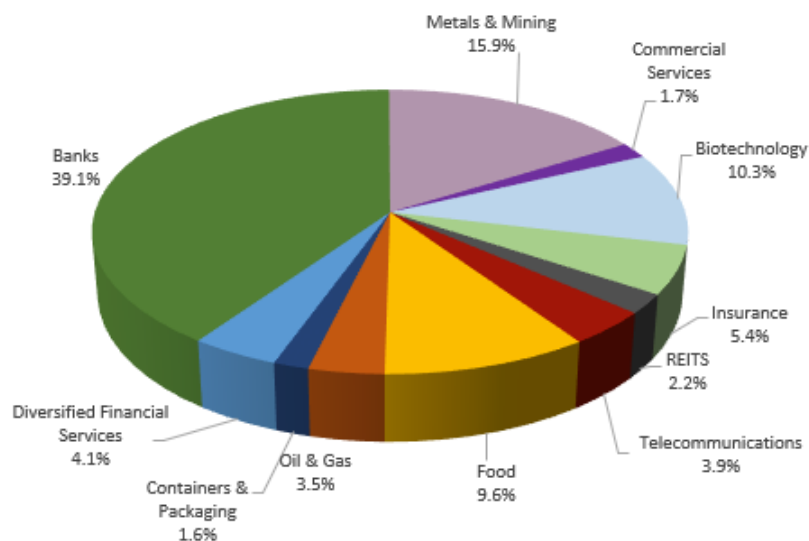


YMAX Commentary - 2018 August (July Option Period)
Adviser Use Only
S&P/ASX20 Index Industry Breakdown


Source: Bloomberg as at 30 August 2018

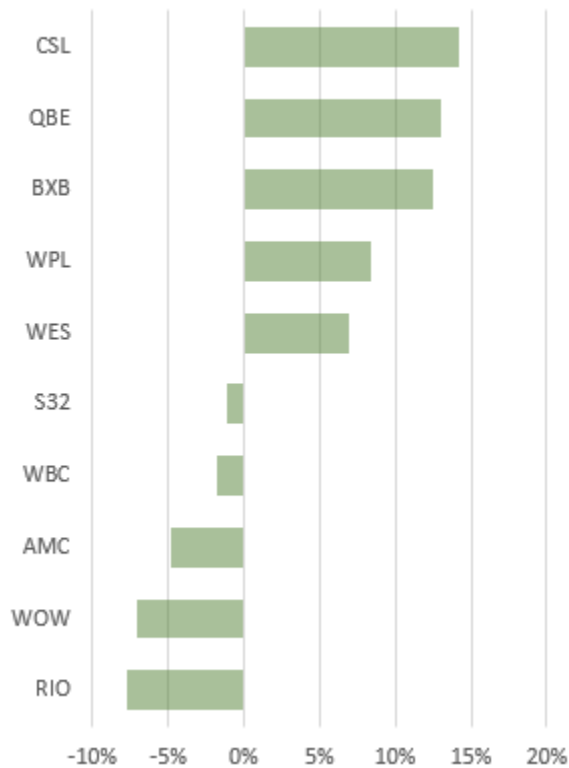
YMAX	
NAV per unit (July 26)	\$8.94
NAV per unit (August 30)	\$9.09
August Option Period Returns	
YMAX Total Return	1.64%
Solactive Australia 20 Index	2.86%
Over/(Under) Performance	-1.22%
August Options at Inception	
1-Mth Implied Vol	18.2%
Portfolio Delta	-0.25
% Portfolio Written	80%
September Options at Inception	
1-Mth Implied Vol	15.9%
Portfolio Delta	-0.24
% Portfolio Written	78%
Distributions Per Unit (by ex-date)	
	2-Jul-18 \$0.129
	3-Apr-18 \$0.163
	2-Jan-18 \$0.184
	2-Oct-17 \$0.292

The YMAX total return was +1.64% between 26 July 2018 and 30 August 2018 (“August Option Period” or “Period”). The Solactive Australia 20 Index (“Index”) total return was +2.86% over the same Period, and as a result YMAX underperformed the Index by -1.22%. During the Period, the Fund changed its reference benchmark index for managing the stock portfolio from the S&P/ASX20 Index to the Solactive Australia 20 Index. Both indices represent the largest 20 Australian stocks by free float adjusted market capitalization.

Many companies reported earnings over the month of August. Stock prices can move significantly during this period and this recent earnings season was no different. Within YMAX’s portfolio the stock returns ranged from -7.68% to +14.22%, with 12 stocks being positive performers and 8 stocks falling. This dispersion in stock returns can be a challenge for buy-write strategies and, overall, contributed to the underperformance relative to the Index over the Period.

Implied volatilities decreased going into the September Option Period. This is normal for stocks as they move out of their earnings and dividend announcement season. August option positions were written approximately 2.9% out-the-money on 78% of the portfolio.

Top / Bottom 5 stock movers



The big 4 banking stocks still make up the largest sector within YMAX. All 4 stocks experienced wild swings in the Period, with disappointing earnings initially causing a selloff followed by Westpac Bank announcing an unexpected out of cycle increase to their standard variable mortgage rate. All 4 banking stocks rallied sharply on the back of this announcement, but none of the banks challenged any of the option strikes.

CSL was the biggest outperformer in the Period with a +14.22% return and is up 61% year to date. The company delivered another set of investor pleasing results. Growth stocks delivering in line or better than forecasted earnings have recently seen significant share price appreciation. CSL's performance resulted in option buy back costs to the Fund.

After a difficult few years, QBE reported results that, for the first time, convinced investors that its turnaround strategy has started working. As a result, the market responded favourably and the share price appreciated +13.05%. Fortunately for the Fund, QBE did not have any August option expiries due to the stock being a new addition during the Period, following the benchmark change to the Solactive Australia 20 Index.

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. Despite rising modestly over the Period, the performance of the S&P/ASX 200 Index was not sufficient to challenge the option strike and resulted in the Fund retaining all the option premium.

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