



Booklet 7

Condensed Interim Financial Report

31 December 2023

Responsible Entity

Betashares Capital Ltd

(ABN 78 139 566 868)

Level 11, 50 Margaret,
Sydney, NSW 2000

betashares.com.au



Booklet 7

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 2023

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Condensed Interim Financial Report
for the half-year ended 31 December 2023

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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 2023 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 2023 to 31 December 2023	608 058 493
Betashares Martin Currie Emerging Markets Fund (managed fund)	Emerging Markets Fund	1 July 2023 to 31 December 2023	629 322 247
Betashares Martin Currie Equity Income Fund (managed fund)	Equity Income Fund	1 July 2023 to 31 December 2023	621 856 406
Betashares Martin Currie Real Income Fund (managed fund)	Real Income Fund	1 July 2023 to 31 December 2023	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

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

No matter or circumstance has arisen since 31 December 2023 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.

Compensation (ASIC Regulatory Guide 94 Unit pricing: Guide to good practice)

The Responsible Entity may apply a \$20 minimum to compensation amounts in respect of any unit pricing errors for exited investors.

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
8 March 2024



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 Equity Income Fund (managed fund)

Betashares Martin Currie Emerging Markets 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 2023 there have been:

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


KPMG



Nicholas Buchanan

Partner

Sydney

8 March 2024

Booklet 7
Condensed interim statements of comprehensive income
For the half-year ended 31 December 2023

Condensed interim statements of comprehensive income

	Australian Bond Fund		Emerging Markets Fund		Equity Income Fund		Real Income Fund	
	31 December 2023	31 December 2022	31 December 2023	31 December 2022	31 December 2023	31 December 2022	31 December 2023	31 December 2022
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Investment income								
Interest income	4,930	3,520	36	22	5	4	11	6
Dividend/distribution income	-	-	867	679	536	684	1,544	1,540
Net gains/(losses) on financial instruments at fair value through profit or loss	19,682	(4,411)	(3,443)	(540)	276	715	157	(639)
Net foreign exchange gains/(losses)	-	-	71	221	-	-	-	(14)
Other operating income	130	54	-	-	-	1	-	-
Total net investment income/(loss)	24,742	(837)	(2,469)	382	817	1,404	1,712	893
Expenses								
Management fees	1,143	483	615	517	95	106	231	257
Transaction costs	6	2	36	49	7	4	9	41
Interest expenses	-	-	-	-	-	-	1	-
Other operating expenses	-	-	81	69	4	4	5	7
Total operating expenses	1,149	485	732	635	106	114	246	305
Profit/(loss) for the half-year	23,593	(1,322)	(3,201)	(253)	711	1,290	1,466	588
Other comprehensive income	-	-	-	-	-	-	-	-
Total comprehensive income/(loss) for the half-year	23,593	(1,322)	(3,201)	(253)	711	1,290	1,466	588

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

Condensed interim statements of financial position

Condensed interim statements of financial position		Australian Bond Fund		Emerging Markets Fund		Equity Income Fund		Real Income Fund	
		31 December 2023	30 June 2023	31 December 2023	30 June 2023	31 December 2023	30 June 2023	31 December 2023	30 June 2023
	Notes	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Assets									
Cash and cash equivalents	5	3,743	1,865	2,965	3,624	81	349	853	451
Cash held on collateral		586	1,064	-	-	-	-	-	-
Financial assets at fair value through profit or loss	6	631,627	366,043	130,602	121,040	22,084	22,594	56,238	56,085
Due from brokers - receivable for securities sold		-	936	-	-	195	-	388	-
Other receivables		137	63,209	469	570	46	127	727	936
Total assets		636,093	433,117	134,036	125,234	22,406	23,070	58,206	57,472
Liabilities									
Distributions payable	4	2,014	232	-	592	204	174	874	522
Financial liabilities at fair value through profit or loss	6	-	174	-	-	-	-	-	-
Due to brokers - payable for securities purchased		-	51,384	-	1,959	-	-	700	121
Other payables		229	119	103	101	90	16	99	165
Total liabilities (excluding net assets attributable to unitholders)		2,243	51,909	103	2,652	294	190	1,673	808
Net assets attributable to unitholders - equity	3	633,850	381,208	133,933	122,582	22,112	22,880	56,533	56,664

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

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Condensed interim statements of changes in equity
For the half-year ended 31 December 2023

