



INFORMATION MEMORANDUM



LYNX DYNAMIC IN BRIEF

Strategy:	Model-based fund that invests in equity indices, fixed income securities, currencies and commodities.
Inception day:	11 May 2009.
Portfolio managers:	Jonas Bengtsson, Svante Bergström, Anders Holst, 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:	1.5 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:	Daily.

SUPERVISION

Licensing authority:	Finansinspektionen (the Swedish Financial Supervisory Authority). The company received a license to engage in business on 19 April 2000. The company is registered as an AIF Manager.
Depository:	Skandinaviska Enskilda Banken AB (publ).
Auditors:	KPMG AB, Anders Bäckström.

FUND MANAGEMENT COMPANY

LYNX ASSET MANAGEMENT AB

Company registration number:	556573-1782
Date of inception:	10 June 1999.
Funds under management:	Lynx, Lynx Dynamic, Lynx (Bermuda) Ltd., Lynx 1.5 (Bermuda) Ltd., Lynx 0.5 (Cayman) Ltd. och Lynx Master (Cayman) Ltd.
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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Email:	info@lynxhedge.se
Website:	www.lynxhedge.se
Board of Directors:	Marcus Andersson (COO Lynx Asset Management AB), Jonas Bengtsson (Portfolio Manager Lynx Asset Management AB), Svante Bergström (CEO and Portfolio Manager Lynx Asset Management AB), Svante Elfving (Chairman, Partner Brummer & Partners AB) and Ola Paulsson (COO Brummer Multi-Strategy AB).
Chief Compliance Officer:	Joakim Schaaf, B & P Fund Services AB
Independent Risk Control:	Sam Nylander, B & P Fund Services AB

¹The hurdle is defined as the rate of interest used by the Riksbank at its fixing of 3-month Treasury bills on the final three banking days of the previous calendar quarter after the highwatermark. 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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IMPORTANT INFORMATION

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

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

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

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

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.

THE FUND LYNX DYNAMIC

Lynx Dynamic is a Special Fund pursuant to the Act (2013:561) on managers of alternative investment funds (AIFMA).

The object of the Fund's activities is to generate a high risk-adjusted return. A further goal of the portfolio managers is for the return generated by the Fund to have a low correlation with the stock and bond markets. This means that the unit value can increase or decline, regardless of the performance of stock and bond markets.

The Fund is managed by Lynx Asset Management AB, herein under referred to as "the company". The company has a licence from Finansinspektionen (the Swedish Financial Supervisory Authority) to manage the Fund and is subject to its supervision.

Special funds can have more flexible investment rules than what is applicable for mutual funds. The Fund has been granted exemption by Finansinspektionen from some of the restrictions that apply to mutual funds.

This exemption enables the Fund, for instance, to:

- trade with derivative instruments without having the capacity to deliver the underlying asset,
- create higher leverage than 100 per cent by using futures markets,
- make large investments in some individual financial instruments by spot trade and gain a larger exposure to the underlying assets (or equivalent) by using derivative instruments, and
- make large investments in unlisted transferable securities.

Unlike what is applicable for mutual funds, Lynx Dynamic may in addition trade with derivative instruments where commodities are the underlying asset.

Even if the Fund has greater operational freedom, there are also restrictions on the investments it is allowed to make. The Fund may not, for example, pledge its assets. The Fund rules also limit the markets in which the Fund may invest. These restrictions are explained in full in the Fund rules (Appendix 1).

The Fund's assets are held in safekeeping by Skandinaviska Enskilda Banken AB (publ) in its capacity as depository.

COMPARISON TO THE LYNX FUND

Lynx Dynamic is managed with the same principles as the Lynx Fund. Differences in return can occur due to e.g. the following reasons:

- Lynx Dynamic is open to subscriptions and redemptions daily whereas the Lynx Fund is open monthly. This means that investments in the two funds are not entirely identical.

- The fee for Lynx Dynamic is somewhat higher. The fixed fee is 1.5 per cent per annum compared to 1 per cent for the Lynx Fund.
- Lynx Dynamic pays a performance fee on a daily basis compared to a monthly basis for the Lynx Fund.
- Lynx Dynamic is valued at the current market prices at 12 noon CET on each trading day, whereas the Lynx Fund is valued at each markets closing price. Over time the difference in time of valuation will not create any material differences in performance.

INVESTMENT POLICY

The Fund invests much of its capital in futures listed on financial futures markets and in FX forwards via the appointed prime broker. Trading in futures and forwards is an integrated part of the Fund's investment concept, and greatly improves the efficiency of its investment activities.

The Fund is entitled to trade in derivatives for which the underlying assets are equity indices, currencies, fixed-income related instruments and commodities.

By distributing the Fund's investments over a large number of markets, the portfolio managers increase the probability that a poor result in one market will be offset by a good result in another. In so doing, they are able to reduce the fluctuations, or the risk, in the portfolio without lowering the return.

The Fund's return is mainly generated by changes in general price levels on the markets ("market risk").

An investment in Lynx has historically generated a good return at times when many of the markets on which the Fund invests have risen and fallen sharply over a long period of time (i.e. when there is a clear trend). The Fund has historically generated a negative return during periods of widely fluctuating prices with no clear trends. The historical monthly returns for the Fund can be found in Appendix 2.

FUND MANAGER

Lynx Asset Management AB, which is under the supervision of Finansinspektionen, has been managing the Lynx Fund since 1 May 2000. The company has permission to provide management of individual accounts besides the Lynx Fund. The company is owned by key employees and Brummer & Partners AB. Apart from Lynx Dynamic, the company is responsible for the investments in the Lynx Fund, Lynx (Bermuda) Ltd., Lynx 1.5 (Bermuda) Ltd., Lynx 0.5 (Cayman) Ltd. and Lynx Master (Cayman) Ltd. The offshore-based funds are not under the supervision of Finansinspektionen.

DEPOSITARY

The Fund's assets are kept in safe keeping by Skandinaviska Enskilda Banken AB (publ), the depositary.

The depositary shall receive and place in safe keeping the property of the Fund in accordance with Chapter 9 Sections 9-12 of AIFMA as well as execute decisions made by and monitor the company in some respects.

The depositary must compensate unit-holders for any loss caused by the depositary violating the AIFMA or the fund rules.

INVESTMENT PROCESS

A PRESENTATION OF THE PORTFOLIO MANAGERS

The Fund is managed by Jonas Bengtsson, Svante Bergström, Anders Holst, Henrik Johansson and Jesper Sandin.

Jonas Bengtsson holds a Licentiate degree in Engineering Physics from the Lund Institute of Technology. In 1993, Jonas Bengtsson joined Gota Bank (later merged with Nordbanken) as a quantitative analyst. From 1994 he was employed by the Strategic Trading unit at Nordbanken with responsibility for quantitative research. As of 1996 he was employed by the Proprietary Trading unit. Bengtsson is a founding partner and has been portfolio manager of Lynx since the fund's inception.

Svante Bergström is a BSc Econ and Business Admin graduate from the Stockholm School of Economics. Between 1984 and 1991, Svante Bergström worked for Hagströmer & Qviberg Fondkommission, both as a stock broker and later as head of the firm's bond trading department. In 1993, he joined Nordbanken as a quantitative analyst and bond trader within the Strategic Trading unit. In 1996, Mr Bergström set up Nordbanken's Proprietary Trading unit, where the investment methodology for Lynx was originally formulated. Bergström is a founding partner and has been portfolio manager of Lynx since the fund's inception.

