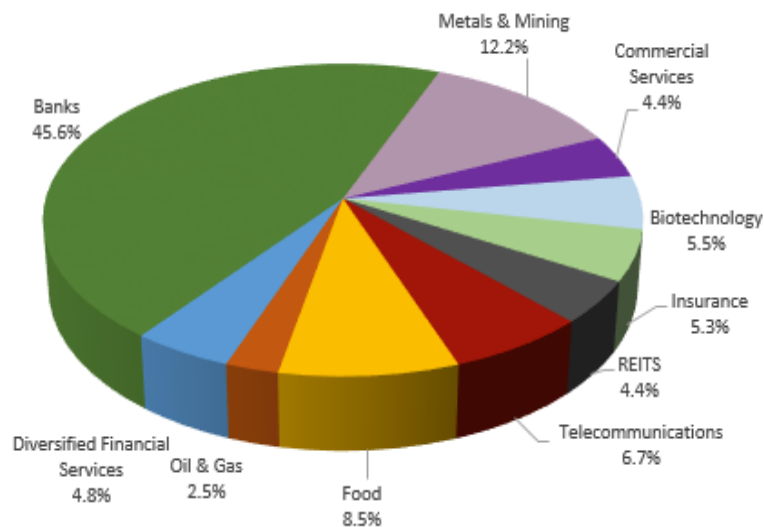


YMAX Commentary - February 2017 (January Option Period) Adviser Use Only

S&P/ASX20 Index Industry Breakdown



Source: Bloomberg as at 24 January 2017

YMAX	
NAV per unit (December 22)	\$9.36
NAV per unit (January 24)	\$9.13
January Option Period Returns	
YMAX Total Return	-0.37%
S&P/ASX 20 Index Total Return	-0.34%
Over/(Under) Performance	-0.03%
January Options at Inception	
1-Mth Implied Vol	15.1%
Portfolio Delta	-0.26
% Portfolio Written	78%
February Options at Inception	
1-Mth Implied Vol	19.5%
Portfolio Delta	-0.26
% Portfolio Written	78%
Distributions Per Unit (by ex-date)	
3-Jan-17	\$0.20
4-Oct-16	\$0.28
1-Jul-16	\$0.18
1-Apr-16	\$0.21

The YMAX total return was -0.37% between 22 December 2016 and 24 January 2017 ("January Option Period" or "Period"). The S&P/ASX 20 Index ("S&P/ASX 20" or "Index") total return was -0.34% and as a result YMAX underperformed by -0.03%. The market initially continued its strong upward momentum post the US presidential election. This initial strength challenged the S&P/ASX 200 index option positions which expired before the single stock positions, resulting in higher buyback costs in all written strikes. Rising equity markets also resulted in further declines in realised volatility. Equity markets however started giving back some of their gains following President Trump's first press conference, which lacked specific policy details. The main impact of this was a lower US Dollar which, in turn, was positive for commodities and the Australian Dollar. The Australian Dollar advanced 4.8% over the January Period. Overall the Fund experienced net buy back costs across the portfolio resulting in the slight underperformance against the S&P/ASX 20 Index. Weighted average call implied volatility in the portfolio increased from the very low levels seen at the end of December (19.5% versus 15.1%). This resulted in YMAX writing call strikes further out the money ("OTM") for the commencement of the February option cycle. February options were written approximately 3.21% OTM on 78% of the portfolio, with a -0.26 portfolio delta as at 24 January 2017.

Banks (portfolio weight: 45.6%)

The sector continues to be the most significant equity component in the portfolio and, therefore, contributes greatly to overall YMAX performance. The banking sector was very weak in the Period and all four YMAX large cap banking names declined in value. Australia and New Zealand Bank (“ANZ”), National Australia Bank (“NAB”), Commonwealth Bank of Australia (“CBA”) and Westpac Banking Corp (“WBC”) decreased by 5.11%, 2.46%, 1.11% and 3.15% respectively, resulting in net premium capture on all 4 YMAX holdings. Implied volatility increased given this weakness.

