



23 November 2012

Market Announcements Office
ASX Limited

ASX TRADING OF NEW BETASHARES MANAGED FUND & PRODUCT DISCLOSURE STATEMENT

BetaShares Capital Ltd (**BetaShares**) makes this announcement in regard to the following BetaShares exchange traded managed fund (**Fund**):

ASX Code	Issuer	Fund
YMAX	BetaShares	BetaShares Australian Top 20 Equity Yield Maximiser Fund (managed fund)

The Fund is expected to be admitted to trading on the AQUA Market of the Australian Securities Exchange on Monday, 26 November 2012.

The Fund will make any distributions on a quarterly basis, commencing with the period ending 31 March 2013.

A copy of the Product Disclosure Statement ("PDS") for the Fund is attached.

IMPORTANT INFORMATION: This information has been prepared by BetaShares Capital Ltd (ACN 139 566 868 AFS Licence 341181) ("BetaShares") the issuer of the Fund. It is general information only and does not take into account any person's objectives, financial situation or needs. The information does not constitute an offer of, or an invitation to purchase or subscribe for securities. You should read the relevant PDS and ASX announcements and seek professional legal, financial, taxation, and/or other professional advice before making an investment decision regarding any BetaShares funds. For a copy of the PDS and more information about BetaShares funds go to www.betashares.com.au or call 1300 487 577.

Units in BetaShares funds trade on the ASX at market prices, not at NAV. An investment in any BetaShares fund is subject to investment risk including possible delays in repayment and loss of income and principal invested. Neither BetaShares Capital Ltd nor BetaShares Holdings Pty Ltd guarantees the performance of any fund or the repayment of capital or any particular rate of return.



BETASHARES FUNDS
PRODUCT DISCLOSURE STATEMENT

BETASHARES

**AUSTRALIAN TOP 20 EQUITY
YIELD MAXIMISER FUND (MANAGED FUND)
ASX CODE: YMAX**

(the "Fund")

BetaShares Capital Ltd
ABN 78 139 566 868 | AFSL 341181
Dated: 13 November 2012



BetaShares
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IMPORTANT INFORMATION

The offer under this Product Disclosure Statement (**PDS**) is for persons who have been authorised as 'trading participants' under the ASX Operating Rules. Certain sections of the PDS (particularly those relating to applications for and redemptions of Units) are of direct relevance to such persons only.

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

This PDS is dated 13 November 2012.

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 Top 20 Equity Yield Maximiser Fund (managed fund) (ARSN 155 637 648). A copy of this PDS has been lodged with the Australian Securities and Investments Commission (**ASIC**) on 13 November 2012. Neither ASIC nor ASX Limited takes any responsibility for the contents of this PDS.

At the time of lodgement of this PDS with ASIC, the Units are yet to be quoted for trading on the ASX. An application has been made to the ASX for Units issued pursuant to this PDS to be quoted for trading on 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 to which this PDS relates is available to Authorised Participants receiving the PDS (electronically or otherwise) in Australia.

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)

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.

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.

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

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

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.

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 Top 20 Equity Yield Maximiser Fund (the Fund) is a managed investment fund whose units trade on the ASX, much like ordinary shares.

The Fund aims to provide investors with exposure to a basket of 20 blue-chip Australian equities that provides regular income, the potential for some capital growth and a reduced overall volatility of returns.

The Fund will seek to achieve these objectives by combining an investment portfolio comprising the equity securities that make up the S&P/ASX 20 Index (the "Index") along with call options written on those equity securities.

TABLE 1.2: SUMMARY OF KEY INFORMATION

TOPIC	SUMMARY	SECTION
Investment objective	<p>The investment objective of the Fund is to provide Unitholders with:</p> <ul style="list-style-type: none">• regular income that exceeds the dividend yield of a portfolio of 20 blue-chip Australian equities (as represented in the S&P/ASX 20 Index);• the potential for some capital growth; and• lower volatility of returns than a portfolio of 20 blue-chip Australian equities (as represented in the S&P/ASX 20 Index). <p>There is no assurance or guarantee that the returns of the Fund will meet its investment objective.</p>	2.1
Investing	<p>The offer in this PDS is only available to Authorised Participants.</p> <p>Units can only be acquired in multiples of 100,000 under this PDS unless the Responsible Entity agrees otherwise. Every 100,000 Units represents one "Creation Unit".</p> <p>Application amounts must be in the form of a parcel of quoted securities selected by the Responsible Entity from time to time which generally corresponds to the composition of the Fund's Share Portfolio, together with any balancing cash payment, unless the Responsible Entity agrees to accept a cash application. Applications are subject to an application fee described in section 3.</p> <p>Units will be quoted on the ASX. Once quoted (and subject to market conditions), investors may purchase Units on the ASX. The purchase of Units on the ASX is not governed by the terms of this PDS and therefore the minimum investment does not apply to purchases of Units on the ASX.</p>	5, 6.3
Redemptions	<p>A Unitholder can generally only redeem Units if it is an Authorised Participant who is an Australian Resident.</p> <p>Units can only be redeemed in multiples of 100,000 under this PDS unless the Responsible Entity agrees otherwise.</p> <p>The amount payable to a Unitholder on redemption must be in the form of a parcel of quoted securities selected by the Responsible Entity from time to time which generally corresponds to the composition of the Fund's Share Portfolio, together with any balancing cash payment, unless the Responsible Entity agrees to a cash redemption.</p> <p>In certain specified circumstances, redemption requests may be delayed, rejected or scaled down. See section 6.2.8 and 6.2.9 for further information.</p>	5, 6.2.8, 6.2.9

In addition, because the Units of the Fund will be quoted on the ASX, investors can benefit from simple trading of their investment, including the ability to buy and sell during the course of the trading day, much like ordinary shares.

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.

TOPIC	SUMMARY	SECTION
	<p>Units will be quoted on the ASX. Once quoted (and subject to market conditions), investors may sell their Units on the ASX. The sale of Units on the ASX is not governed by the terms of this PDS and therefore the minimum redemption does not apply to sales of Units on the ASX.</p> <p>A Unitholder who is not an Authorised Participant can only redeem Units in the special circumstances described in section 5.6.</p>	
Distributions	The Responsible Entity intends to make distributions quarterly (assuming there is distributable income).	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 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. • The strategy of writing call options over the securities in the Share Portfolio will have the effect of limiting the upside potential of the Fund (while also reducing the downside risk) relative to an investment only in the securities in the Share Portfolio. • 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. • The Fund's investments will be concentrated in number and there is greater potential for overall returns to be adversely affected due to the poor performance of only one or a few of the securities. • In certain circumstances, the Responsible Entity can suspend or scale down applications or redemptions. • There is no assurance that there will be a liquid market for the Fund's investments or for Units. • The trading price of Units on the ASX may differ from the Net Asset Value per Unit. • The lack of an operating history for the Fund. <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 full details on the risks of investing, see section 4.</p>	4
Management costs	<p>Management fee: 0.59% p.a. of the Fund's Net Asset Value.</p> <p>Expense recoveries: Capped at 0.20% p.a. of the Fund's Net Asset Value.</p> <p>Certain additional costs apply. The applicable fees and costs are described in detail in section 3 of this PDS.</p>	3
Tax	Tax information of a general nature is set out in section 7. Investors should seek their own professional tax advice which takes into account their particular circumstances.	7
Complaints	The Responsible Entity has a process in place to deal with complaints from Unitholders.	6.2.23
Responsible Entity	BetaShares Capital Ltd is the responsible entity of the Fund and is the issuer of this PDS.	1.3

1.3 ABOUT THE RESPONSIBLE ENTITY

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

The Responsible Entity is a wholly-owned subsidiary of BetaShares Holdings Pty Ltd, which is an Australian asset management business located in Sydney. BetaShares Holdings Pty Ltd 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 acts as responsible entity for 12 funds (including the Fund) whose units are, or are expected to be, quoted for trading on the Australian Securities Exchange under the AQUA Rules. These funds provide exposure to the performance of specific equities, equity indices, currencies, commodities or commodity indices. The primary focus of the Responsible Entity's business is the operation of funds that are exchange traded.

Horizons ETFs Management (Canada) Inc. ("Horizons ETFs"), a leading exchange traded fund ("ETF") issuer based in Canada, is an indirect shareholder in BetaShares Holdings Pty Ltd. As at 31 October 2012, Horizons ETFs, together with its subsidiary AlphaPro Management Inc., managed approximately US\$3.5 billion in assets amongst 79 ETFs listed on the Toronto Stock Exchange, making it one of the largest families of ETFs in Canada. Horizons ETFs, which changed its name from BetaPro Management Inc. in late 2011, is a member of the Mirae Asset Financial Group.

