

InvestSMART Hybrid Income Portfolio

Hybrid Income Portfolio: 2022 in review

The objective of the Hybrid Income Portfolio is to provide a predictable level of income whilst minimising risk to capital. The target total portfolio return (gross) of the portfolio is 3% above the RBA cash rate. This return will be generated from a combination of cash (dividends), franking credits and capital growth (realised and unrealised) from an actively managed portfolio strategy, through selecting higher rated securities with a medium term to first call.

The estimated running yield is approximately 5.80% (including franking credits), and estimated yield to call/maturity is 5.40%, including franking credits. The total portfolio return was 3.03% for the 12-months to 31 December including franking credits. Since inception the total portfolio return is 4.27% including franking credits, which is 0.23% above its return objective of the RBA Cash rate plus 3%. At 31 December 2022 the portfolio had a 1.0% allocation to cash.

The dividends from each security have increased in line with the increase in the RBA cash rate and 90-day BBSW, and during the quarter yields on most hybrids increased, reflecting

Performance of \$10,000 since inception



Performance vs Peers

	1 yr	2 yrs p.a.	3 yrs p.a.	4 yrs p.a.	5 yrs p.a.	SI p.a.
Hybrid Income Portfolio	3.0%	4.1%	4.0%	4.2%	4.1%	4.3%

Note: Our InvestSMART Hybrid Income is benchmarked against RBA cash rate + 3%. Performance includes franking credits
Portfolio inception (SI): 1 Jul 2017



Portfolio mandate

The InvestSMART Hybrid Income Portfolio provides Australian investors an opportunity to diversify their income stream, with a portfolio of predominantly ASX-listed hybrid securities. The Portfolio is invested in a mix of 5 - 15 Australian listed hybrids, listed debt securities and cash, all managed in the one portfolio.

 **\$25,000**

Minimum initial investment

 **3+ yrs**

Suggested investment timeframe

 **5 - 15**

Indicative number of securities

 **Risk profile: Medium**

Expected loss in 2 to 3 years out of every 20 years

 **RBA Cash Rate Plus 3%**

Benchmark

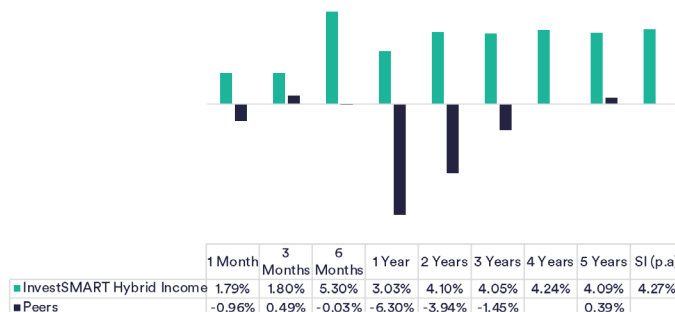
changes in the interest rate environment for corporate credits. We expect the yield on the portfolio to continue to rise with increases in the RBA Cash rate.

There was a new issue from CBA during the quarter to 31 December 2022 (CBAPL) to replace the issue being redeemed (CBAPD).

Attribution performance



Performance vs Peers



Our Investment Committee



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Important information

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All table and chart data is correct as at 31 December 2022.