

October 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 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.

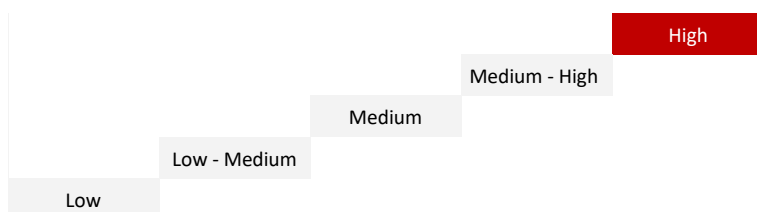
### Fund Universe

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

	Aug-18	Sep-18	Oct-18
Fund Units	2 304 620	2 303 820	2 341 350
Fund NAV	R 69 759 359	R 67 096 284	R 65 300 985
Class NAV	R 1 268	R 1 223	R 1 168

### 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 65 300 985	
NAV Price	Launch	1000.00 (cpu)
	Month End	2674.09 (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	29 November 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

### 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 (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.

October 2018

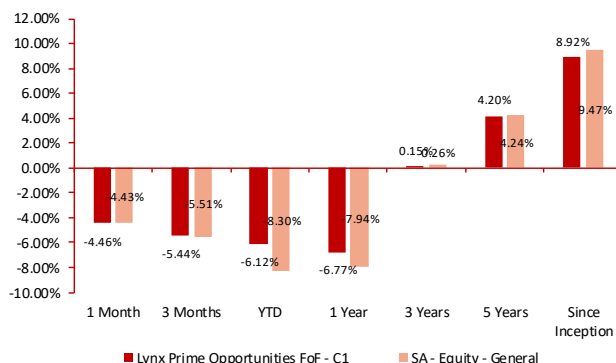
**Top Equities Holdings**

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

**Top 5 Manager Holdings**

Gryphon All Share Tracker Fund	31.82%
Visio BCI Actinio Fund	20.22%
Laurium Flexible Prescient Fund	29.89%
PSG Equity Fund	15.36%
Nedgroup Inv. Property Fund	4.83%

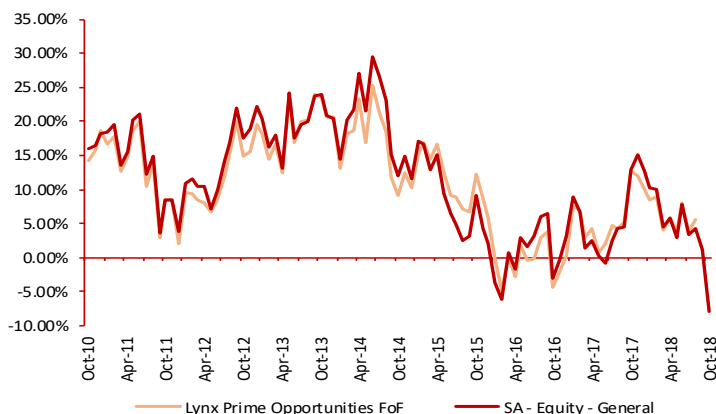
**Trailing Returns**



Source : Morningstar

Fund vs the ASISA South African Equity General Average

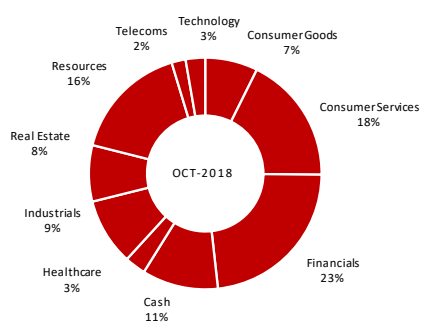
**12 Months Rolling Returns**



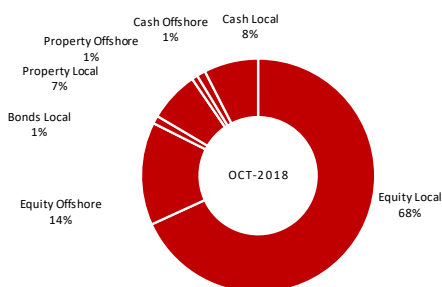
**Periodic Returns & Risk Measures**

	Fund	Benchmark	Category Avg.
1 Month	-4.46%	-5.96%	-4.43%
3 Months	-5.44%	-8.79%	-5.51%
YTD	-6.12%	-11.96%	-8.30%
1 Year	-6.77%	-11.18%	-7.94%
3 Years	0.15%	-0.88%	0.26%
5 Years	4.20%	2.85%	4.24%
Since Inception	8.92%	7.93%	9.47%
Max (Rolling 12 Mths)	25.21%	28.71%	29.55%
Min (Rolling 12 Mths)	-6.77%	-11.18%	-7.94%
Volatility	9.64%	11.84%	9.80%
Sharpe Ratio	0.29	n/a	0.34

**Equities Sector Allocation**



**Asset Allocation on 31 October 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%	-4.46%			-6.12%	-11.96%	-8.30%
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%	7.47%	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%	7.86%	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%	2.73%	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%	6.09%	18.27%
2009											-1.17%	3.44%	2.23%	4.96%	3.02%

