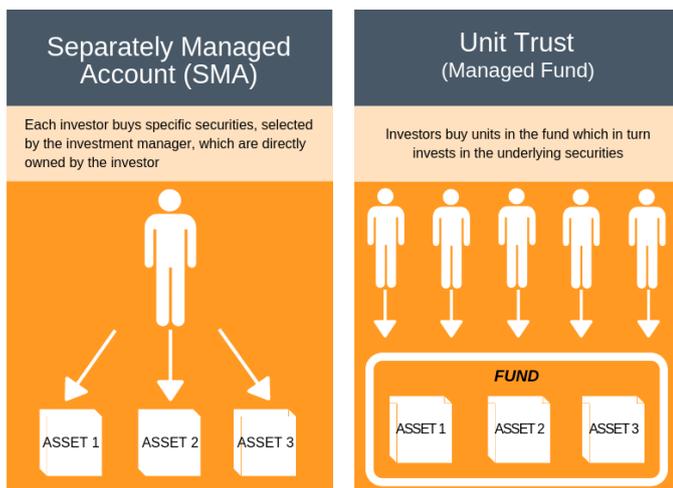


A Separately Managed Account (SMA) product offering provides a way for investors to follow an investment strategy without having to do any trading themselves. Individual holdings and trades are visible to the investor unlike a Managed Fund where holdings are not allocated to specific clients. Rivkin have partnered with Perpetual and Mainstream to offer five of Rivkin's strategies under this structure with investors having the choice of which strategy to follow. The benefits of an SMA include reduced trading costs, low maintenance, high visibility on account performance and detailed reporting.

The following diagram shows the difference between a Separately Managed Account (SMA) and a Unit Trust, which is a common structure for managed funds. The key takeaway is that in the SMA structure, the individual investor is the beneficial owner of the assets compared to the unit trust where the investor holds units in the fund, which in turn owns the assets.



HOW A SEPARATELY MANAGED ACCOUNT WORKS

A Separately Managed Account allows Rivkin members to invest in our strategies without having to do any of the trading themselves; the client simply has to choose which of our strategies to follow. Your individual holdings will be visible in our online platform so that you can monitor the trades executed, account balance and holdings at any time. The strategy rebalancing will be taken care of by Rivkin so that the desired strategy is followed without error. Rivkin has access to trading algorithms that ensure good execution on trade entries and exits and we have negotiated very low brokerage rates with the executing broker.

All trading is taken care of by the investment manager so that the desired strategy is followed on time and without error. The manager can also access trading algorithms and low-cost brokerage that would typically not be available on an individual stockbroking account.

An SMA product can use different entities to perform the trustee, custody, administration and investment management services so that the best company for the job can be placed in each role. Although this can create what may seem like a complicated structure, the truth is that it provides an efficient means for performing the various tasks that go into operating an SMA product.

MINIMUM INVESTMENT AMOUNT AND PERIOD

There can be a minimum investment amount for an SMA although this is decided by the investment manager. Brokerage usually sets the practical limit for the minimum investment amount needed to efficiently follow a strategy however this is where the benefits of an SMA come to the fore. The manager is able to avoid hitting the minimum brokerage amount by pooling investor trades into one block. This means that investors can achieve brokerage rates much lower than they might be able to achieve elsewhere.

FEES AND CHARGES

The fee structure of an SMA account involves a management and performance fee. A management fee is a fixed percentage fee that is paid on the total amount of assets in the account while a performance fee is paid as a percentage of profits generated by the account. The performance fee is often subject to a high water mark (HWM) which protects the investor against paying fees twice on the same performance. In other words, the performance fee will only be charged when your account reaches new all-time highs. The benefits of this fee structure is that the interests of the investment manager are fully aligned with your interests (i.e. that you make money). For example, the investment manager has a strong incentive to keep transaction costs down to maximise the performance of the strategy.

HOW TO GET STARTED

Speak to a Rivkin Consultant to get signed up



Deposit funds for initial investment



Sit back and watch your investment grow