



### Investment Objective and Strategy

The Gryphon Capital Income Trust (ASX Code: GCI) is designed for investors seeking sustainable, monthly income through exposure to an actively managed portfolio of securitised, floating rate bonds held in a Listed Investment Trust structure. The Target Return is equal to RBA Cash Rate + 3.50% pa. The Australian securitised market comprises floating rate, Residential Mortgage-Backed Securities (RMBS) and Asset Backed Securities (ABS) and is a key pillar of the Australian fixed income market.

#### GCI's 3 strategic objectives

1. Sustainable monthly cash income



2. High risk-adjusted return

3. Capital Preservation

### Fund Performance

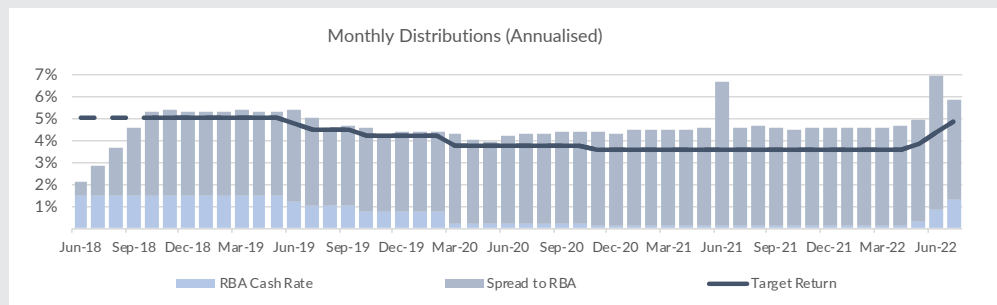
	1 Mth	3 Mth	6 Mth	1 Yr	3 Yr (Ann)	Incep (Ann) <sup>1</sup>
Net Return (%)	0.12	0.66	1.44	3.57	4.52	4.70
RBA Cash Rate (%)	0.11	0.20	0.22	0.27	0.34	0.65
Net Excess Return (%)	0.01	0.46	1.22	3.29	4.17	4.02
Distribution <sup>1</sup> (%)	0.49	1.45	2.57	4.90	4.63	4.64
Distribution (¢/unit)	0.97	2.89	5.12	9.67	9.11	9.12

<sup>1</sup> Inception date – 21 May 2018

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

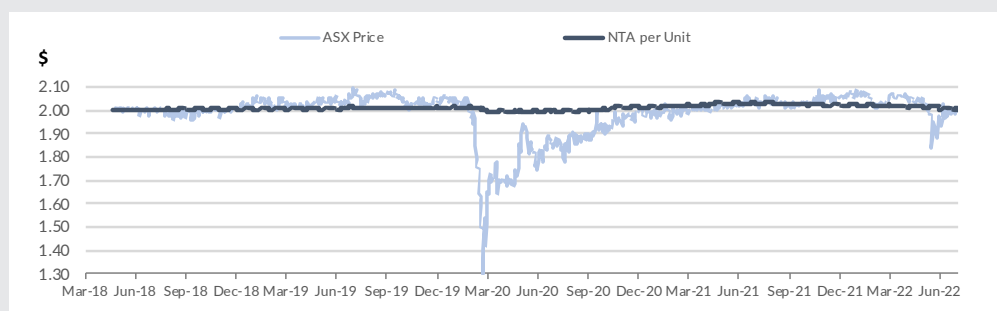
### Distribution

GCI announced a 0.97 cents per unit distribution for the month, representing an annualised yield of 5.87% (net)<sup>2</sup>.



<sup>2</sup> Actual distribution for the month as % of NTA, annualised.

