



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

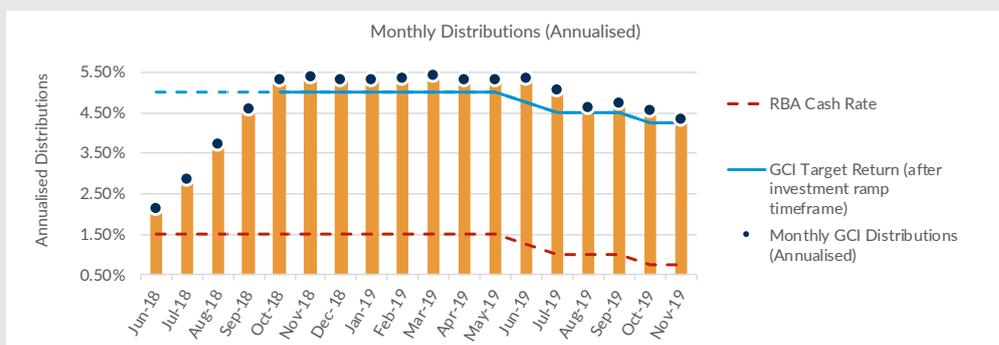
GCI continues to generate attractive and sustainable monthly income with highest risk adjusted returns through investments in a defensive asset class with a track record of low capital price volatility ensuring Capital Preservation.

GCI Investment Highlights

Income¹	Sustainable monthly cash income. Current 12-month distribution yield at 5.04% (net).
Large, institutional fixed income market	Australian ABS market > A\$110 billion is double the size of the corporate bond market
Security, capital preservation	Defensive asset class with a track record of low capital price volatility No investor has ever lost a \$ of principal investing in Australian Prime RMBS
Portfolio diversification	Allows retail and SMSF investors to access a fixed income asset class that generally has only been available to institutional investors
Investment Manager	Exposure to a specialist investment manager with a proven track record of investment outperformance

GCI Distribution

GCI announced a 0.70 cents per unit distribution for the month of November, generating a distribution yield for the 12 months to November 2019 of 5.04% (net)¹.



Fund Performance as at 30 November 2019

	1 Mth	3 Mth	6 Mth	1 Yr	Incep (Ann) ²
Net Return (%)	0.38	1.15	2.80	5.61	5.07
RBA Cash Rate (%)	0.06	0.21	0.49	1.24	1.33
Net Excess Return (%)	0.32	0.94	2.30	4.32	3.69
Distribution ¹ (%)	0.35	1.11	2.36	5.04	4.64
Distribution (¢/unit)	0.70	2.22	4.69	9.88	9.11

¹ Actual distribution as % of NTA, assuming distribution reinvestment.

² Inception date – 21 May 2018

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

continued overleaf...

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

ASX Code	GCI
IPO Date	25 May 2018
Asset	Fixed Income, floating rate
ASX Price	\$2.04
NAV (Unit)	\$2.01
Market Cap	\$315.4m
Investment Management Fee³	0.72%
Performance Fee	None
Distributions	Monthly
Unit Pricing	Daily

³ Includes GST, net of reduced input tax credits

GCI CHARACTERISTICS

Distributions (12m)⁴	5.04%
RBA Cash Rate	0.75% pa.
Interest Rate Duration	0.05 years
Credit Spread Duration	2.2 years
Number of Bond Holdings	77
Number of Underlying Mortgage Loans	100,096

⁴ Actual distribution for the 12 months to 30 November, as a % of NTA, assuming distribution reinvestment.

RESEARCH

BondAdviser

INDEPENDENT INVESTMENT RESEARCH



Lonsec

WEBSITE

www.gcapinvest.com/gcit/overview



Market and GCI Investment Activity

With the RBA providing further guidance around the potential commencement of quantitative easing, not surprisingly the Australian credit markets (including the securitised markets) continue to be well supported by both domestic and international fixed income investors. During November, there were five new RMBS issues totalling \$5.6 billion, as well as one new ABS issue totalling \$265 million. All of these transactions received strong investor support across the capital structure, particularly in the lower investment grade and non-investment grade tranches with these tranches being many times oversubscribed.

