



Fund Objectives and Key Facts

Fund Performance

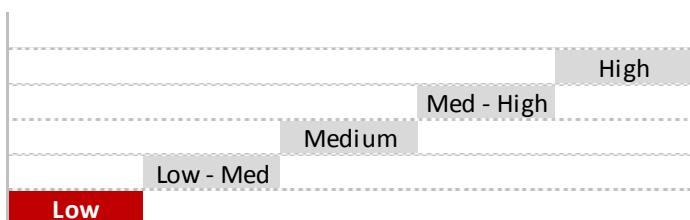
Portfolio Commentary

Contact Details and Disclaimer

Fund Objective

The objective of the Lynx Prime Cautious 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 3% measured over a rolling 3 year period.

Investor Risk Profile*



*Please refer to glossary section for further information.

Fund Facts

| | | |
|----------------------------|--|---------------|
| Classification | South Africa - Multi Asset - Low Equity | |
| Benchmark | Infl.(CPI) + 3% over a rolling 3 year period | |
| Inception Date of Fund | 03 May 2005 | |
| Inception Date of Class | 03 May 2005 | |
| Total Portfolio Size | 230.1 M | |
| NAV price | Launch | 1000.00 (cpu) |
| | 28-Feb-18 | 1858.22 (cpu) |
| JSE code | LPCC1 | |
| ISIN number | ZAE000221222 | |
| Income Declaration | February, August | |
| Valuation | Valuation time | 17h00 (daily) |
| | Dealing cut-off | 14h00 (daily) |
| Payment | 3rd working day of Mar/Sep | |
| Minimum Initial Investment | R10 000 lump sum | |
| | R1000 debit order | |
| Reg. 28 Compliant | Yes | |
| Issue date | 19 March 2018 | |

Portfolio Income in Cents Per Unit (cpu)

| Distribution | Dividend | Interest | Other | Total |
|--------------|----------|----------|--------|---------|
| Feb-18 | 1.1108 | 18.5771 | 2.2010 | 21.8889 |
| Aug-17 | 2.2168 | 26.6905 | 0.2407 | 29.1481 |

| NAV Values | Dec-17 | Jan-18 | Feb-18 |
|------------|---------------|---------------|---------------|
| Fund Units | 10 828 523 | 12 340 125 | 12 296 264 |
| Fund NAV | R 200 824 269 | R 229 960 206 | R 230 062 457 |
| Class NAV | R 1 126 427 | R 1 119 311 | R 1 110 250 |

*All figures have been rounded to the nearest Unit and Rand

Fund Universe

The Lynx Prime Cautious 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.

Investment Strategy

The fund has a maximum effective equity exposure of 40% and a maximum effective property exposure of 25%.

Who should be investing ?

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

Total Investment Charges

Period (annualised): Mar 17 to Feb 18

Total Expense Ratio (TER) 2.96 %

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 be necessarily be an accurate indication of future TER's.

Transaction Costs (TC) 0.13 %

Costs relating to the buying and selling of the assets underlying the Financial Product

Total Investment Charges (TIC) 3.09 %

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. Inclusive of the TER of **2.96 %**, a performance fee of 0.00% of the net asset value of the class of the Financial Product was recovered.

Portfolio Fees

| | |
|---------------------------|-------------------|
| Management Fee | 0.15% (excl. VAT) |
| Performance Fee | N/A |
| Advisory Fee | 1.20% (excl. VAT) |
| Investment Management Fee | 0.55% (excl. VAT) |

Mandate Compliance

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



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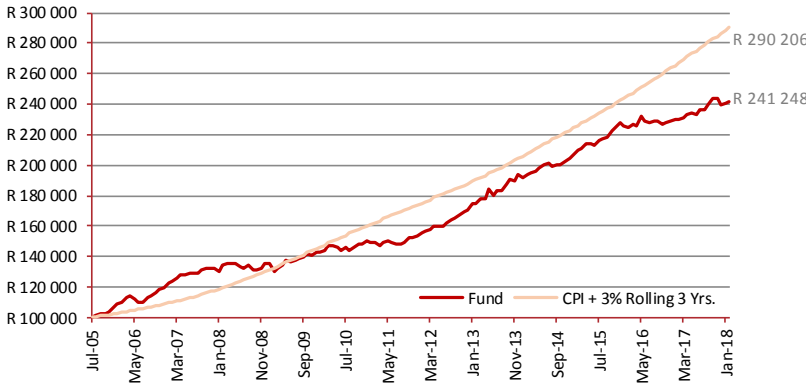
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Fund Performance

