

## **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 2020**

**Booklet 2**  
**Annual Financial Report**  
**30 June 2020**

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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 2020 and the auditor's report thereon.

<b>Fund name</b>	<b>Referred to in this document as</b>	<b>Financial reporting year</b>	<b>ARSN</b>
BetaShares Agriculture ETF - Currency Hedged (Synthetic)	Agriculture ETF	1 July 2019 to 30 June 2020	150 080 176
BetaShares Commodities Basket ETF - Currency Hedged (Synthetic)	Commodities Basket ETF	1 July 2019 to 30 June 2020	150 081 495
BetaShares Crude Oil Index ETF - Currency Hedged (Synthetic)	Crude Oil Index ETF	1 July 2019 to 30 June 2020	150 081 351
BetaShares Gold Bullion ETF - Currency Hedged	Gold Bullion ETF	1 July 2019 to 30 June 2020	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)  
Jungho Rhee (appointed 1 September 2018)  
Thomas Park (appointed 12 August 2015, resigned 6 February 2020)  
Young Hwan Kim (appointed 7 February 2020)

## 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)**

### **Review and results of operations (continued)**

Since the World Health Organisation declared COVID-19 a global pandemic in March 2020, there has been significant disruption to the economy and society. The Directors and management of the Responsible Entity have instigated a response plan to maintain business continuity and continue to deliver services to Fund investors. The Responsible Entity has been taking steps to ensure that the principle activities of the Fund align to PDSs and it continues to monitor and review valuations and the liquidity position of the Fund on a regular basis. Management have taken into account the impacts of the pandemic when preparing these financial statements.

### **Significant changes in state of affairs**

The Crude Oil Index ETF aims to track the performance of the S&P GSCI Crude Oil Index Excess Return (Index) hedged into Australian dollars, before fees and expenses. The Index provides exposure to the performance of WTI crude oil futures contracts. In light of the unprecedented volatility in the global oil market experienced in April 2020, which saw both WTI crude oil and the front-month WTI crude oil futures contract trade at negative prices, on 23 April 2020 the Responsible Entity announced a temporary change to the Fund's investment exposure from the one-month WTI crude oil futures contract to the less volatile three-month forward futures contract until further notice. This change was made in the best interests of unitholders in order to reduce the significant risk to the Fund of the one-month futures contract trading at a zero or negative price, which would reduce the Fund's value to zero, and of unitholders incurring permanent losses of capital. As announced on 3 August 2020, the Fund's investment exposure reverted to the front-month WTI crude oil futures contract referenced by the Index, from the three-month forward contract, effective as at the close of trading on the NYMEX futures exchange on 4 August 2020.

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

### **Matters subsequent to the end of the financial year**

Since balance date, there continues to be uncertainty and volatility in the market due to the ongoing COVID-19 global pandemic. Management are closely monitoring and consider that there has been no material change in the assets & liabilities presented. In connection with the Crude Oil Index ETF, with the introduction of a risk management measure within the Index methodology used by the Fund to address the risk of negatively priced WTI crude oil futures contracts, and an additional risk management measure introduced under the Fund's swap agreement, the Fund's investment exposure reverted to the front-month WTI crude oil futures contract referenced by the Index, effective as at the close of trading on the NYMEX futures exchange on 4 August 2020.

No other matter or circumstance has arisen since 30 June 2020 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.

## **Directors' report (continued)**

### **Likely developments and expected results of operations (continued)**

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.

### **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.

**Directors' report (continued)**

**Auditor's independence declaration**

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

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



David Nathanson  
Director

Sydney  
22 September 2020



Alex Vynokur  
Director



# 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 2020 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

22 September 2020

**Booklet 2**  
**Statements of comprehensive income**  
**For the year ended 30 June 2020**

Statements of comprehensive income	Agriculture ETF		Commodities Basket ETF		Crude Oil Index ETF		Gold Bullion ETF	
	30 June 2020	30 June 2019	30 June 2020	30 June 2019	30 June 2020	30 June 2019	30 June 2020	30 June 2019
Notes	\$'	\$'	\$'	\$'	\$'000	\$'000	\$'000	\$'000
<b>Investment income</b>								
Interest income	22,451	48,564	54,704	143,977	271	314	-	1
Net gains/(losses) on financial instruments at fair value through profit or loss	(611,879)	(112,698)	(1,931,155)	(1,106,474)	(11,876)	(4,320)	(8,351)	(4,513)
Net gains/(losses) on gold contract at fair value through profit or loss	-	-	-	-	-	-	36,821	13,478
Net foreign exchange gains/(losses)	-	-	-	-	(15)	-	4,885	397
Other operating income	-	-	-	-	-	-	40	5
<b>Total net investment income/(loss)</b>	<b>(589,428)</b>	<b>(64,134)</b>	<b>(1,876,451)</b>	<b>(962,497)</b>	<b>(11,620)</b>	<b>(4,006)</b>	<b>33,395</b>	<b>9,368</b>
<b>Expenses</b>								
Management fees	21,266	20,571	53,350	61,693	456	190	817	344
Other operating expenses	136	507	293	329	1	2	171	73
<b>Total operating expenses</b>	<b>21,402</b>	<b>21,078</b>	<b>53,643</b>	<b>62,022</b>	<b>457</b>	<b>192</b>	<b>988</b>	<b>417</b>
<b>Profit/(loss) for the year</b>	<b>(610,830)</b>	<b>(85,212)</b>	<b>(1,930,094)</b>	<b>(1,024,519)</b>	<b>(12,077)</b>	<b>(4,198)</b>	<b>32,407</b>	<b>8,951</b>
Other comprehensive income	-	-	-	-	-	-	-	-
<b>Total comprehensive income/(loss) for the year</b>	<b>(610,830)</b>	<b>(85,212)</b>	<b>(1,930,094)</b>	<b>(1,024,519)</b>	<b>(12,077)</b>	<b>(4,198)</b>	<b>32,407</b>	<b>8,951</b>

