BETASHARES FUNDS

PRODUCT DISCLOSURE STATEMENT

BETASHARES

U.S. EQUITIES STRONG BEAR HEDGE FUND - CURRENCY HEDGED ASX CODE: BBUS

BetaShares Capital Ltd
ABN 78 139 566 868 | AFSL 341181

Dated: 29 September 2022

BetaShares
Exchange Traded Funds

IMPORTANT INFORMATION

About this PDS

This Product Disclosure Statement (**PDS**) is dated 29 September 2022.

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

This PDS is the offer document for the following registered managed investment scheme: BetaShares U.S. Equities Strong Bear Hedge Fund - Currency Hedged (ARSN 602 663 918) (the "Fund").

A copy of this PDS has been lodged with the Australian Securities and Investments Commission (**ASIC**) on 29 September 2022. Neither ASIC nor ASX Limited takes any responsibility for the contents of this PDS.

The Fund commenced operations on 24 August 2015. An application was made to, and approved by, the ASX for Units to be quoted for trading on the ASX under the AQUA Rules. The Units are currently quoted for trading on the AQUA market of the ASX under the AQUA Rules.

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

The offer

The offer under this PDS is for certain financial institutions, called "Authorised Participants". Certain sections of the PDS (particularly those relating to applications for and redemptions of Units in the normal course) are of direct relevance to Authorised Participants only.

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

The offer to which this PDS relates is available to Authorised Participants receiving the PDS (electronically or otherwise) in Australia, or in certain overseas jurisdictions by direct arrangement with the Responsible Entity.

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

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

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

PDS updates

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

Risks

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

None of BetaShares Holdings Pty Ltd, BetaShares, or any of their related entities, directors or officers gives any guarantee or assurance as to the performance of, or the repayment of capital invested in, the Fund.

Not personal advice

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

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

Definitions

Certain terms used in this PDS are defined in the Glossary in section 8.

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

PRODUCT DISCLOSURE STATEMENT

CONTENTS

1 KEY FEATURES

1.1 ABOUT THE FUND

The BetaShares U.S. Equities Strong Bear Hedge Fund - Currency Hedged (the Fund) is a managed investment fund whose units trade on the ASX, much like shares.

The Fund uses an active investment strategy that aims to help investors profit from, or protect against, a declining U.S. share market.

The Fund seeks to generate magnified returns that are negatively correlated to the returns of the U.S. share market (as measured by the S&P 500 Index), hedged to Australian dollars.

When the values of two investments or assets tend to move in opposite directions, this relationship is referred to as "negative correlation".

The S&P 500 Index measures the total return performance (i.e. the price return plus the return from reinvestment of dividends) of the leading 500 listed companies in the U.S. by free float adjusted market capitalisation.

The Responsible Entity anticipates that the Fund's short exposure to the S&P 500 Index will generally vary between -200% and -275% of the Fund's Net Asset Value on a given day.

If the Fund's investment strategy of seeking magnified, negatively correlated returns is successful, a decrease in the value of the broad U.S. share market (as measured by the S&P 500 Index) on a given day will generally result in a larger increase (in percentage terms) in the value of the Fund. Conversely, an increase in the value of the broad U.S. share market (as measured by the S&P 500 Index) on a given day will generally result in a larger decrease (in percentage terms) in the value of the Fund.

The Fund's returns will not necessarily be in the range -200% to -275% over periods longer than a day, due to the effects of rebalancing the Fund's investment exposure from time to time to maintain the daily target short exposure range and the compounding of investment returns over time. Therefore, the Fund's returns over periods longer than one day may differ in amount and possibly direction from the daily target return range. This effect on returns over time can be expected to be more pronounced the more volatile the U.S share market and the longer an investor's holding period.

The Fund uses futures to obtain its exposure rather than the underlying shares. Investors should note that the Fund's Net Asset Value each day will be determined by reference to the close of the U.S. futures market which is after the close of the U.S. share market, and therefore there may be differences on a given day between the movements in the S&P 500 Index and the S&P 500 futures relative to the previous day. At times of heightened share market volatility, such differences in performance may be material in amount and, possibly, direction.

As the Fund uses S&P 500 futures to obtain its exposure and the U.S. futures market is normally open during ASX trading hours, the Fund's performance during the ASX trading day will reflect movements in the S&P 500 futures market, even though the U.S. share market is closed during that time.

Investors in the Fund should actively monitor their investment as frequently as daily to ensure it continues to meet their investment objectives, and should consider whether to limit their holding period or rebalance their investment to maintain their desired level of exposure and mitigate the effects of compounding.

Due to the effects of dividends, rebalancing and compounding of investment returns over time, investors should not expect the Fund's Net Asset Value to be at a particular level for a given level of the S&P 500 Index at any point in time.

Because the Units of the Fund are quoted on the ASX, investors can benefit from simple trading of their investment, including the ability to buy and sell during the course of the trading day, much like listed shares.

The Fund carries investment risks. For information on the risks applicable to the Fund, see section 4.

The Fund's strategy of seeking returns that are negatively correlated to market returns is the opposite of most managed funds. Also, seeking to generate magnified returns means both investment gains and losses can be expected to be magnified, and consequently significant variations in the value of the Fund's investments can be expected. The Fund therefore involves risks that are not present in most traditional equity funds.

Potential investors in the Fund should consider their particular investment objectives and circumstances, including their tolerance for investing in a very high risk fund, in consultation with a professional financial adviser before making an investment decision.

An investment in the Fund should only be considered as a component of an investor's overall portfolio.

1.2 SUMMARY OF KEY INFORMATION

The following table briefly summarises some of the key information contained in this PDS. It is not a complete summary of this PDS and you should read the PDS in its entirety. You should seek your own professional investment advice before deciding to invest in the Fund.

TABLE 1.2: SUMMARY OF KEY INFORMATION

TOPIC	SUMMARY	SECTION
Investment objective	The Fund aims to help investors profit from, or protect against, a declining U.S. share market. It seeks to generate magnified returns that are negatively correlated to the returns of the U.S. share market (as measured by the S&P 500 Index), hedged to Australian dollars.	**2.1**

TOPIC	SUMMARY	SECTION
	As at the date of this PDS, the Responsible Entity intends to implement the investment strategy by investing the assets of the Fund into cash and cash equivalents and selling equity index futures contracts (i.e. S&P 500 futures). Selling S&P 500 futures can generally be expected to generate a positive return when the S&P 500 Index declines on a given day (and a negative return when the S&P 500 Index increases). There is no assurance or guarantee that the Fund's returns will meet the investment objective.	
Investing	The offer in this PDS is only available to Authorised Participants. Units can only be acquired in whole multiples of a "Creation Unit" unless the Responsible Entity agrees otherwise. The number of Units in a Creation Unit for the Fund is determined by the Responsible Entity and notified to Authorised Participants. Application amounts are payable in cash in Australian dollars, unless the Responsible Entity agrees otherwise. Applications are subject to an application fee described in section 3. Units are quoted on the ASX under the AQUA Rules. Subject to market conditions, investors may purchase Units by trading on the ASX. The purchase of Units on the ASX is not governed by the terms of this PDS and therefore the minimum investment does not apply to purchases of Units on the ASX.	**5**
Redemptions	A Unitholder can generally only redeem Units if it is an Authorised Participant. Units can only be redeemed in whole multiples of a Creation Unit unless the Responsible Entity agrees otherwise. The number of Units that constitute a Creation Unit for the Fund is determined by the Responsible Entity and notified to Authorised Participants. The amount payable to a Unitholder on redemption will be paid in cash in Australian dollars, unless the Responsible Entity agrees otherwise. In certain specified circumstances, redemption requests may be delayed, rejected or scaled down. See section 6.2.7, 6.2.8 and 6.2.9 for further information. Units are quoted on the ASX under the AQUA Rules. Subject to market conditions, investors may sell their Units by trading on the ASX. The sale of Units on the ASX is not governed by the terms of this PDS and therefore the minimum redemption does not apply to sales of Units on the ASX. A Unitholder who is not an Authorised Participant can only redeem Units in the special circumstances described in section 5.4.	**5, 6.2.7, 6.2.8**, **6.2.9**
Distributions	The Responsible Entity may declare annual distributions in respect of the period ending on 30 June of each year. There is no guarantee that the Fund will distribute any income to Unitholders.	**2.2**
Risks	There are a number of risks associated with investing in the Fund. The key risks include the following: • An increase in the value of the broad U.S. share market (as measured by the S&P 500 Index) will generally result in a decrease in the value of the Fund on a given day. This result is the opposite of most other managed funds. • The Fund's investment returns will be influenced by the performance of the U.S. share market as a whole. Changes in U.S. share prices, which may be volatile and fluctuate from day to day, may result in a loss in the value of Units, particularly in circumstances where the broad U.S. share market increases in value.	**4**

TOPIC	SUMMARY	SECTION
	• Gearing magnifies, and increases the volatility of, both gains and losses from the Fund's investments. The Fund is therefore riskier than a fund that does not provide a geared exposure. • The Fund's returns will not necessarily be in the range -200% to -275% of the Fund's Net Asset Value over periods longer than a day, due to the effects of rebalancing the Fund's investment exposure and compounding of investment returns over time. The Fund's returns over periods longer than one day may differ in amount and possibly direction from the daily target return range. • The use of derivatives carries certain risks and can cause the Fund to incur losses. • Investors should be aware that the Fund may realise large income gains from its futures positions (for example, if the U.S. share market were to experience a large fall), which would be required to be distributed to Unitholders at the end of the financial year. In such circumstances, investors who hold Units as at the end of the financial year may receive a large taxable income distribution. • There is a risk of loss due to a counterparty to the Fund not honouring a financial commitment. Counterparties include service providers such as the Fund's trading counterparties, unit registrar, fund administrator and custodian. • In certain circumstances, the Responsible Entity can suspend or scale down applications or redemptions. • Although the Units will be quoted on the AQUA market of the ASX, there can be no assurance that there will be a liquid market for Units, and no assurance that there will be a liquid market for the Fund's investments. • The trading price of Units on the ASX may differ from the Net Asset Value per Unit. • There is no guarantee that the Fund's investment strategy will be successful or that the investment objective will be achieved. This is not a comprehensive summary of all the risks of investing in the Fund. Before investing in the Fund, investors should carefully consider the risks associated with an investment in the Fund and obtain financial advice on whether an investment in the Fund is suitable for their objectives, financial situation and needs. For further details of the risks of investing, see section 4.	
Fees and other costs	Fees and other costs as described in section 3 of this PDS will apply.	**3**
Tax	Tax information of a general nature is set out in section 7. Investors should seek their own professional tax advice which takes into account their particular circumstances.	**7**
Complaints	The Responsible Entity has a process in place to deal with complaints from Unitholders.	**6.2.21**
Responsible Entity	BetaShares Capital Ltd is the responsible entity of the Fund and is the issuer of this PDS.	**1.4**

1.3 DISCLOSURE BENCHMARKS & DISCLOSURE PRINCIPLES

Each disclosure benchmark and disclosure principle set out in the following tables identifies a key area that ASIC considers investors should understand before making a decision to invest in the Fund. Where a responsible entity does not meet a particular disclosure benchmark, ASIC requires that the responsible entity explain why the benchmark is not met and what alternative measures it has in place to mitigate the concern underlying the benchmark.

