



InvestSMART Professionally
Managed account (PMA)

Investor Guide

✔ Trusted investment platform

✔ Capped fees

✔ Comprehensive reporting

INVESTSMART

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Three simple steps to start investing

1. Open a Professionally Managed Account (PMA)

A PMA is an investment platform that takes the hard work out of investing and keeps you in control. Setup your account online, choose from multiple investment options and fund it when ready.

2. Pick your investment portfolio

- Choose from several professionally managed diversified portfolios and asset class specific portfolios such as international shares, bonds and infrastructure.
- Each Investment portfolio is built from the best Exchange Traded Funds listed on the ASX based on InvestSMART's proprietary rating system.
- Spread your investment over any number of portfolios to find your right balance.

3. Let us do the work

We manage the day-to-day trading and operation of each investment portfolio to make sure they continue to meet their objectives. Your online My Account allows you to stay in control from portfolio selection and ongoing contributions to whether dividends are reinvested or paid out.

We look after all the paperwork and provide real time performance reporting and all the information you need to make tax time easy.

A PMA lets you get on with life, while your investments work hard to achieve your goals.

Capped fees



Unique to InvestSMART, our fees start from 0.55% p.a. and are capped at \$550 p.a. for investments over \$100,000.

Our Story

20+ years in the making

Founded in 1999, InvestSMART is an online financial advisor built for people who refuse to pay fees for underwhelming performance. People who demand better. People like you. We believe everyone should have the confidence to control their financial future and it shouldn't be hard or expensive to do so. At the heart of everything we do, our purpose is to make investing easy, accessible, and affordable for everyone.

Taking care of your money is a serious responsibility, which is why InvestSMART's Investment Committee and Board are run by some of Australia's most respected and best-known investment experts. It is also why many of our staff, friends and family invest with us.

Chances are, you'll recognise some familiar faces, including InvestSMART Chairman and well-known money expert Paul Clitheroe, as well as money commentator and independent InvestSMART director Effie Zahos. They're joined by Alan Kohler, one of Australia's most experienced business commentators and a regular finance presenter on the ABC News.

Each of our experts is committed to making investing easy and affordable with our wide choice of investment portfolios plus capped fees that help you grow returns – not your fees.

The team behind your investments



Paul Clitheroe, AM

Chairman

B.A. (UNSW), SF Fin, CFP



Ron Hodge

Managing Director

B.Com B.Econ SF FIN Msc.
Info Tech GAICD



Effie Zahos

Non-Executive Director

B.Econ



Alan Kohler, AM

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Portfolio Manager

CFA B.Econ Grad Dip Fin



Catherine Teo

General Counsel

B.Com, LLB (UNSW)



Alastair Davidson

Head of Funds Management

B Ec (Hons), CA



Evan Lucas

Chief Market Strategist

M.Fin Dip. FS (FP)



Professionally Managed Account

Investing doesn't have to be complex

The InvestSMART Professionally Managed Account (PMA) is an all-in-one investment platform enabling you to invest your money in one or more portfolios including full execution, management, and tax reporting. It is a simple, hassle-free way to reach your financial goals sooner – and our low capped fees mean more of your money goes towards growing your investment.

There's an **investment account** to suit your needs



Individual

Investment account for people who want to invest under their own name.



Joint

Investment account for two individuals, such as a couple, looking to invest together.



Family Trust

Investment account for a family trust where the individuals are trustee.



Family Corporate

Investment account for a family trust with a corporate trustee.



Company

Investment account for people who want to invest as a company.

Here's how a PMA can help you achieve your **financial goals**

Simplicity

Life is complicated enough! We make investing easy. Setup your account online, choose your investment type from individual to company or SMSF and fund it when ready. We deal with all the paperwork.

Investment Choice

Invest your money in one or more of the investment options to find your right investment balance. Enjoy easy online admin such as setting up ongoing contributions and withdrawals.

