BETASHARES EXCHANGE TRADED FUNDS

PRODUCT DISCLOSURE STATEMENT

BETASHARES S&P/ASX 200

RESOURCES SECTOR ETF
ASX CODE: QRE

BETASHARES S&P/ASX 200

FINANCIALS SECTOR ETF
ASX CODE: QFN

BetaShares Capital Ltd
ABN 78 139 566 868 | AFSL 341181

Dated: 11 October 2011

BetaShares
BACK YOUR VIEW.®

BETASHARES S&P/ASX 200 RESOURCES SECTOR ETF

ARSN: 143 220 795 | ASX CODE: QRE

BETASHARES S&P/ASX 200 FINANCIALS SECTOR ETF

ARSN: 143 220 964 | ASX CODE: QFN

SUPPLEMENTARY PRODUCT DISCLOSURE STATEMENT

DATED:	**25 NOVEMBER 2016**
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 11 October 2011 in respect of BetaShares S&P/ASX 200 Resources Sector ETF and BetaShares S&P/ASX 200 Financials Sector ETF, as updated by the first supplementary product disclosure statement dated 7 August 2013 and the second supplementary product disclosure statement dated 1 July 2014 (together, the "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 25 November 2016. 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.

New Zealand Investors

The purpose of this SPDS is to replace the warning statement for New Zealand investors in the PDS with the warning statement prescribed in New Zealand's Financial Markets Conduct Regulations 2014. The inclusion of this information, together with compliance with certain other requirements, enables the Funds' Units to continue to be offered by the Responsible Entity in New Zealand under the mutual recognition scheme between Australia and New Zealand.

In the PDS, the section titled "'Warning statement for New Zealand investors" at the end of the "IMPORTANT INFORMATION" section on the first page of the PDS is replaced with the following:

> "**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."

BETASHARES S&P/ASX 200 RESOURCES SECTOR ETF

ARSN: 143 220 795 | ASX CODE: QRE

BETASHARES S&P/ASX 200 FINANCIALS SECTOR ETF

ARSN: 143 220 964 | ASX CODE: QFN

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 11 October 2011 in respect of BetaShares S&P/ASX 200 Resources Sector ETF and BetaShares S&P/ASX 200 Financials Sector ETF, 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 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 OR COSTS

BETASHARES S&P/ASX 200 RESOURCES SECTOR ETF & BETASHARES S&P/ASX 200 FINANCIALS SECTOR 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
Application/Contribution fee: The fee on each amount contributed to your investment	Fee for cash applications (each ETF) – $1,000 Fee for in-kind applications (each ETF) – $3,000	Payable only by Authorised Participants. This fee will be payable together with: • the application amount (for cash applications); and • the transfer of the application securities and balancing cash component (if positive) (for in-kind applications).
Withdrawal fee: The fee on each amount you take out of your investment	Fee for cash redemptions (each ETF) – $2,000 Fee for in-kind redemptions (each ETF) – $4,000	Payable only by Authorised Participants. This fee will be: • deducted from the redemption proceeds (for cash redemptions); or • payable by the Authorised Participant (for in-kind redemptions).
Exit fee: The fee to close your investment	Nil	Not applicable
Management costs: The fees and costs for managing your investment	Capped (while this PDS is current) at 0.39% p.a. of the ETF's Net Asset Value	Calculated and accrued daily as a percentage of the ETF'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 incorporate Goods and Services Tax (GST) net of any input tax credits.

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 ETF	AMOUNT	BALANCE OF $50,000 WITH A CASH CONTRIBUTION OF $5,000 DURING THE YEAR
CONTRIBUTION FEES	$1,000 (for a cash application) [1]	$1,000 (for a cash application)
PLUS MANAGEMENT COSTS[2]	0.39% p.a.	For every $50,000 you invest in the ETF you will be charged $195 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 $50,000[3] during that year (under a cash application),

you would be charged fees of $1,195.

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 cash redemption. Withdrawal fees for in-kind redemptions may be higher than for cash redemptions (see the table in paragraph 3.1 above).
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] Application fees payable by Authorised Participants for in-kind applications are higher than for cash applications (see the table in section 3.1 above).
[2] 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.

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:

4. By inserting the following section after section 7.1.9:

7.1.10 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.

BETASHARES S&P/ASX 200 RESOURCES SECTOR ETF

ARSN: 143 220 795 | ASX CODE: QRE

BETASHARES S&P/ASX 200 FINANCIALS SECTOR ETF

ARSN: 143 220 964 | ASX CODE: QFN

SUPPLEMENTARY PRODUCT DISCLOSURE STATEMENT

DATED:	7 AUGUST 2013
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 11 October 2011 in respect of BetaShares S&P/ASX 200 Resources Sector ETF and BetaShares S&P/ASX 200 Financials Sector ETF ("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 7 August 2013. 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:

1. NEW ZEALAND INVESTORS

This SPDS inserts certain important information in the PDS for New Zealand investors, as required by New Zealand law. The inclusion of this information, together with compliance with certain other requirements, will enable the Funds' Units to be offered by the Responsible Entity in New Zealand under the mutual recognition scheme between Australia and New Zealand.

The following is inserted at the end of the "IMPORTANT INFORMATION" section on the first page of the PDS:

"WARNING STATEMENT FOR NEW ZEALAND INVESTORS

- 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 and Regulations. In New Zealand, this is the Securities Act (BetaShares Capital Limited) Exemption Notice 2012.

- 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 and Regulations (Australia) set out how the offer must be made.

- There are differences in how securities are regulated under Australian law. For example, the disclosure of fees for collective investment schemes is different under the Australian regime.

- The rights, remedies, and compensation arrangements available to New Zealand investors in Australian securities may differ from the rights, remedies, and compensation arrangements for New Zealand securities.

- Both the Australian and New Zealand securities 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, Wellington, New Zealand. The Australian and New Zealand regulators will work together to settle your complaint.

- The taxation treatment of Australian securities is not the same as for New Zealand securities.

- If you are uncertain about whether this investment is appropriate for you, you should seek the advice of an appropriately qualified financial adviser.

- The offer may involve a currency exchange risk. The currency for the securities is not New Zealand dollars. The value of the securities will go up or down according to changes in the exchange rate between that currency and New Zealand dollars. These changes may be significant.

- If you expect the securities 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.

- If the securities are able to be traded on a securities market and you wish to trade the securities through that market, you will have to make arrangements for a participant in that market to sell the securities on your behalf. If the securities 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 securities and trading may differ from securities markets that operate in New Zealand.

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

It is a term of the offer of Units in New Zealand that the requirements set out in regulations 13(1) to (3) of New Zealand's Securities (Mutual Recognition of Securities Offerings-Australia) Regulations 2008 are complied with by BetaShares (as if they applied), except to the extent modified by paragraph 6(6) of the Securities Act (BetaShares Capital Limited) Exemption Notice 2012."

2. ASIC RELIEF REGARDING PERIODIC STATEMENTS

The following information is inserted in the PDS in section 6.4 "ASIC RELIEF" at the end of that section:

"Periodic Statements Relief

ASIC has granted relief under section 1020F(1) of the Corporations Act from 30 October 2012 so that the Responsible Entity does not have to provide periodic statements to Unitholders of a Fund under section 1017D(1) of the Corporations Act for each reporting period ending on or before 1 March 2013. For subsequent reporting periods ending before 1 January 2014, ASIC has granted relief so that periodic statements may disclose balances, transactions and other amounts based on either the net asset value per Unit or the last market price for Units on either the relevant transaction date or the date of settlement of the transaction."

IMPORTANT INFORMATION

The offer under this Product Disclosure Statement (**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) 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.

This PDS is dated 11 October 2011. It replaces the product disclosure statement dated 2 December 2010.

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 each of the following registered managed investment schemes: BetaShares S&P/ASX 200 Resources Sector ETF (ARSN 143 220 795) and BetaShares S&P/ASX 200 Financials Sector ETF (ARSN 143 220 964). A copy of this PDS has been lodged with the Australian Securities and Investments Commission (**ASIC**) on 11 October 2011. Neither ASIC nor ASX Limited takes any responsibility for the contents of this PDS.

Each ETF commenced operations on 10 December 2010. An application was made to, and approved by, the ASX for Units 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.

A copy of the latest PDS for the ETFs 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 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. 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)

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 replacement PDS accessible via the ASX Company Announcements Platform.

An investment in the Units is subject to risk (refer to section 1 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 ETFs described in this PDS. BetaShares Holdings Pty Ltd and its related entities may invest in, lend to or provide other services to the ETFs.

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 ETFs. 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 ETFs is appropriate to their needs, objectives and circumstances.

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

Certain terms used in this PDS are defined in the Glossary in section 8.

For further details on BetaShares' Exchange Traded 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 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 ETFs 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 ordinary shares.

ETFs carry certain investment risks. For information on the risks applicable to the BetaShares ETFs 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 ETFs.

Sections 1 to 8 of this PDS contain general information concerning the common features of all of the BetaShares ETFs. The Product Supplement appearing after section 8 contains information specific to each BetaShares ETF.

