

Product Disclosure Statement

Betashares Australian Small Companies Select Fund (managed fund)

ASX: SMLL

Betashares Capital Ltd ABN 78 139 566 868 | AFSL 341181



BETASHARES AUSTRALIAN SMALL COMPANIES SELECT
FUND (MANAGED FUND) ARSN: 613 693 431 | ASX CODE: SMLL

SUPPLEMENTARY PRODUCT DISCLOSURE STATEMENT

DATED: 10 DECEMBER 2024
ISSUER: BETASHARES CAPITAL LTD
ABN: 78 139 566 868
AFS LICENCE: 341181

This Supplementary Product Disclosure Statement (“SPDS”) is supplemental to the Product Disclosure Statement dated 29 September 2022 in respect of Betashares Australian Small Companies Select Fund (managed fund) (the “PDS”).

The PDS and this SPDS should be read together.

A copy of this SPDS has been lodged with the Australian Securities and Investments Commission (“ASIC”) on 10 December 2024. Neither ASIC nor ASX Limited takes any responsibility for the contents of this SPDS.

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

Changes to the Fund’s investment objective and strategy and other features

The Fund currently aims to provide investors with capital growth and some income from a portfolio of small company shares listed on the ASX that has the potential to outperform (after fees and expenses) the Fund’s benchmark over the medium to long term. The Fund currently does not seek to track an index.

The Responsible Entity has decided to amend the Fund’s name, investment objective and strategy, market making arrangements and fees, effective on 10 January 2025 following the close of ASX trading (‘Effective Time’).

From the Effective Time, the Fund will aim to track the performance of the Nasdaq Australia Small Cap Select Index (before fees and expenses).

The changes are summarised below.

	Current	Effective on 10 January 2025 following close of ASX trading
Name	Betashares Australian Small Companies Select Fund (managed fund)	Betashares Australian Small Companies Select ETF
Investment strategy	Rules-based, non-index tracking	Index tracking
Investment objective	To outperform the S&P/ASX Small Ordinaries Accumulation Index over the medium to long term (after fees and expenses).	To provide an investment return that tracks the performance of the Nasdaq Australia Small Cap Select Index (before fees and expenses).
Market making	Internal. Betashares, on behalf of SMLL, makes a market for units on the ASX via a market making agent.	External. Betashares, on behalf of SMLL, appoints a market maker who makes a market for units on the ASX acting as principal.
Application fee (payable only by Authorised Participants)	N/A	Up to \$750 for in-kind applications
Redemption fee (payable only by Authorised Participants)	N/A	Up to \$750 for in-kind redemptions
Management fees and costs (p.a.)*	0.39% of net asset value (comprising a management fee of 0.32% and expenses normally incurred of 0.07%)	0.39% of net asset value (comprising a management fee - any expenses normally incurred in operating the Fund will be paid by the Responsible Entity out of its own resources)
Performance fees	15% of outperformance above the S&P/ASX Small Ordinaries Accumulation Index	Nil. A performance fee will no longer apply.

Modifications to the PDS

From the Effective Time, the specific amendments to the PDS pursuant to this SPDS are set out below.

Section 1:

Section 1.1 is deleted and replaced with:

This PDS relates to the Betashares Australian Small Companies Select 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 Australia Small Cap Select Index (the "Index"), before taking into account fees and expenses.

The Index represents a portfolio of profitable Australian small cap companies.

The Fund is intended for use as a satellite allocation to Australian equities for investors seeking capital growth and who can accept very high volatility and higher potential losses for that portion of their investment portfolio. A minimum investment timeframe of 5 years or more is suggested.

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.

In Table 1.2: Summary of Key Information, the 'Investment Objective' and 'Risks' sections are deleted and replaced with:

TOPIC	SUMMARY	SECTION
Investment objective	<p>The investment objective of the Fund is to provide an investment return that aims to track the performance of the Nasdaq Australia Small Cap Select Index, before taking into account fees and expenses.</p> <p>The Fund aims to achieve this objective by adopting the investment strategy set out in section 2.1.2.</p> <p>There is no assurance or guarantee that the returns of the Fund will meet the investment objective.</p>	2.1
Risks	<p>There are a number of risks associated with investing in the Fund. The key risks include the following:</p> <ul style="list-style-type: none">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 market to which the Fund is exposed. Changes in equity prices, which may be volatile and fluctuate from day to day, may result in a loss in the value of Units.Concentration risk - A significant percentage of the Fund's underlying Index may be comprised of securities concentrated in a small group of industry sectors. Similarly, all of the Fund's underlying Index will be comprised of securities listed in Australia.Small companies risk - Small 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.Counterparty risk - There is a risk of loss due to a counterparty to the Fund not honouring a financial commitment. Counterparties include service providers such as the Fund's unit registrar, fund administrator and custodian, as well as any derivatives counterparties.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.	4

TOPIC	SUMMARY	SECTION
	<ul style="list-style-type: none"> 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. Operational risk - External events or a breakdown in administrative procedures or operational controls may adversely affect the operation and performance of the Fund. 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. <p>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.</p> <p>For further details of the risks of investing, see section 4.</p>	

Section 2:

Section 2.1.1 "Fund description" is deleted and replaced with:

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

The Index represents a portfolio of profitable Australian small cap companies .

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

A new section 2.1.2 "Investment Strategy" is included (with the current sections 2.1.2 to 2.1.4 re-numbered consecutively):

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 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. The Fund may, from time to time, not hold all of the securities comprising the Index, may hold securities in weightings which differ from the Index, and may invest in securities that have been or are expected to be included in the Index. Also, the Fund may hold other investments that do not form part of the Index where this may help to achieve the Fund's investment objective..

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, or to obtain an investment exposure without physically buying or selling the underlying asset. Derivatives will only be used in limited circumstances and will not be used to leverage the Fund. Additionally, when used, the total notional value of derivatives will generally be less than 5% of the Fund's NAV, except in exceptional circumstances.

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.

The Fund will not use short selling, leverage or gearing to seek to enhance its returns.

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.

A new section 2.1.3 "About the Index" is included:

The index sponsor is Nasdaq, Inc ("Nasdaq").

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

- be listed on the ASX;
- have a float adjusted market capitalisation rank between 91 and 500 of all eligible securities in the universe;

- for at least 90% of the time have a five-day rolling average daily dollar trading volume over each of the last 90 trading days greater than \$100,000;
- have traded for at least one year prior to evaluation; and
- have a float adjusted market capitalisation of at least \$100 million.

Eligible securities are then screened to exclude securities:

- in the bottom 20% based on a momentum metric (over the past 12 months);
- outside the top 10% by price to book ratio; and
- those generally outside the top 185 by share turnover.

To identify the final constituents, the remaining universe is then screened to exclude securities:

- with an interest coverage ratio less than 2; and
- with non-positive earnings per share.

The Index employs a float adjusted modified market capitalisation weighting methodology.

The Index is reconstituted annually in March, using market data up to the end of January. Additionally, if at any time during the year other than the evaluation, an Index security is determined to have become ineligible for continued inclusion in the Index, the security may be removed from the Index and would not be replaced.

Between the annual evaluations, the number of Index constituents may change as a result of corporate events, such as mergers or acquisitions, involving Index constituents, or any determinations to remove securities that may have otherwise become ineligible.

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

The Index methodology document, which includes further information about the Index, can be found on the Fund's webpage on the Betashares website at www.betashares.com.au.

Neither the Responsible Entity nor any other company in the Betashares Group has any control over, or responsibility for, the composition, calculation or availability of the Index. The Index provider is not a related company of the Responsible Entity.

Past performance information about the Index is available from various sources, including stockbrokers, financial information websites and major data providers such as Bloomberg or Reuters. Any past performance information about the Index does not take into account fees, 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.

Section 3:

Section 3 is deleted and replaced with:

DID YOU KNOW?

