HALF-YEARLY REPORT

2022

LYNX

THE LYNX FUND IN BRIEF

Strategy:	Model-based fund that invests in equity indices, fixed income securities, currencies and commodities.
Inception day:	1 May 2000.
Portfolio managers:	Jonas Bengtsson, Svante Bergström, Daniel Chapuis, David Jansson, Henrik Johansson and Jesper Sandin.

MANAGEMENT TARGETS

Type of return:	High risk-adjusted return.
Risk (standard deviation):	Annual standard deviation of 18 per cent.
Correlation:	Low or negative correlation with stock market.

FEES AND SUBSCRIPTIONS

Fixed management fee:	1 per cent per annum.
Performance fee:	20 per cent of the return that exceeds the hurdle.[1]
Subscription fee:	No subscription fee is charged.
Subscription for/redemption of units:	Monthly
Minimum initial investment:	SEK 500,000.
Base currency:	SEK

SUPERVISION

Licensing authority:	Finansinspektionen (the Swedish Financial Supervisory Authority). The fund management company has been under Finansinspektionens's supervision since 19 April 2000. The fund management company is registered as an AIF-manager.
Depositary:	Skandinaviska Enskilda Banken AB (publ).
Auditors:	KPMG AB, Mårten Asplund.

FUND MANAGEMENT COMPANY

LYNX ASSET MANAGEMENT AB

Company registration number:	556573-1782
Registration date:	10th June 1999.
Funds under management	Lynx, Lynx Dynamic and a number of individual accounts.
Owners: :	The company is owned by key employees and Brummer & Partners AB.
Share capital:	SEK 1,500,000.
Address:	Regeringsgatan 30-32, Box 7060, SE-103 86 Stockholm
Telephone:	+46 8 663 33 60
Fax:	+46 8 663 33 28
E-mail:	info@lynxhedge.se
Website:	www.lynxhedge.se
Board of Directors:	Marcus Andersson (COO Lynx Asset Management AB), Jonas Bengtsson (Portfolio Manager Lynx Asset Management AB), Svante Bergström (CEO and Portfolio Manager Lynx Asset Management AB), Svante Elfving (Chairman Lynx Asset Management AB, Partner Brummer & Partners AB) and Johanna Ahlgren (Executive Director & General Concel, Brummer & Partners AB).
Chief Compliance Officer:	Kim Dixner
Independent Risk Control:	Elisabeth Frayon

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[1] *This means the average interest of 3-month Swedish Treasury bills on the final three banking days of the previous calendar quarter is set as the hurdle rate above the "high watermark". High watermark means that the fund pays performance fee only after any shortfall in the return in earlier periods has been recouped. In the event that the interest rate as described above is a negative interest rate, the Board of the company has decided to apply a hurdle rate of 0 per cent until further notice.*

HALF-YEARLY REPORT

2022

The Board and the CEO of Lynx Asset Management AB herewith submit the following half-yearly report for the Lynx Fund for the period January 1 – June 30, 2022.

LYNX

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IMPORTANT INFORMATION

The Lynx Fund is a special fund as defined in Chapter 1, Section 11 of the Act (2013:561) on managers of alternative investment funds. This material shall not be regarded as investment advice. An investor considering investing in the fund should carefully read the fund's key investor information document (KIID), subscription document and the information memorandum containing the fund rules. These documents are available for download at www.lynxhedge.se. 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. The fund is classified by the fund manager as a fund with a higher risk level. Any data regarding returns in this document are not adjusted for inflation. The fund has no investments in hard-to-value assets for which no market pricing information is available, e.g. some unlisted/private equity, or model priced instruments for which no industry standard software models are available, e.g. complex, structured, one-off contracts. The value of the units in the fund can fluctuate significantly due to the types of financial instruments that the fund invests in (e.g. derivatives) and the methods used by the fund management.

PERFORMANCE OVERVIEW

■ Lynx ended the first half of 2022 up 35.83 per cent, the strongest start to a calendar year since the inception of the program in May 2000. While gains were generated in every asset class traded in the portfolio, fixed income and commodities were particularly profitable. Trend-following and diversifying models generated positive results across timeframes with performance commensurate with the risk budgeted. The positive result brings annualized performance since inception to 10.28 per cent with an annualized standard deviation of 14.90 per cent. The year-to-date result far surpasses the Société Générale CTA Index (a leading industry benchmark) which ended the period up 21.14 per cent. Entering the year, escalating geopolitical tensions in Eastern Europe and rising global inflationary pressures – along with the corresponding changes in monetary and fiscal policy expectations – were the primary macro factors influencing markets. The Russian invasion of Ukraine in late February and stubbornly high inflation readings continued to have the most significant impact on financial and commodity markets as the months progressed, although concerns regarding global growth began to emerge late in the period. Rising COVID-19 cases in China, speculation that Russia could cut off energy supplies to Europe and somewhat softer economic data in the US generated concern that developed market economies could be heading toward recession. Significant moves across asset classes in response to these factors throughout the year created an exceptionally attractive trading environment for Lynx.

MARKET DEVELOPMENTS

Rising inflation, tighter monetary policy, geopolitical conflict in Europe and an ongoing COVID-19 pandemic all contributed to a brutal six-month period for traditional financial markets. European equities had their worst start to a year since the onset of the global financial crisis in 2008, while US stocks had not experienced such a challenging first half in over 50 years. Concurrently, government and investment grade corporate bonds in those regions suffered their worst historical losses in modern times; while record books tracking prices have relatively short histories, Deutsche Bank estimated that a similar decline had not been realized since 1788. Markets in Asia fared considerably better, although it was a challenging period across the globe. Meanwhile, commodity prices were similarly influenced by these factors as some extraordinary moves occurred.

Ukraine

After amassing troops on the border of Ukraine beginning in November 2021, Russia invaded their neighbor on February 24, 2022, with President Vladimir Putin announcing a ”special military operation” to ”demilitarize and denazify” the sovereign nation. While Western intelligence sounded alarms prior to the invasion, the move nevertheless shocked much of world and sparked a humanitarian crisis with wide-ranging implications. Over 8 million Ukrainians fled the country, the largest refugee migration since World War II, and millions more were displaced from their homes. Images of alleged atrocities committed by occupying troops and impassioned pleas from Ukrainian president Volodymyr Zelensky seeking military and diplomatic aid captured the attention of the globe and prompted world leaders to act.

The EU, US and other allies responded immediately with sanctions meant to hold Moscow accountable for the military action and limit their ability to fund an ongoing operation. Key Russian banks were denied access to SWIFT, blocking their capacity to execute financial transactions and payments with other banks around the globe, while the central bank was effectively denied access to a vast majority of their international reserves. The Russian ruble collapsed in response and multinational corporations, recognizing the challenges of operating within the country, began divesting local assets or ceasing operations altogether.

Impact on commodities

However, as Russia was a major supplier of oil and natural gas to Europe, there were limits to what the EU was prepared – or even capable – to do. In 2021, approximately half of all Russian crude oil and three quarters of natural gas exports were directed to OECD Europe accounting for approximately 25 per cent of those nations' oil consumption and 40 per cent of their natural gas supply. Initially, EU sanctions against Russia excluded energies, but increasing international pressure eventually resulted in the announcement of a partial ban on oil in early June and plans to restrict all seaborn crude imports by the end of the year.

No such restrictions were placed on Russian gas. Unlike crude oil which can be shipped across vast distances by tanker, truck or rail, natural gas in its gaseous form can only be transported by pipeline from one storage facility to another, or directly to the consumer. By the end of June, speculation was high that Putin

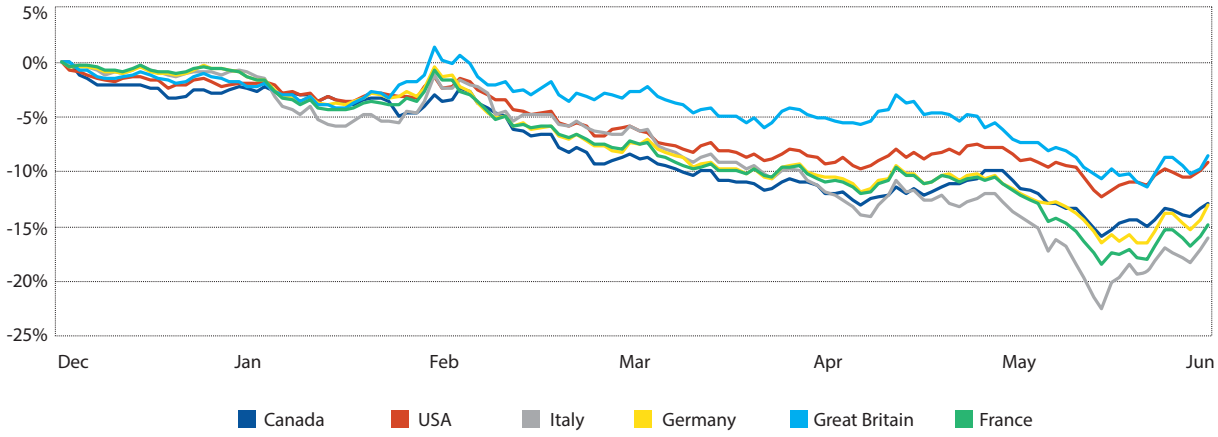

Chart 1. *North American and European 10 year Government Bond performance. Source: Bloomberg*

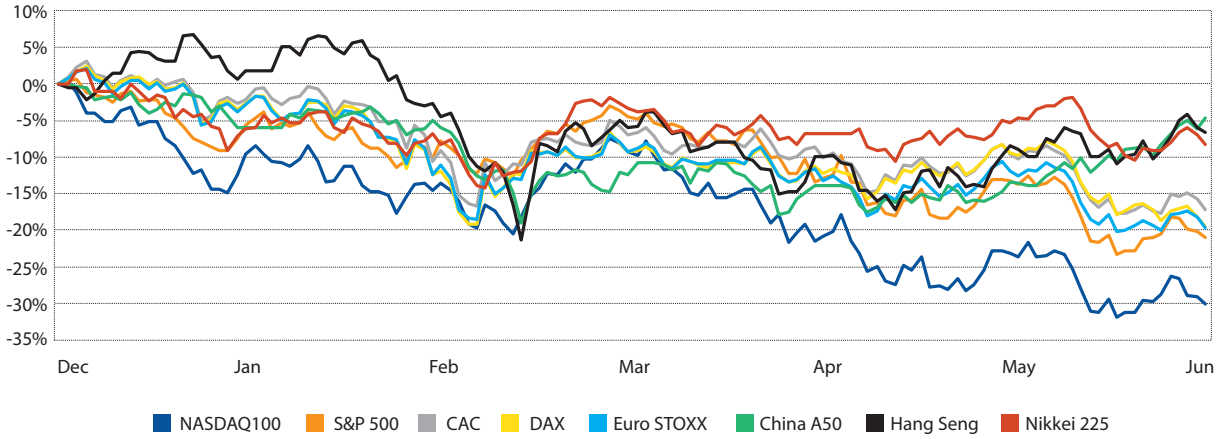

Chart 2. *Global Stock Index performance Source: Bloomberg*

would close off Russian pipelines to all Western Europe after previously cutting the flow to Bulgaria and Poland in April and others in the following months for their failure to pay in rubles. Natural gas can be liquified for easier transport, although the process is costly and there are relatively few facilities globally. An explosion at one of these locations in Texas at the beginning of June placed additional pressure on the EU to find alternative energy sources quickly.

