RIVKIN GLOBAL EQUITY FUND

rivkin® ASSET MANAGEMENT

FUND FACTS AT 30 November, 2018

Fund Objective
The Rivkin Global Equity Fund aims to produce positive average annual returns while seeking to maintain a level of volatility lower than that of the MSCI World ex Australia 100% Hedged to AUD Index over the same investment period.

Launch Date
6 March, 2018

Fund Size
A$22.87m

Unit Price
A$0.9113 (30 November, 2018)
A$0.9212 (inc. distributions)

Number of Holdings
44

Minimum Investment
A$500,000

Management Fee
1.50%, ex GST

Performance Fee
10.00%, ex GST (subject to high watermark)

Buy/Sell Spread
0.075%

Manager
Rivkin Securities Pty Ltd, trading as Rivkin Asset Management

Trustee
Perpetual

Custodian
Mainstream

Sub Custodian
JPMorgan Chase

APIR Code
PIM3831AU

ISIN
AU60PIM38318

Contact

Thomas Silitonga
Wholesale Wealth Manager
thomas.silitonga@rivkin.com.au
+612 8302 3600

Monthly Update – November 2018

Welcome investors to the monthly update for the Rivkin Global Equity Fund (GEF) for November 2018. In this month's update, in addition to a discussion on recent performance and the current portfolio characteristics, we wish to delve deeper into one of the in-built defensive mechanisms of the portfolio, specifically how the Momentum strategy dynamically moves to cash at certain parts of the cycle. This is quite topical at present, as after declines this year of between 5.8% and 20.0% across the major global equity markets*, we are indeed seeing a very reduced pool of available momentum stocks, meaning the cash weighting in the portfolio is rising. We will discuss this in more detail below, but first let's discuss the specifics of recent performance for both global equity markets and the GEF and the make-up of the current portfolio.

** as of November 30, the drawdowns from their respective 2018 highs for major global equity markets were Hang Seng (-20.0%), German Dax (-17.0%), UK FTSE100 (-11.4%), French CAC40 (-11.3%), Japan's Nikkei225 (-7.9%), and the US S&P500 (-5.8%).*

Regarding global equity markets more broadly, November was characterised by a reduction in volatility and selling pressure, and by and large, a slight upward bias, with the MSCI World Index Ex Australia Index, gaining 1.2%. While a sustained recovery rally is yet to emerge, it is encouraging that a period of consolidation is currently developing, and prices are beginning to stabilise.

The 30 November NAV price for the GEF was 0.9113, which equates to 0.9212 when we account for the most recent 0.0099 distribution, which represents a net change of -0.95% for the month of November and translates to a -7.88% return since inception in March. The NAV price is -12.88% below the high-water mark of 1.0574 from June 13, 2018.

The top 10 holdings of the Fund account for 22.11% of assets, of which six are new additions to the 'Top 10' table. At the end of November, the fund ended with 44 individual security names, a decrease from 59 positions at the end of October. This decrease is primarily the result of the reduced available pool of momentum stocks.

At the sector level, the Fund remains most heavily weighted to the Consumer Discretionary (25.8%), Information Technology (16.0%) and Materials (13.6%) sectors, with minimal exposure to the Communication Services (3.7%), Utilities (3.6%), and Consumer Staples (3.6%). The largest change in sector weights was seen across the Health Care sector which declined to 10.2%, from 18.2% a month earlier.

Looking just at the portion of assets that are currently invested, the bulk are within the US (41.4%), followed by the UK (33.9%), Asia (14.5%), then Europe (10.2%).

As discussed earlier, we have started to see a significant shift in our Momentum strategy towards cash. As a reminder, when fully invested, momentum will comprise 40% of the portfolio. As of the end of November, the Momentum strategy had reduced from a weighting of 32.3% to just 18.3%, meaning at the strategy level, it is over 50% disinvested. The way that this occurs is that for a stock to be available for inclusion in the portfolio it must be not only trending higher but doing so at a fast-enough rate. If less than 24 stocks per weekly instance fail to meet these momentum criteria, then the strategy will be underinvested and holding cash. It is important to note that this process is dynamic and happens gradually from week to week. More so, being systematic, it is an inherent feature of the model, as opposed to the investment team making a discretionary call on where we see equities heading in the months ahead.

