



BetaShares

Exchange Traded Funds

11 March 2020

Market Announcements Office
ASX Limited

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

INTERIM FINANCIAL REPORT 2019

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 2019.

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
AGVT	BetaShares Australian Government Bond ETF
CRED	BetaShares Australian Investment Grade Corporate Bond ETF

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

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

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

Booklet 1

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

BetaShares Australian Government Bond ETF - ASX Code: AGVT (ARSN 631 805 153)

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

BetaShares Australian Investment Grade Corporate Bond ETF - ASX Code: CRED (ARSN 623 815 752)

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 2019

Booklet 1
Condensed Interim Financial Report
for the half-year ended 31 December 2019

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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 2019 and the auditor's report thereon.

Fund name	Referred to in this document as	Financial reporting period	ARSN
BetaShares Australian Bank Senior Floating Rate Bond ETF	Australian Bank Senior Floating Rate Bond ETF	1 July 2019 to 31 December 2019	613 694 385
BetaShares Australian Government Bond ETF	Australian Government Bond ETF	1 July 2019 to 31 December 2019	631 805 153
BetaShares Australian High Interest Cash ETF	Australian High Interest Cash ETF	1 July 2019 to 31 December 2019	143 219 961
BetaShares Australian Investment Grade Corporate Bond ETF	Australian Investment Grade Corporate Bond ETF	1 July 2019 to 31 December 2019	623 815 752
BetaShares British Pound ETF	British Pound ETF	1 July 2019 to 31 December 2019	151 133 514
BetaShares Euro ETF	Euro ETF	1 July 2019 to 31 December 2019	151 131 967
BetaShares U.S. Dollar ETF	U.S. Dollar ETF	1 July 2019 to 31 December 2019	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 Fund's 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)
 Jungho Rhee (appointed 1 September 2018)
 Thomas Park (appointed 12 August 2015, resigned 6 February 2020)
 Young Hwan Kim (appointed 7 February 2020)

Review and results of operations

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

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

Directors' report (continued)

Significant changes in state of affairs

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

Matters subsequent to the end of the financial half-year

No matter or circumstance has arisen since 31 December 2019 that has significantly affected, or may significantly affect:

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

Likely developments and expected results of operations

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

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

Rounding of amounts to the nearest thousand dollars

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

Auditor's independence declaration

A copy of the Auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 4.

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



David Nathanson
Director



Alex Vynokur
Director

Sydney
5 March 2020



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 Government Bond ETF

BetaShares Australian High Interest Cash ETF

BetaShares Australian Investment Grade Corporate Bond 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 2019 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

Nicholas Buchanan

Partner

Sydney

5 March 2020

Condensed interim statements of comprehensive income
For the half-year ended 31 December 2019

	Australian Bank Senior Floating Rate Bond ETF		Australian Government Bond ETF ¹		Australian High Interest Cash ETF	
	31 December 2019	31 December 2018	31 December 2019	31 December 2018	31 December 2019	31 December 2018
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Condensed interim statements of comprehensive income						
Investment income						
Interest income	6,503	4,183	128	-	13,689	14,097
Dividend/distribution income	46	41	-	-	-	-
Net gains/(losses) on financial instruments at fair value through profit or loss	1,186	(1,170)	(417)	-	-	-
Other operating income	102	78	11	-	-	-
Total net investment income/(loss)	7,837	3,132	(278)	-	13,689	14,097
Expenses						
Management fees	612	283	9	-	1,597	1,160
Expense recoveries	98	45	1	-	-	-
Other operating expenses	1	1	-	-	-	-
Total operating expenses	711	329	10	-	1,597	1,160
Profit/(loss) for the half-year	7,126	2,803	(288)	-	12,092	12,937
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income for the half-year	7,126	2,803	(288)	-	12,092	12,937

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

¹ There was no comparative for BetaShares Australian Government Bond ETF. The Fund commenced trading on 9 July 2019.

