

11 March 2020

Market Announcements Office  
ASX Limited

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

## INTERIM FINANCIAL REPORT 2019

BetaShares Capital Ltd, the issuer of the following Funds, is pleased to provide the respective Interim Financial Report for the half-year ending 31 December 2019.

ASX code	Fund
EINC	BetaShares Legg Mason Equity Income Fund (managed fund)
RINC	BetaShares Legg Mason Real Income Fund (managed fund)
BNDS	BetaShares Legg Mason Australian Bond Fund (managed fund)
EMMG	BetaShares Legg Mason Emerging Markets Fund (managed fund)

Further information about the Funds can be obtained at [www.betashares.com.au](http://www.betashares.com.au) or by contacting BetaShares Client Services on 1300 487 577.

-----

BetaShares Capital Ltd (ABN 78 139 566 868 AFSL 341181) (BetaShares) is the issuer and responsible entity of the Funds. BetaShares has appointed Legg Mason Asset Management Australia Ltd (ABN 76 004 835 849 AFSL 240827) (Legg Mason Australia) as investment manager for the Funds. Legg Mason Australia is part of the global Legg Mason Inc. group. Martin Currie Australia and Western Asset Australia, divisions within Legg Mason Australia, provide the investment management services for the Funds, respectively. Before making an investment decision you should read the Product Disclosure Statement (PDS) for the relevant Fund carefully and consider, with or without the assistance of a financial advisor, whether such an investment is appropriate in light of your particular investment needs, objectives and financial circumstances. The PDS is available and can be obtained by contacting BetaShares on 1300 487 577 or Legg Mason Australia on 1800 679 541 or at [www.betashares.com.au](http://www.betashares.com.au) or [www.leggmason.com.au](http://www.leggmason.com.au). Neither BetaShares, Legg Mason Australia, nor any of their related parties guarantees any performance or the return of capital invested. Past performance is not necessarily indicative of future performance. Investments are subject to risks, including, but not limited to, possible delays in payments and loss of income or capital invested.

**Booklet 7**

**BetaShares Legg Mason Australian Bond Fund (managed fund) - ASX Code: BNDS** (ARSN 608 058 493)

**BetaShares Legg Mason Emerging Markets Fund (managed fund) - ASX Code: EMMG** (ARSN 629 322 247)

**BetaShares Legg Mason Equity Income Fund (managed fund) - ASX Code: EINC** (ARSN 621 856 406)

**BetaShares Legg Mason Real Income Fund (managed fund) - ASX Code: RINC** (ARSN 621 862 619)

**Condensed Interim Financial Report**

**for the half-year ended 31 December 2019**

**Booklet 7**  
**Condensed Interim Financial Report**  
**for the half-year ended 31 December 2019**

<b>Contents</b>	<b>Page</b>
Directors' report	2
Auditor's independence declaration	5
Condensed interim statements of comprehensive income	6
Condensed interim statements of financial position	7
Condensed interim statements of changes in equity	8
Condensed interim statements of cash flows	9
Notes to the condensed interim financial statements	10
Directors' declaration	20
Independent auditor's report to the unitholders	21

## Directors' report

The directors of BetaShares Capital Ltd, the Responsible Entity of the following managed investment funds (the "Funds"), present their report together with the condensed interim financial report of the Funds for the half-year ended 31 December 2019 and the auditor's report thereon.

Fund name	Referred to in this document as	Financial reporting period	ARSN
BetaShares Legg Mason Australian Bond Fund (managed fund)	Australian Bond Fund	1 July 2019 to 31 December 2019	608 058 493
BetaShares Legg Mason Emerging Markets Fund (managed fund)	Emerging Markets Fund	1 July 2019 to 31 December 2019 (comparatives: 18 October 2018 to 31 December 2018)	629 322 247
BetaShares Legg Mason Equity Income Fund (managed fund)	Equity Income Fund	1 July 2019 to 31 December 2019	621 856 406
BetaShares Legg Mason Real Income Fund (managed fund)	Real Income Fund	1 July 2019 to 31 December 2019	621 862 619

## 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.

Legg Mason Asset Management Australia Ltd is the Investment Manager of the Funds.