RIVKIN GLOBAL EQUITY FUND

FUND FACTS AT 30 November, 2018

Fund Objective
The Rivkin Global Equity Fund aims to produce positive average annual returns while seeking to maintain a level of volatility lower than that of the MSCI World ex Australia 100% Hedged to AUD Index over the same investment period.

Launch Date
6 March, 2018

Fund Size
A$22.87m

Unit Price
A$0.9113 (30 November, 2018)
A$0.9212 (inc. distributions)

Number of Holdings
44

Minimum Investment
A$500,000

Management Fee
1.50%, ex GST

Performance Fee
10.00%, ex GST (subject to high watermark)

Buy/Sell Spread
0.075%

Manager
Rivkin Securities Pty Ltd, trading as Rivkin Asset Management

Trustee
Perpetual

Custodian
Mainstream

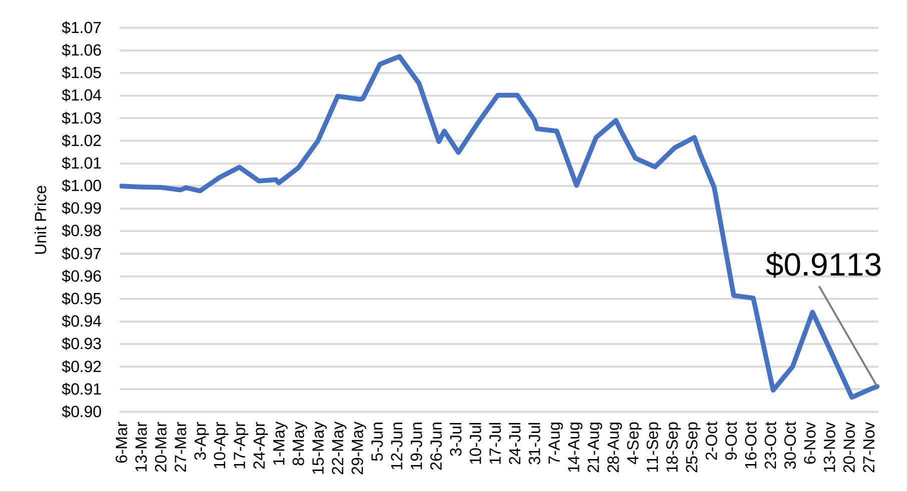
Sub Custodian
JPMorgan Chase

APIR Code
PIM3831AU

ISIN
AU60PIM38318

Contact
Thomas Silitonga
Wholesale Wealth Manager
thomas.silitonga@rivkin.com.au
+612 8302 3600

Performance



The benefit of such an approach is that during sustained bear markets, which by their very nature are characterised by a large percentage of stocks all declining in price together, our momentum strategies will reduce market exposure, thus limiting the extent of the potential drawdown at the portfolio level.

Although many global equity markets are over 10% off their respective 2018 highs, it is too early to say whether we are in the beginnings of a sustained bear market, and luckily, we do not need to make a call one way or the other. If the current decline does continue, our momentum strategies can go completely to cash, meaning the make-up of the portfolio at that time would be 40% cash, 40% allocated to equities via our quality system, and the remaining 20% allocated to lower volatility strategies. Such a mix will have substantially less market risk than a fully invested equity portfolio. If on the other hand, markets bottoms at current levels and begin to rally, we would expect our momentum strategies to eventually return to being fully invested in due course.

To summarise, the GEF portfolio has de-risked throughout November, with a decline in weighting to Momentum from 32.3% to 18.3% and a significant increase in cash from 22.7% to 42.1% over the course of the month.

While global equities generally and the GEF more specifically have witnessed a sharp decline over the past three months, we sit comfortable with the knowledge that the key defensive mechanisms built into our strategies are indeed kicking in and de-risking the portfolio at this point in time.