DISCLOSURE BENCHMARKS

BENCHMARK	DESCRIPTION	DISCLOSURE SUMMARY	SECTION FOR FURTHER INFORMATION
Valuation of assets	This benchmark addresses whether valuations of any non-exchange traded assets are provided by an independent administrator or an independent valuation service provider.	The Fund meets this benchmark. The Fund's assets only comprise exchange-traded assets and cash or cash equivalents. The Responsible Entity has appointed an unrelated, external fund administrator, Mainstream Fund Services Pty Ltd, to value all of the Fund's assets and to calculate the total value of the Fund's assets and Net Asset Value per Unit using these valuations. The Fund's assets reflect their market value. The valuation methods applied to value the Fund's assets must be consistent with the range of ordinary commercial practice for valuing them.	**5.6, 6.1.2**
Periodic reporting	This benchmark addresses whether the Responsible Entity will provide periodic disclosure to investors of certain key information.	The Fund meets this benchmark, except as stated below. The Responsible Entity has in place and implements a policy to provide periodic reports on certain key information about the Fund, as set out in section 2.1.6. The benchmark is not met only in the respect that the names of the Fund's derivatives counterparties (being clearing brokers which the Fund uses to buy or sell exchange-traded derivatives) are not disclosed in the Fund's periodic reporting to investors, because this information may change from time to time and is considered commercial-in-confidence. The Responsible Entity only deals in exchange-traded derivatives (being S&P 500 futures contracts) with counterparties which are licensed market participants. The Responsible Entity's criteria for selecting counterparties include that they must have, as a minimum, a long-term investment grade credit rating from a major credit ratings agency. The central counterparty for clearing S&P 500 futures contracts is Chicago Mercantile Exchange (CME) (or a subsidiary) – this central clearing service is intended to reduce counterparty risk.	**2.1.6**

DISCLOSURE PRINCIPLES

PRINCIPLE	DISCLOSURE SUMMARY	SECTION FOR FURTHER INFORMATION
Investment strategy	As at the date of this PDS, the Responsible Entity intends to implement the investment strategy by investing the assets of the Fund into cash and cash equivalents and selling equity index futures contracts (i.e. S&P 500 futures). Selling S&P 500 futures can generally be expected to generate a positive return when the S&P 500 Index declines on a given day (and a negative return when the S&P 500 Index increases). The Responsible Entity expects to use exchange-traded derivatives (i.e. selling S&P 500 futures) in implementing the investment strategy. See "Derivatives" below for more information. Selling futures contracts in this way may be considered a form of "short selling", which is an investment strategy that seeks to profit from the fall in the price of an asset. See "Short selling" below for more information. While the Fund will not borrow for the purposes of gearing, it will use S&P 500 futures to obtain a magnified (or "geared") short exposure. The Responsible Entity anticipates that the Fund's short exposure to the S&P 500 Index will generally vary between -200% and -275% of the Fund's Net Asset Value on a given day. Gearing is possible with futures because futures require minimal investment to gain exposure to markets.	**2.1.2, 2.1.3, 2.1.7**

PRINCIPLE	DISCLOSURE SUMMARY	SECTION FOR FURTHER INFORMATION
	Gearing can be expected to magnify both investment gains and losses, and consequently significant variations in the value of the Fund's investments can be expected. See "Leverage" below for more information. All cash and cash equivalent assets will be located in Australia and the United States and denominated in Australian and U.S. dollars. S&P 500 futures contracts are traded on a U.S. exchange and denominated in U.S. dollars. As the Fund's S&P 500 futures contracts will be denominated in U.S. dollars, the Australian dollar value of the gains or losses on these positions will be affected by exchange rate fluctuations. The Responsible Entity intends to hedge such currency exposure with the objective of substantially offsetting the Fund's exposure to movements in the U.S. dollar. Investors will receive returns from (1) the change in the value of the Fund's portfolio of cash/cash equivalents and futures contracts, which will be reflected in the daily Net Asset Value per Unit and (2) any distributions paid to investors, normally annually. The strategy's ability to produce investment returns is largely dependent on general U.S. share market conditions (to which the Fund will be exposed via selling S&P 500 futures contracts), and may be influenced by the risks described in section 4. The Fund does not have specific diversification guidelines or limits. However, the Fund seeks to generate returns that are negatively correlated to the returns of the U.S. share market (as measured by the S&P 500 Index) and, to that extent, the Fund will effectively have diversified short exposure. Specific risks associated with the Fund's investment strategy are described in section 4 and include risk associated with negatively correlated returns, gearing risk, rebalancing and compounding risk, market risk, foreign exchange risk and derivatives risk. Key aspects of the Responsible Entity's risk management strategy comprise: (1) daily monitoring of the level of the Fund's short exposure to the S&P 500 Index with the aim of maintaining its short exposure between -200% and -275% of the Fund's Net Asset Value on any given day; (2) daily monitoring of the level of the Fund's currency exposure; and (3) the Responsible Entity intends that the Fund will only invest in liquid assets that are generally able to be liquidated on a daily basis (subject to normal settlement cycles that generally do not exceed two business days). The Responsible Entity may from time to time vary the investment strategy as set out in this PDS. Any change will be notified to investors via the ASX Market Announcements Platform.	
Investment manager	The Responsible Entity's Chief Investment Officer, Louis Crous, is head of the portfolio management team, which is responsible for implementing the Fund's investment strategy. Mr Crous is adequately qualified and experienced to perform this role. Mr Crous devotes all of his business time to the Responsible Entity's business, which includes managing and executing the investment strategy of the Fund.	**1.4**
Fund structure	The Fund is an Australian registered managed investment scheme structured as a unit trust, whose Units trade on the ASX. For a diagram showing the flow of investment money through the structure, see section 2.3. For the names of the key service providers involved in the operation of the Fund, and a description of their services, see section 6.1. All key service providers are domiciled in Australia, with the exception of the Custodian/Prime Broker (domiciled in France with substantial operations in Australia). The Custodian/Prime Broker provides custody services for the Fund. The Fund may also use entities related to the Custodian/Prime Broker as executing or clearing broker for the Fund's futures or other transactions. The Responsible Entity in its personal capacity, or companies related to the Responsible Entity, may invest in the Fund or provide services to the Fund. See section 6.2.25. The Responsible Entity seeks to ensure compliance of service providers with their service agreement obligations through various monitoring methods that include, where appropriate,	**2.3, 4, 6.1, 6.2.25**

PRINCIPLE	DISCLOSURE SUMMARY	SECTION FOR FURTHER INFORMATION
	daily observation of service provider performance, review of regular compliance and audit reports, regular meetings with service providers and performance assessments. The risks associated with the Fund's structure are described in section 4. As an exchange-traded managed fund, there is the risk of the Fund's Units being suspended from trading, of a lack of a liquid market for Units, and of the trading price of Units differing from Net Asset Value per Unit. As the Responsible Entity outsources key operational functions, namely custody, fund administration (including valuations and unit pricing) and unit registry, to third party service providers, there is the risk that service providers will default in performing their obligations (whether intentionally or unintentionally) and cause loss to the Fund.	
Valuation, location and custody of assets	The Fund's assets and liabilities will be valued, and the Net Asset Value calculated, on each ASX Business Day by the fund administrator. Assets or liabilities denominated in U.S. dollars will be converted to Australian dollars using 4pm London time currency exchange rates. The Fund's assets reflect their market value. See section 5.6 for a summary of the Fund's valuation policy. The Fund may invest in Australian and U.S. dollar cash and cash equivalent investments and exchange-traded derivatives. The target allocation range for each of these asset types is shown in section 2.1.2. All assets of the Fund are expected to be located in Australia and the United States. The Fund's cash and cash equivalents, other than cash posted as collateral for futures positions, will be held by the Fund's custodian. This will be the Custodian/Prime Broker, BNP Paribas. See section 6.1 for more information.	**2.1.2, 5.6, 6.1**
Liquidity	The Responsible Entity intends that the Fund will only invest in liquid assets that it reasonably expects will be able to be liquidated on a daily basis (subject to normal settlement cycles that generally do not exceed two business days). Therefore, the Responsible Entity can reasonably expect to realise substantially all of the Fund's assets, at the value ascribed to those assets (that is, their market value) when calculating the Fund's Net Asset Value, within 10 days.	**2.1.2**
Leverage	Leverage is the use of debt (such as borrowing) or financial products (such as futures) to magnify the exposure of capital to an investment. While the Fund will not borrow for the purposes of leverage, it will use leverage as a central part of its investment strategy. It will do this through the use of S&P 500 futures to obtain a magnified (or "geared") short exposure to the returns of the U.S. share market (as measured by the S&P 500 Index). See "Derivatives" below for more information. The Responsible Entity anticipates that the Fund's short exposure to the S&P 500 Index on a given day will generally vary between -200% and -275% of the Fund's Net Asset Value, subject to adjustment as described in section 2.1.3. The maximum short exposure that the Responsible Entity will intentionally adopt on a given day is -275% (this means that the Fund will have a maximum gross short exposure to movements in the S&P 500 Index equal to -275% of the Net Asset Value on a given day). A worked example showing the impact of leverage on investment gains and losses, assuming the maximum anticipated level of leverage, is provided in section 2.1.2.	**2.1.2, 2.1.3**
Derivatives	The Responsible Entity expects to use exchange-traded derivatives in implementing the investment strategy, in order to obtain short exposure to the U.S. share market. As at the date of this PDS, this is expected to be in the form of selling equity index futures contracts (i.e. S&P 500 futures). The Responsible Entity's criteria for selecting futures clearing brokers include that they must have, as a minimum, a long-term investment grade credit rating from a major credit ratings agency. The central counterparty for clearing S&P 500 futures contracts is Chicago Mercantile Exchange (CME) (or a subsidiary). The risks associated with the use of exchange-traded derivatives are described in section 4.	**2.1.2, 4**

PRINCIPLE	DISCLOSURE SUMMARY	SECTION FOR FURTHER INFORMATION
Short selling	As at the date of this PDS, the Responsible Entity intends to implement the investment strategy by investing the assets of the Fund into cash and cash equivalents and selling equity index futures contracts (i.e. S&P 500 futures). Selling futures contracts in this way may be considered a form of "short selling", which is an investment strategy that seeks to profit from the fall in the price of an asset. Selling S&P 500 futures contracts is central to the Fund's investment strategy, as it is the primary means by which the Fund can generally be expected to generate a positive return when the S&P 500 Index declines on a given day (it can also generally be expected to generate a negative return when the S&P 500 Index increases on a given day). The primary risk associated with any short selling is the risk of incurring substantial losses in excess of the initial amount invested. See section 4.3 for the risks associated with selling futures contracts. The Responsible Entity will manage this risk by monitoring any derivatives exposure daily and adjusting any short exposure in response to market movements with the objective of ensuring that the Fund's short exposure stays within the target range set out in section 2.1.2. As an example of how short-selling works in the Fund, assume that on a given day the Fund's exposure to movements in the S&P 500 Index, as measured by the futures contracts held in the Fund, is -250% (this means it has a "short exposure" of -250%). If the S&P 500 Index goes down 1% that day, the Fund's value would generally be expected to go up 2.5% that day, before fees and expenses (and assuming no impact from currency movements). Conversely, if the S&P 500 Index goes up 1% that day, the Fund's value would generally be expected to go down 2.5% that day, before fees and expenses (and assuming no impact from currency movements). The Fund is actively managed and the portfolio exposure will change on a daily basis, affecting returns over time. **The Fund's returns will not necessarily be in the range -200% to -275% of the Fund's Net Asset Value over periods longer than a day, due to the effects of rebalancing the Fund's investment exposure and compounding of investment returns over time. Investors should actively monitor their investment as frequently as daily to ensure it continues to meet their investment objectives, and should consider whether to limit their holding period or rebalance their investment to maintain their desired level of exposure and mitigate the effects of compounding.** **The Fund uses futures to obtain its exposure rather than the underlying shares. Investors should note that the Fund's Net Asset Value each day will be determined by reference to the close of the U.S. futures market which is after the close of the U.S. share market, and therefore there may be differences on a given day between the movements in the S&P 500 Index and the S&P 500 futures relative to the previous day. At times of heightened share market volatility, such differences in performance may be material in amount and, possibly, direction.** **As the Fund uses futures to obtain its exposure and the U.S. futures market is normally open during ASX trading hours, the Fund's performance during the ASX trading day will reflect movements in the U.S. futures market, even though the U.S. share market is closed during that time.**	**2.1.2, 2.1.3, 4.3**
Withdrawals	All Unitholders may sell their Units by trading on the ASX. A Unitholder can generally only redeem Units if it is an Authorised Participant. Units can only be redeemed in whole multiples of a Creation Unit unless the Responsible Entity agrees otherwise. The number of Units that constitute a Creation Unit for the Fund is determined by the Responsible Entity and notified to Authorised Participants. In certain specified circumstances, redemption requests may be delayed, rejected or scaled down. See section 6.2.7, 6.2.8 and 6.2.9 for further information. A Unitholder who is not an Authorised Participant can only redeem Units in the special circumstances described in section 5.4. The Responsible Entity will notify investors of any material changes to their withdrawal rights via the ASX Market Announcements Platform.	**5, 6.2.7, 6.2.8, 6.2.9**

1.4 ABOUT BETASHARES

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

The Responsible Entity is an Australian asset management business located in Sydney which was established in 2009 to be a specialist provider of fund products that are exchange traded. The Responsible Entity launched its first funds in 2010. As at the date of this PDS, it manages over $20 billion in assets and acts as responsible entity for more than 70 funds whose units are quoted for trading on the Australian Securities Exchange under the AQUA Rules. These funds provide exposure to the performance of specific equity strategies, equity indices, fixed income strategies, fixed income indices, currencies, commodities or commodity indices. The primary focus of the Responsible Entity's business is the operation of funds that are exchange traded.

