



BETASHARES FUNDS
PRODUCT DISCLOSURE STATEMENT

BETASHARES
**AUSTRALIAN SMALL COMPANIES
SELECT FUND**
(MANAGED FUND)
ASX CODE: SMLL
(the "Fund")

BetaShares Capital Ltd
ABN 78 139 566 868 | AFSL 341181
Dated: 21 February 2017



BetaShares
BACK YOUR VIEW.®

IMPORTANT INFORMATION

About this PDS

This Product Disclosure Statement (**PDS**) is dated 21 February 2017.

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

This PDS is the offer document for the following registered managed investment scheme: BetaShares Australian Small Companies Select Fund (managed fund) (ARSN 613 693 431) (the "Fund"). A copy of this PDS has been lodged with the Australian Securities and Investments Commission (**ASIC**) on 21 February 2017. Neither ASIC nor ASX Limited takes any responsibility for the contents of this PDS.

No applications for Units in the Fund will be accepted until the exposure period for the Fund has expired. The exposure period for the Fund expires seven days after lodgement of this PDS with ASIC, subject to possible extension by ASIC for a further period of up to seven days.

At the time of lodgement of this PDS with ASIC, the Units in the Fund are yet to be quoted for trading on the ASX. An application has been made to the ASX for Units in the Fund issued pursuant to this PDS to be quoted for trading on the ASX under the AQUA Rules.

A copy of the latest PDS for the Fund 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

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).

The initial Units in the Fund will be issued to an applicant off-market. Following the issue of those initial Units, investors cannot apply for Units in the Fund under this PDS, but can buy Units on the ASX AQUA market through a stockbroker or via a financial adviser. Such investors may use this PDS for information purposes only.

PDS updates

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

Risks

An investment in the Units is subject to risk (refer to section 4), 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 Fund. BetaShares Holdings Pty Ltd and its related entities may invest in, lend to or provide other services to the Fund.

Not personal advice

This PDS is prepared for general information only and is not financial product advice. It is not intended to be a recommendation by the Responsible Entity, any of the Responsible Entity's associates or any other person to invest in the Fund. 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 Fund is appropriate to their needs, objectives and circumstances.

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

Definitions

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

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

PRODUCT DISCLOSURE STATEMENT

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1 KEY FEATURES

1.1 ABOUT THE FUND

The BetaShares Australian Small Companies Select Fund (managed fund) (the Fund) is a managed investment fund whose units will trade on the ASX, much like listed shares, enabling investors to benefit from simple trading of their investment, including the ability to buy and sell during the course of the trading day.

The Fund aims to provide investors with capital growth and income from a portfolio of small company shares listed on the ASX that has the potential to outperform (after fees and expenses) the Fund's benchmark over the medium to long term.

TABLE 1.2: SUMMARY OF KEY INFORMATION

TOPIC	SUMMARY	SECTION
Responsible Entity	BetaShares Capital Ltd is the responsible entity of the Fund and is the issuer of this PDS.	1.3
Investment objective	<p>The Fund aims to outperform the S&P/ASX Small Ordinaries Accumulation Index over the medium to long term (after fees and expenses).</p> <p>The Fund aims to achieve this investment objective by adopting the investment approach set out in section 2.1.</p> <p>There is no assurance or guarantee that the returns of the Fund will meet its investment objective.</p>	2.1
Investing and withdrawing	<p>The Fund's Units will be quoted on the ASX under the AQUA Rules. Once quoted (and subject to market conditions), investors may buy or sell Units by trading on the ASX at the prevailing market prices for the Units. Brokerage and other costs may apply.</p> <p>Investors may also be able to make an off-market request to withdraw their investment from the Fund where trading in the Units has been suspended for more than five consecutive ASX Trading Days, subject to the provisions of the Fund's Constitution. For further details, see section 5.</p>	5
Distributions	The Responsible Entity intends to make distributions semi-annually.	2.2
Risks	<p>There are a number of risks associated with investing in the Fund. The key risks include the following:</p> <ul style="list-style-type: none">• There is no guarantee that the Fund's investment strategy will be successful or that the investment objective will be achieved.• The Fund's investment returns will be influenced by the performance of the share market as a whole. Changes in Australian share prices, which may be volatile and fluctuate from day to day, may result in a loss in the value of Units.• Small companies may be more vulnerable to adverse general market or economic developments, and their securities may be less liquid and may experience greater price volatility than larger, more established companies.• The use of derivatives carries certain risks and can cause the Fund to incur losses. Derivatives will not be used for the purpose of leveraging the Fund.• Although the Units will be quoted on the ASX under the AQUA Rules, there can be no assurance that there will be a liquid market for Units, and no assurance that there will be a liquid market for the Fund's investments.• In certain circumstances, the ASX may suspend trading of the Units of the Fund and in that event Unitholders would not be able to buy or sell Units of the Fund on the ASX.	4

The Fund carries certain investment risks. For information on the risks applicable to the Fund, see section 4.

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 Fund.

TOPIC	SUMMARY	SECTION
	<ul style="list-style-type: none"> The trading price of Units on the ASX may differ from the Net Asset Value per Unit and the iNAV. The iNAV published by the Fund is indicative only, may not be up to date and may not reflect the true value of a Unit. As the Responsible Entity intends to act as a market maker in the Units on behalf of the Fund, the Fund will bear the cost and risk of these market making activities. The market making agent appointed by the Responsible Entity may execute activities incorrectly or may fail to comply with settlement processing obligations. The lack of an operating history for the Fund. <p>This is not a comprehensive summary of all the risks of investing in the Fund. Before investing, investors should carefully consider the risks associated with an investment in the Fund and obtain financial advice on whether an investment in the Fund is suitable for their objectives, financial situation and needs.</p> <p>For further details on the risks of investing, see section 4.</p>	
Management costs	<p>Estimated at 0.39% p.a. of the Fund's Net Asset Value (comprising the management fee, estimated recoverable expenses, estimated performance fee and estimated indirect costs).</p> <p>Certain additional costs apply. The applicable fees and costs are described in detail in section 3 of this PDS.</p>	3
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.	6.2.19

1.3 ABOUT BETASHARES

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

The Responsible Entity is an Australian asset management business located in Sydney which was established in 2009 to be a specialist provider of fund products that are exchange traded. The Responsible Entity launched its first funds in 2010. As at the date of this PDS, it acts as responsible entity for 39 funds (including the Fund) whose units are, or are expected to be, quoted for trading on the Australian Securities Exchange under the AQUA Rules. These funds provide exposure to the performance of specific equity strategies, equity indices, currencies, commodities or commodity indices. The primary focus of the Responsible Entity's business is the operation of funds that are exchange traded.

