	Initial price on	
	25 February 2011	4 August 2008	
<b>higher</b>			
MSCI TAIWAN	14.35%	306.58	268.11

**Regulatory information**

**Transfer commission** *(not audited by the auditor)*

None.

**Provisions for providing the investors with the various documents and reports relative to the management company's voting policy and its implementation.**

The "voting policy" document, the report from the management company on the conditions whereby it exercised the voting rights of the UCITS that it manages and the information relative to the vote on each resolution can, pursuant to article 322-75, 322-76 and 322-77 of the AMF [Financial Markets Authority] General Regulations, be consulted either on the management company's website or at its head office (upon request).

In compliance with article 314-82 of the AMF General Regulations, the report relative to the intermediation expenses is available on our Internet site at the address: [www.lyxor.fr](http://www.lyxor.fr)

## Auditor's report

PriceWaterhouseCoopers

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**AUDITOR'S REPORT  
ON THE ANNUAL ACCOUNTS  
Fiscal year closing on 25 February 2011**

**PriceWaterhouseCoopers Audit**  
63, rue de Villiers  
92208 Neuilly-sur-Seine Cedex  
Tel.: 01 56 57 58 59  
Fax: 01 56 57 58 60

### **LYXOR ETF MSCI TAIWAN**

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 25 February 2011 concerning:

- the verification of the annual accounts of the mutual fund LYXOR ETF MSCI TAIWAN, 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 apply the procedures necessary to obtain reasonable assurance that the annual financial statements do not include any significant misstatements. An audit involves verifying, by sampling and other selection methods, the elements underlying the amounts and information contained in the annual financial statements. It also involves assessing the implemented accounting principles, the significant estimates that have been used, and assessing the overall presentation of the financial statements. We feel that the collected evidence is sufficient and appropriate for the basis of our opinion.

We certify that, in accordance with French accounting rules and principles, the annual financial statements 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 company'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 23 June 2011.

Neuilly sur Seine, 23 June 2011

The auditor

**PricewaterhouseCoopers Audit**

*(signature)*

Marie-Christine Jetil

**ANNUAL ACCOUNTS**

**BALANCE SHEET assets**

	<b>25.02.2011</b>	<b>26.02.2010</b>
Currency	USD	USD
<b>Net fixed assets</b>	-	-
<b>Deposits</b>	-	-
<b>Financial instruments</b>	<b>135 905 950,81</b>	<b>98 999 220,42</b>
• <b>SHARES AND SIMILAR SECURITIES</b>		
Negotiated on a regulated or similar market	128 431 534,13	93 189 567,58
Not negotiated on a regulated or similar market	-	-
• <b>BONDS AND SIMILAR SECURITIES</b>		
Negotiated on a regulated or similar market	-	-
Not negotiated on a regulated or similar market	-	-
• <b>DEBT INSTRUMENTS</b>		
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	-	-
• <b>MUTUAL FUND SHARES</b>		
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	-	-
• <b>TEMPORARY OPERATIONS INVOLVING SECURITIES</b>		
Receivables representing securities under reverse repurchase agreements	-	-
Receivables representing loaned securities	-	-
Securities borrowed	-	-
Securities under repurchase agreements	-	-
Other temporary operations	-	-
• <b>FUTURE FINANCIAL INSTRUMENTS</b>		
Operations on a regulated or similar market	7 474 416,68	5 809 652,84
Other operations	-	-
• <b>OTHER FINANCIAL INSTRUMENTS</b>		
<b>Liabilities</b>	-	<b>3 596 169,88</b>
Future foreign currency operations	-	-
Other	-	3 596 169,88
<b>Financial accounts</b>	<b>0,01</b>	-
Liquidities	0,01	-
<b>Total assets</b>	<b>135 905 950,82</b>	<b>102 595 390,30</b>