## Principal activities

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

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

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

## Directors

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

David Nathanson (appointed 21 September 2009)  
 Alex Vynokur (appointed 21 September 2009)  
 Jungho Rhee (appointed 1 September 2018)  
 Thomas Park (appointed 12 August 2015, resigned 6 February 2020)  
 Young Hwan Kim (appointed 7 February 2020)



## Directors' report (continued)

### Review and results of operations

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

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

### Significant changes in state of affairs

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

### Matters subsequent to the end of the financial half-year

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

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

### Likely developments and expected results of operations

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

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

### Rounding of amounts to the nearest thousand dollars

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

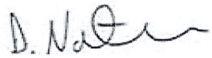
---

**Directors' report (continued)**

**Auditor's independence declaration**

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

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



David Nathanson  
Director

Sydney  
5 March 2020



Alex Vynokur  
Director



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

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

BetaShares Legg Mason Australian Bond Fund (managed fund)

BetaShares Legg Mason Emerging Markets Fund (managed fund)

BetaShares Legg Mason Equity Income Fund (managed fund)

BetaShares Legg Mason Real Income Fund (managed fund)

I declare that, to the best of my knowledge and belief, in relation to the review of the Schemes for the half-year ended 31 December 2019 there have been:

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

KPMG

Nicholas Buchanan

*Partner*

Sydney

5 March 2020

Booklet 7  
Condensed interim statements of comprehensive income  
For the half-year ended 31 December 2019

Condensed interim statements of comprehensive income

	Australian Bond Fund		Emerging Markets Fund <sup>1</sup>		Equity Income Fund		Real Income Fund	
	31 December 2019 \$'000	31 December 2018 \$'000	31 December 2019 \$ <sup>2</sup>	31 December 2018 \$ <sup>2</sup>	31 December 2019 \$'000	31 December 2018 \$'000	31 December 2019 \$'000	31 December 2018 \$'000
<b>Investment income</b>								
Interest income	1,714	134	-	-	-	-	-	-
Dividend/distribution income	-	-	67,383	-	562	414	1,339	436
Net gains/(losses) on financial instruments at fair value through profit or loss	(1,336)	406	855,947	-	194	(1,972)	(47)	(245)
Net foreign exchange gains/(losses)	-	-	15,558	-	-	-	-	-
Other operating income	26	17	-	-	-	-	-	-
<b>Total net investment income/(loss)</b>	<b>404</b>	<b>557</b>	<b>938,888</b>	<b>-</b>	<b>756</b>	<b>(1,558)</b>	<b>1,292</b>	<b>191</b>
<b>Expenses</b>								
Management fees	225	16	40,874	-	102	70	196	61
Transaction costs	1	-	3,142	-	6	4	30	3
Other operating expenses	1	-	13,041	-	12	18	29	13
<b>Total operating expenses</b>	<b>227</b>	<b>16</b>	<b>57,057</b>	<b>-</b>	<b>120</b>	<b>92</b>	<b>255</b>	<b>77</b>
<b>Profit/(loss) for the half-year</b>	<b>177</b>	<b>541</b>	<b>881,831</b>	<b>-</b>	<b>636</b>	<b>(1,650)</b>	<b>1,037</b>	<b>114</b>
Other comprehensive income	-	-	-	-	-	-	-	-
<b>Total comprehensive income for the half-year</b>	<b>177</b>	<b>541</b>	<b>881,831</b>	<b>-</b>	<b>636</b>	<b>(1,650)</b>	<b>1,037</b>	<b>114</b>

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

<sup>1</sup> The comparison half-year period for BetaShares Emerging Markets Fund was 18 October 2018 to 31 December 2018.

<sup>2</sup> Rounded to the nearest whole dollar as the Fund does not meet the criteria set out in ASIC Instrument 2016/191 to round to the nearest thousand dollars.

