



Refer to glossary for definition of the rating

Product Review

About this Product

Investment manager	Gryphon Capital Investments Pty Ltd
Benchmark	RBA Cash Rate + 3.50%
Product structure	LIT
Market cap. at 31-Jan-2024	\$491.19m
Price divergence	+0.8% (12m Average; January 2024)
Listing Date	25 May 2018
Asset class	Fixed Interest
Sector	Specialised High Income
Peer group	LIT
Rated peers	2

Product Characteristics

Business Life Cycle	Mature
Product Wind-Up Risk	Low
Key Person Risk	High
Tenure of Decision Makers	Medium
Complex (RG240)	No
Strategy Remaining Capacity	\$1.00b
ESG Approach	Risk or Value
Peer Relative Fees and Costs	Above median

Annual Fees and Costs (% p.a.)

Management fees & costs	0.89
Performance fee costs	0.00
Annual fees and costs	0.89

Source: FE fundinfo, Offer Document date: 29/Jan/2024

Strengths

- The co-portfolio managers possess deep and extensive experience in Australian securitised markets.
- The strategy utilises a thorough and repeatable investment process tailored to the specific needs of the asset class.
- Strong risk management that is embedded at the security level.

Weaknesses

- There is key person risk around the co-Portfolio Managers.
- The retention of key investment professionals, team cohesiveness and business integration remain key watchpoints following the acquisition by Barings.
- Although the Quantitative Team continues to increase its resourcing, it has lower co-tenure given the appointments and departures in recent years.

Product Opinion

The Trust has retained its **'Recommended'** rating. The rating is supported by the extensive experience and expertise of the investment team, particularly among the co-portfolio managers and co-founders, Steven Fleming and Ashley Burtenshaw. There is sound asset class knowledge that is applied via a rigorous investment and research process, which are key strengths of the offering.

However, significant key person risk surrounds both individuals, with limited co-tenure that continues to build amongst the Quantitative Team. The Barings acquisition is viewed positively and the retention of key professionals, and business integration remain a watchpoint.

Lonsec Rating Model

Rating key: ●●● Above ●●● In-line ●●● Below

Factor	Peer Rating	YoY Score Change
Business	●●●	—
Team	●●●	—
Process	●●●	↑
ESG	●●●	—
Product	●●●	—
Fees	●●●	↓
Performance	●●●	—

Allocation Profile

Core		
Satellite		
	Low Complexity	High Complexity

Return Profile

Income		
Capital		
	Defensive	Growth

Key Facts

Key Objectives

Investment objective	Monthly cash income with a Target Return of RBA Cash Rate plus 3.50% p.a., net of fees through the economic cycle.
Internal return objective	Monthly cash income with a Target Return of RBA Cash Rate plus 3.50% p.a., net of fees through the economic cycle
Internal risk objective	Capital preservation with high risk-adjusted returns.

Asset Allocation (%) (as at 30/06/2024)

Australian Fixed Interest	99.00%
Cash	1.00%
Total	100.00%

Source: FE fundinfo

Rating History

07-Sep-2023	Recommended
11-Oct-2022	Recommended
22-Sep-2021	Recommended

Product Distribution Profile

Frequency	Monthly
Last Missed Distribution	N/A
Number of Missed Distributions in the last 5 years	0

Portfolio Profile as at 31/01/2024

Yield to maturity	10.09
Interest rate duration	0.04
Credit spread duration	0.98
Average credit rating	BBB
Sector allocation:	
- Government	0.00
- Government Related	0.00
- Non-government	99.00
- High yield	0.00
- Emerging market debt	0.00
- Cash	1.00
- Non AUD exposure	0.00
Number of issuers	14

Trading Snapshot (as at 30/06/2024)

52 week high/low NTA or NAV	\$2.02/\$2.00
52 week high/low price	\$2.07/\$1.92
Last NTA or NAV	\$2.01
Last price	\$2.02
Premium/discount to NTA or NAV	0.437 %
Securities on issue	335,561,576
Ticker	GCI

Target Market Determination

Produced by issuer	Yes
Provided to Lonsec	Yes

Performance Analysis - annualised after fees at 30/06/2024

	1 Year	Median	2 Year	Median	3 Year	Median	5 Year	Median
Performance (% p.a)	15.33	-	10.23	-	7.20	-	6.03	-
Standard deviation	5.07	-	5.51	-	5.43	-	10.77	-
Excess return (% p.a)	7.56	-	3.14	-	1.26	-	0.91	-
Outperformance ratio (% p.a)	66.67	-	58.33	-	58.33	-	60.00	-
Worst drawdown (%)	-1.21	-	-3.10	-	-4.17	-	-18.86	-
Time to recovery (mths)	1		1		2		9	
Sharpe ratio	2.16	-	1.20	-	0.88	-	0.41	-
Information ratio	1.49	-	0.57	-	0.24	-	0.08	-
Tracking error (% p.a)	5.08	-	5.49	-	5.35	-	10.75	-

Lonsec Peer Group: Fixed Interest - Fixed Interest - Specialised High Income - - - LIT

Product Benchmark: RBA Cash Rate + 3.50%

Cash Benchmark: Bloomberg AusBond Bank Bill Index AUD

Time to recovery: NR - Not recovered, dash - No drawdown during period

Business data is as at 31 December 2023

Business

Facts

Investment Manager	Gryphon Capital Investments Pty Ltd
Ultimate Parent Company	Massachusetts Mutual Life Insurance Company (MassMutual)
Headquarters	Springfield, Massachusetts
Inception Date	Feb 2014
% Staff Ownership	0-10%

Governance

% Independent board members	0
% Female board members	0
Independent chair	No
CEO as Chair	No
Separate Audit Committee	Yes

Who is the Manager?

Gryphon Capital Investments Pty Ltd ('Gryphon' or 'the Manager') is an asset management firm focused on investments in structured finance and 'less liquid credit markets' predominantly in Australia. The Gryphon business had \$3.14b in AUM as at 30 June 2024.

