



Booklet 12

Annual Financial Report

30 June 2024

Responsible Entity

Betashares Capital Ltd

(ABN 78 139 566 868)

Level 46, 180 George St.,
Sydney, NSW 2000 Australia

betashares.com.au



Booklet 12

Betashares Australian Faith-Based Leaders Fund (ARSN 652 043 171)

Betashares Global Faith-Based Leaders Fund (ARSN 652 043 582)

Annual Financial Report

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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 annual financial report of the Funds for the year ended 30 June 2024 and the auditor's report thereon.

| Fund name | Referred to in this document as | Financial reporting year | ARSN |
|--|--|---------------------------------|-------------|
| Betashares Australian Faith-Based Leaders Fund | Australian Faith-Based Leaders Fund | 1 July 2023 to 30 June 2024 | 652 043 171 |
| Betashares Global Faith-Based Leaders Fund | Global Faith-Based Leaders Fund | 1 July 2023 to 30 June 2024 | 652 043 582 |

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 46, 180 George Street, Sydney, NSW 2000.

Principal activities

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

The Funds did not have any employees during the year.

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

Directors

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

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

Review and results of operations

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

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 year.

Directors' report (continued)

Matters subsequent to the end of the financial year

The Responsible Entity of the Funds is Betashares Capital Ltd (ABN 78 139 566 868). The Responsible Entity of the Funds has changed the registered office and principal place of business from Level 11, 50 Margaret Street, Sydney, NSW 2000 to Level 46, 180 George Street, Sydney, NSW 2000, effective 1st September 2024.

The address change does not affect the Funds' financial position or results of operations. All future correspondence and filings should be directed to the new address.

Leo Lithium Limited (ASX Code: LLL), an investment held by Australian Sustainability Leaders ETF was suspended from trading on the ASX on 15th September 2023 due to its operating and ownership issues with its Lithium Mine in Mali. As at 30 June 2024, the Fund valued the investments in LLL at last traded price. Throughout the financial year ended 30 June 2024, LLL made announcements and appeared to be possibilities of resolving its operation issues. Post year end, LLL had its annual general meeting and announced that its shareholders agreed to the sale of Leo Lithium's assets and redistribution to shareholders across two tranches in 2025.

No other matter or circumstance has arisen since 30 June 2024 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.

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.

Indemnification and insurance of officers and auditors

No insurance premiums are paid for out of the assets of the Funds in regard to insurance cover provided to either the officers of Betashares Capital Ltd or the auditor of the Funds. So long as the officers of Betashares Capital Ltd act in accordance with the Funds' Constitutions and the law, the officers remain indemnified out of the assets of the Funds against losses incurred while acting on behalf of the Funds. The auditor of the Funds is in no way indemnified out of the assets of the Funds.

Fees paid to and interests held in the Funds by the Responsible Entity or its associates

Fees paid to the Responsible Entity and its associates out of the Funds' property during the year are disclosed in Note 12 to the financial statements.

No fees were paid out of the Funds' property to the directors of the Responsible Entity during the year.

The number of interests in the Funds held by the Responsible Entity or its associates as at the end of the financial year are disclosed in Note 12 to the financial statements.

Directors' report (continued)

Interests in the Funds

The movement in units on issue in the Funds during the year is disclosed in Note 3 to the financial statements.

The value of the Funds' assets and liabilities is disclosed on the statements of financial position and derived using the basis set out in Note 2 to the financial statements.

Environmental regulation

The operations of the Funds are not subject to any particular or significant environmental regulations under a Commonwealth, State or Territory law.

Rounding of amounts to the nearest thousand dollars

The Funds are entities of the kind referred to in *ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191* and in accordance with that instrument, amounts in the 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
19 September 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 Funds:

Betashares Australian Faith-Based Leaders Fund

Betashares Global Faith-Based Leaders Fund

I declare that, to the best of my knowledge and belief, in relation to the audit of Funds for the financial period ended 30 June 2024 there have been:

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

KPMG

Nic Buchanan

Partner

Sydney

19 September 2024

Booklet 12
Statements of comprehensive income
For the year ended 30 June 2024

| Statements of comprehensive income | Australian Faith-Based Leaders Fund | | Global Faith-Based Leaders Fund | |
|--|--|---------------------------|------------------------------------|---------------------------|
| | 30 June 2024 \$'000 | 30 June 2023 \$'000 | 30 June 2024 \$'000 | 30 June 2023 \$'000 |
| Investment income | | | | |
| Interest income | 1 | 1 | 6 | 1 |
| Dividend/distribution income | 508 | 466 | 570 | 425 |
| Net gains/(losses) on financial instruments at fair value through profit or loss | 1,304 | 1,655 | 7,548 | 6,116 |
| Net foreign exchange gains/(losses) | - | - | - | 29 |
| Total net investment income/(loss) | 1,813 | 2,122 | 8,124 | 6,571 |
| Expenses | | | | |
| Management fees | 151 | 129 | 322 | 228 |
| Transaction costs | 1 | 1 | 7 | 5 |
| Other operating expenses | 4 | 5 | 29 | 14 |
| Total operating expenses | 156 | 135 | 358 | 247 |
| Operating profit/(loss) | 1,657 | 1,987 | 7,766 | 6,324 |
| Finance costs attributable to unitholders | | | | |
| Distributions to unitholders | (292) | - | (2,435) | - |
| (Increase)/decrease in net assets attributable to unitholders - liability* | (1,365) | - | (5,331) | - |
| Profit / (loss) before finance costs attributable to unitholders for the year | - | - | - | - |
| Other comprehensive income | - | - | - | - |
| Total comprehensive income/(loss) for the year | - | - | - | - |

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

*Net assets attributable to unit holders are reclassified from equity to liability from 01 July 2023 for Australian Faith-Based Leaders Fund and Global Faith-Based Leaders Fund. Refer to note 3 for further detail.

