

GCIT Investment Highlights

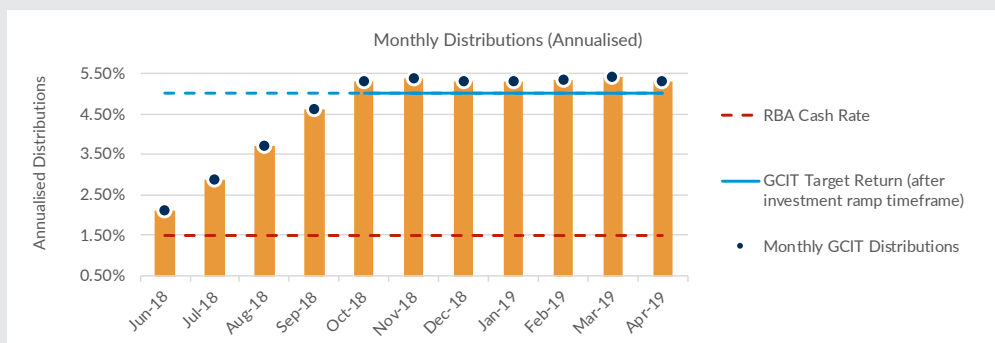
Income	Sustainable monthly cash income, Distribution yield currently 5.29% pa
Large, institutional fixed income market	Australian ABS market > A\$110 billion is double the size of the corporate bond market
Security, capital preservation	Defensive asset class with a track record of low capital price volatility No investor has ever lost a \$ of principal investing in Australian 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

Investment Objective

The investment objective of GCIT is to generate attractive risk adjusted returns principally through monthly income distributions through investments in a defensive asset class with a track record of low capital price volatility whilst preserving capital.

GCIT Distribution

GCIT announced a 0.85 cents per unit distribution for the month of April, generating an annualised distribution yield of 5.29% which remains in excess of the target return of RBA Cash +3.50% (5.00% net of fees).



Fund Performance as at 30 April 2019

	1 Mth	3 Mth	6 Mth	1 Yr	Incep (Ann) ¹
Net Return (%)	0.43	1.35	2.77	-	4.76
RBA Cash Rate (%)	0.12	0.37	0.75	-	1.50
Net Excess Return (%)	0.31	0.98	2.01	-	3.22
Distribution (%)	0.42	1.28	2.61	-	4.52
Distribution (¢/unit)	0.85	2.55	5.17	-	8.87

¹ Inception date – 21 May 2018

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

Market and GCIT Investment Activity

In early May, the Responsible Entity announced the completion of an \$11.8 million placement of new units to wholesale investors. This reflects continued investor support for stable and predictable income and the Manager believing that there are significant opportunities to invest additional funds which are able to meet the return and risk characteristics of the Trust's Investment Strategy. It was also announced that the Manager is in discussions with proposed Joint Lead Managers regarding a further issue of new units which will likely take the form of a pro-rata Entitlement Offer to existing unitholders and a public offer to new investors for any units not taken up in the Entitlement Offer.

At Gryphon Capital, one of the key surveillance metrics we examine each month is mortgage arrears, that is the percentage of borrowers who have fallen behind on their home loan payments. The IMF concluded

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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 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	GCI
IPO Date	25 May 2018
Asset	Fixed Income, floating rate
ASX Price	\$2.01
NAV (Unit)	\$2.00
Market Cap	\$176.18m
Investment Management Fee²	0.72%
Performance Fee	None
Distributions	Monthly
Unit Pricing	Daily

² Includes GST, net of reduced input tax credits

GCIT CHARACTERISTICS³

Net Running Yield⁴	5.26%
RBA Cash Rate	1.50%
Interest Rate Duration (yrs)	0.04 years
Credit Spread Duration (yrs)	1.9 years
Number of Bond Holdings	39
Number of Underlying Mortgage Loans	61,181

³ Annualised.

⁴ The net cash income GCIT would earn over the next year, assuming reinvestment, based on the existing portfolio and current market conditions and if there were no changes to interest rates or the GCIT portfolio. It is not an actual return.

RESEARCH

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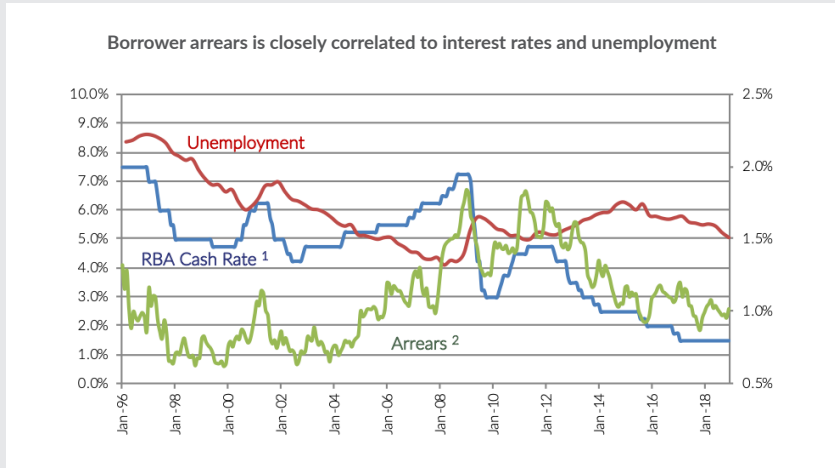
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www.gcapinvest.com/gcit/overview

