

# **Gryphon Capital Income Trust (GCI)**

ARSN 623 308 850

## **Financial statements**

**For the period 20 December 2017 to 30 June 2018**

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## Financial statements

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The financial statements covers the Gryphon Capital Income Trust as an individual entity.

The Responsible Entity of the Gryphon Capital Income Trust is One Managed Investment Funds Limited (ABN 47 117 400 987, AFSL 297 042).

The Responsible Entity's registered office is:  
Level 11, 20 Hunter Street  
Sydney NSW 2000

## Directors' report

The directors of One Managed Investment Funds Limited (ABN 47 117 400 987, AFSL 297 042) ("OMIFL" or the "Responsible Entity"), the responsible entity of the Gryphon Capital Income Trust ("the Trust"), present their report together with the financial statements of the Trust for the period 20 December 2017 to 30 June 2018 and the auditor's report thereon.

### Principal activities

The Trust is a registered managed investment scheme that was constituted on 7 December 2017, registered on 20 December 2017, commenced operations on 21 May 2018 and its units commenced trading on the Australian Securities Exchange (ASX: GCI) on 25 May 2018.

The Trust's investment strategy is to invest in a diversified portfolio of residential mortgage backed securities ("RMBS") and asset backed securities ("ABS") with Australian domiciled issuers in accordance with the Supplementary Product Disclosure Statement dated 30 April 2018 ("SPDS") and the provisions of the Trust's Constitution.

Gryphon Capital Investments Pty Ltd (AFSL 454 552) has been appointed by the Responsible Entity to be the Investment Manager of the Trust ("Investment Manager").

The Trust did not have any employees during the period.

### Directors and Senior Management

The following persons held office as directors and company secretaries of the Responsible Entity during the period and up to the date of this report:

Name	Title
Frank Tearle	Executive Director and Company Secretary
Justin Epstein	Executive Director
Elizabeth Reddy	Non-executive Director
Sarah Wiesener	Company Secretary

### Units on issue

Units on issue in the Trust at the end of the period are set out below:

	As at 30 June 2018 Units ('000)
Units on issue	87,650

### Review and result of operations

During the period, the Trust invested its funds in accordance with the SPDS and the provisions of the Trust's Constitution.

For the period from listing to 30 June 2018, the Investment Manager focused on identifying those investments which are able to meet the return and risk characteristics outlined in the SPDS. As at 30 June, just under half of the NAV had been invested in core portfolio with the balance invested in either cash or in a Liquidity Portfolio. The Liquidity Portfolio has been invested in RBA Repo-Eligible Bonds AAA rated RMBS principally issued by major banks. The Liquidity Portfolio will be recycled into higher yielding RMBS and ABS as opportunities arise.

The performance of the Trust, as represented by the results of its operations, was as follows:

	For the period 20 December 2017 to 30 June 2018
Operating profit/(loss) for the period (\$'000)	453
Distribution paid and payable (\$'000)	403
Distribution (cents per unit)	0.46

## **Directors' report (continued)**

### **Review and result of operations (continued)**

On 22 June 2018, the directors declared a distribution of 0.46 cents per ordinary unit which amounted to \$403,190 and was paid on 9 July

### **Significant changes in state of affairs**

In the opinion of the directors, there were no significant changes in the state of affairs of the Trust that occurred during the financial period.

### **Events subsequent to reporting date**

On 24 July 2018, the directors declared a distribution of 0.48 cents per ordinary unit which amounted to \$420,720 and was paid on 8 August 2018.

No other matter or circumstance has arisen since 30 June 2018 that has significantly affected, or may significantly affect:

- (i) the operations of the Trust in future financial periods, or
- (ii) the results of those operations in future financial periods, or
- (iii) the state of affairs of the Trust in future financial periods.

### **Likely developments and expected results of operations**

The Trust will continue to be managed in accordance with the investment objectives and guidelines as set out in the SPDS and the provisions of the Trust's Constitution.

The results of the Trust's operations will be affected by a number of factors, including the performance of investment markets in which the Trust invests. Investment performance is not guaranteed and future returns may differ from past returns. As investment conditions change over time, past returns should not be used to predict future returns.

### **Indemnification and insurance of officers and auditors**

No insurance premiums are paid for out of the assets of the Trust in regards to the insurance cover provided to the officers of the Responsible Entity or the auditor of the Trust. So long as the officers of the Responsible Entity act in accordance with the Trust's Constitution and the Law, the officers remain indemnified out of the assets of the Trust against losses incurred while acting on behalf of the Trust.

### **Indemnification of auditor**

The auditor of the Trust is not indemnified out of the assets of the Trust.

### **Fees paid to and interests held in the Trust by the Responsible Entity or its associates**

Fees paid to the Responsible Entity and its associates out of the Trust property during the period are disclosed in Note 16 to the financial statements.

No fees were paid out of the Trust property to the directors of the Responsible Entity during the period.

The number of interests in the Trust held by the Responsible Entity or its associates as at the end of the financial period are disclosed in Note 16 to the financial statements.

### **Interests in the Trust**

The movement in units on issue in the Trust during the period is disclosed in Note 8 to the financial statements.

The value of the Trust's assets and liabilities is disclosed in the statement of financial position and derived using the basis set out in Note 2 to the financial statements.

## Directors' report (continued)

### Environmental regulation

The operations of the Trust are not subject to any particular or significant environmental regulations under Commonwealth, State or Territory law.

### Rounding of amounts

The Trust is an entity of the kind referred to in *ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191* and in accordance with that instrument, amounts in the financial statements and Directors' report have been rounded off to the nearest thousand dollars, unless otherwise stated.

### Comparatives

This is the first period of operations of the Trust and hence there are no prior period comparatives.

### Auditor's independence declaration

A copy of the Auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 5.

This Directors' report is signed in accordance with a resolution of directors of One Managed Investment Funds Limited, the Responsible Entity.



Justin Epstein  
Director  
One Managed Investment Funds Limited

Sydney  
24 August 2018



## *Auditor's Independence Declaration*

As lead auditor for the audit of Gryphon Capital Income Trust for the period 20 December 2017 to 30 June 2018, I declare that to the best of my knowledge and belief, there have been:

- (a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- (b) no contraventions of any applicable code of professional conduct in relation to the audit.

A handwritten signature in black ink, appearing to read 'Ben Woodbridge', written in a cursive style.