**BALANCE SHEET liabilities**

	25.02.2011	26.02.2010
Currency	USD	USD
<b>Shareholders' equity</b>		
• Capital	135 701 004,33	99 313 853,93
• Carried forward	-	-
• Adjustment of carried forward	-	-
• Result	133 744,75	-364 623,84
<b>Total shareholders' equity</b> <i>(amount representing the net assets)</i>	<b>135 834 749,08</b>	<b>98 949 230,09</b>
<b>Financial instruments</b>	-	-
• <b>OPERATIONS INVOLVING THE SALE OF FINANCIAL INSTRUMENTS</b>	-	-
• <b>TEMPORARY OPERATIONS INVOLVING SECURITIES</b>		
Debts representing securities under repurchase agreements	-	-
Debts representing borrowed securities	-	-
Other temporary operations	-	-
• <b>FUTURE FINANCIAL OPERATIONS</b>		
Operations on a regulated or similar exchange market	-	-
Other operations	-	-
<b>Debts</b>	<b>71 201,74</b>	<b>2 528 297,14</b>
Future foreign exchange operations	-	-
Other	71 201,74	2 528 297,14
<b>Financial accounts</b>	-	<b>1 117 863,07</b>
Current bank accommodations	-	1 117 863,07
Loans	-	-
<b>Total liabilities</b>	<b>135 905 950,82</b>	<b>102 595 390,30</b>



**Off-balance sheet commitments**

	25.02.2011	26.02.2010
Currency	USD	USD
<b>Hedging operations</b>		
• 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)	-	-
<b>Other operations</b>		
• 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	108 845 929,50	109 753 848,01
- Contracts for Differences (CFD)	-	-
• Other commitments		
- Futures market	-	-
- Options market	-	-
- Credit derivatives	-	-
- Swaps	-	-
- Contracts for Differences (CFD)	-	-

**Profit and loss account**

	<b>25.02.2011</b>	<b>26.02.2010</b>
Currency	USD	USD
<b>Earnings on financial operations</b>		
• Earnings on deposits and financial accounts	-	-
• Earnings on shares and similar securities	-	-
• Earnings on bonds and similar securities	-	-
• Earnings on debt instruments	1 401 503,91	3 270 549,23
• Earnings on temporary acquisitions and sales of securities	-	-
• Earnings on future financial instruments	-	-
• Other financial earnings	-	-
<b>Total (I)</b>	<b>1 401 503,91</b>	<b>3 270 549,23</b>
<b>Charges on financial operations</b>		
• Charges on temporary acquisitions and sales of securities	-	-
• Charges on future financial instruments	-	-
• Charges on financial debts	-98,64	-457,91
• Other financial charges	-	-
<b>Total (II)</b>	<b>-98,64</b>	<b>-457,91</b>
<b>Earnings on financial operations (I - II)</b>	<b>1 401 405,27</b>	<b>3 270 091,32</b>
Other earnings (III)	-	-
Management fees and depreciation expenses (IV)	-731 701,49	-581 537,57
<b>Net earnings of the fiscal year (L.214-9) (I - II + III - IV)</b>	<b>669 703,78</b>	<b>2 688 553,75</b>
Adjustment of the fiscal year's earnings (V)	-110 392,70	613 963,31
Advances paid for the fiscal year (VI)	-425 566,33	-3 667 140,90
<b>Earnings (I - II + III - IV +/- V - VI):</b>	<b>133 744,75</b>	<b>-364 623,84</b>

## **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 of 3 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 before the 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 linear distribution, 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 current 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 current 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 assessed on the basis of a market price given by the financial instrument's counterparty.

The management company independently carries out a verification of this assessment.

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 market 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 market value, under the management company's responsibility.

The exchange rates used for the assessment of financial instruments denominated in a currency other than the MF's reference currency are the exchange rates indicated by WM/Reuters the day of the MF's net asset value.

**Posting method for the trading 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.

**Valuation methods for off-balance sheet commitments**

Off-balance sheet operations are valued at the commitment value.

The commitment value for firm futures contracts is equal to the price (in the currency of the UCITS) multiplied by the number of contracts multiplied by the face value.

The commitment value for conditional operations is equal to the price of the underlying security (in the currency of the UCITS) multiplied by the number of contracts multiplied by the delta multiplied by the underlying face value.