Meanwhile, global food prices climbed to their highest level in over 30 years according to the UN's Food Price as grain prices spiked with the escalating crisis. Ukraine grows an estimated 16 per cent of corn and 12 per cent of wheat for global markets and had produced a record crop in 2021, while Russia contributes approximately 17 per cent of of wheat traded globally. Historically, a majority of Ukrainian exports have shipped through the country's ports on the Black Sea, although that route was effectively closed due to the conflict. Concerns emerged that food shortages in Africa and the Middle East could continue beyond this year as Ukraine had already lost a considerable amount of arable land to advancing Russian troops. However, improving crop conditions in the US mitigated some of these fears and prices retreated back to levels from the end of March.

While nickel prices were climbing even before the military conflict in Ukraine due to increasing demand for the production of electric vehicle batteries, prices spiked following the invasion. Even though Russia only supplies approximately nine per cent of global production, expectations that sanctions would be imposed on exports resulted in concern that tight conditions would tighten further. Prices eventually eclipsed US $100,000 per metric ton, a 250 per cent premium to where they were immediately before the conflict, in what was widely believed to be a "short squeeze" catalyzed by a major Chinese mining conglomerate who had over-hedged future production. In an unprecedented move by the exchange, the LME not only suspended trading in the metal, but cancelled all trades that had occurred on the day prices doubled.

Geopolitical ramifications

One of the main concerns voiced by Vladimir Putin upon launching the "special military operation" in Ukraine

was the unchecked expansion of NATO in Eastern Europe – all the way to the border with Russia. Hoping to restore the balance from the Cold War, Putin perhaps believed that his aggression could sway neighbors into reversing their decisions from the past, or at least pressure others to abandon plans to seek membership in the future. Ironically, the invasion had precisely the opposite effect as it altered the relationship with some of their Nordic neighbors who had previously remained out of the alliance, specifically Finland and Sweden. Sharing a 1340 km (830 mi) border with Russia, Finland has maintained friendship treaties with Russia since 1948 precluding them from joining hostile military alliances or allowing passage of attacking foreign forces through the nation. The relationship between the two countries changed dramatically following the invasion of Ukraine. Similarly, after remaining neutral during European conflicts dating back over 200 years, Sweden joined Finland in applying for membership to the alliance in May.

Inflation

The conflict further exacerbated inflationary pressures which had already been building considerably in 2021, although they were not the primary cause for inflation reaching the highest level in 40 years across much of the developed world. For the ten years following the global financial crisis, extraordinarily accommodative monetary policy remained in place despite the fact that financial conditions had been improving significantly. While largely espousing inflation-based mandates, many developed market central banks seemed to unofficially shift towards a macroprudential policy framework as financial market stability seemed to take precedence over most other considerations. In fact, exceptionally low inflation readings for over a decade confounded central bankers who struggled to get numbers anywhere close to their targets.

As the tide began to turn, it took time for policy makers to accept that heightened inflation numbers were not just some anomaly or residual of COVID-related imbalances and were therefore slow to apply the brakes. However, price pressures continued to accelerate entering 2022 and policy needed to catch up quickly. In the US, the FOMC hiked rates by 75 basis points in June, the first increase of that magnitude since 1994, and provided guidance that similar increases were likely on the horizon. Removing key language from their statement indicating that the committee no longer expected the "labor market to remain strong" as they battled to reach their 2 per cent inflation target resulted in increasing concern over a hard landing and potential recession. Meanwhile, with Eurozone headline inflation reaching 8.6 per cent year-over-year, the European central bank seemed on track for their first rate hike in 11 years in July. Relatively hawkish comments from ECB President Christine Lagarde and another planned policy tightening in September had some speculating that European growth may also fall victim to the bank's desire to get prices under control.

Additionally, the US Fed began reducing their US $8.5 trillion balance sheet in June by allowing up to US $30 billion in Treasury securities and US $17.5 billion in agency mortgage-backed securities to mature without reinvesting the proceeds. The expected pace of this quantitative tightening was accelerated in 2021 as inflation began to get out of control and coincided with sharper-than-expected increases in the benchmark lending rate. The ECB similarly announced a quicker exit from pandemic-era stimulus programs than had been previously indicated due to rising inflation on the continent. And in less than a year, excessively accommodative policy was gone.

Politics

In the US, over a year has passed since Donald Trump left office as President of the United States, but the legacy of his last days in office were central to the ongoing investigation of the January 6th riot at the US Capitol. While many still view the proceedings as purely partisan politics – an attempt to harm the reputation of a man likely to run for office again in two years and that of his

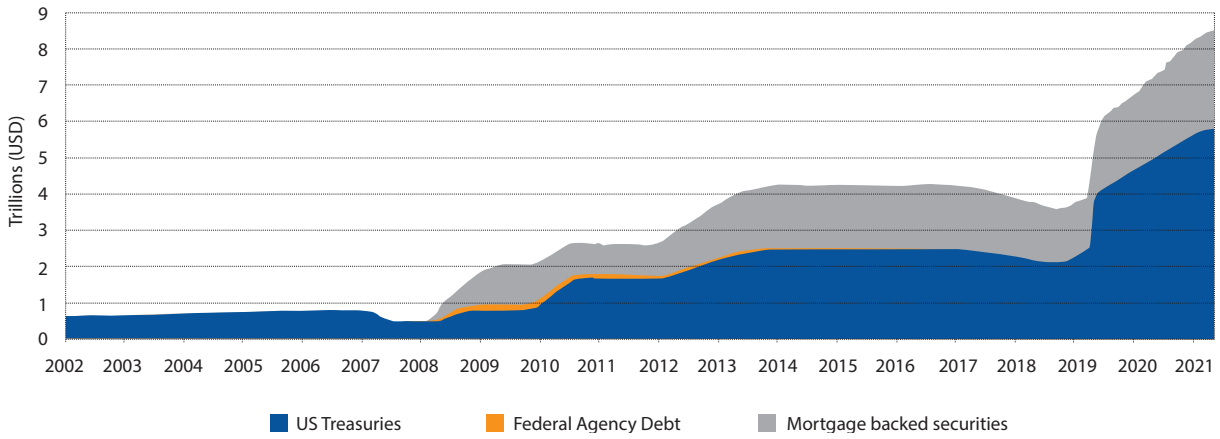

Chart 3. *US Federal Reserve Balance sheet. Source: Federal Reserve Economic Data – St. Louis Federal Reserve.*

party looking to regain control of Congress in midterm elections – testimony from those in the White House at the time painted a damning picture of the events that transpired. In France, incumbent president Emmanuel Macron was reelected, defeating Marine Le Pen in the runoff, although the result reflected the best showing for a far-right candidate in over sixty years. Across the rest of the globe, the move away from globalization and towards nationalist policies continued on the same trajectory as recent years. The response from global financial markets to these events was muted, although the shifting political agenda could have longer-term implications on a variety of issues from global trade to military alliances.

COVID-19

While other events garnered more headlines, the COVID-19 pandemic continued to have an influence on global markets. In what has been a controversial and unpopular decision, China adopted a zero COVID policy in an attempt to control the community spread of the virus. Entire cities were locked down – including some of the largest in the nation – as case counts rose. The effect on the Chinese economy has been severe as factories have been temporarily shuttered in impacted regions, domestic demand has collapsed, and export growth has slowed to a level not seen in two years. The potential consequence for the rest of the globe added to recession concerns as June came to a close. Meanwhile, new COVID variants continued to spread outside of China, although most governments embraced a more laissez-faire approach than in prior years.

ANALYSIS OF RESULT

Lynx ended the first six months of 2022 up 35.83 per cent. While gains were generated in every asset class traded in the portfolio, fixed income and commodities were particularly profitable. Both trend-following and diversifying models contributed strongly to the positive result, commensurate with the risk budgeted to each group. Similarly, all timeframes were profitable, also in line with their risk allocation.

Increasing inflation, expectations of normalizing monetary policy and the announced termination of asset purchase programs in the US and Europe late last year all contributed to a sharp increase in interest rate expectations entering 2022. Despite starting the year with a small net long bond position, a solid gain of 21.2 per cent was generated in the asset class after the program quickly built significant short exposure as prices declined. The Russian invasion of Ukraine in February and increasing concerns of an impending recession later in the period mitigated some of the gains, although rates in the US and Europe ended June markedly higher than where they started the year. While gains were generated across the yield curves in Europe and the US, slight losses were realized in Australia and Korea. Both trend-following and diversifying models were profitable in the asset class, with trend models capturing gains across timeframe. Amongst the diversifying component of the portfolio, short and medium-term models were positive, while long-term models underperformed.