Ben Woodbridge  
Partner  
PricewaterhouseCoopers

Brisbane  
24 August 2018

**Statement of comprehensive income**

	Notes	For the period 20 December 2017 to 30 June 2018 \$'000
<b>Investment income</b>		
Interest income		682
Net gains/(losses) on financial instruments held at fair value through profit or loss	5	<u>(27)</u>
<b>Total net investment income</b>		<u>655</u>
<b>Expenses</b>		
Responsible Entity fees	16(h)	12
Management fees	16(h)	138
Administrative expenses		16
Other expenses		<u>36</u>
<b>Total operating expenses</b>		<u>202</u>
<b>Operating profit/(loss) for the period</b>	8	<u>453</u>
Other comprehensive income		<u>-</u>
<b>Total comprehensive income/(loss) for the period</b>		<u>453</u>
<b>Earnings per unit for profit attributable to unitholders of the Trust</b>		
Basic and diluted gain/(loss) per unit (cents)	10	0.52

The above statement of comprehensive income should be read in conjunction with the accompanying notes.

**Statement of financial position**

	Notes	As at 30 June 2018 \$'000
<b>Assets</b>		
Cash and cash equivalents	11	30,434
Other receivables	13	330
Financial assets held at fair value through profit or loss	6	139,934
Loans and receivables	7,16(k)	5,259
<b>Total assets</b>		<u>175,957</u>
<b>Liabilities</b>		
Distributions payable	9	403
Payables	14	204
<b>Total liabilities</b>		<u>607</u>
<b>Net assets attributable to unitholders - equity</b>	8	<u>175,350</u>

The above statement of financial position should be read in conjunction with the accompanying notes.

**Statement of changes in equity**

	Notes	For the period 20 December 2017 to 30 June 2018 \$'000
<b>Total equity at the beginning of the period</b>		-
<b>Comprehensive income for the period</b>		
Profit/(loss) for the period		453
Other comprehensive income		-
<b>Total comprehensive income for the period</b>		<u>453</u>
<b>Transactions with unitholders</b>		
Applications	8	175,300
Reinvestments	8	-
Distributions to unitholders	8	<u>(403)</u>
<b>Total transactions with unitholders</b>		<u>174,897</u>
<b>Total net assets attributable to unitholders - equity at the end of the period</b>		<u>175,350</u>

The above statement of changes in equity should be read in conjunction with the accompanying notes.

**Statement of cash flows**

	Notes	For the period 20 December 2017 to 30 June 2018 \$'000
<b>Cash flows from operating activities</b>		
Interest received		354
Repayment of principal of financial assets		1,324
Purchase of financial assets		<u>(141,285)</u>
<b>Net cash inflow from operating activities</b>	12(a)	<u>(139,607)</u>
<b>Cash flows from investing activities</b>		
Receipt of loan		<u>(5,259)</u>
<b>Net cash outflow from investing activities</b>		<u>(5,259)</u>
<b>Cash flows from financing activities</b>		
Proceeds from applications by unitholders		175,300
Distributions paid to unitholders		-
<b>Net cash inflow from financing activities</b>		<u>175,300</u>
<b>Net increase in cash and cash equivalents</b>		<b>30,434</b>
Cash and cash equivalents at the beginning of the period		-
<b>Cash and cash equivalents at the end of the period</b>	12(b)	<u><b>30,434</b></u>
<b>Non-cash financing and investing activities</b>	12(c)	-

The above statement of cash flows should be read in conjunction with the accompanying notes.

## Notes to the financial statements

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## 1 General information

The financial statements cover the Gryphon Capital Income Trust (the "Trust") as an individual entity. The Trust was constituted on 7 December 2017, registered on 20 December 2017, commenced operations on 21 May 2018 and its units commenced trading on the Australian Securities Exchange (ASX: GCI) on 25 May 2018. The Trust is domiciled in Australia.

The responsible entity of the Trust is One Managed Investment Funds Limited (ABN 47 117 400 987, AFSL 297 042) (the "Responsible Entity"). The Responsible Entity's registered office is Level 11, 20 Hunter Street, Sydney NSW 2000.

The investment manager of the Trust is Gryphon Capital Investments Pty Ltd (AFSL 454 552) (the "Investment Manager").

The custodian of the Trust is One Managed Investment Funds Limited.

The Trust's investment strategy is to invest in a diversified portfolio of residential mortgage backed securities ("RMBS") and asset backed securities ("ABS") with Australian domiciled issuers in accordance with the Supplementary Product Disclosure Statement dated 30 April 2018 ("SPDS") and the provisions of the Trust's Constitution.

The financial statements were authorised for issue by the directors of the Responsible Entity on the date the Directors' declaration was signed. The directors of the Responsible Entity have the power to amend and reissue the financial statements.

## 2 Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied during the reporting period presented, unless otherwise stated.

### (a) Basis of preparation

The general purpose financial statements have been prepared in accordance with Australian Accounting Standards, and interpretations issued by the Australian Accounting Standards Board (AASB) and the *Corporations Act 2001* in Australia.

The financial statements are prepared on the basis of fair value measurement of assets and liabilities, except where otherwise stated.

The financial statements are presented in Australian dollars, which is the Trust's functional currency.

The statement of financial position is presented on a liquidity basis. Assets and liabilities are presented in decreasing order of liquidity and are not distinguished between current and non-current. All balances are generally expected to be recovered or settled within twelve months, except for investments in financial assets and net assets attributable to unitholders. The amount to be recovered or settled in relation to these balances remain subject to the performance of the Trust and its operations in accordance with the Constitution. Investors in the Trust have no rights to redeem and can only sell units on the ASX. However, the Responsible Entity may undertake a buy-back of units provided it complies with the *Corporations Act 2001* and ASX Listing Rules.

#### (i) Compliance with International Financial Reporting Standards (IFRS)

The financial statements of the Trust also comply with IFRS as issued by the International Accounting Standards Board (IASB).

#### (ii) New standards and interpretations not yet adopted

Certain new accounting standards and interpretations have been published that are not mandatory for the 30 June 2018 reporting period and have not been early adopted by the Trust. The directors' assessment of the impact of these new standards (to the extent relevant to the Trust) and interpretations is set out below:

- AASB 9 *Financial Instruments* (and applicable amendments) (effective from 1 January 2018)

AASB 9 addresses the classification, measurement and derecognition of financial assets and financial liabilities. It has now also introduced revised rules around hedge accounting and impairment. The standard is not applicable until reporting periods beginning on or after 1 January 2018 but is available for early adoption. The directors do not expect this to have a significant impact on the recognition, classification and measurement of the Trust's financial instruments as they are carried at fair value through profit or loss. The derecognition rules have not changed from the previous requirements, and the Trust does not apply hedge accounting. AASB 9 introduces a new impairment model. However, as the Trust's investments are all held at fair value through profit or loss, the change in impairment rules will not impact the Trust.

