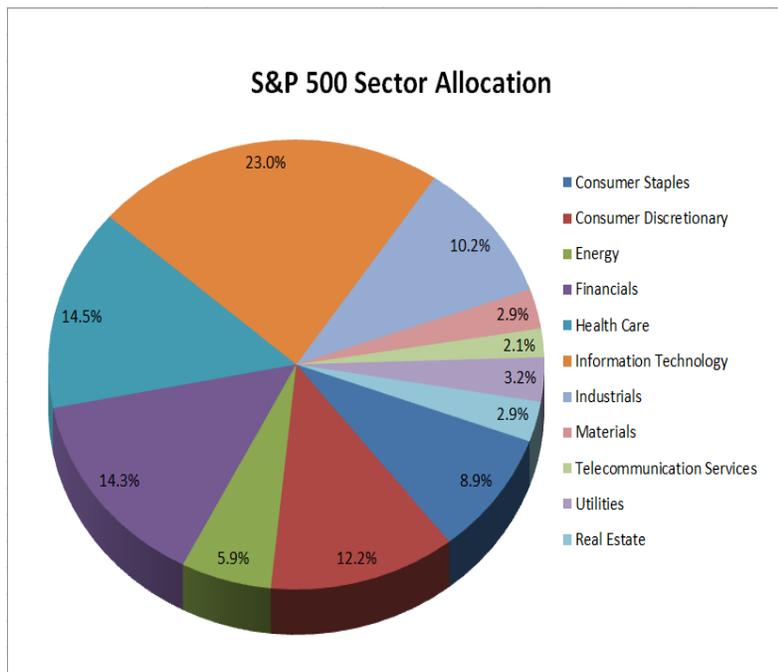


**UMAX commentary – August 2017 (July Option Period)**  
*Adviser Use Only*


Source: Bloomberg, as of 21 July 2017.

**UMAX: ASX**

NAV per unit (June 16)	\$17.9239
NAV per unit (July 21)	\$17.7739

**July Option Period Returns**

UMAX Total Return	-1.87%
S&P 500 Total Return	-2.04%
Over (Under) Performance	0.07%

**July Options at Inception**

1-Mth Implied Vol.	7.4%
Portfolio Delta	-0.25
% Portfolio Written	91%

**August Options at Inception**

1-Mth Implied Vol.	6.67%
Portfolio Delta	-0.25
% Portfolio Written	91%

**Distribution Per Unit History (by ex-date)**

3 July 2017	\$0.2073
3 April 2017	\$0.2047
3 January 2017	\$0.2421
4 October 2016	\$0.2250

The UMAX total return was -1.87% between 16 June 2017 and 21 July 2017 (“July Option Period” or “July Period”). The S&P 500® Index (the “S&P 500” or “Index”) had a total return of -2.04%, in AUD terms. A substantially weaker US dollar resulted in a weaker monthly performance than expected overall. The S&P 500 gained 1.72% in US dollar terms in the July Period but when calculated in domestic currency this performance reversed to a loss of -2.04%. The Australian dollar has been strengthening versus the US Greenback throughout the year, and since the June Period this effect has been quite pronounced. A number of recent benign US inflation data points have pointed to waning pricing pressures and weakness on the part of the consumer – readings that market participants have perhaps felt could delay the Federal Reserve’s next rate hike. The Index drifted lower as the July Period opened, before bottoming in early July and then launching to new all-time highs in the last week of the cycle. Already impressive yearly gains were built upon as earnings season began in earnest. A new Index intra-day high level 2477.62 was set on 20 July 2017. A continuing theme of ever-shrinking realized, or actual, volatility persisted. A record-setting number of recurring VIX closing levels below the 10 level were observed, and 10-day realized volatility in the S&P 500 Index astoundingly fell to a record low for the past 90 years. As a result Index option pricing again softened in the period, as implied volatility struggled to remain elevated. 30 Day measures of option pricing fell for a third consecutive period and the volatility risk premium (VRP) stabilized, as measured by the short-term implied to historical volatility ratio. Measures of option pricing remain rich relative to market movement. Information Technology, the leading sector this year, rocketed higher while Healthcare was closely behind with impressive gains. Utilities and Telecommunication sectors retreated as risk-on sentiment returned to markets. The Energy sector again moved lower despite a firming in crude oil pricing. On 21 July 2017, when the new August Options were written, 1-month implied volatility was lower from the July Period at 6.67%, a low not seen in decades. The new July 2017 options were written with approximately 91% coverage, 1.21% out-of-the money and to an initial portfolio delta of -0.25.

