

MONTHLY REVIEW

Lynx ended the year on a high note as solid gains in currencies, commodities and equities overwhelmed a modest loss in fixed income. A rising current account deficit and increasingly expansive fiscal policy in the US contributed to a continued depreciation of the dollar against most major counterparts. The euro was particularly profitable as anticipation of the trade pact ultimately signed between Britain and the EU following years of contentious negotiation and multiple delays contributed to a strengthening of the currency. In the commodities, significant gains were realized in grains as unusually dry weather in South America exacerbated supply concerns, particularly in soybeans and corn. Energies similarly yielded profits as crude oil prices rose on further declines in reserves and optimism that global growth would recover in the new year. Rounding out sector profits, gains were generated in precious and base metals as prices rose in part on US dollar depreciation and expectations for increased demand for industrial commodities. Improving sentiment due largely to accommodative central bank policy, an amicable resolution to Brexit, and the expanding global distribution of coronavirus vaccines contributed to rising equity prices; largest gains were realized in long positions in Asia and the US as many exchanges ended the year at record highs. In fixed income, profits in short-term interest rates were outweighed by slight losses in global bonds.

RETURN, % ¹⁾

	December	2020	Last 12 months
Lynx	8.16	5.94	5.94
Société Générale CTA Index	5.32	2.78	2.78
MSCI World NDTR Index	3.32	13.37	13.37
JPM Global Gov't Bond Index	-0.03	5.46	5.46

ASSETS

Programme assets	SEK 42,605M (USD 5,199M)
Fund assets	SEK 1,581M (USD 193M)
Change in fund assets since prev month	7.59%

TOP PERFORMERS

Kospi 200
Soybeans
Silver
EUR/USD
AUD/USD

BOTTOM PERFORMERS

FTSE
Gilt
Bund
RUB/USD
ESTOXX

VALUE AT RISK, % ²⁾

Portfolio - December	
Highest VaR	2.3
Lowest VaR	2.1
Average VaR	2.2
VaR 30 December	2.3

VaR per asset class 30 Dec, %

Fixed Income	0.9
Currencies	0.9
Equity indices	0.9
Commodities	1.0

MARGIN TO EQUITY, %

MTE 30 December	18.1
Fixed Income	2.5
Currencies	7.2
Equity indices	4.0
Commodities	4.3

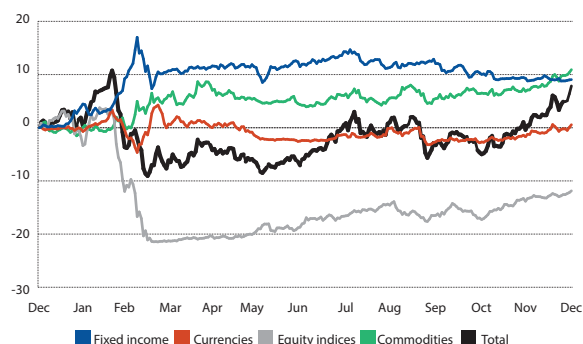
GROSS ATTRIBUTION BY ASSET CLASS, %

	December	2020
Fixed income	-0.2	9.6
Bonds	-0.4	5.5
Interest rates (STIR)	0.2	4.1
Currencies	2.4	0.0
Equity indices	2.4	-12.7
Commodities	3.9	11.3
Energies	1.0	6.9
Metals	1.3	1.9
Agriculturals	1.6	2.5
Total	8.5	8.2

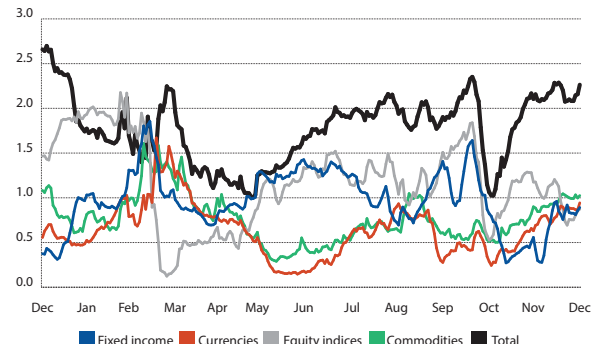
GROSS ATTRIBUTION BY MODEL TYPE, %

	December	2020
Trend models	6.8	9.6
Long-term	1.2	0.0
Medium-term	5.1	7.8
Short-term	0.5	1.8
Diversifying models	1.7	-1.4
Long-term	-0.1	-0.1
Medium-term	1.8	-0.7
Short-term	0.0	-0.6
Total	8.5	8.2

GROSS ATTRIBUTION BY ASSET CLASS, % ³⁾



VALUE AT RISK BY ASSET CLASS AND TOTAL PORTFOLIO, % ^{2,3)}



1) Index-figures are based on available data at the time of publication and are subject to revision. 2) The Value at Risk is measured using a 1-day, 95% confidence interval. Value at Risk is measured with three parallel models with different time horizons. The model with the highest value during the month is presented in this report. 3) Numbers refer to the standard leverage Lynx Program. Based on daily data for the past 12 months.



