



BetaShares

Exchange Traded Funds

27 September 2017

Market Announcements Office
ASX Limited

To be released for each of the ASX codes listed below

ANNUAL FINANCIAL REPORT 2017

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 2017.

ASX Code	Fund
QRE	BetaShares S&P/ASX 200 Resources Sector ETF
QFN	BetaShares S&P/ASX 200 Financials Sector ETF
QOZ	BetaShares FTSE RAFI Australia 200 ETF
HVST	BetaShares Australian Dividend Harvester Fund (managed fund)
AUST	BetaShares Managed Risk Australian Share Fund (managed fund)
SMLL	BetaShares Australian Small Companies Select Fund (managed fund)
EX20	BetaShares Australian Ex-20 Portfolio Diversifier ETF

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

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

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

Booklet 4

BetaShares Australian Dividend Harvester Fund (managed fund) - ASX Code: **HVST** (ARSN 169 907 064)

BetaShares Australian Small Companies Select Fund (managed fund) - ASX Code: **SMLL** (ARSN 613 693 431)

BetaShares EX-20 Portfolio Diversifier ETF - ASX Code: **EX20** (ARSN 613 691 688)

BetaShares FTSE RAFI Australia 200 ETF - ASX Code: **QOZ** (ARSN 155 637 219)

BetaShares Managed Risk Australian Share Fund (managed fund) - ASX Code: **AUST** (ARSN 602 666 384)

BetaShares S&P/ASX 200 Financials Sector ETF - ASX Code: **QFN** (ARSN 143 220 964)

BetaShares S&P/ASX 200 Resources Sector ETF - ASX Code: **QRE** (ARSN 143 220 795)

Annual Financial Report

30 June 2017

Booklet 4

Annual Financial Report

30 June 2017

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Directors' report

The directors of BetaShares Capital Ltd, the Responsible Entity of the following managed investment funds (the "Funds"), present their report together with the annual financial report of the Funds for the period ended 30 June 2017 and the auditor's report thereon.

Fund name	Referred to in this document as	Financial reporting period	ARSN
BetaShares Australian Dividend Harvester Fund (managed fund)	Australian Dividend Harvester Fund	1 July 2016 to 30 June 2017	169 907 064
BetaShares Australian Small Companies Select Fund (managed fund)	Australian Small Companies Select Fund	26 July 2016 to 30 June 2017	613 693 431
BetaShares EX-20 Portfolio Diversifier ETF	EX-20 Portfolio Diversifier ETF	26 July 2016 to 30 June 2017	613 691 688
BetaShares FTSE RAFI Australia 200 ETF	FTSE RAFI Australia 200 ETF	1 July 2016 to 30 June 2017	155 637 219
BetaShares Managed Risk Australian Share Fund (managed fund)	Managed Risk Australian Share Fund	1 July 2016 to 30 June 2017	602 666 384
BetaShares S&P/ASX 200 Financials Sector ETF	S&P/ASX 200 Financials Sector ETF	1 July 2016 to 30 June 2017	143 220 964
BetaShares S&P/ASX 200 Resources Sector ETF	S&P/ASX 200 Resources Sector ETF	1 July 2016 to 30 June 2017	143 220 795

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 period.

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

Directors

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

David Nathanson (appointed 21 September 2009)
 Alex Vynokur (appointed 21 September 2009)
 Taeyong Lee (appointed 12 August 2015)
 Thomas Park (appointed 12 August 2015)

Directors' report (continued)

Review and results of operations

During the period, 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 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

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

Matters subsequent to the end of the financial period

Since the end of reporting period S&P/ASX 200 Resources Sector ETF's net asset value has changed by more than 10% due to changes in the fair value of investments held. This movement corresponds with the movement in the benchmark index that the fund seeks to track. More specifically the net asset value changed by (10.07%) whilst the underlying benchmark index changed by (10.16%).

No other matter or circumstance has arisen since 30 June 2017 that has significantly affected, or may significantly affect:

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

Likely developments and expected results of operations

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

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

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.

Directors' report (continued)

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 period are disclosed in Note 13 to the financial statements.

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

The number of interests in the Funds held by the Responsible Entity or its associates as at the end of the financial period are disclosed in Note 13 to the financial statements.

Interests in the Funds

The movement in units on issue in the Funds during the period are 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.

Auditor's independence declaration

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

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



David Nathanson
Director



Alex Vynokur
Director

Sydney
25 September 2017



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

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 2017 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

KPMG

Tim Aman

Partner

Sydney

25 September 2017

Statements of comprehensive income
For the period ended 30 June 2017

		Australian Dividend Harvester Fund ²		Australian Small Companies Select Fund ²		EX-20 Portfolio Diversifier ETF ²		FTSE RAFI Australia 200 ETF ²	
		30 June 2017 \$'000	30 June 2016 \$'000	30 June 2017 \$ ¹	30 June 2017 \$'000	30 June 2017 \$'000	30 June 2017 \$'000	30 June 2017 \$'000	30 June 2016 \$'000
Statements of comprehensive income	Notes								
Investment income									
Dividend/distribution income		40,762	18,669	38,687	131		6,246		3,774
Interest income		161	27	48	-		1		1
Net gains/(losses) on financial instruments held at fair value through profit or loss	5	(49,824)	(8,719)	(27,448)	480		12,338		(4,057)
Other operating income		-	62	-	-		-		1
Total net investment income/(loss)		(8,901)	10,039	11,287	611		18,585		(281)
Expenses									
Management fees	13	2,289	901	5,721	7		434		202
Performance fees	13	-	-	17,189	-		-		-
Expense recoveries	13	619	227	1,252	2		145		67
Transaction costs		26	9	2,734	1		15		10
Other expenses		101	74	2,842	2		22		-
Total operating expenses		3,035	1,211	29,738	12		616		279
Operating profit/(loss)		(11,936)	8,828	(18,451)	599		17,969		(560)
Finance costs attributable to unitholders									
Distributions to unitholders	4	(37,768)	(16,883)	-	(160)		(7,240)		(5,343)
Change in net assets attributable to unitholders (total comprehensive income)	3	(49,704)	(8,055)	(18,451)	439		10,729		(5,903)

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

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

² Refer to Note 1 for the financial reporting period.

Statements of comprehensive income
For the period ended 30 June 2017
(continued)

Statements of comprehensive income	Notes	Managed Risk		S&P/ASX 200		Resources Sector ETF ²		S&P/ASX 200	
		Australian Share Fund ²		Financials Sector ETF ²		30 June 2016		30 June 2017	
		30 June 2017	30 June 2016	30 June 2017	30 June 2016	\$'000	\$'000	\$'000	\$'000
Investment income		1,271	295	1,213	1,178			321	468
Dividend/distribution income		5	1	-	-			-	-
Interest income		878	(27)	4,049	(3,094)			1,419	(1,221)
Net gains/(losses) on financial instruments held at fair value through profit or loss	5	-	-	-	-			-	-
Other operating income		-	-	-	-			-	-
Total net investment income/(loss)		2,154	269	5,262	(1,916)			1,740	(753)
Expenses									
Management fees	13	118	28	86	77			50	29
Performance fees	13	-	-	-	-			-	-
Expense recoveries	13	30	7	-	-			-	-
Transaction costs		2	-	1	1			-	-
Other expenses		15	3	10	14			13	8
Total operating expenses		165	38	97	92			63	37
Operating profit/(loss)		1,989	231	5,165	(2,008)			1,677	(790)
Finance costs attributable to unitholders									
Distributions to unitholders	4	(1,033)	(113)	(1,445)	(1,043)			(258)	(228)
Change in net assets attributable to unitholders (total comprehensive income)	3	956	118	3,720	(3,051)			1,419	(1,018)

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

² Refer to Note 1 for the financial reporting period.

Statements of financial position
As at 30 June 2017

Statements of financial position		Notes	Australian Dividend Harvester Fund ²		Australian Small Companies Select Fund ²		EX-20 Portfolio Diversifier ETF ²		FTSE RAFI Australia 200 ETF ²	
			30 June 2017 \$'000	30 June 2016 \$'000	30 June 2017 \$'000	30 June 2016 \$'000	30 June 2017 \$'000	30 June 2016 \$'000	30 June 2017 \$'000	30 June 2016 \$'000
Assets										
Cash and cash equivalents			21,807	9,286	256,518		4	236	137	
Financial assets held at fair value through profit or loss	6		408,690	196,625	8,793,529		11,191	242,808	85,806	
Due from brokers - receivable for securities sold			-	-	-		-	-	-	
Receivables			11,934	5,971	124,697		49	1,742	804	
Total assets			442,431	211,882	9,174,744		11,244	244,786	86,747	
Liabilities										
Financial liabilities held at fair value through profit or loss	6		-	714	-		-	-	-	
Due to brokers - payable for securities purchased			-	-	67,469		-	6	-	
Distributions payable	4		3,678	1,803	-		148	4,786	3,548	
Other payables			341	185	21,354		2	80	65	
Total liabilities (excluding net assets attributable to unitholders)			4,019	2,702	88,823		150	4,872	3,613	
Net assets attributable to unitholders - liability	3		438,412	209,180	9,085,921		11,094	239,914	83,134	

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

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

² Refer to Note 1 for the financial reporting period.

