



# 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
QCB	BetaShares Commodities Basket ETF - Currency Hedged (Synthetic)
QAG	BetaShares Agriculture ETF - Currency Hedged (Synthetic)
OOO	BetaShares Crude Oil Index ETF - Currency Hedged (Synthetic)
QAU	BetaShares Gold Bullion ETF - Currency Hedged

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 2**

**BetaShares Agriculture ETF - Currency Hedged (Synthetic) - ASX Code: QAG** (ARSN 150 080 176)

**BetaShares Commodities Basket ETF - Currency Hedged (Synthetic) - ASX Code: QCB** (ARSN 150 081 495)

**BetaShares Crude Oil Index ETF - Currency Hedged (Synthetic) - ASX Code: OOO** (ARSN 150 081 351)

**BetaShares Gold Bullion ETF - Currency Hedged - ASX Code: QAU** (ARSN 150 081 851)

**Condensed Interim Financial Report**

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

**Booklet 2**  
**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 Agriculture ETF - Currency Hedged (Synthetic)	Agriculture ETF	1 July 2017 to 31 December 2017	150 080 176
BetaShares Commodities Basket ETF - Currency Hedged (Synthetic)	Commodities Basket ETF	1 July 2017 to 31 December 2017	150 081 495
BetaShares Crude Oil Index ETF - Currency Hedged (Synthetic)	Crude Oil Index ETF	1 July 2017 to 31 December 2017	150 081 351
BetaShares Gold Bullion ETF - Currency Hedged	Gold Bullion ETF	1 July 2017 to 31 December 2017	150 081 851

### 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.

### 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.

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**Directors' report (continued)**

**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 Agriculture ETF – Currency Hedged (Synthetic)
- BetaShares Commodities Basket ETF – Currency Hedged (Synthetic)
- BetaShares Crude Oil Index ETF – Currency Hedged (Synthetic)
- BetaShares Gold Bullion ETF – Currency Hedged

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 2**  
**Condensed interim statements of comprehensive income**  
**For the half-year ended 31 December 2017**

<b>Condensed interim statements of comprehensive income</b>	<b>Agriculture</b>		<b>Commodities</b>		<b>Crude Oil</b>		<b>Gold</b>	
	<b>ETF<sup>2</sup></b>		<b>Basket ETF<sup>2</sup></b>		<b>Index ETF<sup>2</sup></b>		<b>Bullion ETF<sup>2</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>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>	<b>2017</b>	<b>2016</b>
	<b>\$<sup>1</sup></b>	<b>\$<sup>1</sup></b>	<b>\$<sup>1</sup></b>	<b>\$<sup>1</sup></b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<b>Investment income</b>								
Interest income	20,517	23,288	64,178	82,971	265	377	-	-
Net gains/(losses) on financial instruments held at fair value through profit or loss	(315,327)	(314,228)	555,228	(153,461)	9,214	530	981	(3,052)
Net gains/(losses) on gold contract held at fair value through profit or loss	-	-	-	-	-	-	1,386	(4,531)
Net foreign exchange gains/(losses)	-	-	-	-	-	-	(299)	-
Other operating income	-	-	-	-	-	-	9	-
<b>Total net investment income/(loss)</b>	<b>(294,810)</b>	<b>(290,940)</b>	<b>619,406</b>	<b>(70,490)</b>	<b>9,479</b>	<b>907</b>	<b>2,077</b>	<b>(7,583)</b>
<b>Expenses</b>								
Management fees	7,110	7,281	28,242	29,347	135	151	139	128
Other operating expenses	964	1,947	1,245	2,514	8	14	30	39
<b>Total operating expenses</b>	<b>8,074</b>	<b>9,228</b>	<b>29,487</b>	<b>31,861</b>	<b>143</b>	<b>165</b>	<b>169</b>	<b>167</b>
<b>Operating profit/(loss)</b>	<b>(302,884)</b>	<b>(300,168)</b>	<b>589,919</b>	<b>(102,351)</b>	<b>9,336</b>	<b>742</b>	<b>1,908</b>	<b>(7,750)</b>
<b>Finance costs attributable to unitholders</b>								
Distributions to unitholders	-	-	-	-	-	-	-	-
<b>Change in net assets attributable to unitholders (total comprehensive income)</b>	<b>(302,884)</b>	<b>(300,168)</b>	<b>589,919</b>	<b>(102,351)</b>	<b>9,336</b>	<b>742</b>	<b>1,908</b>	<b>(7,750)</b>

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

<sup>1</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.

<sup>2</sup> Refer to Note 1 for the financial reporting period.

