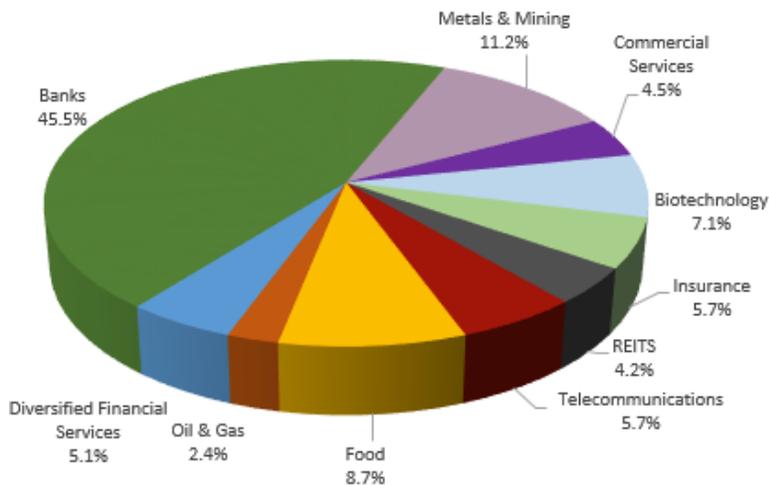


YMAX Commentary - 2017 July (June Option Period)
Adviser Use Only

S&P/ASX20 Index Industry Breakdown



Source: Bloomberg as at 29 June 2017

YMAX	
NAV per unit (May 25)	\$9.17
NAV per unit (June 29)	\$9.19
June Option Period Returns	
YMAX Total Return	0.26%
S&P/ASX 20 Index Total Return	0.15%
Over/(Under) Performance	0.11%
June Options at Inception	
1-Mth Implied Vol	16.7%
Portfolio Delta	-0.23
% Portfolio Written	70%
July Options at Inception	
1-Mth Implied Vol	17.4%
Portfolio Delta	-0.25
% Portfolio Written	80%
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 0.26% between 25 May 2017 and 29 June 2017 (“June Option Period” or “Period”). The S&P/ASX 20 Index (“S&P/ASX 20” or “Index”) total return was 0.15% over the same Period and as a result YMAX outperformed by 0.11%. Although the overall Index performance was only marginally positive, there was a large dispersion in both stock and sector performances within the index. Australian stocks in general exhibited ever increasing levels of price volatility over the Period and more so than any other major developed equity market. 30-Day realized volatility exceeded implied volatility for the first time since December 2016. Globally the equity markets remained surprisingly calm despite continued US political events, an early UK election that backfired on Prime Minister Theresa May and continued recalibrations of US interest rate hike expectations. The Australian Dollar strengthened nearly 3% on the back of higher employment and GDP numbers that showed economic growth slowed by less than what was anticipated. Implied volatility levels increased over the Period and July options were written approximately 3.22% out-the-money on 80% of the portfolio, with a -0.25 portfolio delta.

Banks (portfolio weight: 45.5%)

The sector continues to be the most significant equity component in the portfolio and, therefore, contributes greatly to overall YMAX performance. After experiencing large declines in the previous Period and despite a downgrade from credit ratings agency Moody's, all constituent banks recovered to post modest gains. Australia and New Zealand Bank ("ANZ"), National Australia Bank ("NAB"), Commonwealth Bank of Australia ("CBA"), Westpac Banking Corp ("WBC") returned -1.33%, 0.20%, 3.40%, and 1.21% respectively. Only CBA challenged its strike position but even for this name a net premium gain was recorded. Full premiums were captured on all other option positions. Implied volatility for the July Option Period remained at similar levels for these names.

Mining (portfolio weight: 11.2%)

Crude oil's volatile profile persisted and fell -8.37% over the Period as concerns persisted over stubbornly high inventory levels. Iron ore on the other hand posted a late surge to record its first positive month since February (+6.48%). Despite this gain, both Rio Tinto ("RIO") and BHP Billiton ("BHP") were weak over the Period (down -2.18% and -4.16% respectively) and significantly underperformed the S&P/ASX 200 Materials Sector Index (+0.24%). As a result, the Fund retained all option premiums. Implied volatilities decreased marginally over the Period, but still remains the highest of all the YMAX sectors.

