

SOLID GOLD

BetaShares Gold Bullion ETF - Currency Hedged



BetaShares
Exchange Traded Funds

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Gold is a unique commodity. It is a physical asset that is accumulated rather than consumed, and as a result, virtually all the gold that has ever been mined still exists today. Gold is virtually indestructible and is viewed by many around the world as a store of value.

Until the introduction of the BetaShares Gold Bullion ETF it has been difficult for investors to easily access pure, currency hedged exposure to gold bullion.

During periods of uncertainty and crisis, gold has often been used by investors as a “safe haven” asset.

In addition, many investors are concerned that large and growing budget deficits around the world may result in a resurgence in inflation. Gold has traditionally been used by investors to protect against the risk of inflation, and many investors are accordingly adding additional gold exposure as part of their investment strategies.

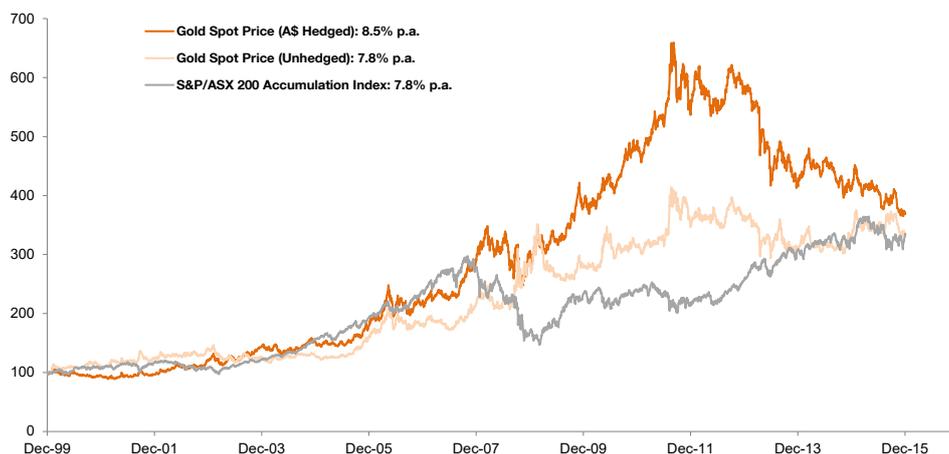
Finally, gold has shown little or no correlation with other asset classes and so an allocation to gold can be a very good diversifier as part of a broader investment portfolio.

The objective of the BetaShares Gold Bullion ETF is to track the performance of the price of gold bullion (before fees and expenses). The BetaShares Gold Bullion ETF offers a convenient way for investors to gain exposure to the price of gold, without the inconvenience associated with directly purchasing, storing and insuring physical gold bullion. In addition, as the BetaShares Gold Bullion ETF is currency hedged, investors are able to gain “pure” exposure to the performance of gold, with a substantial reduction of exposure to movements in the AUD/USD exchange rate.

Historical Gold Performance

The price of gold is influenced by a wide variety of factors, some of the most important being fluctuations in the value of the US dollar, political and economic uncertainty, and the buying and selling of gold by central banks around the world. The chart below depicts the long term performance of gold bullion vs. a broad Australian equities index:

GOLD BULLION SPOT PRICE PERFORMANCE (HEDGED & UNHEDGED) V S&P/ASX 200 ACCUMULATION INDEX PERFORMANCE: DEC 1999 – AUGUST 2016



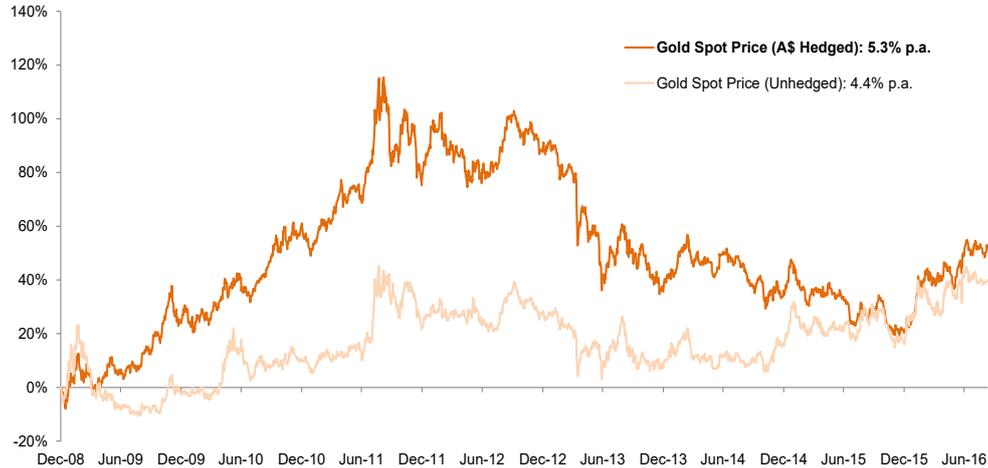
Source: Bloomberg. Past performance is not an indicator of future performance