### Net Tangible Asset (NTA) / Unit and ASX Price 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 \$3.0 billion.

### SNAPSHOT

ASX Code	GCI
IPO Date	25 May 2018
Asset	Fixed Income, floating rate
Market Cap/Unit	\$483.9m/\$1.99
NTA/Unit	\$485.8m/\$2.00
Investment Management Fee <sup>3</sup>	0.72%
Performance Fee	None
Distributions	Monthly
Unit Pricing	Daily

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

### CHARACTERISTICS

Current Yield <sup>4</sup>	5.89%
Distributions (12m) <sup>5</sup>	4.90%
RBA Cash Rate	1.35% pa.
Interest Rate Duration	0.04 years
Credit Spread Duration	1.31 years
Number of Bond Holdings	109
Number of Underlying Mortgage Loans	94,998

<sup>4</sup> July 2022 distribution (excl. realised gains) as % of unit price, annualised.

<sup>5</sup> Actual distribution for the 12 months to 31 July, as a % of NTA, assuming distribution reinvestment.

### RESEARCH

BondAdviser

INDEPENDENT INVESTMENT RESEARCH

Zenith  
RECOMMENDED

Lonsec

### WEBSITE

[www.gcipinvest.com/our-lit](http://www.gcipinvest.com/our-lit)



### Commentary

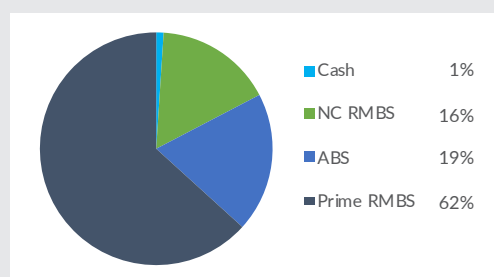
GCI's investments are floating rate notes that are structured so that the interest rate we receive resets monthly to the current market rate. As the RBA raises interest rates, the interest rate on GCI investments also increases, thereby protecting unitholders' distributions. As the RBA has increased the cash rate in the fastest tightening pace in its history and has flagged more ahead, GCI's distributions have kept pace rising in line with the RBA cash rate. GCI paid a 0.97 cents per unit distribution for the month of July, representing an annualised yield of 5.87%.

Gryphon is a low volatility manager meaning we construct investment portfolios which should display low capital price volatility across all market cycles. The volatility we are speaking about is evidenced through the calculation of GCI's Net Tangible Assets or "NTA". GCI's NTA is calculated and released to the ASX each day.

In the H2 of 2021 and early 2022, in anticipation of a weaker investment environment, Gryphon positioned GCI's portfolio with a strong defensive bias and this portfolio positioning has delivered sustainable monthly returns whilst maintaining a stable NTA. In October 2021 in a Gryphon Insight article [RMBS Spread Widening](#) we discussed the impact of RMBS spread widening on GCI with the expectation that the credit spread widening would result in a softening of GCI's NTA back towards its issued capital of circa \$2.00 (from \$2.03 in Oct 2021). We also detailed that widening credit spreads are NOT a leading indicator that the credit quality of the investment is deteriorating or has the potential to deteriorate. Each of these statements remain valid today as the GCI NTA remains solid at around \$2.00.

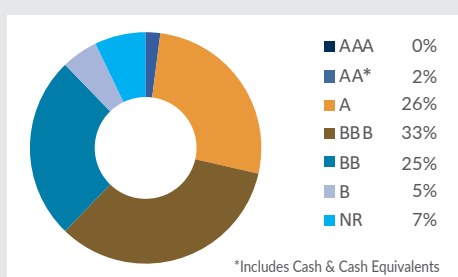
### Portfolio Construction

#### Sector Allocations<sup>1</sup>



<sup>1</sup> Excludes Manager Loan.