Statements of financial position		Managed Risk		S&P/ASX 200		S&P/ASX 200	
		Australian Share Fund ²		Financials Sector ETF ²		Resources Sector ETF ²	
		30 June 2017	30 June 2016	30 June 2017	30 June 2016	30 June 2017	30 June 2016
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Notes							
Assets							
Cash and cash equivalents		1,068	1,248	28	12	23	2
Financial assets held at fair value through profit or loss	6	29,922	24,102	27,123	23,677	16,376	6,485
Due from brokers - receivable for securities sold		-	2	-	-	-	-
Receivables		260	200	253	425	2	1
Total assets		31,250	25,552	27,404	24,114	16,401	6,488
Liabilities							
Financial liabilities held at fair value through profit or loss	6	-	69	-	-	-	-
Due to brokers - payable for securities purchased		18	12	-	41	-	-
Distributions payable	4	359	113	305	271	207	66
Other payables		13	21	9	8	6	6
Total liabilities (excluding net assets attributable to unitholders)		390	215	314	320	213	72
Net assets attributable to unitholders - liability	3	30,860	25,337	27,090	23,794	16,188	6,416

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

² Refer to Note 1 for the financial reporting period.

Statements of changes in equity

The Funds' net assets attributable to unitholders are classified as a liability under AASB 132 *Financial Instruments: Presentation*. As such the Funds have no equity and no items of changes in equity have been presented for the current or comparative period.

Statements of cash flows
For the period ended 30 June 2017

Statements of cash flows	Australian Dividend Harvester Fund ²		Australian Small Companies Select Fund ²		EX-20 Portfolio Diversifier ETF ²		FTSE RAFI Australia 200 ETF ²	
	30 June 2017	30 June 2016	30 June 2017	30 June 2016	30 June 2017	30 June 2016	30 June 2017	30 June 2016
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Cash flows from operating activities								
Proceeds from sale of financial instruments held at fair value through profit or loss	1,619,657	784,495	488,355		1,976		35,546	16,962
Payments for purchases of financial instruments held at fair value through profit or loss	(1,882,260)	(891,270)	(9,241,863)		(12,687)		(180,204)	(50,119)
Dividends/distributions received	34,873	15,479	5,824		83		5,320	3,383
Interest received	140	28	26		-		1	1
Other operating income received	-	62	-		-		-	1
Management fees paid	(2,144)	(853)	(3,277)		(5)		(423)	(170)
Expense recoveries paid	(575)	(212)	(717)		(2)		(141)	(57)
Transaction costs paid	(26)	(9)	(2,734)		(1)		(15)	(10)
Other expenses paid	(187)	(79)	(3,737)		(3)		(34)	(2)
Net cash inflow/(outflow) from operating activities	7	(230,522)	(92,359)	(8,758,123)	(10,639)	(139,950)	(30,011)	
Cash flows from financing activities								
Proceeds from applications by unitholders	274,977	107,583	9,031,201		10,655		154,949	34,213
Payments for redemptions by unitholders	-	-	(16,560)		-		(11,478)	-
Distributions paid	(31,934)	(13,377)	-		(12)		(3,422)	(4,292)
Net cash inflow/(outflow) from financing activities	243,043	94,206	9,014,641		10,643		140,049	29,921
Net increase/(decrease) in cash and cash equivalents	12,521	1,847	256,518		4		99	(90)
Cash and cash equivalents at the beginning of the financial period	9,286	7,439	-		-		137	227
Cash and cash equivalents at the end of the financial period	21,807	9,286	256,518		4		236	137
Non-cash financing activities								
Units issued upon reinvestment of distributions	3,959	2,720	-		-		2,580	824

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

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

² Refer to Note 1 for the financial reporting period.

Statements of cash flows	Managed Risk		S&P/ASX 200		S&P/ASX 200	
	Australian Share Fund ²	30 June 2016	Financials Sector ETF ²	30 June 2016	Resources Sector ETF ²	30 June 2016
	30 June 2017	30 June 2016	30 June 2017	30 June 2016	30 June 2017	30 June 2016
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Cash flows from operating activities						
Proceeds from sale of financial instruments held at fair value through profit or loss	4,654	225	17,620	7,344	410	14,966
Payments for purchases of financial instruments held at fair value through profit or loss	(9,657)	(24,275)	(17,058)	(16,275)	(8,882)	(11,990)
Dividends/distributions received	1,213	98	1,385	1,065	321	468
Interest received	4	1	-	-	-	-
Other operating income received	-	-	-	-	-	-
Management fees paid	(124)	(11)	(86)	(76)	(50)	(27)
Expense recoveries paid	(31)	(3)	-	-	-	-
Transaction costs paid	(2)	-	(1)	(1)	-	-
Other expenses paid	(17)	(6)	(9)	(14)	(14)	(7)
Net cash inflow/(outflow) from operating activities	(3,960)	(23,971)	1,851	(7,957)	(8,215)	3,410
Cash flows from financing activities						
Proceeds from applications by unitholders	9,097	25,219	15,787	14,068	8,339	10,664
Payments for redemptions by unitholders	(4,539)	-	(16,299)	(5,266)	-	(13,948)
Distributions paid	(778)	-	(1,323)	(901)	(103)	(376)
Net cash inflow/(outflow) from financing activities	3,780	25,219	(1,835)	7,901	8,236	(3,660)
Net increase/(decrease) in cash and cash equivalents	(180)	1,248	16	(56)	21	(250)
Cash and cash equivalents at the beginning of the financial period	1,248	-	12	68	2	252
Cash and cash equivalents at the end of the financial period	1,068	1,248	28	12	23	2
Non-cash financing activities						
Units issued upon reinvestment of distributions	9	-	88	59	14	35

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

² Refer to Note 1 for the financial reporting period.

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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 period
Australian Dividend Harvester Fund	16 June 2014	29 October 2014	1 July 2016 to 30 June 2017
Australian Small Companies Select Fund	26 July 2016	7 April 2017	26 July 2016 to 30 June 2017
EX-20 Portfolio Diversifier ETF	26 July 2016	5 October 2016	26 July 2016 to 30 June 2017
FTSE RAFI Australia 200 ETF	22 February 2012	10 July 2013	1 July 2016 to 30 June 2017
Managed Risk Australian Share Fund	16 June 2014	10 November 2015	1 July 2016 to 30 June 2017
S&P/ASX 200 Financials Sector ETF	3 May 2010	10 December 2010	1 July 2016 to 30 June 2017
S&P/ASX 200 Resources Sector ETF	3 May 2010	10 December 2010	1 July 2016 to 30 June 2017

The Responsible Entity of the Funds is BetaShares Capital Ltd (the "Responsible Entity"). The Responsible Entity's registered office is Level 11, 50 Margaret Street, Sydney, NSW 2000.

The financial statements were authorised for issue by the directors of the Responsible Entity on 25 September 2017. 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 periods presented.

(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

The Funds make estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial year. Estimates are continually evaluated and based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

For the majority of the Funds' financial instruments, quoted market prices are readily available. However, certain financial instruments are fair valued using valuation techniques. Where valuation techniques (for example, pricing models) are used to determine fair values, they are validated and regularly reviewed by experienced personnel of the Responsible Entity, independent of the area that created them.

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

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

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 12 *Disclosure of Interest in Other Entities* and AASB 127 *Separate Financial Statement*. 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.

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. Although all units attributable to unitholders are recognized as debt rather than equity, unitholders invest for returns from capital appreciation, investment income, or both. Directors of the RE have concluded that the Funds meet the definition of investment entity.

2 Summary of significant accounting policies (continued)

(a) Basis of preparation (continued)

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) Changes in accounting policy and transition

There were no changes in the accounting policies of the Funds during the financial period.

