betashares

14 October 2022

Product Disclosure Statement

Betashares Energy Transition Metals ETF

ASX: **XMET**

Betashares Capital Ltd ABN 78 139 566 868 | AFSL 341181



IMPORTANT INFORMATION

About this PDS

This Product Disclosure Statement (**PDS**) is dated 14 October 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 Energy Transition Metals ETF (ARSN 657 340 371). This is referred to in this PDS as the "Fund".

A copy of this PDS has been lodged with the Australian Securities and Investments Commission (**ASIC**) on 14 October 2022. Neither ASIC nor ASX Limited takes any responsibility for the contents of this PDS.

At the time of lodgement of this PDS with ASIC, the Units in the Fund are yet to be quoted for tading on the ASX. An application has been made to the ASX for Units in the Fund issued pursuant to this PDS to be quoted for trading on the AQUA market of the ASX under the AQUA Rules

No application for Units in the Fund will be accepted until the exposure period for the PDS has expired. The exposure period for the PDS expires seven days after lodgement of the PDS with ASIC, subject to possible extension by ASIC for a further period of up to seven days.

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 or income reinvested in, the Fund. BetaShares Holdings Pty Ltd and its related entities may invest in or provide other services to the Fund.

Not personal advice

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

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

Definitions

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

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

PRODUCT DISCLOSURE STATEMENT

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1 KEY FEATURES

1.1 ABOUT THE FUND

This PDS relates to the BetaShares Energy Transition Metals ETF (the "Fund"). The Fund is an exchange traded fund (or "ETF"), which is a managed investment scheme whose units will trade on the ASX, much like listed shares.

The investment objective of the Fund is to provide an investment return that aims to track the performance of the Nasdaq Sprott Energy Transition Materials Select Index (the "Index"), before taking into account fees and expenses.

The Index is designed to measure the performance of listed companies focused on the global energy transition materials industry. Energy transition materials are metals and raw materials that are essential to the transition to a less carbon intensive economy. These include copper, lithium, nickel, cobalt, graphite, manganese, rare earths, and silver.

Among other uses, ETMs are used in products and applications that support the energy transition from fossil fuels to cleaner energy sources and technologies, such as battery storage solutions, electric vehicles, solar panels and wind turbines.

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

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

1.2 SUMMARY OF KEY INFORMATION

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

TABLE 1.2: SUMMARY OF KEY INFORMATION

TOPIC	SUMMARY	SECTION
Investment objective	The investment objective of the Fund is to provide an investment return that aims to track the performance of the Nasdaq Sprott Energy Transition Materials Select Index, before taking into account fees and expenses. The Fund aims to achieve this objective by adopting the investment strategy set out in section 2.1.2. There is no assurance or guarantee that the returns of the Fund will meet the investment objective.	**2.1**
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 will be quoted on the ASX under the AQUA Rules. Once quoted (and 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. Redemptions are subject to a withdrawal fee described in section 3.	**5, 6.2.8 and 6.2.9**

TOPIC	SUMMARY	SECTION
	In certain specified circumstances, redemption requests may be delayed, rejected or scaled down. See section 6.2.8 and 6.2.9 for further information. Units will be quoted on the ASX under the AQUA Rules. Once quoted (and 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.	
Distributions	The Responsible Entity intends to make distributions at least annually (assuming there is distributable income).	**2.2**
Risks	There are a number of risks associated with investing in the Fund. The key risks include the following: • Investment objective risk - There is no guarantee the Fund's investment strategy will be successful or that the investment objective will be achieved. • Index tracking risk - The Fund should not be expected to track the performance of the Index exactly, but generally aims to minimise any deviation from the Index, before fees and expenses, as much as possible. • Market risk - The Fund's investment returns will be influenced by the performance of the share market as a whole. Changes in share prices, which may be volatile and fluctuate from day to day, may result in a loss in the value of Units. • Concentration risk - The Fund's underlying Index may be comprised of securities concentrated in a relatively small group of industry sectors, countries and securities. • Commodity price risk – Commodity price changes can directly affect the earnings of companies included in the Index, and the market value of these companies may rise or fall more than proportionately to a rise or fall in commodity prices. • Currency risk - The Australian dollar value of the Fund's assets denominated in foreign currency will increase or decrease as a result of exchange rate fluctuations. • 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. • Suspension risk - In certain circumstances, the Responsible Entity can suspend or scale down applications or redemptions. • Trading price risk - The trading price of Units on the ASX may differ from the Net Asset Value per Unit. • Liquidity risk - Although the Units 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. • Index risk - The sponsor of the Index may change the Index methodology or stop publishing the Index, or the Responsible Entity's licence to use the Index may terminate. • Settlement risk – The Fund is exposed to some risk if an Authorised Participant or other market participant fails to comply with its settlement obligations in connection with applications and redemptions in respect of Units.	**4**

TOPIC	SUMMARY	SECTION
	• The lack of an operating history for the Fund. 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.	**6.2.23**
Responsible Entity	BetaShares Capital Ltd is the responsible entity of the Fund and is the issuer of this PDS.	**1.3**

1.3 ABOUT BETASHARES

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

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

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

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

1.4 ADMISSION TO TRADING UNDER THE AQUA RULES

Application has been made for Units in the Fund to be 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 exchange traded funds, managed funds and structured products on the ASX.

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

AQUA Rules: fundamental difference

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

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

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

ASX LISTING RULES	AQUA RULES
Control	
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.	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.