<b>Condensed interim statements of financial position</b>		<b>Agriculture ETF<sup>2</sup></b>		<b>Commodities Basket ETF<sup>2</sup></b>		<b>Crude Oil Index ETF<sup>2</sup></b>		<b>Gold Bullion ETF<sup>2</sup></b>	
		<b>31 December 2017</b>	<b>30 June 2017</b>	<b>31 December 2017</b>	<b>30 June 2017</b>	<b>31 December 2017</b>	<b>30 June 2017</b>	<b>31 December 2017</b>	<b>30 June 2017</b>
Notes		<b>\$<sup>1</sup></b>	<b>\$<sup>1</sup></b>	<b>\$<sup>1</sup></b>	<b>\$<sup>1</sup></b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<b>Assets</b>									
		2,471,171	2,812,851	7,537,358	9,055,273	25,046	38,943	139	123
	4	-	73,973	640,454	242,469	7,513	937	1,642	983
		-	-	-	-	-	-	47,502	57,915
		-	-	-	-	-	-	1,939	-
		4,098	4,350	13,452	13,631	47	57	12	8
		<b>2,475,269</b>	<b>2,891,174</b>	<b>8,191,264</b>	<b>9,311,373</b>	<b>32,606</b>	<b>39,937</b>	<b>51,234</b>	<b>59,029</b>
<b>Liabilities</b>									
	4	219,207	-	-	-	-	-	-	-
		-	-	-	-	-	-	2,009	-
		3,424	5,730	14,209	17,136	20	24	38	44
		<b>222,631</b>	<b>5,730</b>	<b>14,209</b>	<b>17,136</b>	<b>20</b>	<b>24</b>	<b>2,047</b>	<b>44</b>
	3	<b>2,252,638</b>	<b>2,885,444</b>	<b>8,177,055</b>	<b>9,294,237</b>	<b>32,586</b>	<b>39,913</b>	<b>49,187</b>	<b>58,985</b>

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

<sup>1</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.

<sup>2</sup> 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 2**  
**Condensed interim statements of cash flows**  
**For the half-year ended 31 December 2017**

<b>Condensed interim statements of cash flows</b>	<b>Agriculture ETF<sup>2</sup></b>		<b>Commodities Basket ETF<sup>2</sup></b>		<b>Crude Oil Index ETF<sup>2</sup></b>		<b>Gold Bullion ETF<sup>2</sup></b>	
	<b>31 December 2017</b>	31 December 2016	<b>31 December 2017</b>	31 December 2016	<b>31 December 2017</b>	31 December 2016	<b>31 December 2017</b>	31 December 2016
	\$'	\$'	\$'	\$'	\$'000	\$'000	\$'000	\$'000
<b>Cash flows from operating activities</b>								
Proceeds from sale of gold contract held at fair value through profit or loss	-	-	-	-	-	-	<b>13,338</b>	15,356
Payments for purchases of gold contract held at fair value through profit or loss	-	-	-	-	-	-	<b>(3,785)</b>	(20,958)
Proceeds from sale of financial instruments held at fair value through profit or loss	-	-	<b>157,243</b>	-	<b>2,638</b>	-	<b>331</b>	-
Payments for purchases of financial instruments held at fair value through profit or loss	<b>(22,147)</b>	(1,370,575)	-	(4,415,925)	-	(14,093)	-	(1,167)
Interest received	<b>20,928</b>	25,661	<b>65,204</b>	87,346	<b>280</b>	411	-	-
Other operating income received	-	131	-	-	-	-	<b>9</b>	-
Management fees paid	<b>(9,416)</b>	(9,315)	<b>(31,169)</b>	(29,757)	<b>(139)</b>	(163)	<b>(144)</b>	(124)
Other operating expenses paid	<b>(1,123)</b>	(1,947)	<b>(2,092)</b>	(2,609)	<b>(13)</b>	(13)	<b>(35)</b>	(39)
<b>Net cash inflow/(outflow) from operating activities</b>	<b>(11,758)</b>	(1,356,045)	<b>189,186</b>	(4,360,945)	<b>2,766</b>	(13,858)	<b>9,714</b>	(6,932)
<b>Cash flows from financing activities</b>								
Proceeds from applications by unitholders	-	-	<b>1,299,987</b>	2,499,993	-	-	-	19,000
Payments for redemptions by unitholders	<b>(329,922)</b>	-	<b>(3,007,088)</b>	-	<b>(16,663)</b>	(5,705)	<b>(9,696)</b>	(12,035)
Distributions paid	-	(15,764)	-	(55,697)	-	-	-	-
<b>Net cash inflow/(outflow) from financing activities</b>	<b>(329,922)</b>	(15,764)	<b>(1,707,101)</b>	2,444,296	<b>(16,663)</b>	(5,705)	<b>(9,696)</b>	6,965
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>(341,680)</b>	(1,371,809)	<b>(1,517,915)</b>	(1,916,649)	<b>(13,897)</b>	(19,563)	<b>18</b>	33
Cash and cash equivalents at the beginning of the half-year	<b>2,812,851</b>	3,853,925	<b>9,055,273</b>	12,062,004	<b>38,943</b>	57,948	<b>123</b>	62
Effect of foreign currency exchange rate changes on cash and cash equivalents	-	-	-	-	-	-	<b>(2)</b>	-
<b>Cash and cash equivalents at the end of the half-year</b>	<b>2,471,171</b>	2,482,116	<b>7,537,358</b>	10,145,355	<b>25,046</b>	38,385	<b>139</b>	95

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

<sup>1</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.