## 2 Summary of significant accounting policies (continued)

### (a) Basis of preparation (continued)

#### (ii) *New standards and interpretations not yet adopted (continued)*

- AASB 15 *Revenue from Contracts with Customers* (effective from 1 January 2018)

AASB 15 will replace AASB 118 *Revenue* which covers contracts for goods and services and AASB 111 *Construction Contracts* which covers construction contracts. AASB 15 is based on the principle that revenue is recognised when control of a good or service transfers to a customer – so the notion of control replaces the existing notion of risks and rewards.

The Trust's main sources of income are interest and gains on financial instruments held at fair value. All of these are outside the scope of the new revenue standard. As a consequence, the directors do not expect the adoption of AASB 15 to have a significant impact on the Trust's accounting policies or the amounts recognised in the financial statements.

There are no other standards that are not yet effective and that are expected to have a material impact on the Trust in the current or future reporting periods and on foreseeable future transactions.

### (b) Financial instruments

#### (i) *Classification*

The Trust's investments are categorised as fair value through profit or loss in accordance with AASB 139 *Financial Instruments: Recognition and Measurement*, which is comprised of financial instruments designated as at fair value through profit or loss upon initial recognition.

All financial assets held in the Trust are managed by the Investment Manager in accordance with the Investment Guidelines as disclosed in the SDPS.

- Financial instruments designated at fair value through profit or loss upon initial recognition.

These include investments in RMBS and ABS with Australian domiciled issuers.

#### (ii) *Recognition/derecognition*

The Trust recognises financial assets and financial liabilities on the date it becomes party to the contractual agreement (trade date) and recognises changes in the fair value of the financial assets or financial liabilities from this date.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or the Trust has transferred substantially all the risks and rewards of ownership. Financial liabilities are derecognised when the obligation under the liabilities are discharged, canceled or expired.

#### (iii) *Measurement*

- Financial assets and liabilities held at fair value through profit or loss

At initial recognition, the Trust measures a financial asset at its fair value. Transaction costs of financial assets carried at fair value through profit or loss are expensed in the statement of comprehensive income.

Subsequent to initial recognition, all financial assets and liabilities at fair value through profit or loss are measured at fair value. Gains and losses arising from changes in the fair value of 'financial assets or liabilities at fair value through profit or loss' category are presented in the statement of comprehensive income in the period in which they arise. For further details on how the fair values of financial instruments are determined, please see Note 4 to the financial statements.

- Loan and receivables (Manager loan)

Loan assets (Manager loan) are measured initially at fair value plus transaction costs and subsequently amortised using the effective interest rate method, less impairment losses if any. Such assets are reviewed at the end of each reporting period to determine whether there is objective evidence of impairment.

## 2 Summary of significant accounting policies (continued)

### (b) Financial instruments (continued)

#### (iii) Measurement (continued)

If evidence of impairment exists, an impairment loss is recognised in the statement of comprehensive income as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the original effective interest rate.

If in a subsequent period the amount of an impairment loss previously recognised on a financial asset carried at amortised cost decreases and the decrease can be linked objectively to an event occurring after the write-down, the write-down is reversed through the statement of comprehensive income.

#### (iv) Offsetting financial instruments

Financial assets and liabilities are offset and the net amount is reported in the statement of financial position when the Trust has a legally enforceable right to offset the recognised amounts, and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

As at the end of the reporting period, there are no financial assets or liabilities offset or with the right to offset in the statement of financial position.

### (c) Net assets attributable to unitholders - equity

Units in the Trust are listed on the ASX, traded by unitholders and are therefore classified as equity. The units can be traded on the ASX at any time for cash based on listed price. While a listed investment trust, liquidity is generally expected to exist in the secondary market (ASX), there are no guarantees that an active trading market with sufficient liquidity will be available.

### (d) Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions and other short term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Payments and receipts relating to the purchase and sale of investment securities are classified as cash flows from operating activities, as trading of these securities represent the Trust's main income generating activity.

### (e) Investment income

#### (i) Interest income

The Trust generates interest income from its investments in financial assets, loans, and cash investments. Interest income is recognised daily as it accrues, taking into account the actual interest rate on the financial asset and is recognised in profit or loss.

### (f) Expenses

All expenses are recognised in the statement of comprehensive income on an accruals basis.

### (g) Income tax

Under current legislation, the Trust is not subject to income tax provided it attributes the entirety of its taxable income to its unitholders.

The Trust may distribute its distributable income, in accordance with the Trust's Constitution, to unitholders by cash or reinvestment. The distributions are recognised in the statement of changes in equity.

Financial instruments held at fair value may include unrealised capital gains. Should such a gain be realised, that portion of the gain that is subject to capital gains tax will be distributed so that the Trust is not subject to capital gains tax.

Realised net capital losses are not distributed to unitholders but are retained in the Trust to be offset against any realised capital gains in future years. If realised capital gains exceed realised capital losses, the excess will be classified within unitholders' equity.

## 2 Summary of significant accounting policies (continued)

### (h) Distributions

The Trust may distribute its distributable income, in accordance with the Trust's Constitution, to unitholders by cash or reinvestment. The distributions are recognised in the statement of changes in equity.

### (i) Other receivables

Receivables may include amounts for interest and trust distributions. Trust distributions are accrued when the right to receive payment is established. Interest is accrued at the end of each reporting period from the time of last payment in accordance with the policy set out in Note 2(e) above. Amounts are generally received within 30 days of being recorded as receivables.

### (j) Payables

Payables include liabilities, accrued expenses owed by the Trust and any distributions declared which are unpaid as at the end of the reporting period.

A separate distribution payable is recognised in the statement of financial position.

### (k) Applications and redemptions

During the period, applications were received for the initial subscription offer.

The Trust is a closed-end vehicle in that there are no redemptions by investors. Instead, while the Trust is listed, unitholders wishing to exit their investment will be able to do so via the ASX.

### (l) Goods and Services Tax (GST)

The GST incurred on the costs of various services provided to the Trust by third parties such as audit fees, custodial services and investment management fees have been passed onto the Trust. The Trust qualifies for RITC at a rate of at least 55% hence investment management fees, custodial fees and other expenses have been recognised in the statement of comprehensive income net of the amount of GST recoverable from the Australian Taxation Office (ATO). The net amount of GST recoverable from the ATO is included in receivables in the statement of financial position. Cash flows relating to GST are included in the statement of cash flows on a gross basis. Accounts payable are inclusive of GST.

### (m) Use of estimates and judgment

The Trust makes estimates and assumptions that affect the reported amounts of assets and liabilities. Estimates are continually evaluated and based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to the accounting estimates are recognised prospectively.

The Trust's investments are fair valued using valuation techniques which are validated and reviewed by the Responsible Entity in conjunction with the Investment Manager.

