



ANNUAL REPORT 2019

L Y N X

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 before fees
Correlation:	Low or negative correlation with stock markets

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

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.
Depository:	Skandinaviska Enskilda Banken AB (publ)
Auditors:	KPMG AB, Anders Bäckström

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, Partner, Brummer & Partners AB) and Ola Paulsson (CEO, Partner, Brummer & Partners AB)
Chief Compliance Officer:	Kim Dixner
Independent Risk Control:	Alexander Argiriou, B & P Fund Services AB

¹This means the average interest used by the Riksbank at its fixing of 3-month 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. The Board of the company has decided to currently apply a hurdle rate of 0 per cent instead of a negative interest rate.

ANNUAL REPORT 2019

*The Board and the CEO of Lynx Asset Management AB
herewith submit the following annual report for the Lynx Fund for
the financial year 2019.*



CONTENTS

<i>Comments by the portfolio managers</i>	
<i>Year in review</i>	7
<i>Market developments</i>	8
<i>Analysis of result</i>	8
<i>Risk</i>	11
<i>Performance since inception</i>	11
<i>Investment process</i>	12
<i>Organization</i>	13
<i>Sustainability</i>	13
<i>Assets under management</i>	13
<i>Outlook</i>	13
<i>Report of the Directors</i>	
<i>Performance</i>	15
<i>Development of fund assets</i>	15
<i>The fund's costs</i>	15
<i>Result</i>	15
<i>Investment activities</i>	15
<i>Organizational changes</i>	15
<i>Fund rules</i>	15
<i>Significant events during the period</i>	15
<i>Significant events after the end of the period</i>	15
<i>Information on remuneration</i>	15
<i>Significant risks associated with the fund's holdings</i>	16
<i>Communication with unit-holders</i>	17
<i>Other</i>	17
<i>Accounts</i>	
<i>Income statement</i>	18
<i>Balance sheet</i>	19
<i>Statement of net assets (holdings of financial instruments)</i>	20
<i>Accounting principles</i>	25
<i>Changes in net assets</i>	25
<i>Net asset value of units</i>	25
<i>Unit-holders' costs</i>	26
<i>Audit report</i>	27
<i>Portfolio managers</i>	29
<i>Glossary</i>	30

IMPORTANT INFORMATION

Lynx and Lynx Dynamic are special funds 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 simplified prospectus, subscription document and the information memorandum containing the fund rules. These documents are available for download at www.lynxhedge.se and www.lynxdynamic.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 funds are classified by the fund manager as funds with a higher risk level.

Any data regarding returns in this document is not adjusted for inflation. The funds have 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.

Lynx Asset Management AB is acting Commodity Pool operator for the Lynx and Lynx Dynamic funds and is registered with the Commodity Futures Trading Commission (CFTC). Since the Lynx Fund does not accept U.S. investors, Lynx Asset Management AB has applied for exemption in accordance with CFTC Advisory 18-96 and in accordance with the U.S. Commodity Exchange Act.



COMMENTS BY THE PORTFOLIO MANAGERS

■ Lynx ended 2019 up 15.42 per cent, the strongest annual result for the program since 2014. Fixed income and equities were particularly profitable as the models capitalized on opportunities across global markets. Meanwhile, trading in foreign exchange and commodities was more challenging as losses in both sectors detracted from the overall return. While the entire managed futures industry generally performed well, Lynx outperformed our peer group on a relative basis: the Société Générale CTA Index (a leading industry benchmark) closed the year up 6.39 per cent.

Since inception in 2000, Lynx has generated a cumulative return of 503.71 per cent, which equates to an average annual return of 9.57 per cent. The risk, as measured by annualized standard deviation, has been 15.09 per cent, resulting in a Sharpe ratio of 0.53. Over the same period, Lynx has had a correlation of -0.14 to equities¹, proving to be a valuable diversifier in a traditional investment portfolio.

YEAR IN REVIEW

Politics dominated the headlines in 2019, but astonishingly had very little lasting negative impact on financial markets. We faced Presidential impeachment, impending Brexit, and global trade wars, with no more response than a few temporary pullbacks in asset prices. Corporate earnings declined and global growth slowed, most notably in China, but market sentiment remained reasonably strong. The US yield curve inverted midway through the year, leading many to forecast an imminent recession, but normalized soon after easing those concerns. Even geopolitical conflict in the Middle East and heightened tensions in North Korea and Venezuela did not seem to cause much distress. Attention always seemed to return to the most sensationalistic stories.

Donald Trump and US politics

People across the globe got an education on the US Constitution in 2019: separation of powers, obstruction of justice, and presidential impeachment were terms that recurrently appeared in headlines throughout the year. 2019 began with Special Counsel Robert Mueller completing his investigation into Russian interference in the 2016 US Presidential election. After Mueller failed to

find any evidence of collusion and declined to prosecute the President for obstruction, Trump immediately declared victory. However, a new scandal was already on the horizon.

During what Trump declared was a “perfect” phone call with newly elected Ukrainian president Volodymyr Zelensky, an unidentified whistleblower claimed the US president used the power of his office to pressure the Ukrainian leader into investigating the family of a political rival, Joe Biden. Following testimony from career diplomats and presidential appointees, the US House of Representatives impeached Trump on December 18th for abuse of power and obstruction of Congress. Whether due to an alignment of beliefs, fear of reprisal from the President, or self-preservation in the face of upcoming elections, impeachment was approved without any support from the Republican party.

Increased partisanship has resulted in a political impasse in Congress, and this vote was another sign that conditions were not improving. In prior generations, the uncertainty created by this effective legislative stalemate may have impacted market sentiment. With no clear path forward, making the decision on how to invest for the future is challenging. However, this generation is different.

Along with his approval rating, stock market performance has become one of the most important indicators Trump has quoted to validate his success as president. From deregulation to the implementation of corporate tax cuts and even attempts to influence Fed policy, Trump’s objective has been to raise the prices of financial assets. Markets continued to respond positively in 2019 as major stock indices in the US reached new record highs, with the S&P and NASDAQ experiencing their strongest performance since 2013.

Brexit

Over 60 years after the formation of the European Economic Community – the predecessor to the European Union – a member nation has left the Union. The first British referendum on EU membership was held in June 2016 and months after the votes were counted, Article 50 was triggered beginning the two-year countdown to Brexit. Following a tumultuous few years, which included multiple delays and Parliamentary

¹ Equity is represented by the MSCI World NDTR Index.

battles, the course now appears more defined. Theresa May's resignation paved the way for Boris Johnson to assume responsibility for Brexit negotiations in July. Johnson controversially appealed to the Queen of England to extend a break of Parliament to limit their ability to derail negotiations, which was granted but then quickly overruled by the UK supreme court. However, snap elections were called in December which resulted in a landslide victory for Johnson's Conservative Party, empowering him to follow through on the Withdrawal Agreement Bill.

The potential direct and indirect consequences of Brexit remain hard to define. UK formally left the EU on January 31, 2020. However, they will retain all established trading agreements through a transition period scheduled to culminate at the end of the year. The bilateral agreements which are ultimately negotiated may look similar to existing pacts, or vastly different. While this uncertainty continued to keep the British pound at relatively depressed levels, the confidence that the UK would not leave without a deal in place ("hard Brexit") resulted in a modest appreciation in the currency during the latter part of the year. Similarly, increasing optimism regarding the outcome of the negotiations contributed to rising equity markets not only in the UK, but continental Europe, as well.

Trade wars

In March of 2018, the Trump administration instituted tariffs on steel and aluminum imported into the US, immediately generating concern over a global trade war. While tensions subsided over the coming months as Trump was able to successfully renegotiate a number of trade agreements, that was not the case with China. Negotiations have been slow and, at times, contentious as both nations have imposed billions of dollars in tariffs on one another's goods without achieving a resolution. Even before his election, Trump contended that China engaged in unfair trade practices with the US, manipulated their currency to support exporters, and illegally commandeered intellectual property. Meanwhile, China has argued that by imposing protectionist measures after decades of trade, the US is attempting to slow their ascent as a global economic force.

The impact of these negotiations was felt across asset classes, from equities, to bonds, to commodities. Global central bankers used the standoff to justify easing monetary policy, corporations lowered earnings estimates to account for the slowdown in economic activity, and farmers sought additional government subsidies to continue operating. In December, the two sides announced a preliminary agreement that was met with cautious optimism. This "phase one" deal calls for a reduction in some US tariffs in exchange for increased Chinese purchases of American goods and improved intellectual property protections. Equities and base metals rose on the news

while bonds declined on expectations of an increase in global trade. However, many points of contention remain for both sides and negotiations will continue as the year progresses.