The commitment value for the swap contracts is equal to the contract's nominal amount (in the currency of the UCITS).

**Operation and management fees A, B and E**

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.

<b>Fees invoiced to the MF</b>	<b>Basis</b>	<b>Schedule, rate</b>
Operation and management fees, tax incl. <sup>(1)</sup>	Net assets	maximum 0.65% per year
Outperformance commissions	Net assets	None
Service providers collecting transaction commissions	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 MF.

**Accounting currency**

The UCITS' accounting is carried out in USD.

**Indication of accountancy changes declared to each of the bearers individually**

- Occurred change: None.

- Future change: None.

**Indication of other changes declared to each of the bearers individually** *(Not certified by the auditor)*

- Occurred change: None.

- 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.

LYXOR ETF MSCI TAIWAN (the "Fund") is in no way sponsored, endorsed, sold or promoted by MSCI ("MSCI"), or by any MSCI subsidiary, or by any of the entities involved in the preparation of the MSCI indices. The MSCI indices are the exclusive property of MSCI and the MSCI indices are trademarks belonging to MSCI or its subsidiaries and have been the subject of a licence granted, for certain requirements, to Lyxor Asset Management. Neither MSCI, nor any MSCI subsidiary, nor any of the entities involved in the preparation or calculation of the MSCI indices makes any declaration or issues any express or implicit guarantee relative to holders of the Fund's units or more generally to the public, with regard to the timeliness of a transaction involving mutual fund units in general or the Fund's units in particular, or regarding the ability of any MSCI index to replicate the performance of the overall equity market. MSCI or its subsidiaries are the owners of certain names, registered trademarks and of the MSCI indices that are determined, composed and calculated by MSCI without discussion with Lyxor International Asset Management or the Fund. Neither MSCI, nor any MSCI subsidiary, nor any of the entities involved in the preparation of the MSCI indices is required to take into account the needs of Lyxor International Asset Management or of the holders of the Fund's units when determining, composing or calculating the MSCI indices. Neither MSCI, nor any MSCI subsidiary, nor any of the entities involved in the preparation of the MSCI indices makes any decision regarding the launch date, the price, the quantity of the Fund's units, or even the determination and calculation of the formula used to establish the Fund's net asset value. Neither MSCI, nor any MSCI subsidiary, nor any of the entities involved in the preparation of the MSCI indices assumes any liability or obligation with regard to the Fund's administration, management or marketing.

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**2. Evolution of the net assets**

	<b>25.02.2011</b>	<b>26.02.2010</b>
Currency	USD	USD
<b>Net assets at the start of the fiscal year</b>	<b>98 949 230,09</b>	<b>54 179 888,70</b>
Subscriptions (including subscription commission acquired by the UCITS)	20 245 008,35	37 914 863,48
Redemptions (less the redemption commission acquired by the UCITS)	-6 472 000,00	-28 023 683,93
Capital gains generated on deposits and financial instruments	25 747 832,68	31 325 709,26
Capital losses generated on deposits and financial instruments	-21 213 792,04	-21 266 997,14
Capital gains generated on future financial instruments	159 468 933,66	160 870 062,20
Capital losses generated on future financial instruments	-157 050 948,89	-145 530 243,17
Trading fees	-	-
Exchange differentials	2 940 649,51	1 572 769,82
Changes to the estimate difference of the deposits and financial instruments:	4 242 191,65	11 019 433,52
<i>- Estimate difference fiscal year N</i>	<i>3 460 833,58</i>	<i>781 358,07</i>
<i>- Estimate difference fiscal year N-1</i>	<i>781 358,07</i>	<i>10 238 075,45</i>
Changes to the estimate difference of future financial instruments:	9 379 634,92	-2 133 985,50
<i>- Estimate difference fiscal year N</i>	<i>7 474 416,68</i>	<i>-1 905 218,24</i>
<i>- Estimate difference fiscal year N-1</i>	<i>-1 905 218,24</i>	<i>228 767,26</i>
Distribution from the previous fiscal year	-646 128,30	-
Net earnings of the fiscal year before adjustment account	669 703,78	2 688 553,75
Advance(s) paid during the fiscal year	-425 566,33	-3 667 140,90
Other elements	-	-
<b>Net assets at the end of the fiscal year</b>	<b>135 834 749,08</b>	<b>98 949 230,09</b>



