



# Product Disclosure Statement

Incorporating Fund Supplements

9 SEPTEMBER 2021

ETFS Hydrogen ETF (HGEN) ARSN: 651 638 630

ETFS Semiconductor ETF (SEMI) ARSN: 651 639 315

ISSUER AND RESPONSIBLE ENTITY:

ETFS MANAGEMENT (AUS) LIMITED ACN 150 433 828 AFSL NO. 466778

# Important Information

## IMPORTANT NOTICE TO RECIPIENT

### ABOUT THIS DOCUMENT

This Product Disclosure Statement (“PDS”) is dated 9 September 2021 and has been prepared by ETFs Management (AUS) Limited ACN 150 433 828 AFSL number 466778 (“ETFs”) or (the “Responsible Entity”) who is responsible for its content.

This PDS sets out information and is an offer document for each of the ETFs Hydrogen ETF and the ETFs Semiconductor ETF (each a “Fund” and together the “Funds”). Each of the Funds is a registered managed investment scheme and a copy of this PDS has been filed with the Australian Securities and Investments Commission (“ASIC”).

Investments in Units in the Funds are subject to investment risk, including possible delays in repayment and loss of income and principal invested. Neither ETFs, ETFs Capital Limited nor any other member of the ETFs Capital Group guarantees the performance of any products issued by ETFs or the repayment of capital or any particular rate of return therefrom. None of the Indices were created by or are managed by a Related Body Corporate of the Responsible Entity.

As at the date of this document an application has been made to the ASX for units in the Fund to be traded on the ASX under the AQUA Rules. A copy of this PDS has been lodged with both ASIC and ASX. No responsibility as to the contents of this PDS is taken by ASIC or ASX.

### ABOUT THE OFFER

Creation Requests for Units of a Fund are only available to Authorised Participants who have been authorised as ‘trading participants’ under the ASX Operating Rules. The offer contained within this PDS is therefore made to Authorised Participants only.

Any other investors may not apply for Units in a Fund via this PDS, however Units can be purchased in the secondary market on the ASX via a broker, investment advisor or ASX participant. Although non-Authorised Participants cannot submit Creation Requests under this PDS, the PDS may be used for information purposes.

This PDS does not constitute an offer or invitation in relation to a Fund in any place in which, or to any person to whom, it would not be lawful to make that offer or invitation. The distribution of this PDS may be restricted by laws of places where it is distributed and therefore persons into whose possession this PDS comes (including nominees, trustees or custodians) should seek advice on and observe those restrictions. Failure to comply with relevant restrictions may violate those laws. No cooling off period applies to investment in a Fund.

Information in this document is subject to change from time to time. To the extent that the change is not materially adverse to Holders, it may be updated by the Responsible Entity posting a notice of the change on its

website at [www.etfsecurities.com.au](http://www.etfsecurities.com.au). In addition, any material updates will also be notified to Holders through the Market Announcements Platform on the ASX. The Responsible Entity will provide to Holders, free of charge, a paper copy of the updated information upon request. Please refer to the “Corporate Directory” at Section 13 of this PDS for contact details of the Responsible Entity.

### CONTINUOUS OFFER NOTICE

The Offer (being the invitation made to Authorised Participants under this PDS) is a continuous offer made during the term of this PDS. Authorised Participants may only apply for Units totalling at least one Creation Unit.

As a disclosing entity, each Fund is subject to regular reporting and disclosure obligations. Copies of documents lodged with ASIC in relation to each Fund may be obtained from, or inspected at, an ASIC office. People have the right to obtain a copy of the following documents during the application period for the PDS:

- > the annual financial report most recently lodged with ASIC by each Fund (if any);
- > any half-year financial report lodged with ASIC by each Fund after lodgement of that annual financial report; and
- > any continuous disclosure notices given by each Fund after the lodgement of that annual financial report.

Such information may be obtained from, or inspected at, an ASIC office and shall also be available for download free of charge from the Responsible Entity’s website [www.etfsecurities.com.au](http://www.etfsecurities.com.au). Upon request, each Fund shall also make a hard copy of the documents available free of charge to anyone who asks during the application period for the PDS.

### AQUA MARKET ON THE ASX

As at the date of this document an application has been made to the ASX for units in the Funds to be traded on the ASX under the AQUA Rules. The AQUA Rules form part of the ASX Operating Rules. The Units will not be listed on the ASX under the ASX Listing Rules.

The AQUA Rules have been designed to offer greater flexibility and are specifically designed for managed funds, exchange-traded funds, and structured products.

Since an investor may be more familiar with the ASX Listing Rules, it is important they familiarise themselves with the main differences between the AQUA Rules and the ASX Listing Rules.

#### 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 an issuer has over the value of the underlying assets of the entity.

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 on AQUA typically reflects the performance of the underlying assets.

### **Key specific differences between the ASX Listing Rules and the AQUA Rules**

Due to the different nature of shares quoted under the ASX Listing Rules and AQUA Products quoted under the AQUA Rules, the requirements relating to AQUA Products differ from those relating to products listed under the ASX Listing Rules. The key differences for AQUA Products are as follows:

1. Continuous disclosure – the continuous disclosure requirements for AQUA Product issuers are different to those under the ASX Listing Rules because of the nature and regulation of the underlying asset. There is a requirement under the AQUA Rules that an AQUA Product issuer provide the ASX with any information the non-disclosure of which may lead to the establishment of a false market in the products or which would materially affect the price of its products. The Funds must also disclose information about net tangible assets or net asset value, dividends and distributions to the ASX and must make disclosure to the ASX and market participants using the Market Announcements Platform of the ASX at the same time information is disclosed to ASIC. The Responsible Entity also intends to post any such information on its website [www.etfsecurities.com.au](http://www.etfsecurities.com.au) at the same time.
2. Periodic disclosure – AQUA Product issuers are not required to disclose half yearly and annual financial information or annual reports to the ASX. However, periodic financial reports relating to the AQUA Product must be disclosed to the ASX at the same time they are lodged with ASIC under Chapter 2M of the Corporations Act.
3. Spread requirements – The requirements under the ASX Listing Rules that issuers satisfy certain minimum spread requirements (i.e. a minimum number of Holders each having a minimum parcel size) do not apply to AQUA Products. Under the AQUA Rules, unless and until a suitable spread of Holders is achieved, an AQUA Product issuer must ensure a bid/ask spread and volume requirement is maintained for the AQUA Product on the ASX, generally through the appointment of a market maker, or must have in place other arrangements which meet ASX's requirements for providing liquidity.
4. Corporate control – the ASX requirements in relation to matters such as takeover bids, share buy-backs, change of capital, new issues, restricted securities, disclosure of directors' interests and substantial holdings are not relevant and do not apply to AQUA Products. The Responsible Entity and each Fund is subject to general Corporations Act requirements in respect of some of these matters in some circumstances. Unlike the responsible entity of a managed investment scheme listed under the Listing Rules, the Responsible Entity can only be replaced by a resolution passed by the votes of at least 50% of all the votes eligible to be cast.

The Corporations Act provisions that apply to takeovers and substantial shareholding requirements for listed managed investment schemes do not apply to AQUA Products.

5. Related party transactions – ASX requirements relating to transactions between an entity and persons in a position to influence the entity, do not apply to AQUA Products. However, Corporations Act requirements (i.e. Chapter 2E) applicable to public companies will still apply to the issuer.
6. Auditor rotation obligations – AQUA Product issuers, including the Responsible Entity and each of the Funds, will not be subject to the requirements in Division 5 of Part 2M.4 of the Corporations Act in relation to auditor rotation, however the Responsible Entity is required to undertake an independent audit of the compliance plan for each Fund.

More information about the AQUA Rules is available from the ASX's website: [www.asx.com.au](http://www.asx.com.au).

### **DISCLAIMERS**

It is impossible in a document of this type to take into account the investment objectives, financial situation and particular needs of each potential investor.

Accordingly, nothing in this PDS is a recommendation by the Responsible Entity, or any other person, concerning investments in the Units. Potential investors should not rely on this PDS as the sole basis for any investment decision and should seek independent professional investment and taxation advice before making a decision whether to invest in the Units. Prospective investors should read the entire PDS before making any decisions to invest in the Units. If prospective investors have any doubt as to their course of action they should consult their stockbroker, solicitor, accountant or other professional adviser.

This PDS has been prepared by ETF Management (AUS) Limited from sources which ETF Management (AUS) Limited believes to be correct. However, none of ETF Management (AUS) Limited nor any other member of the ETF Management (AUS) Limited or ETF Capital Group of companies, nor any of their employees or agents make any representation or warranty as to or assume any responsibility or liability for the accuracy or completeness of, or any errors or omissions in, any information, statement or opinion contained in this PDS or in any accompanying, previous or subsequent material or presentation. To the maximum extent permitted by law, ETF Management (AUS) Limited and each of those persons disclaim all and any responsibility or liability for any loss or damage which may be suffered by any person relying upon any information contained in, or any omissions from, this PDS.

# Important Information

## SELLING RESTRICTIONS

### **New Zealand**

Each Fund is offered to persons in New Zealand who are “wholesale investors” under clause 3(2) or 3(3)(a) of Schedule 1 of the FMCA, or who are otherwise not required to receive disclosure under Part 3 of the FMCA, only.

Those persons not familiar with the provisions of the FMCA, or who require further assistance and/or information, should consult their professional adviser.

### **Singapore**

This PDS has not been registered as a prospectus with the Monetary Authority of Singapore. This PDS and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Units may not be circulated or distributed, nor may the Units be offered or sold, or be made the subject of any invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore except to an institutional investor as defined in the Securities and Futures Act, Cap. 289 (the “Act”), or otherwise pursuant to, and in accordance with the conditions of, any other applicable provisions of the Act.

### **United States**

This PDS and the Units offered under this PDS have not been and will not be registered under the U.S. Securities Act of 1933, as amended or any US state or other securities laws. Accordingly, the Units offered in this PDS may not be granted to or taken up by, and the Units may not be offered or sold to, any person that is in the United States or that is, or is acting for the account or benefit of, a US person.

## DEFINED TERMS

Certain terms used in this PDS are defined in Section 12 (*Glossary*). This PDS should be read in conjunction with these defined terms.

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# 1. Key Features

## 1.1 OVERVIEW

Each of the Funds is a registered managed investment scheme which intends to have its Units quoted on the ASX under the AQUA Rules. The Funds are each exchange traded funds (“ETFs”) which aim to provide investors with a return that tracks (before fees and expenses) the performance of a published index (an “Index”). Details of the applicable Index in respect of a Fund are set out in the relevant Fund Supplement.

The following table summarises the key features of the Funds offered in this PDS. Any decision to invest in the Units of a Fund should be based upon the PDS in its entirety and investors should seek professional advice before making any decision with respect to an investment in the Funds.

### KEY FEATURES OF THE FUND

<b>Fund Name</b>	ETFS Hydrogen ETF ETFS Semiconductor ETF
<b>Responsible Entity</b>	ETFS Management (AUS) Limited is the Responsible Entity and trustee of each of the Funds and the issuer of this PDS.
<b>Investment Objective</b>	<p>The investment objective of each Fund is to provide investors a return that tracks the performance (before fees and expenses) of the relevant Index.</p> <p>The specific investment objective of each Fund and further information about the applicable Index is set out in the relevant Fund Supplement.</p> <p>No significant change to the investment objective will be made unless such change is approved by a resolution of Holders representing at least 75% of votes cast.</p>
<b>Investment Type</b>	A unit trust managed investment scheme. Units in a Fund (“Units”) will be able to be traded on the AQUA market of the ASX. The issue of Units is covered by the Responsible Entity’s Australian financial services licence.
<b>Index Tracking</b>	<p>Each Fund will attempt to (before fees and expenses) fully replicate the performance of the relevant Index by investing its assets in a portfolio of securities that comprise the Index in proportion to the weight assigned to each security within the Index.</p> <p>Any changes in the composition of an Index, whether due to scheduled rebalancing or other unscheduled events (e.g. corporate actions), will generally be reflected in the portfolio of securities held by a Fund as soon as practically possible.</p> <p>In certain circumstances, it may not be possible or practical for the Responsible Entity to exactly replicate the Index. For example, trading in particular securities may be suspended. In other circumstances the exact replication of the Index may be impractical or excessively costly, for example where the Index comprises a large number of securities that are assigned small weights.</p> <p>To assist investors, each Fund’s full portfolio holdings will be published on a daily basis on <a href="http://www.etfsecurities.com.au">www.etfsecurities.com.au</a> at the same that Authorised Participants and market makers are provided with portfolio composition files.</p>

<b>Index Tracking</b> (continued)	<p>Each Fund may hold derivative contracts from time to time, such as exchange traded options written on the Index or its constituent securities, and other investments that do not comprise the Index, but help to achieve the investment objectives of that Fund. These other investments that do not comprise the index may include for example:</p> <ul style="list-style-type: none"> <li>&gt; cash or short term deposits;</li> <li>&gt; related securities such as tradable rights resulting from corporate actions undertaken by Index constituents;</li> <li>&gt; depository receipts or other securities that may be substituted for Index constituents that are impractical or costly to trade; and</li> <li>&gt; futures, options, swaps or other ETFs with similar exposures to the Index that may help minimise deviations from the Index, where appropriate.</li> </ul> <p>These are expected to be used in limited circumstances.</p> <p>Cash balances may also be held in each Fund from time to time.</p> <p>None of the Funds will engage in securities lending.</p>
<b>Net Asset Value (NAV)</b>	<p>The Net Asset Value for each Fund shall be determined by the Responsible Entity at the Valuation Time on each Dealing Day (or at such other time as the Responsible Entity may determine) by valuing the assets of the relevant Fund and deducting the Liabilities of the relevant Fund (including, without limitation, management costs). Please refer to Section 7 (<i>Valuation and Unit Pricing</i>) for more detail.</p>
<b>Fees and Expenses</b>	<p>Fees and expenses that an investor may be charged include:</p> <p><b>Creation Fee</b></p> <p>Authorised Participants will be charged a fee by the Responsible Entity for each Creation Request of \$650 regardless of the size of the Creation Request. The applicable Creation Fee for each Fund is set out in the relevant Fund Supplement.</p> <p><b>Redemption Fee</b></p> <p>Authorised Participants will be charged a fee by the Responsible Entity for each Redemption Request of \$650 regardless of the number of Units being redeemed. The applicable Redemption Fee for each Fund is set out in the relevant Fund Supplement.</p> <p><b>In Specie Transaction Fee</b></p> <p>Where Authorised Participants make an in specie Creation Request or Redemption Request, they may also be charged a fee by the Responsible Entity of up to 0.5% of the subscription amount or redemption amount. The amount of this fee will be made available to Authorised Participants prior to transacting.</p> <p><b>Management Costs</b></p> <p>The Management Costs of each Funds will be between 0.57% and 0.69% of the Net Asset Value of the Fund. The Management Costs are made up of a Management Fee, recoverable expenses (where applicable) and indirect costs (where applicable). The Management Costs applicable for each Fund are set out in the relevant Fund Supplement. You may also incur Transactional Costs or, you may be charged a brokerage or commission when buying and selling units through a broker and/or on the ASX. Please refer to your broker for further details on their fees and charges.</p> <p>Please refer to Section 8 (<i>Fees and Expenses</i>) for more detail.</p>
<b>Trading in Units of the Funds</b>	<p>As at the date of this document an application has been made to the ASX for units in the Fund to be traded on the ASX under the AQUA Rules. It is expected that most investors will buy and sell their Units through trading on this secondary market where they can be bought and sold like any other stocks. Investment in Units through transactions on the ASX are not governed by the terms of this PDS.</p> <p>Creation Requests and Redemption Requests made directly to a Fund may generally only be made by Authorised Participants.</p>

# 1. Key Features

<p><b>Creations</b></p>	<p>The offer of Units in the Funds under this PDS is made to Authorised Participants only and only Authorised Participants may apply to the Funds for Units.</p> <p>Creation Requests for Units may be submitted on any Dealing Day during the term of this PDS. Creation Requests will be settled by the Authorised Participants delivering either the Portfolio Deposit to the Responsible Entity (representing the securities comprised in the Index) or cash.</p> <p>Authorised Participants may submit Creation Requests in respect of whole multiples of Creation Units. In respect of a particular Fund, the Creation Unit is a number of Units of that Fund as set out in the applicable Fund Supplement.</p> <p>The Responsible Entity may reject any Creation Request in its discretion.</p>
<p><b>Redemptions</b></p>	<p>Generally, only Authorised Participants who are Australian residents may submit Redemption Requests in respect of some or all of their holdings in a Fund.</p> <p>Redemption Requests will be settled by the Authorised Participant delivering the relevant Units in return for delivery by the relevant Fund of (i) a combination of a specified basket of securities (representing the securities comprised in the Index) and cash; or (ii) cash.</p> <p>Please refer to Section 6 (<i>Trading of Units</i>) for more detail.</p>
<p><b>Distributions</b></p>	<p>To the extent that there is any income received by a Fund, it is expected that it will be distributed to Holders as set out in the relevant Fund Supplement. There is no guarantee that a Fund will make any distributions.</p> <p>Holders can choose to have their distributions paid directly into a nominated bank account in cash (via electronic funds transfer) or participate in the Distribution Reinvestment Plan.</p> <p>Further information in respect of distributions is set out in Section 9 (<i>Distributions</i>) of this PDS.</p>
<p><b>Distribution Reinvestment Plan</b></p>	<p>A Distribution Reinvestment Plan is available to eligible Holders. Participation in the Distribution Reinvestment Plan is subject to the rules of the Distribution Reinvestment Plan policy document available from the Responsible Entity's website <a href="http://www.etfsecurities.com.au">www.etfsecurities.com.au</a>. Pursuant to the Distribution Reinvestment Plan all distributions made to a Holder in respect of a Fund are reinvested in additional Units in the same Fund. Partial reinvestment will not be available.</p>
<p><b>Key Risks</b></p>	<p><b>Risks in relation to an Index:</b></p> <p>Past performance is not an indication of future performance and the investment performance of the Units could be volatile. An investment in the Units involves a significant degree of risk. The following are just some of the risk factors which should be carefully considered by prospective investors before deciding whether to invest in the Units.</p> <p>Factors affecting the performance of Indices may adversely affect the value of Units including:</p> <ul style="list-style-type: none"> <li>&gt; Market Risk – Indices comprise a synthetic portfolio of shares or other assets and, as such, the performance of an Index is dependent upon the macroeconomic factors relating to the shares or other components that comprise such Index;</li> <li>&gt; Differing Returns – the return generated on the Units may not reflect the return an investor would realise if he or she actually owned the relevant shares or other components comprising the Index;</li> <li>&gt; Loss of dividends – the rules governing the composition and calculation of the relevant underlying Index might stipulate that dividends distributed on its components do not lead to a rise in the Index level; and</li> <li>&gt; Index Event Risk – there may be adjustments to the Index due to certain events. The Index methodology may change, the Index may be suspended or cancelled or the Responsible Entity's license to use the Index may be terminated.</li> </ul>



<b>Key Risks</b> (continued)	<p><b>Risks in relation to a Fund:</b></p> <p>An investment in a Fund will expose investors to risks inherent in holding the exposure to the Index via a Unit. These include:</p> <ul style="list-style-type: none"> <li>&gt; Index Tracking Risk – the return generated by a Fund may differ from the return generated by the Index due to, for example, fees payable to that Fund, trading restrictions or investment decisions made by the Responsible Entity;</li> <li>&gt; Traded Price vs Net Asset Value – in some circumstances the price of Units traded on the ASX may trade at a discount or premium to its Net Asset Value;</li> <li>&gt; Liquidity Risk – although it is expected the Units will be admitted to trading status on the AQUA market of the ASX there is no guarantee that there will be a liquid market for the Units. Furthermore, in certain circumstances the ASX may suspend trading of the Units or remove the Units from quotation on the AQUA market. There are also certain circumstances where the Responsible Entity may limit, reject, scale or delay redemptions;</li> <li>&gt; Regulatory Risk – changes in regulations or laws may adversely affect the performance of a Fund or the ability of a Fund to continue to meet its investment objectives. Similarly, changes in taxation regulations or laws may impact the after-tax returns of a Fund;</li> <li>&gt; Operational Risk – the occurrence of operational risk events such as system break downs or operational failures may impact the day to day operations of a Fund;</li> <li>&gt; Redemption Risk – there are certain circumstances in which an early redemption of Units may be imposed on investors, which may result in an investment in Units being redeemed earlier than desired. There are also certain circumstances where the Responsible Entity may limit, reject, scale or delay redemptions. Please see Sections 6.10 (<i>Compulsory Redemption</i>) and 10.2(a) (Trust Deeds of the Funds) for more information; and</li> <li>&gt; Counterparty Credit Risk – where a Fund is owed obligations by third parties under derivatives or other contractual relationships, a failure by the relevant counterparty to perform their obligations may impact that Fund.</li> </ul> <p>This is not an exhaustive list of risks in the relation to an investment in Units. Prospective investors should read Section 5 (<i>Risks</i>) of this PDS in relation to the risks of an investment in Units and consider the specific and general risks of an investment in Units. Prospective investors should also consult with their financial adviser prior to making any investment.</p>
<b>Reporting</b>	<p>Information relating to each Fund including their Net Asset Values and the performance of each Index will be published on the website of the Responsible Entity at <a href="http://www.etfsecurities.com.au">www.etfsecurities.com.au</a>.</p>
<b>No Leverage</b>	<p>None of the Funds will use leverage to achieve their investment objectives.</p>
<b>Registrar</b>	<p>Computershare Investor Services Pty Limited will maintain the Register of the Units of each Fund in Sydney.</p>
<b>Transaction Documents</b>	<p>The documents which, in addition to this PDS, set out the terms and conditions relating to the Funds comprise:</p> <ul style="list-style-type: none"> <li>&gt; the Trust Deed;</li> <li>&gt; the Custodian Agreement;</li> <li>&gt; the Registrar Agreement; and</li> <li>&gt; the Master Services Agreement.</li> </ul> <p>Please refer to Sections 6.10 (<i>Compulsory Redemption</i>) and 10.2 for a Summary of Material Documents.</p>

## 2. Frequently Asked Questions

This section is intended to answer some of the questions which a prospective investor may have when considering an investment in a Fund. It is not intended to be a summary of or a complete description of the information contained in this PDS and an investment in Units should only be made after careful consideration of this PDS.

