

15 March 2022

Market Announcements Office
ASX Limited

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

INTERIM FINANCIAL REPORT 2021

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 2021.

ASX code	Fund
BNDS	BetaShares Western Asset Australian Bond Fund (managed fund)
EMMG	BetaShares Martin Currie Emerging Markets Fund (managed fund)
EINC	BetaShares Martin Currie Equity Income Fund (managed fund)
RINC	BetaShares Martin Currie Real Income Fund (managed fund)

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

BetaShares Capital Ltd (ABN 78 139 566 868 AFSL 341181) (BetaShares) is the issuer and responsible entity of the Fund(s). BetaShares has appointed Franklin Templeton Australia Limited (ABN 76 004 835 849 AFSL 240827) (Franklin Templeton Australia) as investment manager for the Fund(s). Franklin Templeton Australia is part of Franklin Resources, Inc. Martin Currie Australia and Western Asset Australia provide investment management services for the Fund(s) respectively. Before making an investment decision you should read the Product Disclosure Statement (PDS) and Target Market Determination (TMD) carefully and consider, with or without the assistance of a financial advisor, whether such an investment is appropriate in light of your particular investment needs, objectives and financial circumstances. The PDS and TMD are available and can be obtained by contacting BetaShares on 1300 487 577 or Franklin Templeton Australia on 1800 673 776 or at www.betashares.com.au or www.franklintempleton.com.au. Neither BetaShares, Franklin Templeton Australia, nor any of their related parties guarantees any performance or the return of capital invested. Past performance is not necessarily indicative of future performance. Investments are subject to risks, including, but not limited to, possible delays in payments and loss of income or capital invested.

Booklet 7

BetaShares Western Asset Australian Bond Fund (managed fund) - ASX Code: BNDS (ARSN 608 058 493)

BetaShares Martin Currie Emerging Markets Fund (managed fund) - ASX Code: EMMG (ARSN 629 322 247)

BetaShares Martin Currie Equity Income Fund (managed fund) - ASX Code: EINC (ARSN 621 856 406)

BetaShares Martin Currie Real Income Fund (managed fund) - ASX Code: RINC (ARSN 621 862 619)

Condensed Interim Financial Report

for the half-year ended 31 December 2021

Booklet 7
Condensed Interim Financial Report
for the half-year ended 31 December 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 condensed interim financial report of the Funds for the half-year ended 31 December 2021 and the auditor's report thereon.

Fund name	Referred to in this document as	Financial reporting period	ARSN
BetaShares Western Asset Australian Bond Fund (managed fund) (formerly known as BetaShares Legg Mason Australian Bond Fund (managed fund)) ¹	Australian Bond Fund	1 July 2021 to 31 December 2021	608 058 493
BetaShares Martin Currie Emerging Markets Fund (managed fund) (formerly known as BetaShares Legg Mason Emerging Markets Fund (managed fund)) ²	Emerging Markets Fund	1 July 2021 to 31 December 2021	629 322 247
BetaShares Martin Currie Equity Income Fund (managed fund) (formerly known as BetaShares Legg Mason Real Equity Income Fund (managed fund)) ³	Equity Income Fund	1 July 2021 to 31 December 2021	621 856 406
BetaShares Martin Currie Real Income Fund (managed fund) (formerly known as BetaShares Legg Mason Real Income Fund (managed fund)) ⁴	Real Income Fund	1 July 2021 to 31 December 2021	621 862 619

¹ On 1 December 2021, the Fund changed its name from BetaShares Legg Mason Australian Bond Fund (managed fund) to BetaShares Western Asset Australian Bond Fund (managed fund).

² On 1 December 2021, the Fund changed its name from BetaShares Legg Mason Emerging Markets Fund (managed fund) to BetaShares Martin Currie Emerging Markets Fund (managed fund).

³ On 1 December 2021, the Fund changed its name from BetaShares Legg Mason Real Equity Income Fund (managed fund) to BetaShares Martin Currie Equity Income Fund (managed fund).

⁴ On 1 December 2021, the Fund changed its name from BetaShares Legg Mason Real Income Fund (managed fund) to BetaShares Martin Currie Real Income Fund (managed fund).

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.

