

GCIT Investment Highlights

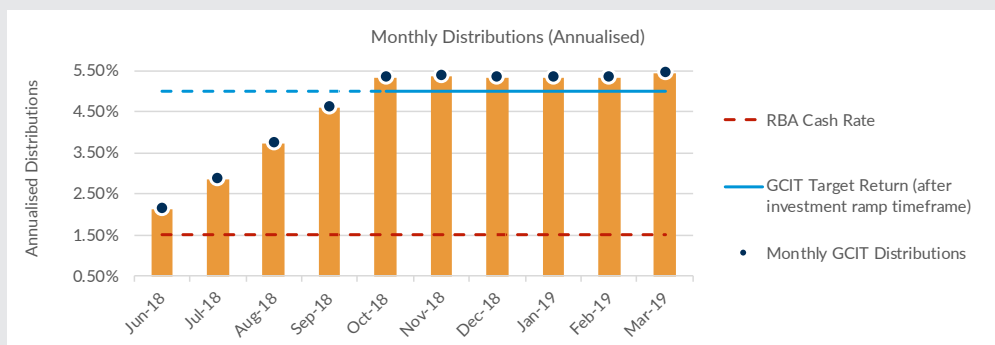
Income	Sustainable monthly cash income, Distribution yield currently 5.42% pa
Large, institutional fixed income market	Australian ABS market > A\$110 billion is double the size of the corporate bond market
Security, capital preservation	Defensive asset class with a track record of low capital price volatility No investor has ever lost a \$ of principal investing in Australian 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

Investment Objective

The investment objective of GCIT is to generate attractive risk adjusted returns principally through monthly income distributions through investments in a defensive asset class with a track record of low capital price volatility whilst preserving capital.

GCIT Distribution

GCIT announced a 0.90 cents per unit distribution for the month of March, generating a distribution yield of 5.42%. GCIT continues to produce returns in excess of the target return of RBA Cash +3.50% (5.00% net of fees).



Fund Performance as at 31 March 2019

	1 Mth	3 Mth	6 Mth	1 Yr	Incep (Ann) ¹
Net Return (%)	0.49	1.42	2.78	-	4.71
RBA Cash Rate (%)	0.13	0.37	0.75	-	1.50
Net Excess Return (%)	0.37	1.04	2.02	-	3.16
Distribution (%)	0.45	1.29	2.62	-	4.44
Distribution (¢/unit)	0.90	2.58	5.20	-	8.72

¹ Inception date – 21 May 2018

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

Market and GCIT Investment Activity

During March, we witnessed quite a busy primary new issue market, with three public RMBS and two public ABS transactions being priced, totalling almost A\$3 billion. Due to a combination of credit analysis and GCIT portfolio optimisation considerations, the Gryphon Capital Investment Committee elected not to participate in any of these transactions. The key consideration for not investing in any of the RMBS deals was the underlying home loan mix (i.e. high concentration of investor loans) coupled with exposure to newly originated loans (i.e. loans with low 'seasoning') and some structural nuances meant the yields on offer were insufficient to compensate GCIT for the risks involved.

Whilst GCIT continues to see value in the RMBS and ABS markets, the pricing levels achieved in March were reflective of a complete turnaround in investor sentiment towards risk assets from Q4 2018.

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 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	\$2.01
NAV (Unit)	\$2.00
Market Cap	\$176.18m
Investment Management Fee²	0.72%
Performance Fee	None
Distributions	Monthly
Unit Pricing	Daily

² Includes GST, net of reduced input tax credits

GCIT CHARACTERISTICS³

Net Running Yield⁴	5.48%
RBA Cash Rate	1.50%
Interest Rate Duration (yrs)	0.05 years
Credit Spread Duration (yrs)	2.1 years
Number of Bond Holdings	39
Number of Underlying Mortgage Loans	61,984

³ Annualised.

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

RESEARCH

BondAdviser

INDEPENDENT
INVESTMENT RESEARCH

Lonsec

WEBSITE

www.gcapinvest.com/gcit/overview

Gryphon Capital Income Trust (GCIT)

ARSN 623 308 850

Investment Update as at 31 March 2019

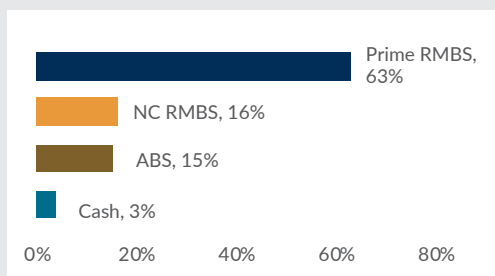


In an interesting development for the Australian ABS market (and potential investments for GCIT) in early April the A\$2 billion Australian Business Securitisation Fund Act ("ABSF") was passed by the Federal Parliament. ABSF was established to invest in securitisations backed by small and medium enterprise ("SME") loans made by non-major banks and non-banks. The Government's objective is to provide competitive financing to smaller banks who can then in turn increase the availability of finance to the SME sector.

GCIT Portfolio Construction¹

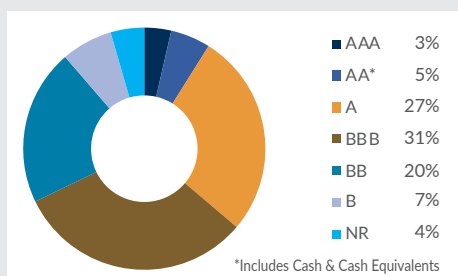
¹ Note as at 31 March 2019.

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	61,984	56,437	5,547
Weighted Average Underlying Loan Balance	\$495,057	\$485,497	\$514,600
Weighted Average LVR	66%	66%	65%
Weighted Average Seasoning	21 months	25 months	14 months
Weighted Average Interest Rate	5.18%	4.59%	6.38%
Owner Occupied	57%	60%	49%
Interest Only	29%	31%	25%
90+ Days in Arrears as % of Loans	0.38%	0.18%	0.78%
% Loans > \$1.5m Balance	1.14%	0.74%	1.97%

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) (%)

Fin. Year	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	YTD
2018	-	-	-	-	-	-	-	-	-	-	0.02	0.24	0.26
2019	0.25	0.31	0.39	0.44	0.45	0.45	0.50	0.42	0.49	-	-	-	3.77

Distributions (cents/unit)

Fin. Year	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	YTD
2018	-	-	-	-	-	-	-	-	-	-	-	0.46	0.46
2019	0.48	0.62	0.74	0.88	0.86	0.88	0.88	0.80	0.90	-	-	-	7.04

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	

GRYPHON CAPITAL INVESTMENTS FEATURED ON COMMSEC EXECUTIVE SERIES

In late March, Ash Burtenshaw, CIO of Gryphon Capital Investments appeared on the CommSec Executive Series with Tom Piotrowski where he discussed the state of the RMBS market and house prices.

www.gcainvest.com/gcit/news-insights/

FURTHER INFORMATION AND ENQUIRIES

Gryphon Capital Income Trust

www.gcainvest.com/gcit/overview

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Gryphon Capital Income Trust (GCIT)

ARSN 623 308 850

Investment Update as at 31 March 2019



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