### 2.1 WHAT ARE UNITS IN A FUND?

Units represent interests in a Fund. Each Fund is a registered managed investment scheme and Units in each Fund represent an interest in its assets. Each Unit has a "Net Asset Value" which is the value of the assets of a Fund represented by each Unit.

### 2.2 WHAT IS THE AIM OF A FUND?

Each Fund aims to provide investors with exposure (before fees and expenses) to the performance of a specified Index. The Index for each Fund is set out in the relevant Fund Supplement.

### 2.3 HOW DOES HOLDING A UNIT GIVE ECONOMIC EXPOSURE TO THE INDEX?

The Responsible Entity will hold securities, and in some cases derivatives, which aim to track the component securities which form the relevant Index. In this way the assets of a Fund will track the securities which form the Index. The Units give the investor economic exposure to those assets of a Fund and hence the underlying Index.

### 2.4 WHAT ARE THE SIGNIFICANT RISKS OF ACQUIRING A UNIT?

An investment in the Units involves a significant degree of risk. Past performance is not an indication of future performance and the investment performance of the Units could be volatile. The following are just some of the risk factors which should be carefully considered by prospective investors before deciding whether to invest in the Units.

Factors affecting the performance of equity indices may adversely affect the value of Units including:

- > Market Risk: Indices comprise a synthetic portfolio of shares or other assets and, as such, the performance of an Index is dependent upon the macroeconomic factors relating to the shares or other components that comprise such Index.
- > Differing Returns: the return generated on the Units may not reflect the return an investor would realise if he or she actually owned the relevant shares or other components comprising the Index.

- > Loss of Dividends: the rules governing the composition and calculation of the relevant underlying Index might stipulate that dividends distributed on its components do not lead to a rise in the Index level.
- > Index Event Risk: there may be adjustments to the Index due to certain events. The Index methodology may change, the Index may be suspended or cancelled or the Responsible Entity's license to use the Index may be terminated.

An investment in a Fund will expose investors to risks inherent in holding the exposure to an Index via a Unit.

These include:

- > Traded Price vs Net Asset Value: in some circumstances the price of Units traded on the ASX may trade at a discount or premium to their Net Asset Value;
- > Liquidity Risk: although it is expected the Units will be admitted to trading status on the AQUA market of the ASX there is no guarantee that there will be a liquid market for the Units. Furthermore, in certain circumstances the ASX may suspend trading of the Units or remove the Units from quotation on the AQUA market. There are also certain circumstances where the Responsible Entity may limit, reject, scale or delay redemptions;
- > Regulatory Risk: changes in regulations or laws may adversely affect the performance of a Fund or the ability of a Fund to continue to meet its investment objectives. Similarly, changes in taxation regulations or laws may impact the after-tax returns of a Fund;
- > Operational Risk: the occurrence of operational risk events such as system break downs or operational failures may impact the day to day operations of a Fund;
- > Redemption Risk: there are certain circumstances in which an early redemption of Units may be imposed on investors, which may result in an investment in Units being redeemed earlier than desired. There are also certain circumstances where the Responsible Entity may limit, reject, scale or delay redemptions. Please see Sections 6.10 and 10.2(a) (*Trust Deeds of the Funds*) for more information; and
- > Counterparty Credit Risk: where a Fund is owed obligations by third parties under derivatives or other contractual relationships, a failure by the relevant counterparty to perform their obligations may impact that Fund.

This is not an exhaustive list of risks in the relation to an investment in Units. Prospective investors should read Section 5 (*Risks*) of this PDS in relation to the risks of an investment in Units and consider the specific and general risks of an investment in Units. Prospective investors should also consult with their financial adviser prior to making any investment.

## 2.5 HOW CAN I APPLY FOR UNITS?

The offer of Units in the Funds under this PDS is made to Authorised Participants only and only Authorised Participants may apply to the Funds for Units. Units may be created at any time during the term of this PDS.

## 2.6 WHAT IS AN AUTHORISED PARTICIPANT?

Authorised Participants are financial institutions which meet certain eligibility criteria and who have been appointed by the Responsible Entity. Authorised Participants may, but do not have to, act as market makers for the Units by buying and selling Units to and from investors either on exchange or in over the counter transactions.

## 2.7 IF I AM NOT AN AUTHORISED PARTICIPANT, HOW CAN I ACQUIRE UNITS?

An application has been made for Units in the Funds to be quoted on the AQUA market of the ASX. It is expected that most investors (other than Authorised Participants) will buy and sell their Units through trading on this secondary market where they can be bought and sold like any other securities.

You should note that your broker, investment advisor or ASX participant may charge you brokerage or other fees in relation to your transaction.

## 2.8 WHAT IS THE NET ASSET VALUE OF A UNIT?

The Net Asset Value per Unit is the value in AUD of the assets of a Fund represented by each Unit. It is the value at which Units in a Fund will be issued to and redeemed from Authorised Participants.

The Net Asset Value is determined by the Responsible Entity on each ASX Trading Day (or at such other time as the Responsible Entity may determine) by valuing the assets of a Fund and deducting the Liabilities of a Fund (including, without limitation, any management costs), and dividing that amount by the number of Units in issue in the relevant Fund. Please refer to Section 7 (*Valuation and Unit Pricing*) for further detail on the calculation of the Net Asset Value.

## 2.9 CAN I BUY UNITS AT THEIR NET ASSET VALUE ON THE ASX?

The cash value at which the Units will trade on exchange is expected to be close to the Net Asset Value per Unit but may not be exactly the same as the Net Asset Value per Unit, because the market on exchange is subject to factors beyond the value of the assets of a Fund.

The value of an investment in Units on the ASX will depend on the bid and offer prices quoted by market makers at the particular time an investor attempts to sell their Units. Any purchases of Units will generally be done at a “bid price” and any sales of Units will generally be done at an “offer price”. The bid and offer prices of a Units will not match exactly the Net Asset Value per Unit because bid and offer prices also take account of other market conditions such as market liquidity (supply and demand) at the time that the investor is looking to buy or sell their Units.

You should also note the amount you receive in respect of any sales on the ASX will be net of any brokerage or other fees charged by your broker.

## 2.10 WHAT IS THE CURRENCY OF MY INVESTMENT?

The Net Asset Value of each Fund will be calculated in Australian Dollars (“AUD”) and the Units will trade on the AQUA market of the ASX in AUD. You should note that some assets of each Fund and the underlying Index may be denominated in a currency other than AUD. This means that the value of your investment in a Unit will be subject to fluctuations in foreign exchange rates. The Responsible Entity does not hedge any risk in relation to exchange rate fluctuations.

## 2.11 WILL THE FUND PROVIDE REPORTING?

Information relating to each Fund including the Net Asset Value, and performance of the Units will be published on the website of the Responsible Entity at [www.etfsecurities.com.au](http://www.etfsecurities.com.au).

In addition, each Fund’s full portfolio holdings will be published on a daily basis on [www.etfsecurities.com.au](http://www.etfsecurities.com.au) at the same that Authorised Participants and market makers are provided with portfolio composition files. For more information on reporting, please see Section 10.10.

## 2.12 HOW DO I REALISE MY INVESTMENT IN UNITS?

As noted above, it is expected that any Holders who are not Authorised Participants will generally realise their investment in Units in the secondary market on the AQUA market of the ASX. Please note the above information in relation to pricing of such transactions on the ASX.

All Holders who are not Authorised Participants may redeem their Units directly with a Fund in limited circumstances, including where there are no Authorised Participants, or where the Responsible Entity has announced that they may do so.

## 2. Frequently Asked Questions

### **2.13 WHAT FEES ARE PAYABLE IN RELATION TO MY INVESTMENT IN THE UNITS?**

The fees and expenses are set out in Section 8 (*Fees and Expenses*) of this PDS.

### **2.14 CAN I LOSE ALL OF MY INITIAL INVESTMENT?**

Yes, an investor may lose all of their initial investment. Please refer to Section 5 (*Risks*) for more information about the risks associated with the Units.

### **2.15 WHAT IS THE MINIMUM INVESTMENT?**

Authorised Participants may only apply for Units totalling at least one Creation Unit.

### **2.16 WHAT ARE THE TAX CONSEQUENCES OF HOLDING A UNIT?**

Please see Section 11 (*Taxation Considerations*) of this PDS for a general discussion of some of the significant tax consequences of acquiring a Unit. You should be aware the tax summary does not take into account an investor's specific circumstances. All investors should seek their own independent tax advice on the tax consequences of acquiring Units in a Fund having regard to the Fund's specific terms and the investor's individual circumstances.

### **2.17 WHO IS THE REGISTRAR?**

Computershare Investor Services Pty Limited act as Registrar of each of the Funds and maintain the Registers in Sydney, Australia.

### **2.18 IS THERE A COOLING OFF PERIOD?**

No cooling off period applies in relation to an investment in Units.

# 3. About the Responsible Entity

## 3.1 ABOUT ETFS MANAGEMENT (AUS) LIMITED

ETFS Management (AUS) Limited (the “**Responsible Entity**”) is a company formed in the Commonwealth of Australia with ACN 150 433 828. The Responsible Entity holds an Australian financial service licence (AFSL No. 466778) and is regulated by ASIC.

The business purpose of ETFS Management (AUS) Limited is the establishment and management of an investment scheme platform to issue and offer exchange traded fund interests in Australia. These Units are quoted on the AQUA Market of the ASX.

The Responsible Entity is a wholly owned subsidiary of ETFS Capital Limited.

The Responsible Entity operates 15 managed investment schemes, including each of the Funds. The Responsible Entity draws on the experience and expertise from its parent company.

ETFS Capital Limited (“**ETFSC**”) is a Jersey company which was incorporated under the Companies (Jersey) Law 1991 on 20 August 2004 and prior to 8 May 2018 was named ETF Securities Limited. Its registered office is Ordnance House, 31 Pier Road, St Helier, Jersey, JE4 8PW, Channel Islands. ETFSC is the ultimate holding company of a group of companies which prior to the sale of its European and US businesses in April 2018 issued and provided management and other services to more than 300 exchange traded products similar to the Funds across Europe, Asia, Australia and the United States including 17 products currently listed on the ASX. Immediately prior to the sale of its European and US Businesses funds under management across all products issued or managed by the ETFS Capital Group totalled approximately US\$25 billion. The Responsible Entity has sufficient working capital to operate the Funds in accordance with this PDS.

The Directors of the Responsible Entity as at the date of this PDS are:

### **Graham Tuckwell**

Mr. Tuckwell is the founder and chairman of ETF Securities Limited (now ETFS Capital Limited). Prior to the sale of the US and European businesses of ETF Securities in April 2018, Mr Tuckwell was director of ten other companies issuing exchange-traded commodities: Gold Bullion Securities Limited in Jersey, ETFS Metal Securities Australia Limited, ETFS Metal Securities Limited, ETFS Oil Securities Limited, ETFS Commodity Securities Limited, ETFS Foreign Exchange Limited, ETFS Hedged Commodity Securities Limited, Swiss Commodity Securities Limited, ETFS Hedged Metal Securities Limited

and ETFS Equity Securities Limited. He was also a director of GO UCITS ETF Solutions plc and of its manager GO UCITS Management Limited in Ireland, a trustee of ETFS Trust in the U.S., as well as the President and Chief Executive Officer of ETF Securities USA LLC. Assets under management immediately prior to the sale of those businesses were in excess of US\$25 billion. Previously, Mr. Tuckwell was the founder and managing director of Investor Resources Limited, a boutique corporate advisory firm which specialised in providing financial, technical and strategic advice to the resources industry. He has more than 20 years of corporate and investment banking experience. Prior to the above activities, Mr. Tuckwell was Head of Mining Asia/Pacific at Salomon Brothers, Group Executive Director at Normandy Mining responsible for Strategy and Acquisitions and Head of Mergers and Acquisitions at Credit Suisse First Boston in Australia. He holds a Bachelor of Economics (Honours) and a Bachelor of Laws degree from the Australian National University.

### **Dr. Vince FitzGerald**

Dr. FitzGerald has been a Director of ACIL Allen Consulting Group Pty Ltd, an Australian consulting company in economics, public policy and economic and financial regulation. He has been a director of that company since April 2013. From 1989 to 2013 he was a director of a predecessor company – Allen Consulting Group Pty Ltd. Prior to that time, he was a senior government official in Canberra, his career involving assignments in the Treasury, Prime Minister and Cabinet, Finance (Deputy Secretary), Trade (Secretary) and Employment, Education and Training (Secretary). He is a well-known expert on the superannuation industry in Australia and is a superannuation fund trustee. He was, until April 2018, the President of the Board of Governors of the Australian National University Endowment for Excellence. He was a member of the Victorian State Council of the Australian Institute of Company Directors, and for a number of years until 2015 its President and a member of the Institute's national board. He is a Fellow of the Institute of Public Administration, Australia. He was until July 2017 a director of The Conversation Media Group Limited. He was formerly a director of ING Australia Holdings Limited and Chairman of its Audit and Risk Management Committees. He was previously a director of ETF Securities Limited prior to the sale of its European and U.S. businesses in April 2018. He holds a Bachelor of Economics (First class Honours in Econometrics and a University Medal) from the University of Queensland, a PhD in Economics from Harvard University, an Honorary Doctorate of Law from Monash University and an Honorary Doctorate of Economics from the University of Queensland. Dr. FitzGerald was awarded an Officer of the Order in Australia in June 2016.

## 3. About the Responsible Entity

### **Mark Weeks**

Mr Weeks is a Managing Director at ETFS Capital where he is responsible for the ongoing oversight of the investments made by the company. As part of his role in that capacity he is also a Board Director of Moorgate Benchmarks, Treasury Spring, Ultimus and ETFS Management (AUS) Limited. Previously Mr Weeks was the Chief Executive Officer of ETF Securities (UK) Ltd for 7 years and in this role was instrumental in transforming ETF Securities from an entrepreneurial start-up to a successful ETF Issuer, culminating in the sale of the business in 2018. Prior to joining ETF Securities, Mr Weeks spent more than 20 years in the Securities Finance and Lending business. This included UBS, where he ran the securities lending franchise in Zurich, Switzerland and 7 years at Goldman Sachs International London, where, as a Managing Director, he was responsible for running the European Securities Finance sales and trading desk, servicing major institutional and hedge fund clients. This desk formed a core part of Goldman Sachs' Prime Brokerage business. He also spent time at London Global Securities and Morgan Stanley International before joining Goldman Sachs. Mr Weeks holds a Bachelor of Arts (Honours) in Business Studies from Kingston Polytechnic.

# 4. Investment Objectives and Strategy of the Funds

## 4.1 INVESTMENT OBJECTIVES OF THE FUNDS

Each Fund aims to provide investors with a return (before fees and other costs) that tracks the performance of the relevant Index. The specific investment objectives of each Fund and further information about each relevant Index are set out in the relevant Fund Supplement.

There is no guarantee that the returns provided by a Fund will meet this objective.

## 4.2 INVESTMENT STRATEGY

Each Fund seeks to meet its investment objective by investing in the assets comprising the relevant Index in accordance with the weightings determined and published by the applicable Index Provider. The Responsible Entity intends to only make adjustments to the types and weightings of the assets held by each Fund at the same time as and to the extent any equivalent changes are made to the composition of the relevant Index by the applicable Index Provider. The Responsible Entity does not take into account labour standards or environmental, social or ethical considerations in the selection, retention or realisation of an investment.

However, there may be circumstances in which it is not possible or efficient for a Fund to invest exactly in all of the assets comprising the relevant Index or in the exact proportions in which they are used within the Index.

For example, this may include (but is not limited to) circumstances in which it is not practicable to make a direct investment as the assets are subject to restrictions in investment. In such circumstances, the Responsible Entity may adopt a sampling or representative strategy where only a subset of the assets comprised in the relevant Index are held.

In cases where a sampling strategy is used, the Responsible Entity would aim to choose a subset and weighting of assets with the investment objective of the relevant Fund in mind.

A Fund may also hold derivative contracts (such as exchange traded options) where investment in a particular asset comprised in the relevant Index is not possible or practicable. Such derivatives will not be used to provide leverage for a Fund and no leverage will be used by a Fund to achieve its investment objective.

Cash balances may also be held in a Fund from time to time.

As at the date of this PDS, it is not the intention of the Responsible Entity that any of the Funds will engage in securities lending over its assets. If, in the future, the Responsible Entity wishes to engage in securities lending activity in connection with the assets of any of the Funds, Holders would be notified by way of an announcement through the ASX Market Announcements Platform giving at least 30 days' notice of such change in policy. A supplementary or new PDS would also be published.

All assets of each Fund will be held in segregated accounts with the Custodian. Further details relating to the Custodian can be found in Section 10 (*Additional Information*).

## 4.3 PERFORMANCE

Details of the performance of each Fund and how its performance compares to the performance of the relevant Index will be published on the website of the Responsible Entity at: [www.etfsecurities.com.au](http://www.etfsecurities.com.au). Past performance data in respect of that Fund and is available and information relating to the past performance of the Indices can be found on the website of the Responsible Entity [www.etfsecurities.com.au](http://www.etfsecurities.com.au). Investors should note that past performance is not an indicator or guarantee of future performance of a Fund.

An investment in any of the Funds will involve a degree of financial and investment risk. Investors should carefully consider the risks in this Section, as well as the other information contained in this PDS, before making an investment in any of the Funds. The key risks of an investment in the Funds are set out below. However, these are not the only risks and investors should speak to their financial, legal and tax advisers to determine if an investment in a Fund is appropriate for their particular circumstances and to understand the risks involved before investing.

The return of capital and the performance of any of the Funds is not guaranteed by any person or organisation, including the Responsible Entity or any entity within the ETFs Capital Group. Investors should be aware that there is no guarantee that the investment strategy used will meet the investment objectives of the Funds or that the process will not result in losses.

# 5. Risks

## 5.1 MARKET RISK

Market risk is the risk that the Net Asset Value of a Fund will fluctuate as a result of changes in the market prices of the securities held by that Fund and the financial markets as a whole. The return of a Fund may be adversely impacted by the performance of individual companies or securities, industry-wide events and overall market risk.

The performance of an Index and therefore of the relevant Fund will also be affected by a number of market variables that change daily, such as, interest rates, dividend payments, currency developments, the trading liquidity of the constituent securities, prevailing and anticipated economic conditions, technological, legal or political conditions and other inter-related factors which affect the performance of markets.

The return of a Fund may be lower than a return generated for other investments or funds under similar market conditions.

## 5.2 TRACKING RISK

At any time, the price at which Units of a Fund trade on the ASX may not reflect accurately the Net Asset Value of each such Unit. The Creation and Redemption procedures for Units and the role of market-makers are intended to minimise this potential difference or “tracking error”. However, the market price of Units of a Fund will be a function of supply and demand amongst investors wishing to buy and sell such Units and the bid-offer spread that market-makers are willing to quote for those Units.

## 5.3 LIQUIDITY RISK

Although it is expected that all of the Units of each Fund will be admitted to trading status on the AQUA market of the ASX, and a market maker has been appointed, there is no guarantee that there will be a liquid market for the Units. Investors are dependent on there being market makers making a market in Units or another appropriate arrangement to help maintain liquidity. If a market maker does not provide the market making services, the liquidity of the market for Units may be adversely affected. In these circumstances, the Responsible Entity will assume the obligations of a market maker and will seek to appoint another market maker.

Furthermore, in certain circumstances the ASX may suspend trading of the Units or remove the Units from quotation on the AQUA market, and the Responsible Entity may suspend Creations or Redemptions of a particular Fund in certain circumstances, which may or may not coincide with a trading suspension by the ASX. If during such a suspension those Units continue to trade on the AQUA market of the ASX, it is likely that the trading price for Units would differ from that Fund's Net Asset Value.

## 5.4 RESPONSIBLE ENTITY RISK

There is a risk that a Fund could terminate, that fees and expenses could change or that the Responsible Entity could be replaced as responsible entity of a Fund. Further, operational risks which arise as a result of carrying on a funds management business require the Responsible Entity and its external service providers to implement sophisticated systems and procedures. Some of these systems and procedures are specific to the operation of each Fund, and inadequacies within these systems and procedures or the people operating them could lead to a problem with each Fund's operation.

