

GRYPHON FLEXIBLE FUND OF FUNDS – 30 SEPTEMBER 2017

FUND PROFILE & PERFORMANCE OBJECTIVE

The primary objective of the fund is to generate real (after-inflation) wealth for investors, at 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.

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 100% 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.

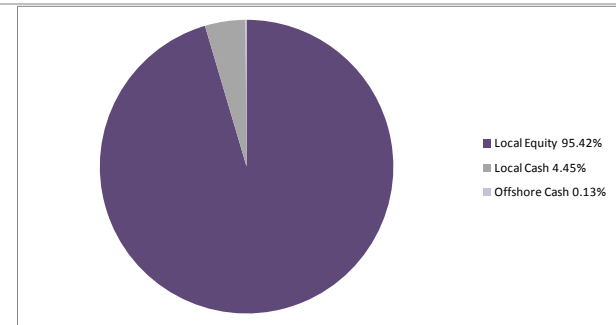
The fund is particularly attractive to investors from a diversification point of view, since the unique way in which it is managed, differs significantly from its peers.

Further information regarding the Gryphon Flexible Fund of Funds 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



FUND DETAILS

Sector Classification:
SA Multi Asset Flexible

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

Benchmark:
CPI + 7%

Inception Date:
01 April 2014

Portfolio Size:
R19 251 065

Charges:
Initial Fee:
0.00%

Annual Management Fee:
0.34% (Incl. VAT)

Performance Fee:
Gryphon does not charge any performance fees.

Total Expense Ratio (TER):
0.67% (30 June 2017)

Transactional Cost (TC):
0.02% (30 June 2017)

Total Investment Charges (TER + TC):
0.69% (30 June 2017)

Lowest Actual Annual Figure:
0.30% (28 February 2017)

Highest Actual Annual Figure:
13.98% (31 January 2016)

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

ADMINISTRATION

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Website: www.gryphon.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 9:00 the following morning, at the previous day's closing prices. Instructions must reach us before 14:00 to ensure next morning pricing.

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:
GYFFF

Payment date:	Cents per unit:
2-Oct-17	13.463473
3-Apr-17	40.272302

GRYPHON FLEXIBLE 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	0.69%	0.60%	-1.58%	1.09%	2.35%	0.59%	2.56%	0.10%	-0.47%	0.29%	-2.86%	0.19%	5.45%	0.29%	2.27%	0.10%	-0.76%	TBC										
2016	1.27%	0.75%	0.43%	1.38%	-1.52%	0.73%	-0.47%	0.83%	3.06%	0.21%	-1.25%	0.51%	-0.89%	0.82%	-0.44%	-0.10%	1.15%	0.20%	0.65%	0.51%	0.20%	0.30%	0.81%	0.40%	2.95%	6.72%		
2015	0.18%	-0.11%	0.52%	0.56%	1.31%	1.45%	0.03%	0.88%	0.77%	0.22%	0.32%	0.44%	1.42%	1.09%	1.64%	0.00%	1.47%	0.00%	0.48%	0.21%	1.46%	0.11%	2.48%	0.32%	12.75%	5.28%		
2014							0.39%	0.46%	0.44%	0.11%	0.45%	0.34%	0.47%	0.80%	0.40%	0.34%	0.43%	0.00%	0.48%	0.22%	0.81%	0.00%	1.91%	-0.22%	5.92%	2.06%		

GRYPHON FLEXIBLE FUND OF FUNDS PAST 12 MONTHS TOTAL RETURNS																												
	Jan		Feb		Mar		Apr		May		Jun		Jul		Aug		Sep		Oct		Nov		Dec					
	Fund	CPI+7%	Fund	CPI+7%	Fund	CPI+7%	Fund	CPI+7%	Fund	CPI+7%	Fund	CPI+7%	Fund	CPI+7%	Fund	CPI+7%	Fund	CPI+7%	Fund	CPI+7%	Fund	CPI+7%	Fund	CPI+7%	Fund	CPI+7%		
2017	2.35%	13.57%	0.30%	13.27%	4.24%	13.12%	7.41%	12.35%	3.73%	12.44%	2.04%	12.11%	8.55%	11.56%	11.51%	11.77%	9.41%	TBC										
2016	13.98%	13.19%	13.88%	14.05%	10.70%	13.28%	10.14%	13.23%	12.63%	13.22%	10.87%	13.30%	8.35%	13.02%	6.13%	12.91%	5.80%	13.12%	5.97%	13.43%	4.65%	13.64%	2.95%	13.72%				
2015					8.06%	11.01%	7.68%	11.45%	8.04%	11.56%	7.90%	11.66%	8.93%	11.96%	10.27%	11.61%	11.41%	11.61%	11.41%	11.60%	12.13%	11.71%	12.75%	12.28%				

