

HALF-YEARLY REPORT

2021

L Y N X

THE LYNX FUND IN BRIEF

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

MANAGEMENT TARGETS

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

FEES AND SUBSCRIPTIONS

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

SUPERVISION

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

FUND MANAGEMENT COMPANY

	LYNX ASSET MANAGEMENT AB
Organisationsnummer:	556573-1782
Registration date:	10th June 1999.
Company registration number:	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.
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Telephone:	+46 8 663 33 60
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E-mail:	info@lynxhedge.se
Website:	www.lynxhedge.se
Board of Directors:	Marcus Andersson (COO Lynx Asset Management AB), Jonas Bengtsson (Portfolio Manager Lynx Asset Management AB), Svante Bergström (CEO and Portfolio Manager Lynx Asset Management AB), Svante Elfving (Chairman Lynx Asset Management AB, Partner Brummer & Partners AB) and Ola Paulsson (CEO and partner, Brummer & Partners AB).
Chief Compliance Officer:	Kim Dixner
Independent Risk Control Manager:	Andreas Ekenbäck

¹This means the average interest 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.

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2021

*The Board and the CEO of Lynx Asset Management AB
herewith submit the following half-yearly report for the Lynx Fund for
the period January 1 – June 30, 2021.*



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IMPORTANT INFORMATION

Lynx and Lynx Dynamic are special funds as defined in Chapter 1, Section 11 of the Act (2013:561 - LAIF).

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.

This report is prepared in Swedish and translated into English. In the event of any discrepancy, the Swedish version shall have priority.

In connection with acting as the commodity pool operator of the funds, Lynx Asset Management AB has filed a notice of claim of exemption pursuant to U.S. Commodity Futures Trading Commission Advisory 18-96 under the U.S. Commodity Exchange Act, as amended. This due to the fact that the funds do not permit US investors.



PERFORMANCE OVERVIEW

■ Lynx ended the first half of 2021 up 3.29 per cent as gains in commodities and equities outpaced losses in fixed income and foreign exchange. The positive result brings annualized performance since inception to 9.33 per cent with an annualized standard deviation of 14.92 per cent. While the year-to-date result trails the Société Générale CTA Index (a leading industry benchmark) which ended the period up 6.51 per cent, the 17.95 per cent rolling 12-month performance comfortably leads the 12.91 per cent index return.

Anticipation of economies reopening around the globe impacted markets from energies to bonds. Concerns over rising inflation also surfaced. As most developed economies have benefited from generally benign conditions over the past 40 years, uncertainty regarding how rising inflation may impact asset prices created some unease for investors. The resulting price action created both opportunities and challenges for Lynx as the models adapted to the new regime.

Trend-following models generated positive results across timeframes with performance commensurate with the risk budgeted; medium-term holding periods were most profitable followed by short and then long-term models. Short and medium-term diversifying models also generated positive results in aggregate, although the returns were below their trend-following peers. Meanwhile, long-term diversifying models were unprofitable, slightly outweighing the gains in the other timeframes.

MARKET DEVELOPMENTS

While most have been looking forward to the time when the COVID-19 pandemic is no longer capturing the headlines and driving markets, they will need to look beyond the first six months of 2021. However, unlike last year when shutdowns and quarantines were stifling economies and the humanitarian crisis seemed to get more dire by the day, the increasing availability of coronavirus vaccines as the year progressed resulted in an optimism that had been absent for most of 2020.

Access to these vaccines – and the robustness of vaccination programs – had a marked impact on economic activity. While some countries struggled to secure enough doses to control the spread of the virus, governments in most developed Western nations were able to begin lifting the most extreme pandemic restrictions as their populations became increasingly immunized. The spread of more contagious – and potentially vaccine-

resistant – variants slowed the reopening in Europe late in June and lockdowns returned across Asia and Australia as the second quarter drew to a close, but significant advances were made and global growth accelerated as a result.

In the US, GDP climbed 6.4 per cent in the first quarter and higher frequency economic indicators signaled continued strength as the year progressed. Inflation similarly rose and the US Federal Reserve became slightly more hawkish as a result. Although the Fed indicated last year that they would be comfortable loosening their inflation target – particularly given rather anemic conditions in recent years – some governors revised their monetary policy expectations and dissented from the consensus opinion that price risks were transitory. Labor force participation rates generally remained below pre-pandemic levels as expanded benefits contributed to fewer employees reentering the workforce. Meanwhile, the unemployment rate continued to decline but remained over 2 per cent higher than in February 2020 adding to the uncertainty surrounding policy.

The Eurozone contracted in the first quarter as vaccine availability on the continent was initially well below the UK and North America, although the tide shifted markedly as the year progressed and growth accelerated. Inflation rates generally exceeded expectations – approaching pre-pandemic levels – and the ECB began considering their options should it exceed their 2 per cent target for an extended period. Levels varied widely across the continent, although price pressures generally rose. As was the case in the US, unemployment rates remained elevated when compared to the pre-pandemic period, particularly on the periphery.

Dramatic declines in manufacturing during the depths of the crisis – and the resulting low inventory levels coming into the new year – created an opportunity for many Asian nations to benefit from the recovery. However, relatively slow vaccinations across the continent contributed to muted domestic demand and lower inflation levels than developed Western economies; rising commodity prices further hindered growth. Even those nations that experienced increasing price pressures were impacted by rising COVID-19 infection rates as a third wave began spreading across the region late in the period.

Expansionary monetary policy stayed in place across much of the globe as most central banks remained committed to keeping rates low at least through the

end of 2021 and asset purchase programs continued. Prospects of increasing fiscal stimulus, including plans for infrastructure development, spawned optimism that governments would continue to support economic growth by any means necessary. Due in part to the ample liquidity bolstered by these accommodative policies, most global stock indices ended the first half of the year in positive territory. MSCI World, a global equity index, rose by 14.4 per cent in local currency. Major US indices closed at near record highs, while European bourses similarly performed well after a relatively slow start; the S&P 500 and Euro Stoxx 50 indices each climbed 14.4 per cent. Expectations that nations would begin tapping the EU recovery fund further supported European stocks in the second quarter. With headwinds from rising COVID infection rates and speculation of tighter monetary policy in China and elsewhere in the region, Asian equity indices generally trailed US and European counterparts. The Japanese Nikkei 225 index ended the period up 4.9 per cent while the Hang Seng index rose 5.9 per cent.

Despite sanguine growth forecasts and continued accommodative monetary policy, global yield curves flattened in the second quarter after steepening earlier in the period. Rising inflation data had the greatest impact on the US curve, particularly after the FOMC dot plot revealed two rate hike projections in 2023 – earlier than previously forecast – and more robust economic projections for the current year. Skepticism regarding future policy resulted in some price fluctuations, but after peaking at 1.75 per cent on March 31st, 10-year Treasury Yields declined by 28 basis points to 1.47 per cent by the end of June. Even after the pullback, 10-year rates remained 55 basis points above where they were coming into the year. European interest rates also climbed but real rates in most countries remained negative; German 10-year bund rates climbed by 37 basis points, yet nominal yields remained below zero at -0.20 per cent. Speculation that the ECB would begin tapering their pandemic emergency purchase program (PEPP) contributed to climbing yields late in the period.

As the US economy gained momentum, indications that the Fed was considering tapering quantitative easing began to emerge. Official statements indicating that insufficient progress had been made, particularly regarding employment, created some ambiguity regarding future policy, but the US greenback nevertheless appreciated against most global counterparts in response by 2.8 per cent as measured by the US dollar index. Developed market European and Asian currencies similarly moved on changing monetary policy expectations, particularly as pandemic restrictions and lockdowns returned. Emerging market currencies fluctuated broadly as growth expectations and expected interest rate policy influenced exchange rates. The Turkish lira depreciated markedly on concerns over nonconventional monetary policy; despite

persistent inflation in the country, Turkish president Erdogan was outspoken over the need for more accommodative monetary policy.