### **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 by instrument type

	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 (“ <i>BMTN</i> ”)	-	-
Other instruments	-	-

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

	Securities under reverse repurchase agreements sold	Securities borrowed sold	Securities acquired with redemption right sold	Short sales
Equities	-	-	-	-
Bonds	-	-	-	-
Debt securities	-	-	-	-
Other instruments	-	-	-	-

**LYXOR ETF MSCI TAIWAN\* (\*This is a synthetic ETF)**

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

	Rate	Equities	Exchange	Other
<b>Hedging operations</b>				
Commitments on regulated or similar markets	-	-	-	-
Over-the-counter commitments	-	-	-	-
Other commitments	-	-	-	-
<b>Other operations</b>				
Commitments on regulated or similar markets	-	-	-	-
Over-the-counter commitments	-	-	-	108 845 929,50
Other commitments	-	-	-	-

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

	Fixed rate	Variable rate	Revisable rate	Other
<b>Assets</b>				
Deposits	-	-	-	-
Bonds and similar securities	-	-	-	-
Debt instruments	-	-	-	-
Temporary operations on securities	-	-	-	-
Financial accounts	-	-	-	0,01
<b>Liabilities</b>				
Temporary operations on securities	-	-	-	-
Financial accounts	-	-	-	-
<b>Off-balance sheet</b>				
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
<b>Assets</b>					
Deposits	-	-	-	-	-
Bonds and similar securities	-	-	-	-	-
Debt instruments	-	-	-	-	-
Temporary operations on securities	-	-	-	-	-
Financial accounts	0,01	-	-	-	-
<b>Liabilities</b>					
Temporary operations on securities	-	-	-	-	-
Financial accounts	-	-	-	-	-
<b>Off-balance sheet</b>					
Hedging operations	-	-	-	-	-
Other operations	-	-	-	-	108 845 929,50

**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	EUR	CHF	NOK	Other currencies
<b>Assets</b>				
Deposits	-	-	-	-
Equities and similar securities	121 382 875,25	3 750 861,82	2 903 903,62	393 893,44
Bonds and similar securities	-	-	-	-
Debt instruments	-	-	-	-
MF shares	-	-	-	-
Temporary operations on securities	-	-	-	-
Forward financial instruments on the asset side	-	-	-	-
Receivables	-	-	-	-
Financial accounts	-	-	-	-
<b>Liabilities</b>				
Sale operations on financial instruments	-	-	-	-
Temporary operations on securities	-	-	-	-
Forward financial instruments on the liability side	-	-	-	-
Debts	-	-	-	-
Financial accounts	-	-	-	-
<b>Off-balance sheet</b>				
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).*

<b>Receivables</b>	
Future currency exchange operations	-
Future purchases of currency	-
Total negotiated amount of future currency sales	-
Other receivables:	
-	-
-	-
-	-
-	-
-	-
Other operations	-
<b>Debts</b>	
Future currency exchange operations	<b>71 201,74</b>
Future sales of currency	-
Total negotiated amount of future currency purchases	-
Other debts:	
Provisioned costs	71 201,74
-	-
-	-
-	-
-	-
Other operations	-

### 3.6 Shareholders' equity

Category of units issued/redeemed during the fiscal year:	Subscriptions		Redemptions	
	Number of units	Amount	Number of units	Amount
UNIT A / FR0010398701	-	-	-	-
UNIT B / FR0010444786	2 040 000	20 245 008,35	-	-
UNIT E / FR0010444794	-	-	800 000	6 472 000,00
Subscription / redemption commission by share category:		Amount		Amount
UNIT A / FR0010398701		-		-
UNIT B / FR0010444786		-		-
UNIT E / FR0010444794		-		-
Retrocessions by share category:		Amount		Amount
UNIT A / FR0010398701		-		-
UNIT B / FR0010444786		-		-
UNIT E / FR0010444794		-		-
Commissions acquired by the UCITS by share category:		Amount		Amount
UNIT A / FR0010398701		-		-
UNIT B / FR0010444786		-		-
UNIT E / FR0010444794		-		-

