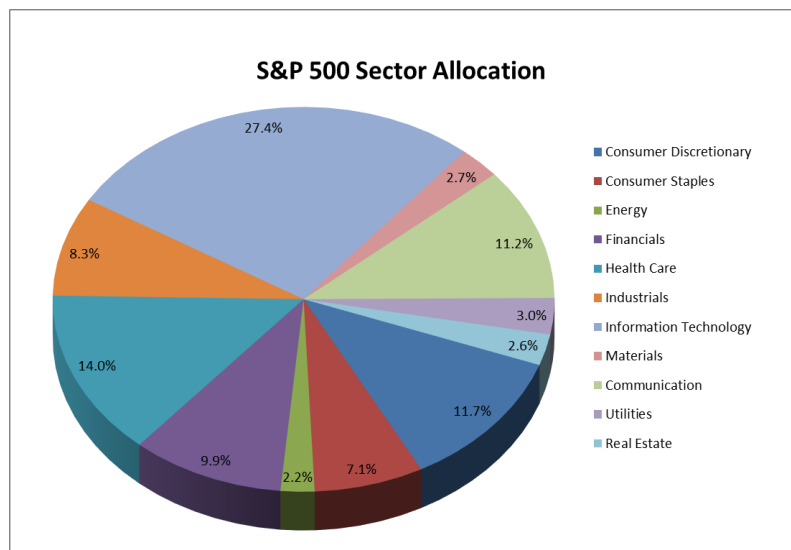


## UMAX commentary– November 2020 (October Option Period) Adviser Use Only



Source: Bloomberg, as of 30 October 2020

### UMAX: ASX

NAV per unit (October 16)	\$ 18.4987
NAV per unit (September 18)	\$ 17.5740

### October Option Period Returns

UMAX Total Return	7.08%
S&P 500 Total Return	8.37%
Over (Under) Performance	-1.29%

### October Options at Inception

1-Mth Implied Vol.	21.5%
Portfolio Delta	-0.26
% Portfolio Written	98%

### November Options at Inception

1-Mth Implied Vol.	23.4%
Portfolio Delta	-0.26
% Portfolio Written	98%

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

1 October 2020	\$0.3080
1 July 2020	\$0.3867
31 March 2020	\$0.3044
2 January 2020	\$0.2889

The UMAX total return was 7.08% between 18 September 2020 and 16 October 2020 (“October Option Period” or “October Period”). The S&P 500® Index (the “S&P 500” or “Index”) had a total return of 8.37 %, in AUD terms, during the same October Period. After a brief pause in the previous period, the Index continued higher, getting within striking distance of the all-time highs set in early September. The October Period however did not start well at the end of September, as markets continued to be volatile up until September 30. A lack of an agreement on a stimulus bill between Nancy Pelosi and the Republicans, as well as a chaotic first debate between Pres. Trump and Democratic nominee Biden caused concerns on whether the US government was going to be able to focus on fixing the economy. Subsequent to that however, volatility came down and the Index clawed back most of its losses from September between October 1 and October 14, 2020. In what continues to be a seasonally volatile timeframe for the equity markets, investors fretted about the divisive election campaign underway. This caused the VIX volatility index to remain high throughout the October Period, despite the rise in stock prices. All but one sector traded higher during the October Period. Energy shares continued to struggle as they have since the beginning of the year.

#### Information Technology (Index weight: 27.4%)

Information Technology was the second-best performing sector in the Index, increasing 8.5% during the October Option Period. The increase allowed the sector to recoup much of the losses from the previous period. Most technology names were higher, but the semiconductor stocks did particularly well. All 18 semiconductor stocks had positive returns during the period, with 17 of them returning over 5%.

#### Financials (Index weight: 9.9 %)

The Financials sector had a mixed performance, returning 1.7% during the October Option Period. Bank of America Corp. (“BAC”), Citigroup Inc. (“C”) and Wells Fargo and Co. (“WFC”) were all lower after delivering disappointing earnings. Asset management companies and brokerage companies did well, however, as strong markets continue to support asset prices and market activity. BlackRock Inc. (“BLK”), Charles Schwab Corp. (“SCHW”) and Raymond

James Financial Inc. ("RJF") returned 18.0%, 9.1% and 9.3% respectively during the October Period.

**Real Estate (Index weight: 2.6 %)**

Similar to financials, Real Estate stocks traded in a range during the October Option Period. Equinix Inc. ("EQIX") is a company that continues to do well, reaching new all-time highs and returning 8.7% during the period. EQIX is a REIT that provides exposure to the technology sector, as it focuses on data centres.

**Healthcare (Index weight: 14.0 %)**

The Healthcare sector returned 2.5% during the October Period. While healthcare stocks were mostly higher, they significantly underperformed the overall Index. Health insurers UnitedHealth Group Inc. ("UNH") and Humana Inc. ("HUM") continue to make all-time highs. A lower utilization of healthcare services during the coronavirus pandemic has helped these companies increase their profitability.

**Consumer Discretionary (Index weight: 11.7%)**

The Consumer Discretionary sector returned 7.6% and outperformed the Index during the October Option Period. There was quite a bit of optimism in the house building sector. All four house builder stocks in the sector moved higher, with all of them reaching new all-time highs. Pulte Group Inc. ("PHM") managed to exceed the highs made prior to the 2008 financial crisis.

**Industrials (Index weight: 8.3%)**

The Industrials sector returned 3.9% during the October Period. After being one of the best performing sectors in the Index in the previous period, this was a slight underperformance. Airline stocks which had done particularly well in the past period, gave up some of those gains, with all five airline stocks in the sector posting negative returns. Fears that it may take longer for the economy to get back to normal weighed on sentiment.

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**Consumer Staples (Index weight: 7.0%)**

The Consumer Staples sector returned 4.7% during the October Period. Despite being typically defensive in nature, consumer staple stocks rallied strongly along with the Index. Cosmetic and personal care stocks were all higher, with Colgate-Palmolive Co. ("CL") posting the best return at 5.9% during the period.

**Energy (Index weight: 2.2%)**

The Energy sector was once more the worst performing sector in the Index during the October Period, returning - 8.7%. This was the third time in a row that the sector was the worst performing, and it was also the only sector to post negative returns during the October Period.

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

The Materials sector was the second worst performing sector, but still managed a positive return increasing 1.1% during the October Period. Building material stocks were significantly higher, capitalizing on the bullishness in the housing sector. Vulcan Materials Co. ("VMC") and Martin Marietta Materials ("MLM") both returned over 10%.

**Communication Services (Index weight: 11.2 %)**

The Communication Services sector continues to do well, driven by the Internet stocks in the sector. Social media stocks and other tech stocks all traded higher, with Netflix Inc. ("NFLX") and Twitter Inc. ("TWTR") posting the best returns, up 12.9% and 14.1% respectively during the October Period.

**Utilities (Index weight: 3.0%)**

Utilities stocks returned 10.3% during the October Period. This was one of the rare times that Utilities were the best performing sector in the Index, with all stocks in the sector increasing during the period.

The Fund's equity exposures continue to be obtained indirectly via its holding of one or more US-listed exchange traded funds.