

## ABSOLUTE RETURN INCOME EQUITY FUND

28 February 2021

APIR code: GYC6212AU

**Non correlated fund to address uncertainty through portfolio construction (for retirees income and sequencing risk)**

Gyrostat is a highly defensive global non correlated income fund that reliably increases in value on large markets falls. (10YR, max quarterly drawdown <3%). Adding Gyrostat as a defensive allocation reduces portfolio risk, increase income, and increase returns.

Gyrostat has operated for 40 consecutive quarters within a 'hard' pre-defined risk parameter always in place, delivering regular income by passing through ASX-20 dividends and profits from risk management overlay, and meeting returns guidance based upon market conditions (demonstrating increasing returns with market volatility). The Fund buys and holds ASX-20 and international assets with **lowest cost protection always in place** with upside. Details on our expanded risk managed offerings from 1 Mar 2021.

<http://www.gyrostat.com.au/news/gyrations-february-2021-risk-managed-investing-expanded-unit-classes/>

### Fund performance - Total Return

	1 Month	3 Months	6 Months	1 Year	3 Years	5 Years	Inception
Fund net	0.44	-0.99	-0.83	2.16	5.38	3.99	4.43
RBA cash rate	0.00	0.01	0.03	0.21	1.18	1.46	2.37

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

### Investment Objectives

- **Returns:** 6% - 8% pa in trending markets, greater than 8% pa in volatile markets, BBSW + 3% in stable markets
- **Income:** Minimum **cash rate + 3%** paid quarterly (FY20 5.8% p.a.) from dividends and risk management profits
- **Protection:** No quarterly NAV draw-down exceeding 3%  
Also includes a 'tail hedge' for gains on large market falls

Further details can be found in our Information Memorandum

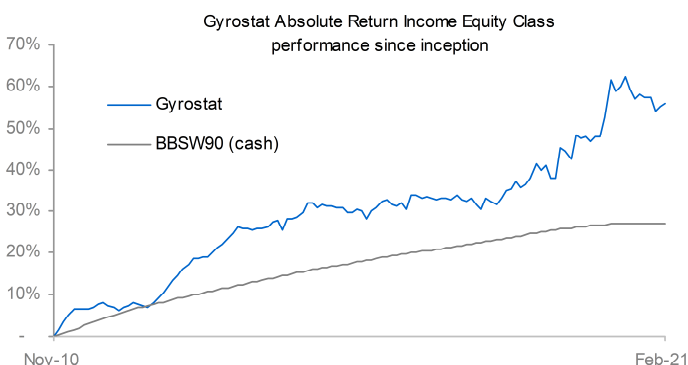
Portfolio Inception	December 2010
Minimum Investment	AUD 50,000
Management Fee	1% per annum
Performance Fee	15% of excess return
Hurdle Rate	BBSW 90 + 3%
High Water Mark	quarterly
Distribution (paid quarterly)	≥ BBSW 90 + 3%

### Fund performance - Return by Month

FY	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Total
2021	-2.07	-1.27	0.73	-0.44	-0.12	-2.05	0.64	0.44					-4.12
2020	-1.30	3.97	-0.45	0.12	-0.78	0.80	-0.11	3.27	5.88	-1.70	0.77	1.59	12.45
2019	0.19	1.54	-1.07	0.39	1.14	2.60	-1.06	0.63	-2.07	-0.09	5.29	-0.42	7.09
2018	-0.38	0.75	-0.71	-0.37	0.52	-1.11	-0.84	2.18	-0.75	-0.43	0.97	1.56	1.35
2017	-0.70	-0.31	0.38	-1.20	2.85	0.06	-0.84	0.29	-0.12	-0.41	0.36	0.09	0.41
2016	-0.05	-0.21	0.01	-0.79	-0.12	0.73	-0.44	-1.41	1.38	0.63	1.32	0.15	1.16
2015	0.71	0.59	-2.07	2.25	-0.11	0.33	1.06	1.74	0.03	-0.80	0.33	-0.22	3.82
2014	0.84	0.84	0.84	1.08	1.08	1.08	-0.19	-0.19	-0.19	0.21	0.21	0.21	5.96
2013	1.04	1.04	1.04	1.26	1.26	1.26	1.11	1.11	1.11	0.21	0.21	0.21	11.41
2012	0.43	0.43	0.43	-0.55	-0.55	-0.55	0.58	0.58	0.58	-0.31	-0.31	-0.31	0.44
2011	-	-	-	-	-	1.59	1.59	1.59	1.59	0.00	0.00	0.00	6.54

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

\*\* Highest returns on large market falls and rallies (low correlation with market)



Return Analytics		Portfolio Analytics	
Compound Annual Return	4.4%	Number of Stocks	25
Monthly Volatility	1.3%	Average Positive Months	1.0%
Sharpe Ratio	0.51	Average Negative Months	(0.7%)
Drawdown	5.1%	Beta (ASX200)	(0.05)
Sortino Ratio	1.14	% of Positive Months	58.7%

Compound Annual Return - since inception 4.43%  
Compound Annual Return - from Jul 1, 2018 5.55% \*

\* Quarterly risk tolerance increased to 3% on 1 July 2018

\*\* On 16 November 2020 until 21 December 2020 the ASX suffered a major outage to its ASX Trade system caused by a software issue identified following a system upgrade relating to the trading of combination orders creating inaccurate market data. The Fund promptly altered its normal trading strategy to prevent losses although this meant that the Fund could not capture as much upside as in previous market rallies.

Gyrostat compounded returns are net of fees and include franking credits, cash (BBSW90) includes re-investment of interest.

### Commentary

- The Fund NAV at 28 February was \$ 0.82970.
- The Australian market traded in a narrow range of 3.8% in February (lows 6663 on Feb 1; high 6917 on Feb16). 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 to moderate for most of February (as measured by the VIX and A-VIX) - the increasing volatility level from Feb 24 to Feb 26 was the major contribution to the fund returns for the month. Our investment strategy is designed for returns to increase with market volatility including large market falls with a 'tail hedge' for gains always in place.

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