

## ETFX EURO STOXX 50 Leveraged (2x) Fund

### Investment Objective

The ETFX EURO STOXX 50 Leveraged (2x) Fund is designed to track the performance of the EURO STOXX 50 Daily Leverage Index. The ETFX EURO STOXX 50<sup>®</sup> Leveraged (2x) Fund seeks to deliver a leveraged return which corresponds to **twice the daily percentage change** in the level of the EURO STOXX 50<sup>®</sup> Daily Leverage 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 EURO STOXX 50 Daily Leverage Index is a leveraged index which aims to provide twice the daily percentage change in the level of the EURO STOXX 50<sup>®</sup> Index less the cost of financing.

The EURO STOXX 50<sup>®</sup> 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 EURO STOXX<sup>®</sup> 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 leveraged indices

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

### Risks of ETFs tracking 2x leveraged indices

- **Due to the compounding of daily returns, returns measured over periods longer than one day may differ from twice the FTSE 100<sup>®</sup> Index return over that longer period**
- Twice the daily % movements of the FTSE 100<sup>®</sup> Index and therefore any changes in the index are magnified.
- Equity ETFs can be volatile and volatility is doubled for ETFs tracking 2x leveraged indices
- If the Index falls by 50% or more in one day, the Index is rebalanced intraday
- ETFs tracking double leveraged 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](http://www.etfsecurities.com)**

### Fund Facts

<b>Trading</b>	Normal Exchange hours	
<b>Base currency</b>	EUR	
<b>Trading currency</b>	EUR	
<b>Minimum investment</b>	1 unit	
<b>Security codes</b>		
<b>Listing</b>	NYSE Euronext	
<b>Currency</b>	EUR	
<b>Exchange Code</b>	LEU2	
<b>ISIN</b>	IE00B4QNJG91	
<b>SEDOL</b>	B59H5D4	
<b>Commencement date</b>	29/06/2009	
	<b>Reuters</b>	<b>Bloomberg</b>
<b>iNav</b>	.INLEU	INLEU
<b>NYSE Euronext</b>	LEU2.AS	LEU2.NA

### Security Features

<b>Investment Manager</b>	ETFX Investment Management LLP
<b>Manager</b>	ETFX Management Company Ltd
<b>Issuer</b>	ETFX Fund Company Plc
<b>Registrar</b>	Computershare Investor Services (Ireland) Ltd
<b>TER</b>	0.40%
<b>Entry/Exit fees</b>	None when traded on exchange
<b>Legal Form</b>	Public Limited Company
<b>Dividends</b>	Dividends are reinvested (if any)
<b>UCITS</b>	Yes
<b>ISA/SIPP/CTF (UK)</b>	Yes
<b>Domicile</b>	Ireland
<b>Registration</b>	Ireland, UK, The Netherlands, Germany, Italy, Norway and France.

### Index Information

<b>Index</b>	EURO STOXX 50 <sup>®</sup> Daily Leverage Index (Net Return)
<b>Exposure</b>	Eurozone Equities
<b>Number of components</b>	50
<b>Currency</b>	EUR
<b>Bloomberg</b>	SX5TL
<b>Reuters</b>	.SX5TL
<b>Index provider</b>	STOXX Limited
<b>Website</b>	<a href="http://www.stoxx.com">www.stoxx.com</a>