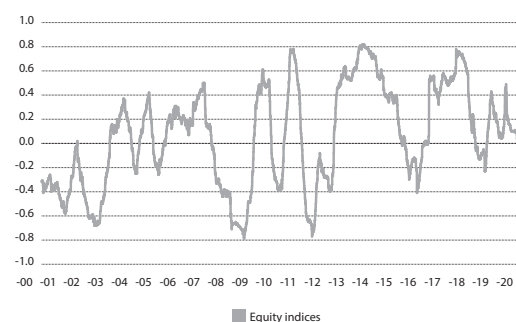
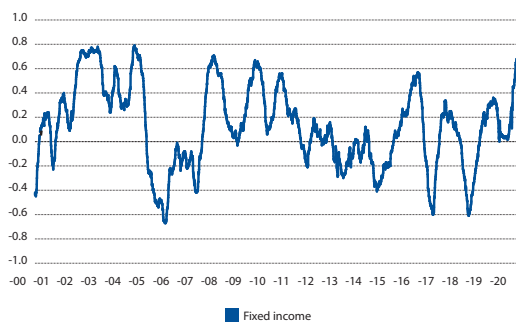
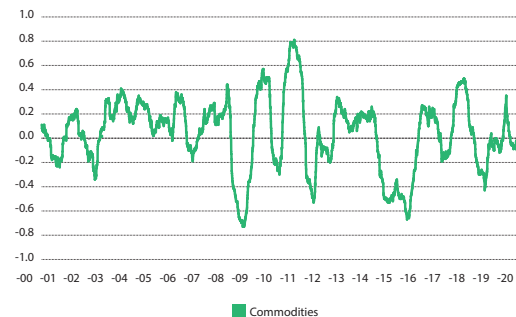
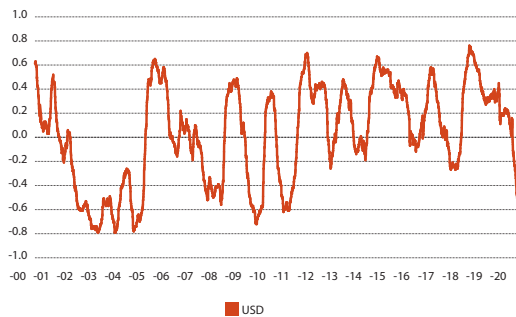
RETURN AND KEY FIGURES (DECEMBER)⁴⁾

	Lynx (SEK)	Société Générale CTA index	MSCI World NDTR Index (local currency)	JP Morgan Global Gov't Bond Index (local currency)
Return (after management and performance fees)				
Total return since inception, %	539.56	134.36	164.11	130.53
Average monthly return since inception, %	0.75	0.34	0.39	0.34
Average annual return since inception, %	9.39	4.21	4.81	4.12
Risk ratios and other key figures				
Standard deviation, %	15.05	8.59	14.38	3.10
Downside risk, %	9.28	5.42	10.52	1.77
Max drawdown, %	-30.58	-14.26	-50.77	-4.51
Sharpe ratio	0.53	0.32	0.23	0.86
Correlation with Lynx	-	0.84	-0.08	0.38

MONTHLY NET RETURN, %

Year	Full year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2000	12.77					3.35	-2.25	0.88	-4.29	-1.34	3.09	5.69	7.54
2001	15.77	2.06	2.69	7.09	-4.66	-0.49	-2.68	0.77	8.02	6.81	0.25	-6.35	2.36
2002	21.81	0.40	-7.30	2.70	1.60	5.65	10.75	5.27	1.48	3.35	-4.56	-2.85	4.73
2003	34.55	2.99	3.99	-4.52	4.18	10.51	3.25	-5.32	0.41	6.45	4.29	1.14	3.69
2004	13.98	1.19	4.69	-1.69	-2.05	0.83	-2.20	-3.35	2.12	-0.60	7.32	6.45	1.09
2005	6.59	-4.18	1.61	-2.10	-1.20	5.60	3.58	-1.35	-1.60	1.53	1.96	4.48	-1.44
2006	5.34	0.16	-0.13	3.44	3.24	1.92	-2.07	-4.60	3.97	-3.15	-1.04	2.71	1.19
2007	13.22	3.97	-4.69	-3.89	3.38	6.09	4.96	-1.97	-5.81	4.35	6.82	2.83	-2.43
2008	42.23	6.19	6.02	1.57	-3.83	3.45	5.16	-7.20	2.01	2.71	14.90	3.86	2.48
2009	-8.52	-1.90	0.23	-2.40	-2.36	1.82	-4.06	1.31	0.51	2.14	-3.72	7.71	-7.34
2010	18.54	-3.35	3.94	1.97	0.71	1.76	1.89	-3.04	10.38	-1.04	3.78	-4.39	5.45
2011	-0.89	-0.60	2.39	-5.76	6.56	-5.90	-4.10	6.83	0.95	5.41	-9.12	0.91	3.06
2012	-5.14	1.78	-0.57	-4.16	2.01	7.84	-6.05	6.97	-2.24	-3.36	-6.19	0.79	-0.97
2013	12.12	3.60	-0.19	0.73	3.30	-1.69	-5.39	0.56	-2.78	0.60	4.71	5.32	3.30
2014	27.58	-5.29	4.14	-3.00	0.80	3.09	0.88	0.15	9.17	2.93	1.55	9.89	1.29
2015	-7.98	6.11	0.32	3.53	-6.18	-1.64	-6.06	4.11	-7.00	2.20	-1.68	2.98	-3.85
2016	-4.16	2.16	3.49	-0.99	-0.08	-4.59	10.23	2.73	-5.21	-1.64	-6.29	-2.97	0.05
2017	-5.27	-1.96	4.61	-3.71	-3.32	-2.37	-6.94	2.37	5.07	-4.45	5.90	0.36	-0.02
2018	-2.65	8.61	-14.14	-0.77	0.81	-0.08	3.16	-1.04	6.41	-1.86	-3.62	0.10	1.54
2019	15.42	-0.81	2.13	7.59	6.72	-7.25	5.23	5.05	8.43	-4.72	-6.19	0.81	-0.94
2020	5.94	0.19	-4.15	-3.31	2.32	-1.74	-0.62	7.45	0.00	-4.40	-1.85	4.72	8.16

