



BetaShares

Exchange Traded Funds

30 September 2021

Market Announcements Office
ASX Limited

To be released for each of the ASX codes listed below

ANNUAL FINANCIAL REPORT 2021

BetaShares Capital Ltd, the issuer of each of the following Funds, is pleased to provide the Annual Financial Report in respect of the Funds for the period ending 30 June 2021.

ASX Code	Fund
QAU	BetaShares Gold Bullion ETF - Currency Hedged
OOO	BetaShares Crude Oil Index ETF - Currency Hedged (Synthetic)

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 2

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

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

Annual Financial Report

30 June 2021

Booklet 2

Annual Financial Report

30 June 2021

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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 annual financial report of the Funds for the year ended 30 June 2021 and the auditor's report thereon.

Fund name	Referred to in this document as	Financial reporting year	ARSN
BetaShares Crude Oil Index ETF - Currency Hedged (Synthetic)	Crude Oil Index ETF	1 July 2020 to 30 June 2021	150 081 351
BetaShares Gold Bullion ETF - Currency Hedged	Gold Bullion ETF	1 July 2020 to 30 June 2021	150 081 851

Responsible Entity

The Responsible Entity of the Funds is BetaShares Capital Ltd (ABN 78 139 566 868). The Responsible Entity's registered office and principal place of business is Level 11, 50 Margaret Street, Sydney, NSW 2000.

Principal activities

The principal activity of each Fund is to invest in accordance with the investment objective and guidelines as set out in the Fund's current Product Disclosure Statement and its Constitution.

The Funds did not have any employees during the year.

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

Directors

The following persons held office as directors of BetaShares Capital Ltd during the year or since the end of the year and up to the date of this report:

Executive directors:

Mr David Nathanson (appointed 21 September 2009, resigned 5 March 2021)

Mr Alex Vynokur (appointed 21 September 2009)

Mr Jason Gellert (appointed 5 March 2021)

Non-Executive directors:

Mr Jungtho Rhee (appointed 1 September 2018, resigned 5 March 2021)

Mr Young Hwan Kim (appointed 7 February 2020, resigned 5 March 2021)

Mr Edward Sippel (appointed 5 March 2021)

Review and results of operations

During the 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.

Directors' report (continued)

Review and results of operations (continued)

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

Significant changes in state of affairs

During the period, BetaShares Holdings Pty Ltd, the parent company of BetaShares Capital Ltd, underwent a change of control through an investment from TA Associates ("TA"), a leading global private equity firm. As part of the transaction, TA acquired the shares held by Mirae Asset Financial Group and other minority investors in BetaShares Holdings Pty Ltd.

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

Matters subsequent to the end of the financial year

The uncertainty around COVID-19 continues to present social and economic challenges and the resulting impact on the global and domestic market remains uncertain. Since the reporting date, there have been no significant changes to the valuation of the Fund's investments as a result of COVID-19.

Subsequent to the end of the financial period, Citigroup Pty Ltd ("Cit") has been appointed to replace RBC Investor Services Trust ("RBC") as Custodian and Fund Administrator for the Funds, following RBC's decision to end its involvement in the Australian asset servicing market. The transition from RBC to Cit is expected to occur in late September or early October 2021.

No other matter or circumstance has arisen since 30 June 2021 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.

Directors' report (continued)

Indemnification and insurance of officers and auditors

No insurance premiums are paid for out of the assets of the Funds in regard to insurance cover provided to either the officers of BetaShares Capital Ltd or the auditor of the Funds. So long as the officers of BetaShares Capital Ltd act in accordance with the Funds' Constitutions and the law, the officers remain indemnified out of the assets of the Funds against losses incurred while acting on behalf of the Funds. The auditor of the Funds is in no way indemnified out of the assets of the Funds.

Fees paid to and interests held in the Funds by the Responsible Entity or its associates

Fees paid to the Responsible Entity and its associates out of the Funds' property during the year are disclosed in Note 14 to the financial statements.

No fees were paid out of the Funds' property to the directors of the Responsible Entity during the year.

The number of interests in the Funds held by the Responsible Entity or its associates as at the end of the financial year are disclosed in Note 14 to the financial statements.

Interests in the Funds

The movement in units on issue in the Funds during the year is disclosed in Note 3 to the financial statements.

The value of the Funds' assets and liabilities is disclosed on the statements of financial position and derived using the basis set out in Note 2 to the financial statements.

Environmental regulation

The operations of the Funds are not subject to any particular or significant environmental regulations under a Commonwealth, State or Territory law.

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 financial report and directors' report have been rounded off to the nearest thousand dollars, unless otherwise stated.

Directors' report (continued)

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 6.

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



Alex Vynokur
Director

Sydney
22 September 2021



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

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

BetaShares Crude Oil Index ETF - Currency Hedged (Synthetic)

BetaShares Gold Bullion ETF - Currency Hedged

I declare that, to the best of my knowledge and belief, in relation to the audit of the Schemes for the financial year ended 30 June 2021 there have been:

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


KPMG


Nicholas Buchanan
Partner
Sydney

22 September 2021

Booklet 2
Statements of comprehensive income
For the year ended 30 June 2021

Statements of comprehensive income					
	Crude Oil Index ETF		Gold Bullion ETF		
	30 June 2021	30 June 2020	30 June 2021	30 June 2020	
	\$'000	\$'000	\$'000	\$'000	
Investment income					
Interest income	329	271	-	-	
Net gains/(losses) on financial instruments at fair value through profit or loss	140,577	(11,876)	31,414	(8,351)	
Net gains/(losses) on gold contract at fair value through profit or loss	-	-	(38,512)	36,821	
Net foreign exchange gains/(losses)	-	(15)	(6,237)	4,885	
Other operating income	-	-	36	40	
Total net investment income/(loss)	140,906	(11,620)	(13,299)	33,395	
Expenses					
Management fees	14				
Other operating expenses	1,576	456	1,639	817	
	1	1	336	171	
Total operating expenses	1,577	457	1,975	988	
Profit/(loss) for the year	139,329	(12,077)	(15,274)	32,407	
Other comprehensive income	-	-	-	-	
Total comprehensive income/(loss) for the year	139,329	(12,077)	(15,274)	32,407	

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

Booklet 2
Statements of financial position
As at 30 June 2021

Statements of financial position

	Crude Oil Index ETF		Gold Bullion ETF	
	30 June 2021	30 June 2020	30 June 2021	30 June 2020
Notes	\$'000	\$'000	\$'000	\$'000
Assets				
Cash and cash equivalents				
Financial assets at fair value through profit or loss				
Due from brokers - receivable for securities sold	185,111	231,157	244	543
Gold contract at fair value through profit or loss	62,520	1,480	-	-
Other receivables	4,169	-	-	-
Total assets	1,299	72	39	27
	253,099	232,709	303,526	255,718
Liabilities				
Financial liabilities at fair value through profit or loss				
Distributions payable	-	-	7,758	1,290
Other payables	15,348	-	15,456	5,994
Total liabilities (excluding net assets attributable to unitholders)	3,804	162	162	134
	19,152	162	23,376	7,418
Net assets attributable to unitholders - equity	233,947	232,547	280,150	248,300

