

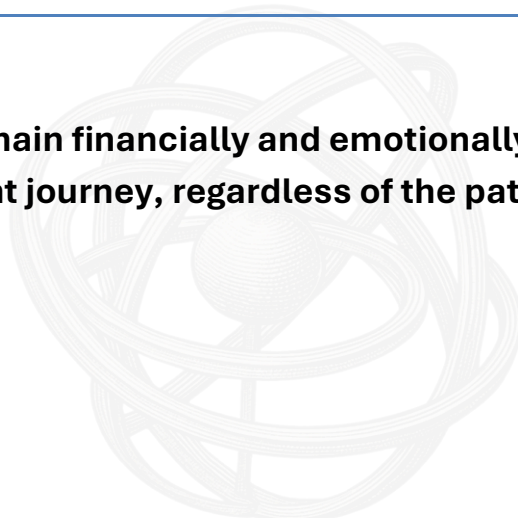
# GYROSTAT

RISK MANAGED EQUITY FUNDS

## Retirement portfolio resilience framework

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**Helping investors remain financially and emotionally invested throughout their retirement journey, regardless of the path markets take**



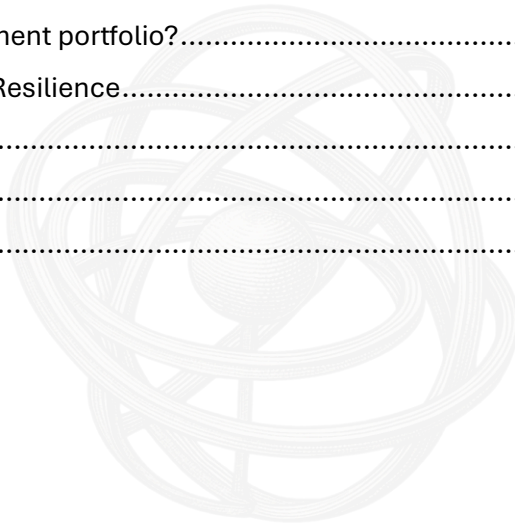
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## Executive summary

Gyrostat specialises in Retirement Portfolio Resilience — helping investors remain financially and emotionally invested throughout their retirement journey, regardless of the path markets take.

Retirement Portfolio Resilience is built around five key considerations:

- Sequencing-risk awareness
- Behavioural survivability
- Risk-pricing discipline
- Retirement portfolio-construction relevance
- Resilience across market environments

The objective is to help investors become less dependent on favourable sequences of returns during their retirement journey while maintaining confidence through uncertainty.

### **Why advisers use Gyrostat**

- Designed to help address sequencing risk and behavioural survivability in retirement portfolios.
- Built around embedded protection and the pricing of risk rather than market prediction.
- Intended to operate as a specialist retirement portfolio resilience allocation within diversified portfolios.








## Retirement portfolio resilience framework


A portfolio-construction framework for helping investors remain financially and emotionally invested throughout their retirement journey, regardless of the path markets take.

### The retirement journey

#### The retirement journey

Different stages of the retirement journey may require different portfolio functions.

	 <b>Wealth accumulation</b> Building wealth over time	 <b>Transition to retirement</b> Preparing for the next stage	 <b>Retirement drawdown</b> Living in retirement
<b>Portfolio functions</b>	Focus on growing your wealth and building your future.	Focus on protecting what you've built and preparing for income needs.	Focus on sustaining income, managing risk and staying invested through all market conditions.
 <b>Growth assets</b> Seek long-term growth	Higher allocation to growth assets to build wealth.	Balance growth and risk as retirement approaches.	Right-sized growth exposure to support income and long-term objectives.
 <b>Defensive assets</b> Seek stability and downside protection	Provide diversification and reduce volatility.	Greater emphasis to protect against market shocks.	Help preserve capital and support income stability.
 <b>Retirement Portfolio Resilience</b> Designed to manage retirement-specific risks	May be introduced to build resilience early.	Increasing focus to manage sequence risk and support behavioural resilience.	Core allocation to help manage sequence risk and support behavioural survivability.
 <b>Lifetime income solutions</b> Provide guaranteed income (optional)	Generally not a focus.	Consider as part of a holistic retirement income strategy.	May provide a reliable income foundation and greater peace of mind.


