

Nov 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.

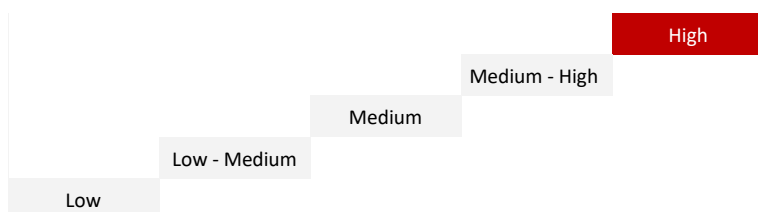
Fund Universe

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 2019	25.8520	10.1613	4.7003	40.7135
Feb 2019	21.4505	4.5202	5.9879	31.9586

Fund Net Asset Value

	Sep 19	Oct 19	Nov 19
Fund Units	2 328 202	2 131 047	2 124 212
Fund NAV	R 63 930 494	R 59 495 202	R 58 683 261
Class NAV	R 51 300 400	R 46 735 188	R 46 066 840

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 58 683 261	
NAV Price	Launch	1000.00 (cpu)
	Month End	2701.32 (cpu)
JSE Code	LYOA1	
ISIN Number	ZAE000221230	
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 December 2019	

Total Investment Charges

Period (Annualised): March 2018 to February 2019

Total Expense Ratio (TER) 1.88 %

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) 0.21 %

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

Total Investment Charges (TIC) 2.09 %

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.

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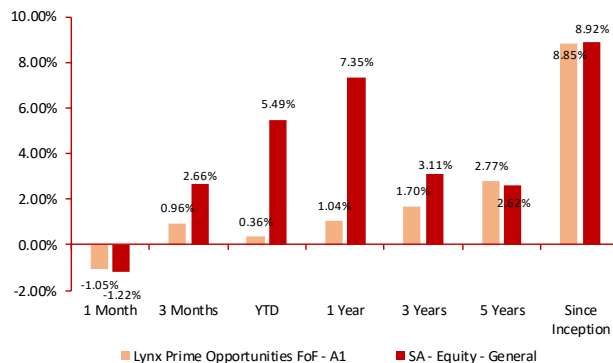
Top Equities Holdings

ABSA Group Ltd
Anglo American Plc
BHP Group Ltd
British American Tobacco Plc
Compagnie Fin. Richemont SA
Mondi Plc
Naspers Ltd
Prosus NV
Sasol Ltd
Standard Bank Group Ltd

Top 5 Manager Holdings

Gryphon All Share Tracker Fund	42.41%
Laurium Flexible Prescient Fund	24.00%
Visio BCI Actinio Fund	17.71%
Obsidian SCI Equity	6.72%
Satrix 40 Index Fund	3.77%

