Product Assessment

Report as at 30 Jun 2026

Zenith RECOMMENDED

Gryphon Capital Income Trust

Rating issued on 30 Jun 2026 | Exchange Code: GCI

Investment objective

To achieve a target income level of the Reserve Bank of Australia (RBA) Cash Rate plus 3.50% p.a., net of fees, over the medium to long term.

Manager	Gryphon Capital Investments Pty Ltd
Distributor	Gryphon Capital Investments Pty Ltd
Sector	Australian Fixed Interest \ Specialist
Investment Style	Active
RI Classification	Aware
Absolute Risk	Moderate
Relative Risk	Active - Benchmark Unaware
Investment Timeframe	5-6 Years
Zenith Benchmark	Bloomberg AusBond Bank Bill Index
Min Investment Amount	N/A
Redemption Frequency	Intraday
Income Distribution	Monthly
Fund Size (31 May 2026)	$1.28B
Management Cost	0.84% p.a. Incl. GST
Performance Fee	N/A
Buy / Sell Spread	N/A
Inception Date	21 May 2018

Fund facts

- LIT exposure to Australian RMBS and ABS
- Returns targeting a margin above cash with monthly income distributions
- Potential to invest in sub-investment grade and non-AUD securities hedged back to AUD

Viewpoint

The Trust, managed by Gryphon Capital Investments (Gryphon), is a specialist fixed interest strategy, accessed in a listed investment trust (LIT) structure. Gryphon seeks to generate attractive returns above cash by investing in a diversified portfolio of residential mortgage-backed securities (RMBS) and asset-backed securities (ABS). In Zenith's opinion, the firm's niche focus on structured credit securities coupled with its well-developed systems and analytical tools, positions the Trust as an attractive option in the LIT sector.

Gryphon's investment team are based across Brisbane and Sydney, comprising 10 members and is led by Steven Fleming, Portfolio Manager and Ashley Burtenshaw, Portfolio Manager. The investment committee (IC), which comprises Fleming, Burtenshaw and four other members, retains ultimate responsibility for the portfolio.

In Zenith's opinion, Burtenshaw's expertise in understanding RMBS and ABS is a key competitive advantage, which extends to in-depth modelling of collateral pools and also analysing the structural features of these securities.

The investable universe comprises publicly-traded domestic RMBS and ABS securities, private warehouses and corporate bonds. Commencing with an idea generation process, the team seeks to identify those market segments offering the most attractive relative value. Through the weekly IC process, a range of factors are assessed including the macroeconomic environment, current spread levels, relative pricing between public and private markets, performance of collateral pools and the origination pipeline.

Zenith considers the investment process to be well-structured, highlighting the consistency between the top-down views of the IC and the underlying portfolio. Gryphon's focus on the RMBS sector is a point of differentiation, noting that spreads (or returns) are lowly correlated to traditional investment grade credit markets. Spreads represent compensation for complexity, subordination, weighted average life (WAL) extension risk, prepayment speeds and default risk, most of which are lowly correlated with the broader economic cycle.

The Trust invests in both private warehouse facilities and publicly-traded RMBS and ABS, with the allocation driven by originator funding requirements, spread differentials and the team's view on the relative attractiveness of different collateral pools (e.g. prime versus non-conforming).

Zenith highlights that the spreads available in private market transactions are typically higher relative to public markets, representing an illiquidity and complexity premia. In our opinion, the permanent capital feature of the LIT structure is consistent with funding private transactions and extracting an illiquidity premium for investors.

In terms of position sizing, the IC considers the attractiveness of an issue relative to the Trust's mandate, with more attractive issues receiving higher allocations, subject to portfolio constraints. Zenith highlights that the Trust can assume concentrated positions, with exposure limits of 10% to a single tranche and 40% to an originator.

Zenith highlights that Gryphon tends to invest with a small number of originators, where it has a high level of confidence in its origination programs and broader underwriting standards. Notwithstanding this, while the level of originator concentration is high, each underlying loan pool is diversified, comprising thousands of underlying borrowers. Furthermore, the commonality of borrowers across loan pools is typically low, and as such, concentration risk only applies to the originator's underwriting standards.

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Fund analysis

Fund characteristics

Constraint	Value
Investment grade securities	50% to 100%
Sub-investment grade securities	Max: 50%, RMBS: 50%, ABS: 25%
Non-Australian dollar securities - hedged	Max: 20%
Tranche limit	Max: 10%
Originator limit	Max: 40%

Investment objective and philosophy

The Trust is managed to achieve a target income level of the Reserve Bank of Australia (RBA) Cash Rate plus 3.50% p.a. (net of fees), over the medium to long-term. In achieving this, Gryphon seeks to deliver a stable and predictable monthly income stream, with a focus on attractive risk-adjusted returns.

Zenith notes that the return objective is made on a 'through the cycle' basis, and portfolio outcomes will be largely influenced by pricing in the prevailing market environment.

