Gryphon Capital Income Trust

GCI **Author:** Michael Coles **Published:** 29 Oct 2025

Data is provided by the manager at 31 Dec 2024, and currency in AUD, unless otherwise stated

Recommended

Refer to glossary for definition of the rating

Product Review

About this Product

Investment manager	Gryphon Capital Investments Pty Ltd
Benchmark	RBA Cash Rate + 3.50%
Product structure	LIT
Market cap. at 31-Dec-2024	$859.88m
Price divergence	+2.0% (12m Average; June 2025)
Listing Date	25 May 2018
Leverage	
Asset class	Alternatives
Sector	Growth Alternatives (Moderate)
Peer group	Australian Private Debt - Securitisation
Rated peers	7

Product Characteristics

Business Life Cycle	Mature
Product Wind-Up Risk	Low
Key Person Risk	High
Tenure of Decision Makers	Medium
Complex (RG240)	No
Transparency	Medium
ESG Approach	Risk or Value
Peer Relative Fees and Costs	Below median

Annual Fees and Costs (% p.a.)

Management fees & costs	0.85
Performance fee costs	0.00
Annual fees and costs	0.85

Source: FE fundinfo, Offer Document date: 29/Jan/2024

Product Opinion

The Trust has retained its **'Recommended'** rating. The rating is supported by the extensive experience and expertise of the investment team, particularly among the co-portfolio managers and co-founders, Steven Fleming and Ashley Burtenshaw. There is sound asset class knowledge that is applied via a rigorous investment and research process, which are key strengths of the offering.

Key person risk persists with both Fleming and Burtenshaw, and while the Portfolio Management team has expanded, the co-tenure is limited. The Barings acquisition is viewed positively and the retention of key professionals and business integration remain a watchpoint.

Lonsec Rating Model

Rating key: ●●● Above ●●○ In-line ●○○ Below

Factor	Peer Rating	YoY Score Change
Business	●●●	—
Team	●●○	—
Process	●●●	—
ESG	●○○	—
Product	●●●	—
Fees	●●●	↑
Performance	●●●	↑

Allocation Profile

Core		
Satellite		
	Low Complexity	High Complexity

Private Market Profile

High Valuation Risk		
Low Valuation Risk		
	Liquid	Illiquid

Strengths

- The Senior Portfolio Managers hold deep and extensive experience in securitised markets.
- The strategy uses a thorough and repeatable investment process tailored to the specific needs of the asset class.
- Strong risk management that is embedded at the security level.
- The Trust has exhibited a narrow, stable premium/discount to NAV over time.

Weaknesses

- There is key person risk around the Senior Portfolio Managers.
- The retention of key investment professionals, team cohesiveness and business integration remain key watchpoints following the acquisition by Barings.
- Although the Quantitative Research team continues to increase its resourcing, it has lower co-tenure given the recent turnover.

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Key Facts

Key Objectives

Investment objective	Monthly cash income with a Target Return of RBA Cash Rate plus 3.50% p.a., net of fees through the economic cycle.
Internal return objective	As above.
Internal risk objective	Capital preservation with high risk-adjusted returns.

Asset Allocation (%) (as at 30/06/2025)

Australian Fixed Interest	98.70
Cash	1.30
Total	100.00

Source: FE fundinfo

Rating History

31-Oct-2024	Recommended
07-Sep-2023	Recommended
11-Oct-2022	Recommended

Product Distribution Profile

Frequency	Monthly
Last Missed Distribution	N/A
Number of Missed Distributions in the last 5 years	0

Target Market Determination

Produced by issuer	Yes
Provided to Lonsec	Yes

Trading Snapshot (as at 30/06/2025)

Securities on issue	150
Ticker	GCI
Last price	$2.03
52 week high/low price	$2.08/$1.95
Last NTA or NAV	$2.01
52 week high/low NTA or NAV	$2.03/$2.01
Premium/discount to NTA or NAV	1.156 %

Return Profile

Income		
Capital		
	Defensive	Growth

Performance Analysis - annualised after fees at 30/06/2025

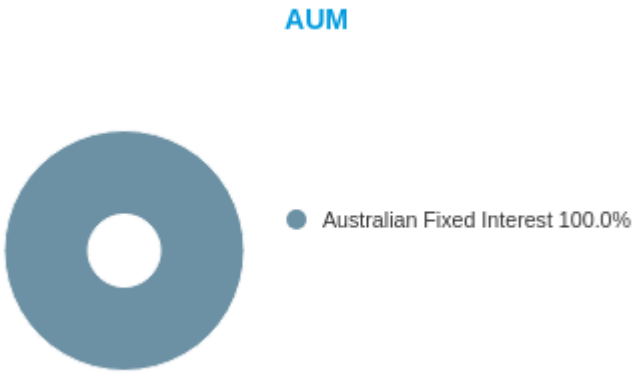
	1 Year	Median	2 Year	Median	3 Year	Median	5 Year	Median
Performance (% p.a)	9.23	9.14	12.24	9.72	9.90	9.48	10.40	9.08
Standard deviation	1.98	0.32	3.85	0.28	4.61	0.43	5.88	0.67
Excess return (% p.a)	1.52	2.34	4.50	3.92	2.60	2.60	4.57	4.57
Outperformance ratio (% p.a)	58.33	95.83	62.50	97.92	58.33	91.67	61.67	83.33
Worst drawdown (%)	0.00	0.00	-1.22	0.00	-3.11	0.00	-4.18	0.00
Time to recovery (mths)	-	-	1	-	1	-	2	-
Sharpe ratio	2.45	13.85	2.04	17.68	1.31	13.06	1.37	8.28
Information ratio	0.77	12.57	1.17	14.78	0.57	3.75	0.77	2.92
Tracking error (% p.a)	1.97	0.28	3.85	0.26	4.59	0.32	5.91	0.49

Lonsec Peer Group: Alternatives - Growth Alternatives (Moderate) - Australian Private Debt - Securitisation
Product Benchmark: RBA Cash Rate + 3.50%
Cash Benchmark: Bloomberg AusBond Bank Bill Index AUD
Time to recovery: NR - Not recovered, dash - No drawdown during period
Calculated using share price

Business

Facts

Investment Manager	Gryphon Capital Investments Pty Ltd
Ultimate Parent Company	Massachusetts Mutual Life Insurance Company (MassMutual)
Headquarters	Springfield, Massachusetts
Inception Date	Feb 2014
% Staff Ownership	0-10%



Governance

% Independent board members	0
% Female board members	0
Independent chair	No
CEO as Chair	No
Separate Audit Committee	Yes

Metrics

Total AUM	$3.88b
Investment Management Headcount	12
Investment Professionals	18
Sales & Service	6
Distributor	Internal

Who is the Manager?

