

GRYPHON ALL SHARE TRACKER FUND - 31 DECEMBER 2017

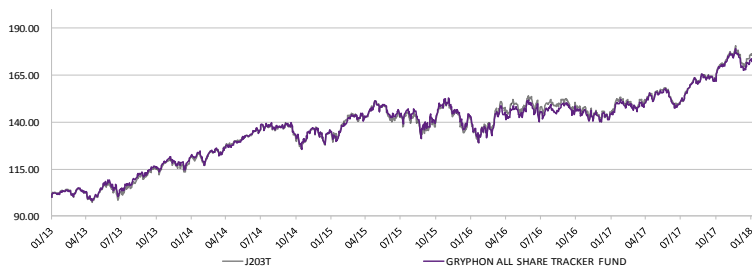
FUND PROFILE

The Gryphon All Share Tracker Fund provides low cost exposure to the equity market and applies the concept of indexation in order to track the performance of the South African All Share Index after accounting for all costs and fees related to the management of the fund. The fund is fully invested to ensure that unit holders will get long term capital appreciation in line with the market.

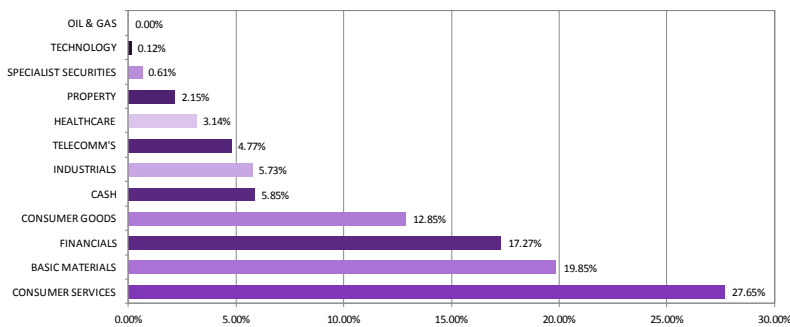
KEY FEATURES

It is a well documented fact that the average active fund underperforms the market by a substantial margin due to higher fees, problematic stock selection and liquidity constraints. Passive fund management makes use of indexation to ensure that individual positions will always be held in the same proportion as the index, which in itself is also the benchmark to which returns must be compared. The Tracker fund makes use of sampling to keep trading costs down and to ensure superior liquidity. Sector exposure is neutral as prescribed by the index and risky stock selection is not pursued.

CUMULATIVE PERFORMANCE OVER 5 YEARS (BASE OF 100)



SECTOR EXPOSURE



Further information regarding the Gryphon All Share Tracker fund is available on our website www.gryphon.com or by contacting us on 021 915 5100 or at invest@gryphon.com.

Risk Profile



TOP 10 HOLDINGS

NASPERS	20.42%
BHP BILLITON	6.88%
COMPAGNIE FIN. RICHEMONT	6.69%
ANGLO AMERICAN	3.72%
MTN GROUP	3.47%
BRITISH AMERICAN TOBACCO	3.28%
SASOL	3.18%
STANDARD BANK	3.16%
OLD MUTUAL	2.47%
FIRSTRAND	2.35%
TOTAL	55.62%

FUND DETAILS

Sector Classification:
South African-Equity-General

Portfolio Managers:
Abri Du Plessis
M.Comm (Econometrics)
Casparus Treurnicht
B.Comm (Hons),CFA

Benchmark:
South African All Share Index Total Return

Inception Date:
30 June 2002

Portfolio size:
R181 411 655

Charges:
Initial Fee:
0.00%

Annual Management Fee:
0.23% (Incl. VAT)

Tracking Error:

Monthly Annualized:
1.3%

Total Expense Ratio (TER):
0.34% (30 September 2017)

Transactional Cost (TC):
0.19% (30 September 2017)

Total Investment Charges (TER + TC):
0.53% (30 September 2017)

Lowest Actual Annual Figure:
-37.82%

Highest Actual Annual Figure:
66.41%

Income Declarations:
Twice per year on the 1st of October and the 1st of April or subsequent business day.

Payment date:	Cents per unit:
2-Oct-17	9.55
3-Apr-17	7.68

ADMINISTRATION

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Website: www.gryphon.com

Physical Address:
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Southgate
Tyger Valley
7536

Postal Address:
Private Bag X20
Tyger Valley
7536

Valuation:
The Fund is valued daily at 15:00. Instructions must reach us before 14:00 to ensure same day value processing.

Minimum Lump Sum:
R2,000

Minimum Monthly Premium:
R200

Trustee:
Standard Chartered Bank
5th Floor
4 Sandown Valley Crescent
Sandton
2196
Tel: +27 11 217 6600
Fax: +27 11 217 6601

Administration Manager:
Prescient Fund Services

JSE Code:
PTST

Annualized Total Return Figures as at 31 December 2017

	1 Year	3 Years	5 Years	10 Years	Inception (2002/06/30)
Gryphon All Share Tracker Fund	19.83%	8.67%	11.59%	10.15%	14.46%
Benchmark	20.95%	9.28%	11.93%	10.67%	15.06%

