

GRYPHON MONEY MARKET FUND - 31 OCTOBER 2017

FUND PROFILE

The Gryphon Money Market Fund generates a high level of monthly interest income, while preserving capital. It invests in money market instruments such as government and public sector securities, treasury bills, debentures and bank deposits. These instruments have a maturity of not more than 12 months. In order to ensure that liquidity is available and the capital is preserved, the average maturity may not exceed 90 days.

KEY FEATURES

The fund is designed for investors who seek a low risk investment which generates optimal interest income while simultaneously preserving the capital investment. The Fund invests only in vanilla instruments with a short term credit rating of A1/F1 or better. The portfolio manager may borrow up to 10% of the market value of the portfolio in order to bridge insufficient liquidity.

WHO SHOULD INVEST?

Investors seeking to maximize interest income while at the same time not putting their capital at risk. The Gryphon Money Market Fund is ideal for investors with an appetite for bank deposits or equivalents.

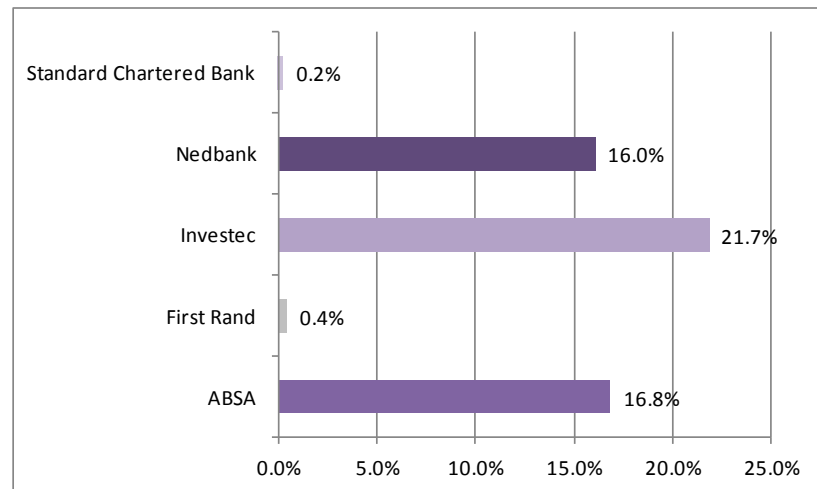
PERFORMANCE OBJECTIVE

The primary performance objective of the portfolio is to obtain as high a level of current income as is consistent with capital preservation and liquidity. Capital gains will be of an incidental nature. The aim is top quartile performance in its category.

DECLARATION INFORMATION FOR THE PREVIOUS YEAR'S DECLARATIONS

Declaration date	Cents per unit (rounded to 2 decimals)	Declaration date	Cents per unit (rounded to 2 decimals)
Oct 2017	0.63	Apr 2017	0.61
Sep 2017	0.61	Mar 2017	0.63
Aug 2017	0.63	Feb 2017	0.57
Jul 2017	0.64	Jan 2017	0.64
Jun 2017	0.62	Dec 2016	0.64
May 2017	0.64	Nov 2016	0.63

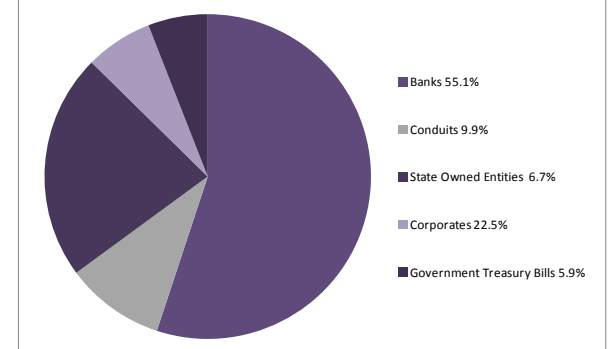
BANK EXPOSURES



Further information regarding the Gryphon Money Market Fund is available on our website www.gryphon.com or by contacting us on 021 915 5100 or at invest@gryphon.com.



ASSET ALLOCATION



Call	7.20%
1 – 30 days	35.28%
31 – 60 days	22.41%
61 – 90 days	21.82%
91 – 180 days	6.57%
180 + days	6.72%
Total	100.00%

FUND DETAILS

Sector Classification:
South African – Interest Bearing – Money Market

Portfolio Managers:
Abri Du Plessis
M.Comm (Econometrics)
Sunette Swart
B Compt (Hons), CTA, CA(SA)

Benchmark:
Short term Fixed Interest Index (STEFI)

Inception Date:
01 October 1999

Portfolio Size:
R302 351 979

Charges:
Initial fee: 0.00%
Annual Management Fee: 0.29% (Incl. VAT)
Total Expense Ratio (TER): 0.31% (30 September 2017)
Transactional Cost (TC): 0.00% (30 September 2017)
Total Investment Charges (TER + TC): 0.31% (30 September 2017)
Lowest Actual Annual Figure: 5.14% (31 December 2014)
Highest Actual Annual Figure: 13.24% (31 July 2003)

Income Declarations:
Income is paid on a monthly basis.

JSE Code:
GIMM

ADMINISTRATION

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Website: www.gryphon.com

Physical Address:
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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 11:30 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

Annualized Total Return Figures as at 31 October 2017

	1 Year	3 years	5 years	10 years	15 years
Money Market Fund	7.80%	7.24%	6.50%	7.33%	7.85%
Benchmark (STEFI)	7.60%	7.07%	6.42%	7.18%	7.75%

GRYPHON MARKET COMMENTARY – 31 OCTOBER 2017

THE PAST												
INTERNATIONAL						LOCAL						
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%.						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.						
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						
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.						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.						
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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