LYNX PRIME GLOBAL DIVERSIFIED FUND OF FUNDS (Class B)

PRIME INVESTMENTS

LYNX FUND MANAGERS

August 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 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

				High
			Medium - High	
		Medium		
	Low - Medium			
Low				

Income Distribution

Date	Dividend	Interest	Other	Total
August 2019	0.00	0.00	0.00	0.0000
Feb 2019	0.00	0.00	0.00	0.0000

Fund Net Asset Value

	Jun 19	Jul 19	Aug 19
Fund Units	132 219 473	141 629 403	143 894 444
Fund NAV	R 380 835 765	R 413 640 484	R 441 064 744
Class NAV	R 139 478 350	R 149 799 155	R 161 627 479

Fund Information

Classification	Global - Multi Asset - Flexible	
Benchmark	US Libor + 2% (ZAR)	
Inception Date of Fund	28 February 2002	
Inception Date of Class	02 November 2009	
Total Portfolio Size	R 441 064 744	
NAV Price	Launch	100.00 (cpu)
	Month End	305.29 (cpu)
JSE Code	LPGCB	
ISIN Number	ZAE000221289	
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	13 September 2019	

Total Investment Charges

Period (Annualised): March 2018 to February 2019

Total Expense Ratio (TER) — 1.71 %

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) — 0.05 %

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

Total Investment Charges (TIC) — 1.76 %

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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August 2019

Top Equities Holdings

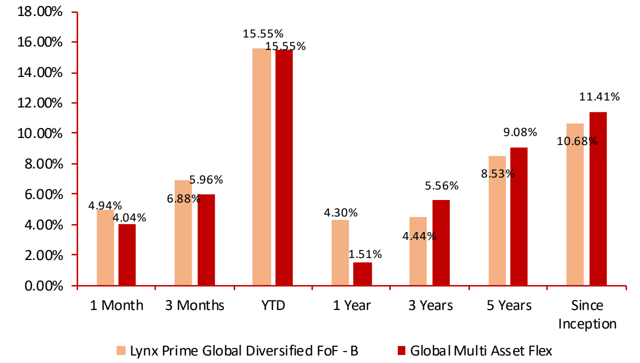
Amazon.com Inc.
Baxter International Inc.
Charter Comms Inc.
Cigna Corp.
CVS Health Corp.
Facebook Inc.
Microsoft Corp.
New Gold Issuer ETF
Thermo Fisher Sci Inc.
Unilever NV

Source : Morningstar

Top 5 Manager Holdings

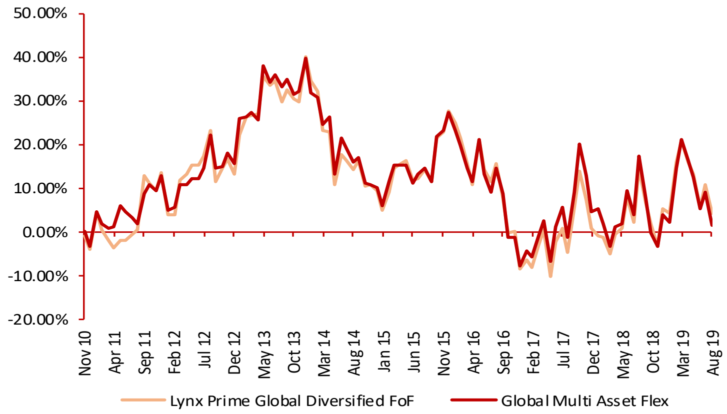
Nedgroup Inv Global Equity Fund	19.20%
Ranmore Global Equity Fund Plc	15.35%
Sygnia ITRIX MSCI World Index	13.82%
Schroders Global Recovery Fund	13.63%
Rubrics Global FI UCITS Fund	9.70%

