

**BetaShares Australian Top 20 Equity Yield Maximiser Fund
(managed fund)**

ASX Code: YMAX

ARSN 155 637 648

**Condensed Interim Financial Report
for the half-year ended 31 December 2020**

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Directors' report

The directors of BetaShares Capital Ltd, the Responsible Entity of BetaShares Australian Top 20 Equity Yield Maximiser Fund (managed fund) (the "Fund"), present their report together with the condensed interim financial statements of the Fund, for the half-year ended 31 December 2020 and the auditor's report thereon.

Responsible Entity

The Responsible Entity of BetaShares Australian Top 20 Equity Yield Maximiser Fund (managed fund) 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 Fund is a registered managed investment fund domiciled in Australia. It is an exchange traded managed fund that is traded on the Australian Securities Exchange (ASX).

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

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

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

Directors

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

Executive directors:

Mr David Nathanson	Appointed 21 September 2009, Resigned 5 March 2021
Mr Alex Vynokur	Appointed 21 September 2009
Mr Jason Gellert	Appointed 5 March 2021

Non-Executive directors:

Mr Thomas Park	Appointed 12 August 2015, Resigned 6 February 2020
Mr JungHo Rhee	Appointed 1 September 2018, Resigned 5 March 2021
Mr Young Hwan Kim	Appointed 7 February 2020, Resigned 5 March 2021
Mr Edward Sippel	Appointed 5 March 2021

Significant changes in state of affairs

In the opinion of the directors, there were no significant changes in the state of affairs of the Fund that occurred during the half-year.

Review and results of operations

During the half-year, the Fund continued to invest in accordance with target asset allocations as set out in the governing documents of the Fund and in accordance with the provisions of the Fund's Constitution.

The results of operations of the Fund is disclosed in the condensed interim statement of comprehensive income. The income distributions payable by the Fund is disclosed in the condensed interim statement of financial position. The income distributions paid and payable by the Fund is disclosed in Note 4 to the condensed interim financial statements.

Since the World Health Organisation declared COVID-19 as a global pandemic in March 2020, there has been a significant impact to both local and global economies and to society. As at the reporting date, the resulting impact on the global and domestic market remains uncertain. Management have taken into account the impacts of the pandemic when preparing these financial statements reflected in the valuation of the investments and the financial results for the half-year ended 31 December 2020.

Matters subsequent to the end of the half-year

Since the end of the reporting period, BetaShares Holdings Pty Ltd undertook a change of control transaction through an investment from TA Associates ('TA'), a leading global private equity firm. As part of the transaction, TA acquired the shares held by Mirae Asset Financial Group and other minority investors in BetaShares Holdings Pty Ltd.

The uncertainty around COVID-19 continues to present social and economic challenges and the resulting impact on the global and domestic market remains uncertain. Since the reporting date, there have been no significant changes to the valuation of the Fund's investments as a result of COVID-19.

Directors' report (continued)

Matters subsequent to the end of the half-year (continued)

No other matter or circumstance has arisen since 31 December 2020 that has significantly affected, or may significantly affect:

- (i) the operations of the Fund in future financial years, or
- (ii) the results of those operations in future financial years, or
- (iii) the state of affairs of the Fund in future financial years.

Likely developments and expected results of operations

The results of the Fund's operations will be affected by a number of factors, including the performance of investment markets in which the Fund invests. 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 Fund and the expected results of its operations have not been included in this report because the Responsible Entity believes it would be likely to result in unreasonable prejudice to the Fund.

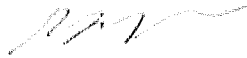
Rounding of amounts to the nearest thousand dollars

The Fund is an entity 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 the 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 4.