(c) New accounting standards and interpretations

Certain new accounting standards and interpretations have been published that are not mandatory for the 30 June 2017 reporting periods and have not been early adopted by the Funds. The directors' assessment of the impact of these new standards (to the extent relevant to the Funds) and interpretations is set out below:

(i) AASB 9 *Financial instruments* (and applicable amendments), (effective from 1 January 2018)

AASB 9: Financial instruments and applicable amendments (effective from 1 January 2018) was available for early adoption but has not been applied in these financial statements. AASB 9 replaces existing guidance on classification and measurements of financial assets and introduces additions relating to the classification and measurement of financial liabilities as part of the project to replace AASB 139: Financial instruments. It has also introduced new hedge accounting requirements and revised certain requirements of financial assets. AASB 9 becomes mandatory for the Fund's 30 June 2019 financial statements. Retrospective application of the standard is required.

The Responsible entity does not expect the standard to have a significant impact on the recognition and measurement of the Fund's financial instruments as they are held at fair value through profit and loss. The de-recognition rules have not been changed from previous requirements.

(ii) AASB 15 *Revenue from Contracts with Customers*, (effective from 1 January 2018)

The AASB has issued a new standard for the recognition of revenue. This will replace AASB 118 Revenue which covers contracts for goods and services and AASB 111 which covers construction contracts. The new standard is based on the principle that revenue is recognised when control of a good or service transfers to a customer - so the notion of control replaces the existing notion of risks and rewards.

The Funds' main sources of income are interest, dividends and gains on financial instruments held at fair value. All of these are outside the scope of the new revenue standard. As consequence, the directors do not expect the adoption of the new revenue recognition rules to have a significant impact on the Funds' accounting policies or the amounts recognised in the financial statements.

There are no other standards that are not yet effective and that are expected to have a material impact on the Funds in the current or future reporting periods and on foreseeable future transactions.

2 Summary of significant accounting policies (continued)

(d) Financial instruments

(i) Classification

The Funds' financial instruments are classified as financial assets or financial liabilities, and are recognised at fair value through profit or loss. They comprise:

- Financial instruments held for trading

Derivative financial instruments such as futures and swaps are included under this classification. Only the Australian Dividend Harvester Fund and Managed Risk Australian Share Fund designate derivatives as hedges in a hedging relationship.

- Financial instruments designated at fair value through profit or loss upon initial recognition

These include financial assets and financial liabilities that are classified as not held for trading purposes and which may be sold.

Financial instruments designated at fair value through profit or loss at inception are those that are managed and their performance evaluated on a fair value basis in accordance with the Funds' documented investment strategies. The Funds' policy is for the Responsible Entity to evaluate the information about these financial instruments on a fair value basis together with other related financial information.

(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

- Financial assets and liabilities held at fair value through profit or loss

At initial recognition, the Funds measure a financial asset at its fair value. Transaction costs of financial assets carried at fair value through profit or loss are expensed in the statements of comprehensive income.

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

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.

2 Summary of significant accounting policies (continued)

(d) Financial instruments (continued)

(iii) Measurement (continued)

- 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.

- 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 make assumptions that are based on market conditions existing at each reporting date. Valuation techniques used 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) Derivative financial instrument and hedge accounting

Australian Dividend Harvester Fund and Managed Risk Australian Share Fund uses derivative instruments in the form of index futures to hedge price risk exposure in fair value movements of listed securities held. Derivatives are initially recognised at fair value with any directly attributable transaction costs recognised in profit or loss as incurred. Subsequent to initial recognition, derivatives are measured at fair value and changes are recognised in the statement of comprehensive income in the period in which they occur. The Fund determines that economic relationship exists between the hedged item (being listed securities) and the hedging instrument (being index futures), as the listed securities are either components of or inherently closely track the index used. The hedging ratio is determined in accordance with the Product Disclosure Statement and sources of ineffectiveness may arise when the portfolio of listed security returns differ from the total index return during the hedge period.

(e) Net assets attributable to unitholders

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) and are accordingly therefore classified as financial liabilities. The units can be put back to the Funds at any time (subject to the Corporations Act 2001 and the Funds' Constitutions) for cash and/or in-kind 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 period if unitholders exercised their right to redeem units in the Funds.

2 Summary of significant accounting policies (continued)

(e) Net assets attributable to unitholders (continued)

Australian small Companies Select Fund

Units in the Fund is classified as financial liabilities. Subject to market conditions, unitholders may withdraw their units from the Fund at their election by trading on the Australian Securities Exchange at the prevailing market price for sale of the units at the time of the transaction. The Responsible Entity on behalf of each Fund intends to provide liquidity to unitholders by acting as a buyer and seller of units on the exchange. At the end of each trading day, the Responsible Entity will issue or cancel units according to its net position in units bought or sold on the exchange on that day. The price at which the Responsible Entity may buy or sell units will reflect the Responsible Entity's view of the Fund's net asset value per unit. The fair value of units is measured at the net asset value per unit, which approximates fair value at the end of the reporting year if unitholders elected to withdraw units from the Funds.

(f) 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.

(g) Investment income

Interest income is recognised in the statements of comprehensive income for all financial instruments that are not held at fair value through profit or loss using the effective interest method. Other changes in fair value for such instruments are recorded in accordance with the policies described in Note 2(d).

Dividend income is recognised on the ex-dividend date with any related foreign withholding tax recorded as an expense. The Funds currently incur withholding tax imposed by certain countries on investment income. Such income is recorded gross of withholding tax in the statements of comprehensive income.

Trust distributions are recognised on an entitlements basis.

(h) Expenses

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

(i) Income tax

Under current legislation, the Funds are not subject to income tax as unitholders are presently entitled to the taxable income (including assessable realised capital gains) of the Funds.

(j) Distributions

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

The distributions are recognised in the statements of comprehensive income as finance costs attributable to unitholders.

2 Summary of significant accounting policies (continued)

(k) Change in net assets attributable to unitholders

Income not distributed is included in net assets attributable to unitholders. Movements in net assets attributable to unitholders are recognised in the statements of comprehensive income.

(l) 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 period. Trades are recorded on trade date, and for equities normally settled within two 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.

(m) 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(g) above. Amounts are generally received within 30 days of being recorded as receivables. The carrying amount of receivables approximates fair value.

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off by reducing the carrying amount directly. An allowance account (provision for impairment of trade receivables) is used when there is objective evidence that the Funds will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the trade receivable is impaired. The amount of the impairment allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Cash flows relating to short term receivables are not discounted if the effect of discounting is immaterial.

(n) 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.

(o) 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.

2 Summary of significant accounting policies (continued)

(p) 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.

(q) Rounding of amounts

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.

3 Net assets attributable to unitholders

As stipulated within the Constitution of each Fund, each unit represents a right to an individual share in the relevant Fund and does not extend to a right to the underlying assets of the Fund. There are no separate classes of units and each unit of a Fund has the same rights attaching to it as all other units of the Fund (subject to applicable ASIC relief).

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

	Australian Dividend Harvester Fund			Australian Small Companies Select Fund			EX-20 Portfolio Diversifier ETF		
	30 June 2017	30 June 2016	30 June 2017	30 June 2017	30 June 2017	30 June 2017	30 June 2017	30 June 2017	30 June 2017
	Units '000	Units '000	\$'000	Units ¹	\$ ¹	Units '000	Units '000	\$'000	\$'000
Net assets attributable to unitholders									
Opening balance	9,944	4,716	209,180	-	-	-	-	-	-
Applications	13,500	5,100	274,977	3,013,725	9,120,932	700	10,655		
Redemptions	-	-	-	(5,491)	(16,560)	-	-	-	-
Units issued upon reinvestment of distributions	196	128	3,959	-	-	-	-	-	-
Change in net assets attributable to unitholders	-	-	(49,704)	-	(18,451)	-	-	439	
Closing balance	23,640	9,944	438,412	3,008,234	9,085,921	700	11,094		

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

3 Net assets attributable to unitholders (continued)

	FTSE RAFI Australia 200 ETF			Managed Risk Australian Share Fund		
	30 June 2017 Units '000	30 June 2016 Units '000	30 June 2017 \$'000	30 June 2016 Units '000	30 June 2017 \$'000	30 June 2016 \$'000
Net assets attributable to unitholders						
Opening balance	7,584	4,513	83,134	1,700	25,337	-
Applications	12,000	3,000	154,949	600	9,097	25,219
Redemptions	(900)	-	(11,478)	(300)	(4,539)	-
Units issued upon reinvestment of distributions	216	71	2,580	1	9	-
Change in net assets attributable to unitholders	-	-	10,729	-	956	118
Closing balance	18,900	7,584	239,914	2,001	30,860	25,337

	S&P/ASX 200 Financials Sector ETF			S&P/ASX 200 Resources Sector ETF		
	30 June 2017 Units '000	30 June 2016 Units '000	30 June 2017 \$'000	30 June 2016 Units '000	30 June 2017 \$'000	30 June 2016 \$'000
Net assets attributable to unitholders						
Opening balance	2,347	1,542	23,794	1,736	6,416	10,683
Applications	1,400	1,300	15,787	1,900	8,339	10,664
Redemptions	(1,400)	(500)	(16,299)	-	-	(13,948)
Units issued upon reinvestment of distributions	8	5	88	4	14	35
Change in net assets attributable to unitholders	-	-	3,720	-	1,419	(1,018)
Closing balance	2,355	2,347	27,090	3,640	16,188	6,416

3 Net assets attributable to unitholders (continued)

Capital risk management

The Funds consider their net assets attributable to unitholders as capital, notwithstanding net assets attributable to unitholders are classified as a liability. The amount of net assets attributable to unitholders can change significantly on a daily basis as the Funds are subject to daily applications and redemptions at the discretion of eligible unitholders.

