

12 March 2019

Market Announcements Office
ASX Limited

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

INTERIM FINANCIAL REPORT 2018

BetaShares Capital Ltd, the issuer of the following Funds, is pleased to provide the respective Interim Financial Report for the half-year ending 31 December 2018.

ASX code	Fund
QUS	BetaShares FTSE RAFI U.S. 1000 ETF
HACK	BetaShares Global Cybersecurity ETF
ETHI	BetaShares Global Sustainability Leaders ETF
NDQ	BetaShares NASDAQ 100 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 5A

BetaShares FTSE RAFI U.S. 1000 ETF - ASX Code: QUS (ARSN 169 907 313)

BetaShares Global Cybersecurity ETF - ASX Code: HACK (ARSN 169 914 434)

BetaShares Global Sustainability Leaders ETF - ASX Code: ETHI (ARSN 613 694 250)

BetaShares NASDAQ 100 ETF - ASX Code: NDQ (ARSN 169 907 564)

Condensed Interim Financial Report

for the half-year ended 31 December 2018

Booklet 5A
Condensed Interim Financial Report
for the half-year ended 31 December 2018

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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 report of the Funds for the half-year ended 31 December 2018 and the auditor's report thereon.

Fund name	Referred to in this document as	Financial reporting period	ARSN
BetaShares FTSE RAFI U.S. 1000 ETF	FTSE RAFI U.S. 1000 ETF	1 July 2018 to 31 December 2018	169 907 313
BetaShares Global Cybersecurity ETF	Global Cybersecurity ETF	1 July 2018 to 31 December 2018	169 914 434
BetaShares Global Sustainability Leaders ETF	Global Sustainability Leaders ETF	1 July 2018 to 31 December 2018	613 694 250
BetaShares NASDAQ 100 ETF	NASDAQ 100 ETF	1 July 2018 to 31 December 2018	169 907 564

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, resigned 31 August 2018)
Thomas Park (appointed 12 August 2015)
Jungho Rhee (appointed 1 September 2018)

Directors' report (continued)

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 to unitholders by each of the Funds are disclosed in Note 4 to the condensed interim financial statements.

Significant changes in state of affairs

On 5 May 2016, a new tax regime applying to Managed Investment Trusts was established under the Tax Law Amendment (New Tax System for Managed Investment Trusts) Act 2016. The Attribution Managed Investment Trust ("AMIT") regime allows Funds that meet certain requirements to make an irrevocable choice to be an AMIT. The Funds' Constitutions have been amended to allow them to operate as AMITs, and the conditions to adopt the AMIT tax regime have been met effective 1 July 2018. Consequently, the units in the Funds have been reclassified from a financial liability to equity on 1 July 2018 (see Note 3 for further information).

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 period.

Matters subsequent to the end of the financial half-year

Since the end of the reporting period the net asset value of the below Funds has changed by more than 10% due to changes in the fair value of the investments held. These movements result from implementation of the investment strategy as set out in the relevant Fund's product disclosure statement.

Fund	Net asset value changed by:
FTSE RAFI U.S. 1000 ETF	10.87%
NASDAQ 100 ETF	12.34%
Global Cybersecurity ETF	17.68%
Global Sustainability Leaders ETF	10.60%

No other matter or circumstance has arisen since 31 December 2018 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.

Directors' report (continued)

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

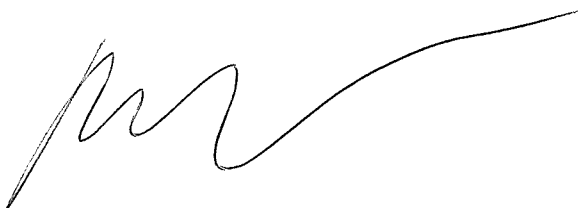
A copy of the Auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 5.

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



David Nathanson
Director

Sydney
7 March 2019



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 FTSE RAFI U.S. 1000 ETF

BetaShares Global Cybersecurity ETF

BetaShares Global Sustainability Leaders ETF

BetaShares NASDAQ 100 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 2018 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.



