



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

Further information about the Funds can be obtained at [www.betashares.com.au](http://www.betashares.com.au) or by contacting BetaShares Client Services on 1300 487 577.

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**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](http://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)

## **Condensed Interim Financial Report**

**for the half-year ended 31 December 2017**

**Booklet 1**  
**Condensed Interim Financial Report**  
**for the half-year ended 31 December 2017**

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## 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.

<b>Fund name</b>	<b>Referred to in this document as</b>	<b>Financial reporting period</b>	<b>ARSN</b>
BetaShares Australian Bank Senior Floating Rate Bond ETF	Australian Bank Senior Floating Rate Bond ETF	1 July 2017 to 31 December 2017 (comparatives: 26 July 2016 to 31 December 2016)	613 694 385
BetaShares Australian High Interest Cash ETF	Australian High Interest Cash ETF	1 July 2017 to 31 December 2017	143 219 961
BetaShares British Pound ETF	British Pound ETF	1 July 2017 to 31 December 2017	151 133 514
BetaShares Euro ETF	Euro ETF	1 July 2017 to 31 December 2017	151 131 967
BetaShares U.S. Dollar ETF	U.S. Dollar ETF	1 July 2017 to 31 December 2017	147 517 280

## 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.

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## **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

Sydney  
7 March 2018



Alex Vynokur  
Director



## 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 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

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

**Condensed interim statements of comprehensive income**

		<b>Australian Bank Senior Floating Rate Bond ETF<sup>1</sup></b>		<b>Australian High Interest Cash ETF<sup>1</sup></b>		<b>British Pound ETF<sup>1</sup></b>	
		<b>31 December</b>	<b>31 December</b>	<b>31 December</b>	<b>31 December</b>	<b>31 December</b>	<b>31 December</b>
		<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>
	Notes	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<b>Investment income</b>							
Interest income		1,486	-	14,151	10,976	45	17
Net gains/(losses) on financial instruments held at fair value through profit or loss		307	-	-	-	-	-
Net foreign exchange gains/(losses)		-	-	-	-	1,479	319
Other operating income		84	-	-	-	-	-
<b>Total net investment income/(loss)</b>		<b>1,877</b>	<b>-</b>	<b>14,151</b>	<b>10,976</b>	<b>1,524</b>	<b>336</b>
<b>Expenses</b>							
Management fees		101	-	1,152	875	112	52
Expense recoveries		16	-	-	-	-	-
Other operating expenses		2	-	15	35	4	4
<b>Total operating expenses</b>		<b>119</b>	<b>-</b>	<b>1,167</b>	<b>910</b>	<b>116</b>	<b>56</b>
<b>Operating profit/(loss)</b>		<b>1,758</b>	<b>-</b>	<b>12,984</b>	<b>10,066</b>	<b>1,408</b>	<b>280</b>
<b>Finance costs attributable to unitholders</b>							
Distributions to unitholders	4	(1,431)	-	(12,721)	(10,133)	-	-
<b>Change in net assets attributable to unitholders (total comprehensive income)</b>	3	<b>327</b>	<b>-</b>	<b>263</b>	<b>(67)</b>	<b>1,408</b>	<b>280</b>

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

<sup>1</sup> Refer to Note 1 for the financial reporting period.

**Booklet 1**  
**Condensed interim statements of comprehensive income**  
**For the half-year ended 31 December 2017**  
**(continued)**

