

Product Disclosure Statement

Dated: 5 February 2018

BETASHARES LEGG MASON
REAL INCOME FUND (MANAGED FUND)

ASX Code: RINC

Issuer and Responsible Entity: BetaShares Capital Ltd
ABN 78 139 566 868 | AFSL 341181

Investment Manager: Legg Mason Asset Management Australia Limited
ABN 76 004 835 849 | AFSL 240827

IMPORTANT INFORMATION

About this PDS

This Product Disclosure Statement (**PDS**) is dated 5 February 2018.

BetaShares Capital Ltd ABN 78 139 566 868 AFS Licence 341 181 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 Legg Mason Real Income Fund (managed fund) (ARSN 621 862 619) (the "Fund"). A copy of this PDS has been lodged with the Australian Securities and Investments Commission (**ASIC**) on 5 February 2018. Neither ASIC nor ASX Limited takes any responsibility for the contents of this PDS.

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.

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

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

The offer

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

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

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

The initial Units in the Fund will be issued to an applicant off-market. Following the issue of those initial Units, investors can buy Units on the ASX AQUA market through a stockbroker or via a financial adviser. Such investors may use this PDS for information purposes only.

PDS updates

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

Risks

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

None of BetaShares, Legg Mason Asset Management Australia Limited or any of their related entities, directors or officers gives any guarantee or assurance as to the performance of, or the repayment of capital or income reinvested in, the Fund. BetaShares and its related entities may invest in, lend to or provide other services to the Fund.

Not personal advice

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

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

Definitions

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

PRODUCT DISCLOSURE STATEMENT

CONTENTS

| | | |
|---|---------------------------|----|
| 1 | Key features | 3 |
| 2 | About the Fund | 9 |
| 3 | Fees and other costs | 11 |
| 4 | Risks | 15 |
| 5 | How to buy and sell Units | 18 |
| 6 | Additional information | 20 |
| 7 | Taxation | 25 |
| 8 | Glossary | 27 |
| | Directory | 28 |

1 KEY FEATURES

1.1 ABOUT THE FUND

The BetaShares Legg Mason Real Income Fund (managed fund) offers exposure to an actively managed portfolio of real assets, defined as Australian listed property (REITs), utility, infrastructure and like securities that are listed on the Australian Securities Exchange.

The benefits of the Fund include:

- The opportunity to receive regular income distributions from dividends (including a small component of 'franked dividends') and net gains on the disposal of assets;
- The Fund aims to provide long term growth in its income stream to at least match the rate of inflation;
- Professional management of the Fund by an experienced investment manager;

- Diversification benefits that would be difficult to achieve through direct investment; and
- Disciplined portfolio construction.

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

1.2 SUMMARY OF KEY INFORMATION

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

TABLE 1.2: SUMMARY OF KEY INFORMATION

| TOPIC | SUMMARY | SECTION |
|----------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------|
| Investment objective | <p>The Fund aims to provide a pre-tax income yield above that of the S&P/ASX 200 Index by investing in a portfolio of listed Australian real assets and to grow this income above the rate of inflation (as measured by the Consumer Price Index) over the long term.</p> <p>The Fund aims to achieve these objectives by adopting the investment strategy set out in section 2.1.2.</p> <p>There is no assurance or guarantee that the Fund will meet its investment objectives.</p> | 2 |
| Investing and withdrawing | <p>The Fund's Units will be quoted on the ASX under the AQUA Rules. Once quoted (and subject to market conditions), investors may buy or sell Units by trading on the ASX at the prevailing market prices for the Units. Brokerage and other costs may apply.</p> <p>Investors may also be able to make an off-market request to withdraw their investment from the Fund where trading in the Units has been suspended for more than five consecutive ASX Trading Days, subject to the provisions of the Fund's Constitution. For further details, see section 5.</p> | 5 |
| Distributions | The Responsible Entity intends to make distributions quarterly. | 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 objectives 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. • Investments in listed real assets can rise and/or fall in value due to factors specific to these sectors or factors which could affect these sectors to a greater extent than other sectors. • The Fund's investment exposure will be concentrated in the property, infrastructure and utility sectors. • Although the Units will be quoted on the ASX under the AQUA Rules, there can be no assurance that there will be a liquid market for Units, and no assurance that there will be a liquid market for the Fund's investments. | 4 |

| TOPIC | SUMMARY | SECTION |
|---------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------|
| | <ul style="list-style-type: none"> In certain circumstances, the ASX may suspend trading of the Units of the Fund and in that event Unitholders would not be able to buy or sell Units of the Fund on the ASX. The trading price of Units on the ASX may differ from the Net Asset Value per Unit and the iNAV. The iNAV published by the Fund is indicative only, may not be up to date and may not reflect the true value of a Unit. As the Responsible Entity intends to act as a market maker in the Units on behalf of the Fund, the Fund will bear the cost and risk of these market making activities. The market making agent appointed by the Responsible Entity may execute activities incorrectly or may fail to comply with settlement processing obligations. 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 further details on the risks of investing, see section 4.</p> | |
| Management costs | <p>0.85% p.a. of the Fund's Net Asset Value (comprising the management fee, estimated recoverable expenses and estimated indirect costs).</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. | 6.2.19 |
| Responsible Entity | BetaShares Capital Ltd is the responsible entity of the Fund and is the issuer of this PDS. | 1.3 |

1.3 ABOUT BETASHARES

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

The Responsible Entity is an Australian asset management business located in Sydney which was established in 2009 to be a specialist provider of fund products that are exchange traded. The Responsible Entity launched its first funds in 2010. As at the date of this PDS, it manages over \$5 billion in assets and acts as responsible entity for more than 40 funds whose units are quoted for trading on the Australian Securities Exchange under the AQUA Rules. These funds provide exposure to the performance of specific equity strategies, equity indices, fixed income strategies, fixed income indices, currencies, commodities or commodity indices. The primary focus of the Responsible Entity's business is the operation of funds that are exchange traded.