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

Booklet 2
Statements of changes in equity
For the year ended 30 June 2021

Statements of changes in equity	Crude Oil Index ETF		Gold Bullion ETF	
	30 June 2021	30 June 2020	30 June 2021	30 June 2020
	\$'000	\$'000	\$'000	\$'000
Notes				
Total equity at the beginning of the year	232,547	26,144	248,300	86,631
Comprehensive income for the year				
Profit/(loss) for the year	139,329	(12,077)	(15,274)	32,407
Other comprehensive income	-	-	-	-
Total comprehensive income/(loss) for the year	139,329	(12,077)	(15,274)	32,407
Transactions with unitholders				
Applications	40,230	257,143	121,499	166,499
Redemptions	(131,299)	(36,713)	(58,919)	(31,243)
Distributions to unitholders	(46,860)	(1,950)	(15,456)	(5,994)
Total transactions with unitholders	(137,929)	218,480	47,124	129,262
Total equity at the end of the year	233,947	232,547	280,150	248,300

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

Booklet 2
Statements of cash flows
For the year ended 30 June 2021

Statements of cash flows	Crude Oil		Gold	
	Index ETF		Bullion ETF	
	30 June 2021	30 June 2020	30 June 2021	30 June 2020
	\$'000	\$'000	\$'000	\$'000
Cash flows from operating activities				
Proceeds from sale of financial instruments at fair value through profit or loss	86,620	82,900	-	-
Payments for purchase of financial instruments at fair value through profit or loss	(7,597)	(91,880)	(6,549)	(6,361)
Proceeds from sale of gold contract at fair value through profit or loss	-	-	121,961	72,607
Payments for purchase of gold contract at fair value through profit or loss	-	-	(170,376)	(200,179)
Interest income received	356	246	-	-
Other operating income received	-	-	36	40
Management fees paid	(1,605)	(327)	(1,628)	(756)
Other operating expenses paid	(1)	(1)	(331)	(156)
Net cash inflow/(outflow) from operating activities	77,773	(9,062)	(56,887)	(134,805)
	8			
Cash flows from financing activities				
Proceeds from applications by unitholders	38,992	257,143	121,499	166,499
Payments for redemptions by unitholders	(131,299)	(36,713)	(58,919)	(31,243)
Distributions paid	(31,512)	(2,249)	(5,994)	-
Net cash inflow/(outflow) from financing activities	(123,819)	218,181	56,586	135,256
Net increase/(decrease) in cash and cash equivalents	(46,046)	209,119	(301)	451
Cash and cash equivalents at the beginning of the financial year	231,157	22,038	543	92
Effect of foreign currency exchange rate changes on cash and cash equivalents	-	-	2	-
Cash and cash equivalents at the end of the financial year	185,111	231,157	244	543

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

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1 General information

These 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 year
Crude Oil Index ETF	8 April 2011	11 November 2011	1 July 2020 to 30 June 2021
Gold Bullion ETF	8 April 2011	3 May 2011	1 July 2020 to 30 June 2021

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 financial statements were authorised for issue by the directors of the Responsible Entity on 22 September 2021. The directors of the Responsible Entity have the power to amend and reissue the financial statements.

The 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 financial statements are set out below. These policies have been consistently applied to all years presented unless otherwise stated.

(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.

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

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

The statements of financial position are presented on a liquidity basis. Assets and liabilities are presented in decreasing order of liquidity and are not distinguished between current and non-current. All balances are expected to be recovered or settled within twelve months, except for investments in financial assets and liabilities at fair value through profit or loss and net assets attributable to unitholders.

2 Summary of significant accounting policies (continued)

(a) Basis of preparation (continued)

Compliance with International Financial Reporting Standards

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

Use of estimates and judgement

Management make estimates and assumptions that affect the reported amounts in the 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.

Gold contract

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

For certain other financial instruments, including amounts due from/to brokers and payables, the carrying amounts approximate fair value due to the short-term nature of these financial instruments.

Investment entity exception

The Funds meet the definition of an investment entity and therefore apply the investment entity amendments to AASB 10 *Consolidated Financial Statements* ("AASB 10"), AASB 12 *Disclosure of Interests in Other Entities* and AASB 127 *Separate Financial Statements*. AASB 10 is applicable to all investees; among other things, it requires the consolidation of an investee if the Funds control the investee on the basis of de facto circumstances. An exception however exists where an entity meets the definition of an investment entity.

2 Summary of significant accounting policies (continued)

(a) Basis of preparation (continued)

Investment entity exception (continued)

The Funds meet the definition of investment entity due to the following factors:

- (a) the Funds obtain funds from one or more unitholders for the purpose of providing the unitholders with investment management services;
- (b) the Funds commit to their unitholders that their business purpose is to invest funds solely for returns from capital appreciation, investment income, or both; and
- (c) the Funds measure and evaluate the performance of substantially all of their investments on a fair value basis.

In making the above assessments, the Funds have multiple investments and multiple investors. Their investors are generally unrelated parties of the Funds. Unitholders invest for returns from capital appreciation, investment income, or both. Directors of the Responsible Entity have concluded that the Funds meet the definition of investment entity.

Assessment of the Funds' investments as structured entities

The Funds have assessed whether the securities in which they invest are structured entities. The Funds have considered the voting rights and other similar rights afforded to investors in these funds, including the rights to remove the fund manager or redeem holdings. The Funds have assessed whether these rights are the dominant factor in controlling the funds, or whether the contractual agreement with the fund manager is the dominant factor in controlling these funds. The Funds have concluded that the managed investment funds in which they invest are not structured entities.

(b) Australian accounting standards and interpretations

There are no new accounting standards that are not yet effective and that are expected to have a material impact on the Funds in the prior periods, or will affect the current or future reporting periods, or will have an impact on foreseeable future transactions.

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 January 2021, and have not been early adopted in preparing these financial statements. None of these are expected to have a material effect on the financial statements of the Funds.

2 Summary of significant accounting policies (continued)

(c) Financial instruments and gold contract

(i) Classification

The Funds classify their investments based on their business model for managing those financial assets and their contractual cash flow characteristics. The Funds' portfolios of financial assets are managed and their performance is evaluated on a fair value basis in accordance with the Funds' documented investment strategy. The Funds evaluate the information about their investments on a fair value basis together with other related financial information.

Equity securities and derivatives are measured at fair value through profit or loss.

For debt securities, the contractual cash flows are solely payments of principal and interest, however, they are neither held for collecting contractual cash flows nor held for collecting contractual cash flows and for sale. The collection of contractual cash flows is only incidental to achieving the Funds' business model objective. Consequently, the debt securities are measured at fair value through profit or loss.

(ii) Recognition/derecognition

The Funds recognise financial assets and financial liabilities on the date they become party to the contractual agreement (trade date) and recognise changes in fair value of the financial assets or financial liabilities from this date.

Investments are derecognised when the right to receive cash flows from the investments have expired or the Funds have transferred substantially all risks and rewards of ownership.

(iii) Measurement

At initial recognition, the Funds measure a financial asset at its fair value. Transaction costs are expensed in the statements of comprehensive income as incurred.

Subsequent to initial recognition, all financial assets and financial liabilities are measured at fair value. Gains and losses arising from changes in the fair value measurement are presented in the statements of comprehensive income within net gains/(losses) on financial instruments at fair value through profit or loss during the financial year.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

- Fair value in an active market

The fair value of financial assets and liabilities traded in active markets is subsequently based on their quoted market prices at the end of the reporting period without any deduction for estimated future selling costs. The quoted market price used for financial assets and liabilities is the last traded price.

2 Summary of significant accounting policies (continued)

(c) Financial instruments and gold contract (continued)

(iii) Measurement (continued)

- Fair value in an inactive or unquoted market

The fair value of financial assets and liabilities that are not traded in an active market is determined using valuation techniques. The Funds use a variety of methods and makes assumptions that are based on market conditions existing at each reporting date. Valuation techniques used may include the use of comparable recent arms length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, option pricing models or any other valuation techniques commonly used by market participants making the maximum use of market inputs and relying as little as possible on entity-specific inputs.