Food (portfolio weight: 8.7%)

Woolworths ("WOW") and Wesfarmers ("WES") are the two constituents for this sector. Both names were weak over the Period (WES -4.89% and WOW -1.00%) resulting in full premium capture to the Fund. The announcement of Amazon's purchase of Whole Foods in the US no doubt added to the expectation that competition in Australia will be fierce once Amazon enters, and that it may also include groceries. Both names also significantly underperformed the S&P/ASX200 Consumer Staples Index (+2.75%). Implied volatilities increased for both names over the Period.

Telecommunications (portfolio weight: 5.7%)

Telstra Corporation ("TLS") is the sole portfolio constituent in the telecommunications sector. The share price remained under pressure as the spotlight focused on the company's ability to maintain its dividend going forward. The share price declined by -2.89% and resulted in full option premium capture for the Period. YMAX continues to use a staggered written profile on this name.

Insurance (portfolio weight: 5.7%)

The constituents for this sector posted vastly different performances for the Period. Whilst the S&P/ASX 200 Insurance sector was up +1.80%, QBE Insurance Group ("QBE") fell -8.77% after providing a trading update that highlighted higher emerging markets claims. Suncorp Group Ltd. ("SUN") and Insurance Australia Group Ltd ("IAG"), on the other hand, were up +6.73% and +9.24% respectively. YMAX benefited from having a staggered expiration profile on IAG and had no expirations for the Period. The Fund retained all option premiums on QBE, however this benefit was not enough to offset the higher buy back costs incurred on SUN, leaving the Fund with a net negative option income for this sector. YMAX continues 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: 7.1%)

The only constituent in the biotechnology sector is CSL Ltd ("CSL"). The stock recorded its 6th consecutive Period of positive returns (+7.41%) and is up an impressive 42.45% year-to-date. The stock's gain challenged the option strike and resulted in a net buy back cost to the Fund. Implied volatility remained at similar levels over the Period.

REITS (portfolio weight: 4.2%)

Westfield Corporation ("WFD") and Scentre Group ("SCG") are the two YMAX constituents in this sector. Both stocks underperformed the broader S&P/ASX 200 A-REITS Index again which brings SCG's total underperformance for the year to -7.48% and WFD to -9.73%. Neither stock challenged any of their strike positions and therefore resulted in full option premium capture for the Fund. Efforts continue to be made in staggering coverage in these names over the two near-term expiry months to maximize option premium benefits.

Oil & Gas (portfolio weight: 2.4%)

Woodside Petroleum ("WPL") is YMAX's sole constituent in this sector and followed a similar trend to crude oil's performance. WPL fell -9.66% and as such resulted in full option premium capture to the Fund. Implied volatility increased sharply into the stock's weakness.

Diversified Financial Services (portfolio weight: 5.1%)

Both Macquarie Group Ltd ("MQG") and AMP Group Ltd ("AMP") posted positive performances. MQG returned 1.24% for the Period, but this was not enough to challenge any strikes and therefore resulted in full option premium capture for the Fund. AMP's performance of



+2.32% challenged certain strike positions, but overall still resulted in a net option benefit to the Fund. The Fund continues to use a staggered coverage on AMP. Implied volatility levels increased over the Option Period.

Commercial Services (portfolio weight: 4.5%)

Transurban Corp ("TCL") and Brambles ("BXB") are the YMAX constituents for this sector. BXB gave back some of

its recent gains to end down -6.39% for the Period. TCL initially saw a continuation of its strong positive momentum before running out of steam and reversing trend into expiry. Neither stock however challenged any of their strikes and hence offered full option premium capture to the Fund.

This information has been prepared by BetaShares Capital Ltd (ACN 139 566 868 AFS Licence 341181) ("BetaShares") the responsible entity of BetaShares Australian Top 20 Equity Yield Maximiser Fund (managed fund) (the "Fund") for adviser use only. It is general information only and does not take into account any investor's objectives, financial situation or needs so it may not be appropriate for an investor's particular circumstances. Before making an investment decision an investor should consider the product disclosure statement ("PDS") and their circumstances and obtain financial advice. The PDS is available at www.betashares.com.au. This information is not a recommendation or offer to buy units or adopt any particular strategy. An investment in the Fund is subject to investment risk and the value of units may go down as well as up. Past performance is not an indication of future performance. The performance of the Fund is not guaranteed by BetaShares or any other person. To the extent permitted by law BetaShares accepts no liability for any errors or omissions or loss from reliance on the information herein.