

Product Disclosure Statement

# Betashares Crude Oil Index ETF – Currency Hedged (synthetic)

ASX: 000

Betashares Capital Ltd ABN 78 139 566 868 | AFSL 341181



## IMPORTANT INFORMATION

### About this PDS

This Product Disclosure Statement (PDS) is dated 30 September 2022.

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

This PDS is the offer document for the following registered managed investment scheme: BetaShares Crude Oil Index ETF – Currency Hedged (Synthetic) (ARSN 150 081 351).

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. These funds are referred to in this PDS individually as "Fund" and collectively as "Funds".

A copy of this PDS has been lodged with the Australian Securities and Investments Commission (ASIC) on 30 September 2022. Neither ASIC nor ASX Limited takes any responsibility for the contents of this PDS.

The BetaShares Crude Oil Index ETF – Currency Hedged (Synthetic) commenced operations on 11 November 2011. An application was made to, and approved by, the ASX for Units in the 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.

A copy of the latest PDS for the Funds is available on the BetaShares website at [www.betashares.com.au](http://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 certain financial institutions, 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 Authorised Participants 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, or in certain overseas jurisdictions by direct arrangement with the Responsible Entity.

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 Funds 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](http://www.betashares.com.au). A paper copy of any updated information will be provided free of charge on request. Any new or updated information that is materially adverse to investors will be available to investors via a supplementary or new PDS accessible via the ASX Market Announcements Platform.

### Risks

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

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

### Not personal advice

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

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

### Definitions

Certain 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](http://www.betashares.com.au).

**PRODUCT DISCLOSURE STATEMENT**  
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# 1 KEY FEATURES

## 1.1 INTRODUCTION TO COMMODITY ETFS

An exchange traded fund (or “ETF”) is an investment vehicle traded on a stock exchange, such as the ASX, much like listed shares. ETFs generally aim to provide investors with exposure to a return that tracks the return of a particular index.

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

Each BetaShares ETF (or “Fund”) offered under this PDS aims to closely track the performance of a specified commodity index, which is designed to measure the performance of a particular commodity, or basket of commodities.

ETFs tracking commodity indices allow investors to gain exposure to the performance of commodities without the need to invest in the futures market themselves or take physical delivery of commodities.

General information on how commodity indices work is set out in section 2.2.2. Information on the indices applicable to the Funds is set out in the Product Supplements appearing after section 8.

**The Indices which each Fund aims to track are based on the price of futures contracts. Investing in commodity futures is not the same as investing in the “spot” price of a given commodity. The Funds do not aim to, and should not be expected to, provide the same return as the performance of the “spot” price of the relevant commodities. The performance of a Fund that is linked to commodity futures contracts may be materially different to the performance of the spot price of the commodity itself. This is because the process of “rolling” from one futures contract to the next to maintain investment exposure can result in either a cost or benefit to the Fund, affecting returns. See section 2.2.2 for further information.**

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

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

ETFs carry certain investment risks. For information on the risks applicable to the BetaShares Funds see section 4 and the Product Supplements.

## 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.

Sections 1 to 8 of this PDS contain general information concerning the common features of all of the BetaShares Funds. The Product Supplements appearing after section 8 contain information specific to each Fund.

TABLE 1.2: SUMMARY OF KEY INFORMATION

TOPIC	SUMMARY	SECTION				
<b>Investment Objective</b>	<p>The investment objective of each Fund is to closely track the performance of a particular commodity Index, with a currency hedge against movements in the AUD/USD exchange rate, plus an interest component, before fees and expenses.</p> <p>The Funds allow investors to gain exposure to the performance of the commodities included in the relevant Index without the need to invest in the futures market or take physical delivery of the commodities.</p> <p>As at the date of this PDS, there is one Fund described in this PDS, offering exposure to the performance of the following commodity:</p> <table border="1" data-bbox="422 593 1133 705"> <thead> <tr> <th data-bbox="422 593 821 627">Fund</th> <th data-bbox="837 593 1133 627">Exposure</th> </tr> </thead> <tbody> <tr> <td data-bbox="422 649 821 705">BetaShares Crude Oil Index ETF – Currency Hedged (Synthetic)</td> <td data-bbox="837 649 1133 705">Crude Oil (obtained via crude oil futures)</td> </tr> </tbody> </table> <p>Since the underlying commodity is priced in U.S. dollars (and since the Index is denominated in U.S. dollars), the Fund offers an exposure to the performance of the relevant Index that is substantially hedged back to the Australian dollar, with the aim of reducing currency risk for Australian investors.</p> <p>The Product Supplements set out information specific to each Fund, including the investment objective and the Index being tracked by the Fund (before fees and expenses).</p> <p>The Indices which each Fund aims to track are based on the price of futures contracts. Investing in commodity futures is not the same as investing in the “spot” price of a given commodity. The Funds do not aim to, and should not be expected to, provide the same return as the performance of the “spot” price of the relevant commodities. See section 2.2.2 for further information.</p>	Fund	Exposure	BetaShares Crude Oil Index ETF – Currency Hedged (Synthetic)	Crude Oil (obtained via crude oil futures)	<b>2.2 and Product Supplement</b>
Fund	Exposure					
BetaShares Crude Oil Index ETF – Currency Hedged (Synthetic)	Crude Oil (obtained via crude oil futures)					
<b>Investing</b>	<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 the Fund is determined by the Responsible Entity and notified to Authorised Participants.</p> <p>Application amounts are payable in cash. Applications are subject to an application fee described in section 3.</p> <p>Units are quoted on the ASX under the AQUA Rules. 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>	<b>5</b>				
<b>Redemptions</b>	<p>A Unitholder can only redeem Units if it is an Authorised Participant.</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 the Fund is determined by the Responsible Entity and notified to Authorised Participants.</p> <p>The amount payable to a Unitholder on redemption will be paid in cash. 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 6.2.8 and 6.2.9 for further information.</p> <p>Units are quoted on the ASX under the AQUA Rules. 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>	<b>5 and 6.2.8 and 6.2.9</b>				

<b>Distributions</b>	It is not the objective of the Funds to provide regular distributions to Unitholders. In some circumstances, however, a Fund might generate amounts of income and such income will be distributed to Unitholders at least annually.	<b>2.3</b>
<b>Risks</b>	<p>There are a number of risks associated with investing in the Funds.</p> <p>Before investing, investors should carefully consider the risks associated with an investment in the Funds and obtain financial advice on whether an investment in the Funds is suitable for their objectives, financial situation and needs.</p> <p>For full details on the risks of investing, see section 4 and the Product Supplement.</p>	<b>4 and Product Supplement</b>
<b>Increased bid/offer spreads due to non-concurrent trading hours</b>	Investors should be aware that, due to non-concurrent trading hours between the ASX and certain futures exchanges (being exchanges on which trading occurs in the futures contracts that underlie the relevant Indices), certain underlying futures contracts that are included in the relevant Index may not be able to be traded, or may trade with reduced liquidity, during some or all of normal ASX trading hours. As a result, bid/offer spreads for Units of the Funds on the ASX may widen during such periods and increase the difference between the trading price of Units and the Net Asset Value per Unit. This difference may be significant at times and therefore investors are advised to carefully consider this impact before trading on the ASX. Further information is set out in each Product Supplement.	<b>4.15 and Product Supplement</b>
<b>Fees and other costs</b>	Fees and costs as described in section 3 of this PDS will apply.	<b>3</b>
<b>Tax</b>	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.	<b>7</b>
<b>Complaints</b>	The Responsible Entity has a process in place to deal with complaints from Unitholders.	<b>6.2.23</b>
<b>Responsible Entity</b>	BetaShares Capital Ltd is the responsible entity of each Fund and is the issuer of this PDS.	<b>1.3</b>

### 1.3 ABOUT BETASHARES

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

The Responsible Entity is an Australian asset management business located in Sydney which was established in 2009 to be a specialist provider of fund products that are exchange traded. The Responsible Entity launched its first funds in 2010. As at the date of this PDS, it manages over \$20 billion in assets and acts as responsible entity for more than 70 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.

Neither BetaShares Capital Ltd nor any of its related entities, directors or officers gives any guarantee or assurance as to the performance of, or the repayment of capital invested in, the Fund.

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

### 1.4 ADMISSION TO TRADING UNDER THE AQUA RULES

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 will not be 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.

### 1.5 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
<b>Control</b>	
<p>An issuer of an entity listed under the ASX Listing Rules:</p> <ul style="list-style-type: none"> <li>controls the value of its own securities and the business it runs; and</li> <li>the value of those securities is directly influenced by the equity issuer's performance and conduct.</li> </ul> <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"> <li>does not control the value of the assets underlying its products, but</li> <li>offers products that give investors exposure to the underlying assets – such as shares, indices, currencies or commodities.</li> </ul> <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>
<b>Continuous Disclosure</b>	
<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"> <li>the Net Tangible Assets ("NTA") or the Net Asset Value ("NAV") of the funds;</li> <li>distributions declared;</li> <li>any other information that is required to be disclosed to ASIC under section 675 of the <i>Corporations Act</i> must be disclosed via the ASX Market Announcements Platform at the same time it is disclosed to ASIC. The Responsible Entity also intends to post any such information on its website <a href="http://www.betashares.com.au">www.betashares.com.au</a> at the same time.</li> </ul> <p>AQUA Product issuers must also disclose to the ASX any information the non-</p>

