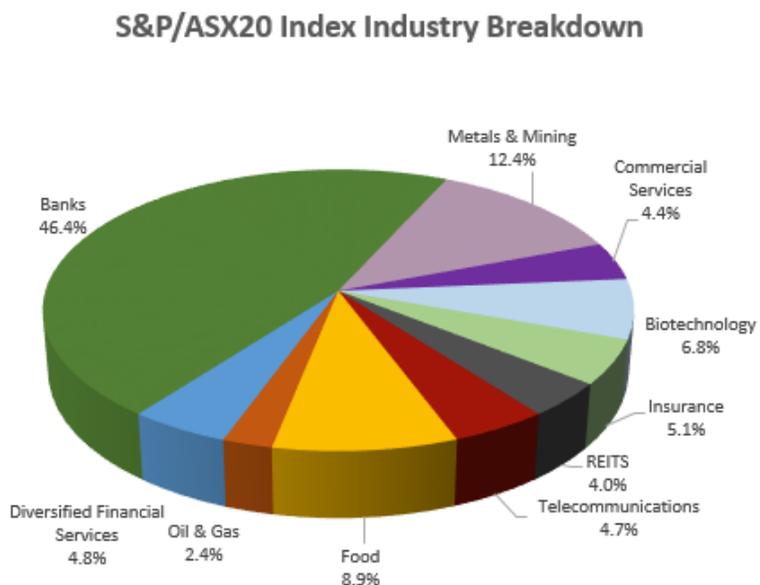


YMAX Commentary - 2017 October (September Option Period)
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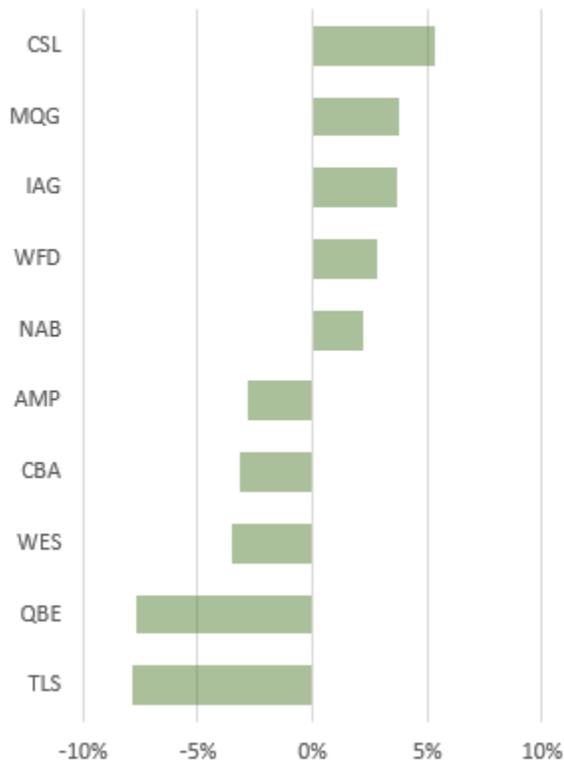
Source: Bloomberg as at 28 September 2017

YMAX	
NAV per unit (August 24)	\$9.01
NAV per unit (September 28)	\$8.97
September Option Period Returns	
YMAX Total Return	-0.45%
S&P/ASX 20 Index Total Return	-0.97%
Over/(Under) Performance	0.53%
September Options at Inception	
1-Mth Implied Vol	17.8%
Portfolio Delta	-0.23
% Portfolio Written	86%
October Options at Inception	
1-Mth Implied Vol	16.1%
Portfolio Delta	-0.22
% Portfolio Written	86%
Distributions Per Unit (by ex-date)	
3-Jul-17	\$0.15
3-Apr-17	\$0.15
3-Jan-17	\$0.20
4-Oct-16	\$0.28

The YMAX total return was -0.45% between 24 August 2017 and 28 September 2017 (“September Option Period” or “Period”). The S&P/ASX 20 Index (“S&P/ASX 20” or “Index”) total return was -0.97% over the same Period, and as a result YMAX outperformed by +0.53%. The Australian stock market traded in a tight range over the Period and significantly underperformed global equity markets. The S&P/ASX200 Index level actually fell below the level it started at the beginning of the calendar year. Continued weakness in the two largest sectors, Financials and Materials, was to blame for this underperformance. The increased public scrutiny of Commonwealth Bank of Australia (“CBA”) continued following compliance breaches involving money laundering, and placed the stock under significant pressure. CBA is the largest stock by market capitalization in the S&P/ASX20 Index and not only is it the worst performing bank stock year to date, but also the only bank stock to record a negative total return. Stocks exposed to Iron Ore also experienced challenging conditions. After a 2-month long rally, spot iron ore fell significantly (-18.99%), and in contrast to other global commodity prices which generally experienced positive returns.

The tight range bound conditions saw implied volatility levels gradually decreasing over the Period. October options were written approximately 3% out-the-money on 86% of the portfolio, with a -0.22 portfolio delta.

Top / Bottom 5 stock movers



CSL Ltd (“CSL”) was the strongest performer in the Period with a +5.35% return. The stock has significantly outperformed all other constituents of the S&P/ASX20 Index this year (up +35.20% year-to-date). This was the only option position that resulted in a net buy back cost to the Fund for the Period.

The banking sector remains the largest sector in YMAX. Constituents had mixed performances, although none of the option positions resulted in any net buy back costs. Commonwealth Bank (“CBA”) was weak (-3.13%), whilst Australia and New Zealand Bank (“ANZ”) and Westpac Bank (“WBC”) recorded slightly negative performances (-0.17% and -0.99% respectively). National Australia Bank (“NAB”) was the only bank stock to challenge its option strike following a +2.18% return. Despite the selloff in CBA, all the bank stocks experienced a decline in implied volatility in the Period.

Telstra (“TLS”) was the largest negative contributor and continued its long term decline with a -7.87% return for the Period, bringing its year-to-date decline to -26.45%. This followed the news that the National Broadband Network (“NBN”) rejected the proposal to securitise the future payments TLS would receive from the builder of the NBN, ultimately causing a cancelling of its share buyback plan and intentions to pay back debt.

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 range bound performance of the S&P/ASX 200 Index allowed for the index options strikes to expire worthless and therefore the Fund captured the full option premium.

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