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



Alex Vynokur
Director

Sydney
10 March 2021



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

To the Directors of BetaShares Capital Limited, the Responsible Entity for BetaShares Australian Top 20 Equity Yield Maximiser Fund (managed fund)

I declare that, to the best of my knowledge and belief, in relation to the review of the Scheme for the half-year ended 31 December 2020 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

Nic Buchanan

Partner

Sydney

10 March 2021

Condensed interim statement of comprehensive income

	31 December 2020 \$'000	31 December 2019 \$'000
Investment income		
Dividend/distribution income	4,045	7,370
Net gains/(losses) on financial instruments at fair value through profit or loss	20,143	(8,115)
Other income	1	3
Total net investment income/(loss)	24,189	(742)
Expenses		
Management fees	759	923
Expense recoveries	219	266
Transaction costs	326	298
Other operating expenses	3	4
Total operating expenses	1,307	1,491
Profit/(loss) for the half-year	22,882	(2,233)
Other comprehensive income	-	-
Total comprehensive income/(loss) for the half-year	22,882	(2,233)

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

Condensed interim statement of financial position

	Notes	31 December 2020 \$'000	30 June 2020 \$'000
Assets			
Cash and cash equivalents		4,945	5,184
Financial assets at fair value through profit or loss	5	271,133	245,474
Receivables		222	640
Total assets		276,300	251,298
Liabilities			
Financial liabilities at fair value through profit or loss	5	591	2,148
Distributions payable	4	5,328	5,254
Other payables		176	155
Total liabilities (excluding net assets attributable to unitholders)		6,095	7,557
Net assets attributable to unitholders - equity	3	270,205	243,741

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

Condensed interim statement of changes in equity

		31 December 2020 \$'000	31 December 2019 \$'000
	Notes		
Total equity at the beginning of the half-year		243,741	308,393
Comprehensive income for the half-year			
Profit/(loss) for the half-year	3	22,882	(2,233)
Other comprehensive income		-	-
Total comprehensive income/(loss)		<u>22,882</u>	<u>(2,233)</u>
Transactions with unitholders			
Applications	3	15,568	18,077
Redemptions	3	(2,180)	(8,489)
Units issued upon reinvestment of distributions	3	813	963
Distributions to unitholders	3	<u>(10,619)</u>	<u>(14,017)</u>
Total transactions with unitholders		<u>3,582</u>	<u>(3,466)</u>
Total equity at the end of the half-year		<u>270,205</u>	<u>302,694</u>

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

Condensed interim statement of cash flows

	31 December 2020 \$'000	31 December 2019 \$'000
Cash flows from operating activities		
Proceeds from maturity/sales of financial instruments at fair value through profit or loss	100,334	58,968
Payments for maturity/purchase of financial instruments at fair value through profit or loss	(107,407)	(59,160)
Other income received	1	3
Dividends and distributions received	4,467	9,143
Management fees paid	(742)	(918)
Expense recoveries paid	(215)	(264)
Transaction costs	(326)	(298)
Other operating expenses paid	(7)	(1)
Net cash inflow/(outflow) from operating activities	(3,895)	7,473
Cash flows from financing activities		
Proceeds from applications by unitholders	15,568	18,077
Payments for redemptions by unitholders	(2,180)	(8,489)
Distributions paid	(9,732)	(12,931)
Net cash inflow/(outflow) from financing activities	3,656	(3,343)
Net increase/(decrease) in cash and cash equivalents	(239)	4,130
Cash and cash equivalents at the beginning of the half-year	5,184	1,754
Cash and cash equivalents at the end of the half-year	4,945	5,884
Non-cash financing activities	813	963

The above condensed interim statement 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 BetaShares Australian Top 20 Equity Yield Maximiser Fund (managed fund) ("the Fund") as an individual entity. The Fund was registered on 22 February 2012 and commenced operations on 22 November 2012. The Responsible Entity cannot issue or redeem any units from the 80th anniversary of the day before the day the Fund commenced if that issue or redemption would cause a contravention of the rule against perpetuities or any other rule of law or equity. The Fund may be terminated in accordance with the provisions of the Fund's Constitution. The Fund is domiciled in Australia.

The Responsible Entity of the Fund 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 on 10 March 2021. The directors of the Responsible Entity have the power to amend and reissue the condensed interim financial statements.

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

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 years presented.

(a) Basis of preparation

These general purpose condensed interim 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.