Horizons ETFs Management (Canada) Inc. ("Horizons ETFs"), a leading exchange traded fund ("ETF") issuer based in Canada, is an indirect shareholder in the Responsible Entity's parent company,

BetaShares Holdings Pty Ltd. As at 31 December 2016, Horizons ETFs, together with its subsidiary AlphaPro Management Inc., managed approximately US\$4.7 billion in assets with 77 ETFs listed on the Toronto Stock Exchange, making it one of the largest families of ETFs in Canada.

Horizons ETFs is a member of the Mirae Asset Global Investments Group. Mirae Asset Global Investments Co., Ltd., which is the international asset management business within Mirae Asset Financial Group, is one of Asia's largest asset management firms, managing over US\$90 billion in assets globally as of 31 December 2016.

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

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

1.4 ADMISSION TO TRADING UNDER THE AQUA RULES

Application has been made to admit the Units to trading status on the ASX under the AQUA Rules. The AQUA Rules form part of the ASX Operating Rules. The Fund will not be listed on the ASX under the ASX Listing Rules.

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

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

AQUA Rules: fundamental difference

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

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

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

ASX LISTING RULES	AQUA RULES
Continuous Disclosure	
Issuers are subject to the continuous disclosure requirements under ASX Listing Rule 3.1 and Section 674 of the <i>Corporations Act</i> .	<p>Issuers of products quoted under the AQUA Rules are not subject to the continuous disclosure requirements under ASX Listing Rule 3.1 and section 674 of the <i>Corporations Act</i> but must disclose information about:</p> <ul style="list-style-type: none"> the Net Tangible Assets (“NTA”) or the Net Asset Value (“NAV”) of the funds; distributions declared; redemptions; and <p>any other information that is required to be disclosed to ASIC under section 675 of the <i>Corporations Act</i> must be disclosed via the ASX Market Announcements Platform at the same time it is disclosed to ASIC. AQUA Product issuers must also disclose to the ASX any information the non-disclosure of which may lead to the establishment of a false market in its products or would materially affect the price of its products.</p>
Periodic Disclosure	
Issuers are required to disclose their half- yearly and annual financial information or annual reports to the ASX under Chapter 4 of the ASX Listing Rules.	Financial reports relating to the issuer itself are not required to be disclosed to the ASX. However, periodic financial reports relating to the AQUA Product must be disclosed to the ASX at the same time they are lodged with ASIC under Chapter 2M of the <i>Corporations Act</i> .
Corporate Control	
Requirements in the <i>Corporations Act</i> and the ASX Listing Rules in relation to matters such as takeover bids, share buy-backs, change of capital, new issues, restricted securities, disclosure of directors’ interests and substantial shareholdings, apply to companies and listed schemes.	These requirements do not apply to AQUA product issuers. Section 601FM of the <i>Corporations Act</i> continues to apply to the removal or change of the responsible entity. An extraordinary resolution would be required to change the responsible entity. An extraordinary resolution is a resolution passed by a majority of the total votes that may be cast by members entitled to vote on the resolution.
Related Party Transactions	
Chapter 10 of the ASX Listing Rules, which relates to transactions between an entity and persons in a position to influence the entity, specifies controls over related party transactions.	Chapter 10 of the ASX Listing Rules does not apply to AQUA Products. Products quoted under the AQUA Rules which are registered managed investment schemes remain subject to the related party requirements in Part 5C.7 and Chapter 2E of the <i>Corporations Act</i> .
Auditor Rotation Obligations	
There are specific requirements in relation to auditor rotation under Part 2M.4 Division 5 of the <i>Corporations Act</i> .	Issuers of products quoted under the AQUA Rules are not subject to the requirements under Part 2M.4 Division 5 of the <i>Corporations Act</i> . A responsible entity of a registered managed investment scheme will continue to be required to undertake an independent audit of its compliance with the scheme’s compliance plan in accordance with Section 601HG of the <i>Corporations Act</i> and the auditor

ASX LISTING RULES**AQUA RULES**

must not be the auditor of the scheme's financial statements (but may be from the same firm).

Spread Requirements

There are requirements under the ASX Listing Rules that issuers satisfy certain minimum spread requirements (i.e. a minimum number of holders each having a minimum parcel size).

These requirements do not apply to AQUA Product issuers. Under the AQUA Rules, unless and until a suitable spread of holders is achieved, an AQUA Product issuer must ensure a reasonable bid and volume is maintained for the AQUA Product on the ASX except in permitted circumstances, or have in place other arrangements which meet ASX's requirements for providing liquidity, generally through the appointment of a market making agent.

2 ABOUT THE FUND

2.1 INVESTMENT POLICY

2.1.1 Fund description

The Fund aims to provide investors with capital growth and income from a portfolio of small company shares listed on the ASX that has the potential to outperform (after fees and expenses) the Fund's benchmark over the medium to long term.

The Fund's benchmark is the S&P/ASX Small Ordinaries Accumulation Index. The Fund is actively managed and does not seek to track the index.

The Responsible Entity will seek to invest the Fund's assets in a portfolio of high quality, profitable small companies that will be drawn from the universe of ASX-listed stocks that are generally outside the 100 largest by market capitalisation (but generally within the 350 largest by market capitalisation).

The Fund's portfolio will typically consist of 50 to 100 stocks from this universe. In constructing the portfolio, the Responsible Entity will use a series of screens that aim to identify companies with positive earnings and strong ability to service debt. Relative valuation metrics and price momentum are also evaluated as part of the stock selection process.

The Responsible Entity also takes into account the liquidity characteristics of stocks in constructing and managing the portfolio, with a view to selecting stocks that are more liquid relative to other small companies.

Generally, no stock in the portfolio is expected to exceed 5% of the Fund's Net Asset Value at the time of purchase.

There is no assurance or guarantee that the returns of the Fund will meet the investment objective.

The Fund may use exchange-traded derivatives, such as futures, where this may help to achieve the Fund's investment objective. For example, exchange-traded derivatives may be used where direct investment in a particular security or securities is not possible or practical, or to obtain an investment exposure without physically buying or selling the underlying asset. Such derivatives will not be used to leverage the Fund.

The Fund may also invest in ETFs (which may include ETFs managed by the Responsible Entity) quoted on the ASX that invest in listed Australian companies, provided such ETFs obtain their investment exposure through direct investment in underlying physical assets.

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

The assets of the Fund, whether securities or cash, will be held by the Fund's custodian, RBC Investor Services Trust (the Custodian), other than cash held in accordance with the Corporations Act as collateral for futures positions.

2.1.2 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.

2.1.3 Performance

Performance information for the Fund and the Net Asset Value for the Fund will be published on the BetaShares website at www.betashares.com.au. Information relating to past performance is not a reliable indicator of future performance. At the date of this PDS, the Fund has no material assets or liabilities and no performance information is available because the Fund is a new fund.