Horizons ETFs is a member of the Mirae Asset Global Investments Group. Mirae Asset Global Investments Co., Ltd., which is the international asset management business within Mirae Asset Financial Group, is one of Asia's largest asset management firms, managing over US\$54 billion in assets globally as of 30 September 2012.

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

David Nathanson: David is a Managing Director of BetaShares Capital Ltd and BetaShares Holdings Pty Ltd. He has approximately 17 years experience in the financial services and legal industries in Sydney and New York at firms including Goldman, Sachs & Co, Macquarie Bank and Freehills. He is a director of Apex Capital Partners Pty Ltd, an advisory and investment firm based in Sydney. He holds a Bachelor of Commerce and a Bachelor of Laws from University of NSW, and an MBA from Stanford Business School.

Alex Vynokur: Alex is a Managing Director of BetaShares Capital Ltd and BetaShares Holdings Pty Ltd. He has approximately 11 years experience in the funds management, investment and legal industries. Alex was involved in the establishment and development of several leading Australian financial services businesses including Pengana Capital and Centric Wealth. He is a director of Apex Capital Partners Pty Ltd, an advisory and investment firm based in Sydney. He was previously a lawyer at Baker & McKenzie. He holds a Bachelor of Commerce and a Bachelor of Laws from University of NSW.

Howard Atkinson: Howard is President and Director of Horizons ETFs. He has 25 years of investment industry experience. Prior to Horizons ETFs, Howard was responsible for iShares' Exchange Traded Products business in Canada, and held positions with a national investment dealer and major mutual fund companies in Canada. He is a past President of the Toronto CFA Society board of directors, a CFA Charterholder and holds the ICD.D designation from the Institute of Corporate Directors. He is current chair of the Canadian ETF Association and a member of the S&P/TSX Canada Index Advisory Panel. He holds a Bachelor of Science, Economics from University of New Orleans.

Adam Felesky: Adam is Chief Executive Officer and Director of Horizons ETFs. In addition to managing one of the largest families of exchange traded funds listed on the Toronto Stock Exchange, Horizons ETFs is the majority owner of AlphaPro Management Inc., which was the first to offer a family of actively managed exchange traded funds in Canada. Prior to founding Horizons ETFs, Adam worked at JPMorgan in New York. Previously, he worked in investment banking for JPMorgan Canada and CIBC World Markets. He holds a Bachelor of Engineering and Bachelor of Arts in Political Science from McMaster University.

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

1.4 AQUA MARKET OF THE ASX

Application has been made to admit the Units 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 have been designed to offer greater flexibility and are specifically designed for managed funds, exchange traded funds and structured products.

Since many investors may be more familiar with the ASX Listing Rules, it is important to note the main differences between the AQUA Rules and the ASX Listing Rules.

1.4.1 Trading status

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

1.4.2 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 has over the value of the underlying assets of the entity.

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

1.4.3 Key specific differences between the ASX Listing Rules and the AQUA Rules

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

1. *Continuous disclosure* – the continuous disclosure requirements for AQUA issuers are different to those under the ASX Listing Rules because of the nature and regulation of the underlying asset. There is a requirement under the AQUA Rules that an AQUA Product issuer provide the ASX with any information the non-disclosure of which may lead to the establishment of a false market in the products or would materially affect the price of its products. The Responsible Entity must also disclose information about distributions to the ASX. Additionally, the Responsible Entity intends to comply with the *Corporations Act* continuous disclosure requirements under section 675 as if the Fund were an unlisted disclosing entity. This broadly means that if the Responsible Entity becomes aware of information that is not generally available to investors and that would be expected to have a material effect on the price of Units, it must

provide the information to ASIC as soon as practicable. The Responsible Entity intends to make disclosure to ASX and market participants using the Market Announcements Platform of the ASX at the same time information is disclosed to ASIC. The Responsible Entity also intends to post any such information on its website www.betashares.com.au at the same time.

2. Periodic disclosure – AQUA Product issuers are not required to disclose half yearly and annual financial information or annual reports to ASX, but the Responsible Entity will still lodge these with ASIC in respect of the Fund as required by chapter 2M of the *Corporations Act*.

3. Spread requirements – The requirements under the ASX Listing Rules that issuers satisfy certain minimum spread requirements (i.e. a minimum number of holders each having a minimum parcel size) do not apply to AQUA Products. Under the AQUA Rules, unless and until a suitable spread of holders is achieved, an AQUA Product Issuer must ensure a reasonable bid and volume is maintained for the AQUA Product on the ASX, generally through the appointment of a market maker, or have in place other arrangements which meet ASX's requirements for providing liquidity.

4. Corporate control – the ASX requirements in relation to matters such as takeover bids, share buy-backs, change of capital, new

issues, restricted securities, disclosure of directors' interests and substantial holdings are not relevant and do not apply to AQUA Products. The Responsible Entity is subject to general *Corporations Act* requirements in respect of some of these matters in some circumstances. Unlike the responsible entity of a managed investment scheme listed under the ASX Listing Rules, the Responsible Entity can only be replaced by a resolution passed by the votes of at least 50% of all the votes eligible to be cast. The *Corporations Act* provisions that apply to takeovers and substantial shareholding requirements for listed managed investment schemes do not apply to AQUA Products.

5. Related party transactions – ASX requirements relating to transactions between an entity and persons in a position to influence the entity, do not apply to AQUA Products. However, *Corporations Act* requirements (i.e. Chapter 2E and Part 5C.7 of the *Corporations Act*) in this regard applicable to public companies and registered managed investment schemes will still apply to the Responsible Entity.

6. Auditor rotation obligations – AQUA Product issuers, including the Responsible Entity, will not be subject to the requirements in Division 5 of Part 2M.4 of the *Corporations Act* in relation to auditor rotation.

2 ABOUT THE FUND

2.1 INVESTMENT POLICY

2.1.1 Investment objective

The investment objective of the Fund is to provide Unitholders with:

- regular income that exceeds the dividend yield of a portfolio of 20 blue-chip Australian equities (as represented in the S&P/ASX 20 Index);
- the potential for some capital growth; and
- lower volatility of returns than a portfolio of 20 blue-chip Australian equities (as represented in the S&P/ASX 20 Index).

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

2.1.2 Investment strategy

The Responsible Entity will aim to achieve the investment objective by combining:

- investment in a portfolio of equity securities as represented in the S&P/ASX 20 Index (the "Share Portfolio"); and
- generally selling (also known as "writing") covered call options on up to 100% of the securities in the Share Portfolio.

Share Portfolio

The Share Portfolio will consist of Australian listed securities as represented in the S&P/ASX 20 Index. The Index includes actively traded and highly liquid securities that are among the 20 largest domestic securities listed on the ASX. The Share Portfolio is passively managed, meaning that the weighting of each security in the Share Portfolio will generally mirror the weighting of the security within the Index.

The Responsible Entity expects the Index to undergo quarterly rebalances in March, June, September and December, and it may undergo periodic unscheduled rebalances at other times. The composition of the Share Portfolio will be similarly adjusted in response to any rebalance in the Index.

The Share Portfolio aims to generate dividends, franking credits and capital growth.

Writing Covered Call Options

In addition to the Share Portfolio, the Responsible Entity will write covered call options on up to 100% of the securities in the Share Portfolio. The call options will be written with terms of one to three months and strike prices that are generally "out-of-the-money" i.e. expected to be approximately 3% to 7% above the then current market prices of the securities of the Share Portfolio, subject to the prevailing levels of volatility.

Call options sold by the Fund will be limited to options traded on the ASX. Under these call options, the Fund will sell to the buyer of the option, for a premium, the right to buy the security from the Fund at an exercise price (or "strike price"). Covered call options partially hedge against a decline in the price of the securities on which they are written to the extent of the premiums received by the Fund at the time the options are written by the Fund.

By writing call options, the Fund will receive option premiums, which are generally paid to the Fund at the time of the writing of the option. If at any time during the term of a call option or at expiry, the market price of the underlying securities is above the strike price, the holder of the option may exercise the option and the Fund will be obligated to sell the securities to the holder at the strike price per security. If, however, the option is "out-of-the-money" at expiration of the call option, the holder of the option will likely not exercise the option and the option will expire. In each case, the Fund will retain the option premium.

The amount of the option premium depends upon, among other factors, the expected volatility of the price of the underlying security. The higher the expected volatility, the higher the option premium. In addition, the amount of the option premium will depend upon the difference between the strike price of the option and the market price of the underlying security at the time the option is written. The smaller the positive difference, the more likely it is that the option will become "in- the-money" during the term and, accordingly, the greater the option premium.

