

InvestSMART Professionally Managed Portfolios

December 2023 update

Outstanding performance

The InvestSMART diversified ETF portfolios returned between 7.21% and 14.38% in the 12 months to 31 December 2023. We are proud to share these exceptional results, 2023 was a bumpy year in markets and many people faced financial strain. We do not underestimate the resilience it takes from clients to stay invested and stick to their plan during uncertain times.

	1 year	3 years (p.a.)	5 years (p.a.)	S.I. (p.a.)
InvestSMART High Growth	14.4%	8.1%	9.7%	7.9%
InvestSMART Growth	11.9%	5.9%	7.6%	6.6%
InvestSMART Ethical Growth	13.6%	5.2%	N/A	6.7%
InvestSMART Balanced	9.6%	3.8%	5.7%	5.0%
InvestSMART Conservative	7.2%	1.6%	3.4%	3.5%

Outperformance by design, not chance

InvestSMART portfolios have consistently outperformed the majority of our peers (and there are hundreds of them) by 1% to 2% for nearly 10 years. This may not sound significant, but when you consider the compounding effect it is a sizeable amount.

For example, a \$10,000 investment in InvestSMART's high growth portfolio since inception would be worth \$20,036 net of fees. While the same investment in the average of our competitors' funds charging an average of 1.13% would be worth \$16,121.

Contents

December update

InvestSMART Diversified ETF Portfolios

[High Growth Portfolio](#)

[Growth Portfolio](#)

[Ethical Growth Portfolio](#)

[Balanced Portfolio](#)

[Conservative Portfolio](#)

Single Asset Class Portfolios

[International Portfolio](#)

[Australian Equities Portfolio](#)

[Property & Infrastructure Portfolio](#)

[Hybrid Securities Portfolio](#)

[Cash Securities Portfolio](#)



InvestSMART fees

0.55% p.a.

Capped at

\$550 p.a.

(Excludes ETF management fees)

Our philosophy of diversification through broad based passive ETFs, low fees and time in the market (and, importantly, not trying to time the market) means InvestSMART achieves strong, consistent long-term returns.

By sticking to the philosophy and not predicting market movements we won't see our portfolios taking out top spot, but instead it will consistently see the portfolios tracking above the average their peers.



I can afford not to be the best investor in the world, but I can't afford to be the worst.

– Morgan Housel, *The Psychology of Money*

A look back at 2023

Annualised numbers hide the bumpy road of financial markets that regularly test investors' resolve. 2023 was a volatile year full of wild market swings and distracting headlines, but those who were able to ignore the distractions and stay invested were ultimately rewarded. November and December saw lower than expected inflation and strong gains for markets around the world.

As we have always said, to get market returns you must be in the market, which means experiencing the highs and lows.

Challenges and distractions

ETF investors have one job and that is to hold. In 2023 this was challenged on two fronts, one legitimate and the other not so. Household budgets were stretched with price inflation everywhere we looked. Savings were whittled down and liquid investments like shares were the next to go, putting well intentioned, responsible families investing for their future behind.

Interest rate and recession speculation was the main distraction of 2023. The RBA target cash rate started the year at 3.10% and finished at 4.35% after five rate rises, most taking place in the first half of the year.

Putting this in the distraction category isn't to play down the impact, the distraction is the fact it is out of investors' control. We also must remember, as the numbers above indicate, the market is forward looking. Once information is in the news it is digested, and the market moves on.

Looking ahead

There may already be a clubhouse leader for distraction of 2024 with the financial media having a field day with the SEC's approval of the first Bitcoin ETFs. We believe the ASX will eventually follow suit. But you will not see cryptocurrency as an asset class in any of the InvestSMART portfolios.

All the asset classes we invest in are backed by real assets, tangible businesses, properties, bonds etc. These are income generating assets that can be valued. Bitcoin is not. The return comes from the speculation of selling at a higher price than you bought, that's it. We do not speculate with client savings.

A US election is always another major distraction, especially when Trump is involved. Once again, this is not something within your control as an investor. A study by U.S Bank shows slightly muted returns leading up to US elections as uncertainty builds followed by higher returns post the outcome.

For people thinking about trading in and out of investments around this event we look to a favourite Howard Marks quote, "Why sell something you think has a positive long-term future to prepare for a dip you expect to be temporary? Doing so introduces one more way to be wrong (of which there are so many), since the decline might not occur."

InvestSMART

Diversified

ETF Portfolios

Our range of diversified portfolios focus on investing over all asset classes in different proportions to provide different risk vs return profiles for each portfolio.

