

# Gyrostat Leveraged Absolute Return Income Equity (Class B)

Gyrostat Risk Managed Equity Fund ARSN 651 853 799

Gyrostat Risk Managed Equity Fund – Address uncertainty through portfolio construction - Volatility is our friend with a 10 year track record of returns increasing with market volatility (including large market falls).

Solutions for: - Equity income (absolute return benchmarks) and Australian and international equities (vs index) with protection always in place against major market falls (sequencing).

Headquartered in Melbourne, Australia, Gyrostat are specialists in delivering diversified low and non correlated investment solutions which address sequencing and portfolio drawdown risk while delivering equity income (derived from dividend pass through and risk management overlay profits.)

The Gyrostat Leveraged Absolute Return Income Equity Class B is designed to generate equity income of at least BBSW + 6% (paid quarterly) with no quarterly draw-downs to exceed a pre-defined 6% limit. The strategy builds on the class A track record exceeding ten years with no quarterly drawdown greater than a pre-defined 3% limit.

## Performance (Growth of AUD \$100,000)



Compounded returns are net of fees and including franking credits, cash includes re-investment of interest

## Net Investment Performance % \*

	1M	3M	6M	1YR	3YR (PA)	5YR (PA)	SI
Gyrostat Risk Managed Equity Fund Class B	-8.98	-10.76					-10.04
BBSW 90 day + 3%	0.25	0.74					1.22
Excess Returns	-9.24	-11.51					-11.26

\* Returns are net of fees and include franking credits. Redemption value is reported NAV less sell spread of -0.15%.

## Class B Facts

Eligibility	Investors who qualify as 'Wholesale Clients'
Responsible Entity	Columbus Investment Services Ltd
Investment Manager	Gyrostat Capital Management Advisers Pty Ltd
Sales & Marketing Manager	Mantis Funds Pty Ltd
Fund Inception date	13 April 2021
Strategy Inception date	10 December 2010
APIR	CIS3754AU
Base currency	Australian dollars
Management fee	1.5% of NAV
Performance fee	15% over Hurdle
Investment minimum	AUD50,000
Buy/sell spread	0.15%
Liquidity	Daily
Benchmark	BBSW 90 day
Platforms	Mason Stevens, Netwealth, Powerwrap
Distribution frequency	Quarterly

## Return Analytics

Monthly Volatility	4.06%
Sharpe Ratio	-1.73
Drawdown	-10.76%
Sortino Ratio	-1.71
Leverage *	0%

\* Ratio defined as margin debt / net assets

## Portfolio Analytics

Number of Stocks	6
Average Positive Months	1.52%
Average Negative Months	-2.91%
Beta (ASX200)	-1.48
% of Positive Months	20

The responsible entity for the Gyrostat Risk Managed Equity Fund (ARSN 651 853 799) is Columbus Investment Services Limited (ACN 095 162 931) (AFSL221183) (CISL). The investment manager for the fund is Gyrostat Capital Management Advisers Pty Ltd (ACN 168 737 246), a duly authorised representative of Gyrostat Capital Management Pty Ltd (ACN 138 219 002) (GCM) and One Wholesale Fund Services Ltd (ACN 159 624 585).

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You should obtain and carefully consider the Product Disclosure Statement (PDS) for the Fund before making any decision about whether to acquire, or continue to hold, an interest in the Fund. Applications for units in the Fund can only be made pursuant to the application form relevant to the Fund. A copy of the PDS (dated 11 August 2021) and relevant application form may be obtained from <https://www.gyrostat.com.au/application-forms> or <https://www.oneinvestment.com.au/gyrostat>.

## Market Commentary

### MONTHLY UPDATE

The Class B NAV at 31 Aug 2021 was 0.8916.

The Class commenced operations on 13 April 2021.

The Australian market traded in a range of 1.8% during August (lows 7491 on 2 August, high 7628 on 13 August). Our investment strategy is designed for returns to increase the larger the market range (in either trending, falling, or rising markets)

Market volatility was low and stable in August (as measured by the VIX and Australia-VIX). The volatility fall and narrow market range was the major contribution to the fund small losses for the month.

Investment operations have been refined to give additional focus on enhancing income generation over the 3 year recommended investment timeframe. Positions were increased in commodities (particularly iron ore) with FMG and BHP (with mitigated losses with our risk management overlay with large share price falls). We anticipate that the higher yields and volatility in this sector will generate returns consistent with our objectives. A more active asset allocation approach, particularly into higher yielding stocks in the upcoming dividend cycle has been adopted.

Our expectation is that over the cycle we will achieve our income and return objectives whilst continuing to operate with our 'hard' pre-defined risk parameters.

### FUND OVERVIEW

**Purpose:** A global non correlated income fund as part of the 'equity income' component of a portfolio to enhance income in a historically low interest rate environment

**Investment Objectives:**

**Returns:** To exceed income distributions over rolling 12 months

**Income:** Minimum cash rate + 6% from dividends and risk management profits paid quarterly

**Protection:** No quarterly NAV draw-down exceeding 6%.

Distributions may be higher dependent on the performance of the Class.

Class B buys and holds ASX-20 and International listed equities and options with the relevant exchange as the derivative counterparty. The Class may borrow up to 100% of Class assets

Class B is a levered version of Class A designed to deliver higher income than Class A with a higher risk tolerance. It seeks to generate equity income with downside protection always in place. In contrast to Class A it may not necessarily gain from major market falls.

### Contributors to Return (Basis Points)

TOP 5		BOTTOM 5	
WBC	4	FMG	-185
MCHI	0	SPY	-173
NAB	-44	BHP	-140
QQQ	-48	WOW	-72
STW	-50	CBA	-68

### Team Members Experience

INVESTMENT TEAM	GYROSTAT	INDUSTRY
Craig Racine Chief Investment Officer	10	30
Leo Tang Senior Investment Officer	6	30
BUSINESS TEAM		
David Barwise Director	3	30
Damien Hatfield Head of Distribution	1	40+
Andrew Smith Compliance and Risk	7	30+
Peter Clifton Chairman	7	30+

### Top 10 Holdings \*

HOLDING	%
FMG	44.6
BHP	27.0
CBA	15.9
WOW	6.6
SPY	2.7
ANZ	0.8
STW	0.7
QQQ	0.6
NAB	0.6
WBC	0.5

\* Based on capital deployed in underlying asset and risk management overlay

### Enquiries

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A copy of the PDS and relevant application form may be obtained from:  
<https://www.gyrostat.com.au/application-forms> or  
<https://www.oneinvestment.com.au/gyrostat>

**GYROSTAT**  
RISK MANAGED EQUITY FUNDS

AS AT 31 AUG 2021