Growth of a R 100 000 Investment



Performance History: Based on an initial investment of R100 000

Fund Composition

| TOP FIVE HOLDINGS | Exposure |
|-----------------------------------|----------|
| Investec Diversified Income Fund | 19.18% |
| Prescient Income Provider Fund | 18.94% |
| ABAX Absolute Return Pres Fund | 15.06% |
| Prime Income Plus Fund | 11.20% |
| Lynx Prime Global Diversified FoF | 9.88% |

| Period | February-2018 | | January-2018 | | December-2017 | | Risk Statistics | | |
|-----------------|---------------|-----------|--------------|-----------|---------------|-----------|-----------------------|-----------|-----------|
| | Fund | Benchmark | Fund | Benchmark | Fund | Benchmark | Risk Metrics | Fund (C1) | Benchmark |
| 1 Month | 0.30% | 0.67% | 0.35% | 0.67% | -1.69% | 0.67% | Volatility | 3.97% | 0.38% |
| 3 Months | -1.05% | 2.02% | -1.49% | 2.02% | 0.16% | 2.02% | Tracking Error | 4.07% | |
| 6 Months | 1.93% | 4.09% | 1.80% | 4.09% | 2.69% | 4.12% | Information Ratio | -0.39 | |
| YTD | 0.65% | 1.34% | 0.35% | 0.67% | 4.92% | 8.60% | Correlation | -0.19 | |
| 1 Year | 5.01% | 8.51% | 4.69% | 8.56% | 4.92% | 8.60% | Beta | 1.10 | |
| 2 Years | 3.62% | 8.70% | 3.24% | 8.72% | 2.59% | 8.73% | Sharpe Ratio | 0.00 | |
| 3 Years | 4.71% | 8.70% | 5.15% | 8.71% | 5.39% | 8.71% | Max (Rolling 12 Mths) | 17.10% | 11.42% |
| 5 Years | 6.64% | 8.78% | 6.61% | 8.78% | 7.05% | 8.78% | Min (Rolling 12 Mths) | -3.64% | 5.80% |
| Since Inception | 7.25% | 8.84% | 7.22% | 8.78% | 7.19% | 8.72% | Alpha | -1.53% | |

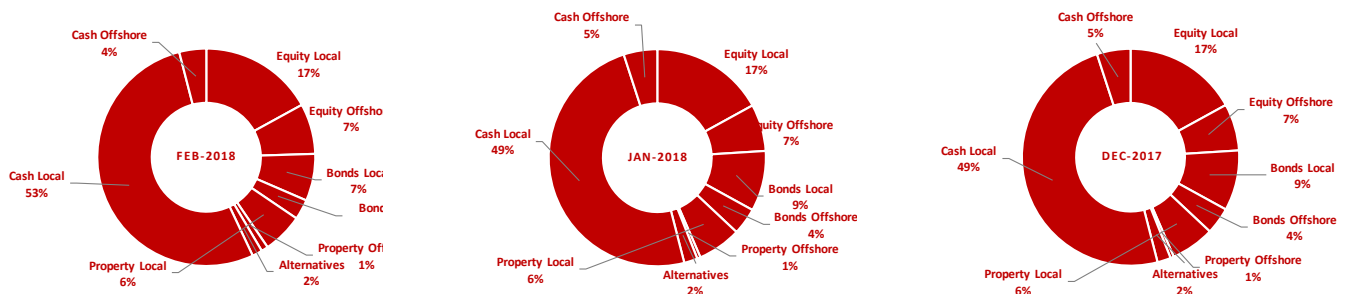
* Returns above one year are annualised; ** Fund Returns are net of fees

* Annualised

| Monthly Performance | | Jan | Feb | Mar | Apr | May | Jun | Jul | Aug | Sep | Oct | Nov | Dec | YTD |
|---------------------|------|--------|--------|-------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| Fund | 2018 | 0.35% | 0.30% | | | | | | | | | | | 0.65% |
| Benchmark | 2018 | 0.67% | 0.67% | | | | | | | | | | | 1.34% |
| Fund | 2017 | 0.57% | 0.00% | 0.70% | 0.81% | 0.27% | -0.19% | 1.22% | 0.18% | 1.11% | 2.03% | -0.15% | -1.69% | 4.92% |
| Benchmark | 2017 | 0.71% | 0.72% | 0.70% | 0.70% | 0.70% | 0.70% | 0.70% | 0.67% | 0.67% | 0.67% | 0.67% | 0.67% | 8.60% |
| Fund | 2016 | -0.91% | -0.45% | 0.85% | -0.31% | 2.66% | -1.16% | -0.44% | 0.55% | -0.46% | -0.60% | 0.55% | 0.08% | 0.30% |
| Benchmark | 2016 | 0.70% | 0.71% | 0.69% | 0.71% | 0.72% | 0.73% | 0.72% | 0.71% | 0.70% | 0.71% | 0.71% | 0.72% | 8.86% |
| Fund | 2015 | 1.04% | 1.59% | 0.52% | 1.36% | -0.04% | -0.28% | 1.45% | 0.29% | 0.61% | 2.05% | 0.84% | 1.30% | 11.24% |
| Benchmark | 2015 | 0.67% | 0.68% | 0.68% | 0.70% | 0.70% | 0.71% | 0.73% | 0.72% | 0.70% | 0.69% | 0.68% | 0.68% | 8.66% |
| Fund | 2014 | -0.71% | 0.93% | 0.30% | 0.76% | 1.05% | 0.95% | 0.69% | -1.20% | 0.64% | 0.02% | 0.96% | 1.29% | 5.80% |
| Benchmark | 2014 | 0.72% | 0.74% | 0.74% | 0.75% | 0.74% | 0.73% | 0.73% | 0.74% | 0.72% | 0.71% | 0.71% | 0.69% | 9.07% |
| Fund | 2013 | 2.44% | 0.15% | 1.47% | 0.16% | 3.93% | -2.58% | 1.58% | 0.32% | 2.32% | 1.65% | -0.37% | 1.80% | 13.49% |
| Benchmark | 2013 | 0.67% | 0.68% | 0.69% | 0.70% | 0.68% | 0.69% | 0.70% | 0.71% | 0.72% | 0.72% | 0.72% | 0.72% | 8.71% |

