

Feature article: - Financial innovation the answer for income and risk management

The two key global investment issues today are:

- Achieving a regular and stable income stream in a low interest rate environment with capital security.
- Elevated risk of major market corrections in a 'late cycle' environment of stock market volatility impacting capital returns.

Our solution is to buy equities, always protected to a defined 'hard' risk tolerance. The underlying asset and 'hard' risk tolerance is varied depending upon the need being addressed.

- Conservative assets: Buy higher yielding 'blue chip' stocks/index to a 'hard' risk parameter of no capital losses to exceed 2% in a quarter.
 - Track record: 8 years of delivering our investment objectives- returns increase with volatility levels.
 - Includes a 'tail hedge' buying additional protection for large gains on large market falls
- Growth assets: Buy highly liquid ETF/stocks to a 'hard' risk parameter no capital losses to exceed 5% monthly or 10% per quarter.

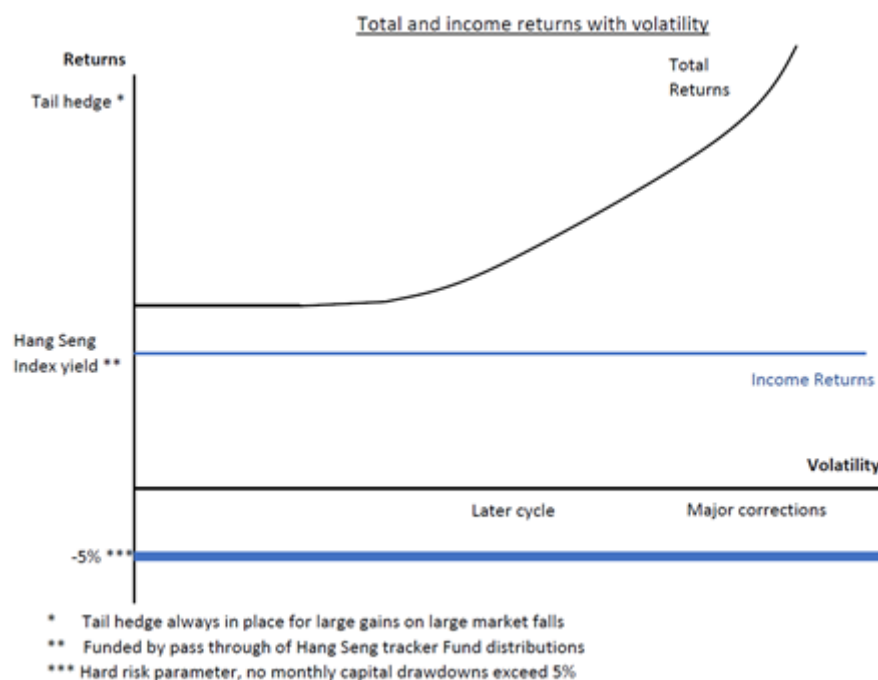
This innovative Australian approach is highly scalable, highly liquid, transparent in pricing, and the counter party is the relevant stock exchange (addressing credit quality issues).

- The only requirement is highly liquid exchange traded options.
- Addresses a global issue: Can be rolled out across other countries and equity assets.

Advances in investment risk management enable cost effective protection to always be in place for a **'hard' defined risk parameter**. Returns are designed to increase as volatility levels increase, as this provides more opportunities to lower protection costs.

To minimise costs:

- Our proprietary software systems identify options series with the greatest profit potential for a defined cost, exploiting differing levels of implied volatility in the options market.
- "Active management" by buying or selling options with market movements.



Gyrostat Absolute Return Income Equity Fund performance and fund positioning is contained in the brief video with supporting note.

- 'Alternative defensive' asset class to increase 'late cycle' returns
- 8 year track record of delivering investment objectives
- ASX 20 stocks with lowest cost protection always in place
- Includes a 'tail hedge' for large gains on large market falls

Many wholesale/institutional/corporate asset allocations now have between 7.0% - 8.8% allocation to 'alternative defensive'.

<http://www.gyrostat.com.au/news/video-alternative-defensives/>

Gyrostat video- 'alternative defensive' asset to increase 'late cycle' returns

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Brief explanatory video, with links to presentation information on our Fund.

[Download PDF for more information](#)