Energies were responsible for a vast majority of the 16.2 per cent profit in commodities as prices continued their meteoric rise from the end of 2021 on increasing industrial demand and supply disruptions. Strong gains were realized across the crude oil complex as prices reached levels not seen since 2014. A long position in natural gas was also solidly profitable although some early gains were given back after prices in the US collapsed following an explosion at an LNG facility in Texas. In other commodities, an unprecedented move in LME nickel resulted in a solid gain in base metals as Russian supply concerns contributed to a short squeeze which drove prices up by over 100 per cent in a day before the exchange suspended trading until the supply/demand balanced stabilized. Finally, profits in agricultural commodities were due largely to long positions in corn and wheat as prices climbed on supply disruptions

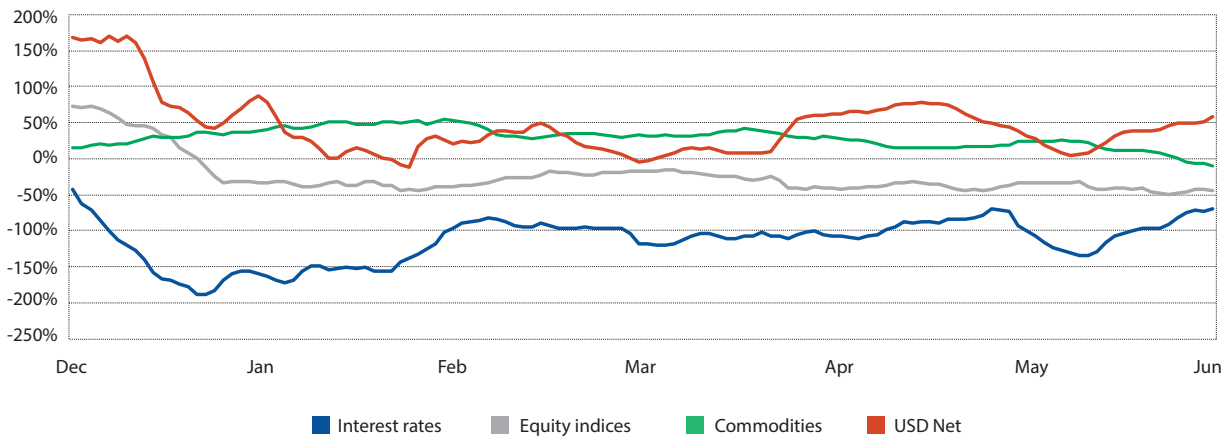

Chart 4. *Net exposure by asset class during first six months of 2022.*

due to the conflict in Ukraine. Trend-following models generated gains in commodities across timeframe, while profits in diversifying models were due to medium and long-term timeframes.

The program entered the year with a sizeable long position in global equity indices and initially generated a loss in the sector as markets collapsed. However, models quickly responded to the changing dynamics and the program reversed to a net short position by the third week of January, remaining short the remainder of the period. Ultimately, aggregate profits of 3.7 per cent were generated in Asia, Europe and North America although performance was somewhat mixed within regions. In Asia, trading in the Korean Kospi was responsible for much of the gain as positioning in Japan detracted from the result. In Europe, largest gains were generated in Germany while modest losses accrued in France and Italy. And in North America, trading profits in the US were mitigated by a small decline in Canada. Both the trend-following and diversifying segments of the portfolio were profitable as medium-term trend and long-term diversifying models were primarily responsible for gains in their respective groups; a long-term diversifying model with a structural short beta to equities was the best performing model in the sector.

Finally, foreign exchange accounted for a gain of 3.0 per cent as profitable trading in developed market currencies offset a loss in emerging market counterparts. Net US dollar exposure fluctuated broadly over the course of the first six months of the year, ranging from approximately 169 per cent long to 12 per cent short as models attempted to forecast exchange rate moves across the globe. Largest gains were realized in the Japanese yen as the BoJ maintained exceptionally easy monetary policy despite rising domestic inflation. A significant profit was also generated in a short euro position as the currency approached parity against the US dollar. Conversely, largest losses accrued in long South African rand and Chinese renminbi positions as those currencies depreciated against the greenback. As was the case with the other three asset classes, both the trend-following and diversifying segments of the portfolio contributed positively although in this case diversifying models outperformed trend. Small profits were realized across all timeframes in trend, while long-term models were responsible for much of the diversifying gain.

The tables below illustrate a summary of returns by asset class and model category, respectively.

PERFORMANCE BY ASSET CLASS		
Fixed income-related investments		21.2%
Commodity-related investments		16.2%
Equity-related investments		3.7%
Currency-related investments		3.0%
Other (management fees, interest etc.)		-8.3%
TOTAL RETURN		**35.8%**

PERFORMANCE RETURN BY MODEL TYPE		
Trend-following models		**29.2%**
Of which,	short-term	6.6%
	medium-term	17.8%
	long-term	4.8%
Diversifying models		**14.9%**
Of which,	short-term	0.6%
	medium-term	9.2%
	long-term	5.1%
Other (management fees, interest, etc.)		-8.3%
TOTAL RETURN		**35.8%**

PERFORMANCE SINCE INCEPTION

The table on page 12 shows key figures for Lynx since the Fund's inception in May 2000 and comparative figures for a global equity index and bond index (MSCI World NDTR Index and JP Morgan Global Government Bond Index) over the same period. It also shows key figures for a representative industry benchmark index (Société Générale CTA Index).

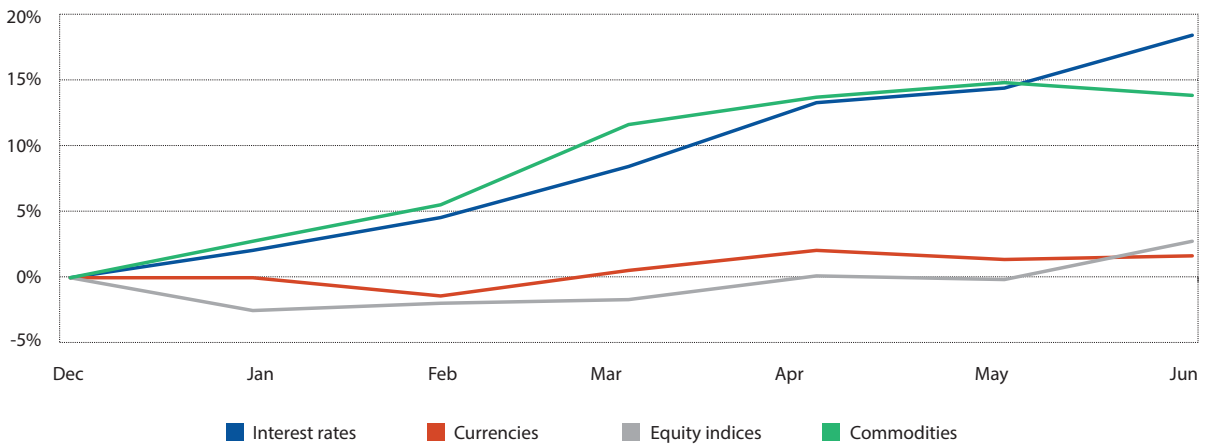

Chart 5. *Contributions to performance by asset class.*

SOME KEY RATIOS SINCE INCEPTION[1]

	Lynx (SEK)[2]	MSCI World NDTR Index (local currency)	JP Morgan Global Gov't Bond Index (local currency)	Société Générale CTA Index (USD)
RETURN				
2022 jan-jun, %	35.83	-18.47	-8.90	21.12
2021, %	0.75	24.73	-2.51	6.17
2020,%	5.94	13.37	5.46	3.04
2019, %	15.42	28.01	6.15	6.39
2018,%	-2.65	-7.95	0.93	-5.83
2017, %	-5.27	18.48	1.32	2.48
2016, %	-4.16	9.00	2.94	-2.87
2015, %	-7.98	2.08	1.28	0.03
2014, %	27.58	9.81	8.51	15.66
2013, %	12.12	28.87	-0.48	0.73
2012, %	-5.14	15.71	4.16	-2.87
2011, %	-0.89	-5.49	6.34	-4.45
2010, %	18.54	10.01	4.18	9.26
2009, %	-8.52	25.73	0.66	-4.30
2008, %	42.23	-38.69	9.30	13.07
2007, %	13.22	4.69	3.91	8.05
2006, %	5.34	15.55	0.81	5.75
2005, %	6.59	15.77	3.67	3.20
2004, %	13.98	11.32	4.92	1.46
2003, %	34.55	24.91	2.19	15.75
2002, %	21.81	-24.09	8.54	12.91
2001, %	15.77	-14.21	5.24	2.49
2000[3], %	12.77	-9.89	5.93	11.57
Since inception, %	775.24	168.57	104.74	204.14
Average annual return since inception, %	10.28	4.56	3.28	5.15
ANALYSIS OF RETURN				
Best month, %	14.90	11.97	3.09	8.85
Worst month, %	-14.14	-16.37	-2.72	-7.64
Average monthly return, %	0.82	0.37	0.27	0.42
Maximum drawdown since inception, %	30.58	50.77	11.67	14.26
Longest period of zero return, number of months	84	74	32	62
KEY RATIOS				
Standard deviation, %	14.90[4]	14.32	3.27	8.66
Downside risk, %	9.00	10.51	2.04	5.30
Sharpe ratio	0.60	0.22	0.60	0.44
Correlation between Lynx and index shown	-	-0.09	0.28	0.84

[1] *For definitions, see glossary on page 27.*

[2] *Lynx return is stated net of fees.*

[3] *Relates to the period May-December (eight months) as the fund was started on May 1, 2000.*

[4] *The fund's standard deviation the last two years is 13.68 per cent.*

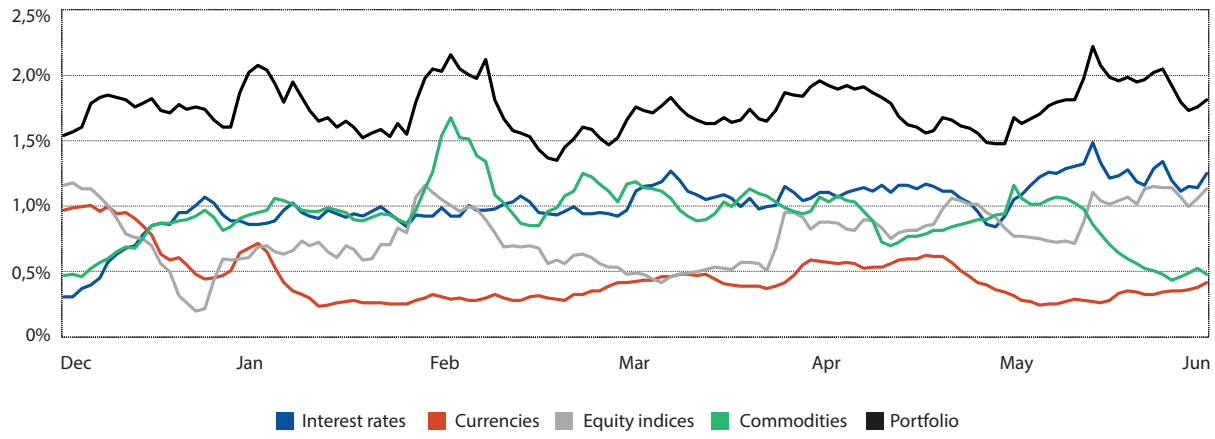

Chart 6. *The development of Value at Risk during January – June 2022.*

RISK UTILIZATION

To achieve the fund's volatility target of 18 per cent annualized volatility, the average Value at Risk ("VaR") for the portfolio should equate to approximately 1.9 per cent (1-day, 95 per cent confidence interval). During the first half of 2021, the average VaR for Lynx was around 1.8 per cent.