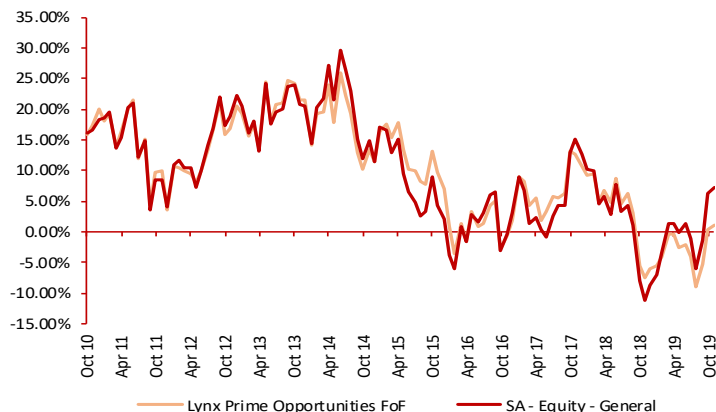
Trailing Returns



Source : Morningstar

Fund vs the ASISA South African Equity General Average

12 Months Rolling Returns

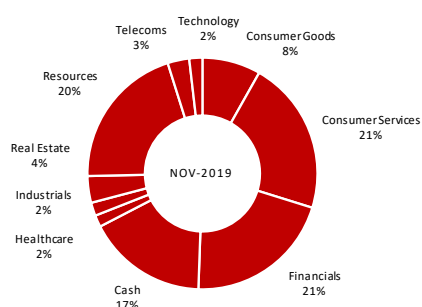


Periodic Returns & Risk Measures

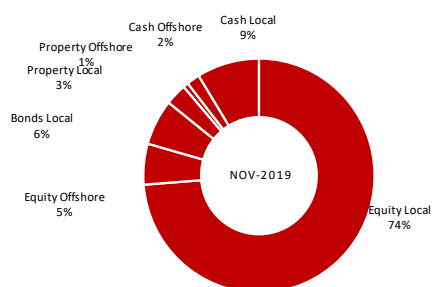
	Fund	Benchmark	Category Avg.
1 Month	-1.05%	-1.91%	-1.22%
3 Months	0.96%	0.16%	2.66%
YTD	0.36%	4.96%	5.49%
1 Year	1.04%	9.25%	7.35%
3 Years	1.70%	3.30%	3.11%
5 Years	2.77%	2.09%	2.62%
Since Inception	8.85%	7.64%	8.92%
Max (Rolling 12 Mths)	25.92%	28.71%	29.55%
Min (Rolling 12 Mths)	-8.90%	-15.24%	-11.30%
Volatility	9.31%	11.75%	9.72%
Sharpe Ratio	0.28	n/a	0.28

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

Equities Sector Allocation



Asset Allocation as at 30 November 2019



Monthly Performance

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Fund YTD	Bmk YTD	Sector Avg.
2019	1.67%	1.26%	0.23%	3.70%	-4.52%	2.04%	-1.98%	-2.73%	0.54%	1.48%	-1.05%		0.36%	4.96%	5.49%
2018	1.11%	-0.48%	-3.30%	3.71%	-2.35%	1.39%	-0.06%	2.54%	-3.31%	-4.23%	-1.70%	0.68%	-6.17%	11.37%	-8.83%
2017	2.51%	-0.66%	1.01%	1.93%	-0.58%	-2.25%	3.76%	0.89%	-0.14%	4.53%	0.41%	-0.90%	10.79%	7.47%	12.56%
2016	-4.42%	0.05%	4.90%	0.84%	2.85%	-3.55%	1.35%	1.17%	-0.83%	-2.01%	0.89%	0.82%	1.70%	-0.08%	3.13%
2015	1.36%	4.76%	-0.22%	3.75%	-1.96%	-1.32%	0.99%	-1.86%	-1.53%	6.08%	-1.38%	-1.51%	6.94%	1.86%	1.97%
2014	-2.98%	3.51%	1.77%	1.69%	1.77%	1.57%	1.15%	-0.16%	-1.10%	0.84%	1.80%	1.05%	11.30%	7.59%	11.53%
2013	3.22%	-0.84%	1.38%	-1.90%	7.15%	-4.99%	4.28%	2.24%	4.51%	3.36%	-1.16%	2.97%	21.47%	17.86%	20.46%
2012	4.35%	2.24%	-0.37%	1.59%	-2.22%	0.39%	1.64%	2.10%	1.38%	3.78%	1.04%	3.04%	20.49%	22.73%	22.23%
2011	-2.55%	2.49%	0.25%	2.02%	-0.99%	-1.28%	-1.48%	-0.71%	-2.50%	8.47%	0.34%	-0.18%	3.46%	-0.41%	3.92%
2010	-1.00%	1.53%	4.92%	0.02%	-4.19%	-2.36%	6.84%	-3.49%	7.69%	3.12%	0.19%	6.02%	20.02%	16.09%	18.27%

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Fund Commentary

In the third quarter, local investors were not rewarded by risk assets, especially domestic facing stocks that continue to feel the lethargy of the South African economy. While there was a bifurcation in the performance between “Sa Inc” and “Rand hedge” stocks during the quarter (the former lagging significantly), both baskets on average ended the quarter in negative territory with the JSE All Share Index down 4.6%. In the absence of resources, Naspers and some of the other dual listed’s, the ALSI would certainly be in a bear market, and would more accurately reflect the sorry state of affairs in the country.

In the 3rd quarter, the Rand took direction from a gloomier global environment, weakening by close to 8% against the US\$ and 4% against Pound Sterling. After an initial rally early in the quarter, SA bonds moderated as the global risk-off sentiment came to the fore, generating a return of 0.7% for Q3.

On a more positive note, Stats SA released the 2nd quarter GDP figures which came in at 3.1% QoQ which was a welcome surprise following the significant contraction of 3.2% in the first quarter. Mining showed the largest growth of 14% followed by the financial sector (+4.1%), trade (+3.9%) and government (+3.4%). The main sectors that showed a decline were construction (-1.6%) and agriculture (-4.2%). While the stronger numbers have offered some relief to investor sentiment, the reserve bank have highlighted that the SA economy remains in its longest downward cycle since 1945.