The Responsible Entity 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\$100 billion in assets globally as of 31 December 2017, including more than US\$10 billion in exchange traded funds.

No member of the Mirae Asset Global Investments Group, or any of its related entities, directors or officers gives any guarantee or assurance as to the performance of, or the repayment of capital invested in, the Fund.

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

1.4 ABOUT LEGG MASON

BetaShares Capital Ltd has appointed Legg Mason Asset Management Australia Limited ("Legg Mason Australia" or "Investment Manager") as the investment manager for the Fund.

Legg Mason Australia is part of Legg Mason, Inc. ("Legg Mason"), one of the world's largest investment management groups. Listed on the New York Stock Exchange, Legg Mason comprises a group of independent global investment managers with differentiated expertise across the full spectrum of asset classes.

Operating from Sydney and Melbourne, Legg Mason Australia has had an established presence in Australia since 1954. Clients include corporate funds, industry funds, charities, endowments, universities, retail banks, private banks, insurance companies, SMSFs and private investors.

Martin Currie Australia (a division of Legg Mason Australia) will provide the investment management services for the Fund. Martin Currie Australia benefits from the resources, oversight and support of Martin Currie Investment Management, an active specialist equity investment manager headquartered in Edinburgh, Scotland. Founded in 1881, it has been a part of the Legg Mason group since 2014 and has a significant presence in Australia through Martin Currie Australia.

Martin Currie believes a stock-focused approach, driven by in-depth fundamental research and skilled portfolio construction, is the best way to exploit market inefficiencies and generate consistent outperformance. They seek to achieve this through a highly disciplined research process that scrutinises and identifies those companies that meet their rigorous selection criteria. By making the connections others often miss, they aim to construct portfolios to deliver attractive, consistent risk-adjusted returns.

1.5 ADMISSION TO TRADING UNDER THE AQUA RULES

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 provides a tailored framework for the quotation of managed funds, exchange traded funds and structured products on the ASX.

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

AQUA Rules: fundamental difference

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

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

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

| ASX LISTING RULES | AQUA RULES |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Continuous Disclosure | |
| Issuers are subject to the continuous disclosure requirements under ASX Listing Rule 3.1 and Section 674 of the <i>Corporations Act</i> . | <p>Issuers of products quoted under the AQUA Rules are not subject to the continuous disclosure requirements under ASX Listing Rule 3.1 and section 674 of the <i>Corporations Act</i> but must disclose information about:</p> <ul style="list-style-type: none"> the Net Tangible Assets ("NTA") or the Net Asset Value ("NAV") of the funds; distributions declared; redemptions; and any other information that is required to be disclosed to ASIC under section 675 of the <i>Corporations Act</i> must be disclosed via the ASX Market Announcements Platform at the same time it is disclosed to ASIC. The Responsible Entity also intends to post any such information on its website www.betashares.com.au at the same time. <p>AQUA Product issuers must also disclose to the ASX any information the non-disclosure of which may lead to the establishment of a false market in its products or would materially affect the price of its products.</p> |
| Periodic Disclosure | |
| Issuers are required to disclose their half- yearly and annual financial information or annual reports to the ASX under Chapter 4 of the ASX Listing Rules. | Financial reports relating to the issuer itself are not required to be disclosed to the ASX. However, periodic financial reports relating to the AQUA Product must be disclosed to the ASX at the same time they are lodged with ASIC under Chapter 2M of the <i>Corporations Act</i> . |
| Corporate Control | |
| Requirements in the <i>Corporations Act</i> and the ASX Listing Rules in relation to matters such as takeover bids, share buy-backs, change of capital, new issues, restricted securities, disclosure of directors' interests and substantial shareholdings, apply to companies and listed schemes. | These requirements do not apply to AQUA product issuers. Section 601FM of the <i>Corporations Act</i> continues to apply to the removal or change of the responsible entity. An extraordinary resolution would be required to change the responsible entity. An extraordinary resolution is a resolution passed by a majority of the total votes that may be cast by members entitled to vote on the resolution. |
| Related Party Transactions | |
| Chapter 10 of the ASX Listing Rules, which relates to transactions between an entity and persons in a position to influence the entity, specifies controls over related party transactions. | Chapter 10 of the ASX Listing Rules does not apply to AQUA Products. Products quoted under the AQUA Rules which are registered managed investment schemes remain subject to the related party requirements in Part 5C.7 and Chapter 2E of the <i>Corporations Act</i> . |

| ASX LISTING RULES | AQUA RULES |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Auditor Rotation Obligations | |
| There are specific requirements in relation to auditor rotation under Part 2M.4 Division 5 of the <i>Corporations Act</i> . | Issuers of products quoted under the AQUA Rules are not subject to the requirements under Part 2M.4 Division 5 of the <i>Corporations Act</i> . A responsible entity of a registered managed investment scheme will continue to be required to undertake an independent audit of its compliance with the scheme's compliance plan in accordance with Section 601HG of the <i>Corporations Act</i> and the auditor must not be the auditor of the scheme's financial statements (but may be from the same firm). |
| Spread Requirements | |
| There are requirements under the ASX Listing Rules that issuers satisfy certain minimum spread requirements (i.e. a minimum number of holders each having a minimum parcel size). | These requirements do not apply to AQUA Product issuers. Under the AQUA Rules, 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 except in permitted circumstances, or have in place other arrangements which meet the ASX's requirements for providing liquidity, generally through the appointment of a market making agent. |

2 ABOUT THE FUND

2.1 INVESTMENT POLICY

2.1.1 The Fund's investment objectives

The Fund aims to provide a pre-tax income yield above that of the S&P/ASX 200 Index by investing in a portfolio of listed Australian real assets and to grow this income above the rate of inflation (as measured by the Consumer Price Index) over the long term.

