

InvestSMART Core Growth Portfolio

QUARTERLY UPDATE

Quarterly Video Update

Evan Lucas,
Portfolio Manager



This quarter Evan discusses:

- Why the US is driving everything
- What we expect over the coming quarter
- Outlook for growth assets



InvestSMART Core Growth Portfolio

PERFORMANCE TO 30 SEPT 2018	1 mth	3 mths	6 mths	1 yr	2 yrs	3 yrs	Since Inception (p.a.)
InvestSMART Core Growth	-0.29%	3.06%	8.55%	11.29%	9.71%	8.53%	8.12%
Morningstar Multisector Growth Index	-.39%	3.01%	8.34%	12.32%	9.76%	9.12%	8.92%
Peers	-0.50%	1.59%	5.03%	8.05%	7.30%	6.78%	-

KEY POINTS

- **Portfolio produced a return of 3.06%**
- **No changes were made to the Portfolio**
- **Estimated yield at 3.39%**

The InvestSMART Core Growth Portfolio produced a return of 3.06% (after fees) during the September Quarter. Since inception the Portfolio has returned 8.12% p.a. (after fees).

US markets had their best quarterly return since the fourth quarter of 2013 adding 7.8% in the three months to September. The Vanguard MSCI Index International Shares ETF (VGS) has a 63% exposure to US markets, and contributed 2.6% in overall returns during the quarter. Looking forward, US markets have started the fourth quarter with strength and forward-looking economic indicators from the US have lodged some of their strongest readings in two decades. We expect the international side of the portfolio to continue to outperform in the coming quarter, assisted by further declines in the AUD.

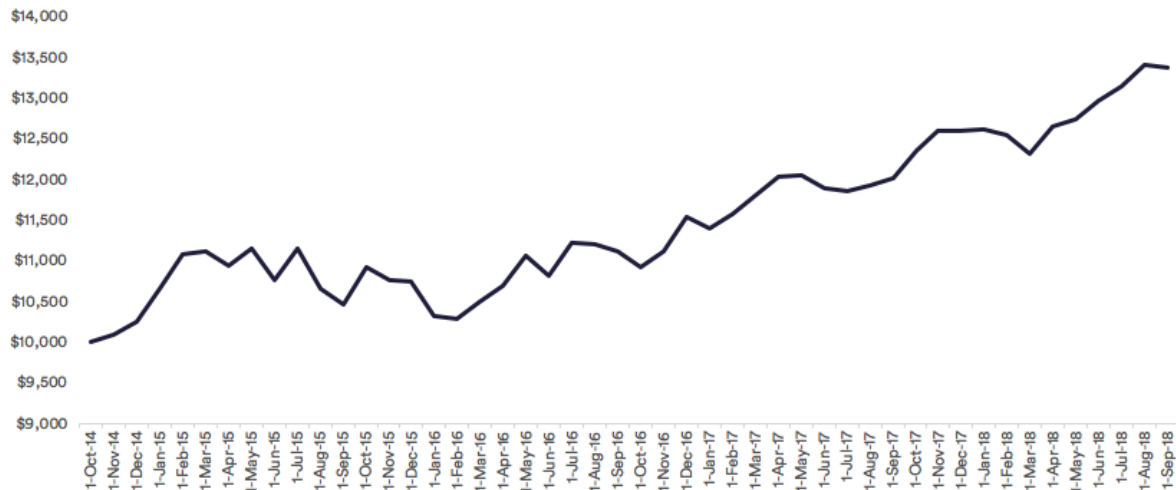
The iShares Core S&P/ASX 200 ETF (IOZ) added 0.54% over the September quarter. IOZ was impacted by several market events including: full-year reporting season in August, ex-dividend trading in September, geopolitical risks to Australia's closest trading partners (US-China trade wars) and the Banking Royal Commission.

The outlook for the final quarter of the year is likely to be impacted by increasing global oil prices which have risen 20% year-to-date. US bond yields will continue to climb as the US Federal Reserve looks to increase its cash rate a further 25 basis points in December which will impact risk investment and sentiment.