The fund's risk utilization is decided by the underlying models and the risk is directed to those markets where the models identify the most attractive opportunities. Notably, the expected risk coming from each asset class exceeded all others at one point during the period as the opportunity set shifted with the changing market environment. The chart below illustrates the change in risk during the year as measured by VaR (1 day, 95 per cent confidence interval) as well as the risk for the four sectors separately:

INVESTMENT PROCESS

The six portfolio managers of the Lynx program constitute the investment committee and are responsible for the strategic direction and management of the fund. As trading decisions are made by over 45 models currently employed in the program, the investment committee focuses primarily on longer-term matters such as determining which models are included in the portfolio and setting the average risk budgeted to each asset class and market. While the investment committee also has the final authority to set the allocations to each model, the weight placed on the output of statistical portfolio optimization has been increasing in recent years due to advancements in our approach to forecasting correlation and other model characteristics.

The model lineup and risk allocations are thoroughly reevaluated twice a year in June and December. In addition to these formal revisions, risk allocations can be adjusted monthly as new market and model data becomes available. Development of new models is typically initiated either by the investment committee to improve the dynamics of the portfolio or the research group resulting from work previously done.

Research is divided into four teams with different responsibilities ranging from model development and maintenance to the development of portfolio construction routines and execution algorithms. The teams are responsible for the construction of the models and have the mandate to propose new models to the investment committee and suggest the exclusion of existing models. For a new model to be considered as part of the portfolio, the underlying foundational concept must be assessed and analyzed in detail. Furthermore, the model must not only demonstrate the ability to generate positive results across multiple time periods, but also display attractive return characteristics in several key aspects. Meanwhile, existing models are analyzed to ensure that performance has not deviated from historical expectations and their contribution to the portfolio return continue to support an allocation. Finally, the portfolio construction methodology is reviewed and changes are proposed. The investment committee considers these proposals and recommendations from research when making their decisions.

During the first six months of the year, one new model was added to the portfolio, while three models were retired.

Addition

The sole addition is a short-term diversifying model utilizing calendar data as the main input. The model generates a selection of "smoothed" seasonal features and a walk-forward regression framework is applied to forecast future returns. Ensemble techniques and strict cost controls are used to increase out-of-sample robustness.

Retirements

All three models retired were classified as medium-term diversifiers. The first model focused exclusively on tra-

ding foreign exchange; while performance was within expectations, the signals utilized are now implemented more efficiently in several other models in the portfolio. The second model focused on machine learning techniques and underperformed both in terms of return and portfolio properties compared with a similar model in the portfolio. The final model, which combined seasonal and price-based information, underperformed expectations.

The risk allocated to model families changed marginally from the end of 2021. The trend-following allocation increased from 70 to 72 per cent while diversifying models decreased from 30 to 28 per cent. Long-term trend models saw the largest increase in risk budget, climbing from approximately 9 to 13 per cent; meanwhile, medium-term trend and medium and long-term diversifying models all experienced a decline of around 1 per cent. The average risk allocation amongst asset classes remained unchanged, with fixed income and equities each budgeted 28 per cent, foreign exchange 23 per cent and commodities 21 per cent.

The table below illustrates the allocations to each model category as of the end of June 2022 compared to these same figured from the end of 2021 (in parentheses):

TARGET ALLOCATION BETWEEN MODEL TYPES*

	Trend-following models	*Diversifying models*
Short-term	17% (18)	3% (3)
Medium-term	40% (41)	19% (20)
Long-term	13% (9)	8% (9)

More information on all programs managed by Lynx can be found at www.lynxhedge.se.

ASSETS UNDER MANAGEMENT

Total assets under management in the Lynx program at the end of June 2022 were approximately SEK 90.8 billion, compared with SEK 56.6 billion at the end of 2021. Most of the program's assets are invested in separately managed client accounts. The Swedish Lynx fund and the Lynx Dynamic fund together accounted for less than 5 per cent of the total assets under management in the program as of 30 June 2022.

OUTLOOK

The macroeconomic and geopolitical pressures that have been responsible for much of the price action in 2022 have not dissipated. Inflation remains elevated, central banks continue on a path towards policy normalization and the conflict in Ukraine does not appear to be resolving in the immediate future. As growth expectations come down due to tighter financial conditions, policy makers will face a difficult challenge when determining monetary and fiscal policy. Price stability is the principal mandate for most developed market central banks. While the relative strength of financial markets may influence their macroeconomic forecasts, it should not impact their policy decisions as some central bankers have reiterated in recent weeks. Recession risks have risen and the likelihood that inflation concurrently remains elevated creates a potentially dangerous cocktail; stagflation, particularly in lower to middle-income countries, could have a devastating effect on the global economy.

The environment has been exceptionally attractive for the Lynx Program so far this year, but a continuation of the current regime is not an imperative for positive performance to persist in the second half. The changes in market equilibrium across asset classes have been extraordinary. Whether inflation continues to climb at the current pace or falls back to longer-term targets will necessarily affect how equity and bond prices will behave going forward. Similarly, the conflict in Ukraine (or any other geopolitical crisis that may emerge) will likely impact investor sentiment, supply chains and other market dynamics which could have a dramatic effect on all markets from foreign exchange to commodities. Stagflation could pose a host of unique challenges for financial assets, as well, although these events in and of themselves will not define our performance.

As we mention whenever we provide our outlook on the market environment, Lynx is a systematic manager wholly dependent on the forecast accuracy of our models to prosper. Our opinions on macroeconomic factors and geopolitical events have no impact on our trading. Most of our models need markets to trend; a continuation of recent moves or a reversion back to prior levels could both offer attractive opportunities for the program should those moves extend over time. Much has changed in the world and many imbalances remain which will eventually need to be corrected. We hope to be there when they do.

As always, Lynx remains committed to managing your capital responsibly and profitably. We are invested alongside our clients in every program we manage, aligning our interests directly with our investors. We were encouraged by positive performance during the first six months of the year, pleased to have been able to provide our investors with differentiated results and are optimistic that we can continue to capitalize on new opportunities as they emerge.

** Due to diversification effects the numbers in the table do not sum up to total risk per model type.*

REPORT OF THE DIRECTORS

PERFORMANCE

Lynx generated a return of 35.83 per cent net of fees for the first half of 2022. Since the fund's inception in 2000 the total return has been 775.2 per cent which equals an average annual return of 10.3 per cent.

The table on page 16 shows the fund's return per calendar month and the return for some indices.

DEVELOPMENT OF FUND ASSETS

As at 30 June 2022, the value of the Lynx Fund was SEK 1,855.5 million, which is a increase of SEK 485.6 million since the end of 2021. Subscriptions to units amounted to SEK 176.7 million, and redemptions to SEK 178.8 million. To this is added the period's result of SEK 487.7 million.

THE FUND'S COSTS

During the first half of 2022 fixed fees to the fund management company amounting to SEK 8.2 million and performance fee amounting to SEK 87.9 million were charged to the fund. Costs relating to compensation for the fund's fiduciary custodian (SEB) and for supervision by Finansinspektionen have been defrayed by Lynx Asset Management AB and thus were not a charge to the Lynx Fund itself.

RESULT

In the first half of 2022, Lynx generated a positive return of 35.83%. All asset classes contributed with positive return where investments in energies and interest rates generated particularly well returns. Trend-following models as well as diversifying models contributed positively and specifically medium term models.

ORGANISATIONAL CHANGES

Ola Paulsson resigned from the Board of the fund management company in June and was replaced by Johanna Ahlgren. Johanna has a long experience from the investment management business.

SIGNIFICANT EVENTS DURING THE PERIOD

Lynx acknowledge the situation in Ukraine and are monitoring the developments closely. The Lynx Program has historically held positions in the Russian rouble, although all exposure was neutralized in February 2022 and the currency removed from the asset allocation until further notice. As of the writing of this report, the fund holds no investments or exposures directly related to Russia or Ukraine. While volatility remains elevated given the ongoing conflict, the Lynx Program was designed to adapt to changing market conditions and has historically performed particularly well during extended market crises. Lynx does not foresee any impact due to the situation other than market reactions to future developments.

SIGNIFICANT EVENTS AFTER THE END OF THE PERIOD

There have been no significant events after the end of the reporting period.

SIGNIFICANT RISKS ASSOCIATED WITH THE FUND'S HOLDINGS

The management of the fund is associated with various types of risk, of which the following are worth emphasising:

Market risks, for instance the risk that the whole market for an asset class will rise or fall, is significant for the fund and can cause a loss. It is also market risks that constitute the fund's principal source of earnings when the markets move favourable.

The fund invests in derivatives, which creates opportunities for leverage. This means that the fund may be more sensitive to market changes than other investment funds.

The fund has various counterparty and credit risks, which for instance arise as the fund's assets are partially placed with banks and clearing brokers.

The fund is exposed to operational risk since the fund, for instance, is dependent on portfolio managers, IT systems, reconciliation procedures, etc. The management of the fund is based on assumptions and interpretations of risk management models, which can also create operational risks.

The fund is exposed to outsourcing risk, as certain services are performed by third-party providers such as HSBC Securities Services (Ireland) DAC and B & P Fund Services AB.

At 30 June the fund had no greater risks in these areas than what may be deemed normal.

Trading in derivatives is an integrated component in the fund's investment concept, and the trading volume was therefore considerable during the period. The fund invests primarily in exchange traded futures contracts and in currencies using a prime broker, and the only ca-

MONTHLY RETURN 2022

RETURN 2022, %	Lynx (SEK)[1]	MSCI World NDTR Index (local currency)	JP Morgan Global Gov't Bond Index (local currency)	Société Générale CTA Index
January	2.12	-5.18	-1.47	1.46
February	4.40	-2.65	-0.98	2.52
March	10.61	3.11	-2.26	7.73
April	8.46	-6.90	-2.72	5.84
May	1.06	-0.23	-0.54	-0.13
June	5.08	-7.77	-1.26	2.26
January-June	**35.83**	**-18.47**	**-8.90**	**21.12**

[1] *The return stated for Lynx is the return net of fees.*

pital invested in these investments is the collateral that is placed with the clearing organisations and the prime broker (Goldman Sachs, Société Générale, Morgan Stanley and JP Morgan). As of 30 June 2022, the collateral requirement amounted to SEK 227.8 million, which corresponds to 12.3 per cent of the value of the fund. The greater part of the fund's capital is invested in Swedish Treasury bills. The fund had no exposure to hard-to-value assets as of 30 June 2022.

