

### GCIT Investment Highlights

- Specialist Investment Manager with a proven track record of investment outperformance
- Target income return of RBA Cash + 3.50% (net of fees)
- Monthly distributions
- Key objective of the Fund being capital preservation
- Portfolio diversification – Australian ABS market is a large but specialist component of Australian Fixed Income and is dominated by institutional investors

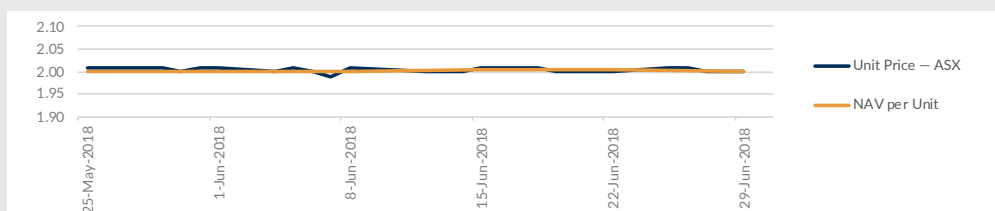
### Investment Objective

GCIT is an ASX Listed Trust providing Unitholders with exposure to the Australian securitised fixed income market, a large market (> A\$100 billion) which is dominated by institutional investors. The investment objective of GCIT is to generate attractive risk adjusted returns principally through monthly income distributions with a low risk of capital loss at a portfolio level. Investor's capital is not guaranteed.

### GCIT Distribution

GCIT paid its first distribution of 0.46 cents per unit on 9 July 2018 to Unitholders. The distribution related to the period from the Allotment date 21 May 2018 to the period ended 30 June 2018.

### NAV Unit and Unit Price Performance



### Fund Performance

30 June 18	1 Mth	3 Mth	6 Mth	1 Yr	Incep (Ann) <sup>1</sup>
Net Return (%)	0.23	-	-	-	2.22
RBA Cash Rate %	0.12	-	-	-	1.50
Distribution (%)	0.23	-	-	-	2.12
Distribution (¢/unit)	0.46	-	-	-	4.20

<sup>1</sup> Inception date – 21 May 2018

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

### Market and GCIT Investment Activity

During June, two new Residential Mortgage Back Securities transactions were priced totalling A\$1.35 billion. AMP Bank through its RMBS programme issued a \$1 billion Prime RMBS upsizing the transaction from A\$750 million and a Non-Bank, AFG issued a \$350 million Prime RMBS.

Pricing for both transactions were in line with guidance although the woes of AMP's advisory division clearly impacted their pricing as this transaction priced wider than comparably rated tranches of the most recent regional bank Prime RMBS.

As expected, there continues to be strong demand for the lower investment grade tranches whilst the senior AAA tranche remains slightly less in demand.

Gryphon Capital did not participate in either of these RMBS transactions for a number of reasons including non-credit issues, portfolio composition and relative value considerations.

There is a strong pipeline of potential eligible investments building and Gryphon Capital is delighted with the composition of the core portfolio invested thus far which represents approximately 48% of the GCIT NAV. The credit quality of the core portfolio is approx. 70% investment grade, 25% BB rated and 5% Non-Rated resulting in the weighted average running yield exceeding our target returns.

The balance of the GCIT NAV continues to be invested in a Liquidity Portfolio and cash or cash equivalents with the weighted average running yield on the Liquidity Portfolio being 2.97%. The Liquidity Portfolio will be recycled into higher yielding RMBS and ABS as opportunities arise.

Gryphon Capital continues to focus on identifying those investments which are able to meet the return and risk characteristics outlined in the PDS and is confident the portfolio will be fully invested with all holdings constituting the core portfolio, within the timeline outlined in the PDS.

### ABOUT THE MANAGER

Gryphon Capital Investments Pty Ltd ("Gryphon") is a specialist fixed income manager with significant experience in the Australian and Institutional fixed income markets. Gryphon manages individual segregated accounts on behalf of institutional investors and GCIT 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 \$1.9 billion.

### GCIT SNAPSHOT

ASX Code	GCIT
IPO Date	25 May 2018
Asset	Fixed Income, floating rate
ASX Price	\$2.00
NAV (Unit)	\$2.00
Market Cap	\$175.3m
Distributions	Monthly
Unit Pricing	Weekly

### GCIT PORTFOLIO STATISTICS\*

No. of Underlying Loans	57,329
Weighted Average Underlying Loan Balance	\$381,503
Weighted Average LVR	63%
Weighted Average Seasoning	38 months
Weighted Average Interest Rate	4.71%
Owner Occupied	68%
Interest Only	19%
30+ Days in Arrears as % of Loans	0.59%

\* 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.

### RESEARCH

**BondAdviser**

**INDEPENDENT**  
INVESTMENT RESEARCH

**Lonsec**

# Gryphon Capital Income Trust (GCIT)

ARSN 623 308 850

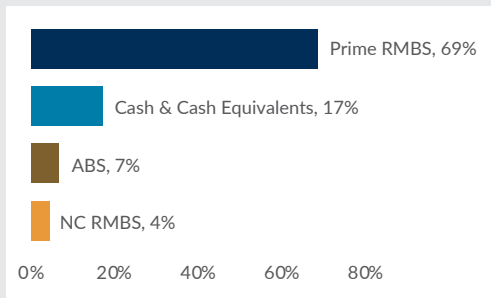
## Investment Update as at 30 June 2018



### GCIT Portfolio Construction<sup>1</sup>

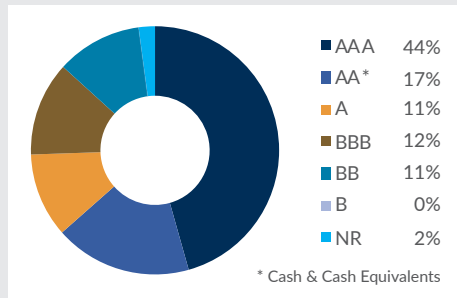
<sup>1</sup> Note as at 30 June 2018.