Booklet 12
Statements of financial position
As at 30 June 2024

| Statements of financial position | Australian Faith-Based Leaders Fund | | Global Faith-Based Leaders Fund | |
|---|--|---------------------------|------------------------------------|---------------------------|
| | 30 June 2024 \$'000 | 30 June 2023 \$'000 | 30 June 2024 \$'000 | 30 June 2023 \$'000 |
| Assets | | | | |
| Cash and cash equivalents | 2 | 13 | 62 | 31 |
| Financial assets at fair value through profit or loss | 19,342 | 17,386 | 41,667 | 32,375 |
| Creations receivable | 826 | - | 440 | - |
| Other receivables | 67 | 60 | 51 | 45 |
| Total assets | 20,237 | 17,459 | 42,220 | 32,451 |
| Liabilities | | | | |
| Distributions payable | 114 | 162 | 2,435 | 183 |
| Due to brokers - payable for securities purchased | 493 | - | - | - |
| Other payables | 12 | 12 | 27 | 22 |
| Total liabilities (excluding net assets attributable to unitholders) | 619 | 174 | 2,462 | 205 |
| Net assets attributable to unitholders - liability* | 19,618 | - | 39,758 | - |
| Net assets attributable to unitholders - equity* | - | 17,285 | - | 32,246 |

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

*Net assets attributable to unit holders are reclassified from equity to liability from 01 July 2023 for Australian Faith-Based Leaders Fund and Global Faith-Based Leaders Fund. Refer to note 3 for further detail.

Booklet 12
Statements of changes in equity
For the year ended 30 June 2024

| Statements of changes in equity | Australian Faith-Based Leaders Fund | | Global Faith-Based Leaders Fund | |
|--|--|--------------|--|--------------|
| | 30 June 2024 | 30 June 2023 | 30 June 2024 | 30 June 2023 |
| Notes | \$'000 | \$'000 | \$'000 | \$'000 |
| Total equity at the beginning of the year | 17,285 | 11,446 | 32,246 | 21,997 |
| Reclassification due to AMIT tax regime de-implementation* | (17,285) | - | (32,246) | - |
| | - | 11,446 | - | 21,997 |
| Comprehensive income for the year | | | | |
| Profit/(loss) for the year | - | 1,987 | - | 6,324 |
| Other comprehensive income | - | - | - | - |
| Total comprehensive income/(loss) for the year | - | 1,987 | - | 6,324 |
| Transactions with unitholders | | | | |
| Creations | - | 4,158 | - | 4,608 |
| Redemptions | - | - | - | (500) |
| Distributions to unitholders | - | (306) | - | (183) |
| Total transactions with unitholders | - | 3,852 | - | 3,925 |
| Total equity at the end of the year | - | 17,285 | - | 32,246 |

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

Under Australian Accounting Standards, net assets attributable to unitholders are classified as a liability rather than equity. As a result, there was no equity at the start or the end of the year.

*Net assets attributable to unit holders are reclassified from equity to liability from 01 July 2023 for Australian Faith-Based Leaders Fund and Global Faith-Based Leaders Fund. Refer to note 3 for further detail.

Booklet 12
Statements of cash flows
For the year ended 30 June 2024

| Statements of cash flows | Australian Faith-Based Leaders Fund | | Global Faith-Based Leaders Fund | |
|---|--|-----------------|--|-----------------|
| | 30 June 2024 \$'000 | 30 June 2023 | 30 June 2024 \$'000 | 30 June 2023 |
| | Notes | | | |
| Cash flows from operating activities | | | | |
| Proceeds from sale of financial instruments at fair value through profit or loss | | 3,054 | 17,310 | 7,112 |
| Payments for purchase of financial instruments at fair value through profit or loss | | (7,241) | (19,116) | (11,572) |
| Distributions/dividends received | | 447 | 565 | 411 |
| Interest income received | | 1 | 7 | - |
| Management fees paid | | (125) | (317) | (222) |
| Transaction costs paid | | (1) | (7) | (5) |
| Other operating expenses paid | | (6) | (31) | (16) |
| Net cash inflow/(outflow) from operating activities | 8(a) | 187 | (3,871) | (1,589) |
| | | | | (4,292) |
| Cash flows from financing activities | | | | |
| Proceeds from creations by unitholders | | 4,158 | 7,883 | 4,608 |
| Payments for redemptions by unitholders | | - | (6,142) | (500) |
| Distributions paid | | (286) | (183) | (72) |
| Net cash inflow/(outflow) from financing activities | | (198) | 3,872 | 4,036 |
| Net increase/(decrease) in cash and cash equivalents | | (11) | 1 | (31) |
| Cash and cash equivalents at the beginning of the financial year | | 13 | 12 | 31 |
| Effects of foreign currency exchange rate changes on cash and cash equivalents | | - | - | 62 |
| Cash and cash equivalents at the end of the financial year | 8(b) | 2 | 13 | 62 |
| | | | | 31 |

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

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1 General information

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

| Abbreviated Fund name | Registered date | Commenced date | Financial reporting year |
|-------------------------------------|------------------------|-----------------------|---------------------------------|
| Australian Faith-Based Leaders Fund | 29 July 2021 | 13 December 2021 | 1 July 2023 to 30 June 2024 |
| Global Faith-Based Leaders Fund | 29 July 2021 | 13 December 2021 | 1 July 2023 to 30 June 2024 |

The Responsible Entity of the Funds is Betashares Capital Ltd (the "Responsible Entity"). The Responsible Entity's registered office is Level 46, 180 George Street, Sydney, NSW 2000.

The financial statements were authorised for issue by the directors of the Responsible Entity on 19 September 2024. The directors of the Responsible Entity have the power to amend and reissue the financial statements.

On 01 July 2023, the Responsible Entity has changed its status from AMIT to Non-AMIT. Consequently, the units in the Funds have been reclassified from equity to liability.

2 Summary of material accounting policies

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

(a) Basis of preparation

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

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

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

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

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

Compliance with International Financial Reporting Standards

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

2 Summary of material accounting policies (continued)

(a) Basis of preparation (continued)

New and amended standards adopted by the Funds

The Funds have applied the following standard and amendment for the first time for its annual reporting year commencing 1 July 2023:

AASB 2021-2 Amendments to Australian Accounting Standards - Disclosure of Accounting Policies Definition of Accounting Estimates [AASB 7, AASB 101, AASB 108, AASB 134 & AASB Practice Statement 2].

The amendment listed above does not have any impact on the amounts recognised in prior years and are not expected to significantly effect the current or future years.

New accounting standards and interpretations not yet adopted

AASB 18 Presentation and Disclosure in Financial Statements

AASB 18 was issued in June 2024 and replaces AASB 101 *Presentation of Financial Statements*. The new standard introduces new requirements for the Statements of comprehensive income, including:

- new categories for the classification of income and expenses into operating, investing and financing categories, and
- presentation of subtotals for “operating profit” and “profit before financing and income taxes”.

