

January 2019

### 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 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.

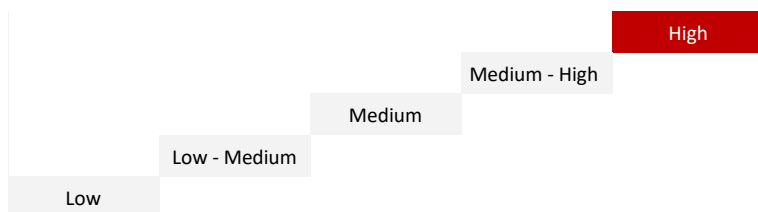
### Fund Universe

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

	Nov 18	Dec 18	Jan 19
Fund Units	2 378 874	2 367 129	2 359 243
Fund NAV	R 65 216 528	R 65 408 840	R 66 280 815
Class NAV	R 1 147	R 1 155	R 1 174

### 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 66 280 815	
NAV Price	Launch	1000.00 (cpu)
	Month End	2687.89 (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	19 February 2019	

### Total Investment Charges

Period (Annualised): October 2017 to September 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)

0.25 %

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

### Total Investment Charges (TIC)

2.99 %

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	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.

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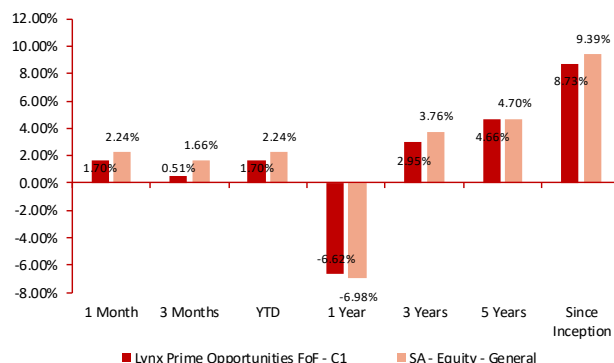
**Top Equities Holdings**

ABSA Group Ltd  
Anglo American Plc  
BHP Group Ltd  
Compagnie Fin. Richemont SA  
MTN Group Ltd  
Naspers Ltd  
Old Mutual Ltd  
Sasol Ltd  
Shoprite Holdings Ltd  
Standard Bank Group Ltd

**Top 5 Manager Holdings**

Gryphon All Share Tracker Fund **32.23%**  
Visio BCI Actinio Fund **20.38%**  
Laurium Flexible Prescient Fund **19.86%**  
PSG Equity Fund **14.54%**  
Alphahealth Prime Mid & Small Cap Fund **4.56%**

