



BetaShares

Exchange Traded Funds

14 March 2018

Market Announcements Office
ASX Limited

(TO BE RELEASED FOR EACH OF THE ASX CODES LISTED BELOW)

INTERIM FINANCIAL REPORT 2017

BetaShares Capital Ltd, the issuer of each of the following Funds, is pleased to provide the Interim Financial Report in respect of the Funds for the half-year ending 31 December 2017.

ASX code	Fund
HBRD	BetaShares Active Australian Hybrids Fund (managed fund)
HVST	BetaShares Australian Dividend Harvester Fund (managed fund)
SMLL	BetaShares Australian Small Companies Select Fund (managed fund)
EX20	BetaShares Ex-20 Portfolio Diversifier ETF
QOZ	BetaShares FTSE RAFI Australia 200 ETF
AUST	BetaShares Managed Risk Australian Share Fund (managed fund)
QFN	BetaShares S&P/ASX 200 Financials Sector ETF
QRE	BetaShares S&P/ASX 200 Resources Sector 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 4

BetaShares Active Australian Hybrids Fund (managed fund) - ASX Code: HBRD (ARSN 613 694 009)

BetaShares Australian Dividend Harvester Fund (managed fund) - ASX Code: HVST (ARSN 169 907 064)

BetaShares Australian Small Companies Select Fund (managed fund) - ASX Code: SMLL (ARSN 613 693 431)

BetaShares EX-20 Portfolio Diversifier ETF - ASX Code: EX20 (ARSN 613 691 688)

BetaShares FTSE RAFI Australia 200 ETF - ASX Code: QOZ (ARSN 155 637 219)

BetaShares Managed Risk Australian Share Fund (managed fund) - ASX Code: AUST (ARSN 602 666 384)

BetaShares S&P/ASX 200 Financials Sector ETF - ASX Code: QFN (ARSN 143 220 964)

BetaShares S&P/ASX 200 Resources Sector ETF - ASX Code: QRE (ARSN 143 220 795)

Condensed Interim Financial Report

for the half-year ended 31 December 2017

Booklet 4
Condensed Interim Financial Report
for the half-year ended 31 December 2017

Contents	Page
Directors' report	2
Auditor's independence declaration	4
Condensed interim statements of comprehensive income	5
Condensed interim statements of financial position	7
Condensed interim statements of changes in equity	9
Condensed interim statements of cash flow	10
Notes to the condensed interim financial statements	13
Directors' declaration	29
Independent auditor's report to the unitholders	30
Supplementary information	32

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 condensed interim financial report of the Funds for the half-year ended 31 December 2017 and the auditor's report thereon.

Fund name	Referred to in this document as	Financial reporting period	ARSN
BetaShares Active Australian Hybrids Fund	Active Australian Hybrids Fund	1 July 2017 to 31 December 2017 (comparatives: 26 July 2016 to 31 December 2016)	613 694 009
BetaShares Australian Dividend Harvester Fund	Australian Dividend Harvester Fund	1 July 2017 to 31 December 2017	169 907 064
BetaShares Australian Small Companies Select Fund	Australian Small Companies Select	1 July 2017 to 31 December 2017 (comparatives: 26 July 2016 to 31 December 2016)	613 693 431
BetaShares EX-20 Portfolio Diversifier ETF	EX-20 Portfolio Diversifier ETF	1 July 2017 to 31 December 2017 (comparatives: 26 July 2016 to 31 December 2016)	613 691 688
BetaShares FTSE RAFI Australia 200 ETF	FTSE RAFI Australia 200 ETF	1 July 2017 to 31 December 2017	155 637 219
BetaShares Managed Risk Australian Share Fund	Managed Risk Australian Share Fund	1 July 2017 to 31 December 2017	602 666 384
BetaShares S&P/ASX 200 Financials Sector ETF	S&P/ASX 200 Financials Sector ETF	1 July 2017 to 31 December 2017	143 220 964
BetaShares S&P/ASX 200 Resources Sector ETF	S&P/ASX 200 Resources Sector ETF	1 July 2017 to 31 December 2017	143 220 795

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 half-year.

There were no significant changes in the nature of the Funds' activities during the half-year.

Directors

The following persons held office as directors of BetaShares Capital Ltd during the half-year or since the end of the half-year 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)

Review and results of operations

During the half-year, 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 condensed interim statements of comprehensive income. The income distributions payable by each of the Funds are disclosed in the condensed interim statements of financial position. The income distributions paid and payable by each of the Funds are disclosed in Note 4 to the condensed interim financial statements.

Directors' report (continued)

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 half-year.

Matters subsequent to the end of the financial half-year

No matter or circumstance has arisen since 31 December 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.

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 condensed interim 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 4.

