



BetaShares

Exchange Traded Funds

29 April 2020

Market Announcements Office
ASX Limited

SUPPLEMENTARY PRODUCT DISCLOSURE STATEMENT

BetaShares Capital Ltd (BetaShares), the issuer of the following exchange traded fund quoted on the AQUA market of ASX (Fund):

ASX Code	Fund
ETHI	BetaShares Global Sustainability Leaders ETF

announces that it has today issued a supplementary product disclosure statement (SPDS) in respect of the Fund.

The index methodology for the Nasdaq Future Global Sustainability Leaders Index (Index), which the Fund aims to track before taking into account fees and expenses, has been revised by Nasdaq, Inc., the index sponsor.

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

- incorporate relevant revisions to the Index methodology, including an increase in the number of Index constituents from 100 to 200 effective upon the next annual Index evaluation in May 2020; and
- update the fee disclosure to reflect a resulting increase in the contribution fees and the withdrawal fees payable only by Authorised Participants in respect of in-kind applications and withdrawals made directly with the Fund. This change is not applicable for investors who buy or sell units in the Fund on the ASX.

The main objectives of the changes to the Index methodology are to enhance portfolio diversification, and to reduce the divergence of the portfolio's industry composition relative to a traditional broad-based global equities benchmark.

A copy of the SPDS is attached and is also available at www.betashares.com.au.

IMPORTANT INFORMATION: This information has been prepared by BetaShares Capital Ltd (ACN 139 566 868 AFS Licence 341181) ("BetaShares") the issuer of the Funds. It is general information only and does not take into account any person's objectives, financial situation or needs. The information does not constitute an offer of, or an invitation to purchase or subscribe for securities. You should read the relevant PDS and ASX announcements and seek professional legal, financial, taxation, and/or other professional advice before making an investment decision regarding any BetaShares Funds. For a copy of the PDS and more information about BetaShares Funds go to www.betashares.com.au or call 1300 487 577.

Units in BetaShares Funds trade on the ASX at market prices, not at NAV. An investment in any BetaShares Fund is subject to investment risk including possible delays in repayment and loss of income and principal invested. Neither BetaShares Capital Ltd nor BetaShares Holdings Pty Ltd guarantees the performance of any Fund or the repayment of capital or any particular rate of return.

NASDAQ® and Nasdaq Future Global Sustainability Leaders Index™, are registered trademarks of Nasdaq, Inc. (which with its affiliates is referred to as the "Corporations") and are licensed for use by BetaShares. The Fund has not been passed on by the Corporations as to its legality or suitability. The Fund is not issued, endorsed, sold, or promoted by the Corporations. THE CORPORATIONS MAKE NO WARRANTIES AND BEAR NO LIABILITY WITH RESPECT TO THE FUND.

BETASHARES GLOBAL SUSTAINABILITY LEADERS ETF

ARSN: 613 694 250 | ASX CODE: ETHI

SUPPLEMENTARY PRODUCT DISCLOSURE STATEMENT

DATED: 29 APRIL 2020
ISSUER: BETASHARES CAPITAL LTD
ABN: 78 139 566 868
AFS LICENCE: 341181

This supplementary product disclosure statement (“SPDS”) is supplemental to the product disclosure statement for the BetaShares Global Sustainability Leaders ETF (“Fund”) dated 9 December 2016 (“PDS”).

The PDS, the SPDS dated 17 December 2018 and this SPDS should be read together.

A copy of this SPDS has been lodged with the Australian Securities and Investments Commission (“ASIC”) on 29 April 2020. Neither ASIC nor ASX Limited takes any responsibility for the contents of this SPDS.

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

Changes to the index methodology for the Nasdaq Future Global Sustainability Leaders Index

The index methodology for the Nasdaq Future Global Sustainability Leaders Index (“Index”), which the Fund aims to track before taking into account fees and expenses, has been revised by Nasdaq, Inc., the index sponsor.

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

- incorporate relevant revisions to the Index methodology; and
- update the fee disclosure to reflect a resulting increase in the contribution fees and the withdrawal fees payable only by Authorised Participants in respect of in-kind applications and withdrawals made directly with the Fund.

