September Retirement Portfolio Resilience Assessment

Markets have fallen. The price of risk has risen.

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Retirement investing presents a different portfolio construction challenge from wealth accumulation. While investors continue contributing capital during the accumulation phase, retirees must continue drawing income regardless of market conditions. As a result, major market declines can have a disproportionately greater impact on long-term retirement outcomes through sequencing risk, making retirement portfolio construction a distinct discipline.

Retirement Portfolio Resilience is the discipline of helping investors remain financially and emotionally invested throughout their retirement journey, regardless of the path markets take. It complements Retirement Income by focusing on reducing dependence on favourable market conditions, thereby supporting more resilient long-term retirement outcomes.

Prudent retirement stewardship therefore extends beyond selecting individual investments. It involves ensuring that a retirement portfolio addresses the four complementary functions of retirement portfolio construction:

☐ **Growth** – supporting long-term capital growth and purchasing power throughout retirement.

☐ **Defensive** – providing capital stability, liquidity and cash reserves to help manage market uncertainty.

☐ **Retirement Income** – generating sustainable income throughout retirement.

☑ **Retirement Portfolio Resilience** – addressing sequencing risk and behavioural survivability so investors can remain financially and emotionally invested throughout their retirement journey.

Each month, the **Retirement Portfolio Resilience Assessment** examines the current investment environment through the Retirement Portfolio Resilience framework. Rather than attempting to predict markets, it interprets observable evidence that may assist investors, advisers and other stewards of retirement capital in making more resilient long-term portfolio construction decisions.

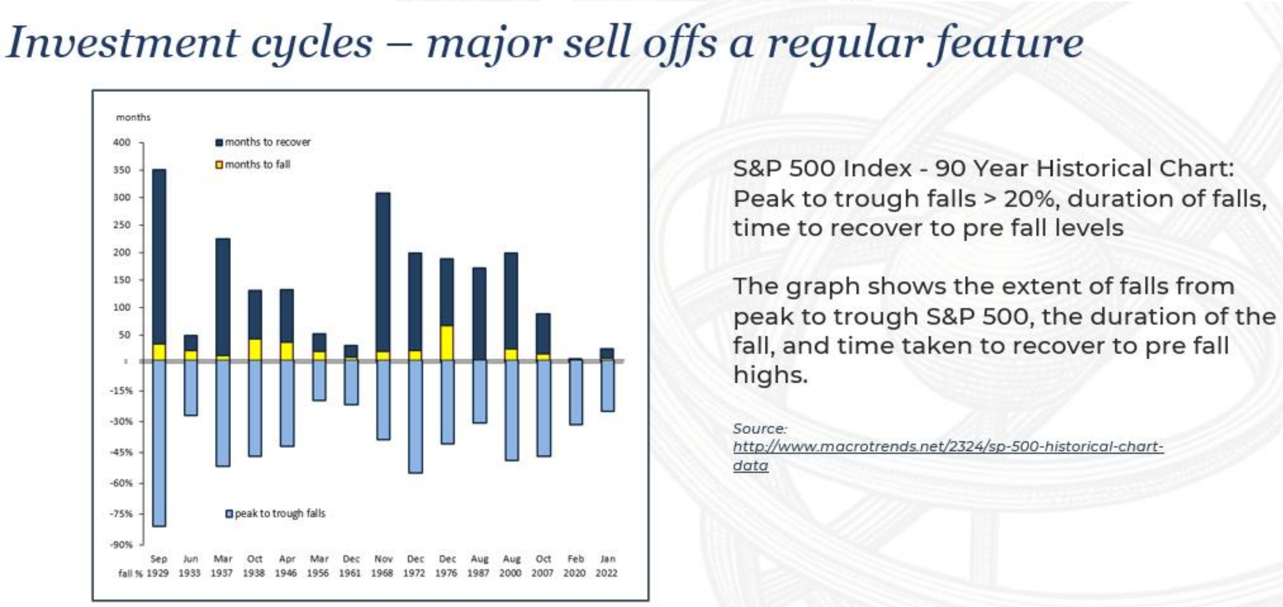
To continue the Retirement Portfolio Resilience conversation, visit the Gyrostat Knowledge Centre for the Retirement Portfolio Resilience Framework, adviser resources and ongoing research [*https://www.gyrostat.com.au/knowledge-centre/*](https://www.gyrostat.com.au/knowledge-centre/)

Major market declines are not exceptional events

One of the enduring challenges of retirement investing is that major market declines are not exceptional events—they are a normal feature of long-term investment markets. Over the past ninety years, equity markets have experienced numerous declines exceeding 20%, often requiring many years to recover to previous highs. While every market cycle is different, the historical record demonstrates that significant market falls occur with sufficient regularity that prudent retirement portfolio construction should assume they will occur again rather than regard them as rare events.