<sup>2</sup> Refer to Note 1 for the financial reporting period.

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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
Agriculture ETF	8 April 2011	30 November 2011	1 July 2017 to 31 December 2017
Commodities Basket ETF	8 April 2011	13 December 2011	1 July 2017 to 31 December 2017
Crude Oil Index ETF	8 April 2011	11 November 2011	1 July 2017 to 31 December 2017
Gold Bullion ETF	8 April 2011	3 May 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.

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

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

## **2 Summary of significant accounting policies (continued)**

### **(a) Basis of preparation (continued)**

#### *Gold contract*

The AASB do not have specific recognition and measurement requirements for investments in gold bullion. The Fund considers that measuring its investment in the Gold Contract at fair value through profit or loss is consistent with the determination that the Fund is an investment entity, and is consistent with how the performance of the fund is evaluated in accordance with the Fund's investment strategy.

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 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 condensed interim 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:

	<b>Agriculture ETF</b>				<b>Commodities Basket ETF</b>			
	<b>31 December 2017</b>	31 December 2016	<b>31 December 2017</b>	31 December 2016	<b>31 December 2017</b>	31 December 2016	<b>31 December 2017</b>	31 December 2016
	Units <sup>1</sup>	Units <sup>1</sup>	\$ <sup>1</sup>	\$ <sup>1</sup>	Units <sup>1</sup>	Units <sup>1</sup>	\$ <sup>1</sup>	\$ <sup>1</sup>
<b>Net assets attributable to unitholders</b>								
Opening balance	401,127	344,692	2,885,444	2,810,039	1,018,508	856,750	9,294,237	8,268,670
Applications	-	-	-	-	135,509	276,408	1,299,987	2,499,993
Redemptions	(50,000)	-	(329,922)	-	(320,000)	-	(3,007,088)	-
Change in net assets attributable to unitholders	-	-	(302,884)	(300,168)	-	-	589,919	(102,351)
<b>Closing balance</b>	<b>351,127</b>	344,692	<b>2,252,638</b>	2,509,871	<b>834,017</b>	1,133,158	<b>8,177,055</b>	10,666,312

	<b>Crude Oil Index ETF</b>				<b>Gold Bullion ETF</b>			
	<b>31 December 2017</b>	31 December 2016	<b>31 December 2017</b>	31 December 2016	<b>31 December 2017</b>	31 December 2016	<b>31 December 2017</b>	31 December 2016
	Units'000	Units'000	\$'000	\$'000	Units'000	Units'000	\$'000	\$'000
<b>Net assets attributable to unitholders</b>								
Opening balance	3,042	3,124	39,913	50,013	4,539	3,284	58,985	45,363
Applications	-	-	-	-	-	1,386	-	19,000
Redemptions	(1,094)	(350)	(16,663)	(5,705)	(880)	(1,000)	(11,706)	(12,035)
Change in net assets attributable to unitholders	-	-	9,336	742	-	-	1,908	(7,750)
<b>Closing balance</b>	<b>1,948</b>	2,774	<b>32,586</b>	45,050	<b>3,659</b>	3,670	<b>49,187</b>	44,578

#### 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.

<sup>1</sup> Rounded to the nearest whole unit/dollar as the Fund does not meet the criteria set out in ASIC Instrument 2016/191 to round to the nearest thousand dollars.

#### 4 Financial instruments held at fair value through profit or loss

	Agriculture ETF		Commodities Basket ETF		Crude Oil Index ETF		Gold Bullion ETF	
	31 December 2017 \$ <sup>1</sup>	30 June 2017 \$ <sup>1</sup>	31 December 2017 \$ <sup>1</sup>	30 June 2017 \$ <sup>1</sup>	31 December 2017 \$'000	30 June 2017 \$'000	31 December 2017 \$'000	30 June 2017 \$'000
<b>Financial assets</b>								
<b>Held for trading</b>								
Foreign currency forward contracts	-	-	-	-	-	-	1,642	983
Index swaps	-	73,973	640,454	242,469	7,513	937	-	-
<b>Total financial assets held at fair value through profit or loss</b>	-	73,973	640,454	242,469	7,513	937	1,642	983
<b>Financial liabilities</b>								
<b>Held for trading</b>								
Index swaps	219,207	-	-	-	-	-	-	-
<b>Total financial liabilities held at fair value through profit or loss</b>	219,207	-	-	-	-	-	-	-

#### 5 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.

<sup>1</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 Fair value measurements (continued)**

### **Fair value estimation (continued)**

#### *(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 the 30 June 2017 annual report. 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.

