



Booklet 7

Condensed Interim Financial Report

31 December 2022

Responsible Entity

Betashares Capital Limited Ltd

(ABN 78 139 566 868)

Level 11, 50 Margaret,
Sydney, NSW 2000

betashares.com.au



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Betashares Western Asset Australian Bond Fund (managed fund) - ASX Code: BNDS (ARSN 608 058 493)

Betashares Martin Currie Emerging Markets Fund (managed fund) - ASX Code: EMMG (ARSN 629 322 247)

Betashares Martin Currie Equity Income Fund (managed fund) - ASX Code: EINC (ARSN 621 856 406)

Betashares Martin Currie Real Income Fund (managed fund) - ASX Code: RINC (ARSN 621 862 619)

Condensed Interim Financial Report

for the half-year ended 31 December 2022

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Condensed Interim Financial Report
for the half-year ended 31 December 2022

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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 condensed interim financial report of the Funds for the half-year ended 31 December 2022 and the auditor's report thereon.

Fund name	Referred to in this document as	Financial reporting period	ARSN
Betashares Western Asset Australian Bond Fund (managed fund)	Australian Bond Fund	1 July 2022 to 31 December 2022	608 058 493
Betashares Martin Currie Emerging Markets Fund (managed fund)	Emerging Markets Fund	1 July 2022 to 31 December 2022	629 322 247
Betashares Martin Currie Equity Income Fund (managed fund)	Equity Income Fund	1 July 2022 to 31 December 2022	621 856 406
Betashares Martin Currie Real Income Fund (managed fund)	Real Income Fund	1 July 2022 to 31 December 2022	621 862 619

Responsible Entity

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

Franklin Templeton Australia Limited is the Investment Manager of the Funds.

Principal activities

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

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

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

Directors' report (continued)

Directors

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

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

Review and results of operations

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

Significant changes in state of affairs

As the global community moves toward 'living with' the COVID-19 pandemic, there have been continuous challenging economic conditions as a result of the pandemic such as supply chain constraints, inflation, increasing interest rates, the Russia- Ukraine war, or other events that may impact the Funds' future performance.

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 half-year.

Matters subsequent to the end of the financial year

Effective 8 August 2022, Real Income Fund expanded its investment universe to allow allocation of up to 20% of its portfolio to listed real asset securities from global developed countries, in addition to its holdings of Australian listed real asset securities.

No matter or circumstance has arisen since 31 December 2022 that has significantly affected, or may significantly affect:

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

Directors' report (continued)

Likely developments and expected results of operations

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

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

Rounding of amounts to the nearest thousand dollars

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

Auditor's independence declaration

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

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



Alex Vynokur
Director

Sydney
9 March 2023



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

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

Betashares Western Asset Australian Bond Fund (managed fund)

Betashares Martin Currie Emerging Markets Fund (managed fund)

Betashares Martin Currie Equity Income Fund (managed fund)

Betashares Martin Currie Real Income Fund (managed fund)

I declare that, to the best of my knowledge and belief, in relation to the review of Schemes for the half-year ended 31 December 2022 there have been:

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

A stylized, handwritten-style logo of the letters 'KPMG' in blue.

KPMG

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

Nicholas Buchanan

Partner

Sydney

9 March 2023

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Condensed interim statements of comprehensive income
For the half-year ended 31 December 2022

Condensed interim statements of comprehensive income

	Australian Bond Fund		Emerging Markets Fund		Equity Income Fund		Real Income Fund	
	31 December 2022 \$'000	31 December 2021 \$'000	31 December 2022 \$'000	31 December 2021 \$'000	31 December 2022 \$'000	31 December 2021 \$'000	31 December 2022 \$'000	31 December 2021 \$'000
Investment income								
Interest income	3,520	2,493	22	-	4	-	6	-
Dividend/distribution income	-	-	679	367	684	1,012	1,540	1,494
Net gains/(losses) on financial instruments at fair value through profit or loss	(4,411)	(4,819)	(540)	(5,283)	715	(265)	(639)	5,993
Net foreign exchange gains/(losses)	-	-	221	(164)	-	-	(14)	-
Other operating income	54	19	-	-	1	-	-	-
Total net investment income/(loss)	(837)	(2,307)	382	(5,080)	1,404	747	893	7,487
Expenses								
Management fees	483	402	517	380	106	124	257	258
Transaction costs	2	-	49	4	4	-	41	-
Interest expenses	-	2	-	62	-	8	-	19
Other operating expenses	-	4	69	45	4	9	7	10
Total operating expenses	485	408	635	491	114	141	305	287
Profit/(loss) for the half-year	(1,322)	(2,715)	(253)	(5,571)	1,290	606	588	7,200
Other comprehensive income	-	-	-	-	-	-	-	-
Total comprehensive income/(loss) for the half-year	(1,322)	(2,715)	(253)	(5,571)	1,290	606	588	7,200

