

Booklet 7

BetaShares Legg Mason Australian Bond Fund (managed fund) - ASX Code: BNDS (ARSN 608 058 493)

BetaShares Legg Mason Emerging Markets Fund (managed fund) - ASX Code: EMMG (ARSN 629 322 247)

BetaShares Legg Mason Equity Income Fund (managed fund) - ASX Code: EINC (ARSN 621 856 406)

BetaShares Legg Mason Real Income Fund (managed fund) - ASX Code: RINC (ARSN 621 862 619)

Condensed Interim Financial Report

for the half-year ended 31 December 2020

Booklet 7
Condensed Interim Financial Report
for the half-year ended 31 December 2020

Contents	Page
Directors' report	2
Auditor's independence declaration	5
Condensed interim statements of comprehensive income	6
Condensed interim statements of financial position	7
Condensed interim statements of changes in equity	8
Condensed interim statements of cash flows	9
Notes to the condensed interim financial statements	10
Directors' declaration	20
Independent auditor's report to the unitholders	21

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 2020 and the auditor's report thereon.

Fund name	Referred to in this document as	Financial reporting period	ARSN
BetaShares Legg Mason Australian Bond Fund (managed fund)	Australian Bond Fund	1 July 2020 to 31 December 2020	608 058 493
BetaShares Legg Mason Emerging Markets Fund (managed fund)	Emerging Markets Fund	1 July 2020 to 31 December 2020	629 322 247
BetaShares Legg Mason Equity Income Fund (managed fund)	Equity Income Fund	1 July 2020 to 31 December 2020	621 856 406
BetaShares Legg Mason Real Income Fund (managed fund)	Real Income Fund	1 July 2020 to 31 December 2020	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.

Legg Mason Asset Management Australia Ltd 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

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:

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 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)

Directors' report (continued)

Review and results of operations

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

The results of operations of the Funds' are disclosed in the 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.

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.

Significant changes in state of affairs

In the opinion of the directors, there were no 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 half-year

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.

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.

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

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

Likely developments and expected results of operations

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

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

Directors' report (continued)

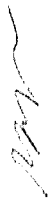
Rounding of amounts to the nearest thousand dollars

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

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
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 the Schemes:

- BetaShares Legg Mason Australian Bond Fund (managed fund)
- BetaShares Legg Mason Emerging Markets Fund (managed fund)
- BetaShares Legg Mason Equity Income Fund (managed fund)
- BetaShares Legg Mason Real Income Fund (managed fund)

I declare that, to the best of my knowledge and belief, in relation to the review of the Schemes 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 statements of comprehensive income

	Australian Bond Fund		Emerging Markets Fund		Equity Income Fund		Real Income Fund	
	31 December 2020	31 December 2019	31 December 2020	31 December 2019	31 December 2020	31 December 2019	31 December 2020	31 December 2019
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Investment income								
Interest income	2,122	1,714	-	-	-	-	-	-
Dividend/distribution income	-	-	92	67	551	562	1,169	1,339
Net gains/(losses) on financial instruments at fair value through profit or loss	487	(1,336)	2,375	856	2,179	194	3,308	(47)
Net foreign exchange gains/(losses)	-	-	-	16	-	-	-	-
Other operating income	34	26	-	-	1	-	-	-
Total net investment income/(loss)	2,643	404	2,467	939	2,731	756	4,477	1,292
Expenses								
Management fees	311	225	63	41	111	102	186	196
Transaction costs	1	1	2	3	6	6	13	30
Other operating expenses	3	1	8	13	11	12	18	29
Total operating expenses	315	227	73	57	128	120	217	255
Profit/(loss) for the half-year	2,328	177	2,394	882	2,603	636	4,260	1,037
Other comprehensive income	-	-	-	-	-	-	-	-
Total comprehensive income for the half-year	2,328	177	2,394	882	2,603	636	4,260	1,037