In March 2023, Gryphon was acquired by Barings LLC ('Barings'), a global investment manager and subsidiary of MassMutual, with assets across public and private fixed-income, real estate and specialist equity markets.

The broader Barings business held US\$409b in assets under management ('AUM') as at 30 June 2024. Barings Australia has \$14.3b of external AUM as at 31 December 2023, with three domestic offices and 74 employees as at 30 June 2024.

Lonsec Opinion

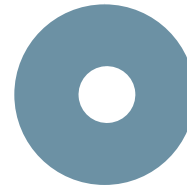
Profitability

Gryphon's investment management business is considered to be profitable and sustainable, which has been strengthened by the Barings acquisition and bolstered by AUM in the close-ended ASX: GCI. The profitability has been enhanced following the acquisition as it is expected to benefit from the increased operational and business support as the integration efforts materialise.

Business Track record

The business has a relatively short track record compared to other global fixed-income managers, given it was inception in 2014. However, Barings was inception in 1940 with a significant track record as a global investment manager across fixed income, real assets and specialist equity markets. Gryphon continues to exhibit consistent year-on-year growth as there has been regular capital raises with the continual enhancement of the distribution efforts following the Barings acquisition in 2022.

AUM



● Australian Fixed Interest 100.0%

Metrics

Total AUM	\$2.84b
Investment Management Headcount	11
Investment Professionals	8
Sales & Service	7
Distributor	Seed Partnerships

Business Ownership

The business ownership is highly concentrated as Gryphon Capital Partners Pty Ltd, the parent company of wholly owned Gryphon Capital Investments Ltd, is wholly owned by Barings.

Business Governance

The business has a strong governance framework with no regulatory findings or compliance breaches in recent history, and no reputational issues. The Manager also utilises a separate audit committee which is viewed positively. The Board, which is appointed by Barings, does not include any external members which is not in line with best practices.

Team



Key Decision Makers (KDM)

	Primary function	Dedicated to strategy	Appointed to strategy	Industry/Mgr exp. (yrs)	Exp. in PM roles (yrs)
Ashley Burtenshaw	Portfolio Management	Yes	2014	28/10	28
Steven Fleming	Portfolio Management	Yes	2014	32/10	32

KDM Change*

No changes.

* Last 3 years

Profile

Size	9
Structure	Centralised
Turnover	Medium

Alignment

KDM equity held in manager	No
KDM co-investment in strategy	Yes
Performance-Based bonus	Yes
Long term incentive plan	No

Resources

	Number	Average Years Experience
Key decision makers	2	30
Portfolio Managers	-	-
Hybrid portfolio manager/ analysts	-	-
Dedicated analysts	-	-
Dedicated dealers	-	-
Quantitative	7	10
ESG/Sustainability	-	-
Macro	-	-
Investment Specialists	-	-

Who is the Team?

The Gryphon team has joined the Global Structured Finance ('GSF') team at Barings, which consists of over thirty investment professionals based in Charlotte, North Carolina, London and Brisbane.

Steven Fleming and Ashley Burtenshaw drive the decision-making process with the support of the Quantitative Team and proprietary database and systems. The Investment Committee ('IC') consists of Fleming and Burtenshaw with Associate Directors, Christian Larney and Luke Vecchi added following the last review.

Burtenshaw and Fleming have over 30 years of industry experience working across various financial markets and asset classes. Moreover, Piers De Putron joined Gryphon in 2020 and operates as the Director and Database Manager. Du Putron has more than 26 years of industry experience, primarily within the risk function of financial institutions and business systems.

The Gryphon business has appointed One Managed Investment Funds Limited ('OIG') as the Responsible Entity ('RE'), which comprises the Trust's three Executive Directors who oversee the Trust's corporate strategy and compliance.



Lonsec Opinion

Team Size

The investment team resourcing is adequate, with the team's ability to leverage the broader GSF Team viewed positively. The portfolio managers are supported by seven dedicated analysts from the Quantitative Team. Whilst the Quantitative Team members are not key decision makers for the strategy, their support is vital given the labour-intensive nature of the asset class which involves data gathering, analysis and daily portfolio management.

Skill

The two co-PMs in Fleming and Burtenshaw have considerable experience and are the key pillars of the investment process. Their skills are highly complementary, spanning across trading, funds management and deal structuring.

Following the Barings acquisition, Fleming and Burtenshaw continue to operate as portfolio managers on the Trust, which provides continuity to the broader process. Their deep experience in securitised markets and longstanding working relationships are considered positive attributes of the Trust.

Below Fleming and Burtenshaw however, there is less experience at the junior/analyst level which culminates in a concentration of responsibilities in implementing the strategy. This is partially mitigated with the increased support provided by the broader Barings GSF team.

Track Record/Co-Tenure

Fleming and Burtenshaw have significant co-tenure at Gryphon and across their professional careers. They previously worked together in 2005 at Babcock and Brown and Columbia Threadneedle in 2009. The co-tenure outside Fleming and Burtenshaw is considered to be relatively low following the expansion of the team and departures in recent years. The team's cohesiveness will continue to be monitored following integration with the broader Barings GSF teams.

In recent years, there has been some junior and senior turnover amongst the Quantitative Team, which has lowered the co-tenure. This remains a watchpoint given the team's role in developing the front-end user interface for Gryphon's analytical tools, which are complex and data-intensive by nature. This has been managed via continued growth within the organisation, its systems and the team's ability to leverage the broader Barings GSF Team.

Key Person Risk

The Key Person Risk ('KPR') is higher relative to peers, given the concentration of responsibilities and experience in the two portfolio managers, Stephen Fleming and Ashley Burtenshaw. However, there is a clear internal focus on alleviating some of the KPR, with Christian Larney and Luke Vecchi being added to the IC in recent years. There are remuneration outcomes linked to organisational performance and a mid-term lock-up period associated with the co-portfolio managers following the acquisition which act as mitigating mechanisms for KPR.

