

GRYPHON PRUDENTIAL FUND OF FUNDS – 30 JUNE 2017

FUND PROFILE & PERFORMANCE OBJECTIVE

The primary objective of the fund is to generate real (after-inflation) wealth for investors, at the lowest possible cost, with due cognizance of risk and in particular secular down side risk. This is achieved by consistently producing real returns and long-term capital growth through maximum exposure to equities (the asset class of choice over the long-term to protect investors against inflation) during bull markets, whilst minimising exposure to equities in secular bear markets. As such, the product is suitable for investors of all ages as it maximises return per unit of risk throughout their various life stages. The portfolio complies with the statutory investment limits set for retirement funds in South Africa (Regulation 28).

INVESTMENT POLICY & STRATEGY

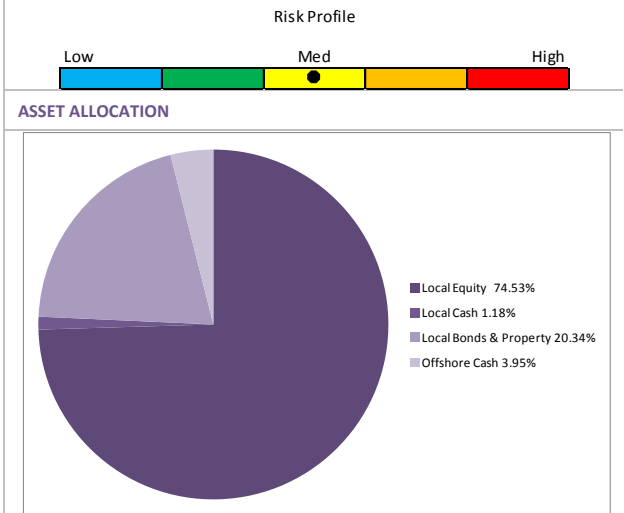
The portfolio is premised on the philosophy that most value is added with asset allocation rather than with stock selection. Stock selection is indexed and asset allocation is actively and aggressively managed to the extreme. This, coupled with our low cost focus (utilizing indexation building blocks), has the objective of achieving superior investment returns. The portfolio investment strategy is to invest in a flexible combination of the Gryphon All Share Tracker Fund, Gryphon Money Market Fund, Gryphon Global Equity Fund, offshore cash and bond/property indexed products. Funds are allocated between these alternatives based primarily on proprietary quantitative indicators, which predict the primary bull / bear market cycles in equities and the Rand currency. Short term equity volatility and secondary market cycles are generally ignored, since they are more difficult to predict and their effect on portfolio returns relatively small and short lived. The Portfolio can invest up to a 75% in equities (including international equities). Maximum foreign exposure limits as permitted by prevailing legislation (currently 25%), apply.

WHO SHOULD INVEST?

- Investors seeking long term exposure to equity market returns, but cognizance of downside risk.
- Investors who have a long-term investment horizon and a required return profile in excess of inflation and which thus necessitates exposure to equities.
- Investors lacking the time, infrastructure or resources and/or investment sophistication to choose between and subsequently monitor the performance of: various asset classes i.e. asset allocation; and/or individual stocks i.e. stock selection; and/or individual asset managers i.e. manager selection.
- Investors cognizant of the effects of costs on their returns.
- Multi Asset Funds are more tax compliant and tax efficient.

The fund is particularly attractive to investors from a diversification point of view, since the unique way in which it is managed, differs significantly from its peers.

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



FUND DETAILS

Sector Classification:
SA Multi Asset High Equity

Portfolio Managers:

Abri Du Plessis
M.Comm (Econometrics)
Reuben Beelders
B.Comm (Hons), CA(SA), CFA

Benchmark:

CPI + 5%

Inception Date:

01 April 2014

Portfolio Size:

R7 971 746

Charges:

Initial Fee:

0.00%

Annual Management Fee:

0.34% (Incl. VAT)

Performance Fees:

Gryphon does not charge any performance fees.

Total Expense Ratio:

0.85% (31 March 2017)

Transactional Cost (TC):

0.01% (31 March 2017)

Total Investment Charges (TER + TC):

0.86% (31 March 2017)

Lowest Actual Annual Figure:

0.59% (28 February 2017)

Highest Actual Annual Figure:

13.49% (31 January 2016)

Income Declarations:

Twice per year on the 1st of October and the 1st of April or subsequent business day.