2.1.4 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 section 2.1) for the Fund as set out in this PDS.

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

2.2 DISTRIBUTIONS

The Fund intends to pay semi annual distributions based on dividends, interest and other income earned by the Fund, after allowing for fees and expenses. Distribution amounts may also be adjusted for realised capital gains or losses, including on disposal of securities, or for other assessable income derived by the Fund.

2.2.1 Distributions

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

The amount of distributable income at the end of any distribution period will be determined by the Responsible Entity.

The Fund's NAV per Unit will normally fall after the end of each distribution period. Consequently, if you invest just before the end of a distribution period, some of your capital may be returned to you as income in the form of a distribution.

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

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

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

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

2.2.2 Tax statement

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

2.2.3 Distribution Reinvestment Plan

The Responsible Entity has established a distribution reinvestment plan (DRP) for the Fund.

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

Unitholders can choose to:

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

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

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

3 FEES AND OTHER COSTS

DID YOU KNOW?

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

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

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

You may be able to negotiate to pay lower contribution fees and management costs where applicable. Ask the fund or your financial adviser.

TO FIND OUT MORE

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

3.1 FEES AND OTHER COSTS

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

Taxes are set out in another part of this PDS.

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

TABLE 3.1: TABLE OF FEES AND OTHER COSTS

BetaShares Australian Small Companies Select Fund (managed fund)

TYPE OF FEE OR COST	AMOUNT	HOW AND WHEN PAID
FEES WHEN YOUR MONEY MOVES IN OR OUT OF THE MANAGED INVESTMENT PRODUCT		
Establishment fee: The fee to open your investment	Nil	Not applicable
Contribution fee: The fee on each amount contributed to your investment	Nil	Not applicable
Withdrawal fee: The fee on each amount you take out of your investment	Nil.	Not applicable
Exit fee: The fee to close your investment	Nil	Not applicable
Management costs: The fees and costs for managing your investment	Estimated at 0.39% per annum of the Fund's Net Asset Value	As at the date of this PDS, the management costs of the Fund consist of the following components: Management fee 0.32% per annum of the Fund's Net Asset Value. The management fee is calculated and accrued daily as a percentage of the Fund's Net Asset Value, and reflected in the daily Net Asset Value per Unit. The amount is deducted from the Fund's assets monthly on or after the first day of the following month.

TYPE OF FEE OR COST	AMOUNT	HOW AND WHEN PAID
		<p>Plus</p> <p>Recoverable expenses</p> <p>Estimated at 0.07% per annum of the Fund's Net Asset Value.¹</p> <p>The recoverable expenses are calculated and accrued daily as a percentage of the Fund's Net Asset Value, and reflected in the daily Net Asset Value per Unit. The amount is deducted from the Fund's assets monthly on or after the first day of the following month. The estimated recoverable expenses do not include any extraordinary expenses as described in section 3.3.3.</p> <p>Plus</p> <p>Performance fee</p> <p>A performance fee may be payable. This fee is 15.5% of the Fund's performance above the performance benchmark in a calendar quarter.</p> <p>The performance fee is calculated and accrued each business day and reflected in the daily Net Asset Value per Unit. Paid quarterly out of the Fund's assets (if incurred).</p> <p>As at the date of this PDS, a performance fee of 0.00% per annum of the Fund's Net Asset Value is estimated for the current financial year (adjusted to reflect a 12 month period).²</p> <p>Plus</p> <p>Indirect cost</p> <p>Estimated at 0.00% per annum of the Fund's Net Asset Value.³</p>
Service fees		
Switching fee: The fee for changing investment options	Nil	Not applicable

¹ As the Fund is newly established, this figure reflects the Responsible Entity's reasonable estimate at the date of this PDS of those costs that will apply for the current financial year (adjusted to reflect a 12 month period). Extraordinary expense recoveries are estimated as nil for the current financial year (adjusted to reflect a 12 month period). For more information on extraordinary expense recoveries, please see section 3.3.3 in the "Additional Explanation of Fees and Costs" section below.

² As the Fund is newly established, this figure reflects the Responsible Entity's reasonable estimate at the date of this PDS, taking into account the inherent difficulty in predicting the future performance of the Fund, particularly as it does not have a performance track record as at the date of this PDS. Despite this estimate, the actual performance of the Fund may well result in a performance fee being incurred. For more information on the performance fee, including a dollar worked example, see "Performance fee" in the "Additional Explanation of Fees and Costs" section below.

³ As the Fund is newly established, this figure reflects the Responsible Entity's reasonable estimate at the date of this PDS of those costs that will apply for the current financial year (adjusted to reflect a 12 month period). Any ETF management costs borne by the Fund through its investment in other ETFs will be reimbursed to the Fund by the Responsible Entity from its own resources. For more information on the meaning and calculation of indirect costs, see "Indirect costs" under the heading "Additional explanation of fees and costs".

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

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

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

3.2 EXAMPLE OF ANNUAL FEES AND COSTS FOR THE FUND

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

TABLE 3.2: EXAMPLE OF ANNUAL FEES AND COSTS

EXAMPLE - BetaShares Australian Small Companies Select Fund (managed fund)	AMOUNT	BALANCE OF \$50,000 WITH A CONTRIBUTION OF \$5,000 DURING THE YEAR
CONTRIBUTION FEES	Nil	For every additional \$5,000 you put in, you will be charged \$0.
PLUS MANAGEMENT COSTS¹	Estimated at 0.39% p.a. of the Fund's Net Asset Value	And , for every \$50,000 you have in the Fund 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 \$5,000 ² during that year, you would be charged fees of \$195. What it costs you will depend on the investment option you choose and the fees you negotiate.

¹ Management costs are made up of the management fee of 0.32% p.a., estimated recoverable expenses of 0.07% p.a., estimated performance fee of 0.00% p.a. and indirect costs of 0.00% p.a., of the Fund's Net Asset Value. As the Fund is newly established, the figure used for the management costs in the example above is the Responsible Entity's reasonable estimate (inclusive of GST less reduced input tax credits) of the typical ongoing amounts at the date of this PDS. Certain additional costs may apply, such as transactional and operational costs. For more information, refer to "Management costs" in the "Additional Explanation of Fees and Costs" section below.

² Assumes the \$50,000 is invested for the entire year and the \$5,000 investment occurs on the last day of the year.

The management fee and performance fee included in the management costs in the above 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.

3.3 ADDITIONAL EXPLANATION OF FEES AND COSTS

3.3.1 Management costs

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

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

Management costs do not include:

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

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

3.3.2 Management fee

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

3.3.3 Recoverable expenses

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

The expenses normally incurred in the day to day operation of the Fund include custodian, fund administration, unit registry, ASX and audit costs (other than transactional costs described above).

