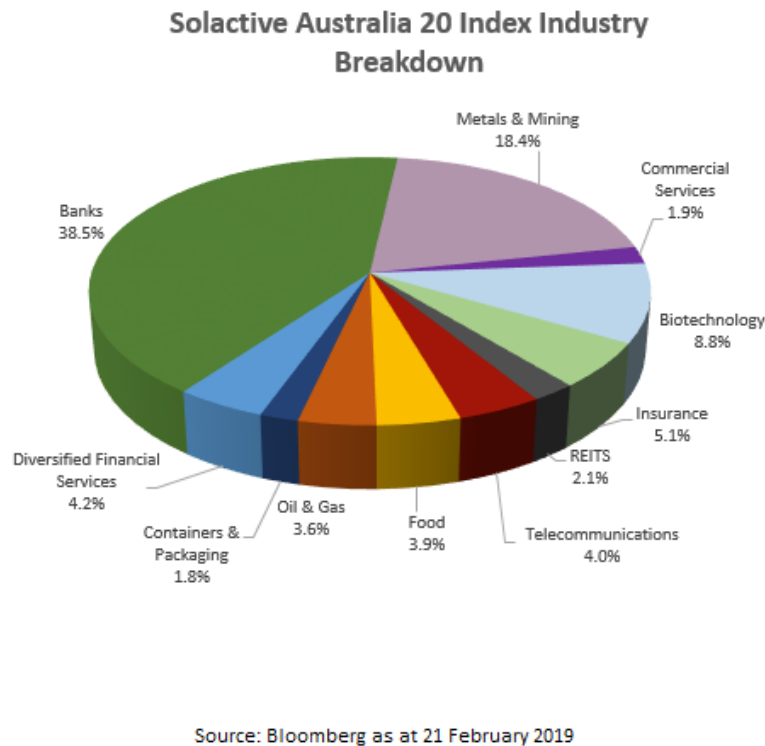


## YMAX Commentary – 2019 March (February Option Period) Adviser Use Only



YMAX	
NAV per unit (January 24)	\$8.12
NAV per unit (February 21)	\$8.36
<b>February Option Period Returns</b>	
YMAX Total Return	3.00%
Solactive Australia 20 Index	5.32%
Over/(Under) Performance	-2.32%
<b>February Options at Inception</b>	
1-Mth Implied Vol	19.8%
Portfolio Delta	-0.22
% Portfolio Written	77%
<b>March Options at Inception</b>	
1-Mth Implied Vol	18.6%
Portfolio Delta	-0.24
% Portfolio Written	68%
<b>Distributions Per Unit (by ex-date)</b>	
2-Jan-19	\$0.182
1-Oct-18	\$0.285
2-Jul-18	\$0.129
3-Apr-18	\$0.163

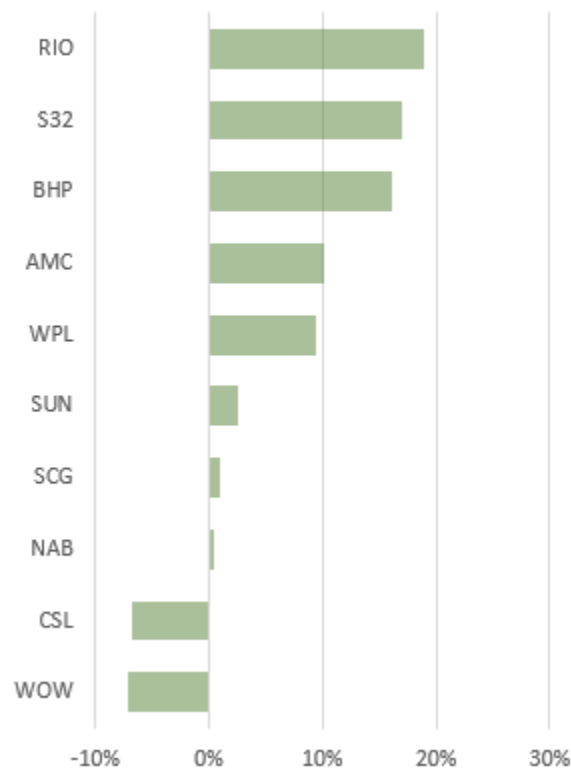
The YMAX total return was +3.00% between 24 January and 21 February 2019 ("February Option Period" or "Period"). The Solactive Australia 20 Index ("Index") total return was +5.32% over the same Period, and as a result YMAX underperformed the Index by -2.32%.

After staging a strong rally over the first month of 2019, stocks and commodities maintained their strength into February. The S&P 500 Index advanced +5.23% over the Period, whilst WTI Crude Oil gained +7.12% and Iron Ore rallied an impressive +17.01%. Brazilian mining giant Vale S.A. was involved in a fatal mining dam collapse. This tragic event will result in a large amount of iron ore supply being removed from the market and favours many of the Australian iron ore players given their high-grade ore status. BHP Billiton ("BHP"), RIO Tinto ("RIO"), and South 32 ("S32") were all major beneficiaries of the surge in iron ore prices. Increased energy prices also assisted the larger producers such as Woodside Petroleum ("WPL").

The market strength was broad based across sectors and persisted for almost all of the Period. Therefore, most of YMAX's option position strike prices were challenged and resulted in significant buy back costs to the Fund.

The market rally and compression in index implied volatilities meant that single stock implied volatilities also softened going into the March Period. These options were written approximately 3.36% out-the-money on 68% of the portfolio.

### Top / Bottom 5 stock movers



BHP, RIO and S32 were unsurprisingly the biggest movers in YMAX. Following the iron ore landscape and strong investor sentiment, RIO advanced +18.96%, S32 +16.92% and BHP +16.03% over the Period. All 3 positions resulted in significant buy back cost to the Fund. For these names we saw only marginal compressions in implied volatility going into the March Period.

Woolworths (“WOW”) was the weakest performer for the Period, returning -7.1%. The company guided to softer consumer conditions and highlighted the emergence of significant input cost pressures. WOW was 1 of only 3 positions that did not challenge their respective option strike price.

YMAX continues to utilize S&P/ASX 200 Index option coverage, which allowed the Fund to increase overall written coverage levels, whilst decreasing single stock call away risk. Whilst the Index option prices benefited from higher implied volatility for the February Period (and allows the strike price to be selected further out the money), the broad based strength in the market resulted in net buy back cost to the Fund.

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