

## GRYPHON FLEXIBLE FUND OF FUNDS – 30 APRIL 2017

### FUND PROFILE & PERFORMANCE OBJECTIVE

The primary objective of the fund is to generate real (after-inflation) wealth for investors, at lowest possible cost, with due cognizance of risk and in particular secular down side risk. This is achieved by consistently producing real returns and long-term capital growth through maximum exposure to equities (the asset class of choice over the long-term to protect investors against inflation) during bull markets, whilst minimising exposure to equities in secular bear markets. As such, the product is suitable for investors of all ages as it maximises return per unit of risk throughout their various life stages.

### INVESTMENT POLICY & STRATEGY

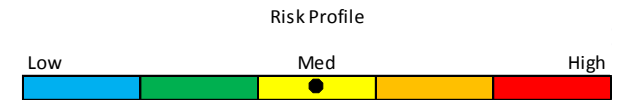
The portfolio is premised on the philosophy that most value is added with asset allocation rather than with stock selection. Stock selection is indexed and asset allocation is actively and aggressively managed to the extreme. This, coupled with our low cost focus (utilizing indexation building blocks), has the objective of achieving superior investment returns. The portfolio investment strategy is to invest in a flexible combination of the Gryphon All Share Tracker Fund, Gryphon Money Market Fund, Gryphon Global Equity Fund, offshore cash and bond/property indexed products. Funds are allocated between these alternatives based primarily on proprietary quantitative indicators, which predict the primary bull / bear market cycles in equities and the Rand currency. Short term equity volatility and secondary market cycles are generally ignored, since they are more difficult to predict and their effect on portfolio returns relatively small and short lived. The Portfolio can invest up to a 100% in equities (including international equities). Maximum foreign exposure limits as permitted by prevailing legislation (currently 25%), apply.

### WHO SHOULD INVEST?

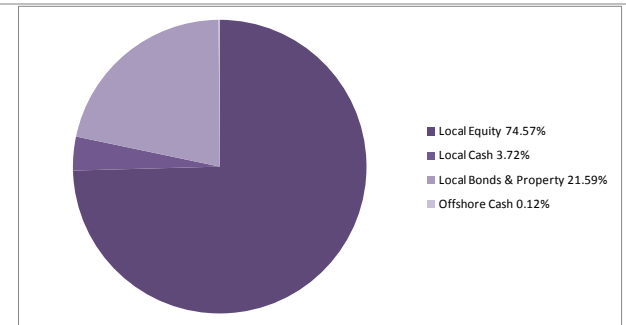
- Investors seeking long term exposure to equity market returns, but cognizance of downside risk.
- Investors who have a long-term investment horizon and a required return profile in excess of inflation and which thus necessitates exposure to equities.
- Investors lacking the time, infrastructure or resources and/or investment sophistication to choose between and subsequently monitor the performance of: various asset classes i.e. asset allocation; and/or individual stocks i.e. stock selection; and/or individual asset managers i.e. manager selection.
- Investors cognizant of the effects of costs on their returns.
- Multi Asset Funds are more tax compliant and tax efficient.

*The fund is particularly attractive to investors from a diversification point of view, since the unique way in which it is managed, differs significantly from its peers.*

Further information regarding the Gryphon Flexible Fund of Funds is available on our website [www.gryphon.com](http://www.gryphon.com) or by contacting us on 021 915 5100 or at [invest@gryphon.com](mailto:invest@gryphon.com)



### ASSET ALLOCATION



### FUND DETAILS

<b>Sector Classification:</b> SA Multi Asset Flexible	
<b>Portfolio Managers:</b> Abri Du Plessis M.Comm (Econometrics) Reuben Beelders B.Comm (Hons), CA(SA), CFA	
<b>Benchmark:</b> CPI + 7%	
<b>Inception Date:</b> 01 April 2014	
<b>Portfolio Size:</b> R19 810 869	
<b>Charges:</b> <b>Initial Fee:</b> 0.00%	
<b>Annual Management Fee:</b> 0.34% (Incl. VAT)	
<b>Performance Fee:</b> Gryphon does not charge any performance fees.	
<b>Total Expense Ratio (TER):</b> 0.62% (31 December 2016)	
<b>Transactional Cost (TC):</b> 0.00% (31 December 2016)	
<b>Total Investment Charges (TER + TC):</b> 0.62% (31 December 2016)	
<b>Lowest Actual Annual Figure:</b> 0.30% (28 February 2017)	
<b>Highest Actual Annual Figure:</b> 13.98% (31 January 2016)	
<b>Income Declarations:</b> Twice per year on the 1 <sup>st</sup> of October and the 1 <sup>st</sup> of April or subsequent business day.	
<b>Payment date:</b>	
3-Apr-17	Cents per unit: 40.272302
3-Oct-16	27.380000

