

Annual investor newsletter – Financial Year ended 30 June 2021

Dear Investor

At the outset I must acknowledge that the provision of your statements and reporting of net asset values have been delayed this year, for which we apologise.

We have appointed entities within the One Investment Group as external service providers to offer enhanced investor services. These include:-

- Daily subscription, transfer among classes and withdrawals enabled by daily pricing
- Online access to your investment statements, distribution history etc. through the One Registry Services Investor Portal.
- Ease of additional investments or transfers amongst classes with an updated online application service available through the Gyrostat website.

In addition, to offer greater choice and flexibility to our investors we have expanded our risk managed products to 5 Unit Classes. To provide an expanded compliance and regulatory regime we have converted the Fund to a registered scheme with an independent Trustee/Responsible Entity offered through a Product Disclosure Statement.

Unfortunately implementing these changes under Covid lockdown circumstances has led to these delays, which should not occur in future.

We thank you for your investment with Gyrostat as we continue with our mission, unchanged since 2010 – to enable investors to address uncertainty through portfolio construction. There have been significant global developments in risk managed investing over this period, and we continue to benchmark ourselves against global best practice.

<http://www.gyrostat.com.au/news/risk-managed-investing-global-best-practice-supporting-pack/>

Please find attached your statement of holdings and annual taxation statement.

As previously advised our returns were adversely impacted from a major Australian Stock Exchange outage to its trade system. During the extended outage period we were unable to adjust our protection with market moves - 'dynamic hedging' - our specialist skill and competitive advantage.

During the year volatility fell substantially with no significant corrections exceeding 5% from peak to trough, an extremely rare occurrence. On 26 May 2021 we published at our website frequently asked questions on the role of Gyrostat in your portfolio which contains further details.

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

Our purpose has remained unchanged since 2010 – to enable investors to address uncertainty through portfolio construction. Your investment with Gyrostat Absolute Return Income Equity Class (or Class A) Units is designed as a component of your portfolio to reliably increase in value on large market falls (10 YR, maximum quarterly losses have always been within our <3% pre-defined risk tolerance) with returns designed to increase with market volatility. We provide regular quarterly income during the complete investment cycle.

Outlook - Risk Managed Investing

Major market falls are a regular and hazardous feature of the investment cycle. Most corrections of 30% - 50% occur within 6-12 months and typically within an 8 year cycle. We are now at year 13 which is the longest since 1929.

Risk managed investing has **protection** always in place (dynamically managed as per global best practise), **returns** designed to increase with market volatility, and regular **income** through the complete investment cycle. A more detailed video explanation is available at:-

<https://www.youtube.com/playlist?list=PLNTujsNLgs9aRdl2l3jAODAOuOlfVH8PY>

It is our expectation that we will continue to deliver regular quarterly income and meet our and your returns expectations, particularly in more volatile markets. Our view remains that we are well positioned to achieve our specific purpose in portfolio construction to reduce portfolio risk and increase income.

Expanded range

The Fund now offers Unit Classes with diversified low and non-correlated investment solutions which address portfolio drawdown risk while delivering equity income, as well Unit Classes which are index products which address sequencing risk.

By adding the Fund to traditional balanced portfolios investors can 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).

The Fund has 5 investment classes.

Equity income reliably increases with volatility, absolute return

- Gyrostat Absolute Return Income Equity Class A
- Gyrostat Leveraged Absolute Return Income Equity Class B

Australian and international equities, benchmarked against indexes

- Gyrostat Risk Managed Australian Equity Class C
- Gyrostat Risk Managed Hong Kong Equity Class D
- Gyrostat Risk Managed Global Equity Class E

The Fund will invest in high yielding Australian and/or international securities and exchange traded funds through the 5 different classes of units, each of which has a different strategy and different benchmark. The return objectives are to exceed those individual benchmarks over rolling

12 month periods. Each Unit Class has a downside protection objective which aims to mitigate against losses on market falls.

Our corporate presentation provides further details:-

<http://www.gyrostat.com.au/news/corporate-presentation-gyrostat-levered-absolute-return-income-equity-fund-class-b/>

Please do not hesitate to contact me or the Gyrostat team if there are any aspects of your investment you wish to discuss.

Kind regards

A handwritten signature in black ink, appearing to be 'CR', written in a cursive style.

Craig Racine