

### Lynx Investment Philosophy & Investment Strategy

The Lynx Prime Collective Investments 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.

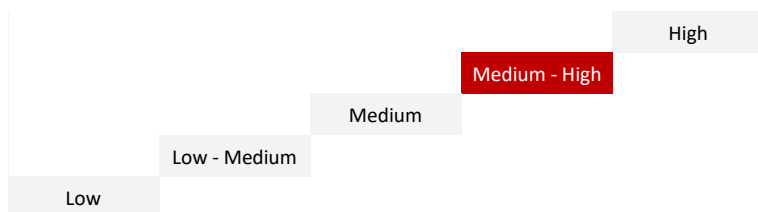
### Fund Universe

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



### 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

	Oct-18	Nov-18	Dec-18
Fund Units	150 585 568	151 346 913	151 444 067
Fund NAV	R 428 618 867	R 399 344 639	R 399 801 136
Class NAV	R 156 090 261	R 143 986 300	R 143 585 208

### 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 399 801 136	
NAV Price	Launch	100.00 (cpu)
	Month End	264.59 (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	08 January 2019	

### 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 (Incl. in TIC)

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.

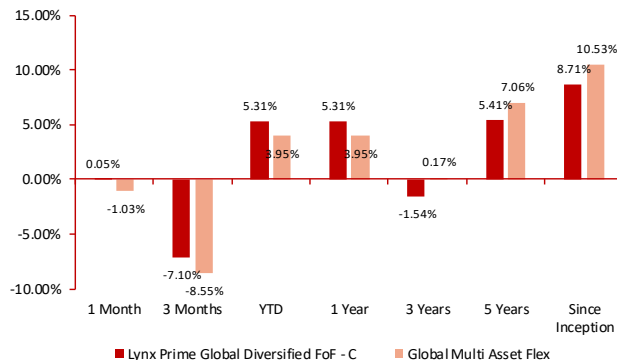
**Top Equities Holdings**

American Express Co  
Centrica Plc  
Charter Communications Inc.  
Cigna Corp.  
Citigroup Inc.  
Franklin Resources Inc.  
HP Inc.  
Microsoft Corp.  
Mitsubishi Corp.  
Walgreens Boots Alliance Inc.

**Top 5 Manager Holdings**

Orbis Global Optimal SA Fund USD **15.52%**  
Schroders Global Recovery Fund **14.57%**  
Sygna ITRIX MSCI World Index **14.53%**  
Ranmore Global Equity Fund Plc **14.29%**  
Nedgroup Inv Global Equity Fund **10.43%**

