

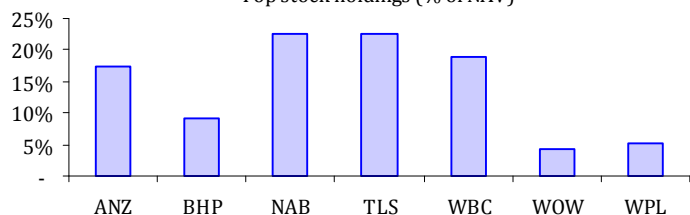
GYROSTAT CAPITAL STABILITY FUND

30 APRIL 2015

Key Features

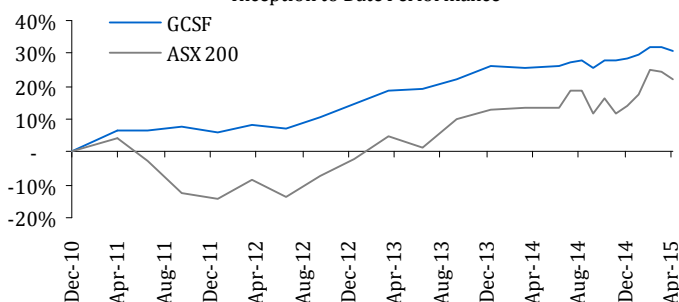
- Highly defensive - downside protection **always** in place.
- Participate in the upside when the stock market rises.
- Cash flow from dividends, interest and options.

Top stock holdings (% of NAV)

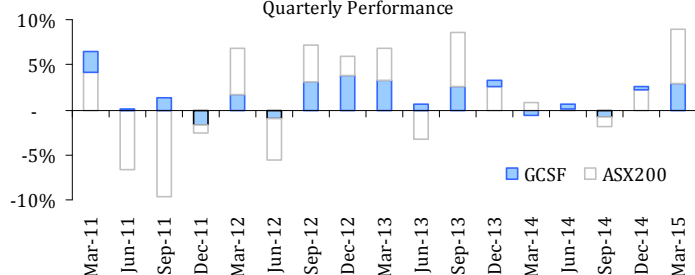


- Our performance track record since inception has exceeded the ASX200 index, with stable and rising valuations of the fund capital, and without significant downside fluctuations.

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

NAV vs. Index	GCSF	ASX 200
30 Apr 2015	0.9483	5,790
31 Mar 2015	0.9557	5,892
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

Return vs. Risk	GCSF	ASX 200	BBSW 90
1 Year CAGR	4.5%	8.8%	2.7%
2 Year CAGR	5.3%	10.7%	2.7%
3 Year CAGR	7.4%	13.0%	2.9%
Inception CAGR	6.4%	4.6%	3.6%
Max Drawdown	-2.1%	-22.3%	
% Qtr below -2%	0%	29%	
Sharpe Ratio	1.03	0.15	
Sortino Ratio	1.78	0.22	
Annual Deviation	2.70%	11.78%	

Commentary

- We are a 'next generation' income fund. Our business model is quite straightforward. We buy and hold 'blue chip' high yielding stock and generate income from the dividends and franking credits. We use ASX listed stock and index options to protect capital at least cost by managing our option positions continuously. We are robust in all market conditions. We use our business judgment based upon market outlook to protect capital from price decreases to pre-determined limits, and participate to various degrees in stock price increases. We prefer more volatile stock market conditions as this presents more opportunities for us to lower the cost of protection, participating in the upside and then 'locking in' the gains. All of our hedging activities are conducted through the ASX market for transparency of mark to market valuations, and a financially strong counter-party.
- The Fund NAV at 30 April was **0.9483**, an increase of 1.0% for the past 3 months. During this time the index increased 3.6%. In April the market traded in a narrow range with relatively low levels of volatility. There was a noticeable increase in volatility from Sep 14 through Feb 15 where our NAV increased 5.4%. Since that time, the market has traded in a narrow range with low volatility.
- It is our view the share market volatility is more likely to increase over the coming year, consistent with the market consensus view. Historically low volatility periods tend to be rather short-lived and around 4 years duration. For equity markets, the most recent low volatility periods were 1992 to 1996, and 2002 to 2006. The current period commenced in 2012 and is into its fourth year.

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 holder’s investment.
- Our unit holders are typically conservative investors with a medium to longer term investment horizon (greater than 12 months)

One-off event scenarios – Robust in falling markets

Scenario / Event	ASX 200	GCSF
One off 5% fall	-5%	0.3%
One off 10% fall	-10%	1.7%
One off 15% fall	-15%	3.9%

- We ensure that at all times we are robust in falling markets. We make a business judgment on the cost and likelihood of a ‘one off’ fall, and vary the ‘fat tail’ accordingly.
- During the past month there has been an increase in the cost of benefiting from a ‘one off’ fall. We have lowered our cost of protection of the portfolio and reduced the size of the ‘one off’ benefit to reflect our business judgment.
- We continuously review our business judgment. A major “sell-off” event would be beneficial for the Fund to varying degrees, with protection 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.