

24 September 2018

Notice of modifications to fund constitutions to enable adoption of the Attribution Managed Investment Trust tax regime

BetaShares Capital Ltd ACN 139 566 868 (**BetaShares**) is the responsible entity of each of the funds listed in Schedule 1 (**Funds**).

The attribution managed investment trust (**AMIT**) tax regime was enacted by the *Tax Laws Amendment (A New Tax System for Managed Investment Trusts) Act 2016*. Qualifying managed investment trusts (**MITs**) can make an irrevocable election to apply these rules. BetaShares has made modifications to the constitution of each Fund (**Modifications**) to enable each Fund to elect into the AMIT regime. *ASIC Corporations (Attribution Managed Investment Trusts) Instrument 2016/489* permits BetaShares to make the necessary amendments without member approval, subject to the satisfaction of certain conditions. BetaShares has complied with each of those conditions.

A copy of the Modifications is available free of charge by contacting BetaShares at info@betashares.com.au or calling 1300 487 577.

Reasons for Modifications

BetaShares has made the Modifications to facilitate each Fund operating under the new AMIT regime. The AMIT regime commenced on 1 July 2016 and was established by the Australian government to provide qualifying MITs with the ability to benefit from improved flexibility and greater certainty in respect of their tax treatment. The AMIT regime provides an alternative to the 'present entitlement basis' of the current taxation rules, which provides that each Fund's taxable income is allocated to unitholders based on their proportionate share of the income of the Fund.

Based on characteristics of each Fund and the operation of the AMIT regime, BetaShares has elected the Funds into the AMIT regime effective for the financial year commencing 1 July 2018.

BetaShares presently believes the AMIT regime will produce more equitable and fairer tax outcomes for the Funds' unitholders for the following reasons:

- the AMIT regime provides the ability for MITs to 'flow through' taxable income to their unitholders on an 'attribution basis', and for that taxable income to retain its character for tax purposes as it flows through the Fund;
- BetaShares will be required to attribute the taxable income of the MITs between unitholders on a 'fair and reasonable basis', consistent with their rights under the relevant MIT's constituent documents and its duties as the trustee, which creates greater flexibility and certainty in contrast to the current 'present entitlement' regime;
- each Fund will be deemed to be a 'fixed trust', which provides unitholders with greater certainty as to the tax status of the Fund and its entitlement to certain tax concessions;
- the AMIT regime will improve the administrative efficiency of the MITs because:
 - BetaShares has the ability to carry forward certain understatements and overstatements of taxable income and deal with them in the year in which they are discovered, which removes the need to re-issue to unitholders amended tax statements for investors; and

- the regime allows for upwards cost base adjustments of units where the amount distributed is less than the taxable income attributed, which will provide greater flexibility for BetaShares with respect to distributing taxable income and should minimise the potential for double taxation.

Effect of Modifications

The Modifications amend the constitution of each Fund so as to:

- provide BetaShares with the power to:
 - make an irrevocable election for the Fund to operate as an AMIT;
 - recover from the Fund in relation to any income tax liability incurred as a result of the Fund being an AMIT;
 - recover from the Fund fees, costs, charges and expenses incurred in giving effect to the AMIT provisions under the constitution; and
 - do all things necessary to operate the Fund as an AMIT; and
- insert other provisions considered by BetaShares as being necessary or incidental to the Fund being able to be operated as an AMIT.

Contact information

If you have any questions about this Notice, please contact BetaShares' Client Services Team:

Email: info@betashares.com.au

Schedule 1 – Funds

	Fund	ARSN
1.	BetaShares Australian Equities Bear Hedge Fund	143 219 774
2.	BetaShares Australian High Interest Cash ETF	143 219 961
3.	BetaShares S&P/ASX 200 Resources Sector ETF	143 220 795
4.	BetaShares S&P/ASX 200 Financials Sector ETF	143 220 964
5.	BetaShares U.S. Dollar ETF	147 517 280
6.	BetaShares Agriculture ETF - Currency Hedged (synthetic)	150 080 176
7.	BetaShares Crude Oil Index ETF - Currency Hedged (synthetic)	150 081 351
8.	BetaShares Geared Australian Equity Fund (hedge fund)	150 081 691
9.	BetaShares Commodities Basket ETF - Currency Hedged (synthetic)	150 081 495
10.	BetaShares Gold Bullion ETF - Currency Hedged	150 081 851
11.	BetaShares Euro ETF	151 131 967
12.	BetaShares British Pound ETF	151 133 514
13.	BetaShares FTSE RAFI Australia 200 ETF	155 637 219
14.	BetaShares Australian Top 20 Equity Yield Maximiser Fund (managed fund)	155 637 648
15.	BetaShares S&P 500 Yield Maximiser Fund (managed fund)	169 906 530
16.	BetaShares Australian Dividend Harvester Fund (managed fund)	169 907 064
17.	BetaShares FTSE RAFI U.S. 1000 ETF	169 907 313
18.	BetaShares NASDAQ 100 ETF	169 907 564
19.	BetaShares Global Cybersecurity ETF	169 914 434
20.	BetaShares Australian Equities Strong Bear Hedge Fund	602 666 839
21.	BetaShares U.S. Equities Strong Bear Hedge Fund - Currency Hedged	602 663 918
22.	BetaShares Geared U.S. Equity Fund - Currency Hedged (hedge fund)	602 666 615
23.	BetaShares Strong U.S. Dollar Fund (hedge fund)	602 665 252
24.	BetaShares Managed Risk Australian Share Fund (managed fund)	602 666 384
25.	BetaShares Managed Risk Global Share Fund (managed fund)	608 056 962
26.	BetaShares Strong Australian Dollar Fund (hedge fund)	608 057 352
27.	BetaShares WisdomTree Europe ETF - Currency Hedged	609 145 897

28.	BetaShares WisdomTree Japan ETF - Currency Hedged	609 146 269
29.	BetaShares Global Agriculture Companies ETF - Currency Hedged	609 246 611
30.	BetaShares Global Healthcare ETF - Currency Hedged	609 155 124
31.	BetaShares Global Gold Miners ETF - Currency Hedged	609 155 419
32.	BetaShares Global Banks ETF - Currency Hedged	609 154 994
33.	BetaShares Global Energy Companies ETF - Currency Hedged	609 154 896
34.	BetaShares Australian Ex-20 Portfolio Diversifier ETF	613 691 688
35.	BetaShares Australian Small Companies Select Fund (managed fund)	613 693 431
36.	BetaShares Global Agriculture Companies ETF - Currency Hedged	609 246 611
37.	BetaShares Global Sustainability Leaders ETF	613 694 250
38.	BetaShares Australian Bank Senior Floating Rate Bond ETF	613 694 385
39.	BetaShares Australia 200 ETF	623 014 326

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