Gryphon Capital Investments Pty Ltd ('Gryphon' or 'the Manager') is an Australian-based asset management firm focused on investments in structured finance and 'less liquid credit markets' predominantly in Australia. The Gryphon business had $4.63b in AUM as of April 2025.

Gryphon is a subsidiary of Barings LLC ('Barings'), a global investment manager and subsidiary of MassMutual, with assets across public and private fixed-income, real estate and specialist equity markets. Gryphon was acquired by Barings in March 2023. Barings held US$456b in AUM as of June 2025, with approximately 2,000 staff across 19 countries, including 776 investment professionals.

Lonsec Opinion

Profitability

Gryphon's investment management business is considered to be profitable and sustainable, which has been strengthened by the Barings acquisition, including $1.97b in AUM raised since the acquisition to April 2025 across various funds, strategies and mandates. The profitability has been enhanced following the acquisition, as it is expected to benefit from the increased operational and business support as the integration efforts materialise.

Business Track record

The Gryphon business has a relatively moderate track record compared to other global fixed-income managers, given it was incepted in 2014. Gryphon continues to exhibit consistent year-on-year growth, as there have been regular capital raises with the continual enhancement of the distribution efforts following the Barings acquisition.

Barings was established in 1940 and has a significant track record as a global investment manager across fixed income, real assets and specialist equity markets.

Business Ownership

Gryphon is wholly owned by Barings, a long-term client focused asset management business. Barings is a subsidiary of MassMutual, a mutual insurance company owned by its policyholders. Gryphon has maintained its boutique investment culture under Barings' ownership.

Business Governance

The business has a strong governance framework with no regulatory findings or compliance breaches in recent history and no reputational issues. The Manager also uses a separate audit committee, which is viewed positively. The Board, which is appointed by Barings, does not include any non-executive members, which is not in line with best practice.

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Team

Key Decision Makers (KDM)

	Primary function	Dedicated to strategy	Appointed to strategy	Industry/Mgr exp. (yrs)	Exp. in PM roles (yrs)
Ashley Burtenshaw	Portfolio management	No	2014	30/11	30
Steven Fleming	Portfolio management	No	2014	34/11	34
Christian Larney	Portfolio management	No	2021	17/4	17
Luke Vecchi	Portfolio management	No	2021	6/4	6

KDM Change*

No changes.

* Last 3 years

Profile

Size	9
Structure	Centralised
Turnover	Medium

Alignment

KDM equity held in manager	No
KDM co-investment in strategy	Yes
Performance-Based bonus	Yes
Long term incentive plan	No

Resources

	Number	Average Years Experience
Key decision makers	4	21
Portfolio Managers		
Hybrid portfolio manager/ analysts		
Dedicated analysts		
Dedicated dealers		
Quantitative	5	15
ESG/Sustainability		
Macro		
Investment Specialists		

Who is the Team?

Following Barings' acquisition of Gryphon, the Gryphon team has transitioned to become a new vertical in the Global Structured Finance ('GSF') team at Barings, which consists of over thirty investment professionals based in Charlotte, North Carolina, London and Brisbane.

Co-Heads, Steven Fleming and Ashley Burtenshaw, drive the decision-making process as Senior Portfolio Managers and, together with recently promoted Associate Portfolio Managers, Luke Vecchi and Christian Larney, make up the Portfolio Management team and Investment Committee. The team is supported by the Quantitative Research and Data Management teams and their proprietary database and systems. The Portfolio Management team is split into velocity and non-velocity components. Fleming leads the non-velocity team alongside Vecchi, with Burtenshaw leading velocity alongside Larney.

Burtenshaw and Fleming have over 32 years of industry experience working across various financial markets and asset classes. Moreover, Piers De Putron joined Gryphon in 2020 and operates as the Database Manager. Du Putron has more than 28 years of industry experience, primarily within the risk function of financial institutions and business systems. Jillian Berkholst has recently departed after joining the investment team in May 2024.

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Team *(continued)*

Lonsec Opinion

Team Size

The investment team resourcing is adequate for the needs of the investment process, although much smaller than some large global credit managers. The team's ability to leverage the broader Global ABF team is viewed positively. The portfolio managers are supported by seven dedicated analysts from the research, data management and fund operations team. Whilst not key decision makers for the strategy, their support is vital given the labour-intensive nature of the asset class, which involves data gathering, analysis and daily portfolio management.

Skill

The two Senior Portfolio Managers, Fleming and Burtenshaw, have over 32 years of industry experience working across various financial markets and asset classes. They are the key pillars of the investment process. Their skills are highly complementary, spanning trading, funds management, and deal structuring. Following Barings' acquisition, Fleming and Burtenshaw continue to operate as portfolio managers on the Trust, which provides continuity to the broader process. Their deep experience in securitised markets and longstanding working relationship are considered positive attributes of the Trust.

The other members of the team are less experienced than Fleming and Burtenshaw. While Larney and Vecchi continue to build experience as Associate Portfolio Managers on the Trust, there remains a concentration of skill at the key decision-maker level. This is partially mitigated with the increased support provided by the broader Global ABF team.

Piers De Putron joined Gryphon in 2020 and operates as the Database Manager of the Data Management team, a critical component of the investment framework. De Putron has more than 28 years of industry experience, primarily within the risk function of financial institutions and business systems.

Track Record/Co-Tenure

Fleming and Burtenshaw have significant co-tenure at Gryphon and across their professional careers. They previously worked together in 2005 at Babcock and Brown and Columbia Threadneedle in 2009. The co-tenure outside Fleming and Burtenshaw is considered to be relatively low following the expansion of the team, although it continues to build with the promotion of Larney and Vecchi in 2024. The team's cohesiveness will continue to be monitored following integration with the broader Barings GSF teams.

While the Portfolio Management team remains stable, the Research and Data Management teams are less stable, which is an important watch point given the team's critical role in developing the front-end user interface for Gryphon's analytical tools, which are complex and data-intensive by nature. There has been some turnover within the Quantitative Research team, most recently with Associate Director Jillian Berkholst departing after joining the investment team in May 2024. There is some conviction in Gryphon's ability to manage the turnover given its track record of continued growth within the organisation, its systems and the team's ability to leverage the broader Global ABF Team.

