

Mar 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.

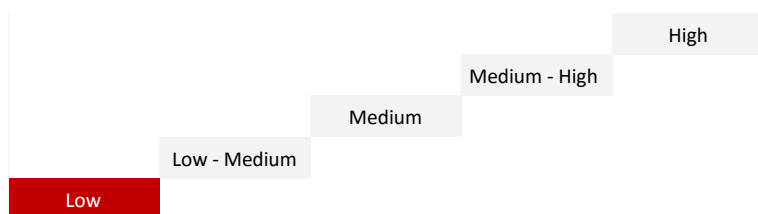
### Fund Universe

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

	Jan-20	Feb-20	Mar-20
Fund Units	12 195 651	12 159 547	12 183 663
Fund NAV	R 233 051 952	R 226 876 602	R 482 013 459
Class NAV	R 134 780 853	R 131 598 817	R 121 206 210

### 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 482 013 459	
NAV Price	Launch	1000.00 (cpu)
	Month End	1706.64 (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 April 2020	

### Total Investment Charges

Period (Annualised): January 2019 to December 2019

**Total Expense Ratio (TER)** 1.54 %

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)** 0.07 %

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

**Total Investment Charges (TIC)** 1.61 %

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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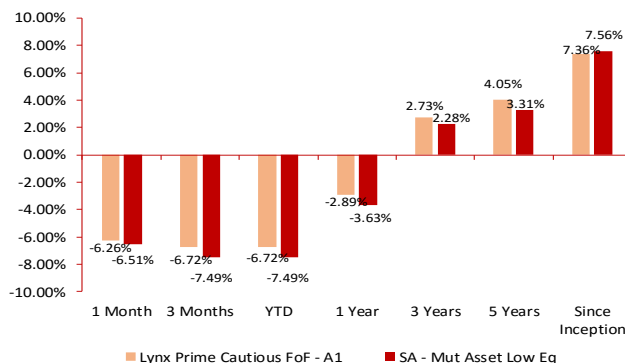
**Top Holdings**

**Top 5 Manager Holdings**

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

Matrix Novare Stable Inc. Fund	19.70%
Lynx Prime Global Diversified FoF	16.29%
Prescient Income Provider Fund	15.42%
Laurium Flexible Prescient Fund	8.48%
Obsidian SCI Equity B6	7.32%

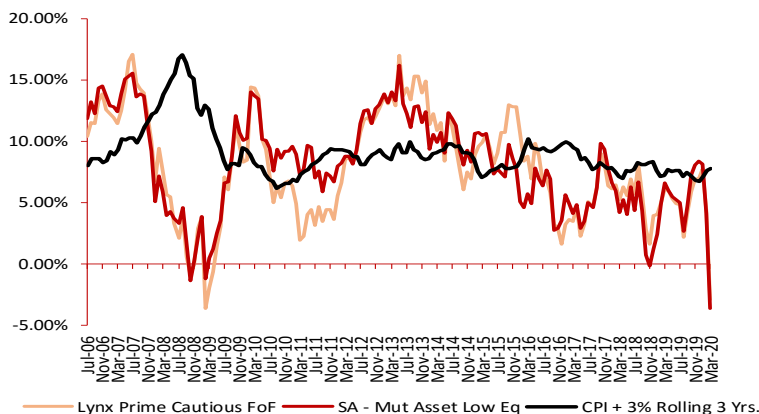
**Trailing Returns**



Source : Morningstar

Fund vs the ASISA South African Multi Asset Low Equity Average

**12 Months Rolling Returns**

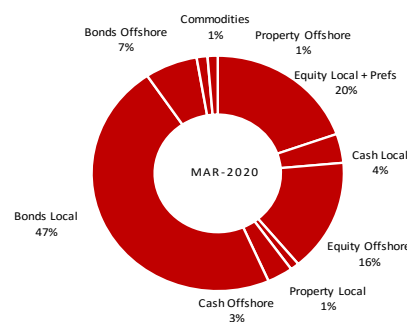
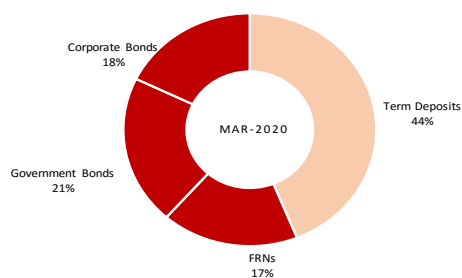


**Periodic Returns & Risk Measures**

	Fund	Benchmark	Category Avg.
1 Month	-6.26%	1.17%	-6.51%
3 Months	-6.72%	2.18%	-7.49%
YTD	-6.72%	2.18%	-7.49%
1 Year	-2.89%	7.74%	-3.63%
3 Years	2.73%	7.35%	2.28%
5 Years	4.05%	8.34%	3.31%
Since Inception	7.36%	8.89%	7.56%
Max (Rolling 12 Mths)	17.10%	17.00%	16.19%
Min (Rolling 12 Mths)	-3.64%	6.13%	-3.63%
Volatility	4.36%	1.48%	4.14%
Sharpe Ratio	0.03	n/a	0.08

**Fixed Interest Sector Allocation**

**Asset Allocation as at 31 March 2020**



**Monthly Performance**

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Fund YTD	Bmk YTD	Sector Avg.
2020	1.36%	-1.83%	-6.26%										-6.72%	2.18%	-7.49%
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**

A month ago, China's authorities were criticized for their "draconian" measures used to curb the spread of the COVID-19 virus. Just over a month later and their economy is almost back at full capacity. With this in mind, Cyril Ramaphosa has been praised for his urgent intervention, which is quite similar in nature, putting SA into a national lockdown until the 16th of April. One week in and already the infection rate has slowed down to a more controllable level. Through private-public partnerships, the government is doing all it can to keep the virus away out of the most vulnerable communities. An outbreak in townships, where individuals live near one another, in appalling conditions, would be disastrous for the healthcare system which is already in a precarious situation.