Condensed interim statements of changes in equity		Australian Bond Fund		Emerging Markets Fund		Equity Income Fund		Real Income Fund	
		31 December 2023	31 December 2022	31 December 2023	31 December 2022	31 December 2023	31 December 2022	31 December 2023	31 December 2022
	Notes	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Total equity at the beginning of the half-year	3	381,208	194,509	122,582	98,174	22,880	25,413	56,664	59,720
Comprehensive income for the half-year									
Profit/(loss) for the half-year		23,593	(1,322)	(3,201)	(253)	711	1,290	1,466	588
Other comprehensive income		-	-	-	-	-	-	-	-
Total comprehensive income/(loss) for the half-year		23,593	(1,322)	(3,201)	(253)	711	1,290	1,466	588
Transactions with unitholders									
Applications	3	250,202	69,258	21,740	22,584	1,330	2,654	4,009	4,067
Redemptions	3	(10,491)	-	(7,194)	(15,868)	(2,320)	(5,706)	(4,265)	(4,715)
Units issued upon reinvestment of distributions	3	74	25	6	-	13	23	42	57
Distributions to unitholders	3,4	(10,736)	(2,550)	-	-	(502)	(651)	(1,383)	(1,048)
Total transactions with unitholders		229,049	66,733	14,552	6,716	(1,479)	(3,680)	(1,597)	(1,639)
Total equity at the end of the half-year	3	633,850	259,920	133,933	104,637	22,112	23,023	56,533	58,669

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

Condensed interim statements of cash flows

	Australian Bond Fund		Emerging Markets Fund		Equity Income Fund		Real Income Fund	
	31 December 2023 \$'000	31 December 2022 \$'000	31 December 2023 \$'000	31 December 2022 \$'000	31 December 2023 \$'000	31 December 2022 \$'000	31 December 2023 \$'000	31 December 2022 \$'000
Cash flows from operating activities								
Proceeds from sale of financial instruments at fair value through profit or loss	25,867	6,410	7,024	16,713	4,054	6,602	4,844	15,750
Payments for purchase of financial instruments at fair value through profit or loss	(322,391)	(75,750)	(21,955)	(23,708)	(3,463)	(3,215)	(4,646)	(15,276)
Dividends/distributions received	-	-	992	694	614	775	1,752	1,707
Movement in cash held on collateral	479	-	-	-	-	-	-	-
Interest income received	4,865	3,017	38	21	5	3	10	6
Other operating income received	141	54	107	-	1	1	1	(15)
Management fees paid	(1,044)	(459)	(614)	(513)	(96)	(108)	(232)	(258)
Transaction costs paid	(6)	(2)	(36)	(49)	(7)	(4)	(9)	(41)
Other operating expenses paid	(19)	(2)	(1)	(72)	(2)	(4)	(5)	(7)
Net cash inflow/(outflow) from operating activities	(292,108)	(66,732)	(14,445)	(6,914)	1,106	4,050	1,715	1,866
Cash flows from financing activities								
Proceeds from applications by unitholders	313,358	68,105	21,528	22,673	1,330	2,626	4,009	4,185
Payments for redemptions by unitholders	(10,491)	-	(7,194)	(15,837)	(2,245)	(5,706)	(4,330)	(4,668)
Distributions paid	(8,881)	(1,925)	(586)	-	(459)	(874)	(989)	(1,301)
Net cash inflow/(outflow) from financing activities	293,986	66,180	13,748	6,836	(1,374)	(3,954)	(1,310)	(1,784)
Net increase/(decrease) in cash and cash equivalents	1,878	(552)	(697)	(78)	(268)	96	405	82
Cash and cash equivalents at the beginning of the financial half-year	1,865	2,554	3,624	1,414	349	436	451	313
Effects of foreign currency exchange rate changes on cash and cash equivalents	-	-	38	(5)	-	-	(3)	-
Cash and cash equivalents at the end of the financial half-year	3,743	2,002	2,965	1,331	81	532	853	395
Non-cash financing activities								
Units issued upon reinvestment of distributions	74	25	6	-	13	23	42	57

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 2023 to 31 December 2023
Emerging Markets Fund	18 October 2018	29 May 2019	1 July 2023 to 31 December 2023
Equity Income Fund	6 October 2017	13 February 2018	1 July 2023 to 31 December 2023
Real Income Fund	6 October 2017	13 February 2018	1 July 2023 to 31 December 2023

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 8 March 2024. The directors of the Responsible Entity have the power to amend and reissue the condensed interim financial statements.

2 Summary of material 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 2023 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 material 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

The Funds have applied *AASB 2021-2 Amendments to Australian Accounting Standards - Disclosure of Accounting policies and Definition of Accounting Estimates*, effective from January 2023, for the first time in the current financial period. There are no other new accounting standards, interpretations or amendments to existing standards that are effective for the half-year beginning 1 July 2023 that had 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 by unitholders being Authorised Participants 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 asset 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 half-year were as follows:

	Australian Bond Fund				Emerging Markets Fund			
	31 December 2023 Units '000	31 December 2022 Units '000	31 December 2023 \$'000	31 December 2022 \$'000	31 December 2023 Units '000	31 December 2022 Units '000	31 December 2023 \$'000	31 December 2022 \$'000
Net assets attributable to unitholders								
Opening balance	16,410	8,356	381,208	194,509	21,174	18,344	122,582	98,174
Applications	10,800	2,950	250,202	69,258	3,867	4,219	21,740	22,584
Redemptions	(450)	-	(10,491)	-	(1,242)	(3,044)	(7,194)	(15,868)
Units issued upon reinvestment of distributions	3	1	74	25	1	-	6	-
Distribution to unitholders	-	-	(10,736)	(2,550)	-	-	-	-
Profit/(loss) for the half-year	-	-	23,593	(1,322)	-	-	(3,201)	(253)
Closing balance	26,763	11,307	633,850	259,920	23,800	19,519	133,933	104,637

	Equity Income Fund				Real Income Fund			
	31 December 2023 Units '000	31 December 2022 Units '000	31 December 2023 \$'000	31 December 2022 \$'000	31 December 2023 Units '000	31 December 2022 Units '000	31 December 2023 \$'000	31 December 2022 \$'000
Net assets attributable to unitholders								
Opening balance	2,784	3,236	22,880	25,413	6,637	7,057	56,664	59,720
Applications	165	325	1,330	2,654	481	470	4,009	4,067
Redemptions	(286)	(708)	(2,320)	(5,706)	(517)	(559)	(4,265)	(4,715)
Units issued upon reinvestment of distributions	2	4	13	23	5	7	42	57
Distribution to unitholders	-	-	(502)	(651)	-	-	(1,383)	(1,048)
Profit/(loss) for the half-year	-	-	711	1,290	-	-	1,466	588
Closing balance	2,665	2,857	22,112	23,023	6,606	6,975	56,533	58,669

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 half-year were as follows:

	Australian Bond Fund				Emerging Markets Fund ¹			
	31 December 2023 \$'000	31 December 2023 CPU	31 December 2022 \$'000	31 December 2022 CPU	31 December 2023 \$'000	31 December 2023 CPU	31 December 2022 \$'000	31 December 2022 CPU
Distributions paid - July	1,371	6.45	249	2.79	-	-	-	-
Distributions paid - August	1,695	7.43	149	1.58	-	-	-	-
Distributions paid - September	1,631	6.88	473	4.78	-	-	-	-
Distributions paid - October	2,034	7.93	468	4.54	-	-	-	-
Distributions paid - November	1,991	7.54	381	3.54	-	-	-	-
Distributions payable - December	2,014	7.52	830	7.34	-	-	-	-
Total distributions	10,736	43.75	2,550	24.58	-	-	-	-

¹ Betashares Martin Currie Emerging Markets Fund (managed fund) is a yearly distributing fund and is Nil distribution in December 2023.

Emerging Markets Fund had nil distributions for the half-year.

4 Distributions to unitholders (continued)

	Equity Income Fund				Real Income Fund			
	31 December 2023 \$'000	31 December 2023 CPU	31 December 2022 \$'000	31 December 2022 CPU	31 December 2023 \$'000	31 December 2023 CPU	31 December 2022 \$'000	31 December 2022 CPU
Distributions paid - September	298	10.82	399	12.53	509	7.69	301	4.23
Distributions payable - December	204	7.65	252	8.81	874	13.23	747	10.71
Total distributions	502	18.47	651	21.34	1,383	20.92	1,048	14.94

The distribution information shown above refers to distributions paid by the relevant Fund for the half-year. 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 Cash and cash equivalents

Cash and cash equivalents as at the end of the financial period as shown in the condensed interim statements of cash flows and the condensed interim statements of financial position were as follows:

	Australian Bond Fund		Emerging Markets Fund		Equity Income Fund		Real Income Fund	
	31 December 2023 \$'000	30 June 2023 \$'000	31 December 2023 \$'000	30 June 2023 \$'000	31 December 2023 \$'000	30 June 2023 \$'000	31 December 2023 \$'000	30 June 2023 \$'000
Cash	3,743	1,865	2,965	3,624	81	349	853	451
	3,743	1,865	2,965	3,624	81	349	853	451

6 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	30 June	31 December	30 June	31 December	30 June	31 December	30 June
	2023	2023	2023	2023	2023	2023	2023	2023
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Financial assets at fair value through profit or loss								
Listed futures	383	2	-	-	-	-	-	-
Fixed interest securities	613,259	357,555	-	-	-	-	-	-
Floating rate notes	15,527	7,006	-	-	-	-	-	-
Forward foreign exchange contracts	-	-	-	1	-	-	-	-
Listed securities	-	-	130,602	121,039	22,084	22,594	56,238	56,085
Money market securities	2,458	1,480	-	-	-	-	-	-
Total financial assets at fair value through profit or loss	631,627	366,043	130,602	121,040	22,084	22,594	56,238	56,085
Financial liabilities at fair value through profit or loss								
Listed Futures	-	174	-	-	-	-	-	-
Total financial liabilities at fair value through profit or loss	-	174	-	-	-	-	-	-

An overview of the fair value measurements relating to financial instruments at fair value through profit or loss is included in Note 7 to the financial statements.