While the receipt of call option premiums provides an additional source of income for the Fund and provides a partial hedge against a decline in the price of the security on which the option is written (thereby reducing the volatility of returns), by writing call options the Fund forgoes potential returns resulting from any price appreciation of the relevant security above the strike price, because the security will likely be called away by the option holder exercising the option or the Fund will pay to close out the option by repurchasing the option at the then current market price of the option. (In such cases the Fund will typically sell a sufficient number of the underlying securities to fund a repurchase of the option position rather than allowing all of the securities that underlie the options to be called away). The strategy therefore reduces the downside risk, but also limits the upside potential.

Because call options will be written only in respect of securities that are held in the Share Portfolio, the call options will be "covered" at all times.

When the composition of the Share Portfolio changes (e.g. to reflect a rebalance in the Index), the options position maintained by the Fund will be rebalanced. For example, if a new equity security is added to the Index, or if an existing constituent is re-weighted upwards, new call options will generally be written in line with the new composition of the Share Portfolio. Similarly, if an equity security is deleted from the Index, or if it is re-weighted downwards, existing call options over that security will be closed out in line with the new composition of the Share Portfolio.

While the Responsible Entity will seek to write call options over 100% of the Share Portfolio, the level of covered call option writing may vary based on market volatility and other factors.

The Responsible Entity may write exchange-traded index call options where it believes this may assist the Fund in achieving its investment objective.

The Responsible Entity will not enter into any borrowing, or use any other instrument (including derivatives), for the purposes of leveraging or gearing the Fund. The Responsible Entity will also not engage in any securities lending in connection with the Fund.

Cash balances will be held in the Fund from time to time (including dividends and call option premiums received by the Fund and held pending distribution to Unitholders).

All assets of the Fund, whether securities or cash, are held by the custodian.

Investment Adviser

The Responsible Entity has appointed Horizons Investment Management Inc. ("Horizons Investment") (a subsidiary of Horizons ETFs Management (Canada) Inc.) to provide investment advisory services in connection with the Fund. As investment adviser, Horizons Investment will advise the Responsible Entity on the establishment of the Fund's portfolio of equity securities and options and on an ongoing basis recommend changes to the composition of the portfolio consistent with the Fund's investment strategy.

Horizons Investment has significant experience in managing equity income strategies similar to that of the Fund. As at 10 September 2012, Horizons Investment managed approximately US\$660 million (out of its total assets under management of approximately US\$3.5 billion) in eleven ETFs listed on the Toronto Stock Exchange offering exposure to Canadian equities, global equities and commodities, in each case using a strategy similar to that which will be employed by the Fund.

Horizons Investment is registered with the Ontario Securities Commission as an advisor in the category of portfolio manager. Horizons Investment's office is located in Toronto, Canada.

The parent company of Horizons Investment has an ownership interest in the Responsible Entity's parent company (see section 1.3) and Horizons Investment is therefore considered a related party of the Responsible Entity. The appointment of Horizons Investment is on arms-length terms. The fees for Horizons Investment's services will be an expense of the Fund subject to the expense recovery cap set out in section 3.3.1.

2.1.3 The composition of the Share Portfolio

The Share Portfolio will comprise the equity securities represented in the S&P/ASX 20 Index. The weighting of each security in the Share Portfolio will generally mirror the weighting of the security within the Index. As at 31 October 2012, a portfolio of these securities would comprise:

Company	Portfolio Weighting*	Sector
AMP Limited	1.8%	Financials
Australia & New Zealand Banking Group Limited	9.4%	Financials
BHP Billiton Limited	14.9%	Materials
Brambles Limited	1.5%	Industrials
Commonwealth Bank of Australia limited	12.6%	Financials
CSL Limited	3.3%	Health Care
Macquarie Group Limited	1.5%	Financials
National Australia Bank Limited	8.0%	Financials

Newcrest Mining Limited	2.7%	Materials
Origin Energy Limited	1.7%	Energy
QBE Insurance Group Limited	2.1%	Financials
Rio Tinto Limited	3.4%	Materials
Santos Limited	1.5%	Energy
Suncorp-Metway Limited	1.6%	Financials
Telstra Corporation Limited	7.0%	Telecommunication Services
Wesfarmers Limited	5.5%	Consumer Staples
Westfield Group	3.0%	Financials
Westpac Banking Corporation	10.7%	Financials
Woodside Petroleum Limited	2.9%	Energy
Woolworths Limited	4.9%	Consumer Staples

*Portfolio weightings may not add to 100% due to rounding.

The above portfolio composition is indicative only and will change from time to time. The actual composition of the Share Portfolio, along with the options positions, will be published daily on the "Resources" tab of the Fund's product page on the BetaShares website at www.betashares.com.au.

2.1.4 How is the Fund's strategy expected to perform in different market conditions?

The Fund's strategy would be expected to outperform a strategy that was confined to holding the Share Portfolio only (and that does not employ a covered call option strategy), in falling, flat and gradually rising markets. However, the Fund's strategy can be expected to underperform in a strongly rising market, as the Fund can be expected to forgo any potential gains of the equity securities above the strike prices of the call options, thereby limiting the capital growth potential of the Fund.

2.1.5 About the S&P/ASX 20 Index

S&P is the provider of the S&P/ASX 20 Index. The Index includes actively traded and highly liquid securities that are among the 20 largest domestic securities listed on the ASX.

The Index is designed as a highly liquid and tradable index whose total market capitalisation is large enough to approximate the broader Australian share market, while keeping the number of stocks at a minimum. This creates a highly cost-effective, easily replicable trading instrument that provides an appropriate barometer of the Australian market's performance.

The fixed number of securities along with size and liquidity criteria ensures a low level of turnover of Index constituents.

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

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

2.1.6 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.

2.1.7 Performance

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

2.1.8 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 sections 2.1.1 and 2.1.2) for the Fund as set out in this PDS.

Where required by the ASX Operating Rules, the Responsible Entity will not make any significant change to the investment mandate of the Fund described in this PDS without first obtaining the approval of a resolution of the Unitholders of the Fund passed by at least 75% of the votes cast.

2.2 DISTRIBUTIONS

The Fund intends to pay quarterly distributions based on, among other things, actual dividends received from the Share Portfolio and amounts included in the Fund's taxable income in relation to the call options (including premiums received) in respect of the quarter for which the distribution is paid, after allowing for fees and expenses. The Fund may also realise capital gains or losses on the disposal of securities, or derive other assessable income.

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.

Distributions will generally be paid within 15 business days of the end of the distribution period to which they relate.

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.

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

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

2.2.2 Tax statement

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 of the Fund during a financial year, a tax statement which outlines the amount and composition of the taxable income of the Fund to which the Unitholder became entitled.

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. The DRP is currently available only to Unitholders who have a registered address in Australia.

Unitholders can choose to:

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

Partial reinvestment will not be available. If no DRP election is made, the distributions will automatically be paid into the nominated Australian bank account. Unitholders can elect to participate in the DRP by submitting a form available from the Registrar.

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 fund balance rather than 1 % could reduce your final return by up to 20% over a 30 year period (for example, reduce it from \$100,000 to \$80,000).

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

You may be able to negotiate to pay lower contribution fees and management costs where applicable. Ask the fund or your financial adviser.

TO FIND OUT MORE

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

3.1 FEES AND COSTS

This PDS 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 Fund's assets 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: TABLE OF FEES OR COSTS

TYPE OF FEE OR COST	AMOUNT	HOW AND WHEN PAID
FEES WHEN YOUR MONEY MOVES IN OR OUT OF THE FUND		
Establishment fee: The fee to open your investment	Nil	Not applicable
Application/Contribution fee: The fee on each amount contributed to your investment	\$300	Payable only by Authorised Participants. This fee will be payable together with the transfer of the application securities and balancing cash component (if positive) (for "in-kind" applications).
Withdrawal fee: The fee on each amount you take out of your investment	\$500	Payable only by Authorised Participants at the time of the redemption (for "in-kind" redemptions).
Termination fee: The fee to close your investment	Nil	Not applicable
Management costs:		
The fees and costs for managing your investment	Management fee 0.59% per annum of the Fund's Net Asset Value	Calculated and accrued daily as a percentage of the Fund's Net Asset Value. Management fees are paid monthly on or after the first day of the following month. Management fees are reflected in the daily Net Asset Value per Unit.
	Plus	
	Expense recoveries Capped at 0.20% per annum of the Fund's Net Asset Value	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 monthly on or after the first day of the following month.