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

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



**Booklet 2**  
**Statements of financial position**  
**As at 30 June 2020**

Statements of financial position	Agriculture ETF		Commodities Basket ETF		Crude Oil Index ETF		Gold Bullion ETF	
	30 June 2020	30 June 2019	30 June 2020	30 June 2019	30 June 2020	30 June 2019	30 June 2020	30 June 2019
	\$ <sup>1</sup>	\$ <sup>1</sup>	\$ <sup>1</sup>	\$ <sup>1</sup>	\$'000	\$'000	\$'000	\$'000
<b>Assets</b>								
Cash and cash equivalents	2,925,339	3,189,843	7,236,336	8,246,887	231,157	22,038	543	92
Financial assets at fair value through profit or loss	-	-	126,109	223,348	1,480	4,391	-	789
Gold contract at fair value through profit or loss	-	-	-	-	-	-	255,148	85,781
Other receivables	1,182	4,036	3,173	11,196	72	28	27	10
<b>Total assets</b>	<b>2,926,521</b>	<b>3,193,879</b>	<b>7,365,618</b>	<b>8,481,431</b>	<b>232,709</b>	<b>26,457</b>	<b>255,718</b>	<b>86,672</b>
<b>Liabilities</b>								
Financial liabilities at fair value through profit or loss	8,547	65,085	-	-	-	-	1,290	-
Distributions payable	-	-	-	-	-	299	5,994	-
Other payables	3,129	3,117	13,086	13,404	162	14	134	41
<b>Total liabilities (excluding net assets attributable to unitholders)</b>	<b>11,676</b>	<b>68,202</b>	<b>13,086</b>	<b>13,404</b>	<b>162</b>	<b>313</b>	<b>7,418</b>	<b>41</b>
<b>Net assets attributable to unitholders - equity</b>	<b>2,914,845</b>	<b>3,125,677</b>	<b>7,352,532</b>	<b>8,468,027</b>	<b>232,547</b>	<b>26,144</b>	<b>248,300</b>	<b>86,631</b>

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

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

**Booklet 2**  
**Statements of changes in equity**  
**For the year ended 30 June 2020**

Statements of changes in equity	Notes	Agriculture ETF		Commodities Basket ETF		Crude Oil Index ETF		Gold Bullion ETF	
		30 June 2020	30 June 2019	30 June 2020	30 June 2019	30 June 2020	30 June 2019	30 June 2020	30 June 2019
		\$ <sup>1</sup>	\$ <sup>1</sup>	\$ <sup>1</sup>	\$ <sup>1</sup>	\$'000	\$'000	\$'000	\$'000
<b>Total equity at the beginning of the year</b>	3	<b>3,125,677</b>	-	<b>8,468,027</b>	-	<b>26,144</b>	-	<b>86,631</b>	-
Reclassification as equity due to AMIT tax regime implementation*	3	-	2,970,983	-	10,300,649	-	32,840	-	57,088
<b>Comprehensive income for the year</b>									
Profit/(loss) for the year		<b>(610,830)</b>	(85,212)	<b>(1,930,094)</b>	(1,024,519)	<b>(12,077)</b>	(4,198)	<b>32,407</b>	8,951
Other comprehensive income		-	-	-	-	-	-	-	-
<b>Total comprehensive income/(loss) for the year</b>		<b>(610,830)</b>	(85,212)	<b>(1,930,094)</b>	(1,024,519)	<b>(12,077)</b>	(4,198)	<b>32,407</b>	8,951
<b>Transactions with unitholders</b>									
Applications	3	<b>399,998</b>	449,992	<b>814,599</b>	2,749,972	<b>257,143</b>	10,000	<b>166,499</b>	22,000
Redemptions	3	-	(210,086)	-	(3,558,075)	<b>(36,713)</b>	(12,199)	<b>(31,243)</b>	(1,408)
Distributions to unitholders	3,4	-	-	-	-	<b>(1,950)</b>	(299)	<b>(5,994)</b>	-
<b>Total transactions with unitholders</b>		<b>399,998</b>	239,906	<b>814,599</b>	(808,103)	<b>218,480</b>	(2,498)	<b>129,262</b>	20,592
<b>Total equity at the end of the year</b>	3	<b>2,914,845</b>	3,125,677	<b>7,352,532</b>	8,468,027	<b>232,547</b>	26,144	<b>248,300</b>	86,631

\*Effective from 1 July 2018, Funds that had a prior financial reporting year had their units reclassified from financial liability to equity. As a result, equity transactions including distributions have been disclosed in the above statements for the year ended 30 June 2020 and 30 June 2019.

