



Investment Objective and Strategy

The Gryphon Capital Income Trust (ASX Code: GCI) is a listed trust designed to provide investors with sustainable, monthly income (Target Return equal to RBA Cash Rate + 3.50% pa) through exposure to the Australian Securitisation market. This asset-class, primarily consisting of Residential Mortgage-Backed Securities (RMBS) and Asset Backed Securities (ABS), 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)	5 Yr (Ann)	Incep (Ann) ²
NTA Net Return (%)	0.71	2.12	4.23	7.50	5.87	5.36	5.30
Distribution (¢/unit)	1.46	4.18	7.96	14.78	11.11	10.32	10.19
Distribution ¹ (%)	0.73	2.10	4.04	7.64	5.67	5.27	5.20
Target Return (%)*	0.62	1.83	3.54	6.58	4.63	4.63	4.63
Excess Return (%)**	0.11	0.27	0.49	1.00	1.00	0.61	0.54

¹ Actual distribution as % of NTA, assuming distribution reinvestment.

² Inception date – 21 May 2018.

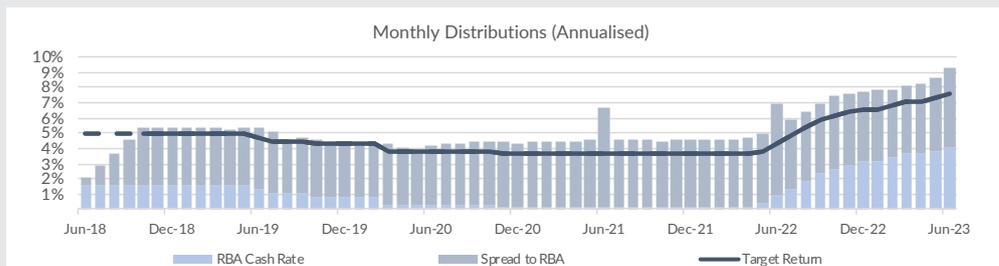
* Target Return = RBA Cash Rate + 3.50% p.a.

** Geometric excess return

Note: 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 1.46 cents per unit distribution for the month, representing an annualised yield of 9.24% (net)³.



³ 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 wholly owned subsidiary of Barings, one of the world's leading asset managers managing over USD\$362 Billion AUM, with more than 1,200 external clients and 1,800 professionals globally.

The Gryphon team has joined the Global Structured Finance team at Barings, which consists of over thirty investment professionals based in Charlotte, North Carolina, London and Brisbane. Ashley Burtenshaw and Steven Fleming continue to be the portfolio managers for GCI.

† as at 31 March 2023

SNAPSHOT

ASX Code	GCI
IPO Date	25 May 2018
Asset	Fixed Income, floating rate
Market Cap/Unit	\$466.9m/\$1.92
NTA/Unit	\$486.9m/\$2.00
Investment Management Fee ⁴	0.72% p.a.
Performance Fee	None
Distributions	Monthly
Unit Pricing	Daily

⁴ Includes GST, net of reduced input tax credits

CHARACTERISTICS

Current Yield ⁵	9.24%
Distributions (12m) ⁶	7.64%
RBA Cash Rate	4.10% p.a.
Interest Rate Duration	0.04 years
Credit Spread Duration	0.89 years
Number of Bond Holdings	104
Number of Underlying Mortgage Loans	75,941

⁵ Jun 2023 distribution, excl. realised gains, as % of unit price, annualised.

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

RESEARCH

BondAdviser

INDEPENDENT INVESTMENT RESEARCH

Zenith



Lonsec

WEBSITE

www.gcainvest.com/our-lit



Year in Review

For GCI and the wider Australian economy, the 22/23 financial year has been dominated by inflation, rising interest rates, the collapse of regional banks in the US and the bail out of Credit Suisse. The Reserve Bank of Australia (RBA) in its attempt to rein in inflation, has increased the cash rate in a significant and rapid manner to 4.10% since starting on its current tightening cycle in May 2022. Lenders have expectedly passed on these increases to borrowers, eroding borrower affordability and initially putting downward pressure on house prices. National house prices stabilised in Q2 of 2023 after a 10% peak-to-trough decline, flying in the face of further RBA rate rises.

In anticipation of rising rates and a slowing economy, Gryphon has been positioning GCI's portfolio with a defensive bias, to help insulate GCI's capital from any headwinds which may arise. This positioning has been very effective thus far in that despite the market uncertainty, the value of GCI's investments, which are independently valued, have remained relatively firm, evidenced by the value of GCI's Net Tangible Assets holding up extremely well.

Within GCI's portfolio, early-stage delinquencies remain well contained, yet our base case is for delinquencies to grind higher from its current historically low levels. Historically low unemployment and continued high savings rates, in our view, provide support that these borrowers will be resilient and resist moving through to late-stage arrears.

