



Investment Objective

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

1. Sustainable monthly cash income



2. High risk-adjusted return

3. Capital Preservation

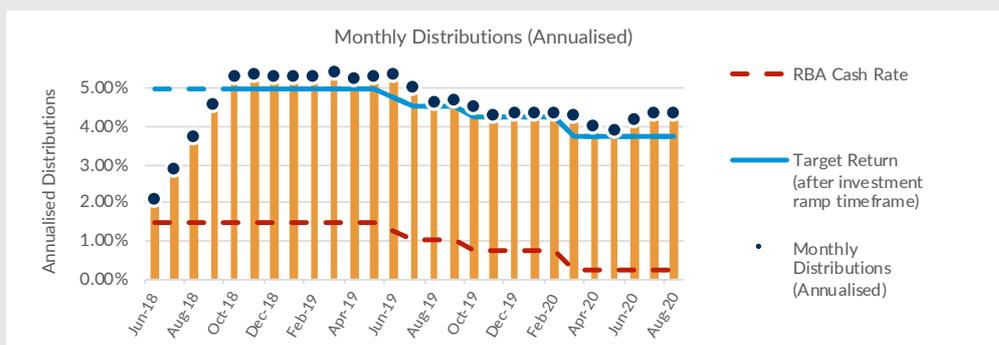
GCI continues to generate attractive and sustainable monthly income with highest risk adjusted returns through investments in a defensive asset class with a track record of low capital price volatility and capital preservation.

Investment Highlights

Income¹	Sustainable monthly cash income. Current 12-month distribution yield at 4.32% (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 0.72 cents per unit distribution for the month of August, generating a distribution yield for the 12 months to August 2020 of 4.32% (net)¹.



Fund Performance as at 31 August 2020

	1 Mth	3 Mth	6 Mth	1 Yr	Incep (Ann) ²
Net Return (%)	0.39	1.16	1.38	3.68	4.50
RBA Cash Rate (%)	0.02	0.06	0.14	0.54	1.04
Net Excess Return (%)	0.37	1.10	1.24	3.12	3.42
Distribution ¹ (%)	0.36	1.06	2.08	4.32	4.51
Distribution (¢/unit)	0.72	2.11	4.12	8.48	8.85

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 \$2.1 billion.

SNAPSHOT

ASX Code	GCI
IPO Date	25 May 2018
Asset	Fixed Income, floating rate
Market Cap	\$391.6m
ASX Price	\$1.90
NTA/Unit	\$411.1m/\$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

Current Yield⁴	4.55%
Distributions (12m)⁵	4.32%
RBA Cash Rate	0.25% pa.
Interest Rate Duration	0.04 years
Credit Spread Duration	1.90 years
Number of Bond Holdings	91
Number of Underlying Mortgage Loans	112,218

⁴ August 2020 distribution as % of unit price, annualised.

⁵ Actual distribution for the 12 months to 31 August, as a % of NTA, assuming distribution reinvestment.

RESEARCH

BondAdviser

INDEPENDENT INVESTMENT RESEARCH

Zenith Investment Partners
Recommended
APPROVED HIGH RATED MODEL

Lonsec

WEBSITE

www.gcapinvest.com/gcit/overview



Market and GCI Investment Activity

Whilst August witnessed a single primary RMBS transaction (totalling \$1 billion), the market did get a surprise with HSBC Australia Bank announcing that it was holding investor meetings to resurrect its public Lion RMBS program after 13 years. HSBC's LION Prime RMBS transaction was subsequently launched and priced in September and became the second ADI RMBS in 2020. The Lion Prime RMBS was secured by a well-diversified pool of 2,855 home loans to Australian Prime residential borrowers with appealing portfolio (and risk) attributes – average seasoning 38 months, weighted average current LVR 56%, average current loan balance of approx. \$349,000, all loans >80% LVR benefiting from mortgage insurance and no loans experiencing COVID hardship through payment deferrals. From a portfolio perspective, Gryphon has been increasing its portfolio weighting to Prime RMBS transactions with no COVID hardship loans and continued doing so by participating in the LION Prime RMBS transaction.

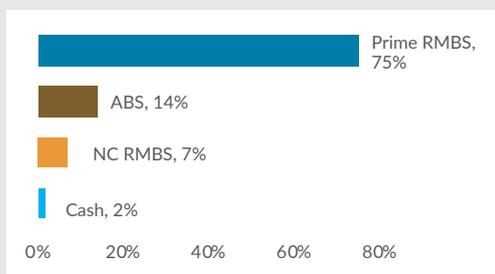
In August, Gryphon commented that the most recent research released by the RBA in July 2020 provided an interesting insight into the potential performance of borrowers impacted by COVID. The RBA research concluded that for a home loan borrower in Australia to default requires both an inability to repay the loan, and (importantly) for the home loan to also be in negative equity. The GCI portfolio has a very small number of loans in negative equity (approximately 0.1% or approx. 158 loans in total), of which only 19 have been impacted by COVID. None of these loans are in arrears and of those impacted by COVID, two-thirds are covered by mortgage insurance.