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



David Nathanson
Director



Alex Vynokur
Director

Sydney
7 March 2018



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

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

BetaShares Active Australian Hybrids Fund (managed fund)
BetaShares Australian Dividend Harvester Fund (managed fund)
BetaShares Australian Small Companies Select Fund (managed fund)
BetaShares EX-20 Portfolio Diversifier ETF

BetaShares FTSE RAFI Australia 200 ETF
BetaShares Managed Risk Australian Share Fund (managed fund)
BetaShares S&P/ASX 200 Financials Sector ETF
BetaShares S&P/ASX 200 Resources Sector ETF

I declare that, to the best of my knowledge and belief, in relation to the review of the Schemes for the half-year ended 31 December 2017 there have been:

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

KPMG

KPMG

Tim Aman
Partner
Sydney
7 March 2018

Booklet 4
Condensed interim statements of comprehensive income
For the half-year ended 31 December 2017

Condensed interim statements of comprehensive income		Active Australian Hybrids Fund¹		Australian Dividend Harvester Fund¹		Australian Small Companies Select Fund¹		EX-20 Portfolio Diversifier ETF¹		
		31 December 2017	31 December 2016	31 December 2017	31 December 2016	31 December 2017	31 December 2016	31 December 2017	31 December 2016	
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	
	Notes									
Investment income										
Interest income		9	-	116	50	-	-	-	-	
Dividend/distribution income		82	-	18,557	16,018	219	-	241	16	
Net gains/(losses) on financial instruments held at fair value through profit or loss		43	-	(35,457)	(5,010)	1,328	-	1,271	20	
Total net investment income/(loss)		134	-	(16,784)	11,058	1,547	-	1,512	36	
Expenses										
Management fees		6	-	1,176	943	19	-	14	1	
Performance fees		6	-	-	-	-	-	-	-	
Expense recoveries		1	-	335	247	4	-	4	-	
Transaction costs		11	-	11	14	2	-	-	-	
Other operating expenses		3	-	31	42	12	-	3	-	
Total operating expenses		27	-	1,553	1,246	37	-	21	1	
Operating profit/(loss)		107	-	(18,337)	9,812	1,510	-	1,491	35	
Finance costs attributable to unitholders										
Distributions to unitholders	4	(105)	-	(17,848)	(16,147)	(183)	-	(205)	(12)	
Change in net assets attributable to unitholders (total comprehensive income)	3	2	-	(36,185)	(6,335)	1,327	-	1,286	23	

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

¹ Refer to Note 1 for the financial reporting period.

Booklet 4
Condensed interim statements of comprehensive income
For the half-year ended 31 December 2017
(continued)

Condensed interim statements of comprehensive income		FTSE RAFI		Managed Risk		S&P/ASX 200		S&P/ASX 200	
		Australia 200 ETF¹		Australian Share Fund¹		Financials Sector ETF¹		Resources Sector ETF¹	
	31 December	31 December	31 December	31 December	31 December	31 December	31 December	31 December	
	2017	2016	2017	2016	2017	2016	2017	2016	
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	
Investment income									
Interest income	1	-	6	1	-	-	-	-	
Dividend/distribution income	6,337	1,922	664	617	722	775	302	77	
Net gains/(losses) on financial instruments held at fair value through profit or loss	19,157	12,297	1,545	713	(51)	3,832	7,450	1,710	
Total net investment income/(loss)	25,495	14,219	2,215	1,331	671	4,607	7,752	1,787	
Expenses									
Management fees	418	140	59	50	45	51	54	19	
Performance fees	-	-	-	-	-	-	-	-	
Expense recoveries	139	46	15	15	-	-	-	-	
Transaction costs	6	2	1	2	-	-	1	-	
Other operating expenses	14	-	6	12	4	6	4	6	
Total operating expenses	577	188	81	79	49	57	59	25	
Operating profit/(loss)	24,918	14,031	2,134	1,252	622	4,550	7,693	1,762	
Finance costs attributable to unitholders									
Distributions to unitholders	(7,110)	(2,454)	(776)	(674)	(923)	(1,140)	(246)	(52)	
Change in net assets attributable to unitholders (total comprehensive income)	17,808	11,577	1,358	578	(301)	3,410	7,447	1,710	

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

¹ Refer to Note 1 for the financial reporting period.

Condensed interim statements of financial position		Active Australian Hybrids Fund¹		Australian Dividend Harvester Fund¹		Australian Small Companies Select Fund¹		EX-20 Portfolio Diversifier ETF¹	
		31 December 2017	30 June 2017	31 December 2017	30 June 2017	31 December 2017	30 June 2017	31 December 2017	30 June 2017
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Assets									
	Cash and cash equivalents	1,252	-	12,496	21,807	663	257	47	4
	Financial assets held at fair value through profit or loss	20,556	-	256,955	408,690	15,280	8,793	22,633	11,191
	Due from brokers - receivable for securities sold	-	-	-	-	-	-	161	-
	Receivables	548	-	3,432	11,934	71	125	73	49
	Total assets	22,356	-	272,883	442,431	16,014	9,175	22,914	11,244
Liabilities									
	Due to brokers - payable for securities purchased	372	-	-	-	488	68	29	-
	Distribution payable	105	-	2,405	3,678	183	-	205	148
	Other payables	14	-	243	341	5	21	5	2
	Total liabilities (excluding net assets attributable to unitholders)	491	-	2,648	4,019	676	89	239	150
	Net assets attributable to unitholders - liability	21,865	-	270,235	438,412	15,338	9,086	22,675	11,094

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

¹ Refer to Note 1 for the financial reporting period.

