



BETASHARES FUNDS
PRODUCT DISCLOSURE STATEMENT

BETASHARES
FTSE RAFI U.S. 1000 ETF
ASX CODE: QUS

BETASHARES
NASDAQ 100 ETF
ASX CODE: NDQ

BetaShares Capital Ltd
ABN 78 139 566 868 | AFSL 341181
Dated: 29 September 2017



BetaShares
Exchange Traded Funds

IMPORTANT INFORMATION

About this PDS

This Product Disclosure Statement (PDS) is dated 29 September 2017.

BetaShares Capital Ltd ABN 78 139 566 868 AFS Licence 341181 is the issuer of this PDS and is responsible for its contents. In this PDS references to the "Responsible Entity", "BetaShares", "we", "our" and "us" refer to BetaShares Capital Ltd.

This PDS is the offer document for the following registered managed investment schemes: BetaShares FTSE RAFI U.S. 1000 ETF (ARSN 169 907 313) and BetaShares NASDAQ 100 ETF (ARSN 169 907 564). These are referred to in this PDS individually as "Fund" and collectively as "Funds" or "BetaShares Funds".

A copy of this PDS has been lodged with the Australian Securities and Investments Commission (ASIC) on 29 September 2017. Neither ASIC nor ASX Limited takes any responsibility for the contents of this PDS.

The BetaShares FTSE RAFI U.S. 1000 ETF commenced operations on 17 December 2014. The BetaShares NASDAQ 100 ETF commenced operations on 26 May 2015. An application was made to, and approved by, the ASX for Units in each Fund to be quoted for trading on the AQUA market of the ASX. The Units are currently quoted for trading on the AQUA market of the ASX under the AQUA Rules.

The PDS is designed so that one or a number of BetaShares exchange traded funds may be offered under it over time. Additional Funds may be added by the Responsible Entity issuing a supplementary PDS or a new PDS.

A copy of the latest PDS for the Fund or Funds being offered is available on the BetaShares website at www.betashares.com.au or by contacting BetaShares on (02) 9290 6888. A paper copy will be provided free of charge on request.

The offer

The offer under this PDS is for persons who have been authorised as 'trading participants' under the ASX Operating Rules. Certain sections of the PDS (particularly those relating to applications for and redemptions of Units in the normal course) are of direct relevance to such persons only.

Other investors cannot apply for Units under this PDS, but can buy Units on the ASX through a stockbroker, or via a financial adviser. Such investors may use this PDS for information purposes only.

The offer to which this PDS relates is available to Authorised Participants receiving the PDS (electronically or otherwise) in Australia.

This PDS does not constitute an offer of securities in any jurisdiction where, or to any person to whom, it would be unlawful to make such an offer.

No action has been taken to register or qualify the Fund in any jurisdiction outside Australia and New Zealand, although the Responsible Entity reserves the right to do so at any time. The distribution of this PDS outside Australia and New Zealand may be restricted by law and persons who come into possession of this PDS outside Australia and New Zealand should seek advice on and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities law.

Units have not been registered under the United States Securities Act of 1933 (as amended) and except in a transaction which does not violate such Act, may not be directly or indirectly offered or sold in the United States of America or any of its territories or for the benefit of a US Person (as defined in Regulation S of such Act).

PDS updates

Information in this PDS that is not materially adverse to investors is subject to change from time to time and may be updated by the Responsible Entity by publishing such information on the BetaShares website at www.betashares.com.au. A paper copy of any updated information will be provided free of charge on request. Any new or updated information that is materially adverse to investors will be available to investors via a supplementary or new PDS accessible via the ASX Market Announcements Platform.

Risks

An investment in the Units is subject to risk (refer to section 4 and the Product Supplement), which may include possible delays in repayment and loss of income and capital invested.

None of BetaShares Holdings Pty Ltd, BetaShares, or any of their related entities, directors or officers gives any guarantee or assurance as to the performance of, or the repayment of capital or income reinvested in, the Funds described in this PDS. BetaShares Holdings Pty Ltd and its related entities may invest in, lend to or provide other services to the Funds.

Not personal advice

This PDS is prepared for general information only and is not financial product advice. It is not intended to be a recommendation by the Responsible Entity, any of the Responsible Entity's associates or any other person to invest in the Funds. In preparing this PDS, the Responsible Entity did not take into account the investment objectives, financial situation or particular needs of any particular person. Before making an investment decision, investors need to consider whether an investment in the Funds is appropriate to their needs, objectives and circumstances.

Investors should consult a professional financial adviser and ensure they understand the risks of the Funds before investing.

Definitions

Certain terms used in this PDS are defined in the Glossary in section 8. All references to dollar amounts in this PDS are to Australian dollars unless otherwise stated.

For further details on BetaShares Funds, please contact a stockbroker or financial adviser or visit www.betashares.com.au.

PRODUCT DISCLOSURE STATEMENT

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1 KEY FEATURES

1.1 WHAT IS AN ETF?

An exchange traded fund (or “ETF”) is an investment vehicle traded on a stock exchange, such as the ASX, much like listed shares. ETFs generally aim to provide investors with exposure to a return that tracks the return of a particular index.

Indices are a method of measuring the performance of a financial market, or a segment of a financial market. Most commonly, an index measures the performance of a particular portfolio of shares, bonds or other securities that comprise the index.

Information on the indices applicable to the BetaShares Funds is set out in the Product Supplement appearing after section 8.

An ETF may not replicate the performance of the relevant index exactly, but rather generally aims to minimise any deviation from the index, before fees and expenses, as much as possible.

ETFs combine certain features of index managed funds and listed shares in one investment. Like index managed funds, ETFs come with the benefits of diversification, transparency and attractive fee levels. Unlike index managed funds, however, ETFs trade on a stock exchange so they also benefit from simple trading, including the ability to buy and sell during the course of the trading day, much like listed shares.

ETFs carry certain investment risks. For information on the risks applicable to the BetaShares Funds see section 4 and the Product Supplement.

1.2 SUMMARY OF KEY INFORMATION

The following table briefly summarises some of the key information contained in this PDS. It is not a complete summary of this PDS and you should read the PDS in its entirety. You should seek your own professional investment advice before deciding to invest in the Funds.

The PDS is designed so that one or a number of BetaShares exchange traded funds may be offered under it over time. Such funds are referred to in this PDS as “Funds” or “BetaShares Funds”. Additional Funds may be added by the Responsible Entity issuing a supplementary PDS or a new PDS.

Sections 1 to 8 of this PDS contain general information concerning the common features of all of the BetaShares Funds that may be offered under the PDS. The Product Supplement appearing after section 8 contains information specific to each BetaShares Fund being offered.

TABLE 1.2: SUMMARY OF KEY INFORMATION

| TOPIC | SUMMARY | SECTION |
|-----------------------------|---|---|
| Investment objective | <p>The Funds provide investors with the opportunity to earn a return that aims to track the performance of a particular Index, before fees and expenses.</p> <p>The Product Supplement sets out information specific to each Fund, including the investment objective and information about the Index applicable to the Fund.</p> | 2.1 and Product Supplement |
| Investing | <p>The offer in this PDS is only available to Authorised Participants.</p> <p>Units can only be acquired in whole multiples of a “Creation Unit” unless the Responsible Entity agrees otherwise. The number of Units in a Creation Unit for each Fund is set out in the Product Supplement.</p> <p>Application amounts must be in the form of a parcel of quoted securities selected by the Responsible Entity from time to time which generally corresponds to the composition of the Index applicable to the Fund (or a sample of securities from the Index that reflects the Fund’s portfolio), together with any balancing cash payment, unless the Responsible Entity agrees to accept a cash application. Applications are subject to an application fee described in section 3.</p> <p>Subject to market conditions, investors may purchase Units by trading on the ASX. The purchase of Units on the ASX is not governed by the terms of this PDS and therefore the minimum investment does not apply to purchases of Units on the ASX.</p> | 5, 6.3 and Product Supplement |
| Redemptions | <p>A Unitholder can generally only redeem Units if it is an Authorised Participant who is an Australian Resident.</p> <p>Units can only be redeemed in whole multiples of a Creation Unit unless the Responsible Entity agrees otherwise. The number of Units that constitute a Creation Unit for a particular Fund is specified in the Product Supplement.</p> <p>The amount payable to a Unitholder on redemption must be in the form of a parcel of quoted securities selected by the Responsible Entity from time to time which generally corresponds to the composition of the Index applicable to the Fund (or a sample of securities from the Index that reflects the Fund’s portfolio), together with</p> | 5, 6.2.8, 6.2.9 and Product Supplement |

| TOPIC | SUMMARY | SECTION |
|-----------------------|--|-----------------------------------|
| | <p>any balancing cash payment, unless the Responsible Entity agrees to accept a cash redemption.</p> <p>In certain specified circumstances, redemption requests may be delayed, rejected or scaled down. See section 6.2.8 and 6.2.9 for further information.</p> <p>Subject to market conditions, investors may sell their Units by trading on the ASX. The sale of Units on the ASX is not governed by the terms of this PDS and therefore the minimum redemption does not apply to sales of Units on the ASX.</p> <p>A Unitholder who is not an Authorised Participant can only redeem Units in the special circumstances described in section 5.6.</p> | |
| Distributions | <p>The distribution period in relation to each Fund is set out in the Product Supplement. The Responsible Entity intends to make distributions in respect of each Fund at least annually (assuming there is distributable income).</p> | 2.2 and Product Supplement |
| Risks | <p>There are a number of risks associated with investing in the Funds. The key risks include the following:</p> <ul style="list-style-type: none"> • There is no guarantee that a Fund's investment strategy will be successful or that the investment objective will be achieved. • A Fund should not be expected to track the performance of an Index exactly, but it generally aims to minimise any deviation from the Index, before fees and expenses, as much as possible. • A Fund's investment returns will be influenced by the performance of the market or markets to which the Fund is exposed. Changes in equity prices, which may be volatile and fluctuate from day to day, may result in a loss in the value of Units. • A significant percentage of a Fund's underlying Index may be comprised of securities concentrated in a single industry sector or only a small group of industry sectors. Similarly, a significant percentage, or all, of a Fund's underlying Index may be comprised of securities from a single country or only a small group of countries. • The Australian dollar value of Fund assets denominated in foreign currencies will increase or decrease as a result of exchange rate fluctuations. • In certain circumstances, the ASX may suspend trading of the Units of a Fund and in that event Unitholders would not be able to buy or sell Units of that Fund on the ASX. • In certain circumstances, the Responsible Entity can suspend or scale down applications or redemptions. • The trading price of Units on the ASX may differ from the Net Asset Value per Unit. • Although the Units are, or will be, quoted on the AQUA market of the ASX, there can be no assurance that there will be a liquid market for Units, and no assurance that there will be a liquid market for the Fund's investments. • External events or a breakdown in administrative procedures or operational controls may adversely affect the operation and performance of a Fund. • The sponsor of an Index may change the Index methodology or stop publishing the Index, or the Responsible Entity's licence to use the Index may terminate. <p>This is not a comprehensive summary of all the risks of investing in the Funds. Before investing in the Funds, investors should carefully consider the risks associated with an investment in the Funds and obtain financial advice on whether an investment in the Funds is suitable for their objectives, financial situation and needs.</p> <p>For further details of the risks of investing, see section 4 and the Product Supplement.</p> | 4 and Product Supplement |
| Fees and costs | <p>Fees and costs as described in section 3 of this PDS and the Product Supplement will apply.</p> | 3 and Product Supplement |

| TOPIC | SUMMARY | SECTION |
|---------------------------|---|---------------|
| Tax | Tax information of a general nature is set out in section 7. Investors should seek their own professional tax advice which takes into account their particular circumstances. | 7 |
| Complaints | The Responsible Entity has a process in place to deal with complaints from Unitholders. | 6.2.23 |
| Responsible Entity | BetaShares Capital Ltd is the responsible entity of each Fund and is the issuer of this PDS. | 1.3 |

1.3 ABOUT THE RESPONSIBLE ENTITY

BetaShares Capital Ltd is the responsible entity of the Funds and is responsible for the ongoing management of the Funds.

The Responsible Entity is an Australian asset management business located in Sydney which was established in 2009 to be a specialist provider of fund products that are exchange traded. The Responsible Entity launched its first funds in 2010. As at the date of this PDS, it manages over \$4.6 billion in assets and acts as responsible entity for more than 40 funds whose units are, or are expected to be, quoted for trading on the Australian Securities Exchange under the AQUA Rules. These funds provide exposure to the performance of specific equity strategies, equity indices, fixed income strategies, fixed income indices, currencies, commodities or commodity indices. The primary focus of the Responsible Entity's business is the operation of funds that are exchange traded.

The Responsible Entity is a member of the Mirae Asset Global Investments Group. Mirae Asset Global Investments Co., Ltd., which is the international asset management business within Mirae Asset Financial Group, is one of Asia's largest asset management firms, managing over US\$100 billion in assets globally as of 31 August 2017, including more than US\$10 billion in exchange traded funds.

No member of the Mirae Asset Global Investments Group, or any of its related entities, directors or officers gives any guarantee or assurance as to the performance of, or the repayment of capital invested in, the Fund.

The Responsible Entity has sufficient working capital to enable it to operate the Funds as outlined in this PDS.

1.4 ADMISSION TO TRADING UNDER THE AQUA RULES

Units in the Funds have been admitted to trading status on the ASX under the AQUA Rules. The AQUA Rules form part of the ASX Operating Rules. The Funds will not be listed on the ASX under the ASX Listing Rules.

The AQUA Rules provide a tailored framework for the quotation of exchange traded funds, managed funds and structured products on the ASX.

In operational terms, the market for products quoted under the AQUA Rules operates in the same way that it does for listed equities, with continuous matching of bids and offers and an opening and closing auction.

AQUA Rules: fundamental difference

The key distinction between products admitted under the ASX Listing Rules and those quoted under the AQUA Rules is the level of control and influence that the issuer of the relevant product has over the value of the underlying assets of the product.

Under the ASX Listing Rules, listed equity securities typically reflect the value of the business operated by the issuer. By contrast, the value of a product quoted under the AQUA Rules typically reflects the performance of the underlying assets.

The following table highlights the key specific differences between the AQUA Rules and the ASX Listing Rules.

| ASX LISTING RULES | AQUA RULES |
|---|---|
| Continuous Disclosure | |
| Issuers are subject to the continuous disclosure requirements under ASX Listing Rule 3.1 and Section 674 of the <i>Corporations Act</i> . | <p>Issuers of products quoted under the AQUA Rules are not subject to the continuous disclosure requirements under ASX Listing Rule 3.1 and section 674 of the <i>Corporations Act</i> but must disclose information about:</p> <ul style="list-style-type: none"> the Net Tangible Assets ("NTA") or the Net Asset Value ("NAV") of the funds; distributions declared; and any other information that is required to be disclosed to ASIC under section 675 of the <i>Corporations Act</i> must be disclosed via the ASX Market Announcements Platform at the same time it is disclosed to ASIC. The Responsible Entity also intends to post any such information on its website www.betashares.com.au at the same time. |

| ASX LISTING RULES | AQUA RULES |
|---|---|
| | AQUA Product issuers must also disclose to the ASX any information the non-disclosure of which may lead to the establishment of a false market in its products or would materially affect the price of its products. |
| Periodic Disclosure | |
| Issuers are required to disclose their half- yearly and annual financial information or annual reports to the ASX under Chapter 4 of the ASX Listing Rules. | Financial reports relating to the issuer itself are not required to be disclosed to the ASX. However, periodic financial reports relating to the AQUA Product must be disclosed to the ASX at the same time they are lodged with ASIC under Chapter 2M of the <i>Corporations Act</i> . |
| Corporate Control | |
| Requirements in the <i>Corporations Act</i> and the ASX Listing Rules in relation to matters such as takeover bids, share buy-backs, change of capital, new issues, restricted securities, disclosure of directors' interests and substantial shareholdings, apply to companies and listed schemes. | These requirements do not apply to AQUA product issuers. Section 601FM of the <i>Corporations Act</i> continues to apply to the removal or change of the responsible entity. An extraordinary resolution would be required to change the responsible entity. An extraordinary resolution is a resolution passed by a majority of the total votes that may be cast by members entitled to vote on the resolution. |
| Related Party Transactions | |
| Chapter 10 of the ASX Listing Rules, which relates to transactions between an entity and persons in a position to influence the entity, specifies controls over related party transactions. | Chapter 10 of the ASX Listing Rules does not apply to AQUA Products. Products quoted under the AQUA Rules which are registered managed investment schemes remain subject to the related party requirements in Part 5C.7 and Chapter 2E of the <i>Corporations Act</i> . |
| Auditor Rotation Obligations | |
| There are specific requirements in relation to auditor rotation under Part 2M.4 Division 5 of the <i>Corporations Act</i> . | Issuers of products quoted under the AQUA Rules are not subject to the requirements under Part 2M.4 Division 5 of the <i>Corporations Act</i> . A responsible entity of a registered managed investment scheme will continue to be required to undertake an independent audit of its compliance with the scheme's compliance plan in accordance with Section 601HG of the <i>Corporations Act</i> and the auditor must not be the auditor of the scheme's financial statements (but may be from the same firm). |
| Spread Requirements | |
| There are requirements under the ASX Listing Rules that issuers satisfy certain minimum spread requirements (i.e. a minimum number of holders each having a minimum parcel size). | These requirements do not apply to AQUA Product issuers. Under the AQUA Rules, unless and until a suitable spread of holders is achieved, an AQUA Product issuer must ensure a reasonable bid and volume is maintained for the AQUA Product on the ASX except in permitted circumstances, or have in place other arrangements which meet the ASX's requirements for providing liquidity, generally through the appointment of a market making agent. |

2 ABOUT THE FUNDS

2.1 INVESTMENT POLICY

2.1.1 Investment objective

The investment objective of each Fund is to provide an investment return, before fees and expenses, that aims to track the performance of the relevant Index.