Daily applications and redemptions are reviewed relative to the liquidity of the Funds' underlying assets on a daily basis by the Responsible Entity. Under the terms of the Funds' Constitutions, the Responsible Entity has the discretion to reject an application for units and to extend the period allowed for satisfaction of redemption of units or reject or spread redemptions in specified circumstances.

4 Distributions to unitholders

The distributions for the period were as follows:

	Australian Dividend Harvester Fund			Australian Small Companies Select Fund			EX-20 Portfolio Diversifier ETF		
	30 June 2017 \$'000	30 June 2017 CPU	30 June 2016 \$'000	30 June 2016 CPU	30 June 2017 \$ ¹	30 June 2017 CPU	30 June 2017 \$'000	30 June 2017 CPU	30 June 2017 CPU
Distributions paid - July	2,136	20.05	1,050	21.33	-	-	-	-	-
Distributions paid - August	2,287	18.34	1,061	22.10	-	-	-	-	-
Distributions paid - September	2,608	18.01	1,150	21.54	-	-	-	-	-
Distributions paid - October	3,009	18.02	1,197	21.59	-	-	-	-	-
Distributions paid - November	2,952	17.25	1,372	21.59	-	-	-	-	-
Distributions paid - December	3,153	17.29	1,350	21.21	-	-	12	-	6.16
Distributions paid - January	3,342	17.45	1,396	21.22	-	-	-	-	-
Distributions paid - February	3,466	17.10	1,410	20.17	-	-	-	-	-
Distributions paid - March	3,613	17.38	1,536	20.48	-	-	-	-	-
Distributions paid - April	3,605	17.16	1,679	20.43	-	-	-	-	-
Distributions paid - May	3,919	16.66	1,879	20.58	-	-	-	-	-
Distributions payable - June	3,678	15.56	1,803	18.13	-	-	148	-	21.12
Total distributions	37,768		16,883		-	160			

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

4 Distributions to unitholders (continued)

	FTSE RAFI Australia 200 ETF			Managed Risk Australian Share Fund		
	30 June 2017 \$'000	30 June 2017 CPU	30 June 2016 \$'000	30 June 2017 \$'000	30 June 2017 CPU	30 June 2016 \$'000
Distributions paid - December	2,454	17.56	1,795	674	33.68	-
Distributions payable - June	4,786	25.33	3,548	359	17.96	113
Total distributions	7,240		5,343	1,033		113
	S&P/ASX 200 Financials Sector ETF			S&P/ASX 200 Resources Sector ETF		
	30 June 2017 \$'000	30 June 2017 CPU	30 June 2016 \$'000	30 June 2017 \$'000	30 June 2017 CPU	30 June 2016 \$'000
Distributions paid - December	1,140	46.55	772	51	1.71	161
Distributions payable - June	305	12.96	271	207	5.68	66
Total distributions	1,445		1,043	258		228

5 Net gains/(losses) on financial instruments held at fair value through profit or loss

Net gains/(losses) recognised in relation to financial assets and financial liabilities held at fair value through profit or loss:

	Australian Dividend Harvester Fund		Australian Small Companies Select Fund		EX-20 Portfolio Diversifier ETF		FTSE RAFI Australia 200 ETF	
	30 June 2017	30 June 2016	30 June 2017	30 June 2016	30 June 2017	30 June 2016	30 June 2017	30 June 2016
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Net gain/(loss) on financial instruments held for trading	(16,935)	(4,048)	-	-	1	102	(40)	
Net gain/(loss) on financial instruments designated at fair value through profit or loss	(32,889)	(4,671)	(27,448)		479	12,236	(4,017)	
Total net gains/(losses) on financial instruments held at fair value through profit or loss	(49,824)	(8,719)	(27,448)		480	12,338	(4,057)	

	Managed Risk Australian Share Fund		S&P/ASX 200 Financials Sector ETF		S&P/ASX 200 Resources Sector ETF	
	30 June 2017	30 June 2016	30 June 2017	30 June 2016	30 June 2017	30 June 2016
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Net gain/(loss) on financial instruments held for trading	(1,641)	(290)	-	(2)	-	31
Net gain/(loss) on financial instruments designated at fair value through profit or loss	2,519	263	4,049	(3,092)	1,419	(1,252)
Total net gains/(losses) on financial instruments held at fair value through profit or loss	878	(27)	4,049	(3,094)	1,419	(1,221)

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

6 Financial instruments held at fair value through profit or loss

	Australian Dividend Harvester Fund		Australian Small Companies Select Fund		EX-20 Portfolio Diversifier ETF		FTSE RAFI Australia 200 ETF	
	30 June 2017	30 June 2016	30 June 2017	30 June 2016	30 June 2017	30 June 2016	30 June 2017	30 June 2016
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Financial assets								
Held for trading								
Futures contracts	658	-	-	-	-	-	10	3
Total held for trading	658	-	-	-	-	-	10	3
Designated at fair value through profit or loss								
Listed securities	408,032	196,625	8,793,529	11,191	11,191	242,798	85,803	
Total designated at fair value through profit or loss	408,032	196,625	8,793,529	11,191	11,191	242,798	85,803	
Total financial assets held at fair value through profit or loss	408,690	196,625	8,793,529	11,191	11,191	242,808	85,806	
Financial liabilities								
Held for trading								
Futures contracts	-	714	-	-	-	-	-	-
Total financial liabilities held at fair value through profit or loss	-	714	-	-	-	-	-	-

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

6 Financial instruments held at fair value through profit or loss (continued)

	Managed Risk		S&P/ASX 200		S&P/ASX 200	
	Australian Share Fund		Financials Sector ETF		Resources Sector ETF	
	30 June	30 June	30 June	30 June	30 June	30 June
	2017	2016	2017	2016	2017	2016
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Financial assets						
Held for trading						
Futures contracts	20	-	-	-	-	-
Total held for trading	20	-	-	-	-	-
Designated at fair value through profit or loss						
Listed securities	29,902	24,102	27,123	23,677	16,376	6,485
Total designated at fair value through profit or loss	29,902	24,102	27,123	23,677	16,376	6,485
Total financial assets held at fair value through profit or loss	29,922	24,102	27,123	23,677	16,376	6,485
Financial liabilities						
Held for trading						
Futures contracts	-	69	-	-	-	-
Total financial liabilities held at fair value through profit or loss	-	69	-	-	-	-

Certain Funds with listed equity securities held as collateral by the custodian for the Funds under the terms of the swap agreements are outlined in Note 11.

An overview of the risk exposures relating to financial liabilities at fair value through profit or loss is included in Note 8.