At the date of this PDS the recoverable expenses of the Fund that will apply for the current financial year (adjusted to reflect a 12 month period) are estimated to be as set out in Table 3.1 above.

Extraordinary expenses are expenses that are not normally incurred in the day to day operation of the Fund and are not necessarily incurred in any given year. They may include costs associated with holding unitholder meetings, changing the Fund's

constitution, or defending or pursuing legal proceedings. Any such expenses will be recovered from the Fund and reflected in the Fund's Net Asset Value per Unit. At the date of this PDS the estimate of extraordinary expenses of the Fund that will apply for the current financial year (adjusted to reflect a 12 month period) is nil.

3.3.4 Performance fee

A performance fee of 15.5% (inclusive of GST less reduced input tax credits) of the outperformance of the Fund may be paid to the Responsible Entity, based on the Fund's total return over the performance benchmark (the S&P/ASX Small Ordinaries Accumulation Index) in a calendar quarter. Outperformance is measured on an after management fee and recoverable expenses basis.

Generally, the greater the investment performance of the Fund, the greater the potential performance fee and therefore the greater the potential overall management costs for the Fund. The performance fee is estimated as 0.00% p.a. of the Net Asset Value of the Fund. The actual performance fee payable (if any) will depend on the performance of the Fund over the relevant period.

The performance fee is normally calculated and accrued each business day and reflected in the daily NAV per Unit. The daily performance fee calculation can be a positive or negative amount depending on whether or not the benchmark return has been exceeded.

If the aggregate of all performance fee calculations for a calendar quarter ("performance differential") is positive, a performance fee is payable. If the performance differential is negative, no performance fee is payable and this amount will be carried forward to the next quarter and form part of the performance fee calculation. This means that any underperformance by the Fund relative to its benchmark (measured in percentage terms) must be made up before a performance fee is payable, provided that negative performance in a quarter will only be carried forward for up to four subsequent quarters.

The performance fee is calculated based on the Fund's performance relative to its benchmark, not the Fund's absolute performance.

Provided the Fund has outperformed the performance benchmark for a calendar quarter, a performance fee may be payable even if the Fund's absolute performance has been negative for that period.

Performance fee example

If you invested \$50,000 in the Fund and the Fund outperforms its performance benchmark by 1% in a year, the cost to you would be \$77.50 (inclusive of GST less reduced input tax credits). This example is for illustrative purposes only and is not an estimate or forecast. It does not take into account the timing of cash flows or the individual circumstances of investors, and should not be taken as an indication or guarantee of future performance nor an indication of the performance fee that could be charged in the future. Actual performance fees may be higher or lower than the example or not payable at all.

3.3.5 Indirect costs

Indirect costs are any amounts that we know or where required, reasonably estimate, will reduce the Fund's returns that are paid from the Fund's assets (other than the management fee, recoverable expenses, performance fee and transactional and operational costs described elsewhere in this section) or that are

paid from the assets of any interposed vehicle (such as an underlying fund) in which the Fund may invest.

The Fund may incur indirect costs to the extent it invests in any ETF quoted on the ASX as described in section 2.1.1, which would be accrued and paid in the ETF and reflected in the value of the Fund's holding in that ETF. At the date of this PDS the indirect costs of the Fund that will apply for the current financial year (adjusted to reflect a 12 month period) are estimated to be 0.00% p.a. of Net Asset Value of the Fund, on the basis that any ETF management costs borne by the Fund through its investment in other ETFs will be reimbursed to the Fund by the Responsible Entity from its own resources.

3.3.6 Transactional and operational costs

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

We estimate the Fund's total transactional and operational costs to be approximately 0.69% p.a. of the Fund's Net Asset Value for the current financial year (adjusted to reflect a 12 month period). These costs are in addition to the management costs set out in Table 3.1 and Table 3.2 above. This estimate includes an estimate of any transactional and operational costs that may be incurred indirectly in any ASX exchange traded fund in which the Fund may invest from time to time.

As described in section 5.4, the Responsible Entity intends that substantially all of the transactional and operational costs incurred in buying or selling underlying assets of the Fund as a result of the Fund's market making activities will be recovered from investors who buy or sell Units on the ASX, by including an allowance for such estimated costs in the "bid-offer spread" (the difference between the price at which the Responsible Entity is willing to buy Units and sell Units at any time).

Therefore, the Responsible Entity estimates the net transactional and operational costs of the Fund (representing the total transactional and operational costs minus the transaction costs recovered through the bid-offer spread) at approximately 0.29% p.a. of the Fund's Net Asset Value for the current financial year (adjusted to reflect a 12 month period). These net transactional and operational costs are borne by the Fund.

3.3.7 Sell spread for off-market withdrawals

In the limited circumstances in which off-market withdrawals are available to investors, the Unit price at which an investor can withdraw their investment will include an allowance for actual or estimated transaction costs incurred in selling assets of the Fund to meet the withdrawal (a "sell-spread"). The sell-spread is a cost to the withdrawing investor, additional to the management costs noted in Table 3.1, and will be reflected in the withdrawal Unit price. The sell-spread will be retained within the Fund. As at the date of this PDS, a sell-spread of 0.40% (or \$200 for a \$50,000 withdrawal) will apply for off-market withdrawals. The sell-spread may change without prior notice. The current sell-spread can be obtained by contacting BetaShares.

See section 5.3 for more information.

3.3.8 Stockbroker fees

Investors may incur customary brokerage fees and commissions when buying and selling Units on the ASX, as for any listed or

quoted security. Please consult a stockbroker for more information in relation to their fees and charges.

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

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

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

- a maximum contribution fee of 5% of the aggregate issue price of the Units applied for (plus GST). Currently, no contribution fee is charged;
- a maximum withdrawal fee of 5% of the aggregate withdrawal amount of the relevant Units (plus GST). Currently, no withdrawal fee is charged;
- a maximum performance fee of 30% of the Fund's performance above the performance benchmark (plus GST). The current performance fee charged is 15.5% (inclusive of GST less reduced input tax credits) of the Fund's performance above the performance benchmark.

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

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

(except that estimated fees and costs may be updated as described below).

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

3.3.10 Differential fees, rebates and related payments

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

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

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

3.3.11 Indirect investors

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

4 RISKS

Unitholders in the Fund 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 Fund, personal tolerance for fluctuating market values should be taken into account.

The most common risks associated with investing in the Fund are described below, but there could be other risks that affect the performance of the Fund. The discussion below is general in nature.