ASX LISTING RULES	AQUA RULES
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.	The value (price) of products quoted under the AQUA Rules is dependent upon the performance of the underlying assets rather than the financial performance of the issuer itself e.g. an ETF issuer does not control the value of the shares it invests in.
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 funds; • distributions declared; 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 ASX. However, periodic financial reports relating to the AQUA Product must be disclosed to the ASX at the same time they are lodged with ASIC under Chapter 2M of the *Corporations Act*.
Corporate Control	
Requirements in the *Corporations Act* and the ASX Listing Rules in relation to matters such as takeover bids, share buy-backs, change of capital, new issues, restricted securities, disclosure of directors' interests and substantial shareholdings, apply to companies and listed schemes.	These requirements do not apply to AQUA Product issuers. Section 601FM of the *Corporations Act* continues to apply to the removal or change of the responsible entity. An extraordinary resolution would be required to change the responsible entity. An extraordinary resolution is a resolution passed by a majority of the total votes that may be cast by members entitled to vote on the resolution.
Related Party Transactions	
Chapter 10 of the ASX Listing Rules, which relates to transactions between an entity and persons in a position to influence the entity, specifies controls over related party transactions.	Chapter 10 of the ASX Listing Rules does not apply to AQUA Products. Products quoted under the AQUA Rules which are registered managed investment schemes remain subject to the related party requirements in Part 5C.7 and Chapter 2E of the *Corporations Act*.
Auditor Rotation Obligations	
There are specific requirements in relation to auditor rotation under Part 2M.4 Division 5 of the *Corporations Act*.	Issuers of products quoted under the AQUA Rules are not subject to the requirements under Part 2M.4 Division 5 of the Corporations Act. A responsible entity of a registered managed investment scheme will continue to be required to undertake an independent audit of its compliance with the scheme's compliance plan in accordance with Section 601HG of the *Corporations Act* and the auditor must not be the auditor of the scheme's financial statements (but may be from the same firm).

2 ABOUT THE FUND

2.1 INVESTMENT POLICY

2.1.1 Investment objective

The investment objective of the Fund is to provide an investment return that aims to track the performance of the Nasdaq Sprott Energy Transition Materials Select Index (the "Index"), before taking into account fees and expenses.

The Index is designed to track the performance of listed companies in the global energy transition materials ("ETM") industry. ETMs are metals and raw materials that are essential to the transition to a less carbon intensive economy. These include copper, lithium, nickel, cobalt, graphite, manganese, rare earths, and silver.

Among other uses, ETMs are used in products and applications that support the energy transition from fossil fuels to cleaner energy sources and technologies, such as battery storage solutions, electric vehicles, solar panels and wind turbines.

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

2.1.2 Investment strategy

In seeking to achieve the investment objective, the Responsible Entity will employ a passive management approach designed to track the performance of the Index, before fees and expenses.

The Fund will generally seek to invest in the securities that comprise the Index in proportion to the weightings of the securities in the Index. This is known as a "full replication" strategy. As far as practicable, the timing and nature of any changes to the composition of the Fund's investments will generally correspond with the timing and nature of changes to the Index.

The holdings of the Fund may not always exactly replicate the Index. For example, it may not be possible or practical to do so in some circumstances, such as where investment restrictions apply which would prevent direct investment in a particular security. The Fund, from time to time, may not hold all of the securities comprising the Index and may hold securities in weightings which differ from the Index.

Investors will be able to regularly compare the performance of the Fund against the performance of the Index via the BetaShares website at www.betashares.com.au.

The Fund may hold exchange-traded derivatives contracts from time to time (e.g. futures contracts) and other investments that do not form part of the Index where this may help to achieve the Fund's investment objective. For example, exchange-traded derivatives may be used where direct investment in a particular security or securities is not possible or practical, to obtain an investment exposure without physically buying or selling the underlying asset, to manage cash flows or to facilitate timely exposure to the market. Exchange-traded derivatives will only be used in limited circumstances and will not be used to leverage the Fund.

As at the date of this PDS, the Responsible Entity does not intend to engage in securities lending in connection with the Fund, 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.

Small cash balances may be held in the Fund from time to time.

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

Currency Exposure

As the Fund's assets will be denominated in overseas currencies, the Australian dollar value of the assets will increase or decrease as a result of exchange rate fluctuations. The Responsible Entity does not intend to hedge the Fund's currency exposure.

2.1.3 About the Index

The Index provider is Nasdaq, Inc ("Nasdaq" or the "Index Provider").

To be eligible for inclusion in the Index, each security must:

- be classified by Sprott Inc. ("Sprott"), a global investment manager specialising in precious metals and real asset investing, as an ETM company operating in one of the following categories:
    - Producers: companies that extract ETM and have a significant percentage of their revenue tied to the sale of these materials;
    - Developers: companies that have the majority of their operations related to preparing mines for ETM extraction;
    - Explorers: companies that have the majority of their operations related to searching for ETM, which may involve mapping, surveying, testing water and soil samples, and drilling;
    - Refiners: companies that purify ETM and have a significant percentage of their revenue tied to the sale of these materials;
    - Smelters: companies that apply heat to ore in order to extract ETM and have a significant percentage of their revenue tied to the sale of these materials; and
    - Recyclers: companies that recover and process scrap materials to be used as raw materials for new goods and have a significant percentage of their revenue tied to the sale of these materials;
- have a free float market capitalisation of at least US$200 million for new Index components (US$150 million for current Index components);
- have median daily traded value of at least US$800,000 over the last three months for new Index components (US$600,000 for current Index components);
- have a free float percentage of at least 20% if the security has a free float market capitalisation of US$1 billion or less;
- have traded for at least three months;
- be listed on an eligible exchange; and

- satisfy certain environmental, social and governance (ESG) eligibility criteria which are designed to exclude companies that are materially involved in certain business activities, are deemed non-compliant with the principles of the United Nations (UN) Global Compact, or have a controversy rating of 'Severe' (as further outlined in "ESG eligibility criteria" below).

