

## GRYPHON DIVIDEND INCOME FUND - 30 JUNE 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.

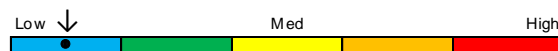
Yields as at 30 June 2017	Individual	Company
<b>After tax money market rate</b>	<b>Yields</b>	
Gryphon Money Market rate	8.06%	8.06%
Marginal tax rate	45%	28%
After tax return	4.43%	5.80%
Gryphon Dividend Fund Return (C Class)	7.04%	7.04%
Dividend Tax, at 20%	-1.41%	0.00%
<b>After tax return</b>	<b>5.63%</b>	<b>7.04%</b>
Net gain above	1.20%	1.24%
<b>Interest rate equivalent yield</b>	<b>Yields</b>	
Gryphon Dividend Fund Return (C Class)	7.04%	7.04%
Dividend Tax	20%	0%
After tax return	5.63%	7.04%
Marginal tax rate	45%	28%
<b>Pre Tax equivalent yield</b>	<b>10.24%</b>	<b>9.78%</b>
Net gain	2.18%	1.72%
% Yield enhancement above MM	27%	21%

### DECLARATION INFORMATION FOR THE PREVIOUS 5 DECLARATIONS

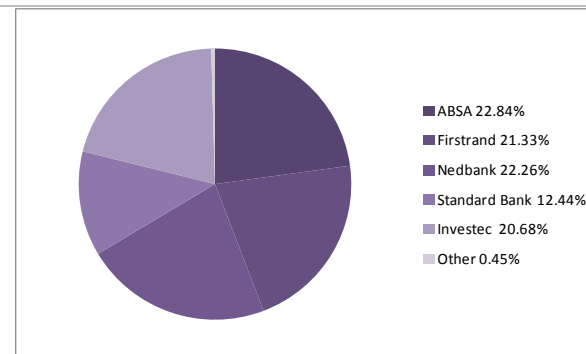
Dividend Declaration Date	Dividend Payment Date	A-CLASS cents per unit	C-CLASS cents per unit
30-Jun-17	3-Jul-17	0.545317	0.562686
31-May-17	1-Jun-17	0.560974	0.578949
30-Apr-17	3-May-17	0.543383	0.561306
31-Mar-17	3-Apr-17	0.555695	0.574474
28-Feb-17	1-Mar-17	0.502173	0.518911

Further information regarding the Gryphon Dividend Income fund is available on our website [www.gryphon.com](http://www.gryphon.com) or by contacting us on 021 915 5100 or [invest@gryphon.com](mailto: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 1 563 010 038

**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 (31 March 2017)  
0.74% Class C (31 March 2017)

**Transactional Cost (TC):**  
0.00% Class A (31 March 2017)  
0.00% Class C (31 March 2017)

**Total Investment Charges (TER + TC):**  
0.94% Class A (31 March 2017)  
0.74% Class C (31 March 2017)

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

**Highest Actual Annual Figure:**  
6.74% A Class (30 June 2017)  
6.96% C Class (30 June 2017)

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

### ADMINISTRATION

**Gryphon Contact Details:**  
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Fax: +27 86 206 2635  
Email: [invest@gryphon.com](mailto:invest@gryphon.com)  
Website: [www.gryphon.com](http://www.gryphon.com)

**Physical Address:**  
2<sup>nd</sup> Floor  
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  
5<sup>th</sup> Floor  
4 Sandown Valley Crescent  
Sandton  
2196  
Tel: +27 11 217 6600  
Fax: +27 11 217 6601

**Administration Manager:**  
Prescient Fund Services

### ANNUALISED TOTAL RETURN FIGURES AS AT 30 JUNE 2017

	1 Year	3 Years	5 Years
A-Class	6.74%	5.87%	5.20%
C-Class	6.96%	6.10%	5.44%
Benchmark (70% of STEFI Composite Index)	5.34%	4.94%	4.56%

