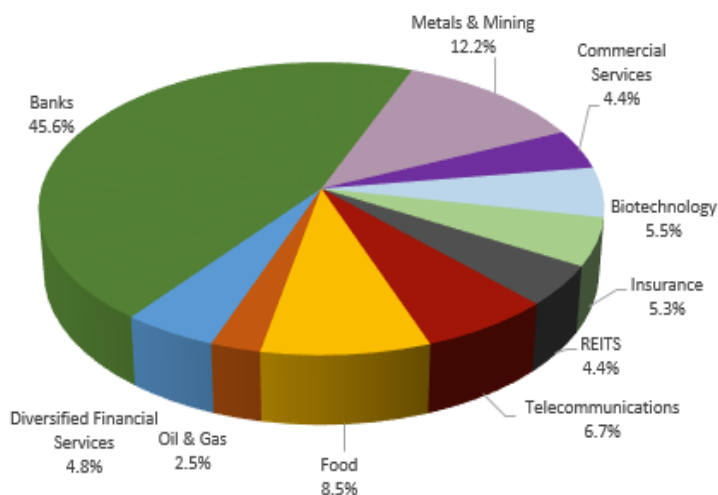


YMAX Commentary - March 2017 (February Option Period)
Adviser Use Only
S&P/ASX20 Index Industry Breakdown


Source: Bloomberg as at 23 February 2017

YMAX	
NAV per unit (January 24)	\$9.13
NAV per unit (February 23)	\$9.38
February Option Period Returns	
YMAX Total Return	2.72%
S&P/ASX 20 Index Total Return	3.51%
Over/(Under) Performance	-0.79%
February Options at Inception	
1-Mth Implied Vol	19.5%
Portfolio Delta	-0.26
% Portfolio Written	78%
March Options at Inception	
1-Mth Implied Vol	17.1%
Portfolio Delta	-0.25
% 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 2.72% between 24 January 2017 and 23 February 2017 ("January Option Period" or "Period"). The S&P/ASX 20 Index ("S&P/ASX 20" or "Index") total return was 3.51% over the same period and as a result YMAX underperformed by -0.79%. The equity market continued pushing higher on renewed optimism over global growth and US policy reforms seen as conducive for further growth in the world's largest economy. Commodity prices remained firm and this aided in Australia posting its largest trade surplus - well above forecasted numbers. Consequently the Australian Dollar advanced to over 77 US cents. Several sectors across the Fund performed very strongly and as a result the Fund experienced capped performances as a number of strikes were challenged. This included the Fund's S&P/ASX200 Index Option strike positions. The February Option period also saw further declines in both realized and implied volatilities, which is consistent with the tendency for implied volatility, or general option pricing levels, to fall into market strength. As a result the weighted average call implied volatility in the portfolio decreased from the levels seen at the end of January (17.1% versus 19.5%). This resulted in YMAX writing call strikes slightly nearer to the money ("OTM") for the commencement of the March option cycle. March options were written approximately 3.01% OTM on 78% of the portfolio, with a -0.25 portfolio delta as at 24 February 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. On 3 February President Trump ordered a review of the Dodd-Frank Act, a body of regulations enacted after the 2008 global financial crisis. This action for review was seen as positive for banks globally and Australian banks posted impressive gains in the Period. Australia and New Zealand Bank (“ANZ”), National Australia Bank (“NAB”), Commonwealth Bank of Australia (“CBA”), Westpac Banking Corp (“WBC”) increased by 6.93%, 6.82%, 4.52% and 7.96% respectively, resulting in net buy back costs on all 4 YMAX holdings. Implied volatility for the March Option Period decreased into this strength.

Mining (portfolio weight: 12.2%)

Commodity prices remained firm in the Period but Iron Ore stood out for its impressive gains (up 11%). Despite the underlying prices, the share price performance for YMAX’s 2 constituent stocks were mixed. BHP Billiton (“BHP”) fell -4.33% after workers at its Escondida mine (the world’s largest copper mine) went on strike. This resulted in the Fund capturing all option premium on this name. Rio Tinto however pushed higher (3.82%) which resulted in net buy back costs to the Fund. Implied volatilities for both names remained at a similar level and still the highest sector levels across YMAX.

Food (portfolio weight: 8.5%)

The S&P/ASX 200 Consumer Staples sector experienced a strong performance over the Period (up 6.95%). Woolworths (“WOW”) was up 6.85% after releasing results that pleased the market whilst Wesfarmers (“WES”) performed even better to post a 7.41% gain. Both positions resulted in net premium buy back costs, whilst implied volatilities dropped significantly.

Telecommunications (portfolio weight: 6.7%)

Telstra Corporation (“TLS”), the sole portfolio constituent in the telecommunications sector, delivered a -5.68% return for the Period, underperforming the broader S&P/ASX 200 Telecommunications Index which was down -5.12%. This allowed the Fund to capture all option premium for the Period. YMAX continues to have a staggered written profile on this name and 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%)

The volatile performance of insurance sector names continued into this Period. After posting weak returns in the January Period, all constituent holdings posted positive returns and broadly in line with the sector performance. QBE Insurance Group (“QBE”), Suncorp Group Ltd. (“SUN”) and Insurance Australia Group Ltd (“IAG”) posted gains of 3.40%, 4.64% and 4.43% respectively. Despite these gains the Fund captured net option premium for the Period. 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”). This stock continued to post impressive gains since its 1 year low of \$92.10 in mid-December and ended up 6.61% for the Period making it a total return of 30.3% since this low. The company released results that pleased the market and received several broker upgrades over the Period. The strong price performance resulted in net buy back costs on the options and implied volatility levels dropped slightly into this strength.

REITS (portfolio weight: 4.4%)

Westfield Corporation (“WFD”) and Scentre Group (“SCG”) are the two YMAX constituents in this sector. Despite posting positive performances, both stocks underperformed the broader S&P/ASX 200 Real Estate Index (up 3.58% for the Period). SCG posted modest gains of 0.12% whilst WFD fared only slightly better (up 0.37%). Overall the option positions resulted in a net gain to the Fund and 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%)

Energy stocks have struggled to keep pace with bulk commodity producers as crude oil prices struggled to make new highs and natural gas prices fell sharply. Woodside Petroleum (“WPL”), is the sole YMAX oil and gas constituent and was down -0.82% for the Period, outperforming the S&P/ASX200 Energy Index (down -2.23%). This was not sufficient to challenge any strikes and resulted in YMAX capturing all option premiums for the Period. Implied volatility levels for WPL decreased marginally over the Period.

Diversified Financial Services (portfolio weight: 4.8%)

Consistent with the banks, both Macquarie Group Ltd (“MQG”) and AMP Group Ltd. (“AMP”) were positive over the Period. MQG was up 3.87% whilst AMP’s



performance was more muted at 0.81%. None of the strikes were challenged, as a result both stocks provided full premium capture. Implied volatility levels were lower, consistent with the profile for other financial stocks.

Commercial Services (portfolio weight: 4.4%)

Transurban Corp ("TCL") and Brambles ("BxB") are the YMAX constituents for this sector. The performances however were very mixed with TCL posting an impressive 7.01% gain following positive earnings results and BXB

continued its price weakness with a further fall of -9.74%. BXB was punished after posting results that fell short of the negative trading update provided to the market only 4 weeks prior in January. The stock is off over 22% since delivering the update on 23 January. Whilst BXB's option positions resulted in full premium capture, this was not enough to offset the net option buy back cost for TCL. Both stocks saw a slight decrease in implied volatility levels.

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