Booklet 1
Condensed interim statements of comprehensive income
For the half-year ended 31 December 2019
(continued)

	Australian Investment Grade Corporate Bond ETF ²		British Pound ETF		Euro ETF		U.S. Dollar ETF	
	31 December 2019 \$'000	21 July 2018 \$'000	31 December 2019 \$'000	31 December 2018 \$'000	31 December 2019 \$ ³	31 December 2018 \$ ³	31 December 2019 \$'000	31 December 2018 \$'000
Investment income								
Interest income	5,738	22	56	56	-	1	2,906	4,216
Dividend/distribution income	90	-	-	-	-	-	-	-
Net gains/(losses) on financial instruments at fair value through profit or loss	(752)	(10)	-	-	-	-	-	-
Net foreign exchange gains/(losses)	-	-	420	268	(60,660)	199,318	733	20,723
Other operating income	271	9	-	-	-	-	-	-
Total net investment income/(loss)	5,347	21	476	324	(60,660)	199,319	3,639	24,939
Expenses								
Management fees	356	1	42	46	11,935	14,908	651	978
Expense recoveries	50	-	-	-	-	-	-	-
Other operating expenses	-	-	-	-	7,148	-	-	-
Total operating expenses	406	1	42	46	19,083	14,908	651	978
Profit/(loss) for the half-year	4,941	20	434	278	(79,743)	184,411	2,988	23,961
Other comprehensive income	-	-	-	-	-	-	-	-
Total comprehensive income for the half-year	4,941	20	434	278	(79,743)	184,411	2,988	23,961

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

² The comparison half-year period for BetaShares Australian Investment Grade Corporate Bond ETF was 22 January 2018 to 21 July 2018. The Fund commenced trading on 31 May 2018.

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

Condensed interim statements of financial position

	Australian Bank Senior Floating Rate Bond ETF		Australian Government Bond ETF ¹		Australian High Interest Cash ETF	
	31 December 2019	30 June 2019	31 December 2019	31 December 2019	31 December 2019	30 June 2019
Notes	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Assets						
Cash and cash equivalents	3,493	1,150	7	1,791,092	1,492,849	-
Financial assets at fair value through profit or loss	749,990	495,264	21,809	-	-	-
Due from brokers - receivables for securities sold	-	-	217	-	-	-
Other receivables	1,810	1,632	122	2,144	16,484	-
Total assets	755,293	498,046	22,155	1,793,236	1,509,333	
Liabilities						
Distributions payable	1,130	782	23	1,919	2,245	-
Due to brokers - payable for securities purchased	-	-	194	-	-	-
Other payables	163	95	4	308	228	-
Total liabilities (excluding net assets attributable to unitholders)	1,293	877	221	2,227	2,473	
Net assets attributable to unitholders - equity	754,000	497,169	21,934	1,791,009	1,506,860	

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

¹ There was no comparative for BetaShares Australian Government Bond ETF. The Fund commenced trading on 9 July 2019.

Condensed interim statements of financial position		Australian Investment Grade Corporate Bond ETF ²		British Pound ETF		Euro ETF		U.S. Dollar ETF	
		31 December 2019	30 June 2019	31 December 2019	30 June 2019	31 December 2019	30 June 2019	31 December 2019	30 June 2019
		\$'000	\$'000	\$'000	\$'000	\$ ³	\$ ³	\$'000	\$'000
Assets									
	Cash and cash equivalents	3,918	958	25,769	17,766	4,836,166	6,104,882	252,324	311,317
	Financial assets at fair value through profit or loss	377,969	239,962	-	-	-	-	-	-
	Other receivables	3,187	6,428	14	11	514	616	304	496
	Total assets	385,074	247,348	25,783	17,777	4,836,680	6,105,498	252,628	311,813
Liabilities									
	Distributions payable	1,490	1,126	-	89	-	-	-	7,273
	Due to brokers - payable for securities purchased	-	3,404	-	-	-	-	-	-
	Other payables	107	53	11	8	4,143	2,256	113	121
	Total liabilities (excluding net assets attributable to unitholders)	1,597	4,583	11	97	4,143	2,256	113	7,394
	Net assets attributable to unitholders - equity	383,477	242,765	25,772	17,680	4,832,537	6,103,242	252,515	304,419

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

² The comparison full-year period for BetaShares Australian Investment Grade Bond ETF was 22 January 2018 to 30 June 2019. The Fund commenced trading on 31 May 2018.