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

As at the date of this PDS, the Responsible Entity's Chief Investment Officer, **Louis Crous,** has responsibility for investment decisions relating to the Fund. Louis has over 15 years' experience managing investments, including listed equities and derivatives. Louis has been responsible for managing all of the Responsible Entity's funds since 2010. Before joining BetaShares, Louis was a Senior Investment Product Specialist at nabInvest. Prior to nabInvest, he worked on the Equity Derivatives desk for Rand Merchant Bank in Sydney, London and Johannesburg, and was responsible for the Structured Investment Products business in Australia. Louis holds a professional qualification as a Chartered Accountant (CA (SA)) and is also a CFA Charterholder. He has a Bachelor of Business Science (First Class Hons) and Post Graduate Diploma in Accounting from the University of Cape Town, South Africa. Louis devotes all of his business time to the Responsible Entity's business, which includes managing and executing the investment strategy of the Fund.

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

1.5 ADMISSION TO TRADING UNDER THE AQUA RULES

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

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

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

AQUA Rules: fundamental difference

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

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

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

ASX LISTING RULES	AQUA RULES
Control	
An issuer of an entity listed under the ASX Listing Rules: • controls the value of its own securities and the business it runs; and • the value of those securities is directly influenced by the equity issuer's performance and conduct. For example, the management and board of a listed company generally control the fate of the business and, therefore, have direct influence over the share price.	An issuer of a product quoted under the AQUA Rules: • does not control the value of the assets underlying its products, but • offers products that give investors exposure to the underlying assets – such as shares, indices, currencies or commodities. The value (price) of products quoted under the AQUA Rules is dependent upon the performance of the underlying assets rather than the financial performance of the issuer itself e.g. a managed fund issuer does not control the value of the shares it invests in.
Continuous Disclosure	
Issuers are subject to the continuous disclosure requirements under ASX Listing Rule 3.1 and Section 674 of the *Corporations Act*.	Issuers of products quoted under the AQUA Rules are not subject to the continuous disclosure requirements under ASX Listing Rule 3.1 and section 674 of the *Corporations Act* but must disclose information about: • the Net Tangible Assets ("NTA") or the Net Asset Value ("NAV") of the fund; • distributions declared;

ASX LISTING RULES	AQUA RULES
	• redemptions; and • any other information that is required to be disclosed to ASIC under section 675 of the *Corporations Act* must be disclosed via the ASX Market Announcements Platform at the same time it is disclosed to ASIC. The Responsible Entity also intends to post any such information on its website www.betashares.com.au at the same time. AQUA Product issuers must also disclose to the ASX any information the non-disclosure of which may lead to the establishment of a false market in its products or would materially affect the price of its products.
Periodic Disclosure	
Issuers are required to disclose their half- yearly and annual financial information or annual reports to the ASX under Chapter 4 of the ASX Listing Rules.	Financial reports relating to the issuer itself are not required to be disclosed to the ASX. However, periodic financial reports relating to the AQUA Product must be disclosed to the ASX at the same time they are lodged with ASIC under Chapter 2M of the *Corporations Act.*
Corporate Control	
Requirements in the *Corporations Act* and the ASX Listing Rules in relation to matters such as takeover bids, share buy-backs, change of capital, new issues, restricted securities, disclosure of directors' interests and substantial shareholdings, apply to companies and listed schemes.	These requirements do not apply to AQUA Product issuers. Section 601FM of the *Corporations Act* continues to apply to the removal or change of the responsible entity. An extraordinary resolution would be required to change the responsible entity. An extraordinary resolution is a resolution passed by a majority of the total votes that may be cast by members entitled to vote on the resolution.
Related Party Transactions	
Chapter 10 of the ASX Listing Rules, which relates to transactions between an entity and persons in a position to influence the entity, specifies controls over related party transactions.	Chapter 10 of the ASX Listing Rules does not apply to AQUA Products. Products quoted under the AQUA Rules which are registered managed investment schemes remain subject to the related party requirements in Part 5C.7 and Chapter 2E of the *Corporations Act.*
Auditor Rotation Obligations	
There are specific requirements in relation to auditor rotation under Part 2M.4 Division 5 of the *Corporations Act*.	Issuers of products quoted under the AQUA Rules are not subject to the requirements under Part 2M.4 Division 5 of the Corporations Act. A responsible entity of a registered managed investment scheme will continue to be required to undertake an independent audit of its compliance with the scheme's compliance plan in accordance with Section 601HG of the *Corporations Act* and the auditor must not be the auditor of the scheme's financial statements (but may be from the same firm).
Spread Requirements	
There are 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).	These requirements do not apply to AQUA Product issuers. Under the AQUA Rules, an AQUA Product issuer must ensure a reasonable bid and volume is maintained for the AQUA Product on the ASX except in permitted circumstances, or have in place other arrangements which meet the ASX's requirements for providing liquidity, generally through the appointment of a market making agent.

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2 ABOUT THE FUND

2.1 INVESTMENT POLICY

2.1.1 Investment objective

The investment objective of the Fund is to help investors profit from, or protect against, a declining U.S. share market. It seeks to generate magnified returns that are negatively correlated to the returns of the U.S. share market (as measured by the S&P 500 Index), hedged to Australian dollars.

When the values of two investments or assets tend to move in opposite directions, this relationship is referred to as "negative correlation".

The S&P 500 Index measures the total return performance (ie the price return plus the return from reinvestment of dividends) of the leading 500 listed companies in the U.S. by free float adjusted market capitalisation.

If the Fund's investment strategy of seeking magnified, negatively correlated returns is successful, a decrease in the value of the broad U.S. share market (as measured by the S&P 500 Index) on a given day will generally result in a larger increase (in percentage terms) in the value of the Fund. Conversely, an increase in the value of the broad U.S. share market (as measured by the S&P 500 Index) on a given day will generally result in a larger decrease (in percentage terms) in the value of the Fund.

The Responsible Entity will seek to achieve the Fund's investment objective in all market conditions. This means that, in a period of rising U.S. share prices, investors should not expect the Fund's investments to be repositioned to attempt to profit from the rising prices.

There is no assurance or guarantee that the Fund's returns will meet its investment objective.

2.1.2 Investment strategy

As at the date of this PDS, the Responsible Entity intends to implement the investment strategy by investing the assets of the Fund into cash and cash equivalents and selling equity index futures contracts (i.e. S&P 500 futures). Selling S&P 500 futures can generally be expected to generate a positive return when the S&P 500 Index declines on a given day (and a negative return when the S&P 500 Index increases on a given day).

The Responsible Entity anticipates that the Fund's short exposure to the S&P 500 Index will generally vary between -200% and -275% of the Fund's Net Asset Value on a given day.

As the Fund uses S&P 500 futures to obtain its exposure and the U.S. futures market is normally open during ASX trading hours, the Fund's performance during the ASX trading day will reflect movements in the S&P 500 futures market, even though the U.S. share market is closed during that time.

Investors should note that the Fund's Net Asset Value each day will be determined by reference to the close of the U.S. futures market which is after the close of the U.S. share market, and therefore there may be differences on a given day between the movements in the S&P 500 Index and the S&P 500 futures relative to the previous day. At times of heightened share market volatility such differences in performance may be material in amount and, possibly, direction.

Selling futures contracts in the way described above may be considered a form of "short selling", which is an investment strategy that seeks to profit from the fall in the price of an asset. Since all of the futures trading is done within the Fund, investors are not exposed to the requirement to pay "margin calls" in the event that the futures positions incur losses.

While the Fund will not borrow for the purposes of gearing, it will use S&P 500 futures to obtain a magnified (or "geared") short exposure. Gearing is possible with futures because futures require minimal investment to gain exposure to markets. Gearing can be expected to magnify both investment gains and losses, and consequently significant variations in the value of the Fund's investments can be expected.

See section 4 of this PDS (in particular sections 4.1, 4.3, 4.4 and 4.7) for further information on the risks associated with using futures to obtain a short exposure in this way.

The Responsible Entity may change how the investment strategy is implemented from time to time.

The Fund does not have specific diversification guidelines or limits. However, the Fund seeks to generate magnified returns that are negatively correlated to the returns of the U.S. share market (as measured by the S&P 500 Index) and, to that extent, the Fund will effectively have diversified short exposure.

The target asset allocation ranges of the Fund are as follows:

Cash and cash equivalents:	85% or more of the Fund's net asset value
Exchange traded derivatives (being S&P 500 futures contracts):	15% or less of the Fund's net asset value

The above are target ranges only and the actual ranges may differ.

The relative weighting within the portfolio of the Fund's investments may vary over time. The Responsible Entity will publish information about the Fund's portfolio composition on a daily basis on its website www.betashares.com.au.

The Responsible Entity intends that the Fund will only invest in liquid assets that are generally able to be liquidated on a daily basis (subject to normal settlement cycles that generally do not exceed two business days).

Cash and cash equivalent investments may include bank deposits (which may be denominated in Australian or U.S. dollars) and cash held as collateral for futures positions.

Although the Fund is expected to engage in short-selling of futures contracts (i.e. exchange-traded derivatives), as at the date of this PDS the Fund does not intend to engage in any short-selling of securities (the practice of selling borrowed securities with the aim of making a profit by buying the securities back later at a lower price) or enter into any "over the counter" derivatives arrangements, although it may do so in the future provided that any such change is notified in advance to investors and potential investors via a supplementary or new PDS accessible through the ASX Market Announcements Platform.

As at the date of this PDS, the Responsible Entity has appointed BNP Paribas to provide custody/prime broking services in connection with the Fund, including the provision of futures execution and clearing services. See section 6.1.1 for information on the custodian/prime broker relationship.

Currency Exposure

As the Fund's S&P 500 futures contracts will be denominated in U.S. dollars, the Australian dollar value of the gains or losses on these positions will be affected by exchange rate fluctuations. The Responsible Entity intends to hedge such currency exposure by managing its holdings of Australian and U.S. dollar cash and cash equivalent investments (including by borrowing U.S. dollars from the custodian/prime broker and holding the proceeds in Australian dollars) with the objective of substantially offsetting the Fund's exposure to movements in the U.S. dollar. While this approach seeks to minimise the impact of currency fluctuations on Fund returns, it does not necessarily eliminate the Fund's exposure to the U.S. dollar.

How the Fund's Short Exposure Works

The aim of selling futures contracts on the S&P 500 Index is to generate positive returns when the index falls on a given day. Conversely, negative returns can generally be expected to be generated when the S&P 500 Index rises on a given day.

The Responsible Entity anticipates that the Fund's short exposure to the S&P 500 Index will generally vary between -200% and -275% of the Fund's Net Asset Value on a given day.

The following examples illustrate the way in which establishing a short exposure to the S&P 500 Index, using futures, can affect investment gains and losses. The examples are for illustrative purposes only and are not intended to be indicative of the actual performance of the Fund.

As the examples show, if the Fund maintained a short position equal to -275% of the Fund's Net Asset Value on a given day (being the maximum anticipated short exposure the Fund will adopt), then a 10% fall (or rise) in the U.S. stock market on that day could translate into a 27.5% rise (or fall) in the value of the Fund. The examples exclude any fund management costs, which would have the effect of reducing returns, whether positive or negative. The examples also exclude the impact of any currency movements (and the impact of the Fund's currency hedging strategy).

Initial Investment	$10,000
Fund "short" exposure (as % of initial investment)	275%
Fund "short" exposure in $	$27,500
If the value of the U.S. market falls by 10%	
Initial Investment	$10,000
Gain on short position (being 10% x $27,500)	$2,750
Value of investment	$12,750
Return %	**27.5%**
If the value of the U.S. market rises by 10%	
Initial Investment	$10,000
Loss on short position (being -10% x $27,500)	-$2,750
Value of investment	$7,250
Return %	**-27.5%**

Notwithstanding that the Fund's short exposure to the S&P 500 Index will generally vary between -200% and -275% of the Fund's Net Asset Value on a given day, the return earned on an investment over any longer period will not necessarily be equivalent to -200% to -275% of the return of the broad U.S. share market over that period, due to the effects of rebalancing the Fund's investment exposure from time to time to maintain the daily target short exposure range and the compounding of investment returns over time.

