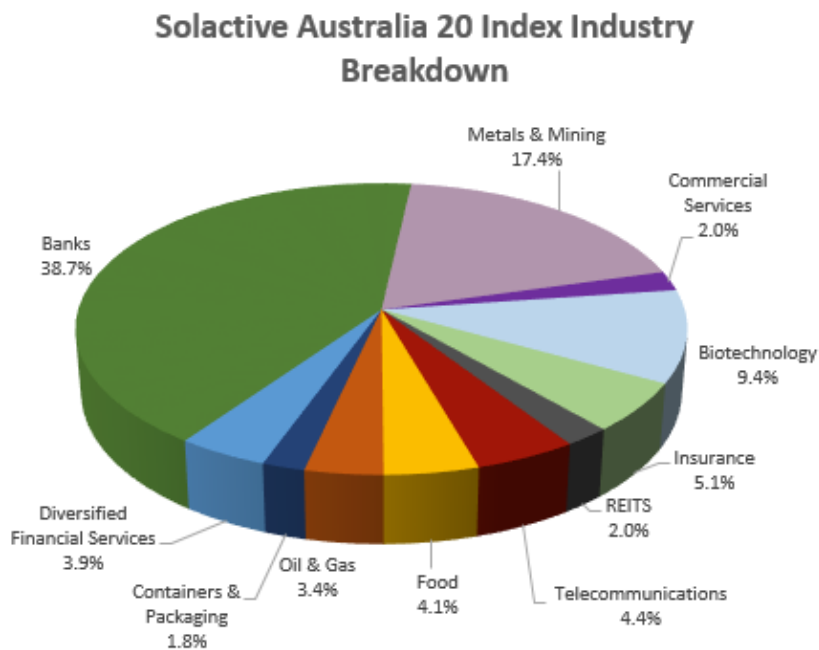


**YMAX Commentary – 2019 July (June Option Period)**  
**Adviser Use Only**



Source: Bloomberg as at 27 June 2019

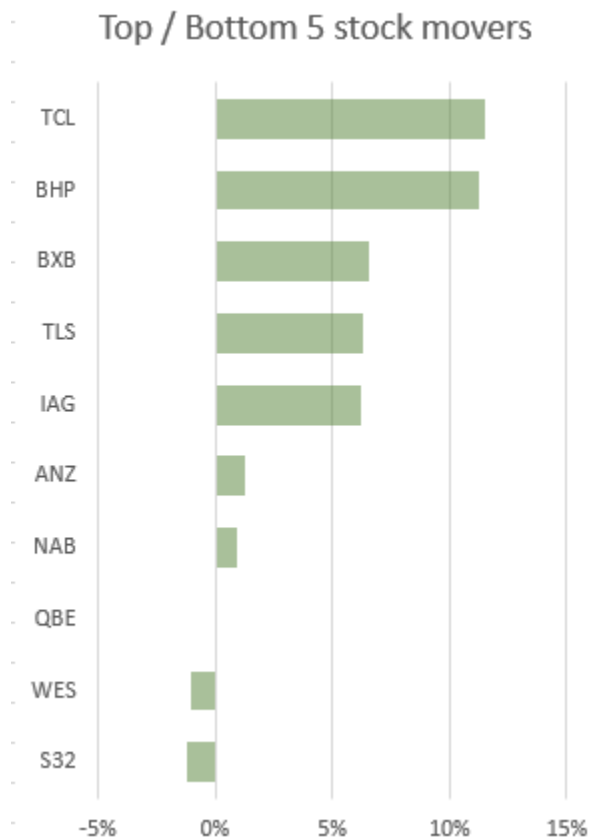
<b>YMAX</b>	
NAV per unit (May 30)	\$8.60
NAV per unit (June 27)	\$8.92
<b>June Option Period Returns</b>	
YMAX Total Return	3.67%
Solactive Australia 20 Index	4.85%
Over/(Under) Performance	-1.18%
<b>June Options at Inception</b>	
1-Mth Implied Vol	17.4%
Portfolio Delta	-0.18
% Portfolio Written	72%
<b>July Options at Inception</b>	
1-Mth Implied Vol	17.3%
Portfolio Delta	-0.18
% Portfolio Written	75%
<b>Distributions Per Unit (by ex-date)</b>	
1-Apr-19	\$0.196
2-Jan-19	\$0.182
1-Oct-18	\$0.285
2-Jul-18	\$0.129

The YMAX total return was +3.67% between 30 May and 27 June 2019 (“June Option Period” or “Period”). The Solactive Australia 20 Index (“Index”) total return was +4.85% over the same Period, and as a result YMAX underperformed the Index by -1.18%.

After the S&P 500 Index posted its worst May in 7 years, global equity markets reversed course and staged an impressive comeback. Whilst trade tensions remained between the US and both China and Mexico, the renewed dovish guidance by the Fed and the ECB sparked rallies in both stock and bond markets. The S&P 500 Index returned +5.05% over the Period, whilst the return on the bond composite Bloomberg Barclays Global Aggregate Index was +2.57% in USD terms.

In Australia the RBA cut the Overnight Cash Rate for the first time in three years, from 1.50% to 1.25%. Governor Lowe cited low inflation and a lack of employment growth as the main reasons for the decision. Stocks that are more sensitive to interest rates, such as REITs, utilities and infrastructure, benefited the most from this policy action. The S&P/ASX 200 A-REIT Index returned +6.10% over the Period, whereas the S&P/ASX 200 Consumer Discretionary Index fell -0.75%. In YMAX the broad based rally meant that only 2 stocks returned negative values and, overall, resulted in a net buy back option cost to the Fund.

Implied volatilities remained at similar levels going into July and still offered a premium when compared to realized volatility. Stocks were written 2.71% out-the-money on approximately 75% of the portfolio.



Transurban Group (“TCL”) was the best performing stock in YMAX, returning +11.54% over the Period. Investors have embraced stocks that pay attractive dividends and that are more interest rate sensitive (or “bond proxies”), owing to the recent interest rate cut and expectations of further RBA easing. The strong price move resulted in a net option buy cost to the Fund.

BHP Group (“BHP”) returned +11.27% over the Option Period. The Chinese government revealed further policy measures that are seen as positive for infrastructure investment, they are allowing local governments to use part of the proceeds from special bond sales as capital for major projects such as railway and national highways. Iron ore prices also firmed over the Period, rallying another +12.95%.

YMAX continues to utilize S&P/ASX 200 Index option coverage, which allows the Fund to increase overall written coverage levels, whilst decreasing single stock call away risk.

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