



### Investment Objective

Gryphon Capital Income Trust (GCI) set itself 3 strategic objectives at IPO:

1. Sustainable monthly cash income



2. Highest risk adjusted return

3. Capital Preservation

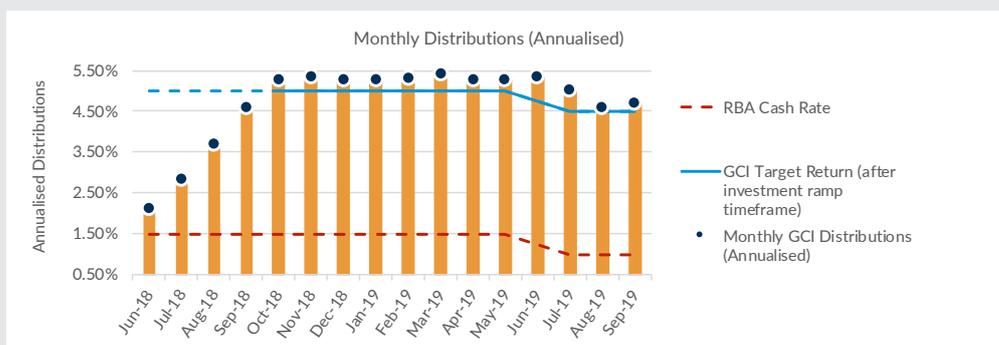
GCI continues to generate attractive and sustainable monthly income with highest risk adjusted returns through investments in a defensive asset class with a track record of low capital price volatility ensuring Capital Preservation.

### GCI Investment Highlights

<b>Income<sup>1</sup></b>	Sustainable monthly cash income. Current 12-month distribution yield at 5.19% (net).
<b>Large, institutional fixed income market</b>	Australian ABS market > A\$110 billion is double the size of the corporate bond market
<b>Security, capital preservation</b>	Defensive asset class with a track record of low capital price volatility No investor has ever lost a \$ of principal investing in Australian RMBS
<b>Portfolio diversification</b>	Allows retail and SMSF investors to access a fixed income asset class that generally has only been available to institutional investors
<b>Investment Manager</b>	Exposure to a specialist investment manager with a proven track record of investment outperformance

### GCI Distribution

GCI announced a 0.76 cents per unit distribution for September, bringing the distribution rate for the 12-months to September to 5.19% (net)<sup>1</sup>.



### Fund Performance as at 30 September 2019

	1 Mth	3 Mth	6 Mth	1 Yr	Incep (Ann) <sup>2</sup>
Net Return (%)	0.35%	1.53%	2.85%	5.72%	5.10%
RBA Cash Rate (%)	0.08%	0.25%	0.61%	1.37%	1.41%
Net Excess Return (%)	0.27%	1.28%	2.23%	4.29%	3.64%
Distribution <sup>1</sup> (%)	0.38%	1.18%	2.50%	5.19%	4.67%
Distribution (¢/unit)	0.76	2.37	4.96	10.16	9.16

<sup>1</sup> Actual distribution as % of NTA, assuming distribution reinvestment.

<sup>2</sup> Inception date – 21 May 2018

Note: Past performance is not a reliable indicator of future performance.

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### ABOUT THE MANAGER

Gryphon Capital Investments Pty Ltd (“Gryphon”) is a specialist fixed income manager with significant experience in the Australian and International fixed income markets. Gryphon manages individual segregated accounts on behalf of institutional investors and GCI on behalf of wholesale and retail investors seeking opportunities in fixed income credit markets including RMBS and ABS. Gryphon currently manages funds in excess of \$2.0 billion.

### GCI SNAPSHOT

<b>ASX Code</b>	GCI
<b>IPO Date</b>	25 May 2018
<b>Asset</b>	Fixed Income, floating rate
<b>ASX Price</b>	\$2.08
<b>NAV (Unit)</b>	\$2.01
<b>Market Cap</b>	\$321.6m
<b>Investment Management Fee<sup>3</sup></b>	0.72%
<b>Performance Fee</b>	None
<b>Distributions</b>	Monthly
<b>Unit Pricing</b>	Daily

<sup>3</sup> Includes GST, net of reduced input tax credits

### GCI CHARACTERISTICS

<b>Distributions<sup>4</sup></b>	5.19%
<b>RBA Cash Rate</b>	1.00% pa.
<b>Interest Rate Duration</b>	0.05 years
<b>Credit Spread Duration</b>	2.0 years
<b>Number of Bond Holdings</b>	66
<b>Number of Underlying Mortgage Loans</b>	112,844

<sup>4</sup> The annualised distributions (net of fees) post initial ramp-up period after listing – calculations from October 2018. Actual distribution as % of NTA, assuming distribution reinvestment.