MARKET DEVELOPMENT

Equities proved to be remarkably resilient throughout the year, while other asset classes fluctuated as political and macroeconomic storylines unfolded. Most global stock indices ended 2019 significantly higher, with the MSCI World Index experiencing the strongest performance since 2009 and major US markets eclipsing previous highs. Modest market corrections in May and July quickly recovered as accommodative monetary policy and improving sentiment were ultimately sufficient to support prices. Meanwhile, fixed income markets experienced a relatively large price swing between the first and second half of the year. Early in the period, increasingly dovish comments from the Fed, concerns surrounding Brexit and unexpectedly weak economic data out of Europe resulted in a sharp decline in yields. By July, an escalating trade war between the US and China and an inverted US yield curve had many investors fearing the potential of a global recession. However, the curve normalized reasonably quickly, trade tensions abated and yields began to climb in the months that followed.

In foreign exchange, while the US economy generally outpaced those in Europe and Japan, weak dollar rhetoric from the White House and surprisingly accommodative monetary policy in the US resulted in broad fluctuations in the greenback. The Japanese yen periodically spiked on geopolitical shocks – only to reverse once the risk abated – and sterling climbed after a new draft Brexit agreement was published and the EU extended the ratification deadline until January 2020, but there were few catalysts driving sustained exchange rate trends. In commodities, crude oil rallied sharply during the first quarter on decreasing Middle Eastern production and collapsing Venezuelan exports due to debilitating sanctions. Prices fluctuated broadly afterwards without a defined trend, falling on rising US output over the summer only to climb as OPEC and other major producers agreed to cut production later in the year. Base metals prices fluctuated on the status of trade negotiations between the US and China, although precious metals climbed markedly higher on a general depreciation in fiat currency.

ANALYSIS OF RESULT

Strong performance in 2019 can be attributed primarily to fixed income and equities, as foreign exchange and commodities detracted from the annual result. Chart 2 shows the contribution to performance by asset class during the year. The table below illustrates the gross sec-

SOME KEY RATIOS SINCE INCEPTION¹

	Lynx (SEK) ²	MSCI World NDTR Index (local currency)	JP Morgan Global Gov't Bond Index (local currency)	Société Générale CTA Index (USD)
RETURN				
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, %	503.71	132.95	118.60	128.01
Average annual return since inception, %	9.57	4.39	4.06	4.28
ANALYSIS OF RETURN				
Best month, %	14.90	10.33	3.09	8.85
Worst month, %	-14.14	-16.37	-1.99	-7.64
Average monthly return, %	0.76	0.36	0.33	0.35
Maximum drawdown since inception, %	30.58	50.77	4.51	14.26
Longest period of zero return, number of months	At least 58 (ongoing)	74	32	At least 47 (ongoing)
KEY RATIOS				
Standard deviation, %	15.09 ⁴	13.70	3.11	8.67
Downside risk, %	9.37	10.18	1.80	5.52
Sharpe ratio	0.53	0.21	0.81	0.32
Correlation between Lynx and index shown	-	-0.14	0.40	0.84

¹ For definitions, see glossary on page 30.

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 18.88 per cent.

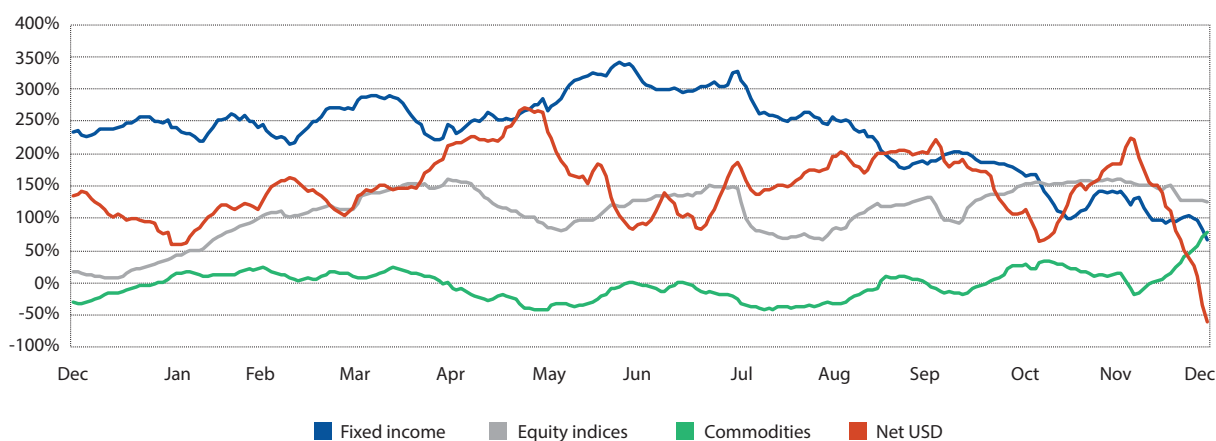


Chart 1. Net exposure by asset class in 2019.

tor performance per asset class for the program in 2019 and the equivalent figures for 2018:

RETURN BY ASSET CLASS

	2019	2018
Fixed income-related investments	21.0%	3.0%
Equity-related investments	13.0%	-9.8%
Currency-related investments	-5.8%	1.6%
Commodity-related investments	-10.8%	5.0%
Other (management fees, interest, etc.)	-2.0%	-2.5%
TOTAL RETURN	15.4%	-2.7%

Global bonds were particularly profitable, contributing a positive 18.3 per cent in aggregate over the course of the year; short-term interest rates were also positive bringing the gain in fixed income to 21.0 per cent. The portfolio maintained long positions across global bond markets entering the year given the financial turmoil in the preceding fourth quarter, and realized solid gains as yields continued to trend lower through the summer months. However, rates unexpectedly reversed in September on optimism regarding Brexit and global trade. Net fixed income exposure declined dra-

matically throughout the remainder of the year as the global growth outlook continued to improve, although some of the early profits were given back. Medium to long-term trend models performed particularly well in the sector, although medium-term diversifying models were also profitable.

Despite lagging behind fixed income, equity indices contributed positively, generating a gain of 13.0 per cent in 2019. Early in the year, surprisingly dovish indications from the US Fed resulted in a remarkable reversal in stock prices. Although net equity exposure was initially low given market troubles late in 2018, risk increased quickly as prices rallied on generally accommodative monetary policy and improving sentiment. Despite a couple of pullbacks in May and July on concerns regarding trade, most equity indices ended the year solidly higher. Lynx profits were generated across the globe, with European bourses leading the way followed by the US and Asia. Trend models modestly outperformed their diversifying counterparts during the year, with long-term time frames performing particularly well.

Offsetting some of the gains in fixed income and equities were losses in commodities which contribu-

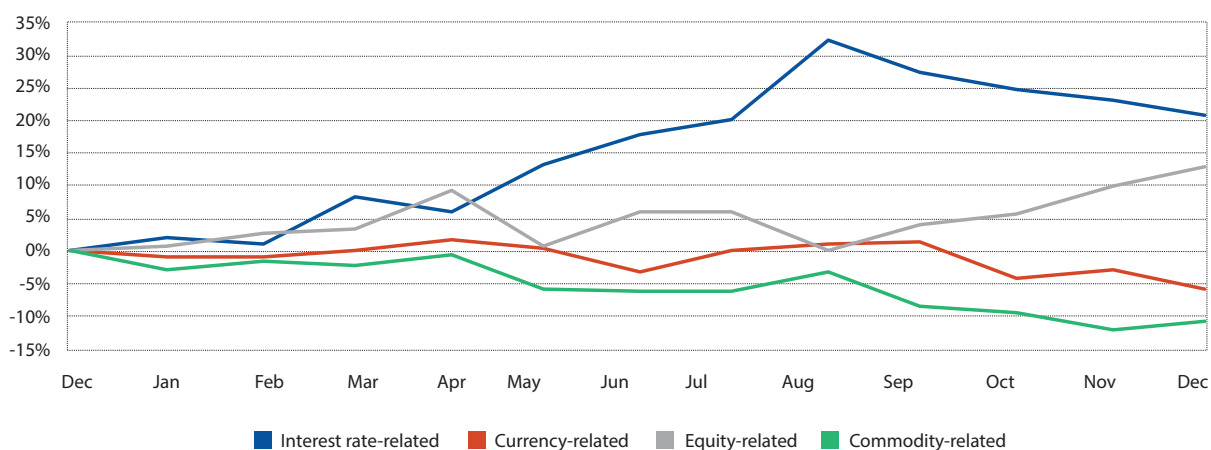


Chart 2. Contributions to performance by asset class in 2019.

ted a negative -10.8 per cent to the return. Energies were particularly challenging, generating a loss of -7.0 per cent. After trending lower in the fourth quarter of 2018, crude oil prices reversed dramatically in January resulting in a sharp sector loss. In other commodities, agricultural markets and base metals also detracted from performance, although precious metals contributed positively, specifically due to long positions in gold and silver. Trend following models were responsible for a majority of the loss in the asset class, with all time frames suffering.

