INVESTSMART

30 April 2019

InvestSMART Interest Income Portfolio

Monthly update

PERFORMANCE TO 30 APRIL 2019	1 MTH	3 MTHS	6 MTHS	1 YR	2 YRS (P.A.)	3 YRS (P.A.)	S. I. (P.A.)
InvestSMART Interest Income	0.07%	2.26%	4.00%	5.71%	3.56%	2.99%	3.05%
Bloomberg AusBond Composite 0+Y TR	0.29%	3.07%	5.54%	7.87%	4.98%	4.18%	4.43%
Peers	0.28%	2.78%	4.82%	6.70%	4.18%	3.58%	-

Key points

- Added 0.07% after fees in April its rolling three-month performance is 2.26%
- All facets of the Portfolio contributed to performance in April

April in Review

Risk assets (equities) continue to 'melt-up' and the answer as to why is that in the post-GFC world the prospect of 'cheap money' – and in the case of Europe, Japan and Australia the prospect of the 'cheapest' money in history is promoting risk.

By cheaper money I mean possible further cuts to official interest rates.

However, from a fixed income and bond market perspective, cuts to official interest rates suggest economic risk and in times like this, conservative investment is channelled to low-to-no risk investment such as fixed income.

This has seen capital growth in fixed income products that are typically a low capital moving shift significantly higher.

However, the capital growth is compressing yields and thus the overall return has been mute a trend we expect in the coming months.

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

Portfolio allocation

ASSET ALLOCATION	
Sector	**Weighting**
Domestic Fixed Interest	91.82%
International Fixed Interest	3.73%
Cash	4.47%

TOP 5 HOLDINGS	
Security	**Weighting**
iShares Treasury ETF (IGB)	34.48%
Vanguard Australian Government Bond Index ETF (VGB)	27.10%
VanEck Vectors Australian Floating Rate ETF (FLOT)	14.35%
Australian Bank Floating Rate Bond ETF (QPON)	14.33%
Vanguard Australian Corporate Fixed Interest Index ETF (VACF)	6.87%

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 30 April 2019. 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.

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 Exchange Traded Funds (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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InvestSMART Funds Management Limited
PO Box 744
Queen Victoria Building
NSW 1230 Australia

Phone: 1300 880 160
Email: invest@investsmart.com.au

www.investsmart.com.au