These condensed interim financial statements do not include all the information of the type normally included in annual financial statements. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2020 and any continuous disclosure requirements of the *Corporations Act 2001*.

The Fund 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 is 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 net assets attributable to unitholders.

Use of estimates and judgements

Management makes estimates and assumptions that affect the reported amounts in the condensed interim financial statements. Estimates 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.

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

For the majority of the Fund's 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.

2 Summary of significant accounting policies (continued)

(b) Changes in accounting policies

The accounting policies in these condensed interim financial statements are the same as those applied in the Fund's financial statements for the year ended 30 June 2020.

There are no standards that are not yet effective and that are expected to have a material impact on the Fund in the current or future reporting periods and on foreseeable future transactions.

(c) Rounding in amounts

The Fund is an entity 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 statements and the directors' report have been rounded off to the nearest thousand dollars, unless otherwise stated.

3 Net assets attributable to 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 Fund 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 number of units and net assets attributable to unitholders during the half-year were as follows:

	31 December 2020 Units '000	31 December 2019 Units '000	31 December 2020 \$'000	31 December 2019 \$'000
Net assets attributable to unitholders				
Opening balance	34,660	35,430	243,741	308,393
Applications	2,116	2,100	15,568	18,077
Redemptions	(300)	(1,000)	(2,180)	(8,489)
Units issued upon reinvestment of distributions	117	112	813	963
Distributions to unitholders	-	-	(10,619)	(14,017)
Profit/(loss) for the half-year	-	-	22,882	(2,233)
Closing balance	36,593	36,642	270,205	302,694

Capital risk management

The Fund considers its net assets attributable to unitholders as equity. The amount of net assets attributable to unitholders can change significantly on a daily basis as the Fund is subject to daily applications and redemptions at the discretion of eligible unitholders.

Daily applications and redemptions of units are reviewed relative to the liquidity of the Fund's underlying assets on a daily basis by the Responsible Entity. Under the terms of the Fund's governing rules, the Responsible Entity may suspend the issue or withdrawal of units in certain circumstances.

4 Distributions to unitholders

The distributions paid/payable for the half-year were as follows:

	31 December 2020 \$'000	CPU	31 December 2019 \$'000	CPU
Distributions				
Distribution paid - September	5,291	15.00	8,037	21.92
Distribution payable - December	5,328	14.56	5,980	16.31
Total distributions	10,619	29.56	14,017	38.23

5 Financial instruments at fair value through profit or loss

	As at	
	31 December 2020 \$'000	30 June 2020 \$'000
Financial assets at fair value through profit or loss		
Listed securities	271,133	245,474
Total financial assets at fair value through profit or loss	<u>271,133</u>	<u>245,474</u>
Financial liabilities at fair value through profit or loss		
Derivatives (options)	591	2,148
Total financial liabilities at fair value through profit or loss	<u>591</u>	<u>2,148</u>

6 Fair value measurements

AASB 13 *Fair Value Measurement* 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 Fund's 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 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 statement 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 Fund values its investments in accordance with the accounting policies set out in the 30 June 2020 financial statements. For the majority of its investments, the Fund relies on information provided by independent pricing services for the valuation of its investments.

The quoted market price used for financial assets held by the Fund is the last traded price; the appropriate quoted market price for financial liabilities is the current asking price. When the Fund holds derivatives with offsetting market risks, it uses mid-market prices as a basis for establishing fair values for the offsetting risk positions and applies this bid or asking price to the net open position, as appropriate.

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.

Options are measured by the quoted market prices, or binding dealer quotations in the exchange or where they are listed or held.

(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

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

6 Fair value measurements (continued)

Fair value estimation (continued)

(iii) Recognised fair value measurements

The tables below set out the Fund's financial assets and liabilities (by class) measured at fair value according to the fair value hierarchy at 31 December 2020 and 30 June 2020.