### ADMINISTRATION

<b>Gryphon Contact Details:</b> Tel: +27 21 915 5100 Fax: +27 86 206 2635 Email: <a href="mailto:invest@gryphon.com">invest@gryphon.com</a> Website: <a href="http://www.gryphon.com">www.gryphon.com</a>
<b>Physical Address:</b> 2 <sup>nd</sup> Floor Pro Sano Park East Southgate Tyger Valley 7536
<b>Postal Address:</b> Private Bag X20 Tyger Valley 7536
<b>Valuation:</b> The Fund is valued daily at 9:00 the following morning, at the previous day's closing prices. Instructions must reach us before 14:00 to ensure next morning pricing.
<b>Minimum Lump Sum:</b> R2,000
<b>Minimum Monthly Premium:</b> R200
<b>Trustee:</b> Standard Chartered Bank 5 <sup>th</sup> Floor 4 Sandown Valley Crescent Sandton 2196
Tel: +27 11 217 6600 Fax: +27 11 217 6601
<b>Administration Manager:</b> Maitland Fund Services

GRYPHON FLEXIBLE FUND OF FUNDS NETT MONTHLY TOTAL RETURNS																										
	Jan		Feb		Mar		Apr		May		Jun		Jul		Aug		Sep		Oct		Nov		Dec		YTD	
	Fund	CPI	Fund	CPI	Fund	CPI	Fund	CPI	Fund	CPI	Fund	CPI	Fund	CPI	Fund	CPI	Fund	CPI	Fund	CPI	Fund	CPI	Fund	CPI	Fund	CPI
2017	0.69%	0.60%	-1.58%	1.09%	2.35%	0.59%	2.56%	TBC			-1.25%	0.51%	-0.89%	0.82%	-0.44%	-0.10%	1.15%	0.20%	0.65%	0.51%	0.20%	0.30%	0.81%	0.40%	4.02%	TBC
2016	1.27%	0.75%	0.43%	1.38%	-1.52%	0.73%	-0.47%	0.83%	3.06%	0.21%	-1.25%	0.51%	-0.89%	0.82%	-0.44%	-0.10%	1.15%	0.20%	0.65%	0.51%	0.20%	0.30%	0.81%	0.40%	2.95%	6.72%
2015	0.18%	-0.11%	0.52%	0.56%	1.31%	1.45%	0.03%	0.88%	0.77%	0.22%	0.32%	0.44%	1.42%	1.09%	1.64%	0.00%	1.47%	0.00%	0.48%	0.21%	1.46%	0.11%	2.48%	0.32%	12.75%	5.28%
2014							0.39%	0.46%	0.44%	0.11%	0.45%	0.34%	0.47%	0.80%	0.40%	0.34%	0.43%	0.00%	0.46%	0.22%	0.81%	0.00%	1.91%	-0.22%	5.92%	2.06%

GRYPHON FLEXIBLE FUND OF FUNDS PAST 12 MONTHS TOTAL RETURNS																										
	Jan		Feb		Mar		Apr		May		Jun		Jul		Aug		Sep		Oct		Nov		Dec			
	Fund	CPI+7%	Fund	CPI+7%	Fund	CPI+7%	Fund	CPI+7%	Fund	CPI+7%	Fund	CPI+7%	Fund	CPI+7%	Fund	CPI+7%	Fund	CPI+7%	Fund	CPI+7%	Fund	CPI+7%	Fund	CPI+7%	Fund	CPI+7%
2017	2.35%	13.57%	0.30%	13.27%	4.24%	13.12%	7.41%	TBC			10.87%	13.30%	8.35%	13.02%	6.13%	12.91%	5.80%	13.12%	5.97%	13.43%	4.65%	13.64%	2.95%	13.72%		
2016	13.98%	13.19%	13.88%	14.05%	10.70%	13.28%	10.14%	13.23%	12.63%	13.22%	10.87%	13.30%	8.35%	13.02%	6.13%	12.91%	5.80%	13.12%	5.97%	13.43%	4.65%	13.64%	2.95%	13.72%		
2015					8.06%	11.01%	7.68%	11.45%	8.04%	11.56%	7.90%	11.66%	8.93%	11.96%	10.27%	11.61%	11.41%	11.61%	11.41%	11.60%	12.13%	11.71%	12.75%	12.28%		

