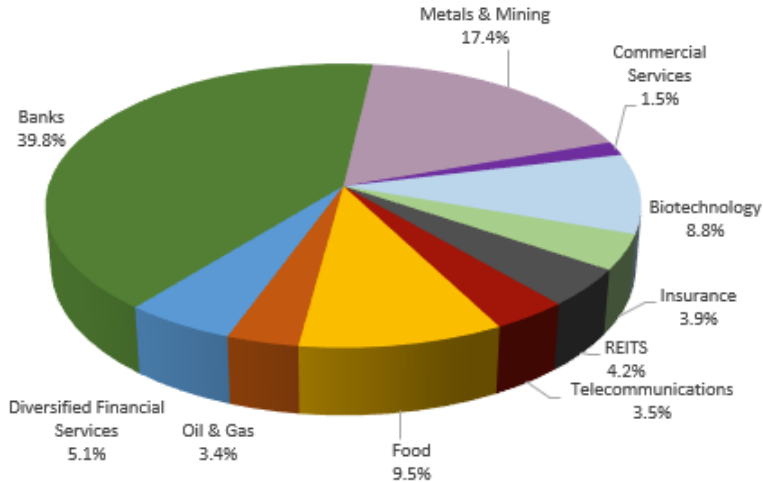


**YMAX Commentary - 2018 June (May Option Period)**  
**Adviser Use Only**

**S&P/ASX20 Index Industry Breakdown**



Source: Bloomberg as at 24 May 2018

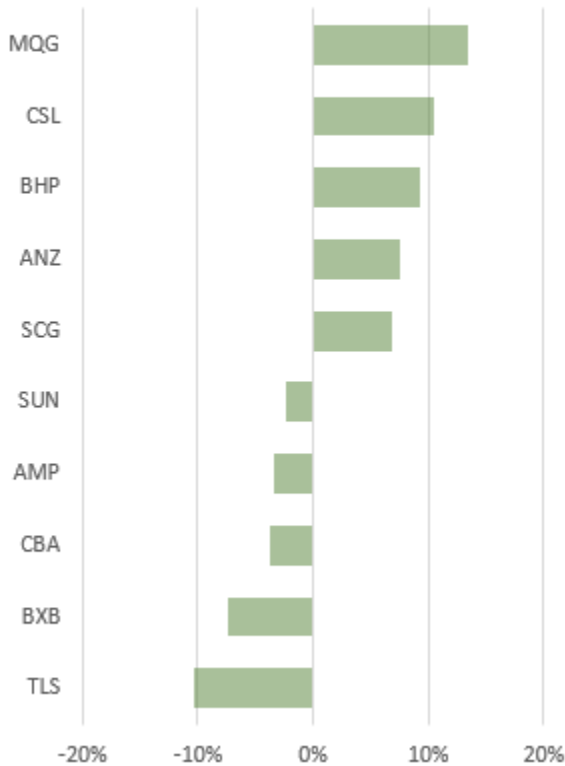
<b>YMAX</b>	
NAV per unit (April 26)	\$8.66
NAV per unit (May 24)	\$8.80
<b>May Option Period Returns</b>	
YMAX Total Return	1.61%
S&P/ASX 20 Index Total Return	3.28%
Over/(Under) Performance	-1.67%
<b>May Options at Inception</b>	
1-Mth Implied Vol	16.7%
Portfolio Delta	-0.23
% Portfolio Written	84%
<b>June Options at Inception</b>	
1-Mth Implied Vol	16.5%
Portfolio Delta	-0.22
% Portfolio Written	84%
<b>Distributions Per Unit (by ex-date)</b>	
	3-Apr-18 \$0.163
	2-Jan-18 \$0.184
	2-Oct-17 \$0.292
	3-Jul-17 \$0.149

The YMAX total return was +1.61% between 26 April 2018 and 24 May 2018 (“May Option Period” or “Period”). The S&P/ASX 20 Index (“S&P/ASX 20” or “Index”) total return was +3.28% over the same Period, and as a result YMAX underperformed the Index by -1.67%.

Despite the rising global trade war tensions, US corporate earnings results confirmed the strength of the US economy, as more than 70% of S&P 500 Index companies reported revenue growth that exceeded consensus estimates. The S&P 500 Index strengthened +2.48% on the back of these results and, even more impressive, were the gains for the Information Technology heavy Nasdaq 100 Index (+4.69%). The Australian stock market also posted strong gains (+2.73%) with several large cap stocks staging significant rallies after months of mediocre returns. 13 of the Fund’s 20 holdings staged returns of more than 2%, leaving many option strike positions challenged and resulting in net buy back costs to the Fund.

Implied volatilities fell into the June Period, a common reaction to a market rally. June option positions were written approximately 3.26% out-the-money on 84% of the portfolio.

### Top / Bottom 5 stock movers



Macquarie Group (“MQG”) posted the strongest performance of the YMAX holdings (+13.42%). The company’s share price reached an all time high as it reported record profits that beat analyst estimates. The stock is up 20.01% for the year, easily outpacing the S&P/ASX 200 Financial Sector Index, which is down -4.90% over the same Period. The Period return resulted in net back costs to the Fund.

BHP Billiton (“BHP”) continued its strong run and posted a +9.28% return, taking its performance to 20.21% since the end of March when its share price reached a calendar year low. Crude Oil prices remained firm as the US walked away from the Iran Nuclear Deal and, instead, reinstated sanctions on the country that is OPEC’s 3<sup>rd</sup> largest producer. BHP’s options strikes were also challenged, resulting in a net cost on the option positions.

Telstra (“TLS”) was once again the worst performer for YMAX and hit a 6-year low with a -10.29% return for the Period. The company provided a trading update which flagged lower earnings and market challenges going forward. The stock is down -47.86% since reaching its 5-year high in July 2015. The Period return resulted in full option premium capture.

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