The Fund's returns over periods longer than one day may differ in amount and possibly direction from the daily target return range. This effect on returns over time can be expected to be more pronounced the more volatile the U.S share market and the longer an investor's holding period.

2.1.3 How the short position is managed

The Responsible Entity anticipates that the Fund's short exposure to the S&P 500 Index will generally vary between -200% and -275% of the Fund's Net Asset Value on a given day.

Subject always to the maximum short exposure set out below, the Responsible Entity may adjust the anticipated range of the Fund's short exposure set out in this PDS and nominate a target rate within the anticipated range by publishing this information in the "Key Facts" section of the Fund's product page at www.betashares.com.au/fund/us-equities-strong-bear-fund.

The level of the Fund's short exposure is reviewed daily by the Responsible Entity. The Responsible Entity can change the short position within the anticipated range by increasing or decreasing the number of futures contracts sold at any time. The short position will also change on a daily basis as a result of market movements. Increases in the value of the S&P 500 Index will generally increase the short exposure as a percentage of the Fund's Net Asset Value. When the S&P 500 Index increases in value, the Fund's value decreases, while the number of short futures contracts held remains the same. The futures position as a proportion of the smaller Fund size therefore results in increased short exposure to the S&P 500 Index. Conversely, decreases in the value of the S&P 500 Index will generally decrease the short exposure. The Fund's short position may also change due to changes in the exchange rate between Australian dollars and U.S. dollars, or as a result of applications and withdrawals.

The maximum short exposure that the Responsible Entity will intentionally adopt on a given day is -275% (this means that the Fund will have a maximum short exposure to movements in the S&P 500 Index equal to -275% of the Net Asset Value). If through market movements the short exposure exceeds -275% on a given day, the Responsible Entity will bring the exposure back below -275% promptly by reducing its outstanding futures positions. Any such rebalancing of the Fund's short investment exposure will normally only occur shortly after the close of the ASX trading day.

The Responsible Entity will promptly adjust the Fund's short position from time to time as necessary if market movements cause the target short exposure range to be exceeded on a given day. This is known as "rebalancing".

The Responsible Entity will disclose the Fund's approximate short exposure on a daily basis on its website www.betashares.com.au/fund/us-equities-strong-bear-fund.

2.1.4 About the S&P 500 Index

S&P Dow Jones Indices is the provider of the S&P 500 Index. The Index includes 500 of the top companies in leading industries of the U.S. economy. Focusing on the large-cap segment of the market, the Index covers approximately 80% of available U.S. market capitalisation.

The Responsible Entity has no control over, or responsibility for, the composition, calculation or availability of the Index.

Further information about S&P Dow Jones Indices and the Index is available at www.standardandpoors.com.

The Fund is actively managed and does not seek to provide magnified returns that are the exact opposite of the Index return over any time period.

2.1.5 Labour standards and environmental, social and ethical considerations

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

2.1.6 Performance and other information

Performance information for the Fund, net of fees, costs and taxes payable by the Fund, will be published on the BetaShares website at www.betashares.com.au, updated monthly. Information relating to past performance is not a reliable indicator of future performance.

The information about the Fund available at www.betashares.com.au will also include:

- Net Asset Value of the Fund and Net Asset Value per Unit (upon which the Withdrawal Amount is based), updated daily;
- the Fund's portfolio composition, updated daily;
- the Fund's short exposure as a percentage of the Fund's Net Asset Value and the gearing multiple, which show the Fund's approximate short exposure to movements in the U.S. share market, updated daily;
- any material change in the Fund's investment strategy or risk profile, updated monthly; and
- any change in the individuals playing a key role in the Fund's investment decisions or key service providers to the Fund, updated monthly.

The following information will be provided to investors on an annual basis as soon as practicable after 31 December via the Fund's "Resources" section at www.betashares.com.au:

- the actual allocation to each asset type;
- liquidity profile of the Fund's assets;
- maturity profile of the Fund's liabilities;
- monthly or annual investment returns over at least a five-year period or since inception (where the Fund has been operating for less than five years); and
- changes to key service providers of the Fund during the year.

2.1.7 Changes to investment objectives and strategy

The Responsible Entity may from time to time vary the investment mandate (i.e. the investment objective and strategy as described in sections 2.1.1 to 2.1.3) for the Fund as set out in this PDS.

Any significant change to the investment mandate will be notified to investors and potential investors via a supplementary or new PDS accessible through the ASX Market Announcements Platform. Information in this PDS that is not materially adverse to investors is subject to change from time to time and may be updated by the Responsible Entity by publishing such information on the BetaShares website at www.betashares.com.au (see "PDS updates" on page 1).

2.2 DISTRIBUTIONS

The Fund may earn income such as interest on cash held in the Fund and may also realise gains or losses in relation to futures contracts held in the Fund, or derive other assessible income. There is no guarantee that any income generated by the Fund will be greater than the Fund's fees and expenses. As such, there is no guarantee that a Fund will distribute any income to Unitholders.

Investors should be aware that the Fund may realise large income gains from its futures positions (for example, if the U.S. share market were to experience a large fall), which would be required to be distributed to Unitholders at the end of the financial year. In such circumstances, investors who hold Units as at the end of the financial year (including those investors who enter the Fund after the realisation of these income gains and after the associated rise in the Fund's Unit price) may receive a large taxable income distribution.

2.2.1 Distributions

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

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

The Fund's NAV per Unit will normally fall after the end of each distribution period if a distribution is payable. Consequently, if you invest just before the end of a distribution period, some of your capital may be returned to you as income in the form of a distribution.

Distributions will generally be paid within 15 business days of the end of the distribution period to which they relate, by deposit to a Unitholder's nominated Australian bank, building society or credit union account.

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

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

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

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

2.2.2 Tax statements

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

2.2.3 Distribution Reinvestment Plan

The Responsible Entity has established a distribution reinvestment plan ("DRP") for the Fund.

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

Unitholders can choose to:

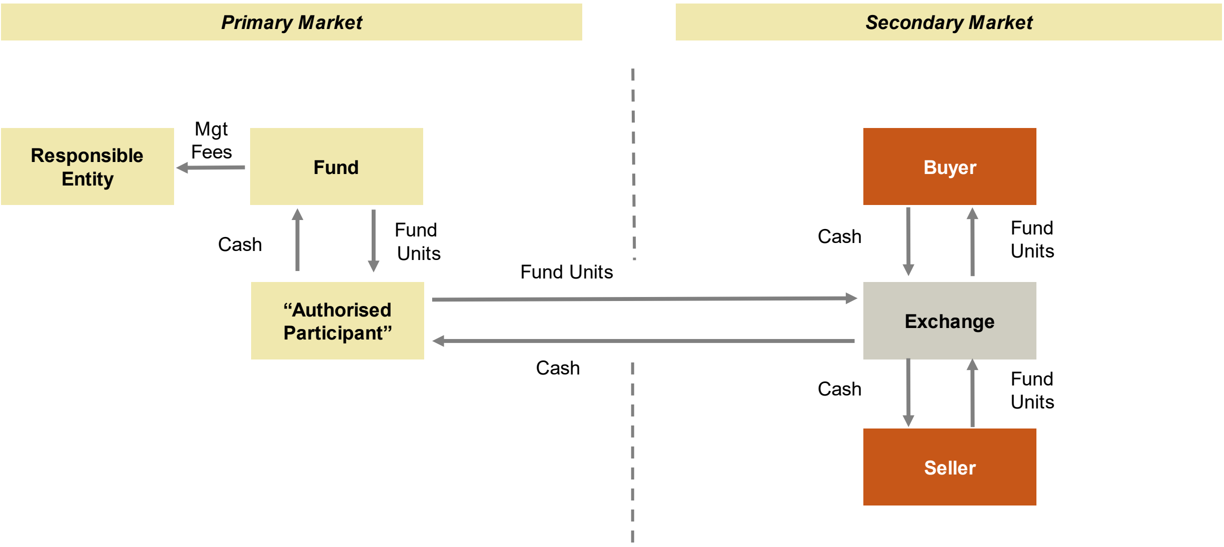
- if eligible, participate in the DRP, meaning distributions from the Fund will be reinvested in additional Units in the Fund; or
- have the distributions paid directly to a nominated Australian bank, building society or credit union account.

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

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

2.3 FUND STRUCTURE

The following diagram shows the structure of the Fund and the flow of investment money through the structure:



The diagram shows how Units are created by Authorised Participants in the primary market (i.e. directly with the Fund) and then offered for sale in the secondary market (i.e. on the ASX). Only Authorised Participants may apply for Units directly with the Fund. Retail and other investors may buy (or sell) Units via the secondary market (i.e. by trading on the ASX).

3 FEES AND OTHER COSTS

DID YOU KNOW?

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

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

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

You may be able to negotiate to pay lower fees. Ask the fund or your financial adviser.

TO FIND OUT MORE

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

3.1 FEES AND OTHER COSTS

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

Taxes are set out in another part of this PDS.

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

TABLE 3.1: FEES AND COSTS SUMMARY

BETASHARES U.S. EQUITIES STRONG BEAR HEDGE FUND - CURRENCY HEDGED

TYPE OF FEE OR COST	AMOUNT	HOW AND WHEN PAID
Ongoing annual fees and costs		
Management fees and costs: The fees and costs for managing your investment	1.38% per annum of the Fund's Net Asset Value. As at the date of this PDS, the management fees and costs of the Fund consist of the following components:	
	Management fee 1.19% per annum of the Fund's Net Asset Value.	The management fee is calculated and accrued daily as a percentage of the Fund's Net Asset Value, and reflected in the daily Net Asset Value per Unit. The amount is deducted from the Fund's assets monthly on or after the first day of the following month.
	Plus **Recoverable expenses** Capped at 0.19% per annum of the Fund's Net Asset Value.[1]	The recoverable expenses are calculated and accrued daily as a percentage of the Fund's Net Asset Value, and reflected in the daily Net Asset Value per Unit. The amount is deducted from the Fund's assets monthly on or after the first day of the following month.
	Plus **Indirect costs** Estimated at 0.00% per annum of the Fund's Net Asset Value.[2]	Any indirect costs are calculated and accrued daily as a percentage of the Fund's Net Asset Value, and reflected in the daily Net Asset Value per Unit.

TYPE OF FEE OR COST	AMOUNT	HOW AND WHEN PAID
		The amount is deducted from the Fund's assets as and when incurred.
Performance fees: Amounts deducted from your investment in relation to the performance of the product	Nil.	Not applicable.
Transaction costs: The costs incurred by the scheme when buying or selling assets	Estimated at 0.02% per annum of the Fund's Net Asset Value.[3]	Transaction costs reduce the Fund's Net Asset Value. How and when they are paid varies depending on the type of transaction cost. Certain costs, e.g. brokerage, are added to or deducted from the amounts payable from the Fund's assets or receivable by the Fund at the time of settlement in respect of investments purchased or sold for the Fund. Other costs, e.g. transactional custodian fees, are invoiced to the Fund and paid from the Fund's assets according to a regular monthly or quarterly cycle.
Member activity related fees and costs (fees for services or when your money moves in or out of the scheme)		
Establishment fee: The fee to open your investment	Nil.	Not applicable.
Contribution fee: The fee on each amount contributed to your investment	$0 if you are not an Authorised Participant. $750 plus 0.01% of the application amount for cash applications if you are an Authorised Participant.[5]	Payable only by Authorised Participants.[4] This fee will be payable by Authorised Participants together with the application consideration at the time of applying for Units, for cash applications.
Buy-sell spread: An amount deducted from your investment representing costs incurred in transactions by the scheme	Nil.[6]	Not applicable.
Withdrawal fee: The fee on each amount you take out of your investment	$0 if you are not an Authorised Participant. $750 plus 0.01% of the withdrawal amount for cash redemptions if you are an Authorised Participant.[5]	Payable only by Authorised Participants.[4] This fee will be deducted from the redemption proceeds at the time of the redemption, for cash redemptions.
Exit fee: The fee to close your investment	Nil.	Not applicable.
Switching fee: The fee for changing investment options	Nil.	Not applicable.

