

Booklet 2

BetaShares Agriculture ETF - Currency Hedged (Synthetic) - ASX Code: QAG (ARSN 150 080 176)

BetaShares Commodities Basket ETF - Currency Hedged (Synthetic) - ASX Code: QCB (ARSN 150 081 495)

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

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

Annual Financial Report

30 June 2019

Booklet 2
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Directors' report

The directors of BetaShares Capital Ltd, the Responsible Entity of the following managed investment funds (the "Funds") present their report together with the annual financial report of the Funds for the year ended 30 June 2019 and the auditor's report thereon.

Fund name	Referred to in this document as	Financial reporting year	ARSN
BetaShares Agriculture ETF - Currency Hedged (Synthetic)	Agriculture ETF	1 July 2018 to 30 June 2019	150 080 176
BetaShares Commodities Basket ETF - Currency Hedged (Synthetic)	Commodities Basket ETF	1 July 2018 to 30 June 2019	150 081 495
BetaShares Crude Oil Index ETF - Currency Hedged (Synthetic)	Crude Oil Index ETF	1 July 2018 to 30 June 2019	150 081 351
BetaShares Gold Bullion ETF - Currency Hedged	Gold Bullion ETF	1 July 2018 to 30 June 2019	150 081 851

Responsible Entity

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

Principal activities

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

The Funds did not have any employees during the year.

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

Directors

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

David Nathanson (appointed 21 September 2009)

Alex Vynokur (appointed 21 September 2009)

Taeyong Lee (appointed 12 August 2015, resigned 31 August 2018)

Thomas Park (appointed 12 August 2015)

Jungho Rhee (appointed 1 September 2018)

Review and results of operations

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

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.

Directors' report (continued)

Significant changes in state of affairs

On 5 May 2016, a new tax regime applying to Managed Investment Trusts was established under the *Tax Law Amendment (New Tax System for Managed Investment Trusts) Act 2016*. The Attribution Managed Investment Trust ("AMIT") regime allows Funds that meet certain requirements to make an irrevocable choice to be an AMIT. The Funds' Constitutions allow them to operate as AMITs, and the conditions to adopt the AMIT tax regime have been met effective 1 July 2018. Consequently, the units in the Funds that had a prior financial reporting year have been reclassified from a financial liability to equity on 1 July 2018 (see Note 3 for further information).

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

Matters subsequent to the end of the financial year

No matter or circumstance has arisen since 30 June 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.

Indemnification and insurance of officers and auditors

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

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

Fees paid to the Responsible Entity and its associates out of the Funds' property during the year are disclosed in Note 12 to the financial statements.

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

The number of interests in the Funds held by the Responsible Entity or its associates as at the end of the financial year are disclosed in Note 12 to the financial statements.

Directors' report (continued)

Interests in the Funds

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

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

Environmental regulation

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

Rounding of amounts to the nearest thousand dollars

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

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
20 September 2019



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

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

BetaShares Agriculture ETF – Currency Hedged (Synthetic)

BetaShares Crude Oil Index ETF – Currency Hedged (Synthetic)

BetaShares Commodities Basket ETF – Currency Hedged (Synthetic)

BetaShares Gold Bullion ETF – Currency Hedged

I declare that, to the best of my knowledge and belief, in relation to the audit of the Schemes for the financial year ended 30 June 2019 there have been:

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

KPMG

Nicholas Buchanan

Partner

Sydney

20 September 2019

Booklet 2
Statements of comprehensive income
For the year ended 30 June 2019

Statements of comprehensive income	Agriculture ETF		Commodities Basket ETF		Crude Oil Index ETF		Gold Bullion ETF	
	30 June 2019	30 June 2018	30 June 2019	30 June 2018	30 June 2019	30 June 2018	30 June 2019	30 June 2018
Notes	\$ ¹	\$ ¹	\$ ¹	\$ ¹	\$'000	\$'000	\$'000	\$'000
Investment income								
Interest income	48,564	43,470	143,977	132,601	314	430	1	1
Net gains/(losses) on financial instruments at fair value through profit or loss	(112,698)	(504,827)	(1,106,474)	625,365	(4,320)	15,899	(4,513)	(3,694)
Net gains/(losses) on gold contract at fair value through profit or loss	-	-	-	-	-	-	13,478	2,371
Net foreign exchange gains/(losses)	-	-	-	-	-	-	397	953
Other operating income	-	-	-	-	-	-	5	11
Total net investment income/(loss)	(64,134)	(461,357)	(962,497)	757,966	(4,006)	16,329	9,368	(358)
Expenses								
Management fees	20,571	16,874	61,693	61,825	190	243	344	271
Other operating expenses	507	1,290	329	1,573	2	9	73	62
Total operating expenses	21,078	18,164	62,022	63,398	192	252	417	333
Operating profit/(loss)	(85,212)	(479,521)	(1,024,519)	694,568	(4,198)	16,077	8,951	(691)
Finance costs attributable to unitholders								
Distributions to unitholders*	-	-	-	(881,013)	-	(423)	-	-
(Increase)/decrease in net assets attributable to unitholders - liability*	-	479,521	-	186,445	-	(15,654)	-	691
Profit/(loss) for the year	(85,212)	-	(1,024,519)	-	(4,198)	-	8,951	-
Other comprehensive income	-	-	-	-	-	-	-	-
Total comprehensive income for the year	(85,212)	-	(1,024,519)	-	(4,198)	-	8,951	-

* Net assets attributable to unitholders for Funds that had a prior financial year are reclassified from liabilities to equity from 1 July 2018. As a result, these Funds' distributions are no longer classified as finance costs in the statements of comprehensive income but rather as distributions to unitholders in the statements of changes in equity. Refer to Note 1 for further detail.

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.

Booklet 2
Statements of financial position
As at 30 June 2019

Statements of financial position		Agriculture ETF		Commodities Basket ETF		Crude Oil Index ETF		Gold Bullion ETF	
		30 June 2019	30 June 2018	30 June 2019	30 June 2018	30 June 2019	30 June 2018	30 June 2019	30 June 2018
Notes		\$ ¹	\$ ¹	\$ ¹	\$ ¹	\$'000	\$'000	\$'000	\$'000
Assets									
		3,189,843	3,106,249	8,246,887	11,284,318	22,038	20,781	92	142
	5	-	-	223,348	-	4,391	12,489	789	-
	5	-	-	-	-	-	-	85,781	58,501
		4,036	4,640	11,196	15,591	28	30	10	7
		3,193,879	3,110,889	8,481,431	11,299,909	26,457	33,300	86,672	58,650
Liabilities									
	5	65,085	134,275	-	95,918	-	-	-	1,507
	4	-	-	-	881,013	299	423	-	-
		3,117	5,631	13,404	22,329	14	37	41	55
		68,202	139,906	13,404	999,260	313	460	41	1,562
	3	-	2,970,983	-	10,300,649	-	32,840	-	57,088
		3,125,677	-	8,468,027	-	26,144	-	86,631	-

* Net assets attributable to unitholders are classified as equity at 30 June 2019 and as financial liability at 30 June 2018. Refer to Note 1 for further detail.

