

**MONTHLY REVIEW**

Lynx posted a strong gain in August primarily due to profits in the fixed income sector. An escalating trade war between the US and China resulting in increasing tariffs on imported goods, failing Brexit negotiations and an inverted US yield curve had many investors fearing the potential of a global recession. Lynx entered the month with significant long positions in stock indices and realized a loss in the sector on the flight-to-quality, although the exposure declined substantially during the period. Meanwhile, fixed income more than offset these losses; while long positioning in the US was particularly profitable, solid gains were also realized in Europe and Australia. Commodities were profitable as long positions in gold and short exposure in copper were largely responsible for gains in the metals, while short positions in energies and agricultural markets also contributed positively. The contribution from foreign exchange was marginally positive; the short euro position against the US dollar remains the single largest position in the fund. Medium-term trend models and those employing machine learning techniques were particularly profitable largely due to gains in fixed income and commodities.

**RETURN, %<sup>1)</sup>**

	August	2019	Last 12 months
Lynx UCITS Fund	7.10	28.45	22.89
Société Générale CTA Index	2.73	11.21	7.80
MSCI World NDTR Index	-1.95	16.49	1.28
JPM Global Gov't Bond Index	2.88	8.91	10.36

**GROSS ATTRIBUTION BY ASSET CLASS, %<sup>2)</sup>**

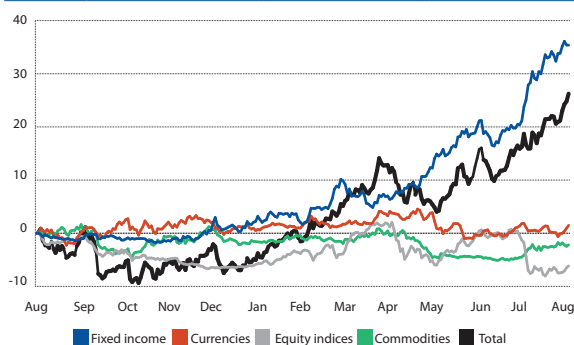
	August	2019
<b>Fixed income</b>	<b>10.0</b>	<b>32.4</b>
Bonds	8.5	28.0
Interest rates (STIR)	1.5	4.4
<b>Currencies</b>	<b>0.9</b>	<b>1.0</b>
<b>Equity indices</b>	<b>-4.9</b>	<b>0.3</b>
<b>Commodities</b>	<b>2.4</b>	<b>-3.2</b>
Energies	-0.4	-4.8
Metals	1.6	1.8
Agriculturals	1.2	-0.2
<b>Total</b>	<b>8.4</b>	<b>30.5</b>

**TOP PERFORMERS<sup>2)</sup>**

US Tbond
Eurodollar
Bund
US Ultra Tbond
EUR/USD

**BOTTOM PERFORMERS<sup>2)</sup>**

JPY/USD
FTSE
SPI
Brent oil
Nasdaq

**GROSS ATTRIBUTION BY ASSET CLASS, %<sup>4)</sup>**

**ASSETS**

Programme assets	USD 5,581M
Fund assets	USD 64M
Change in fund assets since prev month	-2.38%

**GROSS ATTRIBUTION BY MODEL TYPE, %<sup>2)</sup>**

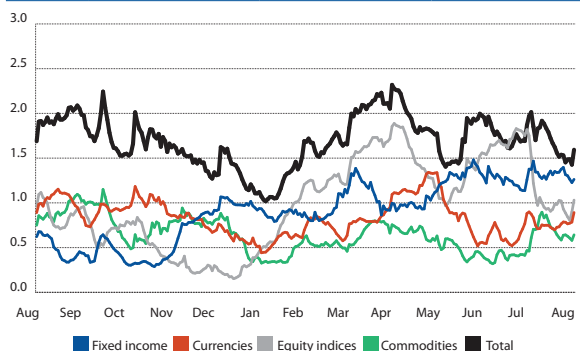
	August	2019
<b>Trend models</b>	<b>5.9</b>	<b>21.8</b>
Long-term	1.1	7.4
Medium-term	4.0	12.7
Short-term	0.8	1.7
<b>Diversifying models</b>	<b>2.5</b>	<b>8.7</b>
Long-term	0.2	0.6
Medium-term	2.0	7.6
Short-term	0.3	0.5
<b>Total</b>	<b>8.4</b>	<b>30.5</b>

