BetaShares

Booklet 8

Annual Financial Report

30 June 2022

Responsible Entity

BetaShares Capital Limited Ltd

(ABN 78 139 566 868)

Level 11, 50 Margaret,
Sydney, NSW 2000

betashares.com.au

Booklet 8

BetaShares Global Quality Leaders ETF - Currency Hedged - ASX Code: HQLT (ARSN 640 191 108)

BetaShares Global Sustainability Leaders ETF - Currency Hedged - ASX Code: HETH (ARSN 635 315 114)

BetaShares NASDAQ 100 ETF - Currency Hedged - ASX Code: HNDQ (ARSN 613 693 771)

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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 financial statements of the Funds for the year ended 30 June 2022 and the auditor's report thereon.

Fund name	Referred to in this document as	Financial reporting year	ARSN
BetaShares Global Quality Leaders ETF - Currency Hedged	Global Quality Leaders ETF - Currency Hedged	1 July 2021 to 30 June 2022	640 191 108
BetaShares Global Sustainability Leaders ETF - Currency	Global Sustainability Leaders ETF - Currency Hedged	1 July 2021 to 30 June 2022	635 315 114
BetaShares NASDAQ 100 ETF - Currency Hedged	NASDAQ 100 ETF - Currency Hedged	1 July 2021 to 30 June 2022	613 693 771

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:

Mr Alex Vynokur (appointed 21 September 2009)
Mr Jason Gellert (appointed 5 March 2021)
Mr Edward Sippel (appointed 5 March 2021)

Directors' report (continued)

Review and results of operations

During the year, the current economic conditions had an impact on the schemes. The Responsible Entity have taken actions to reduce the exposure in a disciplined and timely manner, protecting the unit-holders' interest. The Responsible Entity is continuing to monitor and evaluate this exposure. The basis of valuation and level of exposure is disclosed under note 5.

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.

During the year, there has been increased volatility in global financial markets due to geopolitical events and economic conditions which may have affected the value of the funds to a greater extent.

Significant changes in state of affairs

The Responsible Entity for the Funds has replaced RBC Investor Services Trust with Citigroup Pty Ltd ("Citi") as the Custodian and Fund Administrator. The transition to Citi was completed in late September & early October 2021 for the Funds.

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 the end of the reporting period the net asset value of the below Fund has changed by more than 10% due to changes in the fair value of the investments held. These movements result from implementation of the investment strategy as set out in the relevant Fund's Product Disclosure Statement.

Fund	**Net asset value changed by:**
NASDAQ 100 ETF – Currency Hedged	10.05%

No other matter or circumstance has arisen since 30 June 2022 that has significantly affected, or may significantly affect:

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

Likely developments and expected results of operations

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

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

Directors' report (continued)

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 13 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 13 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 condensed interim financial report and directors' report have been rounded off to the nearest thousand dollars, unless otherwise stated.

Directors' report (continued)

Auditor's independence declaration

A copy of the Auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 6.

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

Alex Vynokur
Director

Sydney
15 September 2022

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

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

BetaShares Global Quality Leaders ETF - Currency Hedged

BetaShares Global Sustainability Leaders ETF - Currency Hedged

BetaShares NASDAQ 100 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 2022 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

15 September 2022

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Statements of comprehensive income		**Global Quality Leaders ETF - Currency Hedged**		**Global Sustainability Leaders ETF - Currency Hedged**		**NASDAQ 100 ETF - Currency Hedged**	
		30 June 2022	30 June 2021	**30 June 2022**	30 June 2021	**30 June 2022**	30 June 2021
	Notes	**$'000**	$'000	**$'000**	$'000	**$'000**	$'000
Investment income							
Dividend/distribution income		**346**	1,217	**4,416**	6,856	**3,626**	3,322
Net gains/(losses) on financial instruments at fair value through profit or loss		**(7,701)**	2,334	**(36,583)**	14,962	**(31,287)**	13,315
Net foreign exchange gains/(losses)		**-**	(29)	**-**	-	**-**	(146)
Other operating income		**-**	-	**2**	3	**8**	2
Total net investment income/(loss)		**(7,355)**	3,522	**(32,165)**	21,821	**(27,653)**	16,493
Expenses							
Management fees	13	**10**	3	**46**	22	**32**	16
Transaction costs		**2**	1	**2**	6	**7**	8
Other operating expenses		**-**	1	**-**	5	**-**	5
Total operating expenses		**12**	5	**48**	33	**39**	29
Profit/(loss) for the year		**(7,367)**	3,517	**(32,213)**	21,788	**(27,692)**	16,464
Other comprehensive income		**-**	-	**-**	-	**-**	-
Total comprehensive income/(loss) for the year		**(7,367)**	3,517	**(32,213)**	21,788	**(27,692)**	16,464

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

Statements of financial position		**Global Quality Leaders ETF - Currency Hedged**		**Global Sustainability Leaders ETF - Currency Hedged**		**NASDAQ 100 ETF - Currency Hedged**	
		30 June 2022	30 June 2021	**30 June 2022**	30 June 2021	**30 June 2022**	30 June 2021
	Notes	**$'000**	$'000	**$'000**	$'000	**$'000**	$'000
Assets							
Cash and cash equivalents		**94**	36	**333**	157	**15**	157
Financial assets at fair value through profit or loss	5	**33,380**	25,268	**160,046**	121,695	**111,440**	86,148
Other receivables	6	**278**	1,196	**4,171**	6,708	**3,627**	3,275
Total assets		**33,752**	26,500	**164,550**	128,560	**115,082**	89,580
Liabilities							
Financial liabilities at fair value through profit or loss	5	**1,122**	499	**5,917**	2,532	**5,015**	2,141
Distributions payable	4	**-**	1,279	**-**	6,974	**-**	3,385
Other payables		**3**	2	**6**	3	**8**	4
Total liabilities (excluding net assets attributable		**1,125**	1,780	**5,923**	9,509	**5,023**	5,530
Net assets attributable to unitholders - equity	3	**32,627**	24,720	**158,627**	119,051	**110,059**	84,050