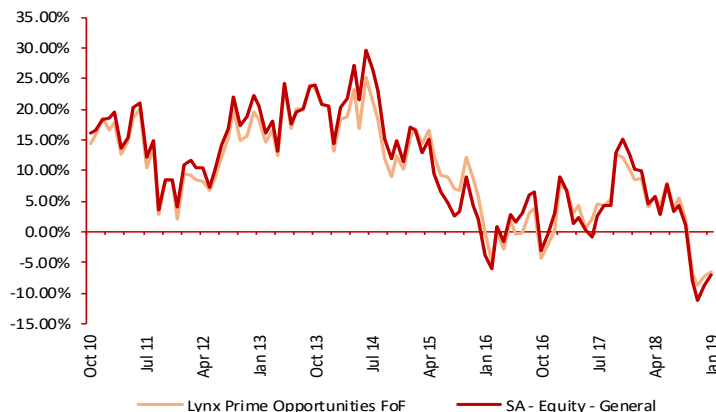
**Trailing Returns**



Source : Morningstar

Fund vs the ASISA South African Equity General Average

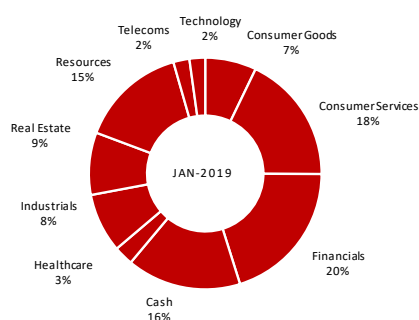
**12 Months Rolling Returns**



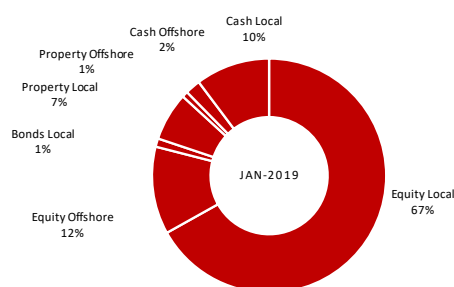
**Periodic Returns & Risk Measures**

	Fund	Benchmark	Category Avg.
1 Month	1.70%	2.69%	2.24%
3 Months	0.51%	3.37%	1.66%
YTD	1.70%	2.69%	2.24%
1 Year	-6.62%	-9.00%	-6.98%
3 Years	2.95%	3.29%	3.76%
5 Years	4.66%	3.71%	4.70%
Since Inception	8.73%	8.10%	9.39%
Max (Rolling 12 Mths)	25.21%	28.71%	29.55%
Min (Rolling 12 Mths)	-8.77%	-15.24%	-11.30%
Volatility	9.55%	11.82%	9.73%
Sharpe Ratio	0.27	n/a	0.33

**Equities Sector Allocation**



**Asset Allocation as at 31 January 2019**



**Monthly Performance**

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Fund YTD	Bmk YTD	Sector Avg.
<b>2019</b>	1.70%												1.70%	2.69%	2.24%
<b>2018</b>	1.05%	-0.58%	-3.52%	3.79%	-2.52%	1.38%	-0.14%	2.58%	-3.51%	-4.46%	-1.82%	0.66%	-7.22%	11.37%	-8.83%
<b>2017</b>	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%	7.47%	12.56%
<b>2016</b>	-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%
<b>2015</b>	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%
<b>2014</b>	-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%
<b>2013</b>	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%
<b>2012</b>	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%
<b>2011</b>	-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%
<b>2010</b>	-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%

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## Fund Commentary

2018 was a challenging year for investors in all major asset classes, locally and globally. The wave of optimism and the risk seeking behaviour that followed the positive outcome at the ANC elective conference in early January is somewhat of a distant memory. Trade wars, Brexit and China's slowdown in economic growth have cast a shadow on emerging markets, and although it appears the new capable leadership of SA has steered the country from what felt like the edge of a steep precipitous, our domestic assets have been shunned in favour of safe-haven assets. The dollar is broadly stronger, emerging market currencies are generally weaker, and major domestic risk asset classes are in bear market territory. The trajectory of weak economic data persisted in the 4th quarter with most local activity indicators disappointing economists, missing expectations e.g. retail sales, manufacturing production, mining production, business and consumer confidence. To make matters worse, Eskom resumed its load shedding program in December due to a shortage of coal and ongoing maintenance of existing power stations.

Given the weak local economy and the increase in volatility globally, it's no surprise that the JSE All Share Index fell 8.5% (including dividends) in 2018, its worst annual move since the financial crisis in 2008. Although there were a few stocks that ended the year in positive territory, the risks of blindly following cheap, heavily concentrated tracker products were realized as Naspers (which accounts for 18% of the ALSI) fell 16% in 2018, its worst annual performance since 2001. Anglo American Platinum was the best-performing constituent, climbing 52% in 2018 while troubled retailer Steinhoff International shares was one of the worst performers, falling 63% on the local bourse.

The SA listed property index lost 27% over the same period, much of which is attributable to the meltdown in the Resilient group that found itself at the center of share manipulation and financial engineering saga earlier in the year. That said, most of the sector has been under pressure due to a weak retail market and an excess supply in the office space. The combination of weaker pricing power of property companies, and the tightening of global liquidity has led investors to demand a significantly higher yield for this asset class than they have historically.

