



*ETFX Exchange Participants act as distribution partners, authorised participants and swap providers on the platform.

ETFX Dow Jones EURO STOXX 50 Double Short (2x) Fund

Investment Objective

The ETFX Dow Jones EURO STOXX 50 Double Short (2x) Fund is designed to track the performance of the Dow Jones EURO STOXX 50® Double Short Index. The ETFX Dow Jones EURO STOXX 50 Double Short (2x) Fund seeks to deliver the **inverse of twice the daily percentage change** in the level of the Dow Jones EURO STOXX 50® Index.

About Exchange Traded Funds (ETFs)

ETFs combine the advantages of stocks (tradability and liquidity) and index funds into one product. With ETFs it is possible to achieve exposure to an Index in one simple transaction in the same way as trading any security listed on the stock exchange. ETFs can be created or redeemed on demand (through market-makers).

About the Index

The Dow Jones EURO STOXX 50® Double Short Index is a leveraged index with a short exposure which aims to provide the **inverse of twice the daily percentage change** in the level of the Dow Jones EURO STOXX 50® Index.

The Dow Jones EURO STOXX 50® is a free-float market capitalization weighted index representing the performance of the 50 largest companies in the Eurozone. The index represents approximately 60% of the free float market capitalisation of the Dow Jones EURO STOXX® Total Market Index (TMI), which in turn covers approximately 95% of the free float market capitalisation of the represented countries.

Benefits of ETFs tracking 2x short indices

- Provides double short exposure with reduced capital outlay
- Multiple market makers provide liquidity and continuous pricing
- Tracks a double short index will increase in value by twice the daily % decrease and will decrease in value by twice the daily % increase in the underlying index, excluding fees and other costs
- No margin account or loan approvals required
- Cost efficient way of obtaining leveraged short (inverse) exposure
- Maximum loss is limited to investor's initial investment

Risks of ETFs tracking 2x short indices

- **Due to the compounding of daily returns, returns measured over periods longer than one day may differ from minus two times the Dow Jones EURO STOXX 50® Index return over that longer period**
- Twice the daily inverse % movements of the Dow Jones EURO STOXX 50® Index and therefore any rises in the index are magnified
- Equity ETFs can be volatile and volatility is doubled for ETFs tracking 2x short indices
- If the index rises by 25% or more in one day, the leverage factor will be adjusted intraday
- ETFs tracking double short indices are only suitable for sophisticated investors who understand leverage, compounded daily returns and are willing to magnify potential losses
- **Please see the Prospectus for a more detailed explanation and a more complete list of risks, available at www.etfsecurities.com**

Fund Facts

Trading	Normal Exchange hours	
Base currency	EUR	
Trading currency	EUR	GBP
Minimum investment	1 unit	
Security codes		
Listing	London Stock Exchange	
Currency	EUR	GBP
Exchange Code	SEU2	SE2P
ISIN	IE00B4QNJ141	IE00B4QNJ141
SEDOL	B4QNJ14	B5562Y5
Commencement date	22/06/2009	
iNav	.INSEU	Bloomberg
LSE £	SE2P.L	INSEU
LSE €	SEU2.L	SE2P LN
		SEU2 LN

Security Features

Index	Dow Jones EURO STOXX 50® Double Short Index
Promoter	ETF Securities Ltd
Manager	ETFs Fund Management Company Ltd
TER	0.60%
Entry/Exit fees	None when traded on exchange
Legal Form	UCITS, Exchange Traded Fund
UCITS III	Yes
ISA/SIPP/CTF (UK)	Yes
Domicile	Ireland
EU Passport	Ireland, UK, Netherlands, Germany

Index Information

Exposure	Eurozone Equities
Number of components	50
Currency	EUR
Bloomberg	SX5T2S
Reuters	.SX5T2S
Index provider	STOXX Limited
Website	www.stoxx.com

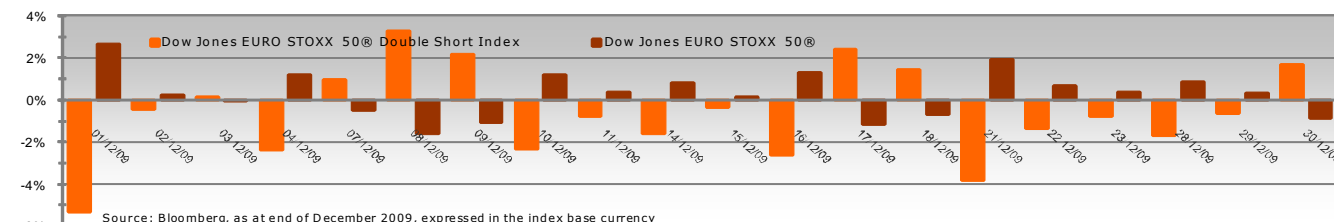
Index Historical Performance

Base currency (EUR)	2009	2008	2007	2006
Dow Jones EURO STOXX 50® Double Short Index	-48.9%	112.0%	-13.1%	-26.7%
Dow Jones EURO STOXX 50®	21.0%	-44.3%	6.8%	15.1%

Source: Bloomberg, as at end of December 2009, expressed in the index base currency

The table and the graph below show the performance of the underlying index and not the fund. The ETFX fund tracks the performance of the above index subject to management fees and other costs. Past Performance is not a reliable indicator of future results.