Anders Holst holds an MSc degree in Engineering Physics and Financial Mathematics from the Royal Institute of Technology in Stockholm and an MSc degree in Business Administration and Economics from Stockholm University. Holst has worked within the financial markets both during and after his studies and has previously been involved in both marketplace administration/development and trading. Holst joined Lynx in 2004 and became portfolio manager and partner in 2011.

Henrik Johansson holds an MSc in Engineering Physics from the Royal Institute of Technology in Stockholm. Johansson joined ABB as a trainee in 1994 and worked at the Treasury Center from 1995 to 1996 with, among other things, evaluation and implementation of quantitative trading systems in the FX markets. Between 1996 and 1997 he held a position as financial analyst and later Risk Manager within Skandia Investment Manager. In 1997, Johansson joined Nektar Asset Management and was until 2006 responsible for the Quant Team before moving to the

service company within Brummer & Partners AB with responsibility for Risk, Valuations, System Development and IT. In 2008, Johansson joined SEB Merchant Banking as Global Head of Risk Management, a position he held until joining Lynx in 2011 as Head of Research and partner. Johansson was appointed portfolio manager in 2014.

Jesper Sandin holds an MSc degree in Engineering Physics and Financial Mathematics from the Royal Institute of Technology in Stockholm and is a Certified Financial Analyst from IFL Stockholm School of Economics. Sandin started his career in the financial markets in 1996, as a quantitative analyst at Skandia Asset Management. In 1998 Sandin became Head of Quantitative Research at the First National Swedish Pension Fund and in 2006 he joined Brummer & Partners in a global tactical asset allocation research venture. Sandin joined Lynx in 2008 and became portfolio manager and partner in 2011.

QUANTITATIVE MODELS AS A MANAGEMENT TOOL

The portfolio managers make extensive use of quantitative models for determining which assets the Fund should invest in. The portfolio managers have used the model-based management concept since 1996, and the models used are therefore the result of extensive development work.

The models are used to make quantitative analyses of data, primarily price fluctuations on markets traded. They identify market situations in which there is an enhanced probability that future price changes will be in a certain direction. Risk management and limiting investment losses are integral components of the models, e.g. by using systematic risk-reducing mechanisms. The portfolio managers apply several different models in conjunction with each other on each market, the idea being that the models complement each other to generate a stable total return.

This quantitative and systematic approach enables the portfolio managers to make extensive analyses in areas such as risk measurement, risk control and the limitation of market risk.

The portfolio managers hold the view that the way markets function will change with time. Consequently, it is important to carry out continuous research to improve the models used in the management. The company has a large team of analysts, whose task it is to develop new strategies and models to be used in the management.

THE FUND'S LEVEL OF RISK

Since the portfolio managers are able to apply leverage via the futures and forward markets, the Fund's level of risk can theoretically be very high, and the value of the Fund can show large fluctuations due to its composition. However, the portfolio managers will limit the actual level of risk, defined as the standard deviation in the NAV of the units, to ensure that over a 12-month period the standard deviation amounts to around 18 per cent before fees. The Fund's leverage, where the exposure for fixed income markets is calculated as 10 year equivalents, has historically been between

approx. 100 and 500 per cent. The leverage can vary over time and can exceed the historical levels.

RISK CONTROL AND RISK ANALYSIS

The company's Board draws up guidelines for the Fund's management and lays down limits for the risks that the portfolio managers may take, based on the Fund rules. For example, using so called Value at Risk models, the Board decides on the maximum aggregate risk to which the Fund's investments may be exposed.

The analysis and control of market risks is a central aspect of the portfolio managers' day-to-day activities. Besides the restrictions laid down by the company's Board, the portfolio managers also use complementary risk calculation models, simulations and limits.

The control of the risks that exist within the management is supported by continuous measurement of the risks of the Fund. This risk measurement is carried out in two independent stages. On one hand, it is carried out by the company by means of risk models and methods developed in-house, and on the other hand by the group Risk Control and Development within B & P Fund Services AB in accordance with the service agreement between the company and B & P Fund Services AB.

INVESTMENT RESTRICTIONS

The Fund invests largely in futures listed on a number of financial futures markets. The underlying assets of the futures are equity indices, currencies, fixed-income related instruments and commodities. The Fund trades primarily on futures markets with good liquidity that are subject to supervision by an authority or other authorised official body. The countries in which the Fund may invest are listed in the Fund rules (Appendix 1).

On account of its trading in futures and forwards, the Fund is exposed at any time to a collateral requirement that may not exceed:

- 20 per cent of the value of the Fund in respect to equity index futures
- 20 per cent of the value of the Fund in respect to fixed-income related futures
- 20 per cent of the value of the Fund in respect to currency futures and forwards
- 20 per cent of the value of the Fund in respect to commodity futures.

The total collateral requirement to which the Fund is exposed at any time may not exceed 40 per cent of the value of the Fund.

LIMITS BASED ON VALUE AT RISK

The Fund's level of risk is also controlled by limits calculated in accordance with the Value at Risk method (VaR). VaR is a type of risk measurement model that is frequently used by banks and asset management organisa-

tions to measure the risk to which a portfolio is exposed.

VaR models use historical prices in order to try to forecast what the risk of loss for a portfolio looks like for a certain time horizon and confidence level (probability). For example, the standard deviation of prices (how the price usually varies) and how the various assets are developing in relation to each other (how prices are correlated) can be used to make this forecast. The VaR model forecasts an interval within which the value of a portfolio is expected to change over a given time frame, such as one day or one month. The size of the interval is determined by the degree of confidence to which one wishes the actual result to be within the interval, for example, 95 per cent or 99 per cent. The higher the degree of confidence the greater the interval.

The models used to measure the Fund's risk are based on a one-day time frame with 95 per cent confidence. The Fund's risk may at any time be no more than 5 per cent, calculated in accordance with this method. It should be noted that the maximum risk according to this limitation is an absolute limit and that the Fund's average risk is expected to be around 2 per cent.

It is possible to interpret the VaR model's forecast risk of loss as follows: Based on historic prices, the actual portfolio will on 5 days out of 100 provide a loss which is greater than X percent of the Fund's value. On 95 days out of 100, the result will thus be better than a loss of X percent.

The VaR model is a very widely used method for measuring portfolio risk in modern portfolio management, even though the method has certain shortcomings. The VaR model is, for example, based on the assumption that the price movements on markets will repeat past patterns in terms of volatility and correlation. The model therefore fails to take into account extreme events that lack any equivalent in the price history of the previous few years. Nor can the VaR model forecast the maximum loss that a fund can be expected to incur. Despite their shortcomings, VaR models provide an effective means of control for limiting the market risks to which a fund is exposed.

There are additional VaR limitations besides the VaR limit for the total risk level of the Fund described above. These limitations as well as other investment restrictions are described in detail in the Fund rules (Appendix 1).