Nicholas Buchanan

Partner

Sydney

7 March 2019

Booklet 5A
Condensed interim statements of comprehensive income
For the half-year ended 31 December 2018

Condensed interim statements of comprehensive income

		FTSE RAFI U.S. 1000 ETF		Global Cybersecurity ETF	
		31 December 2018 \$'000	31 December 2017 \$'000	31 December 2018 \$'000	31 December 2017 \$'000
	Notes				
Investment income					
Interest income		1	-	-	-
Dividend/distribution income		514	342	351	132
Net gains/(losses) on financial instruments held at fair value through profit or loss		(2,010)	2,527	(8,377)	3,222
Net foreign exchange gains/(losses)		(12)	3	(29)	-
Other operating income		1	3	30	19
Total net investment income/(loss)		(1,506)	2,875	(8,025)	3,373
Expenses					
Management fees		63	49	322	121
Expense recoveries		21	17	56	21
Transaction costs		1	2	40	13
Other operating expenses		2	5	3	7
Total operating expenses		87	73	421	162
Operating profit/(loss)		(1,593)	2,802	(8,446)	3,211
Finance costs attributable to unitholders					
Distributions to unitholders*	4	-	(263)	-	-
Change in net assets attributable to unitholders - liability*	3	-	(2,539)	-	(3,211)
Profit/(loss) for the half-year		(1,593)	-	(8,446)	-
Other comprehensive income		-	-	-	-
Total comprehensive income for the half-year		(1,593)	-	(8,446)	-

*Net assets attributable to unitholders for all Funds are reclassified from liabilities to equity from 1 July 2018. As a result, the Funds' distributions are no longer classified as finance costs in the condensed interim statements of comprehensive income but rather as distributions to unitholders in the condensed interim statements of changes in equity. Refer to Note 1 for further detail.

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

Booklet 5A
Condensed interim statements of comprehensive income
For the half-year ended 31 December 2018
(continued)

Condensed interim statements of comprehensive income

		Global Sustainability Leaders ETF		NASDAQ 100 ETF	
		31 December 2018 \$'000	31 December 2017 \$'000	31 December 2018 \$'000	31 December 2017 \$'000
	Notes				
Investment income					
Interest income		-	1	5	3
Dividend/distribution income		1,323	571	1,934	910
Net gains/(losses) on financial instruments held at fair value through profit or loss		(6,700)	8,007	(25,500)	19,720
Net foreign exchange gains/(losses)		(10)	(4)	1	(2)
Other operating income		18	23	21	18
Total net investment income/(loss)		(5,369)	8,598	(23,539)	20,649
Expenses					
Management fees		582	230	766	372
Expense recoveries		119	47	202	98
Transaction costs		7	10	17	10
Other operating expenses		4	10	2	15
Total operating expenses		712	297	987	495
Operating profit/(loss)		(6,081)	8,301	(24,526)	20,154
Finance costs attributable to unitholders					
Distributions to unitholders*	4	-	(228)	-	(393)
Change in net assets attributable to unitholders - liability*	3	-	(8,073)	-	(19,761)
Profit/(loss) for the half-year		(6,081)	-	(24,526)	-
Other comprehensive income		-	-	-	-
Total comprehensive income for the half-year		(6,081)	-	(24,526)	-

*Net assets attributable to unitholders for all Funds are reclassified from liabilities to equity from 1 July 2018. As a result, the Funds' distributions are no longer classified as finance costs in the condensed interim statements of comprehensive income but rather as distributions to unitholders in the condensed interim statements of changes in equity. Refer to Note 1 for further detail.

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

Condensed interim statements of financial position

	Notes	FTSE RAFI U.S. 1000 ETF		Global Cybersecurity ETF	
		31 December 2018 \$'000	30 June 2018 \$'000	31 December 2018 \$'000	30 June 2018 \$'000
Assets					
Cash and cash equivalents		118	21	68	166
Financial assets held at fair value through profit or loss	5	35,142	41,064	117,589	85,823
Due from brokers - receivables for securities sold		319	-	-	-
Other receivables		51	40	54	47
Total assets		35,630	41,125	117,711	86,036
Liabilities					
Distributions payable	4	408	985	-	3,992
Other payables		15	30	75	96
Total liabilities (excluding net assets attributable to unitholders)		423	1,015	75	4,088
Net assets attributable to unitholders - liability*		-	40,110	-	81,948
Net assets attributable to unitholders - equity*	3	35,207	-	117,636	-

*Net assets attributable to unitholders are classified as equity at 31 December 2018 and as financial liability at 30 June 2018. Refer to Note 1 for further detail.

