

July-2018

Lynx Investment Philosophy & Investment Strategy

Our long only funds are managed on a multi-manager, multi-asset class basis. Using this approach allows us to select the best of breed managers and achieve better diversification across investment styles and asset classes. The additional diversification allows the funds to achieve their return objectives at lower risk than their peers. With the funds exhibiting lower volatility and drawdowns than their peers over time. Our manager selection process aims to find high quality managers that use different approaches and investment styles, that when combined are able to consistently rank amongst the top performers within that assets class. i.e. this approach should ensure that our equity "box" should rank amongst the top equity funds. Managers are accessed on an ongoing basis with any which fail to meet our expectation being replaced.

The asset allocation is undertaken with both the mandate and the peers in mind. With significant deviation from the average being avoided in order to reduce the volatility of our peer group ranking and enhancing our long-term returns. We are peer group aware and strive to produce returns which place the funds in the top 2 quartiles vs their peer group on a consistent basis. This is monitored on an ongoing basis, with proactive steps taken the funds start to lag their peers. Ultimately if we can produce better than average returns at lower risk on a continent basis, investors will improve the likelihood of achieving their investment goals.

Fund Objective

The objective of the Lynx Prime Balanced Fund of Funds is to provide investors access to a diversified portfolio of collective investments across all major asset classes. The fund aims to provide investors with capital growth over the long term at a rate of inflation plus 6% measured over a rolling 3 year period.

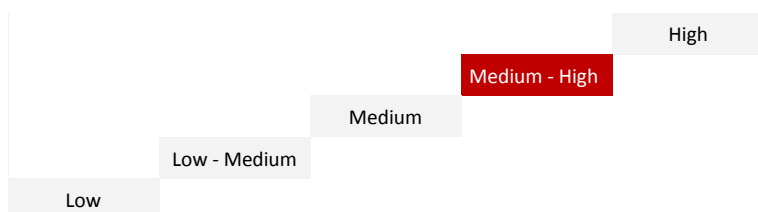
Fund Universe

The Lynx Prime Balanced Fund of Funds is a multi-managed fund that will consist of a mix of collective investment portfolios investing in a range of asset classes locally and abroad.

Who should be investing?

The fund's asset allocation is suited to investor with a moderate approach to risk. The fund conforms to Regulation 28 of the Pension Fund Act.

Investor Risk Profile



Income Distribution

Date	Dividend	Interest	Other	Total
February	9.0395	15.4885	4.1800	28.7081
August	10.8185	32.8463	0.5444	44.2091

Fund Net Asset Value

	May-18	Jun-18	Jul-18
Fund Units	14 530 904	14 590 331	14 792 440
Fund NAV	R 415 053 657	R 422 265 198	R 427 954 343
Class NAV	R 325 925 854	R 328 104 641	R 328 281 361

Fund Information

Classification	SA Multi-Asset _ High Equity	
Benchmark	CPI + 6% over a rolling 3 year period	
Inception Date of Fund	03 May 2005	
Inception Date of Class	01 July 2005	
Total Portfolio Size	R 427 954 343	
NAV Price	Launch	1000.00 (cpu)
	Month End	2890.93 (cpu)
JSE Code	LYPA1	
ISIN Number	ZAE000221156	
Income Declaration	February, August	
Valuation	Valuation Time : 17h00 (daily)	
	Dealing cut-off : 14h00 (daily)	
Payment	3rd working day of Mar / Sept	
Min. Initial Investment	R 10 000 lump sum	
	R 1000 debit order	
Regulation 28 Compliant	Yes	
Issue Date	31 August 2018	

Total Investment Charges

Period (Annualised): March 2017 to February 2018

Total Expense Ratio (TER) 1.69 %

Expenses related to the administration of the financial product. A higher TER does not necessarily imply a poor return, nor does a low TER imply a good return. The current TER may not necessarily be an accurate indication of future TER's.

Transaction Costs (TC) 0.23 %

Costs relating to the buying and selling of the assets underlying the financial product.

Total Investment Charges (TIC) 1.92 %

Transaction costs are a necessary cost in administering the Financial Product and impacts Financial Product returns. It should not be considered in isolation as returns may be impacted by many other factors over time including market returns, the type of Financial Product, the Investment decisions of the investment manager and the TER.

Portfolio Fees

Management Fee	0.15% p.a. (Excluding VAT)
Performance Fee	Not Applicable
Advisory Fee	Not Applicable
Investment Management Fee	0.55% p.a. (Excluding VAT)

Mandate Compliance

The Fund remains within the reporting regime as at the date of this report.