Key Person Risk

The Key Person Risk ('KPR') is high relative to peers, given the concentration of responsibilities and experience in the two Senior Portfolio Managers, Fleming and Burtenshaw. There is a clear internal focus on alleviating some of the KPR, with Larney and Vecchi added to the Portfolio Management team and IC. There is remuneration outcomes linked to organisational performance and a mid-term lock-up period associated with Fleming and Burtenshaw following the acquisition, which act as a mitigating mechanism for KPR.

Alignment

The alignment of interests to investors is considered lower following the sale of the co-founders' equity interests in the firm, although Fleming and Burtenshaw's remuneration remains linked to the performance of Gryphon business units within Barings. The broader investment team remuneration comprises a fixed component and a variable, discretionary short-term incentive. The retention of key professionals will be monitored in future reviews.

Process

What is the Investment Process?

Gryphon blends top-down and bottom-up research to build a diversified portfolio focused on securitised assets, predominantly residential mortgage-backed securities and to a lesser degree asset-backed securities. The strategy invests across publicly traded and private warehouse mortgage and asset-backed instruments. The private assets are expected to comprise between 50-80% of the portfolio, facilitated by GCI's close-ended structure, with this asset mix driven by relative-value opportunities.

The team conducts regular macroeconomic analysis with the IC, guided by a weekly economic dashboard. This guides fundamental analysis, with portfolio managers assessing relative value. A formal underwrite report is developed if a security is considered for selection. Reports evaluate deal structure, credit enhancement, risk analysis, reporting, loan data and cashflow analysis. A collateral stratification report breaks down loan pool data into sub-sectors, allowing the team to assess the level of risk held within the transaction and underlying constituents. The loan pool is broken down into bands including, but not limited to, LVR, underlying security type, loan purpose, locality, fixed or variable loan type, current loan balances and LMI provider. For large loans, a separate report is generated to avoid bar-belled pools with high LVRs.

Once the documentation is completed, the team provides a formal IC paper with a recommendation for investment across the various tranches of the issue. Portfolio construction follows a bottom-up approach that seeks to diversify across rating bands, geography and originator. There is also consideration for the seasoning of underlying loans, LVRs, cashflow frequency and maturity profile.

Lonsec Opinion & Supporting Facts

Philosophy and Universe

Investment Sector	Public and private debt
Investment Strategy	Real Estate Debt, Asset Backed Debt
Investment Type	Active
Primary geographical focus	Australia
Target Market	N/A
Lending Profile	Control Lender

The investment philosophy is highly aligned with the process and objectives. The look-through underlying securities in the Trust are private and publicly traded RMBS, ABS and cash. Gryphon's philosophy is well-defined and predicated on the belief that the RMBS and ABS markets are an important and substantial part of the Australian market, offering an alternative investment option for retail investors seeking exposure to income streams.

The Manager places significant importance on intensive data analysis and modelling to understand the underlying risks associated with each loan pool. This is highly integrated with the bottom-up and top-down philosophy, whereby the analysis will facilitate portfolio decisions and assist in seeking out relative value opportunities.

The Trust represents a standalone exposure compared to peers, as typically securitised assets comprise sleeves of more broadly diversified portfolios. The investable universe for the Trust mainly comprises Australian-domiciled securities, however, there is the potential for holding foreign-denominated issues that are fully hedged.

Research Process

Key screens	Credit quality, Maturity, Sector
Idea generation	Financial market data, Economic data, Proprietary data
Deals assessed p.a.	50
Key research inputs	Rating agencies, Quant credit models, Valuation analysis

Gryphon’s key strength lies in the rigour of its bottom-up analysis, with its macro research also considered sound and appropriate. The bottom-up and top-down analyses are viewed as structured and repeatable as they leverage proprietary systems to assess loan-level data and stress testing. The IC meets weekly, which facilitates debate and aids the process.

Gryphon has developed various methods of analysing securitised assets, and the proprietary models are high-quality and robust. Given the lack of standardised off-the-shelf solutions in the securitised market, the ongoing maintenance and review of internal systems is critical. Gryphon has committed to building out the Quantitative Team despite recent departures, with these systems audited regularly to ensure compliance. The Manager has the required specialised resourcing and operational ability to analyse these large volumes of data.

The portfolio managers' long-standing industry relationships strengthen the research process and provide the team with enhanced market transparency and deal flow. Ultimately, Gryphon's ability to access favoured deals and tranches depends on prevailing market demand.

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Process *(continued)*

Capacity Management

Capacity guidance	$1.50b
Strategy AUM	$843.00m
Portfolio liquidity (1 week)	13%

The Manager's approach to capacity management is well-considered and disciplined, with no immediate capacity concerns.

The growth of the securitised market in Australia is substantial, and the team has shown a conscious effort to ensure the Trust grows sustainably and in line with their criteria. The Trust has ample capacity to grow its FUM in future reviews.

Portfolio Construction

Portfolio management structure	Portfolio Manager
Approach to benchmark	Benchmark Agnostic
Typical number of loans	21 (issuers)
Portfolio maturity	0.85 years

The portfolio construction is considered robust, leveraging a well-defined investment process that relies on proprietary internal quantitative systems and awareness of qualitative factors.

The Trust is predominantly constructed via bottom-up analysis focused on capital preservation. This involves estimating potential losses and comparing the security characteristics to the available credit protection. The top-down analysis is also a key consideration that provides focus and influences the portfolio positioning. This is prudent as it assists in understanding how transactions may affect the portfolio from a risk perspective.

Investment decisions must be approved by the IC, which governs positioning and security selection within the portfolio. This helps ensure a standardised element to the research process, with the prospective inclusions being value-additive to the portfolio on aggregate.

The Trust is diversified across rating bands and geographical allocations whilst being balanced according to various factors. Moreover, the underlying strategy is expected to maintain a structural bias toward private mortgage and asset-backed investments. The process demonstrates a strong buy/sell discipline with mispricing opportunities evaluated and positions typically being held to maturity.

