

AUGUST 2020



HELLO, GRYPHON CHECKING IN

"It was the best of times; it was the worst of times, it was the age of wisdom, it was the age of foolishness, it was the epoch of belief, it was the epoch of incredulity..." Charles Dickens, A Tale of Two Cities

With the perfect storm of a struggling SA economy, frothy markets worldwide and then the pièce de résistance of a global pandemic, every citizen will have been stretched and tested beyond any limits they could have possibly imagined.

While the social and psychological impact has not left Gryphon unscathed, our consolation has been that the Gryphon funds have delivered the performance expected, ensuring that those needing to protect capital have done so and thus brought some level of comfort and stability in this time of chaos and doubt.

We have had other changes to adapt to as you'll see in the article below, and we have had our humanity

and compassion grow with the kind of stories that you'll find in the Beyond Boundaries section.

And through this fog of distraction, regulation and legalities cannot be left unattended and to this end we'd like to let you know that the President of South Africa has proclaimed that the Protection of Personal Information (POPI) Act commenced on 1 July 2020.

The POPI Act aims to encourage the protection of personal information that is processed by both public and private bodies. The Act is also aimed at providing rights to people when it comes to unsolicited electronic communications; basically, it's a code of conduct that all businesses must comply with and includes Gryphon as well as all our service providers. Should you wish to know more about this, please get in touch with us.

We wish you courage and fortitude as we travel these new paths together—please don't hesitate to give us a call or a mail for any way we can offer reassurance.

GRYPHON'S PEOPLE TIMELINE

Oct 1998	●	Pankie Kellerman Abri du Plessis Reuben Beelders Cynthia Jacobs
Aug 2004	●	Sunette Swart
Sept 2011	●	Cassie Treurnicht
Dec 2013	●	Bennie Gerber
Sept 2014	●	Alvina Stollenkamp
Aug 2015	●	Theresa Joubert
May 2017	●	Hans de Nysschen
May 2018	●	Megan Fraser

GRYPHON PEOPLE UPDATE

Since Gryphon was established in 1998, it has undergone a number of adjustments and shifts, constantly keeping itself relevant and committed to a philosophy and business ethic true to its nature. Four of the founding members remain an essential and integral part of the team.

In 2017, with the appointment of Hans de Nysschen as CEO, the decision was made to implement a strategy to raise Gryphon's profile and to establish greater traction in the investment arena. Two major elements were key to the execution of this strategy; the appointment of Megan Fraser, a veteran in the retail distribution space, and leveraging off the expertise and accessibility of Gryphon's investment team, headed by Reuben Beelders. The combination of strengthening the distribution network, the increased communication and shared insights as well as the stellar performance of its funds, has resulted in Gryphon beginning to attract the attention it so thoroughly deserves.

Hans has decided to take a break and focus on other business interests and has thus tendered his resignation with effect 31 July 2020. We wish him great success and joy as he embarks on this new part of his journey.

From 1 August 2020 responsibility for this role will revert to Abri du Plessis, which was the structure prior to Hans joining Gryphon in 2017. Abri is one of the founding members and director. He and Pankie Kellerman, together with the predictable delivery of performance by the investment team and the continued focus on client relationships and candid communication, will ensure the seamless transition into this next phase.

GRYPHON MISCELLANY

Honour ~ The unwritten Samurai code of conduct, known as Bushido, held that the true warrior must hold loyalty, courage, veracity, compassion, and honour as important, above all else. An appreciation and respect of life was also imperative as it added balance to the warrior character of the Samurai.

PURPOSE WITH HONOUR



BEYOND BOUNDARIES

This segment serves as a reminder that our investors live in a world beyond the confines and rules of the investment regime; a reminder for us to lift our heads and look towards the horizon of humanity.

This is a letter that was written by Professor Pippa Skotnes:

(I have added the family connections in italics for family context.)

