



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

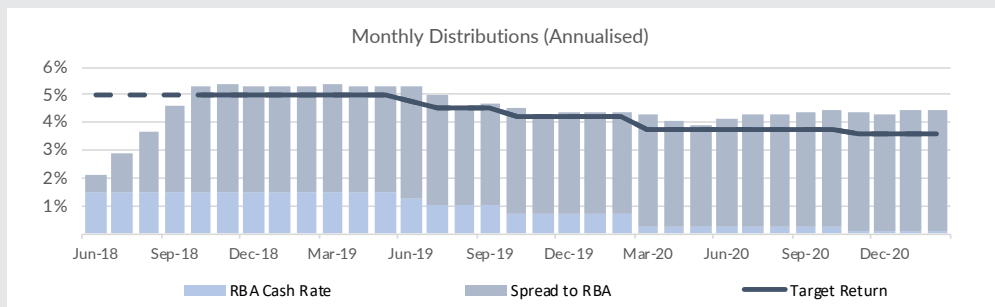
	1 Mth	3 Mth	6 Mth	1 Yr	Incep (Ann) ¹
Net Return (%)	0.57	1.28	3.19	4.61	4.86
RBA Cash Rate (%)	0.01	0.02	0.08	0.22	0.88
Net Excess Return (%)	0.56	1.25	3.11	4.38	3.94
Distribution ¹ (%)	0.34	1.07	2.17	4.30	4.49
Distribution (¢/unit)	0.68	2.15	4.31	8.43	8.82

¹ Inception date – 21 May 2018

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

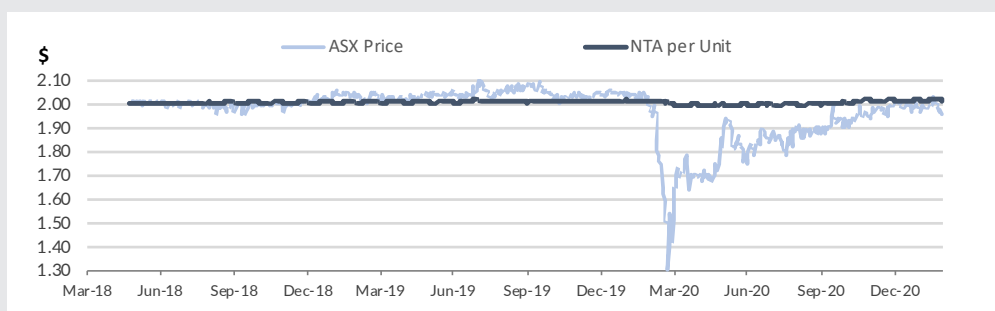
Distribution

GCI announced a 0.68 cents per unit distribution for the month, generating a trailing 12-month distribution return of 4.30% (net)².



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

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. Gryphon currently manages funds in excess of \$2.3 billion.

SNAPSHOT

ASX Code	GCI
IPO Date	25 May 2018
Asset	Fixed Income, floating rate
Market Cap/Unit	\$404.0m/\$1.96
NTA/Unit	\$415.3m/\$2.01
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	4.62%
Distributions (12m) ⁵	4.30%
RBA Cash Rate	0.10% pa.
Interest Rate Duration	0.04 years
Credit Spread Duration	1.51 years
Number of Bond Holdings	97
Number of Underlying Mortgage Loans	109,806

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

⁵ Actual distribution for the 12 months to 28 February, as a % of NTA, assuming distribution reinvestment.

RESEARCH

BondAdviser

INDEPENDENT INVESTMENT RESEARCH



Lonsec

WEBSITE

www.gcainvest.com/gcit/overview



Commentary

February was all about a sharp rise in the longer term, 10-year Australian Government bond interest rate as global investors have squarely put rising inflation fears back on the economic agenda. The link between interest rates and inflation is a complex one, but they are correlated. This is the topic of a forthcoming Gryphon Insight video.