ASX LISTING RULES	AQUA RULES
	disclosure of which may lead to the establishment of a false market in its products or would materially affect the price of its products.
<b>Periodic Disclosure</b>	
Issuers are required to disclose their half- yearly and annual financial information or annual reports to the ASX under Chapter 4 of the ASX Listing Rules.	Financial reports relating to the issuer itself are not required to be disclosed to the ASX. However, periodic financial reports relating to the AQUA Product must be disclosed to the ASX at the same time they are lodged with ASIC under Chapter 2M of the <i>Corporations Act</i> .
<b>Corporate Control</b>	
Requirements in the <i>Corporations Act</i> and the ASX Listing Rules in relation to matters such as takeover bids, share buy-backs, change of capital, new issues, restricted securities, disclosure of directors' interests and substantial shareholdings, apply to companies and listed schemes.	These requirements do not apply to AQUA Product issuers. Section 601FM of the <i>Corporations Act</i> continues to apply to the removal or change of the responsible entity. An extraordinary resolution would be required to change the responsible entity. An extraordinary resolution is a resolution passed by a majority of the total votes that may be cast by members entitled to vote on the resolution.
<b>Related Party Transactions</b>	
Chapter 10 of the ASX Listing Rules, which relates to transactions between an entity and persons in a position to influence the entity, specifies controls over related party transactions.	Chapter 10 of the ASX Listing Rules does not apply to AQUA Products. Products quoted under the AQUA Rules which are registered managed investment schemes remain subject to the related party requirements in Part 5C.7 and Chapter 2E of the <i>Corporations Act</i> .
<b>Auditor Rotation Obligations</b>	
There are specific requirements in relation to auditor rotation under Part 2M.4 Division 5 of the <i>Corporations Act</i> .	Issuers of products quoted under the AQUA Rules are not subject to the requirements under Part 2M.4 Division 5 of the <i>Corporations Act</i> . A responsible entity of a registered managed investment scheme will continue to be required to undertake an independent audit of its compliance with the scheme's compliance plan in accordance with Section 601HG of the <i>Corporations Act</i> and the auditor must not be the auditor of the scheme's financial statements (but may be from the same firm).



## 2 ABOUT BETASHARES COMMODITY ETFS

### 2.1 RATIONALE FOR THE FUNDS

The purpose of the Funds is to provide investors with a convenient way to gain exposure to the performance of various commodities, with protection against movements in the AUD/USD exchange rate. Potential advantages of investing in the Units may include:

- Easily accessible. Units are quoted on the ASX, providing investors with indirect access to the commodity markets in an easily-accessible form.
- Transparent. The value of each Fund's assets and Net Asset Value per Unit will be reported daily on the BetaShares website at [www.betashares.com.au](http://www.betashares.com.au).
- Reduced currency risk. Because most commodities are traded and priced in U.S. dollars, the return on an investment in commodities for Australian investors is affected by two variables: (i) the price return of the relevant commodity (or commodity index) in U.S. dollars; and (ii) the variation in the AUD/USD exchange rate. To reduce the currency risk for Australian investors, each Fund offers an exposure to the performance of the relevant commodity Index that is substantially hedged back to the Australian dollar.

### 2.2 INVESTMENT POLICY

#### 2.2.1 Investment objective

The investment objective of each Fund is to provide an investment return, before fees and expenses, which closely tracks the performance of the relevant Index, with a currency hedge against movements in the AUD/USD exchange rate, plus an interest component.

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

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

#### 2.2.2 Commodity indices and the commodity futures market

Because it can be impracticable for investors to take physical ownership of certain commodities for extended periods (oil or natural gas, for example), investors throughout the world use liquid and standardised futures contracts to obtain exposure to many commodities. Futures pricing can also be more liquid and efficient for some commodities, especially where the futures contract helps to standardise the pricing (agricultural commodities, for example, where quality can vary between crops, seasons and regions).

Accordingly, indices linked to the performance of many commodities, including the Index which each Fund aims to track, are based on the price of futures contracts.

Investing in commodity futures is not the same as investing in the "spot" price of a given commodity.

The "spot" price of a commodity refers to the price quoted for immediate payment and delivery of a particular

commodity. The price reflects physical ownership of the commodity and a number of associated costs such as delivery, storage and insurance. The spot price is widely quoted in the financial press but, with respect to almost all commodities, an index based on commodity spot prices is not "investable" (i.e. the commodities are not suitable to be purchased and held by financial investors in physical form). None of the Funds invests in the spot market.

A commodity futures contract is a standardised financial contract traded on a regulated exchange where the parties agree to buy or sell a commodity at a pre-determined future date and at a pre-determined price. Futures prices are based on the future expected spot prices of the commodities and will differ from current spot prices at any time based on a number of different factors including, but not limited to, expected future demand and supply, interest rates, storage and insurance costs. These price differences may be significant – see "Commodity Roll Risk" in section 4.

Commodity futures contracts normally specify a certain date for delivery of the underlying physical commodity. Typically as each futures contract approaches expiration, investors who wish to avoid expiry and physical delivery of the underlying commodity (but who wish to remain invested), will sell the contract and replace it with similar contracts with later expirations. This process is called "rolling". Typically, on specified dates these futures contracts are rolled mechanically into a subsequent futures contract before the current position expires, in accordance with a defined schedule. This mechanism, which is also incorporated in the calculation of commodity indices, allows the investor to maintain an exposure to commodities over time.

#### 2.2.3 Investment strategy

The Responsible Entity will employ an investment management strategy which aims to closely track the price performance of the relevant Index (hedged into Australian dollars), plus an interest component, before fees and expenses.

Each Fund will primarily gain exposure to the relevant Index through an investment strategy under which the Fund will purchase a portfolio of assets comprising cash and/or money market instruments (the Portfolio) and enter into swap agreements with one or more Approved Financial Institutions (each, a Swap).

The Responsible Entity uses the Swap with the aim of ensuring that the price performance of the Fund closely tracks the price performance of the relevant Index (hedged into Australian dollars), plus an interest component, before fees and expenses. Under the Swap, if the Index (hedged into Australian dollars) increases in value, the amount of the increase is payable by the Approved Financial Institution to the Fund. Conversely, if the Index (hedged into Australian dollars) decreases in value, the amount of the decrease is payable by the Fund to the Approved Financial Institution.

The interest earned by the Fund on its cash and money market holdings comprising the Portfolio will accrue into the Fund's Net Asset Value for the benefit of Unitholders.

The performance of each Fund (before fees and expenses) is therefore expected to closely track the performance of the Index (hedged into Australian dollars), plus an interest component.

Because the Responsible Entity obtains exposure to the performance of the relevant commodities in the way described above, the Funds are referred to as "synthetic" ETFs.

The Responsible Entity may also use various combinations of other available investment techniques including forwards, futures and options to assist in better achieving a Fund's investment objective. The

Responsible Entity may also enter into repurchase agreements, although it has no intention to do so at the date of this PDS.

## **2.2.4 Composition of the Portfolio**

Unless otherwise set out in the Product Supplement, for each Fund the Responsible Entity will adhere to certain investment guidelines in selecting assets to comprise the Portfolio.

Cash will be invested in overnight "at call" deposit accounts, term deposits, cash management trusts or short-term money market instruments such as bank accepted bills, certificates of deposit, commercial paper, government or semi- government securities or floating rate notes. The Responsible Entity applies both minimum liquidity and credit rating criteria in selecting such investments for a Fund, including the ability to liquidate investments on very short notice (generally no more than two business days) and the requirement that investments carry a minimum "investment grade" rating from one of the major credit rating agencies.

In addition to its use of credit ratings, the Responsible Entity will make its own assessment of the risk and return characteristics of any deposit account, cash management trust or other asset into which cash is invested, having regard at all times to the best interests of Unitholders. Interest earned from holding the cash and money market instruments will accrue to the benefit of the Fund.

The Portfolio of each Fund is held by the custodian.

## **2.2.5 Approved Financial Institutions and risk management**

As described in section 2.2.3, in addition to owning the Portfolio, the Fund will be a party to Swap agreements with one or more Approved Financial Institutions.

Pursuant to the Swap agreements, the Fund is not required to transfer any assets to an Approved Financial Institution at the time of entry into the Swap agreements, and the Fund will only have credit exposure to an Approved Financial Institution once there is an increase in the value of the Index (hedged into Australian dollars).

The Responsible Entity will monitor the credit exposure of the Funds based on the daily mark to market valuations under the Swap agreements. All mark to market valuations will be calculated daily by the Fund's administrator and reviewed by the Responsible Entity.

Any amount owing by one party or the other due to the movement of the Index (hedged into Australian dollars) is calculated each trading day and managed to ensure that a pre-defined credit exposure limit is adhered to.

Specifically, the exposure of a Fund to any Approved Financial Institution will be managed with the objective that it will not exceed 5% of the Net Asset Value of the Fund. This objective means that in the event that the performance of the Index moves in such a way that an Approved Financial Institution owes the Fund under the Swap agreement an amount that exceeds 5% of the Net Asset Value of the Fund (or any lower threshold agreed with an Approved Financial Institution), the Approved Financial Institution will be required to make a cash payment to the Responsible Entity, or transfer collateral to the Responsible Entity, to reduce the exposure below the applicable threshold (the reverse will apply where the Fund owes an amount to the Approved Financial Institution). Any such cash or collateral provided by the Approved Financial Institution will belong to the Fund and also be held by the custodian. Similarly, any cash or collateral provided by the Fund will belong to the Approved Financial Institution.

In addition, the aggregate exposure of a Fund to all Approved Financial Institutions will be managed by the Responsible Entity with the objective that it will not exceed 5% of the Net Asset Value of the Fund. As at the date of this PDS, the Responsible Entity has agreed a

zero exposure threshold with the initial Approved Financial Institution, subject to applicable minimum transfer amounts.

The Fund will only accept as collateral from an Approved Financial Institution assets that meet the investment guidelines set out in section 2.2.4 above, and the value of any such collateral will be calculated daily. Under the initial arrangements the Fund will only accept cash collateral. In the event of default under a Swap agreement, the Fund would use such collateral to offset its exposure to the Approved Financial Institution.

Further information on the Swap agreements is set out in section 6.3.

The Responsible Entity may enter into swap agreements in the future on terms that may differ from the specific swap agreements that will be initially entered into, provided that the exposure of a Fund to all Approved Financial Institutions will continue to be managed (in the manner described in this section 2.2.5) with the objective that it will not exceed 5% of the Net Asset Value of the Fund.