Booklet 4
Condensed interim statements of financial position
As at 31 December 2017
(continued)

Condensed interim statements of financial position

	FTSE RAFI		Managed Risk		S&P/ASX 200		S&P/ASX 200	
	Australia 200 ETF¹		Australian Share Fund¹		Financials Sector ETF¹		Resources Sector ETF¹	
	31 December	30 June	31 December	30 June	31 December	30 June	31 December	30 June
	2017	2017	2017	2017	2017	2017	2017	2017
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Notes								
Assets								
Cash and cash equivalents	2,988	236	938	1,068	477	28	13	23
Financial assets held at fair value through profit or loss	331,346	242,808	25,555	29,922	33,100	27,123	76,196	16,376
Due from brokers - receivable for securities sold	4,541	-	-	-	475	-	253	-
Receivables	21,275	1,742	58	260	5	253	5	2
Total assets	360,150	244,786	26,551	31,250	34,057	27,404	76,467	16,401
Liabilities								
Due to brokers - payable for securities purchased	20,863	6	24	18	15	-	-	-
Distribution payable	7,110	4,786	776	359	923	305	246	207
Other payables	110	80	11	13	12	9	21	6
Total liabilities (excluding net assets attributable to unitholders)	28,083	4,872	811	390	950	314	267	213
Net assets attributable to unitholders - liability	332,067	239,914	25,740	30,860	33,107	27,090	76,200	16,188

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

¹ Refer to Note 1 for the financial reporting period.

Condensed interim 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.

Booklet 4
Condensed interim statements of cash flows
For the half-year ended 31 December 2017

Condensed interim statements of cash flows	Active Australian Hybrids Fund¹		Australian Dividend Harvester Fund¹		Australian Small Companies Select Fund¹		EX-20 Portfolio Diversifier ETF¹	
	31 December	31 December	31 December	31 December	31 December	31 December	31 December	31 December
	2017	2016	2017	2016	2017	2016	2017	2016
Notes	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Cash flows from operating activities								
Proceeds from sale of financial instruments held at fair value through profit or loss	905	-	1,001,530	646,367	2,377	-	592	53
Payments for purchases of financial instruments held at fair value through profit or loss	(21,046)	-	(885,252)	(817,113)	(7,116)	-	(10,895)	(2,990)
Dividends/distributions received	59	-	27,097	17,301	212	-	218	2
Interest received	2	-	121	44	-	-	-	-
Management fees paid	-	-	(1,261)	(847)	(17)	-	(12)	-
Expense recoveries paid	-	-	(358)	(221)	(4)	-	(3)	-
Performance fees paid	-	-	-	-	(18)	-	-	-
Transaction costs paid	(11)	-	(11)	(14)	(2)	-	-	-
Other operating expenses paid	(4)	-	(64)	(106)	(14)	-	(4)	-
Net cash inflow/(outflow) from operating activities	(20,095)	-	141,802	(154,589)	(4,582)	-	(10,104)	(2,935)
Cash flows from financing activities								
Proceeds from application by unitholders	21,347	-	-	169,041	6,026	-	10,286	2,947
Payments for redemptions by unitholders	-	-	(133,647)	-	(1,038)	-	-	-
Distributions paid	-	-	(17,466)	(12,967)	-	-	(139)	-
Net cash inflow/(outflow) from financing activities	21,347	-	(151,113)	156,074	4,988	-	10,147	2,947
Net increase/(decrease) in cash and cash equivalents	1,252	-	(9,311)	1,485	406	-	43	12
Cash and cash equivalents at the beginning of the half-year	-	-	21,807	9,286	257	-	4	-
Cash and cash equivalents at the end of the half-year	1,252	-	12,496	10,771	663	-	47	12
Non-cash financing activities								
Units issued upon reinvestment of distributions	-	-	1,655	1,830	-	-	9	-

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

¹ Refer to Note 1 for the financial reporting period.