For certain other financial instruments, including receivables and payables, the carrying amounts approximate fair value due to the short-term nature of these financial instruments.

### (n) Comparatives

This is the first period of operation of the Trust and hence there are no prior period comparatives.

### (o) Rounding of amounts

The Trust is an entity of a kind referred to in *ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191* relating to the "rounding off" of amounts in the financial statements. Amounts in the financial statements have been rounded to the nearest thousand dollars unless otherwise indicated.

### 3 Financial risk management

The Trust's activities expose it to a variety of financial risks including market risk (including price risk and interest rate risk), credit risk and liquidity risk.

The Trust's overall risk management programme focuses on ensuring compliance with the Trust's SDPS and the investment guidelines of the Trust. It also seeks to maximise the returns derived for the level of risk to which the Trust is exposed and seeks to minimise potential adverse effects on the Trust's financial performance. The Trust's policy allows it to use derivative financial instruments in managing its financial risks.

All securities investments present a risk of loss of capital. The maximum loss of capital on long RMBS and ABS securities is limited to the fair value of those positions. The maximum loss of capital on derivatives is limited to the notional contract values of those positions.

The investments of the Trust, and associated risks, are managed by the Investment Manager under an Investment Management Agreement ("IMA") approved by the Responsible Entity, and containing the investment strategy and guidelines of the Trust, consistent with those stated in the SDPS.

The Trust uses different methods to measure and manage different types of risk to which it is exposed. These methods are explained below.

#### (a) Market risk

##### (i) Price risk

Price risk is the risk that the fair value of investments will change as a result of changes in market prices, whether those changes are caused by factors specific to the individual security or factors affecting all instruments in the market.

The Investment Manager manages this risk through the daily review of the carrying value of each of the assets held by the Trust having regard to the market prices of similar assets being transacted in both the primary and secondary market for assets of similar credit quality, tenor and loan purpose. Any adjustment to the fair value of the investment is reflected through profit or loss.

##### (ii) Interest rate risk

Interest rate risk is the risk that a financial asset's value will fluctuate as a result of changes in market interest rates.

The Trust's assets are primarily invested in floating rate RMBS and ABS whose interest rates reset monthly. Absolute returns on floating rate RMBS and ABS therefore rise and fall largely in correlation with the RBA Cash Rate.

The table below summarises the Trust's exposure to interest rate risk at the end of the reporting period.

	Floating interest rate \$'000	Fixed interest \$'000	Non-interest bearing \$'000	Total \$'000
<b>As at 30 June 2018</b>				
<b>Financial Assets</b>				
Cash and cash equivalents	30,434	-	-	30,434
Other receivables	-	-	330	330
Financial assets	139,934	-	-	139,934
Loan and receivables	-	5,259	-	5,259
<b>Total assets</b>	<b>170,368</b>	<b>5,259</b>	<b>330</b>	<b>175,957</b>
<b>Financial Liabilities</b>				
Distributions payable	-	-	(403)	(403)
Payables	-	-	(204)	(204)
<b>Total liabilities (excluding net assets attributable to unitholders)</b>	<b>-</b>	<b>-</b>	<b>(607)</b>	<b>(607)</b>
<b>Net exposure</b>	<b>170,368</b>	<b>5,259</b>	<b>(277)</b>	<b>175,350</b>

### 3 Financial risk management (continued)

#### (ii) Interest rate risk (continued)

The table at Note 3(b) summarises the impact of an increase/(decrease) of interest rates on the Trust's operating profit and net assets attributable to unitholders through changes in fair value of changes in future cash flows. The analysis is based on the assumption that the interest rates changed by +/- 100 basis points from the period end rates with all other variables held constant.

#### (b) Summarised sensitivity analysis

The following table summarises the sensitivity of the Trust's operating profit and net assets attributable to unitholders to market risks. The reasonably possible movements in the risk variables have been determined based on management's best estimate, having regard to a number of factors, including historical levels of changes in foreign exchange rates, interest rates and the historical correlation of the Trust's investments with the relevant benchmark and market volatility. However, actual movements in the risk variables may be greater or less than anticipated due to a number of factors, including unusually large market movements resulting from changes in the performance of and/or correlation between the performances of the economies, markets and securities in which the Trust invests. As a result, historic variations in risk variables should not be used to predict future variances in the risk variables.

	Impact on operating profit/net assets attributable to unitholders	
	Interest rate risk	
	-100bps \$'000	+100bps \$'000
As at 30 June 2018	61	(61)

#### (c) Credit risk

Credit risk is the risk that a counterparty will be unable to pay amounts when they fall due. The Investment Manager manages credit risk by undertaking a detailed due diligence process prior to entering into transactions with counterparties and ongoing daily monitoring of the credit exposures.

The initial due diligence process is detailed in the Investment Process of the Investment Manager and addresses aspects relevant to an assessment of the credit risk and includes risk assessments of both a qualitative and quantitative nature.

The Investment Process of the Investment Manager can be broken down into four pillars and is outlined in section 5.4 of the SPDS.

The Investment Manager further seeks to mitigate credit risk by adhering to the investment parameters of the Trust which have been designed in a manner that seeks to mitigate credit risk by ensuring the portfolio is diversified.

#### (i) Debt Securities

The Trust invests in RMBS and ABS which may be rated or credit assessed by one or more of Standard & Poors, Moody's or FitchRatings. The Investment Guidelines outlined in the Trust's SPDS require at least 50% of the Financial Assets to be rated investment grade (BBB - rating or higher).

An analysis of debt by rating is set out in the table below.

Rating	30 June 2018	%
<b>Residential Mortgage Backed Securities and Asset Backed Securities</b>		
AAA	77,724	
AA	-	
A	18,704	
BBB	20,902	
<b>Total Investment Grade</b>	<b>117,330</b>	<b>84%</b>
BB	19,001	
B	-	
NR	3,603	
<b>Total Non -Investment Grade</b>	<b>22,604</b>	<b>16%</b>
<b>Total</b>	<b>139,934</b>	

### 3 Financial risk management (continued)

#### (d) Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities.

The Investment Manager monitors the Trust's cash flow requirements and undertakes cash flow forecasts including capital budgeting on a daily basis. Cash flow reconciliations are undertaken daily to ensure all income and expenses are managed in accordance with contracted obligations.

#### (i) Maturities of non-derivative financial liabilities

The table below analyses the Trust's non-derivative financial liabilities into relevant maturity groupings based on the remaining period at reporting date to the contractual maturity date. The amounts in the table are the contractual undiscounted cash flows.