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

Booklet 7
Condensed interim statements of financial position
As at 31 December 2022

Condensed interim statements of financial position

		Australian Bond Fund		Emerging Markets Fund		Equity Income Fund		Real Income Fund	
		31 December 2022 \$'000	30 June 2022 \$'000	31 December 2022 \$'000	30 June 2022 \$'000	31 December 2022 \$'000	30 June 2022 \$'000	31 December 2022 \$'000	30 June 2022 \$'000
	Notes								
Assets									
Cash and cash equivalents		2,002	2,554	1,331	1,414	532	436	395	313
Financial assets at fair value through profit or loss	5	257,269	191,862	103,091	97,048	22,671	25,343	58,431	59,558
Due from brokers - receivable for securities sold		-	-	-	640	-	-	-	-
Other receivables		2,956	1,297	332	434	89	151	773	1,043
Total assets		262,227	195,713	104,754	99,536	23,292	25,930	59,599	60,914
Liabilities									
Financial liabilities at fair value through profit or loss	5	928	-	-	-	-	-	-	-
Distributions payable	4	830	230	-	-	252	498	747	1,057
Due to brokers - payable for securities purchased		453	903	-	1,278	-	-	-	-
Other payables		96	71	117	84	17	19	183	137
Total liabilities (excluding net assets attributable to unitholders)		2,307	1,204	117	1,362	269	517	930	1,194
Net assets attributable to unitholders - equity	3	259,920	194,509	104,637	98,174	23,023	25,413	58,669	59,720

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

Booklet 7
Condensed interim statements of changes in equity
For the half-year ended 31 December 2022

Condensed interim statements of changes in equity

		Australian Bond Fund		Emerging Markets Fund		Equity Income Fund		Real Income Fund	
		31 December 2022 \$'000	31 December 2021 \$'000	31 December 2022 \$'000	31 December 2021 \$'000	31 December 2022 \$'000	31 December 2021 \$'000	31 December 2022 \$'000	31 December 2021 \$'000
	Notes								
Total equity at the beginning of the half-year	3	194,509	178,823	98,174	26,833	25,413	30,498	59,720	52,923
Comprehensive income for the half-year									
Profit/(loss) for the year		(1,322)	(2,715)	(253)	(5,571)	1,290	606	588	7,200
Other comprehensive income		-	-	-	-	-	-	-	-
Total comprehensive income/(loss) for the half-year		(1,322)	(2,715)	(253)	(5,571)	1,290	606	588	7,200
Transactions with unitholders									
Applications	3	69,258	20,090	22,584	92,783	2,654	4,453	4,067	12,349
Redemptions	3	-	-	(15,868)	(12,830)	(5,706)	(8,375)	(4,715)	(5,976)
Units issued upon reinvestment of distributions	3	25	29	-	21	23	17	57	46
Distributions to unitholders	3,4	(2,550)	(1,316)	-	-	(651)	(986)	(1,048)	(1,101)
Total transactions with unitholders		66,733	18,803	6,716	79,974	(3,680)	(4,891)	(1,639)	5,318
Total equity at the end of the half-year	3	259,920	194,911	104,637	101,236	23,023	26,213	58,669	65,441

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

Booklet 7
Condensed interim statements of cash flows
For the half-year ended 31 December 2022