Franklin Templeton Australia Limited, previously known as Legg Mason Asset Management Australia Ltd, is the Investment Manager of the Funds.

Principal activities

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

The Funds did not have any employees during the half-year.

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

Directors' report (continued)

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:

Executive directors:

Mr Alex Vynokur (appointed 21 September 2009)

Mr Jason Gellert (appointed 5 March 2021)

Non-Executive directors:

Mr Edward Sippel (appointed 5 March 2021)

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.

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' investments as a result of COVID-19.

Significant changes in state of affairs

The Responsible Entity for the Funds has appointed Citigroup Pty Ltd ("Citi") to replace RBC Investor Services Trust as the Custodian and Fund Administrator. The transition to Citi was completed in late September & early October 2021 for the Funds.

Franklin Templeton Australia Limited, previously known as Legg Mason Asset Management Australia Ltd, is the Investment Manager of the Funds.

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 half-year.

Matters subsequent to the end of the financial half-year

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

Fund	Net asset value changed by:
Emerging Markets Fund	-12.73%

Directors' report (continued)

Matters subsequent to the end of the financial half-year (continued)

No other matter or circumstance has arisen since 31 December 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.

Rounding of amounts to the nearest thousand dollars

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

Auditor's independence declaration

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

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



Alex Vynokur
Director

Sydney
8 March 2022



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 Western Asset Australian Bond Fund (managed fund)

BetaShares Martin Currie Emerging Markets Fund (managed fund)

BetaShares Martin Currie Equity Income Fund (managed fund)

BetaShares Martin Currie Real Income Fund (managed fund)

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 2021 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

8 March 2022

Booklet 7
Condensed interim statements of comprehensive income
For the half-year ended 31 December 2021

Condensed interim statements of comprehensive income	Australian Bond Fund		Emerging Markets Fund		Equity Income Fund		Real Income Fund	
	31 December 2021 \$'000	31 December 2020 \$'000	31 December 2021 \$'000	31 December 2020 \$'000	31 December 2021 \$'000	31 December 2020 \$'000	31 December 2021 \$'000	31 December 2020 \$'000
Investment income								
Interest income	2,493	2,122	-	-	-	-	-	-
Dividend/distribution income	-	-	367	92	1,012	551	1,494	1,169
Net gains/(losses) on financial instruments at fair value through profit or loss	(4,819)	487	(5,283)	2,375	(265)	2,179	5,993	3,308
Net foreign exchange gains/(losses)	-	-	(164)	-	-	-	-	-
Other operating income	19	34	-	-	-	1	-	-
Total net investment income/(loss)	(2,307)	2,643	(5,080)	2,467	747	2,731	7,487	4,477
Expenses								
Management fees	402	311	380	63	124	111	258	186
Interest expense	-	-	4	-	-	-	-	-
Transaction costs	2	1	62	2	8	6	19	13
Other operating expenses	4	3	45	8	9	11	10	18
Total operating expenses	408	315	491	73	141	128	287	217
Profit/(loss) for the half-year	(2,715)	2,328	(5,571)	2,394	606	2,603	7,200	4,260
Other comprehensive income	-	-	-	-	-	-	-	-
Total comprehensive income/(loss) for the half-year	(2,715)	2,328	(5,571)	2,394	606	2,603	7,200	4,260

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

Booklet 7
Condensed interim statements of financial position
As at 31 December 2021

Condensed interim statements of financial position		Australian Bond Fund		Emerging Markets Fund		Equity Income Fund		Real Income Fund	
		31 December 2021 \$'000	30 June 2021 \$'000	31 December 2021 \$'000	30 June 2021 \$'000	31 December 2021 \$'000	30 June 2021 \$'000	31 December 2021 \$'000	30 June 2021 \$'000
	Notes								
Assets									
Cash and cash equivalents		1,756	3,085	1,528	314	305	305	326	392
Financial assets at fair value through profit or loss	5	192,251	175,033	99,518	26,832	26,412	30,237	65,117	52,635
Due from brokers - receivable for securities sold		-	-	-	341	-	-	-	-
Other receivables		1,197	1,094	329	111	55	183	981	939
Total assets		195,204	179,212	101,375	27,598	26,772	30,725	66,424	53,966
Liabilities									
Financial liabilities at fair value through profit or loss	5	8	5	-	-	-	-	-	-
Due to brokers - payable for securities purchased		-	-	-	338	-	-	-	-
Distributions payable	4	211	315	-	393	539	188	936	1,002
Other payables		74	69	139	34	20	39	47	41
Total liabilities (excluding net assets attributable to unitholders)		293	389	139	765	559	227	983	1,043
Net assets attributable to unitholders - equity	3	194,911	178,823	101,236	26,833	26,213	30,498	65,441	52,923