LYNX HISTORICAL CORRELATIONS⁵⁾



IMPORTANT INFORMATION

Lynx is a special fund as defined in Chapter 1, Section 11 of the Act (2013:561) on managers of alternative investment funds. This material shall not be regarded as investment advice. An investor considering investing in the fund should carefully read the fund's simplified prospectus, subscription document and the information memorandum containing the fund rules. These documents are available for download at www.lynxhedge.se.

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

The returns are not adjusted for inflation.

The fund has no investments in hard-to-value assets for which no market pricing information is available, e.g. some unlisted/private equity, or model priced instruments for which no industry standard software models are available, e.g. complex, structured, one-off contracts.

In connection with acting as the commodity pool operator of the Lynx Fund, Lynx Asset Management AB is exempt from registration as a commodity pool operator pursuant to U.S. Commodity Futures Trading Commission Reg. § 3.10(c)(3).

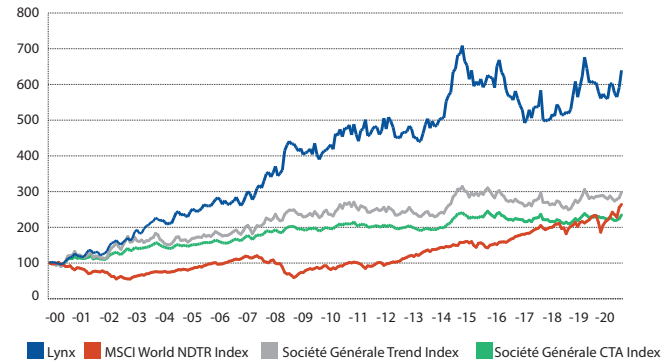
4) Since inception 1 May, 2000. 5) Refers to rolling 6-month correlation on daily return data. Equity indices is represented by the MSCI World NDTR index, fixed income by the JPM Global Bond Index, commodities by the Bloomberg Commodity Index and USD by the DXY USD dollar index.



EXECUTIVE SUMMARY

Strategy	Global managed futures (CTA)
Approach	Systematic, directional, trend following
Instruments	Fixed income, equity index and commodity futures; currency futures and forwards
Targets	Volatility: 18% p.a. before fees Return: High risk-adjusted return Correlation: Low or negative with stock markets
Team	Around 80 employees, the majority within research, system development and trade execution.

NET RETURN SERIES ^{1,6)}



ASSET MANAGEMENT CONCEPT

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

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

RISK MANAGEMENT

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

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

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

A SYSTEMATIC APPROACH

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

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

The quantitative and systematic approach enables Lynx to make extensive analyses of market relationships, and have an opinion on the direction of a large number of different markets. It also ensures a consistent

approach, typically without any bias of being long or short in the markets. Given that the strategy trades only liquid instruments, the approach can adapt and change exposures when the model's market view changes. CTAs in general and Lynx in particular have historically performed well in volatile markets and during larger crises in equity markets, periods where risky assets and other hedge fund strategies have struggled.

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

WHY INVEST IN LYNX?

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

PORTFOLIO MANAGERS

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

PRODUCT

Management fee	1% p.a.
Performance fee	20% over hurdle rate (high watermark)
Liquidity	Monthly (documentation and payment due 2 banking days before dealing day)
Minimum investment	SEK 500,000
Lock-up/gate	None
Depository	SEB
Administrator	HSBC Securities Services (Ireland) DAC
Auditor	KPMG AB
Inception date	1 May 2000

TYPICAL PORTFOLIO METRICS

Average VaR (1-day, 95% confidence interval)	1.9
Average margin to equity	10–15%
Number of markets	Approx. 100

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6) Since inception 1 May, 2000.