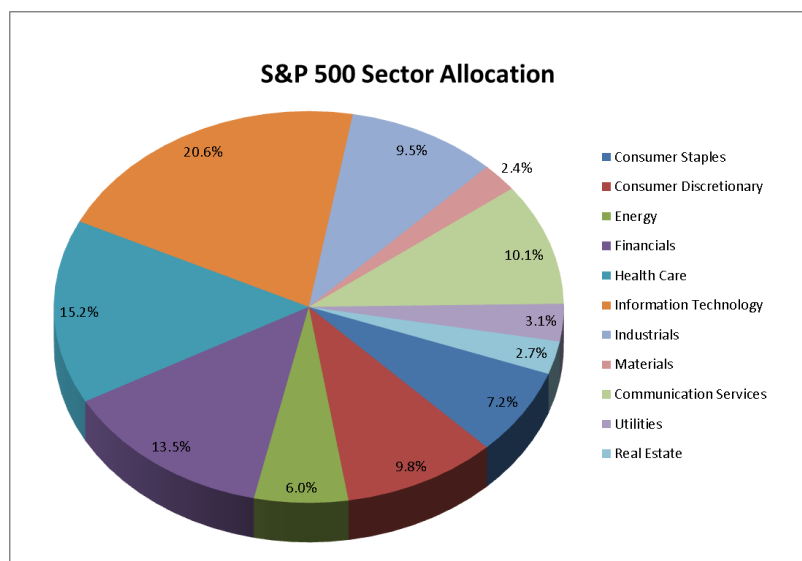


**UMAX commentary –November 2018 (October Option Period)  
Adviser Use Only**


Source: Bloomberg, as of 19 October 2018.

**UMAX: ASX**

NAV per unit (October 19)	\$19.633
NAV per unit (September 21)	\$20.502

**October Option Period Returns**

UMAX Total Return	-3.17%
S&P 500 Total Return	-3.39%
Over (Under) Performance	0.23%

**October Options at Inception**

1-Mth Implied Vol.	8.4%
Portfolio Delta	-0.24
% Portfolio Written	95%

**November Options at Inception**

1-Mth Implied Vol.	16.3%
Portfolio Delta	-0.23
% Portfolio Written	94%

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

1 October 2018	\$0.2290
2 July 2018	\$0.2706
2 April 2018	\$0.2386
2 January 2018	\$0.1688

The UMAX total return was -3.17% between 21 September 2018 and 19 October 2018 (“October Option Period” or “October Period”). The S&P 500® Index (the “S&P 500” or “Index”) had a total return of -3.39%, in AUD terms during the same October Period. It was only last month that the Index was making new highs and everything seemed fine in the markets. How quickly things changed during the October Option Period. The Index closed the September Period at all-time highs, but the cheer ended abruptly. It was downhill for stocks during the entirety of the October Option Period. All sectors except the Utilities sector were lower, pointing to the broadness of the selloff. In our previous commentary we commented the CBOE VIX® Index (“VIX”) had been stable despite the market making new highs. This turns out to have been a harbinger of volatility to come. The VIX traded higher throughout the October Period, closing just shy of the important 20 level at the end of the October Period. The 1-month at-the-money options volatility closed at 16.3% on 19 October 2018, almost double the September level. The new November 2018 options were written with approximately 94% coverage, 2.8% out-of-the money and to an initial portfolio delta of -0.23.

**Information Technology (Index weight: 20.6%)**

The Information Technology sector returned -6.3% during the October Period. Weakness was pervasive across the sector with Apple Inc. (“AAPL”) the only technology stock that managed to trade higher during the period. Semiconductor stocks did particularly poorly. All those stocks were down more than ten percent on average during the October Period. Despite this terrible

performance technology stocks continue to be the best performing sector in the Index year-to-date.

**Financials (Index weight: 13.5%)**

Financials underperformed the market for the second consecutive period. The October Period was a busy one for financials, as many of the large banks report third quarter earnings during this time. Of the 67 stocks in the

sector, 65 traded lower during the October Period. Goldman Sachs (“GS”) was one of the financials reporting earnings during the October Period. GS was the best performing bank overall, but still traded down -3.5%.

**Real Estate (Index weight: 2.7%)**

The Real Estate sector resumed its losing ways, with negative returns for the second consecutive period. The continued prospect of higher interest rates has been weighing on the sector. Only three stocks in the sector traded higher during the October Period.

**Healthcare (Index weight: 15.2%)**

The Healthcare sector traded lower, returning -3.0% during the October Option Period. While the sector outperformed the Index overall, the healthcare products subsector was hit particularly hard. All stocks in this space trading lower during the October Period.

**Consumer Discretionary (Index weight: 9.8%)**

After being the second best performing sector in the Index during the September Option Period, the Consumer Discretionary Sector gave up all its gains and more during the October Period. The sector decreased 9.0% during the October Option Period, the second worst performance in the Index.

**Industrials (Index weight: 9.5%)**

The Industrial sector was the best performing sector in the Index during the September Period. It did, however, give up all the gains during the October Period and underperformed the already weak Index performance. General Electric Co. (“GE”) one of the worst performers of the year, managed to buck the trend during the October Period, returning 3.2%. GE shares were bouncing back from oversold levels.

**Consumer Staples (Index weight: 7.2%)**

While the Consumer Staples sector traded slightly lower during the October Period, it significantly outperformed the Index. Staple goods retailers such as Walmart Inc

(“WMT”) and Walgreens (“WBA”) both traded higher during the October Period returning 1.3% and 6.0% respectively, which helped the sector outperform the overall Index.

**Energy (Index weight: 6.0%)**

The Energy sector continued to be volatile during the October Option Period. Like many cyclical sectors, energy stocks declined during the October Period as oil prices weakened. Natural gas prices, however, were strong. The NYMEX front month natural gas futures contract increased over 9% during the October Period, possibly in anticipation of an early heating season.

**Materials (Index weight: 2.4%)**

The Materials sector was by far the worst performing sector in the Index. The sector plunged -12.4% during the October Period. The only gold stock in the sector, Newmont Mining Corp. (“NEM”) was one of the few names to advance. It returned 2.0% during the October Period.

**Communication Services (Index weight: 10.1%)**

The Communication Services sector traded lower during the October Period, dragged down by the internet sector. Heavyweights Facebook Inc. (“FB”) and Alphabet Inc. (“GOOGL”) were both down over five percent during the period.

**Utilities (Index weight: 3.1%)**

In a difficult trading environment for stocks, the defensive Utilities sector bucked the trend and ended the period as the best performing sector. The Utilities sector returned 2.9% during the October Period, recouping all the losses and more from the previous September 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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