



Rivkin Australian Equity Fund

rivkin[®]

MONTHLY UPDATE - FEBRUARY 2019
CURRENT UNIT PRICE - A\$1.0368

Performance	AEF	ASX200 Acc	Relative Performance
Latest Month	6.04%	5.98%	0.07%
QTD	12.32%	10.08%	2.24%
Calendar YTD	12.32%	10.08%	2.24%
Financial YTD	-0.15%	2.56%	-2.71%
12m			
Inception	3.68%	7.81%	-4.13%

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 S&P/ASX 200 Accumulation Index over the same investment period.

Launch Date

6 March, 2018

Unit Price

A\$1.0368 (28 February, 2019)

Number of Holdings

53

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

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February was a busy month for ASX listed companies, with earnings season in full swing. As a result, there was an increased level of volatility at the stock level, as investors reacted to the updated company financials. On balance, earnings season was a boost for the Fund, with several of our holdings having great results, including Appen (APX), Altium (ALU), IDP Education (IEL), and Webjet (WEB). In general, these companies reported strong growth in all financial metrics and clearly surprised the market with the quality of their results. Companies whom investors reacted poorly to included Blackmores (BKL), and Cochlear (COH).

Excluding the four ETFs which comprise the Low Volatility strategy, as of the end of the month, the largest stock holdings in the fund were Appen at 4.56%, Bravura Solutions at 4.14%. Altium at 3.58%, and Technology One at 3.47%. Interestingly all four of these stocks are from the Information Technology sector, which not surprisingly is the largest sector weight in the Fund at 27.1%, and one of the most significant ways in which we differ from the broader ASX200. Across all top 200 companies, IT stocks only comprise 2.3% of the overall market capitalisation of the Index, the second smallest Index sector only to utilities. The other major way that the current makeup of the AEF differs from the ASX 200 regards the financial sector. The AEF has been light-on with financial stocks for many months now, with the current weighting at 1.5%, compared to the Index at 32.3%. To summarise, the AEF is heavily overweight information technology and heavily underweight financials.

Cash levels in the Fund have continued to reduce, with the portfolio at month end largely fully invested, with cash making up just 0.7% of total assets. In terms of how we allocate the Fund's capital across different strategies, we continue to champion a 20% allocation to non-equity style returns, which to us means, strategies that have a low correlation to the broader equity market, and that tend to have much lower volatility to equities in their own right. Up to this point, we have achieved this by splitting this 20% allocation between a Low Volatility strategy, which is allocated across bonds, cash, gold, and US equities, and the Income strategy, which is comprised of ASX listed Hybrids, which are securities that comprise both equity and debt components.

We have made the decision to exit the Hybrids over the month of February for two reasons. Firstly, their lack of liquidity is becoming a problem, particularly when we need to sell. Secondly, the appeal to this asset class is less attractive with the looming change to franking credits that has been proposed by the Labor party. In the interim, we have moved capital to the LV strategy (18.5% at month end), however shortly, we will be allocating this capital to a specific global bond macro strategy, via an unlisted managed fund. In our opinion, this will offer significant benefits for Investors, in terms of both diversification and expertise.

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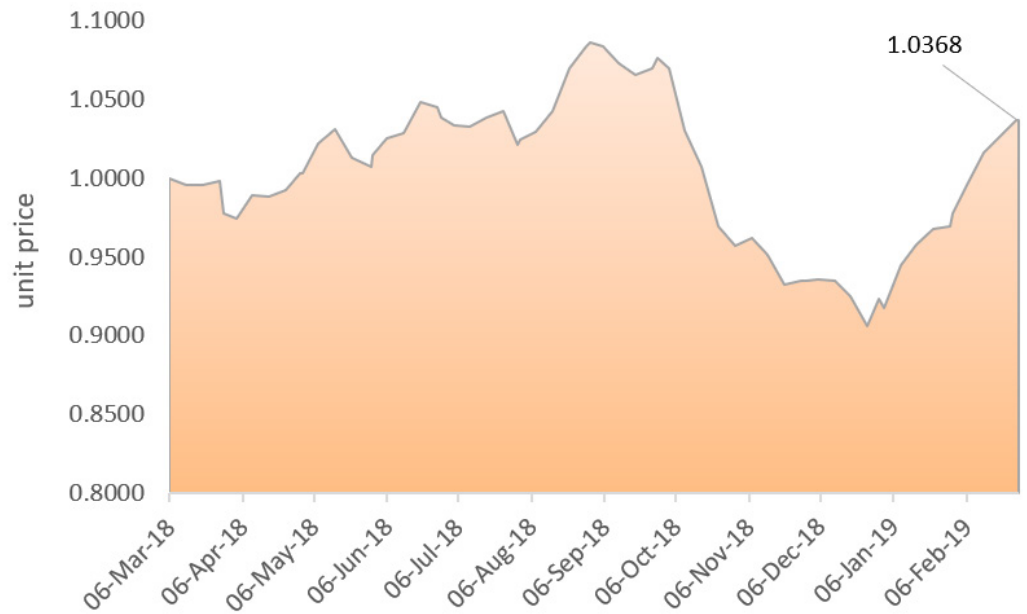
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Looking forward to March, with earnings season now behind us, we would envisage volatility to reduce somewhat, notwithstanding the likelihood of a pause in the current uptrend in equity markets, given the strong rally over the past 2 months.