(iv) Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the statements of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

(v) Gold contract

Gold Bullion ETF invests in gold bullion through a deferred purchase and sale contract. Investments in gold bullion are carried at fair value through profit and loss based on the gold bullion price as at 10.30am London time (being the time of the London AM gold fix).

(d) Net assets attributable to unitholders

The Schemes consider their net assets attributable to unitholders as equity as each Scheme had made an irrevocable choice to be an Attribution Managed Investment Trust ("AMIT"). Units are normally redeemable only by unitholders being Authorised Participants at the unitholders' option (other unitholders only have a right to redeem units in special circumstances). The units can be put back to the Funds at any time (subject to the *Corporations Act 2001* and the Funds' Constitutions) for cash based on the redemption price. The fair value of redeemable units is measured at the redemption amount that is payable (based on the redemption unit price) at the end of the reporting year if unitholders exercised their right to redeem units in the Funds.

(e) Cash and cash equivalents

For the purpose of presentation in the statements of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short term, highly liquid investments with original maturities of three months or less from the date of acquisition that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. The carrying amount of cash approximates fair value.

(f) Investment income

Interest income earned on cash balances is recognised on an accrual basis in the statements of comprehensive income using the nominated interest rates available on the bank accounts held.

2 Summary of significant accounting policies (continued)

(g) Expenses

All expenses are recognised in the statements of comprehensive income on an accruals basis.

(h) Income tax

The Funds are not subject to income tax as all taxable income and other relevant amounts are attributed to unitholders in each financial year under the AMIT tax regime. Such amounts form part of unitholders' assessable incomes for the relevant financial year.

(i) Distributions

In accordance with the Funds' Constitutions, the Funds distribute income adjusted for amounts determined by the Responsible Entity, to unitholders by cash payment.

The distributions are recognised in the statements of changes in equity as transactions with unitholders.

(j) Foreign currency translation

(i) Functional and presentation currency

Items included in the Funds' financial statements are measured using the currency of the primary economic environment in which it operates (the "functional currency"). This is the Australian dollar, which reflects the currency of the economy in which the Funds compete for funds and is regulated. The Australian dollar is also the Funds' presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translations at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statements of comprehensive income.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when fair value was determined. Translation differences on assets and liabilities carried at fair value are reported in the statements of comprehensive income on a net basis within net gains/(losses) on financial instruments held at fair value through profit or loss.

(k) Due from/to brokers

Amounts due from/to brokers (if applicable) represent receivables for securities sold and payables for securities purchased that have been contracted for but not yet delivered by the end of the year. Trades are recorded on trade date, and for equities normally settled within three business days. A provision for impairment of amounts due from brokers is established when there is objective evidence that the Funds will not be able to collect all amounts due from the relevant broker. Indicators that the amount due from brokers is impaired include significant financial difficulties of the broker, probability that the broker will enter bankruptcy or financial reorganisation and default in payments.

2 Summary of significant accounting policies (continued)

(l) Receivables

Receivables may include amounts for dividends, interest and trust distributions. Dividends and trust distributions are accrued when the right to receive payment is established. Interest is accrued at the end of each reporting period from the time of last payment in accordance with the policy set out in Note 2(f) above. The Funds' receivables are measured at amortised cost under AASB 9 and the impact of any expected credit losses (ECL) is not material as amounts are generally received within 30 days of being recorded as receivables. The carrying amount of receivables approximates fair value.

(m) Payables

Payables include liabilities and accrued expenses owing by the Funds which are unpaid as at the end of the reporting period.

The distribution amount payable to unitholders as at the end of each reporting period is recognised separately in the statements of financial position when unitholders are presently entitled to the distributable income.

(n) Applications and redemptions

Applications received for units in the Funds are recorded net of any entry fees payable (if applicable) prior to the issue of units in the Funds. Redemptions from the Funds are recorded gross of any exit fees payable (if applicable) after the cancellation of units redeemed.

(o) Goods and Services Tax (GST)

The GST incurred on the costs of various services provided to the Funds by third parties such as custodial services and investment management fees have been passed onto the Funds. The Funds qualify for Reduced Input Tax Credits (RITC) at a rate of 55% to 85%; hence investment management fees, custodial fees and other expenses have been recognised in the statements of comprehensive income net of the amount of GST recoverable from the Australian Taxation Office (ATO). Accounts payable are inclusive of GST. The net amount of GST recoverable from the ATO is included in receivables in the statements of financial position. Cash flows relating to GST are included in the statements of cash flows on a gross basis.

(p) 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 indicated.

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.

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

	Crude Oil Index ETF				Gold Bullion ETF			
	30 June 2021 Units '000	30 June 2020 Units '000	30 June 2021 \$'000	30 June 2020 \$'000	30 June 2021 Units '000	30 June 2020 Units '000	30 June 2021 \$'000	30 June 2020 \$'000
Net assets attributable to unitholders								
Opening balance	58,697	1,641	232,547	26,144	14,597	6,044	248,300	86,631
Applications	8,000	65,111	40,230	257,143	6,625	10,603	121,499	166,499
Redemptions	(26,700)	(8,055)	(131,299)	(36,713)	(3,400)	(2,050)	(58,919)	(31,243)
Distributions to unitholders	-	-	(46,860)	(1,950)	-	-	(15,456)	(5,994)
Profit/(loss) for the year	-	-	139,329	(12,077)	-	-	(15,274)	32,407
Closing balance	39,997	58,697	233,947	232,547	17,822	14,597	280,150	248,300

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

The distributions for the year were as follows:

	Crude Oil Index ETF ¹				Gold Bullion ETF ²			
	30 June 2021 \$'000	30 June 2021 CPU	30 June 2020 \$'000	30 June 2020 CPU	30 June 2021 \$'000	30 June 2021 CPU	30 June 2020 \$'000	30 June 2020 CPU
Distributions paid - September	-	-	675	44.06	-	-	-	-
Distributions paid - December	-	-	675	43.08	-	-	-	-
Distributions paid - March	-	-	600	5.98	-	-	-	-
Distributions paid - April	13,792	34.14	-	-	-	-	-	-
Distributions paid - May	17,720	42.81	-	-	-	-	-	-
Distributions payable - June	15,348	38.37	-	-	15,456	86.73	5,994	41.06
Total distributions	46,860	115.32	1,950	93.12	15,456	86.73	5,994	41.06

The distribution information shown above refers to cash distributions paid by the relevant Fund for the period. Under the AMIT tax rules, a Fund may distribute cash that is different to the taxable income attributed by the Fund to unitholders.

5 Financial assets and liabilities at fair value through profit or loss

	Crude Oil Index ETF				Gold Bullion ETF			
	30 June 2021 \$'000	30 June 2020 \$'000	30 June 2021 \$'000	30 June 2020 \$'000	30 June 2021 \$'000	30 June 2020 \$'000	30 June 2021 \$'000	30 June 2020 \$'000
Financial assets at fair value through profit or loss								
Gold contract	-	-	-	-	-	-	303,243	255,148
Index swaps	62,520	1,480	62,520	1,480	-	-	-	-
Total financial assets at fair value through profit or loss	62,520	1,480	62,520	1,480	303,243	255,148	303,243	255,148
Financial liabilities								
Foreign currency contracts	-	-	-	-	-	-	7,758	1,290
Total financial liabilities at fair value through profit or loss	-	-	-	-	-	-	7,758	1,290

¹ BetaShares Crude Oil Index ETF distributed monthly in April 2021 and May 2021.