TABLE 1.2: SUMMARY OF KEY INFORMATION

TOPIC	SUMMARY	SECTION
Investment objective	The ETFs provide investors with the opportunity to earn a return that aims to track the performance of a particular Index, before fees and expenses. The Product Supplement sets out information specific to each ETF, including the investment objective and information about the Index tracked by the ETF (before fees and expenses).	**2.1 and Product Supplement**
Investing	The offer in this PDS is only available to Authorised Participants. Units can only be applied for in whole multiples of a "Creation Unit" unless the Responsible Entity agrees otherwise. The number of Units in a Creation Unit for each ETF is set out in the Product Supplement. Application amounts may be in the form of either (a) cash; or (b) 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 ETF, together with any balancing cash payment. Applications are subject to an application fee described in section 3. Subject to market conditions, investors may purchase Units 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.	**5, 6.3 and Product Supplement**
Redemptions	A Unitholder can only redeem Units if it is an Authorised Participant who is an Australian Resident. 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 ETF is specified in the Product Supplement. The amount payable to a Unitholder on redemption may be either in the form of (a) cash; or (b) where agreed with the Responsible Entity, 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 ETF, together with any balancing cash payment. In certain specified circumstances, redemption requests may be delayed, rejected	**5, 6.2.8, 6.2.9 and Product Supplement**

TOPIC	SUMMARY	SECTION
	or scaled down. See section 6.2.8 and 6.2.9 for further information. Subject to market conditions, investors may sell their Units 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.	
Distributions	The distribution policy and distribution period in relation to each ETF is set out in the Product Supplement. The Responsible Entity intends to make distributions in respect of each ETF at least annually (assuming there is distributable income).	**2.2 and Product Supplement**
Risks	There are a number of risks associated with investing in the ETFs. The key risks include the following: • The investment returns of each ETF are linked to the performance of the relevant Index, which may rise or fall depending on the performance of the securities or other assets reflected in the Index. • There is a risk that the Responsible Entity's investment strategy is not successful, resulting in an ETF failing to meet its objective of tracking the relevant Index before fees and expenses. • There is a risk that investing in an ETF may give a different tax outcome than investing directly (if applicable) into the constituents that make up the relevant Index. • In certain circumstances, the ASX may suspend trading of the Units of an ETF and therefore Unitholders will not be able to buy or sell Units of that ETF on the ASX. • There is a risk that the trading price of Units on the ASX may differ from the Net Asset Value per Unit. • Although the Units are quoted on the AQUA market of the ASX, there can be no assurance there will continue to be a liquid market for Units. • There is a risk that a counterparty may fail to make payments to an ETF as required under the terms of any derivative or other contractual agreement. • A breakdown in administrative procedures or operational controls may cause disruption to day to day operations of an ETF. Such business interruptions may arise internally through human error or technology or infrastructure failure, or possible external events. • In certain circumstances, as set out in section 6.2.8 and 6.2.9, the Responsible Entity can reject, delay or scale down redemptions. This is not a comprehensive summary of all the risks of investing in the ETFs. Before investing in the ETFs, investors should consider carefully the general risks and specific risks associated with an investment in the ETFs and obtain financial advice on whether an investment in the ETFs is suitable for their objectives, financial situation and needs.	**4 and Product Supplement**
Fees and costs	Fees and costs as described in section 3 of this PDS will apply.	**3 and Product Supplement**
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 ETF and is the issuer of this PDS.	**1.3**

1.3 ABOUT THE RESPONSIBLE ENTITY

BetaShares Capital Ltd is the responsible entity of the ETFs and is responsible for the ongoing management of the underlying assets of the ETFs.

The Responsible Entity is a wholly-owned subsidiary of BetaShares Holdings Pty Ltd, which is an Australian asset management business located in Sydney. BetaShares Holdings Pty Ltd was established in 2009 to be a specialist provider of exchange traded fund products and is majority owned by its directors and staff. The Responsible Entity launched its first ETFs in 2010. As at the date of this PDS, it acts as responsible entity for six ETFs (including the Funds) whose units are, or are expected to be, quoted for trading on the Australian Securities Exchange under the AQUA Rules. These ETFs provide exposure to the performance of specific equity indices, currencies or commodity indices. The primary focus of the Responsible Entity's business is the operation of ETFs.

BetaPro Management Inc. ("BetaPro"), a leading issuer of exchange traded funds based in Canada, is a shareholder (through a subsidiary) in BetaShares Holdings Pty Ltd. As at 31 August 2011, BetaPro, together with its subsidiary AlphaPro Management Inc., managed more than $3.3 billion in assets and 75 exchange traded funds listed on the Toronto Stock Exchange, together making up the largest selection of exchange traded funds in Canada.

The directors of the Responsible Entity as at the date of this PDS are:

David Nathanson: David is a Managing Director of BetaShares Capital Ltd and BetaShares Holdings Pty Ltd. He has approximately 15 years experience in the financial services and legal industries in Sydney and New York at firms including Goldman, Sachs & Co, Macquarie Bank and Freehills. He is a director of Apex Capital Partners Pty Ltd, an advisory and investment firm based in Sydney. He holds a Bachelor of Commerce and a Bachelor of Laws from University of NSW, and an MBA from Stanford Business School.

Alex Vynokur: Alex is a Managing Director of BetaShares Capital Ltd and BetaShares Holdings Pty Ltd. He has approximately 10 years experience in the funds management, investment and legal industries. Alex was involved in the establishment and development of several leading Australian financial services businesses including Pengana Capital and Centric Wealth. He is a director of Apex Capital Partners Pty Ltd, an advisory and investment firm based in Sydney. He was previously a lawyer at Baker & McKenzie. He holds a Bachelor of Commerce and a Bachelor of Laws from University of NSW.

Howard Atkinson: Howard is President and Director of BetaPro Management Inc. He has 24 years of investment industry experience. Prior to BetaPro, Howard was responsible for iShares' Exchange Traded Products business in Canada, and held positions with a national investment dealer and major mutual fund companies in Canada. He is a past President of the Toronto CFA Society board of directors, a CFA Charterholder and holds the ICD.D designation from the Institute of Corporate Directors. He is a member of the S&P/TSX Canada Index Advisory Panel. He holds a Bachelor of Science, Economics from University of New Orleans.

Adam Felesky: Adam is Chief Executive Officer and Director of BetaPro Management Inc. In addition to managing the largest number of ETFs listed on the Toronto Stock Exchange, BetaPro is the majority owner of AlphaPro Management Inc, a provider of actively managed ETFs. Prior to founding BetaPro, Adam worked at JPMorgan in New York. Previously, he worked in investment banking for JPMorgan Canada and CIBC World Markets. He holds a Bachelor of Engineering and Bachelor of Arts in Political Science from McMaster University.

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

1.4 AQUA MARKET OF THE ASX

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

The AQUA Rules have been designed to offer greater flexibility and are specifically designed for managed funds, ETFs and structured products.

Since many investors may be more familiar with the ASX Listing Rules, it is important to note the main differences between the AQUA Rules and the ASX Listing Rules.

1.4.1 Trading status

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.

1.4.2 AQUA Rules: fundamental difference

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

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 on AQUA typically reflects the performance of the underlying assets.

1.4.3 Key specific differences between the Listing Rules and the AQUA Rules

Due to the different nature of shares listed under the Listing Rules and AQUA Products quoted under the AQUA Rules, the requirements relating to AQUA Products differ from those relating to products listed under the Listing Rules. The key differences for AQUA Products are as follows:

1. Continuous disclosure – the continuous disclosure requirements for AQUA issuers are different to those under the ASX Listing Rules because of the nature and regulation of the underlying asset. There is a requirement under the AQUA Rules that an AQUA Product issuer provide the ASX with any information the non-disclosure of which may lead to the establishment of a false market in the products or would materially affect the price of its products. The Responsible Entity must also disclose information about dividends and distributions to the ASX. Additionally, the Responsible Entity intends to comply with the *Corporations Act* continuous disclosure requirements under section 675 as if each ETF were a disclosing entity, so information will be disclosed to ASIC. The Responsible Entity intends to make disclosure to ASX and market participants using the Company Announcements Platform of the ASX at the same time information 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.

2. Periodic disclosure – AQUA Product issuers are not required to disclose half yearly and annual financial information or annual reports to ASX, but the Responsible Entity will still lodge these with ASIC in respect of each ETF as it will treat each ETF as a disclosing entity.

3. Spread requirements – The 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) do not apply to AQUA Products. 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, generally through the appointment of a market maker, or have in place other arrangements which meet ASX's requirements for providing liquidity.

4. Corporate control – the ASX requirements in relation to matters such as takeover bids, share buy-backs, change of capital, new issues, restricted securities, disclosure of directors' interests and substantial holdings are not relevant and do not apply to AQUA Products. The Responsible Entity is subject to general *Corporations Act* requirements in respect of some of these matters in some circumstances. Unlike the responsible entity of a managed investment scheme listed under the Listing Rules, the Responsible Entity can only be replaced by a resolution passed by the votes of at least 50% of all the votes eligible to be cast. The *Corporations Act* provisions that apply to takeovers and substantial shareholding requirements for listed managed investment schemes do not apply to AQUA Products.

5. Related party transactions – ASX requirements relating to transactions between an entity and persons in a position to influence the entity, do not apply to AQUA Products. However, *Corporations Act* requirements (i.e. Chapter 2E and Part 5C.7 of the *Corporations Act*) in this regard applicable to public companies and registered managed investment schemes will still apply to the Responsible Entity.

6. Auditor rotation obligations – AQUA Product issuers, including the Responsible Entity, will not be subject to the requirements in Division 5 of Part 2M.4 of the *Corporations Act* in relation to auditor rotation.

2 ABOUT BETASHARES ETFS

2.1 INVESTMENT POLICY

2.1.1 Investment objective

The investment objective of each ETF is to provide an investment return, before fees and expenses, that closely tracks the performance of the relevant Index.

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

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

2.1.2 Investment strategy

The Responsible Entity will employ an investment management strategy designed to track the performance of the relevant Index, before fees and expenses.

Each ETF will invest its assets into the purchase of securities that are constituents of the relevant Index. These securities are held by the custodian.

In seeking to track the performance of the relevant Index, each ETF employs a sampling strategy, which means that the ETF may not necessarily purchase all of the securities that make up the Index. Instead, the ETF may purchase a subset of the securities in the Index with the objective of holding a portfolio of securities that exhibits substantially the same risk and return characteristics as the Index. The securities held by each ETF will be determined solely by the Responsible Entity based on a number of factors, including the liquidity of the security, the portfolio's exposure to particular sub-sectors (relative to the corresponding exposure within the Index) and the market capitalisation of the relevant security.

Primarily as a result of the sampling strategy described above, there may be small variations in the performance of the portfolio of securities held by the ETF compared to the relevant Index (referred to as "tracking error").

