



BetaShares

Exchange Traded Funds

27 September 2017

Market Announcements Office
ASX Limited

To be released for each of the ASX codes listed below

ANNUAL FINANCIAL REPORT 2017

BetaShares Capital Ltd, the issuer of each of the following Funds, is pleased to provide the Annual Financial Report in respect of the Funds for the period ending 30 June 2017.

ASX Code	Fund
USD	BetaShares U.S. Dollar ETF
POU	BetaShares British Pound ETF
EEU	BetaShares Euro ETF
AAA	BetaShares Australian High Interest Cash ETF
QPON	BetaShares Australian Bank Senior Floating Rate Bond ETF

Further information about the Funds can be obtained at www.betashares.com.au or by contacting BetaShares Client Services on 1300 487 577.

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

Units in BetaShares Funds trade on the ASX at market prices, not at NAV. An investment in any BetaShares Fund is subject to investment risk including possible delays in repayment and loss of income and principal invested. Neither BetaShares Capital Ltd nor BetaShares Holdings Pty Ltd guarantees the performance of any Fund or the repayment of capital or any particular rate of return. Past performance is not an indication of future performance. BetaShares® and Back Your View® are registered trademarks of BetaShares Holdings Pty Ltd.

Booklet 1

BetaShares Australian Bank Senior Floating Rate Bond ETF - ASX Code: QPON (ARSN 613 694 385)

BetaShares Australian High Interest Cash ETF - ASX Code: AAA (ARSN 143 219 961)

BetaShares British Pound ETF - ASX Code: POU (ARSN 151 133 514)

BetaShares Euro ETF - ASX Code: EEU (ARSN 151 131 967)

BetaShares U.S. Dollar ETF - ASX Code: USD (ARSN 147 517 280)

Annual Financial Report

30 June 2017

Booklet 1
Annual Financial Report
30 June 2017

Contents	Page
Directors' report	2
Auditor's independence declaration	5
Statements of comprehensive income	6
Statements of financial position	8
Statements of changes in equity	10
Statements of cash flows	11
Notes to the financial statements	14
Directors' declaration	36
Independent auditor's report to the unitholders	37
Supplementary information	40

Directors' report

The directors of BetaShares Capital Ltd, the Responsible Entity of the following managed investment funds (the "Funds") present their report together with the annual financial report of the Funds for the period ended 30 June 2017 and the auditor's report thereon.

Fund name	Referred to in this document as	Financial reporting period	ARSN
BetaShares Australian Bank Senior Floating Rate Bond ETF (formerly BetaShares Investment Fund No. 31) ¹	Australian Bank Senior Floating Rate Bond ETF	26 July 2016 to 30 June 2017	613 694 385
BetaShares Australian High Interest Cash ETF	Australian High Interest Cash ETF	1 July 2016 to 30 June 2017	143 219 961
BetaShares British Pound ETF	British Pound ETF	1 July 2016 to 30 June 2017	151 133 514
BetaShares Euro ETF	Euro ETF	1 July 2016 to 30 June 2017	151 131 967
BetaShares U.S. Dollar ETF	U.S. Dollar ETF	1 July 2016 to 30 June 2017	147 517 280

¹On 24 May 2017 the Fund changed its name from BetaShares Investment Fund No. 31 to BetaShares Australian Bank Senior Floating Rate Bond ETF.

Responsible Entity

The Responsible Entity of the Funds is BetaShares Capital Ltd (ABN 78 139 566 868). The Responsible Entity's registered office and principal place of business is Level 11, 50 Margaret Street, Sydney, NSW 2000.

Principal activities

The principal activity of each Fund is to invest in accordance with the investment objective and guidelines as set out in the Fund's current Product Disclosure Statement and its Constitution.

The Funds did not have any employees during the period.

There were no significant changes in the nature of the Funds' activities during the period.

Directors

The following persons held office as directors of BetaShares Capital Ltd during the period or since the end of the period and up to the date of this report:

David Nathanson (appointed 21 September 2009)
 Alex Vynokur (appointed 21 September 2009)
 Taeyong Lee (appointed 12 August 2015)
 Thomas Park (appointed 12 August 2015)

Directors' report (continued)

Review and results of operations

During the period, the Funds continued to invest in accordance with target asset allocations as set out in their governing documents and in accordance with the provisions of the Funds' Constitutions.

The results of operations of the Funds are disclosed in the statements of comprehensive income. The income distributions payable by each of the Funds are disclosed in the statements of financial position. The income distributions paid and payable by each of the Funds are disclosed in Note 4 to the financial statements.

Significant changes in state of affairs

In the opinion of the directors, there were no significant changes in the state of affairs of the Funds that occurred during the financial period.

Matters subsequent to the end of the financial period

No matter or circumstance has arisen since 30 June 2017 that has significantly affected, or may significantly affect:

- (i) the operations of the Funds in future financial years;
- (ii) the results of those operations in future financial years; or
- (iii) the state of affairs of the Funds in future financial years.

Likely developments and expected results of operations

The results of the Funds' operations will be affected by a number of factors, including the performance of investment markets in which the Funds invest. Investment performance is not guaranteed and future returns may differ from past returns. As investment conditions change over time, past returns should not be used to predict future returns.

Further information on likely developments in the operation of the Funds and the expected results of those operations have not been included in this report because the Responsible Entity believes it would be likely to result in unreasonable prejudice to the Funds.

Indemnification and insurance of officers and auditors

No insurance premiums are paid for out of the assets of the Funds in regard to insurance cover provided to either the officers of BetaShares Capital Ltd or the auditor of the Funds. So long as the officers of BetaShares Capital Ltd act in accordance with the Funds' Constitutions and the law, the officers remain indemnified out of the assets of the Funds against losses incurred while acting on behalf of the Funds. The auditor of the Funds is in no way indemnified out of the assets of the Funds.

Fees paid to and interests held in the Funds by the Responsible Entity or its associates

Fees paid to the Responsible Entity and its associates out of the Funds' property during the period are disclosed in Note 11 to the financial statements.

No fees were paid out of the Funds' property to the directors of the Responsible Entity during the period.

The number of interests in the Funds held by the Responsible Entity or its associates as at the end of the financial period are disclosed in Note 11 to the financial statements.

Directors' report (continued)

Interests in the Funds

The movement in units on issue in the Funds during the period is disclosed in Note 3 to the financial statements.

The value of the Funds' assets and liabilities is disclosed on the statements of financial position and derived using the basis set out in Note 2 to the financial statements.

Environmental regulation

The operations of the Funds are not subject to any particular or significant environmental regulations under a Commonwealth, State or Territory law.

Rounding of amounts to the nearest thousand dollars

The Funds are entities of the kind referred to in ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191 and in accordance with that instrument, amounts in the financial report and directors' report have been rounded off to the nearest thousand dollars, unless otherwise stated.

Auditor's independence declaration

A copy of the Auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 5.

This report is made in accordance with a resolution of the directors.



David Nathanson
Director



Alex Vynokur
Director

Sydney
25 September 2017



Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

To the Directors of BetaShares Capital Limited, as Responsible Entity for the Schemes

I declare that, to the best of my knowledge and belief, in relation to the audit of the Schemes for the financial year ended 30 June 2017 there have been:

- i. no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and
- ii. no contraventions of any applicable code of professional conduct in relation to the audit.

KPMG

KPMG

Tim Aman

Partner

Sydney

25 September 2017

Statements of comprehensive income	Notes	Australian Bank Senior Floating Rate Bond ETF ²		Australian High Interest Cash ETF ²		British Pound ETF ²	
		30 June 2017 \$'000	30 June 2016 \$'000	30 June 2017 \$'000	30 June 2016 \$'000	30 June 2017 \$'000	30 June 2016 \$'000
Investment income							
Interest income							
Net gains/(losses) on financial instruments held at fair value through profit or loss	5	23		23,607	21,722	40	37
Net foreign exchange gains/(losses)		(22)		-	-	-	-
Other operating income		22		-	-	194	(951)
Total net investment income/(loss)		23		23,607	21,722	234	(914)
Expenses							
Management fees	11	2		1,906	1,480	143	46
Expense recoveries	11	-		-	-	-	-
Other expenses		-		73	60	9	4
Total operating expenses		2		1,979	1,540	152	50
Operating profit/(loss)		21		21,628	20,182	82	(964)
Finance costs attributable to unitholders							
Distributions to unitholders	4	(31)		(21,887)	(20,447)	-	(34)
Change in net assets attributable to unitholders (total comprehensive income)	3	(10)		(259)	(265)	82	(998)

The above statements of comprehensive income should be read in conjunction with the accompanying notes.

