



Investment Objective and Strategy

The Gryphon Capital Income Trust (ASX Code: GCI) is a listed trust designed to provide investors with sustainable, monthly income (Target Return equal to RBA Cash Rate +3.50% pa) through exposure to the Australian Securitisation market. This asset-class, primarily consisting of Residential Mortgage-Backed Securities (RMBS) and Asset Backed Securities (ABS), 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)	5 Yr (Ann)	Incep (Ann) ²
NTA Net Return (%)	0.86	2.40	4.73	9.26	6.64	5.97	5.78
Distribution (¢/unit)	1.40	4.40	8.70	17.16	13.08	11.42	11.03
Distribution ¹ (%)	0.70	2.21	4.42	8.91	6.71	5.84	5.64
Target Return (%)*	0.62	1.96	3.91	7.81	5.58	5.01	5.01
Excess Return (%)**	0.08	0.24	0.49	1.01	1.07	0.79	0.60

¹ Actual distribution as % of NTA, assuming distribution reinvestment.

² Inception date — 21 May 2018.

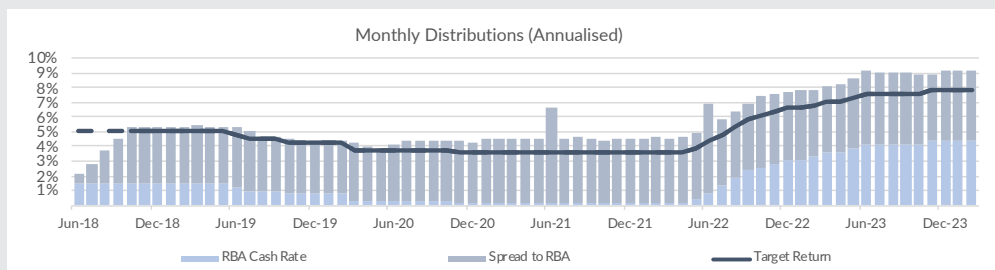
* Target Return = RBA Cash Rate +3.50% p.a.

** Geometric excess return

Note: Past performance is not a reliable indicator of future performance. All investments carry risks, including that the value of investments may vary, future returns may differ from past returns, and that your capital is not guaranteed. The comparison to the RBA Cash Rate is not intended to compare an investment in GCI to a cash holding. The RBA Cash Rate is displayed as a reference to the target return for GCI. The GCI investment portfolio is of higher risk than an investment in cash. To understand the Trust's risks better, please refer to the most recent PDS [here](#) or at gcapinvest.com/our-lit.

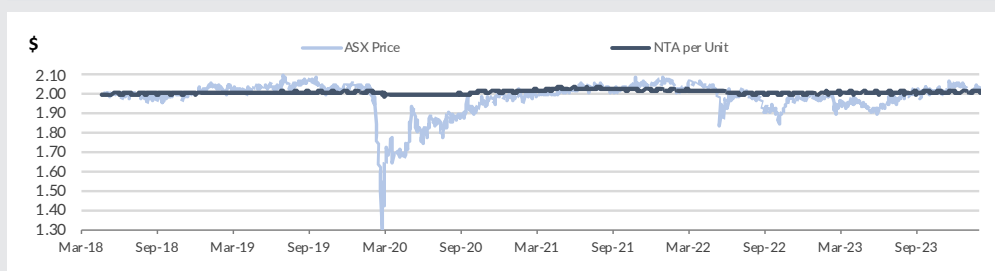
Distribution

GCI announced a 1.40 cents per unit distribution for the month, representing an annualised yield of 9.14% (net)³.



³ Feb 2024 distribution as % of NTA, annualised.

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



continued overleaf...

ABOUT THE MANAGER[†]

Gryphon Capital Investments Pty Ltd ("Gryphon") is a wholly owned subsidiary of Barings, one of the world's leading asset managers managing over USD\$381 Billion AUM, with more than 1,200 external clients and 1,800 professionals globally.

The Gryphon team has joined the Global Structured Finance team at Barings, which consists of over thirty investment professionals based in Charlotte, North Carolina, London and Brisbane. Ashley Burtenshaw and Steven Fleming continue to be the portfolio managers for GCI.

[†] as at 31 December 2023

SNAPSHOT

ASX Code	GCI
IPO Date	25 May 2018
Asset	Fixed Income, floating rate
Market Cap/Unit	\$496.1m/\$2.04
NTA/Unit	\$488.3m/\$2.01
Investment Management Fee ⁴	0.72% p.a.
Performance Fee	None
Distributions	Monthly
Unit Pricing	Daily

⁴ Includes GST, net of reduced input tax credits

CHARACTERISTICS

Current Yield ⁵	9.14%
Distributions (12m) ⁶	8.91%
RBA Cash Rate	4.35% p.a.
Interest Rate Duration	0.04 years
Credit Spread Duration	0.84 years
Number of Bond Holdings	103
Number of Underlying Mortgage Loans	69,159

⁵ Feb 2024 distribution as % of NTA, annualised.

⁶ Actual distribution for the 12 months to 29 February, as % of NTA, assuming distribution reinvestment.

FURTHER INFORMATION AND ENQUIRIES

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www.gcapinvest.com/our-lit

General

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Boardroom (Unit Registry)

Phone 1300 737 760

Email enquiries@boardroomlimited.com.au



GCI Capital Raise

The recent Entitlement and Shortfall Offers were completed in February, each settling in early March. Gryphon was delighted with the overwhelmingly positive response from existing and new investors to the capital raise, enabling us to raise additional funds via a Placement issue after the closing of the Shortfall Offer, raising a total of A\$135 million (increasing GCI's current total Net Tangible Asset to circa A\$622 million).