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

Condensed interim statements of financial position

	Australian Bond Fund		Emerging Markets Fund		Equity Income Fund		Real Income Fund	
	31 December 2020	30 June 2020	31 December 2020	30 June 2020	31 December 2020	30 June 2020	31 December 2020	30 June 2020
Notes	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Assets								
Cash and cash equivalents	2,225	7,396	477	351	333	687	766	545
Financial assets at fair value through profit or loss	158,249	124,523	14,656	10,047	27,747	24,391	47,845	42,505
Due from brokers - receivable for securities sold	-	-	-	-	-	-	-	608
Other receivables	1,021	894	278	46	88	183	977	708
Total assets	161,495	132,813	15,411	10,444	28,168	25,261	49,588	44,366
Liabilities								
Distributions payable	111	104	-	30	197	121	619	850
Due to brokers - payable for securities purchased	-	5,388	-	-	26	514	150	10
Other payables	68	53	14	17	22	21	38	931
Total liabilities (excluding net assets attributable to unitholders)	179	5,545	14	47	245	656	807	1,791
Net assets attributable to unitholders - equity	161,316	127,268	15,397	10,397	27,923	24,605	48,781	42,575

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

Condensed interim statements of changes in equity
For the half-year ended 31 December 2020

	Condensed interim statements of changes in equity		Australian Bond Fund		Emerging Markets Fund		Equity Income Fund		Real Income Fund	
	31 December 2020	31 December 2019	31 December 2020	31 December 2019	31 December 2020	31 December 2019	31 December 2020	31 December 2019	31 December 2020	31 December 2019
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Notes										
Total equity at the beginning of the half-year	3	127,268	76,206	6,466	10,397	24,605	20,698	42,575	32,336	
Comprehensive income for the half-year										
Profit/(loss) for the half-year		2,328	177	882	2,394	2,603	636	4,260	1,037	
Other comprehensive income		-	-	-	-	-	-	-	-	
Total comprehensive income for the half-year		2,328	177	882	2,394	2,603	636	4,260	1,037	
Transactions with unitholders										
Applications	3	32,715	50,004	3,703	2,985	2,751	7,084	7,666	24,024	
Redemptions	3	-	-	(1,197)	(380)	(1,607)	(1,624)	(4,973)	(427)	
Units issued upon reinvestment of distributions	3	24	25	-	1	6	5	45	36	
Distributions to unitholders	3,4	(1,019)	(973)	-	-	(435)	(480)	(792)	(796)	
Total transactions with unitholders		31,720	49,056	2,506	2,606	715	4,985	1,946	22,837	
Total equity at the end of the half-year	3	161,316	125,439	9,854	15,397	27,923	26,319	48,781	56,210	

The above condensed interim statements of changes in equity 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 2020	31 December 2019	31 December 2020	31 December 2019	31 December 2020	31 December 2019	31 December 2020	31 December 2019
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Cash flows from operating activities								
Proceeds from sale of financial instruments at fair value through profit or loss	9,825	3,905	1,182	2,361	2,585	2,059	11,286	7,307
Payments for purchase of financial instruments at fair value through profit or loss	(48,452)	(52,941)	(3,416)	(4,844)	(4,251)	(7,056)	(12,570)	(30,739)
Interest income received	1,998	1,388	-	-	-	-	-	-
Dividends/distributions received	-	-	110	79	558	599	1,115	946
Other operating income received	34	26	-	-	1	-	-	-
Management fees paid	(299)	(206)	(60)	(41)	(109)	(97)	(183)	(178)
Transaction costs paid	(1)	(1)	(2)	(3)	(6)	(6)	(13)	(30)
Other operating expenses paid	(3)	(1)	(7)	(12)	(11)	(13)	(17)	(30)
Net cash inflow/(outflow) from operating activities	(36,898)	(47,830)	(2,193)	(2,460)	(1,233)	(4,514)	(382)	(22,724)
Cash flows from financing activities								
Proceeds from applications by unitholders	32,715	50,004	2,735	3,733	2,839	6,873	7,449	24,053
Payments for redemptions by unitholders	-	-	(387)	(1,197)	(1,607)	(1,624)	(5,868)	(428)
Distributions paid	(988)	(1,035)	(29)	(12)	(353)	(579)	(978)	(1,003)
Net cash inflow/(outflow) from financing activities	31,727	48,969	2,319	2,524	879	4,670	603	22,622
Net increase/(decrease) in cash and cash equivalents	(5,171)	1,139	126	64	(354)	156	221	(102)
Cash and cash equivalents at the beginning of the half-year	7,396	1,211	351	214	687	354	545	820
Cash and cash equivalents at the end of the half-year	2,225	2,350	477	278	333	510	766	718
Non-cash financing activities								
Units issued upon reinvestment of distributions	24	25	1	-	6	5	45	36

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

Contents of the notes to the condensed interim financial statements

	Page
1 General information	11
2 Summary of significant accounting policies	11
3 Net assets attributable to unitholders	13
4 Distributions to unitholders	14
5 Financial assets and liabilities at fair value through profit or loss	15
6 Fair value measurements	15
7 Related party transactions	19
8 Events occurring after the reporting period	19
9 Contingent assets and liabilities and commitments	19

