

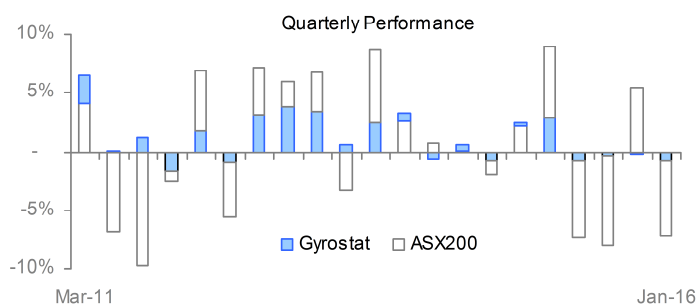
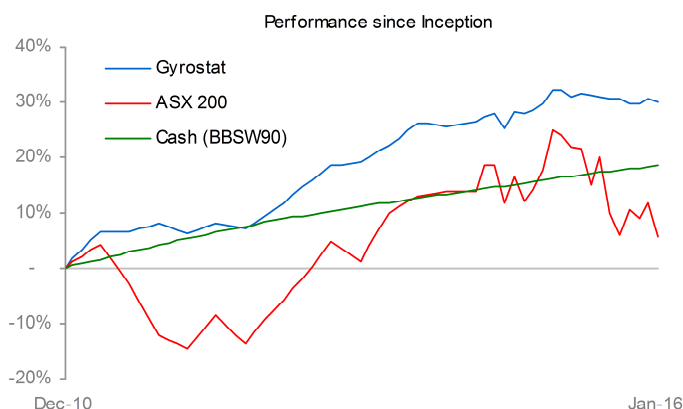
## GYROSTAT CAPITAL STABILITY INCOME FUND

31 JANUARY 2016

We are a “next gen” income fund, offering **diversified income with capital stability**. 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 always fully invested with minimal capital at risk. **Cost effective downside protection is always in place** – we protect capital when markets fall and have a track record of capturing 30%-50% of stock upside. Our strategy **benefits** from a more **volatile** stock market.

### Key Features

- Minimum distribution **cash rate + 3%** paid semi-annually (currently 5.1% pa)
- Cost effective protection **always** in place; participate in upside
- **20 consecutive quarters of no losses exceeding 2%**
- Compound returns of 30% since inception in December 2010



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 Jan 2016	<b>0.88972</b>	-	5,006
31 Dec 2015	0.89363	0.02373	5,296
30 Nov 2015	0.91071	-	5,167
31 Oct 2015	0.91180	-	5,239
30 Sep 2015	0.91905	-	5,022
30 Jun 2015	0.92143	0.02762	5,459

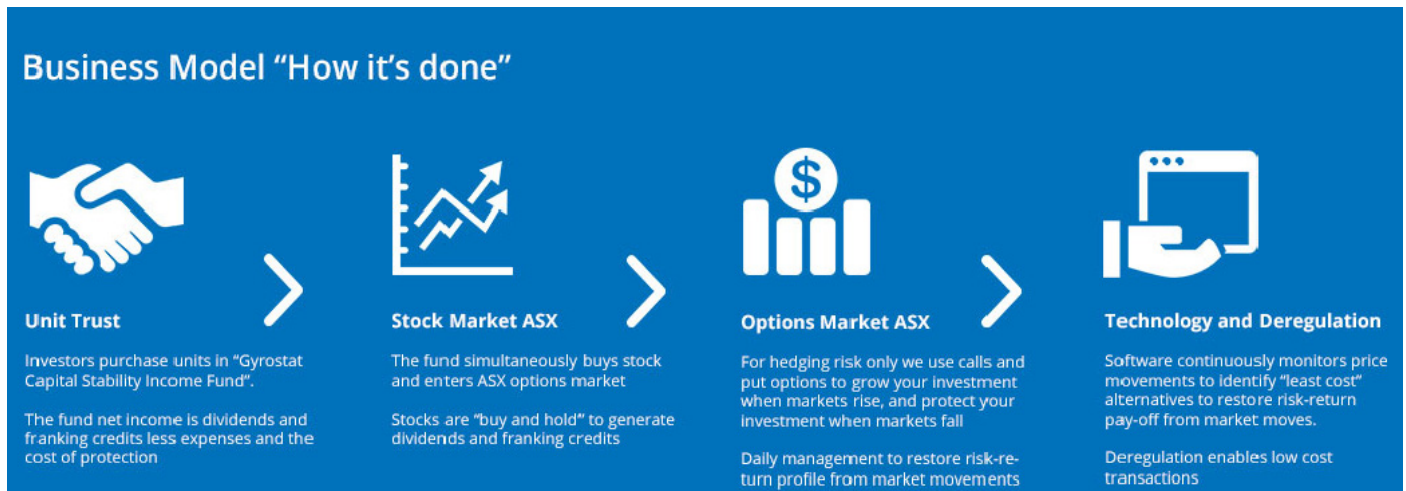
Return vs. Risk	Gyrostat	BBSW 90	ASX 200
1 Yr Total Return *	0.2%	2.3%	-10.5%
2 Yr Total Return	1.4%	2.5%	-3.2%
3 Yr Total Return	4.2%	2.6%	2.4%
Inception Return	5.2%	3.4%	1.0%
Max Drawdown	-2.1%		-22.3%
% Qtr below -2%	0%		35%
Sharpe Ratio	0.72		-0.11
Annual Deviation	2.66%		12.58%

\* Total return is compound annual growth rate as defined by Financial Services Council

### Commentary

- We offer **diversified income with capital stability**. A distribution of \$ 0.02373 was paid on 31 December with our distribution paid semi-annually at **3% above the cash rate** (currently 5.1% p.a.) We buy and hold blue chip stocks and pass on the franked dividend.
- The Fund NAV at the end of January was **\$ 0.88972**, providing capital stability where the ASX200 has fallen 10.5% year to date. The falls have been more substantial in the high yielding blue chip stocks in which we invest. We have a track record of 20 consecutive quarters of no losses exceeding 2% and capturing 30% - 50% of share price upside throughout the quarterly investment cycle.
- Cash rates have fallen to 2.3% and are anticipated to stay low for an extended period. Following the large share price falls new investments benefit from the increasing fully franked dividend yields, particularly in blue chip high yielding shares in which we invest.

**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.