The investment process is applied to a universe of structured credit securities issued in the Australian market, primarily comprising private warehouse facilities and to a lesser extent, publicly traded RMBS and ABS. While the firm has the flexibility to invest in offshore securities, the underlying collateral is domiciled in Australia, with non-Australian dollar currency exposure hedged back to Australian dollars. In terms of excess returns, security selection and sector relative value are expected to be the principal drivers of performance outcomes.

Private warehouse transactions involve the provision of funding to mortgage originators while loans are sourced, to ultimately securitise and re-sell as public RMBS securities. In a warehouse facility, a bank (or major lender) typically provides the first 90% of the lending (expressed as a % of the value of the loan pool (loan-to-value-ratio (LVR)), and the mortgage originator provides the bottom five per cent of equity or first loss cushion. Thus, Gryphon targets the opportunity between the senior lender and the equity contribution which is referred to as the mezzanine tranche.

The investment process commences with idea generation and the identification of those market segments offering the most attractive relative value. Through the weekly IC process, a range of factors are assessed including the macroeconomic environment, current spread levels, relative pricing between public and private transactions, performance of collateral pools and the origination pipeline.

Zenith believes the investment process is well-structured, with close linkage between the top-down views of the IC and the origination pipeline. Gryphon's focus on the RMBS sector is a point of differentiation, noting that the spreads (or returns) are lowly correlated to traditional investment grade credit markets. For example, spreads represent compensation for complexity, subordination, weighted average life (WAL) extension risk, prepayment speeds and default risk, most of which are lowly correlated with the broader economic cycle.

Portfolio applications

Structured credit which includes RMBS and ABS securities, are types of instruments where a security or note is issued over a pool of loan or debt obligations, such as residential mortgages, leveraged loans or credit card securities.

Gryphon aims to provide investors with regular income (i.e. monthly), by constructing a high conviction portfolio that invests primarily in domestic investment grade and sub-investment grade RMBS and ABS. The portfolio's structured credit allocation predominantly comprises private warehouse facilities and to a lesser extent, publicly traded securities.

Zenith believes the Trust is suitable for investors seeking exposure to a higher yielding strategy, which may improve a portfolio's potential risk-return profile. However, as the Trust can invest up to 50% of the portfolio's net asset value (NAV) in sub-investment grade securities, it may not be suitable for the more risk averse investor.

Investors should be aware that the Trust may not provide the defensive characteristics of traditional bonds and returns may be correlated with those of broader equity markets in periods of stress. Further, as a LIT, units will have their own trading patterns and may trade away from their NAV, which at times may impact the effectiveness of Gryphon's investment process and/or the expected risk-return profile.

Due to the potential for moderate to high levels of volatility, with the possibility of capital loss, Zenith recommends taking a medium to long-term investment time frame. We caution against the Trust being used by investors with short-term (e.g. daily) liquidity needs.

Fund responsible investment attributes

Key Information	Description
Zenith RI classification*	Aware
Has Responsible Investment Policy	Yes
PRI Status	
PRI Signatory	Yes

*Zenith RI Classification scale:

- Traditional
- Aware
- Integrated
- Thematic
- Impact

Absolute performance

Performance as at 31 May 2026

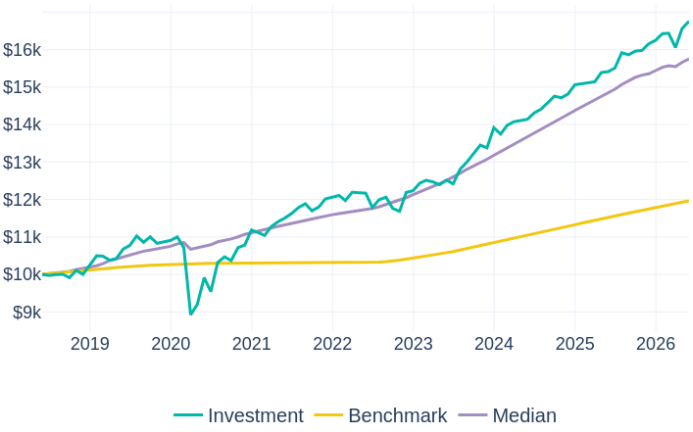
Monthly performance history (%, net of fees)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD	BM YTD*	BM2 YTD**
2026	1.08%	0.07%	-2.31%	3.16%	1.16%								3.12%	1.60%	3.03%
2025	0.20%	0.13%	0.20%	1.63%	0.15%	0.63%	2.63%	-0.34%	0.60%	0.14%	1.08%	0.60%	7.89%	3.97%	7.97%
2024	-1.21%	1.68%	0.70%	0.23%	0.24%	1.18%	0.70%	1.21%	1.19%	-0.28%	0.66%	1.68%	8.23%	4.47%	9.51%
2023	1.66%	0.59%	-0.34%	-0.60%	0.98%	-0.79%	3.11%	1.52%	1.73%	1.73%	-0.54%	4.01%	13.73%	3.89%	8.97%
2022	0.37%	-1.12%	1.86%	-0.12%	-0.09%	-3.14%	1.77%	0.53%	-2.46%	-0.66%	4.30%	0.39%	1.44%	1.25%	4.91%