The risk level of the portfolio is measured using so called Value at Risk models (VaR). Lynx uses three VaR models with different time horizons (18 months and two exponentially weighted) in parallel, where all are one sided, one day measures with 95 per cent confidence. The highest value during the period January – June 2022 was 2.22 per cent, the lowest 1.35 per cent and the average 1.75 per cent. As at 30 June the value was 1.81 per cent. The leverage calculated in accordance with the gross method was 3,985 per cent.[2]

COMMUNICATION WITH UNIT-HOLDERS

Each year Lynx's unit-holders receive annual and half-yearly reports that provide an account of the fund's performance. Over and above this, an account statement is distributed monthly showing the current value of each unit-holder's holding as is a monthly report containing key ratios. Further information is available on the website at www.lynxhedge.se, where performance estimates for the fund is published daily.

The company also offers weekly and monthly e-mail reports showing the performance of both the Sweden- and Bermuda-based funds.

OTHER

There have been no portfolio related transactions with the manager or any other related parties during the period.

[2] *The figures reflect the value of the 18 month VaR. In accordance with AIFMD, the fund's exposure must be calculated and reported using the gross method, whereby the exposure in derivatives shall be reported as underlying nominal amounts. The high leverage is caused by, among other things, the fact that many of the assets the fund invests in, e.g. bonds and currencies, have a low volatility compared to the stock market. Due to this Lynx uses other risk measures, such as VaR, in its management.*

ACCOUNTS

BALANCE SHEET 2022-06-30

SEK thousand	*Notes*	*2022-06-30*	*2021-12-31*
ASSETS			
Money market instruments		1 663 820	1 120 129
Other derivative instruments with positive market value		62 965	38 833
Total financial instruments with positive market value		*1 726 785*	*1 158 962*
Total investments with positive market value		*1 726 785*	*1 158 962*
Bank deposits and other cash equivalents		310 847	312 554
Other assets	1	2 198	1 481
TOTAL ASSETS		**2 039 830**	**1 472 996**
LIABILITIES			
Other derivative instruments with negative market value		64 223	46 465
Total financial instruments with negative market value		*64 223*	*46 465*
Accrued expenses and deferred income	2	24 277	1 349
Other liabilities	3	95 865	55 326
TOTAL LIABILITIES		**184 365**	**103 139**
NET ASSET VALUE OF THE FUND		**1 855 465**	**1 369 857**
MEMORANDUM ITEMS			
Pledged collateral for derivative instruments		227 773	254 532
TOTAL PLEDGED ASSETS		**227 773**	**254 532**
Percentage of net asset value		12.3	18.6
NOTES			
Note 1 Other assets			
Fund assets in course of settlement		2 198	1 481
TOTAL OTHER ASSETS		**2 198**	**1 481**
Note 2 Accrued expenses and deferred income			
Liability to fund management company		24 052	1 143
Interest expenses		225	206
TOTAL, ACCRUED EXPENSES AND DEFERRED INCOME		**24 277**	**1 349**
Note 3 Other liabilities			
Fund liabilities in course of settlement		8 217	13 570
Liability relating to redemptions		87 648	41 756
TOTAL, OTHER LIABILITIES		**95 865**	**55 326**

STATEMENT OF NET ASSETS JUNE 30, 2022

Holdings of financial instruments*

	Maturity	Market	Currency	Number of contracts	Market value (SEK '000)	% of fund
OTHER FINANCIAL INSTRUMENTS THAT ARE ADMITTED TO TRADING ON A REGULATED MARKET OR A CORRESPONDING MARKET OUTSIDE THE EEA						
FIXED INCOME FUTURES						
US govt bonds (US Ultra Tbond)	Sep-22	CME, Chicago	USD	-6	-245	0.0
US govt bonds (US Tbond)	Sep-22	CME, Chicago	USD	-59	-1 247	-0.1
30-year German govt bonds (Euro Buxl)	Sep-22	EUREX, Frankfurt	EUR	-57	2 527	0.1
10-year US govt bonds	Sep-22	CME, Chicago	USD	-6	-90	0.0
10-year Australian govt bonds	Sep-22	SFE, Sydney	AUD	-43	-147	0.0
10-year UK govt bonds (Long Gilt)	Sep-22	ICE, London	GBP	-134	1 980	0.1
10-year French govt bonds (Euro OAT)	Sep-22	EUREX, Frankfurt	EUR	-70	1 015	0.1
10-year Italian govt bonds (Euro BTP)	Sep-22	EUREX, Frankfurt	EUR	-74	-1 525	-0.1
10-year Canadian govt bonds	Sep-22	ME, Montréal	CAD	-66	762	0.0
10-year South Korean govt bonds	Sep-22	KOREX, Korea	KRW	-8	-71	0.0
10-year German govt bonds (Euro Bund)	Sep-22	EUREX, Frankfurt	EUR	-265	1 586	0.1
5-year US govt bonds	Sep-22	CME, Chicago	USD	49	147	0.0
5-year German govt bonds (Euro Bobl)	Sep-22	EUREX, Frankfurt	EUR	-188	-464	0.0
2-year US govt bonds	Sep-22	CME, Chicago	USD	28	36	0.0
2-year German govt bonds (Euro Schatz)	Sep-22	EUREX, Frankfurt	EUR	-163	-729	0.0
3-year Italian govt bonds (Short BTP)	Sep-22	EUREX, Frankfurt	EUR	-41	-196	0.0
3-year South Korean govt bonds	Sep-22	KOREX, Korea	KRW	14	46	0.0
SHORT INTEREST RATE FUTURES						
3-month US interest (Eurodollar)	Mar-24	CME, Chicago	USD	-81	-1 528	-0.1
3-month Australian interest	Sep-22	SFE, Sydney	AUD	-10	-13	0.0
3-month Australian interest	Dec-22	SFE, Sydney	AUD	-8	-19	0.0
3-month Australian interest	Mar-23	SFE, Sydney	AUD	-6	-18	0.0
3-month Australian interest	Jun-23	SFE, Sydney	AUD	-4	-14	0.0
3-month Australian interest	Sep-23	SFE, Sydney	AUD	-3	-11	0.0
3-month Australian interest	Dec-23	SFE, Sydney	AUD	-2	-8	0.0
3-month Australian interest	Mar-24	SFE, Sydney	AUD	-1	-4	0.0
3-month Australian interest	Jun-24	SFE, Sydney	AUD	-1	-4	0.0
3-month Euro interest (Euribor)	Sep-22	ICE, London	EUR	-19	-27	0.0
3-month Euro interest (Euribor)	Dec-22	ICE, London	EUR	-29	143	0.0
3-month Euro interest (Euribor)	Mar-23	ICE, London	EUR	-28	-3	0.0
3-month Euro interest (Euribor)	Jun-23	ICE, London	EUR	-224	-1 291	-0.1
3-month Euro interest (Euribor)	Sep-23	ICE, London	EUR	-20	210	0.0
3-month Euro interest (Euribor)	Dec-23	ICE, London	EUR	-18	136	0.0
3-month Euro interest (Euribor)	Mar-24	ICE, London	EUR	-16	115	0.0
3-month Euro interest (Euribor)	Jun-24	ICE, London	EUR	-13	83	0.0
3-month Euro interest (Euribor)	Sep-24	ICE, London	EUR	-11	71	0.0
3-month Euro interest (Euribor)	Dec-24	ICE, London	EUR	-10	95	0.0
3-month Euro interest (Euribor)	Mar-25	ICE, London	EUR	-8	85	0.0
3-month Euro interest (Euribor)	Jun-25	ICE, London	EUR	-7	-73	0.0
3-month Canadian interest (Canandian Bankers Acceptance)	Sep-22	ME, Montréal	CAD	-7	68	0.0
3-month Canadian interest (Canandian Bankers Acceptance)	Dec-22	ME, Montréal	CAD	-7	4	0.0
3-month Canadian interest (Canandian Bankers Acceptance)	Jun-23	ME, Montréal	CAD	-5	8	0.0
3-month Canadian interest (Canandian Bankers Acceptance)	Sep-23	ME, Montréal	CAD	-4	4	0.0
3-month Canadian interest (Canandian Bankers Acceptance)	Dec-23	ME, Montréal	CAD	-3	-19	0.0
3-month SOFR interest	Sep-22	CME, Chicago	USD	-35	-59	0.0
3-month SOFR interest	Dec-22	CME, Chicago	USD	-32	-91	0.0