The Index in relation to each Fund is set out in the Product Supplement. The Product Supplement also sets out more information about the investment objective of each Fund.

There is no assurance or guarantee that the returns of the Funds will meet their investment objectives.

2.1.2 Investment strategy

In seeking to achieve the investment objective for each Fund, the Responsible Entity will employ a passive management approach designed to track the performance of the relevant Index, before fees and expenses.

Unless otherwise set out in the Product Supplement, each Fund will generally invest in the securities that comprise the relevant Index in proportion to the weightings of the securities in the Index. This is known as a “full replication” strategy. For such Funds, the timing and nature of any changes to the composition of the Fund’s investments will generally correspond with the timing and nature of changes to the relevant Index.

In a variety of circumstances, however, the holdings of such a Fund may not exactly replicate its Index. For example, it may not be possible or practical to do so in some circumstances, such as where investment restrictions apply which would prevent direct investment in a particular security. A Fund, from time to time, may not hold all of the securities comprising the Index and may hold securities in weightings which differ from the Index.

Some Funds will generally not hold all of the securities comprising the relevant Index and may hold securities in weightings which differ from the Index. This is referred to as a “sampling” strategy. A sampling strategy is often used for funds tracking an index that is too broad to efficiently purchase all of the index’s securities. For Funds where a sampling strategy is used, this is noted in the relevant Product Supplement.

For such Funds, the sampling strategy is based on a portfolio of securities that is a sub-set of all of the constituents of the Index and that aims to be representative of the characteristics of the constituents of the Index as a whole. The aim of the sampling strategy will be to construct a portfolio that provides a return comparable to that of the Index.

Under the sampling strategy, a Fund’s exposure to individual securities may be above or below that security’s actual weighting in the Index. The Fund may hold as many securities as the Responsible Entity believes is necessary to achieve the Fund’s investment objective. The sample of securities will be determined based on a number of factors, including the liquidity of the security, the size of the Fund, the portfolio’s exposure to countries, currencies and industry sectors and market capitalisations (in each case, relative to the corresponding exposures under the Index). The Responsible Entity expects that the consideration of liquidity of the Index constituents will be increasingly significant if the size of the Fund increases.

All of the securities in which a Fund invests will be constituents of the Index. However, a Fund may continue to hold securities that cease to be Index constituents pending their disposal.

Investors will be able to regularly compare the performance of a Fund against the performance of its related index via the BetaShares website at www.betashares.com.au.

A Fund may hold exchange-traded derivatives contracts from time to time (e.g. futures contracts over the relevant Index or over securities comprising the relevant Index) and other investments that do not form part of the Index where this may help to achieve a Fund’s investment objective. For example, exchange-traded derivatives may be used where direct investment in a particular security or securities is not possible or practical, or to obtain an investment exposure without physically buying or selling the underlying asset. Derivatives will only be used in limited circumstances and will not be used to leverage a Fund.

As at the date of this PDS, the Responsible Entity does not intend to engage in securities lending in connection with a Fund, although it may do so in the future provided that any such change is notified in advance to investors and potential investors via a supplementary or new PDS accessible through the ASX Market Announcements Platform.

Small cash balances may be held in a Fund from time to time.

The assets of each Fund, whether securities or cash, will be held by the Fund’s custodian, other than cash held as collateral for any derivatives positions.

The Responsible Entity may appoint an external investment manager in connection with a Fund to manage the portfolio in line with the relevant Fund’s investment objective. Where applicable, this is set out in the Product Supplement. The Responsible Entity may change any investment manager so appointed without prior notice to Unitholders.

Currency Exposure

As each Fund’s assets will be denominated in one or more overseas currencies, the Australian dollar value of the assets will increase or decrease as a result of exchange rate fluctuations. The Responsible Entity does not intend to hedge a Fund’s currency exposure.

2.1.3 Environmental, social and ethical considerations

The Responsible Entity does not take into account labour standards or environmental, social or ethical considerations when selecting, retaining or realising investments.

2.1.4 Performance

Performance information for each Fund, and the Net Asset Value for each Fund, will be published on the BetaShares website at www.betashares.com.au. Information relating to past performance is not a reliable indicator of future performance.

2.1.5 Changes to investment objectives and strategy

The Responsible Entity may from time to time vary the investment mandate (i.e. the investment objective and strategy as described in sections 2.1.1 and 2.1.2 and, if applicable, in the Product Supplement) for any Fund as set out in this PDS.

Any significant change to the investment mandate will be notified to investors and potential investors via a supplementary or new PDS accessible through the ASX Market Announcements Platform.

2.2 DISTRIBUTIONS

The Funds may earn income such as dividends and interest. The Funds may also realise capital gains or losses on the disposal of securities, or derive other assessable income.

2.2.1 Distributions

Unitholders holding Units in a Fund at the end of a distribution period are entitled to a pro-rata share of the distributable income (if any) for that period based on the number of Units held in the Fund at the end of the distribution period.

The distribution periods in relation to a Fund are set out in the Product Supplement. The amount of distributable income at the end of any distribution period will be determined by the Responsible Entity.

Distributions will generally be paid within 15 business days of the end of the distribution period to which they relate by deposit to a Unitholder's nominated Australian bank, building society or credit union account.

The amount of the distribution paid by a Fund will vary from period to period, and there may be periods when a Fund will not pay a distribution.

The Responsible Entity may, in its discretion, change the duration of a distribution period for a Fund (provided that distribution periods cannot be longer than one year).

Unitholders may also become entitled to the distributable income of a Fund on the redemption of their Units. See section 7.1.6 for further information.

Information about the timetable for each distribution and the declared distribution amount will be announced via the ASX Market Announcements Platform.

2.2.2 Tax statement

The Responsible Entity will, as soon as reasonably practicable after the end of each financial year, issue to each Unitholder who received an entitlement to the distributable income of the Fund during a financial year, a tax statement which outlines the amount and composition of the taxable income of the Fund to which the Unitholder became entitled.

2.2.3 Distribution Reinvestment Plan

The Product Supplement states whether a distribution reinvestment plan (DRP) is available for each Fund.

Participation in the DRP is subject to the terms and conditions of the DRP policy document, which is available at no charge by contacting BetaShares on 1300 487 577 (within Australia). Any DRP is currently available only to Unitholders who have a registered address in Australia or New Zealand, unless otherwise determined by the Responsible Entity.

Where a DRP is available, Unitholders can choose to:

- If eligible, participate in the DRP, meaning distributions from the relevant Fund will be reinvested in additional Units in the Fund; or
- have the distributions paid directly to a nominated Australian bank, building society or credit union account.

Full or partial reinvestment will be available. If no DRP election is made, the distributions will automatically be paid into the nominated Australian bank, building society or credit union account.

Eligible Unitholders can elect to participate in the DRP by completing an on-line form available on the Registrar's website or by contacting the Registrar (further information will be provided in the information pack sent to you when you become a Unitholder).

3 FEES AND OTHER COSTS

DID YOU KNOW?

Small differences in both investment performance and fees and costs can have a substantial impact on your long term returns.

For example, total annual fees and costs of 2% of your account balance rather than 1% could reduce your final return by up to 20% over a 30 year period (for example, reduce it from \$100,000 to \$80,000).

You should consider whether features such as superior investment performance or the provision of better member services justify higher fees and costs.

You may be able to negotiate to pay lower contribution fees and

management costs where applicable. Ask the fund or your financial adviser.

TO FIND OUT MORE

If you would like to find out more, or see the impact of the fees based on your own circumstances, the **Australian Securities and Investments Commission (ASIC)** website (www.moneysmart.gov.au) has a managed funds fee calculator to help you check out different fee options.

3.1 FEES AND OTHER COSTS

This PDS shows fees and other costs that you may be charged. These fees and costs may be deducted from your money, from the returns on your investment or from the assets of each managed investment scheme as a whole.

Taxes are set out in another part of this PDS.

You should read all the information about fees and costs because it is important to understand their impact on your investment.

TABLE 3.1: TABLE OF FEES AND OTHER COSTS

BETASHARES FTSE RAFI U.S. 1000 ETF and BETASHARES NASDAQ 100 ETF

| TYPE OF FEE OR COST | AMOUNT | HOW AND WHEN PAID |
|---|--|---|
| FEES WHEN YOUR MONEY MOVES IN OR OUT OF THE MANAGED INVESTMENT PRODUCT | | |
| Establishment fee: The fee to open your investment | Nil | Not applicable |
| Contribution fee: The fee on each amount contributed to your investment | BetaShares FTSE RAFI U.S. 1000 ETF: <ul style="list-style-type: none"> if you are not an Authorised Participant¹ - \$0 if you are an Authorised Participant: <ul style="list-style-type: none"> In-kind applications – \$12,000 Cash applications – \$12,000 plus 0.03% of the application amount² BetaShares NASDAQ 100 ETF: <ul style="list-style-type: none"> if you are not an Authorised Participant - \$0 if you are an Authorised Participant: <ul style="list-style-type: none"> In-kind applications – \$1,300 Cash applications – \$1,300 plus 0.03% of the application amount² | Payable only by Authorised Participants ¹ . This fee will be payable by Authorised Participants together with the application consideration at the time of applying for Units. |
| Withdrawal fee: The fee on each amount you take out of your investment | BetaShares FTSE RAFI U.S. 1000 ETF: <ul style="list-style-type: none"> if you are not an Authorised Participant¹ - \$0 if you are an Authorised Participant: <ul style="list-style-type: none"> In-kind redemptions – \$12,000 Cash redemptions – \$12,000 plus 0.03% of the withdrawal amount² | Payable only by Authorised Participants ¹ . This fee will be payable at the time of the redemption (and in the case of cash redemptions, this fee will be deducted from the redemption proceeds). |

| TYPE OF FEE OR COST | AMOUNT | HOW AND WHEN PAID |
|---|---|---|
| | BetaShares NASDAQ 100 ETF: <ul style="list-style-type: none"> • if you are not an Authorised Participant - \$0 • if you are an Authorised Participant: <ul style="list-style-type: none"> • In-kind redemptions – \$1,500 • Cash redemptions – \$1,500 plus 0.03% of the withdrawal amount² | |
| Exit fee: | Nil | Not applicable |
| The fee to close your investment | | |
| Management costs: | BetaShares FTSE RAFI U.S. 1000 ETF – 0.40% per annum of the Fund's Net Asset Value BetaShares NASDAQ 100 ETF – 0.48% per annum of the Fund's Net Asset Value | As at the date of this PDS, the management costs of each Fund consist of the following components: <p>Management fee</p> BetaShares FTSE RAFI U.S. 1000 ETF – 0.30% per annum of the Fund's Net Asset Value. BetaShares NASDAQ 100 ETF – 0.38% per annum of the Fund's Net Asset Value. The management fee is calculated and accrued daily as a percentage of the Fund's Net Asset Value, and reflected in the daily Net Asset Value per Unit. The amount is deducted from the Fund's assets monthly on or after the first day of the following month. Plus Recoverable expenses BetaShares FTSE RAFI U.S. 1000 ETF – capped at 0.10% per annum of the Fund's Net Asset Value. ³ BetaShares NASDAQ 100 ETF – capped at 0.10% per annum of the Fund's Net Asset Value. ³ The recoverable expenses are calculated and accrued daily as a percentage of the Fund's Net Asset Value, and reflected in the daily Net Asset Value per Unit. The amount is deducted from the Fund's assets monthly on or after the first day of the following month. Plus Indirect costs Estimated at 0.00% per annum of the Fund's Net Asset Value. ⁴ Indirect costs are accrued daily as a percentage of each Fund's Net Asset Value per Unit. The amount is deducted from each Fund's assets as and when they arise. |
| The fees and costs for managing your investment | | |
| Service fees: | | |
| Switching fee: | Nil | Not applicable |
| The fee for changing investment options | | |

¹An Authorised Participant is a trading participant under the ASX Operating Rules who has entered into an agreement with the Responsible Entity in relation to Unit applications and redemptions. For an explanation of the contribution fees and withdrawal fees (also referred to in this PDS as application fees and redemption fees) please see section 3.3.6 "Application and Redemption Fees for Authorised Participants" in the "Additional Explanation of Fees and Costs". Unitholders who are not Authorised Participants may be charged a redemption fee if they redeem Units pursuant to their right to redeem in the special circumstances described in section 5.6 - see "Additional Explanation of Fees and Costs" section below for more information.

²Cash applications and redemptions are only available if agreed by the Responsible Entity.

³ This figure reflects the recoverable expenses incurred by the Fund for the previous financial year ended 30 June 2017. For more information on recoverable expenses, see "Recoverable expenses" in the "Additional Explanation of Fees and Costs" section below.

⁴ This figure reflects the indirect costs incurred by the Fund for the previous financial year ended 30 June 2017. For more information on the meaning and calculation of indirect costs, see "Indirect costs" in the "Additional explanation of fees and costs" section below.

Certain additional costs apply, such as transactional and operational costs. See explanation of "Management costs" in the "Additional Explanation of Fees and Costs" section below for more information.

Each fee set out in this table may in some cases be negotiated with wholesale clients. For more information, refer to the explanation of "Differential fees, rebates and related payments" in the "Additional Explanation of Fees and Costs" section below.

All fees and costs in the table above include Goods and Services Tax (GST) net of any reduced input tax credits.

3.2 EXAMPLE OF ANNUAL FEES AND COSTS

This table gives an example of how the fees and costs can affect your investment over a one year period. You should use this table to compare these products with other managed investment products.

TABLE 3.2.1: EXAMPLE OF ANNUAL FEES AND COSTS

| EXAMPLE - APPLICABLE TO BETASHARES FTSE RAFI U.S. 1000 ETF | AMOUNT | BALANCE OF \$50,000 WITH A CASH CONTRIBUTION OF \$5,000 ¹ DURING THE YEAR |
|--|---|---|
| CONTRIBUTION FEES | | For every additional \$5,000 you put in, you will be charged: |
| | \$0 if you are not an Authorised Participant; or | \$0 if you are not an Authorised Participant; or |
| | \$12,000 (for an in-kind application) ² if you are an Authorised Participant | \$12,000 (for an in-kind application) if you are an Authorised Participant. |
| PLUS MANAGEMENT COSTS³ (management fee plus recoverable expenses plus indirect costs) | 0.40% p.a. of the Fund's Net Asset Value | And , for every \$50,000 you have in the Fund you will be charged \$200 each year |
| EQUALS COST OF FUND | | If you had an investment of \$50,000 at the beginning of the year and you put in an additional \$5,000 ⁴ during that year, you would be charged fees of \$200 (if you are not an Authorised Participant) or \$12,200 (if you are an Authorised Participant for BetaShares FTSE RAFI U.S. 1000 ETF). What it costs you will depend on whether you are an Authorised Participant, the investment option you choose and the fees you negotiate. |

TABLE 3.2.2: EXAMPLE OF ANNUAL FEES AND COSTS

| EXAMPLE - APPLICABLE TO BETASHARES NASDAQ 100 ETF | AMOUNT | BALANCE OF \$50,000 WITH A CASH CONTRIBUTION OF \$5,000 ¹ DURING THE YEAR |
|--|--|---|
| CONTRIBUTION FEES | | For every additional \$5,000 you put in, you will be charged: |
| | \$0 if you are not an Authorised Participant; or | \$0 if you are not an Authorised Participant; or |
| | \$1,300 (for an in-kind application) ² if you are an Authorised Participant | \$1,300 (for an in-kind application) if you are an Authorised Participant. |
| PLUS MANAGEMENT COSTS³ (management fee plus recoverable expenses plus indirect costs) | 0.48% p.a. of the Fund's Net Asset Value | And , for every \$50,000 you have in the Fund you will be charged \$240 each year |
| EQUALS COST OF FUND | | If you had an investment of \$50,000 at the beginning of the year and you put in an additional \$5,000 ⁴ during that year, you would be charged fees of \$240 (if you are not an Authorised Participant) or \$1,540 (if you are an Authorised Participant for BetaShares NASDAQ 100 ETF). What it costs you will depend on whether you are an Authorised Participant, the investment option you choose and the fees you negotiate. |

An Authorised Participant who redeems Units directly will also be charged a withdrawal fee of \$12,000 for BetaShares FTSE RAFI U.S. 1000 ETF and \$1,500 for BetaShares NASDAQ 100 ETF (for an in-kind redemption). Withdrawal fees for cash redemptions may be higher than for in-kind redemptions (see the table in paragraph 3.1 above). Unitholders who are not Authorised Participants may be charged a redemption fee if they redeem Units pursuant to their right to redeem in the special circumstances described in section 5.6 - see "Additional Explanation of Fees and Costs" section below for more information.