The Responsible Entity may use derivatives, such as futures, forwards, options and swaps in order to manage the risk and return of the portfolio and to help better achieve the investment objective of the ETF. In particular, the Responsible Entity may enter into a swap agreement with one or more financial institutions to reduce the impact of tracking error on the performance of the portfolio. Under such an agreement, if the portfolio of securities held by the ETF underperforms the Index, the amount of underperformance is payable by the counterparty to the ETF. Conversely, if the portfolio of securities outperforms the Index, the amount of outperformance is payable by the ETF to the counterparty.

To the extent that the Responsible Entity uses a swap in this way, an ETF will have credit exposure to a counterparty (and vice versa) if there is a difference in performance of the Index relative to the performance of the portfolio of securities held by the ETF. The Responsible Entity will limit the use of derivatives, including any swap agreement, with the objective that the exposure of an ETF does not exceed 3% in aggregate of the Net Asset Value of the ETF. In practice, the Responsible Entity expects that the exposure to counterparties, if any, will generally be less than 1% in aggregate of the ETF's Net Asset Value.

As at the date of this PDS, the Responsible Entity has entered into a swap agreement in relation to the ETFs with Credit Suisse Securities (Europe) Ltd. Under the swap, the Responsible Entity has agreed a zero exposure threshold with the swap counterparty, subject to applicable minimum transfer amounts. The obligations of Credit Suisse Securities (Europe) Ltd under the swap are guaranteed by Credit Suisse AG. Further information on the swap agreement is set out in section 6.3.

The Responsible Entity may enter into swap agreements in the future with additional or replacement counterparties, provided that any counterparty will be required to satisfy any relevant ASX or ASIC requirements.

The Responsible Entity may also enter into securities lending and repurchase agreements, although it has no intention to do so at the date of this PDS. Small cash balances may also be held from time to time.

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 ETF, and the Net Asset Value for each ETF, is 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, strategy and guidelines as described in sections 2.1.1 and 2.1.2 and, if applicable, in the Product Supplement) for any ETF as set out in this PDS.

Where required by the ASX Operating Rules, the Responsible Entity will not make any significant change to the investment mandate of an ETF described in this PDS without first obtaining the approval of a resolution of the Unitholders of the relevant ETF passed by at least 75% of the votes cast.

2.2 DISTRIBUTIONS

The ETFs may earn income such as dividends and interest. The ETFs may also realise capital gains or losses on the disposal of securities, or derive other assessable income and incur deductions under any swaps that may be used.

2.2.1 Distributions

Unitholders holding Units in an ETF 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 ETF at the end of the distribution period.

The distribution periods in relation to an ETF 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 30 business days of the end of the distribution period to which they relate.

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

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

Unitholders may also become entitled to the distributable income of an ETF on the redemption of their Units. See section 7.1.7 for further information.

2.2.2 Distribution 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 ETF during a financial year, a statement which outlines the amount and composition of the taxable income of the ETF to which the Unitholder became entitled. The DRP is currently available only to Unitholders who have a registered address in Australia.

2.2.3 Distribution Reinvestment Plan

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

Participation in any DRP is subject to the terms and conditions of the DRP policy document.

Where a DRP is available, eligible Unitholders can choose to:

- participate in the DRP, meaning all distributions from the relevant ETF will be reinvested in additional Units in the ETF; or
- have the distributions paid directly to a nominated Australian bank account.

Partial reinvestment will not be available. If no DRP election is made, the distributions will automatically be paid into the nominated Australian bank account. Unitholders can elect to participate in the DRP by submitting a form available in the "Unitholder Records" section of the BetaShares website at www.betashares.com.au or from the Registrar.

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 fund 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.fido.asic.gov.au) has a managed investment fee calculator to help you check out different fee options.

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 each fund's assets 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 OR COSTS

TYPE OF FEE OR COST	AMOUNT	HOW AND WHEN PAID
FEES WHEN YOUR MONEY MOVES IN OR OUT OF THE FUND		
Establishment fee: The fee to open your investment	Nil	Not applicable
Application/Contribution fee: The fee on each amount contributed to your investment	Fee for cash applications (each ETF) – $1,000 Fee for in-kind applications (each ETF) – $3,000	Payable only by Authorised Participants. This fee will be payable together with: • the application amount (for cash applications); and • the transfer of the application securities and balancing cash component (if positive) (for in-kind applications).
Withdrawal fee: The fee on each amount you take out of your investment	Fee for cash redemptions (each ETF) – $2,000 Fee for in-kind redemptions (each ETF) – $4,000	Payable only by Authorised Participants. This fee will be: • deducted from the redemption proceeds (for cash redemptions); or • payable by the Authorised Participant (for in-kind redemptions).
Termination fee: The fee to close your investment	Nil	Not applicable
Management costs: The fees and costs for managing your investment	Capped (while this PDS is current) at 0.39% p.a. (each ETF)	Calculated and accrued daily as a percentage of the ETF's Net Asset Value. Management costs are paid monthly on or after the first day of the following month. Management costs are reflected

TYPE OF FEE OR COST	AMOUNT	HOW AND WHEN PAID
		in the daily Net Asset Value per Unit.
Service fees **Investment 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 incorporate Goods and Services Tax (GST) net of any input tax credits.

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 ETF	AMOUNT	BALANCE OF $1,000,000 WITH A CASH CONTRIBUTION OF $1,000,000 DURING THE YEAR
CONTRIBUTION FEES	$1,000 (for a cash application) [1]	$1,000 (for a cash application)
PLUS MANAGEMENT COSTS[2]	0.39% p.a.	For every $1,000,000 you invest in the ETF you will be charged $3,900 each year
EQUALS COST OF FUND		If you had an investment of $1,000,000 at the beginning of the year and you put in an additional $1,000,000[3] during that year (under a cash application), you would be charged fees of $4,900.

An Authorised Participant who redeems Units directly will also be charged a withdrawal fee of $2,000 for a cash redemption. Withdrawal fees for in-kind redemptions may be higher than for cash redemptions (see the table in paragraph 3.1 above).
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] Application fees payable by Authorised Participants for in-kind applications are higher than for cash applications (see the table in section 3.1 above).
[2] For more information, refer to explanation of "Management costs" in the "Additional Explanation of Fees and Costs" section below.
[3] Assumes the $1,000,000 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 an ETF incorporate all relevant fees and other costs involved in managing the ETF and deriving investment returns, other than transaction and certain other operational costs. The management costs include:

- Responsible Entity's fee;
- custodian fees (excluding transaction based fees);
- fund administration fees;
- accounting and audit fees;
- unit registry fees (other than transaction based unit registry fees)
- ASX fees; and
- any other expenses recoverable under the Constitution of the ETF (except for those excluded expenses described below), such as the cost of preparing and amending the Constitution and other fund administration expenses.

The management costs charged to the ETFs are capped while this PDS is current. The capped management costs for each ETF are set out in the table in section 3.1.

The Responsible Entity may withdraw or replace this PDS at any time.

The management costs do not include transaction fees incurred by the ETF, such as ordinary brokerage and transaction fees associated with the buying and selling of the ETF's assets, including amounts accruing to counterparties under any swap, index licence fees and transactional registry service fees. Therefore, the cap on management costs does not apply to these amounts. However, while this PDS is current the Responsible Entity will reimburse each ETF for the transaction costs, such as brokerage, bank charges and government duties, incurred in buying and selling the ETF's assets as a result of an application or redemption of Units and for index licence fees. The cap on management costs also does not apply to extraordinary fees and other costs not contemplated by the Responsible Entity at the date of this PDS. If the cap on management costs is exceeded because of the payment of extraordinary or unanticipated fees or other costs, Unitholders will be notified.

3.3.2 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.

Application fees and redemption fees will only be payable by Authorised Participants on an application for or redemption of Units directly with the ETF.

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

These fees will be added to the investment amount receivable from an Authorised Participant on application, or deducted from the amount payable to an Authorised Participant on redemption (as applicable). For in-kind applications and redemptions, these fees will be separately payable by the Authorised Participant. Any such fees will therefore not be incurred by the ETF and will not affect the Net Asset Value of the ETF. While this PDS is current, the Responsible Entity will reimburse the ETF for the transaction costs, such as brokerage, bank charges and government duties, incurred in buying and selling the ETF's assets as a result of the application or redemption.

3.3.3 Stockbroker fees for all other investors

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.

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

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

The Constitution of each ETF limits the amount of the Responsible Entity's fee to a maximum of 3% p.a. of the ETF's Net Asset Value (plus GST). However, management costs (which include the Responsible Entity's fee) are capped at the levels set out in the table in section 3.1 while this PDS is current.

The Constitution of each ETF 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 to recover from an ETF 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 an ETF will be announced to the ASX at least 30 days before it occurs.

3.3.5 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.

The Responsible Entity may also pay one-off or annual product access payments to wrap platform or master trust operators for including the ETFs 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.

3.3.6 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 ETFs 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 ETFs, personal tolerance for fluctuating market values should be taken into account.

The most common risks associated with investing in the ETFs are described below, but there could be other risks that affect the performance of the ETFs. 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 ETF.

The Responsible Entity does not provide assurances or guarantees on future profitability, returns, distributions or return of capital. An investment in an ETF 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 ETFs fits into your overall investment portfolio.

4.1 MARKET RISK

Investment returns are influenced by the performance of the market as a whole. This means that the value of the Units can be affected by factors such as changes in interest rates, investor sentiment and global events, depending on which markets or asset classes you invest in. Markets are volatile and fluctuate from day-to-day. This volatility may cause the value of an investment in an ETF to decrease.

4.2 INDUSTRY SPECIFIC RISK

Factors specific to a particular market segment, such as an industry sector, will cause its return to differ from that of the 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. An Index that tracks the performance of a particular industry sector, and hence an ETF linked to such an Index, may be sensitive to industry specific risk, may underperform the market as a whole and may also be more volatile than the market as a whole.