Alignment

The alignment of interests to investors is considered lower following the sale of the co-founders' equity interests in the firm. Fleming and Burtenshaw's remuneration is linked to the performance of Gryphon business units within Barings. The broader investment team remuneration comprises a fixed component and a variable, discretionary short-term incentive. The retention of key professionals will be monitored in future reviews.

Process



What is the Investment Process?

Gryphon blends top-down and bottom-up research to build a diversified portfolio focused on securitised assets, predominantly residential mortgage-backed securities and to a lesser degree asset-backed securities. The strategy invests across traded (e.g. RMBS) and private (e.g. warehouses) mortgage and asset-backed instruments. The private assets are expected to comprise between 50-80% of the portfolio, facilitated by GCI's close-ended structure, with this asset mix driven by relative-value opportunities.

The team conducts regular macroeconomic analysis with the IC, guided by a weekly economic dashboard. This guides fundamental analysis, with portfolio managers assessing relative value. If a security is considered for selection a formal underwrite report is developed.

The reports evaluate factors like deal structure, the form of credit enhancement, risk analysis (default, downgrade, non-call), reporting, loan data and cashflow analysis. A collateral stratification report breaks down loan pool data into sub-sectors allowing the team to assess the level of risk held within the transaction and underlying constituents. The loan pool is broken down into bands including, but not limited to, LVR, security type (e.g. residential luxury), loan purpose, locality, loan type (fixed or variable), current loan balances and LMI provider.

For large loans, a separate report is generated to avoid bar-belled pools with high LVRs. Once completed, the team drafts an IC paper with recommendations for investment or sale in the secondary market.

Once the documentation is completed the team provides a formal IC paper with a recommendation for investment across the various tranches of the issue. A formal recommendation must also be drafted for IC consideration if a security is sold on the secondary market.

From here, portfolio construction follows a bottom-up approach that seeks to diversify across rating bands, geography and originator. There is also consideration for the seasoning of underlying loans, LVRs, cashflow frequency and maturity profile.

Lonsec Opinion & Supporting Facts

Philosophy and Universe

Investment Type	Active
Investment Approach	Top-down and bottom-up
Investment Style	Not Specified
Region	Australia
Universe	Securitized assets

The investment philosophy is highly aligned with the process and objectives. The look-through underlying securities in the Trust are private and publicly traded RMBS, ABS and cash. Gryphon's philosophy is well-defined and predicated on the belief that the RMBS and ABS markets are an important and substantial part of the Australian market, offering an alternative investment option for retail investors seeking exposure to income streams.

The Manager places significant importance on intensive data analysis and modelling to understand the underlying risks associated with each loan pool. This is highly integrated with the bottom-up and top-down philosophy whereby the analysis will facilitate portfolio decisions and assist in seeking out relative value opportunities.

The Trust represents a standalone exposure compared to peers, as typically securitised assets comprise sleeves of more broadly diversified portfolios. The investable universe for the Trust mainly comprises Australian-domiciled securities, however, there is the potential for holding foreign-denominated issues that are fully hedged.

Research Process

Key screens	Credit Quality, Maturity, Sector
Idea generation - macro/top down	Independent Economic Research
Idea generation - security selection	Benchmark Constituents, Primary Issuance
Issuers researched per analyst	Not Specified
Key research inputs	Rating Agencies, Quant Credit Models, Valuation Analysis
Valuation Approach	Relative Value

Gryphon's key strength lies in the rigour of its bottom-up analysis, with its macro research also considered sound and appropriate. The bottom-up and top-down analyses are viewed as structured and repeatable as they leverage proprietary systems to assess loan-level data and stress testing. The IC meets weekly, which facilitates debate and aids the process.

Gryphon has developed various methods of analysing securitised assets, and the proprietary models are high quality and robust. Given the lack of standardised off-the-shelf solutions in the securitised market, the ongoing maintenance and review of internal systems is critical. Gryphon has committed to building out the Quantitative Team despite recent departures, with these systems audited regularly to ensure compliance. The Manager has the required specialised resourcing and operational ability to analyse these large volumes of data.

The portfolio managers' long-standing industry relationships strengthen the research process and provide the team with enhanced market transparency and deal flow. Ultimately, Gryphon's ability to access favoured deals and tranches depends on prevailing market demand.

Process (continued)



Portfolio Construction

Portfolio management structure	Portfolio Manager
Approach to benchmark	Benchmark Agnostic
Typical number of issuers	14
Key alpha sources	Credit Spread
Currency management	Yes
Use of derivatives	No

The portfolio construction is considered robust, leveraging a well-defined investment process that relies on propriety internal quantitative systems and awareness of qualitative factors.

The Trust is predominantly constructed via bottom-up analysis focused on capital preservation. This involves estimating potential losses and comparing the security characteristics to the available credit protection. The top-down analysis is also a key consideration that provides focus and influences the portfolio positioning. This is prudent as it assists in understanding how transactions may affect the portfolio from a risk perspective.

The investment decisions must be approved by the IC, which governs positioning and security selection within the portfolio. This helps ensure a standardised element to the research process, with the prospective inclusions being value-additive to the portfolio on aggregate.

The Trust is diversified across rating bands and geographical allocations whilst being balanced according to various factors. Moreover, the underlying strategy is expected to maintain a structural bias toward private mortgage and asset-backed investments. The process demonstrates a strong buy/sell discipline with mispricing opportunities evaluated and positions typically being held to maturity.

Capacity Management

Capacity guidance	\$1.50b
Portfolio liquidity (1 week)	13%

The Manager's approach to capacity management is well-considered and disciplined, with no immediate capacity concerns.

The growth of the securitised market in Australia is substantial, and the team has shown a conscious effort to ensure the Trust grows sustainably and in line with their criteria. The Manager has indicated that the potential capacity is \$1.50b which means that the Trust has ample capacity to grow its FUM in future reviews.