² Refer to Note 1 for the financial reporting period.

Statements of comprehensive income	Notes	Euro ETF ²		U.S. Dollar ETF ²	
		30 June 2017 \$ ³	30 June 2016 \$ ³	30 June 2017 \$'000	30 June 2016 \$'000
Investment income					
Interest income		6	15	1,317	537
Net gains/(losses) on financial instruments held at fair value through profit or loss	5	-	-	-	-
Net foreign exchange gains/(losses)		(16,316)	134,592	(14,261)	14,024
Other operating income		-	-	-	-
Total net investment income/(loss)		(16,310)	134,607	(12,944)	14,561
Expenses					
Management fees	11	19,970	16,562	2,373	2,150
Other operating expenses		966	2,361	62	67
Total operating expenses		20,936	18,923	2,435	2,217
Operating profit/(loss)		(37,246)	115,684	(15,379)	12,344
Finance costs attributable to unitholders					
Distributions to unitholders	4	-	-	(867)	(421)
Change in net assets attributable to unitholders (total comprehensive income)	3	(37,246)	115,684	(16,246)	11,923

The above statements of comprehensive income should be read in conjunction with the accompanying notes.

² Refer to Note 1 for the financial reporting period.

³ Rounded to the nearest whole dollar as the Fund does not meet the criteria set out in ASIC Instrument 2016/191 to round to the nearest thousand dollars.

The above statements of financial position should be read in conjunction with the accompanying notes.

-8-

Statements of financial position		Euro ETF ²		U.S. Dollar ETF ²	
	Notes	30 June 2017 \$ ³	30 June 2016 \$ ³	30 June 2017 \$'000	30 June 2016 \$'000
Assets					
Cash and cash equivalents		4,559,467	4,596,235	510,508	538,667
Financial assets held at fair value through profit or loss	6	-	-	-	-
Receivables		490	487	246	130
Total assets		4,559,957	4,596,722	510,754	538,797
Liabilities					
Distributions payable	4	-	-	867	421
Other payables		1,802	1,321	206	198
Total liabilities (excluding net assets attributable to unitholders)		1,802	1,321	1,073	619
Net assets attributable to unitholders - liability	3	4,558,155	4,595,401	509,681	538,178

The above statements of financial position should be read in conjunction with the accompanying notes.

² Refer to Note 1 for the financial reporting period.

³ Rounded to the nearest whole dollar as the Fund does not meet the criteria set out in ASIC Instrument 2016/191 to round to the nearest thousand dollars.

Statements of changes in equity

The Funds' net assets attributable to unitholders are classified as a liability under AASB 132 *Financial Instruments: Presentation*. As such the Funds have no equity and no items of changes in equity have been presented for the current or comparative period.

Statements of cash flows	Australian Bank Senior Floating Rate Bond ETF ²	30 June 2017 \$'000	Australian High Interest Cash ETF ²	30 June 2017 \$'000	British Pound ETF ²	30 June 2017 \$'000	30 June 2016 \$'000
Cash flows from operating activities							
Payments for purchases of financial instruments held at fair value through profit or loss							
Interest received	(16,255)		-		-	-	-
Other operating income received	3		23,299		20,974	38	37
Management fees paid	22		-		-	-	-
Expense recoveries paid	-		(1,855)		(1,462)	(127)	(49)
Other expenses paid	-		-		-	-	-
	-		(94)		(66)	(13)	(4)
Net cash inflow/(outflow) from operating activities	(16,230)		21,350		19,446	(102)	(16)
Cash flows from financing activities							
Proceeds from applications by unitholders	16,260		610,867		280,728	41,477	19,921
Payments for redemptions by unitholders	-		(267,382)		(97,683)	(9,033)	(6,855)
Distributions paid	-		(19,942)		(19,016)	(34)	-
Net cash inflow/(outflow) from financing activities	16,260		323,543		164,029	32,410	13,066
Net increase/(decrease) in cash and cash equivalents	30		344,893		183,475	32,308	13,050
Cash and cash equivalents at the beginning of the financial period	-		889,121		705,646	22,292	10,193
Effects of foreign currency exchange rate changes on cash and cash equivalents	-		-		-	194	(951)
Cash and cash equivalents at the end of the financial period	30		1,234,014		889,121	54,794	22,292
Non-cash financing activities							
Units issued upon reinvestment of distributions	-		1,548		1,367	-	-

Notes

7

The above statements of cash flows should be read in conjunction with the accompanying notes.

² Refer to Note 1 for the financial reporting period.

Statements of cash flows	Euro ETF ² 2017 \$ ³	30 June 2016 \$ ³	U.S. Dollar ETF ²	
			30 June 2017 \$'000	30 June 2016 \$'000
Cash flows from operating activities				
Payments for purchases of financial instruments held at fair value through profit or loss	-	-	-	-
Interest received	5	16	1,189	483
Other operating income received	-	-	-	-
Management fees paid	(19,489)	(18,261)	(2,368)	(2,126)
Expense recoveries paid	-	-	-	-
Other expenses paid	(968)	(2,393)	(47)	(91)
Net cash inflow/(outflow) from operating activities	(20,452)	(20,638)	(1,226)	(1,734)
Cash flows from financing activities				
Proceeds from applications by unitholders	-	1,460,802	51,372	183,741
Payments for redemptions by unitholders	-	(757,045)	(63,639)	(66,047)
Distributions paid	-	-	(405)	-
Net cash inflow/(outflow) from financing activities	-	703,757	(12,672)	117,694
Net increase/(decrease) in cash and cash equivalents	(20,452)	683,119	(13,898)	115,960
Cash and cash equivalents at the beginning of the financial period	4,596,235	3,778,524	538,667	408,683
Effects of foreign currency exchange rate changes on cash and cash equivalents	(16,316)	134,592	(14,261)	14,024
Cash and cash equivalents at the end of the financial period	4,559,467	4,596,235	510,508	538,667
Non-cash financing activities				
Units issued upon reinvestment of distributions	-	-	16	-

The above statements of cash flows should be read in conjunction with the accompanying notes.

² Refer to Note 1 for the financial reporting period.

³ Rounded to the nearest whole dollar as the Fund does not meet the criteria set out in ASIC Instrument 2016/191 to round to the nearest thousand dollars.

Contents of the notes to the financial statements

	Page
1 General information	14
2 Summary of significant accounting policies	14
3 Net assets attributable to unitholders	19
4 Distributions to unitholders	21
5 Net gains/(losses) on financial instruments held at fair value through profit or loss	22
6 Financial instruments held at fair value through profit or loss	23
7 Reconciliation of profit/(loss) to net cash inflow/(outflow) from operating activities	24
8 Financial risk management	24
9 Fair value measurements	31
10 Auditor's remuneration	33
11 Related party transactions	33
12 Events occurring after the reporting period	35
13 Contingent assets and liabilities and commitments	35

1 General information

These financial statements cover the following managed investment funds ("the Funds"). The Funds are registered managed investment schemes under the *Corporations Act 2001*. The Responsible Entity cannot issue or redeem any units from the 80th anniversary of the day before the day the Funds commenced if that issue or redemption would cause a contravention of the rule against perpetuities or any other rule of law or equity. The Funds may be terminated in accordance with the provisions of their Constitutions. The Funds are domiciled in Australia.

Abbreviated Fund name	Registered date	Commenced date	Financial reporting period
Australian Bank Senior Floating Rate Bond ETF (formerly BetaShares Investment Fund No. 31) ¹	26 July 2016	1 June 2017	26 July 2016 to 30 June 2017
Australian High Interest Cash ETF	3 May 2010	6 March 2012	1 July 2016 to 30 June 2017
British Pound ETF	9 June 2011	8 July 2011	1 July 2016 to 30 June 2017
Euro ETF	9 June 2011	8 July 2011	1 July 2016 to 30 June 2017
U.S. Dollar ETF	3 December 2010	1 February 2011	1 July 2016 to 30 June 2017

¹On 24 May 2017 the Fund changed its name from BetaShares Investment Fund No. 31 to BetaShares Australian Bank Senior Floating Rate Bond ETF.

