

EXPRESSIONS OF INTEREST

STRATEGIC EARLY STAGE FINTECH INVESTMENT

INNOVATIVE RISK MANAGED EQUITY FUNDS – ‘BLUE CHIP’ SHARES WITH INSURANCE

Expressions of interest from strategic investors are sought by close of business **Friday 8 July 2016**. Proceeds will be used to expand our served market to include a ‘retail’ offering within Australia.

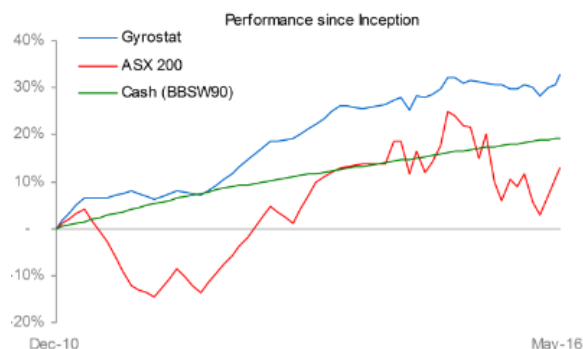
Key data:

- The fund provides an ideal solution to the investor challenge of achieving higher income while always protecting and growing capital
- Established team with 5 ½ year track record of compounded returns of 33% with no downside exceeding 2%
- Wholesale fund with established investment, risk management and compliance systems
- Unique 3 stage investment approach - always a ‘hockey stick’ pay-off profile
- Highly scalable business model with the ability to launch additional risk managed equity funds with different risk tolerances
- Funds will be deployed for retail offering, marketing & promotion, and operational expenditure
- Initial stake up to 20% with ability to expand stake to 30% with funds under management growth
- Intention is to list Gyrostat Capital Management on the ASX in the medium term, as a unique annuity business with management fees robust to market falls, highly scalable, with a distinctive investment approach
- Opportunity to participate in early stage investment with FUM around \$ 11 M, capacity \$ 1 B +

There has been considerable commentary, without offering a solution, on investors need for higher income while always protecting and growing their investment. Term deposits provide insufficient income, whilst traditional investments in growth assets leave investors exposed to large losses in capital. With our solution, we form part of an ‘income’ allocation in a portfolio and are suitable for all investors. Our investors typically move maturing term deposits to our Fund.

We have a 5 ½ year track record of compounded returns of 33%, considerably higher than cash, with no downside losses ever exceeding 2%.

On market moves we re-set the insurance level to always participate in the upside with minimal capital at risk – a “hockey stick” payoff.



These are ideal conditions for Gyrostat with falling interest rates and rising stock market volatility. Our view is interest rates will stay low for an extended period, and stock market volatility will increase. With this view, traditional investment approaches are ill-equipped for today's investment climate.

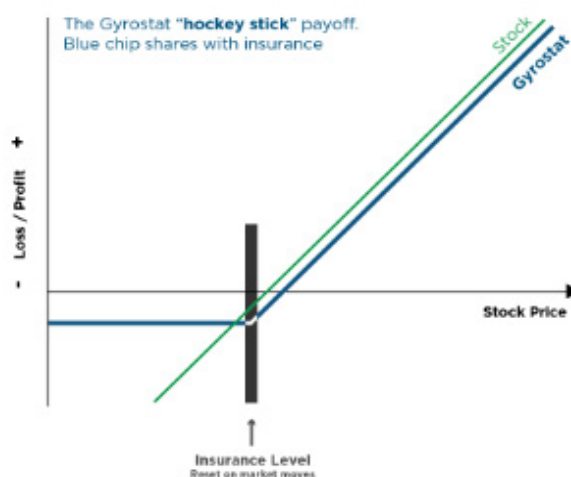
About Gyrostat

Gyrostat Capital Management is a 'risk managed equity income fund'. We are always fully invested in blue chip high yielding ASX top 20 shares and insure downside with lowest cost alternatives (ASX bought put options).

The Gyrostat 3 step investment approach

1. **Buy and hold blue chip shares with insurance** on the Australian Stock Exchange
2. Technology enables our software systems to choose the lowest cost insurance from the many alternatives. The amount of **insurance is set to always participate in the upside with minimal capital at risk.**
3. **On market moves we re-set the insurance level.** If the share price rises, we buy more to 'lock in' the gains, on falls we sell some that is no longer required.

Our unique approach is **always a 'hockey stick' pay off profile.** In contrast, traditional approaches have a 'straight line' payoff with no protection in place.



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.

Craig Racine has held Board positions in multi-national companies in China, India, Indonesia, The Philippines, Pakistan, and globally. Andrew Smith, as Chairman of our Risk & Compliance Committee has extensive experience acting as an ASIC Responsible Manager under four Financial Services Licences for a diverse range of firms with operations in the financial markets in Australia and the Asia Pacific. Peter Clifton was a Board member with ASX listed Amcom from 1999 until its recently completed merger with Vocus, and has extensive experience in governance having served on Boards in Asia, the Middle East, and Europe. Leo Tang has extensive experience within investment banking, private equity and industry.

GYROSTAT

RISK MANAGED EQUITY FUNDS

We have produced the following reports to assist with response to Expression of Interest. Responses should indicate the strategic value that could be added through an equity stake, particularly in marketing & distribution to scale FUM, to complement the investment expertise of Gyrostat. This could also include wrap and master trust revenue sharing arrangements.

Information memorandum

<http://www.gyrostat.com.au/assets/Application-Forms/2015-10-30-GyrostatIM.pdf>

Strategic reports

Crossroads report: Conservative investing in volatile times – today's investment challenges

<http://www.gyrostat.com.au/news/crossroads-report-risk-managed-equity-income-funds/>

The investment case report: Ideal conditions risk managed equity funds with falling interest rates and rising market volatility

<http://www.gyrostat.com.au/news/government-bond-yields-at-141-year-lows-where-are-the-compelling-investment-opportunities/>

Video fintech innovation risk managed equity funds investment approach

<https://www.youtube.com/embed/ON61AygecNQ?autoplay=1>

May 2016 monthly report

<http://www.gyrostat.com.au/assets/Download/List/Document/28/2016-05-Gyrostat-MPR-v2.pdf>

Risk management periodic reports

Gyrations – Insights into risk management of an equity portfolio

<http://www.gyrostat.com.au/news/gyrations-edition-june-8-traditional-investment-approaches-ill-equipped-for-todays-climate-world-in-pictures-key-data-with-market-pricing-outcomes/>

“Do it yourself” risk managed equity income with protection – explanation and costs

<http://www.gyrostat.com.au/news/do-it-yourself-risk-managed-equity-income-with-protection-explanation-and-costs-31-may-2016/>

Further information:

Contact: Craig Racine, Managing Director and Chief Investment Officer, 03 9041 0970

Expressions of interest should be sent to:

craig.racine@gyrostat.com.au

Our responses to all expressions of interest will be notified by mid July 2016.