

30 June 2021

2021 Financial Year Report

InvestSMART International Equities Portfolio



Yearly Highlights

- Portfolio added 27.87 per cent after fees for its best financial year performance since inception, beating peers by 1.35 per cent
- The US holding lead the way with a 29.22 per cent rise in the financial year
- Portfolio has averaged 11.82 per cent after fees since inception

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 International Equities Portfolio provides Australian investors the ability to tap into the high potential growth of global markets and aid in portfolio diversification. The Portfolio is invested in a blend of our 5-15 preferred Exchange traded Funds (ETFs), where each ETF invests in a different market sector to the others, thereby lowering volatility, minimising overall risk, and increasing the potential for long-term growth.

Our International Equities Portfolio is part of our capped fee range, so you keep more of what you earn to grow your investment faster.

Investment objective

To provide returns in line with the benchmark minus our fees by investing in a blend of our preferred Exchange Traded Funds (ETFs).

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 portfolio details

INVESTMENT CATEGORY

Low-cost ETF Portfolio

BENCHMARK

MSCI World (ex-Australia) Total Return Index, unhedged

INCEPTION DATE

24 October 2014

SUGGESTED INVESTMENT TIMEFRAME

2+ years

NUMBER OF SECURITIES

5 - 15

INVESTMENT FEE

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

PERFORMANCE FEE

N/A

MINIMUM INITIAL INVESTMENT

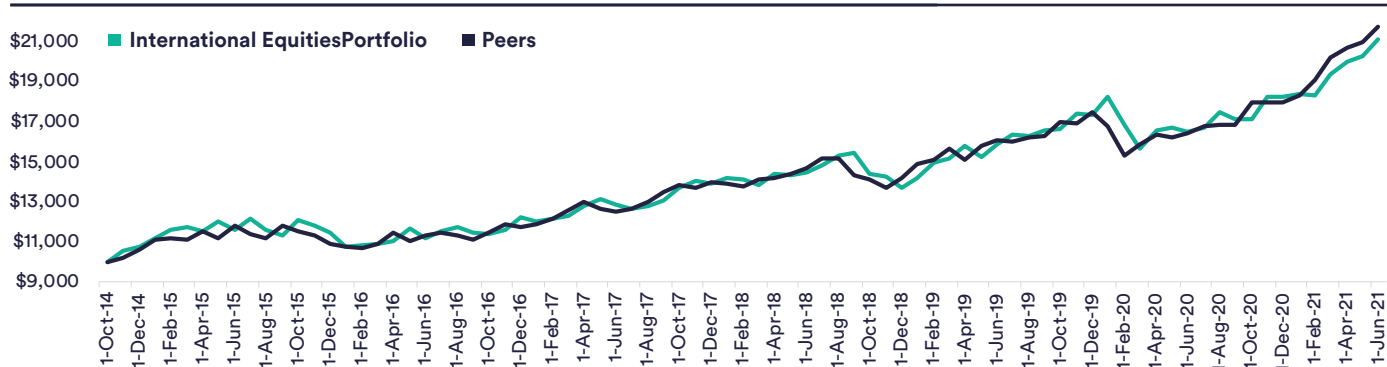
\$10,000

STRUCTURE

Professionally Managed Account (PMA)

As at 30 June 2021

Performance of \$10,000 since inception

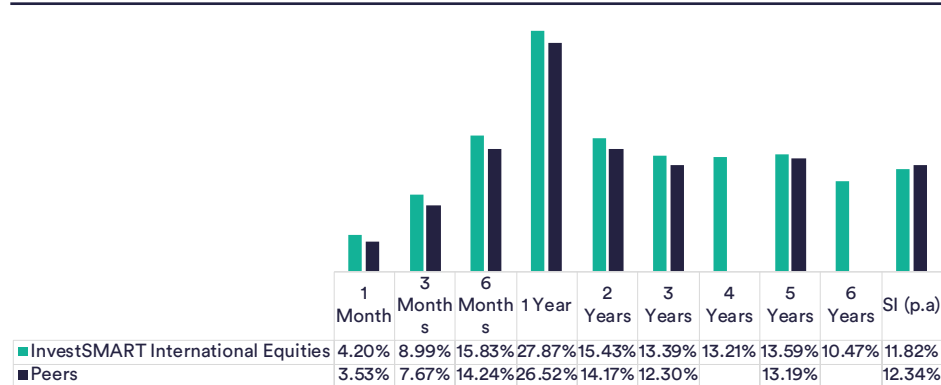


Performance (after fees)