GRYPHON MARKET COMMENTARY – 30 APRIL 2017

THE PAST												
INTERNATIONAL						LOCAL						
<p>Global equity markets continued the trend of positive US Dollar returns in April. MSCI Emerging Markets, up +2.6% outperformed the MSCI World index which was at +1.6%. European markets recovered as the risk of populist support reduced. U.S. earnings were strong and resulted in more cyclical sectors like IT and Consumer Discretionary outperforming. While some economic releases reflected a slight slowdown in the U.S. in Q1 of 2017, these have generally been interpreted as only temporary. While commodity prices therefore have paused recently, the expectation is for a continued recovery in the medium term.</p>						<p>The local market returned +3.6%, driven by large-cap, rand-hedge industrial stocks. Economic releases were generally weak; however, the large number of public holidays makes analysis of the weakness difficult. Easter was in April this year against March, in 2016, which also impacts comparative analysis. Sentiment indicators too, reflect weakness and economists are scaling down their already muted growth prospects for the year. We have for some time warned that political uncertainty will eventually translate into economic weakness. Sadly, our warnings are becoming reality.</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%	7%	12%	ZAR vs USD	13.36	0%	2%	6%	USA BOND 10 YEAR	2.30%	-16	46
MSCI EMERGING MARKETS (USD)	2%	13%	16%	ZAR vs GBP	17.26	-4%	-3%	16%	USA BOND 2 YEAR	1.26%	10	49
DOW JONES INDUSTRIAL	1%	7%	21%	ZAR vs EUR	14.56	-2%	-1%	11%	GERMAN BOND 10 YEAR	0.34%	23	7
S&P 500	1%	7%	18%	ZAR vs AUD	10.01	2%	-1%	7.5%	GERMAN BOND 2 YEAR	-0.75%	5	-28
UK FTSE 100	-2%	1%	15%	EUR vs USD	1.09	2%	4%	-5%	UK BOND 10 YEAR	1.17%	-7	-56
JAPANESE NIKKEI 225	2%	-2%	15%	GBP vs USD	1.29	3%	5%	-11%	UK BOND 2 YEAR	0.11%	0	-41
GERMAN DAX	2%	9%	24%	YEN vs USD	111.52	0%	5%	-5%	RSA 10 YEAR	8.76%	-16	-14
FRENCH CAC 40	3%	8%	19%	GOLD	1268	2%	10%	-2%	RSA 3 YEAR	7.53%	-58	-71
AUSTRALIAN ASX	1%	4%	12%	PLATINUM	944	-1%	5%	-13%	RSA REPO RATE	7.00%	0	0
JSE ALL SHARE	4%	8%	4%	IRON ORE	69	-14%	-13%	4%	RSA PRIME LENDING RATE	10.50%	0	0
JSE TOP 40	4%	9%	4%	COPPER	5689	-3%	3%	13%	RSA LONG TERM GILT	8.76%	-16	-14
JSE ALL SHARE SWIX	4%	7%	4%	NICKEL	9485	-4%	-5%	0%				
				BRENT OIL	52.05	-3%	-8%	10%				
THE FUTURE												
INTERNATIONAL						LOCAL						
<p>Political tension in UK and Europe continues to ease. In the former, the Conservatives were confident enough to call for a general election mid-year, while elections in France have allayed fears of populist policies. Currency markets have reacted with the euro strengthening against the dollar. While economies are likely to benefit as result, the European Central Bank is likely to use the opportunity to reduce QE, which will impact financial markets. The oil price has come under pressure as result of increased production by shale producers in the U.S. Whether OPEC production compliance can arrest the downtrend, is not certain.</p>						<p>The near-term investment horizon remains clouded by the new and inexperienced team at key government institutions. With limited investment from both the private and public sector, growth prospects remained muted. Our equity market does, however, offer investors a haven of safety in a number of listed foreign domiciled and focused counters. However, caution is required in this regard, as the market's performance is not reflective of the local economy. Stable and market-oriented policies are urgently required to attract the long-term investment required to enhance our sustainable economic growth rate.</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.					
	<b>Flexible Fund of Funds</b>						<b>Aggressively exposed to SA equities and SA properties.</b>					
	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.					
HIGH												

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