### RESEARCH

BondAdviser

INDEPENDENT INVESTMENT RESEARCH



Lonsec

### WEBSITE

[www.gcainvest.com/gcit/overview](http://www.gcainvest.com/gcit/overview)



### Market and GCI Investment Activity

During September there were three new RMBS issues including a \$2.8 billion funding-only RMBS by Macquarie (funding-only means Macquarie issues only the AAA tranches and retains on its balance sheet the balance of the RMBS capital structure) and two ABS transactions including another ABS issue by Latitude Financial backed by credit cards. All of these transactions were met with strong investor demand across the capital structure by both domestic and international investors. Many factors contribute to the increase in demand for Australian securitised bonds including, among others, relative value considerations, continued strong performance in the underlying transactions (arrears), benign economic data including employment and most importantly stability in house prices.

Due to a combination of credit and GCI portfolio optimisation considerations, the Gryphon Capital investment committee elected not to participate in any of these public transactions however we did participate in an ABS transaction which priced in early October.

Gryphon Capital indicated in the recent capital raising that it may take up to three months to fully invest the additional capital raised. However, principally due to our forward planning and ability to source eligible investments, we have now effectively fully invested the proceeds in investments which satisfy the return and risk characteristics outlined in the PDS. Gryphon Capital is continuing to deliver on all of our IPO targets.

### Prospective New Offer of Units

Gryphon Capital continue to work on a significant pipeline of opportunities which are able to meet the return and risk characteristics of the Trust's Investment Strategy. As a result of these investment opportunities, the consistent performance of GCI since listing, additional benefits to existing unitholders of larger scale and the ongoing demand for stable and predictable income, the Responsible Entity and Gryphon Capital are in discussions with proposed Joint Lead Managers regarding a further issue of new units.

New funding for GCI will not impact the Trust's target return which remains unchanged or the Trust's ability to pay monthly distributions to Unitholders.

It is anticipated any capital raising will take the form of a pro rata entitlement offer to existing unitholders and a public offer to new investors for any units not taken up in the entitlement offer. The Responsible Entity and the Investment Manager expects further details to be released to the market in due course.

### GCI PARTIES

#### Responsible Entity

One Managed Investment Funds Limited  
ACN 117 400 987 AFSL 297042

#### Manager

Gryphon Capital Investments Pty Ltd  
ACN 167 850 535 AFSL 454552

### AVAILABLE PLATFORMS INCLUDE:

Asgard	BT Panorama
BT Super Wrap	BT Wrap
First Wrap	HUB24
Macquarie Wrap	Mason Stevens
MLC	Navigator
Netwealth	North

### FURTHER INFORMATION AND ENQUIRIES

Gryphon Capital Income Trust  
[www.gcapinvest.com/gcit/overview](http://www.gcapinvest.com/gcit/overview)

#### General

Email [info@gcapinvest.com](mailto:info@gcapinvest.com)

#### Boardroom (Unit Registry)

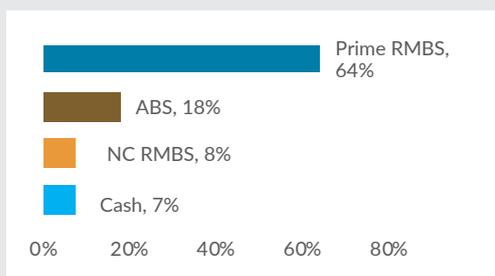
Phone 1300 737 760

Email [enquiries@boardroomlimited.com.au](mailto:enquiries@boardroomlimited.com.au)

## GCI Portfolio Construction<sup>1</sup>

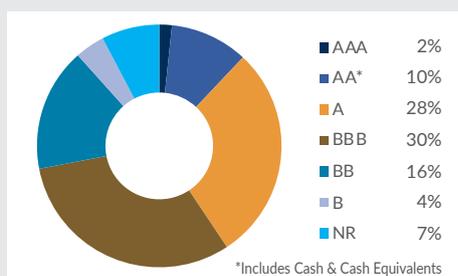
<sup>1</sup> Note as at 30 September 2019.

### GCI Sector Allocations<sup>2</sup>



<sup>2</sup> Excludes Manager Loan.

### GCI Rating Breakdown<sup>2</sup>



<sup>2</sup> Excludes Manager Loan.

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### GCI Portfolio Underlying Mortgage Loan Statistics<sup>1</sup>

	Total	Prime	Non-conforming <sup>2</sup>
No. of Underlying Loans	112,844	91,764	21,080
Weighted Average Underlying Loan Balance	\$424,614	\$433,479	\$402,450
Weighted Average LVR	66%	64%	70%
Weighted Average Seasoning	28 months	32 months	19 months
Weighted Average Interest Rate	4.93%	4.08%	7.07%
Owner Occupied	62%	65%	53%
Interest Only	26%	27%	24%
90+ Days in Arrears as % of Loans	0.31%	0.18%	0.63%
% Loans > \$1.5m Balance	0.76%	0.45%	1.53%

<sup>1</sup> Please note that although the values in this Investment Report are accurate portfolio statistics, the return and performance of actual credit instruments invested in are assessed individually.

<sup>2</sup> Non-conforming loans are residential mortgage loans that would not typically qualify for a loan from a traditional prime lender and are generally not eligible to be covered by LMI. Borrowers may not qualify due to past credit events, non-standard income (self employed) or large loan size.

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#### General

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#### Boardroom (Unit Registry)

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### WEBSITE

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