Understanding Retirement Portfolio Resilience

The prudent stewardship of retirement capital

Retirement Portfolio Resilience is the discipline of helping investors remain financially and emotionally invested throughout their retirement journey, **regardless of the path markets take.**

During accumulation, ongoing contributions provide a natural mechanism for managing market declines. In retirement, that natural mechanism largely disappears, increasing the importance of intentional portfolio construction, embedded protection and Retirement Portfolio Resilience.

The Retirement Portfolio Resilience checklist

Every retirement portfolio should deliberately consider:

Retirement Portfolio Function	Purpose
Growth	Long-term capital appreciation.
Defensive	Capital stability and liquidity.
Retirement Income	Sustainable retirement cash flow.
Retirement Portfolio Resilience	Help investors remain financially and emotionally invested throughout retirement despite adverse market paths.

These functions are complementary rather than competing.

The purpose is not to prescribe one investment solution. It is to ensure that each important retirement objective has been intentionally considered.

Why retirement is different – sequence of returns risk

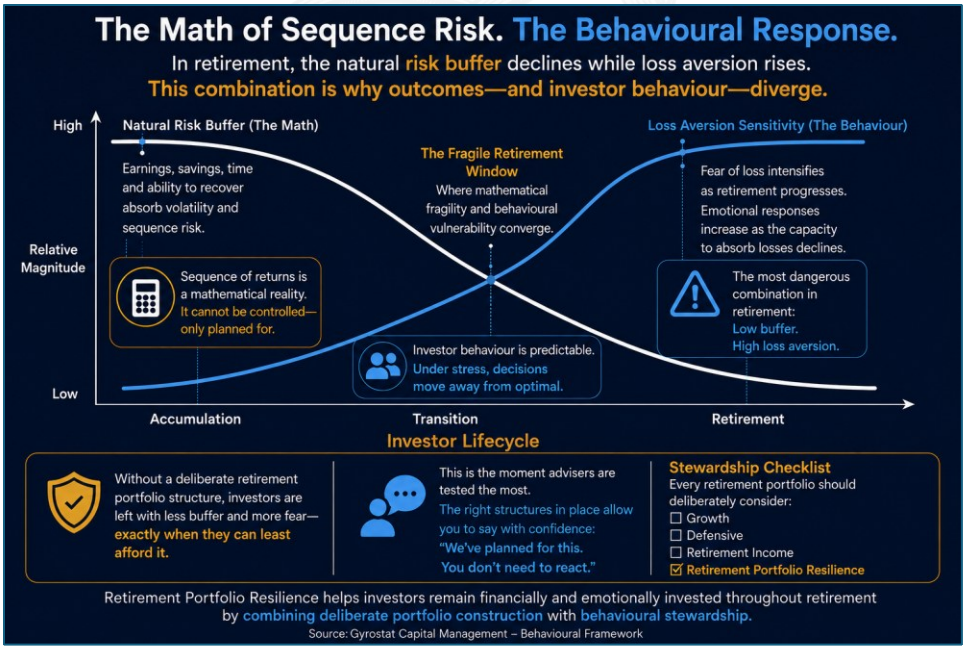
The impact of sequence risk can be illustrated through a simple example.

Consider two retirees who each retire with $1 million and withdraw $60,000 at the beginning of each year. Both earn the same average annual return of 6 per cent; what changes is simply the order in which those returns occur. In one case, the weaker years arrive first, while the portfolio is still being drawn down. In the other, they arrive later, after the portfolio has already had time to compound. After ten years, that difference in sequence leaves one retiree with about $539,000 and the other with about $899,000. A gap of roughly $360,000 — from the same return profile.

Early investment losses, combined with ongoing withdrawals, reduce the capital available to participate in the subsequent recovery. Once capital has been withdrawn, it no longer benefits from the returns that follow.

This simple example explains why *sequence of returns risk* has become a defining concept in retirement planning. The mathematics are compelling. They do not, however, fully explain the retirement experience.

Source: Gyrostat Corporate Presentation (30 June 2026).



Gyrostat Retirement Portfolio Resilience

Our role is to complement Growth, Defensive and Retirement Income functions by helping address:

- sequence of returns risk;
- behavioural survivability;
- downside risk;
- changing market environments; and
- the need to remain invested throughout retirement.

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	Unfavourable – Correlation often rises in crisis	Unfavourable – Capital losses	Favourable	Favourable
Occasional Protection via Predictions	Requires accurate timing to be effective	Unfavourable – Exposed if wrong	Unpredictable – Gains/Losses	Favourable	Favourable (May be Capped)
Protection Always in Place – Absolute Return (Gyrostat)	Non-correlated beta with embedded put protection; thrives on volatility	Very favourable (Class A) Favourable (Class B)	Favourable (Class A) Very favourable (Class B)	Less Favourable (Lower Return)	Favourable (Mitigated Upside)

Practical Implementation

Gyrostat addresses uncertainty through portfolio construction by combining:

- investment in listed Australian equities;
- embedded downside protection using exchange-traded derivatives;
- disciplined capital allocation;
- ongoing portfolio governance.

Capital allocation is determined using commercial investment criteria including:

- mathematical capital allocation ranking;
- current franked cash flow yield;
- historical volatility;
- upcoming company events and the broader macroeconomic environment.

The objective is not to predict markets.
The objective is to construct retirement portfolios capable of remaining resilient across a wide range of future market conditions.

A simple conversation with your adviser

You may wish to discuss the following questions with your adviser:

1. How is my portfolio expected to behave during a major market decline?
2. How many years of retirement spending are held in cash or liquid defensive assets?
3. What happens if markets take longer than expected to recover?
4. How is sustainable retirement income being provided?
5. How does the portfolio seek to help me remain invested during periods of uncertainty?
6. Have Growth, Defensive, Retirement Income and Retirement Portfolio Resilience each been deliberately considered?

Continue Your Learning

Watch

View the four-minute introduction at:

www.gyrostat.com.au

Read

Review the Corporate Presentation for an introduction to Retirement Portfolio Resilience.

https://www.gyrostat.com.au/news/gyrostat-corporate-presentation-as-at-30-june-2026/

Review the Retirement Portfolio Resilience Framework. The framework explains the retirement-specific challenges of sequencing risk, behavioural survivability and resilience across market environments, and introduces the Five Pillars of Retirement Portfolio Resilience Assessment as a practical framework for understanding, assessing and implementing Retirement Portfolio Resilience.

https://www.gyrostat.com.au/news/retirement-portfolio-resilience-framework/

Review the Professional Reference Guide on Retirement Portfolio Resilience. A detailed authoritative analysis of Retirement Portfolio Resilience as a recognised portfolio-construction discipline.

Education

Complete the Institute of Financial Professionals Australia CPD training

https://ifpa.com.au/gyrostat/

Discuss

Talk with your financial adviser about how your retirement portfolio addresses the four complementary functions.