Going into the 4th quarter, all eyes will be on ratings agency Moody’s, who is expected to review SA’s credit rating in November and could potentially downgrade SA sovereign debt by one notch to junk status. Their concerns rest with the increasing debt to GDP ratio which has been hampered by the ill effects of keeping Eskom (and other SOE’s) on life-support, the low economic growth rate, and the structurally high level of unemployment. Time is running out for the government to show ratings agencies that they have a clear plan to ignite growth and to improve the budget deficit that is currently showing no signs of narrowing. It is expected that we’ll get more clarity on governments plan of action for Eskom in, or at around the same time as the Medium-Term Budget Policy Statement (MTBPS), which is expected to be delivered on the 30th of October 2019.

From an investment perspective, it appears that a downgrade to junk status is mostly priced into local bond yields, but the potential increase in short term volatility remains a risk in the event of a downgrade due to the subsequent exclusion from World Government Bond Index (WGBI) and the implications of forced foreign selling. That said, relative to other emerging markets (with similar credit ratings), SA bonds look fairly attractive and should be supported by the weakening global economy and widening impact between DM and EM yields generally. Locally, inflation does not pose a serious risk, but the SARB remains caught between a rock and a hard place. On the one hand encouraging foreign portfolio flows by running high real yields in a world devoid of yield, while on the other hand keeping rates low enough to foster economic activity. On the SARB’s current trajectory and a continuation of quantitative easing/ further rate cuts in developed countries will make a SA bonds an attractive proposition for the “carry trade”.

There is no doubt that there are opportunities in the local market, and although South Africa has its own unique set of problems, it’s important to remember that SA is a small cog in a much larger machine and will take direction from the global economy. There has been a marginal economic slowdown in global growth recently but some finality on the US China trade deal has the potential to reignite global trade which stands to benefit emerging markets. An improvement in local consumer and business confidence could encourage a turnaround for many SA assets that are attractively priced relative to history and their global peers. Furthermore, policy certainty has the potential to secure much needed foreign fixed capital investments, which along with the successful implementation of a broad-based, investor friendly growth plan, has the potential to turn the economy around.

SA Indices & Indicators

EQUITY INDICES	30 Nov 19	YTD	1M	3 M
All Share J203T	8 384	8.46%	-1.80%	1.49%
Resources J258T	3 306	20.16%	-0.89%	5.25%
Industrials J520T	7 898	-9.66%	-3.70%	4.31%
Financials J580T	9 735	-0.11%	-1.47%	5.68%

SECTOR INDICES	30 Nov 19	YTD	1M	3 M
Basic Materials J510T	4 266	20.35%	-0.89%	5.25%
Industrial 25 J211T	13 452	8.35%	-2.74%	-3.33%
Health Care J540T	7 508	-6.99%	8.21%	23.17%
Consumer Services J550T	40 699	2.58%	-3.08%	4.72%
Telecom J560T	12 546	2.90%	-4.45%	-7.68%
Financials J580T	9 735	-0.11%	-1.47%	5.68%
Technology J590T	4 166	-5.23%	-2.80%	-10.57%

SIZE & STYLE INDICES	30 Nov 19	YTD	1M	3 M
Top 40 J200T	7 408	8.47%	-2.03%	0.88%
Mid Cap J201T	16 917	10.40%	0.61%	7.66%
Small Cap J202T	17 183	-4.30%	-1.20%	2.74%

SA LISTED PROPERTY & SA BOND INDEX	30 Nov 19	YTD	1M	3 M
SA List Prop (SAPY) J253T	1 917	4.08%	0.81%	3.02%
ALBI Total Return - Beassa (ALBI)	686	8.30%	0.22%	0.38%

CASH	30 Nov 19	YTD	1M	3 M
STEFI Composite Index (STFIND)	438	6.67%	0.56%	1.74%

EXCHANGE RATES	30 Nov 19	YTD	1 M	3 M
ZAR/USD	14.67		15.11	15.18
Rand (Appreciation)/Depreciation		1.95%	-2.91%	-3.36%
ZAR/GBP	18.95		19.49	18.49
Rand (Appreciation)/Depreciation		3.44%	-2.77%	2.49%
ZAR/EUR	16.16		16.81	16.72
Rand (Appreciation)/Depreciation		-1.70%	-3.87%	-3.35%

BORROWING RATES	30 Nov 19	1 m Ago	3m Ago
SA Repo Rate	6.50%	6.50%	6.75%
SA Prime Overdraft Rate	10.00%	10.00%	10.25%

ECONOMICS	Last Avail.	2018	2017	2016
SA Real GDP YoY	0.10%	1.10%	1.30%	0.30%
CPI YoY	3.70%	5.20%	5.30%	6.30%
Current A/C Balance as a % of GDP	-3.50%	-2.50%	-2.80%	-4.60%
Unemployment Rate	29.10%	27.50%	27.50%	26.70%

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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).

Disclaimer

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