GYROSTAT
CAPITAL MANAGEMENT

Gyrostat Capital Management Pty Ltd
ACN 138 219 002
AFSL 452 917

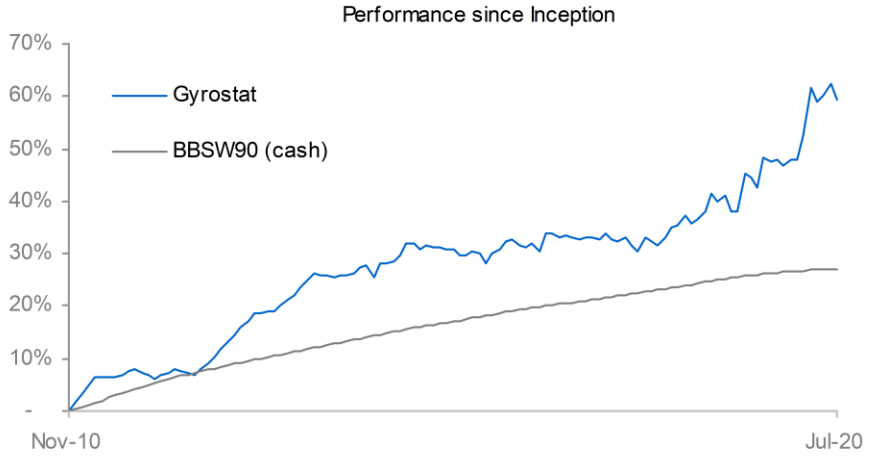
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Gyrostat Absolute Return Income Equity Fund

Highly defensive fund to reduce portfolio risks, increase income and returns – volatility is our friend

Manage uncertainty through portfolio construction

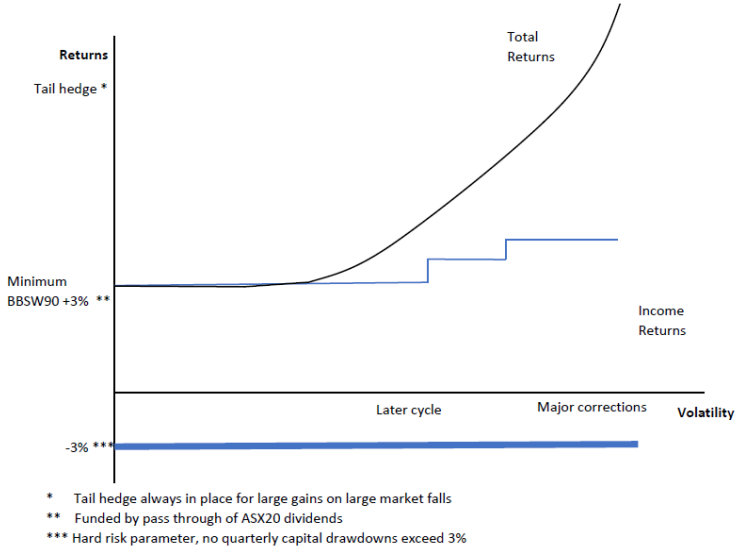
- **Reduce risks**: Track record returns increase on market falls (non correlated defensive asset for sequencing risk)
- **Increase income:** From dividend pass through and profits from risk management overlay
- **Increase returns**: Volatile markets both down and up



ASX20 and international equities with lowest cost 'hard' protection always in place

GYROSTAT
RISK MANAGED EQUITY FUNDS

Highly defensive fund to reduce portfolio risks, increase income and returns – volatility is our friend



- Australian Government Retirement Income Reviews - how to generate sufficient income without taking on the risk of large losses
- Gyrostat meets all criteria: regular income, capital protection, no lock in periods for investors, transparent pricing, strong counterparty, invest in growth assets for capital gains.

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“Equity income – absolute return” top 10 max drawdown and performance

LONG TERM STATISTICS REPORT

Selection Criteria was:

Show: 10 rows per page

Years: 1,2,3

General Details					Years: 1,2,3								
Fund Name	Fund Inception Date	Strategy	Asset Class	Latest Return Date	Ret (1y)	Std Dev% (1y)	Max Down (1y)	Ret (2y)	Std Dev% (2y)	Max Down (2y)	Ret (3y)	Std Dev% (3y)	Max Down (3y)
RBA Cash Rate Benchmark				August 2020	0.54	0.08	0.00	0.97	0.14	0.00	1.14	0.13	0.00
Gyrostat Absolute Return Income Equity Fund	Dec 2010	Equity Income	Multi Asset	July 2020	15.62	7.18	-1.70	10.44	7.07	-2.58	7.52	6.21	-2.58
Blackrock Australian Equity Market Neutral Fund	Aug 2001	Equity Market Neutral	Equity	July 2020	3.02	5.20	-2.34	5.53	5.13	-4.19	4.23	5.16	-5.43
Ironbark Karara Market Neutral Fund	Aug 2016	Equity Market Neutral	Equity	July 2020	12.95	6.29	-4.45	7.06	5.48	-4.45	7.27	4.65	-4.45
Watermark Market Neutral Trust	Aug 2012	Equity Market Neutral	Equity	July 2020	-0.62	4.70	-4.89	-4.06	4.91	-8.88	-1.62	4.60	-10.10
Firetrail Absolute Return Fund	Mar 2018	Equity Market Neutral	Equity	July 2020	17.79	16.78	-9.55	3.08	14.15	-11.03	-	-	-
Marcus Today Equity Income SMA	Dec 2016	Equity Income	Equity	July 2020	-8.39	15.79	-16.60	-1.41	13.49	-17.74	0.51	11.63	-17.74
Colonial First State Wholesale Equity Income	Mar 2008	Equity Buy Write	Equity	July 2020	-6.33	21.07	-21.77	1.70	16.38	-21.77	6.04	14.03	-21.77
Lincoln Wholesale Australian Income Fund	Apr 2012	Equity Income	Multi Asset	July 2020	-6.42	20.95	-22.29	4.47	16.50	-22.29	8.33	14.14	-22.29
Lincoln Retail Australian Income Fund	Apr 2012	Equity Income	Multi Asset	July 2020	-7.17	20.94	-22.40	3.64	16.49	-22.40	7.48	14.14	-22.40
Harvest Lane Asset Management Absolute Return Fund	Jul 2013	Equity Market Neutral	Equity	July 2020	-15.12	21.75	-22.97	-5.49	16.07	-22.97	1.20	14.28	-22.97

Source: Australian Fund Monitors

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Suitable investors

- Pre and post retirees: conservative 'highly defensive' absolute return asset allocation
- Lower and moderate risk 'model' portfolios – wholesale asset consultants and dealer groups
- Wholesale platform availability: Netwealth, Powerwrap, Mason Stevens, Hub 24, Macquarie Wrap
- Accounting practices with own AFSL - private label
- Managed Discretionary Account advisers: through our MDA partner
- Philanthropic investors: cash rebates directly to your designated charity
- SMSF: online investment via Olivia123 without the need for any forms in most cases

Manage uncertainty through portfolio construction

As no one can predict the outcomes, you should plan for all eventualities.

The risk of significant losses is elevated in our view:

- Scenario 1: Retest of the March lows –In 19 of 19 times where there has been 15 % falls, the market has always retested the lows.

Market	High 19 Feb 2020	50% decline level	Market 17 August 2020	50% fall peak to trough scenario	March 23, 2020 lows	Re-test falls
SP500	3386	1693	3381	-50%	2237	-34%
Nasdaq	9817	4808	11129 *	-57%	6860	-38%
ASX200	7163	3581	6077	-41%	4546	-25%
Hang Seng	29056 *20 Jan	14528	25347	-42%	21696	-14%

* Nasdaq has exceeded 19 February 2020 previous high

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Manage uncertainty through portfolio construction

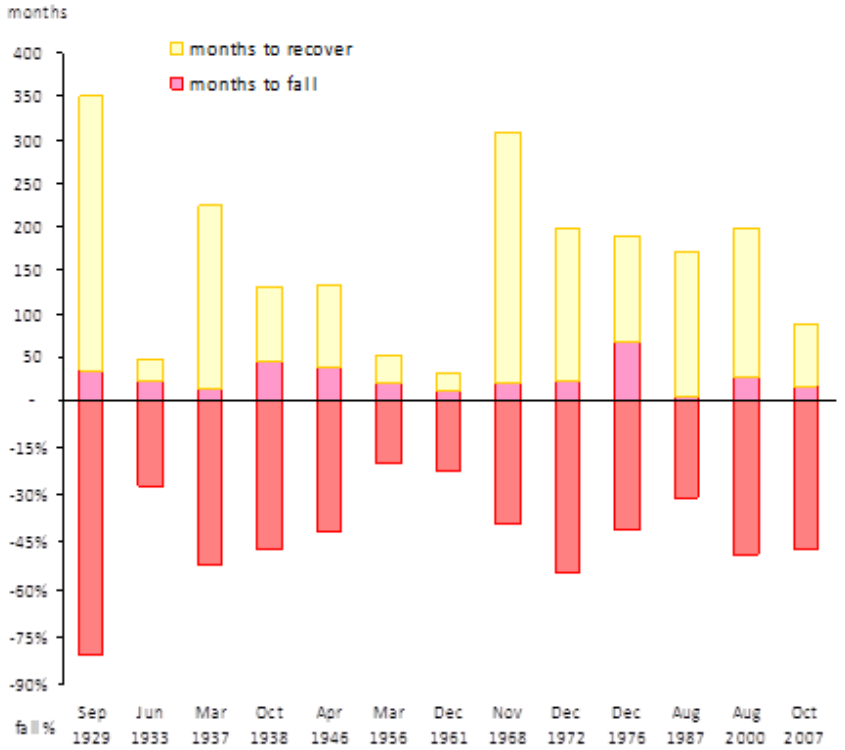
Scenario 2: Larger 40-50 % 'late cycle' falls. Major corrections are a regular and hazardous feature of the investment cycle.

