

# 2014

## **Gryphon Collective Investments**

(Formerly Coris Capital Collective Investment Managers)

## **ABRIDGED ANNUAL REPORT**



**GRYPHON**

Gryphon Collective Investments (RF) (Pty) Ltd

# CEO's REPORT

Despite another year characterised by uncertainty, investors with exposure to risky assets fared reasonably. The best investment destination for the year ending 30 September 2014 was foreign equity investments, which garnered a 34.71% (2013 – S&P500:44.07%) total return in rand for the year. By contrast, investors in local cash, bonds and even equities saw muted returns.



Resources kept on struggling during 2014 largely due to negative performances from resource prices, while the financial sector was the best performing sector of the local equity market for the year.

The rand depreciated just over 12.51% (2013: 20.72%) against the US dollar over the course of the year, both in reaction to an increased souring in sentiment and downgrade talks by the rating agencies of the South African sovereign risk, reducing the JSE All Share's total return to 2.61% (2013: -5.18%) in dollar terms. This was broadly in line with the MSCI Emerging Markets Index's 1.81% (2013: -1.52%) dollar return for the year, with most of the BRICs posting negative dollar returns for the year, especially Russia.

Investors in developed markets were however rewarded, with the MSCI World Index and S&P500 returning 10.02% (2013: 17.7%) and 19.73% (2013: 19.34%) respectively in dollar terms.

## Local economic overview

Although the general outlook for 2014 was relatively positive, it soon became apparent that forecasted real growth of 2.5% was optimistic and the latter part of 2014 reflected this reality. Lower oil costs, a major expense on South Africa's trade account, showed a lowering in inflation expectations below the stated goal of keeping it below 6%. This will have a positive effect on the consumer, but depends for how long such low price is sustained.

The lack of power provision by Eskom is a growth inhibitor and uncertainty around the restoration of power generation, remains a major concern in the South African business environment.

The slowdown in economic growth in the major developed market regions will have a negative effect on the South African environment, however, if further fiscal and monetary stimulus achieve reasonable economic growth levels, SA may benefit from such a pick-up.

We therefore hope to see an increase in real GDP growth for 2015, especially compared to 2014 which reflected growth of only 1.6% (2013: 1.9%).

SA's low domestic savings ratio remains a concern. New income tax breaks for individuals recently announced may achieve an increase the savings ratio, however, progress will take time. Given recent events in the global economy we expect local interest rates to remain on hold for the remainder of 2015, unless sustained Rand weakness causes a marked deterioration in the inflation outlook.

## Developments at CCCIM

Due to the change in ownership in March 2014 of CCCIM, the name changed to Gryphon Collective Investments (RF) (Pty) Ltd ("GCI") post 30<sup>th</sup> September 2014.

Further to the above changes, the outsourcing of the unit holder administration to Sanlam Collective Investments changed to Maitland Fund Services, the largest fund administrator in South Africa.

## Other industry developments

A number of industry developments took place, including the issue of new legislation and significant changes to current legislation. A number of pending legislative changes also remain in the pipeline. The introduction of TCF (Treating Customers Fairly) and RDR (Retail Distribution Review) may have a significant effect on improving the investor experience and we believe it will be to the benefit of unit holders and hence the industry.

We would like to thank you for your continued support and look forward to sharing your investment journey in 2015 and beyond.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Pankie Kellerman', written over a horizontal dashed line.