#### Rating Breakdown<sup>1</sup>



### Portfolio Underlying Residential Mortgage Loan Statistics<sup>2</sup>

	Total	Prime	Non-conforming <sup>3</sup>
No. of Underlying Loans	94,998	83,399	11,599
Weighted Average Underlying Loan Balance	\$382,676	\$331,777	\$583,973
Weighted Average LVR	65%	65%	67%
Weighted Average Seasoning	27 months	29 months	18 months
Weighted Average Interest Rate	4.03%	3.82%	4.86%
Owner Occupied	61%	59%	67%
Interest Only	23%	23%	20%
90+ Days in Arrears as % of Loans	0.26%	0.20%	0.47%
% Loans > \$1.5m Balance	2.97%	1.73%	7.90%

<sup>2</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>3</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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### INVESTMENT HIGHLIGHTS

Income	Sustainable monthly cash income.
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

### 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/our-lit](http://www.gcapinvest.com/our-lit)

#### 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)



### SME Portfolio Statistics

Sub sector	%	A	BBB	BB	B
ABS SME	11.0%	2.1%	4.2%	4.6%	-

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

No. of Underlying Loans	4,060	<b>Borrower Type</b>	
Weighted Average Underlying Loan Balance	\$355,775	SMSF	70.6%
Weighted Average LVR	59.4%	Company	14.9%
% > 80% LVR	1.23%	Individual	14.5%
Weighted Average Borrowers' Equity	\$343,183	<b>Property Type</b>	
90+ Days in Arrears as % of Loans	0.06%	Residential	30.4%
% > \$1.5m Current Balance	0.96%	Commercial	68.7%
		Mixed	0.9%

<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.

### Distributions (%)

Fin. Year	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	YTD <sup>3</sup>
2023	0.49	-	-	-	-	-	-	-	-	-	-	-	0.49
2022	0.38	0.38	0.37	0.37	0.37	0.38	0.38	0.35	0.38	0.38	0.41	0.55	4.79
2021	0.36	0.36	0.36	0.37	0.35	0.36	0.37	0.34	0.37	0.36	0.38	0.53	4.61
2020	0.42	0.38	0.38	0.38	0.35	0.36	0.36	0.34	0.36	0.33	0.33	0.34	4.40
2019	0.24	0.31	0.37	0.44	0.43	0.44	0.44	0.40	0.45	0.42	0.44	0.43	4.92

### Fund Returns (Net)<sup>2</sup> (%)

Fin. Year	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	YTD <sup>3</sup>
2023	0.12	-	-	-	-	-	-	-	-	-	-	-	0.12
2022	0.37	0.44	0.32	0.29	0.25	0.37	0.40	0.28	0.27	0.23	0.38	0.16	3.83
2021	0.36	0.39	0.49	0.71	0.67	0.37	0.33	0.57	0.45	0.61	0.68	0.48	6.29
2020	0.74	0.43	0.35	0.41	0.38	0.39	0.38	0.34	(0.45)	0.36	0.30	0.41	4.12
2019	0.25	0.31	0.39	0.44	0.45	0.45	0.50	0.42	0.49	0.43	0.42	0.45	5.12

### Total Unitholder Returns<sup>4</sup> (%)

Fin. Year	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	YTD <sup>3</sup>
2023	1.77	-	-	-	-	-	-	-	-	-	-	-	1.77
2022	1.36	0.87	(1.60)	0.87	1.84	0.37	0.37	(1.12)	1.86	(0.12)	(0.09)	(3.14)	1.39
2021	8.15	1.45	(0.90)	3.33	0.63	3.73	(0.62)	(0.67)	2.17	1.12	0.88	1.03	21.83
2020	2.35	(1.54)	1.34	(1.56)	0.34	0.36	0.85	(2.60)	(16.73)	3.12	7.76	(3.75)	(11.43)
2019	0.24	0.06	(0.90)	1.97	(1.07)	2.48	2.43	(0.10)	(1.03)	0.42	2.43	0.91	8.03

<sup>2</sup> Fund Return reflects compounded movements in the NTA.

<sup>3</sup> Assuming monthly compounding.

<sup>4</sup> Total Unitholder Returns comprises compounded distributions plus compounded movements in the listed price of ASX:GCI.

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ASX release date: 22 August 2022

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

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