

GRYPHON COLLECTIVE INVESTMENTS

Abridged Annual Report

2021



GRYPHON

The Gryphon: a mythological creature found in many cultures, with a legendary passion for discovering and guarding vast fortunes. Half lion, half eagle, the gryphon was renowned for its noble conduct, foresight, clarity of vision, swiftness and skill in carrying out tasks.

passionate protection with purpose

Image from Gryphon Miscellany

CEO REPORT

The COVID-19 pandemic continued to be a dominating factor for the year under review. Although there was some recovery of global economies, it was, generally speaking, below expectations given the low base off which it was coming. Global government debt levels reached new highs as a result of the extraordinary level of financial assistance given by various governments. The negative effect of the disrupted system of global logistics hampered restoring global trade to pre-2019 levels.

When and how economies will fully recover remains uncertain as, across the globe, COVID-19 and its new variants continue to inflict the cycle of lockdowns implemented to contain each new wave of infection.

GLOBAL ECONOMIC OVERVIEW

Globally, the tourism sector remains under pressure and the uncertainty regarding a recovery path places considerable constraint on all travel, but particularly internationally.

China, now the second largest economy in the world, introduced a number of regulatory measures which impacted negatively on Chinese technology companies in particular. Furthermore, concerns remain regarding the Chinese property sector which appears highly indebted with activity showing signs of decline. For the first time in years the Chinese economy appears to be showing signs of slowing.

Equity markets around the world recovered somewhat and, in certain instances, even reached new all-time highs; this, despite the uncertainty around global interest rates and economic outlook.

We expect global GDP growth prospects to pick up but to remain at subdued levels due to the COVID-19 uncertainties and international tourism restrictions previously mentioned, amongst other things.

LOCAL ECONOMIC OVERVIEW

South Africa adequately navigated the waves of the COVID-19 pandemic and, despite the number of job losses, still had a reasonable economic recovery. This was predominantly the result of resource prices rising as well as export volumes being maintained at decent levels during the COVID-19 lock downs.

The JSE reached new highs despite the sluggish economic recovery and an increase in unemployment levels in South Africa.

Local interest rates appear to have started a cycle of increases and, according to the South African Reserve Bank's own model, early indications are that a number of 25bp hikes can be expected in the next 12 months. A rise in interest rates will have a negative effect on consumer spending and may slow down the economic growth much-needed to reduce joblessness.

Some of the more positive developments in the last 12 months have been the good rains bringing drought relief for farmers as well as a relatively successful local government election process.

The 12-month total return ending 30th September 2021 for the JSE All Share was an impressive 23.2% (2020: 2.01%). The JSE clearly outperformed both cash (2021:3.796% 2020: 6.21%) and bonds (2021:12.46% - 2020: 3.58%).

GRYPHON'S PERFORMANCE

Gryphon's prudent investment philosophy has resulted in the multi asset funds and both index trackers delivering consistent, dependable returns. The dynamic asset allocation of the multi asset funds contributed significantly to returns for investors. These are noteworthy products that have proved their mettle over the last five years, consistently outperforming inflation and their respective category averages by a decent margin.

IN CLOSING

We continued to see appreciation for index trackers this year and believe the broader market is becoming more aware of the benefits of this approach to investing. Yield after costs remains the focus of the market...and rightly so.

I can again state that we are particularly proud of the performance of our funds – they have delivered in accordance with their design and this has resulted in excellent returns with no unexpected surprises regardless of risk levels; all this while maintaining a commitment to low costs.

We thank you for your continued and valued support and look forward to being of further service to you in the next 12 months.

A handwritten signature in black ink, appearing to read 'MJ Kellerman', written over a horizontal line.

MJ Kellerman

CHIEF EXECUTIVE OFFICER

GRYPHON COLLECTIVE INVESTMENTS (RF) PROPRIETARY LIMITED



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 Tyger Valley
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09 December 2021

Attention: MJ Kellerman

Gryphon Collective Investment Scheme (the scheme) Year end 30 September 2021

We, Standard Chartered Bank, Johannesburg Branch, in our capacity as trustee of the Scheme, are required in terms of Section 70(3) of the Collective Investments Scheme Control Act, 45 of 2002, as amended (the “**Act**”), to satisfy ourselves that every Statement of Financial Position, Statement of Comprehensive Income and other return prepared by the manager of the Scheme in terms of Section 90 of the Act (the “**Accounts**”) fairly represents the assets and liabilities, as well as the income and distribution of income, of every portfolio of the Scheme administered by the manager of the Scheme.

We note that responsibility for the Accounts rests with the manager of the scheme in terms of the Act and that they have the obligation to ensure that the Accounts have been properly drawn up in accordance with both International Financial Reporting Standards (IFRS) and the Act and that they fairly represent the financial position of each portfolio of the Scheme. Nothing in this report can be construed as us giving an accounting opinion in relation to the Accounts.

Based on our records, and the Accounts, we hereby report that nothing has come to our attention that would lead us to believe anything other than:

- (a) the fact that the Accounts fairly represent the assets and liabilities of every portfolio of the Scheme;
- (b) the fact that the Accounts fairly represent the income and distribution of income of every portfolio of the Scheme; and
- (c) the fact that the Manager has administered the scheme in accordance the provisions of the Act and the relevant deed.