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

Condensed interim statements of financial position

	Notes	Global Sustainability Leaders ETF		NASDAQ 100 ETF	
		31 December 2018 \$'000	30 June 2018 \$'000	31 December 2018 \$'000	30 June 2018 \$'000
Assets					
Cash and cash equivalents		647	495	-	218
Financial assets held at fair value through profit or loss	5	244,306	208,545	390,540	337,709
Due from brokers - receivables for securities sold		-	-	1,985	-
Other receivables		265	4,829	264	96
Total assets		245,218	213,869	392,789	338,023
Liabilities					
Bank overdrafts		-	-	1,202	-
Distributions payable	4	562	3,393	821	1,193
Due to brokers - payables for securities purchased		-	4,614	-	-
Other payables		132	224	183	270
Total liabilities (excluding net assets attributable to unitholders)		694	8,231	2,206	1,463
Net assets attributable to unitholders - liability*		-	205,638	-	336,560
Net assets attributable to unitholders - equity*	3	244,524	-	390,583	-

*Net assets attributable to unitholders are classified as equity at 31 December 2018 and as financial liability at 30 June 2018. Refer to Note 1 for further detail.

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

Condensed interim statements of changes in equity

	FTSE RAFI U.S. 1000 ETF		Global Cybersecurity ETF	
	31 December 2018 \$'000	31 December 2017 \$'000	31 December 2018 \$'000	31 December 2017 \$'000
Total equity at the beginning of the half-year	-	-	-	-
Reclassification as equity due to AMIT tax regime implementation*	40,110	-	81,948	-
Comprehensive income for the half-year				
Profit/(loss) for the half-year	(1,593)	-	(8,446)	-
Other comprehensive income	-	-	-	-
Total comprehensive income	(1,593)	-	(8,446)	-
Transactions with unitholders				
Applications	-	-	43,888	-
Redemptions	(2,965)	-	-	-
Reinvestment of distributions	63	-	246	-
Distributions to unitholders	(408)	-	-	-
Total transactions with unitholders	(3,310)	-	44,134	-
Total equity at the end of the half-year*	35,207	-	117,636	-

*Effective from 1 July 2018, the Funds' units have been reclassified from financial liability to equity. Refer Note 1 for further detail. As a result, equity transactions including distributions have been disclosed in the above statements for the half-year ended 31 December 2018.

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

Booklet 5A
Condensed interim statements of changes in equity
For the half-year ended 31 December 2018
(continued)

Condensed interim statements of changes in equity

	Global Sustainability Leaders ETF		NASDAQ 100 ETF	
	31 December 2018 \$'000	31 December 2017 \$'000	31 December 2018 \$'000	31 December 2017 \$'000
Total equity at the beginning of the half-year	-	-	-	-
Reclassification as equity due to AMIT tax regime implementation*	205,638	-	336,560	-
Comprehensive income for the half-year				
Profit/(loss) for the half-year	(6,081)	-	(24,526)	-
Other comprehensive income	-	-	-	-
Total comprehensive income	(6,081)	-	(24,526)	-
Transactions with unitholders				
Applications	45,220	-	92,838	-
Redemptions	-	-	(13,558)	-
Reinvestment of distributions	309	-	90	-
Distributions to unitholders	(562)	-	(821)	-
Total transactions with unitholders	44,967	-	78,549	-
Total equity at the end of the half-year*	244,524	-	390,583	-

*Effective from 1 July 2018, the Funds' units have been reclassified from financial liability to equity. Refer Note 1 for further detail. As a result, equity transactions including distributions have been disclosed in the above statements for the half-year ended 31 December 2018.