As at 30 June 2018	Less than 1 month \$'000	1 to 6 months \$'000	6 to 12 months \$'000	Over 12 months \$'000	Total \$'000
Distributions payable	403	-	-	-	403
Payables	204	-	-	-	204
<b>Contractual cash flows (excluding derivatives)</b>	<b>607</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>607</b>

### 4 Fair value measurements

The Trust measures and recognises financial assets and liabilities held at fair value through profit or loss on a recurring basis.

The Trust has no assets or liabilities measured at fair value on a non-recurring basis in the current reporting period.

AASB 13 *Fair Value Measurement* requires disclosure of fair value measurements by level of the following fair value measurement hierarchy:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1);
- Observable prices from an independent pricing provider in markets which are not defined as active (level 2); and
- Inputs for the asset or liability that are not based on observable market data (unobservable inputs) (level 3).

The Trust values its investments in accordance with the accounting policies set out in Note 2 to the financial statements. The Trust's investments in RMBS and ABS are classified as financial assets and the Trust relies on daily security pricing provided by a specialist, independent fixed income pricing provider for the valuation of its financial assets.

#### (a) Fair value in an active market (Level 1)

The fair value of financial assets and liabilities traded in active markets is based on last traded prices at the end of the reporting period without any deduction for estimated future selling costs. For the majority of financial assets and liabilities, information provided by the quoted market independent pricing services is relied upon for valuation.

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. An active market is a market in which transactions for the financial asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

#### 4 Fair value measurements (continued)

##### (b) Fair value in an inactive or unquoted market (Level 2 and Level 3) (continued)

RMBS and ABS securities are issued to and invested by institutional investors over the counter and are not listed on any exchange. Although all financial assets invested in by the Trust are priced daily using mid-market prices provided by a specialist, independent fixed income pricing provider, it is deemed that transactions are not conducted with sufficient frequency for these financial assets to be classified as fair value in an active market (Level 1).

The Trust relies on information provided by independent pricing services for the valuation of its level 2 investments.

##### *Recognised fair value measurements*

The table below set out the Trust's financial assets measured at fair value according to the fair value hierarchy at 30 June 2018.

At 30 June 2018	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
<b>Financial assets</b>				
<i>Designated at fair value through profit or loss</i>				
Residential Mortgage Backed Securities and Asset backed Securities	-	139,934	-	139,934
<b>Total financial assets designated at fair value through profit or loss</b>	-	139,934	-	139,934
<b>Total financial assets</b>	-	139,934	-	139,934

#### 5 Net gains/(losses) on financial instruments held at fair value through profit or loss

Net gains/(losses) recognised in relation to financial assets held at fair value through profit or loss:

	For the period 20 December 2017 to 30 June 2018 \$'000
<b>Financial assets</b>	
Net gain/(loss) on financial assets held for trading	-
Net gain/(loss) on financial assets designated as at fair value through profit or loss	(27)
Net gains/(losses) on financial assets held at fair value through profit or loss	(27)
<b>Total net gains/(losses) on financial instruments held at fair value through profit or loss</b>	(27)

**6 Financial assets held at fair value through profit or loss**

	As at 30 June 2018 \$'000
Residential Mortgage Backed Securities and Asset Backed Securities	139,934
<b>Total financial assets held at fair value</b>	<b>139,934</b>

**7 Loans and receivables**

	As at 30 June 2018 \$'000
Loan to Gryphon Capital Management Pty Ltd	5,259
<b>Total loan and receivables</b>	<b>5,259</b>

**8 Net assets attributable to unitholders - equity**

Movements in number of units and net assets attributable to unitholders during the period were as follows:

	For the period 20 December 2017 to 30 June 2018	
	Units ('000)	\$'000
Opening balance	-	-
Applications	87,650	175,300
Reinvestments	-	-
Distributions to unitholders	-	(403)
Profit/(loss) for the period	-	453
<b>Closing balance</b>	<b>87,650</b>	<b>175,350</b>

As stipulated within the Trust's Constitution, each unit represents a right to an individual interest in the Trust and does not extend to a right to the underlying assets of the Trust. There are no separate classes of units and each unit has the same rights attaching to it as all other units of the Trust.

**Capital risk management**

The Trust considers its net assets attributable to unitholders as capital.

## 9 Distributions to unitholders

The distributions were paid/payable as follows:

	For the period 20 December 2017 to 30 June 2018	
	\$'000	Cents per unit
<b>Distributions</b>		
30 June (payable)	403	0.46
<b>Total distributions</b>	403	0.46

On 22 June 2018, the directors declared a distribution of 0.46 cents per ordinary unit which amounted to \$403,190 and was paid on 9 July

## 10 Earnings per unit

Earnings per unit amounts are calculated by dividing net profit/(loss) attributable to unitholders before distributions by the weighted average number of units outstanding during the period.

	For the period 20 December 2017 to 30 June 2018	
Operating profit/(loss) attributable to unitholders (\$'000)		453
Weighted average number of units on issue ('000)		87,650
Basic and diluted earnings per unit (cents)		0.52

## 11 Cash and cash equivalents

	As at 30 June 2018	
	\$'000	
Cash at bank		22,434
Cash equivalents		8,000
<b>Total cash and cash equivalents</b>		<b>30,434</b>

## 12 Reconciliation of operating profit to net cash inflow/(outflow) from operating activities

	For the period 20 December 2017 to 30 June 2018 \$'000
<b>(a) Reconciliation of operating profit to net cash inflow/(outflow) from operating activities</b>	
Profit/(loss) for the period	453
Repayment of principal of financial assets	1,324
Purchase of financial assets	(141,285)
Net change in financial assets held at fair value through profit or loss	27
Net change in receivables	(330)
Net change in accounts payable	204
<b>Net cash inflow from operating activities</b>	<b>(139,607)</b>
 <b>(b) Components of cash and cash equivalents</b>	
Cash as at the end of the financial period as shown in the statement of cash flows is reconciled to the statement of financial position as follows:	
Cash and cash equivalents	30,434
	<b>30,434</b>
 <b>(c) Non-cash financing and investing activities</b>	
During the period, there were no non-cash financing and investing activities.	

## 13 Other receivables

	As at 30 June 2018 \$'000
Interest receivable	328
GST receivable	2
<b>Total Receivables</b>	<b>330</b>

## 14 Payables

	As at 30 June 2018 \$'000
Responsible Entity fees payable	12
Management fees payable	138
Administrative expenses payable	16
Other payables	38
<b>Total Payables</b>	<b>204</b>

## 15 Remuneration of auditor

During the period the following fees were paid or payable for services provided by the auditor of the Trust:

	For the period 20 December 2017 to 30 June 2018 \$
<b>PricewaterhouseCoopers Australian Firm</b>	
<i>Audit and other assurance services</i>	
Audit and review of financial statements	21,000
Total remuneration for audit and other assurance services	21,000
<i>Taxation services</i>	
Tax compliance services	3,614
Total remuneration for taxation services	3,614
<b>Total remuneration of PricewaterhouseCoopers Australian Firm</b>	<b>24,614</b>
<b>Ernst &amp; Young</b>	
<i>Audit and other assurance services</i>	
Audit of compliance plan	3,300
Total remuneration for audit and other assurance services	3,300
<b>Total remuneration of Ernst &amp; Young</b>	<b>3,300</b>

The auditor's remuneration is borne by the Trust. Fees are stated exclusive of GST.

