

### 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 Opportunities 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.

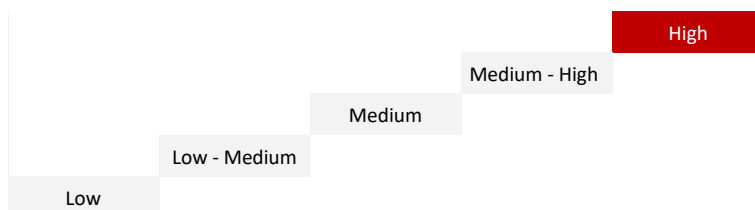
### Fund Universe

The Lynx Prime Opportunities 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 an aggressive approach to risk. The fund **does not** conform to Regulation 28 of the Pension Fund Act.

### Investor Risk Profile



### 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 | 2 309 856    | 2 304 620    | 2 303 820    |
| Fund NAV   | R 68 186 915 | R 69 759 359 | R 67 096 284 |
| Class NAV  | R 1 236      | R 1 268      | R 1 223      |

### Fund Information

|                         |                                  |               |
|-------------------------|----------------------------------|---------------|
| Classification          | South African - Equity - General |               |
| Benchmark               | FTSE/JSE Africa All Share (J203) |               |
| Inception Date of Fund  | 02 February 2009                 |               |
| Inception Date of Class | 02 February 2009                 |               |
| Total Portfolio Size    | R 67 096 284                     |               |
| NAV Price               | Launch                           | 1000.00 (cpu) |
|                         | Month End                        | 2798,94 (cpu) |
| JSE Code                | LYOC1                            |               |
| ISIN Number             | ZAE000221263                     |               |
| 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) 2,74 %**

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) 0,3 %**

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

**Total Investment Charges (TIC) 3,04 %**

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              | 1.20% p.a. (Excluding VAT) |
| 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.

September 2018

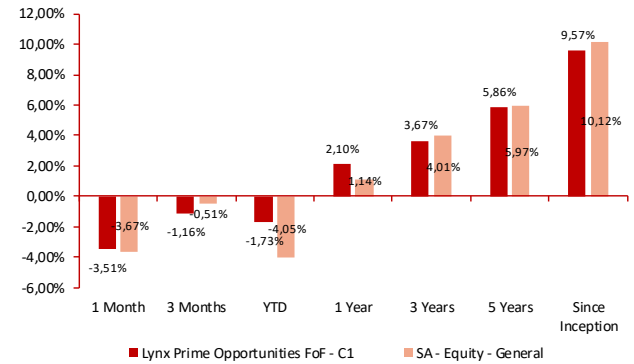
**Top Equities Holdings**

Anglo American Plc  
BHP Billiton  
British American Tobacco Plc  
Compagnie Fin. Richemont SA  
Mondi Ltd  
Naspers Ltd  
Old Mutual Ltd  
Sasol Ltd  
Shoprite Holdings Ltd  
Standard Bank Group Ltd

**Top 5 Manager Holdings**

Gryphon All Share Tracker Fund **32,81%**  
Visio BCI Actinio Fund **20,40%**  
Laurium Flexible Prescient Fund **20,12%**  
PSG Equity Fund **15,37%**  
Alphahealth Prime Mid & Small Ca **4,86%**