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

Booklet 7
Condensed interim statements of changes in equity
For the half-year ended 31 December 2021

Condensed interim statements of changes in equity		Australian Bond Fund		Emerging Markets Fund		Equity Income Fund		Real Income Fund	
		31 December 2021 \$'000	31 December 2020 \$'000	31 December 2021 \$'000	31 December 2020 \$'000	31 December 2021 \$'000	31 December 2020 \$'000	31 December 2021 \$'000	31 December 2020 \$'000
	Notes								
Total equity at the beginning of the half-year	3	178,823	127,268	26,833	10,397	30,498	24,605	52,923	42,575
Comprehensive income for the half-year									
Profit/(loss) for the half-year		(2,715)	2,328	(5,571)	2,394	606	2,603	7,200	4,260
Other comprehensive income		-	-	-	-	-	-	-	-
Total comprehensive income/(loss) for the half-year		(2,715)	2,328	(5,571)	2,394	606	2,603	7,200	4,260
Transactions with unitholders									
Applications	3	20,090	32,715	92,783	2,985	4,453	2,751	12,349	7,666
Redemptions	3	-	-	(12,830)	(380)	(8,375)	(1,607)	(5,976)	(4,973)
Units issued upon reinvestment of distributions	3	29	24	21	1	17	6	46	45
Distributions to unitholders	3,4	(1,316)	(1,019)	-	-	(986)	(435)	(1,101)	(792)
Total transactions with unitholders		18,803	31,720	79,974	2,606	(4,891)	715	5,318	1,946
Total equity at the end of the half-year	3	194,911	161,316	101,236	15,397	26,213	27,923	65,441	48,781

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

Booklet 7
Condensed interim statements of cash flows
For the half-year ended 31 December 2021

Condensed interim statements of cash flows

	Australian Bond Fund		Emerging Markets Fund		Equity Income Fund		Real Income Fund	
	31 December 2021 \$'000	31 December 2020 \$'000	31 December 2021 \$'000	31 December 2020 \$'000	31 December 2021 \$'000	31 December 2020 \$'000	31 December 2021 \$'000	31 December 2020 \$'000
Cash flows from operating activities								
Proceeds from sale of financial instruments at fair value through profit or loss	7,256	9,825	13,788	1,182	7,667	2,585	9,907	11,286
Payments for purchase of financial instruments at fair value through profit or loss	(29,290)	(48,452)	(91,920)	(3,416)	(4,107)	(4,251)	(16,396)	(12,570)
Interest income received	2,388	1,998	-	-	1,137	-	-	-
Interest expense paid	-	-	(4)	-	-	-	-	-
Dividends/distributions received	-	-	292	110	(8)	558	1,514	1,115
Other operating income received	21	34	-	-	2	1	1	-
Management fees paid	(399)	(299)	(318)	(60)	(128)	(109)	(252)	(183)
Transaction costs paid	(2)	(1)	(62)	(2)	(8)	(6)	(19)	(13)
Other operating expenses paid	(2)	(3)	(55)	(7)	(9)	(11)	(10)	(17)
Net cash inflow/(outflow) from operating activities	(20,028)	(36,898)	(78,279)	(2,193)	4,546	(1,233)	(5,255)	(382)
Cash flows from financing activities								
Proceeds from applications by unitholders	20,090	32,715	92,655	2,735	4,454	2,839	12,286	7,449
Payments for redemptions by unitholders	-	-	(12,790)	(387)	(8,390)	(1,607)	(5,976)	(5,868)
Distributions paid	(1,391)	(988)	(372)	(29)	(618)	(353)	(1,121)	(978)
Net cash inflow/(outflow) from financing activities	18,699	31,727	79,493	2,319	(4,554)	879	5,189	603
Net increase/(decrease) in cash and cash equivalents	(1,329)	(5,171)	1,214	126	(8)	(354)	(66)	221
Cash and cash equivalents at the beginning of the half-year	3,085	7,396	314	351	305	687	392	545
Cash and cash equivalents at the end of the half-year	1,756	2,225	1,528	477	297	333	326	766
Non-cash financing activities								
Units issued upon reinvestment of distributions	29	24	21	1	17	6	46	45

