

# Discretionary - Balanced

Fund update: September 2021

rivkin®

## FUND FACTS

Portfolio Manager	Dion Rivkin
Structure	Discretionary
Management Fee	0%
Performance Fee	20%
Highwater Mark	Yes

## PERFORMANCE STATISTICS

Total Return Annualized	Total Return Cumulative
<b>27.63%</b>	<b>30.25%</b>
Year To Date	3 Months
<b>25.47%</b>	<b>6.65%</b>
Last Month	Best Month
<b>-1.22%</b>	<b>9.22%</b>

## CONTACT DETAILS

Phone	+61 2 8302 3605
E-mail	thomas.silitonga@rivkin.com.au

## STRATEGY DESCRIPTION

We have developed an ecosystem that integrates a comprehensive pool of managed wealth solutions to preserve and grow the wealth of our clients while effectively managing the risks that might arise in a constantly evolving and challenging investing environment.

The objective of the balanced portfolio is to provide a blended approach, seeking to outperform the broad market with lower volatility. Dion Rivkin inherited an impeccable skill of identifying short term investment opportunities on a daily basis in the Australian market. As lead portfolio manager, he will also tactically manage this portfolio to target a compelling risk adjusted return. This investment opportunity strategy is not correlated to the market with many of the opportunities being in Event Driven trades which are typically market neutral. Additionally, half of the portfolio is invested short term growth opportunities which have the potential for strong capital appreciation over the following six months providing a balanced approach.

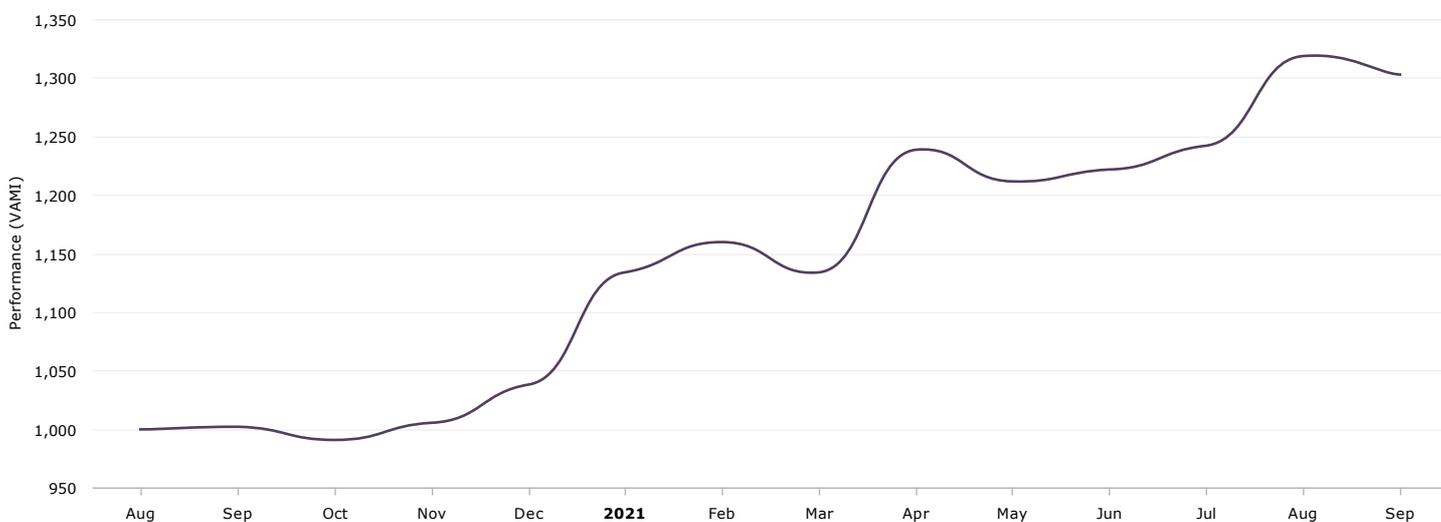
The objective return we are targeting is 15% per annum net of fees with no correlation to the index. This investment will also provide investors significant liquidity as all assets will be held in a managed account structure

## MANAGER BIO



Thomas has over 10 years experience and is Head of Rivkin's Asset Management and Wholesale channels. Thomas personally prides himself on exceptional client service and the ability to evaluate exclusive and profitable solutions to every clients unique circumstances.

## PERFORMANCE



■ Discretionary - Balanced

## MONTHLY PERFORMANCE

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Year
2021	9.22	2.31	-2.25	9.18	-2.16	0.83	1.71	6.15	-1.22				25.47
2020									0.16	-1.12	1.50	3.27	3.81

## PERFORMANCE COMMENTARY

After a month of endless opportunities with August being the month of 'reporting season', September was a fairly tough month, with very few short-term opportunities, and of course, a steady down month.

