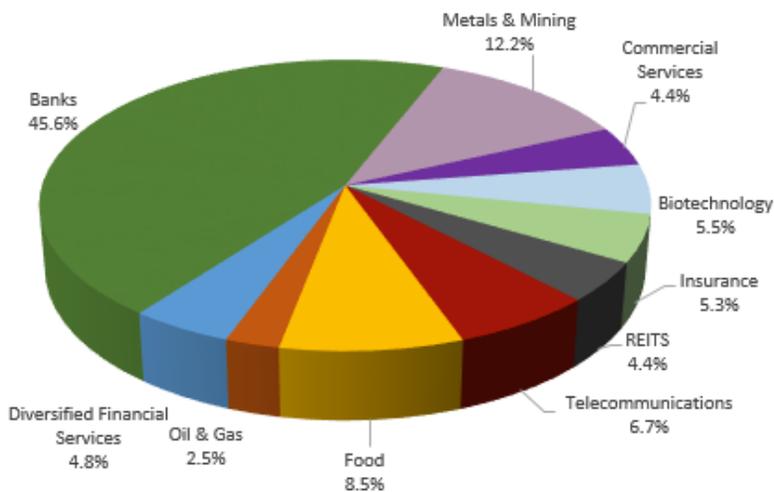


YMAX Commentary - April 2017 (March Option Period)
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S&P/ASX20 Index Industry Breakdown



Source: Bloomberg as at 30 March 2017

YMAX

NAV per unit (February 23)	\$9.38
NAV per unit (March 30)	\$9.57

March Option Period Returns

YMAX Total Return	2.10%
S&P/ASX 20 Index Total Return	2.22%
Over/(Under) Performance	-0.12%

March Options at Inception

1-Mth Implied Vol	17.1%
Portfolio Delta	-0.25
% Portfolio Written	78%

April Options at Inception

1-Mth Implied Vol	16.1%
Portfolio Delta	-0.20
% Portfolio Written	72%

Distributions Per Unit (by ex-date)

3-Apr-17	\$0.15
3-Jan-17	\$0.20
4-Oct-16	\$0.28
1-Jul-16	\$0.18

The YMAX total return was 2.10% between 23 February 2017 and 30 March 2017 (“March Option Period” or “Period”). The S&P/ASX 20 Index (“S&P/ASX 20” or “Index”) total return was 2.22% over the same period and as a result YMAX underperformed by -0.12%. The equity market initially struggled to keep its year-to-date positive momentum with mining stocks in particular leading the decline. The Option Period looked set for a negative month before rallying 4% in the last week going into expiry. Sector performances were mixed with mining stocks never recovering from their earlier sell-offs, whilst financial stocks again performed very strongly. Commodity prices weakened over the course of the Period as investors became cautious following their recent strength. The Australian Dollar remained firm and rallied to over 77 US cents after the RBA kept the Overnight Cash Rate unchanged. The Fund’s S&P/ASX200 Index Option benefitted from the initial decline in the stock market and these positions were closed out inexpensively, enabling a high premium capture rate. The March Option period also saw further declines in both realized and implied volatilities, with realized volatility hitting a 2 year low. As a result, the weighted average call implied volatility in the portfolio decreased from the levels seen at the end of February (16.1% versus 17.1%). This resulted in YMAX writing call strikes slightly nearer to the money (“OTM”) for the commencement of the April option cycle. April options were written approximately 2.91% on 72% of the portfolio, with a -0.20 portfolio delta as at 31 March 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. Australian property prices and the associated mortgage exposure of the Australian banks continue to attract significant coverage at a national and international level. After experiencing weakness at the start of the Period all the bank stocks rallied hard into expiry to challenge strike positions. Australia and New Zealand Bank (“ANZ”), National Australia Bank (“NAB”), Commonwealth Bank of Australia (“CBA”), Westpac Banking Corp (“WBC”) increased by 3.53%, 4.36%, 3.64% and 3.19% respectively, resulting in net buy back costs. Implied volatility for the April Option Period remained at similar levels.

Mining (portfolio weight: 12.2%)

Commodity prices weakened over the Period. Spot Iron Ore fell -13.5% as stock piles increased at Chinese ports whilst WTI Crude Oil was down -7.6%. BHP Billiton (“BHP”) continued to struggle (down -4.78%) on the back of the lower commodity prices and the ongoing issues at its Escondida copper mine. Rio Tinto (“RIO”) fared even worse with the stock down -7.78% for the Period. This resulted in the Fund capturing all option premium on these names. 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 4.37%). Woolworths (“WOW”) underperformed the sector benchmark and whilst still up 2.1% for the Period, it was not enough to challenge its strike position and resulted in full premium capture. Wesfarmers (“WES”) gained an impressive 5.3% and resulted in net premium buy back costs. On the back of the gains the implied volatilities for both stocks dropped significantly over the Period.

Telecommunications (portfolio weight: 6.7%)

Telstra Corporation (“TLS”), the sole portfolio constituent in the telecommunications sector, delivered a -0.98% return for the Period, slightly underperforming the broader S&P/ASX 200 Telecommunications Index which was down -0.89%. YMAX continues to have a staggered written profile on this name and did not have any TLS option expiring in March. The addition of S&P/ASX 200 Index option coverage has allowed YMAX to maintain lesser coverage in select lower liquidity and wider spread names.

Insurance (portfolio weight: 5.3%)

Similar to the bank sector, insurance names had a strong month with the S&P/ASX 200 Insurance sector delivering 2.8%. QBE Insurance Group (“QBE”) was the standout performer – posting a 6.49% return for the Period. Suncorp Group Ltd. (“SUN”) and Insurance Australia Group Ltd (“IAG”) posted gains of 0.3% and 1.33% respectively. Despite these gains the Fund captured net option premium on all the names 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 and ended up 5.29% for the Period, making it a total year-to-date return of 25.82%. The strong price performance resulted in net buy back costs on the options, whilst implied volatility levels remained at similar levels over the Period.

REITS (portfolio weight: 4.4%)

Westfield Corporation (“WFD”) and Scentre Group (“SCG”) are the two YMAX constituents in this sector. Both stocks delivered fairly muted returns for the Period, with WFD flat and SCG down a modest -0.23%. Both stocks underperformed the broader S&P/ASX 200 Real Estate Index (up 2.08% for the Period). Overall the option positions did not challenge any of the strikes and therefore resulted in a net gain to the Fund. 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%)

Despite the decline in crude oil prices, Woodside Petroleum (“WPL”) increased by 4.16% over the Period. This was broadly in line with the S&P/ASX200 Energy Index which was up 4.10%. 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%)

Also consistent with the banks, both Macquarie Group Ltd (“MQG”) and AMP Group Ltd. (“AMP”) were positive over the Period. MQG was up 3.54%, whilst AMP’s performance was even stronger at 5.10%. Both strikes were challenged but overall the Fund still captured a positive net option premium. Implied volatility levels remained at similar levels over the Option Period.



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 another impressive 5.21% gain whilst BxB took a breather for a change (up 0.51%) following a very volatile 2017. The

stock is still off over 22% year to date. 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 significant decreases in implied volatility levels.

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