4.3 SECURITY SPECIFIC RISK

Factors specific to a particular equity security will cause its return to differ from that of the market. Such factors may include its business prospects, market estimations of potential future profitability, balance sheet leverage, and market sentiment. An Index that tracks the performance of a portfolio of equity securities, and hence an ETF linked to such an Index, may be sensitive to stock specific risk for those stocks which form a material component of the index construction.

4.4 DERIVATIVE RISK

The primary risks associated with the use of derivative contracts such as swaps are:

- the values of the derivative failing to move in line with the underlying asset;
- the potential lack of liquidity of the derivative;
- possibility that the derivative position is difficult or costly to manage or reverse;
- the ETF may not be able to meet payment obligations as they arise;
- the counterparty to the derivative contract may not meet its obligations under the contract or there may be a dispute under the contract about the value of the derivative or any other matter;
- the collateral obligations in respect of margin requirements on derivative contracts can cause liquidity issues if insufficient collateral is available; and
- other factors cause the derivative contract to terminate early.

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

4.5 COUNTERPARTY AND SWAP TERMINATION RISK

There is a risk that a counterparty may default on its obligations under a swap or similar derivative agreement. In the event of such a default, Unitholders may incur economic loss. Generally, any such loss would be limited to the “tracking error” that would otherwise have been borne by the ETF had the swap not been in place. Payment of returns from the ETF may also be delayed while the Responsible Entity enforces its rights under the agreement.

In the event of any material credit rating downgrade or other material adverse change concerning any derivative counterparty, or if a counterparty terminates a swap or otherwise ceases its relationship with the Responsible Entity, the Responsible Entity will take such measures and actions as reasonably and practicably available to it. This may include continuing to run the portfolio using the investment strategy described in section 2.1.2 without the benefit of the swap agreement, or entering into replacement swap transactions. Any replacement of a counterparty will be notified to Unitholders. There can be no assurance that such measures will be effective.

4.6 CURRENCY RISK

Fluctuations in the value of the Australian dollar and foreign currencies can affect the returns from overseas investments. This is because losses or gains must be converted back into Australian dollars.

A weaker Australian dollar increases the value of investments held in non-Australian dollars and therefore benefits the Australian investor holding non-Australian assets, such as international shares. Conversely, if the value of the Australian dollar rises, the value of investments held in non-Australian assets will fall.

An ETF may be affected by changes in the value of the Australian dollar and foreign currencies in circumstances where the relevant Index tracked by the ETF includes exposure to overseas investments either directly (e.g. because the Index includes constituents priced in foreign currencies) or indirectly (e.g. because the Index includes constituents that invest overseas).

4.7 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 the ETF and its Unitholders.

The ETFs may be affected by changes to legislation or government policy both in Australia and in other 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 ETFs. The Responsible Entity may not always be in a position to take such action.

4.8 TAX RISK

While the investment objective of each ETF is to track the relevant Index before fees and expenses, the outcome will not be exactly the same as if the ETF held all of the securities or assets representing the relevant Index in their exact Index weights.

It is possible that the composition of the ETF's return (as regards the split between income and capital returns) may differ from that of the Index due to the buying and selling of securities by the ETF or because of the revenue character of payments and receipts under any swap agreement used by the Responsible Entity. In such a case, it is possible that the after-tax outcome to a Unitholder may differ from the outcome that would result from a direct investment in the securities or assets that comprise the relevant Index. However, the Responsible Entity intends to manage the ETFs in order to minimise any such differences, although there can be no assurance that the Responsible Entity will be successful in doing so.

Further, there is a risk that the level of franking credits attached to a distribution from an ETF may be less than the franking outcome that would have been achieved from a direct investment in the securities or assets that comprise the relevant Index. (This assumes that, having regard to the published views of the Australian Taxation Office, the ETF should not be regarded as making a related payment in respect of any swap agreement for franking credit purposes).

4.9 MANAGER RISK

This is the risk that the Responsible Entity's investment strategy is not successful, or not successfully implemented, resulting in an ETF failing to meet its objectives. No assurance can be given that the trading systems and strategies utilised by the Responsible Entity will prove successful under all or any market conditions.

The Responsible Entity employs an investment management strategy designed to track the relevant Index for each ETF, before fees and expenses. This should help to lower the risk of underperformance relative to the target Index, as compared to the performance of managers who employ an active investment strategy relative to their own benchmarks.

4.10 FUND RISK

There is a risk that an ETF could terminate, that fees and expenses could change or that the Responsible Entity could be replaced as responsible entity of an ETF. There is also a risk that investing in the ETF may give a different result than investing directly into the constituents or assets that make up the Index tracked by the ETF. This may occur because of the income or capital gains earned by the ETF, or because the value of any swap agreement used by the Responsible Entity fails to move in line with the relevant Index as expected. The deviation from the relevant Index could be positive or negative.

4.11 OPERATIONAL RISK

A breakdown in administrative procedures or operational controls may cause disruption to day to day operations of an ETF. Such business interruptions may arise internally through human error or technology or infrastructure failure, or possible external events.

There is a risk that circumstances beyond the Responsible Entity's reasonable control could prevent the Responsible Entity from managing the ETF in accordance with its investment strategies and as otherwise contemplated by this PDS. Examples of these circumstances include strikes, industrial disputes, fires or other casualty, war, civil disturbance, terrorist acts, governmental pre-emption in connection with an emergency of state and epidemics (including potential epidemics).

4.12 TRADING RISK

In certain circumstances, the ASX may suspend trading of the Units of an ETF and therefore Unitholders will not be able to buy or sell Units of that ETF 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.

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 ETF.

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 ETFs 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.

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 and how closely the value of the assets of the ETF tracks the performance of the relevant Index. The trading price may be affected if there is a suspension of the application and redemption process. 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 trading of securities or assets which form part of an Index is suspended or restricted, the Net Asset Value of an ETF that tracks such an Index may also be affected.

4.13 SETTLEMENT RISK

The application and redemption processes associated with the issue or redemption of Units are subject to the normal settlement procedures through CHESS. An ETF is exposed to some risk if an Authorised Participant fails to comply with its settlement obligations. These risks are mitigated by the fact that Authorised Participants are subject to usual ASX trading practices including ASX fail fees.

4.14 INDEX RISK

Each ETF aims to provide Unitholders with a return linked to, or closely matching, the return of the relevant Index before fees and expenses. The return of the relevant Index is subject to many risks including the general market risk of the equities or other assets that underlie the Index, as well as specific risk arising from individual equities or other assets within the Index, both of which contribute to the volatility of Index returns, and hence the returns of Unitholders.

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 stop publishing the Index in which case the Responsible Entity may change the index for an ETF. The Net Asset Value of the ETF may be adversely affected by such adjustments.

4.15 RISK ASSOCIATED WITH TRACKING AN INDEX

There is no guarantee that an ETF's investment objective will be achieved. No investment strategy, asset or financial instrument will guarantee automatic and continuous tracking of the performance of an Index.

4.16 EARLY CLOSING RISK

Unanticipated early closings of a stock exchange on which securities held by an ETF are listed may result in an ETF being unable to sell or buy securities on that day. If the ASX closes early on a day when an ETF needs to execute a high volume of securities trades late in the trading day (in order to implement applications or redemption requests), the ETF may incur trading losses.

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 apply for Units for cash or in-kind.

Redemptions of Units shall be for cash (unless otherwise agreed with the Responsible Entity, in which case they may be in-kind). An Authorised Participant may only redeem Units if they are an Australian Resident.

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).

5.1 CASH APPLICATIONS AND REDEMPTIONS

A cash application involves payment to the Responsible Entity or custodian by an Authorised Participant of cash (plus the application fee described in section 3) in return for the issue of Units by the Responsible Entity to the Authorised Participant.

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 (minus the redemption fee) by the Responsible Entity to the Authorised Participant.

5.2 IN-KIND APPLICATIONS AND REDEMPTIONS

"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 ETF 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 ETF. Details of the daily application/redemption securities will be made available on the BetaShares website or 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. 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 prepared by the Responsible Entity for the 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 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 designed to ensure there is no impact (e.g. no dilution in value) for existing Unitholders arising out of an application or redemption.

5.3 MINIMUM APPLICATIONS AND REDEMPTIONS

The minimum application and redemption amount is one Creation Unit. The number of Units that constitute a Creation Unit for each ETF is specified in the Product Supplement.

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

5.4 APPLICATIONS AND REDEMPTIONS

Application/Redemption forms received from Authorised Participants before the Dealing Deadline on an ASX Business Day are processed at the Issue Price/Withdrawal Amount (being the Net Asset Value per Unit) for the ETF calculated as at close of trading on that day.

Application/Redemption forms received from Authorised Participants after the Dealing Deadline on an ASX Business Day, or on a non-ASX Business Day, are processed at the Issue Price/Withdrawal Amount (being the Net Asset Value per Unit) of the ETF calculated as at close of trading on the next ASX Business Day.

For applications, Authorised Participants must deliver to the Responsible Entity or custodian either (at the election of the applicant) cash equal to the Issue Price for the relevant Units (plus the application fee) or, for an in-kind application, the application securities plus or minus the cash component (plus the application fee). In return, they will receive the equivalent amount of Units.

For redemptions, Authorised Participants must deliver the Units of the ETF to the Responsible Entity or custodian. In return, they will receive cash equal to the Withdrawal Amount for the relevant Units (less the redemption fee). If an in-kind redemption has been agreed with the Responsible Entity, Authorised Participants will receive the redemption securities plus or minus the cash component (less the redemption fee).

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. 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.

5.5 SUSPENSIONS OF APPLICATIONS AND REDEMPTIONS

There may be occasions where the Responsible Entity may suspend applications 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.

5.6 VALUATIONS AND PRICING

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 is entitled (in cash and/or securities) 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 ETF by the number of Units on issue in the ETF at the time the Issue Price and/or Withdrawal Amount are determined (the valuation time).