The Responsible Entity of the Funds is BetaShares Capital Ltd (the "Responsible Entity"). The Responsible Entity's registered office is Level 11, 50 Margaret Street, Sydney, NSW 2000.

The financial statements were authorised for issue by the directors of the Responsible Entity on 25 September 2017. The directors of the Responsible Entity have the power to amend and reissue the financial statements.

The financial statements are presented in Australian dollars, which is the Funds' functional currency.

2 Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all periods presented.

(a) Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ("AASB") and the *Corporations Act 2001* in Australia.

The Funds operated solely in one segment which is the business of investment management within Australia.

The financial statements are prepared on the basis of fair value measurement of assets and liabilities except where otherwise stated.

The statements of financial position are presented on a liquidity basis. Assets and liabilities are presented in decreasing order of liquidity and are not distinguished between current and non-current. All balances are expected to be recovered or settled within twelve months, except for investments in financial assets and liabilities at fair value through profit or loss and net assets attributable to unitholders.

Compliance with International Financial Reporting Standards

The financial statements of the Funds also comply with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board.

2 Summary of significant accounting policies (continued)

(a) Basis of preparation (continued)

Use of estimates and judgement

The Funds make estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial year. Estimates are continually evaluated and based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

For the majority of the Funds' financial instruments, quoted market prices are readily available. However, certain financial instruments are fair valued using valuation techniques (for example, pricing models) are used to determine fair values, they are validated and regularly reviewed by experienced personnel of the Responsible Entity, independent of the area that created them.

For the Funds' financial instruments, that are not traded in an active market, fair value is determined using valuation techniques. However, certain financial instruments are fair valued using valuation techniques. Where valuation techniques (for example, pricing models) are used to determine fair values, they are validated and regularly reviewed by experienced personnel of the Responsible Entity, independent of the area that created them.

Models use observable data, to the extent practicable. However, areas such as credit risk (both own and counterparty), volatilities and correlations require management to make estimates. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

For certain other financial instruments, including amounts due from/to brokers and payables, the carrying amounts approximate fair value due to the short-term nature of these financial instruments.

Investment entity exception

The Funds meet the definition of an investment entity and therefore apply the investment entity amendments to AASB 10 *Consolidated Financial Statements*, AASB 12 *Disclosure of Interest in Other Entities* and AASB 27 *Separate Financial Statement*. AASB 127 is applicable to all investees; among other things, it requires the consolidation of an investee if the Funds control the investee on the basis of de facto circumstances. An exception however exists where an entity meets the definition of an investment entity.

The Funds meet the definition of investment entity due to the following factors:

- (a) the Funds obtain funds from one or more unitholders for the purpose of providing the unitholders with investment management services;
- (b) the Funds commit to their unitholders that their business purpose is to invest funds solely for returns from capital appreciation, investment income, or both; and
- (c) the Funds measure and evaluate the performance of substantially all of their investments on a fair value basis.

In making the above assessments, the Funds have multiple investments and multiple investors. Their investors are generally unrelated parties of the Funds. Although all units attributable to unitholders are recognized as debt rather than equity, unitholders invest for returns from capital appreciation, investment income, or both. Directors of the Responsible Entity have concluded that the Funds meet the definition of investment entity.

Assessment of the Funds' investments as structured entities

The Funds have assessed whether the securities in which they invest are structured entities. The Funds have considered the voting rights and other similar rights afforded to investors in these funds, including the rights to remove the fund manager or redeem holdings. The Funds have assessed whether these rights are the dominant factor in controlling the funds, or whether the contractual agreement with the fund manager is the dominant factor in controlling these funds. The Funds have concluded that the managed investment funds in which they invest are not structured entities.

(b) Changes in accounting policy and transition

There were no changes in the accounting policies of the Funds during the financial period.

2 Summary of significant accounting policies (continued)

(c) New accounting standards and interpretations

Certain new accounting standards and interpretations have been published that are not mandatory for the 30 June 2017 reporting periods and have not been early adopted by the Funds. The directors' assessment of the impact of these new standards (to the extent relevant to the Funds) and interpretations is set out below:

- (i) AASB 9 *Financial instruments* (and applicable amendments), (effective from 1 January 2018)

AASB9 *Financial instruments* and applicable amendments (effective from 1 January 2018) was available for early adoption but has not been applied in these financial statements. AASB 9 replaces existing guidance on classification and measurements of financial assets and introduces additions relating to the classification and measurement of financial liabilities as part of the project to replace AASB 139 *Financial instruments*. It has also introduced new hedge accounting requirements and revised certain requirements of financial assets. AASB 9 becomes mandatory for the Fund's 30 June 2019 financial statements. Retrospective application of the standard is required.

The Responsible entity does not expect the standard to have a significant impact on the recognition and measurement of the Fund's financial instruments as they are held at fair value through profit and loss. The de-recognition rules have not been changed from previous requirements and the Fund does not apply hedge accounting.

- (ii) AASB 15 *Revenue from Contracts with Customers*, (effective from 1 January 2018)

The AASB has issued a new standard for the recognition of revenue. This will replace AASB 118 Revenue which covers contracts for goods and services and AASB 111 which covers construction contracts. The new standard is based on the principle that revenue is recognised when control of a good or service transfers to a customer – so the notion of control replaces the existing notion of risks and rewards.

The Funds' main sources of income are interest, distributions and gains on financial instruments held at fair value. All of these are outside the scope of the new revenue standard. As consequence, the directors do not expect the adoption of the new revenue recognition rules to have a significant impact on the Funds' accounting policies or the amounts recognised in the financial statements.

There are no other standards that are not yet effective and that are expected to have a material impact on the Funds in the current or future reporting periods and on foreseeable future transactions.

(d) Financial instruments

(i) Classification

The Funds' financial instruments are classified as financial assets or financial liabilities, and are recognised at fair value through profit or loss. They comprise:

- Financial instruments designated at fair value through profit or loss upon initial recognition

These include financial assets and financial liabilities that are classified as not held for trading purposes and which may be sold.

Financial assets designated at fair value through profit or loss at inception are those that are managed and their performance evaluated on a fair value basis in accordance with the Funds' documented investment strategies. The Funds' policy is for the Responsible Entity to evaluate the information about these financial instruments on a fair value basis together with other related financial information.

(ii) Recognition/derecognition

The Funds recognise financial assets and financial liabilities on the date they become party to the contractual agreement (trade date) and recognise changes in fair value of the financial assets or financial liabilities from this date.

Investments are derecognised when the right to receive cash flows from the investments have expired or the Funds have transferred substantially all risks and rewards of ownership.

2 Summary of significant accounting policies (continued)

(d) Financial instruments (continued)

(iii) Measurement

- Financial assets and liabilities held at fair value through profit or loss

At initial recognition, the Funds measure a financial asset at its fair value. Transaction costs of financial assets carried at fair value through profit or loss are expensed in the statements of comprehensive income.

Subsequent to initial recognition, all financial assets and financial liabilities at fair value through profit or loss are measured at fair value. Gains and losses arising from changes in the fair value of the financial assets or financial liabilities at fair value through profit or loss category are presented in the statements of comprehensive income within net gains/(losses) on financial instruments held at fair value through profit or loss in the period in which they arise.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

- Fair value in an active market

The fair value of financial assets and liabilities traded in active markets is subsequently based on their quoted market prices at the end of the reporting period without any deduction for estimated future selling costs. The quoted market price used for financial assets and liabilities is the last traded price.

- Fair value in an inactive or unquoted market

The fair value of financial assets and liabilities that are not traded in an active market is determined using valuation techniques. The Funds use a variety of methods and make assumptions that are based on market conditions existing at each reporting date. Valuation techniques used include the use of comparable recent arms-length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, option pricing models or any other valuation techniques commonly used by market participants making the maximum use of market inputs and relying as little as possible on entity-specific inputs.

(e) Net assets attributable to unitholders

Units are normally redeemable only by unitholders being Authorised Participants at the unitholders' option (other unitholders only have a right to redeem units in special circumstances) and are accordingly therefore classified as financial liabilities. The units can be put back to the Funds at any time (subject to the *Corporations Act 2001* and the Funds' Constitutions) for cash based on the redemption price. The fair value of redeemable units is measured at the redemption amount that is payable (based on the redemption unit price) at the end of the reporting period if unitholders exercised their right to redeem units in the Funds.