The graph shows the extent of falls from peak to trough, the duration of the fall, and time taken to recover to pre fall highs.

Most corrections occur within 8 years, now at year 13, longest on record is 13 years

S&P 500 Index - 90 Year Historical Chart: Peak to trough falls > 20%, duration of falls, time to recover to pre fall levels

Source: http://www.macrotrends.net/2324/sp-500-historical-chart-data



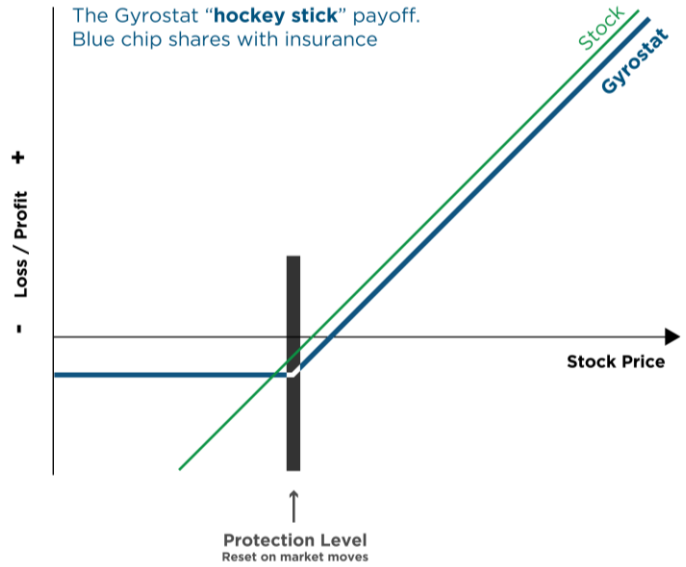
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Protection always in place with upside

Buy and hold blue chip shares with protection on the Australian Stock Exchange (and international exchanges).

Set amount of protection - to always participate in the upside with minimal capital at risk.

Reset the protection level on market moves for risk-return profile to match stock view - if the share price rises, increase protection level, on falls reduce protection level.



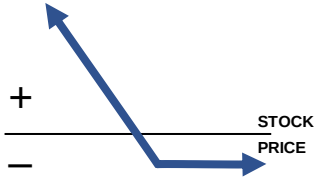
Our maximum quarterly NAV drawdown is 2.2% since our inception in December 2010

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How we make money – diversified non correlated assets

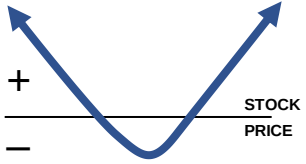
Stocks are ranked based on fundamental and technical analysis

Stock risk-return profile is re-set to match view



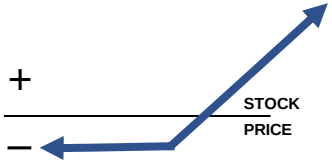
Large falls

- Options extra protection sold
- 'Conviction' short at a defined cost with large upside



Range bound

- Option trading from re-setting protection levels
- Buy options 'low' and 'sell' high



Rising trend

- Stock price gains
- Re-set protection level high to 'lock in' gains

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Gyrostat Absolute Return Income Equity Fund

Retiree equity income, risk managed, to protect and grow capital (including sequencing risk large market falls)

