

Jan 2020

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 Cautious Fund of Funds is to provide investors access to a diversified portfolio of collective investments across all major asset classes. The fund aims to provide investors with capital growth over the long term at a rate of inflation plus 3% measured over a rolling 3 year period.

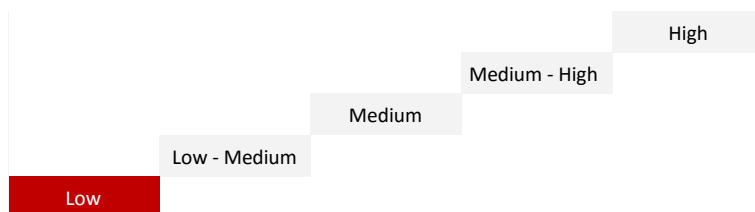
Fund Universe

The Lynx Prime Cautious Fund of Funds is a multi-managed fund that will consist of a mix of collective investment portfolios investing in a range of asset classes locally and abroad.

Who should be investing?

The fund's asset allocation is suited to investor with a moderate approach to risk. The fund conforms to Regulation 28 of the Pension Fund Act.

Investor Risk Profile



Income Distribution

Date	Dividend	Interest	Other	Total
August 2019	12.3701	39.0677	4.4619	55.8997
Feb 2019	9.2060	24.7615	6.2198	40.1873

Fund Net Asset Value

	Nov-19	Dec-19	Jan-20
Fund Units	12 345 962	12 311 702	12 195 651
Fund NAV	R 231 295 171	R 232 093 172	R 233 051 952
Class NAV	R 136 361 346	R 134 185 950	R 134 780 853

Fund Information

Classification	SA Multi-Asset _ Low Equity	
Benchmark	CPI + 3%	
Inception Date of Fund	03 May 2005	
Inception Date of Class	01 July 2005	
Total Portfolio Size	R 233 051 952	
NAV Price	Launch	1000.00 (cpu)
	Month End	1899.95 (cpu)
JSE Code	LPCA1	
ISIN Number	ZAE000221198	
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	Yes	
Issue Date	20 February 2020	

Total Investment Charges

Period (Annualised): July 2018 to June 2019

Total Expense Ratio (TER) 1.49 %

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) 0.09 %

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

Total Investment Charges (TIC) 1.58 %

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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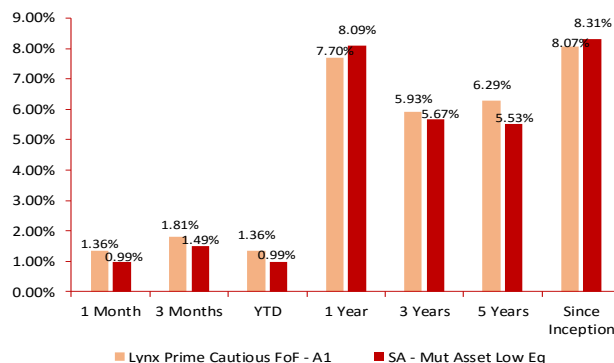
Top Holdings

Top 5 Manager Holdings

ABSA Bank Ltd Pref
ABSA Group Ltd
British American Tob Plc
Firststrand Ltd Pref
Impala Platinum Hdgs Ltd
Investec Ltd Pref
Naspers Ltd
New Gold ETF
Prosus NV
Std Bank Group Ltd pref

Prescient Income Provider Fund	19.26%
Matrix Novare Stable Inc. Fund	18.86%
Lynx Prime Global Diversified FoF	17.93%
Sanlam Select Bond Plus Fund	10.26%
Laurium Flexible Prescient Fund	9.73%