Investment Risk Management

Monitoring external to investment team	Yes
Frequency of monitoring	Daily
Primary risk management system	Proprietary
Portfolio Interest Rate Duration Range	0.04 Years
Min Credit Rating (At Purchase)	Typically BBB or above - Will also purchase sub-IG securities
Maximum sub-investment grade/unrated	50%
Single Issuer Limits (Max)	10%
Sector Limits (Min./Max.)	ABS/RMBS: (0%, 100%) and Cash: (0%, 20%)
Leverage permitted	Yes
Gearing/economic leverage	Yes

Risk management is viewed positively, with Gryphon recently becoming fully compliant with Barings Global Model Risk Policy in March 2024. This has complemented a variety of systems that are built and maintained in-house. The Trust now accesses an external system, Aladdin, which has further enhanced the risk processes.

Gryphon demonstrates strong risk awareness and expertise in the asset class, relying on long-term holdings to drive investment returns.

While there's no separate risk committee, PwC conducts scheduled audits. Gryphon regularly monitors investments through monthly loan-level data assessments, managed by the Quantitative Team, which is seen as prudent.

The Trust needs to comply with ASX listing rules, including asset valuation around securitised investments. Securitised investments are considered a niche and at times an opaque asset class, with few actual trades to use as price points in comparison to traditional fixed income assets. This can give rise to elevated mark-to-market risk for investors. ICE Investment Services ('ICE') is engaged to provide daily third-party pricing which is in line with standard market practices. Notwithstanding, the Trust has a material allocation to private structured warehouses whereby the Manager may have to utilise pre-approved valuation policies.

The Trust utilises broad risk limits that relate to sub-investment grade credit, individual holdings and originator exposures. The Manager does not intend to use debt to enhance returns and has capped gearing to manage liquidity.

ESG



Manager Positioning

Responsible investment style	ESG Integration
ESG approach	Risk or Value
Sustainability thematic	No Sustainability Thematic
Non-financial objective	None

Sustainability Score

No score.

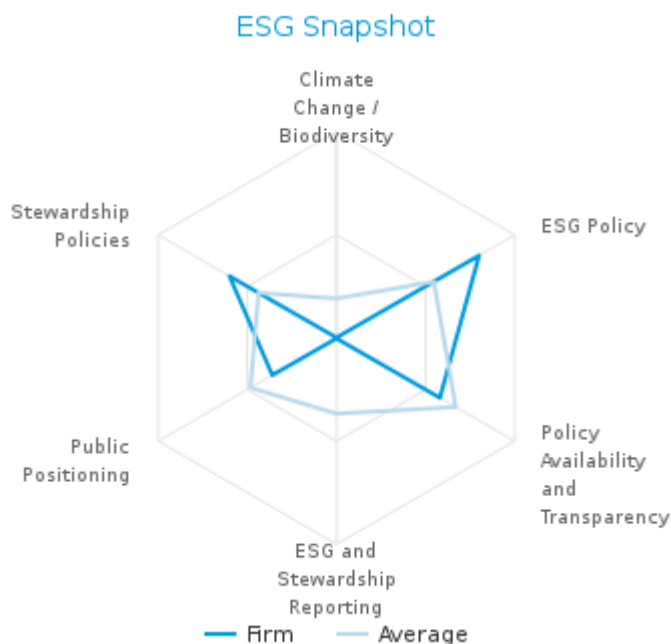
What is the Manager's ESG approach?

The Manager has indicated that their Responsible Investment style is 'ESG Integration' and as such they take Environmental, Social and Governance factors into consideration when assessing investment opportunities. With a primary ESG style of 'Risk or Value', Managers will determine inclusion based on the balance of overall risk (including ESG risk) and potential return. As a result, this approach may mean that lower-quality ESG issuers may be included if the return potential is sufficient and this may conflict with some clients' perception of what a strong ESG process would deliver.

Lonsec Opinion & Supporting Facts

Overview

ESG Process Score ModLow



Product Level Approach

Given the type of investments this product invests in the Manager does not source general external ESG data instead relying on collecting its own ESG data through company meetings and proprietary surveys of originators.

There are clear signs of defined ESG elements within the research process for the Trust. There is no clear structured link from the Manager's research to its stock selection with the Manager indicating that the impact is via qualitative information for portfolio managers. Portfolio-level measurement or assessment of ESG risks is not evident.

The Manager demonstrated a clear engagement program and a structured approach. Engagements are tracked, however, there is limited structure around systems for measuring success.

Strategy: Clarity, Measurability & Reporting

This product does not make any specific claim to being a sustainable, ethical or impact offering. As such, an alignment review for the product is not required thus the product's risk of misalignment has been assessed as N/A.

Manager Level Approach

The Manager's ESG policy framework and transparency are broadly aligned with peers. The Manager is committed to integrating ESG within their investment process with evidence in their public positioning. The recently updated Responsible Investing (RI) policy is freely available on the firm's website and focuses on governance issues, which is appropriate for this asset class. While the policy is considered in line with peers, engagement outcomes are not publicly available.

Product



Company Board & Service Providers

Chairperson	Not Specified (OIG)
Independent chairperson	No
No. of directors	3
No. independent directors	0
No. of female directors	0
Separate Audit Committee	Yes
Separate Investment Committee	Yes
Investment manager	Gryphon Capital Investments Pty Ltd
Custodian	One Managed Investment Funds Limited
Administrator	Apex Fund Services Pty Ltd
Auditor	PwC
Change in Key Providers? (Over last 12 months)	No

Product Details

Market cap	\$491.19m
Premium / disc. (12M ave.)	+0.80% (12m Average; January 2024)
Authorised capital management	Buybacks, Placements and Entitlement Offers
Net asset disclosure frequency	Monthly
Distribution model	Third-Party
Investment structure	Direct
Product type	Registered MIS
Currency hedged	Yes

What is the Product Structure?

