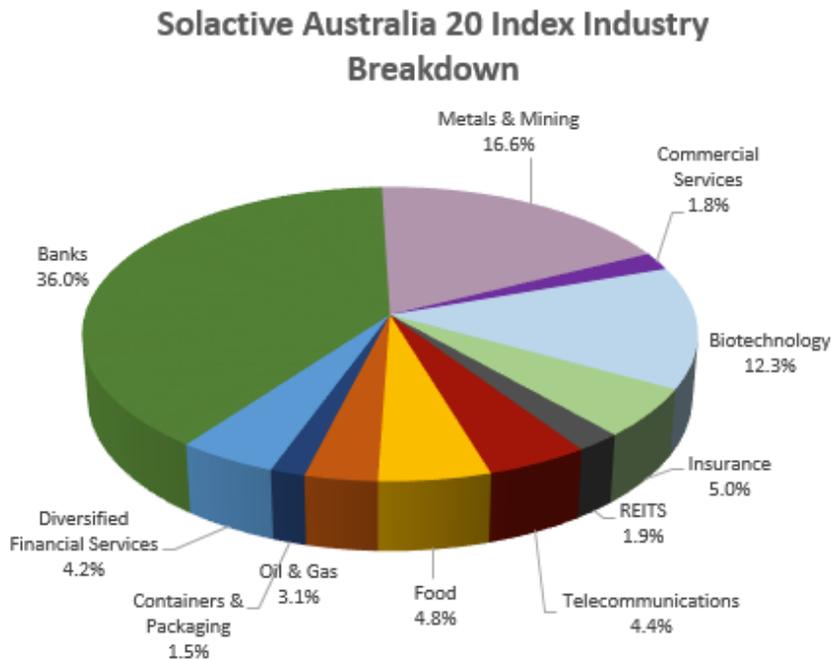


YMAX Commentary – 2019 December (November Option Period)
Adviser Use Only



Source: Bloomberg as at 28 November 2019

YMAX	
NAV per unit (October 24)	\$8.50
NAV per unit (November 28)	\$8.57
November Option Period Returns	
YMAX Total Return	0.84%
Solactive Australia 20 Inde:	1.79%
Over/(Under) Performance	-0.95%
November Options at Inception	
1-Mth Implied Vol	17.5%
Portfolio Delta	-0.22
% Portfolio Written	77%
December Options at Inception	
1-Mth Implied Vol	15.7%
Portfolio Delta	-0.26
% Portfolio Written	78%
Distributions Per Unit (by ex-date)	
1-Oct-19	\$0.219
1-Jul-19	\$0.165
1-Apr-19	\$0.196
2-Jan-19	\$0.182

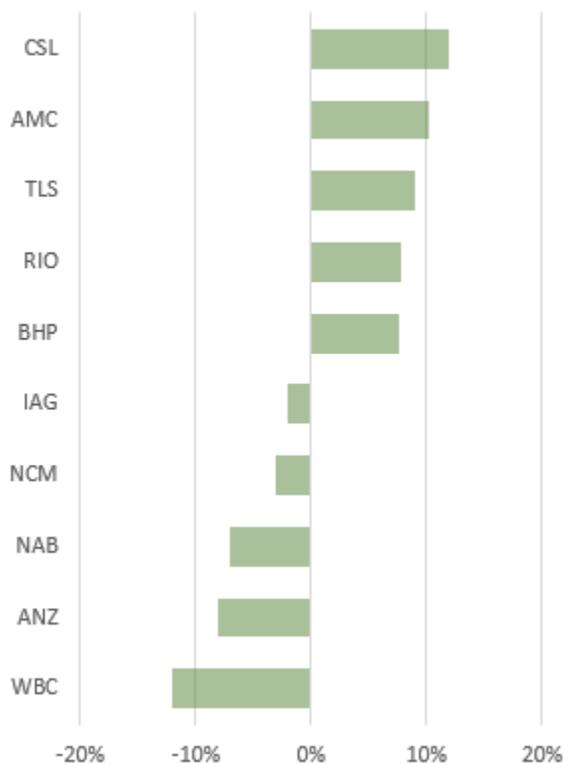
The YMAX total return was +0.84% between 24 October 2019 and 28 November 2019 (“November Option Period” or “Period”). The Solactive Australia 20 Index (“Index”) total return was +1.79% over the same Period, and as a result YMAX underperformed the Index by -0.95%.

Globally the attention was focused on any information regarding an imminent US China trade deal announcement. Information from both countries were mixed, further causing angst among investors. Despite the trepidation, volatility levels on the S&P 500 Index remained surprising low and returned +4.99% (in USD terms) for the Period. The Australian stock market also experienced a positive return over the Period, but the dispersion of stock and sector returns were more pronounced (see chart below). This profile resulted in the Fund underperforming the Index by a larger margin than would otherwise be expected.

The largest negative contribution to the Fund came from the Australian banks, which as a sector is still the largest exposure within YMAX. Westpac Banking Corporation’s (“WBC”) shares fell after the lender posted its first profit drop in a decade and sold \$2 billion of new shares to bolster capital. The new shares were sold at \$25.32, a 9.2% discount to the last closing price. The stock declined as much as 5.1% on the day following the announcement. To add to its woes, the

company announced on 19 November that it would be subject to legal action by AUSTRAC, following claims of Australia’s largest number of anti-money laundering and terrorism financing regulatory breaches. After a public outcry, CEO Brian Hartzler finally stepped down. National Australia Bank’s (“NAB”) earnings also fell, following its mounting bill to compensate customers for years of transgresses and a tougher economic outlook also weighed on profitability. Both WBC and NAB announced their first dividend cut in years, following their declines in earnings and forward guidance. All the Australian bank option positions held within YMAX expired worthless and therefore resulted in full option premium capture to the Fund.

Top / Bottom 5 stock movers



CSL Limited (“CSL”) is currently the second largest weight in the Fund. CSL rallied +11.96% over the Period following bullish sentiment in global healthcare stocks and upgrades from two major investment banks. This rally resulted in significant option buyback costs to the Fund.

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. The Fund closed out these options early in the Period following initial market weakness, this resulted in substantially all option premium capture to the Fund.

The positive global market backdrop resulted in implied volatilities falling into December. December options were written approximately 2.68% out-of-the-money on approximately 78% of the portfolio

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