² BetaShares Gold Bullion ETF is a yearly distributing fund.

6 Other receivables

Applications receivable
Interest receivable
GST receivable
Total other receivables

	Crude Oil Index ETF		Gold Bullion ETF	
	30 June 2021	30 June 2020	30 June 2021	30 June 2020
	\$'000	\$'000	\$'000	\$'000
Applications receivable	1,238	-	-	-
Interest receivable	21	48	-	-
GST receivable	40	24	39	27
Total other receivables	1,299	72	39	27

7 Other payables

Management fees payable
Custody fee payable
Withholding tax payable
Total other payables

	Crude Oil Index ETF		Gold Bullion ETF	
	30 June 2021	30 June 2020	30 June 2021	30 June 2020
	\$'000	\$'000	\$'000	\$'000
Management fees payable	149	162	134	111
Custody fee payable	-	-	28	23
Withholding tax payable	3,655	-	-	-
Total other payables	3,804	162	162	134

8 Reconciliation of profit/(loss) to net cash inflow/(outflow) from operating activities

	Crude Oil Index ETF		Gold Bullion ETF	
	30 June 2021	30 June 2020	30 June 2021	30 June 2020
Reconciliation of profit/(loss) to net cash inflow/(outflow) from operating activities				
Profit/(loss)				
Proceeds from sale of financial instruments at fair value through profit or loss	139,329	(12,077)	(15,274)	32,407
Payments for the purchase of financial instruments at fair value through profit or loss	86,620	82,900	-	-
Proceeds from sale of gold contract at fair value through profit or loss	(7,597)	(91,880)	(6,549)	(6,361)
Payments for the purchase of gold contract at fair value through profit or loss	-	-	121,961	72,607
Net (gains)/losses on financial instruments at fair value through profit or loss	(140,577)	11,876	(170,376)	(200,179)
Net foreign exchange (gains)/losses	-	15	6,237	(4,885)
Net (gains)/losses on gold contract at fair value through profit or loss	-	-	38,512	(36,821)
Net change in interest receivable	27	(25)	-	-
Net change in receivables and other assets	(16)	(19)	(12)	(17)
Net change in payables and other liabilities	(13)	148	28	93
Net cash inflow/(outflow) from operating activities	77,773	(9,062)	(56,887)	(134,805)

9 Financial risk management

The Funds are exchange traded managed funds that primarily invest in index swaps, cash and cash equivalents and Gold contract for gold bullion (as relevant for each Fund).

The Funds' activities expose them to a variety of financial risks which may include: market risk (including price risk, foreign exchange risk and interest rate risk), counterparty/credit risk and liquidity risk. The Funds use different methods to measure different types of risk to which they are exposed. Methods include sensitivity analysis in the case of price risk, foreign exchange risk and interest rate risk.

The Funds' overall risk management programs focus on ensuring compliance with the Funds' Product Disclosure Statements (PDSs) and seek to maximise the returns derived for the level of risk to which the Funds are exposed. Financial risk management is carried out by an investment manager under policies approved by the Board of Directors of the Responsible Entity (the Board).

The Board of Directors of the Responsible Entity has overall responsibility for the establishment and oversight of the Funds' risk management framework. The Funds' overall risk management programs focus on ensuring compliance with the Funds' PDSs and investment guidelines.

Compliance with the Funds' PDSs, Constitutions and investment guidelines are reported to the Board on a regular basis.

9 Financial risk management (continued)

(a) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and commodity market prices will affect the Funds' income or the carrying value of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk.

Included in the following analysis are tables that summarise the sensitivity of the profit and net assets attributable to unitholders to changes in market prices (e.g. equity prices, foreign exchange rates and interest rates). The analysis is based on reasonably possible movements in the specified risk variable with other variables held constant. Actual movements in the risk variables in any period may be greater or less than indicated. The market price risk information is intended to be a relative estimate of risk rather than a precise and accurate number. It represents a hypothetical outcome and is not intended to be predictive. The analysis is based on historical data and cannot take account of the fact that future market price movements (e.g. in times on market stress) may bear no relation to historical patterns.

(i) Price risk

The Funds are exposed to securities and derivatives price risk. This arises from investments held by the Funds for which prices in the future are uncertain. Equity securities and derivatives are classified in the statements of financial position as at fair value through profit or loss. All securities investments present a risk of loss of capital.

The Funds' overall market positions are reported to the Board on a regular basis.

Sensitivity analysis

A 10% movement at the report date of the market prices attributable to financial assets, financial liabilities or Gold contracts by the relevant Funds would have the following impact on the Funds' profit/(loss) and net assets attributable to unitholders. The calculations include the impact of any derivatives that may be held by a Fund. It is assumed that the relevant change occurs at the balance date.

	Crude Oil Index ETF		Gold Bullion ETF	
	30 June 2021	30 June 2020	30 June 2021	30 June 2020
+10% Price movement - impact on the Funds' profit/(loss) and net assets attributable to unitholders	23,395	23,255	28,015	24,830
-10% Price movement - impact on the Funds' profit/(loss) and net assets attributable to unitholders	(23,395)	(23,255)	(28,015)	(24,830)

(ii) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Interest rate risk is not considered to be significant to the Funds other than their cash holdings.

9 Financial risk management (continued)

(a) Market risk (continued)

(ii) Interest rate risk (continued)

The Funds are exposed to interest rate risk on their cash holdings. Interest income from cash holdings is earned at variable interest rates. Investments in cash holdings are at call. Changes in interest rates may also impact on the valuation of certain assets that use interest rates as an input in their valuation model not reflected in the disclosure below. Therefore, the sensitivity analysis may not fully reflect the total effect of future movements in interest rates on net asset attributable to unit-holders.

	Crude Oil Index ETF											
	Floating interest rate	Fixed interest rate	Non-interest bearing	Total	Floating interest rate	Fixed interest rate	Non-interest bearing	Total	Floating interest rate	Fixed interest rate	Non-interest bearing	Total
Assets												
Cash and cash equivalents	185,111	-	-	185,111	231,157	-	-	231,157	-	-	-	-
Financial assets at fair value through profit or loss	-	-	62,520	62,520	-	-	1,480	1,480	-	-	-	-
Due from brokers - receivable for securities sold	-	-	4,169	4,169	-	-	-	-	-	-	-	-
Other receivables	-	-	1,299	1,299	-	-	72	72	-	-	-	-
Liabilities												
Distributions payable	-	-	(15,348)	(15,348)	-	-	-	-	-	-	-	-
Other payables	-	-	(3,804)	(3,804)	-	-	(162)	(162)	-	-	-	-
Net exposure	185,111	-	48,836	233,947	231,157	-	1,390	232,547	-	-	-	-
Gold Bullion ETF												
	Floating interest rate	Fixed interest rate	Non-interest bearing	Total	Floating interest rate	Fixed interest rate	Non-interest bearing	Total	Floating interest rate	Fixed interest rate	Non-interest bearing	Total
	30 June 2021	30 June 2021	30 June 2021	30 June 2021	30 June 2020	30 June 2020	30 June 2020	30 June 2020	30 June 2021	30 June 2021	30 June 2021	30 June 2021
Assets												
Cash and cash equivalents	244	-	-	244	543	-	-	543	-	-	-	-
Gold contract at fair value through profit or loss	-	-	303,243	303,243	-	-	255,148	255,148	-	-	-	-
Other receivables	-	-	39	39	-	-	27	27	-	-	-	-
Liabilities												
Financial liabilities at fair value through profit or loss	-	-	(7,758)	(7,758)	-	-	(1,290)	(1,290)	-	-	-	-
Distributions payable	-	-	(15,456)	(15,456)	-	-	(5,994)	(5,994)	-	-	-	-
Other payables	-	-	(162)	(162)	-	-	(134)	(134)	-	-	-	-
Net exposure	244	-	279,906	280,150	543	-	247,757	248,300	-	-	-	-

9 Financial risk management (continued)

(a) Market risk (continued)

(ii) Interest rate risk (continued)

Sensitivity analysis - interest rate risk

The table below summarises the sensitivities of the interest rate risk. The analysis is based on the assumption that interest rates increase or decrease by a "predetermined basis points" from the year end rates with all other variables held constant. The "predetermined basis points" for 30 June 2021 and 30 June 2020 are noted in the table below. Management have considered the movements for each investment asset type to be reasonable given the Funds' economic environment.

