LYNX PRIME GLOBAL DIVERSIFIED FUND OF FUNDS

(Class C)

LYNX FUND MANAGERS

September 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 Global Diversified Fund of Funds is to provide investors access to a diversified portfolio of collective investments invested predominantly in the equities asset class. The fund aims to provide investors with above average capital growth over the long term.

Fund Universe

The Lynx Prime Global diversified Fund of Funds is a multi-managed fund that will consist of a mix of collective investment portfolios investing predominantly in equities locally and abroad.

Who should be investing?

The fund's asset allocation is suited to investor with a moderately aggressive approach to risk. The fund **does not** conform to Regulation 28 of the Pension Fund Act.

Investor Risk Profile

				High
			Medium - High	
		Medium		
	Low - Medium			
Low				

Income Distribution

Date	Dividend	Interest	Other	Total
August	0.00	0.00	0.00	0,0000
February	0.00	0.00	0.00	0,0000

Fund Net Asset Value

	Jul-18	Aug-18	Sep-18
Fund Units	151 506 735	151 092 299	150 851 355
Fund NAV	R 397 277 069	R 441 728 162	R 428 619 217
Class NAV	R 145 522 269	R 161 617 163	R 156 404 974

Fund Information

Classification	Global - Multi Asset - Flexible	
Benchmark	US Libor + 2% (ZAR)	
Inception Date of Fund	28 February 2002	
Inception Date of Class	01 November 2016	
Total Portfolio Size	R 428 619 217	
NAV Price	Launch	100.00 (cpu)
	Month End	284,83 (cpu)
JSE Code	LPGFC	
ISIN Number	ZAE000221272	
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	No	
Issue Date	10 October 2018	

Total Investment Charges

Period (Annualised): July 2017 to June 2018

Total Expense Ratio (TER) 1,74 %

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) 0,07 %

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

Total Investment Charges (TIC) 1,81 %

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

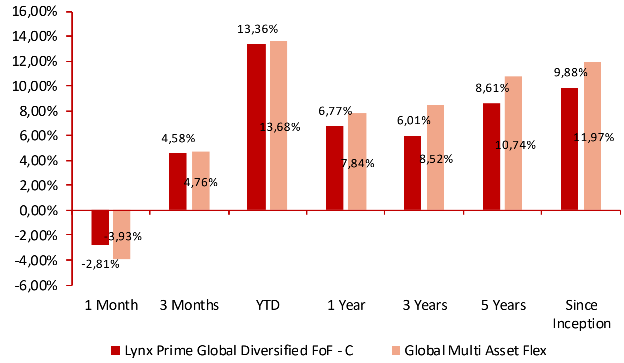
Microsoft Corp.
Facebook Inc.
Apple Inc.
Charter Communications Inc.
United Health Group Inc.
Alphabet Inc.
XPO Logistics Inc.
Amazon.com Inc.
ABBVIE Inc.
Qualcomm Inc.

Source : Morningstar

Top 5 Manager Holdings

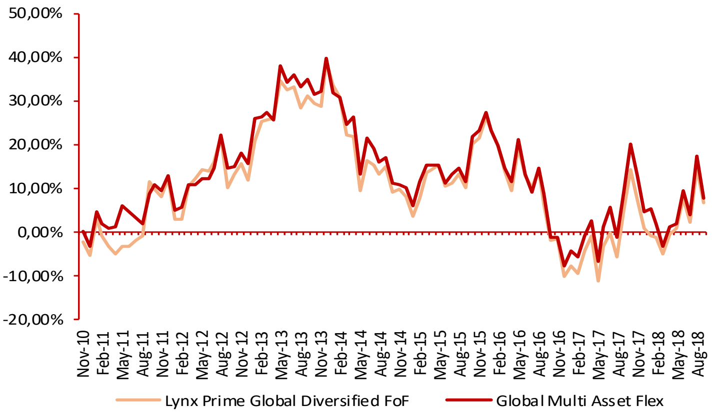
Ranmore Global Equity Fund Plc	15,70%
Sygnia ITRIX MSCI World Index	15,33%
Orbis Global Optimal SA Fund USD	14,87%
Nedgroup Inv Global Equity Fund	10,94%
Schroders Global Recovery Fund	9,70%

