



BETASHARES FUNDS
PRODUCT DISCLOSURE STATEMENT

BETASHARES
ETHICAL DIVERSIFIED BALANCED ETF
ASX CODE: DBBF

BETASHARES
ETHICAL DIVERSIFIED GROWTH ETF
ASX CODE: DGGF

BETASHARES
ETHICAL DIVERSIFIED HIGH GROWTH ETF
ASX CODE: DZZF

BETASHARES
DIVERSIFIED ALL GROWTH ETF
ASX CODE: DHHF

BetaShares Capital Ltd
ABN 78 139 566 868 | AFSL 341181
Dated: 15 December 2020



BetaShares
Exchange Traded Funds

IMPORTANT INFORMATION

About this PDS

This Product Disclosure Statement (including the Product Supplement) (**PDS**) is dated 15 December 2020.

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

This PDS is the offer document for the following registered managed investment schemes: BetaShares Ethical Diversified Balanced ETF (ARSN: 633 062 772) (previously called BetaShares Diversified Balanced ETF), BetaShares Ethical Diversified Growth ETF (ARSN: 633 062 996) (previously called BetaShares Diversified Growth ETF), BetaShares Ethical Diversified High Growth ETF (ARSN: 624 897 703), (previously called BetaShares Diversified Conservative Income ETF) and BetaShares Diversified All Growth ETF (ARSN: 633 063 260) (previously called BetaShares Diversified High Growth ETF). These are referred to in this PDS individually as "Fund" and collectively as "Funds", "BetaShares Funds" or "BetaShares Diversified Funds".

A copy of this PDS has been lodged with the Australian Securities and Investments Commission ("**ASIC**") on 15 December 2020. Neither ASIC nor ASX Limited takes any responsibility for the contents of this PDS.

Each Fund commenced operations in December 2019. An application was made to, and approved by, the ASX for Units in each Fund to be quoted for trading on the AQUA market of the ASX. The Units are currently quoted for trading on the AQUA market of the ASX under the AQUA Rules.

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

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

The offer

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

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

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

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

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

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

PDS updates

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

Risks

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

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

Not personal advice

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

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

Definitions

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

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

PRODUCT DISCLOSURE STATEMENT

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1 KEY FEATURES

1.1 INTRODUCTION TO THE BETASHARES DIVERSIFIED ETFs

The BetaShares Diversified ETFs (the "Funds") provide investors with access to cost-effective, diversified portfolios developed to suit a range of investment goals and risk profiles.

Each Fund seeks to provide investment returns over the long term consistent with its risk profile (balanced, growth, high growth or very high growth) using a passive investment approach which blends asset classes, including Australian and international equities, and Australian and international bonds, according to the strategic asset allocation set for the Fund.

Investment exposure to each asset class is achieved using a range of cost-effective, transparent, exchange traded funds ("ETFs") traded on the ASX and other global exchanges, issued by BetaShares as well as other global fund managers as and where deemed appropriate by BetaShares.

The following Funds are available:

- BetaShares Ethical Diversified Balanced ETF;
 - BetaShares Ethical Diversified Growth ETF;
 - BetaShares Ethical Diversified High Growth ETF;
- (together called "BetaShares Ethical Diversified ETFs")
- BetaShares Diversified All Growth ETF.

The BetaShares Ethical Diversified ETFs are designed to provide exposure to investments that have been selected according to responsible investment considerations.

The BetaShares Diversified All Growth ETF is not designed to provide exposure to investments selected according to responsible investment considerations.

What are ETFs?

Each Fund is an ETF and uses a range of other ETFs ("Underlying ETFs") to provide investment exposure to the various asset classes. ETFs are investment vehicles traded on a stock exchange, such as the ASX, much like listed shares.

An ETF generally aims to provide investors with a return that tracks the return of a particular index, before fees and expenses. However, as each Fund will provide exposure to a mix of asset classes consistent with its risk-return profile (balanced, growth, high growth

or very high growth), it will not aim to track a single index. Rather, each Fund will aim to passively blend the returns of the index-tracking Underlying ETFs in which that Fund invests to get exposure to the asset classes, in proportion to the Fund's strategic asset allocation.

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

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

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

The Funds are not limited to holding Underlying ETFs that are BetaShares ETFs, nor limited to those funds traded only on the ASX. Depending on the exposure required, a Fund may hold a portfolio of Underlying ETFs traded on the ASX combined with Underlying ETFs traded on overseas exchanges. Each Underlying ETF in the portfolio is selected for its ability to provide the required exposure.

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

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

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

TABLE 1.2: SUMMARY OF KEY INFORMATION

| TOPIC | SUMMARY | SECTION |
|-----------------------------|---|-----------------------------------|
| Investment objective | The investment objective of each Fund is to provide an investment return consistent with its particular risk profile (balanced, growth, high growth or very high growth) by investing across different asset classes. Additionally, each Fund that is a BetaShares Ethical Diversified ETF is designed to provide exposure to investments selected according to responsible investment | 2.1 and Product Supplement |

| TOPIC | SUMMARY | SECTION |
|----------------------|---|---------------------------|
| | <p>considerations.</p> <p>Each Fund will aim to passively blend the returns of the index-tracking Underlying ETFs in which that Fund invests to get exposure to the asset classes, in proportion to the Fund's strategic asset allocation.</p> <p>Further information about each Fund's investment objective and investment strategy is set out in section 2.1 and the Product Supplement applicable to the Fund.</p> <p>There is no assurance or guarantee that a Fund's returns will meet the investment objective.</p> | |
| Investing | <p>The offer in this PDS is only available to Authorised Participants.</p> <p>Units can only be acquired in whole multiples of a "Creation Unit" unless the Responsible Entity agrees otherwise. The number of Units in a Creation Unit for each Fund is determined by the Responsible Entity and notified to Authorised Participants.</p> <p>Application amounts must be in the form of a parcel of quoted securities selected by the Responsible Entity from time to time which generally corresponds to the composition of each Fund's portfolio, together with any balancing cash payment, unless the Responsible Entity agrees to accept a cash application. Applications are subject to an application fee described in section 3.</p> <p>Subject to market conditions, investors may purchase Units by trading on the ASX. The purchase of Units on the ASX is not governed by the terms of this PDS and therefore the minimum investment does not apply to purchases of Units on the ASX.</p> | 5 |
| Redemptions | <p>A Unitholder can generally only redeem Units if it is an Authorised Participant who is an Australian Resident.</p> <p>Units can only be redeemed in whole multiples of a Creation Unit unless the Responsible Entity agrees otherwise. The number of Units that constitute a Creation Unit for each Fund is determined by the Responsible Entity and notified to Authorised Participants.</p> <p>The amount payable to a Unitholder on redemption will be in the form of a parcel of quoted securities selected by the Responsible Entity from time to time which generally corresponds to the composition of each Fund's portfolio, together with any balancing cash payment, unless the Responsible Entity agrees to accept a cash redemption. Redemptions are subject to a withdrawal fee described in section 3.</p> <p>In certain specified circumstances, redemption requests may be delayed, rejected or scaled down. See section 6.2.7 and 6.2.8 for further information.</p> <p>Subject to market conditions, investors may sell their Units by trading on the ASX. The sale of Units on the ASX is not governed by the terms of this PDS and therefore the minimum redemption does not apply to sales of Units on the ASX.</p> <p>A Unitholder who is not an Authorised Participant can only redeem Units in the special circumstances described in section 5.6.</p> | 5, 6.2.7 and 6.2.8 |
| Distributions | <p>The Responsible Entity intends to make quarterly distributions in respect of each Fund (assuming there is distributable income).</p> | 2.2 |
| Risks | <p>There are a number of risks associated with investing in the Funds. The key risks include the following:</p> <ul style="list-style-type: none"> • Investment objective risk - There is no guarantee that a Fund's investment strategy will be successful or that the investment objective will be achieved. • Index tracking risk - An Underlying ETF should not be expected to track the performance of an index exactly, but generally aims to minimise any deviation from the index, before fees and expenses, as much as possible. • Index methodology risk – In the case of the BetaShares Ethical Diversified ETFs, there is no assurance that underlying indices that use responsible investment-related criteria to select investments will outperform | 4 |

| TOPIC | SUMMARY | SECTION |
|-----------------------------|--|---------------|
| | <p>traditional indices that are based purely on market capitalisation, or any other methodology for constructing an index, over any time period.</p> <ul style="list-style-type: none"> • Market risk - A Fund's investment returns will be influenced by the performance of the markets as a whole to which it has exposure. Changes in market prices for securities, which may be volatile and fluctuate from day to day, may result in a loss in the value of Units. • Asset allocation risk - A Fund's ability to achieve its investment objective depends on BetaShares' ability to accurately assess the Fund's asset class allocation. • International investment risk - A Fund will have exposure to investments in foreign countries, which may include emerging markets, that may be more volatile or subject to greater risks than investments in Australia. • Interest rate risk - Changes in interest rates can affect the value of fixed income securities and/or their level of interest payments, which may reduce a Fund's returns. • Credit risk - A Fund will be exposed to the risk that a bond issuer or issuer of bank deposit accounts may default on meeting its payment obligations, thereby adversely affecting that Fund's value. • Currency risk - The Australian dollar value of a Fund's assets denominated in foreign currencies will increase or decrease as a result of exchange rate fluctuations, to the extent they are unhedged. • Concentration risk - Certain Funds have higher allocations to growth assets relative to defensive assets and therefore can be expected to have higher risk of negative returns, particularly over shorter periods. • Counterparty risk - There is a risk of loss due to a counterparty to a Fund or Underlying ETF not honouring a financial commitment. Counterparties include service providers such as a Fund's or Underlying ETF's unit registrar, fund administrator and custodian, as well as any derivatives counterparties. • Trading risk - In certain circumstances, the ASX may suspend trading of the Units of a Fund and in that event Unitholders would not be able to buy or sell Units of that Fund on the ASX. • Suspension risk - In certain circumstances, the Responsible Entity can suspend or scale down applications or redemptions. • Trading price risk - The trading price of Units on the ASX may differ from the Net Asset Value per Unit. • Liquidity risk - Although the Units are quoted on the AQUA market of the ASX, there can be no assurance that there will be a liquid market for Units, and no assurance that there will be a liquid market for a Fund's investments. • Operational risk - External events or a breakdown in administrative procedures or operational controls may adversely affect the operation and performance of a Fund. <p>This is not a comprehensive summary of all the risks of investing in the Funds. Before investing in the Funds, investors should carefully consider the risks associated with an investment in the Funds and obtain financial advice on whether an investment in a Fund is suitable for their objectives, financial situation and needs.</p> <p>For further details of the risks of investing, see section 4.</p> | |
| Fees and other costs | Fees and other costs as described in section 3 of this PDS will apply. | 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. | 6.2.22 |
| Responsible Entity | BetaShares Capital Ltd is the responsible entity of each Fund and is the issuer of this PDS. | 1.3 |

1.3 ABOUT BETASHARES

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

The Responsible Entity is an Australian asset management business located in Sydney which was established in 2009 to be a specialist provider of fund products that are exchange traded. The Responsible Entity launched its first funds in 2010. As at the date of this PDS, it manages over \$14 billion in assets and acts as responsible entity for 60 funds whose units are quoted for trading on the Australian Securities Exchange under the AQUA Rules. These funds provide exposure to the performance of specific equity strategies, equity indices, fixed income strategies, fixed income indices, currencies, commodities or commodity indices. The primary focus of the Responsible Entity's business is the operation of funds that are exchange traded.

The Responsible Entity is a member of the Mirae Asset Global Investments Group. Mirae Asset Global Investments Co., Ltd., which is the international asset management business within Mirae Asset Financial Group, is one of Asia's largest asset management firms, managing over US\$160 billion in assets globally as of 31 October 2020, including more than US\$40 billion in exchange traded funds.