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

Statements of changes in equity		**Global Quality Leaders ETF - Currency Hedged**		**Global Sustainability Leaders ETF - Currency Hedged**		**NASDAQ 100 ETF - Currency Hedged**	
		30 June 2022	30 June 2021	**30 June 2022**	30 June 2021	**30 June 2022**	30 June 2021
	Notes	**$'000**	$'000	**$'000**	$'000	**$'000**	$'000
Total equity at the beginning of the year	3	**24,720**	3,010	**119,051**	-	**84,050**	-
Comprehensive income for the year							
Profit/(loss) for the year		**(7,367)**	3,517	**(32,213)**	21,788	**(27,692)**	16,464
Other comprehensive income		**-**	-	**-**	-	**-**	-
Total comprehensive income/(loss) for the year		**(7,367)**	3,517	**(32,213)**	21,788	**(27,692)**	16,464
Transactions with unitholders							
Applications	3	**15,235**	19,505	**68,501**	111,522	**75,718**	83,296
Redemptions	3	**-**	-	**-**	(7,229)	**(22,208)**	(12,283)
Units issued upon reinvestment of distributions	3	**102**	3	**3,512**	86	**191**	-
Distributions to unitholders	3,4	**(63)**	(1,315)	**(224)**	(7,116)	**-**	(3,427)
Total transactions with unitholders		**15,274**	18,193	**71,789**	97,263	**53,701**	67,586
Total equity at the end of the year	3	**32,627**	24,720	**158,627**	119,051	**110,059**	84,050

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

Statements of cash flows	Notes	Global Quality Leaders ETF - Currency Hedged		Global Sustainability Leaders ETF - Currency Hedged		NASDAQ 100 ETF - Currency Hedged	
		30 June 2022	30 June 2021	**30 June 2022**	30 June 2021	**30 June 2022**	30 June 2021
		$'000	$'000	**$'000**	$'000	**$'000**	$'000
Cash flows from operating activities							
Proceeds from sale of financial instruments at fair value through profit or loss		**8,279**	1,574	**38,527**	17,642	**51,644**	21,127
Payments for purchase of financial instruments at fair value through profit or loss		**(23,469)**	(21,103)	**(110,076)**	(121,843)	**(105,348)**	(91,965)
Dividends/distributions received		**1,264**	89	**6,953**	149	**3,274**	48
Other operating income received		**-**	-	**4**	3	**11**	2
Management fees paid		**(9)**	(2)	**(45)**	(20)	**(31)**	(15)
Transaction costs paid		**(2)**	(1)	**(2)**	(6)	**(7)**	(8)
Other operating expenses paid		**-**	-	**-**	(5)	**-**	(3)
Net cash inflow/(outflow) from operating activities	7	**(13,937)**	(19,443)	**(64,639)**	(104,080)	**(50,457)**	(70,814)
Cash flows from financing activities							
Proceeds from applications by unitholders		**15,235**	19,505	**68,501**	111,522	**75,718**	83,296
Payments for redemptions by unitholders		**-**	-	**-**	(7,229)	**(22,208)**	(12,283)
Distributions paid		**(1,240)**	(33)	**(3,686)**	(56)	**(3,195)**	(42)
Net cash inflow/(outflow) from financing activities		**13,995**	19,472	**64,815**	104,237	**50,315**	70,971
Net increase/(decrease) in cash and cash equivalents		**58**	29	**176**	157	**(142)**	157
Cash and cash equivalents at the beginning of the financial year		**36**	7	**157**	-	**157**	-
Cash and cash equivalents at the end of the financial year		**94**	36	**333**	157	**15**	157
Non-cash financing activities							
Units issued upon reinvestment of distributions		**102**	3	**3,512**	86	**191**	-

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

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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
Global Quality Leaders ETF - Currency Hedged	17 April 2020	9 June 2020	1 July 2021 to 30 June 2022
Global Sustainability Leaders ETF - Currency Hedged	19 August 2019	20 July 2020	1 July 2021 to 30 June 2022
NASDAQ 100 ETF - Currency Hedged	26 July 2016	20 July 2020	1 July 2021 to 30 June 2022

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 15 September 2022. The directors of The Responsible Entity have the power to amend and reissue the financial statements.

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 financial years presented unless otherwise stated.

(a) Basis of preparation

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

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

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

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

2 Summary of significant accounting policies (continued)

(a) Basis of preparation (continued)

Compliance with International Financial Reporting Standards

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

Use of estimates and judgement

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

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

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

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

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.

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.

2 Summary of significant accounting policies (continued)

(a) Basis of preparation (continued)

Assessment of the Funds' investments as structured entities

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

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

(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 2022, 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.

(c) Financial instruments

(i) Classification

The Funds classify their investments based on its 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.

(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.

2 Summary of significant accounting policies (continued)

(c) Financial instruments (continued)

(iii) Measurement

At initial recognition, the Funds measure a financial asset or liability 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.

For further details on how the fair value of the financial instruments is determined are disclosed in note 10.

(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.

(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.The net assets attributable to unitholders of the Funds met the criteria set out under AASB 132 and are classified as equity since inception.

Income not distributed is included in net assets attributable to unitholders. Where the Funds' units are classified as liabilities, movements in net assets attributable to unitholders are recognised in the statement of comprehensive income as finance costs.

(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.

Payments and receipts relating to the purchase and sale of investment securities are classified as cash flows from operating activities, as movements in the fair value of these securities represent the Fund's main income generating activity.

