

GRYPHON GLOBAL EQUITY FUND - 31 DECEMBER 2017

FUND PROFILE

The fund aims to provide investors with exposure to a diversified mix of global equity securities at lowest possible cost, with the objective of providing a return similar to that of the MSCI World Index translated into South African currency.

KEY FEATURES

The portfolio is a hybrid fund that can invest up to 80% of its net asset value in other collective investment schemes or other similar schemes operated in territories outside South Africa. The portfolio's exposure to assets of geographical regions and industry groups is subject to prevailing legislation and industry guidelines and will be determined by the portfolio manager based on economic factors and investment value. The fund may invest up to 20% of its net asset value directly in listed equities, subject to a maximum of 20 stocks and a maximum exposure of 3% per stock. The fund must maintain a minimum exposure of 80% to equity.

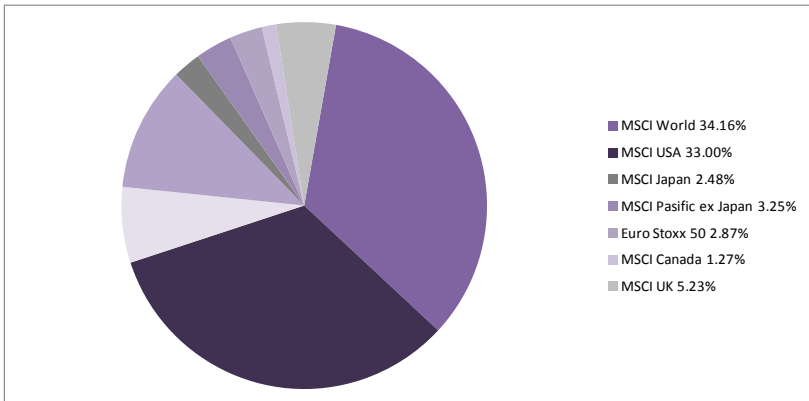
WHO SHOULD INVEST?

Investors seeking a hedge against depreciation of the South African currency and diversification away from equities listed in South Africa. The fund achieves this by investing in foreign equities, denominated in foreign currencies.

PERFORMANCE OBJECTIVE

The long term objective of the fund is to provide South African investors with exposure to international equities translated into South African currency.

GLOBAL EQUITY EXPOSURE



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

FUND'S PERFORMANCE (Net of Fees)			
	1 Year	2 Years	3 Years
Cumulative (%)	6.94%	0.96%	32.50%
Annualised (%)	6.94%	0.48%	9.83%

Risk Profile



ASSET ALLOCATION

Global Equities	82.26%
International cash	6.70%
Local cash	11.04%
INVESTED	100.00%

FUND DETAILS

Sector Classification:
Global – Equity - General

Portfolio Manager:
Reuben Beelders
B.Comm (Hons), CA(SA), CFA

Benchmark:
MSCI World Index

Inception Date:
01 November 2014

Portfolio Size:
R33 167 302

Charges:
Initial Fee:
0.00%

Annual Management Fee:
0.57% (Incl. VAT)

Performance Fee:

Although the fund is entitled to performance fees according to its Supplemental Trust deed, Gryphon does not charge any performance fees.

Total Expense Ratio (TER):
1.05% (30 September 2017)

Transactional Cost (TC):
0.12% (30 September 2017)

Total Investment Charges (TER+TC):
1.17% (30 September 2017)

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	2.240495
3-Apr-17	1.832517

ADMINISTRATION

Gryphon Contact Details:
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Fax: +27 86 206 2635
Email: invest@gryphon.com
Website: www.gryphonam.com

Physical Address:

2nd Floor
Pro Sano Park East
Southgate
Tyger Valley
7536

Postal Address:

Private Bag X20
Tyger Valley
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:

GGECB

GRYPHON GLOBAL EQUITY FUND NETT MONTHLY TOTAL RETURNS																										
	Jan		Feb		Mar		Apr		May		Jun		Jul		Aug		Sep		Oct		Nov		Dec		YTD	
	Fund	MSCI	Fund	MSCI	Fund	MSCI	Fund	MSCI	Fund	MSCI	Fund	MSCI	Fund	MSCI	Fund	MSCI	Fund	MSCI	Fund	MSCI	Fund	MSCI	Fund	MSCI	Fund	MSCI
2017	-0.60%	0.77%	0.05%	0.26%	3.04%	3.30%	1.14%	1.15%	-0.11%	0.02%	-0.37%	0.34%	2.71%	3.30%	-1.51%	-1.08%	5.38%	6.54%	6.96%	6.54%	-2.21%	-1.12%	-7.02%	-8.13%	6.94%	11.61%
2016	-3.95%	-3.50%	0.79%	-0.85%	-1.71%	-1.13%	-2.70%	-1.43%	11.07%	11.16%	-8.32%	-7.34%	-1.25%	-1.83%	5.90%	6.27%	-5.83%	-6.10%	-2.54%	-3.71%	4.77%	6.22%	-0.42%	-0.49%	-5.59%	-4.24%
2015	0.31%	-0.25%	4.30%	6.15%	3.17%	2.55%	0.06%	-0.49%	1.90%	3.49%	-2.23%	-2.15%	4.87%	5.85%	-1.02%	-2.03%	0.38%	0.41%	6.83%	7.77%	3.62%	4.08%	5.76%	5.32%	31.24%	34.59%
2014																					0.25%	2.21%	0.30%	2.11%	0.55%	4.37%

