

Paris, 14 August 2018

**NOTICE TO THE UNIT-HOLDERS OF THE FCP FUND  
Lyxor FTSE MIB UCITS ETF**

<b>UNIT CLASS</b>	<b>ISIN CODE</b>
<b>Lyxor FTSE MIB UCITS ETF – Dist</b>	<b>FR0010010827</b>

Dear unit-holder,

According to our records you hold units in the FCP fund Lyxor FTSE MIB UCITS ETF (hereinafter the “**Absorbed Fund**”).

In order to provide investors with an investment vehicle that offers a corporate governance structure, it was decided, at the request of Lyxor International Asset Management (hereinafter “**LIAM**”), to merge the Absorbed Fund into Lyxor FTSE MIB UCITS ETF (hereinafter the “**Absorbing Sub-fund**”), which is a sub-fund of MULTI UNITS FRANCE (MUF), a French SICAV fund.

As a result of this merger through absorption the Absorbing Sub-fund will receive all of the Absorbed Fund’s assets.

When this merger is completed, the Absorbed Fund’s unit-holders will be shareholders of the MULTI UNITS FRANCE fund.

**1. The merger**

This merger through absorption will not modify the investment strategy nor the ISIN code for unit-holders in the Absorbed Fund.

The investment and benchmark replication methods of the Absorbed fund and the Absorbing Sub-fund are in effect identical, since the investment strategy for both is to achieve the highest possible correlation with the benchmark index’s performance by implementing a direct replication method, which means that the Absorbing Sub-fund may enter into one or more over-the-counter swap agreements to enable it to achieve its investment objective.

The tracking error objective between the Absorbed Fund’s performance and that of its Benchmark Index under normal market conditions is 0.20%. The tracking error objective between the Absorbing Sub-fund’s performance and that of its Benchmark Index under normal market conditions is 0.50%.

The other characteristics of the Absorbed Fund and of the Absorbing Sub-fund are also identical, i.e. the investment policy and strategy, the typical investor profile, the risk profile, the frequency of net asset value calculation, trading days, the accounting currency, the requirements for submitting subscription and redemption orders, share/unit category characteristics, fees and expenses and the method used to determine the overall risk exposure.

This merger by absorption was approved by the French financial markets authority, l’Autorité des marchés financiers (AMF), on 1 June 2018.

The Absorbed Fund is an undertaking for the collective investment in transferable securities (hereinafter “**UCITS**”) that is classified as a “Eurozone equities” fund. It was approved by the AMF on 22 June 2001 and was established on 4 November 2003. LIAM is the Absorbed Fund’s management company and Société Générale is

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its depositary.

The Absorbing Sub-fund is a UCITS that was approved by the AMF on 1 June 2018 and will be launched on the Merger Date, which is defined below. LIAM is the Absorbing Sub-fund's delegated asset manager and Société Générale is its depositary.

Unless you decide otherwise, your units of the Absorbed Fund will be automatically merged into the Absorbing Sub-fund on 20 September 2018 (the "**Merger Date**").

During a period of 30 calendar days after the date this notice is posted, primary market investors (i.e. which subscribe for and redeem units directly from LIAM) may redeem their units from LIAM and/or from its depositary without having to pay a redemption fee, provided that they comply with the minimum redemption requirements specified in the Absorbed Fund's prospectus.

As always, LIAM will of course charge no subscription or redemption fee on the purchase or sale of the Absorbed Fund's units on any exchange where they are listed (i.e. in the secondary market).

To complete this merger through absorption as smoothly as possible, the subscription and redemption of the Absorbed Fund's units on the primary market will be suspended on 17 September 2018 after 5.00 pm (Paris time). However, it should be noted that the Absorbed Fund's units may be purchased and sold on the secondary market up until the Merger Date.

Lastly, for operational reasons, subscriptions and redemptions of the Absorbing Sub-fund's shares on the primary market will not be processed on the first business day after the Merger.

## **2. Consequences**

This merger through absorption will not modify the investment strategy nor the risk profile for unit-holders in the Absorbed Fund.

