



Investment Objective

Gryphon Capital Income Trust (GCI) set itself 3 strategic objectives at IPO:

1. Sustainable monthly cash income



2. Highest risk adjusted return

3. Capital Preservation

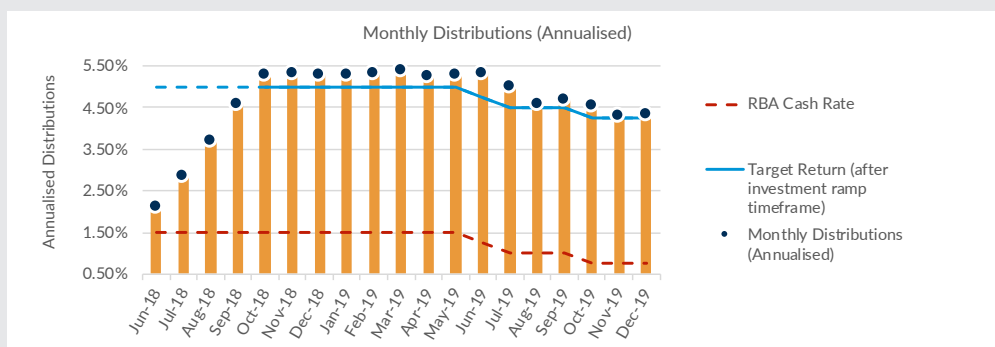
GCI continues to generate attractive and sustainable monthly income with highest risk adjusted returns through investments in a defensive asset class with a track record of low capital price volatility ensuring Capital Preservation.

Investment Highlights

Income¹	Sustainable monthly cash income. Current 12-month distribution yield at 4.96% (net).
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

Distribution

GCI announced a 0.73 cents per unit distribution for the month of December, generating a distribution yield for the 12 months to December 2019 of 4.96% (net)¹.



Fund Performance as at 31 December 2019

	1 Mth	3 Mth	6 Mth	1 Yr	Incep (Ann) ²
Net Return (%)	0.39	1.19	2.74	5.54	5.05
RBA Cash Rate (%)	0.06	0.19	0.44	1.18	1.30
Net Excess Return (%)	0.32	0.99	2.28	4.32	3.70
Distribution ¹ (%)	0.36	1.09	2.29	4.96	4.63
Distribution (¢/unit)	0.73	2.19	4.56	9.73	9.08

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

² Inception date – 21 May 2018

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

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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 \$2.1 billion.

SNAPSHOT

ASX Code	GCI
IPO Date	25 May 2018
Asset	Fixed Income, floating rate
ASX Price	\$2.04
Market Cap	\$420.5m
NTA/Unit	\$414.0m/\$2.01
Investment Management Fee³	0.72%
Performance Fee	None
Distributions	Monthly
Unit Pricing	Daily

³ Includes GST, net of reduced input tax credits

CHARACTERISTICS

Distributions (12m)⁴	4.96%
RBA Cash Rate	0.75% pa.
Interest Rate Duration	0.05 years
Credit Spread Duration	1.9 years
Number of Bond Holdings	90
Number of Underlying Mortgage Loans	115,876

⁴ Actual distribution for the 12 months to 31 December, as a % of NTA, assuming distribution reinvestment.

RESEARCH

BondAdviser

INDEPENDENT INVESTMENT RESEARCH



Lonsec

WEBSITE

www.gcapinvest.com/gcit/overview



Market and GCI Investment Activity

The recent Entitlement and Shortfall Offers were settled on the 2nd and 9th of December respectively and Gryphon Capital was able to successfully invest approximately 80% of the new capital raised within days of the completion of the Offers. On announcing the Entitlement Offer, Gryphon Capital stated that we were working on a significant pipeline of opportunities which were able to meet the risk and return characteristics of the Trust's Investment Strategy and we were delighted to be able to close these identified opportunities. Importantly for investors the net running yield of the GCI portfolio now exceeds the target return of RBA Cash +3.50%, with more upside as the remaining proceeds from the capital raise are invested.

Bushfires Impact on RMBS is Small

Gryphon Capital is actively monitoring the impacted areas using various information sources including postcodes from the relevant fire service websites and the ATO. Gryphon has used its loan level database to derive each RMBS transactions' current exposure to rural and regional areas that have been impacted by bushfires. Gryphon has also made information requests to each RMBS originator.