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

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1 General information

These condensed interim financial statements cover the following managed investment funds (the "Funds"). The Funds are registered managed investment schemes under the *Corporations Act 2001*. The Responsible Entity cannot issue or redeem any units from the 80th anniversary of the day before the day the Funds commenced if that issue or redemption would cause a contravention of the rule against perpetuities or any other rule of law or equity. The Funds may be terminated in accordance with the provisions of their Constitutions. The Funds are domiciled in Australia.

Abbreviated Fund name	Registered date	Commenced date	Financial reporting period
Australian Bond Fund	11 September 2015	7 November 2018	1 July 2021 to 31 December 2021
Emerging Markets Fund	18 October 2018	29 May 2019	1 July 2021 to 31 December 2021
Equity Income Fund	6 October 2017	13 February 2018	1 July 2021 to 31 December 2021
Real Income Fund	6 October 2017	13 February 2018	1 July 2021 to 31 December 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 condensed interim financial statements were authorised for issue by the directors of the Responsible Entity on 8 March 2022. The directors of the Responsible Entity have the power to amend and reissue the condensed interim financial statements.

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.

Compliance with IFRS

The financial report of the Funds complies with International Financial Reporting Standards adopted by the International Accounting Standards Board.

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 2021 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 make 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.

Functional currency and presentation

The condensed interim financial statements are presented in Australian dollars, which is the funds' functional currency.

(b) Australian Accounting Standards and Interpretations

Except as stated below, 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 2021.

Accounts payable are inclusive of GST. The net of the amount of goods and services tax (GST) recoverable from the Australian Taxation Office (ATO) as a reduced input tax credit (RITC) is included in the payables in the statement of financial position. This change does not have a material impact on prior periods and no restatement was made to the comparative period.

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 entities 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

Units are redeemable at the unitholders' option, however, applications and redemptions may be suspended by the Responsible Entity if it is in the best interests of the unitholders. The units can be put back to the Funds at any time for cash based on the redemption price, which is equal to a proportionate share of the Funds' net asset value attributable to the unitholders.

Under AASB 132 *Financial Instruments: 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 half-year were as follows:

	Australian Bond Fund				Emerging Markets Fund			
	31 December 2021	31 December 2020	31 December 2021	31 December 2020	31 December 2021	31 December 2020	31 December 2021	31 December 2020
	Units '000	Units '000	\$'000	\$'000	Units '000	Units '000	\$'000	\$'000
Net assets attributable to unitholders								
Opening balance	6,704	4,703	178,823	127,268	3,704	1,864	26,833	10,397
Applications	750	1,200	20,090	32,715	13,068	467	92,783	2,985
Redemptions	-	-	-	-	(1,848)	(63)	(12,830)	(380)
Units issued upon reinvestment of distributions	1	1	29	24	3	-	21	1
Distributions to unitholders	-	-	(1,316)	(1,019)	-	-	-	-
Profit/(loss) for the half-year	-	-	(2,715)	2,328	-	-	(5,571)	2,394
Closing balance	7,455	5,904	194,911	161,316	14,927	2,268	101,236	15,397

	Equity Income Fund				Real Income Fund			
	31 December 2021	31 December 2020	31 December 2021	31 December 2020	31 December 2021	31 December 2020	31 December 2021	31 December 2020
	Units '000	Units '000	\$'000	\$'000	Units '000	Units '000	\$'000	\$'000
Net assets attributable to unitholders								
Opening balance	3,541	3,419	30,498	24,605	6,176	5,603	52,923	42,575
Applications	512	361	4,453	2,751	1,358	952	12,349	7,666
Redemptions	(966)	(214)	(8,375)	(1,607)	(656)	(636)	(5,976)	(4,973)
Units issued upon reinvestment of distributions	2	1	17	6	5	6	46	45
Distributions to unitholders	-	-	(986)	(435)	-	-	(1,101)	(792)
Profit/(loss) for the half-year	-	-	606	2,603	-	-	7,200	4,260
Closing balance	3,089	3,567	26,213	27,923	6,883	5,925	65,441	48,781

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 redemption 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

Distributions are payable as set out in the Funds' Product Disclosure Statement and/or Funds' Constitution. Such distributions are recognised as payable when they are determined by the Responsible Entity.

