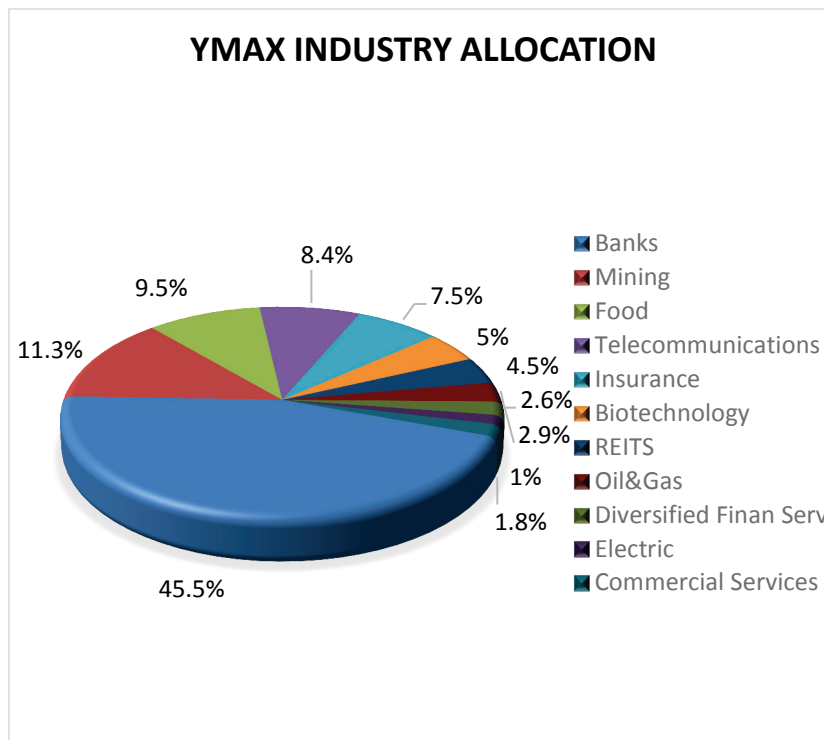


YMAX Commentary – September 2015 (August Option Period)
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Source: Bloomberg, as of 3 September 2015.

YMAX: ASX

NAV per unit (July 30)	\$10.6872
NAV per unit (August 27)	\$9.8976

August Option Period Returns

YMAX Total Return	-7.39%
S&P/ASX 20 Total Return	-7.87%
Over (Under) Performance	0.48%

August Options at Inception

1-Mth Implied Vol.	20.83%
Portfolio Delta	-0.22
% Portfolio Written	83%

Sept Options at Inception

1-Mth Implied Vol.	28.31%
Portfolio Delta	-0.22
% Portfolio Written	78%

Distribution Per Unit History (by ex-date)

1 July 2014	\$0.1598
1 October 2014	\$0.2704
1 January 2015	\$0.3107
2 April 2015	\$0.2004
1 July 2015	\$0.1608

The YMAX total return was -7.39% between 30 July 2015 and 27 August 2015 (“August Option Period” or “Period”). The S&P/ASX 20 Index (“S&P/ASX 20” or “Index”) total return was -7.87%, and YMAX outperformed by 0.48% for the August Option Period. Market volatility soared in the period as the Index fell within the first few days following the roll into August options coverage and continued the downtrend over the next few weeks. The Index reached a near term low on 25 August, approximately an 11% drop from the 4 August close, before snapping back up in the final two days of the expiry period. Commodity weakness and Chinese equity market volatility continued to rattle investors, leading to substantial global realized equity movement and a sharp rise in implied volatility across most asset classes. No market sectors were spared from the selling and all YMAX constituents fell significantly in the period. Energy and materials names were substantially weak on further softness in iron ore and crude oil pricing. Even traditionally ‘safer’ sectors such as utilities fell. All YMAX constituents experienced above average volatile moves during the August Option Period which provided an opportunity to inexpensively repurchase most of the written call options, resulting in reduced risk to the portfolio. Some option positions were inexpensively bought back or rolled down to lower strikes to increase the overall call premium capture for the Period. With all names negative for the period the YMAX portfolio experienced a rare 99.50% net positive option premium capture in the August Option Period. Weighted average call implied volatility soared from 20.83% at the beginning of the August Option Period to a historic fund high of 28.31% on 1 September 2015, which resulted in YMAX writing calls farther out-of-the-money for the commencement of the September option cycle. September options were written approximately 2.65% out-of-the-money (“OTM”) on 78% of the portfolio as of 1 September 2015. We continue to utilize S&P/ASX 200 Index option coverage in YMAX to mitigate some of the upside single name performance call away risk. S&P/ASX 200 Index call implied volatility increased quickly as the market moved down the skew curve. This enabled YMAX to take advantage of both higher Index skew and the generally more elevated level of insurance premium prevalent in a suddenly high volatility environment. The use of S&P/ASX 200 Index option coverage has also allowed the fund to increase overall written coverage levels while decreasing the aforementioned call away risk from similar higher single name coverage. We are maintaining a target of 25% of overall exposure for S&P/ASX 200 Index option coverage in YMAX, which will be monitored and adjusted as necessary. The bulk of index coverage has been successfully captured since instituting this new measure of coverage.

