



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

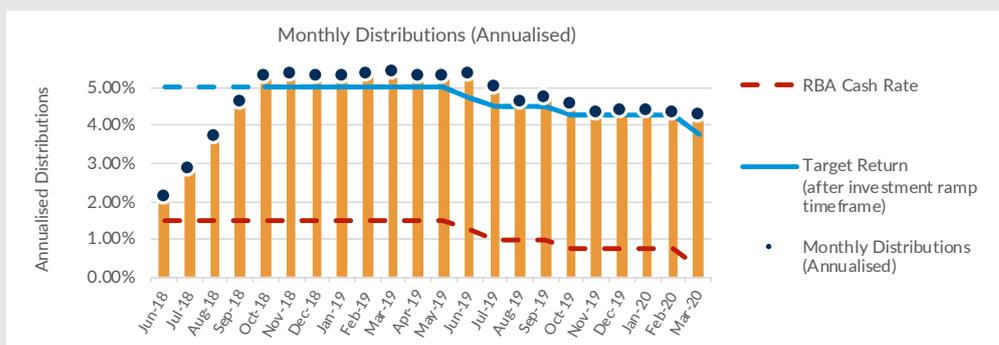
GCI continues to generate attractive and sustainable monthly income with highest risk adjusted returns through investments in a defensive asset class with a track record of low capital price volatility and capital preservation.

Investment Highlights

Income¹	Sustainable monthly cash income. Current 12-month distribution yield at 4.72% (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

Distribution

GCI announced a 0.71 cents per unit distribution for the month of March, generating a distribution yield for the 12 months to March 2020 of 4.72% (net)¹.



Fund Performance as at 31 March 2020

	1 Mth	3 Mth	6 Mth	1 Yr	Incep (Ann) ²
Net Return (%)	(0.45)	0.27	1.46	4.35	4.51
RBA Cash Rate (%)	0.04	0.16	0.35	0.96	1.22
Net Excess Return (%)	(0.48)	0.11	1.10	3.36	3.25
Distribution ¹ (%)	0.36	1.06	2.17	4.72	4.59
Distribution (¢/unit)	0.71	2.12	4.31	9.27	9.01

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.

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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 \$2.1 billion.

SNAPSHOT

ASX Code	GCI
IPO Date	25 May 2018
Asset	Fixed Income, floating rate
ASX Price	\$1.65
Market Cap	\$340.1m
NTA/Unit	\$410.7m/\$1.99
Investment Management Fee³	0.72%
Performance Fee	None
Distributions	Monthly
Unit Pricing	Daily

³ Includes GST, net of reduced input tax credits

CHARACTERISTICS

Distributions (12m)⁴	4.72%
RBA Cash Rate	0.25% pa.
Interest Rate Duration	0.04 years
Credit Spread Duration	1.65 years
Number of Bond Holdings	89
Number of Underlying Mortgage Loans	113,567

⁴ Actual distribution for the 12 months to 31 March, as a % of NTA, assuming distribution reinvestment.

RESEARCH

BondAdviser

INDEPENDENT INVESTMENT RESEARCH



Lonsec

WEBSITE

www.gcapinvest.com/gcit/overview



Market and GCI Investment Activity

During March, Gryphon Capital released ASX market updates (27 March 2020) detailing [How COVID-19 impacts Australian RMBS](#) and also (17 March 2020) where we provided a market overview commenting on [How liquidity had evaporated across global fixed income markets](#). The liquidity impact on RMBS still by in large remains, although in international markets the liquidity issue has been addressed by several waves of central bank and government support programs including the new USD\$2 trillion Fed "bazooka" that was announced just prior to Easter. The Fed have announced they are able to invest in, among others, investment grade corporates, structured finance securities and even high yield ETFs and have provided a sizeable boost to market confidence and spreads for investment grade as well as high yield and leverage loan markets.

In Australia, to support the flow of credit, the Federal Government, RBA and APRA have taken coordinated actions with the initiatives principally delivered through the banking sector. For instance, the RBA will provide a 3-year term, A\$90 billion funding facility for the banks at a funding cost of 0.25% pa ("Term Funding Facility" or "TFF"). If the banks utilise this cheap, term funding to boost lending to business and SME, then they will be entitled to additional TFF funding.

To support the non-banks and smaller ADIs who are not eligible to access the TFF, the Government has provided the Australian Office of Financial Management (AOFM) with \$15 billion to invest in RMBS and ABS issued principally by non-banks. The objective of the Structured Finance Support Fund ("SFSF") is to continue to allow the non-banks to access funding markets and to mitigate impacts on competition and business lending markets. To achieve its objectives, the AOFM via the SFSF has the flexibility to operate in both primary and secondary markets for RMBS / ABS and to invest in securities issued by warehouse facilities. Non-bank lenders currently originate new loans into "warehouse facilities" provided by the major banks, among others.