Pankie Kellerman  
CHIEF EXECUTIVE OFFICER  
GRYPHON COLLECTIVE INVESTMENT (RF) (PTY) LTD

Market and index returns are sourced from Morningstar. Unit trust returns are sourced from Moneymate. Total returns are used. Dividends are reinvested on the dividend reinvestment date. Performance is based on NAV-NAV prices and initial fees are not included. Actual investment performance will differ based on the initial fees applicable, the actual investment date and the date of reinvestment of income. Gryphon Collective Investments RF (Pty) Ltd. Collective Investment Schemes (CIS) are generally medium to long term investments. The value of participatory interests may go down as well as up and past performance is not necessarily a guide to the future. Collective investments are traded at ruling prices and can engage in borrowing and scrip lending. Collective investments are calculated on a net asset value basis, which is the total value of all assets in the portfolio including any income accrual and less any permissible deductions from the portfolio. A schedule of fees and charges and maximum commissions is available on request from the company/scheme. Commission and incentives may be paid and if so, would be included in the overall costs. For Money Market Funds, the price of each unit is aimed at a constant value. The total return to the investor is primarily made up of interest received but, may also include any gain or loss made on any particular instrument. In most cases this will merely have the effect of increasing or decreasing the daily yield, value of the Fund. Forward pricing is used. The following charges are levied against the portfolio: Brokerage, auditor's fees, bank charges and trustee fees. Gryphon Collective Investments RF (Pty) Ltd. is a full member of the Association for Savings and Investment SA. A copy of the full annual report is available at request.

# REPORT OF THE TRUSTEES



Coris Capital Collective Investment Managers Limited  
Pro Sano Park  
2<sup>nd</sup> Floor, Southgate  
Tyger Waterfront  
Carl Cronje Drive  
Tyger Valley  
Bellville  
7530

Attention: M J Kellerman

17 December 2014

## Coris Capital Collective Investment Scheme (the scheme) Year end 30 September 2014

We, Standard Chartered Bank, Johannesburg Branch, in our capacity as trustee of the Scheme, hereby confirm that as required in terms of Section 70(3) of the Collective Investments Scheme Control Act, 45 of 2002, as amended (the "Act"), we have satisfied ourselves that every Statement of Financial Position, Statement of Comprehensive Income and other return prepared by the manager of the Scheme in terms of Section 90 of the Act fairly represents the assets and liabilities, as well as the income and distribution of income, of every portfolio of the Scheme administered by the manager of the Scheme.

Yours sincerely,

Chantell Kruger  
Senior Manager, Trustee Services, SA

Louisa Sieber  
Head Banking Operations

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Standard Chartered Bank is incorporated in England with limited liability by Royal Charter 1853, reference number ZC18 and with its principal office situated in England at 1 Basinghall Avenue, London, EC2V 500. Standard Chartered Bank is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and Prudential Regulation Authority. In South Africa, Standard Chartered Bank, Johannesburg Branch is a licensed Bank in terms of the South African Banks Act 94 of 1990, an authorised financial services provider in terms of the Financial Advisory & Intermediary Services Act 37 of 2002, a registered Credit Provider in terms of the National Credit Act 34 of 2005 and registered as an external company in terms of the South African Companies Act 71 of 2008 under company registration number 2003/020177/10.  
Court of Directors: PA Sands, SP Bertamini, JS Bindra, TJ Clarke, RF Goulding, RH Meddings, AMG Rees, V Shankar, JPMF Verplancke, (-British), (... American and Australian), (... Indian), (- Irish) (... Singaporean) and (... Belgian)