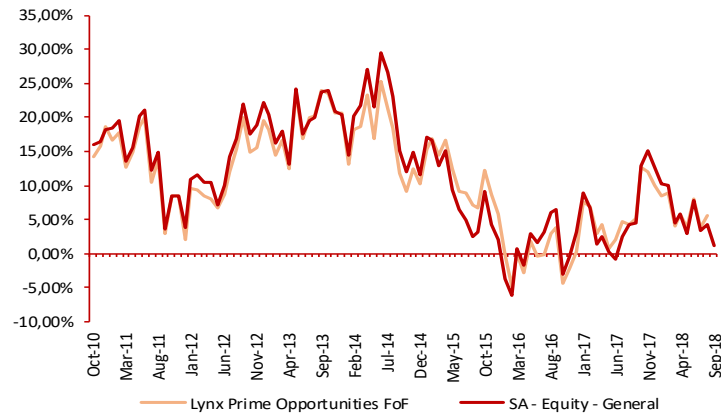
**Trailing Returns**



Source : Morningstar

Fund vs the ASISA South African Equity General Average

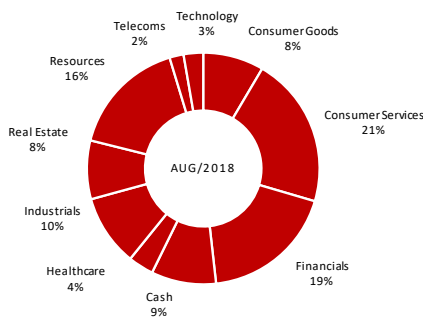
**12 Months Rolling Returns**



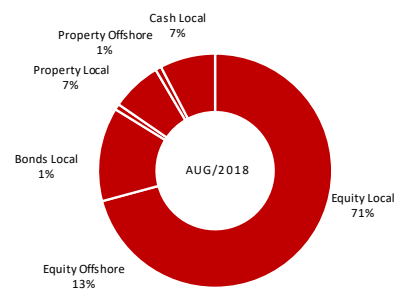
**Periodic Returns & Risk Measures**

|                       | Fund   | Benchmark | Category Avg. |
|-----------------------|--------|-----------|---------------|
| 1 Month               | -3,51% | -5,05%    | -3,67%        |
| 3 Months              | -1,16% | -3,31%    | -0,51%        |
| YTD                   | -1,73% | -6,38%    | -4,05%        |
| 1 Year                | 2,10%  | 0,23%     | 1,14%         |
| 3 Years               | 3,67%  | 3,61%     | 4,01%         |
| 5 Years               | 5,86%  | 4,81%     | 5,97%         |
| Since Inception       | 9,57%  | 8,76%     | 10,12%        |
| Max (Rolling 12 Mths) | 25,21% | 28,71%    | 29,55%        |
| Min (Rolling 12 Mths) | -4,91% | -7,36%    | -6,10%        |
| Volatility            | 9,53%  | 11,68%    | 9,68%         |
| Sharpe Ratio          | 0,35   | n/a       | 0,40          |

**Equities Sector Allocation**



**Asset Allocation on 31 August 2018**



**Monthly Performance**

|      | Jan    | Feb    | Mar    | Apr    | May    | Jun    | Jul    | Aug    | Sep    | Oct    | Nov    | Dec    | Fund YTD | Bmk YTD | Sector Avg. |
|------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|----------|---------|-------------|
| 2018 | 1,05%  | -0,58% | -3,52% | 3,79%  | -2,52% | 1,38%  | -0,14% | 2,58%  | -3,51% |        |        |        | -1,73%   | -6,38%  | -4,05%      |
| 2017 | 2,49%  | -0,79% | 0,94%  | 1,96%  | -0,70% | -2,46% | 3,86%  | 0,85%  | -0,18% | 4,63%  | 0,33%  | -1,02% | 10,11%   | 17,47%  | 12,56%      |
| 2016 | -4,52% | -0,06% | 4,78%  | 0,73%  | 2,73%  | -3,66% | 1,24%  | 1,09%  | -0,97% | -2,28% | 0,82%  | 0,75%  | 0,28%    | -0,08%  | 3,13%       |
| 2015 | 1,30%  | 4,82%  | -0,35% | 3,67%  | -2,01% | -1,44% | 0,88%  | -1,97% | -1,64% | 5,97%  | -1,50% | -1,63% | 5,81%    | 1,86%   | 1,97%       |
| 2014 | -3,20% | 3,53%  | 1,72%  | 1,64%  | 1,72%  | 1,51%  | 1,08%  | -0,27% | -1,26% | 0,75%  | 1,76%  | 0,97%  | 10,24%   | 7,59%   | 11,53%      |
| 2013 | 3,21%  | -0,97% | 1,32%  | -2,08% | 7,28%  | -5,26% | 4,30%  | 2,20%  | 4,54%  | 3,36%  | -1,31% | 2,96%  | 20,62%   | 17,86%  | 20,46%      |
| 2012 | 4,33%  | 2,18%  | -0,48% | 1,51%  | -2,39% | 0,29%  | 1,56%  | 2,05%  | 1,32%  | 3,76%  | 0,96%  | 3,02%  | 19,48%   | 22,73%  | 22,23%      |
| 2011 | -2,69% | 2,42%  | 0,14%  | 1,93%  | -1,14% | -1,41% | -1,61% | -0,84% | -2,66% | 8,54%  | 0,23%  | -0,30% | 2,13%    | -0,41%  | 3,92%       |
| 2010 | -1,10% | 1,44%  | 4,80%  | -0,09% | -4,32% | -2,48% | 6,76%  | -3,63% | 7,63%  | 3,04%  | 0,07%  | 5,96%  | 18,58%   | 16,09%  | 18,27%      |
| 2009 |        |        |        |        |        |        |        |        |        |        |        |        | 2,23%    | 4,96%   | 3,02%       |

