

GYROSTAT

CAPITAL MANAGEMENT

Gyrostat Capital Management Pty Ltd
ACN 138 219 002
AFSL 452 917

Web: gyrostat.com.au
Tel: 03 8678 1742

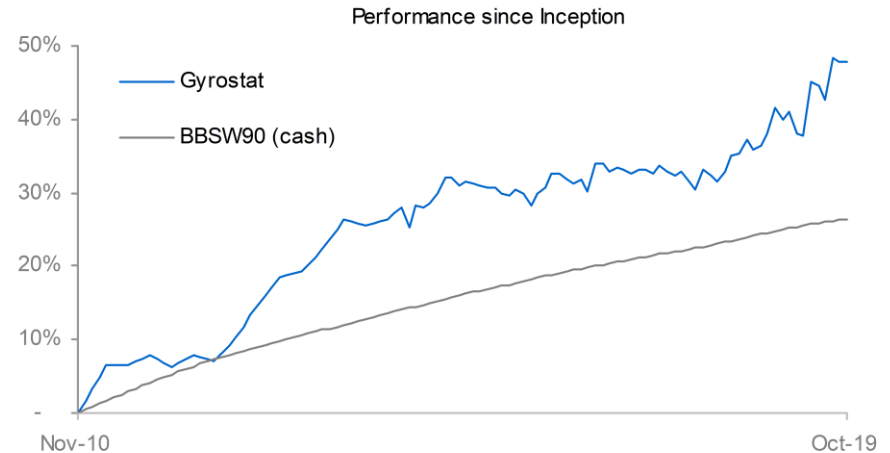
Gyrostat Absolute Return Income Equity Fund

Retiree income with protection always: 'defensive' fund, track record of returns increasing with market volatility

Buy and hold ASX20 shares with lowest cost 'hard' protection **always** in place with upside; No more than 10% may be invested in international assets

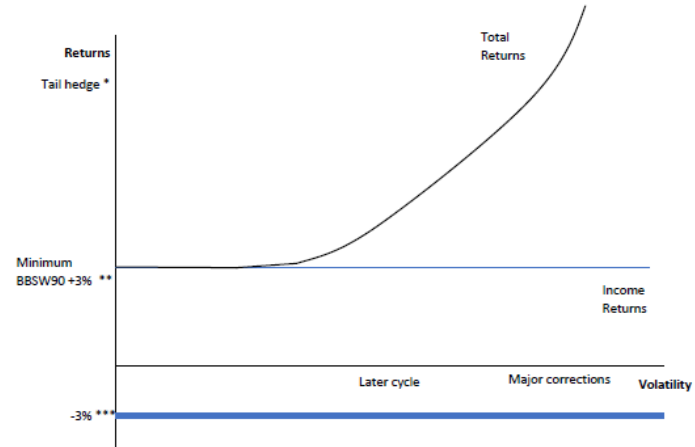
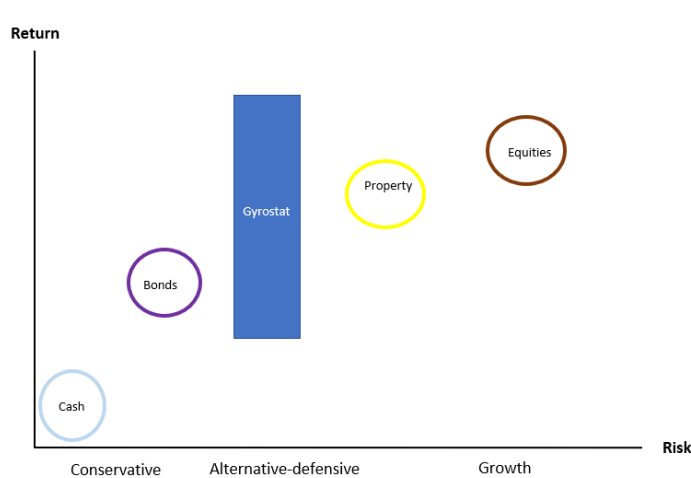
Investment objectives:

- Returns:** 6% - 8% pa in trending markets, greater than 8% pa in volatile markets, BBSW + 3% in stable markets
- Income:** Minimum BBSW 90 + 3% (currently 4.0% pa) from pass through of dividends
- Protection:** 35 consecutive quarters operated within 'hard' pre-defined risk parameter with no quarterly NAV drawdown exceed 3%; maximum capital draw-down – 2.2%