With respect to house prices, Gryphon's expectation is a modest fall in the national average as house values would be supported by historically low mortgage rates. Interestingly, in a research article dated 9 September, CBA revised their house price projections, forecasting smaller falls (than originally forecast) and a bounce in H2 2021. CBA commented that "the fall in dwelling prices to date has been a lot smaller than we anticipated" and revised their forecast from 10% "to a national peak to trough fall of 6%". CBA has extended their forecasts to the end of 2021 and are predicting "solid price growth in H2 2021 as the economic recovery gains traction and incredibly low interest rates once again become the dominant influence on dwelling prices".

Portfolio Construction¹

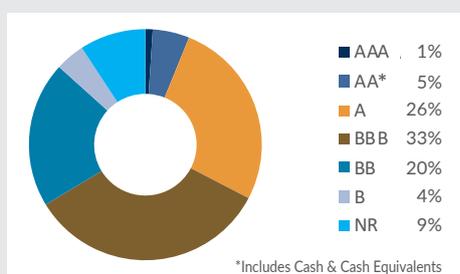
¹ As at 31 August 2020.

Sector Allocations²



² Excludes Manager Loan.

Rating Breakdown²



² Excludes Manager Loan.

continued overleaf...

PARTIES

Responsible Entity

One Managed Investment Funds Limited
ACN 117 400 987 AFSL 297042

Manager

Gryphon Capital Investments Pty Ltd
ACN 187 850 535 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 Underlying Residential Mortgage Loan Statistics¹

	Total	Prime	Non-conforming ²
No. of Underlying Loans	112,218	104,855	7,363
Weighted Average Underlying Loan Balance	\$474,320	\$462,686	\$600,894
Weighted Average LVR	65%	65%	68%
Weighted Average Seasoning	30 months	30 months	28 months
Weighted Average Interest Rate	3.66%	3.53%	5.07%
Owner Occupied	65%	65%	67%
Interest Only	24%	24%	24%
90+ Days in Arrears as % of Loans	0.52%	0.49%	0.93%
% Loans > \$1.5m Balance	0.92%	0.76%	2.58%

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.

ABS Sector Allocation

Sub sector	%	A	BBB	BB	B
ABS SME	14.0%	2.9%	5.8%	3.7%	1.5%

SME Portfolio Underlying Mortgage Loan Statistics³

No. of Underlying Loans	4,272	Borrower Type	
Weighted Average Underlying Loan Balance	\$475,612	SMSF	75.1%
Weighted Average LVR	58.6%	Company	12.8%
% > 80% LVR	0.20%	Individual	12.2%
Weighted Average Borrowers' Equity	\$336,153	Property Type	
90+ Days in Arrears as % of Loans	0.11%	Residential	37.3%
% > \$1.5m Current Balance	1.45%	Commercial	61.8%
		Mixed	0.9%

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.

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.gcainvest.com/gcit/overview

General

Email info@gcainvest.com

Boardroom (Unit Registry)

Phone 1300 737 760

Email enquiries@boardroomlimited.com.au

ASX release date: 15 September 2020

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

One Managed Investment Funds Limited (ABN 47 117 400 987) (AFSL 297042) (OMIFL) is the responsible entity of the Gryphon Capital Income Trust (ARSN 623 308 850 ("Fund")). Information contained in this document was prepared by Gryphon Capital Investments Pty Ltd (ACN 167 850 535) (Gryphon). While neither OMIFL nor Gryphon has any reason to believe the information is inaccurate, the truth or accuracy of the information cannot be warranted or guaranteed. Before making any decision regarding the Fund, investors and potential investors should consider the Product Disclosure Statement (PDS) and other continuous disclosures available on the Australian Securities Exchange ("ASX") website (Disclosure Material). The Disclosure Material contains important information about investing in the Fund and it is important investors obtain and read the Disclosure Material before making a decision about whether to acquire, continue to hold or dispose of units in the Fund. This document contains general information only and is not intended to be financial product advice. It does not take into account any person's (or class of persons') investment objectives, financial situation or particular needs, and should not be used as the basis for making investment, financial or other decisions. Investors should also consult a licensed financial adviser before making an investment decision in relation to the Fund. This document may contain forward-looking statements based on current expectations, estimates, and projections about the Fund's business and the industry in which the Fund invests. Readers are cautioned not to place undue reliance on these forward-looking statements. Neither OMIFL nor Gryphon undertakes any obligation to revise any such forward-looking statements to reflect events and circumstances after the date of this publication. Past performance is not indicative of future performance. Neither OMIFL or Gryphon nor any other person associated with the Fund guarantees or warrants the future performance of the Fund, the return on an investment in the Fund, the repayment of capital or the payment of distributions from the Fund. To the extent permitted by law, no liability is accepted by OMIFL, Gryphon or their respective directors for any loss or damage as a result of any reliance on this information. Information in this document is current as at 31 August 2020.