Investment Risk Management

Monitoring external to investment team	Yes
Frequency of monitoring	Daily
Primary risk management system	Proprietary
Single position limits (Min/Max)	10%
Industry limits (Min/Max)	RMBS (100%), ABS (50%)
Country Limits (Min./Max.)	Australia (min. 100%)
Min Credit Rating (At Purchase)	Typically BBB or above - Will also purchase sub-IG securities
Maximum sub-investment grade/unrated	50%
Cash Allocation (Typical, Max.)	1%, 20%
Public Market Allocation	18%
Credit Line Facility	No
Capital Stack Allocation	Average BBB
Portfolio Level LVR	65.2%

Risk management is viewed positively, with Gryphon recently becoming fully integrated and compliant with Barings Global Model Risk Policy in March 2024. This has complemented a variety of systems that are built and maintained in-house. The Trust is expected to transition to Aladdin in Q1 2026. While there's no separate risk committee, PwC conducts scheduled audits. Gryphon regularly monitors investments through monthly loan-level data assessments, managed by the Quantitative Team, which is seen as prudent.

Gryphon demonstrates strong risk awareness and expertise in the asset class, relying on long-term holdings to drive investment returns. The Trust needs to comply with ASX listing rules, including asset valuation around securitised investments. Securitised investments are considered a niche and at times, an opaque asset class, with few actual trades to use as price points in comparison to traditional fixed income assets. This can give rise to elevated mark-to-market risk for investors. ICE Investment Services ('ICE') is engaged to provide daily third-party pricing, which is in line with standard market practices. Notwithstanding, the Trust has a material allocation to private structured warehouses whereby the Manager may have to use pre-approved valuation policies.

The Trust uses broad risk limits that relate to sub-investment grade credit, individual holdings and originator exposures. The Manager does not intend to use debt to enhance returns and has capped gearing to manage liquidity.

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ESG

Manager Positioning - Product

Responsible investment style	ESG Integration
ESG approach	Risk or Value
Sustainability thematic	No Sustainability Thematic
Non-financial objective	None

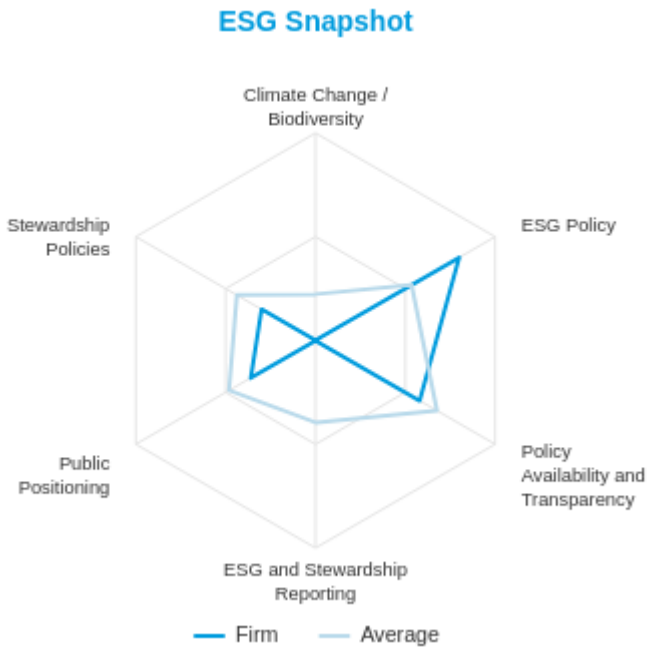
What is the Manager's ESG approach for this product?

The Manager has indicated that their Responsible Investment style is 'ESG Integration' and as such they consider Environmental, Social and Governance factors when assessing investment opportunities. With a primary ESG style of 'Risk or Value', Managers will determine inclusion based on the balance of overall risk (including ESG risk) and potential return. As a result, this approach may mean that lower-quality ESG issuers may be included if the return potential is sufficient and this may conflict with some clients' perception of what a strong ESG process would deliver.

Lonsec Opinion & Supporting Facts

Overview

ESG Process Score	ModLow



Manager Level Approach

The Manager's ESG policy framework and transparency are broadly aligned with peers. The Manager is committed to integrating ESG within their investment process with evidence in their public positioning. The recently updated ESG Integration and Stewardship policy is freely available on the firm's website and focuses on governance issues, which is appropriate for this asset class. While the policy is considered in line with peers, engagement outcomes are not publicly available.

Product Level Approach

Given the type of investments this product invests in, the Manager does not source general external ESG data instead relying on collecting its own ESG data through company meetings and proprietary surveys of originators.

There are clear signs of defined ESG elements within the research process for the Trust. There is no clear, structured link from the Manager's research to its stock selection, with the Manager indicating that the impact is via qualitative information for portfolio managers. Portfolio-level measurement or assessment of ESG risks is not evident.

The Manager demonstrated a clear engagement program and a structured approach. Engagements are tracked, however, there is limited structure around systems for measuring success.

Strategy: Clarity, Measurability & Reporting

This product does not make any specific claim to being a sustainable, ethical or impact offering. As such, an alignment review for the product is not required thus the product's risk of misalignment has been assessed as N/A.

Product

Service Providers

Responsible entity	One Managed Investment Funds Limited
Investment manager	Gryphon Capital Investments Pty Ltd
Sub-investment manager	N/A
Custodian	One Managed Investment Funds Limited
Administrator	Apex Fund Services Pty Ltd
Fund Auditor	PwC
Securities lending agent	N/A
Change in Key Providers? (Over last 12 months)	No

Product Details

Market cap	$1.09bn
Premium / disc. (12M ave.)	+2.00% (12m Average; June 2025)
Authorised capital management	Buybacks, Placements and Entitlement Offers
Net asset disclosure frequency	Monthly
Distribution model	External
Average Exchange Spread data*	0.00
Investment structure	Direct
Product type	Listed Registered Managed Investment Scheme (Unitised)
Currency hedged	Yes

What is the Product Structure?

The Gryphon Capital Income Trust ('GCI' or 'the Trust') is an Australian Listed Investment Trust ('LIT'), listed on the Australian Securities Exchange ('ASX'). The Trust invests in publicly traded and private securitised assets comprising Australian residential mortgage-backed securities ('RMBS') and asset-backed securities ('ABS'). The Trust was listed on the ASX in May 2018. One Managed Investment Funds Limited ('OIG') is the Responsible Entity of the Trust and Gryphon Capital Investments Pty Ltd is responsible for managing the portfolio.

Lonsec Opinion & Supporting Facts

Price Divergence

The LIT has consistently traded at a low variance to its NTA over the 12 months to May 2025 and is performing well against peers. The Company is currently trading at a premium of 2.0% to NTA and has historically traded strongly relative to its NTA since recovering from the COVID-19 drawdowns. The peer relative premium to NTA is amongst the strongest in the peer group, consistently trading in line with its NTA. The volatility of the premium has been relatively low compared to peers, as its main source of volatility to NTA arose in 2020, which it subsequently recovered.

