

BETASHARES CRUDE OIL INDEX ETF-CURRENCY HEDGED (SYNTHETIC)

ARSN: 150 081 351 | ASX CODE: 000

BETASHARES COMMODITIES BASKET ETF-CURRENCY HEDGED (SYNTHETIC)

ARSN: 150 081 495 | ASX CODE: QCB

BETASHARES AGRICULTURE ETF-CURRENCY HEDGED (SYNTHETIC)

ARSN: 150 080 176 | ASX CODE: QAG

SUPPLEMENTARY PRODUCT DISCLOSURE STATEMENT

DATED: 1 JULY 2014
ISSUER: BETASHARES CAPITAL LTD
ABN: 78 139 566 868
AFS LICENCE: 341181

This supplementary product disclosure statement ("SPDS") is supplemental to the product disclosure statement dated 18 October 2011 in respect of BetaShares Crude Oil Index ETF-Currency Hedged (Synthetic), BetaShares Commodities Basket ETF-Currency Hedged (Synthetic) and BetaShares Agriculture Index ETF-Currency Hedged (Synthetic), as updated by the first supplementary product disclosure statement dated 7 August 2013 ("PDS"). The PDS and this SPDS should be read together.

A copy of this SPDS has been lodged with the Australian Securities and Investments Commission (ASIC) on 1 July 2014. Neither ASIC nor ASX Limited takes any responsibility for the contents of this SPDS.

Terms defined in the PDS have the same meanings when used in this SPDS.

The purpose of this SPDS is to update the PDS as follows:

FEES AND OTHER COSTS

The *Superannuation Legislation Amendment (MySuper Measures) Regulation 2013*, which was introduced on 28 June 2014, made some minor amendments to the fee disclosure regulations in Schedule 10 of the *Corporations Regulations 2001*, including a modified fee template, example and warning.

As a consequence, the PDS is amended as follows:

1. By deleting the consumer advisory warning above section 3.1 and replacing it with the following:

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 investment fee calculator to help you check out different fee options.

2. By deleting section 3.1 and replacing it with the following:

3.1 FEES AND 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 the managed investment scheme as a whole.

Taxes are set out in another part of this PDS. All amounts shown are in Australian Dollars, unless otherwise stated.

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 COSTS

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.
Application/Contribution fee: The fee on each amount contributed to your investment	\$1,500	Payable only by Authorised Participants. This fee will be payable together with the application amount.
Withdrawal fee: The fee on each amount you take out of your investment	\$2,000	Payable only by Authorised Participants. This fee will be deducted from the redemption proceeds.
Exit fee: The fee to close your investment	Nil	Not applicable.
Management costs¹: The fees and costs for managing your investment	Capped (while this PDS is current) at 0.69% per annum (each Fund).	Calculated and accrued daily as a percentage of the Fund's Net Asset Value. Management costs are paid monthly on or after the first day of the following month. Management costs are reflected in the daily Net Asset Value per Unit.
Service fees Switching fee: The fee for changing investment options	Nil	Not applicable.

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 input tax credits.

¹ Certain additional costs apply. For more information, refer to explanation of "Management costs" in the "Additional Explanation of Fees and Costs" section below

3. By deleting section 3.2 and replacing it with the following:

3.2 EXAMPLE OF ANNUAL FEES AND COSTS

The following table provides examples of how the fees and costs can affect the investment over a one year period. You should use this table to compare these products with other managed investment products.

TABLE 3.2: EXAMPLE OF ANNUAL FEES AND COSTS

EXAMPLE – APPLICABLE TO EACH FUND	AMOUNT	BALANCE OF \$50,000 WITH A CASH CONTRIBUTION OF \$5,000 DURING THE YEAR
CONTRIBUTION FEES¹	\$1,500	\$1,500

PLUS MANAGEMENT COSTS²	0.69% per annum	For every \$50,000 you invest in the Fund you will be charged \$345 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 ³ during that year, you would be charged fees of \$1,845.

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 \$2,000 for a redemption. 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 Payable only by Authorised Participants.