## **2.2.6 Criteria for selection of Approved Financial Institutions**

As at the date of this PDS, the Approved Financial Institution for the Swap agreements of all the Funds is Credit Suisse International, a bank regulated in the United Kingdom by the Financial Services Authority. The Approved Financial Institutions may change at any time.

In selecting Approved Financial Institutions (including any additional or replacement Approved Financial Institution), the Responsible Entity may have regard to a number of criteria. The Approved Financial Institution must be subject to prudential supervision in Australia as an Australian "Authorised Deposit-taking Institution", or elsewhere on a substantially equivalent basis. The Responsible Entity may also select an entity as an Approved Financial Institution if the entity's liability under any swap agreement is guaranteed by an institution of the kind described above.

At the time of selection, Approved Financial Institutions must be of good financial standing and must have, as a minimum, a long term investment grade credit rating from a major credit ratings agency.

The Responsible Entity may also, in its discretion, have regard to any other criteria it deems relevant in the selection of an Approved Financial Institution in light of the then current market conditions, and having regard at all times to the best interests of Unitholders.

## **2.2.7 Labour standards and environmental, social and ethical considerations**

The Responsible Entity does not take into account labour standards or environmental, social or ethical considerations when selecting, retaining or realising investments.

## **2.2.8 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](http://www.betashares.com.au). Information relating to past performance is not a reliable indicator of future performance.

## **2.2.9 Changes to investment objectives and strategy**

The Responsible Entity may from time to time vary the investment mandate for any Fund as set out in this PDS (i.e., the investment objective, strategy and guidelines as described in sections 2.2.1, 2.2.3 and 2.2.4 and, if applicable, in the Product Supplement).

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

## 2.3 DISTRIBUTIONS

It is not the objective of the Funds to provide regular distributions to Unitholders.

In some circumstances, however, a Fund might generate amounts of income, and any such income will be distributed to Unitholders. For example, a Fund may earn interest on cash balances or money market instruments held from time to time. A Fund may also derive assessable income (and incur deductions) under any Swaps that are used to deliver Index returns.

There is no guarantee that any income generated by a Fund will be greater than a Fund's fees and expenses. As such, there is no guarantee that a Fund will distribute any income to Unitholders.

### 2.3.1 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 the Fund at the end of the distribution period.

Any income of a Fund will be distributed at least annually in respect of the period ending on 30 June each year. The amount of distributable income at the end of any distribution period will be determined by the Responsible Entity. Under the AMIT tax rules, the Fund may make cash distributions that differ from taxable income attributed by the Fund to Unitholders. See section 7 for further information.

The 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.

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 the 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.

### 2.3.2 Tax statements

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 the 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 the 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").

### 2.3.3 Distribution Reinvestment Plan

A distribution reinvestment plan ("DRP") is 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). The DRP is currently available only to Unitholders who have a registered address in Australia or New Zealand, unless otherwise determined by the Responsible Entity.

Unitholders can choose to:

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

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

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

## 3 FEES AND OTHER COSTS

### DID YOU KNOW?

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

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

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

You may be able to negotiate to pay lower fees. 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](http://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 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: FEES AND COSTS SUMMARY

BetaShares Crude Oil Index ETF – Currency Hedged (Synthetic)		
TYPE OF FEE OR COST	AMOUNT	HOW AND WHEN PAID
<b>Ongoing annual fees and costs</b>		
<b>Management fees and costs:</b>	<b>Betashares Crude Oil Index ETF– Currency Hedged (Synthetic)</b>	
The fees and costs for managing your investment	Estimated at 1.29% p.a. 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:	
	<b>Management fee</b>	
	0.69% 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.
	<b>Plus</b>	
	<b>Recoverable expenses</b>	
	Estimated at 0.00% per annum of the Fund's Net Asset Value. <sup>1</sup>	Any expenses normally incurred in operating the Fund are paid as and when they arise by the Responsible Entity out of its own resources. Any extraordinary expenses are deducted from the Fund's assets as and when they arise.
	<b>Plus</b>	

## BetaShares Crude Oil Index ETF – Currency Hedged (Synthetic)

TYPE OF FEE OR COST	AMOUNT	HOW AND WHEN PAID
<b>Indirect costs</b>		
	Estimated at 0.60% per annum of the Fund's Net Asset Value. <sup>2</sup>	The indirect costs are calculated and accrued daily as a percentage of the Fund's Net Asset Value, and reflected in the daily Net Asset Value per Unit. The amount is deducted from the Fund's assets as and when incurred.
<b>Performance fees:</b>  Amounts deducted from your investment in relation to the performance of the product	Nil.	Not applicable.
<b>Transaction costs:</b>  The costs incurred by the scheme when buying or selling assets	Estimated at 0.00% per annum of the Fund's Net Asset Value. <sup>3</sup>	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, e.g. 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, e.g. transactional custodian fees, are invoiced to the Fund and paid from the Fund's assets according to a regular monthly or quarterly cycle.
<b>Member activity related fees and costs (fees for services or when your money moves in or out of the scheme)</b>		
<b>Establishment fee:</b>  The fee to open your investment	Nil.	Not applicable.
<b>Contribution fee:</b>  The fee on each amount contributed to your investment	If you are not an Authorised Participant - \$0.  If you are an Authorised Participant – \$1,500.	Payable only by Authorised Participants. <sup>4</sup>  This fee will be payable by Authorised Participants together with the application consideration at the time of applying for Units, for cash applications.
<b>Buy-sell spread:</b>  An amount deducted from your investment representing costs incurred in transactions by the scheme	Nil. <sup>5</sup>	Not applicable.
<b>Withdrawal fee:</b>  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 –\$2,000.	Payable only by Authorised Participants. <sup>4</sup>  This fee will be deducted from the redemption proceeds at the time of the redemption, for cash redemptions.
<b>Exit fee:</b>  The fee to close your investment	Nil.	Not applicable.
<b>Switching fee:</b>  The fee for changing investment options	Nil.	Not applicable.

<sup>1</sup> This figure reflects the estimated recoverable expenses incurred by the Fund for the previous financial year ended 30 June 2022 and may include the Responsible Entity's reasonable estimates where the Responsible Entity was unable to determine the exact amount or the

information was not available at the date of the PDS. For more information on recoverable expenses, please see section 3.3.3 in the "Additional Explanation of Fees and Costs" section below.

<sup>2</sup> This figure reflects the estimated indirect costs incurred by the Fund for the previous financial year ended 30 June 2022 and may include the Responsible Entity's reasonable estimates where the Responsible Entity was unable to determine the exact amount or information was not available at the date of this PDS. For more information on the meaning and calculation of indirect costs, see "Indirect costs" under the heading "Additional Explanation of Fees and Costs".

<sup>3</sup> This figure reflects the estimated transaction costs incurred by the Fund for the previous financial year ended 30 June 2022 and may include the Responsible Entity's reasonable estimates where the Responsible Entity was unable to determine the exact amount or information was not available at the date of this PDS. This estimate 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, as described in section 3.3.6. 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".

<sup>4</sup> An Authorised Participant is 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 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" section.

<sup>5</sup> 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 any applicable stamp duty and are shown without any other adjustment in relation to any tax deduction available to the Responsible Entity or the extent to which any tax deduction may be passed on to unitholders.

## 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: EXAMPLE OF ANNUAL FEES AND COSTS

EXAMPLE - BetaShares Crude Oil Index ETF – Currency Hedged (Synthetic)	AMOUNT	BALANCE OF \$50,000 WITH A CASH CONTRIBUTION OF \$5,000 <sup>1</sup> DURING THE YEAR
<b>CONTRIBUTION FEES<sup>2</sup></b>		For every additional \$5,000 you put in, you will be charged:
	\$0 if you are not an Authorised Participant; or  \$1,500 of the application amount for cash applications if you are an Authorised Participant <sup>2</sup>	\$0 if you are not an Authorised Participant; or  \$1,500 if you are an Authorised Participant.
<b>PLUS MANAGEMENT FEES AND COSTS<sup>3</sup></b>	1.29% p.a. of the Fund's Net Asset Value	<b>And</b> , for every \$50,000 you have in the Fund you will be charged or have deducted from your investment \$645 each year.
<b>PLUS PERFORMANCE FEES<sup>4</sup></b>	Nil	<b>And</b> , you will be charged or have deducted from your investment \$0 in performance fees each year. <sup>4</sup>
<b>PLUS TRANSACTION COSTS<sup>5</sup></b>	Estimated at 0.00% of the Fund's Net Asset Value	<b>And</b> , you will be charged or have deducted from your investment \$0 in transaction costs.
<b>EQUALS COST OF FUND</b>		If you had an investment of \$50,000 at the beginning of the year and you put in an additional 5,000 <sup>6</sup> during that year, you would be charged fees and costs of:  <b>\$645 (if you are not an Authorised Participant) or \$2,145 (if you are an Authorised Participant for the Fund).*</b>  <b>What it costs you will depend on whether you are an Authorised Participant, the investment option you choose and the fees you negotiate.</b>

\* Additional fees may apply. An Authorised Participant who redeems Units directly will also be charged a withdrawal fee of \$2,000 (for cash redemptions) based on a balance of \$50,000.

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.

<sup>1</sup> Please note the minimum investment in the Fund by an Authorised Participant is one Creation Unit unless the Responsible Entity agrees otherwise.

<sup>2</sup> Assumes the maximum contribution fee set out in Table 3.1 applies.

<sup>3</sup> 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.

<sup>4</sup> The Fund does not charge, and there is no right for the Responsible Entity to charge, a performance fee.

<sup>5</sup> This figure reflects the estimated net transaction costs incurred by the Fund for the previous financial year ended 30 June 2022 and may include the Responsible Entity's reasonable estimates where the Responsible Entity was unable to determine the exact amount or information was not available at the date of this PDS. For more information, refer to "Transaction costs" in the "Additional Explanation of Fees and Costs" section below.