The Gryphon Capital Income Trust ('GCI' or 'the Trust') is an Australian Listed Investment Trust ('LIT'), listed on the Australian Securities Exchange ('ASX'). The Trust invests in publicly traded and private securitised assets comprising Australian residential mortgage-backed securities ('RMBS') and asset-backed securities ('ABS'). The Trust was listed on the ASX in May 2018. One Managed Investment Funds Limited is the Responsible Entity of the Trust and Gryphon Capital Investments Pty Ltd is responsible for managing the portfolio.

Lonsec Opinion

Price Divergence

The LIC has consistently traded at a low discount to its NTA over the 12 months to May 2024 and is performing well in this regard. The Company is currently trading at a premium of 1.3% to NTA and has historically traded strongly relative to its NTA since recovering from the COVID-19 drawdowns. The peer relative premium to NTA is amongst the strongest in the peer group as it has consistently traded in line with its NTA. The volatility of the premium has been relatively low compared to peers, as its main source of volatility to NTA arose in 2020 which it subsequently recovered.

Liquidity

GCI's market capitalisation is higher than broader Australian market peers, with a notably strong daily trading volume that supports the liquidity profile on a peer-relative basis.

The underlying assets are valued daily via ICE, with valuation policies in place where third-party pricing is unavailable. Given the nature of the close-ended vehicle, the Trust does not offer redemptions. As such, the sale of assets is at the Manager's discretion which results in a higher allocation to illiquid investments.

The LIT predominately invests in securitised assets which may result in less pricing transparency in times of market stress. The Manager has also disclosed a material allocation to private structured credit warehouses which may accentuate the Trust's premium/discount to NTA where the underlying assets are less liquid with lower pricing transparency.

Governance

The RE Board has sufficient experience to carry out its governance and oversight responsibilities effectively. Barings has oversight of the broader Gryphon business and appoints a separate Board of Directors for the business.

OIG is responsible for ensuring that the Trust's corporate strategy is executed optimally and strictly compliant. Pleasingly, the RE has been active in the Trust's capital management decisions over time with consistent placements to ensure adequate working and operational capital for the vehicle.

The RE Board has commercial and fiduciary interests in the success of the Fund leading to standard alignment within these structures. Further, there is a working capital loan from the RE to the Manager. The independence is in line with peers, as the Board contains three executive directors from the RE.

Secondary Market Support

GCI has exhibited a solid level of shareholder support and loyalty since its inception which is important for narrowing the gap between the share price and NTA. The Manager has employed Seed Partnerships to handle its sponsor endeavours with regular marketing events to increase awareness of the strategy and improve secondary market support. The Broker support is relatively in line with peers, as it is covered by several well-known institutions.

The Barings acquisition is a positive catalyst for Gryphon's distribution as the increased resourcing availability allows for improved distribution and business awareness in the market.

Fees

Annual Fees and Costs (% p.a.)

Management fees & costs	0.89
Performance fee costs	0.00
Annual fees and costs	0.89

Source: FE fundinfo, Offer Document date: 29/Jan/2024

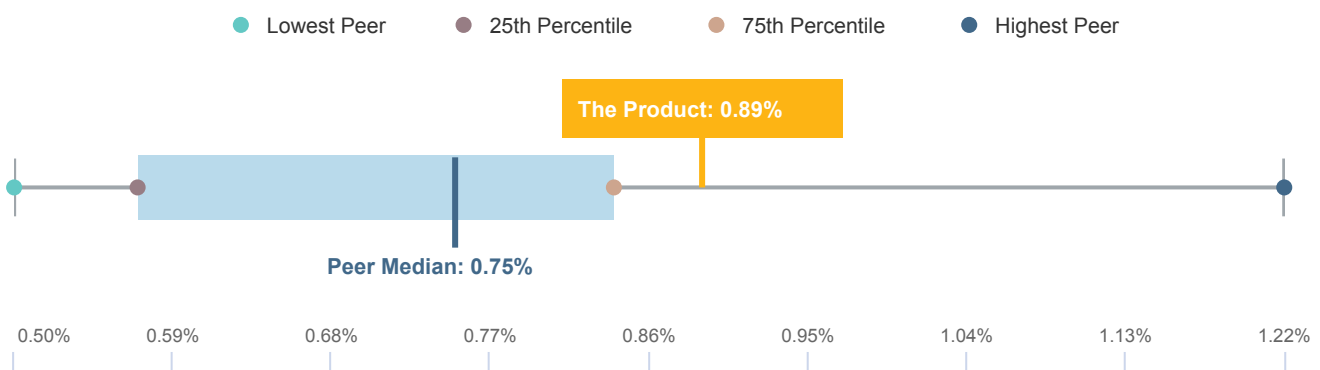
Performance Fees

Applicable	No
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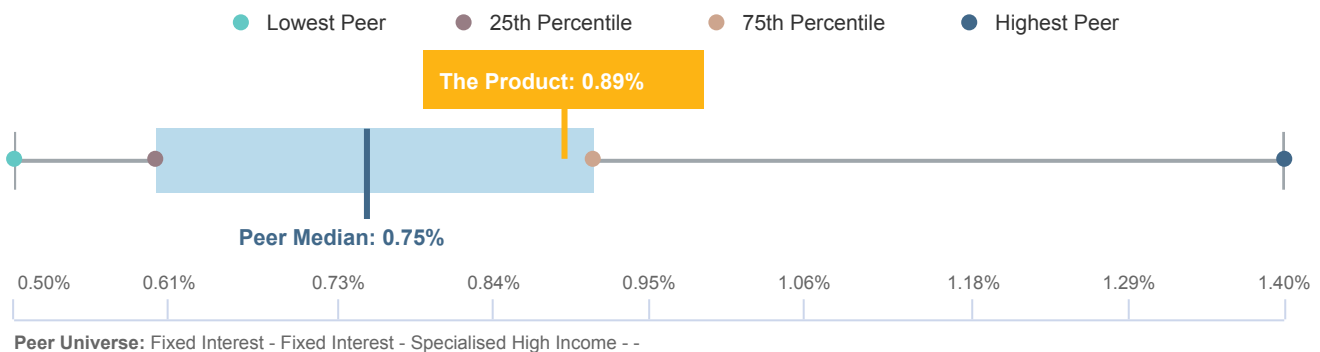
Fees Explained

The Trust's PDS disclosed Annual Fees and Costs ('AFC') totalling 0.89% p.a. which comprises solely of management fees and costs. The Trust is not subject to a performance fee, with the buy/sell spreads being market-determined given the listed nature of the product.