**VALUE AT RISK, %<sup>3)</sup>**

<b>Portfolio</b>	
Highest VaR	2.0
Lowest VaR	1.5
Average VaR	1.7
VaR 30 August	1.6

**VaR per asset class, %**

Fixed Income	1.3
Currencies	0.9
Equity indices	1.0
Commodities	0.6

**VALUE AT RISK BY ASSET CLASS AND TOTAL PORTFOLIO, %<sup>3,4)</sup>**


1) For the period 13 June 2014 until 23 January 2015 pro forma numbers for Lynx UCITS Class I USD Orig. have been derived from MS Lynx UCITS Class E USD Orig. Between 23 January 2015 and 13 July 2015 the figures have been derived from the MS Lynx UCITS Class I USD. From 15 July 2015 until 24 August 2016 pro forma numbers for Lynx UCITS Class I USD Orig. have been derived from MS Lynx UCITS Class E USD Orig. From 25 August 2016 up until 28 February 2019 the figures have been derived from the MS Lynx UCITS Class I USD. Index-figures are based on available data at the time of publication and are subject to revision. 2) The gross performance figures exclude interest, cost and fees and reflect the standard leverage Lynx programme. 3) Numbers refer to the standard leverage Lynx programme. The Value at Risk is measured using a 1-day, 95% confidence interval, the same method used in the standard leverage Lynx programme. 4) Numbers refer to the standard leverage Lynx programme. Based on daily data for the past 12 months.

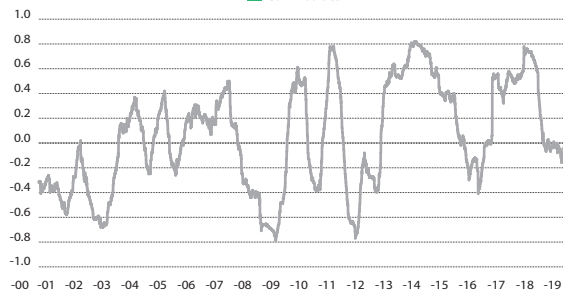
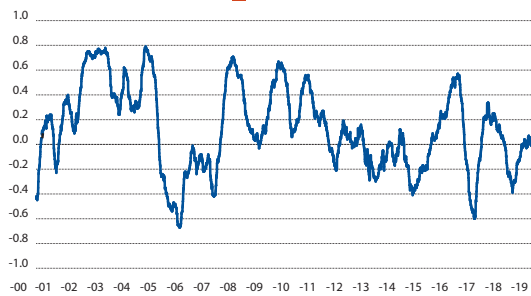
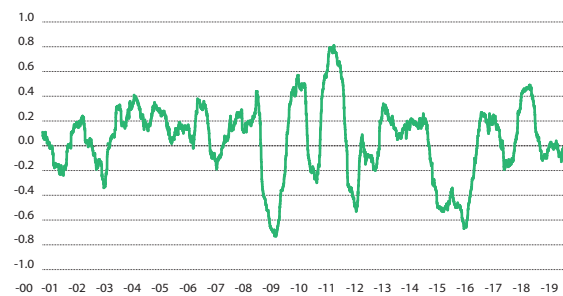
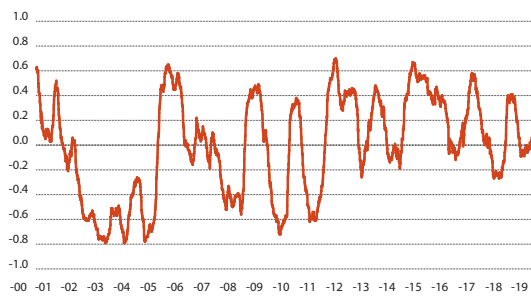
## RETURN AND KEY FIGURES<sup>5)</sup>