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

Booklet 1
Condensed interim statements of changes in equity
For the half-year ended 31 December 2019

	Australian Bank Senior Floating Rate Bond ETF		Australian Government Bond ETF ¹		Australian High Interest Cash ETF	
	31 December 2019	31 December 2018	31 December 2019	31 December 2018	31 December 2019	31 December 2018
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Condensed interim statements of changes in equity						
Total equity at the beginning of the half-year	497,169	-	-	-	1,506,860	-
Reclassification as equity due to AMIT tax regime implementation*	-	236,101	-	-	-	1,308,654
Comprehensive income for the half-year						
Profit/(loss) for the half-year	7,126	2,803	(288)	-	12,092	12,937
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income for the half-year	7,126	2,803	(288)	-	12,092	12,937
Transactions with unitholders						
Applications	255,788	130,643	22,286	-	597,709	193,414
Redemptions	-	-	-	-	(314,127)	(213,516)
Units issued upon reinvestment of distributions	101	75	-	-	741	772
Distributions to unitholders	(6,184)	(4,162)	(64)	(64)	(12,266)	(12,948)
Total transactions with unitholders	249,705	126,556	22,222	22,222	272,057	(32,278)
Total equity at the end of the half-year	754,000	365,460	21,934	21,934	1,791,009	1,289,313

* Effective from 1 July 2018, Funds that had a prior financial reporting half-year had their units reclassified from financial liability to equity. As a result, equity transactions including distributions have been disclosed in the above statements for the half-year ended 31 December 2019 and 31 December 2018.

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

¹ There was no comparative for BetaShares Australian Government Bond ETF. The Fund commenced trading on 9 July 2019.

Booklet 1
Condensed interim statements of changes in equity
For the half-year ended 31 December 2019
(continued)

	Australian Investment Grade Corporate Bond ETF ²		British Pound ETF		Euro ETF		U.S. Dollar ETF	
	31 December 2019	21 July 2018	31 December 2019	31 December 2018	31 December 2019	31 December 2018	31 December 2019	31 December 2018
Notes	\$'000	\$'000	\$'000	\$'000	\$ ³	\$ ³	\$'000	\$'000
Condensed interim statements of changes in equity								
Total equity at the beginning of the half-year	3	242,765	-	17,680	-	6,103,242	-	304,419
Reclassification as equity due to AMIT tax regime implementation*	3	-	4,000	-	20,985	-	8,266,019	-
Comprehensive income for the half-year								
Profit/(loss) for the half-year		4,941	20	434	278	(79,743)	184,411	2,988
Other comprehensive income		-	-	-	-	-	-	-
Total comprehensive income for the half-year		4,941	20	434	278	(79,743)	184,411	2,988
Transactions with unitholders								
Applications	3	152,268	2,001	9,906	-	-	-	2,143
Redemptions	3	(11,157)	-	(2,254)	(3,116)	(1,190,962)	(2,329,910)	(57,444)
Units issued upon reinvestment of distributions	3	88	-	6	8	-	-	409
Distributions to unitholders	3,4	(5,428)	(12)	-	-	-	-	-
Total transactions with unitholders		135,771	1,990	7,658	(3,108)	(1,190,962)	(2,329,910)	(54,892)
Total equity at the end of the half-year	3	383,477	6,009	25,772	18,155	4,832,537	6,120,520	252,515

* Effective from 1 July 2018, Funds that had a prior financial reporting half-year had their units reclassified from financial liability to equity. As a result, equity transactions including distributions have been disclosed in the above statements for the half-year ended 31 December 2019 and 31 December 2018.