<sup>6</sup> 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 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 and costs comprise:

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

Management fees and costs do not include:

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

(These costs are therefore not included in the management 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 Fund's Net Asset Value, and reflected in the daily Net Asset Value per Unit. The amount is deducted from the Fund's assets monthly on or after the first day of the following month.

#### 3.3.3 Recoverable expenses

The recoverable expenses represent the operating expenses incurred in the operation of each Fund. Each Fund's Constitution allows all properly incurred expenses to be recovered from each 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 each Fund include custodian, fund administration, unit registry, ASX and audit costs (other than transaction costs described above). These expenses normally incurred and charged to a Fund will be paid by the Responsible Entity out of its own resources while this PDS is current. The Responsible Entity may withdraw or replace this PDS at any time.

The management fees and costs figure disclosed in Table 3.1 includes recoverable expenses normally incurred of 0.00% p.a. of the relevant Fund's Net Asset Value, which is the amount incurred by the Fund for the previous financial year ended 30 June 2022.

Extraordinary expenses are expenses that are not normally incurred in the day to day operation of each Fund and are not necessarily incurred in any given year. They may include costs associated with holding unitholder meetings, changing each 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 each Fund and reflected in its Net Asset Value per Unit. The management fees and costs figure disclosed in Table 3.1 includes

extraordinary expenses of nil, which is the amount incurred by the relevant Fund for the previous financial year ended 30 June 2022.

#### 3.3.4 Indirect costs

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

The management fees and costs figure disclosed in Table 3.1 includes indirect costs of 0.60% p.a. of the relevant Fund's Net Asset Value, which is the Responsible Entity's estimate of the amount incurred by the relevant Fund for the previous financial year ended 30 June 2022.

#### 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 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 a Fund's Net Asset Value. How and when they are paid varies depending on the type of transaction cost. Certain costs, e.g. brokerage, are added to or deducted from the amounts payable from a 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, e.g. transactional custodian fees, are invoiced and paid from a Fund's assets according to a regular monthly or quarterly cycle.

The table below sets out the estimated total and net transaction costs for the previous financial year ended 30 June 2022. Our estimate of the net transaction costs represents the total transaction costs minus the transaction costs reimbursed to the Fund by the Responsible Entity for certain transaction costs out of the application and redemption fees it receives from Authorised Participants, as described in section 3.3.6. The net transaction costs are borne by the 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 Crude Oil Index ETF – Currency Hedged (Synthetic)	0.00%	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.

Application fees and redemption fees will only be payable by Authorised Participants to the Responsible Entity on an application for or redemption of Units directly with the 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 the Fund for, the estimated transaction costs associated with the cash 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 Stockbroker fees for all other investors**

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

### **3.3.8 Can fees and costs change and what are the maximums?**

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

The Constitution of each Fund limits the amount of the Responsible Entity's management 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 the Fund all expenses properly incurred in the performance of its duties.

As at the date of this PDS, the Responsible Entity does not have any intention to change the fees and costs described in this PDS, although it has the right to do so at any time without investor consent. Any increase in the fees for the 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](http://www.betashares.com.au). A paper copy of any updated information will be provided free of charge on request.

### **3.3.9 Differential fees, rebates and related payments**

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

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

Subject to applicable law, the Responsible Entity may also pay one-off or annual product access payments to wrap platform or master trust operators for including the 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.

#### **3.3.10 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.

#### **3.3.11 Financial advisers**

Additional fees may be paid to a financial adviser if you have consulted a financial adviser. You should refer to the Statement of Advice provided by your financial adviser in which details of the fees are set out.

#### **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 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. You should also read the Product Supplement for a discussion of any additional risks that are relevant to each specific Fund.

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 this investment to your circumstances. You should also consider how an investment in the Funds fits into your overall investment portfolio.

### 4.1 MARKET RISK

Investment returns are influenced by the performance of financial markets as a whole. This means that the value of the Units can be affected by factors such as changes in interest rates, investor sentiment, general economic conditions and global events (such as natural disasters, wars and other conflicts, and outbreaks of infectious diseases), depending on which markets or asset classes you invest in. Commodity markets can be and have been volatile, and have the potential to fall by large amounts over short periods of time. This volatility may cause the value of an investment in the Units to decrease.

### 4.2 COMMODITY VOLATILITY

A Fund which has exposure to the commodities markets may be subject to greater volatility than investments linked to other asset classes. The value of a Fund linked to a commodity index may be affected by changes in overall market movements, commodity index volatility, changes in interest rates, or factors affecting a particular industry or commodity, such as drought, floods, weather, livestock disease, embargoes, tariffs and international economic, political and regulatory developments.

In some circumstances, during times of increased market volatility, the price of the commodities futures contracts may reduce to zero or less than zero (negative). If the Fund has exposure to such zero or negatively-priced futures contracts, the value of the Units will also decrease and may permanently reduce to zero, with no ability for Unitholders to participate in any future recovery in the values of the relevant futures contracts. In such circumstances the Responsible Entity may need to consider whether the Fund should be terminated.

### 4.3 COMMODITY ROLL RISK

Investing in the Funds does not provide the same return as investing in the "spot" price of the relevant commodities (which, as set out in section 2.2.2, may be impracticable or impossible).

The Indices applicable to the Funds replicate exposure to a defined basket of one or more commodities futures contracts. On specified dates these futures contracts are rolled mechanically into a subsequent futures contract before the current position expires according to a defined schedule.

The difference between the price at which the first futures contract is sold and the next futures contract is purchased is called the "roll yield" and it is an important part of the return on a commodities investment.

Roll yield can be either positive or negative depending on the slope of the futures curve for the relevant commodity or index. Rolling futures will yield a positive return when the curve is in "backwardation", which describes a situation where the prices are lower in the distant delivery months than in the nearest delivery months. Rolling futures will yield a negative return when the curve is in "contango", which describes a situation where the prices are higher in the distant delivery months than in the nearer delivery months.

"Roll yield" is one reason why the returns of commodity indices based on underlying commodities futures contracts (and funds that aim to track the performance of such indices) will diverge from the performance of the relevant spot prices. Such divergences, which may be positive or negative, may be large and they may vary over time. If roll yield is consistently negative during a period then, all else being equal, the performance of an affected Fund will be worse than the performance of the spot price of the relevant commodities over the same period.

Factors that lead to contango or backwardation include storability (and the associated costs of storage), interest rates and the actual and expected scarcity of supply, and futures markets have historically moved between periods of contango and periods of backwardation over time. These movements may be volatile and they can occur over short periods of time. Prolonged periods of contango may also occur.

### 4.4 COMMODITY MARKET REGULATORY RISK

The regulation of futures transactions is a rapidly changing area of law and is subject to modification by government and judicial action. The effect of any future regulatory changes on the Funds is impossible to predict, but could be substantial and adverse.

### 4.5 DERIVATIVES RISK

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

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

collateral is available; and

- other factors may cause the derivative contract to terminate early.

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

#### **4.6 COUNTERPARTY AND SWAP TERMINATION RISK**

There is a risk that an Approved Financial Institution may default on its obligations under a Swap or similar derivative agreement. In the event of such a default, the relevant Fund and its Unitholders may incur a loss. Payment of returns from the Fund may also be delayed while the Responsible Entity enforces its rights under the agreement.

In the event of any material credit rating downgrade or other material adverse change concerning any Approved Financial Institution, or if an Approved Financial Institution terminates one or more Swaps in accordance with a Swap agreement or otherwise ceases its relationship with the Responsible Entity, the Responsible Entity will take such measures and actions as reasonably and practicably available to it. This may include entering into replacement swap transactions with one or more existing or new Approved Financial Institutions. Any replacement of an Approved Financial Institution will be notified to Unitholders. There can be no assurance that such measures will be effective.

If the Responsible Entity is unable to enter into replacement swap transactions with one or more existing or new Approved Financial Institutions, it may determine to wind up the Fund (with the consequent return of the Net Asset Value of the Fund less the costs of winding up and any provisions in accordance with the Constitution).

An Approved Financial Institution may also be adversely affected by regulatory or market changes which may make it difficult or impossible for the institution to hedge its obligations to a Fund (and hence deliver the agreed returns to the Fund), which may lead the Approved Financial Institution to seek to terminate the Swap agreement, limit any increase in the notional size of the Swap, or increase its fees. This could adversely affect the Fund's ability to achieve its investment objective.

#### **4.7 CONCENTRATION RISK**

Each Fund aims to track an Index (hedged into Australian dollars) which may be concentrated in terms of the number of commodities represented, with some Funds highly concentrated in a single commodity. Concentration in fewer underlying commodities may result in a greater degree of volatility in an Index and, as a result, in the net asset value of the relevant Fund over time.

#### **4.8 GENERAL REGULATORY RISK**

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

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

#### **4.9 INTERNATIONAL EXCHANGE RISK**

Each Fund will have exposure to an Index linked to the price of futures contracts that trade on an international exchange. This may involve risks not typically associated with investing in Australia. These foreign exchanges will typically trade through a twenty four hour cycle (except for a forty five minute closing), although not all the relevant futures contracts can be traded for this entire period, and they will therefore be open during periods when the Funds do not trade, for example on a non-ASX Business Day or outside of ordinary trading hours on an ASX Business Day. Hence there may be changes in the values of futures contracts and exchange rates which affect the relevant Index during periods when investors will not be able to purchase or sell Units on the ASX.

On any ASX Business Day when the relevant foreign exchange is closed, there will be no change in the underlying Index, which may limit the liquidity of the Fund during that ASX Business Day.

#### **4.10 PRICE LIMIT RISK**

Some foreign exchanges where futures contracts are traded have regulations that limit the amount of fluctuation that may occur in futures contract prices during a single business day. The maximum or minimum price on a contract on any given day as a result of these limits is referred to as a "limit price". Once the limit price is reached on a contract, no trades may be made at a price beyond the limit. The limit price may preclude trading or force liquidation of a particular contract at potentially disadvantageous prices or times. Such circumstances could adversely impact a counterparty's ability to hedge its obligations to a Fund, could affect the value of an Index or the net asset value of a Fund, and could also disrupt application and redemption requests. It is not certain how long any such limit price would remain in effect.

