

InvestSMART Core Growth Portfolio

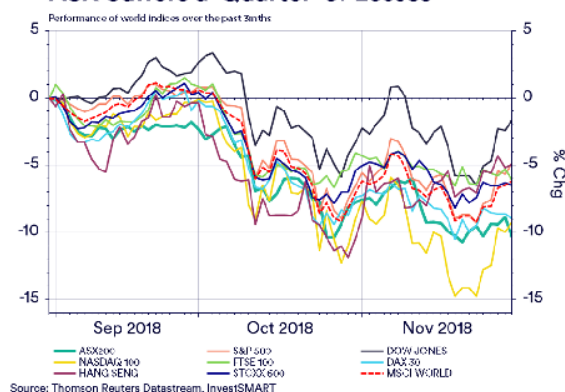
Monthly Update - November 2018

PERFORMANCE TO 30 NOV 2018	1 mth	3 mths	6 mths	1 yr	2 yrs (p.a.)	3 yrs (p.a.)	4 yrs (p.a.)	Since Inception (p.a.)
InvestSMART Core Growth	-0.77%	-5.52%	-0.54%	0.62%	6.75%	5.58%	5.85%	6.37%
Morningstar Multisector Growth Index	-1.11%	-5.27%	-0.09%	1.78%	7.09%	6.37%	-	7.22%
Peers	-0.87%	-5.06%	-1.77%	-0.61%	5.13%	4.52%	-	-

Equity market performance

November completed a 'quarter' of negative months for the ASX, declining -2.97% over the 30 days of November couple this with the -5.54% in October and -1.77% in September the total decline from September 1 to November 30 is 10.3% - a technical correction. This has made the ASX worst performing market of the majors, the PMA portfolios are exposed too, it is even lagging the NASDAQ, which at one point, was down over 15% over the same period.

ASX Suffers a 'Quarter' of Losses



However, the geographical diversification of our diversified portfolios has limited the impact of the ASX's performance. Approximately 20% of our growth portfolios are US-facing and US markets snapped out of their pull back in November – right now the DOW is actually the best performing market we follow.

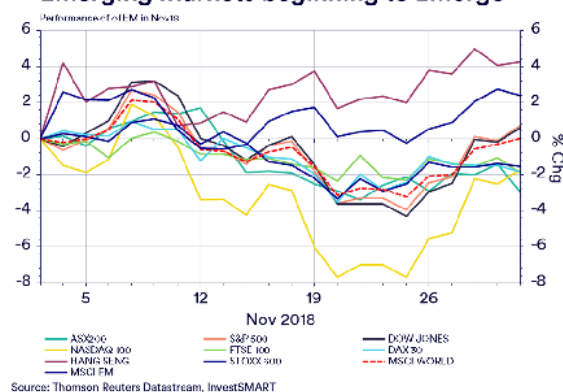
The main reason US markets rose was Federal Reserve Chairman Jay Powell in late November suggested that US interest rates were 'nearing the neutral cash rate'. US

markets interpreted this to mean the Fed maybe about to slow down its rate hiking cycle. Both the S&P and DOW finished November in the black, if only just, eking out a +0.7% gain.

“BEIJING WAS A CLEAR DRIVER HERE AS IT MOVED TO ‘STABILISE’ THE DECLINES SEEN THIS YEAR WITH ‘STRATEGIC’ STIMULATION.”

What also caught our attention was emerging markets (EM), which were the best performing indices in November. Most notably, the Hang Seng gained 4.3%. Beijing was a clear driver here as it moved to 'stabilise' the declines seen this year with 'strategic' stimulation. Our diversified portfolios have international markets exposure through Vanguard's MSCI World ex Australia index (VGS), the largest contributor to the performance of our portfolios over the past year.

Emerging Markets beginning to Emerge



We believed that the pull back in global markets during late September and October had created an entry opportunity, and in the main, this has been proven right. We continue to see growth assets as a strategic place to be in 2019. We believe recent pull backs are providing entry points for those with investment time horizons of 5+ years. The November performance is also a good example of why diversification should be core to any investment strategy as it buffers your capital from overexposure to one asset class.

To check your overall investment diversification, visit our Portfolio Manager [click here](#).

Property performance

Australian residential property fell further in November, declining -0.9% month-on-month to be down -5.3% year-on-year. Sydney posted its largest month drop since May 2004 falling -1.4% month-on-month and is now down -8.1% year-on-year. Sydney is on track for its worst decline since the mid-1980s.

The declines are mostly being led by the falls in the upper-quartile of the market. High value dwellings have fallen -7.2% year-on-year while lower-quarter dwellings are actually up +0.4%. This is most notable in Melbourne where upper-quartile properties are down -9.9% year-on-year while lower-quartile dwelling are actually up +1.7% over the same period.

Rental yields have once again increased month-on-month after bottoming in September. Residential rental yields increased +0.7% in November while commercial property yields held firm. This fed into domestic listed property which bucked the trend of the ASX to finish up in November. Listed property globally also jumped in November and was the best asset class in our diversified portfolios.

Fixed Income performance

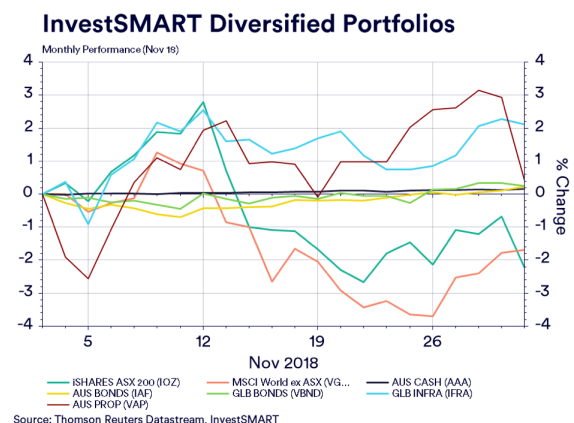
Global fixed income rallied in November as risk assets were shed seeing fund flows heading to safe haven assets. Yields in the US 10-year fell by approximately 10 basis points to 3.1% in November as sovereign debt globally was bid up.