The Fund aims to achieve these objectives by adopting the investment strategy set out in section 2.1.2.

There is no assurance or guarantee that the Fund will meet its investment objectives.

2.1.2 The Fund's investment strategy

The Fund seeks to provide a growing income stream by investing in a diversified portfolio of Australian listed real assets (such as A-REITs, utility and infrastructure securities (as defined by Martin Currie Australia)) characterised by established physical assets with recurring cash flows.

The Investment Manager's approach is premised on the philosophy that high-quality listed real assets can sustain dividends, match rises in the cost of living and are likely to be less volatile than the wider equity market.

The Investment Manager relies on complementary fundamental and quantitative research, and collective insights into the current investment landscape, to identify the most attractive opportunities.

The Fund aims to hold investments so that at the time of purchasing securities:

- exposure to individual securities is no more than 9% of the portfolio; and
- approximately 20 to 45 securities are held.

Cash comprises no more than 10% of the Fund.

The Fund is intended to be fully invested at all times with cash being held for liquidity purposes only.

The Fund may use exchange-traded derivatives, such as futures, where this may help to achieve the Fund's investment objectives. For example, exchange-traded derivatives may be used where direct investment in a particular security or securities is not possible or practical, or to obtain an investment exposure without physically buying or selling the underlying asset.¹

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

Cash may comprise bank deposits and/or Australian exchange traded cash funds (which may include funds managed by the Responsible Entity).

Investment Manager

The Responsible Entity has appointed Legg Mason Australia to provide specialist investment management services in connection with the Fund, under an investment management agreement.

Under this agreement, the Investment Manager will establish the Fund's portfolio and on an ongoing basis make active changes to the composition of the portfolio consistent with the Fund's investment strategy and the Investment Manager's active investment philosophy. Martin Currie Australia (a division of Legg Mason Australia) will provide the investment management services for the Fund.

The fees for the Investment Manager's services will be paid by the Responsible Entity from its own resources.

2.1.3 Environmental, social and ethical considerations

Environmental, social and governance considerations (including labour standards and ethical considerations) are taken into account by the Investment Manager in determining the economic value of an investment. The Investment Manager does not have a predetermined view on these factors. The economic value of an investment is then considered by the Investment Manager in the selection, retention and realisation of investments.

2.1.4 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.

2.1.5 Changes to investment objectives and strategy

The Responsible Entity may from time to time vary the investment mandate (i.e. the investment objectives and strategy as described in section 2.1.1 and 2.1.2) for the Fund as set out in this PDS.

Any significant change to the investment mandate will be notified to investors and potential investors via a supplementary or new PDS accessible through the ASX Market Announcements Platform.

2.2 DISTRIBUTIONS

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

2.2.1 Distributions

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

¹ Derivatives will only be used on a temporary basis (ie no more than 28 days) or so that the notional derivatives exposure of the Fund does not exceed 10% of its net asset value.

The amount of distributable income at the end of any distribution period will be determined by the Responsible Entity.

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

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

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

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

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

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

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

Unitholders can choose to:

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

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

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

3 FEES AND OTHER COSTS

DID YOU KNOW?

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

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

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

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

TO FIND OUT MORE

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

3.1 FEES AND OTHER 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 assets of the managed investment scheme as a whole.

Taxes are set out in another part of this PDS.

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

TABLE 3.1: TABLE OF FEES AND OTHER COSTS

BETASHARES LEGG MASON REAL INCOME FUND (MANAGED FUND)

| TYPE OF FEE OR COST | AMOUNT | HOW AND WHEN PAID |
|-----------------------------------------------------------------------------------|-----------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| FEES WHEN YOUR MONEY MOVES IN OR OUT OF THE MANAGED INVESTMENT PRODUCT | | |
| Establishment fee: The fee to open your investment | Nil | Not applicable |
| Contribution fee: The fee on each amount contributed to your investment | Nil | Not applicable |
| Withdrawal fee: The fee on each amount you take out of your investment | Nil. | Not applicable |
| Exit fee: The fee to close your investment | Nil | Not applicable |
| Management costs: The fees and costs for managing your investment | 0.85% per annum of the Fund's Net Asset Value | As at the date of this PDS, the management costs of the Fund consist of the following components: Management fee 0.85% per annum of the Fund's Net Asset Value. The management fee is calculated and accrued daily as a percentage of the Fund's Net Asset Value, and reflected in the daily Net Asset Value per Unit. The amount is deducted from the Fund's |

| TYPE OF FEE OR COST | AMOUNT | HOW AND WHEN PAID |
|-----------------------------------------|--------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| | | assets monthly on or after the first day of the following month. |
| | | Plus |
| | | Recoverable expenses |
| | | Estimated at 0.00% per annum of the Fund's Net Asset Value. ¹ |
| | | Any expenses normally incurred in operating the Fund are paid as and when they arise by the Responsible Entity out of its own resources. Any extraordinary expenses are deducted from the Fund's assets as and when they arise. |
| | | Plus |
| | | Indirect costs |
| | | Estimated at 0.00% per annum of the Fund's Net Asset Value. ² |
| Service fees | | |
| Switching fee: | Nil | Not applicable |
| The fee for changing investment options | | |

¹ As the Fund is newly established, this figure reflects the recoverable expenses that the Responsible Entity, as at the date of this PDS, reasonably estimates will apply for the current financial year (adjusted to reflect a 12 month period).