Performance (%) as at 31 December 2023

	1 year	3 years (p.a.)	5 years (p.a.)	Since inception (p.a.)	Inception date
InvestSMART High Growth	14.4%	8.1%	9.7%	7.9%	27 Oct 2014
InvestSMART Growth	11.9%	5.9%	7.6%	6.6%	24 Oct 2014
InvestSMART Ethical Growth	13.6%	5.2%	N/A	6.7%	01 Nov 2020
InvestSMART Balanced	9.6%	3.8%	5.7%	5.0%	29 Dec 2014
InvestSMART Conservative	7.2%	1.6%	3.4%	3.5%	29 Dec 2014

The story for 2023 was all about equities, specifically international equities and the big 7 technology companies: **Apple, Amazon, Alphabet, Meta, Microsoft, Nvidia and Tesla**. **ASX:VGS**, which represents international shares in the portfolios, returned 23.30% in 2023. It was responsible for the lion's share of the growth in the portfolios. It's interesting to note many economists were predicting falls in international markets and a recession at the start of 2023. These predictions didn't pan out, but those who took heed of these warnings and divested missed out on incredible capital growth.

The ASX 200, represented by **ASX:IOZ** in the portfolios, had a volatile year but produced positive returns of 12.29% when the market turned in November and December on better-than-expected inflation figures.

Bonds have experienced an 'uncharacteristic' turbulent period over the last two years, enduring high inflation and interest rates. With both forecast to fall in 2024, bonds are likely to stabilise and as such many commentators believe that 2024 could be a good year for bonds. The role of bonds in InvestSMART's portfolios is to provide a 'cushioning' effect when share markets fall. Occasionally bonds and shares fall together, as witnessed recently. For those who are

invested with a long term horizon, this shouldn't cause undue alarm, bond's historical tendency to bounce back during market turmoil is likely to reinstitute itself again. **ASX:IAF** represents high grade Australian bonds and **ASX:VBND** represents global bonds in the portfolios. They returned 4.96% and 5.18% respectively in 2023.

ASX:VAP, which represents property via Australian real estate investment trusts (A-REITs) returned 16.62%. This performance was on the back of the recovery from COVID-19 and strong performance of industrial and retail property sector, rebounding off the lows of recent years.

ASX:IFRA, representing global (hedged) property, returned 0.08%. High interest rates and inflation of prices in materials and ongoing supply chain disruptions saw project costs blow out, resulting in IFRA's lackluster 2023 performance. However, these income producing assets may make a resurgence in 2024 and beyond with growth driven by the transition to clean energy and spending to strengthen ground assets against increasing natural disasters.

InvestSMART High Growth Portfolio

The High Growth Portfolio is all about helping you build long term wealth and achieve goals with a timeframe of 7-years-plus to ride out the ups and down of markets.

Suitable goals:

- Looking for the highest allocation to growth assets
- Saving for future retirement
- Building a nest egg for your next-of-kin
- Enjoying retirement with no concerns

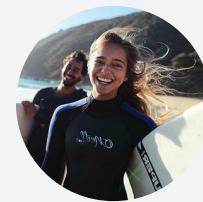
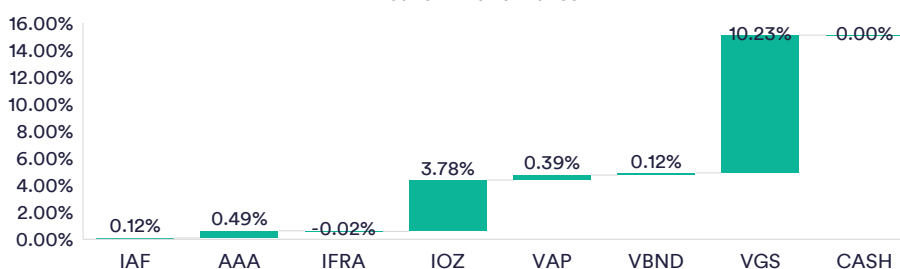
Performance of \$10,000 since inception



Performance vs Peers (% , per annum)

	1 yr	3 yrs p.a.	5 yrs p.a.	SI p.a.
InvestSMART High Growth Portfolio	14.4%	8.1%	9.7%	7.9%
Peers	12.5%	5.7%	6.4%	5.3%
Excess to Peers	1.9%	2.4%	3.3%	2.4%

Attribution performance over past 12 months



Portfolio mandate

The objective of the High Growth Portfolio is to invest in a portfolio of 5-15 exchange traded funds (ETFs), predominantly focused on growth assets (shares and property) though nicely rounded out with exposure to a little bit of fixed income investments like bonds and cash.

Portfolio inception: 27 Oct 2014

\$10,000
Minimum initial investment

7+ yrs
Suggested investment timeframe

5 - 15
Indicative number of securities

Risk profile: High
Expected loss in 4 to 6 years out of every 20 years

Morningstar AUS Aggressive Target Allocation Net Return (NR) AUD
Benchmark

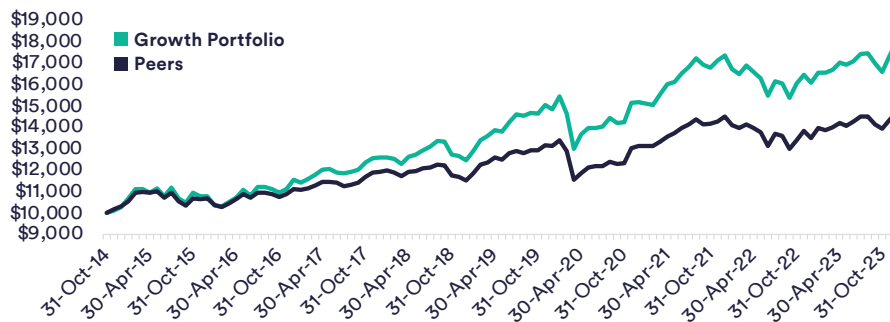
InvestSMART Growth Portfolio

The InvestSMART Growth Portfolio is an exciting choice if you're saving for long term goals (5-years-plus) or you want to grow wealth for the future.

