

Trading and Performance Policy

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In order to create alignment between the investment outcomes of Rivkin and its clients, we invest the majority of our money in Rivkin's retail and wholesale investment strategies. In fact, there is not one trade that Rivkin places on its proprietary accounts that has not already been placed on a client account.

As a result of this methodology, Rivkin is able to demonstrate 'real' performance results, because we place the same trades and pay the same fees as our clients, giving us the ability to advertise honest, net performance figures after all the costs of trading.[efn_note]This type of performance methodology came into effect on 1 April 2013.[/efn_note].

In this document you'll find everything you need to know about how Rivkin calculates its performance and puts its money where its mouth is by trading 'alongside' its members.

Rivkin ASX performance methodology

PHILOSOPHY

Rivkin runs Model Portfolios for members to follow if they wish, one for each of our nine strategies, in such a way that each member can choose their weighting to each strategy.

1. The first strategy is the ASX Event Strategy which looks to capitalise on specific 'events' that we believe provide a low-risk catalyst from which we can profit in a relatively short period of time. Typical examples are takeovers and buybacks.
2. The second strategy is the ASX Income Strategy which focuses on those securities that pay a high coupon or dividend. These may be in the form of debt, preference shares or other securities that generally have a relatively high amount of income and relatively limited capital growth.
3. The third strategy is the ASX Blue Chip Strategy which is a low-maintenance, long-term strategy that invests in the highest yielding blue-chip stocks for 12 months at a time, which has produced significant outperformance since we started using the strategy in 2008.
4. The fourth strategy is the ASX Momentum Strategy which revolves around selecting the highest momentum stocks, based on price, from the ASX 100 index.
5. The fifth strategy is the ASX Value strategy which seeks to select the top 10 stocks from the ASX 200 index based on a number of fundamental criteria.
6. The sixth strategy is the US Momentum strategy which chooses the 10 highest momentum stocks, based on price, from the S&P 500 index.



7. The seventh strategy is the US Value strategy which selects the 10 best stocks from the S&P 500 index based on a number of fundamental criteria. The ninth strategy is the FX and Liquid Markets strategy which seeks to profit from trading opportunities on a range of currency pairs as well as some commodities.

8. The eighth strategy is the US Long/Short strategy which seeks to profit from trading opportunities in any direction using both long and short trades. This strategy is designed to produce reduced volatility during weak markets.

9. The ninth strategy is the FX and Liquid Markets strategy which seeks to profit from trading opportunities on a range of currency pairs as well as some commodities.

The performance of each strategy is tracked through its respective model portfolio. Overall performance of a group of strategies can be produced by combining the performances of each respective model portfolio in the appropriate weights.

IMPLEMENTATION

On 1 April 2013, Rivkin deposited \$300,000 cash into a Rivkin Securities stockbroking account, paying retail rates of brokerage. From this point onward, our performance figures that contribute to the track record have been recorded on a 'real' basis, whereby only the net profit and loss (after all costs of trading) is used to attribute Rivkin performance to our advertised statistics. Following the initial account creation, the amounts invested were adjusted at various times as a result of new strategies being added/removed.

Prior to 1 April 2013, Rivkin ASX used a theoretical account, recording profits and losses for the trades that members were able to get in and out of, and removing the cost of brokerage from those figures.

We combine these two figures to advertise our long-term track record, which dates back to 1997. It is our aim to one day rely only on actual recorded net profit on our live model account; however, the current period of time we have to calculate the results that come from our live account is not long enough to satisfy what a reasonable prospective member may expect in terms of a time horizon for a track record.

Our staff and proprietary trading policy

Related parties of Rivkin Securities Pty Ltd and/or Tarfaya Nominee Pty Ltd (hereon 'Rivkin') must ensure at all times that they act in the interests of Rivkin Clients, within the boundaries of Rivkin's statutory and regulatory obligations, and meet the expectations set out by such brand promises as respect, family, and transparency.