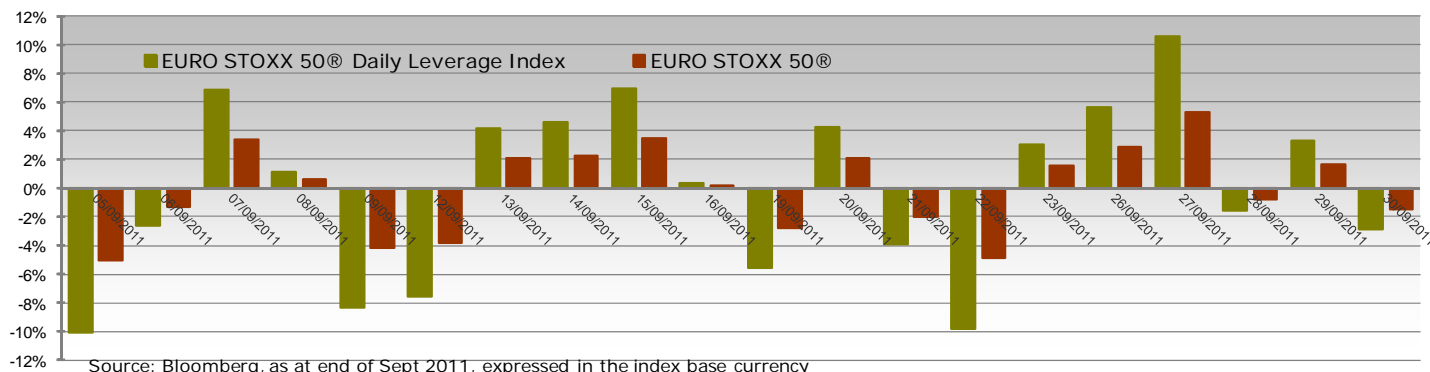
### Index Historical Performance

Base currency (EUR)	2011	2010	2009	2008
<b>EURO STOXX 50<sup>®</sup> Daily Leverage Index</b>	-39.2%	-11.0%	44.5%	-72.7%
EURO STOXX 50 <sup>®</sup>	-19.6%	-2.8%	21.0%	-44.3%

Source: Bloomberg, as at end of Sept 2011, 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 EURO STOXX 50<sup>®</sup> Leveraged (2x) 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

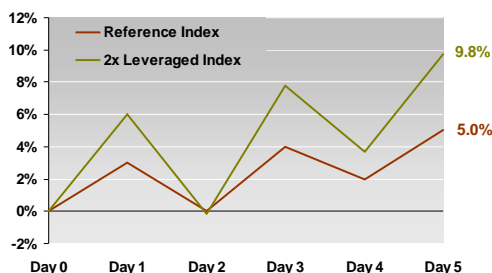


## How can daily rebalancing affect the performance of 2x leveraged equity indices?

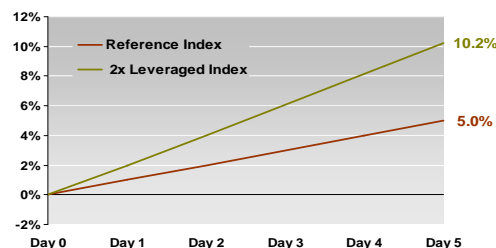
2x leveraged equity indices are designed to provide twice the daily percentage change in the level of their reference index (i.e. the 1x index) and due to the compounding of daily returns, returns measured over periods longer than one day may differ from twice the reference index return over that longer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

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

Scenario 1:



Scenario 2:



- In Scenario 1, despite the 2x leveraged index delivering 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 5-day return of the reference index (9.8% vs. 10%).
- In Scenario 2, the volatility is lower and the reference index is trending upwards, the overall compound return at the end of the 5-day period has exceeded 2x the reference index return (10.2% vs. 10%).

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

For more information about long term performance of ETF Securities' ETFs tracking 2x leveraged indices, please see the description of risks in the prospectus available at [www.etfsecurities.com](http://www.etfsecurities.com).

## About ETF Exchange (ETFX)

ETF Exchange is a UCITS platform developed by exchange-traded commodity pioneers ETF Securities, in order to provide investors with access to a range of thematic investment solutions that may be used to diversify portfolio composition or adjust risk/return profiles.

First introduced in September 2008, all ETFs on the ETF Exchange platform are collateralised in excess of UCITS requirements and employ total return swaps to replicate index performance.

Enhanced by a consortium of leading investment banks, the platform is designed to help mitigate credit risk, disperse counterparty exposure and improve tracking error and liquidity – enabling investors to concentrate on making the most appropriate investment decisions. Participant banks on ETF Exchange act as authorised participants and swap providers, and comprise Bank of America Merrill Lynch, Barclays Capital, Citi and Rabobank International.

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