Trailing Returns



Fund vs the ASISA Global Multi Asset Flexible Average

12 Months Rolling Returns

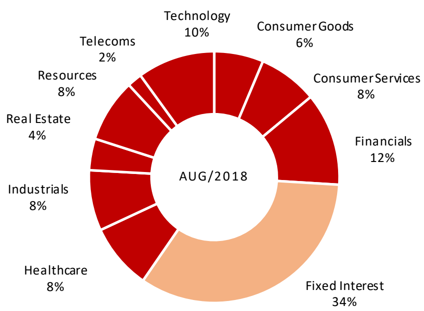


Periodic Returns & Risk Measures

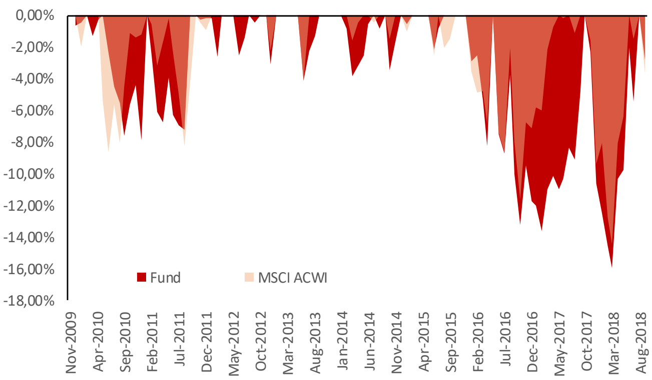
	Fund	Benchmark	Category Avg.
1 Month	-2,81%	-3,24%	-3,93%
3 Months	4,58%	4,23%	4,76%
YTD	13,36%	18,26%	13,68%
1 Year	6,77%	8,79%	7,84%
3 Years	6,01%	3,66%	8,52%
5 Years	8,61%	9,99%	10,74%
Since Inception	9,88%	10,34%	11,97%
Max (Rolling 12 Mths)	38,94%	39,68%	39,70%
Min (Rolling 12 Mths)	-11,16%	-14,28%	-7,69%
Volatility	12,66%	15,14%	12,35%
Sharpe Ratio	0,32	n/a	0,48

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

Asset Allocation on 31 August



Drawdown Analysis over time



Monthly Performance

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Fund YTD	Bmk YTD	Sector Avg.
2018	-1,88%	-2,09%	-1,35%	5,60%	0,61%	7,66%	-3,39%	11,38%	-2,81%				13,36%	18,26%	13,68%
2017	-0,30%	-1,56%	2,66%	0,76%	-0,82%	0,64%	2,00%	-0,78%	4,36%	5,13%	-2,37%	-8,24%	0,80%	-9,24%	4,75%
2016	-2,88%	0,32%	-2,80%	-2,87%	10,78%	-7,53%	-1,23%	5,00%	-6,26%	-3,20%	3,70%	-2,22%	-10,09%	-7,63%	-7,69%
2015	-0,50%	3,12%	2,18%	1,30%	1,42%	-2,12%	1,33%	1,03%	0,83%	5,04%	3,09%	7,10%	26,21%	36,84%	27,23%
2014	3,75%	-0,86%	-2,99%	0,63%	0,68%	2,03%	0,78%	-0,83%	3,44%	-3,45%	1,81%	3,06%	8,03%	12,76%	9,97%
2013	8,02%	1,09%	4,01%	0,89%	12,01%	-4,11%	1,90%	0,91%	1,76%	1,83%	1,23%	4,66%	38,94%	26,66%	39,70%
2012	0,02%	-2,44%	3,65%	0,70%	4,73%	-2,55%	1,21%	4,79%	-0,45%	3,38%	1,74%	-3,10%	11,85%	7,30%	15,72%
2011	9,22%	-2,43%	-3,63%	-0,66%	2,79%	-2,37%	-0,64%	-0,27%	10,28%	0,45%	-0,27%	0,10%	12,19%	24,94%	12,70%
2010	0,16%	1,74%	-1,29%	1,03%	1,06%	-2,30%	-2,19%	-1,06%	-2,03%	1,93%	1,23%	-3,49%	-5,27%	16,09%	18,27%
2009												-0,63%	-0,63%	0,10%	0,35%