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

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

**Booklet 2**  
**Statements of cash flows**  
**For the year ended 30 June 2020**

Statements of cash flows	Agriculture ETF		Commodities Basket ETF		Crude Oil Index ETF		Gold Bullion ETF		
	30 June 2020	30 June 2019	30 June 2020	30 June 2019	30 June 2020	30 June 2019	30 June 2020	30 June 2019	
Notes	\$ <sup>1</sup>	\$ <sup>1</sup>	\$ <sup>1</sup>	\$ <sup>1</sup>	\$'000	\$'000	\$'000	\$'000	
<b>Cash flows from operating activities</b>									
Proceeds from sale of financial instruments at fair value through profit or loss	-	-	-	-	82,900	3,778	-	-	
Payments for purchase of financial instruments at fair value through profit or loss	(668,417)	(181,888)	(1,833,916)	(1,425,740)	(91,880)	-	(6,361)	(6,809)	
Proceeds from sale of gold contract at fair value through profit or loss	-	-	-	-	-	-	72,607	9,739	
Payments for purchase of gold contract at fair value through profit or loss	-	-	-	-	-	-	(200,179)	(23,144)	
Interest income received	25,309	49,100	62,430	148,045	246	316	-	1	
Other operating income received	-	-	-	-	-	-	40	5	
Management fees paid	(21,260)	(23,023)	(53,368)	(70,295)	(327)	(213)	(756)	(363)	
Other operating expenses paid	(134)	(501)	(296)	(325)	(1)	(2)	(156)	(71)	
<b>Net cash inflow/(outflow) from operating activities</b>	<b>6</b>	<b>(664,502)</b>	<b>(156,312)</b>	<b>(1,825,150)</b>	<b>(1,348,315)</b>	<b>(9,062)</b>	<b>3,879</b>	<b>(134,805)</b>	<b>(20,642)</b>
<b>Cash flows from financing activities</b>									
Proceeds from applications by unitholders	399,998	449,992	814,599	2,749,972	257,143	10,000	166,499	22,000	
Payments for redemptions by unitholders	-	(210,086)	-	(3,558,075)	(36,713)	(12,199)	(31,243)	(1,408)	
Distributions paid	-	-	-	(881,013)	(2,249)	(423)	-	-	
<b>Net cash inflow/(outflow) from financing activities</b>	<b>399,998</b>	<b>239,906</b>	<b>814,599</b>	<b>(1,689,116)</b>	<b>218,181</b>	<b>(2,622)</b>	<b>135,256</b>	<b>20,592</b>	
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>(264,504)</b>	<b>83,594</b>	<b>(1,010,551)</b>	<b>(3,037,431)</b>	<b>209,119</b>	<b>1,257</b>	<b>451</b>	<b>(50)</b>	
Cash and cash equivalents at the beginning of the financial year	3,189,843	3,106,249	8,246,887	11,284,318	22,038	20,781	92	142	
<b>Cash and cash equivalents at the end of the financial year</b>	<b>2,925,339</b>	<b>3,189,843</b>	<b>7,236,336</b>	<b>8,246,887</b>	<b>231,157</b>	<b>22,038</b>	<b>543</b>	<b>92</b>	

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

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

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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 2019 to 30 June 2020
Commodities Basket ETF	8 April 2011	13 December 2011	1 July 2019 to 30 June 2020
Crude Oil Index ETF	8 April 2011	11 November 2011	1 July 2019 to 30 June 2020
Gold Bullion ETF	8 April 2011	3 May 2011	1 July 2019 to 30 June 2020

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

The financial statements were authorised for issue by the directors of the Responsible Entity on 22 September 2020. 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.

Management have taken into account the impacts of the COVID-19 pandemic on the valuation and presentation of the Funds' investments and its operating environment when preparing this financial report.

## **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.

While the COVID-19 pandemic has caused uncertainty and market volatility during the period, the Responsible Entity has continued to follow its established policies and process (as set out in the Financial Risk Management note 7) for managing risk, determining fair values and classifying assets and liabilities in the fair value hierarchy for disclosure purposes as at the reporting date.

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

### **(b) Australian accounting standards and interpretations**

There are no new accounting standards that are not yet effective and that are expected to have a material impact on the Funds in the prior periods, or will affect the current or future reporting periods, or will have an impact on foreseeable future transactions.

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 January 2020, and have not been early adopted in preparing these financial statements. None of these are expected to have a material effect on the financial statements of the Funds.

## **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.

#### *(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**

The Schemes consider their net assets attributable to unitholders as equity as each Scheme had made an irrevocable choice to be an Attribution Managed Investment Trust ("AMIT"). 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.

### **(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. Dividends and trust distributions are accrued when the right to receive payment is established. Interest is accrued at the end of each reporting period from the time of last payment in accordance with the policy set out in Note 2(f) above. The Funds' receivables are measured at amortised cost under AASB 9 and the impact of any expected credit losses (ECL) is not material as 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.

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 2020	30 June 2019	30 June 2020	30 June 2019	30 June 2020	30 June 2019	30 June 2020	30 June 2019
	Units <sup>1</sup>	Units <sup>1</sup>	\$ <sup>1</sup>	\$ <sup>1</sup>	Units <sup>1</sup>	Units <sup>1</sup>	\$ <sup>1</sup>	\$ <sup>1</sup>
<b>Net assets attributable to unitholders</b>								
Opening balance	530,005	487,256	3,125,677	2,970,983	1,031,926	1,123,600	8,468,027	10,300,649
Applications	74,046	77,749	399,998	449,992	138,732	322,326	814,599	2,749,972
Redemptions	-	(35,000)	-	(210,086)	-	(414,000)	-	(3,558,075)
Profit/(loss) for the year	-	-	(610,830)	(85,212)	-	-	(1,930,094)	(1,024,519)
<b>Closing balance</b>	<b>604,051</b>	<b>530,005</b>	<b>2,914,845</b>	<b>3,125,677</b>	<b>1,170,658</b>	<b>1,031,926</b>	<b>7,352,532</b>	<b>8,468,027</b>

  

	Crude Oil Index ETF				Gold Bullion ETF			
	30 June 2020	30 June 2019	30 June 2020	30 June 2019	30 June 2020	30 June 2019	30 June 2020	30 June 2019
	Units '000	Units '000	\$'000	\$'000	Units '000	Units '000	\$'000	\$'000
<b>Net assets attributable to unitholders</b>								
Opening balance	1,641	1,608	26,144	32,840	6,044	4,438	86,631	57,088
Applications	65,111	708	257,143	10,000	10,603	1,711	166,499	22,000
Redemptions	(8,055)	(675)	(36,713)	(12,199)	(2,050)	(105)	(31,243)	(1,408)
Distributions to unitholders	-	-	(1,950)	(299)	-	-	(5,994)	-
Profit/(loss) for the year	-	-	(12,077)	(4,198)	-	-	32,407	8,951
<b>Closing balance</b>	<b>58,697</b>	<b>1,641</b>	<b>232,547</b>	<b>26,144</b>	<b>14,597</b>	<b>6,044</b>	<b>248,300</b>	<b>86,631</b>

<sup>1</sup>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:

	Crude Oil Index ETF				Gold Bullion ETF			
	30 June 2020 \$'000	30 June 2020 CPU	30 June 2019 \$'000	30 June 2019 CPU	30 June 2020 \$'000	30 June 2020 CPU	30 June 2019 \$'000	30 June 2019 CPU
Distributions paid - September	675	44.06	-	-	-	-	-	-
Distributions paid - December	675	43.08	-	-	-	-	-	-
Distributions paid - March	600	5.98	-	-	-	-	-	-
Distributions payable - June	-	-	299	18.21	5,994	41.06	-	-
<b>Total distributions</b>	<b>1,950</b>		<b>299</b>		<b>5,994</b>			

**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 2020	30 June 2019	30 June 2020	30 June 2019	30 June 2020	30 June 2019	30 June 2020	30 June 2019
	\$ <sup>1</sup>	\$ <sup>1</sup>	\$ <sup>1</sup>	\$ <sup>1</sup>	\$'000	\$'000	\$'000	\$'000
<b>Financial assets at fair value through profit or loss</b>								
Gold contract	-	-	-	-	-	-	255,148	85,781
Foreign currency contracts	-	-	-	-	-	-	-	789
Index swaps	-	-	126,109	223,348	1,480	4,391	-	-
<b>Total financial assets at fair value through profit or loss</b>	-	-	126,109	223,348	1,480	4,391	255,148	86,570
<b>Financial liabilities</b>								
Foreign currency contracts	-	-	-	-	-	-	1,290	-
Index swaps	8,547	65,085	-	-	-	-	-	-
<b>Total financial liabilities at fair value through profit or loss</b>	8,547	65,085	-	-	-	-	1,290	-

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

	Agriculture ETF		Commodities Basket ETF		Crude Oil Index ETF		Gold Bullion ETF	
	30 June 2020	30 June 2019	30 June 2020	30 June 2019	30 June 2020	30 June 2019	30 June 2020	30 June 2019
	\$ <sup>1</sup>	\$ <sup>1</sup>	\$ <sup>1</sup>	\$ <sup>1</sup>	\$'000	\$'000	\$'000	\$'000
<b>Reconciliation of profit/(loss) to net cash inflow/(outflow) from operating activities</b>								
Profit/(loss)	(610,830)	(85,212)	(1,930,094)	(1,024,519)	(12,077)	(4,198)	32,407	8,951
Proceeds from sale of financial instruments at fair value through profit or loss	-	-	-	-	82,900	3,778	-	-
Payments for the purchase of financial instruments at fair value through profit or loss	(668,417)	(181,888)	(1,833,916)	(1,425,740)	(91,880)	-	(6,361)	(6,809)
Proceeds from sale of gold contract at fair value through profit or loss	-	-	-	-	-	-	72,607	9,739
Payments for the purchase of gold contract at fair value through profit or loss	-	-	-	-	-	-	(200,179)	(23,144)
Net (gains)/losses on financial instruments at fair value through profit or loss	611,879	112,698	1,931,155	1,106,474	11,876	4,320	8,351	4,513
Net foreign exchange (gains)/losses	-	-	-	-	15	-	(4,885)	(397)
Net (gains)/losses on gold contract at fair value through profit or loss	-	-	-	-	-	-	(36,821)	(13,478)
Net change in interest receivable	2,858	536	7,726	4,068	(25)	2	-	-
Net change in receivables and other assets	(4)	68	297	327	(19)	-	(17)	(3)
Net change in payables and other liabilities	12	(2,514)	(318)	(8,925)	148	(23)	93	(14)
<b>Net cash inflow/(outflow) from operating activities</b>	(664,502)	(156,312)	(1,825,150)	(1,348,315)	(9,062)	3,879	(134,805)	(20,642)

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

## **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 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' 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)

### (a) Market risk (continued)

#### (i) Price risk (continued)

##### Sensitivity analysis (continued)

	Agriculture ETF		Commodities Basket ETF		Crude Oil Index ETF		Gold Bullion ETF	
	30 June 2020	30 June 2019	30 June 2020	30 June 2019	30 June 2020	30 June 2019	30 June 2020	30 June 2019
	\$ <sup>1</sup>	\$ <sup>1</sup>	\$ <sup>1</sup>	\$ <sup>1</sup>	\$'000	\$'000	\$'000	\$'000
+10% Price movement - impact on the Funds' profit/(loss) and net assets attributable to unitholders	291,485	312,568	735,253	846,803	23,255	2,614	24,830	8,663
-10% Price movement - impact on the Funds' profit/(loss) and net assets attributable to unitholders	(291,485)	(312,568)	(735,253)	(846,803)	(23,255)	(2,614)	(24,830)	(8,663)

#### (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 2020	30 June 2020	30 June 2020	30 June 2020	30 June 2019	30 June 2019	30 June 2019	30 June 2019
	\$ <sup>1</sup>	\$ <sup>1</sup>	\$ <sup>1</sup>	\$ <sup>1</sup>	\$ <sup>1</sup>	\$ <sup>1</sup>	\$ <sup>1</sup>	\$ <sup>1</sup>
<b>Assets</b>								
Cash and cash equivalents	2,925,339	-	-	2,925,339	3,189,843	-	-	3,189,843
Other receivables	-	-	1,182	1,182	-	-	4,036	4,036
<b>Liabilities</b>								
Financial liabilities at fair value through profit or loss	-	-	(8,547)	(8,547)	-	-	(65,085)	(65,085)
Other payables	-	-	(3,129)	(3,129)	-	-	(3,117)	(3,117)
<b>Net exposure</b>	<b>2,925,339</b>	<b>-</b>	<b>(10,494)</b>	<b>2,914,845</b>	<b>3,189,843</b>	<b>-</b>	<b>(64,166)</b>	<b>3,125,677</b>

