

GRYPHON DIVIDEND INCOME FUND - 30 SEPTEMBER 2017

FUND PROFILE

The primary objective of the portfolio is to obtain a high level of primarily dividend income while also achieving capital preservation and liquidity. Capital gains will be of an incidental nature. The portfolio will be permitted to make investments in any equity securities and non-equity securities that generate a dividend return and which may be included in a portfolio in terms of the Collective Investment Schemes Control Act, 2002 and relevant legislation. The manager may from time to time invest in participatory interests and similar investment schemes. The portfolio may be capped from time to time in order to manage the portfolio in accordance with its mandate. Income tax legislation is subject to amendment and any such changes could affect the tax status of distributions by the Gryphon Dividend Income Fund.

KEY FEATURES

The Fund offers regular income in the form of dividends. The fund will to a large extent track the local interest rate cycle. The risk profile of the fund is low. The minimum credit rating for investments to be considered, for inclusion in the portfolio, is A1/F1. The portfolio manager may borrow up to 10% of the market value of the portfolio to bridge insufficient liquidity.

WHO SHOULD INVEST?

Investors seeking an alternative to interest income such as dividends but at the same time with minimum risk to their capital.

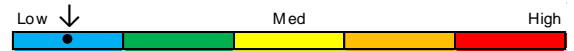
Yields as at 30 September 2017	Individual	Company
After tax money market rate	Yields	
Gryphon Money Market rate	7.87%	7.87%
Marginal tax rate	45%	28%
After tax return	4.33%	5.67%
Gryphon Dividend Fund Return (C Class)	6.99%	6.99%
Dividend Tax, at 20%	-1.40%	0.00%
After tax return	5.59%	6.99%
Net gain above	1.26%	1.32%
Interest rate equivalent yield	Yields	
Gryphon Dividend Fund Return (C Class)	6.99%	6.99%
Dividend Tax	20%	0%
After tax return	5.59%	6.99%
Marginal tax rate	45%	28%
Pre Tax equivalent yield	10.17%	9.71%
Net gain	2.30%	1.84%
% Yield enhancement above MM	29%	23%

DECLARATION INFORMATION FOR THE PREVIOUS 5 DECLARATIONS

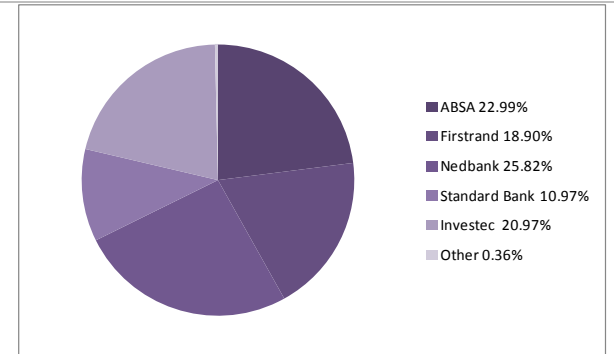
Dividend Declaration Date	Dividend Payment Date	A-CLASS cents per unit	C-CLASS cents per unit
30-Sep-17	2-Oct-17	0.547493	0.563097
31-Aug-17	1-Sep-17	0.568265	0.585306
31-Jul-17	2-Aug-17	0.569150	0.585915
30-Jun-17	3-Jul-17	0.545317	0.562686
31-May-17	1-Jun-17	0.560974	0.578949

Further information regarding the Gryphon Dividend Income 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



*Other comprises exposures of the fund via the STANLIB Corporate Money Market Fund, Nedgroup Investment Corporate Money Market Fund and direct holdings in the trustee, Standard Chartered Bank Limited.

FUND DETAILS

Sector Classification:
South African - Interest bearing - Short term

Portfolio Manager:
Reuben Beelders
B.Comm (Hons), CA(SA), CFA
Sunette Swart
B.Compt (Hons), CTA, CA(SA)

Benchmark:
70% of STEFI Composite Index

Inception Date:
28 January 2009

Portfolio Size:
R 1 803 240 345

Charges:
Initial Fee:
0.00%

Annual Management Fee:
0.91% (Incl. VAT) Class A
0.72% (Incl. VAT) Class C

Total Expense Ratio:
0.94% Class A (30 June 2017)
0.74% Class C (30 June 2017)

Transactional Cost (TC):
0.00% Class A (30 June 2017)
0.00% Class C (30 June 2017)

Total Investment Charges (TER + TC):
0.94% Class A (30 June 2017)
0.74% Class C (30 June 2017)

Lowest Actual Annual Figure:
3.96% A Class (31 December 2012)
4.32% C Class (31 December 2012)

Highest Actual Annual Figure:
6.79% A Class (30 September 2017)
7.02% C Class (31 September 2017)

Income Declarations:
Income is declared and paid on a monthly basis.

ADMINISTRATION

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Website: www.gryphon.com

Physical Address:
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Southgate
Tyger Valley
7536

Postal Address:
Private Bag X20
Tyger Valley
7536

Minimum Lump Sum:
R10 000 (A-Class)
R10 000 000 (C-Class)

Minimum Monthly Premium:
R2 000

Valuation:
The Fund is valued daily at 15:00. Instructions must reach us before 11h00 to ensure same day processing.

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:
A Class : GDICA
C Class : GDICC

ANNUALISED TOTAL RETURN FIGURES AS AT 30 SEPTEMBER 2017

	1 Year	3 Years	5 Years
A-Class	6.79%	6.05%	5.35%
C-Class	7.02%	6.27%	5.58%
Benchmark (70% of STEFI Composite Index)	5.33%	5.03%	4.63%

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.
↓		
HIGH	Global Equity Fund	Low cost exposure to the internationally diversified with associated currency benefit.

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