

Gryphon greetings!

As our precious planet proceeds around the sun, and we reach the time in the season when we begin to wish for the end, one becomes aware of the constant state of change. It is this very nature of change that gives us both reason for hope as well as causes us stress and distress. Simply put, the good news is that nothing lasts forever; the bad news is that nothing lasts forever.

I recently binge-watched an historical drama series about the brutal and blood-thirsty Wars of the Roses, a series of civil wars fought over control of the English throne in the mid-to-late fifteenth century, fought between supporters of two rival cadet branches of the royal House of Plantagenet: Lancaster and York. With the time and distance now available, it illustrates the futility, desperation and damage done by a relentless quest to control. For the sake of our own sanity, we can simply acknowledge that we can control our thoughts, our words and our deeds—and not the fruit of these actions. Furthermore, we ourselves are

subject to change and fluctuations from one moment to the next. As beautifully stated by Alice to the caterpillar in the book *Alice in Wonderland*, “*Who are you?*” said the Caterpillar. *This was not an encouraging opening for a conversation. Alice replied, rather shyly, “I—I hardly know, Sir, just at present—at least I know who I was when I got up this morning, but I think I must have been changed several times since then.”*

“*What do you mean by that?*” said the Caterpillar, sternly. “*Explain yourself!*” “*I can't explain myself, I'm afraid, Sir,*” said Alice, “*because I am not myself, you see.*”

The theme that has emerged for this edition of our newsletter is the importance of managing what we can, namely ourselves, and this resulted in the list of books below.

We continue to manage our funds in this same manner—our rational, rules-based approach helps us to avoid the drama and destruction beyond our control and this has served our investors well. We've been at this a while and we trust our process. Thank you for your support.

A GREAT INVESTMENT OF TIME

Sometimes, all you can do is take a book, find a comfortable place to hide, and read. I'm sure that many of you appreciate the benefits of reading but for those not quite convinced; reading has been proven to have amazing health benefits, including helping with depression, alleviating stress, and reducing the chances of developing Alzheimer's later in life. The Gryphon crew are, unsurprisingly, avid readers and we thought we'd share some of their suggested reads with you.

Thinking in Bets: Even the best decision doesn't yield the best outcome every time. There's always an element of luck that you can't control, and there is always information that is hidden from view. So the key to long-term success (and avoiding worrying yourself to death) is to think in bets.

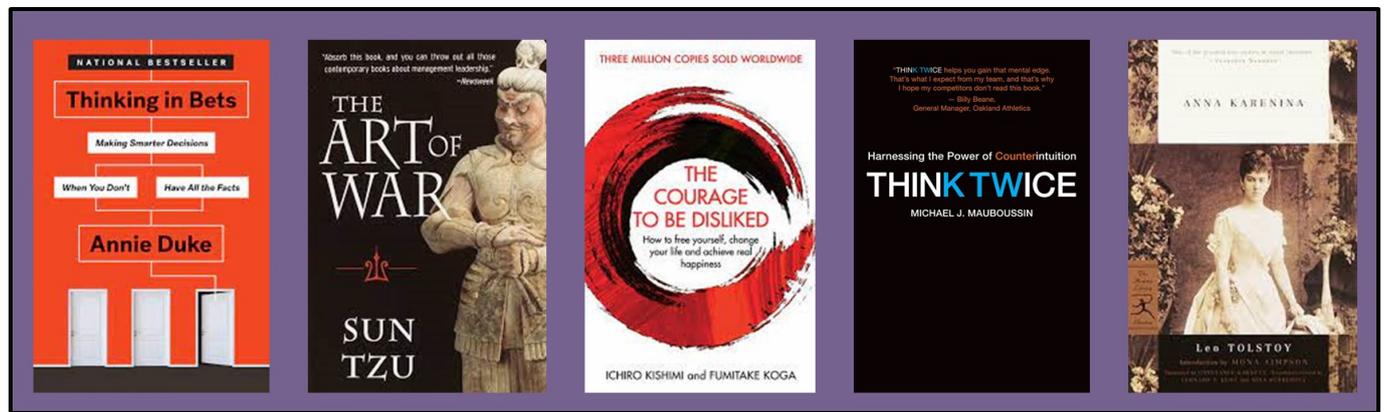
The Art of War: Twenty-Five Hundred years ago, Sun Tzu wrote this classic book of military strategy based on Chinese warfare and military thought. Since that time, all levels of military have used the teaching on Sun Tzu to warfare and civilization have adapted these teachings for use in politics, business and everyday life.

The Courage to be Disliked: Using the theories of Alfred Adler, one of the three giants of 19th-century psychology alongside Freud and Jung, this book explains how we are all free to determine our own future free of the shackles of past experiences, doubts and the expectations of others. It's a philosophy that's profoundly liberating, allowing us to develop the courage to change, and to ignore the limitations that we and those around us can place on ourselves.

Think Twice: Why is it so hard to make sound decisions? We fall victim to simplified mental routines that prevent us from coping with the complex realities inherent in important judgment calls. Yet these cognitive errors are preventable. In *Think Twice*, Michael Mauboussin shows you how to recognize-and avoid-common mental missteps.