 Retirement Portfolio Resilience is designed to complement broader portfolio construction by **helping investors remain financially and emotionally invested throughout their retirement journey, regardless of the path markets take.**

The allocation to each portfolio function will vary depending on individual circumstances, objectives and risk tolerance.

Different stages of the retirement journey may require different portfolio functions. Retirement Portfolio Resilience is designed to complement broader portfolio construction by helping investors remain financially and emotionally invested throughout their retirement journey, regardless of the path markets take.

## Recognition of the issue

Retirement success is not just about returns, it's about the order they happen.

Many retirement portfolios are diversified across asset classes but remain exposed to **sequence risk**. Early losses during retirement can permanently impair capital and reduce retirement confidence, even when long-term average returns appear acceptable.

### Retirement Success Isn't Just About Returns. It's About the Order They Happen.

Sequence risk can permanently impair your portfolio. The right structure protects your future.

#### 1. TRADITIONAL RETIREMENT PORTFOLIO

Diversified across asset classes, but exposed to sequence risk

**THE PROBLEM: SEQUENCE RISK**

Losses early in retirement, when withdrawals are being taken, have a lasting and compounding impact—even if average returns are the same.

- Early losses + withdrawals = permanent damage
- Time and compounding work against you
- Behavioural stress leads to poor decisions

**SAME AVERAGE RETURN (6.0%)  
DIFFERENT OUTCOME**

**VS**

**2. RETIREMENT PORTFOLIO WITH SEQUENCING-RISK SLEEVE**

Diversified by market scenario – protection always in place

**THE SOLUTION: DIVERSIFY BY MARKET SCENARIO**

Combine traditional diversification with a specialist absolute return sleeve that is designed to perform in falling and volatile markets.

- Protection always in place (embedded downside protection)
- Benefits from volatility and market stress
- Delivers regular income in all market conditions
- Reduces sequence risk and smooths the journey

**POTENTIAL OUTCOME WITH SEQUENCING-RISK SLEEVE**

**Stronger long-term outcome.  
Greater confidence. More control.**

**HOW IT WORKS: A PORTFOLIO BUILT FOR ALL MARKET SCENARIOS**

MARKET SCENARIO	FALLING MARKETS (INCLUDING LARGE FALLS)	VOLATILE MARKETS	STABLE MARKETS	RISING MARKETS
IMPACT ON PORTFOLIO	Traditional assets fall Significant drawdown risk <b>Sequencing-risk sleeve helps protect and can deliver positive returns</b>	Whipsaw returns increase risk and behavioural stress <b>Sequencing-risk sleeve thrives on volatility</b>	Lower returns from defensive assets may lag traditional portfolio <b>Income and capital preservation provide stability</b>	Traditional assets participate in market upside <b>Sequencing-risk sleeve captures upside (may be mitigated)</b>

**OUR OBJECTIVE:**  
Financial Peace of Mind in All Market Conditions

Reduce Sequence Risk

Provide Reliable Income

Help You Stay the Course

Protect Your Lifestyle and Legacy

This diagram is for educational purposes only and does not constitute financial advice.

## Common retirement portfolio observations

Many advisers encounter portfolios where:

- ✓ Diversification is present, but sequencing risk has not been explicitly considered.
- ✓ Longevity risk is recognised, but behavioural survivability has not been assessed.
- ✓ Risk is diversified, but protection is not explicitly priced.
- ✓ Accumulation portfolio structures have been adapted for retirement without reconsidering retirement-specific risks and retirees' emotional behaviour.
- ✓ Portfolio construction focuses on average returns rather than retirement journey sustainability.

**Accumulation portfolios** naturally benefit from ongoing contributions, long time horizons and the ability to recover from market declines.

