



# **LYNX UCITS FUND**

A SUB-FUND OF THE LYNX UCITS FUNDS ICAV

## **SEMI-ANNUAL REPORT AND UNAUDITED CONDENSED FINANCIAL STATEMENTS**

For the period from 1 January 2020 to 30 June 2020



# LYNX UCITS FUND

## MANAGEMENT AND ADMINISTRATION

<b><i>Registered Office</i></b>	5 George's Dock International Financial Services Centre Dublin 1 Ireland
<b><i>Directors</i></b>	Brian Dunleavy* Fiona Mulhall** Marcus Andersson*
<b><i>Manager</i></b>	KBA Consulting Management Limited 5 George's Dock International Financial Services Centre Dublin 1 Ireland
<b><i>Investment Manager and Distributor</i></b>	Lynx Asset Management AB Regeringsgatan 30-32 Box 7060 SE – 103 86 Stockholm Sweden
<b><i>Depositary</i></b>	HSBC France, Dublin Branch 1 Grand Canal Square Grand Canal Harbour Dublin 2 Ireland
<b><i>Administrator</i></b>	HSBC Securities Services (Ireland) DAC 1 Grand Canal Square Grand Canal Harbour Dublin 2 Ireland
<b><i>Legal Counsel (as to Irish law)</i></b>	Matheson 70 Sir Rogerson's Quay Dublin 2 Ireland
<b><i>Independent Auditor</i></b>	KPMG Chartered Accountants 1 Harbourmaster Place International Financial Services Centre Dublin 1 Ireland
<b><i>Secretary</i></b>	KB Associates 5 George's Dock International Financial Services Centre Dublin 1 Ireland

\* *Non-executive director*

\*\* *Non-executive independent director*

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*Words and expressions defined in the Prospectus, unless the context otherwise requires, have the same meaning when used in this semi-annual report and financial statements.*

# INVESTMENT MANAGER'S REPORT

*For the period from 1 January to 30 June 2020*

## COMMENT ON SEMI-ANNUAL PERFORMANCE THROUGH JUNE 2020

Following the strongest year for the Program since 2014, Lynx UCITS Fund lost -6.99<sup>1</sup> per cent in the first half of 2020. The development of the coronavirus into a global pandemic in February prompted most governments around the world to take extraordinary action to control its spread. The impact on the global economy was sudden and severe. Stock markets collapsed and while long index positions were quickly reduced and ultimately neutralized by late March, significant losses were generated in the sector. Foreign exchange was also challenging, particularly in the second quarter, as the US dollar fell on increasingly accommodative monetary policy and expanding fiscal stimulus in the US. Conversely, trading in fixed income and commodities was positive, offsetting some of these losses as attractive trends emerged in global bonds and energies.

In the trend-following portion of the portfolio, longer-term models were unprofitable while short-term models generated solidly positive results. The more reactive timeframes were better able to capitalize upon the significant market volatility experienced over the first half of the year, particularly in the first quarter. Meanwhile, medium-term diversifying models utilizing machine learning techniques had difficulty with the extraordinary price action in late February and March.

## MARKET DEVELOPMENTS

Entering the year, the pandemic that would eventually shock the globe had only recently been identified in China and named COVID-19. Less than three months later, much of the world was reeling from its impact: infections were spreading, global trade was collapsing, unemployment was spiking, and fear was driving financial and commodity markets. The events that had dominated headlines in 2019 became afterthoughts as the crisis worsened into March.

While the world observed China's drastic response to mitigate contagion in late December and January, many investors initially discounted the potential for the coronavirus developing into a global crisis. Although valuations appeared to be stretched by historical measures, major indices around the world were still climbing in mid-February with little sign of abating. Then there was a tipping point.

Weeks before the WHO declared COVID-19 a pandemic, clusters of cases began to emerge in Italy; the government immediately instituted emergency measures in response, including locking down entire cities. Neighbouring European countries soon followed and then much of the rest of the world...the market reaction to these developments was overwhelming. Global equities entered bear market territory at a historically quick pace with implied volatility exploding as prices collapsed. Reports tracking consumer spending and financial activity highlighted the devastating impact of major economies coming to a virtual standstill.

By late March, however, equity investors increasingly became weary of focusing on the immediate health, societal and economic impact of the coronavirus and began looking to the future. Tremendous resources were being allocated through public/private partnerships to develop a cure and governments around the world were implementing – or at least considering extraordinary monetary and fiscal stimulus plans. Few investors initially expected a “V-shaped” recovery, but many are getting increasingly optimistic that this might be the case.

Fixed income initially reacted as anticipated to the market shock. Bonds rallied as growth expectations collapsed, while shorter-term interest rates declined as central banks aggressively eased monetary policy. Yields across the globe fell to historic lows; the pace of the decline in the US left many wondering if 10-year Treasury rates would follow the path of Europe and Japan into negative territory. As the crisis escalated, however, bonds stopped behaving as expected, specifically in the US.

There was no single reason for the change, but rather a confluence of factors that converged: overleveraged investors being forced out of positions; risk parity funds rebalancing exposures; large institutional investors raising liquidity to fund other opportunities; and even the possibility of foreign governments reducing their exposure to US debt. Regardless of the catalyst, a dislocation emerged that became so severe that the Federal Reserve Bank of New York was forced to make US \$1.5 trillion available in overnight repo and expand their reserve management program. The added liquidity was welcomed by bond and money markets and volatility began to abate late in March. Fixed income was again behaving as expected.

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<sup>1</sup>The official performance for the Fund is represented by Class I USD Original Series.

Movements in foreign exchange and commodity markets were similarly dominated by the development of the coronavirus and the subsequent policy responses across the globe. The US dollar index initially fell precipitously as equities plummeted and investors began anticipating an extraordinary policy reaction from the Fed. However, the demand for the US currency instigated by the dislocation in Treasuries led the index to spike to levels not seen since 2017. Eventually, the normalization of the credit markets eased this cash crunch and the greenback trended lower over the course of the second quarter. Emerging market currencies generally declined as the crisis escalated, in line with past flight-to-quality events. However, exchange rates largely stabilized later in the period, appreciating in April and May before experiencing a modest setback in the second half of June.

Industrial commodities generally came under pressure as growth forecasts fell, but the moves in energies were unprecedented. West Texas Intermediate (“WTI”) crude delivered to Cushing, Oklahoma, is the reference market for the primary oil futures contract traded in the US. Midway through April, an issue began to develop at the Cushing facility...storage was running out. Speculators and hedgers holding contracts to be delivered at the beginning of May quickly realized that they might own thousands of barrels of oil with no place to put them. As the final settlement approached, prices plunged deep into negative territory; at one point, investors needed to pay over \$35 per barrel to close out their position. While the market quickly recovered, the dislocation created another coronavirus-related record for the history books.

Meanwhile, COVID-19 was not the only story to capture the market’s attention in the first half of the year. In January, US President Donald Trump faced removal from office if convicted at his Senate impeachment trial. Although he was eventually acquitted on the abuse of power and obstruction of Congress charges, the political divide between Republicans and Democrats was on display. Accusations that Trump had solicited the help of a foreign government to aid his 2020 re-election campaign were either viewed as “fake news” and an attempt to influence voters or additional evidence that the president was unfit to lead the country. Regardless of perspective, it was evident that the proceedings further polarized an already divided, and increasingly dysfunctional, government.

Relations between the US and China also deteriorated. Trump blamed China for the spread of the coronavirus and negotiations for a “phase two” of the preliminary trade deal agreed to last December stalled. Beijing’s enactment of sweeping national security laws

in Hong Kong in late June (just one hour before the 23rd anniversary of the city’s handover to China from British rule) provoked additional consternation from the US and many other democratic nations, further eroding the potential of an amicable resolution to the trade dispute. The law was seen by many as coming in response to protests over the perceived use of excessive force by police in 2019 and Hong Kong’s demand for additional regional sovereignty.

Social unrest was not limited to Hong Kong. Protests in the US demanding police accountability and racial justice were sparked by the release of video footage showing the death of a black man while in custody of officers in Minneapolis, Minnesota. International support for this movement led to similar protests around the globe. While financial markets largely overlooked these events, tensions remained high into the second half of the year.

## ANALYSIS OF THE RESULT

Losses in the first half of 2020 were due primarily to long positions in global equity indices. Since the beginning of the fourth quarter of 2019, stock prices had been trending consistently higher. By mid-February, the Lynx Program<sup>2</sup> maintained significant exposure across the globe, holding a maximum net long position in the sector in the days leading up to the crisis. While the models quickly reduced positions as prices fell and volatility expanded, the sector nonetheless generated a loss of approximately -20.8%. Declines were spread across regions, with similar losses realized in Europe, the US and Asia/Australia. Amongst the trend-following cluster, medium- to long-term timeframes were particularly unprofitable while the shorter-term models were quicker to reverse exposure mitigating the loss. Medium-term diversifying models, specifically those employing machine learning techniques, had considerable difficulty in the sector in late February and March.