Additional disclosure requirements are introduced for management-defined performance measures and new principles for aggregation and disaggregation of information in the notes and the primary financial statements and the presentation of interest and dividends in the statement of cash flows. The new standard is effective for annual years beginning on or after 1 January 2027 and will first apply to the Funds for the financial year ending 30 June 2028.

This new standard is not expected to have an impact on the recognition and measurement of assets, liabilities, income and expenses, however there will likely be changes in how the Statements of comprehensive income and Statements of Financial Position line items are presented as well as some additional disclosures in the notes to the financial statements. The Funds are in the process of assessing the impact of the new standard.

Use of estimates and judgement

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

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

2 Summary of material accounting policies (continued)

(a) Basis of preparation (continued)

Use of estimates and judgement (continued)

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.

Investment entity exception

The Funds meet the definition of an investment entity and therefore apply the investment entity amendments to AASB 10 *Consolidated Financial Statements* ("AASB 10"), AASB 12 *Disclosure of Interests in Other Entities* and AASB 127 *Separate Financial Statements*. AASB 10 is applicable to all investees; among other things, it requires the consolidation of an investee if the Funds control the investee on the basis of de facto circumstances. An exception however exists where an entity meets the definition of an investment entity.

The Funds meet the definition of investment entity due to the following factors:

- (a) the Funds obtain funds from one or more unitholders for the purpose of providing the unitholders with investment management services;
- (b) the Funds commit to their unitholders that their business purpose is to invest funds solely for returns from capital appreciation, investment income, or both; and
- (c) the Funds measure and evaluate the performance of substantially all of their investments on a fair value basis.

In making the above assessments, the Funds have multiple investments and multiple investors. Their investors are generally unrelated parties of the Funds. Unitholders invest for returns from capital appreciation, investment income, or both. Directors of the Responsible Entity have concluded that the Funds meet the definition of investment entity.

Assessment of the Funds' investments as structured entities

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

(b) Financial instruments

(i) Classification

The Funds classify their investments based on their business model for managing those financial assets and their contractual cash flow characteristics. The Funds' portfolios of financial assets are managed and their performance is evaluated on a fair value basis in accordance with the Funds' documented investment strategy. The Funds evaluate the information about their investments on a fair value basis together with other related financial information.

2 Summary of material accounting policies (continued)

(b) Financial instruments (continued)

(i) Classification (continued)

Equity securities are measured at fair value through profit or loss.

(ii) Recognition/derecognition

The Funds recognise financial assets and financial liabilities on the date they become party to the contractual agreement (trade date) and recognises changes in fair value of the financial assets or financial liabilities from this date.

Investments are derecognised when the right to receive cash flows from the investments have expired or the Funds have transferred substantially all risks and rewards of ownership.

(iii) Measurement

At initial recognition, the Funds measure a financial asset or liability at its fair value. Transaction costs are expensed in the statements of comprehensive income as incurred.

Subsequent to initial recognition, all investments are measured at fair value. Gains and losses arising from changes in the fair value measurement are presented in the statements of comprehensive income within net gains/(losses) on financial instruments at fair value through profit or loss during the financial year.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

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

(iv) Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the statements of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

(c) Net assets attributable to unitholders

As of 30 June 2024, Australian Faith-Based Leaders Fund's and Global Faith-Based Leaders Fund's net assets attributable to unitholders were classified as liability. During the year, Australian Faith-Based Leaders Fund and Global Faith-Based Leaders Fund did not meet the closely-held condition and as a result no longer satisfied the AMIT requirement. Consequently, the Australian Faith-Based Leaders Fund and Global Faith-Based Leaders Fund had an obligation to distribute when the fund earned taxable income and therefore no longer satisfied the criteria under AASB 132 *Financial Instruments: Presentation* that allowed it to classify net assets attributable to unitholders as liability. Effective from 01 July 2023, Australian Faith-Based Leaders Fund's and Global Faith-Based Leaders Fund's units have been reclassified from equity to liability. The fair value of the units reclassified as financial liability approximates the carrying amount. Refer to note 3 for further details.

2 Summary of material accounting policies (continued)

(c) Net assets attributable to unitholders (continued)

Units are normally redeemable by unitholders at the unitholders' option. The units can be put back to the Funds at any time (subject to the *Corporations Act 2001* and the Funds' Constitutions) for cash. The fair value of redeemable units is measured at the redemption amount that is payable (based on the redemption unit price) at the end of the reporting year if unitholders exercised their right to redeem units in the Funds.

Net assets attributable to unit holders are reclassified from equity to liability from 01 July 2023 for Australian Faith-Based Leaders Fund and Global Faith-Based Leaders Fund.

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

(d) Cash and cash equivalents

For the purpose of presentation in the statements of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short term, highly liquid investments with original maturities of three months or less from the date of acquisition that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. The carrying amount of cash approximates fair value.

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

(e) Investment income

Interest income earned on cash balances is recognised on an accrual basis in the statements of comprehensive income using the nominated interest rates available on the bank accounts held. Interest income earned from financial assets at amortised cost is recognised using the effective interest method and includes interest from cash and cash equivalents. Interest from financial assets at fair value through profit or loss is determined based on the contractual coupon interest rate and includes interest from debt securities. Other changes in fair value for such instruments are recorded in accordance with the accounting policies described in Note 2(b).

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

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

(f) Expenses

All expenses are recognised in the statements of comprehensive income on an accruals basis.

2 Summary of material accounting policies (continued)

(g) Income tax

The Funds are not subject to income tax as all taxable income and other relevant amounts are attributable to unitholders in each financial year under the AMIT tax regime. Such amounts form part of unitholders' assessable income for relevant financial year. The benefits of imputation credits and foreign tax paid are passed onto unitholders.

(h) Distributions

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

The distributions are recognised in the statements of changes in equity as transactions with unitholders.

(i) Foreign currency translation

(i) Functional and presentation currency

Items included in the Funds' financial statements are measured using the currency of the primary economic environment in which it operates (the "functional currency"). This is the Australian dollar, which reflects the currency of the economy in which the Funds compete for funds and are regulated. The Australian dollar is also the Funds' presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translations at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statements of comprehensive income.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when fair value was determined. Translation differences on assets and liabilities carried at fair value are reported in the statements of comprehensive income on a net basis within net gains/(losses) on financial instruments at fair value through profit or loss.