Foreign exchange further eroded the overall gain, producing a loss of -5.8 per cent. Until midway through December, the portfolio was positioned for a stronger US dollar mainly against other developed market currencies. Profits accrued through the end of the second quarter, primarily due to a short position in the euro, but range bound price action over the summer and a sharp weakening of the greenback in the fourth quarter was challenging. Positions against the British pound were particularly unprofitable, although trading in the Japanese yen also resulted in a loss as the currency vacillated throughout the year. Trend following models were unprofitable across timeframes, although diversifying models were mixed.

Chart 1 shows the net exposure by asset class during the year.

In aggregate, a 12.4 per cent profit in trend following models was complemented by a 5.0 per cent gain in diversifying models. Long and medium-term trend models were equally profitable, while a slight loss accrued in the short-term time frame. In the diversifying segment of the portfolio, medium-term models were responsible for a majority of the gain as long and short-term parameters were largely flat. Machine learning models performed particularly well, while fundamental models had some difficulty in foreign exchange.

The table below illustrates a summary of gross performance by model category and the equivalent figures for 2018:

RETURN BY MODEL TYPE

	2019	2018
Trend-following models	12.4%	-3.9%
Of which, short-term	-0.7%	0.2%
medium-term	6.4%	2.4%
long-term	6.7%	-6.5%
Diversifying models	5.0%	3.7%
Of which, short-term	0.3%	-0.7%
medium-term	4.8%	5.9%
long-term	-0.1%	-1.5%
Other (management fees, interest, etc.)	-2.0%	-2.5%
TOTAL RETURN	15.4%	-2.7%

RISK

To achieve the fund's volatility target of 18 per cent annualized standard deviation, the average Value at Risk for the portfolio should equate to approximately 1.9 per cent (1-day, 95 per cent confidence interval). During 2019, the average VaR for Lynx was around 1.6 per cent. The chart below illustrates the VaR development during the year on the portfolio basis and by asset class.

Note that the VaR increased late in the year even as equity risk was falling. The significant decline in fixed income – an asset class that has been negatively correlated to stocks in recent years – and an increase in commodities are mainly responsible for the rise. The ex-ante risk estimate remained well below the 3% maximum threshold, and these levels have been seen many times in past.

PERFORMANCE SINCE INCEPTION

The table on page 9 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 an international index for the managed futures category of hedge funds (Société Générale CTA Index). As mentioned earlier, while the industry generally performed well in 2019, Lynx outperformed the

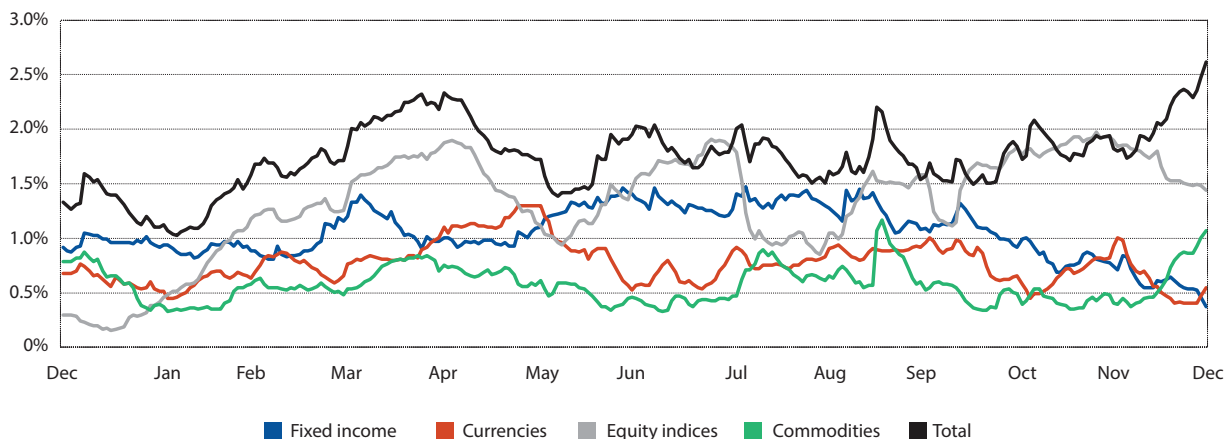


Chart 3. Value at Risk in 2019.

peer group as reflected by our relative performance to this comparative index. Notably, a dollar-based investment in the Lynx Program generated an annual return of approximately 18.4 per cent in 2019 due to the significant interest rate differential between the Swedish kronor and US dollar.

INVESTMENT PROCESS

The six portfolio managers of Lynx constitute the investment committee of the Lynx program and are responsible for the strategic direction and management of the fund. As trading decisions are made by the approximately 40 models currently employed in the program, the investment committee focuses primarily on longer term matters including: determining which models are included 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 reevaluated 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 a number of key aspects. The metrics used in model evaluation include the expected marginal contribution to the existing portfolio of models, behavior 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, all models that are already employed in the portfolio are reviewed to ensure that performance has not deviated from historical expectations. Their contribution to the portfolio return is also analyzed as this contributes to the decision of how much risk to budget over the coming months. The investment committee also 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.

During the year, five new models were added to the portfolio, while four models were retired. As in recent years, more sophisticated implementations of trading concepts replaced older, legacy models. Additionally, adaptive models based on machine learning techniques and quantitative macro models using fundamental data

to forecast prices continued to be introduced into the portfolio.

Five models added – The first model added to the portfolio utilizes a machine learning technique to trade across a broadly diversified portfolio of markets. The second model is an advanced methodology that applies trend filters and factor estimates to modified time series; this model similarly trades across asset classes. The next model uses machine learning techniques and principal component analysis to trade broadly diversified baskets of markets. The fourth model employs a quantitative macro approach that uses both fundamental and technical indicators to forecast and trade global bond futures. The final model utilizes a neural network machine learning technique using intraday data to forecast prices across asset classes.

Four models retired – Two models retired in 2019 were from the diversifying category and two from the trend group. The first model retired was a short-term approach based on mean reversion. The second employed a long-term quantitative macro methodology trading only currencies. The third was a legacy binary long-term trend model which was phased out as newer, more profitable models were developed. The final model was a short-term trend approach which was a variation of another model still employed in the Lynx program.

Along with the model changes, the allocation by model type was adjusted marginally, with trend following models decreasing from 78 per cent to 72 per cent and diversifying models increasing from 22 per cent to 28 per cent. The weight allocated to long-term strategies was reduced slightly with the risk shifted to the medium-term models, while short-term models were largely unchanged. The average risk allocation amongst asset classes was adjusted slightly, with foreign exchanged raised 1 per cent to 23 per cent and commodities lowered by 1 per cent to 21 per cent. The average target risk budget in fixed income and equities remained unchanged at 28 per cent each.

The table below illustrates the allocations to each model category as of the end of 2019 compared to these same figured from the end of 2018 (in parentheses):

TARGET ALLOCATION BETWEEN MODEL TYPES*

	<i>Trend-following models</i>	<i>Diversifying models</i>
Short-term	10% (9)	3 % (4)
Medium-term	38 % (38)	21 % (15)
Long-term	22 % (29)	7 % (5)

Finally, Lynx Asset Management launched a new strategy in October 2019: Lynx Constellation. The strategy utilizes the machine learning models employed in our

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

flagship since 2011. Constellation has an absolute return objective and is designed to have low correlation to traditional markets and trend following strategies.

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

ORGANIZATION

Over the course of 2019, Lynx increased headcount by 13 people, bringing the total number of employees to 80. In September alone, we added four new senior researchers to the team, each with unique areas of expertise ranging from macroeconomic fundamental analysis to statistical modeling. Over half of the team remains dedicated to research and development, and recent additions highlight our commitment to improving and expanding our asset management capabilities.

Additionally, we welcomed a new portfolio manager in the Lynx program as David Jansson replaced Anders Holst on the investment committee. David has been with Lynx since 2005 and provides a unique technical and practical perspective regarding the implementation of the program as the head of Execution Research.

SUSTAINABILITY

Sustainability at Lynx

At Lynx, we strive to be a responsible investor. As the fund invests in derivatives which do not carry voting rights, we are unable to exercise active ownership or influence companies in the same way as equity funds. Our sustainability efforts are instead aimed at promoting the development of sustainable markets and the long-term sustainability of the society at large.

Sustainability activities in 2019

In 2018, Swiss Sustainable Finance (SSF) coordinated an initiative for an open letter to global index providers to exclude controversial weapons from mainstream indices. In March 2019, Lynx became a signatory of this effort along with 166 signatories representing approximately USD 8.8 trillion in assets. In addition to this initiative and in light of our commitment to responsible investing and our aspiration to be early adopters, we acknowledge the emergence of equity index futures that incorporate ESG factors into their construction process. In 2019, Lynx intensified the monitoring of this development and assessed several of these index futures. As a result, some of them will be included in our portfolios in 2020.