Trailing Returns



Fund vs the ASISA Global Multi Asset Flexible Average

12 Months Rolling Returns

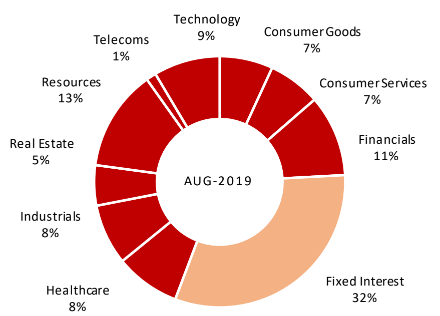


Periodic Returns & Risk Measures

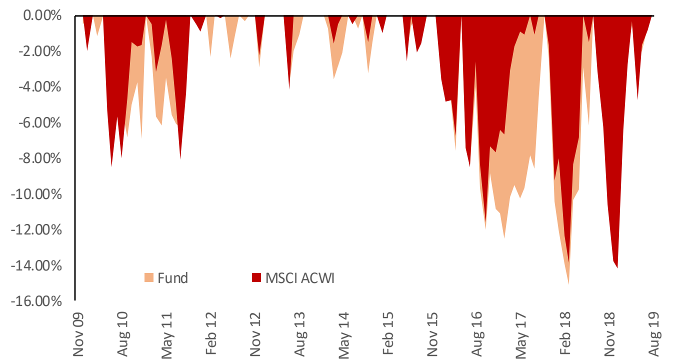
	Fund	Benchmark	Category Avg.
1 Month	4.94%	7.49%	4.04%
3 Months	6.88%	5.37%	5.96%
YTD	15.55%	8.70%	15.55%
1 Year	4.30%	8.39%	1.51%
3 Years	4.44%	4.29%	5.56%
5 Years	8.53%	10.68%	9.08%
Since Inception	10.68%	10.61%	11.41%
Max (Rolling 12 Mths)	40.07%	39.68%	39.70%
Min (Rolling 12 Mths)	-10.25%	-14.28%	-7.69%
Volatility	12.64%	15.22%	12.34%
Sharpe Ratio	0.37	n/a	0.43

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

Asset Allocation as at 31 August 2019



Drawdown Analysis over time



Monthly Performance

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Fund YTD	Bmk YTD	Sector Avg.
2019	-2.77%	8.70%	2.80%	1.39%	-1.86%	0.47%	1.38%	4.94%					15.55%	8.70%	15.55%
2018	-1.88%	-2.09%	-1.35%	5.61%	0.61%	7.68%	-3.40%	11.39%	-2.82%	0.15%	-7.29%	0.03%	5.31%	21.87%	3.95%
2017	-0.30%	-1.56%	2.66%	0.76%	-0.83%	0.64%	2.01%	-0.79%	4.37%	5.14%	-2.37%	-8.25%	0.79%	-9.24%	4.75%
2016	-2.77%	0.43%	-2.68%	-2.77%	10.91%	-7.42%	-1.12%	4.86%	-5.87%	-2.64%	3.64%	-2.22%	-8.64%	-7.63%	-7.69%
2015	-0.38%	3.13%	2.23%	1.48%	1.53%	-2.00%	1.45%	1.14%	0.94%	5.16%	3.21%	7.23%	27.83%	36.84%	27.23%
2014	3.80%	-0.74%	-2.82%	0.72%	0.77%	2.10%	0.88%	-0.71%	3.46%	-3.26%	1.87%	3.09%	9.24%	12.76%	9.97%
2013	8.02%	1.18%	4.07%	1.00%	11.94%	-3.94%	2.00%	1.00%	1.84%	1.90%	1.31%	4.69%	40.07%	26.66%	39.70%
2012	0.13%	-2.30%	3.70%	0.80%	4.76%	-2.40%	1.30%	4.81%	-0.34%	3.43%	1.80%	-2.92%	13.08%	7.30%	15.72%
2011	9.20%	-2.28%	-3.46%	-0.55%	2.87%	-2.21%	-0.52%	-0.15%	10.16%	0.56%	-0.15%	0.20%	13.46%	24.94%	12.70%
2010	0.29%	1.83%	-1.17%	1.14%	1.18%	-2.17%	-2.05%	-0.94%	-1.89%	2.02%	1.35%	-3.34%	-3.86%	16.09%	18.27%