## 5.5 INDEX TRACKING RISK

Whilst the investment objective of each Fund is to track (before fees and expenses) the performance of the relevant Index and each Fund is passively managed to closely replicate the composition of the relevant Index, there is no guarantee that any of the Funds will produce returns that are the same as or similar to the Index. A Fund should not be expected to fully track the relevant Index at all times as its performance will be impacted by, not only the performance of the assets held by that Fund, but also, for example, by the fees and expenses incurred by that Fund including the Management Fee, operating expenses and the costs of buying and selling the assets held by that Fund.

Additionally, if any abnormal expenses or liabilities are incurred by a Fund, the Net Asset Value will be reduced and that Fund's ability to closely track the performance of the Index will be impacted.

## 5.6 INDEX EVENT RISK

An Index comprises a synthetic portfolio of shares or other assets and, as such, the performance of an Index is dependent upon the macroeconomic factors relating to the shares or other assets that comprise such Index, which may include interest rates and price levels on the capital markets, currency developments, political factors and (in the case of shares) company-specific factors such as earnings position, market position, risk situation, shareholder structure and distribution policy.

An Index Provider can add, delete or substitute the components of any Index tracked by or make other methodological changes that could change the level of one or more components. The modification of components of any Index may affect the level of such Index, as a newly added component may perform significantly worse or better than the component it replaces, which in turn may affect the performance of the relevant Fund. An Index Provider may also alter, discontinue or suspend calculation or dissemination of such Index.



The Index Provider will have no involvement in the offer and sale of Units in any Fund and will have no obligation to any investor in any Fund. An Index Provider may take any actions in respect of such Index without regard to the interests of the investors in the relevant Fund, and any of these actions could adversely affect the market value of that Fund or the ability of the Responsible Entity to track the performance of the Index.

In the event that an Index Provider suspends or ceases to publish an Index, the Responsible Entity may, subject to any approvals required by the ASX Operating Rules, elect a successor Index Provider or successor Index in respect of the affected Fund. Any change in the composition or calculation of an Index or the designation of any successor Index or Index Provider may have an adverse effect on the Net Asset Value of the relevant Fund.

### **5.7 INDEX SPECIFIC RISKS**

Risk factors that are specific to an Index tracked by a particular Fund are detailed in the relevant Fund Supplement.

### **5.8 CREDIT RISK**

In the case that a Fund transacts in derivatives or holds cash on deposit with a financial institution, the relevant Fund and the Holders in such Fund may be exposed to the credit risk of that financial institution. If that financial institution fails or becomes insolvent, the relevant Fund may lose some or all of its investments.

Nothing in this PDS is, or may be relied upon as being, a representation as to any future event or a promise as to the future of the ability of any institution with which any Fund transacts to perform its obligations.

The Responsible Entity is not responsible for the credit worthiness of any financial institution with which it deals on behalf of the Funds. The Responsible Entity will undertake reasonable due diligence on any counterparties as part of its risk management and compliance system and will only transact with a counterparty where it meets the Responsible Entity's criteria, from time to time.

### **5.9 TAX RISK AND REGULATORY CHANGE RISK**

The expected tax treatment of the Funds or an investment in the Funds may change as a result of changes in the applicable taxation and laws and interpretation of them and may impact the value of the Units of the Funds. A general summary of the treatment of the holding of Units is set out in Section 11 (*Taxation Considerations*).

We recommend that all investors seek independent advice before investing in a Fund. None of the Responsible Entity, ETFS (AUS) Pty Limited, nor any member of the ETFS Capital Group provides tax advice to investors and, does not take any responsibility for, the taxation implications in respect of an investment in a Fund.

The operation of the Funds and the offer of the Units and investments therein are subject to various laws and regulations which may change during the term of a Holder's investment.

### **5.10 CHANGE OF LAW RISK**

No assurance can be given as to the impact of any possible individual decision or changes to those laws and regulators which could have a negative impact on an investor's return.

### **5.11 POTENTIAL CONFLICTS OF INTEREST**

Members of the Responsible Entity's group of companies, the ETFS Capital Group or related entities may conduct transactions as principal or as agent in various financial instruments, including securities held by a Fund. These activities, trading activities or any other activities may affect (positively or negatively) the value of a security at any point in time.

Further, the Authorised Participants or their Affiliates also trade in various sectors of the equity markets.

These activities could give rise to conflicts of interest which are adverse to the interests of Holders and could have a negative impact on the Net Asset Value of the Units of some or all of the Funds which could result in a loss to Holders. For example, a market maker in a financial instrument linked to the performance of an Index or related indices may expect to hedge some or all of its position in that financial instrument. Purchase (or selling) activity in the components of an Index in order to hedge the market maker's position in the financial instrument may affect the market price of the equities upon which the Index based, which in turn would affect the value of that Index and the Net Asset Value of the Units of the relevant Fund.

With respect to any of the activities described above, no company in the ETFS Capital Group, the Index Providers, the Authorised Participants or their respective Affiliates has any obligation to the Funds to take the needs of any buyers, sellers or Holders into consideration at any time.

# 5. Risks

## 5.12 COMPLIANCE WITH FATCA AND GENERAL REPORTING REQUIREMENTS

The U.S. Hiring Incentives to Restore Employment Act resulted in the introduction of legislation in the U.S. known as the Foreign Account Tax Compliance Act (“**FATCA**”). Under FATCA, a 30 per cent withholding tax may be imposed on payments of U.S. source income and certain payments of proceeds from the sale of property that could give rise to U.S. source income, unless the Responsible Entity complies with requirements to report on an annual basis the identity of, and certain other information about, direct and indirect U.S. Holders issued by a Fund to the U.S. Internal Revenue Service (“**IRS**”) or to the relevant Australian authority for onward transmission to the IRS. A Holder that fails to provide the required information to the Responsible Entity may be subject to the 30 per cent withholding tax with respect to any payments directly or indirectly attributable to U.S. sources and the Responsible Entity might be required to redeem any Units held by such Holder.

Although the Responsible Entity will attempt to satisfy any obligations imposed on it to avoid the imposition of this withholding tax, no assurances can be given that the Responsible Entity will be able to satisfy such obligations. If a Fund becomes subject to a withholding tax as a result of FATCA, the return on some or all Units issued by that Fund may be materially and adversely affected. In certain circumstances, the Responsible Entity may compulsorily redeem some or all of the Units held by one or more Holders and/or may reduce the redemption proceeds payable to any Holder.

Additional reporting requirements may apply to the Responsible Entity in the future, due to the Australian Government’s intended implementation of the Common Reporting Standard (“**CRS**”) from 1 July 2017. CRS is a single global standard for the collection, reporting and exchange of financial account information on foreign tax residents. It is broadly based on the U.S. specific FATCA reporting requirement, and may require the Responsible Entity to collect certain information from Holders.

## 5.13 USE OF DERIVATIVES

Each Fund may utilise derivatives for efficient portfolio management and investment purposes from time to time when the Responsible Entity believes this to be appropriate. There is, however, no assurance that the objective sought to be obtained from the use of derivatives will be achieved. While the prudent use of derivatives can be beneficial, derivatives also involve risks different from and, in certain cases, greater than the risks presented by more traditional investments.

Risks in using derivatives include lack of liquidity, dependence on the ability to predict movements in the prices of securities on which the derivatives are based, the risk of mispricing or improper valuation of derivatives and imperfect correlation between the price of a derivative and the prices of the corresponding securities.

Improper valuations can result in increased cash payment requirements to counterparties or a loss of value to a Fund. Consequently, the Responsible Entity’s use of derivatives may not always be an effective means of, and sometimes could be counterproductive to, furthering a Fund’s investment objective. To the extent that a Fund invests in derivatives, that Fund may take a credit risk with regard to parties with whom it trades and may bear the risk of settlement default. Use of derivatives by the Responsible Entity will be limited to a counterparty credit exposure of no more than 5% of the total of funds under management of each Fund.

Many derivatives are bilateral transactions where market prices may be less transparent, and terms are individually negotiated and may be less standardised than would be the case for an on-exchange transaction. The Responsible Entity may not always be able to find a counterparty that is prepared to contract on its preferred terms and may have to accept less favourable pricing or other terms. The ability to unwind such a transaction, and the price for so doing, may be subject to similar factors.

## 5.14 CURRENCY

Fund assets may be denominated in a currency other than the AUD and changes in the exchange rate between AUD and the currency of the asset may lead to a depreciation of the value of the relevant Fund’s investments as expressed in AUD.

Performance of a Fund may be strongly influenced by movements in foreign exchange rates.

## 5.15 LIMITED RECOURSE

Upon Redemption, the Holder only has recourse to the redemption price of the redeemable Unit which is payable by the relevant Fund in the form of:

- (a) a specified basket of securities and cash; or
- (b) cash.

Should there be insufficient assets in a Fund, the Holder will have no recourse to any other assets of any of the other Funds or the Responsible Entity (except, in the case of the Responsible Entity, to the extent that the shortfall is due to fraud, wilful default or negligence of the Responsible Entity).

### **5.16 COMPULSORY EARLY REDEMPTION OF UNITS**

The Funds may each, in certain circumstances, redeem all or a portion of a Holder's Units of a particular class or classes.

Circumstances which may result in a Fund redeeming a Holder's Units early, and the notice periods that apply to such redemptions are set out in Sections 6.10 and 10.2(a) (*Trust Deeds of the Funds*) of this PDS. In these circumstances, a Fund will elect to redeem the outstanding Units.

Consequently, an investment in Units may be redeemed earlier than desired by a Holder.

### **5.17 PERFORMANCE BY A FUND AND PARTIES TO MATERIAL CONTRACTS**

The value of a Unit depends on the ability of a Fund to perform its obligations under the Trust Deed as well as the ability of various persons to perform their obligations under the material contracts summarised in Section 10.2 (*Summary of Material Documents*) of this PDS. These obligations are unsecured contractual obligations of each Fund or other third parties which will rank equally with other unsecured contractual obligations of these parties other than liabilities mandatorily preferred by law. Investors must make their own assessment of the ability of a Fund and any person involved in performing an obligation under the Transaction Documents in meeting their obligations concerning the Units.

This is not an exhaustive list of risks in the relation to an investment in Units. Prospective investors should consult with their financial adviser prior to making any investment and consider how an investment in Units may fit into their own portfolio in light of their objectives, circumstances and needs.

### **5.18 ERRORS OR INACCURACIES IN AN INDEX**

There is a risk that there may be inaccuracies, errors, omissions or mistakes in the compilation or calculation of the Index, which may result in significant deviations between the Net Asset Value and the Index. Examples of the types of errors which might occur include: the closing price of a constituent security of the Index on a given day not being accurately reflected in the Net Asset Value; a missed corporate event; a deviation from what is stated in the methodology document for the Index; and a late announcement in respect of a constituent security of the Index.

### **5.19 LICENCE TO USE THE INDEX MAY BE TERMINATED**

The Responsible Entity has been granted a licence by the Index Provider to use the Index in connection with the operation, marketing and promotion of the Fund. There is a risk that the Fund may be terminated if the applicable Index Licence Agreement is terminated and the Responsible Entity is unable to identify or agree with the Index provider or any other index provider terms for the use of a suitable replacement index that gives, in the opinion of the Responsible Entity, the same or substantially similar exposure as the Index. Investors should note that the ability of the Fund to track the Index depends on the continuation in force of the Index licence agreement in respect of the Index or a suitable replacement.

# 6. Trading of Units

## 6.1 OVERVIEW

An application for Units (a “**Creation Request**”) or a request to redeem Units (a “**Redemption Request**”) may only be made by an Authorised Participant and may only be made in integer multiples of Creation Units. Redemptions are generally further restricted to Authorised Participants who are resident in Australia.

Creations and Redemptions are offered both in cash and, where agreed to by the Responsible Entity, for in specie consideration. In specie Creations and Redemptions may be charged an additional fee by the Responsible Entity.

Please refer to Section 10 (*Additional Information*) for further information on the roles and responsibilities of Authorised Participants and how to become an Authorised Participant.

Other investors may purchase or sell Units on the ASX through their broker.

## 6.2 SUBMISSION OF CREATION REQUESTS AND REDEMPTION REQUESTS

Creation Requests and Redemption Requests in respect of a Fund must be made by the relevant Dealing Deadline for that Fund on any Dealing Day for processing that day. Requests submitted after that time or otherwise than on a Dealing Day will be processed on the following Dealing Day. The date of processing of the Creation Requests and Redemption Requests is known as the Effective Date.

### The System

The Responsible Entity has implemented a system (the “**System**”) for enabling Authorised Participants to make Creation Requests and Redemption Requests by means of a secure website and has agreed terms and provisions with the Authorised Participants to enable use of such System in substitution for the lodging of forms.

It is expected that all Creations and Redemptions will be requested using the System.

In the event of a failure in the System, Creations and Redemptions may be requested using the forms and notices described below.

### Forms

When the System is not in use, as notified to Authorised Participants by the Responsible Entity, Creation Requests and Redemption Requests must be submitted through the use of paper forms in such form as provided by the Responsible Entity or the Administrator, unless such condition is waived by the Responsible Entity or the Administrator. Completed forms should be submitted by email (details below), with the originals to follow via courier to the Responsible Entity at the mailing address below.

### Email address:

primarymarkets@etfsecurities.com.au

### Mailing address:

Level 7, 50 King Street,  
Sydney, NSW 2000 Australia

All messages sent via email must contain a duly signed document as an attachment.

Notwithstanding the method of communication, the Responsible Entity and/or the Administrator reserve the right to ask for the production of original documents or other information to authenticate the communication. In the case of mis-receipt or corruption of any message, the Authorised Participant will be required to re-send the documents.

Each Authorised Participant will also be required to acknowledge in any Creation Request or Redemption Request that Responsible Entity and/or the Administrator may disclose to each other, to any other service provider for the Funds or to any regulatory body in any applicable jurisdiction to which any of the Responsible Entity and/or the Administrator is or may be subject, copies of the Authorised Participant’s Creation Requests or Redemption Requests and any information concerning the Authorised Participant in their respective possession, whether provided by the Authorised Participant to the Responsible Entity and/or the Administrator or otherwise, including details of that Authorised Participant’s holdings in the Funds, historical and pending transactions in the Units of any fund and the values thereof, and any such disclosure shall not be treated as a breach of any restriction upon the disclosure of information imposed on any such person by law or otherwise.

A binding commitment to apply for or redeem Units is irrevocable without the consent of the Responsible Entity. The Responsible Entity may reject a Creation Request for Units in whole or in part without giving any reason for the rejection.

## 6.3 CREATION REQUESTS

Only Authorised Participants may apply for the creation of Units. Creation Requests may generally be submitted on every Dealing Day (save during any period when the calculation of the Net Asset Value is suspended) at the Net Asset Value per Unit less any Transaction Costs which are payable on the Units to be created.

Units will be issued on the basis of the Net Asset Value calculated at the Valuation Time on the relevant Dealing Day. Creation Requests must be received by the Dealing Deadline.

Any Creation Requests received after that time will be held over until the next Dealing Day, unless accepted for dealing on the relevant Dealing Day at the discretion of the Responsible Entity or its delegates, provided they are received prior to the Valuation Time.

The minimum number of Units for Creation Requests is one Creation Unit, which minimum may be reduced in any case by the Responsible Entity in its discretion. Creation Requests must be in integer multiples of the particular Fund's Creation Unit, which minimum may be reduced in any case by the Responsible Entity in its discretion.

A Creation Fee will be charged to Authorised Participants in respect of all Creation Requests received for a particular Fund on a particular Dealing Day (which may be waived in whole or in part at the Responsible Entity's or their delegate's discretion). The Creation Fee applicable to a particular Fund is set out in the relevant Fund Supplement.

Creation Requests must be made before the Dealing Deadline in accordance with the specific procedures made available by the Responsible Entity. All Creation Requests will be binding and irrevocable.

The Responsible Entity may reject any Creation Request in its discretion.

The Responsible Entity must accept the Creation Request prior to any delivery instructions being issued to the Custodian in relation to the cash (in the case of Creations in cash) or in securities or cash in the Portfolio Deposit (in the case of Creations in specie).

Upon receipt of a valid Creation Request, the Responsible Entity will do everything necessary to deal with the Units in accordance with the Creation Request. A Creation Request is valid only if:

- (a) it contains all the information required by the Responsible Entity;
- (b) it specifies a whole number of Units to be created;
- (c) it is for at least one Creation Unit; and
- (d) it is lodged with the Responsible Entity by the Dealing Deadline on a Dealing Day.

## **CREATIONS IN CASH**

### **General**

Authorised Participants may generally subscribe in cash in a Fund at any time.

The minimum number of Units for cash Creation Requests is one Creation Unit, which minimum may be reduced in any case by the Responsible Entity in its discretion. Cash Creation Requests must be in integer multiples of that Fund's Creation Unit.

### **Subscription price during the Initial Offer Period**

The subscription price of Units subscribed for during an Initial Offer Period for a Fund shall be set out in the relevant Fund Supplement.

### **Subscription price following the Initial Offer Period**

The subscription price of Units subscribed following an Initial Offer Period for a Fund will be the aggregate of (a) the Net Asset Value per Unit on the relevant Dealing Day of the Units and (b) if applicable, any Transaction Costs, which must be received by the Custodian by the designated time. The Creation Fee will also be payable at this time and may be deducted by the Responsible Entity from the subscription amount.

## **CREATIONS IN SPECIE**

### **General**

Authorised Participants may subscribe in specie in a Fund (i.e. by the transfer of assets or predominantly assets to that Fund) only when agreed in advance with the Responsible Entity.

The minimum number of Units for in specie Creation Requests is one Creation Unit, which minimum may be reduced in any case by the Responsible Entity in its discretion. In specie Creation Requests must be in integer multiples of that Fund's Creation Unit, which minimum may be reduced in any case by the Responsible Entity in its discretion.

Assets delivered in connection with in specie Creation Requests shall be valued in accordance with the provisions of this PDS and the Trust Deed of the relevant Fund. Units in the relevant Fund shall not be issued until the Portfolio Deposit, the In Specie Transaction Fee and, if applicable, Transaction Costs have been received by the Custodian. All assets contained within the Portfolio Deposit must comply with the investment objective, investment policy and restrictions of the relevant Fund.

### **Subscription price during the Initial Offer Period**

The subscription price of Units subscribed for on an in specie basis during an Initial Offer Period for a Fund shall be set out in the relevant Fund Supplement.

### **Subscription price following the Initial Offer Period**

The subscription price of Units subscribed for on an in specie basis following an Initial Offer Period for a Fund will be the aggregate of (a) the Net Asset Value per Unit on the relevant Dealing Day of the Units comprising the Creation Unit, (b) if applicable, any Transaction Costs, and (c) if applicable, any additional payments in the event of failure to deliver the Portfolio Deposit in the manner described below.

The subscription price per Creation Unit will be payable by transferring the Portfolio Deposit plus a cash amount equal to the relevant In Specie Transaction Fee, Creation Fee and any applicable Transaction Costs.

# 6. Trading of Units

## NOTIFICATION OF CASH COMPONENT, IN SPECIE TRANSACTION

### Fee and Transaction Costs

On the Dealing Day following the Effective Date, the Responsible Entity will report to the applicant the amounts of the Cash Component, In Specie Transaction Fee, Creation Fee and Transaction Costs, if any, to be delivered by the applicant to the Custodian with the Portfolio Deposit, and in the case of the Cash Component if that is properly payable by the Authorised Participant or the Fund.

### Settlement of Creations

Creation Requests received before the Dealing Deadline on a Dealing Day will generally be settled as follows:

#### Settlement in AUD

Creation of Units in return for AUD will generally be settled with an Authorised Participant in CHESS on the relevant Settlement Date on a delivery versus payment basis.

In the case of Creations this means delivery of the AUD representing the subscription price from the Authorised Participant in exchange for delivery by the relevant Fund of the Units the subject of the Creation Request.

#### Settlement in specie

In respect of a Fund which is not an In Specie DvP Fund, Creation of Units in return for the Portfolio Deposit will generally be delivered to an Authorised Participant in CHESS on the relevant Settlement Date on a free of payment basis provided that the Authorised Participant has delivered the Portfolio Deposit representing the subscription price to the relevant Fund by the relevant Delivery Deadline. In respect of an In Specie DvP Fund, Creation of Units in return for the Portfolio Deposit will generally be delivered to an Authorised Participant in CHESS on the relevant Settlement Date on a delivery versus payment basis.

#### Failure to deliver securities

In the event that an Authorised Participant fails to deliver to the Responsible Entity the amount of cash or securities required in relation to a Creation Request, the Responsible Entity or its delegate may reject the Creation Request, or may require the Authorised Participant to pay a fee at least equal to the closing value of such undelivered securities on the Dealing Day for the relevant Dealing Day. The Responsible Entity will have the right to sell or redeem all or part of the Authorised Participant's holding of Units in a Fund (or any other Fund) in order to meet some or all of these charges.

## 6.4 REDEMPTION REQUESTS

Where a Fund is liquid, Units may generally be redeemed by Authorised Participants only on every Dealing Day (save during any period when the calculation of the Net Asset Value is suspended) at the Net Asset Value per

Unit less any Transaction Costs and less any redemption dividend which is payable on the Units to be redeemed (see the heading entitled "Redemption Dividend" below). Other holders may redeem Units with the Responsible Entity directly only if there are no Authorised Participants or as otherwise announced by the Responsible Entity.