A limit price may result in a net asset value, and ASX trading price, of a Fund that differs, and may differ significantly, from the net asset value and trading price that would prevail in the absence of the limit price.

While the Responsible Entity may apply an Equalisation Adjustment (see section 5.3) with the objective of ensuring that net asset value of a Fund is not unfairly affected as a result of applications and redemptions effected while the Issue Price and Withdrawal Amount are affected by a limit price, the amount of the Equalisation Adjustment will not be able to be determined, and therefore reflected in the Fund's net asset value, until the limit price ceases to apply. During this period, which may last for one or more days, the published net asset values of a Fund would reflect the limit price rather than any more current value of the underlying futures contracts. Similarly, during any period while the limit price event is continuing any iNAV would reflect the limit price rather than any more current value of the underlying futures contracts (see section 6.2.28).

#### **4.11 DISTRIBUTIONS RISK**

While it is not the objective of the Funds to provide regular distributions to Unitholders, investors should be aware that a Fund may realise large income gains from underlying futures positions, which would be required to be distributed to Unitholders by the end of the relevant financial year. In such circumstances, investors who hold Units as at the end of the financial year or any other distribution period determined by the Responsible Entity (including those investors who enter the Fund after the realisation of these income gains) may receive a large taxable income distribution.

## 4.12 TAX RISK

While the investment objective of each Fund is to track the relevant Index (hedged into Australian dollars) before fees and expenses, the taxation outcome may not be exactly the same as if the Fund directly held the same futures contracts as those underlying the relevant Index.

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

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

General information in relation to taxation matters is provided within this PDS in section 7.

## 4.13 MANAGER RISK

There is a 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.

The Responsible Entity employs an investment management strategy that aims to closely track the relevant Index for each Fund (hedged into Australian dollars), plus an interest component, before fees and expenses. This should help to lower the risk of underperformance relative to the investment objective, as compared to the performance of managers who employ an active investment strategy relative to their own benchmarks.

## 4.14 FUND RISK

There is a risk that a Fund could terminate, that the Fund's investment objective or investment strategy or fees and expenses could change or that the Responsible Entity could be replaced as responsible entity of a Fund. There is also a risk that investing in the Fund may give a different result than investing directly (if applicable) into the futures contracts that make up the Index tracked by the Fund. This may occur because the value of the Swap used to achieve the investment objective of a Fund fails to move in line with the relevant Index (hedged into Australian dollars) as expected. The deviation from the relevant Index could be positive or negative.

## 4.15 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, including with respect to cyber-security, may also adversely affect the operation and performance of the Fund.

## 4.16 TRADING RISK

In certain circumstances, the ASX may suspend trading of the Units of a Fund and therefore Unitholders will 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.

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

Although the Units are quoted on the AQUA market of the ASX there can be no assurances that there will be a liquid market for Units. The Responsible Entity has in place market making arrangements to assist in maintaining liquidity for the 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 the market maker also specify certain permitted circumstances where the market making obligations may be suspended (such as operational disruptions, market disruptions or unusual conditions, other events set out in the ASX Operating Rules, the suspension or rejection of applications for Units or redemption requests, or the market maker not having ASIC relief to allow short selling of Units). If a market maker defaults on its obligations, the Responsible Entity may seek to replace the market maker, although the arrangements with the market maker may limit or exclude any liability on the part of the market maker.

## 4.17 TRADING PRICE ON ASX 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, the bid-offer spread charged by a market maker and how closely the value of the assets of a Fund tracks the performance of the relevant Index. The trading price may be affected if there is a suspension of the application and redemption process. The application and redemption facility is designed to reduce the likelihood of Units trading at a significant discount or premium to the Net Asset Value per Unit. If the 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.

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.

In addition, the trading price of Units on the ASX may also be influenced by the non-concurrent trading hours between the ASX and the applicable futures exchanges on which the futures contracts, reflected in the Index, are traded. While the Funds' Units are normally available for trading on ASX from 10:00am to 4:00pm (Australian Eastern Time), certain futures contracts may not be able to be traded, or may trade with reduced liquidity, during all or some of this time period. As a result, during times when the ASX is open but the underlying futures contracts are not able to be traded, or trade with reduced liquidity, trading spreads (the difference between bid prices and the offer prices on the ASX)

may widen significantly and increase the difference between the trading price of Units and the Net Asset Value per Unit.

If the trading of futures contracts which form part of an Index is suspended or restricted, the Net Asset Value of a Fund that tracks such an Index may also be affected.

#### **4.18 SETTLEMENT RISK**

The application and redemption processes associated with the issue or redemption of Units are subject to the normal settlement procedures through CHESSE. A Fund is exposed to some risk if an Authorised Participant fails to comply with its settlement obligations. These risks are mitigated by the fact that Authorised Participants and other market participants are subject to usual CHESSE trading practices including sanctions for failure to comply with obligations.

#### **4.19 INDEX RISK**

Each Fund aims to provide Unitholders with a return closely matching the return of the relevant Index (hedged into Australian dollars) before fees and expenses. The return of the relevant Index is subject to risk associated with the performance of the futures contracts that underlie the Index, which contribute to the volatility of Index returns, and hence the returns of Unitholders.

Occasionally, the published Index return may differ from what would be expected under the accepted index calculation methodology. The Index provider may or may not re-publish, restate, or advise market participants of an adjusted or corrected figure. In these circumstances, the Responsible Entity may recalculate returns, based on the figure generally accepted to be the correct figure.

As described in section 6.2.7, the sponsor of an Index may stop publishing the Index, or the Index may cease to be a significant benchmark, in which case the Responsible Entity may change the index for a Fund. The value of the Swap (and the Net Asset Value) may be adversely affected by such adjustments.

In addition, during times of increased market volatility, where there is a risk of the price of a futures contract reducing to zero or less than zero (negative), the Index provider may seek to mitigate the potential impact of negative commodity futures contract prices by electing to implement an unscheduled designated futures contract roll, being a scenario, based on market conditions, where the normal parameters of the roll, as defined in the Index methodology, may be adjusted. This includes, but is not limited to, when the roll occurs, the length of the roll, the proportions of the roll, or the roll-in contract. No assurance can be given that the Index provider would take action in a timely manner, or at all, to prevent a Fund's Index experiencing a zero or negative level due to zero or negative commodity futures prices.

#### **4.20 RISK ASSOCIATED WITH TRACKING AN INDEX**

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

#### **4.21 CURRENCY HEDGING**

Because most commodities and commodity futures are traded and priced in U.S. dollars, the return on an investment in commodities for Australian investors will be affected by two variables: (i) the price return of the relevant commodity (or commodity index) in U.S. dollars; and (ii) the variation in the AUD/USD exchange rate. To

reduce the currency risk for Australian investors, each Fund will offer an exposure to the performance of the relevant commodity Index that is substantially hedged back to the Australian dollar.

The currency hedging undertaken by the Funds is implemented through the Swap agreements. There is no assurance that the currency hedging strategy will be effective. The strategy is designed to minimise the impact of currency fluctuations on the Fund's returns, but it does not eliminate exposure to all currency fluctuations. The allowances accruing under the Swaps to reflect currency movements will not perfectly offset the actual fluctuations in the AUD/USD exchange rate.

#### **4.22 COUNTERPARTY RISK**

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

#### **4.23 INAV RISK**

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

#### **4.24 CYBER-SECURITY RISK**

With the increased use of technology to conduct business, the Responsible Entity, the Funds 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 a Fund's 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 6.3 for further information about the Authorised Participant Agreement.

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](http://www.betashares.com.au)).

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

Application and redemption amounts are payable or receivable (as applicable) in cash in Australian dollars.

## 5.2 PROCESSING 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 the Fund calculated generally as at the next official close of the Index. An Equalisation Adjustment payment may apply in connection with an application or redemption in the circumstances described below.

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

Application/Redemption forms received from Authorised Participants 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.

## 5.3 EQUALISATION ADJUSTMENT

If, as at the valuation time at which the Issue Price/Withdrawal Amount is calculated for a Dealing Day, a Market Disruption Event has occurred in relation to a Fund, an Equalisation Adjustment will be payable in respect of applications and redemption requests received for that Dealing Day, with the objective that the Authorised Participant applying for or redeeming Units, on the one hand, and other Unitholders, on the other, are treated fairly.

An Equalisation Adjustment may arise if, due to a Market Disruption Event, the Responsible Entity is not able to increase the investment exposure of the Fund (for applications) or decrease the investment exposure of the Fund (for redemptions) at the same price that is reflected in the Issue Price/Withdrawal Amount.

The Equalisation Adjustment will be the difference between the aggregate Issue Price/Withdrawal Amount and the aggregate price in respect of an application/redemption that reflects the investment positions actually achieved by the Responsible Entity in increasing/decreasing the investment exposure of the Fund. This difference may result in a cash payment to the transacting Authorised Participant from the assets of the Fund, or a cash payment from the transacting Authorised Participant to the Fund. In this way, neither the transacting Authorised Participant nor other Unitholders, should be unfairly affected by the Market Disruption Event.

The Responsible Entity will advise the Authorised Participant of any applicable Equalisation Adjustment as soon as practicable on or after T+1. Payment of any Equalisation Adjustment must be made at the time of settlement of the application or redemption, unless the Responsible Entity otherwise determines.

## 5.4 APPLICATIONS AND REDEMPTIONS

For applications, an Authorised Participant must pay the application consideration by transferring to the Responsible Entity or custodian the cash amount of the application (plus the application fee). In return, the Authorised Participant will receive the Units. For redemptions, an Authorised Participant must deliver the relevant Units to the Responsible Entity or custodian. In return, the Authorised Participant will receive the cash amount of the redemption (less the redemption fee).

Settlement of applications and redemptions will generally occur through CHES on T+2 for applications and T+2 for redemptions.

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.