Lynx Dynamic, one of the strategies managed by Lynx Asset Management, ceased trading energy contracts at the end of 2019. However, the fund will continue to trade metals and agriculture futures: a total of 25 commodity contracts.

Where our interests and approaches are aligned, Lynx engages with other market participants to apply

the concept of responsible investments and to improve standards for the industry. We regularly attend conferences and seminars and participate in panels.

Lastly, we regularly train our staff on code of ethics/compliance issues covering hedge fund investments and responsible investments.

Reporting

Lynx Asset Management has adopted a policy that outlines how we apply sustainability principles at a firm level and in our investment process, and how we promote responsible investment throughout the industry. The policy is reviewed and approved by the Board of Directors on an annual basis or if needed. The directors also ensure compliance through the company's internal control procedures.

Lynx has been a signatory of the United Nations Principles for Responsible Investment (UN PRI) since 2016. The PRI are aimed at introducing and implementing ESG aspects in our daily work and in our investments. Lynx reports annually to PRI on its responsible investment activities.

The company is a signatory of the Standards Board for Alternative Investments (SBAI). The SBAI is an initiative that is aimed at creating and promoting standards of good governance, transparency, valuation, risk management and shareholders' conduct for the alternatives industry. Our compliance with the standards can be found in the "Disclosure letter", available upon request.

At least once a year, Lynx updates *Hållbarhetsprofilen*, a standardized information leaflet that provides clear and easy access to information on how a fund applies various sustainability criteria in its fund management. The leaflet was created by Swesif, Sweden's Forum for Sustainable Investment, and can be found on our website along with other information on our sustainability work.

ASSETS UNDER MANAGEMENT

Total assets under management in the Lynx program at the end of 2019 were approximately SEK 45.9 billion, compared with SEK 45.5 billion at the end of 2018. Most of the program's assets are invested in separately managed client accounts and in the offshore funds. The Swedish Lynx fund and the Lynx Dynamic fund together accounted for around 7 per cent of the total assets under management in the program at year end.

OUTLOOK

Excess liquidity and low sovereign bond rates have contributed to a remarkable search for yield in recent years. As volatility has remained compressed and central banks have quickly responded to deflationary shocks, investors have been rewarded for making increasingly risky bets. However, this status quo is unlikely to per-

sist indefinitely. We see potential disruptive catalysts on the horizon, some of which are mentioned below:

Monetary policy normalization

While monetary policy remains extraordinarily accommodative, there are increasingly signs that policy normalization is approaching. Unemployment rates continue to fall across most high income countries, an amenable resolution to Brexit appears possible, and trade wars could soon be resolved resulting in the potential for increased global growth. Markets have become dependent on the support of global central banks. Once policy focus shifts away from asset prices to economic fundamentals, investors will need to adjust. The exceptionally low volatility environment that has characterized the years since the end of the global financial crisis will likely end abruptly. Inflationary pressures – which have been almost nonexistent in recent years – may reemerge. Should this occur, the opportunities for active management should abound. Conversely, if the outlook darkens and deflationary pressures build, central bankers lack the same firepower to react than in prior crises. Even extraordinary measures may fall short.

De-Globalization

The industrialization of many emerging markets has clearly benefited global consumers over the past 40 years. Developing economies that have built the infrastructure to expand manufacturing have profited from above average growth, and their populations a corresponding increase in household income. However, the consequence for many people in those countries now producing a smaller share of global goods has been arguably negative. The positive impact of globalization for multinational corporations has also been significant, although the benefit has been disproportionately skewed towards those owning the equity of those companies. In summary, the income disparity between the people in emerging and established markets has narrowed on average at the same time that the wealth gap between different socioeconomic groups in the developed world has widened.

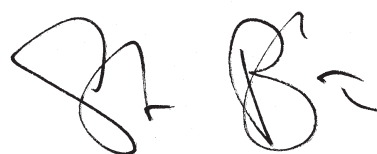
Increasingly populist and nationalist views are being promoted by politicians attempting to capitalize on the disaffection this has created in the middle class. Global cooperation is being replaced by protectionism in an effort to bring manufacturing home. Once extreme policies on immigration are becoming more commonplace, integrated into the platforms of established political parties or coalition governments. We have begun to see some of the impact playing out around the globe in the form of social unrest, but thankfully on a limited scale. However, the trend is clear and the potential for more substantive disruptions a distinct possibility.

Geopolitical risks

Outside the potential negative implications from heightened nationalism, geopolitical risks are as significant now as at any time in recent history. The situation in Iran is arguably the most dire as crushing economic sanctions have created financial hardship and social unrest that threaten the current regime; the economy is shrinking, unemployment is rising, and the price of goods is inflating. As conflict with the US intensifies, the potential for a larger scale conflict becomes a distinct possibility. Additionally, Western relations with North Korea have again deteriorated, Venezuela remains in crisis, and both Russia and China have expanded efforts to exert their regional military influence.

As 2019 illustrated, Lynx has the ability to perform well in a normal market environment – traditional markets climbed during the year and the program was able to capture these movements effectively. However, we recognize that this environment is not when we truly prove our value in a diversified portfolio. History has shown that in times of market turmoil, when price action is driven by fear and technical factors, Lynx has performed best. While we are unable to predict when the environment will change, we are confident that the Lynx program is in a unique position to react as it does.

I am pleased that we were able to capitalize on the market opportunities during the year and deliver strong results to our investors. However, we cannot – and will not – become complacent, but rather move forward developing new models and improving our existing models to succeed in the future. I believe that our business requires us to constantly innovate and adapt to retain our edge. Current research projects offer exciting possibilities and I believe that our advancements in machine learning will continue to set us apart from the rest of our peers. We are committed to maintaining a robust infrastructure to support our research and development, and to employing a diverse and exceptional group of people to make our vision a reality. Your confidence and faith drive us to perform and I hope that we will be able to reward your trust in 2020 and beyond.



Svante Bergström
Portfolio Manager

REPORT OF THE DIRECTORS

PERFORMANCE

In 2019 Lynx generated a return of 15.42 per cent net of fees. The table on page 16 shows the fund's return per calendar month and the return for a number of indices.

DEVELOPMENT OF FUND ASSETS

As at 31 December 2019 Lynx had a net asset value of SEK 1,618.3 million. This is a decrease of SEK 196.0 million since 31 December 2018. New units worth SEK 48.9 million were issued in 2019, while redemptions amounted to SEK 532.4 million. The result for the year was SEK 287.5 million.

THE FUND'S COSTS

In 2019, the fund paid commissions and clearing fees of SEK 5.4 million. In relation to average net asset value, this equates to an annual cost of 0.3 per cent (0.3 per cent also in 2018). Fixed management fees of SEK 18.3 million to Lynx Asset Management AB were charged to the fund, representing an annual charge of 1.02 per cent. No performance fees were paid. 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 fund itself.

RESULT

The fund's overall return for the twelve-month period was 15.42 per cent. Interest rates and equities were the best sectors, with positive contributions of 21.0 per cent and 13.0 per cent to each, respectively, while commodities and currencies had a negative impact.

INVESTMENT ACTIVITIES

Lynx is managed using statistical models which are designed to identify market situations where there is an increased probability that future price movements will be in a certain direction. The models' buy and sell signals are traded directly on the electronic markets using proprietary execution algorithms. The portfolio managers use several different models with complementary properties to achieve a good risk-adjusted return.

ORGANIZATIONAL CHANGES

Anders Holst, former partner and portfolio manager, left Lynx in the end of August 2019. His responsibility as

portfolio manager was taken over by David Jansson, also a partner and the Head of Execution Research.

FUND RULES

The fund rules were not revised during the year. The fund rules can be downloaded at www.lynxhedge.se.

SIGNIFICANT EVENTS DURING THE PERIOD

No significant events occurred during the period.

SIGNIFICANT EVENTS AFTER THE END OF THE PERIOD

No significant events have occurred since the end of the period.

INFORMATION ON REMUNERATION

For 2019, Lynx Asset Management AB paid out SEK 132 million in total remuneration to 94 employees, all of whom were wholly or partly involved in the activities of the AIF fund. Of this amount, SEK 22 million refers to fixed remuneration to the company's executive management and other specially regulated employees, 16 people in total. Variable remuneration to specially regulated employees amounted to SEK 12 million. For other employees, discretionary variable remuneration based on the company's investment performance and the employee's work performance was paid, in addition to fixed remuneration. For 2019, this variable remuneration totaled SEK 43 million, distributed among 56 employees. The amount includes a distribution to company's profit-sharing trust.