Impact on net assets attributable to unitholders and profit/(loss)						
	Currency	Sensitivity rate (basis points)	Increase 30 June 2021	Decrease 30 June 2021	Increase 30 June 2020	Decrease 30 June 2020
Crude Oil Index ETF (\$'000)	Australian Dollars	25	463	(463)	578	(578)
Gold Bullion ETF (\$'000)	Australian Dollars	25	1	(1)	1	(1)

(iii) Foreign exchange risk

Crude Oil Index ETF

In accordance with the PDS of the Crude Oil Index ETF, the Fund has exposure to international assets as a result of its investment strategy which involves seeking to track the performance of a market index that is denominated in foreign currency but which is hedged to Australian dollars. These Funds are not significantly exposed to foreign currency risk.

Gold Bullion ETF

The Fund may hold both monetary and non-monetary assets denominated in currencies other than the Australian dollar. The foreign exchange risk relating to non-monetary assets and liabilities is a component of price risk not foreign exchange risk. Foreign exchange risk arises as the value of monetary assets denominated in other currencies fluctuates due to changes in exchange rates. The risk is measured using sensitivity analysis.

The Fund's policy seeks to hedge substantially all of the direct foreign currency exposure on both monetary and non-monetary financial assets and liabilities. However, for accounting purposes, the Fund does not designate any derivatives as hedges in a hedging relationship.

The net fair value of the foreign currency contracts at 30 June 2021 was (\$7.76m liability) (2020: \$1.29m liability)

9 Financial risk management (continued)

(a) Market risk (continued)

(iii) Foreign exchange risk (continued)

The table below summarises the Funds' assets and liabilities, monetary and non-monetary, that are denominated in a currency other than the Australian dollar (calculated after the effect of associated foreign currency derivatives).

	30 June 2021	30 June 2021	30 June 2020	30 June 2020
Currency		\$'000	Currency	\$'000
USD		3,297	USD	6,637
		<u>3,297</u>		<u>6,637</u>

Net foreign currency exposure

Sensitivity analysis - Foreign exchange risk

The Gold Bullion ETF is substantially hedged against movements in the value of the U.S. Dollar relative to the Australian Dollar, so movements in the exchange rate would be expected to have a minimal impact on net assets attributable to unitholders.

(b) Credit risk

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Funds.

The Crude Oil Index ETF invests in derivative financial instruments in the form of a swap agreement with Credit Suisse International. At 30 June 2021, Credit Suisse International had a credit rating of A+ (Standard and Poor's (S&P)) and A1 (Moody's) (30 June 2020: A+ (S&P) and A1 (Moody's)). As such, in terms of counterparty credit risk that may be borne by the Funds, unitholders may have some exposure to the creditworthiness of Credit Suisse International. The Responsible Entity manages the use of derivatives with the objective that the exposure of the Fund does not exceed 5% in aggregate of the net asset value of the Fund.

The Gold Bullion ETF is exposed to counterparty credit risk on financial assets, Gold contracts and derivative financial instruments.

(i) Cash and cash equivalents

The exposure to credit risk for cash and cash equivalents is considered low as the Funds only invest their assets into bank deposit accounts held with banks that are regulated in Australia by the Australian Prudential Regulatory Authority as authorised deposit taking institutions, and all counterparties have a credit rating of at least A.

In accordance with the Funds' policy, the Responsible Entity monitors the Funds' credit position on a regular basis.

9 Financial risk management (continued)

(b) Credit risk (continued)

(ii) Settlement of gold transactions

The Gold Bullion ETF invests in gold bullion via a Gold Contract with the Gold Vendor on a deferred delivery basis under which the Gold Vendor retains legal ownership of the gold pending delivery. The Gold Vendor's obligations are secured by a registered charge held by the Fund over the gold. In addition, the Responsible Entity monitors the credit rating of the Gold Vendor on a regular basis. At 30 June 2021, the Fund's Gold Vendor, being National Bank of Canada, had a credit rating of A (S&P) and Aa3 (Moody's) (2020: A (S&P) and Aa3 (Moody's)).

(iii) Other

The custody of the Funds' assets is mainly concentrated with one counterparty, namely RBC Investor Services Trust. RBC Investor Services Trust is a subsidiary of a company listed on a major securities exchange, and at 30 June 2021 had a credit rating of AA- by Standard & Poor's (S&P) (30 June 2020 AA- by Standard & Poor's (S&P)). At 30 June 2021, substantially all cash and cash equivalents, balances due from brokers and investments are held in custody by RBC Investor Services Trust.

(c) Liquidity risk

Liquidity risk is the risk that the Funds will encounter difficulty in meeting obligations associated with financial liabilities.

The Funds are exposed to daily cash redemptions of redeemable units. The Funds' investments in cash and cash equivalents are considered to be readily realisable and the Funds maintain adequate liquidity to pay withdrawals and distributions when required.

Certain Funds may invest in derivative contracts traded over the counter, which are not traded in an organised market and may be illiquid. As a result, the Funds may not be able to quickly liquidate their investments in these instruments at an amount close to their fair value to meet their liquidity requirements or to respond to specific events such as deterioration in the creditworthiness of any particular issuer or counterparty.

The Crude Oil Index ETF invests in derivative contracts traded over the counter, which are not traded in an organised market and may be illiquid. As a result, the Fund may not be able to quickly liquidate its investments in these financial assets at an amount close to their fair value to meet its liquidity requirements or to respond to specific events such as deterioration in the creditworthiness of any particular issuer or counterparty.

The majority of the Gold Bullion ETF's financial assets are considered readily realisable as the Gold Bullion backing the Gold Contract is traded on the London Bullion market.

9 Financial risk management (continued)

(c) Liquidity risk (continued)

The following tables analyse the Funds' non-derivative and derivative financial liabilities into relevant maturity groupings based on the remaining period at the end of the reporting period to the contractual maturity date. The amounts in the tables are the contractual undiscounted cash flows.

