

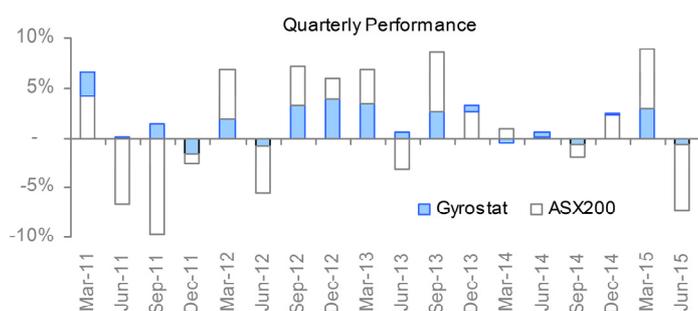
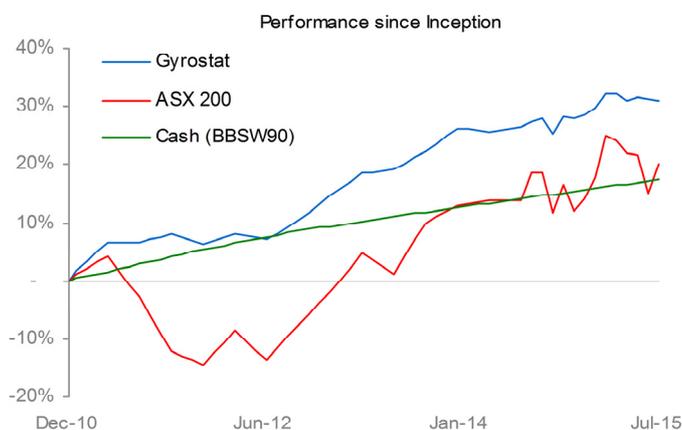
## GYROSTAT CAPITAL STABILITY INCOME FUND

31 JULY 2015

We are a “next gen” income fund, offering **both income** greater than cash returns and **capital stability** with downside protection always in place. We buy and hold blue chip stocks and pass on the franked dividend. We simultaneously enter the Australian Securities Exchange (“ASX”) options market to hedge risk. We are well placed to deliver better than our funds benchmark returns over the coming 6 months.

### Key Features

- **Income** greater than cash from franked dividends, **and** -
- **Capital stability**
- Participate in the upside when the stock market rises.
- Track record of compound returns after fees of **32%** since December 2010, compared with cash returns of 17%. With no investment losses exceeding 2% for the past 18 quarters.



Further details can be found in our Information Memorandum

Portfolio Inception	December 2010
Minimum Investment	AUD 50,000
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	Gyrostat	Distribute	ASX 200
31 Jul 2015	<b>0.92094</b>	-	5,699
30 Jun 2015	0.92143	0.02762	5,459
31 Mar 2015	0.95571	-	5,892
31 Dec 2014	0.92932	-	5,411
30 Sep 2014	0.90682	-	5,293
30 Jun 2014	0.91417	0.01655	5,396

Return vs. Risk	Gyrostat	BBSW 90	ASX 200
1 Year CAGR	3.5%	2.6%	5.2%
2 Year CAGR	4.7%	2.7%	8.6%
3 Year CAGR	6.8%	2.8%	11.3%
Inception CAGR	6.0%	3.5%	4.0%
Max Drawdown	-2.1%		-22.3%
% Qtr below -2%	0%		33%
Sharpe Ratio	0.95		0.11
Annual Deviation	2.67%		11.93%

### Commentary

- Since inception we have achieved 6.0% pa returns, compared with the cash rate of 3.5% pa. Cash rates have now fallen to 2.2% and are anticipated to stay low for an extended period. We are well placed to deliver our funds benchmark returns over the coming 6 months.
- The Fund NAV at end of July was **\$ 0.92094**, a stable monthly performance in a volatile month.
- New investments will benefit from the increasing fully franked dividend yields available following from recent falls in the bank share prices. We are always fully invested with minimal capital at risk.
- It is our view that **ongoing Euro-zone instability** on your portfolio is a **long term issue**, and share market volatility is more likely to increase, consistent with the market consensus view. Historically low volatility periods tend to be rather short-lived and around 4 years duration. The current period commenced in 2012 and is into its fourth year. Increasing volatility is **beneficial** to our Fund.

**Questions you should ask**

**ABOUT YOU**

Are you seeking:

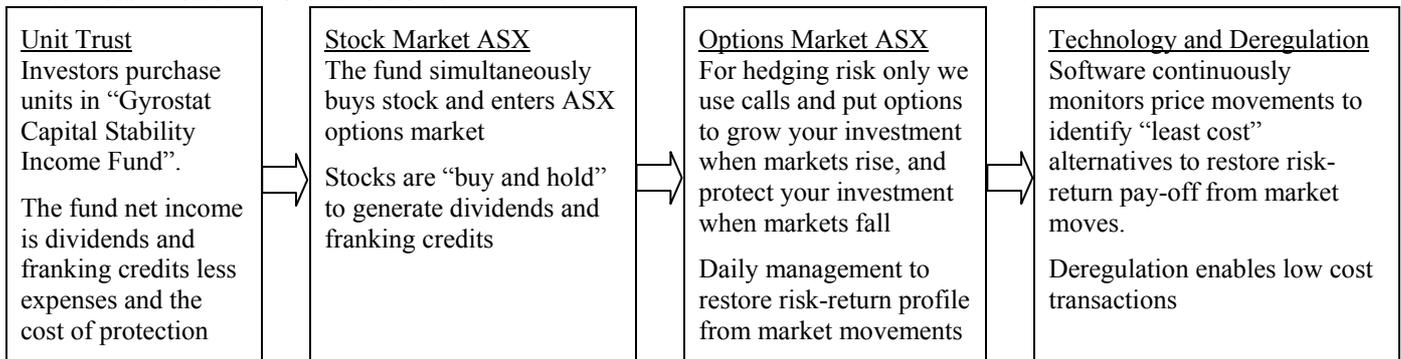
- Better than cash income?
- To grow the value of your capital without fear?
- To have 'insurance' against losses in place at all times for peace of mind?

**ABOUT US**

Investment checklist:

- Straight forward business model, minimal capital at risk at all times
- Financially strong counter party: ASX
- Transparent mark to market valuations
- No leverage within the fund

**Business Model - how it is done**



**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](http://www.gyrostat.com.au) before making an investment in the Fund.