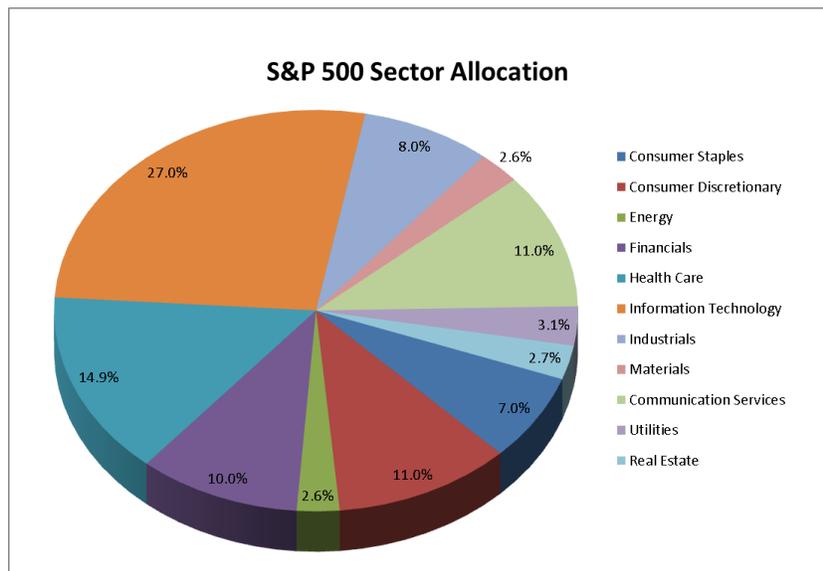


**UMAX commentary – August 2020 (July Option Period)**  
**Adviser Use Only**


Source: Bloomberg, as of 17 July 2020

**UMAX: ASX**

NAV per unit (July 17)	\$ 17.8090
NAV per unit (June 19)	\$ 17.6555

**July Option Period Returns**

UMAX Total Return	3.12%
S&P 500 Total Return	2.34%
Over (Under) Performance	0.78%

**July Options at Inception**

1-Mth Implied Vol.	28.6%
Portfolio Delta	-0.21
% Portfolio Written	98%

**August Options at Inception**

1-Mth Implied Vol.	20.6%
Portfolio Delta	-0.24
% Portfolio Written	98%

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

1 July 2020	\$0.3867
31 March 2020	\$0.3044
2 January 2020	\$0.2889
1 October 2019	\$0.2615

The UMAX total return was 3.12% between 19 June 2020 and 17 July 2020 (“July Option Period” or “July Period”). The S&P 500® Index (the “S&P 500” or “Index”) had a total return of 2.34%, in AUD terms, during the same July Period. Equity markets continued to rally during the July Period. Optimism about progress on a coronavirus vaccine and improving numbers helped market sentiment. Technology stocks kept up the pace by setting new all-time highs during the period. Technology was not the best performing sector during the July Period, however. That honor belonged to the Materials sector, which increased 9.3% during the period. The recovery in the typically cyclical materials sector is a good sign of an economic recovery. After slashing earnings estimates for 2020 following the pandemic in the first quarter, analysts have been slowly raising estimates as the economy reopens and uncertainty is reduced, giving a further boost to equity markets. The new August 2020 options were written with approximately 98% coverage, 3.88% out-of-the money and to an initial portfolio delta of -0.24.

**Information Technology (Index weight: 27.0%)**

Information Technology names moved higher as technology providers continued to benefit from a pandemic-induced accelerant to digital transformation trends. The sector advanced by 4.8% in the July Option Period as software and semiconductor names continued to rally on strong work and play-from-home themes. All but 2 of the 17 semiconductor names rose in the period.

**Financials (Index weight: 10.0%)**

The Financials sector rose a paltry 0.3% as it struggled on a relative basis to match many strong performing sectors.

While deposit levels have soared in recent months, the prospect of low rates for longer bodes less favorably for lenders. Net interest income fell by a combined \$5bn — about a tenth — at the four biggest US banks during the second quarter year on year.

**Real Estate (Index weight: 2.7%)**

The Real Estate sector followed the Financial sector’s lead and stood relatively unchanged for the period. The sector fell -0.3% in the July Period. While some cyclical sectors advanced strongly, some concerns surrounding commercial real estate remain. Commercial property

giant Simon Property Group (“SPG”) fell -7.3% in the face of this ongoing uncertainty. 18 of 31 names fell in a mixed performance for the sector.

#### **Healthcare (Index weight: 14.9%)**

The Healthcare sector resumed the positive performance of two periods ago and logged a 5.4% advance. Performances were mostly positive as diagnostic device, laboratory and biotechnology continued to benefit from the pandemic backdrop. Laboratory Corp of America (“LH”), one of the largest clinical laboratory networks in the world, surged 19.28% in the July Period.

#### **Consumer Discretionary (Index weight: 11.0%)**

The Consumer Discretionary sector jumped 6.5%, constituent names in retail, home building and even apparel rose as re-opening data improved in many respects. Online buying continued to buoy sales for companies with good digital footprints, and even restaurant booking data seemed to show improvement. Investors were encouraged by stronger than expected job recoveries and continuing wage support for those still at home. The GAP (“GAP”) moved up 20.92%, and heavyweight Amazon (“AMZN”) rose 10.73% as it continued to benefit from a strong logistics and fulfillment retail model that applies well to work and play-from-home trends. Cruising names, however, continued to struggle amidst a difficult travel backdrop. Carnival Cruises (“CCL”) fell -13.24% while Norwegian (“NCLH”) retreated -16.19% in the July Option Period.

#### **Industrials (Index weight: 8.0%)**

Although airline names fell sharply in the period, these moves were more than compensated for by strong positive moves from building supply, courier, and construction machinery names. Building materials manufacturer Carrier Global (“CARR”) surged 23.45% as economic hopes continued to rebound in the July Period.

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

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The Consumer Staples sector returned 4.2% during the July Period, matching the Index performance. Brewing companies Molson-Coors Beverage Co. (“TAP”) and Constellation Brands (“STZ”) continue to struggle and underperformed the Index, as restaurants and pubs are still globally impacted by the coronavirus pandemic.

#### **Energy (Index weight: 2.6%)**

After back-to-back strong performances, the Energy sector gave up some gains during the July Period. The sector returned an Index worst -6.1% during the period. Despite crude prices actually increasing during the period, investors worried about asset writedowns and the long-term profitability of the sector.

#### **Materials (Index weight: 2.6%)**

The Materials sector was the best performing sector, returning 9.3% during the July Period. This was the second consecutive time this sector increased in excess of 9%. The cyclical sector was broadly higher as commodity prices improved across the board. All but 2 of the stocks in the sector had positive returns during the July Period.

#### **Communication Services (Index weight: 11.0%)**

The Communication Services sector returned 3.8% during the July Option Period. Internet shares in the sector were broadly higher, with all 5 sub-index members trading higher during the period.

#### **Utilities (Index weight: 3.1%)**

Utilities stocks returned 5.9% during the July Option Period, outperforming the Index. The interest sensitive sector benefitted from falling long-term yields, as 10-year government bond yields closed near all-time lows during the July Period.

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