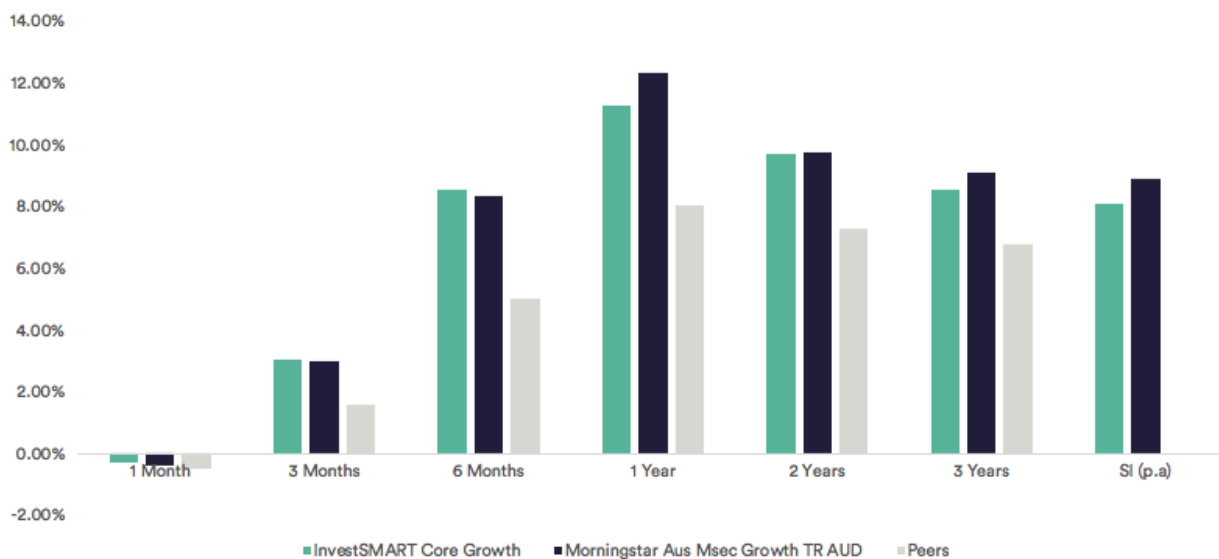
“WE EXPECT THE INTERNATIONAL SIDE OF THE PORTFOLIO TO CONTINUE TO OUTPERFORM IN THE COMING QUARTER, ASSISTED BY FURTHER DECLINES IN THE AUD.”

Performance

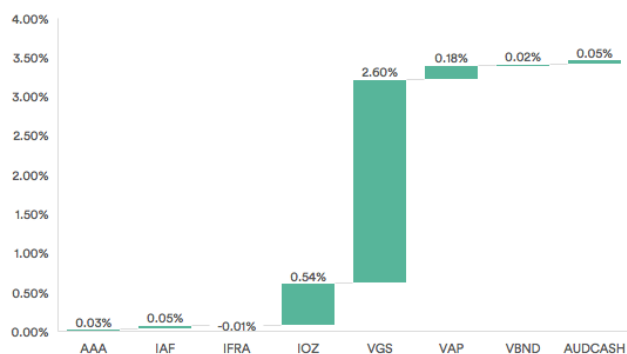
PERFORMANCE OF \$10,000 SINCE INCEPTION



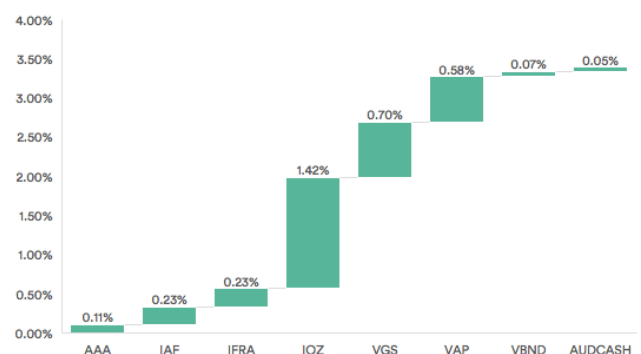
PERFORMANCE RELATIVE TO BENCHMARKS



PERFORMANCE ATTRIBUTION - BEFORE FEES



YIELD ATTRIBUTION



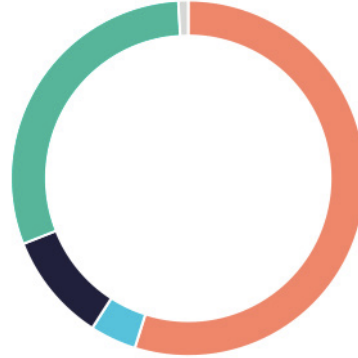
Portfolio Holdings

SECTOR ALLOCATION



- Government Bonds
- Consumer Discretionary
- Energy
- Health Care
- Information Technology
- Other
- Telecommunication Services
- Cash
- Corporate Bonds
- Consumer Staples
- Financials
- Industrials
- Materials
- Real Estate
- Utilities

GEOGRAPHIC ALLOCATION



- Australia
- Asia
- Europe
- North America
- Other

TOP PORTFOLIO HOLDINGS

Security	Ticker	Sep 2018	Jun 2017
Australian Equities			
iShares Core S&P/ASX 200 ETF	IOZ	29.40%	29.84%
International Equities			
Vanguard MSCI Index International Shares ETF	VGS	31.47%	30.18%
Property & Infrastructure			
Vanguard Australian Property Securities Index ETF	VAP	6.91%	6.94%
VanEck Vectors FTSE Global Infrastructure ETF	IFRA	6.15%	6.38%
Cash			
BetaShares Australian High Interest Cash ETF	AAA	5.31%	5.43%
AUD Cash	AUDCASH	3.53%	3.61%
Fixed Interest			
iShares Core Composite Bond ETF	IAF	9.90%	10.15%
Vanguard Global Aggregate Bond Index ETF	VBND	7.33%	7.47%



- Domestic Equities
- International Equities
- Domestic Fixed Interest
- International Fixed Interest
- Cash
- Property & Infrastructure

InvestSMART Group Limited (INV)

was founded in 1999 and is a leading Australian digital wealth advisor which has over 32,000 clients and over \$1.4B in assets under advice. InvestSMART's goal is to provide quality advice and low cost investment products, free from the jargon and complexities so commonly found in the finance industry, to help you meet your financial aspirations.

