



BetaShares

Exchange Traded Funds

14 March 2016

Market Announcements Office
ASX Limited

INTERIM FINANCIAL REPORT 2015
BetaShares Gold Bullion ETF-Currency Hedged
ASX code: QAU

BetaShares Capital Ltd, the issuer of the Fund, is pleased to provide the Fund's Interim Financial Report for the half-year ending 31 December 2015.

Further information about the Fund 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 Fund. 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.

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**BetaShares Gold Bullion ETF - Currency
Hedged**

ASX Code: QAU

ARSN 150 081 851

**Condensed Interim Financial Report for the half-year
ended 31 December 2015**

BetaShares Gold Bullion ETF - Currency Hedged

ASX Code: QAU

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Condensed Interim Financial Report for the half-year ended 31 December 2015

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Directors' report

The directors of BetaShares Capital Ltd, the Responsible Entity of BetaShares Gold Bullion ETF - Currency Hedged ("the Fund"), present their report together with the condensed interim financial report of the Fund for the half-year ended 31 December 2015 and the auditor's report thereon.

Responsible Entity

The Responsible Entity of BetaShares Gold Bullion ETF - Currency Hedged 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 Fund is an exchange-traded managed investment fund that is quoted on the Australian Securities Exchange (ASX) and domiciled in Australia.

The Fund has been designed to provide unitholders with a return that aims to track the performance of the price of gold bullion with a currency hedge against movements in the AUD/USD exchange rate, before taking into account fees and expenses. The Fund invests in physical gold bullion under a Gold Contract with the Gold Vendor on a deferred delivery basis. Rather than delivering physical gold to the Fund at the time of purchase the Gold Vendor will retain legal ownership of the gold in its name and will secure its obligation to deliver gold to the Fund by way of a registered charge over the gold in favour of the Fund.

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

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

Directors

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

David Nathanson (appointed 21 September 2009)
Alex Vynokur (appointed 21 September 2009)
Howard Atkinson (appointed 2 March 2010, resigned 12 August 2015)
Taeyong Lee (appointed 12 August 2015)
Thomas Park (appointed 12 August 2015)

Review and results of operations

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

The performance of the Fund, as represented by the results of its operations, was as follows:

	Half-year ended	
	31 December 2015	31 December 2014
Operating loss before finance costs attributable to unitholders (\$'000)	<u>(1,752)</u>	<u>(1,748)</u>

Directors' report (continued)

Matters subsequent to the end of the financial half-year

No matter or circumstance has arisen since 31 December 2015 that has significantly affected, or may significantly affect:

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

Likely developments and expected results of operations

The Fund will continue to be managed in accordance with the investment objectives and guidelines as set out in the governing documents of the Fund and in accordance with the provisions of the Fund's Constitution.

The results of the Fund's operations will be affected by a number of factors, including the performance of investment markets in which the Fund invests. 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.

The future returns of the Fund, as measured by the Fund's net asset value per unit plus any distributions, are generally dependent upon the performance of the price of gold bullion (hedged into Australian dollars). The Fund's investment objective and strategy remain unchanged, which is to track the performance of the price of gold bullion, with a currency hedge against movements in the AUD/USD exchange rate, before fees and expenses. Accordingly, the future returns of the Fund are primarily dependent on the performance of the price of gold bullion.

Rounding of amounts to the nearest thousand dollars

The Fund is an entity of a kind referred to in Class Order 98/100 (as amended) issued by Australian Securities and Investments Commission (ASIC) relating to the "rounding off" of amounts in the directors' report and financial reports. Amounts in the directors' report and financial reports have been rounded to the nearest thousand dollars in accordance with that Class Order, unless otherwise indicated.