Condensed interim statements of financial position

	Notes	Australian Bond Fund		Emerging Markets Fund <sup>1</sup>		Equity Income Fund		Real Income Fund	
		31 December 2019 \$'000	30 June 2019 \$'000	31 December 2019 \$ <sup>2</sup>	30 June 2019 \$ <sup>2</sup>	31 December 2019 \$'000	30 June 2019 \$'000	31 December 2019 \$'000	30 June 2019 \$'000
<b>Assets</b>									
Cash and cash equivalents		2,350	1,211	278,030	213,973	510	354	718	820
Financial assets at fair value through profit or loss	5	122,814	74,873	9,533,076	6,197,810	25,750	20,556	55,229	31,942
Due from brokers - receivable for securities sold		-	-	-	5,853	-	10	-	62
Other receivables		971	640	51,956	91,095	299	123	926	557
<b>Total assets</b>		<b>126,135</b>	<b>76,724</b>	<b>9,863,062</b>	<b>6,508,731</b>	<b>26,559</b>	<b>21,043</b>	<b>56,873</b>	<b>33,381</b>
<b>Liabilities</b>									
Financial liabilities at fair value through profit or loss	5	106	-	-	58	-	-	-	-
Distributions payable	4	143	230	-	11,998	219	323	618	861
Due to brokers - payable for securities purchased		394	259	-	25,859	-	7	-	160
Other payables		53	29	8,938	4,894	21	15	45	24
<b>Total liabilities (excluding net assets attributable to unitholders)</b>		<b>696</b>	<b>518</b>	<b>8,938</b>	<b>42,809</b>	<b>240</b>	<b>345</b>	<b>663</b>	<b>1,045</b>
<b>Net assets attributable to unitholders - equity</b>	3	<b>125,439</b>	<b>76,206</b>	<b>9,854,124</b>	<b>6,465,922</b>	<b>26,319</b>	<b>20,698</b>	<b>56,210</b>	<b>32,336</b>

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

<sup>1</sup> The comparison full-year period for BetaShares Emerging Markets Fund was 18 October 2018 to 30 June 2019.

<sup>2</sup> Rounded to the nearest whole dollar as the Fund does not meet the criteria set out in ASIC Instrument 2016/191 to round to the nearest thousand dollars.



Condensed interim statements of changes in equity

	Notes	Australian Bond Fund		Emerging Markets Fund <sup>1</sup>		Equity Income Fund		Real Income Fund	
		31 December 2019	31 December 2018	31 December 2019	31 December 2018	31 December 2019	31 December 2018	31 December 2019	31 December 2018
		\$'000	\$'000	\$ <sup>2</sup>	\$ <sup>2</sup>	\$'000	\$'000	\$'000	\$'000
<b>Total equity at the beginning of the half-year</b>	3	76,206	-	6,465,922	-	20,698	-	32,336	-
Reclassification as equity due to AMIT tax regime implementation*	3	-	-	-	-	-	12,719	-	10,221
<b>Comprehensive income for the half-year</b>									
Profit/(loss) for the half-year		177	541	881,831	-	636	(1,650)	1,037	114
Other comprehensive income		-	-	-	-	-	-	-	-
<b>Total comprehensive income for the half-year</b>		177	541	881,831	-	636	(1,650)	1,037	114
<b>Transactions with unitholders</b>									
Applications	3	50,004	28,788	3,703,256	-	7,084	8,095	24,024	8,176
Redemptions	3	-	-	(1,197,089)	-	(1,624)	(1,887)	(427)	(163)
Units issued upon reinvestment of distributions	3	25	-	204	-	5	2	36	5
Distributions to unitholders	3,4	(973)	(115)	-	-	(480)	(365)	(796)	(332)
<b>Total transactions with unitholders</b>		49,056	28,673	2,506,371	-	4,985	5,845	22,837	7,686
<b>Total equity at the end of the half-year</b>	3	125,439	29,214	9,854,124	-	26,319	16,914	56,210	18,021

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

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

<sup>1</sup> The comparison half-year period for BetaShares Emerging Markets Fund was 18 October 2018 to 31 December 2018.

<sup>2</sup> Rounded to the nearest whole dollar as the Fund does not meet the criteria set out in ASIC Instrument 2016/191 to round to the nearest thousand dollars.

