INVESTSMART

InvestSMART Hybrid Income Portfolio

Monthly Update - November 2018

PERFORMANCE TO 30 NOV 2018	1 mth	3 mths	6 mths	1 yr	Since Inception (p.a.)
InvestSMART Hybrid Income	-0.16%	-0.48%	3.14%	3.40%	3.77%
RBA Cash Rate + 3%	0.37%	1.12%	2.25%	4.50%	4.59%

InvestSMART Hybrid Income Portfolio Monthly update

Global fixed income markets rallied in November which caused yields in the US 10-year bond to fall by approximately 10 basis points to 3.1%.

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 year in a row the Fed has increased rates in December if the forecasts become actual.

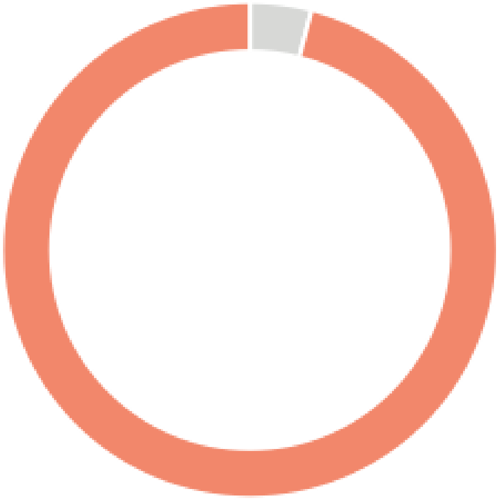
The Australian fixed income market also appreciated, and the 10-year bond yield fell by approximately 10 basis points to 2.65%. The RBA held the cash rate at 1.5% for the 27th consecutive month and signalled that the status quo will likely hold over the coming 12 months.

The Hybrid Portfolio returned -0.16% in November and has returned 3.4% for the 12 months which is below expectations.

"THIS WOULD BE THE FOURTH YEAR IN A ROW THE FED HAS INCREASED RATES IN DECEMBER IF THE FORECASTS BECOME ACTUAL."

The running yield of the portfolio has risen to 5.5% (including franking) on the back of the falls in face value. The best performers in November were MQGPC (+1.2%) and CGFPB (+0.8%). The main detractors were NABHA (-1.4%) and CBAPE (-0.7%).

PORTFOLIO ALLOCATION



Cash	6.64%
Fixed Interest	93.36%

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.

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 Hybrid Income 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 Securities Selection

BENCHMARK
RBA Cash Rate + 3%

INCEPTION DATE
1 July 2017

SUGGESTED INVESTMENT TIMEFRAME
3+ years

NUMBER OF SECURITIES / STOCKS
10 - 25 securities

INVESTMENT FEE
0.55% - 0.92% p.a.

PERFORMANCE FEE
N/A

MINIMUM INITIAL INVESTMENT
$25,000

STRUCTURE
Professionally Managed Account (PMA)

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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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.

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