Suitable goals:

- Looking for a high allocation to growth assets
- Growing your retirement nest egg or superannuation
- Saving early for your child's education
- Higher allocation to growth assets

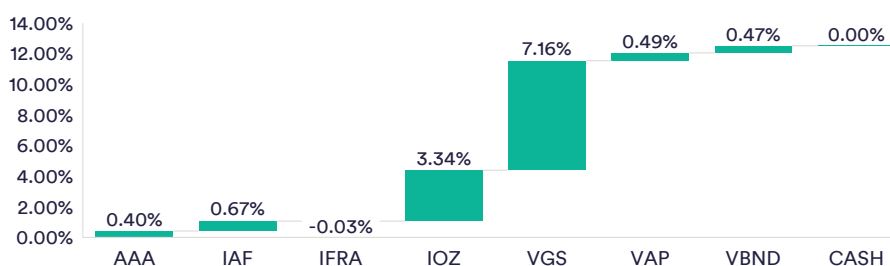
Performance of \$10,000 since inception



Performance vs Peers (% per annum)

	1 yr	3 yrs p.a.	5 yrs p.a.	SI p.a.
InvestSMART Growth Portfolio	11.9%	5.9%	7.6%	6.6%
Peers	9.0%	3.9%	5.0%	4.3%
Excess to Peers	2.9%	2.0%	2.6%	2.3%

Attribution performance over past 12 months



Portfolio mandate

The Growth Portfolio is an exciting choice if you're saving for long term goals (5-years-plus) or you want to grow wealth for the future.

The objective is to invest in a portfolio of 5 - 15 exchange traded funds (ETFs), with more of an emphasis on 'growth' assets like shares and property that have the potential to appreciate in value over time.

Portfolio inception: 24 Oct 2014

\$10,000
Minimum initial investment

5+ yrs
Suggested investment timeframe

5 - 15
Indicative number of securities

Risk profile: High
Expected loss in 4 to 6 years out of every 20 years

Morningstar AUS Growth Target Allocation Net Return (NR) AUD
Benchmark

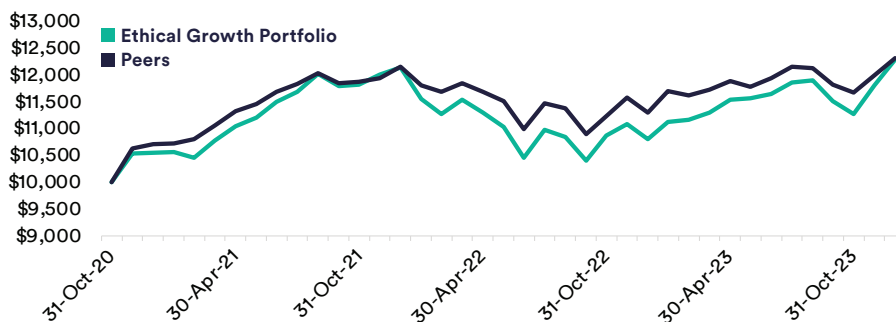
InvestSMART Ethical Growth Portfolio

The Ethical Growth Portfolio is invested in a blend of 5 – 15 Exchange Traded Funds (ETFs), with more of an emphasis on ethical ‘growth’ assets like Australian and international shares that have the potential to appreciate in value over time.

Suitable goals:

- Looking for a high allocation to ethical growth assets
- Growing your retirement nest egg or superannuation
- Saving early for your child’s education
- Higher allocation to growth assets

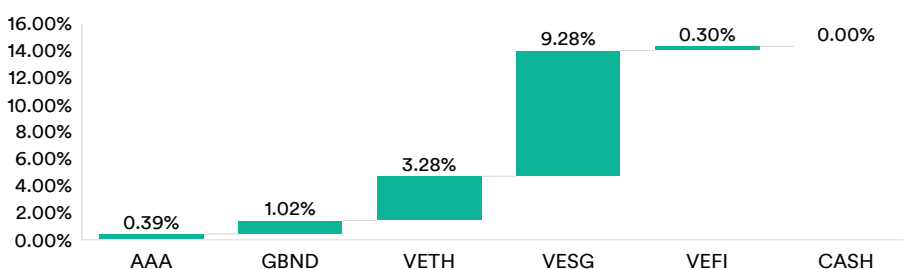
Performance of \$10,000 since inception



Performance vs Peers (% per annum)

	1 yr	2 yrs p.a.	3 yrs p.a.	SI p.a.
Ethical Growth Portfolio	13.6%	0.6%	5.2%	6.7%
Peers	9.0%	0.7%	4.8%	6.8%
Excess to Peers	4.6%	-0.1%	0.4%	-0.1%

Attribution performance over past 12 months



Portfolio mandate

The Ethical Growth Portfolio invests in sustainable, responsible, and/or ethical investments providing you an ethical portfolio that looks to grow wealth for the future. The objective is to invest in a portfolio of 5-15 exchange traded funds (ETFs), with more of an emphasis on ‘growth’ assets like Australian and international shares that have the potential to appreciate in value over time.