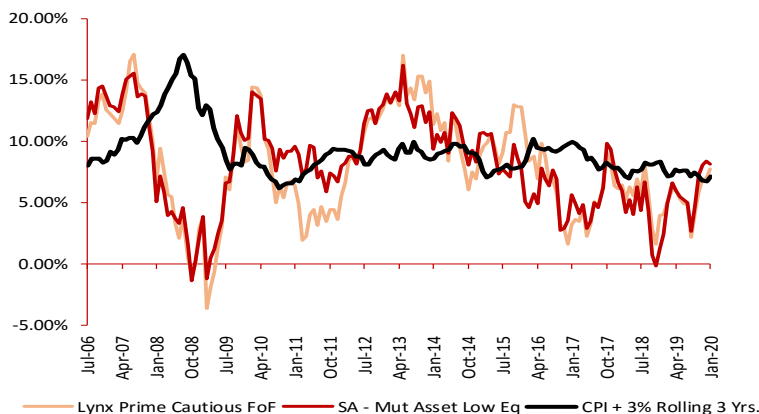
Trailing Returns



Source : Morningstar

Fund vs the ASISA South African Multi Asset Low Equity Average

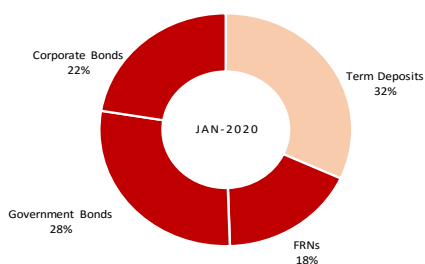
12 Months Rolling Returns



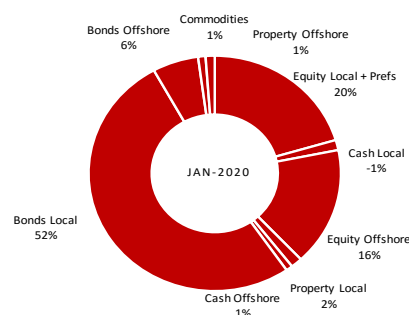
Periodic Returns & Risk Measures

	Fund	Benchmark	Category Avg.
1 Month	1.36%	0.45%	0.99%
3 Months	1.81%	1.11%	1.49%
YTD	1.36%	0.45%	0.99%
1 Year	7.70%	7.11%	8.09%
3 Years	5.93%	7.52%	5.67%
5 Years	6.29%	8.17%	5.53%
Since Inception	8.07%	8.87%	8.31%
Max (Rolling 12 Mths)	17.10%	17.00%	16.19%
Min (Rolling 12 Mths)	-3.64%	6.13%	-1.37%
Volatility	3.94%	1.48%	3.65%
Sharpe Ratio	0.20	n/a	0.27