| Asset Class Returns | Feb-18 |
|---------------------|--------|
| ALSI (TR) | -1.97% |
| ALBI (TR) | 3.93% |
| SAPY (TR) | -9.90% |
| CASH | 0.54% |
| ZAR/USD | 11.80 |

Asset Allocation



Fund Commentary

The fourth quarter of 2017 was filled with numerous surprises (both good and bad) and for most local investors, the final few weeks of 2017 affected their portfolio more than any of the preceding quarters.

In November, the local bond market sold off heavily as the country's local currency debt was downgraded to junk status by S&P Global, while Moody's kept our debt on review until after the National Elective Conference (NEC). Investors breathed a sigh of relief, because a further downgrade from Moody's would lead to SA falling out of the World Government Bond Index (WGBI).

The Steinhoff accounting scandal which has caused the share price to fall by 90% in the space of a month has highlighted the importance of a robust corporate governance framework, specifically the need for an independent board. Many investors experienced significant losses, especially those that had forgotten the importance of diversification. Fortunately, the impact on the fund was marginal and most of our underlying managers exited their positions citing the strained financial position of the business and compromised integrity of management.

The race between the contenders at the ANC NEC was anything but one sided, but markets were optimistic about a Ramaphosa win in the days leading up to the vote. His victory was a momentous occasion for the country and although there are no quick fixes, it's a step in the right direction. Unfortunately, the make-up of the newly elected top 6 weakens Cyril's ability to enforce change and comprises will need to be made on all fronts. South African equities lagged their emerging market peers in 2017, and the removal of some political uncertainty could drive forward domestically focused businesses that have struggled in recent years. Although financials, listed property, and many retailers rallied on renewed optimism, the local bourse ended the month in the red, mainly because of the headwind from a strong rand and the impact of Steinhoff. SA government bonds clawed back losses from November as the market began pricing in lower inflation and an improved chance of fiscal consolidation.

Developed markets continued their strong run, especially in the US where a "goldilocks environment" has pushed the S&P to record highs, even after the Fed resumed its hiking cycle in December. After 11 months in office, President Trump successfully received approval from Congress for what has been called the biggest rewrite of the US tax code in a generation. The bill slashes taxes for corporations and the wealthy, while offering mixed, temporary relief to working people. This will be supportive for the US economy and will likely drive up inflation if unemployment continues to fall.

For the first time in many years, the global economy is growing in a synchronised fashion, and risk assets across the board reflect this. The MSCI World Index ended the year 22% higher, while Europe's DJ Stoxx 50 (in EUR\$) and the MSCI Emerging Market Index (in US\$) ended the year 7% and 34% higher. Equity valuations are now elevated, especially in the US, but they have been elevated for quite some time.

The fund benefitted from the risk on environment in 2017, but the positive outcome of the ANC NEC event and the subsequent strength in the rand weighed in on the returns in the closing stages of the year. That said, we are comfortable with how the portfolio navigated an extremely volatile quarter, especially considering that many of the risks have simply been delayed rather than avoided all together. With this in mind, we remain prudently positioned and well diversified across asset class and region.

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.

An equity or share represents an institution/individual's ownership in a listed company and is the vehicle through which they are able to "share" in the profits made by that company. As the company grows, and the expectation of improved profits increases, the market price of the share will increase and this translates into a capital gain for the shareholder. Similarly, negative sentiment about the company will result in the share price falling. Shares/equities are usually considered to have the potential for the highest return of all the investment classes, but with a higher level of risk i.e. share investments have the most volatile returns over the short term. An investment in this type of asset should be viewed with a 7 to 10 year horizon.

Risk Profile (Low): You are cautious about taking on risk (i.e. will have less exposure to equities in your portfolio). You want your capital to be safe and prefer fairly stable income and/or income growth. Even knowing that equities are a riskier asset class, you are comfortable to have some, albeit limited, exposure to them because you know they will add that little extra to your portfolio.

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

Tracking error is a measure of the risk in an investment portfolio that is due to active management decisions made by the portfolio manager; it indicates how closely a portfolio follows the index to which it is benchmarked.

Information ratio, is a measure of the risk-adjusted return of a portfolio. In this case, it measures the active return of the manager's portfolio divided by the amount of risk that the manager takes relative to the benchmark.

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).

Beta is a measure of the volatility, or systematic risk, of a security or a portfolio in comparison to the market as a whole.

Alpha is a measure of the active return on an investment. It represents the excess returns of a fund relative to the return of a suitable benchmark.



Links

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