Each fee in this table may in some cases be negotiated with wholesale clients. For more information, refer to the explanation of "Differential fees, rebates and related payments" in the "Additional Explanation of Fees and Costs" section below.

¹ Please note the minimum investment in each Fund by an Authorised Participant is for the number of Units that make up a Creation Unit (as specified in the Product Supplement), unless the Responsible Entity agrees otherwise.

² Application fees payable by Authorised Participants for cash applications may be higher than for in-kind applications (see the table in section 3.1 above).

³ Management costs are made up of the management fee, recoverable expenses and estimated indirect costs. Certain additional costs may apply, such as transactional and operational costs. For more information, refer to "Management costs" in the "Additional Explanation of Fees and Costs" section below.

⁴ Assumes the \$50,000 is invested for the entire year and the \$5,000 investment occurs on the last day of the year.

3.3 ADDITIONAL EXPLANATION OF FEES AND COSTS

3.3.1 Management costs

The management costs for a Fund incorporate all relevant ongoing fees and other costs involved in managing the Fund and deriving investment returns. The management costs comprise:

- Responsible Entity's management fee;
- recoverable expenses; and
- indirect costs.

Management costs do not include:

- transactional and operational costs, such as brokerage, transactional custodian fees, and other transaction fees associated with buying and selling the Fund's assets; and
- other costs that an investor would ordinarily incur when investing directly in the Fund's underlying assets.

(These costs are therefore not included in the management costs set out in Table 3.1 and Table 3.2 above, but they are paid out of the Fund's assets).

3.3.2 Management fee

The management fee is charged by the Responsible Entity for managing the relevant Fund and making it available to investors. It is calculated and accrued daily as a percentage of the Fund's Net Asset Value, and reflected in the daily Net Asset Value per Unit. The amount is deducted from the Fund's assets monthly on or after the first day of the following month.

3.3.3 Recoverable expenses

The recoverable expenses represent the operating expenses incurred in the operation of a Fund. A Fund's constitution allows all properly incurred expenses to be recovered from the Fund and does not place any limit on the amount or types of expenses that can be recovered.

The expenses normally incurred in the day to day operation of a Fund include custodian, fund administration, unit registry, ASX and audit costs (other than transactional and operational costs described above). The normal expenses charged to a Fund will be capped as set out in Table 3.1 above. Any such expenses in excess of the cap will be borne by the Responsible Entity from its own resources, on the basis that the Responsible Entity has the right to be reimbursed for them at a later time, provided that the cap will not be exceeded at the time of reimbursement. The Responsible Entity may withdraw or replace this PDS at any time.

The normally incurred recoverable expenses of each Fund for the previous financial year ended 30 June 2017 were at the cap set out in Table 3.1 above.

Extraordinary expenses are expenses that are not normally incurred in the day to day operation of a Fund and are not necessarily incurred in any given year. They may include costs associated with holding unitholder meetings, changing a Fund's constitution, or defending or pursuing legal proceedings. Extraordinary expense recoveries are not included in the cap on expenses described in this section. Any such expenses will be recovered from the Fund and reflected in the Fund's Net Asset Value per Unit. At the date of this PDS the estimate of extraordinary expenses of the Fund for the previous financial year ended 30 June 2017 were nil.

3.3.4 Indirect costs

Indirect costs are any amounts that we know or where required, reasonably estimate, will reduce a Fund's returns that are paid from the Fund's assets (other than the management fee, recoverable expenses, and transactional and operational costs described elsewhere in this section) or that are paid from the assets of any interposed vehicle (such as an underlying fund) in which the Fund may invest.

At the date of this PDS the indirect costs of each Fund for the previous financial year ended 30 June 2017 are estimated to be 0.00% p.a. of the Net Asset Value of the Fund.

3.3.5 Transactional and operational costs

Each Fund incurs transactional and operational costs, such as brokerage, clearing costs, transactional custodian fees, and other transaction fees associated with buying and selling the Fund's assets. Transactional and operational costs are an additional cost and are not included in the management costs.

The table below sets out our estimate of each Fund's total transactional and operational costs as a percentage of the Fund's Net Asset Value for the previous year ended 30 June 2017. However, the Responsible Entity reimburses the Fund for certain transactional and operational costs out of the application and redemption fees it receives, as described in section 3.3.6. Our estimate of the net transactional and operational costs of each Fund (representing the total transactional and operational costs minus the transactional and operational costs reimbursed to the Fund out of the application and redemption fees) previous financial year ended 30 June 2017 are also set out in the table below. The net transactional and operational costs are borne by the Fund.

| | Estimated total transactional and operational costs - % p.a. of the Fund's Net Asset Value for the previous financial year ended 30 June 2017 | Estimated net transactional and operational costs - % p.a. of the Fund's Net Asset Value for the previous financial year ended 30 June 2017 |
|------------------------------------|---|---|
| BetaShares FTSE RAFI U.S. 1000 ETF | 0.04% | 0.03% (or \$15 for every \$50,000 you have in the Fund) |
| BetaShares Nasdaq 100 ETF | 0.02% | 0.01% (or \$5 for every \$50,000 you have in the Fund) |

These transactional and operational costs are in addition to the management costs set out in Table 3.1 and Table 3.2 above.

The amount of these costs can be expected to vary from year to year depending on the volume and value of transactions undertaken.

3.3.6 Application and redemption fees for Authorised Participants

No application fees or redemption fees are payable by investors who buy and sell Units on the ASX. However, brokerage charges may apply.

Subject to section 3.3.7 below, application fees and redemption fees will only be payable by Authorised Participants on an application for or redemption of Units directly with the Fund.

The application and redemption fees are paid by Authorised Participants to the Responsible Entity. Out of these fees, the Responsible Entity pays directly, or reimburses the Fund for, the estimated transactional costs associated with the in-kind application or redemption.

The application and redemption fees payable by Authorised Participants seek to ensure that the transaction costs associated with applications and redemptions are borne by the transacting Authorised Participants and not by other investors.

The application fee and redemption fee applicable to a Fund is set out in the Product Supplement and in the table in section 3.1.

3.3.7 Redemption fees for other Unitholders

Unitholders who are not Authorised Participants may be charged a redemption fee if they redeem Units pursuant to their right to redeem in the special circumstances described in section 5.6. The redemption fee per Unit will not be greater than the redemption fee per Unit that would be payable by an Authorised Participant for a cash redemption when withdrawing the minimum parcel of Units.

3.3.8 Stockbroker fees

Investors may incur customary brokerage fees and commissions when buying and selling Units on the ASX, as for any listed or quoted security. Please consult a stockbroker for more information in relation to their fees and charges.

3.3.9 Can fees and costs change and what are the maximums?

Yes, fees and costs can change subject to maximums in the Fund's Constitution.

The Constitution of each Fund limits the amount of the Responsible Entity's fee to a maximum of 3% p.a. of the Fund's Net Asset Value (plus GST).

The Constitution of each Fund provides for the following maximum application and redemption fees:

- a maximum application fee of 5% of the aggregate Issue Price of the Units applied for (plus GST);

- a maximum redemption fee of 5% of the aggregate Withdrawal Amount of the relevant Units (plus GST).

The Responsible Entity also has the right under the Constitution to recover from a Fund all expenses properly incurred in the performance of its duties.

As at the date of this PDS, the Responsible Entity does not have any intention to change the fees and costs described in this PDS, although it has the right to do so at any time. Any increase in the fees and costs for a Fund will be announced to the ASX via the Market Announcements Platform at least 30 days before it occurs.

Any estimates of fees and costs in this PDS are based on information available as at the date of this PDS. As such, the actual fees and costs may differ and are subject to change from time to time. Information in this PDS that is not materially adverse to investors is subject to change from time to time and may be updated by the Responsible Entity by publishing such information on the BetaShares website at www.betashares.com.au. A paper copy of any updated information will be provided free of charge on request.

3.3.10 Differential fees, rebates and related payments

The Responsible Entity may, from time to time, agree with wholesale clients to rebate or reduce some of the management or

other fees on a case by case basis. The amount of fee reduction is at the Responsible Entity's discretion. The Responsible Entity will achieve these reductions and meet any rebates in relation to management fees by payments from its own resources. For more information, please contact the Responsible Entity.

Any reduction in management fees offered by the Responsible Entity to a wrap platform or master trust operator may be passed on to the clients of the operator or retained by the operator.

Subject to applicable law, the Responsible Entity may also pay one-off or annual product access payments to wrap platform or master trust operators for including the Funds in their offering. As of the date of this PDS, no product access payments have been made. The Responsible Entity would make any such payment from its own resources.

3.3.11 Indirect investors

Indirect investors investing through a wrap platform or master trust should note that the fees outlined in this section 3 are in addition to any other fees and costs imposed by the wrap platform or master trust operator.

4 RISKS

Unitholders in the Funds face a number of investment risks. There are risks associated with any investment. Generally, the higher the expected return of an investment, the higher the risk and the greater the variability of returns.

The market price and Net Asset Value per Unit can fluctuate within a wide range. When considering an investment in the Funds, personal tolerance for fluctuating market values should be taken into account.

The most common risks associated with investing in the Funds are described below, but there could be other risks that affect the performance of the Funds. The discussion below is general in nature. You should also read the Product Supplement for a discussion of any additional risks that are relevant to each specific Fund.

The Responsible Entity does not provide assurances or guarantees on future profitability, returns, distributions or return of capital. An investment in a Fund could lose money over short or long periods.

You should seek your own professional advice on the appropriateness of this investment to your circumstances. You should also consider how an investment in the Funds fits into your overall investment portfolio.

4.1 INVESTMENT OBJECTIVE RISK

There is no guarantee that a Fund's investment objective will be achieved or that an investment in a Fund will earn any positive return in the short or long-term.

4.2 MARKET RISK

Market risk is the risk that the value of a Fund's investment portfolio will fluctuate as a result of changes in market prices. The Funds invest in listed securities of companies that operate in global markets, each with different market risks. Changes in equity prices may result in a loss in the value of Units. Therefore, the market factors that drive changes in the prices of equities, including global events, general economic conditions, investor sentiment and industry specific factors, can be expected to influence the value of Units. Share markets can be and have been volatile, and have the potential to fall by large amounts over short periods of time. This volatility may cause the value of an investment in a Fund to decrease.

4.3 SECURITY SPECIFIC RISK

Factors specific to a particular equity security may cause its return to differ from that of the broader market. Such factors may include changes in a company's operations, such as changes in management, or the loss of a significant customer, or changes in the market environment the company operates in, or actions by regulators or competitors. An Index that tracks the performance of a portfolio of equity securities, and hence a Fund linked to such an Index, may be sensitive to security specific risk for those securities which form a material component of the index.

4.4 INDUSTRY SPECIFIC RISK

Factors specific to a particular market segment, such as an industry sector, may cause a Fund's returns to differ from that of the broader market. Such factors may include market estimations of future industry profitability, movements in input or output prices for companies operating in the industry and market sentiment.

4.5 COUNTRY RISK

Country risk is the risk that the assets of a Fund may fluctuate in value due to political and/or financial events in the relevant country of domicile. The Funds invest in securities from one or more overseas countries.

4.6 CONCENTRATION RISK

A significant percentage of a Fund's underlying Index may be comprised of securities concentrated in a single industry sector or only a small group of industry sectors. Similarly, a significant percentage, or all, of a Fund's underlying Index may be comprised of securities from a single country or only a small group of countries. At times, such sector(s)/ countries may underperform other sectors/countries, causing a greater impact on the value of a Fund's Units than would be the case if the Index were more broadly diversified over numerous industry sectors/countries.

4.7 FOREIGN EXCHANGE RISK

Foreign exchange risk is the risk that the Australian dollar value of Fund assets denominated in foreign currencies will increase or decrease as a result of exchange rate fluctuations.

If the currency in which an investment of a Fund is denominated depreciates relative to the Australian dollar, then the value of that investment (in Australian dollar terms, and assuming no other changes) will decrease (and vice versa).

4.8 SAMPLING RISK

Funds that employ a sampling strategy (as specified in the relevant Product Supplement) invest in only some of the constituents of the relevant Index. For such Funds, there is a risk that the sampling strategy could result in tracking error between the performance of the sample portfolio held by the Fund, and the performance of the Index. This means there may be a difference between the performance of a Fund and the performance of the underlying Index for the Fund. See 'Risk of Index Tracking Error' for further discussion.

4.9 DERIVATIVE RISK

Exchange traded derivatives will only be used in limited circumstances and will not be used to leverage a Fund. The value of such derivatives is not expected to exceed 1% of a Fund's Net Asset Value. The primary risks associated with the use of such derivatives are:

- the values of the derivative failing to move in line with the underlying asset;
- the potential lack of liquidity of the derivative;
- the potential to incur substantial losses in excess of the initial amount invested;
- the possibility that the derivative position is difficult or costly to manage or reverse;
- the Fund may not be able to meet payment obligations as they arise, including any requirements to make margin or collateral payments to the clearing broker;
- the counterparties involved in trading derivatives (the relevant central clearing house or clearing broker) may not meet their contractual obligations;
- the collateral obligations in respect of margin requirements on derivative contracts can cause liquidity issues if insufficient collateral is available; and
- the electronic platforms on which such derivatives are traded are subject to risks related to system access, varying response times, security and system failure.

Any of the above factors could cause a Fund to incur losses, suffer increased costs, fail to realise gains or fail to achieve a high correlation with the performance of the Index.

The Responsible Entity will aim to ensure that there is sufficient cash and other liquid assets available in the Fund at all times to meet any payment obligations under derivatives.

4.10 GENERAL REGULATORY RISK

This is the risk that a government or regulator may introduce regulatory and/or tax changes, or a court makes a decision regarding the interpretation of the law, which affects the value of the Units or the tax treatment of a Fund and its Unitholders.

The Funds may be affected by changes to legislation or government policy in Australia or in overseas countries. These changes are monitored by the Responsible Entity and action is taken, where appropriate, to facilitate the achievement of the investment objectives of the Funds. The Responsible Entity may not always be in a position to take such action.

4.11 TAX RISK

Taxation law is complex and subject to changes by the Australian Government, possibly with retrospective effect.

As the circumstances of each investor are different, the Responsible Entity strongly recommends that investors obtain professional independent tax advice relating to the tax implications of investing in and dealing in Units.

Unitholders redeeming their Units should note the risk of potentially adverse tax implications where the Units are not held as trading stock or as revenue assets and should seek their own advice in this regard. The tax implications of redemption may be different to selling Units on the ASX. These and other taxation matters are dealt with in section 7 of this PDS.

4.12 MANAGER RISK

This is the risk that the Responsible Entity's investment strategy is not successful, or not successfully implemented, resulting in a

Fund failing to meet its objectives. No assurance can be given that the trading systems and strategies utilised by the Responsible Entity or any investment manager appointed by it will prove successful under all or any market conditions.

4.13 FUND RISK

There is a risk that a Fund could terminate, that fees and expenses could change or that the Responsible Entity may not be able to continue to act, for example if it loses its Australian financial services licence (in which case it could be replaced as responsible entity of the Fund or the Fund could be wound up). Any replacement responsible entity might achieve different results for investors, positive or negative, than would otherwise be the case.

There is also a risk that investing in a Fund may give a different result than investing directly into the constituents or assets that make up the Fund's underlying Index.

4.14 OPERATIONAL RISK

A Fund's day to day operations may be adversely affected by circumstances beyond the reasonable control of the Responsible Entity, such as failure of technology or infrastructure, or natural disasters. A breakdown in administrative procedures and risk control measures implemented by the Responsible Entity or its service providers may also adversely affect the operation and performance of the Fund.

4.15 EFFECT OF APPLICATIONS AND REDEMPTIONS ON DISTRIBUTIONS

The distribution per Unit amount for a distribution period may be affected by application and redemption activity during the period and therefore there is no assurance that the yield on a Fund's

Units will be same as the yield on the securities in the Fund's underlying Index. The issue of Units during a distribution period will tend to reduce the amount of the distribution per Unit for that period (which will be associated with a smaller decline in the NAV per Unit at the time of the distribution). Conversely, the redemption of Units during a distribution period will tend to increase the amount of the distribution per Unit for that period (which will be associated with a larger decline in the NAV per Unit at the time of the distribution).

4.16 TRADING RISK

In certain circumstances, the ASX may suspend trading of the Units of a Fund and in that event Unitholders would not be able to buy or sell Units of that Fund on the ASX. In these circumstances, the Responsible Entity may suspend the application and redemption process.