Sequencing risk: Includes a 'tail hedge' for gains on large market falls

“Alternative – defensive” for “late cycle” asset allocation



- * 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%

- All investors, particularly retirees, want a solution to two key issues:
 - Conservative assets lack of return (historically low interest rates)
 - Growth assets 'late cycle' exposure to market falls (sequencing risk)
- Australian Government Reviews (Financial System Inquiry, Treasury proposed risk disclosure requirements) has highlighted the lack of product addressing these issues
- Our solution is for retiree investors to simply add an 'alternative – defensive' asset allocation which provides regular equity income (minimum BBSW90 + 3%) by passing through ASX-20 dividends with 'hard' protection always in place, including tail hedge for gains on large market falls.

“Alternative – defensive” solutions

We offer a solution to investors for the following issues:-

- 1) **Sequencing risk:** Move from unprotected growth asset to Gyrostat (usual retirement tactical re-balance to conservative asset, with higher income, higher returns and downside tail for gains on large market falls.) Other risk management approaches without ‘hard’ protection always in place have a much higher maximum NAV capital draw-down during the complete investment cycle.
- 2) **Falling interest rates** (conservative assets insufficient returns and income): Move from cash/short term bonds to Gyrostat, with ‘hard’ protection always in place to offer capital stability.

Suitable investors:

- Equity income in retirement: re-allocation to conservative assets from growth through investors life cycle
- Comprehensive Income in Retirement (CIPR)
- Family offices: directly into Fund and/or ‘investment risk overlay’
- Philanthropic investors: direct cash distributions to designated charity whilst controlling your capital investment
- Significant Investment Visa (SIV), Premium Investment Visa (PIV)

Address sequencing risk: 'Tail hedge' always in place 'late cycle' for gains on large market falls

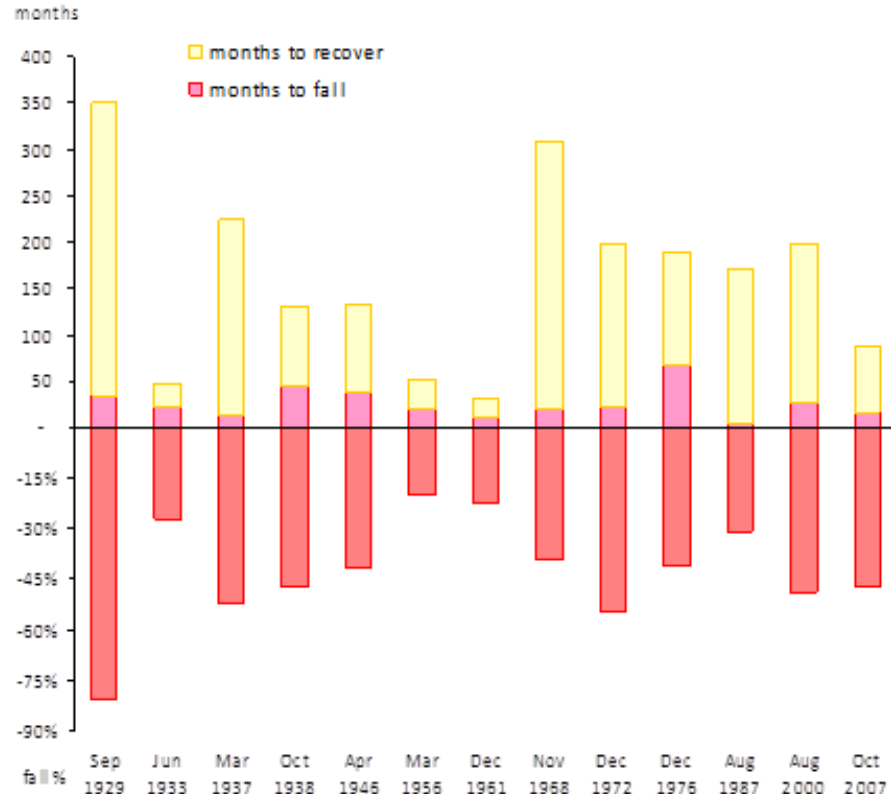
The graph shows the extent of falls from peak to trough, the duration of the fall, and time taken to recover to pre fall highs.

