

31 December 2023



# GYROSTAT

CAPITAL MANAGEMENT

## Gyrostat Risk Managed Equity Fund

Capital growth and income whilst hedging equity market risk

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

Tel: 03 8678 1742

ARSN

651 853 799

Eligibility

Investors who qualify as 'Wholesale Clients'

Responsible  
Entity

One Managed Investment Funds Limited  
(ACN 117 400 987)

Investment  
Manager

Gyrostat Capital Management Advisers Pty Ltd  
(ACN 168 737 246)

# Gyrostat Risk Managed Equity Fund

## Non correlated beta with alpha for portfolio diversification

Gyrostat is a risk managed fund with capital always protected with a 3% quarterly risk tolerance, regular income, and returns in rising and falling markets including in a market crash.

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.

### Diversification benefits:

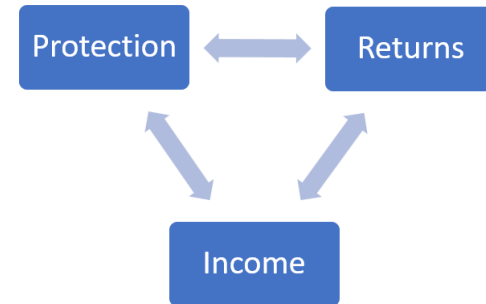
- **Lower risk:** Protection via an options overlay is always in place to avoid large losses
  - Class A units have a 12-year track record of no quarterly downside losses greater than 3 per cent
- **Higher returns** with alpha from 'dynamic hedging' - takes advantage of differences in option prices
  - Class A units past 2 years to 31 Dec 2023 have returned 12.76% pa with a maximum quarterly loss of -1.26%
  - Class B leveraged units past 2 years to 31 Dec 2023 have returned 18.77% pa with a maximum quarterly loss of -0.79%

'Dynamic hedging' is a more reliable non correlated beta as protection increases in value on market falls. Gyrostat Class A has consistently delivered non correlated returns (eg 5 year beta of -0.20)

# Gyrostat Risk Managed Equity Fund

## Product design – blending protection, returns, income

- Risk managed fund with capital always protected with a 3% quarterly risk tolerance, regular income, returns in rising and falling markets including in a market crash
- Designed with 'hard' protection always in place to maximise returns and income by identifying the lowest cost protection adjusted with market moves
- SQM Research Class A 4 stars, Superior, High Investment Grade



# Gyrostat Risk Managed Equity Fund

## Absolute Return Income Equity Classes A & B

- Risk managed fund with:
  - Capital always protected to a defined risk tolerance      Hard 3% quarterly limit for 52 consecutive quarters (Class A)
  - Regular income even when dividends are cut              Pass through dividends and risk management overlay profits
  - Returns in rising and falling markets                      Lower beta - non correlated returns with alpha (addressing longevity risk)
  - Returns in market crashes                                      Downside tail always in place (addressing sequencing risk)

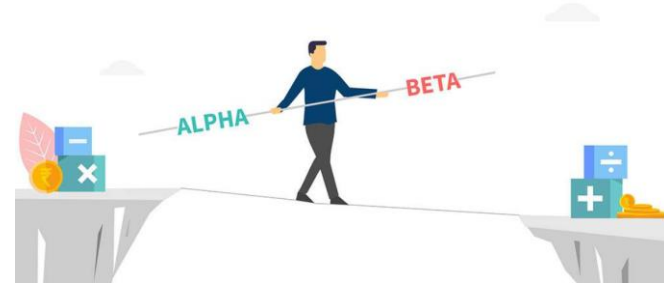
**Competitive advantage:** Risk managed investing - [dynamic hedging](#) – [protection adjusted with market moves \(not set and forget\)](#)  
Proprietary software systems and processes with direct stock exchange feeds to identify lowest cost protection

# Gyrostat Risk Managed Equity Fund

## To achieve diversification through portfolio construction requires non correlated assets

- To achieve diversification benefits, the portfolio needs to invest in non-correlated assets, which are assets that have a different return profile from the market and from each other. The degree of correlation between the assets can be measured by beta, which is the sensitivity of the asset return to the market return.
- Diversification benefits:
  - Lower risk: Defined protection via an options overlay is always in place to avoid large losses
  - Higher returns with alpha from 'dynamic hedging' - takes advantage of differences in option prices
  - 'Dynamic hedging' is a more reliable non correlated beta as protection increases in value on market falls. Gyrostat Class A has consistently delivered non correlated returns (eg 5 year beta of -0.20)

The power of diversification – non correlated assets: Ray Dalio <https://www.youtube.com/watch?v=Nu4lHaSh7D4&t=144s>



# Gyrostat Risk Managed Equity Fund

## Managing uncertainty through effective diversification - portfolio construction

Strategy	Attributes	Falling market (trending)	Volatile market (including 'one off' large falls)	Stable market	Rising market (trending)
<b>Diversify risk - allocation of 'conservative and 'growth' assets</b>	Requires a range of beta correlation coefficients to be effective	Unfavourable	Unfavourable - capital losses	Favourable	Favourable
<b>Protection sometimes in place using predictions</b>	Requires correct market timing to be effective	Unfavourable	Unpredictable - capital gains and losses	Favourable	Favourable (possibly mitigated)
<b>Protection <u>always</u> in place - absolute return (Gyrostat)</b>	Reliable non-correlated beta as put protection increases on market falls. Prefers more volatile markets.	Favourable (mitigated)	Very favourable - capital growth potential	Less favourable (lower returns)	Favourable (mitigated)