Condensed interim statements of cash flows

	Australian Bond Fund		Emerging Markets Fund <sup>1</sup>		Equity Income Fund		Real Income Fund	
	31 December 2019 \$'000	31 December 2018 \$'000	31 December 2019 \$ <sup>2</sup>	31 December 2018 \$ <sup>2</sup>	31 December 2019 \$'000	31 December 2018 \$'000	31 December 2019 \$'000	31 December 2018 \$'000
<b>Cash flows from operating activities</b>								
Proceeds from sale of financial instruments at fair value through profit or loss	3,905	22	2,360,440	-	2,059	4,364	7,307	843
Payments for purchase of financial instruments at fair value through profit or loss	(52,941)	(27,470)	(4,844,359)	-	(7,056)	(11,458)	(30,739)	(8,883)
Interest income received	1,388	-	-	-	-	-	-	-
Dividends/distributions received	-	-	78,711	-	599	439	946	320
Other operating income received	26	17	-	-	-	-	-	-
Management fees paid	(206)	(7)	(41,019)	-	(97)	(74)	(178)	(62)
Transaction costs paid	(1)	-	(3,142)	-	(6)	(4)	(30)	(3)
Other operating expenses paid	(1)	(118)	(11,342)	-	(13)	(19)	(30)	(13)
<b>Net cash inflow/(outflow) from operating activities</b>	<b>(47,830)</b>	<b>(27,556)</b>	<b>(2,460,711)</b>	<b>-</b>	<b>(4,514)</b>	<b>(6,752)</b>	<b>(22,724)</b>	<b>(7,798)</b>
<b>Cash flows from financing activities</b>								
Proceeds from applications by unitholders	50,004	28,788	3,733,557	-	6,873	8,733	24,053	8,246
Payments for redemptions by unitholders	-	-	(1,197,089)	-	(1,624)	(1,855)	(428)	(163)
Distributions paid	(1,035)	(36)	(11,794)	-	(579)	(316)	(1,003)	(266)
<b>Net cash inflow/(outflow) from financing activities</b>	<b>48,969</b>	<b>28,752</b>	<b>2,524,674</b>	<b>-</b>	<b>4,670</b>	<b>6,562</b>	<b>22,622</b>	<b>7,817</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>1,139</b>	<b>1,196</b>	<b>63,963</b>	<b>-</b>	<b>156</b>	<b>(190)</b>	<b>(102)</b>	<b>19</b>
Cash and cash equivalents at the beginning of the half-year	1,211	-	213,973	-	354	453	820	366
Effects of foreign currency exchange rate changes on cash and cash equivalents	-	-	94	-	-	-	-	-
<b>Cash and cash equivalents at the end of the half-year</b>	<b>2,350</b>	<b>1,196</b>	<b>278,030</b>	<b>-</b>	<b>510</b>	<b>263</b>	<b>718</b>	<b>385</b>
<b>Non-cash financing activities</b>								
Units issued upon reinvestment of distributions	25	-	204	-	5	2	36	5

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

<sup>1</sup> The comparison half-year period for BetaShares Emerging Markets Fund was 18 October 2018 to 31 December 2018.

<sup>2</sup> 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.

**Contents of the notes to the condensed interim financial statements**

	Page
1 General information	11
2 Summary of significant accounting policies	11
3 Net assets attributable to unitholders	13
4 Distributions to unitholders	14
5 Financial assets and liabilities at fair value through profit or loss	15
6 Fair value measurements	16
7 Related party transactions	19
8 Events occurring after the reporting period	19
9 Contingent assets and liabilities and commitments	19



## 1 General information

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

Abbreviated Fund name	Registered date	Commenced date	Financial reporting period
Australian Bond Fund	11 September 2015	7 November 2018	1 July 2019 to 31 December 2019
Emerging Markets Fund	18 October 2018	29 May 2019	1 July 2019 to 31 December 2019 (comparatives: 18 October 2018 to 31 December 2018)
Equity Income Fund	6 October 2017	13 February 2018	1 July 2019 to 31 December 2019
Real Income Fund	6 October 2017	13 February 2018	1 July 2019 to 31 December 2019

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

The condensed interim financial statements were authorised for issue by the directors of the Responsible Entity on 5 March 2020. The directors of the Responsible Entity have the power to amend and reissue the condensed interim financial statements.

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

## 2 Summary of significant accounting policies

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

### (a) Basis of preparation

These general purpose condensed interim financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ("AASB") and the *Corporations Act 2001* in Australia.

These condensed interim financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2019 and any continuous disclosure requirements of the *Corporations Act 2001*.

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

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

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

## 2 Summary of significant accounting policies (continued)

### (a) Basis of preparation (continued)

#### *Use of estimates and judgement*

Management make estimates and assumptions that affect the reported amounts in the condensed interim financial statements. These estimates and assumptions are continually evaluated and based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.

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

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

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

### (b) Australian Accounting Standards and Interpretations

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

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

### (c) Rounding of amounts

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

### 3 Net assets attributable to unitholders

Under AASB 132 *Financial Instrument: Presentation*, puttable financial instruments meet the definition of a financial liability to be classified as equity where certain strict criteria are met. The Funds shall classify a financial instrument as an equity instrument from the date when the instrument has all the features and meets the conditions.

