

GRYPHON GLOBAL EQUITY FUND - 31 OCTOBER 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.

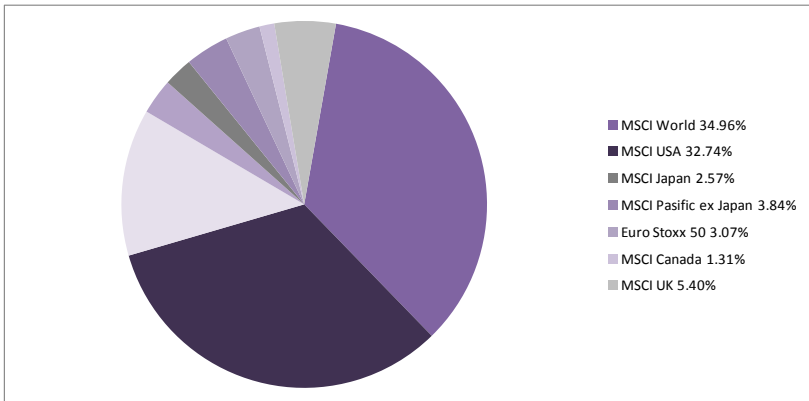
WHO SHOULD INVEST?

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.

Risk Profile



ASSET ALLOCATION

Global Equities	83.89%
International cash	12.98%
Local cash	3.13%
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:

R35 957 540

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%							17.62%	22.86%
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%	0.05%	-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%							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				
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%								
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 OCTOBER 2017

THE PAST												
INTERNATIONAL						LOCAL						
<p>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%.</p>						<p>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.</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)	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						
<p>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.</p>						<p>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.</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.						
↓	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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