In other commodities, rising demand for metals and energies as economies reopened was met with extraordinarily tight inventories leading to speculation of another commodity “super-cycle.” Crude oil prices were particularly strong as voluntary Saudi Arabian production cuts – beyond levels previously negotiated within OPEC – and refinery closures in Texas during the first quarter contributed to the move. Brent crude rose 44 per cent during the period. Copper prices also rose significantly due to increasing industrial demand – specifically for electrical wiring and battery production – and decreasing South American production. Attempts by China to curb the appreciation – including pledging to release base metals from strategic national reserves – resulted in some weakness in June, although prices remained elevated ending up over 22 per cent on the year. Weather had the greatest impact on agricultural markets as grain and bean prices hit multiyear highs early in the year before US crop estimates rose on improving conditions as summer arrived.

ANALYSIS OF THE RESULT

Commodity markets continued to drive positive performance as they did in 2020 contributing approximately 10.5 per cent to the total gain of 3.3 per cent generated by Lynx in the first half of 2021. Energies were exceptionally profitable generating a 6.7 per cent return as prices climbed on rising demand and tight supply. Meanwhile, agricultural markets generated strong results early in the year but softened in the second quarter, ultimately producing a gain of 2.9 per cent. Long positions in grains were particularly profitable as soybean and corn prices extended their meteoric rise from 2020 on increasing Chinese imports and dwindling global inventories through the end of May. Prices declined precipitously in June as Chinese farmers significantly increased planted acreage to meet domestic demand and weather conditions in the US improved, but the fund's exposure fell quickly resulting in only a partial giveback of previous gains. In the metals, solid profits in copper and aluminum outpaced losses in gold and silver to yield an approximate gain of 0.9 per cent. Industrial metals climbed on the “reopening trade” while precious metals weakened as the pandemic began to ease. Commodity profits were distributed relatively equally between trend-following and diversifying models with all timeframes generating a positive return.

Equity index futures were also profitable, contributing approximately 1.9 per cent to the six-month return. Not only did results vary by region, but also within regions, as multiple factors from vaccine distribution to monetary and fiscal policy to the composition of each index influenced price action. Net exposu-

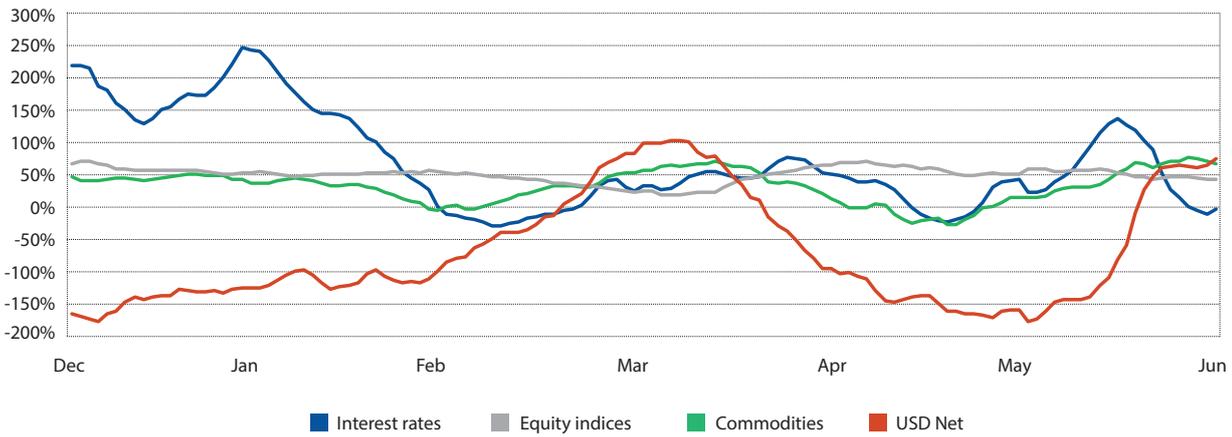


Chart 1 Net exposure by asset class during first six months of 2021.

re vacillated broadly between long and short as models attempted to forecast market direction and optimally express equity beta. Interestingly, many of the multivariate models periodically maintained neutral or net short notional exposure as they viewed correlated opportunities in industrial commodities as more attractive alternatives. Ultimately, gains in North America and Asia outweighed losses in Europe; large cap US indices and the Korean KOSPI made the largest positive contribution, while trading in the EuroStoxx index was the most challenging. Medium to long-term trend-following models were particularly profitable while medium-term diversifiers had the most difficulty in the sector; short-term models in both groups generated slightly negative results.

Conversely, foreign exchange was the most challenging sector for Lynx in the first half of the year, generating a loss of approximately -4.6 per cent. The program entered 2021 with significant short positions in the US dollar which suffered as the US currency rose early in the first quarter on increasing rate expectations. Net exposure fluctuated broadly afterwards as exchange rates moved in part on changing expectations of future monetary policy. While the Fed remained highly accommodative,

indications of rising inflation resulted in an increasingly hawkish tone from some – but not all – Federal Reserve governors. This dissention contributed to a relatively challenging trading environment in the dollar. Additionally, rising COVID-19 infections in some countries and the consequential reinstatement of lockdowns and extensions of pandemic restrictions also had a marked influence on foreign exchange which was difficult for the models to decipher. Trend-following models were unprofitable across timeframes, although the medium-term holding periods were particularly challenged. Medium-term diversifying models similarly had difficulty, while long-term models realized a slight gain.

Fixed income also weighed on performance, contributing a loss of approximately -4.0 per cent. Bonds and short-term interest rates were both unprofitable as losses were realized across regions. In the US, models maintained curve steepening positions throughout much of the half; however, gains generated on the long end of the curve were insufficient to cover losses in shorter-term instruments as interest rate expectations increased dramatically with the emergence of inflationary pressures. Results were similarly mixed in Europe, as a profitable short position in Euro-buxl futures was outweighed by

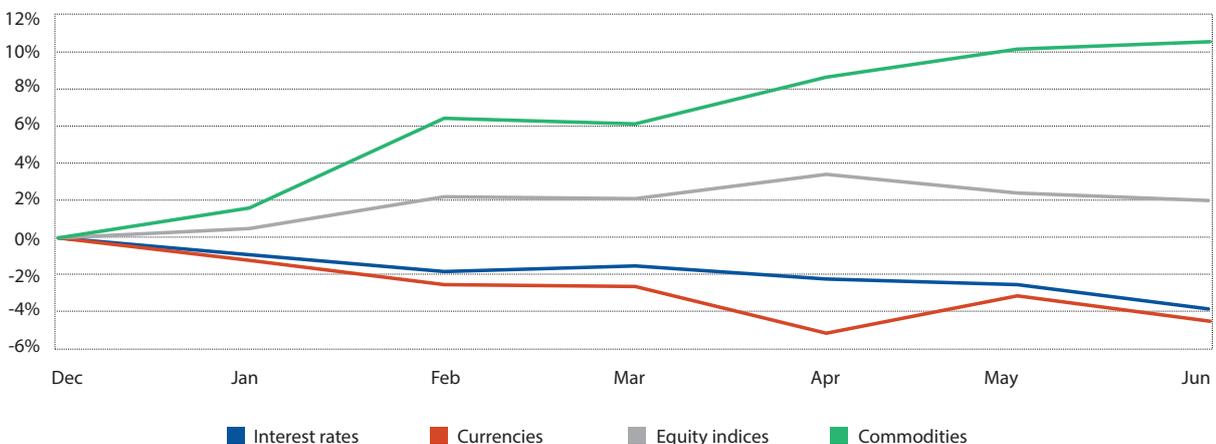


Chart 2. Contributions to performance by asset class.

losses in other German and French bonds. European fixed income exposure vacillated broadly during the first six months of the year as models had difficulty accurately forecasting the trajectory of rates. Elsewhere in the world, Korean and Australian bonds were also modestly unprofitable. By model family, losses were relatively equally split between trend-following and diversifying models, although performance varied by timeframe. Short-term holding periods were the most successful trend models while medium-term diversifying models performed best. Conversely, long-term timeframes performed poorly across both.