In the last MPC meeting of 2018 the committee surprised market participants with the decision to increase the repo rate by 25bps despite the rand strengthening 6% and a 20% fall in oil prices. The decision to hike rested solely on the governor after a hung vote of 3 hikes and 3 remains following the retirement of Brian Kahn earlier in the month. Lesetja Kganyago re-iterated the MPC's view which is to look past short-term market movements and the first-round impact of price moves, preferring to focus on long run inflation forecasts and expectations. The broad-based rally in SA bonds that followed the interest rate decision suggests investors are confident in the SARB's ability to anchor inflation expectations despite an anaemic domestic economy. SA bonds performed well in the closing months of the year, producing a return of 2.7% in the 4th quarter and 7.7% for 2018. The FTSE/JSE Preference Share Index produced a stellar return of 15% in 2018, driven mainly by the increase in local inflation expectations in the 3rd quarter and the increase in demand from retail investors.

With emerging markets out of favour and global liquidity receding, the rand weakened from 12.38 to 14.38, cushioning the blow for local investors who have exposure to offshore assets. Going forward, investors will need to weigh up the odds of further currency weakness against the more predictable attractive local yields on offer.

2018 was certainly a year that investors would like to forget but we encourage investors to stay invested and focus on their long-term goals. As Warren Buffet once said, "Be fearful when others are greedy and greedy when others are fearful."

## 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 Jan 19	YTD	1M	3 M
All Share J203T	7 946	2.81%	2.81%	3.77%
Resources J258T	2 841	3.25%	3.25%	2.64%
Industrials J520T	9 086	3.93%	3.93%	4.65%
Financials J580T	10 327	5.96%	5.96%	7.17%

SECTOR INDICES	31 Jan 19	YTD	1M	3 M
Basic Materials J510T	3 661	3.29%	3.29%	2.67%
Industrial 25 J211T	12 538	0.99%	0.99%	2.75%
Health Care J540T	8 199	1.57%	1.57%	-2.58%
Consumer Services J550T	40 556	2.22%	2.22%	11.75%
Telecom J560T	11 722	-3.86%	-3.86%	2.56%
Financials J580T	10 327	5.96%	5.96%	7.17%
Technology J590T	4 303	-2.11%	-2.11%	3.46%

SIZE & STYLE INDICES	31 Jan 19	YTD	1M	3 M
Top 40 J200T	7 015	2.72%	2.72%	4.27%
Mid Cap J201T	15 682	2.34%	2.34%	4.31%
Small Cap J202T	18 322	2.04%	2.04%	-2.14%

SA LISTED PROPERTY & SA BOND INDEX	31 Jan 19	YTD	1M	3 M
SA List Prop (SAPY) J253T	2 011	9.18%	9.18%	6.63%
ALBI Total Return - Beassa (ALBI)	652	2.90%	2.90%	7.56%

CASH	31 Jan 19	YTD	1M	3 M
STEFI Composite Index (STFIND)	413	0.60%	0.60%	1.79%

EXCHANGE RATES	31 Jan 19	YTD	1 M	3 M
ZAR/USD	13.27		14.39	14.77
Rand (Appreciation)/Depreciation		7.19%	-7.75%	-10.16%
ZAR/GBP	17.46		18.32	18.87
Rand (Appreciation)/Depreciation		4.24%	-4.69%	-7.47%
ZAR/EUR	15.23		16.44	16.73
Rand (Appreciation)/Depreciation		2.42%	-7.36%	-8.97%




BORROWING RATES	31 Jan 19	1 m Ago	3m Ago
SA Repo Rate	6.75%	6.50%	6.50%
SA Prime Overdraft Rate	10.25%	10.00%	10.00%

ECONOMICS	Last Avail.	2018	2017	2016
SA Real GDP YoY	1.10%	1.10%	1.30%	0.30%
CPI YoY	5.20%	5.20%	5.30%	6.30%
Current A/C Balance as a % of GDP	-2.50%	-2.50%	-2.80%	-4.60%
Unemployment Rate	27.50%	27.50%	27.50%	26.70%

January 2019

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