Management Fees and Costs Peer Comparison



Annual Fees and Costs Peer Comparison



Lonsec Opinion

Annual Fees and Costs

The Trust's Annual Fees and Costs ('AFC') are high relative to the Specialised High Income peer group. That said the Trust's AFC is in line with its only comparable LIT peer.

Fairness

The Trust is a Listed Investment Trust that provides access to structured investments across public and private markets with regular liquidity and income distributions. The fairness is considered to be adequate, albeit slightly weaker relative to peers.

Performance data is as at 30 June 2024

Performance

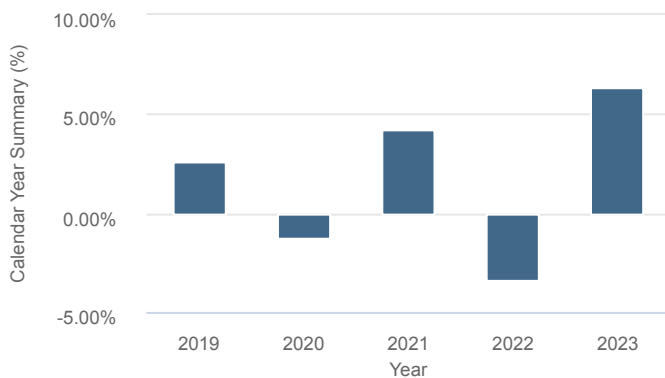
Performance Summary

Investment objective	Monthly cash income with a Target Return of RBA Cash Rate plus 3.50% p.a., net of fees through the economic cycle.
Internal return objective	Monthly cash income with a Target Return of RBA Cash Rate plus 3.50% p.a., net of fees through the economic cycle.
Internal risk objective	Capital preservation with high risk-adjusted returns.
Product benchmark	RBA Cash Rate + 3.50%
Lonsec peer group	LIT

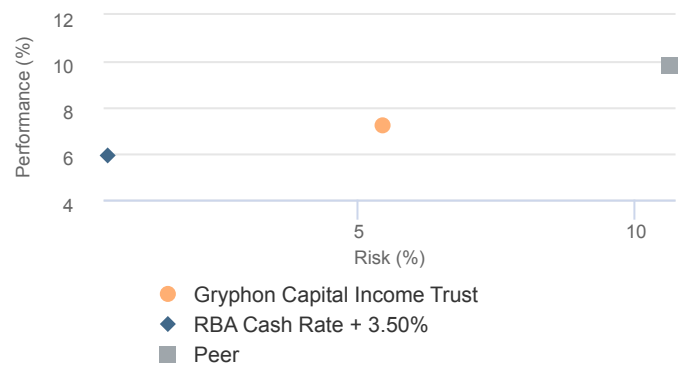
Alpha Generation

The Trust has met its investment objective across all periods as it has delivered total returns above its Benchmark. The Trust has delivered excess returns, net of fees, of 1.3% p.a. and 0.9% p.a. over three and five years respectively. The Trust has also generated total and income returns that are highly competitive against the Lonsec Specialised High Income peer group. The Trust's returns have been in line with similar structured credit products over the same three and five-year periods.

Calendar Year Excess Return



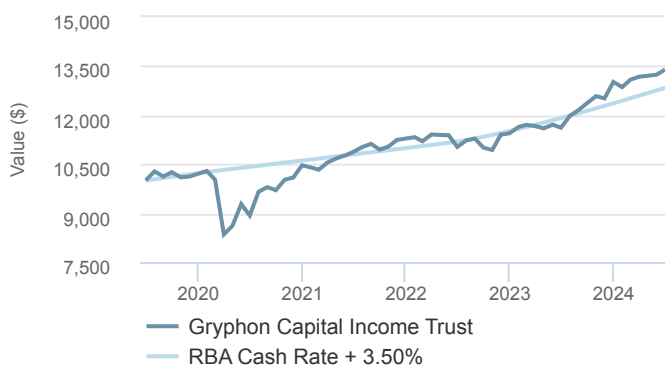
3 Year Risk and Return



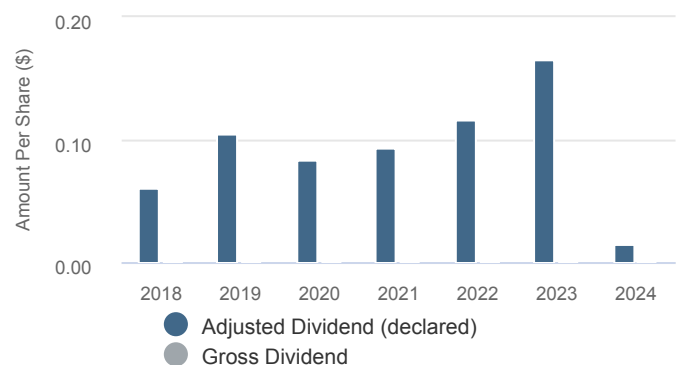
Alpha Consistency

The Trust's consistency of returns is amongst the highest in the broader Specialised High Income peer group, as it has consistently achieved its investment objective across all rolling periods assessed at the time of this review. The Trust has consistently outperformed the broader peer median while delivering returns that are in line with more directly comparable structured credit-focused products offering similar exposures across all assessed periods.