TYPE OF FEE OR COST	AMOUNT	HOW AND WHEN PAID
Service fees		
Investment switching fee:	Nil	Not applicable
The fee for changing investment options		

Certain additional costs apply. See "Additional Explanation of Fees and Costs" section 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 incorporate Goods and Services Tax (GST) net of any input tax credits.

3.2 EXAMPLE OF ANNUAL FEES AND COSTS

The following table provides examples of how the fees and costs can affect the investment over a one year period. You should use this table to compare these products with other managed investment products.

TABLE 3.2: EXAMPLE OF ANNUAL FEES AND COSTS

EXAMPLE	AMOUNT	BALANCE OF \$50,000 WITH A CASH CONTRIBUTION OF \$5,000 ¹ DURING THE YEAR
CONTRIBUTION FEES		For every additional \$5,000 you put in, you will be charged:
	\$0 if you are not an Authorised Participant; or	\$0 if you are not an Authorised Participant; or
	\$300 if you are an Authorised Participant.	\$300 if you are an Authorised Participant.
PLUS MANAGEMENT COSTS²	0.79% p.a.	And , for every \$50,000 you invest in the Fund you will be charged \$395 each year
(management fee plus capped expense recoveries)		
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 ³ during that year, you would be charged fees of \$395 (if you are not an Authorised Participant) or \$695 (if you are an Authorised Participant).
What it costs you will depend on whether you are an Authorised Participant, the investment option you choose and the fees you negotiate with your fund or financial adviser.		

An Authorised Participant who redeems Units directly will also be charged a withdrawal fee of \$500 for a redemption.

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

¹ Please note the minimum investment in the Fund by an Authorised Participant is for 100,000 Units unless the Responsible Entity agrees otherwise.

² Certain additional costs apply. For more information, refer to the "Additional Explanation of Fees and Costs" section below.

³ Assumes the \$5,000 investment occurs on the last day of the year.

3.3 ADDITIONAL EXPLANATION OF FEES AND COSTS

3.3.1 Management costs

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

- Responsible Entity's management fee; and

- expense recoveries.

Management costs do not include certain transactional and operational costs, such as brokerage, transactional custodian, ASX and registry fees, other transactional service fees, and other transaction fees associated with buying and selling the Fund's assets, or 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 costs set out in Table

3.1 and Table 3.2 above, but they are paid out of the Fund's assets).

The management fee is charged by the Responsible Entity for managing the Fund and making it available to investors.

The expense recoveries 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. The normal expenses charged to the Fund will be capped at 0.20% per annum of the Fund's net asset value while this PDS is current. Any such expenses in excess of the cap will be borne by the Responsible Entity from its own resources, on the basis that the Responsible Entity has the right to be reimbursed for them at a later time, provided that the cap will not be exceeded at the time of reimbursement. The Responsible Entity may withdraw or replace this PDS at any time.

Abnormal 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. Abnormal expense recoveries are not included in the cap on expenses described in this section and are not included in the management costs set out in Table 3.1 and Table 3.2 above.

3.3.2 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 3.3.3 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 application fee and redemption fee applicable to the Fund is set out in the table in section 3.1.

For in-kind applications and redemptions, these fees will be separately payable by the Authorised Participant. Any such fees will therefore not be incurred by the Fund and will not affect the Net Asset Value of the Fund.

3.3.3 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 will not be greater than the amount that is proportionate to that payable on redemption by an Authorised Participant of 100,000 Units, being the minimum number of Units redeemable by an Authorised Participant. For example, if a Unitholder redeems 1,000 Units in these circumstances, the maximum redemption fee payable would be 1% of \$500, which is \$5.

3.3.4 Stockbroker fees for all other investors

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

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

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

The Constitution of the Fund limits the amount of the Responsible Entity's 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 application and redemption fees:

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

The Responsible Entity also has the right to recover from the Fund all expenses properly incurred in the performance of its duties, subject to the cap on expense recoveries described in section 3.3.1.

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. Any increase in the fees and costs for the Fund will be announced to the ASX via the Market Announcements Platform at least 30 days before it occurs.

3.3.6 Differential fees, rebates and related payments

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

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

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.

3.3.7 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.

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. The value of the Units may increase or decrease depending on market, economic, political, regulatory and other conditions affecting the Fund's investments. All prospective Unitholders should consider an investment in the Fund within the overall context of their investment policies. Investment policy considerations should include, but are not limited to, setting objectives, defining risk/return constraints and considering time horizons.

4.2 MARKET RISK

The Fund's investment returns will be influenced by the performance of the 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 events, general economic conditions, investor sentiment and industry specific factors, can be expected to influence the value of Units. Markets are volatile and fluctuate from day-to-day. This volatility may cause the value of an investment in the Fund to decrease.

4.3 INDUSTRY SPECIFIC RISK

Factors specific to a particular market segment, such as an industry sector, may cause its return to differ from that of the broader market. Such factors may include market estimations of future industry profitability, movements in input or output prices for companies operating in the industry and market sentiment.

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.

4.5 USE OF OPTIONS RISK

By writing (or selling) exchange traded call options as part of the Fund's strategy, the Fund is obligated to enter into a defined transaction at some point in the future if the buyer of the option exercises the option. If a call option is in-the-money at the time the buyer exercises the option, the Fund can be expected to forgo any potential gains of the underlying equity security above the strike price of the call option, and, to that extent, the Fund's capital growth will be limited. The premiums associated with writing call options may not exceed the returns that would have resulted if the Fund had remained directly invested in the securities subject to call options.

The Responsible Entity believes that, because liquidity in the options market is related to the liquidity of the relevant underlying securities, the Fund's concentration on 20 of the largest and most liquid issuers on the ASX will generally mean that there will be sufficient options liquidity for the successful implementation of the Fund's investment strategy. However, there can be no assurance that a liquid exchange will exist to permit the Fund to write call options on desired terms or to close out option positions should it desire to do so. The ability of the Fund to close out its positions may also be affected by any exchange-imposed daily trading limits. In addition, the exchange may suspend the trading of options in volatile markets.

The amount of option premium the Fund receives from writing call options over a security held in the Share Portfolio depends upon, among other factors, the expected volatility of the price of the security. The higher the expected volatility, the higher the option premium. A reduction in the expected level of price volatility of a security can therefore be expected to reduce the option premiums received by the Fund, potentially reducing the amount of income available for distribution to Unitholders.

4.6 DERIVATIVE RISK

In addition, the primary general risks associated with the use of exchange traded options 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 possibility that the derivative position is difficult or costly to manage or reverse;
- the possibility that the Fund may not meet its obligations to make margin payments and, in that event, may forgo assets provided as collateral to cover margin obligations;
- the counterparty to the derivative contract (ASX Clearing Corporation or its subsidiaries) 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.

Derivatives will not be used for the purpose of leveraging the Fund.

4.7 CONCENTRATION RISK

The Fund's investment positions will be concentrated in a small number of equity securities and call options written over those securities. Therefore there is greater potential for the overall returns of the investment portfolio to be adversely affected due to the poor performance of only one or a few of the securities. The Fund may also provide materially greater or lower exposure to certain sectors than would be the case with a more diversified portfolio of Australian equities, which may cause the Fund's returns to differ from that of the broader market.

4.8 SECURITIES TRADING RISK

There is a risk that trading in one or more of the securities held in the Share Portfolio, or in the call options over those securities, may cease due to action taken by the issuer of a security or by a regulatory authority, suspension of normal trading on the relevant exchange, or other reasons. Depending on the impact on the Fund, this may cause the Responsible Entity to suspend the application and redemption process for Units and the trading of Units on the ASX.

4.9 FUND TRADING RISK

In certain circumstances, the ASX may suspend trading of the Units of the Fund and therefore Unitholders will not be able to buy or sell Units of the Fund on the ASX. In these circumstances, the Responsible Entity may suspend the application and redemption process.

There may be other occasions where the Responsible Entity may suspend the application and redemption process, such as around the end of a distribution period or where other factors prevent the accurate calculation of Unit prices, such as the suspension or restriction of trading in securities that form part of the Share Portfolio.

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

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

As with any exchange traded fund, it is possible that the trading price of Units on the ASX may differ from the Net Asset Value per Unit. The trading price is dependent on a number of factors including the demand for and supply of Units and investor confidence. The trading price may be affected if there is a

suspension of the application and redemption process. The application and redemption facility is designed to reduce the likelihood of Units trading at a significant discount or premium to the Net Asset Value per Unit.

4.10 EFFECT OF APPLICATIONS AND REDEMPTIONS ON DISTRIBUTIONS

The distribution per Unit amount for a distribution period may be affected by application and redemption activity during the period. The issue of Units during a distribution period will tend to reduce the amount of the distribution per Unit for that period (which will be associated with a smaller decline in the NAV per Unit at the time of the distribution). Conversely, the redemption of Units during a distribution period will tend to increase the amount of the distribution per Unit for that period (which will be associated with a larger decline in the NAV per Unit at the time of the distribution).