Booklet 4
Condensed interim statements of cash flows
For the half-year ended 31 December 2017
(continued)

Condensed interim statements of cash flows	FTSE RAFI		Managed Risk		S&P/ASX 200		S&P/ASX 200	
	Australia 200 ETF¹		Australian Share Fund¹		Financials Sector ETF¹		Resources Sector ETF¹	
	31 December	31 December	31 December	31 December	31 December	31 December	31 December	31 December
	2017	2016	2017	2016	2017	2016	2017	2016
Notes	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$000	\$000
Cash flows from operating activities								
Proceeds from sale of financial instruments held at fair value through profit or loss	5,943	6,678	6,500	3,948	9,514	2,781	1,617	322
Payments for purchases of financial instruments held at fair value through profit or loss	(59,008)	(87,225)	(582)	(9,348)	(16,002)	(4,149)	(54,240)	(5,851)
Dividends/distributions received	7,637	2,530	869	749	972	1,197	302	77
Interest received	1	-	6	1	-	-	-	-
Management fees paid	(396)	(155)	(61)	(56)	(42)	(49)	(39)	(20)
Expense recoveries paid	(132)	(52)	(15)	(16)	-	-	-	-
Transaction costs paid	(6)	(2)	(1)	(2)	-	-	(1)	-
Other operating expenses paid	(39)	(5)	(9)	(14)	(6)	(7)	(7)	(7)
Net cash inflow/(outflow) from operating activities	(46,000)	(78,231)	6,707	(4,738)	(5,564)	(227)	(52,368)	(5,479)
Cash flows from financing activities								
Proceeds from applications by unitholders	51,406	84,850	-	9,097	15,565	3,224	52,556	5,592
Payments for redemptions by unitholders	-	(3,510)	(6,490)	(4,539)	(9,268)	(2,274)	-	-
Distributions paid	(2,654)	(2,518)	(347)	(113)	(284)	(253)	(198)	(56)
Net cash inflow/(outflow) from financing activities	48,752	78,822	(6,837)	4,445	6,013	697	52,358	5,536
Net increase/(decrease) in cash and cash equivalents	2,752	591	(130)	(293)	449	470	(10)	57
Cash and cash equivalents at the beginning of the half-year	236	137	1,068	1,248	28	12	23	2
Cash and cash equivalents at the end of the half-year	2,988	728	938	955	477	482	13	59
Non-cash financing activities								
Units issued upon reinvestment of distributions	2,132	1,030	12	-	21	18	9	10

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

¹ Refer to Note 1 for the financial reporting period.

Contents of the notes to the condensed interim financial statements

	Page
1 General information	13
2 Summary of significant accounting policies	13
3 Net assets attributable to unitholders	16
4 Distributions to unitholders	18
5 Financial instruments held at fair value through profit or loss	20
6 Fair value measurements	22
7 Related party transactions	28
8 Events occurring after the reporting period	28
9 Contingent assets and liabilities and commitments	28

1 General information

These condensed interim 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
Active Australian Hybrids Fund	26 July 2016	13 November 2017	1 July 2017 to 31 December 2017 (comparatives: 26 July 2016 to 31 December 2016)
Australian Dividend Harvester Fund	16 June 2014	29 October 2014	1 July 2017 to 31 December 2017
Australian Small Companies Select Fund	26 July 2016	7 April 2017	1 July 2017 to 31 December 2017 (comparatives: 26 July 2016 to 31 December 2016)
EX-20 Portfolio Diversifier ETF	26 July 2016	5 October 2016	1 July 2017 to 31 December 2017 (comparatives: 26 July 2016 to 31 December 2016)
FTSE RAFI Australia 200 ETF	22 February 2012	10 July 2013	1 July 2017 to 31 December 2017
Managed Risk Australian Share Fund	16 June 2014	10 November 2015	1 July 2017 to 31 December 2017
S&P/ASX 200 Financials Sector ETF	3 May 2010	10 December 2010	1 July 2017 to 31 December 2017
S&P/ASX 200 Resources Sector ETF	3 May 2010	10 December 2010	1 July 2017 to 31 December 2017

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 condensed interim financial statements were authorised for issue by the directors of the Responsible Entity on 7 March 2018. The directors of the Responsible Entity have the power to amend and reissue the condensed interim financial statements.

The condensed interim 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 condensed interim financial statements are set out below. These policies have been consistently applied to all periods presented.

(a) Basis of preparation

These general purpose condensed interim financial statements have been prepared in accordance with accounting standard AASB 134 Interim Financial Reporting, other authoritative pronouncements of the Australian Accounting Standards Board ("AASB") and the *Corporations Act 2001* in Australia.

These condensed interim financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2017 and any continuous disclosure requirements of the *Corporations Act 2001*.

For the BetaShares Active Australian Hybrids Fund, the accounting policies in the previously issued report are applicable. In addition, the following disclosures should also be applied. Listed securities consist of convertible instruments and floating rate notes which are held at fair value through profit and loss and the net gains or losses exclude interest and dividend income. They are level 1 securities measured by the quoted market prices on the exchange where they are listed or held.

Interest income from convertible instruments and floating rate notes is recognized in the statement of comprehensive income for all financial instruments held at fair value through profit or loss using the effective interest method.

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

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

The condensed interim 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.

2 Summary of significant accounting policies (continued)

(a) Basis of preparation (continued)

Compliance with International Financial Reporting Standards

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

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. 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 AASB127 *Separate Financial Statement*. AASB 10 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.