Most corrections occur within 8 years, now at year 12, longest on record is 13 years

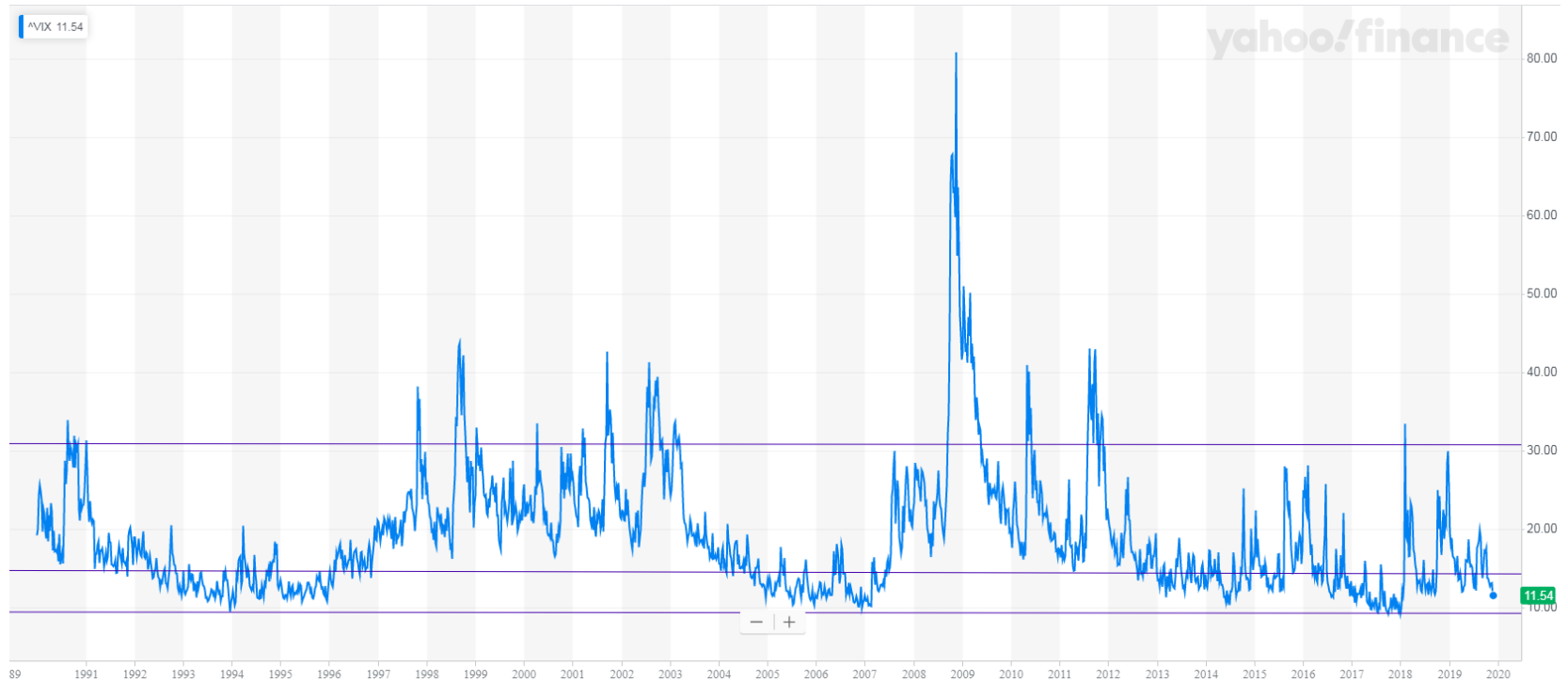
**S&P 500 Index - 90 Year
Historical Chart: Peak to trough
falls > 20%, duration of falls,
time to recover to pre fall levels**

Source:

<http://www.macrotrends.net/2324/sp-500-historical-chart-data>



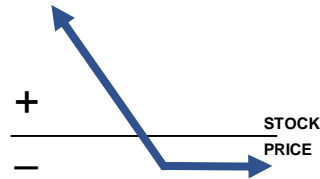
Markets volatility cycles - 'stable' to 'volatile' each 5 years (approx)



