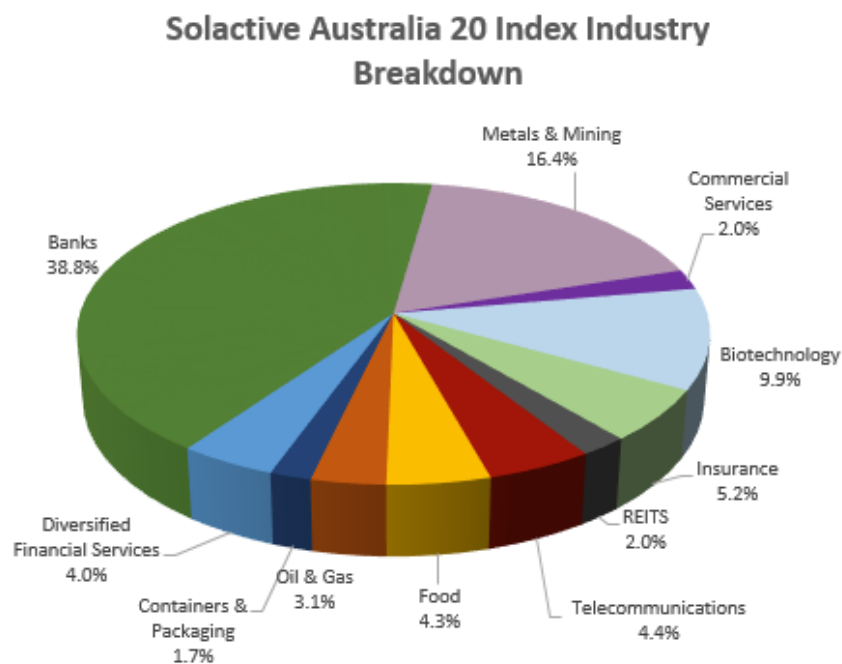


## YMAX Commentary – 2019 August (July Option Period) Adviser Use Only



Source: Bloomberg as at 25 July 2019

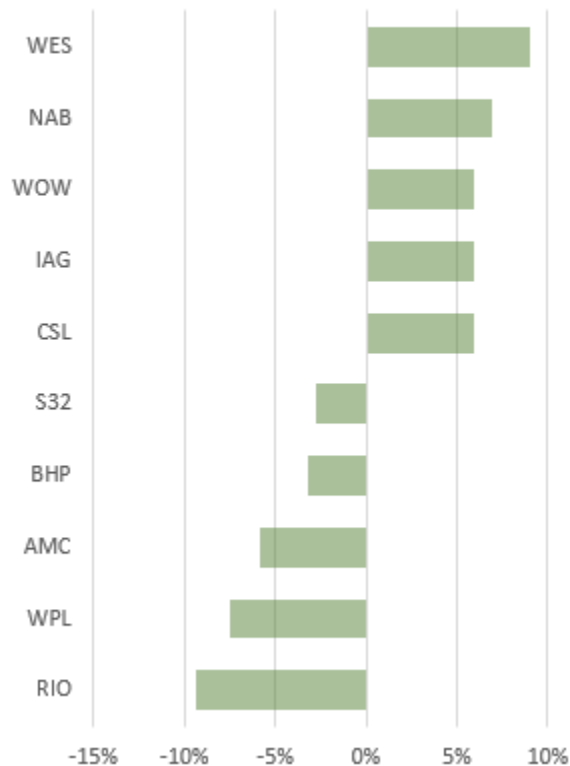
YMAX	
NAV per unit (June 27)	\$8.92
NAV per unit (July 25)	\$8.83
<b>July Option Period Returns</b>	
YMAX Total Return	0.83%
Solactive Australia 20 Index	1.13%
Over/(Under) Performance	-0.30%
<b>July Options at Inception</b>	
1-Mth Implied Vol	17.2%
Portfolio Delta	-0.18
% Portfolio Written	65%
<b>August Options at Inception</b>	
1-Mth Implied Vol	17.4%
Portfolio Delta	-0.25
% Portfolio Written	75%
<b>Distributions Per Unit (by ex-date)</b>	
1-Jul-19	\$0.165
1-Apr-19	\$0.196
2-Jan-19	\$0.182
1-Oct-18	\$0.285

The YMAX total return was +0.83% between 27 June 2019 and 25 July 2019 ("July Option Period" or "Period"). The Solactive Australia 20 Index ("Index") total return was +1.13% over the same Period, and as a result YMAX underperformed the Index by -0.30%. The Australian equities market traded sideways for most of the Period before rallying over the final few days.

On 2 July the RBA cut the Interbank Overnight Cash Rate by 0.25% for a second month in a row. The move was largely anticipated and market participants rather focused on any forward guidance. In the absence of any companies reporting until August, the Australian stock market reacted mainly to various local and international macro data and events. Global equities markets struggled for direction, grappling with the fears of further trade tension versus the prospects of further monetary easing by central bankers around the world. The Australian Dollar fell against the US Dollar, mainly as a result of broader US Dollar strength, but also due to the view that the RBA will maintain its easing bias over the remainder of 2019. Iron Ore remained at elevated levels and reached a 5-year high, whilst crude oil remained soft despite escalating tensions in the Strait of Hormuz.

Implied volatilities remained at similar levels going into August and after trading above realized volatility levels for most of the year, declined on a relative basis to trade more in line with realized levels. Stocks were written 3.07% out-the-money on approximately 75% of the portfolio.

### Top / Bottom 5 stock movers



After underperforming the S&P/ASX 200 Banks Index over the past 2 years, National Australia Bank (“NAB”) found favour among investors after the announcement of former Royal Bank of Scotland CEO Ross McEwan as the new CEO. The stock was up +2.2% on the day of the announcement and rallied +6.95% over the Option Period.

BHP Group (“BHP”) flagged a potential \$1 billion hit from the impact of higher costs, declining copper grades and operational setbacks. Output in iron ore, the producer’s top earning unit, had its first annual decline as a result of maintenance work and weather challenges. The stock fell -3.24% and resulted in YMAX capturing full option premium.

Rio Tinto (“RIO”) warned that its flagship copper project in Mongolia could cost as much as \$1.9 billion more than forecast and faces potential delays to full production of as long as two and a half years. The stock fell by -9.38% over the Period, making it the worst performer in YMAX’s portfolio. The Fund captured full option premium

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 index options expired worthless and resulted in the fund capturing the full option premium.

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