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 2020 to 31 December 2020
Emerging Markets Fund	18 October 2018	29 May 2019	1 July 2020 to 31 December 2020
Equity Income Fund	6 October 2017	13 February 2018	1 July 2020 to 31 December 2020
Real Income Fund	6 October 2017	13 February 2018	1 July 2020 to 31 December 2020

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

The condensed interim financial statements were authorised for issue by the directors of the Responsible Entity 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 Funds' 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 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 and Interpretations issued by the Australian Accounting Standards Board ("AASB") and the *Corporations Act 2001* in Australia.

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

2 Summary of significant accounting policies (continued)

(a) Basis of preparation (continued)

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.

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 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.

(b) Australian Accounting Standards and Interpretations

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

There are no other standards that are not yet effective and that are expected to have a material impact on the Funds in the current or future half-year and on foreseeable future transactions.

(c) Rounding of amounts

The Funds are an entity of the kind referred to in *ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191*, relating to the "rounding off" of amounts in the financial statements. Amounts in the financial statements have been rounded off to the nearest thousand dollars, unless otherwise indicated.

3 Net assets attributable to unitholders

Under AASB 132 *Financial Instrument: Presentation*, puttable financial instruments meet the definition of a financial liability to be classified as equity where certain strict criteria are met. The Funds shall classify a financial instrument as an equity instrument from the date when the instrument has all the features and meets the conditions.

Movements in the number of units and net assets attributable to unitholders during the half-year were as follows:

	Australian Bond Fund				Emerging Markets Fund			
	31 December 2020 Units '000	31 December 2019 Units '000	31 December 2020 Units '000	31 December 2019 Units '000	31 December 2020 Units '000	31 December 2019 Units '000	31 December 2020 Units '000	31 December 2019 Units '000
Net assets attributable to unitholders								
Opening balance	4,703	2,850	127,268	76,206	1,864	1,203	10,397	6,466
Applications	1,200	1,850	32,715	50,004	467	657	2,985	3,703
Redemptions	-	-	-	-	(63)	(217)	(380)	(1,197)
Units issued upon reinvestment of distributions	1	1	24	25	-	-	1	-
Distributions to unitholders	-	-	(1,019)	(973)	-	-	-	-
Profit/(loss) for the half-year	-	-	2,328	177	-	-	2,394	882
Closing balance	5,904	4,701	161,316	125,439	2,268	1,643	15,397	9,854
	Equity Income Fund				Real Income Fund			
	31 December 2020 Units '000	31 December 2019 Units '000	31 December 2020 Units '000	31 December 2019 Units '000	31 December 2020 Units '000	31 December 2019 Units '000	31 December 2020 Units '000	31 December 2019 Units '000
Net assets attributable to unitholders								
Opening balance	3,419	2,472	24,605	20,698	5,603	3,397	42,575	32,336
Applications	361	819	2,751	7,084	952	2,415	7,666	24,024
Redemptions	(214)	(190)	(1,607)	(1,624)	(636)	(43)	(4,973)	(427)
Units issued upon reinvestment of distributions	1	1	6	5	6	4	45	36
Distributions to unitholders	-	-	(435)	(480)	-	-	(792)	(796)
Profit/(loss) for the half-year	-	-	2,603	636	-	-	4,260	1,037
Closing balance	3,567	3,102	27,923	26,319	5,925	5,773	48,781	56,210

3 Net assets attributable to unitholders (continued)

Capital risk management

The Funds consider their net assets attributable to unitholders as equity. The amount of net assets attributable to unitholders can change significantly on a daily basis as the Funds are subject to daily applications and redemptions at the discretion of eligible unitholders.

The daily issues and withdrawals of units are reviewed relative to the liquidity of the Funds' underlying assets on a daily basis by the Responsible Entity. Under the terms of the Funds' governing rules, the Responsible Entity may suspend the issue or withdrawal of units in certain circumstances.

4 Distributions to unitholders

BetaShares Emerging Markets Fund had nil distribution for the half-year.