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

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

1.4 ADMISSION TO TRADING UNDER THE AQUA RULES

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

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

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

AQUA Rules: fundamental difference

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

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

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

| ASX LISTING RULES | AQUA RULES |
|--|---|
| Control | |
| <p>An issuer of an entity listed under the ASX Listing Rules:</p> <ul style="list-style-type: none"> controls the value of its own securities and the business it runs; and the value of those securities is directly influenced by the equity issuer's performance and conduct. <p>For example, the management and board of a listed company generally control the fate of the business and, therefore, have direct influence over the share price.</p> | <p>An issuer of a product quoted under the AQUA Rules:</p> <ul style="list-style-type: none"> does not control the value of the assets underlying its products, but offers products that give investors exposure to the underlying assets – such as shares, indices, currencies or commodities. <p>The value (price) of products quoted under the AQUA Rules is dependent upon the performance of the underlying assets rather than the financial performance of the issuer itself e.g. an ETF issuer does not control the value of the shares it invests in.</p> |
| Continuous Disclosure | |
| <p>Issuers are subject to the continuous disclosure requirements under ASX Listing Rule 3.1 and Section 674 of the <i>Corporations Act</i>.</p> | <p>Issuers of products quoted under the AQUA Rules are not subject to the continuous disclosure requirements under ASX Listing Rule 3.1 and section 674 of the <i>Corporations Act</i> but must disclose information about:</p> <ul style="list-style-type: none"> the Net Tangible Assets ("NTA") or the Net Asset Value ("NAV") of the funds; distributions declared; and |

ASX LISTING RULES

AQUA RULES

- any other information that is required to be disclosed to ASIC under section 675 of the Corporations Act must be disclosed via the ASX Market Announcements Platform at the same time it is disclosed to ASIC. The Responsible Entity also intends to post any such information on its website www.betashares.com.au at the same time.

AQUA Product issuers must also disclose to the ASX any information the non-disclosure of which may lead to the establishment of a false market in its products or would materially affect the price of its products.

Periodic Disclosure

Issuers are required to disclose their half-yearly and annual financial information or annual reports to the ASX under Chapter 4 of the ASX Listing Rules.

Financial reports relating to the issuer itself are not required to be disclosed to the ASX. However, periodic financial reports relating to the AQUA Product must be disclosed to the ASX at the same time they are lodged with ASIC under Chapter 2M of the *Corporations Act*.

Corporate Control

Requirements in the *Corporations Act* 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 *Corporations Act* 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 *Corporations Act*.

Auditor Rotation Obligations

There are specific requirements in relation to auditor rotation under Part 2M.4 Division 5 of the *Corporations Act*.

Issuers of products quoted under the AQUA Rules are not subject to the requirements under Part 2M.4 Division 5 of the *Corporations Act*. 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 *Corporations Act* and the auditor must not be the auditor of the scheme's financial statements (but may be from the same firm).

2 ABOUT THE FUNDS

2.1 INVESTMENT APPROACH

2.1.1 Investment objective

The investment objective of each Fund is to provide an investment return over the long term consistent with its particular risk profile (balanced, growth, high growth or very high growth) using a passive investment approach which blends asset classes, including Australian and international equities, and Australian and international bonds, according to the strategic asset allocation set for each Fund.

Additionally, each Fund that is a BetaShares Ethical Diversified ETF is designed to provide exposure to investments selected according to responsible investment considerations.

Each Fund will aim to passively blend the returns of the index-tracking Underlying ETFs in which the Fund invests to get exposure to the asset classes, in proportion to the Fund's strategic asset allocation.

The Product Supplement sets out information specific to each Fund, including the investment objective of that Fund, the strategic asset allocation of that Fund, the Underlying ETFs selected to provide investment exposure and the indices which the Underlying ETFs aim to track.

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

2.1.2 How are the Funds' portfolios constructed and managed?

Strategic asset allocation

Each Fund's portfolio is built using a strategic asset allocation ("**SAA**") consistent with the Fund's risk-return profile (balanced, growth, high growth or very high growth) to establish the allocations between the major asset classes – Australian and international equities, and Australian and international bonds. The SAA is set by applying forward-looking, long-term expected returns and risk for each asset class, which is then reviewed, and may be adjusted, annually.

The strategic asset allocation will therefore be different for each Fund. For example, the BetaShares Ethical Diversified High Growth ETF will have a higher allocation to growth asset classes such as equities, and a lower allocation to defensive asset classes such as bonds, relative to the BetaShares Ethical Diversified Balanced ETF.

Each Fund's asset allocation will be rebalanced back to the SAA weightings if market movements or other circumstances cause the allocation to an asset class (including the allocation to defensive assets and growth assets) to deviate from the SAA by more than 2% as at the end of each calendar quarter.

Each Fund's SAA is constructed so that the risk of a negative return over a given 20-year period is consistent with the Australian Prudential Regulation Authority's ("**APRA**") Standard Risk Measure ("**SRM**") for the Fund's risk profile, as follows:

| Risk Band | Portfolio Risk Profile | Risk Label | Est # of negative returns years every 20 years |
|-----------|------------------------|----------------|--|
| 4 | Balanced | Medium | 2 < 3 |
| 5 | Growth | Medium to High | 3 < 4 |
| 6 | High Growth | High | 4 < 6 |
| 7 | Very High Growth | Very High | 6 or greater |

The SRM is based on industry guidance to allow investors to compare investment options that are expected to deliver a similar number of negative annual returns over any 20 year period. The SRM is not a complete assessment of all forms of investment risk. For instance, it does not detail what the size of a negative return could be or the potential for a positive return to be less than an investor may require to meet their objectives. Further, it does not take into account the impact of administration fees and tax on the likelihood of a negative return. Investors should still ensure they are comfortable with the risks and potential losses associated with their chosen investment option.

The Product Supplement sets out the strategic asset allocation applicable to each Fund.

Underlying ETF selection

Each Fund uses a range of Underlying ETFs to provide investment exposure to the various asset classes.

Each Underlying ETF selected aims to track the performance of a particular index, before fees and expenses, that is representative of an asset class or a component within an asset class.

The Product Supplement sets out the Underlying ETFs selected to provide investment exposure for each Fund and the indices which they aim to track.

Each Underlying ETF selected will generally either:

- seek to invest in the securities that comprise the relevant index in proportion to the weightings of the securities in the index (this is known as a "full replication" strategy). For such Underlying ETFs, the timing and nature of any changes to the composition of the Underlying ETF's investments will generally correspond with the timing and nature of changes to the relevant index (but may not exactly replicate the index); or
- seek to invest in a representative sample of securities that comprise the relevant index in weightings which differ from the index (this is known as a "sampling" strategy). A sampling strategy is often used for funds tracking an index that is too broad to efficiently purchase all of the index's securities. For such Underlying ETFs, the sampling strategy is based on a portfolio of securities that may be a sub-set of the constituents of the index and that aims to be representative of the characteristics of the constituents of the index as a whole. The aim of a sampling strategy is to construct a portfolio that provides a return profile comparable to that of the index.

An Underlying ETF may therefore not hold all of the securities comprising the relevant index, may hold securities in weightings

which differ from the index, may invest in securities that have been or are expected to be included in the index, and may hold other investments that do not form part of the index where this may help to achieve each Underlying ETF's investment objective.

The Underlying ETFs selected may include "smart beta" indexing methodologies where these approaches appear better able to help achieve a Fund's investment objectives when compared to more traditional passive investment strategies, such as market-capitalisation weighting.

A distinctive feature of the Funds is that the Underlying ETFs may not be solely made up of BetaShares ETFs, with other exchange traded fund providers' products used as and where deemed appropriate by BetaShares.

Furthermore, the Funds are not limited to holding Underlying ETFs traded only on the ASX. Depending on the exposure required, a Fund may hold a portfolio of Underlying ETFs traded on the ASX combined with Underlying ETFs traded on overseas exchanges.¹ Each Underlying ETF in the portfolio is selected for its ability to provide the required exposure.

The Underlying ETF selections may be changed from time to time.

Each Fund's investment strategy is overseen by BetaShares' Investment Committee, which comprises an experienced, multi-disciplinary team of professionals within BetaShares.

The composition of each Fund's portfolio, including the selected Underlying ETFs in their respective proportions, will be published daily on the Fund's product page on the BetaShares website at www.betashares.com.au.

Investors will be notified of any changes to a Fund's SAA or the Underlying ETFs utilised via the ASX's Market Announcements Platform.

Other investment methods

Each Fund reserves the ability to use exchange traded derivatives, such as futures, to a limited extent to implement investment decisions, to manage cash flows or to facilitate timely exposure to securities.

In addition, each Underlying ETF may use derivatives as follows:

- Exchange traded derivatives may be used to implement investment decisions, to manage cash flows or to facilitate timely exposure to securities.
- Exchange traded futures or over-the-counter derivatives may be used for fixed interest portfolios to manage the overall interest rate and/or credit risk exposure of the portfolio.
- The use of over-the-counter derivatives, other than forward currency contracts for any currency hedging purposes, will not be used to a material extent.

The Responsible Entity does not intend to engage in securities lending in connection with a Fund.

However, an Underlying ETF may engage in securities lending to financial institutions in return for a fee, with the aim of incrementally enhancing investment returns. Any such lending would be subject to limits set by the Underlying ETF which do not exceed applicable regulatory guidelines (for example, U.S. guidelines limit lending to not more than one-third of total assets), and must be supported by collateral provided by the borrower (typically government securities or cash) in an amount at least equal to the market value of the securities loaned by the Underlying ETF, marked to market each trading day. A portion of the income derived from the securities lending program is received by the relevant Underlying ETF for the benefit of its investors, after lending agent remuneration and other costs associated with the program.

Each Fund and each Underlying ETF will not use short selling, leverage or gearing to seek to enhance its returns.

Each Fund does not generally intend to hedge its overall exposure to foreign currency exchange rate fluctuations, although it is possible that an Underlying ETF may engage in currency hedging as part of its particular investment strategy.

The assets of each Fund, whether Underlying ETFs or cash, will be held by the Fund's custodian, other than cash held as collateral for any futures positions.

2.1.3 Labour standards and environmental, social and ethical considerations

In the case of the BetaShares Ethical Diversified ETFs, the indices which the Underlying ETFs aim to track take into account environmental, social and ethical considerations in their selection processes and eligibility criteria.

The Responsible Entity therefore takes into account environmental, social and ethical considerations when selecting, retaining or realising investments in the BetaShares Ethical Diversified ETFs.

A description of the environmental, social and ethical considerations and the extent to which the Responsible Entity takes these standards and considerations in account when selecting, retaining or realising investments in each BetaShares Ethical Diversified ETF is set out in the relevant Product Supplement.

In the case of the BetaShares Diversified All Growth ETF, the Responsible Entity does not take into account labour standards or environmental, social or ethical considerations when selecting, retaining or realising investments.

2.1.4 Performance

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

2.1.5 Changes to investment objectives and strategy

The Responsible Entity may from time to time vary the investment mandate (i.e. the investment objective and strategy as described in section 2.1 and in the Product Supplement) for any Fund as set out in this PDS.

Any significant change to the investment mandate will be notified to

¹ Overseas exchanges must be members of the World Federation of Exchanges or the Federation of European Securities Exchanges.

investors and potential investors via a supplementary or new PDS accessible through the ASX Market Announcements Platform.

2.2 DISTRIBUTIONS

Each Fund intends to pay quarterly distributions. Distribution amounts may include dividends, interest income, realised gains or losses from disposal of securities, or other assessable income derived by the Funds, after allowing for fees and expenses.

2.2.1 Distributions

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

Each Fund's NAV per Unit will normally fall after the end of each distribution period if a distribution is payable. 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.

Unless the distribution reinvestment plan applies (see section 2.2.3 below), distributions will generally be paid within 15 business days of the end of the distribution period to which they relate by deposit to a Unitholder's nominated Australian bank, building society or credit union account.

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

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

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

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

2.2.2 Tax statement

The Responsible Entity will, as soon as reasonably practicable after

the end of each financial year, issue to each Unitholder who received an entitlement to the distributable income and / or who was attributed taxable income of a Fund during a financial year, a tax statement which outlines the amount and composition of the taxable income to which the Unitholder became entitled and / or was attributed. Where a Fund is an Attribution Managed Investment Trust ("AMIT") for the financial year, the tax statement is referred to as an AMIT member annual statement ("AMMA").