Payment date:	Cents per unit:
3-Apr-17	41.780378
3-Oct-16	26.850000

ADMINISTRATION

Gryphon Contact Details:

Tel: +27 21 915 5100
Fax: +27 86 206 2635
Email: invest@gryphon.com
Website: www.gryphon.com

Physical Address:

2nd Floor
Pro Sano Park East
Southgate
Tyger Valley

Postal Address:

Private Bag X20
Tyger Valley
7536

Minimum Lump Sum:

R2,000

Minimum Monthly Premium:

R200

Valuation:

The Fund is valued daily at 9:00 the following morning, at the previous day's closing prices. Instructions must reach us before 14:00 to ensure next morning pricing.

Trustee:

Standard Chartered Bank
5th Floor
4 Sandown Valley Crescent
Sandton

Tel: +27 11 217 6600

Fax: +27 11 217 6601

Administration Manager:

Prescient Fund Services

GRYPHON PRUDENTIAL FUND OF FUNDS NETT MONTHLY TOTAL RETURNS																												
	Jan		Feb		Mar		Apr		May		Jun		Jul		Aug		Sep		Oct		Nov		Dec		YTD			
	Fund	CPI	Fund	CPI	Fund	CPI	Fund	CPI	Fund	CPI	Fund	CPI	Fund	CPI	Fund	CPI	Fund	CPI	Fund	CPI	Fund	CPI	Fund	CPI	Fund	CPI		
2017	0.71%	0.60%	-1.54%	1.09%	2.32%	0.59%	2.58%	0.10%	-0.51%	0.29%	-2.14%	TBC															1.33%	TBC
2016	1.12%	0.75%	0.25%	1.38%	-1.14%	0.73%	-0.47%	0.83%	3.03%	0.21%	-1.24%	0.51%	-0.91%	0.82%	-0.50%	-0.10%	1.13%	0.20%	0.65%	0.51%	0.17%	0.30%	0.78%	0.40%	2.83%	6.72%		
2015	0.46%	-0.11%	0.91%	0.56%	1.25%	1.45%	0.05%	0.88%	0.67%	0.22%	0.27%	0.44%	1.32%	1.09%	1.55%	0.00%	1.44%	0.00%	0.47%	0.21%	1.32%	0.11%	2.38%	0.32%	12.75%	5.28%		
2014							0.40%	0.46%	0.38%	0.11%	0.42%	0.34%	0.48%	0.80%	0.34%	0.34%	0.36%	0.00%	2.66%	0.22%	0.11%	0.00%	-0.34%	-0.22%	4.89%	2.06%		

GRYPHON PRUDENTIAL FUND OF FUNDS PAST 12 MONTHS TOTAL RETURNS																												
	Jan		Feb		Mar		Apr		May		Jun		Jul		Aug		Sep		Oct		Nov		Dec					
	Fund	CPI+5%	Fund	CPI+5%	Fund	CPI+5%	Fund	CPI+5%	Fund	CPI+5%	Fund	CPI+5%	Fund	CPI+5%	Fund	CPI+5%	Fund	CPI+5%	Fund	CPI+5%	Fund	CPI+5%	Fund	CPI+5%				
2017	2.41%	11.57%	0.59%	11.27%	4.11%	11.12%	7.30%	10.35%	3.61%	10.44%	2.66%	TBC																
2016	13.49%	11.19%	12.75%	12.05%	10.08%	11.28%	9.52%	11.23%	12.09%	11.22%	10.40%	11.30%	7.98%	11.02%	5.80%	10.91%	5.48%	11.12%	5.67%	11.43%	4.46%	11.64%	2.83%	11.72%				
2015					7.66%	9.01%	7.28%	9.45%	7.59%	9.56%	7.43%	9.66%	8.33%	9.96%	9.64%	9.61%	10.81%	9.61%	8.44%	9.60%	9.76%	9.71%	12.75%	10.28%				