At 31 December 2020	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Financial assets				
Financial assets at fair value through profit or loss				
Listed securities	271,133	-	-	271,133
Total assets	271,133	-	-	271,133
Financial liabilities				
Financial liabilities at fair value through profit or loss				
Derivatives (options)	591	-	-	591
Total liabilities	591	-	-	591
At 30 June 2020	Level 1	Level 2	Level 3	Total
	\$'000	\$'000	\$'000	\$'000
Financial assets				
Financial assets at fair value through profit or loss				
Listed securities	245,474	-	-	245,474
Total assets	245,474	-	-	245,474
Financial liabilities				
Financial liabilities at fair value through profit or loss				
Derivatives (options)	2,148	-	-	2,148
Total liabilities	2,148	-	-	2,148

(iv) Transfers between levels

There were no transfers between levels for the half-year ended 31 December 2020 and the year ended 30 June 2020.

(v) Movement in Level 3 instruments

There were no investments classified as Level 3 within the Fund as at 31 December 2020 and 30 June 2020.

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

The carrying value of financial instruments not carried at fair value are assumed to approximate their fair value.

7 Related party transactions

There have been no significant changes to the related party transactions disclosed in the previous annual report.

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 Fund. These investments or withdrawals are on the same terms and conditions as those entered into by other fund investors and are trivial and domestic in nature.

8 Events occurring after the reporting period

Since the end of the reporting period, BetaShares Holdings Pty Ltd undertook a change of control transaction through an investment from TA Associates ('TA'), a leading global private equity firm. As part of the transaction, TA acquired the shares held by Mirae Asset Financial Group and other minority investors in BetaShares Holdings Pty Ltd.

The uncertainty around COVID-19 continues to present social and economic challenges and the resulting impact on the global and domestic market remains uncertain. Since the reporting date, there have been no significant changes to the valuation of the Fund's investments as a result of COVID-19.

No other significant events have occurred since the reporting period which would impact on the financial position of the Fund disclosed in the condensed interim statement of financial position as at 31 December 2020 or on the results and cash flows of the Fund for the half-year ended on that date.

9 Contingent assets and liabilities and commitments

There are no outstanding contingent assets and liabilities or commitments as at 31 December 2020 and 30 June 2020.

Directors' declaration

In the opinion of the directors of BetaShares Capital Ltd, the Responsible Entity of BetaShares Australian Top 20 Equity Yield Maximiser Fund (managed fund):

- (a) the condensed interim financial statements and notes set out on pages 5 to 13 are in accordance with the *Corporations Act 2001*, including:
 - (i) complying with AASB134 *Interim Financial Reporting* and the *Corporations Regulations 2001*; and
 - (ii) giving a true and fair view of the Fund's financial position as at 31 December 2020 and of its performance for the half-year ended on that date; and
- (b) there are reasonable grounds to believe that the Fund will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the directors of BetaShares Capital Ltd.



Alex Vynokur
Director

Sydney
10 March 2021



Independent Auditor's Review Report

To the unitholders of BetaShares Australian Top 20 Equity Yield Maximiser Fund (managed fund)

Conclusion

We have reviewed the accompanying **Condensed Interim Financial Report** of BetaShares Australian Top 20 Equity Yield Maximiser Fund (managed fund) (the Scheme).

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 Report of BetaShares Australian Top 20 Equity Yield Maximiser Fund (managed fund) does not comply with the *Corporations Act 2001*, including:

- giving a true and fair view of the Scheme's financial position as at 31 December 2020 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 Report** comprises:

- Condensed statement of financial position as at 31 December 2020;
- Condensed statement of comprehensive income for the Half-year ended on that date;
- Condensed statement of changes in equity and Condensed statement of cash flows for the Half-year ended on that date;
- Notes 1 to 9 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 2020.

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 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 the Code.

Responsibilities of the Directors for the Condensed Interim Financial Report

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

- the preparation of the Condensed Interim Financial Report that gives 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 Report that gives 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 Report

Our responsibility is to express a conclusion on the Condensed Interim Financial Report 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 Report does not comply with the *Corporations Act 2001* including giving a true and fair view of the Scheme's financial position as at 31 December 2020 and its performance for the Half-year Period 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 Report 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

10 March 2021