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

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

4.1 INVESTMENT OBJECTIVE RISK

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

4.2 MARKET RISK

The Fund's investment returns will be influenced by the performance of the share market as a whole. Changes in Australian equity prices may result in a loss in the value of Units. Therefore, the market factors that drive changes in the prices of Australian equities, including global and national events, general economic conditions, investor sentiment and industry specific factors, can be expected to influence the value of Units. Equity markets can be and have been volatile, and have the potential to rise or fall by large amounts over short periods of time. This volatility may cause the value of an investment in the Fund to decrease.

4.3 SMALL COMPANIES RISK

Small companies may be more vulnerable to adverse general market or economic developments, and their securities may be less liquid and may experience greater price volatility than larger, more established companies as a result of several factors, including limited trading volumes, products or financial resources, management inexperience and less publicly available information. Accordingly, such companies are generally subject to greater market risk than larger, more established companies, and may underperform other segments of the market or the equity market as a whole.

The Fund is actively managed and does not aim to track its performance benchmark. Accordingly, there is a risk that it may underperform its performance benchmark and/or the broader Australian share market.

4.4 SECURITY SPECIFIC RISK

Factors specific to a particular equity security may cause its return to differ from that of the broader market. Such factors may include its business prospects, market estimations of potential future profitability, balance sheet leverage, and market sentiment. The Fund may be sensitive to security specific risk for those securities which form a material component of the portfolio.

4.5 SECTOR SPECIFIC RISK

A significant percentage of the Fund's portfolio may be comprised of securities concentrated in a small group of industry sectors. At times, such sector(s) may underperform other sectors, causing a greater impact on the value of the Fund's Units than would be the case if the Fund were more broadly diversified over numerous industry sectors.

The Fund's exposure to industry sectors can be expected to differ from that of its performance benchmark, which may cause the Fund to underperform the benchmark.

4.6 MARKET MAKING RISK

The Responsible Entity intends to act as market maker in the Units on behalf of the Fund. The Fund will bear the risk and cost of the market making activities undertaken by the Responsible Entity on the Fund's behalf. There is a risk that the Fund could suffer a material cost as a result of these market making activities which may adversely affect the NAV of the Fund. Such a cost could be caused by either an error in the execution of market making activities or as a result of the price at which Units are transacted on the ASX. It may not be possible for the Responsible Entity to hedge the Fund's market making activities. The Fund will bear some pricing risk for any net Units it has traded on the ASX (reflecting delays in entering investment transactions). In order to reduce this risk, the Responsible Entity has the discretion to increase the spread at which it makes a market and also has the right to cease market making subject to its obligations under the AQUA Rules and the ASX Operating Rules – in these circumstances the market price at which an investor buys Units may be materially higher, and the market price at which an investor sells Units may be materially lower, than the Fund's NAV per Unit at the time of the transaction.

4.7 MARKET MAKING AGENT RISK

The Responsible Entity has appointed a market making agent to execute the Fund's market making activities and provide settlement processing services in respect of on-market trading of Units. The Fund could incur loss if the market making agent executes these activities incorrectly or fails to comply with settlement processing obligations, including where settlement of a trade has not occurred on time and the Fund has entered into investment transactions in reliance on settlement occurring.

4.8 DERIVATIVES RISK

The primary risks associated with the use of exchange traded derivative contracts are:

- the values of the derivative failing to move in line with the underlying asset;

- the potential lack of liquidity of the derivative;
- the potential to incur substantial losses in excess of the initial amount invested;
- the possibility that the derivative position is difficult or costly to manage or reverse;
- the Fund may not be able to meet payment obligations as they arise, including any requirements to make margin payments to the futures broker;
- the counterparty to the derivative contract (ASX Clearing Corporation or a subsidiary) may not meet its obligations under the contract; and
- the electronic platforms on which such derivatives are traded are subject to risks related to system access, varying response time, security and system failure.

Any of the above factors could cause the Fund to incur losses, suffer increased costs, fail to realise gains or otherwise fail to achieve its investment objectives.

4.9 FUND TRADING RISK

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

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 issue and withdrawal of Units or potentially terminating the Fund.

4.10 LIQUIDITY RISK

Although the Units will be quoted on the AQUA market of the ASX, there can be no assurances that there will be a liquid market for Units, and an investor's ability to buy or sell Units may be restricted. Although the Responsible Entity intends to act as market maker in the Units on behalf of the Fund to assist in maintaining liquidity for the Fund on the ASX, this service may not be available at all times or the Responsible Entity may be unable to provide these services (such as where there are operational disruptions, market disruptions or unusual conditions, or other events set out in the ASX Operating Rules). Also, in certain circumstances the Units may be suspended from trading on the ASX, including where factors prevent the accurate calculation of Unit prices, such as the suspension or restriction of trading in securities that form a material part of the Fund's portfolio.

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

Further, where trading in the Fund's Units has been suspended for more than five consecutive ASX Trading Days, the availability of the Fund's off-market redemption facility will be subject to the provisions of the Fund's Constitution and the Corporations Act.

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

As with any exchange traded managed fund, it is possible that the trading price of Units on the ASX may differ from the Net Asset Value per Unit and the iNAV. The trading price is dependent on a number of factors including the demand for and supply of Units, investor confidence, the availability of market maker services during the course of the trading day, and the bid-offer spread for Units on the ASX.

4.12 INAV RISK

The iNAV published by the Fund is indicative only, may not be up to date and may not reflect the true value of a Unit.

4.13 EFFECT OF UNIT ISSUANCE AND CANCELLATION ON DISTRIBUTIONS

The distribution per Unit amount for a distribution period may be affected by the issuance or cancellation of Units during the period. The issue of Units during a distribution period will tend to reduce the amount of the distribution per Unit for that period (which will be associated with a smaller decline in the NAV per Unit at the time of the distribution). Conversely, the cancellation of Units during a distribution period will tend to increase the amount of the distribution per Unit for that period (which will be associated with a larger decline in the NAV per Unit at the time of the distribution).

4.14 MANAGER RISK

This is the risk that the Responsible Entity's investment strategy is not successful, or not successfully implemented, resulting in the Fund 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 Fund will be newly established, with no previous operating history that might provide investors with more information on which to evaluate an investment in the Fund.

4.15 FUND RISK

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

4.16 GENERAL REGULATORY RISK

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

The Fund 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 Fund. The Responsible Entity may not always be in a position to take such action.

4.17 TAX RISK

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

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

For more information on taxation matters, see section 7 of this PDS.

4.18 OPERATIONAL RISK

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

4.19 COUNTERPARTY RISK

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

4.20 CONFLICTS OF INTEREST

The Responsible Entity intends to act as market maker to the Fund. A conflict might arise between the Fund and investors buying or selling Units from the Fund on the ASX, due to the Fund's desire to benefit from its market making activities. The Responsible Entity maintains a conflicts of interest policy to ensure that it manages its obligations to the Fund such that any conflicts are managed fairly.