There may be other occasions where the Responsible Entity may suspend the application and redemption process, such as around the end of a distribution period or where other factors prevent the accurate calculation of Unit prices, such as the suspension or restriction of trading in securities that form part of the Index. This may cause a Fund's Units to be suspended from trading on the ASX. Cash applications and redemptions may further be suspended where a national holiday applies for one or more countries in the Index. Although it should be possible for investors to trade in Units in each Fund on ASX at such times, the suspension may affect the relationship between the market price of Units and their underlying value.

The ASX also imposes certain requirements for Units to continue to be quoted. The Responsible Entity will endeavour to meet these requirements at all times to ensure the Units remain quoted, although there can be no assurance that Units will remain quoted on the ASX. Under these circumstances, the Responsible Entity may take measures such as suspending the application and redemption process or potentially terminating the Fund.

4.17 LIQUIDITY RISK

Although the Units are quoted on the AQUA market of the ASX there can be no assurances that there will be a liquid market for Units. The Responsible Entity has in place market making arrangements to assist in maintaining liquidity for the Funds on the ASX. The Responsible Entity cannot guarantee that a market maker will fulfil its obligations or that a market maker will continue to be appointed. The market making arrangements agreed by the Responsible Entity with each market maker also specify certain permitted circumstances where the market making obligations may be suspended (such as operational disruptions, market disruptions or unusual conditions, other events set out in the ASX Operating Rules, the suspension or rejection of applications for Units or redemption requests, or the market maker not having ASIC relief to allow short selling of Units). If a market maker defaults on its obligations, the Responsible Entity may seek to replace the market maker, although the arrangements with the market maker may limit or exclude any liability on the part of the market maker.

In addition, although each Fund's portfolio of investments will be exchange-traded (except for any cash holdings), there is the risk that a security or other asset held by a Fund may be difficult or impossible to sell, preventing the Fund from closing out its position or rebalancing in a timely manner and at a fair price. This may be due to factors specific to that investment or to prevailing market conditions. A lack of liquidity could potentially result in the suspension of redemptions, which may cause the Fund's Units to be suspended from trading on the ASX.

4.18 TRADING PRICE OF UNITS MAY DIFFER FROM NET ASSET VALUE PER UNIT

As with any exchange traded fund, it is possible that the trading price of Units on the ASX may differ from the Net Asset Value per Unit. The trading price is dependent on a number of factors including the demand for and supply of Units, investor confidence, the availability of market maker services during the course of the trading day, the bid-offer spread charged by a market maker and how closely the value of the assets of the Fund tracks the performance of the relevant Index. The application and redemption facility is designed to reduce the likelihood of Units trading at a significant discount or premium to the Net Asset Value per Unit. If the application or redemption facility for a Fund is closed on a particular day, the trading price might diverge further from the Net Asset Value per Unit.

If the trading of securities or assets which form part of an Index is suspended or restricted, the Net Asset Value of a Fund that tracks such an Index may also be affected.

The Net Asset Value per Unit of a Fund is calculated as at a time that is significantly later than the ASX market close. As a consequence, there is an increased risk of a divergence between the last trade price for Units and the Net Asset Value per Unit for that day.

Periods of increased market volatility or disruptions to the market making function may result in wider bid-offer spreads for Units and

trading prices that differ significantly from a Fund's Net Asset Value per Unit. This risk may be higher in the period shortly after the ASX opens for trading and near the close of trading. If an investor purchases Units at a time when the market price is at a premium to the Net Asset Value per Unit or sells at a time when the market price is at a discount to the Net Asset Value per Unit, then the investor may sustain losses. Investors should consider placing "limit orders" to reduce the risk of trading at unfavourable prices

4.19 SETTLEMENT RISK

The application and redemption processes associated with the issue or redemption of Units are subject to settlement procedures through CHES. The Fund is exposed to some risk if an Authorised Participant or other market participant fails to comply with its settlement obligations. These risks are mitigated by the fact that Authorised Participants and other market participants are subject to usual ASX trading practices including ASX fail fees. The Fund may also suffer loss if an Authorised Participant fails to deliver the application consideration for Units, or redeliver Units in relation to a redemption, by the settlement time and the Fund has entered into transactions in reliance on delivery occurring.

4.20 INDEX RISK

Each Fund aims to provide Unitholders with a return that tracks the return of the relevant Index before fees and expenses. Each Fund will therefore employ a "passive" management approach, which means that the Responsible Entity will not seek to reposition investments in an attempt to avoid or limit any underperformance of a security held in the portfolio.

Occasionally, the published Index return may differ from what would be expected under the accepted index calculation methodology. The Index provider may or may not re-publish, restate, or advise market participants of an adjusted or corrected figure. In these circumstances, the Responsible Entity may recalculate returns, based on the figure generally accepted to be the correct figure.

As described in section 6.2.7, the sponsor of an Index may change the Index methodology or stop publishing the Index, or the Responsible Entity's licence to use the Index may terminate, in which case the Responsible Entity may change the index for a Fund (subject to Unitholder approval where required by the ASX Operating Rules). The Net Asset Value of a Fund may be adversely affected by such adjustments.

4.21 RISK OF INDEX TRACKING ERROR

A Fund should not be expected to track the performance of an Index exactly, automatically and continuously. A Fund's returns may not match the returns of the underlying Index for various reasons. For example, a Fund will incur fees, operating expenses and transaction costs in buying and selling securities, which are not applicable to the underlying Index. In addition, performance may differ due to differences between a Fund's portfolio and the underlying Index resulting from regulatory or other investment restrictions, liquidity or other constraints, a Fund's need to hold an amount of cash to pay fees and expenses, a Fund employing a sampling strategy, or other factors.

4.22 EARLY CLOSING RISK

Unanticipated early closings of a securities exchange on which securities held by a Fund are traded may result in a Fund being

unable to sell or buy securities on that day. If the relevant exchange closes early on a day when a Fund needs to execute a high volume of securities trades late in the trading day (in order to implement application or redemption requests), the Fund may incur trading losses.

4.23 COUNTERPARTY RISK

Counterparties used in connection with the Fund's investment activities may default on their obligations, for instance by failing to make a payment when due. This may be due to insolvency or other events of default. Such counterparties may include service providers and trading and derivatives counterparties, as well as the Fund's custodian. Default on the part of a counterparty could result in financial loss to the Fund.

5 HOW TO BUY AND SELL UNITS

Only Authorised Participants may apply for Units directly through this PDS.

Other investors cannot apply for Units through this PDS. Such investors may buy and sell Units by trading on the ASX through a stockbroker or via a financial adviser.

Prior to being issued Units, an Authorised Participant must execute an Authorised Participant Agreement that deals with, amongst other things, the rights and obligations of the Authorised Participant in relation to applying for Units. See section 6.3 for further information about the Authorised Participant Agreement.

An Authorised Participant may only redeem Units if they are an Australian Resident (other Unitholders may only redeem Units in the special circumstances described in section 5.6). However, all Unitholders may normally sell their Units by trading on the ASX.

To effect an application or redemption, Authorised Participants must complete the Application Form or Redemption Form attached to this PDS (or available on the BetaShares website at www.betashares.com.au).

Applications for, and redemptions of, Units will be settled through the CHESS system.

5.1 MINIMUM APPLICATIONS AND REDEMPTIONS

The minimum application and redemption amount is one Creation Unit, unless otherwise agreed with the Responsible Entity. The number of Units that constitute a Creation Unit for each Fund is specified in the Product Supplement.

Applications and redemptions must be for whole multiples of Creation Units, unless otherwise agreed with the Responsible Entity.

5.2 IN-KIND APPLICATIONS AND REDEMPTIONS

An Authorised Participant must normally apply for, or redeem, Units in-kind, unless the Responsible Entity agrees to a cash application or redemption.

"In-kind" means that, rather than delivering cash in respect of an application and receiving cash proceeds in respect of a redemption, the Authorised Participant will deliver or receive securities plus or minus a balancing cash component acceptable to the Responsible Entity.

An in-kind application or redemption will consist of two components:

- application/redemption securities component; and
- cash component (described below).

An application or redemption fee (as applicable) is payable as described in section 3.

The application/redemption securities component generally corresponds to the composition of the Index applicable to the Fund (or a sample of securities from the Index that reflects the Fund's

portfolio) and is prepared in respect of a Creation Unit by the Responsible Entity prior to the opening of trading for every ASX Business Day for the Fund. Details of the daily application/redemption securities will be available by contacting the Responsible Entity on 1300 487 577 (within Australia) or +61 2 9290 6888 (outside Australia).

The Responsible Entity reserves the right to permit delivery of a previously agreed basket of securities as the application/redemption securities component that varies from the composition of the relevant Index or Fund portfolio. From time to time, there may also be some differences between the application securities that are to be delivered by an Authorised Participant and the redemption securities delivered by the Responsible Entity upon redemption.

The application securities and the redemption securities will be the applicable securities determined by the Responsible Entity for the relevant day on which the Issue Price or Withdrawal Amount for the application or redemption is determined (see "Applications and Redemptions" below). In certain circumstances the Responsible Entity may allow an application for or redemption of a number of Units that is not a whole multiple of the Creation Unit. In those circumstances, the Responsible Entity will agree the specific basket of application securities or redemption securities (as applicable) with the Authorised Participant.

The cash component, payable in such currency as determined by the Responsible Entity and specified in the relevant Product Supplement, reflects the difference between the value of the application securities/redemption securities and the aggregate of the Net Asset Value per Unit for the number of Units being applied for or redeemed, as at the applicable valuation time. The cash component is therefore a balancing amount that aims to ensure there is no impact (e.g. no dilution in value) for existing Unitholders arising out of an application or redemption.

5.3 CASH APPLICATIONS AND REDEMPTIONS

If agreed to by the Responsible Entity, a cash application involves payment to the Responsible Entity or custodian by an Authorised Participant of cash in such currency as determined by the Responsible Entity and specified in the relevant Product Supplement (plus an application fee) in return for the issue of Units by the Responsible Entity to the Authorised Participant.

If agreed to by the Responsible Entity, a cash redemption involves delivery of Units by an Authorised Participant to the Responsible Entity or custodian in return for the payment of cash proceeds in such currency as determined by the Responsible Entity and specified in the relevant Product Supplement (minus the redemption fee) by the Responsible Entity to the Authorised Participant.

5.4 PROCESSING OF APPLICATIONS AND REDEMPTIONS

Application/Redemption forms received from Authorised Participants before the Dealing Deadline on a Dealing Day are processed at the Issue Price/Withdrawal Amount (being the Net Asset Value per Unit) for the Fund applicable to that day.

Application/Redemption forms received from Authorised Participants on or after the Dealing Deadline on a Dealing Day, or on a non-Dealing Day, will be treated as being received on the next Dealing Day.

5.5 APPLICATIONS AND REDEMPTIONS

For applications, Authorised Participants must deliver to the Responsible Entity or custodian the “in-kind” application securities plus any required cash component (plus the application fee in Australian dollars). In return, Authorised Participants will receive Units (plus any required cash component if payable by the Responsible Entity rather than the Authorised Participant). If the Responsible Entity agrees to a cash application, the Authorised Participant must deliver a cash amount in such currency as determined by the Responsible Entity and specified in the relevant Product Supplement equivalent in value to the aggregate Issue Price for the relevant Units (plus the application fee in Australian dollars). In return, they will receive the relevant Units.

For redemptions, Authorised Participants must deliver the Units of the Fund to the Responsible Entity or custodian plus any required cash component (plus the redemption fee in Australian dollars). In return, Authorised Participants will receive the “in-kind” redemption securities (plus any required cash component if payable by the Responsible Entity rather than the Authorised Participant). If the Responsible Entity agrees to a cash redemption, the Authorised Participant will receive a cash amount in such currency as determined by the Responsible Entity and specified in the relevant Product Supplement equivalent in value to the aggregate Withdrawal Amount for the relevant Units (less a redemption fee).

Details of the amounts and/or securities payable pursuant to applications, or receivable upon redemptions, will be notified to the Authorised Participant on the ASX Business Day following the effective date of the application or redemption.

Any foreign currency amounts payable pursuant to applications, or receivable upon redemptions, will be calculated by the Responsible Entity based on the same exchange rate used to calculate the Net Asset Value per Unit applicable to the effective date of the application or redemption. The relevant foreign currency amount that is payable or receivable will be notified to the Authorised Participant on the ASX Business Day following the effective date of the application or redemption.

An application received by the Dealing Deadline (on day T) will generally enable the Authorised Participant to receive the new Units in its CHESS account two ASX Business Days later (T+2), provided the Authorised Participant has paid the application consideration and application fee no later than 11.30am on T+2.

A redemption request received by the Dealing Deadline (on day T) will generally enable the Authorised Participant to receive the redemption payment four ASX Business Days later (T+3), provided the Authorised Participant has transferred the Units and the redemption fee by no later than 11.30am on T+2.

The relevant settlement period for applications and redemptions may be extended to accommodate applicable overseas public holidays or other days on which an exchange, on which the Fund's portfolio of investments is traded, is closed during the settlement period.

By signing an Authorised Participant Agreement, an Authorised Participant agrees to be bound by certain execution and settlement procedures in relation to applications for and redemptions of Units which are set out in the Authorised Participant

Agreement. Settlement failure procedures apply if an Authorised Participant does not comply with its obligations under the procedures. The procedures allow the Responsible Entity to cancel an application or redemption in certain circumstances and to take certain other action. The Responsible Entity may also reject any application in whole or in part at any time, without giving reasons.

5.6 UNITHOLDER REDEMPTIONS IN SPECIAL CIRCUMSTANCES

All Unitholders may normally sell their Units by trading on the ASX. Unitholders who are not Authorised Participants will not normally have a right to redeem their Units directly with the Fund. However, all Unitholders will have a right to a cash redemption and to receive payment within a reasonable time if Units are suspended from quotation on the ASX for more than five consecutive trading days, unless:

- The Fund is being wound up;
- The Fund is not “liquid” as defined in the *Corporations Act*, or
- The Responsible Entity has suspended redemptions in accordance with the Constitution.

Unitholders may redeem in these circumstances by completing the Redemption Form attached to this PDS. They will receive cash in Australian dollars equal to the aggregate Withdrawal Amount for the relevant Units (less any redemption fee).

No minimum redemption amount will apply.

5.7 SUSPENSIONS OF APPLICATIONS AND REDEMPTIONS

There may be occasions where the Responsible Entity may suspend the issue of units or delay or reject redemption requests. This may occur, for example, around the end of a distribution period when the Responsible Entity is calculating and paying the distributable income for the relevant period or where there are factors, as determined by the Responsible Entity, which prevent the accurate calculation of Unit prices. The Responsible Entity will advise Unitholders of any suspension of applications or delay or rejection of redemptions.

Where the Responsible Entity cannot accurately determine the Net Asset Value per Unit, the Responsible Entity may suspend applications for Units and/or delay or reject redemptions of Units.

The Responsible Entity may also scale down redemptions in certain circumstances.

See section 6.2.8 and 6.2.9 for further information.

5.8 VALUATIONS AND PRICING

Once the Units are quoted the amount per Unit payable by an Authorised Participant upon an application for Units is known as the Issue Price, and is equal to the Net Asset Value per Unit.

The amount per Unit to which an Authorised Participant (or other Unitholder as described in section 5.6) is entitled on the redemption of Units is known as the Withdrawal Amount, and is equal to the Net Asset Value per Unit.

The Issue Price and the Withdrawal Amount are calculated in the same manner and will have the same value at any time. This value is determined by dividing the Net Asset Value of the Fund by the number of Units on issue in the Fund at the time the Issue Price and/or Withdrawal Amount are determined (the valuation time).

The assets held by the Fund are normally valued at the "closing price" for the day for the relevant security on its relevant market and converted to Australian dollars using 4pm London time exchange rates for currency markets, unless otherwise determined by the Responsible Entity.

The Withdrawal Amount paid to a Unitholder on the redemption of Units may include a distribution of the distributable income of the

Fund. Please refer to section 7.1.6 for information regarding how this entitlement is determined.

The Net Asset Value of a Fund is calculated by deducting from the aggregate value of the assets of the Fund all liabilities such as accrued fees and other costs, and provisions relating to the Fund. Fees and other costs, including the Responsible Entity's fees, are normally accrued daily. A Fund's assets reflect their market value. The valuation methods applied by the Responsible Entity to value the Fund's assets and liabilities must be consistent with the range of ordinary commercial practice for valuing them.

Details of the daily Net Asset Value per Unit (and hence the Issue Price and Withdrawal Amount) will be made available on the BetaShares website at www.betashares.com.au.

6 ADDITIONAL INFORMATION

6.1 THE ROLE OF CERTAIN ENTITIES IN REGARD TO BETASHARES FUNDS

There are a number of parties, in addition to the Responsible Entity and any investment manager appointed (as specified in the relevant Fund's Product Supplement), involved in the ongoing operation and administration of the Funds or who otherwise provide services in connection with the Fund:

6.1.1 Custodian and Administrator

The custodian provides custodial services to the Responsible Entity, including holding the assets of the Funds. The custodian may, from time to time, appoint sub-custodians. The custodian has a limited role and has no obligation to monitor whether the Responsible Entity is complying with its obligations as responsible entity of the Fund.