(f) Cash and cash equivalents

For the purpose of presentation in the statements of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short term, highly liquid investments with original maturities of three months or less from the date of acquisition that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. The carrying amount of cash approximates fair value.

(g) Investment income

Interest income is recognised in the statements of comprehensive income for all financial instruments that are not held at fair value through profit or loss using the effective interest method. Other changes in fair value for such instruments are recorded in accordance with the policies described in Note 2(d).

(h) Expenses

All expenses are recognised in the statements of comprehensive income on an accruals basis.

2 Summary of significant accounting policies (continued)

(i) Income tax

Under current legislation, the Funds are not subject to income tax as unitholders are presently entitled to the taxable income (including assessable realised capital gains) of the Funds.

(i) Distributions

In accordance with the Funds' Constitutions, the Funds distribute income adjusted for amounts determined by the Responsible Entity, to unitholders by cash or reinvestment.

The distributions are recognised in the statements of comprehensive income as finance costs attributable to unitholders.

(k) Change in net assets attributable to unitholders

Income not distributed is included in net assets attributable to unitholders. Movements in net assets attributable to unitholders are recognised in the statements of comprehensive income.

(l) Foreign currency translation

(i) Functional and presentation currency

Items included in the Funds' financial statements are measured using the currency of the primary economic environment in which it operates (the "functional currency"). This is the Australian dollar, which reflects the currency of the economy in which the Funds compete for funds and is regulated. The Australian dollar is also the Funds' presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translations at period end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statements of comprehensive income.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when fair value was determined. Translation differences on assets and liabilities carried at fair value are reported in the statements of comprehensive income on a net basis within net gains/(losses) on financial instruments held at fair value through profit or loss.

(m) Receivables

Receivables may include amounts for dividends, interest and trust distributions. Dividends and trust distributions are accrued when the right to receive payment is established. Interest is accrued at the end of each reporting period from the time of last payment in accordance with the policy set out in Note 2(f) above. Amounts are generally received within 30 days of being recorded as receivables. The carrying amount of receivables approximates fair value.

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off by reducing the carrying amount directly. An allowance account (provision for impairment of trade receivables) is used when there is objective evidence that the Funds will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the trade receivable is impaired. The amount of the impairment allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Cash flows relating to short term receivables are not discounted if the effect of discounting is immaterial.

(n) Payables

Payables include liabilities and accrued expenses owing by the Funds which are unpaid as at the end of the reporting period.

The distribution amount payable to unitholders as at the end of each reporting period is recognised separately in the statements of financial position when unitholders are presently entitled to the distributable income.

2 Summary of significant accounting policies (continued)

(o) Applications and redemptions

Applications received for units in the Funds are recorded net of any entry fees payable (if applicable) prior to the issue of units in the Funds. Redemptions from the Funds are recorded gross of any exit fees payable (if applicable) after the cancellation of units redeemed.

(p) Goods and Services Tax (GST)

The GST incurred on the costs of various services provided to the Funds by third parties such as custodial services and investment management fees have been passed onto the Funds. The Funds qualify for Reduced Input Tax Credits (RITC) at a rate of 55% to 85%; hence investment management fees, custodial fees and other expenses have been recognised in the statements of comprehensive income net of the amount of GST recoverable from the Australian Taxation Office (ATO). Accounts payable are inclusive of GST. The net amount of GST recoverable from the ATO is included in receivables in the statements of financial position. Cash flows relating to GST are included in the statements of cash flows on a gross basis.

(q) Rounding of amounts

The Funds are an entity of the kind referred to in ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191, relating to the "rounding off" of amounts in the financial statements. Amounts in the financial statements have been rounded off to the nearest thousand dollars, unless otherwise stated.

3 Net assets attributable to unitholders

As stipulated within the Constitution of each Fund, each unit represents a right to an individual share in the relevant Fund and does not extend to a right to the underlying assets of the Fund. There are no separate classes of units and each unit of a Fund has the same rights attaching to it as all other units of the Fund (subject to applicable ASIC relief).

Movements in the number of units and net assets attributable to unitholders during the period were as follows:

	Australian Bank Senior Floating Rate Bond ETF		Australian High Interest Cash ETF	
	30 June 2017	30 June 2017	30 June 2016	30 June 2016
	Units '000	Units '000	Units '000	\$'000
Net assets attributable to unitholders				
Opening balance	-	17,756	14,079	705,021
Applications	640	12,390	5,600	280,728
Redemptions	-	(5,335)	(1,950)	(97,683)
Units issued upon reinvestment of distributions	-	31	27	1,367
Change in net assets attributable to unitholders	-	(10)	-	(265)
Closing balance	640	24,842	17,756	889,168

3 Net assets attributable to unitholders (continued)

	British Pound ETF			Euro ETF		
	30 June 2017	30 June 2016	30 June 2017	30 June 2016	30 June 2017	30 June 2016
	Units '000	Units '000	\$'000	Units ³	\$ ³	\$ ³
Net assets attributable to unitholders						
Opening balance	1,251	501	22,258	265,000	4,595,401	3,775,960
Applications	2,550	1,075	41,477	100,000	-	1,460,802
Redemptions	(525)	(325)	(9,033)	(50,000)	-	(757,045)
Units issued upon reinvestment of distributions	-	-	-	-	-	-
Change in net assets attributable to unitholders	-	-	82	-	(37,246)	115,684
Closing balance	3,276	1,251	54,784	315,000	4,558,155	4,595,401

U.S.

	Dollar ETF		
	30 June 2017	30 June 2016	30 June 2016
	Units '000	Units '000	\$'000
Net assets attributable to unitholders			
Opening balance	41,061	32,036	408,561
Applications	4,000	13,825	183,741
Redemptions	(4,850)	(4,800)	(66,047)
Units issued upon reinvestment of distributions	1	-	16
Change in net assets attributable to unitholders	-	-	11,923
Closing balance	40,212	41,061	538,178

Capital risk management

The Funds consider their net assets attributable to unitholders as capital, notwithstanding net assets attributable to unitholders are classified as a liability. The amount of net assets attributable to unitholders can change significantly on a daily basis as the Funds are subject to daily applications and redemptions at the discretion of eligible unitholders.

Daily applications and redemptions are reviewed relative to the liquidity of the Funds' underlying assets on a daily basis by the Responsible Entity. Under the terms of the Funds' Constitutions, the Responsible Entity has the discretion to reject an application for units and to extend the period allowed for satisfaction of redemption of units or reject or spread redemptions in specified circumstances.

³ Rounded to the nearest whole dollar/unit as the Fund does not meet the criteria set out in ASIC Instrument 2016/191 to round to the nearest thousand dollars.

4 Distributions to unitholders

The distributions for the period were as follows:

	Australian Bank Senior Floating Rate Bond ETF			Australian High Interest Cash ETF		
	30 June 2017	30 June 2017	30 June 2017	30 June 2017	30 June 2016	30 June 2016
	\$'000	CPU	\$'000	CPU	\$'000	CPU
Distributions paid - July	-	-	1,909	9.91	1,512	10.74
Distributions paid - August	-	-	1,483	8.31	1,490	10.58
Distributions paid - September	-	-	1,715	9.17	1,540	10.21
Distributions paid - October	-	-	1,587	8.12	1,594	10.23
Distributions paid - November	-	-	1,683	8.01	1,664	10.53
Distributions paid - December	-	-	1,756	8.39	1,681	10.64
Distributions paid - January	-	-	1,924	8.93	1,654	9.85
Distributions paid - February	-	-	1,737	7.75	1,859	10.63
Distributions paid - March	-	-	1,988	8.63	2,001	10.53
Distributions paid - April	-	-	1,857	7.72	1,914	9.97
Distributions paid - May	-	-	2,190	9.14	1,877	10.04
Distributions payable - June	31	4.79	2,058	8.29	1,661	9.35
Total distributions	31		21,887		20,447	

	British Pound ETF			Euro ETF		
	30 June 2017	30 June 2016	30 June 2017	30 June 2017	30 June 2016	30 June 2016
	CPU	\$'000	CPU	CPU	\$ ³	CPU
Distributions payable - June	-	34	2.69	-	-	-
Total distributions	-	34		-	-	-

³ Rounded to the nearest whole dollar as the Fund does not meet the criteria set out in ASIC Instrument 2016/191 to round to the nearest thousand dollars.