Liquidity

GCI's market capitalisation is higher than broader Australian market peers, with a notably strong daily trading volume that supports the liquidity profile on a peer-relative basis.

The underlying assets are valued daily via ICE, with valuation policies in place where third-party pricing is unavailable. Given the nature of the close-ended vehicle, the Trust does not offer redemptions. As such, the sale of assets is at the Manager's discretion which results in a higher allocation to illiquid investments.

The LIT predominately invests in securitised assets which may result in less pricing transparency in times of market stress. The Manager has also disclosed a material allocation to private structured credit warehouses which may accentuate the Trust's premium/discount to NTA where the underlying assets are less liquid with lower pricing transparency.

Governance

The RE Board has sufficient experience to carry out its governance and oversight responsibilities effectively. Barings has oversight of the broader Gryphon business and appoints a separate Board of Directors for the business.

OIG is responsible for ensuring that the Trust's corporate strategy is executed optimally and strictly compliant. Pleasingly, the RE has been active in the Trust's capital management decisions over time with consistent placements to ensure adequate working and operational capital for the vehicle.

The RE Board has commercial and fiduciary interests in the success of the Fund leading to standard alignment within these structures. Further, there is a working capital loan from the RE to the Manager. Board independence is weaker than peers, with no independent directors or independent chair. Three RE executive directors sit on the Board, providing direct oversight and accountability.

Secondary Market Support

GCI has exhibited a solid level of shareholder support and loyalty since its inception, which is important for narrowing the gap between the share price and NTA. The Barings acquisition is a positive catalyst for Gryphon's distribution, as the increased resourcing availability allows for improved distribution and business awareness in the market. The Broker support is relatively in line with peers, covered by several well-known institutions.

Product *(continued)*

Valuation Details

Internal valuation committee	Yes
Frequency of valuations	Daily
Independent valuations	Yes
Type of valuation	Mark-to-market

Valuation governance is considered robust and consistent, with independent validation and committee oversight providing confidence in asset pricing. GCI applies Barings' global valuation framework, relying first on independent third-party pricing sources, including ICE, within a defined pricing hierarchy. An internal Pricing Team and Pricing & Valuation Committee oversee methodologies and any overrides. The Valuation Policy confirms independent pricing wherever possible for ABS holdings.

Structure

GCI is a LIT, which is a closed-ended, ASX-listed vehicle. The Trust invests directly in securitised credit - primarily RMBS/ABS tranches and selected private warehouse facilities. The structure is considered straightforward and a fairly efficient means of providing access to the Manager's securitised exposures. While private warehousing introduces some structural complexity, this has been managed well to date and is mitigated by established governance, independent administration and third-party pricing.

Transparency

GCI provides public monthly reporting which details a breakdown of portfolio composition and underlying loan performance to investors, including an aggregated look-through, portfolio and market commentary, and sector and rating splits. Disclosure is appropriate for the asset class and in line with peers. Transparency is not full facility-level, warehouse counterparties are unnamed, and visibility into individual facilities is limited.

Deal Allocation Policy

The Manager applies a uniform investment process across all mandates and allocates aggregated orders fairly and equitably. The policy applies across Gryphon client portfolios and the Trust, with decisions documented and subject to Compliance oversight. The Gryphon Investment Committee is responsible for allocating orders to each client mandate, including the Trust, taking into consideration a range of different factors, including mandate eligibility and fit, capacity and liquidity, and lastly, execution practicality. Pre-trade IC minutes document the proposed allocation approach, methods are kept consistent with investor disclosures, and the IC records the rationale for allocations alongside any post-trade modifications or cancellations. The Responsible Entity has full trade-level transparency.

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Fees

Annual Fees and Costs (% p.a.)

Management fees & costs	0.85
Performance fee costs	0.00
Annual fees and costs	0.85

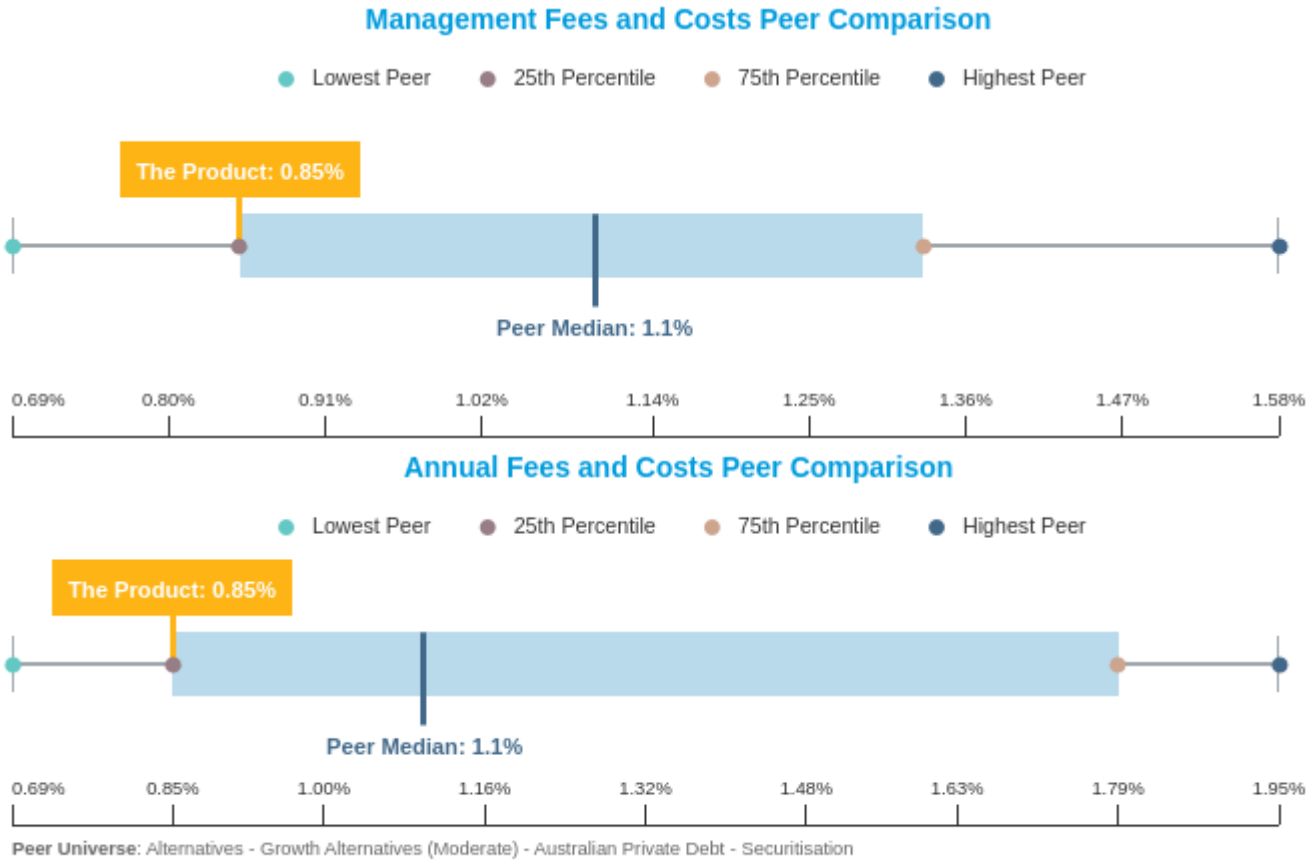
Source: FE fundinfo, Offer Document date: 29/Jan/2024