Foreign exchange was also unprofitable due largely to a long position in the Mexican peso during the depth of the crisis and long US dollar exposure in the second quarter; the sector was responsible for a loss of -3.4%. In the developed markets, short positions in the Japanese yen and euro were particularly challenging, while the Singapore dollar joined the peso amongst the worst performing emerging currencies. Medium-term trend-following models were responsible for a large portion of the sector loss as most maintained long positions in the US dollar as the currency depreciated.

Conversely, fixed income was solidly profitable, generating a gain of 12.7%. Early in the year, forecasts of slowing global growth due to coronavirus lockdowns in China resulted in falling yields and increasingly do-

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<sup>2</sup> The Lynx program is a trading which is proprietary developed by Lynx Asset Management AB and was launched in May 2000.



**Chart 1.** The price development in Crude oil and the positions of the Lynx Program.

wish central bank policy around the globe. While the Program maintained long positions across the curve in the US, Europe and Asia entering the year, exposure climbed as prices continued to trend higher. As the crisis escalated midway through the first quarter, significant gains were realized in the sector. The dislocation in US Treasuries created short-lived volatility and a more challenging trading environment in March, although gains again accrued as markets normalized in the second quarter. Profits were realized across timeframes in the trend-following portion of the portfolio, while trading in global bonds was particularly profitable. Medium to long-term diversifiers were also profitable, although a majority of the gain was generated in short-term interest rates.

In commodities, profits in the energy complex outweighed losses in agricultural markets and metals resulting in a sector gain of 5.0%. Short positions in crude oil, natural gas and distillates all contributed positively as prices collapsed early in the year on anemic global growth forecasts. Interestingly, oil recovered later in the second quarter as crude production declined to meet updated refinery demands, but the Program retained most of the previous gains; a spike in volatility had resulted in models cutting exposure dramatically prior to the reversal. Trend-following models were responsible for most of the gain in commodities as profits were generated across timeframes, specifically in energies; long-term diversifying models also contributed positively.

Overall, losses were realized in both the trend-following and diversifying components of the portfolio in the first half of 2020. While short-term trend models performed particularly well, medium-term diversifying models had the most difficulty.

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

**Return by Asset Class**

Fixed income-related investments	12.7%
Commodity-related investments	5.0%
Currency-related investments	-3.4%
Equity-related investments	-20.8%
Other (management fees, interest, etc.)	-0.5%
<b>Total Return</b>	<b>-7.0%</b>

**Return by Model Category**

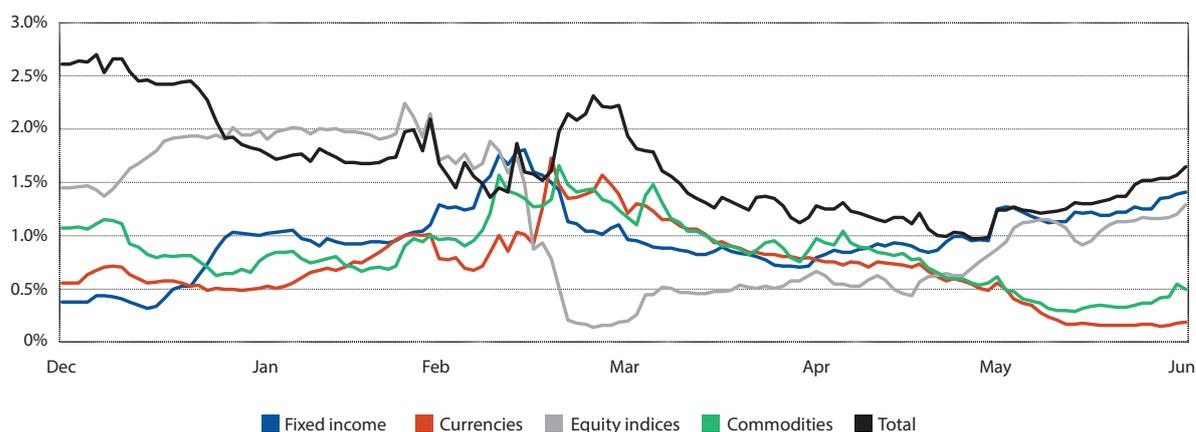
<b>Trend following models</b>	<b>-0.8%</b>
Of which short-term	2,6%
medium-term	-0.8%
long-term	-2.6%
<b>Diversifying models</b>	<b>-5.7%</b>
Of which short-term	-0,7%
medium-term	-5,8%
long-term	-0.8%
Other (management fees, interest, etc.)	-0.5%
<b>Total Return</b>	<b>-7.0%</b>

**PERFORMANCE SINCE INCEPTION**

The table on page 12 shows key ratios for Lynx since inception in May 2000, together with comparative figures for a global equity index and an international bond index over the same period (MSCI World NDTR Index and the JP Morgan Global Government Bond Index). The data prior to 4 March 2019 is derived from the MS Lynx UCITS Fund, prior to the transfer of the net assets to Lynx UCITS Fund. It also shows key ratios for a representative international hedge fund index in which Lynx is a constituent fund (Société Générale CTA Index).

**RISK AND EXPOSURE**

The Fund's risk utilization is decided by the underlying models and the risk is channeled to those markets where the models identify the best opportunities. Co-



**Chart 2.** Value at Risk during first half-year of 2020.

ming into 2020, the total risk as measured by Value at Risk (“VaR”) was above average as exposure in equities and commodities, historically the most volatile asset classes, was relatively high. Despite increasing net positions in equity index futures, VaR declined early in the year as diversifying exposure in fixed income rose at a quicker pace. The spike in volatility across asset classes catalyzed by the coronavirus crisis resulted in a temporary increase in portfolio risk, although models quickly reduced the exposure. Chart 2 shows the change in risk during the period as measured by Value at Risk (1 day, 95% confidence) as well as the risk for the four sectors separately.

### INVESTMENT PROCESS

The six portfolio managers of Lynx constitute the investment committee and are responsible for the strategic direction and management of the Fund. As trading decisions are made by the models, the investment committee focuses primarily on longer term matters including determining which models are in the portfolio and the risk allocated to each, as well as setting the average risk budgeted to each asset class and market.

The model lineup and risk allocations are formally re-evaluated twice a year in June and December. The investment committee and the research team work diligently throughout the year leading up to these revisions. As early as four months before the actual implementation, the research department submits proposals for new models and each model is carefully evaluated by a reference group in the research team and the investment committee. To be approved by the investment committee, a new 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. The metrics used in model evaluation include the expected marginal contribution to the existing model portfolio, behaviour in extreme market situations

and the return profile of long and short positions. In addition, the model’s underlying foundational concept is discussed and analyzed.

As part of the semiannual evaluation, existing models in the portfolio are reviewed to ensure that performance has not deviated from historical expectations. Their contribution to the portfolio return is also analyzed and considered when making the final decision of how much risk to budget over the coming six months. The investment committee discusses the overall portfolio characteristics of the models to determine whether it would be desirable to change the allocations to adjust exposure to asset class or time horizon.

The investment committee’s latest allocation decision, which was implemented on 1 June, resulted in one new model being added to the portfolio and one retired. The new addition applies similar systematic macro concepts to two other models currently in the portfolio, utilizing non-price-based economic and financial data. All three are sector specific; the existing models trade foreign exchange and equities, respectively, while the new one trades exclusively fixed income futures. The retired model was one of our first to employ a multivariate trend-following approach. Since this model was introduced, others utilizing similar concepts have been added to the portfolio which have generated more attractive risk-adjusted returns.

Along with the model changes, the allocation by model type was adjusted marginally; trend following models decreased from 72% to 70% and diversifying models increased from 28% to 30%. Interestingly, the overall trend sensitivity of the program increased despite the reduced allocation as more responsive timeframes were allotted greater risk at the expense of slower models. Additionally, diversifying models exhibiting long volatility return characteristics were increased leading to expectations of a higher positive skew. The average risk allocation amongst asset classes remained unchanged: equity indices and fix-

ed income each continue to be allocated 28% of the risk while foreign exchange and commodities receive 23% and 21%, respectively.

### **ASSETS UNDER MANAGEMENT**

The assets under management in the Lynx program fell slightly during the period, totaling USD 4.75 billion at the end of the first half of 2020 as compared to USD 5.14 billion as of the end of last year.

The majority of the assets under management are invested in separately managed accounts and offshore funds.

### **FIRM RESPONSE TO COVID-19**

The rapid progression of the coronavirus around the globe led the Lynx Crisis Management Team (CMT) to initiate procedures to directly address the potential harm to our people and the business in March. Considering guidance and advice from the Public Health Agency of Sweden (Folkhälsomyndigheten), we took several precautionary actions to control the spread of the virus. Additionally, we initiated our business continuity plan (BCP) to further mitigate the risk that an escalating crisis could result in an interruption of the normal functioning of our business.

As of the writing of this letter, we continue to rotate staff weekly at our main office in Stockholm, Sweden. All employees have remote access to Lynx systems through secured connections and can conduct their normal job functions away from the office. To support a “work from home” model, we have a redundant Gigabit internet connection which is tested daily. Additionally, we periodically test the robustness of our remote connectivity platform during BCP tests (most recently in November 2019). To date, employees have not reported any material connection problems and our business has continued to operate normally.

