GYROSTAT
RISK MANAGED EQUITY FUNDS

Risk-managed investing

Protection always: A structured path from accumulation to retirement

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OVERVIEW

Retirees and risk-conscious investors don't just want returns—they want financial peace of mind in all market conditions. We insure our homes, our cars, our health… yet many investment portfolios still leave retirement capital dangerously exposed.

The traditional accumulation portfolio is not built for retirement. It assumes continued contributions, tolerates high volatility, and depends on time to heal losses. But retirees can't dollar-cost average their way out of a drawdown. One bad year—especially early in retirement—can irreparably damage outcomes.

Investors face SMILE risks at precisely the wrong time.

Sequencing risk when drawing income during a market downturn.

Market risk from elevated valuations or geopolitical shocks.

Inflation risk eroding real purchasing power.

Longevity risk requiring portfolios to stretch decades.

Emotional risk causing panic exits and missed rebounds.

These aren't hypotheticals. They're real risks with real consequences—and doing nothing is its own decision.

Gyrostat's solution is simple but powerful: structure beats prediction by incorporating investments that generate absolute returns through all stages of the investment cycle, which increase with volatility (when long only funds perform poorly).

We replace a component of a passive, beta-heavy portfolio with lower-risk, non-correlated strategies—designed to deliver smoother returns, reliable income, and downside protection across all market conditions. This truly diversifies the portfolio for a wider range of market outcomes.

The result:

- ✔ Financial peace of mind in all market conditions
- ✔ Better investor behaviour
- ✔ More resilient outcomes when it matters most

Three core investment advantages for all market conditions

1. Defined downside risk limits

Our portfolio construction process is deliberately engineered with risk at its foundation — not as an afterthought. Across 14 years of live market conditions, our strategy has never recorded a quarterly loss exceeding 3%. This is not a coincidence. Rather, it reflects a disciplined, rules-based architecture that embeds downside protection at the structural level. In environments where loss containment is paramount — including during regime shifts or dislocations — this predictability supports investor confidence and client retention.

2. Positive returns in periods of market stress

Where most strategies aim to mitigate loss during sell-offs, Gyrostat investment classes are calibrated to positively respond in those moments. Historically, our flagship Class A fund has delivered gains during some of the sharpest market declines, acting as a true diversifier — not just by correlation math, but in actual portfolio behaviour. This offers genuine protection when it's needed most, rather than the illusory diversification often observed in multi-asset blends under stress.

3. Smoother returns and income in volatile conditions

Returns and income delivery are often a casualty of market volatility — but not here. Our strategy is structurally positioned to harness volatility, not fear it. In fact, periods of heightened volatility have historically coincided with increased returns and income generation at Gyrostat. This offers clients a steadier experience of income, even as traditional sources may falter. For advisers and portfolio constructors, this contributes to better forward planning and a more robust client value proposition.

Designed for retirement outcomes, not just accumulation

Purpose-built for retirement portfolios

Retirement investing demands a different architecture. Volatility, sequencing, and inflation risks are amplified when investors begin drawing down capital. Gyrostat's strategies transform an accumulation phase portfolio by blending in our absolute return income equity funds (ie, replace a portion of long only beta 1 strategy with a Gyrostat relevant class). This includes protecting against sharp drawdowns at the wrong time, while still delivering income resilience.

Diversification by scenario, not just sector

Traditional diversification assumes that holding different asset classes or sectors will mitigate risk. But in stress periods, correlations can rise, and that assumption often fails. Gyrostat's approach is to diversify by market scenario — across regimes of major falls, volatility up and down, stable markets, and rising markets. This enables portfolios to maintain a higher level of diversity throughout the cycle, replacing long-only beta with strategies that are structurally responsive, not just statistically diversified.

Addresses the full SMILE risk set

Effective retirement strategies must manage more than market volatility — they must address the behavioural, structural, and longevity-related risks that derail outcomes. Our approach considers the full SMILE risk framework.

By designing around these core fragilities, we reduce the likelihood of forced decisions at inopportune times and support both adviser and client confidence through inevitable market changes.

Protection always: A structured approach for accumulation to retirement

Why do so many investors insure their homes, health, and cars—but not their retirement portfolios?

The answer lies not in caution, but in cognition. Investment risk is often misclassified as a reward opportunity, rather than a threat to lifestyle sustainability. This eBook begins by challenging that cognitive misstep.

In this report, we examine why volatility $\neq$ risk, how defensive alpha is possible with absolute return income equity funds, and why sequencing–the order of returns–matters more than the average. We explore the pitfalls of Gaussian thinking and prediction-overconfidence. We unpack the performance evidence that supports risk-managed design. Most importantly, we build a modern investment compass; one that respects uncertainty, absorbs regime shifts, and still delivers financial peace of mind.