Direct ownership

An InvestSMART PMA gives you direct ownership of the underlying listed securities. That is important because the securities are held in your name under your own Holder Identification Number (HIN), always making you the legal owner of your investments.

Capped fees – unique to InvestSMART

Over time, the compounding effect of fees can erode the value of your investments (see Why Fees Matter, page 5). That's why our capped fees – an Australian first, work in your favour, helping you grow your money faster. Pay as little as 0.55% p.a. or a maximum of \$550 p.a. if you invest over \$100,000.

That's right, no matter if you are investing \$100,000 or \$10 million, you pay no more than \$550 p.a. Our capped fees apply over your entire account even if you invest in multiple portfolios. One fee, one account across multiple portfolios.

Transparency

Your online account lets you track performance, fees and individual security holdings 24/7. Plus, read our monthly fund manager updates explaining the performance and reasons for any changes to each portfolio.

Full tax reporting

InvestSMART takes the hard work out of tax time. Our comprehensive tax reports give you all the information you need to make tax time a breeze.

More investment accounts



SMSF Individual

Investment account for a SMSF where the individuals are trustees.



SMSF Corporate

Investment account for a SMSF with a company as trustees with the individual/s as director/s.



Individual Trustees for a Child

Investment account for people who want to invest as an individual trustee for a child.



Joint Trustees for a Child

Investment account for people who want to invest as trustees for a child.



Focus on
 Lowering your fees rather than paying for outperformance that probably won't materialise means you'll enjoy a far more prosperous retirement.

Why Fees Matter

Don't underestimate the **impact of fees**

Over the 30 years to June 2021 the annual return from Australian shares was 9.2%. Had you invested \$100,000 at the start of that period and paid a fee of 1.5% to achieve that return, you'd have \$896,508 at the end of it. If you paid only 0.5% you'd have \$1,207,807. Small number; big difference.

And the higher the fee you pay, the bigger the difference it makes. In most cases, fees rather than returns will make the biggest difference to the value of your investments over time. That's something the finance industry prefers to keep quiet.

On the basis that "you get what you pay for", advisers and fund managers justify high fees with the promise of higher-than-average returns. But independent research shows that promise is rarely met. Over the long term, most fund managers underperform by the amount of their fees.

Many investors are paying for outperformance and getting the opposite. The impact on their nest egg is huge. The money lost to fees, and the corresponding loss of the benefits of compounding, ends up in the pockets of advisers and fund managers.

Performance on \$100,000

A comparison of fees over 10, 20 and 30 years



Assumptions: Initial Investment Amount: \$100,000; Upfront fees deducted from initial investment amount; Investment earnings: 9.2% p.a.
 Source: ASIC's MoneySmart managed funds fee calculator



Paul Clitheroe AO

InvestSMART Chairman

Our investment portfolios

Choice, diversity, and performance

Our readymade portfolios give you the benefit of choice plus instant diversity. Each portfolio has been expertly blended with a mix of Exchange Traded Funds (ETFs) and some specific ASX securities to minimise risk and maximise returns in line with the portfolio's investment objective.

Use one of our diversified portfolios as your main investment or invest over many of our single asset class portfolios for even more flexibility.

Benefits of our investment portfolios:

Professional portfolio management

We only pick the best exchange traded funds and specific ASX securities for each investment portfolio with daily monitoring and administration to make sure they continue to meet the investment objective. Exchange traded fund selection is based on our unique proprietary system designed to find the best funds based on several factors including liquidity, tracking error and management fees.

Consistent performance

Our portfolios consistently track the relevant market benchmark – and consistently beat most of our peers. How? Our experts don't take unnecessary risks to try and outperform the market, they simply aim to track the market.

Independent research shows close to 90% of fund managers that try to beat investment markets fail to do so on a consistent basis.

Sure, a fund manager may outperform the market in one or two years. But only the tiniest percentage achieve this over five years. Even fewer manage to outperform the market consistently over the long term. In the meantime, investors are charged high fees – money that comes straight out of your wealth regardless of underperformance.