Index Daily Returns – last 20 trading days



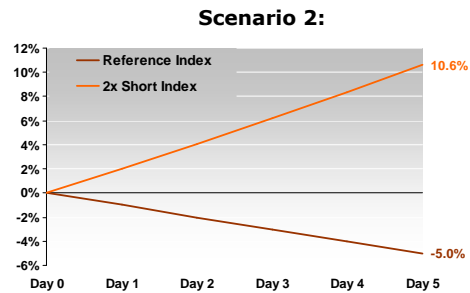
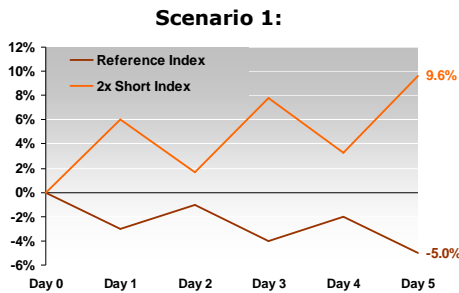


*ETF Exchange Participants act as distribution partners, authorised participants and swap providers on the platform.

How can daily rebalancing and volatility affect the performance of 2x short equity indices?

2x short equity indices are designed to provide the inverse of twice the inverse of the daily percentage change in the level of their reference index (i.e. the 1x index) and due to the compounding of daily returns, returns measured over periods longer than one day may differ from twice the inverse of the reference index return over that longer period.

To demonstrate this we take the example of a reference index falling 5% over a 5-day period. In Scenario 1 the index achieves the -5% return through various down and up days. In Scenario 2 the index is down 5% over the period following 5 consecutive down days. (For simplification purposes, these 2 scenarios exclude fees and other financing adjustments).



- **In Scenario 1**, despite the 2x short index delivering minus 2x the reference index return each day, the overall compound return at the end of the 5-day period is not equal to twice the inverse of the reference index return (9.6% vs. 10%).
- **In Scenario 2**, the volatility is lower and the reference index is trending downwards, the overall compound return at the end of the 5-day period has exceeded 2x the inverse of the reference index return (10.6% vs. 10%).

This shows that the daily rebalancing of the 2x short index leads to performance differences over periods longer than one day and also that volatility in the reference index tend to magnify gains and losses in the 2x short index.

For more information about long term performance of ETF Securities ETFs tracking 2x short indices please see the description of risks in the prospectus available at www.etfsecurities.com

About ETF Exchange (ETFX)

ETF Exchange is the world's first 3rd Generation ETF Platform offering investors access to low cost swap backed ETFs with credit diversification across a number of participants rather than reliance on a single bank. As the banks, APs and market makers compete for business, true liquidity and competition is created.

Third generation ETFs meet investor demands for increased levels of transparency, liquidity and counterparty risk management. Third Generation ETFs provide diversified index replication across a consortium of the strongest financial players and concentrate liquidity within a single platform.

ETF Securities pioneered the development of ETCs, with the world's first listing of an ETC, Gold Bullion Securities in Australia and London in 2003 and then the world's first entire ETC platform which was listed on the London Stock Exchange in September 2006. ETF Securities now offers more than 170 ETPs with over \$17 billion in assets as at December 2009. The Exchange Traded Products (ETPs) provide investors with a wide variety of investment strategies, with ETPs offering resource equities, physical, long, forward, leveraged and short exposure to all commodity sectors and now G10 Currencies.



*ETFX Exchange Participants act as distribution partners, authorised participants and swap providers on the platform.