**Condensed interim statements of comprehensive income**

		Euro ETF <sup>1</sup>		U.S. Dollar ETF <sup>1</sup>	
		31 December 2017 \$ <sup>2</sup>	31 December 2016 \$ <sup>2</sup>	31 December 2017 \$'000	31 December 2016 \$'000
<b>Investment income</b>					
Interest income		423	3	1,514	419
Net gains/(losses) on financial instruments held at fair value through profit or loss		-	-	-	-
Net foreign exchange gains/(losses)		162,023	(108,908)	(8,130)	14,988
Other operating income		-	-	-	-
<b>Total net investment income/(loss)</b>		<b>162,446</b>	<b>(108,905)</b>	<b>(6,616)</b>	<b>15,407</b>
<b>Expenses</b>					
Management fees		12,364	10,134	1,111	1,231
Other operating expenses		455	560	14	36
<b>Total operating expenses</b>		<b>12,819</b>	<b>10,694</b>	<b>1,125</b>	<b>1,267</b>
<b>Operating profit/(loss)</b>		<b>149,627</b>	<b>(119,599)</b>	<b>(7,741)</b>	<b>14,140</b>
<b>Finance costs attributable to unitholders</b>					
Distributions to unitholders	4	-	-	-	-
<b>Change in net assets attributable to unitholders (total comprehensive income)</b>	3	<b>149,627</b>	<b>(119,599)</b>	<b>(7,741)</b>	<b>14,140</b>

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

<sup>1</sup> Refer to Note 1 for the financial reporting period.

<sup>2</sup> 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.



Condensed interim statements of financial position

	Notes	Australian Bank Senior Floating Rate Bond ETF <sup>1</sup>		Australian High Interest Cash ETF <sup>1</sup>		British Pound ETF <sup>1</sup>	
		31 December	30 June	31 December	30 June	31 December	30 June
		2017	2017	2017	2017	2017	2017
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Assets</b>							
Cash and cash equivalents		412	30	1,255,138	1,234,014	29,007	54,794
Financial assets held at fair value through profit or loss	5	189,597	16,184	-	-	-	-
Receivables		784	69	2,463	12,216	19	9
<b>Total assets</b>		<b>190,793</b>	<b>16,283</b>	<b>1,257,601</b>	<b>1,246,230</b>	<b>29,026</b>	<b>54,803</b>
<b>Liabilities</b>							
Distributions payable	4	383	31	2,012	2,058	-	-
Other payables		38	2	214	199	12	19
<b>Total liabilities (excluding net assets attributable to unitholders)</b>		<b>421</b>	<b>33</b>	<b>2,226</b>	<b>2,257</b>	<b>12</b>	<b>19</b>
<b>Net assets attributable to unitholders - liability</b>	3	<b>190,372</b>	<b>16,250</b>	<b>1,255,375</b>	<b>1,243,973</b>	<b>29,014</b>	<b>54,784</b>

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

<sup>1</sup> Refer to Note 1 for the financial reporting period.

Booklet 1  
Condensed interim statements of financial position  
As at 31 December 2017  
(continued)

Condensed interim statements of financial position

		Euro ETF <sup>1</sup>		U.S. Dollar ETF <sup>1</sup>	
		31 December 2017 \$ <sup>2</sup>	30 June 2017 \$ <sup>2</sup>	31 December 2017 \$'000	30 June 2017 \$'000
<b>Assets</b>					
Cash and cash equivalents		6,932,879	4,559,467	471,554	510,508
Financial assets held at fair value through profit or loss	5	-	-	-	-
Receivables		1,024	490	341	246
<b>Total assets</b>		<b>6,933,903</b>	<b>4,559,957</b>	<b>471,895</b>	<b>510,754</b>
<b>Liabilities</b>					
Distributions payable	4	-	-	-	867
Other payables		2,670	1,802	190	206
<b>Total liabilities (excluding net assets attributable to unitholders)</b>		<b>2,670</b>	<b>1,802</b>	<b>190</b>	<b>1,073</b>
<b>Net assets attributable to unitholders - liability</b>	3	<b>6,931,233</b>	<b>4,558,155</b>	<b>471,705</b>	<b>509,681</b>

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

<sup>1</sup> Refer to Note 1 for the financial reporting period.

<sup>2</sup> 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.