Fund Commentary

Divergence in developed world growth vs the emerging world continued in Q3. U.S. GDP grew at 4.2% in the second quarter of 2018, marking its highest gain since the third quarter of 2014 and the third-best growth rate since 2008. Stability in growth and employment figures allowed the Federal Reserve (Fed) to enact its widely anticipated increase in the federal funds rate by 25 basis points. US equities advanced in Q3 to significantly outperform other major regions. Economic growth and earnings data remained robust, and this ultimately overshadowed simmering concerns around the escalating US-China trade war. The US initially targeted $34 billion of Chinese products with a 25% tariff in early July. Tariffs on another $16 billion began in late August, before a 10% tariff was implemented on a further $200 billion of Chinese goods in September (set to rise to 25% in January). Despite these measures, the US equity bull market became the longest in history on 22 August. In the Eurozone worries over trade wars and potential US tariffs on cars were a feature of the period. Fears over direct impact on Europe were partly assuaged following a meeting in July between US President Trump and EU President Juncker. This resulted in an agreement to work towards zero tariffs on non-auto industrial goods, while new car tariffs will be put on hold while longer-term talks take place. Growth in Eurozone for the second quarter of 2018 was revised up to 0.4% quarter-on-quarter, compared to the initial estimate of 0.3%. In the UK fears of a “no deal” Brexit weighed on the share prices of many UK domestic companies, driving a poor relative performance from the mid-caps, with the FTSE 250 (ex investment companies) index falling by 2.7%. Fears for UK economy were also clearly reflected in the value of sterling, which resumed its downward trajectory over the period. China underperformed as the US implemented tariffs on a total of $250 billion of Chinese goods, some of which are set to increase in January, and threatened tariffs on a further $267 billion of goods. There was little progress in bilateral trade negotiations and China responded with tariffs on $110 billion of US goods. Meanwhile, Chinese macroeconomic data disappointed. Turkey was the weakest index market amid a sharp sell-off in the lira. The currency fell as geopolitical tensions with the US exacerbated ongoing concerns over its wide current account deficit, above-target inflation and central bank independence. South Africa also underperformed. The market is vulnerable to global liquidity tightening given the economy’s twin deficits, and Q2 GDP growth disappointed, slowing to 0.4% year-on-year.

Equity Markets

U.S. stocks flourished in the third quarter of 2018, breaking several records in the process. Like July and August, Wall Street maintained its bullish run in September despite the fact that this month is traditionally notorious for not providing positive returns. Trade concerns continued to weigh on equity markets outside of the US. The US printed another positive quarter with the information technology and healthcare sectors boosted by a slew of robust earnings. The energy sector was weaker, with US oil companies hurt by uncertainty surrounding China’s inclusion of US crude oil in its tariff-targeted products. Materials companies struggled with potentially weaker demand associated with the trade war and some company-specific developments. Eurozone equities posted a modest gain in the third quarter; energy and industrials stocks were among the leading gainers. By contrast, real estate, telecommunications and consumer staples were the main laggards. Financials made a positive contribution overall, but banks were weaker. August saw sharp declines for eurozone banks amid concerns over their exposure to emerging markets (notably Turkey) as well as worries over the Italian budget. These concerns eased in September but the last trading day of the month saw Italy propose a deficit of 2.4%. This is within the EU’s 3% threshold but higher than some had anticipated. Emerging markets equities lost value in what was a volatile third quarter, with US dollar strength and the US-China trade dispute weighing on risk appetite. The MSCI Emerging Markets index decreased in value and underperformed the MSCI World.

Fixed-Income Markets

Core government bond yields rose over the quarter due to positive economic data, particularly from the US. This outweighed a bout of safe haven demand in August caused by concerns related to emerging market instability, trade tensions and political issues in Europe. The Fed implemented its third rate hike this year, removing references to “accommodative” policy and striking an optimistic tone. The BoE raised rates to 0.75% citing weather as the cause of a weak first quarter. US 10-year yields rose from 2.86% to 3.06%, with Bund and UK gilt 10-year yields rising from 0.30% to 0.47% and 1.42% to 1.57% respectively. Italian 10-year government bond yields rose from 2.68% to 3.15% amid political concerns. Toward quarter-end the Italian government announced a 2019 fiscal deficit target of 2.4%. This was larger than expected and is likely to draw criticism from the European Commission. Italian 10-year yields rose sharply on the news, with Bund yields falling. Corporate bonds saw positive total returns in local currency terms. Global high yield (HY) returned 2.1%, led by a 2.4% return from the US dollar market. Global investment grade (IG) returned 0.6% as US dollar IG rose 1.0%, while the sterling market declined 0.2% and euro IG was flat. Emerging markets (EM) experienced a tumultuous quarter, but this was largely centred on idiosyncratic factors. With the effects felt most keenly in currency markets, hard currency sovereign and corporate EM bonds made positive returns, but local currency was down. Additionally, some of the countries most affected started to take steps to address their problems.

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).

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