

30 June 2021

2021 Financial Year Report

# InvestSMART Hybrid Income Portfolio



## Yearly Highlights

- Portfolio returned 8.0% for the 12-months including franking credits
- No new hybrid deals were announced in the quarter and few are expected in the next 6 months
- Portfolio had a 3.4% allocation to cash at 30 June 2021

## 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

To achieve a return of 3% (including franking credits) above the RBA Cash Rate p.a. over three year rolling 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

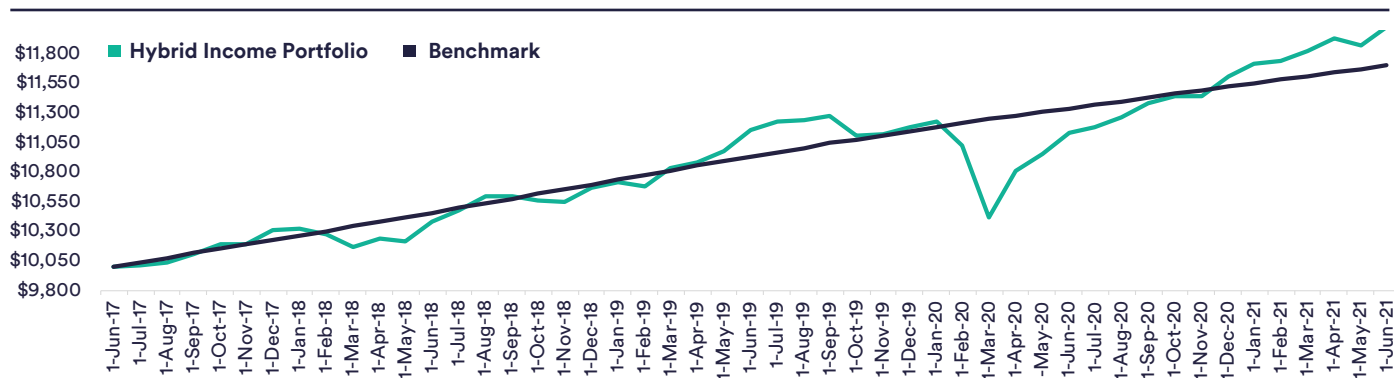
\$25,000

### STRUCTURE

Professionally Managed Account (PMA)

As at 31 June 2021

Performance of \$10,000 since inception



Performance (after fees)

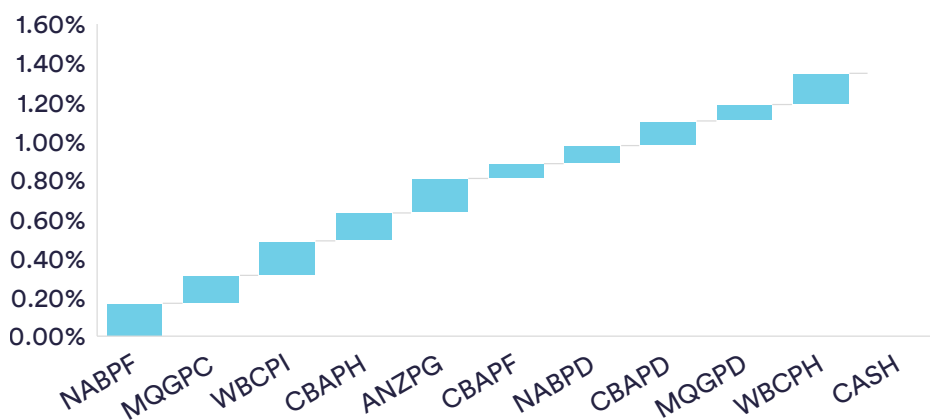
	1 yr	2 yrs p.a	3 yrs p.a	Since Inc. p.a
InvestSMART Hybrid Income	8.0%	3.8%	5.0%	4.7%
RBA Cash Rate + 3%	3.2%	3.5%	3.8%	4.0%
Excess to Benchmark	4.8%	0.3%	1.2%	0.7%

Note: Our InvestSMART Hybrid Income is benchmarked against RBA cash rate + 3%. Performance includes franking credits.

Performance relative to peers



Attribution – Performance



Asset allocation

Australian Fixed Interest	97%
Cash	3%

Top 5 holdings

WBCPH	11.5%
NABPF	10.8%
ANZPG	10.8%
CBAPD	10.5%
MQGPC	10.0%

# InvestSMART Hybrid Income Portfolio

## Quarterly Update

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- The estimated running yield is approximately 4.0%, and estimated yield to call/maturity is 3.75%, including franking credits.
- The total portfolio return was 8.0% for the 12-months including franking credits. Since inception the total portfolio return is 4.7% including franking credits, which is 0.7% above its return objective of the RBA Cash rate plus 3%.
- Last quarter trading yields on most hybrids were steady, reflecting continuing demand for yield by investors.
- The new Commonwealth Bank PERLS XIII hybrid (SX Code: CBAPJ) listed early April at with margin of 2.75% above BBSW including franking and 5.5 years to call. It is currently trading just above its issue price at \$100.80.
- ANZ Bank announced a new issue in late June, which is currently trading above its issue price.
- No new hybrid deals were announced in the quarter and few are expected in the next 6 months.
- At 30 June 2021 the portfolio had a 3.4% allocation to cash.



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**investsmart.com.au/invest**

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### **Important information**

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