The valuation time for an ETF is generally the close of trading on each ASX Business Day (see “Applications and Redemptions”), unless otherwise set out in the Product Supplement for the relevant ETF.

The Withdrawal Amount paid to a Unitholder on the redemption of Units may include a distribution of the distributable income of the ETF. (Please refer to section 7.1.7 of this PDS for details regarding how this entitlement is determined.)

The Net Asset Value of an ETF is calculated by deducting from the aggregate value of the assets of the ETF all accrued fees and other costs, liabilities and provisions relating to the ETF. Fees and other costs, including the Responsible Entity’s fees, are accrued daily. An ETF’s assets reflect their market value. The valuation methods applied by the Responsible Entity to value an ETF’s assets and liabilities are consistent with applicable industry standards and result in Net Asset per Unit calculations that are independently verifiable. Fees and other costs are detailed in section 3 of this PDS.

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 ETFS

There are a number of parties, in addition to the Responsible Entity, involved in the ongoing operation and administration of the ETFs:

6.1.1 Custodian and Administrator

The custodian provides custodial services to the Responsible Entity, including holding the assets of the ETFs. The custodian may, from time to time, appoint sub-custodians.

The administrator provides administration services to the Responsible Entity. These services include fund accounting, maintenance of books and records, calculating distribution amounts, calculating the Issue Price and Withdrawal Amount, and taxation and other services. The Responsible Entity may change the custodian and administrator.

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

RBC Dexia Investor Services Trust
Level 17
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 ETFs. This includes details such as the quantity of securities held, tax file numbers (if provided) and details of distribution reinvestment plan participation. The Responsible Entity may change the Registrar.

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

Link Market Services
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:

- Providing liquidity to the market through acting as the buyer and seller of Units on the ASX throughout the day; and
- Creating and redeeming Units off-market, 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, expertise and financial capacity to perform market making functions; and that are ASX participants and have agreements in place with the ASX to provide certain market making services.

As of the date of this PDS, the Responsible Entity has selected IMC Pacific Pty Ltd and Optiver Australia Pty Ltd to act as lead market makers for the ETFs.

The arrangements with these market makers 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. Subject to the AQUA Rules and agreements with the market makers, the Responsible Entity may appoint and terminate market makers in respect of an ETF. The Responsible Entity may determine to no longer appoint market makers in respect of an ETF in circumstances where it is no longer required to do so under the AQUA Rules.

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 ETFs. The Responsible Entity holds an Australian Financial Services Licence (AFSL 341181) that authorises it to act as the responsible entity of the ETFs. The powers and duties of the Responsible Entity are set out in the Constitution of each ETF, 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 an ETF 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 ETF is a registered managed investment scheme governed by a Constitution. Under the Constitution of each ETF, the Responsible Entity has all the powers of a natural person in respect of the ETF. The Constitution for each ETF sets out the rights of the Unitholders and the obligations of the Responsible Entity, as responsible entity of the ETF. This PDS outlines some of the more important provisions of the Constitutions of the ETFs, all of which are substantially identical in terms of their material provisions.

A copy of the Constitution in relation to an ETF 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 required Constitution upon request.

6.2.3 Amendments to the Constitution

The Responsible Entity may amend the Constitution of an ETF 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 on the resolution.

6.2.4 The compliance plan

The Responsible Entity has prepared and lodged a compliance plan for the ETFs 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 ETFs. 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 as to how it determines Unit prices for its ETFs. The policy has been designed to meet the ASIC requirements and is available on request to all Unitholders and prospective Unitholders at no charge.

The policy explains the Responsible Entity's approach in relation to valuation methodology, rounding of decimal places, cut-off times for receiving instructions and the frequency of income distributions and Unit pricing discretions generally.

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 an ETF. This may be for reasons such as (but not limited to):

i. the particular Index ceases to exist or the methodology or constituents of the Index are materially changed;

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 an ETF 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 shares 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;

vii. a counterparty to any swap notifies the Responsible Entity that there is limited liquidity in a portion of the component securities or assets of the Index or it becomes impractical to invest in the components or assets of the Index; or

viii. other reasons.

The Responsible Entity will not change an ETF's Index if the change would represent a significant change to the investment mandate for the ETF (i.e. the investment objective, strategy and guidelines as described in sections 2.1.1 and 2.1.2 and, if applicable, the Product Supplement) without approval of a resolution of the Unitholders of the relevant ETF passed by at least 75% of the votes cast.

6.2.8 Suspensions of applications and redemptions

The Constitution of each ETF allows the Responsible Entity to suspend the issue of Units in the ETF 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 ETF 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 rejected. 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 publish 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;

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 redemption request is received during the period commencing on an ETF's ex date for distributions and expiring at the end of the relevant distribution period;

viii. the Responsible Entity does not consider that it is in the best interests of Unitholders of the ETF 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.

The redemption period may be extended for so long as the relevant circumstances apply.

6.2.9 Spreading redemption requests

The Constitution of each ETF 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 ETF is liquid within the meaning of section 601KA of the *Corporations Act*. An ETF will be liquid if at least 80% of its assets 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 ETF will be liquid under the *Corporations Act*. If an ETF 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 an ETF but not an entitlement or interest in any particular part of the fund or any asset.

The terms and conditions of the ETF's Constitution are binding on each Unitholder in the ETF 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 an ETF'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 ETF for all liabilities, losses and expenses incurred in relation to the proper performance of its duties as responsible entity of that ETF.

6.2.14 Retirement of BetaShares

BetaShares may retire as responsible entity of an ETF 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. at least 50% of the 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 an ETF at any time. Following winding up, the net proceeds will be distributed to Unitholders.

6.2.16 Limitation of liability of Unitholders

The Constitution of each ETF provides that the liability of each Unitholder is limited to the consideration (if any) which remains outstanding in relation their subscription 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 by the Unitholder or any matter arising in connection with the Units held by the Unitholder;

ii. application/redemption fees; and

iii. 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 ETF. 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 an ETF at any time, (e.g. to approve certain amendments to an ETF's Constitution or to wind up the ETF). Unitholders also have limited rights to call meetings and have the right to vote at any Unitholder meetings. Except where that ETF'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 an ETF's Constitution binds all Unitholders of the ETF.

6.2.18 Indemnities and limitation of liability of the Responsible Entity

The Responsible Entity is indemnified out of the assets of each ETF for any liability incurred by it in properly performing or exercising any of its powers or duties in relation to the ETF. 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 ETF except to the extent that the *Corporations Act* imposes such liability.

6.2.19 Defective applications

The Constitution of each ETF 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 ETF allows the Responsible Entity to redeem some or all of a Unitholder's Units at any time.

6.2.21 Information from Unitholders

The Constitution of each ETF 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 ETF 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

An ETF will only borrow where the Responsible Entity believes it is in the best interests of Unitholders to do so. It is not currently the Responsible Entity's intention to borrow for the purposes of gearing.

6.2.23 If you have a complaint

If a Unitholder has a complaint regarding an ETF 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 8:00 am to 6:00 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 9, 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 provide a written response within 45 days of receiving the written 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 1300 780 808, or at the following address:

Financial Ombudsman Service
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 Privacy policy

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 an ETF. 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 investment base unless otherwise advised.

To obtain a copy of the privacy policy, contact BetaShares 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 ETF 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 its related bodies corporate or service providers, or relevant regulators of AML/CTF Laws (whether in or outside of Australia);
    - 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 Interest on amounts awaiting investment or redemption

Amounts paid to an ETF may accrue interest in the ETF's accounts pending the issue of Units or the return of application monies. Similarly, amounts made available to satisfy a redemption request may also accrue interest pending payment. Any such interest will be retained by the Responsible Entity as an asset of the relevant ETF.

6.2.27 Other services

The Responsible Entity in its personal capacity, or companies related to the Responsible Entity, may provide securities lending, foreign exchange or other services to an ETF. Any fees for such services will be at arm's length commercial rates.

6.2.28 Indicative Net Asset Value per Unit

The Responsible Entity may at its discretion make available, or may designate other persons to make available on its behalf, an estimated indicative Net Asset Value per Unit (iNAV) for one or more ETFs from time to time. Such information, if made available on any ASX Business Day, will be calculated based upon information available to the Responsible Entity or its designate during the ASX Business Day or any portion of the ASX Business Day.

Any iNAV is not, and should not be taken to be or relied on as being, the value of a Unit or the price at which Units may be applied for or redeemed, or bought or sold on any stock exchange, and may not reflect the true value of a Unit. Investors interested in applying for or redeeming Units, or buying or selling Units on a stock exchange, should not rely on any iNAV which is made available in making investment decisions but should consider other market information and relevant economic factors. Neither the Responsible Entity nor any designate or other service provider to the Responsible Entity shall be liable to any person who relies on the iNAV.

