

## GRYPHON ALL SHARE TRACKER FUND - 31 AUGUST 2017

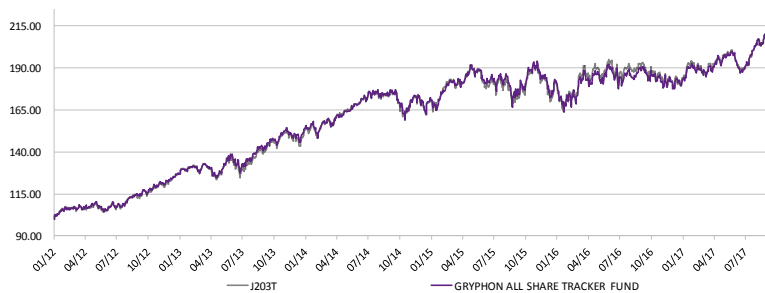
### FUND PROFILE

The Gryphon All Share Tracker Fund provides low cost exposure to the equity market and applies the concept of indexation in order to track the performance of the South African All Share Index after accounting for all costs and fees related to the management of the fund. The fund is always fully invested to ensure that unit holders will get long term capital appreciation in line with the market.

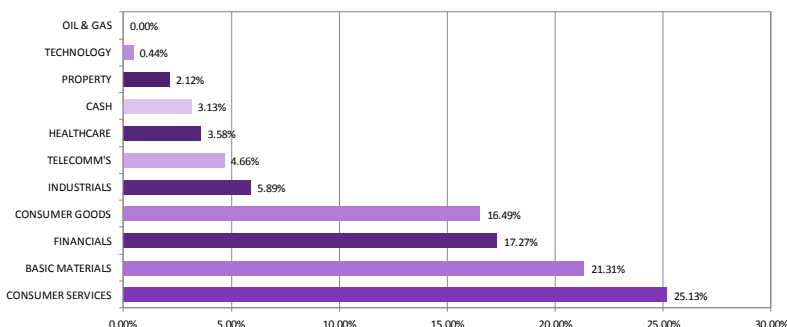
### KEY FEATURES

It is a well documented fact that the average active fund underperforms the market by a substantial margin due to higher fees, problematic stock selection and liquidity constraints. Passive fund management makes use of indexation to ensure that individual positions will always be held in the same proportion as the index, which in itself is also the benchmark to which returns will be compared. The Tracker fund makes use of sampling to keep trading costs down and eliminates potential disaster scenarios. Sector exposure is neutral as prescribed by the index and risky stock selection is not pursued.

### CUMULATIVE PERFORMANCE OVER 5 YEARS (BASE OF 100)



### SECTOR EXPOSURE



Further information regarding the Gryphon All Share Tracker fund is available on our website [www.gryphon.com](http://www.gryphon.com) or by contacting us on 021 915 5100 or at [invest@gryphon.com](mailto:invest@gryphon.com).

### Risk Profile



### TOP 10 HOLDINGS

NASPERS	18.28%
BHP BILLITON	7.62%
COMPAGNIE FIN. RICHEMONT	7.58%
ANGLO AMERICAN	3.85%
MTN GROUP	3.67%
SASOL	3.59%
STANDARD BANK	3.11%
STEINHOFF	2.86%
BRITISH AMERICAN TOBACCO	2.73%
OLD MUTUAL	2.54%
TOTAL	55.83%

### FUND DETAILS

**Sector Classification:**  
South African-Equity-General

**Portfolio Managers:**  
Abri Du Plessis  
M.Comm (Econometrics)  
Casparus Treurnicht  
B.Comm (Hons),CFA

**Benchmark:**  
South African All Share Index Total Return

**Inception Date:**  
30 June 2002

**Portfolio size:**  
R171 483 953

**Charges:**  
**Initial Fee:**  
0.00%

**Annual Management Fee:**  
0.23% (Incl. VAT)

**Tracking Error:**

**Monthly Annualized:**  
1.59%

**Total Expense Ratio (TER):**  
0.35% (30 June 2017)

**Transactional Cost (TC):**  
0.18% (30 June 2017)

**Total Investment Charges (TER + TC):**  
0.53% (30 June 2017)

**Lowest Actual Annual Figure:**  
-37.82%

**Highest Actual Annual Figure:**  
66.41%

**Income Declarations:**  
Twice per year on the 1<sup>st</sup> of October and the 1<sup>st</sup> of April or subsequent business day.

Payment date:	Cents per unit:
3-Apr-17	7.68
3-Oct-16	8.29

### ADMINISTRATION

**Gryphon Contact Details:**  
Tel: +27 21 915 5100  
Fax: +27 86 206 2635  
Email: [invest@gryphon.com](mailto:invest@gryphon.com)  
Website: [www.gryphon.com](http://www.gryphon.com)

**Physical Address:**  
2<sup>nd</sup> Floor  
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 14:00 to ensure same day value processing.