#### GCIT Sector Allocations<sup>2</sup>



<sup>2</sup> Excludes Manager Loan.

#### GCIT Rating Breakdown<sup>2</sup>



<sup>2</sup> Excludes Manager Loan.

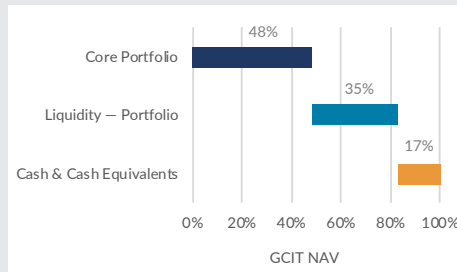
#### GCIT Characteristics<sup>3</sup>

Net Running Yield <sup>4</sup>	3.47%
RBA Cash Rate	1.50%
Distribution (¢/unit)	4.20
Interest Rate Duration (yrs)	0.04 years
Credit Spread Duration (yrs)	2.35 years
Number of Bond Holdings	20
Number of Underlying Loans	57,329

<sup>3</sup> Annualised.

<sup>4</sup> The net cash income GCIT would earn over the next year based on existing core and liquidity portfolios and current market conditions if there were no changes to interest rates or GCIT portfolios. It is not an actual return.

#### Portfolio Investment Information



The AAA rated liquidity RMBS will be recycled into higher yielding RMBS and ABS as the Manager continues to invest in "core securities" for the GCIT portfolio. As described in the PDS, Investors should also note it may take some time following listing of the Units until the Manager is able to construct the Portfolio (which may be up to six months) and before the target return can be expected to be achieved. Distributions to Unitholders in the initial six months are therefore expected to be lower than the target return.

#### Net Returns

(%)	Jan	Feb	Mar	Apr	May <sup>5</sup>	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2018	-	-	-	-	0.01	0.23	-	-	-	-	-	-	0.24

<sup>5</sup> Net return calculated from the Allotment date 21 May 2018 to 31 May 2018.

#### Distributions

(cents/Unit)	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2018	-	-	-	-	-	0.46	-	-	-	-	-	-	0.46

**Disclaimer:** Gryphon Capital Investments Pty Ltd (ACN 167 850 535) (AFSL 454552) ("Gryphon") is the investment manager of the Gryphon Capital Income Trust (ARSN 623 308 850) ("GCIT"). One Managed Investment Funds Limited (ACN 117 400 987) (AFSL 297042) is the Responsible Entity of GCIT ("OMIFL"). The information contained in this document was not prepared by OMIFL but was prepared by other parties. While OMIFL has no reason to believe that the information is inaccurate, the truth or accuracy of the information contained therein cannot be warranted or guaranteed. Anyone reading this report must obtain and rely upon their own independent advice and inquiries. Investors should consider the Supplementary Product Disclosure Statement ("SPDS") issued by OMIFL before making any decision regarding GCIT. The SPDS contains important information about investing in GCIT and it is important investors obtain and read a copy of the SPDS before making a decision about whether to acquire, continue to hold or dispose of units in GCIT. You should also consult a licensed financial adviser before making an investment decision in relation to GCIT. A copy of the SPDS and continuous disclosures may be obtained from <https://www.oneinvestment.com.au/investors-public/gryphon-capital-income-trust/> or <http://www.gcainvest.com/gci/>. Gryphon believes that the information contained in this document is accurate when issued. Gryphon does not warrant that such information or advice is accurate, reliable, complete or up-to-date, and to the fullest extent permitted by law, disclaims all liability of Gryphon and its associates. This document should be regarded as general information only rather than advice. In preparing this document, Gryphon did not take into account the investment objectives, financial situation and particular needs of any individual person. The information contained in this document must not be copied or disclosed in whole or in part without the prior written consent of Gryphon, and Gryphon accept no liability whatsoever for the actions of third parties in this respect. It is presented for informational purposes only and is not to be construed as a solicitation or an offer or recommendation to buy or sell any securities. Any opinions expressed in this document may be subject to change. Gryphon is not obliged to update the information. The information must not be used by recipients as a substitute for the exercise of their own judgment and investigation. Neither Gryphon nor any of their directors, employees or agents accept any liability for any loss or damage arising out of the use of all or part of, or any omission, inadequacy or inaccuracy in, this document. OMIFL and Gryphon do not guarantee the performance of GCIT or the repayment of any investor's capital. To the extent permitted by law, neither OMIFL nor Gryphon, including their directors, senior executives, employees, consultants, advisers, officers or authorised representatives, are liable for any loss or damage arising as a result of reliance placed on the contents of this document. Gryphon only provides services to wholesale clients, as defined in Section 761G of the Corporations Act. Past performance is not indicative of future performance. Information in this document is current as at 30 June 2018.

#### GCIT 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 Wrap	First Wrap
HUB24	Macquarie Wrap
Mason Stevens	MLC
Navigator	Netwealth
North	

#### FURTHER INFORMATION AND ENQUIRIES

##### Gryphon Capital Income Trust

[www.gcainvest.com/gci](http://www.gcainvest.com/gci)

##### General

Email [info@gcainvest.com](mailto:info@gcainvest.com)

##### Boardroom (Unit Registry)

Phone 1300 737 760

Email [enquiries@boardroomlimited.com.au](mailto:enquiries@boardroomlimited.com.au)