MODERN PORTFOLIO THEORY

Modern portfolio theory is a useful tool for analysing an investment portfolio. The key to raising a portfolio's risk-adjusted return is diversification. The distribution of investments over different markets increases the probability that a poor result in one market will be offset by a good result in another. This makes it possible to reduce the fluctuations, or the risk, in the portfolio. The lower the correlation between the different markets the better.

The portfolio managers apply modern portfolio theory in their management of the Fund by spreading their investments over a large number of markets.

The performance of the Fund has a low correlation with the stock and bond markets. For investors with a large proportion of their assets in the stock and bond markets, therefore, an investment in the Fund is a means of diversifying their portfolio, which will enable them to reduce the risk and/or raise the total return of their portfolio.

TRADING IN DERIVATIVES

A derivative instrument is a type of contract in which the contract itself is the object of trade on the securities market. The derivative instrument is linked to an underlying asset, such as a equity, a currency, a bond, a commodity or a stock index.

A future/forward is a contract in which one party undertakes to buy the underlying asset (e.g. a bond) from the other party at a later date and at a predetermined price. On the future's/forward's maturity date, payment is made on delivery or by cash settlement.

Futures/forwards may be used to provide cover (hedge) against an expected unfavourable change in the price of the underlying asset. They can also be used to generate a profit with a smaller amount of invested capital than would be needed to make the corresponding investment directly in the underlying asset.

The parties to a futures/forward contract provide collateral for their future commitment when they enter into the contract. Additional collateral may be needed at a later stage if the price of the underlying asset changes unfavourably.

Trading in derivatives is an integral part of the Fund's business concept and will therefore take place extensively. The objectives of this trading are to improve the efficiency of the management of the Fund's capital and to raise the return earned on the Fund's assets.

LEVERAGE

A future/forward is structured so that changes in the price of the underlying asset are reflected in its value. The effect of such price changes is greater in relation to the amount of collateral than it is in relation to the value of the underlying asset. This effect is known as "leverage" and it can generate a higher profit on the invested capital than if the investment had been made directly in the underlying asset. Conversely, leverage can equally lead to a bigger loss on the future/forward if the change in the price of the underlying asset differs from what was expected.

The leverage is calculated using a commitment method and a gross method which are described in the Commission delegated regulation (EU) no 231/2013 of 19 December 2012. The gross method calculat-

ed the absolute value of all positions, which for each futures/forward position is the value of the underlying asset. The commitment method uses the same means of calculating exposure for each position, but aims to give a notion of the additional exposure that positions in derivatives implies compared to a direct investment in the underlying asset. The leverage in accordance with the commitment method is therefore shown as the sum of the absolute values of remaining exposures after the exposures have been reduced with netting and hedging arrangements.

The leverage – expressed as the ratio between the exposure of the Fund and its net asset value – may not exceed 10,000 per cent according to the gross method or 10,000 per cent according to the commitment method.

MARKETS

The Fund's capital is invested in about 70 different instruments which are traded on a number of futures markets around the world.

For example, the Fund invests in the following markets: London International Financial Futures Exchange (LIFFE), London Metal Exchange (LME), Eurex Frankfurt AG (EUREX), Sydney Futures Exchange (SFE), Singapore Exchange (SGX), Tokyo Stock Exchange (TSE), Chicago Mercantile Exchange (CME), Intercontinental Exchange (ICE), Borsa Italiana (BI) and the Hong Kong Futures Exchange (HKFE).

ADMINISTRATION AND OUTSOURCING

Lynx Asset Management AB has transferred a number of administrative tasks relating to the Fund to HSBC Securities Services (Ireland) Limited ("HSBC").

The administrative services provided by HSBC include valuation of the Fund, transaction reconciliation and administration of the register of unit-holders.

Some tasks have also been transferred to B & P Fund Services AB ("BFS"). BFS is a wholly owned subsidiary of Brummer & Partners AB and is subject to supervision by Finansinspektionen. Examples of these tasks are risk reporting, IT support, compliance and legal affairs.

The Fund is made available by a number of distributors please see the Fund's website www.lynxdynamic.se for the current list of distributors.

ETHICAL RULES AND PERSONAL ACCOUNT TRADING POLICY

All employees are obliged to follow the ethical rules as well as guidelines and personal account trading policy routines which are adopted annually by the company. The ethical rules have been adopted in compliance with Finansinspektionen's Regulations regarding alternative investment fund managers (FFFS 2013:10) and Finansinspektionen's Regulations governing investment services and activities (FFFS 2007:16). The company's personal account trading policy has been adopted in compliance with Article 63 of the Commission delegated regulation (EU) no 231/2013 of 19 December 2012 and with the Rules governing transactions in financial instruments and currencies, etc., undertaken by securities institutions' employees and service providers on their own account or on behalf of closely related persons as adopted by the Board of the Swedish Securities Dealers Association.

INVESTING IN LYNX DYNAMIC

THE FUND'S TARGET GROUP

The Fund differs from traditional mutual funds with regard to investment policy and risk management. Because of this, the Fund is primarily intended for investors who are well informed about the financial markets. It is important that a potential investor reads the information contained in this Information Memorandum.

An investment in the Fund shall not be seen as an independent alternative to traditional equities and bond funds. The Fund should be used instead as an instrument for diversifying the risks in a portfolio. An investment in the Fund should only constitute a small part of an investor's total portfolio of financial investments.

THE RISKS ASSOCIATED WITH AN INVESTMENT IN THE FUND

The objective that the Fund should demonstrate a low correlation with the stock and bond markets means that it could earn a poorer return than normal securities funds at times when stock markets are rising sharply or interest rates are falling. The low correlation does not automatically mean that the Fund will generate a positive return at times when traditional funds are earning negative returns.

The Fund's long term level of risk, defined as yearly standard deviation, shall amount to around 18 per cent before fees. In the shorter term, however, the NAV can display much wider variations than indicated by the long-term risk level.

The models used by the portfolio managers to support their investment decisions have been tested on historical price data. The models utilise the fact that price movements on most markets have displayed very similar patterns. There is, of course, a chance that market behaviour will change and that the patterns upon which the forecasts in the models are based weaken or disappear, which would reduce the ability of the models to generate an excess return. The portfolio managers' aim, however, is that further research will enable them to modify the models in response to changing market conditions.

The objective of the portfolio managers is to invest solely on highly liquid markets. However, at times when markets are particularly unsettled liquidity may be poorer than normal, which could make it difficult to liquidate one or more of the Fund's positions. Some commodity-based markets have limit rules that temporarily close the market if prices move outside a preset price interval. Since this could prevent the Fund from winding down investments that it would otherwise have exited losses could therefore be higher than would otherwise have been the case.

The portfolio managers' goal is that the Fund will show a high risk-adjusted return. Naturally, there is no guarantee that the portfolio managers will succeed in achieving the return goal in the future. It cannot be ruled out that the return in the future will be negative.

The portfolio managers' goal is that an investment in the Fund will generate solid performance over a long period of time. However, it is impossible to forecast performance over a short time frame. It is quite possible that the Fund could over a period of time lose as much as 20 to 25 per cent of its value. It is also quite possible that the Fund will go through periods of 18 to 24 months with zero return. An investor should therefore see an investment in the Fund as a long-term investment with a time frame of at least two years.