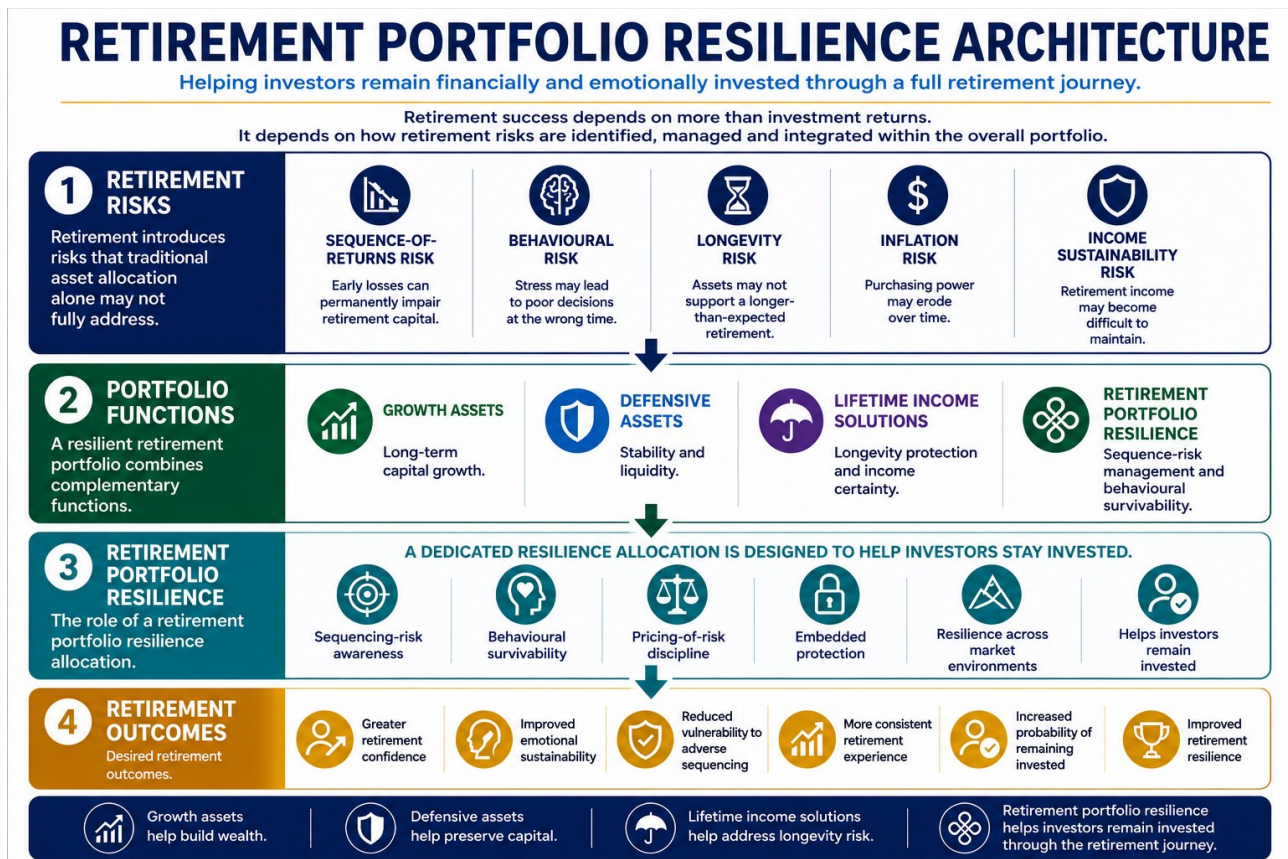
**Retirement portfolios operate under different conditions.** Withdrawals, sequencing risk and shorter recovery periods may require additional risk-management considerations.

## Architecture of the solution

A retirement portfolio involves more than growth and defensive assets.

Retirement introduces risks that traditional asset allocation alone may not fully address. Retirement portfolios may involve multiple portfolio functions, each designed to address a different retirement challenge.

A **resilient retirement portfolio** combines complementary functions that work together to support more sustainable retirement outcomes.



## Why this matters for advisers

Retirement Portfolio Resilience is not primarily about maximising returns.