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

	Australian Dividend Harvester Fund		Australian Small Companies Select Fund		EX-20 Portfolio Diversifier ETF		FTSE RAFI Australia 200 ETF	
	30 June 2017	30 June 2016	30 June 2017	30 June 2016	30 June 2017	30 June 2016	30 June 2017	30 June 2016
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Reconciliation of profit/(loss) to net cash inflow/(outflow) from operating activities								
Operating profit/(loss) for the period	(11,936)	8,828	(18,451)	599			17,969	(560)
Proceeds from sale of financial instruments held at fair value through profit or loss	1,619,657	784,495	488,355	1,976			35,546	16,962
Payments for the purchase of financial instruments held at fair value through profit or loss	(1,882,260)	(891,270)	(9,241,863)	(12,687)			(180,204)	(50,119)
Net (gains)/losses on financial instruments held at fair value through profit or loss	49,824	8,719	27,448	(480)			(12,338)	4,057
Net change in dividends/distributions receivable	(5,840)	(3,190)	(32,863)	(48)			(926)	(391)
Net change in interest receivable	(21)	1	(22)	-			-	-
Net change in receivables and other assets	(102)	(14)	(2,081)	(1)			(12)	(2)
Net change in payables and other liabilities	156	72	21,354	2			15	42
Net cash inflow/(outflow) from operating activities	(230,522)	(92,359)	(8,758,123)	(10,639)			(139,950)	(30,011)

	Managed Risk Australian Share Fund		S&P/ASX 200 Financials Sector ETF		S&P/ASX 200 Resources Sector ETF	
	30 June 2017	30 June 2016	30 June 2017	30 June 2016	30 June 2017	30 June 2016
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Reconciliation of profit/(loss) to net cash inflow/(outflow) from operating activities						
Operating profit/(loss) for the period	1,989	231	5,165	(2,008)	1,677	(790)
Proceeds from sale of financial instruments held at fair value through profit or loss	4,654	225	17,620	7,344	410	14,966
Payments for the purchase of financial instruments held at fair value through profit or loss	(9,657)	(24,275)	(17,058)	(16,275)	(8,882)	(11,990)
Net (gains)/losses on financial instruments held at fair value through profit or loss	(878)	27	(4,049)	3,094	(1,419)	1,221
Net change in dividends/distributions receivable	(58)	(197)	-	-	-	-
Net change in interest receivable	(1)	-	-	-	-	-
Net change in receivables and other assets	(1)	(3)	172	(113)	(1)	1
Net change in payables and other liabilities	(8)	21	1	1	-	2
Net cash inflow/(outflow) from operating activities	(3,960)	(23,971)	1,851	(7,957)	(8,215)	3,410

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

8 Financial risk management

The Funds are exchange traded managed funds that primarily invest in a portfolio of securities listed on the ASX as well as derivative instruments and cash and cash equivalents.

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.

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.

(a) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity 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.

(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. 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 maximum risk resulting from financial instruments is determined by the fair value of the financial instruments.

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

8 Financial risk management (continued)

(a) Market risk (continued)

(i) Price risk (continued)

Sensitivity analysis - price risk

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

	Australian Dividend Harvester Fund		Australian Small Companies Select Fund		EX-20 Portfolio Diversifier ETF		FTSE RAFI Australia 200 ETF	
	30 June 2017 \$'000	30 June 2016 \$'000	30 June 2017 \$ ¹	30 June 2017 \$'000	30 June 2017 \$'000	30 June 2017 \$'000	30 June 2016 \$'000	30 June 2017 \$'000
+10% Price movement - impact on the Fund's operating profit/(loss) and net assets attributable to unitholders	28,156	11,485	879,353	1,119	24,281	8,581		
-10% Price movement - impact on the Fund's operating profit/(loss) and net assets attributable to unitholders	(28,145)	(11,485)	(879,353)	(1,119)	(24,281)	(8,581)		
	Managed Risk Australian Share Fund		S&P/ASX 200 Financials Sector ETF		S&P/ASX 200 Resources Sector ETF			
	30 June 2017 \$'000	30 June 2016 \$'000	30 June 2017 \$'000	30 June 2016 \$'000	30 June 2017 \$'000	30 June 2016 \$'000		
+10% Price movement - impact on the Fund's operating profit/(loss) and net assets attributable to unitholders	2,236	1,429	2,712	2,368	1,638	649		
-10% Price movement - impact on the Fund's operating profit/(loss) and net assets attributable to unitholders	(2,235)	(1,429)	(2,712)	(2,368)	(1,638)	(649)		
(ii) Foreign exchange risk								

Foreign exchange risk arises as the value of monetary assets and liabilities denominated in other currencies will fluctuate due to changes in exchange rates. The Funds have no direct foreign exchange risk exposure as the Funds operate solely in Australia and all of the Funds' assets and liabilities are denominated in Australian currency.

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

8 Financial risk management (continued)

(a) Market risk (continued)

(iii) Interest rate risk

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

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.

(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.

(i) Cash and cash equivalents

The exposure to credit risk for cash and cash equivalents is low as all counterparties have a rating of AA- or higher (as determined by Standard & Poor's or equivalent rating agency).

The custody of the Funds' assets is mainly concentrated with one counterparty, namely RBC Investor Services Trust. RBC Investor Services Trust is a wholly-owned subsidiary of the Royal Bank of Canada which is a member of a major securities exchange and at 30 June 2017 had a credit rating of AA- (S&P) and A1 (Moody's) (2016: AA- (S&P) and Aa3 (Moody's)). At 30 June 2017, substantially all cash and cash equivalents, balances due from brokers and investments are held in custody by RBC Investor Services Trust.

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

(ii) Settlement of securities transactions

All transactions in listed securities are settled/paid for upon delivery using approved brokers. The risk of default is considered low, as delivery of securities sold is only made once the broker has received payment. Payment is made once purchase on the securities have been received by the broker. The trade will fail if either party fails to meet its obligations.

(iii) Other

The Funds are not materially exposed to credit risks on other financial assets.

(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. They primarily hold investments that are traded in an active market and can be readily disposed off.

8 Financial risk management (continued)

(c) Liquidity risk (continued)

The following tables analyse the Funds' non-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.

	Australian Dividend Harvester Fund				Australian Dividend Harvester Fund			
	On demand 30 June 2017 \$'000	Less than 6 months 30 June 2017 \$'000	Greater than 6 months 30 June 2017 \$'000	Total 30 June 2017 \$'000	On demand 30 June 2016 \$'000	Less than 6 months 30 June 2016 \$'000	Greater than 6 months 30 June 2016 \$'000	Total 30 June 2016 \$'000
Due to brokers - payable for securities purchased	-	-	-	-	-	-	-	-
Distributions payable	-	3,678	-	3,678	-	1,803	-	1,803
Other payables	-	341	-	341	-	185	-	185
Net assets attributable to unitholders	438,412	-	-	438,412	209,180	-	-	209,180
Contractual cash flows (excluding net settled derivatives)	438,412	4,019	-	442,431	209,180	1,988	-	211,168
Net settled derivatives								
Futures contracts	-	-	-	-	-	714	-	714
	-	-	-	-	-	714	-	714

	Australian Small Companies Select Fund				EX-20 Portfolio Diversifier ETF			
	On demand 30 June 2017 \$ ¹	Less than 6 months 30 June 2017 \$ ¹	Greater than 6 months 30 June 2017 \$ ¹	Total 30 June 2017 \$ ¹	On demand 30 June 2017 \$'000	Less than 6 months 30 June 2017 \$'000	Greater than 6 months 30 June 2017 \$'000	Total 30 June 2017 \$'000
Due to brokers - payable for securities purchased	-	67,469	-	67,469	-	-	-	-
Distributions payable	-	-	-	-	-	148	-	148
Other payables	-	21,354	-	21,354	-	2	-	2
Net assets attributable to unitholders	9,085,921	-	-	9,085,921	11,094	-	-	11,094
Contractual cash flows (excluding net settled derivatives)	9,085,921	88,823	-	9,174,744	11,094	150	-	11,244

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

8 Financial risk management (continued)

(c) Liquidity risk (continued)

	FTSE RAFI Australia 200 ETF				FTSE RAFI Australia 200 ETF			
	On demand 30 June 2017 \$'000	Less than 6 months 30 June 2017 \$'000	Greater than 6 months 30 June 2017 \$'000	Total 30 June 2017 \$'000	On demand 30 June 2016 \$'000	Less than 6 months 30 June 2016 \$'000	Greater than 6 months 30 June 2016 \$'000	Total 30 June 2016 \$'000
Due to brokers - payable for securities purchased	-	6	-	6	-	-	-	-
Distributions payable	-	4,786	-	4,786	-	3,548	-	3,548
Other payables	-	80	-	80	-	65	-	65
Net assets attributable to unitholders	239,914	-	-	239,914	83,134	-	-	83,134
Contractual cash flows (excluding net settled derivatives)	239,914	4,872	-	244,786	83,134	3,613	-	86,747
	Managed Risk Australian Share Fund				Managed Risk Australian Share Fund			
	On demand 30 June 2017 \$'000	Less than 6 months 30 June 2017 \$'000	Greater than 6 months 30 June 2017 \$'000	Total 30 June 2017 \$'000	On demand 30 June 2016 \$'000	Less than 6 months 30 June 2016 \$'000	Greater than 6 months 30 June 2016 \$'000	Total 30 June 2016 \$'000
Due to brokers - payable for securities purchased	-	18	-	18	-	12	-	12
Distributions payable	-	359	-	359	-	113	-	113
Other payables	-	13	-	13	-	21	-	21
Net assets attributable to unitholders	30,860	-	-	30,860	25,337	-	-	25,337
Contractual cash flows (excluding net settled derivatives)	30,860	390	-	31,250	25,337	146	-	25,483
	Net settled derivatives				Net settled derivatives			
	-	-	-	-	-	-	-	-
Futures contracts	-	-	-	-	-	69	-	69