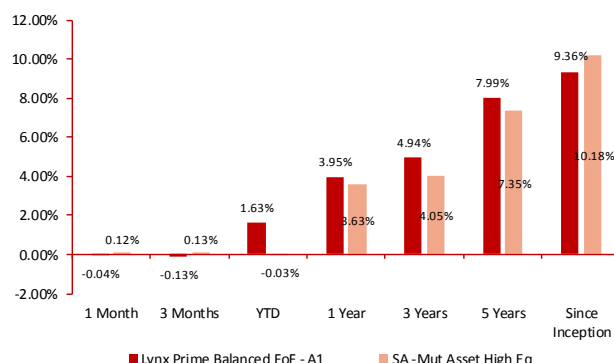
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Top Equities Holdings (%)

Naspers Ltd	5.30%
ABSA Group Ltd	1.75%
Sasol Ltd	1.62%
Old Mutual Ltd	1.58%
Shoprite Holdings Ltd	1.47%
Anglo American Plc	1.33%
Advtech Ltd	1.22%
Sun International Ltd	1.02%
Microsoft Corp.	0.97%
RMB Holdings Ltd	0.89%

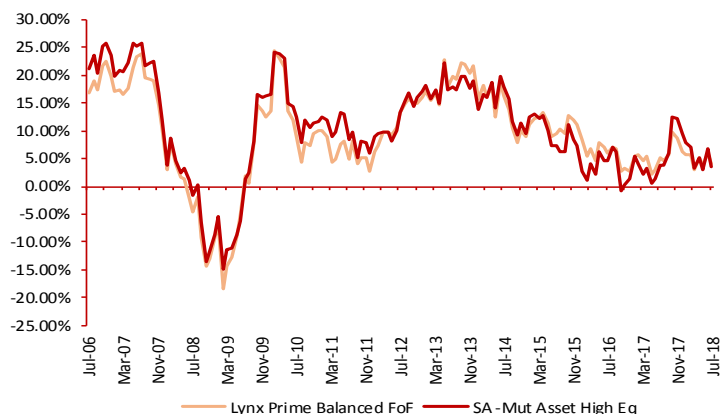
Source : Morningstar

Trailing Returns



Fund vs the ASISA South African Multi Asset Medium Equity Average

12 Months Rolling Returns



Periodic Returns & Risk Measures

	Fund	Benchmark	Category Avg.
1 Month	-0.04%	0.89%	0.12%
3 Months	-0.13%	2.69%	0.13%
YTD	1.63%	6.40%	-0.03%
1 Year	3.95%	11.28%	3.63%
3 Years	4.94%	11.79%	4.05%
5 Years	7.99%	11.96%	7.35%
Since Inception	9.36%	12.08%	10.18%
Max (Rolling 12 Mths)	24.25%	14.78%	25.81%
Min (Rolling 12 Mths)	-18.39%	9.00%	-14.92%
Volatility	7.24%	0.38%	7.28%
Sharpe Ratio	0.30	n/a	0.40

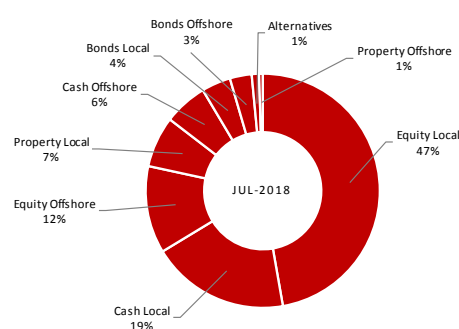
* Returns above one year are annualised; ** Fund Returns are net of fees

Fund Composition

Laurium Flexible Prescient Fund	20.78%
Visio BCI Actinio Fund	15.89%
ABAX Absolute Return Pres Fund	11.82%
Lynx Prime Global Diversified FoF	10.81%
PSG Equity Fund	9.54%

