

GCIT Investment Highlights

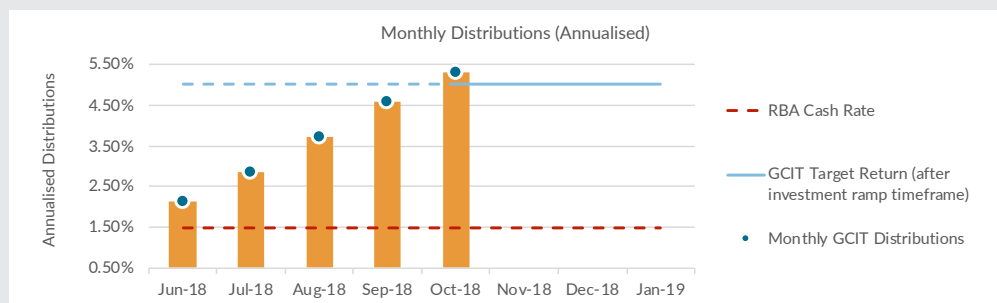
- Specialist Investment Manager with a proven track record of investment outperformance
- Target income return of RBA Cash +3.50% (net of fees)
- Monthly distributions
- Key objective of the Fund being capital preservation
- Portfolio diversification – Australian ABS market is a large but specialist component of Australian Fixed Income and is dominated by institutional investors.

Investment Objective

GCIT is an ASX Listed Trust providing Unitholders with exposure to the Australian securitised fixed income market, a large market (>A\$100 billion) which is dominated by institutional investors. The investment objective of GCIT is to generate attractive risk adjusted returns principally through monthly income distributions with a low risk of capital loss at a portfolio level. Investors capital is not guaranteed.

GCIT Distribution

GCIT announced a 0.88 cents per unit distribution for the month of October 2018, representing an annualised distribution yield of 5.31%, delivering in excess of the Target return of RBA Cash +3.50% (5.00% net of fees).



Fund Performance as at 31 October 2018

	1 Mth	3 Mth	6 Mth	1 Yr	Incep (Ann) ¹
Net Return (%)	0.44	1.14	-	-	3.71
RBA Cash Rate (%)	0.13	0.38	-	-	1.50
Net Excess Return (%)	0.31	0.76	-	-	2.17
Distribution (%)	0.44	1.12	-	-	3.62
Distribution (¢/unit)	0.88	2.24	-	-	7.13

¹ Inception date – 21 May 2018

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

Market and GCIT Investment Activity

Gryphon Capital continues to focus on identifying those investments which satisfy the return and risk characteristics outlined in the PDS. We have now delivered on all of our IPO targets.

The Net running yield of the GCIT portfolio is greater than the Target return of RBA Cash +3.50% pa (5.00% net of fees) and importantly the return being generated, whilst consistent with the portfolio construction and asset allocation outlined in the IPO target portfolio, when comparing risk using a credit rating distribution, the actual portfolio embodies less risk than the IPO target. For investors, this means the Trust is delivering higher returns than forecast with lower risks.

During October, we witnessed quite a busy primary new issue market, with three RMBS and one ABS being priced, totaling A\$3.2 billion. Due to a combination of credit and GCIT portfolio optimisation considerations, the Gryphon Capital investment committee elected not to participate in any of these transactions.

In contrast to the volatility experienced over the month in equity and other investment markets, the Australian securitised markets have held up well, mainly due to continued buying from the institutional investors, predominately offshore. A central pillar of Gryphon Capital portfolio construction is generating low volatility returns and this certainly was the case in October as the NAV of the GCIT bond portfolio ended slightly positive for the month.

ABOUT THE MANAGER

Gryphon Capital Investments Pty Ltd (“Gryphon”) is a specialist fixed income manager with significant experience in the Australian and Institutional fixed income markets. Gryphon manages individual segregated accounts on behalf of institutional investors and GCIT 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 \$1.9 billion.

GCIT SNAPSHOT

ASX Code	GCI
IPO Date	25 May 2018
Asset	Fixed Income, floating rate
ASX Price	\$2.00
NAV (Unit)	\$2.00
Market Cap	\$175.3m
Investment Management Fee ²	0.72%
Performance Fee	None
Distributions	Monthly
Unit Pricing	Weekly

² Includes GST, net of reduced input tax credits

GCIT CHARACTERISTICS³

Net Running Yield ⁴	5.34%
RBA Cash Rate	1.50%
Interest Rate Duration (yrs)	0.05 years
Credit Spread Duration (yrs)	2.3 years
Number of Bond Holdings	32
Number of Underlying Mortgage Loans	42,846

³ Annualised.

⁴ The net cash income GCIT would earn over the next year, assuming reinvestment, based on existing core and liquidity portfolios and current market conditions if there were no changes to interest rates or GCIT portfolios. It is not an actual return.

RESEARCH

BondAdviser

INDEPENDENT
INVESTMENT RESEARCH

Lonsec

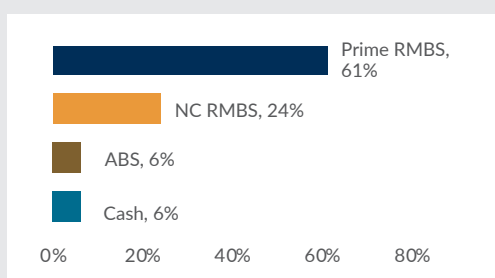
WEBSITE

www.gcapinvest.com/gcit/overview

GCIT Portfolio Construction¹

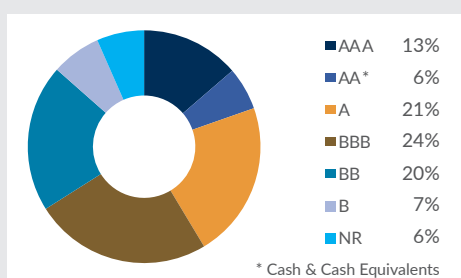
¹ Note as at 31 October 2018.

GCIT Sector Allocations²



² Excludes Manager Loan.

GCIT Rating Breakdown²



² Excludes Manager Loan.

GCIT Portfolio Underlying Mortgage Loan Statistics³

	Total	Prime	Non-conforming ⁴
No. of Underlying Loans	42,846	37,049	5,797
Weighted Average Underlying Loan Balance	\$493,390	\$457,198	\$573,522
Weighted Average LVR (%)	68%	68%	67%
% Loans > \$1.5m Principal Balance	0.97%	0.31%	2.41%
Weighted Average Seasoning	22 months	25 months	15 months
Weighted Average Interest Rate	5.11%	4.65%	6.13%
Owner Occupied	64%	66%	59%
Interest Only	25%	25%	25%
90+ Days in Arrears as % of Loans	0.20%	0.18%	0.25%

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.

⁴ 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.

Net Returns (after fees)

(%)	Jan	Feb	Mar	Apr	May ⁵	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2018	-	-	-	-	0.01	0.23	0.25	0.31	0.39	0.44	-	-	1.64

⁵ Net return calculated from the Allotment date 21 May 2018 to 31 May 2018.

Distributions

(cents/Unit)	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2018	-	-	-	-	-	0.46	0.48	0.62	0.74	0.88	-	-	3.18

GCIT 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 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

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Boardroom (Unit Registry)

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