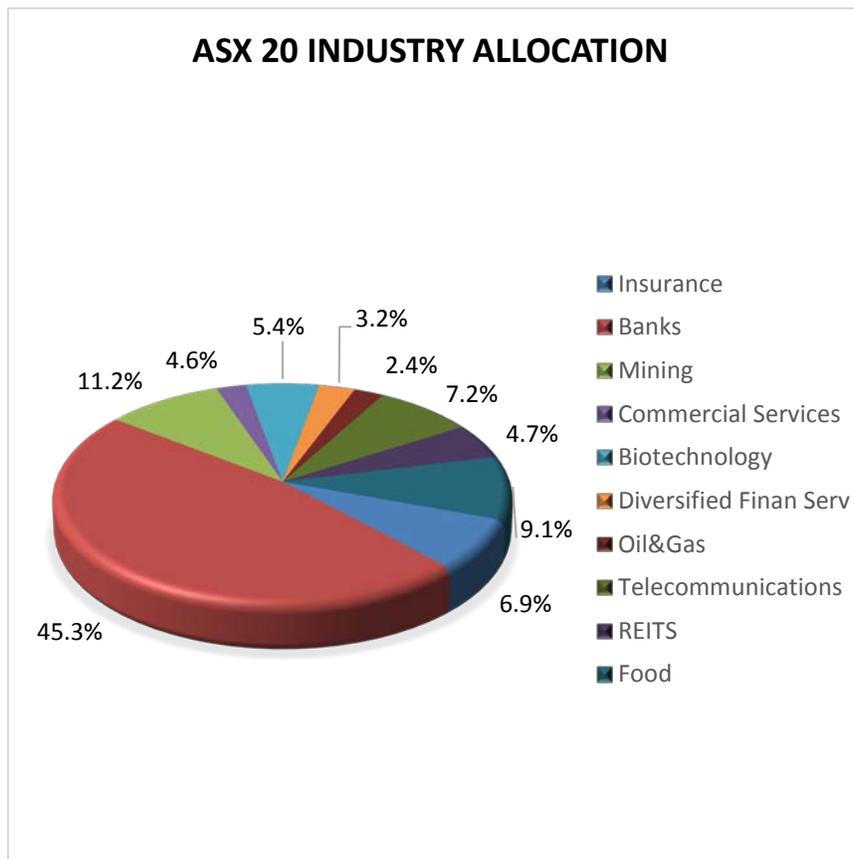


YMAX Commentary - November 2016 (October Option Period)
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Source: Bloomberg, as at 27 October 2016.

YMAX: ASX

NAV per unit (September 29)	\$9.1909
NAV per unit (October 27)	\$8.8040

September Option Period Returns

YMAX Total Return	-1.22%
S&P/ASX 20 Total Return	-1.79%
Over (Under) Performance	0.57%

September Options at Inception

1-Mth Implied Vol.	16.68%
Portfolio Delta	-0.20
% Portfolio Written	85%

October Options at Inception

1-Mth Implied Vol.	17.46%
Portfolio Delta	-0.19
% Portfolio Written	81%

Distribution Per Unit History (by ex-date)

2 October 2015	\$0.2940
1 January 2016	\$0.2639
4 April 2016	\$0.2111
1 July 2016	\$0.1841
4 October 2016	\$0.2785

The YMAX total return was -1.22% between 29 September 2016 and 27 October 2016 (“October Option Period” or “Period”). The S&P/ASX 20 Index (“S&P/ASX 20” or “Index”) total return was -1.79% and YMAX outperformed by 0.57% in the October Option Period. The Period might initially be categorized as an uneventful one, as the broader share market moved relatively sideways until the final two days of the cycle at which point equities sold off on worries related to the US presidential election outcome. When looking more closely at sector performances we observe that there was some significant movement behind the scenes. Indeed the larger S&P/ASX 200 Index underperformed the S&P/ASX 20 Index, retreating -3.19% in the same period. Broader market Consumer Staples, Financials, Health Care, Energy, Industrials, Materials and Telecom sectors reacted negatively for an across the board pullback in the Period. While the YMAX portfolio’s downside performance was more moderate as a result, some individual names did fall precipitously. Bank performances were muted while REITS and Healthcare were punished severely. Once again, there was some pronounced dispersion in individual name performances (names moving in sharply opposite directions) resulting in some higher buyback costs despite an Index that finished down slightly. Broader option pricing firmed considering a weighted-average at the money implied volatility in the portfolio that increased from 16.68% at the beginning of the October Option Period, to a level of 17.46% as at 27 October 2016, the end of the Period. S&P/ASX 200 index implied volatility increased somewhat from the prior period, approximately 14.51% as at 27 October 2016. An untimely slight spike in the market into the final days of Index expiry resulted in some higher cost buybacks in Index options. New Index option coverage was added in the days following expiry. Some single name roll down coverage was achieved during the Period, providing a minimal amount of additional income to the portfolio. October options were written approximately 3.62% OTM on 81% of the portfolio, with an -0.19 portfolio delta as at 29 October 2016. YMAX wrote call strikes farther out-of-the-money (“OTM”) for the commencement of November option cycle.