## 16 Related party transactions

### (a) Responsible Entity

The Responsible Entity of the Gryphon Capital Income Trust is One Managed Investment Funds Limited (ABN 47 117 400 987, AFSL 297 042). Accordingly, transactions with entities related to One Managed Investment Funds Limited are disclosed below.

### (b) Key management personnel

#### (i) Responsible Entity

Key management personnel of the Responsible Entity are:

Name	Title
Frank Tearle	Executive Director and Company Secretary
Justin Epstein	Executive Director
Elizabeth Reddy	Non-executive Director
Sarah Wiesener	Company Secretary

#### (ii) Investment Manager

Key management personnel of the Investment Manager are:

Name	Title
Steven Fleming	Chief Executive Officer
Ashley Burtenshaw	Chief Investment Officer

## 16 Related party transactions (continued)

### (c) Transactions with key management personnel

A related entity of Steven Fleming participated in the initial offering purchasing 100,000 units in the Trust and Ashley Burtenshaw participated in the initial offering purchasing 100,000 units in the Trust.

### (d) Key management personnel unit holdings

A related entity of Steven Fleming held 100,000 units in the Trust as at 30 June 2018 and Ashley Burtenshaw held 100,000 units in the Trust as at 30 June 2018.

### (e) Key management personnel of the Responsible Entity and Investment Manager compensation

Payments made from the Trust to the Responsible Entity and the Investment Manager do not include any amounts directly attributable to key management personnel remuneration.

### (f) Key management personnel loans

The Trust has not made, guaranteed or secured, directly or indirectly, any loans to key management personnel or their personally related entities at any time during the reporting period other than as disclosed in Note 16(k).

### (g) Other transactions with the Trust

Apart from those details disclosed in this Note, no key management personnel have entered into a material contract with the Trust during the financial period and there were no material contracts involving key management personnel's interests existing at period end.

### (h) Responsible Entity and Investment Manager's fees and other transactions

#### (i) Responsible Entity fee

This fee is charged by the Responsible Entity for managing the Trust and making it available to investors. It is calculated and accrued daily and paid monthly in arrears from the Trust's assets. The fee is calculated on the Trust's gross assets as follows:

- (i) 0.06% per annum up to \$200million;
- (ii) 0.04% per annum from \$200million to \$300million;
- (iii) 0.02% per annum from \$300million;

This fee is subject to a minimum monthly fee of \$5,000. All minimum fees payable to the Responsible Entity are subject to annual CPI increases.

#### (ii) Management fee

The Investment Manager is entitled to receive a management fee at the rate of 0.70% p.a. of the Trust's net asset value. The management fee is calculated and accrued daily and paid monthly in arrears from the Trust's assets.

#### (iii) Custodian fee

This fee is charged by the Responsible Entity for performing custodial services for the Trust. It is calculated and accrued daily and paid monthly in arrears from the Trust's assets. The fee is calculated at the rate of 0.01% p.a. of the Trust's gross assets (subject to a minimum monthly fee of \$2,500 and annual CPI increases).

## 16 Related party transactions (continued)

### (h) Responsible Entity and Investment Manager's fees and other transactions (continued)

All related party transactions are conducted on normal commercial terms and conditions. The transactions during the period and amounts payable at period end between the Trust, the Responsible Entity and the Investment Manager were as follows:

	For the period 20 December 2017 to 30 June 2018 \$
Investment management fees for the period	137,976
Total fees payable to the Investment Manager at period end	137,976
Responsible Entity fees for the period	12,062
Custodian fees for the period	3,370
Total fees payable to the Responsible Entity at period end	15,432

### (i) Related party unit holdings

Parties related to the Trust (including the Responsible Entity, its related parties and other schemes managed by the Responsible Entity and the Investment Manager) held no units in the Trust as at 30 June 2018.

### (j) Investments in unlisted funds managed by the Responsible Entity

The Trust did not hold any investments in the Responsible Entity or its related parties during the period other than as set out below:

The Trust has invested in units valued at \$8,000,000 in One Cash Management Fund ("OCMF") as at 30 June 2018. The trustee of OCMF is One Investment Management Pty Ltd ("OIMPL"), an authorised representative of the Responsible Entity. OIMPL and the Responsible Entity are subsidiaries of One Investment Group. This investment has enabled the Trust to improve its return on cash held. The investment has been included in cash and cash equivalents as it is redeemable daily. The Trust received total distributions of \$975 from OCMF for the period ended 30 June 2018.

OIMPL charges a management fee to OCMF at a rate of 0.50% per annum on its net assets.

### (k) Manager loan

The Manager loan is an unsecured loan advanced to Gryphon Capital Management Pty Ltd ("GCM") which is part of the Gryphon Group. GCM may use the Manager loan for working capital purposes, such as the provision of ongoing services to the Trust including but not limited to investor relations, capital management, to facilitate future fundraisings and pay costs of the initial offer of units in the Trust. GCM is required to pay both principal and interest on the Manager loan in regular instalments over the 10-year term of the loan, at an interest rate of 5% per annum. GCM may repay the Manager loan early at its absolute discretion, and must repay the Manager loan in full regardless of whether the Investment Manager remains the Manager of the Trust.

	As at 30 June 2018 \$'000
Loan to Gryphon Capital Management Pty Ltd	5,259
Accrued interest on loan	30

## **17 Segment information**

The Trust is organised into one main operating segment with only one key function, being the investment of funds predominantly in Australia.

## **18 Events occurring after the reporting period**

On 24 July 2018, the directors declared a distribution of 0.48 cents per ordinary unit which amounted to \$420,720 and was paid on 8 August 2018.

No other significant events have occurred since the reporting period which would impact on the financial position of the Trust disclosed in the statement of financial position as at 30 June 2018 or on the results and cash flows of the Trust for the period ended on that date.

## **19 Contingent assets and liabilities and commitments**

There are no other outstanding contingent assets and liabilities or commitments as at 30 June 2018.