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



## 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	30 June	30 June	30 June	30 June	30 June	30 June	30 June
	2020	2020	2020	2020	2019	2019	2019	2019
	\$ <sup>1</sup>	\$ <sup>1</sup>	\$ <sup>1</sup>	\$ <sup>1</sup>	\$ <sup>1</sup>	\$ <sup>1</sup>	\$ <sup>1</sup>	\$ <sup>1</sup>
<b>Assets</b>								
Cash and cash equivalents	7,236,336	-	-	7,236,336	8,246,887	-	-	8,246,887
Financial assets at fair value through profit or loss	-	-	126,109	126,109	-	-	223,348	223,348
Other receivables	-	-	3,173	3,173	-	-	11,196	11,196
<b>Liabilities</b>								
Other payables	-	-	(13,086)	(13,086)	-	-	(13,404)	(13,404)
<b>Net exposure</b>	<b>7,236,336</b>	<b>-</b>	<b>116,196</b>	<b>7,352,532</b>	<b>8,246,887</b>	<b>-</b>	<b>221,140</b>	<b>8,468,027</b>

  

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	30 June	30 June	30 June	30 June	30 June	30 June	30 June
	2020	2020	2020	2020	2019	2019	2019	2019
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Assets</b>								
Cash and cash equivalents	231,157	-	-	231,157	22,038	-	-	22,038
Financial assets at fair value through profit or loss	-	-	1,480	1,480	-	-	4,391	4,391
Other receivables	-	-	72	72	-	-	28	28
<b>Liabilities</b>								
Distributions payable	-	-	-	-	-	-	(299)	(299)
Other payables	-	-	(162)	(162)	-	-	(14)	(14)
<b>Net exposure</b>	<b>231,157</b>	<b>-</b>	<b>1,390</b>	<b>232,547</b>	<b>22,038</b>	<b>-</b>	<b>4,106</b>	<b>26,144</b>

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

## 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	30 June	30 June	30 June	30 June	30 June	30 June	30 June
	2020	2020	2020	2020	2019	2019	2019	2019
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Assets</b>								
Cash and cash equivalents	543	-	-	543	92	-	-	92
Gold contract at fair value through profit or loss	-	-	255,148	255,148	-	-	86,570	86,570
Other receivables	-	-	27	27	-	-	10	10
<b>Liabilities</b>								
Financial liabilities at fair value through profit or loss	-	-	(1,290)	(1,290)	-	-	-	-
Distributions payable	-	-	(5,994)	(5,994)	-	-	-	-
Other payables	-	-	(134)	(134)	-	-	(41)	(41)
<b>Net exposure</b>	<b>543</b>	<b>-</b>	<b>247,757</b>	<b>248,300</b>	<b>92</b>	<b>-</b>	<b>86,539</b>	<b>86,631</b>

#### 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 year end rates with all other variables held constant. The "predetermined basis points" for 30 June 2020 are noted in the table below (30 June 2019: 100bps). Management have considered the movements for each investment asset type to be reasonable given the Funds' economic environment.

	Impact on net assets attributable to unitholders and profit/(loss)					
	Currency	Sensitivity	Increase	Decrease	Sensitivity	Decrease
		rate (basis			rate (basis	
		points)			points)	
30 June	30 June	30 June	30 June			
		2020	2020	2020	2019	2019
Agriculture ETF (\$ <sup>1</sup> )	Australian Dollars	25	7,313	(7,313)	100	(31,898)
Commodities Basket ETF (\$ <sup>1</sup> )	Australian Dollars	25	18,091	(18,091)	100	(82,469)
Crude Oil Index ETF (\$'000)	Australian Dollars	25	578	(578)	100	(220)
Gold Bullion ETF (\$'000)	Australian Dollars	25	1	(1)	100	(1)

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

## 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 2020 was (\$1.29m liability) (2019: \$0.79m asset).

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 2020	30 June 2020	30 June 2019	30 June 2019
	Currency	\$'000	Currency	\$'000
<b>Net foreign currency exposure</b>	USD	<u>6,637</u>	USD	<u>(820)</u>
		<u>6,637</u>		<u>(820)</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 2020, Credit Suisse International had a credit rating of A+ (Standard and Poor's (S&P)) and A1 (Moody's) (30 June 2019: 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 2020, the Fund's Gold Vendor, being National Bank of Canada, had a credit rating of A (S&P) and Aa3 (Moody's) (2019: A (S&P) and Aa3 (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 2020 had a credit rating of AA- by Standard & Poor's (S&P) (30 June 2019 AA-/A-1+ (Stable) by Standard & Poor's (S&P)). At 30 June 2020, 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.

	<b>Agriculture ETF</b>							
	<b>On demand</b>	<b>Less than</b>	<b>Greater than</b>	<b>Total</b>	<b>On demand</b>	<b>Less than</b>	<b>Greater than</b>	<b>Total</b>
	<b>30 June</b>	<b>6 months</b>	<b>6 months</b>	<b>30 June</b>	<b>30 June</b>	<b>6 months</b>	<b>6 months</b>	<b>30 June</b>
	<b>2020</b>	<b>2020</b>	<b>2020</b>	<b>2020</b>	<b>2019</b>	<b>2019</b>	<b>2019</b>	<b>2019</b>
	<b>\$<sup>1</sup></b>	<b>\$<sup>1</sup></b>	<b>\$<sup>1</sup></b>	<b>\$<sup>1</sup></b>	<b>\$<sup>1</sup></b>	<b>\$<sup>1</sup></b>	<b>\$<sup>1</sup></b>	<b>\$<sup>1</sup></b>
Other payables	-	3,129	-	3,129	-	3,117	-	3,117
<b>Contractual cash flows (excluding net settled derivatives)</b>	-	<b>3,129</b>	-	<b>3,129</b>	-	<b>3,117</b>	-	<b>3,117</b>
Index swaps	-	-	8,547	8,547	-	-	65,085	65,085
<b>Net settled derivatives</b>	-	-	<b>8,547</b>	<b>8,547</b>	-	-	<b>65,085</b>	<b>65,085</b>

  

