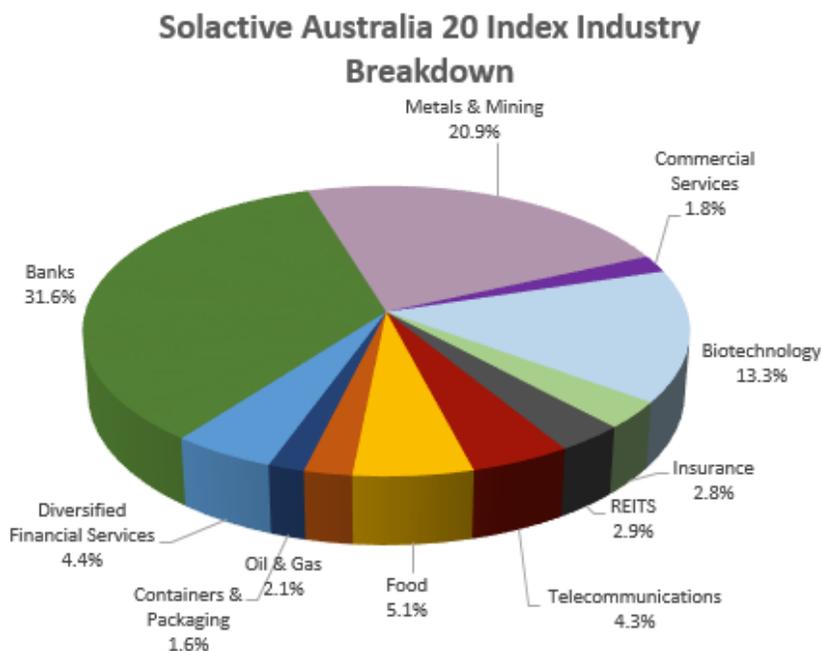


YMAX Commentary – 2020 August (July 2020 Option Period)
Adviser Use Only



Source: Bloomberg as at 16 July 2020

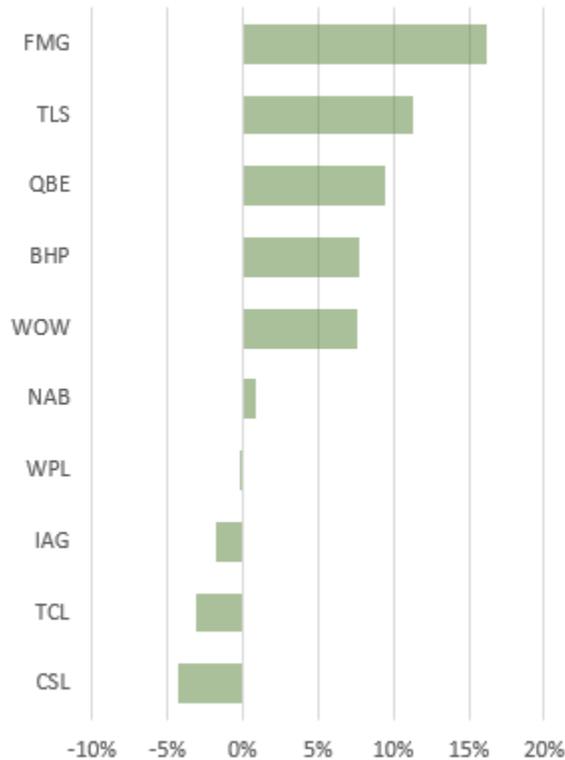
YMAX	
NAV per unit (June 25)	\$7.10
NAV per unit (July 16)	\$7.21
July Option Period Returns	
YMAX Total Return	3.77%
Solactive Australia 20 Inde	4.03%
Over/(Under) Performance	-0.26%
July Options at Inception	
1-Mth Implied Vol	31.1%
Portfolio Delta	-0.23
% Portfolio Written	73%
August Options at Inception	
1-Mth Implied Vol	29.3%
Portfolio Delta	-0.26
% Portfolio Written	75%
Distributions Per Unit (by ex-date)	
1-Jul-20	\$0.152
1-Apr-20	\$0.153
2-Jan-20	\$0.163
1-Oct-19	\$0.219

The YMAX total return was +3.77% between 25 June 2020 and 16 July 2020 (“July Option Period” or “Period”). The Solactive Australia 20 Index (“Index”) total return was +4.03% over the Period, and as a result YMAX underperformed the Index by -0.26%. The July Period was the first period where the single stock option expiry date was moved from the last Thursday of the month to the third Thursday of the month. The single stock option expiry now matches that of the Index option expiry.

The July Period was generally characterised by risk- on sentiment. The United States’ jobless rate fell for a second month and payrolls climbed by a more-than-anticipated 4.8 million in June. The world’s other economic powerhouse, China, also had a rebound in manufacturing activity. As a result, the US Dollar depreciated and global stock markets and commodities strengthened over the course of the Period.

The Australian stock market started the Period strongly, but after an unexpected second wave of infections in Victoria resulted in further lockdown restrictions, it failed to move higher with global markets.

Top / Bottom 5 stock movers



Fortescue Metals Group (“FMG”) became a new YMAX constituent as part of the June Index rebalance. The stock has experienced a stellar run over most of the year, but appreciated significantly since its inclusion. It was the top performing constituent over the Period (+16.15%), but whilst it provided decent upside for the Fund, it remained capped due to the written call option positions. FMG’s performance followed the strengthening in iron ore prices, which also benefited other YMAX constituents such as BHP Billiton (+7.73%) and Rio Tinto (+6.65%).

As a result of the risk-on sentiment in the market, a number of YMAX names ended up challenging their option strikes. However, on a portfolio weighted basis, the net option buyback amount was relatively flat due to the option positions over the largest holdings, CSL and the big 4 banks, expiring worthless and providing full option premium capture.

The weighted implied volatility fell slightly going into the August Period (31.1% vs 29.3%). July options were written approximately 5.9% out-of-the-money on 75% of the portfolio.

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