2 Summary of significant accounting policies (continued)

(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.

Dividend and distribution income from financial assets at fair value through profit or loss is recognised in the statement of comprehensive income within dividend income and distribution income when the Funds' right to receive payments is established.

Trust distributions are recognised on an entitlements basis and stated net of foreign withholding tax.

(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 all taxable income and other relevant amounts are attributed to unitholders in each financial year under the AMIT tax regime. Such amounts form part of unitholders' assessable incomes for the relevant financial year. The benefits of imputation credits and foreign tax paid are passed onto unitholders.

(i) Distributions

Distributions are payable, either by cash or reinvestment, as set out in the Funds' product disclosure statements and/or Funds' Constitutions.

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 they operate (the "functional currency"). This is the Australian dollar, which reflects the currency of the economy in which the Funds compete for funds and are regulated. The Australian dollar is also the Funds' presentation currency.

2 Summary of significant accounting policies (continued)

(j) Foreign currency translation (continued)

(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. These amounts are recognised initially at fair value and subsequently measured at amortised cost. At each reporting date, the Fund shall measure the loss allowance on amounts due from broker at an amount equal to the lifetime expected credit losses if the credit risk has increased significantly since initial recognition. If, at the reporting date, the credit risk has not increased significantly since initial recognition, the Fund shall measure the loss allowance at an amount equal to 12-month expected credit losses. Significant financial difficulties of the broker, probability that the broker will enter bankruptcy or financial reorganisation, and default in payments are all considered indicators that a loss allowance may be required. If the credit risk increases to the point that it is considered to be credit impaired, interest income will be calculated based on the gross carrying amount adjusted for the loss allowance.

(l) Other receivables

Other 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 year from the time of last payment in accordance with the policy set out in Note 2(f) above. The Funds' other 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 other receivables approximates fair value.

(m) Other payables

Other payables include liabilities and accrued expenses owing by the Funds which are unpaid as at the end of the reporting year.

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.

2 Summary of significant accounting policies (continued)

(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 of the amount of goods and services tax (GST) recoverable from the Australian Taxation Office (ATO) as a reduced input tax credit (RITC) is included in the payables in the statement of financial position. This change does not have a material impact on prior periods and no restatement was made to the comparative period.

(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 financialstatements. Amounts in the financial statements have been rounded off to the nearest thousand dollars, unless otherwise indicated.

3 Net assets attributable to unitholders

Units are redeemable at the unitholders' option, however, applications and redemptions may be suspended by the Responsible Entity if it is in the best interests of the unitholders. The units can be put back to the Funds at any time for cash based on the redemption price, which is equal to a proportionate share of the Funds' net assets value attributable to the unitholders.

Under AASB 132 *Financial Instruments: 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:

	Global Quality Leaders ETF - Currency Hedged				**Global Sustainability Leaders ETF - Currency Hedged**			
	30 June 2022 Units'000	30 June 2021 Units'000	**30 June 2022 $'000**	30 June 2021 $'000	**30 June 2022 Units'000**	30 June 2021 Units'000	**30 June 2022 $'000**	30 June 2021 $'000
Net assets attributable to unitholders								
Opening balance	**975**	150	**24,720**	3,010	**9,407**	-	**119,051**	-
Applications	**600**	825	**15,235**	19,505	**5,400**	10,000	**68,501**	111,522
Redemptions	**-**	-	**-**	-	**-**	(600)	**-**	(7,229)
Units issued upon reinvestment of distributions	**4**	-	**102**	3	**277**	7	**3,512**	86
Distributions to unitholders	**-**	-	**(63)**	(1,315)	**-**	-	**(224)**	(7,116)
Profit/(loss) for the year	**-**	-	**(7,367)**	3,517	**-**	-	**(32,213)**	21,788
Closing balance	**1,579**	975	**32,627**	24,720	**15,084**	9,407	**158,627**	119,051

	NASDAQ 100 ETF - Currency Hedged			
	30 June 2022 Units'000	30 June 2021 Units'000	**30 June 2022 $'000**	30 June 2021 $'000
Net assets attributable to unitholders				
Opening balance	**2,600**	-	**84,050**	-
Applications	**2,500**	3,000	**75,718**	83,296
Redemptions	**(700)**	(400)	**(22,208)**	(12,283)
Units issued upon reinvestment of distributions	**6**	-	**191**	-
Distributions to unitholders	**-**	-	**-**	(3,427)
Profit/(loss) for the year	**-**	-	**(27,692)**	16,464
Closing balance	**4,406**	2,600	**110,059**	84,050

3 Net assets attributable to unitholders (continued)

Capital risk management

The Funds consider their net assets attributable to certain 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.

Under the terms of the Funds' Constitutions, the Responsible Entity has the discretion to reject an application for units and to defer or adjust a redemption of units if the exercise of such discretion is in the best interests of unitholders.

4 Distributions to unitholders

The distributions for the year were as follows:

	Global Quality Leaders ETF - Currency Hedged				**Global Sustainability Leaders ETF - Currency Hedged**			
	30 June 2022 $'000	**30 June 2022 CPU**	30 June 2021 $'000	30 June 2021 CPU	**30 June 2022 $'000**	**30 June 2022 CPU**	30 June 2021 $'000	30 June 2021 CPU
Distributions paid - December	**63**	**4.63**	36	8.06	**224**	**1.75**	142	1.95
Distributions payable - June	**-**	**-**	1,279	131.15	**-**	**-**	6,974	74.13
Total distributions	**63**	**4.63**	1,315	139.21	**224**	**1.75**	7,116	76.08

	NASDAQ 100 ETF - Currency Hedged			
	30 June 2022 $'000	**30 June 2022 CPU**	30 June 2021 $'000	30 June 2021 CPU
Distributions paid - December	**-**	**-**	42	2.51
Distributions payable - June	**-**	**-**	3,385	130.18
Total distributions	**-**	**-**	3,427	132.69

The distribution information shown above refers to cash distributions paid by the relevant Fund for the period. Under the AMIT tax rules, a Fund may distribute cash that is different to the taxable income attributed by the Fund to unitholders.