**Minimum Lump Sum:**  
R2,000

**Minimum Monthly Premium:**  
R200

**Trustee:**  
Standard Chartered Bank  
5<sup>th</sup> Floor  
4 Sandown Valley Crescent  
Sandton  
2196  
Tel: +27 11 217 6600  
Fax: +27 11 217 6601

**Administration Manager:**  
Prescient Fund Services

**JSE Code:**  
PTST

### Annualized Total Return Figures as at 31 August 2017

	1 Year	3 Years	5 Years	10 Years	Inception (2002/06/30)
<b>Gryphon All Share Tracker Fund</b>	10.68%	6.34%	12.84%	9.83%	14.41%
<b>Benchmark</b>	8.49%	6.02%	12.75%	10.01%	14.82%

GRYPHON MARKET COMMENTARY – 31 AUGUST 2017

THE PAST

INTERNATIONAL

Global equity markets continued to rally. Emerging Markets outperformed World Markets by 2.1%. LatAm, driven by Peru (+8.5%), Brazil (+6.3%) and Chile (+5.4%) was the best performing region. However, currency strength also assisted strong gains from Russia, Hungary, Poland and Turkey. It would appear that the “Fragile Five” are less fragile. Materials, Energy and Telecoms were the best performing equity sectors. US Dollar weakness coupled with strength in commodity prices has driven Emerging Market performance. We see this trend as likely to continue. However, the movement in long bonds has gone against our expectation and is a development we are watching closely.

LOCAL

Following the very strong +7.65% return for July, local equities delivered another strong month, +2.65%. A number of active managers have not been well positioned to benefit from the returns of the past two months. This once again, highlights the benefits of indexation, with index returns outperforming most active managers. Year to date performance has been driven by Exxaro (+51%), Naspers (+46%), Kumba (+44%). On the negative side ArcelorMittal (-57%), Brait (-33%) and EOH (-33%) have detracted from performance. While consumer-facing stocks have bounced post the cut in interest rates, the consumer continues to look weak.

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%	12%	14%	ZAR vs USD	13.01	1%	5%	11%	USA BOND 10 YEAR	2.13%	-33	56
MSCI EMERGING MARKETS (USD)	2%	26%	22%	ZAR vs GBP	16.81	3%	-1%	13%	USA BOND 2 YEAR	1.33%	17	53
DOW JONES INDUSTRIAL	1%	13%	22%	ZAR vs EUR	15.48	1%	-7%	6%	GERMAN BOND 10 YEAR	0.36%	25	49
S&P 500	0%	12%	16%	ZAR vs AUD	10.33	2%	-4%	7%	GERMAN BOND 2 YEAR	-0.73%	7	-11
UK FTSE 100	1%	4%	10%	EUR vs USD	1.19	1%	13%	7%	UK BOND 10 YEAR	1.09%	-15	45
JAPANESE NIKKEI 225	-1%	0%	16%	GBP vs USD	1.29	-2%	5%	-2%	UK BOND 2 YEAR	0.18%	7	2
GERMAN DAX	0%	7%	15%	YEN vs USD	110.07	0%	6%	-7%	RSA 10 YEAR	8.72%	-20	-28
FRENCH CAC 40	0%	5%	15%	GOLD	1322	4%	15%	1%	RSA 3 YEAR	7.33%	-78	-85
AUSTRALIAN ASX	0%	1%	4%	PLATINUM	999	6%	11%	-5%	RSA REPO RATE	6.75%	-25	-25
JSE ALL SHARE	3%	14%	10%	IRON ORE	79	7%	0%	34%	RSA PRIME LENDING RATE	10.25%	-25	-25
JSE TOP 40	3%	16%	11%	COPPER	6792	7%	23%	48%	RSA LONG TERM GILT	8.72%	-20	-28
JSE ALL SHARE SWIX	2%	13%	8%	NICKEL	11620	14%	16%	19%				
				BRENT OIL	52.86	0%	-7%	13%				

THE FUTURE

INTERNATIONAL

The Central Bank conference at Jackson Hole under-delivered in terms of providing direction as to when and to what degree the ECB would reduce its policy of QE. However, North Korea did provide a level of uncertainty to markets with its missile testing, which kept euphoria in check. Adverse weather in the U.S. failed to ignite the oil price, which has us concerned. Our reference to long bond yields above is a function of an increasing concern that inflation remains muted. While this is ascribed to (1) technological innovation, (2) global oversupply, (3) China overcapacity and (4) falling inflation expectations; this development requires caution.

LOCAL

Local earnings releases have been in line with expectation. We are seeing an increasing sign of a slow-down in the construction in retail space, both locally and abroad. Recent results from Spur point to a consumer focused on non-discretionary purchases and confirm a trend observed in the Famous Brands results a few months ago. While lower interest rates will assist stretched consumers, banks and retailers are battling to generate profit. Companies exposed to the Rest of Africa are also downbeat on prospects. New listings in the form of Steinhoff Retail Africa and African Rainbow Capital should keep punters happy in September. We continue to see value in large capitalization Rand hedges, which are well represented in the All Share. This is likely to result in the continuation of the trend of outperformance of indexation over active management.

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

Email: [invest@gryphon.com](mailto:invest@gryphon.com)

Tel: +27 21 915 5100

Fax: 086 206 2635

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