**Bloomberg AusBond Bank Bill Index*

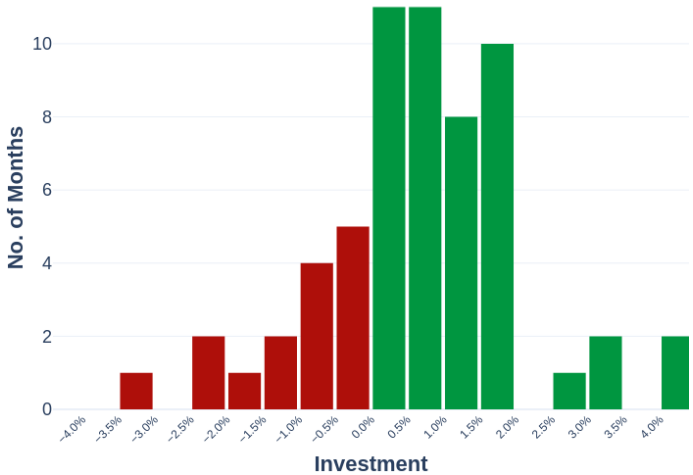
***GCI Net Portfolio Returns*

Growth of $10,000

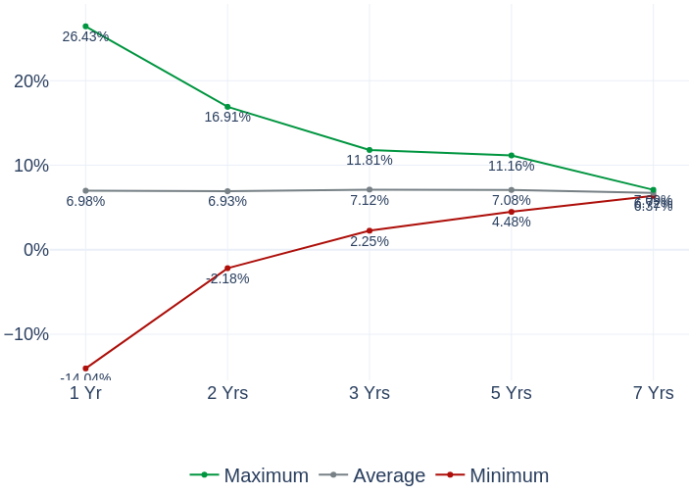


Risk / return

Monthly histogram



Minimum and maximum returns (% p.a.)



Absolute performance analysis

Instrument	1 Yr	3 Yrs	5 Yrs	7 Yrs	Inception
Investment	8.72%	10.21%	7.81%	6.65%	6.67%
Benchmark	3.78%	4.18%	3.03%	2.31%	2.27%
Median	6.03%	7.99%	6.83%	6.01%	5.85%
Cash	3.78%	4.18%	3.03%	2.31%	2.27%

Ranking within sector (p.a.)

Ranking within Sector	1 Yr	2 Yrs	3 Yrs	5 Yrs
Fund Ranking	1 / 15	2 / 13	1 / 12	2 / 11
Quartile	1st	1st	1st	1st

Absolute risk

Instrument	1 Yr	3 Yrs	5 Yrs	7 Yrs	Inception
Standard Deviation (% p.a.)					
Investment	4.60%	4.23%	4.73%	9.22%	8.78%
Benchmark	0.06%	0.10%	0.48%	0.52%	0.49%
Median	0.89%	0.65%	0.73%	1.06%	1.02%
Downside Deviation (% p.a.)					
Investment	2.33%	1.62%	2.39%	6.92%	6.51%
Benchmark	0.00%	0.00%	0.01%	0.01%	0.01%
Median	0.16%	0.09%	0.07%	0.62%	0.58%

Absolute risk/return ratios

Instrument	1 Yr	3 Yrs	5 Yrs	7 Yrs	Inception
Sharpe Ratio (p.a.)					
Investment	1.07	1.43	1.01	0.47	0.50
Benchmark	0.00	0.00	0.00	0.00	0.00
Median	2.52	5.83	5.22	3.51	3.52
Sortino Ratio (p.a.)					
Investment	2.12	3.72	2.00	0.63	0.68
Benchmark	NaN	NaN	0.00	0.00	0.00
Median	14.03	41.23	53.01	6.01	6.21

Zenith benchmarks funds in the 'Australian Fixed Interest - Specialist' peer group against the Bloomberg AusBond Bank Bill Index. While this benchmark may not be consistent with the one adhered to by all rated participants, it has been adopted to provide investors with a common reference point against which similarly structured strategies may be assessed.

All performance, consistency and risk/return data is referenced to the Zenith assigned benchmark. Fund performance represents the LIT returns attributable to shareholders (e.g. movements in the ASX share price and dividends reinvested).