Units will be redeemed at the redemption price calculated at the Valuation Time on the relevant Dealing Day. Redemption Requests must normally be received by the Dealing Deadline. Any Redemption Requests received after that time will normally be held over until the next Dealing Day but may be accepted for dealing on the relevant Dealing Day, at the discretion of the Responsible Entity or its delegates, provided they are received prior to the Valuation Time.

Redemption payments will not be made to third parties and no redemption proceeds shall be paid until all anti-money laundering procedures have been completed.

The minimum number of Units for Redemption Requests is one Creation Unit, which minimum may be reduced in any case by the Responsible Entity in its discretion. Redemption Requests must be in integer multiples of that Fund's Creation Unit, which requirement may be waived or altered in any case by the Responsible Entity in its discretion.

In the event that that the Responsible Entity has notified Holders that an affected Fund is open for direct redemptions by Holders other than Authorised Participants, then the minimum number of Units referred to above will not apply.

Where the total Redemption Requests for the Fund represents 10% or more of the Net Asset Value of the Fund, the Responsible Entity may reduce each Redemption Request rateably so that the total number of Units of the Fund for redemption on that Dealing Day shall not exceed 10% of the Net Asset Value of the Fund.

A Redemption Fee will be charged to Authorised Participants in respect of all Redemption Requests received for a particular Fund on a particular Dealing Day (which may be waived in whole or in part at the Responsible Entity's or their delegate's discretion). The Redemption Fee applicable to a particular Fund is set out in the relevant Fund Supplement.

Redemption Requests must be made before the Dealing Deadline in accordance with the specific procedures made available by the Responsible Entity. All Redemption Requests will be binding and irrevocable.

The Responsible Entity must accept the Redemption Request prior to any delivery instructions being issued to the Custodian in relation to the cash (in the case of Redemptions in cash) or in securities or cash in the Portfolio Deposit (in the case of Redemptions in specie).

Units the subject of a Redemption Request cannot be transferred. Upon receipt of a valid Redemption Request, the Responsible Entity will do everything necessary to deal with the Units in accordance with the Redemption Request. A Redemption Request is valid only if:

- (a) it provides all information requested by the Responsible Entity including any information necessary to fully redeem Units;
- (b) it specifies a whole number of Units to be redeemed;
- (c) the Redemption Request is given by the person who, to the knowledge, or in the reasonable opinion of the Responsible Entity, was registered as the Holder of that Unit at the Dealing Deadline on the day on which the Redemption Request is received; and
- (d) it is made prior to the relevant Dealing Deadline for the relevant Fund.

## SUSPENSION OF REDEMPTIONS

The Trust Deed for each Fund allows the Responsible Entity, subject to the Corporations Act, to suspend the redemption or creation of Units for up to 28 days in certain circumstances, including, if:

- (a) it is impracticable for the Responsible Entity to calculate the Net Asset Value;
- (b) the redemption would cause the Responsible Entity to breach a law, regulation or obligation;
- (c) quotation of Units is suspended, halted or revoked or the Responsible Entity's approval as an AQUA Product issuer is suspended or revoked;
- (d) the investments of the Fund suspend, delay or restrict the redemption, issue or payment of redemption proceeds or are unable to provide a withdrawal price;
- (e) assets of the Fund cannot be realised at prices which would be obtained if they were realised in an orderly fashion over a reasonable period in a stable market;
- (f) the Responsible Entity reasonably estimates that it must sell 10% or more (by value) of the assets of a Fund to meet unmet Redemption Requests;
- (g) Holders who continue to hold Units may bear a disproportionate burden of capital gains tax or other expenses or would otherwise be at a disadvantage;
- (h) as allowed by ASIC relief or the Responsible Entity considers that it is in the best interests of the Holders; or
- (i) it is otherwise legally permitted.

## CASH REDEMPTIONS

### Redemption price

Any Redemption Requests will be dealt with at the Net Asset Value per Unit next calculated after the Dealing Deadline, less any associated Transaction Costs, Redemption Fee or In Specie Transaction Fee and redemption dividend which is payable on the Units redeemed, as specified in the relevant Fund Supplement.

Redemption Requests for redemptions received by a Fund on any Dealing Day before the relevant Dealing Deadline will be processed on that Dealing Day by reference to the next calculated Net Asset Value per Unit. Any Redemption Requests received after that time will normally be held

over until the next Dealing Day but may be accepted for dealing on the relevant Dealing Day (at the discretion of the Responsible Entity) provided that such Redemption Requests are received prior to the Valuation Time for such Dealing Day.

### In specie Redemptions

Authorised Participants may only apply for Redemptions in specie when agreed in advance with the Responsible Entity.

### Redemption Price

The redemption price for each Creation Unit will be equal to the aggregate of the Net Asset Value per Unit on the relevant Dealing Day of the Units comprising the Creation Unit less, in respect of each Creation Unit, any Transaction Costs, Redemption Fee or In Specie Transaction Fee and redemption dividend payable on the Units redeemed. The redemption price for an in-specie Redemption Request will be payable by transferring assets (which may include a cash component) equal in value to the redemption price to the Authorised Participant.

## NOTIFICATION OF CASH COMPONENT, IN SPECIE TRANSACTION

### Fee and Transaction Costs

On the Dealing Day following the Effective Date, the Responsible Entity will report to the Authorised Participant the amount of the Cash Component to be delivered by the Custodian to the Authorised Participant with the Portfolio Deposit or deducted from the Redemption Price and the amounts of the In Specie Transaction Fee, Redemption Fee and Transaction Costs, if any, to be deducted by the Custodian from the redemption proceeds. The Administrator will identify the portion of such proceeds represented by any redemption dividend that is being paid to the redeeming Holder.

### Partial Cash Settlement

The Responsible Entity may, in its absolute discretion, satisfy part of the in specie Redemption Request in cash, for example in cases in which it believes that a security held by a Fund is unavailable for delivery or where it believes that an insufficient amount of that security is held for delivery to the Authorised Participant for redemption in specie.

### Settlement of Redemptions

Redemption Requests received before the Dealing Deadline on a Dealing Day will generally be settled as follows:

#### Settlement in specie

In respect of a Fund which is not an In Specie DvP Fund, Redemption of Units in return for the Portfolio Deposit will generally be settled on the relevant Settlement Date on a free of payment basis provided that the Authorised Participant has delivered the Units the subject of the Redemption Request to the relevant Fund in CHESS. This

# 6. Trading of Units

means delivery by the Authorised Participant of the Units the subject of the Redemption Request to the Responsible Entity, following which the Responsible Entity will transfer the redemption proceeds (being the redemption price less the Transaction Costs) in the Portfolio Deposit to the account designated for such by the Authorised Participant.

In respect of an In Specie DvP Fund, Redemption of Units in return for the Portfolio Deposit will generally be settled on the relevant Settlement Date on a delivery versus payment basis in CHESS. This means delivery by the Authorised Participant of the Units the subject of the Redemption Request in exchange for delivery by the relevant Fund of the redemption proceeds (being the redemption price less the Transaction Costs) in the Portfolio Deposit through CHESS.

## Settlement in AUD

Redemption of Units in return for AUD will generally be settled with an Authorised Participant in CHESS on the relevant Settlement Date on a delivery versus payment basis.

This means delivery by the Authorised Participant of the Units the subject of the Redemption Request in exchange for delivery by the relevant Fund of the AUD.

## Failure to Deliver Units

In the event that an Authorised Participant fails to deliver to the Responsible Entity the Units the subject of a Redemption Request, such Units will not be redeemed and the Redemption Request will be deemed rejected by the Responsible Entity. In addition, the Responsible Entity may require the Authorised Participant to pay a fee at least equal to the costs or losses incurred by it or the relevant Fund in connection with the original Redemption Request.

## Redemption Dividend

A Fund may pay a redemption dividend on any Units which are the subject of a valid Redemption Request. The redemption dividend will reflect accrued income in the Net Asset Value of the Units concerned, will become due immediately prior to the redemption of the Units and paid to the Holder on the same day as the redemption proceeds. The redemption dividend will be taken into account in determining the redemption price.

## 6.5 THE SECONDARY MARKET FOR UNITS

The Units are intended to be quoted on the ASX. Holders are generally expected to buy and sell their Units through trading on the ASX. The ASX takes no responsibility for the contents of this PDS.

The Units are expected to be available for continuous trading throughout the day on the ASX, and will be quoted products traded in SEATS and settled via CHESS.

ASX quotation of the Units will be pursuant to the AQUA Rules. Each Fund and its Units will not be listed on the ASX pursuant to the ASX Listing Rules. The Units are quoted under the AQUA Rules because the value (or price) of the Units is dependent upon the performance of the underlying Index rather than the financial performance of a particular Fund. Accordingly, a great deal of the disclosure, corporate governance and corporate control rules in the ASX Market Rules for the shares of listed companies do not apply to the Units.

More information about the AQUA Rules is available from the ASX's website: [www.asx.com.au](http://www.asx.com.au). A summary of the main differences between a quotation on the AQUA market and a listing in accordance with the ASX Listing Rules is also set out at the front of this PDS.

Investors may be charged a brokerage or commission by their broker when buying and selling Units on the ASX. All investors should refer to their broker for further details on their fees and charges.

## 6.6 HOLDER REDEMPTIONS IN EXTRAORDINARY CIRCUMSTANCES

In certain exceptional circumstances, for example where there are no Authorised Participants, Holders who are not Authorised Participants may redeem their Units directly with the Funds by completing a Redemption Form. Holders redeeming in these circumstances will receive a cash amount equal to the Net Asset Value per Unit of the relevant Fund multiplied by the number of Units being redeemed less any applicable fees as described above.

## Suspension of AQUA market trading

If Units are suspended from trading on the AQUA market for more than 5 consecutive trading days, Holders (including those Holders who are not Authorised Participants) have a right to withdraw from a Fund and receive payment for their interests in money within a reasonable time of request unless any of the following apply:

- (a) the relevant Fund is being wound-up;
- (b) the relevant Fund is not liquid as defined in subsection 601KA(4) of the Corporations Act; or
- (c) the Responsible Entity suspends withdrawals in accordance with the Trust Deed.

## Illiquid Fund

If a Fund is not liquid (as defined in subsection 601KA(4) of the Corporations Act), Holders (including Authorised Participants) will have no right to redeem their Units and will only be able to redeem where the Responsible Entity makes a withdrawal offer to Holders in accordance with the Corporations Act. The Responsible Entity is not required to make any such offer.



## 6.7 HOLDING LOCKS

While any Fund is quoted and subject to the AQUA Rules, the Responsible Entity may request a Holding Lock be applied to any of its Units where:

- (a) the Responsible Entity has a lien on the Units the subject of the transfer;
- (b) the Responsible Entity is served with a court order that restricts a Holder's capacity to transfer the Unit;
- (c) registration of the transfer may break an Australian law and the ASX has agreed in writing to the application of a Holding Lock (which must not breach the Settlement Rules) or that the Responsible Entity may refuse to register a transfer;
- (d) if the transfer is paper-based, either a law related to stamp duty prohibits the Responsible Entity from registering it or the Responsible Entity is otherwise allowed to refuse to register it under the AQUA Rules;
- (e) if the transfer is paper-based, registration of the transfer will create a new holding which at the time the transfer is lodged is less than a 'marketable parcel' as defined in the AQUA Rules;
- (f) the Holder has lodged a Redemption Request, and for any reason whatsoever, the Units have not terminated;
- (g) the relevant Holder has agreed in writing to the application of a Holding Lock (which must not breach the Settlement Rules) or that the Responsible Entity may refuse to register a transfer; or
- (h) it is otherwise permitted under the AQUA Rules, and the Responsible Entity must do so if the AQUA Rules require, but must tell the Holder or the broker as the Corporations Act or the AQUA Rules require.

## 6.8 PUBLICATION

The Net Asset Value of each Fund will be published on each Business Day on the website of the Responsible Entity at [www.etfsecurities.com.au](http://www.etfsecurities.com.au).

In addition, each Fund's full portfolio holdings will be published on a daily basis on [www.etfsecurities.com.au](http://www.etfsecurities.com.au) at the same that Authorised Participants and market makers are provided with portfolio composition files.

## 6.9 CHESS

The Funds participate in the Clearing House Electronic Sub Register System ("CHESS"). The Funds will not issue certificates for Units to Authorised Participants who are issued Units. The Registrar, on behalf of the Funds, will provide each Holder with an uncertificated securities holding statement which will set out the Units issued or transferred to the Holder. If applicable, the holding statement will inform each Holder of their "Holder Identification Number" and the "Sponsoring Issuer Number" as used by CHESS.

## 6.10 COMPULSORY REDEMPTION

The Responsible Entity may in its absolute discretion, upon a minimum of 60 days' notice to a Holder, redeem all or a portion of Units of a Fund held by such Holder in its absolute discretion if:

- (a) the Responsible Entity believes that the Units are held in breach of prohibitions contained in the Trust Deed;
- (b) the Responsible Entity determines that the Fund is uneconomical to operate;
- (c) a Holder made a misrepresentation in acquiring its Units;
- (d) a Holder is a registered holder of Units having an aggregate value of less than the "Minimum Balance" (as that term is defined in the Trust Deed), provided that it does so in accordance with the terms of the Trust Deed, the Corporations Act (including any ASIC Relief) and the AQUA Rules (while the Scheme is Quoted); or
- (e) subject to the Corporations Act and the AQUA Rules, the Responsible Entity considers it to be in the best interests of members or in such other circumstances as the Responsible Entity determines in its absolute discretion.

The Responsible Entity may in its absolute discretion, upon a minimum of 3 Business Days' notice to a Holder, redeem all or a portion of Units of a Fund held by such Holder in its absolute discretion if:

- (a) the Responsible Entity believes that the Units are held in circumstances which might result in a violation of an applicable law or regulation, or subject the Fund to taxation or otherwise adversely affect the Fund in any material respect; or
- (b) the Responsible Entity determines that the continued participation of a Holder might cause the Responsible Entity or any Holder to violate any law or if any litigation is commenced or threatened against the Responsible Entity or any Holder arising out of the participation of the Holder in the Fund.

## 6.11 PAYMENT METHOD

Any cash payments to be made to Holders (including Authorised Participants) may be paid in any manner the Responsible Entity determines, such as by electronic means.

# 7. Valuation and Unit Pricing

## 7.1 NET ASSET VALUE

The amount per Unit payable from or to an Authorised Participant upon a Creation or Redemption is calculated by reference to the Net Asset Value of the relevant Fund to which it relates. The Net Asset Value of a Fund is calculated by totalling the values of each of the assets of that Fund and deducting from such total all Liabilities attributable to the Relevant Fund.

The Net Asset Value per Unit will then be determined using the following formula:

$$\frac{\text{NET ASSET VALUE OF THE PARTICULAR FUND}}{\text{NUMBER OF UNITS OF THE PARTICULAR FUND ON ISSUE}}$$

with each input calculated as at the Valuation Time for that Fund. The Net Asset Value of each Fund will be an amount determined in AUD and will be published on the Responsible Entity's website at [www.etfsecurities.com.au](http://www.etfsecurities.com.au). The Net Asset Value will be calculated at the Valuation Time on each Dealing Day.

## 7.2 INDICATIVE NET ASSET VALUE PER UNIT

As at the date of this PDS, the Responsible Entity does not intend to make available an estimated indicative Net Asset Value per Unit ("iNAV") for all of the Funds. However, if the Responsible Entity decides to provide an indicative Net Asset Value per Unit ("iNAV") for a particular Fund it will publish the iNAV on the Responsible Entity's website ([www.etfsecurities.com.au](http://www.etfsecurities.com.au)) on each Dealing Day. The iNAV will be calculated based upon information available to the Responsible Entity or its designate during the Dealing Day or any portion of the Dealing Day from time to time, and for informational purposes only. 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 the ASX, and may not reflect the true value of a Unit. Investors interested in applying for or redeeming Units, or buying or selling Units on the ASX, 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. No assurance can be given that any iNAV will be published continuously, will be up to date or free from error.

## 7.3 LIABILITIES OF THE FUNDS

The Responsible Entity expects that the only liabilities that will be incurred by each Fund will be the Management Fees and certain expenses set out in Section 8 (*Fees and Expenses*).

## 7.4 VALUATION POLICY

It is expected that a Fund's assets will consist largely of a portfolio of shares along with cash and derivative contracts from time to time.

Shares will be valued at their official closing level on their Primary Exchange.

Cash will be valued at its notional value in AUD at the Valuation Time.

The value of derivative contracts will be valued by the counterparty, acting at arms-length. The valuations will depend on factors including the change in the level of the Index and/or the constituent shares, the time remaining to maturity, the volatility of the Index and/or the constituent shares and prevailing interest rates.

To the extent any of a Fund's assets are denominated in a currency other than AUD, their value shall be calculated in AUD using the prevailing exchange rate at the relevant Valuation Time, as determined by the Responsible Entity. In determining the Net Asset Value of a Fund and the Net Asset Value per Unit of a Fund, the Administrator will follow the valuation policy as set out above. For the purpose of calculating the Net Asset Value of a Fund, the Administrator shall, and shall be entitled to, rely on, and will not be responsible for the accuracy of, financial data furnished to it by the Responsible Entity, market makers and/or independent third party pricing services. The Administrator may also use and rely on industry standard financial models in pricing any of a Fund's securities or other assets. If and to the extent that the Responsible Entity is responsible for or otherwise involved in the pricing of any of a Fund's portfolio securities or other assets, the Administrator may accept, use and rely on such prices in determining the Net Asset Value of a Fund and shall not be liable to a Fund or Holders and in so doing.

The valuation methods applied by the Responsible Entity to value a Fund's assets and liabilities are consistent with applicable industry standards and result in Net Asset Value per Unit calculations that are independently verifiable. The Responsible Entity's Unit Pricing Policy contains further information about how it calculates the NAV per Unit.

This policy complies with ASIC requirements, and the Responsible Entity will observe this policy in relation to the calculation of the NAV per Unit and will record any exercise of discretion outside the scope of this policy. Investors can request a copy of the policy free of charge by contacting the Responsible Entity. Details of the daily Net Asset Value per Unit will be published by the Responsible Entity on its website at [www.etfsecurities.com.au](http://www.etfsecurities.com.au) on each ASX Trading Day.

# 8. Fees and Expenses

## 8.1 CONSUMER ADVISORY WARNING

### 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 investment balance rather than 1% could reduce your final return by up to 20% over a 30-year period (for example, reduce it from \$100,000 to \$80,000). You should consider whether features such as superior investment performance or the provision of better member services justify higher fees and costs. You may be able to negotiate to pay lower contribution fees and management costs where applicable. Ask the fund or your financial adviser.

### TO FIND OUT MORE

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

This document 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 a Fund as a whole. Information in relation to taxes is set out in another part of this document.

You should read all the information about fees and costs because it is important to understand their impact on your investment. The fees and costs for particular Funds are set out in the relevant Fund Supplement. Unless otherwise stated, all amounts specified in this PDS are inclusive of GST, net of any reduced input tax credits.

## 8.2 TYPES OF FEES OR COSTS

The table below sets out the range of fees payable under this PDS. The specific amount of fees for each Fund is set out in the relevant Fund Supplement. Holders should refer to the Relevant Fund Supplement for more information.

TYPE OF FEE OR COST	AMOUNT	HOW AND WHEN PAID
<b>Fees when your money moves in or out of the Fund:</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.	Authorised Participants: \$650, plus (in the case of an in specie creation request) up to 0.5% of the aggregate subscription amount  Other Holders: \$0	A fee payable only by Authorised Participants to the Responsible Entity and may be deducted from the subscription amount. For the contribution fee applicable to a particular Fund, please see the relevant Fund Supplement.  The amount of the In Specie Transaction Fee will be made available to Authorised Participants prior to transacting.

## 8. Fees and Expenses

TYPE OF FEE OR COST	AMOUNT	HOW AND WHEN PAID
<b>Withdrawal fee:</b> The fee on each amount you take out of your investment.	Authorised Participants: \$650, plus (in the case of an in specie redemption request) up to 0.5% of the aggregate redemption amount Other Holders: \$0	A fee payable only by Authorised Participants to the Responsible Entity and may be deducted from the redemption amount. For the redemption fee applicable to a particular Fund, please see the relevant Fund Supplement.  The amount of the In Specie Transaction Fee will be made available to Authorised Participants prior to transacting.
<b>Exit fee:</b> The fee to close your investment.	Nil.	Not applicable.
<b>Management Costs:</b>		
<b>Management Costs:</b> The fees and costs for managing your investment.	<b>0.57%–0.69%</b> of the Net Asset Value of the Fund	As at the date of this PDS, the management costs of the Fund consist of the following components:  <b>Management fee</b> <b>0.57%–0.69%</b> 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 in arrears after the end of the relevant month.  Plus <b>Indirect costs</b> <b>0.00%</b> per annum of the Fund's Net Asset Value.  For the management costs applicable to a particular Fund, please see the relevant Fund Supplement.
<b>Service fees:</b>		
<b>Switching fee:</b> The fee for changing investment options.	Nil.	Not applicable.

