

Retirement Portfolio Resilience - The missing allocation in retirement portfolio construction?

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For decades, retirement portfolios have largely been constructed using combinations of growth assets and defensive assets. More recently, alternative investments have become an accepted component of portfolio construction.

Yet a fundamental question remains:

If a significant market decline occurs shortly after retirement, is the portfolio designed to withstand the consequences?

For many investors, retirement introduces a challenge that accumulation investing does not. When regular withdrawals coincide with a market decline, the order in which returns occur can have a lasting impact on retirement outcomes. A portfolio that appears appropriate in theory may prove difficult to live with in practice.

This is not simply a return problem.

It is a portfolio resilience problem.

Defining Retirement Portfolio Resilience

Retirement Portfolio Resilience is the discipline of helping investors remain financially and emotionally invested through a full retirement journey.

Traditional portfolio construction often focuses on expected return, diversification and volatility. While these remain important considerations, retirement investors face additional challenges that can influence both financial outcomes and investor behaviour.

Retirement Portfolio Resilience seeks to address these challenges through a broader portfolio-construction lens focused on the investor's ability to navigate uncertainty, remain invested and sustain retirement objectives across varying market environments.

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.

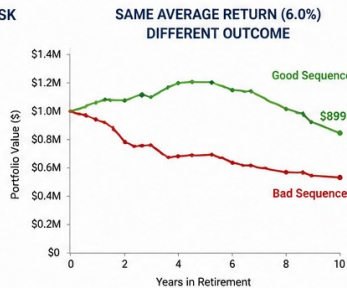
1. TRADITIONAL RETIREMENT PORTFOLIO

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



\$360,000 LESS after 10 years solely due to the order of returns.

2. RETIREMENT PORTFOLIO WITH SEQUENCING-RISK SLEEVE

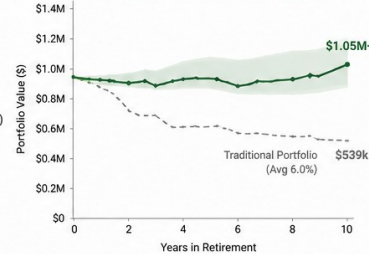
Diversified by market scenario – protection always in place

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	THE RESULT
IMPACT ON PORTFOLIO	Traditional assets fall Significant drawdown risk Sequencing-risk sleeve helps protect and can deliver positive returns	Whipsaw returns increase risk and behavioural stress Sequencing-risk sleeve thrives on volatility	Lower returns from defensive assets may lag traditional portfolio Income and capital preservation provide stability	Traditional assets participate in market upside Sequencing-risk sleeve captures upside (may be mitigated)	Higher probability of achieving your retirement goals with less stress and more confidence.

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.

Five pillars of Retirement Portfolio Resilience

A Retirement Portfolio Resilience framework can be viewed through five considerations.

Sequencing-risk awareness

How vulnerable is the portfolio if a significant market decline occurs in the first years of retirement?

Early losses can have a disproportionate impact when combined with ongoing withdrawals, potentially affecting portfolio sustainability for many years.

Behavioural survivability

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

A portfolio that cannot be maintained through periods of uncertainty may fail regardless of its theoretical long-term return expectations.

Risk-pricing discipline

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

Periods of market calm often coincide with low demand for protection, creating opportunities that may not be available once uncertainty becomes obvious.

Retirement portfolio construction

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

Retirement portfolios face a different set of challenges and may require different portfolio-construction considerations.

Resilience across market environments

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

The objective is not to predict future market conditions but to build a portfolio capable of navigating multiple possible outcomes.

A possible third allocation

Traditional retirement portfolios are commonly discussed through two broad components:

- Growth assets
- Defensive assets

For decades advisers have discussed portfolios through the lens of growth and defensive assets. More recently alternatives became a recognised allocation.

A growing question for retirement investors is whether portfolios should also contain a distinct allocation focused on Retirement Portfolio Resilience.

Not because returns are unimportant, but because retirement outcomes depend on more than returns alone. The purpose of such an allocation is not necessarily to maximise returns.

Its purpose is to support retirement outcomes by addressing sequencing-risk vulnerabilities, behavioural pressures and resilience across market environments.

Importantly, Retirement Portfolio Resilience should be viewed as a portfolio function rather than a specific product category. Different investment approaches may seek to contribute to this objective in different ways.

A practical assessment

Readers may wish to assess their own retirement portfolios using the following framework.

Retirement Portfolio Resilience checklist

Consideration	Strong	Moderate	Weak
Sequencing-risk awareness	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Behavioural survivability	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Risk-pricing discipline	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Retirement portfolio construction	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resilience across market environments	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Discussion question

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

- Yes
- Partially
- No

Looking ahead

The future of retirement portfolio construction may not be determined solely by expected returns.

Increasingly, it may be determined by a portfolio's ability to help investors remain financially and emotionally invested throughout retirement.

As the retirement system evolves, advisers, consultants and portfolio constructors may find themselves asking a broader question:

How resilient is this retirement portfolio?

Understanding the problem is often more valuable than understanding the product.

Gyrostat perspective

We do not attempt to predict the market as it is.

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

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

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