Specially regulated employees are shareholders of the company and receive no variable remuneration. Other employees normally receive both fixed and variable remuneration. The size of these forms of remuneration is to a large extent determined on a performance basis. However, the fixed remuneration accounts for a sufficiently large portion of the total remuneration to allow for the possibility that no variable remuneration will be paid. Variable remuneration is thus of a discretionary nature and will not be paid in the absence of a basis for such remuneration, for example if the individual employee has not made a sufficiently strong contribution or if the company has not generated a profit. The calculation, and the balance between the two forms of remuneration, are determined in accordance with the company's remuneration policy, as applicable from

MONTHLY RETURN 2019

RETURN 2019, %	Lynx (SEK) ¹	MSCI World NDTR Index (local currency)	JP Morgan Global Gov't Bond Index (local currency)	Société Générale CTA Index
January	-0.81	7.91	0.81	-1.88
February	2.13	3.34	-0.24	0.42
March	7.59	1.61	1.85	3.45
April	6.72	3.77	-0.33	2.74
May	-7.25	-5.70	1.77	-2.33
June	5.23	5.90	1.23	2.45
July	5.05	1.18	0.66	3.56
August	8.43	-1.95	2.88	3.38
September	-4.72	2.34	-0.77	-3.19
October	-6.19	1.88	-0.54	-2.39
November	0.81	3.15	-0.52	0.87
December	-0.94	2.18	-0.73	-0.51
January-December	15.42	28.01	6.15	6.39

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

time to time. The objective of the remuneration policy is to ensure that the remuneration offered to employees is consistent with and promotes sound and effective risk management. The rules set forth in the remuneration policy are designed to prevent risk taking that is inconsistent with the risk profiles, fund rules, articles of association and other rules of the managed funds and the company. The remuneration policy has been drawn up based on the size and internal organization of the company as well as the nature, scope and complexity of the activities. The policy is also consistent with the company's business strategy, goals, values and interests as well as the interests of investors. The remuneration paid during the period was consistent with the company's remuneration policy. No significant changes to the remuneration policy that affect the remuneration for 2019 were made during the year. Decisions on any transfers to Lynx's profit-sharing trust are made annually by the company's Board of Directors.

SIGNIFICANT RISKS ASSOCIATED WITH THE FUND'S HOLDINGS

The management of the fund is associated with various types of risk, of which the following should be emphasized:

Market risks, for instance the risk that the whole market for an asset class will rise or fall, are significant for the fund, and also constitute the fund's principal source of earnings.

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 that arise, for example, from the fact that the fund's assets are partly held with banks and clearing houses.

The fund is exposed to operational risks which arise, for instance, from the fund's dependence on asset 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.

No changes to these risks were identified during the period.

Trading in derivatives is an integral part of the fund's business concept, and the fund engaged in derivatives trading to a significant extent during the period. The fund's investments are made in exchange-traded futures contracts as well as currency forwards, and the only capital that is tied up in these investments is the collateral posted to the clearing houses (Goldman Sachs, Société Générale Newedge, Morgan Stanley) and the fund's prime broker (JP Morgan). At 31 December 2019, Lynx's collateral requirement was SEK 306 million, or 18.9 per cent of net asset value. Most of the net asset value is therefore invested in Swedish treasury bills and Swedish government bonds. The fund had no holdings of hard-to-value assets at 31 December 2019.

The risk level in the portfolio is measured using Value at Risk (VaR) models. Lynx uses three VaR models with different time horizons (18 months and two exponentially time-weighted models) in parallel, all with a one-

day, one-sided confidence interval of 95 per cent. The highest measured value in 2019 was 2.61 per cent, the lowest 1.02 per cent and the average value 1.62 per cent. At 31 December 2019, VaR stood at 2.61 per cent. The highest value of the fund's leverage calculated using the gross method was 4,577 per cent, the lowest 2,446 per cent and the average value 3,566 per cent. At 31 December 2019, the value was 2,663 per cent².

COMMUNICATION WITH UNIT-HOLDERS

Each year, Lynx's unit holders receive an annual report and a half-year report which describe the fund's performance. In addition, monthly investment reports are also distributed, showing the current value of the unit holder's investment along with a monthly report containing key figures. Further information is available on the

investment manager's website, www.lynxhedge.se, where estimates of the fund's performance are published daily. The fund's performance can also be followed in the fund tables published in major Swedish newspapers with one day's delay.

The company also offers weekly and monthly e-mails showing the performance of the Swedish and offshore funds.

OTHER

In accordance with the generally accepted standard for calculating the turnover rate, options and futures transactions should not be included. As the fund only trades in futures and currency forwards, the turnover rate for 2019 was thus 0. No related party transactions were made in 2019.

² The reported figures refer to the value of 18-month VaR. Under the AIFM Directive, the fund's exposure must be calculated and reported using the gross and commitment methods, under which exposures for derivatives are reported as the underlying nominal amounts ("leverage"). Under the commitment method, the relevant figures for 2019 were 3,763 per cent (highest value), 2,132 per cent (lowest value) and 2,937 per cent (average value). The values for exposure in derivatives under FFFS 2013:9 were identical with the gross method values under the AIFMD. The high leverage figure is due to the low volatility relative to the equity market of several of the assets in which the fund invests (e.g. bonds and currencies). Lynx therefore uses other risk measures for its activities, such as VaR.

ACCOUNTS

INCOME STATEMENT 2019-01-01 – 2019-12-31

SEK thousand	Notes	2019-01-01-- 2019-12-31	2018-01-01-- 2018-12-31
INCOME AND CHANGE IN VALUE			
Change in value of derivative instruments		330 405	-38 073
Interest income		149	6 695
Exchange rate profit and loss, net		-4 953	4 368
TOTAL INCOME AND CHANGE IN VALUE		325 601	-27 010
COSTS			
Cost of administration			
<i>Fee to the company operating the fund business</i>	1	-18 294	-22 534
Interest expenses		-14 143	-30 420
Other costs	2	-5 703	-5 898
TOTAL EXPENSES		-38 140	-58 852
PROFIT/LOSS FOR THE YEAR		287 461	-85 862
NOTES			
<i>Note 1 Specification of cost of administration</i>			
Fixed management fee		-18 294	-22 534
TOTAL, COST OF ADMINISTRATION		-18 294	-22 534
<i>Note 2 Specification of other costs</i>			
Bank charges		-36	-44
Transaction costs		-5 667	-5 854
TOTAL, OTHER COSTS		-5 703	-5 898

BALANCE SHEET 2019-12-31

SEK thousand	Notes	2019-12-31	2018-12-31
ASSETS			
Money market instruments		1 240 248	1 477 240
Other derivative instruments with positive market value		79 074	120 103
<i>Total financial instruments with positive market value</i>		<i>1 319 323</i>	<i>1 597 343</i>
<i>Total investments with positive market value</i>		<i>1 319 323</i>	<i>1 597 343</i>
Bank deposits and other cash equivalents		386 639	308 963
Other assets	3	595	12 574
TOTAL ASSETS		1 706 557	1 918 880
LIABILITIES			
Other derivative instruments with negative market value		52 793	56 588
<i>Total financial instruments with negative market value</i>		<i>52 793</i>	<i>56 588</i>
Accrued expenses and deferred income	4	1 816	2 152
Other liabilities	5	33 601	45 787
TOTAL LIABILITIES		88 210	104 527
NET ASSET VALUE OF THE FUND		1 618 347	1 814 353
MEMORANDUM ITEMS			
Pledged collateral for derivative instruments*		306 303	254 452
TOTAL PLEDGED ASSETS		306 303	254 452
Percentage of net asset value		18.9	14.0
NOTES (CONT.)			
Note 3 Other assets			
Fund assets in course of settlement		472	5 838
Other assets		124	6 737
TOTAL OTHER ASSETS		596	12 575
Note 4 Accrued expenses and deferred income			
Liability to fund management company		1 355	1 529
Interest expenses		461	623
TOTAL, ACCRUED EXPENSES AND DEFERRED INCOME		1 816	2 152
Note 5 Other liabilities			
Fund liabilities in course of settlement		26 251	25 794
Liability relating to redemptions		7 350	19 993
TOTAL, OTHER LIABILITIES		33 601	45 787

* The pledged collateral consists of bank deposits and unrealized results in the financial instruments.