LIQUIDITY MANAGEMENT

The company has appropriate systems and instructions for monitoring liquidity risks to ensure that the Funds' liquidity profile is in line with their underlying obligations. The company performs stress tests on a regular basis, during both normal and exceptional liquidity conditions, which enables an assessment of each fund's liquidity risk.

MANAGEMENT FEES

The fact that Lynx Dynamic is open to subscriptions and redemptions on a daily basis means that the management is more resource-intensive and complicated than the management of the Lynx Fund, which leads to a higher management fee.

The management fee consists of a fixed fee and a performance fee. The management fee is 1.5 per cent per annum and is paid daily.

The performance-based fee is 20 per cent of the Fund's return in excess of the hurdle rate.

An example of how the performance-based fee is calculated is provided in Appendix 3.

Brokers' commissions, clearing charges and other transaction costs attributable to the Fund's investments are paid by the Fund as they are incurred.

SUBSCRIPTION AND REDEMPTION OF UNITS

Fund units are subscribed and redeemed on every banking day (the trade date).

New unit-holders shall inform the company, or the person nominated on the special form, in writing of their wish to subscribe, no later than 11 a.m. CET on the relevant transaction day.

This shall be done using the special form that is made available by the company. The subscription amount shall reach the Fund's bank account no later than 11 a.m. CET on the relevant transaction day.

Applications to redeem units are to be made using the special form that is made available by the company and shall reach the company, or the person nominated on the special form, no later than 11 a.m. CET on the relevant banking day. Redemption applications may only be withdrawn with the company's consent.

The subscription and redemption price is the net asset value per unit in the Fund on the trade date.

Subscriptions/redemptions are made at a fixed price that is unknown at the time the application is submitted. No limits may be placed on a request for subscription/redemption.

No subscription or redemption fee is charged in connection with subscription or redemption of units.

CLOSING THE FUND DUE TO CAPACITY LIMITATIONS

In addition to its funds, the company also manages a number of managed accounts, together called the Lynx programme as all products and services follow the same investment process. It is the company's view that there is an optimal volume of assets for the Lynx programme, and that exceeding the optimal volume may have negative effects for existing unit-holders. Possible consequences in such a scenario would be increased transaction costs and that it would not be possible to achieve the same level of diversification in the Fund's holdings. This might in turn lead to a need to make compromises in the investment models.

To avoid that the optimal volume of assets, which currently lies at USD 10-12 billion, is exceeded, the company has the right to close the Fund for subscriptions. Such a close can be partial, meaning that the Fund is closed for subscriptions from new investors, but allows existing unit-holders to make additional subscriptions (soft close). It can also be total, meaning that the Fund is closed for all subscriptions (hard close). A decision to soft close can be made prior to the assets under management in the programme reaching the specified interval.

Any decision on closing and opening of the Fund is published in connection with the decision on the company's website www.lynxhedge.se.

ACT ON MEASURES AGAINST MONEY LAUNDERING

In consequence of the third EU directive on money laundering of 2005 Sweden has enacted a new act (2009:62) on measures against money laundering and terrorist financing. In addition, Finansinspektionen has issued a set of regulations for companies under its supervision. Under these regulations, companies are required to report suspected money laundering to the Financial Intelligence Unit of the Swedish Police. Similar rules exist in about 30 other countries, including the EU member states. The regulations also specify which measures companies should take to verify the identities of parties with whom they engage in or on behalf of whom they perform transactions (under the 'know your customer' principle).

DOCUMENTATION REQUIREMENTS

To ensure compliance by the company with the rules, the following documents must be submitted to the company in connection with subscription and redemption of units:

Subscription

- Natural persons: The application form in the original and a certified copy of a valid identity document. For individuals not registered in the Swedish national registry a passport constitutes a valid identity document. Such persons are also required to submit copies of two utility bills.
- Legal persons: The application form, current certificate of incorporation/registration or equivalent and a certified copy of a valid identity document for persons authorised to sign on behalf of the company. For company signatories who are not Swedish citizens the requirements for identity documents are the same as for non-Swedish natural persons (see above).

Redemption

- All parties: The redemption form.

In case of incomplete documentation in accordance with the above, the company will not execute the requested subscription or redemption. In the case of subscription, the subscription payment will be returned to the account from which it was made or to the account specified by the subscriber on the application form. No compensation for interest is made.

OTHER INFORMATION

ANNUAL REPORTS AND HALF-YEARLY REPORTS

The company publishes an annual report and a half-yearly report, which are provided free of cost to each unit-holder who have requested them. The reports contain, among other things, information about the Fund's risks and liquidity management as well as leverage. The reports may also be ordered from the company.

LYNX DYNAMIC ON THE INTERNET

The Fund's website, www.lynxdynamic.se, is regularly updated with the latest information on the Fund in the form of the Information Memorandum, performance, simplified prospectus, annual reports etc. All documents published on the website are exclusively in Swedish.

REGISTER OF UNIT-HOLDERS ETC.

The company has engaged HSBC to maintain the register of unit-holders and for other administrative tasks.

LEGAL POSITION OF THE FUND

The Fund itself is not a juridical person and therefore has no obligations or rights. Instead, it is the company that represents the unit-holders in all legal and financial matters pertaining to the Fund. However, the Fund is an independent taxable entity. The company, in its management of the Fund, shall trade exclusively in the common interest of the unit-holders. The Fund's assets may not be seized, and the unit-holders are not liable for the Fund's commitments.

ELIGIBLE INVESTORS

The company is entitled to refuse to sell units to investors whose investment in the Fund would contravene the provisions of foreign laws or ordinances, or whose subscription to or holding of units in the Fund would require the Fund or the company to carry out registration or other measures. Each investor's investment in the Fund is based on identical terms.

THE PRINCIPLE OF EQUAL TREATMENT

The company applies the principle of equal treatment, meaning that no unit-holder may be discriminated in favour of another unit-holder.

PROFESSIONAL INDEMNITY INSURANCE

The company has additional own funds to cover risks for liability in accordance with Chapter 7 Section 5 of AIF-MA.

THE FUND'S PRIME BROKERS AND COUNTERPARTIES

The company has appointed J.P. Morgan Securities plc ("J.P. Morgan" or the "prime broker") as prime broker for the Fund's FX spot transactions and FX derivatives. The service provided by J.P. Morgan does not include keeping, or being responsible for keeping, any assets in safe custody. The prime broker shall ensure that all relevant transfers in relation to the Fund's FX spot transactions and FX derivatives are made to the Fund's depositary.

The Fund has further appointed a number of other counterparties for trading in futures and for cash management purposes. Before the company chooses and contractually appoints counterparties the company performs a thorough review of the services of the counterparty and thereafter continuously assesses the offering and quality of these services.

DISCONTINUATION AND TRANSFER OF THE FUND BUSINESS

The management of a company's alternative investment funds shall be immediately taken over by the depositary if:

- Finansinspektionen recalls the company's licence,
- the company has been legally placed in liquidation, or
- the company is declared bankrupt.

Should the company wish to cease its management of the Fund, management will be taken over by the depositary as of the time when the company ceases its management.

As soon as the depositary has taken over the management of a fund, the fund shall be transferred to another company as soon as possible provided Finansinspektionen gives its consent. Otherwise, the fund shall be dissolved by selling its assets and the net balance distributed amongst the unit-holders.

