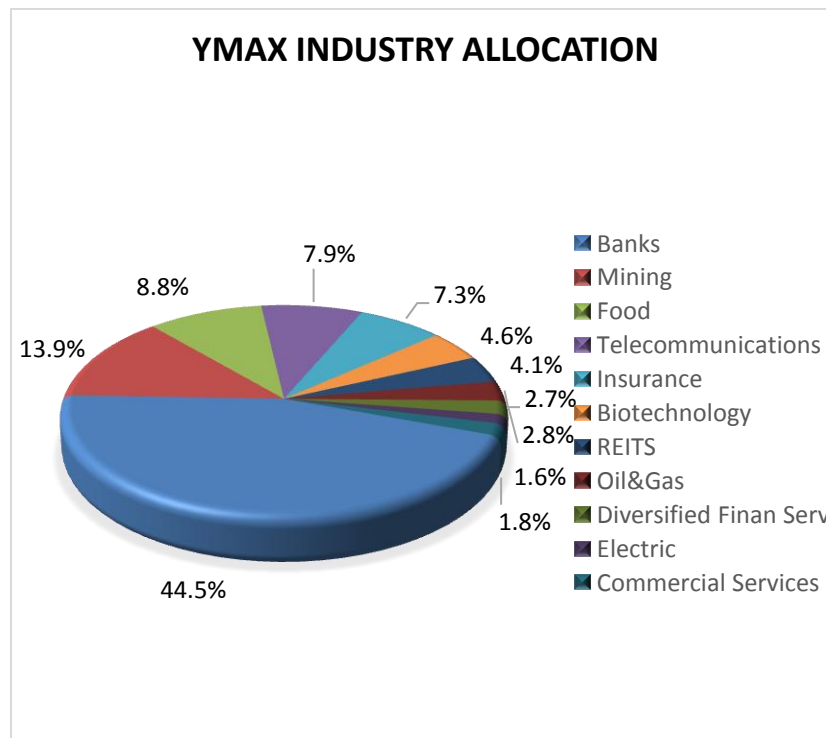


YMAX Commentary – June 2015 (May Option Period)
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Source: Bloomberg, as of June 1, 2015.

YMAX: ASX

NAV per unit (May 28)	\$10.7461
NAV per unit (April 23)	\$11.0678

May Option Period Returns

YMAX Total Return	-2.91%
S&P/ASX 20 Total Return	-3.30%
Over (Under) Performance	0.39%

May Options at Inception

1-Mth Implied Vol.	19.92%
Portfolio Delta	-0.16
% Portfolio Written	60%

June Options at Inception

1-Mth Implied Vol.	20.89%
Portfolio Delta	-0.19
% Portfolio Written	75%

Distribution Per Unit History (by ex-date)

1 April 2014	\$0.2019
1 July 2014	\$0.1598
1 October 2014	\$0.2704
2 January 2015	\$0.3107
1 April 2015	\$0.2004

The YMAX total return was -2.91% between 23 April 2015 and 28 May 2015 (“May Option Period”). The S&P/ASX 20 Index (“S&P/ASX 20” or “Index”) total return was -3.30%, thus YMAX outperformed by 0.39% for the May Option Period. As in the previous period, volatility continued to be the theme as the Index rose initially following the roll into May options but then experienced a precipitous decline over the following weeks. The selloff was not broad based but heavily focused on high weight banking names, which fared very poorly. The Financials sector took the brunt of the selloff as global fixed income yields increased, putting pressure on yield bearing banks in particular. Most YMAX constituents experienced volatile moves during the May Option Period which provided an opportunity to inexpensively repurchase some of the written call options, resulting in reduced risk to the portfolio. The S&P/ASX 200 Financials Index dropped -4.41% during the May Option Period. Healthcare also fared poorly in the period with The S&P/ASX 200 Health Care Index decreasing by -2.09% over the same period. Industrials bucked the trend and led all positive sectors with the S&P/ASX 200 Industrials sector increasing by 5.54% in the May Period. The S&P/ASX 200 Materials and Consumer Staples also performed well, rising 2.18% and 1.07% respectively over the same period. YMAX managed a very successful 94% call premium capture for the period due to the generally lackluster performance of most constituents. Weighted average call implied volatility increased from 19.92% at the beginning of the May Option Period to 20.89% on 29 May 2015. YMAX mining and financial constituents continued to experience more volatility than constituents in other sectors which allowed the YMAX portfolio to write call options further out-of-the-money (“OTM”) while maintaining a good risk/reward structure. June options were written approximately 2.43% OTM on 75% of the portfolio as of 3 June 2015. Additional June option coverage may be added to the portfolio during the month to take advantage of favourable call writing opportunities.

Single name constituents may occasionally have outsized performances that lead to some capped underperformance relative to the unwritten basket. Therefore, we continue to implement S&P/ASX 200 Index option coverage to mitigate some of the upside single name performance risk going forward. S&P/ASX 200 Index calls, while generally traded at lower implied vols, can potentially smooth out the single-name impact over time resulting in a better total return profile in an upward trending market. The use of S&P/ASX 200 Index option coverage can also allow the fund to increase overall written coverage levels while decreasing the aforementioned call away risk from higher single name

coverage. Higher general implied volatility levels for Index as well as single name options have also allowed for increased overall call coverage in the fund.