2.2.3 Distribution Reinvestment Plan

A distribution reinvestment plan ("DRP") will be available for each Fund.

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

For eligible Unitholders in the BetaShares Ethical Diversified Growth ETF, the BetaShares Ethical High Growth ETF and the BetaShares Diversified All Growth ETF, the DRP will apply automatically to their investment so that distributions in respect of the relevant Fund will be reinvested in additional Units in that Fund, unless they elect to opt-out of the DRP. As at the date of this PDS, full (but not partial) reinvestment is available. If Unitholders wish to opt-out of the DRP and have their distributions paid in cash to their nominated Australian bank, building society or credit union account, they can elect to do so 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).

For Unitholders in the BetaShares Ethical Diversified Balanced ETF, the DRP will not apply automatically. If eligible Unitholders wish to participate in the DRP so that distributions in respect of the relevant Fund are reinvested in additional Units in that Fund, they can elect to do so 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). As at the date of this PDS, Unitholders can elect full or partial reinvestment. If no DRP election is made, the distributions will automatically be paid into the Unitholder's nominated Australian bank, building society or credit union account.

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

Taxes are set out in another part of this PDS.

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

TABLE 3.1: FEES AND COSTS SUMMARY

BETASHARES ETHICAL DIVERSIFIED BALANCED ETF, BETASHARES ETHICAL DIVERSIFIED GROWTH ETF, BETASHARES ETHICAL DIVERSIFIED HIGH GROWTH ETF AND BETASHARES DIVERSIFIED ALL GROWTH ETF

| Type of fee or cost | Amount | How and when paid |
|---|---|--|
| Ongoing annual fees and costs | | |
| <i>Management fees and costs:</i> | Betashares Ethical Diversified Balanced ETF Betashares Ethical Diversified Growth ETF Betashares Ethical Diversified High Growth ETF: | |
| The fees and costs for managing your investment | 0.39% per annum of each Fund's Net Asset Value | |
| | Betashares Diversified All Growth ETF: | |
| | 0.19% per annum of the Fund's Net Asset Value | |
| | As at the date of this PDS, the management fees and costs of the Fund consist of the following components: | |
| | Management fee¹ | |
| | Betashares Ethical Diversified Balanced ETF Betashares Ethical Diversified Growth ETF Betashares Ethical Diversified High Growth ETF: | 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. |
| | 0.39% per annum of each Fund's Net Asset Value | |
| | Betashares Diversified All Growth ETF: | |
| | 0.19% per annum of the Fund's Net Asset Value | |
| | Plus | |
| | Recoverable expenses² | |
| | 0.00% per annum of each Fund's Net Asset Value. | Any expenses normally incurred in operating a Fund are paid as and when they arise by the |

| Type of fee or cost | Amount | How and when paid |
|---|--|---|
| | <p>Plus</p> <p>Indirect costs</p> <p>Estimated at 0.00% per annum of the Fund's Net Asset Value.³</p> | <p>Responsible Entity out of its own resources. Any extraordinary expenses are deducted from a Fund's assets as and when they arise.</p> <p>Indirect costs are accrued and deducted in the Underlying ETFs and reflected in a Fund's daily Net Asset Value per Unit.</p> |
| <p>Performance fees:</p> <p>Amounts deducted from your investment in relation to the performance of the product</p> | Nil | Not applicable |
| <p>Transaction costs:</p> <p>The costs incurred by the scheme when buying or selling assets</p> | <p>Betashares Ethical Diversified Balanced ETF:</p> <p>Estimated at 0.04% per annum of the Fund's Net Asset Value.⁴</p> <p>Betashares Ethical Diversified Growth ETF:</p> <p>Estimated at 0.03% per annum of the Fund's Net Asset Value.⁴</p> <p>Betashares Ethical Diversified High Growth ETF:</p> <p>Estimated at 0.04% per annum of the Fund's Net Asset Value.⁴</p> <p>Betashares Diversified All Growth ETF:</p> <p>Estimated at 0.00% per annum of the Fund's Net Asset Value.⁴</p> | <p>Transaction costs reduce each Fund's Net Asset Value. How and when they are paid varies depending on the type of transaction cost. Certain costs, eg brokerage, are added to or deducted from the amounts payable from the Fund's assets or receivable by the Fund at the time of settlement in respect of investments purchased or sold for the Fund. Other costs, eg transactional custodian fees, are invoiced and paid from the Fund's assets according to a regular monthly or quarterly cycle.</p> |
| <p>Member activity related fees and costs (fees for services or when your money moves in or out of the scheme)</p> | | |
| <p>Establishment fee:</p> <p>The fee to open your investment</p> | Nil | Not applicable |
| <p>Contribution fee:</p> <p>The fee on each amount contributed to your investment</p> | <p>If you are not an Authorised Participant - \$0.</p> <p>If you are an Authorised Participant – up to \$200 plus 0.02% of the application amount for in-kind applications.⁶</p> | <p>Payable only by Authorised Participants⁵.</p> <p>This fee will be payable by Authorised Participants together with the transfer of the application securities and balancing cash component (if positive) at the time of applying for Units, for in-kind applications.</p> |
| <p>Buy-sell spread:</p> <p>An amount deducted from your investment representing costs incurred in transactions by the scheme</p> | Nil ⁷ | Not applicable. |
| <p>Withdrawal fee:</p> <p>The fee on each amount you take out of your investment</p> | <p>If you are not an Authorised Participant - \$0</p> <p>If you are an Authorised Participant – up to \$200 plus 0.02% of the redemption amount for in-kind redemptions.⁶</p> | <p>Payable only by Authorised Participants⁵.</p> <p>This fee will be paid at the time of the redemption for in-kind redemptions.</p> |

| Type of fee or cost | Amount | How and when paid |
|---|--------|-------------------|
| Exit fee: | Nil | Not applicable |
| The fee to close your investment | | |
| Switching fee: | | |
| The fee for changing investment options | Nil | Not applicable |

¹ The management fee for each Fund charged for the previous financial year ended 30 June 2020 was 0.26% p.a. The management fee for the BetaShares Ethical Diversified ETFs was increased to 0.39% p.a. effective following the close of trading on 15 December 2020. The management fee for the BetaShares Diversified All Growth ETF was reduced to 0.19% p.a. effective following the close of trading on 18 December 2020.

² This figure reflects the recoverable expenses incurred by each Fund for the previous financial year ended 30 June 2020. For more information on recoverable expenses, please see section 3.3.3 in the "Additional Explanation of Fees and Costs" section below.

³ This figure reflects the indirect costs incurred by each Fund for the previous financial year ended 30 June 2020. For more information on the meaning and calculation of indirect costs, see "Indirect costs" under the heading "Additional Explanation of Fees and Costs".

⁴ This figure reflects the estimated transaction costs incurred by each Fund for the previous financial year ended 30 June 2020. This figure is net of estimated transaction costs for which the Responsible Entity reimburses the Fund out of the application and redemption fees it receives from Authorised Participants. For more information on transaction costs and the application and redemption fees payable by Authorised Participants, see "Transaction costs" and "Application and redemption fees for Authorised Participants" under the heading "Additional Explanation of Fees and Costs".

⁵ An Authorised Participant is a trading participant under the ASX Operating Rules who has entered into an agreement with the Responsible Entity in relation to Unit applications and redemptions. For an explanation of the contribution fees and withdrawal fees (also referred to in this PDS as application fees and redemption fees) please see section 3.3.6 "Application and Redemption Fees for Authorised Participants" in the "Additional Explanation of Fees and Costs". Unitholders who are not Authorised Participants may be charged a redemption fee if they redeem Units pursuant to their right to redeem in the special circumstances described in section 5.6 - see "Additional Explanation of Fees and Costs" section below for more information.

⁶ Cash applications and redemptions are only available if agreed by the Responsible Entity. Additional contribution and withdrawal fees may apply in the case of a cash application or redemption as agreed with the Responsible Entity from time to time.

⁷ While the Fund does not charge a buy-sell spread, as the Fund is traded on a securities exchange, investors may incur a bid-offer spread when trading on the exchange.

Certain additional costs may apply. See the "Additional Explanation of Fees and Costs" section below for more information.

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

All fees and costs in the table above include Goods and Services Tax ("GST") net of any reduced input tax credits and are shown without any other adjustment in relation to any tax deduction available to the Responsible Entity.

3.2 EXAMPLE OF ANNUAL FEES AND COSTS

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

TABLE 3.2.1: EXAMPLE OF ANNUAL FEES AND COSTS

| EXAMPLE - BETASHARES ETHICAL DIVERSIFIED BALANCED ETF | AMOUNT | BALANCE OF \$50,000 WITH A CASH CONTRIBUTION OF \$5,000 ¹ DURING THE YEAR |
|---|--|--|
| Contribution Fees ² | <p>\$0 if you are not an Authorised Participant; or</p> <p>Up to \$201 for in-kind applications if you are an Authorised Participant²</p> | <p>For every additional \$5,000 you put in, you will be charged:</p> <p>\$0 if you are not an Authorised Participant; or</p> <p>\$201 if you are an Authorised Participant.</p> |
| PLUS Management fees and costs ³ | 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 or have deducted from your investment \$195 each year. |
| PLUS Performance fees | Nil | And , you will be charged or have deducted from your investment \$0 in performance fees each year. |
| PLUS Transaction costs ⁴ | Estimated at 0.04% of the Fund's Net Asset Value | And , you will be charged or have deducted from your investment \$20 in transaction costs. |
| EQUALS Cost of Fund | | <p>If you had an investment of \$50,000 at the beginning of the year and you put in an additional \$5,000⁵ during that year, you would be charged fees and costs of \$215 (if you are not an Authorised Participant) or \$416 (if you are an Authorised Participant for the Fund).</p> <p>What it costs you will depend on whether you are an Authorised Participant, the investment option you choose and the fees you negotiate.</p> |

TABLE 3.2.2: EXAMPLE OF ANNUAL FEES AND COSTS

| EXAMPLE - BETASHARES ETHICAL DIVERSIFIED GROWTH ETF | AMOUNT | BALANCE OF \$50,000 WITH A CASH CONTRIBUTION OF \$5,000 ¹ DURING THE YEAR |
|---|--|---|
| Contribution Fees ² | <p>\$0 if you are not an Authorised Participant; or</p> <p>Up to \$201 for in-kind applications if you are an Authorised Participant²</p> | <p>For every additional \$5,000 you put in, you will be charged:</p> <p>\$0 if you are not an Authorised Participant; or</p> <p>\$201 if you are an Authorised Participant.</p> |
| PLUS Management fees and costs ³ | 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 or have deducted from your investment \$195 each year. |
| PLUS Performance fees | Nil | And , you will be charged or have deducted from your investment \$0 in performance fees each year. |

| | | |
|--|--|--|
| PLUS Transaction costs ⁴ | Estimated at 0.03% of the Fund's Net Asset Value | And , you will be charged or have deducted from your investment \$15 in transaction costs. |
| EQUALS Cost of Fund | | <p>If you had an investment of \$50,000 at the beginning of the year and you put in an additional \$5,000⁵ during that year, you would be charged fees and costs of \$210 (if you are not an Authorised Participant) or \$411 (if you are an Authorised Participant for the Fund).</p> <p>What it costs you will depend on whether you are an Authorised Participant, the investment option you choose and the fees you negotiate.</p> |