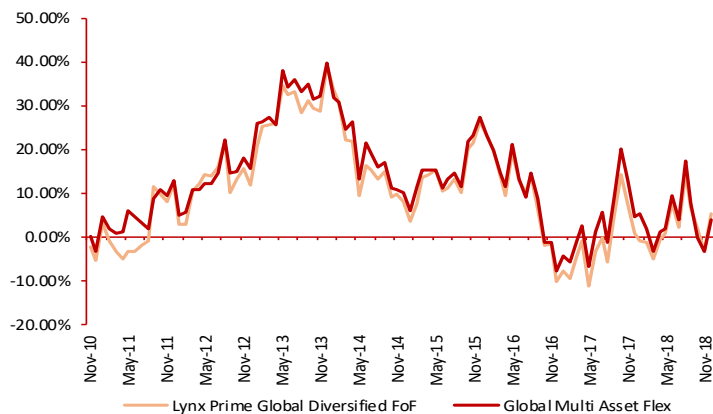
**Trailing Returns**



Source : Morningstar

Fund vs the ASISA Global Multi Asset Flexible Average

**12 Months Rolling Returns**

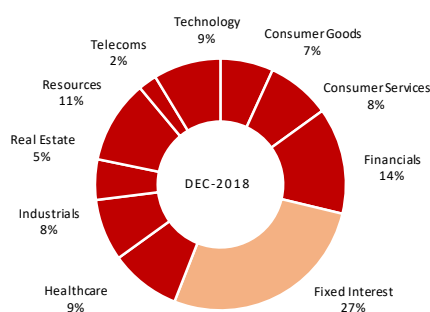


**Periodic Returns & Risk Measures**

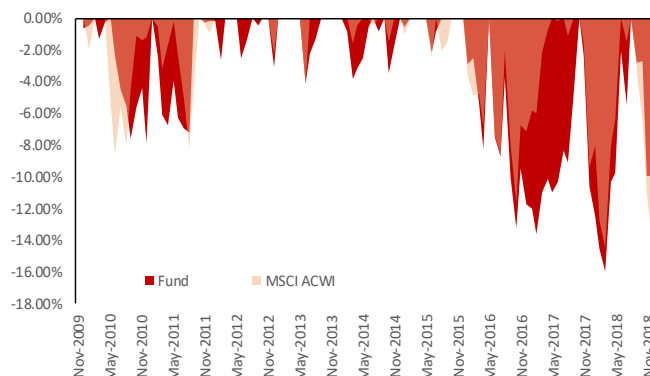
	Fund	Benchmark	Category Avg.
1 Month	0.05%	4.12%	-1.03%
3 Months	-7.10%	3.05%	-8.55%
YTD	5.31%	21.87%	3.95%
1 Year	5.31%	21.87%	3.95%
3 Years	-1.54%	0.72%	0.17%
5 Years	5.41%	9.53%	7.06%
Since Inception	8.71%	10.41%	10.53%
Max (Rolling 12 Mths)	38.94%	39.68%	39.70%
Min (Rolling 12 Mths)	-11.16%	-14.28%	-7.69%
Volatility	12.78%	15.19%	12.43%
Sharpe Ratio	0.23	n/a	0.37

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

**Asset Allocation as at 31 December 2018**



**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%	0.15%	-7.29%	0.05%	5.31%	21.87%	3.95%
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

From the trade war to the Fed, the fourth quarter of 2018 has been full of uncertainty, which is markets' least favourite scenario. The US equity market posted one of the worst October numbers since the financial crisis. The NASDAQ tumbled 9% in October, marking its worst monthly drop since November 2008. Although the equity market caught some breath in November, they resumed the sell-off in December, vanquishing any hopes of Santa Claus rally. Also, over the quarter 10-year U.S. Treasury yield dipped from above 3.2% to below 2.7%, and high-yield bond spreads have risen by more than 200 basis points. The market is sniffing out the risk of recession on the near-term horizon.

While a 10% correction in the market is not uncommon, there is one interesting aspect of 2018: intraday volatility. On February 5, 6, 8 and 9, and on December 26, the Dow traded in a 1,000-point range or more. That's only happened eight times in history. The fact that five of those days took place this year tells you everything you need to know about 2018. The Dow also had its biggest day ever, rising a stunning 1,086 points — a 5% rise. Not to be left out after eight daily S&P 500 moves of 1% or more in 2017, there were 64 such moves in 2018. Volatility clearly underscored much of the 2018 market.

Despite this meteoric daily rise in December nearly every corner of the financial and commodity markets stumbled in 2018. Except for a modest gain in cash and a flat performance for a broad measure of US investment-grade bonds, last year was awash in red ink.

Stocks in emerging markets suffered the biggest retreat among the major asset classes in 2018. The MSCI Emerging Markets Index tumbled 14.6% last year on a net total return basis.

The derating of the US market over the last quarter comes as consensus for Q4 2018 profits from S&P 500 companies has been trimmed 2.5% which, according to Bloomberg, is the most of any quarter since early 2017. Investors have also been used to regular upward revisions during the Trump presidency. The crux is whether a "reversion to mean" rate of underlying growth is underway, or trade conflict and tighter credit are stalling a decade-long upturn.

Fourth-quarter profits are still expected to grow around 14% like-for-like, which is twice the average of the past five years; and the US market's fall has taken its 12-month forward price/earnings (PE) below 15 times — helping explain a sudden outbreak of buyers.

The U.S. dollar index rebounded from its worst annual performance in 13 years by gaining 4.4% in 2018 compared to 2017's decline of 9.9%. The strong U.S. economy, diverging central bank policy, wide rate differentials, and safe haven status helped attract flows to the detriment of large multi-national corporations as well as economies with high levels of dollar denominated debt

Global indices were seemingly ahead of the now established weakening and in some areas contracting economic data within many of the world's largest economies. And while the U.S. has been the lone bright spot, many believe it is only a matter of time before the slowdown washes up on our shores. The decline in asset prices seems to indicate that process began in Q4 and over the next one to two quarters we should expect the economic data to deteriorate, and the corrective, volatile price action to continue.

From a glass half full perspective, many global assets, including a brief spell for the S&P 500, are already in a bear market, and by the time the remaining few get on board, it is very plausible the global recovery will already be underway. The timing of which largely depends on the outcome of future events such as the trade war with China and the looming U.S. government shutdown. Also, there is policy risk from the Federal Reserve whose multiple rate hikes and largely unprecedented QT program may be having a more significant impact on liquidity, valuations, and the economy than what policy makers are seeing.

## 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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