# Gyrostat Risk Managed Equity Fund

## Stock specific protection designed to increase in value on market falls

Performance of Class A compared with worst 5 quarters from the ASX accumulation index (since Fund inception December 2010)

Period	ASX accumulation return	Gyrostat Class A return
<b>Apr - Jun 2022</b>	-11.90%	+ 8.70%
<b>Jan - Mar 2020</b>	-23.10%	+ 9.22%
<b>Oct - Dec 2018</b>	-8.24%	+ 4.18%
<b>Jul - Sep 2015</b>	-6.58%	-0.26%
<b>Jul - Sep 2011</b>	-8.17%	+ 1.29%

### Initial Value of portfolio: \$1m Australian equities (Beta 1)

Value at end of period of 2 portfolios with initial value of \$1m of Australian equities:

1. Based on \$1m Aust equities portfolio (Beta 1)
2. Based on \$1m Aust equities portfolio with 20% allocation to Gyrostat

Period	Value of Beta 1 portfolio at end of period	Value at end of period of same portfolio but with 20% allocation to Gyrostat	Difference
<b>Apr - Jun 2022</b>	\$881,000	\$922,200	+ \$41,200
<b>Jan - Mar 2020</b>	\$769,000	\$833,640	+ \$64,640
<b>Oct - Dec 2018</b>	\$917,600	\$942,440	+ \$24,840
<b>Jul - Sep 2015</b>	\$934,200	\$946,840	+ \$12,640
<b>Jul - Sep 2011</b>	\$918,300	\$937,220	+ \$18,920

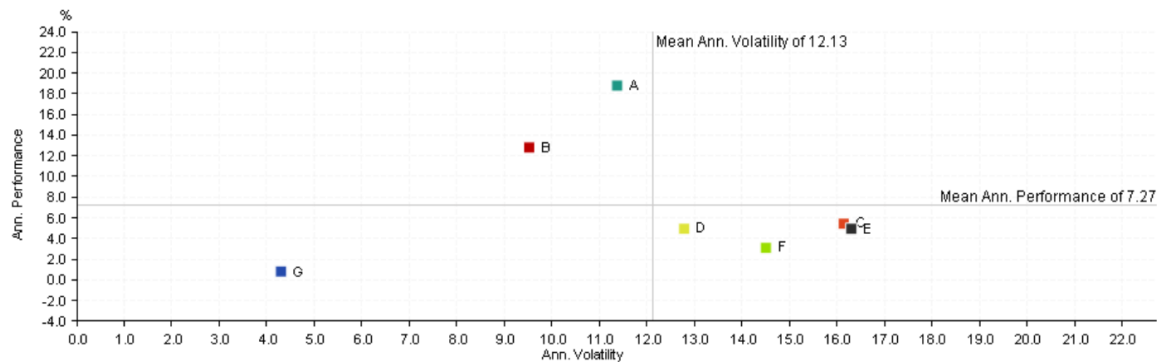
# Gyrostat Risk Managed Equity Fund

## How does Gyrostat compare - 2 years

Static Scatter Chart



FE Analytics



31/12/2021 - 31/12/2023 ©FE fundinfo 2024

Key	Name	Annualised Performance	Annualised Volatility
A	Gyrostat - Leveraged Absolute Return Income Equity Class B ATR in AU	18.81	11.37
B	Gyrostat - Absolute Return Income Equity Class A TR in AU	12.80	9.52
C	S&P ASX 200 TR in AU	5.45	16.14
D	AMI Equity - Australia Equity Income TR in AU	4.95	12.78
E	S&P ASX 300 TR in AU	4.95	16.30
F	AMI Equity - Australia TR in AU	3.10	14.50
G	AMI Absolute Return TR in AU	0.84	4.30



# Gyrostat Risk Managed Equity Fund

## Gyrostat team

The Gyrostat team has extensive experience domestically and globally, as investors, as non-executive directors, and as senior management in funds management, private equity, industry, investment banking, financial services law and equity research.

The organisation has been very stable:

- Craig Racine and Leo Tang from inception – December 2010
- Peter Clifton and Andrew Smith from 2014
- David Barwise from 2018
- Peter Keating from 2021

Background:

Craig Racine: Investment, business development  
Leo Tang: Investment, systems, IT  
Peter Keating: Investment operations, finance  
Peter Clifton: Governance, strategy  
Andrew Smith: Compliance, strategy  
David Barwise: Legal, compliance

Distribution: Wayfarer Investment Partners - please contact Michael Baker or James Duck on 0439 276 484.

# Gyrostat Risk Managed Equity Fund

## In conclusion

- Risk managed fund with capital always protected to a 3% quarterly risk tolerance, regular income, returns in rising and falling markets including in a market crash.
  - Class A: 2 year returns to 31 December 2023: + 12.76% with maximum quarterly loss of -1.26%  
12 year record no quarterly losses greater than 3%
  - Class B: 2 year returns to 31 December 2023: + 18.77% with maximum quarterly loss of -0.79%
- Designed for retirees to address sequencing risks

The Fund is offered to wholesale clients under Product Disclosure Statement dated 20 October 2022.

The responsible entity for the Gyrostat Risk Managed Equity Fund (ARSN 651 853 799) (**Fund**) is One Managed Investment Funds Limited ACN 117 400 987 AFSL 297042 (**OMIFL**). The investment manager for the Fund is Gyrostat Capital Management Advisers Pty Ltd (ACN 168 737 246), a duly authorised representative of Gyrostat Capital Management Pty Ltd (ACN 138 219 002) (**GCM**).

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