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

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 Australian Small Companies Select 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	0.39% 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 0.39% 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: Amounts deducted from your investment in relation to the performance of the product	Nil.	Not applicable.
Transaction costs: The costs incurred by the scheme when buying or selling assets	Estimated at 0.02 per annum of the Fund's Net Asset Value. ³	Transaction costs reduce the Fund's Net Asset Value. How and when they are paid varies depending on the type of transaction cost. Certain costs, 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 \$750 for in-kind applications. 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 in-kind applications.
Buy-sell spread: An amount deducted from your investment representing costs incurred in transactions by the scheme	Nil. ⁶	Not applicable.

Betashares Australian Small Companies Select ETF		
TYPE OF FEE OR COST	AMOUNT	HOW AND WHEN PAID
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 \$750 for in-kind redemptions. ⁵	Payable only by Authorised Participants. ⁴ This fee will be deducted from the redemption proceeds at the time of the redemption, for in-kind redemptions.
Exit fee: The fee to close your investment	Nil.	Not applicable.
Switching fee: The fee for changing investment options	Nil.	Not applicable.

¹ The estimated recoverable expenses incurred by the Fund for the previous financial year ended 30 June 2024 were 0.07%. The estimated recoverable expenses for the current financial year (adjusted to reflect a 12 month period) are nil. For more information on recoverable expenses, please see section 3.3.3 in the “Additional Explanation of Fees and Costs” section below.

² This figure reflects the estimated indirect costs incurred by the Fund for the previous financial year ended 30 June 2024 and may include the Responsible Entity's reasonable estimates where the Responsible Entity was unable to determine the exact amount or information was not available at the date of this PDS. For more information on the meaning and calculation of indirect costs, see “Indirect costs” under the heading “Additional Explanation of Fees and Costs”.

³ This figure reflects the estimated transaction costs of the Fund for the current financial year (adjusted to reflect a 12 month period). This figure is net of estimated transaction costs for which the Responsible Entity reimburses the Fund out of the application and redemption fees it will receive from Authorised Participants, as described in section 3.3.6. The estimated net transaction costs incurred by the Fund for the previous financial year ended 30 June 2024 were nil. For more information on transaction costs and the application and redemption fees payable by Authorised Participants see “Transaction costs” and “Application and redemption fees for Authorised Participants” under the heading “Additional Explanation of Fees and Costs”.

⁴ An Authorised Participant is a financial institution which is a trading participant under the ASX Operating Rules (or which has engaged a trading participant to act on its behalf) which has entered into an agreement with the Responsible Entity in relation to Unit applications and redemptions. For an explanation of the contribution fees and withdrawal fees (also referred to in this PDS as application fees and redemption fees) please see section 3.3.6 “Application and Redemption Fees for Authorised Participants” in the “Additional Explanation of Fees and Costs” section. Unitholders who are not Authorised Participants may be charged a redemption fee if they redeem Units pursuant to their right to redeem in the special circumstances described in section 5.6 - see “Additional Explanation of Fees and Costs” section below for more information.

⁵ Cash applications and redemptions are only available if agreed by the Responsible Entity. Additional contribution and withdrawal fees may apply in the case of a cash application or redemption, as agreed with the Responsible Entity from time to time.

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 Australian Small Companies Select ETF	AMOUNT	BALANCE OF \$50,000 WITH A CASH CONTRIBUTION OF \$5,000 ¹ DURING THE YEAR
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CONTRIBUTION FEES²	<p>\$0 if you are not an Authorised Participant; or</p> <p>\$750 for in-kind applications if you are an Authorised Participant²</p>	<p>For every additional \$5,000 you put in, you will be charged:</p> <p>\$0 if you are not an Authorised Participant; or</p> <p>\$750 if you are an Authorised Participant.</p>
PLUS MANAGEMENT FEES AND COSTS³	0.39% 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 \$195 each year.
PLUS PERFORMANCE FEES⁶	Nil	And , you will be charged or have deducted from your investment \$0 in performance fees each year. ⁶
PLUS TRANSACTION COSTS⁴	Estimated at 0.02% of the Fund's Net Asset Value	And , you will be charged or have deducted from your investment \$10 in transaction costs.
EQUALS COST OF FUND		<p>If you had an investment of \$50,000 at the beginning of the year and you put in an additional \$5,000⁵ during that year, you would be charged fees and costs of:</p> <p>\$205 (if you are not an Authorised Participant) or \$955 (if you are an Authorised Participant for the Fund).*</p> <p>What it costs you will depend on whether you are an Authorised Participant, the investment option you choose and the fees you negotiate.</p>

*Additional fees may apply. An Authorised Participant who redeems Units directly will also be charged a withdrawal fee of up to \$750 (for an in-kind redemption) based on a balance of \$50,000. Unitholders who are not Authorised Participants may be charged a redemption fee if they redeem Units pursuant to their right to redeem in the special circumstances described in section 5.6. 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. For more information, refer to the "Additional Explanation of Fees and Costs" section below.

⁴ This figure reflects the estimated net transaction costs of the Fund for the current financial year (adjusted to reflect a 12 month period). The estimated net transaction costs for the previous financial year ended 30 June 2024 were nil. For more information, refer to "Transaction costs" in 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 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:

- 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 estimated recoverable expenses incurred by the Fund for the previous financial year ended 30 June 2024 were 0.07%. 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 for the previous financial year ended 30 June 2024 were 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 management fees and costs figure disclosed in Table 3.1 includes indirect costs of nil, which is the Responsible Entity's estimate of the amount incurred by the Fund for the previous financial year ended 30 June 2024.

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. Transaction costs are an additional cost to investors (to the extent they are not off-set by the application and redemption fees charged by the Responsible Entity to Authorised Participants) and are not included in the management fees and costs shown in Table 3.1.

Transaction costs reduce 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 and paid from the Fund's assets according to a regular monthly or quarterly cycle.

The Responsible Entity, as 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 0.02% p.a. of the Fund's Net Asset Value or \$10 for every \$50,000 you have in the Fund. These net transaction costs represent estimated total gross transaction costs of 0.04% p.a. minus the estimated transaction costs for which the Responsible Entity reimburses the Fund out of the application and redemption fees it receives, as described in section 3.3.6. These net transaction costs are borne by the Fund. The estimated net transaction costs incurred by the Fund for the previous financial year ended 30 June 2024 were nil.

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

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

3.3.6 Application and redemption fees for Authorised Participants

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

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

The applicable application and redemption fees are set out in Table 3.1 above and are paid by Authorised Participants to the Responsible Entity. Out of these fees, the Responsible Entity pays directly, or reimburses the Fund for, the estimated transaction costs associated with the in-kind 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 5.6. The redemption fee per Unit will not be greater than the redemption fee per Unit that would be payable by an Authorised Participant for a cash redemption when withdrawing the minimum parcel of Units.

3.3.8 Stockbroker fees

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

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

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

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

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

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

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

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

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

3.3.10 Differential fees, rebates and related payments

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

Section 4:

Section 4.3 Small Companies Risk is amended by deleting the second paragraph.

The following sections are deleted:

- Section 4.6 Market Making Risk;
- Section 4.7 Market Making Agent Risk; and
- Section 4.20 Conflicts of Interest.

Section 4.10 Liquidity Risk is amended by deleting the second sentence and replacing it with:

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.

The following new sections are included:

4.22 Index Methodology Risk

The equities included in the Index are not selected and weighted based solely on their market capitalisation. There is no assurance that an index that uses other screening criteria to select and weight securities will outperform a traditional index that is based on market capitalisation, or any other methodology for constructing an index, over any time period.

4.23 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.

There is no assurance that the Index will outperform any other comparable index or direct investment in a particular security held by the Index.

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.

4.24 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 to pay fees and expenses, or other factors.

Section 5:

Section 5 How to Buy and Sell Units is deleted and replaced with:

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 "Applications and Redemptions" below 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 5.6. 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 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.

5.2 IN-KIND APPLICATIONS AND REDEMPTIONS

An Authorised Participant must normally apply for, or redeem, Units in-kind, unless the Responsible Entity agrees to a cash application or redemption.