### **OUTLOOK**

Uncertainty regarding the future is arguably as great now as any other time in modern history. Elevated geopolitical tension, unresolved trade disputes, an approaching US presidential election, and rising social unrest in

normal times would be enough to cause investors to pause. In 2020, a pandemic continues to spread across the globe making it virtually impossible to forecast what the future holds. Most anxiously await a vaccine or that point when an overwhelming majority of the populace has developed antibodies to the virus. Optimistic investors anticipate a windfall as monetary and fiscal stimulus work their way through the system driving global growth not experienced in generations. However, we are in uncharted territory and it could be dangerous allowing that optimism to lead to complacency.

As compared to recent years, volatility remains at elevated levels reflecting this increased uncertainty. While equities proved to be remarkably resilient in the second quarter, another tipping point could be on the horizon as any negative catalyst might be enough to shift investor sentiment. Lynx’ models do not have an opinion on the path of the coronavirus, nor whether the US and China will iron out their disputes, nor the likely outcome of any election around the globe. Using price and, in some cases, fundamental data, they systematically analyze how the markets are behaving and attempt to forecast what tomorrow holds. They are reactive to changes and tend to prosper when markets exhibit major shifts in their natural price equilibrium. The world has changed dramatically in recent months and will likely change even more in the months to come; it will take time for markets to catch up.

Lynx remains dedicated to managing our investment programs responsibly and profitably. We are invested alongside our clients in each Lynx vehicle, aligning our interests closely to yours. As always, we remain focused and diligent in our approach to managing your money and will continue to dedicate the resources necessary to achieving our objective.

We hope that you and your family are staying safe and healthy in these extraordinary times.

*Sincerely,*

*Lynx Asset Management*

## SOME KEY RATIOS SINCE INCEPTION

	<i>Lynx UCITS Fund Class I USD Original<sup>1</sup></i>	<i>MSCI World NDTR Index (local currency)</i>	<i>JP Morgan Global Gov't Bond Index (local currency)</i>	<i>Société Générale CTA Index</i>
<b>RETURN</b>				
2020 jan–jun, %	-6.99	-5.26	5.03	-2.60
2019, %	17.07	28.01	6.15	6.39
2018, %	-2.46	-7.95	0.93	-5.83
2017, %	-4.73	18.48	1.32	2.48
2016, %	-3.68	9.00	2.94	-2.87
2015, %	-9.43	2.08	1.28	0.03
2014, %	25.95	9.81	8.51	15.66
Since inception, %	16.57	50.37	17.35	12.89
Average annual return since inception, %	1.76	7.50	3.65	1.83
<b>ANALYSIS OF RETURN</b>				
Best month, %	10.82	10.51	2.88	5.61
Worst month, %	-13.48	-12.84	-1.88	-6.33
Average monthly return, %	0.15	0.60	0.30	0.15
Maximum drawdown since inception, %	30.83	20.02	4.51	14.26
Longest period of zero return, number of months	At least 64 (ongoing)	18	32	At least 53 (ongoing)
<b>KEY RATIOS</b>				
Standard deviation, %	15.25	13.03	3.32	8.43
Downside risk, %	10.28	9.32	1.71	5.63
Sharpe ratio	0.06	0.51	0.83	0.11
Correlation between Lynx and index shown	-	0.25	0.50	0.91

<sup>1</sup> The returns are stated net of fees. Numbers before March 2019 are derived from the MS Lynx UCITS Fund.

## STATEMENT OF FINANCIAL POSITION

As at 30 June 2020

	Notes	30 June 2020 USD	31 December 2019 USD
<b>ASSETS</b>			
Financial assets at fair value through profit or loss	3, 4		
-Investment funds		-	5,162,345
-Transferable securities		36,503,539	49,260,857
-Financial derivative instruments		1,081,963	989,402
Cash and cash equivalents		155,157	1,655,672
Cash held as collateral		180,000	366,327
Due from brokers		3,383,872	-
Other assets and prepaid expenses		3,171	-
<b>TOTAL ASSETS</b>		<b>41,307,702</b>	<b>57,434,603</b>
<b>LIABILITIES</b>			
Financial liabilities at fair value through profit or loss	3, 4		-
-Financial derivative instruments		(472,131)	-
Bank overdraft		(1,708,258)	(195,369)
Due to brokers		(1,717)	(13,348)
Audit fees payable		(5,321)	(5,716)
Administration fees payable	5(d)	(2,151)	(15,795)
Directors' fees payable	5(f)	(14,691)	(1,568)
Depositary fees payable	5(e)	(1,958)	(37,140)
Investment management fees payable	5(a)	(27,405)	(1,221)
Performance fees payable	5(c)	-	(25,971)
Other payables	6	(21,848)	
<b>LIABILITIES (EXCLUDING NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE PARTICIPATING SHARES)</b>		<b>(2,255,480)</b>	<b>(296,128)</b>
<b>NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE PARTICIPATING SHARES</b>		<b>39,052,222</b>	<b>57,138,475</b>

The accompanying notes are an integral part of these financial statements.

## STATEMENT OF COMPREHENSIVE INCOME

For the period from 1 January 2020 to 30 June 2020

	<i>Notes</i>	<b>30 June 2020</b> <i>USD</i>	<b>30 June 2019*</b> <i>USD</i>
<b>INVESTMENT INCOME</b>			
Interest income		7,821	19,943
Other income		517	-
Net (losses)/gains on financial assets and financial liabilities at fair value through profit or loss	3	(2,692,609)	10,910,159
Net losses on foreign exchange		(875,577)	(671,519)
<b>TOTAL INVESTMENT (EXPENSE)/INCOME</b>		<b>(3,559,848)</b>	<b>10,258,583</b>
<b>OPERATING EXPENSES</b>			
Administration fees	5(d)	(16,101)	(17,752)
Directors' fees	5(f)	(9,181)	(15,572)
Transaction costs		(1,828)	-
Depository fees	5(e)	(11,176)	(11,320)
Investment management fees	5(a)	(190,521)	(211,193)
Performance fees	5(c)	-	(121)
Audit fees		(8,242)	-
Other expenses	7	(37,935)	(17,808)
<b>TOTAL OPERATING EXPENSES</b>		<b>(274,984)</b>	<b>(273,766)</b>
<b>OPERATING (LOSS)/PROFIT</b>		<b>(3,834,832)</b>	<b>9,984,817</b>
<b>FINANCE COSTS</b>			
Interest expense		(691)	(340)
<b>TOTAL FINANCE COSTS</b>		<b>(691)</b>	<b>(340)</b>
<b>(DECREASE)/ INCREASE IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE PARTICIPATING SHARES FROM OPERATIONS</b>		<b>(3,835,523)</b>	<b>9,984,477</b>

\*For the period from 1 March 2019 (commencement of operations) to 30 June 2019.

The accompanying notes are an integral part of these financial statements.

## STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE PARTICIPATING SHARES

*For the period from 1 January 2020 to 30 June 2020*

	<b>30 June 2020</b>	<b>30 June 2019*</b>
	<b>USD</b>	<b>USD</b>
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE PARTICIPATING SHARES AT THE BEGINNING OF THE PERIOD	57,138,475	-
Issue of redeemable participating shares	7,165,461	93,676,474
Redemptions of redeemable participating shares	(21,416,191)	(39,718,950)
(Decrease)/increase in net assets attributable to holders of redeemable participating shares from operations	(3,835,523)	9,984,477
<b>NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE PARTICIPATING AT THE END OF THE PERIOD SHARES</b>	<b>39,052,222</b>	<b>63,942,001</b>

*\* For the period from 1 March 2019 (commencement of operations) to 30 June 2019.*

The accompanying notes are an integral part of these financial statements.

## STATEMENT OF CASH FLOWS

For the period from 1 January 2020 to 30 June 2020

	<b>30 June 2020</b>	<b>30 June 2019*</b>
	<b>USD</b>	<b>USD</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net (decrease)/increase in net assets resulting from operations	(3,835,523)	9,984,477
Net losses/(gains) on financial assets and financial liabilities at fair value through profit or loss	2,692,609	(10,910,159)
Purchase of financial assets	(52,641,470)	(124,098,419)
Proceeds from sale of financial assets	67,526,245	74,193,072
Proceeds/(payments) on settlement of financial derivative instruments	721,849	(1,620,920)
Increase in other assets and prepaid expenses	(3,171)	(5,571)
Decrease/(increase) in cash held as collateral	186,327	(152,642)
Increase in due from brokers	(3,383,872)	-
(Decrease)/increase in due to brokers	(193,652)	85,940
Decrease in audit fees payable	(8,027)	-
(Decrease)/increase in performance fees payable	(1,221)	118
(Decrease)/increase in investment management fees payable	(9,735)	39,737
(Decrease)/increase in administration fees payable	(3,565)	3,047
Increase in depository fees payable	390	2,671
(Decrease)/increase in directors' fees payable	(1,104)	8,761
(Decrease)/increase in other payables	(4,123)	28,495
<b>NET CASH PROVIDED BY/(USED IN) OPERATING ACTIVITIES</b>	<b>11,041,957</b>	<b>(52,441,393)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds on the issue of redeemable participating shares	7,165,461	93,676,474
Payment on redemption of redeemable participating shares	(21,416,191)	(39,332,458)
<b>NET CASH (USED IN)/PROVIDED BY FINANCING ACTIVITIES</b>	<b>(14,250,730)</b>	<b>54,344,016</b>
Net (decrease)/increase in cash and cash equivalents	(3,208,773)	1,902,623
Cash and cash equivalents at beginning of the period	1,655,672	-
<b>CASH AND CASH EQUIVALENTS AT END OF THE PERIOD</b>	<b>(1,553,101)</b>	<b>1,902,623</b>
<b>SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:</b>		
Interest received	7,821	19,943
Interest paid	(691)	(340)

\* For the period from 1 March 2019 (commencement of operations) to 30 June 2019.

