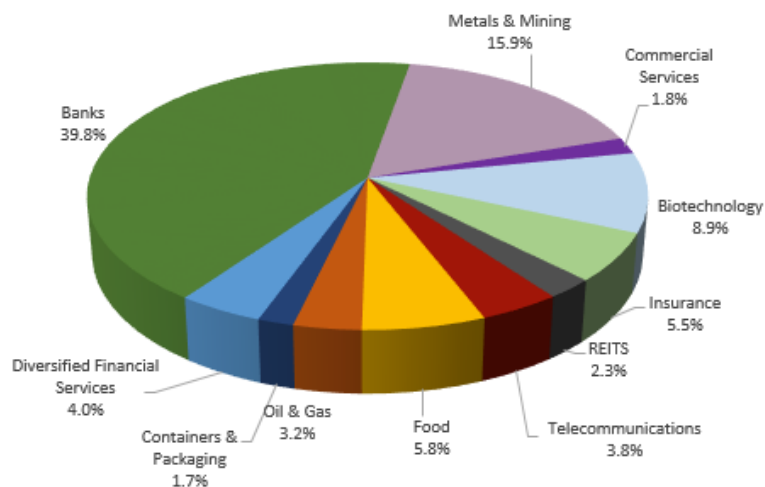


YMAX Commentary - 2018 December (November Option Period) Adviser Use Only

S&P/ASX20 Index Industry Breakdown



Source: Bloomberg as at 29 November 2018

YMAX	
NAV per unit (October 25)	\$7.95
NAV per unit (November 29)	\$8.21
November Option Period Returns	
YMAX Total Return	3.35%
Solactive Australia 20 Index	4.12%
Over/(Under) Performance	-0.77%
November Options at Inception	
1-Mth Implied Vol	22.2%
Portfolio Delta	-0.24
% Portfolio Written	66%
December Options at Inception	
1-Mth Implied Vol	20.0%
Portfolio Delta	-0.22
% Portfolio Written	72%
Distributions Per Unit (by ex-date)	
	1-Oct-18 \$0.285
	2-Jul-18 \$0.129
	3-Apr-18 \$0.163
	2-Jan-18 \$0.184

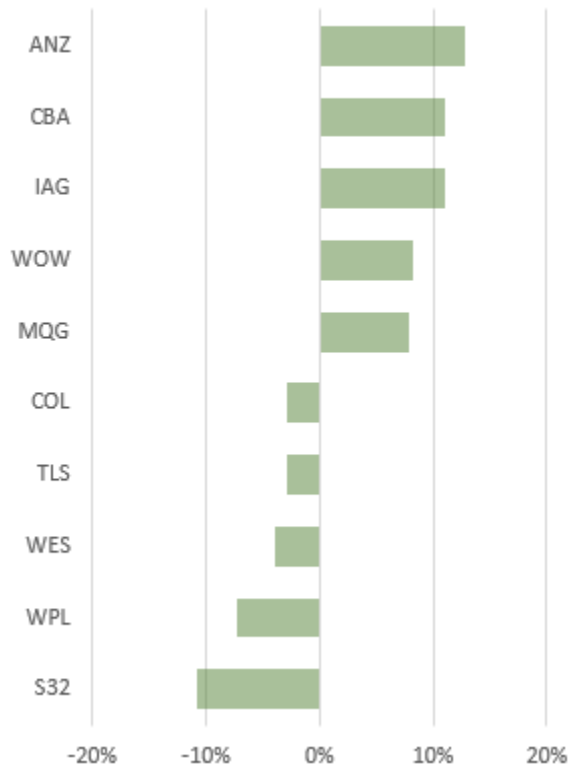
The YMAX total return was +3.35% between 25 October 2018 and 29 November 2018 (“November Option Period” or “Period”). The Solactive Australia 20 Index (“Index”) total return was +4.12% over the same Period, and as a result YMAX underperformed the Index by -0.77%.

After experiencing sharp declines since the end of August, the Australian equity market experienced a strong rebound from the 25 October low (which coincided with the start of the Period option expiry date). Given the significant weakness in the global market at the end of the previous Period, care was taken in establishing short call option positions over a number of days. This worked in the Fund’s favour. Over the first half of the Period, during which time the Index rallied by an impressive +7.3%, US president Trump announced he instructed the drafting of a trade deal with China and the US midterm elections resulted in the Democrats gaining the House of Representatives, whilst the Republicans strengthened their position in the Senate. Both these events were viewed as positive by the market.

A US technology lead market decline, however, resulted in global equity markets giving back some of the earlier gains. Energy stocks also slumped following crude oil’s -23% collapse over the Period. Surging inventory levels and a growing concern over future demand contributed to this weakness.

The overall stock market recovery saw a compression in implied volatilities across the constituent names of YMAX. December options were written approximately 3.47% out-the-money on 72% of the portfolio.

Top / Bottom 5 stock movers



On 8 November the Australian Prudential Regulatory Authority (“APRA”) released a consultation paper highlighting increased Total Loss Absorbing Capacity (“TLAC”) levels for Australian banks to be effective by 2023. Credit rating agencies responded positively to this announcement and stated that they would likely lift the Australian banks’ outlook from negative to stable. This provided further price support to the banking names within YMAX. ANZ and CBA were the standout performers over the Period with returns of +12.80% and +10.97% respectively, and resulted in net buy back cost to the Fund.

Crude oil and iron ore prices slumped -23.59% and -9.65% respectively and placed pressure on YMAX constituents Woodside Petroleum (“WPL”), BHP Billiton (“BHP”) and Rio Tinto (“RIO”). These names failed to lift with the market and resulted in full option premium capture for the Fund.

YMAX continues to utilize index option as part of the overwrite programme. The November index options were closed out for an insignificant buy back cost prior to the market recovery on 25 October, resulting in a net benefit to the Fund.

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