Index constituent selection process

From this universe, a company is eligible for inclusion in the Index if it satisfies one of the following three groups:

- Single commodity ETM leader, being either a:
    - Producer that has at least 50% revenue from a single ETM commodity (40% revenue for current Index component); or
    - Developer or Explorer ("Non-Producer") that has at least 50% of its unproduced assets related to a single ETM commodity;
- Diversified commodity ETM leader, being a Producer that has at least 40% combined revenue generated from two or more ETM commodities (35% revenue for current Index component), and lower than 50% revenue from a single ETM commodity; or
- Manufacturing ETM leader, being either a Refiner, Smelter or Recycler.

All eligible securities are then ranked based on their free float market capitalisation within each group and included in the Index based on the maximum number of securities for each group, as follows:

- Single commodity ETM leader: 6 Producer securities will be included per ETM commodity, however if there are less than 6 eligible Producers for an ETM commodity, Non-Producer securities will be added with the aim of reaching 6 securities for that ETM;
- Diversified commodity ETM leader: 6 securities; and
- Manufacturing ETM leader: 6 securities.

In order to reduce Index turnover, certain buffer rules are also applied.

Index weighting

Each Index constituent's initial weight is determined by dividing its free float market capitalisation by the aggregate free float market capitalisation of all Index securities.

Index constituents are subject to the following caps initially and at each rebalance:

- no constituent's weight may exceed 5%; and
- the total weight of constituents in the Diversified commodity ETM leader and Manufacturing ETM leader categories may not exceed 20%.

The Index is reconstituted and rebalanced semi-annually effective at market open on the trading day following the second Friday of March and September.

ESG eligibility criteria

The eligible universe is screened to remove companies:

- involved in the following business activities, as determined by Sustainalytics, subject to the materiality thresholds set out below (based on gross revenue as reported in a company's latest available audited financial statements):
    - Oil and gas production, generation, and supporting products and services (10% revenue threshold);
    - Thermal coal extraction, power generation, and supporting products and services (10% revenue threshold);
    - Oil sands extraction (5% revenue threshold);
    - Alcohol: production, suppliers to producers, and distribution or sale of alcoholic beverages (5% revenue threshold);
    - Gambling: ownership or operation of gambling establishments, manufacture of gambling equipment, providers of supporting products or services to gambling operations (5% revenue threshold); or
    - Tobacco: manufacture, distribution or sale of tobacco products (5% revenue threshold).
- that are non-compliant with the principles concerning human rights, labour, environment, and anticorruption as set out in the UN Global Compact, as determined by Sustainalytics; or
- that have a controversy rating of 'Severe' (being the highest rating on a scale of 1 – 5), as defined by Sustainalytics. The controversy rating reflects a company's level of involvement in, and how it manages, incidents with negative ESG implications.

Sustainalytics is a subsidiary of Morningstar, Inc. and provides analytical ESG research, ratings and data to institutional investors and companies.

The Responsible Entity may from time to time make recommendations to the Index Provider regarding the Index methodology, including as it relates to modifying the ESG screens, however the Index Provider is under no obligation to accept any recommendations.

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

The Index is a net total return index, which means that it reinvests cash dividends on the relevant ex-dividend date (the date on which the relevant shares no longer come attached with the right to receive the declared dividend) and adjusts for an Index security's country of incorporation withholding rate.

As at the date of this PDS, the Index comprised 36 constituents.

The Index methodology document is available on the Fund's product page at www.betashares.com.au.

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

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

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

2.1.4 Labour standards and environmental, social and ethical considerations

The Fund aims to track the performance of the Index. The Index takes into account environmental, social and ethical considerations (which may include labour standards) in determining the companies eligible for inclusion in the Index, as set out in section 2.1.3.

Apart from seeking to track the performance of the Index when selecting, retaining or realising investments of the Fund, the Responsible Entity itself does not take into account labour standards or environmental, social or ethical considerations when selecting, retaining or realising investments.

2.1.5 Performance

Performance information for the Fund, and the Net Asset Value for the Fund, will be published on the BetaShares website at www.betashares.com.au. Information relating to past performance is not a reliable indicator of future performance. At the date of this PDS, the Fund has no material assets or liabilities and no performance information is available because it is a new fund.

2.1.6 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, 2.1.2 and 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.

2.2 DISTRIBUTIONS

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

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.

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 you will receive when you become a Unitholder).

3 FEES AND OTHER COSTS

DID YOU KNOW?

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

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

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

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

TO FIND OUT MORE

If you would like to find out more, or see the impact of the fees based on your own circumstances, the **Australian Securities and Investments Commission (ASIC)** Moneysmart website (www.moneysmart.gov.au) 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 Energy Transition Metals ETF		
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	0.69% 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** 0.69% per annum of the Fund's Net Asset Value. **Plus** **Recoverable expenses** Estimated at 0.00% per annum of the Fund's Net Asset Value.[1] **Plus** **Indirect costs** Estimated at 0.00% per annum of the Fund's Net Asset Value.[2]	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. Any expenses normally incurred in operating the Fund are paid as and when they arise by the Responsible Entity out of its own resources. Any extraordinary expenses are deducted from the Fund's assets as and when they arise. The indirect costs are calculated and accrued daily as a percentage of the Fund's Net Asset Value, and reflected in the daily Net Asset Value per Unit. The amount is deducted from the Fund's assets as and when incurred.
Performance fees:	Nil.	Not applicable.