## 5.5 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 (if any) for the relevant period or where there are factors, as determined by the Responsible Entity, which prevent the accurate calculation of Unit prices. The Responsible Entity will advise Unitholders of any suspension of applications or delay or rejection of redemptions.

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

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

See section 6.2.8 and 6.2.9 for further information.

## 5.6 VALUATIONS AND PRICING

After the Units are quoted, 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 (an Equalisation Adjustment may also be payable. See section 5.3 above).

The amount per Unit to which an Authorised Participant is entitled on the redemption of Units is known as the Withdrawal Amount, and is equal to the Net Asset Value per Unit (an Equalisation Adjustment may also be payable. See section 5.3 above). The Issue Price and the Withdrawal Amount are calculated in the same manner and will have the same value at any time. This value is determined by dividing the Net Asset Value of the Fund by the number of Units on issue in the Fund as at the time the Issue Price and/or Withdrawal Amount are determined (the valuation time).

The valuation time for a Fund is generally the official close of the Index on each day the relevant Index is published, unless otherwise determined by the Responsible Entity.

The Withdrawal Amount paid to a Unitholder on the redemption of Units may include an entitlement to the distributable income of the Fund. (Please refer to section 7.1.6 of this PDS for details 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 Fund all liabilities such as accrued fees and other costs, and provisions relating to the Fund. Fees and other costs, including the Responsible Entity's fees, are accrued daily. The Fund's assets reflect their market value. The valuation methods applied by the Responsible Entity to value the Fund's assets and liabilities are consistent with applicable industry standards and result in Net Asset per Unit calculations that are independently verifiable.

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](http://www.betashares.com.au).

## 6 ADDITIONAL INFORMATION

### 6.1 THE ROLE OF CERTAIN ENTITIES IN REGARD TO THE 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 the Fund.

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

The Responsible Entity may change the custodian and administrator without prior notice to Unitholders.

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

Citigroup Pty Limited  
Level 23  
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 securities 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 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 facilitate an orderly and liquid market in the Funds 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 on the ASX 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, 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 the 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 each Fund and of the Responsible Entity's compliance plan for the Fund.

#### 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 the 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 the 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 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 the Funds 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 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 Change of Index

Subject to the contractual arrangements with any Index provider, it is

possible that the Responsible Entity may change the Index applicable to a Fund. This may be for reasons such as (but not limited to):

- the particular Index ceases to exist or the methodology or constituents of the Index are materially changed;
- a new index becomes available which supersedes the existing Index;
- a new index becomes available which is, in the opinion of the Responsible Entity, more cost effective for a Fund and/or is regarded as the market standard for investors in the particular market and/or would be regarded as of greater benefit to the Unitholders (for reasons including a reduction in transaction costs including Swap costs) than the existing Index;
- it becomes difficult to invest in assets comprised within the particular Index or it becomes difficult or inefficient to enter into Swaps or other derivatives relating to the particular Index;
- the Index provider increases its charges to a level which the Responsible Entity considers too high or if any Index licence provided by an Index provider in connection with the use of the Index is terminated;
- the quality (including accuracy and availability of data) of a particular Index has, in the opinion of the Responsible Entity, deteriorated; or

an Approved Financial Institution notifies the Responsible Entity that there is limited liquidity in a portion of the component assets of the Index or it becomes impractical to invest in the components or assets of the Index.

### 6.2.8 Suspensions of applications and redemptions

The Constitution of each Fund allows the Responsible Entity to suspend the issue of Units in the 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 two 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:

- i. the Responsible Entity has taken all reasonable steps to realise sufficient assets to pay amounts due in respect of Units to which a redemption request applies and is unable to do so due to circumstances outside its control, such as restricted or suspended trading in the market for an asset or, in the market for any futures contract or other constituent of the Index;
- ii. the Responsible Entity believes that it is impracticable or not possible to transfer, in the manner acceptable to the Responsible Entity, sufficient assets to satisfy the redemption request (for example, because of disruption to a settlement or clearing system);
- iii. the Responsible Entity believes that it is not practicable or desirable to carry out the calculations necessary to satisfy the redemption request (for example, because a relevant index, exchange rate or other reference price is not compiled or published, or it is impracticable or undesirable to calculate the Net Asset Value because of restricted or suspended trading in the market for an asset, in the market for any futures contract or other constituent of the Index, or because the value of any asset

cannot otherwise promptly or accurately be ascertained);

- iv. the quotation of any Units on the ASX is suspended or the trading of any Units is otherwise halted, interrupted or restricted by the ASX, or the trading of any Units on the ASX is subject to a period of deferred settlement trading, or there is a period during which Units are subject to a consolidation or division;
- v. the Units cease to be admitted to trading status on the ASX;
- vi. a redemption request is received in a financial year and the Responsible Entity determines that the date on which the completion of the redemption of the Units would otherwise occur would be in the next financial year;
- vii. a withdrawal request is received during any period before or after a distribution date which period the Responsible Entity determines to be necessary or desirable to facilitate the calculation and distribution of distributable income;
- viii. the Responsible Entity does not consider that it is in the best interests of Unitholders of the Fund taken as a whole to transfer or realise sufficient assets to satisfy the redemption request; or
- ix. the Responsible Entity believes that assets cannot be realised at prices that would be obtained if assets were realised in an orderly fashion over a reasonable period in a stable market.

### 6.2.9 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 10<sup>th</sup> valuation time following the first valuation time.

### 6.2.10 Non-Authorised Participant redemption request

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

### 6.2.11 Information relating to redemptions

The information in section 5 relating to redemptions assumes that each 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.

### 6.2.12 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 the fund or any asset.

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

### 6.2.13 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.

### 6.2.14 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*.

### 6.2.15 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.

### 6.2.16 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 any act or omission by the Unitholder or any matter arising in connection with the Units held by the Unitholder;
  - c. in relation to the Unitholder paying or failing to pay the issue price or application or redemption fees in accordance with the constitution or otherwise failing to comply with the constitution; and
- ii. execution and settlement procedures prescribed by the Responsible Entity that relate to the issue and redemption of Units.

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

### 6.2.17 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). 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 the Fund.

### 6.2.18 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 the Fund. To the extent permitted by the *Corporations Act*, the indemnity includes any liability incurred by the Responsible Entity as a result of any act or omission of a delegate or agent appointed by the Responsible Entity.

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

### 6.2.19 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.

### 6.2.20 Discretionary redemptions

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

### 6.2.21 Information from Unitholders

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

### 6.2.22 Borrowings

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

### 6.2.23 If you have a complaint

If a Unitholder has a complaint regarding 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, or refer the matter in writing to:

[complaints@betashares.com.au](mailto:complaints@betashares.com.au); or

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

A copy of the complaints handling policy can be obtained at no charge by contacting the Responsible Entity.

To expedite a resolution of the matter, copies of all relevant documentation and other information supporting the complaint should be provided when making 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 independent financial services complaint resolution that is free to consumers. Unitholders can contact AFCA as follows:

Website: [www.afca.org.au](http://www.afca.org.au)  
Email: [info@afca.org.au](mailto:info@afca.org.au)  
Phone: 1800 931 678 (free call)  
In writing to: Australian Financial Complaints Authority Limited  
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.

### 6.2.24 Privacy policy

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

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

The Responsible Entity may collect 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 unitholder written consent is provided to the Responsible Entity;
- 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;
- 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;
- 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.

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

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

### 6.2.25 Anti-money laundering

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

- it does not subscribe to the 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 its related bodies corporate or service providers, or relevant regulators of AML/CTF Laws (whether in or outside of Australia);
  - disclosing information that the Responsible Entity holds about the Unitholder or any beneficial owner of the Units to the Responsible Entity's related bodies corporate or service providers, or relevant regulators of AML/CTF Laws (whether in or outside of Australia).

### 6.2.26 Interest on amounts awaiting investment or redemption

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

### 6.2.27 Other services

The Responsible Entity in its personal capacity, or companies related to the Responsible Entity, may provide services to a Fund. Any fees for such services will be at arm's length commercial rates.

### 6.2.28 Indicative Net Asset Value per Unit

The Responsible Entity may at its discretion make available, or may designate other persons to make available on its behalf, an estimated indicative Net Asset Value per Unit (iNAV) for a Fund from time to time. Such information, if made available on any ASX Business Day, will be calculated based upon information available to the Responsible Entity or its designate during the ASX Business Day or any portion of the ASX Business Day. No assurance is given that any iNAV published will be published continuously.

Any iNAV is not, and should not be taken to be or relied on as being, the value of a Unit or the price at which Units may be applied for or redeemed, or bought or sold on any stock exchange, and may not reflect the true value of a Unit. This may particularly be the case, for example, if one or more underlying futures contracts reflected in an Index are not open for trading during the ASX Business Day or have reached a "limit price" on the relevant exchange, and therefore any iNAV published while these circumstances exist may not reflect a more current value or estimated value of the underlying futures contracts. Investors interested in applying for or redeeming Units, or buying or selling Units on a stock exchange, should not rely on any iNAV which is made available in making investment decisions but should consider other market information and relevant economic factors. Neither the Responsible Entity nor any designate or other service provider to the Responsible Entity shall be liable to any person who relies on the iNAV.

### 6.2.29 Foreign Account Tax Compliance Act (FATCA) & OECD Common Reporting Standard (CRS)

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

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

### 6.2.30 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 a financial advice provider.

### **Currency exchange risk**

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.

If you expect the financial products to pay any amounts in a currency that is not New Zealand dollars, you may incur significant fees in having the funds credited to a bank account in New Zealand in New Zealand dollars.

### **Trading on financial product market**

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

### **Dispute resolution process**

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

## 6.3 MATERIAL CONTRACTS

The Responsible Entity (or the Responsible Entity's holding company) has entered into a number of contracts in relation to the offer of the Fund, as set out below.