(j) Due from/to brokers

Amounts due from/to brokers (if applicable) represent receivables for securities sold and payables for securities purchased that have been contracted for but not yet delivered by the end of the year. Trades are recorded on trade date, and for equities normally settled within two business days. These amounts are recognised initially at fair value and subsequently measured at amortised cost. At each reporting date, the Fund shall measure the loss allowance on amounts due from broker at an amount equal to the lifetime expected credit losses if the credit risk has increased significantly since initial recognition. If, at the reporting date, the credit risk has not increased significantly since initial recognition, the Fund shall measure the loss allowance at an amount equal to 12-month expected credit losses. Significant financial difficulties of the broker, probability that the broker will enter bankruptcy or financial reorganisation, and default in payments are all considered indicators that a loss allowance may be required. If the credit risk increases to the point that it is considered to be credit impaired, interest income will be calculated based on the gross carrying amount adjusted for the loss allowance.

2 Summary of material accounting policies (continued)

(k) Other receivables

Other receivables may include amounts for dividends, interest, creations, RITC receivable and trust distributions. Dividends and trust distributions are accrued when the right to receive payment is established. Interest is accrued at the end of each reporting year from the time of last payment in accordance with the policy set out in Note 2(e) above. The Funds' receivables are measured at amortised cost under AASB 9 *Financial Instruments* and the impact of any expected credit losses (ECL) is not material as amounts are generally received within 30 days of being recorded as receivables. The carrying amount of receivables approximates fair value.

(l) Other payables

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

The distribution amount payable to unitholders as at the end of each reporting year is recognised separately in the statements of financial position when unitholders are presently entitled to the distributable income.

(m) Creations and redemptions

Creations are application received for units in the Funds are recorded net of any entry fees payable (if applicable) prior to the issue of units in the Funds. Redemptions from the Funds are recorded gross of any exit fees payable (if applicable) after the cancellation of units redeemed.

(n) Goods and Services Tax (GST)

The GST incurred on the costs of various services provided to the Funds by third parties such as custodial services and investment management fees have been passed onto the Funds. The Funds qualify for Reduced Input Tax Credits (RITC) at a rate of 55% to 85%; hence investment management fees, custodial fees and other expenses have been recognised in the statements of comprehensive income net of the amount of GST recoverable from the Australian Taxation Office (ATO). Accounts payable are inclusive of GST. The net amount of GST recoverable from the ATO as a RITC is included in the payables in the statement of financial position. This change does not have a material impact on prior years and no restatement was made to the comparative year.

(o) 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 indicated.

3 Net assets attributable to unitholders

Units are normally redeemable by unitholders being Authorised Participants at the unitholders' option, however, creations 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, which is equal to a proportionate share of the Funds' net asset value attributable to the unitholders.

The Funds' units are classified as a liability as they do not meet the definition of a financial instrument to be classified as equity.

3 Net assets attributable to unitholders (continued)

During the year, management reviewed the classification of net assets attributable to unit holders and concluded that units in the Funds' no longer longer meet the classification of equity for the year ended 30 June 2024. As such, units in the Funds' have been reclassified as financial liability.

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

| | Australian Faith-Based Leaders Fund | | | | Global Faith-Based Leaders Fund | | | |
|--|-------------------------------------|---------------------------|-------------------------------|---------------------------|---------------------------------|---------------------------|-------------------------------|---------------------------|
| | 30 June 2024 Units '000 | 30 June 2024 \$'000 | 30 June 2023 Units '000 | 30 June 2023 \$'000 | 30 June 2024 Units '000 | 30 June 2024 \$'000 | 30 June 2023 Units '000 | 30 June 2023 \$'000 |
| Net assets attributable to unitholders | | | | | | | | |
| Opening balance | 1,897 | 17,285 | 1,427 | 11,446 | 3,330 | 32,246 | 2,866 | 21,997 |
| Creations | 126 | 1,228 | 470 | 4,158 | 815 | 8,323 | 528 | 4,608 |
| Redemptions | (26) | (260) | - | - | (588) | (6,142) | (64) | (500) |
| Distributions to unitholders | - | - | - | (306) | - | - | - | (183) |
| Increase / (decrease) in net assets attributable to unitholders* | - | 1,365 | - | - | - | 5,331 | - | - |
| Profit/(loss) for the year | - | - | - | 1,987 | - | - | - | 6,324 |
| Closing balance | 1,997 | 19,618 | 1,897 | 17,285 | 3,557 | 39,758 | 3,330 | 32,246 |

*As at 30 June 2023, Funds' net assets attributable to unitholders were classified as equity. However, during the year, Funds did not meet the closely-held condition and as a result no longer satisfied the AMIT requirement. Consequently, the Funds had an obligation to distribute when the fund earned taxable income and therefore no longer satisfied the criteria under AASB 132 Financial Instruments: Presentation that allowed it to classify net assets attributable to unitholders as equity. Hence, effective from 1 July 2023, Funds units have been reclassified from equity to liability. The fair value of the units reclassified as financial liability approximates the carrying amount.

As a result of the reclassification of net assets attributable to unitholders from equity to financial liabilities, the Funds' distributions are no longer classified as distributions paid in the statement of changes in equity, but rather as finance costs in the statement of comprehensive income.

Capital risk management

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

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

4 Distributions to unitholders

The distributions for the year were as follows:

| | Australian Faith-Based Leaders Fund | | | | Global Faith-Based Leaders Fund | | | |
|-------------------------------|-------------------------------------|------------------------|---------------------------|------------------------|---------------------------------|------------------------|---------------------------|------------------------|
| | 30 June 2024 \$'000 | 30 June 2024 CPU | 30 June 2023 \$'000 | 30 June 2023 CPU | 30 June 2024 \$'000 | 30 June 2024 CPU | 30 June 2023 \$'000 | 30 June 2023 CPU |
| Distributions paid - December | 178 | 9.34 | 144 | 8.00 | - | - | - | - |
| Distributions payable - June | 114 | 5.70 | 162 | 8.56 | 2,435 | 68.47 | 183 | 5.49 |
| Total distributions | 292 | 15.04 | 306 | 16.56 | 2,435 | 68.47 | 183 | 5.49 |