Gryphon Capital's Investment Committee elected to participate in two of the Prime RMBS new issue transactions including one from an ADI issuer with whom we have a long history of investing and which was secured by a well-diversified pool of approx. 4,400 residential home loans to Australian Prime residential borrowers with appealing portfolio (and risk) attributes – average seasoning 36 months, weighted average current LVR 59%, average current loan balance of approx. \$225,000 and all loans >80% LVR benefiting from mortgage insurance.

Update on investment of GCI entitlement proceeds

The recent Entitlement and Shortfall Offers were completed during November, settling on the 2nd and 9th December respectively. Gryphon Capital was delighted with the overwhelmingly positive response received to the capital raise. The Shortfall Offer was closed early – within 3 days of opening – and approximately 37% of existing Unitholders elected to take up their entitlement.

On announcing the Entitlement Offer, Gryphon Capital stated that we were working on a significant pipeline of opportunities which were able to meet the return and risk characteristics of the Trust's Investment Strategy. We also indicated that it may take up to three months to fully invest the additional capital raised. However, principally due to our forward planning, we are delighted to announce that Gryphon Capital was able to invest approximately 80% of the new capital raised within 5 business days of the settlement of the entitlement and shortfall offerings.

Net running yield exceeds target return

Importantly for investors, with approximately 80% of the new capital invested, the Net running yield of the GCI portfolio now exceeds the target return of RBA Cash + 3.50%, with more upside as we invest the remaining proceeds from the capital raise. Pleasingly we have been able to achieve this result with an investment portfolio with less risk than the stated IPO risk targets. For the GCI investors, this means the Trust is delivering higher returns than target with lower risks.

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

General

Email info@gcapinvest.com

Boardroom (Unit Registry)

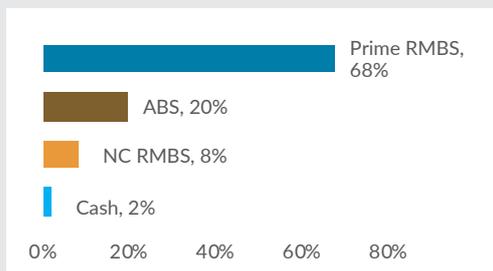
Phone 1300 737 760

Email enquiries@boardroomlimited.com.au

GCI Portfolio Construction¹

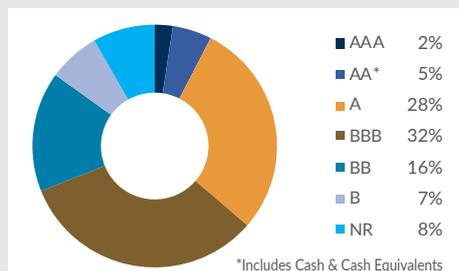
¹ As at 2 December 2019.

GCI Sector Allocations²



² Excludes Manager Loan.

GCI Rating Breakdown²



² Excludes Manager Loan.

continued overleaf..



GCI Portfolio Underlying Residential Mortgage Loan Statistics¹

	Total	Prime	Non-conforming ²
No. of Underlying Loans	100,096	94,400	5,696
Weighted Average Underlying Loan Balance	\$459,303	\$437,953	\$625,632
Weighted Average LVR	65%	65%	67%
Weighted Average Seasoning	31 months	32 months	29 months
Weighted Average Interest Rate	4.08%	3.91%	5.41%
Owner Occupied	67%	66%	68%
Interest Only	24%	25%	23%
90+ Days in Arrears as % of Loans	0.39%	0.24%	1.56%
% Loans > \$1.5m Balance	0.89%	0.57%	3.39%

¹ 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.

² 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)

Phone 1300 737 760

Email enquiries@boardroomlimited.com.au

ASX release date: 13 December 2019

Authorised for release by One Managed Investment Funds Limited, the responsible entity of Gryphon Capital Income Trust.

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