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

RETURN BY ASSET CLASS

Commodity-related investments	10.5%
Equity-related investments	1.9%
Fixed income-related investments	-4.0%
Currency-related investments	-4.6%
Other (management fees, interest, etc.)	-0.5%
TOTAL RETURN	3.3%

RETURN BY MODEL TYPE

Trend-following models	4.2%
Of which, short-term	1.4%
medium-term	1.9%
long-term	0.9%
Diversifying models	-0.4%
Of which, short-term	0.2%
medium-term	0.2%
long-term	-0.8%
Other (management fees, interest, etc.)	-0.5%
TOTAL RETURN	3.3%

PERFORMANCE SINCE INCEPTION

The table on page 11 shows key figures for Lynx since the Fund's inception in May 2000 and comparative figures for a global equity index and bond index (MSCI World

NDTR Index and JP Morgan Global Government Bond Index) over the same period. It also shows key figures for a representative industry benchmark index (Société Générale CTA Index).

RISK UTILIZATION

To achieve the fund's volatility target of 18 per cent annualized volatility, the average Value at Risk ("VaR") for the portfolio should equate to approximately 1.9 per cent (1-day, 95 per cent confidence interval). During the first half of 2021, the average VaR for Lynx was around 2.0 per cent.

The fund's risk utilization is decided by the underlying models and the risk is directed to those markets where the models identify the most attractive opportunities. Commodities have consistently accounted for a relatively large portion of the risk so far this year, contributing to the elevated VaR across the portfolio. They have also been the best performing asset class by a wide margin, reflecting how the risk budgeting process can contribute to positive results. Interestingly, models have been less convinced of opportunities in fixed income throughout the year, resulting in a relatively low allocation as compared to the target. Meanwhile, models have been highly tactical allocating risk in equities and foreign exchange with varied results. Overall portfolio VaR approached the 3% limit in late June and remained well above average as the month came to a close.

The chart below illustrates the change in risk during the year as measured by VaR (1 day, 95 per cent confidence interval) as well as the risk for the four sectors separately.

INVESTMENT PROCESS

The six portfolio managers of the Lynx program constitute the investment committee and are responsible for the strategic direction and management of the fund. As trading decisions are made by the 46 models currently employed in the program, the investment committee focuses primarily on longer-term matters such as deter-

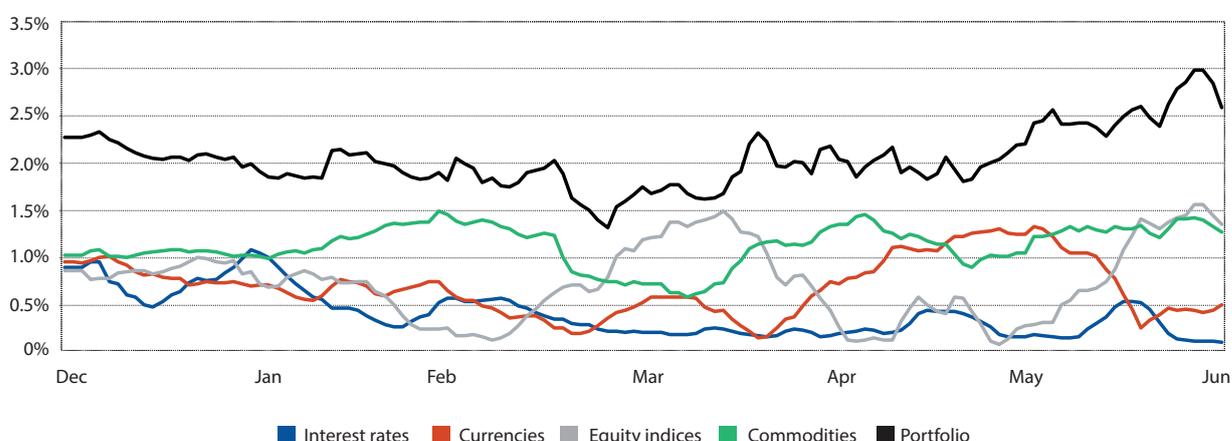


Chart 3. The development of Value at Risk during January – June 2021.

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				
2021 jan-jun, %	3.29	14.40	-2.48	6.51
2020, %	5.94	13.37	5.46	3.04
2019, %	15.42	28.01	6.15	6.39
2018, %	-2.65	-7.95	0.93	-5.83
2017, %	-5.27	18.48	1.32	2.48
2016, %	-4.16	9.00	2.94	-2.87
2015, %	-7.98	2.08	1.28	0.03
2014, %	27.58	9.81	8.51	15.66
2013, %	12.12	28.87	-0.48	0.73
2012, %	-5.14	15.71	4.16	-2.87
2011, %	-0.89	-5.49	6.34	-4.45
2010, %	18.54	10.01	4.18	9.26
2009, %	-8.52	25.73	0.66	-4.30
2008, %	42.23	-38.69	9.30	13.07
2007, %	13.22	4.69	3.91	8.05
2006, %	5.34	15.55	0.81	5.75
2005, %	6.59	15.77	3.67	3.20
2004, %	13.98	11.32	4.92	1.46
2003, %	34.55	24.91	2.19	15.75
2002, %	21.81	-24.09	8.54	12.91
2001, %	15.77	-14.21	5.24	2.49
2000 ³ , %	12.77	-9.89	5.93	11.57
Since inception, %	560.59	202.13	124.82	150.25
Average annual return since inception, %	9.33	5.36	3.90	4.43
ANALYSIS OF RETURN				
Best month, %	14.90	11.97	3.09	8.85
Worst month, %	-14.14	-16.37	-2.21	-7.64
Average monthly return, %	0.75	0.44	0.32	0.35
Maximum drawdown since inception, %	30.58	50.77	4.51	14.26
Longest period of zero return, number of months	At least 76 (ongoing)	74	32	62
KEY RATIOS				
Standard deviation, %	14.92 ⁴	14.27	3.13	8.56
Downside risk, %	9.19	10.39	1.83	5.37
Sharpe ratio	0.53	0.28	0.80	0.35
Correlation between Lynx and index shown	-	-0.08	0.36	0.84

¹ For definitions, see glossary on page 25.

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 14.22 per cent.

mining which models are included in the portfolio and setting the average risk budgeted to each asset class and market. The investment committee also has the final authority to set the allocations to each model. However, the weight placed on the output of statistical portfolio optimization increased in 2021 due to further advancements in our approach to forecasting returns and other model characteristics.

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 several key aspects. The metrics used in model evaluation include the expected marginal contribution to the existing portfolio of models and behavior in extreme market situations. In addition, the model's underlying foundational concept is assessed 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 their risk budget over the coming months. During the first six months of the year, three new models were added to the portfolio, while two models were retired.

