

GRYPHON DIVIDEND INCOME FUND - 31 OCTOBER 2017

FUND PROFILE

The primary objective of the portfolio is to obtain a high level of primarily dividend income while also achieving capital preservation and liquidity. Capital gains will be of an incidental nature. The portfolio will be permitted to make investments in any equity securities and non-equity securities that generate a dividend return and which may be included in a portfolio in terms of the Collective Investment Schemes Control Act, 2002 and relevant legislation. The manager may from time to time invest in participatory interests and similar investment schemes. The portfolio may be capped from time to time in order to manage the portfolio in accordance with its mandate. Income tax legislation is subject to amendment and any such changes could affect the tax status of distributions by the Gryphon Dividend Income Fund.

KEY FEATURES

The Fund offers regular income in the form of dividends. The fund will to a large extent track the local interest rate cycle. The risk profile of the fund is low. The minimum credit rating for investments to be considered, for inclusion in the portfolio, is A1/F1. The portfolio manager may borrow up to 10% of the market value of the portfolio to bridge insufficient liquidity.

WHO SHOULD INVEST?

Investors seeking an alternative to interest income such as dividends but at the same time with minimum risk to their capital.

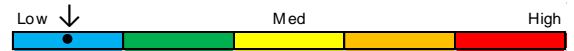
Yields as at 31 October 2017	Individual	Company
After tax money market rate	Yields	
Gryphon Money Market rate	7.82%	7.82%
Marginal tax rate	45%	28%
After tax return	4.30%	5.63%
Gryphon Dividend Fund Return (C Class)	6.74%	6.74%
Dividend Tax, at 20%	-1.35%	0.00%
After tax return	5.39%	6.74%
Net gain above	1.09%	1.11%
Interest rate equivalent yield	Yields	
Gryphon Dividend Fund Return (C Class)	6.74%	6.74%
Dividend Tax	20%	0%
After tax return	5.39%	6.74%
Marginal tax rate	45%	28%
Pre Tax equivalent yield	9.80%	9.36%
Net gain	1.98%	1.54%
% Yield enhancement above MM	25%	20%

DECLARATION INFORMATION FOR THE PREVIOUS 5 DECLARATIONS

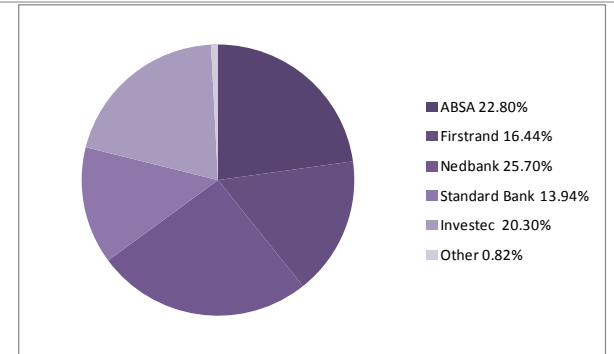
Dividend Declaration Date	Dividend Payment Date	A-CLASS cents per unit	C-CLASS cents per unit
31-Oct-17	1-Nov-17	0.543373	0.559660
30-Sep-17	2-Oct-17	0.547493	0.563097
31-Aug-17	1-Sep-17	0.568265	0.585306
31-Jul-17	2-Aug-17	0.569150	0.585915
30-Jun-17	3-Jul-17	0.545317	0.562686

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

Risk Profile



ASSET ALLOCATION



*Other comprises exposures of the fund via the STANLIB Corporate Money Market Fund, Nedgroup Investment Corporate Money Market Fund and direct holdings in the trustee, Standard Chartered Bank Limited.

FUND DETAILS

Sector Classification:
South African - Interest bearing - Short term

Portfolio Manager:
Reuben Beelders
B.Comm (Hons), CA(SA), CFA
Sunette Swart
B.Compt (Hons), CTA, CA(SA)

Benchmark:
70% of STEFI Composite Index

Inception Date:
28 January 2009

Portfolio Size:
R 1 910 366 547

Charges:

Initial Fee:
0.00%

Annual Management Fee:
0.91% (Incl. VAT) Class A
0.72% (Incl. VAT) Class C

Total Expense Ratio:
0.94% Class A (30 September 2017)
0.74% Class C (30 September 2017)

Transactional Cost (TC):
0.00% Class A (30 September 2017)
0.00% Class C (30 September 2017)

Total Investment Charges (TER + TC):
0.94% Class A (30 September 2017)
0.74% Class C (30 September 2017)

Lowest Actual Annual Figure:
3.96% A Class (31 December 2012)
4.32% C Class (31 December 2012)

Highest Actual Annual Figure:
6.79% A Class (30 September 2017)
7.02% C Class (31 September 2017)

Income Declarations:
Income is declared and paid on a monthly basis.

ADMINISTRATION

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Website: www.gryphon.com

Physical Address:
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Pro Sano Park East
Southgate
Tyger Valley
7536

Postal Address:
Private Bag X20
Tyger Valley
7536

Minimum Lump Sum:
R10 000 (A-Class)
R10 000 000 (C-Class)

Minimum Monthly Premium:
R2 000

Valuation:
The Fund is valued daily at 15:00. Instructions must reach us before 11h00 to ensure same day processing.

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:
A Class : GDICA
C Class : GDICC

ANNUALISED TOTAL RETURN FIGURES AS AT 31 OCTOBER 2017

	1 Year	3 Years	5 Years
A-Class	6.78%	6.08%	5.40%
C-Class	7.00%	6.39%	5.63%
Benchmark (70% of STEFI Composite Index)	5.32%	5.05%	4.66%

GRYPHON MARKET COMMENTARY – 31 OCTOBER 2017

THE PAST	
INTERNATIONAL	LOCAL
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%.	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	LOCAL
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.	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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