	<b>Commodities Basket ETF</b>							
	<b>On demand</b>	<b>Less than</b>	<b>Greater than</b>	<b>Total</b>	<b>On demand</b>	<b>Less than</b>	<b>Greater than</b>	<b>Total</b>
	<b>30 June</b>	<b>6 months</b>	<b>6 months</b>	<b>30 June</b>	<b>30 June</b>	<b>6 months</b>	<b>6 months</b>	<b>30 June</b>
	<b>2020</b>	<b>2020</b>	<b>2020</b>	<b>2020</b>	<b>2019</b>	<b>2019</b>	<b>2019</b>	<b>2019</b>
	<b>\$<sup>1</sup></b>	<b>\$<sup>1</sup></b>	<b>\$<sup>1</sup></b>	<b>\$<sup>1</sup></b>	<b>\$<sup>1</sup></b>	<b>\$<sup>1</sup></b>	<b>\$<sup>1</sup></b>	<b>\$<sup>1</sup></b>
Other payables	-	13,086	-	13,086	-	13,404	-	13,404
<b>Contractual cash flows (excluding net settled derivatives)</b>	-	<b>13,086</b>	-	<b>13,086</b>	-	<b>13,404</b>	-	<b>13,404</b>

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

## 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	
	2020	30 June	30 June	2020	2019	30 June	30 June	2019
\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	
Distributions payable	-	-	-	-	-	299	-	299
Other payables	-	162	-	162	-	14	-	14
<b>Contractual cash flows (excluding net settled derivatives)</b>	-	<b>162</b>	-	<b>162</b>	-	<b>313</b>	-	<b>313</b>
	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	
	2020	30 June	30 June	2020	2019	30 June	30 June	2019
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Distributions payable	-	5,994	-	5,994	-	-	-	-
Other payables	-	134	-	134	-	41	-	41
<b>Contractual cash flows (excluding net settled derivatives)</b>	-	<b>6,128</b>	-	<b>6,128</b>	-	<b>41</b>	-	<b>41</b>
Forward currency contracts	-	1,290	-	1,290	-	-	-	-
<b>Net settled derivatives</b>	-	<b>1,290</b>	-	<b>1,290</b>	-	-	-	-

## 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) presented in the statements of financial position	Financial instruments (including non-cash collateral)	Stock and cash collateral pledged	Net amounts
	\$ <sup>1</sup>	\$ <sup>1</sup>	\$ <sup>1</sup>	\$ <sup>1</sup>	\$ <sup>1</sup>	\$ <sup>1</sup>
<b>Agriculture ETF</b>						
<b>As at 30 June 2020</b>						
<b>Financial liabilities</b>						
Index swaps	(8,547)	-	(8,547)	-	8,547	-
Total	(8,547)	-	(8,547)	-	8,547	-
<b>As at 30 June 2019</b>						
<b>Financial liabilities</b>						
Index swaps	(65,085)	-	(65,085)	-	65,085	-
Total	(65,085)	-	(65,085)	-	65,085	-

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

**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
	\$ <sup>1</sup>	\$ <sup>1</sup>	\$ <sup>1</sup>	\$ <sup>1</sup>	\$ <sup>1</sup>	\$ <sup>1</sup>
<b>Commodities Basket ETF</b>						
<b>As at 30 June 2020</b>						
<b>Financial assets</b>						
Index swaps	126,109	-	126,109	-	-	126,109
Total	126,109	-	126,109	-	-	126,109
<b>As at 30 June 2019</b>						
<b>Financial assets</b>						
Index swaps	223,348	-	223,348	-	-	223,348
Total	223,348	-	223,348	-	-	223,348

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



**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
<b>Crude Oil Index ETF</b>						
<b>As at 30 June 2020</b>						
<b>Financial assets</b>						
Index swaps	1,480	-	1,480	-	-	1,480
Total	1,480	-	1,480	-	-	1,480
<b>As at 30 June 2019</b>						
<b>Financial assets</b>						
Index swaps	4,391	-	4,391	-	-	4,391
Total	4,391	-	4,391	-	-	4,391

## 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
<b>Gold Bullion ETF</b>						
<b>As at 30 June 2020</b>						
<b>Financial liabilities</b>						
Foreign currency contracts	(1,292)	2	(1,290)	-	-	(1,290)
Total	(1,292)	2	(1,290)	-	-	(1,290)
<b>As at 30 June 2019</b>						
<b>Financial assets</b>						
Foreign currency contracts	789	-	789	-	-	789
Total	789	-	789	-	-	789

## 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.

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.

## 9 Fair value measurements (continued)

### Fair value estimation (continued)

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

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.

#### (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
		2020	2020	2020	2020	2019	2019	2019	2019
		\$ <sup>1</sup>	\$ <sup>1</sup>	\$ <sup>1</sup>	\$ <sup>1</sup>	\$ <sup>1</sup>	\$ <sup>1</sup>	\$ <sup>1</sup>	\$ <sup>1</sup>
<b>Financial liabilities</b>									
	Financial liabilities at fair value through profit or loss:								
	Index swaps	-	8,547	-	8,547	-	65,085	-	65,085
	<b>Total</b>	-	8,547	-	8,547	-	65,085	-	65,085
		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
		2020	2020	2020	2020	2019	2019	2019	2019
		\$ <sup>1</sup>	\$ <sup>1</sup>	\$ <sup>1</sup>	\$ <sup>1</sup>	\$ <sup>1</sup>	\$ <sup>1</sup>	\$ <sup>1</sup>	\$ <sup>1</sup>
<b>Financial assets</b>									
	Financial assets at fair value through profit or loss:								
	Index swaps	-	126,109	-	126,109	-	223,348	-	223,348
	<b>Total</b>	-	126,109	-	126,109	-	223,348	-	223,348

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

## 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
	2020	2020	2020	2020	2019	2019	2019	2019
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Financial assets</b>								
Financial assets at fair value through profit or loss:								
Index swaps	-	1,480	-	1,480	-	4,391	-	4,391
<b>Total</b>	-	1,480	-	1,480	-	4,391	-	4,391
		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
	2020	2020	2020	2020	2019	2019	2019	2019
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Financial assets</b>								
Financial assets at fair value through profit or loss:								
Foreign currency contracts	-	-	-	-	-	789	-	789
Gold contract at fair value through profit or loss:								
Gold bullion	255,148	-	-	255,148	85,781	-	-	85,781
<b>Total</b>	255,148	-	-	255,148	85,781	789	-	86,570
<b>Financial liabilities</b>								
Financial liabilities at fair value through profit or loss:								
Foreign currency contracts	-	1,290	-	1,290	-	-	-	-
<b>Total</b>	-	1,290	-	1,290	-	-	-	-

(iv) *Transfers between levels*

There were no transfers between levels during the year ended 30 June 2020 and 30 June 2019.