The following commentary is effective as at 31 May 2026.

The Trust is managed to achieve a target income level of the Reserve Bank of Australia (RBA) Cash Rate plus 3.50% p.a., net of fees, over the medium to long-term.

Gryphon has consistently achieved its investment objective over all periods of assessment. In addition, peer relative performance has been strong, with the Trust's portfolio performance ranking in the upper quartiles of the category over all periods. Notwithstanding this, meaningful comparisons can be challenging given the heterogeneous nature of the strategies employed across the peer group.

Zenith ratings applied to LITs do not explicitly take into account share prices vs. NAV and do not represent a buy/sell recommendation based on a LIT's valuation. Potential investors should make their own determination of the appropriateness of prevailing premiums or discounts to NAV when acquiring or disposing of a LIT.

Relative performance

Excess returns

Statistic	1 Yr	3 Yrs	5 Yrs	7 Yrs	Inception
Excess Return	4.94%	6.04%	4.78%	4.34%	4.40%
Monthly Excess (All Mkts)	66.67%	61.11%	61.67%	63.10%	61.46%
Monthly Excess (Up Mkts)	66.67%	61.11%	62.07%	64.20%	62.37%
Monthly Excess (Down Mkts)	0.00%	0.00%	50.00%	33.33%	33.33%

Capture ratios (% p.a.)

Statistic	1 Yr	3 Yrs	5 Yrs	7 Yrs	Inception
Downside Capture	0.00%	0.00%	-4386.21%	-440.33%	-440.33%
Upside Capture	225.64%	238.23%	246.98%	282.18%	287.75%

Tracking error (% p.a.)

Instrument	1 Yr	3 Yrs	5 Yrs	7 Yrs	Inception
Investment	4.58%	4.21%	4.66%	9.21%	8.77%
Median	0.88%	0.60%	0.50%	0.91%	0.88%

Information ratio

Instrument	1 Yr	3 Yrs	5 Yrs	7 Yrs	Inception
Investment	1.08	1.43	1.02	0.47	0.50
Median	2.55	6.31	7.60	4.06	4.05

Beta statistics

Statistic	1 Yr	3 Yrs	5 Yrs	7 Yrs	Inception
Beta	16.35	7.77	1.93	0.73	0.73
R-Squared	0.04	0.03	0.04	0.00	0.00
Correlation	0.21	0.18	0.19	0.04	0.04

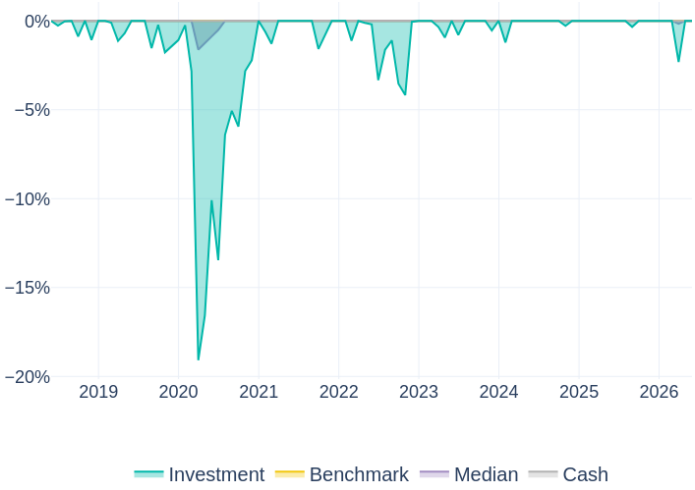
The following commentary is effective as at 31 May 2026.

It is important to note that the relative performance analysis shown above combines the Trust's listed price returns with distributions to give the reader detail on the investor experience and as such, do not directly reflect the performance of the underlying portfolio.

Zenith typically seeks to identify funds which can outperform the assigned index in greater than 50% of months, as we believe this represents a persistence of manager skill. The Trust has achieved this ratio over all time periods.

Drawdown analysis (since inception)

Drawdown analysis assesses the relative riskiness of a Fund versus the benchmark, in reference to capital preservation. The maximum Drawdown is recorded as the percentage decline in the value of a portfolio from peak to trough (before a new peak is achieved). All Drawdown analysis is calculated commencing from the inception date of the Fund in question, and Drawdown analysis for the Fund and benchmark(s) are calculated independently. That is, the largest drawdown for the Fund and benchmark(s) will not always refer to the same time period.



The following commentary is effective as at 31 May 2026.

Consistent with the Trust's capital preservation focus, drawdowns in the underlying portfolio have been constrained; however, drawdowns experienced by the Trust's unit price have sometimes been high due to secondary market trading.

Despite the relative attractiveness of the strategy, Zenith highlights that the performance of the Trust reflects the performance of the underlying portfolio, as well as the performance of the ASX vehicle. The latter is subject to the impact of market sentiment, which can result in the Trust trading at a significant discount or premium to NAV.