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

5 Financial assets 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 Faith-Based Leaders Fund | | Global Faith-Based Leaders Fund | |
|--|--|---------------------------|------------------------------------|---------------------------|
| | 30 June 2024 \$'000 | 30 June 2023 \$'000 | 30 June 2024 \$'000 | 30 June 2023 \$'000 |
| Financial assets at fair value through profit or loss | | | | |
| Listed equities | 19,342 | 17,386 | 41,667 | 32,375 |
| Total financial assets at fair value through profit or loss | 19,342 | 17,386 | 41,667 | 32,375 |

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

6 Other receivables

| | Australian Faith-Based Leaders Fund | | Global Faith-Based Leaders Fund | |
|------------------------------------|--|---------------------------|------------------------------------|---------------------------|
| | 30 June 2024 \$'000 | 30 June 2023 \$'000 | 30 June 2024 \$'000 | 30 June 2023 \$'000 |
| Dividends/distributions receivable | 64 | 57 | 43 | 38 |
| Interest receivable | - | - | - | 1 |
| GST receivable | 3 | 3 | 8 | 6 |
| Total other receivables | 67 | 60 | 51 | 45 |

7 Other payables

| | Australian Faith-Based Leaders Fund | | Global Faith-Based Leaders Fund | |
|-----------------------------|--|---------------------------|------------------------------------|---------------------------|
| | 30 June 2024 \$'000 | 30 June 2023 \$'000 | 30 June 2024 \$'000 | 30 June 2023 \$'000 |
| Management fees payable | 12 | 12 | 27 | 22 |
| Total other payables | 12 | 12 | 27 | 22 |

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

| | Australian Faith-Based Leaders Fund | | Global Faith-Based Leaders Fund | |
|---|--|---------------------------|--|---------------------------|
| | 30 June 2024 \$'000 | 30 June 2023 \$'000 | 30 June 2024 \$'000 | 30 June 2023 \$'000 |
| Reconciliation of profit/(loss) to net cash inflow/(outflow) from operating activities | | | | |
| Profit/(loss) | 1,657 | 1,987 | 7,766 | 6,324 |
| Proceeds from sale of financial instruments at fair value through profit or loss | 3,050 | 3,054 | 17,310 | 7,112 |
| Payments for the purchase of financial instruments at fair value through profit or loss | (3,209) | (7,241) | (19,116) | (11,572) |
| Net (gains)/losses on financial instruments at fair value through profit or loss | (1,304) | (1,655) | (7,548) | (6,116) |
| Net change in dividends/distributions receivable | - | (19) | - | (14) |
| Net change in interest receivable | - | - | - | (1) |
| Net change in receivables and other assets | (7) | (1) | (6) | (2) |
| Net foreign exchange (gains)/losses | - | - | - | (29) |
| Net change in payables and other liabilities | - | 4 | 5 | 6 |
| Net cash inflow/(outflow) from operating activities | 187 | (3,871) | (1,589) | (4,292) |

(b) Components of cash and cash equivalents

Cash as at the end of the financial year as shown in the Statements of Cash Flows is reconciled to the Statements of Financial Position as follows:

| | | | | |
|------|---|----|----|----|
| Cash | 2 | 13 | 62 | 31 |
|------|---|----|----|----|

9 Financial risk management

The Funds primarily invest in exchange traded securities that are listed on Australian and global financial markets.

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

The Funds' overall risk management programs focus on ensuring compliance with the Funds' Product Disclosure Statements (PDSs). Financial risk management is carried out by an investment manager under policies approved by the Board of Directors of the Responsible Entity (the Board).

The Board of Directors of the Responsible Entity has overall responsibility for the establishment and oversight of the Funds' risk management framework. The Funds' overall risk management programs focus on ensuring compliance with the Funds' PDSs and investment guidelines.

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

9 Financial risk management (continued)

(a) Market risk

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

Included in the following analysis are tables that summarise the sensitivity of the operating profit and net assets attributable to unitholders to changes in market prices (e.g. equity price, foreign exchange rates and interest rates). The analysis is based on reasonably possible movements in the specified risk variable with other variables held constant. Actual movements in the risk variables in any year may be greater or less than indicated. The market price risk information is intended to be a relative estimate of risk rather than a precise and accurate number. It represents a hypothetical outcome and is not intended to be predictive. The analysis is based on historical data and cannot take account of the fact that future market price movements (e.g. in times on market stress) may bear no relation to historical patterns.

(i) Price risk

The Funds are exposed to equity securities and derivatives price risk. This arises from investments held by the Funds for which prices in the future are uncertain. Equity securities and derivatives are classified on the statements of financial position as at fair value through profit or loss. All securities investments present a risk of loss of capital.

The Funds' overall market positions are reported to the Board on a regular basis.

Sensitivity analysis

A 10% movement at the report date of the market prices attributable to financial assets or financial liabilities by the relevant Funds would have the following impact on the Funds' profit/(loss) and net assets attributable to unitholders. The calculations include the impact of any derivatives that may be held by a Fund. It is assumed that the relevant change occurs at the balance date.

| | Australian Faith-Based Leaders Fund | | Global Faith-Based Leaders Fund | |
|---|--|---------------------------|--|---------------------------|
| | 30 June 2024 \$'000 | 30 June 2023 \$'000 | 30 June 2024 \$'000 | 30 June 2023 \$'000 |
| +10% Price movement - impact on the Funds' profit/(loss) and net assets attributable to unitholders | 1,935 | 1,738 | 4,167 | 3,237 |
| -10% Price movement - impact on the Funds' profit/(loss) and net assets attributable to unitholders | (1,935) | (1,738) | (4,167) | (3,237) |

9 Financial risk management (continued)

(a) Market risk (continued)

(ii) Interest rate risk

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

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

(iii) Foreign exchange risk

The Funds may hold both monetary and non-monetary assets denominated in currencies other than the Australian dollar. The foreign exchange risk relating to non-monetary assets and liabilities is a component of price risk not foreign exchange risk. Foreign exchange risk arises as the value of monetary assets denominated in other currencies fluctuates due to changes in exchange rates. The risk is measured using sensitivity analysis.