4.11 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.

4.12 FUND RISK

There is a risk that the Fund could terminate, that 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).

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

4.14 TAX RISK

Taxation law is complex and subject to changes by the Australian Government.

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

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

4.15 OPERATIONAL RISK

A breakdown in administrative procedures or operational controls may cause disruption to day to day operations of the Fund. Such

business interruptions may arise internally through human error or technology or infrastructure failure, or possible external events.

There is a risk that circumstances beyond the Responsible Entity's reasonable control could prevent the Responsible Entity from managing the Fund in accordance with its investment strategies and as otherwise contemplated by this PDS. Examples of these circumstances include strikes, industrial disputes, fires or other casualty, war, civil disturbance, terrorist acts, governmental pre-emption in connection with an emergency of state and epidemics.

4.16 SETTLEMENT RISK

The application and redemption processes associated with the issue or redemption of Units are subject to the normal settlement

procedures through CHES. The Fund is exposed to some risk if an Authorised Participant fails to comply with its settlement obligations. These risks are mitigated by the fact that Authorised Participants are subject to usual ASX trading practices including ASX fail fees.

4.17 EARLY CLOSING RISK

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

5 HOW TO BUY AND SELL UNITS

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

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

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

An Authorised Participant may only redeem Units if they are an Australian Resident (other Unitholders 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).

5.1 MINIMUM APPLICATIONS AND REDEMPTIONS

The minimum application and redemption amount is one Creation Unit. The number of Units that constitute a Creation Unit is 100,000 Units, unless otherwise agreed with the Responsible Entity.

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 Fund's Share Portfolio 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 Share Portfolio. 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 prepared 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/redemption securities 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. The cash component is therefore a balancing amount designed 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 the application fee described in section 3) 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 calculated as at close of trading on 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, are processed at the Issue Price/Withdrawal Amount (being the Net Asset Value per Unit) of the Fund calculated as at close of trading 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 (plus any required cash component if payable by the Responsible Entity rather than the Authorised Participant). If the Responsible Entity agrees to a cash application, the Authorised Participant must deliver cash equal to the Issue Price for the relevant Units (plus the application fee). In return, they will receive the equivalent amount of 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 Unitholder 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 three ASX Business Days later (T+3), provided the Authorised Participant has paid the application consideration and application fee no later than 11am on T+3.

A redemption request received by the Dealing Deadline (on day T) will generally enable the Authorised Participant to receive the redemption payment three ASX Business Days later (T+3), provided the Authorised Participant has transferred the Units and the redemption fee by no later than 11am on T+3.

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. 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 if Units are suspended from quotation on the ASX for more than five consecutive trading days, unless:

- The Fund has been terminated;
- The Fund is no longer a liquid scheme as defined in the *Corporations Act*; or
- The Responsible Entity has suspended redemptions on reasonable grounds and in doing so is acting in the best interests of Unitholders.

Unitholders may redeem in these circumstances by completing the Redemption Form attached to this PDS. They will receive cash equal to the 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 applications 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.

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

See section 6.2.8 and 6.2.9 for further information.

5.8 VALUATIONS AND PRICING

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

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 applicable to each ASX Business Day is generally 4pm Sydney time, unless otherwise determined by the Responsible Entity.

The Net Asset Value of the Fund is calculated by deducting from the aggregate value of the assets of the Fund all accrued fees and other costs, liabilities and provisions relating to the Fund. Fees and other costs, including the Responsible Entity's fees, are accrued daily. The Fund's assets reflect their market value. The valuation methods applied by the Responsible Entity to value the Fund's assets and liabilities are consistent with applicable industry standards and result in Net Asset per Unit calculations that are independently verifiable.

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

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:

6.1.1 Investment adviser

The investment adviser will advise the Responsible Entity on the establishment of the Fund's portfolio of equity securities and options and on an ongoing basis recommend changes to the composition of the portfolio consistent with the Fund's investment strategy. The Responsible Entity may change the investment adviser.

As of the date of this PDS, the investment adviser is:

Horizons Investment Management Inc.
26 Wellington Street East, Suite 608
Toronto, Ontario, M5E 1S2

6.1.2 Custodian

The custodian provides custodial services to the Responsible Entity, including holding the assets of the Fund. The custodian may, from time to time, appoint sub-custodians. The Responsible Entity may change the custodian.

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

RBC Investor Services Trust
Level 17
2 Park Street
Sydney NSW 2000

6.1.3 Administrator

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

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

FundBPO Pty Ltd
Level 1
51-57 Pitt Street
Sydney NSW 2000

6.1.4 Registrar

As for any quoted security, the role of the Registrar is to keep a record of the Unitholders in the Fund. This includes details such as the quantity of securities held, tax file numbers (if provided) and details of distribution reinvestment plan participation. The Responsible Entity may change the Registrar.

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

Share BPO Pty Ltd
Level 1
51-57 Pitt Street
Sydney NSW 2000

6.1.5 Market maker

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

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

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

The market maker(s) selected by the Responsible Entity from time to time will be listed on the Fund factsheet available on the BetaShares website at www.betashares.com.au/resources/factsheets/.

The arrangements with the market maker specify certain permitted circumstances where the market making obligations may be suspended (such as operational disruptions, market disruptions or unusual conditions, other events set out in the ASX Operating Rules, the suspension or rejection of applications for Units or redemption requests, or the market maker not having ASIC relief to allow short selling of Units). If a market maker defaults on its obligations, the Responsible Entity may seek to replace the market maker, although the arrangements with the market maker may limit or exclude any liability on the part of the market maker. Subject to the AQUA Rules and the agreement with the market maker, the Responsible Entity may appoint and terminate a market maker in respect of the Fund. The Responsible Entity may determine to no longer appoint a market maker in respect of the Fund in circumstances where it is no longer required to do so under the AQUA Rules.

6.2 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 of a natural person in respect of the Fund. 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 Change of Index

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

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

The Responsible Entity will not change index if the change would represent a significant change to the investment mandate for the Fund (i.e. the investment objective, strategy and guidelines as described in sections 2.1.1 and 2.1.2) without approval of a resolution of the Unitholders of the Fund passed by at least 75% of the votes cast.

6.2.8 Suspensions of applications and redemptions

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

The Constitution of the Fund provides that, in some circumstances, the period for satisfaction of redemption requests (generally three ASX Business Days) may be extended, or that redemption requests may be rejected. Those circumstances are where:

- i. the Responsible Entity has taken all reasonable steps to realise sufficient assets to pay amounts due in respect of Units to which a redemption request applies and is unable to do so due to circumstances outside its control, such as restricted or suspended trading in the market for an asset;
- ii. the Responsible Entity believes that it is impracticable or not possible to transfer, in the manner acceptable to the Responsible Entity, sufficient assets to satisfy the redemption request (for example, because of disruption to a settlement or clearing system);
- iii. the Responsible Entity believes that it is not practicable or desirable to determine the redemption securities or carry out the calculations necessary to satisfy the redemption request (for example, because an index on which the

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

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

The redemption period may be extended for so long as the relevant circumstances apply.

6.2.9 Spreading redemption requests

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

6.2.10 Non-Authorised Participant redemption request

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

6.2.11 Information relating to redemptions

The information in section 5 relating to redemptions assumes 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 and can only redeem where the Responsible Entity makes a withdrawal offer to Unitholders in accordance with the *Corporations Act*. The Responsible Entity is not obliged to make such offers.

6.2.12 Rights of a Unitholder

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

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

6.2.13 Reimbursement of expenses

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

6.2.14 Retirement of BetaShares

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

6.2.15 Termination

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

6.2.16 Limitation of liability of Unitholders

The Constitution of the Fund provides that the liability of each Unitholder is limited to the consideration (if any) which remains outstanding in relation their subscription subject to:

- i. the indemnities each Unitholder gives the Responsible Entity for losses or liabilities incurred by the Responsible Entity:
 - a. in relation to the Unitholder's failure to provide requested information;
 - b. for tax or user pays fees as a result of any act by the Unitholder or any matter arising in connection with the Units held by the Unitholder;
- ii. application/redemption fees; and
- iii. execution and settlement procedures prescribed by the Responsible Entity that relate to the issue and redemption of Units.

Subject to the matters described above, a Unitholder is not required to indemnify the Responsible Entity or a creditor of the Responsible Entity against any liability of the Responsible Entity in

respect of the Fund. However, no complete assurance can be given in this regard, as the ultimate liability of a Unitholder has not been finally determined by the courts.