For investors accumulating wealth, regular contributions may help offset the impact of market declines over time. Retirement presents a different mathematical challenge. Withdrawals continue regardless of market conditions, meaning the timing of investment returns can materially influence long-term retirement outcomes. Sequencing risk is therefore an enduring characteristic of retirement investing rather than a temporary market concern.

Importantly, the relatively rapid recoveries following the last three major market declines have been historically favourable for investors. While future market behaviour cannot be known, **prudent stewards of retirement capital** should be cautious about assuming similarly rapid recoveries will always occur. Instead, periods where market conditions allow retirement portfolio resilience to be strengthened at a relatively modest cost may represent valuable opportunities to prepare portfolios before the next major market decline rather than after it.



Pricing Retirement Portfolio Resilience

Rather than attempting to predict the timing of the next major market decline, a Retirement Portfolio Resilience approach asks different questions:

This Month's Assessment Question

> ***Is the retirement portfolio structured for resilience before adverse market conditions make its value obvious?***

One advantage of viewing markets through the lens of Retirement Portfolio Resilience is that it changes the question investors ask.

Rather than attempting to predict whether markets will rise or fall or when the next major decline might occur, Retirement Portfolio Resilience focuses on observable market conditions and what those conditions may mean for portfolio construction.

This month's assessment presents an interesting change in conditions.

Equity markets have fallen, while the market's price of downside risk has risen.

At 11 September 2026, the ASX 200 was approximately 8,708, compared with approximately 9,265 at the time of our August assessment—a decline of around 6%. At the same time, the cost of establishing downside protection has increased.

For example, in August, protecting a $1 million portfolio until 17 December 2026 with a 10% hard floor cost approximately 0.62% of the portfolio. In the September assessment, comparable protection costs approximately 0.75%.

The observation is therefore straightforward:

Markets have fallen. The price of risk has risen.

Importantly, this does not tell us what markets will do next. Markets may rise, decline further, or move sideways. The purpose of the Retirement Portfolio Resilience Assessment is not to make that prediction. Instead, the change in conditions since August illustrates an important principle of retirement portfolio construction:

The apparent need for resilience and the price at which resilience can be established change with market conditions.

Last month, when markets were higher and the market's price of downside risk was lower, resilience could be established at a relatively modest cost. This month, markets are lower and comparable protection has become more expensive.

For retirees, this distinction matters. Sequencing risk does not begin when markets fall, nor does it disappear when markets rise. Retirement portfolios must continue supporting withdrawals across the range of market conditions that may occur throughout a retirement measured in decades.

Behavioural discipline is important, but investors cannot simply behave their way out of a portfolio structure that is not designed for the market path it encounters. **Resilience must therefore be considered as a portfolio-construction decision before adverse conditions test both the portfolio and the investor.**

The stewardship question is therefore not:

> **"Do we expect markets to fall?"**

It is:

> **"Is the retirement portfolio structured to remain resilient across the range of market conditions that may occur?"**

For this reason, we continue to publish our monthly "Do It Yourself" protection pricing table. The purpose of the table is not to provide a market forecast. It allows investors, advisers and other stewards of retirement capital to observe how the market's pricing of downside risk changes through time.

The table below shows this month's illustrative protection pricing as of 11 September 2026.