All major local asset classes ended the month well in the red. Local equities fell 12%, bonds fell 10% and listed property fell 37%. The Rand weakened significantly to new multi-year lows against the US\$ but proved to be more resilient than many of our oil exporting peers like Nigeria, Russia and even Mexico. At the end of March, the Rand was trading 17.9 to the US\$, 19.7 to the Euro and 22.2 to the Pound.

One a more positive note, the collapse in the oil price will result in a significant cut in the petrol price in the coming month which, along with the recent cut in the repo rate, will provide some relief to households. The banking association of South Africa has also announced industry wide measures to allow a broad response by banks to provide relief to their customers. Examples of this are payment holidays and discounted rates without infringing on competition laws.

In a surprise announcement, the SARB cut the repo rate by 100bps in March and implemented several open-market measures to provide liquidity to the bond market. While these measures are stimulatory in nature, they shouldn't be described as quantitative easing which typically occurs when policy rates are near zero. The SARB's efforts provided some calm following the initial wave of foreigners who dumped approximately 6.5% of their holding of local bonds, in favour of safe-haven assets. SA's 10-year bond peaked at 13.2% mid-month after starting the year at about 8.3%. Thanks to the SARB policy measures, bonds rallied into the end of the month despite having been dealt a much anticipated downgrade by Moody's.

The portfolio has been rather defensively positioned for some time. Not only have we been underweight risk assets since the 3rd quarter of 2019, but locally the managers have been far more defensive in their positioning. We have also actively avoided SA listed property companies who are at the forefront of the structural slowdown in SA where there is an excess of supply and pricing isn't in their favour. SA inc stocks have been attractively priced for some time, but the lack of confidence in the country's growth prospects has deterred buyers. As a result, the portfolios have had a bias towards companies that earn most of the revenue outside of SA and more defensive in nature. Furthermore, foreign equity has generally been a more attractive option, and the portfolios have held an overweight position in this asset class. In March when global markets sold off heavily, we saw the rand weaken significantly which naturally provided a capital buffer.

**SA Indices & Indicators**

EQUITY INDICES	31-Mar-20	YTD	1M	3 M
All Share J203T	6 809	-21.38%	-12.13%	-21.38%
Resources J258T	2 643	-25.27%	-12.43%	-25.27%
Industrials J520T	4 987	-37.37%	-22.63%	-37.37%
Financials J580T	5 936	-39.48%	-29.43%	-39.48%

SECTOR INDICES	31-Mar-20	YTD	1M	3 M
Basic Materials J510T	3 412	-25.22%	-12.37%	-25.22%
Industrial 25 J211T	12 913	-6.30%	-1.91%	-6.30%
Health Care J540T	5 813	-23.46%	-13.52%	-23.46%
Consumer Services J550T	29 680	-27.09%	-13.19%	-27.09%
Telecom J560T	8 091	-28.41%	-20.88%	-28.41%
Financials J580T	5 936	-39.48%	-29.43%	-39.48%
Technology J590T	5 061	11.87%	8.46%	11.87%

SIZE & STYLE INDICES	31-Mar-20	YTD	1M	3 M
Top 40 J200T	6 205	-19.17%	-10.44%	-19.17%
Mid Cap J201T	11 411	-35.57%	-23.66%	-35.57%
Small Cap J202T	11 614	-32.55%	-21.67%	-32.55%

SA LISTED PROPERTY & SA BOND INDEX	31-Mar-20	YTD	1M	3 M
SA List Prop (SAPY) J253T	973	-48.15%	-36.57%	-48.15%
ALBI Total Return - Beassa (ALBI)	638	-8.72%	-9.75%	-8.72%

CASH	31-Mar-20	YTD	1M	3 M
STEFI Composite Index (STFIND)	448	1.69%	0.57%	1.69%

EXCHANGE RATES	31-Mar-20	YTD	1 M	3 M
ZAR/USD	17.84		15.73	14.65
Rand (Appreciation)/Depreciation		27.43%	13.41%	21.77%
ZAR/GBP	22.15		20.09	18.52
Rand (Appreciation)/Depreciation		19.60%	10.25%	19.60%
ZAR/EUR	19.60		17.28	15.70
Rand (Appreciation)/Depreciation		24.84%	13.43%	24.84%

BORROWING RATES	31-Mar-20	1 m Ago	3m Ago
SA Repo Rate	5.25%	6.25%	6.75%
SA Prime Overdraft Rate	8.75%	9.75%	10.25%

ECONOMICS	Last Avail.	2019	2018	2017
SA Real GDP YoY	-0.50%	0.10%	1.10%	1.30%
CPI YoY	4.60%	4.00%	5.20%	5.30%
Current A/C Balance as a % of GDP	-3.00%	-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**

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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).

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