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

	Australian Bond Fund				Emerging Markets Fund			
	31 December 2019 Units '000	31 December 2018 Units '000	31 December 2019 \$'000	31 December 2018 \$'000	31 December 2019 Units <sup>2</sup>	31 December 2018 Units <sup>2</sup>	31 December 2019 \$ <sup>2</sup>	31 December 2018 \$ <sup>2</sup>
<b>Net assets attributable to unitholders</b>								
Opening balance	2,850	-	76,206	-	1,203,170	-	6,465,922	-
Applications	1,850	1,150	50,004	28,788	656,848	-	3,703,256	-
Redemptions	-	-	-	-	(216,857)	-	(1,197,089)	-
Units issued upon reinvestment of distributions	1	-	25	-	38	-	204	-
Distributions to unitholders	-	-	(973)	(115)	-	-	-	-
Profit/(loss) for the half-year	-	-	177	541	-	-	881,831	-
<b>Closing balance</b>	<b>4,701</b>	<b>1,150</b>	<b>125,439</b>	<b>29,214</b>	<b>1,643,199</b>	<b>-</b>	<b>9,854,124</b>	<b>-</b>

	Equity Income Fund				Real Income Fund			
	31 December 2019 Units '000	31 December 2018 Units '000	31 December 2019 \$'000	31 December 2018 \$'000	31 December 2019 Units '000	31 December 2018 Units '000	31 December 2019 \$'000	31 December 2018 \$'000
<b>Net assets attributable to unitholders</b>								
Opening balance	2,472	1,557	20,698	12,719	3,397	1,205	32,336	10,221
Applications	819	1,001	7,084	8,095	2,415	965	24,024	8,176
Redemptions	(190)	(243)	(1,624)	(1,887)	(43)	(19)	(427)	(163)
Units issued upon reinvestment of distributions	1	-	5	2	4	-	36	5
Distributions to unitholders	-	-	(480)	(365)	-	-	(796)	(332)
Profit/(loss) for the half-year	-	-	636	(1,650)	-	-	1,037	114
<b>Closing balance</b>	<b>3,102</b>	<b>2,315</b>	<b>26,319</b>	<b>16,914</b>	<b>5,773</b>	<b>2,151</b>	<b>56,210</b>	<b>18,021</b>

<sup>2</sup> Rounded to the nearest whole dollar/unit as the Fund does not meet the criteria set out in ASIC Instrument 2016/191 to round to the nearest thousand dollars/units.



### 3 Net assets attributable to unitholders (continued)

#### Capital risk management

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

The daily issues and withdrawals of units are reviewed relative to the liquidity of the Funds' underlying assets on a daily basis by the Responsible Entity. Under the terms of the Funds' governing rules, the Responsible Entity may suspend the issue or withdrawal of units in certain circumstances.

### 4 Distributions to unitholders

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

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

	Australian Bond Fund				Equity Income Fund			
	31 December 2019 \$'000	31 December 2019 CPU	31 December 2018 \$'000	31 December 2018 CPU	31 December 2019 \$'000	31 December 2019 CPU	31 December 2018 \$'000	31 December 2018 CPU
Distributions paid - July	133	3.91	-	-	-	-	-	-
Distributions paid - August	146	3.90	-	-	-	-	-	-
Distributions paid - September	235	5.79	-	-	261	9.84	197	8.96
Distributions paid - October	149	3.59	-	-	-	-	-	-
Distributions paid - November	167	4.01	36	3.62	-	-	-	-
Distributions payable - December	143	3.05	79	6.84	219	7.06	168	7.26
<b>Total distributions</b>	<b>973</b>		<b>115</b>		<b>480</b>		<b>365</b>	

	Real Income Fund			
	31 December 2019 \$'000	31 December 2019 CPU	31 December 2018 \$'000	31 December 2018 CPU
Distributions paid - September	178	3.98	54	3.08
Distributions payable - December	618	10.70	278	12.93
<b>Total distributions</b>	<b>796</b>		<b>332</b>	

