

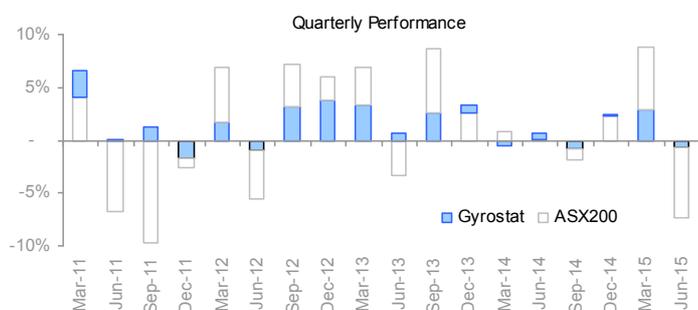
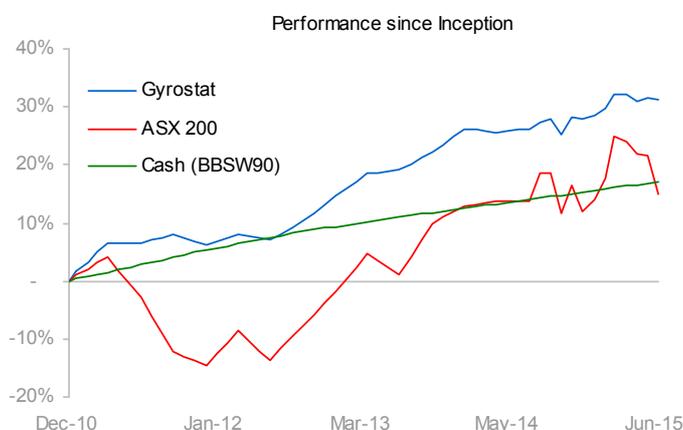
GYROSTAT CAPITAL STABILITY FUND

30 JUNE 2015

We are a next generation income fund, with capital protection always in place. We buy and hold blue chip stocks and pass on the dividend. We take the fear out of investing. Since inception in Dec 2010, we have outperformed ASX200 index with less than 2% downside fluctuations. Our business model is quite straightforward.

Key Features

- Downside protection **always** in place.
- Participate in the upside when the stock market rises.
- Cash flow from dividends, interest and options.
- Performance track record since inception has exceeded ASX200 index, with stable and rising valuations of the fund capital, and without significant downside fluctuations.



Further details can be found in our Information Memorandum

Portfolio Inception	December 2010
Minimum Investment	AUD 100,000
Management Fee	1% per annum
Performance Fee	15% of excess return
Hurdle Rate	BBSW 90 + 3%
High Water Mark	quarterly
Distribution (paid semi-annual)	≥ BBSW 90 + 3%
Access	Wholesale Investors

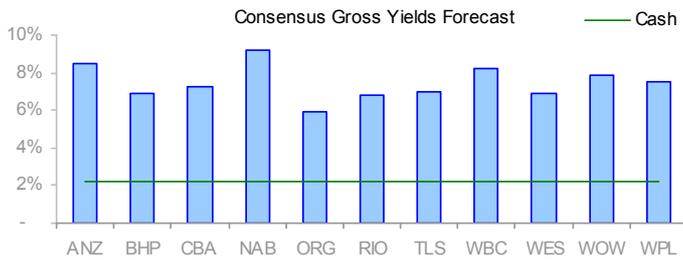
NAV vs. Index	GCSF	ASX 200
30 Jun 2015	0.9491	5,459
31 May 2015	0.9511	5,777
30 Apr 2015	0.9483	5,790
31 Mar 2015	0.9557	5,892
31 Dec 2014	0.9293	5,411
30 Sep 2014	0.9068	5,293
30 Jun 2014	0.9138	5,396

Return vs. Risk	GCSF	ASX 200	BBSW 90
1 Year CAGR	3.9%	1.2%	2.6%
2 Year CAGR	4.9%	6.6%	2.7%
3 Year CAGR	7.0%	10.1%	2.9%
Inception CAGR	6.1%	3.1%	3.5%
Max Drawdown	-2.1%	-22.3%	
% Qtr below -2%	0%	33%	
Sharpe Ratio	0.98	0.04	
Annual Deviation	2.68%	11.89%	

Commentary

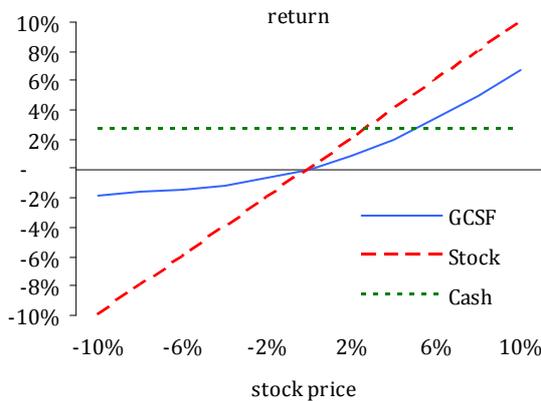
- We are pleased to report that over a three month period in which the market fell 7.3% and bank stocks dropped up to 18%, we were able to protect our investor's capital. We are well placed to deliver our funds benchmark returns over the coming 6 months.
- The Fund NAV at end of June was **\$ 0.9491**, an increase of **3.9%** this financial year. During this time the index increased 1.2%.
- We will pay a distribution of \$ 0.027 per unit in July in accordance with our policy of minimum BBSW90 + 3% semi annually.
- It is our view that **ongoing Euro-zone instability** on your portfolio is a **long term issue**, and share market volatility is more likely to increase, consistent with the market consensus view. Historically low volatility periods tend to be rather short-lived and around 4 years duration. The current period commenced in 2012 and is into its fourth year. Increasing volatility is beneficial to our Fund.

Consensus gross yields at the end of June 2015



- With the substantial falls in higher yielding stocks recently, the gross dividend yields available now range between 6% to 9% p.a.
- We select stocks based on gross yield, option pricing to meet our risk-return profile, and investment outlook.
- As a “next generation” income fund, we 'lock in' the yields with downside protection always in place.

Systematic approach to risk-return profile



- Our first criteria is to ensure maximum capital at risk is always within pre-defined limit which we review and report daily as our internal process.
- We consider extent of the upside profile and vary the downside "fat tail". This is based on the fundamental and technical factors in our dashboard framework, such as market outlook vs. volatility, static cost, etc.
- We re-balance our portfolio daily with the market movements to 'lock in' gains and / or taking profits, while restore our risk-return profile in the process.
- see diagram for an example of risk-return profile with downside protection always in place, vs. stock / cash.

Craig Racine (craig.racine@gyrostat.com.au)
Managing Director, Chief Investment Officer

Meet Our Team

Broad experience in a wide range of disciplines, particularly in finance and the financial markets in the Asia Pacific region.

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CRAIG RACINE
Managing Director
Chief Investment Officer



PETER CLIFTON
Chairman
Board of Directors



ANDREW SMITH
Compliance & Risk Management



LEO TANG
Senior Investment Officer

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.

Disclaimer

This information is limited to information about the Fund, is general advice only and does not take into account your particular circumstances, your personal investment or financial planning objectives, your investment knowledge, needs and requirements, including taxation implications that may result from investing in the Fund.

There are references to past performance in this document. Past performance is no guarantee of future performance. Gyrostat or any of its officers, advisers, agents or associates do not in any way guarantee the performance of the Fund.

Investors should download and review the Information Memorandum available at www.gyrostat.com.au before making an investment in the Fund.