

Retirement income and Retirement Portfolio Resilience

Why retirement portfolio construction may be evolving beyond growth and defensive assets.

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Executive summary

For decades, portfolio construction has largely been organised around growth assets and defensive assets.

More recently, retirement income solutions have emerged to help address income sufficiency, longevity protection and spending confidence. These solutions may include annuities, lifetime income solutions and other retirement income products designed to help retirees generate sustainable income throughout retirement.

Yet retirement introduces another challenge that is distinct from income generation. Retirement investors must also navigate sequencing risk, behavioural survivability and the ability to remain financially and emotionally invested through periods of market uncertainty. A retiree may have solved the income challenge while remaining exposed to sequencing risk. Equally, a retiree may have a resilient portfolio structure while still requiring greater income certainty.

This suggests retirement portfolio construction may increasingly involve two distinct, but potentially complementary, portfolio functions. Retirement Income seeks to address the income and longevity challenge. Retirement Portfolio Resilience seeks to address the sequencing-risk and behavioural-survivability challenge — helping investors remain financially intact and psychologically committed throughout their retirement journey, regardless of the path markets take.

Rather than competing solutions, these portfolio functions may be addressing different retirement challenges. The future of retirement portfolio construction may not be determined by choosing between them, but by understanding which retirement challenge is being addressed.

The challenge most retirees actually experience

Retirees rarely experience average returns. They experience market falls, uncertainty and periods where confidence is tested. Long-term plans that appeared sensible only months earlier can suddenly feel much less certain.

This is where sequencing risk becomes important.

A significant market decline early in retirement can impair capital at precisely the time withdrawals are being made. Even where long-term average returns ultimately appear reasonable, the path taken to achieve those returns may have a significant influence on retirement outcomes. The mathematics are unforgiving: a 30% decline requires a 43% gain to recover; a 50% loss demands a full 100% gain simply to return to where a portfolio started.

Yet the challenge is not purely mathematical. Consider the retiree who watched their portfolio fall sharply in 2008 and sold everything at the bottom. Or the saver who had done everything right, only to retire in early 2020 into one of the fastest market collapses on record. Investors do not experience volatility as a statistic. They experience it emotionally. Many retirement outcomes are ultimately determined not by the market decline itself, but by the decisions made during it.



Retirement Portfolio Resilience

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

The focus on both dimensions is deliberate. Financial survivability matters, but behavioural survivability matters as well. A retirement strategy that appears successful on paper may still fail if an investor loses confidence and abandons the plan following a major market decline.

Retirement Portfolio Resilience focuses on helping investors navigate sequencing risk, behavioural pressures and changing market environments while maintaining confidence through uncertainty.

Retirement income and Retirement Portfolio Resilience

A useful distinction is emerging within retirement portfolio construction.

Retirement Income primarily seeks to address income sufficiency, longevity protection and spending confidence. Typical solutions may include annuities, lifetime income solutions and retirement income products.

Retirement Portfolio Resilience seeks to address sequencing risk, behavioural survivability and resilience across market environments.

These challenges are related, but they are not the same challenge.

"How do I generate sustainable income throughout retirement?"

"How do I remain financially intact and psychologically committed throughout my retirement journey, regardless of the path markets take?"

Both questions matter.

Historically, many retirement discussions have combined these challenges into a single conversation. **Yet a retiree may have solved the income challenge while remaining exposed to sequencing risk.** Equally, a retiree may have a resilient portfolio structure while still requiring greater income certainty.

Retirement income and Retirement Portfolio Resilience are best viewed as complementary portfolio functions rather than competing solutions.

Yet retirement is only one stage of the investor journey.

The broader investment journey

Accumulation investors face a different challenge.

Their objective is generally to build wealth over time through the power of compounding. Yet compounding is disrupted by major market declines. Large losses require disproportionately larger gains to recover and can delay the wealth-building process by many years. Two portfolios with identical long-term average returns but different drawdown profiles can produce dramatically different outcomes, the one with deeper interim losses carries a steeper structural recovery burden throughout.

This is where accumulation resilience may play a role. By reducing the effect of significant drawdowns during the accumulation phase, the objective is to allow compounding to work more effectively over time.

Retirement introduces a different set of pressures. Once withdrawals begin, investors become increasingly exposed to sequencing risk, behavioural pressures and retirement drawdown

risk. At the same time, some retirees may also require Retirement Income solutions to address income sufficiency, longevity protection and spending confidence.

Viewed together, these portfolio functions, accumulation resilience, retirement income and Retirement Portfolio Resilience, offer advisers a way to think about portfolio construction through the lens of challenges rather than products.

A different question

"What product should I use?"

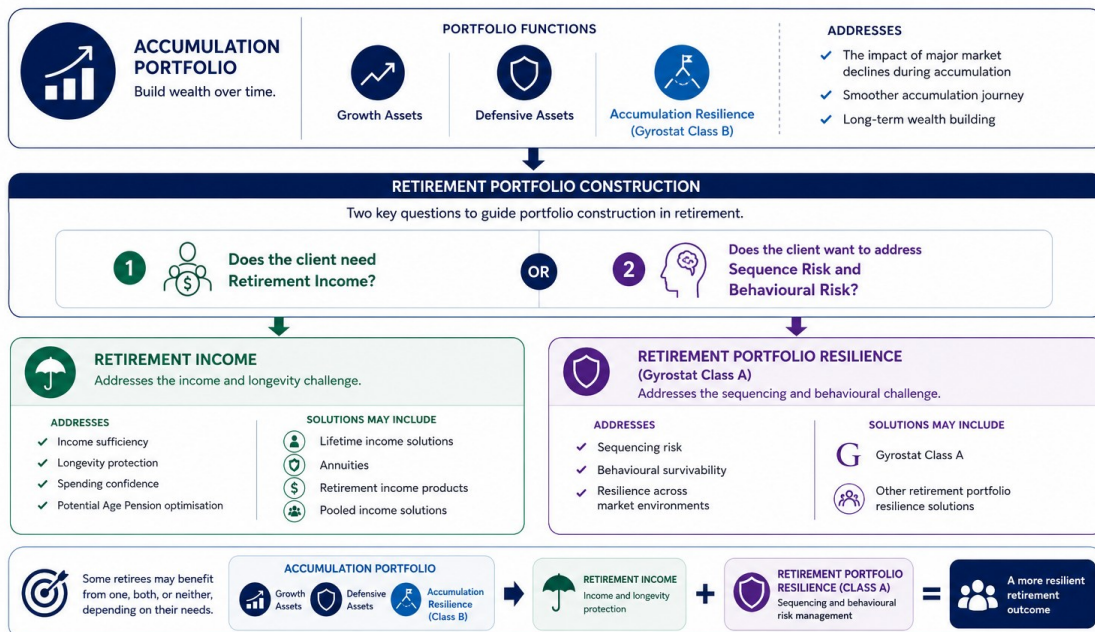
"What retirement challenge am I trying to solve?"

The answer may involve retirement income. It may involve Retirement Portfolio Resilience. It may involve both.

As portfolio construction continues to evolve, advisers, consultants and investors may increasingly find themselves focusing less on the product and more on the problem it is designed to address.

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

Two different challenges.
Two complementary solutions.



RETIREMENT PORTFOLIO RESILIENCE ARCHITECTURE

Helping investors remain financially and emotionally invested through a full retirement journey.

Retirement success depends on more than investment returns. It depends on how retirement risks are identified, managed and integrated within the overall portfolio.



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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