Performance Fees

Applicable	No

Fees Explained

The Trust disclosed Annual Fees and Costs ('AFC') totalling 0.85% p.a., which comprises solely of management fees and costs. The Trust is not subject to a performance fee, with the buy/sell spreads being market-determined given the listed nature of the product.



Peer Universe: Alternatives - Growth Alternatives (Moderate) - Australian Private Debt - Securitisation

Lonsec Opinion

Annual Fees and Costs

The Trust's Annual Fees and Costs ('AFC') are moderately low relative to the peer group.

Fairness

The Trust is a Listed Investment Trust that provides access to structured investments across public and private markets with regular liquidity and income distributions. The fairness is reasonable, considering the access provided to these assets and the consistent performance of the listed vehicle.

Performance data is as at 30 June 2025

Performance

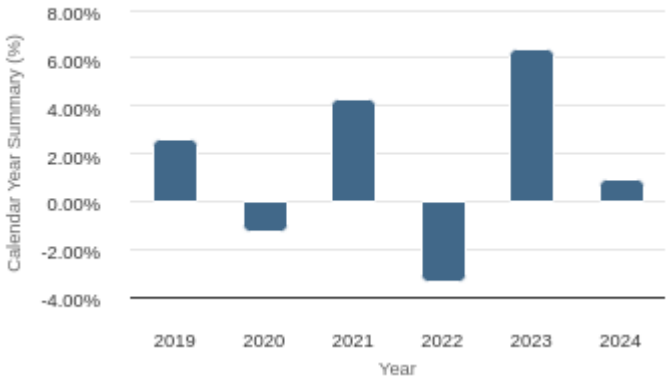
Performance Summary

Investment objective	Monthly cash income with a Target Return of RBA Cash Rate plus 3.50% p.a., net of fees through the economic cycle.
Internal return objective	As above.
Internal risk objective	Capital preservation- Highest risk-adjusted returns
Product benchmark	RBA Cash Rate + 3.50%
Lonsec peer group	Australian Private Debt - Securitisation

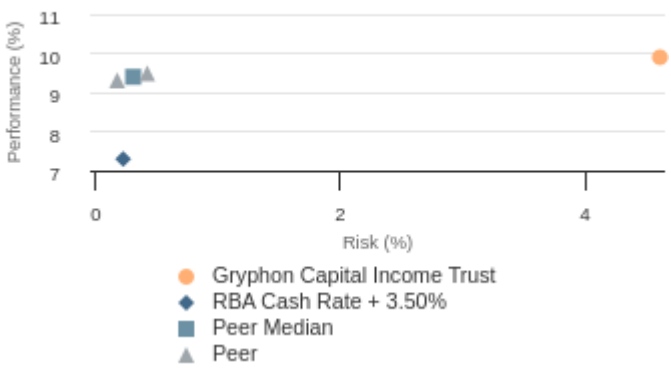
Alpha Generation

The Trust has met its investment objective across all periods, delivering excess returns above its Benchmark over rolling periods. The Trust has also generated total and income returns that are highly competitive against its peer group. The Trust's returns have been above similar structured credit products over the same three and five-year periods.

Calendar Year Excess Return



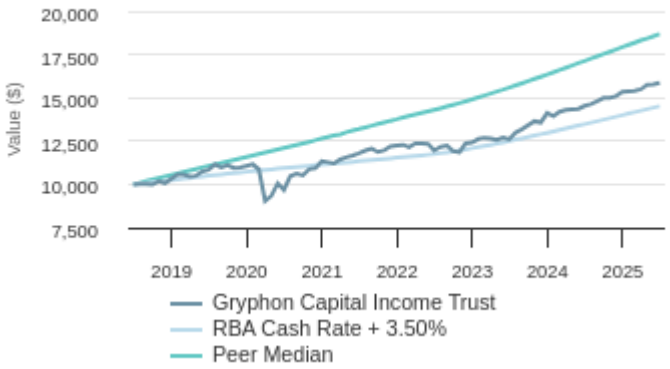
3 Year Risk and Return



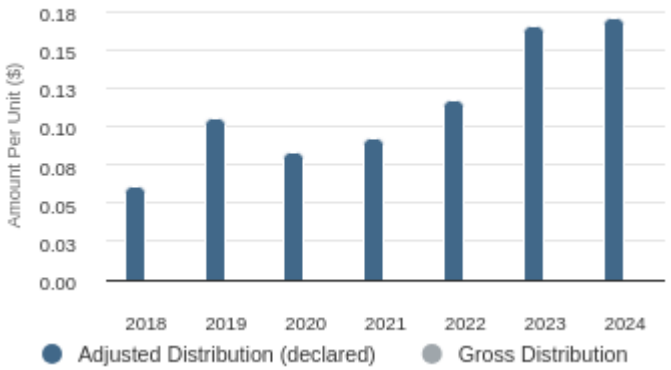
Alpha Consistency

The Trust's consistency of returns is strong relative to the peer group. It has consistently achieved its investment objective across all rolling periods, while consistently outperforming the peer median.