TABLE 3.2.3: EXAMPLE OF ANNUAL FEES AND COSTS

| EXAMPLE - BETASHARES ETHICAL DIVERSIFIED HIGH GROWTH ETF | AMOUNT | BALANCE OF \$50,000 WITH A CASH CONTRIBUTION OF \$5,000¹ DURING THE YEAR |
|---|--|--|
| Contribution Fees² | | For every additional \$5,000 you put in, you will be charged: |
| | \$0 if you are not an Authorised Participant; or | \$0 if you are not an Authorised Participant; or |
| | Up to \$201 for in-kind applications if you are an Authorised Participant ² | \$201 if you are an Authorised Participant. |
| PLUS Management fees and costs ³ | 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 or have deducted from your investment \$195 each year. |
| PLUS Performance fees | Nil | And , you will be charged or have deducted from your investment \$0 in performance fees each year. |
| PLUS Transaction costs ⁴ | Estimated at 0.04% of the Fund's Net Asset Value | And , you will be charged or have deducted from your investment \$20 in transaction costs. |
| EQUALS Cost of Fund | | <p>If you had an investment of \$50,000 at the beginning of the year and you put in an additional \$5,000⁵ during that year, you would be charged fees and costs of \$215 (if you are not an Authorised Participant) or \$416 (if you are an Authorised Participant for the Fund).</p> <p>What it costs you will depend on whether you are an Authorised Participant, the investment option you choose and the fees you negotiate.</p> |

TABLE 3.2.4: EXAMPLE OF ANNUAL FEES AND COSTS

| EXAMPLE - BETASHARES DIVERSIFIED ALL GROWTH ETF | AMOUNT | BALANCE OF \$50,000 WITH A CASH CONTRIBUTION OF \$5,000 ¹ DURING THE YEAR |
|---|--|---|
| Contribution Fees² | | For every additional \$5,000 you put in, you will be charged: |
| | \$0 if you are not an Authorised Participant; or | \$0 if you are not an Authorised Participant; or |
| | Up to \$201 for in-kind applications if you are an Authorised Participant ² | \$201 if you are an Authorised Participant. |
| PLUS Management fees and costs³ | 0.19% p.a. of the Fund's Net Asset Value | And , for every \$50,000 you have in the Fund you will be charged or have deducted from your investment \$95 each year. |
| PLUS Performance fees | Nil | And , you will be charged or have deducted from your investment \$0 in performance fees each year. |
| PLUS Transaction costs⁴ | Estimated at 0.00% of the Fund's Net Asset Value | And , you will be charged or have deducted from your investment \$0 in transaction costs. |
| 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 ⁵ during that year, you would be charged fees and costs of \$95 (if you are not an Authorised Participant) or \$296 (if you are an Authorised Participant for the Fund). What it costs you will depend on whether you are an Authorised Participant, the investment option you choose and the fees you negotiate. |

An Authorised Participant who redeems Units directly will also be charged a withdrawal fee as set out in Table 3.1 above (for an in-kind redemption). Unitholders who are not Authorised Participants may be charged a redemption fee if they redeem Units pursuant to their right to redeem in the special circumstances described in section 5.6 - see "Redemption fees for other unitholders" under the heading "Additional Explanation of Fees and Costs" below for more information.

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

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

² Assumes the maximum contribution fee set out in Table 3.1 applies. Application fees payable by Authorised Participants for cash applications may be higher than for in-kind applications.

³ Management fees and costs are made up of the management fee, recoverable expenses and indirect costs. For more information, refer to the "Additional Explanation of Fees and Costs" section below.

⁴ This figure reflects the estimated net transaction costs incurred by the Fund for the previous financial year ended 30 June 2020. For more information, refer to "Transaction costs" under the "Additional Explanation of Fees and Costs" section below.

⁵ Assumes the \$50,000 is invested for the entire year and the \$5,000 investment occurs on the last day of the year and therefore the fees and costs in this example are calculated using the \$50,000 balance only.

3.3 ADDITIONAL EXPLANATION OF FEES AND COSTS

3.3.1 Management fees and costs

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

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

Management costs do not include:

- transactional and operational costs, such as brokerage, transactional custodian fees, and other transaction fees associated with buying and selling a Fund's assets; and

- other costs that an investor would ordinarily incur when investing directly in a Fund's underlying assets.

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

3.3.2 Management fee

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

3.3.3 Recoverable expenses

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

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

The normally incurred recoverable expenses of each Fund for the previous financial year ended 30 June 2020 were nil, as these expenses were paid out of the Responsible Entity's own resources.

Extraordinary expenses are expenses that are not normally incurred in the day to day operation of a Fund and are not necessarily incurred in any given year. They may include costs associated with holding unitholder meetings, changing a Fund's Constitution, or defending or pursuing legal proceedings. Extraordinary expenses will not be paid out of the Responsible Entity's own resources. Any such expenses will be recovered from the relevant Fund and reflected in its Net Asset Value per Unit. At the date of this PDS the estimate of extraordinary expenses of each Fund for the previous financial year ended 30 June 2020 was nil.

3.3.4 Indirect costs

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

Each Fund can be expected to incur indirect costs as they invest in Underlying ETFs, which would be accrued and paid in the Underlying ETFs and reflected in the value of the relevant Fund's holding in the Underlying ETFs. The indirect costs incurred by each Fund for the previous financial year ended 30 June 2020 were nil, as any non-trivial management costs borne by the relevant Fund through its investment in Underlying ETFs were, and will continue to be, reimbursed to the Fund by the Responsible Entity from its own resources.

3.3.5 Transaction costs

Each Fund incurs transaction costs, such as brokerage, clearing costs, transactional custodian fees, and other transaction fees associated with buying and selling a Fund's assets. Transaction costs are an additional cost and are not included in the management costs. Transaction costs also include costs incurred by an interposed vehicle that would be transaction costs if they had been incurred by the Fund. Transaction costs are an

additional cost to investors (to the extent they are not off-set by the application and redemption fees charged by the Responsible Entity to Authorised Participants) and are not included in the management fees and costs shown in Table 3.1.

Transaction costs reduce the Fund's Net Asset Value. How and when they are paid varies depending on the type of transaction cost. Certain costs, eg brokerage, are added to or deducted from the amounts payable from the Fund's assets or receivable by the Fund at the time of settlement in respect of investments purchased or sold for the Fund. Other costs, eg transactional custodian fees, are invoiced and paid from the Fund's assets according to a regular monthly or quarterly cycle.

The table below sets out our reasonable estimate, as at the date of this PDS, of each Fund's total transaction costs for the previous financial year ended 30 June 2020. However, the Responsible Entity reimburses each Fund for certain transaction costs out of the application and redemption fees it receives, as described in section 3.3.6. Our estimate of the net transaction costs of each Fund (representing the total transaction costs minus the transaction costs reimbursed to a Fund out of the application and redemption fees) for the previous financial year ended 30 June 2020 are also set out in the following table. The net transactional and operational costs are borne by each Fund.

| | Estimated total transaction costs - % p.a. of the Fund's Net Asset Value | Estimated net transaction costs - % p.a. of the Fund's Net Asset Value |
|--|--|--|
| BetaShares Ethical Diversified Balanced ETF | 0.21% | 0.04% (or \$20 for every \$50,000 you have in the Fund) |
| BetaShares Ethical Diversified Growth ETF | 0.16% | 0.03% (or \$15 for every \$50,000 you have in the Fund) |
| BetaShares Ethical Diversified High Growth ETF | 0.33% | 0.04% (or \$20 for every \$50,000 you have in the Fund) |
| BetaShares Diversified All Growth ETF | 0.13% | 0.00% (or \$0 for every \$50,000 you have in the Fund) |

The transaction costs estimate shown in the fees and costs summary in Table 3.1 is shown net of any amount for which the Responsible Entity reimburses the Fund out of the application and redemption fees it receives from Authorised Participants.

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

3.3.6 Application and redemption fees for Authorised Participants

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

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

The applicable application and redemption fees are set out in

Table 3.1 above and are paid by Authorised Participants to the Responsible Entity. Out of these fees, the Responsible Entity pays directly, or reimburses each Fund for, the estimated transaction costs associated with the in-kind application or redemption.

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

3.3.7 Redemption fees for other Unitholders

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

3.3.8 Stockbroker fees

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

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

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

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

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

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

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

As at the date of this PDS, the Responsible Entity does not have any intention to change the fees and costs described in this PDS,

although it has the right to do so at any time without investor consent. Any increase in the fees for a Fund will be announced to the ASX via the Market Announcements Platform at least 30 days before it occurs.

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

3.3.10 Differential fees, rebates and related payments

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

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

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

3.3.11 Indirect investors

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

3.3.12 Taxation

Information in relation to taxation is set out in section 7 of this PDS.

4 RISKS

Unitholders in the Funds face a number of investment risks. There are risks associated with any investment. Generally, the higher the expected return of an investment, the higher the risk and the greater the variability of returns. The Funds carry different levels of risk depending on the underlying mix of assets that make up each Fund's portfolio.

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

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

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

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

4.1 INVESTMENT OBJECTIVE RISK

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

4.2 ASSET ALLOCATION RISK

Each Fund's ability to achieve its investment objective depends on BetaShares' ability to accurately assess that Fund's asset class allocation. There is a risk that BetaShares' evaluations and assumptions regarding asset classes, which are utilised as inputs in making asset allocation decisions, may be incorrect in view of actual market conditions.

4.3 MARKET RISK

Each Fund's investment returns will be influenced by the performance of the markets as a whole to which it has exposure. Changes in prices of the securities held by the Underlying ETFs may result in a loss in value of each Fund's Units. Market factors that drive changes in the prices of the securities, including changes in interest rates, global events (such as natural disasters, wars and other conflicts, and outbreaks of infectious diseases or viruses), general economic conditions, investor sentiment, industry-specific factors and the financial performance of specific issuers, can be expected to influence the value of the Units. Markets are volatile and fluctuate from day-to-day. Share markets, in particular, have been more volatile than other asset classes and have the potential to fall by large amounts over short periods of time. This volatility may cause the value of an investment in a Fund to decrease.

4.4 SECURITY SPECIFIC RISK

Factors specific to a particular security issuer may cause the return of the security to differ from that of the broader market. Such factors may include the issuer's business prospects, market estimations of potential future profitability and creditworthiness, balance sheet leverage, capital management policies, management changes, loss of significant customers, actions by regulators or competitors, and market sentiment. Each Fund will be sensitive to security specific risk for any securities which form a material component of an Underlying ETF's portfolio.

4.5 INDUSTRY SPECIFIC RISK

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

4.6 INDEX METHODOLOGY RISK

In the case of the BetaShares Ethical Diversified ETFs, there is no assurance that underlying indices that use responsible investment-related criteria to select investments will outperform traditional indices that are based purely on market capitalisation, or any other methodology for constructing an index, over any time period.

4.7 INTERNATIONAL INVESTMENT RISK

International investments may be affected by political and economic uncertainties, lower regulatory supervision, different accounting and auditing standards, movements in foreign currency and interest rates, and more volatile, less liquid markets, compared with Australian investments.

A Fund may have some exposure to emerging markets. Emerging markets are generally considered riskier than developed markets due to factors such as lower liquidity, the potential for political unrest, the increased likelihood of sovereign intervention (including default and currency intervention), currency volatility, repatriation of both investment income and capital may be subject to restrictions, and increased legal risk. In addition, there may be less publicly available information about issuers, and inconsistent and potentially less stringent accounting, auditing and financial reporting requirements and standards of practice comparable to those applicable in developed markets.

Emerging market investments therefore may experience increased asset price volatility, and face higher currency, default and liquidity risk.

4.8 INTEREST RATE RISK

The value of underlying fixed income securities to which a Fund has exposure will fluctuate as a result of changes in interest rates. Typically, fixed income security values fall when interest rates rise, whilst conversely fixed income security values rise when interest rates fall. The degree of change in value depends on the term of the security. Generally, longer term securities are more impacted by interest rate risk than shorter term securities.

4.9 CREDIT RISK

A Fund is exposed to the creditworthiness of the issuers of any underlying debt securities held by that Fund (as well as issuers of bank deposit accounts held by that Fund). Creditworthiness refers to the ability of an issuer to meet its obligations to make regular interest payments and to repay the principal sum at maturity.

The value of a Fund will be affected by the perceived or actual creditworthiness of the relevant Fund's underlying debt securities. A perceived or actual deterioration of the credit quality of one or more securities (which may be associated with a credit rating downgrade, or a perceived risk of a downgrade) will adversely impact the value of such securities and, as a result, the value of a Fund.