Government co-investing in Australian RMBS alongside Gryphon Capital

At the end of March, a leading non-bank, Firstmac priced a \$1 billion Prime RMBS transaction whereby the approx. 2,460 mortgage loans had an average loan size of \$405,000 with a weighted average LVR of 66%. Initially launched as a \$880 million transaction, the transaction gained the support of the AOFM who invested A\$189.14 million in the transaction including in each tranche invested in by Gryphon Capital. The Government's involvement in the market via the SFSF is very positive for the RMBS / ABS markets and their willingness to invest across the capital structure to below investment grade also demonstrates the robust nature of Australian RMBS.

Performance of GCI's NTA

All Trust investments (excluding the manager loan) are independently valued on a daily basis by a leading 3rd party security pricing provider, ICE Data Services. GCI's NTA continues to be stable with some impact by the widening of credit spreads. There are a number of contributing factors to the GCI NTA remaining stable including, among others:

1. GCI invests in Secured Bonds (RMBS and ABS) which in times of stress defend and protect investors, outperforming unsecured, high yield or equity like instruments. The AOFM is now investing alongside GCI in RMBS.
2. Short credit duration of 1.73 years (i.e. a metric reflecting how quickly the principal is expected to be returned). The Gryphon Investment Committee positioned the portfolio conservatively – "capital preservation is key".
3. The magnitude of the bond holder protections embedded in each of the Trust investments will ensure limited bond price volatility, plus
4. Performance of the underlying home loans securing each RMBS investment continue to perform even with the expected increase in arrears as unemployment increases.

Sustainable Monthly Income

Unlike some other products used by investors for income, sustainable, monthly income is a core pillar of GCI and we don't envisage any disruption to the monthly distributions.

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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

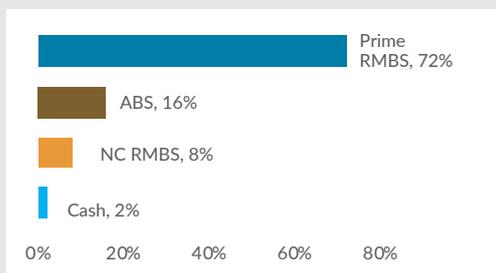
Email enquiries@boardroomlimited.com.au



Portfolio Construction¹

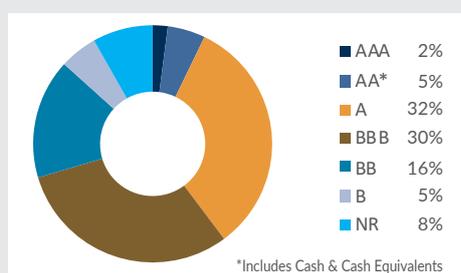
¹ As at 31 March 2020.

RMBS Sector Allocations²



² Excludes Manager Loan.

RMBS Rating Breakdown²



² Excludes Manager Loan.

Portfolio Underlying Residential Mortgage Loan Statistics³

	Total	Prime	Non-conforming ⁴
No. of Underlying Loans	113,567	107,363	6,204
Weighted Average Underlying Loan Balance	\$480,348	\$463,815	\$627,808
Weighted Average LVR	65%	65%	67%
Weighted Average Seasoning	29 months	29 months	32 months
Weighted Average Interest Rate	3.96%	3.81%	5.30%
Owner Occupied	65%	65%	67%
Interest Only	25%	25%	24%
90+ Days in Arrears as % of Loans	0.32%	0.21%	1.34%
% Loans > \$1.5m Balance	1.09%	0.88%	2.99%

³ 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.

⁴ 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.

ABS Sector Allocation

Sub sector	%	A	BBB	BB	B
ABS SME	15.7%	4.8%	5.7%	3.6%	1.6%
ABS Auto	0.6%	0.6%	-	-	-
Total	16.3%	5.4%	5.7%	3.6%	1.6%

SME Portfolio Underlying Mortgage Loan Statistics⁵

No. of Underlying Loans	4,460	Borrower Type	
Weighted Average Underlying Loan Balance	\$441,676	SMSF	66.1%
Weighted Average LVR	60.4%	Company	18.3%
% > 80% LVR	1.3%	Individual	15.6%
Weighted Average Borrowers' Equity	\$289,913	Property Type	
90+ Days in Arrears as % of Loans	0.1%	Residential	65.9%
% > \$1.5m Current Balance	1.4%	Commercial	32.9%
		Mixed	1.2%

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General

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Boardroom (Unit Registry)

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ASX release date: 17 April 2020

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

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