The gold contract is valued by JP Morgan based on spot gold prices from the gold bullion market.

#### *(ii) Fair value in an inactive 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.

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 swaps are measured by assessing the fair value of both the equity or index leg and the cash leg of the swaps by calculating the present value of any amounts payable at balance sheet date. The net resultant payable or receivable to or from the counterparty best reflects the fair value of the swap contract.

**5 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:

	<b>Agriculture ETF</b>							
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
	31 December 2017 \$ <sup>1</sup>	31 December 2017 \$ <sup>1</sup>	31 December 2017 \$ <sup>1</sup>	31 December 2017 \$ <sup>1</sup>	30 June 2017 \$ <sup>1</sup>	30 June 2017 \$ <sup>1</sup>	30 June 2017 \$ <sup>1</sup>	30 June 2017 \$ <sup>1</sup>
<b>Financial assets</b>								
Financial assets held for trading								
Index swaps	-	-	-	-	-	73,973	-	73,973
<b>Total</b>	-	-	-	-	-	73,973	-	73,973
<b>Financial liabilities</b>								
Financial liabilities held for trading								
Index swaps	-	219,207	-	219,207	-	-	-	-
<b>Total</b>	-	219,207	-	219,207	-	-	-	-
	<b>Commodities Basket ETF</b>							
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
	31 December 2017 \$ <sup>1</sup>	31 December 2017 \$ <sup>1</sup>	31 December 2017 \$ <sup>1</sup>	31 December 2017 \$ <sup>1</sup>	30 June 2017 \$ <sup>1</sup>	30 June 2017 \$ <sup>1</sup>	30 June 2017 \$ <sup>1</sup>	30 June 2017 \$ <sup>1</sup>
<b>Financial assets</b>								
Financial assets held for trading								
Index swaps	-	640,454	-	640,454	-	242,469	-	242,469
<b>Total</b>	-	640,454	-	640,454	-	242,469	-	242,469

<sup>1</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 Fair value measurements (continued)

### Fair value estimation (continued)

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

	Crude Oil Index ETF							
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
	31 December 2017 \$'000	31 December 2017 \$'000	31 December 2017 \$'000	31 December 2017 \$'000	30 June 2017 \$'000	30 June 2017 \$'000	30 June 2017 \$'000	30 June 2017 \$'000
<b>Financial assets</b>								
Financial assets held for trading								
Index swaps	-	7,513	-	7,513	-	937	-	937
<b>Total</b>	-	7,513	-	7,513	-	937	-	937

	Gold Bullion ETF							
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
	31 December 2017 \$'000	31 December 2017 \$'000	31 December 2017 \$'000	31 December 2017 \$'000	30 June 2017 \$'000	30 June 2017 \$'000	30 June 2017 \$'000	30 June 2017 \$'000
<b>Financial assets</b>								
Financial assets held for trading								
Foreign currency forward contracts	-	1,642	-	1,642	-	983	-	983
Gold contract held at fair value through profit or loss								
Gold bullion	47,502	-	-	47,502	57,915	-	-	57,915
<b>Total</b>	47,502	1,642	-	49,144	57,915	983	-	58,898

(iv) *Transfers between levels*

There were no transfers between levels during the half-year ended 31 December 2017 and 30 June 2017.

(v) *Movement in level 3 instruments*

There were no investments classified as Level 3 within the Funds as at 31 December 2017 and 30 June 2017.

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

The carrying value of trade receivables and trade payables 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 half-year.

## **6 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.

## **7 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.

## **8 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 Agriculture ETF - Currency Hedged (Synthetic)  
BetaShares Commodities Basket ETF - Currency Hedged (Synthetic)  
BetaShares Crude Oil Index ETF - Currency Hedged (Synthetic)  
BetaShares Gold Bullion ETF - Currency Hedged

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

- (a) the condensed interim financial statements and notes set out on pages 6 to 17 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 Agriculture ETF – Currency Hedged (Synthetic)

BetaShares Commodities Basket ETF – Currency Hedged (Synthetic)

BetaShares Crude Oil Index ETF – Currency Hedged (Synthetic)

BetaShares Gold Bullion ETF – Currency Hedged

## 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 8 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

A handwritten signature in blue ink, appearing to read 'Tim Aman', with a horizontal line above it.

Tim Aman

Partner

Sydney

7 March 2018