

## Gyrostat Absolute Return Income Equity (Class A)

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 flagship Gyrostat Absolute Return Income Equity Class is designed to reliably increase in value on major market falls (downside tail always in place) with regular income through the complete investment cycle. It has a track record exceeding ten years with no quarterly drawdown greater than a pre-defined 3% limit. Gyrostat in 2021 has expanded its risk managed investment classes.

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



Compounded returns are net of fees and including franking credits, cash (BBSW90) includes re-investment of interest. Comparison is with: BBSW90 (cash)

### Net Investment Performance % \*

	1M	3M	6M	1YR	3YR (PA)	5YR (PA)	SI (PA)
Gyrostat Risk Managed Equity Fund Class A	0.63	-4.72	-5.66	-7.16	3.77	2.31	3.84
BBSW 90 day +3%	0.25	0.75	1.51	3.12	4.08	4.41	5.39
Excess Returns	0.38	-5.47	-7.17	-10.30	-0.31	-2.10	-1.55

\*Returns are net of fees and include franking credits

### Class A Facts

Trustee	Gyrostat Capital Management Pty Ltd
Admin/custody	Unity Fund Services Pty Ltd
Investment Manager	Gyrostat Capital Management Advisers Pty Ltd
Sales & Marketing Manager	Mantis Funds Pty Ltd
Fund Inception date	10 December 2010
Strategy Inception date	10 December 2010
APIR	GYC6212AU
Base currency	Australian dollars
Management fee	1% of NAV
Performance fee	15% over Hurdle
Investment minimum	AUD 25,000
Buy/sell spread	0.15%
Liquidity	Daily
Benchmark	BBSW 90 day
Platforms	Mason Stevens, Netwealth, Powerwrap
Distribution frequency	Quarterly

### Return Analytics

Monthly Volatility	1.29%
Sharpe Ratio	0.39
Drawdown	-9.21%
Sortino Ratio	0.70
Leverage (at 31 May 2021) *	0%

\* Ratio defined as margin debt/net assets

### Portfolio Analytics

Number of Stocks	17
Average Positive Months	1.02%
Average Negative Months	-0.77%
Beta (ASX 200)	-0.06
% of Positive Months	61

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## Market Commentary

### MONTHLY UPDATE

The Fund NAV at 31 May 2021 was 0.7838.

The Australian market traded in a range of 3.6% during May (lows 6931 on 19 May, high 7179 on 28 May). 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 with a spike in volatility in mid May (as measured by the VIX and Australia-VIX). The volatility expansion was the major contribution to the fund gains for the month.

The investment strategy is designed for returns to increase with market volatility including large market falls with a 'tail hedge' to protect and gain on large market falls always in place.

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

#### Frequently asked questions:

<https://www.gyrostat.com.au/news/frequently-asked-question-why-including-gyrostat-absolute-return-income-equity-class-a-in-your-portfolio/>

### FUND OVERVIEW

**Purpose:** A highly defensive global non correlated income fund that reliably increases in value on large market falls (10 YR, max quarterly drawdown < 3%)

#### 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% (FY20 5.8% pa) from dividends and risk management profits paid quarterly

**Protection:** No quarterly NAV draw-down exceeding 3%. Also includes a 'tail hedge' for gains on large market falls.

Distributions may be higher dependent on the performance of the Class

Class A 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 30% of Class assets

Leverage is achieved through margin lending such that asset and debt liquidity are matched.

Note:

- Quarterly risk tolerance increased to 3% on 1 July 2018

### Contributors to Return (Basis Points)

TOP 5		BOTTOM 5	
BHP	23	WPL	-6
ANZ	14		
CBA	8		
TLS	7		
WOW	6		

### 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 \*

AS AT 31 MAY 2021	%
BHP	17.6%
NAB	15.2%
WBC	14.8%
ANZ	14.3%
CBA	14.1%
ASX200 State Street ETF	9.3%
WOW	9.0%
WPL	2.5%
TLS	1.8%
S&P500 State Street ETF	0.4%

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

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\*Preliminary.

**GYROSTAT**  
RISK MANAGED EQUITY FUNDS

AS AT 31 MAY 2021