



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 (%)	0.64	1.73	2.64	4.64	4.79	4.88
RBA Cash Rate (%)	0.23	0.64	0.96	1.03	0.50	0.78
Net Excess Return (%)	0.41	1.09	1.66	3.57	4.26	4.07
Distribution ³ (%)	0.60	1.77	3.37	5.75	4.90	4.82
Distribution (¢/unit)	1.20	3.52	6.65	11.24	9.64	9.46

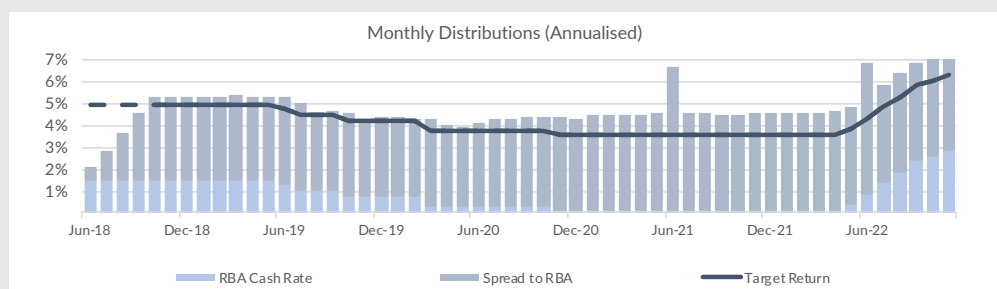
¹ Inception date — 21 May 2018. ² Fund return reflects compounded movements in the NTA.

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 gcapinvest.com/our-lit.

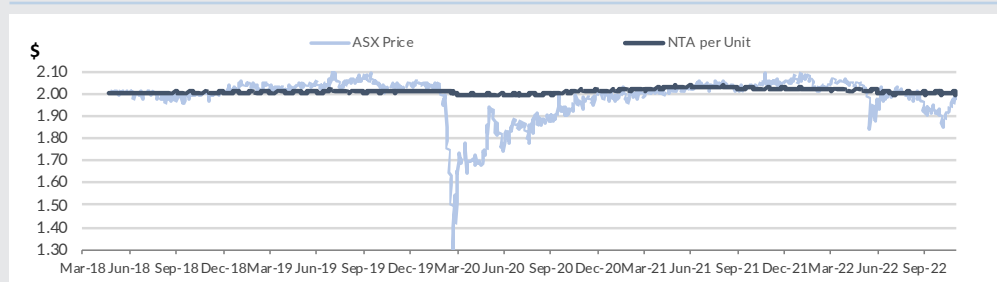
Distribution

GCI announced a 1.20 cents per unit distribution for the month, representing an annualised yield of 7.56% (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.

SNAPSHOT

ASX Code	GCI
IPO Date	25 May 2018
Asset	Fixed Income, floating rate
Market Cap/Unit	\$480.2m/\$1.98
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	7.65%
Distributions (12m) ⁶	5.75%
RBA Cash Rate	2.85% pa.
Interest Rate Duration	0.04 years
Credit Spread Duration	0.97 years
Number of Bond Holdings	103
Number of Underlying Mortgage Loans	81,948

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

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

RESEARCH

BondAdviser

INDEPENDENT INVESTMENT RESEARCH

Zenith
RECOMMENDED

Lonsec

WEBSITE

www.gcapinvest.com/our-lit



Commentary

For over the past twelve months, the Gryphon Investment Committee has been tactically positioning our portfolios with a strong defensive bias. This was in anticipation of a weaker investment environment, coupled with our belief that the combination of uncertainty around the macro environment and the fact that public markets in 2H of 2021 were pricing in perfection, meant it was a time to be cautious. Strong risk management remains at the forefront of the Gryphon investment process, ensuring only the most robust investments, resilient to the expected market downturn, are included in the portfolios.

GCI's investment objective is to produce regular and sustainable monthly income while safeguarding your capital. GCI invests in Australian RMBS and ABS, secured bonds which are floating rate notes, structured so that their monthly interest rate resets to the current market rate. As the RBA raises interest rates, GCI's income and its distributions to unitholders will also increase (refer to the "Distributions" chart). GCI paid a 1.20 cents per unit distribution for the month of November, representing an annualised yield of 7.56%. Risk adjusted, this is a compelling income alternative.