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.

Booklet 2
Statements of changes in equity
For the year ended 30 June 2019

Statements of changes in equity		Agriculture ETF		Commodities Basket ETF		Crude Oil Index ETF		Gold Bullion ETF	
		30 June 2019	30 June 2018	30 June 2019	30 June 2018	30 June 2019	30 June 2018	30 June 2019	30 June 2018
Notes		\$ ¹	\$ ¹	\$ ¹	\$ ¹	\$'000	\$'000	\$'000	\$'000
Total equity at the beginning of the year		-	-	-	-	-	-	-	-
Reclassification as equity due to AMIT tax regime implementation*	3	2,970,983	-	10,300,649	-	32,840	-	57,088	-
Comprehensive income for the year									
Profit/(loss) for the year		(85,212)	-	(1,024,519)	-	(4,198)	-	8,951	-
Other comprehensive income		-	-	-	-	-	-	-	-
Total comprehensive income for the year		(85,212)	-	(1,024,519)	-	(4,198)	-	8,951	-
Transactions with unitholders									
Applications	3	449,992	-	2,749,972	-	10,000	-	22,000	-
Redemptions	3	(210,086)	-	(3,558,075)	-	(12,199)	-	(1,408)	-
Units issued upon reinvestment of distributions	3	-	-	-	-	-	-	-	-
Distributions to unitholders	3,4	-	-	-	-	(299)	-	-	-
Total transactions with unitholders		239,906	-	(808,103)	-	(2,498)	-	20,592	-
Total equity at the end of the year*	3	3,125,677	-	8,468,027	-	26,144	-	86,631	-

* Effective from 1 July 2018, Funds that had a prior financial reporting year had their units reclassified from financial liability to equity. Refer Note 1 for further detail. As a result, equity transactions including distributions have been disclosed in the above statements for the year ended 30 June 2019. There were no equity transactions for the comparative year.

The above statements of changes in equity 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.

Booklet 2
Statements of cash flows
For the year ended 30 June 2019

Statements of cash flows	Agriculture ETF		Commodities Basket ETF		Crude Oil Index ETF		Gold Bullion ETF	
	30 June 2019	30 June 2018	30 June 2019	30 June 2018	30 June 2019	30 June 2018	30 June 2019	30 June 2018
Notes	\$ ¹	\$ ¹	\$ ¹	\$ ¹	\$'000	\$'000	\$'000	\$'000
Cash flows from operating activities								
Proceeds from sale of financial instruments at fair value through profit or loss	-	-	-	963,752	3,778	4,347	-	-
Payments for purchase of financial instruments at fair value through profit or loss	(181,888)	(296,579)	(1,425,740)	-	-	-	(6,809)	(1,208)
Proceeds from sale of gold contract at fair value through profit or loss	-	-	-	-	-	-	9,739	19,551
Payments for purchase of gold contract at fair value through profit or loss	-	-	-	-	-	-	(23,144)	(16,822)
Interest received	49,100	43,009	148,045	130,508	316	455	1	1
Other operating income received	-	-	-	-	-	-	5	11
Management fees paid	(23,023)	(16,973)	(70,295)	(56,632)	(213)	(229)	(363)	(247)
Other operating expenses paid	(501)	(1,119)	(325)	(1,440)	(2)	(8)	(71)	(62)
Net cash inflow/(outflow) from operating activities	(156,312)	(271,662)	(1,348,315)	1,036,188	3,879	4,565	(20,642)	1,224
Cash flows from financing activities								
Proceeds from applications by unitholders	449,992	894,981	2,749,972	4,199,945	10,000	-	22,000	10,500
Payments for redemptions by unitholders	(210,086)	(329,921)	(3,558,075)	(3,007,088)	(12,199)	(22,727)	(1,408)	(11,706)
Distributions paid	-	-	(881,013)	-	(423)	-	-	-
Net cash inflow/(outflow) from financing activities	239,906	565,060	(1,689,116)	1,192,857	(2,622)	(22,727)	20,592	(1,206)
Net increase/(decrease) in cash and cash equivalents	83,594	293,398	(3,037,431)	2,229,045	1,257	(18,162)	(50)	18
Cash and cash equivalents at the beginning of the financial year	3,106,249	2,812,851	11,284,318	9,055,273	20,781	38,943	142	123
Effect of foreign currency exchange rate changes on cash and cash equivalents	-	-	-	-	-	-	-	1
Cash and cash equivalents at the end of the financial year	3,189,843	3,106,249	8,246,887	11,284,318	22,038	20,781	92	142

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.

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1 General information

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

Abbreviated Fund name	Registered date	Commenced date	Financial reporting year
Agriculture ETF	8 April 2011	30 November 2011	1 July 2018 to 30 June 2019
Commodities Basket ETF	8 April 2011	13 December 2011	1 July 2018 to 30 June 2019
Crude Oil Index ETF	8 April 2011	11 November 2011	1 July 2018 to 30 June 2019
Gold Bullion ETF	8 April 2011	3 May 2011	1 July 2018 to 30 June 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.

On 5 May 2016, a new tax regime applying to Managed Investment Trusts was established under the *Tax Law Amendment (New Tax System for Managed Investment Trusts) Act 2016*. The Attribution Managed Investment Trust ("AMIT") regime allows funds that meet certain requirements to make an irrevocable choice to be an AMIT. The Funds' Constitutions allow them to operate as AMITs and the conditions to adopt the AMIT tax regime have been met effectively 1 July 2018. Consequently, the units in the Funds that had a prior financial reporting year have been reclassified from financial liability to equity from 1 July 2018.

The financial statements were authorised for issue by the directors of the Responsible Entity on 20 September 2019. The directors of the Responsible Entity have the power to amend and reissue the financial statements.