in its recent stress tests on the major banks that house prices are important for the “wealth effect” and government coffers, but have only a second order impact on a borrower’s capacity to pay their mortgage (arrears). The most important drivers for arrears performance are unemployment and home loan interest rates.



¹ RBA Cash Rate (lagged by 6 months)

² Mortgage Arrears 30+ days

Each month, Gryphon Capital collects detailed mortgage performance on a portfolio of over 151,100 home loans and our observation at this granular level is that while arrears have increased moderately, arrears remain extremely low by historical standards and are within the Manager’s expectations. GCIT has a total of 168 home loans which are >90+ days in arrears out of its portfolio exposure of over 60,000 home loans. Coming off a very low base, mortgage arrears are expected to tick up but will remain within expected ranges and indeed will not roll into defaults especially if cash rates remain low for longer.

It is important to remember that it is not arrears that put RMBS investors at risk, this is because there are cash flow protections in place for bond holders. A further point to note is that notwithstanding periods of mortgage stress in the Australian market, no RMBS bondholder has ever lost principal. Overall while Gryphon Capital is cautious with our portfolio positioning, RMBS continues to look attractive.

In April, there were four RMBS transactions totalling almost A\$2.35 billion. Due to a combination of credit analysis and GCIT portfolio optimisation considerations, the Gryphon Capital investment committee elected not to participate in any of these transactions.

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	

GRYPHON CAPITAL INVESTMENTS FEATURED ON COMMSEC EXECUTIVE SERIES

In late March, Ash Burtenshaw, CIO of Gryphon Capital Investments appeared on the CommSec Executive Series with Tom Piotrowski where he discussed the state of the RMBS market and house prices.

www.gcapinvest.com/gcit/news-insights/

FURTHER INFORMATION AND ENQUIRIES

Gryphon Capital Income Trust

www.gcapinvest.com/gcit/overview

General

Email info@gcapinvest.com

Boardroom (Unit Registry)

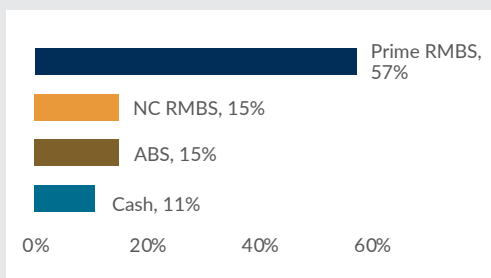
Phone 1300 737 760

Email enquiries@boardroomlimited.com.au

GCIT Portfolio Construction³

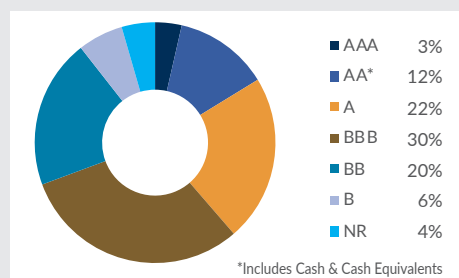
³ Note as at 30 April 2019.

GCIT Sector Allocations⁴



⁴ Excludes Manager Loan.

GCIT Rating Breakdown⁴



⁴ Excludes Manager Loan.

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GCIT Portfolio Underlying Mortgage Loan Statistics¹

	Total	Prime	Non-conforming ²
No. of Underlying Loans	61,181	55,751	5,430
Weighted Average Underlying Loan Balance	\$483,540	\$466,201	\$517,103
Weighted Average LVR	65%	66%	64%
Weighted Average Seasoning	23 months	27 months	15 months
Weighted Average Interest Rate	5.16%	4.56%	6.31%
Owner Occupied	59%	65%	47%
Interest Only	26%	26%	26%
90+ Days in Arrears as % of Loans	0.29%	0.24%	0.39%
% Loans > \$1.5m Balance	0.95%	0.55%	1.74%

¹ 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.

² 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.

Net Returns (after fees) (%)

Fin. Year	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	YTD
2018	-	-	-	-	-	-	-	-	-	-	0.02	0.24	0.26
2019	0.25	0.31	0.39	0.44	0.45	0.45	0.50	0.42	0.49	0.43	-	-	4.21

Distributions (cents/unit)

Fin. Year	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	YTD
2018	-	-	-	-	-	-	-	-	-	-	-	0.46	0.46
2019	0.48	0.62	0.74	0.88	0.86	0.88	0.88	0.80	0.90	0.85	-	-	7.89

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