

Fund Objective

The Rivkin Australian Equity Fund aims to produce positive average annual returns while seeking to maintain a level of volatility lower than that of the A&P/ASX 200 Accumulation Index over the same investment period.

Launch Date

6 March, 2018

Fund Size

A\$23.67m

Unit Price

A\$0.9352 (30 November, 2018)

Number of Holdings

41

Minimum Investment

A\$500,000

Management Fee

1.50%, ex GST

Performance Fee

7.50%, 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

PIM1115AU

ISIN

AU60PIM11158

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 Australian Equity Fund (AEF) 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 strategies dynamically move to cash at certain parts of the cycle. This is quite topical at present, as after a decline of approximately 10% for the ASX200 over the past 3 months, 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 down below, but first let's discuss the specifics of recent performance for both the broader market and the AEF, as well as the make-up of the current portfolio.

Regarding the ASX200, despite a brief move under the late October price low during the month of November, the strength of the recent decline is dissipating, with buyers emerging in the 5,500 to 5,600 price zone. So, while a sustained recovery rally is yet to emerge, it is encouraging that a period of consolidation is currently developing. The ASX200 closed the month of November at 5,667.16, down 2.8% for the month, and 10.8% below recent highs from late August (6,351.76).

The 30 November NAV price for the AEF was 0.9352, which represents a net change of -2.29% for the month of November and translates to a -6.48% return since inception in March. The NAV price is -13.91% below the high-water mark of 1.0863 from 31 August, 2018.

The top 10 holdings of the Fund account for 31.4% of assets. Investors will note that four of these positions, being GOLD, AAA, IVV, and VAF comprise the Low Volatility strategy (12.6% of FUM in total), which in turn allocates across four different asset classes, being gold, cash, US equities, and bonds. The remaining six names all are held by individual stocks. At the end of November, the fund held 41 individual security names, a decrease from 50 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 Information Technology (25.4%) and Consumer Discretionary (+21.7%) sectors, with minimal exposure to Industrials (2.1%), Real Estate (1.6%) and Financials (1.6%). The largest change in sector weights was seen across the Energy sector which declined to 10.2%, from 18.3% a month earlier. It is important to note, that the sector weights discussed exclude holdings in both the Income and Low Volatility strategies as well as cash.

As discussed earlier, we have started to see a significant shift in our Momentum strategies towards cash. As a reminder, when fully invested, momentum will comprise 40% of the portfolio. Within this 40% allocation, we run two separate momentum rankings. The first is sourced from ASX100 stocks, which are the largest 100 stocks by market capitalisation available on the ASX. The second ranking is then on the next available 100 stocks, or put another way, the lower half of the ASX200 in terms of market capitalisation. As of the end of November, the ASX100 strategy had reduced from a weighting of 19.3% to just 7.1%, while the ASX200 strategy had reduced from 19.6% to 15.1%. The way that this occurs is that for a stock to be available for inclusion in either momentum portfolio it must be not only trending higher but doing so at a fast-enough rate. If less than 10 stocks from each of our rankings (whereby there are 100 available names) fail to meet these momentum criteria, then the strategies 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.

Important Disclaimer

The Rivkin Australian Equity Fund is available to wholesale investors only. Past performance is not a reliable indicator of future performance. The value of your investment may rise and fall, and you may not receive the amount originally invested.

Fund Objective

The Rivkin Australian Equity Fund aims to produce positive average annual returns while seeking to maintain a level of volatility lower than that of the A&P/ASX 200 Accumulation Index over the same investment period.

Launch Date

6 March, 2018

Fund Size

A\$23.67m

Unit Price

A\$0.9352 (30 November, 2018)

Number of Holdings

41

Minimum Investment

A\$500,000

Management Fee

1.50%, ex GST

Performance Fee

7.50%, 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

PIM1115AU

ISIN

AU60PIM11158

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.

With the ASX200 currently around 10% off recent 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, specifically 10% each to the Income and Low Volatility strategies. Such a mix will have substantially less market risk than a fully invested equity portfolio. If on the other hand, the ASX indeed bottoms at current levels and begins to rally, we would expect our momentum strategies to eventually return to being fully invested in due course.

To summarise, the AEF portfolio has de-risked throughout November, with a decline in weighting to Momentum from 38.9% to 22.2% and a significant increase in cash from 1.2% to 17.2% over the course of the month.

