

Rivkin's product offering includes nine strategies, one of which is the ASX Income strategy. This strategy was developed for investors who want to hold a portfolio of high yielding hybrid securities. From this portfolio of securities we expect to receive a steady dividend stream that is an attractive percentage of the original investment amount.

ABOUT THE STRATEGY

The strategy invests in listed ASX hybrid securities. The investment premise is to identify the highest yielding hybrids in the investment universe and hold them long term to collect the regular income stream that comes with these securities. The benefit of this strategy is that the capital value of the portfolio is less volatile than a typical portfolio of common stocks. The process for selecting hybrids for inclusion in the portfolio is to rank the universe of hybrid securities by their yield to maturity and then eliminate the ones that have low liquidity or are issued by a company that we consider has a moderate or higher risk of not being able to make the dividend payments. We then pick the seven highest yielding securities subject to holding no more than one security from a single issuer.

HOW TO FOLLOW THIS STRATEGY

Rivkin members who purchase the ASX Income strategy will be provided with a portfolio of seven hybrid securities to hold that have passed the screening described above. Changes are made to the portfolio on an 'ad hoc' basis and usually occur as a result of two possible events. First, one of the securities held in the current portfolio could reach its maturity date, at which point it will be replaced with a new hybrid security. The second possibility is that a new high yielding hybrid may be issued by a company which we may decide to use to replace an existing position in the portfolio. In general, this is a very low maintenance strategy and members can receive the benefits with very little effort.

Members trade themselves, using their own brokerage account, which ensures that all stocks are held in the members' name. Rivkin can offer a low brokerage account for those who don't have one already. The timing of purchases and sales of hybrid securities is not critical so members can act on our income portfolio recommendations long after we first make the recommendation.

INVESTMENT CHARACTERISTICS

The ASX Income strategy has been developed by coming up with a rigorous investment process for selecting eligible securities. Only securities that pass all of our criteria are included in the portfolio. Based on the characteristics of the securities we hold, we are able to produce some 'expected' performance data based on the current yield of these securities. The table below lists some of the characteristics of this portfolio relative to the ASX 200.

	ASX INCOME STRATEGY	S&P/ASX 200 ACCUM INDEX
Construction	Seven of the highest yielding hybrids listed on the ASX	Free-float-adjusted market cap weighted, comprising 200 of the largest ASX stocks
Management	Changes made infrequently, on average 2-3 trades per year	Rebalanced four times per year according to market cap and liquidity
Annual Avg. Return*	6% per annum, before fees (excluding franking)	8.4% per annum, before fees

*As at 31 December 2018, based on average yield of current portfolio

MINIMUM INVESTMENT AMOUNT AND PERIOD

There is no specific minimum investment amount although as the portfolio holds seven stocks the minimum brokerage charged by your broker can put a practical limit on the minimum investment size. For example, if your broker charges a minimum of \$10 per trade, this would represent a 0.5% charge on a trade size of \$2,000. Due to the low activity of this portfolio, such a brokerage charge would be acceptable but we wouldn't recommend a lower trade size than this. With seven hybrids in the portfolio, this would be a minimum initial investment of \$14,000.

Rivkin recommends a time horizon of at least three years for this strategy due to the long-term nature of the securities held. Many of the hybrids held have maturity dates five years or more into the future so it is best to have a similar timeframe when investing in them. The lower liquidity of these securities also makes it unattractive to trade in and out of them frequently.

FEES AND CHARGES

Rivkin's advice product attracts a fixed annual subscription fee that does not depend on the amount invested. Other than this, the only fees and charges relate to those charged by your broker for trading. Under this model, the more funds you invest in our strategies, the lower the annual cost on a percentage basis. This strategy is also offered in a Separately Managed Account version for which you pay a small management fee for us to follow the strategy on your behalf.

HOW TO GET STARTED

Speak to a Rivkin Consultant to get signed up



Deposit funds for initial investment



Start using our detailed advice