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

2 Summary of significant accounting policies

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

(a) Basis of preparation

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

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

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

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

2 Summary of significant accounting policies (continued)

(a) Basis of preparation (continued)

Compliance with International Financial Reporting Standards

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

Use of estimates and judgement

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

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

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

Gold contract

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

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

Investment entity exception

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

2 Summary of significant accounting policies (continued)

(a) Basis of preparation (continued)

Investment entity exception (continued)

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

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

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

Assessment of the Funds' investments as structured entities

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

Change in accounting estimate

During the year, the Funds changed their valuation inputs for the fair value of listed financial assets and liabilities recognised in the financial statements from bid prices to last traded prices to be consistent with the inputs used for the calculation of unit prices. Therefore there is no difference between the valuation of Funds' assets for unit pricing and financial reporting purposes from 1 July 2018 onwards. This change does not affect the valuation of investments for unit pricing purposes. The use of last traded price is considered by management to be an appropriate estimate of fair value.

(b) New accounting standards and interpretations

Except as disclosed below, the accounting policies adopted in these financial statements are consistent with those of the previous financial year. On 1 July 2018 the Funds adopted AASB 9 *Financial Instruments* and AASB 15 *Revenue from Contracts with Customers*. The impact of these standards and interpretations is set out below:

(i) AASB 9: *Financial Instruments* (effective 1 July 2018) (AASB 9)

AASB 9 addresses the classification, measurement and derecognition of financial assets and financial liabilities. It replaces the multiple classification and measurement models in AASB 139 with a new model that classifies financial instruments based on the business model within which the financial instruments are managed, and whether the contractual cashflows under the instrument solely represent the payment of principal and interest. It also introduces revised rules around hedge accounting and impairment.

2 Summary of significant accounting policies (continued)

(b) New accounting standards and interpretations (continued)

(i) AASB 9: *Financial Instruments* (effective 1 July 2018) (AASB 9) (continued)

Under AASB 9, financial instruments are classified as:

- Amortised cost if the objective of the business model is to hold the financial instruments to collect contractual cash flows only and the contractual cash flows under the instrument represent solely payments of principal and interest (SPPI);
- Fair value through other comprehensive income if the objective of the business model is to hold the financial instruments both to collect contractual cashflows from SPPI and for the purpose of sale; or
- All other financial instruments must be recognised at fair value through profit or loss. An entity may however, at initial recognition, irrevocably designate a financial instrument as measured at fair value through profit or loss if doing so eliminates or significantly reduces a measurement or recognition inconsistency.

Derivative and equity instruments are measured at fair value through profit or loss unless, for equity instruments not held for trading, an irrevocable option is taken to measure at fair value through other comprehensive income. A debt instrument is measured at amortised cost if the objective of the business model is to hold the financial asset for the collection of the contractual cash flows and the contractual cash flows under the instrument represent SPPI.

The adoption of AASB 9 did not result in a change to the classification or measurement of financial instruments in either the current or prior years. The Funds' investment portfolio continues to be measured at fair value through profit or loss. The derecognition rules have not been changed from previous requirements and the Funds do not apply hedge accounting. As the Funds' investments are all at fair value through profit or loss, the change in impairment rules will not impact the Funds. The Funds' cash and cash equivalents and receivables continue to be measured at amortised cost under AASB 9 and the impact of any expected credit losses (ECL) is not material.

(ii) AASB 15: *Revenue From Contracts With Customers* (effective 1 July 2018) (AASB 15)

AASB 15 establishes a single revenue recognition using a five-step model based on the transfer of goods and services and the consideration expected to be received in return for that transfer.

The Funds' main source of income is investment income, in the form of gains on financial instruments at fair value as well as interest and dividends income. All these income types are outside the scope of the standard. Accordingly, the adoption of new revenue recognition rules did not have a material impact on the Funds' accounting policies or the amounts recognised in the financial statements.

2 Summary of significant accounting policies (continued)

(c) Financial instruments and gold contract

(i) Classification

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

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

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

The Funds may hold financial assets and financial liabilities comprising debt securities which had previously been designated at fair value through profit or loss under AASB 139 prior to 1 July 2018. On adoption of AASB 9 from 1 July 2018, these securities continued to be measured at fair value but are now mandatorily classified at fair value through profit or loss.

(ii) Recognition/derecognition

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

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

(iii) Measurement

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

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

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

- Fair value in an active market

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

2 Summary of significant accounting policies (continued)

(c) Financial instruments and gold contract (continued)

(iii) Measurement (continued)

- Fair value in an inactive or unquoted market

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

(iv) Offsetting financial instruments

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

(v) Gold contract

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

(d) Net assets attributable to unitholders

Units are normally redeemable only by unitholders being Authorised Participants at the unitholders' option (other unitholders only have a right to redeem units in special circumstances). The units can be put back to the Funds at any time (subject to the *Corporations Act 2001* and the Funds' Constitutions) for cash based on the redemption price. The fair value of redeemable units is measured at the redemption amount that is payable (based on the redemption unit price) at the end of the reporting year if unitholders exercised their right to redeem units in the Funds. Prior to 1 July 2018 the Funds that had a prior reporting year have classified their net assets attributable to unitholders as liabilities in accordance with AASB 132. Effective 1 July 2018, the Funds have elected into the AMIT tax regime. The net assets attributable to unitholders of the Funds met the criteria set out under AASB 132 and are classified as equity from 1 July 2018 onwards.

(e) Cash and cash equivalents

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

(f) Investment income

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

2 Summary of significant accounting policies (continued)

(g) Expenses

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

(h) Income tax

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

The benefit of foreign tax paid is passed on to unitholders.

(i) Distributions

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

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

(j) Foreign currency translation

(i) Functional and presentation currency

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

(ii) Transactions and balances

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

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

(k) Due from/to brokers

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

2 Summary of significant accounting policies (continued)

(l) Receivables

Receivables may include amounts for dividends, interest and trust distributions. Interest is accrued at the end of each reporting period from the time of last payment in accordance with the policy set out in Note 2(f) above. Amounts are generally received within 30 days of being recorded as receivables. The carrying amount of receivables approximates fair value.

(m) Payables

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

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

(n) Applications and redemptions

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

(o) Goods and Services Tax (GST)

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

(p) Rounding of amounts

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

3 Net assets attributable to unitholders

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

Prior to 1 July 2018 the Funds that had a prior financial reporting year have classified their net assets attributable to unitholders as liabilities in accordance with AASB 132. Effective 1 July 2018, the Funds have elected into the AMIT tax regime. The net assets attributable to unitholders of the Funds meet the criteria set out under AASB 132 and are classified as equity from 1 July 2018 onwards.

As a result of the reclassification of net assets attributable to unitholders from liabilities to equity, the Funds' distributions are no longer classified as finance cost in the statements of comprehensive income, but rather as distributions to unitholders in the statements of changes in equity.