Comments by US Federal Reserve Chairman Jay Powell's around the Fed's 'neutral cash rate' was met with mild caution by fixed income markets. Both the market and the Federal Reserve are still pricing in a December rate rise of 25-basis points which explains the caution. This would be the fourth December in a row the Fed has increased rates, if the forecasts become actual.

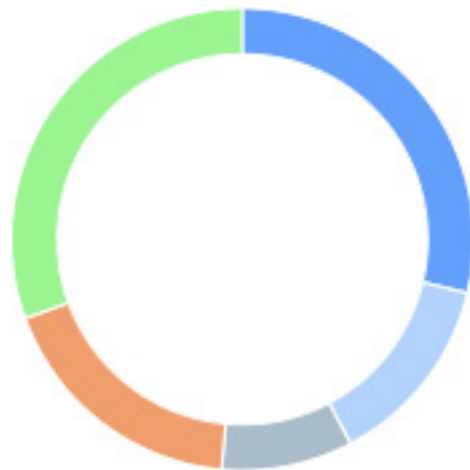
The Australian fixed income market also appreciated in November. The Australian 10-year yield fell 10 basis points to 2.65% while the Australian fixed income market saw slight capital gains.

The RBA held the cash rate at 1.5% for the 27th consecutive month and signalled that the status quo will likely hold over the coming 12 months. We expect Australian fixed income to outperform global peers due to the stable nature of Australian rates.

Individual capital performance of the securities held by the Diversified Portfolios



PORTFOLIO ALLOCATION



■ Australian Equities	32.50%
■ Cash	10.62%
■ Property & Infrastructure	8.72%
■ Fixed Interest	17.13%
■ International Equities	30.62%

TOP 5 HOLDINGS

Security	Weighting
Vanguard MSCI Index International Shares ETF	30.62%
iShares Core S&P/ASX 200 ETF	28.21%
iShares Core Composite Bond ETF	10.52%
Vanguard Global Aggregate Bond Index (Hedged) ETF	7.77%
Vanguard Australian Property Securities Index ETF	7.03%

Performance numbers exclude franking, after investment and admin fees; excludes brokerage. All yield figures include franking. All performance figures, graphs and diagrams are as at 30 November 2018. Performance figures are based on the portfolio's previous investment structure, a Separately Managed Account (SMA). This portfolio is now offered as a Professionally Managed Account (PMA), as of 1 November 2018. The underlying securities remain the same between the SMA and PMA structures. The inception date refers to the SMA. Please see the Investment Menu for full PMA fee details. Peers indicated in the performance table is a Morningstar data feed based on similar underlying securities per portfolio.

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

INVESTMENT FEE

\$99 - \$451 p.a. capped

PERFORMANCE FEE

N/A

MINIMUM INITIAL INVESTMENT

\$10,000

STRUCTURE

Professionally Managed Account (PMA)

SUITABILITY

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

PORTFOLIO MANAGER

Evan Lucas

Important information

While every care has been taken in preparation of this document, InvestSMART Funds Management Limited (ABN 62 067 751 759, AFSL 246441) ("InvestSMART") makes no representations or warranties as to the accuracy or completeness of any statement in it including, without limitation, any forecasts. Past performance is not a reliable indicator of future performance. This document has been prepared for the purpose of providing general information, without taking account of any particular investor's objectives, financial situation or needs. An investor should, before making any investment decisions, consider the appropriateness of the information in this document, and seek professional advice, having regard to the investor's objectives, financial situation and needs. This document is solely for the use of the party to whom it is provided.

This document has been prepared by InvestSMART. Financial commentary contained within this report is provided by InvestSMART. The information contained in this document is not intended to be a definitive statement on the subject matter nor an endorsement that this model portfolio is appropriate for you and should not be relied upon in making a decision to invest in this product.

The information in this report is general information only and does not take into account your individual objectives, financial situation, needs or circumstances. No representations or warranties express or implied, are made as to the accuracy or completeness of the information, opinions and conclusions contained in this report. In preparing this report, InvestSMART has relied upon and assumed, without independent verification, the accuracy and completeness of all information available to us. To the maximum extent permitted by law, neither InvestSMART, their directors, employees or agents accept any liability for any loss arising in relation to this report.

The suitability of the investment product to your needs depends on your individual circumstances and objectives and should be discussed with your Adviser. Potential investors must read the Product Disclosure Statement (PDS) and Investment Menu (IM), and FSG along with any accompanying materials.

Investment in securities and other financial products involves risk. An investment in a financial product may have the potential for capital growth and income, but may also carry the risk that the total return on the investment may be less than the amount contributed directly by the investor.

Past performance of financial products is not a reliable indicator of future performance. InvestSMART does not assure nor guarantee the performance of any financial products offered.

Information, opinions, historical performance, calculations or assessments of performance of financial products or markets rely on assumptions about tax, reinvestment, market performance, liquidity and other factors that will be important and may fluctuate over time.

InvestSMART, its associates and their respective directors and other staff each declare that they may, from time to time, hold interests in Securities that are contained in this investment product. As Responsible Entity, InvestSMART is the issuer of the product through the Managed Investment Scheme (ARSN: 620 030 382).

InvestSMART Funds Management Limited
PO Box 744
Queen Victoria Building
NSW 1230 Australia

Phone: 1300 880 160
Email: invest@investsmart.com.au

www.investsmart.com.au