INVESTSMART

InvestSMART International Equities Portfolio

Monthly Update - October 2018

PERFORMANCE TO 31 OCT 2018	1 mth	3 mths	6 mths	1 yr	2 yrs	3 yrs	4 yrs	Since Inception (p.a.)
InvestSMART International Equities	-6.92%	-2.77%	0.05%	5.41%	12.80%	6.11%	9.68%	10.30%
MSCI World (Ex-Australia) Index, unhedged	-5.40%	-0.94%	4.30%	9.60%	15.63%	8.15%	12.42%	13.04%
Peers	-5.49%	-2.70%	0.87%	5.35%	12.71%	6.17%	-	-

InvestSMART International Equities Portfolio update

It was a savage month for global markets. US markets in particular were hit hard and at one point on track for their worst month since March 2009. However, they steadied and closed out the final few days solidly to limit the damage. It ended up being the worst trading month since mid-2011, with the Dow losing 5.1%, S&P sliding 6.2%, and the NASDAQ dropping 9.4%.

Looking through the intra-month volatility to the historical data, and what gives us confidence as longer-term value investors is that US markets, on average, experience a correction (a 10% or more move) once a year. This goes all the way back to 1900. Better still, fewer than 20% of these corrections turn into bear markets. Furthermore, US equities have delivered positive returns for 28 out of the last 37 years, or 75 per cent of the time.

The International Portfolio celebrated its 4th birthday in October. Since inception, the portfolio has averaged a 10.3% per annum return and remains our best capital returning portfolio. However, as a high-growth portfolio, it is subject to a higher level of volatility and October took a toll on its monthly performance for it to decline 6.92%. We did expect some short-term volatility with events like the US mid-terms.

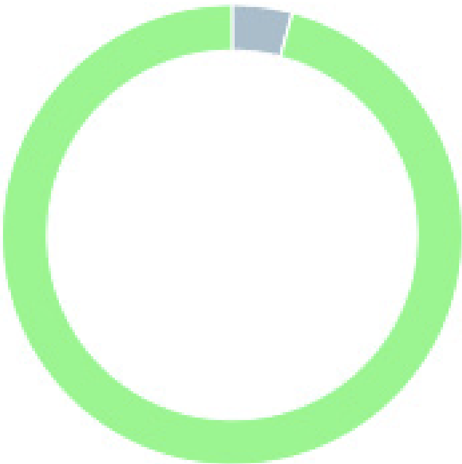
Looking forward, November is traditionally very strong for cross-asset fund flows in the US (2.4 times more than any other month) and early trading in November suggests this trend is likely to continue.

"SINCE INCEPTION, THE PORTFOLIO HAS AVERAGED A 10.3% PER ANNUM RETURN AND REMAINS OUR BEST CAPITAL RETURNING PORTFOLIO."

We think October created an opportunity for longer-term international exposure.

To find out more about our International Portfolio, **click here.**

PORTFOLIO ALLOCATION



Cash	4.56%
International Equities	95.44%

TOP 5 HOLDINGS

Security	Weighting
Vanguard MSCI Index International Shares ETF	39.25%
iShares S&P 500 ETF	35.51%
Vanguard FTSE Europe Shares ETF	11.95%
iShares Asia 50 ETF	5.58%
BetaShares S&P 500 Yield Maximiser Fund	3.51%

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 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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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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