Additions

The three additions are diversifying models employing machine learning and quantitative macro techniques, some utilizing non-price data from new sources. The first is a multivariate medium-term model utilizing multiple indicators, some conditioned on other indicators and the performance of the signals generated, to construct an optimal portfolio; the approach is similar to a neural network with no hidden layers. The next addition is another medium-term diversifying model, this one using both fundamental and technical inputs to forecast commodity prices; import/export data, foreign exchange rates, commitment of traders reports, term structure dynamics and cross commodity spread information are all considered. The final model is an asset class specific short-term diversifying model that measures the trend of ETF and mutual fund flows to trade precious metals; signals are generated in the direction of the flow momentum.

Retirements

The first model retired was a short-term diversifying model that had underperformed expectations; in some cases, the opportunities that diversifying models attempt to capitalize upon degrade faster than expected resulting in relatively quick turnover. The second retirement was a multivariate long-term trend-following model incorporating value, momentum and risk sentiment indicators to tactically allocate capital between stock indices and bonds; newer models have been developed that apply similar concepts, but more robustly.

The risk allocated to model families changed marginally from the end of 2020. The trend-following allocation declined from 72 to 68 per cent while diversifying models increased from 28 to 32 per cent. Notably, the reduction in trend came primarily from long-term models which declined from 13 to 10 per cent; short-term trend increased from 14 to 15 per cent, while medium-term models fell from 42 to 41 per cent. The increase in diversifying models was largely due to medium-term timeframes which rose from 18 to 21 per cent; short and long-term diversifying models remained at 3 and 10 per cent, respectively. As has been the case in recent years, these changes reflect an increasing adaptivity of the portfolio to shifting market conditions. The average risk allocation amongst asset classes remained unchanged, with fixed income and equities each budgeted 28 per cent, foreign exchange 23 per cent and commodities 21 per cent.

The table below illustrates the allocations to each model category as of the end of June 2021 compared to these same figures from the end of 2020 (in parentheses):

TARGET ALLOCATION BETWEEN MODEL TYPES*

	<i>Trend-following models</i>	<i>Diversifying models</i>
Short-term	15% (14)	3% (3)
Medium-term	41% (42)	21% (18)
Long-term	10% (13)	10% (10)

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

ASSETS UNDER MANAGEMENT

Total assets under management in the Lynx program at the end of June 2021 were approximately SEK 55.2 billion, compared with SEK 42.6 billion at the end of 2020. The increase is partially a result of significant inflows during the first half of the year. We are happy to note the continued confidence we enjoy from our clients.

Most of the program's assets are invested in separately managed client accounts and in the offshore funds. The

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

Swedish Lynx fund and the Lynx Dynamic fund together accounted for less than 5 per cent of the total assets under management in the program as of 30 June 2021.

OFFICE ACCESS

We continue to follow governmental recommendations regarding access to our headquarters in Stockholm, Sweden. During the period, employees have had the ability to either work from Lynx' office (in accordance with restrictions regarding the number of employees present simultaneously) or remotely through secured connections. We have a Gigabit internet connection with a fully mirrored backup, which is tested daily and we periodically test the robustness of our remote connectivity platform. From mid-August all employees, as well as visitors, are welcome back to our office without limitations on number of people.

OUTLOOK

We recently wrote about the potential for an inflationary environment to develop over the coming years and the challenges investors may face managing risk should this occur. Extraordinarily accommodative monetary policies are still in place from the aftermath of the global financial crisis and the compounding effect of recent stimulus has the potential to exacerbate fiscal imbalances globally. Government debt continues to rise and while quantitative easing mitigates the risk of a rate spike, it is

only a matter of time before asset purchases are tapered and programs abolished.

However, as a quantitative systematic manager our job is not to predict what the world will be like months or years from now. Rather, our models attempt to forecast how market prices will move tomorrow based only on data that is available today. "History doesn't repeat itself, but it often rhymes," as the adage goes. Using history as our guide, we attempt to navigate through any regime and – to the extent that the future reflects the past – capitalize on the opportunities that emerge.

Having said this, certain environments tend to be more attractive than others. Trend-following models generally need market prices to move from one level of equilibrium to the next to prosper. As investors respond to the extraordinary changes that have taken place since the pandemic began and digest the potential impact of increasing monetary and fiscal stimulus, markets could move significantly. We believe that the Lynx program is prepared to capitalize on the market opportunities that should arise if they do.

As always, Lynx remains committed to managing your capital responsibly and profitably. We are invested alongside our clients in every program we manage, aligning our interests directly with our investors. We hope to reward your confidence in us with differentiated, positive returns for the rest of 2021 and beyond.

REPORT OF THE DIRECTORS

PERFORMANCE

Lynx generated a return of 3.29 per cent net of fees for the first half of 2021. Since the fund's inception in 2000 the total return has been 560.6 per cent which equals an average annual return of 9.3 per cent.

The table on page 15 shows the fund's return per calendar month and the return for some indices.

DEVELOPMENT OF FUND ASSETS

As at 30 June 2021, the value of the Lynx Fund was SEK 1,496.5 million, which is a decrease of SEK 84.4 million since the end of 2020. Subscriptions to units amounted to SEK 43.8 million, and redemptions to SEK 179.3 million. To this is added the period's result of SEK 51.1 million.

THE FUND'S COSTS

During the first half of 2021 fixed fees to the fund management company amounting to SEK 7.7 million were charged to the fund. No performance-based fee was 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 Lynx Fund itself.

RESULT

In the first half of 2021, Lynx generated a positive return of 3.29%. Commodities and equity-related investments contributed with positive return while currencies and fixed income contributed negatively. Investments in energies and agriculture was specifically profitable. The diversifying models of the fund accounted for a slightly negative return while trend-following models was contributed positively.

ORGANISATIONAL CHANGES

There were no significant changes during the period.

SIGNIFICANT EVENTS DURING THE PERIOD

Lynx continue to follow governmental recommendations regarding the Covid pandemic. During the period, employees have had the ability to either work from Lynx' office (in accordance with restrictions regarding the number of employees present simultaneously) or remotely through secured connections. The limitations on number of people have ceased during August. However, the Board and the Management Team continue to follow the situation carefully.

Since 1 May 2021, the independent risk control is performed inhouse in a separate team while previously being outsourced to B & P Fund Services AB.

The new Sustainable Finance Disclosure Regulation (SFDR) went into force on the 10th March 2021. In accordance with SFDR the Manager is due to disclose information regarding sustainability risks and material negative consequences on sustainability due to the management of the fund. Lynx has a sustainability policy which describes how the sustainability risks are integrated in investment decisions and how events relating to environment, social responsibility and governance could cause an actual or potential negative influence on the value of investments, should this occur. The information is available on www.lynxhedge.se and in the information memorandum of the fund.

SIGNIFICANT EVENTS AFTER THE END OF THE PERIOD

An amended version of the fund rules were updated on the 2nd July 2021. The amendment relates to calculation of total margin requirements being aggregated on a total portfolio level rather than per asset class and have no material impact on the management of the fund.

SIGNIFICANT RISKS ASSOCIATED WITH THE FUND'S HOLDINGS

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

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

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

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

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

The fund is exposed to outsourcing risk, as certain

MONTHLY RETURN 2021

RETURN 2021, %	Lynx (SEK) ¹	MSCI World NDTR Index (local currency)	JP Morgan Global Gov't Bond Index (local currency)	Société Générale CTA Index
January	-0.34	-0.59	-0.81	-1.20
February	4.21	2.65	-2.21	2.87
March	-0.42	4.21	-0.33	0.89
April	0.56	4.04	0.15	3.01
May	2.19	1.03	-0.17	1.93
June	-2.81	2.34	0.56	-1.06
January-June	3.29	14.40	-2.48	6.51

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

services are performed by third-party providers such as HSBC Securities Services (Ireland) DAC and B & P Fund Services AB.

