



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

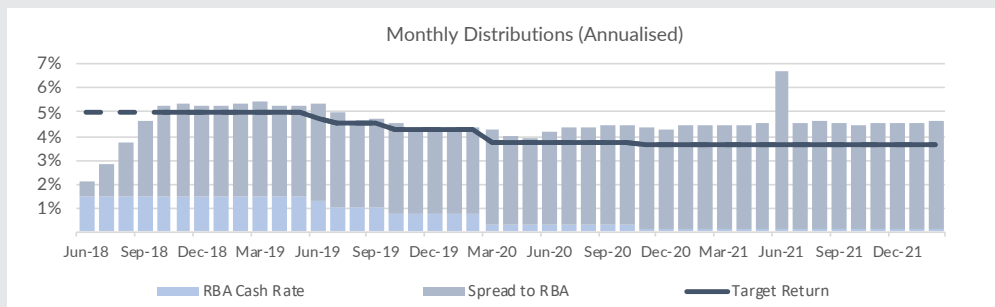
	1 Mth	3 Mth	6 Mth	1 Yr	3 Yr (Ann)	Incep (Ann) ¹
Net Return (%)	0.28	1.06	1.92	5.06	5.00	4.91
RBA Cash Rate (%)	0.01	0.02	0.05	0.10	0.46	0.67
Net Excess Return (%)	0.27	1.03	1.87	4.95	4.52	4.22
Distribution ¹ (%)	0.35	1.11	2.23	4.72	4.61	4.55
Distribution (¢/unit)	0.70	2.24	4.47	9.35	9.08	8.96

¹ Inception date – 21 May 2018

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

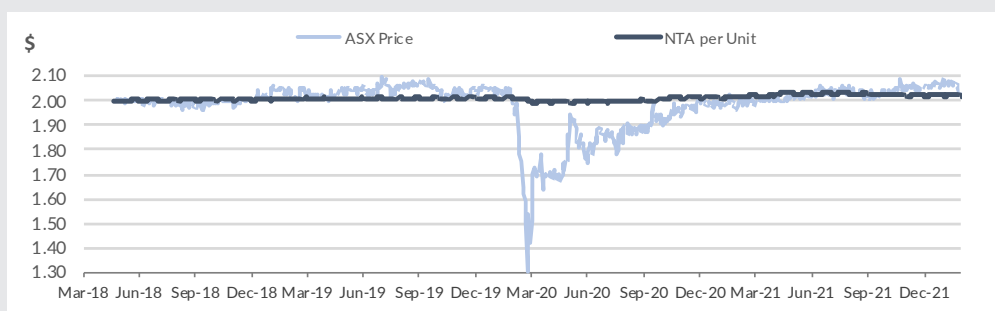
Distribution

GCI announced a 0.70 cents per unit distribution for the month, generating a trailing 12-month distribution return of 4.72% (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 \$2.9 billion.

SNAPSHOT

ASX Code	GCI
IPO Date	25 May 2018
Asset	Fixed Income, floating rate
Market Cap/Unit	\$493.6m/\$2.03
NTA/Unit	\$490.8m/\$2.02
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	4.59%
Distributions (12m) ⁵	4.72%
RBA Cash Rate	0.10% pa.
Interest Rate Duration	0.04 years
Credit Spread Duration	1.17 years
Number of Bond Holdings	100
Number of Underlying Mortgage Loans	102,365

⁴ February 2022 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

Zenith



Lonsec

WEBSITE

www.gcainvest.com/our-lit



Commentary

GCI's investment objective is to produce regular and sustainable monthly income while safeguarding your capital. In a [Gryphon Insight](#) last October we noted we had been tactically positioning all our portfolios (including GCI) with a strong defensive bias. This was in anticipation of a weaker investment environment including elevated market volatility. Escalating geopolitical tensions culminating in Russia's invasion of Ukraine have compounded an already fragile market facing reduction in central bank liquidity, inflation and uncertainty regarding the pace and timing of interest rate increases. In Australia, add to all that moderating house prices and now floods.

The elevated volatility has reduced market activity and indeed (as we positioned for) caused a widening of credit spreads. In our Gryphon Insight noted above we explained that widening credit spreads are NOT a leading indicator of a deterioration in the credit quality of the GCI investments.

Despite all this uncertainty, our deep lens into the domestic mortgage landscape reveals a very different picture to that hanging over the market. In contrast, the lens reveals certainty around borrower affordability, and while wage inflation continues to meet or exceed mortgage rates (2.3% YoY vs 2.19% NAB Variable Rate Loan), we see no reason the RMBS & ABS sector can't continue to prosper in delivering the highest returns for the risks involved.