STATEMENT OF NET ASSETS DECEMBER 31, 2019

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)	Mar-20	CME,Chicago	USD	-11	-83	0.0
US govt bonds (US Tbond)	Mar-20	CME,Chicago	USD	-4	-20	0.0
30-year German govt bonds (Buxl)	Mar-20	EUREX, Frankfurt	EUR	-3	35	0.0
10-year US govt bonds	Mar-20	CME,Chicago	USD	173	-994	-0.1
10-year Australian govt bonds	Mar-20	SFE, Sydney	AUD	125	-1 663	-0.1
10-year UK govt bonds	Mar-20	ICE, London	GBP	189	-4 129	-0.3
10-year French govt bonds (OAT)	Mar-20	EUREX, Frankfurt	EUR	19	-351	0.0
10-year Italian govt bonds (BTP)	Mar-20	EUREX, Frankfurt	EUR	38	-127	0.0
10-year Canadian govt bonds	Mar-20	ME, Montréal	CAD	-122	216	0.0
10-year South Korean govt bonds (KBT10y)	Mar-20	KOREX, Korea	KRW	-26	94	0.0
10-year German govt bonds	Mar-20	EUREX, Frankfurt	EUR	106	-2 326	-0.1
5-year US govt bonds	Mar-20	CME,Chicago	USD	186	64	0.0
5-year German govt bonds	Mar-20	EUREX, Frankfurt	EUR	-17	0	0.0
3-year Australian govt bonds	Mar-20	SFE, Sydney	AUD	-38	36	0.0
3-year Italian govt bonds (Short BTP)	Mar-20	EUREX, Frankfurt	EUR	133	199	0.0
2-year US govt bonds	Mar-20	CME,Chicago	USD	175	185	0.0
2-year German govt bonds	Mar-20	EUREX, Frankfurt	EUR	72	-42	0.0
SHORT INTEREST RATE FUTURES						
3-month US interest	Mar-20	CME,Chicago	USD	45	-102	0.0
3-month US interest	Jun-20	CME,Chicago	USD	60	7	0.0
3-month US interest	Sep-20	CME,Chicago	USD	66	83	0.0
3-month US interest	Dec-20	CME,Chicago	USD	68	-75	0.0
3-month US interest	Mar-21	CME,Chicago	USD	70	-284	0.0
3-month US interest	Jun-21	CME,Chicago	USD	72	-225	0.0
3-month US interest	Sep-21	CME,Chicago	USD	597	-343	0.0
3-month US interest	Dec-21	CME,Chicago	USD	72	-31	0.0
3-month US interest	Mar-22	CME,Chicago	USD	71	-82	0.0
3-month US interest	Jun-22	CME,Chicago	USD	72	-117	0.0
3-month US interest	Sep-22	CME,Chicago	USD	72	-193	0.0
3-month US interest	Dec-22	CME,Chicago	USD	64	-262	0.0
3-month US interest	Mar-23	CME,Chicago	USD	52	-219	0.0
3-month US interest	Jun-23	CME,Chicago	USD	41	-158	0.0
3-month US interest	Sep-23	CME,Chicago	USD	32	-117	0.0
3-month US interest	Dec-23	CME,Chicago	USD	24	-20	0.0
3-month Australian interest	Mar-20	SFE, Sydney	AUD	14	-30	0.0
3-month Australian interest	Jun-20	SFE, Sydney	AUD	58	-36	0.0
3-month Australian interest	Sep-20	SFE, Sydney	AUD	24	-20	0.0
3-month Australian interest	Dec-20	SFE, Sydney	AUD	19	-4	0.0
3-month Australian interest	Mar-21	SFE, Sydney	AUD	13	-26	0.0
3-month Australian interest	Jun-21	SFE, Sydney	AUD	9	-7	0.0
3-month Australian interest	Sep-21	SFE, Sydney	AUD	5	-13	0.0
3-month Australian interest	Dec-21	SFE, Sydney	AUD	2	-7	0.0
3-month UK interest	Mar-20	ICE, London	GBP	-64	18	0.0
3-month UK interest	Jun-20	ICE, London	GBP	-42	21	0.0
3-month UK interest	Sep-20	ICE, London	GBP	-36	13	0.0
3-month UK interest	Dec-20	ICE, London	GBP	372	-277	0.0
3-month UK interest	Mar-21	ICE, London	GBP	-43	30	0.0
3-month UK interest	Jun-21	ICE, London	GBP	-41	35	0.0
3-month UK interest	Sep-21	ICE, London	GBP	-39	35	0.0
3-month UK interest	Dec-21	ICE, London	GBP	-38	41	0.0

Holdings of financial instruments (continued)*

	<i>Maturity</i>	<i>Market</i>	<i>Currency</i>	<i>Number of contracts</i>	<i>Market value (SEK '000)</i>	<i>% of fund</i>
3-month UK interest	Mar-22	ICE, London	GBP	-35	40	0.0
3-month UK interest	Jun-22	ICE, London	GBP	-30	38	0.0
3-month UK interest	Sep-22	ICE, London	GBP	-26	37	0.0
3-month UK interest	Dec-22	ICE, London	GBP	-20	15	0.0
3-month Euro interest	Mar-20	ICE, London	EUR	-79	73	0.0
3-month Euro interest	Jun-20	ICE, London	EUR	-83	78	0.0
3-month Euro interest	Sep-20	ICE, London	EUR	-78	77	0.0
3-month Euro interest	Dec-20	ICE, London	EUR	-175	151	0.0
3-month Euro interest	Mar-21	ICE, London	EUR	-57	83	0.0
3-month Euro interest	Jun-21	ICE, London	EUR	-44	82	0.0
3-month Euro interest	Sep-21	ICE, London	EUR	-34	69	0.0
3-month Euro interest	Dec-21	ICE, London	EUR	-27	65	0.0
3-month Euro interest	Mar-22	ICE, London	EUR	-23	62	0.0
3-month Euro interest	Jun-22	ICE, London	EUR	-20	52	0.0
3-month Euro interest	Sep-22	ICE, London	EUR	-17	57	0.0
3-month Euro interest	Dec-22	ICE, London	EUR	-13	30	0.0
3-month Canadian interest	Mar-20	ME, Montréal	CAD	-7	2	0.0
3-month Canadian interest	Jun-20	ME, Montréal	CAD	-7	0	0.0
3-month Canadian interest	Sep-20	ME, Montréal	CAD	-78	41	0.0
3-month Canadian interest	Dec-20	ME, Montréal	CAD	-6	11	0.0
3-month Canadian interest	Mar-21	ME, Montréal	CAD	-4	8	0.0
3-month Canadian interest	Jun-21	ME, Montréal	CAD	-2	2	0.0
CURRENCY FUTURES						
AUD/USD	Mar-20	CME, Chicago	USD	-42	-585	0.0
CAD/USD	Mar-20	CME, Chicago	USD	205	749	0.0
CHF/USD	Mar-20	CME, Chicago	USD	-128	-2 149	-0.1
EUR/USD	Mar-20	CME, Chicago	USD	61	-24	0.0
GBP/USD	Mar-20	CME, Chicago	USD	91	20	0.0
JPY/USD	Mar-20	CME, Chicago	USD	-193	3	0.0
EQUITY INDEX FUTURES						
US stock market (Dow Jones)	Mar-20	CME, Chicago	USD	167	1 290	0.1
US stock market (Nasdaq)	Mar-20	CME, Chicago	USD	116	3 135	0.2
US stock market (Russell)	Mar-20	CME, Chicago	USD	-35	-90	0.0
US stock market (S&P 400)	Mar-20	CME, Chicago	USD	7	-25	0.0
US stock market (S&P 500)	Mar-20	CME, Chicago	USD	70	877	0.1
US Stock market (MME/MSCI Emerging Markets)	Mar-20	ICE, New York	USD	-48	-304	0.0
Australian stock market (SPI)	Mar-20	SFE, Sydney	AUD	82	-551	0.0
UK stock market (FTSE)	Mar-20	ICE, London	GBP	-10	4	0.0
European stock market (ESTOXX)	Mar-20	EUREX, Frankfurt	EUR	582	-542	0.0
French stock market (CAC)	Jan-20	Euronext, Paris	EUR	117	78	0.0
Dutch stock market (AEX)	Jan-20	Euronext, Amsterdam	EUR	30	-168	0.0
Hong Kong stock market (Hang Seng)	Jan-20	HKFE, Hong Kong	HKD	34	225	0.0
Italian stock market (MIB)	Mar-20	BI, Milano	EUR	58	-398	0.0
Japanese stock market (Nikkei)	Mar-20	SGX, Singapore	JPY	88	818	0.1
Japanese stock market (Nikkei)	Mar-20	OSE, Tokyo	JPY	82	1 731	0.1
Japanese stock market (TOPIX)	Mar-20	OSE, Tokyo	JPY	112	135	0.0
Canadian stock market (Canada 60)	Mar-20	ME, Montréal	CAD	44	83	0.0
Chinese stock market (China A50)	Jan-20	SGX, Singapore	USD	397	620	0.0
Chinese stock market (H-shares)	Jan-20	HKFE, Hong Kong	HKD	29	57	0.0
EAFE stock market index (MSCI)	Mar-20	ICE, New York	USD	-20	110	0.0
Singaporean stock market (MSCI)	Jan-20	SGX, Singapore	SGD	75	0	0.0
Swedish stock market (OMX)	Jan-20	Nasdaq OMX, Stockholm	SEK	127	-257	0.0
South African stock market (JSE40)	Mar-20	AFE, South Africa Johannesburg	ZAR	5	1	0.0
South Korean stock market (Kospi200)	Mar-20	KOREX, Korea	KRW	150	3 329	0.2