BetaShares Energy Transition Metals ETF		
TYPE OF FEE OR COST	AMOUNT	HOW AND WHEN PAID
Amounts deducted from your investment in relation to the performance of the product		
Transaction costs: The costs incurred by the scheme when buying or selling assets	Estimated at 0.03% 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, eg brokerage, are added to or deducted from the amounts payable from the Fund's assets or receivable by the Fund at the time of settlement in respect of investments purchased or sold for the Fund. Other costs, eg transactional custodian fees, are invoiced 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	If you are not an Authorised Participant - $0. If you are an Authorised Participant – up to $1,500 plus 0.12% for cash applications in Australian dollars.[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	If you are not an Authorised Participant - $0. If you are an Authorised Participant – up to $1,500 plus 0.12% for cash redemptions in Australian dollars.[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] As the Fund is newly established, this figure reflects the recoverable expenses that the Responsible Entity, as at the date of this PDS, reasonably estimates will apply for the current financial year (adjusted to reflect a 12 month period). For more information on recoverable expenses, please see section 3.3.3 in the "Additional Explanation of Fees and Costs" section below.

[2] As the Fund is newly established, this figure reflects the indirect costs that the Responsible Entity, as at the date of this PDS, reasonably estimates will apply for the current financial year (adjusted to reflect a 12 month period). For more information on the meaning and calculation of indirect costs, please see "Indirect costs" under the heading "Additional Explanation of Fees and Costs".

[3] As the Fund is newly established, this figure reflects the transaction costs that the Responsible Entity, at the date of this PDS, reasonably estimates will apply for the current financial year (adjusted to reflect a 12 month period). This estimate is net of estimated transaction costs for which the Responsible Entity reimburses the Fund out of the application and redemption fees it receives from Authorised Participants, as described in section 3.3.6. For more information on transaction costs and the application and redemption fees payable by Authorised

Participants please 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 Energy Transition Metals ETF	AMOUNT	**BALANCE** OF $50,000 WITH A CASH CONTRIBUTION OF $5,000[1] DURING THE YEAR
CONTRIBUTION FEES[2]	$0 if you are not an Authorised Participant; or $1,500 plus 0.12% of the application amount for cash applications in Australian dollars if you are an Authorised Participant[2]	For every additional $5,000 you put in, you will be charged: **$0** if you are not an Authorised Participant; or **$1,506** if you are an Authorised Participant.
PLUS MANAGEMENT FEES AND COSTS[3]	0.69% 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 **$345** each year.
PLUS PERFORMANCE FEES[6]	Nil	**And**, you will be charged or have deducted from your investment **$0** in performance fees each year.[6]
PLUS TRANSACTION COSTS[4]	Estimated at 0.03% of the Fund's Net Asset Value	**And**, you will be charged or have deducted from your investment **$15** in transaction costs.
EQUALS COST OF FUND		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: **$360 (if you are not an Authorised Participant) or $1866 (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 up to $1,500 plus 0.12% for cash redemptions in Australian dollars 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. For more information, see "Redemption fees for other unitholders" in the "Additional Explanation of Fees and Costs" section below.

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 one Creation Unit, unless the Responsible Entity agrees otherwise.
[2] Assumes the maximum contribution fee set out in Table 3.1 applies.
[3] Management fees and costs are made up of the management fee, recoverable expenses and indirect costs. As the Fund is newly established, the figures used in the above example represent the amounts the Responsible Entity, as at the date of this PDS, reasonably estimates will apply for the current financial year (adjusted to reflect a 12 month period). For more information, refer to the "Additional Explanation of Fees and Costs" section below.
[4.] As the Fund is newly established, this figure reflects the transaction costs that the Responsible Entity, as at the date of this PDS, reasonably estimates will apply for the current financial year (adjusted to reflect a 12 month period). This estimate is net of estimated transaction costs for which the Responsible Entity reimburses the Fund out of the application and redemption fees it receives from Authorised Participants, as described in section 3.3.6. For more information, 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.
[6.] The Fund does not charge, and there is no right for the Responsible Entity to charge, a performance fee.

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:

- the 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 paid by the Responsible Entity out of its own resources while this PDS is current. The Responsible Entity may withdraw or replace this PDS at any time.

The recoverable expenses normally incurred by the Fund that will apply for the current financial year (adjusted to reflect a 12 month period) will be 0.00%p.a. of the Fund's Net Asset Value, as these expenses will be paid out of the Responsible Entity's own resources as and when they arise.

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 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 Responsible Entity, as at the date of this PDS, reasonably estimates that the extraordinary expenses of the Fund that will apply for the current financial year (adjusted to reflect a 12 months period), will be nil.

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 Responsible Entity, as at the date of this PDS, reasonably estimates that the indirect costs of the Fund that will apply for the current financial year (adjusted to reflect a 12 month period) will be 0.00% p.a. of the Net Asset Value of the Fund.

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, eg brokerage, are added to or deducted from the amounts payable from the Fund's assets or receivable by the Fund at the time of settlement in respect of investments purchased or sold for the Fund. Other costs, eg transactional custodian fees, are invoiced and paid from the Fund's assets according to a regular monthly or quarterly cycle.