Mining (portfolio weight: 12.2%)

Iron ore names also remain heavily weighted in the YMAX portfolio. After a very weak performance in the December Period, the broader S&P/ASX 200 Materials Index outperformed the broad market and increased by 6.71% as commodity prices kept their upward trajectory and investors continued to support the resources sector. YMAX constituents BHP Billiton (“BHP”) and Rio Tinto (“RIO”) were higher by 7.44% and 7.77% respectively. This resulted in net buy back costs to the portfolio and implied volatilities in this sector remained at elevated levels (the highest sector levels across YMAX).

Food (portfolio weight: 8.5%)

The S&P/ASX 200 Consumer Staples sector remained flat over the Period although within this sector the stocks had mixed performances. Woolworths (“WOW”) was up 3.42% after selling its Fuels business whilst Wesfarmers (“WES”) was down 2.85%. Whilst WOW resulted in a net buy back cost, the Fund overall received positive premium capture on both positions.

Telecommunications (portfolio weight: 6.7%)

Telstra Corporation (“TLS”), the sole portfolio constituent in the telecommunications sector, delivered a 0.79% return for the Period whilst the broader S&P/ASX 200 Telecommunications Index rose 1.18%. YMAX continues to have a staggered written profile on this name and as a result there were no January options written. The addition of S&P/ASX 200 Index coverage has allowed YMAX to maintain lesser coverage in select lower liquidity and wider spread names.

Insurance (portfolio weight: 5.3%)

After posting very strong December returns, YMAX insurance names gave back some of these gains over the January Period. QBE Insurance Group (“QBE”) was down 5.12%, whilst Suncorp Group Ltd. (“SUN”) and Insurance

Australia Group Ltd (“IAG”) were down 5.06% and 2.33% respectively. The weak performance in all YMAX insurance names resulted in capturing all premiums on the option positions. We continue to use a staggered duration approach in a number of these names in order to maintain low, yet nearer-the-money, multi-month coverage for the group.

Biotechnology (portfolio weight: 5.5%)

The only constituent in the biotechnology sector is CSL Ltd. (“CSL”). Inconsistent month to month performances continued as CSL rallied hard in the December Period. The stock was up 14.62% and resulted in the single largest net buy back cost to the Fund. The recent volatile performance has meant implied volatility levels remained elevated for this stock.

REITS (portfolio weight: 4.4%)

Westfield Corporation (“WFD”) and Scentre Group (“SCG”) are the two YMAX constituents in this sector. Despite the S&P/ASX 200 Real Estate Index being down, SCG maintained its recent strong performance and ended up 0.45% for the Period. For the 2 month period (aligning with the option period written for this name) the performance has been an impressive 7.93%. WFD performed more in line with the sector and declined by 2.17%. Overall the option positions resulted in a net buy back cost to the fund with the net cost on SCG outweighing the premium capture on WFD. Efforts continue to be made to stagger coverage in REIT names over the two near-term expiry months to maximize option premium benefits.

Oil & Gas (portfolio weight: 2.5%)

Woodside Petroleum (“WPL”) is the sole YMAX oil and gas constituent and was up 1.78% for the Period, underperforming the S&P/ASX 200 Energy Index (up 3.44%). This was not sufficient to challenge any strikes and resulted in YMAX capturing all option premiums for the Period. Implied volatility levels for WPL increased marginally over the Period.

Diversified Financial Services (portfolio weight: 4.8%)

Consistent with broader financials, both Macquarie Group Ltd (“MQG”) and AMP Group Ltd. (“AMP”) were weak over the Period. MQG was down 4.51% whilst AMP performed better than the sector index to end up down 0.99%. As a result both stocks provided full premium capture and implied volatility levels also increased significantly following price weakness across the financial sector.

Commercial Services (portfolio weight: 4.4%)

Toll road operator, Transurban Corp (“TCL”), increased by 0.76% whilst Brambles (“BXB”) fell sharply by 14.26% to hit a 3 year low. BXB’s weakness was as a result of a profit downgrade that took the market by surprise. TCL’s

modest rise was not enough to challenge any strikes and therefore both stocks resulted in full premium capture for the Period. BXB’s implied volatility increased significantly following the downgrade whilst TCL’s implied volatility remained at similar levels.

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