Fund Commentary

The market gains in Q2 were widespread, but it wasn't exactly a smooth ride higher. The roller coaster market started off well in April but experienced a large pullback in May mostly in part to investor fear about trade/tariff tensions with U.S. and China. Then in June, central banks came to the rescue. Based on weaker economic data, they appear to be more inclined to lower rates than increase them. In a sense, bad economic news was good news for the markets. Whether you are a stock investor or a bond investor, the first half of 2019 was outstanding for financial markets. This has been a huge about-face from December when markets pulled back and sentiment was grim. The S&P 500 had it's best June month in over 60 years.

2019 has, so far, been a year of confusion and contradiction. We've all been intensely focused on issues such as the escalating global trade war, but up until relatively recently, markets have largely shrugged off these threats. And we're seeing broader political uncertainty in the form of growing populism that weighs on investors' minds even if it hasn't yet affected long-term values. At the same time, central bank policy (especially in the U.S.) took a sharp turn from hawkish to dovish without much really changing from a fundamental perspective. Bond and equity markets are arguing with each other. Bond markets see trade-war escalation, weak global data and declining inflation expectations. Equity markets see Fed easing, China stimulus and a trade deal with China ahead of U.S. President Donald Trump's 2020 re-election campaign.

The bond market isn't always right, and the equity market story has some appeal, but there is one heavyweight indicator on the side of the bond market – the inverted yield curve. This has predicted every U.S. recession over the past 50 years. The inversion needs to be sustained for a couple of months to provide a strong signal, but it makes a persuasive case for caution. On the other hand, U.S. Federal Reserve (Fed) easing, China stimulus and a U.S.-China trade deal could trigger another bull run. But it's late cycle, the downside equity market risks outweigh the upside and betting on a market friendly outcome at mid-year 2019 is risky.

As we end the first half of this year with U.S. stocks (and large-cap growth tech stocks in particular) dominating global market performance, we find ourselves on a tightrope, as valuations (based on 12-month forward earnings) have recovered to their recent highs). If U.S. / China trade negotiations don't break down and businesses get a clearer macro picture on where/when to invest, then these valuation levels can hold. Global equities could then enter a "put-up-or-shut-up" period where further market advances would need to be confirmed by actual earnings growth.

So, apart from cash, pretty much everything was in demand following the Fed meeting, and it wasn't just risk-on versus risk-off. Precious metals also rallied alongside industrial commodities. Assuming no inflationary shocks and commodity prices remain contained, the Fed has moved itself to the sidelines. Should the markets face another bout of volatility, it will likely not be due to Fed tightening, and such a sell-off maybe short-lived if global central banks once again come to the rescue.

Now that the U.S. and China have stepped back (again) from the brink of a full-blown trade war to re-engage in trade negotiations (again), one can make a reasonable argument that markets are now priced at an equilibrium, delicately balanced between macro tailwinds and headwinds. Consider that global equities seem less influenced by global manufacturing sentiment, which has been in a slump since the early part of this year, and more by expectations of progress in global trade negotiations and dovish central bank (namely, the U.S. Federal Reserve) responses to ongoing economic weakness.

Looking forward global economic growth should pick up sometime in the second half thanks to accommodative monetary policies globally and the increasing likelihood of a large stimulus from China to counter the negative effect from trade tensions. This implies that equities are likely to rally again after a period of congestion within a trading range, supporting a cautiously optimistic portfolio allocation for the next 9-12 months. Diversification however both at the asset class level and within each asset class will be important e.g. equity style. While growth has had a tremendous run and calls are for lower rates in future, if the objective for low rates is finally achieved and inflation rears its head we may very well see rotation as investors seek out more attractively valued positions thereby entering the final and truly euphoric stage of the bull market.

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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