Portfolio inception: 1 Nov 2020

\$10,000
Minimum initial investment

5+ yrs
Suggested investment timeframe

5 - 15
Indicative number of securities

Risk profile: Medium - High
Expected loss in 4 to 6 years out of every 20 years

Morningstar AUS Growth Target Allocation Net Return (NR) AUD
Benchmark

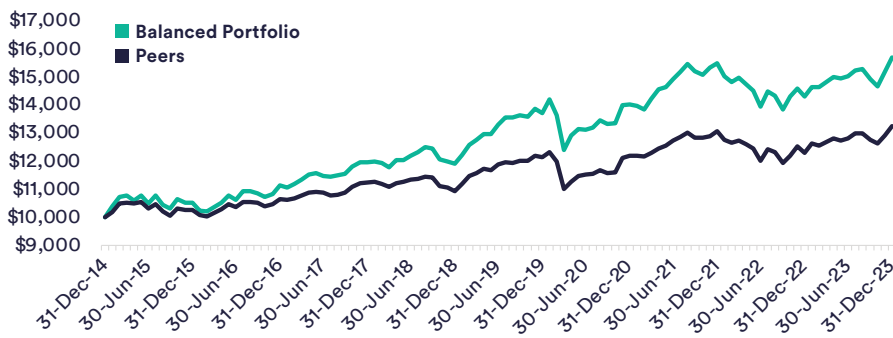
InvestSMART Balanced Portfolio

The InvestSMART's Balanced Portfolio is a simple way to get exposure across many different markets. The potential for capital growth over 3 to 5 years lets your portfolio do more of the hard yards working towards your goals.

Suitable goals:

- Looking for a balanced allocation towards defensive and growth assets
- Saving for a major purchase or school education expenses
- Funding a semi-retired lifestyle where income is less important

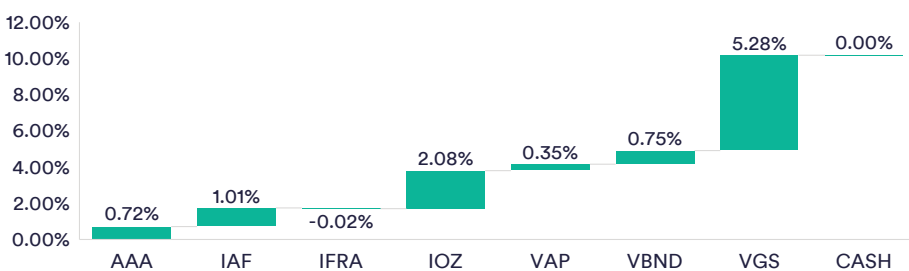
Performance of \$10,000 since inception



Performance vs Peers (% per annum)

	1 yr	3 yrs p.a.	5 yrs p.a.	SI p.a.
InvestSMART Balanced Portfolio	9.6%	3.8%	5.7%	5.0%
Peers	7.7%	2.8%	3.9%	3.2%
Excess to Peers	1.9%	1.0%	1.8%	1.8%

Attribution performance over past 12 months



Portfolio mandate

The Balanced Portfolio is a simple way to get exposure across many different markets. The potential for capital growth over 3 to 5 years lets your portfolio do more of the hard yards working towards your goals. The objective is to invest in a portfolio of 5-15 exchange traded funds (ETFs), that provide a more even mix of regular income plus the potential for capital growth through equities, property and infrastructure assets.

Portfolio inception: 29 Dec 2014

\$10,000
Minimum initial investment

4+ yrs
Suggested investment timeframe

5 - 15
Indicative number of securities

Risk profile: Medium - High
Expected loss in 3 to 4 years out of every 20 years

Morningstar AUS Balanced Target Allocation Net Return (NR) AUD
Benchmark

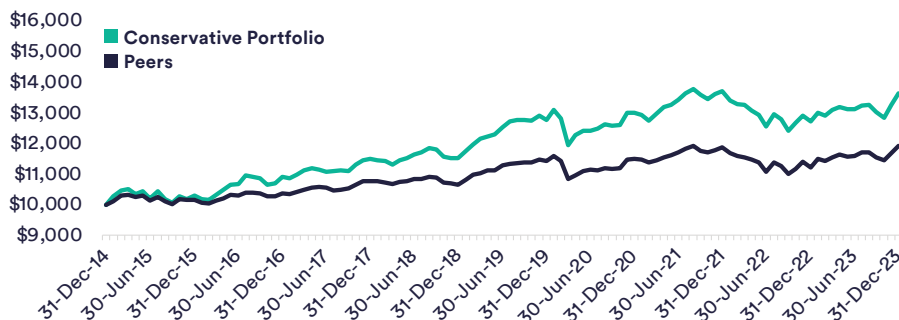
InvestSMART Conservative Portfolio

The InvestSMART Conservative Portfolio is the ideal option if you have short term goals (2+ years) and your focus is on protecting capital while earning higher return than cash.