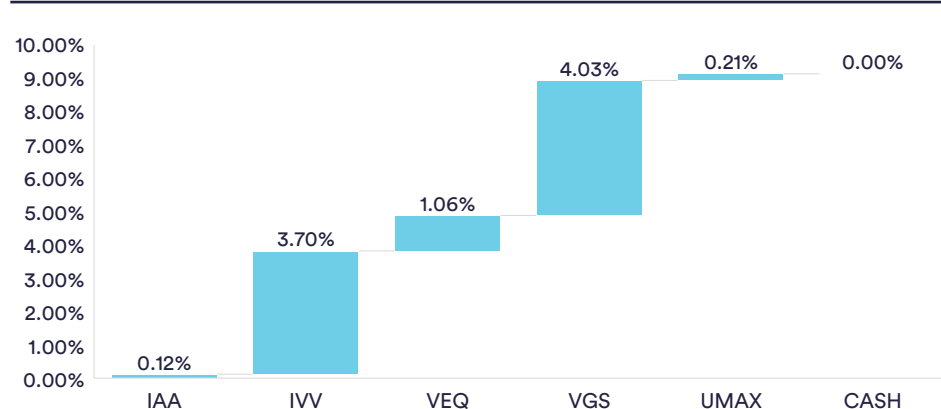
	1 yr	2 yrs p.a	3 yrs p.a	4 yrs p.a	5 yrs p.a	Since Inc. p.a
InvestSMART International Equities	27.9%	15.4%	13.4%	13.2%	13.6%	11.8%
Average of 1031 peers funds*	26.4%	14.0%	12.2%	12.7%	13.1%	12.1%
Excess to Peers	1.5%	1.6%	1.2%	0.5%	0.5%	-0.3%

Fees*: InvestSMART International Equities 0.55% & Average of 1031 peers 1.65%
 Note: Our InvestSMART International Equities is benchmarked against MSCI World (ex-Australia) Total Return Index, unhedged

Performance relative to peers



Attribution – Performance



Asset allocation

International equities	96.0%
Cash	4.0%

Top 5 holdings

VGS	42.0%
IVV	37.0%
VEQ	11.0%
IAA	5.8%
UMAX	3.3%

InvestSMART International Equities Portfolio

Quarterly Update

Financial Year Performance

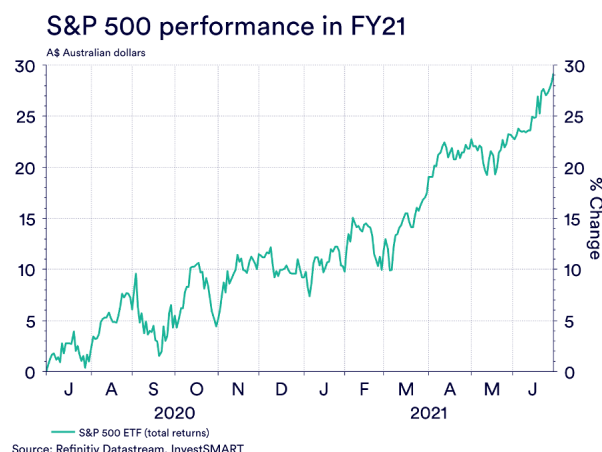
- The portfolio added 6.50 per cent after fees in the March quarter, beating peers by 0.4 per cent
- No changes were made to the portfolio during the quarter
- The yield on the International Equities Portfolio was approximately 2.11 per cent

Quarterly Performance

- The portfolio appreciated 8.99 per cent after fees, beating peers by 1.32 per cent
- No changes were made to the portfolio during the quarter
- The yield on the portfolio is approximately 2.45 per cent

The 2021 financial year will be one no one will forget. We certainly won't. The international equities portfolio is one of the clear examples of why, even in a once-in-a-generation pandemic, investing and thinking long term about your wealth is always to your benefit.

If we look at the performance of the US S&P 500 ETF listing IVV it tells a very interesting story of the year we have just had.



There were several event movers in the financial year, most notably the US 2020 Presidential election and the announcement of two stimulus tranches worth US\$1.7 trillion and US\$1.8 trillion that boosted certain months. But the biggest impact came from the natural economic recovery that has taken hold as the US came out of lockdowns and the population received vaccinations.

It's no surprise that the surge seen since March is from when vaccinations started to average over a 1 million a week which then led to surges in employment, wages, consumption and economic growth.

The US's COVID recovery has been one of the strongest in the world. Couple this with its COVID-stimulus programs and is it any wonder its economic recovery is becoming supercharged?

The US listing is not the only portion of the portfolio that has benefited from the global reflation trade. Both the European and Asian listings have seen similar advances on the improving COVID situations in each jurisdiction. The European holding VEQ, in particular, has been the standout over the past quarter and a half, with the likes of Germany, France and Northern States releasing economic data showing main industry exports and employment are fast returning to pre-COVID levels.

Looking to the new Financial Year and the international portfolio remains well positioned to take full advantage of the recovery story taking hold in the Northern Hemisphere. News at the start of July is that most stimulus packages that have underpinned each region are likely to remain in place for longer than most had forecast. If we couple this with the responses seen in markets on the natural COVID-recovery, FY22 will likely be healthy.

However, there are still risks to any recovery and we should remind all Investors that they apply their personal risk tolerance to their investment goals and timeframes. The international equities portfolio is designed to give you access to international markets that Australians have found difficult in the past. But, it does come with a level of risk higher than its Interest Income or Hybrid Portfolio peer.



investsmart.com.au/invest

1300 880 160

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 Fund and issuer of units in 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, 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.