RIVKIN GLOBAL EQUITY FUND

FUND FACTS AT 30 November, 2018

Fund Objective
The Rivkin Global Equity Fund aims to produce positive average annual returns while seeking to maintain a level of volatility lower than that of the MSCI World ex Australia 100% Hedged to AUD Index over the same investment period.

Launch Date
6 March, 2018

Fund Size
A$22.87m

Unit Price
A$0.9113 (30 November, 2018)
A$0.9212 (inc. distributions)

Number of Holdings
44

Minimum Investment
A$500,000

Management Fee
1.50%, ex GST

Performance Fee
10.00%, ex GST (subject to high watermark)

Buy/Sell Spread
0.075%

Manager
Rivkin Securities Pty Ltd, trading as Rivkin Asset Management

Trustee
Perpetual

Custodian
Mainstream

Sub Custodian
JPMorgan Chase

APIR Code
PIM3831AU

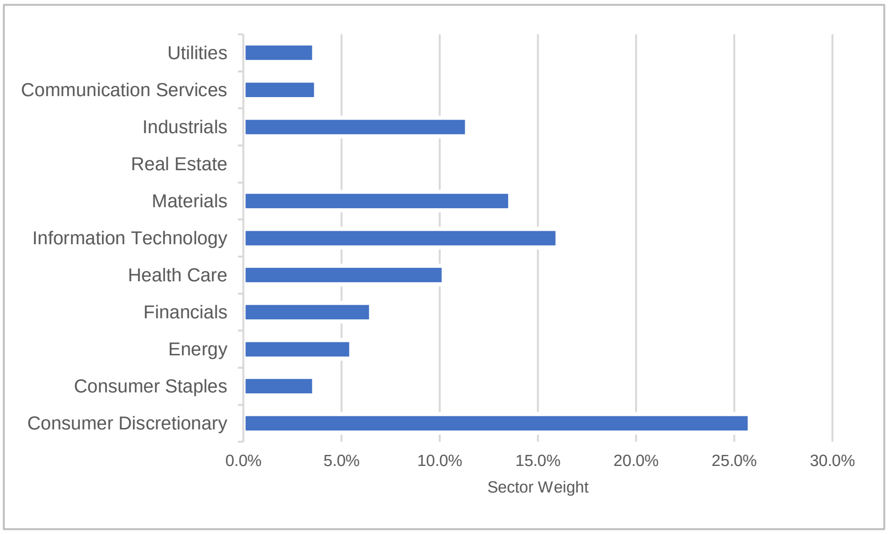
ISIN
AU60PIM38318

Contact
Thomas Silitonga
Wholesale Wealth Manager
thomas.silitonga@rivkin.com.au
+612 8302 3600

Fund Description

The Fund invests predominantly in listed Global companies listed on developed market exchanges whose characteristics satisfy one or more of the strategies that occupy the portfolio. These strategies include: **Momentum**, being securities that are enjoying positive price trends; **Quality**, being companies with robust earnings profiles that are priced favourably versus their peers; and **Defensive**, being securities that provide a combination of characteristics including fixed income or high yield returns, negative or low short-term correlation to risk markets like equities or outcomes that we consider to be market-neutral. The Fund operates within the context of a rules-based framework that encourages a disciplined, long-term approach to equity exposure among developed global markets.

Sector Breakdown



Top 10 Holdings

Advanced Auto Parts ↑	(US: AAP)
HCA Healthcare ☆	(US: HCA)
China Shenhua Energy ↓	(HK: 1088)
Int.l Consolidated Airlines Group ↑	(LN: IAG)
Seagate Technology ☆	(US: STX)
Telefonaktiebolaget LM Ericsson ☆	(ST: ERIC-B)
Freeport-McMoran ☆	(US: FCX)
Plutegroup ↓	(US: PHM)
Drax Group ☆	(LN: DRX)
The Go-Ahead ☆	(LN: GOG)

☆ New to top 10 → No change
↑ Increase ↓ Decrease

Strategy Weighting