

Gyrostat Absolute Return Income Equity (Class A)

Gyrostat Risk Managed Equity Fund – <u>Address uncertainty through portfolio construction</u> - <u>Volatility is our friend</u> with a 10 year track record of returns increasing with market volatility (including large market falls).

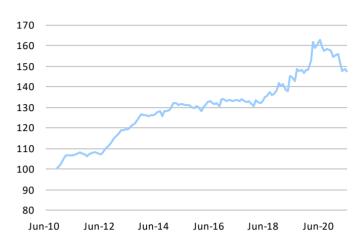
Solutions for: - Equity income (absolute return benchmarks) and Australian and international equities (vs index) with protection always in place against major market falls (sequencing).

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	-1.05	-3.00	-4.69	-9.60	2.87	2.07	3.70
BBSW 90 day +3%	0.25	0.76	1.50	3.09	4.02	4.37	5.37
Excess Returns	-1.30	-3.76	-6.19	-12.69	-1.15	-2.30	-1.67

^{*} 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	1.0% 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	0.36		
Drawdown	-9.60%		
Sortino Ratio	0.65		
Leverage *	0%		

* Ratio defined as margin debt/net assets

Portfolio Analytics			
Number of Stocks	20		
Average Positive Months	1.02%		
Average Negative Months	-0.78%		
Beta (ASX 200)	-0.06		
% of Positive Months	61		

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Market Commentary

MONTHLY UPDATE FUND OVERVIEW

The Fund NAV at 30 Jun 2021 was \$0.7756, a distribution was declared of \$0.00864 with a post distribution NAV of and \$0.7669.

The Australian market traded in a range of 2.4% during June (lows 7142 on 1 Jun, high 7313 on 30 Jun). 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 and continued to fall in June (as measured by the VIX and Australia-VIX). The volatility fall was the major contribution to the fund moderate losses 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/

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		воттом 5	
CBA	29	SPY	-46
ANZ	15	ВНР	-31
WPL	6	EEM	-21
MCHI	4	STW	-17
RWO	2	EFA	-13

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 *			
HOLDING	%		
ВНР	17.3%		
NAB	15.1%		
WBC	14.9%		
СВА	14.4%		
ANZ	14.3%		
STW	9.7%		
WOW	9.1%		
WPL	3.3%		
QQQ	0.6%		
SPY	0.5%		

 $^{\ ^{*}}$ Based on capital deployed in underlying asset and risk management overlay

Enquiries

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