

Gyrostat Absolute Return Income Equity (Class A)

Gyrostat Risk Managed Equity Fund ARSN 651 853 799

Gyrostat Risk Managed Equity Fund – [Address uncertainty through portfolio construction - Volatility is our friend with a 10 year track record of returns increasing with market volatility \(including large market falls\).](#)

Solutions for: - [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 flagship Gyrostat Absolute Return Income Equity Class A is designed to [reliably increase in value on major market falls \(downside tail always in place\) with regular income through the complete investment cycle.](#) It has a track record exceeding ten years with no quarterly drawdown greater than a pre-defined 3% limit.

Performance (Growth of AUD \$100,000)



Compounded returns are net of fees and including franking credits, cash includes re-investment of interest

Net Investment Performance % *

| | 1M | 3M | 6M | 1YR | 3YR (PA) | 5YR (PA) | SI (PA) |
|---|-------|-------|-------|--------|----------|----------|---------|
| Gyrostat Risk Managed Equity Fund Class A | -0.33 | -0.75 | -5.61 | -7.99 | 2.69 | 2.15 | 3.64 |
| BBSW 90 day +3% | 0.25 | 0.76 | 1.51 | 3.09 | 3.96 | 4.34 | 5.36 |
| Excess Returns | -0.58 | -1.51 | -7.12 | -11.07 | -1.27 | -2.19 | -1.71 |

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

Class A 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 | 10 December 2010 |
| Strategy Inception date | 10 December 2010 |
| APIR | GYC6212AU |
| Base currency | Australian dollars |
| Management fee | 1.2% of NAV |
| Performance fee | 15% over Hurdle |
| Investment minimum | AUD 5,000 |
| Buy/sell spread | 0.15% |
| Liquidity | Daily |
| Benchmark | BBSW 90 day |
| Platforms | Mason Stevens, Netwealth, Powerwrap |
| Distribution frequency | Quarterly |

Return Analytics

| | |
|--------------------|--------|
| Monthly Volatility | 1.28% |
| Sharpe Ratio | 0.36 |
| Drawdown | -9.89% |
| Sortino Ratio | 0.64 |
| Leverage * | 0% |

* Ratio defined as margin debt / net assets

Portfolio Analytics

| | |
|-------------------------|--------|
| Number of Stocks | 19 |
| Average Positive Months | 1.02% |
| Average Negative Months | -0.77% |
| Beta (ASX 200) | -0.06 |
| % of Positive Months | 60 |

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). The information provided in this document was not prepared by CISL but prepared by other parties. All of the commentary, statements of opinion and recommendations contain general advice only. This information does not take into account your investment objectives, particular needs or financial situation. You should seek independent financial advice.

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You should obtain and carefully consider the Product Disclosure Statement (PDS) 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 11 August 2021) and relevant application form may be obtained from <https://www.gyrostat.com.au/application-forms> or <https://www.oneinvestment.com.au/gyrostat>.

Market Commentary

MONTHLY UPDATE

The Fund NAV at 31 Jul 2021 was \$0.7644.

The Australian market traded in a range of 2.4% during July (lows 7252 on 20 July, high 7431 on 27 Jul). Our investment strategy is designed for returns to increase the larger the market range (in either trending, falling, or rising markets)

Market volatility was low and stable in July (as measured by the VIX and Australia-VIX). The volatility fall and narrow market range was the major contribution to the fund small losses for the month.

Investment operations have been refined to give additional focus on enhancing income generation. A more active asset allocation approach, particularly into higher yielding stocks in the upcoming dividend cycle has been adopted.

Our expectation is that over the quarterly cycle we will achieve our income and return objectives whilst continuing to operate with our 'hard' pre-defined risk parameters.

FUND OVERVIEW

Purpose: A highly defensive global non correlated income fund that reliably increases in value on large market falls (10 YR, max quarterly drawdown < 3%)

Investment Objectives:

Returns: 6% - 8% pa in trending markets, greater than 8% pa in volatile markets, BBSW + 3% in stable markets

Income: Minimum cash rate + 3% (FY20 5.8% pa) from dividends and risk management profits paid quarterly

Protection: No quarterly NAV draw-down exceeding 3%. Also includes a 'tail hedge' for gains on large market falls.

Distributions may be higher dependent on the performance of the Class

Class A 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 30% of Class assets

Leverage is achieved through margin lending such that asset and debt liquidity are matched.

Note:

- Quarterly risk tolerance increased to 3% on 1 July 2018
- On 16 November 2020 until 21 December 2020 the ASX suffered a major outage to its ASX Trade system caused by a software issue identified following a system upgrade relating to the trading of combination orders creating inaccurate market data. This prevented the Fund capturing market upside as in previous market rallies over our 10 year track record.

Contributors to Return (Basis Points)

| TOP 5 | | BOTTOM 5 | |
|-------|-----|----------|-----|
| BHP | 184 | WBC | -73 |
| SPY | 55 | NAB | -49 |
| QQQ | 9 | ANZ | -29 |
| STW | 9 | CBA | -27 |
| FMG | 8 | RWO | -17 |

Team Members Experience

| INVESTMENT TEAM | GYROSTAT | INDUSTRY |
|--|----------|----------|
| Craig Racine Chief Investment Officer | 10 | 30 |
| Leo Tang Senior Investment Officer | 6 | 30 |
| BUSINESS TEAM | | |
| David Barwise Director | 3 | 30 |
| Damien Hatfield Head of Distribution | 1 | 40+ |
| Andrew Smith Compliance and Risk | 7 | 30+ |
| Peter Clifton Chairman | 7 | 30+ |

Top 10 Holdings *

| HOLDING | % |
|---------|-------|
| BHP | 18.6% |
| NAB | 14.9% |
| WBC | 14.7% |
| ANZ | 14.2% |
| CBA | 14.1% |
| STW | 9.9% |
| WOW | 8.1% |
| WPL | 3.2% |
| QQQ | 0.7% |
| SPY | 0.5% |

* Based on capital deployed in underlying asset and risk management overlay

Enquiries

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A copy of the PDS and relevant application form may be obtained from:
<https://www.gyrostat.com.au/application-forms> or
<https://www.oneinvestment.com.au/gyrostat>

GYROSTAT
RISK MANAGED EQUITY FUNDS

AS AT 31 JUL 2021