The administrator provides administration services to the Responsible Entity. These services include fund accounting, maintenance of books and records, calculating distribution amounts, valuing the Fund's assets and liabilities, calculating the Issue Price and Withdrawal Amount, and taxation and other services.

The Responsible Entity may change the custodian and administrator without prior notice to Unitholders.

As of the date of this PDS, the custodian and administrator is:

RBC Investor Services Trust
Level 47
2 Park Street
Sydney NSW 2000

6.1.2 Registrar

As for any quoted security, the role of the Registrar is to keep a record of the Unitholders in the Funds. This includes details such as the quantity of Units held, tax file numbers (if provided) and details of distribution reinvestment plan participation. The Responsible Entity may change the Registrar without prior notice to Unitholders.

As of the date of this PDS, the registrar is:

Link Market Services
Level 12
680 George Street
Sydney NSW 2000

6.1.3 Market maker

The role of a market maker is to provide liquidity in the market for Units and to satisfy supply and demand for Units. They do this by:

- Subject to certain conditions, providing liquidity to the market through acting as the buyer and seller of Units during a significant part of the trading day; and
- Creating and redeeming Units in the primary market pursuant to this PDS, which helps to ensure the number of Units on issue matches supply and demand.

The Responsible Entity seeks to appoint market making firms: that have experience in making markets in exchange-traded securities both in Australia and internationally; that have the necessary skill and expertise to perform market making functions; and that are ASX participants (or trade through an ASX participant). To qualify for admission as an ASX participant, a firm must meet admission requirements set out in the ASX Operating Rules, which require the firm to hold an Australian financial services licence that authorises it to carry on its business as a market participant and to satisfy ASX of various matters including organisational competence and business integrity.

Information about the market maker(s) selected by the Responsible Entity from time to time can be obtained by contacting the Responsible Entity.

The arrangements with the market maker specify certain permitted circumstances where the market making obligations may be suspended (such as operational disruptions, market disruptions or unusual conditions, other events set out in the ASX Operating Rules, the suspension or rejection of applications for Units or redemption requests, or the market maker not having ASIC relief to allow short selling of Units). If a market maker defaults on its obligations, the Responsible Entity may seek to replace the market maker, although the arrangements with the market maker may limit or exclude any liability on the part of the market maker. The arrangements with the market maker may also provide that the market maker has no liability or responsibility to Unitholders for any act or omission made in connection with the market making arrangements.

Unitholders should be aware that a market maker will retain for its own account any trading profit and bear any loss which may be generated by its market making activities. Subject to the AQUA Rules and the agreement with the market maker, the Responsible Entity may appoint or terminate a market maker in respect of a Fund. The Responsible Entity may determine to no longer appoint a market maker in respect of a Fund in circumstances where it is no longer required to do so under the AQUA Rules.

6.1.4 Auditor

The Responsible Entity has appointed KPMG as the auditor of the financial statements of the Fund and of the Responsible Entity's compliance plan for the Fund.

6.1.5 Monitoring of service providers

The Responsible Entity has procedures in place to monitor the performance of those service providers to whom functions have been outsourced. Monitoring methods include, where appropriate, daily observation of service provider performance, review of regular compliance and audit reports, regular meetings with service providers and performance assessments.

6.2 OTHER INFORMATION YOU NEED TO KNOW

6.2.1 BetaShares as the responsible entity

BetaShares, as the responsible entity, is responsible for the management and administration of the Funds. The Responsible Entity holds an Australian Financial Services Licence (AFSL 341181) that authorises it to act as the responsible entity of the Funds. The powers and duties of the Responsible Entity are set out in the Constitution of each Fund, the *Corporations Act* and general trust law.

The Responsible Entity has the power to appoint an agent, or otherwise engage a person, to do anything that it is authorised to do in connection with a Fund and, for the purpose of determining whether the Responsible Entity has properly performed its duties as responsible entity, the Responsible Entity is taken to have done (or failed to do) anything that the agent or person has done (or failed to do) because of the appointment or engagement, even if they were acting fraudulently or outside the scope of their authority or engagement.

6.2.2 The Constitution

Each Fund is a registered managed investment scheme governed by a Constitution. Under the Constitution of each Fund, the Responsible Entity has all the powers it is possible to confer on a trustee as though it were the absolute owner of the Fund's assets and acting in its personal capacity. The Constitution for each Fund sets out the rights of the Unitholders and the obligations of the Responsible Entity, as responsible entity of the Fund. This PDS outlines some of the more important provisions of the Constitutions of the Funds, all of which are substantially identical in terms of their material provisions.

A copy of the Constitution in relation to a Fund may be inspected by Unitholders at the Responsible Entity's office, during business hours. The Responsible Entity will provide Unitholders with a copy of the relevant Constitution upon request.

6.2.3 Amendments to the Constitution

The Responsible Entity may amend the Constitution of a Fund from time to time, subject to the provisions of the Constitution and the *Corporations Act*. Generally, the Responsible Entity can only amend the Constitution where the Responsible Entity reasonably considers that the change will not adversely affect the rights of Unitholders. Otherwise the Constitution can only be amended if approved at a meeting of Unitholders by a resolution approved by at least 75% of the votes cast by Unitholders entitled to vote on the resolution.

6.2.4 The compliance plan

The Responsible Entity has prepared and lodged a compliance plan for the Funds with ASIC. The compliance plan sets out the key criteria that the Responsible Entity will follow to ensure that it is complying with the *Corporations Act* and the Constitutions of the Funds. Each year the compliance plan, and the Responsible Entity's compliance with the compliance plan, will be independently audited, as required by the *Corporations Act*, and the auditor's report will be lodged with ASIC.

6.2.5 The compliance committee

The Responsible Entity has established a compliance committee with a majority of members that are external to the Responsible Entity. The compliance committee's functions include:

- monitoring the Responsible Entity's compliance with the compliance plans and reporting its findings to the Responsible Entity;
- reporting breaches of the *Corporations Act* or the Constitution to the Responsible Entity;
- reporting to ASIC if the committee is of the view that the Responsible Entity has not taken or does not propose to take appropriate actions to deal with breaches reported to it by the committee; and
- assessing the adequacy of the compliance plan, recommending any changes and reporting these to the Responsible Entity.

6.2.6 Unit pricing policy

The Responsible Entity has documented its policy on how it exercises discretions when determining Unit prices for the Funds. The policy has been designed to meet the ASIC requirements and is available on request to all Unitholders and prospective Unitholders at no charge.

6.2.7 Change of Index

Subject to the contractual arrangements with any Index provider, it is possible that the Responsible Entity may change the Index applicable to a Fund. This may be for reasons such as (but not limited to):

- i. the Index provider ceases to publish the particular Index or materially changes the methodology or constituents of the Index;
- ii. a new index becomes available which supersedes the existing Index;
- iii. a new index becomes available which is, in the opinion of the Responsible Entity, more cost effective for a Fund and/or is regarded as the market standard for investors in the particular market and/or would be regarded as of greater benefit to the Unitholders (for reasons including a reduction in transaction costs) than the existing Index;
- iv. it becomes difficult to invest in securities comprised within the particular Index;
- v. the Index provider increases its charges to a level which the Responsible Entity considers too high or if any Index licence provided by an Index provider in connection with the use of the Index is terminated;
- vi. the quality (including accuracy and availability of data) of a particular Index has, in the opinion of the Responsible Entity, deteriorated; or
- vii. other reasons.

6.2.8 Suspensions of applications and redemptions

The Constitution of each Fund allows the Responsible Entity to suspend the issue of Units in the Fund by publishing a notice to that effect. Application forms received during a period of suspension may be rejected or treated as received when the period of suspension ceases. The Responsible Entity may also reject any application in whole or in part at any time without giving reasons.

The Constitution of each Fund provides that, in some circumstances, the period for satisfaction of redemption requests (generally three ASX Business Days) may be extended, or that redemption requests may be suspended or rejected for as long as the relevant circumstances apply. Those circumstances are where:

- i. the Responsible Entity has taken all reasonable steps to realise sufficient assets to pay amounts due in respect of Units to which a redemption request applies and is unable to do so due to circumstances outside its control, such as restricted or suspended trading in the market for an asset;
- ii. the Responsible Entity believes that it is impracticable or not possible to transfer, in the manner acceptable to the Responsible Entity, sufficient assets to satisfy the redemption request (for example, because of disruption to a settlement or clearing system);
- iii. the Responsible Entity believes that it is not practicable or desirable to determine the redemption securities or carry

out the calculations necessary to satisfy the redemption request (for example, because an index on which the redemption securities component is to be based is not compiled or published, or it is impracticable or undesirable to calculate the Net Asset Value because of restricted or suspended trading in the market for an asset or because the value of any asset cannot otherwise promptly or accurately be ascertained);

- iv. the quotation of any Units on the ASX is suspended or the trading of any Units is otherwise halted, interrupted or restricted by the ASX, or the trading of any Units is subject to a period of deferred settlement;
- v. the Units cease to be admitted to trading status on the ASX;
- vi. a redemption request is received in a financial year and the Responsible Entity determines that the date on which the completion of the redemption of the Units would otherwise occur would be in the next financial year;
- vii. a withdrawal request is received during any period before or after a distribution date which period the Responsible Entity determines to be necessary or desirable to facilitate the calculation and distribution of distributable income;
- viii. the Responsible Entity does not consider that it is in the best interests of Unitholders of the Fund taken as a whole to transfer or realise sufficient assets to satisfy the redemption request; or
- ix. the Responsible Entity believes that assets cannot be realised at prices that would be obtained if assets were realised in an orderly fashion over a reasonable period in a stable market.

6.2.9 Spreading redemption requests

The Constitution of each Fund provides that, if the Responsible Entity receives one or more redemption requests in respect of a particular valuation time that seek the redemption in aggregate of more than 10% of the total number of Units on issue, the Responsible Entity may scale down pro rata each redemption request so that no more than 10% of the number of Units on issue will be redeemed in respect of that valuation time. If a redemption request is scaled down in this way, the relevant Unitholder shall be deemed to have made a redemption request with respect to the unsatisfied balance of the Units the subject of the redemption request and that request will be deemed to have been received immediately following the first valuation time. The balance of such unsatisfied redemption request will be satisfied in priority to any subsequently received redemption request and will generally be satisfied in full no later than the 10th valuation time following the first valuation time.

6.2.10 Non-Authorised Participant redemption request

If there are no Authorised Participants, the Responsible Entity may accept a redemption request from a person who is not an Authorised Participant, provided such person is an Australian Resident at the time of giving the redemption request.

6.2.11 Information relating to redemptions

The information in section 5 relating to redemptions assumes that each Fund is liquid within the meaning of section 601KA of the *Corporations Act*. A Fund will be liquid if at least 80% of its assets, by value, are liquid assets under the *Corporations Act*. Broadly, liquid assets include money in an account or on deposit with a bank, bank accepted bills, marketable securities and other

property which the Responsible Entity reasonably expects can be realised for its market value within the period specified in the Constitution for satisfying redemption requests. At the date of this PDS, the Responsible Entity expects that each Fund will be liquid under the *Corporations Act*. If a Fund is not liquid, a Unitholder will not have a right to redeem Units and can only redeem where the Responsible Entity makes a withdrawal offer to Unitholders in accordance with the *Corporations Act*. The Responsible Entity is not obliged to make such offers.

6.2.12 Rights of a Unitholder

A Unit confers a beneficial interest on a Unitholder in the assets of a Fund but not an entitlement or interest in any particular part of the Fund or any asset.

The terms and conditions of the Fund's Constitution are binding on each Unitholder in the Fund and all persons claiming through them respectively, as if the Unitholder or person were a party to the Constitution.

6.2.13 Reimbursement of expenses

In addition to any other indemnity which the Responsible Entity may have under a Fund's Constitution or at law, the Responsible Entity is indemnified and entitled to be reimbursed out of, or paid from, the assets of the relevant Fund for all liabilities, losses and expenses incurred in relation to the proper performance of its duties as responsible entity of that Fund.

6.2.14 Retirement of BetaShares

BetaShares may retire as responsible entity of a Fund by calling a meeting of Unitholders to enable Unitholders to vote on a resolution to choose a company to be the new responsible entity. The Responsible Entity may be removed from office by an extraordinary resolution (i.e. a resolution passed by at least 50% of the total votes that may be cast by Unitholders entitled to vote on the resolution) passed at a meeting of Unitholders, in accordance with the *Corporations Act*.

6.2.15 Termination

The Responsible Entity may wind up a Fund at any time. Following winding up, the net proceeds will be distributed to Unitholders pro-rata according to the number of Units they hold.

6.2.16 Limitation of liability of Unitholders

The Constitution of each Fund provides that the liability of each Unitholder is limited to the amount subscribed, or agreed to be subscribed, by the Unitholder, subject to:

- i. the indemnities each Unitholder gives the Responsible Entity for losses or liabilities incurred by the Responsible Entity:
 - a. in relation to the Unitholder's failure to provide requested information;
 - b. for tax or user pays fees as a result of any act or omission by the Unitholder or any matter arising in connection with the Units held by the Unitholder;
 - c. in relation to the Unitholder paying or failing to pay the issue price or application or redemption fees in accordance with the constitution or otherwise failing to comply with the constitution; and
- ii. execution and settlement procedures prescribed by the Responsible Entity that relate to the issue and redemption of Units.

Subject to the matters described above, a Unitholder is not required to indemnify the Responsible Entity or a creditor of the Responsible Entity against any liability of the Responsible Entity in respect of the Fund. However, no complete assurance can be given in this regard, as the ultimate liability of a Unitholder has not been finally determined by the courts.

6.2.17 Meeting of Unitholders

The Responsible Entity may convene a meeting of Unitholders of a Fund at any time, (e.g. to approve certain amendments to a Fund's Constitution or to wind up the Fund). Unitholders also have limited rights to call meetings and have the right to vote at any Unitholder meetings. Except where that Fund's Constitution provides otherwise, or the *Corporations Act* requires otherwise, a resolution of Unitholders must be passed by Unitholders who hold Units exceeding 50% in value of the total value of all Units held by Unitholders who vote on the resolution.

A resolution passed at a meeting of Unitholders held in accordance with a Fund's Constitution binds all Unitholders of the Fund.

6.2.18 Indemnities and limitation of liability of the Responsible Entity

The Responsible Entity is indemnified out of the assets of each Fund for any liability incurred by it in properly performing or exercising any of its powers or duties in relation to the Fund. To the extent permitted by the *Corporations Act*, the indemnity includes any liability incurred by the Responsible Entity as a result of any act or omission of a delegate or agent appointed by the Responsible Entity.

The Responsible Entity is not liable in contract, tort or otherwise to Unitholders for any loss suffered in any way relating to the Fund except to the extent that the *Corporations Act* imposes such liability.

6.2.19 Defective applications

The Constitution of each Fund allows the Responsible Entity to cancel Units in certain circumstances including where the Responsible Entity determines that the applicant was not entitled to apply for or hold the Units, the application form was incorrectly executed or was otherwise defective or where the execution and settlement procedures were not complied with.

6.2.20 Discretionary redemptions

The Constitution of each Fund allows the Responsible Entity to redeem some or all of a Unitholder's Units at any time. The Responsible Entity will give the Unitholder at least 60 days' notice of such redemption, unless the Unitholder is not entitled to hold Units under any applicable law.

6.2.21 Information from Unitholders

The Constitution of each Fund provides that the Responsible Entity may request any information from Unitholders where it believes that such information is necessary to (a) comply with any law or regulatory request; or (b) lessen the risk of the Fund or any Unitholder suffering a material detriment. If a Unitholder fails to provide the requested information, the Unitholder must indemnify the Responsible Entity for any loss suffered by the Responsible Entity in relation to such failure.

6.2.22 Borrowings

The Constitution of each Fund places no formal limits on borrowing. It is not the Responsible Entity's intention to enter into borrowing for any Fund, except that temporary overdrafts may be used occasionally to manage certain cash flows. Any borrowing

may be on a secured or unsecured basis and any borrowing costs would be borne by the Fund.

6.2.23 If you have a complaint

If a Unitholder has a complaint regarding a Fund or services provided by the Responsible Entity, please contact Client Services on 1300 487 577 (within Australia) or +61 2 9290 6888 (outside Australia) from 9:00 am to 5:00 pm Sydney time, Monday to Friday.

If the complaint is not satisfactorily resolved within three business days, a Unitholder may refer the matter in writing to:

Manager Client Services
BetaShares Capital Ltd
Level 11, 50 Margaret Street
Sydney NSW 2000

To expedite a resolution of the matter, copies of all relevant documentation and other materials supporting the complaint should be provided with the complaint.

The Responsible Entity will try to resolve complaints as soon as possible, but in any event, will inform the Unitholder in writing of its determination regarding the complaint within 45 days of receiving the initial complaint.

In the event that a Unitholder is not satisfied with the outcome of a complaint, the Unitholder has the right to request the Responsible Entity to review their decision or to refer the matter to an external complaints resolution scheme. The Responsible Entity is a member of the Financial Ombudsman Services (FOS). Unitholders can contact FOS on 1800 367 287, or at the following address:

Financial Ombudsman Service Limited
GPO Box 3
Melbourne VIC 3001
Email: info@fos.org.au

Information may also be obtained at www.fos.org.au. To be considered by FOS, the claim involved must fall within FOS's jurisdiction as set out in their Terms of Reference (published on the above website), including that any claim must not exceed \$500,000 (as may be amended by FOS from time to time).