The Responsible Entity, at the date of this PDS, reasonably estimates that the net transaction costs of the Fund for the current financial year (adjusted to reflect a 12 month period) will be approximately 0.03% p.a. of the Fund's Net Asset Value or $15 for every $50,000 you have in the Fund. These net transaction costs represent estimated total gross transaction costs of 0.10% p.a. of the Fund's Net Asset Value 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 for Australian dollar transactions 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.

As the Fund is newly established, 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 the 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.

4.1 INVESTMENT OBJECTIVE RISK

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

4.2 MARKET RISK

Market risk is the risk that the value of the Fund's investment portfolio will fluctuate as a result of changes in market prices as a whole. Changes in prices of the securities held by the Fund may result in a loss in value of the Fund's Units. Therefore, the market factors that drive changes in the prices of the securities in the Index, including global 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 fall by large amounts over short periods of time. This volatility may cause the value of an investment in the Units to decrease.

4.3 SECURITY SPECIFIC RISK

Factors specific to a particular equity security may cause its return to differ from that of the broader market. Such factors may include changes in a company's operations, such as changes in management, or the loss of a significant customer, or changes in the market environment the company operates in, or actions by regulators or competitors. An index that tracks the performance of a portfolio of equity securities, and hence a Fund linked to such an index, may be sensitive to security specific risk for those securities which form a material component of the index.

4.4 INTERNATIONAL INVESTMENT RISK

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

The Fund may have exposure to emerging markets. Emerging markets are generally considered riskier than developed markets and may experience increased asset price volatility, and face higher currency, default, liquidity and legal risk.

4.5 CONCENTRATION RISK

A significant percentage of the Fund's underlying Index may be comprised of:

- securities concentrated in a single industry sector or only a small group of industry sectors, in particular the global energy transition materials sector;
- securities from a single country or only a small group of countries;
- individual securities with relatively high investment weightings; or
- a small total number of securities.

This concentration may cause the Fund to experience higher volatility of returns compared to a fund that has more diverse exposure to a variety of sectors, countries and securities.

4.6 COMMODITY PRICE RISK

Changes in the prices of commodities can directly affect the earnings of companies included in the Index. The market value of some materials companies may rise or fall more than proportionately to a rise or fall in commodity prices over the short-term or the long-term. The Fund will hold interests in companies that are dependent on a single commodity, or are concentrated on a single commodity sector, that typically exhibit even higher volatility attributable to commodity prices.

The prices of materials companies' securities can also be indirectly influenced by commodity price movements as investors attempt to anticipate the likely duration and direction of future changes in commodity prices by buying or selling stocks exposed to those potential movements.

Commodity prices may be influenced by a range of factors including economic events which affect the volume of commodities used, supply availability reflecting levels of industry exploration and investment, and changing perceptions of supply risk. Movements in global financial markets, including movements in global capital flows caused by changes in interest rates as between major economies, can also affect commodity price trends.

If there is a decrease in the level of demand from one or more key raw material markets, companies included in the Index may realise lower prices for their output and the price of their securities may fall, resulting in a fall in the Index (and hence the value of the Fund).

4.7 ETM COMPANIES RISK

The performance of companies involved in the production, development, exploration, refinining, smelting and/or recycling of ETMs are subject to a variety of risks. These companies may be significantly affected by technological progress, changes in demand for cleaner energy sources and technologies, import controls, worldwide competition, liability for environmental damage, depletion of resources, mandated expenditures for safety and pollution control devices, and changes in government policies and

regulations, including changes in any government incentives and subsidies.

The ETM sector may also have challenges such as a limited number of companies involved in ETMs and limited liquidity in the market, which may adversely affect the Fund. Additionally, there may be significant differences in interpretations of what is considered an ETM and the definition used by the Index Provider may differ from those used by other index providers, investment managers or advisers.

4.8 FOREIGN EXCHANGE RISK

Foreign exchange risk is the risk that the Australian dollar value of the Fund's assets denominated in overseas currencies will increase or decrease as a result of exchange rate fluctuations. If an overseas currency depreciates relative to the Australian dollar, then the value of that investment (in Australian dollar terms, and assuming no other changes) will decrease (and vice versa). The Responsible Entity does not intend to hedge the Fund's currency exposure.

In addition, raw material prices are commonly denominated in United States dollars and changes in the exchange rate between the US dollar and other currencies may have an impact on the earnings of companies in the Index.

4.9 SMALL AND MEDIUM-SIZED COMPANIES RISK

The Index, and therefore the Fund, is expected to have a high degree of exposure to small and medium sized companies, as measured by market capitalisation. Such companies may be more vulnerable to adverse general market or economic developments, and their securities may be less liquid and may experience greater price volatility than larger, more established companies as a result of several factors, including limited trading volumes, products or financial resources, and less publicly available information. Accordingly, such companies are generally subject to greater market risk than larger, more established companies, and may underperform other segments of the market or the equity market as a whole

4.10 DERIVATIVES RISK

Exchange traded derivatives may only be used in limited circumstances and will not be used to leverage the Fund. The primary risks associated with the use of such derivatives are:

- the values of the derivative failing to move in line with the underlying asset;
- the potential lack of liquidity of the derivative;
- the 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 payments;
- the counterparties involved in trading derivatives (the relevant central clearing house or clearing broker) may not meet their contractual obligations;
- the collateral obligations in respect of margin requirements on derivative contracts can cause liquidity issues if insufficient collateral is available; and
- the electronic platforms on which 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 a high correlation with the performance of the Index.