[1] This figure reflects the recoverable expenses incurred by the Fund for the previous financial year ended 30 June 2022 and may include the Responsible Entity's reasonable estimates where the Responsible Entity was unable to determine the exact amount or the information was not available at the date of the PDS. For more information on recoverable expenses, see section 3.3.3 in the "Additional Explanation of Fees and Costs" section below.

[2] This figure reflects the indirect costs incurred by the Fund for the previous financial year ended 30 June 2022 and may include the Responsible Entity's reasonable estimates where the Responsible Entity was unable to determine the exact amount or the information was not available at

the date of the PDS. For more information on the meaning and calculation of indirect costs, see section 3.3.4 in the “Additional explanation of fees and costs” section below.

[3] This figure reflects the estimated transaction costs incurred by the Fund for the previous financial year ended 30 June 2022 and may include the Responsible Entity's reasonable estimates where the Responsible Entity was unable to determine the exact amount or the information was not available at the date of the PDS. This figure is net of estimated transaction costs for which the Responsible Entity reimburses the Fund out of the application and redemption fees it receives from Authorised Participants. For more information on transaction costs and the application and redemption fees payable by Authorised Participants, see "Transaction costs" and "Application and redemption fees for Authorised Participants" under the heading “Additional Explanation of Fees and Costs”.

[4] An Authorised Participant is a financial institution which is a trading participant under the ASX Operating Rules (or which has engaged a trading participant to act on its behalf) which has entered into an agreement with the Responsible Entity in relation to Unit applications and redemptions. For an explanation of the contribution fees and withdrawal fees (also referred to in this PDS as application fees and redemption fees) please see section 3.3.6 “Application and Redemption Fees for Authorised Participants” in the “Additional Explanation of Fees and Costs” section. Unitholders who are not Authorised Participants may be charged a redemption fee if they redeem Units pursuant to their right to redeem in the special circumstances described in section 5.4 - see “Additional Explanation of Fees and Costs” section below for more information.

[5] In-kind applications and redemptions are only available if agreed by the Responsible Entity. Additional contribution and withdrawal fees may apply in the case of an in-kind application or redemption as agreed with the Responsible Entity from time to time.

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

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

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

All fees and costs in the table above include Goods and Services Tax (“GST”) net of any reduced input tax credits and any applicable stamp duty and are shown without any other adjustment in relation to any tax deduction available to the Responsible Entity or the extent to which any tax deduction may be passed on to unitholders.

3.2 EXAMPLE OF ANNUAL FEES AND COSTS

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

TABLE 3.2: EXAMPLE OF ANNUAL FEES AND COSTS

EXAMPLE - BETASHARES U.S. EQUITIES STRONG BEAR HEDGE FUND – CURRENCY HEDGED	AMOUNT	BALANCE OF $50,000 WITH A CASH CONTRIBUTION OF $5,000[1] DURING THE YEAR
CONTRIBUTION FEES	$0 if you are not an Authorised Participant; or $750 plus 0.01% of the application amount for cash applications if you are an Authorised Participant.	For every additional $5,000 you put in, you will be charged: $0 if you are not an Authorised Participant; or $750.50 if you are an Authorised Participant.
PLUS MANAGEMENT FEES AND COSTS[2]	1.38% p.a. of the Fund's Net Asset Value	**And**, for every $50,000 you have in the Fund you will be charged or have deducted from your investment $690 each year.
PLUS PERFORMANCE FEES[3]	Nil	**And**, you will be charged or have deducted from your investment $0 in performance fees each year.
PLUS TRANSACTION COSTS[4]	Estimated at 0.02% of the Fund's Net Asset Value	**And,** you will be charged or have deducted from your investment $10 in transaction costs
EQUALS COST OF FUND		If you had an investment of $50,000 at the beginning of the year and you put in an additional $5,000[5] during that year, you would be charged fees and costs of $700 (if you are not an Authorised Participant) or $1,450.50 (if you are an Authorised Participant for the Fund). **What it costs you will depend on whether you are an Authorised Participant, the investment option you choose and the fees you negotiate.**

Additional fees may apply. An Authorised Participant who redeems Units directly will also be charged a withdrawal fee of $750 plus 0.01% of the withdrawal amount for a cash redemption based on a balance of $50,000. Unitholders who are not Authorised Participants may be charged a redemption fee if they redeem Units pursuant to their right to redeem in the special circumstances described in section 5.4 - see "Additional Explanation of Fees and Costs" section below for more information.

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

[1] Please note the minimum investment in the Fund by an Authorised Participant is for one Creation Unit, unless the Responsible Entity agrees otherwise.

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

[3] The Fund does not charge, and there is no right for the Responsible Entity to charge, a performance fee.

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

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

3.3 ADDITIONAL EXPLANATION OF FEES AND COSTS

3.3.1 Management fees and costs

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

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

Management fees and costs do not include:

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

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

3.3.2 Management fee

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

3.3.3 Recoverable expenses

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

The expenses normally incurred in the day to day operation of the Fund include custodian, fund administration, unit registry, ASX and audit costs (other than transaction costs described above). These expenses normally incurred and charged to the Fund will be capped at 0.19% per annum of the Fund's Net Asset Value while this PDS is current. Any such expenses in excess of the cap will be borne by the Responsible Entity from its own resources. The Responsible Entity has the right to be reimbursed for them at a later time, provided that the cap will not be exceeded at the time of reimbursement. The Responsible Entity may withdraw or replace this PDS at any time.

The management fees and costs figure disclosed in Table 3.1 includes recoverable expenses normally incurred of 0.19% p.a. of the Fund's Net Asset Value, which is the amount incurred by the Fund for the previous financial year ended 30 June 2022.

Extraordinary expenses are expenses that are not normally incurred in the day to day operation of the Fund and are not necessarily incurred in any given year. They may include costs associated with holding unitholder meetings, changing the Fund's constitution, or defending or pursuing legal proceedings. Extraordinary expenses are not included in the cap on expenses described in this section. Extraordinary expenses will not be paid out of the Responsible Entity's own resources. Any such expenses will be recovered from the Fund and reflected in its Net Asset Value per Unit. The management fees and costs figure disclosed in Table 3.1 includes extraordinary expenses of nil, which is the amount incurred by the Fund for the previous financial year ended 30 June 2022.

3.3.4 Indirect costs

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

The management fees and costs figure disclosed in Table 3.1 includes indirect costs of nil, which is the Responsible Entity's estimate of the amount incurred by the Fund for the previous financial year ended 30 June 2022.

3.3.5 Transaction costs

The Fund incurs transaction costs, such as brokerage, clearing costs, transactional custodian fees and other transaction fees associated with buying and selling the Fund's assets.

Transaction costs also include costs incurred by an interposed vehicle that would be transaction costs if they had been incurred by the Fund. As transaction costs reduce the Fund's Net Asset Value and are reflected in the daily Net Asset Value per unit, they are an additional cost to you and are not a fee paid to the Responsible Entity. The impact of transaction costs can be offset in part by the application and redemption fees the Responsible Entity receives as described in section 3.3.6.

How and when they are paid varies depending on the type of transaction cost. Certain costs, e.g. brokerage, are added to or deducted from the amounts payable from the Fund's assets or receivable by the Fund at the time of settlement in respect of investments purchased or sold for the Fund. Other costs, e.g. transactional custodian fees, are invoiced and paid from the Fund's assets according to a regular monthly or quarterly cycle. Table 3.1 includes the net transaction costs borne by the Fund for the previous financial year ended 30 June 2022 which are estimated at 0.02% p.a. of the Fund's Net Asset Value (or $10 for every $50,000 you have in the Fund). These net transaction costs represent estimated total gross transaction costs of 0.03% p.a. minus the estimated transaction costs for which the Responsible Entity reimburses the Fund out of the application and redemption fees it receives, as described in section 3.3.6. These net transaction costs are borne by the Fund.

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

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

3.3.6 Application and redemption fees for Authorised Participants

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

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

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

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

3.3.7 Redemption fees for other Unitholders

Unitholders who are not Authorised Participants may be charged a redemption fee if they redeem Units pursuant to their right to redeem in the special circumstances described in section 5.4. The redemption fee per Unit will not be greater than the redemption fee per Unit that would be payable by an Authorised Participant for a cash redemption when withdrawing the minimum parcel of Units.

3.3.8 Stockbroker fees

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

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

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

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

The Constitution of the Fund provides for the following maximum fees:

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

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

As at the date of this PDS, the Responsible Entity does not have any intention to change the fees and costs described in this PDS, although it has the right to do so at any time without investor consent. Any increase in the fees for the Fund will be announced to the ASX via the Market Announcements Platform at least 30 days before it occurs.

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

3.3.10 Differential fees, rebates and related payments

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

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

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

3.3.11 Indirect investors

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

3.3.12 Financial advisers

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

3.3.13 Taxation

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

4 RISKS

Unitholders in the Fund face a number of investment risks. There are risks associated with any investment. Generally, the higher the expected return of an investment, the higher the risk and the greater the variability of returns.

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

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

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

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

The Fund's strategy of seeking returns that are negatively correlated to market returns is the opposite of most managed funds. Also, seeking to generate magnified returns means both investment gains and losses can be expected to be magnified, and consequently significant variations in the value of the Fund's investments can be expected. The Fund therefore involves risks that are not present in most traditional equity funds.

Potential investors in the Fund should consider their particular investment objectives and circumstances, including their tolerance for investing in a very high risk equity fund, in consultation with a professional financial adviser before making an investment decision.

An investment in the Fund should only be considered as a component of an investor's overall portfolio.

Investors in the Fund should actively monitor their investment as frequently as daily to ensure it continues to meet their investment objectives, and should consider whether to limit their holding period or rebalance their investment to maintain their desired level of exposure and mitigate the effects of compounding.

4.1 RISK ASSOCIATED WITH NEGATIVELY CORRELATED RETURNS

If the Fund's investment strategy is successful, a decrease in the value of the broad U.S. share market (as measured by the S&P 500 Index) on a given day will generally result in an increase in the value of the Fund. However, conversely, an increase in the value of the broad U.S. share market (as measured by the S&P 500 Index) on a given day will generally result in a decrease in the value of the Fund. In addition, changes in the value of the Fund will generally be magnified by the effects of gearing – see section 4.3 below. This result is the opposite of most other managed funds. Investors should note that in the past the broad U.S share market, as measured by the S&P 500 Index, has generally tended to increase over the long term. This would mean that, had the Fund been in existence over that period, the value of Units in the Fund may have tended to fall.

The Responsible Entity will seek to achieve the Fund's investment objective, of seeking to provide magnified returns that are negatively correlated to the returns of the broad U.S. share market (as measured by the S&P 500 Index) on a given day, in all market conditions. This means that, in a period of rising U.S. share prices, investors should not expect the Fund's investments to be repositioned in positively correlated assets to attempt to profit from the rising prices.

4.2 MARKET RISK

The Fund's investment returns will be influenced by the performance of the U.S. market as a whole. Changes in U.S. share prices may result in a loss in the value of Units, particularly in circumstances where the broad U.S. share market increases in value. Therefore, the market factors that drive changes in the prices of U.S. equities, including global and national events (such as natural disasters, wars and other conflicts, and outbreaks of infectious diseases), general economic conditions, investor sentiment and industry specific factors can be expected to influence the value of the Units. Share markets can be, and have been, volatile and have the potential to rise or fall by large amounts over short periods of time. The use of gearing in the Fund will significantly increase the volatility of the Fund's returns. This volatility may cause the value of an investment in the Units to decrease.

4.3 GEARING RISK

While the Fund will not borrow for investment purposes, the Fund uses gearing (though the use of futures) as a central part of its investment strategy. This gearing magnifies, and increases the volatility of, both gains and losses from the Fund's investments. The Fund is therefore riskier than a fund that does not provide a geared exposure.

If the U.S. share market (as measured by the S&P 500 Index) experiences positive returns on a given day, a geared short exposure will significantly underperform an equivalent ungeared short exposure. If the U.S. share market experiences low negative returns or flat returns on a given day, a geared short exposure may also underperform (i.e. returns may be negative) due to the impact of management fees and other costs.

Investors should note that the Fund's gearing level will fluctuate from day to day and may differ materially from the gearing level applicable at the time their Units were acquired. The Responsible Entity anticipates that the Fund's short exposure to the S&P 500 Index will generally vary between -200% and -275% of the Fund's Net Asset Value on a given day, subject to adjustment as described in section 2.1.3. The maximum short exposure that the Responsible Entity will intentionally adopt on a given day is -275%.

