



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

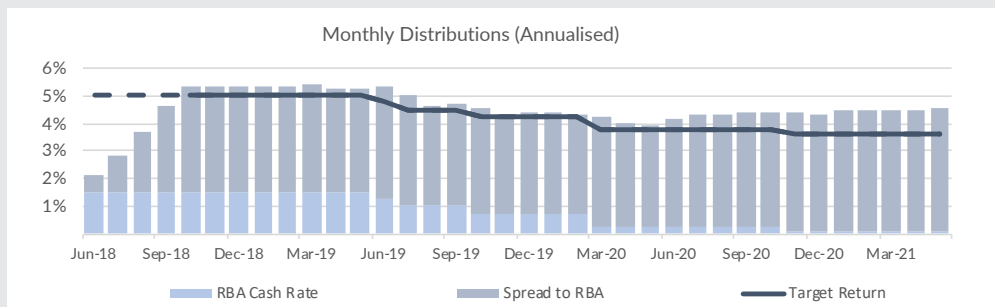
	1 Mth	3 Mth	6 Mth	1 Yr	3 Yr (Ann)	Incep (Ann) ¹
Net Return (%)	0.68	1.75	3.05	6.22	5.09	5.05
RBA Cash Rate (%)	0.01	0.03	0.05	0.16	0.81	0.81
Net Excess Return (%)	0.67	1.73	3.00	6.04	4.24	4.21
Distribution ¹ (%)	0.38	1.12	2.20	4.40	4.54	4.49
Distribution (¢/unit)	0.77	2.25	4.40	8.67	8.91	8.83

¹ Inception date – 21 May 2018

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

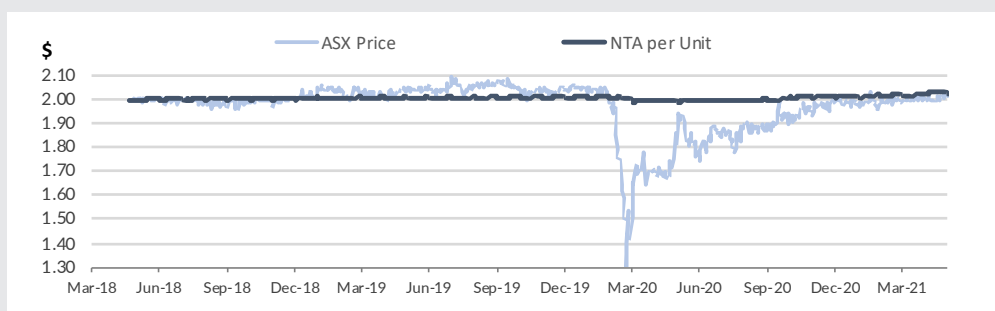
Distribution

GCI announced a 0.77 cents per unit distribution for the month, generating a trailing 12-month distribution return of 4.40% (net)².



² Actual distribution as % of NTA, assuming distribution reinvestment.

Net Tangible Asset (NTA) / Unit and ASX Price Performance



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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 \$2.4 billion.

SNAPSHOT

ASX Code	GCI
IPO Date	25 May 2018
Asset	Fixed Income, floating rate
Market Cap/Unit	\$416.4m/\$2.02
NTA/Unit	\$417.9m/\$2.03
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 ⁴	4.58%
Distributions (12m) ⁵	4.40%
RBA Cash Rate	0.10% pa.
Interest Rate Duration	0.04 years
Credit Spread Duration	1.42 years
Number of Bond Holdings	92
Number of Underlying Mortgage Loans	105,289

⁴ May 2021 distribution as % of unit price, annualised.

⁵ Actual distribution for the 12 months to 31 May, as a % of NTA, assuming distribution reinvestment.

RESEARCH

BondAdviser

INDEPENDENT INVESTMENT RESEARCH



Lonsec

WEBSITE

www.gcapinvest.com/our-lit



GCI 3rd Anniversary of IPO

This month represents three years since GCI listed on the ASX and we would like to thank our clients for their investment in GCI and the commitment they made into understanding and buying into our investment strategy. It is worth looking at the performance of the LIT and the market environment over the past three years to gain insights that will matter over the next three years and beyond.

We are very pleased to report that we have delivered on our three stated objectives for GCI investors, namely:

1. Sustainable monthly income
2. High risk adjusted returns
3. Capital preservation.

This is good news and confirms that Gryphon Capital have a demonstrated expertise in the RMBS asset class and have remained true to label since the IPO for GCI investors.

Reflecting on the last three years is useful because, in many ways, they could not have been more testing of the GCI (or other) investment portfolio. We have seen periods of declining house prices in 2018, floods, bushfires and most recently the COVID-19 pandemic. Over the past 15 years, the Gryphon Partners have invested heavily in systems and data collection techniques, to give unique and market leading insights into the RMBS asset class. This allowed us to monitor house price declines and manage GCI's exposure protecting investors from the worst hit regions and house types. It also allowed us to look at flood risk areas and bushfire statistics, so we knew exactly how much risk the individual loans underlying each investment were exposed to.

When COVID-19 struck we were able to monitor borrower payment patterns to follow forbearance in full detail as the pandemic unfolded causing a measure of panic in financial markets — as a result we were able to significantly de-risk the GCI portfolio while increasing returns to our investors based on the strong comfort we derive from knowing so much about GCI's investments down to individual loan details.

The Monthly Distributions table on page 1 of this report shows that GCI investors have received better returns for their money than originally expected at IPO. We have also been able to deliver the high risk adjusted returns promised to our investors consistently over the life of GCI as highlighted in the Fund Performance table, also on page 1 of this report.