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

² The comparison half-year period for BetaShares Australian Investment Grade Corporate Bond ETF was 22 January 2018 to 21 July 2018. The Fund commenced trading on 31 May 2018.

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

Condensed interim statements of cash flows
For the half-year ended 31 December 2019

Condensed interim statements of cash flows	Australian Bank Senior Floating Rate Bond ETF		Australian Government Bond ETF ¹		Australian High Interest Cash ETF	
	31 December 2019	31 December 2018	31 December 2019	31 December 2018	31 December 2019	31 December 2018
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Cash flows from operating activities						
Proceeds from sale of financial instruments at fair value through profit or loss	209,022	136,094	1,325	-	-	-
Payments for purchase of financial instruments at fair value through profit or loss	(462,562)	(266,958)	(23,574)	-	-	-
Interest income received	6,330	4,050	7	14,008	14,037	
Dividends/distributions received	54	18	-	-	-	-
Other operating income received	102	86	11	-	-	-
Management fees paid	(565)	(309)	(6)	(1,534)	(1,348)	
Expense recoveries paid	(90)	(49)	(1)	-	-	-
Other operating expenses paid	(1)	-	-	-	-	-
Net cash inflow/(outflow) from operating activities	(247,710)	(127,068)	(22,238)	12,474	12,689	
Cash flows from financing activities						
Proceeds from applications by unitholders	255,788	130,643	22,286	611,747	210,464	
Payments for redemptions by unitholders	-	-	-	(314,127)	(213,516)	
Distributions paid	(5,735)	(3,719)	(41)	(11,851)	(12,135)	
Net cash inflow/(outflow) from financing activities	250,053	126,924	22,245	285,769	(15,187)	
Net increase/(decrease) in cash and cash equivalents	2,343	(144)	7	298,243	(2,498)	
Cash and cash equivalents at the beginning of the half-year	1,150	1,292	-	1,492,849	1,291,874	
Cash and cash equivalents at the end of the half-year	3,493	1,148	7	1,791,092	1,289,376	
Non-cash financing activities						
Units issued upon reinvestment of distributions	101	75	-	741	772	

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

¹ There was no comparative for BetaShares Australian Government Bond ETF. The Fund commenced trading on 9 July 2019.

Booklet 1
Condensed interim statements of cash flows
For the half-year ended 31 December 2019
(continued)

Condensed interim statements of cash flows	Australian Investment Grade Corporate Bond ETF ²		British Pound ETF		Euro ETF		U.S. Dollar ETF	
	31 December 2019 \$'000	21 July 2018 \$'000	31 December 2019 \$'000	31 December 2018 \$'000	31 December 2019 \$ ³	31 December 2018 \$ ³	31 December 2019 \$'000	31 December 2018 \$'000
Cash flows from operating activities								
Proceeds from sale of financial instruments at fair value through profit or loss	89,814	206	-	-	-	-	-	-
Payments for purchase of financial instruments at fair value through profit or loss	(231,978)	(6,100)	-	-	-	-	-	-
Interest income received	4,634	11	53	53	-	1	3,094	3,985
Dividends/distributions received	97	-	-	-	-	-	-	-
Other operating income received	283	9	-	-	-	-	-	-
Management fees paid	(327)	(1)	(38)	(56)	(12,028)	(18,715)	(653)	(1,186)
Expense recoveries paid	(46)	-	-	-	-	-	-	-
Other operating expenses paid	-	-	-	-	(5,066)	-	(1)	-
Net cash inflow/(outflow) from operating activities	(137,523)	(5,874)	15	(3)	(17,094)	(18,714)	2,440	2,799
Cash flows from financing activities								
Proceeds from applications by unitholders	156,616	6,001	9,906	-	-	-	2,143	11,862
Payments for redemptions by unitholders	(11,157)	-	(2,254)	(3,116)	(1,190,962)	(2,329,910)	(57,444)	(131,765)
Distributions paid	(4,976)	(11)	(84)	(75)	-	-	(6,865)	(3,488)
Net cash inflow/(outflow) from financing activities	140,483	5,990	7,568	(3,191)	(1,190,962)	(2,329,910)	(62,166)	(123,391)
Net increase/(decrease) in cash and cash equivalents	2,960	116	7,583	(3,194)	(1,208,056)	(2,348,624)	(59,726)	(120,592)
Cash and cash equivalents at the beginning of the half-year	958	-	17,766	21,078	6,104,882	8,271,638	311,317	462,854
Effects of foreign currency exchange rate changes on cash and cash equivalents	-	-	420	268	(60,660)	199,318	733	20,723
Cash and cash equivalents at the end of the half-year	3,918	116	25,769	18,152	4,836,166	6,122,332	252,324	362,985
Non-cash financing activities								
Units issued upon reinvestment of distributions	88	-	6	8	-	-	409	177