"In-kind" means that, rather than delivering cash in respect of an application and receiving cash proceeds in respect of a redemption, the Authorised Participant will deliver or receive securities plus or minus a balancing cash component acceptable to the Responsible Entity.

An in-kind application or redemption will consist of two components:

- application/redemption securities component; and
- cash component (described below).

An application or redemption fee (as applicable) is payable as described in section 3.

The application/redemption securities component generally corresponds to the composition of the Index and is prepared in respect of a Creation Unit by the Responsible Entity prior to the opening of trading for every ASX Business Day for the Fund. Details of the daily application/redemption securities will be available by contacting the Responsible Entity on 1300 487 577 (within Australia) or +61 2 9290 6888 (outside Australia).

The Responsible Entity reserves the right to permit delivery of a previously agreed basket of securities as the application/redemption securities component that varies from the composition of the Index. From time to time, there may also be some differences between the application securities that are to be delivered by an Authorised Participant and the redemption securities delivered by the Responsible Entity upon redemption.

The application securities and the redemption securities will be the applicable securities determined by the Responsible Entity for the day on which the Issue Price or Withdrawal Amount for the application or redemption is determined (see "Applications and Redemptions" below). In certain circumstances the Responsible Entity may allow an application for or redemption of a number of Units that is not a whole multiple of the Creation Unit. In those circumstances, the Responsible Entity will agree the specific basket of application securities or redemption securities (as applicable) with the Authorised Participant.

The cash component reflects the difference between the value of the application securities or redemption securities delivered by or to the Authorised Participant and the aggregate of the Net Asset Value per Unit for the number of Units being applied for or redeemed, as at the applicable valuation time. This is a balancing amount that aims to ensure there is no impact (e.g. no dilution in value) for existing Unitholders arising out of an application or redemption.

5.3 CASH APPLICATIONS AND REDEMPTIONS

If agreed to by the Responsible Entity, a cash application involves payment to the Responsible Entity or custodian by an Authorised Participant of cash (plus an application fee) in return for the issue of Units by the Responsible Entity to the Authorised Participant.

If agreed to by the Responsible Entity, a cash redemption involves delivery of Units by an Authorised Participant to the Responsible Entity or custodian in return for the payment of cash proceeds (minus the redemption fee) by the Responsible Entity to the Authorised Participant.

5.4 PROCESSING OF APPLICATIONS AND REDEMPTIONS

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

5.5 APPLICATIONS AND REDEMPTIONS

For applications, Authorised Participants must deliver to the Responsible Entity or custodian the "in-kind" application securities plus any required cash component (plus the application fee). In return, Authorised Participants will receive Units. If the Responsible Entity agrees to a cash application, the Authorised Participant must deliver a cash amount equal to the Issue Price for the relevant Units (plus an application fee). In return, they will receive the relevant Units.

For redemptions, Authorised Participants must deliver the Units of the Fund to the Responsible Entity or custodian plus any required cash component (plus the redemption fee). In return, Authorised Participants will receive the "in-kind" redemption securities (plus any required cash component if payable by the Responsible Entity rather than the Authorised Participant). If the Responsible Entity agrees to a cash redemption, the Authorised Participant will receive cash equal to the Withdrawal Amount for the relevant Units (less the redemption fee).

Details of the securities and/or 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 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 transferred the Units and the redemption 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.

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.

5.6 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.

5.7 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 6.2.7 for further information.

5.8 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 5.6) 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 valuation time for the Fund is generally as at the close of trading on each ASX Business Day,

The Withdrawal Amount paid to a Unitholder on the redemption of Units may include a distribution of the distributable income of the Fund.

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.

Section 6:

A new Section 6.1.3 Market Maker is included (with the current sections 6.13 onwards re-numbered consecutively):

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.

Section 6.4 ASIC Relief is deleted and replaced with:

Equal Treatment Relief

ASIC Corporations (Relief to Facilitate Admission of Exchange Traded Funds) Instrument 2024/147 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 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 Corporations (Relief to Facilitate Admission of Exchange Traded Funds) Instrument 2024/147 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.

Relevant Interests Relief

Under ASIC Corporations (Relief to Facilitate Admission of Exchange Traded Funds) Instrument 2024/147, ASIC has granted relief by modifying section 609 of the *Corporations Act* in order to ensure that Authorised Participants do not have a relevant interest in underlying securities held by the Fund merely because the Fund has an in-kind redemption facility. The relief clarifies that those relevant interests do not need to be taken into account by Authorised Participants in relation to their obligations under the takeover regime in the *Corporations Act*. The relief will not apply once a redemption request for the relevant Units has been submitted. For the purposes of the conditions of this relief, the Responsible Entity states that, as at the date of this PDS, there are reasonable grounds to believe that implementation of the Fund's investment strategy is not likely to lead to scheme property including securities in a class that (i) represents more than 10% by value of scheme property, and (ii) is, or would result in the Responsible Entity having a relevant interest in, securities in a listed company, an unlisted company with more than 50 members, a listed body that is formed or incorporated in Australia, or a listed scheme.

Under ASIC Corporations (Relief to Facilitate Admission of Exchange Traded Funds) Instrument 2024/147, ASIC has granted relief which enables an Authorised Participant who has a relevant interest in underlying securities held by a Fund for the purposes of section 671B of the *Corporations Act* (substantial shareholdings), because the Fund has an in-kind redemption facility, to determine their relevant interest as if the numbers and classes of securities in which the Authorised Participant had a relevant interest were the same as those most recently disclosed to the Authorised Participant by the Responsible Entity for a withdrawal request under the in-kind redemption facility.

Periodic Statements Relief

ASIC Corporations (Periodic Statement Relief for Quoted Securities) Instrument 2024/14 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.

Section 6.7 is amended by deleting the fourth bullet point and replacing it with:

- the Fund's portfolio holdings, updated daily;

Section 6.8 Disclaimers is amended by deleting the third and fourth paragraphs and replacing them with:

The Fund is not sponsored, endorsed, sold or promoted by Nasdaq, Inc. or its affiliates (Nasdaq, 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 Nasdaq Australia Small Cap Select Index® to track general stock market performance. The Corporations' only relationship to BetaShares Holdings Pty Ltd ("Licensee") is in the licensing of the NASDAQ® mark, certain trade names of the Corporations and the use of the Nasdaq Australia Small Cap Select 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 Nasdaq Australia Small Cap Select 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 NASDAQ AUSTRALIA SMALL CAP SELECT 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.

Section 8 Glossary is amended by adding the following rows in the table in alphabetical order:

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 Deadline	For an in-kind application/redemption 4:00 pm, and for a cash application/redemption (if agreed to by the Responsible Entity) 2:00 pm, Sydney time on each ASX Business Day (or such other time advised by the Responsible Entity to Authorised Participants), being the time by which an Application/Redemption Form must be received by the Responsible Entity to be processed for that ASX Business Day.

IMPORTANT INFORMATION

About this PDS

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

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

This PDS is the offer document for the following registered managed investment scheme: Betashares Australian Small Companies Select Fund (managed fund) (ARSN 613 693 431) (the "Fund").

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

The Fund commenced operations on 7 April 2017. An application was made to, and approved by, the ASX for Units in the Fund to be quoted for trading on the AQUA market of the ASX. The Units are currently quoted for trading on the AQUA market of the ASX under the AQUA Rules.

A copy of the latest PDS for the 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

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. 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).

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.

Investors can buy Units on the ASX AQUA market through a stockbroker or via a financial adviser. Such investors may use this PDS for information purposes only.

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, lend to 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 terms used in this PDS are defined in the Glossary in section 8.

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

PRODUCT DISCLOSURE STATEMENT

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1 KEY FEATURES

1.1 ABOUT THE FUND

The Betashares Australian Small Companies Select Fund (managed fund) (the Fund) is a managed investment fund whose units trade on the ASX, much like listed shares, enabling investors to benefit from simple trading of their investment, including the ability to buy and sell during the course of the trading day.