Whether you're a retirement adviser, asset consultant, or fiduciary steward for long-term capital, this book provides a path forward: structured, resilient, and quietly confident. Risk-managed investing provides a structured path from accumulation to retirement.

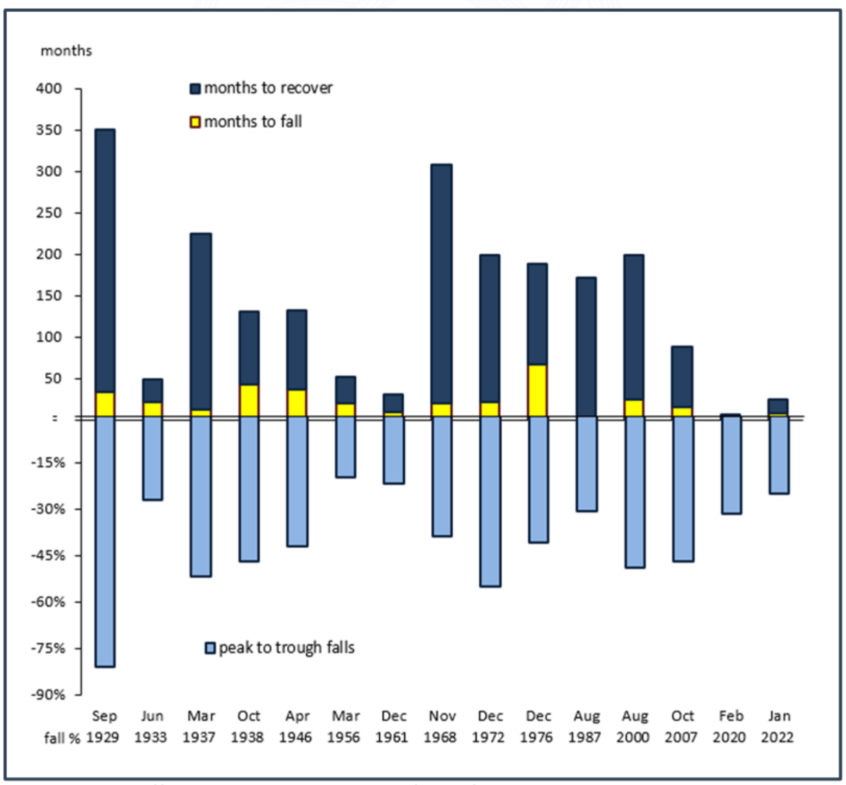
The theory trap

Why traditional models don't protect real capital

Portfolio theory gave us many elegant frameworks—mean-variance optimisation, Capital Asset Pricing Model, Value at Risk. But as beautiful as these ideas are on paper, they falter in practice. They rest on assumptions that markets are normally distributed, independent, and self-correcting. As Benoit Mandelbrot and Daniel Kahneman remind us, that simply isn't how markets behave.

Markets don't behave this way all the time. It is the regular occurrence of downside stock price movements out of range that exposes retiree investors to sequencing risk.

Volatility isn't just random - it clusters. Crashes aren't anomalies - they're features. Risk isn't smooth - it gaps. And despite decades of quantitative refinement, many models still assume calm, bell-shaped worlds where 5-sigma events should "never" happen - except they do, over and over again.



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

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

The graph shows the extent of falls from peak to trough S&P 500, the duration of the fall, and time taken to recover to pre fall highs.

“Markets are far more violent than the Gaussian model assumes. Crashes are not outliers—they are part of the system.”

Benoit Mandelbrot, The (Mis)Behavior of Markets

“The illusion that we understand the past fosters overconfidence in our ability to predict the future.”

Daniel Kahneman, Thinking, Fast and Slow

We reject the idea that risk can be fully captured by a single number, like standard deviation or beta.

Instead, we build strategies around uncertainty itself: integrating protection, recognising tail risk as a constant, and dynamically adapting as market conditions evolve. We don’t forecast volatility. We plan for all market outcomes and provide guidance on our performance in each phase of the market.

At Gyrostat, we don’t ignore theory—we design beyond it.

Period	ASX Accumulation Return	Gyrostat Class A Return
Apr - Jun 2022	-11.90%	+8.70%
Jan - Mar 2020	-23.10%	+9.22%
Oct - Dec 2018	-8.24%	+4.18%
Jul - Sep 2015	-6.58%	-0.26%
Jul - Sep 2011	-8.17%	+1.29%

Gyrostat Class A performance compared with worst 5 quarters from the ASX accumulation index (since Fund inception December 2010).