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.

4.11 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 objectives of the Fund. The Responsible Entity may not always be in a position to take such action.

4.12 TAX RISK

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

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

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.

For more information on taxation matters, see 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 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

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

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.

4.16 EFFECT OF APPLICATIONS AND REDEMPTIONS ON DISTRIBUTIONS

The distribution per Unit amount for a distribution period may be affected by application and redemption activity during the period and therefore there is no assurance that the yield on the Fund's Units will be same as the yield on the securities in the Fund's underlying Index. The issue of Units during a distribution period will tend to reduce the amount of the distribution per Unit for that period (which will be associated with a smaller decline in the NAV per Unit at the time of the distribution). Conversely, the redemption of Units during a distribution period will tend to increase the amount of the distribution per Unit for that period (which will be associated with a larger decline in the NAV per Unit at the time of the distribution).

4.17 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. Cash applications and redemptions may further be suspended where a national holiday applies for countries in the Index. Although it should be possible for investors to trade in Units in the Fund on ASX at such times, the suspension may affect the relationship between the market price of Units and their underlying value.

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

4.18 LIQUIDITY RISK

Although the Units will be quoted under the AQUA Rules there can be no assurances that there will be a liquid market for Units. The Responsible Entity has in place market making arrangements to assist in maintaining liquidity for the 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, there is the risk that one or more assets held by the Fund may suffer from restricted or limited liquidity, which may be associated with wider than usual bid-offer spreads for such assets, preventing the Fund from closing out certain positions or rebalancing in a timely manner and at a fair price. The bid-offer spread for Units can be expected to increase if there is decreased liquidity for the underlying securities and/or their bid-offer spreads widen due to market conditions.

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

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

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

If the trading of securities or assets which form part of the Index is suspended or restricted, the Net Asset Value of the Fund that tracks the Index may also be affected.

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

Periods of increased market volatility or disruptions to the market making function may result in wider bid-offer spreads for Units and trading prices that differ significantly from 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.

4.20 INFLATION RISK

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

4.21 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.

4.22 INDEX RISK

The Fund aims to provide Unitholders with a return that tracks the return of the Index before fees and expenses. The Fund will therefore employ a "passive" management approach, which means that the Responsible Entity will not seek to reposition investments in an attempt to avoid or limit any underperformance of a security held in the portfolio.

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

As described in section 6.2.7, the sponsor of the Index may change the Index methodology or stop publishing the Index, or the Responsible Entity's licence to use the Index may terminate, in which case the Responsible Entity may change the index for the Fund. The Net Asset Value of the Fund may be adversely affected by such adjustments.

4.23 RISK OF INDEX TRACKING ERROR

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

4.24 EARLY CLOSING RISK

Unanticipated early closings of a securities exchange on which securities held by the Fund are traded may result in the Fund being unable to sell or buy securities on that day. If the relevant exchange closes early on a day when the Fund needs to execute a high volume of securities trades late in the trading day (in order to implement application or redemption requests), the Fund may incur trading losses or fail to replicate the Index.

4.25 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 and trading and derivatives counterparties, as well as the Fund's custodian. Default on the part of a counterparty could result in financial loss to the Fund.

4.26 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 OF APPLICATIONS AND REDEMPTIONS

Application/Redemption forms received from Authorised Participants before the Dealing Deadline on a Dealing Day are processed at the Issue Price/Withdrawal Amount (being the Net Asset Value per Unit) for 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, Authorised Participants 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 relevant Units, less the redemption fee.

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

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

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

A redemption request received by the Dealing Deadline (on day T) will generally enable the Authorised Participant to receive the redemption payment (less the redemption fee) four ASX Business Days later (T+4), provided the Authorised Participant has transferred the Units by no later than the standard CHESS settlement cut-off time (11:30am as at the date of this PDS) on T+4 or as otherwise agreed with the Authorised Participant.

The relevant settlement period for applications and redemptions may be extended to accommodate applicable overseas public holidays or other days on which an exchange, on which the Fund's portfolio of investments is traded, is closed on the Dealing Day or 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 for the relevant period or where there are factors, as determined by the Responsible Entity, which prevent the accurate calculation of Unit prices. The Responsible Entity will advise Unitholders of any suspension of applications or delay or rejection of redemptions.

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

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

See section 6.2.8 and 6.2.9 for further information.

5.6 VALUATIONS AND PRICING

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 and Administrator

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

The administrator provides administration services to the Responsible Entity. These services include fund accounting, maintenance of books and records, calculating distribution amounts, 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 custodian and administrator without prior notice to Unitholders.

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

Citigroup Pty Limited
Level 23
2 Park Street
Sydney NSW 2000

6.1.2 Registrar

As for any quoted security, the role of the Registrar is to keep a record of the Unitholders in the 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

6.1.3 Market maker

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

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

The Responsible Entity seeks to appoint market making firms:

- that have experience in making markets in exchange-traded securities both in Australia and internationally;
- that have the necessary skill and expertise to perform market making functions; and
- that are ASX participants (or trade through an ASX participant).

To qualify for admission as an ASX participant, a firm must meet admission requirements set out in the ASX Operating Rules, which require the firm to hold an Australian financial services licence that authorises it to carry on its business as a market participant and to satisfy the ASX of various matters including organisational competence and business integrity.

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

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

Unitholders should be aware that a market maker will retain for its own account any trading profit and bear any loss which may be generated by its market making activities. Subject to the AQUA Rules and the agreement with the market maker, the Responsible Entity may appoint or terminate a market maker in respect of 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.