An issuer's credit rating does not provide any assurance regarding the bond issuer's ability to meet its payment obligations in relation to a bond. Credit ratings are not intended to be an investment recommendation or used as a basis for assessing investment merit. They are limited in scope and may be changed or withdrawn at any time.

4.10 COUNTRY RISK

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

4.11 SMALLER COMPANIES RISK

The Underlying ETFs' investments may include smaller companies to a greater or lesser extent, which 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, less publicly available information, and unproven business models. 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.

4.12 CONCENTRATION RISK

Certain Funds have higher allocations to growth assets (such as shares) relative to defensive assets (such as bonds), and therefore can be expected to have higher risk of negative returns, particularly over shorter periods.

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

4.13 FOREIGN EXCHANGE RISK

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

If the currency in which an underlying investment of a Fund is denominated depreciates relative to the Australian dollar, then the

value of that investment (in Australian dollar terms, and assuming no other changes) will decrease (and vice versa). Certain Underlying ETFs may employ currency hedging to reduce this risk, typically using forward currency contracts.

4.14 DERIVATIVES RISK

Derivatives will only be used in limited circumstances and will not be used to leverage a Fund or an Underlying ETF. The primary risks associated with the use of derivatives are:

- the values of the derivative failing to move in line with the underlying asset;
- the potential lack of liquidity of the derivative;
- the potential to incur substantial losses in excess of the initial amount invested;
- the possibility that the derivative position is difficult or costly to manage or reverse;
- a Fund or Underlying ETF may not be able to meet payment obligations as they arise, including any requirements to make margin payments;
- the counterparty to the derivative contract may not meet its obligations under the contract (including failing to meet collateral requirements under the arrangement);
- over-the-counter markets are not guaranteed by an exchange or clearing corporation;
- the collateral obligations in respect of margin requirements on derivative contracts can cause liquidity issues if insufficient collateral is available; and
- the electronic platforms on which some derivatives are traded are subject to risks related to system access, varying response times, security and system failure.

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

4.15 UNDERLYING ETFs RISK

Each Fund will be exposed to certain risks through its investments in the Underlying ETFs, including:

- although quoted for trading on an organised exchange, it is possible that an active trading market in Underlying ETF securities may not be maintained;
- trading in an Underlying ETF may be halted or suspended, or it may be delisted;
- although it is expected that the market price of an Underlying ETF will typically approximate its net asset value, there may be times when the market price and the net asset value of the Underlying ETF differ more significantly;
- an Underlying ETF may engage in securities lending. Securities lending involves the risk that the Underlying ETF may incur loss because the borrower of the loaned securities fails to return the securities in a timely manner or at all. The Underlying ETF could also incur loss in the event of a decline in the value of the collateral provided for loaned securities or acquired with cash collateral. Should the borrower of the securities fail financially, the Underlying ETF may experience delays in recovering the securities or exercising its rights in the collateral; and

- the sponsor of the index used by an Underlying ETF may change the index methodology or stop publishing the index, or the Underlying ETF's licence to use the index may terminate, in which case the issuer may change the index for the Underlying ETF.

These risks could have the effect of reducing the value of a Fund's investment in an Underlying ETF, causing trading in that Fund's Units on the ASX to be suspended, or reducing liquidity of a Fund's Units on the ASX.

4.16 INFLATION RISK

The returns on an investment in a Fund may not keep pace with inflation, which would reduce the real return earned by investors.

4.17 GENERAL REGULATORY RISK

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

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

4.18 TAX RISK

Taxation law is complex and subject to changes by government authorities, possibly with retrospective effect.

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

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

4.19 MANAGER RISK

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

4.20 FUND RISK

There is a risk that a Fund could terminate, that fees and expenses or a Fund's investment strategy 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 a Fund or a Fund could be wound up). Any replacement responsible entity might achieve different results for investors, positive or negative, than would otherwise be the case.

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

4.21 OPERATIONAL RISK

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

4.22 EFFECT OF APPLICATIONS AND REDEMPTIONS ON DISTRIBUTIONS

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

4.23 TRADING RISK

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

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

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

4.24 LIQUIDITY RISK

Although the Units will be quoted under the AQUA Rules there can be no assurances that there will be a liquid market for Units. The Responsible Entity has in place market making arrangements to assist in maintaining liquidity for the Funds on the ASX. The Responsible Entity cannot guarantee that a market maker will fulfil its obligations or that a market maker will continue to be appointed. The market making arrangements agreed by the Responsible Entity with a market maker also specify certain permitted circumstances where the market making obligations may be suspended (such as operational disruptions, market disruptions or unusual conditions (including those which make the market maker's ability to perform the market making function impossible, impracticable or unduly onerous such as an unusually volatile or "fast market"), other events set out in the ASX Operating Rules, the suspension or rejection of applications for Units or redemption

requests, or the market maker not having ASIC relief to allow short selling of Units). If a market maker defaults on its obligations, the Responsible Entity may seek to replace the market maker, although the arrangements with the market maker may limit or exclude any liability on the part of the market maker.

In addition, there is the risk that one or more assets held by the Fund may suffer from restricted or limited liquidity, which may be associated with wider than usual bid-offer spreads for such assets, preventing the Fund from closing out certain positions or rebalancing in a timely manner and at a fair price. The bid-offer spread for Units can be expected to increase if there is decreased liquidity for underlying securities and/or their bid-offer spreads widen due to market conditions.

The Fund's monthly average bid-offer spread will be reported in the ASX Investment Products Monthly Update, which can be viewed on the ASX's website at www.asx.com.au.

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

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

If trading of an Underlying ETF that makes up a material part of a Fund's portfolio is suspended or restricted, the Net Asset Value of the Fund may also be affected.

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

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

4.26 SETTLEMENT RISK

The application and redemption processes associated with the issue or redemption of Units are subject to settlement procedures through CHES. A Fund is exposed to some risk if an Authorised Participant or other market participant fails to comply with its settlement obligations. These risks are mitigated by the fact that Authorised Participants and other market participants are subject

to usual CHES trading practices including sanctions for failure to comply with obligations. A Fund may also suffer loss if an Authorised Participant fails to deliver the application consideration for Units, or redeliver Units in relation to a redemption, by the settlement time and a Fund has entered into transactions in reliance on delivery occurring.

4.27 INDEX RISK

Each Fund will employ a "passive" management approach, which means that the Responsible Entity will not seek to reposition investments in an attempt to avoid or limit any underperformance of a security held in the portfolio.

The sponsor of an Underlying ETF's index may change the index methodology or stop publishing the index, or the relevant issuer's licence to use the index may terminate, in which case the relevant issuer may change the index for an Underlying ETF. The Net Asset Value of a Fund may be adversely affected by such adjustments.

4.28 RISK OF INDEX TRACKING ERROR

An Underlying ETF that aims to track the returns of a relevant index should not be expected to track the performance of the index exactly, automatically and continuously. An Underlying ETF's returns may not match the returns of the relevant index for various reasons. For example, an Underlying ETF will incur fees, operating expenses and transaction costs in buying and selling securities, which are not applicable to the relevant index. In addition, performance may differ due to differences between an Underlying ETF's portfolio and the relevant index resulting from regulatory or other investment restrictions, liquidity or other constraints, differences between the timing of investment transactions and the valuation time for determining the Underlying ETF's net asset value, the Underlying ETF's need to hold an amount of cash to pay fees and expenses, employing a sampling strategy, or other factors.

4.29 COUNTERPARTY RISK

Counterparties used in connection with a Fund's or Underlying ETF'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 a Fund's or Underlying ETF's custodian. Default on the part of a counterparty could result in financial loss to a Fund.

4.30 CYBER-SECURITY RISK

With the increased use of technology to conduct business, the Responsible Entity, the Funds, the Underlying ETFs and their service providers can be susceptible to information security and related risks including cyber-security attacks or incidents.

Cyber incidents can result from deliberate attacks or unintentional events, and include gaining unauthorised access to digital systems, networks or devices for purposes of misappropriating assets or sensitive information, corrupting data, or causing operational disruption. Cyber-attacks may also be carried out in a manner that does not require gaining unauthorised access, such as causing denial-of-service attacks on websites (i.e. efforts to make network services unavailable to intended users).

Cyber-security breaches may cause disruptions to the Funds' operations, potentially resulting in financial loss.

5 HOW TO BUY AND SELL UNITS

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

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

Prior to being issued Units, an Authorised Participant must execute an Authorised Participant Agreement that deals with, amongst other things, the rights and obligations of the Authorised Participant in relation to applying for Units. See section 5.5 "Applications and Redemptions" and section 6.3 below for further information about the Authorised Participant Agreement.

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

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

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

5.1 MINIMUM APPLICATIONS AND REDEMPTIONS

The minimum application and redemption amount is one Creation Unit, unless otherwise agreed with the Responsible Entity. The number of Units that constitute a Creation Unit for a Fund is determined by the Responsible Entity and notified to Authorised Participants.

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

5.2 IN-KIND APPLICATIONS AND REDEMPTIONS

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

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

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

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

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

The application/redemption securities component generally

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

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

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

The cash component reflects the difference between the value of the application securities or redemption securities delivered by, or to, the Authorised Participant and the aggregate of the Net Asset Value per Unit for the number of Units being applied for or redeemed, as at the applicable valuation time. This is a balancing amount that aims to ensure there is no impact (e.g. no dilution in value) for existing Unitholders arising out of an application or redemption.

5.3 CASH APPLICATIONS AND REDEMPTIONS

If agreed to by the Responsible Entity, a cash application involves payment to the Responsible Entity or custodian by an Authorised Participant of cash (plus an application fee) in return for the issue of Units by the Responsible Entity to the Authorised Participant.

If agreed to by the Responsible Entity, a cash redemption involves delivery of Units by an Authorised Participant to the Responsible Entity or custodian in return for the payment of cash proceeds (minus a redemption fee) by the Responsible Entity to the Authorised Participant.

5.4 PROCESSING OF APPLICATIONS AND REDEMPTIONS

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

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

5.5 APPLICATIONS AND REDEMPTIONS

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

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

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

An in-kind application received by the Dealing Deadline (on day T) will generally enable the Authorised Participant to receive the new Units in its CHESS account in accordance with the standard CHESS settlement period (two ASX Business Days later (T+2) as at the date of this PDS), provided the Authorised Participant has delivered the application consideration and application fee by no later than the standard CHESS settlement cut-off time (11:30am as at the date of this PDS) on that settlement day or as otherwise agreed with the Authorised Participant.

Units will generally be issued on the ASX Business Day after the trade date and quoted with effect from the settlement of the issue of the relevant Units through CHESS.

An in-kind redemption request received by the Dealing Deadline (on day T) will generally enable the Authorised Participant to receive the redemption payment three ASX Business Days later (T+3), provided the Authorised Participant has transferred the Units and the redemption fee by no later than the standard CHESS settlement cut-off time (11:30am as at the date of this PDS) on that settlement day or as otherwise agreed with the Authorised Participant.

By signing an Authorised Participant Agreement, an Authorised Participant agrees to be bound by certain execution and settlement procedures in relation to applications for and redemptions of Units, which are set out in the Authorised Participant Agreement. Settlement failure procedures apply if an Authorised Participant does not comply with its obligations under the procedures. The procedures allow the Responsible Entity to cancel an application or redemption in certain circumstances and to take certain other action. The Responsible Entity may also reject any application in whole or in part at any time, without giving reasons.

5.6 UNITHOLDER REDEMPTIONS IN SPECIAL CIRCUMSTANCES

All Unitholders may normally sell their Units by trading on the ASX. Unitholders who are not Authorised Participants will not normally

have a right to redeem their Units directly with a Fund. However, all Unitholders will have a right to a cash redemption and to receive payment within a reasonable time if Units are suspended from quotation on the ASX for more than five consecutive trading days, unless:

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

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

No minimum redemption amount will apply.

5.7 SUSPENSIONS OF APPLICATIONS AND REDEMPTIONS

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

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

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

See section 6.2.7 and 6.2.8 for further information.