In December the RBA lifted interest rates for the eighth successive month, moving the Cash Rate to 3.1%. Eventually higher mortgage rates will feed into higher arrears, although this has not happened as yet. Last month we noted (based on the S&P SPIN Index) arrears were at new post GFC lows, entirely consistent with what we see in the Gryphon managed portfolios, where there is no evidence of any stress in borrowers' payment habits. Gryphon's base case expectation continues to be a steady rise in early-stage arrears starting in 1H 2023, however we are not forecasting a comparable increase in late-stage arrears. Importantly we are laser focused on the monthly loan level data we receive to identify any negative trends in borrower payments or habits (ie: borrowers drawing down on offset accounts or using savings to meet mortgage payments).

One cohort of the market we are watching closely, but through a limited lens due to our small exposure, is the resetting of fixed rate loans to variable rates. During COVID, the RBA's Term Funding Facility (TFF) provided cheap 3-year fixed rate funding to banks who used the TFF to provide fixed rate (up to 3 years) mortgages, often at interest rates below 2%. Such low rates led to a boom in fixed rate mortgage lending with circa 40% of all home loans written in 2021 being a fixed rate as compared to a typical market weighting of circa 15%. Many of these fixed rates are due to convert to variable rate mortgages in the 1H 2023. It is worth emphasising that GCI's exposure to fixed rate mortgages is very small at circa only 5%. Fixed rate mortgages are not easily securitised so the overwhelming majority of fixed rate mortgages sit on bank balance sheets which is mainly why many banks are currently offering large cash incentives to refinance home loans with them. The banks seek to protect their share of the mortgage market given one in four borrowers are about to refinance their fixed rate mortgage.

Gryphon constantly uses its specialist knowledge and systems and data to monitor and anticipate mortgage market developments to continue to deliver on our objectives of regular, sustainable monthly income with strong capital preservation.

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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.gcainvest.com/our-lit

General

Email info@gcainvest.com

Boardroom (Unit Registry)

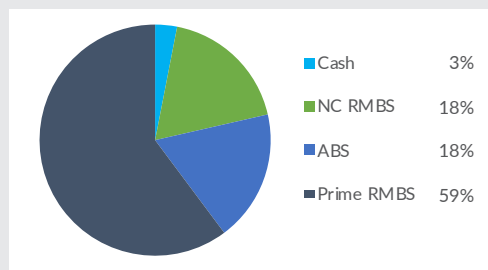
Phone 1300 737 760

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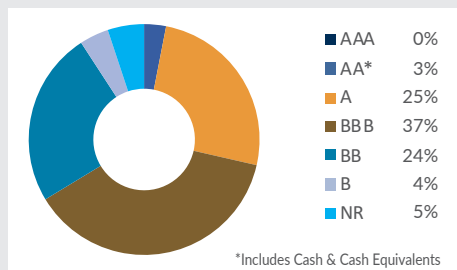
Portfolio Construction

Sector Allocations¹



¹ Excludes Manager Loan.

Rating Breakdown¹



Portfolio Underlying Residential Mortgage Loan Statistics²

	Total	Prime	Non-conforming ³
No. of Underlying Loans	81,948	71,630	10,318
Weighted Average Underlying Loan Balance	\$392,408	\$329,217	\$606,464
Weighted Average LVR	65%	64%	67%
Weighted Average Seasoning	24 months	27 months	16 months
Weighted Average Interest Rate	5.81%	5.60%	6.50%
Owner Occupied	59%	57%	66%
Interest Only	25%	26%	22%
90+ Days in Arrears as % of Loans	0.32%	0.30%	0.39%
% Loans > \$1.5m Balance	4.08%	1.85%	11.65%

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	9.5%	2.6%	3.8%	3.1%	-

SME Portfolio Underlying Mortgage Loan Statistics⁴

No. of Underlying Loans	3,246	Borrower Type	
Weighted Average Underlying Loan Balance	\$397,209	SMSF	57.7%
Weighted Average LVR	59.4%	Company	20.1%
% > 80% LVR	4.64%	Individual	22.3%
Weighted Average Borrowers' Equity	\$363,045	Property Type	
90+ Days in Arrears as % of Loans	0.03%	Residential	27.6%
% > \$1.5m Current Balance	0.39%	Commercial	71.7%
		Mixed	0.7%

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continued overleaf...



Distributions (%)

Fin. Year	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	YTD ²
2023	0.49	0.53	0.55	0.61	0.60	-	-	-	-	-	-	-	2.81
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	0.56	0.64	-	-	-	-	-	-	-	2.48
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)	(0.66)	4.30	-	-	-	-	-	-	-	3.39
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.

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ASX release date: 13 December 2022

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

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