

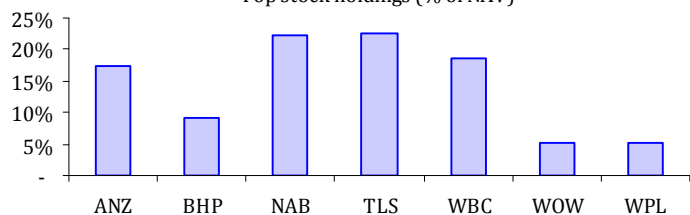
GYROSTAT CAPITAL STABILITY FUND

31 MARCH 2015

Key Features

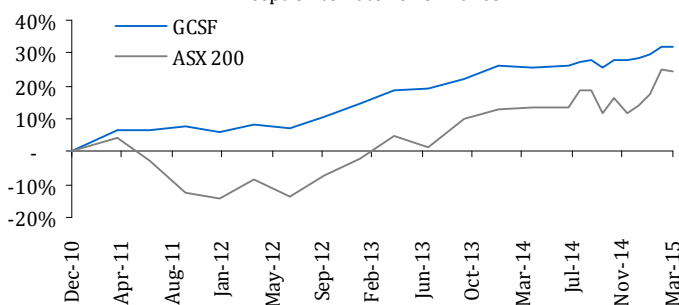
- Highly defensive - downside protection **always** in place.
- Participate in the upside when the stock market rises.
- Cash flow from dividends, interest and options.

Top stock holdings (% of NAV)

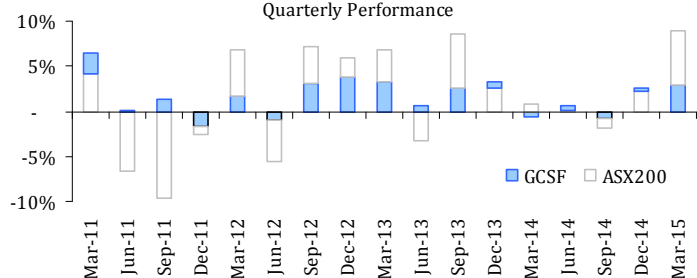


- Our performance track record since inception has exceeded the ASX200 index, with stable and rising valuations of the fund capital, and without significant downside fluctuations.

Inception to Date Performance



Quarterly Performance



Further details can be found in our Information Memorandum

Portfolio Inception	December 2010
Minimum Investment	AUD \$100,000
Management Fee	1% per annum
Performance Fee	15% of excess return
Hurdle Rate	BBSW 90 + 3%
High Water Mark	quarterly
Distribution (paid semi-annual)	≥ BBSW 90 + 3%
Access	Wholesale Investors

NAV vs. Index GCSF ASX 200

Date	GCSF	ASX 200
31 Mar 2015	0.9557	5,892
28 Feb 2015	0.9555	5,929
31 Jan 2015	0.9392	5,588
31 Dec 2014	0.9293	5,411
30 Sep 2014	0.9068	5,293
30 Jun 2014	0.9138	5,396

Return vs. Risk GCSF ASX 200 BBSW 90

Metric	GCSF	ASX 200	BBSW 90
1 Year CAGR	5.2%	9.2%	2.7%
2 Year CAGR	5.6%	8.9%	2.8%
3 Year CAGR	6.9%	10.8%	3.0%
Inception CAGR	6.7%	5.2%	3.6%
Max Drawdown	-2.1%	-22.3%	
% Qtr below -2%	0%	31%	
Sharpe Ratio	1.19	0.21	
Sortino Ratio	2.09	0.31	
Annual Deviation	2.66%	11.85%	

Commentary

- The Fund NAV at 31st March was **0.9557**, an increase of 2.8% for the past 3 months. During this time the index increased 8.9%. For the month of March the ASX200 and the fund were flat. We have positioned the Fund to be highly defensive, given the extent of the rally on the ASX since the February and the RBA decision to cut interest rates. Despite this the Fund has managed to capture ~30% of the market upside so far in 2015.
- The level of stock market volatility has increased since October 2014 and remains higher than that experienced over most of 2014. Since October 2014 the fund has increased by 5.4% (10.8% on an annualised basis.) March 2014 was a relatively low volatility month, and is unlikely to continue in our view. Increasing levels of volatility is favourable for the Fund.
- It is our view that share market volatility will remain at elevated levels and may increase further. Global economic conditions remain fragile, from a combination of a highly indebted world and geopolitical factors. We note the recent substantial downgrades in US earning forecasts, largely attributable to the strengthened US dollar, and statements from the US Federal Reserve guiding that markets are likely to become more volatile. Central Bank actions globally continue to pump liquidity into the system, particularly in Europe and Japan, and in Australia further interest rate cuts are likely.

Track record of Protecting Capital

Period	ASX 200	GCSF
Apr 2011 ~ Sep 2011	-22%	1%
May 2012 ~ Jun 2012	-10%	0%
May 2013 ~ Jun 2013	-12%	1%
Aug 2014 ~ Oct 2014	-10%	-2%

- Since inception of the Fund, in the 4 periods where the market has had significant corrections, we have protected our unit holders investment.
- Our unit holders are typically conservative investors with a medium to longer term investment horizon (greater than 12 months)

One-off event scenarios – It is time to be cautious

Scenario / Event	ASX 200	GCSF
One off 5% fall	-5%	0.4%
One off 10% fall	-10%	3.4%
One off 20% fall	-20%	15.0%

- It is time to be cautious, given the extent of recent gains and, in our view, the fragility of the market. Consequently we have positioned the Fund to benefit from any 'one-off' market fall.
- Increasing volatility enables us to lower the cost of protection.
- A major “sell-off” event would be beneficial for the Fund as protection is always in place.

We have undertaken detailed sensitivity analysis for possible future investment scenarios.

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Meet Our Team

Broad experience in a wide range of disciplines, particularly in finance and the financial markets in the Asia Pacific region.

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CRAIG RACINE
Managing Director
Chief Investment Officer



PETER CLIFTON
Chairman
Board of Directors



ANDREW SMITH
Compliance & Risk Management



LEO TANG
Senior Investment Officer

Our team has extensive experience domestically and globally, as investors, as non-executive directors, and as senior management in funds management, private equity, industry, investment banking, and equity research.

Disclaimer

This information is limited to information about the Fund, is general advice only and does not take into account your particular circumstances, your personal investment or financial planning objectives, your investment knowledge, needs and requirements, including taxation implications that may result from investing in the Fund.

There are references to past performance in this document. Past performance is no guarantee of future performance. Gyrostat or any of its officers, advisers, agents or associates do not in any way guarantee the performance of the Fund.

Investors should download and review the Information Memorandum available at www.gyrostat.com.au before making an investment in the Fund.