6.2.24 Protecting your privacy

Privacy laws regulate, among other matters, the way organisations collect, use, disclose, keep secure and give people access to their personal information.

The Responsible Entity is committed to respecting the privacy of a Unitholder's personal information. The Responsible Entity's privacy policy states how the Responsible Entity manages personal information.

The Responsible Entity collects personal information in the Application and Redemption Form, and may collect additional personal information in the course of managing a Fund. Some information must be collected for the purposes of compliance with the *Anti-Money Laundering and Counter Terrorism Financing Act 2006*.

The Responsible Entity may provide personal information to a Unitholder's adviser if written consent is provided to the Responsible Entity. The Responsible Entity may disclose personal information to authorities investigating criminal or suspicious activity and to the Australian Transaction Reports and

Analysis Centre (AUSTRAC) in connection with anti-money laundering and counter-terrorism financing.

The Responsible Entity may provide a Unitholder's personal information to its service providers for certain related purposes (as described under the *Privacy Act 1988*) such as account administration and the production and mailing of statements. The Responsible Entity may also use a Unitholder's personal information and disclose it to its service providers to improve customer service (including companies conducting market research) and to keep Unitholders informed of the Responsible Entity's or its partners' products and services, or to their financial adviser or broker to provide financial advice and ongoing service.

The Responsible Entity will assume consent to personal information being used for the purposes of providing information on services offered by the Responsible Entity and being disclosed to market research companies for the purposes of analysing the Responsible Entity's investor base unless otherwise advised.

Unitholders may request access to the personal information held about them at any time and ask the Responsible Entity to correct this information if it is incomplete, incorrect or out of date.

To obtain a copy of the privacy policy, contact the Responsible Entity on 1300 487 577 (within Australia) or +61 2 9290 6888 (outside Australia).

6.2.25 Anti-money laundering

The Responsible Entity is bound by laws regarding the prevention of money laundering and the financing of terrorism, including the *Anti-Money Laundering and Counter-Terrorism Financing Act 2006* (AML/CTF Laws). By completing the Application or Redemption form, the Unitholder agrees that:

- it does not subscribe to the Fund under an assumed name;
- any money used to invest in the Units is not derived from or related to any criminal activities;
- any proceeds of the investment will not be used in relation to any criminal activities;
- if the Responsible Entity requests, the Unitholder will provide to it any additional information that is reasonably required for the purposes of AML/CTF Laws (including information about the investor, any beneficial interest in the Units, or the source of funds used to invest);
- the Responsible Entity may obtain information about the Unitholder or any beneficial owner of a Unit from third parties if it is believed this is necessary to comply with AML/CTF Laws; and
- in order to comply with AML/CTF Laws, the Responsible Entity may be required to take action, including:
 - delaying or refusing the processing of any application or redemption; or
 - disclosing information that the Responsible Entity holds about the Unitholder or any beneficial owner of the Units to the Responsible Entity's related bodies corporate or service providers, or relevant regulators of AML/CTF Laws (whether in or outside of Australia).

6.2.26 Foreign Account Tax Compliance Act (FATCA) & OECD Common Reporting Standard (CRS)

FATCA was enacted by the U.S. Congress to target non-compliance by US taxpayers using foreign accounts. In order

to prevent FATCA withholding tax being applied to any US connected payments made to the Fund in Australia, the Fund is required to collect and report information to the Australian Taxation Office relating to certain U.S. accounts, which may be exchanged with the U.S. Internal Revenue Service.

Similar to FATCA, the CRS is the single global standard for the collection, reporting and exchange of financial account information on foreign tax residents. Australian financial institutions need to collect and report financial account information regarding non-residents to the Australian Taxation Office.

Accordingly, the Fund may request that you provide certain information about yourself (for individual investors) or your controlling persons (where you are an entity) in order for the Fund to comply with its FATCA or CRS compliance obligations.

6.2.27 Other services

The Responsible Entity in its personal capacity, or companies related to the Responsible Entity, may invest in or provide services to a Fund. Any such services will be provided on terms that would be reasonable if the parties were dealing at arm's length.

6.2.28 Warning statement for New Zealand investors

The following disclosure is made to enable the Fund's Units to be offered by the Responsible Entity in New Zealand under the mutual recognition scheme between Australia and New Zealand:

1. This offer to New Zealand investors is a regulated offer made under Australian and New Zealand law. In Australia, this is Chapter 8 of the Corporations Act 2001 (Aust) and regulations made under that Act. In New Zealand, this is subpart 6 of Part 9 of the Financial Markets Conduct Act 2013 and Part 9 of the Financial Markets Conduct Regulations 2014.
2. This offer and the content of the offer document are principally governed by Australian rather than New Zealand law. In the main, the Corporations Act 2001 (Aust) and the regulations made under that Act set out how the offer must be made.
3. There are differences in how financial products are regulated under Australian law. For example, the disclosure of fees for managed investment schemes is different under the Australian regime.
4. The rights, remedies, and compensation arrangements available to New Zealand investors in Australian financial products may differ from the rights, remedies, and compensation arrangements for New Zealand financial products.
5. Both the Australian and New Zealand financial markets regulators have enforcement responsibilities in relation to this offer. If you need to make a complaint about this offer, please contact the Financial Markets Authority, New Zealand (<http://www.fma.govt.nz>). The Australian and New Zealand regulators will work together to settle your complaint.
6. The taxation treatment of Australian financial products is not the same as for New Zealand financial products.
7. If you are uncertain about whether this investment is appropriate for you, you should seek the advice of an

appropriately qualified financial adviser.

Currency exchange risk

1. The offer may involve a currency exchange risk. The currency for the financial products is not New Zealand dollars. The value of the financial products will go up or down according to changes in the exchange rate between that currency and New Zealand dollars. These changes may be significant.
2. If you expect the financial products to pay any amounts in a currency that is not New Zealand dollars, you may incur significant fees in having the funds credited to a bank account in New Zealand in New Zealand dollars.

Trading on financial product market

If the financial products are able to be traded on a financial

product market and you wish to trade the financial products through that market, you will have to make arrangements for a participant in that market to sell the financial products on your behalf. If the financial product market does not operate in New Zealand, the way in which the market operates, the regulation of participants in that market, and the information available to you about the financial products and trading may differ from financial product markets that operate in New Zealand.

Dispute resolution process

The dispute resolution process described in this offer document is available only in Australia and is not available in New Zealand.

6.3 MATERIAL CONTRACTS

The Responsible Entity has entered into a number of contracts in relation to the offer of the Funds, as set out below

TABLE 6.3: MATERIAL CONTRACTS

| CONTRACT AND PARTY | DESCRIPTION |
|---|--|
| Index Licence Agreement | The Index provider in relation to each Fund is set out in the Product Supplement. There is an Index Licence Agreement in relation to each Fund that allows the Responsible Entity to use the relevant Index in the operation of the Fund. |
| Custody agreement RBC Investor Services Trust | This agreement sets out the services provided by the custodian on an ongoing basis together with the service standards. |
| Investment administration agreement RBC Investor Services Trust | This agreement sets out the services provided by the administrator (accountancy services, tax services and fund administration services including Unit price calculations), together with the service standards. |
| Registry agreement Link Market Services Limited | This agreement sets out the services provided by the Registrar on an ongoing basis together with the service standards. |
| Authorised participant agreement Authorised Participants | An Authorised Participant Agreement deals with execution and settlement procedures in relation to the application for and redemption of Units. The terms of each Authorised Participant Agreement may vary and each may be amended from time to time. Under the Authorised Participant Agreement, the Authorised Participant makes certain representations to the Responsible Entity about its status as an appropriately licensed entity and agrees to comply with the Constitution and with the execution and settlement procedures. |
| Investment management agreement Investment managers | If an investment manager has been appointed for a particular Fund, an investment management agreement sets out the investment management services and other terms on which the relevant investment manager provides investment management services to the Responsible Entity in connection with the Fund. The Product Supplement for a Fund will identify the investment manager, if one is appointed. |
| Nominee deed poll RBC Investor Services Trust | Under this document, if applicable, the Applicant Nominee agrees to hold Units the subject of an application by an Authorised Participant as nominee for the Authorised Participant pending settlement. |
| Nominee terms Authorised Participants | By signing the Application Form, if applicable, the Authorised Participant covenants for the benefit of the Applicant Nominee to be bound by the Nominee Terms under which the Applicant Nominee will hold application Units for the Authorised Participant subject to a security interest in favour of the Responsible Entity pending settlement of the application. Under the Nominee Terms, if the Authorised Participant does not comply with its obligations relating to the issue of Units, the Responsible Entity may direct the Applicant Nominee that the Units not be transferred to the Authorised Participant, in which case the Units are to be held solely for the Responsible Entity. |

6.4 ASIC RELIEF

Equal Treatment Relief

ASIC class order 13/721 exempts the Responsible Entity from the equal treatment requirement in section 601FC(1)(d) of the *Corporations Act*, to the extent necessary to allow the Responsible Entity to restrict eligibility to submit redemption

requests in relation to Units to Authorised Participants who are Australian Residents. The Responsible Entity will not treat Unitholders of the same class equally to the extent that it restricts redemptions from the Fund to such Authorised Participants.

Relief is granted subject to certain conditions, including the condition that that all Unitholders will have a right to a cash

redemption if Units are suspended from trading on the ASX for more than five consecutive trading days, unless:

- The Fund is being wound up;
- The Fund is no longer a liquid scheme; or
- The Responsible Entity has suspended redemptions in accordance with the Fund's constitution.

If such a redemption occurs, any redemption fee per Unit payable by Unitholders who are not Authorised Participants must not be greater than the redemption fee per Unit that would generally be payable on redemption by an Authorised Participant for a cash redemption when withdrawing the minimum parcel of Units.

Ongoing Disclosure Relief

ASIC class order 13/721 exempts the Responsible Entity from the ongoing disclosure requirements in section 1017B of the *Corporations Act* on the condition that the Responsible Entity complies with the continuous disclosure provisions of the *Corporations Act* that apply to an unlisted disclosing entity as if each Fund was an unlisted disclosing entity. The Responsible Entity will comply with these continuous disclosure provisions as if each Fund was an unlisted disclosing entity.

Periodic Statements Relief

ASIC Class Order 13/1200 exempts the Responsible Entity from certain periodic statement requirements. In particular, the Responsible Entity is not required (and does not propose) to include in periodic statements details of the price at which an investor transacts in Units on the ASX, or information on the return on an investment in Units acquired on the ASX (for the year in which the Units are acquired), if the Responsible Entity is not able to calculate this and the periodic statement explains why the information was not included and how it can be obtained.

6.5 DOCUMENTS LODGED WITH ASIC

The Responsible Entity will comply with certain regular reporting and disclosure obligations in relation to the Funds as if each Fund were a "disclosing entity" under the *Corporations Act*. Copies of documents lodged with ASIC in relation to the Funds may be obtained from, or inspected at, an ASIC office.

As an investor in a Fund, a Unitholder may obtain the following documents from the Responsible Entity:

- the annual report most recently lodged with ASIC in respect of the Fund;
- any half-year financial report lodged with ASIC in respect of the Fund after the lodgement of the abovementioned annual report and before the date of this Product Disclosure Statement; and
- any continuous disclosure notices given in respect of the Fund after the lodgement of the abovementioned annual report and before the date of this PDS.

The Responsible Entity will send a requesting Unitholder a printed or electronic copy of any of the above documents free of charge within 5 business days of the request.

6.6 COOLING OFF

There is no cooling off period in relation to the subscription for Units in any of the Funds. This means that once an application

form is submitted, an applicant cannot decide to withdraw the application.

6.7 INDIRECT INVESTORS

When an investor invests through a master trust or wrap platform or an IDPS, the operator of the trust, platform or IDPS is investing on the investor's behalf. Consequently the operator (or the custodian of the platform), and not the investor as an indirect investor, holds the Units and therefore has the rights of a Unitholder in the relevant Fund. For example, if an investor is an indirect investor they will not have rights to attend and vote at Unitholder meetings, to withdraw Units or receive distributions. Instead the platform operator will exercise those rights in accordance with their arrangements with the investor. For information about their investment, an investor should contact their platform operator.

6.8 INFORMATION AVAILABLE FROM BETASHARES

The Responsible Entity is subject to regular reporting and disclosure obligations, in its capacity as responsible entity of the Funds and issuer of the Units. The following information can be obtained from the Responsible Entity by visiting the BetaShares website at www.betashares.com.au or by contacting BetaShares on 1300 487 577 (within Australia) or +61 2 9290 6888 (outside Australia):

- The daily Net Asset Value (NAV) for the Funds;
- The daily NAV per Unit for the Funds;
- The Responsible Entity's Unit pricing policy;
- The latest PDS for the Funds;
- Copies of announcements made to the ASX via the ASX Market Announcements Platform (including continuous disclosure notices and distribution information);
- Information about distributions as soon as possible after they are declared;
- Annual and any half-year reports and financial statements for the Funds;
- Details of any Distribution Reinvestment Plan; and
- Information in relation to the Funds to enable Authorised Participants and market makers to estimate the Net Asset Value per Unit of the Funds during the course of a trading day.

6.9 DISCLAIMER

RBC Investor Services Trust ("RBC Investor Services") has been appointed as the custodian and administrator for the Funds. RBC Investor Services' role as custodian is limited to holding assets of the Funds. As administrator, RBC Investor Services is responsible for the day to day administration of the Funds. RBC Investor Services has no supervisory role in relation to the operation of the Funds and has no liability or responsibility to Unitholders for any act done or omission made in accordance with the custody and investment administration agreements.

RBC Investor Services was not involved in preparing, nor takes any responsibility for this PDS and RBC Investor Services makes no guarantee of the success of the Funds nor the repayment of capital or any particular rate of capital or income return.

7 TAXATION

The taxation information in this PDS is provided for general information only. It is a broad overview of some of the Australian tax consequences associated with investing in the Funds for a potential Australian resident investor.

It does not take into account the specific circumstances of each person who may invest in a Fund. It should not be used as the basis upon which potential investors make a decision to invest.

As the circumstances of each investor are different, the Responsible Entity strongly recommends that investors obtain professional independent tax advice relating to the tax implications of investing in and dealing in Units.

The taxation information in this PDS has been prepared based on tax laws and administrative interpretations of such laws available at the date of this PDS. These laws and interpretations may change.

7.1.1 Distributions from a Fund

Under existing taxation legislation, Funds that have not elected into AMIT as yet (see section 7.1.8 below) should not have to pay Australian income tax, provided Unitholders are presently entitled to all of the income of the Fund in each year of income, which is intended to be the case.

The taxable income of a Fund, to which a Unitholder becomes entitled during a financial year, forms part of the Unitholder's assessable income for that year, even if payment of the entitlement does not occur until after the end of the financial year.

A Unitholder may receive an entitlement to the income of a Fund for a financial year if the Unitholder holds Units at the end of a distribution period, or if the Unitholder redeems any Unit during the financial year.

The tax impact for a Unitholder of receiving an entitlement to the income of a Fund depends upon the components of the distribution.

The components of the distribution (if any) may be comprised of a combination of income and capital amounts, or may be comprised solely of amounts of the same character. Interest earned on cash and dividends received from shares will be income, while gains and losses on the sale of listed securities are generally expected to be on capital account. Gains and losses on derivatives contracts may be on either revenue or capital account, subject to the application of certain elections provided by tax law (including the 'hedging election' under the Taxation of Financial Arrangements ("TOFA") rules).

A Fund may also distribute "tax deferred amounts", relating to distributions of capital by the Fund, which are generally non-assessable for tax purposes. Where non-assessable, tax deferred amounts reduce the capital gains tax ("CGT") cost base of a Unitholder's Units, and may increase the capital gain or reduce the capital loss subsequently realised on disposal of the Units. Where the total tax deferred amounts received by a Unitholder have exceeded the cost base of their Units, the excess is treated as a capital gain to the Unitholder.

For Unitholders who hold Units as trading stock or as part of a securities trading business (eg an Authorised Participant), tax

deferred amounts will generally be assessable income (refer Taxation Ruling IT 2512 and the ATO Guidance on the proposed New taxation system for Managed Investment Trusts).

Unitholders will be provided with distribution statements after the end of each financial year detailing the components, for tax purposes, of any distributions received from the Fund during the financial year, including on the redemption of Units.

7.1.2 Foreign income and foreign income tax offsets

The foreign income components that investors in a Fund receive in respect of income distributions from the Fund may be referable to the income distributions that the Fund receives from its investment in offshore investments.

Dividends from foreign-listed securities received by a Fund may be subject to foreign withholding tax. The assessable distributions that investors receive from a Fund may give rise to an entitlement to foreign income tax offsets. These may be referable to the foreign withholding tax that has been deducted from the distributions or other income that a Fund receives from its offshore investments.