Auditor's independence declaration

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

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



David Nathanson
Director



Alex Vynokur
Director

Sydney
8 March 2016



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

To: the directors of BetaShares Capital Limited

I declare that, to the best of my knowledge and belief, in relation to the review for the half-year ended 31 December 2015 there have been:

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

KPMG

Tanya Gilerman
Partner

Sydney

8 March 2016

BetaShares Gold Bullion ETF - Currency Hedged
Condensed interim statement of comprehensive income
For the half-year ended 31 December 2015

Condensed interim statement of comprehensive income

	Half-year ended	
	31 December 2015	31 December 2014
	Notes	\$'000
Investment income		
Net losses on financial instruments held at fair value through profit or loss		<u>(1,681)</u>
Total net investment loss		<u>(1,681)</u>
Expenses		
Management fees		51
Other expenses		<u>16</u>
Total operating expenses		<u>67</u>
Operating loss before finance costs for the half-year		<u>(1,752)</u>
Finance costs attributable to unitholders		
Change in net assets attributable to unitholders (total comprehensive income)	3	<u>(1,752)</u>

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

BetaShares Gold Bullion ETF - Currency Hedged
Condensed interim statement of financial position
As at 31 December 2015

Condensed interim statement of financial position

		As at	
		31 December	30 June
		2015	2015
	Notes	\$'000	\$'000
Assets			
Cash and cash equivalents		64	56
Financial assets held at fair value through profit or loss	4	16,670	18,546
Receivables		3	3
Total assets		16,737	18,605
Liabilities			
Financial liabilities held at fair value through profit or loss	5	-	115
Other payables		13	14
Total liabilities (excluding net assets attributable to unitholders)		13	129
Net assets attributable to unitholders - liability	3	16,724	18,476

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

BetaShares Gold Bullion ETF - Currency Hedged
Condensed interim statement of changes in equity
For the half-year ended 31 December 2015

Condensed interim statement of changes in equity

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

BetaShares Gold Bullion ETF - Currency Hedged
Condensed interim statement of cash flows
For the half-year ended 31 December 2015

Condensed interim statement of cash flows

	Half-year ended	
	31 December	31 December
	2015	2014
	\$'000	\$'000
Cash flows from operating activities		
Proceeds from sale of financial instruments held at fair value through profit or loss	2,338	7,125
Purchase of financial instruments held at fair value through profit or loss	(2,270)	(2,426)
Other income received	-	1
Management fees paid	(44)	(64)
Other expenses paid	(16)	(19)
Net cash inflow from operating activities	8	4,617
Cash flows from financing activities		
Payments for redemptions by unitholders	-	(4,606)
Net cash outflow from financing activities	-	(4,606)
Net increase in cash and cash equivalents	8	11
Cash and cash equivalents at the beginning of the half-year	56	68
Cash and cash equivalents at the end of the half-year	64	79

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

1 General information

These condensed interim financial statements cover BetaShares Gold Bullion ETF - Currency Hedged ("the Fund") as an individual entity. The Fund is a registered management investment scheme under the *Corporations Act 2001*. The Fund was registered on 24 March 2011 and commenced operations on 3 May 2011. The Responsible Entity cannot issue or redeem any units from the 80th anniversary of the day before the day the Fund commenced if that issue or redemption would cause a contravention of the rule against perpetuities or any other rule of law of equity. The Fund may be terminated in accordance with the provisions of the Fund's Constitution. The Fund is domiciled in Australia.

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

The objective of the Fund is to earn a return that tracks the performance of the price of gold bullion with a currency hedge against movements in the AUD/USD exchange rate, before fees and expenses. Rather than delivering physical gold to the Fund at the time of purchase the Gold Vendor will retain legal ownership of the gold in its name and will secure its obligation to deliver gold to the Fund by way of a registered charge over the gold in favour of the Fund.

The condensed interim financial statements were authorised for issue by the directors of the Responsible Entity on 8 March 2016. The directors of the Responsible Entity have the power to amend and reissue the condensed interim financial statements.

2 Summary of significant accounting policies

The principal accounting policies applied in the preparation of these condensed interim financial statements are set out below. These policies have been consistently applied to all periods presented, unless otherwise stated in the following text.