5.8 VALUATIONS AND PRICING

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

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

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

The Withdrawal Amount paid to a Unitholder on the redemption of Units may include a distribution of the distributable income of a Fund. Please refer to section 7.1.6 for information regarding how this entitlement is determined.

The Net Asset Value of a Fund is calculated by deducting from the aggregate value of the assets of the relevant Fund all liabilities such as accrued fees and other costs, and provisions relating to that Fund. Fees and other costs, including the Responsible Entity’s fees, are normally accrued daily. A Fund’s assets reflect

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

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

6 ADDITIONAL INFORMATION

6.1 THE ROLE OF CERTAIN ENTITIES IN REGARD TO BETASHARES FUNDS

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

6.1.1 Custodian and Administrator

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

The administrator provides administration services to the Responsible Entity. These services include fund accounting, maintenance of books and records, calculating distribution amounts, valuing a Fund's assets and liabilities, calculating the Issue Price and Withdrawal Amount, and taxation and other services. The Responsible Entity may change the custodian and administrator without prior notice to Unitholders.

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

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

6.1.2 Registrar

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

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

Link Market Services
Level 12
680 George Street
Sydney NSW 2000

6.1.3 Market maker

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

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

The Responsible Entity seeks to appoint market making firms: that have experience in making markets in exchange-traded

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

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

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

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

6.1.4 Auditor

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

6.1.5 Monitoring of service providers

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

6.2 OTHER INFORMATION YOU NEED TO KNOW

6.2.1 BetaShares as the responsible entity

BetaShares, as the responsible entity, is responsible for the management and administration of the Funds. The Responsible Entity holds an Australian Financial Services Licence (AFSL 341181) that authorises it to act as the responsible entity of the Funds. The powers and duties of the Responsible Entity are set

out in the Constitution of each Fund, the *Corporations Act* and general trust law.

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

6.2.2 The Constitution

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

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

6.2.3 Amendments to the Constitution

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

6.2.4 The compliance plan

The Responsible Entity has prepared and lodged a compliance plan for each 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 Constitutions of the Funds. Each year the compliance plan, and the Responsible Entity's compliance with the compliance plan, will be independently audited, as required by the *Corporations Act*, and the auditor's report will be lodged with ASIC.

6.2.5 The compliance committee

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

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

recommending any changes and reporting these to the Responsible Entity.

6.2.6 Unit pricing policy

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

6.2.7 Suspensions of applications and redemptions

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

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

- 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 to determine the redemption securities for an in-kind redemption or carry out the calculations necessary to satisfy a redemption request (for example, because it is impracticable 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 redemption request is received in a financial year and the Responsible Entity determines that the date on which the completion of the redemption of the Units would otherwise occur would be in the next financial year;
- a redemption 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 relevant Fund taken as

a whole to transfer or realise sufficient assets to satisfy the redemption request; or

- the Responsible Entity believes that assets cannot be realised at prices that would be obtained if assets were realised in an orderly fashion over a reasonable period in a stable market.

6.2.8 Spreading redemption requests

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

6.2.9 Non-Authorised Participant redemption request

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

6.2.10 Information relating to redemptions

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

6.2.11 Rights of a Unitholder

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

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

6.2.12 Reimbursement of expenses

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

6.2.13 Retirement of BetaShares

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

6.2.14 Termination

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

6.2.15 Limitation of liability of Unitholders

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

- i. the indemnities each Unitholder gives the Responsible Entity for losses or liabilities incurred by the Responsible Entity:
 - a. in relation to the Unitholder's failure to provide requested information;
 - b. for tax or user pays fees as a result of 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 a 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.

6.2.16 Meeting of Unitholders

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

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

6.2.17 Indemnities and limitation of liability of the Responsible Entity

The Responsible Entity is indemnified out of the assets of each

Fund for any liability incurred by it in properly performing or exercising any of its powers or duties in relation to that 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 a Fund except to the extent that the *Corporations Act* imposes such liability.

6.2.18 Defective applications

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

6.2.19 Discretionary redemptions

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

6.2.20 Information from Unitholders

The Constitution of each Fund provides that the Responsible Entity may request any information from Unitholders where it believes that such information is necessary to (a) comply with any law or regulatory request; or (b) lessen the risk of that 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.

6.2.21 Borrowings

Each Fund's Constitution places no formal limits on borrowing. It is not the Responsible Entity's intention to enter into borrowing for a 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 a Fund.

6.2.22 If you have a complaint

If a Unitholder has a complaint regarding a Fund or services provided by the Responsible Entity, please contact Client Services on 1300 487 577 (within Australia) or +61 2 9290 6888 (outside Australia) from 9:00 am to 5:00 pm Sydney time, Monday to Friday. 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 30 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 its decision or to refer the matter to an external complaints resolution scheme. The Responsible Entity is a member of the Australian Financial Complaints Authority ("**AFCA**"). AFCA provides fair and independent financial services complaint resolution that is free to consumers. Unitholders can contact AFCA on:

Website: www.afca.org.au
Email: info@afca.org.au
Phone: 1800 931 678 (free call)
In writing to: Australian Financial Complaints Authority
GPO Box 3, Melbourne VIC 3001

Certain eligibility requirements apply for AFCA to hear a complaint as set out in AFCA's complaint resolution scheme rules. AFCA is only available to retail clients.

6.2.23 Protecting your privacy

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

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

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

The Responsible Entity may provide personal information to a Unitholder's adviser if written consent is provided to the Responsible Entity. The Responsible Entity may disclose personal information to authorities investigating criminal or suspicious activity and to the Australian Transaction Reports and Analysis Centre ("**AUSTRAC**") in connection with anti-money laundering and counter-terrorism financing.

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

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

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

To obtain a copy of the privacy policy at no charge, contact the

Responsible Entity on 1300 487 577 (within Australia) or +61 2 9290 6888 (outside Australia).

6.2.24 Anti-money laundering

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

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

6.2.25 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 a Fund in Australia, that Fund is required to collect and report information to the Australian Taxation Office relating to certain U.S. accounts, which may be exchanged with the U.S. Internal Revenue Service.

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

Accordingly, a 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 that Fund to comply with its FATCA or CRS compliance obligations.

6.2.26 Other services

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

length.

6.2.27 Warning statement for New Zealand investors

The following disclosure is made to enable a 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.

6.2.28 No minimum Unit holding requirement

The Responsible Entity does not require an investor to hold a minimum number of Units in a Fund and therefore permits an investor who trades on an Australian securities exchange to establish a holding in a Fund of one Unit or more. The Responsible Entity may, after giving at least 60 days' notice to Unitholders, update this PDS to specify a minimum number of Units which must be held at any time. Where a minimum holding

amount has been set and an existing Unitholder's holding is below the minimum holding amount, in accordance with a Fund's Constitution we may choose to redeem that Unitholder's holding, after giving 60 days' notice to the Unitholder.

This does not affect the minimum application and redemption amounts applicable to Authorised Participants who apply for, or redeem, Units directly with a Fund.

6.3 MATERIAL CONTRACTS

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

TABLE 6.3: MATERIAL CONTRACTS

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

6.4 ASIC RELIEF

Equal Treatment Relief

ASIC Class Order 13/721 exempts the Responsible Entity from the equal treatment requirement in section 601FC(1)(d) of the *Corporations Act*, to the extent necessary to allow the Responsible Entity to restrict eligibility to submit redemption requests in relation to Units to Authorised Participants who are Australian Residents. The Responsible Entity will not treat Unitholders of the same class equally to the extent that it restricts redemptions from a Fund to such Authorised Participants.

Relief is granted subject to certain conditions, including the condition that that all Unitholders will have a right to a cash redemption if Units are suspended from trading on the ASX for more than five consecutive trading days, unless:

- a Fund is being wound up;
- a Fund is no longer a liquid scheme; or

- the Responsible Entity has suspended redemptions in accordance with a Fund's Constitution.

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

Ongoing Disclosure Relief

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

Periodic Statements Relief

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

6.5 DOCUMENTS LODGED WITH ASIC

The Responsible Entity is subject to certain regular reporting and disclosure obligations in relation to the Fund as if the Fund were an unlisted disclosing entity under the *Corporations Act*. We will comply with our continuous disclosure obligations under the law by publishing material information on our website in accordance with ASIC's good practice guidance for website disclosure.

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

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

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

6.6 COOLING OFF

There is no cooling off period in relation to the subscription for Units in any of the Funds. This means that once an Application Form is submitted, an applicant cannot decide to withdraw the application.

6.7 INDIRECT INVESTORS

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

6.8 INFORMATION AVAILABLE FROM BETASHARES

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

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

6.9 DISCLAIMERS

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

RBC Investor Services and the Funds' registrar, Link Market Services, were not involved in preparing, nor take any responsibility for, this PDS and RBC Investor Services and Link Market Services make no guarantee of the success of the Funds nor the repayment of capital or any particular rate of capital or income return.

Neither the Responsible Entity nor any other company in the BetaShares group has any control over, or responsibility for, the composition, calculation or availability of the relevant index which an Underlying ETF aims to track. The relevant index provider is not a related company of the Responsible Entity.

The issuers of the Underlying ETFs (other than BetaShares) have not been involved in preparing or issuing this PDS and are not responsible for any part of this PDS.

7 TAXATION

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

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

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

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

7.1.1 Taxation of the Funds

The Responsible Entity intends to manage the Funds such that the Funds are not subject to Australian tax. Recent changes in the tax law provide a new elective taxation regime that is available to certain eligible management investment trusts, known as "Attribution Managed Investment Trusts" ("AMITs"). The AMIT regime became generally available from 1 July 2016, with the existing tax rules for managed funds applying unless an election is made to enter the regime.

As at the date of this PDS, the Responsible Entity has made an irrevocable election for each Fund to enter the AMIT regime with effect from 1 July 2018.

The Responsible Entity does not generally expect the Funds to be subject to tax on the income of the Funds, as it is intended that:

- for eligible funds that enter the AMIT regime: all taxable income and other relevant amounts will be "attributed" to the Unitholders in each financial year; and
- for funds that have not entered the AMIT regime or cease to be eligible to be AMITs: Unitholders will be presently entitled to all the income of a Fund in each financial year, with the existing non-AMIT tax rules for managed funds continuing to apply.

Instead, Unitholders pay tax on their share of the Fund's income.

7.1.2 Taxation of Australian resident Unitholders

The taxable income of a Fund which is attributed to Unitholders, or to which a Unitholder becomes entitled, during a financial year forms part of the Unitholder's assessable income for that year, even if payment of the entitlement does not occur until after the end of the financial year, or the proceeds are reinvested in more of a Fund's Units.

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

7.1.3 Taxable income of the Funds

The tax impact for a Unitholder of receiving an entitlement to the income of a Fund depends upon the nature of the Fund's income.

Types of income

A Fund can derive various types of income, depending on the types of investments it makes. A Fund can derive income in the form of dividends, interest, gains on the disposal of investments and other types of income.

Generally, such income derived by a Fund is taxable, although tax credits may be available to Unitholders to offset some or all of any resulting tax liability. For example, income received by a Fund from foreign sources may be subject to tax in the country of source, and Australian tax resident investors may be entitled to claim a foreign income tax offset against their Australian tax liability in respect of their share of the foreign tax paid.

Similarly, where a Fund has exposure to Australian shares which pay franked dividends, a Unitholder may receive distributions from the Fund which include franking credits. Subject to certain legislative restrictions (such as the 45 day holding period rule), franking credits may be available to offset the Australian income tax liability, and some investors (eg complying superannuation funds) may have an entitlement to a tax refund in respect of the franking credits to the extent they exceed the Australian income tax payable in the relevant year.

Capital gains and losses

A trust that qualifies as a managed investment trust ("MIT") can elect to treat its gains and losses on disposal of certain investments as capital gains and losses. The Funds have made this election, where eligible.

Any assessable capital gains derived by a Fund to which a Unitholder becomes entitled or which is attributed to a Unitholder forms part of the Unitholder's assessable income.