Suitable goals:

- Looking for a defensive allocation with lower exposure to growth assets
- Saving for a first home, holiday or car
- Generating retirement income

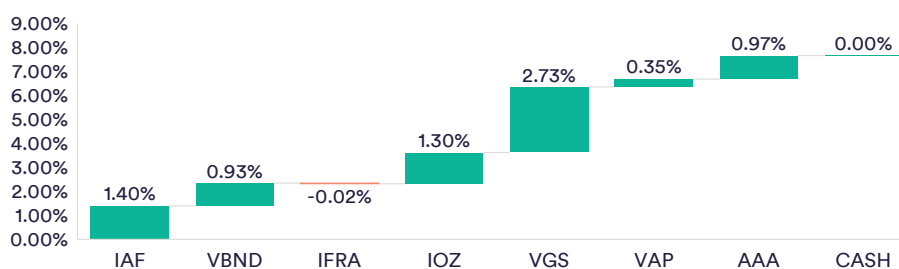
Performance of \$10,000 since inception



Performance vs Peers (% per annum)

	1 yr	3 yrs p.a.	5 yrs p.a.	SI p.a.
Conservative Portfolio	7.2%	1.6%	3.4%	3.5%
Peers	6.1%	1.2%	2.3%	2.0%
Excess to Peers	1.1%	0.4%	1.1%	1.5%

Attribution performance over past 12 months



Portfolio mandate

The Conservative Portfolio is the ideal option if you have short term goals (2+ years) and your focus is on protecting capital while earning higher return than cash.

The objective is to invest in a portfolio of 5-15 exchange traded funds (ETFs), with an emphasis on investments like bonds and cash that deliver regular, reliable income still with some exposure to equities to help beat inflation.

Portfolio inception: 29 Dec 2014

\$10,000
Minimum initial investment

2+ yrs
Suggested investment timeframe

5 - 15
Indicative number of securities

Risk profile: Low - Medium
Expected loss in 1 to 2 years out of every 20 years

Morningstar AUS Conservative Target Allocation Net Return (NR) AUD
Benchmark

InvestSMART

Single Asset Class

Portfolios

Our range of single asset class portfolios focus on specific investment markets. They can help you fill diversification gaps in your overall portfolio, complement your current investment approach, for example, adding exposure to international equities to an Australian shared-based portfolio, or allowing you to tailor your PMA to a specific goal.

Performance (%) as at 31 December 2023

	1 year	3 years (p.a.)	5 years (p.a.)	Since inception (p.a.)	Inception date
InvestSMART International Equities	20.9%	10.7%	12.6%	10.3%	24 Oct 2014
InvestSMART Australian Equities	11.5%	8.4%	9.3%	7.1%	23 Dec 2015
InvestSMART Property and Infrastructure	7.0%	5.4%	4.6%	4.2%	23 Dec 2015
InvestSMART Hybrid Income	5.9%	4.7%	4.6%	4.5%	01 Jul 2017
InvestSMART Cash Securities	3.5%	1.4%	1.1%	1.4%	31 Oct 2014

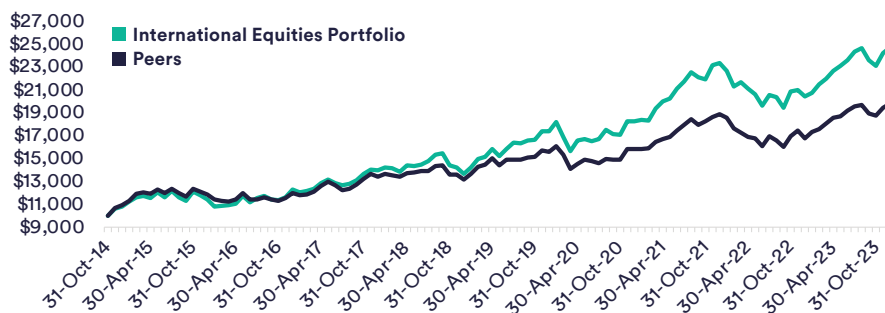
InvestSMART International Equities Portfolio

The InvestSMART International Equities Portfolio gives you access to global sharemarkets – something that can be costly as an individual investor. It’s an easy, low cost way to invest in some of the world’s biggest companies across Europe, Asia and the US.

Suitable goals:

- Diversifying your investment portfolio that lacks international equity exposure
- Looking for exposure to more established sectors overseas such as technology and health care
- Long term growth for your nest egg or superannuation

Performance of \$10,000 since inception



Performance vs Peers (% per annum)

	1 yr	3 yrs p.a.	5 yrs p.a.	SI p.a.
InvestSMART International Equities Portfolio	20.9%	10.7%	12.5%	10.3%
Peers	18.2%	7.7%	8.5%	7.7%
Excess to Peers	2.7%	3.0%	4.0%	2.6%

Attribution performance over past 12 months



Portfolio mandate

The International Equities Portfolio is designed to let you access global share markets in an easy, low-cost way. The portfolio invests in some of the world’s biggest companies across Europe, Asia and the US. The objective is to invest in a portfolio of 1-10 exchange traded funds (ETFs), to provide broad exposure to international equities, and across different market sectors and/or regions to lower volatility, minimise overall risk, and increase the potential for long term growth.

