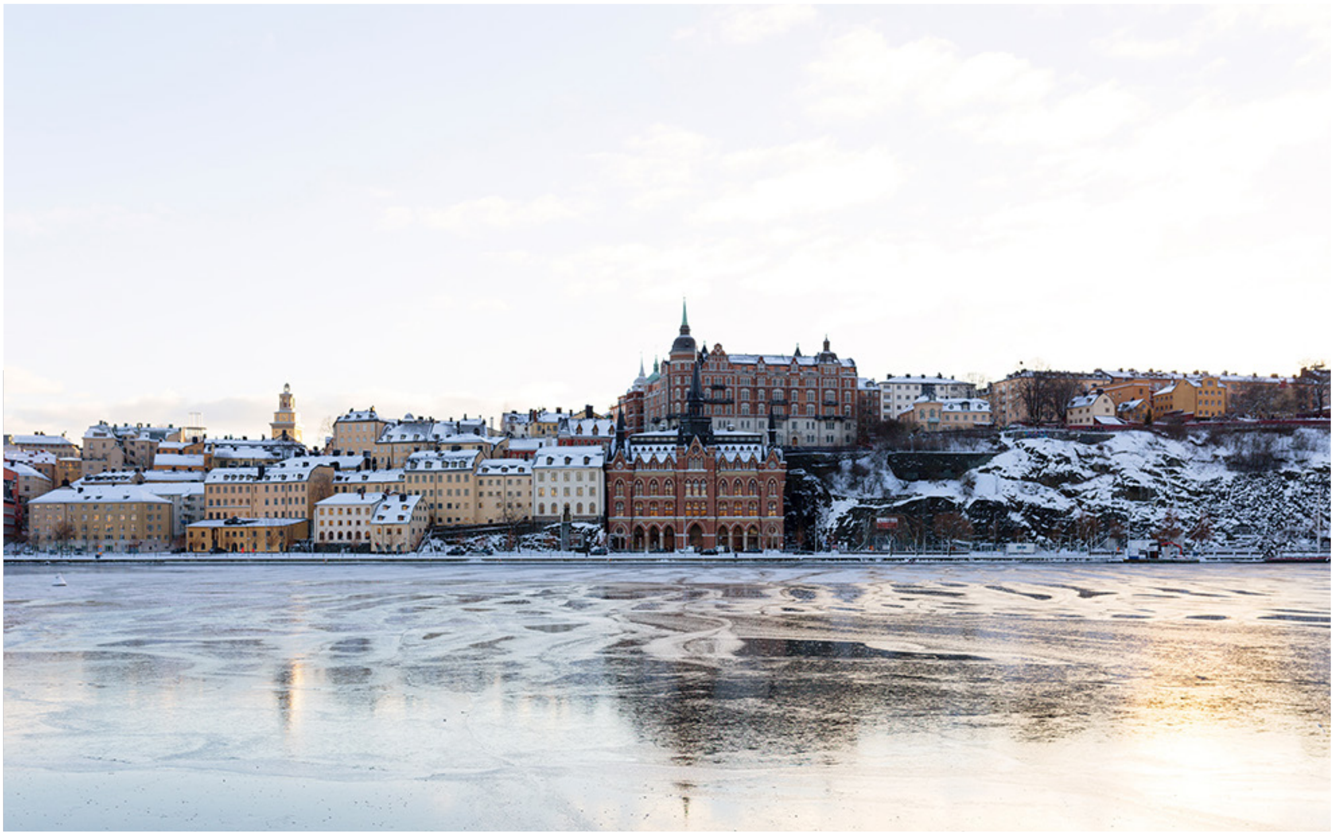
2020 AND BEYOND

LYNX

LYNX 2020

2020 marked the 20th year anniversary for Lynx Asset Management, but the importance of that milestone to our firm quickly faded as the coronavirus pandemic unfolded. For the first time in response to a crisis, we initiated our business continuity plan – not only to mitigate the risk of a disruption to our normal operation, but also to protect our employees against the rapid spread of the virus. Fortunately, a robust technological infrastructure, redundant internet connectivity, and a strong team spirit allowed us to continue functioning unimpeded throughout the year. Six new proprietary models were approved by the Investment Committee as we continued to develop innovative and differentiated trading strategies. The concepts covered a broad scope of techniques from multivariate trend-following to quantitative global macro to machine learning. Our flagship Lynx program (USD) ended 2020 with a gain of 7.78%, while Lynx Constellation also generated a slightly positive result despite some challenges early in the year. In potentially a sign of better things to come, the models were able to capitalize on opportunities across the commodities, generating gains in energies, metals, and agricultural markets. ESG and sustainability principles remained a focus for our firm during the year, as we continued to support sustainable development goals and engage with the investment community to improve the standards for our industry. Lynx ended 2020 with US $5.4 billion under management and 77 employees located in offices in Stockholm, Sweden, and New York, USA.



YEAR IN REVIEW

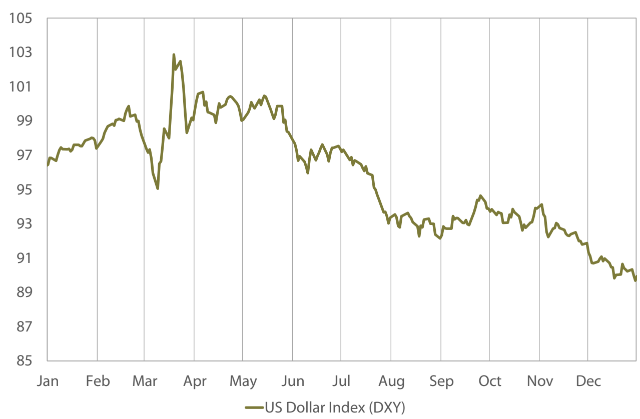
Few mourned the end of 2020 when the calendar changed to the new year. Tragically, over two million people have already died due to COVID-19 as of the writing of this letter, and virtually everyone in the world has been impacted by the coronavirus in some way. While the longer-term implications of the pandemic remain unclear, most people welcomed the hope that the new year brought.