This means that the Fund should not be exposed to investment losses that exceed its value, except where the value of the S&P 500 Index were to rise by more than 35% in one day (assuming the Fund was geared to its maximum anticipated level of gearing, being -275% of the Fund's Net Asset Value, on such a day). In any event, investors are not exposed to the risk of paying "margin calls", as all gearing obligations are met within the Fund.

The Fund's returns for intra-day periods may differ from the target short exposure range.

4.4 REBALANCING AND COMPOUNDING RISK

Notwithstanding that the Fund's short exposure to the S&P 500 Index will generally vary between -200% and -275% of the Fund's Net Asset Value on a given day, the return earned on an investment over any longer period will not necessarily be equivalent to -200% to -275% of the return of the broad U.S. share market over that period, due to the effects of rebalancing the Fund's investment exposure from time to time to maintain the daily target short exposure range and the compounding of investment returns over time.

The Fund's returns over periods longer than one day will be the result of its return for each day compounded over the period, and may differ in amount and possibly direction from the daily target return range.

The frequency of rebalances and the effect of compounding on returns over time can be expected to be more pronounced the more volatile the U.S share market and the longer an investor's holding period. It is therefore possible that, at times, the Fund's return over certain time periods may be negative even if the S&P 500 Index return is also negative over the same period.

In a volatile U.S. share market (e.g. a period of positive returns followed by a period of negative returns), the Fund's return may bear little relationship to -200% to -275% of the S&P 500 Index over the entire period. If the cumulative return of the S&P 500 Index at the end of the period is flat or negative, the Fund's cumulative return may be negative due to the effects of the rebalances and the compounding of returns.

This is illustrated in the following hypothetical example. Assume that the starting S&P 500 Index level is 100, the Fund's NAV is $100 and the Fund's S&P 500 futures short exposure is -237.5%. On day 1 the share market rises 10%. At the end of day 1 the Fund's short exposure has increased as a percentage of the Fund's Net Asset Value beyond the target short exposure range and is rebalanced back to -237.5%. On day 2 the share market falls 12%. Over the entire period the share market has decreased by 3.2%, while the Fund's NAV has also decreased, by 2.02%, notwithstanding that the Fund's short exposure on each day was maintained within the target short exposure range. This outcome over a period longer than one day is due to the effects of rebalancing and compounding of investment returns.

	S&P 500 Index Level	**S&P 500 Index Daily Performance**	**Fund Daily Performance**	**Fund Net Asset Value**
Start	100			$100
Day 1: S&P 500 Index increases 10%	110	+10%	-23.75% i.e. 10% x -237.5%	$76.25 i.e. $100 x -23.75%
Day 2: S&P 500 Index decreases 12%	96.8	-12%	+28.5% i.e. -12% x -237.5%	$97.98 i.e. $76.25 x +28.5%
Total return over entire period	-3.2%			-2.02%

The hypothetical example above is not intended to be indicative of the actual performance of the Fund.

Compounding of investment returns over time affects all investments, but has a more significant impact on a fund with geared investment exposure.

Due to the effects of rebalancing and compounding of investment returns over time, investors should not expect the Fund's Net Asset Value to be at a particular level for a given level of the S&P 500 Index at any point in time.

Investors should actively monitor their investment as frequently as daily to ensure it continues to meet their investment objectives, and should consider whether to limit their holding period or rebalance their investment to maintain their desired level of exposure and mitigate the effects of compounding.

4.5 PERFORMANCE OF U.S. SHARE MARKET MAY DIFFER FROM U.S. FUTURES MARKET

The Fund uses futures to obtain its short exposure rather than short selling the underlying shares that make up the S&P 500 Index. Investors should note that the Fund's Net Asset Value each day will be determined by reference to the close of the U.S. futures market which is after the close of the U.S. share market, and therefore there may be differences on a given day between the movements in the S&P 500 Index and the S&P 500 futures relative to the previous day. In times of heightened share market volatility, such differences in daily performance may be material in amount and, possibly, direction.

As the Fund uses S&P 500 futures to obtain its exposure and the U.S. futures market is normally open during ASX trading hours, the Fund's performance during the ASX trading day will reflect movements in the S&P 500 futures market, even though the U.S. share market is closed during that time.

4.6 U.S. FUTURES MARKET CLOSING TIME RISK

The level of the Fund's short investment exposure at the start of the ASX trading day is based on the level of the U.S. futures market at that time. As a result, if there is heightened share market volatility in the overnight period, it is possible that the Fund's short investment exposure at the start of the ASX trading day may be outside the target short exposure range. Any rebalancing of the Fund's short investment exposure will normally only occur shortly after the close of the ASX trading day.

4.7 DERIVATIVES RISK

The Fund may use exchange traded futures to provide short exposure to the broad U.S. share market. The primary risks associated with the use of such derivative contracts are:

- the values of the derivative failing to maintain their expected relationship to movements in the underlying equity index, which may result in the Fund failing to meet its investment objective;
- the potential lack of liquidity of the derivative;
- the potential to incur substantial losses in excess of the initial amount invested;
- the possibility that the derivative position is difficult or costly to manage or reverse;
- the Fund may not be able to meet payment obligations as they arise, including any requirements to make margin or collateral payments to the futures clearing broker;
- any assets of the Fund held by the futures clearing broker as margin or collateral may be combined with assets of other clients of the broker and held in a single account. Should any client's trading activity result in a default, then

the combined assets in the account may be used by the broker to meet the default;

- the counterparties involved in trading derivatives (the central clearing house or the futures clearing broker) may not meet their contractual obligations; and
- the electronic platforms on which such derivatives are traded are subject to risks related to system access, varying response times, security and system failure.

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

Derivatives will only be used in the Fund for the purpose of establishing exposures consistent with the Fund's investment objective of generating magnified returns that are negatively correlated to the returns of the U.S. share market (as measured by the S&P 500 Index). The Responsible Entity will monitor the derivatives exposure daily and will adjust any exposure in response to market movements with the objective of ensuring that the Fund's exposure to market movements stays within the target range set out in section 2.1.3 on a given day.

The Responsible Entity will aim to ensure that there is sufficient cash and other liquid assets available in the Fund at all times to meet any payment obligations under derivatives.

4.8 COUNTERPARTY RISK

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

4.9 DISTRIBUTIONS RISK

Investors should be aware that the Fund may realise large income gains from its futures positions (for example, if the U.S. share market were to experience a large fall), which would be required to be distributed to Unitholders at the end of the financial year. In such circumstances, investors who hold Units as at the end of the financial year (including those investors who enter the Fund after the realisation of these income gains and after the associated rise in the Fund's Unit price) may receive a large taxable income distribution.

4.10 FOREIGN EXCHANGE RISK

Foreign exchange risk is the risk that the Australian dollar value of Fund assets or liabilities denominated in a foreign currency (i.e. the U.S. dollar) will increase or decrease as a result of exchange rate fluctuations.

The Responsible Entity intends to hedge the Fund's currency exposure with the objective of substantially offsetting the Fund's exposure to movements in the U.S. dollar. While this approach seeks to minimise the impact of currency fluctuations on Fund returns, it does not necessarily eliminate exposure to all currency fluctuations and it may not prove effective.

4.11 GENERAL REGULATORY RISK

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

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

4.12 TAX RISK

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

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

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

4.13 MANAGER RISK

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

4.14 FUND RISK

There is a risk that the Fund could terminate, that the Fund's investment objective or investment strategy or fees and expenses or the Fund's investment strategy could change, or that the Responsible Entity may not be able to continue to act, for example if it loses its Australian financial services licence (in which case it could be replaced as responsible entity of the Fund or the Fund could be wound up). Any replacement responsible entity might achieve different results for investors, positive or negative, than would otherwise be the case.

4.15 OPERATIONAL RISK

The Fund's day to day operations may be adversely affected by circumstances beyond the reasonable control of the Responsible Entity, such as failure of technology or infrastructure, or natural disasters. A breakdown in administrative procedures and risk control measures implemented by the Responsible Entity or its service providers may also adversely affect the operation and performance of the Fund. As the Responsible Entity outsources certain operational functions, there is a risk that its service providers will default in performing their obligations and cause loss to the Fund.

4.16 FUND TRADING RISK

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

Responsible Entity may suspend the application and redemption process.

There may be other occasions where the Responsible Entity may suspend the application and redemption process, such as around the end of a distribution period or where other factors prevent the accurate calculation of Unit prices, such as the suspension or restriction of trading in securities held by the Fund. This may cause the Fund's Units to be suspended from trading on the ASX.

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

4.17 LIQUIDITY RISK

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

In addition, although the futures contracts held by the Fund will be exchange-traded, there is the risk that such contracts may be difficult or impossible to sell, preventing the Fund from closing out its position or rebalancing in a timely manner and at a fair price. This may be due to prevailing market conditions, suspension of normal trading on the relevant exchange, or other reasons. A lack of liquidity could potentially result in the suspension of redemptions, which may cause the Fund's Units to be suspended from trading on the ASX. The bid-offer spread for Units can be expected to increase if there is decreased liquidity for the futures contracts held by the Fund.

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

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

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

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

4.19 SETTLEMENT RISK

The application and redemption processes associated with the issue or redemption of Units are subject to the normal settlement procedures through CHESS. The Fund is exposed to some risk if an Authorised Participant or other market participant fails to comply with its settlement obligations. These risks are mitigated by the fact that Authorised Participants and other market participants are subject to usual CHESS trading practices including sanctions for failure to comply with obligations. The Fund may also suffer loss if an Authorised Participant fails to deliver the application consideration for Units, or redeliver Units in relation to a redemption, by the settlement time and the Fund has entered into transactions in reliance on delivery occurring.

4.20 INVESTMENT OBJECTIVE RISK

There is no guarantee that the Fund's investment objective will be achieved. There is no guarantee that an investment in the Fund will earn any positive return in the short or long-term. The value of the Units may increase or decrease depending on market, economic, political, regulatory and other conditions affecting the Fund's investments. All prospective Unitholders should consider an investment in the Fund within the overall context of their investment policies. Investment policy considerations should include, but are not limited to, setting objectives, defining risk/return constraints and considering time horizons.

4.21 FUTURES EXCHANGE CLOSING RISK

Unanticipated closings of an exchange on which futures contracts held by the Fund are traded, or trading halts imposed by an exchange (for example, due to a "limit price" being reached), may result in the Fund being unable to trade futures on that day or at certain times of the day. If the relevant exchange is closed or in a trading halt when the Fund needs to execute trades (for example, in order to rebalance the Fund's short investment exposure or to implement application or redemption requests), the Fund may incur trading losses and may not be able to achieve its investment objective. Any trading halt on a relevant futures exchange that occurs during ASX trading hours may result in wider bid-offer spreads for Units and trading prices that differ significantly from the Fund's Net Asset Value per Unit.

4.22 CYBER-SECURITY RISK

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

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

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

5 HOW TO BUY AND SELL UNITS

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

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

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

Unitholders who are not Authorised Participants may only redeem Units in the special circumstances described in section 5.4. However, all Unitholders may normally sell their Units by trading on the ASX.

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

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

5.1 MINIMUM APPLICATIONS AND REDEMPTIONS

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

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

Application and redemption amounts are payable or receivable (as applicable) in cash in Australian dollars, unless otherwise agreed with the Responsible Entity.

5.2 PROCESSING APPLICATIONS AND REDEMPTIONS

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

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

5.3 APPLICATIONS AND REDEMPTIONS

For applications, Authorised Participants must deliver to the Responsible Entity or custodian an amount of Australian dollars equal to the Issue Price for the relevant Units, plus the application fee. In return, they will receive the relevant Units.

For redemptions, Unitholders must deliver, or arrange for delivery of, the relevant Units to the Responsible Entity or custodian. In return, they will receive an amount of Australian dollars equal to the Withdrawal Amount for the Units, less the redemption fee.

Amounts payable pursuant to applications, or receivable upon redemptions, will be notified to the Unitholder by the ASX Business Day following the effective date of the application or redemption.

An application received before the Dealing Deadline (on day T) will generally enable the Authorised Participant to receive the new Units in its CHESS account two ASX Business Days later (T+2), provided the Authorised Participant has paid the application proceeds and application fee no later than 11.30am on T+2.

It is expected that there will be no period during which the Responsible Entity or custodian will hold application money before the Units are issued. Units will generally be issued on the ASX Business Day after the trade date and quoted with effect from the settlement of the issue of the relevant Units through CHESS.