In short, by tracking the market, InvestSMART not only achieves strong, consistent long-term returns, we are also able to give you the savings of our capped fees and low costs.

Low-cost brokerage and ETF fees

Apart from our platform fees, Finclear, our external broker, charges brokerage on each security you buy and sell within each portfolio. Low-cost brokerage is the greater of \$4.40 per trade or 0.088% of the value of the trades to buy (or sell) the securities within your portfolio.

Indirect costs are charged within each Exchange Traded Funds (ETF) from 0.09% - 0.30% p.a. .

Diversified Portfolios

Our range of diversified portfolios focus on investing over all asset classes in different proportions to provide different risk vs return profiles for each portfolio.

Conservative

Our **Conservative Portfolio** is the ideal option if you have short term goals (2+ years) and your focus is on protecting capital while earning higher return than cash.

Objective: Invest in a portfolio of 5 - 15 exchange traded funds (ETFs), with an emphasis on investments like bonds and cash that deliver regular, reliable income still with some exposure to equities to help beat inflation.

Risk: Low to Medium

Suitable goals

- Looking for a defensive allocation with lower exposure to growth assets
- Saving for a first home, holiday or car
- Generating retirement income

Balanced

InvestSMART's **Balanced Portfolio** is a simple way to get exposure across many different markets. The potential for capital growth over 3 to 5 years lets your portfolio do more of the hard yards working towards your goals.

Objective: Invest in a portfolio of 5 - 15 exchange traded funds (ETFs), that provide a more even mix of regular income plus the potential for capital growth through equities, property and infrastructure assets.

Risk: Medium

Suitable goals:

- Looking for a balanced allocation towards defensive and growth assets
- Saving for a major purchase or school education expenses
- Funding a semi-retired lifestyle where income is less important



Save faster



Jim and Deb want to save a \$60,000 first home deposit in five years. By choosing the InvestSMART Balanced Portfolio, starting with \$10,000 and adding \$800 per month, they can reach their goal six months sooner than expected.



Growth

The InvestSMART **Growth Portfolio** is an exciting choice if you're saving for long-term goals (5-years-plus) or you want to grow wealth for the future.

Objective: Invest in a portfolio of 5 - 15 exchange traded funds (ETFs), with more of an emphasis on 'growth' assets like shares and property that have the potential to appreciate in value over time.

Risk: Medium to High

Suitable goals:

- Looking for a high allocation to growth assets
- Growing your retirement nest egg or superannuation
- Saving early for your child's education

Ethical Growth

The InvestSMART **Ethical Growth Portfolio** invests in exchange traded funds where the majority of those funds are held in sustainable, responsible, and/or ethical investments (certain cash positions and other asset types deemed not relevant for ESG analysis are excluded).

Objective: Invest in a portfolio of 5 - 15 ethical exchange traded funds (ETFs), where each ETF invests in a different asset class like Australian equities, international equities, fixed income international equities and fixed income like bonds..

Risk: Medium to High

Suitable goals:

- Looking for ethical investments
- Long-term bias towards growth
- Growing your retirement nest egg or superannuation

High Growth

The name says it all! Our **High Growth Portfolio** is all about helping you build long-term wealth and achieve goals with a timeframe of 7-years-plus to ride out the ups and down of markets.

Objective: Invest in a portfolio of 5 - 15 exchange traded funds (ETFs), predominantly focused on growth assets (shares and property) though nicely rounded out with exposure to a little bit of fixed income investments like bonds and cash.

Risk: High

Suitable goals:

- Looking for the highest allocation to growth assets
- Saving for future retirement
- Building a nest egg for your next-of-kin
- Enjoying retirement with no concerns



Single Asset Class Portfolios

Our range of single asset portfolios focus on specific investment markets. They can help you fill diversification gaps in your overall portfolio, complement your current investment approach, for example, adding exposure to international equities to an Australian shared-based portfolio, or allowing you to tailor your PMA to a specific goal.

