GYROSTAT
RISK MANAGED EQUITY FUNDS

Protecting and growing retiree's wealth when market conditions change

History of changing investment paradigms

Investment cycles rotate between calm and volatile conditions. Historically the transition from calm to volatile conditions has seen financial crisis and large wealth destruction.

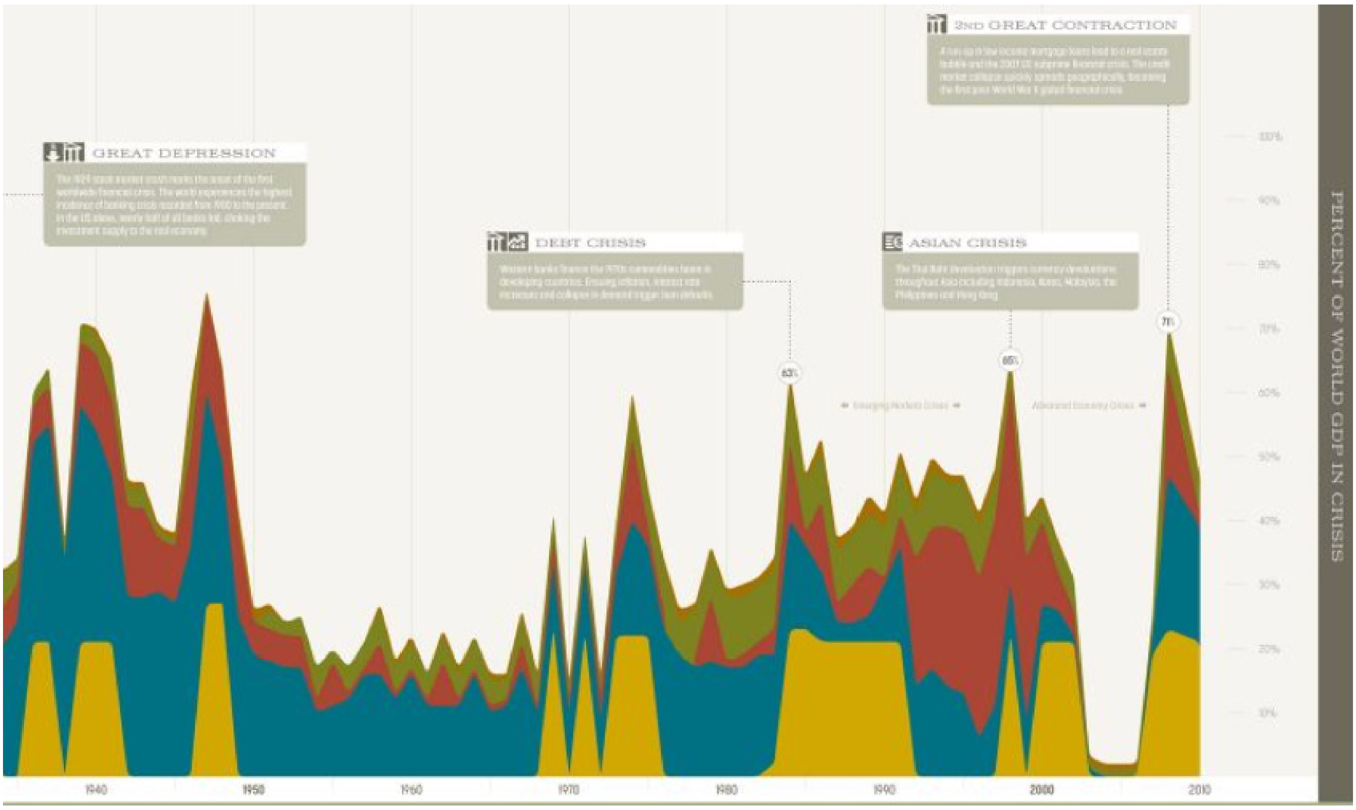
The current investment paradigms are:

1) Geopolitical: Markets can cope with change.
2) Macroeconomic: Slow and stable growth.
3) Central Banks can control volatility
4) Valuations are historically 'high' but can be supported in a low interest rate with stability

These paradigms are prone to change through time. Geopolitical and macroeconomic policy changes are often a precursor to changing economic conditions. Stock market valuations are prone to large corrections with recession and debt defaults.

The graphic below maps the cyclical history of financial crisis.