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

Trading in derivatives is an integrated component in the fund's investment concept, and the trading volume was therefore considerable during the period. The fund invests primarily in exchange traded futures contracts and in currencies using a prime broker, and the only capital invested in these investments is the collateral that is placed with the clearing organisations and the prime broker (Goldman Sachs, Société Générale, Morgan Stanley and JP Morgan). As of 30 June 2021, the collateral requirement amounted to SEK 199.9 million, which corresponds to 13.4 per cent of the value of the fund. The greater part of the fund's capital is invested in Swedish Treasury bills. The fund had no exposure to hard-to-value assets as of 30 June 2021.

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

ded, one day measures with 95 per cent confidence. The highest value during the period January – June 2021 was 2.99 per cent, the lowest 1.32 per cent and the average 1.95 per cent. As at 30 June the value was 2.58 per cent. The leverage calculated in accordance with the gross method was 2,838 per cent.²

COMMUNICATION WITH UNIT-HOLDERS

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

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

OTHER

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

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

ACCOUNTS

BALANCE SHEET 2021-06-30

SEK thousand	Notes	2021-06-30	2020-12-31
ASSETS			
Money market instruments		1 223 987	1 232 007
Other derivative instruments with positive market value		60 534	105 188
<i>Total financial instruments with positive market value</i>		<i>1 284 521</i>	<i>1 337 194</i>
<i>Total investments with positive market value</i>		<i>1 284 521</i>	<i>1 337 194</i>
Bank deposits and other cash equivalents		294 845	261 748
Other assets	1	6 701	11 868
TOTAL ASSETS		1 586 067	1 610 811
LIABILITIES			
Other derivative instruments with negative market value		61 142	18 324
<i>Total financial instruments with negative market value</i>		<i>61 142</i>	<i>18 324</i>
Accrued expenses and deferred income	2	1 423	1 524
Other liabilities	3	27 029	10 091
TOTAL LIABILITIES		89 594	29 939
NET ASSET VALUE OF THE FUND		1 496 473	1 580 872
NET ASSET VALUE OF THE FUND			
Pledged collateral for derivative instruments		199 919	285 773
TOTAL PLEDGED ASSETS		199 919	285 773
Percentage of net asset value		13.4	18.1
NOTES			
Note 13 Other assets			
Fund assets in course of settlement		6 701	11 868
TOTAL OTHER ASSETS		6 701	11 868
Note 2 Accrued expenses and deferred income			
Liability to fund management company		1 219	1 326
Interest expenses		204	198
TOTAL, ACCRUED EXPENSES AND DEFERRED INCOME		1 423	1 524
Note 3 Other liabilities			
Fund liabilities in course of settlement		24 301	228
Liability relating to redemptions		2 729	9 845
Other		-	18
TOTAL, OTHER LIABILITIES		27 030	10 091