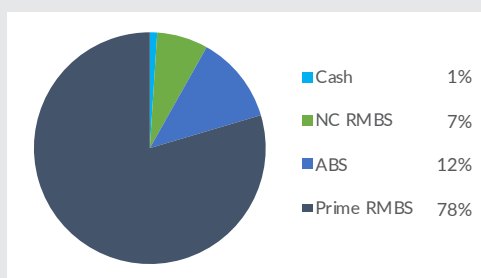
Importantly, are GCI investors protected from the effects of inflation? The short answer is yes, for two main reasons:

1. The GCI portfolio invests in floating rate RMBS bonds. If short term rates rise (although RBA is clearly messaging to the market that they won't be increasing any time soon) GCI's investment returns also increase as the floating rate RMBS interest rates reset every month to new higher interest rates, allowing GCI to pass this on to investors in higher monthly distributions.
2. Another important feature of RMBS relates to the fact that they are secured by houses, so as inflation rises so does the value of the houses securing the loans, increasing this important protection embedded within our investment portfolio.

The market is expressing a real fear that rising inflation is now more likely and the RBA will then be forced to raise interest rates to try and prevent the economy from overheating. If this scenario does play out, GCI investors can be comforted that the income produced by GCI's RMBS holdings will increase with increasing interest rates and that the underlying value of the houses which secure each RMBS will also increase, providing an even greater level of capital protection.

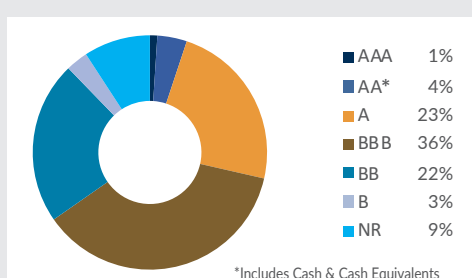
Portfolio Construction

Sector Allocations¹



¹ Excludes Manager Loan.

Rating Breakdown¹



Portfolio Underlying Residential Mortgage Loan Statistics¹

	Total	Prime	Non-conforming ²
No. of Underlying Loans	109,806	102,185	7,621
Weighted Average Underlying Loan Balance	\$484,805	\$475,803	\$587,850
Weighted Average LVR	66%	66%	68%
Weighted Average Seasoning	29 months	28 months	32 months
Weighted Average Interest Rate	3.44%	3.31%	4.92%
Owner Occupied	66%	66%	67%
Interest Only	21%	21%	24%
90+ Days in Arrears as % of Loans	0.24%	0.21%	0.57%
% Loans > \$1.5m Balance	0.93%	0.78%	2.58%

¹ 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.

² 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.

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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/gcit/overview

General

Email info@gcainvest.com

Boardroom (Unit Registry)

Phone 1300 737 760

Email enquiries@boardroomlimited.com.au



SME Portfolio Statistics

Sub sector	%	A	BBB	BB	B
ABS SME	12.2%	2.3%	5.7%	2.6%	1.6%

SME Portfolio Underlying Mortgage Loan Statistics¹

No. of Underlying Loans	5,380	Borrower Type	
Weighted Average Underlying Loan Balance	\$470,661	SMSF	70.5%
Weighted Average LVR	58.4%	Company	15.0%
% > 80% LVR	0.49%	Individual	14.4%
Weighted Average Borrowers' Equity	\$335,639	Property Type	
90+ Days in Arrears as % of Loans	0.10%	Residential	42.6%
% > \$1.5m Current Balance	1.38%	Commercial	56.2%
		Mixed	1.2%

¹ 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.

Distributions (%)

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2021	0.37	0.34	-	-	-	-	-	-	-	-	-	-	0.71
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)² (%)

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD ³
2021	0.33	0.57	-	-	-	-	-	-	-	-	-	-	0.90
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 Returns⁴ (%)

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD ³
2021	(0.62)	(0.67)	-	-	-	-	-	-	-	-	-	-	(1.29)
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

² Fund Return reflects compounded movements in the NTA.

³ Assuming monthly compounding.

⁴ Total Unitholder Returns comprises compounded distributions plus compounded movements in the listed price of ASX:GCI.

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General

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ASX release date: 16 March 2021

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

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