### 3.7 Management fees

Operating and management fees (fixed fees) as % of the average net assets:	<b>%</b>
Share category:	
UNIT A / FR0010398701	<b>0,65</b>
UNIT B / FR0010444786	<b>0,65</b>
UNIT E / FR0010444794	<b>0,65</b>
Performance commissions (variable fees): amount of costs for the year	<b>Amount</b>
Share category:	
UNIT A / FR0010398701	-
UNIT B / FR0010444786	-
UNIT E / FR0010444794	-
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 under reverse 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 instruments 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

- Swap	<b>7 474 416,68</b>
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**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
07/06/10	Unit B	330 566,33	0,09	-	-
07/06/10	Unit E	95 000,00	0,10	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<b>Total advances</b>		<b>425 566,33</b>	<b>0,20</b>	-	-

**LYXOR ETF MSCI TAIWAN\* (\*This is a synthetic ETF)**

	<b>25.02.2011</b>	<b>26.02.2010</b>
<b>Allocation of the profit/loss</b>	USD	USD
<b>Sums still to be allocated</b>		
Carried forward	-	-
Adjustment of carried forward	-	-
Earnings	133 744,75	-364 623,84
<b>Total</b>	<b>133 744,75</b>	<b>-364 623,84</b>

<b>UNIT A / FR0010398701</b>	<b>25.02.2011</b>	<b>26.02.2010</b>
<b>Currency</b>	USD	USD
<b>Allocation</b>		
Distribution	-	646 128,30
Carried forward for the fiscal year	-	-
Capitalisation	375 935,55	1 633,13
<b>Total</b>	<b>375 935,55</b>	<b>647 761,43</b>
<b>Information relative to the units giving rise to a distribution right</b>		
Number of units	-	64 612 830,00
Distribution per unit	-	0,01
<b>Tax credits</b>	-	-



**LYXOR ETF MSCI TAIWAN\* (\*This is a synthetic ETF)**

UNIT B / FR0010444786	25.02.2011	26.02.2010
Currency	USD	USD
<b>Allocation</b>		
Distribution	-	-
Carried forward for the fiscal year	-	-
Capitalisation	-204 830,31	-663 168,00
<b>Total</b>	<b>-204 830,31</b>	<b>-663 168,00</b>
<b>Information relative to the units giving rise to a distribution right</b>		
Number of units	-	-
Distribution per unit	-	-
<b>Tax credits</b>	-	-

UNIT E / FR0010444794	25.02.2011	26.02.2010
Currency	USD	USD
<b>Allocation</b>		
Distribution	-	-
Carried forward for the fiscal year	-	-
Capitalisation	-39 360,49	-349 217,27
<b>Total</b>	<b>-39 360,49</b>	<b>-349 217,27</b>
<b>Information relative to the units giving rise to a distribution right</b>		
Number of units	-	-
Distribution per unit	-	-
<b>Tax credits</b>	-	-

**LYXOR ETF MSCI TAIWAN\* (\*This is a synthetic ETF)**

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

*UCITS creation date: Units A: 13 February 2007. Units B: 28 March 2007. Units E: 5 August 2008.*

UCITS currency

USD	25.02.2011	26.02.2010	27.02.2009	29.02.2008	Date n-4
<b>Net assets</b>	<b>135 834 749,08</b>	98 949 230,09	54 179 888,70	34 025 581,49	-