During the year, some distributions were satisfied by the issue of units (reinvestment). See note 3.

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

The Fund measures and recognises the following assets and liabilities at fair value on a recurring basis:

	Global Quality Leaders ETF - Currency Hedged		Global Sustainability Leaders ETF - Currency Hedged		NASDAQ 100 ETF - Currency Hedged	
	30 June 2022	30 June 2021	**30 June 2022**	30 June 2021	**30 June 2022**	30 June 2021
	$'000	$'000	**$'000**	$'000	**$'000**	$'000
Financial assets at fair value through profit or loss						
Listed unit trusts	**33,380**	25,268	**160,046**	121,695	**111,440**	86,148
Total financial assets at fair value through profit or loss	**33,380**	25,268	**160,046**	121,695	**111,440**	86,148
Financial liabilities at fair value through profit or loss						
Foreign currency contracts	**1,122**	499	**5,917**	2,532	**5,015**	2,141
Total financial liabilities at fair value through profit or loss	**1,122**	499	**5,917**	2,532	**5,015**	2,141

An overview of the fair value measurements relating to financial instruments at fair value through profit or loss is included in Note 10 to the financial statements.

6 Other receivables

	Global Quality Leaders ETF - Currency Hedged		Global Sustainability Leaders ETF - Currency Hedged		NASDAQ 100 ETF - Currency Hedged	
	30 June 2022	30 June 2021	**30 June 2022**	30 June 2021	**30 June 2022**	30 June 2021
	$'000	$'000	**$'000**	$'000	**$'000**	$'000
Dividends/Distributions receivable	**278**	1,196	**4,170**	6,707	**3,626**	3,274
GST receivable	**-**	-	**1**	1	**1**	1
Total other receivables	**278**	1,196	**4,171**	6,708	**3,627**	3,275

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

	Global Quality Leaders ETF - Currency Hedged		Global Sustainability Leaders ETF - Currency Hedged		NASDAQ 100 ETF - Currency Hedged	
	30 June 2022	30 June 2021	**30 June 2022**	30 June 2021	**30 June 2022**	30 June 2021
	$'000	$'000	**$'000**	$'000	**$'000**	$'000
Reconciliation of profit/(loss) to net cash inflow/(outflow) from operating						
Profit/(loss)	**(7,367)**	3,517	**(32,213)**	21,788	**(27,693)**	16,464
Proceeds from sale of financial instruments at fair value through profit or loss	**8,279**	1,574	**38,527**	17,642	**51,643**	21,127
Payments for the purchase of financial instruments at fair value through profit or loss	**(23,469)**	(21,103)	**(110,076)**	(121,843)	**(105,348)**	(91,965)
Net (gains)/losses on financial instruments at fair value through profit or loss	**7,701**	(2,334)	**36,583**	(14,962)	**31,287**	(13,315)
Net change in dividends/distributions receivable	**918**	(1,128)	**2,537**	(6,707)	**(352)**	(3,274)
Net change in receivables and other assets	**-**	-	**-**	(1)	**-**	(1)
Net foreign exchange (gains)/losses	**-**	29	**-**	-	**-**	146
Net change in payables and other liabilities	**1**	2	**3**	3	**4**	4
Net cash inflow/(outflow) from operating activities	**(13,937)**	(19,443)	**(64,639)**	(104,080)	**(50,459)**	(70,814)

8 Financial risk management

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

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

The Funds' overall risk management programs focus on ensuring compliance with the Funds' Product Disclosure Statement (PDS) 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' PDS and investment guidelines.

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

(a) Market risk

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

8 Financial risk management (continued)

(a) Market risk (continued)

Included in the following analysis is table that summarises the sensitivity of the operating profit and net assets attributable to unitholders to changes in market prices (e.g. equity price, 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 equity securities and derivatives price risk. This arises from investments held by the Fund for which prices in the future are uncertain. Equity securities and derivatives are classified on the statement 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.

A 10% movement at the report date of the market prices attributable to financial assets or financial liabilities by the relevant Funds would have the following impact on the Funds' 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.

	Global Quality Leaders ETF - Currency Hedged		**Global Sustainability Leaders ETF - Currency Hedged**		**NASDAQ 100 ETF - Currency Hedged**	
	30 June 2022 $'000	30 June 2021 $'000	**30 June 2022 $'000**	30 June 2021 $'000	**30 June 2022 $'000**	30 June 2021 $'000
+10% Price movement - impact on the Funds' profit/(loss) and net assets attributable to unitholders	**3,338**	2,527	**16,005**	12,169	**11,144**	8,615
-10% Price movement - impact on the Funds' profit/(loss) and net assets attributable to unitholders	**(3,338)**	(2,527)	**(16,005)**	(12,169)	**(11,144)**	(8,615)

(ii) Interest rate risk

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

The Funds are exposed to interest rate risk on its cash holdings. Interest income from cash holdings is earned at variable interest rates. Investments in cash holdings are at call.

8 Financial risk management (continued)

(a) Market risk (continued)

(iii) Foreign exchange risk

The Funds 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 tables below summarises the Funds' 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). The disclosures below represent the significant currency exposures of Funds at each respective reporting date.