Growth of $10,000 Over 7 Years



Distribution Record Over 10 years

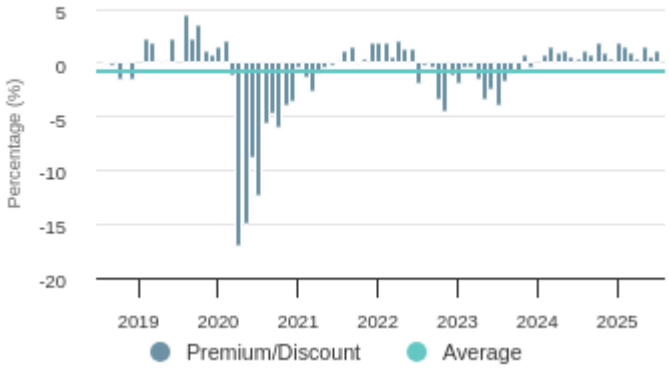


Performance *(continued)*

Benchmark Relativity

Mark-to-market listed price volatility is driving performance dispersions and, consequently, GCI sees a higher level of price volatility relative to unlisted peers. Pleasingly, the Trust has consistently traded at a low variance to its NTA, and its peer relative premium is amongst the strongest in the peer group.

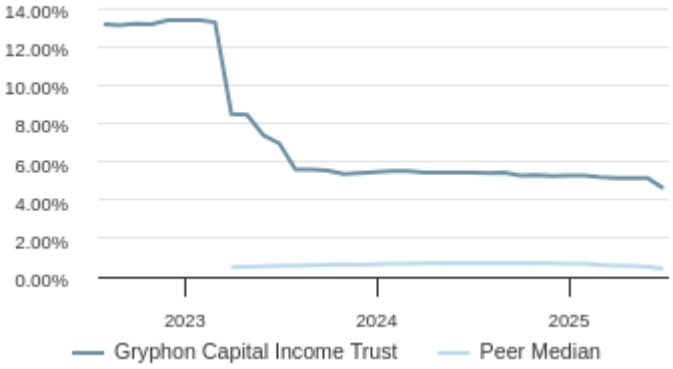
Share Price Premium/Discount to NAV Over 7 Years



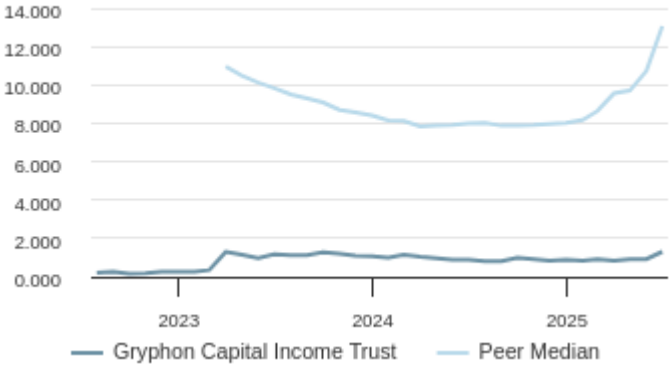
Return Volatility

As the Trust is the only listed product within the peer group, against unlisted peers, mark-to-market listed price volatility is driving performance dispersions. The Trust's volatility has been consistently higher than the broader peer median, although this is expected given the concentrated single asset class exposure. As a result, the Trust's risk-adjusted returns have been below the peer group median.

3 Year Rolling Standard Deviation Over 3 Years



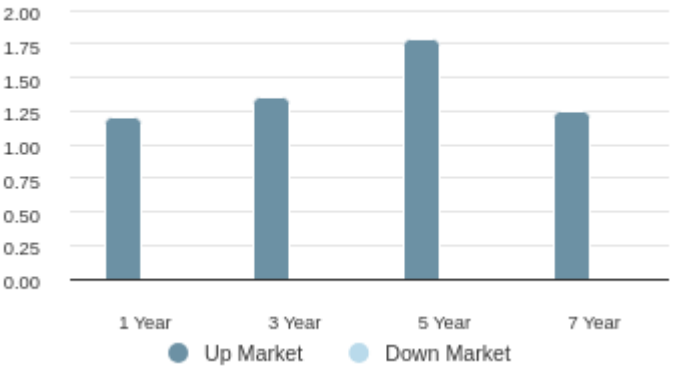
3 Year Rolling Sharpe Over 3 Years



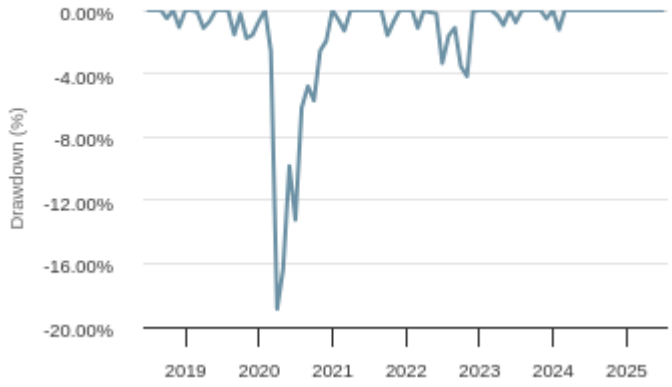
Product Defensiveness

The Trust's defensiveness is not directly comparable to the Lonsec peer group because, as a listed vehicle, investors are exposed to GCI's market-price volatility rather than purely underlying NAV movements. As a result, the Trust has exhibited a defensiveness profile below the peer group, although with short periods of recovery.

Market Capture Ratio



Drawdowns



Ratings

'**Highly Recommended'** rating indicates that Lonsec has very strong conviction the product can meet its investment objectives.
'**Recommended**' rating indicates that Lonsec has strong conviction the product can meet its investment objectives.
'**Investment Grade'** rating indicates that Lonsec has conviction the product can meet its investment objectives.
'**Approved**' rating indicates that Lonsec believes the product can meet its investment objectives.
'**Not -Approved'** rating indicates that Lonsec does not believe the product can meet its investment objectives.
'**Closed / Wind Up'** status is applied when the product has been closed.
'**Fund Watch'** status is applied when a rating is under review due to the occurrence of a significant event relating to the product.
The '**Redeem**' rating indicates Lonsec no longer has sufficient conviction that the product can meet its investment objectives.
The '**Screened Out'** rating indicates Lonsec was unable to attain sufficient conviction that the product can meet its investment objectives.
'**Discontinued Review'** status is applied where a product issuer withdraws the product from the review process prior to completion, for any reason other than the product being closed or unavailable to investors.
The '**Ceased Coverage'** status is applied when a rated product is withdrawn from the research process by the product issuer.