Fixed Interest Sector Allocation



Asset Allocation as at 31 January 2020



Monthly Performance

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Fund YTD	Bmk YTD	Sector Avg.
2020	1.36%												1.36%	0.45%	0.99%
2019	0.60%	1.32%	0.74%	1.78%	-0.95%	0.91%	0.04%	0.04%	0.73%	1.06%	-0.19%	0.62%	6.89%	7.11%	8.09%
2018	0.47%	0.40%	-0.34%	1.95%	-0.32%	1.26%	0.15%	2.60%	-1.16%	-0.58%	-1.15%	0.63%	3.91%	8.34%	1.18%
2017	0.68%	0.10%	0.81%	0.91%	0.39%	-0.08%	1.33%	0.29%	1.22%	2.15%	-0.04%	-1.58%	6.31%	8.60%	7.75%
2016	-0.84%	-0.34%	0.97%	-0.21%	2.78%	-1.05%	-0.44%	0.66%	-0.34%	-0.37%	0.66%	0.19%	1.62%	8.86%	3.54%
2015	1.14%	1.70%	0.66%	1.48%	0.10%	-0.16%	1.56%	0.41%	0.72%	2.17%	0.96%	1.41%	12.82%	8.66%	7.72%
2014	-0.62%	1.01%	0.38%	0.83%	1.14%	1.02%	0.76%	-1.11%	0.74%	0.13%	1.06%	1.40%	6.92%	9.07%	8.26%
2013	2.55%	0.25%	1.57%	0.28%	4.03%	-2.47%	1.71%	0.42%	2.42%	1.74%	-0.27%	1.89%	14.90%	8.71%	12.43%
2012	1.66%	0.76%	0.92%	1.04%	0.37%	0.38%	1.18%	1.28%	0.65%	1.74%	0.97%	1.01%	12.63%	8.14%	12.94%
2011	-0.19%	-0.28%	-0.84%	0.95%	0.76%	-0.53%	-0.23%	0.32%	0.52%	2.17%	0.45%	0.46%	3.58%	8.63%	6.64%
2010	0.13%	1.14%	2.02%	0.67%	-0.92%	-0.98%	1.03%	-1.11%	1.64%	1.26%	0.42%	1.29%	6.73%	10.38%	9.19%
2009	-0.03%	-4.12%	2.07%	1.23%	2.27%	-0.22%	3.09%	0.91%	0.35%	2.14%	-0.70%	1.16%	8.25%	11.42%	10.03%
2008	-0.93%	3.28%	0.32%	-0.07%	0.16%	-1.84%	-0.73%	1.88%	-2.11%	-0.19%	0.74%	2.46%	2.86%	10.51%	2.12%
2007	2.04%	0.77%	2.05%	1.79%	0.29%	0.21%	0.44%	0.20%	1.09%	1.27%	-0.16%	-0.42%	9.96%	8.20%	9.14%


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Fund Commentary

On the face of it, 2019 appears to have been a rather prosperous year for local investors. The FTSE/JSE All Share Index and the ALBI were up 12% and 11% respectively, the rand behaved itself, and the FTSE/JSE Property Index gained 2%. However, the dispersion of returns over the year, particularly in the stock market paints a very different picture.

For example, value underperformed growth by 14%, small caps underperformed large caps by 17%, and a basket of "SA Inc" shares in the SWIX 40 underperformed Rand hedge basket by approximately 35%. The lethargy in the domestic small & mid cap markets mirrors the tragic loss of appetite for risk assets that are directly exposed to the local economy, that continues to tumble along, falling into and out of recession quarter on quarter. While foreigners have been net sellers of SA equities for most of the last 6 years, the resumption of load shedding and a particularly negative MTBPS in Q4 appears to have added more fuel to this fire.

The real winners of 2019 were the platinum and gold miners, with the likes of Impala Platinum and Sibyanza Still-Water up 290% and 260% respectively. The blue-chip rand hedges took direction from the broad-based gains in developed markets and also performed strongly, with the likes of AB InBev, BAT, Naspers, and Richmond all delivering gains in excess of 20% for the year. On the other hand, some of the biggest losers were the local retailers like Shoprite (down 30%), Mr Price (down 23%), Truworths (down 40%) and Massmart (down 50%).

Despite the deteriorating fiscus and worries over a potential downgrade to junk status by S&P, local bonds performed exceptionally well in 2019, gaining 11%. In fact going into year-end, foreigners couldn't resist the juicy real yields on offer, only bettered by Turkey, Nigeria and Lebanon among our emerging-market peers. The November government bond auction was four times oversubscribed and foreigners have been net buyers of SA bonds for the three months running to December 2019.

The movement of the R/\$ over the year reflects the strong appetite for real yields in emerging markets, a stark contrast to the ever-growing mass of negative yielding debt in developed markets. Starting the year at 14.38, the rand gained 2.8% against the US\$ to 13.98 at year end. Considering the negative news flow around the countries fiscal woes, the ongoing Eskom crisis, the subdued economic activity, and the absence of any positive policy reforms, it's evident that importance of global factors (that currently favour the ZAR) outweigh the domestic issues that appear in the headlines.

CPI figures in November echoed the tepid growth environment investors have grown accustomed to, easing to 3.6% from 3.7% in October. Anaemic consumer confidence and muted growth in household spending explain some of the weakness in inflation, but delayed normalisation in meat prices due to the foot-and-mouth outbreak and normalisation in fuel prices have also contributed to weak inflation numbers.