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

	Australian Bond Fund		Emerging Markets Fund		Equity Income Fund		Real Income Fund	
	31 December 2019 \$'000	30 June 2019 \$'000	30 December 2019 \$ <sup>2</sup>	30 June 2019 \$ <sup>2</sup>	31 December 2019 \$'000	30 June 2019 \$'000	31 December 2019 \$'000	30 June 2019 \$'000
<b>Financial assets at fair value through profit or loss</b>								
Bond futures	-	25	-	-	-	-	-	-
Fixed interest securities	119,601	72,635	-	-	-	-	-	-
Floating rate notes	3,213	2,213	-	-	-	-	-	-
Listed securities	-	-	9,533,076	6,197,810	25,750	20,556	55,229	31,777
Unlisted securities	-	-	-	-	-	-	-	165
<b>Total financial assets at fair value through profit or loss</b>	<b>122,814</b>	<b>74,873</b>	<b>9,533,076</b>	<b>6,197,810</b>	<b>25,750</b>	<b>20,556</b>	<b>55,229</b>	<b>31,942</b>
<b>Financial liabilities at fair value through profit or loss</b>								
Foreign currency contracts	-	-	-	58	-	-	-	-
Bond Futures	106	-	-	-	-	-	-	-
<b>Total financial liabilities at fair value through profit or loss</b>	<b>106</b>	<b>-</b>	<b>-</b>	<b>58</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

<sup>2</sup> 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 Fair value measurements

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

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

### Fair value estimation

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

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

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

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

The Funds value their investments in accordance with the accounting policies set out in Note 2. For the majority of their investments, the Funds rely on information provided by independent pricing services for the valuation of their investments.

The quoted market price used for financial assets is the last traded price. Where the last traded price does not fall within the bid-ask spread, an assessment is performed by management to determine the appropriate valuation price to use that is most representative of fair value.

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

#### *(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.

## 6 Fair value measurements (continued)

### Fair value estimation (continued)

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

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

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

#### (iii) Recognised fair value measurements

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

	Australian Bond Fund							
	Level 1 31 December 2019 \$'000	Level 2 31 December 2019 \$'000	Level 3 31 December 2019 \$'000	Total 31 December 2019 \$'000	Level 1 30 June 2019 \$'000	Level 2 30 June 2019 \$'000	Level 3 30 June 2019 \$'000	Total 30 June 2019 \$'000
<b>Financial assets</b>								
Financial assets at fair value through profit or loss:								
Bond futures	-	-	-	-	25	-	-	25
Fixed interest securities	-	119,601	-	119,601	-	72,635	-	72,635
Floating rate notes	-	3,213	-	3,213	-	2,213	-	2,213
<b>Total</b>	-	122,814	-	122,814	25	74,848	-	74,873
<b>Financial liabilities</b>								
Financial liabilities at fair value through profit or loss:								
Bond Futures	106	-	-	106	-	-	-	-
<b>Total</b>	106	-	-	106	-	-	-	-



## 6 Fair value measurements (continued)

### Fair value estimation (continued)

		Emerging Markets Fund						
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
	31 December	31 December	31 December	31 December	30 June	30 June	30 June	30 June
	2019	2019	2019	2019	2019	2019	2019	2019
	\$ <sup>2</sup>	\$ <sup>2</sup>	\$ <sup>2</sup>	\$ <sup>2</sup>	\$ <sup>2</sup>	\$ <sup>2</sup>	\$ <sup>2</sup>	\$ <sup>2</sup>
<b>Financial assets</b>								
Financial assets at fair value through profit or loss:								
Listed securities	9,533,076	-	-	9,533,076	6,197,810	-	-	6,197,810
<b>Total</b>	<b>9,533,076</b>	<b>-</b>	<b>-</b>	<b>9,533,076</b>	<b>6,197,810</b>	<b>-</b>	<b>-</b>	<b>6,197,810</b>
<b>Financial liabilities</b>								
Financial liabilities at fair value through profit or loss:								
Foreign currency contracts	-	-	-	-	-	58	-	58
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>58</b>	<b>-</b>	<b>58</b>
		Equity Income Fund						
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
	31 December	31 December	31 December	31 December	30 June	30 June	30 June	30 June
	2019	2019	2019	2019	2019	2019	2019	2019
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Financial assets</b>								
Financial assets at fair value through profit or loss:								
Listed securities	25,750	-	-	25,750	20,556	-	-	20,556
<b>Total</b>	<b>25,750</b>	<b>-</b>	<b>-</b>	<b>25,750</b>	<b>20,556</b>	<b>-</b>	<b>-</b>	<b>20,556</b>
		Real Income Fund						
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
	31 December	31 December	31 December	31 December	30 June	30 June	30 June	30 June
	2019	2019	2019	2019	2019	2019	2019	2019
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Financial assets</b>								
Financial assets at fair value through profit or loss:								
Listed securities	55,229	-	-	55,229	31,777	-	-	31,777
Unlisted securities	-	-	-	-	165	-	-	165
<b>Total</b>	<b>55,229</b>	<b>-</b>	<b>-</b>	<b>55,229</b>	<b>31,942</b>	<b>-</b>	<b>-</b>	<b>31,942</b>

