

Rivkin's product offering includes nine strategies, one of which is the US Momentum strategy. This strategy was developed for investors who want to hold a portfolio of stocks that have had recent strong share price performance. Research has shown that stocks with strong price performance over the prior year tend to continue performing well.

ABOUT THE STRATEGY

The strategy invests in listed US equities that fall within the S&P 500 index. The investment premise is to identify the strongest trending stocks in this universe and hitch a ride on their upward movements. This 'momentum effect' has been shown to produce market beating returns and is based on investor psychology of wanting to own stocks that have performed particularly well in the recent past. An added benefit of the strategy is that it switches to a defensive portfolio of three ETFs if stock markets aren't performing sufficiently well.

HOW TO FOLLOW THIS STRATEGY

Rivkin members who purchase the US Momentum strategy will be provided with a portfolio of ten stocks to hold that have passed the screening described above. Each month, a new portfolio will be provided and the investor should make the trades necessary to bring the current portfolio in line with the new portfolio. Due to there often being significant overlap in the portfolio from one month to the next, typically only three portfolio changes are required per month to maintain the optimal portfolio. We call this monthly process 'rebalancing' and members will be advised by text and e-mail when a rebalance is needed. For the US Momentum portfolio this occurs on the 1st of every month (or the next trading day).

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 US Momentum strategy has been developed and tested by simulating the investment performance over historical stock 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.

	US VALUE STRATEGY	S&P 500 ACCUM INDEX
Construction	Ten of the best quality stocks selected from the S&P 500 and Nasdaq 100 indices	Free-float-adjusted market cap weighted, comprising 500 of the largest US stocks
Management	Rebalanced once per month on the 10th of the month	Rebalanced four times per year according to market cap and liquidity
Annual Avg. Return*	12.0% per annum, before fees	5.7% per annum, before fees
Worst 12-month return*	39.7% (Feb-08 to Feb-09)	-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

There is no specific minimum investment amount although 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 (portfolio size of \$10,000 for five stocks). Given an annual portfolio turnover of approximately four times, this would produce an annual brokerage charge of 4%. In this example, with a minimum brokerage charge of \$10, we would recommend an investment of no less than \$10,000.

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