8 Financial risk management (continued)

(c) Liquidity risk (continued)

	S&P/ASX 200 Financials Sector ETF				S&P/ASX 200 Financials Sector ETF			
	On demand 30 June 2017 \$'000	Less than 6 months 30 June 2017 \$'000	Greater than 6 months 30 June 2017 \$'000	Total 30 June 2017 \$'000	On demand 30 June 2016 \$'000	Less than 6 months 30 June 2016 \$'000	Greater than 6 months 30 June 2016 \$'000	Total 30 June 2016 \$'000
Due to brokers - payable for securities purchased	-	-	-	-	-	-	-	41
Distributions payable	-	305	-	305	-	271	-	271
Other payables	-	9	-	9	-	8	-	8
Net assets attributable to unitholders	27,090	-	-	27,090	23,794	-	-	23,794
Contractual cash flows (excluding net settled derivatives)	27,090	314	-	27,404	23,794	320	-	24,114

	S&P/ASX 200 Resources Sector ETF				S&P/ASX 200 Resources Sector ETF			
	On demand 30 June 2017 \$'000	Less than 6 months 30 June 2017 \$'000	Greater than 6 months 30 June 2017 \$'000	Total 30 June 2017 \$'000	On demand 30 June 2016 \$'000	Less than 6 months 30 June 2016 \$'000	Greater than 6 months 30 June 2016 \$'000	Total 30 June 2016 \$'000
Due to brokers - payable for securities purchased	-	-	-	-	-	-	-	-
Distributions payable	-	207	-	207	-	66	-	66
Other payables	-	6	-	6	-	6	-	6
Net assets attributable to unitholders	16,188	-	-	16,188	6,416	-	-	6,416
Contractual cash flows (excluding net settled derivatives)	16,188	213	-	16,401	6,416	72	-	6,488

9 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.

Australian Dividend Harvester Fund	Effects of offsetting on the statements of financial position			Related amounts not offset in the statements of financial position			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 30 June 2017 \$'000	Gross amounts set off in the statements of financial position 30 June 2017 \$'000	Net amount of financial assets/ liabilities presented in the statements of financial position 30 June 2017 \$'000	Financial instruments (including non-cash collateral) 30 June 2017 \$'000	Stock and cash collateral pledged 30 June 2017 \$'000	Net amounts 30 June 2017 \$'000	Gross amounts of financial assets/ liabilities 30 June 2016 \$'000	Gross amounts set off in the statements of financial position 30 June 2016 \$'000	Net amount of financial assets/ liabilities presented in the statements of financial position 30 June 2016 \$'000	Financial instruments (including non-cash collateral) 30 June 2016 \$'000	Stock and cash collateral pledged 30 June 2016 \$'000	Net amounts 30 June 2016 \$'000
Financial assets												
Futures contracts	658	-	658	-	-	658	-	-	-	-	-	-
Total	658	-	658	-	-	658	-	-	-	-	-	-
Financial liabilities												
Futures contracts	-	-	-	-	-	-	(714)	-	(714)	-	714	-
Total	-	-	-	-	-	-	(714)	-	(714)	-	714	-

9 Offsetting financial assets and financial liabilities (continued)

FTSE RAFI Australia 200 ETF	Effects of offsetting on the statements of financial position		Related amounts not offset in the statements of financial position		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 30 June 2017 \$'000	Gross amounts set off in the statements of financial position 30 June 2017 \$'000	Net amount of financial assets/ liabilities presented in the statements of financial position 30 June 2017 \$'000	Financial instruments (including non-cash collateral) 30 June 2017 \$'000	Stock and cash pledged 30 June 2017 \$'000	Net amounts 30 June 2017 \$'000	Gross amounts of financial assets/ liabilities 30 June 2016 \$'000	Financial instruments (including non-cash collateral) 30 June 2016 \$'000	Stock and cash pledged 30 June 2016 \$'000	Net amounts 30 June 2016 \$'000
Financial assets										
Futures contracts	10	-	10	-	-	10	3	-	-	3
Total	10	-	10	-	-	10	3	-	-	3
Financial liabilities										
Futures contracts	-	-	-	-	-	-	-	-	-	-
Total	-	-	-	-	-	-	-	-	-	-

9 Offsetting financial assets and financial liabilities (continued)

Managed Risk Australian Share Fund	Effects of offsetting on the statements of financial position		Related amounts not offset in the statements of financial position		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 30 June 2017 \$'000	Gross amounts set off in the statements of financial position 30 June 2017 \$'000	Net amount of financial assets/ liabilities presented in the statements of financial position 30 June 2017 \$'000	Financial instruments (including non-cash collateral) 30 June 2017 \$'000	Stock and cash pledged 30 June 2017 \$'000	Net amount of financial assets/ liabilities presented in the statements of financial position 30 June 2016 \$'000	Financial instruments (including non-cash collateral) 30 June 2016 \$'000	Stock and cash pledged 30 June 2016 \$'000
Financial assets								
Futures contracts	20	-	20	-	-	-	-	-
Total	20	-	20	-	-	-	-	-
Financial liabilities								
Futures contracts	-	-	-	-	(69)	(69)	-	69
Total	-	-	-	-	(69)	(69)	-	69

10 Fair value measurements

AASB 13 requires disclosure of fair value measurements by level of the following fair value measurement hierarchy:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly (Level 2); and
- Inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3).

Fair value estimation

The carrying amounts of the Funds' assets and liabilities at the end of each reporting period approximate their fair values.

Financial assets and liabilities held at fair value through profit or loss are measured initially at fair value excluding any transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability. Transaction costs on financial assets and financial liabilities at fair value through profit or loss are expensed immediately. Subsequent to initial recognition, all instruments held at fair value through profit or loss are measured at fair value with changes in their fair value recognised in statements of comprehensive income.

10 Fair value measurements (continued)

Fair value estimation (continued)

(i) Fair value in an active market (Level 1)

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

The Funds value their investments in accordance with the accounting policies set out in 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 held by the Funds is the current bid price; the appropriate quoted market price for financial liabilities is the current asking price. When the Funds hold derivatives with offsetting market risks, they use mid-market prices as a basis for establishing fair values for the offsetting risk positions and apply this bid or asking price to the net open position, as appropriate.

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

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

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

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

For other pricing models, inputs are based on market data at the end of the reporting period. Fair values for unquoted equity investments are estimated, if possible, using applicable price/earnings ratios for similar listed companies adjusted to reflect the specific circumstances of the issuer.

The carrying value less impairment provision of other receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Funds for similar financial instruments.

Index futures are measured by the quoted market prices, or binding dealer price quotations on the exchange where they are listed or held.

10 Fair value measurements (continued)

Fair value estimation (continued)

(iii) Recognised fair value measurements

The tables below set out the Funds' financial assets and liabilities (by class) measured at fair value according to the fair value hierarchy:

	Australian Dividend Harvester Fund				Australian Dividend Harvester Fund			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
	30 June 2017 \$'000	30 June 2017 \$'000	30 June 2017 \$'000	30 June 2017 \$'000	30 June 2016 \$'000	30 June 2016 \$'000	30 June 2016 \$'000	30 June 2016 \$'000
Financial assets								
Financial assets held for trading:								
Futures contracts	658	-	-	658	-	-	-	-
Financial assets designated at fair value through profit or loss:								
Listed securities	408,032	-	-	408,032	196,625	-	-	196,625
Total	408,690	-	-	408,690	196,625	-	-	196,625
Financial liabilities								
Financial liabilities held for trading								
Futures contracts	-	-	-	-	714	-	-	714
Total	-	-	-	-	714	-	-	714

10 Fair value measurements (continued)

Fair value estimation (continued)

(iii) Recognised fair value measurements (continued)

Financial assets

Financial assets designated at fair value through profit or loss:
Listed securities

Total

Australian Small Companies Select Fund				EX-20 Portfolio Diversifier ETF			
Level 1 30 June 2017 \$ ¹	Level 2 30 June 2017 \$ ¹	Level 3 30 June 2017 \$ ¹	Total 30 June 2017 \$ ¹	Level 1 30 June 2017 \$'000	Level 2 30 June 2017 \$'000	Level 3 30 June 2017 \$'000	Total 30 June 2017 \$'000
8,793,529	-	-	8,793,529	11,191	-	-	11,191
8,793,529	-	-	8,793,529	11,191	-	-	11,191

