

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	0.95	-1.53	-4.48	-8.59	2.13	1.88	3.47
BBSW3M + 3%	0.25	0.76	1.52	3.07	3.85	4.27	5.32
Excess Returns	0.70	-2.29	-6.01	-11.66	-1.72	-2.39	-1.85

* 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	BBSW3M + 3% p.a.
Platforms	Mason Stevens, Netwealth, Powerwrap
Distribution frequency	Quarterly

Return Analytics

Monthly Volatility	1.29%
Sharpe Ratio	0.32
Drawdown	-11.82%
Sortino Ratio	0.57
Leverage *	0%

* Ratio defined as margin debt / net assets

Portfolio Analytics

Number of Stocks	16
Average Positive Months	1.02%
Average Negative Months	-0.80%
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).

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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 can be obtained from www.gyrostat.com.au/application-forms or www.oneinvestment.com.au/gyrostat.

Market Commentary

MONTHLY UPDATE

The Fund NAV at 30 Sep 2021 was \$0.7552, a distribution was declared of \$0.0058 with a post distribution NAV of and \$0.7494.

The Australian market traded in a range of -4.4% during September (lows 7196 on 29 September, high 7527 on 1 September). Our investment strategy is designed for returns to increase the larger the market range (in either trending, falling, or rising markets)

Market volatility saw moderate increases in September (as measured by the VIX and Australia-VIX). The volatility moderate increase and moderate market range was the major contribution to the fund small gains for the month.

Investment operations have been refined to give additional focus on enhancing income generation over the 3 year recommended investment timeframe. Positions were increased in commodities (particularly iron ore) with FMG and BHP (with mitigated losses with our risk management overlay with large share price falls). We 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.

Our expectation is that over the 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% p.a. in trending markets, greater than 8% p.a. in volatile markets, BBSW3M + 3% p.a. in stable markets

Income: Minimum BBSW3M + 3% p.a. (5.8% in FY20) 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, impacting 1 year returns in this report.

Contributors to Return (Basis Points)

TOP 5		BOTTOM 5	
RIO	94	SPY	-23
CBA	17	WOW	-17
WPL	12	BHP	-16
MQG	12	FMG	-16
NAB	10	2800	-8

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	%
FMG	39.3
CBA	23.7
BHP	19.9
WOW	7.3
STW	5.4
ANZ	1.4
WBC	0.9
NAB	0.6
WPL	0.3
QQQ	0.3

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

Enquiries

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PDS and application form can be obtained from:
www.gyrostat.com.au/application-forms or
www.oneinvestment.com.au/gyrostat

GYROSTAT
RISK MANAGED EQUITY FUNDS

AS AT 30 SEP 2021