STATEMENT OF NET ASSETS JUNE 30, 2021

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 gov't bonds (US Ultra Tbond)	Sep-21	CME,Chicago	USD	54	1 298	0.1
US gov't bonds (US Tbond)	Sep-21	CME,Chicago	USD	47	369	0.0
30-year German gov't bonds (Buxl)	Sep-21	EUREX, Frankfurt	EUR	-25	-55	0.0
10-year US gov't bonds	Sep-21	CME,Chicago	USD	-230	-857	-0.1
10-year Australian gov't bonds	Sep-21	SFE, Sydney	AUD	8	2	0.0
10-year UK gov't bonds	Sep-21	ICE, London	GBP	-68	-469	0.0
10-year French gov't bonds (OAT)	Sep-21	EUREX, Frankfurt	EUR	76	17	0.0
10-year Italian gov't bonds (BTP)	Sep-21	EUREX, Frankfurt	EUR	43	-250	0.0
10-year Canadian gov't bonds	Sep-21	ME, Montréal	CAD	-96	-224	0.0
10-year South Korean gov't bonds (KBT10y)	Sep-21	KOREX, Korea	KRW	-39	-32	0.0
10-year German gov't bonds	Sep-21	EUREX, Frankfurt	EUR	9	3	0.0
5-year US gov't bonds	Sep-21	CME,Chicago	USD	65	-48	0.0
5-year German gov't bonds	Sep-21	EUREX, Frankfurt	EUR	-196	-350	0.0
3-year Italian gov't bonds (Short BTP)	Sep-21	EUREX, Frankfurt	EUR	45	-3	0.0
3-year South Korean gov't bonds (KBT3y)	Sep-21	KOREX, Korea	KRW	-110	1	0.0
2-year US gov't bonds	Sep-21	CME,Chicago	USD	383	-730	0.0
2-year German gov't bonds	Sep-21	EUREX, Frankfurt	EUR	-570	73	0.0
SHORT INTEREST RATE FUTURES						
3-month US interest	Sep-21	CME,Chicago	USD	126	105	0.0
3-month US interest	Dec-21	CME,Chicago	USD	81	74	0.0
3-month US interest	Mar-22	CME,Chicago	USD	58	16	0.0
3-month US interest	Jun-22	CME,Chicago	USD	58	-1	0.0
3-month US interest	Sep-22	CME,Chicago	USD	67	-55	0.0
3-month US interest	Dec-22	CME,Chicago	USD	75	-211	0.0
3-month US interest	Mar-23	CME,Chicago	USD	264	-1 095	-0.1
3-month US interest	Jun-23	CME,Chicago	USD	86	-245	0.0
3-month US interest	Sep-23	CME,Chicago	USD	90	-335	0.0
3-month US interest	Dec-23	CME,Chicago	USD	92	-330	0.0
3-month US interest	Mar-24	CME,Chicago	USD	87	-277	0.0
3-month US interest	Jun-24	CME,Chicago	USD	77	-217	0.0
3-month US interest	Sep-24	CME,Chicago	USD	65	-172	0.0
3-month US interest	Dec-24	CME,Chicago	USD	56	-100	0.0
3-month US interest	Mar-25	CME,Chicago	USD	51	-39	0.0
3-month US interest	Jun-25	CME,Chicago	USD	45	27	0.0
3-month UK interest	Sep-21	ICE, London	GBP	-37	3	0.0
3-month UK interest	Dec-21	ICE, London	GBP	-44	-1	0.0
3-month UK interest	Mar-22	ICE, London	GBP	-58	8	0.0
3-month UK interest	Jun-22	ICE, London	GBP	-202	-68	0.0
3-month UK interest	Sep-22	ICE, London	GBP	-92	77	0.0
3-month UK interest	Dec-22	ICE, London	GBP	-94	88	0.0
3-month UK interest	Mar-23	ICE, London	GBP	-93	70	0.0
3-month UK interest	Jun-23	ICE, London	GBP	-89	56	0.0
3-month UK interest	Sep-23	ICE, London	GBP	-85	29	0.0
3-month UK interest	Dec-23	ICE, London	GBP	-79	17	0.0
3-month UK interest	Mar-24	ICE, London	GBP	-70	-3	0.0
3-month UK interest	Jun-24	ICE, London	GBP	-58	-45	0.0
3-month Euro interest	Sep-21	ICE, London	EUR	3	0	0.0
3-month Euro interest	Dec-21	ICE, London	EUR	-1	0	0.0
3-month Euro interest	Mar-22	ICE, London	EUR	-4	2	0.0
3-month Euro interest	Jun-22	ICE, London	EUR	-698	15	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 Euro interest	Sep-22	ICE, London	EUR	-14	1	0.0
3-month Euro interest	Dec-22	ICE, London	EUR	-21	-1	0.0
3-month Euro interest	Mar-23	ICE, London	EUR	-28	-3	0.0
3-month Euro interest	Jun-23	ICE, London	EUR	-33	-10	0.0
3-month Euro interest	Sep-23	ICE, London	EUR	-36	-22	0.0
3-month Euro interest	Dec-23	ICE, London	EUR	-40	-25	0.0
3-month Euro interest	Mar-24	ICE, London	EUR	-42	-40	0.0
3-month Euro interest	Jun-24	ICE, London	EUR	-44	-11	0.0
3-month Canadian interest	Sep-21	ME, Montréal	CAD	3	-1	0.0
3-month Canadian interest	Dec-21	ME, Montréal	CAD	2	-1	0.0
3-month Canadian interest	Mar-22	ME, Montréal	CAD	116	-231	0.0
3-month Canadian interest	Jun-22	ME, Montréal	CAD	-1	0	0.0
3-month Canadian interest	Sep-22	ME, Montréal	CAD	-5	1	0.0
3-month Canadian interest	Dec-22	ME, Montréal	CAD	-11	2	0.0
CURRENCY FUTURES						
AUD/USD	Sep-21	CME,Chicago	USD	-172	1 492	0.1
CAD/USD	Sep-21	CME,Chicago	USD	-75	36	0.0
CHF/USD	Sep-21	CME,Chicago	USD	-47	383	0.0
EUR/USD	Sep-21	CME,Chicago	USD	-196	1 645	0.1
GBP/USD	Sep-21	CME,Chicago	USD	-138	388	0.0
JPY/USD	Sep-21	CME,Chicago	USD	-200	892	0.1
EQUITY INDEX FUTURES						
US stock market (Dow Jones)	Sep-21	CME,Chicago	USD	95	1 093	0.1
US stock market (Nasdaq)	Sep-21	CME,Chicago	USD	-15	-269	0.0
US stock market (Russell)	Sep-21	CME,Chicago	USD	-27	6	0.0
US stock market (S&P 400)	Sep-21	CME,Chicago	USD	-2	-28	0.0
US stock market (S&P 500)	Sep-21	CME,Chicago	USD	114	2 262	0.2
Australian stock market (SPI)	Sep-21	SFE, Sydney	AUD	53	-481	0.0
US Stock market (MME/MSCI Emerging Markets)	Sep-21	ICE, New York	USD	8	-4	0.0
UK stock market (FTSE)	Sep-21	ICE, London	GBP	114	-1 226	-0.1
European stock market (ESTOXX)	Sep-21	EUREX, Frankfurt	EUR	184	-969	-0.1
French stock market (CAC)	Jul-21	Euronext, Paris	EUR	29	-272	0.0
Dutch stock market (AEX)	Jul-21	Euronext, Amsterdam	EUR	12	72	0.0
Hong Kong stock market (Hang Seng)	Jul-21	HKFE, Hong Kong	HKD	-18	287	0.0
Italian stock market (MIB)	Sep-21	BI, Milano	EUR	11	-196	0.0
Japanese stock market (Nikkei)	Sep-21	SGX, Singapore	JPY	26	-192	0.0
Japanese stock market (Nikkei)	Sep-21	OSE, Tokyo	JPY	30	-555	0.0
Japanese stock market (TOPIX)	Sep-21	OSE, Tokyo	JPY	45	-389	0.0
Canadian stock market (Canada 60)	Sep-21	ME, Montréal	CAD	32	185	0.0
Chinese stock market (China A50)	Jul-21	SGX, Singapore	USD	-102	76	0.0
Chinese stock market (H-shares)	Jul-21	HKFE, Hong Kong	HKD	-29	308	0.0
MSCI EAFE stock index	Sep-21	ICE, New York	USD	9	-116	0.0
Singaporean stock market (MSCI)	Jul-21	SGX, Singapore	SGD	4	0	0.0
Swedish stock market (OMX)	Jul-21	Nasdaq OMX, Stockholm	SEK	1	-1	0.0
South African stock market (JSE40)	Sep-21	AFE, Sydafrika Johannesburg	ZAR	3	1	0.0
South Korean stock market (Kospi200)	Sep-21	KOREX, Korea	KRW	79	848	0.1
Taiwanese stock market (MSCI Taiwan)	Jul-21	SGX, Singapore	USD	72	369	0.0
German stock market (DAX)	Sep-21	EUREX, Frankfurt	EUR	33	-1 283	-0.1
COMMODITY FUTURES						
Aluminium	Sep-21	LME, London	USD	33	546	0.0
Aluminium	Oct-21	LME, London	USD	17	136	0.0
Lead (LME)	Oct-21	LME, London	USD	4	-16	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>
Cotton	Dec-21	ICE, New York	USD	9	-74	0.0
Cotton	Mar-22	ICE, New York	USD	7	-26	0.0
Cotton	May-22	ICE, New York	USD	7	-35	0.0
Heating Oil	Aug-21	NMX, New York	USD	54	190	0.0
Heating Oil	Sep-21	NMX, New York	USD	-2	-1	0.0
Heating Oil	Oct-21	NMX, New York	USD	-2	-3	0.0
Heating Oil	Nov-21	NMX, New York	USD	-1	7	0.0
Heating Oil	Dec-21	NMX, New York	USD	-1	3	0.0
Heating Oil	Jan-22	NMX, New York	USD	-1	2	0.0
Heating Oil	Dec-22	NMX, New York	USD	1	-2	0.0
Gasoil	Aug-21	ICE, London	USD	109	-79	0.0
Gasoil	Sep-21	ICE, London	USD	-1	7	0.0
Gasoil	Oct-21	ICE, London	USD	-1	7	0.0
Gasoil	Nov-21	ICE, London	USD	-1	7	0.0
Gasoil	Dec-21	ICE, London	USD	-1	7	0.0
Gasoil	Jan-22	ICE, London	USD	-1	8	0.0
Gasoil	Jun-22	ICE, London	USD	1	6	0.0
Gasoil	Dec-22	ICE, London	USD	4	59	0.0
Gasoil	Jun-23	ICE, London	USD	1	-4	0.0
Gold	Aug-21	CME,Chicago	USD	10	-1	0.0
Gold	Dec-21	CME,Chicago	USD	1	-11	0.0
Gold	Feb-22	CME,Chicago	USD	1	-68	0.0
Gold	Apr-22	CME,Chicago	USD	1	-113	0.0
Coffee	Sep-21	ICE, New York	USD	8	93	0.0
Coffee	Dec-21	ICE, New York	USD	-2	-29	0.0
Coffee	Mar-22	ICE, New York	USD	-2	28	0.0
Coffee	May-22	ICE, New York	USD	-2	-14	0.0
Cocoa	Sep-21	ICE, New York	USD	-44	105	0.0
Copper	Sep-21	CME,Chicago	USD	66	409	0.0
Copper	Dec-21	CME,Chicago	USD	1	-1	0.0
Copper	Mar-22	CME,Chicago	USD	1	-1	0.0
Copper	Sep-21	LME, London	USD	5	-233	0.0
Copper	Oct-21	LME, London	USD	2	11	0.0
Corn	Dec-21	CME,Chicago	USD	80	813	0.1
Corn	Mar-22	CME,Chicago	USD	9	229	0.0
Corn	May-22	CME,Chicago	USD	7	197	0.0
Corn	Jul-22	CME,Chicago	USD	6	77	0.0
Corn	Dec-22	CME,Chicago	USD	4	-6	0.0
Corn	Mar-23	CME,Chicago	USD	1	-6	0.0
Natural gas	Aug-21	NMX, New York	USD	252	7 833	0.5
Natural gas	Sep-21	NMX, New York	USD	3	80	0.0
Natural gas	Oct-21	NMX, New York	USD	3	133	0.0
Natural gas	Nov-21	NMX, New York	USD	4	179	0.0
Natural gas	Dec-21	NMX, New York	USD	5	296	0.0
Natural gas	Jan-22	NMX, New York	USD	6	365	0.0
Natural gas	Feb-22	NMX, New York	USD	6	315	0.0
Natural gas	Mar-22	NMX, New York	USD	7	338	0.0
Natural gas	Apr-22	NMX, New York	USD	8	248	0.0
Natural gas	May-22	NMX, New York	USD	9	176	0.0
Natural gas	Jun-22	NMX, New York	USD	8	161	0.0
Natural gas	Jul-22	NMX, New York	USD	7	189	0.0
Natural gas	Aug-22	NMX, New York	USD	6	158	0.0
Natural gas	Sep-22	NMX, New York	USD	5	148	0.0
Natural gas	Oct-22	NMX, New York	USD	5	163	0.0
Natural gas	Nov-22	NMX, New York	USD	4	118	0.0
Natural gas	Dec-22	NMX, New York	USD	4	66	0.0
Natural gas	Jan-23	NMX, New York	USD	2	-1	0.0
Nickel (LME)	Sep-21	LME, London	USD	3	-42	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>
Live cattle	Oct-21	CME,Chicago	USD	-6	-109	0.0
Live cattle	Dec-21	CME,Chicago	USD	-6	-65	0.0
Live cattle	Feb-22	CME,Chicago	USD	-6	-52	0.0
Feeder Cattle	Aug-21	CME,Chicago	USD	9	-100	0.0
Palladium (CME)	Sep-21	NMX, New York	USD	4	380	0.0
Platinum (CME)	Oct-21	NMX, New York	USD	-5	-5	0.0
RBOB Gasoline	Aug-21	NMX, New York	USD	78	1 155	0.1
RBOB Gasoline	Sep-21	NMX, New York	USD	1	1	0.0
RBOB Gasoline	Oct-21	NMX, New York	USD	1	-2	0.0
RBOB Gasoline	Nov-21	NMX, New York	USD	1	2	0.0
RBOB Gasoline	Dec-21	NMX, New York	USD	1	-5	0.0
RBOB Gasoline	Jan-22	NMX, New York	USD	1	-5	0.0
RBOB Gasoline	Feb-22	NMX, New York	USD	1	-1	0.0
RBOB Gasoline	Mar-22	NMX, New York	USD	1	-14	0.0
RBOB Gasoline	Apr-22	NMX, New York	USD	1	89	0.0
RBOB Gasoline	May-22	NMX, New York	USD	2	15	0.0
RBOB Gasoline	Jun-22	NMX, New York	USD	1	-3	0.0
Brent Crude Oil	Sep-21	ICE, London	USD	195	3 220	0.2
Brent Crude Oil	Oct-21	ICE, London	USD	1	20	0.0
Brent Crude Oil	Nov-21	ICE, London	USD	1	25	0.0
Brent Crude Oil	Dec-21	ICE, London	USD	2	66	0.0
Brent Crude Oil	Jan-22	ICE, London	USD	2	92	0.0
Brent Crude Oil	Feb-22	ICE, London	USD	2	83	0.0
Brent Crude Oil	Mar-22	ICE, London	USD	2	60	0.0
Brent Crude Oil	Jun-22	ICE, London	USD	2	88	0.0
Brent Crude Oil	Dec-22	ICE, London	USD	2	50	0.0
Brent Crude Oil	Jun-23	ICE, London	USD	3	73	0.0
Sweet Crude Oil	Aug-21	NMX, New York	USD	138	2 011	0.1
Sweet Crude Oil	Sep-21	NMX, New York	USD	1	40	0.0
Sweet Crude Oil	Oct-21	NMX, New York	USD	1	37	0.0
Sweet Crude Oil	Nov-21	NMX, New York	USD	2	94	0.0
Sweet Crude Oil	Dec-21	NMX, New York	USD	2	103	0.0
Sweet Crude Oil	Jan-22	NMX, New York	USD	2	101	0.0
Sweet Crude Oil	Feb-22	NMX, New York	USD	2	118	0.0
Sweet Crude Oil	Mar-22	NMX, New York	USD	2	116	0.0
Sweet Crude Oil	Apr-22	NMX, New York	USD	2	113	0.0
Sweet Crude Oil	May-22	NMX, New York	USD	2	123	0.0
Sweet Crude Oil	Jun-22	NMX, New York	USD	2	56	0.0
Sweet Crude Oil	Jul-22	NMX, New York	USD	1	-4	0.0
Sweet Crude Oil	Dec-22	NMX, New York	USD	2	84	0.0
Sweet Crude Oil	Jun-23	NMX, New York	USD	3	72	0.0
Silver	Sep-21	CME,Chicago	USD	31	144	0.0
Silver	Dec-21	CME,Chicago	USD	-1	72	0.0
Silver	Mar-22	CME,Chicago	USD	-1	54	0.0
Sugar	Oct-21	ICE, New York	USD	-10	-42	0.0
Sugar	Mar-22	ICE, New York	USD	8	23	0.0
Sugar	May-22	ICE, New York	USD	17	85	0.0
Soybean meal	Dec-21	CME,Chicago	USD	-34	-740	0.0
Soybean meal	Jan-22	CME,Chicago	USD	-4	-86	0.0
Soybean meal	Mar-22	CME,Chicago	USD	-1	-20	0.0
Soybean meal	May-22	CME,Chicago	USD	2	-12	0.0
Soybean meal	Jul-22	CME,Chicago	USD	3	-4	0.0
Soybean oil	Dec-21	CME,Chicago	USD	10	136	0.0
Soybean oil	Jan-22	CME,Chicago	USD	2	50	0.0
Soybean oil	Mar-22	CME,Chicago	USD	1	17	0.0
Soybean oil	May-22	CME,Chicago	USD	1	19	0.0
Soybean oil	Jul-22	CME,Chicago	USD	1	18	0.0
Soybeans	Nov-21	CME,Chicago	USD	-41	-1 796	-0.1