**The risk-return profile is modified: NO**  
**The risk-return profile is increased: NO**  
**Expenses are increased: NO**

As indicated in section 1 above ("The merger"), the only impact the merger will have on unit/shareholders will be the fund's conversion from a contract-based entity (the FCP fund) to a corporate entity (the SICAV fund).

It should be noted that the Absorbing Sub-fund will be eligible for inclusion in PEA equity savings plans.

You will find the calendar for this merger in Schedule 1, information on the exchange of units in Schedule 2, and a comparison of the characteristics of the Absorbed Fund with those of the Absorbing Sub-fund in Schedule 3.

## **3. Key points for investors**

LIAM informs investors that all Absorbing Sub-fund share classes are or will be listed on the same exchange or exchanges as their corresponding Absorbed Fund unit class.

Unlike an FCP common fund, whose unit-holders enjoy none of the rights of share-holders, a SICAV open-ended investment company can issue shares in response to investor demand. Upon completion of this merger you will therefore become a shareholder of the MULTI UNITS FRANCE SICAV and will be entitled to express your opinion at annual and extraordinary shareholder meetings.

Investors should also note that the merger by absorption may affect their personal tax situation since the Absorbed Fund is an FCP common fund and was therefore formed under contract law (whereas the Absorbing Sub-fund is a SICAV open-ended investment company), and as a result of the merger itself. Investors are therefore invited to consult with their usual advisor as to the possible consequences the merger by absorption may have on their personal situation.

LIAM recommends that investors carefully read the "Risk Profile" section of the Absorbing Sub-fund's prospectus and the "Risk and Return Profile" section of its Key Information for Investors Document (KIID). The KIID and the prospectus are both available in French and free of charge at [www.lyxoretf.com](http://www.lyxoretf.com) or from [client-services-etf@lyxor.com](mailto:client-services-etf@lyxor.com).

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The management company will provide unit-holders, upon request, with (i) additional information on the merger, (ii) a copy of the statutory auditor's report, (iii) a copy of the depositary's report and (iv) a copy of the merger agreement.

If you need any more information you should contact your advisor.

We thank you for your trust and loyalty.

Yours faithfully

The Chairman

### Schedule 1: Merger calendar

Absorbed Fund	Subscriptions & redemptions are suspended	Effective merger date	Based on the NAV of	Shares to be received from the Absorbing Sub-fund
<b>Lyxor FTSE MIB UCITS ETF</b>	17 September 2018 after 5.00 pm (Paris time)	20 September 2018	20 September 2018	<b>MULTI UNITS FRANCE -Lyxor FTSE MIB UCITS ETF</b>

### Schedule 2: Information on the merger

As shown on the merger calendar (see Schedule 1 above), the Absorbed Fund in which you hold units will be merged into the Absorbing Sub-fund on 20 September 2018 (the “**Merger Date**”). This merger through absorption was approved by the AMF on 1 June 2018.

All of the Absorbed Fund’s assets and liabilities will be transferred to the Absorbing Sub-fund. The Absorbed Fund will automatically be dissolved on the merger completion date.

The Absorbing Sub-fund will be created by contributing all of the Absorbed Fund's assets at the merger completion date.

In exchange for the assets contributed, the Absorbing Sub-fund will issue shares that will be attributed to the investors in the Absorbed Fund.

For each unit class held in the Absorbed Fund there will be issued a corresponding share class in the Absorbing Sub-fund of equivalent value as at 20 September 2018.

The Absorbing Sub-fund share class will be issued on 20 September 2018 at an initial net asset value that is equivalent to the net asset value of the Absorbed Fund’s unit class at that date.

There will therefore be no odd lots nor cash adjustments since the merger will involve the exchange of one Absorbed Fund unit for one Absorbing Sub-fund share of equal value.

The statutory auditors will furthermore certify the accounts of the Absorbed Fund and the Absorbing Sub-fund respectively, on the date specified for valuation.

Société Générale, the depositary, will handle the exchange of the Absorbed Fund’s units for the Absorbing Sub-fund’s shares.

The depositary will also inform the Euroclear France members that hold the accounts of the former Absorbed Fund investors of the number of Absorbing Sub-fund shares to which the latter are entitled.

Lastly, LIAM will bear all merger expenses.