It is about helping advisers:

- manage retirement-specific risks
- improve client confidence
- reduce behavioural disruption during market stress
- support more sustainable retirement outcomes
- create a more resilient retirement experience

## Why retirement portfolio resilience matters

Traditional portfolio construction often focuses on expected return, diversification and volatility. [Retirement Portfolio Resilience focuses on helping investors navigate sequencing risk, behavioural pressures and changing market conditions throughout retirement.](#)

### **Retirement Portfolio Resilience is built around five key considerations:**

- **Sequencing-risk awareness** – recognition that the order of returns matters, particularly during retirement drawdown phases.
- **Behavioural survivability** – helping investors remain invested when market stress is greatest and behavioural mistakes are most likely.
- **Risk-pricing discipline** – attention to the pricing of risk and protection rather than reliance on forecasting.
- **Retirement portfolio-construction relevance** – designed around retirement outcomes and portfolio sustainability rather than benchmark-relative performance alone.
- **Resilience across market environments** – balancing participation and protection through varying market conditions and cycles.

## Assessment of portfolios

Retirement portfolio construction may involve multiple portfolio functions, each designed to address a different retirement challenge.

**Growth** assets help build wealth.

**Defensive** assets help preserve capital and provide liquidity.

**Lifetime income solutions** help address longevity risk.

**Retirement Portfolio Resilience** focuses on sequencing risk, behavioural survivability and resilience across market environments.

Together, these functions may contribute to a more resilient retirement experience.

## Which retirement challenge are we trying to solve?

Different investors face different retirement challenges.

The most appropriate portfolio construction approach often depends on whether the primary objective is to manage sequencing risk in retirement, to improve long-term accumulation outcomes, or to combine both within a broader retirement portfolio.

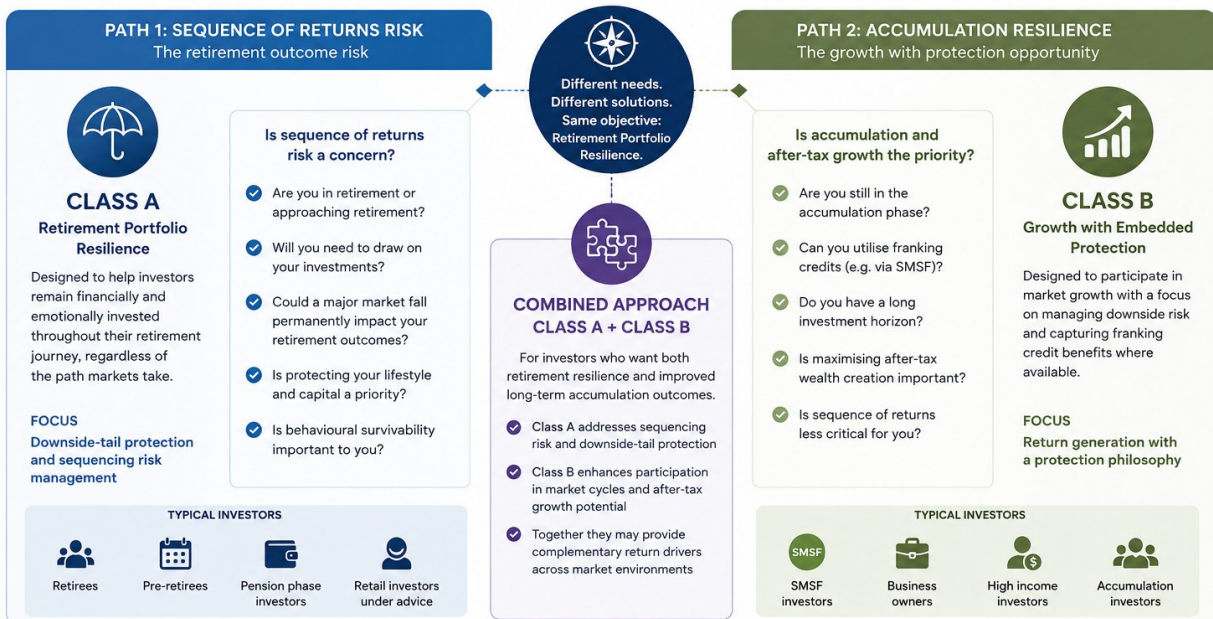
**Retirement Portfolio Resilience (Class A)** is generally focused on helping investors manage sequencing risk, behavioural survivability and retirement drawdown challenges.