4 Distributions to unitholders (continued)

	U.S. Dollar ETF		
	30 June 2017 \$'000	30 June 2016 \$'000	30 June 2016 CPU
Distributions payable - June	867	421	1.03
Total distributions	867	421	

5 Net gains/(losses) on financial instruments held at fair value through profit or loss

Net gains/(losses) recognised in relation to financial assets and financial liabilities held at fair value through profit or loss:

	Australian Bank Senior Floating Rate Bond ETF		Australian High Interest Cash ETF		British Pound ETF	
	30 June 2017 \$'000	30 June 2016 \$'000	30 June 2017 \$'000	30 June 2016 \$'000	30 June 2017 \$'000	30 June 2016 \$'000
Net gain/(loss) on financial instruments designated as at fair value through profit or loss	(22)	-	-	-	-	-
Net gains/(losses) on financial instruments held at fair value through profit or loss	(22)	-	-	-	-	-

	Euro ETF		U.S. Dollar ETF	
	30 June 2017 \$ ³	30 June 2016 \$ ³	30 June 2017 \$'000	30 June 2016 \$'000
Net gain/(loss) on financial instruments designated as at fair value through profit or loss	-	-	-	-
Net gains/(losses) on financial instruments held at fair value through profit or loss	-	-	-	-

³ Rounded to the nearest whole dollar as the Fund does not meet the criteria set out in ASIC Instrument 2016/191 to round to the nearest thousand dollars.

6 Financial instruments held at fair value through profit or loss

	Australian Bank Senior Floating Rate Bond ETF	Australian High Interest Cash ETF	British Pound ETF
	30 June 2017 \$'000	30 June 2017 \$'000	30 June 2017 \$'000
Designated at fair value through profit or loss			
Floating rate notes	16,184	-	-
Total designated at fair value through profit or loss	16,184	-	-
Total financial assets held at fair value through profit or loss	16,184	-	-

	Euro ETF	U.S. Dollar ETF
	30 June 2017 \$ ³	30 June 2017 \$'000
Designated at fair value through profit or loss		
Floating rate notes	-	-
Total designated at fair value through profit or loss	-	-
Total financial assets held at fair value through profit or loss	-	-

³ Rounded to the nearest whole dollar as the Fund does not meet the criteria set out in ASIC Instrument 2016/191 to round to the nearest thousand dollars.

7 Reconciliation of profit/(loss) to net cash inflow/(outflow) from operating activities

Reconciliation of profit/(loss) to net cash inflow/(outflow) from operating activities

Operating profit/(loss) for the period	21	21,628	20,182	82	(964)
Payments for the purchase of financial instruments held at fair value through profit or loss	(16,255)	-	-	-	-
Net (gains)/losses on financial instruments held at fair value through profit or loss	22	-	-	-	-
Net change in interest receivable	(20)	(308)	(748)	(2)	-
Net change in receivables and other assets	-	(10)	(7)	(3)	-
Net foreign exchange (gains)/losses	-	-	-	(194)	951
Net change in payables and other liabilities	2	40	19	15	(3)
Net cash inflow/(outflow) from operating activities	(16,230)	21,350	19,446	(102)	(16)

	Euro ETF		U.S. Dollar ETF	
	30 June 2017	30 June 2016	30 June 2017	30 June 2016
	\$	\$	\$'000	\$'000
Operating profit/(loss) for the period	(37,246)	115,684	(15,379)	12,344
Net change in interest receivable	(1)	1	(128)	(54)
Net change in receivables and other assets	(2)	(32)	12	(24)
Net foreign exchange (gains)/losses	16,316	(134,592)	14,261	(14,024)
Net change in payables and other liabilities	481	(1,699)	8	24
Net cash inflow/(outflow) from operating activities	(20,452)	(20,638)	(1,226)	(1,734)

8 Financial risk management

The Funds are exchange traded managed funds that primarily invest in a portfolio of Australian and foreign cash and cash equivalents and bank senior floating rate notes.

The Funds' activities expose them to a variety of financial risks which may include: market risk (including price risk, foreign exchange risk and interest rate risk), counterparty/credit risk and liquidity risk. The Funds use different methods to measure different types of risk to which they are exposed. Methods include sensitivity analysis in the case of price risk.

The Funds' overall risk management programs focus on ensuring compliance with the Funds' Product Disclosure Statements (PDSs) and seek to maximise the returns derived for the level of risk to which the Funds are exposed. Financial risk management is carried out by an investment manager under policies approved by the Board of Directors of the Responsible Entity (the Board).

³ Rounded to the nearest whole dollar as the Fund does not meet the criteria set out in ASIC Instrument 2016/191 to round to the nearest thousand dollars.

8 Financial risk management (continued)

The Board of Directors of the Responsible Entity has overall responsibility for the establishment and oversight of the Funds' risk management framework. The Funds' overall risk management programs focus on ensuring compliance with the Funds' PDSs and investment guidelines.

Compliance with the Funds' PDSs, Constitutions and investment guidelines are reported to the Board on a regular basis.

(a) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity market prices will affect the Funds' income or the carrying value of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk.

Included in the following analysis are tables that summarise the sensitivity of the operating profit and net assets attributable to unitholders to changes in market prices (e.g. foreign exchange rates and interest rates). The analysis is based on reasonably possible movements in the specified risk variable with other variables held constant. Actual movements in the risk variables in any period may be greater or less than indicated. The market price risk information is intended to be a relative estimate of risk rather than a precise and accurate number. It represents a hypothetical outcome and is not intended to be predictive. The analysis is based on historical data and cannot take account of the fact that future market price movements (e.g. in times on market stress) may bear no relation to historical patterns.

(i) Price risk

Due to the nature of the Funds' investments, the Funds are not expected to be exposed to significant direct price risk. The Funds hold cash (including cash denominated in currencies other than the Australian dollar) and interest bearing securities. These investments have exposure to interest rate risk and/or foreign exchange risk. These market risks are described below.

(ii) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

Interest bearing financial assets are exposed to fluctuations in the prevailing levels of market interest rates on their financial position and cash flows. Financial instruments with variable interest rates expose Funds to cash flow interest rate risk. Financial instruments with fixed interest rates expose Funds to fair value interest rate risk. The risk is measured using sensitivity analysis.

The tables below summarises the Funds' exposure to interest rate risks.

Australian Bank Senior Floating Rate Bond ETF

Assets

Cash and cash equivalents

Receivables

Financial assets held at fair value through profit or loss

Liabilities

Distributions payable

Other payables

Net exposure

	Floating interest rate	Fixed interest rate	Non-interest bearing	Total
	30 June 2017	30 June 2017	30 June 2017	30 June 2017
	\$'000	\$'000	\$'000	\$'000
	30	-	-	30
	-	-	69	69
	16,184	-	-	16,184
	-	-	(31)	(31)
	-	-	(2)	(2)
	16,214	-	36	16,250

8 Financial risk management (continued)

(a) Market risk (continued)

(iii) Interest rate risk (continued)

Australian High Interest Cash ETF

	Floating interest rate 30 June 2017 \$'000	Fixed interest rate 30 June 2017 \$'000	Non-interest bearing 30 June 2017 \$'000	Total 30 June 2017 \$'000	Floating interest rate 30 June 2016 \$'000	Fixed interest rate 30 June 2016 \$'000	Non-interest bearing 30 June 2016 \$'000	Total 30 June 2016 \$'000
Assets								
Cash and cash equivalents	1,184,014	50,000	-	1,234,014	836,362	52,759	-	889,121
Receivables	-	-	12,216	12,216	-	-	1,867	1,867
Liabilities								
Distributions payable	-	-	(2,058)	(2,058)	-	-	(1,661)	(1,661)
Other payables	-	-	(199)	(199)	-	-	(159)	(159)
Net exposure	1,184,014	50,000	9,959	1,243,973	836,362	52,759	47	889,168

British Pound ETF

	Floating interest rate 30 June 2017 \$'000	Fixed interest rate 30 June 2017 \$'000	Non-interest bearing 30 June 2017 \$'000	Total 30 June 2017 \$'000	Floating interest rate 30 June 2016 \$'000	Fixed interest rate 30 June 2016 \$'000	Non-interest bearing 30 June 2016 \$'000	Total 30 June 2016 \$'000
Assets								
Cash and cash equivalents	54,794	-	-	54,794	22,292	-	-	22,292
Receivables	-	-	9	9	-	-	4	4
Liabilities								
Distributions payable	-	-	-	-	-	-	(34)	(34)
Other payables	-	-	(19)	(19)	-	-	(4)	(4)
Net exposure	54,794	-	(10)	54,784	22,292	-	(34)	22,258

Euro ETF

	Floating interest rate 30 June 2017 \$ ³	Fixed interest rate 30 June 2017 \$ ³	Non-interest bearing 30 June 2017 \$ ³	Total 30 June 2017 \$ ³	Floating interest rate 30 June 2016 \$ ³	Fixed interest rate 30 June 2016 \$ ³	Non-interest bearing 30 June 2016 \$ ³	Total 30 June 2016 \$ ³
Assets								
Cash and cash equivalents	4,559,467	-	-	4,559,467	4,596,235	-	-	4,596,235
Receivables	-	-	490	490	-	-	487	487
Liabilities								
Other payables	-	-	(1,802)	(1,802)	-	-	(1,321)	(1,321)
Net exposure	4,559,467	-	(1,312)	4,558,155	4,596,235	-	(834)	4,595,401

³ Rounded to the nearest whole dollar as the Fund does not meet the criteria set out in ASIC Instrument 2016/191 to round to the nearest thousand dollars.

