



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) ¹
Net Return ² (%)	0.52	1.25	2.04	3.95	4.65	4.79
RBA Cash Rate (%)	0.19	0.45	0.54	0.59	0.39	0.70
Net Excess Return (%)	0.33	0.80	1.49	3.34	4.24	4.06
Distribution ³ (%)	0.55	1.57	2.93	5.25	4.74	4.71
Distribution (¢/unit)	1.10	3.13	5.81	10.31	9.32	9.27

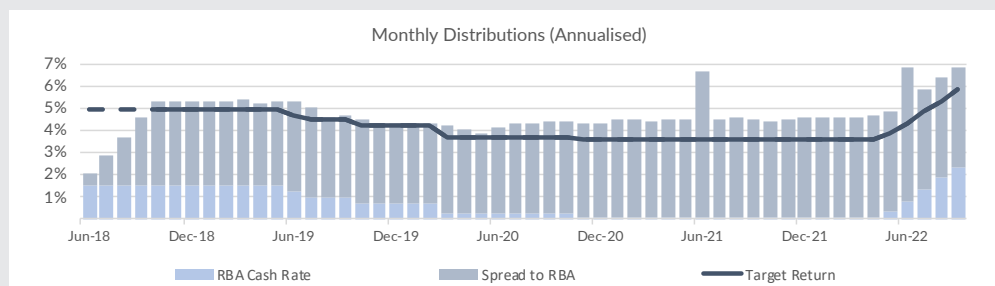
¹ Inception date — 21 May 2018. ² Fund return reflects compounded movements in the NTA.

³ Actual distribution as % of NTA, assuming distribution reinvestment.

Disclaimer: Past performance is not a reliable indicator of future performance. All investments carry risks, including that the value of investments may vary, future returns may differ from past returns, and that your capital is not guaranteed. The comparison to the RBA Cash Rate is not intended to compare an investment in GCI to a cash holding. The RBA Cash Rate is displayed as a reference to the target return for GCI. The GCI investment portfolio is of higher risk than an investment in cash. To understand the Trust's risks better, please refer to the most recent PDS [here](#) or at gcainvest.com/our-lit.

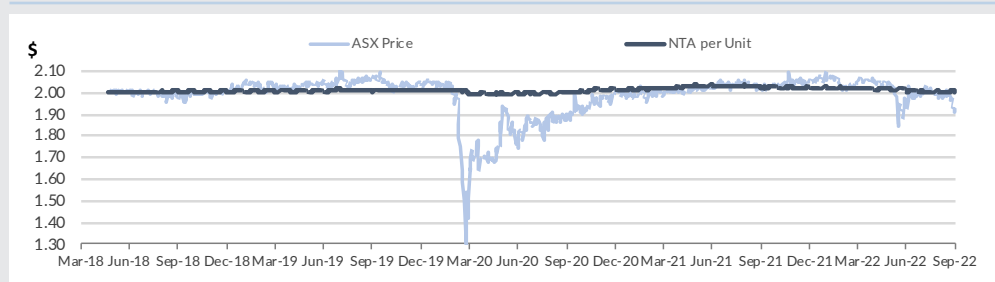
Distribution

GCI announced a 1.10 cents per unit distribution for the month, representing an annualised yield of 6.91% (net)⁴.



⁴ 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 \$3.1 billion.

SNAPSHOT

ASX Code	GCI
IPO Date	25 May 2018
Asset	Fixed Income, floating rate
Market Cap/Unit	\$469.3m/\$1.93
NTA/Unit	\$486.0m/\$2.00
Investment Management Fee ³	0.72%
Performance Fee	None
Distributions	Monthly
Unit Pricing	Daily

³ Includes GST, net of reduced input tax credits

CHARACTERISTICS

Current Yield ⁵	7.16%
Distributions (12m) ⁶	5.25%
RBA Cash Rate	2.35% pa.
Interest Rate Duration	0.04 years
Credit Spread Duration	1.14 years
Number of Bond Holdings	103
Number of Underlying Mortgage Loans	90,729

⁵ September 2022 distribution (excl. realised gains) as % of unit price, annualised.

⁶ Actual distribution for the 12 months to 30 September, as a % of NTA, assuming distribution reinvestment.

RESEARCH

BondAdviser

INDEPENDENT
INVESTMENT RESEARCH

Zenith
RECOMMENDED

Lonsec

WEBSITE

www.gcainvest.com/our-lit



Commentary

Recently there have been several AFR articles commenting about “UK investors dump Aussie mortgage bonds in cash scramble” and Gryphon has been asked about possible implications for GCI.

Who and why are they selling AUS RMBS?

Firstly, we understand that most of the selling is coming from one large UK based investor who principally manages Liability-Driven Investment (“LDI”) strategies. LDI strategies are often used to manage defined benefit pension schemes and they aim to match the value and time horizon of assets to future pension liabilities. The LDI strategies are very large with the UK Pension Protection Fund estimating that defined benefits pension assets account for about Stg1.56 trillion as at the end of August. As can often be the case, the weak link in LDI strategy has been the use of leverage, secured against ultra-safe UK Government bonds, known as Gilts.

The disastrous announcement of a “mini budget” by the Chancellor in late September, caused Gilt yields to rise unexpectedly. The resultant volatility and increasing yields inflicted significant losses on UK investors holding Gilts and as many of these investors were pension funds using leverage as part of their LDI strategies, increasing yields have triggered margin calls. UK pension fund managers have been actively selling global bonds including AU Bonds (including RMBS) to raise cash to cover these margin calls.

