

GRYPHON ALL SHARE TRACKER FUND - 31 OCTOBER 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.

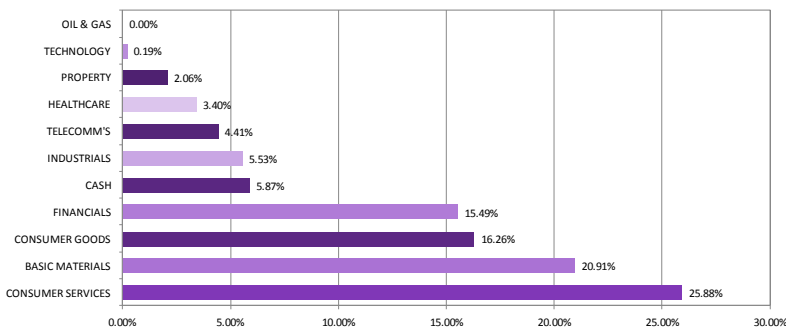
KEY FEATURES

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	19.72%
COMPAGNIE FIN. RICHEMONT	7.62%
BHP BILLITON	7.10%
ANGLO AMERICAN	3.91%
BRITISH AMERICAN TOBACCO	3.62%
MTN GROUP	3.16%
SASOL	3.11%
STANDARD BANK	2.68%
STEINHOFF	2.42%
OLD MUTUAL	2.35%
TOTAL	55.69%

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:
R179 045 821

Charges:
Initial Fee:
0.00%

Annual Management Fee:
0.23% (Incl. VAT)

Tracking Error:

Monthly Annualized:
1.09%

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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Postal Address:
Private Bag X20
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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 October 2017

	1 Year	3 Years	5 Years	10 Years	Inception (2002/06/30)
Gryphon All Share Tracker Fund	20.74%	8.63%	12.68%	9.38%	14.61%
Benchmark	20.11%	9.00%	12.97%	9.70%	15.15%

GRYPHON MARKET COMMENTARY – 31 OCTOBER 2017

THE PAST

INTERNATIONAL

Global economic growth remains robust and increasing reference is being made to a synchronized global recovery. US growth has not been derailed by hurricanes and the Eurozone upswing remains on track underpinned by strong industrial activity and exports. Emerging markets too are increasingly reflecting economic strength. Recent developments in China have strengthened the hand of the ruling elite and the countries evolution to services and consumer-oriented economy continues. The ECB continued to reassure markets of a gradual exodus from QE. Global equity markets returned +1.9% in dollars, while Emerging markets outperformed, returning +3.5%.

LOCAL

Another strong month from local equities, +6.3%, reflects the dominance of large capitalization rand-hedge stocks on our bourse. Resources led, up +7.1%, however, large capitalization Industrials like Naspers continued to rally. The Medium Term Budget Policy Statement was, if anything, concerning and precipitate a weakening in the currency as the increased likelihood of a downgrade is factored in. The prospect of further rate cuts has been virtually eliminated. However, global commodity prices are strong, as is global growth. This rising tide may lift a floundering South African ship. However, you cannot avoid “hopeless” by relying only on “hope”. Action is required.

THE PRESENT

EQUITY INDICES	MTD	YTD	12m	CURRENCIES / COMMODITIES	Value	MTD	YTD	12m	BONDS	Value	YTD BPS Δ	12M BPS Δ
MSCI WORLD (USD)	2%	16%	20%	ZAR vs USD	14.12	-4%	-3%	-5%	USA BOND 10 YEAR	2.40%	-6	56
MSCI EMERGING MARKETS (USD)	3%	30%	24%	ZAR vs GBP	18.77	-4%	-12%	-14%	USA BOND 2 YEAR	1.59%	43	74
DOW JONES INDUSTRIAL	4%	21%	32%	ZAR vs EUR	16.46	-3%	-14%	-11%	GERMAN BOND 10 YEAR	0.37%	26	28
S&P 500	2%	17%	24%	ZAR vs AUD	10.82	-1%	-9%	-6%	GERMAN BOND 2 YEAR	-0.75%	5	-13
UK FTSE 100	2%	5%	8%	EUR vs USD	1.17	-1%	11%	6%	UK BOND 10 YEAR	1.37%	13	12
JAPANESE NIKKEI 225	8%	12%	26%	GBP vs USD	1.33	-1%	8%	9%	UK BOND 2 YEAR	0.54%	43	22
GERMAN DAX	3%	18%	25%	YEN vs USD	113.65	-1%	3%	-8%	RSA 10 YEAR	9.26%	33	56
FRENCH CAC 40	3%	13%	22%	GOLD	1271	-1%	10%	0%	RSA 3 YEAR	7.95%	-16	5
AUSTRALIAN ASX	4%	4%	11%	PLATINUM	921	1%	2%	-6%	RSA REPO RATE	6.75%	-25	-25
JSE ALL SHARE	6%	20%	20%	IRON ORE	59	-6%	-26%	-9%	RSA PRIME LENDING RATE	10.25%	-25	-25
JSE TOP 40	7%	23%	23%	COPPER	6802	5%	24%	41%	RSA LONG TERM GILT	9.26%	33	56
JSE ALL SHARE SWIX	7%	18%	17%	NICKEL	11850	12%	18%	12%				
				BRENT OIL	61.22	8%	8%	25%				

THE FUTURE

INTERNATIONAL

Technology-laden U.S. markets have delivered earnings in line with expectations and in some instances, like Facebook, even better. Politics aside, the U.S. continues to perform. However, there may be a re-evaluation of how high some stocks can fly. Tesla, Yelp, FireEye and GoPro all fell around 10%, in after-hours trading, after disappointing the market. The froth and fervor around Bitcoin, is also reminiscent of prior excesses that have ended badly. Nevertheless, investors need to remain focused on their financial goals. As does the U.S. Federal Reserve. And its primary goal remains to hike rates further in December. Looking out to 2018, it has more rate hikes penciled in than the market and this could be an inflection point. While economic growth remains strong, investors must be cognizant of what is priced into the market.

LOCAL

The uncertain local political and economic environment has resulted in a dearth of investment in infrastructure and new business ventures. Sadly, it is exactly investment of this nature which creates jobs, which is in essence what South Africa needs. It is the enterprising investor who is able to, in the midst of this confusion and uncertainty, identify opportunities offering value and allocate capital which generates inflation-beating returns. It is worth reflecting on the stellar returns enjoyed locally over the past 10 years. For example, annualized returns of 9.8% for equities, 8.0% for bonds and 7.2% for cash. What is also increasingly clear however, is that active managers have underperformed the index over this period and with the strong performance since July have continued to do so. An allocation to indexation is certainly worth considering.

OUR FUNDS

RISK

GRYPHON FUND

POSITIONING

LOW	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.
HIGH	Global Equity Fund	Low cost exposure to the internationally diversified with associated currency benefit.

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