

ABSOLUTE RETURN INCOME EQUITY FUND

30 Jun 2019

'Alternative-defensive' asset - combines 'hard' protection, returns, regular income APIR code: GYC6212AU

Gyrostat Absolute Return Income Equity Fund buys and holds ASX20 'Blue chip' shares with *lowest cost protection always in place with upside*. It combines **protection, returns** and regular **income** through all stages of the investment cycle (including large market falls.)

Investors - Pre and post retirees (sequencing risk), industry associations, philanthropic, intergenerational wealth transfer

- Capital growth in trending and volatile markets (including down markets) - making money when others don't
- Absolute return alternative - stable and rising absolute returns with regular income
- Distinctive risk management - lowest cost protection always in place for a **'hard' defined risk parameter** with upside

Fund performance - Total Return

	1 Month	3 Months	6 Months	1 Year	3 Years	5 Years	Inception
Fund net	-0.42	4.75	2.13	7.09	2.91	2.74	4.39
RBA cash rate	0.15	0.44	0.94	1.98	1.88	2.10	2.72

* total return is compound annual growth rate as defined by Financial Services Council

Investment Objectives

- **Returns:** 6% - 8% pa in trending markets, greater than 8% pa in volatile markets, short term bond returns in stable markets
- **Income:** Minimum **cash rate + 3%** paid semi-annually (currently 4.8% p.a.) from dividends and franking credits
- **Protection:** No quarterly NAV draw-downs exceeding 3%
Also includes a 'tail hedge' for gains on large market falls

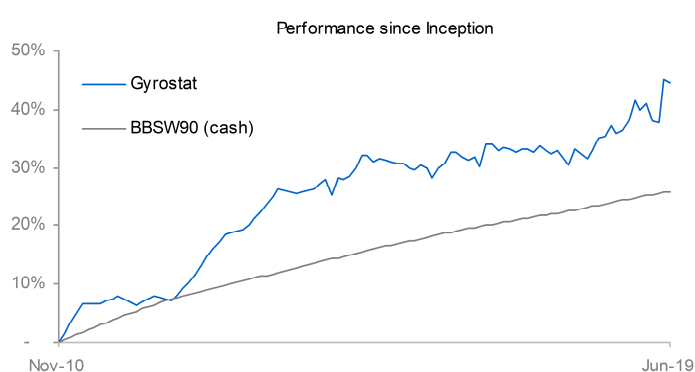
Further details can be found in our Information Memorandum

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

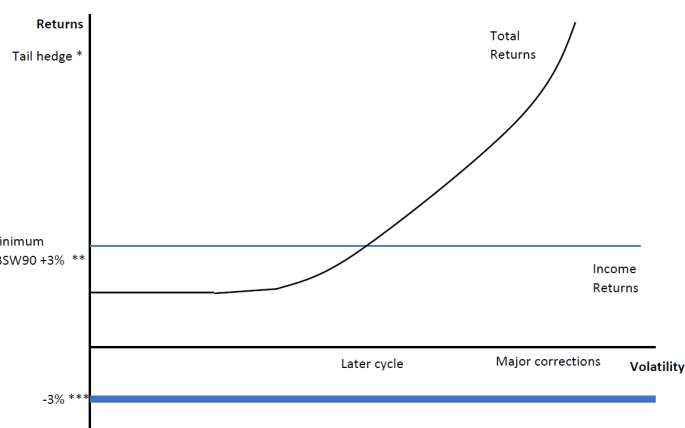
Fund performance - Return by Month

	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Total
2019	0.19	1.54	-1.07	0.39	1.14	2.60	-1.06	0.63	-2.07	-0.09	5.29	-0.42	7.09
2018	-0.38	0.75	-0.71	-0.37	0.52	-1.11	-0.84	2.18	-0.75	-0.43	0.97	1.56	1.35
2017	-0.70	-0.31	0.38	-1.20	2.85	0.06	-0.84	0.29	-0.12	-0.41	0.36	0.09	0.41
2016	-0.05	-0.21	0.01	-0.79	-0.12	0.73	-0.44	-1.41	1.38	0.63	1.32	0.15	1.16
2015	0.71	0.59	-2.07	2.25	-0.11	0.33	1.06	1.74	0.03	-0.80	0.33	-0.22	3.82
2014	0.84	0.84	0.84	1.08	1.08	1.08	-0.19	-0.19	-0.19	0.21	0.21	0.21	5.96
2013	1.04	1.04	1.04	1.26	1.26	1.26	1.11	1.11	1.11	0.21	0.21	0.21	11.41
2012	0.43	0.43	0.43	-0.55	-0.55	-0.55	0.58	0.58	0.58	-0.31	-0.31	-0.31	0.44
2011	-	-	-	-	-	1.59	1.59	1.59	1.59	0.00	0.00	0.00	6.54

* total return is compound annual growth rate as defined by Financial Services Council



Gyrostat compounded returns are net of fees and include franking credits, cash (BBSW90) includes re-investment of interest.



* Tail hedge always in place for large gains on large market falls
 ** Funded by pass through of ASX20 dividends
 *** Hard risk parameter, no quarterly capital drawdowns exceed 3%

Commentary

- The Fund NAV at the end of Jun was **\$0.84782**, a distribution was declared of \$0.02150 with a post distribution NAV of \$0.82632. Market volatility was at low levels with the Fund performing as per our investor guidance.
- Investor feedback on our product positioning indicated a modest increase in our risk parameter to a 'hard' quarterly 3%. This is warranted as this should generate higher returns. We continue to be committed to our distinctive 'hard' risk parameter. Monthly NAV performances more variable with enhanced returns in more volatile markets, lower returns flat markets.

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, employees or associates do not in any way guarantee the performance of the Fund.

This information is only made available to persons who are wholesale clients within the meaning of section 761G of the Corporations Act 2001.