Summary of the changes to the Index methodology:

Nature of change	When the change is effective
An increase in the number of Index constituents from 100 to 200;	Upon the next annual evaluation in May 2020, after the close of trading on 15 May 2020 (being the third Friday in May 2020).
The introduction of an industry sector cap, so that the industry weights of the Index cannot exceed the corresponding industry weights of the Nasdaq Developed Markets Index, a traditional broad-based global equities benchmark, by more than 3%;	
A change to the method used to identify Climate Leaders, so that: (a) a Climate Leader is a company whose carbon efficiency places it in the top one-third of companies in its industry (rather than a company whose carbon efficiency is 60% above the average carbon efficiency for its industry); and (b) carbon efficiency is determined by calculating the greenhouse gas emissions from a company’s operations divided by its annual revenue (rather than divided by its market capitalisation);	
A resulting change to the buffer rules used to mitigate turnover in the Index;	Immediately
A change to the annual Index evaluation date from the last trading day in April to the third Friday in May.	

The main objectives of the changes to the Index methodology are to enhance portfolio diversification, and to reduce the divergence of the portfolio’s industry composition relative to a traditional broad-based global equities benchmark.

Due to the increased number of Index constituents, the contribution fees and withdrawal fees payable only by Authorised Participants in respect of in-kind applications and redemptions will be increased, with effect 30 days after the date of this SPDS. The Fund’s estimated transactional and operational costs have also been revised. The contribution and withdrawal fees are not applicable for investors who buy or sell units in the Funds on the ASX. The Fund’s management costs (being the management fee and capped expense recoveries) remain unchanged.

The specific amendments to the PDS are as follows:

Section 1.1 About the Fund:

The Statement:

“The Index comprises a portfolio of 100 large global stocks which are climate change leaders (as measured by their relative carbon efficiency) and which are not materially engaged in activities deemed inconsistent with responsible investment considerations.”

is deleted and replaced with:

“The Index comprises a portfolio of 200 large global stocks which are climate change leaders (as measured by their relative carbon efficiency) and which are not materially engaged in activities deemed inconsistent with responsible investment considerations.”

Section 2.1.1 Investment objective

The Statement:

“The Index comprises a portfolio of 100 large global stocks which are climate change leaders (as measured by their relative carbon efficiency) and which are not materially engaged in activities deemed inconsistent with responsible investment considerations.”

is deleted and replaced with:

“The Index comprises a portfolio of 200 large global stocks which are climate change leaders (as measured by their relative carbon efficiency) and which are not materially engaged in activities deemed inconsistent with responsible investment considerations.”

Section 2.1.3 About the Index

The entire section below the heading is deleted and replaced with:

“The index sponsor is Nasdaq, Inc (“Nasdaq”). Nasdaq operates one of the world’s largest networks of exchanges, which spans 26 markets and six continents. Nasdaq is a public company listed on the NASDAQ Global Select Market. Within its index business, it calculates over 40,000 diverse indexes that provide coverage across asset classes, countries and sectors.

To be eligible for inclusion in the Index at each annual evaluation, a security must meet certain eligibility criteria, including the following:

- It must be a member of the Nasdaq Developed Markets Index (but excludes securities listed on an exchange in Australia) (“NQDM Index”);
- it must satisfy certain minimum market capitalisation and liquidity requirements;
- it must be identified by the Responsible Investment Committee established by the Responsible Entity as a “Climate Leader” that has also passed certain eligibility screens designed to exclude companies with direct or significant exposure to the fossil fuel industry or that are engaged in other activities deemed inconsistent with responsible investment considerations (as further outlined in “Screening criteria” below).

Screening criteria

Climate Leaders are companies that have a **carbon efficiency** that places them in the top one-third of companies in their industry or are otherwise superior performers in relation to “**Scope 4” carbon emissions** (also known as “avoided emissions”).

- **Carbon efficiency:** Carbon efficiency is determined by calculating the greenhouse gas emissions from a company’s operations, fuel use and supply chain, divided by its annual revenue.
- **Scope 4 (or avoided) carbon emissions:** Superior performers in relation to Scope 4 carbon emissions are those companies involved in commercialising technologies that have net positive climate benefits through substantial greenhouse gas emissions reductions or sequestration. Companies in this category typically include those with primary business activities in renewable energy, energy efficiency, sustainable agriculture and land use, and carbon sequestration.