6.3 MATERIAL CONTRACTS

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

TABLE 6.3: MATERIAL CONTRACTS

CONTRACT AND PARTY	DESCRIPTION
Index Licence Agreement	The Index provider in relation to each ETF is set out in the Product Supplement. There is an ETF Index Licence Agreement in relation to each ETF that allows the Responsible Entity to use the relevant Index in the operation of the ETF.
Custody agreement RBC Dexia Investor Services Trust	Custody Agreement which sets out the services provided by the custodian on an ongoing basis together with the service standards.
Investment administration agreement RBC Dexia Investor Services Trust	Investment Administration Agreement which sets out the services provided by the administrator (accountancy services, tax services and ETF services including Unit price calculations), together with the service standards.
Registry agreement Link Market Services Limited	Registry Agreement which sets out the services provided by the Registrar on an ongoing basis together with the service standards.
Authorised participant agreement Authorised Participants	The terms of each Authorised Participant Agreement may vary and each may be amended from time to time. An Authorised Participant Agreement deals with execution and settlement procedures in relation to the application for and redemption of Units. Under the Authorised Participant Agreement, the Authorised Participant makes certain representations to the Responsible Entity about its status as an appropriately licensed, Australian resident ASX participant. The Authorised Participant agrees to comply with the Constitution, with the execution and settlement procedures, and with all relevant laws in relation to selling Units. The Authorised Participant indemnifies the Responsible Entity against any losses incurred by the Responsible Entity or an ETF arising from the Authorised Participant's breach of the Authorised Participant Agreement or the execution and settlement procedures.
Swap agreement Credit Suisse Securities (Europe) Ltd	As at the date of this PDS, each ETF is party to a swap agreement with Credit Suisse Securities (Europe) Ltd (Credit Suisse). Under each agreement, Credit Suisse will make a payment to the ETF if the relevant Index outperforms the portfolio of securities held by the ETF, while the ETF will make a payment to Credit Suisse if the portfolio of securities held by the ETF outperforms the relevant Index. The payment will be made at the end of the term of the swap agreement, but may be agreed to be made earlier. Also, Credit Suisse will make a payment to the ETF if the income return on the components of the relevant Index outperforms the income return on the portfolio of securities held by the ETF, while the ETF will make a payment to Credit Suisse if the income return on the portfolio of securities held by the ETF outperforms the income return on the relevant Index. These payments will be made through the term of the swap. Adjustments to the provisions of the swaps can occur during the term if unusual, unexpected or extraordinary events occur, such as cancellation or replacement of the relevant Index. In the master agreement for each swap, each party provides a number of standard representations, warranties and undertakings to each other. It also provides for either party to terminate the swaps early if an event of default or termination event occurs and is continuing with respect to the other party. These events include a party failing to perform its obligations, making false representations, defaulting under other arrangements, becoming insolvent, and other events such as merger related events, tax related events and events related to the obligations under the swap agreements becoming illegal or impossible to perform. In the case of the ETF, this includes events related to a change in the Responsible Entity. There is no cross-collateralisation between any of the ETFs. Following the early termination, no further payments or deliveries for terminated transactions will be required and instead a single net termination amount, representing the net amount that either the ETF or Credit Suisse owes to the other on that date, will be calculated in accordance with the master agreement. The net termination amount is calculated by the party who terminated the transactions by reference to the amounts of losses or gains to that party that are or would be realised under then prevailing circumstances in replacing the economic equivalent of the material terms of the terminated transactions. The terminating

CONTRACT AND PARTY	DESCRIPTION
	party may consider either firm or indicative quotations for replacement transactions available in the relevant market and other inputs to determine this. This net termination amount could be payable by the ETF or to the ETF. In addition, pursuant to each swap master agreement, either the ETF or Credit Suisse may require collateral from the other party to reduce the net amount payable to that party by reference to agreed thresholds. Any collateral delivered under a swap master agreement is transferred absolutely to the other party and does not create a security interest. If the swap is terminated early, the value of any such collateral delivered by a party is taken into account in determining the net termination amount. Credit Suisse may require some initial collateral from the ETF in order to provide further credit protection to Credit Suisse. Such initial collateral is not intended to be transferred to Credit Suisse under the collateral arrangements set out in the swap master agreement as described above. Instead a security interest in it is intended to be provided to Credit Suisse, so that the ETF can retain ownership of the initial collateral.
Nominee deed poll RBC Dexia 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 participant	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 has granted relief under section 601QA(1)(a) of the *Corporations Act* from the equal treatment requirement in section 601FC(1)(d), 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.

PDS and Issue of Securities Requirements

ASIC has granted relief under section 1020F(1)(c) of the *Corporations Act* from certain requirements in sections 1013H, 1016D and 1016E, to reflect the continuous offering of Units in the ETFs. For the purposes of this relief, an application for quotation of the Units must be made no later than 7 days after the date of each new issue of the Units if such an application is required by the ASX, and the Responsible Entity must notify ASX of the total number of Units on issue in the ETFs by no later than 5 business days after the last business day of each calendar month. It is expected that there will be no period during which the Responsible Entity or custodian will hold application money before the Units are issued. Units will generally be issued on the ASX Business Day after the trade date and quoted with effect from the settlement of the issue of the relevant Units through CHESS.

Redemption Facility - Relevant Interest in Fund Assets

ASIC has granted relief under section 655A(1) (b) and 673(1) of the *Corporations Act* by modifying sections 609 and 671B of the *Corporations Act* in order to ensure that Unitholders do not have a relevant interest in underlying securities held by the ETF arising from the redemption facility offered by the ETF. The relief clarifies that those relevant interests do not need to be taken into account by Unitholders in relation to their obligations under the takeover and substantial holder notices regimes in the *Corporations Act.* The relief will not apply once the relevant Units are redeemed.

Ongoing Disclosure Relief

ASIC has granted relief under section 1020F(1)(a) of the *Corporations Act* from ongoing disclosure requirements in section 1017B on the condition that the Responsible Entity complies with the provisions of the *Corporations Act* that apply to unlisted disclosing entities as if each ETF was an unlisted disclosing entity.

6.5 DOCUMENTS LODGED WITH ASIC

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

As an investor in an ETF, a Unitholder may obtain the following documents from the Responsible Entity (as at the date of this PDS, no such documents have been lodged with ASIC):

- the annual report most recently lodged with ASIC in respect of the ETF;
- any half-year financial report lodged with ASIC in respect of the ETF 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 ETF 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 ETFs. 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 ETF. 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 ETFs 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 Australa):

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

6.9 CONSENT AND DISCLAIMER

RBC Dexia Investor Services Trust ("RBC Dexia Investor Services") has been appointed as the custodian and administrator. RBC Dexia Investor Services' role as custodian is limited to holding assets of the ETFs. As administrator, RBC Dexia Investor Services is responsible for the day to day administration of the ETFs. RBC Dexia Investor Services has no supervisory role in relation to the operation of the ETFs 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 Dexia Investor Services was not involved in preparing, nor takes any responsibility for this PDS and RBC Dexia Investor Services makes no guarantee of the success of the ETFs nor the repayment of capital or any particular rate of capital or income return.

Optiver Australia Pty Ltd ("Optiver") does not sponsor or endorse the ETFs in any way and does not give any representation, warranty, guarantee, assurance or undertaking express or implied as to any matter in connection with the ETFs (including, but not limited to, the performance of the market making function described in this PDS or the expected or projected success, profitability, return, performance, results or benefit of any investment or participation in the ETFs). Optiver has had no involvement in the preparation of any part of this PDS (including, but not limited to, the role of the market maker and the market making function described in this PDS) other than giving its consent to being named as a lead market maker for the ETFs. Optiver has not authorised or caused the issue of, and expressly disclaims and takes no responsibility for, any part of this PDS.

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6.10 INDEX DISCLAIMER

The ETFs are not sponsored, endorsed, sold or promoted by Standard & Poor's and its affiliates ("S&P") or by the ASX Operations Pty Ltd and its affiliates ("ASX"). S&P and ASX make no representation, condition or warranty, express or implied, to the owners of the ETFs or any member of the public regarding the advisability of investing in securities generally or in the ETFs particularly or the ability of any index to track the performance of certain financial markets and/or sections thereof and/or of groups of assets or asset classes. S&P's and ASX's only relationship to BetaShares is the licensing of certain trademarks and trade names and of the applicable index which is determined, composed and calculated by S&P without regard to BetaShares or the ETFs. S&P and ASX have no obligation to take the needs of BetaShares or the owners of the ETFs into consideration in determining, composing or calculating any index. S&P and ASX are not responsible for and have not participated in the determination of the prices and amounts of the ETFs or the timing of the issuance or sale of the ETFs or in the determination or calculation of the equation by which the ETF units are to be converted into cash. S&P and ASX have no obligation or liability in connection with the administration, marketing, or trading of the ETFs.

S&P and ASX do not guarantee the accuracy and/or the completeness of any index or any data included therein and S&P and ASX shall have no liability for any errors, omissions, or interruptions therein. S&P and ASX make no warranty, condition or representation, express or implied, as to results to be obtained by BetaShares, owners of the ETFs, or any other person or entity from the use of the applicable index or any data included therein. S&P and ASX make no express or implied warranties, representations or conditions, and expressly disclaim all warranties or conditions of merchantability or fitness for a particular purpose or use and any other express or implied warranty or condition with respect to an index or any data included therein. Without limiting any of the foregoing, in no event shall S&P or ASX have any liability for any special, punitive, indirect, or consequential damages (including lost profits) resulting from the use of an index or any data included therein, even if notified of the possibility of such damages.

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7 TAXATION OF UNITS

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 ETFs for a potential Australian resident investor.

It does not take into account the specific circumstances of each person who may invest in the ETF. 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 an ETF

Generally, the Responsible Entity, as responsible entity of the ETFs, should not be subject to tax on the income of an ETF provided that Australian resident Unitholders in the ETF are presently entitled to all of the taxable income of the ETF each year. The Responsible Entity intends to take all reasonable steps to ensure that the Unitholders in an ETF should be presently entitled to all of the taxable income of the ETF each year.

The taxable income of an ETF, 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 receives an entitlement to the distributable income of an ETF 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 an ETF depends upon the components of the distribution.

The components of the distribution may be comprised of a combination of income and capital amounts, or may be comprised solely of amounts of the same character. This is because the gains and losses of buying and selling securities should generally be on capital account, whilst the payments and receipts under any swaps should generally be on revenue account.

While the investment objective of each ETF is to track the relevant Index before fees and expenses, the outcome will not be exactly the same as if the ETF directly held all of the securities or assets representing the relevant Index in their index weights. In this regard, it is possible that the composition of the ETF's return (as regards the split between income and capital returns) may differ from that which would result from a direct investment in the securities or assets that comprise the relevant Index. However, the Responsible Entity intends to manage the ETF in order to minimise any such differences.

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

7.1.2 Franking credits

The ETF may invest in Australian shares which pay franked dividends. A Unitholder may receive distributions from the ETF which include franking credits.

While franking credits are not a cash component of the distribution, normally any franking credits that form part of the distribution should be included as taxable income for the relevant year and declared in a tax return. Any such franking credits may be offset against Australian income tax payable in the relevant year, or there may be an entitlement to a refund in respect of the franking credits to the extent they exceed the Australian income tax payable in the relevant year.