(a) Basis of preparation

These general purpose condensed interim financial statements for the half-year ended 31 December 2015 have been prepared in accordance with accounting standard AASB 134 *Interim Financial Reporting*, other authoritative pronouncements of the Australian Accounting Standards Board ("AASB") and the *Corporations Act 2001* in Australia.

The Fund is organised into one main segment which operated solely in the business of investment management within Australia.

The Fund operates in Australia and holds investments in foreign gold bullion markets.

The nature of the Fund's operation is such that income and expenses are incurred in a manner which is not impacted by any form of seasonality.

The condensed interim financial statements are prepared based on an accruals concept, which requires income and expenses to be recorded as earned or incurred and not as received or paid through out the half-year. It is prepared on the basis of fair value measurement of assets and liabilities except otherwise stated.

The condensed interim financial statements are presented in Australian dollars, which is the Fund's functional currency, rounded to the nearest thousand.

2 Summary of significant accounting policies (continued)

(a) Basis of preparation (continued)

Use of estimates and judgements

The preparation of a condensed interim financial report requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. These estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

(b) New accounting standards and interpretations

Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2015 reporting periods and have not yet been early adopted by the Fund. The directors' assessment of the impact of these new standards (to the extent relevant to the Fund) and interpretations is set out below:

(i) AASB 9 Financial Instruments (and applicable amendments) (effective from 1 January 2018)

AASB 9 *Financial Instruments* addresses the classification, measurement and derecognition of financial assets and financial liabilities. It has now also introduced revised rules around hedge accounting. The directors do not expect this to have a significant impact on the recognition and measurement of the Fund's financial instruments. The derecognition rules have not been changed from the previous requirements, and the Fund does not apply hedge accounting. The Fund has not yet decided when to adopt AASB 9.

(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 Fund's main source of income are 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 Fund's 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 Fund in the current or future reporting periods and on foreseeable future transactions.

BetaShares Gold Bullion ETF - Currency Hedged
Notes to the condensed interim financial statements
For the half-year ended 31 December 2015
(continued)

3 Net assets attributable to unitholders

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

	As at			
	31 December 2015	31 December 2014	31 December 2015	31 December 2014
Net assets attributable to unitholders	No. of units '000	No. of units '000	\$'000	\$'000
Opening balance	1,498	1,770	18,476	24,270
Redemptions	-	(350)	-	(4,606)
Change in net assets attributable to unitholders	-	-	(1,752)	(1,748)
Closing balance	1,498	1,420	16,724	17,916

As stipulated within the Fund's Constitution, each unit represents a right to an individual share in the 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 has the same rights attaching to it as all other units of the Fund (subject to applicable ASIC relief).

4 Financial assets held at fair value through profit or loss

	As at	
	31 December 2015	30 June 2015
	\$'000	\$'000
Held for trading		
Foreign currency contracts	154	4
Total held for trading	154	4
Designated at fair value through profit or loss		
Gold Purchase Agreement - Gold Bullion	16,516	18,542
Total designated at fair value through profit or loss	16,516	18,542
Total financial assets held at fair value through profit or loss	16,670	18,546

5 Financial liabilities held at fair value through profit or loss

	As at	
	31 December 2015 \$'000	30 June 2015 \$'000
Held for trading		
Foreign currency contracts	-	115
Total held for trading	-	115
 Total financial liabilities held at fair value through profit or loss	 -	 115

6 Fair value measurements

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

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

(a) Fair value estimation

The carrying amounts of the Fund's 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 statement of comprehensive income.

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

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

The Fund values its investments in accordance with the accounting policies set out in note 2. For the majority of its investments, the Fund relies on information provided by independent pricing services for the valuation of its investments.

The quoted market price used for financial assets held by the Fund is the current bid price; the appropriate quoted market price for financial liabilities is the current asking price. When the Fund holds derivatives with offsetting market risks, it uses mid-market prices as a basis for establishing fair values for the offsetting risk positions and applies 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.

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

6 Fair value measurements (continued)

(a) Fair value estimation (continued)

(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 Fund for similar financial instruments.