Any decision on the above changes shall be announced in the Official Gazette (Post- och Inrikes Tidningar) and be made available at the offices of the depositary and the company.

TAX RULES

This section provides a summary and a general description of the tax rules that apply to the Fund and its Swedish unit-holders. Since the tax rules are often subject to amendment, investors should consult their tax advisor on the possible tax consequences of an investment in the Fund.

TAX RULES FOR UNIT-HOLDERS WHO ARE NATURAL PERSONS

Unit-holders in special funds, both Swedish and foreign, who are residents in Sweden for tax purposes are required to report an estimated income for their holding. The basis for calculation is the value of the unit-holder's fund units at the beginning of the calendar year. The estimated income is 0.4 per cent of the basis for calculation and is reported on an income statement submitted by the fund to the Swedish Tax Agency. A natural person who is resident in Sweden for tax purposes should report the estimated income as a capital gain. Based on a tax rate of 30 per cent, this means that the actual tax on the basis for calculation for a natural person is 0.12 per cent. Any gain or loss on the sale (redemption) of units is taxed as capital for natural persons, i.e. as a capital gain or loss. The gain is defined as the difference between the value of the units upon sale and the total amount of capital invested. If only a portion of the holding is redeemed, the average cost method is used to calculate the cost. Capital gains are taxed at a rate of 30 per cent.

A loss from the sale of units is 70 per cent deductible in the year in which it was incurred.

If an individual's capital income is negative, his or her income tax (income from employment and business activities) and property tax are reduced. The tax deduction is 30 per cent of any deficit up to SEK 100,000 and 21 per cent of any deficit exceeding SEK 100,000.

The Fund does not pay any dividends.

TAX RULES FOR THE FUND

The Fund is a tax subject but does not pay tax on income from assets included in the Fund. The tax is instead charged to unit-holders, both natural persons and legal entities, who are residents in Sweden for tax purposes. An estimated income is reported to the Swedish Tax Agency on an income statement submitted to the Tax Agency by the Fund and also on the unit-holder's tax return. The basis for calculating the estimated income is the value of the unit-holder's fund units at the beginning of the calendar year. The estimated income is 0.4 per cent of the basis for calculation. The income is taxed as capital for natural persons and as business income for legal entities.

APPENDIX 1: FUND RULES¹

SECTION 1 LEGAL STATUS OF THE FUND

The name of the Fund is Lynx Dynamic, herein under called the Fund. The Fund is a special fund under the terms of the Act (2013:561) on managers of alternative investment funds, herein under called AIFMA.

The Fund is open to the limited group of investors as defined in Section 17 below.

The assets of the Fund are owned collectively by its unit-holders, and each unit carries an equal right to the assets owned by the Fund. The unit-holders are not liable for obligations that are incumbent on the Fund.

The Fund cannot acquire rights or take upon itself any obligations. Nor can the Fund take legal action in a court or before any other authority. Property owned by the Fund may not be subject to a distraint order. The fund manager represent unit-holders in all matters pertaining to the Fund, makes decisions regarding the assets of the Fund, and exercises any rights that are acquired by virtue of ownership of such assets.

These fund rules are established in accordance with Chapter 10 §§ 3 and 4 of AIFMA, which in turn refers to some provisions in the Swedish Mutual Funds Act (2004:46), herein under called MFA. Therefore these fund rules specifically indicate in what respects the Fund deviates from what applies to mutual funds.

SECTION 2 FUND MANAGER

The Fund is managed by Lynx Asset Management AB, co. reg. no. 556573-1782, herein under called the company.

SECTION 3 DEPOSITARY AND ITS DUTIES

The Fund's assets are kept in safe custody by Skandinaviska Enskilda Banken AB (publ), co. reg. no. 502032-9081, in its capacity as fiduciary custodian, herein under called the Depositary.

The Depositary shall receive and keep in safe custody the assets included in the Fund. The Depositary shall, in accordance with Chapter 9 §§ 9-12 of AIFMA, monitor the Fund's cash flows, receive and keep in safe custody the assets included in the Fund and execute decisions made by the company as well as monitor the company in some respects.

SECTION 4 CHARACTER OF THE FUND

The Fund is a hedge fund and consequently differs considerably from a traditional mutual fund owning equities or fixed income securities. An investment in the Fund should therefore not be regarded as a separate and alternative investment vehicle to a traditional mutual fund. The Fund should instead be used as a means of diversifying the risk in a portfolio. An investment in the Fund should only repre-

sent a small proportion of an investor's total portfolio of financial investments.

The object of the Fund's investments is to earn a high risk-adjusted return. A further goal of the company is for the Fund's return to demonstrate a low correlation with global stock and bond markets. This means that the value of the Fund can rise or fall, regardless of the performance of stock and bond markets.

The investments are distributed among a large number of markets in order to obtain a well-diversified portfolio.

Trading in derivatives is an inherent aspect of the Fund's business idea, and the Fund will therefore trade extensively in such instruments.

SECTION 5 INVESTMENT POLICY

SECTION 5.1 GENERAL

The Fund's capital may be invested in transferable securities, fixed income securities, and derivatives, or be placed on account with credit institutions. Issuers, counterparties or credit institutions shall have their registered offices in the EU or EFTA, Australia, Bermuda, Hong Kong, Japan, Canada, Singapore or the USA.

The Fund's assets shall always be invested in at least ten different financial instruments, except if management ceases. The Fund applies the principle of risk diversification.

SECTION 5.2 EXEMPTIONS FROM MFA

The Fund has been granted the following exemptions from the provisions of MFA relating to its investment policy.

The restrictions in Chapter 5 § 6 MFA (direct or by analogy) do not apply to transferable fixed income securities and fixed income instruments, issued by a government in any country within the EU and EFTA as well as by Australia, Japan, Canada or USA, or to commodities. However, the Fund's exposure to an individual issuer or an individual commodity may not exceed a risk of 3 per cent, calculated as Value at Risk as described in more detail in this Section 5.2 below.

The restrictions in Chapter 5 § 6 MFA do further not apply to futures whose underlying assets consist of financial instruments with no issuer, e.g. interest rates and currencies. As a result hereof the restrictions in Chapter 5 § 13 para 1 MFA are not applicable to these instruments.

The Fund may use derivative instruments as part of its investment strategy.

The Fund may at any time be subject to the following maximum margin requirements in connection with its trade in derivatives:

¹ Please note that the below text, the Fund rules, has been prepared in Swedish and translated into English. In the event of any discrepancy between the two versions, the Swedish version shall have priority.

- 20 per cent of the value of the Fund in respect of equity-related derivatives
- 20 per cent of the value of the Fund in respect of fixed-income related derivatives
- 20 per cent of the value of the Fund in respect of currency-related derivatives
- 20 per cent of the value of the Fund in respect of commodity-related derivatives.

The sum of all margin requirements as stated above may not at any time exceed 40 per cent of the value of the Fund.

