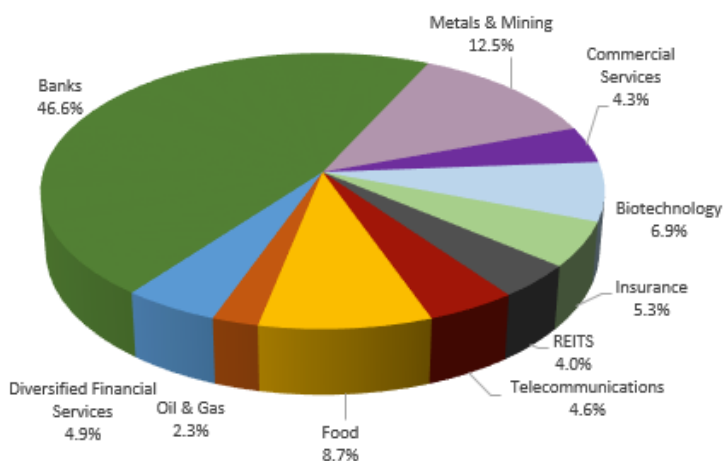


YMAX Commentary - 2017 November (October Option Period)
Adviser Use Only
S&P/ASX20 Index Industry Breakdown


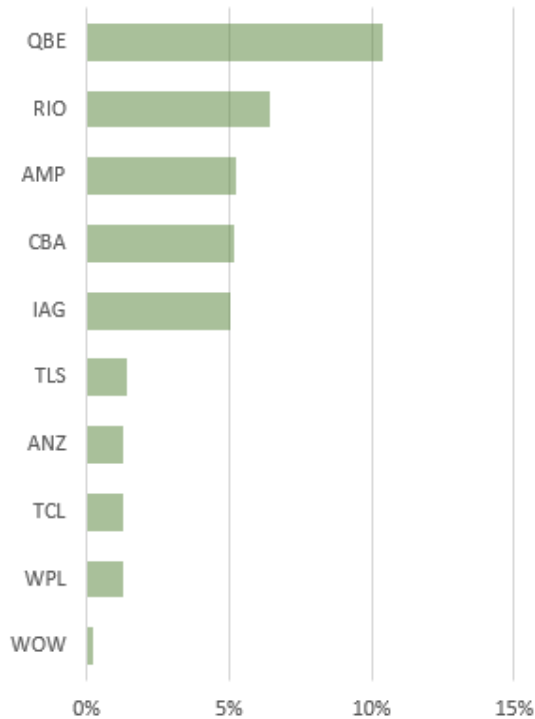
Source: Bloomberg as at 26 October 2017

YMAX	
NAV per unit (September 28)	\$8.97
NAV per unit (October 26)	\$8.93
October Option Period Returns	
YMAX Total Return	2.86%
S&P/ASX 20 Index Total Return	3.68%
Over/(Under) Performance	-0.81%
October Options at Inception	
1-Mth Implied Vol	16.1%
Portfolio Delta	-0.22
% Portfolio Written	85%
November Options at Inception	
1-Mth Implied Vol	14.6%
Portfolio Delta	-0.22
% Portfolio Written	82%
Distributions Per Unit (by ex-date)	
	2-Oct-17 \$0.29
	3-Jul-17 \$0.15
	3-Apr-17 \$0.15
	3-Jan-17 \$0.20

The YMAX total return was 2.86% between 28 September 2017 and 26 October 2017 (“October Option Period” or “Period”). The S&P/ASX 20 Index (“S&P/ASX 20” or “Index”) total return was 3.68% over the same Period, and as a result YMAX underperformed by -0.81%. The Australian stock market rebounded strongly after a 4 month period of range bound returns, and even more impressively, all the constituent stocks within the Fund had positive performances.

Globally the S&P 500 Index continued its steady advance. Incredibly the 30-day realized volatility on this index fell to below 4% and has not experienced a drawdown greater than 3% the entire year. The S&P/ASX200 Index also continued its declining realized volatility profile and implied volatility settled below 10% for most of the Period. November options were written on 86% of the portfolio, with a -0.22 portfolio delta.

Top / Bottom 5 stock movers



After suffering significant price declines over the preceding 3 months, QBE Insurance Group (“QBE”) was the strongest YMAX performer with a +10.38% return. Despite the large losses experienced as a result of a number of natural disasters, investors took comfort from a number of equity analyst upgrades and increasing expectations of a hike in global insurance premiums. In fact the insurance sector in general was very strong with the S&P/ASX 200 Insurance Sector Index up 6.01% for the Period. QBE’s performance resulted in a net buy back cost on the options for the Period.

The banking sector remains the largest sector in YMAX. All constituents had positive performances with CBA in particular recovering strongly after experiencing share price weakness since August. With the exception of Australia and New Zealand Bank (“ANZ”), all banking names resulted in net back costs to the Fund. ANZ’s positive performance was not enough to challenge its option strike level and resulted in full option premium capture. Implied volatilities compressed into the share price strength over the Period for all the names.

YMAX utilized S&P/ASX 200 Index option coverage which allowed the Fund to increase overall written coverage levels, whilst decreasing single stock call away risk. The strong performance of the S&P/ASX 200 Index resulted in net buy back costs to the Fund.

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