(v) *Movement in level 3 instruments*

There were no investments classified as Level 3 within the Funds as at 30 June 2020 and 30 June 2019.

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

The carrying values of financial instruments not carried at fair value are assumed to 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 2020 \$ <sup>1</sup>	Assets 30 June 2020 \$ <sup>1</sup>	Liabilities 30 June 2020 \$ <sup>1</sup>	Contract/ notional 30 June 2019 \$ <sup>1</sup>	Assets 30 June 2019 \$ <sup>1</sup>	Liabilities 30 June 2019 \$ <sup>1</sup>	Contract/ notional 30 June 2020 \$ <sup>1</sup>	Assets 30 June 2020 \$ <sup>1</sup>	Liabilities 30 June 2020 \$ <sup>1</sup>	Contract/ notional 30 June 2019 \$ <sup>1</sup>	Assets 30 June 2019 \$ <sup>1</sup>	Liabilities 30 June 2019 \$ <sup>1</sup>
Index swaps	2,953,723	-	8,547	3,198,193	-	65,085	7,227,849	126,109	-	8,234,862	223,348	-
	2,953,723	-	8,547	3,198,193	-	65,085	7,227,849	126,109	-	8,234,862	223,348	-
	Crude Oil Index ETF Fair values						Gold Bullion ETF Fair values					
	Contract/ notional 30 June 2020 \$'000	Assets 30 June 2020 \$'000	Liabilities 30 June 2020 \$'000	Contract/ notional 30 June 2019 \$'000	Assets 30 June 2019 \$'000	Liabilities 30 June 2019 \$'000	Contract/ notional 30 June 2020 \$'000	Assets 30 June 2020 \$'000	Liabilities 30 June 2020 \$'000	Contract/ notional 30 June 2019 \$'000	Assets 30 June 2019 \$'000	Liabilities 30 June 2019 \$'000
Index swaps	230,979	1,480	-	21,471	4,391	-	-	-	-	-	-	-
Foreign currency contracts	-	-	-	-	-	-	247,350	-	1,290	87,448	789	-
	230,979	1,480	-	21,471	4,391	-	247,350	-	1,290	87,448	789	-

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

## 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 2020 \$	30 June 2019 \$	30 June 2020 \$	30 June 2019 \$	30 June 2020 \$	30 June 2019 \$	30 June 2020 \$	30 June 2019 \$
<b>KPMG</b>								
<i>Audit and other assurance service</i>								
Audit and review of financial reports	7,529	7,529	7,529	7,529	7,529	7,529	7,529	7,529
Audit of compliance plan	1,230	1,230	1,230	1,230	1,230	1,230	1,230	1,230
Total remuneration of audit and other assurance services	8,759	8,759	8,759	8,759	8,759	8,759	8,759	8,759

## 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:

Jungho Rhee (appointed 1 September 2018)  
Thomas Park (appointed 12 August 2015, resigned 6 February 2020)  
Young Hwan Kim (appointed 7 February 2020)

#### (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 2020 and 30 June 2019:

Funds	Management Fee	
	30 June 2020	30 June 2019
Agriculture ETF	%	%
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 2020 \$	30 June 2019 \$	30 June 2020 \$	30 June 2019 \$	30 June 2020 \$	30 June 2019 \$	30 June 2020 \$	30 June 2019 \$
Management fees expensed to the Responsible Entity	21,266	20,571	53,350	61,693	455,739	189,990	817,093	344,023
Management fees payable to the Responsible Entity at reporting date	3,129	3,117	13,086	13,405	161,757	14,063	110,934	33,741

### 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

Since balance date, there continues to be uncertainty and volatility in the market due to the ongoing COVID-19 global pandemic. Management are closely monitoring and consider that there has been no material change in the assets & liabilities presented. 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 2020 or on the results and cash flows of the Funds for the period ended on that date.

In connection with the Crude Oil Index ETF, with the introduction of a risk management measure within the Index methodology used by the Fund to address the risk of negatively priced WTI crude oil futures contracts, and an additional risk management measure introduced under the Fund's swap agreement, the Fund's investment exposure reverted to the front-month WTI crude oil futures contract referenced by the Index, effective as at the close of trading on the NYMEX futures exchange on 4 August 2020.

## 14 Contingent assets and liabilities and commitments

There are no outstanding contingent assets, liabilities or commitments as at 30 June 2020 and 30 June 2019.

**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 2020 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  
22 September 2020



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 2020 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 2020;
- 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 (including Independence Standards)* (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) -\$8,547, BetaShares Commodities Basket ETF – Currency Hedged (Synthetic) \$126,109, BetaShares Crude Oil Index ETF – Currency Hedged (Synthetic) \$1,480,000).**

Refer to Note 5 to the Financial Report.