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	Jan-22	CME, Chicago	USD	1	37	0.0
Soybeans	Mar-22	CME, Chicago	USD	1	-1	0.0
Soybeans	May-22	CME, Chicago	USD	1	-16	0.0
Soybeans	Jul-22	CME, Chicago	USD	2	-41	0.0
Soybeans	Nov-22	CME, Chicago	USD	2	11	0.0
Lean Hogs	Aug-21	CME, Chicago	USD	21	-203	0.0
Wheat	Sep-21	CME, Chicago	USD	-100	-850	-0.1
Wheat	Dec-21	CME, Chicago	USD	-9	1	0.0
Wheat	Mar-22	CME, Chicago	USD	-10	-2	0.0
Wheat	May-22	CME, Chicago	USD	-9	31	0.0
Wheat	Jul-22	CME, Chicago	USD	-7	-21	0.0
Wheat (Kansas)	Sep-21	CME, Chicago	USD	-16	-358	0.0
Zinc	Sep-21	LME, London	USD	-4	-118	0.0
FIXED INCOME SECURITIES						
				<i>Nom. Amount</i>		
Swedish Treasury bills	Sep-21			305 MSEK	305 104	20.4
Swedish Treasury bills	Oct-21			39 MSEK	39 020	2.6
Swedish Treasury bills	Dec-21			424 MSEK	424 318	28.4
Swedish Treasury bills	Mar-22			435 MSEK	435 513	29.1
Swedish Treasury bills	Jun-22			20 MSEK	20 032	1.3
TOTAL OTHER FINANCIAL INSTRUMENTS THAT ARE ADMITTED TO TRADING ON A REGULATED MARKET OR A CORRESPONDING MARKET OUTSIDE THE EEA					1 241 805	83.0
OTHER FINANCIAL INSTRUMENTS						
CURRENCY FORWARDS						
				<i>Amount ('000)</i>		
AUD/USD	Sep-21		AUD	-11 640	1 654	0.1
CAD/USD	Sep-21		CAD	-5 040	-1 211	-0.1
EUR/USD	Sep-21		EUR	-16 450	220	0.0
GBP/USD	Sep-21		GBP	-5 838	-1 246	-0.1
JPY/USD	Sep-21		JPY	-1 685 000	60	0.0
MXN/USD	Sep-21		MXN	333 200	-2 994	-0.2
NOK/USD	Sep-21		NOK	-107 800	2 070	0.1
NZD/USD	Sep-21		NZD	-15 280	-1 857	-0.1
SEK/USD	Sep-21		SEK	-74 995	-1 652	-0.1
CHF/USD	Sep-21		CHF	-3 950	-617	0.0
CNH/USD	Sep-21		CNH	55 550	-1 496	-0.1
SGD/USD	Sep-21		SGD	-3 990	-1 113	-0.1
PLN/USD	Sep-21		PLN	6 730	-1 637	-0.1
HUF/USD	Sep-21		HUF	929 000	-1 657	-0.1
RUB/USD	Sep-21		RUB	896 500	-698	0.0
ZAR/USD	Sep-21		ZAR	181 500	-6 254	-0.4
TOTAL OTHER FINANCIAL INSTRUMENTS					-18 426	-1.2
TOTAL FINANCIAL INSTRUMENTS					1 223 379	81.8
BANK DEPOSITS					294 845	19.7
OTHER ASSETS AND LIABILITIES, NET					-21 751	-1.5
TOTAL NET ASSETS					1 496 473	100.00