2 Summary of significant accounting policies (continued)

(a) Basis of preparation (continued)

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 half-year.

(c) New accounting standards and interpretations

Certain new accounting standards and interpretations have been published that are not mandatory for the 31 December 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 for the years beginning on or after 1 January 2018)

AASB9 *Financial instruments* and applicable amendments (effective for the years beginning on or after 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.

(ii) AASB 15 Revenue from Contracts with Customers, (effective for the years beginning on or after 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, dividends 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.

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 half-year were as follows:

	Active Australian Hybrids Fund				Australian Dividend Harvester Fund			
	31 December 2017	31 December 2016	31 December 2017	31 December 2016	31 December 2017	31 December 2016	31 December 2017	31 December 2016
	Units '000	Units '000	\$'000	\$'000	Units '000	Units '000	\$'000	\$'000
Net assets attributable to unitholders								
Opening balance	-	-	-	-	23,640	9,944	438,412	209,180
Applications	2,176	-	21,863	-	-	8,200	-	169,041
Redemptions	-	-	-	-	(7,700)	-	(133,647)	-
Units issued upon reinvestment of distributions	-	-	-	-	93	89	1,655	1,830
Change in net assets attributable to unitholders	-	-	2	-	-	-	(36,185)	(6,335)
Closing balance	2,176	-	21,865	-	16,033	18,233	270,235	373,716

	Australian Small Companies Select Fund				EX-20 Portfolio Diversifier ETF			
	30 December 2017	30 December 2016	30 December 2017	30 December 2016	31 December 2017	31 December 2016	31 December 2017	31 December 2016
	Units '000	Units '000	\$'000	\$'000	Units '000	Units '000	\$'000	\$'000
Net assets attributable to unitholders								
Opening balance	3,008	-	9,086	-	700	-	11,094	-
Applications	1,868	-	5,963	-	600	200	10,286	2,947
Redemptions	(317)	-	(1,038)	-	-	-	-	-
Units issued upon reinvestment of distributions	-	-	-	-	1	-	9	-
Change in net assets attributable to unitholders	-	-	1,327	-	-	-	1,286	23
Closing balance	4,559	-	15,338	-	1,301	200	22,675	2,970

3 Net assets attributable to unitholders (continued)

	FTSE RAFI Australia 200 ETF				Managed Risk Australian Share Fund			
	31 December 2017 Units '000	31 December 2016 Units '000	31 December 2017 \$'000	31 December 2016 \$'000	31 December 2017 Units '000	31 December 2016 Units '000	31 December 2017 \$'000	31 December 2016 \$'000
Net assets attributable to unitholders								
Opening balance	18,900	7,584	239,914	83,134	2,001	1,700	30,860	25,337
Applications	5,400	6,600	72,213	84,850	-	600	-	9,097
Redemptions	-	(300)	-	(3,510)	(400)	(300)	(6,490)	(4,539)
Units issued upon reinvestment of distributions	168	94	2,132	1,030	1	-	12	-
Change in net assets attributable to unitholders	-	-	17,808	11,577	-	-	1,358	578
Closing balance	24,468	13,978	332,067	177,081	1,602	2,000	25,740	30,473

	S&P/ASX 200 Financials Sector ETF				S&P/ASX 200 Resources Sector ETF			
	31 December 2017 Units '000	31 December 2016 Units '000	31 December 2017 \$'000	31 December 2016 \$'000	31 December 2017 Units '000	31 December 2016 Units '000	31 December 2017 \$'000	31 December 2016 \$'000
Net assets attributable to unitholders								
Opening balance	2,355	2,347	27,090	23,794	3,640	1,736	16,188	6,416
Applications	1,300	300	15,565	3,224	10,000	1,300	52,556	5,592
Redemptions	(800)	(200)	(9,268)	(2,274)	-	-	-	-
Units issued upon reinvestment of distributions	2	2	21	18	2	3	9	10
Change in net assets attributable to unitholders	-	-	(301)	3,410	-	-	7,447	1,710
Closing balance	2,857	2,449	33,107	28,172	13,642	3,039	76,200	13,728

3 Net assets attributable to unitholders (continued)

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.

4 Distributions to unitholders

The distributions for the period were as follows:

	Active Australian Hybrids Fund				Australian Dividend Harvester Fund			
	31 December 2017 \$'000	31 December 2017 CPU	31 December 2016 \$'000	31 December 2016 CPU	31 December 2017 \$'000	31 December 2017 CPU	31 December 2016 \$'000	31 December 2016 CPU
Distributions paid - July	-	-	-	-	3,504	15.00	2,136	20.05
Distributions paid - August	-	-	-	-	3,236	15.00	2,287	18.34
Distributions paid - September	-	-	-	-	3,029	15.00	2,609	18.01
Distributions paid - October	-	-	-	-	2,836	15.00	3,009	18.02
Distributions paid - November	-	-	-	-	2,838	15.00	2,953	17.25
Distributions payable - December	105	4.81	-	-	2,405	15.00	3,153	17.29
Total distributions	105				17,848		16,147	