8 Financial risk management (continued)

(a) Market risk (continued)

(ii) Interest rate risk (continued)

U.S. Dollar ETF

	Floating interest rate 30 June 2017 \$'000	Fixed interest rate 30 June 2017 \$'000	Non-interest bearing 30 June 2017 \$'000	Total 30 June 2017 \$'000	Floating interest rate 30 June 2016 \$'000	Fixed interest rate 30 June 2016 \$'000	Non-interest bearing 30 June 2016 \$'000	Total 30 June 2016 \$'000
Assets								
Cash and cash equivalents	510,508	-	-	510,508	538,667	-	-	538,667
Receivables	-	-	246	246	-	-	130	130
Liabilities								
Distributions payable	-	-	(867)	(867)	-	-	(421)	(421)
Other payables	-	-	(206)	(206)	-	-	(198)	(198)
Net exposure	510,508	-	(827)	509,681	538,667	-	(489)	538,178

Sensitivity analysis - Interest rate risk

The table below summarises the sensitivities of the interest rate risk. The analysis is based on the assumption that interest rates increase or decrease by a "predetermined basis points" from the period end rates with all other variables held constant. The impact mainly arises from changes in the fair value of debt securities. The "predetermined basis points" are disclosed in the table below.

Currencies	Impact on net assets attributable to unitholders			
	Sensitivity rate (basis points)	Strengthened 30 June 2017	Weakened 30 June 2017	Weakened 30 June 2016
Australian Bank Senior Floating Rate Bond ETF (\$'000)	100	162	(162)	-
Australian High Interest Cash ETF (\$'000)	100	12,340	(12,340)	8,891
British Pound ETF (\$'000)	100	548	(548)	223
Euro ETF ³ (\$)	100	45,595	(45,595)	45,962
U.S. Dollar ETF (\$'000)	100	5,105	(5,105)	5,387

³ Rounded to the nearest whole dollar as the Fund does not meet the criteria set out in ASIC Instrument 2016/191 to round to the nearest thousand dollars.

8 Financial risk management (continued)

(a) Market risk (continued)

(iii) Foreign exchange risk

The Funds may hold both monetary and non-monetary assets denominated in currencies other than the Australian dollar. The foreign exchange risk relating to non-monetary assets and liabilities is a component of price risk not foreign exchange risk. Foreign exchange risk arises as the value of monetary assets denominated in other currencies fluctuates due to changes in exchange rates. The risk is measured using sensitivity analysis.

The table below summarises the Funds' assets and liabilities, monetary and non-monetary, that are denominated in a currency other than the Australian dollar.

	British Pound ETF		Euro ETF		U.S. Dollar ETF	
	30 June 2017	30 June 2016	30 June 2017	30 June 2016	30 June 2017	30 June 2016
	\$'000	\$'000	\$ ³	\$ ³	\$'000	\$'000
USD	-	-	-	-	510,527	538,496
EURO	-	-	4,552,433	4,590,710	-	-
GBP	54,792	22,288	-	-	-	-
Net foreign currency exposure	54,792	22,288	4,552,433	4,590,710	510,527	538,496

Sensitivity analysis - Foreign exchange risk

The table below summarises the sensitivities of the Funds' monetary assets and liabilities to foreign exchange risk.

	British Pound ETF		Euro ETF		U.S. Dollar ETF	
	30 June 2017	30 June 2016	30 June 2017	30 June 2016	30 June 2017	30 June 2016
	\$'000	\$'000	\$ ³	\$ ³	\$'000	\$'000
Foreign exchange risk - 10% upward movement in AUD (2016: 10%)	(5,479)	(2,229)	(455,243)	(459,071)	(51,053)	(53,850)

A decrease of 10% would have an equal, but the opposite effect to the amounts shown in the above table.

(b) Credit risk

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Funds.

The main concentration of credit risk to which the Funds are exposed arise from the Funds' investment in cash and cash equivalents, and investment in debt securities.

(i) Cash and cash equivalents

The exposure to credit risk for cash and cash equivalents is considered low as the Funds only invest their assets into bank deposit accounts held with banks that are regulated in Australia by Australian Prudential Regulatory Authority as authorised deposit taking institutions, and all counterparties have a credit rating of at least A-.

In accordance with the Funds' policy, the Responsible Entity monitors the Funds' credit position on a regular basis.

³ Rounded to the nearest whole dollar as the Fund does not meet the criteria set out in ASIC Instrument 2016/191 to round to the nearest thousand dollars.

8 Financial risk management (continued)

(b) Credit risk (continued)

(ii) Debt securities

Certain Funds invest in debt securities being bank issued senior floating rate notes. An analysis of debt securities by rating of the issuer is set out in the table below for Funds which have such securities.

	Australian Bank Senior Floating Rate Bond ETF
Rating	30 June 2017 \$'000
AAA to AA-	12,946
A+ to A-	1,660
BBB+ to BBB-	1,578
Total	16,184

(iii) Other

The custody of the Funds' assets is mainly concentrated with one counterparty, namely RBC Investor Services Trust. RBC Investor Services Trust is a member of a major securities exchange, and at 30 June 2017 had a credit rating of AA- (S&P) and A1 (Moody's). At 30 June 2017, substantially all cash and cash equivalents, balances due from brokers and investments are held in custody by RBC Investor Services Trust.

(c) Liquidity risk

Liquidity risk is the risk that the Funds will encounter difficulty in meeting obligations associated with financial liabilities.

The Funds are exposed to daily cash redemptions of redeemable units. The Funds' investments in cash and cash equivalents and debt securities are considered to be readily realisable and the Funds maintain adequate liquidity to pay withdrawals and distributions when required.

The following tables analyse the Funds' non-derivative financial liabilities into relevant maturity groupings based on the remaining period to the contractual maturity date. The amounts in the tables are the contractual undiscounted cash flows.

	Australian Bank Senior Floating Rate Bond ETF			
	On demand 30 June 2017 \$'000	Less than 6 months 30 June 2017 \$'000	Greater than 6 months 30 June 2017 \$'000	Total 30 June 2017 \$'000
Distributions payable	-	31	-	31
Other payables	-	2	-	2
Net assets attributable to unitholders	16,250	-	-	16,250
Contractual cash flows (excluding net settled derivatives)	16,250	33	-	16,283

8 Financial risk management (continued)

(c) Liquidity risk (continued)

	Australian High Interest Cash ETF					
	On demand	Less than 6 months	Greater than 6 months	Total	On demand	Total
	30 June 2017 \$'000	30 June 2017 \$'000	30 June 2017 \$'000	30 June 2017 \$'000	30 June 2016 \$'000	30 June 2016 \$'000
Distributions payable	-	2,058	-	2,058	-	1,665
Other payables	-	199	-	199	-	155
Net assets attributable to unitholders	1,243,973	-	-	1,243,973	889,168	889,168
Contractual cash flows (excluding net settled derivatives)	1,243,973	2,257	-	1,246,230	889,168	890,988

	British Pound ETF					
	On demand	Less than 6 months	Greater than 6 months	Total	On demand	Total
	30 June 2017 \$'000	30 June 2017 \$'000	30 June 2017 \$'000	30 June 2017 \$'000	30 June 2016 \$'000	30 June 2016 \$'000
Distributions payable	-	-	-	-	-	34
Other payables	-	19	-	19	-	4
Net assets attributable to unitholders	54,784	-	-	54,784	22,258	22,258
Contractual cash flows (excluding net settled derivatives)	54,784	19	-	54,803	22,258	22,296

	Euro ETF					
	On demand	Less than 6 months	Greater than 6 months	Total	On demand	Total
	30 June 2017 \$ ³	30 June 2017 \$ ³	30 June 2017 \$ ³	30 June 2017 \$ ³	30 June 2016 \$ ³	30 June 2016 \$ ³
Other payables	-	1,802	-	1,802	-	1,321
Net assets attributable to unitholders	4,558,155	-	-	4,558,155	4,595,401	4,595,401
Contractual cash flows (excluding net settled derivatives)	4,558,155	1,802	-	4,559,957	4,595,401	4,596,722

³ Rounded to the nearest whole dollar as the Fund does not meet the criteria set out in ASIC Instrument 2016/191 to round to the nearest thousand dollars.