5 HOW TO BUY AND SELL UNITS

5.1 HOW TO INVEST IN THE FUND

As the Fund's Units will be quoted on the ASX under the AQUA Rules, subject to market conditions, investors may buy Units by trading on the ASX through a stockbroker, much like listed shares. The purchase of Units will be settled via the ASX's CHESSE settlement service.

The price at which an investor buys Units on the ASX will be the prevailing market price for purchase of the Units at the time of the transaction. While the Fund's market making activities (see section 5.4 below) and the Responsible Entity's ability to increase the number of Units on issue if investor demand for Units increases (or cancel Units if demand decreases) seeks to ensure that the market price of Units will be close to the underlying value of the Fund, the market price at any time may not reflect either the NAV per Unit or the iNAV (see section 5.5 below).

There is no minimum number of Units required by the Responsible Entity for purchase transactions on the ASX.

"Cooling off" rights do not apply to purchases of Units on the ASX.

5.2 HOW TO WITHDRAW YOUR INVESTMENT

Subject to market conditions, investors may sell their Units by trading on the ASX through a stockbroker. The sale of Units will be settled via the ASX's CHESSE settlement service.

The price at which an investor sells Units on the ASX will be the prevailing market price for sale of the Units at the time of the transaction. The market price at any time may not reflect either the NAV per Unit or the iNAV.

There is no minimum number of Units required by the Responsible Entity for sale transactions on the ASX.

5.3 OFF-MARKET WITHDRAWAL OF UNITS

If trading in the Fund's Units has been suspended for more than five consecutive ASX Trading Days, investors will have a right to apply to the Responsible Entity directly ("**off-market**") to withdraw their investment from the Fund, by completing a withdrawal form available from the Registrar. The Unit price at which withdrawal of Units would occur would be the NAV per Unit calculated for the date of withdrawal less an allowance for actual or estimated transaction costs incurred in selling assets of the Fund to meet the withdrawal (a "**sell-spread**").

However, the ability to withdraw from the Fund off-market will not be available in the following situations:

- If the Fund ceases to be "liquid" as defined in the Corporations Act, in which case investors will only be able to withdraw if the Responsible Entity makes a withdrawal offer to investors in accordance with the Corporations Act. The Responsible Entity will not be obliged to make such offers.
- If the Responsible Entity has suspended withdrawals in certain circumstances set out in the Fund's Constitution, such as where there are factors which prevent the accurate calculation of Unit prices.
- If the Fund is being wound up.

Unless trading in the Fund's Units has been suspended for more than five consecutive ASX Trading Days as described above or the law requires, there is no right to request withdrawal of Units from the Fund off-market.

5.4 ASX MARKET LIQUIDITY

Market liquidity refers to the availability of sellers or buyers on the ASX if an investor wishes to buy or sell Units.

The Responsible Entity on behalf of the Fund intends to provide liquidity to investors by acting as a buyer and seller of Units on the ASX. This is referred to as "market making". At the end of each ASX Trading Day, the Responsible Entity will issue or cancel Units according to its net position in Units bought or sold on the ASX on that day. The Responsible Entity has appointed a market participant to act as its agent to transact on-market and facilitate settlement of transactions on its behalf.

The price at which the Responsible Entity may buy or sell Units will reflect the Responsible Entity's view of the Fund's NAV per Unit, market conditions and the supply and demand for Units during the trading day. The difference between the price at which the Responsible Entity is willing to buy Units and sell Units at any time is known as the "bid-offer spread".

The Fund will bear the risk and costs of market making activities undertaken by the Responsible Entity on the Fund's behalf, which may result in either a cost or benefit to the Fund. See the "Risks" section for more information on the risks of market making. The Fund will also bear any transaction costs incurred in buying or selling underlying assets of the Fund as a result of the Fund's market making activities. The Responsible Entity intends that substantially all of such transactions costs will be recovered from investors who buy or sell Units on the ASX, by including an allowance for such estimated costs in the bid-offer spread.

5.5 NET ASSET VALUE PER UNIT AND INAV

The Fund's NAV per Unit will be published daily by the Responsible Entity at www.betashares.com.au prior to the commencement of trading on the ASX. This value will reflect the NAV of the Fund as at the close of trading on the previous day, divided by the number of Units on issue at that time. The NAV of the Fund is calculated by deducting from the aggregate value of the assets of the Fund all liabilities such as accrued fees and other costs, and provisions relating to the Fund. Fees and other costs, including the Responsible Entity's fees, are normally accrued daily. The Fund's assets reflect their market value.

The valuation methods applied by the Responsible Entity to value the Fund's assets and liabilities must be consistent with the range of ordinary commercial practice for valuing them and be reasonably current.

The Responsible Entity has engaged an agent to calculate an estimated indicative NAV per Unit (iNAV) for the Fund during an ASX Trading Day. The iNAV calculations are based on the portfolio of assets held by the Fund as at the open of trading on the relevant day, using last sale prices and less any liabilities of the Fund. The iNAV will be published on the BetaShares website at www.betashares.com.au.

Investors will be notified via the ASX Market Announcements Platform if there is any material change to the methodology for calculating the iNAV.

Any iNAV is not, and should not, be taken to be or relied on as being the price at which Units may be bought or sold on the ASX, and may not reflect the true value of a Unit. Investors should not rely on any iNAV which is made available in making investment decisions but should consider other market information and relevant economic factors. To the extent permitted by law, neither the Responsible Entity nor its calculation agent shall be liable to

any person who relies on the iNAV. No assurance can be given that any iNAV will be published continuously, will be up to date or free from error.

6 ADDITIONAL INFORMATION

6.1 THE ROLE OF CERTAIN ENTITIES IN REGARD TO THE FUND

There are a number of parties, in addition to the Responsible Entity, involved in the ongoing operation and administration of the Fund or who otherwise provide services in connection with the Fund:

6.1.1 Custodian and fund administrator

The Responsible Entity has appointed RBC Investor Services Trust (the Custodian) under a custody agreement to provide custodial services for the Fund, including holding the assets of the Fund.

The Custodian's services will include facilitating the settlement of transactions on the Responsible Entity's behalf with the market making agent.

The Custodian has a limited role and has no obligation to monitor whether the Responsible Entity is complying with its obligations as Responsible Entity of the Fund. The Custodian may, from time to time, appoint sub-custodians. The Responsible Entity may change the Custodian without prior notice to Unitholders.