The tables below summarise the Funds' assets and liabilities, monetary and non-monetary, that are denominated in a currency other than the Australian dollar (calculated after the effect of associated foreign currency derivatives). The disclosures below represent the significant currency exposures of Funds at each respective reporting date.

| | Global Faith-Based Leaders Fund | | | | | | Total \$'000 |
|---|------------------------------------|---------------|---------------|---------------|---------------|-----------------|-----------------|
| | USD \$'000 | EUR \$'000 | JPY \$'000 | CAD \$'000 | CHF \$'000 | Other \$'000 | |
| 30 June 2024 | | | | | | | |
| Assets | | | | | | | |
| Cash and cash equivalents | 28 | - | 12 | 3 | 2 | 10 | 55 |
| Receivables | 13 | 6 | - | 6 | 14 | 4 | 43 |
| Financial assets at fair value through profit or loss | 34,224 | 3,399 | 2,070 | 677 | 531 | 766 | 41,667 |
| Total | 34,265 | 3,405 | 2,082 | 686 | 547 | 780 | 41,765 |
| Increase/(decrease) in foreign currency exposure | - | - | - | - | - | - | - |
| Net foreign currency exposure | 34,265 | 3,405 | 2,082 | 686 | 547 | 780 | 41,765 |

9 Financial risk management (continued)

(a) Market risk (continued)

(iii) Foreign exchange risk (continued)

| 30 June 2023 | Global Faith-Based Leaders Fund | | | | | | Total |
|---|------------------------------------|------------|------------|--------------|---------------|--------------|---------------|
| | CAD | GBP | HKD | JPY | USD | Other | |
| Assets | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 |
| Cash and cash equivalents | 2 | 1 | 6 | 8 | 23 | 11 | 51 |
| Receivables | 8 | 3 | - | - | 11 | 16 | 38 |
| Financial assets at fair value through profit or loss | 791 | 678 | 443 | 2,109 | 23,795 | 4,558 | 32,374 |
| Total | 801 | 682 | 449 | 2,117 | 23,829 | 4,585 | 32,463 |
| Increase/(decrease) in foreign currency exposure | - | - | - | - | - | - | - |
| Net foreign currency exposure | 801 | 682 | 449 | 2,117 | 23,829 | 4,585 | 32,463 |

Sensitivity analysis

The following table summarise the sensitivities of the Funds' monetary assets and liabilities to foreign exchange risk.

| | Global Faith-Based Leaders Fund | |
|--|------------------------------------|---------------------------|
| | 30 June 2024 \$'000 | 30 June 2023 \$'000 |
| Impact on profit/(loss) from activities and net assets attributable to unitholders | | |
| 10% AUD appreciation against foreign currency | (9) | (10) |

10% AUD depreciation against foreign currency would have an equal, but opposite effect to the amounts shown in the table above.

9 Financial risk management (continued)

(b) Credit risk

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Funds.

The main concentration of credit risk to which the Funds are exposed arise from the Funds' investment in cash and cash equivalents and other receivables.

(i) Cash and cash equivalents

The exposure to credit risk for cash and cash equivalents is considered low as the Funds only invest their assets into bank deposit accounts held with banks that are regulated in Australia by the Australian Prudential Regulatory Authority as authorised deposit taking institutions, and all counterparties have a credit rating of at least A.

In accordance with the Funds' policy, the Responsible Entity monitors the Funds' credit position on a regular basis.

(ii) Settlement of securities transactions

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

(iii) Other

The custody of the Funds' assets are mainly concentrated with one counterparty, namely Citigroup Pty Ltd. Citigroup Pty Ltd is a subsidiary of a company listed on a major securities exchange, and at 30 June 2024 had a credit rating of A by Standard & Poor's (S&P) (30 June 2023: "A" by S&P). At 30 June 2024, substantially all cash and cash equivalents, balances due from brokers and investments are held in custody by Citigroup Pty Ltd.

(c) Liquidity risk

Liquidity risk is the risk that the Funds will encounter difficulty in meeting obligations associated with financial liabilities.

The Funds are exposed to daily cash redemptions of redeemable units. The Funds' investments in cash and cash equivalents are considered to be readily realisable and the Funds maintain adequate liquidity to pay withdrawals and distributions when required.

Certain Funds may invest in derivative contracts traded over the counter, which are not traded in an organised market and may be illiquid. As a result, the Funds may not be able to quickly liquidate their investments in these instruments at an amount close to their fair value to meet their liquidity requirements or to respond to specific events such as deterioration in the creditworthiness of any particular issuer or counterparty.

9 Financial risk management (continued)

(c) Liquidity risk (continued)

The following tables analyse the Funds' non-derivative and derivative financial liabilities into relevant maturity groupings based on the remaining year at the end of the reporting year to the contractual maturity date. The amounts in the tables are the contractual undiscounted cash flows.

| Australian Faith-Based Leaders Fund | | | | | | | | |
|---|------------------|-------------------------------|----------------------------------|----------------|------------------|-------------------------------|----------------------------------|----------------|
| | On demand | Less than 6 months | Greater than 6 months | Total | On demand | Less than 6 months | Greater than 6 months | Total |
| | 30 June | 30 June | 30 June | 30 June | 30 June | 30 June | 30 June | 30 June |
| | 2024 | 2024 | 2024 | 2024 | 2023 | 2023 | 2023 | 2023 |
| | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 |
| Distributions payable | - | 114 | - | 114 | - | 162 | - | 162 |
| Due to brokers - payables for securities | - | 493 | - | 493 | - | - | - | - |
| Other payables | - | 12 | - | 12 | - | 12 | - | 12 |
| Contractual cash flows (excluding net settled derivatives) | - | 619 | - | 619 | - | 174 | - | 174 |

| Global Faith-Based Leaders Fund | | | | | | | | |
|---|------------------|-------------------------------|----------------------------------|----------------|------------------|-------------------------------|----------------------------------|----------------|
| | On demand | Less than 6 months | Greater than 6 months | Total | On demand | Less than 6 months | Greater than 6 months | Total |
| | 30 June | 30 June | 30 June | 30 June | 30 June | 30 June | 30 June | 30 June |
| | 2024 | 2024 | 2024 | 2024 | 2023 | 2023 | 2023 | 2023 |
| | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 |
| Distributions payable | - | 2,435 | - | 2,435 | - | 183 | - | 183 |
| Other payables | - | 27 | - | 27 | - | 22 | - | 22 |
| Contractual cash flows (excluding net settled derivatives) | - | 2,462 | - | 2,462 | - | 205 | - | 205 |

10 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 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 year approximate their fair values.

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

(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 year 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 year applicable for an instrument with similar terms and conditions.