(c) Liquidity risk (continued)

	U.S. Dollar ETF							
	On demand 30 June 2017 \$'000	Less than 6 months 30 June 2017 \$'000	Greater than 6 months 30 June 2017 \$'000	Total 30 June 2017 \$'000	On demand 30 June 2016 \$'000	Less than 6 months 30 June 2016 \$'000	Greater than 6 months 30 June 2016 \$'000	Total 30 June 2016 \$'000
Distributions payable	-	867	-	867	-	421	-	421
Other payables	-	206	-	206	-	198	-	198
Net assets attributable to unitholders	509,681	-	-	509,681	538,178	-	-	538,178
Contractual cash flows (excluding net settled derivatives)	509,681	1,073	-	510,754	538,178	619	-	538,797

9 Fair value measurements

AASB 13 requires disclosure of fair value measurements by level of the following fair value measurement hierarchy:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly (Level 2); and
- Inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3).

Fair value estimation

The carrying amounts of the Funds' assets and liabilities at the end of each reporting period approximate their fair values.

Financial assets and liabilities held at fair value through profit or loss are measured initially at fair value excluding any transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability. Transaction costs on financial assets and financial liabilities at fair value through profit or loss are expensed immediately. Subsequent to initial recognition, all instruments held at fair value through profit or loss are measured at fair value with changes in their fair value recognised in statements of comprehensive income.

(i) Fair value in an active market (Level 1)

The fair value of financial assets and liabilities traded in active markets is based on their quoted market prices at the end of the reporting period without any deduction for estimated future selling costs.

The Funds value their investments in accordance with the accounting policies set out in Note 2. For the majority of their investments, the Funds rely on information provided by independent pricing services for the valuation of their investments.

The quoted market price used for financial assets held by the Funds is the current bid price; the appropriate quoted market price for financial liabilities is the current asking price. When the Funds hold derivatives with offsetting market risks, they use mid-market prices as a basis for establishing fair values for the offsetting risk positions and apply this bid or asking price to the net open position, as appropriate.

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

9 Fair value measurements (continued)

(ii) Fair value in an inactive or unquoted market (Level 2 and Level 3)

The fair value of financial assets and liabilities that are not traded in an active market is determined using valuation techniques. These include the use of recent arm's length market transactions, reference to the current fair value of a substantially similar other instrument, discounted cash flow techniques, option pricing models or any other valuation technique that provides a reliable estimate of prices obtained in actual market transactions.

Where discounted cash flow techniques are used, estimated future cash flows are based on management's best estimates and the discount rate used is a market rate at the end of the reporting period applicable for an instrument with similar terms and conditions.

For other pricing models, inputs are based on market data at the end of the reporting period. Fair values for unquoted equity investments are estimated, if possible, using applicable price/earnings ratios for similar listed companies adjusted to reflect the specific circumstances of the issuer.

The carrying value less impairment provision of other receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Funds for similar financial instruments.

(iii) Recognised fair value measurements

The table below set out the Australian Bank Senior Floating Rate Bond ETF financial assets and liabilities (by class) measured at fair value according to the fair value hierarchy:

	Australian Bank Senior Floating Rate Bond ETF			
	Level 1 30 June 2017 \$'000	Level 2 30 June 2017 \$'000	Level 3 30 June 2017 \$'000	Total 30 June 2017 \$'000
Financial assets				
Financial assets designated at fair value through profit or loss:				
Floating rate notes	-	16,184	-	16,184
Total	-	16,184	-	16,184

(iv) Transfers between levels

There were no transfers between levels during the period ended 30 June 2017.

(v) Movement in level 3 instruments

There were no investments classified as Level 3 within the Fund as at 30 June 2017.

10 Auditor's remuneration

During the period the following fees were paid or payable for services provided by the auditor of the Funds. Audit fees were borne by the Responsible Entity:

	Australian Bank Senior Floating Rate Bond ETF		Australian High Interest Cash ETF		British Pound ETF		Euro ETF		U.S. Dollar ETF	
	30 June 2017	30 June 2016	30 June 2017	30 June 2016	30 June 2017	30 June 2016	30 June 2017	30 June 2016	30 June 2017	30 June 2016
KPMG										
<i>Audit and other assurance service</i>										
Audit and review of financial reports	5,420	4,860	4,860	5,020	4,860	5,020	3,660	5,020	4,860	5,020
Audit of compliance plan	1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200
Total remuneration of audit and other assurance services	6,620	6,060	6,060	6,220	6,060	6,220	4,860	6,220	6,060	6,220

11 Related party transactions

Responsible entity

The Responsible Entity of the Funds is BetaShares Capital Ltd.

Key management personnel

The Funds do not employ personnel in their own right. However, the Funds are required to have an incorporated Responsible Entity to manage the activities and this is considered to be key management personnel. The directors of the Responsible Entity, which are key management personnel of the Responsible Entity, during or since the end of the financial period are:

(a) Directors

Executive Directors:

David Nathanson (appointed 21 September 2009)
Alex Vynokur (appointed 21 September 2009)

Non-Executive Directors:

Taeyong Lee (appointed 12 August 2015)
Thomas Park (appointed 12 August 2015)

11 Related party transactions (continued)

(b) Other key management personnel

There were no other persons with responsibility for planning, directing and controlling the activities of the Funds, directly or indirectly during the financial period.

Responsible Entity's management fees and other transactions

The Responsible Entity's fees are calculated in accordance with the Funds' constitutions. The Responsible Entity's fees comprise a management fee and (if applicable) expense recoveries (after taking account of GST and reduced input tax credits), which are calculated as a percentage of the net asset value of the Funds and are disclosed in the statements of comprehensive income. The following table discloses the Responsible Entity's fees for 30 June 2017 and 30 June 2016 as there has been no change in the fees during the period:

Funds	Management fee		Expense recoveries	
	30 June 2017	%	30 June 2017	%
Australian Bank Senior Floating Rate Bond ETF	0.19	0.03		
Australian High Interest Cash ETF	0.18	-		
British Pound ETF	0.45	-		
Euro ETF	0.45	-		
U.S. Dollar ETF	0.45	-		

The transactions during the period and amounts payable at period end between the Funds and the Responsible entity were as follows:

	Australian Bank Senior Floating Rate Bond ETF		Australian High Interest Cash ETF		British Pound ETF		Euro ETF		U.S. Dollar ETF	
	30 June 2017	\$	30 June 2017	\$	30 June 2017	\$	30 June 2017	\$	30 June 2017	\$
Management fees expensed to the Responsible Entity	1,525		1,906,366		142,802		19,970		2,373,144	
Management fees payable to the Responsible Entity at reporting date	1,630		193,418		19,128		1,802		202,934	
Expense recoveries expensed to the Responsible Entity	241		-		-		-		-	
Expense recoveries payable to the Responsible Entity as at reporting date	257		-		-		-		-	

11 Related party transactions (continued)

(b) Other key management personnel (continued)

Related party unitholdings

Parties related to the Funds (including BetaShares Capital Ltd and other schemes managed by BetaShares Capital Ltd), held units in the Funds during the financial period as follows:

Australian Bank Senior Floating Rate Bond ETF

2017	Unitholder	Number of units held opening (Units)	Number of units held closing (Units)	Fair value of investment (\$)	Interest held (%)	Number of units acquired (Units)	Number of units disposed (Units)	Distributions paid/payable by the Fund (\$)
	BetaShares Capital Limited	-	80,000	2,032,798	12.50	80,000	-	3,828
	Total	-	80,000	2,032,798	12.50	80,000	-	3,828