GRYPHON MARKET COMMENTARY – 30 SEPTEMBER 2017

THE PAST													
INTERNATIONAL						LOCAL							
<p>Global equity markets continued to rally, however, for the first time this year Emerging Markets posted a negative return and were outperformed by Developed Markets. Negative performances from Emerging Markets in Europe and Africa weighed on performance. Allied with this was a slight pullback in commodity prices. Our core thesis, however, remains that commodity prices have bottomed and are likely to head higher. This view continues to be reflected in the copper price. The FOMC continue to indicate that a hike in December is likely and balance sheet unwinding is about to commence. Clarity and good communication from the FOMC has allowed other central bankers to operate with enhanced certainty.</p>						<p>After two powerful months, local equities eased, ending the month at -0.87%. A weaker ZAR, resulted in dollar returns which were more negative. Gold and platinum stocks continued to take pain. Also significant is the diverse performance between the Top 40 (-0.3%), which benefited from weaker currency and the Mid Cap index (-5.1%), where locally-focused industrials came under pressure after the failure by our central bank to live up to expectations and cut interest rates. With a year-to-date performance of +12.6%, equities have been the asset class of choice, followed by bonds at +7.8% and cash at 5.6%.</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%	14%	16%	ZAR vs USD	13.55	-4%	1%	1%	USA BOND 10 YEAR	2.32%	-14	73	
MSCI EMERGING MARKETS (USD)	-1%	25%	20%	ZAR vs GBP	18.03	-7%	-8%	-2%	USA BOND 2 YEAR	1.46%	30	70	
DOW JONES INDUSTRIAL	2%	15%	25%	ZAR vs EUR	16.01	-3%	-11%	-4%	GERMAN BOND 10 YEAR	0.47%	36	66	
S&P 500	2%	14%	19%	ZAR vs AUD	10.70	-4%	-8%	-2%	GERMAN BOND 2 YEAR	-0.70%	10	0	
UK FTSE 100	-1%	3%	7%	EUR vs USD	1.17	-1%	12%	4%	UK BOND 10 YEAR	1.41%	17	66	
JAPANESE NIKKEI 225	4%	4%	24%	GBP vs USD	1.34	4%	9%	3%	UK BOND 2 YEAR	0.54%	43	42	
GERMAN DAX	6%	14%	23%	YEN vs USD	112.94	-3%	3%	-11%	RSA 10 YEAR	8.72%	-20	6	
FRENCH CAC 40	5%	10%	20%	GOLD	1279	-3%	11%	-3%	RSA 3 YEAR	7.38%	-73	-43	
AUSTRALIAN ASX	-1%	0%	4%	PLATINUM	912	-9%	1%	-11%	RSA REPO RATE	6.75%	-25	-25	
JSE ALL SHARE	-1%	13%	10%	IRON ORE	62	-21%	-21%	11%	RSA PRIME LENDING RATE	10.25%	-25	-25	
JSE TOP 40	0%	15%	12%	COPPER	6485	-5%	18%	34%	RSA LONG TERM GILT	8.72%	-20	6	
JSE ALL SHARE SWIX	-2%	11%	7%	NICKEL	10585	-9%	6%	1%					
				BRENT OIL	56.79	7%	0%	14%					
THE FUTURE													
INTERNATIONAL						LOCAL							
<p>Markets continue to power ahead, on the back of global growth and well-flagged action from global central bankers. We suspect fund managers globally have been caught off-guard by the strength in equities and are playing catch-up. Trump's tax-reform is back on the table and while it will be subject to much negotiation, the intention appears positive for economic growth. Global bond yields had started to trend higher. Japanese stocks seem to be breaking up and European economic indicators reflect increasing strength. We eagerly await U.S. earnings releases for the September quarter-end as these will give us the real story on the health of the global economy. (Large capitalization U.S. enterprises are increasingly global in their reach and their results are a great bellwether of the global economy.)</p>						<p>While the recent weakness in our currency bodes well for our local manufacturers and internationally focused listed large capitalization stocks, it's bad news for the likelihood of further interest rate cuts. While higher oil prices likely prevented the central bank from cutting rates in September, we believe it's the currency that will determine future policy action. While the dollar strengthened against most emerging market currencies in September, South Africans also had to contend with a slew of political and "state-capture"-related headlines. Our bond market which has been attractive to global investors hunting for yield, will increasingly have to contend with a declining fiscal position and steadily rising U.S. interest rates as the Federal Reserve embarks on its policy of balance sheet normalization. The uncertainty makes stock-picking virtually impossible, simply buy the index.</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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