Market reality: Four regimes

Markets don't move in smooth, linear patterns. They cycle through regimes:

- Falling market (inc. large market falls)
- Volatile market
- Stable market
- Rising market (trending growth)

We design for each and guide our performance in advance depending upon how the market behaves – all incorporated into our integrated solution. This gives great confidence in portfolio construction as a bedrock for retiree portfolios. Not by predicting, but by having a two dimensional payoff in place, stock is always protected. We are specifically designed to benefit from volatility rather than fearing it – true diversification for all market scenarios.

Diversification strategy effectiveness under different market regimes

Strategy	Key Attributes	Falling Market (Inc. Large Market Falls)	Volatile Market	Stable Market	Rising Market
Diversify risk – Conservative/Growth Mix	Relies on correlation spread across asset classes	Unfavorable – Correlation often rises in crisis	Unfavorable – Capital losses	Favorable	Favorable
Occasional Protection via Predictions	Requires accurate timing to be effective	Unfavorable – Exposed if wrong	Unpredictable – Gains/Losses	Favorable	Favorable (May be Capped)
Protection Always in Place – Absolute Return (Gyrostat)	Non-correlated beta with embedded put protection; thrives on volatility	Very favorable (Class A), favorable (Class B)	Favorable (Class A), very favorable (Class B)	Less Favorable (Lower Return)	Favorable (Mitigated Upside)

The false promise of forecasting

Today's AI and quant systems enhance pattern recognition. But more prediction is not more protection.

We don't aim to guess what happens next. We build portfolios that hold up no matter what happens next.

Why traditional accumulation models fail in real portfolios

The illusion of predictive control:

AI and machine learning are increasingly promoted as tools to anticipate the future. And yes, they enhance our ability to detect signals, patterns, and subtle correlations. But prediction is not protection.

History is littered with examples where predictive confidence bred ruin.

Gyrostat's approach isn't to forecast what will happen next. It is to design strategies that hold up regardless of what happens next.

Rethinking diversification: Beyond blending managers

Many portfolios today are assembled through manager blends - layering strategies across growth, value, and alternatives in pursuit of balance. But for risk-sensitive investors, especially those nearing or in retirement, this surface-level diversification often falls short.

The issue lies in a fundamental misreading of risk.

Diversification only works if returns are uncorrelated

Holding multiple assets or managers offers little true protection if they behave similarly under stress. Correlation, not category, defines diversification.

When equity markets fall, so too can bonds, REITs, and alternatives—especially during regime shifts or liquidity crunches.

Superficial variety may create the illusion of diversification, while leaving portfolios exposed at precisely the wrong time.

From theory to resilience

Risk-managed investing doesn't reject theory—it goes further. It asks:

> What happens when the assumptions break?
>
> Can your portfolio absorb a 20%-30% drawdown and still function?

We believe the answer lies in structure, not conviction. That's the shift this eBook makes—from elegant equations to robust outcomes. It provides a structured pathway from accumulation to retirement portfolio construction.

Gyrostat's distinctive contribution: True non-correlation

Gyrostat's strategies are engineered to behave differently when markets break. Our performance is non-correlated to the ASX200 and other traditional risk assets—not just in theory, but in actual portfolio behaviour.

By embedding structural protection and volatility-responsive overlays, we:

Expand the sources of return across different market regimes

Reduce the fragility of blended portfolios

Offer genuine diversification value to advisers seeking resilience for their clients

Conclusion: Real diversification isn't about more names. It's about different behaviours.

Gyrostat provides that behavioural difference - designed, measured, and repeatable.

Defensive, liquidity, income

For lower risk investors, including retirees, achieving the trifecta of liquidity, defensive characteristics, and reliable income remains a central challenge in portfolio construction. While traditional asset classes often deliver one or two of these qualities, few consistently meet all three through the market cycle.

In response to this structural gap, a new generation of investment solutions - absolute return income equity funds with dynamic risk overlays – are emerging. These strategies, such as the Gyrostat Risk Managed Equity Fund, are explicitly designed to deliver on all three priorities in a single, integrated structure.

A next-generation approach: Absolute return income equity funds.

Funds such as the Gyrostat Risk Managed Equity Fund represent a structural evolution. They combine listed-equity exposure with permanent, dynamically managed protective overlays, generating income while aiming to preserve capital across all market conditions.

Defensive Portfolio Objectives

Liquidity
Investments that provide ready funds to meet unexpected expenditures

Income
Investments that generate regular cash flow

Defensive
Investments that hold or increase in value during market downturns

Key Feature: **Strategy implementation with built-in protection**

At the heart of every Gyrostat unit class lies a simple design principle: equity exposure with permanent downside protection. Whether through active stock selection or passive index alignment, each class is structured to deliver equity participation while embedding cost-efficient risk control.