Banks (portfolio weight: 45.3%)

The sector continues to be the most significant equity component in the portfolio and, therefore, contributes greatly to overall YMAX performance. The YMAX banking sector performance was again mixed with two names up and two names down. Overall performance however was relatively good as compared to most other industry groups in the portfolio. The average result was on par with the S&P/ASX 200 Financial Index which was -0.04% lower in the period. Australia and New Zealand Bank (“ANZ”) and Westpac Banking Corp (“WBC”) increased 1.01% and 1.60%, respectively, during the October Option Period. Commonwealth Bank of Australia (“CBA”) and National Australia Bank (“NAB”) headed the other way falling -0.69% and -1.95%, respectively, in the same period. Implied volatility in most banking names firmed into the rise in broader risk premiums. 95% of all written premiums were retained into this lackluster performance in the period.

Mining (portfolio weight: 11.2%)

Iron ore names remain heavily weighted in the YMAX portfolio. The broader S&P/ASX 200 Materials Index gave back some recent strength with a drop of -1.76% in the period, however YMAX iron ore names performed much better. BHP Billiton (“BHP”) and Rio Tinto (“RIO”) were higher by 0.49% and 2.80%, respectively, in the October Option Period. Implied volatilities were roughly unchanged in the period. Strength in RIO resulted in higher buyback costs in the name. Implied volatility in this sector is still the most elevated in YMAX.

Food (portfolio weight: 9.1%)

Performances in the two YMAX food constituents were again dramatically mixed in the October Period. Woolworths (“WOW”) rebounded by 6.30% while Wesfarmers (“WES”) fell by -8.67% in the Period. On average, this was slightly improved over the S&P/ASX 200 Consumer Staples sector performance which fell -3.34% over the same period. Somewhat surprisingly implied volatility levels in both names rose sharply.

Telecommunications (portfolio weight: 7.2%)

Telstra Corporation (“TLS”), the sole portfolio constituent in the telecommunications sector, continued to struggle and fell -3.30% in the Period. Again, this was improved over the broader S&P/ASX 200 Telecommunications Index which fell -4.21%. This resulted in a net positive option premium contribution to the portfolio. The addition of S&P/ASX 200 Index coverage has allowed YMAX to maintain lesser coverage in select lower liquidity and wider spread names. This methodology has kept

buybacks to a minimum in TLS. TLS implied volatility was slightly higher into the equity weakness.

Insurance (portfolio weight: 6.9%)

YMAX insurance name performances were mixed following consecutive periods of heavy weakness. Insurance Australia Group Ltd (“IAG”) and QBE Insurance Group (“QBE”) rose 1.27% and 7.82%, respectively, while Suncorp Group Ltd. (“SUN”) and AMP Group Ltd. (“AMP”) fell by -1.38% and -2.46%, respectively in the October Period. Implied volatilities moved up on balance in these names. A strong QBE performance resulted in higher cost buybacks in the name, while premiums were retained in the others. We continue to use a staggered duration approach in a few of these names in order to maintain low, yet nearer-the-money, multi-month coverage for the group.

Biotechnology (portfolio weight: 5.4%)

The only constituent in the biotechnology sector is CSL Ltd. (“CSL”). CSL touched one month lows and fell -7.22% in the October Period. All call premiums were retained in the name. Implied volatility in CSL was slightly higher into this weakness.

REITS (portfolio weight: 4.7%)

Westfield Corporation (“WFD”) and Scentre Group (“SCG”) are the two YMAX constituents in this sector. REITs have been under severe pressure since mid-July as investors continue to ‘unlike’ interest rate sensitive names into a potentially rising rate environment. WFD again retreated by -9.48% and SCG plummeted by a YMAX worst -11.39% drop during the Period. The movement resulted in a positive option premium contribution to the portfolio. Efforts continue to be made to stagger coverage in REIT names over the two near-term expiry months to maximize option premium benefits. The addition of S&P/ASX 200 Index coverage has allowed YMAX to benefit from lower coverage, in lower volatility names like SCG, which has kept buybacks to a minimum. Both WFD and SCG implied volatilities were slightly lower despite the severe drop in these names.

Oil & Gas (portfolio weight: 2.4%)

Australia’s biggest oil producer, Woodside Petroleum (“WPL”), is the sole YMAX oil and gas constituent. WPL pulled back -1.79% in the October Period despite West Texas Intermediate (“WTI”) crude oil reaching almost one and a half year highs in the final week of the option cycle. WPL options finished the October Option Period OTM, resulting in net position option premium to the YMAX portfolio. WPL implied volatility fell slightly.

Diversified Financial Services (portfolio weight: 3.2%)

Macquarie Group Ltd (“MQG”) is this sector’s only constituent. MQG have back the previous period’s gains and fell by -3.46% in the October Option Period. This resulted in net positive option premium to the portfolio. Implied volatility fell sharply in the Period.

Commercial Services (portfolio weight: 4.6%)

Toll road operator, Transurban Corp (“TCL”), fell again in the period by a severe -9.18% in the October Option Period. Brambles (“BXB”) also retreated by -4.33%. TCL and BXB call writing resulted in a net positive option premium contribution to the portfolio. TCL and BXB near-month implied volatility levels rose into this sector weakness.

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