Source : Morningstar

Asset Allocation on 31 July 2018



Monthly Performance

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Fund YTD	Bmk YTD	Sector Avg.
2018	0.63%	0.09%	-1.88%	2.97%	-1.39%	1.32%	-0.04%						1.63%	6.40%	3.63%
2017	0.98%	0.08%	0.78%	0.94%	-0.24%	-0.80%	2.00%	0.42%	0.73%	3.16%	-0.11%	-1.87%	6.15%	11.73%	9.47%
2016	-1.61%	-0.10%	1.88%	0.16%	2.75%	-1.49%	0.02%	0.90%	-0.38%	-0.62%	0.88%	0.42%	2.76%	12.14%	1.31%
2015	0.86%	2.83%	0.60%	2.10%	-0.17%	-0.86%	1.18%	-0.15%	-0.16%	3.20%	0.45%	0.89%	11.22%	11.94%	7.27%
2014	-1.21%	1.80%	0.45%	1.26%	1.64%	1.38%	0.73%	-0.88%	0.55%	0.17%	1.25%	1.44%	8.87%	12.36%	9.51%
2013	3.69%	-0.12%	2.15%	-0.61%	6.82%	-3.94%	2.94%	1.17%	3.45%	2.66%	-0.58%	2.43%	21.52%	11.99%	18.83%
2012	2.77%	1.33%	0.97%	1.33%	-0.26%	0.02%	1.24%	1.71%	0.84%	2.81%	0.91%	1.32%	16.01%	11.40%	17.00%
2011	-0.58%	0.40%	-1.30%	1.21%	0.46%	-1.42%	-1.06%	0.23%	0.12%	3.68%	0.71%	0.43%	2.81%	11.92%	5.91%
2010	-0.47%	1.28%	3.27%	0.48%	-1.99%	-1.81%	2.01%	-2.94%	4.24%	2.60%	0.69%	2.62%	10.14%	13.71%	11.56%
2009	-1.44%	-7.53%	4.20%	1.94%	4.83%	-0.32%	4.75%	1.39%	0.69%	3.05%	-1.16%	1.95%	12.33%	14.78%	16.21%
2008	-3.89%	5.56%	-0.58%	-0.03%	0.37%	-4.26%	-2.59%	2.73%	-5.98%	-3.12%	-0.17%	3.03%	-9.16%	13.84%	-8.73%
2007	2.88%	0.83%	3.01%	2.27%	0.66%	-0.73%	-0.11%	-0.04%	1.55%	2.55%	-1.46%	-1.45%	10.27%	11.47%	11.88%
2006	5.05%	0.72%	3.61%	1.53%	-2.65%	-2.26%	-0.56%	3.74%	1.62%	2.79%	2.27%	2.52%	19.65%	9.47%	23.50%
2005								1.82%	3.09%	-0.93%	1.71%	4.92%	10.97%	3.71%	12.48%

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Fund Commentary

The backdrop for emerging markets turned sour in the second quarter, driven predominantly by the Fed which has reiterated its plans to continue its monetary tightening program, worries over Trump's protectionist policies and the potential for a full-blown trade war with China. South Africa failed to escape the negative sentiment, which weighed in on the returns of local interest sensitives such as bonds and listed property in the second quarter, falling 3.8% and 2.2% respectively. In fact, the JSE recently reported record outflows from SA bonds in June which dwarves the outflows experienced in the 2013 "Taper Tantrum". The exit by foreigners and subsequent spike in yields has provided a sanguine opportunity for local investment managers to step up to the plate and lock in an attractive yield.

At the start of 2018, local inflation expectations were anchored near 4%, which together with the synchronised global recovery and renewed political optimism with Cyril Ramaphosa at the helm, improved the chances for further interest rate cuts. More recently however, the surge in the oil price that has largely been driven by geopolitical tension, together with a weakening rand has eliminated any chance of rate cuts in 2018. In fact, the local bond market is currently pricing in a 60% chance of 50bps worth of hikes by the SARB by year-end.

Although local consumer sentiment has improved, there has been little evidence of an uptick in business confidence and domestic economic activity continues to disappoint. The Q1 GDP print for example came in far worse than expected, contracting 2.2% in the 1st quarter, stunning market participants, further accelerating the sell-off in local bond and equity markets. The biggest detractors came from manufacturing and mining, contributing a combined 1.6% of the 2.2% contraction. Additionally, SOE's such as heavily indebted Eskom, is already disappointing investors with threatened load shedding and high wage demands while SA Government remains the entities guarantor. It is no surprise then that businesses are not willing to commit to major investments and growth remains lacklustre.

The saving grace for local investors in Q2 has been the weakness of the Rand, which until recently has been unusually strong. It's estimated that 62% of the earnings of local listed companies in the Top 40 are derived offshore which provides a tailwind for local equities in a Rand weakening environment. The resource sector is a prime example of this and has been one of the best performing sectors recently. Not only have they benefited from an improvement in global growth and more stable commodity prices, but the Rand at these levels will help expand profit margins and improve their cash flow positions. Over the last 3 months, the JSE Basic Materials Index is up 19.2% and YTD it has gained 12.6% which makes it the only major index in positive territory.

