

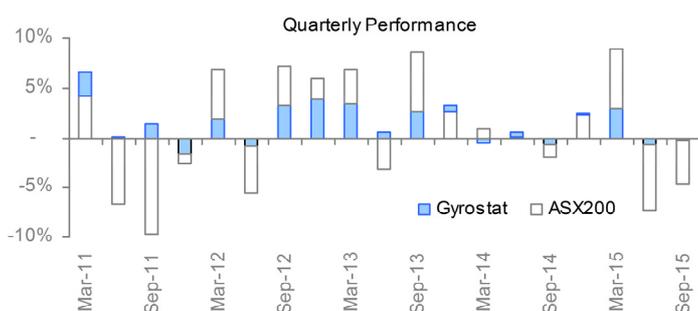
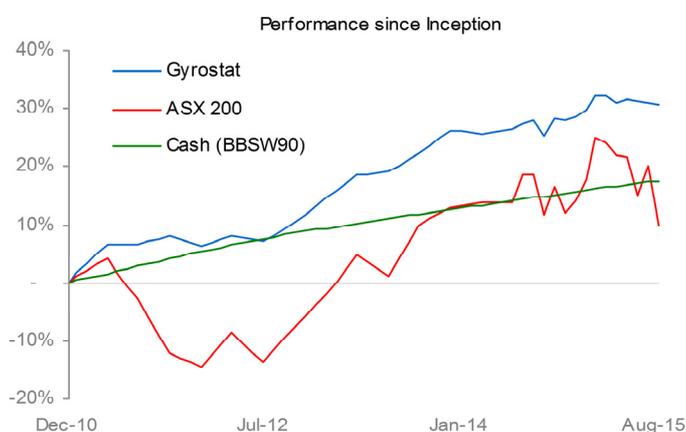
## GYROSTAT CAPITAL STABILITY INCOME FUND

31 AUGUST 2015

We are a “next gen” income fund, offering **both income** greater than cash returns **and capital stability** with cost effective downside protection always in place. We buy and hold blue chip stocks and pass on the franked dividend. We simultaneously enter the Australian Securities Exchange (“ASX”) options market to hedge risk. We are well placed to deliver better than our funds benchmark returns over the coming 6 months.

### Key Features

- **Income** greater than cash from franked dividends, **and -**
- **Capital stability**
- Participate in the upside when the stock market rises.
- Track record of **no investment losses exceeding 2% for the past 18 quarters** with compound returns after fees of **31%** since December 2010. This compares with cash returns of 17%.



Further details can be found in our Information Memorandum

|                                 |                      |
|---------------------------------|----------------------|
| Portfolio Inception             | December 2010        |
| Minimum Investment              | AUD 50,000           |
| 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 | Gyrostat       | Distribute | ASX 200 |
|---------------|----------------|------------|---------|
| 31 Aug 2015   | <b>0.91897</b> | -          | 5,207   |
| 31 Jul 2015   | 0.92094        | -          | 5,699   |
| 30 Jun 2015   | 0.92143        | 0.02762    | 5,459   |
| 31 Mar 2015   | 0.95571        | -          | 5,892   |
| 31 Dec 2014   | 0.92932        | -          | 5,411   |
| 30 Sep 2014   | 0.90682        | -          | 5,293   |
| 30 Jun 2014   | 0.91417        | 0.01655    | 5,396   |

| Return vs. Risk  | Gyrostat | BBSW 90 | ASX 200 |
|------------------|----------|---------|---------|
| 1 Year CAGR      | 3.0%     | 2.6%    | -3.0%   |
| 2 Year CAGR      | 4.4%     | 2.6%    | 3.8%    |
| 3 Year CAGR      | 6.5%     | 2.8%    | 7.9%    |
| Inception CAGR   | 5.8%     | 3.5%    | 2.0%    |
| Max Drawdown     | -2.1%    |         | -22.3%  |
| % Qtr below -2%  | 0%       |         | 33%     |
| Sharpe Ratio     | 0.90     |         | -0.05   |
| Annual Deviation | 2.66%    |         | 12.53%  |

### Commentary

- Since inception we have achieved 5.8% pa returns, compared with the cash rate of 3.5% pa. Cash rates have fallen to 2.1% and are anticipated to stay low for an extended period. We are well placed to deliver our funds benchmark returns over the coming 6 months.
- The Fund NAV at end of August was \$ **0.91897**, a stable monthly performance in a volatile month in which the market fell 8.6%. In the 5 month period in which the market fell 13% and our bank stocks dropped up to 24% we protected our investors’ capital.
- New investments will benefit from the increasing fully franked dividend yields available following from recent falls in the bank share prices. **We are always fully invested with minimal capital at risk.**
- It is our view that **ongoing China and Euro-zone instability** on your portfolio is a **long term issue**, and share market volatility is likely to increase, consistent with market consensus. 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.

**Business Model - how it is done**



**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



**SHELLEY RACINE**  
Company Secretary



**GEMMA MALONE**  
Office Manager

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](http://www.gyrostat.com.au) before making an investment in the Fund.