6.2.17 Meeting of Unitholders

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

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

6.2.18 Indemnities and limitation of liability of the Responsible Entity

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

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

6.2.19 Defective applications

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

6.2.20 Discretionary redemptions

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

6.2.21 Information from Unitholders

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

6.2.22 Borrowings

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

6.2.23 If you have a complaint

If a Unitholder has a complaint regarding the Fund or services provided by the Responsible Entity, please contact Client Services on 1300 487 577 (within Australia) or +61 2 9290 6888

(outside Australia) from 8:00 am to 6:00 pm Sydney time, Monday to Friday.

If the complaint is not satisfactorily resolved within three business days, a Unitholder may refer the matter in writing to:

Manager Client Services
BetaShares Capital Ltd
Level 9, 50 Margaret Street
Sydney NSW 2000

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

The Responsible Entity will try to resolve complaints as soon as possible, but in any event, will provide a written response within 45 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 their decision or to refer the matter to an external complaints resolution scheme. The Responsible Entity is a member of the Financial Ombudsman Services (FOS). Unitholders can contact FOS on 1300 780 808, or at the following address:

Financial Ombudsman Service
GPO Box 3
Melbourne VIC 3001
Email: info@fos.org.au

Information may also be obtained at www.fos.org.au. To be considered by FOS, the claim involved must fall within FOS's jurisdiction as set out in their Terms of Reference (published on the above website), including that any claim must be less than \$500,000 (as may be amended by FOS from time to time).

6.2.24 Privacy policy

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

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

The Responsible Entity collects personal information in the Application and Redemption Form, and may collect additional 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 investment base unless otherwise advised.

To obtain a copy of the privacy policy, contact BetaShares on 1300 487 577 (within Australia) or +61 2 9290 6888 (outside Australia).

6.2.25 Anti-money laundering

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

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

the Units to the Responsible Entity's related bodies corporate or service providers, or relevant regulators of AML/CTF Laws (whether in or outside of Australia).

6.2.26 Interest on amounts awaiting investment or redemption

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

6.2.27 Other services

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

6.2.28 Indicative Net Asset Value per Unit

As at the date of this PDS, the Responsible Entity intends to make available, or may designate other persons to make available on its behalf, an estimated indicative Net Asset Value per Unit (**iNAV**) for the Fund from time to time during an ASX Business Day. Such information will be calculated based upon information available to the Responsible Entity or its designate during the ASX Business Day or any portion of the ASX Business Day.

Any iNAV is not, and should not be taken to be or relied on as being, the value of a Unit or the price at which Units may be applied for or redeemed, or bought or sold on any stock exchange, and may not reflect the true value of a Unit. Investors interested in applying for or redeeming Units, or buying or selling Units on a stock exchange, should not rely on any iNAV which is made available, in making investment decisions but should consider other market information and relevant economic factors. Neither the Responsible Entity nor any designate or other service provider to the Responsible Entity shall be liable to any person who relies on the iNAV.

No assurance can be given that any iNAV will be published continuously, will be up to date or free from error. The publication of an iNAV is dependent on the availability of the BetaShares website, the availability of a suitable data vendor and other factors.

6.3 MATERIAL CONTRACTS

The Responsible Entity has entered into (or will enter into prior to the date Units are first issued) a number of contracts in relation to the Fund, as set out below

TABLE 6.3: MATERIAL CONTRACTS

CONTRACT AND PARTY	DESCRIPTION
Index licence agreement Standard & Poor's	The Index Licence Agreement in relation to the Fund that allows the Responsible Entity to use the Index in the operation of the Fund.
Custody agreement RBC Investor Services Trust	Custody Agreement which sets out the services provided by the custodian on an ongoing basis together with the service standards.
Fund administration services agreement FundBPO Pty Ltd	Fund Administration Services Agreement which sets out the services provided by the administrator (accountancy services, tax services and fund services including Unit price calculations and registry services), together with the service standards. Pursuant to this agreement, FundBPO Pty Ltd has appointed a related company, ShareBPO Pty Ltd, to provide the registry services for the Fund on its behalf.
Authorised participant agreement Authorised Participants	<p>An Authorised Participant Agreement deals with execution and settlement procedures in relation to the application for and redemption of Units. The terms of each Authorised Participant Agreement may vary and each may be amended from time to time.</p> <p>Under the Authorised Participant Agreement, the Authorised Participant makes certain representations to the Responsible Entity about its status as an appropriately licensed, Australian resident ASX participant. The Authorised Participant agrees to comply with the Constitution, with the execution and settlement procedures, and with all relevant laws in relation to selling Units. The Authorised Participant indemnifies the Responsible Entity against any losses incurred by the Responsible Entity or the Fund arising from the Authorised Participant's breach of the Authorised Participant Agreement or the execution and settlement procedures.</p>
Investment advisory agreement Horizons Investment Management Inc.	Investment Advisory Agreement which sets out the investment advisory services and other terms on which Horizons Investment provides investment advisory services to the Responsible Entity in connection with the Fund.
Nominee deed poll RBC Investor Services Trust	Under this document, if applicable, the Applicant Nominee agrees to hold Units the subject of an application by an Authorised Participant as nominee for the Authorised Participant pending settlement.
Nominee terms Authorised participant	By signing the Application Form, if applicable, the Authorised Participant covenants for the benefit of the Applicant Nominee to be bound by the Nominee Terms under which the Applicant Nominee will hold application Units for the Authorised Participant subject to a security interest in favour of the Responsible Entity pending settlement of the application. Under the Nominee Terms, if the Authorised Participant does not comply with its obligations relating to the issue of Units, the Responsible Entity may direct the Applicant Nominee that the Units not be transferred to the Authorised Participant, in which case the Units are to be held solely for the Responsible Entity.

6.4 ASIC RELIEF

Equal Treatment Relief

ASIC has granted relief under section 601QA(1)(a) of the *Corporations Act* from the equal treatment requirement in section 601FC(1)(d), to the extent necessary to allow the Responsible Entity to restrict eligibility to submit redemption requests in relation to Units to Authorised Participants who are Australian residents for tax purposes, subject to a condition that all Unitholders will have a right to a cash redemption if Units are suspended from quotation on the ASX for more than five consecutive trading days, unless:

- The Fund has been terminated; or

- The Fund is no longer a liquid scheme as defined in the *Corporations Act*; or
- The Responsible Entity has suspended redemptions on reasonable grounds and in doing so is acting in the best interests of Unitholders

PDS and Issue of Securities Requirements

ASIC has granted relief under section 1020F(1)(c) of the *Corporations Act* from certain requirements in sections 1013H, 1016D and 1016E, to reflect the continuous offering of Units in the Fund. For the purposes of this relief, an application for quotation of the Units must be made no later than 7 days after the date of each new issue of the Units if such an application is required by

the ASX, and the Responsible Entity must notify ASX of the total number of Units on issue in the Fund by no later than 5 business days after the last business day of each calendar month. It is expected that there will be no period during which the Responsible Entity or custodian will hold application money before the Units are issued. Units will generally be issued on the ASX Business Day after the trade date and quoted with effect from the settlement of the issue of the relevant Units through CHES.

Redemption Facility - Relevant Interest in Fund Assets

ASIC has granted relief under section 655A(1) (b) and 673(1) of the *Corporations Act* by modifying sections 609 and 671B of the *Corporations Act* in order to ensure that Unitholders do not have a relevant interest in underlying securities held by the Fund arising from the redemption facility offered by the Fund. The relief clarifies that those relevant interests do not need to be taken into account by Unitholders in relation to their obligations under the takeover and substantial holder notices regimes in the *Corporations Act*. The relief will not apply once a redemption request for the relevant Units has been submitted.

Ongoing Disclosure Relief

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

Periodic Statements Relief

ASIC has granted relief under section 1020F(1) of the *Corporations Act* so that the Responsible Entity does not have to provide periodic statements under section 1017D(1) of the *Corporations Act* for each reporting period ending on or before 1 March 2013. For subsequent reporting periods, ASIC has granted relief so that periodic statements may disclose balances, transactions and other amounts based on either the net asset value per Unit or the last market price for Units on the relevant date.

6.5 DOCUMENTS LODGED WITH ASIC

The Responsible Entity will comply with certain regular reporting and disclosure obligations in relation to the Fund as if the Fund was a "disclosing entity" under the *Corporations Act*. Copies of documents lodged with ASIC in relation to the Fund may be obtained from, or inspected at, an ASIC office.