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

² The comparison half-year period for BetaShares Australian Investment Grade Corporate Bond ETF was 22 January 2018 to 21 July 2018. The Fund commenced trading on 31 May 2018.

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

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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 2019 to 31 December 2019
Australian Government Bond ETF	4 March 2019	9 July 2019	1 July 2019 to 31 December 2019
Australian High Interest Cash ETF	3 May 2010	6 March 2012	1 July 2019 to 31 December 2019
Australian Investment Grade Corporate Bond ETF	22 January 2018	31 May 2018	1 July 2019 to 31 December 2019 (comparatives: 22 January 2018 to 21 July 2018)
British Pound ETF	9 June 2011	8 July 2011	1 July 2019 to 31 December 2019
Euro ETF	9 June 2011	8 July 2011	1 July 2019 to 31 December 2019
U.S. Dollar ETF	3 December 2010	1 February 2011	1 July 2019 to 31 December 2019

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 5 March 2020. 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 unless otherwise stated.

(a) Basis of preparation

These general purpose condensed interim 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 2019 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

Management makes estimates and assumptions that affect the reported amounts in the condensed interim financial statements. These estimates and assumptions 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. Actual results may differ from these estimates.

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.

(b) Australian accounting standards and interpretations

The accounting policies in these condensed interim financial statements are the same as those applied in the Funds' financial statements for the year ended 30 June 2019.

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 half-year and on foreseeable future transactions.

(c) Rounding of amounts

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

3 Net assets attributable to unitholders

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.

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:

	Australian Bank Senior Floating Rate Bond ETF		Australian Government Bond ETF		
	31 December 2019	31 December 2018	31 December 2019	31 December 2018	
	Units '000	Units '000	Units '000	Units '000	
Net assets attributable to unitholders					
Opening balance	19,370	9,282	497,169	236,101	
Applications	9,920	5,120	255,788	130,643	
Redemptions	-	-	-	-	
Units issued upon reinvestment of distributions	4	3	101	75	
Distributions to unitholders	-	-	(6,184)	(4,162)	
Profit/(loss) for the half-year	-	-	7,126	2,803	
Closing balance	29,294	14,405	754,000	365,460	
			440	440	
		Australian High Interest Cash ETF		Australian Investment Grade Corporate Bond ETF	
	31 December 2019	31 December 2018	31 December 2019	31 December 2018	21 July 2018
	Units '000	Units '000	Units '000	Units '000	Units '000
Net assets attributable to unitholders					
Opening balance	30,096	26,136	1,506,860	1,308,654	-
Applications	11,930	3,860	597,709	193,414	240
Redemptions	(6,270)	(4,260)	(314,127)	(213,516)	-
Units issued upon reinvestment of distributions	15	15	741	772	-
Distributions to unitholders	-	-	(12,266)	(12,948)	88
Profit/(loss) for the half-year	-	-	12,092	12,937	(12)
Closing balance	35,771	25,751	1,791,009	1,289,313	240
			14,085	14,085	240
					240
					6,001
					(11,157)
					88
					(5,428)
					4,941
					383,477
					6,009

