

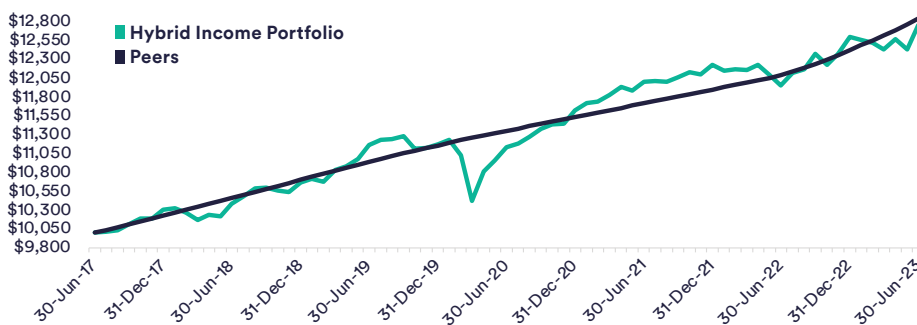
# InvestSMART Hybrid Income Portfolio

## June Quarterly 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 investment strategy is to buy longer dated hybrid securities in the major banks and Macquarie Group, and to sell issues that have less than 12 months to first call date. This results in lower transaction costs and relatively steady yields. As hybrids are relatively illiquid, there will be mark to market movement each month that are caused by small buys or sells in each issue in the portfolio.

### Performance of \$10,000 since inception



### Performance vs Peers

	1 yr	3 yrs p.a	5 yrs p.a	SI p.a
Hybrid Income Portfolio	6.6%	4.6%	4.2%	4.1%
RBA Cash Rate + 3%	6.1%	4.2%	4.2%	4.2%
Excess to Benchmark	0.5%	0.4%	0.0%	-0.1%

InvestSMART Hybrid Income is benchmarked against RBA cash rate + 3%. Performance includes franking credits  
Grow your returns, not your fees with InvestSMART Capped fees.



### 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

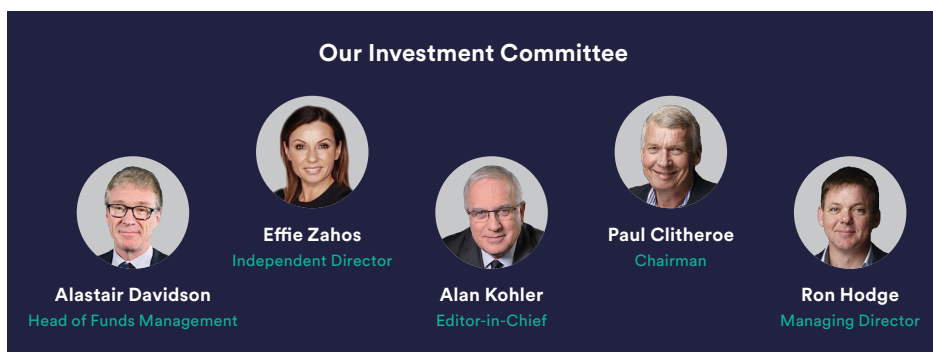
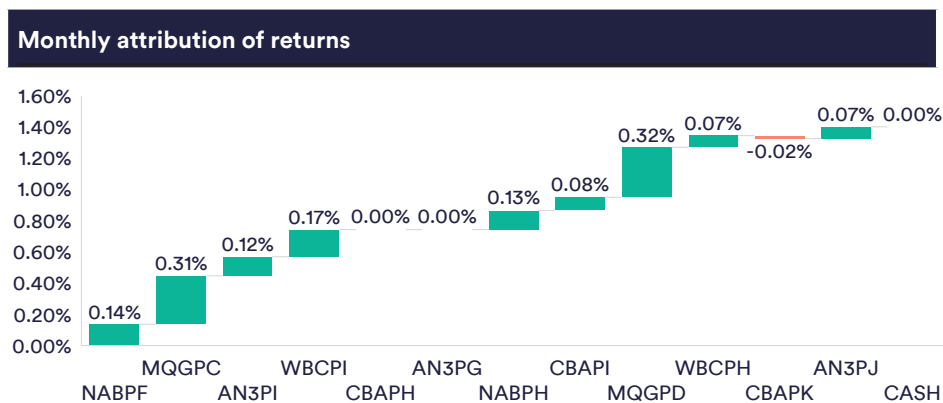
## Quarter commentary

The trading prices of all Australian hybrids have been steady over the 3 months to 30 June, as yields have adjusted upwards with rises in the BBSW 3-month rate.

We believe Australian hybrids offer good relative value at these levels, compared to term deposits and other higher yield investments.

The estimated running yield is approximately 7% (including franking credits), and estimated yield to call/maturity is 6.75%, including franking credits. The total portfolio return was 6.62% for the 12-months to 30 June including franking credits. Since inception the total portfolio return is 4.13% including franking credits, which is 0.08% above its return objective of the RBA Cash rate plus 3%. At 30 June 2023 the portfolio had a 1.0% allocation to cash.

There were no trades in the 3 months to 30 June 2023. There was a new hybrid issue from CBA (CBAPM) during the quarter and Challenger and IAG redeemed notes.



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