## Directors' declaration

In the opinion of the directors of One Managed Investment Funds Limited, the Responsible Entity of Gryphon Capital Income Trust:

- (a) the financial statements and notes set out on pages 6 to 25 are in accordance with the *Corporations Act 2001*, including:
  - (i) complying with Australian Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
  - (ii) giving a true and fair view of the Trust's financial position as at 30 June 2018 and of its performance for the period ended on that date, as represented by results of its operations and cash flows;
- (b) there are reasonable grounds to believe that the Trust will be able to pay its debts as and when they become due and payable;
- (c) Note 2(a) confirms that the financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

This declaration is made in accordance with a resolution of the directors.



Justin Epstein  
Director  
One Managed Investment Funds Limited

Sydney  
24 August 2018



## *Independent auditor's report*

To the unitholders of Gryphon Capital Income Trust

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### *Our opinion*

In our opinion:

The accompanying financial report of Gryphon Capital Income Trust (the Trust) is in accordance with the *Corporations Act 2001*, including:

giving a true and fair view of the Trust's financial position as at 30 June 2018 and of its financial performance for the period 20 December 2017 to 30 June 2018

complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

### ***What we have audited***

The financial report comprises:

- the statement of financial position as at 30 June 2018
- the statement of comprehensive income for the period 20 December 2017 to 30 June 2018
- the statement of changes in equity for the period 20 December 2017 to 30 June 2018
- the statement of cash flows for the period 20 December 2017 to 30 June 2018
- the notes to the financial statements, which include a summary of significant accounting policies
- the declaration of the directors of the Responsible Entity.

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### *Basis for opinion*

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial report* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### ***Independence***

We are independent of the Trust in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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**PricewaterhouseCoopers, ABN 52 780 433 757**

480 Queen Street, BRISBANE QLD 4000, GPO Box 150, BRISBANE QLD 4001

T: +61 7 3257 5000, F: +61 7 3257 5999, [www.pwc.com.au](http://www.pwc.com.au)

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## Our audit approach

An audit is designed to provide reasonable assurance about whether the financial report is free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial report as a whole, taking into account the geographic and management structure of the Trust, its accounting processes and controls and the industry in which it operates.



Materiality	Audit scope	Key audit matters
<ul style="list-style-type: none"> <li>For the purpose of our audit we used overall materiality of \$1,749,000, which represents approximately 1% of the Trust's net assets.</li> <li>We applied this threshold, together with qualitative considerations, to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements on the financial report as a whole.</li> <li>We chose net assets as the benchmark because, in our view, it is the metric against which the performance of the Trust is most commonly measured and is a generally accepted benchmark in the fund industry.</li> <li>We used a 1% threshold based on our professional judgement, noting it is within the range of commonly acceptable thresholds.</li> </ul>	<ul style="list-style-type: none"> <li>Our audit focused on where the Trust made subjective judgements; for example, significant accounting estimates involving assumptions and inherently uncertain future events.</li> <li>Our audit approach reflects the nature of the investments held by the Trust and the consideration of the work undertaken by third party service providers. The key service providers relevant to our audit is the administrator who maintains the accounting records of the Trust and the custodian who provides custodian services for the investments.</li> </ul>	<ul style="list-style-type: none"> <li>Amongst other relevant topics, we communicated the following key audit matter to the Directors of the Responsible Entity: <ul style="list-style-type: none"> <li>Existence and valuation of financial assets held at fair value</li> </ul> </li> <li>This is further described in the <i>Key audit matters</i> section of our report.</li> </ul>

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## **Key audit matters**

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report for the current period. The key audit matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. Further, any commentary on the outcomes of a particular audit procedure is made in that context.

<b>Key audit matter</b>	<b>How our audit addressed the key audit matter</b>
<p><b>Existence and valuation of financial assets held at fair value</b> <i>(Refer to note 6) [\$139,934,000]</i></p> <p>At 30 June 18, investments in financial assets were comprised primarily of investments in residential mortgage backed securities and asset backed securities.</p> <p>The existence and valuation of financial assets was a key audit matter because financial assets represent the principal element of the statement of financial position in the financial statements, accounting for approximately 80% of net assets. A discrepancy in the valuation or existence of investments could cause the net assets attributable to unitholders to be materially misstated which could also impact the Trust's performance as the valuation of financial assets is the main driver of movements in the statement of comprehensive income of the Trust.</p>	<p>We obtained the most recent report issued by the provider of administrator services setting out the controls in place at that service organisation. This report includes an independent audit opinion over the design and operating effectiveness of those controls. We assessed the report by:</p> <ul style="list-style-type: none"><li>• obtaining an understanding of the control objectives and associated control activities;</li><li>• evaluating the tests undertaken by the auditor; and evaluating the results of these tests and the conclusions formed by the auditor on the design; and operational effectiveness of controls to the extent relevant to our audit of the Trust.</li></ul> <p>We obtained observable market price data for a sample of investments and compared this to the prices used by the Trust to value those investments at period end.</p> <p>All the investments are held at the custodian. We obtained a confirmation from the custodian of the investment holdings at year end and reconciled the investment holdings per the custodian confirmation with the holdings per the Trust's accounting records.</p>

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### *Other information*

The directors of the Responsible Entity are responsible for the other information. The other information comprises the information included in the annual report for the period 20 December 2017 to 30 June 2018, including the Directors' report, ASX Additional information and Directory, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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### *Responsibilities of the directors of the Responsible Entity for the financial report*

The directors of the Responsible Entity of the Trust are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors of the Responsible Entity determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors of the Responsible Entity are responsible for assessing the ability of the Trust to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors of the Responsible Entity either intend to liquidate the Trust or to cease operations, or have no realistic alternative but to do so.

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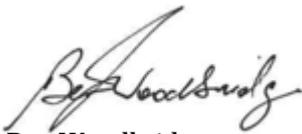
### *Auditor's responsibilities for the audit of the financial report*

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at:  
[http://www.auasb.gov.au/auditors\\_responsibilities/ar2.pdf](http://www.auasb.gov.au/auditors_responsibilities/ar2.pdf). This description forms part of our auditor's report.

The logo for PricewaterhouseCoopers, written in a cursive, handwritten style.

PricewaterhouseCoopers

A handwritten signature in cursive script, appearing to read 'Ben Woodbridge'.

Ben Woodbridge  
Partner

Brisbane  
24 August 2018

## Gryphon Capital Income Trust

ARSN 623 308 850

### ASX ADDITIONAL INFORMATION

Additional information required by the Australian Stock Exchange Limited Listing Rules and not disclosed elsewhere in this report is as follows. The information is current as at 20 August 2018 unless otherwise indicated.

#### A. Distribution of Units

There were 87,650,000 ordinary units held by 2,467 unitholders.