² As the Fund is newly established, this figure reflects the indirect costs that the Responsible Entity, as at the date of this PDS, reasonably estimates will apply for the current financial year (adjusted to reflect a 12 month period). Any ETF management costs borne by the Fund through its investment in ETFs will be reimbursed to the Fund by the Responsible Entity from its own resources. For more information on the meaning and calculation of indirect costs, see "Indirect costs" under the heading "Additional explanation of fees and costs".

Certain additional costs apply, such as transactional and operational costs. See "Additional Explanation of Fees and Costs" section below for more information.

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

All fees and costs in the table above include Goods and Services Tax (GST) net of any input tax credits.

3.2 EXAMPLE OF ANNUAL FEES AND COSTS

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

TABLE 3.2: EXAMPLE OF ANNUAL FEES AND COSTS

| EXAMPLE - BETASHARES LEGG MASON REAL INCOME FUND (MANAGED FUND) | AMOUNT | BALANCE OF \$50,000 WITH A CONTRIBUTION OF \$5,000 DURING THE YEAR |
|-----------------------------------------------------------------|------------------------------------------|-------------------------------------------------------------------------------------------|
| CONTRIBUTION FEES | Nil | For every additional \$5,000 you put in, you will be charged \$0. |
| PLUS MANAGEMENT COSTS¹ | 0.85% p.a. of the Fund's Net Asset Value | And , for every \$50,000 you have in the Fund you will be charged \$425 each year. |

EQUALS COST OF FUND

If you had an investment of \$50,000 at the beginning of the year and you put in an additional \$5,000² during that year, you would be charged fees of **\$425**.

What it costs you will depend on the investment option you choose and the fees you negotiate.

¹ Management costs are made up of the management fee of 0.85% p.a., estimated recoverable expenses of 0.00% p.a., and estimated indirect costs of 0.00% p.a., of the Fund's Net Asset Value. As the Fund is newly established, the figure used for the management costs in the example above represents the typical ongoing amounts that the Responsible Entity, as at the date of this PDS, reasonably estimates will apply for the current financial year (adjusted to reflect a 12 month period). Certain additional costs may apply, such as transactional and operational costs. For more information, refer to "Management costs" in the "Additional Explanation of Fees and Costs" section below.

² Assumes the \$50,000 is invested for the entire year and the \$5,000 investment occurs on the last day of the year.

The management fee included in the management costs in the above 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.

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;
- recoverable expenses; and
- indirect costs.

Management costs do not include:

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

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

3.3.2 Management fee

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

3.3.3 Recoverable expenses

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

The expenses normally incurred in the day to day operation of the Fund include investment manager fees and custodian, fund administration, unit registry, ASX and audit costs (other than transactional costs described above). These expenses normally incurred will be paid by the Responsible Entity out of its own resources while this PDS is current. The Responsible Entity may withdraw or replace this PDS at any time.

The Responsible Entity, as at the date of this PDS, reasonably estimates that the normally incurred recoverable expenses of the Fund that will apply for the current financial year (adjusted to reflect a 12 month period) will be nil, as these expenses will be paid out of the Responsible Entity's own resources.

Extraordinary expenses are expenses that are not normally incurred in the day to day operation of the Fund and are not necessarily incurred in any given year. They may include costs associated with holding unitholder meetings, changing the Fund's constitution, or defending or pursuing legal proceedings. Extraordinary expenses will not be paid out of the Responsible Entity's own resources. Any such expenses will be recovered from the Fund and reflected in its Net Asset Value per Unit. The Responsible Entity, as at the date of this PDS, reasonably estimates that the extraordinary expenses of the Fund that will apply for the current financial year (adjusted to reflect a 12 month period), will be nil.

3.3.4 Indirect costs

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

The Fund may incur indirect costs to the extent it invests in any Australian exchange traded fund ("ETF") as described in section 2.1.2, which would be accrued and paid in the ETF and reflected in the value of the Fund's holding in that ETF. The Responsible Entity, as at the date of this PDS, reasonably estimates that the indirect costs of the Fund that will apply for the current financial year (adjusted to reflect a 12 month period) will be 0.00% p.a. of Net Asset Value of the Fund, on the basis that any ETF management costs borne by the Fund through its investment in other ETFs will be reimbursed to the Fund by the Responsible Entity from its own resources.

3.3.5 Transactional and operational costs

The Fund incurs transactional and operational costs, such as brokerage, clearing costs, transactional custodian fees, market making agent costs, and other transaction fees associated with buying and selling the Fund's assets. Transactional and operational costs are an additional cost and are not included in the management costs.

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

The Responsible Entity, as at the date of this PDS, reasonably estimates that the net transactional and operational costs of the Fund for the current financial year (adjusted to reflect a 12 month period), will be approximately 0.04% p.a. of the Fund's Net Asset Value or \$20 for every \$50,000 you have in the Fund. These net transactional and operational costs represent estimated total transactional and operational costs of 0.53% p.a. minus the estimated transaction costs recovered through the bid-offer spread. These net transactional and operational costs are borne by the Fund.

These costs are in addition to the management costs set out in Table 3.1 and Table 3.2 above.

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

3.3.6 Sell spread for off-market withdrawals

In the limited circumstances in which off-market withdrawals are available to investors, the Unit price at which an investor can withdraw their investment will include an allowance for actual or estimated transaction costs incurred in selling assets of the Fund to meet the withdrawal (a "sell-spread"). The sell-spread is a cost to the withdrawing investor, additional to the management costs noted in Table 3.1, and will be reflected in the withdrawal Unit price. The sell-spread will be retained within the Fund. As at the date of this PDS, a sell-spread of 0.25% (or \$125 for a \$50,000 withdrawal) will apply for off-market withdrawals. The sell-spread may change without prior notice. The current sell-spread can be obtained by contacting BetaShares.