**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.

Condensed interim statements of cash flows

	Australian Bank Senior Floating Rate Bond ETF <sup>1</sup>		Australian High Interest Cash ETF <sup>1</sup>		British Pound ETF <sup>1</sup>	
	31 December 2017 \$'000	31 December 2016 \$'000	31 December 2017 \$'000	31 December 2016 \$'000	31 December 2017 \$'000	31 December 2016 \$'000
<b>Cash flows from operating activities</b>						
Proceeds from sale of financial instruments held at fair value through profit or loss	37,456	-	-	-	-	-
Payments for purchases of financial instruments held at fair value through profit or loss	(210,562)	-	-	-	-	-
Interest received	778	-	13,917	10,876	40	16
Other operating income received	84	-	-	-	-	-
Management fees paid	(74)	-	(1,147)	(842)	(119)	(27)
Expense recoveries paid	(11)	-	-	-	-	-
Other operating expenses paid	(5)	-	(49)	(50)	(9)	(6)
<b>Net cash inflow/(outflow) from operating activities</b>	<b>(172,334)</b>	<b>-</b>	<b>12,721</b>	<b>9,984</b>	<b>(88)</b>	<b>(17)</b>
<b>Cash flows from financing activities</b>						
Proceeds from applications by unitholders	173,782	-	341,714	309,208	-	22,810
Payments for redemptions by unitholders	-	-	(321,289)	(151,099)	(27,178)	(9,033)
Distributions paid	(1,066)	-	(12,022)	(9,299)	-	(34)
<b>Net cash inflow/(outflow) from financing activities</b>	<b>172,716</b>	<b>-</b>	<b>8,403</b>	<b>148,810</b>	<b>(27,178)</b>	<b>13,743</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>382</b>	<b>-</b>	<b>21,124</b>	<b>158,794</b>	<b>(27,266)</b>	<b>13,726</b>
Cash and cash equivalents at the beginning of the half-year	30	-	1,234,014	889,121	54,794	22,292
Effects of foreign currency exchange rate changes on cash and cash equivalents	-	-	-	-	1,479	319
<b>Cash and cash equivalents at the end of the half-year</b>	<b>412</b>	<b>-</b>	<b>1,255,138</b>	<b>1,047,915</b>	<b>29,007</b>	<b>36,337</b>
<b>Non-cash financing activities</b>						
Units issued upon reinvestment of distributions	13	-	745	739	-	-

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

<sup>1</sup> Refer to Note 1 for the financial reporting period.

**Booklet 1**  
**Condensed interim statements of cash flows**  
**For the half-year ended 31 December 2017**  
**(continued)**

**Condensed interim statements of cash flows**

	<b>Euro ETF<sup>1</sup></b>		<b>U.S. Dollar ETF<sup>1</sup></b>	
	<b>31 December 2017 \$<sup>2</sup></b>	<b>31 December 2016 \$<sup>2</sup></b>	<b>31 December 2017 \$'000</b>	<b>31 December 2016 \$'000</b>
<b>Cash flows from operating activities</b>				
Proceeds from sale of financial instruments held at fair value through profit or loss	-	-	-	-
Payments for purchases of financial instruments held at fair value through profit or loss	-	-	-	-
Interest received	423	2	1,457	411
Other operating income received	-	-	-	-
Management fees paid	(11,496)	(7,903)	(1,127)	(997)
Expense recoveries paid	-	-	-	-
Other operating expenses paid	(989)	(575)	(52)	(26)
<b>Net cash inflow/(outflow) from operating activities</b>	<b>(12,062)</b>	<b>(8,476)</b>	<b>278</b>	<b>(612)</b>
<b>Cash flows from financing activities</b>				
Proceeds from applications by unitholders	2,223,451	-	34,646	26,478
Payments for redemptions by unitholders	-	-	(64,920)	(49,797)
Distributions paid	-	-	(828)	(405)
<b>Net cash inflow/(outflow) from financing activities</b>	<b>2,223,451</b>	<b>-</b>	<b>(31,102)</b>	<b>(23,724)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>2,211,389</b>	<b>(8,476)</b>	<b>(30,824)</b>	<b>(24,336)</b>
Cash and cash equivalents at the beginning of the half-year	4,559,467	4,596,235	510,508	538,667
Effects of foreign currency exchange rate changes on cash and cash equivalents	162,023	(108,908)	(8,130)	14,988
<b>Cash and cash equivalents at the end of the half-year</b>	<b>6,932,879</b>	<b>4,478,851</b>	<b>471,554</b>	<b>529,319</b>
<b>Non-cash financing activities</b>				
Units issued upon reinvestment of distributions	-	-	39	16

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

<sup>1</sup> Refer to Note 1 for the financial reporting period.

