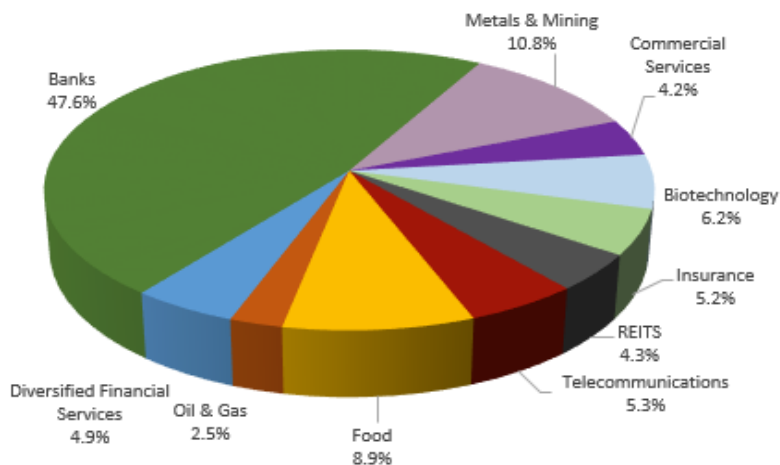


YMAX Commentary - 2017 June (May Option Period)
Adviser Use Only
S&P/ASX20 Index Industry Breakdown


Source: Bloomberg as at 25 May 2017

YMAX	
NAV per unit (April 27)	\$9.47
NAV per unit (May 25)	\$9.17
May Option Period Returns	
YMAX Total Return	-3.19%
S&P/ASX 20 Index Total Return	-3.50%
Over/(Under) Performance	0.31%
May Options at Inception	
1-Mth Implied Vol	17.5%
Portfolio Delta	-0.22
% Portfolio Written	72%
June Options at Inception	
1-Mth Implied Vol	16.7%
Portfolio Delta	-0.23
% Portfolio Written	70%
Distribution 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 -3.19% between 27 April 2017 and 25 May 2017 (“May Option Period” or “Period”). The S&P/ASX 20 Index (“S&P/ASX 20” or “Index”) total return was -3.50% over the same period and as a result YMAX outperformed by 0.31%. The most notable event during the Period related to the Australian government’s announcement of a bank levy that will apply to the value of liabilities held by the country’s largest banks. The banks include Commonwealth Bank of Australia, Australia and New Zealand Bank, National Australia Bank, Westpac Bank, and Macquarie Group. This announcement triggered an immediate sell off in the banks, as investors became concerned with the levy’s impact on earnings and dividends going forward. Internationally, the equity markets were more favourable with all major developed markets posting positive returns for the Period. European markets in particular were buoyant following the French presidential election victory by centrist Emmanuel Macron. Both realized and implied volatility levels remain low by historical levels and the May Option period saw a further decrease in implied volatilities. June options were written approximately 3.64% out-the-money on 70% of the portfolio, with a -0.23 portfolio delta as at 25 May 2017.

Banks (portfolio weight: 44.7%)

The sector continues to be the most significant equity component in the portfolio and, therefore, contributes greatly to overall YMAX performance. All major banks experienced significant price weakness following the announcement of the new bank levy. Australia and New Zealand Bank (“ANZ”), National Australia Bank (“NAB”), Commonwealth Bank of Australia (“CBA”), Westpac Banking Corp (“WBC”) returned -9.97%, -9.10%, -7.30%, and -10.29% respectively. None of the names challenged any of the strike positions, which resulted in full premium capture on all option positions. Implied volatility for the June Option Period remained at similar levels for these names.

