30 September 2018

InvestSMART Hybrid Income Portfolio

QUARTERLY UPDATE

InvestSMART Hybrid Income Portfolio

PERFORMANCE TO 30 SEPT 2018	1 mth	3 mths	6 mths	1 yr	2 yrs	3 yrs	Since Inception (p.a.)
InvestSMART Hybrid Income	0.08%	2.10%	4.20%	4.81%	N/A	N/A	4.75%
RBA Cash Rate + 3%	0.37%	1.13%	2.27%	4.59%	N/A	N/A	4.60%

KEY POINTS

- **Produced a return of 2.10%**
- **Axsesstoday Bonds & Westpac Capital Notes were introduced**
- **Estimated yield at 5.50%**

The InvestSMART Hybrid Income Portfolio produced a return of 2.10%% (after fees) during the September Quarter. Since inception the Portfolio has returned 4.75% p.a. (after fees).

Macquarie Group Capital Notes 3 (MQGPC) & the CBA PERLS VII (CBAPD) were the strongest contributors to portfolio performance for the quarter at 0.21% each, while NAB Convertible Preference Shares II (NABPB) was the largest detractor at -0.01%.

During the period, one of the portfolio's smaller holdings (< 1.5%) in the Hospitality and Transport lender Axcesstoday's Simple Bond surprised the market by going into trading halt and then subsequently into voluntary suspension from the ASX, having appointed advisory firm Deloitte to conducts a strategic review of the business.

While the payment of AXLHA's coupon was paid as scheduled on 5 October, the voluntary suspension shall remain in place for AXLHA until the 22nd of October 2018 at the latest.

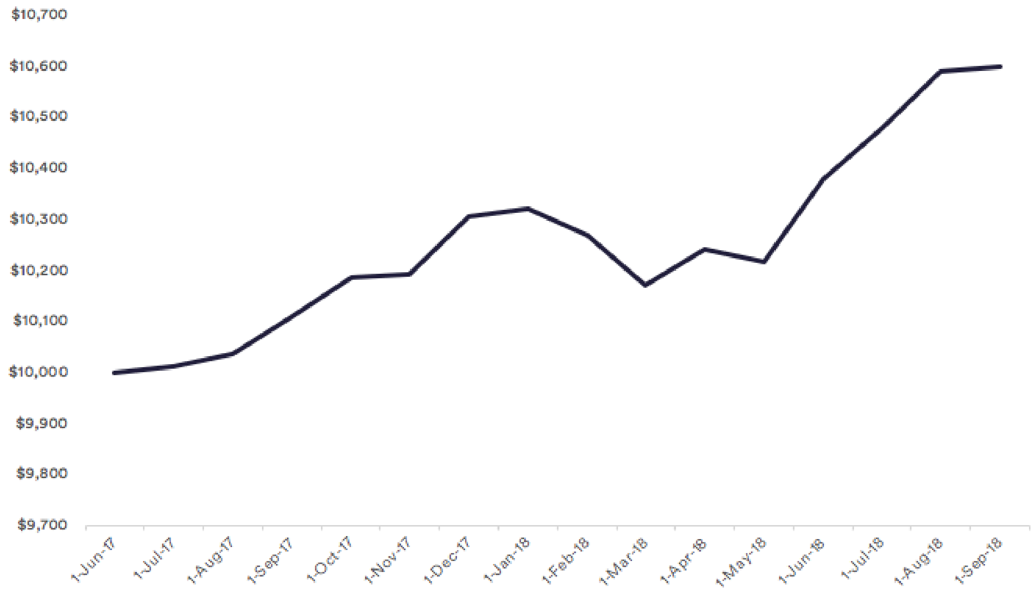
The InvestSMART Hybrid Income Portfolio is designed to help diversify the risk and return outcome of a traditional Equities/Debt/Cash income orientated portfolio. Overall, the portfolio continues to perform as expected, trading in excess of our objective RBA Cash 3% since inception.