Portfolio inception: 24 Oct 2014

\$10,000
Minimum initial investment

7+ yrs
Suggested investment timeframe

5 - 15
Indicative number of securities

Risk profile: Very High
Expected loss in 4 to 6 years out of every 20 years

MSCI World (ex-Australia) Total Return Index, unhedged[^]
Benchmark

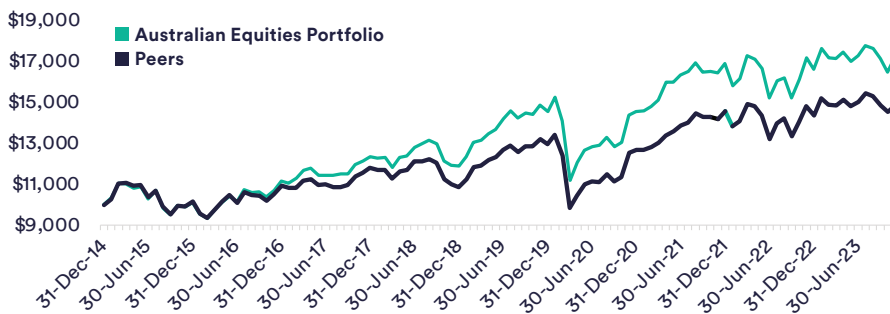
InvestSMART Australian Equities Portfolio

The InvestSMART Australian Equities Portfolio is an easy way to get started in the Australian sharemarket without lots of paperwork, or use it to add valuable diversity to your overall portfolio.

Suitable goals:

- Diversifying an existing Australian equity portfolio with less than 20 stocks
- Looking for broader exposure to all sectors in the Australian share market
- Long term growth for your nest egg or superannuation

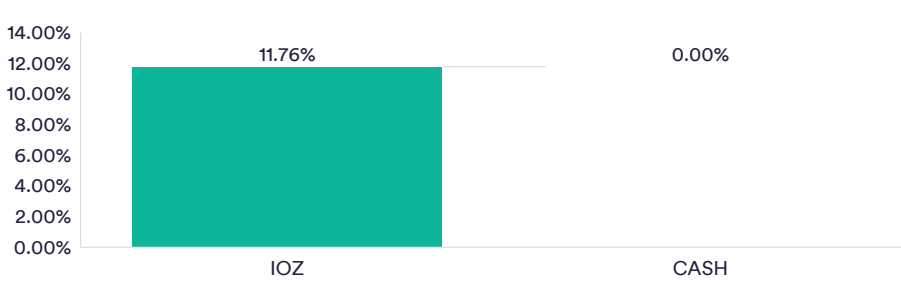
Performance of \$10,000 since inception



Performance vs Peers (% per annum)

	1 yr	3 yrs p.a.	5 yrs p.a.	SI p.a.
InvestSMART Australian Equities Portfolio	11.5%	8.4%	9.3%	7.1%
Peers	9.5%	7.4%	7.6%	5.1%
Excess to Peers	2.0%	1.0%	1.7%	2.0%

Attribution performance over past 12 months



Portfolio mandate

The Australian Equities Portfolio is an easy way to get invested into Aussie shares or add valuable diversity to your existing portfolio. The objective is to invest in a portfolio of 1-5 exchange traded funds (ETFs), to diversify risk within Australian shares.

Portfolio inception: 31 Dec 2014

\$10,000
Minimum initial investment

5+ yrs
Suggested investment timeframe

1 - 5
Indicative number of securities

Risk profile: High
Expected loss in 4 to 6 years out of every 20 years

S&P ASX 200 Accumulation Index
Benchmark

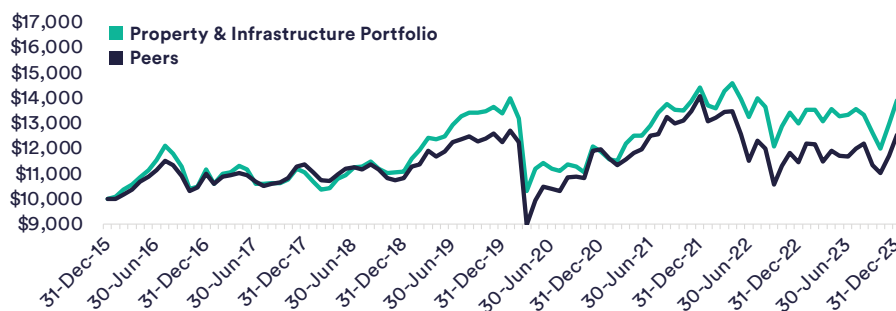
InvestSMART Property & Infrastructure Portfolio

The InvestSMART Diversified Property & Infrastructure Portfolio is a smart way to spread your money across commercial property (Australian and international) as well as infrastructure assets like road, rail and ports that can be hard to access as an individual investor.