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

	Agriculture ETF				Commodities Basket ETF			
	30 June 2019 Units ¹	30 June 2018 Units ¹	30 June 2019 \$ ¹	30 June 2018 \$ ¹	30 June 2019 Units ¹	30 June 2018 Units ¹	30 June 2019 \$ ¹	30 June 2018 \$ ¹
Net assets attributable to unitholders								
Opening balance*	487,256	401,127	2,970,983	2,885,444	1,123,600	1,018,508	10,300,649	9,294,237
Applications	77,749	136,129	449,992	894,981	322,326	425,092	2,749,972	4,199,945
Redemptions	(35,000)	(50,000)	(210,086)	(329,921)	(414,000)	(320,000)	(3,558,075)	(3,007,088)
Change in net assets attributable to unitholders*	-	-	-	(479,521)	-	-	-	(186,445)
Profit/(loss) for the year	-	-	(85,212)	-	-	-	(1,024,519)	-
Closing balance	530,005	487,256	3,125,677	2,970,983	1,031,926	1,123,600	8,468,027	10,300,649
	Crude Oil Index ETF				Gold Bullion ETF			
	30 June 2019 Units '000	30 June 2018 Units '000	30 June 2019 \$'000	30 June 2018 \$'000	30 June 2019 Units '000	30 June 2018 Units '000	30 June 2019 \$'000	30 June 2018 \$'000
Net assets attributable to unitholders								
Opening balance*	1,608	3,042	32,840	39,913	4,438	4,539	57,088	58,985
Applications	708	-	10,000	-	1,711	779	22,000	10,500
Redemptions	(675)	(1,434)	(12,199)	(22,727)	(105)	(880)	(1,408)	(11,706)
Change in net assets attributable to unitholders*	-	-	-	15,654	-	-	-	(691)
Distributions to unitholders	-	-	(299)	-	-	-	-	-
Profit/(loss) for the year	-	-	(4,198)	-	-	-	8,951	-
Closing balance	1,641	1,608	26,144	32,840	6,044	4,438	86,631	57,088

* Net assets attributable to unitholders are classified as equity at 30 June 2019 and as a financial liability at 30 June 2018. Refer to Note 1 for further detail.

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

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

The distributions for the year were as follows:

	Agriculture ETF				Commodities Basket ETF			
	30 June 2019 \$ ¹	30 June 2019 CPU	30 June 2018 \$ ¹	30 June 2018 CPU	30 June 2019 \$ ¹	30 June 2019 CPU	30 June 2018 \$ ¹	30 June 2018 CPU
Distributions payable - June	-	-	-	-	-	-	881,013	78.41
Total distributions	-	-	-	-	-	-	881,013	

	Crude Oil Index ETF				Gold Bullion ETF			
	30 June 2019 \$'000	30 June 2019 CPU	30 June 2018 \$'000	30 June 2018 CPU	30 June 2019 \$'000	30 June 2019 CPU	30 June 2018 \$'000	30 June 2018 CPU
Distributions payable - June	299	18.21	423	26.28	-	-	-	-
Total distributions	299	18.21	423	26.28	-	-	-	-

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.

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

	Agriculture ETF		Commodities Basket ETF		Crude Oil Index ETF		Gold Bullion ETF	
	30 June 2019 \$ ¹	30 June 2018 \$ ¹	30 June 2019 \$ ¹	30 June 2018 \$ ¹	30 June 2019 \$'000	30 June 2018 \$'000	30 June 2019 \$'000	30 June 2018 \$'000
Financial assets at fair value through profit or loss								
Gold contract	-	-	-	-	-	-	85,781	58,501
Foreign currency contracts	-	-	-	-	-	-	789	-
Index swaps	-	-	223,348	-	4,391	12,489	-	-
Total financial assets at fair value through profit or loss	-	-	223,348	-	4,391	12,489	86,570	58,501
Financial liabilities								
Foreign currency contracts	-	-	-	-	-	-	-	1,507
Index swaps	65,085	134,275	-	95,918	-	-	-	-
Total financial liabilities at fair value through profit or loss	65,085	134,275	-	95,918	-	-	-	1,507

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

	Agriculture ETF		Commodities Basket ETF		Crude Oil Index ETF		Gold Bullion ETF	
	30 June 2019 \$ ¹	30 June 2018 \$ ¹	30 June 2019 \$ ¹	30 June 2018 \$ ¹	30 June 2019 \$'000	30 June 2018 \$'000	30 June 2019 \$'000	30 June 2018 \$'000
Reconciliation of operating profit/(loss) to net cash inflow/(outflow) from operating activities								
Operating profit/(loss)	(85,212)	(479,521)	(1,024,519)	694,568	(4,198)	16,077	8,951	(691)
Proceeds from sale of financial instruments at fair value through profit or loss	-	-	-	963,752	3,778	4,347	-	-
Payments for the purchase of financial instruments at fair value through profit or loss	(181,888)	(296,579)	(1,425,740)	-	-	-	(6,809)	(1,208)
Proceeds from sale of gold contract at fair value through profit or loss	-	-	-	-	-	-	9,739	19,551
Payments for the purchase of gold contract at fair value through profit or loss	-	-	-	-	-	-	(23,144)	(16,822)
Net (gains)/losses on financial instruments at fair value through profit or loss	112,698	504,827	1,106,474	(625,365)	4,320	(15,899)	4,513	3,694
Net foreign exchange (gains)/losses	-	-	-	-	-	-	(397)	(953)
Net (gains)/losses on gold contract at fair value through profit or loss	-	-	-	-	-	-	(13,478)	(2,371)
Net change in interest receivable	536	(461)	4,068	(2,093)	2	25	-	-
Net change in receivables and other assets	68	171	327	133	-	2	(3)	1
Net change in payables and other liabilities	(2,514)	(99)	(8,925)	5,193	(23)	13	(14)	23
Net cash inflow/(outflow) from operating activities	(156,312)	(271,662)	(1,348,315)	1,036,188	3,879	4,565	(20,642)	1,224

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.