Additionally, while banks fret over the large group of borrowers that took out fixed rate mortgages over the past few years and now could face a significant increase in mortgage payments as they roll into variable rates, we take a more evidence-based approach. GCI has a small exposure to fixed rate loans – currently circa only 5.1% of the loans underlying the GCI portfolio are fixed rate and we can see that these borrowers have significant equity in their homes.

Gryphon remains optimistic about the resilience of GCI's investments. Importantly for GCI's unitholders, bondholder protections against loss remain robust. By way of example, the original weighted average loan-to-value ratio for GCI's portfolio is approximately 64% meaning there is a significant buffer of homeowner equity that bondholders can rely on, even with a further possible contraction in house values, to absorb any losses that may occur.

Additionally, GCI's investments are floating rate notes that are structured so that the interest rate it receives resets monthly to current market rates. The market rates have increased in line with the RBA rate rises, resulting in increased income which has flowed to increased distributions to unitholders.

In March 2023, Gryphon was pleased to announce that Barings, one of the world's leading investment managers, with assets under management of USD \$362 billion as at 31 March 2023, had acquired 100% of Gryphon Capital Partners Pty Ltd, the parent company of the wholly-owned Gryphon Capital Investments Pty Ltd, which serves as GCI's Investment Manager.

Gryphon co-founders, Steven Fleming and Ashley Burtenshaw have remained as portfolio managers for GCI, having executed long-term employment contracts with Barings. One of the major benefits of this transaction to GCI's unitholders is that there will be additional operational and business support from one of the world's leading asset managers and synergy will be achieved by leveraging Baring's global structured finance platform.

The year ahead will continue to bring its challenges, but importantly Gryphon has positioned GCI well to continue to deliver sustainable and predictable monthly income whilst providing a base for capital preservation for GCI's unitholders.

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. ¹ 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 wholly owned subsidiary of Barings, one of the world's leading asset managers, with a proven track record of investment outperformance.

¹ Source – S&P Global Ratings

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:

AMP North Asgard eWrap
BT Panorama HUB24
Macquarie – Manager / Consolidator
Netwealth Wrap

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

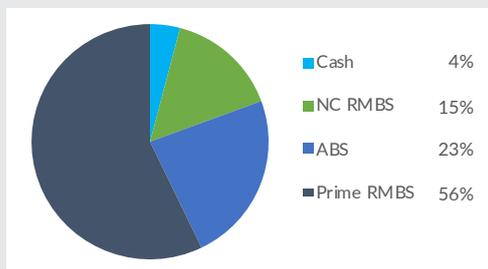
Email enquiries@boardroomlimited.com.au

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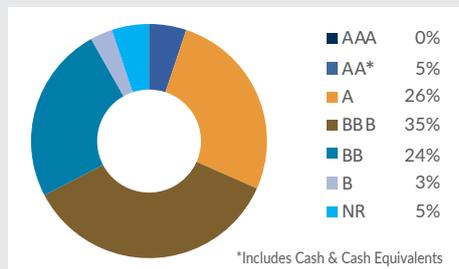


Portfolio Construction

Sector Allocations¹



Rating Breakdown¹



¹ Excludes Manager Loan.

Portfolio Underlying Residential Mortgage Loan Statistics²

	Total	Prime	Non-conforming ³
No. of Underlying Loans	75,941	68,121	7,820
Weighted Average Underlying Loan Balance	\$356,094	\$309,710	\$522,756
Weighted Average LVR	64%	63%	67%
Weighted Average Seasoning	35 months	37 months	26 months
Weighted Average Interest Rate	6.86%	6.63%	7.71%
Owner Occupied	61%	59%	67%
Interest Only	21%	23%	16%
90+ Days in Arrears as % of Loans	0.78%	0.52%	1.71%
% Loans > \$1.5m Balance	3.37%	1.16%	11.31%

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	13.2%	2.7%	6.9%	3.6%	-

SME Portfolio Underlying Mortgage Loan Statistics⁴

No. of Underlying Loans	5,382	Borrower Type	
Weighted Average Underlying Loan Balance	\$379,855	SMSF	52.4%
Weighted Average LVR	59.3%	Company	21.7%
% > 80% LVR	2.02%	Individual	25.9%
Weighted Average Borrowers' Equity	\$353,698	Property Type	
90+ Days in Arrears as % of Loans	0.10%	Residential	36.0%
% > \$1.5m Current Balance	1.26%	Commercial	63.4%
		Mixed	0.6%

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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	0.64	0.64	0.58	0.66	0.65	0.70	0.73	7.64
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	0.65	0.66	0.71	0.69	0.66	0.73	0.71	7.50
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	0.39	1.66	0.59	(0.34)	(0.60)	0.98	(0.79)	5.34
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: 17 July 2023

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

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