General

Climate Change / Biodiversity: the extent to which a manager has a leading climate and biodiversity policies.
ESG and Stewardship Reporting: the transparency, accessibility and usefulness of a manager's reporting.
ESG Policy: the strength of commitment to ESG as ascertained by a review of a manager's ESG policies.
Excess return: Return in excess of the benchmark return.
Information ratio: Relative reward for relative risk taken (Excess Returns / Tracking Error).
Key decision maker (KDM): A nominated investment professional who has portfolio decision making discretion for a Fund, e.g. 'buy' or 'sell' decisions.
Market capture ratio: A product's performance during either 'up' or 'down' market trends relative to an index.
Policy Availability / Transparency: the ease of public access to, and transparency of, a manager's overall ESG policy suite.
Public Positioning: the resolve of a manager's commitment to ESG as ascertained by their public positioning.
Returns consistency: The proportion of a product's monthly outperformance during a period relative to the benchmark when it was rising, falling and in aggregate.
Sharpe ratio: Excess return earned for additional volatility experienced when holding riskier assets versus risk-free asset.
Standard deviation: Volatility of monthly Absolute Returns.
Stewardship Policies: the strength of a manager's proxy voting and engagement policies with respect to ESG.
Time to recovery: The number of months taken to recover the Worst Drawdown.
Total return: 'Top line' actual return, after fees.
Tracking error: Volatility of monthly Excess Returns against the benchmark (the Standard Deviation of monthly Excess Returns).
Worst drawdown: The worst cumulative loss ('peak to trough') experienced over the period assessed.

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Lonsec Group Disclaimers (continued)

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Lonsec Research FSG

Financial Services Guide

This Financial Services Guide (FSG) has been prepared and issued by Lonsec Research Pty Ltd ABN 11 151 658 561 (Lonsec Research, we, us, our), holder of Australian Financial Services Licence (AFSL) No. 421445, to assist you in determining whether to use our financial services and products. This is an important document, and you should read it carefully. The contents of this FSG are general information only and does not take into account your personal needs or objectives. Lonsec Research provides no warranty as to the suitability of the services of this FSG for any particular person.

1.1 What is a Financial Services Guide?

This FSG's purpose is to provide you with important information regarding services offered by Lonsec Research. You should read this FSG prior to using our services. This document was prepared to inform you about:

- who we are and our contact details;
- the financial services we provide;
- the remuneration that may be paid to us and other persons in relation to the financial services we provide;
- how we deal with conflicts of interest; and
- how we deal with complaints

1.2 About Lonsec Research and its related parties

ASX listed Generation Development Group Limited (ABN 90 087 334 370) is the parent company of Lonsec Holdings Pty Ltd (ABN 41 151 235 406) (Lonsec Holdings). Lonsec Research is a wholly owned subsidiary of Lonsec Holdings Pty Ltd (ABN 41 151 235 406) (Lonsec Holdings) and provides in-depth, investigative investment research across a broad range of listed and unlisted investments. Other subsidiaries of Lonsec Holdings include SuperRatings Pty Ltd (ABN 95 100 192 283), Implemented Portfolios Pty Limited (ABN 36 141 881 147) and Lonsec Investment Solutions Pty Ltd (ABN 95 608 837 583). All employees of the Lonsec group entities, including Lonsec Research, are employed by Lonsec Fiscal Pty Ltd (ABN 94 151 658 534).

Contact Details

Lonsec Research Pty Ltd
Level 39, 25 Martin Place
Sydney NSW 2000
Tel: 1300 826 395
Email: info@lonsec.com.au
www.lonsec.com.au

1.3 What kind of financial services can Lonsec Research provide?

Lonsec Research is authorised under its Australian Financial Services Licence to provide general financial product advice to retail and wholesale clients on the following types of financial products:

- securities
- deposit and payment products limited to basic product products
- derivatives
- interests in managed investment schemes including investor directed portfolio services
- superannuation
- retirement savings accounts
- foreign exchange products
- life products including:
  - investment life insurance products as well as any products issued by a Registered Life Insurance Company that are backed by one or more of its statutory funds; and
  - life risk insurance products as well as any products issued by a Registered Life Insurance Company that are backed by one or more of its statutory funds;

Lonsec Research is also authorised to deal in a financial product by arranging for another person to apply for, acquire, vary, or dispose the above types of products for or by retail and wholesale clients.

1.4 Provision of general advice

Any advice that Lonsec Research provides is of a general nature and does not take into account your personal financial situation, objectives or needs. You should, before acting on the information, consider its appropriateness having regard to your own financial objectives, situation and needs and if appropriate, obtain personal financial advice on the matter from a financial adviser. Before making a decision regarding any financial product, you should obtain and consider a copy of the relevant Product Disclosure Statement or offer document from the financial product issuer.

Lonsec Research FSG (continued)

1.5 How Lonsec Research is paid

Lonsec Research receives fees from Fund Managers and/or financial product issuers for researching their financial product(s) using comprehensive and objective criteria. Lonsec receives subscriptions fees for providing research content to subscribers including financial advisers, fund managers and financial product issuers. Lonsec Research's fees are not linked to the financial rating outcome of a particular financial product. Lonsec Research fees are determined by private agreement with its clients depending on a number of criteria including the number of financial advisors who access Lonsec Research publications, the range of publications accessed and the complexity of a specific research assignment. Due to the specific nature of its charges, disclosure of Lonsec Research fees may not be ascertainable when you receive this FSG, but you are able to request this information in writing before a financial service is provided to you. The fees received by Lonsec Research do not have an effect on the inclusion (or otherwise) of a financial product in portfolios managed by Lonsec Investment Solutions; or in approved product lists as a result of Lonsec Investment Solutions consulting activities. We do not have any direct employees as all employees are contracted, for employment purposes, with Lonsec Fiscal, a subsidiary of Lonsec Holdings. All employees of Lonsec are paid a salary and may receive a discretionary bonus which is not guaranteed. Sales employees may have a sales commission plan, relevant for sales to Wholesale clients, as offered by Lonsec Research from time to time at its discretion.

1.6 How do we manage our compensation arrangements?

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Complaints Manager
Level 39, 25 Martin Place
Sydney NSW 2000
Tel: 1300 826 395
Email: complaints@lonsec.com.au

An individual may request further information about Lonsec Research's internal complaints handling procedure at any time. If an individual is not satisfied with the outcome of their complaint or has not received a response within 30 days from Lonsec Research, the individual can complain to the Australian Financial Complaints Authority (AFCA). AFCA provides an independent dispute resolution service and can be contacted on:
Online: www.afca.org.au
Email: info@afca.org.au
Phone: 1800 931 678
Mail:
Australian Financial Complaints Authority
GPO Box 3
Melbourne, Victoria, 3001.

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This FSG was prepared on 1 August 2024.