	Global Quality Leaders ETF - Currency Hedged				Global Sustainability Leaders ETF - Currency Hedged			
	30 June 2022 Currency	**30 June 2022 $'000**	30 June 2021 Currency	30 June 2021 $'000	**30 June 2022 Currency**	**30 June 2022 $'000**	30 June 2021 Currency	30 June 2021 $'000
	USD	**(24,145)**	USD	(15,815)	**USD**	**(131,194)**	USD	(85,953)
	EUR	**(3,520)**	EUR	(2,245)	**EUR**	**(17,287)**	EUR	(12,417)
	HKD	**(1,356)**	HKD	(1,025)	**JPY**	**(15,202)**	JPY	(10,613)
	JPY	**(4,178)**	JPY	(3,298)	**CHF**	**(8,914)**	CHF	(4,533)
	CHF	**(1,336)**	CHF	(1,143)	**GBP**	**(5,576)**	GBP	(4,510)
	Others	**(3,245)**	Others	(1,844)	**Others**	**(7,316)**	Others	(5,282)
Net foreign currency exposure		**(37,780)**		(25,370)		**(185,489)**		(123,308)

	NASDAQ 100 ETF - Currency Hedged			
	30 June 2022 Currency	**30 June 2022 $'000**	30 June 2021 Currency	30 June 2021 $'000
	USD*	**(131,595)**	USD*	(84,167)
Net foreign currency exposure		**(131,595)**		(84,167)

Sensitivity analysis - Foreign exchange risk

Global Quality Leaders ETF - Currency Hedged, Global Sustainability Leaders ETF - Currency Hedged and NASDAQ 100 ETF - Currency Hedged

The Funds' monetary assets are denominated in Australian dollar and hence there is no disclosure to sensitivity analysis for foreign exchange risk.

** This Fund only has USD exposure.*

8 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 main concentration of credit risk to which the Funds are exposed arises from the Funds' investment in cash and cash equivalents, and investment in debt securities.

(i) Cash and cash equivalents

The exposure to credit risk for cash and cash equivalents is considered low as the Funds only invests 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 securities transactions

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

(iii) Other

The custody of the Funds' assets are mainly concentrated with one counterparty, namely Citigroup Pty Ltd. Citigroup Pty Ltd is a subsidiary of a company listed on a major securities exchange, and at 30 June 2022 had a credit rating of A by Standard & Poor's (S&P) (30 June 2021 AA-/A-1+ (Stable) by Standard & Poor's (S&P)). At 30 June 2022, substantially all cash and cash equivalents, balances due from brokers and investments are held in custody by Citigroup Pty Ltd.

(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 its 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.

8 Financial risk management (continued)

(c) Liquidity risk (continued)

The following table analyses 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 table are the contractual undiscounted cash flows.

	Global Quality Leaders ETF - Currency Hedged							
	On demand 30 June 2022 $'000	**Less than 6 months 30 June 2022 $'000**	**Greater than 6 months 30 June 2022 $'000**	**Total 30 June 2022 $'000**	On demand 30 June 2021 $'000	Less than 6 months 30 June 2021 $'000	Greater than 6 months 30 June 2021 $'000	Total 30 June 2021 $'000
Distributions payable	**-**	**-**	**-**	**-**	-	1,279	-	1,279
Other payables	**-**	**3**	**-**	**3**	-	2	-	2
Contractual cash flows (excluding net settled derivatives)	**-**	**3**	**-**	**3**	-	1,281	-	1,281
Foreign currency contracts	**-**	**1,122**	**-**	**1,122**	-	499	-	499
Net settled derivatives	**-**	**1,122**	**-**	**1,122**	-	499	-	499

	Global Sustainability Leaders ETF - Currency Hedged							
	On demand 30 June 2022 $'000	**Less than 6 months 30 June 2022 $'000**	**Greater than 6 months 30 June 2022 $'000**	**Total 30 June 2022 $'000**	On demand 30 June 2021 $'000	Less than 6 months 30 June 2021 $'000	Greater than 6 months 30 June 2021 $'000	Total 30 June 2021 $'000
Distributions payable	**-**	**-**	**-**	**-**	-	6,974	-	6,974
Other payables	**-**	**6**	**-**	**6**	-	3	-	3
Contractual cash flows (excluding net settled derivatives)	**-**	**6**	**-**	**6**	-	6,977	-	6,977
Foreign currency contracts	**-**	**5,917**	**-**	**5,917**	-	2,532	-	2,532
Net settled derivatives	**-**	**5,917**	**-**	**5,917**	-	2,532	-	2,532

8 Financial risk management (continued)

(c) Liquidity risk (continued)

	NASDAQ 100 ETF - Currency Hedged							
	On demand 30 June 2022 $'000	**Less than 6 months 30 June 2022 $'000**	**Greater than 6 months 30 June 2022 $'000**	**Total 30 June 2022 $'000**	On demand 30 June 2021 $'000	Less than 6 months 30 June 2021 $'000	Greater than 6 months 30 June 2021 $'000	Total 30 June 2021 $'000
Distributions payable	**-**	**-**	**-**	**-**	-	3,385	-	3,385
Other payables	**-**	**8**	**-**	**8**	-	4	-	4
Contractual cash flows (excluding net settled derivatives)	**-**	**8**	**-**	**8**	-	3,389	-	3,389
Foreign currency contracts	**-**	**5,015**	**-**	**5,015**	-	2,141	-	2,141
Net settled derivatives	**-**	**5,015**	**-**	**5,015**	-	2,141	-	2,141

9 Offsetting financial assets and financial liabilities

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

	Effects of offsetting on the statements of financial position			**Related amounts not offset in the statements of financial position**		
Global Quality Leaders ETF - Currency Hedged	**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**
As at 30 June 2022						
Financial liabilities						
Foreign currency contracts	**53**	**(1,175)**	**(1,122)**	**-**	**-**	**(1,122)**
Total	**53**	**(1,175)**	**(1,122)**	**-**	**-**	**(1,122)**
As at 30 June 2021						
Financial liabilities						
Foreign currency contracts	3	(502)	(499)	-	-	(499)
Total	3	(502)	(499)	-	-	(499)