30-year gilt yield



Bids wanted in competition

RMBS/ABS are typically sold via a market auction process referred to as a “BWIC” or “bids wanted in competition” and the large UK investor alluded to previously, has been using BWICs to sell a large number of AU RMBS, the overwhelming majority of which are AAA rated securities. This investor is not just selling AU RMBS, they are also selling other global structured finance securities including CLOs, often in larger size. They clearly need liquidity which makes sense as we know them to be one of the largest managers of pension funds with levered LDI strategies.

While it is not uncommon to see BWICs, the size and frequency is unusual and is driven by UK pension funds looking for liquidity globally. We have received daily BWICs in October, whereas the previous norm was to receive one every few weeks or so. It should be noted that by and large, the BWICs have been trading relatively well.

Does the selling imply any credit issues with AU RMBS?

In our view it does not. This is an external market factor unrelated to fundamental mortgage credit so there are no credit alarm bells in the Australian RMBS & ABS market. Indeed, last month S&P commented that the arrears of Australian borrowers has made “new post GFC lows”.

Impact on GCI

We see no impact on GCI’s core objectives including sustainable income and the preservation of capital. If anything this will present new buying opportunities in the near term.

continued overleaf...

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

General

Email info@gcapinvest.com

Boardroom (Unit Registry)

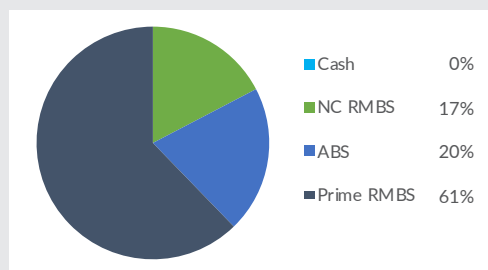
Phone 1300 737 760

Email enquiries@boardroomlimited.com.au



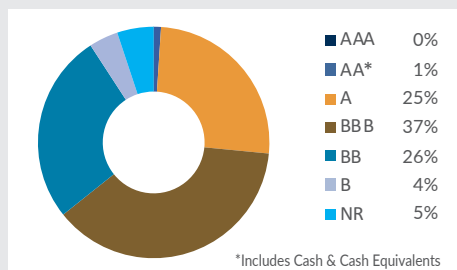
Portfolio Construction

Sector Allocations¹



¹ Excludes Manager Loan.

Rating Breakdown¹



Portfolio Underlying Residential Mortgage Loan Statistics²

	Total	Prime	Non-conforming ³
No. of Underlying Loans	90,729	80,373	10,356
Weighted Average Underlying Loan Balance	\$399,359	\$332,879	\$631,092
Weighted Average LVR	65%	64%	67%
Weighted Average Seasoning	25 months	28 months	15 months
Weighted Average Interest Rate	5.00%	4.81%	5.68%
Owner Occupied	61%	60%	67%
Interest Only	23%	23%	23%
90+ Days in Arrears as % of Loans	0.24%	0.22%	0.30%
% Loans > \$1.5m Balance	4.29%	1.66%	13.44%

² 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.

³ 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.

SME Portfolio Statistics

Sub sector	%	A	BBB	BB	B
ABS SME	11.8%	2.3%	4.5%	4.9%	-

SME Portfolio Underlying Mortgage Loan Statistics⁴

No. of Underlying Loans	4,177	Borrower Type	
Weighted Average Underlying Loan Balance	\$366,680	SMSF	73.0%
Weighted Average LVR	60.1%	Company	13.2%
% > 80% LVR	1.84%	Individual	13.8%
Weighted Average Borrowers' Equity	\$338,978	Property Type	
90+ Days in Arrears as % of Loans	0.04%	Residential	31.2%
% > \$1.5m Current Balance	0.82%	Commercial	68.1%
		Mixed	0.7%

⁴ 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.gcapinvest.com/our-lit

General

Email info@gcapinvest.com

Boardroom (Unit Registry)

Phone 1300 737 760

Email enquiries@boardroomlimited.com.au



Distributions (%)

Fin. Year	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	YTD ²
2023	0.49	0.53	0.55	-	-	-	-	-	-	-	-	-	1.57
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)¹ (%)

Fin. Year	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	YTD ²
2023	0.12	0.60	0.52	-	-	-	-	-	-	-	-	-	1.25
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 Returns³ (%)

Fin. Year	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	YTD ²
2023	1.77	0.53	(2.50)	-	-	-	-	-	-	-	-	-	(0.21)
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

¹ Fund Return reflects compounded movements in the NTA.

² Assuming monthly compounding.

³ Total Unitholder Returns comprises compounded distributions plus compounded movements in the listed price of ASX:GCI.

Disclaimer: Past performance is not a reliable indicator of future performance. All investments carry risks, including that the value of investments may vary, future returns may differ from past returns, and that your capital is not guaranteed. The comparison to the RBA Cash Rate is not intended to compare an investment in GCI to a cash holding. The RBA Cash Rate is displayed as a reference to the target return for GCI. The GCI investment portfolio is of higher risk than an investment in cash. To understand the Trust's risks better, please refer to the most recent PDS [here](#) or at gcapinvest.com/our-lit.

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

General

Email info@gcapinvest.com

Boardroom (Unit Registry)

Phone 1300 737 760

Email enquiries@boardroomlimited.com.au

ASX release date: 17 October 2022

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), the Target Market Determination (TMD) 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 30 September 2022.