7 Fair value measurements

AASB 13 Fair value measurements 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 assets or liabilities, either directly or indirectly (Level 2); and
- Inputs for the assets or liabilities 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 assets or financial liabilities. 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.

7 Fair value measurements (continued)

Fair value estimation (continued)

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

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

The 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 2023 \$'000	Level 2 31 December 2023 \$'000	Level 3 31 December 2023 \$'000	Total 31 December 2023 \$'000	Level 1 30 June 2023 \$'000	Level 2 30 June 2023 \$'000	Level 3 30 June 2023 \$'000	Total 30 June 2023 \$'000
Financial assets								
Financial assets at fair value through profit or loss:								
Listed futures	383	-	-	383	2	-	-	2
Fixed interest securities	-	613,259	-	613,259	-	357,555	-	357,555
Floating rate notes	-	15,527	-	15,527	-	7,006	-	7,006
Money market securities	-	2,458	-	2,458	-	1,480	-	1,480
Total	383	631,244	-	631,627	2	366,041	-	366,043
Financial liabilities								
Financial liabilities at fair value through profit or loss:								
Listed Futures	-	-	-	-	174	-	-	174
Total	-	-	-	-	174	-	-	174
Emerging Markets Fund								
	Level 1 31 December 2023 \$'000	Level 2 31 December 2023 \$'000	Level 3 31 December 2023 \$'000	Total 31 December 2023 \$'000	Level 1 30 June 2023 \$'000	Level 2 30 June 2023 \$'000	Level 3 30 June 2023 \$'000	Total 30 June 2023 \$'000
Financial assets								
Financial assets at fair value through profit or loss:								
Listed securities	130,602	-	-	130,602	121,039	-	-	121,039
Foreign currency contracts	-	-	-	-	-	1	-	1
Total	130,602	-	-	130,602	121,039	1	-	121,040

7 Fair value measurements (continued)

Fair value estimation (continued)

(iii) Recognised fair value measurements (continued)

Equity Income Fund							
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3
	31 December	31 December	31 December	31 December	30 June	30 June	30 June
	2023	2023	2023	2023	2023	2023	2023
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Financial assets							
Financial assets at fair value through profit or loss:							
Listed securities	22,084	-	-	22,084	22,594	-	-
Total	22,084	-	-	22,084	22,594	-	-
Real Income Fund							
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3
	31 December	31 December	31 December	31 December	30 June	30 June	30 June
	2023	2023	2023	2023	2023	2023	2023
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Financial assets							
Financial assets at fair value through profit or loss:							
Listed securities	56,238	-	-	56,238	56,085	-	-
Total	56,238	-	-	56,238	56,085	-	-

7 Fair value measurements (continued)

Fair value estimation (continued)

(iv) 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 2023 and the year ended 30 June 2023 by class of financial instrument:

	Listed securities	
	Emerging Markets Fund	
	31 December 2023 \$'000	30 June 2023 \$'000
Opening balance	-	95
Purchases	-	-
Sales	-	(52)
Transfers into/(out) from level 3	-	-
Gains/(losses) recognised in profit or loss	-	(43)
Closing balance	-	-
Total gains/(losses) for the half-year included in the condense statements of comprehensive income for financial assets and liabilities held at the half-year	-	(43)

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.

(v) 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 half-year.

8 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 2023 or on the results and cash flows of the Funds for the period ended on that date.

Directors' declaration

Betashares Capital Ltd presents 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 21 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 2023 and of their performance for the financial half-year ended on that date; and
- (b) there are reasonable grounds to believe that the Funds will be able to pay their debts as and when they become due and payable.

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



Alex Vynokur
Director

Sydney
8 March 2024



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 2023 and of their performance for the half-year ended on that date; and
- complying with *Australian Accounting Standard AASB 134 Interim Financial Reporting* and the *Corporations Regulations 2001*.

The **Condensed Interim Financial Reports** comprise:

- Condensed interim statement of financial position as at 31 December 2023;
- Condensed interim statement of comprehensive income, Condensed interim statement of changes in equity and Condensed interim statement of cash flows for the half-year ended on that date;
- Notes 1 to 8 including selected explanatory notes; and
- The Directors' Declaration.

The **Interim Period** is the 6 months ended on 31 December 2023.

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 report.

We are independent of the Schemes 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
- 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 are free from material misstatement, whether due to fraud or error.

Auditor's Responsibilities 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 Schemes' financial position as at 31 December 2023 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 Period Financial Reports consist 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



Nic Buchanan
Partner
Sydney
8 March 2024



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.