7 Financial risk management

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

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

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

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

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

(a) Market risk

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

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

(i) Price risk

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

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

Sensitivity analysis

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

7 Financial risk management (continued)

(i) Price risk (continued)

Sensitivity analysis (continued)

	Agriculture ETF		Commodities Basket ETF		Crude Oil Index ETF		Gold Bullion ETF	
	30 June 2019 \$ ¹	30 June 2018 \$ ¹	30 June 2019 \$ ¹	30 June 2018 \$ ¹	30 June 2019 \$'000	30 June 2018 \$'000	30 June 2019 \$'000	30 June 2018 \$'000
+10% Price movement - impact on the Fund's operating profit/(loss) and net assets attributable to unitholders	312,568	297,098	846,803	1,030,065	2,614	3,284	8,663	5,709
-10% Price movement - impact on the Fund's operating profit/(loss) and net assets attributable to unitholders	(312,568)	(297,098)	(846,803)	(1,030,065)	(2,614)	(3,284)	(8,663)	(5,709)

(ii) Interest rate risk

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

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

Agriculture ETF

	Floating interest rate	Fixed interest rate	Non-interest bearing	Total	Floating interest rate	Fixed interest rate	Non-interest bearing	Total
	30 June 2019 \$ ¹	30 June 2019 \$ ¹	30 June 2019 \$ ¹	30 June 2019 \$ ¹	30 June 2018 \$ ¹	30 June 2018 \$ ¹	30 June 2018 \$ ¹	30 June 2018 \$ ¹
Assets								
Cash and cash equivalents	3,189,843	-	-	3,189,843	3,106,249	-	-	3,106,249
Other receivables	-	-	4,036	4,036	-	-	4,640	4,640
Liabilities								
Financial liabilities at fair value through profit or loss	-	-	(65,085)	(65,085)	-	-	(134,275)	(134,275)
Distributions payable	-	-	-	-	-	-	-	-
Other payables	-	-	(3,117)	(3,117)	-	-	(5,631)	(5,631)
Net exposure	3,189,843	-	(64,166)	3,125,677	3,106,249	-	(135,266)	2,970,983

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.

7 Financial risk management (continued)

(a) Market risk (continued)

(ii) Interest rate risk (continued)

Commodities Basket ETF	Floating	Fixed	Non-interest	Total	Floating	Fixed	Non-interest	Total
	interest rate	interest rate	bearing		interest rate	interest rate	bearing	
	30 June 2019 \$ ¹	30 June 2019 \$ ¹	30 June 2019 \$ ¹		30 June 2018 \$ ¹	30 June 2018 \$ ¹	30 June 2018 \$ ¹	
Assets								
Cash and cash equivalents	8,246,887	-	-	8,246,887	11,284,318	-	-	11,284,318
Financial assets at fair value through profit or loss	-	-	223,348	223,348	-	-	-	-
Other receivables	-	-	11,196	11,196	-	-	15,591	15,591
Liabilities								
Financial liabilities at fair value through profit or loss	-	-	-	-	-	-	(95,918)	(95,918)
Distributions payable	-	-	-	-	-	-	(881,013)	(881,013)
Other payables	-	-	(13,404)	(13,404)	-	-	(22,329)	(22,329)
Net exposure	8,246,887	-	221,140	8,468,027	11,284,318	-	(983,669)	10,300,649
Crude Oil Index ETF	Floating	Fixed	Non-interest	Total	Floating	Fixed	Non-interest	Total
	interest rate	interest rate	bearing		interest rate	interest rate	bearing	
	30 June 2019 \$'000	30 June 2019 \$'000	30 June 2019 \$'000		30 June 2018 \$'000	30 June 2018 \$'000	30 June 2018 \$'000	
Assets								
Cash and cash equivalents	22,038	-	-	22,038	20,781	-	-	20,781
Financial assets at fair value through profit or loss	-	-	4,391	4,391	-	-	12,489	12,489
Other receivables	-	-	28	28	-	-	30	30
Liabilities								
Distributions payable	-	-	(299)	(299)	-	-	(423)	(423)
Other payables	-	-	(14)	(14)	-	-	(37)	(37)
Net exposure	22,038	-	4,106	26,144	20,781	-	12,059	32,840

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.

7 Financial risk management (continued)

(a) Market risk (continued)

(ii) Interest rate risk (continued)

Gold Bullion ETF	Floating	Fixed	Non-interest	Total	Floating	Fixed	Non-interest	Total
	interest rate	interest rate	bearing		interest rate	interest rate	bearing	
	30 June 2019 \$'000	30 June 2019 \$'000	30 June 2019 \$'000		30 June 2018 \$'000	30 June 2018 \$'000	30 June 2018 \$'000	
Assets								
Cash and cash equivalents	92	-	-	92	142	-	-	142
Financial assets at fair value through profit or loss	-	-	86,570	86,570	-	-	58,501	58,501
Other receivables	-	-	10	10	-	-	7	7
Liabilities								
Financial liabilities at fair value through profit or loss	-	-	-	-	-	-	(1,507)	(1,507)
Other payables	-	-	(41)	(41)	-	-	(55)	(55)
Net exposure	92	-	86,539	86,631	142	-	56,946	57,088

Sensitivity analysis - interest rate risk

The table below summarises the sensitivities of the interest rate risk. The analysis is based on the assumption that interest rates increase or decrease by a "predetermined basis points" from the period end rates with all other variables held constant. The "predetermined basis points" are disclosed in the table below.

	Impact on net assets attributable to unitholders and operating profit/(loss)				
	Sensitivity	Strengthened	Weakened	Strengthened	Weakened
	rate	30 June 2019	30 June 2019	30 June 2018	30 June 2018
Agriculture ETF (\$ ¹)	100bps	31,898	(31,898)	31,062	(31,062)
Commodities Basket ETF (\$ ¹)	100bps	82,469	(82,469)	112,843	(112,843)
Crude Oil Index ETF (\$'000)	100bps	220	(220)	208	(208)
Gold Bullion ETF (\$'000)	100bps	1	(1)	1	(1)

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.

7 Financial risk management (continued)

(a) Market risk (continued)

(iii) Foreign exchange risk

Agriculture ETF

Commodities Basket ETF

Crude Oil Index ETF

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

Gold Bullion ETF

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

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

The net fair value of the foreign currency contracts at 30 June 2019 was \$0.79m (2018: \$1.50m).

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

	30 June 2019	30 June 2019	30 June 2018	30 June 2018
	Currency	\$'000	Currency	\$'000
Net foreign currency exposure	USD	<u>(820)</u>	USD	<u>(1,988)</u>
		<u>(820)</u>		<u>(1,988)</u>

Sensitivity analysis - Foreign exchange risk

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

7 Financial risk management (continued)

(b) Credit risk

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

The Agriculture ETF, Commodities Basket ETF and Crude Oil Index ETF invest in derivative financial instruments in the form of a swap agreement with Credit Suisse International. At 30 June 2019, Credit Suisse International had a credit rating of A+ (Standard and Poor's (S&P)) and A1 (Moody's) (30 June 2018: A (S&P) and A1 (Moody's)). As such, in terms of counterparty credit risk that may be borne by the Funds, unitholders may have some exposure to the creditworthiness of Credit Suisse International. The Responsible Entity manages the use of derivatives with the objective that the exposure of the Funds do not exceed 5% in aggregate of the net asset value of the Funds.