The Fund uses derivative instruments as part of its investment strategy to increase the return on its assets. The Fund's total exposures to derivative instruments may exceed 100 per cent of the value of the Fund. The Fund's risk is limited by the rules in this Section 5.2 above and by limits arrived at using the Value at Risk (VaR) method, which is based on historical correlations. The Fund's risk may not amount to more than 5 per cent (excluding or including derivatives), calculated using this method. In these calculations a time horizon of one day and a probability of 95 per cent are used. This restriction can be interpreted to mean that the Fund's portfolio of investments may never be exposed to a higher risk than would lead to the expectation that the Fund's result for the day would be better than a loss of 5 per cent on 95 days out of 100. The Fund's risk level is also limited by the fact that no position in any individual derivative may involve the Fund in a higher risk level than 1.5 per cent, calculated as VaR as defined above.

The Fund has thereby been granted exemption from Chapter 5 § 13 para 2 MFA and has been authorized by license by Finansinspektionen in accordance with Chapter 25 § 4 in Finansinspektionen's Ordinance (FFFS 2013:9) regarding Swedish UCITS Funds, herein under referred to as FFFS 2013:9, to use VaR to calculate the total exposures. The Fund has also been granted exception from Chapter 5 § 7 FFFS 2013:9.

The Fund may use derivative instruments without having the capacity to deliver the underlying asset or assets of equal value. This means that the Fund's trade in derivative instruments can mean that at times it has a negative exposure to the underlying asset. The Fund has been granted exemption from Chapter 25 § 15 FFFS 2013:9.

SECTION 5.3 LEVEL OF RISK AND DEFINITION OF RISK

The company's goal is for the Fund's average risk, defined as the annual standard deviation over a moving twelve-month period, to amount to around 18 per cent. It should be particularly noted that the targeted average level of risk could be exceeded at times when market conditions are extreme.

SECTION 6 EXCHANGES AND MARKET PLACES

The purchase and sale of financial instruments that are quoted on or otherwise admitted to trading on an exchange or on another market shall take place on a regu-

lated market or the equivalent to a regulated market outside the EEA. The Fund may therewith trade in Australia, Hong Kong, Japan, Canada, Switzerland, Singapore or the USA.

SECTION 7 SPECIFIC INVESTMENT STRATEGY

The Fund may use derivative instruments, including OTC derivatives, as part of its investment strategy. The Fund may invest in such transferable securities as referred to in Chapter 5 § 5 MFA. The Fund may use derivative instruments based on assets whose underlying components consist of one or several of the following attributes:

- 1) assets as referred to in Chapter 5 § 1 para 2 MFA (excluding units in collective investment undertakings), including financial derivatives with one or more of such assets' features,
- 2) interest rates,
- 3) currency rates, or currencies,
- 4) financial indices, and
- 5) other underlying assets as referred to in Chapter 12 § 13 para 2 AIFMA.

Consequently the Fund may, as opposed to mutual funds, use derivative instruments whose underlying assets consist of commodities if the instruments are traded on a regulated financial market. However, the Fund may never deliver or take delivery of the underlying commodities. The Fund may never deliver or take delivery of any other underlying asset as a result of a derivatives trade.

The Fund may use such techniques and instruments as referred to in Chapter 25 § 21 FFFS 2013:9 to create leverage in the portfolio.

SECTION 8 VALUATION

The value of the Fund is calculated by deducting the liabilities relating to the Fund (accrued compensation in accordance with Section 11, taxes and other liabilities) from its assets (financial instruments, cash and other assets including accrued income).

The assets owned by the Fund are stated at their current market at 12 noon CET on the relevant business day, by which is meant the latest traded price or, in the absence of such, the latest bid price for owned positions and the latest offer price for sold positions. If in the view of the company such prices are not representative or in the absence of such prices, the company is entitled to determine the value on other objective grounds. By objective grounds is meant the use of a generally accepted valuation model (for example Black & Scholes for regular options), valuation provided by third party or qualitative independent valuation.

The value of a unit in the Fund is the value of the Fund, calculated as above, divided by the number of units in issue.

The value of units is published on the Fund's website www.lynxdynamic.se.

SECTION 9 SUBSCRIPTION AND REDEMPTION OF UNITS

Fund units are sold and redeemed on every banking day, herein under called the transaction day. Applications shall be submitted on the form provided by the company, or in another manner as specified by the company from time to time. Applications to subscribe shall reach the company or the person nominated on the special form no later than 11 a.m. CET on the relevant transaction day. The unit-holder is responsible to seeing to it that the application is duly signed and that the correct bank account number has been provided.

Applications to redeem units shall reach the company or the person nominated on the special form no later than 11 a.m. CET on the relevant transaction day. Applications to redeem units shall be submitted in writing and may only be withdrawn subject to the company's consent.

In connection with subscriptions and redemptions of units, the price of a unit is the net asset value on the transaction day. No subscription or redemption fee is charged.

Subscriptions/redemptions will be executed at a unit value that is not known at the time the application is submitted. Requests to subscribe/redeem cannot be limited.

The unit-holder will be informed of the net asset value by means of the contract note that is issued no later than the first banking day following the transaction day. In connection with redemptions the sales proceeds are paid no later than two banking days after the transaction day.

The company has the right to decide to close the Fund, which means that there will be no subscriptions of new units. A decision to close the Fund can be either *partial*, i.e. the company decides to close the Fund for subscriptions from new investors, but allows existing unit-holders to make additional subscriptions (soft close). It can also be *total*, meaning that the Fund is closed for all subscriptions (hard close). The aim of closing the Fund shall be avoiding that the aggregate assets under management exceed the optimal asset volume as determined by the company. Information regarding the optimal asset value at any time shall be published in the Fund's Information Memorandum. A decision to close the Fund shall be published on the company's website (www.lynxhedge.se) in connection with the decision. A decision to open the Fund shall be published in the same manner.

SECTION 10 EXCEPTIONAL CIRCUMSTANCES

The Fund may be closed for subscriptions/redemptions and consequently the date for the calculation and publication of the net asset value (Section 8) and the transaction day (Section 9) may be deferred should such exceptional circumstances have occurred as make it impossible to value the Fund's assets in such a way as to ensure that all unit-holders are treated equally.

SECTION 11 FEES AND COMPENSATION

A fee shall be paid to the company out of the Fund's assets. The fee consists partly of a fixed management fee and partly of a collective performance-based compensation model.

SECTION 11.1 FIXED FEE

A fee shall be paid out of the Fund's capital to the company for its management and administration of the Fund, for the costs charged by the Depositary, for the cost of Finansinspektionen's supervision, and for the fee paid to the auditors for their audit of the Fund. This fixed fee is charged at a rate of 1.5 per cent of the value of the Fund each year. It is payable monthly in arrears and is arrived at on the basis of the value of the Fund on each banking day.

SECTION 11.2 PERFORMANCE FEE

The performance fee is accrued on each banking day. This fee amounts to 20 per cent of the increase in value that is in excess of the return of Swedish government treasury bills (the hurdle rate), after deduction of the fixed management fee. The return on Swedish government treasury bills is defined as the average of the Riksbank's fixings of three-month treasury bills on the last three banking days of the previous quarter, rounded down to the nearest two decimals. The performance fee is to be calculated over a period of time that extends from the last date when the Fund was entitled to a performance fee until the current date.