Very little seemed normal in 2020. The Olympics were postponed and Wimbledon cancelled, both for the first time since World War II. Movie theaters were shuttered, museums closed, and festivals and concerts around the globe called off. Life, as we knew it, came to an abrupt halt. Economically, the world also experienced the largest recession since the Great Depression as most countries – with few notable exceptions – closed their borders to foreign nationals and enforced quarantines in an attempt to control the spread of the virus.

News surrounding infection and mortality rates dominated the headlines as the pandemic unfolded. Markets initially behaved as would be expected given the catastrophic impact that COVID was having on the world. Equities plummeted along with industrial commodities. At one point in April, WTI crude oil futures for May delivery traded deeply into negative territory, confounding traders and risk managers who had never considered that possibility. Global bond yields similarly collapsed to historic lows and, as the crisis escalated, the US Treasury market dislocated forcing the Federal Reserve Bank of New York to take drastic action to provide liquidity and stability.

However, as the year progressed, the overwhelming response from policy makers and central bankers came decidedly into focus. Additionally, in unprecedented cooperation between public and private institutions, multiple vaccines were developed and granted governmental approval for emergency use. By early December, these began to be distributed to those at the greatest risk from the virus, less than a year after it was first identified. Despite logistical delays and limited availability, particularly in underdeveloped nations, vaccinations began to pave the way towards a return to normalcy.

The effect of these policy measures and biomedical initiatives on financial and commodity markets was phenomenal, and somewhat surprising. The dislocations from the spring were all but gone by early summer, setting the stage for the recovery experienced over the remainder of the year. Stock markets around the world began climbing at the beginning of the second quarter and continued virtually unabated through December, while bond yields began to reflect more sanguine projections for the future. Meanwhile, extraordinary US fiscal stimulus and expectations of more to come in the new year, drove the US currency down against most global counterparts; the dollar index ended the year over 12% below the peak reached in March.