Fund commentary

Fund risks

Zenith has identified the following key risks of the Trust. Although Zenith believes the risks noted are all significant, we have listed them in order of importance. In addition, we have not intended to highlight all possible risks.

Key person risk: Zenith considers Ashley Burtenshaw to be critical to the successful management of the strategy and his departure would be considered material and require a reassessment of our rating. While noting that recent senior hires are a positive, the Barings acquisition represents a potential exit event and introduces uncertainty with respect to the founders long-term employment beyond the multi-year earn out period.

Sub-investment grade risk: By its nature and as reflected by its rating, sub-investment grade debt has a higher potential of default. Given the Trust can invest up to 50% of the portfolio in sub-investment grade debt, investors should be aware of the increased risk involved in this allocation.

Illiquidity risk: Sub-investment grade securities tend to be less liquid than higher-rated securities, which is particularly evident in times of market stress. Gryphon has the flexibility to invest up to 50% of the portfolio in sub-investment grade and unrated assets. Therefore, there is a risk that the portfolio becomes illiquid, which can result in high unit price volatility and large mark-to-market price variations.

RMBS exposure risk: The Trust is permitted to have sizeable allocations to RMBS, including lower rated tranches and private warehouse facilities. These securities can become highly illiquid and difficult to manage in risk off environments or in an environment of declining residential housing prices. This may be to the detriment of performance, particularly during an environment of rising mortgage stress.

Double pledging collateral: Securitisation markets are structured such that the 'lender of record' is generally an SPV or Note trustee, which allows the originator to move mortgages between vehicles to manage pool exposures and optimise funding costs. There is a risk that originators double pledge mortgages in multiple pools, which can result in a reduction of the collateral that is backing the pool, ultimately resulting in losses, for those investing in subordinated positions.

Utilisation risk: The Trust can invest in private warehouses where the level of utilisation or draw down may vary over time, particularly if economic conditions are more challenging. Returns will vary according to the level of utilisation by providers of such warehouse facilities.

Valuation risk: Given the idiosyncratic nature of private warehouse investing, coupled with the limited secondary market, valuation risk is considered moderate for the Trust. While valuations are conducted daily by a third party pricing provider, there is a risk that the realisable value of securities may not align with the mark-to-market value carried by the firm.

Security/asset selection

Security selection is closely linked to the output of the weekly IC process, where the most attractive segments of the market are identified, with the research team undertaking in-depth issuer and security analysis. The process starts with screening attractive RMBS and ABS securities to create a short list of securities that display a credit profile consistent with the firm's underwriting standards.

Each loan pool is segmented into bands across loan to value ratio (LVR), security type, classification (owner occupier or investment for RMBS), loan purpose (ABS), borrower employment category, asset location, loan interest (fixed or variable), outstanding loan balance, LMI provider, repayment profile, loan seasoning, arrears data and property risk factors (flood zones, etc).

Further, structural features of a loan pool are assessed including cashflow waterfalls, principal payment triggers, net interest margin and past arrears history. The team also models how a security is expected to perform in a stressed environment, including changes in collateral values, unemployment rates and borrower servicing costs.

The team uses a Master Cashflow Model which is integrated into a proprietary platform that consolidates detailed information on over 2,000 RMBS and ABS securities, including loan level and market data. The model enables the team to decompose loan pools to better understand the arrears profile, potential losses and what percentage of each pool are 'perfect payers'.

Zenith is supportive of the centralised cashflow model, given it allows for a consistent modelling approach across transactions and can assist with early detection of arrears.

The assessment of originators/servicers include periodic on-site due diligence reviews and a deep dive into the quality of underwriting processes, technology infrastructure, management experience, origination channels, and several other business-related points of focus (e.g. staffing numbers, financial conditions).

Due diligence is consolidated in a credit underwriting report, which includes key details on deal structure, credit enhancement, risk analysis, underlying loan data, cashflow modelling and an evaluation of the originator and servicer. Once completed, the report is presented to the IC which is ultimately responsible for approving securities prior to inclusion in the portfolio.

In our opinion, Gryphon's ability to invest fluidly across different credit rating bands, sectors (prime and non-conforming RMBS, ABS), and public and private transactions, is a key strength. This is supported by its modelling work and understanding of how excess spread flows through a structure and what level of arrears and principal write-offs can be absorbed, before capital values are impacted.

Responsible investment approach

Gryphon became a signatory of the United Nations Principles for Responsible Investment (PRI) in October 2020; however, the firm is currently a PRI signatory as a subsidiary of Barings. The business operates under a Responsible Investment Policy (RIP), which was last updated in June 2024.

All prospective investments are assessed for environmental, social and governance (ESG) through the underwriting process, which also extends to the determination of the efficacy of green tranche exposures where relevant. While positive ESG impacts are considered a positive by the investment team, these considerations are secondary to the respective mandate criteria for each strategy managed by Gryphon. The IC is responsible for the oversight and implementation of the firm's RIP framework.