\*A buy/sell spread and Transaction Costs may also apply. Please see Section 8.3 (*Additional Explanation of Fees and Costs*) for more information.

Any of the Fees set out above may in some cases and if permitted by applicable laws and regulations be negotiated with certain investors.

### 8.3 EXAMPLE IMPACT OF FEES ON THE NET ASSET VALUE ON A FUND

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

EXAMPLE – ETFS SEMICONDUCTOR ETF	AMOUNT	BALANCE OF \$50,000 WITH A CONTRIBUTION OF \$5,000 DURING YEAR*
<b>Contribution Fee</b>	\$650 if you are an Authorised Participant*	For every additional \$5,000 you put in, you will be charged: > <b>\$650</b> if you are an Authorised Participant; and > <b>\$0</b> if you are not an Authorised Participant.
<b>PLUS Management Costs</b>	0.57% per annum of the Net value of the Fund	AND for every \$50,000 you have in the Fund you be charged <b>\$285</b> per year
<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 during that year, you would be charged fees of: > <b>\$935</b> if you are an Authorised Participant; and > <b>\$285</b> if you are not an Authorised Participant.  <b>What it costs you incur will depend on if you are an Authorised Participant, the Fund you invest in and the fees you negotiate.</b>

\*\*We have assumed that the \$5,000 contribution is made by way of a cash subscription on the last day of the year. If you subscribe by way of an in specie subscription, you may also be charged an In Specie Transaction Fee.

\*\*Please note that this is an example only. In practice, the actual investment balance of a Holder will vary daily and the actual fees and expenses we charge are based on the value of a Fund, which fluctuates daily. Also note that the Management Fee and Creation Fee may be different from Fund to Fund and will be specified in the relevant Fund Supplement.

### 8.4 ADDITIONAL EXPLANATION OF FEES AND COSTS

#### Creation and Redemption Fees

Fees as set out in the relevant Fund Supplement will be charged to Authorised Participants in respect of all Creation Requests and Redemption Requests (subject to the discretion of the Responsible Entity to waive such fees in whole or in part).

Creation Fees and Redemption Fees are paid to the Responsible Entity out of the subscription amount or redemption amount. The Responsible Entity may waive or vary the Creation and Redemption Fees at any time provided that any increase in these fees shall only be done following 30 days' notice given to Authorised Participants announcement on the ASX Market Announcements Platform.

The Creation and Redemption Fees are not deducted from the assets of a Fund and do not therefore affect the Net Asset Value of the Funds.

Authorised Participants may also be charged an 'In Specie Transaction Fee' by the Responsible Entity upon receipt of an in specie Creation Request or in specie Redemption

Request up to 0.5% of the aggregate subscription amount or redemption amount. The amount of this fee will be made available to Authorised Participants prior to transacting and will be paid out of the subscription amount or redemption amount.

#### Management Costs

The management costs for the Fund include all relevant ongoing fees and other costs involved in managing the Fund. The management costs are made up of the Management Fee, recoverable expenses (if any) and indirect costs (if any).

#### Management Fee

The Management Fee is charged by the Responsible Entity for overseeing each Funds' operations, providing access to each Fund, and managing their investment strategies. The Management Fee accrues daily in the Net Asset Value of each Fund and is payable to the Responsible Entity in arrears after the end of the relevant month.

The Management Fee applicable to each Fund is set out in the relevant Fund Supplement.

# 8. Fees and Expenses

## Recoverable expenses

The recoverable expenses represent the operating expenses incurred in the operation of the Fund, which may be recovered by the Responsible Entity.

For all of the Funds the Responsible Entity shall pay from its Management Fee the customary administrative expenses of the relevant Funds, including levies, duties and fees of other service providers (but excluding Transaction Costs, see below).

The Responsible Entity shall also be entitled to recover from the assets of the relevant Fund:

- > any costs, fees and expenses incurred in respect of any extraordinary matters relating to that Fund including without limitation any investigations, disputes, legal or arbitration proceedings, claims (other than the usual claims of undisputed subscription or redemption payments), any Holders' meetings convened in taking action to comply with additional regulatory requirements; and
- > any costs, fees and expenses incurred in restricting or terminating the relevant Fund.

Where a Fund has been newly established, the above maximum figures reflect the recoverable expenses that the Responsible Entity, as at the date of this PDS, reasonably estimates will apply for the current financial year (adjusted to reflect a 12 month period). Where a Fund is not newly established, this maximum figure reflects the recoverable expenses that were actually incurred by the Fund in the previous financial year.

## 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 transactional and operational costs) or that are paid from the assets of any interposed vehicle (such as an underlying fund) in which the Fund may invest.

The Responsible Entity, as at the date of this PDS, reasonably estimates that the indirect costs of each Fund is 0.00% of the Net Assets of the Fund. Where a Fund has been newly established, this figure reflects the indirect costs that the Responsible Entity, as at the date of this PDS, reasonably estimates will apply for the current financial year (adjusted to reflect a 12 month period). Where a Fund is not newly established, this figure reflects the indirect costs that were actually incurred by the Fund in the previous financial year.

## Transaction Costs

These are the Transaction Costs which will apply either to a Creation or Redemption of Units in a Fund by an Authorised Participant or other costs associated with the Fund's portfolio, such as commissions and the cost of rebalancing the portfolio in line with underlying Index. These costs are an additional cost and are not included in the management costs.

These Transaction Costs for each Fund are between 0.14% and 0.18% p.a. of the Net Asset Value of each Fund. For the Transaction Costs applicable to a particular Fund, please see the relevant Fund Supplement. Where a Fund has been newly established, this figure reflects the Transaction Costs that the Responsible Entity, as at the date of this PDS, reasonably estimates will apply for the current financial year (adjusted to reflect a 12 month period). Where a Fund is not newly established, this figure reflects the Transaction Costs that were actually incurred by the Fund in the previous financial year.

In relation to a Creation or Redemption, the Transaction Costs will be charged to the relevant Authorised Participants to:

- > ensure that other Holders in a Fund are not adversely affected by transaction costs in respect of the creation or redemption of new Units. As the level of the relevant Index does not reflect transaction costs in relation to executing the underlying basket (i.e. third party brokerage costs etc), an Authorised Participant must pay these costs to limit any tracking error arising from a Creation or Redemption; and
- > take into account market movements and movement of foreign exchange rates during the Creation or Redemption process and ensure that the amount paid/received reflects the true value of the Units.

Other Transaction Costs, such as those associated with rebalancing of the portfolios to track the Index, are expensed to the Fund and have a negative impact on the NAV of the Fund. These net Transaction Costs include expenses such as brokerage, commission, spreads and interest. These net Transaction Costs vary from year to year, depending upon the turnover involved in Index rebalances and other events, such as corporate actions, that require the Responsible Entity to trade on behalf of the Funds.

These net Transaction Costs for each Fund are between 0.05% and 0.07% p.a. of the Net Asset Value of each Fund. For the net Transaction Costs applicable to a particular Fund, please see the relevant Fund Supplement. Where a Fund has been newly established, this figure reflects the net Transaction Costs that the Responsible Entity, as at the date of this PDS, reasonably estimates will apply for the current financial year (adjusted to reflect a 12 month period). Where a Fund is not newly established, this figure reflects the net Transaction Costs that were actually incurred by the Fund in the previous financial year. These amounts reflect the total Transactional Costs of each Fund less the amounts recovered from Authorised Participants at the time of their subscription or redemption.

## Buy-Sell Spread

Where you buy or sell Units on the ASX, the buy-sell spread (being the difference between the buy-price and the sale-price) is retained by the market maker or other counterparty (not the Responsible Entity). The buy-sell spread may change at any time without notice. The buy-sell spread does not represent a separate fee charged to a Holder or potential Holder, and instead reduces the

amount that a Holder receives from the sale of their Units to the market maker, or, in the case of a potential Holder, increases the price of the Units.

### **Failure to Deliver Costs**

As described in Section 6 (*Trading of Units*) an Authorised Participant that fails to deliver to the Responsible Entity the amount of cash or securities required in relation to a Creation Request may be required to pay a fee at least equal to the closing value of such undelivered securities on the relevant Dealing Day. The Responsible Entity will have the right to sell or redeem all or part of the Authorised Participant's holding of Units in a Fund (or any other Fund) in order to meet some or all of these charges.

Additionally, an Authorised Participant that fails to deliver to the Responsible Entity the Units the subject of a Redemption Request may be required to pay a fee at least equal to the costs or losses incurred by the Responsible Entity or the relevant Fund in connection with the original Redemption Request.

### **Brokerage and commissions**

Investors may buy and sell Units through financial intermediaries who may impose transaction, brokerage, administrative or other direct fees, which fees would not be imposed if Units were purchased directly from the relevant Fund. Investors should contact their financial intermediaries for further details of these fees and charges.

### **Changes in fees and expenses**

The fees and expenses associated with an investment in Units of a Fund may be changed at the discretion of the Responsible Entity. However, any increase in any fees will only be made following the expiry of 30 days' notice given to Holders by way on an announcement on the ASX Market Announcements Platform.

As at the date of this PDS, the Responsible Entity has no intention of changing any of the fees described herein.

### **Government taxes and duties**

Government taxes and duties may be applied as appropriate. In addition to the fees and costs described in this section, standard government fees, duties and bank charges may also apply such as stamp duties. Some of these charges may include additional GST and will apply to your investments and withdrawals as appropriate. Please refer to Section 11 of this PDS.

### **Rebates**

The Responsible Entity may, from time to time, agree to pay, on behalf of investors, their brokerage costs to their broker. An investor's broker will inform investors that the Responsible Entity is paying their brokerage, and the investor will not need to pay any brokerage for buying or selling Units via ASX.

### **Differential Fee**

Wholesale investors who wish to discuss the waiver or rebating of fees should contact the Responsible Entity on +61 2 8311 3488.

### **Maximum Fees**

The maximum fees that the Responsible Entity may charge under the Constitution are as follows:

- > In-Specie Transaction Fee – 2.0% of the subscription price or redemption price (as applicable);
- > Creation Fee – \$3,500;
- > Redemption Fee – \$3,500;
- > User Pays Fees – an amount equal to any cost incurred in relation to: (a) an entitlement to a payment to or from the Fund in respect of an investor; or (ii) any act or omission of the Responsible Entity where the investor requested the Responsible Entity took such action or omitted to take such action, which the Responsible Entity considers should be borne by that investor.
- > Management Fee – 2% per annum of the Net Asset Value of the Fund

These maximum fees would apply if the Responsible Entity chose to increase the fees disclosed in this PDS to the maximums specified. Any such change would require prior 30 days notice to investors. Any waiver of any fee could be for the entire amount of the fee. Any such waiver would not apply if the investor is not eligible for, or has not negotiated and agreed such waiver with the Responsible Entity as outlined in Section 10.13 (*Differential Fee Relief*).

Despite these maximum fees, the fees payable by investors in relation to their investment are as otherwise disclosed in this Section 8, subject to agreement by the Responsible Entity to any fee waiver with any wholesale client, as outlined in section 10.13 (*Differential Fee Relief*).

# 9. Distributions

## 9.1 REGULAR DISTRIBUTIONS OF INCOME

Holders in a Fund at the end of a distribution period are entitled to a pro-rata share of the distributable income of a Fund (including from any interests earned on the bank accounts of the Fund) based on the number of Units held at the end of the distribution period.

The frequency and timing of distributions for each Fund are set out in the relevant Fund Supplement. The amount of each distribution will vary depending on the income generated by the assets of a Fund and there may be periods when a Fund does not pay a distribution. There is no guarantee that any Fund will receive any income and make any distribution to Holders.

Distributions are expected to be paid to Holders within 30 days of the end of the distribution period.

Distributions may be reinvested under the Distribution Reinvestment Plans as described below.

## 9.2 ANNUAL TAX STATEMENT

At the end of each financial year the Responsible Entity will issue a tax statement to each Holder of a Fund entitled to distributable income during a financial year. The tax statement will detail the amount and composition of the taxable income of that Fund to which the Holder is entitled.

## 9.3 DISTRIBUTION REINVESTMENT PLAN

A Distribution Reinvestment Plan is available to eligible Holders. Participation in the Distribution Reinvestment Plan is subject to the rules of the Distribution Reinvestment Plan policy document available from the website of the Responsible Entity at [www.etfsecurities.com.au](http://www.etfsecurities.com.au). Holders can choose to:

- (a) participate in the Distribution Reinvestment Plan, where all distributions are reinvested in additional Units in the same Fund; or
- (b) have their distributions paid directly into a nominated bank account in cash (via electronic funds transfer).

Partial reinvestment will not be available.

Holders can notify the Registrar which of the above alternatives they wish to elect by completing the relevant forms. Details regarding when Holders' elections must be notified as above, for a particular distribution, will generally be announced via the ASX Market Announcements Platform.

If a Holder does not elect one of the above alternatives, distributions will automatically be paid in cash.



# 10. Additional Information

## 10.1 SERVICE PROVIDERS TO THE FUNDS

### (a) The Administrator

The Administrator will perform certain administrative, accounting, and other services to the Funds, subject to the overall supervision of the Responsible Entity.

Pursuant to the Master Services Agreement, the Administrator is responsible, subject to the Responsible Entity's overall supervision, for matters pertaining to the day-to-day administration of the Funds, namely: (i) calculating net asset value of each Fund and the net asset value per Unit of each Fund (as the case may be) in accordance with the relevant valuation policies and procedures; and (ii) maintaining each Fund's financial books and records so far as may be necessary to give a complete record of all transactions carried out by each Fund.

### (b) The Registrar

Computershare Investors Services Pty Limited has been appointed as the Registrar of the Funds under the Registrar Agreement.

The services to be provided by the Registrar will include (i) verifying the identity of prospective investors in accordance with applicable anti-money laundering policies and procedures, (ii) maintaining each of the Fund's register of Holders, (iii) generally performing actions related to the issuance, transfer and redemption of the Units, (iv) furnishing annual financial statements and tax statements, and (v) performing certain other administrative and clerical services in connection with the Funds as agreed between the Responsible Entity and the Registrar.

### (c) The Custodian

The Hongkong Shanghai Banking Corporation Limited, Sydney Branch has been appointed as the Custodian of the assets of the Funds under the Custodian Agreement. The Custodian provides custodial services to the Responsible Entity, including the holding of the assets of each of the Funds.

### (d) The Authorised Participants

Only Authorised Participants can create Units directly with a Fund. A person can only be an Authorised Participant if it:

- > is a bank, securities house or other market professional approved by the Responsible Entity (in its absolute discretion);
- > has been approved by the Responsible Entity and entered into an Authorised Participant Agreement with the Responsible Entity.

The Authorised Participant Agreement sets out certain requirements which must be met by the Authorised Participant. These include participation in CHESSE, compliance with certain selling restrictions in respect of the Units, maintenance of all applicable registrations and qualifications required to meet its obligations under the Authorised Participant Agreement and compliance with the Corporations Act, Operating Rules, and other applicable laws.

If the relevant requirements cease to be met by any such entity, the Responsible Entity may take such steps as it believes necessary to seek to ensure that the interests of the relevant Funds and Holders therein as a whole are protected (which may include rejecting any further Creation Requests from such entity). Holders should contact the Responsible Entity to ascertain the requirements for becoming an Authorised Participant.

The Responsible Entity intends to encourage a number of market participants to sign up as Authorised Participants from time to time.

The current Authorised Participants, who have been approved by the Responsible Entity, are listed on its website at [www.etfsecurities.com.au](http://www.etfsecurities.com.au). The terms in relation to each Authorised Participant may be amended from time to time and may include commitments for an Authorised Participant to:

- > make markets on varying terms;
- > maintain particular maximum spreads and minimum lot sizes;
- > maintain an AFS Licence;
- > comply with ASX Rules, the Law and applicable legislation and regulations; and
- > satisfy the Anti-Money Laundering and Counter-Terrorism Financing program which the Responsible Entity has in place from time to time.

### (e) The Index Providers

Each Index Provider has granted a licence to the Responsible Entity for use of each Index as the benchmarks for the Funds under the terms of Index License Agreements.

### (f) 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 on the ASX. 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 directly with the Funds, which helps to ensure the number of Units on issue matches supply and demand.

# 10. Additional Information

The Responsible Entity intends to appoint market makers that:

- > have experience in making markets in exchange traded securities both in Australia and internationally;
- > have the necessary skill, expertise and financial capacity to perform market making functions; and
- > have appropriate contractual arrangements in place with the ASX to provide market making services.

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 to satisfy ASX of various matters, including organisational competence and business integrity. The market maker(s) selected by the Responsible Entity from time to time will be listed on its website at [www.etfsecurities.com.au](http://www.etfsecurities.com.au).

The market making arrangements to which the Responsible Entity is subject may limit or exclude any liability on the part of the market maker.

Generally, arrangements with a market maker will specify certain permitted circumstances in which the market making obligations may be suspended (such as operational disruptions, market disruptions or unusual conditions, including those which make the market maker's ability to perform the market making function impossible, impracticable or unduly onerous such as a fast market, other events set out in the ASX Operating Rules, the suspension or rejection by the Responsible Entity of applications for Units or redemption requests, or the market maker not having ASIC relief to allow short selling of Units). There can be no assurances that there will be a liquid market for the Units. The Responsible Entity has in place market making arrangements to assist in maintaining liquidity for the Fund on the ASX but the Responsible Entity cannot guarantee that a market maker will fulfil its obligations or that a market maker will continue to be appointed. The arrangements with the market maker may limit or exclude any liability on the part of the market maker. Subject to the AQUA Rules and agreements with market maker, the Responsible Entity may replace or terminate the market maker. The Responsible Entity may determine to no longer appoint market makers in respect of the Funds in circumstances where it is no longer required to do so under the AQUA Rules. 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.

Difference between an Authorised Participant and market maker: An Authorised Participant is a person approved by the Responsible Entity in accordance with paragraph 10.1(d) above, which subject to certain terms and conditions has the ability to apply for and redeem Units directly with the Fund. A market maker agrees with the Funds to provide liquidity to the market through the Creation and Redemption of Units directly with the Funds, and the buying and selling of Units on the

secondary market, in accordance with the terms of the market-making arrangement.

## (g) Other Service Providers

As at the date of this PDS, the Responsible Entity has appointed the service providers listed in the Corporate Directory of this PDS to provide services to the Funds. The service providers may be changed, or added to, at any time without notice to Holders.

## 10.2 SUMMARY OF MATERIAL DOCUMENTS

### (a) Trust Deeds of the Funds

The operation of the Funds is governed under the Law and the Trust Deeds of the Funds which have been lodged with, and registered by the ASIC, as a managed investment scheme under Chapter 5C of the Corporations Act.

Each Trust Deed and the Corporations Act govern the rights and obligations of investors and the Responsible Entity. Each Trust Deed sets out the conditions under which each Fund will operate, terminate, and the rights, obligations and liability of the Responsible Entity.

Each Trust Deed also addresses matters such as Unit pricing, creations, redemptions and the transfer of Units, investors' rights, the Responsible Entity's powers to invest, borrow and generally manage the Funds, and the Responsible Entity's fee entitlement. Each Trust Deed provides that while the Units are quoted on AQUA, Holders may generally make transfers in any manner permitted by CHESS and the AQUA Rules.

A Unit confers a beneficial interest on the Holder in the assets of the relevant Fund but not an entitlement or interest in any particular part of each Fund or its assets. The Trust Deeds provide that the liability of each Holder is generally limited to the amount subscribed, or agreed to be subscribed by the Holder, for Units. Recourse of the Responsible Entity and a Fund's creditors is limited to the relevant Fund's assets.

The Responsible Entity may convene meetings of Holders at any time (e.g., to approve certain amendments to a Trust Deed or to wind up a Fund). Holders also have limited rights to call meetings and have the right to vote at any Holder meetings. Except where a Trust Deed provides otherwise, or the Corporations Act requires otherwise, a resolution of Holders must be passed by Holders who hold Units exceeding 50% of the value of the total value of all Units held by Holders who vote on the resolution. A resolution passed at a meeting of Holders held in accordance with a Trust Deed binds all Holders of the relevant Fund. No significant change to the investment objective will be made unless such change is approved by a resolution of Holders passed by Holders representing at least 75% of votes cast.

The Responsible Entity may alter a Trust Deed if it reasonably considers the amendments will not adversely affect investors' rights. Otherwise, the Responsible Entity must obtain investors' approval at a meeting of investors.

Under each Trust Deed, if the Corporations Act or ASIC Relief (including ASIC Class Order) on which the Responsible Entity has determined it wishes to rely on or which is expressly applicable to the Funds and the Responsible Entity, requires a Trust Deed to contain certain provisions (the “**Regulatory Required Provisions**”), then to the extent Corporations Act allows, the Trust Deeds are taken to be amended so that the relevant Regulatory Required Provisions are included as separate provisions. The Holders authorise the Responsible Entity to make the amendments required in this respect in a deed and, if required, lodge it with ASIC. The Holders are deemed to agree that, subject to the Corporations Act, their rights under a Trust Deed do not include or extend to a right not to have that Trust Deed amended to comply with the relevant regulatory requirements or to include the Regulatory Required Provisions.

The Responsible Entity may retire or be required to retire (if investors representing at least 50% of the total votes that may be cast vote for its removal). No Units in a Fund may be issued after the 80th anniversary of the date of the relevant Trust Deed. The Responsible Entity may exercise its right to terminate the Funds earlier. Following the winding up of a Fund, the net proceeds will be distributed to Holders in that Fund.

