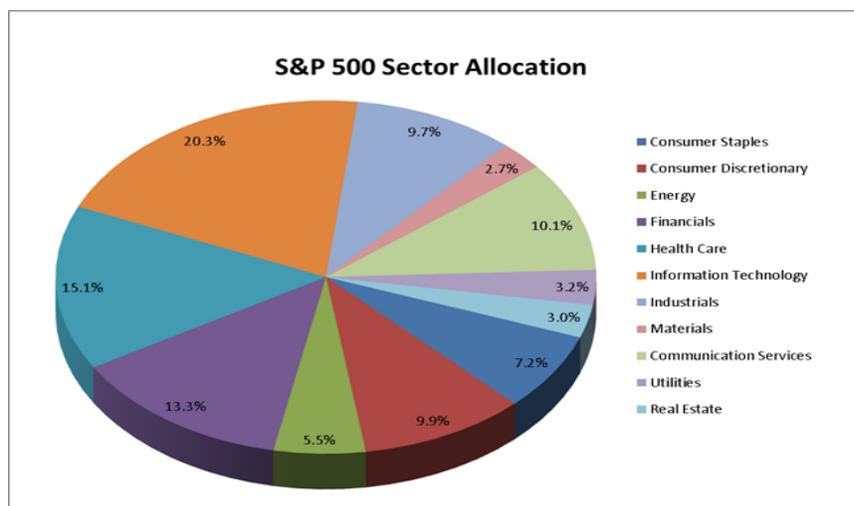


## UMAX commentary – March 2019 (February Option Period) Adviser Use Only



Source: Bloomberg, as of 15 February 2019.

### UMAX: ASX

NAV per unit (January 18)	\$18.0916
NAV per unit (February 15)	\$18.8320

### February Option Period Returns

UMAX Total Return	4.09%
S&P 500 Total Return	5.01%
Over (Under) Performance	-0.92%

### February Options at Inception

1-Mth Implied Vol.	14.0%
Portfolio Delta	-0.27
% Portfolio Written	95%

### March Options at Inception

1-Mth Implied Vol.	12.0%
Portfolio Delta	-0.27
% Portfolio Written	95%

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

2 January 2019	\$0.2896
1 October 2018	\$0.2290
2 July 2018	\$0.2706
2 April 2018	\$0.2386

The UMAX total return was 4.09% between 18 January 2019 and 15 February 2019 (“February Option Period” or “February Period”). The S&P 500® Index (the “S&P 500” or “Index”) had a total return of 5.01%, in AUD terms during the same February Period. The February Option Period continued where the previous period left off as strong markets continued throughout the February Period and volatility levels also kept moving lower. It was a fairly typical bull market period and the Index managed to end the period above its 200 day moving average, a positive sign for markets going forward. All eleven sectors had higher returns during the February Period, confirming the broad based nature of the current rally. The CBOE VIX® Index (“VIX”) declined throughout most of the period as the market traded higher. The VIX closed below the key level of 15, the first time it has done so since October of last year. Lower levels in the VIX are usually associated with less risky markets but they also reduce the premium available for the covered call strategy. The one-month at-the-money options volatility closed at 12.0% on 15 February 2019. The new March 2019 options were written with approximately 95% coverage, 1.8% out-of-the money and to an initial portfolio delta of -0.27.

#### **Information Technology (Index weight: 20.3%)**

The Information Technology sector was uniformly strong, increasing 5.7% during the February Option Period. Only 5 of the 68 names traded lower during the period. The commercial services subsector was particularly strong with Automatic Data Processing (“ADP”), Fleetcor Technologies (“FLT”) and Gartner Inc (“IT”) each increasing over 10% during the period.

#### **Financials (Index weight: 13.3%)**

While Financials increased with the rest of the market, they were the worst performing sector in the Index

returning 1.4% during the February Period. While financial names have recovered well so far in 2019, a flattening yield curve is causing some concerns over the profitability of the sector going forward.

#### **Real Estate (Index weight: 3.0%)**

The Real Estate sector continued to perform well during the February Option Period. Only 2 stocks had negative returns in the sector during the February Period. The sector returned 7.0% during the period, the second best performance of any sector in the Index.

**Healthcare (Index weight: 15.1%)**

The Healthcare sector returned 3.0% during the February Option Period. Healthcare services stocks did particularly well, with all eleven names trading higher during the February Period. Anthem Inc. (“ANTM”) was the best performing stock in the sector, returning over 17%.

**Consumer Discretionary (Index weight: 9.9%)**

The Consumer Discretionary sector continued higher during the February Period, but was uncharacteristically weighed down by Amazon’s (“AMZN”) poor performance. Other internet retailers did well, however, with EBay Inc. (“EBAY”) leading the way and returning 18.0% in the period.

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

The Industrial sector returned 7.7% during the February Period. It was the best performing sector in the Index. Electronics and building materials companies were amongst the largest gainers with all six stocks returning over 7% during the February Period.

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

The Consumer Staples sector trended higher, led by strong fourth quarter earnings reports. Proctor & Gamble (“PG”) was one of the companies that exceeded expectations when they reported early in the February Period. PG returned over 7% during the February Period, and as the largest stock in the sector contributed to Consumer Staples’ good performance.

**Energy (Index weight: 5.5%)**

Oil prices rebounded sharply after a difficult December Period. The Energy sector was the third best performing

sector in the Index, increasing 13.6% during the February Period. Every company in the sector had positive returns during the February Options Period, but Oil services stocks did particularly well, with four out of five stocks increasing more than 20%.

**Materials (Index weight: 2.7%)**

The Materials sector performed well, increasing 1.9% during the February Option Period. Only 6 of 25 names had moved lower at the end of the period. Chemical names powered higher on balance, as Albemarle (“ALB”), Air Products and Chemicals (“APD”), and paint maker Sherwin-Williams (“SHW”) surged 6.19%, 9.75%, and 10.2% respectively in the cycle.

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

The Communication Services sector rallied 2.4%, perhaps less than expected against a backdrop of broader strength. Some software names, such as Activision Blizzard (“ATVI”) and Take-Two Interactive (“TTWO”), dragged on the sector with -8.32% and -13.82% performances, respectively. Facebook (“FB”) continued to claw back some of the dramatic losses incurred in the second half of 2018 and rose 8.3% in the period.

**Utilities (Index weight: 3.2%)**

Broader market strength managed to buoy even defensive sectors like Utilities. The sector’s return of 4.4% reflected a decisive return to calm for equities overall, following the calamity of late 2018. Edison (“EIX”) surged 10.24% in the 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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