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

Condensed interim statements of cash flows

	FTSE RAFI U.S. 1000 ETF		Global Cybersecurity ETF	
	31 December 2018 \$'000	31 December 2017 \$'000	31 December 2018 \$'000	31 December 2017 \$'000
Cash flows from operating activities				
Proceeds from sales/maturity of financial instruments held at fair value through profit or loss	5,110	1,532	41,247	13,188
Payment for purchases/maturity of financial instruments held at fair value through profit or loss	(1,529)	(7,690)	(81,419)	(39,234)
Distributions/dividends received	504	334	352	111
Interest income received	1	-	-	-
Other operating income received	1	3	30	19
Management fees paid	(75)	(47)	(348)	(106)
Expense recoveries paid	(25)	(17)	(60)	(18)
Transaction costs paid	(1)	(2)	(40)	(13)
Other operating expenses paid	(2)	(8)	(6)	(17)
Net cash inflow/(outflow) from operating activities	3,984	(5,895)	(40,244)	(26,070)
Cash flows from financing activities				
Proceeds from applications by unitholders	-	6,380	43,888	26,704
Payments for redemptions by unitholders	(2,965)	-	-	-
Distributions paid	(922)	(454)	(3,742)	(635)
Net cash inflow/(outflow) from financing activities	(3,887)	5,926	40,146	26,069
Net increase/(decrease) in cash and cash equivalents	97	31	(98)	(1)
Cash and cash equivalents at the beginning of the half-year	21	14	166	85
Effects of foreign currency exchange rate changes on cash and cash equivalents	-	-	-	-
Cash and cash equivalents at the end of the half-year	118	45	68	84
Non-cash financing activities				
Units issued upon reinvestment of distributions	63	29	246	25

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

Booklet 5A
Condensed interim statements of cash flows
For the half-year ended 31 December 2018
(continued)

Condensed interim statements of cash flows

	Global Sustainability Leaders ETF		NASDAQ 100 ETF	
	31 December 2018 \$'000	31 December 2017 \$'000	31 December 2018 \$'000	31 December 2017 \$'000
Cash flows from operating activities				
Proceeds from sales/maturity of financial instruments held at fair value through profit or loss	4,394	729	40,922	3,376
Payment for purchases/maturity of financial instruments held at fair value through profit or loss	(51,487)	(57,268)	(121,233)	(85,017)
Distributions/dividends received	1,272	514	1,781	899
Interest income received	-	1	5	3
Other operating income received	18	23	21	18
Management fees paid	(649)	(203)	(852)	(338)
Expense recoveries paid	(133)	(42)	(224)	(89)
Transaction costs paid	(7)	(10)	(17)	(10)
Other operating expenses paid	(26)	(29)	4	(45)
Net cash inflow/(outflow) from operating activities	(46,618)	(56,285)	(79,593)	(81,203)
Cash flows from financing activities				
Proceeds from applications by unitholders	49,846	56,969	92,838	81,293
Payments for redemptions by unitholders	-	-	(13,558)	-
Distributions paid	(3,084)	(720)	(1,103)	(372)
Net cash inflow/(outflow) from financing activities	46,762	56,249	78,177	80,921
Net increase/(decrease) in cash and cash equivalents	144	(36)	(1,416)	(282)
Cash and cash equivalents at the beginning of the half-year	495	295	218	337
Effects of foreign currency exchange rate changes on cash and cash equivalents	8	(1)	(4)	3
Cash and cash equivalents at the end of the half-year	647	258	(1,202)	58
Non-cash financing activities				
Units issued upon reinvestment of distributions	309	27	90	29

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

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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
BetaShares FTSE RAFI U.S. 1000 ETF	16 June 2014	17 December 2014	1 July 2018 to 31 December 2018
BetaShares Global Cybersecurity ETF	18 June 2014	30 August 2016	1 July 2018 to 31 December 2018
BetaShares Global Sustainability Leaders ETF	26 July 2016	5 January 2017	1 July 2018 to 31 December 2018
BetaShares NASDAQ 100 ETF	16 June 2014	26 May 2015	1 July 2018 to 31 December 2018

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.