Holdings of financial instruments (continued)*

	<i>Maturity</i>	<i>Market</i>	<i>Currency</i>	<i>Number of contracts</i>	<i>Market value (SEK '000)</i>	<i>% of fund</i>
Taiwanese stock market (MSCI Taiwan)	Jan-20	SGX, Singapore	USD	130	271	0.0
German stock market (DAX)	Mar-20	EUREX, Frankfurt	EUR	72	-715	0.0
COMMODITY FUTURES						
Aluminum	Mar-20	LME, London	USD	12	21	0.0
Aluminum	Apr-20	LME, London	USD	33	75	0.0
Lead (LME)	Mar-20	LME, London	USD	9	56	0.0
Cotton	Mar-20	ICE, New York	USD	51	357	0.0
Cotton	May-20	ICE, New York	USD	-9	-179	0.0
Cotton	Jul-20	ICE, New York	USD	-10	-188	0.0
Cotton	Dec-20	ICE, New York	USD	-6	-51	0.0
Heating Oil	Feb-20	NMX, New York	USD	32	77	0.0
Heating Oil	May-20	NMX, New York	USD	1	9	0.0
Heating Oil	Jun-20	NMX, New York	USD	1	11	0.0
Heating Oil	Jul-20	NMX, New York	USD	1	12	0.0
Heating Oil	Aug-20	NMX, New York	USD	1	12	0.0
Heating Oil	Sep-20	NMX, New York	USD	1	15	0.0
Heating Oil	Oct-20	NMX, New York	USD	1	36	0.0
Heating Oil	Nov-20	NMX, New York	USD	1	35	0.0
Heating Oil	Dec-20	NMX, New York	USD	2	73	0.0
Gasoil	Feb-20	ICE, London	USD	112	662	0.0
Gasoil	Dec-20	ICE, London	USD	1	24	0.0
Gold	Feb-20	CME,Chicago	USD	258	6 354	0.4
Gold	Apr-20	CME,Chicago	USD	2	38	0.0
Gold	Jun-20	CME,Chicago	USD	2	58	0.0
Gold	Aug-20	CME,Chicago	USD	2	35	0.0
Coffee	Mar-20	ICE, New York	USD	46	500	0.0
Coffee	Sep-20	ICE, New York	USD	1	-23	0.0
Cocoa	Mar-20	ICE, New York	USD	-14	-23	0.0
Copper	Mar-20	CME,Chicago	USD	266	3 200	0.2
Copper	May-20	CME,Chicago	USD	-2	-84	0.0
Copper	Jul-20	CME,Chicago	USD	-2	-85	0.0
Copper	Sep-20	CME,Chicago	USD	-2	-81	0.0
Copper	Mar-20	LME, London	USD	40	477	0.0
Copper	Apr-20	LME, London	USD	6	18	0.0
Corn	Mar-20	CME,Chicago	USD	-234	-1 242	-0.1
Corn	May-20	CME,Chicago	USD	-6	-29	0.0
Corn	Jul-20	CME,Chicago	USD	-8	-53	0.0
Corn	Dec-20	CME,Chicago	USD	-5	-25	0.0
Corn	Mar-21	CME,Chicago	USD	1	0	0.0
Natural gas	Feb-20	NMX, New York	USD	-277	1 799	0.1
Natural gas	Mar-20	NMX, New York	USD	-12	177	0.0
Natural gas	Apr-20	NMX, New York	USD	-13	98	0.0
Natural gas	May-20	NMX, New York	USD	-15	69	0.0
Natural gas	Jun-20	NMX, New York	USD	-16	32	0.0
Natural gas	Jul-20	NMX, New York	USD	-17	24	0.0
Natural gas	Aug-20	NMX, New York	USD	-18	30	0.0
Natural gas	Sep-20	NMX, New York	USD	-18	18	0.0
Natural gas	Oct-20	NMX, New York	USD	-14	-14	0.0
Natural gas	Nov-20	NMX, New York	USD	-5	-14	0.0
Natural gas	Dec-20	NMX, New York	USD	6	9	0.0
Natural gas	Jan-21	NMX, New York	USD	15	23	0.0
Natural gas	Feb-21	NMX, New York	USD	19	31	0.0
Natural gas	Mar-21	NMX, New York	USD	13	20	0.0
Natural gas	Apr-21	NMX, New York	USD	4	1	0.0
Natural gas	May-21	NMX, New York	USD	-1	3	0.0
Natural gas	Jun-21	NMX, New York	USD	-4	14	0.0
Nickel (LME)	Mar-20	LME, London	USD	15	377	0.0

Holdings of financial instruments (continued)*

	<i>Maturity</i>	<i>Market</i>	<i>Currency</i>	<i>Number of contracts</i>	<i>Market value (SEK '000)</i>	<i>% of fund</i>
Nickel (LME)	Apr-20	LME, London	USD	3	35	0.0
Live cattle	Feb-20	CME, Chicago	USD	27	86	0.0
Live cattle	Apr-20	CME, Chicago	USD	18	356	0.0
Live cattle	Jun-20	CME, Chicago	USD	21	425	0.0
Live cattle	Aug-20	CME, Chicago	USD	19	82	0.0
Feeder Cattle	Mar-20	CME, Chicago	USD	-15	5	0.0
Palladium (CME)	Mar-20	NMX, New York	USD	15	1 206	0.1
Platinum (CME)	Apr-20	NMX, New York	USD	54	718	0.0
RBOB Gasoline	Feb-20	NMX, New York	USD	75	700	0.0
RBOB Gasoline	Mar-20	NMX, New York	USD	2	118	0.0
RBOB Gasoline	Apr-20	NMX, New York	USD	2	95	0.0
RBOB Gasoline	May-20	NMX, New York	USD	2	97	0.0
RBOB Gasoline	Jun-20	NMX, New York	USD	2	123	0.0
RBOB Gasoline	Jul-20	NMX, New York	USD	2	121	0.0
RBOB Gasoline	Aug-20	NMX, New York	USD	2	151	0.0
RBOB Gasoline	Sep-20	NMX, New York	USD	2	62	0.0
RBOB Gasoline	Oct-20	NMX, New York	USD	1	1	0.0
Brent Crude Oil	Mar-20	ICE, London	USD	199	2 224	0.1
Brent Crude Oil	Apr-20	ICE, London	USD	2	131	0.0
Brent Crude Oil	May-20	ICE, London	USD	2	126	0.0
Brent Crude Oil	Jun-20	ICE, London	USD	2	104	0.0
Brent Crude Oil	Jul-20	ICE, London	USD	2	95	0.0
Brent Crude Oil	Aug-20	ICE, London	USD	2	88	0.0
Brent Crude Oil	Sep-20	ICE, London	USD	2	57	0.0
Brent Crude Oil	Dec-20	ICE, London	USD	2	49	0.0
Brent Crude Oil	Jun-21	ICE, London	USD	2	35	0.0
Brent Crude Oil	Dec-21	ICE, London	USD	2	22	0.0
Sweet Crude Oil	Feb-20	NMX, New York	USD	194	2 595	0.2
Sweet Crude Oil	Mar-20	NMX, New York	USD	1	35	0.0
Sweet Crude Oil	Apr-20	NMX, New York	USD	1	35	0.0
Sweet Crude Oil	May-20	NMX, New York	USD	1	35	0.0
Sweet Crude Oil	Jun-20	NMX, New York	USD	1	33	0.0
Sweet Crude Oil	Jul-20	NMX, New York	USD	2	80	0.0
Sweet Crude Oil	Aug-20	NMX, New York	USD	2	76	0.0
Sweet Crude Oil	Sep-20	NMX, New York	USD	2	73	0.0
Sweet Crude Oil	Oct-20	NMX, New York	USD	2	74	0.0
Sweet Crude Oil	Nov-20	NMX, New York	USD	2	59	0.0
Sweet Crude Oil	Dec-20	NMX, New York	USD	2	66	0.0
Sweet Crude Oil	Jan-21	NMX, New York	USD	1	7	0.0
Sweet Crude Oil	Jun-21	NMX, New York	USD	2	30	0.0
Sweet Crude Oil	Dec-21	NMX, New York	USD	1	10	0.0
Silver	Mar-20	CME, Chicago	USD	180	5 426	0.3
Silver	May-20	CME, Chicago	USD	2	103	0.0
Silver	Jul-20	CME, Chicago	USD	2	102	0.0
Silver	Sep-20	CME, Chicago	USD	1	49	0.0
Sugar	Mar-20	ICE, New York	USD	-136	-821	-0.1
Sugar	May-20	ICE, New York	USD	-37	-477	0.0
Sugar	Jul-20	ICE, New York	USD	-38	-458	0.0
Sugar	Oct-20	ICE, New York	USD	-36	-401	0.0
Soybean meal	Mar-20	CME, Chicago	USD	-60	32	0.0
Soybean meal	May-20	CME, Chicago	USD	-15	-22	0.0
Soybean meal	Jul-20	CME, Chicago	USD	-12	-13	0.0
Soybean meal	Dec-20	CME, Chicago	USD	7	0	0.0
Soybean oil	Mar-20	CME, Chicago	USD	75	593	0.0
Soybean oil	May-20	CME, Chicago	USD	-3	-29	0.0
Soybean oil	Dec-20	CME, Chicago	USD	11	58	0.0
Soybeans	Mar-20	CME, Chicago	USD	146	588	0.0
Soybeans	May-20	CME, Chicago	USD	-7	-107	0.0