Banks (portfolio weight: 44.5%)

The sector continues to be the most significant equity component in the portfolio and often greatly contributes to the overall direction of YMAX performance. The S&P/ASX 200 Financial Index decreased by -4.41% however large cap YMAX banking names significantly underperformed with an average decrease of -9.74%. This performance had a profound overall effect on YMAX as the Index is about 50% weighted in financials. Australia and New Zealand Bank (“ANZ”) dropped -7.20%, National Australia Bank (“NAB”) a more severe -7.96, and Commonwealth Bank of Australia (“CBA”) decreased by more than -7.96%. Westpac Banking Corp (“WBC”) fell a YMAX worst -13.25%. This overall performance resulted in all of the written call options expiring worthless and providing net positive premium in the portfolio.

Mining (portfolio weight: 13.9%)

Iron ore names remain a large weighting in the YMAX portfolio. The mining constituents, Rio Tinto (“RIO”) and BHP increased 2.40% and 0.60% respectively in the May period. Implied volatility also increased, albeit slightly, during the period and remains one of the highest implied levels in the YMAX portfolio. Muted performances in these names ensured that all May option premiums were successfully retained in the mining sector in YMAX. BHP Billiton (“BHP”) successfully completed the South32 (“S32”) spinoff, which resulted in this additional constituent being added to the Index and YMAX. South32 options have begun trading and are being evaluated for possible inclusion in YMAX going forward.

Food (portfolio weight: 8.8%)

One of YMAX two constituents in this sector continued to decrease in the May Option Period. Woolworths (“WOW”) decreased by -0.32%, however Wesfarmers (“WES”) increased by 3.49% during the period, on average in line with the S&P/ASX 200 consumer staples sector performance, which increased by 1.07%. WOW and WES implied volatility increased slightly during the May Option Period. Call options provided net positive premium to the YMAX portfolio as all premiums were retained in both names.

Telecommunications (portfolio weight: 7.9%)

Telstra Corporation (“TLS”), the sole portfolio constituent in the telecommunications sector, performed almost in lockstep with the S&P/ASX 200

Telecommunications Index in the May period. TLS decreased -1.76% with the Telecom Index down a similar -1.73%. The net option premium was positive in the period. YMAX maintained lower coverage in TLS to maintain an acceptable risk/reward level relative to the remaining portfolio. The addition of Index coverage has allowed us to lower coverage in select names such as TLS, which are deemed to be less compelling for covered call writing.

Insurance (portfolio weight: 7.3%)

The four insurance names again experienced diverging performances in the May Option Period. QBE Insurance (“QBE”) followed a solid April performance with a YMAX best 6.58% gain in the period. Insurance Australia Group Ltd (“IAG”) fell again, down-4.41% in the May Period. AMP Limited (“AMP”) gained 0.92% while Suncorp FPO (“SUN”) lost -1.90% over the same period. Premiums were successfully retained in virtually all strikes in the insurance names.

Biotechnology (portfolio weight: 4.6%)

The only constituent in the biotechnology sector is CSL Limited (“CSL”), which finally ended a long streak of consecutive positive periods, falling by -1.30% in the May Option Period. For the second consecutive period all original written option premiums were retained in the name. Realized and implied volatilities subsided yet again somewhat.

REITS (portfolio weight: 4.1%)

Westfield Corporation (“WFD”) and Scentre Group (“SCG”) are the two constituents in this sector. WFD decreased by -2.67% and SCG increased by 4.52% in the May Option Period. Both WFD and SCG were written approximately 3% OTM on 33% of the position. Low priced constituents can create challenges in targeting effective option premiums to sell. As such, lower levels of coverage continue to be appropriate. However, even with a significant move up in SCG performance was almost entirely contained by our written strike. Some higher cost buybacks resulted in a small amount of net negative premium in the REIT sub-sector. WFD and SCG implied vols stood unchanged from the previous period.

Oil & Gas (portfolio weight: 2.7%)

Australia’s biggest oil producer Woodside Petroleum (“WPL”) is the sole YMAX oil and gas constituent. Crude oil continued to strengthen in the May Option Period and WPL followed suit with a 4.66% gain. While some strikes ended the period in the money (“ITM”) and



resulted in higher cost buybacks, the bulk of written premiums were retained and provided net positive option premium to the YMAX portfolio. Implied volatility moved up slightly in the May Option Period and remains favourable for call writing and yield enhancement.

Diversified Financial Services (portfolio weight: 2.8%)

This sector's only constituent, Macquarie Group Ltd ("MQG"), ended a significant string of positive periods in 2015 with a small -1.35% pullback in the May Option Period. Implied volatility has relaxed from very elevated levels seen in recent periods, a reflection of the more subdued day to day movement in MQG.

Electric (portfolio weight: 1.6%)

Origin Energy Limited ("ORG"), one of Australia's leading integrated energy companies, posted a second consecutive period of solid positive gains with a 3.55%

increase in the May Option Period. Written strikes were far enough OTM that the move was contained and still resulted in positive net premiums for this name. Implied vols remain elevated and compelling for yield enhancement through covered call writing.

Commercial Services (portfolio weight: 1.8%)

The lone name in the sector is Brambles ("BXB"), which gained back virtually all that it had lost in the prior period with a solid 4.89% increase in the May Option Period. A staggered duration approach has been adopted in BXB but the written May calls ended the period slightly ITM, resulting in higher buyback costs in the name. At-the-money implied volatility increased somewhat, which YMAX used to write June call options at the May expiry.

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