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As the charts above and below indicate, the performance of gold has varied dramatically depending on the value of the currency that gold is purchased in. As BetaShares Gold Bullion ETF is currency hedged, investors are able to substantially remove the impact of movements in the AUD/USD exchange rate from the gold price.

GOLD BULLION SPOT PRICE PERFORMANCE HEDGED V UNHEDGED: DECEMBER 2008 - AUGUST 2016



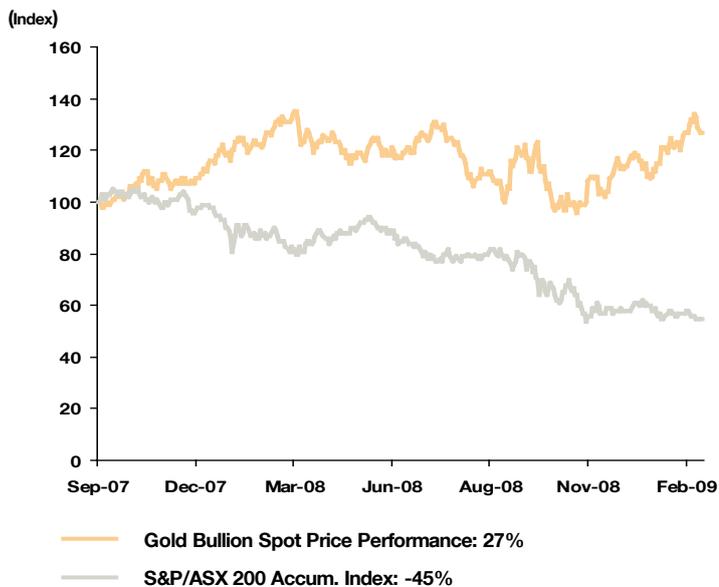
Source: Bloomberg. Past Performance is not an indicator of future performance

Gold As An Investment

Gold as part of a diversified portfolio

Gold prices tend to perform particularly strongly during times of uncertainty, which can make gold an attractive addition to a diversified portfolio. For example, the chart below sets out the performance of gold relative to Australian equities during the period of the global financial crisis:

GOLD BULLION SPOT PRICE (A\$ HEDGED) V S&P/ASX 200 ACCUMULATION INDEX OCTOBER 2007 – FEBRUARY 2009



Source: Bloomberg. Past Performance is not an indicator of future performance



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Historically, gold has shown little to no correlation with other asset classes and so allocating to gold may provide useful diversification benefits as part of a broader investment portfolio.

CORRELATION OF RETURNS OF GOLD BULLION SPOT PRICE (A\$ HEDGED) TO OTHER ASSET CLASSES: 5 YEARS TO 30 AUGUST 2016

	AUSTRALIAN EQUITIES (S&P/ASX 200 Index)	US EQUITIES (S&P 500 in US\$)	GLOBAL EQUITIES (MSCI World Index in Local Currency)	AUSTRALIAN BOND (Australian Gov. 1-7 year)	GLOBAL BONDS (Morningstar Global Government Bond Index in US\$)
CORRELATION WITH GOLD (A\$ Hedged)	0.07	0.03	0.09	0.06	0.16

Source: Bloomberg. Past performance is not an indicator of future performance

Traditionally, the only way to gain direct exposure to the gold price was through direct gold ownership or the use of gold futures.

Direct gold ownership involves a number of complications and costs, including high minimum investment levels and the costs of buying, physically storing and insuring the gold. In addition, liquidity levels (i.e., the ability to realise cash for the investment) may be low relative to exchange-traded alternatives.

Gold futures can be complicated to purchase, requiring an understanding of derivatives, tolerance for margin calls, experience in futures trading as well as potentially high minimum investments.

