



31 DECEMBER 2019

## Quarterly Report

# InvestSMART Hybrid Income Portfolio

### December Quarter Highlights

- Total portfolio return was -1.0% and +4.4% for the quarter and 12-month period
- December was a high-income month with 17 securities trading ex-distribution
- Sold out of MBLPA, NABPC and the IAG notes were released

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## About Us

InvestSMART 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.

## Portfolio overview

The InvestSMART Hybrid Income Portfolio provides Australian investors an opportunity to diversify their income stream, with the added benefit of minimised portfolio risk. The Portfolio is invested in a mix of 10 - 25 Australian listed hybrids, listed debt securities and cash all managed in the one portfolio.

## Investment objective

The Portfolio's investment objective is to provide investors a return of 3% above the RBA Cash Rate over rolling three year periods.

## Who manages the investment?

Alastair Davidson, has held executive positions in the banking and financial services industry for over 27 years in the UK, USA and Australia. Prior to becoming the Head of Funds Management, he held Director positions with Aurora Funds Limited, Challenger and Salomon Smith Barney and worked in financial services in London and New York. Alastair has an Honours degree in Economics from the University of St Andrews and is the Chairman of the Investment Committee of the Centenary Institute Endowment Fund, member of the Institute of Chartered Accountants in Scotland, and ex-Treasurer of the Centenary Institute of Medical Research.

## Key portfolio details

### INVESTMENT CATEGORY

Low-cost ETF Portfolio

### BENCHMARK

RBA Cash Rate + 3%

### INCEPTION DATE

1 July 2017

### SUGGESTED INVESTMENT TIMEFRAME

2+ years

### NUMBER OF SECURITIES

10 - 25

### INVESTMENT FEE

\$99 - \$451 p.a. capped

### PERFORMANCE FEE

N/A

### MINIMUM INITIAL INVESTMENT

\$25,000

### STRUCTURE

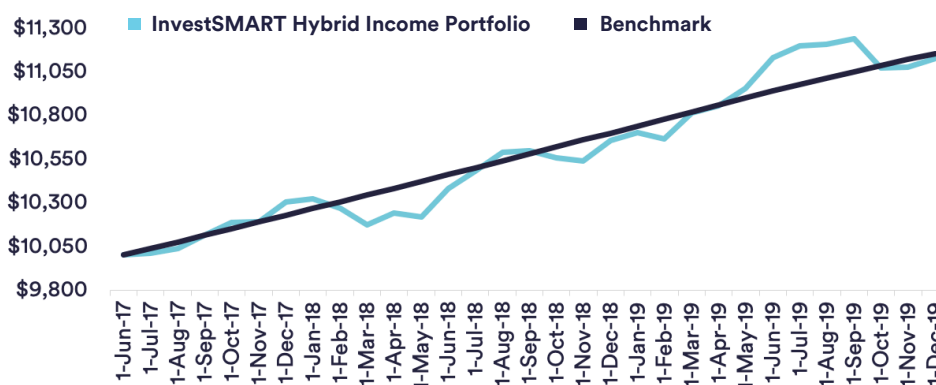
Professionally Managed Account (PMA)

## Performance to 31 Dec 2019

	1 mth	3 mths	6 mths	1 yr	2 yrs p.a	S.I. p.a
InvestSMART Hybrid Income*	0.4%	-1.0%	0.0%	4.4%	3.9%	4.3%
RBA cash rate + 3%	0.3%	0.9%	1.9%	4.2%	7.3%	4.5%

# InvestSMART Portfolio performance figures are after investment and admin fees excl. brokerage and assuming dividends re-invested and no withdrawals. The peer comparison figures have been sourced from Morningstar data and is therefore limited to the funds and investment products included in their database. This may not include all funds available for retail investment in Australia. The peer calculation is inclusive of admin and investment fees; excludes brokerage and no withdrawals have been made. InvestSMART cannot determine whether or not franking has been included, nor if dividends have been reinvested. Historical performance is not a reliable indicator of future performance. Note: Our InvestSMART Hybrid Income is benchmarked against RBA cash rate + 3%. Performance includes franking credits.