Condensed interim statements of cash flows

	Australian Bond Fund		Emerging Markets Fund		Equity Income Fund		Real Income Fund	
	31 December 2022 \$'000	31 December 2021 \$'000	31 December 2022 \$'000	31 December 2021 \$'000	31 December 2022 \$'000	31 December 2021 \$'000	31 December 2022 \$'000	31 December 2021 \$'000
Cash flows from operating activities								
Proceeds from sale of financial instruments at fair value through profit or loss	6,410	7,256	16,713	13,788	6,602	7,667	15,750	9,907
Payments for purchase of financial instruments at fair value through profit or loss	(75,750)	(29,290)	(23,708)	(91,920)	(3,215)	(4,107)	(15,276)	(16,396)
Dividends/distributions received	-	2,388	694	-	775	1,137	1,707	-
Interest income received	3,017	-	21	(4)	3	-	6	-
Interest expense paid	-	-	-	292	-	(8)	-	1,514
Other operating income received	54	21	-	-	1	2	(15)	1
Management fees paid	(459)	(399)	(513)	(318)	(108)	(128)	(258)	(252)
Transaction costs paid	(2)	(2)	(49)	(62)	(4)	(8)	(41)	(19)
Other operating expenses paid	(2)	(2)	(72)	(55)	(4)	(9)	(7)	(10)
Net cash inflow/(outflow) from operating activities	(66,732)	(20,028)	(6,914)	(78,279)	4,050	4,546	1,866	(5,255)
Cash flows from financing activities								
Proceeds from applications by unitholders	68,105	20,090	22,673	92,655	2,626	4,454	4,185	12,286
Payments for redemptions by unitholders	-	-	(15,837)	(12,790)	(5,706)	(8,390)	(4,668)	(5,976)
Distributions paid	(1,925)	(1,391)	-	(372)	(874)	(618)	(1,301)	(1,121)
Net cash inflow/(outflow) from financing activities	66,180	18,699	6,836	79,493	(3,954)	(4,554)	(1,784)	5,189
Net increase/(decrease) in cash and cash equivalents	(552)	(1,329)	(78)	1,214	96	(8)	82	(66)
Cash and cash equivalents at the beginning of the financial half-year	2,554	3,085	1,414	314	436	305	313	392
Effects of foreign currency exchange rate changes on cash and cash equivalents	-	-	(5)	-	-	-	-	-
Cash and cash equivalents at the end of the financial half-year	2,002	1,756	1,331	1,528	532	297	395	326
Non-cash financing activities								
Units issued upon reinvestment of distributions	25	29	-	21	23	17	57	46

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

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1 General information

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

Abbreviated Fund name	Registered date	Commenced date	Financial reporting period
Australian Bond Fund	11 September 2015	7 November 2018	1 July 2022 to 31 December 2022
Emerging Markets Fund	18 October 2018	29 May 2019	1 July 2022 to 31 December 2022
Equity Income Fund	6 October 2017	13 February 2018	1 July 2022 to 31 December 2022
Real Income Fund	6 October 2017	13 February 2018	1 July 2022 to 31 December 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 condensed interim financial statements were authorised for issue by the directors of the Responsible Entity on 9 March 2023. The directors of the Responsible Entity have the power to amend and reissue the condensed interim financial statements.

2 Summary of significant accounting policies

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

(a) Basis of preparation

These general purpose condensed interim financial statements have been prepared in accordance with Australian Accounting Standards, AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*. The Funds are for-profit unit trusts for the purpose of preparing the condensed interim financial statements.

These condensed interim financial statements do not include all the notes of the type normally included in annual financial statements. The financial report of the Funds complies with International Financial Reporting Standards adopted by the International Accounting Standards Board. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2022 and any continuous disclosure requirements of the *Corporations Act 2001*.

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

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

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

2 Summary of significant accounting policies (continued)

(a) Basis of preparation (continued)

Use of estimates and judgement

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

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

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

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

Functional currency and presentation

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

(b) Australian accounting standards and interpretations

There are no new accounting standards, interpretations or amendments to existing standards that are effective for the half-year beginning 1 July 2022 that would be expected to have a material impact on the Funds.

(c) Rounding of amounts

The Funds are entities 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 stated.