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

Important Disclaimer

The Rivkin Australian Equity Fund is available to wholesale investors only. Past performance is not a reliable indicator of future performance. The value of your investment may rise and fall, and you may not receive the amount originally invested.

Fund Objective

The Rivkin Australian Equity Fund aims to produce positive average annual returns while seeking to maintain a level of volatility lower than that of the A&P/ASX 200 Accumulation Index over the same investment period.

Launch Date

6 March, 2018

Fund Size

A\$23.67m

Unit Price

A\$0.9352 (30 November, 2018)

Number of Holdings

41

Minimum Investment

A\$500,000

Management Fee

1.50%, ex GST

Performance Fee

7.50%, 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

PIM1115AU

ISIN

AU60PIM11158

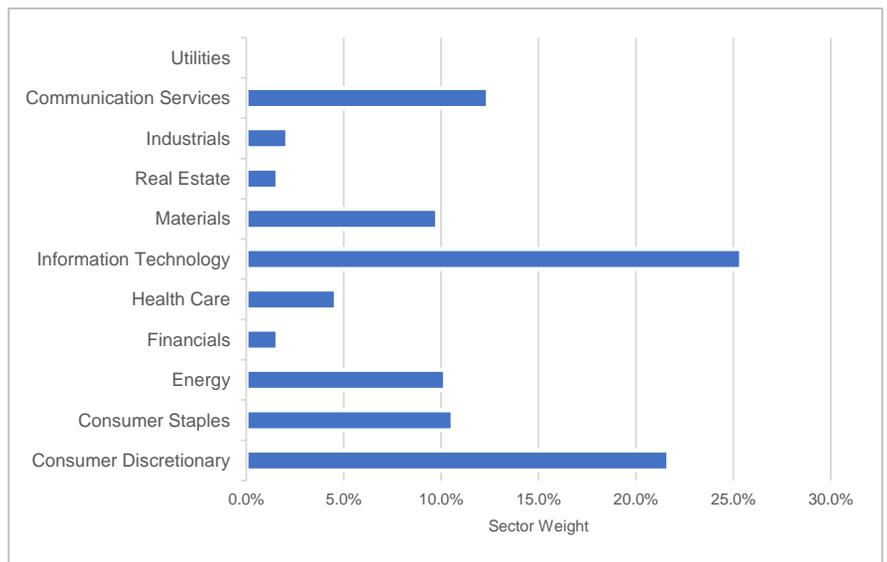
Contact

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

Fund Description

The Fund invests predominantly in listed Australian companies whose characteristics satisfy one or more of the strategies that occupy the portfolio. These strategies include: **Momentum 100 & 200**, being two discreet segments (ASX 100 & ASX 200 ex the ASX 100) of securities that are enjoying positive price trends; **Quality**, being companies with robust earnings profiles that are priced favourably versus their peers; **Income**, being securities that provide a high yield relative to the broader market; and **Low Volatility**, which cushions market shocks.

Sector Breakdown



Top 10 Holdings

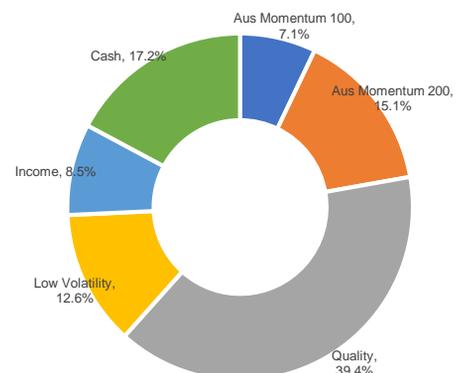
Bravura Solutions ☆	(BVS)
Computershare ↓	(CPU)
ETFs Physical Gold ↓	(GOLD)
Vanguard Australia ↓	(WAF)
Betashares Australia →	(AAA)
Wisetech Global ↓	(WTC)
Corporate Travel Management ☆	(CTD)
iShares S&P 500 ETF ☆	(IVV)
Altium ↓	(ALU)
Blackmores ☆	(BKL)

☆ New to top 10 → No change

↑ Increase

↓ Decrease

Strategy Weighting



Important Disclaimer

The Rivkin Australian Equity Fund is available to wholesale investors only. Past performance is not a reliable indicator of future performance. The value of your investment may rise and fall, and you may not receive the amount originally invested.