The Responsible Entity of the Funds is indemnified out of the assets of the Funds for any liability incurred by it in properly performing or exercising any of its duties in relation to the Funds. To the extent permitted by the Fund’s Trust Deed and at law, this indemnity includes any liability incurred as a result of any act or omission of a delegate or agent appointed by the Responsible Entity. The Funds may retain and pay out of any money in its hands all sums necessary to affect such an indemnity. Holders can inspect a copy of each of the Funds’ Trust Deeds at the head office of the Responsible Entity during normal business hours or it will provide Holders with a copy free of charge.

The Responsible Entity may in its absolute discretion, upon a minimum of 60 days’ notice to a Holder, redeem all or a portion of Units of a Fund held by such Holder in its absolute discretion if:

- (a) the Responsible Entity believes that the Units are held in breach of prohibitions contained in the relevant Trust Deed;
- (b) the Responsible Entity determines that the relevant Fund is uneconomical to operate;
- (c) a Holder made a misrepresentation in acquiring its Units;
- (d) a Holder is a registered holder of Units having an aggregate value of less than the Minimum Holding, provided that it does so in accordance with the terms of the relevant Trust Deed, the Corporations Act (including any ASIC Relief) and the AQUA Rules (while a Fund is Quoted);

- (e) subject to the Corporations Act and the AQUA Rules, such other circumstances as the Responsible Entity determines in its absolute discretion.

The Responsible Entity may in its absolute discretion, upon a minimum of 3 Business Days’ notice to a Holder, redeem all or a portion of Units held by such Holder in its absolute discretion if:

- (a) the Responsible Entity believes that the Units are held in circumstances which might result in a violation of an applicable law or regulation, or subject a Fund to taxation or otherwise adversely affect a Fund in any material respect; or
- (b) the Responsible Entity determines that the continued participation of a Holder might cause the Responsible Entity or any Holder to violate any law or if any litigation is commenced or threatened against the Responsible Entity or any Holder arising out of the participation of the Holder in the relevant Fund.

If practicable, the Responsible Entity will provide the Holder with a notice of an early redemption, and Holders who are Authorised Participants may lodge a valid Redemption Request within such time as the Responsible Entity in its discretion may specify. However, the Responsible Entity is under no obligation to do so.

#### **(b) The Custodian Agreement**

The Custodian Agreement between The Hongkong Shanghai Banking Corporation Limited, Sydney Branch and the Responsible Entity provides that the assets will generally be held by the Custodian on trust for the Responsible Entity. The Custodian Agreement sets out the remainder of the terms and conditions upon which the assets of each Fund will be held. The Custodian Agreement complies with the regulatory requirements imposed in relation to custody of assets.

The Custodian Agreement has been entered into for an initial fixed term of 5 years. The Custodian is entitled to terminate the Custodian Agreement at any time upon 90 days’ notice. The Custodian Agreement may be terminated by either party at any time, with immediate effect, in the event of material breach by the other party, which is not remedied within 30 days of notice being provided, or upon insolvency of a party. Under the terms of the Custodian Agreement, the Custodian is entitled to charge fees for its services. Any such fees are payable by the Responsible Entity out of the Management Fee that it received from the Funds.

#### **(c) The Registrar Agreement**

The Registrar is appointed pursuant to the Registrar Agreement whereby the Registrar is responsible for supplying or procuring the supply of certain registrar services to the Funds as set out in the Registrar Agreement and for which the Responsible Entity agrees to pay the Registrar a fee out of its Management Fee.

# 10. Additional Information

Each of the Registrar and the Responsible Entity are entitled to terminate the Registrar Agreement after a fixed term of 2 years from the date of that agreement (or, in certain circumstances immediately upon written notice during such fixed term), in either case upon 6 months' written notice.

## **(d) The Master Services Agreement**

The Master Services Agreement is between the Responsible Entity and The Hongkong Shanghai Banking Corporation Limited, Sydney Branch. It sets out terms on which the Administrator undertakes to provide administrative services to the Responsible Entity in connection with the Units.

The Master Services Agreement has been entered into for an initial fixed term of 5 years. The Administrator is entitled to terminate the Master Services Agreement at any time upon 90 days' notice. The Master Services Agreement may be terminated immediately by either party with immediate effect, in the event of material breach by the other party, which is not remedied within 30 days of notice being provided, or upon insolvency of a party. Under the terms of the Master Services Agreement the Administrator is entitled to charge a fee for its services. Any such fee is payable by the Responsible Entity out of the Management Fee which it receives from the Funds.

## **10.3 COMPLIANCE COMMITTEE AND COMPLIANCE PLANS**

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

- > monitoring the Responsible Entity's compliance with the compliance plan of the relevant Fund and reporting its findings to the Responsible Entity;
- > reporting breaches of the Corporations Act or the Trust Deed of the relevant Fund 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.

Each Fund has a Compliance Plan in place. The Compliance Plan sets out how the Responsible Entity will ensure compliance with both the Corporations Act and the Trust Deed when operating each of the Funds. Under the Compliance Plans, the Responsible Entity is required to manage, monitor, and report on the ongoing compliance of a Fund with the Corporations Act, the Trust Deed, and the PDS. In each Compliance Plan, the Responsible Entity is required to consider the following matters:

- > the appointment and monitoring of counterparties;
- > Fund investments and property arrangements;
- > asset valuation and Net Asset Value;
- > Fund records and financial reporting;
- > related party transactions;
- > complaints handling; and
- > AFS licensing.

## **10.4 AMENDMENT OR WITHDRAWAL OF THE PDS**

The Responsible Entity may supplement amend or withdraw this PDS at any time and may reissue a new or amended PDS from time to time.

## **10.5 OTHER SERVICE PROVIDERS**

As at the date of this PDS, the Responsible Entity has appointed the service providers listed in the Corporate Directory of this PDS to provide services to the Funds. The service providers may be changed, or added to, at any time without notice to Holders.

## **10.6 PRIVACY AND CONFIDENTIALITY**

As required by law, the Responsible Entity has adopted privacy policies that governs the collection, storage, use and disclosure of personal information. Should an Authorised Participant apply for Units by lodging a Creation Request (only applies to Authorised Participant), by submitting the completed Creation Request, the Authorised Participant acknowledges and agrees to the Responsible Entity collecting, storing, using and disclosing the Authorised Participant's personal information in accordance with its privacy policies.

This includes using an Authorised Participant's personal information to process their Creation Request for the Units, issue Units, manage your investment and comply with relevant laws. It also includes using a Holder's personal information to process their Redemption Request, issue the proceeds and comply with relevant laws.

For example information may be used to:

- > ensure compliance with all applicable regulatory or legal requirements. This includes the requirements of ASIC, ATO, AUSTRAC, ASX and other regulatory bodies or relevant exchanges including the requirements of the superannuation law; and
- > ensure compliance with the AML/CTF Act.

If an Authorised Participant does not provide the personal information required, their Creation Request may not be processed. Furthermore, if a Holder does not provide the personal information required, their Redemption Request may not be processed.

The Responsible Entity may be required to disclose some or all of a Holder's personal information, for certain purposes (as described under the Privacy Act 1988 (Cth)) to:

- > service providers, related bodies corporate or other third parties for the purpose of account maintenance and administration and the production and mailing of statements, such as share registries, custodians, auditors of the scheme and certain software providers related to the operational management and settlement of the Units;
- > related bodies corporate that might not be governed by Australian laws for the purpose of account maintenance and administration; or
- > to a Holder's financial adviser if they provide us with written consent to do so.

The Responsible Entity may also disclose a Holder's personal information to:

- > market products and provide services to them; and
- > to improve customer service (which may involve providing their personal information to other external service providers, including companies conducting market research).

This is to keep a Holder's financial adviser or broker (as notified to the Responsible Entity) informed so such adviser or broker can provide them with financial advice and ongoing service.

If any of the disclosures in the previous bullet points require transfer of a Holder's personal information outside of Australia, they consent to such transfer.

All personal information collected by the Responsible Entity will be collected, used, disclosed and stored by the Responsible Entity in accordance with its Privacy Policy, a copy of which will be made available to any Holder on request.

The Responsible Entity, Custodian, Administrator and Registrar respect the privacy of investors. Although Creation Requests are only accepted from Authorised Participants, if any other investor purchases Units in a Fund, their name may be placed on the Register and their personal information may be used to manage the Register and be disclosed under the Corporations Act.

## **10.7 ANTI-MONEY LAUNDERING AND COUNTER-TERRORISM FINANCING ACT 2006**

Enacted by the Australian Government in December 2006, the Anti-Money Laundering and Counter-Terrorism Financing Act 2006 (Cth) ("AML/CTF Act") regulates financial services and transactions in a way that is designed to detect and prevent money laundering and terrorism financing. The AML/CTF Act is regulated by the Australian Transaction Reports and Analysis Centre ("AUSTRAC"). Under the AML/CTF Act, the Responsible Entity (or its agent) is required:

- > to verify the identity of Authorised Participants before issuing Units to the Authorised Participant, and to re-identify the Authorised Participant if it considers it necessary to do so; and
- > to keep a record of any identification documentation for 7 years.

### **Identification of Authorised Participants**

By lodging a Creation Request, each Authorised Participant confirms that it is a reporting entity under the AML/CTF Act and undertakes to provide the Responsible Entity with evidence of identity required by the Responsible Entity pursuant to the AML/CTF Act at any time upon request.

No Creation Request will be accepted by the Responsible Entity unless such evidence of the Authorised Participant's identity satisfactory to the Responsible Entity and its agents has been provided. The Responsible Entity can accept or reject any Creation Request in its discretion and is not liable for any resulting loss.

### **Transaction Freezes**

Transactions may be delayed, blocked, frozen or refused where the Responsible Entity has reasonable grounds to believe that the transaction breaches Australian law or sanctions or the law or sanctions of any other country. Where transactions are delayed, blocked, frozen or refused the Responsible Entity is not liable for any loss you may suffer (including consequential loss) as a result of its compliance with the AML/CTF Act.

### **Reporting Obligations to AUSTRAC**

The Responsible Entity has certain reporting obligations pursuant to the AML/CTF Act. The legislation prevents the Responsible Entity from informing you that any such reporting has taken place. Where legally obliged to do so, the Responsible Entity and its agents may disclose the information gathered to regulatory and/or law enforcement agencies, including AUSTRAC and to other bodies, if required by law.

## **10.8 NO COOLING OFF PERIOD**

No cooling off period is provided in respect of investments in a Fund.

Once lodged, a Creation Request or Redemption Request is irrevocable except as required by law.

## **10.9 CONSENTS**

Computershare Investor Services Pty Limited has given, and as at the date of this PDS not withdrawn its consent to be named as Registrar in the form and context in which it is named. Computershare Investor Services Pty Limited has had no involvement in the preparation of any part of this PDS other than being named as Registrar. Computershare Investor Services Pty Limited has not authorised, or caused the issue of and expressly disclaims and takes no responsibility for this PDS.

# 10. Additional Information

The Hongkong Shanghai Banking Corporation Limited., Sydney Branch (“**HSBC**”) has given, and as at the date of this PDS not withdrawn, its consent to be named as Custodian in respect of the Funds. This consent is given on the basis that HSBC has not authorised or caused the issue of the PDS and has not made any statement that is included in the PDS or any statement on which a statement made in the PDS is based. HSBC expressly disclaims and takes no responsibility for any statements in or omissions in the PDS. This applies to the maximum extent permitted by law and does not apply to any matter to the extent to which the consent is given above.

## 10.10 REPORTING

Holders will receive the following regular reports:

- > Confirmations of all of their own Creations or Redemptions (issued following transactions and on request).
- > Contract notes from their broker (issued following all purchases or sales on the ASX).
- > Taxation statements issued annually after 30 June, providing Holders with taxation information including a summary of any Distributions.
- > Annual report including audited financial statements of the Funds in which they are invested. These are available online at [www.etfsecurities.com.au](http://www.etfsecurities.com.au).

## 10.11 ONGOING DISCLOSURE

The Responsible Entity will comply with the continuous disclosure requirements of the Act as if each Fund were an unlisted disclosing entity on the basis of ASIC’s best practice disclosure recommendations for continuous disclosure.

## 10.12 COMPLAINTS

While the Fund is Registered, if a Holder submits to the Responsible Entity a complaint in relation to the Fund or its operations, the Responsible Entity must, if the Holder is a Retail Client, comply with the requirements of section 912A(2) of the Corporations Act applicable to the complaint.

Complaints may be lodged by writing to the Responsible Entity at the address shown on the back cover of this PDS. The Responsible Entity will always acknowledge any complaint in writing and respond within 45 days.

If the complainant remains unhappy, the complaint can then access an independent external dispute resolution scheme.

Complaints can be lodged with the Australian Financial Complaints Authority (“**AFCA**”) of which the Responsible Entity is a member. AFCA is the external dispute resolution scheme for complaints involving financial services and products. Contact details for AFCA are as follows:

Address: GPO Box 3, Melbourne VIC 3001  
Telephone: 1800 921 678  
Email: [info@afca.org.au](mailto:info@afca.org.au)  
Website: [www.afca.org.au](http://www.afca.org.au)

If investing through an IDPS or IDPS-like service then enquiries and complaints about your investment through the IDPS or IDPS-like service should be directed to the operator of that service or the Responsible Entity. Complaints regarding the operation of an IDPS or IDPS-like service should be directed to the IDPS operator.

**The Australian Securities and Investment Commission also has a free call Infoline on 1300 300 630 which Holders may use to make a complaint and obtain information about their rights.**

## 10.13 ASIC RELIEF

### Ongoing Disclosure Relief

The Responsible Entity intends to rely upon the exemption in relation to ongoing disclosure requirements that is contained within ASIC Class Order [CO 13/721]. Under the terms of this exemption, a responsible entity of an AQUA exchange traded fund does not have to comply with section 1017B of the Corporations Act in relation to interests in a class of interests in the fund that are able to be traded on a financial market operated by ASX, for as long as responsible entity complies with the provisions of the Corporations Act that apply to unlisted disclosing entities as if the Fund were was an unlisted disclosing entity, and makes statements to this effect in the relevant PDS.

The Responsible Entity will comply with the continuous disclosure requirements of the Corporations Act with respect to each of the Funds, as if the Funds were an unlisted disclosing entity.

### Unequal Treatment Relief

The Responsible Entity intends to rely upon the exemption in relation to unequal treatment in withdrawal from an AQUA exchange traded fund that is contained within ASIC Class Order [CO 13/721]. Under the terms of this exemption, a responsible entity of an AQUA exchange traded fund does not have to comply with section 601FC(1)(d) of the Corporations Act to the extent that it would prevent the responsible entity from permitting only authorised participants to withdraw from a fund.

The Responsible Entity intends to rely on this relief to the extent necessary to allow the Responsible Entity to restrict eligibility to submit Redemption Requests in relation to Units to Authorised Participants who are resident in Australia. The Responsible Entity satisfies the conditions of reliance upon this relief, including by allowing all Holders the right to withdraw from a Fund a receive payment for their interests in money when trading in the Units on the AQUA market is suspended for more than 5 consecutive trading days.

### **Differential Fee Treatment Relief**

The Responsible Entity intends to rely upon the exemption in relation to differential fee treatment that is contained ASIC Corporations (Registered Schemes: Differential Fees) Instrument 2017/40, to the extent that any fees are waived or discounted for certain Holders. Under the terms of this Class Order, a responsible entity may charge, rebate or waive a management fee charged to a member on a basis that differs from that applying to other members who hold interests of the same class, where such differential treatment is based on at least one of the specified circumstances. These circumstances include where the differential treatment is in response to an offer made to a member that is a wholesale client (as defined in the Corporations Act) and based upon individual negotiation between the responsible entity and that member.

### **Unequal Treatment in Provision of Information to Authorised Participants**

As at the date of this PDS, the Responsible Entity does not intend to provide information about the Index of a Fund or assets of a Fund to Authorised Participants before other Holders. However, if the Responsible Entity decides to do so, it intends to rely upon the exemption in relation to unequal treatment in the provision of information to authorised participants that is contained within ASIC Class Order [CO 13/721]. Under the terms of this exemption, a responsible entity of an AQUA exchange traded fund does not have to comply with paragraph 601FC(1)(d) of the Corporations Act to the extent that it would prevent the responsible entity from providing information to Authorised Participants before other members about scheme property, provided that it complies with certain conditions, including the making of statements to this effect in the relevant PDS.

The Responsible Entity intends to provide information to Authorised Participants at the same time as when the disclosure is made to Authorised Participants.

# 11. Taxation Considerations

## INTRODUCTION

An investment in each of the Funds will have taxation consequences. The following taxation advice is a summary only and each investor is encouraged to seek their own independent tax advice.

The following discussion is based upon the Australian law and administrative practice in effect as at the date of this PDS. Investors should be aware that the ultimate interpretation of taxation law rests with the Courts and that the law, and the way the Federal Commissioner of Taxation (“**Commissioner**”) or a Commissioner of State Revenue administers the law, may change at any time. This statement is necessarily general in nature and does not take into account the specific taxation circumstances of each individual investor. Investors should seek independent professional advice in relation to their own particular circumstances before making any investment decision.

This summary only deals with the Australian tax and stamp duty considerations of potential investors and does not deal with tax consequences in relation to other jurisdictions.

The Funds are established as unit trusts. The effect of tax on the Funds, and hence an investor’s investment in the Funds, can vary depending on such factors as the type of investment, the timing of investment transactions, and entry and exit of other investors in the Funds.

The following has been prepared on the assumption that:

- > the trustee of the Funds elected for each Fund to be treated as attribution managed investment trusts (“**AMIT**”) within the meaning of section 995-1 of the *Income Tax Assessment Act 1997*;
- > the Funds are not public trading trusts under Division 6C of the *Income Tax Assessment Act 1936* (“**1936 Act**”); and
- > the Funds intend to elect to treat gains and losses on the disposal of certain eligible investments (primarily shares, non-share equity in a company, units in a unit trust, land and rights or options to acquire or dispose of the above unless they are debt interests or are otherwise a relevant financial arrangement) as being on capital account.

The discussion below assumes that the investor has acquired their Units through trading on the secondary market (i.e. they have purchased their Units).

## AUSTRALIAN INVESTORS – DISTRIBUTIONS

The Funds are residents of Australia for tax purposes. Therefore, the Funds are required to determine their tax components for the income year. These components may include assessable income, exempt income, non-assessable non-exempt income, tax offsets and credits of different characters. Investors are required to include their share of the Funds’ assessable tax components in their assessable income. Investors are treated as having derived their share of the assessable tax components of the Fund directly on a flow through basis. In the case where a Fund makes a loss for tax purposes, the Fund cannot distribute the loss to investors. However, subject to the relevant Fund meeting certain conditions, that Fund may be able to take into account the losses in subsequent years.

The amounts attributed to an investor may include a number of different types of income which reflect the income derived by a Fund. These components may include:

1. capital gains;
2. Australian sourced income (such as interest and other income);
3. foreign income and foreign income tax offsets;
3. franked dividends/franking credits; and
4. non-assessable amounts.

An Australian investor’s share of the assessable tax components of a Fund for a year of income, including amounts received in a subsequent year or which are reinvested under the Distribution Reinvestment Plan, forms part of the investor’s assessable income of that year.

The investor will be provided with a statement for tax purposes after 30 June each year to assist the investor (and their adviser) in determining their tax position. This tax statement will advise the investor of the share of the tax components of the Fund (if any) attributed to them which are required to be included in the investor’s tax return as assessable income and are likely to include capital gains, franked dividends/franking credits and any foreign income/foreign income tax offsets. The tax statement will also include details of any adjustments required to the investor’s cost base.

The tax components from a Fund which are attributed to investors may include franked distributions. Subject to satisfying certain criteria, such franked distributions generally entitle Australian resident investors to obtain a tax offset (the franking credit) that is available to offset against their income tax liability. Franked distributions and franking credits are included in a person’s assessable income. If the franking credits exceed the tax payable on an investor’s taxable income, the excess credits may be refundable to the investor if the investor is a resident individual or complying superannuation fund. Excess franking credits may generate tax losses if the investor is a corporate entity.



The amount of the tax components of a Fund which the investor is required to include in their assessable income may be different to the cash distributions received by an investor in respect of their Units. This is because the distributions received on the Units is determined by reference to the returns received in respect of the Fund, whereas the tax components of the Fund is determined by reference to the overall tax position of that Fund. An investor may be required to make, in certain circumstances, both upward and downward adjustments to the cost base of their unit holdings. This occurs where during an income year there is a difference between:

- (a) the total of the amounts (money or property) that an investor is entitled to from the relevant Fund and the tax offsets that are allocated to an investor in relation to the year; and
- (b) the tax components (including grossed up capital gains) included in that investor's assessable income or any non-assessable non-exempt income in relation to the year.

If the amount in (a) exceeds the amount in (b), the cost base of the investor's Units in the Fund should be reduced by the excess amount. This results in either an increased capital gain, or a reduced capital loss, upon the subsequent disposal of the investor's Units in the Fund. Should the cost base be reduced to below zero, the amount in excess of the cost base should be a capital gain that is to be included the investor's taxable income.