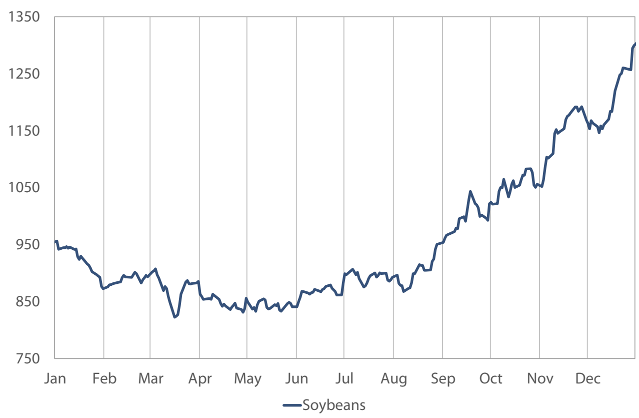


Source: Bloomberg

However, even though 2020 will undoubtably be marked by the coronavirus in history books, there were many other extraordinary events that occurred during the year that impacted markets and could similarly leave a lasting impression on the world.

Increasingly volatile and unpredictable weather was undeniable during the year. Devastating bushfires in Australia which ultimately burned 47 million acres, wildfires in California displacing thousands of residents, and the most active Atlantic hurricane season on record with 30 named storms, highlighted some of the weather extremes experienced in 2020.

The impact on commodities was unmistakable, particularly in agricultural markets which saw production decline dramatically on abnormally dry conditions. Soybeans, which have been in deficit in recent years due to increasing global demand – particularly from China – initially experienced the strongest price appreciation. However, after South American farmers dramatically increased bean planting in response to higher prices, other grains similarly rallied. As Brazil and Argentina entered their prime growing season later in the calendar year, the weather did not cooperate, exacerbating production concerns. Corn, soybean, and wheat prices all ended 2020 at multiyear highs, leaving future crop planning in limbo and creating speculation that prices could continue to climb in 2021.



Source: Bloomberg

Extraordinary events occurred across the globe on the political front, as well. In the US, Donald Trump faced impeachment entering the year and encountered a bitter election campaign in the fall which ultimately resulted in a new president being chosen. After the election, claims of rampant voter fraud, faulty voting machines, and collusion spawned the "Stop the Steal" movement which questioned the validity of the result. These allegations continued into the new year, and on January 6th, Trump supporters stormed the US Capitol as Congress was meeting to affirm Joe Biden's Electoral College victory. Remarkably, the violence had little impact on financial markets, as major US stock indices hit new records later that same week. Trump was subsequently impeached by the House of Representatives a second time for allegedly "inciting the insurrection," becoming the first president in history with that ignoble distinction.

In Europe, after multiple delays and failed attempts to reverse the decision by opposition parties within the British government, the UK formally left the European Union on January 31st, 2020. The two sides then had eleven months to negotiate commercial terms to replace Eurozone trade agreements. Perhaps unsurprisingly, these discussions continued up until the final days of the year when both sides signed the EU–UK Trade and Cooperation Agreement (TCA). Equity and foreign exchange markets responded favorably to the development as stocks rallied along with the euro and British pound, although the latter remained well below where it was prior to the initial Brexit vote.

Elsewhere in the world, Shinzo Abe resigned from office after serving as prime minister for the longest period in the history of Japan and was replaced by Yoshihide Suga, his Chief Cabinet Secretary. Meanwhile in Russia, Vladimir Putin successfully championed a constitutional amendment allowing him to seek another two terms in office once his current one ends. Nationalism and protectionism were in vogue, while globalization continued to decline.

China's decision to implement new National Security laws criminalizing subversive activities in Hong Kong (along with secession, terrorism and colluding with foreign governments) was met with widespread condemnation around the globe and concern that the move eroded the principle of "one country, two systems." The US implemented sanctions targeting Chinese government officials and corporations with affiliations to the Chinese Communist Party, adding tension to an already strained relationship. Trade negotiations subsequently deteriorated, although the market impact was cushioned by the extraordinary fiscal and monetary stimulus by global central banks in response to the coronavirus.

The potential for geopolitical conflict in the Middle East remained elevated, particularly early in the year, as the killing of a top Iranian general during a drone strike prompted a retaliatory attack against Western forces in Iraq. Unrelated, protests against inequality and human rights abuses also demanded attention, and while the market impact of demonstrations and geopolitical friction was muted, tensions remained high entering the new year.

