



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

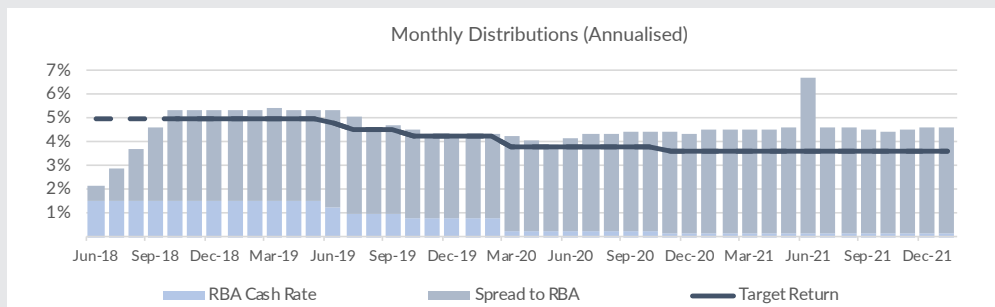
	1 Mth	3 Mth	6 Mth	1 Yr	3 Yr (Ann)	Incep (Ann) ¹
Net Return (%)	0.40	1.03	2.09	5.36	5.05	4.94
RBA Cash Rate (%)	0.01	0.03	0.05	0.10	0.49	0.68
Net Excess Return (%)	0.39	1.01	2.04	5.26	4.54	4.23
Distribution ¹ (%)	0.38	1.13	2.27	4.71	4.63	4.55
Distribution (¢/unit)	0.77	2.28	4.55	9.33	9.11	8.96

¹ Inception date – 21 May 2018

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

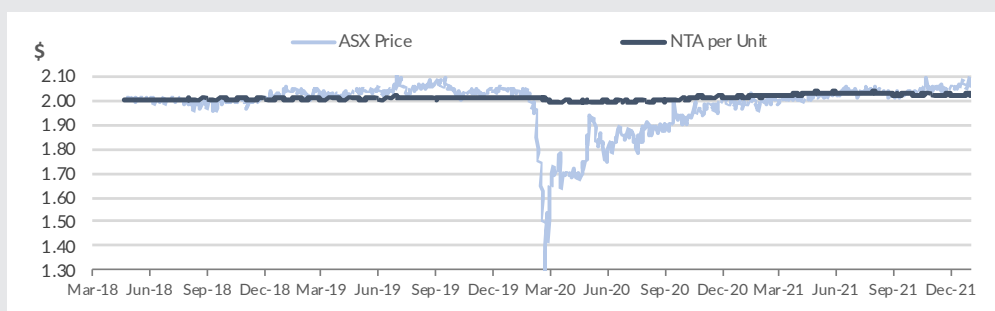
Distribution

GCI announced a 0.77 cents per unit distribution for the month, generating a trailing 12-month distribution return of 4.71% (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 \$2.8 billion.

SNAPSHOT

ASX Code	GCI
IPO Date	25 May 2018
Asset	Fixed Income, floating rate
Market Cap/Unit	\$500.9m/\$2.06
NTA/Unit	\$491.2m/\$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	4.49%
Distributions (12m) ⁵	4.71%
RBA Cash Rate	0.10% pa.
Interest Rate Duration	0.04 years
Credit Spread Duration	1.25 years
Number of Bond Holdings	100
Number of Underlying Mortgage Loans	99,963

⁴ January 2022 distribution as % of unit price, annualised.

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

RESEARCH

BondAdviser

INDEPENDENT
INVESTMENT RESEARCH

Zenith
RECOMMENDED

Lonsec

WEBSITE

www.gcapinvest.com/our-lit



Commentary

Despite a slow start to the year with no issuance in January, we think 2022 is shaping up to be a very positive year for investors in RMBS and ABS in Australia. In recent monthly updates and articles, we have discussed that house prices and the macro environment are putting a positive view on investing in RMBS and ABS. But you don't just have to take our word for it — on 31 January S&P Global Ratings published their similarly positive thoughts in a paper entitled *Australian Structured Finance Outlook 2022: Back To The Future*.

The main points in the S&P paper include:

- all asset classes are likely to remain stable to positive over the year
- new issuance will be strong with the expiration of the RBA Term Funding Facility in 2021
- rising interest rates likely to only impact a very small portion of the borrower base
- macroeconomic environment supports strong credit performance, particularly employment
- property prices likely to moderate but seasoned loans have really benefitted from past strength.

Concerns from S&P concentrate on the competitive origination environment impacting prudential lending, and that strong loan-level data history is key to assessing and managing risk. S&P also state that '...Ratings Outlook Upbeat As The Economy Comfortably Coexists With COVID-19...' downplaying further COVID-related negative impacts on the credit quality of RMBS and ABS.

The S&P paper is a strong reinforcement of Gryphon's own [views](#) as we continue to position the portfolio to capitalise on a robust market and strong credit fundamentals in Australia.

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

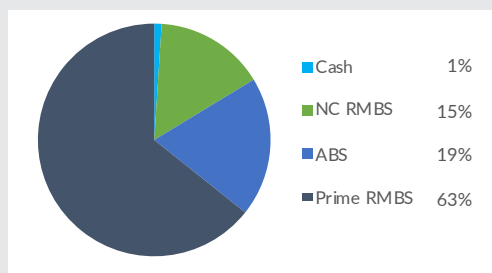
Email enquiries@boardroomlimited.com.au

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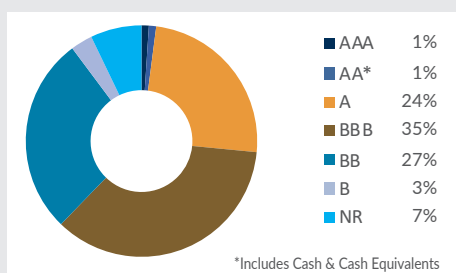
Portfolio Construction

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	99,963	89,343	10,620
Weighted Average Underlying Loan Balance	\$602,711	\$543,151	\$845,355
Weighted Average LVR	66%	66%	68%
Weighted Average Seasoning	25 months	28 months	16 months
Weighted Average Interest Rate	3.21%	3.05%	3.87%
Owner Occupied	62%	61%	68%
Interest Only	24%	25%	20%
90+ Days in Arrears as % of Loans	0.37%	0.29%	0.70%
% Loans > \$1.5m Balance	2.91%	1.82%	7.37%

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	10.8%	2.8%	3.7%	4.2%	-

SME Portfolio Underlying Mortgage Loan Statistics⁴

No. of Underlying Loans	3,701	Borrower Type	
Weighted Average Underlying Loan Balance	\$497,793	SMSF	60.9%
Weighted Average LVR	58.5%	Company	18.8%
% > 80% LVR	1.77%	Individual	20.3%
Weighted Average Borrowers' Equity	\$352,138	Property Type	
90+ Days in Arrears as % of Loans	0.34%	Residential	34.0%
% > \$1.5m Current Balance	0.60%	Commercial	64.7%
		Mixed	1.3%

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 (%)

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	-	-	-	-	-	2.66
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	-	-	-	-	-	2.47
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	-	-	-	-	-	4.14
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 February 2022

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

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