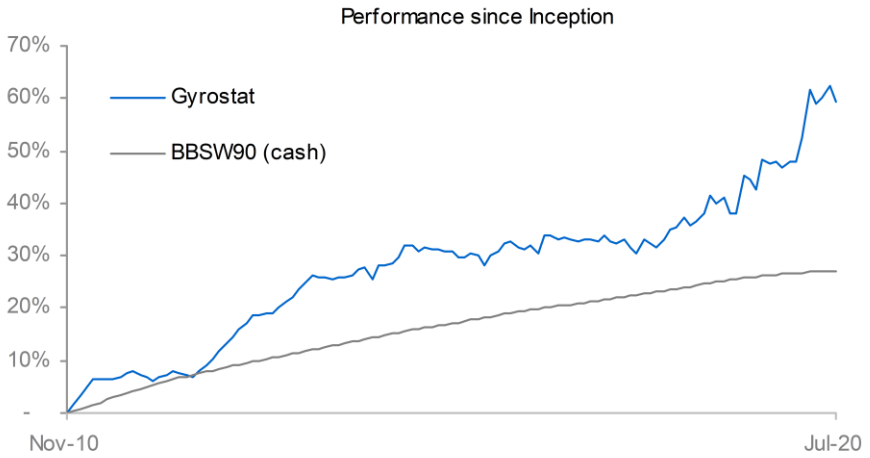
Buy and hold ASX20 and international assets with lowest cost 'hard' protection **always** in place with upside; No more than 15% may be invested in international assets

Investment objectives:

•**Returns**: 6% - 8% pa in trending markets, greater than 8% pa in volatile markets, BBSW + 3% in stable markets

•**Income:** Minimum BBSW 90 + 3% (FY20 5.8 pa) from pass through of dividends paid quarterly

•**Protection:** 39 consecutive quarters operated within 'hard' pre-defined risk parameter with no quarterly NAV losses exceed 3%; maximum capital draw-down – 2.2%



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RISK MANAGED EQUITY FUNDS

Key Personnel

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

Craig Racine- *Managing Director, Chief Investment Officer*

BCom, LLB, MAppFin, PGDip (Int Fin)

Craig Racine has over 25 years experience, at senior executive and directors' roles, within finance and business development. He has been an investor for the past 12 years, and is the founder of Gyrostat Capital Management. Previously his senior management experience includes Executive Director at The Asian Infrastructure Trust (Hong Kong) with lead investors International Finance Corporation, Asian Development Bank, Soros Funds Management, Frank Russell Investments, and AMP Capital. He was a Managing Director at ING Barings (Asia). He has extensive domestic and international experience, having held senior executive positions in private equity, investment banking, equity research and industry. He began his career in the chartered accounting industry. He has held Board positions in multi-national companies in China, India, Indonesia, The Philippines, Pakistan, and globally.

Peter Clifton BE, MBA, MIEAust, MAICD-

Chairman, Board of Directors

Peter Clifton has over 30 years experience, both within Australia and internationally, at senior executive and director roles, primarily in the information technology and telecommunications field. He has advised a wide range of companies including Leightons, KPMG, the Asian Infrastructure Trust (Hong Kong), ING Barings (Hong Kong) and the Victorian Government. He has helped establish a number of start-up companies and was on the Board of the ASX 300 listed company Amcom Telecommunications 1999 - 2015. Previously he has held Board positions in companies in India, Sri Lanka, the Philippines, Saudi Arabia and Poland.

Andrew Smith • B.Ec.

Director and Chairman Compliance Committee

Andrew's business career has focussed on finance and the financial markets in the Asia Pacific and the United Kingdom. Utilising the experience gained in his working career, he now holds a number of non-executive and consulting positions. Andrew is also Chairman of Eagle Health Holdings Ltd; Chairman of Aobo Environmental Technology Ltd, Responsible Manager and Chairman of the Project Control Group of Goal Property Group Pty Ltd; and Responsible Manager of Dennis AFSL Pty Ltd.

He was formerly the Managing Director and Chief Executive of the Stockbroking and Corporate Finance group Intersuisse Ltd (now Phillip Capital) between 2000 to 2010. Prior to that, Andrew was Chairman of the Sedgwick Group in the Asia Pacific between 1995 to 2000 and a member of the Group Executive Committee in London. Andrew was also Chairman of XPD Soccer Gear Group Ltd (ASX: XPD) and on the Boards of Elk OrthoBiologics Ltd, Zheng He Global Capital Ltd and on the Board of Advice of Aon Risk Services.

David Barwise • LLB, LLM

Director

David Barwise has over 20 years legal, regulatory and compliance experience within the legal industry in Australia, Europe and Asia (with a focus on managed funds, structured finance, capital markets, banking, asset management and trust and agency services). He was a partner in a leading global law firm for 15 years, a member of its European management board, held a variety of product, client and regional management positions and acted as the relationship partner for a number of global investment and regional banks. He has worked in Australia, London and Singapore. He also holds a variety of post graduate qualifications in law, business, accounting, finance and corporate governance.

Leo Tang, BEng, MSc

Senior Investment Officer

Leo Tang has extensive experience within investment banking, private equity and industry. Previously, he worked as regional analyst in equity research with ING Barings Securities Asia, and in the investment deal team with Asian Infrastructure Fund Advisers, as well as strategic planning specialist with Motorola Asia Pacific.

He is skilled in business analysis, financial modelling, and operational management.

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