Growth of \$10,000 Over 5 Years



Dividend Record Over 10 years



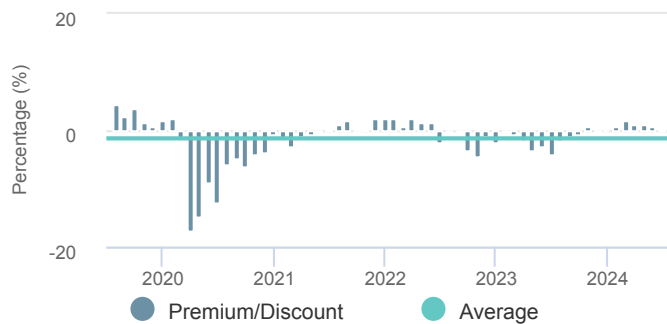
Performance data is as at 30 June 2024

Performance (continued)

Benchmark Relativity

The strategy's activeness has been relatively higher compared to the broader median of the Specialised High Income peer group. The Trust's tracking error has consistently been in the top quartile relative to Specialised High Income peers. The information ratio is below the broader peer group and more directly comparable structured credit products across all periods assessed.

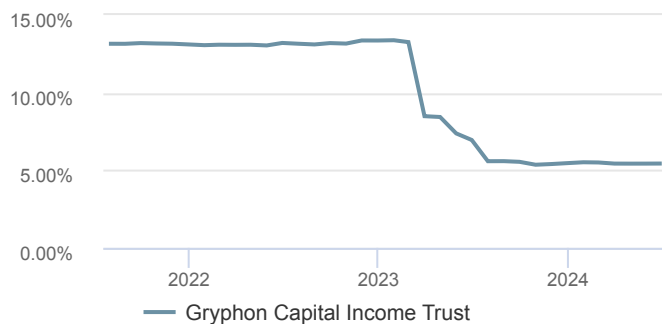
Share Price Premium/Discount to NTA Over 5 Years



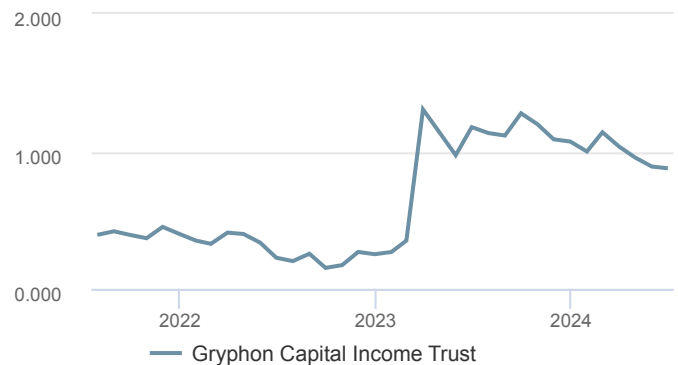
Return Volatility

The Trust's investors are exposed to GCI's listed price and volatility, and not necessarily the NAV performance. This affects volatility as the Trust trades more frequently than unlisted peers. The volatility has been consistently higher than the broader peer median, although this is expected given the concentrated single asset class exposure. The Trust's risk-adjusted returns have been below the broader Specialised High Income peer group, and particularly relative to more directly comparable structured credit products.

3 Year Rolling Standard Deviation Over 3 Years



3 Year Rolling Sharpe Over 3 Years



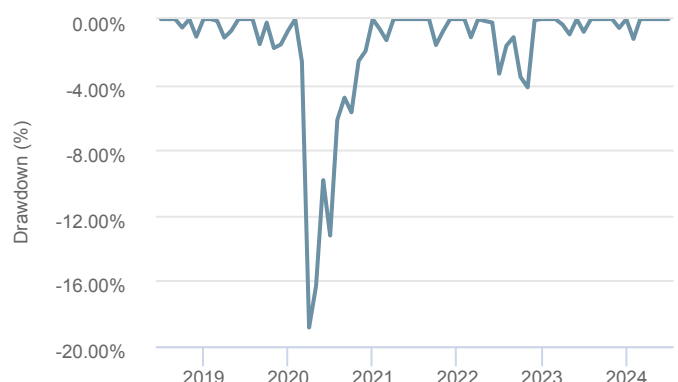
Product Defensiveness

The defensiveness is not directly comparable to that of the broader Lonsec peer group, given its focus on structured credits. That said, the Trust has exhibited a defensiveness profile in line with the broader Specialised High Income peer group, although weaker than closer peers. The Trust's investors are exposed to GCI's listed price and volatility, and not necessarily the NAV performance.

Market Capture Ratio



Drawdowns



Ratings

'**Highly Recommended**' rating indicates that Lonsec has very strong conviction the product can meet its investment objectives.

'**Recommended**' rating indicates that Lonsec has strong conviction the product can meet its investment objectives.

'**Investment Grade**' rating indicates that Lonsec has conviction the product can meet its investment objectives.

'**Approved**' rating indicates that Lonsec believes the product can meet its investment objectives.

'**Not -Approved**' rating indicates that Lonsec does not believe the product can meet its investment objectives.

'**Closed / Wind Up**' status is applied when the product has been closed.

'**Fund Watch**' status is applied when a rating is under review due to the occurrence of a significant event relating to the product.

The '**Redeem**' rating indicates Lonsec no longer has sufficient conviction that the product can meet its investment objectives.

The '**Screened Out**' rating indicates Lonsec was unable to attain sufficient conviction that the product can meet its investment objectives.

'**Discontinued Review**' status is applied where a product issuer withdraws the product from the review process prior to completion, for any reason other than the product being closed or unavailable to investors.

The '**Ceased Coverage**' status is applied when a rated product is withdrawn from the research process by the product issuer.

General

Climate Change / Biodiversity: the extent to which a manager has a leading climate and biodiversity policies.