(iii) Recognised fair value measurements

The tables below set out the Fund's financial assets and liabilities (by class) measured at fair value according to the fair value hierarchy at 31 December 2015 and 30 June 2015:

As at 31 December 2015

	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Financial assets				
Financial assets held for trading:				
Foreign currency contracts	-	154	-	154
Financial assets designated at fair value through profit or loss:				
Gold bullion	16,516	-	-	16,516
Total	16,516	154	-	16,670
Financial liabilities				
Financial liabilities held for trading:				
Foreign currency contracts	-	-	-	-
Total	-	-	-	-

6 Fair value measurements (continued)

(a) Fair value estimation (continued)

As at 30 June 2015

	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Financial assets				
Financial assets held for trading:				
Foreign currency contracts	-	4	-	4
Financial assets designated at fair value through profit or loss:				
Gold bullion	18,542	-	-	18,542
Total	18,542	4	-	18,546
Financial liabilities				
Financial liabilities held for trading:				
Foreign currency contracts	-	115	-	115
Total	-	115	-	115

(iv) Transfers between levels

There were no transfers between levels for the half-year ended 31 December 2015 and 30 June 2015.

(v) Movement in Level 3 instruments

There were no investments classified as Level 3 within the Fund as at 31 December 2015 and 31 December 2014.

(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 year.

7 Related party transactions

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

All transactions with related parties are conducted on normal terms and conditions. From time to time the Responsible Entity or its director-related entities may invest in or withdraw from the Fund. These investments or withdrawals are on the same terms and conditions as those entered into by other fund investors and are trivial and domestic in nature.

8 Events occurring after the reporting period

No significant events have occurred since the end of the reporting period which would impact on the financial position of the Fund disclosed in the condensed interim statement of financial position as at 31 December 2015 or on the results and cash flows of the Fund for the half-year ended on that date.

9 Contingent assets and liabilities and commitments

There are no outstanding contingent assets, liabilities or commitments as at 31 December 2015 and 30 June 2015.

Directors' declaration

In the opinion of the directors of the BetaShares Capital Ltd, the Responsible Entity of BetaShares Gold Bullion ETF - Currency Hedged:

- (a) the condensed interim financial statements and notes set out on pages 5 to 15 are in accordance with the *Corporations Act 2001*, including:
 - (i) complying with AASB 134 Interim Financial Reporting, the *Corporations Regulations 2001*; and
 - (ii) giving a true and fair view of the Fund's financial position as at 31 December 2015 and of its performance for the half-year ended on that date.
- (b) there are reasonable grounds to believe that the Fund will be able to pay its debts as and when they become due and payable.

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



David Nathanson
Director



Alex Vynokur
Director

Sydney
8 March 2016



Independent auditor's review report to the unitholders of BetaShares Gold Bullion ETF – Currency Hedged

Report on the financial report

We have reviewed the accompanying condensed interim financial report of BetaShares Gold Bullion ETF – Currency Hedged (the Scheme), which comprises the condensed interim statement of financial position as at 31 December 2015, the condensed interim statement of comprehensive income, the condensed interim statement of changes in equity and the condensed interim statement of cash flows for the half-year ended on that date, notes 1 to 9 comprising a summary of significant accounting policies and other explanatory information and the directors' declaration.

Directors' responsibility for the financial report

The directors of BetaShares Capital Limited (the Responsible Entity) are responsible for the preparation of the condensed interim financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the condensed interim financial report that is free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express a conclusion on the condensed interim financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the condensed interim financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Scheme's financial position as at 31 December 2015 and its performance for the half-year ended on that date; and complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As auditor of BetaShares Gold Bullion ETF – Currency Hedged, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.



Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the condensed interim financial report of BetaShares Gold Bullion ETF – Currency Hedged is not in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the Scheme's financial position as at 31 December 2015 and of its performance for the half-year ended on that date; and
- (b) complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

KPMG

Tanya Gilerman

Partner

Sydney

8 March 2016