Gyrostat Absolute Return Income Equity Fund

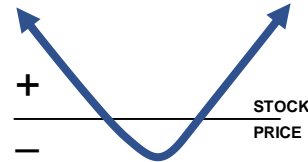
How we make money

Stocks are ranked based on fundamental and technical analysis
Stock risk-return profile is re-set to match view



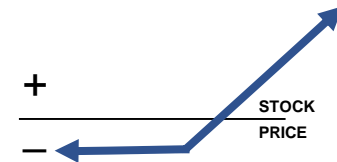
Large falls

- Options extra protection sold
- 'Conviction' short at a defined cost with large upside



Range bound

- Option trading from re-setting protection levels
- Buy options 'low' and 'sell' high



Rising trend

- Stock price gains
- Re-set protection level high to 'lock in' gains

Key Personnel

The senior management team of Gyrostat Capital has extensive experience domestically and globally, as investors, as non-executive directors, and as senior management in funds management, private equity, industry, investment banking, corporate law and equity research.

Craig Racine - Managing Director, Chief Investment Officer
BCom, LLB, MAppFin, PGDip (Int Fin)

Craig Racine has over 25 years experience, at senior executive and directors roles, within finance and business development. He has been an investor for the past 12 years, and is the founder of Gyrostat Capital Management. Previously his senior management experience includes Executive Director at The Asian Infrastructure Trust (Hong Kong) with lead investors International Finance Corporation, Asian Development Bank, Soros Funds Management, Frank Russell Investments, and AMP Capital. He was a Managing Director at ING Barings (Asia). He has extensive domestic and international experience, having held senior executive positions in private equity, investment banking, equity research and industry. He began his career in the chartered accounting industry. He has held Board positions in multi-national companies in China, India, Indonesia, The Philippines, Pakistan, and globally.

Peter Clifton BE, MBA, MIEAust, MAICD -
Chairman, Board of Directors

Peter Clifton has over 30 years experience, both within Australia and internationally, at senior executive and director roles, primarily in the information technology and telecommunications field. He has advised a wide range of companies including Leightons, KPMG, the Asian Infrastructure Trust (Hong Kong), ING Barings (Hong Kong) and the Victorian Government. He has helped establish a number of start-up companies and was on the Board of the ASX 300 listed company Amcom Telecommunications 1999 - 2015. Previously he has held Board positions in companies in India, Sri Lanka, the Philippines, Saudi Arabia and Poland.

Andrew Smith • B.Ec.
Director and Chairman Compliance Committee

Andrew's business career has focussed on finance and the financial markets in the Asia Pacific and the United Kingdom. Utilising the experience gained in his working career, he now holds a number of non-executive and consulting positions. Andrew is also a non executive Director of Eagle Health Holdings Ltd; Responsible Manager and Chairman of the Project Control Group of Goal Property Group Pty Ltd; and Responsible Manager of Dennis AFSL Pty Ltd.

He was formerly the Managing Director and Chief Executive of the Stockbroking and Corporate Finance group Intersuisse Ltd (now Phillip Capital) between 2000 to 2010. Prior to that, Andrew was Chairman of the Sedgwick Group in the Asia Pacific between 1995 to 2000 and a member of the Group Executive Committee in London. Andrew was also Chairman of XPD Soccer Gear Group Ltd (ASX: XPD) and on the Boards of Elk OrthoBiologics Ltd, Zheng He Global Capital Ltd and on the Board of Advice of Aon Risk Services.

David Barwise • LLB, LLM
Director

David Barwise has over 20 years legal, regulatory and compliance experience within the legal industry in Australia, Europe and Asia (with a focus on managed funds, structured finance, capital markets, banking, asset management and trust and agency services). He was a partner in a leading global law firm for 15 years, a member of its European management board, held a variety of product, client and regional management positions and acted as the relationship partner for a number of global investment and regional banks. He has worked in Australia, London and Singapore. He also holds a variety of post graduate qualifications in law, business, accounting, finance and corporate governance. 9 Gyrostat Downside Protection Australian Equities Fund

Leo Tang, BEng, MSc
Senior Investment Officer

Leo Tang has extensive experience within investment banking, private equity and industry. Previously, he worked as regional analyst in equity research with ING Barings Securities Asia, and in the investment deal team with Asian Infrastructure Fund Advisers, as well as strategic planning specialist with Motorola Asia Pacific. He is skilled in business analysis, financial modelling, and operational management.

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