InvestSMART Interest Income Portfolio

Monthly Update - October 2018

PERFORMANCE TO 31 OCT 2018	1 mth	3 mths	6 mths	1 yr	2 yrs	Since Inception (p.a.)
InvestSMART Interest Income	0.49%	0.67%	1.65%	2.06%	1.69%	2.17%
Bloomberg AusBond Composite 0+Y TR AUD	0.48%	0.87%	2.21%	3.09%	2.36%	3.25%
Peers	0.32%	0.46%	1.37%	1.75%	1.24%	-

InvestSMART Interest Income Portfolio update

Global fixed income markets also faced headwinds in October as the US Federal Reserve all but confirmed December will see a further 25-basis point rise to the Federal Funds rate. The statement also showed that 2019 will likely see three, possibly four, more 25-basis point increases.

US 10-year Treasury yields hit 3.25% on this news. This spread into fixed income markets across the world, pushing markets lower.

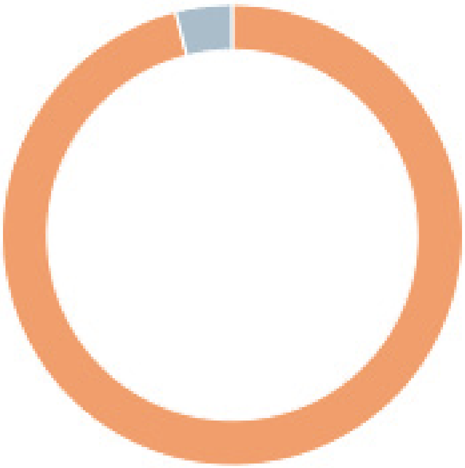
The Australian fixed income market, remained steadfast as the RBA held the cash rate at 1.5% for the 26th consecutive month. The RBA is showing no signs that the status quo will shift over the coming 12 months and saw both floating notes and government bonds holding the line in October which helped the interest income portfolio added 0.49% in October, a trend we expected to flow through to November.

We expect Australian fixed income to outperform global peers as further selling in US bond markets is likely.

"WE EXPECT AUSTRALIAN FIXED INCOME TO OUTPERFORM GLOBAL PEERS AS FURTHER SELLING IN US BOND MARKETS IS LIKELY."

For more information on our Interest Income Portfolio, **click here.**

PORTFOLIO ALLOCATION



Cash	7.27%
Fixed Interest	92.73%

TOP PORTFOLIO HOLDINGS

Security	Weighting
iShares Treasury ETF	33.50%
Vanguard Australian Government Bond Index ETF	26.51%
VanEck Vectors Australian Floating Rate ETF	14.61%
Australian Bank Floating Rate Bond ETF	14.60%
Vanguard Australian Corporate Fixed Interest Index ETF	6.86%

Have markets given us the opportunity to invest in long-term growth?

Thursday, 29 November @ 12.00pm

Join Portfolio Manager Evan Lucas for a live webinar as he discusses the latest market changes and opportunities it has created.

REGISTER | FIND OUT MORE

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 31 October 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 Interest Income Portfolio is designed for investors seeking a high level of stability and regular income using domestic and global fixed securities. The Portfolio is invested in a blend of Exchange Traded Funds (ETFs), to provide investors exposure to the performance of domestic bond markets 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 Interest Income Portfolio?

Allocation to bonds within a portfolio provides a deal of certainty and downside protection during periods of equity market volatility. The InvestSMART Interest Income Portfolio allows investors to tap into the bond market whilst ensuring a level of stability and a regular income stream.

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

INVESTMENT STYLE
Low cost Active Asset Allocation

BENCHMARK
Bloomberg AusBond Composite 0+Yr TR AUD Index

INCEPTION DATE
23 December 2015

SUGGESTED INVESTMENT TIMEFRAME
2+ years

NUMBER OF SECURITIES / STOCKS
5 - 20 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 who are looking for a very defensive investment option, with a high level of capital stability and regular income

PORTFOLIO MANAGER
Evan Lucas

Important information

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