Banks (portfolio weight: 46%)

The sector continues to be the most significant equity component in the portfolio and, therefore, contributes greatly to overall YMAX performance. The S&P/ASX 200 Financial Index fell by -7.49% in the August Option Period, however YMAX large cap banking names put in an even more dismal performance as announced capital raises by some constituents may have spooked investors. Australia and New Zealand Bank (“ANZ”) and Commonwealth Bank of Australia (“CBA”) plunged by -12.01% and -11.85% respectively during the August Option Period. National Australia Bank (“NAB”) tumbled -8.68% and Westpac Banking Corp (“WBC”) similarly fell -8.92% over the same period. A selloff early in the Period provided an opportunity to inexpensively repurchase some of the written call options in ANZ and NAB, resulting in reduced risk to the portfolio in the ensuing rally. All premiums were retained for a net positive premium contribution to the portfolio.

Mining (portfolio weight: 11.4%)

Iron ore names remain a large weighting in the YMAX portfolio. The S&P/ASX 200 Materials Index followed the previous period’s weakness with another fall of -7.96%. YMAX mining constituents, Rio Tinto (“RIO”) and BHP Billiton (“BHP”), fared slightly worse on average and fell by -7.91% and -9.21% respectively in the August Option Period. Implied volatility increased once again during the Period as these names reacted to softening iron ore prices and general market weakness. All August option premiums were successfully retained in the sector. Implied volatility levels in this sector remain some of the more elevated in YMAX with both names in the mid-30s.

Food (portfolio weight: 8.9%)

The two food constituents in YMAX turned down in the August Option Period. Woolworths (“WOW”) fell -5.52% and Wesfarmers (“WES”) -3.09% following some gains in the previous period. On average this was significantly worse than the S&P/ASX 200 Consumer Staples sector performance, which only fell by -1.96% over the same period. WOW and WES implied volatility increased during the August Option Period, commensurate with the tendency for insurance premiums to rise in a weaker equity environment.

Telecommunications (portfolio weight: 8.4%)

Telstra Corporation (“TLS”), the sole portfolio constituent in the telecommunications sector, fell sharply in the August Option Period and underperformed the S&P/ASX 200 Telecommunications Index. TLS fell -8.53% with the Telecom Index down a less severe -4.91% over the same period. This resulted

in all premiums successfully retained in the name. The addition of Index coverage has allowed us to lower coverage in select lower liquidity and poor spread names such as TLS.

Insurance (portfolio weight: 7.6%)

The four YMAX insurance names reversed course from their strong July Option Period and posted sharp drops in the August Option Period. QBE Insurance (“QBE”), Insurance Australia Group Ltd (“IAG”), AMP Limited (“AMP”) and Suncorp FPO (“SUN”) plunged by -6.47%, -12.33%, -10.09% and -7.65% respectively over the period. This resulted in a net positive option contribution to the portfolio in all of these names. We continue to use a staggered duration approach in many of these names in order to maintain low yet appropriate multi-month coverage for the group. Implied volatility increased as a result of this weak industry performance.

Biotechnology (portfolio weight: 4.8%)

The only constituent in the biotechnology sector is CSL Limited (“CSL”), which gave back some of its prior period strength and posted a -3.74% return in the August Option Period. This was one of the better overall performances in YMAX, a testament to how broadly weak the month’s overall performance was. This resulted in net positive premiums for the sector in the August Option Period. Implied volatility was slightly higher from the prior period.

REITS (portfolio weight: 4.2%)

Westfield Corporation (“WFD”) and Scentre Group (“SCG”) are the two constituents in this sector. WFD and SCG fell -3.10% and -3.28% respectively in the August Option Period, resulting in another net positive option premium retained from this sector’s performance. Both WFD and SCG were written approximately 3.2% OTM on 29% of the position, with coverage continuing to be staggered over two near term expiry periods. Low priced constituents can create challenges in targeting effective option premiums to sell. As such, lower levels of coverage continue to be appropriate. WFD and SCG implied volatility moved up slightly 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 significantly weaken at the outset of the August Option Period and remained in a downtrend for most of the expiry cycle. Energy names followed suit before rallying back slightly in the final two days of the period. WPL fell by -11.72% and all call premiums were retained resulting in positive option premium to the



YMAX portfolio. Implied volatility aggressively moved up in the period and, despite a great deal of recent realized volatility, remains some of the highest and most favourable for call writing and yield enhancement.

Diversified Financial Services (portfolio weight: 2.9%)

This sector's only constituent, Macquarie Group Ltd ("MQG"), weakened by -7.02% in the August Option Period. The name had strong rallies and selloffs within the period and implied volatility firmed somewhat in response to this movement.

Electric (portfolio weight: 1.3%)

Origin Energy Limited ("ORG"), one of Australia's leading integrated energy companies, led all YMAX decliners for the second consecutive period and plummeted -28.28% in the August Option Period. This severe weakness

resulted in positive net premiums for the name. Implied volatility levels have risen to a YMAX high of 53% and remain compelling for yield enhancement through covered call writing.

Commercial Services (portfolio weight: 1.8%)

The lone name in the sector is Brambles ("BXB"), which has continued to be volatile and fell a sharp -7.20% in the August Option Period. A staggered duration approach has been adopted in BXB to maintain adequate coverage in this lower priced name. At-the-money implied volatility increased steadily throughout the period. YMAX took advantage of the higher implied volatility when writing September call options at the August expiry.

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