TABLE 6.3: MATERIAL CONTRACTS

CONTRACT AND PARTY	DESCRIPTION
<b>Index Licence Agreement</b>	The Index provider in relation to each Fund is set out in the Product Supplement. There is an Index Licence Agreement in relation to each Fund that allows the Responsible Entity to use the relevant Index in the operation of the Fund.
<b>Custody Agreement</b> Citigroup Pty Limited	This agreement sets out the services provided by the custodian on an ongoing basis together with service standards.
<b>Administration Services Agreement</b> Citigroup Pty Limited	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.
<b>Registry Agreement</b> Link Market Services Limited	This agreement sets out the services provided by the Registrar on an ongoing basis together with the service standards.
<b>Authorised Participant Agreement</b> Authorised Participants	<p>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.</p> <p>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.</p>
<b>Swap Agreements</b> Credit Suisse International	<p>Each Fund will be party to one or more swap agreements with Approved Financial Institutions. Under each agreement, if the Index (hedged into Australian dollars) increases in value, the amount of the increase (before fees and expenses) is payable by the Approved Financial Institution to the Fund. Conversely, if the Index (hedged into Australian dollars) decreases in value, the amount of the decrease (before fees and expenses) is payable by the Fund to the Approved Financial Institution. The payment will be made at the end of the term of the swap agreement, but may be agreed to be made earlier.</p> <p>In the master agreement for each Swap, each party provides a number of standard representations, warranties and undertakings to each other. If an "Event of Default" or a "Termination Event" has occurred and is continuing with respect to either the Fund or the Approved Financial Institution under that Fund's Swap master agreement, the other party may nominate a date for all outstanding transactions to terminate early. An "Event of Default" may include a failure to pay or deliver, breach of agreement, credit support default, misrepresentation, default under a specified transaction, cross default, bankruptcy and merger without assumption. A "Termination Event" will occur if an entity other than the Responsible Entity (or an associate/related body corporate) becomes the responsible entity of the Fund. "Termination Event" may also include, among other things, certain tax events and illegality.</p> <p>Following the early termination, no further payments or deliveries for terminated transactions will be required and instead a single net termination amount, representing the net amount that either the Fund or the Approved Financial Institution owes to the other on that date, will be calculated in accordance with the master agreement.</p> <p>The terminating party calculates this net termination amount by reference to the amounts of losses or gains to that party that are or would be realised under then prevailing circumstances in replacing the economic equivalent of the material terms of the terminated transactions. The terminating party may consider either firm or indicative quotations for replacement transactions available in the relevant market and other inputs to determine this. This net termination amount could be payable by the Fund or to the Fund.</p>

CONTRACT AND PARTY	DESCRIPTION
	<p>In addition, pursuant to each Swap master agreement, either the Fund or the Approved Financial Institution may require collateral from the other party to reduce the net amount payable to that party. Any collateral delivered under a Swap master agreement is transferred absolutely to the other party and does not create a security interest. If the Swap is terminated early, the value of any collateral delivered by a party is taken into account in determining the net termination amount.</p> <p>An Approved Financial Institution may require some initial collateral from the Fund in order to provide further credit protection to the Approved Financial Institution. Such initial collateral is not intended to be transferred to the Approved Financial Institution under the collateral arrangements set out in the Swap master agreement as described above. Instead a security interest in it is intended to be provided to the Approved Financial Institution, so that the Fund can retain ownership of the initial collateral.</p>
<p><b>Nominee Deed Poll</b></p> <p>Citigroup Pty Limited</p>	<p>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.</p>
<p><b>Nominee Terms</b></p>	
<p>Authorised participant</p>	<p>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 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.</p>

## 6.4 ASIC RELIEF

### 6.4.1 Equal Treatment Relief

ASIC has granted relief under section 601QA(1)(a) of the Corporations Act from the equal treatment requirement in section 601FC(1)(d), to the extent necessary to allow the Responsible Entity to restrict eligibility to submit redemption requests in relation to Units to Authorised Participants. The Responsible Entity will not treat Unitholders of the same class equally to the extent that it restricts redemptions from the Fund to such Authorised Participants.

### 6.4.2 Ongoing Disclosure Relief

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

### 6.4.3 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 Funds as if each 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.

Copies of documents lodged with ASIC in relation to a Fund may be obtained from, or inspected at, an ASIC office.

## 6.6 COOLING OFF

There is no cooling off period in relation to the subscription for Units in 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](http://www.betashares.com.au) or by contacting BetaShares on (02) 9290 6888:

- The daily Net Asset Value (NAV) for the Funds;
- The daily NAV per Unit for the Funds;
- The Responsible Entity's Unit pricing policy;
- The latest PDS for the Funds;
- Copies of announcements made to the ASX via the ASX Company Announcements Platform (including continuous disclosure notices and distribution information);
- Information about distributions as soon as possible after they are declared;
- Annual and any half-year reports and financial statements for the Funds;
- Details of any Distribution Reinvestment Plan;
- 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; and
- The Target Market Determination for each Fund prepared by the Responsible Entity pursuant to the "design and distribution" obligations set out in Part 7.8A of the Corporations Act, which sets out the class of consumers that comprise the target market for the Fund.

## 6.9 CONSENT AND DISCLAIMER

Citigroup Pty Limited ("Citigroup") has been appointed as the custodian and administrator for the Funds. Citigroup's role as custodian is limited to holding the assets of each Fund. As administrator, Citigroup is responsible for the day to day administration of each Fund. Citigroup 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.

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

## 6.10 INDEX DISCLAIMER

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

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

The S&P GSCI™ are trademarks of S&P, and have been licensed for use by BetaShares.



# 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 the 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. 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.

The Responsible Entity has made an irrevocable election for each Fund to enter the AMIT regime.

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 income of the 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 each Fund's income. Under the AMIT regime, each Fund may make cash distributions that differ from taxable income attributed by the Fund to Unitholders.

## 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.

## 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 interest, gains on the disposal of investments and other types of income.

Interest earned on cash, as well as the payments and receipts under any Swaps that are used to deliver Index returns should generally be on revenue account.

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.

### 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 the 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 the 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 the Fund would likely attract GST (at the rate of 10%).

Given the nature of the activities of the Funds, it 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 the 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”) and 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 the 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:

<b>Applicant Nominee</b>	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 Citigroup Pty Limited. 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.
<b>Approved Financial Institution</b>	A financial institution that meets the Responsible Entity's selection criteria such as those set out in section 2.2.6 of this PDS.
<b>AQUA Product</b>	A product admitted under the ASX Operating Rules to the AQUA market of the ASX.
<b>AQUA Rules</b>	Schedule 10A of the ASX Operating Rules and related rules and procedures, as amended, varied or waived from time to time.
<b>ASX</b>	ASX Limited or the Australian Securities Exchange as the case requires.
<b>ASX Business Day</b>	A "Business Day" as defined in the ASX Operating Rules, unless determined otherwise by the Responsible Entity.
<b>ASX Listing Rules</b>	The listing rules of the ASX as amended, varied or waived from time to time.
<b>ASX Operating Rules</b>	The operating rules of the ASX as amended, varied or waived from time to time.
<b>Authorised Participant</b>	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.
<b>Authorised Participant Agreement</b>	An agreement between the Responsible Entity and an Authorised Participant in relation to Unit applications and redemptions.
<b>CHESS</b>	The Clearing House Electronic Sub-Register System or any system that replaces it.
<b>Constitution</b>	In relation to a particular Fund, means the constitution governing the Fund, as amended or replaced from time to time.
<b>Corporations Act</b>	<i>Corporations Act 2001</i> (Cth).
<b>Dealing Day</b>	A day that is both (a) an ASX Business Day and (b) a day on which the relevant Index is scheduled to be published, unless the Responsible Entity determines otherwise.
<b>Dealing Deadline</b>	4:30 pm Sydney time on each Dealing Day (or such other time advised by the Responsible Entity), being the time by which an Application/Redemption form must be received by the Responsible Entity to be processed for that Dealing Day.
<b>ETF</b>	Exchange Traded Fund
<b>Equalisation Adjustment</b>	The amount payable in respect of an application or redemption, due to a Market Disruption Event, as described in section 5.3.
<b>Fund</b>	The relevant BetaShares exchange traded fund offered under this PDS, as the context requires.
<b>Index</b>	The index whose performance (hedged into Australian dollars) a Fund will generally aim to track, before fees and expenses, as set out in the Product Supplement (subject to any amendment or replacement).

<b>Issue Price</b>	The Net Asset Value divided by the number of Units on issue in the relevant Fund.
<b>Market Disruption Event</b>	<p>(a) The temporary or permanent failure by an exchange or price source to publish the settlement price for any futures contract or other constituent of an Index; or</p> <p>(b) The suspension of, or material limitation in, trading in any futures contract or other constituent of an Index on an exchange, including the situation where the settlement price for any such futures contract or other constituent is a "limit price" (being the maximum or minimum price prescribed by applicable regulations on a given trading day so that once the limit price is reached, no trades may be executed beyond the limit); or</p> <p>(c) The cessation of trading in any futures contract or other constituent of an Index.</p>
<b>mark to market</b>	In relation to a Swap or other derivative entered into between a Fund and an Approved Financial Institution, means the current market value of the derivative, which amount will be payable by one party to the other.
<b>Net Asset Value</b>	The net asset value for a Fund calculated in accordance with section 5.6.
<b>Nominee Terms</b>	In relation to an application for Units, the nominee terms made available by the Responsible Entity to applicants, as described in section 6.3.
<b>PDS</b>	This Product Disclosure Statement.
<b>Portfolio</b>	The investments purchased by a Fund from time to time (other than the Swap) in accordance with its investment strategy.
<b>Product Supplement</b>	The part of this PDS appearing after section 8 that contains information specific to each Fund.
<b>Registrar</b>	Link Market Services Limited (ABN 54 083 214 537), or any other registry that the Responsible Entity appoints to maintain the register.
<b>Swap</b>	A derivative contract entered into by a Fund and an Approved Financial Institution in relation to an Index, as described in section 6.3.
<b>Unit</b>	A unit in the relevant Fund.
<b>Unitholder</b>	A holder of a Unit.
<b>Withdrawal Amount</b>	The Net Asset Value divided by the number of Units on issue in the relevant Fund.