The Fund aims to provide investors with capital growth and income from a portfolio of small company shares listed on the ASX that has the potential to outperform (after fees and expenses) the Fund's benchmark over the medium to long term.

The Fund carries certain 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
Responsible Entity	Betashares Capital Ltd is the responsible entity of the Fund and is the issuer of this PDS.	1.3
Investment objective	<p>The Fund aims to outperform the S&P/ASX Small Ordinaries Accumulation Index over the medium to long term (after fees and expenses).</p> <p>The Fund aims to achieve this investment objective by adopting the investment approach set out in section 2.1.</p> <p>There is no assurance or guarantee that the returns of the Fund will meet its investment objective.</p>	2.1
Investing and withdrawing	<p>The Fund's Units are quoted on the ASX under the AQUA Rules. Subject to market conditions, investors may buy or sell Units by trading on the ASX at the prevailing market prices for the Units. Brokerage and other costs may apply.</p> <p>Investors may also be able to make an off-market request to withdraw their investment from the Fund where trading in the Units has been suspended for more than five consecutive ASX Trading Days, subject to the provisions of the Fund's Constitution. For further details, see section 5.</p>	5
Distributions	The Responsible Entity intends to make distributions semi-annually.	2.2
Risks	<p>There are a number of risks associated with investing in the Fund. The key risks include the following:</p> <ul style="list-style-type: none">• There is no guarantee that the Fund's investment strategy will be successful or that the investment objective will be achieved.• The Fund's investment returns will be influenced by the performance of the share market as a whole. Changes in Australian share prices, which may be volatile and fluctuate from day to day, may result in a loss in the value of Units.• Small 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.• The use of derivatives carries certain risks and can cause the Fund to incur losses. Derivatives will not be used for the purpose of leveraging the Fund.• Although the Units will be quoted on the ASX under the AQUA Rules, 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.• 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.	4

TOPIC	SUMMARY	SECTION
	<ul style="list-style-type: none"> The trading price of Units on the ASX may differ from the Net Asset Value per Unit and the iNAV. The iNAV published by the Fund is indicative only, may not be up to date and may not reflect the true value of a Unit. As the Responsible Entity intends to act as a market maker in the Units on behalf of the Fund, the Fund will bear the cost and risk of these market making activities. The market making agent appointed by the Responsible Entity may execute activities incorrectly or may fail to comply with settlement processing obligations. <p>This is not a comprehensive summary of all the risks of investing in the Fund. Before investing, 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.</p> <p>For further details on the risks of investing, see section 4.</p>	
Fees and 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.	6.2.19

1.3 ABOUT BETASHARES

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

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

provide exposure to the performance of specific equity strategies, equity indices, fixed income strategies, fixed income indices, currencies, commodities or commodity indices. The primary focus of the Responsible Entity's business is the operation of funds that are exchange traded.

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

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

1.4 ADMISSION TO TRADING UNDER THE AQUA RULES

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

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

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

AQUA Rules: fundamental difference

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

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

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

ASX LISTING RULES	AQUA RULES
Control	
<p>An issuer of an entity listed under the ASX Listing Rules:</p> <ul style="list-style-type: none"> 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. <p>For example, the management and board of a listed company generally control the fate of the business and, therefore, have direct influence over the share price.</p>	<p>An issuer of a product quoted under the AQUA Rules:</p> <ul style="list-style-type: none"> 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. <p>The value (price) of products quoted under the AQUA Rules is dependent upon the performance of the underlying assets rather than the financial performance of the issuer itself e.g. a managed fund issuer does not control the value of the shares it invests in.</p>
Continuous Disclosure	
<p>Issuers are subject to the continuous disclosure requirements under ASX Listing Rule 3.1 and Section 674 of the <i>Corporations Act</i>.</p>	<p>Issuers of products quoted under the AQUA Rules are not subject to the continuous disclosure requirements under ASX Listing Rule 3.1 and section 674 of the <i>Corporations Act</i> but must disclose information about:</p> <ul style="list-style-type: none"> the Net Tangible Assets ("NTA") or the Net Asset Value ("NAV") of the funds; distributions declared; redemptions; and any other information that is required to be disclosed to ASIC under section 675 of the <i>Corporations Act</i> must be disclosed via the ASX Market Announcements Platform at the same time it is disclosed to ASIC. The Responsible Entity also intends to post any such information on its website www.Betashares.com.au at the same time. <p>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.</p>
Periodic Disclosure	
<p>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.</p>	<p>Financial reports relating to the issuer itself are not required to be disclosed to the ASX. However, periodic financial reports relating to the AQUA Product must be disclosed to the ASX at the same time they are lodged with ASIC under Chapter 2M of the <i>Corporations Act</i>.</p>
Corporate Control	
<p>Requirements in the <i>Corporations Act</i> and the ASX Listing Rules in relation to matters such as takeover bids, share buy-backs, change of capital, new issues, restricted securities, disclosure of directors' interests and substantial shareholdings, apply to companies and listed schemes.</p>	<p>These requirements do not apply to AQUA Product issuers. Section 601FM of the <i>Corporations Act</i> continues to apply to the removal or change of the responsible entity. An extraordinary resolution would be required to change the responsible entity. An extraordinary resolution is a resolution passed by a majority of the total votes that may be cast by members entitled to vote on the resolution.</p>
Related Party Transactions	
<p>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.</p>	<p>Chapter 10 of the ASX Listing Rules does not apply to AQUA Products. Products quoted under the AQUA Rules which are registered managed investment schemes remain subject to the related party requirements in Part 5C.7 and Chapter 2E of the <i>Corporations Act</i>.</p>

ASX LISTING RULES	AQUA RULES
Auditor Rotation Obligations	
<p>There are specific requirements in relation to auditor rotation under Part 2M.4 Division 5 of the <i>Corporations Act</i>.</p>	<p>Issuers of products quoted under the AQUA Rules are not subject to the requirements under Part 2M.4 Division 5 of the <i>Corporations Act</i>. A responsible entity of a registered managed investment scheme will continue to be required to undertake an independent audit of its compliance with the scheme's compliance plan in accordance with Section 601HG of the <i>Corporations Act</i> and the auditor must not be the auditor of the scheme's financial statements (but may be from the same firm).</p>

2 ABOUT THE FUND

2.1 INVESTMENT POLICY

2.1.1 Fund description

The Fund aims to provide investors with capital growth and income from a portfolio of small company shares listed on the ASX that has the potential to outperform (after fees and expenses) the Fund's benchmark over the medium to long term.

The Fund's benchmark is the S&P/ASX Small Ordinaries Accumulation Index. The Fund is actively managed and does not seek to track the index.

The Responsible Entity will seek to invest the Fund's assets in a portfolio of high quality, profitable small companies that will be drawn from the universe of ASX-listed stocks that are generally outside the 100 largest by market capitalisation (but generally within the 350 largest by market capitalisation).

The Fund's portfolio will typically consist of 50 to 100 stocks from this universe. In constructing the portfolio, the Responsible Entity will use a series of screens that aim to identify companies with positive earnings and strong ability to service debt. Relative valuation metrics and price momentum are also evaluated as part of the stock selection process.

The Responsible Entity also takes into account the liquidity characteristics of stocks in constructing and managing the portfolio, with a view to selecting stocks that are more liquid relative to other small companies.

Generally, no stock in the portfolio is expected to exceed 5% of the Fund's Net Asset Value at the time of purchase.

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

The Fund may use exchange-traded derivatives, such as futures, 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, or to obtain an investment exposure without physically buying or selling the underlying asset. Such derivatives will not be used to leverage the Fund.

The Fund may also invest in ETFs (which may include ETFs managed by the Responsible Entity) quoted on the ASX that invest in listed Australian companies, provided such ETFs obtain their investment exposure through direct investment in underlying physical assets.

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.