The Responsible Entity has also appointed RBC Investor Services Trust (the Fund Administrator) under an investment administration agreement to provide fund administration services for the Fund, including fund accounting, maintenance of books and records, calculating distribution amounts, valuing the Fund's assets and liabilities, calculating the Fund's NAV, taxation and other services. The Responsible Entity may change the Fund Administrator without prior notice to Unitholders.

The Custodian and the Fund Administrator have no supervisory role in relation to the operation of the Fund and have no liability or responsibility to Unitholders for any act done or omission made in accordance with the relevant service agreements. They were not involved in preparing, nor take any responsibility for this PDS and make no guarantee of the success of the Fund nor the repayment of capital or any particular rate of capital or income return.

6.1.2 Registrar

The Responsible Entity has appointed Link Market Services Limited under a registry services agreement to provide Unit registry services for the Fund, including keeping a record of the Unitholders in the Fund. This includes details such as the quantity of Units held, tax file numbers (if provided) and details of distribution reinvestment plan participation. The Responsible Entity may change the Unit Registrar without prior notice to Unitholders.

6.1.3 Auditor

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

6.1.4 Monitoring of service providers

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

6.2 OTHER INFORMATION YOU NEED TO KNOW

6.2.1 BetaShares as the responsible entity

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

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

6.2.2 The Constitution

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

A copy of the Constitution 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 Constitution upon request.

6.2.3 Amendments to the Constitution

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

6.2.4 The compliance plan

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

6.2.6 Unit pricing policy

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

6.2.7 Suspensions of off-market withdrawals

The Constitution of the Fund provides that, in some circumstances, the period for satisfaction of off-market redemption requests may be extended, or that redemption requests may be suspended or rejected for as long as the relevant circumstances apply. Those circumstances are where:

- 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;
- 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);
- the Responsible Entity believes that it is not practicable or desirable to carry out the calculations necessary to satisfy the redemption request (for example, because 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);
- the quotation of any Units on the ASX is suspended or the trading of any Units is otherwise halted, interrupted or restricted by the ASX, or the trading of any Units is subject to a period of deferred settlement, or there is a period during which the Units are subject to a consolidation or division;
- the Units cease to be admitted to trading status on the ASX;
- a withdrawal request is received during any period before or after a distribution date which period the Responsible Entity determines to be necessary or desirable to facilitate the calculation and distribution of distributable income;
- the Responsible Entity does not consider that it is in the best interests of Unitholders of the Fund taken as a whole to transfer or realise sufficient assets to satisfy the redemption request;
- 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; or

- it is otherwise legally permitted.

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

6.2.8 Information relating to off-market redemptions

The information in section 5 relating to off-market redemptions assumes that the Fund is liquid within the meaning of section 601KA of the *Corporations Act*. The Fund will be liquid if at least 80% of its assets, by value, are liquid assets under the *Corporations Act*. Broadly, liquid assets include money in an account or on deposit with a bank, bank accepted bills, marketable securities and other property which the Responsible Entity reasonably expects can be realised for its market value within the period specified in the Constitution for satisfying redemption requests. At the date of this PDS, the Responsible Entity expects that the Fund will be liquid under the *Corporations Act*. If the Fund is not liquid, a Unitholder will not have a right to redeem Units off-market 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.

6.2.9 Rights of a Unitholder

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

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

6.2.10 Reimbursement of expenses

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

6.2.11 Retirement of BetaShares

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

6.2.12 Termination

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

6.2.13 Limitation of liability of Unitholders

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

- the indemnities each Unitholder gives the Responsible Entity for losses or liabilities incurred by the Responsible Entity;
 - in relation to the Unitholder's failure to provide requested information;

- b. for tax or user pays fees as a result of a Unitholder's action or inaction, any act or omission by the Unitholder or any matter arising in connection with the Units held by the Unitholder;
 - c. in relation to the Unitholder paying or failing to pay the issue price or application or redemption fees in accordance with the Constitution or otherwise failing to comply with the Constitution; and
- ii. execution and settlement procedures prescribed by the Responsible Entity that relate to the issue and redemption of Units.

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

6.2.14 Meeting of Unitholders

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

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

6.2.15 Indemnities and limitation of liability of the Responsible Entity

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

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

6.2.16 Discretionary redemptions

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

6.2.17 Information from Unitholders

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

6.2.18 Borrowings

The Fund's Constitution places no formal limits on borrowing. It is not the Responsible Entity's intention to enter into borrowing for the Fund, except that temporary borrowings may be used occasionally to manage certain cash flows. Any borrowing may be on a secured or unsecured basis and any borrowing costs would be borne by the Fund.

6.2.19 If you have a complaint

If a Unitholder has a complaint regarding the Fund or services provided by the Responsible Entity, please contact Client Services on 1300 487 577 (within Australia) or +61 2 9290 6888 (outside Australia) from 9:00 am to 5:00 pm Sydney time, Monday to Friday. A copy of the complaints handling policy can also be obtained at no charge by contacting the Responsible Entity.

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

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

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

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

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

Financial Ombudsman Service
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).

6.2.20 Protecting your privacy

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

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

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

The Responsible Entity may provide personal information to a Unitholder's adviser if written consent is provided to the Responsible

Entity. The Responsible Entity may disclose personal information to authorities investigating criminal or suspicious activity and to the Australian Transaction Reports and Analysis Centre (AUSTRAC) in connection with anti-money laundering and counter-terrorism financing.

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

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

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

To obtain a copy of the privacy policy at no charge, contact the Responsible Entity on 1300 487 577 (within Australia) or +61 2 9290 6888 (outside Australia).

6.2.21 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). Each Unitholder agrees that:

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

6.2.22 Other services

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

6.2.23 Warning statement for New Zealand investors

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

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

Currency exchange risk

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

Trading on financial product market

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

Dispute resolution process

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

6.3 ASIC RELIEF

Ongoing Disclosure Relief

ASIC has granted relief under section 1020F of the Corporations Act from ongoing disclosure requirements in section 1017B on the condition that the Responsible Entity complies with the continuous disclosure provisions of the Corporations Act that apply to an unlisted disclosing entity as if the Fund were an unlisted disclosing entity. The Responsible Entity will comply with these continuous disclosure provisions as if the Fund were an unlisted disclosing entity.

Periodic Statements Relief

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

6.4 DOCUMENTS LODGED WITH ASIC

The Responsible Entity is subject to certain regular reporting and disclosure obligations in relation to the Fund under the *Corporations Act*. Copies of documents lodged with ASIC in relation to the Fund may be obtained from, or inspected at, an ASIC office.

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

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

6.5 COOLING OFF

There is no cooling off period in relation to an investment in Units in the Fund.

6.6 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 Fund. For example, if an investor is an indirect investor they will not have rights to attend and vote at Unitholder meetings, to withdraw Units or receive distributions. Instead the platform operator will exercise those rights in accordance with their arrangements with the investor. For information about their investment, an investor should contact their platform operator.