"THE INVESTSMART HYBRID INCOME PORTFOLIO IS DESIGNED TO HELP DIVERSIFY THE RISK AND RETURN OUTCOME OF A TRADITIONAL EQUITIES/DEBT/CASH INCOME ORIENTATED PORTFOLIO"

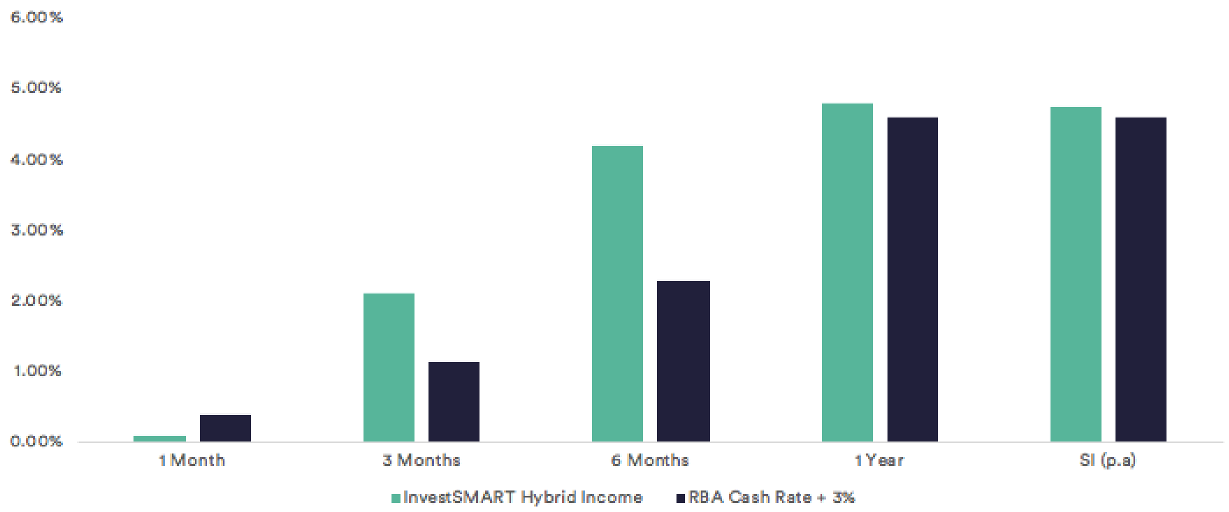
Performance numbers include franking, after investment and admin fees. All yield figures include franking. Performance attribution graph only relates to the 3-month performance figure for the quarter. All performance figures stated and provided graphically are as at 30 September 2018.