The assets of the Fund, whether securities or cash, will be held by the Fund's custodian, Citigroup Pty Limited (the Custodian), other than cash held in accordance with the Corporations Act as collateral for futures positions.

2.1.2 Labour standards and environmental, social and ethical considerations

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

2.1.3 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.

2.1.4 Changes to investment objectives and strategy

The Responsible Entity may from time to time vary the investment mandate (i.e. the investment objective, strategy and guidelines as described in section 2.1) 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 semi-annual distributions based on dividends, interest and other income earned by the Fund, after allowing for fees and expenses. Distribution amounts may also be adjusted for realised capital gains or losses, including on disposal of securities, or for other assessable income derived by the Fund.

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. 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 will vary from period to period, and there may be periods when the Fund will not pay a distribution.

Any franking credits available for distribution will be determined as at the end of the financial year and may differ from any estimates provided during the year due to various factors, including changes in the number of units on issue.

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).

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.

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 Australian Small Companies Select Fund (Managed Fund)		
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	0.39% 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	
	0.32% per annum of the Fund's Net Asset Value.	The management fee is calculated and accrued daily as a percentage of the Fund's Net Asset Value and reflected in the daily Net Asset Value per Unit. The amount is deducted from the Fund's assets monthly on or after the first day of the following month.
	Plus	
	Recoverable expenses	
	Estimated at 0.07% per annum of the Fund's Net Asset Value. ¹	The recoverable expenses are calculated and accrued daily as a percentage of the Fund's Net Asset Value and reflected in the daily Net Asset Value per Unit. The amount is deducted from the Fund's assets monthly on or after the first day of the following month.
	Plus	
	Indirect cost	
	Estimated at 0.00% per annum of the Fund's Net Asset Value. ²	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:	Estimated at 0.107% per annum of the Fund's Net Asset Value. ⁵	The performance fee is calculated and accrued each business day and reflected in the daily Net

TYPE OF FEE OR COST	AMOUNT	HOW AND WHEN PAID
Amounts deducted from your investment in relation to the performance of the product		Asset Value per Unit. Paid quarterly out of the Fund's assets (if incurred).
Transaction costs: The costs incurred by the scheme when buying or selling assets	Estimated at 0.00% per annum of the Fund's Net Asset Value. ³	Transaction costs reduce the Fund's Net Asset Value. How and when they are paid varies depending on the type of transaction cost. Certain costs, e.g. brokerage, are added to or deducted from the amounts payable from the Fund's assets or receivable by the Fund at the time of settlement in respect of investments purchased or sold for the Fund. Other costs, e.g. transactional custodian fees, are invoiced to the Fund and paid from the Fund's assets according to a regular monthly or quarterly cycle.
Member activity related fees and costs (fees for services or when your money moves in or out of the scheme)		
Establishment fee: The fee to open your investment	Nil.	Not applicable.
Contribution fee: The fee on each amount contributed to your investment	Nil.	Not applicable.
Buy-sell spread: An amount deducted from your investment representing costs incurred in transactions by the scheme	Nil ⁴	Not applicable.
Withdrawal fee: The fee on each amount you take out of your investment	Nil.	Not applicable.
Exit fee: The fee to close your investment	Nil.	Not applicable.
Switching fee: The fee for changing investment options	Nil.	Not applicable.

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

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

³ This figure reflects the estimated transaction costs incurred by the Fund for the previous financial year ended 30 June 2022 and may include the Responsible Entity's reasonable estimates where the Responsible Entity was unable to determine the exact amount or information was not available at the date of this PDS. This estimate is net of estimated transaction costs for which the Responsible Entity reimburses the Fund out of the application and redemption fees it receives from Authorised Participants, as described in section 3.3.6. For more information on transaction costs and the application and redemption fees payable by Authorised Participants see "Transaction costs" and "Application and redemption fees for Authorised Participants" under the heading "Additional Explanation of Fees and Costs".

⁴ The Responsible Entity may charge a sell spread in special circumstances where Unitholders other than Authorised Participants have a right to redeem their Units with the Responsible Entity. Please refer to the 'Additional explanation of fees and costs' section for further details.

⁵ The Responsible Entity reasonably estimates the performance fees charged by the Fund based on the average performance fee incurred for the previous five financial years and may include our reasonable estimates where information was not available as at the date of this PDS or where we were unable to determine the exact amount. Past performance is not a reliable indicator of future performance and the actual performance fees will be based on the Fund's performance over the relevant period. For more information on the performance fee, including a dollar worked example, see "Performance fee" in the "Additional Explanation of Fees and Costs" section below.

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 Australian Small Companies Select Fund (managed fund)	AMOUNT	BALANCE OF \$50,000 WITH A CASH CONTRIBUTION OF \$5,000 DURING THE YEAR
CONTRIBUTION FEES	Nil	For every additional \$5,000 you put in, you will be charged \$0.
PLUS MANAGEMENT FEES AND COSTS¹	0.39% 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 \$195 each year.
PLUS PERFORMANCE FEES²	Estimated at 0.107% p.a. of the Fund's Net Asset Value	And , you will be charged or have deducted from your investment \$53.50 in performance fees each year.
PLUS TRANSACTION COSTS³	Estimated at 0.00% of the Fund's Net Asset Value	And , you will be charged or have deducted from your investment \$0 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 ⁴ during that year, you would be charged fees and costs of \$248.50.* What it costs you will depend on the investment option you choose and the fees you negotiate.

* Additional fees may apply. A "sell-spread" will also be charged for off-market withdrawals. For more information, refer to the explanation of "Sell-spread for off-market withdrawals" 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 Management fees and costs are made up of the management fee, recoverable expenses and indirect costs. For more information, refer to the "Additional Explanation of Fees and Costs" section below.

² The Responsible Entity reasonably estimates the performance fee based on the average of the actual performance fees incurred by the Fund over the previous five financial years (being the number of financial years since inception of the Fund) and may include the Responsible Entity's reasonable estimates where information was not available as at the date of this PDS or where we were unable to determine the exact amount. Past performance is not a reliable indicator of future performance and the Fund's actual performance fee will be based on the Fund's performance over the relevant period. For more information on performance fees, see "Performance Fees" under the Heading "Additional Explanation of Fees and Costs".

³ This figure reflects the estimated net transaction costs incurred by the Fund for the previous financial year ended 30 June 2022 and may include the Responsible Entity's reasonable estimates where the Responsible Entity was unable to determine the exact amount or information was not available at the date of this PDS. For more information, refer to "Transaction costs" under the "Additional Explanation of Fees and Costs" section below.

⁴ Assumes the \$50,000 is invested for the entire year and the \$5,000 investment occurs on the last day of the year and therefore the fees and costs in this example are calculated using the \$50,000 balance only.

3.3 ADDITIONAL EXPLANATION OF FEES AND COSTS

3.3.1 Management fees and costs

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

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

Management fees and costs do not include:

- transaction costs, such as brokerage, transactional custodian, ASX and registry fees, market making agent costs, 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), which will be recovered from the Fund and reflected in its Net Asset Value per Unit.

The management fees and costs figure disclosed in Table 3.1 includes recoverable expenses normally incurred of 0.07% p.a. of the Fund's Net Asset Value, which is the amount incurred by the Fund for the previous financial year ended 30 June 2022.

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

3.3.4 Performance fee

A performance fee of 15.5% (inclusive of GST less reduced input tax credits) of the outperformance of the Fund may be paid to the Responsible Entity, based on the Fund's total return over the performance benchmark (the S&P/ASX Small Ordinaries Accumulation Index) in a calendar quarter. Outperformance is measured on an after management fee and recoverable expenses basis.

Generally, the greater the investment performance of the Fund, the greater the potential performance fee and therefore the greater the potential overall management fees and costs for the Fund. The performance fee is estimated as 0.107% p.a. of the Net Asset Value of the Fund, which reflects the performance fees charged by the Fund based on the average performance fee incurred for the last five financial years and may include our reasonable estimates where information was not available as at the date of this PDS or where we were unable to determine the exact amount. The actual performance fee payable (if any) will depend on the performance of the Fund over the relevant period.