The accompanying notes are an integral part of these financial statements.

## NOTES TO THE FINANCIAL STATEMENTS

*For the period from 1 January 2020 to 30 June 2020*

### 1. GENERAL

Lynx UCITS Fund (the “Fund”) is a sub-fund of Lynx UCITS ICAV (the “ICAV”). The ICAV is an open-ended Irish collective asset-management vehicle with registered number C184319 structured as an umbrella fund with segregated liability between sub-funds pursuant to the European Communities (Undertakings for Collective Investment in Transferable Securities) Regulations 2011 (as amended) (the “UCITS Regulations”). As of 30 June 2020, the ICAV has established one other sub-fund, Lynx Active Balanced Fund.

Any liability incurred on behalf of or attributable to the Fund of the ICAV shall be discharged solely out of the assets of the Fund. Notwithstanding the foregoing, there can be no assurance that should an action be brought against the ICAV in the courts of another jurisdiction, the segregated nature of the Fund would necessarily be upheld.

The ICAV was incorporated on 11 December 2018 and the Fund commenced operation on 1 March 2019.

On 4 March 2019, the net assets of MS Lynx UCITS Fund (a sub-fund of Fund Logic Alternatives Plc) were transferred to the Fund. Following the decision by the Directors of Fund Logic Alternatives Plc to liquidate the Company, Lynx Asset Management AB, the investment manager of MS Lynx UCITS Fund, decided to continue its investment strategy in the newly formed Lynx UCITS ICAV.

The investment objective of the Fund is to provide shareholders with returns based on; (i) exposure to the Lynx Program; (ii) investments in transferable securities and money market instruments issued by government issuers; and (iii) investments in cash deposits and cash equivalent securities.

In June 2020, the investment portfolio of the Fund was restructured. To gain exposure to the Lynx program the Fund invests in futures contracts and currency forward contracts. The Fund also invests in debt securities issued by two Jersey based companies, Alphabeta Access Products Limited and Weser Capital Series 6. Through these debt securities the Fund gain exposure to Lynx (Cayman) Fund Limited which invests in interest rate futures as well as commodity futures in line with the Lynx program.

### 2. SIGNIFICANT ACCOUNTING POLICIES

#### Basis of preparation

The Directors have opted to prepare separate financial statements for the Fund in accordance with the Irish Collective Asset-management Vehicles Act 2015 (the “ICAV Act”). The financial statements for Lynx UCITS Fund are available free of charge on request from the Administrator. Any reference hereafter to the financial statements will mean the financial statements of the Fund of the ICAV.

These condensed financial statements for the period ended 30 June 2020 have been prepared in accordance with International Accounting Standard (“IAS”) 34 ‘Interim Financial Reporting’ and pursuant to the Central Bank (Supervision and Enforcement) Act 2013 (Section 48(1)) (Undertakings for Collective Investment in Transferable Securities) Regulations 2019 (the “Central Bank UCITS Regulations”).

The condensed financial statements do not include all the information included in annual financial statements and should be read in conjunction with the last annual financial statements. The same accounting policies and methods of computation followed in the last annual financial statements have been used in the preparation of these interim financial statements. The last annual financial were prepared in accordance with International Financial Reporting Standards (“IFRS”) as adopted for use in European Union (“EU”) and with the requirements of the ICAV Act and pursuant to the UCITS Regulations and the Central Bank UCITS Regulations.

The financial statements have been prepared on a going concern basis.

### 3. FINANCIAL ASSETS AND FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

	30 June 2020 USD	31 December 2019 USD
<b><i>Financial assets at fair value through profit or loss</i></b>		
<i>Designated at fair value</i>		
Investment funds	-	5,162,345
Transferable securities		
-Debt securities	6,826,507	10,324,237
-Treasury bills	29,677,032	38,936,620
Financial derivative instruments		
-Forward contracts	846,832	989,402
-Future contracts	235,131	-
<b>Total financial assets at fair value through profit or loss</b>	<b>37,585,502</b>	<b>55,412,604</b>
<b><i>Financial liabilities at fair value through profit or loss</i></b>		
<i>Financial derivative instruments</i>		
-Forward contracts	(390,464)	-
-Future contracts	(81,667)	-
<b>Total financial liabilities at fair value through profit or loss</b>	<b>(472,131)</b>	<b>-</b>
	<b>30 June 2020 USD</b>	<b>30 June 2019* USD</b>
<b><i>Realised (losses)/gains on financial assets and financial liabilities at fair value through profit or loss</i></b>		
(Losses)/gains on investment funds	(1,430,148)	2,345,328
(Losses)/gains on debt securities	(1,097,874)	4,666,123
Gains on treasury bills	343,640	164,621
Gains/(losses) on forward contracts	598,838	(1,620,920)
Gains on futures contracts	123,011	-
<b>Net realised (losses)/gains on financial assets and financial liabilities at fair value through profit or loss</b>	<b>(1,462,533)</b>	<b>5,555,152</b>
<b><i>Unrealised (losses)/gains on financial assets and financial liabilities at fair value through profit or loss</i></b>		
Gains on investment funds	112,331	1,283,810
(Losses)/gains on debt securities	(856,177)	2,567,476
(Losses)/gains on treasury bills	(106,661)	314,109
(Losses)/gains on forward contracts	(533,033)	1,189,612
Gains on futures contracts	153,464	-
<b>Net unrealised (losses)/gains on financial assets and financial liabilities at fair value through profit or loss</b>	<b>(1,230,076)</b>	<b>5,355,007</b>
<b>Net (losses)/gains on financial assets and financial liabilities at fair value through profit or loss</b>	<b>(2,692,609)</b>	<b>10,910,159</b>

\* For the period from 1 March 2019 (commencement of operations) to 30 June 2019.

#### 4. FAIR VALUE MEASUREMENT

IFRS 13 ‘Fair value measurement’ establishes a fair value hierarchy that prioritises the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described in the table below.

Level 1	Inputs that reflect unadjusted quoted prices in active markets for identical assets or liabilities that the Fund has the ability to access at the measurement date;
Level 2	Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly, including inputs in markets that are not considered to be active;
Level 3	Inputs that are unobservable. This category includes all instruments for which the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument’s valuation. This category includes instruments that are valued based on quoted prices for similar instruments for which significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

Inputs are used in applying the various valuation techniques and broadly refer to the assumptions that market participants use to make valuation decisions, including assumptions about risk. Inputs may include price information, volatility statistics, specific and broad credit data, liquidity statistics, and other factors. A financial instrument’s level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. However, the determination of what constitutes “observable” requires significant judgement by the Directors. The Directors consider observable data to be that market data which is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market. The categorisation of a financial instrument within the hierarchy is based upon the pricing transparency of the instrument and does not necessarily correspond to the Directors’ perceived risk of that instrument.

##### Transferable securities

Transferable securities whose values are based on quoted market prices in active markets are classified within level 1. These include active treasury bills. The Directors do not adjust the quoted price for such instruments, even in situations where the Fund holds a large position and a sale could reasonably impact the quoted price.

Transferable securities that trade in markets that are not considered to be active, but are valued based on quoted market prices, dealer quotations or alternative pricing sources supported by observable inputs are classified within level 2. These include debt securities.

Transferable securities classified within level 3 have significant unobservable inputs, as they trade infrequently or not at all. There are no level 3 investments held at financial period end.

Investments in other investment funds (“Investee Funds”) are valued using the NAV of the underlying funds provided by the Investee Funds, without adjustment. Investee Funds are classified as level 2 securities.

##### Financial derivative instruments

Financial derivative instruments can be exchange-traded or privately negotiated over-the-counter (“OTC”). Exchange-traded derivatives, such as future contracts are typically classified within level 1 or level 2 of the fair value hierarchy depending on whether or not they are deemed to be actively traded. OTC derivatives, such as forward contracts have inputs which can generally be corroborated by market data and are therefore classified within level 2.

The following table presents the financial instruments carried at fair value on the Statement of Financial Position by caption and by level within the valuation hierarchy as at 30 June 2020.