Date today: 11-Sep-26
ASX index level: 8,708

Expiry	Days	Basis	Downside protection level (excess below index)			
			2.5%	5.0%	7.5%	10.0%
Protected floor (index level)			**8,490**	**8,272**	**8,055**	**7,837**
17-Dec-26	97	Cost per $1m ($)	19,000	13,700	10,100	7,500
		% of portfolio	**1.90%**	**1.37%**	**1.01%**	**0.75%**
18-Mar-27	188	Cost per $1m ($)	29,300	23,100	18,200	14,700
		% of portfolio	**2.93%**	**2.31%**	**1.82%**	**1.47%**
17-Jun-27	279	Cost per $1m ($)	35,400	29,200	23,800	20,300
		% of portfolio	**3.54%**	**2.92%**	**2.38%**	**2.03%**
16-Sep-27	370	Cost per $1m ($)	43,600	36,900	30,900	26,500
		% of portfolio	**4.36%**	**3.69%**	**3.09%**	**2.65%**
16-Dec-27	461	Cost per $1m ($)	48,700	41,900	36,000	30,800
		% of portfolio	**4.87%**	**4.19%**	**3.60%**	**3.08%**

Source: Gyrostat analysis of ASX 200 option pricing

What the September Pricing Tells Us

The September pricing provides a useful practical illustration of why the price of risk matters.

The ASX 200 has fallen approximately 6% since the August assessment. Over the same period, comparable December downside protection has become more expensive. The cost of a 10% hard floor has increased from approximately 0.62% to 0.75% of a $1 million portfolio, while the cost of a 7.5% hard floor has increased from approximately 0.90% to 1.01%.

This does not mean protection should automatically be purchased whenever its price rises or falls. No single indicator should determine a portfolio construction decision.

Rather, the pricing provides **observable evidence about the conditions under which resilience can currently be established**.

That distinction is important. The apparent need for resilience and the price of resilience do not necessarily move together. As market conditions change, so too can the cost of preparing portfolios for future uncertainty.

This is one of the disciplines of Retirement Portfolio Resilience:

Design resilience before adverse conditions make its value obvious.

Assessing Retirement Portfolio Resilience

If Retirement Portfolio Resilience is considered alongside Growth, Defensive and Retirement Income as a complementary retirement portfolio function, a practical question follows:

How much Retirement Portfolio Resilience does the portfolio contain, and what difference might it make during a significant market decline?

A practical way of assessing this function is through an **RPR Unit**.

One RPR Unit represents a 5% allocation of the total retirement portfolio to Retirement Portfolio Resilience.

Historical analysis provides one objective way of assessing its potential portfolio impact. Across four periods since 2022 in which Australian equities declined by at least 7%, an illustrative portfolio containing one RPR Unit using Gyrostat Class A historically reduced the loss attributable to the Australian-equity sleeve by approximately **36% on average**. Using Class B, the historical average was approximately **39%**.

Significant Australian market fall	Class A mitigation	Class B mitigation
Apr–Jun 2022	43%	48%
Aug–Oct 2023	31%	30%
Feb–Mar 2025	38%	42%
Mar 2026	31%	35%
Average	**≈36%**	**≈39%**

Historical illustration. One RPR Unit represents 5% of the total portfolio. The illustration assumes a 20% Australian-equity allocation, comprising 75% Australian equities and 25% Gyrostat within that sleeve. Mitigation refers to the reduction in the loss attributable to the Australian-equity sleeve. Past performance is not a reliable indicator of future performance.

The purpose of this evidence is not to suggest that future market declines will produce the same result. It provides an objective way of considering whether Retirement Portfolio Resilience is performing a distinct function within the broader retirement portfolio.

This is why Retirement Portfolio Resilience is different from simply holding defensive assets. Its purpose is to alter the portfolio's experience of an adverse market path while retaining participation in growth assets.

Gyrostat seeks to provide this function through equity participation combined with embedded downside protection, disciplined capital allocation and ongoing portfolio governance.

Stewardship in practice

Retirement Portfolio Resilience does not seek to predict whether markets will rise or fall or when the next major decline will occur. Its purpose is to help investors and advisers assess whether retirement portfolios are appropriately structured for a wide range of future market conditions.

The movement from August to September provides a useful practical example. Markets have declined and the market's price of downside risk has increased.

For stewards of retirement capital, the broader portfolio-construction question is therefore:

Has the retirement portfolio deliberately addressed Growth, Defensive, Retirement Income and Retirement Portfolio Resilience before adverse market conditions make the value of each function obvious?

How resilience is implemented will depend on the objectives and structure of the portfolio. The broader stewardship principle, however, is enduring.

Resilience is most valuable when it is already in place before it is required.

The Retirement Portfolio Resilience Assessment will continue each month to observe how the market prices risk and to consider what those conditions may mean for prudent retirement portfolio construction.