The performance fee is normally calculated and accrued each business day and reflected in the daily NAV per Unit. The daily performance fee calculation can be a positive or negative amount depending on whether or not the benchmark return has been exceeded.

If the aggregate of all performance fee calculations for a calendar quarter ("performance differential") is positive, a performance fee is payable. If the performance differential is negative, no performance fee is payable and this amount will be carried forward to the next quarter and form part of the performance fee calculation. This means that any underperformance by the Fund relative to its benchmark (measured in percentage terms) must be made up

before a performance fee is payable, provided that negative performance in a quarter will only be carried forward for up to twenty subsequent quarters.

The performance fee is calculated based on the Fund's performance relative to its benchmark, not the Fund's absolute performance.

Provided the Fund has outperformed the performance benchmark for a calendar quarter, a performance fee may be payable even if the Fund's absolute performance has been negative for that period.

Performance fee example

If you invested \$50,000 in the Fund and the Fund outperforms its performance benchmark by 1% in a year, the cost to you would be \$77.50 (inclusive of GST less reduced input tax credits). This example is for illustrative purposes only and is not an estimate or forecast. It does not take into account the timing of cash flows or the individual circumstances of investors, and should not be taken as an indication or guarantee of future performance nor an indication of the performance fee that could be charged in the future. Actual performance fees may be higher or lower than the example or not payable at all.

3.3.5 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, performance fee 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 Fund may incur indirect costs to the extent it invests in any ETF quoted on the ASX as described in section 2.1.1, which would be accrued and paid in the ETF and reflected in the value of the Fund's holding in that ETF. Any ETF management costs borne by the Fund through its investment in other ETFs will be reimbursed to the Fund by the Responsible Entity from its own resources.

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

3.3.6 Transaction costs

The Fund incurs transaction costs, such as brokerage, clearing costs, transactional custodian, ASX and registry fees, market making agent costs, 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.

How and when they are paid varies depending on the type of transaction cost. Certain costs, e.g. brokerage, are added to or deducted from the amounts payable from the Fund's assets or receivable by the Fund at the time of settlement in respect of investments purchased or sold for the Fund. Other costs, e.g. transactional custodian fees, are invoiced and paid from the Fund's assets according to a regular monthly or quarterly cycle.

The Responsible Entity intends that substantially all of the transaction costs incurred in buying or selling underlying assets of the Fund as a result of the Fund's market making activities will be recovered from investors who buy or sell Units on the ASX, by including an allowance for such estimated costs in the "bid-offer spread" (the difference between the price at which the Responsible Entity is willing to buy Units and sell Units at any time). See section 5.4 for further information.

Table 3.1 includes the net transaction costs borne by the Fund for the previous financial year ended 30 June 2022 which are estimated at 0.00% p.a. of the Fund's Net Asset Value (or \$0 for every \$50,000 you have in the Fund). These net transaction costs represent estimated total gross transaction costs of 0.06% p.a. minus the estimated transaction costs recovered through the bid-offer spread. These net transaction costs were borne by the Fund.

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

3.3.7 Sell spread for off-market withdrawals

In the limited circumstances in which off-market withdrawals are available to investors, the Unit price at which an investor can withdraw their investment will include an allowance for actual or estimated transaction costs incurred in selling assets of the Fund to meet the withdrawal (a "sell-spread"). The sell-spread is a cost to the withdrawing investor, additional to the management fees and costs noted in Table 3.1, and will be reflected in the withdrawal Unit price. The sell-spread will be retained within the Fund. As at the date of this PDS, a sell-spread of 0.40% (or \$200 for a \$50,000 withdrawal) will apply for off-market withdrawals. The sell-spread may change without prior notice. The current sell-spread can be obtained by contacting Betashares.

See section 5.3 for more information.

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); and

- a maximum performance fee of 30% of the Fund's performance above the performance benchmark (plus GST). The current performance fee charged is 15.5% (inclusive of GST less reduced input tax credits) of the Fund's performance above the performance benchmark.

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

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

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

3.3.10 Differential fees, rebates and related payments

The Responsible Entity may, from time to time, agree with wholesale clients to rebate or reduce some of the management or other fees on a case by case basis. The amount of fee reduction is at the Responsible Entity's discretion. The Responsible Entity will achieve these reductions and meet any rebates in relation to management fees by payments from its own resources. For more information, please contact the Responsible Entity at the address specified in the "Directory" section of 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. There is no guarantee that an investment in the Fund will earn any positive return in the short or long-term.

4.2 MARKET RISK

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

4.3 SMALL COMPANIES RISK

Small 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, management inexperience 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.

The Fund is actively managed and does not aim to track its performance benchmark. Accordingly, there is a risk that it may underperform its performance benchmark and/or the broader Australian share market.

4.4 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 its business prospects, market estimations of potential future profitability, balance sheet leverage, and market sentiment. The Fund may be sensitive to security specific risk for those securities which form a material component of the portfolio.

4.5 SECTOR SPECIFIC RISK

A significant percentage of the Fund's portfolio may be comprised of securities concentrated in a small group of industry sectors. At times, such sector(s) may underperform other sectors, causing a greater impact on the value of the Fund's Units than would be the case if the Fund were more broadly diversified over numerous industry sectors.

The Fund's exposure to industry sectors can be expected to differ from that of its performance benchmark, which may cause the Fund to underperform the benchmark.

4.6 MARKET MAKING RISK

The Responsible Entity intends to act as market maker in the Units on behalf of the Fund. The Fund will bear the risk and cost of the market making activities undertaken by the Responsible Entity on the Fund's behalf. There is a risk that the Fund could suffer a material cost as a result of these market making activities which may adversely affect the NAV of the Fund. Such a cost could be caused by either an error in the execution of market making activities or as a result of the price at which Units are transacted on the ASX. It may not be possible for the Responsible Entity to hedge the Fund's market making activities. The Fund will bear some pricing risk for any net Units it has traded on the ASX (reflecting delays in entering investment transactions). In order to reduce this risk, the Responsible Entity has the discretion to increase the spread at which it makes a market and also has the right to cease market making subject to its obligations under the AQUA Rules and the ASX Operating Rules – in these circumstances the market price at which an investor buys Units may be materially higher, and the market price at which an investor sells Units may be materially lower, than the Fund's NAV per Unit at the time of the transaction.

4.7 MARKET MAKING AGENT RISK

The Responsible Entity has appointed a market making agent to execute the Fund's market making activities and provide settlement processing services in respect of on-market trading of Units. The Fund could incur loss if the market making agent executes these activities incorrectly or fails to comply with settlement processing obligations, including where settlement of a trade has not occurred on time and the Fund has entered into investment transactions in reliance on settlement occurring.

4.8 DERIVATIVES RISK

The primary risks associated with the use of exchange traded derivative contracts are:

- the values of the derivative failing to move in line with the underlying asset;

- the potential lack of liquidity of the derivative;
- the potential to incur substantial losses in excess of the initial amount invested;
- the possibility that the derivative position is difficult or costly to manage or reverse;
- the Fund may not be able to meet payment obligations as they arise, including any requirements to make margin payments to the futures broker;
- the counterparty to the derivative contract (ASX Clearing Corporation or a subsidiary) may not meet its obligations under the contract; and
- the electronic platforms on which such derivatives are traded are subject to risks related to system access, varying response time, security and system failure.

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

4.9 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 issue and withdrawal of Units.

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 issue and withdrawal of Units or potentially terminating the Fund.