UNIT A / FR0010398701

Currency of the unit and of the NAV: USD

	25.02.2011	26.02.2010	27.02.2009	29.02.2008	Date n-4
<b>Number of outstanding units</b>	<b>64 612 830,00</b>	64 612 830,00	80 412 830,00	28 112 831,00	-
<b>Net asset value</b>	<b>1,0512</b>	0,84	0,52	1,09	-
<b>Unit distribution (including advances)*</b>	-	0,04	-	0,02	-
<b>Unit tax credit transferred to unit holders (natural persons)<sup>(1)</sup></b>	-	-	-	-	-
<b>Unit capitalization *</b>	<b>0,005</b>	-	-	0,004	-

\* *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 outstanding on that date.*

UNIT B / FR0010444786

Currency of the unit and of the NAV: EUR

	25.02.2011	26.02.2010	27.02.2009	29.02.2008	Date n-4
<b>Number of outstanding units</b>	<b>5 473 100,00</b>	3 433 100,00	1 750 000,00	300 000,00	-
<b>Net asset value</b>	<b>7,695</b>	6,25	4,15	7,20	-
<b>Unit distribution (including advances)*</b>	<b>0,09</b>	0,29	-	0,20	-
<b>Unit tax credit transferred to unit holders (natural persons)<sup>(1)</sup></b>	-	-	-	-	-
<b>Unit capitalization *</b>	<b>-0,03</b>	-0,19	-0,04	0,43	-

\* *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 outstanding on that date.*

**LYXOR ETF MSCI TAIWAN\* (\*This is a synthetic ETF)**

UNIT E / FR0010444794	Currency of the unit and of the NAV: USD				
	25.02.2011	26.02.2010	27.02.2009	29.02.2008	Date n-4
<b>Number of outstanding units</b>	<b>950 000 000</b>	1 750 000,00	500 000,00	-	-
<b>Net asset value</b>	<b>10,5412</b>	8,49	5,26	-	-
<b>Unit distribution (including advances)*</b>	<b>0,10</b>	0,30	-	-	-
<b>Unit tax credit transferred to unit holders (natural persons)<sup>(1)</sup></b>	<b>-</b>	-	-	-	-
<b>Unit capitalization *</b>	<b>-0,04</b>	-0,19	-0,02	-	-

\* 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 outstanding on that date.