While a series of negative screens is formally applied to exclude any issuers involved in a range of sectors, Zenith is of the opinion that few, if any, of these sectors apply to the Fund's investment universe. As such, we believe they are largely irrelevant.

In Zenith's opinion, while acknowledging that the incorporation of ESG issues into RMBS and ABS is an area that is less developed relative to other asset classes, we believe Gryphon's approach is less advanced than peers.

Portfolio construction

Responsibility for the Trust rests with the IC, which is ultimately accountable for the performance of the portfolio.

The portfolio construction process draws on the output of the IC process, which identifies those segments of the market which offer attractive value. Different market segments (e.g. public versus private) have a tendency to cluster in terms of spread movements, presenting relative value opportunities within a structure, between originators and transactions.

Factors assessed include portfolio diversification, relative value between existing and prospective holdings, counterparty credit quality (e.g. LMI providers) and drivers of structured credit (e.g. borrower repayment speed, WAL changes).

Furthermore, the team can invest in both private warehouse facilities and publicly traded RMBS and ABS, with the allocation driven by originator funding requirements, spread differentials and the team's view on the relative attractiveness of different collateral pools.

Zenith highlights that the spreads available in private market transactions are typically higher relative to public markets, representing an illiquidity and complexity premia. In our opinion, the permanent capital feature of the LIT structure is consistent with funding private transactions and extracting an illiquidity premium for investors.

In terms of position sizing, the IC considers the attractiveness of an issue relative to the Trust's mandate, with more attractive issues receiving higher allocations, subject to portfolio constraints. Zenith highlights that the Trust can assume concentrated positions, with exposure limits of 10% to a single tranche and 40% to an originator.

Zenith highlights that Gryphon tends to invest with a small number of originators, where it has a high level of confidence in its origination programs and broader underwriting standards. Notwithstanding this, while the level of originator concentration is high, each underlying loan pool is diversified, comprising thousands of underlying borrowers. Furthermore, the commonality of borrowers across loan pools is typically low, and as such, concentration risk only applies to the originator's underwriting standards.

The investment mandate is relatively wide, permitting material exposure to sub-investment grade and non-rated securities, up to a maximum allocation of 50%. Furthermore, a 20% exposure to non-AUD denominated securities is permitted, however, these securities must comprise Australian assets, and foreign currency exposure hedged back to Australian dollars.

The portfolio's credit duration is an outworking of the security selection process and expected to approximate 2.5 years on a 'through the cycle' basis. Typically, Gryphon holds positions to maturity, however, the team can trade securities where there are relative value opportunities, albeit trading is more opportunistic and relatively infrequent.

Zenith notes that while gearing is not intended to be used to enhance returns, the Trust may borrow up to 25% of its NAV for short-term liquidity purposes. Gryphon has indicated that leverage will only be used as a source of bridging finance, to fund the purchase of an attractive buying opportunity on an interim basis, while additional capital is raised.

In Zenith's view, the portfolio construction process is sound, achieving diversification across originators, borrowers, collateral types and ratings bands. The combined public and private approach is a point of difference, highlighting the role private warehouse transactions play in enhancing returns and suppressing volatility risk. Further, the team has the ability to tactically allocate between the segments, to capture additional diversification and the tendency for these sectors to decouple through stressed periods.

Risk management

The portfolio is managed with non-invasive risk management constraints, providing the portfolio management team with significant flexibility to invest across public and private RMBS and ABS securities.

Risk management is an outworking of the security selection process which mitigates individual tranche and originator risk. In addition to traditional arrears risk (i.e. defaulting borrowers), the portfolio is exposed to other risk factors such as prepayment rates, reinvestment risk and WAL extension risk.

Stress testing models are used to assess the performance of RMBS and ABS securities against significant declines in housing prices and increases in default rates are tested on both existing positions and prospective transactions being considered for the portfolio.

Given the idiosyncratic nature of the asset class, Gryphon has developed proprietary systems to implement trade compliance and portfolio analytics. Furthermore, Gryphon has the tools to decompose mortgage pools based on a number of metrics, including the output of this database and portfolio composition is run on a regular basis and formally assessed by the Risk Committee on a weekly basis.

This allows the team to assess more unique features of the portfolio's assets, such as early prepayment risks, soft and hard credit enhancements, and priority cashflow provisions. Zenith considers this to be an important feature of the firm's risk management process, as most mainstream risk systems do not adequately risk manage the structural features of the asset class.

In Zenith's opinion, the investment in risk architecture remains a point of differentiation, highlighting the level of customisation specific to its investable universes (i.e. RMBS, bank capital securities). In our opinion, a number of 'off the shelf' systems struggle to capture the nuances of the sector (i.e. prepayment risk attached to RMBS securities), thus reducing the quality of output.