4 Distributions to unitholders (continued)

	Australian Small Companies Select Fund				EX-20 Portfolio Diversifier ETF			
	30 December 2017 \$'000	31 December 2017 CPU	30 December 2016 \$'000	31 December 2016 CPU	31 December 2017 \$'000	31 December 2017 CPU	31 December 2016 \$'000	31 December 2016 CPU
	Distributions payable - December	183	4.02	-	-	205	15.79	12
Total distributions	183		-	-	205		12	

	FTSE RAFI Australia 200 ETF				Managed Risk Australian Share Fund			
	31 December 2017 \$'000	31 December 2017 CPU	31 December 2016 \$'000	31 December 2016 CPU	31 December 2017 \$'000	31 December 2017 CPU	31 December 2016 \$'000	31 December 2016 CPU
	Distributions payable - December	7,110	29.06	2,454	17.56	776	48.44	674
Total distributions	7,110		2,454		776		674	

	S&P/ASX 200 Financials Sector ETF				S&P/ASX 200 Resources Sector ETF			
	31 December 2017 \$'000	31 December 2017 CPU	31 December 2016 \$'000	31 December 2016 CPU	31 December 2017 \$'000	31 December 2017 CPU	31 December 2016 \$'000	31 December 2016 CPU
	Distributions payable - December	923	32.31	1,140	46.55	246	1.80	52
Total distributions	923		1,140		246		52	

5 Financial instruments held at fair value through profit or loss

	Active Australian Hybrids Fund		Australian Dividend Harvester Fund		Australian Small Companies Select Fund	
	31 December 2017 \$'000	30 June 2017 \$'000	31 December 2017 \$'000	30 June 2017 \$'000	31 December 2017 \$'000	30 June 2017 \$'000
Financial assets						
Held for trading						
Futures contracts	-	-	-	658	-	-
Total held for trading	-	-	-	658	-	-
Designated at fair value through profit or loss						
Listed securities	-	-	256,955	408,032	15,265	8,793
Floating rate notes	1,420	-	-	-	-	-
Convertible instruments	19,136	-	-	-	-	-
Unlisted securities	-	-	-	-	15	-
Total designated at fair value through profit or loss	20,556	-	256,955	408,032	15,280	8,793
Total financial assets held at fair value through profit or loss	20,556	-	256,955	408,690	15,280	8,793

5 Financial instruments held at fair value through profit or loss (continued)

	EX-20 Portfolio Diversifier ETF		FTSE RAFI Australia 200 ETF		Managed Risk Australian Share Fund	
	31 December 2017 \$'000	30 June 2017 \$'000	31 December 2017 \$'000	30 June 2017 \$'000	31 December 2017 \$'000	30 June 2017 \$'000
Financial assets						
Held for trading						
Futures contracts	-	-	-	10	-	20
Total held for trading	-	-	-	10	-	20
Designated at fair value through profit or loss						
Listed securities	22,633	11,191	331,346	242,798	25,555	29,902
Unlisted securities	-	-	-	-	-	-
Total designated at fair value through profit or loss	22,633	11,191	331,346	242,798	25,555	29,902
Total financial assets held at fair value through profit or loss	22,633	11,191	331,346	242,808	25,555	29,922

	S&P/ASX 200 Financials Sector ETF		S&P/ASX 200 Resources Sector ETF	
	31 December 2017 \$'000	30 June 2017 \$'000	31 December 2017 \$'000	30 June 2017 \$'000
Financial assets				
Designated at fair value through profit or loss				
Listed securities	33,100	27,123	76,196	16,376
Total designated at fair value through profit or loss	33,100	27,123	76,196	16,376
Total financial assets held at fair value through profit or loss	33,100	27,123	76,196	16,376

6 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.

(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.

Index futures are measured by the quoted market prices, or binding dealer price quotations on the exchange where they are listed or held.

6 Fair value measurements (continued)

Fair value estimation (continued)

(iii) Recognised fair value measurements

The tables below set out the Funds' financial assets and liabilities (by class) measured at fair value according to the fair value hierarchy:

	Active Australian Hybrids Fund				Active Australian Hybrids Fund			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
	31 December	31 December	31 December	31 December	30 June	30 June	30 June	30 June
	2017	2017	2017	2017	2017	2017	2017	2017
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Financial assets								
Financial assets designated at fair value through profit or loss:								
Floating rate notes	844	576	-	1,420	-	-	-	-
Convertible instruments	19,136	-	-	19,136	-	-	-	-
Total	19,980	576	-	20,556	-	-	-	-

	Australian Dividend Harvester Fund				Australian Dividend Harvester Fund			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
	31 December	31 December	31 December	31 December	30 June	30 June	30 June	30 June
	2017	2017	2017	2017	2017	2017	2017	2017
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Financial assets								
Financial assets held for trading:								
Futures contracts	-	-	-	-	658	-	-	658
Financial assets designated at fair value through profit or loss:								
Listed securities	256,955	-	-	256,955	408,032	-	-	408,032
Total	256,955	-	-	256,955	408,690	-	-	408,690