Equity exposure with always-on defence

Each unit class maintains exposure to equities—either via ASX20 constituents or index-based allocations. Every position is continuously hedged using dynamic overlay strategies to limit losses, regardless of market direction.

Proprietary, adaptive hedging system

Gyrostat’s internal systems optimise protection cost relative to market conditions. The hedge engine calibrates in real time to reduce drag during calm periods and expand defence in volatility spikes—preserving capital without surrendering returns.

PART I: REFRAMING RISK

The sequence trap

When it comes to retirement, average return isn't the measure that matters most. It's the order of returns -the sequence - that can determine whether a retirement plan succeeds or fails.

SMILE Framework

SMILE framework tackles Sequencing, Market, Inflation, Longevity and Emotion risks.

Gyrostat Class A holds more protection than stock exposure, enabling it to appreciate during major sell-offs.

This is the core of sequencing risk. Two investors can receive the same long-term average return, but if one experiences losses early in retirement, the outcome can be devastating. Early withdrawals during a drawdown amplify losses, deplete capital, and reduce compounding potential.

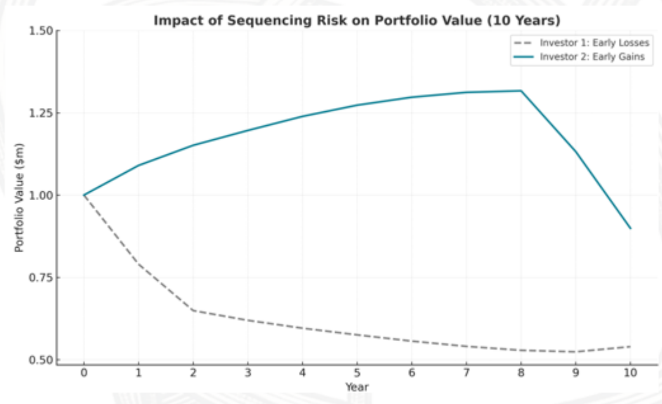
Consider two identical portfolios, each with average annual returns of 6.0% and starting balances of $1 million, from which $60,000 is withdrawn annually.

Although both earn a 6% average return over a decade, Investor 1 experiences negative returns in the first two years, while Investor 2 encounters them at the end. The results are stark: Investor A finishes with approximately $539,000, while Investor B ends with nearly $899,000. Same average return, vastly different outcomes over $360,000.

This difference isn't theoretical. It's structural. And it strikes precisely when retirees are most vulnerable: the beginning of their drawdown phase, when recovery time is limited and emotional responses are heightened.

The impact: The Hidden Risk of Return Sequence

Assumptions
·**Starting Balance:** $1,000,000
·**Annual Withdrawals:** $60,000 (beginning of each year)
·**Return Profile:** Same average return (6.0%)
·**Timing:** Returns after withdrawals
Key Insight
Two retirees with identical average returns may end up with vastly different outcomes.
·Early losses in retirement **compound negatively** with drawdowns.
·One retiree ends with **~$360,000 less** after 10 years, purely due to return order.



Source: Gyrostat analysis case study

The table illustrates the dramatic differences in account balances during the 10 year retirement study period.

The Hidden Impact of Sequencing Risk

Year	Investor 1 Return	Investor 1 End Balance	Investor 2 Return	Investor 2 End Balance
0	—	$1,000,000	—	$1,000,000
1	-15%	$790,000	15%	$1,090,000
2	-10%	$649,000	12%	$1,151,200
3	5%	$619,450	10%	$1,196,320
4	6%	$595,617	9%	$1,238,989
5	7%	$575,310	8%	$1,273,108
6	8%	$556,335	7%	$1,297,225
7	9%	$540,405	6%	$1,312,058
8	10%	$528,446	5%	$1,316,661
9	12%	$523,869	-10%	$1,131,995
10	15%	$539,449	-15%	$899,196

For retirees, the accumulation-phase approach of dollar-cost averaging is no longer available. This absence of ongoing contributions amplifies the impact of early losses and heightens the risk of permanent capital depletion.

Markets don't deliver returns in straight lines. They move in regimes—bullish, volatile, sideways, or crashing. Assuming average conditions can leave portfolios exposed. That's why Gyrostat designs for sequencing protection.

Our always-on overlay layer is calibrated to gain value in stress periods. It monetises volatility when it spikes, and provides downside control during regime shifts. This means clients aren't relying on luck or timing—protection is already built in.