Holdings of financial instruments (continued)*

	Maturity	Market	Currency	Number of contracts	Market value (SEK '000)	% of fund
3-month SOFR interest	Mar-23	CME, Chicago	USD	-28	-131	0.0
3-month SOFR interest	Jun-23	CME, Chicago	USD	-24	-162	0.0
3-month SOFR interest	Sep-23	CME, Chicago	USD	-22	-175	0.0
3-month SOFR interest	Dec-23	CME, Chicago	USD	-20	-183	0.0
3-month SOFR interest	Mar-24	CME, Chicago	USD	-17	-160	0.0
3-month SOFR interest	Jun-24	CME, Chicago	USD	-14	-132	0.0
3-month SOFR interest	Sep-24	CME, Chicago	USD	-11	-104	0.0
3-month SOFR interest	Dec-24	CME, Chicago	USD	-9	-79	0.0
3-month SOFR interest	Mar-25	CME, Chicago	USD	-7	-65	0.0
3-month SOFR interest	Jun-25	CME, Chicago	USD	-6	-44	0.0
3-month SOFR interest	Sep-25	CME, Chicago	USD	-5	-34	0.0
3-month SOFR interest	Dec-25	CME, Chicago	USD	-4	-30	0.0
3-month SOFR interest	Mar-26	CME, Chicago	USD	-3	-21	0.0
3-month SOFR interest	Jun-26	CME, Chicago	USD	-2	-13	0.0
3-month SONIA interest	Sep-22	ICE, London	GBP	-12	52	0.0
3-month SONIA interest	Dec-22	ICE, London	GBP	-9	92	0.0
3-month SONIA interest	Mar-23	ICE, London	GBP	-7	66	0.0
3-month SONIA interest	Jun-23	ICE, London	GBP	-6	27	0.0
3-month SONIA interest	Sep-23	ICE, London	GBP	-14	94	0.0
3-month SONIA interest	Dec-23	ICE, London	GBP	-13	87	0.0
3-month SONIA interest	Mar-24	ICE, London	GBP	-13	97	0.0
3-month SONIA interest	Jun-24	ICE, London	GBP	-12	-132	0.0
3-month SONIA interest	Sep-24	ICE, London	GBP	-3	-8	0.0
3-month SONIA interest	Dec-24	ICE, London	GBP	-2	13	0.0
3-month SONIA interest	Mar-25	ICE, London	GBP	-2	35	0.0
3-month SONIA interest	Jun-25	ICE, London	GBP	-2	0	0.0
CURRENCY FUTURES						
AUD/USD	Sep-22	CME, Chicago	USD	57	-611	0.0
CAD/USD	Sep-22	CME, Chicago	USD	-69	-315	0.0
CHF/USD	Sep-22	CME, Chicago	USD	-22	-900	0.0
EUR/USD	Sep-22	CME, Chicago	USD	-190	2 861	0.2
GBP/USD	Sep-22	CME, Chicago	USD	-204	814	0.0
JPY/USD	Sep-22	CME, Chicago	USD	-233	2 296	0.1
EQUITY INDEX FUTURES						
US equity index (Dow Jones)	Sep-22	CME, Chicago	USD	-53	-748	0.0
US equity index (Mini Nasdaq)	Sep-22	CME, Chicago	USD	-54	-82	0.0
US equity index (Mini Russell 2000)	Sep-22	CME, Chicago	USD	-71	-315	0.0
US equity index (Mini S&P 400)	Sep-22	CME, Chicago	USD	-5	134	0.0
US equity index (Mini S&P)	Sep-22	CME, Chicago	USD	-52	-1 066	-0.1
US equity index (MSCI Emerging Markets)	Sep-22	ICE, New York	USD	-50	105	0.0
Australian equity index (SPI)	Sep-22	SFE, Sydney	AUD	-26	205	0.0
UK equity index (FTSE 100)	Sep-22	ICE, London	GBP	29	-111	0.0
European equity index (Euro Stoxx)	Sep-22	EUREX, Frankfurt	EUR	-201	876	0.0
European equity index (Euro Stoxx 600 ESG-X)	Sep-22	EUREX, Frankfurt	EUR	-1	2	0.0
French equity index (CAC)	Jul-22	Euronext, Paris	EUR	-25	68	0.0
Dutch equity index (AEX)	Jul-22	Euronext, Amsterdam	EUR	-16	-168	0.0
Hong Kong equity index (Hang Seng)	Jul-22	HKFE, Hong Kong	HKD	-17	200	0.0
Italian equity index (MIB)	Sep-22	BI, Milano	EUR	-7	375	0.0
Japanese equity index (Nikkei)	Sep-22	SGX, Singapore	JPY	4	-85	0.0
Japanese equity index (Nikkei)	Sep-22	OSE, Tokyo	JPY	-3	17	0.0
Japanese equity index (TOPIX)	Sep-22	OSE, Tokyo	JPY	6	-98	0.0
Canadian equity index (Canada 60)	Sep-22	ME, Montréal	CAD	-7	185	0.0
Chinese equity index (FTSE China A50)	Jul-22	SGX, Singapore	USD	4	9	0.0
Chinese equity index (H-shares)	Jul-22	HKFE, Hong Kong	HKD	-20	123	0.0

Holdings of financial instruments* (continued)

	Maturity	*Market*	*Currency*	*Number of contracts*	*Market value (SEK '000)*	*% of fund*
MSCI EAFE equity index	Sep-22	ICE, New York	USD	-7	10	0.0
Singaporean equity index (MSCI)	Jul-22	SGX, Singapore	SGD	-25	153	0.0
Swedish equity index (OMX)	Jul-22	Nasdaq OMX, Stockholm	SEK	-101	606	0.0
South Korean equity index (Kospi 200)	Sep-22	KOREX, Korea	KRW	-139	7 310	0.4
Taiwanese equity index (FTSE Taiwan)	Jul-22	SGX, Singapore	USD	-52	1 177	0.1
German equity index (DAX)	Sep-22	EUREX, Frankfurt	EUR	-32	4 425	0.2
COMMODITY FUTURES						
Aluminum (LME)	Sep-22	LME, London	USD	-32	569	0.0
Aluminum (LME)	Oct-22	LME, London	USD	-11	88	0.0
Lead (LME)	Sep-22	LME, London	USD	-2	63	0.0
Lead (LME)	Oct-22	LME, London	USD	-1	11	0.0
Cotton	Dec-22	ICE, New York	USD	-9	-106	0.0
Cotton	Mar-23	ICE, New York	USD	-1	-9	0.0
Heating Oil (NY Harbor ULSD)	Aug-22	NMX, New York	USD	18	-2 853	-0.2
Heating Oil (NY Harbor ULSD)	Sep-22	NMX, New York	USD	1	-160	0.0
Heating Oil (NY Harbor ULSD)	Oct-22	NMX, New York	USD	1	-168	0.0
Heating Oil (NY Harbor ULSD)	Nov-22	NMX, New York	USD	1	-154	0.0
Heating Oil (NY Harbor ULSD)	Dec-22	NMX, New York	USD	1	-168	0.0
Heating Oil (NY Harbor ULSD)	Jan-23	NMX, New York	USD	1	-178	0.0
Heating Oil (NY Harbor ULSD)	Feb-23	NMX, New York	USD	1	-97	0.0
L S Gasoil	Aug-22	ICE, London	USD	42	-4 995	-0.3
L S Gasoil	Oct-22	ICE, London	USD	1	-19	0.0
L S Gasoil	Nov-22	ICE, London	USD	1	-8	0.0
L S Gasoil	Dec-22	ICE, London	USD	1	-7	0.0
L S Gasoil	Jan-23	ICE, London	USD	1	10	0.0
L S Gasoil	Feb-23	ICE, London	USD	1	51	0.0
L S Gasoil	Mar-23	ICE, London	USD	1	-61	0.0
L S Gasoil	Jun-23	ICE, London	USD	1	2	0.0
Gold	Aug-22	CME, Chicago	USD	-90	2 521	0.1
Gold	Dec-22	CME, Chicago	USD	-1	20	0.0
Gold	Feb-23	CME, Chicago	USD	-1	24	0.0
Coffee	Dec-22	ICE, New York	USD	2	10	0.0
Coffee	Mar-23	ICE, New York	USD	2	10	0.0
Coffee	May-23	ICE, New York	USD	2	-5	0.0
Cocoa	Sep-22	ICE, New York	USD	-21	68	0.0
Copper (COMEX)	Sep-22	CME, Chicago	USD	-72	2 745	0.1
Copper (COMEX)	Dec-22	CME, Chicago	USD	-2	114	0.0
Copper (COMEX)	Mar-23	CME, Chicago	USD	-2	100	0.0
Copper (COMEX)	May-23	CME, Chicago	USD	-1	14	0.0
Copper (LME)	Oct-22	LME, London	USD	-4	50	0.0
Corn	Dec-22	CME, Chicago	USD	-22	282	0.0
Corn	Mar-23	CME, Chicago	USD	10	-443	0.0
Corn	May-23	CME, Chicago	USD	8	-412	0.0
Corn	Jul-23	CME, Chicago	USD	4	-192	0.0
Corn	Dec-23	CME, Chicago	USD	-2	22	0.0
Natural gas	Aug-22	NMX, New York	USD	49	-9 794	-0.5
Natural gas	Sep-22	NMX, New York	USD	1	-14	0.0
Natural gas	Oct-22	NMX, New York	USD	1	-29	0.0
Natural gas	Nov-22	NMX, New York	USD	1	-30	0.0
Natural gas	Feb-23	NMX, New York	USD	1	-186	0.0
Natural gas	Mar-23	NMX, New York	USD	1	46	0.0
Natural gas	Apr-23	NMX, New York	USD	1	-42	0.0
Natural gas	May-23	NMX, New York	USD	1	-49	0.0
Natural gas	Jun-23	NMX, New York	USD	1	-104	0.0
Natural gas	Jul-23	NMX, New York	USD	1	-103	0.0
Natural gas	Aug-23	NMX, New York	USD	2	-180	0.0

Holdings of financial instruments* (continued)

