

# Gyrostat Leveraged Absolute Return Income Equity (Class B)

Gyrostat Risk Managed Equity Fund ARSN 651 853 799

Gyrostat Risk Managed Equity Fund – Address uncertainty through portfolio construction - Volatility is our friend with an 11 year track record of returns increasing with market volatility (including large market falls).

Solutions for: - Retiree equity income (absolute return benchmarks) and Australian and international equities (vs index) with protection always in place against major market falls (sequencing).

Headquartered in Melbourne, Australia, Gyrostat are specialists in delivering diversified low and non correlated investment solutions which address sequencing and portfolio drawdown risk while delivering equity income (derived from dividend pass through and risk management overlay profits.)

The Gyrostat Leveraged Absolute Return Income Equity Class B is designed for **capital protected retiree income** to generate equity income of at least BBSW + 6% (paid quarterly) with no quarterly draw-downs to exceed a pre-defined 6% limit. The strategy builds on the class A track record exceeding eleven years of returns increasing with market volatility.

## Performance (Growth of AUD \$100,000)



## Net Investment Performance %

	1M	3M	6M	1YR	3YR (PA)	5YR (PA)	SI
Gyrostat Risk Managed Equity Fund Class B	0.84	12.53	17.33	0.85			-0.32
BBSW3M + 3%	0.40	0.94	1.72	3.27			4.26
Excess Returns	0.44	11.59	15.61	-2.42			-4.58

\* Returns are net of fees and include franking credits. Redemption value is reported NAV less sell spread of -0.15%.

## Class Facts

Eligibility	Investors who qualify as 'Wholesale Clients'
Responsible Entity	Columbus Investment Services Ltd
Investment Manager	Gyrostat Capital Management Advisers Pty Ltd
Sales & Marketing Manager	Mantis Funds Pty Ltd
Fund Inception date	13 April 2021
Strategy Inception date	10 December 2010
APIR	CIS3754AU
Base currency	Australian dollars
Management fee	1.4% of NAV
Performance fee	15% over Hurdle
Investment minimum	AUD 50,000
Buy/sell spread	0.15%
Liquidity	Daily
Benchmark	BBSW3M + 3% p.a.
Platforms	Mason Stevens, Netwealth, Powerwrap
Distribution frequency	Quarterly

## Return Analytics

Monthly Volatility	4.59%
Sharpe Ratio	0.04
Drawdown	-17.06%
Sortino Ratio	0.06
Leverage *	88%

\* Ratio defined as margin debt / net assets

## Portfolio Analytics

Number of Stocks	10
Average Positive Months	2.78%
Average Negative Months	-3.40%
Beta (ASX200)	-0.29
% of Positive Months	56

The responsible entity for the Gyrostat Risk Managed Equity Fund (ARSN 651 853 799) is Columbus Investment Services Limited (ACN 095 162 931) (AFSL221183) (CISL). The investment manager for the fund is Gyrostat Capital Management Advisers Pty Ltd (ACN 168 737 246), a duly authorised representative of Gyrostat Capital Management Pty Ltd (ACN 138 219 002) (GCM) and One Wholesale Fund Services Ltd (ACN 159 624 585).

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You should obtain and carefully consider the Product Disclosure Statement (PDS) and the Target Market Determination (TMD) for the Fund before making any decision about whether to acquire, or continue to hold, an interest in the Fund.

Applications for units in the Fund can only be made pursuant to the application form relevant to the Fund. A copy of the PDS (dated 15 February 2022), TMD (dated 1 October 2021) and relevant application form can be obtained from

[www.gyrostat.com.au/application-forms](http://www.gyrostat.com.au/application-forms) or [www.oneinvestment.com.au/gyrostat](http://www.oneinvestment.com.au/gyrostat).

## Market Commentary

### MONTHLY UPDATE

Class B NAV at 31 Jul 2022 was \$0.6845.

The Australian market traded in a range of 6.20% during July (low 6539 on 1 July, high 6945 on 29 July). Our investment strategy is designed for returns to increase the larger the market range (in either trending, falling, or rising markets).

Market volatility saw falls of -20.47% in July (as measured by the VIX and Australia-VIX). VIX high 26.82 on 13 July, low 21.33 on 29 July. The reduction in the pricing of risk reduces the valuation of protection and is unusual in a falling market.

Our gain during the month was driven by gains in both commodity and banking shares.

We anticipate strong investment performance during the September quarter (resource stocks dividend cycle).

We continue our increased exposure to resource stocks and anticipate that the higher yields and volatility in this sector will generate returns consistent with our objectives. A more active asset allocation approach, particularly into higher yielding stocks in the upcoming dividend cycle has been adopted.

### FUND OVERVIEW

**Purpose:** A global non correlated income fund as part of the 'equity income' component of a portfolio to enhance income in a historically low interest rate environment

**Investment Objectives:**

**Return:** To exceed income distributions over rolling 12 months.

**Income:** > BBSW3M + 6% p.a. from dividends and risk management profits paid quarterly.

**Protection:** 6% quarterly downside risk tolerance.

Distributions may be higher dependent on the performance of the Class.

Class B buys and holds ASX-20 and International listed equities and options with the relevant exchange as the derivative counterparty. The Class may borrow up to 100% of Class assets.

Class B is a levered version of Class A to deliver higher income and higher risk tolerance than Class A. It seeks to generate equity income with downside protection always in place, but may not necessarily gain from major market falls in contrast to Class A.

Our expectation is that over the cycle we will achieve our income and return objectives while operate with our pre-defined risk parameters.

### Contributors to Return (%)

TOP GAINS		TOP LOSSES	
FMG	0.45	ANZ	-0.07
ANZ	0.19	XJO	-0.01
WBC	0.17		
NAB	0.15		
BHP	0.13		

### Team Members Experience

INVESTMENT TEAM	GYROSTAT	INDUSTRY
Craig Racine Chief Investment Officer	11	30
Leo Tang Senior Investment Officer	7	30
BUSINESS TEAM		
David Barwise Director	4	30
Damien Hatfield Head of Distribution	1	40+
Andrew Smith Compliance and Risk	8	30+
Peter Clifton Chairman	8	30+
Peter Keating	1	30+

### Top Holdings

HOLDING	%
BHP	36.8
XJO	24.0
FMG	21.0
RIO	5.4
WDS	4.4
ANZ	2.3
CBA	1.8
NAB	1.7
WBC	1.4
WOW	1.3

### Enquiries

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PDS and application form can be obtained from:  
[www.gyrostat.com.au/application-forms](http://www.gyrostat.com.au/application-forms) or  
[www.oneinvestment.com.au/gyrostat](http://www.oneinvestment.com.au/gyrostat)

**GYROSTAT**  
RISK MANAGED EQUITY FUNDS

AS AT 31 JUL 2022