A redemption request received before the Dealing Deadline (on day T) will generally enable the Unitholder to receive the redemption proceeds two ASX Business Days later (T+2), provided the Unitholder has transferred the Units by no later than 11.30am on T+2.

The relevant settlement period for applications and redemptions may be extended to accommodate U.S. public holidays or other days on which an exchange, on which the Fund's assets or derivatives are traded, is closed during the settlement period.

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

5.4 UNITHOLDER REDEMPTIONS IN SPECIAL CIRCUMSTANCES

All Unitholders may normally sell their Units by trading on the ASX. Unitholders who are not Authorised Participants will not normally have a right to redeem their Units directly with the Fund. However, all Unitholders will have a right to a cash redemption and to receive payment within a reasonable time if Units are suspended from quotation on the ASX for more than five consecutive trading days, unless:

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

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

No minimum redemption amount will apply.

5.5 SUSPENSIONS OF APPLICATIONS AND REDEMPTIONS

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

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

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

See section 6.2.7 and 6.2.8 for further information.

5.6 VALUATIONS AND PRICING

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

The amount per Unit to which an Authorised Participant (or other Unitholder as described in section 5.4) is entitled on the redemption of Units is known as the Withdrawal Amount, and is equal to the Net Asset Value per Unit.

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

The assets held by the Fund are normally valued at the closing price for the day for the relevant security on its relevant market and converted to Australian dollars using 4pm London time exchange rates for currency markets, unless otherwise determined by the Responsible Entity.

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

The Net Asset Value of the Fund is calculated by deducting from the aggregate value of the assets of the Fund all liabilities such as accrued fees and other costs, and provisions relating to the Fund. Fees and other costs, including the Responsible Entity's fees, are normally accrued daily. The Fund's assets reflect their market value. The valuation methods applied by the Responsible Entity to value the Fund's assets and liabilities must be consistent with the range of ordinary commercial practice for valuing them.

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

6 ADDITIONAL INFORMATION

6.1 THE ROLE OF CERTAIN ENTITIES IN REGARD TO THE FUND

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

6.1.1 Custodian/Prime Broker

As at the date of this PDS, the Responsible Entity has appointed BNP Paribas (the "Custodian/Prime Broker") to provide custody, financing for currency hedging purposes, and settlement services for the Fund, pursuant to a prime brokerage agreement.

As custodian, the Custodian/Prime Broker will hold the Fund's assets, being cash and/or cash equivalents, on behalf of the Fund (other than cash posted as collateral for futures positions) and in the normal course settle the Fund's investment transactions on instructions from the Responsible Entity. Cash held by the Custodian/Prime Broker will be held as banker and not as trustee, and the Custodian/Prime Broker will not be required to place such cash in a segregated client account. The Custodian/Prime Broker may, from time to time, appoint sub-custodians. The Responsible Entity may change the custodian without prior notice to Unitholders.

Lending for the purposes of the Fund's currency hedging is provided by the Custodian/Prime Broker at its discretion and the amount of the loan is repayable on written demand. Variable interest is payable on the loan from time to time.

As security for the performance of its obligations under the prime brokerage agreement, the Responsible Entity has granted a charge to the Custodian/Prime Broker over the Fund's assets held by the Custodian/Prime Broker. This means that the Custodian/Prime Broker has certain rights, including the right to take possession of, and sell, the Fund's assets if an event of default occurs in relation to the Fund. An event of default includes (i) breach of a material term of the prime brokerage agreement that is not remedied within three business days after receiving notice of the breach (ii) insolvency of the Fund (iii) the Responsible Entity ceasing to be qualified to be the responsible entity of the Fund and (iv) where the Fund's level of gearing on any day exceeds the maximum gearing level specified in this PDS and is not reduced to below the maximum gearing level by the next business day.

If an event of default occurs in relation to either the Fund or the Custodian/Prime Broker (the latter includes breach of a material term of the prime brokerage agreement by the Custodian/Prime Broker that is not remedied within three business days after receiving notice of the breach and insolvency of the Custodian/Prime Broker), the non-defaulting party may elect a termination date, at which time the parties' obligations shall terminate and the non-defaulting party will determine in good faith applying commercially reasonable valuation procedures but at its absolute discretion the value of the rights and liabilities of the parties under the prime broker agreement, set them off and determine a single net amount payable by either the Fund or the Custodian/Prime Broker.

The fees of the Custodian/Prime Broker are payable by the Fund.

The Custodian/Prime Broker and its officers, directors, employees, agents and affiliated companies have a right to be indemnified by the Fund against liabilities which may be incurred by them in the performance of the services under the prime brokerage agreement, except to the extent arising directly from their negligence, fraud or wilful default.

The Custodian/Prime Broker will not be liable to the Fund for any losses arising in any way out of or in connection with the prime brokerage agreement except to the to the extent any such losses arise directly from the negligence, fraud, wilful default or breach of the prime brokerage agreement by the Custodian/Prime Broker and its officers, directors, employees and affiliated companies.

The prime brokerage agreement may be terminated by either party providing not less than 45 days written notice to the other.

The Custodian/Prime Broker has no decision making discretion relating to the investment of the assets of the Fund and makes no representation in respect of the Fund or the investment of the Fund's assets. The Custodian/Prime Broker has a limited role and has no obligation to monitor whether the Responsible Entity is complying with its obligations as responsible entity of the Fund.

The Custodian/Prime Broker is a service provider to the Fund and is not responsible for the preparation of this PDS or the activities of the Fund and therefore accepts no responsibility for any information contained in this document.

The Responsible Entity may change the custodian/prime broker without prior notice to Unitholders.

6.1.2 Administrator

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

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

Mainstream Fund Services Pty Ltd
Level 10
12 Shelley Street
Sydney NSW 2000

6.1.3 Registrar

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

As of the date of this PDS, the Registrar is:

Link Market Services
Level 12
680 George Street
Sydney NSW 2000

6.1.4 Market maker

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

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

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

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

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

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

6.1.5 Auditor

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

6.1.6 Monitoring of service providers

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

6.2 OTHER INFORMATION YOU NEED TO KNOW

6.2.1 BetaShares as the responsible entity

BetaShares, as the responsible entity, is responsible for the management and administration of the Fund. The Responsible Entity holds an Australian Financial Services Licence (AFSL 341181) that authorises it to act as the responsible entity of the Fund. The powers and duties of the Responsible Entity are set out in the Constitution of the Fund, the *Corporations Act* and general trust law.

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

6.2.2 The Constitution

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

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

6.2.3 Amendments to the Constitution

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

6.2.4 The compliance plan

The Responsible Entity has prepared and lodged a compliance plan for the Fund with ASIC. The compliance plan sets out the key measures that the Responsible Entity will follow to ensure that it is complying with the *Corporations Act* and the Constitution. Each year the compliance plan, and the Responsible Entity's compliance with the compliance plan, will be independently audited, as required by the *Corporations Act,* and the auditor's report will be lodged with ASIC.

6.2.5 The compliance committee

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

- monitoring the Responsible Entity's compliance with the compliance plan and reporting its findings to the Responsible Entity;
- reporting breaches of the *Corporations Act* or the Constitution to the Responsible Entity;

- reporting to ASIC if the committee is of the view that the Responsible Entity has not taken or does not propose to take appropriate actions to deal with breaches reported to it by the committee; and
- assessing the adequacy of the compliance plan, recommending any changes and reporting these to the Responsible Entity.

6.2.6 Unit pricing policy

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

6.2.7 Suspensions of applications and redemptions

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

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

i. the Responsible Entity has taken all reasonable steps to realise sufficient assets to pay amounts due in respect of Units to which a redemption request applies and is unable to do so due to circumstances outside its control, such as restricted or suspended trading in the market for an asset;

ii. the Responsible Entity believes that it is impracticable or not possible to transfer, in the manner acceptable to the Responsible Entity, sufficient assets to satisfy the redemption request (for example, because of disruption to a settlement or clearing system);

iii. the Responsible Entity believes that it is not practicable or desirable to carry out the calculations necessary to satisfy the redemption request (for example, because it is impracticable or undesirable to calculate the Net Asset Value because of restricted or suspended trading in the market for an asset or because the value of any asset cannot otherwise promptly or accurately be ascertained);

iv. the quotation of any Units on the ASX is suspended or the trading of any Units is otherwise halted, interrupted or restricted by the ASX, or the trading of any Units is subject to a period of deferred settlement, or there is a period during which the Units are subject to a consolidation or division;

v. the Units cease to be admitted to trading status on the ASX;

vi. a redemption request is received in a financial year and the Responsible Entity determines that the date on which the completion of the redemption of the Units would otherwise occur would be in the next financial year;

vii. a withdrawal request is received during any period before or after a distribution date which period the Responsible Entity determines to be necessary or desirable to facilitate the calculation and distribution of distributable income;

viii. the Responsible Entity does not consider that it is in the best interests of Unitholders of the Fund taken as a whole to transfer or realise sufficient assets to satisfy the redemption request; or

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

6.2.8 Spreading redemption requests

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

6.2.9 Information relating to redemptions

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

6.2.10 Rights of a Unitholder

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

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

6.2.11 Reimbursement of expenses

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

6.2.12 Retirement of BetaShares

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

6.2.13 Termination

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

6.2.14 Limitation of liability of Unitholders

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

i. the indemnities each Unitholder gives the Responsible Entity for losses or liabilities incurred by the Responsible Entity:

   a. in relation to the Unitholder's failure to provide requested information;

   b. for tax or user pays fees as a result of a Unitholder's action or inaction, any act or omission by the Unitholder or any matter arising in connection with the Units held by the Unitholder;

   c. in relation to the Unitholder paying or failing to pay the issue price or application or redemption fees in accordance with the Constitution or otherwise failing to comply with the Constitution; and

ii. execution and settlement procedures prescribed by the Responsible Entity that relate to the issue and redemption of Units.

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

6.2.15 Meeting of Unitholders

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

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

6.2.16 Indemnities and limitation of liability of the Responsible Entity

The Responsible Entity is indemnified out of the assets of the Fund for any liability incurred by it in properly performing or exercising any of its powers or duties in relation to the Fund. To the extent permitted by the *Corporations Act*, the indemnity includes any liability incurred by the Responsible Entity as a result of any act or omission of a delegate or agent appointed by the Responsible Entity.

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

6.2.17 Defective applications

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

6.2.18 Discretionary redemptions

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

6.2.19 Information from Unitholders

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

6.2.20 Borrowings

The Fund's Constitution places no formal limits on borrowing. The Responsible Entity's intention is that it may only borrow (i) from the Custodian/Prime Broker from time to time in order to implement currency hedging for the Fund, or (ii) occasionally to manage certain cash flows. Any borrowing may be on a secured or unsecured basis and borrowing costs will be borne by the Fund.

6.2.21 If you have a complaint

If a Unitholder has a complaint regarding the Fund or services provided by the Responsible Entity, please contact Client Services on 1300 487 577 (within Australia) or +61 2 9290 6888 (outside Australia) from 9:00 am to 5:00 pm Sydney time, Monday to Friday, or refer the matter in writing to:

complaints@betashares.com.au; or

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

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

To expedite a resolution of the matter, copies of all relevant documentation and other information supporting the complaint should be provided when making the complaint.

The Responsible Entity will try to resolve complaints as soon as possible, but in any event, will inform the Unitholder in writing of its determination regarding the complaint within 30 days of receiving the initial complaint.

In the event that a Unitholder is not satisfied with the outcome of a complaint, the Unitholder has the right to request the Responsible Entity to review its decision or to refer the matter to an external complaints resolution scheme. The Responsible Entity is a member of the Australian Financial Complaints Authority ("AFCA"). AFCA provides independent financial services complaint resolution that is free to consumers. Unitholders can contact AFCA as follows:

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

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

6.2.22 Protecting your privacy

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

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

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

The Responsible Entity may:

- provide personal information to a Unitholder's adviser if written consent is provided to the Responsible Entity;
- disclose personal information to authorities investigating criminal or suspicious activity and to the Australian Transaction Reports and Analysis Centre ("AUSTRAC") in connection with anti- money laundering and counter-terrorism financing;
- provide a Unitholder's personal information to its service providers for certain related purposes (as described under the *Privacy Act 1988*) such as account administration and the production and mailing of statements;
- use a Unitholder's personal information and disclose it to its service providers to improve customer service (including companies conducting market research) and to keep Unitholders informed of the Responsible Entity's or its partners' products and services, or to their financial adviser or broker to provide financial advice and ongoing service.