If the Fund's performance during any period is below the hurdle rate and a positive return is achieved during a subsequent period, no performance fees shall be paid by the Fund until the previous period's underperformance (the difference between the received return and the hurdle rate) has been recovered. In case of redemption of units by a unit-holder whose holding in the Fund has underperformed the Fund's hurdle rate in accordance with the applicable fee model, the right to credit underperformance is forfeited upon redemption of the units.

If the Fund's performance during any period is below the hurdle rate and a positive return is achieved during a subsequent period, no performance fees shall be paid by the Fund until the previous period's underperformance (the difference between the received return and the hurdle rate) has been recovered. In case of redemption of units by a unit-holder whose holding in the Fund has underperformed the Fund's hurdle rate in accordance with the applicable fee model, the right to credit underperformance is forfeited upon redemption of the units.

SECTION 12 DIVIDEND

The Fund does not pay any dividends.

SECTION 13 FINANCIAL YEAR OF THE FUND

The Fund's financial year is the calendar year.

SECTION 14 ANNUAL REPORT, HALF-YEARLY REPORT AND AMENDMENTS TO FUND RULES

The company shall make up annual reports and half-yearly reports. The annual reports shall be made available at the company no later than four months after the end of the financial year and the half-yearly reports no later than two months after the end of June. They shall also be sent free of cost to those unit-holders who have requested them.

The company shall decide on amendments to the Fund rules. Once Finansinspektionen has given its consent to the amendments, all unit-holders shall be informed of them. The amended Fund rules shall also be made available at the offices of the company and the Depositary.

SECTION 15 PLEDGING AND TRANSFER OF UNITS

Units in the Fund may be transferred and pledged as collateral.

The company will keep or have kept a register of the unit-holders' holdings of units. In the event of a transfer, notice of the transfer, signed by both the buyer and the vendor, shall be sent to the company.

Should any units be pledged the owner of the units shall inform the company thereof in a written report that shall be signed by the owner of the units (pledger). This notice shall state: a) the pledgee, b) the number of units that have been pledged, c) the owner of the units, and d) any restrictions in the scope of the pledge.

The company will register the pledge in the register of unit-holders. The unit-holder will be informed in writing that the pledge has been registered. When the pledge has expired/been cancelled, the pledgee shall inform the company thereof in writing.

SECTION 16 LIMITATION OF LIABILITY

SECTION 16.1 THE COMPANY

The company is not liable for any loss that is due to Swedish or foreign legal enactments, measures taken by Swedish or foreign government authorities, acts of war, strikes, blockades, boycotts, lockouts or other such circumstances. The reservation regarding strikes, blockades, boycotts and lockouts applies even if the company is itself the object or instigator of such industrial action.

The company is not liable for loss caused by Swedish or foreign exchange or other market place, central fiduciary or clearing organisation. Nor is the company liable for loss incurred by the company, the unit-holders or any other parties as a result of restrictions in the right of disposal of financial instruments that may be imposed on the company.

Should the company be prevented entirely or in part from taking any measure by any of the circumstances listed above, the measure may be deferred until the hindrance has been removed. If, owing to such circumstances, the company is prevented from executing or accepting payment, neither the company nor the unit-holder shall be liable to pay interest on late payment. A corre-

sponding exemption from the obligation of paying interest on late payment also applies even if the company temporarily defers the time of valuation and subscription and redemption of units in accordance with Section 10.

SECTION 16.2 THE DEPOSITARY

In the event that the Depositary loses financial instruments kept in its own or its custodian's safe custody, the Depositary shall without needless delay return corresponding financial instruments or an amount of equivalent value to the Fund. However, the Depositary is not liable in case the loss of the financial instruments or other loss is caused by an external event beyond the control of the Depositary e.g. any loss that is due to Swedish or foreign legal enactments, measures taken by Swedish or foreign government authorities, acts of war, strikes, blockades, boycotts, lockouts or other such circumstances. The reservation regarding strikes, blockades, boycotts and lockouts applies even if the company is itself the object or instigator of such industrial action. The Depositary is not liable for loss caused by Swedish or foreign exchange or other market place, central fiduciary or clearing organisation.

The Depositary is not liable for any loss incurred by the company, the unit-holders or any other parties as a result of restrictions in the right of disposal of financial instruments that may be imposed on the Depositary.

The Depositary is not liable for losses arising in other cases provided normal care and attention has been paid if not otherwise enforced by applicable legislation.

The Depositary is never liable for indirect losses.

Should the Depositary be prevented entirely or in part from taking any measure by any of the circumstances listed in the first paragraph, the measure may be deferred until the hindrance has been removed. In case of deferred payment the Depositary shall not pay any interest on late payment. If interest is pledged, the Depositary shall pay interest in accordance with the current interest rate on the due date.

Should the Depositary as a result of circumstances as described in the first paragraph be prevented to accept payments for the Fund, the Depositary is entitled to interest on late payment only in accordance with current terms on the due date during the time of the hindrance.

That unit-holders notwithstanding what is stated above nevertheless are entitled to indemnity in some cases is by virtue of Chapter 9 §22 of AIFMA.

SECTION 17 ELIGIBLE INVESTORS ETC

The Fund is open to investors categorized as eligible counterparties (as defined in Chapter 8 § 19 para 1 of the Swedish Securities Markets Act (2007:528) and other investors who make an initial subscription on a minimum of ten million (10,000,000) SEK. This however does not mean the Fund is making an offer to investors whose subscription or ownership in the Fund would conflict with the provisions laid down in foreign laws or ordinances.

Nor is the Fund intended for investors whose subscription to or ownership of units in the Fund would make the Fund or the company obliged to carry out registration procedures or any other action that would not otherwise be incumbent on the Fund or the company. The company is entitled to refuse to accept subscriptions from such investors as are referred to in this paragraph.

The company may redeem a unit-holder's units in the Fund – against the unit-holder's wishes – should it turn out that the unit-holder has subscribed to units in the Fund in contravention of the provisions laid down in foreign laws or ordinances or that the company, on account of the unit-holder's subscription to or ownership of units in the Fund, has become liable to carry out registration procedures or other measures on behalf of the Fund or the company that would otherwise not have been incumbent on the fund management company or the Fund if the unit-holder had not owned units in the Fund.

The rules regulating the disbursement of sales proceeds in Section 9 above shall also apply to redemptions executed in accordance with this Section 17.

The Fund rules were adopted by the Board of the company in June 2016.