On 5 May 2016, a new tax regime applying to Managed Investment Trusts was established under the Tax Law Amendment (New Tax System for Managed Investment Trusts) Act 2016. The Attribution Managed Investment Trust (AMIT) regime allows funds that meet certain requirements to make an irrevocable choice to be an AMIT. The Funds' Constitutions have been amended to allow them to operate as AMITs and the conditions to adopt the AMIT tax regime have been met. The Responsible Entity elected into the AMIT regime for the Funds effective from 1 July 2018. Under the AMIT regime the units in the Funds have been reclassified from financial liability to equity from 1 July 2018.

The condensed interim financial statements were authorised for issue by the directors of the Responsible Entity on 7 March 2019. 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 years presented, except for the new accounting standards effective 1 July 2018, as discussed in Note 2(b) below.

(a) Basis of preparation

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

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 2018 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.

2 Summary of significant accounting policies (continued)

(a) Basis of preparation (continued)

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 statement 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, 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.

Change in accounting estimate

During the half-year, the Funds changed their valuation inputs for the fair value of listed financial assets and liabilities recognised in the financial statements from bid prices to last traded prices to be consistent with the inputs used for the calculation of unit prices. Therefore there is no difference between the valuation of Funds' assets for unit pricing and financial reporting purposes from 1 July 2018 onwards. This change does not affect the valuation of investments for unit pricing purposes. The use of last traded price is considered by management to be an appropriate estimate of fair value.

2 Summary of significant accounting policies (continued)

(b) Changes in accounting policies

Except as disclosed below, the accounting policies adopted in these condensed interim financial statements are consistent with those of the previous financial year. On 1 July 2018 the Funds adopted AASB 9 *Financial instruments* and AASB 15 *Revenue from Contracts with Customers*. The impact of these standards and interpretations is set out below:

- AASB 9: *Financial Instruments* (effective 1 July 2018) (AASB 9)

AASB 9 contains requirements in relation to the classification, measurement and de-recognition of financial assets and liabilities, replacing the recognition and measurement requirements in AASB 139 *Financial instruments: Recognition and Measurement*. Under the new requirements the four current categories of financial assets are replaced with three measurement categories: fair value through profit or loss, fair value through other comprehensive income, and amortised cost. Financial assets can only be measured at amortised cost where very specific conditions are met.

AASB 9 introduces a new hedge accounting requirements including changes to hedge effectiveness testing, treatment of hedging costs, risk components that can be hedged and disclosures.

There was no impact on the Funds upon adoption of AASB 9 as the Funds currently classify financial assets and financial liabilities at fair value through profit or loss or amortised cost, and the Funds do not apply hedge accounting.

AASB 9 also introduces a new impairment model. However, as the Funds' investments are all held at fair value through profit or loss, the change in impairment rules did not have a material impact on the Funds.

- AASB 15: *Revenue From Contracts With Customers* (effective 1 July 2018) (AASB 15)

AASB 15 supersedes AASB 18 *Revenue* and AASB 111 *Construction Contracts*. Although AASB 15 is principles-based, it is a significant change from the current revenue requirements and will involve more judgements and estimates as revenue is recognised when control of a good or service transfers to a customer, or on satisfaction of performance obligations under contracts, which replaces the existing notion of risk and rewards.

There was no impact on the Funds upon the adoption of AASB 15 as the Funds' revenue recognition of interest, dividend and distribution income, investment gains/(losses) and foreign exchange gains/(losses) were unaffected as these items are excluded from the scope of AASB 15.

3 Net assets attributable to unitholders

Under AASB 132 *Financial Instrument: Presentation*, puttable financial instruments meet the definition of a financial liability to be classified as equity where certain strict criteria are met. The Funds shall classify a financial instrument as an equity instrument from the date when the instrument has all the features and meets the conditions.

Prior to 1 July 2018 the Funds classified their net assets attributable to unitholders as liabilities in accordance with AASB 132. Effective 1 July 2018, these Funds have elected into the AMIT tax regime. The net assets attributable to unitholders of the Funds meet the criteria set out under AASB 132 and are classified as equity from 1 July 2018 onwards.