3 Net assets attributable to unitholders (continued)

	British Pound ETF		Euro ETF	
	31 December 2019	31 December 2018	31 December 2019	31 December 2018
	Units '000	Units '000	Units ³	Units ³
		\$'000		\$ ³
Net assets attributable to unitholders				
Opening balance	996	17,680	390,000	6,103,242
Applications	525	9,906	-	-
Redemptions	(125)	(2,254)	(75,000)	(1,190,962)
Units issued upon reinvestment of distributions	-	1	-	-
Profit/(loss) for the half-year	-	434	-	(79,743)
Closing balance	1,396	25,772	315,000	4,832,537
		18,155	390,000	6,120,520

	U.S. Dollar ETF	
	31 December 2019	31 December 2018
	Units '000	Units '000
		\$'000
Net assets attributable to unitholders		
Opening balance	22,179	304,419
Applications	150	2,143
Redemptions	(4,075)	(57,444)
Units issued upon reinvestment of distributions	30	409
Profit/(loss) for the half-year	-	2,988
Closing balance	18,284	252,515
		26,204
		363,370

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

3 Net assets attributable to unitholders (continued)

Capital risk management

The Funds consider their net assets attributable to unitholders as equity. 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.

The daily issues and withdrawals of units 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' governing rules, the Responsible Entity may suspend the issue or withdrawal of units in certain circumstances.

4 Distributions to unitholders

British Pound Fund ETF, Euro ETF and U.S. Dollar ETF had nil distributions for the half-year.

The distributions for Australian Bank Senior Floating Rate Bond ETF, Australian Government Bond ETF, Australian High Interest Cash ETF and Australian Investment Grade Corporate Bond ETF for the half-year were as follows:

	Australian Bank Senior Floating Rate Bond ETF		Australian Government Bond ETF	
	31 December 2019	31 December 2018	31 December 2019	31 December 2018
	\$'000	\$'000	\$'000	CPU
Distributions paid - July	1,038	588	5	4.34
Distributions paid - August	862	611	10	6.21
Distributions paid - September	1,025	586	8	4.94
Distributions paid - October	1,079	747	8	4.10
Distributions paid - November	1,050	760	10	5.04
Distributions payable - December	1,130	870	23	5.26
Total distributions	6,184	4,162	64	

4 Distributions to unitholders (continued)

	Australian High Interest Cash ETF		Australian Investment Grade Corporate Bond ETF	
	31 December 2019 \$'000	31 December 2018 CPU \$'000	31 December 2019 CPU \$'000	31 December 2018 CPU \$'000
Distributions paid - June 2018	-	-	-	12
Distributions paid - July	2,132	2,171	644	6.05
Distributions paid - August	2,117	2,137	610	5.45
Distributions paid - September	2,319	1,912	790	6.67
Distributions paid - October	2,003	2,367	825	6.41
Distributions paid - November	1,776	2,147	1,069	8.00
Distributions payable - December	1,919	2,214	1,490	10.58
Total distributions	12,266	12,948	5,428	12

5 Financial assets at fair value through profit or loss

	Australian Bank Senior Floating Rate Bond ETF		Australian Government Bond ETF		Australian Investment Grade Corporate Bond ETF	
	31 December 2019 \$'000	30 June 2019 \$'000	31 December 2019 \$'000	31 December 2019 \$'000	30 June 2019 \$'000	31 December 2019 \$'000
Financial assets at fair value through profit or loss						
Listed unit trusts	1,001	6,008	-	7,510	10,013	-
Floating rate notes	748,989	489,256	-	-	-	-
Fixed interest securities	-	-	21,809	370,459	229,949	-
Total financial assets at fair value through profit or loss	749,990	495,264	21,809	377,969	239,962	-

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 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 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 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.