6 Fair value measurements (continued)

Fair value estimation (continued)

(iii) *Recognised fair value measurements (continued)*

	Australian Small Companies Select Fund				Australian Small Companies Select Fund			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
	31 December	31 December	31 December	31 December	30 June	30 June	30 June	30 June
	2017	2017	2017	2017	2017	2017	2017	2017
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Financial assets								
Financial assets designated at fair value through profit or loss:								
Listed securities	15,280	-	-	15,280	8,793	-	-	8,793
Total	15,280	-	-	15,280	8,793	-	-	8,793

	EX-20 Portfolio Diversifier ETF				EX-20 Portfolio Diversifier ETF			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
	31 December	31 December	31 December	31 December	30 June	30 June	30 June	30 June
	2017	2017	2017	2017	2017	2017	2017	2017
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Financial assets								
Financial assets designated at fair value through profit or loss:								
Listed securities	22,633	-	-	22,633	11,191	-	-	11,191
Total	22,633	-	-	22,633	11,191	-	-	11,191

6 Fair value measurements (continued)

Fair value estimation (continued)

(iii) *Recognised fair value measurements (continued)*

	FTSE RAFI Australia 200 ETF				FTSE RAFI Australia 200 ETF			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
	31 December	31 December	31 December	31 December	30 June	30 June	30 June	30 June
	2017	2017	2017	2017	2017	2017	2017	2017
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Financial assets								
Financial assets held for trading:								
Futures contracts	-	-	-	-	10	-	-	10
Financial assets designated at fair value through profit or loss:								
Listed securities	331,327	-	19	331,346	242,782	-	16	242,798
Total	331,327	-	19	331,346	242,792	-	16	242,808

	Managed Risk Australian Share Fund				Managed Risk Australian Share Fund			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
	31 December	31 December	31 December	31 December	30 June	30 June	30 June	30 June
	2017	2017	2017	2017	2017	2017	2017	2017
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Financial assets								
Financial assets held for trading:								
Futures contracts	-	-	-	-	20	-	-	20
Financial assets designated at fair value through profit or loss:								
Listed securities	25,555	-	-	25,555	29,902	-	-	29,902
Total	25,555	-	-	25,555	29,922	-	-	29,922

6 Fair value measurements (continued)

Fair value estimation (continued)

(iii) *Recognised fair value measurements (continued)*

	S&P/ASX 200 Financials Sector ETF				S&P/ASX 200 Financials Sector ETF			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
	31 December	31 December	31 December	31 December	30 June	30 June	30 June	30 June
	2017	2017	2017	2017	2017	2017	2017	2017
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Financial assets								
Financial assets designated at fair value through profit or loss								
Listed securities	33,100	-	-	33,100	27,123	-	-	27,123
Total	33,100	-	-	33,100	27,123	-	-	27,123

	S&P/ASX 200 Resources Sector ETF				S&P/ASX 200 Resources Sector ETF			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
	31 December	31 December	31 December	31 December	30 June	30 June	30 June	30 June
	2017	2017	2017	2017	2017	2017	2017	2017
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Financial assets								
Financial assets designated at fair value through profit or loss								
Listed securities	76,196	-	-	76,196	16,376	-	-	16,376
Total	76,196	-	-	76,196	16,376	-	-	16,376

(iv) *Transfers between levels*

There were no transfers between levels during the half-year ended 31 December 2017.

The Fund listed below had transfers between levels during the year ended 30 June 2017.

	Level 1	Level 2	Level 3
	30 June	30 June	30 June
	2017	2017	2017
	\$'000	\$'000	\$'000
FTSE RAFI Australia 200 ETF			
Transfers between levels 1 and 3:			
Listed securities	(25)	-	25
Total	(25)	-	25

6 Fair value measurements (continued)

Fair value estimation (continued)

(v) Movement in level 3 instruments

The following table presents the Fund that had movement in level 3 instruments for the half-year ended 31 December 2017 and 30 June 2017 by class of financial instrument:

	Listed securities	
	FTSE RAFI Australia 200 ETF 31 December 2017 \$'000	FTSE RAFI Australia 200 ETF 30 June 2017 \$'000
Opening balance	16	-
Purchases	3	47
Sales	-	(4)
Transfers into/(out) from level 3	-	25
Gains/(losses) recognised in profit or loss	-	(52)
Closing balance	19	16
Total gains/(losses) for the period included in the statements of comprehensive income for financial assets and liabilities held at the end of the period	-	(52)

(vi) Fair value of financial instruments not carried at fair value

The carrying value of trade receivables and trade payables are assumed to approximate their fair values.

Net assets attributable to unit holders' carrying value differs from its fair value (deemed to be redemption price for individual units) due to differences in valuation inputs. This difference is not material in the current or prior period.

