

Financial Services Guide – Gyrostat Absolute Return Income Equity Fund

Purpose of the Financial Services Guide

This financial Services Guide (FSG) is dated 17 July 2017 and has been prepared to provide information about your rights and obligations under the Australian financial services law and to inform you about our services, charges and obligations to you. The matters covered by the FSG include:

- Who we are and how we can be contacted;
- Brief details of the financial products and services we are authorised to provide;
- Information on costs, remuneration and other benefits that may be paid to us, staff members and others;
- Information on how we deal with complaints; and
- How we collect and use your personal information.

It is our objective to provide you with a clear, concise and effective disclosure about our services to assist you in determining whether to invest in the Gyrostat Capital Stability Fund (the Fund).

If you chose to invest in the Fund you will also receive other documents in order to enable you to make an informed decision about investing in the Fund which you should read carefully. These documents contain information including relevant terms, significant risks and costs associated with investing in the Fund and details of the fees and charges which may apply.

Our Contact Details

Gyrostat Capital Management Pty Ltd
AFSL No. 452917 – ACN 138 219 002
Suite 402, 566 St Kilda Road, Melbourne VIC 3004

Telephone: (03) 9041 0970 Facsimile: (03) 9041 0971

Email: applications@gyrostat.com.au Website: www.gyrostat.com.au

About Us

Gyrostat Capital Management Pty Ltd ACN 138 219 002 (Gyrostat) is the 'responsible entity' and the Trustee of the Fund. Gyrostat provides investment product as the holder of an Australian Financial Services Licence (AFSL) issued pursuant to section 913B of the *Corporations Act 2001* (Corporations Act). Our AFSL Number is 452917. Gyrostat is regulated by the Australian Securities and Investments Commission (ASIC).

Responsibility for Financial Services

Gyrostat and its authorised representatives hold relevant qualifications and experience to provide financial product advice.

When providing financial services to you, we act on our own behalf and not on behalf of any third party product issuers or service providers.

How you should provide instructions to us

Gyrostat acts upon written confirmation from the Board and investors. Generally you may give us your instructions in writing, by fax, telephone or other means by pre-arrangement with us.

Gyrostat Authorisations

Gyrostat holds an AFSL No. 452917 and is licenced to provide the following services to wholesale and retail clients:

- Provide general financial product advice for the following classes of financial products:
 - Interests in managed investment schemes, excluding investor directed portfolio services.
- Deal in a financial product by issuing, applying for, acquiring, varying or disposing of:
 - Interests in managed investment schemes – limited to our own managed investment scheme.
- Apply for, acquire, vary or dispose of on behalf of another in respect of:
 - Deposit and payment products;
 - Basic deposit products;
 - Non basic deposit products

- ii) Derivatives.
 - iii) Managed investment schemes; and
 - iv) Securities
- d) Providing a custodial or depository service.

Gyrostat's Financial Products and Services

Gyrostat is the responsible entity for the Fund and is the issuer of units in the Fund. Gyrostat is also the Trustee of the Fund.

Gyrostat provides general financial product advice in relation to the Fund.

Gyrostat has the requisite skills, experience and expertise to operate this business.

Financial Product Advice

The Corporations Act imposes obligations on providing entities designed to ensure that retail clients receive professional and reliable advice. Advice can be defined as either personal or general advice.

- Personal Advice is when the adviser has considered one or more of your objectives, financial situation or needs.
- General Advice means the advice has been prepared without taking into account any of your relevant personal circumstances. The adviser must warn you that you should consider the appropriateness of the advice, in light of your objectives, financial situation and needs before acting upon the advice.

Financial product advice is an inherent and essential element in the quality of service provided by Gyrostat representatives but such advice is limited to financial products provided by Gyrostat and is general advice only, specific to the financial product which it is authorised to provide.

Product Information Memorandum

When providing general advice in relation to financial products provided by Gyrostat we will provide you with an Information Memorandum (IM) for the financial product it is authorised to provide. Gyrostat will **not** provide you with personal advice with regard to your objectives, financial situation and needs.

The IM is intended to provide sufficient information to enable you to make an informed decision whether to invest in a particular financial product. It will include information such as:

- Gyrostat's investment philosophy;
- Detail of the Trustee, Fund Manager and key personnel;
- How the Fund works;
- Fees and costs incurred in investing in the Fund; and
- Information on taxation issues relevant to investment in the Fund.

Privacy and Use of Personal Information

Client privacy is important to us. If at any time you feel your privacy is compromised please take the matter up with us or via the disputes resolution channel, below.

The personal information that Gyrostat collects will be used to provide you with financial services and for the purposes of other related activities including administration, planning and research. Additional information relating to privacy and the use of your personal information is set out in the IM and is available in our privacy policy which is available to download from our website.

Payment for Services

How you pay for these services

All fees payable by an investor are disclosed in the IM. These fees include:

- Transaction costs incurred by Gyrostat in buying and selling assets when Units in the Fund are issued or redeemed (buy/sell spread);
- Management fees and expenses payable to Gyrostat of 1% per annum of the Net Asset Value of the Fund calculated monthly;

- All expenses properly incurred by Gyrostat in connection with the Fund, capped at 0.5% of the Net Asset Value per annum for all usual and ongoing expenses;
- All expenses properly incurred by Gyrostat in connection with the Fund which are deemed to be unusual or non-recurrent or abnormal expenses;
- Subject to the Hurdle Rate and High Water Mark as defined in the IM, performance fees may also be payable to Gyrostat on a quarterly basis; and
- GST on all fees and charges payable to Gyrostat.