* In accordance with the definitions in Finansinspektionens 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 1 241 805 (83.0 per cent of the fund assets) and in Category 7 (Other financial instruments) amounting to TSEK -18 426 (-1.2 per cent of the fund assets). The fund has no holdings in Categories 1 or 3-6.

ACCOUNTING PRINCIPLES

■ The half-yearly report is made up in accordance with the Act (2013:561) on managers of alternative investment funds and 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 company.

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

CHANGES IN NET ASSETS

<i>SEK thousand</i>	<i>Opening value</i>	<i>Issue of units</i>	<i>Dividend reinvested</i>	<i>Redemption of units</i>	<i>Dividend paid</i>	<i>Year's profit</i>	<i>Total value of the fund</i>
2000-12-31		4 856				708	5 564
2001-12-31	5 564	41 361	191		-259	939	47 796
2002-12-31	47 796	245 891		-8 563		13 892	299 016
2003-12-31	299 016	1 221 578	4 337	-86 478	-5 103	226 353	1 659 703
2004-12-31	1 659 703	946 607	128 578	-1 267 867	-177 725	210 732	1 500 028
2005-12-31	1 500 028	432 448	148 243	-939 473	-209 255	93 918	1 025 909
2006-12-31	1 025 909	685 699	26 172	-585 664	-29 731	57 813	1 180 198
2007-12-31	1 180 198	288 306		-473 607		137 267	1 132 164
2008-12-31	1 132 164	961 911	94 236	-709 413	-107 355	596 152	1 967 695
2009-12-31	1 967 695	933 186	186 321	-773 474	-216 070	-169 454	1 928 204
2010-12-31	1 928 204	730 138		-517 523		358 428	2 499 247
2011-12-31	2 499 247	1 727 053	213 342	-441 937	-253 317	10 180	3 754 568
2012-12-31	3 754 568	517 548	186 116	-782 705	-220 903	-191 197	3 263 427
2013-12-31	3 263 427	509 528		-1 502 754		334 443	2 604 644
2014-12-31	2 604 644	328 875		-515 748		642 036	3 059 807
2015-12-31	3 059 807	2 468 156		-665 666		-391 477	4 470 820
2016-12-31	4 470 820	1 135 023		-660 943		-222 037	4 722 863
2017-12-31	4 722 863	338 599		-2 148 058		-285 245	2 628 159
2018-12-31	2 628 159	64 624		-792 568		-85 862	1 814 353
2019-12-31	1 814 353	48 897		-532 364		287 461	1 618 347
2020-12-31	1 618 347	27 667		-148 340		83 199	1 580 872
2021-06-30	1 580 872	43 801		-179 278		51 078	1 496 473

NET ASSET VALUE OF UNITS¹

	<i>Value of the fund (SEK thousand)</i>	<i>Number of units in issue</i>	<i>Net asset value per unit, SEK</i>	<i>Dividend per unit, SEK</i>	<i>Return, %</i>
2000-12-31	5 564	50 003	111.28		12.8
2001-12-31	47 796	384 608	124.27		15.8
2002-12-31	299 016	2 048 077	146.00		21.8
2003-12-31	1 659 703	8 753 943	189.59		34.6
2004-12-31	1 500 028	8 393 718	178.71	34.17	14.0
2005-12-31	1 025 909	6 259 139	163.91	24.93	6.6
2006-12-31	1 180 198	7 039 064	167.66	4.75	5.3
2007-12-31	1 132 164	5 964 169	189.83		13.2
2008-12-31	1 967 695	8 002 605	245.88	18.00	42.2
2009-12-31	1 928 204	9 652 805	199.76	27.00	-8.5
2010-12-31	2 499 247	10 554 880	236.79		18.5
2011-12-31	3 754 568	17 814 727	210.76	24.00	-0.9
2012-12-31	3 263 427	17 325 215	188.36	12.40	-5.1
2013-12-31	2 604 644	12 332 505	211.20		12.1
2014-12-31	3 059 807	11 355 990	269.44		27.6
2015-12-31	4 470 820	18 031 029	247.95		-8.0
2016-12-31	4 722 863	19 873 394	237.65		-4.2
2017-12-31	2 628 159	11 674 359	225.12		-5.3
2018-12-31	1 814 353	8 279 009	219.15		-2.7
2019-12-31	1 618 347	6 398 267	252.94		15.4
2020-12-31	1 580 872	5 899 757	267.96		5.9
2021-06-30	1 496 473	5 406 998	276.77		3.3

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

Stockholm 20 August 2021
Lynx Asset Management AB

Svante Elfving
Chairman

Marcus Andersson

Jonas Bengtsson

Svante Bergström
CEO

Ola Paulsson

AUDITOR'S REVIEW REPORT ON THE HALF-YEARLY REPORT

TO THE UNIT-HOLDERS IN THE LYNX FUND

INTRODUCTION

As auditor of Lynx Asset Management AB, company registration number 556573-1782, we have conducted a review of the enclosed half-yearly report for the Lynx Fund as at 30 June 2021. Responsibility for preparing and presenting the half-yearly report in accordance with the Act on managers of alternative investment funds and the regulations of the Swedish Regulatory Authority (Finansinspektionen) on managers of alternative investment funds rests with the Board of Directors of the fund management company. Our responsibility is to express a conclusion on the half-yearly report on the basis of our review.

THE SCOPE OF THE REVIEW

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

ming an analytical examination and conducting other summary auditing measures.

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

OPINION

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

Stockholm 20 August 2021
KPMG AB

Mårten Asplund
Authorised public accountant

PORTFOLIO MANAGERS

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

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

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

Daniel Chapuis is a Partner and Portfolio Manager at Lynx. 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 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 Programme. Between 1998 and 2006, Sandin was the Head of Quantitative Research at the First National Swedish Pension Fund. Initially an acoustic engineer, Sandin moved into finance when he was hired by Skandia Asset Management as a quantitative analyst in 1997. Jesper Sandin holds an MSc degree in Engineering Physics with specialisation in applied mathematics from the Royal Institute of Technology in Stockholm and is a Certified Financial Analyst from IFL Stockholm School of Economics.

GLOSSARY

Correlation

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

Derivative

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



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