Some advisers advocate 'stay the course' thinking, but that advice can backfire when early losses coincide with withdrawals. Doing nothing becomes its own form of risk.

The smarter approach is structural readiness—not prediction, not overreaction. Gyrostat portfolios are pre-structured to withstand adverse sequences, to recover faster, and to preserve retirement dignity through stormy markets.

In retirement investing, being right about market direction is less important than being prepared for any direction. That's how we help investors navigate the sequence trap—and come out ahead.

Risk Budgeting

Traditional portfolio construction often treats risk as a fixed input—allocating to growth assets based on historical volatility tolerance, and then hoping the averages play out. But in the real world, investors don't face averages. They face regimes: sharp drawdowns, prolonged stagnation, volatility clusters. And retirees, in particular, cannot afford to wait out downturns.

At Gyrostat, we believe risk must be budgeted for with one question in mind: What happens when the averages fail?

Our modern approach to risk budgeting structures portfolios across three functional layers:

1. Core growth exposure: High-quality equities provide long-term participation and dividend income. This is the engine for capital growth.
2. Permanent protective overlay: Around 5% of capital is allocated to a dynamic, always-on options strategy. It adjusts continuously to respond to changing risk regimes—not to forecast them, but to guard against them.

3. Income and volatility monetisation: Tactical call-writing and dividend harvesting deliver steady income, designed to operate even through drawdowns or sideways markets.

This layered structure means defence is embedded within the return engine - not bolted on after the fact. It works quietly in the background, growing in value as volatility rises and adapting when markets turn.

By contrast, many investors rely on a 'cash bucket' for risk management—setting aside 2–3 years of cash flow to weather volatility. But retirement investors can do more. With the remaining allocation of equities they can be blended with absolute return strategies to smooth the investors ride through all stages of the investment cycle. Cash is a partial solution. True protection must be embedded within the portfolio core.

When stress hits, Gyrostat portfolios don't wait for permission to rebalance. The overlay layer automatically adjusts—locking in gains, resetting protection, and recycling risk budget. This creates a self-healing structure, not one dependent on reactive decision-making or market calls.

Risk budgeting is about designing for fragility, not ignoring it. It's about spending risk wisely—not avoiding it, but using it in a way that serves the investor's goals. For retirees, that means sustainable income, capital preservation, and the psychological confidence to stay invested.

The result? Less panic. More durability. And a strategy that works without having to guess what's next.

PART II: THE GYROSTAT APPROACH

The Gyrostat framework

Gyrostat Unit Classes: Overview

Class A & B – Australian Equity Absolute Return Units

These units employ active stock selection within the ASX200 universe, combining high-quality dividend-paying stocks with embedded risk overlays. Designed for clients seeking defensive alpha with tax-aware income delivery.

Class C, D & E – Risk-Managed Index Units

These units provide index-tracking exposure to Australian, Hong Kong, and global equities—paired with Gyrostat's permanent protection structure. Ideal for diversified core allocations where lower tracking error meets built-in downside control.

This structured unit class architecture enables tailored exposure across strategies while maintaining the core design philosophy of non-correlation, embedded defence, and resilience through market cycles.

A disciplined, three-step risk-managed investment process

1. Equity-Led Capital Deployment
   Approximately 95% of capital is allocated directly to equities - both individual securities and index exposures. This equity core is selected with a focus on return potential, sectoral relevance, and thematic conviction. The structure retains full market participation while enabling risk oversight from the outset.

2. Strategic Risk Overlay Implementation
   Around 5% of capital is allocated to a dynamic, rules-based overlay - a key risk management instrument. This overlay is not a static hedge; it is engineered to respond to changing market volatility, directional trends, and asset-specific risk signals. It allows for structural downside control without permanently sacrificing upside participation.

3. Continuous Overlay Rebalancing
   The overlay is actively recalibrated as market conditions evolve. This ensures that protection levels remain proportionate to both market-wide movements and the idiosyncratic behaviour of the underlying positions. The result is a living risk-management layer, responsive rather than reactive.

Gyrostat Risk Managed Equity Fund

How does Gyrostat construct its Portfolio? 'Built for resilience. Powered by risk discipline.'

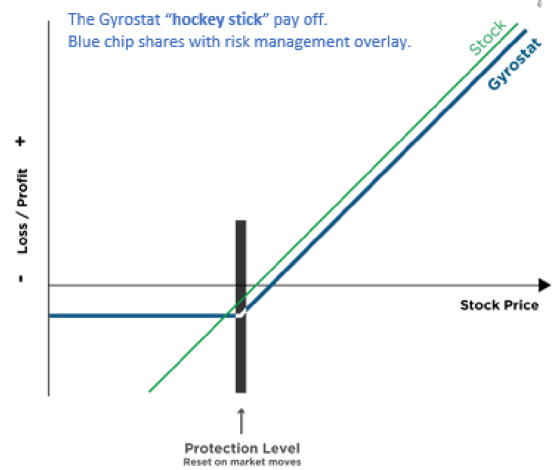
Three-Step Risk-Managed Approach

Buy Stock — ~95% of capital allocated to equities.
Set Overlay — ~5% used for risk management overlay.
Rebalance Dynamically — Overlay is adjusted continuously with market movements.