A Unitholder may be eligible for the 50% CGT discount (where the Unitholder is an individual or trust) or a 33 1/3% CGT discount (where the Unitholder is a complying superannuation fund) in respect of the gain that forms part of that Unitholder's assessable income, depending on the Unitholder's circumstances. Unitholders should seek professional advice in relation to the availability of any CGT concession.

Tax deferred / non-assessable amounts

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

Taxation of Financial Arrangements ("TOFA")

The TOFA rules may apply to "financial arrangements" (e.g. debt securities) held by a Fund. Under the TOFA rules, gains and losses on financial arrangements are generally assessed for tax purposes on a compounding accruals basis (where the gains/losses are sufficiently certain) rather than a realisation basis.

For Unitholders who hold Units as trading stock, distributions from the Funds including capital gains and tax deferred / non-assessable amounts may be fully taxable as ordinary income, depending on the Unitholder's particular circumstances.

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

7.1.4 Selling or transferring Units

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

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

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

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

7.1.5 Goods and Services Tax (GST)

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

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

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

7.1.6 Applications and redemptions

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

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

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

the disposal of Units under the capital gains provisions.

Applications

The Units which an Authorised Participant acquires on an application for Units should be taken to have been acquired at a cost equal to the purchase price of those Units.

Redemptions

An Authorised Participant who redeems Units will become entitled to receive the Withdrawal Amount on the redemption (this may be reduced by the redemption fee).

The redemption of Units by an Authorised Participant may result in the Authorised Participant being assessed on some of the taxable income of a Fund, through a distribution of income or an attribution under the AMIT regime. This includes, but is not limited to, income and other gains realised by a Fund to fund the redemption of Units by the Authorised Participant, and, potentially, where fair and reasonable a portion of undistributed income or gains for the year as at the time of the redemption.

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

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

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

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

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

7.1.7 Tax reform

Tax reform activity that affects trusts is generally ongoing, and such reforms may impact on the tax position of a Fund and its investors. Accordingly, Unitholders should monitor the progress of any proposed legislative changes or judicial developments, and seek their own professional advice, specific to their own circumstances, in relation to the taxation implications of investing in the Funds.

7.1.8 Tax File Number ("TFN") or Australian Business Number ("ABN")

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

7.1.9 Other comments

In cases where Units are to be redeemed by a Unitholder that is

an Australian resident for tax purposes, a Fund should generally not be required to withhold any amounts from the Withdrawal Amount paid on redemption of Units.

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

8 GLOSSARY

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

| | |
|---|---|
| Applicant Nominee | An entity which holds Units pending settlement on behalf of Authorised Participants applying for Units. As at the date of this PDS the Applicant Nominee is RBC Investor Services Trust. The Responsible Entity may determine that the Applicant Nominee is no longer to be appointed to hold Units pending settlement on behalf of Authorised Participants applying for Units. |
| AQUA Product | A product admitted under the ASX Operating Rules to the AQUA market of the ASX. |
| AQUA Rules | Schedule 10A of the ASX Operating Rules and related rules and procedures, as amended, varied or waived from time to time. |
| ASIC | Australian Securities and Investments Commission. |
| ASX | ASX Limited or the Australian Securities Exchange, as the case requires. |
| ASX Business Day | A "Business Day" as defined in the ASX Operating Rules, unless determined otherwise by the Responsible Entity. |
| ASX Listing Rules | The listing rules of the ASX as amended, varied or waived from time to time. |
| ASX Operating Rules | The operating rules of the ASX as amended, varied or waived from time to time. |
| Australian Resident | An Australian resident for tax purposes, as defined in the Constitution. |
| Authorised Participant | A financial institution which is a trading participant under the ASX Operating Rules (or which has engaged a trading participant to act on its behalf), which has entered into an Authorised Participant Agreement with the Responsible Entity and which is an Australian resident for tax purposes. |
| Authorised Participant Agreement | An agreement between the Responsible Entity and an Authorised Participant in relation to Unit applications and redemptions. |
| CHESS | The Clearing House Electronic Sub-register System. |
| Constitution | In relation to a particular Fund, means the constitution governing the Fund, as amended or replaced from time to time. |
| Corporations Act | Corporations Act 2001 (Cth). |
| Creation Unit | A particular number of Units of a Fund, as determined by the Responsible Entity from time to time and notified to Authorised Participants. |
| Dealing Day | A day that is both (a) an ASX Business Day and (b) a day on which Underlying ETFs, representing at least 80% of a Fund's aggregate investment exposure to the relevant asset classes, are open for trading on relevant exchanges, unless the Responsible Entity determines otherwise. |
| Dealing Deadline | For an in-kind application/redemption 4:00 pm, and for a cash application/redemption (if agreed to by the Responsible Entity) 2:00 pm, Sydney time on each Dealing Day (or such other time advised by the Responsible Entity to Authorised Participants), being the time by which an Application/Redemption Form must be received by the Responsible Entity to be processed for that Dealing Day. |
| ETF | Exchange traded fund. |
| Fund or BetaShares Fund | The relevant BetaShares exchange traded fund offered under this PDS, as the context |

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

PRODUCT SUPPLEMENT

BETASHARES

ETHICAL DIVERSIFIED HIGH GROWTH ETF
ASX CODE: DZZF

BETASHARES

ETHICAL DIVERSIFIED BALANCED ETF
ASX CODE: DBBF

BETASHARES

ETHICAL DIVERSIFIED GROWTH ETF
ASX CODE: DGGF

BETASHARES

DIVERSIFIED ALL GROWTH ETF
ASX CODE: DHHF

PRODUCT SUPPLEMENT

BETASHARES ETHICAL DIVERSIFIED HIGH GROWTH ETF

WHO MAY THE FUND SUIT?

The Fund may suit investors:

- seeking access to a cost-effective, diversified portfolio across a range of different asset classes, managed within a risk controlled framework;
- seeking exposure to investments selected according to responsible investment considerations;
- who have a high tolerance for risk and who are therefore willing to accept a high degree of volatility in their portfolio in order to achieve their long-term objective; and
- who have an investment timeframe of at least 7 years.

INVESTMENT OBJECTIVE

The Fund will aim to:

- provide investors with a broadly diversified portfolio consistent with a high growth risk-return profile, comprising investments selected according to responsible investment considerations; and
- passively blend the returns of the index-tracking Underlying ETFs in which the Fund invests, in proportion to the Fund's strategic asset allocation.

INVESTMENT STRATEGY

The Fund will have a long-term average target exposure of 10% in defensive assets and 90% in growth assets.

The table below shows the strategic asset allocation ("SAA") to each asset class and the Underlying ETFs in which the Fund will invest to provide exposure to the asset classes.

| Asset Class | Strategic Asset Allocation | Underlying ETFs selected to provide investment exposure |
|-------------------------------|----------------------------|---|
| Global and Australian Bonds | 10.0% | <p>BetaShares Sustainability Leaders Diversified Bond ETF – Currency Hedged (ASX: GBND), a fund which is benchmarked to the Solactive Australian and Global Select Sustainability Leaders Bond TR Index - AUD Hedged.</p> <p>The Index comprises a portfolio of fixed rate, investment grade global and Australian bonds, with a significant allocation to "green bonds", that have been screened to avoid bond issuers with material exposure to the fossil fuel industry or bond issuers engaged in other activities deemed inconsistent with responsible investment considerations.* Bond issuers may be corporations, governments or government agencies in developed and emerging markets, or supranational bodies.</p> <p>"Green bonds" are bonds issued specifically to finance environmentally friendly projects, as certified by the Climate Bonds Initiative, an international not-for-profit organisation which promotes the development of green bonds.</p> |
| Total Defensive Assets | 10.0% | |
| Australian Equities | 36% | <p>BetaShares Australian Sustainability Leaders ETF (ASX code: FAIR), a fund which is benchmarked to the Nasdaq Future Australian Sustainability Leaders Index.</p> <p>The Index comprises a portfolio of ASX-listed equity securities that have been screened to preference companies engaged in sustainable business activities and to avoid companies engaged in activities deemed inconsistent with responsible investment considerations.*</p> |
| International Equities | 54% | <p>BetaShares Global Sustainability Leaders ETF (ASX code: ETHI), a fund which is benchmarked to the Nasdaq Future Global Sustainability Leaders Index.</p> <p>The Index comprises 200 large global stocks which are climate change leaders (as measured by their relative carbon efficiency) that have also passed screens to exclude companies with direct or significant exposure to fossil fuels or engaged in activities deemed inconsistent with responsible investment considerations.*</p> |
| Total Growth Assets | 90.0% | |

* For companies, the business activities screened out in this process (subject to certain materiality thresholds) include: gambling, tobacco, armaments, uranium and nuclear energy, destruction of valuable environments, animal cruelty, chemicals of concern, alcohol, junk foods, pornography, human rights and supply chain concerns, and lack of board-level gender diversity. Sovereign bond issuers are screened to remove any issuers that are subject to current sanctions as a result of human rights concerns imposed by international bodies such as the United Nations and European Union.

The Fund's asset allocation will be rebalanced back to the above SAA weightings if market movements or other circumstances cause the allocation to an asset class (including the allocation to defensive assets and growth assets) to deviate from the SAA by more than 2% as at the end of each calendar quarter.

The SAA is reviewed, and may be adjusted, annually.

The Fund's level of overall return volatility may be suitable for investors considered to have a "high" risk profile in accordance with APRA's Standard Risk Measure ("**SRM**"). Based on the SRM, the estimated number of annual negative return years for the portfolio is 4 to less than 6, on average, every 20-years (this is not a complete assessment of all applicable forms of investment risk – see section 2.1.2 for more information).

PRODUCT SUPPLEMENT

BETASHARES ETHICAL DIVERSIFIED BALANCED ETF

WHO MAY THE FUND SUIT?

The Fund may suit investors:

- seeking access to a cost-effective, diversified portfolio across a range of different asset classes, managed within a risk controlled framework;
- seeking exposure to investments selected according to responsible investment considerations;
- who have a medium tolerance for risk and who are therefore willing to accept some volatility in their portfolio in order to achieve their long-term objective; and
- who have an investment timeframe of at least 5 years.

INVESTMENT OBJECTIVE

The Fund will aim to:

- provide investors with a broadly diversified portfolio consistent with a balanced risk-return profile, comprising investments selected according to responsible investment considerations; and
- passively blend the returns of the index-tracking Underlying ETFs in which the Fund invests, in proportion to the Fund's strategic asset allocation.

INVESTMENT STRATEGY

The Fund will have a long-term average target exposure of 50% in defensive assets and 50% in growth assets.

The table below shows the strategic asset allocation ("SAA") to each asset class and the Underlying ETFs in which the Fund will invest to provide exposure to the asset classes.

| Asset Class | Strategic Asset Allocation | Underlying ETFs selected to provide investment exposure |
|-------------------------------|----------------------------|---|
| Global and Australian Bonds | 50.0% | <p>BetaShares Sustainability Leaders Diversified Bond ETF – Currency Hedged (ASX: GBND), a fund which is benchmarked to the Solactive Australian and Global Select Sustainability Leaders Bond TR Index - AUD Hedged.</p> <p>The Index comprises a portfolio of fixed rate, investment grade global and Australian bonds, with a significant allocation to “green bonds”, that have been screened to avoid bond issuers with material exposure to the fossil fuel industry or bond issuers engaged in other activities deemed inconsistent with responsible investment considerations.* Bond issuers may be corporations, governments or government agencies in developed and emerging markets, or supranational bodies.</p> <p>“Green bonds” are bonds issued specifically to finance environmentally friendly projects, as certified by the Climate Bonds Initiative, an international not-for-profit organisation which promotes the development of green bonds.</p> |
| Total Defensive Assets | 50.0% | |
| Australian Equities | 20% | <p>BetaShares Australian Sustainability Leaders ETF (ASX code: FAIR), a fund which is benchmarked to the Nasdaq Future Australian Sustainability Leaders Index.</p> <p>The Index comprises a portfolio of ASX-listed equity securities that have been screened to preference companies engaged in sustainable business activities and to avoid companies engaged in activities deemed inconsistent with responsible investment considerations.*</p> |

| | | |
|----------------------------|--------------|---|
| International Equities | 30% | BetaShares Global Sustainability Leaders ETF (ASX code: ETHI), a fund which is benchmarked to the Nasdaq Future Global Sustainability Leaders Index. The Index comprises 200 large global stocks which are climate change leaders (as measured by their relative carbon efficiency) that have also passed screens to exclude companies with direct or significant exposure to fossil fuels or engaged in activities deemed inconsistent with responsible investment considerations.* |
| Total Growth Assets | 50.0% | |

* For companies, the business activities screened out in this process (subject to certain materiality thresholds) include: gambling, tobacco, armaments, uranium and nuclear energy, destruction of valuable environments, animal cruelty, chemicals of concern, alcohol, junk foods, pornography, human rights and supply chain concerns, and lack of board-level gender diversity. Sovereign bond issuers are screened to remove any issuers that are subject to current sanctions as a result of human rights concerns imposed by international bodies such as the United Nations and European Union.

