

GRYPHON GLOBAL EQUITY FUND - 31 AUGUST 2017

FUND PROFILE

The fund aims to provide investors with exposure to a diversified mix of global equity securities at lowest possible cost, with the objective of providing a return similar to that of the MSCI World Index translated into South African currency.

KEY FEATURES

The portfolio is a hybrid fund that can invest up to 80% of its net asset value in other collective investment schemes or other similar schemes operated in territories outside South Africa. The portfolio's exposure to assets of geographical regions and industry groups is subject to prevailing legislation and industry guidelines and will be determined by the portfolio manager based on economic factors and investment value. The fund may invest up to 20% of its net asset value directly in listed equities, subject to a maximum of 20 stocks and a maximum exposure of 3% per stock. The fund must maintain a minimum exposure of 80% to equity.

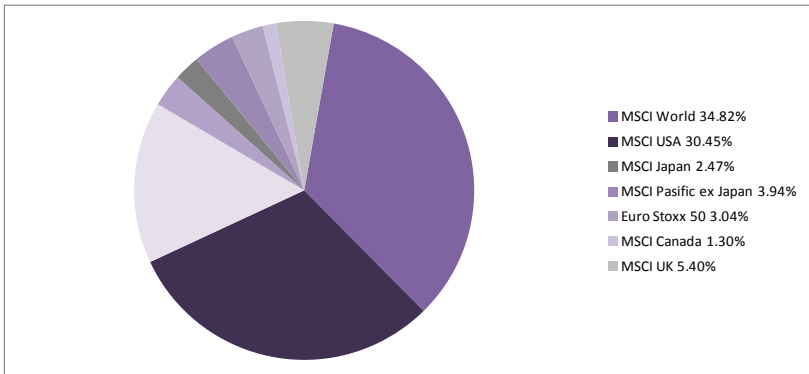
WHO SHOULD INVEST?

Investors seeking a hedge against depreciation of the South African currency and diversification away from equities listed in South Africa. The fund achieves this by investing in foreign equities, denominated in foreign currencies.

PERFORMANCE OBJECTIVE

The long term objective of the fund is to provide South African investors with exposure to international equities translated into South African currency.

GLOBAL EQUITY EXPOSURE



Further information regarding the Gryphon Global Equity 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

| | |
|--------------------|----------------|
| Global Equities | 81.42% |
| International cash | 15.43% |
| Local cash | 3.13% |
| INVESTED | 100.00% |

FUND DETAILS

Sector Classification:

Global – Equity - General

Portfolio Manager:

Reuben Beelders
B.Comm (Hons), CA(SA), CFA

Benchmark:

MSCI World Index

Inception Date:

01 November 2014

Portfolio Size:

R31 753 667

Charges:

Initial Fee:

0.00%

Annual Management Fee:

0.57% (Incl. VAT)

Performance Fee:

Although the fund is entitled to performance fees according to its Supplemental Trust deed, Gryphon does not charge any performance fees.

Total Expense Ratio (TER):

0.93% (30 June 2017)

Transactional Cost (TC):

0.12% (30 June 2017)

Total Investment Charges (TER+TC):

1.05% (30 June 2017)

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 | 1.832517 |
| 3-Oct-16 | 2.380000 |

ADMINISTRATION

Gryphon Contact Details:

Tel: +27 21 915 5100

Fax: +27 86 206 2635

Email: invest@gryphon.com

Website: www.gryphonam.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 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

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:

GGECB

| GRYPHON GLOBAL EQUITY FUND NETT MONTHLY TOTAL RETURNS | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|---|--------|--------|-------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|-------|-------|--------|--------|--------|--------|-------|
| | Jan | | Feb | | Mar | | Apr | | May | | Jun | | Jul | | Aug | | Sep | | Oct | | Nov | | Dec | | YTD | | |
| | Fund | MSCI | Fund | MSCI | Fund | MSCI | Fund | MSCI | Fund | MSCI | Fund | MSCI | Fund | MSCI | Fund | MSCI | Fund | MSCI | Fund | MSCI | Fund | MSCI | Fund | MSCI | Fund | MSCI | |
| 2017 | -0.60% | 0.77% | 0.05% | 0.26% | 3.04% | 3.30% | 1.14% | 1.15% | -0.11% | 0.02% | -0.37% | 0.34% | 2.71% | 3.30% | -1.51% | -1.08% | | | | | | | | | | | |
| 2016 | -3.95% | -3.50% | 0.79% | -0.85% | -1.71% | -1.13% | -2.70% | -1.43% | 11.07% | 11.16% | -8.32% | -7.34% | -1.25% | -1.83% | 5.90% | 6.27% | -5.83% | -6.10% | -2.54% | -3.71% | 4.77% | 6.22% | -0.42% | -0.49% | -5.59% | -4.24% | |
| 2015 | 0.31% | -0.25% | 4.30% | 6.15% | 3.17% | 2.55% | 0.06% | -0.49% | 1.90% | 3.49% | -2.23% | -2.15% | 4.87% | 5.85% | -1.02% | -2.03% | 0.38% | 0.41% | 6.83% | 7.77% | | | | | | | |
| 2014 | | | | | | | | | | | | | | | | | | | | | | 0.25% | 2.21% | 0.30% | 2.11% | 0.55% | 4.37% |

| GRYPHON GLOBAL EQUITY FUND PAST 12 MONTHS TOTAL RETURNS | | | | | | | | | | | | | | | | | | | | | | | | | | |
|---|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|-------|--------|--------|--------|-------|--------|--------|--------|--------|--------|--------|--------|------|------|
| | Jan | | Feb | | Mar | | Apr | | May | | Jun | | Jul | | Aug | | Sep | | Oct | | Nov | | Dec | | | |
| | Fund | MSCI | Fund | MSCI | Fund | MSCI | Fund | MSCI | Fund | MSCI | Fund | MSCI | Fund | MSCI | Fund | MSCI | Fund | MSCI | Fund | MSCI | Fund | MSCI | Fund | MSCI | Fund | MSCI |
| 2017 | -2.30% | 0.00% | -3.02% | 1.11% | 1.68% | 5.64% | 5.69% | 8.41% | -4.94% | -2.46% | 3.30% | 5.62% | 7.43% | 11.14% | -0.08% | 3.46% | | | | | | | | | | |
| 2016 | 25.67% | 30.21% | 21.45% | 21.63% | 15.70% | 17.26% | 12.52% | 16.15% | 22.65% | 24.76% | 15.01% | 18.13% | 8.30% | 9.56% | 15.86% | 18.84% | 8.68% | 11.15% | -0.84% | -0.70% | 0.26% | 1.35% | -5.59% | -4.24% | | |
| 2015 | | | | | | | | | | | | | | | | | | | 20.41% | 28.15% | 24.47% | 30.49% | 31.24% | 34.59% | | |

GRYPHON MARKET COMMENTARY – 31 AUGUST 2017

| THE PAST | | | | | | | | | | | | |
|---|--------------------------|--------------------|-----|--------------------------|--------|--|---|--|------------------------|--------|-----------|-----------|
| INTERNATIONAL | | | | | | LOCAL | | | | | | |
| <p>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.</p> | | | | | | <p>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.</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% | 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 | | | | | | LOCAL | | | | | | |
| <p>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.</p> | | | | | | <p>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.</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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