Gryphon Capital takes the responsibility to preserve our investors' capital very seriously and take great comfort from the fact that the NTA (or value of the assets underlying the GCI portfolio) has been stable over the past three years as shown on the Net Tangible Asset (NTA) / Unit and ASX Price Performance table on page 1 of this report, and particularly how it performed through the various periods of stress mentioned earlier.

For more information on the NTA and the independence of its measurement, watch our video [here](#).

Three years since IPO is also a good time to discuss the next few years and what the Gryphon Capital team are doing to ensure we continue to deliver on those core three objectives for our clients. Our investment in systems continues as the world opens up more data to allow us to ever refine our analytical capabilities.

We have also increased the number and breadth of [investor communications](#) to make GCI and its risks as transparent as possible for investors.

The team has been stable, but we are expanding as we seek and find new talent to help improve our intellectual property and provide greater robustness for our clients. This year we will farewell portfolio analyst Sergey Podzorov as he enters retirement. It is a testament to the close-knit nature of the Gryphon team that he gave us 18 months' notice to allow us to bring in new talent and develop them, with his experience, to pick up the baton. Sergey has been with the team since 2005 and we wish him well in what can only be described as an extremely well-earned retirement.

We do not expect any let up in the challenges we will face in the investment environment ahead. Among many things, we are keeping a watchful eye over the potential for inflation to impact our clients and CIO Ashley Burtenshaw discusses this in detail in one of our investor insight [videos](#).

So, on this anniversary we look forward with great determination to continue delivering Monthly Income, High Risk Adjusted Returns and Capital Preservation for investors in GCI for many years to come so that they in turn can continue to meet their own personal financial objectives.



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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.gcapinvest.com/our-lit

General

Email info@gcapinvest.com

Boardroom (Unit Registry)

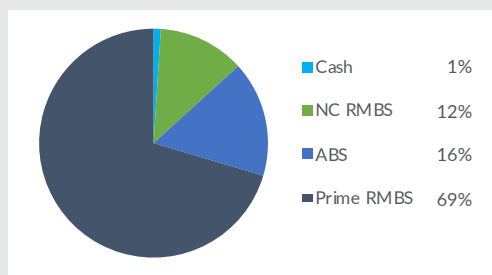
Phone 1300 737 760

Email enquiries@boardroomlimited.com.au



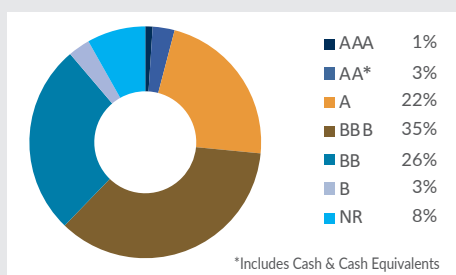
Portfolio Construction

Sector Allocations¹



¹ Excludes Manager Loan.

Rating Breakdown¹



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Portfolio Underlying Residential Mortgage Loan Statistics²

	Total	Prime	Non-conforming ³
No. of Underlying Loans	105,289	97,236	8,053
Weighted Average Underlying Loan Balance	\$509,052	\$475,794	\$696,428
Weighted Average LVR	66%	65%	70%
Weighted Average Seasoning	27 months	29 months	18 months
Weighted Average Interest Rate	3.40%	3.19%	4.57%
Owner Occupied	66%	66%	66%
Interest Only	22%	22%	20%
90+ Days in Arrears as % of Loans	0.31%	0.32%	0.25%
% Loans > \$1.5m Balance	1.18%	0.66%	4.13%

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	16.4%	3.3%	7.3%	4.3%	1.6%

SME Portfolio Underlying Mortgage Loan Statistics⁴

No. of Underlying Loans	5,585	Borrower Type	
Weighted Average Underlying Loan Balance	\$471,620	SMSF	72.7%
Weighted Average LVR	58.6%	Company	14.0%
% > 80% LVR	0.17%	Individual	13.3%
Weighted Average Borrowers' Equity	\$332,954	Property Type	
90+ Days in Arrears as % of Loans	0.11%	Residential	39.7%
% > \$1.5m Current Balance	1.41%	Commercial	59.3%
		Mixed	1.0%

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.

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Distributions (%)

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2021	0.37	0.34	0.37	0.36	0.38	-	-	-	-	-	-	-	1.84
2020	0.36	0.34	0.36	0.33	0.33	0.34	0.36	0.36	0.36	0.37	0.35	0.36	4.29
2019	0.44	0.40	0.45	0.42	0.44	0.43	0.42	0.38	0.38	0.38	0.35	0.36	4.96
2018	-	-	-	-	-	0.23	0.24	0.31	0.37	0.44	0.43	0.44	2.48

Fund Returns (Net)¹ (%)

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD ²
2021	0.33	0.57	0.45	0.61	0.68	-	-	-	-	-	-	-	2.67
2020	0.38	0.34	(0.45)	0.36	0.30	0.41	0.36	0.39	0.49	0.71	0.67	0.37	4.42
2019	0.50	0.42	0.49	0.43	0.42	0.45	0.74	0.43	0.35	0.41	0.38	0.39	5.54
2018	-	-	-	-	0.02	0.24	0.25	0.31	0.39	0.44	0.45	0.45	2.58

Total Unitholder Returns³ (%)

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD ²
2021	(0.62)	(0.67)	2.2	1.12	0.88	-	-	-	-	-	-	-	2.88
2020	0.85	(2.60)	(16.7)	3.12	7.76	(3.75)	8.15	1.45	(0.94)	3.33	0.63	3.73	2.55
2019	2.43	(0.10)	(1.03)	0.42	2.43	0.91	2.35	(1.54)	1.34	(1.56)	0.34	0.36	6.42
2018	-	-	-	-	0.50	(0.27)	0.24	0.06	(0.88)	1.97	(1.07)	2.48	3.01

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: 15 June 2021

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

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