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## Fund Commentary

The 3rd quarter proved to be one of the most volatile periods in recent times, dominated by US\$ dollar strength, political tension in the form of the ongoing US-China trade spat, and the subsequent weakness across emerging markets (EM). For South African investors, there was nowhere to hide and the weakness in the currency from 13.73 to 14.11 (3.0% depreciation of the ZAR) reflects that. Local bonds and equities remained out of favour and foreign investors have been net sellers of both asset classes since the end of the 1st quarter. During Q3, the ALSI lost 2.2%, bonds returned 0.8% while SA listed property fell 1.0%.

In economic news, South Africa entered a technical recession (2 consecutive quarters of negative GDP growth) for the first time since 2008 after a significant drop in production in the agricultural sector which surprised economists and investors alike. While it is unlikely that sharp drop in output is attributable to the land reform debate, it does paint a dire picture for a sector that is already plagued by many uncertainties. The lack of consumer and business confidence in SA has become glaringly obvious in recent years, mainly due to many years of policy mismanagement and corruption at a government level. The consumer in particular is under severe pressure and is facing higher taxes, higher petrol prices and a rather stagnant labour market. As evidenced by a continual fall in FDI (foreign direct investment), long term investors are taking a wait and see approach but Ramaphosa is doing his best to reignite the weak economy through partnerships with our trading partners and his much-anticipated R43bn stimulus package.

Key highlights of the stimulus package include: 1) An immediate change to visa policies, 2) The approval of the revised mining charter, 3) a review of the cost of doing business, 4) the roll-out of radio spectrum, 5) the re-prioritisation of R50bn in government spending, 6) and a new R400bn SA infrastructure fund. Furthermore, a land reform advisory panel of 10 highly skilled individuals was established by government to deal with the uncertainty around land reform which has raised concerns among investors and has contributed to the lack of confidence in the agricultural sector and downstream industries.

The MPC is still caught between a rock and hard place, trying to keep monetary policy is SA accommodative enough to foster growth, but tight enough to ensure that inflation doesn't breach the upper end of the target band. Quantitative tightening in developed markets such as the US, combined with a weak ZAR and higher oil prices, paints a challenging backdrop for the MPC committee and their recent hawkish statement confirms that there is a chance that they will hike rates by 25bps once before the end of the year.

On the local bourse there was a wide dispersion of returns in the 3rd quarter. Resource companies were the best performers with the JSE Resource Index climbing 19%, while the JSE Industrial Index lost 8%. MTN and Aspen were two of the biggest movers on the JSE during the last quarter falling 25% and 32% respectively. MTN investors were caught off-guard when Nigeria's central bank ordered the company to refund \$8.13 billion that it allegedly repatriated illegally. Aspen on the other hand disappointed the market after it sold its infant milk business to French dairy giant Lascalis on a much lower multiple than investors had originally anticipated.