Suitable goals:

- Diversifying your investment portfolio that lacks property exposure
- Looking for exposure to retail and commercial property in Australia and overseas
- Looking for exposure to infrastructure at home and abroad
- Long term growth for your nest egg or superannuation

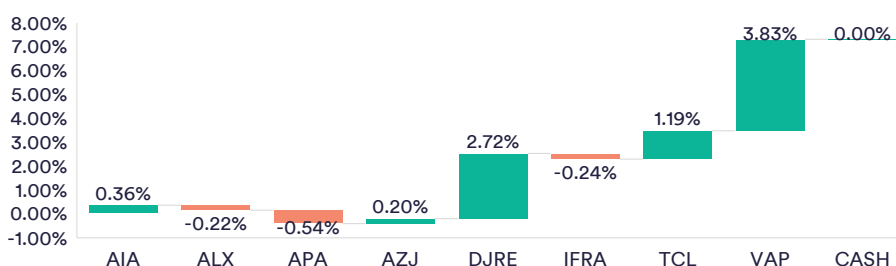
Performance of \$10,000 since inception



Performance vs Peers (% per annum)

	1 yr	3 yrs p.a.	5 yrs p.a.	SI p.a.
InvestSMART Property & Infra. Portfolio	7.0%	5.4%	4.6%	4.2%
Peers	9.4%	1.5%	3.0%	2.9%
Excess to Peers	-2.4%	3.9%	1.6%	1.3%

Attribution performance over past 12 months



Portfolio mandate

The Diversified Property & Infrastructure Portfolio allocates funds across commercial property (Australian and international) as well as infrastructure assets like road, rail and ports that can be hard to access as an individual investor. The objective is to invest in a portfolio of 1-10 exchange traded funds (ETFs) and specific ASX infrastructure securities, across Australian Real Estate Investment Trusts (A-REITs), plus infrastructure and global property ETFs, all managed in the one portfolio.

Portfolio inception: 24 Oct 2014

\$10,000
Minimum initial investment

5+ yrs
Suggested investment timeframe

5 - 12
Indicative number of securities

Risk profile: High
Expected loss in 4 to 6 years out of every 20 years

A Composite Index
Benchmark

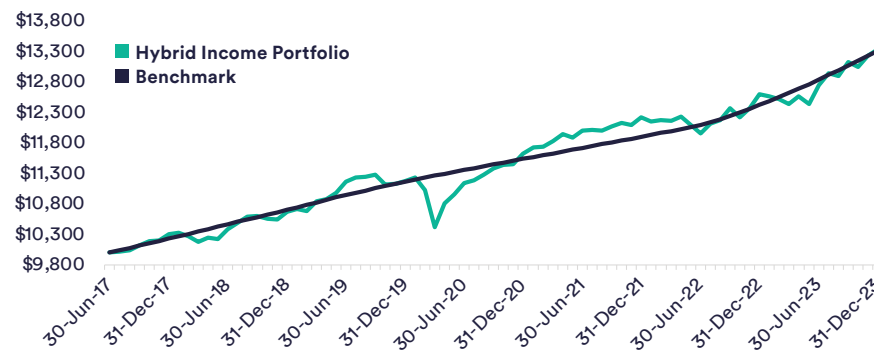
InvestSMART Hybrid Income Portfolio

The InvestSMART Hybrid Securities Portfolio is an easy way to get exposure to a range of hybrids without lots of paperwork. During the quarter, the model switched to longer dated hybrids issued by Westpac (WBCPL) and Macquarie (MQGPF) as per our investment strategy.

Suitable goals:

- Seek defensive and highly liquid position to ensure capital stability
- Diversifying an existing investment portfolio to include more floating interest rate exposure
- Looking for a stream of stable franked dividends

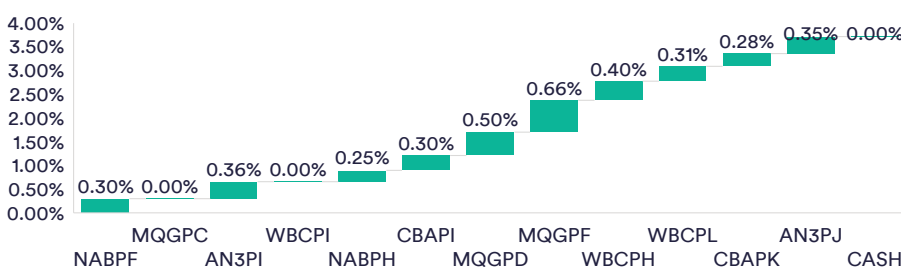
Performance of \$10,000 since inception



Performance vs Peers (% per annum)

	1 yr	3 yrs p.a.	5 yrs p.a.	SI p.a.
InvestSMART Hybrid Securities Portfolio	5.9%	4.7%	4.6%	4.5%
RBA Cash Rate + 3%	7.2%	4.9%	4.5%	4.5%
Excess to Benchmark	-1.3%	-0.2%	0.1%	0.0%

Attribution performance over past 12 months



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.