	Total	(Level 1)	(Level 2)	(Level 3)
	USD	USD	USD	USD
<i>Financial assets at fair value through profit or loss</i>				
Transferable securities				
-Debt securities	6,826,507	-	6,826,507	-
-Treasury bills	29,677,032	29,677,032	-	-
Forward contracts	846,832	-	846,832	-
Futures contracts	235,131	235,131	-	-
<b>Total financial assets at fair value through profit or loss</b>	<b>37,585,502</b>	<b>29,912,163</b>	<b>7,673,339</b>	<b>-</b>

	<b>Total</b>	<b>(Level 1)</b>	<b>(Level 2)</b>	<b>(Level 3)</b>
<i>Financial liabilities at fair value through profit or loss</i>	<b>USD</b>	<b>USD</b>	<b>USD</b>	<b>USD</b>
Financial derivative instruments				
-Forward contracts	(390,464)	-	(390,464)	-
-Future contracts	(81,667)	(81,667)	-	-
<b>Total financial liabilities at fair value through profit or loss</b>	<b>(472,131)</b>	<b>(81,667)</b>	<b>(390,464)</b>	<b>-</b>

The Fund recognises transfers between levels of the fair value hierarchy as at the end of the reporting period during which the change occurred.

There were no transfers between levels during the financial period from 1 January 2020 to 30 June 2020.

The following table presents the financial instruments carried at fair value on the Statement of Financial Position by caption and by level within the valuation hierarchy as at 31 December 2019.

	<b>Total</b>	<b>(Level 1)</b>	<b>(Level 2)</b>	<b>(Level 3)</b>
<i>Financial assets at fair value through profit or loss</i>	<b>USD</b>	<b>USD</b>	<b>USD</b>	<b>USD</b>
Investment funds	5,162,345	-	5,162,345	-
Transferable securities				-
-Debt Securities	10,324,237	-	10,324,237	-
-Treasury bills	38,936,620	38,936,620		-
Forward contracts	989,402	-	989,402	-
<b>Total financial assets at fair value through profit or loss</b>	<b>55,412,604</b>	<b>38,936,620</b>	<b>16,475,984</b>	<b>-</b>

There were no transfers between levels during the financial period from 1 March 2019 (commencement of operations) to 31 December 2019.

#### **Financial assets and liabilities not measured at fair value**

The financial assets and liabilities not measured at fair value through profit or loss are short-term financial assets and financial liabilities whose carrying amounts approximate fair value. Cash and cash equivalents are categorised as level 1 and all other financial assets and financial liabilities not measured at fair value through profit or loss are categorised as level 2 in the fair value hierarchy.

## **5. FEES AND EXPENSES**

### **(a) Investment Management fees**

The Investment Manager shall be entitled to receive from the Fund, an investment management fee in relation to each class of shares calculated on a percentage of net assets attributable to such class of shares. Such fees are accrued daily and paid monthly in arrears at an annual rate as set out below:

<b>Classes of shares</b>	<b>Investment management fee (per annum)</b>
Class E Shares	0.70%
Class I Shares	1.00%
Class D1 Shares	1.30%

The Investment Manager may from time to time and at its sole discretion and out of its own resources decide to rebate shareholders part or all of the investment management fees.

Any such rebate(s) may be applied in paying up additional shares to be issued to the shareholder(s).

For the financial period ended 30 June 2020, investment management fees of USD 190,521 (30 June 2019: USD 211,193) were charged to the Fund of which USD 27,405 (31 December 2019: USD 37,140) was payable at the period end.

### **(b) Manager fees**

The Manager shall be entitled to receive from the ICAV, a manager fee calculated as a percentage of the NAV of the ICAV. The Fund shall be responsible for its attributable portion of the fees payable to the Manager and fees shall be allocated to the sub-funds on a pro-rata basis. Such fees are accrued daily and paid quarterly in arrears as set out below. The Investment Manager may take responsibility for payment of the fees to the Manager. These fees are subject to a minimum fee of EUR 65,000 per annum for the initial two sub-funds of the ICAV. The Manager fees are as follows:

<b>Net Asset Value of the ICAV</b>	<b>Fee payable to the Manager</b>
€0 - €250 million ("M1")	0.03% per annum
€250Ml - €500Ml	0.0275% per annum
€500Ml - €750Ml	0.025% per annum
€750Ml - €1 billion (Bn")	0.0225% per annum
Above €1Bn	0.02% per annum

For the financial period ended 30 June 2020, the Investment Manager has paid out of its own fees, the Managers' fee of USD 19,119 (30 June 2019: USD Nil) of which USD 2,926 (31 December 2019: USD 3,054) was payable at the period end.

### **(c) Performance fees**

The Investment Manager will be entitled to receive a performance fee in respect of each share class equal to 20% of the amount by which the NAV of the relevant share class exceeds the high water mark ("HWM") as at the last business day of the calculation period, first business day through to 31 December, plus any crystallised performance fee accrued in relation to the relevant share class in respect of redemptions during the calculation period subject in the case of the initial adjustment.

HWM means the NAV of the relevant share classes as at the end of the last calculation period on which a performance fee was paid. For the first calculation period, the initial HWM shall be the proceeds of the initial offer price of the relevant share classes subject to the initial adjustment.

The performance fee shall be calculated and accrue daily.

Up until 8 June 2020, the Fund applied a Series accounting method for calculating the performance fee meaning that performance fee was calculated for each Series within a share class. Since 8 June 2020, the performance fee is calculated at share class level in accordance with the above description.

For the financial period ended 30 June 2020, performance fees of USD Nil (30 June 2019: USD 121) were charged to the Fund of which USD Nil (31 December 2019: USD 1,221) was payable at the period end.

### **d) Administration fee**

The Administrator is entitled to receive out of the assets of Fund an administration fee, accrued and calculated daily and paid monthly in arrears, at a rate of up to 0.06% per annum of the Fund's NAV for the first EUR 500 million and 0.05% per annum of the Fund's NAV above EUR 500 million subject to a minimum annual fee of up to EUR 60,000. The Fund shall be responsible for the fees of and reasonable out-of-pocket expenses properly incurred by the Administrator.

For the financial period ended 30 June 2020, administration fees of USD 16,101 (30 June 2019: USD 17,752) were charged to the Fund of which USD 2,151 (31 December 2019: USD 5,716) was payable at the period end.

### **(e) Depositary fees**

The Depositary is entitled to an annual fee out of the assets of the Fund at a rate which shall not exceed 0.03% per annum of the NAV of the Fund, subject to a minimum fee EUR 36,000 per annum pro-rated between the sub-funds of the ICAV on the basis of the assets under administration of each sub-fund. This fee accrues and is calculated on each dealing day and paid monthly in arrears. The Depositary shall also be entitled to receive out of the assets of the Fund all agreed sub-custodian fees and transaction charges.

For the financial period ended 30 June 2020, depositary fees of USD 11,176 (30 June 2019: USD 11,320) were charged to the Fund of which USD 1,958 (31 December 2019: USD 1,568) was payable at the period end.

## (f) Directors' fees

The Directors may be entitled to a fee by way of remuneration for their services at a rate to be determined from time to time by the Directors. The Directors' remuneration will not exceed EUR 50,000 per annum in the aggregate or such other amount as may be determined by the Directors and notified to shareholders from time to time. Any Directors employed by the Investment Manager will waive their entitlement to fees. The Directors shall be entitled to be reimbursed by the ICAV for all reasonable disbursements and out-of-pocket expenses incurred by them, if any.

For the financial period ended 30 June 2020, directors' fees of USD 9,181 (30 June 2019: USD 15,572) were charged to the Fund and USD 14,691 (31 December 2019: USD 15,795) was payable at the period end.

## 6. OTHER PAYABLES

	30 June 2020	31 December 2019
	USD	USD
Trade fees payable	9,204	12,894
Secretarial fees payable	3,081	3,796
Professional fees payable	3,081	3,796
VAT services fees payable	2,081	2,321
Financial reporting fees payable	627	1,276
Central bank levy payable	1,284	1,282
FATCA service fees payable	545	606
Payroll services fees payable	40	-
Annual fees payable	1,905	-
	<b>21,848</b>	<b>25,971</b>

## 7. OTHER EXPENSES

	30 June 2020	30 June 2019*
	USD	USD
Financial reporting fees	3,749	4,955
Secretarial fees	2,679	3,640
Professional fees	3,721	3,640
VAT services fees	-	1,820
Facility fees	863	1,261
Annual fees	3,136	951
Out-of-pocket expenses	1,068	507
Central bank levy	-	506
FATCA service fees	322	506
Trade fees	21,318	-
Other expenses	1,079	22
	<b>37,935</b>	<b>17,808</b>

\*For the period from 1 March 2019 (commencement of operations) to 30 June 2019.

## 8. SHARE CAPITAL AND REDEEMABLE PARTICIPATING SHARES

The minimum authorised share capital of the ICAV is EUR 2 represented by subscriber shares of no par value. The maximum authorised share capital of the ICAV, as may be amended by the Directors from time to time and notified to shareholders, is 500,000,000,002 shares of no par value represented by 2 (two) subscriber shares of no par value and 500,000,000,000 (five hundred billion) shares of no par value, initially designated as unclassified shares. The Directors are empowered to issue up to 500,000,000,000 shares of no par value designated as shares of any class on such items as they think fit.