Investment fees

	Fund	Sector Average
Total Fees and Costs (RG 97)	Not disclosed	1.01% p.a.
Management Fees and Costs	Not disclosed	0.71% p.a.
Transaction Costs	Not disclosed	0.04% p.a.
Performance fees	N/A	0.28%
Performance fees description	N/A	
Management Cost	0.84% p.a.	0.67% p.a.
Buy / Sell spread	N/A	0.03% / 0.05%

All fees and costs are inclusive of GST unless indicated otherwise. The Performance Fee shown is the performance fee disclosed in the PDS. It is calculated by taking the average performance fees charged over the last five financial years (or less if the investment or performance fee mechanism has not been in place for five financial years).

This investment is not required to disclose fees under RG 97.

The sector average cost is based on the average management cost of all flagship 'Australian Fixed Interest - Specialist' funds surveyed by Zenith.

The Trust's cost structure is 0.87% p.a. incl GST (net of RITC), with no performance fee payable.

Overall, Zenith considers the Trust's cost structure to be competitive, particularly when assessed relative to its outperformance target.

(The fees above are reflective of the Trust only, fees may differ when the product is accessed through an alternate investment vehicle such as a platform).

About the fund manager

Organisation

Established in 2014 by Steven Fleming, Ashley Burtenshaw and Henry Cooke, Gryphon Capital Investments Pty Ltd (Gryphon) is a Brisbane-based boutique fixed interest manager comprising a total of 12 full-time employees.

Fleming and Burtenshaw originally commenced working together in 2005 at Babcock and Brown, before moving to Columbia Threadneedle (Threadneedle) in 2009, where they assumed responsibility for the firm's ABS portfolios. Cooke joined Threadneedle in 2010, before the trio spun out of Threadneedle to form Gryphon.

Gryphon has grown its funds under management (FUM) to $A 5.79 billion (as at 31 May 2026), which is spread across a listed investment trust (LIT), an open-ended vehicle and a small number of large institutional investors.

In March 2023, Gryphon was acquired by Barings, a large global fund manager and wholly-owned subsidiary of MassMutual, one of the largest life insurers in the US. As part of the agreement, Barings acquired 100% of the business and the key investment principals have made a medium-term commitment to remain with the firm.

Zenith highlights that Barings is a large and established fund manager, with an existing Global Structured Finance Group that manages in excess of US$ 481billion (as at 31 March 2026). Therefore, a number of synergies should flow from the integration over time, including access to specialist investment personnel, systems and tools.

Zenith highlights that Gryphon continues to operate autonomously albeit with additional support across non-investment functions including distribution, product and legal. Further, the access to capital from MassMutual and the ability to leverage its dedicated structured credit resourcing team is complementary to the firm's internal resourcing.

In terms of distribution for the Trust, Gryphon is represented by Seed Partnerships, which is a specialist third party distributor that supports a range of listed offerings. As at 31 May 2026, the Trust had a market capitalisation of approximately $A 1.3 billion.

Investment personnel

Name	Title	Industry Experience (yrs)	Tenure (yrs)	Location
Steven Fleming	Portfolio Manager & Managing Director	34	12	Brisbane, Australia
Ashley Burtenshaw	Portfolio Manager & Managing Director	30	12	Brisbane, Australia
Pete Robinson	Portfolio Manager & Managing Director	21	0	Sydney, Australia

Gryphon's investment team is based in Brisbane and Sydney, comprising eight members and is led by Steven Fleming, Portfolio Manager and Ashley Burtenshaw, Portfolio Manager. The investment committee (IC), which comprises Fleming, Burtenshaw and four other members, retains ultimate responsibility for the Fund.

Burtenshaw is the Lead Portfolio Manager for all domestic mandates managed by Gryphon, which encompasses several large institutional strategies. Burtenshaw has over 30 years of industry experience, and prior to co-founding the firm, held a number of senior investment roles at Credit Suisse First Boston, Babcock and Brown, and Threadneedle Investments.

In Zenith's opinion, Burtenshaw's expertise in understanding RMBS and ABS is a key competitive advantage, which extends to in-depth modelling of collateral pools and also analysing the structural features of these securities.

Fleming has over 34 years of industry experience, having worked in several senior roles across Australia, the UK and the US, specialising in structured finance and securitisation. This includes Co-Head of Babcock and Brown's Capital Markets Group, Director of Commercial Property Financing at Nomura and five years at Threadneedle Investments, where he worked alongside Burtenshaw. In addition to his investment-related duties, Fleming is responsible for the strategic direction of the business, risk management and operational oversight.

The team has seen some turnover in the past year, with the departure and subsequent replacement of two quantitative analysts. However, Gryphon has also hired a new Portfolio Manager and Managing Director Pete Robinson, who commenced in June 2026. Robinson has over 20 years of experience and is formerly the Head of Investment Strategy, Fixed Income at Challenger Investment Management. Robinson also assumes a seat on Gryphon's investment committee (IC).

Burtenshaw and Fleming drive idea generation, security selection and portfolio construction, with support from Assistant Portfolio Managers, Luke Vecchi and Christian Larney. Both Vecchi and Larney joined the firm in 2021 and were added to the firm's IC in 2024.

