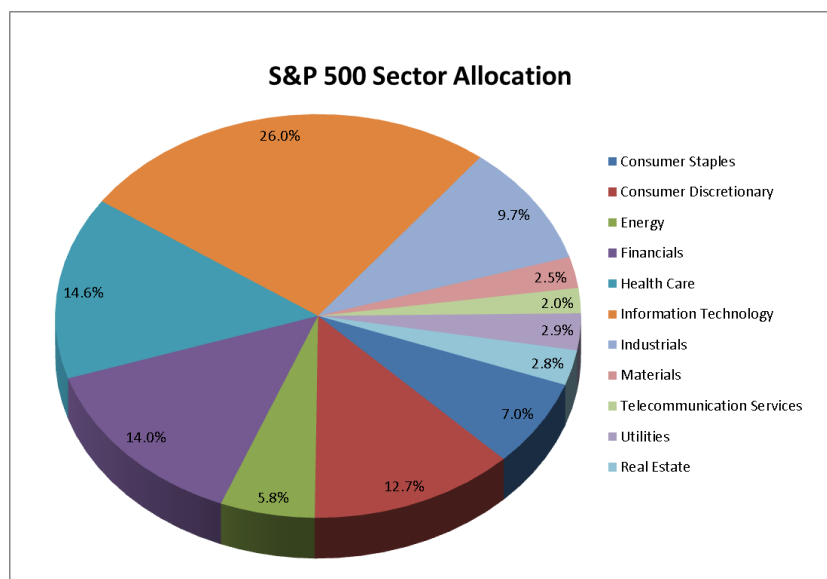


**UMAX commentary –September 2018 (August Option Period)  
Adviser Use Only**


Source: Bloomberg, as of 17 August 2018.

**UMAX: ASX**

NAV per unit (August 17)	\$20.1661
NAV per unit (July 20)	\$19.3971

**August Option Period Returns**

UMAX Total Return	3.96%
S&P 500 Total Return	3.66%
Over (Under) Performance	0.30%

**August Options at Inception**

1-Mth Implied Vol.	8.9%
Portfolio Delta	-0.26
% Portfolio Written	95%

**September Options at Inception**

1-Mth Implied Vol.	8.7%
Portfolio Delta	-0.24
% Portfolio Written	95%

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

2 July 2018	\$0.2706
2 April 2018	\$0.2386
2 January 2018	\$0.1688
2 October 2017	\$0.1711

The UMAX total return was 3.96% between 20 July 2018 and 17 August 2018 (“August Option Period” or “August Period”). The S&P 500® Index (the “S&P 500” or “Index”) had a total return of 3.66%, in AUD terms. The Index had a total return of 1.85% in U.S. dollar terms. The August Option Period saw typically slow summer market behavior - a steadily rising market, with low volatility and low volumes throughout the period. Second quarter earnings continued to roll in and beat expectations overall. Outside of the U.S. markets, things were a lot more volatile, however, with Turkey, China and Argentina making headlines and impacting overall emerging markets performance. So far, emerging markets volatility has been contained and the Index wasn’t much affected, we will have to see if emerging market weakness spills over to other markets in the balance of the year. The CBOE VIX® Index (“VIX”) traded in a stable range throughout the period. The 1-month options volatility closed at 8.7% on 17 August 2018, close to unchanged versus the previous period. The new September 2018 options were written with approximately 95% coverage, 1.7% out-of-the money and to an initial portfolio delta of -0.24.

**Information Technology (Index weight: 26.0%)**

While technology stocks have been the uncontested leaders of the Index so far this year, it was a mixed period for these stocks during the August Option Period. Despite Apple Inc. (“AAPL”) leading the way with a 13.6% return during the period, other stocks disappointed. Facebook (“FB”) and Intel (“INTC”) both had disappointing earnings during the August period, returning -17.2% and -9.2% respectively.

**Financials (Index weight: 14.0%)**

Financials performed broadly in line with the rest of the market, returning 2.0% during the August Option Period. Many of the bank stocks previously reported earnings during the July Period, reducing overall volatility during the period.

**Real Estate (Index weight: 2.8%)**

The Real Estate sector performed well for the second consecutive period, and outperformed the Index during



the August Option Period with a 4.0% return. The rally was broad based with only 3 of the 33 stocks in the sector posting negative returns.

#### **Healthcare (Index weight: 14.6%)**

The Healthcare sector had another good performance during the August Period, the second strongest performing sector in the Index. While biotechnology stocks led the way during the July Period, pharmaceutical stocks were the strongest subsector during the current period. The pharmaceutical stocks were on average close to 9% higher during the August Option Period.

#### **Consumer Discretionary (Index weight: 12.7%)**

The Consumer Discretionary sector was close to unchanged during the August Period, returning 0.3%. This was the second consecutive period where the sector had flat returns. Netflix ("NFLX") was the worst performing internet retailer, declining over 10% after having posted disappointing second quarter earnings.

#### **Industrials (Index weight: 9.7%)**

The Industrial sector performed in line with the Index, increasing 2.3% during the August Period. Transportation stocks, which had done very poorly in the previous July Period, bounced back strongly driven by better than expected earnings. All nine stocks in the subsector traded higher during the August Period, with United Parcel Service ("UPS") leading the way, increasing 8.7% during the August Option Period.

#### **Consumer Staples (Index weight: 7.0%)**

Along with many of the other defensive sectors, the Consumer Staples sector outperformed the Index and increased 4.0% during the August Period. Food stocks did particularly well with all thirteen names in the subsector increasing during the period.

#### **Energy (Index weight: 5.8%)**

The Energy sector was back to its disappointing performances of earlier in the year. The sector returned -3.5% during the August Option Period, the worst performing sector in the Index. The weakness can be attributed to lower oil prices, as emerging markets continued to struggle and the outlook for oil demand weakened.

#### **Materials (Index weight: 2.5%)**

The Materials sector was close to unchanged during the August Period, returning 0.2%. Mining stocks, however, did extremely poorly as weakness in Chinese and emerging markets weighed on base metal and precious metal prices. Freeport-McMoran Inc ("FCX") and Newmont Mining ("NEM") both declined over 10% during the period.

#### **Telecommunication Services (Index weight: 2.0%)**

The Telecommunication sector was by far the best performing sector during the August Option Period, increasing 7.9%. All three stocks in the sector rose during the August Period, but Century Link Inc ("CTL") did particularly well, increasing over 25% after posting strong earnings.

#### **Utilities (Index weight: 2.9%)**

The traditionally defensive Utilities sector outperformed along with all the other defensive sectors, as investors looked for less cyclical stocks to invest in and the emerging markets sell off continued. Utilities outperformed the Index and returned 3.8% during the August Period.

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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