ESG and Stewardship Reporting: the transparency, accessibility and usefulness of a manager's reporting.

ESG Policy: the strength of commitment to ESG as ascertained by a review of a manager's ESG policies.

Excess return: Return in excess of the benchmark return.

Information ratio: Relative reward for relative risk taken (Excess Returns / Tracking Error).

Key decision maker (KDM): A nominated investment professional who has portfolio decision making discretion for a Fund, e.g. 'buy' or 'sell' decisions.

Market capture ratio: A product's performance during either 'up' or 'down' market trends relative to an index.

Policy Availability / Transparency: the ease of public access to, and transparency of, a manager's overall ESG policy suite.

Public Positioning: the resolve of a manager's commitment to ESG as ascertained by their public positioning.

Returns consistency: The proportion of a product's monthly outperformance during a period relative to the benchmark when it was rising, falling and in aggregate.

Sharpe ratio: Excess return earned for additional volatility experienced when holding riskier assets versus risk-free asset.

Standard deviation: Volatility of monthly Absolute Returns.

Stewardship Policies: the strength of a manager's proxy voting and engagement policies with respect to ESG.

Time to recovery: The number of months taken to recover the Worst Drawdown.

Total return: 'Top line' actual return, after fees.

Tracking error: Volatility of monthly Excess Returns against the benchmark (the Standard Deviation of monthly Excess Returns).

Worst drawdown: The worst cumulative loss ('peak to trough') experienced over the period assessed.

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Lonsec Research FSG Financial Services Guide

This Financial Services Guide (FSG) has been prepared and issued by Lonsec Research Pty Ltd ABN 11 151 658 561 (Lonsec Research, we, us, our), holder of Australian Financial Services Licence (AFSL) No. 421445, to assist you in determining whether to use our financial services and products. This is an important document, and you should read it carefully. The contents of this FSG are general information only and does not take into account your personal needs or objectives. Lonsec Research provides no warranty as to the suitability of the services of this FSG for any particular person.

1.1 What is a Financial Services Guide?

This FSG's purpose is to provide you with important information regarding services offered by Lonsec Research. You should read this FSG prior to using our services. This document was prepared to inform you about:

- who we are and our contact details;
- the financial services we provide;
- the remuneration that may be paid to us and other persons in relation to the financial services we provide;
- how we deal with conflicts of interest; and
- how we deal with complaints

1.2 About Lonsec Research and its related parties

ASX listed Generation Development Group Limited (ABN 90 087 334 370) is the parent company of Lonsec Holdings Pty Ltd (ABN 41 151 235 406) (Lonsec Holdings). Lonsec Research is a wholly owned subsidiary of Lonsec Holdings Pty Ltd (ABN 41 151 235 406) (Lonsec Holdings) and provides in-depth, investigative investment research across a broad range of listed and unlisted investments.

Other subsidiaries of Lonsec Holdings include SuperRatings Pty Ltd (ABN 95 100 192 283), Implemented Portfolios Pty Limited (ABN 36 141 881 147) and Lonsec Investment Solutions Pty Ltd (ABN 95 608 837 583). All employees of the Lonsec group entities, including Lonsec Research, are employed by Lonsec Fiscal Pty Ltd (ABN 94 151 658 534).

Contact Details

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Sydney NSW 2000
Tel: 1300 826 395
Email: info@lonsec.com.au
www.lonsec.com.au

1.3 What kind of financial services can Lonsec Research provide?

Lonsec Research is authorised under its Australian Financial Services Licence to provide general financial product advice to retail and wholesale clients on the following types of financial products:

- securities
- deposit and payment products limited to basic product products
- derivatives
- interests in managed investment schemes including investor directed portfolio services
- superannuation
- retirement savings accounts
- foreign exchange products
- life products including:
 - investment life insurance products as well as any products issued by a Registered Life Insurance Company that are backed by one or more of its statutory funds; and
 - life risk insurance products as well as any products issued by a Registered Life Insurance Company that are backed by one or more of its statutory funds;

Lonsec Research is also authorised to deal in a financial product by arranging for another person to apply for, acquire, vary, or dispose the above types of products for or by retail and wholesale clients.

1.4 Provision of general advice

Any advice that Lonsec Research provides is of a general nature and does not take into account your personal financial situation, objectives or needs. You should, before acting on the information, consider its appropriateness having regard to your own financial objectives, situation and needs and if appropriate, obtain personal financial advice on the matter from a financial adviser. Before making a decision regarding any financial product, you should obtain and consider a copy of the relevant Product Disclosure Statement or offer document from the financial product issuer.

1.5 How Lonsec Research is paid

Lonsec Research receives fees from Fund Managers and/or financial product issuers for researching their financial product(s) using comprehensive and objective criteria. Lonsec receives subscriptions fees for providing research content to subscribers including financial advisers, fund managers and financial product issuers. Lonsec Research's fees are not linked to the financial rating outcome of a particular financial product.

Lonsec Research FSG (continued)

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1.6 How do we manage our compensation arrangements?

Lonsec Research has Professional Indemnity insurance arrangements in place to compensate clients for loss or damage because of breaches of any relevant legislative obligations by Lonsec Research or its representatives which satisfy section 912B of the Corporations Act 2001.

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Complaints Manager

Level 39, 25 Martin Place
Sydney NSW 2000

Tel: 1300 826 395

Email: complaints@lonsec.com.au

An individual may request further information about Lonsec Research's internal complaints handling procedure at any time. If an individual is not satisfied with the outcome of their complaint or has not received a response within 30 days from Lonsec Research, the individual can complain to the Australian Financial Complaints Authority (AFCA). AFCA provides an independent dispute resolution service and can be contacted on:

Online: www.afca.org.au

Email: info@afca.org.au

Phone: 1800 931 678

Mail:

Australian Financial Complaints Authority
GPO Box 3
Melbourne, Victoria, 3001.

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This FSG was prepared on 1 August 2024.