

Rivkin's product offering includes nine strategies, one of which is the FX and Liquid Markets strategy. This strategy was developed for investors who want to profit from short term trading opportunities in FX currency pairs and commodities.

ABOUT THE STRATEGY

The strategy trades a limited universe of FX currency pairs, spot metals and commodities. The investment premise is to identify periods of low volatility in the context of a broader directional trend. In other words, we identify periods of trending prices, and await a low volatility congestion pattern before issuing a trade recommendation. As FX markets are traded using leverage, each recommendation is issued with a stop loss and target level.

HOW TO FOLLOW THIS STRATEGY

Rivkin members who purchase the FX and Liquid Markets strategy will be provided with ad hoc trade recommendations that could come on any trading day. Periodic trade management may also be required where profit target and stop loss levels for open trades are adjusted. Rivkin's Push-Trade service can make it easy to follow this strategy by allowing trades to be sent to your phone which you can confirm at the push of a button.

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. We advise members to act on our advice within 2-3 days of the recommendation which means that there will be some variation in the execution prices received by different members. We found in the back-testing that the overall, long term results of the strategy are not sensitive to the exact day and time of trade execution.

INVESTMENT CHARACTERISTICS

The FX and Liquid Markets strategy has been developed and tested by simulating the investment performance over historical price data. This allows us to gather performance data based on how this strategy would have performed if we had run them during these prior time periods. The statistics in the table below summarise the results of this testing and compare them to the S&P 500.

	FX & LIQUID MARKETS STRATEGY	S&P 500 ACCUM INDEX
Construction	Liquid FX pairs, spot metals, and commodities momentum	Free-float-adjusted market cap weighted, comprising 500 of the largest US stocks
Management	Trades are placed and managed on a daily basis	Rebalanced four times per year according to market cap and liquidity
Annual Avg. Return*	11.6% per annum, before fees	5.7% per annum, before fees
Worst 12-month return*	-18.5% (Feb-06 to Feb-07)	-43.3% (Feb-08 to Feb-09)

*As at 31 December 2018, based on 15 years of back-tested data

MINIMUM INVESTMENT AMOUNT AND PERIOD

Each recommended trade volume equates to a risk of US\$500 per trade. This means that we stand to lose US\$500 if the trade is stopped out at the initial stop loss level. As this portfolio typically has between 4-8 trades open at any one time, we recommend members follow this strategy with a \$25K account, even though the margin requirement to follow this strategy will be less.

Rivkin recommends a time horizon of at least three years for this strategy due to the possibility of a negative return in any given year. Based on the strategy back-testing, the probability of a positive return over any three-year time horizon is 96% and therefore having an investment time horizon of at least this much maximises the probability of a positive investing outcome.

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