Percent of world in financial crisis 1930 – 2015 Reinhart & Rogoff



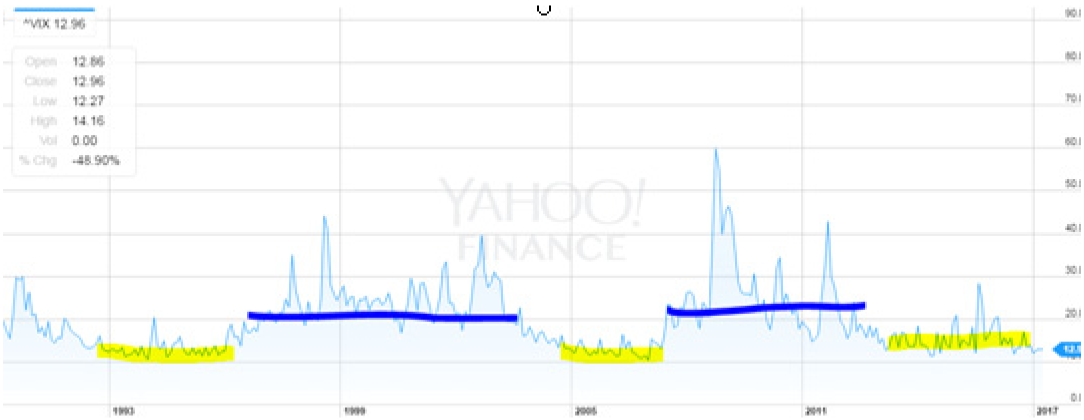
https://www.historyshots.com/products/visual-history-of-financial-crises

Gyrostat Capital Management Pty Ltd
Suite 402, 566 St Kilda Road Melbourne VIC, Australia 3004 / www.gyrostat.com.au / Tel +61 (3) 9041 0970 Fax +61 (3) 9041 0971

The graphic is based on data in "This time is different: Eight centuries of financial folly. Reinhart & Rogoff

Over the past 25 years investment paradigms have changed from calm to volatile. The calm periods have historically ranged for 4-5 years, whilst volatile conditions have persisted for 6-7 years. The most recent calm period commenced in 2012.