The distributions for Australian Bond Fund, Equity Income Fund and Real Income Fund for the half-year were as follows:

	Australian Bond Fund			Equity Income Fund ¹		
	31 December 2020	31 December 2019	31 December 2020	31 December 2020	31 December 2019	31 December 2019
	\$'000	\$'000	\$'000	CPU	\$'000	CPU
Distributions paid - July	117	133	-	3.91	-	-
Distributions paid - August	213	146	-	3.90	-	-
Distributions paid - September	171	235	238	5.79	6.87	261
Distributions paid - October	200	149	-	3.59	-	-
Distributions paid - November	207	167	-	4.01	-	-
Distributions payable - December	111	143	197	3.05	5.52	219
Total distributions	1,019	973	435	24.25	12.39	480

	Real Income Fund		
	31 December 2020	31 December 2019	31 December 2019
	\$'000	\$'000	CPU
Distributions paid - September	173	178	3.98
Distributions payable - December	619	618	10.70
Total distributions	792	796	14.68

¹ BetaShares Legg Mason Equity Income Fund is a quarterly distributing fund.

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

	Australian Bond Fund		Emerging Markets Fund		Equity Income Fund		Real Income Fund	
	31 December 2020	30 June 2020	31 December 2020	30 June 2020	31 December 2020	30 June 2020	31 December 2020	30 June 2020
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Financial assets at fair value through profit or loss								
Bond futures	48	35	-	-	-	-	-	-
Fixed interest securities	151,441	121,310	-	-	-	-	-	-
Floating rate notes	6,760	3,178	-	-	-	-	-	-
Listed securities	-	-	14,656	10,047	27,747	24,391	47,845	42,505
Total financial assets at fair value through profit or loss	158,249	124,523	14,656	10,047	27,747	24,391	47,845	42,505

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.

6 Fair value measurements (continued)

Fair value estimation (continued)

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

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

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

The quoted market price used for financial assets is the last traded price. Where the last traded price does not fall within the bid-ask spread, an assessment is performed by management to determine the appropriate valuation price to use that is most representative of fair value.

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

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

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

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

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

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

6 Fair value measurements (continued)

Fair value estimation (continued)

	Equity Income Fund							
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
	31 December 2020	31 December 2020	31 December 2020	31 December 2020	30 June 2020	30 June 2020	30 June 2020	30 June 2020
Financial assets at fair value through profit or loss:								
Listed securities	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Total	27,747	-	-	27,747	24,391	-	-	24,391
	27,747	-	-	27,747	24,391	-	-	24,391

	Real Income Fund							
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
	31 December 2020	31 December 2020	31 December 2020	31 December 2020	30 June 2020	30 June 2020	30 June 2020	30 June 2020
Financial assets at fair value through profit or loss:								
Listed securities	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Total	47,845	-	-	47,845	42,505	-	-	42,505
	47,845	-	-	47,845	42,505	-	-	42,505

(iv) Transfers between levels

There were no transfers between levels during 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 Funds as at 31 December 2020 and 30 June 2020.

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

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

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

7 Related party transactions

There have been no significant changes to the related party transactions disclosed in the previous annual financial 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 in or withdraw from the Funds. These investments or withdrawals are on the same terms and conditions as those entered into by other fund investors and are not material in nature.

8 Events occurring after the reporting period

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

9 Contingent assets and liabilities and commitments

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

Directors' declaration

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

BetaShares Legg Mason Australian Bond Fund (managed fund)
BetaShares Legg Mason Emerging Markets Fund (managed fund)
BetaShares Legg Mason Equity Income Fund (managed fund)
BetaShares Legg Mason 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 19 are in accordance with the *Corporations Act 2001*, including:
- (i) complying with AASB 134 *Interim Financial Reporting*, the *Corporations Regulations 2001*; and
 - (ii) giving a true and fair view of the Funds' financial positions as at 31 December 2020 and of their performance for the 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
10 March 2021



Independent Auditor's Review Report

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

- BetaShares Legg Mason Australian Bond Fund (managed fund)
- BetaShares Legg Mason Emerging Markets Fund (managed fund)
- BetaShares Legg Mason Equity Income Fund (managed fund)
- BetaShares Legg Mason 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 are not in accordance with the *Corporations Act 2001*, including:

- giving a true and fair view of the Schemes' 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 Reports** comprise:

- Condensed interim statements of financial position as at 31 December 2020.
- Condensed interim statements of comprehensive income, 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 9 comprising a summary of significant accounting policies and other explanatory information
- The Directors' Declaration.

The **Interim Period** is the 6 months ended on 31 December 2020.

Basis of 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 the Code.



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*
- 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 are 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 2020 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.



Nicholas Buchanan

Partner

Sydney

10 March 2021