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

(i) Cash and cash equivalents

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

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

(ii) Settlement of gold transactions

The Gold Bullion ETF invests in gold bullion via a Gold Contract with the Gold Vendor on a deferred delivery basis under which the Gold Vendor retains legal ownership of the gold pending delivery. The Gold Vendor's obligations are secured by a registered charge held by the Fund over the gold. In addition, the Responsible Entity monitors the credit rating of the Gold Vendor on a regular basis. At 30 June 2019, the Fund's Gold Vendor, being National Bank of Canada, had a credit rating of A (S&P) and Aa3 (Moody's) (2018: A (S&P) and A1 (Moody's)).

(iii) Other

The custody of the Funds' assets is mainly concentrated with one counterparty, namely RBC Investor Services Trust. RBC Investor Services Trust is a subsidiary of a company listed on a major securities exchange, and at 30 June 2019 had a credit rating of AA-/A-1+ (Stable) by S&P. At 30 June 2019, substantially all cash and cash equivalents, balances due from brokers and investments are held in custody by RBC Investor Services Trust.

(c) Liquidity risk

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

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

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

7 Financial risk management (continued)

(c) Liquidity risk (continued)

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

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

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

	Agriculture ETF							
	On demand	Less than	Greater than	Total	On demand	Less than	Greater than	Total
	30 June	6 months	6 months		30 June	6 months	6 months	
	2019	30 June	30 June	2019	2018	2018	2018	2018
\$ ¹	\$ ¹	\$ ¹	\$ ¹	\$ ¹	\$ ¹	\$ ¹	\$ ¹	
Distributions payable	-	-	-	-	-	-	-	-
Other payables	-	3,117	-	3,117	-	5,631	-	5,631
Net assets attributable to unitholders - liability*	-	-	-	-	2,970,983	-	-	2,970,983
Contractual cash flows (excluding net settled derivatives)	-	3,117	-	3,117	2,970,983	5,631	-	2,976,614
Index swaps	-	-	65,085	65,085	-	-	134,275	134,275
Net settled derivatives	-	-	65,085	65,085	-	-	134,275	134,275

	Commodities Basket ETF							
	On demand	Less than	Greater than	Total	On demand	Less than	Greater than	Total
	30 June	6 months	6 months		30 June	6 months	6 months	
	2019	30 June	30 June	2019	2018	2018	2018	2018
\$ ¹	\$ ¹	\$ ¹	\$ ¹	\$ ¹	\$ ¹	\$ ¹	\$ ¹	
Distributions payable	-	-	-	-	-	881,013	-	881,013
Other payables	-	13,404	-	13,404	-	22,329	-	22,329
Net assets attributable to unitholders - liability*	-	-	-	-	10,300,649	-	-	10,300,649
Contractual cash flows (excluding net settled derivatives)	-	13,404	-	13,404	10,300,649	903,342	-	11,203,991
Index swaps	-	-	-	-	-	-	95,918	95,918
Net settled derivatives	-	-	-	-	-	-	95,918	95,918

* Net assets attributable to unitholders are classified as equity at 30 June 2019 and as financial liability at 30 June 2018. Refer to note 1 for further detail.

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.

7 Financial risk management (continued)

(c) Liquidity risk (continued)

	Crude Oil Index ETF							
	On demand	Less than	Greater than	Total	On demand	Less than	Greater than	Total
	30 June	6 months	6 months		30 June	6 months	6 months	
	2019	30 June	30 June	2019	2018	2018	2018	2018
\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	
Distributions payable	-	299	-	299	-	423	-	423
Other payables	-	14	-	14	-	37	-	37
Net assets attributable to unitholders - liability*	-	-	-	-	32,840	-	-	32,840
Contractual cash flows (excluding net settled derivatives)	-	313	-	313	32,840	460	-	33,300
	Gold Bullion ETF							
On demand	Less than	Greater than	Total	On demand	Less than	Greater than	Total	
30 June	6 months	6 months		30 June	6 months	6 months		
2019	30 June	30 June	2019	2018	2018	2018	2018	
\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	
Other payables	-	41	-	41	-	55	-	55
Net assets attributable to unitholders - liability*	-	-	-	-	57,088	-	-	57,088
Contractual cash flows (excluding net settled derivatives)	-	41	-	41	57,088	55	-	57,143
Foreign currency contracts	-	-	-	-	-	1,507	-	1,507
Net settled derivatives	-	-	-	-	-	1,507	-	1,507

* Net assets attributable to unitholders are classified as equity at 30 June 2019 and as financial liability at 30 June 2018. Refer to note 1 for further detail.

8 Offsetting financial assets and financial liabilities

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

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

	Effects of offsetting on the statements of financial position			Related amounts not offset in the statements of financial position		
	Gross amounts of financial assets/(liabilities)	Gross amounts set off in the statements of financial position	Net amount of financial assets/ (liabilities) (including non-cash presented in the statements of financial position)	Financial instruments (including non-cash collateral)	Stock and cash collateral pledged	Net amounts
	\$ ¹	\$ ¹	\$ ¹	\$ ¹	\$ ¹	\$ ¹
Agriculture ETF						
As at 30 June 2019						
Financial liabilities						
Index swaps	(65,085)	-	(65,085)	-	65,085	-
Total	(65,085)	-	(65,085)	-	65,085	-
As at 30 June 2018						
Financial liabilities						
Index swaps	(134,275)	-	(134,275)	-	134,275	-
Total	(134,275)	-	(134,275)	-	134,275	-

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 Offsetting financial assets and financial liabilities (continued)

	Effects of offsetting on the statements of financial position			Related amounts not offset in the statements of financial position		
	Gross amounts of financial assets/(liabilities)	Gross amounts set off in the statements of financial position	Net amount of financial assets/ (liabilities) (including non-cash collateral) presented in the statements of financial position	Financial instruments (including non-cash collateral)	Stock and cash collateral pledged	Net amounts
	\$ ¹	\$ ¹	\$ ¹	\$ ¹	\$ ¹	\$ ¹
Commodities Basket ETF						
As at 30 June 2019						
Financial assets						
Index swaps	223,348	-	223,348	-	-	223,348
Total	223,348	-	223,348	-	-	223,348
Financial liabilities						
Index swaps	-	-	-	-	-	-
Total	-	-	-	-	-	-
As at 30 June 2018						
Financial assets						
Index swaps	-	-	-	-	-	-
Total	-	-	-	-	-	-
Financial liabilities						
Index swaps	(95,918)	-	(95,918)	-	95,918	-
Total	(95,918)	-	(95,918)	-	95,918	-