As at 9 January, around 1,900 properties have been destroyed by fire. However Australian RMBS exposure to loans on properties which have been destroyed by the fires is relatively low as RMBS loan exposures are geographically diversified with only small exposures to rural and regional areas. For example, as at 8 January, a major non-bank lender with >\$12 billion loan portfolio has only experienced three requests for hardship due to fire destruction of property across their entire portfolio of circa 28,000 loans. The situation is fluid and the number of impacted properties is expected to grow, albeit likely immaterially.

Potential RMBS Losses are Mitigated by Insurance, RMBS Features and Government Initiatives

Under standard home loan agreements, all borrowers are required to maintain building insurance that may include, subject to no-claim periods, cover for fire. For the bushfire-affected home loans, insurance payouts will likely mitigate the likelihood of borrowers defaulting on their home loans. In the scenario where the borrower has failed to maintain adequate insurance cover as required under their loan agreement, several RMBS originators maintain fall back protection in the form of "innocent mortgagee" insurance.

Additionally, Government and lender relief initiatives will also provide support for borrowers whose homes have been damaged or destroyed by the fires and importantly, also to borrowers who experience hardship because of the economic disruption caused by the fires. The Federal Government has announced an initial \$2 billion for a national bushfire recovery fund to rebuild communities and all RMBS originators offer hardship relief for impacted borrowers.

Likely Increase in Delinquency Does Not Mean Increase in Borrower Defaults and RMBS Losses

While the granting of hardship to impacted home loan borrowers may lead to a small increase in delinquencies in RMBS transactions this does not necessarily indicate an increase in borrower defaults and losses to an RMBS transaction. The following risk mitigants protect RMBS transactions from any temporary disruption to expected home loan repayments from impacted borrowers:

1. Borrowers' building insurance including cover for fire
2. RMBS originators "innocent mortgagee" insurance, if applicable
3. Lenders Mortgage Insurance, if applicable
4. Excess spread in the RMBS transaction
5. Bond subordination, if applicable.

No Impact Expected on RMBS Ratings

Fitch Ratings (one of the 3 major Rating Agencies) confirmed on 6 January 2020 that the Australian bushfires are expected to have no impact on the ratings of RMBS.

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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	Mason Stevens
MLC	Navigator
Netwealth	North

FURTHER INFORMATION AND ENQUIRIES

Gryphon Capital Income Trust
www.gcapinvest.com/gcit/overview

General

Email info@gcapinvest.com

Boardroom (Unit Registry)

Phone 1300 737 760

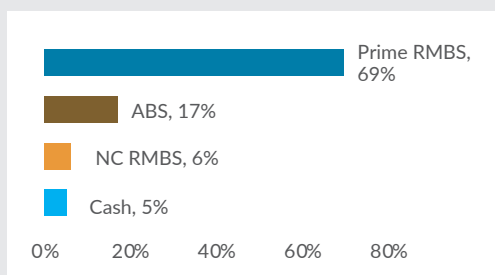
Email enquiries@boardroomlimited.com.au



Portfolio Construction¹

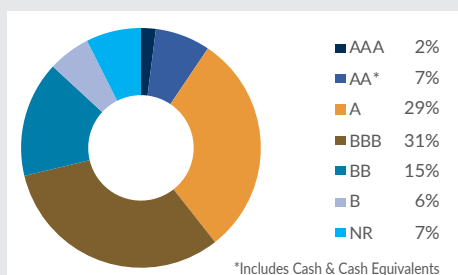
¹ As at 31 December 2019.

Sector Allocations²



² Excludes Manager Loan.

Rating Breakdown²



² Excludes Manager Loan.

Portfolio Underlying Residential Mortgage Loan Statistics³

	Total	Prime	Non-conforming ⁴
No. of Underlying Loans	115,876	109,969	5,907
Weighted Average Underlying Loan Balance	\$478,540	\$464,280	\$626,641
Weighted Average LVR	65%	65%	67%
Weighted Average Seasoning	27 months	27 months	29 months
Weighted Average Interest Rate	3.97%	3.84%	5.37%
Owner Occupied	67%	66%	68%
Interest Only	25%	25%	23%
90+ Days in Arrears as % of Loans	0.28%	0.18%	1.28%
% Loans > \$1.5m Balance	1.25%	1.05%	3.33%

³ 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.

⁴ 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.

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General

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Boardroom (Unit Registry)

Phone 1300 737 760

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ASX release date: 10 January 2020

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

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