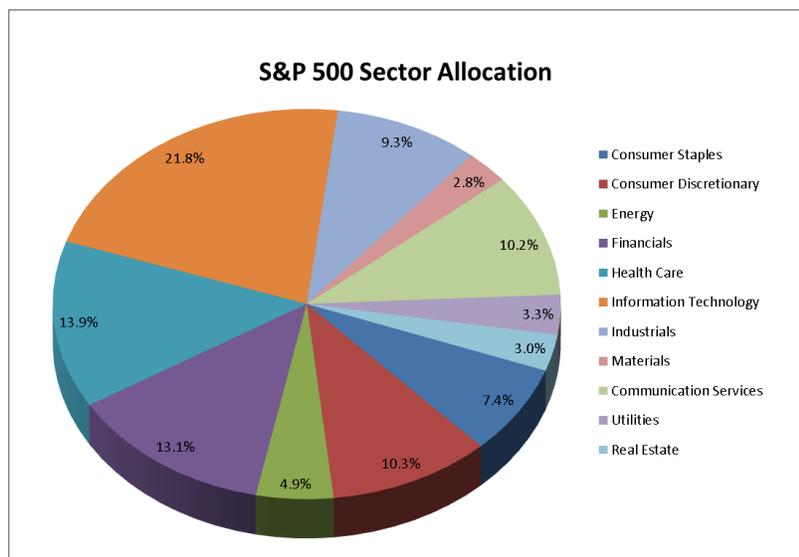


UMAX commentary – September 2019 (August Option Period)
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Source: Bloomberg, as of 16 August 2019

UMAX: ASX

NAV per unit (August 16)	\$20.2063
NAV per unit (July 19)	\$19.9610

August Option Period Returns

UMAX Total Return	1.23%
S&P 500 Total Return	1.06%
Over (Under) Performance	0.17%

August Options at Inception

1-Mth Implied Vol.	11.5%
Portfolio Delta	-0.16
% Portfolio Written	95%

September Options at Inception

1-Mth Implied Vol.	16.2%
Portfolio Delta	-0.24
% Portfolio Written	95%

Distribution Per Unit History (by ex-date)

1 July 2019	\$0.2826
1 April 2019	\$0.3117
2 January 2019	\$0.2896
1 October 2018	\$0.2290

The UMAX total return was +1.23% between 19 July 2019 and 16 August 2019 (“August Option Period” or “August Period”). The S&P 500® Index (the “S&P 500” or “Index”) had a total return of +1.06%, in AUD terms, during the same August Period. After a quiet July period, volatility came back into the markets during the August Option period. The VIX increased over 50% between July 24, 2019 and August 5, 2019. The Index returned -2.78% in US Dollar terms, one of the worst performances so far this year. The energy sector was the worst performing sector, as a weak economic outlook and continued trade tensions with China hurt the prospects for oil demand. Financials also underperformed, as lower long-term bond yields risk affected the banks’ profitability outlook. Real estate stocks bucked the trend and rallied as lower interest rates could lower costs for the traditionally leveraged sector. One-month at-the-money options volatility closed at 16.2% on 16 August 2019. The new September 2019 options were written with approximately 95% coverage, 3.0% out-of-the money and to an initial portfolio delta of -0.24.

Information Technology (Index weight: 21.8%)

The Information Technology sector gave up all of the gains earned during the July option Period and ended down -3.1% during the August Period. Apple Inc., now the second largest stock in the Index, bucked the trend by increasing +1.9% during the August option Period.

Financials (Index weight: 13.1%)

Financials reversed strong gains from the previous July Period. After having beaten market expectations across the board in the previous period, financials plunged to

intra year lows as investors feared that lower rates will affect profitability. The 2 year 5 year yield spread went negative for the first time since 2008.

Real Estate (Index weight: 3.0%)

The Real Estate sector returned +4.9% during the August Option Period. This was the best performing sector in the Index. This was even more remarkable given that in the previous Period the sector had been the worst performer in the Index. Crow Castle Intl Corp (“CCI”), the worst performing stock during the July option Period, recouped

all of its losses and more, increasing 13.9% during the August Period.

Healthcare (Index weight: 13.9%)

Healthcare stocks seemed to be split into two groups during the August Option Period. Healthcare pharmaceutical stocks with exposure to the opioid crisis traded sharply lower, while stocks without such risk performed well. Pfizer Inc. (“PFE”) was one of the poor performing stocks, returning -19% during the August Period. Bristol-Myers Squibb (“BMY”), on the other hand, increased 8.4% during the same period.

Consumer Discretionary (Index weight: 10.3%)

The Consumer Discretionary sector declined -5.6% in the August Option Period. The sector had the second worst performance of any sector in the Index. Sector heavyweight Amazon.com (“AMZN”) was one of the major reasons for the sector’s poor performance. AMZN was close to all-time highs in the previous July Period but disappointing earnings at the end of July sent the stock sharply lower, returning -8.7% during the August Period.

Consumer Staples (Index weight: 7.4%)

The Consumer Staples sector edged only slightly higher in the August Option Period, but the overall performance belied the elevated volatility observed within the group. Ketchup maker Kraft Heinz (“KHC”) plunged -19.44% to multi-year lows as sales continued to slide. By contrast, breakfast purveyor Kellogg (“K”) and beverage maker Coca-Cola (“KO”) moved higher by +12.73% and +5.88% respectively during the August Option Period.

Energy (Index weight: 4.9%)

Energy names plunged in the face of weakening crude oil and natural gas prices. The energy sector fell a sector worst -9.7% in the August Option Period. Anadarko Petroleum (“APC”) was removed from the Index as it was acquired by Occidental Petroleum (“OXY”). Of the

remaining 28 constituents in the sector only 2 names managed a positive performance in the period.

Materials (Index weight: 2.8%)

The Materials sector fell -3.3% during the August Option Period as risk-off sentiment spread to cyclical areas such as mining and chemicals. While the materials sector comprises only 3% of the Index weight, it can be seen as a bellwether of the overall economy. Copper giant Freeport-McMoran Inc (“FCX”) and fragrance maker International Flavours & Fragrances (“IFF”) slid sharply by -20.80% and -20.82% respectively in the August Period.

Communication Services (Index weight: 10.2%)

The Communication Services sector slid a less severe -0.7% during the August Option Period, yet internet and media sub-sector names fared relatively poorly. Travel website Tripadvisor (“TRIP”) and social media darling Facebook (“FB”) retreated by -15.33% and -7.39% respectively in the period. Media names Dish Network (“DISH”) and CBS Corp (“CBS”) plunged -21.84% and -13.61% respectively in the August Period. By contrast investors cheered Twitter (“TWTR”) earnings, and the equity rose +10.36% during the same period.

Utilities (Index weight: 3.3%)

As expected, utilities rallied in the face of rising volatility in broader equities. The sector, mostly viewed as a safe haven by investors, rose +1.2% during the August Period. There were strong performances in both water and electric constituents. American Water Works (“AWK”) and CMS Energy Corp (“CMS”) rose +8.04% and +5.05% respectively 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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