#### **Tax consequences of the merger by absorption (for investors who are French tax residents).**

The merger transaction described in this letter is subject to the laws in effect on the Merger Date.

Accordingly, the tax regime that applies to the exchange of units/shares depends on the unit-holder's tax situation as shown below. The unit-holder may also be subject to disclosure requirements in some cases.

**Resident natural person unit-holders:** taxation is deferred (pursuant to Article 150-0 B of the French general tax code) provided that any cash adjustment paid to the client is less than 10% of the nominal value of the securities received.

If the cash adjustment exceeds 10% of the nominal value of the securities received, the capital gain up to the amount of this cash adjustment is subject to taxation in the year of the merger. However, the net income from the

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exchange of securities (excluding the capital gain up to the amount of the cash adjustment) is not taxable in the year of the merger but is taxable in the year that the absorbing fund's securities are sold. The securities exchanged are accordingly not included in the calculation of total portfolio securities sold, for the purpose of determining whether or not the limit for declaring security sales has been breached.

Therefore, during the future sale or redemption of the absorbing fund's units, the capital gain is determined on the basis of the purchase price of the absorbed fund's units, minus any cash adjustment received or plus any cash adjustment paid.

Sole proprietor unit-holders whose income tax is based on their actual industrial, commercial or agricultural income: taxation is deferred. These taxpayers are treated either as resident natural person taxpayers (i.e. the securities are included in their personal assets) or are taxed on the basis of their professional capital gains (the securities are included in their professional assets).

In both cases, the net income from the exchange of securities is not taxed for the year of the merger, but is taxed the year in which the fund securities received in exchange are sold. Regarding the professional capital gain (PCG): only the part of the PCG that corresponds to a cash adjustment that may have been received is immediately taxable. Upon the future sale or redemption of the fund securities received in exchange, the PCG will be calculated as of the date these securities were received and at their initial purchase price.

Legal-entity unit-holders subject to corporate income tax: taxation is deferred (pursuant to Article 38-5 bis of the French general tax code). Only the part of the capital gain that corresponds to a cash adjustment received is immediately taxable.

The net income from the exchange of securities (excluding any cash adjustment) is not included in the taxable income of the year of the merger but is included in that of the year in which the fund securities received in exchange are sold.

However, when an investor is subject to Article 209 OA of the French general tax code, the taxation of the valuation adjustments of the fund securities reduces the actual applicability of the tax deferral since the valuation adjustments have already been taxed and include some or all of the capital gain on the exchange of securities for the merger.

Non-profit institution unit-holders that meet the requirements of Article 206-5 of the French general tax code and non-resident unit-holders: these investors are not subject to taxation in France in relation to this merger transaction (pursuant to Article 244 bis C of the French general tax code).

#### Sale of odd-lot units

A sale of units in the Absorbed Fund that are not exchanged (i.e. an "odd lot") is considered to be a sale of units from which any net income is immediately taxable under the rules that generally apply to the taxation of capital gains. More specifically, the taxation of any net income on the units exchanged within the limits of the share-exchange ratio is entitled to deferral, whereas any surplus units are considered to be sold and the net income from their sale is immediately taxable.

### **Schedule 3: Comparison of Absorbed Fund and Absorbing Sub-fund characteristics**

	<b>Absorbed Fund</b>	<b>Absorbing Sub-fund</b>
<b>Name</b>	<b>Lyxor FTSE MIB UCITS ETF</b>	<b>MULTI UNITS FRANCE – Lyxor FTSE MIB UCITS ETF</b>
<b>Applicable law</b>	French law	French law
<b>Supervisory authority</b>	AMF	AMF
<b>Legal form</b>	A common investment fund (FCP)	A sub-fund of a SICAV investment company
<b>Depositary</b>	Société Générale	Société Générale
<b>Registrar and transfer agent</b>	Société Générale	Société Générale

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<b>Fund administrator</b>	Société Générale	Société Générale
<b>Statutory auditor</b>	Pricewaterhousecoopers Audit	Pricewaterhousecoopers Audit

<b>Absorbed Fund unit class</b>	Dist	FR0010010827
<b>Absorbing Sub-fund share class</b>		