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

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

To obtain a copy of the privacy policy at no charge, contact the Responsible Entity on 1300 487 577 (within Australia) or +61 2 9290 6888 (outside Australia).

6.2.23 Anti-money laundering

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

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

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

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

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

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

6.2.25 Other services

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

6.2.26 Warning statement for New Zealand investors

The following disclosure is made to enable the Fund's Units to be offered by the Responsible Entity in New Zealand under the mutual recognition scheme between Australia and New Zealand:

1. This offer to New Zealand investors is a regulated offer made under Australian and New Zealand law. In Australia, this is Chapter 8 of the Corporations Act 2001 (Aust) and regulations made under that Act. In New Zealand, this is subpart 6 of Part 9 of the Financial Markets Conduct Act 2013 and Part 9 of the Financial Markets Conduct Regulations 2014.

2. This offer and the content of the offer document are principally governed by Australian rather than New Zealand law. In the main, the Corporations Act 2001 (Aust) and the regulations made under that Act set out how the offer must be made.

3. There are differences in how financial products are regulated under Australian law. For example, the disclosure of fees for managed investment schemes is different under the Australian regime.

4. The rights, remedies, and compensation arrangements available to New Zealand investors in Australian financial products may differ from the rights, remedies, and compensation arrangements for New Zealand financial products.

5. Both the Australian and New Zealand financial markets regulators have enforcement responsibilities in relation to this offer. If you need to make a complaint about this offer, please contact the Financial Markets Authority, New Zealand (http://www.fma.govt.nz). The Australian and New Zealand regulators will work together to settle your complaint.

6. The taxation treatment of Australian financial products is not the same as for New Zealand financial products.

7. If you are uncertain about whether this investment is appropriate for you, you should seek the advice of a financial advice provider.

Currency exchange risk

1. The offer may involve a currency exchange risk. The currency for the financial products is not New Zealand dollars. The value of the financial products will go up or down according to changes in the exchange rate between that currency and New Zealand dollars. These changes may be significant.

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

Trading on financial product market

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

Dispute resolution process

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

6.2.27 No minimum Unit holding requirement

The Responsible Entity does not require an investor who invests through an Australian securities exchange to hold a minimum number of Units in the Fund and therefore permits such an investor to establish a holding in the Fund of one Unit or more. The Responsible Entity may, after giving at least 60 days' notice to Unitholders, update this PDS to specify a minimum number of Units which must be held at any time. Where a minimum holding amount has been set and an existing Unitholder's holding is below the minimum holding amount, in accordance with the Fund's Constitution we may choose to redeem that Unitholder's holding, after giving 60 days' notice to the Unitholder.

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

6.3 MATERIAL CONTRACTS

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

TABLE 6.3: MATERIAL CONTRACTS

CONTRACT AND PARTY	DESCRIPTION
Prime brokerage/custody agreement BNP Paribas	This agreement sets out the services provided by the Custodian/Prime Broker for the Fund, including custody and settlement services, and the rights and obligations of the parties, as further described in section 6.1.1.
Fund administration services agreement Mainstream Fund Services Pty Ltd	This agreement sets out the services provided by the administrator (accountancy services, tax services and fund administration services including Unit price calculations), together with service standards.
Registry agreement Link Market Services Limited	This agreement sets out the services provided by the Registrar on an ongoing basis together with service standards.
Authorised participant agreement Authorised Participants	An Authorised Participant Agreement deals with execution and settlement procedures in relation to the application for and redemption of Units. The terms of each Authorised Participant Agreement may vary and each may be amended from time to time. Under the Authorised Participant Agreement, the Authorised Participant makes certain representations to the Responsible Entity about its status as an appropriately licensed entity and agrees to comply with the Constitution and with the execution and settlement procedures.

6.4 ASIC RELIEF

Equal Treatment Relief

ASIC has granted relief under section 601QA(1)(a) of the *Corporations Act* from the equal treatment requirement in section 601FC(1)(d), to the extent necessary to allow the Responsible Entity to restrict eligibility to submit redemption requests in relation to Units to Authorised Participants. The Responsible Entity will not treat Unitholders of the same class equally to the extent that it restricts redemptions from the Fund to such Authorised Participants. Relief is granted subject to certain conditions, including that all Unitholders will have a right to a cash redemption if Units are suspended from quotation on the ASX for more than five consecutive trading days, unless:

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

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

Ongoing Disclosure Relief

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

Periodic Statements Relief

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

6.5 DOCUMENTS LODGED WITH ASIC

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

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

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

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

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

6.6 COOLING OFF

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

6.7 INDIRECT INVESTORS

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

6.8 INFORMATION AVAILABLE FROM BETASHARES

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

- The daily Net Asset Value (NAV) for the Fund;
- The daily NAV per Unit for the Fund;
- The Fund's portfolio holdings, updated daily;
- The Responsible Entity's Unit pricing policy;
- The latest PDS for the Fund;
- Copies of announcements made to the ASX via the ASX Market Announcements Platform (including continuous disclosure notices and distribution information);
- Information about distributions as soon as possible after they are declared;
- Information about redemptions from the Fund;
- The aggregate net exposure of the Fund to prime broker counterparties as a percentage of the NAV of the Fund as at the end of each month (announced to the ASX via the ASX Market Announcements Platform);
- Annual and any half-year reports and financial statements for the Fund;
- Details of the Distribution Reinvestment Plan;
- Information in relation to the Fund to enable Authorised Participants and market makers to estimate the Net Asset Value per Unit of the Fund during the course of a trading day; and
- The Target Market Determination prepared by the Responsible Entity pursuant to the "design and distribution" obligations set out in Part 7.8A of the Corporations Act, which sets out the class of consumers that comprise the target market for the Fund.

7 TAXATION

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

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

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

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

7.1.1 Taxation of the Fund

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

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

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

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

Instead, Unitholders pay tax on their share of the Fund's income. Under the AMIT regime, the Fund may make cash distributions that differ from taxable income attributed by the Fund to Unitholders.

7.1.2 Taxation of Australian resident Unitholders

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

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

7.1.3 Taxable income of the Fund

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

Types of income

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

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

Capital gains and losses

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

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

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

Tax deferred / non-assessable amounts

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

Taxation of Financial Arrangements ("TOFA")

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

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

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

7.1.4 Selling or transferring Units

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

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

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

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

7.1.5 Goods and Services Tax (GST)

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

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

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

7.1.6 Applications and redemptions

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

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

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

Applications

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

Redemptions

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

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

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

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

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

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

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

7.1.7 Tax reform

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

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

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

7.1.9 Other comments

In cases where Units are to be redeemed by a Unitholder that is an Australian resident for tax purposes, the Fund should generally not be required to withhold any amounts from the Withdrawal Amount paid on redemption of Units.

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

8 GLOSSARY

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

AQUA Product	A product admitted under the ASX Operating Rules to the AQUA market of the ASX.
AQUA Rules	Schedule 10A of the ASX Operating Rules and related rules and procedures, as amended, varied or waived from time to time.
ASIC	Australian Securities and Investments Commission.
ASX	ASX Limited or the Australian Securities Exchange, as the case requires.
ASX Business Day	A "Business Day" as defined in the ASX Operating Rules, unless determined otherwise by the Responsible Entity.
ASX Listing Rules	The listing rules of the ASX as amended, varied or waived from time to time.
ASX Operating Rules	The operating rules of the ASX as amended, varied or waived from time to time.
Authorised Participant	A financial institution which is a trading participant under the ASX Operating Rules (or which has engaged a trading participant to act on its behalf), which has entered into an Authorised Participant Agreement with the Responsible Entity.
Authorised Participant Agreement	An agreement between the Responsible Entity and an Authorised Participant in relation to Unit applications and redemptions.
CHESS	The Clearing House Electronic Sub-register System, or any clearing and settlement system that replaces it.
Constitution	The constitution governing the Fund, as amended or replaced from time to time.
Corporations Act	Corporations Act 2001 (Cth).
Creation Unit	A particular number of Units of the Fund, as determined by the Responsible Entity from time to time and notified to Authorised Participants.
Dealing Day	A day that is both (a) an ASX Business Day and (b) a day on which all relevant exchanges on which the Fund's assets or derivatives are traded are open for trading, unless the Responsible Entity determines otherwise.
Dealing Deadline	For cash applications/redemptions, 2:30 pm Sydney time on each Dealing Day (or such other time advised by the Responsible Entity), being the time by which an Application/Redemption Form must be received by the Responsible Entity to be processed for that Dealing Day.
Fund	The fund offered under this PDS, specifically BetaShares U.S. Equities Strong Bear Hedge Fund - Currency Hedged.
Issue Price	The Net Asset Value divided by the number of Units on issue in the Fund.
Net Asset Value or NAV	The net asset value of the Fund calculated in accordance with section 5.6.
PDS	Product Disclosure Statement.
Registrar	Link Market Services Limited (ABN 54 083 214 537), or any other registry that the Responsible Entity appoints to maintain the register.
Unit	A unit in the Fund.
Unitholder	A holder of a Unit.
Withdrawal Amount	The Net Asset Value divided by the number of Units on issue in the Fund.

FORMS

APPLICATION FORM

BetaShares U.S. Equities Strong Bear Hedge Fund - Currency Hedged Product Disclosure Statement dated 29 September 2022 issued by BetaShares Capital Ltd, ABN 78 139 566 868, AFSL 341181 as Responsible Entity.

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

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

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

APPLICANT DETAILS

Name

____

ACN/ABN____

Postal address____

Suburb

____

State_________________ Postcode __________________

Telephone
(___)____

Fax
(___)____

NUMBER OF UNITS APPLIED FOR

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

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

Fund: BetaShares U.S. Equities Strong Bear Hedge Fund - Currency Hedged (ASX code: BBUS)

Number of Units:	
Market maker name (if applicable):	

ACKNOWLEDGEMENTS

By signing this Application Form:

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

Applicant signatures

____

Signature of Authorised Person

____

Name of Authorised Person (block letters)

Position (block letters)____

____

Signature of Authorised Person

____

Name of Authorised Person (block letters)

Position (block letters)____

Date:_______________________________________

FORMS

REDEMPTION FORM

BetaShares U.S. Equities Strong Bear Hedge Fund - Currency Hedged Product Disclosure Statement dated 29 September 2022 issued by BetaShares Capital Ltd, ABN 78 139 566 868, AFSL 341181 as Responsible Entity.

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

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

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

UNITHOLDER DETAILS

Name

____

ACN/ABN____

Postal address____

Suburb____

State________________ Postcode ____________________

Telephone (__)____

Fax (__)____

NUMBER OF UNITS TO BE REDEEMED

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

Please note*: The minimum redemption is the number of Units that constitute one Creation Unit. Redemptions must be made in whole multiples of Creation Units (or must be for the Unitholder's entire unit account balance if the Unitholder holds less than a Creation Unit) unless the Responsible Entity agrees otherwise. Redemptions shall be paid in Australian dollars, unless the Responsible Entity agrees otherwise.*

Fund: BetaShares U.S. Equities Strong Bear Hedge Fund - Currency Hedged (ASX code: BBUS)

Number of Units:	
Market maker name (if applicable):	

SIGNATURE BY REDEEMING UNITHOLDER

By signing this Redemption Form:

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

Applicant signatures

____

Signature of Authorised Person

____

Name of Authorised Person (block letters)

Position (block letters)____

____

Signature of Authorised Person

____

Name of Authorised Person (block letters)

Position (block letters)____

Date:____

DIRECTORY

Responsible Entity
BetaShares Capital Ltd
Level 6
50 Margaret Street
Sydney NSW 2000
Telephone: 1300 487 577 (within Australia) or +61 2 9290 6888 (outside Australia)

Custodian/Prime Broker
BNP Paribas, London Branch
10 Harewood Avenue
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Fund Administrator
Mainstream Fund Services Pty Ltd
Level 10
12 Shelley Street
Sydney NSW 2000

Registrar
Link Market Services
Level 12
680 George Street
Sydney NSW 2000

Solicitors to BetaShares
MinterEllison
Governor Macquarie Tower
Level 40
1 Farrer Place
Sydney NSW 2000

Auditor
KPMG
Level 38, Tower Three, International Towers Sydney
300 Barangaroo Avenue
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