This market volatility is an external market factor unrelated to fundamental mortgage credit so we are not concerned about the Australian RMBS & ABS market at the moment.

Flood impact on RMBS is small

You may remember that during early 2020, Gryphon used its loan level database to derive each RMBS transactions' exposure to rural and regional areas that had been impacted by bushfires and concluded as RMBS loan exposures are geographically diversified, the impact would be immaterial. Additionally, we summarised how potential RMBS losses were mitigated by Insurance, RMBS credit protections and government initiatives. Two years on from the bushfires, we see the impact of the floods following a similar path: i.e. the recent floods (like the bushfires) will have an immaterial impact on RMBS.

Separately, S&P stated in a recent report (note: *Credit FAQ; How will the 2022 Floods Affect the Australian RMBS Sector March 7, 2022*) "... no rating action was necessary on RMBS when arrears rose in areas affected by previous natural disasters, such as Black Saturday fires in 2009, floods in 2011 and 2021, and bushfires in 2019".

In regard to the floods' impact on RMBS, S&P concluded: *"We do not expect our ratings on most Australian RMBS to be affected by the recent floods, given the strong geographic diversification in most RMBS portfolios. Furthermore, the credit support buffers available in most transactions should be adequate to absorb an increase in the loss severity for affected loans in flood-affected areas."*

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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 MLC	Mason Stevens Navigator
Netwealth	North

FURTHER INFORMATION AND ENQUIRIES

Gryphon Capital Income Trust
www.gcapinvest.com/our-lit

General

Email info@gcapinvest.com

Boardroom (Unit Registry)

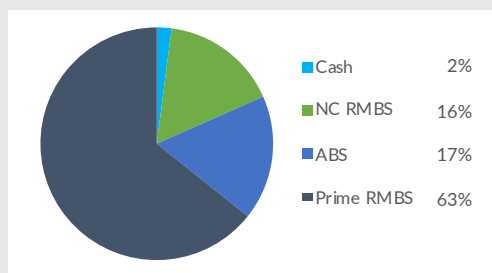
Phone 1300 737 760

Email enquiries@boardroomlimited.com.au



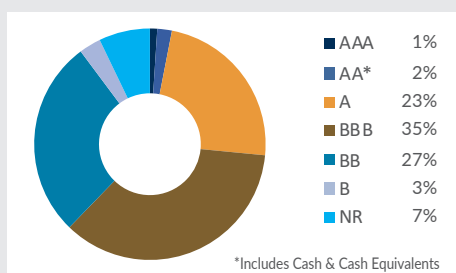
Portfolio Construction

Sector Allocations¹



¹ Excludes Manager Loan.

Rating Breakdown¹



Portfolio Underlying Residential Mortgage Loan Statistics²

	Total	Prime	Non-conforming ³
No. of Underlying Loans	102,365	91,529	10,836
Weighted Average Underlying Loan Balance	\$593,748	\$537,000	\$817,126
Weighted Average LVR	66%	65%	68%
Weighted Average Seasoning	27 months	30 months	16 months
Weighted Average Interest Rate	3.20%	3.04%	3.84%
Owner Occupied	63%	62%	68%
Interest Only	22%	23%	19%
90+ Days in Arrears as % of Loans	0.36%	0.26%	0.75%
% Loans > \$1.5m Balance	2.70%	1.65%	6.83%

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	9.2%	1.7%	3.5%	4.0%	-

SME Portfolio Underlying Mortgage Loan Statistics⁴

No. of Underlying Loans	3,820	Borrower Type	
Weighted Average Underlying Loan Balance	\$503,299	SMSF	64.2%
Weighted Average LVR	59.4%	Company	17.5%
% > 80% LVR	1.75%	Individual	18.4%
Weighted Average Borrowers' Equity	\$342,848	Property Type	
90+ Days in Arrears as % of Loans	0.14%	Residential	34.3%
% > \$1.5m Current Balance	0.53%	Commercial	64.7%
		Mixed	0.9%

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Distributions (%)

Fin. Year	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	YTD ²
2022	0.38	0.38	0.37	0.37	0.37	0.38	0.38	0.35	-	-	-	-	3.02
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
2022	0.37	0.44	0.32	0.29	0.25	0.37	0.40	0.28	-	-	-	-	2.76
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
2022	1.36	0.87	(1.60)	0.87	1.84	0.37	0.37	(1.12)	-	-	-	-	2.98
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: 11 March 2022

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

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