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 Offsetting financial assets and financial liabilities (continued)

	Effects of offsetting on the statements of financial position			Related amounts not offset in the statements of financial position		
	Gross amounts of financial assets/(liabilities)	Gross amounts set off in the statements of financial position	Net amount of financial assets/(liabilities) presented in the statements of financial position	Financial instruments (including non-cash collateral)	Stock and cash collateral pledged	Net amounts
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Crude Oil Index ETF						
As at 30 June 2019						
Financial assets						
Index swaps	4,391	-	4,391	-	-	4,391
Total	4,391	-	4,391	-	-	4,391
As at 30 June 2018						
Financial assets						
Index swaps	12,489	-	12,489	-	-	12,489
Total	12,489	-	12,489	-	-	12,489

8 Offsetting financial assets and financial liabilities (continued)

	Effects of offsetting on the statements of financial position			Related amounts not offset in the statements of financial position		
	Gross amounts of financial assets/(liabilities)	Gross amounts set off in the statements of financial position	Net amount of financial assets/(liabilities) presented in the statements of financial position	Financial instruments (including non-cash collateral)	Stock and cash collateral pledged	Net amounts
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Gold Bullion ETF						
As at 30 June 2019						
Financial assets						
Foreign currency contracts	789	-	789	-	-	789
Total	789	-	789	-	-	789
Financial liabilities						
Foreign currency contracts	-	-	-	-	-	-
Total	-	-	-	-	-	-
As at 30 June 2018						
Financial assets						
Foreign currency contracts	-	-	-	-	-	-
Total	-	-	-	-	-	-
Financial liabilities						
Foreign currency contracts	(1,507)	-	(1,507)	-	-	(1,507)
Total	(1,507)	-	(1,507)	-	-	(1,507)

9 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).

9 Fair value measurements (continued)

Fair value estimation

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

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

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

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

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

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

In the prior year, the current bid or asking price was used for the quoted market price. There has been no material impact on the valuation of assets and liabilities from this change in valuation method.

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

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

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

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

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

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

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

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

9 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:

		Agriculture ETF							
		Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
		30 June	30 June	30 June	30 June	30 June	30 June	30 June	30 June
		2019	2019	2019	2019	2018	2018	2018	2018
		\$¹	\$¹	\$¹	\$¹	\$¹	\$¹	\$¹	\$¹
Financial liabilities									
Financial liabilities at fair value through profit or loss:									
	Index swaps	-	65,085	-	65,085	-	134,275	-	134,275
Total		-	65,085	-	65,085	-	134,275	-	134,275
		Commodities Basket ETF							
		Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
		30 June	30 June	30 June	30 June	30 June	30 June	30 June	30 June
		2019	2019	2019	2019	2018	2018	2018	2018
		\$¹	\$¹	\$¹	\$¹	\$¹	\$¹	\$¹	\$¹
Financial assets									
Financial assets at fair value through profit or loss:									
	Index swaps	-	223,348	-	223,348	-	-	-	-
Total		-	223,348	-	223,348	-	-	-	-
Financial liabilities									
Financial liabilities at fair value through profit or loss:									
	Index swaps	-	-	-	-	-	95,918	-	95,918
Total		-	-	-	-	-	95,918	-	95,918

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.

9 Fair value measurements (continued)

Fair value estimation (continued)

(iii) *Recognised fair value measurements (continued)*

		Crude Oil Index ETF							
		Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
		30 June	30 June	30 June	30 June	30 June	30 June	30 June	30 June
		2019	2019	2019	2019	2018	2018	2018	2018
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Financial assets									
Financial assets at fair value through profit or loss:									
	Index swaps	-	4,391	-	4,391	-	12,489	-	12,489
Total		-	4,391	-	4,391	-	12,489	-	12,489
		Gold Bullion ETF							
		Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
		30 June	30 June	30 June	30 June	30 June	30 June	30 June	30 June
		2019	2019	2019	2019	2018	2018	2018	2018
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Financial assets									
Financial assets at fair value through profit or loss:									
	Foreign currency contracts	-	789	-	789	-	-	-	-
Gold contract at fair value through profit or loss:									
	Gold bullion	85,781	-	-	85,781	58,501	-	-	58,501
Total		85,781	789	-	86,570	58,501	-	-	58,501
Financial liabilities									
Financial liabilities at fair value through profit or loss:									
	Foreign currency contracts	-	-	-	-	-	1,507	-	1,507
Total		-	-	-	-	-	1,507	-	1,507

(iv) *Transfers between levels*

There were no transfers between levels during the year ended 30 June 2019 and 30 June 2018.

(v) *Movement in level 3 instruments*

There were no investments classified as Level 3 within the Funds as at 30 June 2019 and 30 June 2018.

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

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

10 Derivative financial instruments

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

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

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

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

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

Certain Funds hold the following derivative instruments:

Index Swaps

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

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

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

Foreign currency contracts

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

10 Derivative financial instruments (continued)

The following Funds held derivative instruments:

	Agriculture ETF Fair values						Commodities Basket ETF Fair values					
	Contract/ notional 30 June 2019 \$ ¹	Assets 30 June 2019 \$ ¹	Liabilities 30 June 2019 \$ ¹	Contract/ notional 30 June 2018 \$ ¹	Assets 30 June 2018 \$ ¹	Liabilities 30 June 2018 \$ ¹	Contract/ notional 30 June 2019 \$ ¹	Assets 30 June 2019 \$ ¹	Liabilities 30 June 2019 \$ ¹	Contract/ notional 30 June 2018 \$ ¹	Assets 30 June 2018 \$ ¹	Liabilities 30 June 2018 \$ ¹
Index swaps	3,198,193	-	65,085	3,110,471	-	134,275	8,234,862	223,348	-	11,271	-	96
	3,198,193	-	65,085	3,110,471	-	134,275	8,234,862	223,348	-	11,271	-	96
	Crude Oil Index ETF Fair values						Gold Bullion ETF Fair values					
	Contract/ notional 30 June 2019 \$'000	Assets 30 June 2019 \$'000	Liabilities 30 June 2019 \$'000	Contract/ notional 30 June 2018 \$'000	Assets 30 June 2018 \$'000	Liabilities 30 June 2018 \$'000	Contract/ notional 30 June 2019 \$'000	Assets 30 June 2019 \$'000	Liabilities 30 June 2019 \$'000	Contract/ notional 30 June 2018 \$'000	Assets 30 June 2018 \$'000	Liabilities 30 June 2018 \$'000
Index swaps	21,471	4,391	-	20,378	12,489	-	-	-	-	-	-	-
Foreign currency contracts	-	-	-	-	-	-	87,448	789	-	59,060	-	1,507
	21,471	4,391	-	20,378	12,489	-	87,448	789	-	59,060	-	1,507