Portfolio inception: 1 Jul 2017

\$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

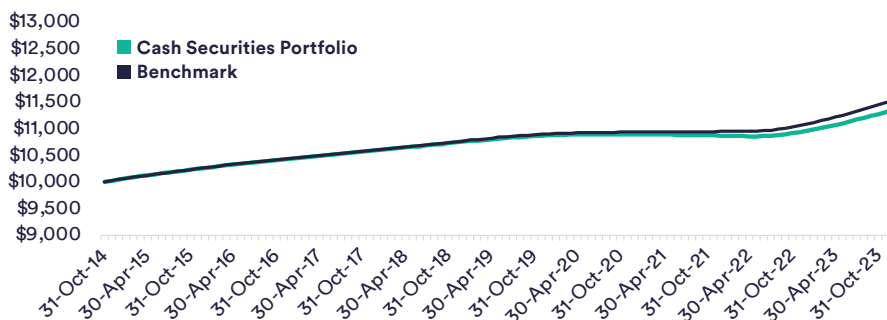
InvestSMART Cash Securities Portfolio

The InvestSMART Cash Securities Portfolio is an easy way to park some money in cash without lots of paperwork, or use it to add diversity to your overall portfolio.

Suitable goals:

- Seek defensive and highly liquid position to ensure capital stability
- Diversifying an existing investment portfolio to include more cash exposure
- Looking for broader exposure to cash markets in Australia

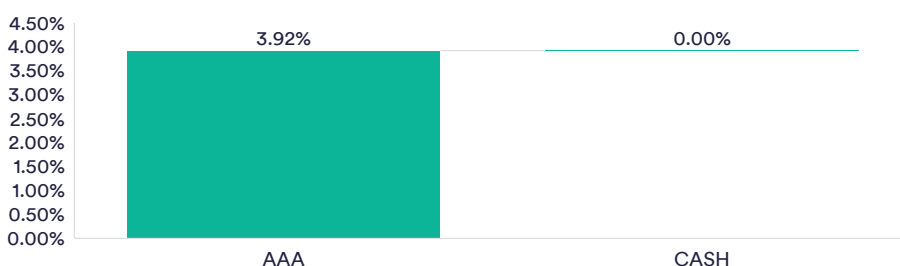
Performance of \$10,000 since inception



Performance vs Peers (% per annum)

	1 yr	3 yrs p.a.	5 yrs p.a.	SI p.a.
InvestSMART Cash Securities Portfolio	3.5%	1.4%	1.1%	1.4%
RBA Cash Rate Target	4.0%	1.8%	1.4%	1.6%
Excess to Benchmark	-0.5%	-0.4%	-0.3%	-0.2%

Attribution performance over past 12 months



Portfolio mandate

The Cash Securities Portfolio is an easy way to get invested in cash securities or add valuable diversity to your existing portfolio. The objective is to invest in a portfolio of 1-5 exchange traded funds (ETFs), to provide returns in line with the benchmark minus our fees by investing in a blend of Exchange Traded Funds (ETFs) which invest in the Australian cash markets.

Portfolio inception: 31 Oct 2014

\$10,000
Minimum initial investment

1+ yrs
Suggested investment timeframe

1 - 5
Indicative number of securities

Risk profile: Very Low
Expected loss in 4 to 6 years out of every 20 years

RBA Cash Rate Target
Benchmark

Our Investment Committee



Alastair Davidson
Head of Funds Management



Effie Zahos
Independent Director



Alan Kohler AO
Editor-in-Chief



Paul Clitheroe AO
Chairman



Ron Hodge
Managing Director

IMPORTANT INFORMATION: This document has been prepared by InvestSMART Funds Management Limited (ABN 62 067 751 759, AFSL 246441) (InvestSMART), the responsible entity of the InvestSMART Professionally Managed Accounts (Fund) and issuer of the Fund. While every care has been taken in the preparation of this document, InvestSMART makes no representations or warranties as to the accuracy or completeness of any statement in it. To the maximum extent permitted by law, neither InvestSMART, its directors, employees or agents accept any liability for any loss arising in relation to this document. This document is not an endorsement that this portfolio is appropriate for you and should not be relied upon in making a decision to invest in this product. You should always consider the relevant disclosure document (including Product Disclosure Statement, Investment Menu, Target Market Determination and Financial Services Guide along with any accompanying materials) and/or seek professional advice before making any investment decision. Disclosure documents for financial products offered by InvestSMART can be downloaded from the InvestSMART website or obtained by contacting 1300 880 160. The document provides general financial information only. InvestSMART has NOT considered your personal objectives, financial situation and needs when preparing this document. You should consider your individual objectives, financial situation and needs and seek professional advice where necessary before making any investment decision. Past performance is not a reliable indicator of future performance. InvestSMART does not assure nor guarantee the performance of any financial products offered. InvestSMART, its associates and their respective directors and other staff each declare that they may, from time to time, hold interests in securities that are contained in this investment product.