The weak ZAR propped up returns for traditional local multi-asset portfolios, while domestic centric asset classes continue to lag.

## 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    | 30-Sep-18 | YTD     | 1M     | 3 M    |
|-------------------|-----------|---------|--------|--------|
| All Share J203T   | 8 126     | -3,84%  | -4,17% | -2,17% |
| Resources J258T   | 2 882     | 21,02%  | 1,05%  | 5,20%  |
| Industrials J520T | 8 889     | -14,13% | -6,42% | -3,63% |
| Financials J580T  | 9 954     | -6,82%  | -2,02% | 2,81%  |

| SECTOR INDICES          | 30-Sep-18 | YTD     | 1M      | 3 M     |
|-------------------------|-----------|---------|---------|---------|
| Basic Materials J510T   | 3 712     | 20,92%  | 1,06%   | 5,22%   |
| Industrial 25 J211T     | 13 326    | -11,84% | -8,07%  | -8,25%  |
| Health Care J540T       | 8 798     | -24,20% | -26,77% | -20,42% |
| Consumer Services J550T | 40 906    | -10,46% | -5,86%  | -9,46%  |
| Telecom J560T           | 11 619    | -25,90% | -1,36%  | -11,86% |
| Financials J580T        | 9 954     | -6,82%  | -2,02%  | 2,81%   |
| Technology J590T        | 4 247     | -26,77% | -1,77%  | 10,43%  |

| SIZE & STYLE INDICES | 30-Sep-18 | YTD     | 1M     | 3 M    |
|----------------------|-----------|---------|--------|--------|
| Top 40 J200T         | 7 208     | -3,23%  | -4,70% | -2,72% |
| Mid Cap J201T        | 14 924    | -12,08% | -3,68% | -1,74% |
| Small Cap J202T      | 13 380    | -7,81%  | -1,70% | -2,22% |

| SA LISTED PROPERTY & SA BOND INDEX | 30-Sep-18 | YTD     | 1M     | 3 M    |
|------------------------------------|-----------|---------|--------|--------|
| SA List Prop (SAPY) J253T          | 1 918     | -22,16% | -2,60% | -1,01% |
| ALBI Total Return - Beassa (ALBI)  | 616       | 4,81%   | 0,30%  | 0,81%  |

| CASH                           | 30-Sep-18 | YTD   | 1M    | 3 M   |
|--------------------------------|-----------|-------|-------|-------|
| STEFI Composite Index (STFIND) | 404       | 5,37% | 0,57% | 1,76% |

| EXCHANGE RATES                   | 30-Sep-18 | YTD    | 1 M    | 3 M   |
|----------------------------------|-----------|--------|--------|-------|
| ZAR/USD                          | 14,11     |        | 14,65  | 13,71 |
| Rand (Appreciation)/Depreciation |           | 13,97% | -3,69% | 2,92% |
| ZAR/GBP                          | 18,37     |        | 19,04  | 18,10 |
| Rand (Appreciation)/Depreciation |           | 9,67%  | -3,52% | 1,49% |
| ZAR/EUR                          | 16,36     |        | 17,05  | 16,00 |
| Rand (Appreciation)/Depreciation |           | 10,02% | -4,05% | 2,25% |




| BORROWING RATES         | 30-Sep-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                   | 0,40%       | 1,30%  | 0,30%  | 1,40%  |
| CPI YoY                           | 4,90%       | 5,30%  | 6,30%  | 4,60%  |
| Current A/C Balance as a % of GDP | -2,50%      | -2,80% | -4,60% | -5,10% |
| Unemployment Rate                 | 27,20%      | 27,50% | 26,70% | 25,30% |

September 2018

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