Crude Oil Index ETF										
	On demand	Less than 6 months	Greater than 6 months	Total	On demand	Less than 6 months	Greater than 6 months	Total		
	30 June 2021	30 June 2021	30 June 2021	30 June 2021	30 June 2020	30 June 2020	30 June 2020	30 June 2020	30 June 2020	30 June 2020
Distributions payable	-	15,348	-	15,348	-	-	-	-	-	-
Other payables	-	3,804	-	3,804	-	162	-	162	-	162
Contractual cash flows (excluding net settled derivatives)	-	19,152	-	19,152	-	162	-	162	-	162

Gold Bullion ETF										
	On demand	Less than 6 months	Greater than 6 months	Total	On demand	Less than 6 months	Greater than 6 months	Total		
	30 June 2021	30 June 2021	30 June 2021	30 June 2021	30 June 2020	30 June 2020	30 June 2020	30 June 2020	30 June 2020	30 June 2020
Distributions payable	-	15,456	-	15,456	-	5,994	-	5,994	-	5,994
Other payables	-	162	-	162	-	134	-	134	-	134
Contractual cash flows (excluding net settled derivatives)	-	15,618	-	15,618	-	6,128	-	6,128	-	6,128

	Forward currency contracts									
Net settled derivatives	-	7,758	-	7,758	-	1,290	-	1,290	-	1,290
	-	7,758	-	7,758	-	1,290	-	1,290	-	1,290

10 Offsetting financial assets and financial liabilities

Financial assets and liabilities are offset and the net amount reported in the statements of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The gross and net positions of financial assets and liabilities that have been offset in the statements of financial position are disclosed in the first three columns of the tables below.

The Crude Oil Index ETF has agreements with derivative counterparties that are based on the ISDA Master Agreement. Under the terms of these arrangements, only where certain credit events occur (such as default), the net position owing/receivable to a single counterparty in the same currency will be taken as owing and all the relevant arrangements terminated. As the Fund does not presently have a legally enforceable right of set-off, these amounts have not been offset in the statements of financial position, but have been presented separately in the tables below.

	Effects of offsetting on the statements of financial position			Related amounts not offset in the statements of financial position		
	Gross amounts of financial assets/(liabilities)	Gross amounts set off in the statements of financial position	Net amount of financial assets/(liabilities) (including non-cash collateral) presented in the statements of financial position	Financial instruments (including non-cash collateral)	Stock and cash collateral pledged	Net amounts
Crude Oil Index ETF	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
As at 30 June 2021						
Financial assets	62,520	-	62,520	-	-	62,520
Index swaps	62,520	-	62,520	-	-	62,520
Total						
As at 30 June 2020						
Financial assets	1,480	-	1,480	-	-	1,480
Index swaps	1,480	-	1,480	-	-	1,480
Total						

10 Offsetting financial assets and financial liabilities (continued)

	Effects of offsetting on the statements of financial position			Related amounts not offset in the statements of financial position		
	Gross amounts of financial assets/(liabilities)	Gross amounts set off in the statements of financial position	Net amount of financial assets/(liabilities) (including non-cash collateral) presented in the statements of financial position	Financial instruments collateral	Stock and cash collateral pledged	Net amounts
Gold Bullion ETF	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
As at 30 June 2021						
Financial liabilities	(7,913)	155	(7,758)	-	-	(7,758)
Foreign currency contracts	(7,913)	155	(7,758)	-	-	(7,758)
Total						
As at 30 June 2020						
Financial assets	(1,292)	2	(1,290)	-	-	(1,290)
Foreign currency contracts	(1,292)	2	(1,290)	-	-	(1,290)
Total						

11 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).

11 Fair value measurements (continued)

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 the 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.

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

(ii) Fair value in an inactive market (Level 2 and Level 3)

The fair value of financial assets and liabilities that are not traded in an active market is determined using valuation techniques. These include the use of recent arm's length market transactions, reference to the current fair value of a substantially similar other instrument, discounted cash flow techniques, option pricing models or any other valuation technique that provides a reliable estimate of prices obtained in actual market transactions.

Where discounted cash flow techniques are used, estimated future cash flows are based on management's best estimates and the discount rate used is a market rate at the end of the reporting period applicable for an instrument with similar terms and conditions.

For other pricing models, inputs are based on market data at the end of the reporting period. 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.

11 Fair value measurements (continued)

Fair value estimation (continued)

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

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

(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:

Crude Oil Index ETF										
	Level 1 30 June 2021	Level 2 30 June 2021	Level 3 30 June 2021	Total 30 June 2021	Level 1 30 June 2020	Level 2 30 June 2020	Level 3 30 June 2020	Total 30 June 2020		
Financial assets										
Index swaps	-	62,520	-	62,520	-	1,480	-	1,480		
Total	-	62,520	-	62,520	-	1,480	-	1,480		
Gold Bullion ETF										
	Level 1 30 June 2021	Level 2 30 June 2021	Level 3 30 June 2021	Total 30 June 2021	Level 1 30 June 2020	Level 2 30 June 2020	Level 3 30 June 2020	Total 30 June 2020		
Financial assets										
Gold contract at fair value through profit or loss:										
Gold bullion	303,243	-	-	303,243	255,148	-	-	255,148		
Total	303,243	-	-	303,243	255,148	-	-	255,148		
Financial liabilities										
	Level 1 30 June 2021	Level 2 30 June 2021	Level 3 30 June 2021	Total 30 June 2021	Level 1 30 June 2020	Level 2 30 June 2020	Level 3 30 June 2020	Total 30 June 2020		
Financial liabilities at fair value through profit or loss:										
Foreign currency contracts	-	7,758	-	7,758	-	1,290	-	1,290		
Total	-	7,758	-	7,758	-	1,290	-	1,290		

11 Fair value measurements (continued)

Fair value estimation (continued)

(iv) Transfers between levels

There were no transfers between levels during the year ended 30 June 2021 and 30 June 2020.

(v) Movement in level 3 instruments

There were no investments classified as Level 3 within the Funds as at 30 June 2021 and 30 June 2020.

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

The carrying values of financial instruments not carried at fair value are assumed to approximate their fair values.

12 Derivative financial instruments

In the normal course of business certain Funds may enter into transactions in various derivative financial instruments which have certain risks. A derivative is a financial instrument or other contract which is settled at a future date and whose value changes in response to the change in a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index or other variable.

Derivative financial instruments require no initial net investment or an initial net investment that is smaller than would be required for other types of contracts that would be expected to have a similar response to changes in market factors.

Derivative transactions include many different instruments such as swaps, forwards, futures and options. Derivatives are considered to be part of the investment process and the use of derivatives is an essential part of the Funds' portfolio management. Derivatives are not managed in isolation. Consequently, the use of derivatives is multifaceted and includes:

- hedging to protect an asset or liability of the Fund against a fluctuation in market values or to reduce volatility;
- a substitution for trading of physical securities; and
- adjusting asset exposures within the parameters set in the investment strategy, and adjusting the duration of fixed interest portfolios or the weighted average maturity of cash portfolios.

While derivatives are used for trading purposes, they are not used to gear (leverage) a portfolio. Gearing a portfolio would occur if the level of exposure to the markets exceeds the underlying value of the Funds.

12 Derivative financial instruments (continued)

Certain Funds hold the following derivative instruments:

Index Swaps

An index swap is an agreement between two parties to exchange their obligations (payments) or receipts at set intervals on a notional principal amount over an agreed time period.

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

Under the terms of the swap agreement, the swap provider requires initial collateral from the Funds being a percentage of the notional amount of the swap contracts, in order to provide credit protection to the swap provider. Such initial collateral is held by the Fund's custodian and the Fund has granted to the swap provider a security interest in the assets held. The Funds retain ownership of the initial collateral provided. Subsequent movements in the price of the underlying security will result in additional collateral transferable from the holder to the swap provider or vice versa.

From 23 April 2020 to 4 August 2020, the Crude Oil Index ETF's investment exposure temporarily changed from the one-month WTI crude oil futures contract to the less volatile three-month forward futures contract, in order to reduce the significant risk to the Fund of the one-month futures contract trading at a zero or negative price given the unprecedented volatility in the global oil market conditions. Effective 4 August 2020, The Fund's investment exposure reverted to the front-month WTI crude oil futures. No further change has occurred during the financial year ended 30 June 2021.

