



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% p.a) 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 (%)	0.74	2.21	4.37	8.52	6.20	5.62	5.47
Distribution (¢/unit)	1.43	4.38	8.56	16.03	11.85	10.83	10.53
Distribution ¹ (%)	0.71	2.20	4.35	8.31	6.06	5.53	5.38
Target Return (%)*	0.62	1.92	3.78	7.20	4.97	4.76	4.78
Excess Return (%)**	0.09	0.28	0.55	1.03	1.04	0.73	0.57

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

² Inception date – 21 May 2018.

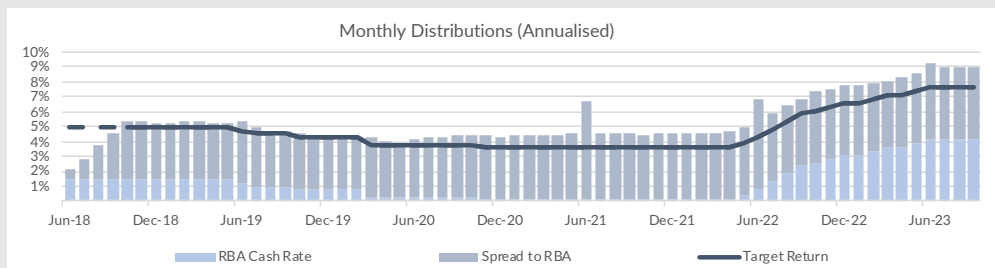
* Target Return = RBA Cash Rate + 3.50% p.a.

** 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.

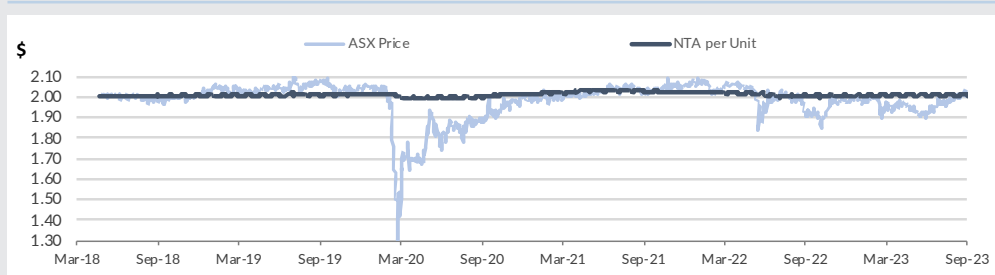
Distribution

GCI announced a 1.43 cents per unit distribution for the month, representing an annualised yield of 9.04% (net)³.



³ Actual distribution for the month 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\$347 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 30 September 2023

SNAPSHOT

ASX Code	GCI
IPO Date	25 May 2018
Asset	Fixed Income, floating rate
Market Cap/Unit	\$486.3m/\$2.00
NTA/Unit	\$486.9m/\$2.00
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	9.05%
Distributions (12m) ⁶	8.31%
RBA Cash Rate	4.10% p.a.
Interest Rate Duration	0.04 years
Credit Spread Duration	0.81 years
Number of Bond Holdings	105
Number of Underlying Mortgage Loans	78,252

⁵ Sep 2023 distribution, excl. realised gains, as % of unit price, annualised.

⁶ Actual distribution for the 12 months to 30 September, as a % of NTA, assuming distribution reinvestment.

FURTHER INFORMATION AND ENQUIRIES

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General

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Boardroom (Unit Registry)

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Commentary

September was a busy month for new issues with four primary RMBS transactions totalling AUD\$3.25bn (three prime transactions and one non-conforming). Additionally, there were five ABS transactions including three auto transactions and an inaugural ABS transaction by Judo Bank securitising SME loans. All these transactions met with strong investor demand across the capital structure from both domestic and international investors.

For the 9 months to 30 September 2023 there have been 56 RMBS and ABS transactions totalling AUD\$36.3bn¹, issued into the Australian public capital markets, a post GFC high for the period. Historically the Australian securitisation market was dominated by RMBS which represented approximately 85% of the total market with the issuance of ABS (including Auto, Consumer and SME) representing the balance. This contrasts with international capital markets where ABS are a far more material component of the market. Prior to 2021, a principal reason for the limited domestic ABS issuance was that local banks have predominantly funded their auto loans and credit cards using their balance sheets whereas international banks use the securitisation markets for such funding.

This dynamic permanently altered in June 2021 when Westpac sold its auto finance business to a US alternative investment manager, among others, who established Angle Auto Finance, who in 2023 is targeting AUD\$4bn+ per year of retail auto assets. Anticipating this changing origination dynamic, in August 2021², Gryphon updated our mandates' investment guidelines to provide us the flexibility to participate in the anticipated growth in the ABS market in Australia; such investments will be supported by Gryphon's robust due diligence and credit assessment process.

Interestingly, the post GFC issuance record in 2023 included a record ABS issuance representing circa 30% of the market.