<sup>2</sup> 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 Fair value measurements (continued)

### Fair value estimation (continued)

#### *(iv) Transfers between levels*

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

#### *(v) Movement in level 3 instruments*

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

## 7 Related party transactions

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

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

## 8 Events occurring after the reporting period

No significant events have occurred since the end of the reporting period which would impact on the financial position of the Funds disclosed in the condensed interim statements of financial position as at 31 December 2019 or on the results and cash flows of the Funds for the period ended on that date.

## 9 Contingent assets and liabilities and commitments

There are no outstanding contingent assets, liabilities or commitments as at 31 December 2019 and 30 June 2019.

## Directors' declaration

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

BetaShares Legg Mason Australian Bond Fund (managed fund)  
BetaShares Legg Mason Emerging Markets Fund (managed fund)  
BetaShares Legg Mason Equity Income Fund (managed fund)  
BetaShares Legg Mason Real Income Fund (managed fund)

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

(a) the condensed interim financial statements and notes set out on pages 6 to 19 are in accordance with the *Corporations Act 2001*, including:

(i) complying with Australian Accounting Standards, and interpretations issued by the Australian Accounting Standards Board and the *Corporations Regulations 2001*; and

(ii) giving a true and fair view of the Funds' financial positions as at 31 December 2019 and of their performance for the half-year ended on that date; and

(b) there are reasonable grounds to believe that the Funds will be able to pay their debts as and when they become due and payable.

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



David Nathanson  
Director

Sydney  
5 March 2020



Alex Vynokur  
Director



## Independent Auditor's Review Report

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

BetaShares Legg Mason Australian Bond Fund (managed fund)

BetaShares Legg Mason Emerging Markets Fund (managed fund)

BetaShares Legg Mason Equity Income Fund (managed fund)

BetaShares Legg Mason Real Income Fund (managed fund)

### Conclusion

We have reviewed the accompanying **Condensed Interim Financial Reports** of the Schemes.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the Condensed Interim Financial Reports of the Schemes are not in accordance with the *Corporations Act 2001*, including:

- giving a true and fair view of the Schemes' financial position as at 31 December 2019 and of their performance for the half-year ended on that date; and
- complying with *Australian Accounting Standard AASB 134 Interim Financial Reporting* and the *Corporations Regulations 2001*.

The **Condensed Interim Financial Reports** comprise:

- Condensed interim statements of financial position as at 31 December 2019.
- Condensed interim statements of comprehensive income, Condensed interim statements of changes in equity and Condensed interim statements of cash flows for the half-year ended on that date
- Notes 1 to 9 comprising a summary of significant accounting policies and other explanatory information
- The Directors' Declaration.

### Responsibilities of the Directors for the Condensed Interim Financial Reports

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

- the preparation of the Condensed Interim Financial Reports that give a true and fair view in accordance with *Australian Accounting Standards* and the *Corporations Act 2001*
- such internal control as the Directors determine is necessary to enable the preparation of the Condensed Interim Financial Reports that are free from material misstatement, whether due to fraud or error.

### Auditor's responsibility for the review of the Condensed Interim Financial Reports

Our responsibility is to express a conclusion on the Condensed Interim Financial Reports based on our review. We conducted our review in accordance with *Auditing Standard on Review Engagements ASRE 2410 Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we





have become aware of any matter that makes us believe that the Condensed Interim Financial Reports are not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Schemes financial position as at 31 December 2019 and their performance for the half-year ended on that date; and complying with *Australian Accounting Standard AASB 134 Interim Financial Reporting* and the *Corporations Regulations 2001*. As auditor of the Schemes, *ASRE 2410* requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

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

KPMG

Nicholas Buchanan

Partner

Sydney

5 March 2020