Foreign currency contracts

Foreign currency contracts are primarily used by Funds to hedge against foreign currency exchange rate risks on non-Australian Dollar denominated assets. The Funds agree to receive or deliver a fixed quantity of foreign currency for an agreed upon price on an agreed future date. Foreign currency contracts are valued at the prevailing bid price at the end of each reporting period. The Funds recognise a gain or loss equal to the change in fair value at the end of each reporting period.

The following Funds held derivative instruments:

	Crude Oil Index ETF						Gold Bullion ETF					
	Contract/			Contract/			Contract/			Contract/		
	notional	Assets	Liabilities	notional	Assets	Liabilities	notional	Assets	Liabilities	notional	Assets	Liabilities
	30 June	30 June	30 June	30 June	30 June	30 June	30 June	30 June	30 June	30 June	30 June	30 June
	2021	2021	2021	2020	2020	2020	2021	2021	2021	2020	2020	2020
Index swaps	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
	170,728	62,520	-	230,979	1,480	-	-	-	-	-	-	-
	-	-	-	-	-	-	342,229	-	7,758	247,350	-	1,290
Foreign currency contracts	170,728	62,520	-	230,979	1,480	-	342,229	-	7,758	247,350	-	1,290

13 Auditor's remuneration

During the year the following fees were paid or payable for services provided by the auditor of the Funds. Audit fees were borne by the Responsible Entity:

	Crude Oil Index ETF		Gold Bullion ETF	
	30 June 2021	30 June 2020	30 June 2021	30 June 2020
KPMG				
<i>Audit and other assurance service</i>				
Audit and review of financial reports	\$	\$	\$	\$
Audit of compliance plan	7,529	7,529	7,529	7,529
Total remuneration of audit and other assurance services	1,230	1,230	1,230	1,230
	8,759	8,759	8,759	8,759

14 Related party transactions

Responsible Entity

The Responsible Entity of the Funds is BetaShares Capital Ltd.

Key management personnel

The Funds do not employ personnel in their own right. However, the Funds are required to have an incorporated Responsible Entity to manage the activities and this is considered to be key management personnel. The directors of the Responsible Entity, which are key management personnel of the Responsible Entity, during or since the end of the financial year are:

(a) Directors

Executive Directors:

Mr David Nathanson (appointed 21 September 2009, resigned 5 March 2021)
Mr Alex Vynokur (appointed 21 September 2009)
Mr Jason Gellert (appointed 5 March 2021)

Non-Executive Directors:

Mr Jungho Rhee (appointed 1 September 2018, resigned 5 March 2021)
Mr Young Hwan Kim (appointed 7 February 2020, resigned 5 March 2021)
Mr Edward Sippel (appointed 5 March 2021)

14 Related party transactions (continued)

Key management personnel (continued)

(b) Other key management personnel

There were no other persons with responsibility for planning, directing and controlling the activities of the Funds, directly or indirectly during the financial year.

Responsible Entity's management fees and other transactions

The Responsible Entity's fees are calculated in accordance with the Funds' constitutions. The Responsible Entity's fees comprise a management fee and (if applicable) expense recoveries (after taking account of GST and reduced input tax credits), which are calculated as a percentage of the net asset value of the Funds and are disclosed in the statements of comprehensive income. The following table discloses the Responsible Entity's fees for 30 June 2021 and 30 June 2020:

Funds	Management Fee	
	30 June 2021	30 June 2020
	%	%
Crude Oil Index ETF	0.69	0.69
Gold Bullion ETF	0.49	0.49

The related party transactions during the year and amounts payable at year end were as follows:

	Crude Oil Index ETF		Gold Bullion ETF	
	30 June 2021	30 June 2020	30 June 2021	30 June 2020
	\$	\$	\$	\$
Management fees expensed to the Responsible Entity	1,576,130	455,739	1,639,156	817,093
Management fees payable to the Responsible Entity at reporting date	149,149	161,757	133,775	110,934

Related party unitholdings

Parties related to the Funds (including BetaShares Capital Ltd and other schemes managed by BetaShares Capital Ltd), held no units in the Funds during the financial year.

15 Events occurring after the reporting period

The uncertainty around COVID-19 continues to present social and economic challenges and the resulting impact on the global and domestic market remains uncertain. Since the reporting date, there have been no significant changes to the valuation of the Fund's investments as a result of COVID-19.

Subsequent to the end of the financial period, Citigroup Pty Ltd ("Citi") has been appointed to replace RBC Investor Services Trust ("RBC") as Custodian and Fund Administrator for the Funds, following RBC's decision to end its involvement in the Australian asset servicing market. The transition from RBC to Citi is expected to occur in late September or early October 2021.

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 statements of financial position as at 30 June 2021 or on the results and cash flows of the Funds for the period ended on that date.

16 Contingent assets and liabilities and commitments

There are no outstanding contingent assets, liabilities or commitments as at 30 June 2021 and 30 June 2020.

Directors' declaration

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

BetaShares Crude Oil Index ETF - Currency Hedged (Synthetic)
BetaShares Gold Bullion ETF - Currency Hedged

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

(a) the financial statements and notes set out on pages 7 to 37 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 30 June 2021 and of their performance for the financial 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; and

(c) note 2(a) confirms that the financial statements comply with International Financial Reporting Standards and Interpretations issued by the International Accounting Standards Board.

Signed in accordance with a resolution of the directors of BetaShares Capital Ltd.



Alex Vynokur
Director

Sydney
22 September 2021



Independent Auditor's Report

To the respective unitholders of the following Schemes:

BetaShares Crude Oil Index ETF – Currency Hedged (Synthetic)

BetaShares Gold Bullion ETF – Currency Hedged

For the purpose of this report, the term Scheme and Schemes denote the individual and distinct entity for which the financial information is prepared and upon which our audit is performed. Each is to be read as a singular subject matter.

Opinion

We have audited the **Financial Report** of the Schemes.

In our opinion, the accompanying **Financial Report** of the Schemes is in accordance with the *Corporations Act 2001*, including:

- giving a true and fair view of the Schemes' financial position as at 30 June 2021, and of their financial performance and their cash flows for the year ended on that date; and
- complying with *Australian Accounting Standards* and the *Corporations Regulations 2001*.

The **Financial Report** of the Schemes comprise:

- Statements of financial position as at 30 June 2021;
- Statements of comprehensive income for the year then ended;
- Statements of changes in equity, and Statements of cash flows for the year then ended;

- Notes including a summary of significant accounting policies; and
- Directors' Declaration made by the Directors' of BetaShares Capital Limited (the Responsible Entity).

Basis for opinion

We conducted our audit in accordance with *Australian Auditing Standards*. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Financial Report* section of our report.

We are independent of the Schemes and the Responsible Entity in accordance with the *Corporations Act 2001* and the relevant ethical requirements of the *Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (including Independence Standards)* (the Code). We have fulfilled our other ethical responsibilities in accordance with the Code.

Key Audit Matters

Key Audit Matters are those matters that, in our professional judgement, were of most significance in our audit of the Financial Report of the Schemes in the current period.

These matters were addressed in the context of our audit of the Financial Report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The **Key Audit Matters** we identified for: BetaShares Crude Oil Index ETF are:

- Valuation and existence of financial instruments; and
- Existence of cash and cash equivalents.



The **Key Audit Matter** we identified for BetaShares Gold Bullion ETF is:

- Valuation and existence of Gold Bullion held at fair value through profit or loss.

Valuation and existence of financial instruments (BetaShares Crude Oil Index ETF – Currency Hedged (Synthetic) \$62,520,000).