In October, the RBA released its latest Financial Stability Review where it commented on the resilience of Australian households in face of higher inflation and interest rates. Consistent with Gryphon's past commentary, the RBA summarised that households' ability to manage higher expenses and interest rates has mostly relied on three factors³.

1. Strong labour market has supported household incomes
2. Many households have curtailed their spending, particularly for discretionary goods and services
3. Some households have been able to draw on the large savings buffers they accumulated during the pandemic.

The RBA noted that "incidences of severe financial stress are expected to increase but remain limited to a small share of housing borrowers." Gryphon has previously noted that our expectation is a substantial build up in borrowers' equity will enable many borrowers experiencing financial pressure to voluntarily self-manage their way out through a combination of either refinancing (voluntary prepayments are extremely high), property sales or modified payment plans, and this is entirely consistent with our surveillance using Gryphon's monthly loan level analysis. We are witnessing many severely delinquent borrowers curing by either rolling to "current" through a full payment of their arrears or full repayment of their home loans.

Note¹ – NAB Securitisation Insights of 6 October 2023

Note² – [GCI ASX Announcement on 5 August 2021](#)

Note³ – Financial Stability Review October 2023

INVESTMENT HIGHLIGHTS

Income	Monthly cash income with a Target Return of RBA Cash Rate plus 3.50% per annum, net of fees through the economic cycle. Investors should note the Target Return is not a forecast and is not guaranteed.
Diversification, low NTA volatility	Fixed income is an important component of a balanced investment portfolio typically providing stable income with capital preservation. The Trust enables investors to diversify their income investments to a defensive asset class. The Trust's NTA since listing is evidence of the defensive characteristics and has displayed little correlation to equity markets.
Capital preservation	The Trust's investments comprise an actively managed portfolio predominately comprised of securities that have the benefit of multiple layers of investor protections as set out in the PDS. The Manager's stress testing of each investment is consistent with the Trust's key objective of capital preservation.
Portfolio diversification	Allows retail and SMSF investors to access a fixed income asset class that generally has only been available to institutional investors.
Experienced Manager	Exposure to wholly owned subsidiary of Barings, one of the world's leading asset managers, with a proven track record of investment outperformance.
Attractive structure	The Trust structure allows the Manager to invest a permanent and stable pool of capital, while also offering investors ASX liquidity. This allows the Manager to make long term investment decisions without the need to source liquidity for potential investor redemptions, which may impact return.

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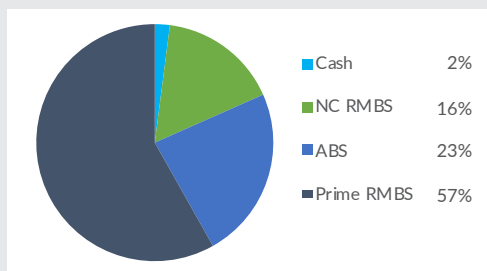
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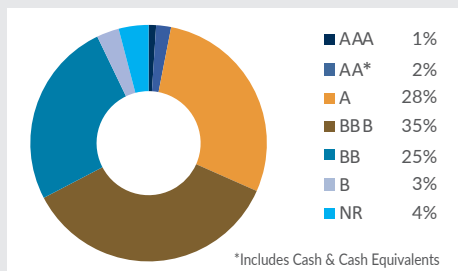
Portfolio Construction

Sector Allocations¹



¹ Excludes Manager Loan.

Rating Breakdown¹



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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Portfolio Underlying Residential Mortgage Loan Statistics²

	Total	Prime	Non-conforming ³
No. of Underlying Loans	78,252	70,895	7,357
Weighted Average Underlying Loan Balance	\$366,493	\$320,725	\$531,305
Weighted Average LVR	63%	63%	67%
Weighted Average Seasoning	32 months	35 months	24 months
Weighted Average Interest Rate	7.00%	6.78%	7.82%
Owner Occupied	61%	60%	67%
Interest Only	21%	22%	17%
90+ Days in Arrears as % of Loans	0.75%	0.51%	1.61%
% Loans > \$1.5m Balance	3.64%	1.44%	11.57%

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	12.6%	3.4%	5.9%	3.3%	-

SME Portfolio Underlying Mortgage Loan Statistics⁴

No. of Underlying Loans	5,492	Borrower Type	
Weighted Average Underlying Loan Balance	\$372,347	SMSF	54.8%
Weighted Average LVR	58.9%	Company	20.8%
% > 80% LVR	1.81%	Individual	24.4%
Weighted Average Borrowers' Equity	\$356,313	Property Type	
90+ Days in Arrears as % of Loans	0.22%	Residential	38.0%
% > \$1.5m Current Balance	1.40%	Commercial	61.4%
		Mixed	0.6%

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
2024	0.73	0.74	0.71										2.20
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										2.21
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										6.49
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: 23 October 2023

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

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