Disclaimer: ETF Securities Limited ("ETFS"), which is authorised and regulated by the Jersey Financial Services Commission, has issued this document for access by professional clients in the Republic of Ireland and the UK and no other person should rely upon the information contained within it. ETFS Fund Company public limited company ("the Company") is an open-ended investment company with variable capital having segregated liability between its sub-funds (each a "Fund"). The Company is organised under the laws of Ireland and has been authorised as a UCITS by the Financial Regulator pursuant to the European Communities (Undertakings for Collective Investment in Transferable Securities) Regulations 2003 (as amended). **Restricted Investors:** This document is not, and under no circumstances is to be construed as, an advertisement or any other step in furtherance of a public offering of shares in the United States, Canada, or any province or territory thereof, where the Company is not authorised or registered for distribution and where no prospectus for the Company has been filed with any securities commission or regulatory authority. This document nor any copy hereof should be taken, transmitted or distributed (directly or indirectly) into the United States. Shares of the Funds may not be owned by or acquired with the assets of an ERISA Plan. This document is issued for the sole use of the recipient and may not be copied, distributed or shown to any other person without the express consent of ETFS. **Risk Warnings:** Further information in relation to a particular Fund can be found in the latest prospectus of the Company which should be read in conjunction with the relevant Fund supplement (together the "Prospectus"). Any investment in shares of a Fund carries with it certain risks, including those risks set out in the Prospectus. Past performance is not a reliable indicator of future results and the price of shares may go up or down and an investor may not get back the amount invested. The Shares are priced in the base currency of the relevant Fund and so the value of the investment in other currencies will be affected by exchange rate movements. To the extent Shares are traded in other currencies, their value may also be affected by exchange rate movements. **Funds with inverse and leveraged returns strategies are only suitable for sophisticated investors who understand leverage, compounded daily returns and are willing to magnify potential losses by comparison to funds which do not incorporate these strategies.** You should obtain your own independent financial, taxation and legal advice before making any decisions about any investment in Shares. This information is not an offer of Shares and should not be used as the basis for any investment decision. The Shares are listed on the London Stock Exchange and you may purchase Shares on this exchange (or any other exchanges on which the Shares are listed from time to time). This information is issued by the Company and does not constitute financial product advice. The Company does not guarantee the performance of Shares of a Fund and does not accept any responsibility for any omissions or inaccuracies in this document, which it believes to be correct at the time of issue. **For Investors in the United Kingdom:** This document is directed at 'Professional Clients' only within the meaning of the rules of the Financial Services Authority. The Company is a recognised scheme under section 264 of the Financial Services and Markets Act 2000 and as such, the Prospectus may be distributed to investors in the United Kingdom. Copies of all documents (i.e. the Prospectus, the simplified prospectus, the latest previous annual reports and the memorandum and the articles of association) are available in the United Kingdom, by contacting the UK Facilities Agent, C7PLUS LLP, on +44 207 448 4330.

Index Disclaimer:

Neither STOXX Limited ("STOXX") nor Dow Jones & Company, Inc. ("Dow Jones") has any relationship to the Company, other than the licensing of the Dow Jones EURO STOXX 50® Double Short Index and the related trademarks for use in connection with the ETFX Dow Jones EURO STOXX 50 Double Short (2x) Fund.

STOXX and Dow Jones do not:

- sponsor, endorse, sell or promote the ETFX Dow Jones EURO STOXX 50 Double Short (2x) Fund;
- recommend that any person invest in the ETFX Dow Jones EURO STOXX 50 Double Short (2x) Fund or any other securities;
- have any responsibility or liability for or make any decisions about the timing, amount or pricing of the ETFX Dow Jones EURO STOXX 50 Double Short (2x) Fund;
- have any responsibility or liability for the administration, management or marketing of the ETFX Dow Jones EURO STOXX 50 Double Short (2x) Fund;
- consider the needs of the ETFX Dow Jones EURO STOXX 50 Double Short (2x) Fund or the owners of the ETFX Dow Jones EURO STOXX 50 Double Short (2x) Fund in determining, composing or calculating the Dow Jones EURO STOXX 50® Double Short Index or have any obligation to do so.

STOXX AND DOW JONES WILL NOT HAVE ANY LIABILITY IN CONNECTION WITH THE ETFX DOW JONES EURO STOXX 50 DOUBLE SHORT (2X) FUND. SPECIFICALLY, STOXX AND DOW JONES MAKE NO WARRANTY, EXPRESS OR IMPLIED AND DISCLAIM ANY AND ALL WARRANTY ABOUT THE RESULTS TO BE OBTAINED BY THE ETFX DOW JONES EURO STOXX 50 DOUBLE SHORT (2X) FUND, THE COMPANY OR ANY OTHER PERSON IN CONNECTION WITH THE USE OF THE DOW JONES EURO STOXX 50® DOUBLE SHORT INDEX AND THE DATA INCLUDED IN THE DOW JONES EURO STOXX 50® DOUBLE SHORT INDEX; THE ACCURACY OR COMPLETENESS OF THE DOW JONES EURO STOXX 50® DOUBLE SHORT INDEX AND ITS DATA; THE MERCHANTABILITY AND THE FITNESS FOR A PARTICULAR PURPOSE OR USE OF THE DOW JONES EURO STOXX 50® DOUBLE SHORT INDEX AND ITS DATA; STOXX AND DOW JONES WILL HAVE NO LIABILITY FOR ANY ERRORS, OMISSIONS OR INTERRUPTIONS IN THE DOW JONES EURO STOXX 50® DOUBLE SHORT INDEX OR ITS DATA; UNDER NO CIRCUMSTANCES WILL STOXX OR DOW JONES BE LIABLE FOR ANY LOST PROFITS OR INDIRECT, PUNITIVE, SPECIAL OR CONSEQUENTIAL DAMAGES OR LOSSES, EVEN IF STOXX OR DOW JONES KNOWS THAT THEY MIGHT OCCUR. THE LICENSING AGREEMENT BETWEEN THE PROMOTER AND STOXX IS SOLELY FOR THEIR BENEFIT AND NOT FOR THE BENEFIT OF SHAREHOLDERS OR ANY OTHER THIRD PARTIES.

None of, BofA Merrill Lynch, Citi, or Rabobank International accept any responsibility or liability for the content of this communication.