## Performance of \$10,000 since inception



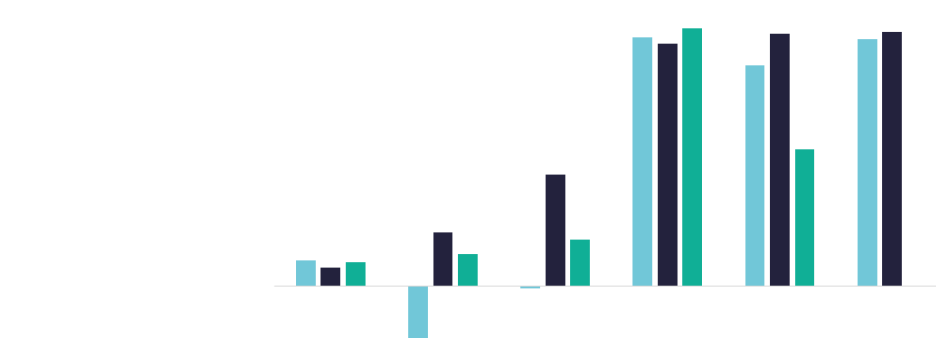
## Asset allocation

Australian Fixed Interest	86.2%
Cash	13.8%

## Top 5 holdings

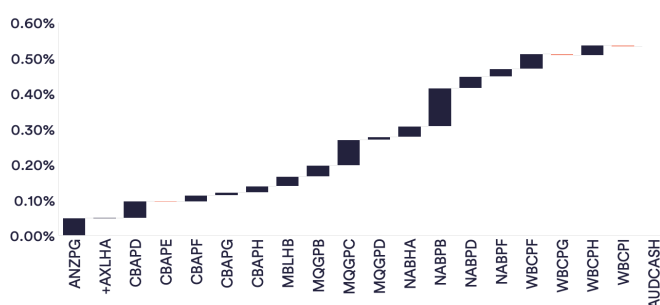
WBCPH	7.9%
NABPB	6.7%
CBAPD	6.7%
WBCPG	6.5%
WBCPF	6.4%

## Performance relative to benchmarks

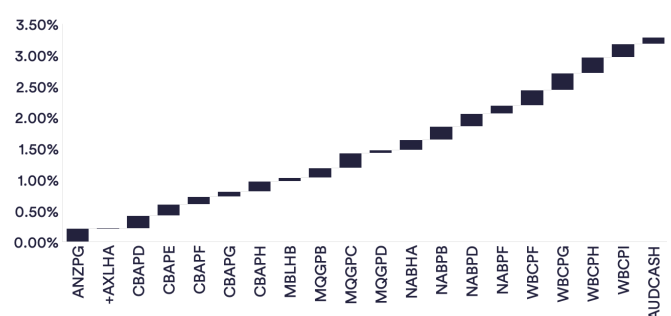


	1 Month	3 Months	6 Months	1 Year	2 Years	SI (p.a)
InvestSMART Hybrid Income	0.44%	-0.99%	-0.04%	4.36%	3.87%	4.33%
Benchmark	0.31%	0.94%	1.95%	4.25%	4.42%	4.45%
Peers	0.41%	0.56%	0.80%	4.51%	2.39%	0.00%

## Attribution – Performance



## Attribution – Yield



## InvestSMART Hybrid Income Portfolio

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- The total portfolio return was 0.44% for the month
- The total portfolio return was -1.0% and +4.4% for the quarter and 12-month period. Since inception the total portfolio return is 4.33% including franking credits, which is 0.12% under its return objective of the RBA Cash rate plus 3%.
- The RBA kept the cash rate to 0.75% and the outlook is for further rate cuts. Low cash and bond yields continuing to drive investor demand for higher yielding securities and asset classes.
- December was a high-income month with 17 securities trading ex-distribution.
- In December, we sold out of MBLPA, NABPC and the IAG notes (ASX Code: IANG) were redeemed at face value. Some of the proceeds were invested into WBCPH.
- At 31 December, the portfolio had 13% allocation to cash. The manager expects to invest that in the next few weeks



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### **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 Hybrid Income Portfolio] (Fund) and issuer of units in the Fund.

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