



2016

Gryphon Collective Investments

ABRIDGED ANNUAL REPORT



GRYPHON

Gryphon Collective Investments (RF) (Pty) Ltd

CEO REPORT

The US started raising rates at the end of 2015 as it commenced the process of normalizing interest rates and with the objective of proactively managing inflation. This however happened much later than originally predicted by most economists and in the rest of the world central bankers refrained from pulling the trigger, as this would have prolonged sluggish economic growth within their economies.

Emerging market currencies have strengthened somewhat during the course of the 12 months after being under severe pressure in the first half of this period. On average the Rand was flat over the period against the U.S. Dollar, but only after it weakened by 22% middle of January 2016 following bizarre political events. Once again, the best performing investments for local investors over the past year was foreign equity investments, which returned +8.23% (MSCI World index converted to Rand).

An interesting performance statistic is the fact that global property funds were the best performing asset class over the past 10 years.

Within global equities, in Dollar terms, emerging market equities (14.07%) outperformed developed market equities (9.09%) by some margin as investors allocated funds to these battered regions. The underlying growth rate of emerging economies remained low. The lack of international growth, once again, highlighted the economic effect and imbalances which exist between developed and developing economies.

Within local markets, sector performances continued to diverge as resource stocks (last year's underperformers) and industrial stocks outperformed for the 12 months. Underlying commodity prices recovered somewhat.

Local economic overview:

The 2015 trend of lower economic growth projections continued into 2016. Despite a recovery in commodity prices, continued slow global growth dragged local growth down with growth for 2016 at 0.3%, down from 2015's 1.3%.

The SAB Miller / Anheuser-Busch InBev transaction was by far the largest corporate event on the JSE with one of South Africa's last "crown jewels" now in foreign hands.

While the drought was broken for the largest part of South Africa, it is still rages in the Western Cape. This is likely to have a negative impact on agricultural crops going into 2017 / 2018. Essential inputs to both households and business, such as water and energy, continue to be subject to political infighting. The inability to plan and invest for the long term will reduce our productive capacity.

JSE total returns for the 12 months of 6.59% were close to inflation at 6.12%. Continued volatility can be associated with the downgrades that can be expected given some clear indications post yearend from the rating agencies.

The year ahead, despite a strengthening R/\$ rate looks bleak given local and global political uncertainty (USA, French, UK elections). Our caution communicated last year extends into 2016/2017. Local and Offshore investors, given the state of the local economy and political events, will predominantly consider international investments for 2017.

Other industry developments:

Once again, the rollout of RDR (Retail Distribution Review) regulations is behind schedule but given the complexity and effect in the financial services industry, it is to be expected. I do believe that the achievement of the RDR objectives would significantly benefit investors.

While it is a concern to us all that volatility, uncertainty and lower returns are likely, to be a part of our forecast horizon, it is worth remembering that conditions like these often present opportunities to astute investors who clearly distinguish between their long term strategies and short term volatility. "Sticking to your strategy" is a great way to achieve superior returns! We would consider ourselves privileged to share and assist you on your investment journey into the future.

We would like to thank you for your continued support.

Yours sincerely



MJ Kellerman
CHIEF EXECUTIVE OFFICER
GRYPHON COLLECTIVE INVESTMENT (RF) PROPRIETARY LIMITED

REPORT OF THE TRUSTEES



Gryphon Collective Investment (RF) (PTY) Limited
Pro Sano Park
2nd Floor, Southgate
Tyger Waterfront
Carl Cronje Drive
Tyger Valley
Bellville
7530

Attention: MJ Kellerman

13 December 2016

Gryphon Collective Investment Scheme (the scheme) Year end 30 September 2016

We, Standard Chartered Bank, Johannesburg Branch, in our capacity as trustee of the Scheme, are required in terms of Section 70(3) of the Collective Investments Scheme Control Act, 45 of 2002, as amended (the "Act"), to satisfy ourselves that every Statement of Financial Position, Statement of Comprehensive Income and other return prepared by the manager of the Scheme in terms of Section 90 of the Act (the "Accounts") fairly represents the assets and liabilities, as well as the income and distribution of income, of every portfolio of the Scheme administered by the manager of the Scheme.

We note that responsibility for the Accounts rests with the manager of the scheme in terms of the Act and that they have the obligation to ensure that the Accounts have been properly drawn up in accordance with both generally accepted accounting principles and the Act and that they fairly represent the financial position of each portfolio of the Scheme. Nothing in this report can be construed as us giving an accounting opinion in relation to the Accounts.

Based on our records, and the Accounts, we hereby report that nothing has come to our attention that would lead us to believe anything other than:

- a) the fact that the Accounts fairly represent the assets and liabilities of every portfolio of the Scheme;
- b) the fact that the Accounts fairly represent the income and distribution of income of every portfolio of the Scheme; and
- c) the fact that the Manager has administered the scheme in accordance the provisions of the Act and the relevant deed.