BetaShares Emerging Markets Fund had nil distribution for the half-year.

The distributions for Australian Bond Fund, Equity Income Fund and Real Income Fund for the half-year were as follows:

	Australian Bond Fund				Equity Income Fund ⁵			
	31 December 2021 \$'000	31 December 2021 CPU	31 December 2020 \$'000	31 December 2020 CPU	31 December 2021 \$'000	31 December 2021 CPU	31 December 2020 \$'000	31 December 2020 CPU
Distributions paid - July	225	3.28	117	2.34	-	-	-	-
Distributions paid - August	258	3.69	213	4.10	-	-	-	-
Distributions paid - September	208	2.87	171	3.17	447	13.17	238	6.87
Distributions paid - October	204	2.77	200	3.50	-	-	-	-
Distributions paid - November	210	2.86	207	3.54	-	-	-	-
Distributions payable - December	211	2.83	111	1.88	539	17.45	197	5.52
Total distributions	1,316	18.30	1,019	18.53	986	30.62	435	12.39

⁵ BetaShares Legg Mason Equity Income Fund is a quarterly distributing fund.

4 Distributions to unitholders (continued)

	Real Income Fund			
	31 December 2021 \$'000	31 December 2021 CPU	31 December 2020 \$'000	31 December 2020 CPU
Distributions paid - September	165	2.51	173	3.16
Distributions payable - December	936	13.59	619	10.45
Total distributions	1,101	16.10	792	13.61

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

The Funds measure and recognise the following assets and liabilities at fair value on a recurring basis:

	Australian Bond Fund		Emerging Markets Fund		Equity Income Fund		Real Income Fund	
	31 December 2021 \$'000	30 June 2021 \$'000	31 December 2021 \$'000	30 June 2021 \$'000	31 December 2021 \$'000	30 June 2021 \$'000	31 December 2021 \$'000	30 June 2021 \$'000
Financial assets at fair value through profit or loss								
Bond futures	8	-	-	-	-	-	-	-
Fixed interest securities	185,971	167,735	-	-	-	-	-	-
Floating rate notes	6,272	7,298	-	-	-	-	-	-
Listed securities	-	-	99,518	26,832	26,412	30,237	65,117	52,635
Total financial assets at fair value through profit or loss	192,251	175,033	99,518	26,832	26,412	30,237	65,117	52,635
Financial liabilities at fair value through profit or loss								
Bond futures	8	5	-	-	-	-	-	-
Total financial liabilities at fair value through profit or loss	8	5	-	-	-	-	-	-

An overview of the fair value measurements relating to financial instruments at fair value through profit or loss is included in Note 6 to the financial statements.

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 the condensed interim 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 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.

6 Fair value measurements (continued)

Fair value estimation (continued)

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

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.

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.

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.

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.

(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:

	Australian Bond Fund							
	Level 1 31 December 2021 \$'000	Level 2 31 December 2021 \$'000	Level 3 31 December 2021 \$'000	Total 31 December 2021 \$'000	Level 1 30 June 2021 \$'000	Level 2 30 June 2021 \$'000	Level 3 30 June 2021 \$'000	Total 30 June 2021 \$'000
Financial assets								
Financial assets at fair value through profit or loss:								
Bond futures	8	-	-	8	-	-	-	-
Fixed interest securities	-	185,971	-	185,971	-	167,735	-	167,735
Floating rate notes	-	6,272	-	6,272	-	7,298	-	7,298
Total	8	192,243	-	192,251	-	175,033	-	175,033
Financial liabilities								
Financial liabilities at fair value through profit or loss:								
Bond Futures	8	-	-	8	5	-	-	5
Total	8	-	-	8	5	-	-	5