The subscriber shares entitle the holders to attend and vote at general meetings of the ICAV but do not entitle the holders to participate in the profits or assets of the sub-funds of the ICAV except for a return of capital on a winding-up. The shares entitle the holders to attend and vote at general meetings of the ICAV and to participate in the profits and assets of the relevant sub-fund of the ICAV. There are no pre-emption rights attaching to the shares.

The issued redeemable participating share capital of the Fund is at all times equal to the net asset value of the Fund. Redeemable participating shares are redeemable at the shareholders' option and in accordance with the offering documents are classified as financial liabilities. The movement in the number of participating shares for the period from 1 January 2020 to 30 June 2020 was as follows:

	<b>At the beginning of the financial period</b>	<b>Shares issued</b>	<b>Shares redeemed</b>	<b>Conversion</b>	<b>At the end of the financial period</b>
Class USD E Original Series	5,051	-	-	(5,051)	-
Class USD E	-	-	(5,051)	5,051	-
Class USD I Original series	1,739	-	(223)	(1,516)	-
Class USD I	-	-	-	2,067	2,067
Class I USD -Series 03092019	600	-	-	(600)	-
Class USD D1 Original series	15	-	-	(15)	-
Class USD D1	-	-	-	34	34
Class USD D1-Series 19022020	-	22	-	(22)	-
Class EUR E Original series*	26,147	-	(5,355)	(20,792)	-
Class EUR E*	-	2,807	-	22,660	25,467
Class E EUR - Series 04112019*	300	-	-	(300)	-
Class E EUR - Series 12122019*	46	-	-	(46)	-
Class E EUR - Series 23012020*	-	1,500	-	(1,500)	-
Class E EUR - Series 07052020*	-	300	-	(300)	-
Class EUR I Original series*	10,132	-	(7,936)	(2,196)	-
Class EUR I*	-	-	-	7,015	7,015
Class I EUR - Series 1 15052019*	2,078.00	-	(260)	(1,818)	-
Class I EUR - Series 1 20082019*	850	-	-	(850)	-
Class I EUR - Series 23102019*	200	-	-	(200)	-
Class I EUR Series 23122019*	500	-	-	(500)	-
Class I EUR Series 15012020*	-	530	(518)	(12)	-
Class I EUR Series 26022020*	-	600	-	(600)	-
Class I EUR Series 27052020*	-	500	-	(500)	-
Class CHF I Original series*	36	-	(11)	(25)	-
Class CHF I*	-	-	-	25	25

\*Hedged share class

The movement in the number of participating shares for the period from 1 March 2019 (commencement of operations) to 30 June 2019 are as follows:

	<b>At the beginning of the financial period</b>	<b>Shares issued</b>	<b>Shares redeemed</b>	<b>Conversion</b>	<b>At the end of the financial period</b>
Class E USD	-	5,051	-	-	5,051
Class I USD	-	7,784	(3,508)	(2,537)	1,739
Class D1 USD	-	15	-	-	15
Class E EUR*	-	42,757	(11,239)	-	31,518
Class I EUR*	-	34,430	(21,818)	-	12,612
Class I EUR - series 1 15052019*	-	-	-	2,078	2,078
Class I CHF*	-	36	-	-	36

\*Hedged share class

## 9. TAXATION

Under current law and practice the ICAV qualifies as an investment undertaking as defined in Section 739B of the Taxes Consolidation Act 1997 (as amended). On that basis, it is not chargeable to Irish tax on its income or gains.

However, Irish tax may arise on the happening of a “chargeable event”. A chargeable event includes any distribution payments to shareholders, any encashment, redemption, cancellation or transfer of shares and any deemed disposal of shares for Irish tax purposes arising as a result of the holding of shares for an eight year period or more.

A chargeable event does not include:

- (i) *A shareholder who is not an Irish resident and not ordinarily resident in Ireland at the time of the chargeable event provided the necessary signed statutory declarations are held by the ICAV and its Fund; or*
- (ii) *Certain exempted Irish resident investors who have provided the ICAV and its Fund with the necessary signed statutory declaration; or*
- (iii) *Any transactions in relation to shares held in a recognised clearing system as designated by order of the Revenue Commissioners of Ireland; or*
- (iv) *An exchange of shares representing one sub-fund for another sub-fund of the ICAV; or*
- (v) *An exchange of shares arising on a qualifying amalgamation or reconstruction of the ICAV with another ICAV; or*
- (vi) *Certain exchanges of shares between spouses and former spouses.*

On the happening of a chargeable event, the ICAV shall be entitled to deduct the appropriate amount of tax on any payment made to a shareholder in respect of the chargeable event. On the occurrence of chargeable event where no payment is made by the ICAV to the shareholder, the ICAV may appropriate or cancel the required number of shares to meet the tax liability.

Dividends, interest and capital gains (if any) received on investments made by the Fund may be subject to withholding taxes imposed by the country from which the investment income/gains are received and such taxes may not be recoverable by the Fund or its shareholders.

## 10. SOFT COMMISSION AND DIRECT BROKERAGE SERVICES

There were no soft commissions or directed brokerage service arrangements in place during the period from 1 January 2020 to 30 June 2020 (30 June 2019: Nil).

## 11. NET ASSET VALUE TABLE

The following table discloses the dealing NAV, the shares in issue and NAV per share for each share class of the Fund as at 30 June 2020.

	Shares in issue	Net asset value	Net asset value per share
Class I USD	2,067	\$1,853,831	\$897.08
Class D1 USD	34	\$33,658	\$976.44
Class E EUR*	25,467	€26,988,518	€1,059.76
Class I EUR*	7,015	€6,037,460	€860.64
Class I CHF*	25	CHF17,776	CHF704.82

*\*Hedged share class*

The following table discloses the dealing Net Asset Value, the shares in issue and Net Asset Value per Share for each Share Class of the Fund as at 31 December 2019.

	Shares in issue	Net asset value	Net asset value per share
Class E USD	5,051	\$6,227,924	\$1,232.92
Class I USD	1,739	\$1,677,317	\$964.48
Class I USD - series 03092019	600	\$531,122	\$885.21
Class D1 USD	15	\$15,732	\$1,051.58
Class E EUR*	26,147	€29,966,660	€1,146.07
Class E EUR - series 04112019*	300	€295,409	€984.70
Class E EUR - series 12122019*	46	€47,367	€1,019.95
Class I EUR*	10,132	€9,443,861	€932.12
Class I EUR - series 1 15052019*	2,078	€2,146,943	€1,033.10
Class I EUR - series 1 20082019*	850	€778,693	€916.11
Class I EUR - series 23102019*	200	€198,769	€993.85
Class I EUR - series 23122019*	500	€502,741	€1,005.48
Class I CHF*	36	CHF27,796	CHF765.32

\*Hedged share class

## 12. EXCHANGE RATES

The following foreign exchange rates were used to translate assets and liabilities into USD at the period end:

	30 June 2020	31 December 2019
Australian Dollar	0.6904	-
Canadian Dollar	0.7352	-
Euro	1.1248	1.1217
Hong Kong Dollar	0.1290	-
Japanese Yen	0.0093	-
Pound Sterling	1.2381	-
Singapore Dollar	0.7173	-
South African Rand	0.0576	-
Swedish Krona	0.1075	-
Swiss Francs	1.0559	1.0328

## 13. RELATED PARTY TRANSACTIONS

IAS 24 'Related Party Disclosures' requires the disclosure of information relating to material transactions with parties who are deemed to be related to the reporting entity. The following transactions with related parties were entered into during the financial period.

Brian Dunleavy is a Director of the ICAV and an employee of the Manager.

Marcus Andersson is a Director of the ICAV and a principal and a Director of the Investment Manager.

The Money Laundering Reporting Officer ("MLRO") and the Secretary of the Fund are employees of KB Associates which is part of the same economic group as the Manager. During the period ended 30 June 2020, MLRO fees amounting to USD 3,721 (30 June 2019: USD 3,640) were charged to the Fund of which USD 3,081 (31 December 2019: 3,796) was outstanding at the period end. Secretary fees amounting to USD 2,679 (30 June 2019: USD 3,640) were charged to the Fund of which USD 3,081 (31 December 2019: 3,796) was outstanding at the period end.

KB Associates also provides VAT and payroll services to the Fund. The VAT services and other fees amounting to USD 1,146 (30 June 2019: USD 1,820) were charged to the Fund of which USD 2,081 (31 December 2019: 2,321) was outstanding at the period end and payroll services fees amounting to USD 734 (30 June 2019: Nil) were charged to the Fund of which USD 40 (31 December 2019: Nil) was outstanding at the period end.

Lynx Asset Management AB is also the Investment Manager of Lynx (Cayman) Fund Limited. During the period from 1 January 2020 to 30 June 2020, the Fund purchased 6,179,918 units and sold 12,498,136 units of Lynx (Cayman) Fund Limited. As on 30 June 2020, the market value of investments in Lynx (Cayman) Fund Limited is USD Nil.