As a result of the reclassification of net assets attributable to unitholders from liabilities to equity, the Funds' distributions are no longer classified as finance cost in the condensed interim statements of comprehensive income, but rather as distributions to unitholders in the condensed interim statements of changes in equity.

3 Net assets attributable to unitholders (continued)

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

	FTSE RAFI U.S. 1000 ETF				Global Cybersecurity ETF			
	31 December 2018 Units '000	31 December 2017 Units '000	31 December 2018 \$'000	31 December 2017 \$'000	31 December 2018 Units '000	31 December 2017 Units '000	31 December 2018 \$'000	31 December 2017 \$'000
Net assets attributable to unitholders								
Opening balance*	1,202	1,001	40,110	30,055	12,604	4,600	81,948	25,078
Applications	-	200	-	6,380	6,400	5,000	43,888	26,704
Redemptions	(90)	-	(2,965)	-	-	-	-	-
Units issued upon reinvestment of distributions	2	1	63	29	37	4	246	25
Change in net assets attributable to unitholders*	-	-	-	2,539	-	-	-	3,211
Distributions to unitholders	-	-	(408)	-	-	-	-	-
Profit/(loss) for the half-year	-	-	(1,593)	-	-	-	(8,446)	-
Closing balance*	1,114	1,202	35,207	39,003	19,041	9,604	117,636	55,018

	Global Sustainability Leaders ETF				NASDAQ 100 ETF			
	31 December 2018 Units '000	31 December 2017 Units '000	31 December 2018 \$'000	31 December 2017 \$'000	31 December 2018 Units '000	31 December 2017 Units '000	31 December 2018 \$'000	31 December 2017 \$'000
Net assets attributable to unitholders								
Opening balance*	27,205	9,400	205,638	59,833	20,506	11,303	336,560	144,010
Applications	5,800	8,600	45,220	56,969	5,400	6,000	92,838	81,293
Redemptions	-	-	-	-	(800)	-	(13,558)	-
Units issued upon reinvestment of distributions	41	4	309	27	6	2	90	29
Change in net assets attributable to unitholders*	-	-	-	8,073	-	-	-	19,761
Distributions to unitholders	-	-	(562)	-	-	-	(821)	-
Profit/(loss) for the half-year	-	-	(6,081)	-	-	-	(24,526)	-
Closing balance*	33,046	18,004	244,524	124,902	25,112	17,305	390,583	245,093

*Net assets attributable to unitholders are classified as equity at 31 December 2018 and as a financial liability at 31 December 2017. Refer to Note 1 for further detail.

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 half-year were as follows:

	FTSE RAFI U.S. 1000 ETF				Global Cybersecurity ETF			
	31 December 2018 \$'000	31 December 2018 CPU	31 December 2017 \$'000	31 December 2017 CPU	31 December 2018 \$'000	31 December 2018 CPU	31 December 2017 \$'000	31 December 2017 CPU
Distributions payable - December	408	36.60	263	21.90	-	-	-	-
Total distributions	408		263		-		-	

	Global Sustainability Leaders ETF				NASDAQ 100 ETF			
	31 December 2018 \$'000	31 December 2018 CPU	31 December 2017 \$'000	31 December 2017 CPU	31 December 2018 \$'000	31 December 2018 CPU	31 December 2017 \$'000	31 December 2017 CPU
Distributions payable - December	562	1.70	228	1.27	821	3.27	393	2.27
Total distributions	562		228		821		393	

5 Financial instruments held at fair value through profit or loss

Financial assets

Designated at fair value through profit or loss

Listed securities

Total financial assets held at fair value through profit or loss

FTSE RAFI U.S. 1000 ETF		Global Cybersecurity ETF	
31 December 2018 \$'000	30 June 2018 \$'000	31 December 2018 \$'000	30 June 2018 \$'000
35,142	41,064	117,589	85,823
35,142	41,064	117,589	85,823

Financial assets

Designated at fair value through profit or loss

Listed securities

Total financial assets held at fair value through profit or loss

Global Sustainability Leaders ETF		NASDAQ 100 ETF	
31 December 2018 \$'000	30 June 2018 \$'000	31 December 2018 \$'000	30 June 2018 \$'000
244,306	208,545	390,540	337,709
244,306	208,545	390,540	337,709

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.