OUTLOOK

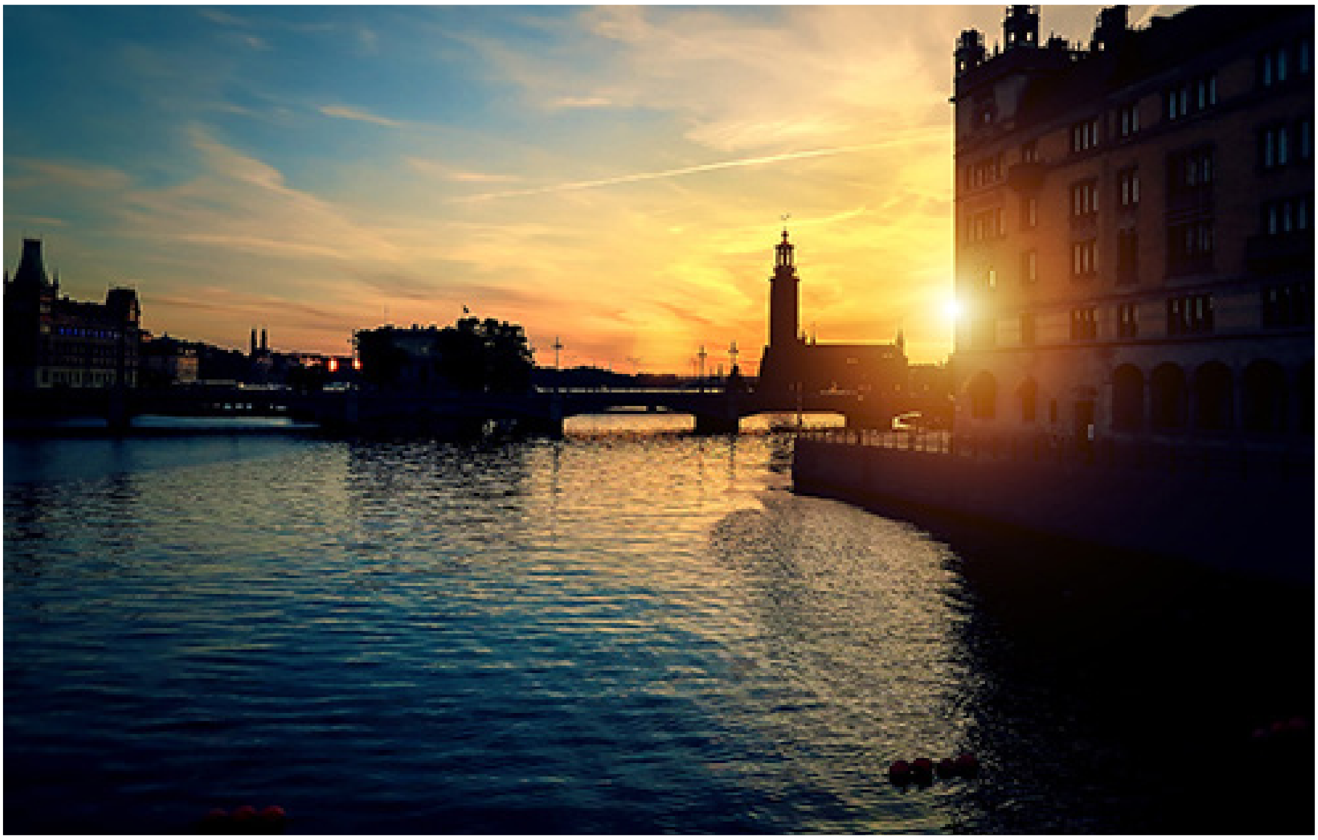
The continued distribution of coronavirus vaccines around the globe is anticipated to eventually increase population immunity to a level where further transmission is limited. Once this happens, life will hopefully begin returning to normal. Some behavioral changes that have occurred over the past year are unlikely to immediately revert, however others should change quickly. Household spending during the pandemic collapsed for obvious reasons. However, as financing rates have declined and governments have distributed money directly to their populations, consumption is genereally expected to increase as the year progresses.

The enormous increase in money supply by central banks in response to the global financial crisis and (more recently) the coronavirus pandemic, was meant to inspire spending and spur growth. For various reasons, inflation remained muted over the past decade. However, many believe that the conditions are now ripe for a change. Productivity is likely to increase as economies phase out COVID-related restrictions, while fiscal stimulus should accelerate the recovery and increase job growth into the future. Inflation has not been a market risk for forty years, but it may become one soon.