The portfolio currently has a few high conviction names such as PWH, BLX, and RAC, as well as a few more speculative smaller positions such as FMG and PDN. A lot of the remaining cash is made up of 'Event' trades, which have done a good job of reducing the volatility for the portfolio for the month.

As soon as we feel a little more comfortable that the market has settled, we aim to add to the portfolio with names we feel have been oversold and take advantage of any opportunities that have arisen.

The growth component of the portfolio finished modestly higher for the month, up +0.70% outperforming the broader ASX All Ordinaries index which declined -2.47%. The largest contributors to the outperformance in September were Liontown Resources (LTR), which rose 53% and Home Consortium (HMC) which gained 17% while the remainder of the portfolio was either flat, or down following sizeable gains in August. Given the portfolio tends to be skewed towards higher growth names which can underperform during weaker market conditions, a 50% allocation to cash was built up in the portfolio throughout the month as equities eased from record highs. This provided a buffer for the portfolio against broader declines in the market, as well as locking in sizeable profits from gains in August.

## STRATEGIES: SHANNON RIVKIN ON EVENTS

2020, despite the COVID-19 pandemic, was the most active year we've seen for the 'Event' strategy despite the ASX falling almost 40% from top to bottom at one point. Not only that, but it is also the year during which we saw the most contested takeovers which are the 'cherry on top' of the strategy. The 'Event' strategy can be described as short-term investments whereby we anticipate a catalyst will lead to a re-rating of a stock that we feel is undervalued or has upside from its current level. This catalyst can be takeovers, buybacks, wind-ups and so on. It is a strategy Rivkin has used since its inception and can be characterised as having very limited volatility and downside despite very attractive long-term returns. When we identify an attractive 'Event' strategy opportunity, we can quantify the expected worst-case downside because that price is underpinned either by a bid price bound by a signed contract, or the buyback price, or the net tangible assets of the company for example (in the case of takeovers, buybacks, and wind-ups respectively). It is this aspect of the investment that makes the all-important risk/reward equation so attractive; limited downside (the risk) compared to unknown and potentially significant upside (the reward).

2021 has been a continuation of the trend that started in 2020, and there are several reasons why this is the case and why we expect this to continue. Never has low interest rates also contributing to higher discounted cash flow valuations, the price that bidders are prepared to pay is likely to remain elevated. The second reason why corporate activity has been so rampant is that so many potential bidders are cashed-up. Global private equity firms are sitting on all-time high cash levels, and in Australia we have even started to see local super fund giants bid for direct ownership in listed companies which is in direct contrast to their history of outsourcing their investment mandates to specialist fund managers. This has brought a whole new class of bidder which has very deep pockets and a long-term outlook which is an excellent recipe for opportunistic takeover bids. Finally, with economies so disjointed because of stay-at-home orders and COVID restrictions, corporates are looking for easy ways to accelerate their profit growth and pulling out costs from a synergistic acquisition remains a tried and tested way to achieve that.

## A NOTE FROM DION RIVKIN, HEAD OF TRADING

Over two decades of being in front of the markets, I have developed a knack for noticing and taking advantage of short term trading opportunities in a profitable way, with very little volatility attached. The strategy is made of short term trading ideas; which can range from potential trades that I feel might make short to medium term gains, not by using charts but by using price action as my catalyst to enter a trade. Furthermore as markets are very inefficient I feel there is always plenty of opportunities to take advantage of any mispricings and arbitrages in the market, and these opportunities might result in being in a trade for a day or even several months. Lastly, as I am in front of the market all day long, I like to take advantage of extremely short-term trading opportunities that I'll be in and out of in the same day. This style of trading can result in many small loss-making trades, but will be offset by fewer highly profitable trades. This part of the strategy can go through periods of inactivity, but then go through periods of endless activity, so one can expect many trades done on their account.

\* Past performance is not a reliable indicator of future performance. The value of your investment may rise and fall, and you may not be returned the amount originally invested.

The portfolio is available to wholesale investors only. Therefore, Rivkin will not issue a financial services guide, product disclosure statement or any other retail documentation in relation to this service.

DISCLAIMER: Rivkin aims to provide clear and simple information. Rivkin provides general advice and dealing services on securities, derivatives, and superannuation (SMSF). Rivkin does not provide advice that takes into account your, or anybody else's, investment objectives, financial situation or needs. We strongly suggest that you consult an independent, licenced financial advisor before acting upon any information contained on this website. Investing in and trading securities (such as shares listed on the ASX) and/or derivatives (such as Contracts for Difference or 'CFDs') carry financial risks. If you are not comfortable with your understanding of the risks involved before using a Rivkin product and service, please contact us at [info@rivkin.com.au](mailto:info@rivkin.com.au) to seek further information. Rivkin is a trading name of Rivkin Securities ABN 87123290602, which holds Australian Financial Services Licence No. 332 802.