Gyrostat does not charge an initial fee or an entry fee when you invest in a financial product. Nor are commissions paid by the investors on their investment.

Adviser Remuneration

Gyrostat does not charge commissions, brokerage or fees to investors of financial products outside of the management fees disclosed in the IM.

Referrer Remuneration

Gyrostat may pay referral fees or commission to parties that refer investors who then invest in the Fund (Referral Fee). Any Referral Fee will be paid out of the management fees payable to Gyrostat and will not result in any additional charge or expense to the investors in the Fund.

Compensation Arrangements

Gyrostat has a professional indemnity insurance policy in place which satisfies requirements under section 912B of the Corporations Act and ASIC requirements under Regulatory Guide 126.

It is important that you, as an investor, recognise the limitations of this insurance. PI Insurance is not designed to protect consumers directly and is not a guarantee that compensations will be paid.

This policy will cover claims in relation to the conduct of representatives and/or employees who no longer work for Gyrostat (but who did at the time of the relevant conduct).

Risks

Limitations of research

By 'research' we are referring to printed material that expresses an opinion about particular companies, markets or economic news.

The research produced internally and/or outsourced by Gyrostat, is the opinion of specialist analysts. It can never be guaranteed.

It is only valid for a limited time and is often subject to market movements. For example, the anticipated returns for a particular Fund may change due to a number of factors, such as market increases or decreases, management and administration costs, valuation and prices of stock, etc. Over the life of an investment in the Fund these expenses and market movements may or may not be significant.

The mere fact that an investment or opportunity is presented by Gyrostat in an IM or research report as a favourable investment, does not necessarily mean that the investment or that recommendation is a suitable investment for you. The opportunity or recommendation is based on consideration of the investment merits of the Fund alone. You should always consult your independent adviser before acting on any opportunity presented.

Likewise, any investment returns that may be forecast in a report are based on particular assumptions made by Gyrostat at the time the report is compiled. A forecast or anticipated 'return' is not a guarantee that the Fund will actually return that amount.

General risk disclosure statement and guidance for investors

We will explain to you any significant risks associated with investments or strategies which we recommend to you. If we do not do so, you should ask us to explain those risks to you. Significant risks are also set out in the IM.

All investments carry risk. Different investment strategies may carry different levels of risk, depending upon the assets that make up the strategy. Assets with the highest long-term returns may also carry the highest level of short-term risk. Economic, technological, political or legal conditions and market sentiment can change. These changes can lead to volatility in the value of investments and the overall liquidity of the market.

The more the value varies over time, the more volatile the asset is and therefore the more risk involved in investing in it. Conversely, the less volatile an asset is, the less likelihood there is for any significant capital gain or loss from investing in that asset. The underlying investments of the Fund may fall in value for many reasons, such as changes in Gyrostat's internal management or the business environment in which Gyrostat operates. If underlying investments fall in value, the value of an investment in the Fund will also fall in value.

What are the risks?

In general, the risk of investing in financial products can be categorised in the following manner. Please note that the lists below do not purport to be complete, as it would not be feasible to list all the possible risks in each category. The IM contains additional information in relation to Fund specific risks and underlying investment risks.

Overall Market Risk

This is the risk of loss by reason of movements in the property market generally. These movements can be caused by any number of factors, including political, economic, taxation or legislative factors. Specific examples are changes in interest rates, political changes, changes in taxation or superannuation laws, international crises or natural disasters.

Domestic versus International Factors

The value of a company's financial products can be influenced by the company's vulnerability to international events or other factors affecting the markets for its products or services. These would include movements in exchange rates or changes in property markets overseas.

Sector Specific Factors

These would include demand for the products or services of Gyrostat, the economic cycle of industry, changes in consumer demands and lifestyle changes. Specific factors would include Gyrostat's directors, the strength of Gyrostat's management and the significant of any key personnel, Gyrostat's profit history, its tangible asset base, debt level and fixed cost structure, litigation, profit or losses on particular contracts and competition from within the sector.

If you have any concerns – Dispute Resolution

Gyrostat is committed to providing our investors superior service and as such we acknowledge the right of investors to make suggestions on how we may improve our service or make complaints.

Gyrostat has implemented a dispute resolution system (DRS) for the management of complaints from investors. A complaint is defined as any expression of dissatisfaction made to Gyrostat relating to our product or services of the complaints handling process itself, where a response or resolution is explicitly or implicitly expected.

The DRS will provide an efficient, fair and accessible mechanism from inception to satisfaction or final determination, as the case may be, irrespective of the nature of the complaint. The overriding aim of the complaints handling process is to turn dissatisfied investors into satisfied investors.

If you have any concerns about the service provided to you, you should take the following steps:

- Firstly, discuss the matter with us, providing all the relevant information.
- If the matter is not satisfactorily resolved within 3 business days, contact:

Gyrostat Complaints Officer by telephone on (03) 9041 0970 or in writing to Gyrostat Complaints Officer, Suite 402, 566 St Kilda Road, Melbourne VIC 3004, or by facsimile on (03) 9041 0971.

We will try to resolve the matter with an acceptable solution quickly. If you do not get a satisfactory outcome or the complaint remains unresolved, you have the right to complain to the external dispute service of:

Financial Ombudsman Service

GPO Box 3, Melbourne VIC 3001, Telephone: 1300 780 808, Facsimile: 03 9613 6399

Australian Securities & Investments Commission ("ASIC")

Free call infoline 1300 300 630.