Focused, Active Portfolio
Portfolio typically holds 8–15 positions, including index exposure.
Overlay and core equity exposures are actively traded to optimise risk-return profile.

Integrated Position Structure
Each "position" = stock exposure + dynamic overlay.
Ensures consistent protection aligned with market and stock-specific changes.to keep the 'risk management' overlay in line with the underlying stock.

https://www.gfmreview.com/markets/protection-as-a-portfolio-constant-1



Redefining alpha for a risk-aware world

Alpha has traditionally been defined as return above benchmark—pure outperformance. But retirement investors wanting financial peace of mind in all market outcomes need an absolute return strategy. A strategy that delivers positive returns in all market cycles and increases with market volatility, thereby fortifying portfolio construction. Alpha can then be assessed against an absolute return benchmark such as a margin about the cash rate, aligning with the needs of lower risk retiree investors.

Michael Porter on competitive strategy focused on delivering products that lower risk investors want, rather than being constrained in an accumulation phase mindset that sees the experience of the roller coaster ups and downs of markets.

Defensive alpha is not a contradiction—it's a requirement. Especially for investors in or near retirement, who must convert capital into reliable lifestyle funding. Gyrostat's strategy isn't about timing the next move. It's about ensuring you're protected no matter what the market throws at you.

That's alpha with armour—and it's what defines our philosophy.

Evidence in practice

Since inception in 2010, Gyrostat's Class A Fund has delivered:

- A 14+ year track record with no quarterly losses >3%
- Gains during the worst quarters for the ASX200
- Annualised returns of 8.45% (Class A), and 11.03% for Class B over the past 3 years.

Performance to 30 June 2025
(growth of $100,000 invested at class inception with distributions reinvested)

Class A

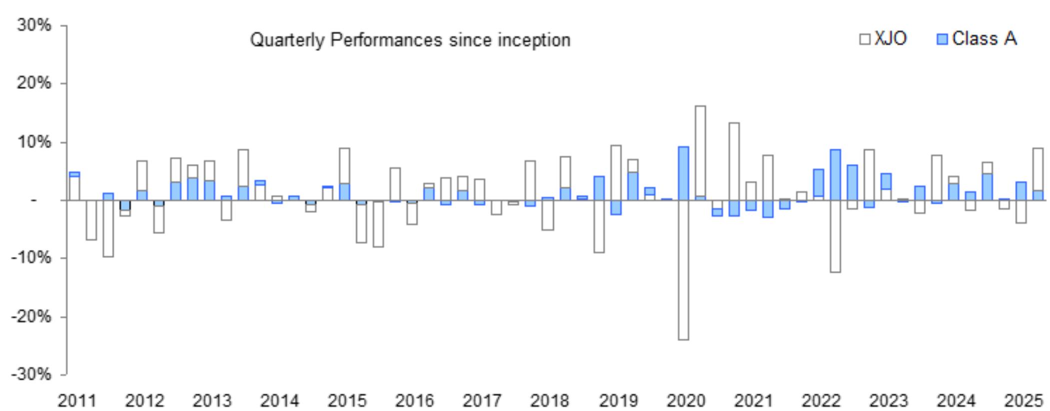
Class B

Source: Gyrostat graph of approved performance

This is not theoretical. It's engineered, repeatable defensive alpha. Designed for investors who cannot afford large drawdowns, and who value consistency as much as growth.

These returns have been consistent throughout all phases of the investment cycle.

Class A quarterly performance since inception – lower risk#, no quarterly losses > 3%, absolute returns##



Case study – Risk-managed investing in action

The best way to understand Gyrostat's value is to see it in practice.