GRYPHON MARKET COMMENTARY – 30 JUNE 2017

THE PAST												
INTERNATIONAL						LOCAL						
<p>Global equity markets continued the trend of positive US Dollar returns in June. For the year-to-date MSCI Emerging Markets achieved +18.6% against Developed Markets +11.0%. Not only has more positive earnings momentum assisted the performance of Emerging Markets, currency appreciation against the dollar has also helped. The UK election early in June, was not favourable for Theresa May and her gamble on a snap election failed. In the U.S. markets appear to be growing weary of President Trump's inability to enact domestic stimulus, however, economic growth has matched or exceeded expectations. The FOMC hiked 25bps as expected. The oil price continues to be weak.</p>						<p>The local market returned -3.5% for the month, continuing the weak trend of May. For the year-to-date, equities have returned +3.4%, Bonds +4.0% and Cash +3.7%. Moody's cut our foreign-and-local currency ratings and kept the outlook at negative. Proposed mining legislation caused havoc on resource counters; however, the prospect of a judicial review resulted in the restoration of some value towards month end. Barclays PLC sold its stake in ABSA down to below 15%. Telkom and Gold shares bore the brunt of selling on the JSE.</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)	0%	9%	16%	ZAR vs USD	13.06	0%	5%	11%	USA BOND 10 YEAR	2.28%	-18	82
MSCI EMERGING MARKETS (USD)	1%	17%	21%	ZAR vs GBP	16.97	-1%	-2%	13%	USA BOND 2 YEAR	1.38%	22	78
DOW JONES INDUSTRIAL	2%	9%	22%	ZAR vs EUR	14.92	-1%	-3%	9%	GERMAN BOND 10 YEAR	0.47%	36	60
S&P 500	1%	9%	18%	ZAR vs AUD	10.04	-3%	-2%	8%	GERMAN BOND 2 YEAR	-0.57%	23	9
UK FTSE 100	-3%	2%	12%	EUR vs USD	1.14	2%	9%	3%	UK BOND 10 YEAR	1.33%	9	33
JAPANESE NIKKEI 225	2%	2%	29%	GBP vs USD	1.30	1%	6%	-2%	UK BOND 2 YEAR	0.37%	26	26
GERMAN DAX	-2%	9%	27%	YEN vs USD	112.38	-1%	4%	-9%	RSA 10 YEAR	8.89%	-3	11
FRENCH CAC 40	-3%	5%	21%	GOLD	1242	-2%	8%	-6%	RSA 3 YEAR	7.67%	-44	-32
AUSTRALIAN ASX	0%	1%	9%	PLATINUM	927	-2%	3%	-9%	RSA REPO RATE	7.00%	0	0
JSE ALL SHARE	-3%	3%	2%	IRON ORE	65	14%	-18%	17%	RSA PRIME LENDING RATE	10.50%	0	0
JSE TOP 40	-4%	5%	2%	COPPER	5908	5%	7%	22%	RSA LONG TERM GILT	8.89%	-3	11
JSE ALL SHARE SWIX	-4%	3%	0%	NICKEL	9280	5%	-7%	-1%				
				BRENT OIL	48.77	-4%	-14%	-3%				
THE FUTURE												
INTERNATIONAL						LOCAL						
<p>The recently released FOMC Minutes continue to reflect a measured approach to hiking interest rates in the U.S. However, the stage has been set for the winding down of the Balance Sheet. Recent strength in the Eurozone and the ECB's assessment that economic risks are balanced, rather than tilted to the downside has seen the dollar weaken against the euro. Impending elections in Japan have not attracted much attention yet, however, we remain concerned that political risk globally is being underestimated.</p>						<p>The ANC Policy Conference suggests that the succession strategy followed by Deputy President Ramaphosa may be gaining some ground. However, it also confirmed the deep divisions within the ANC. Vehicle sales for June reflected muted growth. However, this was against fairly negative expectations and this and increased electricity usage has given some economists hope that the economy may be holding up despite the political turmoil. Government intervention in healthcare and proposed debt-forgiveness is a reminder to investors not to overpay! Debt-forgiveness is likely to be negative for our credit clothing and furniture retailers. The SAA bailout won't fly!</p>						
OUR FUNDS												
RISK	GRYPHON FUND						POSITIONING					
LOW	Money Market Fund						Conservatively managed, superb yield.					
↑	Dividend Income Fund						Enhanced before tax yield of over 10.00%. A stable interest rate cycle increases the attraction.					
	Prudential Fund of Funds						Aggressively exposed to SA equities and SA properties. Regulation 28 compliant.					
	Flexible Fund of Funds						Aggressively exposed to SA equities and SA properties.					
	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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