4.10 LIQUIDITY RISK

Although the Units will be quoted on the AQUA market of the ASX, there can be no assurances that there will be a liquid market for Units, and an investor's ability to buy or sell Units may be restricted. Although the Responsible Entity intends to act as market maker in the Units on behalf of the Fund to assist in maintaining liquidity for the Fund on the ASX, this service may not be available at all times or the Responsible Entity may be unable to provide these services (such as where there are operational disruptions, market disruptions or unusual conditions, or other events set out in the ASX Operating Rules). Also, in certain circumstances the Units may be suspended from trading on the ASX, including where factors prevent the accurate calculation of Unit prices, such as the suspension or restriction of trading in securities that form a material part of the Fund's portfolio.

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 underlying securities and/or their bid-offer spreads widen due to market conditions.

Further, where trading in the Fund's Units has been suspended for more than five consecutive ASX Trading Days, the availability of the Fund's off-market redemption facility will be subject to the provisions of the Fund's Constitution and the Corporations Act.

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

As with any exchange traded managed fund, it is possible that the trading price of Units on the ASX may differ from the Net Asset Value per Unit and the iNAV. The trading price is dependent on a number of factors including the demand for and supply of Units, investor confidence, the availability of market maker services during the course of the trading day, and the bid-offer spread for Units on the ASX.

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.

4.12 INAV RISK

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

4.13 EFFECT OF UNIT ISSUANCE AND CANCELLATION ON DISTRIBUTIONS

The distribution per Unit amount for a distribution period may be affected by the issuance or cancellation of Units during the period. 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 cancellation 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).

4.14 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.

The Fund will be newly established, with no previous operating history that might provide investors with more information on which to evaluate an investment in the Fund.

4.15 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.

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

4.17 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.

For more information on taxation matters, see section 7 of this PDS.

4.18 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.

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

4.20 CONFLICTS OF INTEREST

The Responsible Entity intends to act as market maker to the Fund. A conflict might arise between the Fund and investors buying or selling Units from the Fund on the ASX, due to the Fund's desire to benefit from its market making activities. The Responsible Entity maintains a conflicts of interest policy to ensure that it manages its obligations to the Fund such that any conflicts are managed fairly.

4.21 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-security attacks or incidents can result from deliberate attacks or unintentional events, and include gaining unauthorised access to digital systems, networks or devices for the purposes of misappropriating assets or sensitive information, corrupting data, or causing operational disruption. Cyber-attacks may 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

5.1 HOW TO INVEST IN THE FUND

As the Fund's Units are quoted on the ASX under the AQUA Rules, subject to market conditions, investors may buy Units by trading on the ASX through a stockbroker, much like listed shares. The purchase of Units will be settled via the ASX's CHESS settlement service.

The price at which an investor buys Units on the ASX will be the prevailing market price for purchase of the Units at the time of the transaction. While the Fund's market making activities (see section 5.4 below) and the Responsible Entity's ability to increase the number of Units on issue if investor demand for Units increases (or cancel Units if demand decreases) seeks to ensure that the market price of Units will be close to the underlying value of the Fund, the market price at any time may not reflect either the NAV per Unit or the iNAV (see section 5.5 below).

There is no minimum number of Units required by the Responsible Entity for purchase transactions on the ASX.

"Cooling off" rights do not apply to purchases of Units on the ASX.

5.2 HOW TO WITHDRAW YOUR INVESTMENT

Subject to market conditions, investors may sell their Units by trading on the ASX through a stockbroker. The sale of Units will be settled via the ASX's CHESS settlement service.

The price at which an investor sells Units on the ASX will be the prevailing market price for sale of the Units at the time of the transaction. The market price at any time may not reflect either the NAV per Unit or the iNAV.

There is no minimum number of Units required by the Responsible Entity for sale transactions on the ASX.

5.3 OFF-MARKET WITHDRAWAL OF UNITS

If trading in the Fund's Units has been suspended for more than five consecutive ASX Trading Days, investors will have a right to apply to the Responsible Entity directly ("**off-market**") to withdraw their investment from the Fund, by completing a withdrawal form available from the Registrar. The Unit price at which withdrawal of Units would occur would be the NAV per Unit calculated for the date of withdrawal less an allowance for actual or estimated transaction costs incurred in selling assets of the Fund to meet the withdrawal (a "**sell-spread**").

However, the ability to withdraw from the Fund off-market will not be available in the following situations:

- If the Fund ceases to be "liquid" as defined in the Corporations Act, in which case investors will only be able to withdraw if the Responsible Entity makes a withdrawal offer to investors in accordance with the Corporations Act. The Responsible Entity will not be obliged to make such offers.
- If the Responsible Entity has suspended withdrawals in certain circumstances set out in the Fund's Constitution, such as where there are factors which prevent the accurate calculation of Unit prices.

- If the Fund is being wound up.

Unless trading in the Fund's Units has been suspended for more than five consecutive ASX Trading Days as described above or the law requires, there is no right to request withdrawal of Units from the Fund off-market.

5.4 ASX MARKET LIQUIDITY

Market liquidity refers to the availability of sellers or buyers on the ASX if an investor wishes to buy or sell Units.

The Responsible Entity on behalf of the Fund intends to provide liquidity to investors by acting as a buyer and seller of Units on the ASX. This is referred to as "market making". At the end of each ASX Trading Day, the Responsible Entity will issue or cancel Units according to its net position in Units bought or sold on the ASX on that day. The Responsible Entity has appointed a market participant to act as its agent to transact on-market and facilitate settlement of transactions on its behalf.

The price at which the Responsible Entity may buy or sell Units will reflect the Responsible Entity's view of the Fund's NAV per Unit (as referenced by the iNAV), market conditions and the supply and demand for Units during the trading day. The difference between the price at which the Responsible Entity is willing to buy Units and sell Units at any time is known as the "bid-offer spread". The Fund's monthly average bid-offer spread is reported in the ASX Investment Products Monthly Update, which can be viewed on the ASX's website at www.asx.com.au.

The Fund will bear the risk and costs of market making activities undertaken by the Responsible Entity on the Fund's behalf, which may result in either a cost or benefit to the Fund. See the "Risks" section for more information on the risks of market making. The Fund will also bear any transaction costs incurred in buying or selling underlying assets of the Fund as a result of the Fund's market making activities. The Responsible Entity intends that substantially all of such transactions costs will be recovered from investors who buy or sell Units on the ASX, by including an allowance for such estimated costs in the bid-offer spread.

5.5 NET ASSET VALUE PER UNIT AND INAV

The Fund's NAV per Unit will be published daily by the Responsible Entity at www.Betashares.com.au prior to the commencement of trading on the ASX. This value will reflect the NAV of the Fund as at the close of trading on the previous day, divided by the number of Units on issue at that time. The NAV 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 and be reasonably current.

The Responsible Entity has engaged an agent to calculate an estimated indicative NAV per Unit (iNAV) for the Fund during an ASX Trading Day. The iNAV calculations are based on the portfolio

of assets held by the Fund as at the open of trading on the relevant day, using last sale prices and less any liabilities of the Fund. The iNAV will be published on the Betashares website at www.Betashares.com.au.

No assurance can be given that any iNAV will be published continuously, will be up to date or free from error.

Investors will be notified via the ASX Market Announcements Platform if there is any material change to the methodology for calculating the iNAV.

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 fund administrator

The Responsible Entity has appointed Citigroup Pty Limited (the Custodian) under a custody agreement to provide custodial services for the Fund, including holding the assets of the Fund.

The Custodian's services will include facilitating the settlement of transactions on the Responsible Entity's behalf with the market making agent.

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 Custodian may, from time to time, appoint sub-custodians. The Responsible Entity may change the Custodian without prior notice to Unitholders.

The Responsible Entity has also appointed Citigroup Pty Limited (the Fund Administrator) under an administration services agreement to provide fund administration services for the Fund, including fund accounting, maintenance of books and records, calculating distribution amounts, valuing the Fund's assets and liabilities, calculating the Fund's NAV, taxation and other services. The Responsible Entity may change the Fund Administrator without prior notice to Unitholders.