APPENDIX 2: HISTORICAL PERFORMANCE

MONTHLY RETURN (SINCE INCEPTION NET OF FEES)¹. %

Year	Total	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Year	Year												
2000	11.66					2.13	-2.30	0.85	-4.33	-1.38	3.05	5.64	8.02
2001	14.74	1.30	3.24	6.57	-4.70	-0.53	-2.72	0.73	7.98	6.94	0.20	-6.39	2.32
2002	21.51	0.35	-7.34	2.67	1.56	5.60	11.03	4.50	1.72	3.80	-4.72	-2.89	4.69
2003	34.18	2.95	4.21	-5.50	4.13	11.07	2.75	-5.36	0.36	6.54	4.80	1.26	3.69
2004	12.89	0.08	5.72	-2.39	-2.09	0.78	-2.27	-3.45	2.10	-0.65	7.41	6.70	0.96
2005	5.76	-4.14	1.58	-2.16	-1.23	5.54	4.00	-1.65	-1.72	1.48	1.91	4.58	-2.05
2006	4.01	0.13	-0.17	4.13	3.18	0.94	-2.64	-4.64	3.93	-3.19	-1.09	2.66	1.15
2007	12.50	4.23	-4.72	-3.93	3.33	6.21	5.99	-2.65	-5.85	4.31	7.23	2.05	-3.12
2008	43.93	7.54	6.63	0.36	-3.87	3.41	6.01	-7.44	1.96	2.67	14.62	3.99	2.76
2009	-9.55	-2.01	0.20	-2.51	-2.40	1.46	-3.79	0.31	0.78	1.97	-2.54	5.17	-6.13
2010	16.65	-4.20	3.65	2.29	0.64	1.75	1.82	-3.77	10.15	0.42	0.83	-4.17	7.09
2011	-1.83	-2.93	3.39	-6.10	6.31	-5.81	-2.70	3.80	4.09	2.90	-7.70	3.68	0.51
2012	-5.19	0.82	2.37	-6.08	1.89	5.98	-4.35	6.14	-3.28	-1.15	-7.48	1.35	-0.48
2013	10.78	2.19	-0.57	2.11	2.76	-2.46	-5.08	0.34	-2.04	-0.45	5.32	5.16	3.57
2014	28.23	-5.99	3.64	-2.71	0.22	3.53	1.03	2.17	7.73	2.68	2.38	8.90	2.41
2015	-9.63	5.98	-0.58	3.63	-5.90	-2.14	-6.53	3.31	-3.91	-0.45	-0.95	2.78	-4.43

¹ Since inception of the Lynx Fund 1 May, 2000. Lynx Dynamic was launched 11 May, 2009. For the period 1 May, 2000 up until 30 April 2009 pro forma numbers have been derived from the Lynx Fund. Calculated on monthly data.

APPENDIX 3: CALCULATION OF PERFORMANCE FEE

CALCULATION OF PERFORMANCE-BASED FEE

The example below illustrates how the performance-based fee to Lynx Asset Management AB is calculated. The performance-based fee is accrued on a daily basis and is 20 per cent of the Fund's return in excess of the high watermark¹. The Fund's return after fixed and performance-based fee is always stated in the Fund's external reporting.

The example below shows how the high watermark (the value that the Fund must be in excess of in order

for the performance-based fee to be paid) is continuously increased by the hurdle rate and thereby how the high watermark affects the company's performance-based compensation. In the example it is assumed that the fixed fee and costs for the management of the Fund, such as costs for buying and selling securities already have been deducted. The amounts have been rounded to even SEK. The example assumes that investor A subscribes to units in Lynx Dynamic for the amount of SEK 10 million on 31 December.

TRANSACTION DAY 1

On the first transaction day the Fund's value increases by 1 per cent. The hurdle rate for the first quarter is 2.5 per cent (per annum). The table below shows the calculation of the performance-based fee and the unit-holder's fund value after payment of the performance-based fee.

A's value before payment of performance-based fee	$10,000,000 * (1 + 1\%)$	SEK 10,100,000
A's high watermark	$10,000,000 * (1 + (2.5\%/365^2))$	SEK 10,000,685
Basis for debiting performance-based fee	$10,100,000 - 10,000,685$	SEK 99,315
Performance-based fee	$20\% * 99,315$	SEK 19,863
A's value after deduction for performance-based fee	$10,100,000 - 19,863$	SEK 10,080,137

TRANSACTION DAY 2

Transaction day 2. On the second transaction day the Fund's value declines by 0.75 per cent. As the Fund applies the principle of high watermark, this is calculated on the fund value on the latest occasion when a performance-based fee was paid. No performance-based fee is paid on transaction day 2.

A's value before payment of performance-based fee	$10,080,137 * (1 - 0.75\%)$	SEK 10,004,536
A's high watermark	$10,080,137 * (1 + (2.5\%/365^2))$	SEK 10,080,827
Basis for debiting performance-based fee	$10,004,536 - 10,080,827$	SEK -76,291
Performance-based fee	$20\% * 0$	SEK 0
A's value after deduction for performance-based fee	$10,004,536 - 0$	SEK 10,004,536

TRANSACTION DAY 3

On the third transaction day the Fund's value increases by 0.5 per cent. At the end of the transaction day the high watermark is still higher than the unit-holders fund value.

A's value before payment of performance-based fee	$10,004,536 * (1 + 0.5\%)$	SEK 10,054,559
A's high watermark	$10,080,827 * (1 + (2.5\%/365^2))$	SEK 10,081,518
Basis for debiting performance-based fee	$10,054,559 - 10,081,518$	SEK -26,959
Performance-based fee	$20\% * 0$	SEK 0
A's value after deduction for performance-based fee	$10,054,559 - 0$	SEK 10,054,559

TRANSACTION DAY 4

On the fourth transaction day the Fund's value increases by 0.3 per cent, which means that a performance-based fee is paid.

A's value before payment of performance-based fee	$10,054,559 * (1 + 0.3\%)$	SEK 10,084,723
A's high watermark	$10,081,518 * (1 + (2.5\%/365^2))$	SEK 10,082,209
Basis for debiting performance-based fee	$10,084,723 - 10,082,209$	SEK 2,514
Performance-based fee	$20\% * 2,514$	SEK 503
A's value after deduction for performance-based fee	$10,084,723 - 503$	SEK 10,084,220

¹ The Fund's high watermark is the Riksbank's fixing of three-month treasury bills (cf. the Fund rules Section 11.2).

² In this example it is assumed that the previous calendar day also is the previous transaction day for the Fund.

As can be seen in the example above the high watermark is continuously increased by the hurdle rate in accordance with the Fund's fee model. In case of redemption of units by a unit-holder when the value of units is less than the high watermark, the right to credit underperformance is forfeited.

GLOSSARY

AIF MANAGER

A company that manages alternative investment funds.

CORRELATION

A statistical concept which 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 that is derived from an underlying asset and which gives the holder the right or obligation to buy or sell the asset in question (see Futures/Forwards).

FUTURES/FORWARDS

A future/forward 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.

HSBC SECURITIES SERVICES (IRELAND) LIMITED

The appointed Administrator and External Valuer of the Fund. These appointments are regulated in separate agreements between HSBC and Lynx Asset Management AB. HSBC acts as External Valuer of solely those assets of the Fund as are agreed as Designated Investments, which currently comprise all of the Fund's assets. The investors of the Fund will promptly be informed of any future change in this respect. Lynx Asset Management AB is ultimately responsible towards the Fund and its investors for the administration and proper valuation of the Fund's assets and for establishing, maintaining and reviewing the Valuation Policy and for ensuring that appropriate and transparent valuation methodologies are applied.

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.

NET ASSET VALUE

The market value of all the fund's assets less the market value of all the fund's liabilities.

PRIME BROKER

An entity that provides a number of services to participants

on financial markets. The fund uses J.P. Morgan Securities plc 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 depository.

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 a low risk.

RISK-ADJUSTED RETURN

The return over and above the risk-free return 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

A fund that is licensed by Finansinspektionen to invest on the basis of a strategy that deviates from what is normally permitted by the Investment Funds Act. 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. Stated as a percentage.

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). 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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