See section 5.3 for more information.

3.3.7 Stockbroker fees

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

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

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

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

The Constitution provides for the following maximum fees:

- a maximum contribution fee of 5% of the aggregate issue price of the Units applied for (plus GST). Currently, no contribution fee is charged;
- a maximum withdrawal fee of 5% of the aggregate withdrawal amount of the relevant Units (plus GST). Currently, no withdrawal fee is charged;

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

As at the date of this PDS, the Responsible Entity does not have any intention to change the fees and costs described in this PDS, although it has the right to do so at any time. 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.

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

3.3.9 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.

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

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

4.2 MARKET RISK

Market risk is the risk that the value of the Fund's investment portfolio will fluctuate as a result of changes in market prices. Changes in equity prices may result in a loss in the value of Units. Therefore, the market factors that drive changes in the prices of equities, including global events, general economic conditions, investor sentiment and industry specific factors, can be expected to influence the value of Units. Share markets can be and have been volatile, and have the potential to fall by large amounts over short periods of time. This volatility may cause the value of an investment in the Fund to decrease.

4.3 SECTOR RISK

Investments in listed real assets can rise and/or fall in value due to factors specific to these sectors or factors which could affect these sectors to a greater extent than other sectors. For example, an increase in interest rates or government bond yields may reduce the relative yields of property securities, decreasing their appeal and value. Similarly, infrastructure-related businesses may be adversely affected by factors such as increases in construction costs, increases in borrowing costs due to changes in interest rates, costs associated with environmental or other regulations, and increases in fuel prices.

The Fund's investment exposure will be concentrated in the property, infrastructure and utility sectors. The Fund's returns may be more volatile than would be the case if the Fund were more broadly diversified over numerous industry sectors.

4.4 INDIVIDUAL SECURITY RISK

The value of an individual security held by the Fund may fall. Factors that can affect the value of such a security include the operations, distribution expectations or management of the company that issued the security or market conditions affecting that company. Changes in interest rates may also affect the value of securities.

4.5 MARKET MAKING RISK

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

The size of the bid-offer spread at which the Responsible Entity makes a market in the Units will also be affected by the liquidity and bid-offer spreads in the underlying market for the securities held by the Fund. The bid-offer spread for Units can be expected to increase if there is decreased liquidity for underlying securities and/or their bid-offer spreads widen due to market conditions.

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

4.6 MARKET MAKING AGENT RISK

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

4.7 VALUATION RISK

There is a risk that the value of the Fund's underlying investments used to calculate the Fund's Net Asset Value, as obtained from independent valuation sources, may not accurately reflect the realisable value of those investments.

4.8 FUND TRADING RISK

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

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

4.9 LIQUIDITY RISK

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

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

In addition, there is the risk that one or more securities or other assets held by a Fund may be difficult or impossible to sell, preventing the Fund from closing out its position or rebalancing in a timely manner and at a fair price. This may be due to factors specific to that investment or to prevailing market conditions. A lack of liquidity could potentially result in the suspension of withdrawals, which may cause the Fund's Units to be suspended from trading on the ASX.

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

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

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

4.11 INAV RISK

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

4.12 EFFECT OF UNIT ISSUANCE AND CANCELLATION ON DISTRIBUTIONS

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

4.13 MANAGER RISK

This is the risk that the Fund'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 Investment Manager 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.

4.14 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 or the Fund could be wound up). Any replacement responsible entity might achieve different results for investors, positive or negative, than would otherwise be the case.

4.15 GENERAL REGULATORY RISK

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

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

4.16 TAX RISK

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

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

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

4.17 OPERATIONAL RISK

The Fund's day to day operations may be adversely affected by circumstances beyond the reasonable control of the Responsible Entity, such as failure of technology or infrastructure, or natural disasters. A breakdown in administrative procedures and risk control measures implemented by the Responsible Entity or its service providers may also adversely affect the operation and performance of the Fund.

4.18 COUNTERPARTY RISK

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

4.19 CONFLICTS OF INTEREST

The Responsible Entity intends to act as market maker to the Fund. A conflict might arise between the Fund and investors buying or selling Units from the Fund on the ASX, due to the Fund's desire to benefit from its market making activities. The

Responsible Entity maintains a conflicts of interest policy to ensure that it manages its obligations to the Fund such that any conflicts are resolved fairly.

4.20 CYBER-SECURITY RISK

With the increased use of technologies such as the internet and other electronic media to conduct business, the Responsible Entity, the Fund and their service providers can be susceptible to information security and related risks including cyber-security attacks or incidents.

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

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

5 HOW TO BUY AND SELL UNITS

5.1 HOW TO INVEST IN THE FUND

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

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

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

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

The Responsible Entity may in its discretion agree to accept an application for Units off-market in order to establish the Fund, in accordance with the Fund's constitution.

5.2 HOW TO WITHDRAW YOUR INVESTMENT

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

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

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

5.3 OFF-MARKET WITHDRAWAL OF UNITS

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

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

- If the Fund ceases to be "liquid" as defined in the Corporations Act, in which case investors will only be able to withdraw if the Responsible Entity makes a withdrawal offer to investors in accordance with the Corporations Act. The Responsible Entity will not be obliged to make such offers.

- If the Responsible Entity has suspended withdrawals in certain circumstances set out in the Fund's Constitution, such as where there are factors which prevent the accurate calculation of Unit prices.
- If the Fund is being wound up.

