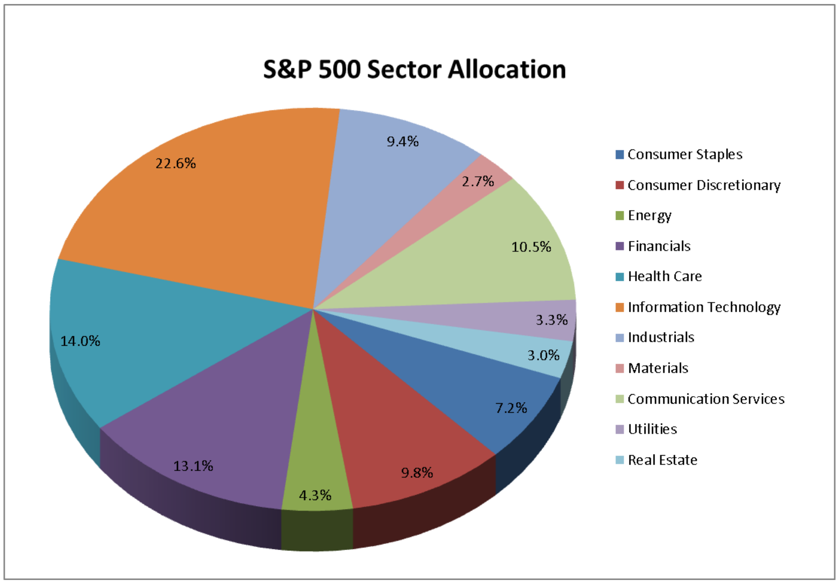
BetaShares

UMAX commentary – December 2019 (November Option Period)

Adviser Use Only



Source: Bloomberg, as of 15 November 2019

UMAX: ASX	
NAV per unit (November 15)	$21.0873
NAV per unit (October 18)	$20.3552
November Option Period Returns	
UMAX Total Return	3.60%
S&P 500 Total Return	5.17%
Over (Under) Performance	-1.43%
November Options at Inception	
1-Mth Implied Vol.	12.3%
Portfolio Delta	-0.23
% Portfolio Written	95%
December Options at Inception	
1-Mth Implied Vol.	9.7%
Portfolio Delta	-0.26
% Portfolio Written	95%
Distribution Per Unit History (by ex-date)	
1 October 2019	$0.2615
1 July 2019	$0.2826
1 April 2019	$0.3117
2 January 2019	$0.2896

The UMAX total return was 3.60% between 18 October 2019 and 15 November 2019 ("November Option Period" or "November Period"). The S&P 500® Index (the "S&P 500" or "Index") had a total return of 5.17%, in AUD terms, during the same November Period. Having experienced a down month during the October option period, which coincided with a usually difficult seasonal stretch, the Index recovered previous losses and made new all-time highs during the November option period. Companies in the Index reported third-quarter earnings that were within investors' expectations, and at times exceeded them. With third-quarter earnings out of the way, and new all-time highs being recorded, the index volatility came down significantly during the period. The VIX volatility Index traded lower throughout the November option period, closing just above the 12 level, the lowest level since the month of July and very close to the lows of the year set in mid-April. The new December 2019 options were written with approximately 95% coverage, 1.6% out-of-the money and to an initial portfolio delta of -0.26.

Information Technology (Index weight: 22.6%)

The Information Technology sector did exceptionally well during the November option period, returning 7.7%. The technology sector was the best performing sector in the Index during this period and ended at new all-time highs. The top two stocks by market capitalization in the Index, Microsoft Corp. ("MSFT") and Apple Inc. ("AAPL") surged 9.1% and 12.4% respectively during the November Option Period. Both stocks outperformed after exceeding investors' expectations for third-quarter earnings.

Financials (Index weight: 13.1%)

Financials traded higher with the overall Index during the November Option Period. Much of the weakness in financial stocks during the previous two periods was caused by the inverting yield curve, where short-term bond rates exceed long-term rates. An inverted yield curve generally hurts bank profitability. However since early October, long term yields have gone up, reversing this trend. This has improved investors' outlook for the sector.