	Maturity	*Market*	*Currency*	*Number of contracts*	*Market value (SEK '000)*	*% of fund*
Natural gas	Sep-23	NMX, New York	USD	2	-161	0.0
Natural gas	Oct-23	NMX, New York	USD	2	-209	0.0
Natural gas	Nov-23	NMX, New York	USD	2	-166	0.0
Natural gas	Dec-23	NMX, New York	USD	2	-43	0.0
Natural gas	Jan-24	NMX, New York	USD	2	-250	0.0
Natural gas	Feb-24	NMX, New York	USD	2	-267	0.0
Natural gas	Mar-24	NMX, New York	USD	2	-121	0.0
Natural gas	Apr-24	NMX, New York	USD	2	-114	0.0
Natural gas	May-24	NMX, New York	USD	1	-63	0.0
Natural gas	Jun-24	NMX, New York	USD	1	-28	0.0
Nickel (LME)	Sep-22	LME, London	USD	-7	1 301	0.1
Nickel (LME)	Oct-22	LME, London	USD	-1	-10	0.0
Live cattle	Aug-22	CME, Chicago	USD	-19	89	0.0
Live cattle	Oct-22	CME, Chicago	USD	-8	118	0.0
Live cattle	Dec-22	CME, Chicago	USD	-7	100	0.0
Live cattle	Feb-23	CME, Chicago	USD	-7	14	0.0
Feeder Cattle	Aug-22	CME, Chicago	USD	-3	-37	0.0
Palladium	Sep-22	NMX, New York	USD	-2	114	0.0
Platinum	Oct-22	NMX, New York	USD	-13	204	0.0
RBOB Gasoline	Aug-22	NMX, New York	USD	14	-1 067	-0.1
Brent Crude Oil	Sep-22	ICE, London	USD	35	-536	0.0
Brent Crude Oil	Oct-22	ICE, London	USD	1	-12	0.0
Brent Crude Oil	Nov-22	ICE, London	USD	1	-6	0.0
Brent Crude Oil	Dec-22	ICE, London	USD	1	-46	0.0
Brent Crude Oil	Jan-23	ICE, London	USD	1	-44	0.0
Brent Crude Oil	Feb-23	ICE, London	USD	1	-34	0.0
Brent Crude Oil	Jun-23	ICE, London	USD	-1	11	0.0
Brent Crude Oil	Dec-23	ICE, London	USD	-1	7	0.0
Brent Crude Oil	Jun-24	ICE, London	USD	-1	-24	0.0
Sweet Crude Oil	Aug-22	NMX, New York	USD	33	-2 523	-0.1
Sweet Crude Oil	Sep-22	NMX, New York	USD	1	-15	0.0
Sweet Crude Oil	Oct-22	NMX, New York	USD	1	-34	0.0
Sweet Crude Oil	Nov-22	NMX, New York	USD	1	-33	0.0
Sweet Crude Oil	Dec-22	NMX, New York	USD	1	-6	0.0
Sweet Crude Oil	Jun-23	NMX, New York	USD	-1	22	0.0
Sweet Crude Oil	Jul-23	NMX, New York	USD	-1	14	0.0
Sweet Crude Oil	Dec-23	NMX, New York	USD	-1	9	0.0
Sweet Crude Oil	Jun-24	NMX, New York	USD	-1	15	0.0
Silver	Sep-22	CME, Chicago	USD	-61	3 099	0.2
Silver	Dec-22	CME, Chicago	USD	-1	70	0.0
Silver	Mar-23	CME, Chicago	USD	-1	35	0.0
Sugar	Oct-22	ICE, New York	USD	-45	64	0.0
Sugar	Mar-23	ICE, New York	USD	14	-11	0.0
Sugar	May-23	ICE, New York	USD	13	-45	0.0
Soybean meal	Dec-22	CME, Chicago	USD	3	27	0.0
Soybean meal	Jan-23	CME, Chicago	USD	11	22	0.0
Soybean meal	Mar-23	CME, Chicago	USD	10	21	0.0
Soybean meal	May-23	CME, Chicago	USD	7	-7	0.0
Soybean meal	Jul-23	CME, Chicago	USD	3	7	0.0
Soybean oil	Dec-22	CME, Chicago	USD	-19	170	0.0
Soybean oil	Jan-23	CME, Chicago	USD	3	-27	0.0
Soybean oil	Mar-23	CME, Chicago	USD	1	-11	0.0
Soybean oil	May-23	CME, Chicago	USD	-1	-3	0.0
Soybean oil	Jul-23	CME, Chicago	USD	-1	0	0.0
Soybeans	Nov-22	CME, Chicago	USD	1	-2	0.0
Soybeans	Jan-23	CME, Chicago	USD	2	-4	0.0
Soybeans	May-23	CME, Chicago	USD	-1	-17	0.0
Soybeans	Jul-23	CME, Chicago	USD	-1	-2	0.0

Holdings of financial instruments* (continued)

	Maturity	*Market*	*Currency*	*Number of contracts*	*Market value (SEK '000)*	*% of fund*
Soybeans	Nov-23	CME, Chicago	USD	-2	12	0.0
Lean Hogs	Aug-22	CME, Chicago	USD	5	-137	0.0
Wheat	Sep-22	CME, Chicago	USD	-48	2 693	0.1
Wheat	Dec-22	CME, Chicago	USD	-3	213	0.0
Wheat	Mar-23	CME, Chicago	USD	-1	93	0.0
Wheat	Jul-23	CME, Chicago	USD	1	-86	0.0
Zinc (LME)	Sep-22	LME, London	USD	-5	385	0.0
Zinc (LME)	Oct-22	LME, London	USD	-3	98	0.0

FIXED INCOME SECURITIES

		Nom. Amount		
Swedish Treasury bills	Aug-22	92 MSEK	91 947	5.0
Swedish Treasury bills	Sep-22	811 MSEK	809 954	43.7
Swedish Treasury bills	Dec-22	461 MSEK	459 036	24.7
Swedish Treasury bills	Mar-23	305 MSEK	302 883	16.3
TOTAL OTHER FINANCIAL INSTRUMENTS THAT ARE ADMITTED TO TRADING ON A REGULATES MARKET OR A CORRESPONDNING MARKET OUTSIDE THE EEA			1 670 668	90.0

OTHER FINANCIAL INSTRUMENTS

CURRENCY FORWARDS

			Amount ('000)		
AUD/USD	Sep-22	AUD	3 770	-3 098	-0.2
CAD/USD	Sep-22	CAD	-4 580	-2 392	-0.1
EUR/USD	Sep-22	EUR	-15 800	2 630	0.1
GBP/USD	Sep-22	GBP	-8 488	907	0.0
JPY/USD	Sep-22	JPY	-1 942 500	2 581	0.1
MXN/USD	Sep-22	MXN	409 600	-9 451	-0.5
NOK/USD	Sep-22	NOK	-13 700	1 299	0.1
NZD/USD	Sep-22	NZD	-16 380	445	0.0
SEK/USD	Sep-22	SEK	-62 196	2 900	0.2
CHF/USD	Sep-22	CHF	-1 838	-909	0.0
CNH/USD	Sep-22	CNH	37 500	89	0.0
SGD/USD	Sep-22	SGD	-12 310	413	0.0
PLN/USD	Sep-22	PLN	10 710	-785	0.0
HUF/USD	Sep-22	HUF	240 000	-173	0.0
ZAR/USD	Sep-22	ZAR	64 300	-2 560	-0.1
TOTAL OTHER FINANCIAL INSTRUMENTS				-8 106	-0.4
TOTAL FINANCIAL INSTRUMENTS				1 662 562	89.6
BANK DEPOSITS				310 847	16.8
OTHER ASSETS AND LIABILITIES, NET				-117 944	-9.8
TOTAL NET ASSETS				1 855 465	100.00

** In accordance with the definitions in Finansinspektionen's regulations, FFFS 2013:9, Chapter 31, Section 29, the fund has holdings in Category 2 (Other financial instruments that are admitted to trading on a regulated market or a corresponding market outside the EEA) amounting to TSEK 1 670 668 (90.0 per cent of the fund assets) and in Category 7 (Other financial instruments) amounting to TSEK -8 106 (-0.4 per cent of the fund assets). The fund has no holdings in Categories 1 or 3-6.*

ACCOUNTING PRINCIPLES

■ The half-yearly report is made up in accordance with the Act (2013:561) on managers of alternative investment funds and Finansinspektionen's regulations (2013:10) and follows the recommendations of the Swedish Investment Fund Association where applicable. Valuation is done in accordance with the valuation policy adopted by the board of the fund management company.

The valuation price for futures is the close price for each market. As these investments are held in markets on several continents, the actual time when each investment is valued varies. The Swedish treasury bills are valued at a price based on the average of quotes from five of the largest market participants.

CHANGES IN NET ASSETS

SEK thousand	*Opening value*	*Issue of units*	*Dividend reinvested*	*Redemption of units*	*Dividend paid*	*Year's profit*	*Total value of the fund*
2000-12-31		4 856				708	5 564
2001-12-31	5 564	41 361	191		-259	939	47 796
2002-12-31	47 796	245 891		-8 563		13 892	299 016
2003-12-31	299 016	1 221 578	4 337	-86 478	-5 103	226 353	1 659 703
2004-12-31	1 659 703	946 607	128 578	-1 267 867	-177 725	210 732	1 500 028
2005-12-31	1 500 028	432 448	148 243	-939 473	-209 255	93 918	1 025 909
2006-12-31	1 025 909	685 699	26 172	-585 664	-29 731	57 813	1 180 198
2007-12-31	1 180 198	288 306		-473 607		137 267	1 132 164
2008-12-31	1 132 164	961 911	94 236	-709 413	-107 355	596 152	1 967 695
2009-12-31	1 967 695	933 186	186 321	-773 474	-216 070	-169 454	1 928 204
2010-12-31	1 928 204	730 138		-517 523		358 428	2 499 247
2011-12-31	2 499 247	1 727 053	213 342	-441 937	-253 317	10 180	3 754 568
2012-12-31	3 754 568	517 548	186 116	-782 705	-220 903	-191 197	3 263 427
2013-12-31	3 263 427	509 528		-1 502 754		334 443	2 604 644
2014-12-31	2 604 644	328 875		-515 748		642 036	3 059 807
2015-12-31	3 059 807	2 468 156		-665 666		-391 477	4 470 820
2016-12-31	4 470 820	1 135 023		-660 943		-222 037	4 722 863
2017-12-31	4 722 863	338 599		-2 148 058		-285 245	2 628 159
2018-12-31	2 628 159	64 624		-792 568		-85 862	1 814 353
2019-12-31	1 814 353	48 897		-532 364		287 461	1 618 347
2020-12-31	1 618 347	27 667		-148 340		83 199	1 580 872
2021-12-31	1 580 872	93 325		-320 968		16 628	1 369 857
2022-06-30	1 369 857	176 660		-178 769		487 717	1 855 465

NET ASSET VALUE OF UNITS[1]

	Value of the fund (SEK thousand)	*Number of units in issue*	*Net asset value per unit, SEK*	*Dividend per unit, SEK*	*Return, %*
2000-12-31	5 564	50 003	111.28		12.8
2001-12-31	47 796	384 608	124.27		15.8
2002-12-31	299 016	2 048 077	146.00		21.8
2003-12-31	1 659 703	8 753 943	189.59		34.6
2004-12-31	1 500 028	8 393 718	178.71	34.17	14.0
2005-12-31	1 025 909	6 259 139	163.91	24.93	6.6
2006-12-31	1 180 198	7 039 064	167.66	4.75	5.3
2007-12-31	1 132 164	5 964 169	189.83		13.2
2008-12-31	1 967 695	8 002 605	245.88	18.00	42.2
2009-12-31	1 928 204	9 652 805	199.76	27.00	-8.5
2010-12-31	2 499 247	10 554 880	236.79		18.5
2011-12-31	3 754 568	17 814 727	210.76	24.00	-0.9
2012-12-31	3 263 427	17 325 215	188.36	12.40	-5.1
2013-12-31	2 604 644	12 332 505	211.20		12.1
2014-12-31	3 059 807	11 355 990	269.44		27.6
2015-12-31	4 470 820	18 031 029	247.95		-8.0
2016-12-31	4 722 863	19 873 394	237.65		-4.2
2017-12-31	2 628 159	11 674 359	225.12		-5.3
2018-12-31	1 814 353	8 279 009	219.15		-2.7
2019-12-31	1 618 347	6 398 267	252.94		15.4
2020-12-31	1 580 872	5 899 757	267.96		5.9
2022-06-30	1 855 465	5 059 993	366.70		35.8

[1] *In view of the fund's dividends. a comparison of changes in each unit's value and the reported return lacks relevance.*

Stockholm 25 August, 2022
Lynx Asset Management AB

Svante Elfving
Chairman

Marcus Andersson

Jonas Bengtsson

Svante Bergström
CEO

Johanna Ahlgren

AUDITOR'S REVIEW REPORT ON THE HALF-YEARLY REPORT

TO THE UNIT-HOLDERS IN THE LYNX FUND

INTRODUCTION

As auditor of Lynx Asset Management AB, company registration number 556573-1782, we have conducted a review of the enclosed half-yearly report for the Lynx Fund as at 30 June 2022. Responsibility for preparing and presenting the half-yearly report in accordance with the Act on managers of alternative investment funds and the regulations of the Swedish Regulatory Authority (Finansinspektionen) on managers of alternative investment funds rests with the Board of Directors of the fund management company. Our responsibility is to express a conclusion on the half-yearly report on the basis of our review.