It is also important that Rivkin nurtures a culture of participation, whereby employees and directors utilise the very Rivkin products that they create, in order to increase their own wealth and secure unrestricted life choices, in accordance with the Rivkin vision. This process aligns the interests of those who work in and operate the Rivkin business with the members who we work so hard to benefit from our products.

This Policy states the rules by which a Rivkin staff member or related party must abide in relation to the publication of general advice and dealing in securities and derivatives.

RELATED PARTIES

The following Related Parties of Rivkin are bound by this Trading Policy:

- All employees of Rivkin;
- Spouses or de facto partners of employees or directors of Rivkin;
- Children under 18 years of employees or directors of Rivkin; and
- Trustees of a trust of which employees or directors of Rivkin are beneficiaries.



For the purposes of this document, Rivkin's own surplus capital is considered a Related Party

TRADEABLE EVENTS

Any general advice published by Rivkin (be it written, audio or audio/video format) that contains information relating to a tradeable security or derivative, shall create a 'tradeable event.' The publication time of a Tradeable Event is determined by the electronic time and date stamp applied to it, once it is made available on the Rivkin website.

RESTRICTED SECURITIES

A list of Restricted Securities will be made available via Rivkin's Customer Relationship Management platform (CRM), which relevant members of the Investment Team will be privy to.

TRADING EMBARGO

Before a Tradeable Event has been published, those Related Parties made privy to a pending publication by way of the Restricted Securities list must not, in any instance, trade securities related to that pending tradeable event.

Once a tradeable event has been published, a Related Party of Rivkin is bound by the following trade restrictions:

Cannot trade contrary to the general advice for five (5) complete trading days. For example, if advice is issued on a Monday at 3pm, the Related Party must wait for Tuesday (1), Wednesday (2), Thursday (3), Friday (4), Monday (5) to pass before then placing an order to trade contrary to that advice on the following Tuesday. Trading days are defined by the ASX Trading Calendar. A contrary trade means:

- To sell when a Tradeable Event (either explicitly or implicitly) advises one to buy;
- To buy when a Tradeable Event (either explicitly or implicitly) advises one to sell;
- To sell when a Tradeable Event (either explicitly or implicitly) advises one to hold; or
- To buy when a Tradeable Event (either explicitly or implicitly) advises one to hold.

Cannot trade conforming to the general advice for 30 minutes. For example, if advice is issued at 11 am on a Monday, the Related Party must wait for 30 minutes to pass before then placing an order to trade in accordance with the advice, so no earlier than 11 :30am. A conforming trade means:

- To sell when a Tradeable Event (either explicitly or implicitly) advises one to sell; or
- To buy when a Tradeable Event (either explicitly or implicitly) advises one to buy.

Below is a list of instruments that Rivkin deems too liquid to be affected (adversely or otherwise) by trades made by Related Parties, and therefore there is no embargo on these instruments:

- All foreign exchange markets, and derivatives of those markets
- All major equity indices, and derivatives of those indices
- All commodity markets, and derivatives of those markets.



CHANGES TO THIS DOCUMENT SINCE FIRST PUBLISHED

- On 18 June, 2015, the Rivkin related party trading embargo for conforming trades was reduced from 2 hours to 30 minutes. This was done so that Rivkin's model portfolios did not get locked into trades if instructions were sent out less than two hours before the market closed.
- On 18 June, 2015, the 30 minute embargo for foreign exchange, equity index and commodity markets was removed. This was done because these markets are too deep for Rivkin to materially impact and our trading in these markets is too frequent to employ embargos without detracting from product performance.

GENERAL

Dealing in securities while in possession of inside information is prohibited by the Corporations Act 2001 (the Act), even if the dealing may otherwise be permitted under this Policy.

All Rivkin staff wishing to deal on a personal basis, or deal on behalf of a Related Party, must first be authorised to do so by completing a request and having it approved by a director or compliance officer.

If you have any questions regarding this Staff and Proprietary Trading Policy, please contact Gregory Freckmann, Risk and Compliance Manager, on 02 8302 3600.