BetaShares

Real Estate (Index weight: 3.0%)
After being the best returning sector during the previous October option period, the Real Estate sector was the worst performing sector in the Index during the November Option Period. Despite this poor performance, real estate stocks have still performed very well in 2019, gaining over 25% to date.

Healthcare (Index weight: 14.0%)
The Healthcare sector returned 6.1% during the November Option Period. Unlike the previous period where stock returns of the individual constituents diverged greatly, healthcare stocks rose relatively uniformly during the current period. Of the 61 companies in the healthcare sector, only 12 had negative returns during the November Period. The top 10 companies in the sector by market capitalization all gained during the same period.

Consumer Discretionary (Index weight: 9.8%)
The Consumer Discretionary sector was only one of three sectors to end negative during the November Option Period, returning -0.7%. Hotel chains, however, did very well and outperformed the rest of the sector. Performances were supported by better-than-expected third-quarter earnings. Marriott International ("MAR"), Hilton Worldwide Holdings Inc. ("HLT") and MGM Resorts International ("MGM") rose 12.0%, 9.1% and 11.9% respectively during the November Period.

Industrials (Index weight: 9.4%)
The Industrial sector was the second best performing sector in the Index during the November Option Period. Gains were uniform across the sector, with 61 of the 69 stocks in the sector having positive returns during the period. Aerospace and airlines shares did particularly well with the 14 companies in the subsectors all gaining during the period.

Consumer Staples (Index weight: 7.2%)
The Consumer Staples sector traded higher during the November Option Period, increasing 0.9%. While this underperformed the overall Index, it was the second consecutive period of gains for the sector. Philip Morris International ("PM") and Altria Group Inc. ("MO") continued to advance after the recent announcement of their intention to recombine. PM and MO returned 5.3% and 8.2% respectively.

Energy (Index weight: 4.3%)
After the October period's lackluster performance, Energy stocks rebounded smartly, performing in line with the Index and returning 4.7% during the November Option Period. With the onset of the heating season, natural gas prices performed well, helping to spur the sector overall. Gas prices, as measured by the NYMEX front-month future, returned 15.9% during the period.

Materials (Index weight: 2.7%)
The Materials sector increased 4.9% during the November Option Period. Chemical stocks did particularly well with 12 of the 15 names in the subsector posting higher returns during the period. FMC Corp. ("FMC") was the top gainer, returning 16.9% during the November period.

Communication Services (Index weight: 10.5%)
The Communication Services sector returned 4.2% during the November Option Period. Certain stocks, however, such as Twitter Inc. ("TWTR"), fared poorly due to disappointing third-quarter earnings results. TWTR returned -25.0% during the November Period.

Utilities (Index weight: 3.3%)
The Utilities sector was the second worst performing sector, retreating -1.9% during the November period. With investors feeling confident, many chose to move their money to riskier sectors while at the same time abandoning safe havens such as utilities.

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

This information has been prepared by BetaShares Capital Ltd (ACN 139 566 868 AFS Licence 341181) ("BetaShares") the responsible entity of BetaShares S&P 500 Yield Maximiser Fund (managed fund) (the "Fund") for adviser use only. It is general information only and does not take into account any investor's objectives, financial situation or needs so it may not be appropriate for an investor's particular circumstances. Before making an investment decision an investor should consider the product disclosure statement ("PDS") and their circumstances and obtain financial advice. The PDS is available at www.betashares.com.au. This information is not a recommendation or offer to buy units or adopt any particular strategy. An investment in the Fund is subject to investment risk and the value of units may go down as well as up. Past performance is not an indication of future performance. The performance of the Fund is not guaranteed by BetaShares or any other person. To the extent permitted by law BetaShares accepts no liability for any errors or omissions or loss from reliance on the information herein.

Standard & Poor's® and S&P® are registered trademarks of Standard & Poor's Financial Services LLC ("S&P"). These trademarks have been licensed for use by BetaShares. The Fund is not sponsored, endorsed, sold or promoted by S&P or its Affiliates, and S&P and its Affiliates make no representation, warranty or condition regarding the advisability of buying, selling or holding units in the Fund. .