<sup>2</sup> 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.

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## 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
Australian Bank Senior Floating Rate Bond ETF	26 July 2016	1 June 2017	1 July 2017 to 31 December 2017 (comparatives: 26 July 2016 to 31 December 2016)
Australian High Interest Cash ETF	3 May 2010	6 March 2012	1 July 2017 to 31 December 2017
British Pound ETF	9 June 2011	8 July 2011	1 July 2017 to 31 December 2017
Euro ETF	9 June 2011	8 July 2011	1 July 2017 to 31 December 2017
U.S. Dollar ETF	3 December 2010	1 February 2011	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*.

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)**

#### *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.

For the Funds' financial instruments, that are not traded in an active market, fair value is determined 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.

### **(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 and the Fund does not apply hedge accounting.

#### **(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, 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.



### 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:

	Australian Bank Senior Floating Rate Bond ETF				Australian High Interest Cash 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
<b>Net assets attributable to unitholders</b>								
Opening balance	640	-	16,250	-	24,842	17,756	1,243,973	889,168
Applications	6,800	-	173,782	-	6,620	6,170	331,683	309,208
Redemptions	-	-	-	-	(6,410)	(3,015)	(321,289)	(151,099)
Units issued upon reinvestment of distributions	1	-	13	-	15	15	745	739
Change in net assets attributable to unitholders	-	-	327	-	-	-	263	(67)
<b>Closing balance</b>	<b>7,441</b>	<b>-</b>	<b>190,372</b>	<b>-</b>	<b>25,067</b>	<b>20,926</b>	<b>1,255,375</b>	<b>1,047,949</b>

  

	British Pound ETF				Euro ETF			
	31 December 2017 Units '000	31 December 2016 Units '000	31 December 2017 \$'000	31 December 2016 \$'000	31 December 2017 Units <sup>2</sup>	31 December 2016 Units <sup>2</sup>	31 December 2017 \$ <sup>2</sup>	31 December 2016 \$ <sup>2</sup>
<b>Net assets attributable to unitholders</b>								
Opening balance	3,276	1,251	54,784	22,258	315,000	315,000	4,558,155	4,595,401
Applications	-	1,425	-	22,810	150,000	-	2,223,451	-
Redemptions	(1,575)	(525)	(27,178)	(9,033)	-	-	-	-
Units issued upon reinvestment of distributions	-	-	-	-	-	-	-	-
Change in net assets attributable to unitholders	-	-	1,408	280	-	-	149,627	(119,599)
<b>Closing balance</b>	<b>1,701</b>	<b>2,151</b>	<b>29,014</b>	<b>36,315</b>	<b>465,000</b>	<b>315,000</b>	<b>6,931,233</b>	<b>4,475,802</b>

<sup>2</sup> 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.

### 3 Net assets attributable to unitholders (continued)

	U.S. Dollar ETF			
	31 December 2017 Units '000	31 December 2016 Units '000	31 December 2017 \$'000	31 December 2016 \$'000
<b>Net assets attributable to unitholders</b>				
Opening balance	40,212	41,061	509,681	538,178
Applications	2,800	2,050	34,646	26,478
Redemptions	(5,095)	(3,800)	(64,920)	(49,797)
Units issued upon reinvestment of distributions	3	1	39	16
Change in net assets attributable to unitholders	-	-	(7,741)	14,140
<b>Closing balance</b>	<b>37,920</b>	<b>39,312</b>	<b>471,705</b>	<b>529,015</b>