As an investor in the Fund, a Unitholder may obtain the following documents from the Responsible Entity (as at the date of this PDS, no such documents have been lodged with ASIC):

- 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 Product Disclosure Statement; and
- any continuous disclosure notices given in respect of the Fund after the lodgement of the abovementioned annual report and before the date of this PDS.

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

6.6 COOLING OFF

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

6.7 INDIRECT INVESTORS

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

6.8 INFORMATION AVAILABLE FROM BETASHARES

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

- The daily Net Asset Value (NAV) for the Fund;
- The daily NAV per Unit for the Fund;
- The 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 Reports and Financial Statements for the Fund;
- Details of the Distribution Reinvestment Plan; and
- Information in relation to the Fund to enable Authorised Participants and market makers to estimate the Net Asset Value per Unit of the Fund during the course of a trading day.

6.9 CONSENT AND DISCLAIMER

Minter Ellison has given, before the date of this PDS, and has not withdrawn, its consent to be named in this PDS as legal adviser to the Responsible Entity. Minter Ellison has not caused or authorised the issue of this PDS and does not take any responsibility for any part of this PDS, including (without limitation) any information in relation to taxation matters, other than any reference to its name. Minter Ellison does not take any responsibility for the establishment or performance of the Fund.

RBC Investor Services Trust ("RBC Investor Services") has been appointed as the custodian. RBC Investor Services' role as custodian is limited to holding assets of the Fund. RBC Investor Services 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 agreement.

RBC Investor Services was not involved in preparing, nor takes any responsibility for this PDS and RBC Investor Services makes no guarantee of the success of the Fund nor the repayment of capital or any particular rate of capital or income return.

6.10 INDEX DISCLAIMER

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units or in the determination or calculation of the equation by which the Fund's units are to be converted into cash. S&P Dow Jones Indices have no obligation or liability in connection with the administration, marketing or trading of the Fund. There is no assurance that investment products based on the S&P/ASX 20 Index will accurately track index performance or provide positive investment returns. S&P Dow Jones Indices LLC and its subsidiaries are not investment advisors. Inclusion of a security within an index is not a recommendation by S&P Dow Jones Indices to buy, sell, or hold such security, nor is it considered to be investment advice.

S&P DOW JONES INDICES DO NOT GUARANTEE THE ADEQUACY, ACCURACY, TIMELINESS AND/OR THE COMPLETENESS OF THE S&P/ASX 20 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 SHALL NOT BE SUBJECT TO ANY DAMAGES OR LIABILITY FOR ANY ERRORS, OMISSIONS, OR DELAYS THEREIN. S&P DOW JONES INDICES MAKE 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 BETA SHARES, OWNERS OF THE FUND, OR ANY OTHER PERSON OR ENTITY FROM THE USE OF THE S&P/ASX 20 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 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 BETA SHARES, OTHER THAN THE LICENSORS OF S&P DOW JONES INDICES.

7 TAXATION OF UNITS

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 Distributions from the Fund

Under existing taxation legislation, the Fund should not have to pay Australian income tax, provided Unitholders are presently entitled to all of the income of the Fund in each year of income, which is intended to be the case.

The taxable income of the Fund, 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.

A Unitholder receives an entitlement to the income of the Fund for a financial year if the Unitholder holds Units at the end of a distribution period.

The tax impact for a Unitholder of receiving an entitlement to the income of the Fund depends upon the components of the distribution.

The components of the distribution (if any) may be comprised of a combination of income and capital amounts, or may be comprised solely of amounts of the same character. This is because the gains and losses of buying and selling securities should generally be on capital account, whilst the dividends received on those securities should generally be on revenue account. Similarly, gains and losses on options contracts should generally be on revenue account (assuming the Taxation of Financial Arrangements ("TOFA") rules apply to them).

The Fund may also distribute "tax deferred amounts", relating to distributions of capital by the Fund, which are non-assessable for tax purposes. Tax deferred amounts reduce the capital gains tax 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 received by a Unitholder have exceeded the cost base of their Units, the excess is treated as a capital gain to the Unitholder.

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

7.1.2 Franking credits

The Fund may invest in Australian shares which pay franked dividends. A Unitholder may receive distributions from the Fund which include franking credits.

While franking credits are not a cash component of the distribution, normally any franking credits that form part of the distribution should be included as taxable income for the relevant year and declared in a tax return. Any such franking credits may be offset against Australian income tax payable in the relevant year, or there may be an entitlement to a refund in respect of the franking credits to the extent they exceed the Australian income tax payable in the relevant year.

However, the entitlement to franking credits is subject to legislative restrictions, in particular the satisfaction of the "qualified person" or holding period rule, which includes the related payment rule. A Unitholder may be denied the franking credits in respect of distributions on Units where the Unitholder and/or the Responsible Entity has not held their interest in the underlying securities "at risk" for a continuous period of 45 days (ignoring the day of acquisition and disposal) over the prescribed period.

7.1.3 Capital gains

A trust that qualifies as a managed investment trust ("MIT") can elect to treat its gains and losses on disposal of certain investments (including shares and units in other trusts, but excluding certain financial arrangements under TOFA) as capital gains and losses. It is expected that the Fund will make this election, where eligible.

If the Fund disposes of any of its investments (e.g. on the sale of any assets when Units are redeemed), the Fund may realise assessable capital gains. A capital gain derived by the Fund may be eligible for the 50% capital gains tax ("CGT") discount where the investment has been held for at least 12 months (excluding the acquisition and disposal dates). Any assessable capital gains derived by the Fund to which a Unitholder becomes entitled forms part of the Unitholder's assessable income.

Where a Unitholder becomes entitled to a discounted capital gain from the Fund, the Unitholder will be required to gross-up the capital gain for the discount at the time that they are required to include that gain in their assessable income. A Unitholder may also 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.

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

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

7.1.5 Goods and Services Tax (GST)

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

Given the nature of the activities of the Fund, 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 cost for the Fund.

7.1.6 Applications and redemptions

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

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

If an Authorised Participant is assessed on the disposal of Units under the capital gains tax provisions, the entitlement to the income of the Fund which the Authorised Participant receives in connection with the redemption of Units (see below in the context of streaming certain assessable capital gains on the redemption) may exceed the capital gain made on the redemption of the Units. The Authorised Participant may not make a capital loss or be entitled to any other deduction in respect of the excess.

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

Applications

An Authorised Participant applies for Units by way of an in-kind transfer of a basket of securities together with a balancing cash payment (or, if agreed by the Responsible Entity, by way of a cash payment only). In the event of an in-kind application, an Authorised Participant applying for Units may be assessed on any profits arising from the transfer of those securities as ordinary income, and may be entitled to deduct any losses arising from the transfer of those securities.

The Units which an Authorised Participant acquires on an in-kind application should be taken to have been acquired at a cost equal to the value of the basket of securities transferred to the Fund on application, adjusted for any balancing cash payment made or received on the application.

Redemptions

An Authorised Participant who redeems Units will become entitled to receive the Withdrawal Amount on the redemption (this may be reduced by the redemption fee). The Withdrawal Amount is satisfied by way of an in-kind transfer of a basket of securities together with any balancing cash payment (or, where the Responsible Entity agrees, by way of a cash payment).

The Constitution of the Fund contains provisions which, in broad terms, stream capital gains and other taxable gains realised by the Fund when redeeming Units to redeeming Unitholders. It does this, in the context of capital gains, by making the redeeming Unitholders specifically entitled to the capital gains realised by the Fund on the redemption of their Units (discussed further below).

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

The distribution of the income of the Fund received on the redemption of Units may include an entitlement to income realised by the Fund arising out of the redemption of the Units to the redeeming Authorised Participant. This may include a specific entitlement to a capital gain, or certain other income realised by the Fund arising as a result of the redemption of the Units.

An Authorised Participant whose Units are redeemed, and who is assessed on the disposal of Units otherwise than under the capital gains tax provisions, should be assessed on any profit arising on the redemption of the Units. An Authorised Participant who redeems Units may be entitled to a deduction for any loss arising on the redemption of Units.

The split between the components of the Withdrawal Amount (that is, how much of it represents a specific entitlement to a capital gain or a distribution of other distributable income of the Fund, and how much represents the price paid on redemption of the Units), and the composition of any income entitlement included in the Withdrawal Amount, will not be known until after the financial year end.

The Responsible Entity will notify persons who have redeemed Units during a financial year of the composition of the Withdrawal Amount, including the capital gains to which they were specifically entitled in connection with the redemption of Units and the composition of any other income entitlement they received in connection with the redemption of Units during that year, following the end of the financial year, once that information becomes available.