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 Auditor's remuneration

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

	Agriculture ETF		Commodities Basket ETF		Crude Oil Index ETF		Gold Bullion ETF	
	30 June 2019 \$	30 June 2018 \$	30 June 2019 \$	30 June 2018 \$	30 June 2019 \$	30 June 2018 \$	30 June 2019 \$	30 June 2018 \$
KPMG								
<i>Audit and other assurance service</i>								
Audit and review of financial reports	7,529	7,345	7,529	7,345	7,529	7,345	7,529	7,345
Audit of compliance plan	1,230	1,200	1,230	1,200	1,230	1,200	1,230	1,200
Total remuneration of audit and other assurance services	8,759	8,545	8,759	8,545	8,759	8,545	8,759	8,545

12 Related party transactions

Responsible Entity

The Responsible Entity of the Funds is BetaShares Capital Ltd.

Key management personnel

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

(a) Directors

Executive Directors:

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

Non-Executive Directors:

Taeyong Lee (appointed 12 August 2015, resigned 31 August 2018)
 Thomas Park (appointed 12 August 2015)
 Jungho Rhee (appointed 1 September 2018)

(b) Other key management personnel

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

Responsible Entity's management fees and other transactions

The Responsible Entity's fees are calculated in accordance with the Funds' constitutions. The Responsible Entity's fees comprise a management fee and (if applicable) expense recoveries (after taking account of GST and reduced input tax credits), which are calculated as a percentage of the net asset value of the Funds and are disclosed in the statements of comprehensive income. The following table discloses the Responsible Entity's fees for 30 June 2019 and 30 June 2018:

Funds	Management Fee	
	30 June 2019	30 June 2018
	%	%
Agriculture ETF	0.69	0.69
Commodities Basket ETF	0.69	0.69
Crude Oil Index ETF	0.69	0.69
Gold Bullion ETF	0.49	0.49

12 Related party transactions (continued)

Responsible Entity's management fees and other transactions (continued)

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

	Agriculture ETF		Commodities Basket ETF		Crude Oil Index ETF		Gold Bullion ETF	
	30 June 2019	30 June 2018	30 June 2019	30 June 2018	30 June 2019	30 June 2018	30 June 2019	30 June 2018
	\$	\$	\$	\$	\$	\$	\$	\$
Management fees expensed to the Responsible Entity	20,571	16,874	61,693	61,825	189,990	242,659	344,023	271,103
Management fees payable to the Responsible Entity at reporting date	3,117	5,631	13,405	22,329	14,063	37,203	33,741	49,729

Related party unitholdings

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

13 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 statements of financial position as at 30 June 2019 or on the results and cash flows of the Funds for the period ended on that date.

14 Contingent assets and liabilities and commitments

There are no outstanding contingent assets, liabilities or commitments as at 30 June 2019 and 30 June 2018.

Directors' declaration

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

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

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

- (a) the financial statements and notes set out on pages 6 to 40 are in accordance with the *Corporations Act 2001*, including:
- (i) complying with Australian Accounting Standards, and interpretations issued by the Australian Accounting Standards Board and the *Corporations Regulations 2001*; and
 - (ii) giving a true and fair view of the Funds' financial positions as at 30 June 2019 and of their performance for the financial year ended on that date; and
- (b) there are reasonable grounds to believe that the Funds will be able to pay their debts as and when they become due and payable; and
- (c) note 2(a) confirms that the financial statements comply with International Financial Reporting Standards and Interpretations issued by the International Accounting Standards Board.

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



David Nathanson
Director

Sydney
20 September 2019



Alex Vynokur
Director



Independent Auditor's Report

To the respective unitholders of the following Schemes:

BetaShares Agriculture ETF – Currency Hedged (Synthetic)

BetaShares Commodities Basket ETF – Currency Hedged (Synthetic)

BetaShares Crude Oil Index ETF – Currency Hedged (Synthetic)

BetaShares Gold Bullion ETF – Currency Hedged

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

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 that Scheme's financial position as at 30 June 2019 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 2019;
- 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; and
- 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 BetaShares Agriculture ETF, BetaShares Commodities Basket ETF and BetaShares Crude Oil Index ETF are:

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

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

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



Valuation and existence of financial instruments (BetaShares Agriculture ETF – Currency Hedged (Synthetic) -\$65,085, BetaShares Commodities Basket ETF – Currency Hedged (Synthetic) \$223,348, BetaShares Crude Oil Index ETF – Currency Hedged (Synthetic) \$4,391,000).

Refer to Note 5 to the Financial Report.

The Key Audit Matter

Valuation and existence of financial instruments is a Key Audit Matter due to the significance of the balance to the financial statements and as the key driver of operations and performance results.

How the matter was addressed in our audits

Our procedures included:

- Read the Responsible Entity’s fund administrator’s and custodian’s ASAE 3402 Assurance Reports on Controls at a Service Organisation (ASAE 3402) reports to assess the control environment at the fund administrator and custodian and the impact on our procedures.
- Assessed the scope, competency 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.

Checked the Responsible Entity’s external custody reports to assess the ownership of the financial instruments.

Valuation and existence of Gold Bullion held at fair value through profit or loss (BetaShares Gold Bullion ETF \$85,781,000).

Refer to Note 5 of the Financial Report.

The Key Audit Matter

Valuation and existence of Gold Bullion is a Key Audit Matter due to the significance of the balance to the financial statements and as a key driver of operations and performance results.

How the matter was addressed in our audit

Our procedures included:

- Checked the valuation of the investment in Gold Bullion to externally quoted gold prices.
- Checked the ownership of the investments in Gold Bullion to the Responsible Entity’s external custody reports and external inspection expert reports, to test the existence of the asset.
- Assessed the scope, competence and objectivity of the Responsible Entity’s external inspection expert used to inspect the Gold Bullion.



Other Information

Other Information is financial and non-financial information in the respective Scheme's 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 opinions 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; and
- assessing each Scheme's ability to continue as a going concern and whether the use of the going concern basis of accounting is appropriate. This includes disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate the 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_responsibilities/ar2.pdf. This description forms part of our Auditor's Report.

KPMG

Nicholas Buchanan

Partner

Sydney

20 September 2019

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