Mining (portfolio weight: 11.6%)

Both Crude Oil and Spot Iron Ore showed significant volatility, with Crude Oil falling over 6% in the first week of the Period – recording its lowest level since November 2015 when OPEC agreed to cut production – before recovering strongly and rallying +12% as US stockpiles decreased by a larger than expected amount. Iron Ore continued its recent slide and fell -9.5% over the Period as concerns mounted over rising supplies and higher Chinese stockpiles. Despite the performance of Spot Iron Ore, Rio Tinto (“RIO”) gained 8.36% as it embarked on a \$2.5bn debt buy-back programme. As a result the Fund incurred net buy back costs on the option positions. BHP Billiton (“BHP”) also ended positively for the Period (+2.64%) but this performance was not sufficient to challenge any strike positions and therefore the Fund retained all the option premiums. On a net basis for both names there was a small buy back cost to the Fund. Implied volatilities for both names decreased marginally – an outcome that usually follows positive stock performances.

Food (portfolio weight: 9%)

Woolworths (“WOW”) and Wesfarmers (“WES”) are the two constituents for this sector. Competition in this market has become very topical due to the confirmation of Amazon’s entry into the Australian market. Both names were weak over the period (WES -1.22% and WOW -3.26%) and both underperformed the S&P/ASX200 Consumer Staples Index. As a result neither stock challenged its strike positions and therefore resulted in full premium capture for the Fund. Volatilities decreased marginally for both names over the Period.

Telecommunications (portfolio weight: 5.9%)

Telstra Corporation (“TLS”), the sole portfolio constituent in the telecommunications sector, recovered strongly

after falling heavily over the previous Period. The price recovery followed a favourable decision by the competition regulator, whereby TLS would not be forced to share its network with rivals for roaming. Despite the strong price gains, the Fund benefited from having written longer dated options at higher strike levels, and therefore the option strike was not challenged and resulted in full premium capture. YMAX continues to use a staggered written profile on this name.

Insurance (portfolio weight: 5.6%)

This sector posted another positive return for the Period, with the S&P/ASX 200 Insurance sector up 1.37% and the performance of all the Fund constituents were in a tight range. Suncorp Group Ltd. (“SUN”), Insurance Australia Group Ltd (“IAG”) and QBE Insurance Group (“QBE”) were up +2.47%, 1.78%, and 1.48% respectively. The Fund captured net option premiums on all names for the Period and 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: 6.6%)

The only constituent in the biotechnology sector is CSL Ltd (“CSL”). The stock recorded its 5th consecutive Period of positive returns by posting a modest gain (+1.05%). The gain was not sufficient to challenge any option strikes and thus resulted in full premium capture. Implied volatility levels dropped significantly over the Period to mirror the lower realized volatility profile.

REITS (portfolio weight: 4.3%)

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, which delivered a -1.99% return for the Period. WFD lost -6.19% whilst SCG returned -2.53% and both names resulted in full option premium capture to 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: 2.7%)

Crude Oil prices recovered after initially falling sharply over the first week in the Period. Woodside Petroleum (“WPL”) followed a similar trend but participated more in the recovery phase to post a +4.78% return for the Period. The Fund had multiple strike positions, which were all challenged resulting in a net buy back cost to the Fund. Implied volatility levels for WPL decreased into this strength.

Diversified Financial Services (portfolio weight: 5%)

Both Macquarie Group Ltd (“MQG”) and AMP Group Ltd (“AMP”) had negative performances for the Period. Considering that MQG was also impacted by the bank levy, its modest decline of -0.78% was somewhat of a surprise. AMP fared slightly worse (-2.26%). As a result none of the strikes were challenged, resulting in full option premium capture on both names. The Fund continues to use a staggered coverage on AMP. Implied volatility levels were slightly down over the Option Period.

Commercial Services (portfolio weight: 4.6%)

Transurban Corp (“TCL”) and Brambles (“BxB”) are the YMAX constituents for this sector. Both stocks continued their strong recent momentum (BxB +4.72% and TCL +2.00%). BxB’s performance challenged its option strike positions whilst TCL’s options expired worthless. Overall the Fund captured net option premium. Again implied volatilities decreased marginally into the share price strength.

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.