The Portfolio

The InvestSMART Core Growth Portfolio is designed for investors who are looking to build their wealth over the medium-term. The Portfolio is invested in a blend of Exchange Traded Funds (ETFs), to offer investors a higher allocation to growth assets (shares & property) vs income assets (bonds & cash) all managed in the one portfolio.

Investment objective

The Portfolio's investment objective is to provide investors returns in line with the benchmark minus our fees by investing in a blend of our preferred ETFs.

Why the InvestSMART Core Growth Portfolio?

Having a well-diversified portfolio is a well-known strategy to assist in growing your capital whilst minimising your investment risks. The InvestSMART Core Growth Portfolio has been designed to balance your returns, by carefully balancing risk and fees.

Who manages the investment?

Evan Lucas, has been investing and researching global markets for over 10 years and is supported by our Investment Committee, chaired by Paul Clitheroe. After getting his Masters in Finance from Flinders University, Evan started his career in Amsterdam with ABN Amro before moving to the Royal Bank of Scotland. He returned to Australia with RBS Morgans where he developed his top down approach, joining InvestSMART as our Chief Market Strategist in 2018.

Key details

INVESTMENT CATEGORY

A blend of our preferred Exchange Traded Funds (ETFs)

INVESTMENT STYLE

Low cost Active Asset Allocation

BENCHMARK

Morningstar Multisector Growth Index

INCEPTION DATE

24 October 2014

SUGGESTED INVESTMENT TIMEFRAME

5+ years

NUMBER OF SECURITIES / STOCKS

5 - 15 securities

MANAGEMENT FEE

0.40% - 0.77% p.a.

PERFORMANCE FEE

N/A

MINIMUM INITIAL INVESTMENT

\$10,000

STRUCTURE

Separately Managed Account (SMA)

SUITABILITY

Suitable for investors looking to build their wealth over the medium-term.

PORTFOLIO MANAGER

Evan Lucas

Appendix

Portfolio Holdings

CORE GROWTH PORTFOLIO	
Australian Equities	
iShares Core S&P/ASX 200 ETF [IOZ]	Issuer: Blackrock iShares Management fee: 0.15% Benchmark: S&P/ASX200 Investment case: Provide domestic equity market exposure.
International Equities	
Vanguard MSCI Index International ETF [VGS]	Issuer: Vanguard Management fee: 0.18% Benchmark: MSCI World ex-Australia Investment case: Provide domestic REIT exposure.
Property & Infrastructure	
Vanguard Australian Property Securities Index ETF [VAP]	Issuer: Vanguard Management fee: 0.23% Benchmark: S&P/ASX300 A-REIT Index Investment case: Provide domestic REIT exposure.
VanEck Vectors FTSE Global Infrastructure (50/50 Hedged) ETF [IFRA]	Issuer: VanEck Management fee: 0.52% Benchmark: FTSE Developed Core Infrastructure 50/50 Hedged into Australian Dollars Index Investment case: Provide exposure to global infrastructure securities.
Cash	
BetaShares Australian High Interest Cash ETF [AAA]	Issuer: BetaShares Management fee: 0.18% Benchmark: 30-day Bank Bill Swap Rate Investment case: Provide returns more than RBA cash rate on our cash holdings.
Fixed Interest	
iShares Core Composite Bond ETF [IAF]	Issuer: Blackrock iShares Management fee: 0.20% Benchmark: Bloomberg AusBond Composite 0+ Yr Index Investment case: Provide exposure to domestic fixed interest securities.
Vanguard Global Aggregate Bond Hedged ETF [VBND]	Issuer: Vanguard Management fee: 0.20% Benchmark: Bloomberg Barclays Global Aggregate Float Adjusted Index hedged into Australian dollars Investment case: Provide exposure to international fixed interest securities.

Appendix

Glossary

Attribution highlights the proportion of the total return that was generated by a given security.

Peers are defined as retail investment funds that share the same benchmark as the portfolio, as determined by Morningstar's peer grouping methodology. Regarding the InvestSMART Core Growth Portfolio, these are multi asset class funds with an asset allocation that is weighted higher toward growth assets. Not all retail investment funds have been included in Morningstar data. Number of peers is 1064.

The Indirect Cost Ratio is the weighted management fee of the underlying ETFs and Managed Funds held within the portfolio.

The **Risk Ratings** that InvestSMART Group assigns to our investment products is based on an industry standard, The Standard Risk Measure (SRM). The SRM is a guide developed by the Financial Services Council (FSC) and The Association of Superannuation Funds of Australia (ASFA) that outlines the likely number of negative annual returns expected over any 20 year period. The purpose of the SRM is to provide a standardised labelling system to assist investors in comparing investment options across providers.

Performance numbers exclude franking, after investment and admin fees. All yield figures include franking. Performance Attribution graph only relates to the 3-month performance figure for the quarter. All performance figures, graphs and diagrams are as at 30 September 2018.

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