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

5.4 ASX MARKET LIQUIDITY

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

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

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

The Fund will bear the risk and costs of market making activities undertaken by the Responsible Entity on the Fund's behalf, which may result in either a cost or benefit to the Fund. See the "Risks" section for more information on the risks of market making. The Fund will also bear any transaction costs incurred in buying or selling underlying assets of the Fund as a result of the Fund's market making activities.

5.5 NET ASSET VALUE PER UNIT AND INAV

The Fund's NAV per Unit will be published daily by the Responsible Entity at www.betashares.com.au prior to the commencement of trading on the ASX. This value will reflect the NAV of the Fund as at the close of trading on the previous day, divided by the number of Units on issue at that time. The NAV of the Fund is calculated by deducting from the aggregate value of the assets of the Fund all liabilities such as accrued fees and other costs, and provisions relating to the Fund. Fees and other costs, including the Responsible Entity's fees, are normally accrued daily. The Fund's assets reflect their market value.

The valuation methods applied by the Responsible Entity to value the Fund's assets and liabilities must be consistent with the range of ordinary commercial practice for valuing them and be reasonably current.

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

of assets held by the Fund as at the open of trading on the relevant day, using updated intra-day pricing and less any liabilities of the Fund. The iNAV will be published on the BetaShares website at www.betashares.com.au.

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

Any iNAV is not, and should not, be taken to be or relied on as being the price at which Units may be bought or sold on the ASX, and may not reflect the true value of a Unit. Investors should not rely on any iNAV which is made available in making investment

decisions but should consider other market information and relevant economic factors. To the extent permitted by law, neither the Responsible Entity nor its calculation agent 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.

6 ADDITIONAL INFORMATION

6.1 THE ROLE OF CERTAIN ENTITIES IN REGARD TO THE FUND

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

6.1.1 Custodian and fund administrator

The Responsible Entity has appointed RBC Investor Services Trust (the Custodian) under a custody agreement to provide custodial services for the Fund, including holding the assets of the Fund.

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

The Custodian has a limited role and has no obligation to monitor whether the Responsible Entity is complying with its obligations as Responsible Entity of the Fund. The Custodian may, from time to time, appoint sub-custodians. The Responsible Entity may change the Custodian without prior notice to Unitholders.

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

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

6.1.2 Registrar

The Responsible Entity has appointed Link Market Services Limited under a registry services agreement to provide Unit registry services for the Fund, including keeping a record of the Unitholders in the Fund. This includes details such as the quantity of Units held, tax file numbers (if provided) and details of distribution reinvestment plan participation. The Responsible Entity may change the Unit Registrar without prior notice to Unitholders.

6.1.3 Auditor

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

6.1.4 Monitoring of service providers

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

6.2 OTHER INFORMATION YOU NEED TO KNOW

6.2.1 BetaShares as the responsible entity

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

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

6.2.2 The Constitution

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

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

6.2.3 Amendments to the Constitution

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

6.2.4 The compliance plan

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

6.2.5 The compliance committee

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

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

6.2.6 Unit pricing policy

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

6.2.7 Suspensions of off-market withdrawals

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

- the Responsible Entity has taken all reasonable steps to realise sufficient assets to pay amounts due in respect of Units to which a redemption request applies and is unable to do so due to circumstances outside its control, such as restricted or suspended trading in the market for an asset;
- the Responsible Entity believes that it is impracticable or not possible to transfer, in the manner acceptable to the Responsible Entity, sufficient assets to satisfy the redemption request (for example, because of disruption to a settlement or clearing system);
- the Responsible Entity believes that it is not practicable or desirable to carry out the calculations necessary to satisfy the redemption request (for example, because it is impracticable or undesirable to calculate the Net Asset Value because of restricted or suspended trading in the market for an asset or because the value of any asset cannot otherwise promptly or accurately be ascertained);
- the quotation of any Units on the ASX is suspended or the trading of any Units is otherwise halted, interrupted or restricted by the ASX, or the trading of any Units is subject to a period of deferred settlement, or there is a period during which the Units are subject to a consolidation or division;
- the Units cease to be admitted to trading status on the ASX;
- a withdrawal request is received during any period before or after a distribution date which period the Responsible Entity determines to be necessary or desirable to facilitate the calculation and distribution of distributable income;
- the Responsible Entity anticipates that a significant amount of the assets will need to be realised to meet withdrawal requests and if met, would create a disproportionate burden of capital gains tax or other expenses or be disadvantageous to existing Unitholders;

- the Responsible Entity does not consider that it is in the best interests of Unitholders of the Fund taken as a whole to transfer or realise sufficient assets to satisfy the redemption request;
- the Responsible Entity believes that assets cannot be realised at prices that would be obtained if assets were realised in an orderly fashion over a reasonable period in a stable market; or
- it is otherwise legally permitted.

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

6.2.8 Information relating to off-market redemptions

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

6.2.9 Rights of a Unitholder

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

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

6.2.10 Reimbursement of expenses

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

6.2.11 Retirement of BetaShares

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

6.2.12 Termination

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

6.2.13 Limitation of liability of Unitholders

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

- i. the indemnities each Unitholder gives the Responsible Entity for losses or liabilities incurred by the Responsible Entity:
 - a. in relation to the Unitholder's failure to provide requested information;
 - b. for tax or user pays fees as a result of a Unitholder's action or inaction, any act or omission by the Unitholder or any matter arising in connection with the Units held by the Unitholder;
 - c. in relation to the Unitholder paying or failing to pay the issue price or application or redemption fees in accordance with the constitution or otherwise failing to comply with the constitution; and
- ii. execution and settlement procedures prescribed by the Responsible Entity that relate to the issue and redemption of Units.