THE SCOPE OF THE REVIEW

We have conducted our review in accordance with the International Standard on Review Engagements 2410, *Audit review of interim financial information performed by the company's chosen auditor.* A review involves making enquiries, primarily among those persons that are responsible for financial and accounting issues, performing an analytical examination and conducting other summary auditing measures.

A review has a different focus and a significantly smaller scope than an audit as performed according to the International Standards on Auditing and generally accepted auditing standards in Sweden. The auditing measures performed in a review do not enable us to obtain a degree of assurance that would make us aware of all important circumstances that would have been identified in a full audit. The conclusion expressed on the basis of a review thus does not have the same degree of certainty as a conclusion based on an audit.

OPINION

In the course of our review we have not become aware of any circumstances that would give us reason to doubt that the enclosed half-yearly report has in all material respects been prepared in accordance with the Act on managers of alternative investment funds and regulations of Finansinspektionen on managers of alternative investment funds.

Stockholm 25 August, 2022
KPMG AB

Mårten Asplund
Authorised public accountant

PORTFOLIO MANAGERS

■ The Lynx Fund is managed by *Jonas Bengtsson, Svante Bergström, Daniel Chapuis, David Jansson, Henrik Johansson and Jesper Sandin.*

Jonas Bengtsson is a Founding Partner, Portfolio Manager and Director of the Board at Lynx. Bengtsson founded Lynx in 1999 together with Svante Bergström and Martin Sandquist and has been a portfolio manager since the company's inception. Prior to founding Lynx, Bengtsson worked as quantitative researcher at Nordea, a leading Nordic bank, which he joined in 1994. From 1996, he worked for Nordea's Proprietary Trading department, where the foundations of what would later become the Lynx Program were developed, with responsibility for portfolio construction and risk management. He began his career as a quantitative analyst at Göta Bank in 1993. Bengtsson holds a Licentiate degree in Engineering Physics from the Lund Institute of Technology.

Svante Bergström is a Founding Partner and the Chief Executive Officer of Lynx. He is also a Director of the Board, and Portfolio Manager. Bergström founded Lynx in 1999 together with Jonas Bengtsson and Martin Sandquist and has been the company's CEO since its inception. Prior to founding Lynx, Bergström worked at Nordea, a leading Nordic bank, where he was hired in 1993 as a quantitative analyst and bond trader. In 1996 he was tasked with establishing Nordea's Proprietary Trading department, where the foundations of what would later become the Lynx Program were developed. In his early career, Bergström worked for Hagströmer & Qviberg Fondkommission between 1984 and 1991, initially as a stock broker and later as head of the firm's bond trading department. Bergström holds a BSc in Economics and Business Administration from the Stockholm School of Economics.

Daniel Chapuis is a Partner and Portfolio Manager at Lynx. Chapuis was hired by Lynx in 2008 and made Partner and Portfolio Manager in 2017. Previously, Chapuis spent two years at Brummer & Partners in a tactical asset allocation research venture that was later incorporated into the Lynx Program. He began his career at the First National Swedish Pension Fund as a quantitative analyst in 2000, where he developed and managed trading models in fixed income. Chapuis studied Engineering Physics at the Royal Institute of Technology in Stockholm.

David Jansson is a Partner, Portfolio Manager and Risk Manager. David Jansson was hired by Lynx in 2005 initially as a trader. In 2007 he initiated the firms' efforts in Execution Research and in 2011 he became Partner. In 2019 he was promoted to Portfolio Manager and in 2021 also Risk Manager. Jansson has earlier worked at B & P Fund Services. David Jansson holds a Msc in Economics from Stockholm University, where he also studied mathematics.

Henrik Johansson is a Partner, Portfolio Manager and the Head of Research at Lynx. As Head of Research, he has the overall responsibility for the research efforts to further develop Lynx's investment process. Henrik Johansson was hired by Lynx in 2011 as Partner and Head of Research, and promoted to portfolio manager in 2014. Johansson has extensive managerial experience from the financial industry. From 2008 to 2011, he was the Global Head of Risk Management at SEB Merchant Bank. From 2006 to 2008, he was the Head of Risk, Valuation, System Development and IT at BFS, a fund services company wholly owned by Brummer & Partners. From 1997 to 2006, he was the Head of Quantitative Strategies at Nektar Asset Management, a fixed income and global macro hedge fund. Between 2005 and 2008, he was a Director of the Board of Lynx. His early career was spent at Skandia Asset Management and the Treasury department at ABB. Johansson holds an MSc in Engineering Physics from the Royal Institute of Technology in Stockholm.

Jesper Sandin is a Partner and Portfolio Manager at Lynx. He has developed a significant part of the Lynx Program's current model portfolio and he leads the research efforts within portfolio construction. Sandin was hired by Lynx in 2008 and made Partner and Portfolio Manager in 2011. Previously, Sandin spent two years at Brummer & Partners in a tactical asset allocation research venture that was later incorporated into the Lynx Programme. Between 1998 and 2006, Sandin was the Head of Quantitative Research at the First National Swedish Pension Fund. Initially an acoustic engineer, Sandin moved into finance when he was hired by Skandia Asset Management as a quantitative analyst in 1997. Jesper Sandin holds an MSc degree in Engineering Physics with specialisation in applied mathematics from the Royal Institute of Technology in Stockholm and is a Certified Financial Analyst from IFL Stockholm School of Economics.

GLOSSARY

Correlation
A statistical concept that describes the extent of a linear relationship between two time series. By definition, a correlation has a value between +1 (perfect positive correlation) and –1 (perfect negative correlation). A value of 0 means that there is no correlation between the time series. Traditional funds have a correlation with their benchmark that is close to +1.

Derivative
A financial instrument where the price change is derived from an underlying asset and where the holder has the right or obligation to buy or sell the asset in question (see Future).

Downside risk
A measure of the distribution of an asset's negative return. The calculation of downside risk for a time-series x1,…, xn is similar to the calculation of the standard deviation, but with two differences: firstly, average return in the formula for the standard deviation is replaced by the risk free return (rf); and secondly, only negative deviations are taken into account. See the formula below:

$$\sqrt{\frac{12}{n\text{-}1} \sum_{i=1}^{n} \min\{x_i - r_f, 0\}^2}$$

Future
A future is an obligation to buy or sell a given asset at a given time at a given price.

High watermark
Means that the fund only pays performance fees when any shortfalls from previous periods have been compensated for.

Hurdle Rate
Defined as the average of the Riksbank's fixing of three-month treasury bills on the last three banking days of the previous quarter.

Index
Describes changes in the value of a particular type of asset. Indices are traditionally used when evaluating mutual funds.

JP Morgan Global Government Bond Index (local currency)
Calculated on the basis of change in value plus accrued interest. Currency fluctuations do not affect the index. Source: Bloomberg/EcoWin.

Longest period of time to new high
The longest period of time it has taken to afresh reach above the previous high. Stated in number of months.

Maximum drawdown
The largest possible drop in value during the period.

MSCI World NDTR Index (local currency)
Reflects change in value, expressed in local currency, on the stock markets in the 22 most important economies. Currency changes do not affect the index. Source: Bloomberg/EcoWin.

Prime broker
An entity that provides a number of services to participants on financial markets. The fund uses J.P. Morgan SE as prime broker for currency spot and forward transactions. In this case, the prime broker ensures that all relevant transfers in relation to these transactions are made to the fund's depositary.

Risk
Traditionally measured in terms of the standard deviation, which indicates by how much the change in the fund's value has fluctuated. The standard deviation is normally used to reflect the investment's level of risk. A fund's risk level is often classified on the basis of the extent of the variations or expected variation in the value of the fund's units over time. A high standard deviation means wide variations and thus high risk, a low standard deviation means narrow variations and thus low risk.

Risk-adjusted return
The return over and above the return of the fund's reference rate in relation to the investment's risk defined as the standard deviation (see Risk and Sharpe ratio).

Sharpe ratio
A measure of a portfolio's risk-adjusted return. It is defined as the return over and above the risk-free return in relation to the risk (standard deviation) to which the portfolio is exposed. A high Sharpe ratio is an indication of a sound balance between return and risk.

Special fund
A fund that is licensed by Finansinspektionen to invest on the basis of a strategy that deviates from what is normally permitted by Swedish fund legislation. Lynx is a special fund within the meaning of Chapter 1, Section 11 of the Act (2013:561) on managers of alternative investment funds.

Standard deviation
A statistical concept that indicates the distribution of a quantity of data.

Value at Risk (VaR)
A probability-based statistical measure of the risks to which a portfolio is exposed. It is defined as the maximum loss the portfolio can be expected to incur over a given period (normally one day or one week) to a given level of statistical certainty (normally a 95 or 99 per cent confidence interval). In Lynx external reporting VaR refers to 1 day with 95 per cent confidence. VaR is expressed as a percentage of net asset value.

Volatility
A measure of variations in the return over time. Normally the volatility of an asset is expressed as the standard deviation of the return on the asset. Often, volatility is used as a measure of the risk to which a portfolio is exposed.

LYNX ASSET MANAGEMENT AB

Box 7060
SE-103 86 STOCKHOLM

Tel +46 8 663 33 60,
Fax +46 8 663 33 28
info@lynxhedge.se
www.lynxhedge.se

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