One month ago a beloved family friend and colleague of mine died of COVID-19. He had been admitted to hospital in Khayelitsha with suspected pneumonia but then moved to Groote Schuur with severe breathing problems. His family waited and waited. Transport to the hospital was impossible, but in any case, no one was allowed to see him or visit. He was there for four days and then he died. Alone, without family or friends. When the call came to tell me, I collapsed. He was my favourite colleague. His name was Nicholas Simane.

My family loved Nicholas. He first worked for my father (*Cecil Skotnes, a prominent South African artist*) many years ago as a studio assistant. My father was very frail in the last year of his life, and Nicholas would move his wood panels around and help him prepare the things he was working on. My father was remarkably cheerful and good natured, but one day I found him with his head in his hands saying he could no longer paint. It was true, he had lost the skills that had once come to him so effortlessly, along with that part of his brain that was wasting away. I tried to cheer him up but it was no good, he said he was an artist and if he could not paint, then he was nothing anymore. Nicholas gave him a sense that life was still going on in his studio.

After my father died, Nicholas told me that he would try to get to work early in the mornings, because he found that my father could no longer work the taps in the shower, and that way he could prepare the temperature so he would not have to stand under the icy cold water.

Nicholas also worked for my husband; (*renowned sculptor David J Brown*), they were both strong and enjoyed the physical labour of a sculptor's studio. The two of them could hoist great bronze sculptures around



and out of David's third floor studio on the hoist as if they weighed nothing. Nicholas understood bronze and metal, and conserved and maintained all David's outdoor sculptures around the city. After my husband died Nicholas helped me clear out his studio. He knew the tools and the moulds and the machines. One day we just stood looking at a huge piece we needed to dismantle and move. I was in tears. Nicholas hugged me and said, come on we can do this, and we did.

He worked with my brother and me too. Each year he helped my brother with an elaborate trophy commission for the wine industry, and he was employed in my research centre at the Michaelis School of Fine Art at the University of Cape Town. He worked on many exhibitions, maintained and restored the frames and vitrines, prepared spaces, and brought a wonderful sense of humour into all our work spaces. He also conserved the University's sculpture collection. He knew those sculptures better than anyone else and came to understand them. Twice a year he would make a tour of the campuses, with his specially prepared cleaning materials and wax polish, and bring back the patinas on the bronzes and clear the vegetation from the stone work.

Now he has died. This disease took away a beautiful soul, a loving and generous man for whom nothing was too much trouble, and whose warm embrace made tough times better. But his loss was not only mine, it was, of course, his family's, his son and daughters, and his wonderful wife who, committed to the children of her neighbourhood, ran, before the COVID-19 crises, an early learning centre from their small home in Mitchells Plain. Now like so many others she and her children must endure the loss of income as well as the loss of a beloved husband and father.

When I think of those who won't wear masks, or who take risks with their own or others' lives, I think of Nicholas, and my heart breaks.



REGARDING MARKETS

REUBEN BEELDERS

CHIEF INVESTMENT OFFICER

LOCAL MARKETS: Corruption in South Africa was supposed to be an historic rather than a recurring affair. Foreign investors will remain absent while the rule of law is not respected. While we have borrowed \$4.3bn from the IMF at favourable rates, this money needs to be invested productively for us to generate growth and jobs. Recent trading statements by local retailers reflect both the extremely difficult local operating conditions and also the difficulties associated with operating profitably in Africa. It is, however, interesting to note that the companies that have performed best over the past year are mostly gold and platinum counters. Did anyone predict this a year ago? This provides

further support for our mantra that indexation, which ensures automatic exposure to these "winners", remains the best alternative for investors.

INTERNATIONAL MARKETS: "The price of knowledge is the destruction of illusion." Does underlying economic growth matter to financial markets? We are concerned that asset prices reflect the illusion that underlying economic growth no longer matters. In just over 3 months a US election is likely to deliver either a Democrat, who is likely to reverse recent corporate taxation benefits or the incumbent Republican who in all likelihood is going to double-down on his trade-war with China. We don't see either of these as good for financial markets. As we have learned locally, government stimulus must eventually be paid for, even by the most powerful country in the world. We are increasingly concerned that at current levels, few international asset prices reflect prospective returns for investors which reward or recognise the level of risk being taken.

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