6.7 INFORMATION AVAILABLE FROM BETASHARES

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

- The daily Net Asset Value (NAV) for the Fund;
- The daily NAV per Unit for the Fund;
- The iNAV for the Fund published during an ASX Trading Day;
- Quarterly portfolio information for the Fund within two months of the end of each quarter;
- The Responsible Entity's Unit pricing policy;
- The latest PDS for the Fund;
- Copies of announcements made to the ASX via the ASX Market Announcements Platform (including continuous disclosure notices and distribution information);
- Information about distributions as soon as possible after they are declared;
- Information about redemptions from the Fund;
- Annual and any half-year reports and financial statements for the Fund; and
- Details of the Distribution Reinvestment Plan.

6.8 DISCLAIMERS

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

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

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7 TAXATION

7.1 TAXATION TREATMENT OF YOUR INVESTMENT

It is important that you seek professional taxation advice before you invest or deal with your investment, as the taxation system is complex, and the taxation treatment of your investment will be specific to your circumstances and to the nature of your investment.

These comments are intended for investors who hold their investment on capital account for income tax purposes based on our interpretation of Australian taxation laws and administrative practices at the date of publication of this PDS.

Generally, you will be liable to pay tax on your share of the taxable income of the Fund whether or not distributions are reinvested.

You may be entitled to tax offsets, which reduce the tax payable by you, and concessional rates of tax may apply to certain forms of income such as capital gains. Australian resident individuals are liable to pay tax at their marginal rates on their share of the taxable income of the Fund. Generally, tax is not paid on behalf of investors. If you are not an Australian resident for income tax purposes, withholding tax will be deducted from your share of certain Australian sourced components of the Fund's taxable income.

Please note that at the time of your initial or additional investment there may be unrealised capital gains or accrued income in the Fund. If these amounts are subsequently realised, they may be paid to you as part of a distribution from the Fund. In addition, there may be realised but undistributed capital gains or income in the Fund.

These amounts may be returned to you as part of the next distribution from the Fund.

You may also be liable to pay capital gains tax on any capital gains in respect of your investment, such as from disposing of your investment. You may instead realise a capital loss in respect of your investment, which may be used to reduce capital gains in the same or later years. The cost base of your investment, which is relevant when calculating any such capital gains or capital losses, may change over the duration of holding your investment.

For example, certain non-assessable distributions have the effect of reducing your cost base.

If the Fund holds investments which are located outside of Australia, the Fund's income may include non-Australian sourced income.

You may be entitled to foreign income tax offsets for foreign tax already paid.

Any losses generated by the Fund cannot be passed onto investors. However, where specific requirements are satisfied, the Fund should be eligible to offset losses to reduce later year income or capital gains.

Taxation laws and administrative practices change from time to time. Australia is in the process of taxation reform. Current

reforms in progress include a deregulation review in relation to the Taxation of Financial Arrangements (TOFA) rules. These reforms may impact the taxation of the Fund and you as an investor. It is an investor's responsibility to consider and monitor the impact of any taxation reforms impacting their investment, both now and into the future.

Changes to the taxation of Managed Investment Trusts (MITs)

In May 2016, the Australian Federal Government enacted legislation establishing a new tax system for Managed Investment Trusts.

Trusts that meet the eligibility criteria may elect to become an Attribution Managed Investment Trust (AMIT). The new rules are intended to reduce complexity, increase certainty and reduce compliance costs for MITs and their investors. The Responsible Entity is currently considering whether the Fund may elect into the AMIT regime.

7.2 PROVIDING A TAX FILE NUMBER (TFN)

You do not have to provide a TFN, exemption code or Australian Business Number (ABN) when you invest or reinvest in the Fund. However, if you do not provide any of these, the Responsible Entity may be required to deduct tax from most distributions, including where those distributions are reinvested, at the highest marginal tax rate (including applicable levies). The collection of your TFN or ABN is authorised by Australian tax laws and its use and disclosure are strictly regulated by tax and privacy laws.

7.3 FOREIGN ACCOUNT TAX COMPLIANCE ACT (FATCA) & OECD COMMON REPORTING STANDARD (CRS)

FATCA was enacted by the U.S. Congress to target non-compliance by US taxpayers using foreign accounts. In order to prevent FATCA withholding tax being applied to any US connected payments made to the Fund in Australia, the Fund is required to collect and report information to the Australian Taxation Office relating to certain U.S. accounts, which may be exchanged with the U.S. Internal Revenue Service.

Similar to FATCA, the CRS for the automatic exchange of information is a single global standard for the collection and reporting to tax authorities of information by financial institutions on non-residents. The CRS will be implemented in Australia from 1 July 2017.

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

In the event the Fund suffers any amount of withholding tax (including FATCA withholding tax) and/or penalties, neither the Fund nor the Responsible Entity acting on behalf of the Fund will be required to compensate you for any such tax, except in exceptional circumstances.

8 GLOSSARY

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

AQUA Product	A product admitted under the ASX Operating Rules to the AQUA market of the ASX.
AQUA Rules	Schedule 10A of the ASX Operating Rules and related rules and procedures, as amended, varied or waived from time to time.
ASIC	Australian Securities and Investments Commission.
ASX	ASX Limited or the Australian Securities Exchange, as the case requires.
ASX Business Day	A "Business Day" as defined in the ASX Operating Rules, unless determined otherwise by the Responsible Entity.
ASX Listing Rules	The listing rules of the ASX as amended, varied or waived from time to time.
ASX Operating Rules	The operating rules of the ASX as amended, varied or waived from time to time.
ASX Trading Day	Has the meaning given in the ASX Operating Rules.
CHESS	The Clearing House Electronic Subregister System.
Constitution	The constitution governing the Fund, as amended or replaced from time to time.
Corporations Act	Corporations Act 2001 (Cth)
Fund	The fund offered under this PDS, specifically, BetaShares Australian Small Companies Select Fund (managed fund).
iNAV	Indicative NAV per Unit.
Net Asset Value/NAV	The net asset value for the Fund calculated in accordance with section 5.5.
PDS	Product Disclosure Statement.
Registrar	Link Market Services Limited (ABN 54 083 214 537), or any other registry that the Responsible Entity appoints to maintain the register.
Tax Act	The Income Tax Assessment Act 1936 (Cth), the Income Tax Assessment Act 1997 (Cth) or both, as appropriate.
Unit	A unit in the Fund.
Unitholder	A holder of a Unit.

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DIRECTORY

Responsible Entity

BetaShares Capital Ltd

Level 11

50 Margaret Street

Sydney NSW 2000

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Custodian

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