Yours sincerely,

Chantell Kruger
Senior Manager, Trustee Services

Chantelle Gertenbach
Manager, Trustee Operations

Standard Chartered Bank

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SUMMARISED INFORMATION
FOR THE YEAR ENDING
30 SEPTEMBER 2021

	Gryphon All-Share Tracker Fund	Gryphon Dividend Income Fund	Gryphon Flexible Fund	Gryphon Global Equity Fund	Gryphon Money Market Fund	Gryphon Prudential Fund
	R	R	R	R	R	R
	2021	2021	2021	2021	2021	2021
Income	14 657 373	69 530 364	19 182 209	101 100	11 048 441	28 946 865
Expenditure	(1 064 992)	(15 018 430)	(1 699 096)	(97 088)	(500 104)	(2 739 208)
Net income/(loss) for the year before finance costs	13 592 381	54 511 934	17 483 113	4 012	10 548 337	26 207 657
Retained income, beginning of the year	(7 358)	(11 179)	(9 811)	(174)	(1)	(56 401)
Distribution of income	(13 645 587)	(54 491 848)	(17 467 213)	(10 431)	(10 548 338)	(26 143 257)
Change in net assets attributable to unit holders	(60 564)	8 907	6 089	(6 593)	(2)	7 999
DISTRIBUTION PER UNIT (cents)	31.51 (A)	2.96 (A)	65.70 (B)	- (B)	4.02 (A)	65.39 (B)
	5.31 (Z)	3.40 (B)	52.47 (Z)	5.21 (Z)	4.14 (C)	52.35 (Z)
		3.13 (C)			4.32 (Z)	
		1.84 (F)				

CONDENSED STATEMENT OF FINANCIAL POSITION

	R	R	R	R	R	R
Net assets attributable to unit holders	301 595 909	1 450 102 571	383 200 049	19 602 962	259 893 439	556 807 653
Accrued expenses	220 611	1 062 419	233 303	8 002	66 965	347 030
Trade and other payables	1 601 453	-	-	-	-	-
Distributions payable	8 626 582	3 779 751	5 049 801	5 977	855 895	7 240 932
Liabilities other than net assets attributable to unit holders	10 448 646	4 842 170	5 283 104	13 979	922 860	7 587 962
Investments	285 199 240	1 140 000 000	39 428 704	17 628 200	191 260 192	56 539 914
Accrued income	644 912	627 430	747 583	3 092	997 139	1 094 944
Trade and other receivables	1 103 917	-	-	-	-	-
Cash and cash equivalents	25 096 486	314 317 311	348 306 866	1 985 649	68 558 968	506 760 757
Total Assets	312 044 555	1 454 944 741	388 483 153	19 616 941	260 816 299	564 395 615

PORTFOLIO COMPOSITION

	(%)	(%)	(%)	(%)	(%)	(%)
Non-Equity Securities						
Debentures	-	78.35%	-	-	-	-
Money Market Instruments	-	-	-	-	73.33%	-
Off shore cash	-	-	31.88%	6.61%	-	31.02%
Liquid Assets	8.28%	21.65%	57.97%	3.53%	26.67%	58.96%
Unit Trusts	-	-	0.04%	-	-	0.03%
Bonds	-	-	0.00%	-	-	0.00%
Equity Securities						
Basic Materials	30.60%	-	-	-	-	-
Consumer Discretionary	11.16%	-	-	-	-	-
Consumer Staples	7.56%	-	-	-	-	-
Energy	0.57%	-	-	-	-	-
Financials	16.67%	-	-	-	-	-
Health Care	2.27%	-	-	-	-	-
Industrials	3.62%	-	-	-	-	-
Real Estate	2.44%	-	-	-	-	-
Technology	11.54%	-	-	-	-	-
Telecommunications	4.82%	-	-	-	-	-
Local Commodities	0.47%	-	10.11%	-	-	9.99%
Off shore equities	-	-	-	89.86%	-	-
TOTAL	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

INVESTMENT PERFORMANCE

	(%)	(%)	(%)	(%)	(%)	(%)
Year to 30 September 2021	19.87% (A)	3.00% (A)	7.63% (B)	15.70% (B)	4.11% (A)	7.50% (B)
Year to 30 September 2020	3.30% (A)	5.34% (A)	19.79% (B)	16.54% (B)	6.51% (A)	19.29% (B)

All Share Index

Sep 2021: 23.19% Sep 2020: 2.01%

STEFI

Sep 2021: 3.80% Sep 2020: 6.20%

FEES

	(%)	(%)	(%)	(%)	(%)	(%)
Maximum Initial fee	-	-	-	-	-	-
Service fee (including VAT)	0.23 (A)	1.035 (A)	0.345 (B)	0.575 (B)	0.2875 (A)	0.345 (B)
	- (Z)	0.575 (B)	- (Z)	- (Z)	0.1725 (C)	- (Z)
		0.8625 (C)			- (Z)	
		0.805 (F)				
Total Investment Charges (TER + TC)% - 3 years annualised	0.48 (A)	1.07 (A)	0.44 (B)	1.09 (B)	0.30 (A)	0.44 (B)
	0.25 (Z)	0.61 (B)	0.12 (Z)	0.47 (Z)	0.19 (C)	0.12 (Z)
		0.90 (C)			0.02 (Z)	
		0.84 (F)				