6.1.4 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.

6.1.5 Monitoring of service providers

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

6.2 OTHER INFORMATION YOU NEED TO KNOW

6.2.1 BetaShares as the responsible entity

BetaShares, as the responsible entity, is responsible for the management and administration of the 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 a 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 criteria 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 Change of Index

Subject to the contractual arrangements with the Index provider, it is possible that the Responsible Entity may change the Index applicable to the Fund. This may be for reasons such as (but not limited to):

i. the Index provider ceases to publish the particular Index or materially changes the methodology or constituents of the Index;

ii. a new index becomes available which supersedes the existing Index;

iii. a new index becomes available which is, in the opinion of the Responsible Entity, more cost effective for the Fund and/or is regarded as the market standard for investors in the particular market and/or would be regarded as of greater benefit to the Unitholders (for reasons including a reduction in transaction costs) than the existing Index;

iv. it becomes difficult to invest in securities comprised within the Index;

v. the Index provider increases its charges to a level which the Responsible Entity considers too high or if the Index licence provided by the Index provider in connection with the use of the Index is terminated; or

vi. the quality (including accuracy and availability of data) of the Index has, in the opinion of the Responsible Entity, deteriorated.

6.2.8 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 four 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 to determine the redemption securities for an in-kind redemption or carry out the calculations necessary to satisfy a redemption request (for example, because the

Index on which the redemption securities component is to be based is not compiled or published, or it is impracticable to calculate the Net Asset Value because of restricted or suspended trading in the market for an asset or because the value of any asset cannot otherwise promptly or accurately be ascertained);

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

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

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

6.2.9 Spreading redemption requests

The Constitution of 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.

6.2.10 Non-Authorised Participant redemption request

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

6.2.11 Information relating to redemptions

The information in section 5 relating to redemptions assumes 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.

6.2.12 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.

6.2.13 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.

6.2.14 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*.

6.2.15 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.

6.2.16 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.

6.2.17 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.

6.2.18 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.

6.2.19 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.

6.2.20 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.

6.2.21 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.

6.2.22 Borrowings

The Fund's Constitution places no formal limits on borrowing. It is not the Responsible Entity's intention to enter into borrowing for the Fund, except that temporary borrowings may be used occasionally to manage certain cash flows. Any borrowing may be on a secured or unsecured basis and any borrowing costs would be borne by the Fund.

6.2.23 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 6, 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.

6.2.24 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. The Responsible Entity may disclose personal information to authorities investigating criminal or suspicious activity and to the Australian Transaction Reports and Analysis

Centre (AUSTRAC) in connection with anti-money laundering and counter-terrorism financing.

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

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

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

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

6.2.25 Anti-money laundering

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

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

6.2.26 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 U.S. 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.

6.2.27 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.

6.2.28 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.

6.3 MATERIAL CONTRACTS

The Responsible Entity (or the Responsible Entity's holding company) has entered into (or will enter into prior to the date Units are first issued in the Fund) 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
Index Licence Agreement Nasdaq, Inc	This agreement allows the Responsible Entity to use the Index in the operation of the Fund.
Custody agreement Citigroup Pty Limited	This agreement sets out the services provided by the custodian on an ongoing basis together with service standards.
Administration services agreement Citigroup Pty Limited	This agreement sets out the services provided by the administrator (accountancy services, tax services and fund administration services including Unit price calculations), together with service standards.
Registry agreement Link Market Services Limited	This agreement sets out the services provided by the Registrar on an ongoing basis together with service standards.
Authorised participant agreement Authorised Participants	An Authorised Participant Agreement deals with execution and settlement procedures in relation to the application for and redemption of Units. The terms of each Authorised Participant Agreement may vary and each may be amended from time to time. Under the Authorised Participant Agreement, the Authorised Participant makes certain representations to the Responsible Entity about its status as an appropriately licensed entity and agrees to comply with the Constitution and with the execution and settlement procedures.
Nominee deed poll Citigroup Pty Limited	Under this document, if applicable, the Applicant Nominee agrees to hold Units the subject of an application by an Authorised Participant as nominee for the Authorised Participant pending settlement.
Nominee terms Authorised Participants	By signing the Application Form, if applicable, the Authorised Participant covenants for the benefit of the Applicant Nominee to be bound by the Nominee Terms under which the Applicant Nominee will hold application Units for the Authorised Participant subject to a security interest in favour of the Responsible Entity pending settlement of the application. Under the Nominee Terms, if the Authorised Participant does not comply with its obligations relating to the issue of Units, the Responsible Entity may direct the Applicant Nominee that the Units not be transferred to the Authorised Participant, in which case the Units are to be held solely for the Responsible Entity.

6.4 ASIC RELIEF

Equal Treatment Relief

ASIC class order 13/721 exempts the Responsible Entity from the equal treatment requirement in section 601FC(1)(d) of the *Corporations Act*, to the extent necessary to allow the Responsible Entity to restrict eligibility to submit redemption requests in relation to Units to Authorised Participants. 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 the condition that that all Unitholders will have a right to a cash redemption if Units are suspended from trading on the ASX for more than five consecutive trading days, unless:

- the Fund is being wound up;
- the Fund is no longer a liquid scheme; or
- the Responsible Entity has suspended redemptions in accordance with the Fund's constitution.

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

Ongoing Disclosure Relief

ASIC Class Order 13/721 exempts the Responsible Entity from the ongoing disclosure requirements in section 1017B of the *Corporations Act* on the condition that the Responsible Entity complies with the continuous disclosure provisions of the *Corporations Act* that apply to an unlisted disclosing entity as if 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;
- 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.