Financial assets

Financial assets held for trading:

Futures contracts

Financial assets designated at fair value through profit or loss:

Listed securities

Total

FTSE RAFI Australia 200 ETF				FTSE RAFI Australia 200 ETF			
Level 1 30 June 2017 \$'000	Level 2 30 June 2017 \$'000	Level 3 30 June 2017 \$'000	Total 30 June 2017 \$'000	Level 1 30 June 2016 \$'000	Level 2 30 June 2016 \$'000	Level 3 30 June 2016 \$'000	Total 30 June 2016 \$'000
10	-	-	10	3	-	-	3
242,782	-	16	242,798	85,803	-	-	85,803
242,792	-	16	242,808	85,806	-	-	85,806

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

10 Fair value measurements (continued)**Fair value estimation (continued)***(iii) Recognised fair value measurements (continued)***Financial assets**

Financial assets held for trading:

Futures contracts

Financial assets designated at fair value through profit or loss:

Listed securities

Total

Managed Risk Australian Share Fund				Managed Risk Australian Share Fund			
Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
30 June 2017	30 June 2017	30 June 2017	30 June 2017	30 June 2016	30 June 2016	30 June 2016	30 June 2016
\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
20	-	-	20	-	-	-	-
29,902	-	-	29,902	24,102	-	-	24,102
29,922	-	-	29,922	24,102	-	-	24,102

Financial liabilities

Financial assets held for trading

Futures contracts

Total

Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
30 June 2017	30 June 2017	30 June 2017	30 June 2017	30 June 2016	30 June 2016	30 June 2016	30 June 2016
\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
-	-	-	-	69	-	-	69
-	-	-	-	69	-	-	69

S&P/ASX 200 Financials Sector ETF

Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
30 June 2017	30 June 2017	30 June 2017	30 June 2017	30 June 2016	30 June 2016	30 June 2016	30 June 2016
\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
27,123	-	-	27,123	23,677	-	-	23,677
27,123	-	-	27,123	23,677	-	-	23,677

Financial assets

Financial assets designated at fair value through profit

Listed securities

Total

10 Fair value measurements (continued)

Fair value estimation (continued)

(iii) Recognised fair value measurements (continued)

	S&P/ASX 200 Resources Sector ETF				S&P/ASX 200 Resources Sector ETF			
	Level 1 30 June 2017 \$'000	Level 2 30 June 2017 \$'000	Level 3 30 June 2017 \$'000	Total 30 June 2017 \$'000	Level 1 30 June 2016 \$'000	Level 2 30 June 2016 \$'000	Level 3 30 June 2016 \$'000	Total 30 June 2016 \$'000
Financial assets								
Financial assets designated at fair value through profit Listed securities	16,376	-	-	16,376	6,485	-	-	6,485
Total	16,376	-	-	16,376	6,485	-	-	6,485

(iv) Transfers between levels

The Funds listed below had transfers between levels during the period ended 30 June 2017 and 30 June 2016.

FTSE RAFI Australia 200 ETF

Transfers between levels 1 and 3:
Listed securities

Level 1 30 June 2017 \$'000	Level 2 30 June 2017 \$'000	Level 3 30 June 2017 \$'000	Level 1 30 June 2016 \$'000	Level 2 30 June 2016 \$'000	Level 3 30 June 2016 \$'000
(25)	-	25	-	-	-

10 Fair value measurements (continued)

Fair value estimation (continued)

(v) Movement in level 3 instruments

The following table presents the Funds that had movement in level 3 instruments for the periods ended 30 June 2017 and 30 June 2016 by class of financial instrument:

	Listed securities		Listed securities	
	FTSE RAFI Australia 200 ETF 30 June 2017 \$'000	FTSE RAFI Australia 200 ETF 30 June 2016 \$'000	S&P/ASX Resources Sector ETF 30 June 2017 \$ ¹	S&P/ASX Resources Sector ETF 30 June 2016 \$ ¹
Opening balance	-	36	-	3,836
Purchases	47	9	-	-
Sales	(4)	(13)	-	(1,055)
Transfers into/(out) from level 3	25	-	-	-
Gains/(losses) recognised in profit or loss	(52)	(32)	-	(2,781)
Closing balance	16	-	-	-
Total gains/(losses) for the period included in the statements of comprehensive income for financial assets and liabilities held at the end of the period	(52)	(32)	-	(2,781)

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

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

Net assets attributable to unit holders' carrying value differs from its fair value (deemed to be redemption price for individual units) due to differences in valuation inputs. This difference is not material in the current or prior period.

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

11 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 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.

Certain Funds hold the following derivative instruments:

Futures

Futures are contractual obligations to buy or sell financial instruments on a future date at a specified price established in an organised market. The futures contracts are collateralised by cash or marketable securities. Changes in futures contracts' values are usually settled net daily with the exchange.

The following Funds held derivative instruments (amounts in positive indicates long/buy and amounts in negative indicates short/sell):

	Fair values			
	Contract/ notional 30 June 2017 \$'000	Assets 30 June 2017 \$'000	Liabilities 30 June 2017 \$'000	Contract/ notional 30 June 2016 \$'000
Australian Dividend Harvester Fund				
				Assets 30 June 2016 \$'000
				Liabilities 30 June 2016 \$'000
Futures contracts	(133,599)	658	-	(80,099)
	(133,599)	658	-	(80,099)
				714
				714

11 Derivative financial instruments (continued)

FTSE RAFI Australia 200 ETF

	Fair values		Fair values	
	Contract/ notional 30 June 2017 \$'000	Assets 30 June 2017 \$'000	Liabilities 30 June 2017 \$'000	Contract/ notional 30 June 2016 \$'000
				Assets 30 June 2016 \$'000
				Liabilities 30 June 2016 \$'000
Futures contracts	1,553	10	-	647
	1,553	10	-	647
				3
				3
				-
				-

Managed Risk Australian Share Fund

	Fair values		Fair values	
	Contract/ notional 30 June 2017 \$'000	Assets 30 June 2017 \$'000	Liabilities 30 June 2017 \$'000	Contract/ notional 30 June 2016 \$'000
				Assets 30 June 2016 \$'000
				Liabilities 30 June 2016 \$'000
Futures contracts	(7,202)	20	-	(9,705)
	(7,202)	20	-	(9,705)
				-
				-
				69
				69

12 Auditor's remuneration

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

	Australian Dividend Harvester Fund		Australian Small Companies Select Fund		EX-20 Portfolio Diversifier ETF		FTSE RAFI Australia 200 ETF	
	30 June 2017	30 June 2016	30 June 2017	30 June 2016	30 June 2017	30 June 2016	30 June 2017	30 June 2016
KPMG								
<i>Audit and other assurance service</i>								
Audit and review of financial reports	7,345	7,625	3,660		3,660		4,860	5,020
Audit of compliance plan	1,200	1,200	1,200		1,200		1,200	1,200
Total remuneration of audit and other assurance services	8,545	8,825	4,860		4,860		6,060	6,220

	Managed Risk Australian Share Fund		S&P/ASX 200 Financials Sector ETF		S&P/ASX 200 Resources Sector ETF	
	30 June 2017	30 June 2016	30 June 2017	30 June 2016	30 June 2017	30 June 2016
KPMG						
<i>Audit and other assurance service</i>						
Audit and review of financial reports	7,345	5,420	4,860		4,860	7,625
Audit of compliance plan	1,200	1,200	1,200		1,200	1,200
Total remuneration of audit and other assurance services	8,545	6,620	6,060		6,060	8,825

13 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 period are:

13 Related party transactions (continued)

Key management personnel

(a) Directors

Executive Directors:

David Nathanson (appointed 21 September 2009)
Alex Vynokur (appointed 21 September 2009)

Non-Executive Directors:

Taeyong Lee (appointed 12 August 2015)
Thomas Park (appointed 12 August 2015)

(b) Other key management

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

Responsible Entity's management fees and other transactions

A performance fee may be payable by certain Funds, namely Australian Small Companies Select Fund. The fee is calculated based on the relevant Fund's performance relative to its benchmark. The fee is calculated and accrued each business day. Provided the relevant Fund outperforms the benchmark for a performance fee period (quarter ending 31 March, 30 June, 30 September and 31 December), a performance fee may be payable.