	Lynx UCITS Fund	Société Générale CTA index	MSCI World NDTR Index	JP Morgan Global Gov't Bond Index
Total return since inception, %	31.16	19.88	49.19	21.53
Average monthly return since inception,%	0.43	0.29	0.64	0.31
Average annual return since inception,%	5.30	3.51	7.91	3.78
Standard deviation, %	15.89	8.75	11.04	3.32
Downside risk, %	10.41	5.69	7.45	1.72
Max drawdown, %	30.83	14.27	13.68	4.51
Sharpe ratio	0.28	0.30	0.64	0.88
Correlation with Lynx UCITS Fund	-	0.92	0.25	0.53

## MONTHLY NET RETURN, %<sup>5)</sup>

Year	Full year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2014	25.95						0.41	-0.02	8.30	2.70	1.25	9.83	1.43
2015	-9.43	5.52	0.19	3.50	-6.29	-1.73	-6.21	3.89	-5.25	0.34	-1.78	3.01	-4.10
2016	-3.68	2.01	3.53	-0.81	-0.17	-4.23	10.82	-0.16	-3.71	-1.80	-6.96	-1.18	-0.04
2017	-4.73	-1.91	4.58	-3.95	-3.25	-2.29	-6.85	2.43	5.28	-4.18	5.80	0.38	0.06
2018	-2.46	8.30	-13.48	-0.64	0.95	-0.03	3.18	-1.16	6.42	-1.89	-4.33	0.13	1.79
2019	28.45	-0.80	2.30	7.03	5.33	-5.11	5.17	5.07	7.10				

## LYNX HISTORICAL CORRELATIONS<sup>6)</sup>



5) Refers to shareholders with investments in the MS Lynx UCITS Fund since inception 13 June 2014. For the period 13 June 2014 until 23 January 2015 pro forma numbers for Lynx UCITS Class I USD Orig. have been derived from MS Lynx UCITS Class E USD Orig. Between 23 January 2015 and 13 July 2015 the figures have been derived from the MS Lynx UCITS Class I USD. From 15 July 2015 until 24 August 2016 pro forma numbers for Lynx UCITS Class I USD Orig. have been derived from MS Lynx UCITS Class E USD Orig. From 25 August 2016 up until 28 February 2019 the figures have been derived from the MS Lynx UCITS Class I USD. Index-figures are based on available data at the time of publication and are subject to revision.

6) Refers to the standard leverage Lynx programme's rolling 6-month correlation on daily return data. Equity indices is represented by the MSCI World NDTR index, fixed income by the JPM Global Bond Index, commodities by the Bloomberg Commodity Index and USD by the DXY USD dollar index.

## IMPORTANT INFORMATION

Lynx UCITS Fund ("the Fund") is a sub-fund of the Lynx UCITS Funds ICAV (an Irish collective asset-management vehicle) established pursuant to the Irish ICAV Act and the UCITS regulations. Lynx UCITS Funds ICAV is authorised (registration number C184319) to provide UCITS products by the Central Bank of Ireland.

The content of this material has been prepared by Lynx Asset Management AB for the purpose of providing general information regarding the Fund. Lynx UCITS Funds ICAV or Lynx Asset Management AB cannot guarantee or provide any assurance that its investment capabilities will achieve any target, objective or return on capital.

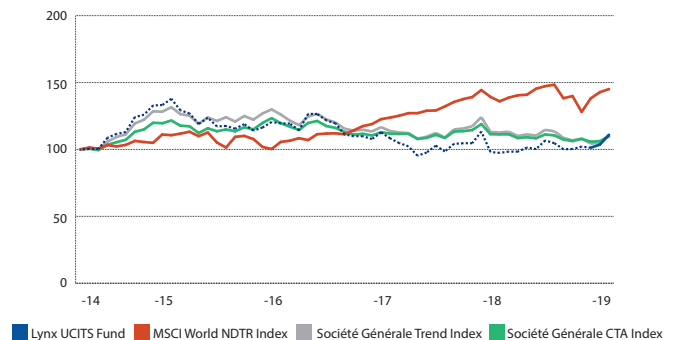
This material shall not be regarded as investment advice. An investor considering investing in the Fund should carefully read the Fund's KIID, prospectus, supplement and subscription documentation.

Investing in funds is associated with risk. Past performance is no guarantee of future return. The value of the capital invested in the Fund may increase or decrease and investors cannot be certain of recovering all of their invested capital.