The reserve bank has pencilled in 5.1% for CPI in 2020, peaking at 5.3% in the first quarter of 2020, but this remains well above consensus. The outlook for rising food inflation, higher fuel prices and higher prices for structural inefficiencies (such as electricity and water supply) remain upside risks to the inflation outlook.

The 2020 Budget in late February will be scrutinised after SA's ever worse fiscal position was outlined in the MTBPS in 2019, sparking concern that Moody's rating agency may strip the sovereign of its only investment grade rating this year. Should National Treasury fail to announce large reductions in its spending forecasts in the 2020 Budget, a ratings downgrade would likely follow.

SA Indices & Indicators

EQUITY INDICES	31-Jan-20	YTD	1M	3 M
All Share J203T	8 514	-1.69%	-1.69%	-0.27%
Resources J258T	3 413	-3.48%	-3.48%	2.32%
Industrials J520T	7 532	-5.42%	-5.42%	-8.16%
Financials J580T	9 294	-5.24%	-5.24%	-5.93%

SECTOR INDICES				
Basic Materials J510T	4 404	-3.48%	-3.48%	2.32%
Industrial 25 J211T	14 073	2.12%	2.12%	1.75%
Health Care J540T	7 537	-0.76%	-0.76%	8.64%
Consumer Services J550T	38 794	-4.70%	-4.70%	-7.61%
Telecom J560T	11 176	-1.11%	-1.11%	-14.88%
Financials J580T	9 294	-5.24%	-5.24%	-5.93%
Technology J590T	4 822	6.58%	6.58%	12.51%

SIZE & STYLE INDICES				
Top 40 J200T	7 567	-1.44%	-1.44%	0.07%
Mid Cap J201T	17 160	-3.12%	-3.12%	2.05%
Small Cap J202T	17 098	-0.71%	-0.71%	-1.68%

SA LISTED PROPERTY & SA BOND INDEX				
SA List Prop (SAPY) J253T	1 820	-3.06%	-3.06%	-4.30%
ALBI Total Return - Beassa (ALBI)	707	1.19%	1.19%	3.30%

CASH				
STEFI Composite Index (STFIND)	443	0.58%	0.58%	1.74%

EXCHANGE RATES	31-Jan-20	YTD	1 M	3 M
ZAR/USD	15.02		14.00	15.06
Rand (Appreciation)/Depreciation		7.29%	7.29%	-0.27%
ZAR/GBP	19.77		18.52	19.49
Rand (Appreciation)/Depreciation		6.75%	6.75%	1.44%
ZAR/EUR	16.62		15.70	16.81
Rand (Appreciation)/Depreciation		5.86%	5.86%	-1.13%

BORROWING RATES	31-Jan-20	1 m Ago	3m Ago
SA Repo Rate	6.25%	6.50%	6.75%
SA Prime Overdraft Rate	9.75%	10.00%	10.25%

ECONOMICS	Last Avail.	2019	2018	2017
SA Real GDP YoY	0.10%	0.10%	1.10%	1.30%
CPI YoY	4.00%	4.00%	5.20%	5.30%
Current A/C Balance as a % of GDP	-3.50%	-3.50%	-2.50%	-2.80%
Unemployment Rate	29.10%	29.10%	27.50%	27.50%

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

www.primeinvestments.co.za

☎ +27 (0)10 594 2100
✉ +27 (0)86 642 1880
💻 save@primeinvestments.co.za

28 Peter Place, Lyme Park,
Sandton
2060

PostNet Suite 208,
Private Bag X9,
Benmore, 2010

Fund Contact Details

Fund Manager

Lynx Fund Managers (Pty) Ltd

FSP No: 23987

Trustees

FirstRand Bank Limited

☎ +27 (0)87 577 8730

Administrator

Global Independent Administrators

☎ +27 (0)10 594 2100

Auditors

Deloitte

☎ +27 (0)11 806 5000

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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