4. UCITS inventory

appendix

Security code	Name of the security	Security status	Quantity	Market value	Listing currency	% Net Assets
<i>Equity</i>						
BE0003793107	AHNEUSER-BUSH INBEV	OWN SPECIFIC	21 300.00	1 171 726.23	EUR	0.86
CH0012221716	ABB LTD-NOM	OWN SPECIFIC	85 126.00	2 042 899.05	CHF	1.50
CH0045039655	CIE FIN RICHEMONT	OWN SPECIFIC	3 460.00	197 161.39	CHF	0.15
CH0204889483	UBS AG-NOM	OWN SPECIFIC	76 422.00	1 010 801.38	CHF	1.11
DE0006140008	DEUTSCHE BANK AG-NOM	OWN SPECIFIC	16 556.00	1 060 291.42	EUR	0.78
DE0005501357	AXEL SPRINGER	OWN SPECIFIC	11 000.00	1 676 278.80	EUR	1.30
DE0005937007	MAN AG	OWN SPECIFIC	56 650.00	6 970 223.08	EUR	5.13
DE0007100000	DAIMLER	OWN SPECIFIC	84 848.00	5 957 049.32	EUR	4.39
DE0007236101	SIEMENS AG-NOM	OWN SPECIFIC	18 379.00	2 379 096.49	EUR	1.75
ES011800137	BANCO SANTANDER SA	OWN SPECIFIC	684 369.00	8 409 164.69	EUR	6.19
ES0113211835	BANCO BILBAO VIZCAYA ARGENTA	OWN SPECIFIC	94 274.00	1 162 410.94	EUR	0.86
DE000EMG999	E.ON AG	OWN SPECIFIC	189 400.00	6 167 044.64	EUR	4.54
DE000BAY0017	BAYER AG	OWN SPECIFIC	76 352.00	5 752 077.18	EUR	4.24
DE000BASIF11	BASF SE	OWN SPECIFIC	29 075.00	2 365 475.27	EUR	1.74
DE0008430026	MUJENCHENER RUECKVERSICHERUNGS AG-NOM	OWN SPECIFIC	41 621.00	6 891 964.88	EUR	5.07
DE0008404005	ALIANZ SE-NOM	OWN SPECIFIC	67 276.00	9 479 987.30	EUR	6.98
DE0007664039	VOLKSWAGEN AG-PFD	OWN SPECIFIC	5 586.00	913 631.90	EUR	0.67
DE0007257503	METRO	OWN SPECIFIC	682.00	49 869.85	EUR	0.04
NL0000090982	KONINKLIJKE KPN NV	OWN SPECIFIC	33 447.00	538 900.41	EUR	0.40
IT0003497168	TELECOM ITALIA SPA	OWN SPECIFIC	562 192.00	850 160.80	EUR	0.63
IT0003132476	ENI SPA	OWN SPECIFIC	20 846.00	503 235.16	EUR	0.37
IT0003128367	ENEL SPA	OWN SPECIFIC	215 488.00	1 277 878.73	EUR	0.94
IT0001063210	MEDIASET SPA	OWN SPECIFIC	45 444.00	287 381.04	EUR	0.21
IT0000072618	INTESA SANPAOLO SPA	OWN SPECIFIC	873 751.00	2 928 499.24	EUR	2.16
IT0000654654	UNICREDIT SPA	OWN SPECIFIC	317 977.00	819 198.27	EUR	0.60
IT0000620072	ASSICURAZIONI GENERALI	OWN SPECIFIC	5 126.00	114 772.72	EUR	0.08
FR0000131104	BNP PARIBAS	OWN SPECIFIC	54 687.00	4 203 367.10	EUR	3.69
SEC0000115446	VOLVO AB-B SHS	OWN SPECIFIC	23 581.00	393 693.44	SEK	0.29
NO0001069395	STATOILHYDRO ASA	OWN SPECIFIC	40 501.00	1 050 447.88	NOK	0.77
NO0010063308	TELEOR	OWN SPECIFIC	37 276.00	608 947.60	NOK	0.45
NO0010031479	DNB NOR ASA	OWN SPECIFIC	82 089.00	1 244 508.14	NOK	0.92
NL0006033250	KONINKLIJKE AHOLD NV	OWN SPECIFIC	47 938.00	643 210.99	EUR	0.47
NL0000030600	ING GROEP NV-CVA	OWN SPECIFIC	205 963.00	2 533 605.03	EUR	1.87
NL0000289867	CORIO	OWN SPECIFIC	19 030.00	1 248 164.81	EUR	0.92

Security code	Name of the security	Security status	Quantity	Market value	Listing currency	% Net Assets
NL0000095538	ROYAL PHILIPS ELECTRONICS NV	OWN SPECIFIC	152 716.00	4 885 415.38	EUR	3.80
FR000121014	LVMH MOET HENNESSY LOUIS VUITTON	OWN SPECIFIC	-36 316.00	5 707 483.08	EUR	4.20
FR0001205578	SANOFI-AVENTIS	OWN SPECIFIC	33 465.00	2 286 505.27	EUR	1.88
FR0001202271	TOTAL	OWN SPECIFIC	91 685.00	5 519 204.30	EUR	4.06
FI009000081	NOKIA OYJ	OWN SPECIFIC	217 186.00	1 875 060.13	EUR	1.38
ES0178430E18	TELEFONICA SA	OWN SPECIFIC	123 316.00	3 098 984.11	EUR	2.28
ES0173516I15	REPSOL YPF SA	OWN SPECIFIC	115 386.00	3 831 632.85	EUR	2.82
ES0148396015	INDITEX	OWN SPECIFIC	18 218.00	1 334 157.56	EUR	0.98
DE0007164600	GAS NATURAL SDG	OWN SPECIFIC	27 995.00	474 341.51	EUR	0.35
DE0007037129	RWE AG	OWN SPECIFIC	64 053.00	4 334 158.74	EUR	3.19
DE0005652004	DEUTSCHE POST AG NOM	OWN SPECIFIC	124 633.00	2 272 383.35	EUR	1.67
DE0005190003	BAYERISCHE MOTORENWERKE	OWN SPECIFIC	114 407.00	9 232 386.06	EUR	6.80
Total equities				128 431 534.13		94.55
				128 431 534.13		94.55
Interest rate swap						
SWAP00047896	AUTRE 0.00000	OWN SPECIFIC	128 843 830.00	7 474 416.68	USD	5.50
Total interest rate swap				7 474 416.68		5.50
Cash						
AT BANK OR PENDING						
Total AT BANK OR PENDING				0.01	USD	
MANAGEMENT FEES				0.01		
Total MANAGEMENT FEES				-71 201.74	USD	-0.05
Total Cash				-71 201.74		-0.05
Total LYXOR ETF MSCI TAIWAN				135 834 749.08		100.00