**Accumulation Resilience (Class B)** is generally focused on long-term wealth accumulation, after-tax growth and managing the impact of major market declines during the accumulation phase.

Some investors may benefit from a **combination of both approaches**, depending on their objectives, stage of life and broader portfolio structure.

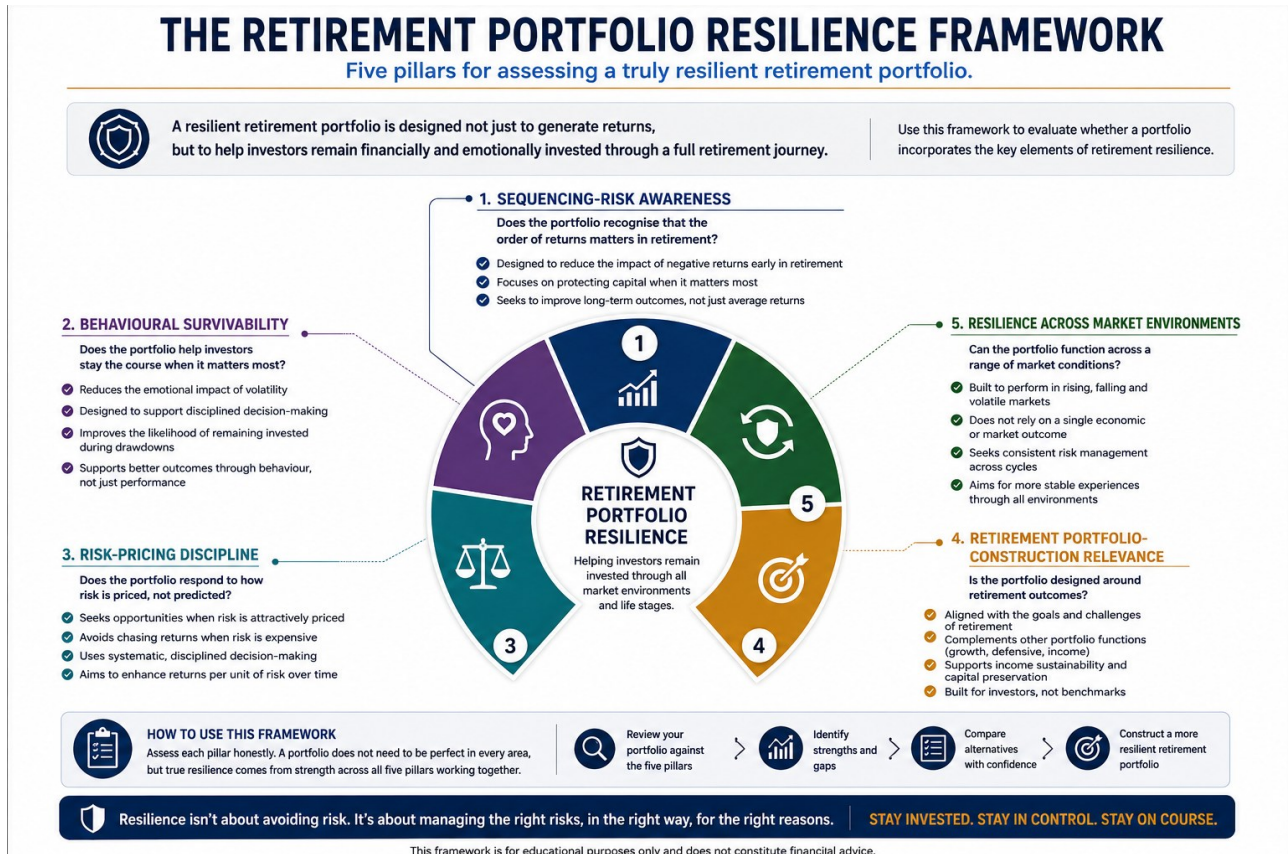
## What Problem Are We Solving on the Retirement Journey?