Client Scenario: Retired Couple, Moderate Risk Profile:

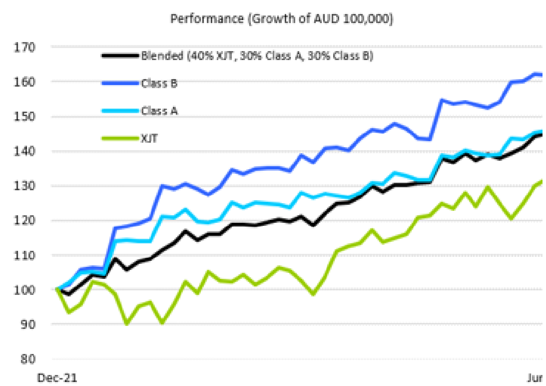
Age: Early 70s
Assets: $1.5 million retirement portfolio
Objective: Sustainable income + downside protection
Concern: Market volatility undermining confidence and spending

In January 2022 the retired couple expressed concern on their lifestyle in the event of major market falls. Their adviser recommended a Gyrostat portfolio to address sequencing risk and income consistency. Here's what happened.

Case study: Portfolio impacts of replacing long only fund with Gyrostat

Australian equities allocation **Jan 2022 - Jun 2025**
Portfolio construction from accumulation to retirement phase for lower risk investors
Scenarios from long only XJT to scenarios with non correlated Gyrostat 'shares always protected'

				Adjusted portfolio allocation scenarios			
XJT	100%	-	-	-	-	-	40%
Class A	-	100%	-	67%	50%	33%	30%
Class B	-	-	100%	33%	50%	67%	30%
Apr - Jun 2022	-11.90%	8.70%	11.05%	9.48%	9.87%	10.27%	1.16%
Aug - Oct 2023	-7.19%	1.66%	1.35%	1.56%	1.51%	1.45%	-1.97%
Feb - Mar 2025	-7.05%	3.53%	4.90%	3.99%	4.22%	4.45%	-0.29%
Return (PA)	8.24%	11.40%	14.75%	12.52%	13.07%	13.63%	11.14%
Volatility σ	13.67%	7.71%	9.20%	8.21%	8.46%	8.71%	10.54%
Beta (XJT)	1.00	-0.11	-0.15	-0.12	-0.13	-0.13	0.32



The market did not experience any significant falls, however there were 3 periods where market losses exceeded 7% (Apr-Jan 2022, Aug-Oct 2023, and Feb-Mar 2025). In all of these cases the Gyrostat Absolute Return Fund classes increased in value.

The retiree couple also generated higher returns than a long only XJT total return, as the Gyrostat approach was able to take advantage of the differences in perceptions of the future, as expressed in the price of risk.

And whilst it wasn't needed during this time, in the event that there was a major market fall, the retirees have the confidence that their portfolio is resilient for this, and the freedom to enjoy their retirement without the fear of adverse consequences from major market falls.

Outcomes:

- No drawdown in worst quarter of the year
- Steady income with low tax impact
- Clients remained invested through turbulent conditions
- Adviser relationship deepened through real-time reassurance

This is what risk-managed investing is built to do—not just protect capital, but support investor behaviour during stress.

In environments where drawdowns break plans and emotions override logic, a resilient structure makes all the difference.

PART III: BEHAVIOUR, STEWARDSHIP & PHILOSOPHY

Peace of mind - the ultimate outcome

Returns matter. But not volatile returns. Most lower-risk, retirement-focused investors want protection always in place with strategies that deliver consistent returns and income.

What clients truly value—especially in retirement—is peace of mind: the confidence that their capital will support their lifestyle, weather market storms, and deliver income without constant worry.

Drawdowns of 20–30% don't just hurt portfolios—they damage confidence. Panic sets in. Investors abandon plans and make poor decisions. For retirees, the psychological toll of volatility can be as costly as the financial one.

That's why Gyrostat designs for emotional resilience, not just statistical success.

Our strategies deliver peace of mind through structure:

- Permanent overlays reduce fear during volatility spikes
- Real-time rebalancing avoids emotional timing errors
- Transparent, daily-priced positions ensure liquidity
- Reliable income reduces pressure to sell in downturns

Peace of mind also comes from clarity. Many investors don't fully understand sequencing risk or the true consequences of early losses. They misclassify equity volatility as opportunity—until it becomes a fragility. Gyrostat reframes that risk and addresses it directly.

Our consistent performance in crises isn't just a return story. It's a reassurance story. During the COVID crash, our portfolios held ground. In 2022's inflation shock and 2025's geopolitical volatility, we posted gains. Clients stayed invested. Advisers stayed calm.

That's the real output of risk-managed investing—not just a smoother line on a chart, but a more stable experience for the humans living behind the numbers.

Confidence is the most valuable asset in retirement. We build portfolios that protect it—so investors can focus on life, not the next headline.

The compass - five anchors for decision-making

Most investment frameworks start with a market view. At Gyrostat, we start with a philosophy.

Rather than predicting the next move, we build portfolios with a compass—anchored by principles that endure through uncertainty. This compass guides how we invest, how we manage risk, and how we help clients stay the course.