6 Fair value measurements (continued)

Fair value estimation (continued)

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

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, Australian Government Bond ETF, Australian Investment Grade Corporate 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	Total	
	31 December	31 December	31 December	31 December	30 June	30 June	30 June	30 June	
	2019	2019	2019	2019	2019	2019	2019	2019	
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	
Financial assets at fair value through profit or loss:									
Listed unit trusts	1,001	-	-	1,001	6,008	-	-	6,008	6,008
Floating rate notes	-	748,989	-	748,989	-	489,256	-	489,256	489,256
Total	1,001	748,989	-	749,990	6,008	489,256	-	495,264	495,264

6 Fair value measurements (continued)

Fair value estimation (continued)

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

Australian Government Bond ETF				
	Level 1	Level 2	Level 3	Total
31 December	31 December	31 December	31 December	31 December
2019	2019	2019	2019	2019
\$'000	\$'000	\$'000	\$'000	\$'000
-	21,809	-	-	21,809
-	21,809	-	-	21,809

Financial assets

Financial assets at fair value through profit or loss:

Fixed interest securities

Total

Australian Investment Grade Corporate Bond ETF						
	Level 1	Level 2	Level 3	Total	Level 2	Level 3
31 December	31 December	31 December	31 December	31 December	30 June	30 June
2019	2019	2019	2019	2019	2019	2019
\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
7,510	-	-	-	7,510	-	-
-	370,459	-	-	370,459	229,949	-
7,510	370,459	-	-	377,969	229,949	-

Financial assets

Financial assets at fair value through profit or loss:

Listed unit trusts

Fixed interest securities

Total

(iv) *Transfers between levels*

There were no transfers between levels during the half-year ended 31 December 2019 and the year ended 30 June 2019.

(v) *Movement in level 3 instruments*

There were no investments classified as Level 3 within the Fund as at 31 December 2019 and 30 June 2019.

7 Related party transactions

Related party unitholdings

The table below provides details in relation to the investments held by certain Funds in related parties for the relevant financial period:

	Australian Bank Senior Floating Rate Bond ETF		Australian Government Bond ETF		Australian High Interest Cash ETF		Australian Investment Grade Corporate Bond ETF	
	31 December 2019	31 December 2018	31 December 2019	31 December 2018	31 December 2019	31 December 2018	31 December 2019	31 December 2018
	Units	Units	Units	Units	Units	Units	Units	Units
Number of units held by								
BetaShares Active Australian Hybrids Fund	-	-	-	-	196,494	99,831	-	-
BetaShares Australian Bank Senior Floating Rate Bond ETF	-	-	-	-	20,000	260,000	-	-
BetaShares Australian Equities Bear Hedge Fund	-	-	-	-	655,000	655,000	-	-
BetaShares Australian Investment Grade Corporate Bond ETF	-	-	-	-	150,000	-	-	-
BetaShares Diversified Balanced ETF	3,035	-	3,075	-	2,434	-	2,822	-
BetaShares Diversified Conservative ETF	14,568	-	-	-	3,681	-	13,561	-
BetaShares Diversified Growth ETF	4,250	-	4,284	-	2,372	-	3,936	-
BetaShares Diversified High Growth ETF	-	-	3,682	-	1,124	-	-	-

There have been no other 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 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

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 positions as at 31 December 2019 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 2019 and 30 June 2019.

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 Government Bond ETF
BetaShares Australian High Interest Cash ETF
BetaShares Australian Investment Grade Corporate Bond 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 condensed interim financial statements and notes set out on pages 5 to 23 are in accordance with the *Corporations Act 2001*, including:
- (i) complying with Australian Accounting Standards, and interpretations issued by the Australian Accounting Standards Board and the *Corporations Regulations 2001*; and
 - (ii) giving a true and fair view of the Funds' financial positions as at 31 December 2019 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
5 March 2020



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 Government Bond ETF
- BetaShares Australian High Interest Cash ETF
- BetaShares Australian Investment Grade Corporate Bond 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 2019 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 2019.
- 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 2019 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*.



KPMG



Nicholas Buchanan

Partner

Sydney

5 March 2020