Conversely, where the amounts in (a) falls short of the amounts in (b) during an income year, the cost base of the investor's Units in the Fund should be increased by the shortfall amount. This results in a decreased capital gain, or an increased capital loss, upon subsequent disposal of the investor's Units in the Fund.

## **AUSTRALIAN INVESTORS – DISPOSAL OF UNITS**

Where an investor sells their Unit, the income tax consequences vary depending on whether:

1. the investor holds the Unit on capital account or on revenue account; and
2. the investor is an Australian resident for tax purposes.

### **(a) Capital account**

An Australian investor should make a capital gain on the disposal of the Unit if the capital proceeds received by the investor exceed the asset's cost base. If the capital proceeds received by an investor are less than the asset's reduced cost base, then the investor should make a capital loss. Capital losses may be offset against taxable capital gains made by an investor but not against other types of income.

The cost base that an investor has in a Unit is, broadly, the sum of:

1. the amount the investor paid to acquire the Unit;
2. incidental costs of acquisition and disposal; and

3. the costs of ownership of the Unit (e.g. interest incurred by an investor as a result of borrowing funds to acquire the Unit where the interest is not otherwise allowable as a tax deduction); and
4. any subsequent adjustments to the cost base as set out above.

In the case of Units acquired under the Distribution Reinvestment Plan, the cost base of the Unit acquired will include the amount of the distribution applied to acquire the Units.

The reduced cost base of a Unit includes 1, 2 and 4 but not 3 of the matters listed immediately above.

In addition, an investor may be required to make both upward and/or downward adjustments to the cost base of their unit holdings, very broadly, where there is a difference between the cash distribution received by an investor in respect of their Units plus offsets and the amount of the assessable tax components (including grossed up capital gains) of the Fund which the investor is required to include in their assessable income and any non-assessable non exempt income. Refer to the comments above under "*Australian investors – Distributions*".

In respect of a sale of a Unit, the capital proceeds which an investor receives should include the sale proceeds or other property the investor receives or is entitled to receive as a result of selling the Unit. An individual, trust or complying superannuation entity or a life insurance company that holds their Unit as a complying superannuation/FHSA asset may be able to claim the benefit of the CGT discount. A corporate investor cannot claim the benefit of the CGT discount.

Broadly, the CGT discount excludes a portion of the net capital gain from taxable income. For investors who are individuals or trusts this portion is 50%. For investors who are complying superannuation entities or life insurance companies who hold their Unit as a complying superannuation/FHSA asset, the portion is 33.33%.

Any available capital losses incurred by the investor reduce the capital gain before the remaining net capital gain is discounted in the hands of the investor. Capital losses can only be used to reduce capital gains under the CGT provisions.

### **(b) Revenue account**

If an Australian resident investor acquires a Unit in the course of carrying on a business of dealing in securities or if the investor acquires the Unit as part of a profit-making scheme, then any gain made on the sale of the Unit should be included in the investor's assessable income as ordinary income. Similarly, a loss made on the sale should be deductible.

In the case of Units acquired under the Distribution Reinvestment Plan, the profit or loss on the disposal of the Unit should be determined by reference to the distribution applied to acquire the Units.

# 11. Taxation Considerations

## **Non-resident investors – Distributions**

The Responsible Entity will withhold tax from distributions and attributions of a Fund's Australian sourced taxable income that are paid to a non-resident investor.

The rate of withholding tax will depend on the type of income and the country of tax residence of the investor, and any double tax treaty or information exchange agreements. In the absence of any applicable treaty or agreement, tax of 30% will generally be withheld on unfranked dividends and other Australian sourced income including capital gains on taxable Australian property. To the extent that a Fund meets the definition of a Withholding Managed Investment Trust, withholding on other Australian sourced income may be lowered to 15% where the payment is made to a foreign resident in a country which has an effective exchange of information agreement with Australia. Tax of 10% will be withheld on interest income. No withholding tax is applicable in respect of fully franked dividends.

In most cases, these withholding taxes are each a final tax. As a result, the non-resident investor should not be entitled to a credit in Australia for any withholding tax paid or be liable to further tax on income from which withholding tax has been withheld.

Any foreign sourced income attributed to a non-resident investor should not be subject to tax in Australia.

An investor may be required to make, in certain circumstances, both upward and downward adjustments to the cost base of their unit holdings. This occurs where during an income year there is a difference between:

- (a) the total of the amounts (money or property) that an investor is entitled to from the relevant Fund and the tax offsets that are allocated to an investor in relation to the year; and
- (b) the tax components (including grossed up capital gains) included in that investor's assessable income and any non-assessable non-exempt income in relation to the year.

If the amount in (a) exceeds the amount in (b), the cost base of the investor's Units in the Fund should be reduced by the excess amount. If the amount in (a) is less than the amount in (b) the cost base of the investor's Units in the Fund should be increased by the excess amount.

## **Non-resident investors – Disposal of Units**

The tax consequences of the disposal of a Unit will depend upon whether the assets of a Fund consist wholly or principally of taxable Australian real property (including leasehold interests and rights to exploit or to explore the natural resources in Australia).

If the assets of a Fund consist wholly or principally of Australian real property, an investor may be required to include any gain made on the disposal of the Unit in their assessable income. The CGT discount would not be available in respect of any such gain. A non-resident investor who uses their Units in carrying on a business

through an Australian permanent establishment should also include any gain made on the disposal of their Units in their assessable income.

If the assets of a Fund do not consist principally of Australian real property and the non-resident investor holds their Unit on revenue account, then any profit made on the sale of their Unit should only be subject to Australian income tax if the profit has an Australian source. The issue of source is question of fact, of which the place where the contract to sell the Unit is concluded will be a relevant factor. If the investor is a resident of a jurisdiction which has entered a double tax treaty with Australia then the investor may not be subject to Australian tax on profits if the derivation of the profits is not attributable to any permanent establishment that they have in Australia. In these circumstances, the business profits article of the relevant double tax treaty may prevent Australia from taxing the gain.

It is strongly recommended that non-resident investors obtain their own tax advice when selling Units. It should also be noted that an investor may be subject to the tax laws in their country and should consult a taxation adviser before investing.

## **Foreign income and foreign income tax offsets**

Where foreign tax has been paid by the Responsible Entity in respect of foreign investment of trust assets, the Responsible Entity will generally pass on any available corresponding foreign income tax offsets to resident investors so that investors can offset these income tax offsets against the Australian tax payable on their assessable foreign income.

## **Tax deferral provisions**

A Fund may directly or indirectly hold interests in Controlled Foreign Companies ("CFC") at the end of a financial year. Under the CFC regime, resident investors may be assessed on their portion of the CFC's attributable income for the financial year, even though the income is not distributed.

## **Tax reforms**

The expected tax implications of investing in a Fund described in this tax disclosure may change as a result of changes in the taxation laws and interpretation of them by the Courts and/or the Australian Tax Office.

For example, the AMIT tax regime has been introduced, which applies from 1 July 2016 (with individual managed investment trusts having the choice to apply the rules from 1 July 2015). Under this legislation, certain managed investment trusts may elect into the new attribution regime for the taxation of managed investment trusts which is intended to reduce complexity, increase certainty and minimise compliance costs. This attribution method of tax components is in lieu of the existing present entitlement to income method in Division 6 of the Income Tax Assessment Act 1936. This tax summary has been

prepared on the basis that the Fund will elect to apply the AMIT regime.

Whether a Fund qualifies as an AMIT each year will depend on a number of factors, some of which are outside the control of the Fund, such as the profile of the ultimate beneficiaries. If a Fund does not qualify as an AMIT and/or does not make an election to apply the AMIT provisions, the existing present entitlement to income method in Division 6 of the Income Tax Assessment Act 1936 should apply.

It is recommended that investors obtain independent taxation advice that takes into account your specific circumstances regarding investing in the Fund and the potential application of any changes in the tax law.

### **TFN withholding**

An investor need not quote a Tax File Number (“TFN”) to the trustee when acquiring Units. However, if a TFN is not quoted, or no appropriate TFN exemption information is provided then the trustee is required to withhold tax from any income distributions made to an investor. The applicable rate of withholding tax is 47% (for the income year ended 30 June 2020). An investor who invests in Units in the course of carrying on an enterprise, may quote their Australian Business Number instead to avoid this withholding tax. If this withholding tax applies it is noted that it is merely a collection mechanism and an investor may claim a credit in their annual income tax return in respect of the tax withheld.

### **GST**

The supply of the Units should not be subject to GST, nor is GST applicable to distributions paid to investors. If GST is or becomes payable on any taxable supply made under, or in connection with this document, the recipient of the supply will be required to pay an additional amount to the supplier in relation to GST.

An investor may not be entitled to full input tax credits for GST paid on the acquisition of goods and services (for example, financial advisory services) relating to the issue of the Units and acquisition and/or subsequent sale of Units. Investors should obtain their own advice as to whether an input tax credit or reduced input tax credit is available for any GST amounts, as this will depend on the investor’s personal circumstances.

### **Stamp duty**

No stamp duty should be payable on the issue or transfer of a Unit provided that:

- (a) all the Units remain quoted on the ASX at all relevant times; and
- (b) if a Fund is at any time a landholder for stamp duty purposes, the Units issued or transferred alone, or when aggregated with Units already held by the acquirer, a related person of the acquirer or acquired as part of one arrangement, do not represent 90% or more of the issued Units of any of the Funds.

If stamp duty becomes payable by a Fund in connection with the terms of this PDS or as consequence of, or in connection with the purchase, sale or transfer of the Units, then the Fund can under the terms of this PDS require an investor to pay such stamp duty.

### **General tax gross up**

Neither the Responsible Entity nor any Fund is liable for any taxes, duty or other charges payable by you in relation to or in connection with these terms or payable by the Fund or any other person on, as a consequence of, or in connection with, the purchase, sale or transfer of Units or rights, or any other supply under or in connection with these terms. The investor must pay all taxes (including GST) and other charges for which the investor becomes liable in relation to or in connection with these terms.

## 12. Glossary

Capitalised terms used in this PDS and the attached forms have the following defined meanings unless the context provides otherwise.

**Administrator** means The Hongkong Shanghai Banking Corporation Limited, Sydney Branch, being the counterparty to the Master Services Agreement with the Responsible Entity in respect of each Fund.

**AFSL** means an Australian Financial Services Licence issued by ASIC.

**AMIT** means the Attribution Managed Investment Trust tax regime that was introduced with effect from 1 July 2016.

**AML/CTF Act** means the Anti-Money Laundering and Counter-Terrorism Financing Act 2006 (Cth), as supplemented, amended, varied or replaced from time to time.

**AQUA Product** has the meaning given in the Operating Rules and AQUA Products is to be construed accordingly.

**AQUA Rules** means:

- (a) Schedule 10A of the Operating Rules and Procedures;
- (b) such other rules that govern the quotation of AQUA Products; and
- (c) such other rules that govern the transfer of AQUA Products, as amended from time to time.

**ASIC** means the Australian Securities and Investments Commission or any Government Agency which replaces it or performs its functions.

**ASX** means ASX Limited (I 008 624 691) or the market operated by it as the context requires.

**ASX Business Day** has the meaning given to the term "Business Day" in the ASX Settlement Rules.

**ASX Listing Rules** means the ASX Listing Rules published by the ASX, as supplemented, amended, varied or replaced from time to time.

**ASX Operating Rules** means the ASX Operating Rules published by the ASX, as supplemented, amended, varied or replaced from time to time.

**ASX Settlement Rules** means the ASX Settlement Operating Rules published by ASX as supplemented, amended, varied or replaced from time to time.

**ASX Trading Day** means any day on which the ASX is open for trading.

**ATO** means the Australian Tax Office or any Government Agency which replaces it or performs its functions.

**AUD** means the lawful currency of the Commonwealth of Australia.

**AUSTRAC** means the Australian Transaction Reports and Analysis Centre or any Government Agency which replaces it or performs its functions.

**Authorised Participant** means a person that:

- (a) is a bank, securities house or other market professional approved by the Responsible Entity (in its absolute discretion);
- (b) is approved by the Responsible Entity and has entered into an Authorised Participant Agreement with the Responsible Entity.

**Authorised Participant Agreement** means a written agreement between the Responsible Entity and another person under which such person is appointed to act as an "Authorised Participant", distribution agent or in a substantially similar function in relation to Units and if such agreement is subject to conditions precedent, provided that such conditions have been satisfied or waived by the Responsible Entity.

**Business Day** means a day other than a Saturday or Sunday on which banks are open for general banking business in Sydney.

**Cash Component** means that part of the Portfolio Deposit that is composed of cash.

**CHESS** means the Clearing House Electronic Sub register System established and operated in accordance with the ACH Clearing Rules.

**Commissioner** means the Federal Commissioner of Taxation.

**Compliance Plan** means the arrangement that sets out how the Responsible Entity will ensure compliance with both the Corporations Act and the Trust Deed when operating each Fund.

**Corporations Act** means the Corporations Act 2001 (Cth) as amended or varied from time to time.

**Counterparty Credit Risk** means a failure by a relevant counterparty to perform their obligations that may impact a Fund, where a Fund is owed obligations by third parties under derivatives or other contractual relationships.

**Creation** means the process by which a Unit is issued under the terms of this PDS and in accordance with the Trust Deed.

**Creation Fee** means the fee payable on Creation of a Unit as set out in the applicable Fund Supplement.

**Creation Request** means an offer by an Authorised Participant to the Responsible Entity to subscribe for Units, being an offer on terms referred to in the form prescribed from time to time by the Responsible Entity and this PDS including through the System.

**Creation Unit** means a number of Units of that Fund as set out in the applicable Fund Supplement.

**CRS** means the Common Reporting Standard to be adopted by the Australian Government from 1 July 2017. CRS is a single global standard for the collection, reporting and exchange of financial account information on foreign tax residents.

**Custodian** means the entity that provides custody services for the assets of the Funds under the Custodian Agreements as amended or varied from time to time and as at the date of this PDS means The Hongkong Shanghai Banking Corporation Limited, Sydney Branch.

**Custodian Agreement** means the agreement between the Responsible Entity and the Custodian dated 21 July 2021 pursuant to which the Custodian provides custody services to the Funds.

**Dealing Day** means in respect of a Fund as set out in the relevant Fund Supplement.

**Dealing Deadline** means the relevant time which a Creation Request or Redemption Request must be received by the Fund and in respect of a particular Fund has the meaning set out in the relevant Fund Supplement.

**Delivery Deadline** means in respect of a Creation to be made by way of transfer of the Portfolio Deposit, the time by which the Authorised Participant must deliver the Portfolio Deposit required in respect of such Creation and, in respect of a particular Fund, has the meaning set out in the relevant Fund Supplement.

**Differing Returns** means that the return generated on the Units may not reflect the return of an investor would realise if he or she actually owned the relevant shares or other components comprising the Index.

**Distribution Reinvestment Plan** means the plan described in Section 9.3.

**Effective Date** means the date of processing of the Creation Requests or the Redemption Requests, depending upon the context.

**ETF** means exchange traded fund.

**ETFSC** means **ETFSC Capital Limited**, a company incorporated in Jersey, registered number 88370.

**ETFSC Capital Group** means the group of companies of which ETFSC is the parent.

**ETFSC or Responsible Entity** means ETFSC Management (AUS) Limited, the Responsible Entity under this PDS and in accordance with the Trust Deed.

**FATCA** means the Foreign Account Tax Compliance Act, as supplemented, amended, varied or replaced from time to time.

**FMCA** means the Financial Markets Conduct Act 2013, as supplemented, amended, varied or replaced from time to time.

**Fund** means each Fund created in accordance with the Trust Deed operated by the Responsible Entity under this PDS, as specified in each Fund Supplement.

**Fund Supplement** means, in respect of a Fund, as set out at the back of this PDS.

**Government or Government Agency** means, whether foreign or domestic:

- (a) a government, whether federal, state, territorial or local or a department, office or minister of a government acting in that capacity; or
- (b) a commission, delegate, instrumentality, agency, board, or other government, semi-government, judicial, administrative, monetary or fiscal body, department, tribunal, entity or authority, whether statutory or not, and includes any self-regulatory organisation established under statute or any stock exchange.

**GST** means a goods and services tax, value added tax, consumption tax or a similar tax or a tax on services only, including without limitation, GST as defined in section 195-1 of the GST Act.

**GST Act** means the A New Tax System (Goods and Services) Tax Act 1999 (Cth) as amended or varied from time to time.

**Holders** means:

- (a) where required by the Corporations Act, a person who holds an interest in a Fund (as contemplated in the definition of 'Member' in section 9 of the Corporations Act); and
- (b) upon the issue of the interest being registered, the holder of the interest means the person registered as a holder of relevant Units in a Fund (including persons jointly registered).

**Holding Lock** means, as defined by ASX from time to time, a facility that prevents securities from being deducted from, or entered into, a holding pursuant to a transfer or conversion.

**IDPS** means Investor Directed Portfolio Services as set out in ASIC Regulatory Guide 148.

**iNAV** means an estimated indicative Net Asset Value per Unit.

**Index** means, in respect of a Fund, the Index set out in the relevant Fund Supplement, and Indices means all or some of them.

**Index Constituent Settlement Day** with respect to a Dealing Day means the day on which trades executed on the Dealing Day in an Index constituent are due to settle.

**Index Constituent Trading Day** means any day on which the primary exchange of an Index constituent is open for trading.

**Index Event Risk** means that adjustment may be made to the Index due to certain events.

**Index License Agreement** means, in respect of an Index, the agreement between the Responsible Entity and the relevant Index Provider.

## 12. Glossary

**Index Provider** means, in respect of a Fund and an Index, as set out in the relevant Fund Supplement.

**Initial Offer Period** means the first day on which Creation Requests are received by the Responsible Entity in respect of a particular Fund.

**In Specie Transaction Fee** means a fee payable by an Authorised Participant as set out in this PDS, upon request by the Authorised Participant for an in specie Creation Request or an in specie Redemption Request.

**IRS** means the U.S. Internal Revenue Service.

**Liabilities** means the liabilities of a Fund including any provision which the Responsible Entity decides should be taken into account in accordance with generally accepted accounting principles applicable in Australia in determining the liabilities of a Fund, but excluding any liabilities:

- (a) to applicants for Units in respect of application money or property in respect of which Units have not yet been issued; or
- (b) to Holders, arising by virtue of the right of Holders to request redemption of their Units or to participate in the distribution of the assets on termination of the Scheme.

**Liquid** or **Liquidity** has the same meaning as in the Corporations Act.

**Management Fee** means the fees and costs charged by a Fund for the management of an investment in the Units, as set out in Section 8 (*Fees and Expenses*).

**Market Announcements Platform** means the Market Announcements Platform of the ASX.

**Master Services Agreement** means the Master Services Agreement dated 21 July 2021 between the Responsible Entity and the Administrator pursuant to which the Administrator provides administrative services to the Responsible Entity in connection with the Units.

**Net Asset Value (NAV)** in relation to a Fund, means the net asset value of that Fund or, as the context may require, of a Unit of any class relating to that Fund calculated as set out in Section 8 (*Fees and Expenses*).

**Offer** means the invitation made to the public under this PDS.

**Operating Rules** means the ASX Operating Rules published by the ASX.

**Portfolio Deposit** means the asset comprising securities and cash to be delivered by an Authorised Participant at settlement of a Creation Request.

**Privacy Act 1988 (Cth)** means the Privacy Act 1988 (Cth) as supplemented, amended, varied or replaced from time to time.

**Product Disclosure Statement (PDS)** means this Product Disclosure Statement dated 9 September 2021.

**Recipient** means a qualifying applicant or investor to which this PDS is distributed in connection with the consideration of an investment in a Fund.

**Redemption** means the process of redeeming a Unit under the terms of this PDS and in accordance with the Trust Deed.

**Redemption Date** in respect of a valid Redemption Request, means the Dealing Day on which the next Valuation Time, following the latest of:

- (a) the time at which the Redemption Request is received by the Responsible Entity;
- (b) where the redemption of Units has been suspended, the resumption of the redemption of Units; and
- (c) where the Responsible Entity makes a determination to reduce Redemption Requests rateably so that the total number of Units of the Fund for redemption on that Dealing Day shall not exceed 10% of the NAV of the Fund, the Dealing Day to which the relevant portion of the Redemption Request is allocated.

**Redemption Fee** means the fee payable on Redemption of a Unit as set out in the applicable Fund Supplement.

**Redemption Request** means a request to the Responsible Entity provided by the Holder either in writing or through an online system provided by the Responsible Entity to redeem Units which includes instructions provided by the Holder to the Responsible Entity which in the Trustee's reasonable opinion are sufficient to allow the Responsible Entity to effect the delivery or sale of the securities relating to the relevant Units.

**Register** means the register of holders kept by the Responsible Entity under the Corporations Act.

**Registrar** means Computershare Investor Services Pty Limited as appointed under the Registrar Agreement or such other registrar as may be appointed by the Responsible Entity from time to time to maintain the Registers.

**Registrar Agreement** means the Registry Services Agreement dated 31 March 2015 between the Registrar and the Responsible Entity.

**Regulatory Required Provisions** means certain provisions required in the Trust Deed for regulatory purposes.

**Related Body Corporate** has the meaning given in section 50 of the Corporations Act.

**Responsible Entity** means ETFS Management (AUS) Limited being the responsible entity of the Funds under this PDS and in accordance with the Trust Deed.