PRODUCT SUPPLEMENTS

BETASHARES

**CRUDE OIL INDEX ETF –  
CURRENCY HEDGED (SYNTHETIC)  
ASX CODE: 000**

## PRODUCT SUPPLEMENT

# BETASHARES CRUDE OIL INDEX ETF – CURRENCY HEDGED (SYNTHETIC)

### INVESTMENT OBJECTIVE

The investment objective of the Fund is to track the performance of the S&P GSCI Crude Oil Index Excess Return (“Index”) hedged into Australian dollars, plus an interest component, before fees and expenses.

The Index tracks the performance of West Texas Intermediate (“WTI”) crude oil futures traded on the New York Mercantile Exchange (“NYMEX”). WTI crude is a light, sweet crude oil which, due to its high viscosity and low sulphur content, can produce a high yield of gasoline during the refining process. WTI is also a pricing benchmark for the more than 160 internationally-traded crude oils.

The interest component is based on the interest earned by the Fund on its cash holdings and will accrue into the Fund’s Net Asset Value for the benefit of Unitholders.

Although the underlying futures contracts (and the Index) are priced in U.S. dollars, the Fund offers an exposure to the performance of the Index that is substantially hedged back to the Australian dollar, with the aim of reducing currency risk for Australian investors.

For risk management purposes, if the price of any WTI crude oil futures contract referenced by the Index falls below US\$9.50 (the “Price Level”) at any time, or if such price is temporarily unavailable and the Swap provider determines, in a commercially reasonable manner, that if such price were available, that it would be below the Price Level, then the Swap will automatically be terminated. If this occurs, the Responsible Entity will seek to enter into new swap transactions by the next business day (or as soon as practicable thereafter) that provide exposure to the most viable WTI crude oil futures contract as determined by the Responsible Entity. As a result, it is possible that the Fund may:

- re-establish investment exposure to the WTI crude oil futures contract referenced by the Index if such futures contract is trading at a price above the Price Level and the Responsible Entity considers there to be no material risk of such price imminently falling below the Price Level; or
- temporarily establish investment exposure to a longer-dated WTI futures contract (e.g. with a maturity of three months), which may differ from the WTI crude oil futures contract referenced by the Index.

There may be a short period between termination of the Swap and the re-establishment of investment exposure to WTI crude oil future contracts, during which the Fund would not have exposure to the Index and the Fund’s assets would only comprise cash holdings. Therefore, the Fund’s Net Asset Value during that period would primarily reflect the value of the Index as at the time the Swap was terminated plus interest earned on the Fund’s cash holdings. During any temporary period where the Fund either does not have exposure to the Index, or has exposure to a WTI crude oil futures contract that differs from that referenced by the Index, the Fund would be expected to experience higher tracking error relative to the Index than would otherwise be the case and this could adversely affect the Fund’s ability to achieve its investment objective. This may result in the Fund underperforming the Index to a material extent during such period.

The Responsible Entity considers this risk management measure to be prudent and in the best interests of Unitholders, as it provides a reasonable level of protection in light of the serious effect on the Fund and Unitholders if the Fund’s value were to fall to zero due to the impact of a zero or negative price for the WTI crude oil futures contract referenced by the Index.

### ABOUT THE S&P GSCI INDEX SERIES

The S&P GSCI Index Series provides investors with reliable and publicly available benchmarks for investment performance in the commodity markets. The indices are designed to be tradable, readily accessible to market participants, and cost efficient to implement.

The S&P GSCI (the main index of the S&P GSCI Index Series) is widely recognized as a leading measure of general commodity price movements and inflation in the world economy.

The S&P GSCI is calculated primarily on a world production weighted basis, and is comprised of the principal physical commodities that are the subject of active, liquid futures markets.

To be included in the S&P GSCI for a given year, contracts must satisfy several sets of eligibility criteria. First, Standard & Poor’s identifies those contracts that meet the general criteria for eligibility (namely, contracts denominated in U.S. dollars that are traded on a trading facility with its principal place of business in an OECD country and that have at least two years of available daily contract reference prices and three months of available volume data.) Second, contracts must meet certain contract volume and weight requirements. Lastly, the number of contracts is determined. At that point, the list of designated contracts for the relevant S&P GSCI year is complete and production weights can be determined. There is no limit on the number of contracts that may be included in the S&P GSCI.

### FURTHER INFORMATION ABOUT THE INDEX

The S&P GSCI Crude Oil Index Excess Return is part of a series of sub-indices calculated by Standard & Poor’s that represent components of the S&P GSCI from across a number of commodity sectors.

The specific WTI oil futures contract traded on NYMEX that is included in the Index is the contract with the closest expiration date (the “nearest contract”). The nearest contract expires on the third business day prior to the 25th calendar day of the relevant month. The Index incorporates a methodology for rolling into the contract with the next closest expiration date (the “next nearest contract”) as the existing contract approaches expiration. The Index gradually reduces the weighting of the nearest contract and increases the weighting of the next-nearest contract over a five business day period (commencing on the fifth S&P GSCI Business Day of the month) so that on the first day of the roll-over period the nearest contract represents 80% and the next-nearest contract represents 20% of the Index, and on the fifth day of the roll-over period (i.e., the ninth S&P GSCI Business Day of the month) the next-nearest contract represents 100% of the Index.

During times of increased market volatility, where there is a risk of the price of a futures contract referenced by the Index reducing to zero or less than zero (negative), the Index provider may seek to

mitigate the potential impact of negative commodity futures contract prices by electing to implement an unscheduled designated futures contract roll, being a scenario, based on market conditions, where the normal parameters of the roll, as defined in the Index methodology, may be adjusted. This includes, but is not limited to, when the roll occurs, the length of the roll, the proportions of the roll, or the roll-in contract. In such circumstances, the Index provider will typically roll into the next most viable contract as published in the Index methodology, but retains the right to roll into a further-dated contract based on market conditions at the time of its decision. In the case of an unscheduled roll event, the Index provider will endeavour, as market conditions warrant, to implement the roll over two business days (i.e. a two-day roll period), as well as provide two business days' notice in advance of the unscheduled roll implementation.

The Index referenced by the Fund is an "excess return" (and not a "total return") index and therefore reflects the return of the underlying commodity futures price movements only (and not any notional interest earnings).

Standard & Poor's has established an Index Committee to oversee the daily management and operations of the S&P GSCI (and all related sub-indices), and is responsible for all analytical methods and calculation in the indices, as well as the index rules that govern the S&P GSCI and the annual rebalancing of the S&P GSCI. Standard & Poor's liability is limited as set out in section 6.10.

## SPECIFIC RISK FACTORS

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

### Concentration risk and commodity volatility

The Fund is highly concentrated in a single commodity, crude oil. Generally, such concentration may result in a greater degree of volatility in the Index and, as a result, in the net asset value of the Fund, relative to more diversified investments.

Crude oil prices may be influenced by a range of factors including economic events which affect the demand for crude oil, supply availability reflecting levels of industry exploration and investment, development of alternate energy technologies, and changing perceptions of supply risk. Movements in global financial markets, including movements in global capital flows caused by changes in interest rates as between major economies, can also affect crude oil price trends.

Nations with centralised or nationalised oil production and organisations such as the Organization of Petroleum Exporting Countries control large physical quantities of crude oil. If one or more of these members decides to increase or decrease the supply of oil in amounts large enough to cause a change in world prices, or if there is a belief or expectation that this may occur, the price of Units based upon a benchmark related to oil will be affected.

In some circumstances, during times of increased market volatility, the price of WTI crude oil futures contracts may reduce to zero or less than zero (negative). If the Fund has exposure to such zero or negatively-priced futures contracts, the value of the Units will also decrease and may permanently reduce to zero, with no ability for Unitholders to participate in any future recovery in the values of the

Further information on the Index is available on the Fund's product page at [www.betashares.com.au](http://www.betashares.com.au).

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

Neither the Responsible Entity nor any other company in the BetaShares group has any control over, or responsibility for, the composition, calculation or availability of the Index. 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 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.

futures contracts. In such circumstances the Responsible Entity may need to consider whether the Fund should be terminated.

The factors which may cause the prices of futures contracts to drop rapidly and to trade at negative prices include circumstances where there is a lack of sufficient storage facilities for oil, such that traders may be forced to sell futures contracts to avoid taking physical delivery of the commodity.

### Regulatory risk

Regulatory bodies, including futures exchange operators, may impose restrictions on the Fund or on counterparties trading with the Fund, such as futures trading limits, or require the Fund or its counterparties to unwind futures positions, which could adversely affect the Fund's ability to achieve its investment objective. In such circumstances the Responsible Entity may need to consider whether the Fund should be terminated.

### Price level risk

A Swap transaction will automatically be terminated early if the price of any WTI crude oil futures contract referenced by the Index falls below the Price Level, or if such price is temporarily unavailable and the Swap provider determines, in a commercially reasonable manner, that if such price were available, that it would be below the Price Level. Although the Responsible Entity will typically seek to enter into replacement swap transactions as soon as practicable thereafter, the Fund's ability to achieve its investment objective could be adversely affected in such circumstances. As a result, during any temporary period where the Fund either does not have exposure to the Index, or has exposure to a WTI crude oil futures contract that differs from that referenced by the Index, the Fund would be expected to experience higher tracking error relative to the Index. This may result in the Fund under-performing the Index to a material extent during such period.

## FORMS

# APPLICATION FORM

Product Disclosure Statement dated 30 September 2022 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](mailto: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 Crude Oil Index ETF – Currency Hedged (Synthetic) (ASX: OOO)

Number of Units:	
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 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 30 September 2022 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](mailto: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 Crude Oil Index ETF – Currency Hedged (Synthetic) (ASX: OOO)

Number of Units:	
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**

Citigroup Pty Limited  
Level 23  
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