The number of unitholders, by size of holding are:

	No Of Holders	Total Units	Percentage
1 - 1,000	18	6,278	0.01%
1,001 - 5,000	302	1,273,287	1.44%
5,001 - 10,000	562	4,952,635	5.62%
10,001 - 100,000	1,520	45,167,239	51.64%
100,001 and over	65	36,250,561	41.30%
	<b>2,467</b>	<b>87,650,000</b>	<b>100%</b>

#### B. 20 largest unitholders

The names of the 20 largest unitholders are:

Unitholder	No. of Units	Percentage
1 Perpetual Corporate Trust Limited <Ln A/C>	12,500,000	14.26%
2 Navigator Australia Ltd <MLC Investment Sett A/C>	4,594,000	5.24%
3 HSBC Custody Nominees (Australia) Limited	4,007,486	4.57%
4 Kuzen Pty Ltd <Gunluk A/C>	961,775	1.10%
5 BNP Paribas Nominees Pty Ltd HUB24 Custodial Serv Ltd DRP	767,587	0.88%
6 Aet SFS Pty Ltd <Ect Cap STBL FND>	597,875	0.68%
7 A & M Forestieri Holdings Pty Ltd	500,000	0.57%
8 Skunky Investments Pty Ltd <PM Rafter Family A/C>	500,000	0.57%
9 The Corporation Of The Trustees Of The Order Of The Sisters Of Mercy In QLD <Congregation A/C>	500,000	0.57%
10 J P Morgan Nominees Australia Limited	475,218	0.54%
11 Mr Robert Bryan	475,000	0.54%
12 Bciff (QLD) <Strategic Reserve A/C>	375,000	0.43%
13 Aurisch Investments Pty Ltd	340,000	0.39%
14 Capricorn Investment Partners Nominees Pty Ltd <Karen Boyland SF AC>	326,000	0.37%
15 Charles Sturt University <Csu Foundation A/C>	325,000	0.37%
16 Mrs Mavis Garnett	262,200	0.30%
17 Netwealth Investments Limited <Super Services A/C>	256,806	0.29%
18 Netwealth Investments Limited <Wrap Services A/C>	252,214	0.29%
19 Aet Structured Finance Services Pty Limited <Arminius Capital Emma A/C>	250,000	0.29%
19 Chrismic Investments Pty Ltd <Michael Kirby Family A/C>	250,000	0.29%
19 Fzic Pty Ltd <McMahon Family A/C>	250,000	0.29%
19 Geat Incorporated <Geat-Preservation Fund A/C>	250,000	0.29%
19 McMahon Superannuation Pty Ltd <McMahon Super Fund A/C>	250,000	0.29%
19 Mr Donn Prosper Hely & Mrs Louvaine Fay Hely	250,000	0.29%
19 Mr Ronald Arthur Walton <The RA & Be Walton Fam A/C>	250,000	0.29%
19 Rosebery Development Corporation Pty Ltd	250,000	0.29%
19 The Bryan Foundation Limited <The Bryan Foundation A/C>	250,000	0.29%
19 The Corp Of The Trustees Of The Order Of The Sisters Of The Perpetual Adoration Of The Blessed Sacrament	250,000	0.29%

**Gryphon Capital Income Trust**  
**ARSN 623 308 850**

**ASX ADDITIONAL INFORMATION**

**C. Substantial unitholders**

There are no substantial unitholders who have notified the Trust in accordance with section 671B of the Corporations Act 2001.

**D. Voting rights**

All units issued are fully paid. The voting rights attaching to each fully paid unit are:

- (i) on a show of hands each unitholder has one vote; and
- (ii) on a poll, each unitholder has one vote for each dollar of the value of the total interests they have in the Trust.

**E. Buy-back**

There is no current on-market buy-back of units in the Trust.

**F. Investments held at 30 June 2018**

Security Code	Security Name	Current Face Value \$'000	Fair Value \$'000
AU3FN0034237	APLLO 2017-1 A	10,305	10,339
AU3FN0043121	FMACB 2018-2 C	2,000	2,001
AU3FN0041455	FMACB FMWH-8 AB	17,000	17,000
AU3FN0023578	IDOLT 2014-1 A	5,776	5,764
AU3FN0042958	LBRTY WH-1 B	10,000	10,000
AU3FN0042974	LBRTY WH-1 C	16,100	16,100
AU3FN0043006	LBRTY WH-1 D	17,000	17,000
AU3FN0022117	MEDL 2014-1 A2	8,931	8,921
AU3FN0035960	MEDL 2017-1 A1	7,738	7,746
AU3FN0018032	MEDL 2013-1 A2	5,989	5,992
AU3FN0032272	MEDL 2016-2 A1A	6,869	6,904
AU3FN0042552	PEPAU 2018-1 C	1,300	1,300
AU3FN0042560	PEPAU 2018-1 D	2,000	2,001
AU3FN0042586	PEPAU 2018-1 E	2,000	2,001
AU3FN0042651	REDS 2018-1 C	5,400	5,403
AU3FN0042669	REDS 2018-1 D	2,800	2,801
AU3FN0042677	REDS 2018-1 E	3,600	3,602
AU3FN0037677	SMHL 2017-1 A	7,144	7,133
AU3FN0017950	WST 2013-1 A	4,330	4,328
AU0000WEJHA3	WST 2015-1 A	3,614	3,598
		<b>139,896</b>	<b>139,934</b>

Management fees have been reported in Note 16 to the financial statements.

**G. Transactions in securities**

There were a total of 20 transactions in securities during the period ended 30 June 2018. Total brokerage paid by the Trust on those transactions was nil.

**Gryphon Capital Income Trust  
Directory**

Directors:	Frank Tearle Justin Epstein Elizabeth Reddy
Company Secretaries:	Sarah Wiesener Frank Tearle
Investment Manager:	Gryphon Capital Investments Pty Ltd
Auditor:	PriceWaterhouseCoopers 480 Queen Street BRISBANE QLD 4000
Country of Incorporation:	Australia
Responsible Entity:	One Managed Investment Funds Limited
Registered Office:	Level 11, 20 Hunter Street SYDNEY NSW 2000 Ph: 612 8277 0000
Unit Registry:	Boardroom Pty Limited Grosvenor Place Level 12, 225 George Street SYDNEY NSW 2000 Ph: 1300 737 760
ASX Code :	GCI
ARSN:	623 308 850
Website:	<a href="http://www.gcapinvest.com/gcit/overview">http://www.gcapinvest.com/gcit/overview</a>
Corporate Governance Statement:	<a href="http://www.gcapinvest.com/gcit/document-archive">http://www.gcapinvest.com/gcit/document-archive</a>