The IC is the central body for setting the positioning of the portfolio, considering key inputs such as market risks, credit sensitivity, public versus private allocation and performance of underlying collateral pools. As we have noted previously, continued broadening of the composition of the IC is expected to develop the portfolio management skills of the team under Burtenshaw and Fleming and further progress the firm's succession planning strategy. Zenith is supportive of the enhancements to the IC structure, noting the increased diversity of ideas and further progression of the firm's succession planning.

Investment personnel are remunerated through a fixed base salary and discretionary bonus. Zenith notes that each form of remuneration is closely linked to an individual’s performance and business outcomes. In Zenith’s opinion, the remuneration structure is appropriate given the scale and nature of the business.

In our opinion, Burtenshaw and Fleming's level of specialisation in the structured credit sector is well regarded by Zenith, highlighting their breadth of originator relationships and ability to decompose complex RMBS structures. While the Gryphon team has historically lacked portfolio management experience outside of the key principals, the recent changes to the team and IC is a positive initiative and expected to accelerate the development of other members of the team.

About the sector

Sector characteristics

The Zenith 'Australian Fixed Interest – Specialist' sector consists of funds that invest primarily in domestic fixed interest securities, complemented by positions in global markets including Government Bonds, Investment Grade and Sub-Investment Grade Bonds and Asset-Backed Securities. While the domestic and global split varies across the category, Australian fixed interest is expected to be the principal driver of returns.

Across the category, managers seek to generate outperformance from a range of active return sources including duration, sector rotation (i.e. dynamically allocating across sectors), relative value and bottom-up issuer selection. The relative importance from each return source will vary across the peer group, subject to each manager's investment style.

Zenith benchmarks all funds in this space against the Bloomberg AusBond Bank Bill Index, which may or may not be reflective of the underlying benchmark used by many of the managers in this category. The index has an average term to maturity of approximately 45 days, comprising 13 Bank Bills of equal face value, each with a maturity of approximately seven days apart.

The funds in the Specialist sector may display far greater downside volatility than the Bloomberg AusBond Bank Bill Index (i.e. while the index is used as a performance benchmark, it is not representative of the risks embedded in the strategies employed in the typically less constrained fixed interest mandates in the sector).

Sector risks

Funds within the 'Australian Fixed Interest – Specialist' sector are exposed to the following broad risks:

Market risk: Changes in economic, technological, environmental or political conditions and market sentiment may lead to a decline in general security prices and overall market volatility. During a general downturn in the securities markets, multiple asset classes may decline in value simultaneously.

Interest rate risk: Fixed interest securities are generally sensitive to changes in interest rates. An increase in interest rates may result in a fall in the value of these securities, while a decrease in interest rates can result in an increase in value.

Credit spread risk: In addition to being sensitive to general interest rate changes, non-government securities are also sensitive to changes in credit spreads (commonly the difference in yield between a government bond and a corporate bond). A widening of spreads results in a fall in the value of these securities.

Default risk: Given fixed interest securities represent loans to borrowers (including governments, banks and companies), there is a risk that these borrowers may default on interest or principal repayments. Default risk is often reflected in credit ratings assigned by various credit agencies, which are subject to change.

Liquidity risk: Fixed interest markets can experience periods of illiquidity, which can result in difficulties in buying or selling securities without adversely impacting the price.

Derivative risk: Derivatives are commonly employed by fixed interest managers to hedge currency and other risks, and/or as an alternative to direct purchases or sales of underlying assets. There are multiple risks associated with the use of derivatives. For example, the value of the derivative may not move in line with the underlying asset, counterparties to the derivative may not be able to meet payment obligations or a particular derivative may be difficult or costly to trade.

Leverage risk: Many derivatives have a leverage component. While leverage offers the opportunity to magnify gains, it may additionally magnify losses. An associated risk with leverage and magnification of gains/losses is that the portfolio volatility may increase as a result. Investors need to be cognisant that the Fund may exhibit more volatility than one that is unlevered.

Zenith rating

Report certification

Date of issue: 30 Jun 2026

Role	Analyst	Title
Analyst	Dugald Higgins	Head of Income Research & Responsible Investing
Sector Lead	Pelin Gurses	Senior Investment Analyst

Association & relationship

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Rating history

As At	Rating
30 Jun 2026	Recommended
30 Jun 2025	Recommended
13 Jun 2024	Recommended
06 Jun 2023	Recommended
31 May 2022	Recommended
10 Jun 2021	Recommended

Last 5 years only displayed. Longer histories available on request.

In March 2021, Zenith implemented a new ratings methodology for products classified as Traditional Index. Any rating issued from this date forward for Traditional Index products only reflect this change in methodology, with the relevant Traditional Index ratings being Index Approved, Index Recommended and Index Highly Recommended. Ratings issued for Traditional Index products prior to March 2021 are retained for historical purposes in line with our regulatory requirements and were issued in line with Zenith's Fund Research Methodology. Further information in relation to Zenith's Traditional Index Research Methodology and Traditional Index Ratings can be found on the Zenith website.

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