9 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		
Global Sustainability Leaders ETF - Currency Hedged	**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**
As at 30 June 2022						
Financial liabilities						
Foreign currency contracts	**195**	**(6,112)**	**(5,917)**	**-**	**-**	**(5,917)**
Total	**195**	**(6,112)**	**(5,917)**	**-**	**-**	**(5,917)**
As at 30 June 2021						
Financial liabilities						
Foreign currency contracts	12	(2,544)	(2,532)	-	-	(2,532)
Total	12	(2,544)	(2,532)	-	-	(2,532)

	Effects of offsetting on the statements of financial position			Related amounts not offset in the statements of financial position		
NASDAQ 100 ETF - Currency Hedged	**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**
As at 30 June 2022						
Financial liabilities						
Foreign currency contracts	**(5,015)**		**(5,015)**	**-**	**-**	**(5,015)**
Total	**(5,015)**	**-**	**(5,015)**	**-**	**-**	**(5,015)**
As at 30 June 2021						
Financial liabilities						
Foreign currency contracts	(2,141)	-	(2,141)	-	-	(2,141)
Total	(2,141)	-	(2,141)	-	-	(2,141)

10 Fair value measurements

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

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

Fair value estimation

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

Financial assets and liabilities 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.

10 Fair value measurements (continued)

Fair value estimation (continued)

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

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

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

The quoted market price used for financial assets 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 management to determine the appropriate valuation price to use that is most representative of fair value.

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

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

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

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

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 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.

10 Fair value measurements (continued)

Fair value estimation (continued)

(iii) Recognised fair value measurements

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

	Global Quality Leaders ETF - Currency Hedged							
	Level 1 30 June 2022 $'000	**Level 2 30 June 2022 $'000**	**Level 3 30 June 2022 $'000**	**Total 30 June 2022 $'000**	Level 1 30 June 2021 $'000	Level 2 30 June 2021 $'000	Level 3 30 June 2021 $'000	Total 30 June 2021 $'000
Financial assets								
Financial assets at fair value through profit or loss:								
Listed unit trusts	**33,380**	**-**	**-**	**33,380**	25,268	-	-	25,268
Total	**33,380**	**-**	**-**	**33,380**	25,268	-	-	25,268
Financial liabilities								
Financial liabilities at fair value through profit or loss:								
Foreign currency contracts		**1,122**		**1,122**	-	499	-	499
Total	**-**	**1,122**	**-**	**1,122**	-	499	-	499

	Global Sustainability Leaders ETF - Currency Hedged							
	Level 1 30 June 2022 $'000	**Level 2 30 June 2022 $'000**	**Level 3 30 June 2022 $'000**	**Total 30 June 2022 $'000**	Level 1 30 June 2021 $'000	Level 2 30 June 2021 $'000	Level 3 30 June 2021 $'000	Total 30 June 2021 $'000
Financial assets								
Financial assets at fair value through profit or loss:								
Listed unit trusts	**160,046**	**-**	**-**	**160,046**	121,695	-	-	121,695
Total	**160,046**	**-**	**-**	**160,046**	121,695	-	-	121,695
Financial liabilities								
Financial liabilities at fair value through profit or loss:								
Foreign currency contracts	**-**	**5,917**	**-**	**5,917**	-	2,532	-	2,532
Total	**-**	**5,917**	**-**	**5,917**	-	2,532	-	2,532

10 Fair value measurements (continued)

Fair value estimation (continued)

(iii) Recognised fair value measurements (continued)

	NASDAQ 100 ETF - Currency Hedged							
	Level 1 30 June 2022 $'000	**Level 2 30 June 2022 $'000**	**Level 3 30 June 2022 $'000**	**Total 30 June 2022 $'000**	Level 1 30 June 2021 $'000	Level 2 30 June 2021 $'000	Level 3 30 June 2021 $'000	Total 30 June 2021 $'000
Financial assets								
Financial assets at fair value through profit or loss:								
Listed unit trusts	**111,440**	**-**	**-**	**111,440**	86,148	-	-	86,148
Total	**111,440**	**-**	**-**	**111,440**	86,148	-	-	86,148
Financial liabilities								
Financial liabilities at fair value through profit or loss:								
Foreign currency contracts	**-**	**5,015**	**-**	**5,015**	-	2,141	-	2,141
Total	**-**	**5,015**	**-**	**5,015**	-	2,141	-	2,141

(iv) Transfers between levels

There were no transfers between levels during the year ended 30 June 2022 and 30 June 2021.

(v) Movement in level 3 instruments

There were no investments classified as Level 3 within the Funds as at 30 June 2022 and 30 June 2021.

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

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

The carrying value of the net assets attributable to unitholders differs from its fair value (the deemed to be redemption price for individual units) due to differences in valuation inputs. This difference is not material in the current year.