GRYPHON MARKET COMMENTARY – 30 JUNE 2017

THE PAST												
INTERNATIONAL						LOCAL						
<p>Global equity markets continued the trend of positive US Dollar returns in June. For the year-to-date MSCI Emerging Markets achieved +18.6% against Developed Markets +11.0%. Not only has more positive earnings momentum assisted the performance of Emerging Markets, currency appreciation against the dollar has also helped. The UK election early in June, was not favourable for Theresa May and her gamble on a snap election failed. In the U.S. markets appear to be growing weary of President Trump's inability to enact domestic stimulus, however, economic growth has matched or exceeded expectations. The FOMC hiked 25bps as expected. The oil price continues to be weak.</p>						<p>The local market returned -3.5% for the month, continuing the weak trend of May. For the year-to-date, equities have returned +3.4%, Bonds +4.0% and Cash +3.7%. Moody's cut our foreign-and-local currency ratings and kept the outlook at negative. Proposed mining legislation caused havoc on resource counters; however, the prospect of a judicial review resulted in the restoration of some value towards month end. Barclays PLC sold its stake in ABSA down to below 15%. Telkom and Gold shares bore the brunt of selling on the JSE.</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)	0%	9%	16%	ZAR vs USD	13.06	0%	5%	11%	USA BOND 10 YEAR	2.28%	-18	82
MSCI EMERGING MARKETS (USD)	1%	17%	21%	ZAR vs GBP	16.97	-1%	-2%	13%	USA BOND 2 YEAR	1.38%	22	78
DOW JONES INDUSTRIAL	2%	9%	22%	ZAR vs EUR	14.92	-1%	-3%	9%	GERMAN BOND 10 YEAR	0.47%	36	60
S&P 500	1%	9%	18%	ZAR vs AUD	10.04	-3%	-2%	8%	GERMAN BOND 2 YEAR	-0.57%	23	9
UK FTSE 100	-3%	2%	12%	EUR vs USD	1.14	2%	9%	3%	UK BOND 10 YEAR	1.33%	9	33
JAPANESE NIKKEI 225	2%	2%	29%	GBP vs USD	1.30	1%	6%	-2%	UK BOND 2 YEAR	0.37%	26	26
GERMAN DAX	-2%	9%	27%	YEN vs USD	112.38	-1%	4%	-9%	RSA 10 YEAR	8.89%	-3	11
FRENCH CAC 40	-3%	5%	21%	GOLD	1242	-2%	8%	-6%	RSA 3 YEAR	7.67%	-44	-32
AUSTRALIAN ASX	0%	1%	9%	PLATINUM	927	-2%	3%	-9%	RSA REPO RATE	7.00%	0	0
JSE ALL SHARE	-3%	3%	2%	IRON ORE	65	14%	-18%	17%	RSA PRIME LENDING RATE	10.50%	0	0
JSE TOP 40	-4%	5%	2%	COPPER	5908	5%	7%	22%	RSA LONG TERM GILT	8.89%	-3	11
JSE ALL SHARE SWIX	-4%	3%	0%	NICKEL	9280	5%	-7%	-1%				
				BRENT OIL	48.77	-4%	-14%	-3%				

THE FUTURE												
INTERNATIONAL						LOCAL						
<p>The recently released FOMC Minutes continue to reflect a measured approach to hiking interest rates in the U.S. However, the stage has been set for the winding down of the Balance Sheet. Recent strength in the Eurozone and the ECB's assessment that economic risks are balanced, rather than tilted to the downside has seen the dollar weaken against the euro. Impending elections in Japan have not attracted much attention yet, however, we remain concerned that political risk globally is being underestimated.</p>						<p>The ANC Policy Conference suggests that the succession strategy followed by Deputy President Ramaphosa may be gaining some ground. However, it also confirmed the deep divisions within the ANC. Vehicle sales for June reflected muted growth. However, this was against fairly negative expectations and this and increased electricity usage has given some economists hope that the economy may be holding up despite the political turmoil. Government intervention in healthcare and proposed debt-forgiveness is a reminder to investors not to overpay! Debt-forgiveness is likely to be negative for our credit clothing and furniture retailers. The SAA bailout won't fly!</p>						

OUR FUNDS												
RISK	GRYPHON FUND						POSITIONING					
LOW	Money Market Fund						Conservatively managed, superb yield.					
↑	Dividend Income Fund						Enhanced before tax yield of over 10.00%. A stable interest rate cycle increases the attraction.					
	Prudential Fund of Funds						Aggressively exposed to SA equities and SA properties. Regulation 28 compliant.					
	Flexible Fund of Funds						Aggressively exposed to SA equities and SA properties.					
	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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