7.1.7 Streaming of capital gains

The Fund has been structured with the intention of ensuring that a Unitholder's level of distributions from the Fund is not affected by capital gains realised by the Fund in meeting redemptions by other Unitholders. This is done by streaming those capital gains to the redeeming Unitholders (as discussed above).

For these purposes, the *Tax Laws Amendment (2011 Measures No.5) Act 2011* has been enacted which amended the tax law to enable the streaming of capital gains (and franked distributions).

The amendments were considered necessary to address a number of uncertainties and longstanding problems with the taxation of trusts, some of which were highlighted by recent court decisions, including the High Court decision in *Commissioner of Taxation v Bamford* [2010] HCA 10 ("**Bamford**").

A trust that qualifies as a MIT is able to elect to apply these streaming rules. It is expected that the Fund will make this election, where eligible. For these purposes, the Australian Government has announced that it will extend the streaming rules for MITs for a further two years to 1 July 2014 in order to coincide with the deferred start date of the proposed new MIT regime (discussed below). The streaming rules should automatically apply to the Fund in circumstances where the Fund does not qualify as a MIT but holds its eligible assets on capital account under general law.

Where the streaming rules apply to the assets held by the Fund on capital account, the Constitution of the Fund should operate to stream the capital gains realised by the Fund when redeeming Units to the relevant redeeming Unitholders. This treatment should arise on the basis that the relevant redeeming Unitholders should be made specifically entitled to the capital gains realised by the Fund on the redemption of their Units in accordance with the above streaming rules.

A number of uncertainties still exist with respect to the streaming of income that does not comprise capital gains (and franked distributions). For example, recent cases have cast some doubt on the ability of a trust (such as the Fund) to allocate a particular component of income (other than capital gains and franked distributions) to particular unitholders. However, the Responsible Entity does not currently expect the streaming of other income to redeeming Unitholders on redemption to be significant.

The Responsible Entity will continue to monitor developments in this area.

Unitholders should obtain professional independent tax advice regarding the tax consequences of redeeming their Units, particularly if they are assessed on the disposal of Units under the capital gains provisions.

7.1.8 Tax Reform

The Australian Government has announced that it intends to implement a proposed new tax system for managed investment trusts (“MITs”) from 1 July 2014, and that it will implement a broader reform/rewrite of the trust taxation rules, which is also to have a proposed start date of 1 July 2014.

Unitholders should seek their own advice on the potential impact of any of the above announcements and proposed legislative changes. Investors should monitor the progress of all relevant legislation, including any further legislation introduced as a result of the announced reforms or in respect of any future reforms, together with any legislative or judicial developments with respect to the streaming of income by a trust.

7.1.9 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.

7.1.10 Other comments

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

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

8 GLOSSARY

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

Applicant Nominee	An entity which holds Units pending settlement on behalf of Authorised Participants applying for Units. As at the date of this PDS the Applicant Nominee is RBC Investor Services Trust. The Responsible Entity may determine that the Applicant Nominee is no longer to be appointed to hold Units pending settlement on behalf of Authorised Participants applying for Units.
AQUA Product	A product admitted under the ASX Operating Rules to the AQUA market of the ASX.
AQUA Rules	Schedule 10A of the ASX Operating Rules and related rules and procedures, as amended, varied or waived from time to time.
ASIC	Australian Securities and Investments Commission.
ASX	ASX Limited or the ASX, 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.
Australian Resident	An Australian resident for tax purposes, as defined in the Constitution.
Authorised Participant	Trading participants under the ASX Operating Rules who have entered into an Authorised Participant Agreement with the Responsible Entity.
Authorised Participant Agreement	An agreement between the Responsible Entity and an Authorised Participant in relation to Unit applications and redemptions.
CHESS	The Clearing House Electronic Sub register System.
Constitution	The constitution governing the Fund, as amended or replaced from time to time.
Corporations Act	Corporations Act 2001 (Cth)
Creation Unit	A particular number of units of the Fund, as set out in section 5.1 or as otherwise determined by the Responsible Entity from time to time.
Dealing Deadline	1:00 pm Sydney time on each ASX Business Day (or such other time advised by the Responsible Entity), being the time by which an Application/Redemption form must be received by the Responsible Entity to be processed for that ASX Business Day.
Fund	The fund offered under this PDS, specifically BetaShares Australian Top 20 Equity Yield Maximiser Fund (managed fund).
Index	S&P/ASX 20 Index.
Issue Price	The Net Asset Value divided by the number of Units on issue in the Fund.
Net Asset Value	The net asset value for the Fund calculated in accordance with section 5.8.
Nominee Terms	In relation to an application for Units, the nominee terms made available by the Responsible Entity to the applicant, as described in section 6.3.
PDS	Product Disclosure Statement.
Registrar	ShareBPO Pty Ltd (ACN 122 708 169), or any other registry that the Responsible Entity appoints to maintain the register.

Share Portfolio	The Fund's portfolio of equity securities as represented in the S&P/ASX 20 Index.
Tax Act	The Income Tax Assessment Act 1936, the Income Tax Assessment Act 1997 or both, as appropriate.
Unit	A unit in the Fund.
Withdrawal Amount	The Net Asset Value divided by the number of Units on issue in the Fund.

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FORMS

APPLICATION FORM

BetaShares Australian Top 20 Equity Yield Maximiser Fund (managed fund) Product Disclosure Statement dated 13 November 2012 issued by BetaShares Capital Ltd, ABN 78 139 566 868, AFSL 341181 as Responsible Entity.

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

It is important to read the BetaShares Australian Top 20 Equity Yield Maximiser Fund (managed fund) Product Disclosure Statement (PDS) carefully. If this PDS was obtained electronically, a paper copy of this PDS and the Application Form will be provided free of charge upon request. Capitalised terms have the same meaning as in the PDS.

Please fax the completed Application Form to (02) 9262 4950.

APPLICANT DETAILS

Name _____

ACN/ABN _____

Postal address _____

Suburb _____

State _____ Postcode _____

Telephone (____) _____

Fax (____) _____

NUMBER OF UNITS APPLIED FOR

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

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

Fund: BetaShares Australian Top 20 Equity Yield Maximiser Fund

ASX code: YMAX

Number of Units: _____

ACKNOWLEDGEMENTS

By signing this Application Form:

- I/We confirm that the representations and warranties made and given in the Authorised Participant Agreement continue to be true and correct.

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

Applicant signatures

Signature of Authorised Person

Name of Authorised Person (block letters)

Position (block letters)

Signature of Authorised Person

Name of Authorised Person (block letters)

Position (block letters)

Date: _____

FORMS

REDEMPTION FORM

BetaShares Australian Top 20 Equity Yield Maximiser Fund (managed fund) Product Disclosure Statement dated 13 November 2012 issued by BetaShares Capital Ltd, ABN 78 139 566 868, AFSL 341181 as Responsible Entity.

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

It is important to read the BetaShares Australian Top 20 Equity Yield Maximiser Fund (managed fund) Product Disclosure Statement (PDS) carefully. If this PDS was obtained electronically, a paper copy of this PDS and the Redemption Form will be provided free of charge upon request. Capitalised terms have the same meaning as in the PDS.

Please fax the completed Redemption Form to (02) 9262 4950.

UNITHOLDER DETAILS

Name _____

ACN/ABN _____

Postal address _____

Suburb _____

State _____ Postcode _____

Telephone (____) _____

Fax (____) _____

NUMBER OF UNITS TO BE REDEEMED

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

Please note: *The minimum redemption is the number of Units that constitute one Creation Unit, unless the PDS provides otherwise. Redemptions must be made in whole multiples of Creation Units unless the Responsible Entity agrees otherwise. Redemptions shall be satisfied "in kind", unless the Responsible Entity agrees otherwise or the PDS provides otherwise.*

Fund: BetaShares Australian Top 20 Equity Yield Maximiser Fund

ASX code: YMAX

Number of Units: _____

SIGNATURE BY REDEEMING UNITHOLDER

By signing this Redemption Form:

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

Applicant signatures

Signature of Authorised Person

Name of Authorised Person (block letters)

Position (block letters)

Signature of Authorised Person

Name of Authorised Person (block letters)

Position (block letters)

Date: _____

DIRECTORY

Responsible Entity

BetaShares Capital Ltd

Level 9

50 Margaret Street

Sydney NSW 2000

Telephone: 1300 487 577 (within Australia) or +61 2 9290 6888 (outside Australia)

Custodian

RBC Investor Services

Level 17

2 Park Street

Sydney NSW 2000

Solicitors to BetaShares

Minter Ellison

Aurora Place

88 Phillip Street

Sydney NSW 2000

Auditor

PricewaterhouseCoopers

Darling Park Tower 2

201 Sussex Street

Sydney NSW 1171