11 Derivative financial instruments

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

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

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

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

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

The following Funds held derivative instruments:

	Global Quality Leaders ETF - Currency Hedged					
	Fair values					
	Contract/ notional 30 June 2022 $'000	**Assets 30 June 2022 $'000**	**Liabilities 30 June 2022 $'000**	Contract/ notional 30 June 2021 $'000	Assets 30 June 2021 $'000	Liabilities 30 June 2021 $'000
Foreign currency contracts	**36,658**	**-**	**1,122**	24,871	-	499
Total	**36,658**	**-**	**1,122**	24,871	-	499

11 Derivative financial instruments (continued)

	Global Sustainability Leaders ETF - Currency Hedged					
		Fair values				
	Contract/ notional 30 June 2022 $'000	**Assets 30 June 2022 $'000**	**Liabilities 30 June 2022 $'000**	Contract/ notional 30 June 2021 $'000	Assets 30 June 2021 $'000	Liabilities 30 June 2021 $'000
Foreign currency contracts	**179,572**	**-**	**5,917**	120,776	-	2,532
Total	**179,572**	**-**	**5,917**	120,776	-	2,532

	NASDAQ 100 ETF - Currency Hedged					
		Fair values				
	Contract/ notional 30 June 2022 $'000	**Assets 30 June 2022 $'000**	**Liabilities 30 June 2022 $'000**	Contract/ notional 30 June 2021 $'000	Assets 30 June 2021 $'000	Liabilities 30 June 2021 $'000
Foreign currency contracts	**126,580**	**-**	**5,015**	82,026	-	2,141
Total	**126,580**	**-**	**5,015**	82,026	-	2,141

12 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:

	Global Quality Leaders ETF - Currency Hedged		Global Sustainability Leaders ETF - Currency Hedged		NASDAQ 100 ETF - Currency Hedged	
	30 June 2022 $	30 June 2021 $	**30 June 2022 $**	30 June 2021 $	**30 June 2022 $**	30 June 2021 $
KPMG						
Audit and other assurance service						
Audit and review of financial reports	**4,982**	4,982	**4,982**	4,982	**4,982**	4,982
Audit of compliance plan	**1,230**	1,230	**1,230**	1,230	**1,230**	1,230
Total remuneration of audit and other assurance services	**6,212**	6,212	**6,212**	6,212	**6,212**	6,212

13 Related party transactions

Responsible Entity

The Responsible Entity of the Funds is BetaShares Capital Ltd (ABN 78 139 566 868) , which is a wholly owned subsidiary of BetaShares Financial Group Pty 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

Mr Alex Vynokur (appointed 21 September 2009)
Mr Jason Gellert (appointed 5 March 2021)
Mr Edward Sippel (appointed 5 March 2021)

(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 Fund' Constitutions. The Responsible Entity's fees comprise a management fee (after taking account of GST and reduced input tax credits), which is calculated as a percentage of the net asset value of the Funds and is disclosed in the statements of comprehensive income. The following table discloses the Responsible Entity's fees for 30 June 2022 and 30 June 2021:

Funds

	Management Fee	
	30 June 2022	30 June 2021
	%	%
Global Quality Leaders ETF - Currency Hedged	**0.03**	0.03
Global Sustainability Leaders ETF - Currency Hedged	**0.03**	0.03
NASDAQ 100 ETF - Currency Hedged	**0.03**	0.03

13 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:

	Global Quality Leaders ETF - Currency Hedged		**Global Sustainability Leaders ETF - Currency Hedged**		**NASDAQ 100 ETF - Currency Hedged**	
	30 June 2022	30 June 2021	**30 June 2022**	30 June 2021	**30 June 2022**	30 June 2021
	$	$	**$**	$	**$**	$
Management fees expensed to the Responsible	**9,837**	3,498	**46,476**	22,195	**32,124**	16,135
Management fees payable to the Responsible Entity at reporting date	**822**	650	**3,981**	3,265	**2,656**	2,191

Related party unitholdings

The tables below provide details in relation to the investments held by related parties in certain Funds for the relevant financial year:

Global Quality Leaders ETF - Currency Hedged

2022

Unitholder in the below fund:	**Number of units held opening (Units)**	**Number of units held closing (Units)**	**Fair value of investment ($)**	**Interest held (%)**	**Number of units acquired (Units)**	**Number of units disposed (Units)**	**Distributions paid/payable by the Fund ($)**
BetaShares Global Quality Leaders ETF	**1,109,211**	**1,718,644**	**33,379,270**	**11.31**	**852,294**	**242,861**	**345,887**
Total	**1,109,211**	**1,718,644**	**33,379,270**	**11.31**	**852,294**	**242,861**	**345,887**

2021

Unitholder in the below fund:	Number of units held opening (Units)	Number of units held closing (Units)	Fair value of investment ($)	Interest held (%)	Number of units acquired (Units)	Number of units disposed (Units)	Distributions paid/payable by the Fund ($)
BetaShares Global Quality Leaders ETF	152,677	1,109,211	25,268,339	15.70	1,001,933	45,399	1,217,320
Total	152,677	1,109,211	25,268,339	15.70	1,001,933	45,399	1,217,320

13 Related party transactions (continued)

Related party unitholdings (continued)

Global Sustainability Leaders ETF - Currency Hedged

2022

Unitholder in the below fund:	**Number of units held opening (Units)**	**Number of units held closing (Units)**	**Fair value of investment ($)**	**Interest held (%)**	**Number of units acquired (Units)**	**Number of units disposed (Units)**	**Distributions paid/payable by the Fund ($)**
BetaShares Global Sustainability Leaders ETF	**10,209,300**	**15,544,179**	**160,045,696**	**8.45**	**7,542,777**	**2,207,898**	**4,415,800**
Total	**10,209,300**	**15,544,179**	**160,045,696**	**8.45**	**7,542,777**	**2,207,898**	**4,415,800**

2021

Unitholder in the below fund:	Number of units held opening (Units)	Number of units held closing (Units)	Fair value of investment ($)	Interest held (%)	Number of units acquired (Units)	Number of units disposed (Units)	Distributions paid/payable by the Fund ($)
BetaShares Global Sustainability Leaders ETF	-	10,209,300	121,694,540	8.31	11,532,321	1,323,021	6,856,166
Total	-	10,209,300	121,694,540	8.31	11,532,321	1,323,021	6,856,166