Yours sincerely,

Chantell Kruger
Senior Manager, Trustee Services, SA

Henning Bisschoff
Head of TB, SA

Standard Chartered Bank
Johannesburg Branch
5th Floor, 4 Sandown Valley Crescent,
Sandton 2196, Gauteng, South Africa
P.O. Box 782080, Sandton 2146, Gauteng, South Africa
Tel +27 (0)11 217 6600 Fax +27 (0)11 217 6601
www.standardchartered.com/za

Standard Chartered Bank is incorporated in England with limited liability by Royal Charter 1853, reference number ZC18 and with its principal office situated in England at 1 Basinghall Avenue, London, EC2V 5DD. Standard Chartered Bank is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and Prudential Regulation Authority. In South Africa, Standard Chartered Bank, Johannesburg Branch is a licensed Bank in terms of the South African Banks Act 94 of 1990, an authorised financial services provider in terms of the Financial Advisory & Intermediary Services Act 37 of 2002, a registered Credit Provider in terms of the National Credit Act 34 of 2005 and registered as an external company in terms of the South African Companies Act 71 of 2008 under company registration number 2003/020177/10.
Court of Directors: WT Winters *, TJ Clarke**, AN Halford **, AMG Rees** (*American, ** British)

SUMMARISED INFORMATION
FOR THE YEAR ENDING
30 SEPTEMBER 2016

	Gryphon All-Share Tracker Fund	Gryphon Dividend Income Fund	Gryphon Flexible Fund of Funds	Gryphon Global Equity Fund	Gryphon Money Market Fund	Gryphon Prudential Fund of Funds
	R	R	R	R	R	R
	2016	2016	2016	2016	2016	2016
CONDENSED STATEMENT OF COMPREHENSIVE INCOME						
Income	3,317,245	88,919,032	858,087	402,554	16,322,772	265,818
Expenditure	(426,210)	(9,362,648)	(52,248)	(194,742)	(684,721)	(19,055)
Net income/(loss) for the year before finance costs	2,891,035	79,556,384	805,839	207,812	15,638,051	246,763
Retained income, beginning of the year	3,672	287,017	84	-71	252	6
Distribution of income	(2,889,498)	(79,293,165)	(805,649)	(208,081)	(15,638,051)	(246,730)
Retained income, end of the year	5,209	550,236	274	-340	252	39
DISTRIBUTION PER UNIT (cents)	14.92	5.96 (A) 6.60 (B) 6.18 (C) 6.86 (C2)	38.83 (A) 51.64 (B)	15.02 (A) 7.28 (B)	7.22 (A) 7.16 (C)	38.60 (A) 51.15 (B)
CONDENSED STATEMENT OF FINANCIAL POSITION						
	R	R	R	R	R	R
Net assets attributable to unit holders	117,397,224	1,368,063,396	18,645,738	30,033,953	212,386,603	6,184,542
Accrued expenses	96,694	910,965	5,199	14,356	96,376	1,738
Trade and other payables	2,636,708	-	-	-	-	-
Distributions payable	1,568,781	7,313,706	473,372	59,284	1,348,616	154,460
Liabilities other than net assets attributable to unit holders	4,302,183	8,224,671	478,571	73,640	1,444,992	156,198
Investments	105,742,890	1,335,000,000	19,028,952	30,054,975	211,608,184	6,253,661
Accrued income	186,922	744,673	59,723	12,758	1,559,123	20,324
Trade and other receivables	14,287,371	-	-	-	-	-
Cash and bank balances	1,482,224	40,543,394	35,634	39,860	664,288	66,755
Total Assets	121,699,407	1,376,288,067	19,124,309	30,107,593	213,831,595	6,340,740
PORTFOLIO COMPOSITION						
	(%)	(%)	(%)	(%)	(%)	(%)
Non-Equity Securities						
Debtentures	-	94.82%	-	-	-	-
Money Market Instruments	-	-	-	-	85.87%	-
Off shore cash	-	-	0.14%	13.70%	-	0.02%
Liquid Assets	13.64%	5.18%	0.50%	0.18%	14.13%	1.37%
Unit Trusts	-	-	99.36%	5.65%	-	98.61%
Equity Securities						
Basic Materials	16.30%	-	-	-	-	-
Consumer Goods	13.54%	-	-	-	-	-
Consumer Services	20.29%	-	-	-	-	-
Financials	17.88%	-	-	-	-	-
Health Care	3.98%	-	-	-	-	-
Industrials	6.43%	-	-	-	-	-
Oil & Gas	0.11%	-	-	-	-	-
Technology	0.55%	-	-	-	-	-
Telecommunications	4.63%	-	-	-	-	-
Local Commodities	2.65%	-	-	-	-	-
Off shore equities	-	-	-	80.47%	-	-
TOTAL	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
INVESTMENT PERFORMANCE						
	(%)	(%)	(%)	(%)	(%)	(%)
Year to 30 September 2016	4.01%	6.14% (A)	5.80% (B)	8.68% (B)	7.36% (A)	5.48% (B)
Year to 30 September 2015	5.42%	5.24% (A)	11.41% (B)	*	6.43% (A)	10.81% (B)
All-share Index						
Sep 2016: 6.59%		Sep 2015: 4.79%				
STEFI						
Sep 2016: 7.12%		Sep 2015: 6.38%				
FEES:						
	(%)	(%)	(%)	(%)	(%)	(%)
Maximum Initial fee	-	-	-	-	-	-
Service fee (including VAT)	0.228	0.912 (A) 0.513 (B) 0.7125 (C) 0.057 (C2)	1.482 (A) 0.342 (B)	1.482 (A) 0.57 (B)	0.285 (A) 0.171 (C)	1.482 (A) 0.342 (B)
Total Investment Charges (TER + TC)% - 3 years annualised	0.55 (A)	0.94 (A) 0.56 (B) 0.74 (C) 0.08 (C2)	1.71 (A) 0.58 (B)	1.39 (A) 1.18 (B)	0.31 (A) 0.20 (C)	1.94 (A) 0.82 (B)

* Fund launched November 2014