

InvestSMART International Equities 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 International Equities	-1.15%	-7.22%	-0.82%	1.39%	10.87%	6.55%	7.82%	9.77%
MSCI World (Ex-Australia) Index, unhedged	-1.83%	-6.62%	2.02%	4.23%	12.07%	8.23%	-	12.26%
Peers	0.16%	-0.58%	-0.29%	0.08%	0.42%	0.05%	7.82%	-

InvestSMART International Equities Portfolio update

The decline that started in October persisted through most of November, which led to the InvestSMART International Equities Portfolio shedding -1.15% over the month. Europe dragged down performance, as did developed markets in Asia. However, on balance, the portfolio's diversification across global markets well and truly paid off.

US markets managed to snap out of the September pullback (correction in some instances) in November. The main reason for the rise in US markets was a speech made by US Federal Reserve Chairman Jerome Powell in late November suggesting that US interest rates were 'nearing the neutral cash rate'. US and global equity markets interpreted this as meaning the Fed may be about to slow down its rate hiking cycle - a 'risk-on' event.

Emerging markets (EM) also caught our attention in November, as they became the best performing indices over the month; the most notable being the Hang Seng which gained 4.3%.

Beijing was a clear driver here as it moved to 'stabilise' the declines this year with 'strategic' stimulation. We have been of the belief that the 2018 declines in EM had created

pockets of deep value. That appears to be coming to a head. The Asia A50 exposure in the portfolio attributed 0.2% and was the best performer of the month - impressive considering its weighting is low at approximately 6%.

The portfolio continues to impress on overall returns. Since inception the average return is 9.8% per annum after fees. It remains our best capital-returning portfolio.

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We were of the belief that October had created an opportunity for longer-term international exposure, having witnessed a -6.9% decline in the portfolio over the month. In November, we saw a stabilisation in markets. With most forecasts pointing to growth in EM and US markets in 2019, we continue to see value and returns for those with a long-term investment horizon of 7 or more years.

PORTFOLIO ALLOCATION



TOP 5 HOLDINGS

Security	Weighting
Vanguard MSCI Index International Shares ETF	39.19%
iShares S&P 500 ETF	35.49%
Vanguard FTSE Europe Shares ETF	11.79%
iShares Asia 50 ETF	5.80%
BetaShares S&P 500 Yield Maximiser Fund	3.52%

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 International Equities Portfolio provides Australian investors the ability to tap into the high potential growth of global markets and aid in portfolio diversification. The Portfolio is invested in a blend of our preferred ETFs, where each ETF invests in a different market sector to the others, thereby lowering volatility, minimising overall risk, and increasing the potential for long-term growth.

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 Exchange Traded Funds (ETFs).

Why the InvestSMART International Equities Portfolio?

Australia represents less than 2% of the world's total share market value, with over 50% of our market made up of only 20 companies. Investing overseas however is often considered too expensive, or complicated. The InvestSMART International Equities Portfolio is designed to give investors access to globally known brands & mega-cap companies like Apple and Microsoft at a low cost managed by our investment team.

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

MSCI World (ex-Australia) Index, unhedged

INCEPTION DATE

24 October 2014

SUGGESTED INVESTMENT TIMEFRAME

7+ 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 seeking international exposure at a low cost

PORTFOLIO MANAGER

Evan Lucas

Important information

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