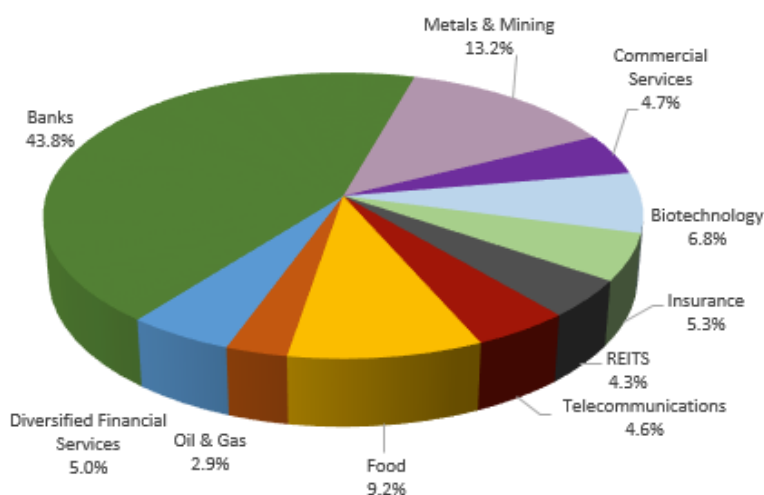


## YMAX Commentary - 2018 January (December 2017 Option Period) Adviser Use Only

### S&P/ASX20 Index Industry Breakdown



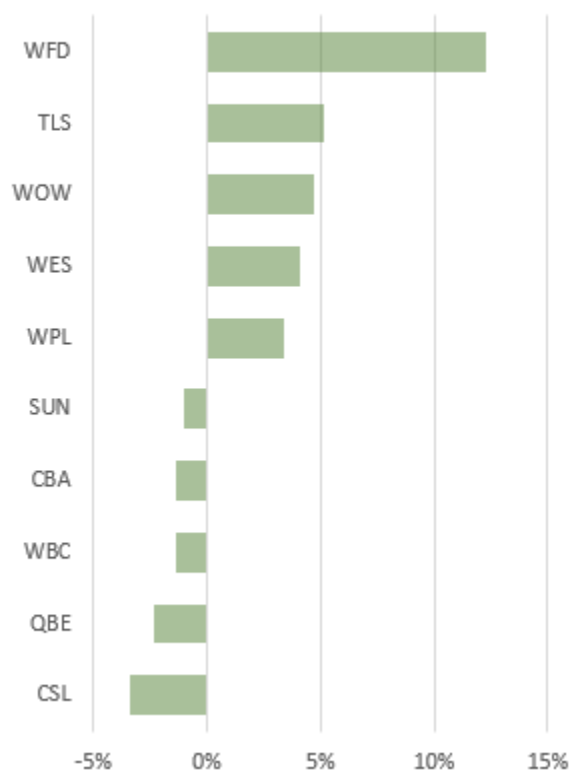
Source: Bloomberg as at 21 December 2017

YMAX		
NAV per unit (November 23)		\$9.04
NAV per unit (December 21)		\$9.09
December Option Period Returns		
YMAX Total Return		0.56%
S&P/ASX 20 Index Total Return		0.56%
Over/(Under) Performance		0.00%
December Options at Inception		
1-Mth Implied Vol		14.1%
Portfolio Delta		-0.23
% Portfolio Written		82%
January Options at Inception		
1-Mth Implied Vol		12.7%
Portfolio Delta		-0.24
% Portfolio Written		79%
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 0.56% between 23 November 2017 and 21 December 2017 (“December Option Period” or “Period”). The S&P/ASX 20 Index (“S&P/ASX 20” or “Index”) total return was also 0.56% over the same Period, and as a result YMAX performed in line with the Index. The December Period exhibited many of the characteristics that have been in place for most of 2017 – Australian large caps underperforming the broader market, the Australian equity market underperforming global markets, and both realized and implied volatilities making new historic lows. Australian large caps have had another disappointing year relative to the broader market. 2017 will be the fourth consecutive year of underperformance and will rank as the worst with a -4.72% relative return for the year to date.

Sector performances were mixed over the Period with Banking stocks weaker, whilst Resources stocks were higher on the back of stronger Iron Ore (+6.65%) and base metal prices. Both actual (realized) and implied volatilities, already at multi-year lows, drifted even lower over the Period. January options were written on 79% of the portfolio, with a -0.24 portfolio delta and approximately 2.8% out-the-money.

### Top / Bottom 5 stock movers



On 12 December Westfield Corporation (“WFD”) announced it had received and accepted a takeover from France’s Unibail-Rodamco. The stock surged 13.6% on the day when trading resumed and finished up 12.26% overall for the Period. This strong run challenged the strike price and hence resulted in a net overall buy back cost to the Fund. No January options positions were established in light of this corporate action.

Telstra (“TLS”) recorded its best monthly performance for the year (+5.19%) as investors digested whether the recent significant price decline on the back of negative news was overdone. Despite the share price challenging the strike price, YMAX still recorded a net overall gain on this option position.

The banking sector remains the largest sector in YMAX. All the constituent stocks had negative performances, with Westpac Bank (“Westpac”) recording the largest loss with a -1.36% return. As a result of these performances the Fund retained all the option premiums as no strike positions were challenged. Implied volatility levels for all Bank names compressed significantly into January.

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. Even though the S&P/ASX 200 Index produced a positive performance, the index option strike was not challenged and hence resulted in the Fund retaining all the option premium.

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