**SUMMARISED INFORMATION  
FOR THE NINE MONTHS ENDING  
30 SEPTEMBER 2014**

	<b>Gryphon All-Share Tracker Fund</b>	<b>Gryphon Dividend Income Fund</b>	<b>Gryphon Flexible Fund of Funds</b>	<b>Gryphon Money Market Fund</b>	<b>Gryphon Prudential Fund of Funds</b>
<b>CONDENSED STATEMENT OF COMPREHENSIVE INCOME</b>	(R'000)	(R'000)	(R'000)	(R'000)	(R'000)
Income	3 629 508	34 343 831	138 861	12 235 997	57 409
Expenditure	(348 234)	(4 034 616)	(9 695)	(624 902)	(4 670)
Net income/(loss) for the year before finance costs	3 281 274	30 309 215	129 166	11 611 095	52 739
Retained income, beginning of the year	2 453	220 176	-	252	-
Distribution of income	(3 280 822)	(30 265 234)	(129 146)	(11 611 094)	(52 736)
Change in net assets attributable to unit holders	2 905	264 157	20	253	3
<b>DISTRIBUTION PER UNIT (cents)</b>	<b>12.61</b>	<b>3.42 (A)</b>	<b>20.15 (A)</b>	<b>4.06 (A)</b>	<b>18.10 (A)</b>
		<b>3.69 (B)</b>	<b>25.67 (B)</b>	<b>4.06 (C)</b>	<b>23.43 (B)</b>
		<b>3.57 (C)</b>			
		<b>4.06 (C2)</b>			
<b>CONDENSED STATEMENT OF FINANCIAL POSITION</b>	(R'000)	(R'000)	(R'000)	(R'000)	(R'000)
<b>Net assets attributable to unit holders</b>	<b>156 310 385</b>	<b>975 427 557</b>	<b>5 175 203</b>	<b>345 890 751</b>	<b>2 273 633</b>
Accrued expenses	82 543	636 524	1 459	98 290	649
Trade and other payables	676 792	-	-	-	-
Distributions payable	1 501 630	12 200 981	68 783	1 434 124	27 450
<b>Liabilities other than net assets attributable to unit holders</b>	<b>2 260 965</b>	<b>12 837 505</b>	<b>70 242</b>	<b>1 532 414</b>	<b>28 099</b>
Investments	157 505 983	920 000 000	3 796 475	295 232 516	1 722 311
Accrued income	614 921	633 289	23 374	2 592 956	8 656
Cash and bank balances	450 446	67 631 773	1 425 596	49 597 693	570 765
<b>Total Assets</b>	<b>158 571 350</b>	<b>988 265 062</b>	<b>5 245 445</b>	<b>347 423 165</b>	<b>2 301 732</b>
<b>PORTFOLIO COMPOSITION</b>	(%)	(%)	(%)	(%)	(%)
<b>Equity Securities</b>					
Basic Materials	19.29%	-	-	-	-
Consumer Goods	22.88%	-	-	-	-
Consumer Services	12.76%	-	-	-	-
Financials	18.73%	-	-	-	-
Health Care	4.00%	-	-	-	-
Industrials	5.48%	-	-	-	-
Oil & Gas	4.94%	-	-	-	-
Technology	0.21%	-	-	-	-
Telecommunications	7.37%	-	-	-	-
Local Commodities	3.67%	-	-	-	-
<b>Non-Equity Securities</b>					
Debentures	-	93.10%	-	-	-
Money Market Instruments	-	-	-	84.98%	-
Liquid Assets	0.67%	6.90%	27.62%	15.02%	25.18%
Unit Trusts	-	-	72.38%	-	74.82%
<b>TOTAL</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>
<b>INVESTMENT PERFORMANCE</b>	(%)	(%)	(%)	(%)	(%)
One year up to 30/09/2014	14.96%	4.53%	*	5.61%	*
One year up to 31/12/2013	22.03%	4.21%	*	5.15%	*
<b>All-share Index</b>					
Sep 2014: 15.44%					
Dec 2013: 21.43%					
<b>STEFI</b>					
Sep 2014: 5.64%					
Dec 2013: 5.18%					
<b>FEES:</b>	(%)	(%)	(%)	(%)	(%)
Maximum Initial fee	-	-	-	-	-
Service fee (including VAT)	0.228	0.912 (A)	1.482 (A)	0.285 (A)	1.482 (A)
		0.513 (B)	0.342 (B)	0.171 (C)	0.342 (B)
		0.7125 (C)			
		0.05 (C2)			
Total Expense Ratio (TER)	0.30	0.93 (A)	*	0.30 (A)	*
		0.53 (B)	*	0.19 (C)	*
		0.73 (C)			
		0.07 (C2)			

\* Fund was launched April 2014