PERFORMANCE CHART



MONTHLY RETURNS

AEF	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
2018			-2.2%	2.6%	1.2%	2.3%	-1.6%	6.4%	-0.9%	-11.1%	-2.3%	-1.3%	-7.7%
2019	5.9%	6.0%											12.3%
Accumulated Return													3.68%

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.

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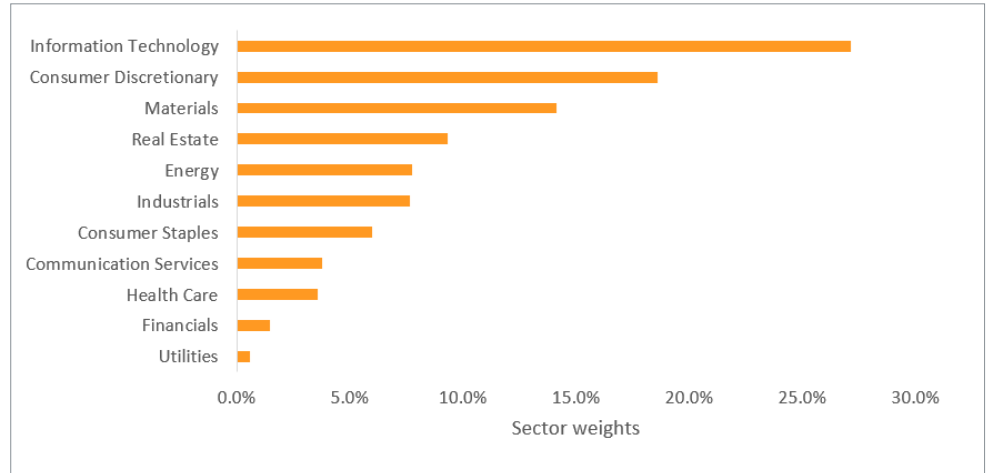
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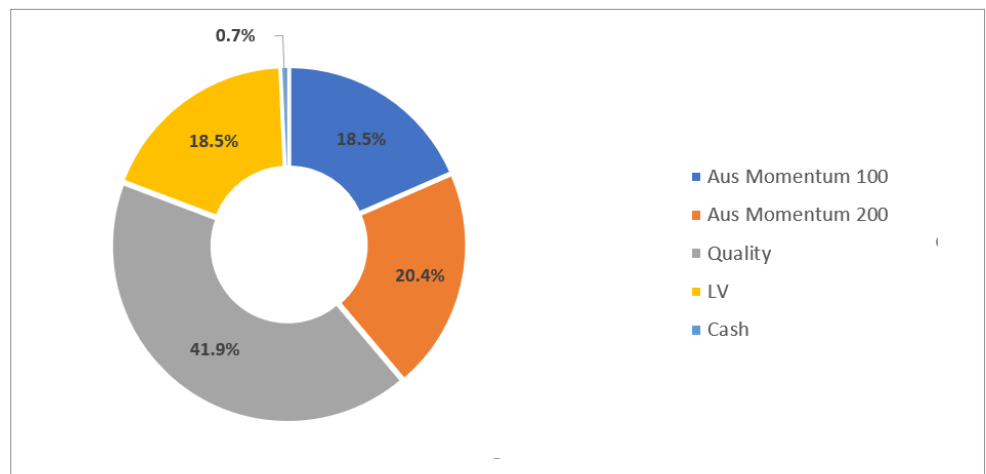
SECTOR BREAKDOWN



TOP 10 STOCK HOLDINGS

Stock	Ticker	Sector	Weight
iShares S&P 500 ETF	IVV	N/A	4.87%
Vanguard Australia	VAF	N/A	4.82%
ETFs Physical Gold	GOLD	N/A	4.80%
Appen	APX	Information Technology	4.56%
Bravura Solutions	BVS	Information Technology	4.14%
Betashares Australia	AAA	N/A	4.04%
Altium	ALU	Information Technology	3.58%
Technology One	TNE	Information Technology	3.47%
IDP Education	IEL	Consumer Discretionary	3.32%
Beach Energy	BPT	Energy	3.14%

STRATEGY WEIGHTING



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