However, the entitlement to franking credits is subject to legislative restrictions, in particular the satisfaction of the "qualified person" or holding period rule, which includes the related payment rule. A Unitholder may be denied the franking credits in respect of distributions on Units where the Unitholder and/or the Responsible Entity has not held their interest in the underlying securities "at risk" for a continuous period of 45 days (ignoring the day of acquisition and disposal) over the prescribed period.

7.1.3 Capital gains

If the ETF disposes of any of its investments (e.g. on the sale of any assets when Units are redeemed), the ETF may realise assessable capital gains. A capital gain derived by the ETF may be eligible for the 50% capital gains tax ("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 ETF 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 the ETF, 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 Non-assessable distributions

The ETF may distribute amounts which are non-assessable. For example, Unitholders may become entitled to certain tax-deferred or tax-free distributions. Unitholders may also become entitled to amounts which are non-assessable as a result of the CGT discount.

If a Unitholder is assessed on the disposal of Units under the capital gains tax provisions, the Unitholder should not be assessed on the non-assessable components of any distributions received. However, the receipt of distributions that include non-assessable amounts may have capital gains tax consequences. For example, if a Unitholder receives a tax free return of capital, that return of capital would likely be applied to reduce the cost base of the Unitholder's Units. Where the total of such tax deferred amounts received by a Unitholder exceeds the

Unitholder's cost base, the excess would likely be treated as a capital gain derived by the Unitholder.

To the extent that certain amounts distributed are non-assessable as a result of the CGT discount, no adjustment to the cost base of Units will be required.

If a Unitholder is assessed on the disposal of Units other than under the capital gains tax provisions (e.g. if the Unitholder is in the business of dealing in securities like Units), the Unitholder may be assessed on the non-assessable components of distributions made by the ETF.

7.1.5 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 capital gains tax 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 capital gains tax 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.

7.1.6 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 the ETF would likely attract GST (at the rate of 10%).

Given the nature of the activities of the ETF, the ETF 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) of 75% of the GST paid may be able to be claimed.

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

7.1.7 Applications for and redemptions of Units by Authorised Participants

A person will 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 capital gains tax provisions (e.g. because they are in the business of dealing in securities like Units).

If an Authorised Participant is assessed on the disposal of Units under the capital gains tax provisions, the entitlement to the income of the ETF which the Authorised Participant receives in connection with the redemption of Units (see below) may exceed the capital gain made on the redemption of the Units. The Authorised Participant may not make a capital loss or be entitled to any other deduction in respect of the excess.

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 either by way of a cash payment or by way of an in-kind transfer of a basket of securities together with a balancing cash payment. 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 ETF 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 (less the redemption fee). The Withdrawal Amount is satisfied by way of a cash payment or, where the Responsible Entity agrees, by way of an in-kind transfer of a basket of securities together with any balancing cash payment required.

The Constitution of each ETF contains provisions which, in broad terms, allocate capital gains and other taxable gains realised by the ETF when redeeming Units to redeeming Unitholders.

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

The distribution of the income of an ETF received on the redemption of Units may include an entitlement to income realised by the ETF arising out of the redemption of the Units to the redeeming Authorised Participant. This may include a distribution of capital gains or certain other income realised by an ETF (such as foreign currency gains and other hedging and derivative gains) arising as a result of the redemption of the Units.

An Authorised Participant whose Units are redeemed, and who is assessed on the disposal of Units otherwise than under the capital gains tax provisions, 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 distribution of the distributable income of the ETF 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 and the composition of any 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 High Court decision in *Commissioner of Taxation v Bamford* [2010] HCA 10 ("Bamford"), the recent Federal Court decision in Colonial First State Investments Limited v Commissioner of Taxation [2011] FCA 16 ("Colonial"), the ATO's Decision Impact Statement dated 2 June 2010 issued in respect of *Bamford* and the draft Decision Impact Statement issued on 30 June 2011 in respect of Colonial had cast some doubt on the ability of a trust (such as an ETF) to allocate a particular component of income (e.g. capital or other taxable gains) to particular unitholders. If this allocation is not effective, then the components of the Withdrawal Amount that an Authorised Participant may receive on the redemption of Units may be affected. However, as discussed in paragraph 7.1.8 below, the Australian Government has introduced legislation into Parliament which amends the tax law (which will apply from the 2010-2011 income year) to enable the streaming of capital gains and franked distributions.

The Responsible Entity will continue to monitor developments in this area.

7.1.8 Tax Reform

The Australian Government has announced that:

- it intends to implement a proposed new tax system for managed investment trusts ("MITs") from 1 July 2011; and
- it will undertake a public consultation process as the first step towards updating the Australian trust income tax provisions.

Legislation on these proposals has not yet been introduced into Parliament. Unitholders should monitor developments carefully.

The *Tax Laws Amendment (2011 Measures No. 5) Act 2011* has recently been enacted, which, inter alia, amended the tax law to enable the streaming of capital gains and franked distributions. These amendments are not expected to materially change the operation of the Funds.

7.1.9 Other comments

In all cases where Units are to be redeemed, the Authorised Participant must also be an Australian Resident as defined in the Constitution for the ETF. This means that the ETF should generally not be required to withhold any amounts from the Withdrawal Amount paid on redemption of Units on account of any distribution of income provided on redemption as part of the Withdrawal Amount.

A Unitholder will be an Australian Resident as defined in the Constitution of the ETF if they provide the Responsible Entity with an undertaking that they have been an Australian resident for tax purposes from the beginning of the financial year to the time of redemption, and will continue to be until the end of the financial year. A Unitholder will not be an Australian Resident even if they provide such an undertaking if they have at any time provided the Responsible Entity with an address outside Australia, or if they authorise the Responsible Entity to pay any amounts to them outside Australia.

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 Dexia 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 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 ASX, 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 or 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 and as described in section 7.1.9.
Authorised Participant	Trading participants under the ASX Operating Rules who have entered into an Authorised Participant Agreement with the Responsible Entity.
CHESS	The Clearing House Electronic Sub register System.
Constitution	In relation to a particular ETF, means the constitution governing the ETF, as amended or replaced from time to time.
Corporations Act	Corporations Act 2001 (Cth)
Creation Unit	In relation to a particular ETF, means a particular number of units of the ETF, as set out in the Product Supplement for the relevant ETF or as otherwise determined by the Responsible Entity from time to time.
Dealing Deadline	The time on each ASX Business Day by which an Application/Redemption form must be received by the Responsible Entity to be processed for that trading day, as specified in the Product Supplement.
ETFs	The funds offered under this PDS, specifically BetaShares S&P/ASX 200 Resources Sector ETF and/or BetaShares S&P/ASX 200 Financials Sector ETF, as the context requires.
Index	The index of securities or other assets whose performance an ETF 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 ETF.
Net Asset Value	The net asset value for an ETF calculated in accordance with section 5.6.
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 ETF.

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, the Income Tax Assessment Act 1997 or both, as appropriate.
Unit	A unit in the relevant ETF.
Withdrawal Amount	The Net Asset Value divided by the number of Units on issue in the relevant ETF.

PRODUCT SUPPLEMENTS

BETASHARES S&P/ASX 200
RESOURCES SECTOR ETF
ASX CODE: QRE

BETASHARES S&P/ASX 200
FINANCIALS SECTOR ETF
ASX CODE: QFN

BETASHARES S&P/ASX 200 RESOURCES SECTOR ETF

INVESTMENT OBJECTIVE

The investment objective of the BetaShares S&P/ASX 200 Resources Sector ETF is to track the price performance of the S&P/ASX 200 Resources Index (the "Index") and the distribution performance of the securities in the Index, before taking into account fees and expenses.

The S&P/ASX 200 Resources Index is a subset of the S&P/ASX 200 and comprises the shares of approximately 62 of the largest companies involved in the resources industry listed on the ASX[1]. The resources industry includes a broad range of companies involved in the extraction and production of metals and minerals (including base metals, gold and precious metals, mineral sands, diamonds, iron ore and other steel-related ores) and the energy sector (including energy equipment and services, oil and gas, coal and other consumable fuels related to the generation of energy).

GENERAL INFORMATION

ASX code	QRE
Periodic distributions	The Responsible Entity may declare semi-annual distributions in respect of periods ending on 31 December and 30 June of each year. For further information, see under the heading "Distributions" in section 2.2.1 of the PDS.
Distribution Reinvestment Plan	Available. For further information, see under the heading "Distribution Reinvestment Plan" in section 2.2.3 of the PDS.
Management costs	Capped at 0.39% p.a of the Net Asset Value of the ETF[2] (while this PDS remains current).

FURTHER INFORMATION ABOUT THE INDEX

The constituents of the Index are derived from the eligible pool of securities within the S&P/ASX 200. This pool is defined as constituents of the S&P/ASX 200 that are in the Energy sector or the Metals & Mining industry as determined by their GICS classification.

The Index is maintained by Standard & Poor's and the S&P Australian Index Committee, which comprises representatives from both the Australian Securities Exchange and Standard & Poor's.

The Index Committee determines additions to and deletions from the Index. It reviews constituents quarterly to ensure adequate market capitalisation and liquidity. Both market capitalisation and liquidity are assessed using the previous six months' worth of data.

As at 28 September 2011, the ten largest constituent securities in the Index were as follows:

RANK	CONSTITUENT NAME	% OF INDEX
1	BHP Billiton Ltd	40.0%
2	Rio Tinto Ltd	9.8%
3	Newcrest Mining Ltd	9.4%
4	Woodside Petroleum Ltd	6.7%
5	Origin Energy Ltd	4.9%
6	Santos Ltd	3.4%
7	Fortescue Metals Group Ltd	2.7%
8	Oil Search Ltd	2.1%
9	Iluka Resources Ltd	1.9%
10	Worley Parsons Ltd	1.9%

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.