October 2018

### 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	31-Oct-18	YTD	1M	3 M
All Share J203T	7658	-9.38%	-5.76%	-7.58%
Resources J258T	2 768	16.23%	-3.96%	2.47%
Industrials J520T	8 683	-16.13%	-2.33%	-6.29%
Financials J580T	9 636	-9.79%	-3.19%	-4.90%

SECTOR INDICES	31-Oct-18	YTD	1M	3 M
Basic Materials J510T	3 566	16.18%	-3.92%	2.56%
Industrial 25 J211T	12 202	-19.28%	-8.44%	-14.09%
Health Care J540T	8 416	-27.49%	-4.34%	-22.01%
Consumer Services J550T	36 294	-20.55%	-11.28%	-15.31%
Telecom J560T	11 429	-27.11%	-1.63%	-19.47%
Financials J580T	9 636	-9.79%	-3.19%	-4.90%
Technology J590T	4 159	-28.28%	-2.07%	-6.36%

SIZE & STYLE INDICES	31-Oct-18	YTD	1M	3 M
Top 40 J200T	6 727	-9.68%	-6.67%	-8.90%
Mid Cap J201T	15 034	-11.43%	0.74%	-1.53%
Small Cap J202T	18 722	-10.94%	-3.39%	-3.86%

SA LISTED PROPERTY & SA BOND INDEX	31-Oct-18	YTD	1M	3 M
SA List Prop (SAPY) J253T	1 886	-23.48%	-1.69%	-2.19%
ALBI Total Return - Beassa (ALBI)	606	3.02%	-1.71%	-3.25%

CASH	31-Oct-18	YTD	1M	3 M
STEFI Composite Index (STFIND)	406	6.00%	0.59%	1.77%

EXCHANGE RATES	31-Oct-18	YTD	1 M	3 M
ZAR/USD	14.77		14.11	13.10
Rand (Appreciation)/Depreciation		19.26%	4.64%	12.71%
ZAR/GBP	18.87		18.37	17.18
Rand (Appreciation)/Depreciation		12.66%	2.72%	9.84%
ZAR/EUR	16.73		16.36	15.33
Rand (Appreciation)/Depreciation		12.51%	2.26%	9.13%




BORROWING RATES	31-Oct-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	5.10%	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%

October 2018

Prime Collective Investment Schemes Management Company (RF) (Pty) Ltd

[www.primeinvestments.co.za](http://www.primeinvestments.co.za)

 +27 (0)10 594 2100  
 +27 (0)86 642 1880  
 [save@primeinvestments.co.za](mailto:save@primeinvestments.co.za)

1st Floor, Building B,  
Hurlingham Office Park,  
59 Woodlands Ave, Hurlingham Manor,  
Sandton

PostNet Suite 208,  
Private Bag X9,  
Benmore, 2010

#### Fund Contact Details


##### Fund Manager

Lynx Fund Managers (Pty) Ltd

FSP No: 23987


##### Trustees

Societe Generale Security Services

 +27 (0)11 448 8800

##### Administrator

Global Independent Administrators

 +27 (0)10 594 2100

#### Disclaimer

This is a minimum disclosure document and a general investor report. Collective Investment Schemes are generally medium to long term investments. The value of participatory interests may go down as well as up. The manager does not provide any guarantee either with respect to the capital or the return of a portfolio. Past performance is not necessarily an indication of future performance. CIS's are traded at ruling prices and can engage in borrowing and scrip lending. Different classes of units apply to these portfolios and are subject to different fees and charges. A schedule of fees and charges and maximum commissions is available on request from the manager. The manager has a right to close portfolios to new investors in order to manage them more efficiently in accordance with their mandates. Forward pricing is used. The manager may borrow up to 10% of the market value of the portfolio to bridge insufficient liquidity. Actual investment performance will differ based on the initial fees applicable, the actual investment date and the date of reinvestment of income. Dealing prices are calculated on a net asset value and auditor's fees, bank charges and trustee fees are levied against the portfolios. Performance is calculated for the portfolio, as well as that the individual investor performance may differ as a result of initial fees, the actual investment date, the date of reinvestment and dividend withholding tax. Lump sum investment performances are quoted. Income distributions are in the calculations. Performance numbers and graphs are sourced from Collective Endeavours Consulting (Pty) Ltd. NAV to NAV figures have been used. The investment performance is for illustrative purposes only. The investment performance is calculated after taking the actual initial fees and all ongoing fees into account. The reinvestment of income is calculated on the actual amount distributed per participatory interest by using the ex-dividend date NAV price of the applicable class of the portfolio, irrespective of the actual reinvestment date. Risk profile of the fund ranges from low risk to high risk with a low risk potentially associated with lower rewards and a high risk with potentially higher rewards. Foreign securities may be included in the portfolio from time to time and as such may result in the following: potential constraints on liquidity and the repatriation of funds; macroeconomic risks; political risks; foreign exchange risks; tax risks; settlement risks and potential limitations on the availability of market information. One can also obtain additional information on Prime products on the Prime CIS website and all price related queries or information is readily available on request. Fund of funds are portfolios that invests in portfolios of collective investment schemes that levy their own charges, which could result in a higher fee structure for the fund of funds. The daily cut off time is 14:00 for trades and the valuation point is 17:00. Prices are published on Finswitch by 10:00 daily. Prime Collective Investment Schemes Management Company (RF) (Pty) Ltd is a registered Collective Investment Scheme Manager in terms of Section 5 of the Collective Investment