The Custodian and the Fund Administrator have no supervisory role in relation to the operation of the Fund and have no liability or responsibility to Unitholders for any act done or omission made in accordance with the relevant service agreements. They were not involved in preparing, nor take any responsibility for this PDS and make no guarantee of the success of the Fund nor the repayment of capital or any particular rate of capital or income return.

6.1.2 Registrar

The Responsible Entity has appointed Link Market Services Limited under a registry services agreement to provide Unit registry services for the Fund, including keeping 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 Unit Registrar without prior notice to Unitholders.

6.1.3 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.

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

6.2.4 The compliance plan

The Responsible Entity has prepared and lodged a compliance plan for the 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 of the Fund. 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 the ASIC requirements and is available on request to all Unitholders and prospective Unitholders at no charge.

6.2.7 Suspensions of off-market withdrawals

The Constitution of the Fund provides that, in some circumstances, the period for satisfaction of off-market redemption requests may be extended, or that redemption requests may be suspended or rejected for as long as the relevant circumstances apply. Those circumstances are where:

- 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;
- 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);
- the Responsible Entity believes that it is not practicable or desirable to carry out the calculations necessary to satisfy the redemption request (for example, because it is impracticable or undesirable to calculate the Net Asset Value because of restricted or suspended trading in the market for an asset or because the value of any asset cannot otherwise promptly or accurately be ascertained);
- 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;
- the Units cease to be admitted to trading status on the ASX;
- a withdrawal request is received during any period before or after a distribution date which period the Responsible Entity determines to be necessary or desirable to facilitate the calculation and distribution of distributable income;
- 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;
- 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; or
- it is otherwise legally permitted.

6.2.8 Information relating to off-market redemptions

The information in section 5 relating to off-market redemptions assumes that 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 off-market 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.

6.2.9 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.

6.2.10 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.

6.2.11 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*.

6.2.12 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.

6.2.13 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:

- the indemnities each Unitholder gives the Responsible Entity for losses or liabilities incurred by the Responsible Entity;
- 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.

6.2.14 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). 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.

6.2.15 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.

6.2.16 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.

6.2.17 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.

6.2.18 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.

6.2.19 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 Limited
Level 11, 50 Margaret Street
Sydney NSW 2000

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

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

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

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

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.

6.2.20 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).

6.2.21 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). Each 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 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).

6.2.22 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.

6.2.23 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 ASIC RELIEF

Ongoing Disclosure Relief

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

6.4 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.

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

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.

6.5 COOLING OFF

There is no cooling off period in relation to an investment in Units in the Fund.

6.6 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.

6.7 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 iNAV for the Fund published during an ASX Trading Day;
- Quarterly portfolio information for the Fund within two months of the end of each quarter;
- The Responsible Entity's Unit pricing policy;
- The latest PDS for the Fund;
- Copies of announcements made to the ASX via the ASX Market Announcements Platform (including continuous disclosure notices and distribution information);
- Information about distributions as soon as possible after they are declared;
- Information about redemptions from the Fund;
- Annual and any half-year reports and financial statements for the Fund;
- Details of the Distribution Reinvestment Plan; 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.

6.8 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 "S&P/ASX Small Ordinaries Accumulation Index" (the "Index") is a product of S&P Dow Jones Indices LLC or its affiliates ("SPDJ") and ASX Limited ("ASX"), and has been licensed for use by Betashares. Standard & Poor's® and S&P® are registered trademarks of S&P Global ("S&P") and Dow Jones® is a registered trademark of Dow Jones Trademark Holdings LLC ("Dow Jones"). ASX® is a registered trademark of ASX Operations Pty Limited. The trademarks have been licensed to SPDJI and have been sublicensed for use for certain purposes by Betashares. Betashares Australian

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NEITHER S&P DOW JONES INDICES NOR THIRD PARTY LICENSOR GUARANTEES THE ADEQUACY, ACCURACY, TIMELINESS AND/OR THE COMPLETENESS OF THE INDEX OR

ANY DATA RELATED THERETO OR ANY COMMUNICATION, INCLUDING BUT NOT LIMITED TO, ORAL OR WRITTEN COMMUNICATION (INCLUDING ELECTRONIC COMMUNICATIONS) WITH RESPECT THERETO. S&P DOW JONES INDICES AND ASX SHALL NOT BE SUBJECT TO ANY DAMAGES OR LIABILITY FOR ANY ERRORS, OMISSIONS, OR DELAYS THEREIN. S&P DOW JONES INDICES AND ASX MAKES NO EXPRESS OR IMPLIED WARRANTIES, AND EXPRESSLY DISCLAIMS ALL WARRANTIES, OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE OR USE OR AS TO RESULTS TO BE OBTAINED BY BETASHARES, INVESTORS IN THE FUND, OR ANY OTHER PERSON OR ENTITY FROM THE USE OF THE REFERENCE INDEX OR WITH RESPECT TO ANY DATA RELATED THERETO. WITHOUT LIMITING ANY OF THE FOREGOING, IN NO EVENT WHATSOEVER SHALL S&P DOW JONES INDICES OR ASX BE LIABLE FOR ANY INDIRECT, SPECIAL, INCIDENTAL, PUNITIVE, OR CONSEQUENTIAL DAMAGES INCLUDING BUT NOT LIMITED TO, LOSS OF PROFITS, TRADING LOSSES, LOST TIME OR GOODWILL, EVEN IF THEY HAVE BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES, WHETHER IN CONTRACT, TORT, STRICT LIABILITY, OR OTHERWISE. THERE ARE NO THIRD PARTY BENEFICIARIES OF ANY AGREEMENTS OR ARRANGEMENTS BETWEEN S&P DOW JONES INDICES AND BETASHARES, OTHER THAN THE LICENSORS OF S&P DOW JONES INDICES.

7 TAXATION

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

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

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

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

7.1.1 Taxation of the Fund

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

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

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

- for eligible funds that enter the AMIT regime: all taxable income and other relevant amounts will be "attributed" to the Unitholders in each financial year; and
- for funds that have not entered the AMIT regime or cease to be eligible to be AMITs: Unitholders will be presently entitled to all income of 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.

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, any 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.

Similarly, as the Fund invests in Australian securities which may pay franked distributions, a Unitholder may receive distributions from the Fund which include franking credits. Subject to certain legislative restrictions (such as the 45 day holding period rule), franking credits may be available to offset the Australian income tax liability, and some investors (eg complying superannuation funds) may have an entitlement to a tax refund in respect of the franking credits to the extent they exceed the Australian income tax payable in the relevant year.

Capital gains and losses

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

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

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

Tax deferred / non-assessable amounts

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

Taxation of Financial Arrangements (TOFA)

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

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

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

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)

Management fees and expenses incurred by the Fund would likely attract GST (at the rate of 10%).

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

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

7.1.6 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.

7.1.7 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.

7.1.8 Foreign Account Tax Compliance Act (“FATCA”) and 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.

7.1.9 Non-resident unitholders

Distributions to non-resident Unitholders may have tax withheld by the Responsible Entity.

8 GLOSSARY

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

AQUA Product	A product admitted under the ASX Operating Rules to the AQUA market of the ASX.
AQUA Rules	Schedule 10A of the ASX Operating Rules and related rules and procedures, as amended, varied or waived from time to time.
ASIC	Australian Securities and Investments Commission.
ASX	ASX Limited or the Australian Securities Exchange, as the case requires.
ASX Business Day	A "Business Day" as defined in the ASX Operating Rules, unless determined otherwise by the Responsible Entity.
ASX Listing Rules	The listing rules of the ASX as amended, varied or waived from time to time.
ASX Operating Rules	The operating rules of the ASX as amended, varied or waived from time to time.
ASX Trading Day	Has the meaning given in the ASX Operating Rules.
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).
Fund	The fund offered under this PDS, specifically, Betashares Australian Small Companies Select Fund (managed fund).
iNAV	Indicative NAV per Unit.
Net Asset Value/NAV	The net asset value for the Fund calculated in accordance with section 5.5.
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.

DIRECTORY

Responsible Entity

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