GRYPHON GLOBAL EQUITY FUND PAST 12 MONTHS TOTAL RETURNS																										
	Jan		Feb		Mar		Apr		May		Jun		Jul		Aug		Sep		Oct		Nov		Dec			
	Fund	MSCI	Fund	MSCI	Fund	MSCI	Fund	MSCI	Fund	MSCI	Fund	MSCI	Fund	MSCI	Fund	MSCI	Fund	MSCI	Fund	MSCI	Fund	MSCI	Fund	MSCI	Fund	MSCI
2017	-2.30%	0.00%	-3.02%	1.11%	1.68%	5.64%	5.69%	8.41%	-4.94%	-2.46%	3.30%	5.62%	7.43%	11.14%	-0.08%	3.46%	11.82%	17.37%	22.72%	29.87%	14.53%	20.89%	6.94%	11.61%		
2016	25.67%	30.21%	21.45%	21.63%	15.70%	17.26%	12.52%	16.15%	22.65%	24.76%	15.01%	18.13%	8.30%	9.56%	15.86%	18.84%	8.68%	11.15%	-0.84%	-0.70%	0.26%	1.35%	-5.59%	-4.24%		
2015																			20.41%	28.15%	24.47%	30.49%	31.24%	34.59%		

GRYPHON MARKET COMMENTARY – 31 DECEMBER 2017

THE PAST													
INTERNATIONAL						LOCAL							
<p>Global markets continued to strengthen, with Emerging Markets setting the pace, at +3.6%. U.S. markets were undeterred by the anticipated rate hike from the FOMC and the benefits of the tax changes were priced in. Economic growth for the year ahead is forecast as continuing to be strong. While inflation does not appear to be on the forecast horizon just yet, forward looking indicators are pointing to the build of inflationary pressures, particularly in the U.S. where the labour market is likely to be at or close to full employment. While global central bankers remain accommodative, the one unpleasant surprise in 2018 would be an unexpected pick-up in inflation in developed markets.</p>						<p>Local equities reflected the political anxiety around the ANC Elective Conference and at the 13th of December, were -4.0% month-to-date. Markets rallied on the outcome to end the month flat (-0.34%). The year to date performance from equities was strong, +21.0%, with large capitalization stocks represented by the Top 40 up 21.2% against small and mid-caps, up 7.4% and 3.1% respectively. While a number of active investors suffered as result of the value destruction in Steinhoff, index funds delivered the index return. Needless to say, the impact of subsequent price action has reduced considerably. Bonds were up 10.2%, ahead of cash, at 7.5%.</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%	20%	20%	ZAR vs USD	12.38	9%	10%	10%	USA BOND 10 YEAR	2.42%	-4	-4	
MSCI EMERGING MARKETS (USD)	3%	34%	34%	ZAR vs GBP	16.74	10%	0%	0%	USA BOND 2 YEAR	1.89%	73	73	
DOW JONES INDUSTRIAL	2%	28%	28%	ZAR vs EUR	14.86	8%	-3%	-3%	GERMAN BOND 10 YEAR	0.42%	31	31	
S&P 500	1%	22%	22%	ZAR vs AUD	9.68	7%	2%	2%	GERMAN BOND 2 YEAR	-0.64%	16	16	
UK FTSE 100	5%	8%	8%	USD vs EUR	1.20	1%	-14%	-14%	UK BOND 10 YEAR	1.24%	0	0	
JAPANESE NIKKEI 225	0%	16%	16%	USD vs GBP	1.35	1%	-10%	-10%	UK BOND 2 YEAR	0.48%	37	37	
GERMAN DAX	0%	16%	16%	YEN vs USD	112.63	-1%	4%	4%	RSA LONG TERM GILT	8.82%	-10	-10	
FRENCH CAC 40	-1%	9%	9%	GOLD	1297	2%	13%	13%	RSA 10 YEAR	8.82%	-10	-10	
AUSTRALIAN ASX	2%	8%	8%	PLATINUM	930	-1%	3%	3%	RSA 3 YEAR	7.49%	-62	-62	
JSE ALL SHARE	0%	21%	21%	IRON ORE	73	7%	-8%	-8%	RSA REPO RATE	6.75%	-25	-25	
JSE TOP 40	-1%	23%	23%	COPPER	7157	6%	30%	30%	RSA PRIME LENDING RATE	10.25%	-25	-25	
JSE ALL SHARE SWIX	0%	21%	21%	NICKEL	12260	9%	22%	22%	USA INFLATION RATE	2.2	50	50	
JSE TOP 40 SWIX	-1%	24%	24%	BRENT OIL	66.52	6%	17%	17%	RSA INFLATION RATE	4.6	-200	-200	
THE FUTURE													
INTERNATIONAL						LOCAL							
<p>Our recommendation remains that investors retain exposure to a broad range of developed market stocks via the MSCI All Country World Index as global economic growth underpins markets in the near term. The exuberance around crypto currencies continues, however, we believe that the significant volatility should be cause for concern. The oil price ended the year strongly, as did the copper price and we believe resource companies and countries are likely to benefit as late cyclical activity (infrastructure spend and construction) picks up. Global bond yields continue to reflect economies which have yet to reach their full potential; however, as indicated above, the return of inflation would be the one event, which would cause a reassessment.</p>						<p>Our currency and financial markets have rallied strongly post the ANC Elective Conference. We would caution that the hard work lies ahead. While the change in sentiment is welcome, investors need to recognize the continued constraints to growth and the political will that would be required to alleviate these. South African management teams have generally managed the low-growth local economic environment well, however, continued cost-cutting may eventually result in cutting away “muscle” rather than “fat” and this may impact the benefits to be enjoyed, should the economy eventually turn positive. The impact of the stronger currency will have to be factored in to the results of those corporate who have pursued growth aggressively offshore at less favourable rand exchange rates.</p>							
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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