Refer to Note 5 to the Financial Report

The key audit matter	How the matter was addressed in our audit
<p>Financial instruments at fair value through profit or loss comprise investments in derivatives (“investments”).</p> <p>The Scheme outsources certain processes and controls relevant to:</p> <ul style="list-style-type: none"> Executing transactions as instructed by the Responsible Entity and recording and valuing investments to the Scheme administrator; Maintaining custody and underlying records of investments to the custodian; <p>Valuation and existence of investments is a key audit matter due to the:</p> <ul style="list-style-type: none"> Size of the Scheme’s portfolio of investments. 	<p>Our procedures included:</p> <ul style="list-style-type: none"> We assessed the appropriateness of the accounting policies applied by the Scheme, including those relevant to the fair value of investments, against the requirements of the accounting standards. We obtained and read the Scheme’s Service Provider’s ASAE 3402 Assurance Reports on Controls at a Service Organisation and GS007 (Guidance Statement 007 Audit Implications of the Use of Service Organisations for Investment Management Services) assurance reports to understand the processes and assess the controls relevant to the: <ul style="list-style-type: none"> Scheme administrator – to execute transactions, record and value the Scheme’s investments;

<p>These investments represent a significant percentage of the Scheme’s total assets at year end; and</p> <ul style="list-style-type: none"> Importance of the performance of these investments in driving the Scheme’s investment income and capital performance, as reported in the Financial Report. <p>As a result, this was the area with greatest effect on our overall audit strategy and allocation of resources in planning and performing our audit.</p>	<ul style="list-style-type: none"> Custodian – to maintain custody and underlying records of the Scheme’s investments; We obtained and read the custodians bridging letter over the period not covered by the ASAE3402 and GS007 assurance reports. We have checked that there were no instances of non-compliance over controls in place at the service provider. We assessed the reputation, professional competence and independence of the auditors of the ASAE 3402 and GS007 assurance reports. We checked the existence of investments, being the ownership and quantity held, to underlying custodian records and other external sources such as independent confirmations for derivative investments as at 30 June 2021. We checked the valuation of investments, as recorded in the general ledger, to independently sourced prices as at 30 June 2021. <p>We evaluated the Scheme’s disclosures of investments, using our understanding obtained from our testing, against the requirements of the accounting standards.</p>
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Existence of cash and cash equivalents (BetaShares Crude Oil Index ETF – Currency Hedged (Synthetic) \$185,111,000).

The key audit matter	How the matter was addressed in our audit
<p>Cash and cash equivalents comprise deposits held at call with financial institutions ("cash").</p> <p>The Scheme outsources certain processes and controls relevant to:</p> <ul style="list-style-type: none"> • Recording cash transactions to the Scheme administrator; • Maintaining custody and underlying records of cash balances to the custodian; <p>Existence of cash is a key audit matter due to the size of the Scheme's portfolio of cash. These cash balances represent a significant percentage of the Scheme's total assets at year end.</p>	<p>Our procedures included:</p> <ul style="list-style-type: none"> • We obtained and read the Service Provider's ASAE 3402 <i>Assurance Reports on Controls at a Service Organisation</i> and GS007 (<i>Guidance Statement 007 Audit Implications of the Use of Service Organisations for Investment Management Services</i>) assurance reports for the period from to understand the processes and assess the controls relevant to the: <ul style="list-style-type: none"> - Custodian – to maintain custody and underlying records of the Scheme's cash balances. • We obtained and read the custodians' bridging letter over the period not covered by the ASAE3402 and GS007 assurance reports. We have checked that there were no instances of non-compliance over controls in place at the service provider.

	<ul style="list-style-type: none"> • We assessed the reputation, professional competence and independence of the auditors of the ASAE 3402 and GS007 assurance reports. <p>We requested independent confirmations from the relevant financial institutions of the balance of the deposits held at call for the Scheme at 30 June 2021 and checked to the Scheme's cash balances, as recorded in the general ledger</p>
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Valuation and existence of Gold Contract held at fair value through profit or loss (BetaShares Gold Bullion ETF \$303,243,000).

Refer to Note 5 to the Financial Report

The key audit matter	How the matter was addressed in our audit
Valuation and existence of Gold Bullion held at fair value through profit or loss (investments in Gold Bullion) is a Key Audit Matter due to: <ul style="list-style-type: none">the significance of the balance to the financial statements as it represents X% of total assets at year end; andthe investment in Gold Bullion being a key driver of operations and performance results. As a result, this was the area with greatest effect on our overall audit strategy and allocation of resources in planning and performing our audit.	Valuation and existence of Gold Bullion held at fair value through profit or loss (investments in Gold Bullion) is a Key Audit Matter due to: <ul style="list-style-type: none">the significance of the balance to the financial statements as it represents X% of total assets at year end; andthe investment in Gold Bullion being a key driver of operations and performance results. As a result, this was the area with greatest effect on our overall audit strategy and allocation of resources in planning and performing our audit.

Other Information

Other Information is financial and non-financial information in the Schemes' annual reporting which is provided in addition to the Financial Report and the Auditor's Report. This includes the Director's Report. The Directors of BetaShares Capital Limited (the Responsible Entity) are responsible for the Other Information.

Our opinion on the Financial Report does not cover the Other Information and, accordingly, we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the Financial Report, our responsibility is to read the Other Information. In doing so, we consider whether the Other Information is materially inconsistent with the Financial Report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We are required to report if we conclude that there is a material misstatement of this Other Information, and based on the work we have performed on the Other Information that we obtained prior to the date of this Auditor's Report we have nothing to report.

Responsibilities of Directors for the Financial Report

The Directors of BetaShares Capital Limited (the Responsible Entity) are responsible for:

- preparing the Financial Report that gives a true and fair view in accordance with *Australian Accounting Standards* and the *Corporations Act 2001*;
- implementing necessary internal controls to enable the preparation of a Financial Report that gives a true and fair view and is free from material misstatement, whether due to fraud or error; and
- assessing the Schemes' ability to continue as a going concern and whether the use of the going concern basis of accounting is appropriate. This includes disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate the Scheme or to cease operations, or have no realistic alternative but to do so.



Auditor's responsibilities for the audit of the Financial Report

Our objective is:

- to obtain reasonable assurance about whether the Financial Report as a whole is free from material misstatement, whether due to fraud or error; and
- to issue an Auditor's Report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with *Australian Auditing Standards* will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error. They are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the Financial Report.

A further description of our responsibilities for the Audit of the Financial Report is located at the Auditing and Assurance Standards Board website at: http://www.auasb.gov.au/auditors_responsibilities/ar2.pdf. This description forms part of our Auditor's Report.

KPMG

Nicholas Buchanan

Partner

Sydney

22 September 2021

Any BetaShares Fund that seeks to track the performance of a particular financial index is not sponsored, endorsed, issued, sold or promoted by the provider of the index. No index provider makes any representation regarding the advisability of buying, selling or holding units in the BetaShares Funds or investing in securities generally. No index provider is involved in the operation or distribution of the BetaShares Funds and no index provider shall have any liability for the operation or distribution of these Funds or their failure to achieve their investment objectives. An index provider has no obligation to take the needs of the BetaShares Fund or the unitholders of the Fund into consideration in determining, composing or calculating the relevant index. Any intellectual property rights in the index name and associated trademarks, index methodology, index values and constituent lists vest in the relevant index provider and/or its affiliates. BetaShares has obtained a licence from the relevant index provider to use such intellectual property rights in the creation and operation of the BetaShares Funds.