6.9 DISCLAIMERS

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

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

The Fund is not sponsored, endorsed, sold or promoted by Nasdaq, Inc. or its affiliates (NASDAQ, Inc, with its affiliates, are referred to as the "Corporations"). The Corporations have not passed on the legality or suitability of, or the accuracy or adequacy of descriptions and disclosures relating to, the Fund. The Corporations make no representation or warranty, express or implied to the owners of the Fund or any member of the public regarding the advisability of investing in securities generally or in the Fund particularly, or the ability of the Index to track general stock market performance. The Corporations' only relationship to BetaShares Holdings Pty Ltd ("Licensee") is in the licensing of the NASDAQ® registered trademarks and certain trade names of the Corporations and the use of the Index which is determined, composed and calculated by NASDAQ without regard to Licensee or the Fund. NASDAQ has no obligation to take the needs of the Licensee or the owners of the Fund into consideration in determining, composing or calculating the Index. The Corporations are not responsible for and have not participated in the determination of the timing of, prices at, or quantities of the Fund

to be issued or in the determination or calculation of the equation by which the Fund is to be converted into cash. The Corporations have no liability in connection with the administration, marketing or trading of the Fund.

THE CORPORATIONS DO NOT GUARANTEE THE ACCURACY AND/OR UNINTERRUPTED CALCULATION OF THE INDEX OR ANY DATA INCLUDED THEREIN. THE CORPORATIONS MAKE NO WARRANTY, EXPRESS OR IMPLIED, AS TO RESULTS TO BE OBTAINED BY LICENSEE, OWNERS OF THE FUND, OR ANY OTHER PERSON OR ENTITY FROM THE USE OF THE INDEX OR ANY DATA INCLUDED THEREIN. THE CORPORATIONS MAKE NO EXPRESS OR IMPLIED WARRANTIES, AND EXPRESSLY DISCLAIM ALL WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE OR USE WITH RESPECT TO THE INDEX OR ANY DATA INCLUDED THEREIN. WITHOUT LIMITING ANY OF THE FOREGOING, IN NO EVENT SHALL THE CORPORATIONS HAVE ANY LIABILITY FOR ANY LOST PROFITS OR SPECIAL, INCIDENTAL, PUNITIVE, INDIRECT, OR CONSEQUENTIAL DAMAGES, EVEN IF NOTIFIED OF THE POSSIBILITY OF SUCH DAMAGES.

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. Recent 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.

As at the date of this PDS, the Responsible Entity intends that an irrevocable election for the Fund to enter the AMIT regime will be in effect from the financial year in which the Fund is launched.

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 the income of a fund in each financial year, with the existing non-AMIT tax rules for managed funds continuing to apply.

Instead, Unitholders pay tax on their share of the Fund's income. 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 dividends, 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. It is expected that the Fund will make this election, where eligible.

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 cost 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:

Applicant Nominee	An entity which holds Units pending settlement on behalf of Authorised Participants applying for Units. As at the date of this PDS the Applicant Nominee is Citigroup Pty Limited. The Responsible Entity may determine that the Applicant Nominee is no longer to be appointed to hold Units pending settlement on behalf of Authorised Participants applying for Units.
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 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 exchanges, on which at least 80% of the Fund's assets or derivatives are traded, are open for trading, unless the Responsible Entity determines otherwise.
Dealing Deadline	2:00 pm Sydney time on each Dealing Day (or such other time advised by the Responsible Entity to Authorised Participants) for a cash application/redemption, being the time by which an Application/Redemption form must be received by the Responsible Entity to be processed for that Dealing Day.
ETF	Exchange Traded Fund.
Fund or BetaShares Fund	BetaShares Energy Transition Metals ETF.
Index	The index of securities whose performance the Fund will aim to track, before fees and expenses. The Index is the Nasdaq Sprott Energy Transition Materials Select Index.
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.
Nominee Terms	In relation to an application for Units, the nominee terms made available by the Responsible Entity to the applicant, as described in section 6.3.

PDS	Product Disclosure Statement.
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

Product Disclosure Statement dated 14 October 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 Energy Transition Metals ETF (ASX Code: XMET)

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

ACKNOWLEDGEMENTS

By signing this Application Form:

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

Applicant signatures

_____

Signature of Authorised Person

_____

Name of Authorised Person (block letters)

Position (block letters)_____

_____

Signature of Authorised Person

_____

Name of Authorised Person (block letters)

Position (block letters)_____

Date:_____

FORMS

REDEMPTION FORM

Product Disclosure Statement dated 14 October 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, unless the PDS provides otherwise. Redemptions must be made in whole multiples of Creation Units unless the Responsible Entity agrees otherwise.*

Fund: BetaShares Energy Transition Metals ETF (ASX Code: XMET)

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

SIGNATURE BY REDEEMING UNITHOLDER

By signing this Redemption Form:

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

Applicant signatures

_____

Signature of Authorised Person

_____

Name of Authorised Person (block letters)

Position (block letters)_____

_____

Signature of Authorised Person

_____

Name of Authorised Person (block letters)

Position (block letters)_____

Date:_____

DIRECTORY

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

Custodian & Fund Administrator
Citigroup Pty Limited
Level 23
2 Park Street
Sydney NSW 2000

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

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

Auditor
KPMG
Level 38
Tower Three, International Towers Sydney
300 Barangaroo Avenue
Sydney NSW 2000