None of the Directors of the ICAV hold or held shares in the Fund during the period ended 30 June 2020 (31 December 2019: Nil).

The fees for the Directors, Investment Manager and the Manager are disclosed in Note 5 of the financial statements.

With the exception of the above, there are no other related party transactions.

#### **14. TRANSACTIONS WITH CONNECTED PERSONS**

Regulation 43(1) of the Central Bank UCITS Regulations requires in effect that any transaction carried out with a UCITS by a management company or depositary to the UCITS, the delegates or sub-delegates of the management company or depositary, and any associated or group of such a management company, depositary, delegate or sub-delegate (“connected persons”) must be carried out as if negotiated at arm’s length. Transactions must be in the best interests of the shareholders.

The Directors are satisfied that there are arrangements (evidenced by written procedures) in place, to ensure that the obligations set out in Regulation 43(1) of the Central Bank UCITS Regulations are applied to all transactions with connected persons, and are satisfied that transactions with connected persons entered into during the period complied with the obligations set out in Regulation 43(1) of the Central Bank UCITS Regulations.

#### **15. SIGNIFICANT EVENTS DURING THE PERIOD**

The development of the novel coronavirus (COVID-19) into a pandemic has had a significant impact on the world. Despite coordinated and extraordinary actions by governments and global central banks to contain the virus and support the financial system, the dramatic increase in the number of reported cases outside of China has resulted in dislocations across financial markets. The eventual impact on the global economy and markets will largely depend upon the scale and the duration of the outbreak. The Directors are actively monitoring the situation and, with the support of the Investment Manager and Manager, continue to manage the ICAV’s assets and liabilities within its investment and risk parameters that have been established. The Board of Directors have also noted the operational risks that are posed to the Fund and its service providers due to global and local movement restrictions that have been enacted by various governments. The Directors will continue to review the situation in order to navigate through this period of heightened uncertainty.

An updated Supplement and Prospectus were issued on 29 May 2020. The Supplement included the minimum amount of Manager Fee per annum for the initial two sub-funds of the ICAV.

There were no other significant events during the period which need to be recorded in the financial statements.

#### **16. SUBSEQUENT EVENTS**

There were no material events subsequent to the Statement of Financial Position date which require disclosure in the financial statements.

#### **17. APPROVAL OF FINANCIAL STATEMENTS**

The financial statements were approved by the Board of Directors on 13 August 2020.

## SCHEDULE OF INVESTMENTS

As at 30 June 2020

### FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

Holdings	Description	Fair Value USD	% of Net Asset Value
<i>Fixed Income Securities</i>			
<b>United States</b>			
3,000,000	US Treasury Bill 0% 23/07/2020	2,999,771	7.68
2,000,000	US Treasury Bill 0% 13/08/2020	1,999,701	5.12
1,300,000	US Treasury Bill 0% 27/08/2020	1,299,732	3.33
4,600,000	US Treasury Bill 0% 10/09/2020	4,598,820	11.78
1,000,000	US Treasury Bill 0% 24/09/2020	999,693	2.56
1,000,000	US Treasury Bill 0% 08/10/2020	999,601	2.56
2,000,000	US Treasury Bill 0% 05/11/2020	1,998,906	5.12
1,500,000	US Treasury Bill 0% 12/11/2020	1,499,162	3.84
2,470,000	US Treasury Bill 0% 27/11/2020	2,468,415	6.32
2,000,000	US Treasury Bill 0% 03/12/2020	1,998,708	5.12
1,322,000	US Treasury Bill 0% 10/12/2020	1,321,107	3.38
500,000	US Treasury Bill 0% 17/12/2020	499,659	1.28
4,000,000	US Treasury Bill 0% 31/12/2020	3,996,846	10.24
3,000,000	US Treasury Bill 0% 25/02/2021	2,996,911	7.67
<b>Total Fixed Income Securities</b>		<b>29,677,032</b>	<b>76.00</b>
<i>Debt Securities</i>			
6,105,681	Oder Capital Series 6	3,413,254	8.74
6,105,681	Weser Capital Series 6	3,413,253	8.74
<b>Total Debt Securities</b>		<b>6,826,507</b>	<b>17.48</b>
<i>Futures Contracts<sup>1</sup></i>			
<b>Australia</b>			
6	SPI 200 Index future 17/09/2020	1,761	-
		<b>1,761</b>	<b>-</b>
<b>Canada</b>			
4	S&P/TSX 60 Index future 17/09/2020	4,439	0.01
		<b>4,439</b>	<b>0.01</b>
<b>Singapore</b>			
60	FTSE China A50 Index future 30/07/2020	5,227	0.01
17	MSCI Taiwan Index future 30/07/2020	330	-
		<b>5,557</b>	<b>0.01</b>
<b>South Africa</b>			
6	FTSE/JSE Top 40 Index future 17/09/2020	3,736	0.01
		<b>3,736</b>	<b>0.01</b>

<b>Sweden</b>			
9	OMXS30 Index future 17/07/2020	2,374	0.01
		<b>2,374</b>	<b>0.01</b>
<b>United States</b>			
(20)	Euro Currency future 14/09/2020	5,056	-
2	CHF Currency future 14/09/2020	25	0.02
(44)	CAD Currency future 15/09/2020	4,493	0.01
16	Djia Mini e-CBOT Future 18/09/2020	9,250	0.02
4	Emin Russell 2000 Index future 18/09/2020	5,745	0.01
3	Mini MSCI Emerging Markets future 18/09/2020	860	-
17	Nasdaq 100 E-Mini Index future 18/09/2020	130,417	0.34
24	S&P 500 E-Mini Index future 18/09/2020	58,813	0.15
1	S&P MID 400 E-mini Index future 18/09/2020	2,605	0.01
		<b>217,264</b>	<b>0.56</b>
<b>Total Future Contracts</b>		<b>235,131</b>	<b>0.60</b>

***Forward Contracts<sup>2</sup>***

AUD1,260,000 / USD864,545	16/09/2020	5,589	0.02
CAD480,000 / USD35,1738	16/09/2020	1,194	-
CHF18,016 / USD18,688	01/07/2020	334	-
CHF17,802 / USD18,762	03/08/2020	53	-
CHF425,000 / USD443,348	16/09/2020	6,424	0.02
CNH14,600,000 / USD2,049,237	16/09/2020	8,023	0.02
EUR34,280,998 / USD37,974,085	01/07/2020	583,468	1.50
EUR600,000 / USD675,094	16/09/2020	918	-
GBP275,000 / USD340,153	16/09/2020	476	-
HUF10,000,000 / USD31,660	16/09/2020	73	-
MXN2,600,000 / USD111,309	17/09/2020	244	-
NOK800,000 / USD82,510	16/09/2020	365	-
NZD650,000 / USD417,966	16/09/2020	1,461	-
PLN230,000 / USD57,989	16/09/2020	246	-
SEK5,800,000 / USD623,172	16/09/2020	1,045	-
SGD190,000 / USD136,122	16/09/2020	198	-
TRY4,360,000 / USD618,071	16/09/2020	4,502	0.01
USD949,516 / AUD1,370,000	16/09/2020	3,416	0.01
USD2,716,460 / CAD3,650,000	16/09/2020	32,712	0.08
USD39,753 / CHF37,500	16/09/2020	67	-
USD21,145 / CNH150,000	16/09/2020	10	-
USD1,159,716 / EUR1,024,546	01/07/2020	7,358	0.02
USD3,270,830 / EUR2,875,000	16/09/2020	31,606	0.08
USD1,517,558 / GBP1,212,500	16/09/2020	15,692	0.04
USD347,114 / HUF106,000,000	16/09/2020	10,760	0.03
USD1,984,082 / JPY212,500,000	16/09/2020	11,072	0.03
USD1,463,275 / MXN33,400,000	17/09/2020	30,261	0.08
USD1,076,079 / NOK10,000,000	16/09/2020	40,145	0.10
USD395,627 / PLN1,550,000	16/09/2020	3,173	0.01
USD732,708 / NZD1,130,000	16/09/2020	3,554	0.01
USD107,956 / SEK1,000,000	16/09/2020	330	-

USD553,134 / SGD770,000 16/09/2020	683	-
USD1,384,772 / ZAR23,500,000 16/09/2020	41,102	0.11
ZAR2,900,000 / USD165,537 16/09/2020	278	-
<b>Total Forward Contracts</b>	<b>846,832</b>	<b>2.17</b>
<b>Total Financial Assets at Fair Value Through Profit or Loss</b>	<b>37,585,502</b>	<b>96.25</b>

## FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

Holdings	Description	Fair Value USD	% of Net Asset Value
	<i>Futures Contracts<sup>1</sup></i>		
	<b>France</b>		
2	CAC40 10 Euro Future 17/07/2020	(872)	-
		<b>(872)</b>	<b>-</b>
	<b>Germany</b>		
1	DAX Index Future 18/09/2020	(956)	(0.01)
(5)	Dow Jones EURO STOXX 50 Index future 18/09/2020	(697)	-
		<b>(1,653)</b>	<b>(0.01)</b>
	<b>Hong Kong</b>		
13	H-Shares Index future 30/07/2020	(9,632)	0.03
16	Hang Seng Index future 30/07/2020	(24,366)	0.06
		<b>(33,998)</b>	<b>0.09</b>
	<b>Japan</b>		
1	Nikkei 225 Index Future 10/09/2020	(2,226)	(0.01)
		<b>(2,226)</b>	<b>(0.01)</b>
	<b>Netherland</b>		
1	Amsterdam Index future 17/07/2020	(1,046)	-
		<b>(1,046)</b>	<b>-</b>
	<b>Singapore</b>		
7	MSCI Singapore Index future 29/07/2020	(1,133)	-
(2)	Nikkei 225 Index future 10/09/2020	(23)	-
		<b>(1,156)</b>	<b>-</b>
	<b>United Kingdom</b>		
8	FTSE 100 Index future 18/09/2020	(4,519)	(0.01)
		<b>(4,519)</b>	<b>(0.01)</b>
	<b>United States</b>		
(10)	AUD Currency future 14/09/2020	(3,390)	(0.01)
(10)	GBP Currency future 14/09/2020	(4,663)	(0.01)
21	JPY Currency future 14/09/2020	(27,284)	(0.07)
(1)	Mini MSCI EAFE Index future 18/09/2020	(860)	-
		<b>(36,197)</b>	<b>(0.09)</b>
	<b>Total Future Contracts</b>	<b>(81,667)</b>	<b>(0.21)</b>

<i>Forward Contracts<sup>2</sup></i>		
AUD800,000 / USD555,778 16/09/2020	(3,313)	(0.01)
CAD1,060,000 / USD786,576 16/09/2020	(7,189)	(0.02)
CHF62,500 / USD66,290 16/09/2020	(150)	-
CNH2,350,000 / USD331,574 16/09/2020	(439)	-
EUR33,073,055 / USD37,230,636 03/08/2020	(4,243)	(0.01)
EUR1,525,000 / USD1,731,127 16/09/2020	(12,929)	(0.03)
GBP1,012,500 / USD1,271,845 16/09/2020	(17,711)	(0.05)
HUF90,000,000 / USD293,103 16/09/2020	(7,522)	(0.02)
JPY385,000,000 / USD3,601,237 16/09/2020	(26,603)	(0.07)
MXN90,700,000 / USD4,111,853 17/09/2020	(220,401)	(0.56)
NOK5,800,000 / USD612,545 16/09/2020	(11,706)	(0.03)
NZD2,800,000 / USD1,822,461 16/09/2020	(15,704)	(0.04)
PLN1,010,000 / USD256,662 16/09/2020	(934)	-
SEK8,500,000 / USD922,236 16/09/2020	(7,430)	(0.02)
SGD2,080,000 / USD1,496,223 16/09/2020	(3,888)	(0.01)
TRY3,510,000 / USD502,369 16/09/2020	(1,168)	-
USD905,848 / AUD1,320,000 16/09/2020	(5,717)	(0.02)
USD614,834 / CAD840,000 16/09/2020	(2,797)	(0.01)
USD586 / CHF560 01/07/2020	(6)	-
USD276,826 / CHF262,500 16/09/2020	(977)	-
USD344,478 / CNH2,450,000 16/09/2020	(747)	-
USD1,039,464 / EUR925,000 16/09/2020	(2,720)	(0.01)
USD585,328 / GBP475,000 16/09/2020	(3,032)	(0.01)
USD18,852 / HUF6,000,000 16/09/2020	(187)	-
USD69,015 / JPY7500,000 16/09/2020	(621)	-
USD330,346 / NOK3,200,000 16/09/2020	(1,152)	-
USD1,452,507 / NZD2,260,000 16/09/2020	(5,806)	(0.02)
USD83,084 / PLN330,000 16/09/2020	(471)	-
USD631,539 / SEK5,900,000 16/09/2020	(3,446)	(0.01)
USD28,632 / SGD40,000 16/09/2020	(67)	-
USD217,460 / TRY1,530,000 16/09/2020	(1,012)	-
ZAR20,800,000 / USD1,209,664 16/09/2020	(20,376)	(0.05)
<b>Total Forward Contracts</b>	<b>(390,464)</b>	<b>(1.00)</b>
<b>Total Financial Liabilities at Fair Value Through Profit or Loss</b>	<b>(472,131)</b>	<b>(1.21)</b>
<b>Total Financial Assets and Liabilities at Fair Value Through Profit or Loss</b>	<b>37,113,371</b>	<b>95.04</b>
<b>Other Net Assets</b>	<b>1,938,851</b>	<b>4.96</b>
<b>Net Assets Attributable to Holders of Redeemable Participating Shares</b>	<b>39,052,222</b>	<b>100.00</b>

<sup>1</sup> The counterparty for future contracts is Morgan Stanley International

<sup>2</sup> The counterparties for forward contracts are Goldman Sachs, Morgan Stanley International and UBS Warburg Ltd.

<b>ANALYSIS OF TOTAL ASSETS</b>	<b>Amount USD</b>	<b>% of Total Assets</b>
Transferable securities admitted to an official stock exchange listing or traded on a regulated market	36,503,539	88.37
Financial derivative instruments traded over-the-counter	846,832	2.05
Financial derivative instruments dealt on a regulated market	235,131	0.57
Cash and other current assets	3,722,200	9.01
<b>Total Assets</b>	<b>41,307,702</b>	<b>100.00</b>

## SCHEDULE OF PORTFOLIO CHANGES

For the period from 1 January 2020 to 30 June 2020

<b>ALL PURCHASES</b>	<b>Cost in USD</b>
US Treasury Bill 0% 09/07/2020	5,956,763
US Treasury Bill 0% 10/09/2020	4,590,822
Oder Capital Series 6	4,020,031
Weser Capital Series 6	4,020,031
Lynx (Cayman) Fund Limited	4,020,031
US Treasury Bill 0% 31/12/2020	3,996,943
US Treasury Bill 0% 25/06/2020	2,998,217
US Treasury Bill 0% 25/02/2021	2,996,693
US Treasury Bill 0% 23/07/2020	2,978,120
US Treasury Bill 0% 27/11/2020	2,468,136
US Treasury Bill 0% 03/12/2020	1,998,849
US Treasury Bill 0% 14/05/2020	1,998,277
US Treasury Bill 0% 05/11/2020	1,997,353
US Treasury Bill 0% 13/08/2020	1,984,682
US Treasury Bill 0% 12/11/2020	1,499,012
US Treasury Bill 0% 10/12/2020	1,320,764
US Treasury Bill 0% 27/08/2020	1,299,280
US Treasury Bill 0% 24/09/2020	999,931
US Treasury Bill 0% 08/10/2020	998,007
US Treasury Bill 0% 17/12/2020	499,532
<b>ALL SALES</b>	<b>Proceeds in USD</b>
US Treasury Bill 0% 26/03/2020	13,985,979
Lynx (Cayman) Fund Limited	7,864,559
US Treasury Bill 0% 14/05/2020	6,998,641
US Treasury Bill 0% 21/05/2020	5,999,834
US Treasury Bill 0% 09/07/2020	5,999,225
US Treasury Bill 0% 30/01/2020	5,997,472
Oder Capital Series 6	4,791,870
Weser Capital Series 6	4,791,870
US Treasury Bill 0% 11/06/2020	3,099,867
US Treasury Bill 0% 25/06/2020	2,999,818
US Treasury Bill 0% 27/02/2020	2,197,628
US Treasury Bill 0% 23/04/2020	1,499,503
US Treasury Bill 0% 30/04/2020	1,299,980

The portfolio changes reflect the aggregate purchases of a security exceeding one percent of the total value of purchases and aggregate disposals of a security greater than one percent of the total sales for the period. At a minimum the largest 20 purchases and largest 20 sales must be given. The full listing of the portfolio changes for the period is available, upon request, at no extra cost from the Administrator.

## APPENDIX

### FUND OF FUND DISCLOSURE

<b>Name of Fund</b>	<b>Domicile</b>	<b>Management fee</b>	<b>Performance fee</b>
Lynx (Cayman) Fund Limited	Cayman Island	0.70%	20%

### TOTAL EXPENSE RATIO

The Total Expense Ratio (“TER”) is calculated according to the following formula: (total expenses / AF)\* 100;

AF (= average fund assets)

	%
	<b>30 June 2020</b>
<b>Total Expense Ratio</b>	<b>1.04</b>

### THE SECURITIES FINANCING TRANSACTION REGULATION DISCLOSURE

The Securities Financing Transactions Regulation (“SFTR”) introduces mandatory reporting for Securities

Financing Transactions (“SFTs”) and sets minimum disclosure and consent requirements on the re-use of collateral with the aim of improving transparency in the SFT market.

A SFT is defined as per Article 3(11) of the SFTR as:

- a repurchase transaction;
- securities or commodities lending and securities or commodities borrowing;
- any transaction having an equivalent economic effect, in particular a buy-sell back transaction or sell-buy back transaction; or
- a margin lending transaction.

As at 30 June 2020, the Fund held no SFTs and therefore SFT reporting requirements do not apply to the Fund.





**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