With multi-asset funds under pressure after a period of subdued returns over the last 3 years, the recent risk-off environment has offered some respite and has propped up absolute numbers. Year to date Lynx Cautious is up 3.5% although there has been a bifurcation of themes between the 1st and 2nd quarter this year, the fund has achieved top quartile performance and maintains a consistent ranking near the top of the second quartile over a 3 and 5 year period.

Glossary of Terms

Fund of Funds is an investment strategy of holding a portfolio of other investment funds rather than investing directly in stocks, bonds or other securities. This type of investing is often referred to as multi-manager investment. Investing in a fund of funds may achieve greater diversification. The benefit of diversification is that it can reduce volatility and the overall risk in the portfolio, while maintaining returns.

Total Expense Ratio is the total costs associated with managing and operating an investment (excluding administration, financial planning and servicing fees). These costs consist primarily of management fees and additional expenses such as trading fees, legal fees, auditor fees and other operational expenses. The total cost of the fund is divided by the fund's total assets under management to arrive at a percentage amount, which represents the TER.

Risk Profile (Medium to High): The investors' primary aim is to achieve the required capital growth necessary to realise his/her long-term goals and objectives. The investor is prepared to tolerate fluctuations in your returns because you know that the longer-term picture is worth the short term pain, even if that means you lose money sometimes. While diversified across all the major asset classes, your portfolio will be tilted more towards equities because you know they offer the best long-term returns of all the asset classes and thus your wealth will grow over time.

Volatility is a statistical measure of the dispersion of returns for a given security or market index.

Sharpe Ratio is a measure for calculating risk-adjusted return. It is the average return earned in excess of the risk-free rate per unit of total risk. The greater a portfolio's Sharpe ratio, the better its risk-adjusted performance has been (i.e. a higher return with a contained risk profile, where the portfolio manager is not taking excessive risk to achieve those returns).

SA Indices & Indicators

EQUITY INDICES	31-Jul-18	YTD	1M	3 M
All Share J203T	8 286	-1.95%	-0.25%	-1.06%
Resources J258T	2 700	13.43%	-1.40%	8.52%
Industrials J520T	10 132	-5.14%	4.66%	-4.72%
Financials J580T	9 266	-10.50%	0.45%	-12.07%

SECTOR INDICES	31-Jul-18	YTD	1M	3 M
Basic Materials J510T	3 477	13.28%	-1.43%	8.46%
Industrial 25 J211T	14 203	-6.04%	-2.22%	-2.68%
Health Care J540T	10 791	-7.03%	-2.38%	-11.57%
Consumer Services J550T	42 855	-6.19%	-5.14%	-0.27%
Telecom J560T	14 192	-9.49%	7.67%	-8.44%
Financials J580T	9 266	-10.50%	0.45%	-12.07%
Technology J590T	4 441	-23.41%	15.49%	14.70%

SIZE & STYLE INDICES	31-Jul-18	YTD	1M	3 M
Top 40 J200T	7 384	-0.85%	-0.33%	0.08%
Mid Cap J201T	15 268	-10.05%	0.53%	-9.86%
Small Cap J202T	19 475	-7.36%	-1.74%	-7.31%

SA LISTED PROPERTY & SA BOND INDEX	31-Jul-18	YTD	1M	3 M
SA List Prop (SAPY) J253T	1928	-21.76%	-0.50%	-9.62%
ALBI Total Return - Beassa (ALBI)	626	6.48%	2.42%	-0.76%

CASH	31-Jul-18	YTD	1M	3 M
STEFI Composite Index (STFIND)	399	0.59%	1.77%	4.15%

EXCHANGE RATES	31-Jul-18	YTD	1 M	3 M
ZAR/USD	13.10		13.73	12.45
Rand (Appreciation)/Depreciation		5.80%	-4.60%	5.20%
ZAR/GBP	17.19		18.13	17.14
Rand (Appreciation)/Depreciation		2.80%	-5.20%	0.30%
ZAR/EUR	15.33		16.04	15.07
Rand (Appreciation)/Depreciation		3.20%	-4.40%	1.80%




BORROWING RATES	31-Jul-18	1 m Ago	3m Ago
SA Repo Rate	6.50%	6.50%	6.50%
SA Prime Overdraft Rate	10.00%	10.00%	10.00%

ECONOMICS	Last Avail.	2017	2016	2015
SA Real GDP YoY	0.80%	1.30%	0.30%	1.40%
CPI YoY	4.60%	5.30%	6.30%	4.60%
Current A/C Balance as a % of GDP	-3.20%	-2.80%	-4.60%	-5.10%
Unemployment Rate	27.20%	27.50%	26.70%	25.30%

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