3 Net assets attributable to unitholders

Units are normally redeemable only by unitholders being Authorised Participants at the unitholders' option (other unitholders only have a right to redeem units in special circumstances). The units can be put back to the Funds at any time (subject to the Corporations Act 2001 and the Funds' Constitutions) for cash based on the redemption price.

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 half-year were as follows:

	Australian Bond Fund				Emerging Markets Fund			
	31 December 2022	31 December 2021	31 December 2022	31 December 2021	31 December 2022	31 December 2021	31 December 2022	31 December 2021
	Units '000	Units '000	\$'000	Units '000	Units '000	Units '000	\$'000	Units '000
Net assets attributable to unitholders								
Opening balance	8,356	6,704	194,509	178,823	18,344	3,704	98,174	26,833
Applications	2,950	750	69,258	20,090	4,219	13,068	22,584	92,783
Redemptions	-	-	-	-	(3,044)	(1,848)	(15,868)	(12,830)
Units issued upon reinvestment of distributions	1	1	25	29	-	3	-	21
Distribution to unitholders	-	-	(2,550)	(1,316)	-	-	-	-
Profit/(loss) for the half-year	-	-	(1,322)	(2,715)	-	-	(253)	(5,571)
Closing balance	11,307	7,455	259,920	194,911	19,519	14,927	104,637	101,236

	Equity Income Fund				Real Income Fund			
	31 December 2022	31 December 2021	31 December 2022	31 December 2021	31 December 2022	31 December 2021	31 December 2022	31 December 2021
	Units '000	Units '000	\$'000	Units '000	Units '000	Units '000	\$'000	Units '000
Net assets attributable to unitholders								
Opening balance	3,236	3,541	25,413	30,498	7,057	6,176	59,720	52,923
Applications	325	512	2,654	4,453	470	1,358	4,067	12,349
Redemptions	(708)	(966)	(5,706)	(8,375)	(559)	(656)	(4,715)	(5,976)
Units issued upon reinvestment of distributions	4	2	23	17	7	5	57	46
Distribution to unitholders	-	-	(651)	(986)	-	-	(1,048)	(1,101)
Profit/(loss) for the half-year	-	-	1,290	606	-	-	588	7,200
Closing balance	2,857	3,089	23,023	26,213	6,975	6,883	58,669	65,441

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.

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:

	Australian Bond Fund				Emerging Markets Fund ¹			
	31 December 2022 \$'000	31 December 2022 CPU	31 December 2021 \$'000	31 December 2021 CPU	31 December 2022 \$'000	31 December 2022 CPU	31 December 2021 \$'000	31 December 2021 CPU
Distributions paid - July	249	2.79	225	3.28	-	-	-	-
Distributions paid - August	149	1.58	258	3.69	-	-	-	-
Distributions paid - September	473	4.78	208	2.87	-	-	447	13
Distributions paid - October	468	4.54	204	2.77	-	-	-	-
Distributions paid - November	381	3.54	210	2.86	-	-	-	-
Distributions payable - December	830	7.34	211	2.83	-	-	539	17
Total distributions	2,550	24.58	1,316	18.30	-	-	986	30.62

¹ Betashares Martin Currie Emerging Markets Fund (managed fund) is a yearly distributing fund and is Nil distribution in December 2022.

4 Distributions to unitholders (continued)

	Equity Income Fund				Real Income Fund			
	31 December 2022 \$'000	31 December 2022 CPU	31 December 2021 \$'000	31 December 2021 CPU	31 December 2022 \$'000	31 December 2022 CPU	31 December 2021 \$'000	31 December 2021 CPU
Distributions paid - September	399	12.53	-	-	301	4.23	165	2.51
Distributions payable - December	252	8.81	-	-	747	10.71	936	13.59
Total distributions	651	21.34	-	-	1,048	14.94	1,101	16.10

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 half-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 Funds measure and recognise the following assets and liabilities at fair value on a recurring basis:

	Australian Bond Fund		Emerging Markets Fund		Equity Income Fund		Real Income Fund	
	31 December 2022 \$'000	30 June 2022 \$'000	31 December 2022 \$'000	30 June 2022 \$'000	31 December 2022 \$'000	30 June 2022 \$'000	31 December 2022 \$'000	30 June 2022 \$'000
Financial assets at fair value through profit or loss								
Bond futures	59	23	-	-	-	-	-	-
Fixed interest securities	250,778	185,681	-	-	-	-	-	-
Floating rate notes	5,956	6,158	-	-	-	-	-	-
Listed securities	-	-	103,091	97,048	22,671	25,343	58,431	59,558
Money market securities	476	-	-	-	-	-	-	-
Total financial assets at fair value through profit or loss	257,269	191,862	103,091	97,048	22,671	25,343	58,431	59,558
Financial liabilities at fair value through profit or loss								
Bond futures	928	-	-	-	-	-	-	-
Total financial liabilities at fair value through profit or loss	928	-	-	-	-	-	-	-

An overview of the fair value measurements relating to financial instruments at fair value through profit or loss is included in Note 6 to the financial statements.

6 Fair value measurements

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

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

Fair value estimation

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

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

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

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

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

The quoted market price used for financial assets 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.

6 Fair value measurements (continued)

Fair value estimation (continued)

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

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.

(iii) Recognised fair value measurements

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

Australian Bond Fund								
	Level 1 31 December 2022 \$'000	Level 2 31 December 2022 \$'000	Level 3 31 December 2022 \$'000	Total 31 December 2022 \$'000	Level 1 30 June 2022 \$'000	Level 2 30 June 2022 \$'000	Level 3 30 June 2022 \$'000	Total 30 June 2022 \$'000
Financial assets								
Financial assets at fair value through profit or loss:								
Bond futures	59	-	-	59	23	-	-	23
Fixed interest securities	-	250,778	-	250,778	-	185,681	-	185,681
Floating rate notes	-	5,956	-	5,956	-	6,158	-	6,158
Money market securities	-	476	-	476	-	-	-	-
Total	59	257,210	-	257,269	23	191,839	-	191,862
Financial liabilities								
Financial liabilities at fair value through profit or loss:								
Bond futures	928	-	-	928	5	-	-	5
Total	928	-	-	928	5	-	-	5
Emerging Markets Fund								
	Level 1 31 December 2022 \$'000	Level 2 31 December 2022 \$'000	Level 3 31 December 2022 \$'000	Total 31 December 2022 \$'000	Level 1 30 June 2022 \$'000	Level 2 30 June 2022 \$'000	Level 3 30 June 2022 \$'000	Total 30 June 2022 \$'000
Financial assets								
Financial assets at fair value through profit or loss:								
Listed securities	103,091	-	-	103,091	96,953	-	95	97,048
Total	103,091	-	-	103,091	96,953	-	-	97,048

6 Fair value measurements (continued)

Fair value estimation (continued)

(iii) Recognised fair value measurements (continued)

	Equity Income Fund							
	Level 1 31 December \$'000	Level 2 31 December \$'000	Level 3 31 December \$'000	Total 31 December \$'000	Level 1 2022 \$'000	Level 2 2022 \$'000	Level 3 2022 \$'000	Total 2022 \$'000
Financial assets								
Financial assets at fair value through profit or loss:								
Listed securities	22,671	-	-	22,671	25,343	-	-	25,343
Total	22,671	-	-	22,671	25,343	-	-	25,343
	Real Income Fund							
	Level 1 31 December \$'000	Level 2 31 December \$'000	Level 3 31 December \$'000	Total 31 December \$'000	Level 1 2022 \$'000	Level 2 2022 \$'000	Level 3 2022 \$'000	Total 2022 \$'000
Financial assets								
Financial assets at fair value through profit or loss:								
Listed securities	58,431	-	-	58,431	59,558	-	-	59,558
Total	58,431	-	-	58,431	59,558	-	-	59,558

(iv) Transfers between levels

The Funds

	Level 1 31 December 2022 \$'000	Level 2 31 December 2022 \$'000	Level 3 31 December 2022 \$'000	Level 1 30 June 2022 \$'000	Level 2 30 June 2022 \$'000	Level 3 30 June 2022 \$'000
Emerging Markets Fund						
Transfers between levels 1 and 3:						
Listed securities	58	-	(58)	(410)	-	410