6 Fair value measurements (continued)

Fair value estimation (continued)

				Emerging Markets Fund							
				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
				2021	2021	2021	2021	2021	2021	2021	2021
				\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Financial assets											
Financial assets at fair value through profit or loss:											
Listed securities				99,518	-	-	99,518	26,832	-	-	26,832
Total				99,518	-	-	99,518	26,832	-	-	26,832
				Equity Income Fund							
				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
				2021	2021	2021	2021	2021	2021	2021	2021
				\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Financial assets											
Financial assets at fair value through profit or loss:											
Listed securities				26,412	-	-	26,412	30,237	-	-	30,237
Total				26,412	-	-	26,412	30,237	-	-	30,237
				Real Income Fund							
				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
				2021	2021	2021	2021	2021	2021	2021	2021
				\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Financial assets											
Financial assets at fair value through profit or loss:											
Listed securities				65,117	-	-	65,117	52,635	-	-	52,635
Total				65,117	-	-	65,117	52,635	-	-	52,635

(iv) Transfers between levels

There were no transfers between levels during the half-year ended 31 December 2021 and the year ended 30 June 2021.

(v) Movement in level 3 instruments

There were no investments classified as Level 3 within the Funds as at 31 December 2021 and 30 June 2021.

6 Fair value measurements (continued)

Fair value estimation (continued)

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

The carrying value of receivables and payables are assumed to approximate their fair values.

The carrying value of the net assets attributable to unitholders differs from its fair value (deemed to be the redemption price for individual units) due to differences in valuation inputs. This difference is not material in the current half-year.

7 Related party transactions

There have been no significant changes to the related party transactions disclosed in the previous annual financial report.

All transactions with related parties are conducted on normal terms and conditions. From time to time the Responsible Entity or its director-related entities may invest in or withdraw from the Funds. These investments or withdrawals are on the same terms and conditions as those entered into by other fund investors and are not material in nature.

8 Events occurring after the reporting period

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.

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

Fund	Net asset value changed by:
Emerging Markets Fund	-12.73%

No other significant events have occurred since the end of the reporting year which would impact on the financial position of the Funds disclosed in the condensed interim statements of financial position as at 31 December 2021 or on the results and cash flows of the Funds for the period ended on that date.

Directors' declaration


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

BetaShares Western Asset Australian Bond Fund (managed fund)
BetaShares Martin Currie Emerging Markets Fund (managed fund)
BetaShares Martin Currie Equity Income Fund (managed fund)
BetaShares Martin Currie Real Income Fund (managed fund)

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

- (a) the condensed interim financial statements and notes set out on pages 6 to 19 are in accordance with the *Corporations Act 2001*, including:
 - (i) complying with AASB 134 *Interim Financial Reporting*, the *Corporations Regulations 2001*; and
 - (ii) giving a true and fair view of the Funds' financial positions as at 31 December 2021 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.



Alex Vynokur
Director

Sydney
8 March 2022



Independent Auditor's Review Report

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

BetaShares Western Asset Australian Bond Fund (managed fund)

BetaShares Martin Currie Emerging Markets Fund (managed fund)

BetaShares Martin Currie Equity Income Fund (managed fund)

BetaShares Martin Currie Real Income Fund (managed fund)

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 2021 and of its 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 2021.

- Condensed interim statements of comprehensive income, Condensed interim statements of changes in equity and Condensed interim statements of cash flows for the half-year ended on that date
- Notes 1 to 8 comprising a summary of significant accounting policies and other explanatory information
- The Directors' Declaration.

The **Interim Period** is the 6 months ended on 31 December 2021.

Basis of Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Financial Report* section of our report.

We are independent of the Schemes in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the *Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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*

- for such internal control as the Directors determine is necessary to enable the preparation of the Condensed Interim Financial Reports that give a true and fair view and 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. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the Condensed Interim Financial Reports do not comply with the *Corporations Act 2001* including giving a true and fair view of the Scheme's financial position as at 31 December 2021 and its 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*.

A review of a Condensed Interim Financial Reports consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with *Australian Auditing Standards* and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.


KPMG


Nicholas Buchanan

Partner

Sydney

8 March 2022