A fossil fuel screen is applied to the universe of Climate Leaders, which removes companies with any direct involvement in the fossil fuel industry, as well as companies with material indirect exposure (e.g. provision of products, services or finance which is specific to, and significant for, the fossil fuel industry) and those with particularly high use of fossil fuels.

The remaining universe is screened to remove companies which are exposed to activities considered to carry significant negative environmental, social and governance (ESG) risks (subject to certain materiality thresholds). The business activities screened out in this process are:

- Gambling
- Tobacco
- Armaments
- Uranium and nuclear energy
- Destruction of valuable environments
- Animal cruelty

- Chemicals of concern
- Mandatory detention of asylum seekers or for-profit prisons
- Alcohol
- Junk foods
- Pornography
- Human rights and supply chain concerns
- Lack of board diversity ie no women on the board of directors

A company exposed to significant ESG-related reputational risk or controversy may also be excluded where the Responsible Investment Committee considers that its inclusion would be inconsistent with the values of the Index.

For more information on the Index, including guidelines for determining the list of exclusions from the Index and materiality exposure guidelines, see the Index methodology document available at <https://indexes.nasdaqomx.com/> and sub pages.

Index composition and weighting

The companies in the universe are ranked by market capitalisation in U.S. dollars, and the 200 largest companies are selected. If less than five of the 200 stocks are Climate Leaders based on Scope 4 carbon avoidance, then Scope 4 Climate Leader companies will replace the companies with the lowest market capitalisation in the Index until 5 of the stocks are Scope 4 Climate Leaders or until there are no additional Scope 4 Climate Leaders to add to the Index.

In order to mitigate turnover in the Index, the following buffer rules are applied:

- A current security in the Index will be retained if it is ranked within the top 230 eligible securities by market capitalisation and it satisfies the other eligibility criteria;
- A current security in the Index will be retained if it has a carbon efficiency that places it within the top 40% of companies in its industry and it satisfies the other eligibility criteria.

The Index employs a modified market capitalisation weighting methodology. Each security is assigned its market capitalisation weight provided that:

- No single security can have a weight of more than 4% in the Index; and
- The aggregate industry weights of the Index cannot exceed the corresponding industry weights of the NQDM Index by more than 3%.¹

At each annual evaluation, the Index is rebalanced such that the maximum weight of any single security does not exceed the 4% cap within the Index. The excess weight of any capped security is distributed proportionally across the remaining securities in the Index. If, after this process, the 3% industry weight cap is reached, the excess will be distributed proportionally among the industries and securities below the respective caps.

The Index is evaluated annually in May. Security additions and deletions are made effective after the close of trading on the third Friday in May. Additionally, if at any time during the year other than the evaluation, a security is determined to have become ineligible for continued inclusion in the Index, the security may be removed from the Index and would not be replaced.

Between the annual evaluations, the number of Index constituents may from time to time differ from 200 due to corporate events, such as mergers or acquisitions, involving Index constituents, or any determinations to remove securities that may have otherwise become ineligible.

The nature and method of calculation of the Index may change from time to time.

The Index provider is not a related company of the Responsible Entity.

Past performance information about the Index is available from various sources, including stockbrokers, financial information websites and major data providers such as Bloomberg or Reuters. Any past performance information about the Index does not take into account fees, costs or taxes that may be incurred as a result of investing in the Fund. Past performance of the Index is not a reliable guide to future performance of the Index or the Fund.

A listing of the Fund's portfolio holdings, updated daily, will be available at www.betashares.com.au."

Section 3 Fees and Other Costs

The Consumer Advice Warning below the heading and section 3.1 Fees and Other Costs are deleted in their entirety and replaced with:

“DID YOU KNOW?”

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

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

TO FIND OUT MORE

If you would like to find out more, or see the impact of the fees based on your own circumstances, the **Australian Securities and Investments**

¹ Industry weight is based on the Industry code assigned to index components by the Industry Classification Benchmark (ICB) taxonomy.

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).

Commission (ASIC) website (www.moneysmart.gov.au) has a managed funds fee calculator to help you check out different fee options.

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

3.1 FEES AND OTHER COSTS

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

Taxes are set out in another part of this PDS.