Our five anchors for decision-making are:

1. Presence - We don't chase narratives or forecasts. We act based on what markets are doing now—using real-time signals from volatility, skew, and momentum. This ensures that we have the lowest cost protection in place adjusting to market conditions, which in turn generates higher risk adjusted returns.
2. Protection - Risk is budgeted around downside control, not just return targets. Our overlays are always on, calibrated to market conditions.
3. Participation – We remain invested in quality equities, avoiding excessive defensiveness that misses long-term compounding opportunities.
4. Precision - Our decisions are rule-based, data-informed, and behaviorally sound. We act with discipline, not emotion.
5. Peace of mind - Every investment decision is ultimately judged by one outcome: does it stay within our pre-defined hard risk tolerance or class objectives, helping clients stay confident in their plan?

We view investing as stewardship—not just of capital, but of emotion. Most clients don't need predictions. They need a process they can understand and trust.

The compass provides a shared language between adviser and investor. It shifts the conversation from 'What will markets do?' to 'What will we do—regardless of markets?'

In unpredictable conditions, strategy beats tactics. Structure beats reaction. And calm is a product of design. Our compass ensures we stay aligned with purpose—even when the map no longer works.

From philosophy to outcomes

A sound philosophy is only useful if it can be implemented. That's why Gyrostat designs with both investment integrity and real-world operability in mind.

We don't assume perfect conditions. We embrace constraints: tax rules, investors differing market outlooks as reflected in the price of risk, and liquidity needs. These are not burdens—they're the terrain on which real investing happens and alpha generation is possible.

Our strategies are engineered to deliver peace of mind while fitting seamlessly into modern adviser ecosystems. That means:

- Daily liquidity – Clients can access capital when needed
- Franking-aware income – Optimised for after-tax outcomes
- Capital deployment discipline – Every component must earn its keep

We also ensure that complexity is internalised. Clients don't need to understand the mechanics of volatility skew, option rebalancing, or overlay decay. They need clear reporting, consistent results, and portfolios that behave sensibly under pressure.

Our role is to carry the complexity—not to pass it on.

Whether it's a retiree drawing income, a CIO assessing portfolio resilience, or an adviser explaining risk budgeting—Gyrostat provides a structure that works.

Philosophy is our starting point. But practicality is how we earn trust—and deliver on the promise of resilience in action.

Adviser Alignment – Supporting Your Delivery

The adviser-client relationship is built on trust—and nothing erodes trust faster than unexpected drawdowns or inconsistent messaging.

At Gyrostat, our structure is designed not just for investors, but for the professionals who guide them.

We know the real work of advice includes:

- Explaining complex markets in simple terms
- Reducing client anxiety during downturns
- Building confidence in the long-term plan

Our role is to support that work—not complicate it. That's why we design for clarity and consistency. Our portfolios behave sensibly in stress. They generate reliable income. And they reduce the adviser's communication burden when emotions are high.

We equip advisers with:

- Plain-English positioning tools for client meetings
- Risk framing language that avoids jargon but reinforces strength
- Visuals and case studies to help clients understand the why, not just the what
- Consistent performance behaviour that reduces surprises

In an industry where adviser time is stretched thin, predictability matters. A portfolio that's built to hold up during volatility—and explain itself with ease—is a powerful ally.

> You don't need to defend our design. The results do that for you.
>
> And when portfolios perform through stress, client conversations change—from fear and uncertainty to confidence and progress.
>
> That's the alignment we aim for. And that's the support you can expect from Gyrostat.

Summary - Why Gyrostat now

Markets are more complex, clients are more anxious, and the stakes for adviser trust have never been higher.

In this environment, traditional equity portfolios - however well diversified - are no longer enough. Risk is multi-dimensional: volatility, sequencing, emotion, inflation, drawdown. Advisers need more than product. They need structure.

That's what Gyrostat delivers.

- Defined downside limits in every position
- Positive performance in multiple stress periods
- Income delivery without excess credit risk
- Portfolios designed for behaviour as much as return

And we do it using listed assets, daily liquidity, and tax-efficient structuring.

This is not a niche strategy. It is a core solution for clients who cannot afford large drawdowns—financially or emotionally.

For advisers, Gyrostat provides alignment:

- Confidence during volatility
- Simpler conversations around risk
- More resilient portfolios in real life, not just in theory

As asset consultants, CIOs, and planners seek better tools for the post-60 investor, Gyrostat answers the brief.

It protects when needed. participates when possible. and performs when it matters most.

Now is the time for risk-managed investing, absolute return income equity funds to become a key component in the structured path from accumulation to retirement portfolio construction.

And Gyrostat is ready to lead that change—with you.

Disclaimer

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