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

6.2.14 Meeting of Unitholders

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

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

6.2.15 Indemnities and limitation of liability of the Responsible Entity

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

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

6.2.16 Discretionary redemptions

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

6.2.17 Information from Unitholders

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

Responsible Entity for any loss suffered by the Responsible Entity in relation to such failure.

6.2.18 Borrowings

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

6.2.19 If you have a complaint

If a Unitholder has a complaint regarding the Fund or services provided by the Responsible Entity, please contact Client Services on 1300 487 577 (within Australia) or +61 2 9290 6888 (outside Australia) from 9:00 am to 5:00 pm Sydney time, Monday to Friday. A copy of the complaints handling policy can also be obtained at no charge by contacting the Responsible Entity.

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 11, 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 inform the Unitholder in writing of its determination regarding the complaint 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 1800 367 287, 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 not exceed \$500,000 (as may be amended by FOS from time to time).

6.2.20 Protecting your privacy

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

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

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

The Responsible Entity may provide personal information to a Unitholder's adviser if written consent is provided to the Responsible Entity. The Responsible Entity may disclose personal information to authorities investigating criminal or suspicious activity and to the Australian Transaction Reports and Analysis Centre (AUSTRAC) in connection with anti-money laundering and counter-terrorism financing.

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

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

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

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

6.2.21 Anti-money laundering

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

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

6.2.22 Other services

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

6.2.23 Warning statement for New Zealand investors

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

1. This offer to New Zealand investors is a regulated offer made under Australian and New Zealand law. In Australia, this is Chapter 8 of the Corporations Act 2001 (Aust) and regulations made under that Act. In New Zealand, this is subpart 6 of Part 9 of the Financial Markets Conduct Act 2013 and Part 9 of the Financial Markets Conduct Regulations 2014.
2. This offer and the content of the offer document are principally governed by Australian rather than New Zealand law. In the main, the Corporations Act 2001 (Aust) and the regulations made under that Act set out how the offer must be made.
3. There are differences in how financial products are regulated under Australian law. For example, the disclosure of fees for managed investment schemes is different under the Australian regime.
4. The rights, remedies, and compensation arrangements available to New Zealand investors in Australian financial products may differ from the rights, remedies, and compensation arrangements for New Zealand financial products.
5. Both the Australian and New Zealand financial markets regulators have enforcement responsibilities in relation to this offer. If you need to make a complaint about this offer, please contact the Financial Markets Authority, New Zealand (<http://www.fma.govt.nz>). The Australian and New Zealand regulators will work together to settle your complaint.
6. The taxation treatment of Australian financial products is not the same as for New Zealand financial products.
7. If you are uncertain about whether this investment is appropriate for you, you should seek the advice of an appropriately qualified financial adviser.

Currency exchange risk

1. The offer may involve a currency exchange risk. The currency for the financial products is not New Zealand dollars. The value of the financial products will go up or down according to changes in the exchange rate between that currency and New Zealand dollars. These changes may be significant.
2. If you expect the financial products to pay any amounts in a currency that is not New Zealand dollars, you may incur significant fees in having the funds credited to a bank account in New Zealand in New Zealand dollars.

Trading on financial product market

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

trading may differ from financial product markets that operate in New Zealand.

Dispute resolution process

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

6.2.24 Brokerage arrangements

As part of its normal operations, the Investment Manager may use broker commission flows generated from its trading activity on behalf of its clients to pay for investment research and other products and services. These arrangements are required to be undertaken pursuant to the Investment Manager's policies and must be reasonably expected to assist in the provision of investment services, trading activity or making decisions to trade for those clients on behalf of whom brokerage is paid.

6.3 ASIC RELIEF

Ongoing Disclosure Relief

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

Periodic Statements Relief

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

6.4 DOCUMENTS LODGED WITH ASIC

The Responsible Entity is subject to certain regular reporting and disclosure obligations in relation to the Fund 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.

6.5 COOLING OFF

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

6.6 INDIRECT INVESTORS

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

6.7 INFORMATION AVAILABLE FROM BETASHARES

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

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

6.8 CONSENT

Legg Mason Australia has given, before the date of this PDS, and has not withdrawn, its consent to the references to it in section 1.4 "About Legg Mason" and in the section titled "Investment Manager" in section 2.1.2 and to certain other references about its investment approach in the form and context in which they have been included. Legg Mason Australia has not caused or authorised the issue of this PDS and does not take any responsibility for any part of this PDS, other than those references to which it has consented.

7 TAXATION

7.1 TAXATION TREATMENT OF YOUR INVESTMENT

It is important that you seek professional taxation advice before you invest or deal with your investment, as the taxation system is complex, and the taxation treatment of your investment will be specific to your circumstances and to the nature of your investment.

These comments are intended for investors who hold their investment on capital account for income tax purposes having regard to Australian taxation laws and administrative practices at the date of publication of this PDS.

Generally, you will be liable to pay tax on your share of the taxable income of the Fund whether or not distributions are reinvested.

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 a distribution may be comprised of a combination of income and capital amounts, or may be comprised solely of amounts of the same character.

You may be entitled to tax offsets, which reduce the tax payable by you, and concessional rates of tax may apply to certain forms of income such as discount capital gains. Australian resident individuals are liable to pay tax at their marginal rates on their share of the taxable income of the Fund. Generally, tax is not paid on behalf of investors. If you are not an Australian resident for income tax purposes, withholding tax may be deducted from your share of the taxable income of the Fund at prescribed rates dependent on the components of the Fund's taxable income.