The success of the capital raise ensures its stated objectives aiming to be achieved include:

- Provide additional scale to expand the Trust's participation in the RMBS/ABS market, thereby diversifying the portfolio.
- Expand the Trust's investor base, providing greater liquidity for unitholders.
- Reduce the operating costs of the Trust on a cost per unit basis.

Commentary

It has been an interesting start to the year in the Australian securitisation market with similar themes playing out in other domestic credit markets. Despite the highest new issue supply since 2007, it has proven to be insufficient to satisfy the insatiable demand from domestic and international investors, resulting in a ferocious spread rally across the capital structure, particularly in the mezzanine tranches.

In the last quarter of 2023, new issue transactions were struggling to get executed. However, the soft-landing scenario quickly became the base case for the investment community and this scenario was implemented into their Strategic Asset Allocations (SAA) for 2024. With the SAA weightings, coupled with the benign outlook for housing and the view that consumers' capacity to continue to meet their mortgage obligations has not waned, it triggered a thirst for high quality (risk-adjusted) yield.

An example of the strong desire to get invested in new issue Australian RMBS/ABS relates to an ABS program well known to Gryphon, which had issued their inaugural public ABS transaction this quarter. Unsurprisingly to us, within a few hours of being launched, the lower investment grade and non-investment grade classes were four times oversubscribed¹. Given how quickly new issues are becoming oversubscribed, our read is that there seems to be little to no discernment being expressed by investors who may be buying deep mezzanine classes purely based on credit rating and total yield, effectively outsourcing their credit underwriting to the rating agencies. We have seen this behaviour before, and it rarely ends well.

Importantly, Gryphon has several levers when constructing portfolios and fortunately we are not relying solely on the hot new issue market for deployment of the recent capital raise. Instead, the foundations of our deployment strategy will be privately negotiated RMBS and ABS transactions, augmented by participating in select new issues (which Gryphon would often cornerstone) and the sourcing of seasoned, secondary market positions.

¹ Source: Gryphon

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:

AMP North Asgard eWrap
BT Panorama HUB24
Macquarie – Manager / Consolidator
Netwealth Wrap

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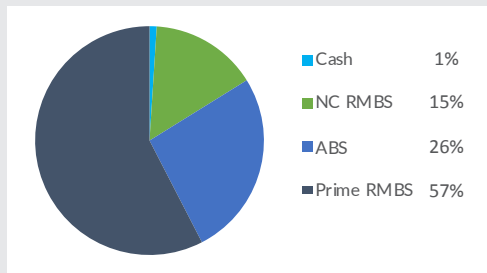
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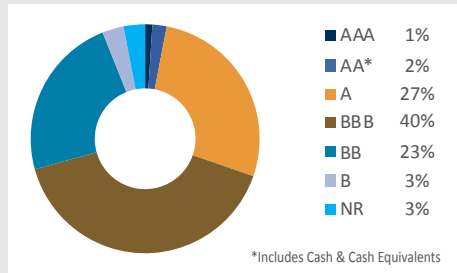
Portfolio Construction

Sector Allocations¹



¹ Excludes Manager Loan.

Rating Breakdown¹



Portfolio Underlying Residential Mortgage Loan Statistics²

	Total	Prime	Non-conforming ³
No. of Underlying Loans	69,159	64,045	5,114
Weighted Average Underlying Loan Balance	\$394,592	\$333,567	\$620,138
Weighted Average LVR	64%	63%	68%
Weighted Average Seasoning	28 months	32 months	13 months
Weighted Average Interest Rate	7.07%	6.90%	7.74%
Owner Occupied	62%	61%	64%
Interest Only	20%	20%	19%
90+ Days in Arrears as % of Loans	1.04%	0.58%	2.73%
% Loans > \$1.5m Balance	5.04%	1.69%	17.43%

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	8.9%	1.8%	4.9%	2.2%	–

SME Portfolio Underlying Mortgage Loan Statistics⁴

No. of Underlying Loans	3,406	Borrower Type	
Weighted Average Underlying Loan Balance	\$387,827	SMSF	43.5%
Weighted Average LVR	59.2%	Company	27.0%
% > 80% LVR	3.51%	Individual	29.5%
Weighted Average Borrowers' Equity	\$372,591	Property Type	
90+ Days in Arrears as % of Loans	0.04%	Residential	35.7%
% > \$1.5m Current Balance	2.39%	Commercial	63.2%
		Mixed	1.1%

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Distributions (%)

Fin. Year	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	YTD ²
2024	0.73	0.74	0.71	0.73	0.70	0.75	0.75	0.70					5.96
2023	0.49	0.53	0.55	0.61	0.60	0.64	0.64	0.58	0.66	0.65	0.70	0.73	7.64
2022	0.38	0.38	0.37	0.37	0.37	0.38	0.38	0.35	0.38	0.38	0.41	0.55	4.79
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
2024	0.69	0.77	0.74	0.83	0.69	0.75	0.77	0.86					6.26
2023	0.12	0.60	0.52	0.56	0.64	0.65	0.66	0.71	0.69	0.66	0.73	0.71	7.50
2022	0.37	0.44	0.32	0.29	0.25	0.37	0.40	0.28	0.27	0.23	0.38	0.16	3.83
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
2024	3.11	1.52	1.73	1.73	(0.54)	4.01	(1.21)	1.68					12.57
2023	1.77	0.53	(2.50)	(0.66)	4.30	0.39	1.66	0.59	(0.34)	(0.60)	0.98	(0.79)	5.34
2022	1.36	0.87	(1.60)	0.87	1.84	0.37	0.37	(1.12)	1.86	(0.12)	(0.09)	(3.14)	1.39
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: 22 March 2024

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

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