Australian Equities

InvestSMART's **Australian Equities Portfolio** is an easy way to get started in the Australian sharemarket without lots of paperwork, or use it to add valuable diversity to your overall portfolio.

Objective: Invest in a portfolio of 1 - 5 exchange traded funds (ETFs), to diversify risk within Australian shares. Diversification is not only important across asset class but also within each asset class. This way we lower volatility, minimise overall risk, and increase the potential for long-term gains.

Suitable goals:

- Diversifying an existing Australian equity portfolio with less than 20 stocks
- Looking for broader exposure to all sectors in the Australian share market
- Long-term growth for your nest egg or superannuation

International Equities

The world is a big place, and our **International Equities Portfolio** lets you access global sharemarkets – something that can be costly as an individual investor. It's an easy, low cost way to invest in some of the world's biggest companies across Europe, Asia and the US.

Objective: Invest in a portfolio of 1 - 10 exchange traded funds (ETFs), to provide broad exposure to international equities, and across different market sectors and/or regions to lower volatility, minimise overall risk, and increase the potential for long-term growth.

Suitable goals:

- Diversifying your investment portfolio that lacks international equity exposure
- Looking for exposure to more established sectors overseas such as technology and health care
- Long-term growth for your nest egg or superannuation

Interest Income

You want to preserve your capital, enjoy predictable income and still earn returns higher than cash. If that sounds like you, the **Interest Income Portfolio** can tick all the boxes.

Especially designed for investors looking for a stable portfolio with regular income, the mix of Australian and international fixed securities means reliable income with low risk.

Objective: Invest in a portfolio of 1 - 10 exchange traded funds (ETFs) to provide broad exposure to fixed interest assets, all managed in the one portfolio.

Suitable goals:

- Earning income in retirement
- Looking for exposure to overseas government and corporate bond markets
- Looking for exposure to a broad range of fixed interest assets



Property & Infrastructure

Like to add bricks and mortar or maybe a tollway or two to your portfolio? Here's the solution. The InvestSMART **Diversified Property & Infrastructure Portfolio** is a smart way to spread your money across commercial property (Australian and international) as well as infrastructure assets like road, rail and ports that can be hard to access as an individual investor.

Objective: Invest in a portfolio of 1 - 10 exchange traded funds (ETFs) and specific ASX infrastructure securities, across Australian Real Estate Investment Trusts (A-REITs), plus infrastructure and global property ETFs, all managed in the one portfolio.

Suitable goals:

- Diversifying your investment portfolio that lacks property exposure
- Looking for exposure to retail and commercial property in Australia and overseas
- Looking for exposure to infrastructure at home and abroad
- Long-term growth for your nest egg or superannuation

Hybrid Income

Hybrid securities combine elements of debt (like bonds) with aspects of shares. Our **Hybrid Income Portfolio** gives investors the potential to earn a higher return than fixed interest securities though still with a regular income.

Objective: Invest in a portfolio of 5 - 15 ASX-listed hybrids that aims to achieve 3% above the RBA Cash Rate.

Suitable goals:

- Looking for exposure to several hybrids in one easy to manage portfolio
- Transitioning to retirement with a modest view on risk
- Earning higher returns on your capital than term deposits with slightly more risk



Ready to get started?

We're here to help

Be sure to read our **Product Disclosure Statement (PDS)** and **Investment Menu (IM)**. Both explain the nitty gritty of our low cost investment portfolios.

Next, complete your application online. Head to investsmart.com.au/invest. You'll need some personal ID including:

- Your **bank account details**
- Your **driver's licence, passport or Medicare card**.
Utility bills are also acceptable
- Your **tax file number (TFN)**
- For SMSFs applications, you'll need your **ABN details**
- For Trusts applications, you'll need a **certified copy of the trust deed**

Have a question, need help? **Contact us**

We are people with financial goals too, and we also invest in our products, so we can help with any questions you may have. Please get in touch.

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📄 www.investsmart.com.au/help-centre

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