NASDAQ 100 ETF - Currency Hedged

2022

Unitholder in the below fund:	**Number of units held opening (Units)**	**Number of units held closing (Units)**	**Fair value of investment ($)**	**Interest held (%)**	**Number of units acquired (Units)**	**Number of units disposed (Units)**	**Distributions paid/payable by the Fund ($)**
BetaShares NASDAQ 100 ETF	**2,787,305**	**4,308,531**	**111,439,555**	**5.16**	**2,949,302**	**1,428,076**	**3,625,987**
Total	**2,787,305**	**4,308,531**	**111,439,555**	**5.16**	**2,949,302**	**1,428,076**	**3,625,987**

2021

Unitholder in the below fund:	Number of (Units)	Number of (Units)	Fair value of ($)	Interest (%)	Number of (Units)	Number of (Units)	Distributions ($)
BetaShares NASDAQ 100 ETF	-	2,787,305	86,148,066	4.56	3,424,035	636,730	3,321,998
Total	-	2,787,305	86,148,066	4.56	3,424,035	636,730	3,321,998

All transactions with related parties are conducted on normal terms and conditions. From time to time the Responsible Entity or its director-related entities may invest or withdraw from the Funds.

14 Events occurring after the reporting period

Since the end of the reporting period the net asset value of the below Fund has changed by more than 10% due to changes in the fair value of the investments held. These movements result from implementation of the investment strategy as set out in the relevant Fund's Product Disclosure Statement.

Fund	**Net asset value changed by:**
NASDAQ 100 ETF – Currency Hedged	10.05%

No other significant events have occurred since the end of the reporting period which would impact on the financial position of the Funds disclosed in the statements of financial position as at 30 June 2022 or on the results and cash flows of the Funds for the period ended on that date.

15 Contingent assets and liabilities and commitments

There are no outstanding contingent assets, liabilities or commitments as at 30 June 2022 and 30 June 2021.

Directors' declaration

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

BetaShares Global Quality Leaders ETF - Currency Hedged
BetaShares Global Sustainability Leaders ETF - Currency Hedged
BetaShares NASDAQ 100 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 7 to 39 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 2022 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.

Alex Vynokur
Director

Sydney
15 September 2022

Independent Auditor's Report

To the respective unitholders of the following Schemes:

BetaShares Global Quality Leaders ETF - Currency Hedged

BetaShares Global Sustainability Leaders ETF - Currency Hedged

BetaShares NASDAQ 100 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.

Opinion

We have audited the ***Financial Report*** of the Schemes.

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

- giving a true and fair view of the Schemes' financial position as at 30 June 2022, and of their financial performance and their cash flows for the year ended on that date; and
- complying with *Australian Accounting Standards* and the *Corporations Regulations 2001*.

The ***Financial Report*** of the Schemes comprise:

- Statements of financial position as at 30 June 2022;
- Statements of comprehensive income for the year then ended;
- 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 opinion

We conducted our audit 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 opinion.

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

We are independent of the Schemes and the Responsible Entity in accordance with the *Corporations Act 2001* and the relevant ethical requirements of the *Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (including Independence Standards)* (the Code). We have fulfilled our other ethical responsibilities in accordance with these requirements.

Key Audit Matters

Key Audit Matters are those matters that, in our professional judgement, were of most significance in our audit of the Financial Report of the Schemes in the current period.

These matters were addressed in the context of our audit of the

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Financial Report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The ***Key Audit Matter*** we identified for each of the Schemes is:

- Valuation and existence of financial instruments.

Valuation and existence of financial instruments (BetaShares Global Quality Leaders – Currency Hedged $33,380,000, BetaShares Global Sustainability Leaders ETF – Currency Hedged $160,046,000, and BetaShares NASDAQ 100 ETF – Currency Hedged $111,440,000)	
Refer to Note 5 to the Financial Report	
The key audit matter	**How the matter was addressed in our audit**
Financial instruments at fair value through profit or loss comprise investments in listed securities and derivatives ("investments"). The Scheme outsources certain processes and controls relevant to: • Executing transactions as instructed by the Responsible Entity and recording and valuing investments to the Scheme administrator; • Maintaining custody and underlying records of investments to the custodian; Valuation and existence of investments is a key audit matter due to the: • Size of the Scheme's portfolio of investments. These investments represent a significant percentage of the Scheme's total assets at year end; and • Importance of the performance of these investments in driving the Scheme's investment income and capital performance, as reported in the Financial Report. 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.	Our procedures included: • 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. • We obtained and read the Scheme's Service Provider's ASAE 3402 *Assurance Reports on Controls at a Service Organisation* and GS007 (*Guidance Statement 007 Audit Implications of the Use of Service Organisations for Investment Management Services*) assurance reports to understand the processes and assess the controls relevant to the: - Scheme administrator – to execute transactions, record and value the Scheme's investments; - Custodian – to maintain custody and underlying records of the Scheme's investments; • 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. • We assessed the reputation, professional competence and independence of the auditors of the ASAE 3402 and GS007 assurance reports. • We checked the existence of investments, being the ownership and quantity held.to external sources such as independent confirmations for

	derivative investments as at 30 June 2022. • We checked the valuation of investments, as recorded in the general ledger, to independently sourced prices as at 30 June 2022. • We evaluated the Scheme's disclosures of investments, 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 Schemes' annual reporting which is provided in addition to the Financial Report and the Auditor's Report. This includes the Director's Report. The Directors of the Responsible Entity are responsible for the Other Information.

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

The Directors of the Responsible Entity are responsible for:

- preparing the Financial Report that gives 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 the Schemes' 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 Scheme or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Report

Our objective is:

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

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 Report.

A further description of our responsibilities for the Audit of the Financial Report is located at the Auditing and Assurance Standards Board website at: http://www.auasb.gov.au/auditors_responsibilities/ar2.pdf. This description forms part of our Auditor's Report.

KPMG

Nicholas Buchanan

Partner

Sydney

15 September 2022

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