

Why Gyrostat? Increasing income and returns from your 'highly defensive' assets.

The unexpected happens. Gyrostat is a highly defensive non correlated asset to fortify your portfolio in an uncertain world

Generate higher income from your 'highly defensive' assets.

10-year Australian Government Bond Yield



10 year bond rates are at historical lows, and expected to stay low for the next decade.

<https://www.bloomberg.com/markets/rates-bonds>

The Australian Government 30 year bond is priced at 1.775% (May 11, 2020).

<http://www.worldgovernmentbonds.com/country/australia/>

Increasing income and returns from your 'highly defensive' assets.

<http://www.gyrostat.com.au/news/gyrations/>

Avoid regret – hold non correlated assets in your portfolio

SP500 index: 90 year historic chart. Peak to trough falls > 20, duration of falls, time to recover



Major Corrections are a regular and hazardous feature of the market cycle. Predicting the future in an uncertain world can threaten your future when predictions are wrong

An approach that has been well recognised to work for all market conditions is to construct a portfolio with diversified non-correlated assets

The graph shows the extent of falls from peak to trough, the duration of the fall, and time taken to recover to pre fall. Most corrections occur within 8 years, now at year 13, longest on record is 13 years.

There are 8 instances of market corrections exceeding 40% within a 6-12 month timeframe.

Base rate: Stock market will re-test previous falls

Market	High 19 Feb 2020	50% decline level	Market 11 May	50% fall peak to trough scenario	March 23, 2020 lows	Re-test falls
SP500	3386	1693	2929	-42%	2237	- 24%
Nasdaq	9817	4808	9121	-47%	6860	- 24%
ASX200	7163	3581	5461	-34%	4546	- 17%
Hang Seng	29056 *20 Jan	14528	24602	-41%	21696	- 12%

How to deal with uncertainty? Base rate

In a world of such uncertainty, Kahneman and Tversky suggest that you start with a 'base' rate.

The base rate is that stock markets will re-test previous falls.
"... in 19 of 19 post-war instances of a 15% uninterrupted decline (excluding the current one), the stock market ended up re-testing the waterfall low in some fashion. Basically, markets tend to rally after "waterfall" declines. Until recently, test case #20 (Q4 2018) was the outlier. That low has now been re-tested."

<http://www.gyrostat.com.au/news/feature-article-portfolio-structure-and-uncertainty/>