Different investors face different risks. Gyrostat offers two complementary solutions designed to address the problem that matters most.



Our goal is the same: to help investors remain financially and emotionally invested throughout their retirement journey, regardless of the path markets take.

## How resilient is the retirement portfolio?



### 1. Sequencing-risk awareness

If a significant market decline occurs in the first years of retirement, how vulnerable is the portfolio to permanent capital impairment?

*What portfolio features reduce the impact of a poor return sequence in the early drawdown years?*

### 2. Behavioural survivability

Would the investor be likely to remain invested during a severe market decline?

*What would this investor likely do if the portfolio fell 25% in the first two years of retirement — and does the portfolio structure support that response?*

### 3. Risk-pricing discipline

Does the portfolio consider the pricing of risk and protection, rather than relying solely on market forecasts?

*Where in the portfolio is protection explicitly priced in, rather than assumed to emerge from diversification?*

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### 4. Retirement portfolio construction

Has the portfolio been specifically designed for retirement-stage risks, rather than adapted from an accumulation portfolio?

*To what extent does the portfolio reflect the different risk profile and objectives of the retirement drawdown phase, compared with the accumulation phase?*

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### 5. Resilience across market environments

How resilient is the portfolio across a range of market conditions, including periods of elevated volatility and market stress?

*Across the range of market conditions this investor is likely to experience over a 20–30 year retirement, where is this portfolio most exposed?*

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### Discussion question

If this investor experienced a significant market decline shortly after retirement, would the portfolio structure help them remain financially and emotionally invested?

*What specific portfolio features would support this investor's ability to remain invested — and are those features currently present?*

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## Applying Retirement Portfolio Resilience

Retirement Portfolio Resilience is a portfolio-construction framework designed to help advisers assess retirement-specific risks and discuss portfolio resilience with clients.

Gyrostat provides an example implementation of this framework through its Retirement Portfolio Resilience and Accumulation Resilience strategies.

We do not attempt to predict the market.

We act on how risk is priced—consistently and without reliance on prediction.

Gyrostat Risk Managed Equity Fund Classes A & B have downside protection always in place, regular income, with returns in rising and falling markets including large market falls.

Our Class A flagship fund has 3 key features:

1. Lower risk than ASX 200 (source: FE Analytics)  
15-year track record with no quarterly losses exceeding 3%
2. A track record of increasing in value on major market falls
3. Absolute returns with a track record of increasing with market volatility

The leveraged Class B Units have a focus on greater returns and less risk protection.

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.

### Gyrostat Risk Managed Equity Fund

#### Performance Report - Class A and Class B

##### Absolute Returns at 31 May 2026

Class	1yr	2yr p.a.	3yr p.a.	4yr p.a.	Max Qtr Loss (3Yr)	Beta
A	+8.65%	+8.72%	+8.07%	+8.48%	-0.52%	-0.08
B	+11.38%	+10.44%	+10.21%	+11.29%	-0.84%	-0.21

## Why advisers use Gyrostat

- Designed to help address sequencing risk and behavioural survivability in retirement portfolios.
- Built around embedded protection and the pricing of risk rather than market prediction.
- Intended to operate as a specialist retirement portfolio resilience allocation within diversified portfolios.

## Continue the conversation

Retirement Portfolio Resilience is not intended to be a product discussion alone.

It is a portfolio-construction discussion.

Advisers can access additional resources including:

- Retirement Portfolio Resilience Framework.
- IFPA accredited CPD course.
- Adviser Resource Hub.
- Scenario-analysis tools.
- Educational articles and research.
- Portfolio-construction case studies.
- Ongoing Retirement Portfolio Resilience insights and updates.

### Adviser access

To access additional resources, CPD material, framework tools and future updates, advisers may opt in to the Gyrostat Adviser Resource Hub by contacting us on [info@gyrostat.com.au](mailto:info@gyrostat.com.au)

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