**APPENDIX TO THE REPORT**  
**intended for Swiss subscribers**

This appendix makes the annual report compliant with the FINMA requirements for the marketing in Switzerland. **It has not been certified by the auditors.**

Country of origin of the Fund

France

Representative of the Swiss Fund

Société Générale (Zurich) has been authorised by the Federal Banking Commission as the Fund's representative in Switzerland, and is also in charge of the payment service.

The Fund's prospectus, articles of association, annual and semi-annual reports, as well as a list of the purchases and sales carried out by the Fund during the fiscal year, can be requested at no charge from the head office of the representative in Switzerland, Société Générale Paris, Zurich Branch, Talacker 50, P. O. Box 1928, 8021 Zürich.

Calculation of the Total Expense Ratio and of the PTR

Annual closing of the fund: 28/02/2011

UCITS management commission: 0.65% tax included

Average assets of the Fund for  
the period (from 28/02/10 to 28/02/11): 112 839 407.40

Extract from the profit and loss account

Expenses in thousands of euros	Annual report 26/02/2010	Half-yearly report 31/08/2010	Annual report 25/02/2011
UCITS management commission	581 537.57	329 024.28	731 701.49
Remuneration depending on the performance	0.00	0.00	0.00
Custodian bank commission	0.00	0.00	0.00
Other charges	0.00	0.00	0.00
Taxes	0.00	0.00	0.00
Total operating expenses	581 537.57	329 024.28	731 701.49

$(731701,49/112839407,40)*100$

TER including bonus depending on the performance

TER                    **0.65** %

Calculation of the PTR (Portfolio Turnover Rate) from 28/02/10 to 28/02/11:

PTR                    **1 400.72** %

Purchases and sales of securities	1 607 280 966.0
	6
Issues and redemptions of fund units	26 717 008.35
Average net assets	112 839 407.40

Performance of the fund

The details of the performance of the Fund's units calculated in compliance with the principles of the Swiss Fund Association are given below:

	<b>Annual performance from 26/02/2010 to 25/02/2011</b>	<b>Performance since inception on 25/02/2011</b>
<b>LYXOR ETF MSCI TAIWAN</b>		
Unit A (USD)	25.14%	10.65%
Unit B (EUR)	23.12%	8.23%
Unit E (USD)	24.16%	17.12%
<b>MSCI TAIWAN™ (TWD)</b>		
Unit A (USD)	14.68%	-2.65%
Unit B (EUR)	14.68%	-1.99%
Unit E (USD)	14.68%	14.35%

Past performances are no indicator of future performances. The performances indicated here do not take into account the impact of possible subscription and redemption commissions and costs of Fund units.

**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
EUR				
From February 26th, 2010 to February 25th, 2011				
Société Générale	1 609 088 805.62	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 MSCI TAIWAN is 25.14% up for shares A (USD) from 26/10/2010 to 25/02/2011, is 23.12% up for shares B (EUR) from 26/10/2010 to 25/02/2011 and is 24.16% up for shares E (USD) from 26/10/2010 to 25/02/2011 on the relevant (fiscal) period.

On the period from 26/10/2010 to 25/02/2011, the MSCI TAIWAN<sup>TM</sup> INDEX returned a performance equal to +14.68%.

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