The Fund's asset allocation will be rebalanced back to the above SAA weightings if market movements or other circumstances cause the allocation to an asset class (including the allocation to defensive assets and growth assets) to deviate from the SAA by more than 2% as at the end of each calendar quarter.

The SAA is reviewed, and may be adjusted, annually.

The Fund's level of overall return volatility may be suitable for investors considered to have a "medium" risk profile in accordance with APRA's Standard Risk Measure ("SRM"). Based on the SRM, the estimated number of annual negative return years for the portfolio is 2 to less than 3, on average, every 20-years (this is not a complete assessment of all applicable forms of investment risk – see section 2.1.2 for more information).

PRODUCT SUPPLEMENT

BETASHARES ETHICAL DIVERSIFIED GROWTH ETF

WHO MAY THE FUND SUIT?

The Fund may suit investors:

- seeking access to a cost-effective, diversified portfolio across a range of different asset classes, managed within a risk controlled framework;
- seeking exposure to investments selected according to responsible investment considerations;
- who have a medium to high tolerance for risk and who are therefore willing to accept a medium to high degree of volatility in their portfolio in order to achieve their long-term objective; and
- who have an investment timeframe of at least 7 years.

INVESTMENT OBJECTIVE

The Fund will aim to:

- provide investors with a broadly diversified portfolio consistent with a growth risk-return profile, comprising investments selected according to responsible investment considerations; and
- passively blend the returns of the index-tracking Underlying ETFs in which the Fund invests, in proportion to the Fund's strategic asset allocation.

INVESTMENT STRATEGY

The Fund will have a long-term average target exposure of 30% in defensive assets and 70% in growth assets.

The table below shows the strategic asset allocation ("SAA") to each asset class and the Underlying ETFs in which the Fund will invest to provide exposure to the asset classes.

| Asset Class | Strategic Asset Allocation | Underlying ETFs selected to provide investment exposure |
|-------------------------------|----------------------------|---|
| Global and Australian Bonds | 30.0% | <p>BetaShares Sustainability Leaders Diversified Bond ETF – Currency Hedged (ASX: GBND), a fund which is benchmarked to the Solactive Australian and Global Select Sustainability Leaders Bond TR Index - AUD Hedged.</p> <p>The Index comprises a portfolio of fixed rate, investment grade global and Australian bonds, with a significant allocation to “green bonds”, that have been screened to avoid bond issuers with material exposure to the fossil fuel industry or bond issuers engaged in other activities deemed inconsistent with responsible investment considerations.* Bond issuers may be corporations, governments or government agencies in developed and emerging markets, or supranational bodies.</p> <p>“Green bonds” are bonds issued specifically to finance environmentally friendly projects, as certified by the Climate Bonds Initiative, an international not-for-profit organisation which promotes the development of green bonds.</p> |
| Total Defensive Assets | 30.0% | |
| Australian Equities | 28% | <p>BetaShares Australian Sustainability Leaders ETF (ASX code: FAIR), a fund which is benchmarked to the Nasdaq Future Australian Sustainability Leaders Index.</p> <p>The Index comprises a portfolio of ASX-listed equity securities that have been screened to preference companies engaged in sustainable business activities and to avoid companies engaged in activities deemed inconsistent with responsible investment considerations.*</p> |

| | | |
|----------------------------|--------------|---|
| International Equities | 42% | BetaShares Global Sustainability Leaders ETF (ASX code: ETHI), a fund which is benchmarked to the Nasdaq Future Global Sustainability Leaders Index. The Index comprises 200 large global stocks which are climate change leaders (as measured by their relative carbon efficiency) that have also passed screens to exclude companies with direct or significant exposure to fossil fuels or engaged in activities deemed inconsistent with responsible investment considerations.* |
| Total Growth Assets | 70.0% | |

* For companies, the business activities screened out in this process (subject to certain materiality thresholds) include: gambling, tobacco, armaments, uranium and nuclear energy, destruction of valuable environments, animal cruelty, chemicals of concern, alcohol, junk foods, pornography, human rights and supply chain concerns, and lack of board-level gender diversity. Sovereign bond issuers are screened to remove any issuers that are subject to current sanctions as a result of human rights concerns imposed by international bodies such as the United Nations and European Union.

The Fund's asset allocation will be rebalanced back to the above SAA weightings if market movements or other circumstances cause the allocation to an asset class (including the allocation to defensive assets and growth assets) to deviate from the SAA by more than 2% as at the end of each calendar quarter.

The SAA is reviewed, and may be adjusted, annually.

The Fund's level of overall return volatility may be suitable for investors considered to have a "medium to high" risk profile in accordance with APRA's Standard Risk Measure ("SRM"). Based on the SRM, the estimated number of annual negative return years for the portfolio is 3 to less than 4, on average, every 20-years (this is not a complete assessment of all applicable forms of investment risk – see section 2.1.2 for more information).

PRODUCT SUPPLEMENT

BETASHARES DIVERSIFIED ALL GROWTH ETF

WHO MAY THE FUND SUIT?

The Fund may suit investors:

- seeking access to a cost-effective, diversified portfolio across a range of different asset classes, managed within a risk controlled framework;
- who have a very high tolerance for risk and who are therefore willing to accept a high degree of volatility in their portfolio in order to achieve their long-term objective; and
- who have an investment timeframe of at least 7 years.

INVESTMENT OBJECTIVE

The Fund will aim to:

- provide investors with a broadly diversified portfolio consistent with a very high growth risk-return profile; and
- passively blend the returns of the index-tracking Underlying ETFs in which the Fund invests, in proportion to the Fund's strategic asset allocation.

INVESTMENT STRATEGY

The Fund will have a long-term target exposure of 100% in growth assets.

The table below shows the strategic asset allocation ("SAA") to each asset class and the Underlying ETFs in which the Fund will invest to provide exposure to the asset classes.

| Asset Class | Strategic Asset Allocation | Underlying ETFs selected to provide investment exposure |
|----------------------------|----------------------------|--|
| Australian Equities | 37.0% | BetaShares Australia 200 ETF (ASX code: A200), a fund which is benchmarked to the Solactive Australia 200 Index. |
| International Equities | 63.0%* | Vanguard Total Stock Market ETF (NYSE code: VTI), a fund which is benchmarked to the CRSP US Total Market Index. SPDR Portfolio Developed World ex-US ETF (NYSE code: SPDW), a fund which is benchmarked to the S&P Developed Ex-U.S. BMI Index. SPDR Portfolio Emerging Markets ETF (NYSE code: SPEM), a fund which is benchmarked to the S&P Emerging BMI Index. |
| Total Growth Assets | 100.0% | |

*Within the allocation to International Equities, the Fund may use more than one Underlying ETF to provide investment exposure. The Underlying ETFs selected provide exposure to U.S. equities, non-U.S. developed markets equities and emerging markets equities respectively. In combination, they provide the desired exposure. The Underlying ETFs will be passively weighted on a quarterly basis corresponding to the combined free float market capitalisations of the constituents of the respective indices which they aim to track.

For example, if, at the end of a quarter, the VTI ETF's index constituents represent 55% of the combined free float market capitalisations of the constituents of the respective indices which the three Underlying ETFs aim to track, SPDW ETF's 35% and SPEM ETF's 10%, and the BetaShares Diversified All Growth ETF's strategic asset allocation to international equities is 63%, the allocation to VTI ETF at rebalance will be 55% of 63% = 34.7%, SPDW ETF will be 35% of 63% = 22.0% and SPEM ETF will be 10% of 63% = 6.3%.

The Fund's asset allocation will be rebalanced back to the above SAA weightings if market movements or other circumstances cause the allocation to an asset class to deviate from the SAA by more than 2% as at the end of each calendar quarter.

The SAA is reviewed, and may be adjusted, annually.

The Fund's level of overall return volatility may be suitable for investors considered to have a "very high" risk profile in accordance with APRA's Standard Risk Measure ("SRM"). Based on the SRM, the estimated number of annual negative return years for the portfolio is 6 or greater, on average, every 20-years (this is not a complete assessment of all applicable forms of investment risk – see section 2.1.2 for more information).

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FORMS

APPLICATION FORM

Product Disclosure Statement dated 15 December 2020 issued by BetaShares Capital Ltd, ABN 78 139 566 868, AFSL 341181 as Responsible Entity.

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

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

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

APPLICANT DETAILS

Name _____

ACN/ABN _____

Postal address _____

Suburb _____

State _____ Postcode _____

Telephone (____) _____

Fax (____) _____

NUMBER OF UNITS APPLIED FOR

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

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

Fund:

- BetaShares Ethical Diversified High Growth ETF (ASX Code: DZZF)
- BetaShares Ethical Diversified Balanced ETF (ASX Code: DBBF)
- BetaShares Ethical Diversified Growth ETF (ASX Code: DGGF)
- BetaShares Diversified All Growth ETF (ASX Code: DHHF)

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| Number of Units: | |
| Application method -in-kind/cash (cash by agreement only): | |
| Market maker name (if applicable): | |

ACKNOWLEDGEMENTS

By signing this Application Form:

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

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

Applicant signatures

Signature of Authorised Person

Name of Authorised Person (block letters)

Position (block letters)

Signature of Authorised Person

Name of Authorised Person (block letters)

Position (block letters)

Date: _____

FORMS

REDEMPTION FORM

Product Disclosure Statement dated 15 December 2020 issued by BetaShares Capital Ltd, ABN 78 139 566 868, AFSL 341181 as Responsible Entity.

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

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

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

UNITHOLDER DETAILS

Name _____

ACN/ABN _____

Postal address _____

Suburb _____

State _____ Postcode _____

Telephone
(____) _____

Fax
(____) _____

NUMBER OF UNITS TO BE REDEEMED

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

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

Fund:

- BetaShares Ethical Diversified High Growth ETF (ASX Code: DZZF)
- BetaShares Ethical Diversified Balanced ETF (ASX Code: DBBF)
- BetaShares Ethical Diversified Growth ETF (ASX Code: DGGF)
- BetaShares Diversified All Growth ETF (ASX Code: DHHF)

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|---|--|
| Number of Units: | |
| Redemption method -in-kind/cash (cash by agreement only): | |
| Market maker name (if applicable): | |

SIGNATURE BY REDEEMING UNITHOLDER

By signing this Redemption Form:

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

Applicant signatures

Signature of Authorised Person

Name of Authorised Person (block letters)

Position (block letters)

Signature of Authorised Person

Name of Authorised Person (block letters)

Position (block letters)

Date:

DIRECTORY

Responsible Entity

BetaShares Capital Ltd
Level 6

50 Margaret Street
Sydney NSW 2000

Telephone: 1300 487 577 (within Australia) or +61 2 9290 6888 (outside Australia)

Custodian & Fund Administrator

RBC Investor Services Trust
Level 47

2 Park Street
Sydney NSW 2000

Registrar

Link Market Services
Level 12

680 George Street
Sydney NSW 2000

Solicitors to BetaShares

MinterEllison
Governor Macquarie Tower
Level 40

1 Farrer Place
Sydney NSW 2000

Auditor

KPMG
Level 38

Tower Three, International Towers Sydney
300 Barangaroo Avenue
Sydney NSW 2000