

GRYPHON MONEY MARKET FUND - 31 DECEMBER 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.

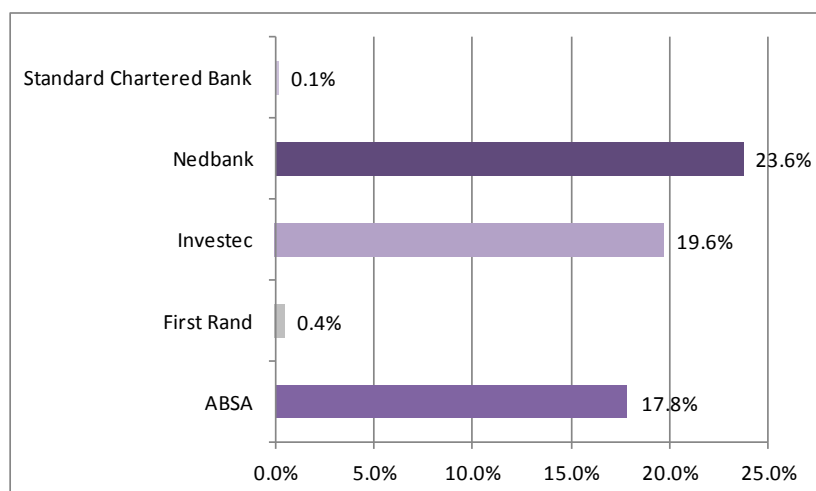
PERFORMANCE OBJECTIVE

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

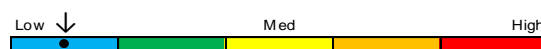
Declaration date	Cents per unit (rounded to 2 decimals)	Declaration date	Cents per unit (rounded to 2 decimals)
Dec 2017	0.66	Jun 2017	0.62
Nov 2017	0.61	May 2017	0.64
Oct 2017	0.63	Apr 2017	0.61
Sep 2017	0.61	Mar 2017	0.63
Aug 2017	0.63	Feb 2017	0.57
Jul 2017	0.64	Jan 2017	0.64

BANK EXPOSURES

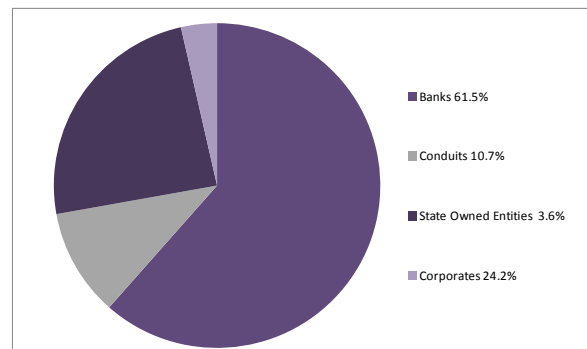


Further information regarding the Gryphon Money Market Fund is available on our website www.gryphon.com or by contacting us on 021 915 5100 or at invest@gryphon.com.

Risk Profile



ASSET ALLOCATION



Call	3.29%
1 – 30 days	23.64%
31 – 60 days	32.09%
61 – 90 days	26.64%
91 – 180 days	3.57%
180 + days	10.77%
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:
R282 821 465

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 December 2017

	1 Year	3 years	5 years	10 years	15 years
Money Market Fund	7.78%	7.32%	6.60%	7.28%	7.79%
Benchmark (STEFI)	7.50%	7.11%	6.48%	7.13%	7.69%

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.						
↓	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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