6 Fair value measurements (continued)

Fair value estimation (continued)

(v) Movement in level 3 instruments

The following table presents the Funds that had movement in level 3 instruments for the half-year ended 31 December 2022 and the year ended 30 June 2022 by class of financial instrument:

	Listed securities	
	Emerging Markets Fund	
	31 December	2022
	\$'000	\$'000
Opening balance	95	-
Purchases	-	1,261
Sales	-	(1,425)
Transfers into/(out) from level 3	(58)	410
Gains/(losses) recognised in profit or loss	(37)	(151)
Closing balance	-	95
Total gains/(losses) for the half-year included in the condensed statements of comprehensive income for financial assets and liabilities held at the half-year	(37)	(151)

Valuation process

Portfolio review are undertaken regularly by management to identify securities that potentially may not be actively traded or have stale security pricing. This process identifies securities which possibly could be regarded as level 3 securities.

Further analysis, should it be required, is undertaken to determine the accounting significance of the identification. For certain security types, in selecting the most appropriate valuation model, management performs back testing and considers actual market transactions. Changes in allocation to or from level 3 are analysed at the end of each reporting period.

(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 (deemed to be the redemption price for individual units) due to differences in valuation inputs. This difference is not material in the current year.

7 Events

No significant events have occurred since the end of the reporting period which would impact on the financial position of the Funds disclosed in the condensed interim statements of financial position as at 31 December 2022 or on the results and cash flows of the Funds for the period ended on that date.

Directors' declaration

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

Betashares Western Asset Australian Bond Fund (managed fund)
Betashares Martin Currie Emerging Markets Fund (managed fund)
Betashares Martin Currie Equity Income Fund (managed fund)
Betashares Martin Currie Real Income Fund (managed fund)

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

- (a) the condensed interim financial statements and notes set out on pages 6 to 20 are in accordance with the *Corporations Act 2001*, including:
 - (i) complying with Australian Accounting Standards, and interpretations issued by the Australian Accounting Standards Board and the *Corporations Regulations 2001*; and
 - (ii) giving a true and fair view of the Funds' financial positions as at 31 December 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.

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



Alex Vynokur
Director

Sydney
9 March 2023



Independent Auditor's Review Report

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

Betashares Western Asset Australian Bond Fund (managed fund)

Betashares Martin Currie Emerging Markets Fund (managed fund)

Betashares Martin Currie Equity Income Fund (managed fund)

Betashares Martin Currie Real Income Fund (managed fund)

Conclusion

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

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

- giving a true and fair view of the Schemes' financial position as at 31 December 2022 and of its performance for the half-year ended on that date; and
- complying with *Australian Accounting Standard AASB 134 Interim Financial Reporting* and the *Corporations Regulations 2001*.

The **Condensed Interim Financial Reports** comprise:

- Condensed interim statements of financial position as at 31 December 2022;
- Condensed interim statements of comprehensive income for the half-year ended on that date;
- Condensed interim statements of changes in equity and Condensed interim statements of cash flows for the half-year ended on that date;
- Notes 1 to 7 comprising a summary of significant accounting policies and other explanatory information; and
- The Directors' Declaration.

The **Interim Period** is the 6 months ended on 31 December 2022.



Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Financial Report* section of our reports.

We are independent of the Scheme in accordance with the auditor independence requirements of 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 audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with these requirements.

Responsibilities of the Directors for the Condensed Interim Financial Reports

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

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

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

Our responsibility is to express a conclusion on the Condensed Interim Financial Reports based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the Condensed Interim Financial Reports do not comply with the *Corporations Act 2001* including giving a true and fair view of the Scheme's financial position as at 31 December 2022 and its performance for the Half-year ended on that date, and complying with *Australian Accounting Standard AASB 134 Interim Financial Reporting* and the *Corporations Regulations 2001*.

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

KPMG

Nicholas Buchanan
Partner
Sydney
9 March 2023



Betashares Capital Ltd (ABN 78 139 566 868 AFSL 341181) is the issuer.
Investors should read the relevant fund PDS and TMD (available at www.betashares.com.au) and consider whether the fund is appropriate for them.
Past performance is not indicative of future returns. Investing involves risk.