A Unitholder will not receive the amount of any foreign income tax offset component of a distribution it receives from a Fund in cash. Unitholders should still include such components in their assessable income for the relevant year. Australian tax resident investors may also be entitled to claim an offset or credit against their Australian tax payable for any such foreign income tax offsets. BetaShares recommends that investors obtain independent professional tax advice to determine whether any foreign income tax offsets for foreign tax withheld from distributions are available.

7.1.3 Capital gains

A trust that qualifies as a managed investment trust ("MIT") can elect to treat its gains and losses on disposal of certain investments (including shares and units in other trusts, but excluding certain financial arrangements under TOFA) as capital gains and losses. The Funds have made this election.

If a Fund disposes of any of its investments (e.g. on the sale of any assets when Units are redeemed), the Fund may realise assessable capital gains. A capital gain derived by the Fund may be eligible for the 50% CGT discount where the investment has been held for at least 12 months (excluding the acquisition and disposal dates). Any assessable capital gains derived by the Fund to which a Unitholder becomes entitled forms part of the Unitholder's assessable income.

Where a Unitholder becomes entitled to a discounted capital gain from a Fund, the Unitholder will be required to gross-up the capital gain for the discount at the time that they are required to include that gain in their assessable income. A Unitholder may also be eligible for the 50% CGT discount (where the Unitholder is an individual or trust) or a 33 1/3% CGT discount (where the Unitholder is a complying superannuation fund) in respect of the gain that forms part of that Unitholder's assessable income.

7.1.4 Selling or transferring Units

If a Unitholder disposes of Units by selling or transferring the Units to another person (e.g. selling on-market), the Unitholder may be liable for tax on any gains realised on that disposal of Units.

If a Unitholder is assessed otherwise than under the CGT provisions on a disposal of Units (e.g. if the Unitholder is in the business of dealing in securities like Units), any profits made on the disposal of the Units should be assessable as ordinary income. Such Unitholders may be able to deduct any losses made on the disposal of Units.

If a Unitholder is assessed under the CGT provisions on disposal of Units, the Unitholder may make a capital gain or loss on the disposal of those Units, in the year in which the contract for the disposal is entered into. Some Unitholders may be eligible for the CGT discount upon disposal of Units if the Units have been held for at least 12 months (excluding the acquisition and disposal dates) and the relevant requirements are satisfied. Unitholders should obtain professional independent tax advice about the availability of the CGT discount.

Any capital loss arising on a disposal of Units may be able to be offset against capital gains made in that year or in subsequent years.

7.1.5 Goods and Services Tax (GST)

The issue and redemption of Units should not be subject to GST. However, fees and expenses, such as management costs, incurred by a Fund would likely attract GST (at the rate of 10%).

Given the nature of the activities of the Funds, the Funds may not be entitled to claim input-tax credits for the full amount of the GST incurred. However, for the majority of the expenses, a Reduced Input-Tax Credit (RITC) may be able to be claimed.

The GST and expected RITC relating to fees and expenses is incorporated in the management cost for the Funds.

7.1.6 Applications and redemptions

A person will generally only be eligible to apply for and redeem Units if they are an Authorised Participant.

This section seeks to provide a summary of the tax consequences for Authorised Participants who are assessed on the disposal of Units otherwise than under the CGT provisions (e.g. because they are in the business of dealing in securities like Units).

Authorised Participants should obtain professional independent tax advice regarding the tax consequences of applying for and the redemption of their Units, particularly if they are assessed on the disposal of Units under the capital gains provisions.

Applications

An Authorised Participant applies for Units by way of an in-kind transfer of a basket of securities together with a balancing cash payment (or, if agreed by the Responsible Entity, by way a cash payment only). In the event of an in-kind application, an Authorised Participant applying for Units may be assessed on any profits arising from the transfer of those securities as ordinary income, and may be entitled to deduct any losses arising from the transfer of those securities.

The Units which an Authorised Participant acquires on an in-kind application should be taken to have been acquired at a cost equal to the value of the basket of securities transferred to the Fund on application, adjusted for any balancing cash payment made or received on the application.

Redemptions

An Authorised Participant who redeems Units will become entitled to receive the Withdrawal Amount on the redemption (this may be reduced by the redemption fee). The Withdrawal Amount is satisfied by way of an in-kind transfer of a basket of securities together with any balancing cash payment (or, where the Responsible Entity agrees, by way of a cash payment).

The Withdrawal Amount may comprise a distribution of the income of the Fund as well as the payment of the redemption price for the Units which are to be redeemed.

The distribution of the income of a Fund received on the redemption of Units may include an entitlement to income realised by the Fund arising out of the redemption of the Units to the redeeming Authorised Participant. This may include a specific entitlement to a capital gain, or certain other income realised by a Fund arising as a result of the redemption of the Units.

An Authorised Participant whose Units are redeemed should be assessed on any profit arising on the redemption of the Units. An Authorised Participant who redeems Units may be entitled to a deduction for any loss arising on the redemption of Units.

For the purposes of determining the profit or loss arising on the redemption, the redemption price (being the Withdrawal Amount less the distribution of income provided as part of the Withdrawal Amount) should be regarded as the proceeds received in respect of the disposal.

That part of the Withdrawal Amount that is a distribution of income should also be assessable, based on the components of the distribution of income.

The split between the components of the Withdrawal Amount (that is, how much of it represents a specific entitlement to a capital gain or a distribution of other distributable income of the Fund, and how much represents the price paid on redemption of the Units), and the composition of any income entitlement included in the Withdrawal Amount, will not be known until after the financial year end.

The Responsible Entity will notify persons who have redeemed Units during a financial year of the composition of the Withdrawal Amount, including the capital gains to which they were specifically entitled in connection with the redemption of Units and the composition of any other income entitlement they received in connection with the redemption of Units during that year, following the end of the financial year, once that information becomes available.

The distribution of income to an Authorised Participant who redeems Units aims to ensure that any taxable income that arises for a Fund as a result of the redemption by the Authorised Participant should be allocated to the Authorised Participant, rather than continuing investors in the Fund.

7.1.7 Foreign accruals rules

The Funds will invest in foreign entities which means a Fund could become subject to Australia's foreign accruals tax rules such as the Controlled Foreign Company ("CFC") rules in limited circumstances.

On the basis that a Fund will invest in very large foreign-listed entities, it is not expected that the requisite CFC control tests would be satisfied such that the CFC rules should not apply.

However, whether or not the relevant foreign accruals tax rules ultimately apply to a Fund will depend on, amongst other things, the level of interest held by the Fund (and its associates) in the

foreign entities, and any future legislative developments in respect of these rules.

7.1.8 Attribution Managed Investment Trust (AMIT) tax regime

The Tax Laws Amendment (New Tax System for Managed Investment Trusts) Act 2016 introduced into taxation law the new Attribution Managed Investment Trust (AMIT) regime. An AMIT, in broad terms, is a managed investment trust (MIT) whose unitholders have clearly defined interests in relation to the income and capital of the trust and the responsible entity has made an irrevocable election to apply the regime.

The regime can apply to a trust from 1 July 2016, and had an optional early start date of 1 July 2015.

The AMIT rules contain a number of provisions that will impact on the taxation treatment of the Funds. The key features of the new tax system include:

- an attribution model for determining member tax liabilities, which allows amounts to retain their tax character as they flow through a MIT to its unitholders;
- the ability to carry forward understatements and overstatements of taxable income, instead of re-issuing investor statements;
- deemed fixed trust treatment under the income tax law;

- upwards cost base adjustments to units to address double taxation; and
- legislative certainty about the treatment of tax deferred distributions

BetaShares will monitor the impact of the AMIT rules on the Funds in order to determine if it should elect into the regime.

Reforms to the taxation of trusts are generally ongoing. Investors should seek their own advice and monitor the progress of announcements and proposed legislative changes to assess their potential impact.

7.1.9 Tax File Number (“TFN”) or Australian Business Number (“ABN”)

Unitholders will be requested by the Funds to provide their TFN or ABN (if applicable) or claim an exemption in relation to their investment in the Fund. It should be noted that there is no obligation to provide a TFN, however, Unitholders who do not provide their TFN or ABN or claim an exemption may have tax deducted from distributions at the highest marginal rate.

7.1.10 Other comments

In cases where Units are to be redeemed by a Unitholder that is an Australian resident for tax purposes, a Fund should generally not be required to withhold any amounts from the Withdrawal Amount paid on redemption of Units.

Distributions to non-resident Unitholders (including on redemption) may have tax withheld by the Responsible Entity.

8 GLOSSARY

These definitions are provided to assist investors in understanding some of the expressions used in this PDS:

| | |
|---|---|
| Applicant Nominee | An entity which holds Units pending settlement on behalf of Authorised Participants applying for Units. As at the date of this PDS the Applicant Nominee is RBC Investor Services Trust. The Responsible Entity may determine that the Applicant Nominee is no longer to be appointed to hold Units pending settlement on behalf of Authorised Participants applying for Units. |
| AQUA Product | A product admitted under the ASX Operating Rules to the AQUA market of the ASX. |
| AQUA Rules | Schedule 10A of the ASX Operating Rules and related rules and procedures, as amended, varied or waived from time to time. |
| ASIC | Australian Securities and Investments Commission. |
| ASX | ASX Limited or the Australian Securities Exchange, as the case requires. |
| ASX Business Day | A "Business Day" as defined in the ASX Operating Rules, unless determined otherwise by the Responsible Entity. |
| ASX Listing Rules | The listing rules of the ASX as amended, varied or waived from time to time. |
| ASX Operating Rules | The operating rules of the ASX as amended, varied or waived from time to time. |
| Australian Resident | An Australian resident for tax purposes, as defined in the Constitution. |
| Authorised Participant | A financial institution which is a trading participant under the ASX Operating Rules (or which has engaged a trading participant to act on its behalf), which has entered into an Authorised Participant Agreement with the Responsible Entity and which is an Australian resident for tax purposes. |
| Authorised Participant Agreement | An agreement between the Responsible Entity and an Authorised Participant in relation to Unit applications and redemptions. |
| CHESS | The Clearing House Electronic Sub-Register System. |
| Constitution | In relation to a particular Fund, means the constitution governing the Fund, as amended or replaced from time to time. |
| Corporations Act | Corporations Act 2001 (Cth) |
| Creation Unit | A particular number of Units of the Fund, as set out in section 5.1 or as otherwise determined by the Responsible Entity from time to time. |
| Dealing Day | A day that is both (a) an ASX Business Day and (b) a day on which all relevant exchanges on which a Fund's assets or derivatives are traded are open for trading, unless the Responsible Entity determines otherwise. |
| Dealing Deadline | In relation to a particular Fund, the time on each Dealing Day by which an Application/Redemption form must be received by the Responsible Entity to be processed for that Dealing Day, as specified in the Product Supplement. |
| ETF | Exchange traded fund. |
| Fund or BetaShares Fund | The relevant BetaShares exchange traded fund offered under this PDS, as the context requires. |
| Index | In relation to a particular Fund, the index of securities or other assets whose performance the Fund will aim to track, before fees and expenses, as set out in the Product Supplement. |

| | |
|-------------------------------|--|
| Issue Price | The Net Asset Value divided by the number of Units on issue in the relevant Fund. |
| Net Asset Value or NAV | The net asset value for a Fund calculated in accordance with section 5.8. |
| Nominee Terms | In relation to an application for Units, the nominee terms made available by the Responsible Entity to the applicant, as described in section 6.3. |
| PDS | Product Disclosure Statement. |
| Product Supplement | The part of this PDS appearing after section 8 that contains information specific to each Fund. |
| Registrar | Link Market Services Limited (ABN 54 083 214 537), or any other registry that the Responsible Entity appoints to maintain the register. |
| Tax Act | The Income Tax Assessment Act 1936 (Cth), the Income Tax Assessment Act 1997 (Cth) or both, as appropriate. |
| Unit | A unit in the relevant Fund. |
| Unitholder | A holder of a Unit. |
| Withdrawal Amount | The Net Asset Value divided by the number of Units on issue in the relevant Fund. |

PRODUCT SUPPLEMENT

BETASHARES

FTSE RAFI U.S. 1000 ETF

ASX CODE: QUS

BETASHARES

NASDAQ 100 ETF

ASX CODE: NDQ

PRODUCT SUPPLEMENT

BETASHARES FTSE RAFI U.S. 1000 ETF

INVESTMENT OBJECTIVE

The investment objective of the BetaShares FTSE RAFI U.S. 1000 ETF is to provide an investment return that aims to track the performance of the FTSE RAFI US 1000 Index (the "Index"), before taking into account fees and expenses.

The equities included in the Index are selected and weighted based on measures of the fundamental size of each company, rather than on market capitalisation. Four fundamental measures of firm size are used: sales, cash flow, book value, and dividends.

The Index is designed to track the performance of the largest U.S. companies and comprises the 1000 securities with the largest "fundamental values" amongst all common stocks on the New York Stock Exchange American Stock Exchange (NYSE AMEX) and NASDAQ National Market System. See "Further Information About the Index" below.

This approach to indexing seeks to overcome the limitations of traditional indices based on market capitalisation, by using measures which do not depend on the fluctuations of market prices, while still maintaining the benefits of passive investment (lower turnover costs, broad economic representation and a transparent, rules-based process). An index based on fundamental values breaks the link between index weight and price and aims to produce superior long term performance compared to indices weighted using market capitalisation.

INVESTMENT STRATEGY

The Fund will generally not hold all of the securities comprising the Index and may hold securities in weightings which differ from the Index. This is referred to as a "sampling" strategy. See section 2.1.2 for further information.

GENERAL INFORMATION

| | |
|---------------------------------------|--|
| ASX code | QUS |
| Periodic distributions | The Responsible Entity intends to make semi-annual distributions in respect of periods ending in or about December and June of each year. Information about the timetable for each distribution and the declared distribution amount will be announced via the ASX Market Announcements Platform. For further information, see "Distributions" in section 2.2.1 of the PDS. |
| Distribution Reinvestment Plan | Available. For further information, see "Distribution Reinvestment Plan" in section 2.2.3 of the PDS. |
| Management costs | See "Fees and Other Costs" in section 3 of the PDS. |

| | |
|---------------------------|---|
| Investment manager | The Responsible Entity has appointed Omega Global Investors Pty Ltd, an asset manager based in Melbourne, to assist with the investment management of the Fund. |
|---------------------------|---|

FURTHER INFORMATION ABOUT THE INDEX

The Index provider is FTSE International Limited ("FTSE" or the "Index Provider"). The Index was launched in association with Research Affiliates, LLC ("RA").

The constituents of the Index are derived from among a pool of eligible securities (the "Index universe"), being all common stocks from the New York Stock Exchange, American Stock Exchange and NASDAQ National Market System.

Using the securities within the Index universe, the Index Provider calculates their "fundamental values" based on the following factors:

- Sales: the percentage representation of each security using sales figures;
- Cash flow: the percentage representation of each security using cash flow;
- Book value: the percentage representation of each security using book value;
- Dividends: the percentage representation of each security using dividends.

Five-year averages are used for the sales, cash flow and dividends calculations. If a company has data available but it amounts to fewer than five years, fundamental factors are calculated by averaging as many years of data as available.

The calculation of the fundamental weighting of a real estate company is carried out in a similar way, using the following factors: revenues, total assets, adjusted funds from operations and dividends.

The fundamental value takes into account the average of the four percentage representation figures described above. For a stock with a zero dividend percentage, its fundamental value is linked to the average of the three remaining percentage representation figures, i.e. sales, cash flow and book value.

The largest 1000 companies determined in this way constitute the Index constituents, and their weights in the Index are set in proportion to their fundamental value.

The Index is rebalanced annually. Between rebalances, the number of index constituents may differ from 1000, due to corporate events, such as mergers or acquisitions, involving index constituents. Weighting changes and constituent additions arising from the annual review will be implemented in four stages, using data as of the close of the last business day of February and the close of the first Friday of June, September

and December (this is referred to as a Quarterly Staggered Rebalance, or “QSR”, approach).

The nature and method of calculation of the Index may change from time to time.

Neither the Responsible Entity nor any other company in the BetaShares group has any control over, or responsibility for, the composition, calculation or availability of the Index. The Index was not created by, and is not managed by, the Responsible Entity or any of its related companies.

Further information on the Index is available on the FTSE website at www.ftse.com/products/indices/rafi.

Past performance information about the Index is available from various sources, including stockbrokers, financial information websites and major data providers such as Bloomberg or Reuters. Any past performance information about the Index does not take into account fees, costs or taxes that may be incurred as a result of investing in the Fund. Past performance of the Index is not a reliable guide to future performance of the Index or the Fund.