**Information Technology (Index weight: 23.0%)**

The year's strong run continued as the heavily weighted Information Technology sector surged another 4.8% in the July Period. Semiconductors and Internet subsectors were standout performers, with most names up solidly in the July Period. Implied volatility in the sector fell with the broader softness in option pricing observed during this time.

**Financials (Index weight: 14.3%)**

Financial stocks once again moved higher on average in the July Options Period, up 2%. E\*Trade Financial Corp ("ETFC") moved sharply higher on take-over talk and a successful foray into the options trading business. Not surprisingly option pricing in the sector softened into this strength.

**Real Estate (Index weight: 2.9%)**

The Real Estate sector traded mixed and remained relatively unchanged in the July Period. Mid-America Apartment ("MAA") gave back much of the increase from the previous Period, down 8.04% for the cycle.

**Healthcare (Index weight: 14.5%)**

The Healthcare sector soared once again by 4.2% in the July Period. 51 of 61 names in the sector were positive within the period, with 10 of those up by at least 10%. Vertex Pharmaceuticals ("ABT") launched higher by 31.51%. Implied volatility rose and fell abruptly into upcoming earnings.

**Consumer Discretionary (Index weight: 12.2%)**

The Consumer Discretionary sector edged higher once again, returning 1% during the July Option Period. Consumer heavyweight Amazon.com Inc ("AMZN") continued an impressive run higher with a 3.84% gain, while Autozone ("AZO") and Bed Bath and Beyond ("BBBY") fell -13.87% and -17.18% respectively in the period.

**Industrials (Index weight: 10.2%)**

The Industrial sector consolidated in the July Period, down a slim -0.2%. General Electric ("GE") slid a sharp -

10.66%, extending year-to-date losses in the name to -6.73% on a total return basis. Acuity Brands ("AYI") however rose 16.30%, reversing an earlier year drubbing as sales volumes began to improve for the company. Option implied volatility in the name compressed following the report.

**Consumer Staples (Index weight: 8.9%)**

Consumer staples fell -1.8% during the July Options Period as food purveyor Conagra ("CAG") slid -10.87%. Conversely Constellation Brands Inc ("STZ") firmed 9.75%, the bulk of which was early in the cycle.

**Energy (Index weight: 5.9%)**

Energy sector names continued to suffer, falling -1.9% in the July Period as a sector. While Crude Oil traded 2.3% higher by the end of the cycle, Natural Gas prices were once again lower by -2.2%. This helped to further weaken already sagging energy names. Implied volatility levels remained steady into this weakness.

**Materials (Index weight: 2.9%)**

Material stocks again performed strongly in the July Period, increasing 2.1%. Chemical producers showed particular strength, with names like Albemarle ("ALB") and CF Industries Holdings ("CF") rising by 9.48% and 12.91% respectively in the July Option Period.

**Telecommunication Services (Index weight: 2.1%)**

The Telecommunication sector posted a UMAX worst -5.9% performance in the July Period. All four sector constituents were sharply lower for the cycle and implied volatility in each name firmed as a result.

**Utilities (Index weight: 3.2%)**

The utilities sector fell -1.7% in the July Option Period. The vast majority of names in the sector were lower.

The Fund's equity exposures continue to be obtained indirectly via its holding of one or more US-listed exchange traded funds.

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