Australian High Interest Cash ETF

2017	Unitholder	Number of units held opening (Units)	Number of units held closing (Units)	Fair value of investment (\$)	Interest held (%)	Number of units acquired (Units)	Number of units disposed (Units)	Distributions paid/payable by the Fund (\$)
	BetaShares Australian Equities Bear Hedge Fund	655,000	655,000	32,798,731	2.64	-	-	670,599
	Total	655,000	655,000	32,798,731	2.64	-	-	670,599

2016	Unitholder	Number of units held opening (Units)	Number of units held closing (Units)	Fair value of investment (\$)	Interest held (%)	Number of units acquired (Units)	Number of units disposed (Units)	Distributions paid/payable by the Fund (\$)
	BetaShares Australian Equities Bear Hedge Fund	580,000	655,000	32,799,369	3.69	275,000	200,000	605,368
	Total	580,000	655,000	32,799,369	3.69	275,000	200,000	605,368

12 Events occurring after the reporting period

No significant events have occurred since the end of the reporting period which would impact on the financial position of the Funds disclosed in the statements of financial position as at 30 June 2017 or on the results and cash flows of the Funds for the period ended on that date.

13 Contingent assets and liabilities and commitments

There are no outstanding contingent assets, liabilities or commitments as at 30 June 2017 and 30 June 2016.

Directors' declaration

BetaShares Capital Ltd present the Directors' Declaration in respect of the following funds:

BetaShares Australian Bank Senior Floating Rate Bond ETF
BetaShares Australian High Interest Cash ETF
BetaShares British Pound ETF
BetaShares Euro ETF
BetaShares U.S. Dollar ETF

In the opinion of the directors of BetaShares Capital Ltd, the Responsible Entity of the Funds:

(a) the financial statements and notes set out on pages 6 to 35 are in accordance with the *Corporations Act 2001*, including:

- (i) complying with Accounting Standards, the *Corporations Regulations 2001*; and
 - (ii) giving a true and fair view of the Funds' financial positions as at 30 June 2017 and of their performance for the financial period ended on that date; and
- (b) there are reasonable grounds to believe that the Funds will be able to pay their debts as and when they become due and payable.

The directors draw attention to Note 2(a) of the financial report which contains a statement of compliance with International Financial Reporting Standards.

Signed in accordance with a resolution of the directors of BetaShares Capital Ltd.



David Nathanson
Director

Sydney
25 September 2017



Alex Vynokur
Director



Independent Auditor's Report

To the respective unitholders of the following Schemes:

BetaShares Australian Bank Senior Floating Bond ETF

BetaShares Australian High Interest Cash ETF

BetaShares British Pound ETF

BetaShares Euro ETF

BetaShares Gold Bullion ETF

For the purpose of this report, the term Scheme and Schemes denote the individual and distinct entity for which the financial information is prepared and upon which our audit is performed. Each is to be read as a singular subject matter.

Opinions

We have audited each of the **Financial Reports** of the Schemes.

In our opinion, the accompanying Financial Report of each Scheme is in accordance with the *Corporations Act 2001*, including:

- giving a true and fair view of the that Scheme's financial position as at 30 June 2017 and of its financial performance for the year ended on that date; and
- complying with *Australian Accounting Standards* and the *Corporations Regulations 2001*.

The respective **Financial Reports** of the individual Schemes comprise:

- Statements of financial position as at 30 June 2017

- Statements of comprehensive income, Statements of changes in equity, and Statements of cash flows for the year then ended
- Notes including a summary of significant accounting policies
- Directors' Declaration made by the Directors' of BetaShares Capital Limited (the Responsible Entity).

Basis for opinions

We conducted our audits in accordance with *Australian Auditing Standards*. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audits of the Financial Reports* section of our report.

We are independent of the Schemes and the Responsible Entity in accordance with the *Corporations Act 2001* and the ethical requirements of the *Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants* (the Code) that are relevant to our audits of the Financial Reports in Australia. We have fulfilled our other ethical responsibilities in accordance with the Code.

Key Audit Matters

Key Audit Matters are those matters that, in our professional judgment, were of most significance in our respective audits of the Financial Reports of each Scheme in the current period.

These matters were addressed in the context of our audits of each of the Financial Reports as a whole, and in forming our opinions thereon, and we do not provide a separate opinion on these matters.

The **Key Audit Matter** we identified for BetaShares Australian Bank Senior Floating Bond ETF is:



- Valuation of financial instruments

The **Key Audit Matter** we identified for BetaShares Australian High Interest Cash ETF, BetaShares British Pound ETF, BetaShares Euro ETF and BetaShares U.S. Dollar ETF is:

- Existence of cash and cash equivalents

Valuation of financial instruments (\$'000) – (BetaShares Australian Bank Senior Floating Bond ETF \$16,184)

Refer to Note 6 of the Financial Reports

The key audit matter	How the matter was addressed in our audit
Valuation of financial instruments is a key audit matter due to: • The significance of the balance to the financial statements and as the key driver of operations and performance results. • The volume and type of transactions had the greatest effect on our overall audit strategy and procedures.	Our audit procedures included: • Read the Responsible Entity's custodian's ASAE 3402 Assurance Reports on Controls at a Service Organisation (ASAE 3402) report to assess the control environment at the custodian and its impact on our procedures. • Assessed the scope, competence and objectivity of the auditors of the ASAE 3402 reports. • Checked the valuation of financial instruments, as recorded in the general ledger, to externally quoted market prices. • Checked the Responsible Entity's external custody reports to assess the ownership of the financial instruments.

Existence of cash and cash equivalents (\$'000) – (BetaShares Australian High Interest Cash ETF \$1,234,014, BetaShares British Pound ETF \$54,794, BetaShares Euro ETF \$4,559, BetaShares U.S. Dollar ETF \$510,508)

The key audit matter	How the matter was addressed in our audits
Existence of cash and cash equivalents is a key audit matter due to: • The significance of the balance to the financial statements. • The volume and type of transactions had the greatest effect on our overall audit strategy and procedures.	Our audit procedures included: • Read the Responsible Entity's custodian's ASAE 3402 Assurance Reports on Controls at Service Organisations (ASAE 3402) report to assess the control environment at the custodian providers and its impact on our procedures. • Assessed the scope, competence and objectivity of the auditors of the ASAE 3402 reports. • Obtained third party confirmations of cash balances and checked to the Scheme's cash balances, as recorded in the general ledger. • Checked the Responsible Entity's external custody reports to the Scheme's cash balances, as recorded in the general ledger to assess the ownership of cash and cash equivalent balances.



Other Information

Other Information is financial and non-financial information in the issuer of the respective Schemes' annual reporting which is provided in addition to the Financial Reports and the Auditor's Report. The Directors of the Responsible Entity are responsible for the Other Information.

Our opinion on the Financial Reports do not cover the Other Information and, accordingly, we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audits of the Financial Reports, our responsibility is to read the Other Information. In doing so, we consider whether the Other Information is materially inconsistent with the Financial Reports or our knowledge obtained in the audits, or otherwise appears to be materially misstated.

We are required to report if we conclude that there is a material misstatement of this Other Information, and based on the work we have performed on the Other Information that we obtained prior to the date of this Auditor's Report we have nothing to report.

Responsibilities of the Directors for the Financial Reports

The Directors of the Responsible Entity are responsible for:

- preparing the Financial Reports that give a true and fair view in accordance with *Australian Accounting Standards* and the *Corporations Act 2001*
- implementing necessary internal controls to enable the preparation of a Financial Report that gives a true and fair view and is free from material misstatement, whether due to fraud or error
- assessing each Scheme's ability to continue as a going concern. This includes disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate the respective Scheme or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audits of the Financial Reports

Our objective is:

- to obtain reasonable assurance about whether each of the Financial Reports as a whole are free from material misstatement, whether due to fraud or error; and
- to issue an Auditor's Report that includes our opinions.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with *Australian Auditing Standards* will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error. They are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the Financial Reports.

A further description of our responsibilities for the audits of the Financial Reports is located at the Auditing and Assurance Standards Board website at: http://www.auasb.gov.au/auditors_files/ar1.pdf. This description forms part of our Auditor's Report.

KPMG

KPMG

Tim Aman

Partner

Sydney

25 September 2017