

# Gyrostat Absolute Return Income Equity (Class A)

Gyrostat Risk Managed Equity Fund ARSN 651 853 799

Gyrostat Risk Managed Equity Fund – Address uncertainty through portfolio construction - Lower beta with alpha for diversification benefits with a 14 year track record of returns increasing with market volatility (including large market falls).

5 classes: - Regular equity income (absolute return benchmarks) and Australian and international equities (index return benchmarks) with protection always in place against major market falls (sequencing).

Headquartered in Melbourne, Australia, Gyrostat are specialists in delivering diversification benefits through 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 A is designed for **capital growth and income whilst hedging equity market risk**. Returns are designed to increase with market volatility and increase in value on major market falls (downside tail always in place). Class A has a track record exceeding fourteen years with no quarterly drawdown greater than a pre-defined 3% limit.

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



Net Investment Performance %								
	1M	3M	6M	1YR	2YR (PA)	3YR (PA)	5YR (PA)	SI (PA)
GRMEF Class A	0.35	-0.73	5.68	8.83	7.60	9.92	5.64	5.02
Bank Bill Swap Rate 3M + 3%	0.60	1.84	3.75	7.61	7.43	6.59	5.20	5.51
Excess Returns	-0.25	-2.57	1.93	1.22	0.17	3.33	0.44	-0.49

\* Returns are net of fees and include franking credits.

MONTHLY UPDATE	CLASS OVERVIEW
<p>NAV per unit was \$0.5793. Total NAV of the Fund was \$15.7m.</p> <p>The Australian market traded lower in February and remains near 52W and all-time highs. The price of risk, as measured by the VIX, has fallen significantly since October 2022 level of 32.02, reducing the cost of protection. During February, the price of risk increased.</p> <p>Our portfolio provides the diversification benefits of lower risk, higher risk-adjusted returns, and reduced exposure to market shocks which are more apparent in volatile markets (wider trading range, increasing cost of protection).</p> <p>With our approach we do not need to engage in debates about market direction, it is the differing market predictions and general uncertainty that generate our returns, as these cause changes in stock prices and the price of risk.</p> <p>Gains from FMG offset modest losses in XJO and BHP with an NAV increase for the month.</p> <p>We anticipate strong investment performance with volatility favourable to our 'dynamic hedging' risk management approach. A more active asset allocation approach, particularly into higher yielding stocks, in the upcoming dividend cycle has been adopted. The next dividend cycle is in commodity stocks in March.</p>	<p><b>Strategy:</b> Risk managed with capital always protected to 3% risk tolerance, regular income, and returns in rising and falling markets including market crash. Low correlation to the Australian market for diversification benefits.</p> <p><b>Purpose:</b> These returns are non correlated with the market providing portfolio diversification benefits such as lower risk, higher risk-adjusted returns, and reduced exposure to market shocks. A highly defensive non correlated income fund that is designed to increase in value on large market falls (12 YR, max quarterly drawdown &lt; 3%)</p> <p><b>Investment Objectives:</b></p> <p><b>Return:</b> 6% - 8% p.a. in trending markets, &gt; 8% p.a. in volatile markets,</p> <p><b>Income:</b> &gt; BBSW3M + 3% p.a. from dividends and risk management profits paid quarterly.</p> <p><b>Protection:</b> 3% quarterly downside risk tolerance with tail risk hedge for gains on large market falls.</p> <p>Distributions may be higher dependent on the Class performance.</p> <p>Class A buys ASX-20 stocks with exchanged-traded options overlay to mitigate risk and may borrow up to 30% of the assets to achieve leverage through margin lending such that asset and debt liquidity are matched.</p>

Class Facts	
Eligibility	Investors who qualify as 'Wholesale Clients'
Responsible Entity	One Managed Investment Funds Limited
Investment Manager	Gyrostat Capital Management Advisers Pty Ltd
Registry Services Provider	One Registry Services Pty Limited
Inception date	10 December 2010
APIR	GYC6212AU
Base currency	Australian dollars
Management fee	1.1% of NAV
Performance fee	15% over Hurdle
Investment minimum	AUD 5,000
Buy/sell spread	0.15%
Liquidity	Daily
Benchmark	BBSW3M + 3% p.a.
Platforms	Mason Stevens, Netwealth, Powerwrap, Hub24
Distribution frequency	Quarterly

Unit Value (AUD)	
Net Asset Value	0.5793
Application Price	0.5802
Redemption Price	0.5784

Team Members Experience		
INVESTMENT TEAM	GYROSTAT	INDUSTRY
Craig Racine Chief Investment Officer	13	30
Leo Tang Senior Investment Officer	13	30
BUSINESS TEAM		
David Barwise Director	5	30
Peter Keating Investment Operations	3	30+
Andrew Smith Compliance and Risk	9	30+
Peter Clifton Chairman	9	30+

Return Analytics	
Annual Volatility	5.49%
Sharpe Ratio	0.50
Drawdown	-11.82%
Sortino Ratio	1.07
Leverage *	27%

\* Ratio defined as margin debt / net assets

Portfolio Analytics	
Number of Stocks	9
Average Positive Months	1.31%
Average Negative Months	-0.74%
Beta (ASX 200)	-0.08
% of Positive Months	57

Contributors to Return (%)	
TOP GAINS	
FMG	0.83
WBC	0.06
WDS	0.04
MQG	0.00
CSL	0.00
TOP LOSSES	
BHP	-0.19
XJO	-0.15
RIO	-0.07
CBA	-0.02
NAB	-0.01

Top Holdings	
HOLDING	%
FMG	31.5
WDS	18.4
BHP	17.5
RIO	15.5
NAB	9.7
WBC	6.9
CSL	0.2
WOW	0.1
XJO	0.1
MQG	0.0

## Enquiries

[www.gyrostat.com.au](http://www.gyrostat.com.au)

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PDS and application form can be obtained from:

[www.gyrostat.com.au/application-forms](http://www.gyrostat.com.au/application-forms) or

[www.oneinvestment.com.au/gyrostat](http://www.oneinvestment.com.au/gyrostat)

**GYROSTAT**  
RISK MANAGED EQUITY FUNDS

## RG240 Disclosure

For the period covered by this report, there were no material changes to any of the following: The Fund's risk profile; the Fund's strategy; and key investment personnel related to the Gyrostat Risk Managed Equity Fund. For information since that date, please refer to [www.gyrostat.com.au](http://www.gyrostat.com.au).

AS AT 28 FEB 2025