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

TABLE 3.1: TABLE OF FEES AND OTHER COSTS

BetaShares Global Sustainability Leaders ETF

TYPE OF FEE OR COST	AMOUNT	HOW AND WHEN PAID
FEES WHEN YOUR MONEY MOVES IN OR OUT OF THE MANAGED INVESTMENT PRODUCT		
Establishment fee: The fee to open your investment	Nil	Not applicable
Contribution fee: The fee on each amount contributed to your investment	If you are not an Authorised Participant - \$0 If you are an Authorised Participant – up to \$4,500 plus 0.07% for in-kind applications**	Payable only by Authorised Participants*. This fee will be payable by Authorised Participants together with the transfer of the application securities and balancing cash component (if positive) for in-kind applications.
Withdrawal fee: The fee on each amount you take out of your investment	If you are not an Authorised Participant - \$0 If you are an Authorised Participant – up to \$4,500 plus 0.05% for in-kind redemptions**	Payable only by Authorised Participants*. This fee will be paid at the time of the redemption for in-kind redemptions.
Exit fee: The fee to close your investment	Nil	Not applicable
Management costs: The fees and costs for managing your investment	0.59% per annum of the Fund's Net Asset Value	As at the date of this PDS, the management costs of the Fund consist of the following components: Management fee 0.49% per annum of the Fund's Net Asset Value The management fee is calculated and accrued daily as a percentage of the Fund's Net Asset Value, and reflected in the daily Net Asset Value per Unit. The amount is deducted from the Fund's assets monthly on or after the first day of the following month. Plus Expense recoveries 0.10% per annum of the Fund's Net Asset Value*** The expense recoveries are calculated and accrued daily as a percentage of the Fund's Net Asset Value, and reflected in the daily Net Asset Value per Unit. The

TYPE OF FEE OR COST	AMOUNT	HOW AND WHEN PAID
		amount is deducted from the Fund's assets monthly on or after the first day of the following month.
Service fees:		
Switching fee:	Nil	Not applicable
The fee for changing investment options		

*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. 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.

** 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.

*** This figure reflects the recoverable expenses incurred by the Fund for the previous financial year ended 30 June 2019. For more information on expense recoveries, please see section 3.3.1 in the "Additional Explanation of Fees and Costs" section below.

Certain additional costs apply, such as transactional and operational costs. See explanation of "Management costs" in 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 input tax credits."

Section 3.2 Example of annual fees and costs

The entire section below the heading is deleted and replaced with:

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

TABLE 3.2: EXAMPLE OF ANNUAL FEES AND COSTS

EXAMPLE	AMOUNT	BALANCE OF \$50,000 WITH A CASH CONTRIBUTION OF \$5,000 ¹ DURING THE YEAR
CONTRIBUTION FEES		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
	\$4,503.50 for in-kind applications if you are an Authorised Participant ²	\$4,503.50 if you are an Authorised Participant.
PLUS MANAGEMENT COSTS³ (management fee plus expense recoveries)	0.59% p.a. of the Fund's Net Asset Value	And , for every \$50,000 you have in the Fund you will be charged \$295 each year.
EQUALS COST OF FUND		If you had an investment of \$50,000 at the beginning of the year and you put in an additional \$5,000 ⁴ during that year, you would be charged fees of \$295 (if you are not an Authorised Participant) or \$4,798.50 (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 of \$4,500 plus 0.05% (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 "Additional Explanation of Fees and Costs" section 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 the Fund by an Authorised Participant is for 200,000 Units unless the Responsible Entity agrees otherwise.

² Assumes the maximum contribution fee set out in Table 3.1 applies.

³ Certain additional costs may apply, such as transactional and operational costs. For more information, refer to “Management costs” in the “Additional Explanation of Fees and Costs” section below.

⁴ Assumes the \$50,000 is invested for the entire year and the \$5,000 investment occurs on the last day of the year.”

Section 3.3.2 Transactional and operational costs

The entire section below the heading is deleted and replaced with:

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

The Responsible Entity reasonably estimates that the net transactional and operational costs of the Fund for the financial year ended 30 June 2019 were approximately 0.03% p.a. of the Fund's Net Asset Value or \$15 for every \$50,000 you have in the Fund. These net transactional and operational costs represent estimated total transactional and operational costs of 0.05% p.a. minus the estimated transaction costs for which the Responsible Entity has reimbursed the Fund out of the application and redemption fees it receives, as described in section 3.3.3. These net transactional and operational costs are borne by the Fund.

These transactional and operational costs are in addition to the management costs set out in Table 3.1 and Table 3.2 above.

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