#### 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 half-year were as follows:

	Australian Bank Senior Floating Rate Bond ETF				Australian High Interest Cash 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 paid - July	91	4.97	-	-	2,050	8.57	1,909	9.91
Distributions paid - August	155	4.96	-	-	2,102	8.54	1,483	8.31
Distributions paid - September	202	4.68	-	-	2,014	8.00	1,715	9.17
Distributions paid - October	273	5.02	-	-	2,345	8.78	1,587	8.12
Distributions paid - November	327	4.86	-	-	2,198	8.27	1,683	8.01
Distributions payable - December	383	5.14	-	-	2,012	8.03	1,756	8.39
<b>Total distributions</b>	<b>1,431</b>		<b>-</b>		<b>12,721</b>		<b>10,133</b>	

#### 4 Distributions to unitholders (continued)

	British Pound ETF				Euro ETF			
	31 December 2017 \$'000	31 December 2017 CPU	31 December 2016 \$'000	31 December 2016 CPU	31 December 2017 \$ <sup>2</sup>	31 December 2017 CPU	31 December 2016 \$ <sup>2</sup>	31 December 2016 CPU
Distributions paid - July	-	-	-	-	-	-	-	-
Distributions paid - August	-	-	-	-	-	-	-	-
Distributions paid - September	-	-	-	-	-	-	-	-
Distributions paid - October	-	-	-	-	-	-	-	-
Distributions paid - November	-	-	-	-	-	-	-	-
Distributions payable - December	-	-	-	-	-	-	-	-
<b>Total distributions</b>	-	-	-	-	-	-	-	-

	U.S. Dollar ETF			
	31 December 2017 \$'000	31 December 2017 CPU	31 December 2016 \$'000	31 December 2016 CPU
Distributions paid - July	-	-	-	-
Distributions paid - August	-	-	-	-
Distributions paid - September	-	-	-	-
Distributions paid - October	-	-	-	-
Distributions paid - November	-	-	-	-
Distributions payable - December	-	-	-	-
<b>Total distributions</b>	-	-	-	-

#### 5 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	
	31 December 2017 \$'000	30 June 2017 \$'000	31 December 2017 \$'000	30 June 2017 \$'000	31 December 2017 \$'000	30 June 2017 \$'000
<b>Designated at fair value through profit or loss</b>						
Floating rate notes	189,597	16,184	-	-	-	-
Total designated at fair value through profit or loss	189,597	16,184	-	-	-	-
<b>Total financial assets held at fair value through profit or loss</b>	189,597	16,184	-	-	-	-

<sup>2</sup> 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.

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

	Euro ETF		U.S. Dollar ETF	
	31 December 2017 \$ <sup>2</sup>	30 June 2017 \$ <sup>2</sup>	31 December 2017 \$'000	30 June 2017 \$'000
<b>Designated at fair value through profit or loss</b>				
Floating rate notes	-	-	-	-
Total designated at fair value through profit or loss	-	-	-	-
<b>Total financial assets held at fair value through profit or loss</b>	-	-	-	-

<sup>2</sup> 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 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.

## 6 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	Level 2	Level 3	Total	Level 1	Level 2	Level 3
	31 December	31 December	31 December	31 December	30 June	30 June	30 June
	2017	2017	2017	2017	2017	2017	2017
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Financial assets</b>							
Financial assets designated at fair value through profit or							
Floating rate notes	-	189,597	-	189,597	-	16,184	-
<b>Total</b>	-	189,597	-	189,597	-	16,184	-

### (iv) Transfers between levels

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

### (v) Movement in level 3 instruments

There were no investments classified as Level 3 within the Fund as at 31 December 2017.

## 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 condensed interim 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 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 20 are in accordance with the *Corporations Act 2001*, including:
- (i) complying with AASB 134 *Interim Financial Reporting*, 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.

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 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

## 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
- 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 is 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

A handwritten signature in blue ink, appearing to read 'Tim Aman', written over a horizontal line.

Tim Aman

Partner

Sydney

7 March 2018