



Gryphon Capital Income Trust

ARSN 623 308 850

ASX RELEASE

1 May 2019

Gryphon Capital Income Trust (ASX: GCI) ('GCIT or the Trust') Announces Update to GCIT Investment Guidelines

Gryphon Capital Investments Pty Ltd ACN 167 850 535 (Manager) has recommended and the Responsible Entity, One Managed Investment Funds Limited ACN 117 400 987 has approved the Manager's recommendations for minor modifications to the Investment Guidelines for GCIT. The changes will simplify ramp-up of investments supporting potential growth in GCIT. Additionally, modification around the ABS concentrations to better position GCIT to take advantage of opportunities which may arise as a result of the Federal Government's A\$2 billion Australian Business Securitisation Fund (ABSF) which was passed by Federal Parliament in early April 2019.

The current Investment Guidelines can be found in section 4.6 of the Product Disclosure Statement (PDS) which is available at www.gcapinvest.com/gcit/overview

The Manager continues to evaluate a strong pipeline of potential investment opportunities which it expects will meet the investment objective of GCIT as described in the PDS.

The Manager will begin applying the amended Investment Guidelines from 15 May 2019.

The updated Investment Guidelines for the Trust are detailed below (with changes shown in mark-up)

(a) Jurisdiction

All Trust investments must be issued by an Australian domiciled issuer.

(b) Authorised Investments

The Trust investment may consist of the following:

- (i) Cash held in a bank or other ADI.
- (ii) Short term money market securities or cash equivalent.
- (iii) RMBS.
- (iv) Other ABS. That is, non RMBS which may include securitisations backed by consumer loans, loans to SMEs, auto loans among others.
- (v) Manager Loan.

(c) Investment Guidelines

All investments:

- (i) must be denominated or payable in Australian dollars or denominated in another currency but hedged back to Australian dollars, and
- (ii) other than the Manager Loan, must be fully secured by collateral domiciled in Australia.

(d) Investment concentrations

The Investment Guidelines require the Manager to prudently limit exposures to any individual asset class, issuers and transactions. To support this, the Manager has adopted the following investment restrictions for the Trust:

- (i) At least 50% of the Portfolio ~~(calculated as a percentage of the Trust's NAV)~~ will be invested in assets with an Investment Grade Rating.
- (ii) At the time of investment the maximum holding in any one security will not exceed 10% of the Trust's NAV Portfolio.
- (iii) At the time of investment the exposure to any one Originator must not exceed ~~25%~~ 30% of the Trust's NAV Portfolio.
- (iv) All ABS investments must be rated or credit assessed by one of Standard & Poors, Moodys or FitchRatings.
- (v) Non-investment grade ABS must not exceed ~~5%~~ 15% of the Trust's NAV Portfolio.
- (vi) Subject to the hedging guidelines set out in paragraph (e) below, a maximum of 20% of the Trust's Portfolio may be invested in assets denominated in foreign currencies.

The Manager will be generally guided by these Investment concentrations when constructing the Trust's Portfolio. If the Trust has commenced a process to undertake a further capital raise, then the Investment concentrations may be measured assuming the proposed capital raising is completed successfully. The Investment concentrations allow for flexibility throughout economic cycles and the active management process of the Manager. The Investment concentrations may be breached from time to time if the value of securities in the Portfolio changes or the Manager sells an asset. However, in those circumstances the Manager will attempt to re-balance the Portfolio within a reasonable timeframe.

(e) Hedging and derivatives

The Manager intends to only use derivatives and other hedging techniques for risk management purposes and not for market speculative purposes in an attempt to increase returns.

The guidelines set out above do not apply to the Manager Loan which is summarised in Section 12.4 of the Trust's PDS which is available at <https://www.gcapinvest.com/gcit/overview/>.

About Gryphon

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 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.

Directory

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One Managed Investment Funds Limited (ABN 47 117 400 987) (AFSL 297042) (OMIFL) is the responsible entity of the Gryphon Capital Income Trust (ARSN 623 308 850 (“Fund”). Information contained in this document was prepared by Gryphon Capital Investments Pty Ltd (ACN 167 850 535) (GCI). While neither OMIFL nor GCI has any reason to believe the information is inaccurate, the truth or accuracy of the information cannot be warranted or guaranteed. Before making any decision regarding the Fund, investors and potential investors should consider the Product Disclosure Statement (PDS) and other continuous disclosures available on the Australian Securities Exchange (“ASX”) website (Disclosure Material). The Disclosure Material contains important information about investing in the Fund and it is important investors obtain and read the Disclosure Material before making a decision about whether to acquire, continue to hold or dispose of units in the Fund. This document contains general information only and is not intended to be financial product advice. It does not take into account any person’s (or class of persons’) investment objectives, financial situation or particular needs, and should not be used as the basis for making investment, financial or other decisions. Investors should also consult a licensed financial adviser before making an investment decision in relation to the Fund. This document may contain forward-looking statements based on current expectations, estimates, and projections about the Fund’s business and the industry in which the Fund invests. Readers are cautioned not to place undue reliance on these forward-looking statements. Neither OMIFL nor GCI undertakes any obligation to revise any such forward-looking statements to reflect events and circumstances after the date of this publication. Past performance is not indicative of future performance. Neither OMIFL or GCI nor any other person associated with the Fund guarantees or warrants the future performance of the Fund, the return on an investment in the Fund, the repayment of capital or the payment of distributions from the Fund. To the extent permitted by law, no liability is accepted by OMIFL, GCI or their respective directors for any loss or damage as a result of any reliance on this information. Information in this document is current as at 1 May 2019.