The Key Audit Matter	How the matter was addressed in our audits
<p>Financial instruments at fair value through profit or loss comprise investments in derivatives (“investments”).</p> <p>The Scheme outsources certain processes and controls relevant to:</p> <ul style="list-style-type: none"> <li>• Executing transactions as instructed by the Responsible Entity and recording and valuing investments to the Scheme administrator;</li> <li>• Maintaining custody and underlying records of investments to the custodian;</li> </ul> <p>Valuation and existence of investments is a key audit matter due to the:</p>	<p>Our procedures included:</p> <ul style="list-style-type: none"> <li>• We assessed the appropriateness of the accounting policies applied by the Scheme, including those relevant to the fair value of investments, against the requirements of the accounting standards.</li> <li>• We obtained and read the Scheme’s Service Provider’s ASAE 3402 <i>Assurance Reports on Controls at a Service Organisation</i> and GS007 <i>(Guidance Statement 007 Audit Implications of the Use of Service Organisations for Investment Management Services)</i> assurance reports to understand the processes and assess the controls relevant to the:</li> </ul>

<ul style="list-style-type: none"> <li>• Size of the Scheme’s portfolio of investments. These investments represent a significant percentage of the Scheme’s total assets at year end; and</li> <li>• Importance of the performance of these investments in driving the Scheme’s investment income and capital performance, as reported in the Financial Report.</li> </ul> <p>As a result, this was the area with greatest effect on our overall audit strategy and allocation of resources in planning and performing our audit.</p>	<ul style="list-style-type: none"> <li>- Scheme administrator – to execute transactions, record and value the Scheme’s investments;</li> <li>- Custodian – to maintain custody and underlying records of the Scheme’s investments;</li> </ul> <ul style="list-style-type: none"> <li>• We obtained and read the custodians bridging letter over the period not covered by the ASAE3402 and GS007 assurance reports. We have checked that there were no instances of non-compliance over controls in place at the service provider.</li> <li>• We assessed the reputation, professional competence and independence of the auditors of the ASAE 3402 and GS007 assurance reports.</li> <li>• We checked the existence of investments, being the ownership and quantity held, to underlying custodian records and other external sources such as independent confirmations for derivative investments as at 30 June 2020.</li> <li>• We checked the valuation of investments, as recorded in the general ledger, to independently sourced prices as at 30 June 2020. We evaluated the Scheme’s</li> </ul>
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	disclosures of investments, using our understanding obtained from our testing, against the requirements of the accounting standards.
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**Existence of cash and cash equivalents (BetaShares Agriculture ETF – Currency Hedged (Synthetic) \$2,925,339, BetaShares Commodities Basket ETF – Currency Hedged (Synthetic) \$7,236,336, BetaShares Crude Oil Index ETF – Currency Hedged (Synthetic) \$231,157,000).**

<b>The Key Audit Matter</b>	<b>How the matter was addressed in our audits</b>
<p>Cash and cash equivalents comprise deposits held at call with financial institutions (“cash”).</p> <p>The Scheme outsources certain processes and controls relevant to:</p> <ul style="list-style-type: none"> <li>Recording cash transactions to the Scheme administrator;</li> <li>Maintaining custody and underlying records of cash balances to the custodian;</li> </ul> <p>Existence of cash is a key audit matter due to the size of the Scheme’s portfolio of cash. These cash balances represent a significant percentage of the Scheme’s total assets at year end.</p>	<p>Our procedures included:</p> <ul style="list-style-type: none"> <li>We obtained and read the Service Provider’s ASAE 3402 <i>Assurance Reports on Controls at a Service Organisation</i> and GS007 (<i>Guidance Statement 007 Audit Implications of the Use of Service Organisations for Investment Management Services</i>) assurance reports for the period from to understand the processes and assess the controls relevant to the: <ul style="list-style-type: none"> <li>Custodian – to maintain custody and underlying records of the Scheme’s cash balances.</li> </ul> </li> <li>We obtained and read the custodians’ bridging letter over the period not covered by the ASAE3402 and GS007 assurance reports. We have checked that there were no instances of non-</li> </ul>

	<p>compliance over controls in place at the service provider.</p> <ul style="list-style-type: none"> <li>We assessed the reputation, professional competence and independence of the auditors of the ASAE 3402 and GS007 assurance reports.</li> <li>We requested independent confirmations from the relevant financial institutions of the balance of the deposits held at call for the Scheme at 30 June 2020 and checked to the Scheme’s cash balances, as recorded in the general ledger</li> </ul>
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**Valuation and existence of Gold Contract held at fair value through profit or loss (BetaShares Gold Bullion ETF \$255,148,000).**

Refer to Note 5 to the Financial Report.	
<b>The Key Audit Matter</b>	<b>How the matter was addressed in our audits</b>
<p>Valuation and existence of Gold Bullion held at fair value through profit or loss (investments in Gold Bullion) is a Key Audit Matter due to:</p> <ul style="list-style-type: none"> <li>the significance of the balance to the financial statements as it represents X% of total assets at year end; and</li> </ul>	<p>Our audit procedures included:</p> <ul style="list-style-type: none"> <li>We checked the valuation of the investment in Gold Bullion to externally quoted gold prices as at 30 June 2020.</li> <li>We checked the ownership of the investments in Gold Bullion to independent confirmations from external parties, to test the existence of the asset.</li> </ul>



- the investment in Gold Bullion being a key driver of operations and performance results.

As a result, this was the area with greatest effect on our overall audit strategy and allocation of resources in planning and performing our audit.

- We assessed the appropriateness of the accounting policies applied by the Scheme, including those relevant to the fair value hierarchy of investments, against the requirements of the accounting standards.
- We evaluated the Scheme disclosures of investments in Gold Bullion, using our understanding obtained from our testing, against the requirements of the accounting standards

## 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: [https://www.auasb.gov.au/admin/file/content102/c3/ar2\\_2020.pdf](https://www.auasb.gov.au/admin/file/content102/c3/ar2_2020.pdf). This description forms part of our Auditor's Report.

A handwritten version of the KPMG logo, with the letters 'KPMG' in a cursive, black ink style.

KPMG

A handwritten signature in black ink, which appears to read 'Nicholas Buchanan'.

Nicholas Buchanan

Partner

Sydney

22 September 2020

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