Performance

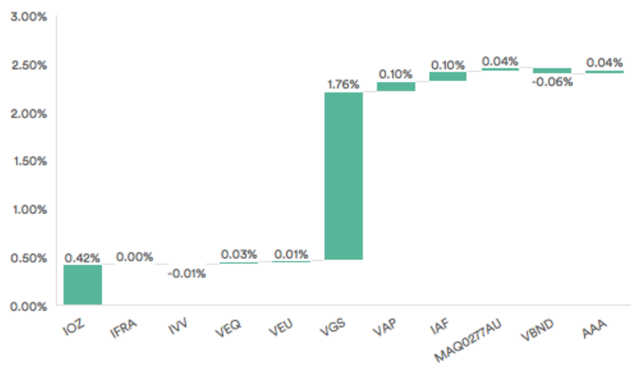
PERFORMANCE OF $10,000 SINCE INCEPTION



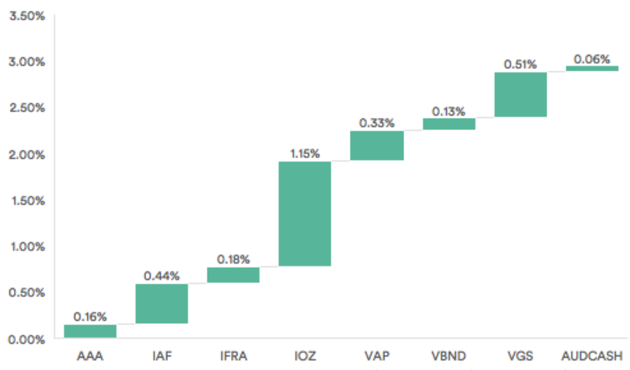
PERFORMANCE RELATIVE TO BENCHMARKS



PERFORMANCE ATTRIBUTION - BEFORE FEES



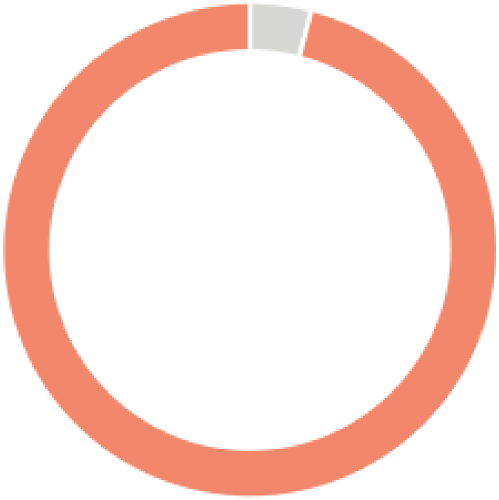
YIELD ATTRIBUTION



TOP 10 HOLDINGS

SECURITY	WEIGHTINGS
Cash	
AUD Cash	3.86%
Fixed Interest	
Macquarie Group Capital Notes 3	7.42%
NAB Capital Notes	7.33%
CBA PERLS VII	7.22%
Westpac Capital Notes 4	6.74%
Westpac Capital Notes 3	6.66%
ANZ Capital Notes 4	5.34%
CBA PERLS X	5.19%
National Income Securities	5.12%
NAB Convertible Preference Shares II	4.86%

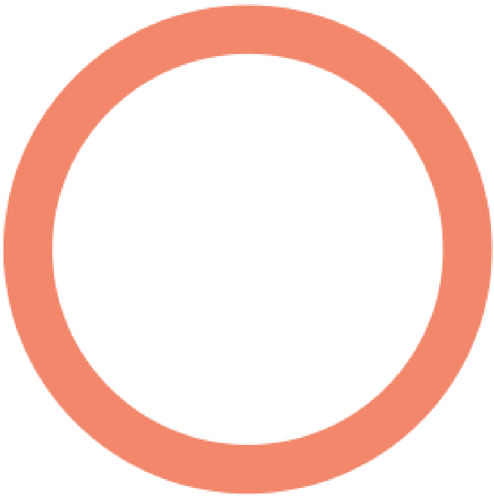
SECTOR ALLOCATION



FINANCIALS 96%

CASH 4%

GEOGRAPHIC ALLOCATION



AUSTRALIA 100%

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 Hybrid Income Portfolio provides Australian investors an opportunity to diversify their income stream, with the added benefit of minimised portfolio risk. The Portfolio is invested in a mix of 10 - 25 Australian listed hybrids, listed debt securities and cash all managed in the one portfolio.

Investment Objective

The Portfolio's investment objective is to provide investors a return of 3% above the RBA Cash Rate over rolling three year periods.

Why the InvestSMART International Equities Portfolio?

Hybrid securities can be an attractive investment proposition, offering relatively stable income streams and lower levels of volatility compared to equities. However, many hybrids are often more complicated than they seem and identifying which are appropriately priced is not always a simple task.

Managed by our investment team, the InvestSMART Hybrid Income Portfolio is actively monitored and rebalanced by the team and is ideal for the income-focused investor.

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 portfolio of individually-selected Australian Equities

INVESTMENT STYLE
Active Stock Selection

BENCHMARK
RBA Cash Rate + 3%

INCEPTION DATE
1 July 2017

SUGGESTED INVESTMENT TIMEFRAME
3+ years

NUMBER OF SECURITIES / STOCKS
10 - 25 securities

MANAGEMENT FEE
0.55% - 0.92% p.a.

PERFORMANCE FEE
N/A

MINIMUM INITIAL INVESTMENT
$25,000

STRUCTURE
Separately Managed Account (SMA)

SUITABLE FOR
Suitable for investors who seek a regular income stream (including franking credits), with a lower risk than ordinary shares and a higher return than cash and cash-like investments.

PORTFOLIO MANAGER
Evan Lucas

Important information

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