APPLICATIONS AND REDEMPTIONS

The following information is relevant for Authorised Participants.

| | |
|--|---|
| Minimum application / redemption amount | One Creation Unit, being 200,000 Units (unless the Responsible Entity agrees otherwise). |
| Dealing Deadline | 4pm (Sydney time), or such other time as advised by the Responsible Entity to Authorised Participants, on the relevant Dealing Day. |
| Applications and redemptions | Applications and redemptions must be in-kind, unless the Responsible Entity agrees to a cash application or cash redemption (which would be payable in Australian dollars or U.S. dollars, as agreed by the Responsible Entity). Any cash component payable in respect of an in-kind application or in-kind redemption is payable in U.S. dollars. |
| Application fee | \$12,000 (in-kind application). \$12,000 plus 0.03% of the application amount (cash application, if agreed by the Responsible Entity). |

Payable in Australian dollars, unless otherwise determined by the Responsible Entity.

Redemption fee \$12,000 (in-kind redemption).

\$12,000 plus 0.03% of the withdrawal amount (cash redemption, if agreed by the Responsible Entity).

Payable in Australian dollars, unless otherwise determined by the Responsible Entity.

SPECIFIC RISK FACTORS

In addition to the risk factors set out in section 4 of the PDS, the following additional risks are relevant to the Fund.

Index methodology risk

The equities included in the Index are not selected and weighted based on their market capitalisation. There is no assurance that an Index that uses fundamental measures to select and weight securities will outperform an index that is based on market capitalisation or any other methodology for constructing an index, over any time period.

Sampling risk

The Fund employs a sampling strategy and invests in only some of the constituents of the Index. There is a risk that the sampling strategy could result in tracking error between the performance of the sample portfolio held by the Fund and the performance of the Index. This means there may be a difference between the performance of a Fund and the performance of the underlying Index for the Fund. See 'Risk of Index Tracking Error' for further discussion.

Country risk

Further to the description of country risk in section 4 of the PDS, the Index, and therefore the Fund, is fully exposed to securities in the United States.

INDEX DISCLAIMER

The Fund is not in any way sponsored, endorsed, sold or promoted by FTSE International Limited (“FTSE”), by the London Stock Exchange Group companies (“LSEG”), or by Research Affiliates LLC (“RA”) (collectively the “Licensor Parties”), and none of the Licensor Parties make any warranty or representation whatsoever, expressly or impliedly, either as to the results to be obtained from the use of the FTSE RAFI US 1000 Index (the “Index”) and/or the figure at which the said Index stands at any particular time on any particular day or otherwise. The Index is compiled and calculated by FTSE in conjunction with RA. None of the Licensor Parties shall be liable (whether in negligence or otherwise) to any person for any error in the Index and none of the Licensor Parties shall be under any obligation to advise any person of any error therein.

FTSE® is a trade mark of the LSEG and is used by FTSE under licence. The trade names Fundamental Index® and RAFI® are registered trademarks of RA.

PRODUCT SUPPLEMENT

BETASHARES NASDAQ 100 ETF

INVESTMENT OBJECTIVE

The investment objective of the BetaShares NASDAQ 100 ETF is to provide an investment return that aims to track the performance of the NASDAQ 100 Index (the "Index"), before taking into account fees and expenses.

The Index includes securities of 100 of the largest U.S. and international non-financial companies listed on The NASDAQ Stock Market, based on market capitalisation. The Index contains companies across major industry groups including computer hardware and software, telecommunications, retail/wholesale trade and biotechnology. It does not contain securities of financial companies (including investment companies).

GENERAL INFORMATION

| | |
|---------------------------------------|--|
| ASX code | NDQ |
| Periodic distributions | The Responsible Entity intends to make semi-annual distributions in respect of periods ending in or about December and June of each year. Information about the timetable for each distribution and the declared distribution amount will be announced via the ASX Market Announcements Platform. For further information, see "Distributions" in section 2.2.1 of the PDS. |
| Distribution Reinvestment Plan | Available. For further information, see "Distribution Reinvestment Plan" in section 2.2.3 of the PDS. |
| Management costs | See "Fees and Other Costs" in section 3 of the PDS. |

- the security may not be issued by an issuer currently in bankruptcy proceedings;
- the security must have average daily trading volume of at least 200,000 shares;
- if the issuer of the security is organised under the laws of a jurisdiction outside the U.S., then such security must have listed options on a recognized options market in the U.S. or be eligible for listed-options trading on a recognized options market in the U.S.;
- the issuer of the security may not have entered into a definitive agreement or other arrangement which would likely result in the security no longer being Index eligible;
- the issuer of the security may not have annual financial statements with an audit opinion that is currently withdrawn; and
- the issuer of the security must have "seasoned" on NASDAQ or another recognised market (generally, a company is considered to be seasoned if it has been listed on a market for at least three full months (excluding the first month of initial listing).

To be eligible for continued inclusion in the Index, certain additional criteria apply.

The Index is normally rebalanced quarterly and reconstituted annually. Between the reconstitutions of the Index, the number of index constituents may from time to time differ from 100, due to corporate events, such as mergers or acquisitions, involving index constituents. The composition of the Fund's portfolio will be similarly adjusted in response to any rebalance or reconstitution of the Index.

FURTHER INFORMATION ABOUT THE INDEX

The index sponsor is the NASDAQ OMX Group, Inc ("NASDAQ OMX"). NASDAQ OMX operates one of the world's largest networks of exchanges, which spans 26 markets and six continents. NASDAQ OMX is a public company listed on the NASDAQ Global Select Market. Within its index business, it calculates over 40,000 diverse indexes that provide coverage across asset classes, countries and sectors.

To be eligible for initial inclusion in the Index, a security must be listed on The NASDAQ Stock Market and meet the following criteria:

- the security's U.S. listing must be exclusively on the NASDAQ Global Select Market or the NASDAQ Global Market (unless the security was dually-listed on another U.S. market prior to January 1, 2004 and has continuously maintained such listing);
- the security must be issued by a non-financial company;

The nature and method of calculation of the Index may change from time to time.

Neither the Responsible Entity nor any other company in the BetaShares group has any control over, or responsibility for, the composition, calculation or availability of the Index. The Index was not created by, and is not managed by, the Responsible Entity or any of its related companies.

Further information on the Index is available at <http://www.nasdaq.com/markets/indices/nasdaq-100.aspx>

Past performance information about the Index is available from various sources, including stockbrokers, financial information websites and major data providers such as Bloomberg or Reuters. Any past performance information about the Index does not take into account fees, costs or taxes that may be incurred as a result of investing in the Fund. Past performance of the Index is not a reliable guide to future performance of the Index or the Fund.

APPLICATIONS AND REDEMPTIONS

The following information is relevant for Authorised Participants.

| | |
|--|---|
| Minimum application / redemption amount | One Creation Unit, being 200,000 Units (unless the Responsible Entity agrees otherwise). |
| Dealing Deadline | 4pm (Sydney time), or such other time as advised by the Responsible Entity to Authorised Participants, on the relevant Dealing Day. |
| Applications and redemptions | Applications and redemptions must be in-kind, unless the Responsible Entity agrees to a cash application or cash redemption (which would be payable in Australian dollars or U.S. dollars, as agreed by the Responsible Entity). Any cash component payable in respect of an in-kind application or in-kind redemption is payable in U.S. dollars. |
| Application fee | \$1,300 (in-kind application). \$1,300 plus 0.03% of the application amount (cash application, if agreed by the Responsible Entity). Payable in Australian dollars, unless otherwise determined by the Responsible Entity. |
| Redemption fee | \$1,500 (in-kind redemption). \$1,500 plus 0.03% of the withdrawal amount (cash redemption, if agreed by the Responsible Entity). Payable in Australian dollars, unless otherwise determined by the Responsible Entity. |

SPECIFIC RISK FACTORS

In addition to the risk factors set out in section 4 of the PDS, the following additional risks are relevant to the Fund.

Country risk

Further to the description of country risk in section 4 of the PDS, the Index, and therefore the Fund, is fully exposed to securities listed in the United States.

Concentration risk

Further to the description of concentration risk in section 4 of the PDS, the Index, and therefore the Fund, has a high degree of exposure to securities concentrated in the technology sector. In addition, this concentration may cause the Fund to experience higher volatility of returns compared to a fund that has diverse exposure to a variety of sectors.

INDEX DISCLAIMER

The Fund is not sponsored, endorsed, sold or promoted by The NASDAQ OMX Group, Inc. or its affiliates (NASDAQ OMX, with its affiliates, are referred to as the "Corporations"). The Corporations have not passed on the legality or suitability of, or the accuracy or adequacy of descriptions and disclosures relating to, the Fund. The Corporations make no representation or warranty, express or implied to the owners of the Fund or any member of the public regarding the advisability of investing in securities generally or in the Fund particularly, or the ability of the Nasdaq-100 Index® to track general stock market performance. The Corporations' only relationship to BetaShares Holdings Pty Ltd ("Licensee") is in the licensing of the NASDAQ®, OMX®, NASDAQ-100®, and NASDAQ-100 Index® registered trademarks and certain trade names of the Corporations and the use of the NASDAQ-100 Index® which is determined, composed and calculated by NASDAQ OMX without regard to Licensee or the Fund. NASDAQ OMX has no obligation to take the needs of the Licensee or the owners of the Fund into consideration in determining, composing or calculating the NASDAQ-100 Index®. The Corporations are not responsible for and have not participated in the determination of the timing of, prices at, or quantities of the Fund to be issued or in the determination or calculation of the equation by which the Fund is to be converted into cash. The Corporations have no liability in connection with the administration, marketing or trading of the Fund.

THE CORPORATIONS DO NOT GUARANTEE THE ACCURACY AND/OR UNINTERRUPTED CALCULATION OF THE NASDAQ-100 INDEX® OR ANY DATA INCLUDED THEREIN. THE CORPORATIONS MAKE NO WARRANTY, EXPRESS OR IMPLIED, AS TO RESULTS TO BE OBTAINED BY LICENSEE, OWNERS OF THE FUND, OR ANY OTHER PERSON OR ENTITY FROM THE USE OF THE NASDAQ-100 INDEX® OR ANY DATA INCLUDED THEREIN. THE CORPORATIONS MAKE NO EXPRESS OR IMPLIED WARRANTIES, AND EXPRESSLY DISCLAIM ALL WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE OR USE WITH RESPECT TO THE NASDAQ-100 INDEX® OR ANY DATA INCLUDED THEREIN. WITHOUT LIMITING ANY OF THE FOREGOING, IN NO EVENT SHALL THE CORPORATIONS HAVE ANY LIABILITY FOR ANY LOST PROFITS OR SPECIAL, INCIDENTAL, PUNITIVE, INDIRECT, OR CONSEQUENTIAL DAMAGES, EVEN IF NOTIFIED OF THE POSSIBILITY OF SUCH DAMAGES.

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FORMS

APPLICATION FORM

Product Disclosure Statement dated 29 September 2017 issued by BetaShares Capital Ltd, ABN 78 139 566 868, AFSL 341181 as Responsible Entity.

Please note: This form is for use by Authorised Participants. Other investors can buy Units on the ASX through a stockbroker or via a financial adviser.

It is important to read the Product Disclosure Statement (PDS) carefully. If this PDS was obtained electronically, a paper copy of this PDS (including any supplementary PDS) and the Application Form will be provided free of charge upon request. If you give another person access to the Application Form you must at the same time and by the same means give the other person access to this PDS and any supplementary PDS. Capitalised terms have the same meaning as in the PDS.

Please fax the completed Application Form to (02) 9262 4950 or scan it and send it by email to orders@betashares.com.au.

APPLICANT DETAILS

Name _____

ACN/ABN _____

Postal address _____

Suburb _____

State _____ Postcode _____

Telephone (____) _____

Fax (____) _____

NUMBER OF UNITS APPLIED FOR

This Applicant hereby applies to the Responsible Entity for Units as specified below.

Please note: The minimum application is the number of Units that constitute one Creation Unit (as set out in the PDS). Applications must be made in whole multiples of Creation Units unless the Responsible Entity agrees otherwise.

Fund:

BetaShares FTSE RAFI U.S. 1000 ETF (ASX Code: QUS)

BetaShares NASDAQ 100 ETF (ASX Code: NDQ)

Number of Units: _____

ACKNOWLEDGEMENTS

By signing this Application Form:

- I/We confirm that the representations and warranties made and given in the Authorised Participant Agreement continue to be true and correct.

- I/We confirm that all of the information in this Application Form is true and correct.
- I/We represent and warrant that I/we have received the PDS (electronic or hard copy) in Australia.
- I/We declare I/we have read the PDS and agree to be bound by the terms and conditions of the PDS and the Constitution of the Fund in which I/we are investing (as amended or replaced from time to time).
- I/We agree to the Applicant Nominee holding Units on the applicant's behalf pending settlement of this application in accordance with the Nominee Terms, if required, as determined by the Responsible Entity.
- I/We covenant, for the benefit of the Applicant Nominee, to be bound by the Nominee Terms, if applicable.
- I/We understand that none of BetaShares Holdings Pty Ltd, BetaShares Capital Ltd, any investment manager or their related entities, directors or officers guarantees the performance of, the repayment of capital invested in, or the payment of income from the Fund.
- I/We acknowledge that an investment in Units is subject to risk which may include possible delays in repayment and loss of income and capital invested.
- I/We declare that the applicant has the capacity and power to make an investment in accordance with the application.
- I/We declare that in making a decision to invest the only information and representations provided by the Responsible Entity are those contained in this PDS to which this application relates.
- I/We understand the risks of the investment and have obtained all professional financial and taxation advice independently of the Responsible Entity as we consider necessary prior to deciding to invest in the Fund.
- I/We acknowledge that I/we have read and understood the privacy disclosure statement in the PDS and agree to information about the applicant being collected, used and disclosed in accordance with that statement.
- If signed under power of attorney, the/each attorney verifies that no notice or revocation of that power has been received.
- I/We intend this Application Form to take effect as a deed poll.

Applicant signatures

Signature of Authorised Person

Name of Authorised Person (block letters)

Position (block letters)

Signature of Authorised Person

Name of Authorised Person (block letters)

Position (block letters)

Date: _____

FORMS

REDEMPTION FORM

Product Disclosure Statement dated 29 September 2017 issued by BetaShares Capital Ltd, ABN 78 139 566 868, AFSL 341181 as Responsible Entity.

Please note: This form is for use by Authorised Participants (and other Unitholders where they have a right to redeem Units as described in the PDS). Unitholders can also sell Units on the ASX through a stockbroker or via a financial adviser.

It is important to read the Product Disclosure Statement (PDS) carefully. If this PDS was obtained electronically, a paper copy of this PDS (including any supplementary PDS) and the Redemption Form will be provided free of charge upon request. Capitalised terms have the same meaning as in the PDS.

Please fax the completed Redemption Form to (02) 9262 4950 or scan it and send it by email to orders@betashares.com.au.

UNITHOLDER DETAILS

Name _____

ACN/ABN _____

Postal address _____

Suburb _____

State _____ Postcode _____

Telephone (____) _____

Fax (____) _____

NUMBER OF UNITS TO BE REDEEMED

We hereby request the Responsible Entity to redeem Units as specified below.

Please note: The minimum redemption is the number of Units that constitute one Creation Unit, unless the PDS provides otherwise. Redemptions must be made in whole multiples of Creation Units unless the Responsible Entity agrees otherwise.

Fund:

- BetaShares FTSE RAFI U.S. 1000 ETF (ASX Code: QUS)
- BetaShares NASDAQ 100 ETF (ASX Code: NDQ)

Number of Units: _____

SIGNATURE BY REDEEMING UNITHOLDER

By signing this Redemption Form:

- If an Authorised Participant, I/we confirm that the representations and warranties made and given in the Authorised Participant Agreement in relation to redemption requests continue to be true and correct.
- I/We confirm that I/we am/are entitled to deliver or arrange delivery of the Units the subject of the redemption request to the Responsible Entity or its custodian.
- I/We agree to reimburse and indemnify the Responsible Entity for all taxes, duties and charges imposed against the Responsible Entity or its agents that may be assessed against the Responsible Entity as a result of my/our entitlement to the capital or distributable income of the Fund (Taxation Amount).
- I/We authorise the Responsible Entity to deduct from my/our income distributions payable from the Fund, on account of the Taxation Amount which the Responsible Entity is or may become liable to pay in respect of my/our entitlement to the capital or distributable income of the Fund.
- I/We confirm that I/we have read and understood the PDS as it relates to redemptions.
- If signed under power of attorney, the/each attorney verifies that no notice or revocation of that power has been received.

Applicant signatures

Signature of Authorised Person

Name of Authorised Person (block letters)

Position (block letters)

Signature of Authorised Person

Name of Authorised Person (block letters)

Position (block letters)

Date: _____

DIRECTORY

Responsible Entity

BetaShares Capital Ltd
Level 11
50 Margaret Street
Sydney NSW 2000
Telephone: 1300 487 577 (within Australia) or +61 2 9290 6888 (outside Australia)

Custodian & Fund Administrator

RBC Investor Services
Level 47
2 Park Street
Sydney NSW 2000

Registrar

Link Market Services
Level 12
680 George Street
Sydney NSW 2000

Solicitors to BetaShares

MinterEllison
Governor Macquarie Tower
Level 40
1 Farrer Place
Sydney NSW 2000

Auditor

KPMG
Level 38
Tower Three, International Towers Sydney
300 Barangaroo Avenue
Sydney NSW 2000