Further information on the Index is available on the S&P website at www.indices.standardandpoors.com.

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 or taxes that may be incurred as a result of investing in the ETF. Past performance of the Index is not a reliable guide to future performance of the Index or the ETF.

[1] As at 28 September 2011.
[2] The management costs of investing in the ETF are capped while this PDS is current. The cap on management costs does not include certain items. See section 3.3.1 of this PDS for further information.

APPLICATIONS AND REDEMPTIONS

The following information is relevant for Authorised Participants.

Minimum application / redemption amount	One Creation Unit, being 100,000 Units (unless the Responsible Entity agrees otherwise).
Dealing Deadline	1pm (Sydney time), or such other time as advised by the Responsible Entity to Authorised Participants, on the relevant ASX Business Day.
Applications and redemptions	Applications may be in cash or in-kind. Redemptions may be in cash or, where agreed with the Responsible Entity, in-kind.
Application fee	$1,000 (cash application). $3,000 (in-kind application).
Redemption fee	$2,000 (cash redemption). $4,000 (in-kind redemption).

SPECIFIC RISK FACTORS

In addition to the Risk Factors set out in section 4 of this PDS, there are a number of additional risks that are relevant to the ETF.

Commodity price risk

Changes in the prices of commodities can directly affect the earnings of companies included in the Index. The market value of some resources companies may rise or fall more than proportionately to a rise or fall in commodity prices.

The prices of resources companies' securities can also be indirectly influenced by commodity price movements as investors attempt to anticipate the likely duration and direction of future changes in commodity prices by buying or selling stocks exposed to those potential movements.

Commodity prices may be influenced by a range of factors including economic events which affect the volume of commodities used, supply availability reflecting levels of industry exploration and investment, and changing perceptions of supply risk. Movements in global financial markets, including movements in global capital flows caused by changes in interest rates as between major economies, can also affect commodity price trends.

If there is a decrease in the level of demand from one or more key raw material markets, companies included in the Index may realise lower prices for their output and the price of their securities may fall, resulting in a fall in the Index (and hence the value of the ETF).

Raw material pricing in USD

Raw material prices are commonly denominated in United States dollars and changes in the exchange rate between the US dollar and the Australian dollar can have an impact on the earnings and market prices of companies in the Index. A stronger Australian dollar, for example, may detrimentally affect the Australian dollar revenue that companies in the Index receive for products they sell on the international market.

Minerals Resource Rent Tax

During 2010 the Australian Government announced a proposed Minerals Resource Rent Tax which, if passed as legislation, will affect the tax payable by certain mining companies. Changes in the level of taxation levied on companies can directly affect the after-tax earnings of such companies. In general, higher taxes will result in lower earnings and this may have a negative impact on the market prices of companies in the Index (and hence the value of the ETF). As at the date of this PDS, such legislation has not been passed.

PRODUCT SUPPLEMENT

BETASHARES S&P/ASX 200 FINANCIALS SECTOR ETF

INVESTMENT OBJECTIVE

The investment objective of the BetaShares S&P/ASX 200 Financials Sector ETF is to track the price performance of the S&P/ASX 200 Financial-x-A-REIT Index (the "Index") and the distribution performance of the securities in the Index, before taking into account fees and expenses.

The S&P/ASX 200 Financial-x-A-REIT Index is a subset of the S&P/ASX 200 and comprises the shares of approximately 19 of the largest companies involved in the financial sector listed on the ASX[1]. The financial sector includes companies involved in activities such as banking, mortgage finance, consumer finance, specialised finance, investment banking and brokerage, asset management and custody, corporate lending, insurance, and financial investment.

GENERAL INFORMATION

ASX code	QFN
Periodic distributions	The Responsible Entity may declare semi-annual distributions in respect of periods ending on 31 December and 30 June of each year. For further information, see under the heading "Distributions" in section 2.2.1 of the PDS.
Distribution Reinvestment Plan	Available. For further information, see under the heading "Distribution Reinvestment Plan" in section 2.2.3 of the PDS.
Management costs	Capped at 0.39% p.a of the Net Asset Value of the ETF[2] (while this PDS remains current).

FURTHER INFORMATION ABOUT THE INDEX

The constituents of the Index are derived from the eligible pool of securities within the S&P/ASX 200. This pool is defined as constituents of the S&P/ASX 200 that are in the Financials sector as determined by their GICS classification.

The Index is maintained by Standard & Poor's and the S&P Australian Index Committee, which comprises representatives from both the Australian Securities Exchange and Standard & Poor's.

The Index Committee determines additions to and deletions from the Index. It reviews constituents quarterly to ensure adequate market capitalisation and liquidity. Both market capitalisation and liquidity are assessed using the previous six months' worth of data.

As at 28 September 2011, the 10 largest constituent securities in the Index were as follows:

RANK	CONSTITUENT NAME	% OF INDEX
1	Commonwealth Bank of Australia	23.3%
2	Westpac Banking Corp	20.5%
3	Australia & New Zealand Banking Group Ltd	17.0%
4	National Australia Bank Ltd	16.6%
5	QBE Insurance Group Ltd	4.6%
6	AMP Ltd	3.6%
7	Suncorp-Metway Ltd	3.4%
8	Macquarie Group Ltd	2.6%
9	Insurance Australia Group Ltd	2.1%
10	ASX Ltd	1.7%

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.

Further information on the Index is available on the S&P website at www.indices.standardandpoors.com.

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 or taxes that may be incurred as a result of investing in the ETF. Past performance of the Index is not a reliable guide to future performance of the Index or the ETF.

[1] As at 28 September 2011.
[2] The management costs of investing in the ETF are capped while this PDS is current. The cap on management costs does not include certain items. See section 3.3.1 of this PDS for further information.

APPLICATIONS AND REDEMPTIONS

The following information is relevant for Authorised Participants.

Minimum application / redemption amount	One Creation Unit, being 100,000 Units (unless the Responsible Entity agrees otherwise).
Dealing Deadline	1pm (Sydney time), or such other time as advised by the Responsible Entity to Authorised Participants, on the relevant ASX Business Day.
Applications and redemptions	Applications may be in cash or in-kind. Redemptions may be in cash or, where agreed with the Responsible Entity, in-kind.
Application fee	$1,000 (cash application). $3,000 (in-kind application).
Redemption fee	$2,000 (cash redemption). $4,000 (in-kind redemption).

SPECIFIC RISK FACTORS

In addition to the Risk Factors set out in section 4 of this PDS, there are a number of additional risks that are relevant to the ETF.

Financial industry risk

The financials industry in Australia is relatively concentrated, is subject to extensive government regulation and can be subject to rapid change as companies increasingly span different service segments.

Companies in the financial services industry can be significantly affected by the availability and cost of capital, changes in interest rates, the rate of corporate and consumer debt defaults, and price competition between different market participants.

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FORMS

APPLICATION FORM

BetaShares ETFs Product Disclosure Statement dated 11 October 2011 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 BetaShares ETFs Product Disclosure Statement (PDS) carefully. If this PDS was obtained electronically, a paper copy of this PDS and the Application Form will be provided free of charge upon request. Capitalised terms have the same meaning as in the PDS.

Please fax the completed Application Form to (02) 9262 4950.

APPLICANT DETAILS

Name ____

ACN/ABN____________________________________

Postal address_______________________________________

Suburb ____

State_____________ Postcode _______________

Telephone (__)_______________________________________

Fax (__)____

CASH OR IN-KIND APPLICATION

Please indicate whether this is a cash or in-kind application:

☐ Cash

☐ In-kind

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 Product Supplement for the relevant ETF). Applications must be made in whole multiples of Creation Units unless the Responsible Entity agrees otherwise.

ETF:

☐ BetaShares S&P/ASX 200 Resources Sector ETF (ASX Code: QRE)

☐ BetaShares S&P/ASX 200 Financials Sector ETF (ASX Code: QFN)

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 ETF 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 or their related entities, directors or officers guarantees the performance of, the repayment of capital invested in, or the payment of income from the ETF.
- 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 ETF.
- 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

BetaShares ETFs Product Disclosure Statement dated 11 October 2011 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 sell Units on the ASX through a stockbroker or via a financial adviser.

It is important to read the BetaShares ETFs Product Disclosure Statement (PDS) carefully. If this PDS was obtained electronically, a paper copy of this 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.

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 (as set out in the Product Supplement for the relevant ETF). Redemptions must be made in whole multiples of Creation Units unless the Responsible Entity agrees otherwise. Redemptions shall be for cash, unless the Responsible Entity agrees otherwise.

ETF:

☐ BetaShares S&P/ASX 200 Resources Sector ETF (ASX Code: QRE)

☐ BetaShares S&P/ASX 200 Financials Sector ETF (ASX Code: QFN)

Number of Units: ____________________________________

CASH OR IN-KIND REDEMPTION

Please indicate whether this is a cash or in-kind redemption request:

☐ Cash

☐ In-kind (only available with the prior agreement of the Responsible Entity)

SIGNATURE BY REDEEMING UNITHOLDER

By signing this Redemption Form:

I/We confirm and undertake that I/we:

- have been an Australian resident for the purposes of the Tax Act continuously from the beginning of the current financial year; and
- will continue to be an Australian resident for the purposes of the Tax Act at all times until the end of the current financial year;
- I/We repeat the representations and warranties made and given in the Authorised Participant Agreement in relation to redemption requests.
- 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 ETF (Taxation Amount).
- I/We authorise the Responsible Entity to deduct from my/our income distributions payable from the ETF, 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 ETF.
- 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 9
50 Margaret Street
Sydney NSW 2000
Telephone: 1300 487 577 (within Australia) or +61 2 9290 6888 (outside Australia)

Custodian
RBC Dexia Investor Services
Level 17
2 Park Street
Sydney NSW 2000

Registrar
Link Market Services
680 George Street
Sydney NSW 2000

Auditor
PricewaterhouseCoopers
Darling Park Tower 2
201 Sussex Street
Sydney NSW 1171