Please note that at the time of your initial or additional investment there may be unrealised capital gains or accrued income in the Fund. If these amounts are subsequently realised, they may be paid to you as part of a distribution from the Fund. In addition, there may be realised but undistributed capital gains or income in the Fund.

These amounts may be returned to you as part of the next distribution from the Fund.

You may also be liable to pay capital gains tax on any capital gains in respect of your investment, such as from disposing of your investment. You may instead realise a capital loss in respect of your investment, which may be used to reduce capital gains in the same or later years. The cost base of your investment, which is relevant when calculating any such capital gains or capital losses, may change over the duration of holding your investment.

For example, certain non-assessable distributions have the effect of reducing your cost base.

If the Fund holds investments which are located outside of Australia or receives income derived overseas, the Fund's income may include non-Australian sourced income.

You may be entitled to foreign income tax offsets for foreign tax already paid.

Any losses generated by the Fund cannot be passed onto investors. However, where specific requirements are satisfied, the Fund should be eligible to offset losses to reduce later year income or capital gains.

7.2 ATTRIBUTION MANAGED INVESTMENT TRUST (AMIT) REGIME

The Tax Laws Amendment (New Tax System for Managed Investment Trusts) Act 2016 introduced into taxation law the new Attribution Managed Investment Trust (AMIT) regime. An AMIT, in broad terms, is a managed investment trust (MIT) whose unitholders have clearly defined interests in relation to the income and capital of the trust and the responsible entity has made an irrevocable election to apply the regime.

The regime can apply to a trust from 1 July 2016, and had an optional early start date of 1 July 2015.

The AMIT rules contain a number of provisions that will impact on the taxation treatment of the Fund. The key features of the new tax system include:

- an attribution model for determining member tax liabilities, which allows amounts to retain their tax character as they flow through a MIT to its unitholders;
- the ability to carry forward understatements and overstatements of taxable income, instead of re-issuing investor statements;
- deemed fixed trust treatment under the income tax law;
- upwards cost base adjustments to units to address double taxation; and
- legislative certainty about the treatment of tax deferred distributions.

BetaShares will monitor the impact of the AMIT rules on the Fund in order to determine if it should elect into the regime.

Reforms to the taxation of trusts are generally ongoing. Investors should seek their own advice and monitor the progress of announcements and proposed legislative changes to assess their potential impact.

7.3 PROVIDING A TAX FILE NUMBER (TFN)

You do not have to provide a TFN, exemption code or Australian Business Number (ABN) when you invest or reinvest in the Fund. However, if you do not provide any of these, the Responsible Entity may be required to deduct tax from most distributions, including where those distributions are reinvested, at the highest marginal tax rate (including applicable levies). The collection of your TFN or ABN is authorised by Australian tax laws and its use and disclosure are strictly regulated by tax and privacy laws.

7.4 FOREIGN ACCOUNT TAX COMPLIANCE ACT (FATCA) & OECD COMMON REPORTING STANDARD (CRS)

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

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

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

8 GLOSSARY

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

| | |
|----------------------------|-----------------------------------------------------------------------------------------------------------------------------------------|
| AQUA Product | A product admitted under the ASX Operating Rules to the AQUA market of the ASX. |
| AQUA Rules | Schedule 10A of the ASX Operating Rules and related rules and procedures, as amended, varied or waived from time to time. |
| ASIC | Australian Securities and Investments Commission. |
| ASX | ASX Limited or the Australian Securities Exchange, as the case requires. |
| ASX Business Day | A "Business Day" as defined in the ASX Operating Rules, unless determined otherwise by the Responsible Entity. |
| ASX Listing Rules | The listing rules of the ASX as amended, varied or waived from time to time. |
| ASX Operating Rules | The operating rules of the ASX as amended, varied or waived from time to time. |
| ASX Trading Day | Has the meaning given in the ASX Operating Rules. |
| CHESS | The Clearing House Electronic Subregister System. |
| Constitution | The constitution governing the Fund, as amended or replaced from time to time. |
| Corporations Act | Corporations Act 2001 (Cth). |
| Fund | The fund offered under this PDS, specifically, BetaShares Legg Mason Real Income Fund (managed fund). |
| Inflation | Inflation is defined as the All Groups Consumer Price Index as published by the Australian Bureau of Statistics. |
| iNAV | Indicative NAV per Unit. |
| Net Asset Value/NAV | The net asset value for the Fund calculated in accordance with section 5.5. |
| PDS | Product Disclosure Statement. |
| Registrar | Link Market Services Limited (ABN 54 083 214 537), or any other registry that the Responsible Entity appoints to maintain the register. |
| Tax Act | The Income Tax Assessment Act 1936 (Cth), the Income Tax Assessment Act 1997 (Cth) or both, as appropriate. |
| Unit | A unit in the Fund. |
| Unitholder | A holder of a Unit. |

DIRECTORY

Responsible Entity

BetaShares Capital Ltd
Level 11
50 Margaret Street
Sydney NSW 2000
Telephone: 1300 487 577 (within Australia) or +61 2 9290 6888 (outside Australia)

Investment Manager

Legg Mason Asset Management Australia Limited
Level 47, 120 Collins Street
Melbourne VIC 3000

Custodian & Fund Administrator

RBC Investor Services
Level 47
2 Park Street
Sydney NSW 2000

Registrar

Link Market Services
Level 12
680 George Street
Sydney NSW 2000

Solicitors to BetaShares

MinterEllison
Governor Macquarie Tower
1 Farrer Place
Sydney NSW 2000

Auditor

KPMG
Level 38, Tower 3, International Towers Sydney
300 Barangaroo Avenue
Sydney NSW 2000