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. Performance fees may be payable equivalent to a percentage of the Australian Small Companies Select Fund's performance above the performance benchmark. The following table discloses the Responsible Entity's fees for 30 June 2017 and 30 June 2016 as there has been no change in the fees during the period:

Funds	Management		Expense		Performance	
	fee	%	recoveries	%	fee	%
Australian Dividend Harvester Fund	0.65		0.25		-	
Australian Small Companies Select Fund	0.32		0.07		15.5	
EX-20 Portfolio Diversifier ETF	0.20		0.05		-	
FTSE RAFI Australia 200 ETF	0.30		0.10		-	
Managed Risk Australian Share Fund	0.39		0.10		-	
S&P/ASX 200 Financials Sector ETF	0.39		-		-	
S&P/ASX 200 Resources Sector ETF	0.39		-		-	

13 Related party transactions (continued)

(b) Other key management personnel (continued)

The transactions during the period and amounts payable at period end between the Funds and the Responsible entity were as follows:

	Australian Dividend Harvester Fund		Australian Small Companies Select Fund		EX-20 Portfolio Diversifier ETF		FTSE RAFI Australia 200 ETF	
	30 June 2017	30 June 2016	30 June 2017	30 June 2016	30 June 2017	30 June 2016	30 June 2017	30 June 2016
Management fees expensed to the Responsible Entity	2,288,698	901,441	5,721	7,459	7,459	7,459	433,626	201,546
Management fees payable to the Responsible Entity at reporting date	256,910	111,882	2,444	1,827	1,827	1,827	58,586	47,827
Performance fees expensed to the Responsible Entity	-	-	17,189	-	-	-	-	-
Performance fees payable to the Responsible Entity at reporting date	-	-	18,375	-	-	-	-	-
Expense recoveries expensed to the Responsible Entity	618,773	227,370	1,252	1,866	1,866	1,866	144,542	67,181
Expense recoveries payable to the Responsible Entity as at reporting date	73,121	29,261	535	457	457	457	19,529	15,942

	Managed Risk Australian Share Fund		S&P/ASX 200 Financials Sector ETF		S&P/ASX 200 Resources Sector ETF	
	30 June 2017	30 June 2016	30 June 2017	30 June 2016	30 June 2017	30 June 2016
Management fees expensed to the Responsible Entity	118,289	28,440	86,316	76,977	49,766	28,592
Management fees payable to the Responsible Entity at reporting date	10,705	16,782	8,108	8,377	5,598	5,834
Expense recoveries expensed to the Responsible Entity	30,330	7,292	-	-	-	-
Expense recoveries payable to the Responsible Entity as at reporting date	2,745	4,303	-	-	-	-

Related party unitholdings

As at 30 June 2017, AMP Capital Dynamic Markets Fund (Hedge Fund) holds 65,053 units in FTSE RAFI Australia 200 ETF. No other parties related to the Funds (including BetaShares Capital Ltd, its related parties and other schemes managed by BetaShares Capital Ltd) held any units in the Funds for the year ended 30 June 2017.

14 Events occurring after the reporting period

Since the end of reporting period S&P/ASX 200 Resources Sector ETF's net asset value has changed by more than 10% due to changes in the fair value of investments held. This movement corresponds with the movement in the benchmark index that the fund seeks to track. More specifically the net asset value changed by (10.07%) whilst the underlying benchmark index changed by (10.16%).

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 2017 or on the results and cash flows of the Funds for the period ended on that date.

15 Contingent assets and liabilities and commitments

There are no outstanding contingent assets, liabilities or commitments as at 30 June 2017 and 30 June 2016.

Directors' declaration

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

BetaShares Australian Dividend Harvester Fund (managed fund)
BetaShares Australian Small Companies Select Fund (managed fund)
BetaShares EX-20 Portfolio Diversifier ETF
BetaShares FTSE RAFI Australia 200 ETF
BetaShares Managed Risk Australian Share Fund (managed fund)
BetaShares S&P/ASX 200 Financials Sector ETF
BetaShares S&P/ASX 200 Resources Sector ETF

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

- (a) the financial statements and notes set out on pages 6 to 49 are in accordance with the *Corporations Act 2001*, including:
- (i) complying with Accounting Standards, the *Corporations Regulations 2001*; and
 - (ii) giving a true and fair view of the Funds' financial positions as at 30 June 2017 and of their performance for the financial period ended on that date; and
- (b) there are reasonable grounds to believe that the Funds will be able to pay their debts as and when they become due and payable.

The directors draw attention to Note 2(a) of the financial report which contains a statement of compliance with International Financial Reporting Standards.

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



David Nathanson
Director

Sydney
25 September 2017



Alex Vynokur
Director



Independent Auditor's Report

To the respective unitholders of the following Schemes:

- BetaShares Australian Dividend Harvester Fund (managed fund)
- BetaShares Australian Small Companies Select Fund (managed fund)
- BetaShares EX-20 Portfolio Diversifier ETF
- BetaShares FTSE RAFI Australia 200 ETF
- BetaShares Managed Risk Australian Shares Fund (managed fund)
- BetaShares S&P/ASX 200 Financials Sector ETF
- BetaShares S&P/ASX 200 Resource Sector ETF

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.

Opinions

We have audited each of the **Financial Reports** of the Schemes.

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

- giving a true and fair view of the that Scheme's financial position as at 30 June 2017 and of its financial performance for the year ended on that date; and
- complying with *Australian Accounting Standards* and the *Corporations Regulations 2001*.

The respective **Financial Reports** of the individual Schemes comprise:

- Statements of financial position as at 30 June 2017

- Statements of comprehensive income, Statements of changes in equity, and Statements of cash flows for the year then ended
- Notes including a summary of significant accounting policies
- Directors' Declaration made by the Directors' of BetaShares Capital Limited (the Responsible Entity).

Basis for opinions

We conducted our audits 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 opinions.

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

We are independent of the Schemes and the Responsible Entity in accordance with 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* (the Code) that are relevant to our audits of the Financial Reports in Australia. 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 judgment, were of most significance in our respective audits of the Financial Reports of each Scheme in the current period.

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

The **Key Audit Matters** we identified for each of the Schemes are:

- Valuation of financial Instruments

Valuation of financial instruments (\$'000) - (BetaShares Australian Dividend Harvester Fund (managed fund) \$408,690, BetaShares Australian Small Companies Select Fund (managed fund) \$8,794, BetaShares EX-20 Portfolio Diversifier ETF \$11,191, BetaShares FTSE RAFI Australia 200 ETF \$242,808, BetaShares Managed Risk Australian Shares Fund (managed fund) \$29,922, BetaShares S&P/ASX 200 Financials Sector ETF \$27,123, BetaShares S&P/ASX 200 Resource Sector ETF \$16,376)	
Refer to Note 6 of the Financial Reports	
The key audit matter	How the matter was addressed in our audits
Valuation of financial instruments is a key audit matter due to: <ul style="list-style-type: none"> • The significance of the balance to the financial statements and as the key driver of operations and performance results. • The volume and type of transactions had the greatest effect on our overall audit strategy and procedures. 	Our audit procedures included: <ul style="list-style-type: none"> • Read the Responsible Entity's custodian's ASAE 3402 Assurance Reports on Controls at a Service Organisation (ASAE 3402) report to assess the control environment at the custodian and its impact on our procedures. • Assessed the scope, competence and objectivity of the auditors of the ASAE 3402 reports. • Checked the valuation of financial instruments, as recorded in the general ledger, to externally quoted market prices.

	<ul style="list-style-type: none"> • Checked the Responsible Entity's external custody reports to assess the ownership of the financial instruments.
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Other Information

Other Information is financial and non-financial information in the issuer of the respective Schemes' annual reporting which is provided in addition to the Financial Reports and the Auditor's Report. The Directors of the Responsible Entity are responsible for the Other Information.

Our opinion on the Financial Reports do 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 audits of the Financial Reports, our responsibility is to read the Other Information. In doing so, we consider whether the Other Information is materially inconsistent with the Financial Reports or our knowledge obtained in the audits, 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 the Directors for the Financial Reports

The Directors of the Responsible Entity are responsible for:

- preparing the Financial Reports that give 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
- assessing each Scheme's ability to continue as a going concern. 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 respective Scheme or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audits of the Financial Reports

Our objective is:

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

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 Reports.

A further description of our responsibilities for the audits of the Financial Reports is located at the Auditing and Assurance Standards Board website at: http://www.auasb.gov.au/auditors_files/ar1.pdf. This description forms part of our Auditor's Report.

KPMG

KPMG

Tim Aman

Partner

Sydney

25 September 2017

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