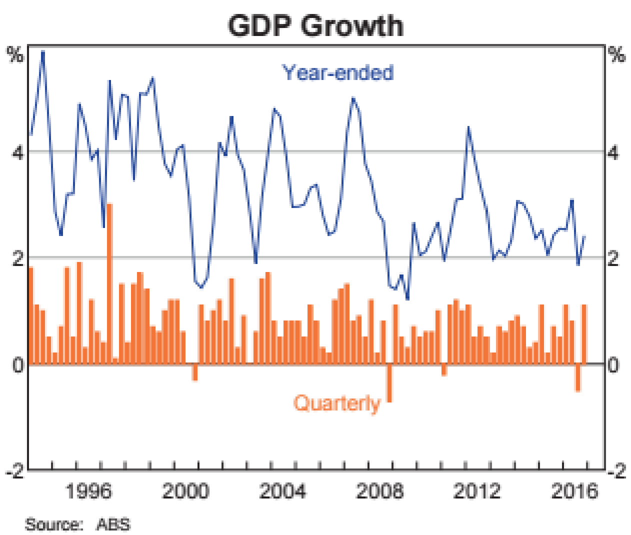
Volatility index: US VIX 1990 - 2017

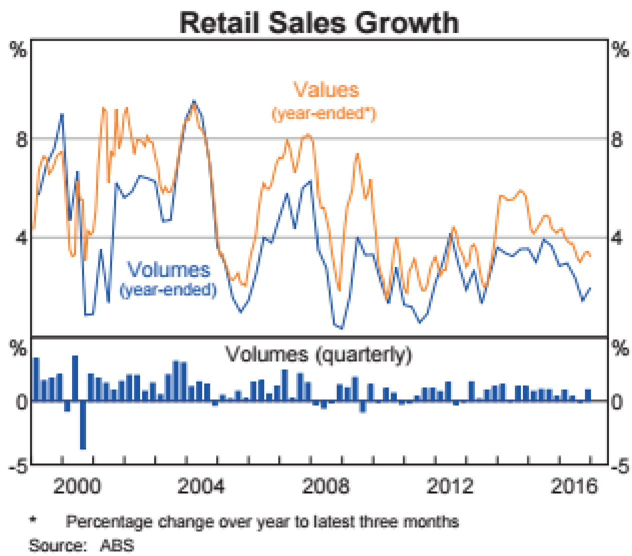


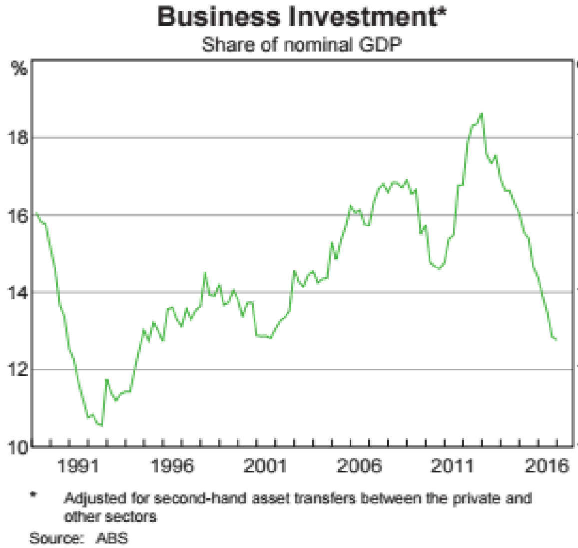
Australian specific investment climate

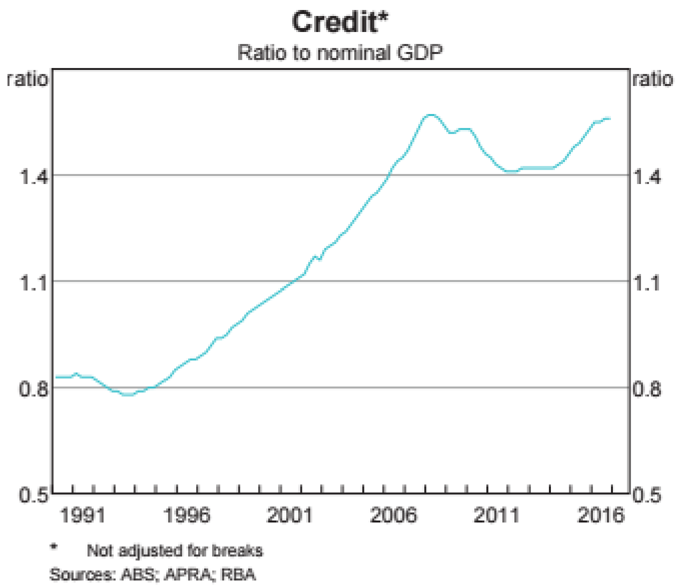
The Reserve Bank of Australia releases monthly data on global and domestic investment conditions. http://www.rba.gov.au/chart-pack/

Australian GDP is falling and low by historical standards, with falling retail sales and consumer sentiment. Business investment has experienced sharp falls, wages growth is below trend, and the credit ratio to nominal GDP and house debt is at historically high levels.









There is increasing commentary on household debt threatening financial stability in Australia, and of a Government in political gridlock.

https://www.bloomberg.com/news/articles/2017-03-30/as-australia-eyes-victory-on-growth-its-spoils-look-bittersweet

The Gyrostat risk managed equity funds approach

Whilst all investors face this exposure, the consequences are particularly adverse for conservative investors who require a stable capital base for lifestyle or including pre and post retirees, industry associations, philanthropic and charities, individuals and family offices (for intergeneration wealth transfer).

The missing link in the market today is a long term dividend product where there are some underlying protections always in place against market risk. Given the gap in the market, Gyrostat has developed a risk managed equity fund specifically designed to deliver stable and rising returns with regular income.

We are used in place of short term bonds as we deliver higher income and capital growth through the investment cycle (in rising or more volatile markets).

Gyrostat is a risk managed equity fund ("protected equity"). We buy and hold ASX20 blue chip high yielding shares and at all times protect downside at the stock specific level with lowest cost alternatives on the ASX.

We have a six year track record of delivering stable and rising returns with regular income. Our innovative risk management approach has at all times a risk-return profile to participate in share price upside with minimal capital at risk ("hockey stick" payoff).

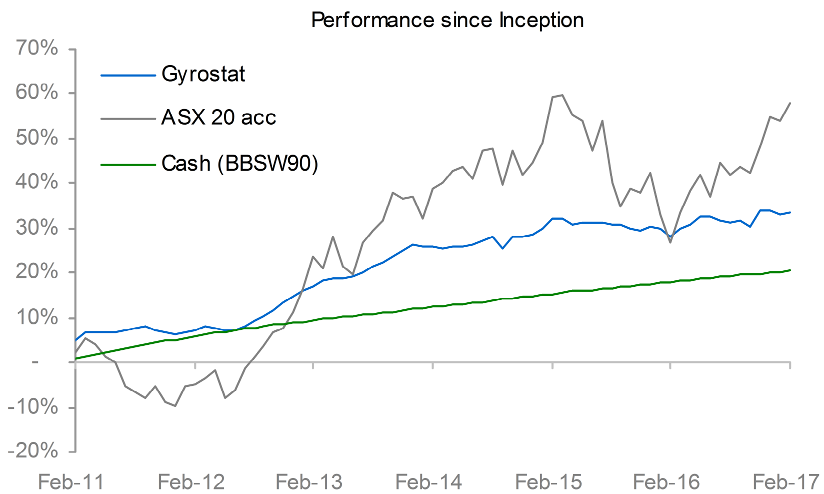
GYROSTAT
RISK MANAGED EQUITY FUNDS

The **investment objectives are:**

- **Returns with protection**: 60-70% ASX20 accumulation index over a rolling 3 year period with no quarterly downside exceeding 2%,
- **Income**: Minimum BBSW90 + 3% (currently 4.7% pa) from dividends and franking credits, paid semi annually
- **Track record**: 6 year track record of delivering our investment objectives

Since our inception we have captured 64% of the ASX20 accumulation index upside with no quarterly downside ever exceeding 2%

We participate in share price upside, protect on market falls, and benefit from increasing levels of volatility.



Gyrostat Capital Management Pty Ltd
Suite 402, 566 St Kilda Road Melbourne VIC, Australia 3004 / www.gyrostat.com.au / Tel +61 (3) 9041 0970 Fax +61 (3) 9041 0971