Gold exposure can also be obtained by buying shares in gold mining companies. This involves company-specific risk, as well as broader sharemarket risk, and it is therefore a more indirect way to access the performance of gold.

By comparison, the BetaShares Gold Bullion ETF offers investors a simple, low-cost, liquid and efficient way to access the performance of gold – as simply as buying any share.

The Structure of BetaShares Gold Bullion ETF

An ETF is an “exchange traded fund” – a managed fund that is traded on the ASX.

ETFs are built like managed funds, but trade like shares, meaning that pricing is transparent and the products can be bought and sold throughout any trading day just like shares. ETFs aim to track the performance of a specific index or asset. They are transparent, liquid, cost-efficient and flexible investment tools – and are used by both individuals and institutional investors.

The BetaShares Gold Bullion ETF invests its assets into the purchase of physical gold bullion (i.e., bars of gold). All of the physical gold bullion purchased from the gold vendor is held in an allocated and segregated account maintained with JPMorgan Chase Bank N.A.⁽¹⁾, in JPMorgan’s London vault premises (or, on a temporary basis, by an authorised sub-custodian). The gold custodian can only deal with the gold with the consent of BetaShares. Further information about the relationship between the gold vendor, the gold custodian and BetaShares is set out in the Fund’s PDS.

In addition, to ensure maximum transparency for investors, the BetaShares website includes a gold holdings list that itemises the actual allocated gold bullion bars held in the vault. This list, provided daily by the vault custodian, JPMorgan Chase Bank, includes specific details of each gold bar including serial number, refinery, purity, weight and year of casting. An independent bullion audit will also be conducted at least annually to confirm the number, purity and weight of the gold bars held in the vault.

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Solid Gold?

Prior to investing in a gold ETF, investors should consider certain key criteria to evaluate the soundness of the product. BetaShares has constructed its Gold Bullion ETF to comply with the highest standards on each of these criteria, as summarised in the table below:

GOLD ETF KEY EVALUATION CRITERIA

EVALUATION CRITERIA	HIGHEST STANDARD	BETASHARES PERFORMANCE ON CRITERIA
ASSETS UNDERLYING ETF	Physical backing	✓ 100% backed by physical gold bullion ⁽¹⁾
TRANSPARENCY	Gold bar list	<ul style="list-style-type: none"> ✓ Gold bar list updated daily and available at all times on BetaShares' website ✓ List includes specific gold bullion bar serial numbers, refiner, purity/assayer, year of casting and weight
VERIFICATION OF GOLD BULLION	Independent Gold Auditor	✓ Independent audit by Bullion Auditor, at least annually, of the vault holding the gold bullion underlying the BetaShares Gold Bullion ETF
STANDARD OF GOLD HELD	London Good Delivery Bar	✓ Gold bullion underlying the BetaShares Gold Bullion ETF is all designated as "London Good Delivery" by the LBMA
ALLOCATED OR UNALLOCATED GOLD	Allocated	<ul style="list-style-type: none"> ✓ Gold underlying the BetaShares Gold Bullion ETF is held in the form of specifically allocated gold bars⁽¹⁾ ✓ Allocated gold bars can not be lent or used in any way not approved by BetaShares

(1) Other than an amount held in an unallocated form which is too small to make up a whole gold bar or which is held temporarily to effect a creation or redemption of units

Trading Information

BetaShares Funds can be bought or sold during the trading day on the ASX, and trade like shares.

EXCHANGE	ASX
ASX CODE	QAU
CURRENCY	AUD
TRADING HOURS	10:00-16:00 (AEST)
BLOOMBERG CODE	QAU AU
IRESS CODE	QAU.AXW

BetaShares Gold Bullion ETF Fund Information

ISSUER	BetaShares Capital Ltd
UNDERLYING ASSETS	Physical Gold Bullion
GOLD CUSTODIAN	JPMorgan Chase
GOLD VENDOR	National Bank of Canada
CUSTODIAN	RBC Investor Services
ADMINISTRATOR	RBC Investor Services
AUDITOR	KPMG
MANAGEMENT COSTS	0.49% p.a
GOLD VENDOR/CUSTODY COSTS	0.10% p.a
FUND INCEPTION	3 May 2011

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There are risks associated with an investment in the Fund, including market risk, gold price risk and currency hedging risk. For more information on risks and other features of the Fund please see the Product Disclosure Statement.

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