7 Related party transactions

There have been no significant changes to the related party transactions disclosed in the previous annual financial report.

All transactions with related parties are conducted on normal terms and conditions. From time to time the Responsible Entity or its director-related entities may invest in or withdraw from the Funds. These investments or withdrawals are on the same terms and conditions as those entered into by other fund investors and are trivial and domestic in nature.

8 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 31 December 2017 or on the results and cash flows of the Funds for the period ended on that date.

9 Contingent assets and liabilities and commitments

There are no outstanding contingent assets, liabilities or commitments as at 31 December 2017 and 30 June 2017.

Directors' declaration

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

BetaShares Active Australian Hybrids Fund (managed fund)
BetaShares Australian Dividend Harvester Fund (managed fund)
BetaShares Australian Small Companies Select Fund (managed fund)
BetaShares EX-20 Portfolio Diversifier ETF
BetaShares FTSE RAFI Australia 200 ETF
BetaShares Managed Risk Australian Share Fund (managed fund)
BetaShares S&P/ASX 200 Financials Sector ETF
BetaShares S&P/ASX 200 Resources Sector 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 28 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 31 December 2017 and of their performance for the half-year 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
7 March 2018



Alex Vynokur
Director



Independent Auditor's Review Report

To the respective unitholders of the following Schemes (the "Schemes"):

- BetaShares Active Australian Hybrids Fund (managed fund)
- BetaShares Australian Dividend Harvester Fund (managed fund)
- BetaShares Australian Small Companies Select Fund (managed fund)
- BetaShares EX-20 Portfolio Diversifier ETF
- BetaShares FTSE RAFI Australia 200 ETF
- BetaShares Managed Risk Australian Share Fund (managed fund)
- BetaShares S&P/ASX 200 Financials Sector ETF
- BetaShares S&P/ASX 200 Resources Sector ETF

Conclusion

We have reviewed the accompanying **Condensed Interim Financial Reports** of the Schemes.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the Condensed Interim Financial Reports of the Schemes are not in accordance with the *Corporations Act 2001*, including:

- giving a true and fair view of the Schemes' financial position as at 31 December 2017 and of their performance for the half-year ended on that date; and
- complying with *Australian Accounting Standard AASB 134 Interim Financial Reporting* and the *Corporations Regulations 2001*.

The **Condensed Interim Financial Reports** comprise:

- Condensed interim statements of financial position as at 31 December 2017;
- Condensed interim statements of comprehensive income, Condensed interim statements of changes in equity and Condensed interim statements of cash flows for the half-year ended on that date;
- Notes 1 to 9 comprising a summary of significant accounting policies and other explanatory information; and
- The Directors' Declaration.

Responsibilities of the Directors for the Condensed Interim Financial Reports

The Directors of the Schemes are responsible for:

- the preparation of the Condensed Interim Financial Reports that gives a true and fair view in accordance with *Australian Accounting Standards* and the *Corporations Act 2001*
- for such internal control as the Directors determine is necessary to enable the preparation of the Condensed Interim Financial Reports that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility for the review of the Condensed Interim Financial Reports

Our responsibility is to express a conclusion on the Condensed Interim Financial Reports based on our review. We conducted our review in accordance with *Auditing Standard on Review Engagements ASRE 2410 Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the Condensed



Interim Financial Reports are not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Schemes' financial position as at 31 December 2017 and their performance for the half-year period ended on that date; and complying with *Australian Accounting Standard AASB 134 Interim Financial Reporting* and the *Corporations Regulations 2001*. As auditor of the Schemes, *ASRE 2410* requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a Condensed Interim Period Financial Reports consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with *Australian Auditing Standards* and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

KPMG

KPMG

Tim Aman

Partner

Sydney

7 March 2018

FTSE® is a trade mark owned by the London Stock Exchange Group companies and is used by FTSE International Limited ("FTSE") under licence. The FTSE RAFI® Index Series is calculated by FTSE in conjunction with Research Affiliates LLC ("RA"). Neither FTSE nor RA sponsor, endorse or promote the BetaShares FTSE RAFI Australia 200 ETF and are not in any way connected to it and do not accept any liability in relation to its issue, operation and trading. Any intellectual property rights in the index values and constituent list vests in FTSE. Fundamental Index ® and RAFI® tradenames are the exclusive property of RA. BetaShares has obtained a full licence from FTSE to use such intellectual property rights in the creation of this product.

Standard and Poor's® and S&P® are registered trademarks of Standard & Poor's Financial Services LLC ("S&P"), and ASX® is a registered trademark of the ASX Operations Pty Ltd ("ASX"). These trademarks have been licensed for use by BetaShares. BetaShares Funds are not sponsored, endorsed, sold or promoted by S&P or ASX, and S&P and ASX make no representation, warranty or condition regarding the advisability of buying, selling or holding units in BetaShares Funds.