**Retail Client** has the meaning given to it in the Corporations Act.

**SEATS** means the ASX Stock Exchange Automated Trading System.

**Settlement Date** has the meaning given in the relevant Fund Supplement.

**System** means the system implemented by the Responsible Entity for enabling Authorised Participants to make Creation Requests and Redemption Requests by means of a secure website.

**Tax** means all kinds of taxes, duties, imposts, deductions, withholding taxes and charges imposed by a government including GST or any amount recovered from the trustee by way of reimbursement of GST or any amount included either expressly or impliedly in an amount paid or payable by the trustee on account of GST, together interest and penalties imposed or levied by a Government or Government agency.

**TFN** means Tax File Number.

**Transaction Costs** means the costs incurred by the Responsible Entity and payable by a Holder in dealing with the assets of a Fund on behalf of a Holder, and include commissions, brokerage and slippage costs (for example, foreign exchange slippage costs, if any).

**Transaction Documents** means the documents which, in addition to this PDS, set out the terms and conditions relating to the Units as listed in Section 1.1 (*Overview*).

**Trust Deed** means the constitution of each of the Funds as amended or varied from time to time.

**Units** means a Unit issued under the terms of this PDS in accordance with the Trust Deed.

**U.S. Securities Act** means the U.S. Securities Act as supplemented, amended, varied or replaced from time to time.

**Valuation Time** means a time determined by the Responsible Entity at which the Responsible Entity calculates the Net Asset Value as set out in the relevant Fund Supplement.

# 13. Corporate Directory

References in this PDS to a particular time, unless otherwise stated, are references to the time in Sydney, Australia. Unless the context otherwise requires, references in this PDS to any agreement or documents includes a reference to such agreement or document, as amended, varied, novated, supplemented or replaced from time to time and unless otherwise stated or the context otherwise requires references in this document to any statute or any provision of any statute include a reference to any statutory modification or re-enactment thereof or any statutory instrument, order or regulation made thereunder or any such modification or re-enactment, in each case in force as at the date of this PDS. No documents, including the contents of any websites or web pages referred to in this PDS, form part of this PDS.

## **RESPONSIBLE ENTITY**

ETFS Management (AUS) Limited  
Level 7  
50 King Street  
Sydney NSW 2000  
Australia  
ACN: 150 433 828  
AFSL: 466778

## **ADMINISTRATOR AND CUSTODIAN**

The Hongkong Shanghai Banking Corporation Limited,  
Sydney Branch  
Level 36, Tower 1, International Towers Sydney  
100 Barangaroo Avenue  
Sydney NSW 2000  
Australia

## **REGISTRAR**

Computershare Investor Services Pty Limited  
Yarra Falls  
452 Johnston Street  
Abbotsford VIC 3067  
Australia

## **LEGAL ADVISERS AS TO AUSTRALIAN LAW**

MinterEllison  
Governor Macquarie Tower  
1 Farrer Place  
Sydney NSW 2000  
Australia

## **AUDITORS**

KPMG  
Tower Three  
International Towers Sydney  
300 Barangaroo Avenue  
Sydney NSW 2000  
Australia



# 14. Fund Supplements

## FUND SUPPLEMENT: ETFS HYDROGEN ETF

This Fund Supplement relates to the ETFS Hydrogen ETF (in this Fund Supplement, the “Fund”) and supplements the more general information contained in the PDS in relation to an investment in the Units. Any decision to invest in the Units of the Fund should be based upon the PDS in its entirety and investors should seek professional advice before making any investment decision with respect to an investment in the Fund.

### KEY FEATURES OF THE FUND

<b>Fund Name</b>	ETFS Hydrogen ETF
<b>ASX Code</b>	HGEN
<b>Investment Objective</b>	The Fund aims to provide investors with a return that (before fees and expenses) tracks the performance of the Solactive Global Hydrogen ESG Index.
<b>Index</b>	Solactive Global Hydrogen ESG Index.
<b>Index Provider</b>	Solactive AG. The Index was not created by, and is not managed by, a Related Body Corporate of the Responsible Entity.
<b>Fees &amp; Expenses</b>	<p><b>Creation Fee</b> \$650. Authorised Participants will be charged this flat fee on each Creation Request.</p> <p><b>Redemption Fee</b> \$650. Authorised Participants will be charged this flat fee on each Redemption Request.</p> <p><b>Management Costs</b> 0.69% per annum of the Net Asset Value of the Fund, comprised of: <b>Management Fee:</b> 0.69% per annum of the Net Asset Value of the Fund. <b>Recoverable expenses:</b> 0.00% per annum of the Net Asset Value of the Fund. <b>Indirect costs:</b> 0.00% per annum of the Net Asset Value of the Fund.</p> <p><b>In Specie Transaction Fee</b> An amount charged to an Authorised Participant to reflect the costs of receiving or delivering the in specie basket in respect of the creation or redemption up to 0.5% of the aggregate subscription amount or redemption amount. The amount of the In Specie Transaction Fee will be available from the Responsible Entity prior to transacting.</p> <p><b>Transaction Costs</b> 0.18% per annum of the Net Asset Value of the Fund, comprised of: <b>Creation or Redemption charges:</b> 0.11% per annum of the Net Asset Value of the Fund <b>Net Transaction Costs:</b> 0.07% per annum of the Net Asset Value of the Fund Further information about the calculation of fees and expenses is set out in Section 8 (<i>Fees and Expenses</i>).</p>
<b>Creations</b>	<p><b>Creation Unit</b> 100,000 Units. Authorised Participants may submit Creation Requests in respect of whole multiples of Creation Units.</p> <p><b>Subscription price during Initial Offer Period</b> \$10. This is the subscription price for Units subscribed for during the Initial Offer Period for both in specie and cash subscriptions.</p>

# 14. Fund Supplements

<b>Dealing Day</b>	Any day that is both an ASX Trading Day.		
<b>Dealing Deadline</b>	For cash Creation Requests or Redemption Requests: 3 p.m. on a Dealing Day. For in specie Creation Requests or Redemption Requests: 4 p.m. on a Dealing Day.		
<b>Delivery Deadline</b>	10:30 a.m. on a Settlement Date.		
<b>Valuation Time</b>	4 p.m. on each Dealing Day.		
<b>Settlement Date</b>	Means the second ASX Business Day following the Dealing Day on which the relevant Creation Request or Redemption Request was received.		
<b>In Specie DvP Fund</b>	No.		
<b>Distributions</b>	The Responsible Entity may make dividend distributions annually in respect of periods ending 30 June each year.		
<b>Dividend Reinvestment</b>	Available. See Section 9.3 of the PDS for further information.		
<b>Index information</b>	Index tickers:	Bloomberg:	SOGLHYDN
	Constituents:	30	
	Weighting factor:	Share class market capitalisation weighted subject to an individual component cap of 10% for 'pure play' companies and 4% for 'non-pure play' companies.	
	Rebalancing frequency:	Semi-annual	
	Country/region:	Global developed markets plus South Korea and Taiwan	
<b>Index objective</b>	The Index aims to provide a representation of companies that have business operations in the field of hydrogen.		
<b>Index Methodology</b>	<p>The methodology employed by Solactive in calculating the Index can be found at <a href="http://www.solactive.com">www.solactive.com</a>.</p> <p>The selection of constituents for the Index is based on the screening of publicly available information such as financial news, business profiles, and company publications using ARTIS®, Solactive's proprietary natural language processing algorithm.</p> <p>Using keywords that describe the Index theme, ARTIS® identifies companies that have or are expected to have significant exposure in the field of hydrogen. For the purposes of the Index, the following are the products and/or services deemed to suit the theme of the index:</p> <ul style="list-style-type: none"> <li>&gt; Production of hydrogen fuel-cells, and supply of fuel-cell components and fuel-cell equipment</li> <li>&gt; Manufacturing and developing of hydrogen fuelling stations and hydrogen-based infrastructure</li> <li>&gt; Involved in the storage, generation, and distribution of hydrogen that can be used as energy source.</li> </ul> <p>In addition, companies must not be classified under any of the following industries based on FactSet:</p> <p>Auto Parts: OEM, Engineering and Construction, Industrial Specialties, Construction Material, Integrated Oil, Miscellaneous Commercial Services, Motor Vehicles, Oil Refining/Marketing, Oilfield Services/Equipment, Precious Metals, Textiles, Trucks/Construction/Farm Machinery and Internet Retail.</p> <p>Furthermore, any companies either violating any of the UN Global Compact Principles or other specified ESG criteria, or reporting insufficient information are ineligible for inclusion in the Index.</p> <p>The top 30 companies by ARTIS® ranking that meet market capitalisation and liquidity criteria are select for the Index.</p>		

## Index specific risk factors

The following risk factors apply to an investment in Units in the Fund in addition to the risk factors which are set out in Section 5 (*Risks*) of the PDS. Investors should consider all of the information and risk factors set out in this Fund Supplement and Section 5 (*Risks*) as well as seek professional advice before making any investment decision with respect to an investment in the Fund.

**Understanding of Index Constituents.** Investors should ensure that they are familiar with and understand the benchmark and the objectives of the Index (and the Fund) outlined above prior to making any investment. In particular they should understand the assets which underlie the Index and the methodology by which the assets are selected, weighted and rebalanced.

**Concentration Risk.** As the Index is comprised of 30 stocks from the same industry there is a risk that the Index, and therefore the Fund, will have a high concentration to particular stocks.

**Comparison to other Hydrogen and Alternative Energy.** Investors should understand the difference between the exposure to hydrogen assets generated by the Index and other hydrogen or wider alternative energy investments which may contain more or less constituents and have different allocation methodologies.

**No guarantee Index meets the stated objective.** Although the Index Methodology is designed to meet the objective of generating returns from securities within the investment parameters, there is no guarantee the Index will meet this objective. Investors should form their own view on the Index Methodology and the capacity of the Index to meet the stated objective.

**Currency Risk.** The prices of the Index constituents are quoted and traded in their relevant domestic currencies whereas the Net Asset Value of the Fund and the price at which the Units will be quoted on the ASX is calculated in Australian dollars. This means that an investor is exposed to changes in the exchange rate between the Australian dollar and the currencies of each of the Index constituents. The value of a Unit may therefore change even if there is no change in the underlying price of the Index constituents. A positive movement in the underlying constituents may not result in an increase in a price of Units if the relevant exchange rate moves adversely.

**Sector Risk.** The Fund invests primarily in the equity securities of companies whose business is focused on the hydrogen industry and, as such, is particularly sensitive to risks to those types of companies. These risks include, but are not limited to, small or limited markets for such securities, changes in business cycles, slow-downs in world economic growth and/or technological progress, rapid obsolescence, and government regulation. The publicly traded securities of hydrogen focused companies can be more volatile than securities of companies that do not rely heavily on developing technologies. Rapid developments in technologies that affect a company's products could have a material adverse effect on such company's operating results. Hydrogen companies may rely on a combination of patents, copyrights, trademarks and trade secret laws to establish and protect their proprietary rights in their products and technologies. There can be no assurance that the steps taken by these companies to protect their proprietary rights will be adequate to prevent the misappropriation of their technology or that competitors will not independently develop technologies that are substantially equivalent or superior to such companies' technology.

The Fund is subject to the risk that market or economic factors impacting hydrogen companies and companies that rely heavily on technology advances could have a major effect on the value of the Fund's investments. The value of stocks of hydrogen companies and companies that rely heavily on developing technologies is particularly vulnerable to rapid changes in technology product cycles, rapid product obsolescence, government regulation and competition, both domestically and internationally, including competition from foreign competitors with lower production costs.

Please refer to Section 5 (*Risks*) for general risk factors associated with an investment in the Fund.

# 14. Fund Supplements

**Index disclaimer**

The financial instrument is not sponsored, promoted, sold or supported in any other manner by Solactive AG, nor does Solactive AG offer any express or implicit guarantee or assurance either with regard to the results of using the Solactive Global Hydrogen ESG Index (the “Index”) and/or Index trade mark or the Index price at any time or in any other respect. The Index is calculated and published by Solactive AG. Solactive AG uses its best efforts to ensure that the Index is calculated correctly. Irrespective of its obligations towards the Sponsor, Solactive AG has no obligation to point out errors in the Index to third parties including, but not limited to, investors and/or financial intermediaries of the financial instrument. Neither publication of the Index by Solactive AG, nor the licensing of the Index or Index trade mark for the purpose of use in connection with the financial instrument, constitutes a recommendation by Solactive AG to invest capital in said financial instrument nor does it in any way represent an assurance or opinion of Solactive AG with regard to any investment in this financial instrument.

## FUND SUPPLEMENT: ETFS SEMICONDUCTOR ETF

This Fund Supplement relates to the ETFS Semiconductor ETF (in this Fund Supplement, the “Fund”) and supplements the more general information contained in the PDS in relation to an investment in the Units. Any decision to invest in the Units of the Fund should be based upon the PDS in its entirety and investors should seek professional advice before making any investment decision with respect to an investment in the Fund.

### KEY FEATURES OF THE FUND

<b>Fund Name</b>	ETFS Semiconductor ETF
<b>ASX Code</b>	SEMI
<b>Investment Objective</b>	The Fund aims to provide investors with a return that (before fees and expenses) tracks the performance of the Solactive Global Semiconductor 30 Index.
<b>Index</b>	Solactive Global Semiconductor 30 Index.
<b>Index Provider</b>	Solactive AG. The Index was not created by, and is not managed by, a Related Body Corporate of the Responsible Entity.
<b>Fees &amp; Expenses</b>	<p><b>Creation Fee</b> \$650. Authorised Participants will be charged this flat fee on each Creation Request.</p> <p><b>Redemption Fee</b> \$650. Authorised Participants will be charged this flat fee on each Redemption Request.</p> <p><b>Management Costs</b> 0.57% per annum of the Net Asset Value of the Fund, comprised of: <b>Management Fee:</b> 0.57% per annum of the Net Asset Value of the Fund. <b>Recoverable expenses:</b> 0.00% per annum of the Net Asset Value of the Fund. <b>Indirect costs:</b> 0.00% per annum of the Net Asset Value of the Fund.</p> <p><b>In Specie Transaction Fee</b> An amount charged to an Authorised Participant to reflect the costs of receiving or delivering the in specie basket in respect of the creation or redemption up to 0.5% of the aggregate subscription amount or redemption amount. The amount of the In Specie Transaction Fee will be available from the Responsible Entity prior to transacting.</p> <p><b>Transaction Costs</b> 0.14% per annum of the Net Asset Value of the Fund, comprised of: <b>Creation or Redemption charges:</b> 0.09% per annum of the Net Asset Value of the Fund <b>Net Transaction Costs:</b> 0.05% per annum of the Net Asset Value of the Fund Further information about the calculation of fees and expenses is set out in Section 8 (<i>Fees and Expenses</i>).</p>
<b>Creations</b>	<p><b>Creation Unit</b> 100,000 Units. Authorised Participants may submit Creation Requests in respect of whole multiples of Creation Units.</p> <p><b>Subscription price during Initial Offer Period</b> \$10. This is the subscription price for Units subscribed for during the Initial Offer Period for both in specie and cash subscriptions.</p>

# 14. Fund Supplements

<b>Dealing Day</b>	Any day that is an ASX Trading Day.		
<b>Dealing Deadline</b>	For cash Creation Requests or Redemption Requests: 3 p.m. on a Dealing Day. For in specie Creation Requests or Redemption Requests: 4 p.m. on a Dealing Day.		
<b>Delivery Deadline</b>	10:30 a.m. on a Settlement Date.		
<b>Valuation Time</b>	4 p.m. on each Dealing Day.		
<b>Settlement Date</b>	Means the second ASX Business Day following the Dealing Day on which the relevant Creation Request or Redemption Request was received.		
<b>In Specie DvP Fund</b>	No.		
<b>Distributions</b>	The Responsible Entity may make dividend distribution semi-annually in respect of periods ending 30 June and 31 December each year.		
<b>Dividend Reinvestment</b>	Available. See Section 9.3 of the PDS for further information.		
<b>Index information</b>	Index tickers:	Bloomberg:	SOLGSEMN Index
	Constituents:	30	
	Weighting factor:	Share class market capitalisation weighted subject to an individual component cap of 10%.	
	Rebalancing frequency:	Quarterly	
	Country/region:	Global developed markets plus South Korea and Taiwan	
<b>Index objective</b>	The Index aims to provide a representation of companies that have business operations in the global semiconductor industry.		
<b>Index Methodology</b>	<p>The methodology employed by Solactive in calculating the Index can be found at <a href="http://www.solactive.com">www.solactive.com</a>.</p> <p>To be eligible for inclusion in the Index, a stock must be classified under one or more of the following industries or subsectors:</p> <ul style="list-style-type: none"> <li>i. FactSet Industry = Semiconductors,</li> <li>ii. RBICS Subsector = Semiconductor Equipment and Services, or</li> <li>iii. RBICS Subsector = Semiconductor Manufacturing.</li> </ul> <p>The 30 largest eligible stocks are selected for inclusion in the Index and are weighted by share class market capitalisation subject to an individual constituent cap of 10%.</p>		
<b>Index specific risk factors</b>	<p>The following risk factors apply to an investment in Units in the Fund in addition to the risk factors which are set out in Section 5 (<i>Risks</i>) of the PDS. Investors should consider all of the information and risk factors set out in this Fund Supplement and Section 5 (<i>Risks</i>) as well as seek professional advice before making any investment decision with respect to an investment in the Fund.</p> <p><b>Understanding of Index Constituents.</b> Investors should ensure that they are familiar with and understand the benchmark and the objectives of the Index (and the Fund) outlined above prior to making any investment. In particular they should understand the assets which underlie the Index and the methodology by which the assets are selected, weighted and rebalanced.</p> <p><b>Concentration Risk.</b> As the Index is comprised of 30 stocks from the same industry there is a risk that the Index, and therefore the Fund, will have a high concentration to particular stocks.</p> <p><b>Comparison to other Semiconductor and Technology Investments.</b> Investors should understand the difference between the exposure to semiconductor assets generated by the Index and other semiconductor or wider technology investments which may contain more or less constituents and have different allocation methodologies.</p>		

<b>Index specific risk factors</b> (continued)	<p><b>No guarantee Index meets the stated objective.</b> Although the Index Methodology is designed to meet the objective of generating returns from securities within the investment parameters, there is no guarantee the Index will meet this objective. Investors should form their own view on the Index Methodology and the capacity of the Index to meet the stated objective.</p> <p><b>Currency Risk.</b> The prices of the Index constituents are quoted and traded in their relevant domestic currencies whereas the Net Asset Value of the Fund and the price at which the Units will be quoted on the ASX is calculated in Australian dollars. This means that an investor is exposed to changes in the exchange rate between the Australian dollar and the currencies of each of the Index constituents. The value of a Unit may therefore change even if there is no change in the underlying price of the Index constituents. A positive movement in the underlying constituents may not result in an increase in a price of Units if the relevant exchange rate moves adversely.</p> <p><b>Sector Risk.</b> The Fund invests primarily in the equity securities of companies whose business is focused on the semiconductor industry and, as such, is particularly sensitive to risks to those types of companies. These risks include, but are not limited to, small or limited markets for such securities, changes in business cycles, slow-downs in world economic growth and/or technological progress, rapid obsolescence, and government regulation. The publicly traded securities of semiconductor focused companies can be more volatile than securities of companies that do not rely heavily on technology. Rapid developments in technologies that affect a company's products could have a material adverse effect on such company's operating results. Semiconductor companies may rely on a combination of patents, copyrights, trademarks and trade secret laws to establish and protect their proprietary rights in their products and technologies. There can be no assurance that the steps taken by these companies to protect their proprietary rights will be adequate to prevent the misappropriation of their technology or that competitors will not independently develop technologies that are substantially equivalent or superior to such companies' technology.</p> <p>The Fund is subject to the risk that market or economic factors impacting semiconductor companies and companies that rely heavily on technology advances could have a major effect on the value of the Fund's investments. The value of stocks of semiconductor companies and companies that rely heavily on technology is particularly vulnerable to rapid changes in technology product cycles, rapid product obsolescence, government regulation and competition, both domestically and internationally, including competition from foreign competitors with lower production costs.</p> <p>Please refer to Section 5 (<i>Risks</i>) for general risk factors associated with an investment in the Fund.</p>
<b>Index disclaimer</b>	<p>The financial instrument is not sponsored, promoted, sold or supported in any other manner by Solactive AG, nor does Solactive AG offer any express or implicit guarantee or assurance either with regard to the results of using the Solactive Global Semiconductor 30 Index (the "Index") and/or Index trade mark or the Index price at any time or in any other respect. The Index is calculated and published by Solactive AG. Solactive AG uses its best efforts to ensure that the Index is calculated correctly. Irrespective of its obligations towards the Sponsor, Solactive AG has no obligation to point out errors in the Index to third parties including, but not limited to, investors and/or financial intermediaries of the financial instrument. Neither publication of the Index by Solactive AG, nor the licensing of the Index or Index trade mark for the purpose of use in connection with the financial instrument, constitutes a recommendation by Solactive AG to invest capital in said financial instrument nor does it in any way represent an assurance or opinion of Solactive AG with regard to any investment in this financial instrument.</p>