GRYPHON MARKET COMMENTARY – 31 DECEMBER 2017

THE PAST	
<p>INTERNATIONAL</p> <p>Global markets continued to strengthen, with Emerging Markets setting the pace, at +3.6%. U.S. markets were undeterred by the anticipated rate hike from the FOMC and the benefits of the tax changes were priced in. Economic growth for the year ahead is forecast as continuing to be strong. While inflation does not appear to be on the forecast horizon just yet, forward looking indicators are pointing to the build of inflationary pressures, particularly in the U.S. where the labour market is likely to be at or close to full employment. While global central bankers remain accommodative, the one unpleasant surprise in 2018 would be an unexpected pick-up in inflation in developed markets.</p>	<p>LOCAL</p> <p>Local equities reflected the political anxiety around the ANC Elective Conference and at the 13th of December, were -4.0% month-to-date. Markets rallied on the outcome to end the month flat (-0.34%). The year to date performance from equities was strong, +21.0%, with large capitalization stocks represented by the Top 40 up 21.2% against small and mid-caps, up 7.4% and 3.1% respectively. While a number of active investors suffered as result of the value destruction in Steinhoff, index funds delivered the index return. Needless to say, the impact of subsequent price action has reduced considerably. Bonds were up 10.2%, ahead of cash, at 7.5%.</p>

THE PRESENT												
EQUITY INDICES	MTD	YTD	12m	CURRENCIES / COMMODITIES	Value	MTD	YTD	12m	BONDS	Value	YTD BPS Δ	12M BPS Δ
MSCI WORLD (USD)	1%	20%	20%	ZAR vs USD	12.38	9%	10%	10%	USA BOND 10 YEAR	2.42%	-4	-4
MSCI EMERGING MARKETS (USD)	3%	34%	34%	ZAR vs GBP	16.74	10%	0%	0%	USA BOND 2 YEAR	1.89%	73	73
DOW JONES INDUSTRIAL	2%	28%	28%	ZAR vs EUR	14.86	8%	-3%	-3%	GERMAN BOND 10 YEAR	0.42%	31	31
S&P 500	1%	22%	22%	ZAR vs AUD	9.68	7%	2%	2%	GERMAN BOND 2 YEAR	-0.64%	16	16
UK FTSE 100	5%	8%	8%	USD vs EUR	1.20	1%	-14%	-14%	UK BOND 10 YEAR	1.24%	0	0
JAPANESE NIKKEI 225	0%	16%	16%	USD vs GBP	1.35	1%	-10%	-10%	UK BOND 2 YEAR	0.48%	37	37
GERMAN DAX	0%	16%	16%	YEN vs USD	112.63	-1%	4%	4%	RSA LONG TERM GILT	8.82%	-10	-10
FRENCH CAC 40	-1%	9%	9%	GOLD	1297	2%	13%	13%	RSA 10 YEAR	8.82%	-10	-10
AUSTRALIAN ASX	2%	8%	8%	PLATINUM	930	-1%	3%	3%	RSA 3 YEAR	7.49%	-62	-62
JSE ALL SHARE	0%	21%	21%	IRON ORE	73	7%	-8%	-8%	RSA REPO RATE	6.75%	-25	-25
JSE TOP 40	-1%	23%	23%	COPPER	7157	6%	30%	30%	RSA PRIME LENDING RATE	10.25%	-25	-25
JSE ALL SHARE SWIX	0%	21%	21%	NICKEL	12260	9%	22%	22%	USA INFLATION RATE	2.2	50	50
JSE TOP 40 SWIX	-1%	24%	24%	BRENT OIL	66.52	6%	17%	17%	RSA INFLATION RATE	4.6	-200	-200

THE FUTURE	
<p>INTERNATIONAL</p> <p>Our recommendation remains that investors retain exposure to a broad range of developed market stocks via the MSCI All Country World Index as global economic growth underpins markets in the near term. The exuberance around crypto currencies continues, however, we believe that the significant volatility should be cause for concern. The oil price ended the year strongly, as did the copper price and we believe resource companies and countries are likely to benefit as late cyclical activity (infrastructure spend and construction) picks up. Global bond yields continue to reflect economies which have yet to reach their full potential; however, as indicated above, the return of inflation would be the one event, which would cause a reassessment.</p>	<p>LOCAL</p> <p>Our currency and financial markets have rallied strongly post the ANC Elective Conference. We would caution that the hard work lies ahead. While the change in sentiment is welcome, investors need to recognize the continued constraints to growth and the political will that would be required to alleviate these. South African management teams have generally managed the low-growth local economic environment well, however, continued cost-cutting may eventually result in cutting away “muscle” rather than “fat” and this may impact the benefits to be enjoyed, should the economy eventually turn positive. The impact of the stronger currency will have to be factored in to the results of those corporate who have pursued growth aggressively offshore at less favourable rand exchange rates.</p>

OUR FUNDS		
RISK	GRYPHON FUND	POSITIONING
<p>LOW</p> <p>↑</p> <p>↓</p> <p>HIGH</p>	Money Market Fund	Conservatively managed, superb yield.
	Dividend Income Fund	Enhanced before tax yield of + / - 10.00%. Attractive relative to other interest rate products.
	Prudential Fund of Funds	Aggressively exposed to SA equities. Regulation 28 compliant.
	Flexible Fund of Funds	Aggressively exposed to SA equities.
	All Share Tracker Fund	Lowest cost, superbly diversified exposure to equities.
	Global Equity Fund	Low cost exposure to the internationally diversified with associated currency benefit.

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