² Certain additional costs apply. For more information, refer to explanation of "Management costs" in the "Additional Explanation of Fees and Costs" section below.

³ Assumes \$50,000 is invested for the entire year and the \$5,000 investment occurs on the last day of the year.

BETASHARES COPPER INDEX ETF – CURRENCY HEDGED (SYNTHETIC)

The BetaShares Copper Index ETF – Currency Hedged (Synthetic) has not been launched and references to this fund will need to be removed from the PDS.

As a consequence, the PDS is amended as follows:

4. By deleting all references to the following:

- a. 'BetaShares Copper Index ETF – Currency Hedged (Synthetic)'
- b. 'BetaShares Copper Index ETF – Currency Hedged (Synthetic) (ASX: QCP)'
- c. 'BetaShares Copper Index ETF – Currency Hedged (Synthetic) (ASX CODE: QCP)'
- d. 'BetaShares Copper Index ETF – Currency Hedged (Synthetic) (ARSN 150 081 691)'
- e. 'BetaShares Copper Index ETF – Currency Hedged (Synthetic) ARSN: 150 081 691 | ASX CODE: QCP'

5. By deleting the following row from the table in the 'Investment Objective' row of Table 1.2: Summary of Key Information in section 1:

BetaShares Copper Index ETF – Copper Currency Hedged (Synthetic)

6. By deleting the section 'Product Supplement BetaShares Copper Index ETF – Currency Hedged (Synthetic)' in the Product Supplement.

FOREIGN ACCOUNT TAX COMPLIANCE ACT (FATCA)

FATCA was enacted in 2010 by the U.S. Congress and has important implications for financial institutions globally including investment entities such as the Funds.

As a consequence, the PDS is amended as follows:

7. By inserting the following section after section 7.1.6:

7.1.7 Foreign Account Tax Compliance Act ("FATCA")

FATCA was enacted in 2010 by the U.S. Congress, to target non-compliance by US taxpayers using foreign accounts. FATCA has important implications for financial institutions globally, including an obligation to:

- (a) identify US accounts and report information relating to US accounts to the Internal Revenue Service ("IRS"); and
- (b) withhold 30% FATCA tax on US connected payments to non-participating foreign financial institutions ("FFIs") (that is, where the FFI has not entered into a relevant 'compliance reporting' Agreement with the IRS in the US).

FATCA withholding is due to commence on 1 July 2014 and affected FFIs can include investment entities such as the Funds.

On 28 April 2014, Australia entered into an Intergovernmental Agreement with the US to improve international tax compliance and implement FATCA (the "**IGA**"). The IGA will allow Australian resident financial institutions that are investment entities (such as the Funds) to register as a Registered Deemed - Compliant Foreign Financial Institution with the IRS in the US. This will ensure that there is:

- (a) No requirement for the Funds to enter a compliance agreement directly with the IRS in the US; and
- (b) No requirement to withhold 30% FATCA withholding tax on US connected payments made to the Funds in Australia.

Exposure draft legislation has also been released by the Australian Treasury which will give domestic effect to Australia's obligations under the IGA.

In accordance with IGA and proposed Australian domestic laws, the Funds (or BetaShares Capital Ltd acting on behalf of the Funds) will be required to:

- (a) register with the IRS;
- (b) conduct appropriate due diligence procedures, and
- (c) collect and report information to the Australian Taxation Office ("**ATO**") relating to U.S. Reportable Accounts and payments to Non-participating Financial Institutions (rather than the IRS), which may be exchanged with the IRS.

Accordingly, the Funds (or BetaShares Capital Ltd acting on behalf of the Funds) 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 Funds (or BetaShares Capital Ltd acting on behalf of the Funds) to comply with its Australian tax obligations.

We note, that in the event the Funds (or BetaShares Capital Ltd acting on behalf of the Funds) suffers any amount of withholding tax (including FATCA withholding tax) and/or penalties, neither the Funds nor BetaShares Capital Ltd acting on behalf of the Funds will be required to compensate you for any such tax, except in exceptional circumstances.