Many opportunities could develop for Lynx in a rising rate environment. Over the past decade, most commodities have tended to trade around their marginal cost of production. When demand across industrial and agricultural markets has increased, the supply response has been immediate and efficient. However, inflationary pressures could contribute to a sustained increase in commodity prices not experienced since the 1980's. Further, higher yields could increase the attractiveness of bonds, potentially decreasing demand for equities. The heightened volatility and sustained price trends that would likely arise from this shift could be beneficial for our programs.

As we have discussed in the past, our models do not have an opinion on inflation, politics, or global climate change. Rather, they use price and fundamental data to systematically and objectively analyze market behavior, attempting to forecast how markets will move in the future. They are adaptive and opportunistic and have generally performed well when there are significant shifts in the natural price equilibrium of markets. The impact from the tremendous changes that have occurred over the past year in response to the coronavirus has yet to be fully understood. We believe that we are prepared to capitalize on the market opportunities that should arise as the world adapts.

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 solidly profitable, differentiated returns in 2021 and beyond.



SUSTAINABILITY AT LYNX

Lynx ultimately believes that ESG factors can potentially have a material impact on long-term financial performance. Poor management of such factors can lead to inefficiencies, operational disruptions, and reputational risk, which may ultimately impact our ability to meet our financial responsibilities. Sustainability factors are considered as part of the broader investment process, to ensure that Lynx´s investment teams are aware of, and take informed investments decisions with knowledge of key ESG related matters that ultimately might have an impact on an investment´s risk and/ or return. We focus on the most liquid markets and our exposure and trading volumes are designed to be small in relation to the open interest and daily traded volume to minimize our market impact.

As we exclusively invest in derivatives which do not carry voting rights, Lynx is unable to exercise active ownership or influence companies in the same way as equity funds. Instead, we engage with other asset managers, policy makers and derivatives exchanges to reassure investors that we truly value the characteristics and practices that we preach.

Lynx Asset Management has adopted a firm-wide 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 approved by the Board that also ensures that compliance with this policy is enforced within the firm, and that this is done within the framework of the company's internal control procedures.

COLLABORATIONS

Where our interests and approaches are aligned, we engage with other market participants to apply the concept of responsible investments and to improve standards for the industry.

Signatory of:

PRI Principles for Responsible Investment

AIMA THE ALTERNATIVE INVESTMENT MANAGEMENT ASSOCIATION

SBai Standards Board for Alternative Investments SIGNATORY May '20

COMMUNITY ENGAGEMENT

As a financial market participant, we are an integrated part of society. Lynx actively supports the 17 sustainable development goals (SDG´s) adopted in 2013 by the United Nations as part of the 2030 Sustainable Development Agenda. We support a number of organizations and initiatives that have links to one or more of the SDG´s global objectives. For more information please visit our website: www.lynxhedge.se.

IMPORTANT INFORMATION

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Pursuant to an exemption from the U.S. Commodity Futures Trading Commission in connection with accounts of qualified eligible persons and in connection with pools whose participants are limited to qualified eligible persons, brochures, account documents or Offering Memorandums for the accounts and the pools are not required to be, and have not been, filed with the U.S. Commodity Futures Trading Commission. The U.S. Commodity Futures Trading Commission has not passed upon the merits of participating in a trading program or upon the adequacy or accuracy of commodity trading advisor disclosure. Nor has the U.S. Commodity Futures Trading Commission passed upon the merits of participating in a pool or upon the adequacy or accuracy of an Offering Memorandum. Consequently, the U.S. Commodity Futures Trading Commission has not reviewed or approved the trading program, brochures, account documents, offering or any Offering Memorandum for the accounts and the pools.

The representative in Switzerland is ARM Swiss Representatives SA, Route de Cité-Ouest 2, 1196 Gland, Switzerland. The paying agent in Switzerland is Banque Cantonale de Genève, 17, quai de l'Ile, 1204 Geneva, Switzerland. The Offering Memorandum, the Articles of Association as well as any other relevant document(s) used for marketing purposes, including the Bermuda-based funds' audited financial statements, can be obtained free of charge from the representative in Switzerland. The place of performance and jurisdiction is the registered office of the representative in Switzerland with regards to the Investors Shares distributed in and from Switzerland.