10 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 year. 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 Faith-Based Leaders Fund | | | | | | | |
|--|--|----------------|----------------|----------------|---------|---------|---------|---------|
| | Level 1 | Level 2 | Level 3 | Total | Level 1 | Level 2 | Level 3 | Total |
| | 30 June | 30 June | 30 June | 30 June | 30 June | 30 June | 30 June | 30 June |
| | 2024 | 2024 | 2024 | 2024 | 2023 | 2023 | 2023 | 2023 |
| | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 |
| Financial assets | | | | | | | | |
| Financial assets at fair value through profit or loss: | | | | | | | | |
| Listed securities | 19,320 | - | 22 | 19,342 | 17,386 | - | - | 17,386 |
| Total | 19,320 | - | 22 | 19,342 | 17,386 | - | - | 17,386 |

10 Fair value measurements (continued)

Fair value estimation (continued)

(iii) *Recognised fair value measurements (continued)*

| | Global Faith-Based Leaders Fund | | | | | | | |
|--|--|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| | Level 1 | Level 2 | Level 3 | Total | Level 1 | Level 2 | Level 3 | Total |
| | 30 June | 30 June | 30 June | 30 June | 30 June | 30 June | 30 June | 30 June |
| | 2024 | 2024 | 2024 | 2024 | 2023 | 2023 | 2023 | 2023 |
| | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 |
| Financial assets | | | | | | | | |
| Financial assets at fair value through profit or loss: | | | | | | | | |
| Listed securities | 41,667 | - | - | 41,667 | 32,375 | - | - | 32,375 |
| Total | 41,667 | - | - | 41,667 | 32,375 | - | - | 32,375 |

(iv) *Transfers between levels*

There were transfers between levels during the year ended 30 June 2024 and year ended 30 June 2023.

| | Australian Faith-Based Leaders Fund | | | | | |
|-----------------------------------|--|----------------|----------------|----------------|----------------|----------------|
| | Level 1 | Level 2 | Level 3 | Level 1 | Level 2 | Level 3 |
| | 30 June | 30 June | 30 June | 2022 | 2022 | 2022 |
| | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 |
| Transfers between levels 1 and 3: | | | | | | |
| Listed securities | | | (22) | | - | 22 |
| | | | | - | - | - |

10 Fair value measurements (continued)

Fair value estimation (continued)

(v) *Movement in level 3 instruments*

The following table presents the Funds that had movement in level 3 instruments for the year ended 30 June 2024 and 30 June 2023 by class of financial instrument:

| | Listed securities | |
|---|---|---------------|
| | BS Australian Faith-Based Leaders Fund | |
| | 30 June | 2023 |
| | \$'000 | \$'000 |
| Opening balance | - | - |
| Purchases | - | - |
| Sales | - | - |
| Transfers into/(out) from level 3 | 22 | - |
| Gains/(losses) recognised in profit or loss | - | - |
| Closing balance | 22 | - |
| Total gains/(losses) for the year included in the statements of comprehensive income* | (11) | - |

*includes unrealised gains or (losses) recognised in profit or loss attributable to balances held at the end of the reporting year.

Fair value measurements using significant unobservable inputs (Level 3)

Leo Lithium Limited (ASX Code: LLL), an investment held by Australian Sustainability Leaders ETF was suspended from trading on the ASX on 15th September 2023 due to its operating and ownership issues with its Lithium Mine in Mali. As at 30 June 2024, the Fund valued the investments in LLL at last traded price. Throughout the financial year ended 30 June 2024, LLL made announcements and appeared to be possibilities of resolving its operation issues.

10 Fair value measurements (continued)

Valuation process

Portfolio reviews 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 years.

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

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

11 Auditor's remuneration

During the year the following fees were paid or payable for services provided by the auditor of the Funds. Audit fees were borne by Betashares Holdings Pty Ltd, the parent entity of the Responsible Entity:

There were no non-audit fees incurred by the Funds during the year ended 30 June 2024 and 30 June 2023.

| | Australian Faith-Based Leaders Fund | | Global Faith-Based Leaders Fund | |
|--|--|-----------------|--|-----------------|
| | 30 June 2024 | 30 June 2023 | 30 June 2024 | 30 June 2023 |
| KPMG | | | | |
| <i>Audit and other assurance service</i> | | | | |
| Audit and review of financial reports | 5,356 | 3,752 | 5,356 | 3,752 |
| Audit of compliance plan | 1,322 | 1,230 | 1,322 | 1,230 |
| Total remuneration of audit and other assurance services | 6,678 | 4,982 | 6,678 | 4,982 |

12 Related party transactions

Responsible Entity

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

Key management personnel

The Funds do not employ personnel in their own right. However, the Funds are required to have an incorporated Responsible Entity to manage the activities and this is considered to be key management personnel. The directors of the Responsible Entity, which are key management personnel of the Responsible Entity, during or since the end of the financial year are:

(a) Directors

Mr Alex Vynokur (appointed 21 September 2009)

Mr Jason Gellert (appointed 5 March 2021)

Mr Edward Sippel (appointed 5 March 2021)

(b) Other key management personnel

There were no other persons with responsibility for planning, directing and controlling the activities of the Funds, directly or indirectly during the financial year.

Responsible Entity's management fees and other transactions

The Responsible Entity's fees are calculated in accordance with the Funds' Constitutions. The Responsible Entity's fees comprise a management fee (after taking account of GST and reduced input tax credits), which are calculated as a percentage of the net asset value of the Funds and are disclosed in the statements of comprehensive income. The following table discloses the Responsible Entity's fees for 30 June 2024 and 30 June 2023:

| Funds | Management Fee | |
|--|-----------------|-----------------|
| | 30 June 2024 | 30 June 2023 |
| | % | % |
| Betashares Australian Faith-Based Leaders Fund | 0.85 | 0.85 |
| Betashares Global Faith-Based Leaders Fund | 0.85 | 0.85 |

12 Related party transactions (continued)

Responsible Entity's management fees and other transactions (continued)

The related party transactions during the year and amounts payable at year end were as follows:

| | Australian Faith-Based Leaders Fund | | Global Faith-Based Leaders Fund | |
|--|--|-----------------------|------------------------------------|-----------------------|
| | 30 June 2024 \$ | 30 June 2023 \$ | 30 June 2024 \$ | 30 June 2023 \$ |
| Management fees expensed to the Responsible Entity | 151,352 | 128,692 | 321,535 | 227,798 |
| Management fees payable to the Responsible Entity | 12,249 | 11,956 | 26,834 | 21,697 |

Related party unitholdings

Parties related to the Funds, including the Responsible Entity, its affiliates or other schemes managed by the Responsible Entity, held no units in the Funds during the financial year or comparative year.