Holdings of financial instruments (continued)*

	<i>Maturity</i>	<i>Market</i>	<i>Currency</i>	<i>Number of contracts</i>	<i>Market value (SEK '000)</i>	<i>% of fund</i>
Soybeans	Jul-20	CME,Chicago	USD	-6	-114	0.0
Soybeans	Nov-20	CME,Chicago	USD	8	68	0.0
Soybeans	Jan-21	CME,Chicago	USD	12	69	0.0
Soybeans	Mar-21	CME,Chicago	USD	4	15	0.0
Lean Hogs	Feb-20	CME,Chicago	USD	-55	-835	-0.1
Wheat	Mar-20	CME,Chicago	USD	35	409	0.0
Wheat	May-20	CME,Chicago	USD	-8	-35	0.0
Wheat	Jul-20	CME,Chicago	USD	-7	-22	0.0
Wheat	Sep-20	CME,Chicago	USD	-4	-18	0.0
Wheat	Dec-20	CME,Chicago	USD	1	5	0.0
Wheat	Mar-21	CME,Chicago	USD	1	-1	0.0
Wheat (Kansas)	Mar-20	CME,Chicago	USD	2	-1	0.0
Zinc	Mar-20	LME, London	USD	69	485	0.0
Zinc	Apr-20	LME, London	USD	12	7	0.0

FIXED INCOME SECURITIES

		<i>Nom. Amount</i>		
Swedish Treasury bills	Feb-20	51 MSEK	51 020	3.2
Swedish Treasury bills	Mar-20	289 MSEK	289 185	17.9
Swedish Treasury bills	Jun-20	899 MSEK	900 043	55.6
TOTAL OTHER FINANCIAL INSTRUMENTS THAT ARE ADMITTED TO TRADING ON A REGULATED MARKET OR A CORRESPONDING MARKET OUTSIDE THE EEA			1 265 749	78.2

OTHER FINANCIAL INSTRUMENTS

CURRENCY FORWARDS			<i>Amount ('000)</i>		
AUD/USD	Mar-20	AUD	-7 140	-2 546	-0.2
CAD/USD	Mar-20	CAD	8 880	390	0.0
EUR/USD	Mar-20	EUR	2 375	-1 039	-0.1
GBP/USD	Mar-20	GBP	3 150	-44	0.0
JPY/USD	Mar-20	JPY	-1 032 500	1 164	0.1
MXN/USD	Mar-20	MXN	563 200	1 773	0.1
NOK/USD	Mar-20	NOK	5 400	-2 949	-0.2
NZD/USD	Mar-20	NZD	19 520	642	0.0
SEK/USD	Mar-20	SEK	73 900	-1 181	-0.1
TRY/USD	Mar-20	TRY	27 350	-1 716	-0.1
CHF/USD	Mar-20	CHF	-11 000	-2 279	-0.1
CNH/USD	Mar-20	CNH	67 600	-133	0.0
SGD/USD	Mar-20	SGD	23 180	265	0.0
PLN/USD	Mar-20	PLN	18 940	359	0.0
HUF/USD	Mar-20	HUF	-118 000	-143	0.0
RUB/USD	Mar-20	RUB	1 791 000	6 101	0.4
ZAR/USD	Mar-20	ZAR	164 900	2 118	0.1
TOTAL OTHER FINANCIAL INSTRUMENTS				781	0.0
TOTAL FINANCIAL INSTRUMENTS				1 266 530	78.3
BANK DEPOSITS				386 639	23.9
OTHER ASSETS AND LIABILITIES, NET				-34 822	-2.2
TOTAL NET ASSETS				1 618 347	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 1 265 749 (78.2 per cent of the fund assets) and in Category 7 (Other financial instruments) amounting to TSEK 781 (0.0 per cent of the fund assets). The fund has no holdings in Categories 1 or 3-6.

ACCOUNTING PRINCIPLES

■ The annual report is made up in accordance with the Act (2013:561) on managers of alternative investment funds and Finansinspektionens 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 com-

pany. 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

NET ASSET VALUE OF UNITS¹

	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

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

UNIT HOLDER'S COSTS

<i>Investment at December 31, 2018</i>	<i>10 000,00</i>	<i>As % of investment 2018-12-31</i>
Change in value before costs	1 732.39	17.32%
Costs		
Fixed fee ¹	-113.97	-1.14%
Performance-based fee ²	0.00	0.00%
Other costs ³	-76.83	-0.77%
Change in value after costs	1 541.59	15.42%
Market value as at December 31, 2019	11 541.59	

The example above explains the costs incurred by Lynx in 2019. The figures relate to a unit-holder who owned units in the fund for the equivalent of SEK 10 000 at 31 December 2018 and who has retained these units throughout 2019.

¹ 1 per cent per year. Debited monthly on the market value at the time.

² 20 per cent of the return in excess of the return on three-month Swedish treasury bills. Debited monthly.

³ Brokerage commissions, clearing fees and interest costs.

Svante Elfving
Chairman

Marcus Andersson

Jonas Bengtsson

Svante Bergström
CEO

Ola Paulsson

AUDIT REPORT

TO THE UNIT-HOLDERS IN THE LYNX FUND, REGISTRATION NUMBER 504400-7663

REPORT ON ANNUAL REPORT

OPINION

As auditors of Lynx Asset Management AB, corporate identity number 556573-1782, we have audited the annual report of the Lynx Fund for 2019. The annual report is included on pages 15-28 in this document.

In our opinion, the annual report has been prepared in accordance with the alternative investment fund managers Act and Finansinspektionen's regulations regarding alternative investment fund managers, and presents fairly, in all material respects, the financial position of the Lynx fund as of 31 December 2019 and its financial performance for the year then ended in accordance with the alternative investment fund managers Act and Finansinspektionen's regulations regarding alternative investment fund managers.

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the company in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion

OTHER INFORMATION THAN THE ANNUAL REPORT

This document also contains other information than the annual report and is found on pages 1-14 and 29-31. The company is responsible for this other information. Our opinion on the annual report does not cover this other information and we do not express any form of assurance conclusion regarding this other information. In connection with our audit of the annual report, our responsibility is to read the information identified above and consider whether the information is materially inconsistent with the annual report. In this procedure we also take into account our knowledge otherwise obtained in the audit and assess whether the information otherwise appears to be materially misstated.

If we, based on the work performed concerning this information, conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF THE COMPANY

The company is responsible for the preparation of the annual report and that it gives a fair presentation in accordance with the alternative investment fund mana-

gers Act and Finansinspektionen's regulations regarding alternative investment fund managers. The company is also responsible for such internal control as they determine necessary to enable the preparation of an annual report that is free of material misstatements, whether due to fraud or error.

AUDITOR'S RESPONSIBILITY

Our objectives are to obtain reasonable assurance about whether the annual report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this annual report.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatements of the annual report, whether due to fraud

or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from an error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of the company's internal control relevant to our audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the company.
- Evaluate the overall presentation, structure and contents of the annual report, including the disclosures, and whether the annual report represents the underlying transactions and events in a manner that achieves fair presentation.

We must inform the company of, among other matters, the planned scope and timing of the audit. We must also inform of significant audit findings during our audit, including any significant deficiencies in internal control that we identified.

Stockholm, February 14, 2020
KPMG AB

Anders Bäckström
Authorized 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. He chairs the working group for validating new model proposals from the research team and leads the company's efforts in developing short-term models. Chapuis has also developed numerous models used in the Lynx Program. 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 Head of Execution Research at Lynx. David Jansson was hired by Lynx in 2005 initially as a trader. In 2007, he initiated the firm's efforts in Execution Research and in 2011 he became Partner and Head of Execution Research, where he is responsible for the development of the firm's execution algorithms. In 2019, he was promoted to Portfolio Manager. Earlier in his career, Jansson 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 Program. 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 specialization 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 Option and Future).

Downside risk

A measure of the distribution of an asset's negative return. The calculation of downside risk for a time-series x_1, \dots, x_n 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 (r_f); and secondly, only negative deviations are taken into account. See the formula below:

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

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 JPMorgan Chase Bank N.A. 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

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