6 Fair value measurements

(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 and liabilities is the last traded price. Where the last traded price does not fall within the bid-ask spread, an assessment is performed by management to determine the appropriate valuation price to use that is most representative of fair value.

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)

(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:

	FTSE RAFI U.S. 1000 ETF				FTSE RAFI U.S. 1000 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
	2018	2018	2018	2018	2018	2018	2018	2018
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Financial assets								
Financial assets designated at fair value through profit or loss:								
Listed securities	35,142	-	-	35,142	41,064	-	-	41,064
Total	35,142	-	-	35,142	41,064	-	-	41,064
	Global Cybersecurity ETF				Global Cybersecurity 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
	2018	2018	2018	2018	2018	2018	2018	2018
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Financial assets								
Financial assets designated at fair value through profit or loss:								
Listed securities	117,589	-	-	117,589	85,823	-	-	85,823
Total	117,589	-	-	117,589	85,823	-	-	85,823
	Global Sustainability Leaders ETF				Global Sustainability Leaders 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
	2018	2018	2018	2018	2018	2018	2018	2018
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Financial assets								
Financial assets designated at fair value through profit or loss:								
Listed securities	244,306	-	-	244,306	208,545	-	-	208,545
Total	244,306	-	-	244,306	208,545	-	-	208,545

6 Fair value measurements (continued)

Fair value estimation (continued)

(iii) Recognised fair value measurements (continued)

	NASDAQ 100 ETF				NASDAQ 100 ETF			
	Level 1 31 December 2018 \$'000	Level 2 31 December 2018 \$'000	Level 3 31 December 2018 \$'000	Total 31 December 2018 \$'000	Level 1 30 June 2018 \$'000	Level 2 30 June 2018 \$'000	Level 3 30 June 2018 \$'000	Total 30 June 2018 \$'000
Financial assets								
Financial assets designated at fair value through profit or loss:								
Listed securities	390,540	-	-	390,540	337,709	-	-	337,709
Total	390,540	-	-	390,540	337,709	-	-	337,709

(iv) Transfers between levels

There were no transfers between levels during the half-year ended 31 December 2018 and 30 June 2018.

(v) Movement in Level 3 instruments

There were no investments classified as Level 3 within the Funds as at 31 December 2018 and 30 June 2018.

(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 unitholders' 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 year.

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 not material in nature.

8 Events occurring after the reporting period

Since the end of the reporting period the net asset value of the below Funds has changed by more than 10% due to changes in the fair value of the investments held. These movements result from implementation of the investment strategy as set out in the relevant Fund's product disclosure statement.

Fund	Net asset value changed by:
FTSE RAFI U.S. 1000 ETF	10.87%
NASDAQ 100 ETF	12.34%
Global Cybersecurity ETF	17.68%
Global Sustainability Leaders ETF	10.60%

No other 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 2018 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 2018 and 30 June 2018.

Directors' declaration

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

BetaShares FTSE RAFI U.S. 1000 ETF
BetaShares Global Cybersecurity ETF
BetaShares Global Sustainability Leaders ETF
BetaShares NASDAQ 100 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 24 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 2018 and of their performance for the financial 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



Alex Vynokur
Director

Sydney
7 March 2019



Independent Auditor's Review Report

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

BetaShares FTSE RAFI U.S. 1000 ETF

BetaShares Global Cybersecurity ETF

BetaShares Global Sustainability Leaders ETF

BetaShares NASDAQ 100 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 2018 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 2018
- 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 BetaShares Capital Limited (the Responsible Entity) are responsible for:

- the preparation of the Condensed Interim Financial Reports that give a true and fair view in accordance with *Australian Accounting Standards* and the *Corporations Act 2001*
- 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 2018 and 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*. 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 Financial Report 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*.

The KPMG logo, consisting of the letters 'KPMG' in a bold, blue, sans-serif font, with a small graphic of four squares above the 'M'.
KPMG

A handwritten signature in black ink, reading 'Nicholas Buchanan'.

Nicholas Buchanan
Partner
Sydney
7 March 2019