Investments

The Funds did not hold any investments in other schemes managed by the Responsible Entity or its related parties.

13 Events occurring after the reporting period

The Responsible Entity of the Funds is Betashares Capital Ltd (ABN 78 139 566 868). The Responsible Entity of the Funds has changed the registered office and principal place of business from Level 11, 50 Margaret Street, Sydney, NSW 2000 to Level 46, 180 George Street, Sydney, NSW 2000, effective 1st September 2024.

The address change does not affect the Funds' financial position or results of operations. All future correspondence and filings should be directed to the new address.

Leo Lithium Limited (ASX Code: LLL), an investment held by Australian Sustainability Leaders ETF was suspended from trading on the ASX on 15th September 2023 due to its operating and ownership issues with its Lithium Mine in Mali. As at 30 June 2024, the Fund valued the investments in LLL at last traded price. Throughout the financial year ended 30 June 2024, LLL made announcements and appeared to be possibilities of resolving its operation issues. Post year end, LLL had its annual general meeting and announced that its shareholders agreed to the sale of Leo Lithium's assets and redistribution to shareholders across two tranches in 2025.

No other significant events have occurred since the end of the reporting period which would impact on the financial position of the Funds disclosed in the statements of financial position as at 30 June 2024 or on the results and cash flows of the Funds for the year ended on that date.

14 Contingent assets and liabilities and commitments

There are no outstanding contingent assets, liabilities or commitments as at 30 June 2024 and 30 June 2023.

Directors' declaration

Betashares Capital Ltd presents the Directors' Declaration in respect of the following Funds:

Betashares Australian Faith-Based Leaders Fund
Betashares Global Faith-Based Leaders Fund

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

- (a) the financial statements and notes set out on pages 6 to 33 are in accordance with the *Corporations Act 2001*, including:
 - (i) complying with Australian Accounting Standards, and interpretations issued by the Australian Accounting Standards Board and the *Corporations Regulations 2001*; and
 - (ii) giving a true and fair view of the Funds' financial positions as at 30 June 2024 and of their performance for the financial year ended on that date; and
- (b) there are reasonable grounds to believe that the Funds will be able to pay their debts as and when they become due and payable; and
- (c) Note 2(a) confirms that the financial statements comply with International Financial Reporting Standards and Interpretations issued by the International Accounting Standards Board.

Signed in accordance with a resolution of the directors.



Alex Vynokur
Director

Sydney
19 September 2024



Independent Auditor's Report

To the respective unitholders of the following Funds:

Betashares Australian Faith-Based Leaders Fund

Betashares Global Faith-Based Leaders Fund

For the purpose of this report, the term Fund and Funds denote the individual and distinct entity for which the financial information is prepared and upon which our audit is performed. Each is to be read as a singular subject matter.

Opinions

We have audited each of the **Financial Reports** of the Funds.

In our opinion, the accompanying Financial Report of each Fund gives a true and fair view, including of the Fund's financial position as at 30 June 2024 and of its financial performance for the year then ended, in accordance with the *Corporations Act 2001*, in compliance with *Australian Accounting Standards* and the *Corporations Regulations 2001*.

The respective **Financial Reports** of the individual Funds comprise:

- Statements of financial position as at 30 June 2024
- Statements of comprehensive income, Statements of changes in equity, and of Statements of cash flows for the year then ended
- Notes, including material accounting policies
- Directors' Declaration made by the Directors of Betashares Capital Ltd (the Responsible Entity).

Basis for opinions

We conducted our audits in accordance with *Australian Auditing Standards*. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

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

We are independent of the Funds and the Responsible Entity in accordance with 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 audits of the Financial Reports in Australia. We have fulfilled our other ethical responsibilities in accordance with these requirements.

Other Information

Other Information is financial and non-financial information in the issuer of the respective Fund's annual report which is provided in addition to the Financial Reports and the Auditor's Report. The Directors of the Responsible Entity are responsible for the Other Information.

Our opinions on the Financial Reports do not cover the Other Information and, accordingly, we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audits of the Financial Reports, our responsibility is to read the Other Information. In doing so, we consider whether the Other Information is materially inconsistent with the Financial Reports or our knowledge obtained in the audits, or otherwise appears to be materially misstated.

We are required to report if we conclude that there is a material misstatement of this Other Information, and based on the work we have performed on the Other Information that we obtained prior to the date of this Auditor's Report we have nothing to report.

Responsibilities of the Directors for the Financial Reports

The Directors of the Responsible Entity are responsible for:

- preparing the Financial Reports in accordance with the *Corporations Act 2001*, including giving a true and fair view of the financial position and performance of each Fund, and in compliance with *Australian Accounting Standards* and the

Corporations Regulations 2001

- implementing necessary internal controls to enable the preparation of a Financial Report in accordance with the *Corporations Act 2001*, including giving a true and fair view of the financial position and performance of each Fund, and that is free from material misstatement, whether due to fraud or error
- assessing each Fund's ability to continue as a going concern and whether the use of the going concern basis of accounting is appropriate. This includes disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate the respective Fund or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audits of the Financial Reports

Our objective is:

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

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with *Australian Auditing Standards* will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error. They are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the Financial Reports.



A further description of our responsibilities for the audits of the Financial Reports is located at the *Auditing and Assurance Standards Board* website at:

https://auasb.gov.au/auditors_responsibilities/ar4.pdf

This description forms part of our Auditor's Report.


KPMG



Nic Buchanan

Partner

Sydney

19 September 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.



Any Betashares Fund that seeks to track the performance of a particular financial index is not sponsored, endorsed, issued, sold or promoted by the provider of the index. No index provider makes any representation regarding the advisability of buying, selling or holding units in the Betashares Funds or investing in securities generally. No index provider is involved in the operation or distribution of the Betashares Funds and no index provider shall have any liability for the operation or distribution of these Funds or their failure to achieve their investment objectives. An index provider has no obligation to take the needs of the Betashares Fund or the unitholders of the Fund into consideration in determining, composing or calculating the relevant index. Any intellectual property rights in the index name and associated trademarks, index methodology, index values and constituent lists vest in the relevant index provider and/or its affiliates. Betashares has obtained a licence from the relevant index provider to use such intellectual property rights in the creation and operation of the Betashares Funds.