Anna Karenina: Acclaimed by many as the world's greatest novel, *Anna Karenina* provides a vast panorama of contemporary life in Russia and of humanity in general. In it Tolstoy uses his intense imaginative insight to create some of the most memorable characters in all of literature.

The above overviews are extracted from the Goodreads website.



GRYPHON MISCELLANY

RESILIENCE:

Eusocial ant colonies have been around for more than 50 million years. An ant that knows where to find food leads a new ant to the spot slowing his pace to that of the other ants. This behaviour does not benefit the leader, who could locate and collect the food about four times faster on its own, but enables other ants to locate the food faster than they would have discovered it on their own; thus the entire ant nest benefits.

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.



As a firm believer in the adage, 'imitation is the sincerest form of flattery' I borrow this article from the [Farnham Street](#) blog. There is always interesting and insightful reading to be found on this page but [this particular piece](#) ties in with one of our suggested books, *The Courage to be Disliked*.

Humans are animals. The word "animal" is important because animals are biologically wired to be hierarchical. I believe that we often unconsciously rearrange the world into arbitrary hierarchies to make sense of the world, maintain our beliefs, and feel better.

My first memory of doing this was working in a grocery store when I was 16. One particular regular customer would come into the store and treat everyone who worked there poorly. He'd drive up in his fancy car, park it illegally outside, and run in to get something. He'd rudely comment and raise his voice telling everyone to hurry up. One day when he was waiting in my line he told me to "hurry the F up because this Rolex doesn't pay for itself." I'll leave my reply out but let's just say that was my last shift.*

He organized his unconscious hierarchy by money and status. Those were the ways he kept the score to come out on top. He wasn't the only one that did this. We all do this all the time. In fact, we do it several times a day. We constantly organize the world in a way that lets us come out on top.

I remember walking home that night thinking that while I might not have a job, at least I wasn't like him. And at that moment I rearranged the world in such a way that I, the unemployed high school student without a job, car, or Rolex, came out on top. Changing the reference point made me feel better.

Rearranging the world wasn't conscious and neither was my reaction. What I said is less important than the fact that I said it without thinking. I reacted without reasoning, just like an animal.

Once you see this idea, you can't unsee it. It's everywhere. You see it politically on the left and right, in food choices, and possessions. You see it in the books you buy, trips you take, and subtle words people use when gossiping. You see it in values, education, and houses.

While we don't always need to come out on top, we often organize the world in a way where we are always better than someone else. When someone infringes on our unconscious sense of hierarchy it triggers an instinctive, animal-like, response.

In conclusion, this mantra:

Lokah Samastah Sukhino Bhavantu is a Sanskrit mantra which means: "May all beings everywhere be happy and free, and may the thoughts, words, and actions of my own life contribute in some way to that happiness and to that freedom for all."

May peace begin with me..



WELCOME

We are delighted to welcome a new member to our team.

This is not something that happens very often—the last time was four years ago so it's a bit like the Olympics or a leap year for us.

Rheaman Philander has joined Jaco Maritz in Gryphon Transition Management as a transition management analyst. He has previously worked at Taquanta Asset Management and

Maitland and we are delighted to have him join our team.

Rheaman is learning and supporting the transition process now, with the intention of becoming a transition manager himself in due course.

Welcome Rheaman!!



REGARDING MARKETS

REUBEN BEELDERS
Chief Investment Officer

LOCAL MARKETS

Following three months of negative returns, the ALSI returned +4.2% for July. Bonds were also positive at +2.4%. However, year-to-date, cash has outperformed with a total return of 2.6%, bonds returned 0.4% and equities -4.4%.

South African risk assets continued to rally into July as global risk-on sentiment is supportive of emerging markets. Measures to buoy Eskom by assuming a portion of its debt have improved sentiment; acknowledging a problem is the first step to resolving the problem. In Eskom's case, however, many steps remain. Lower profits

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from resource companies indicate the leveraged impact of lower commodity prices and higher operating costs and we are not confident that the South African fiscus can continue to rely on the commodity-price-induced windfall into the future. We remain cautious of South African risk assets, i.e. both equities and bonds, and believe that the best risk-adjusted returns are to be expected from cash.

INTERNATIONAL MARKETS

Nancy Pelosi's visit to Taiwan has added to geopolitical pressures and serves as a reminder of the tensions between the U.S. and China. We have been concerned for some time about the rising probability of "de-globalisation" and its impact on technological progress and global integration. However, its impact on inflation and asset prices should not be underestimated. The large market capitalization corporations in most stock market indices are global in nature and restrictions (regulatory and/or political) will impact future growth and profits. In addition to subdued profit growth, inflation in the 1970's heralded an extended period during which long-term interest rates were required to be above inflation in order to bring it sustainably under control. The period of financial repression, i.e. the keeping of interest rates (artificially) below inflation, may indeed be over. While this may not be the current consensus in financial markets, the impact will be significant.