## EXECUTIVE SUMMARY

Strategy	Global managed futures (CTA)
Approach	Systematic, directional, trend following
Instruments	Fixed income, equity index and commodity futures; currency futures and forwards
Targets	<b>Volatility:</b> 18% p.a. before fees <b>Return:</b> High risk-adjusted return <b>Correlation:</b> Low or negative with stock markets
Team	Around 70 employees, the majority within research, system development and trade execution.
Date of inception	Lynx UCITS Fund launched 1 March 2019. Prior, the fund ran on the FundLogic Alternatives platform from 6 June 2014 as MS Lynx UCITS Fund.

## NET RETURN SERIES <sup>7)</sup>



## ASSET MANAGEMENT CONCEPT

Lynx's main approach is systematic trend following applied to a broadly diversified portfolio of markets. Further diversification is achieved by using models over multiple time frames, with holding periods varying from a few days up to a year or more. In order to enhance performance in a non-trending market environment, part of the risk is allocated to diversifying models that exploit other market phenomena than price momentum.

In aggregate, these models are used to make quantitative analyses of data and to identify market situations in which there is an enhanced probability that future price changes will be in a certain direction. By using different models in conjunction with each other on each market, the programme can generate a more stable risk-adjusted return than a pure trend following strategy.

## RISK MANAGEMENT

Risk management is an integrated feature in the investment process and Lynx focuses on diversification and portfolio construction. Around 100 futures and forward markets are traded across four sectors; equity indices, fixed income, currencies and commodities. Position sizes are determined based mainly on liquidity and correlations with other markets.

The models operate independently and the portfolio is built "bottom-up" based on the signals from each model. Minimization of each investment's loss is integrated in the design of the models e.g. by using systematic risk-reducing mechanisms. As a result the risk utilization in the fund changes dynamically over time, limiting drawdowns.

Value-at-Risk is used to limit position concentration and the aggregated risk. Three parallel VaR-models are monitored in real-time by the trading desk and there are limits on instrument, asset class and total portfolio level.

## A SYSTEMATIC APPROACH

The implementation of the programme is fully systematic. The proprietary models generate buy and sell signals that are executed directly in the electronic markets using internally developed algorithms.

The trading desk is staffed 24 hours a day, monitoring risk levels and the execution process.

The quantitative and systematic approach enables Lynx to make extensive analyses of market relationships, and have an opinion on the direction of a large number of different markets. It also ensures a consistent approach, typically without any bias of being long or short in the markets. Given that the strategy trades only liquid instruments, the approach can

adapt and change exposures when the model's market view changes. CTAs in general and Lynx in particular have historically performed well in volatile markets and during larger crises in equity markets, periods where risky assets and other hedge fund strategies have struggled.

Lynx holds the view that the way markets function changes over time. Consequently, it is important to carry out continuous research to improve the models used in the asset management process. Lynx has a large team of researchers, whose task it is to develop new strategies and models to be used in the programme.

## WHY INVEST IN LYNX?

- Lynx creates diversification in a traditional investment portfolio
- Strong track record compared to peer group
- Non-trend following models add value
- Competitive fee structure
- Experienced investment team
- High degree of portfolio and strategy transparency

## PORTFOLIO MANAGERS

The Lynx programme is managed by Jonas Bengtsson, Svante Bergström, Daniel Chapuis, Anders Holst, Henrik Johansson and Jesper Sandin.

## PRODUCT

Structure	A subfund to Lynx UCITS Funds ICAV
Manager	KB Associates
Management fee	1% p.a.
Performance fee	20% (over high watermark)
Liquidity	Daily (documentation and payment due 2 banking days before dealing day)
Minimum investment	Class I USD Shares: USD 250,000
Lock-up/gate	None
Depositary	HSBC Institutional Trust Services (Ireland)
Administrator	HSBC Securities Services (Ireland)
Auditor	KPMG
Inception date	1 March 2019

## LYNX ASSET MANAGEMENT AB

Address	Box 7060, SE-103 86 Stockholm	Fax	+46 8 663 33 28
Visiting address	Regeringsgatan 30-32	Website	www.lynxhedge.se
Phone	+46 8 663 33 60	E mail	info@lynxhedge.se

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