

Rivkin's product offering includes nine strategies, one of which is the US Value strategy. This strategy was developed for investors who want to hold a portfolio of stocks that have been screened on company fundamentals. From this portfolio of stocks we expect strong company performance which we expect will lead to outperformance in their share prices.

ABOUT THE STRATEGY

The strategy invests in listed US equities that fall within the S&P 500 and Nasdaq 100 indices. There are three pillars to the strategy that we employ to produce market beating returns and we combine these pillars to achieve returns that exceed that of the broader market with less volatility. The three components of the strategy are to find companies that:

1. Have a strong likelihood of sustainable, recurring cash-flows and earnings
2. Produce a high return on invested capital
3. Have high earnings relative to current share price (low P/E ratio)

When combined, these three pillars provide the ingredients necessary to achieve the investment objectives of maximising return at the lowest possible volatility.

HOW TO FOLLOW THIS STRATEGY

Rivkin members who purchase the US Value strategy will be provided with a portfolio of 10 stocks to hold that have passed the screening described above. Each month, a new portfolio will be provided and the investor should adjust their portfolio to match this 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 Value strategy this occurs on the 10th 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 Value 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 \$20,000 for 10 stocks). Given a 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 \$20,000.

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