InvestSMART Hybrid Income Portfolio

Financial Year Update

30 JUNE 2019

- Return of 7.17% (after fees) during FY19
- Estimated portfolio yield is 5.1% p.a.

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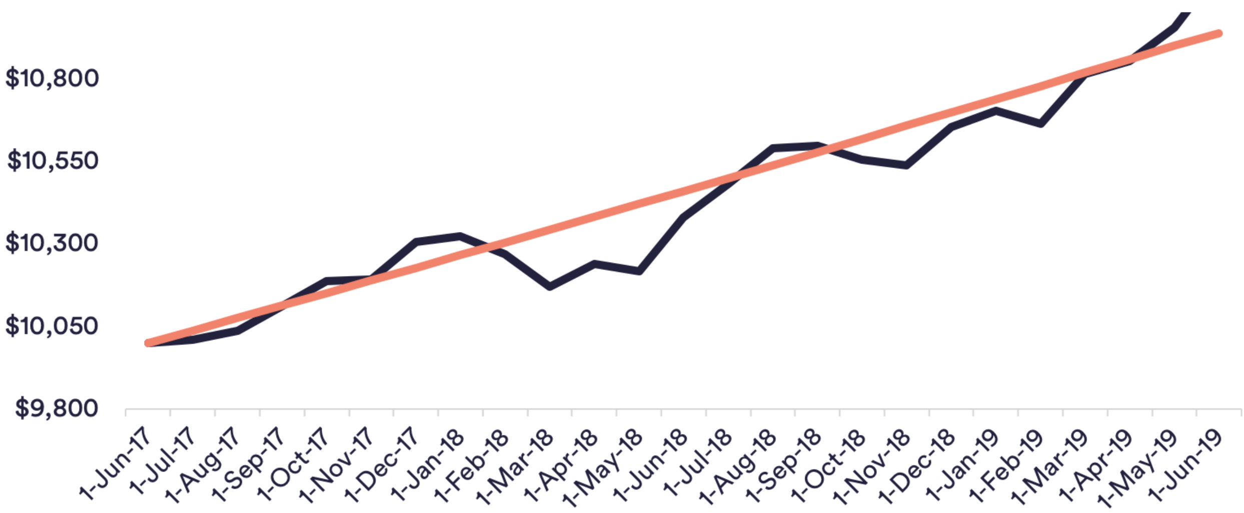
InvestSMART Hybrid Income Portfolio

PERFORMANCE TO 30 JUNE 2019 (AFTER FEES)	1 MTH	3 MTHS	6 MTHS	1 YR	2 YRS (P.A.)	S.I. (P.A)
InvestSMART Hybrid Income	1.58%	2.86%	4.40%	7.17%	5.48%	5.49%
RBA Cash Rate + 3%	0.35%	1.10%	2.25%	4.48%	4.58%	4.59%
Excess to Benchmark	1.23%	1.76%	2.15%	2.59%	0.89%	0.90%

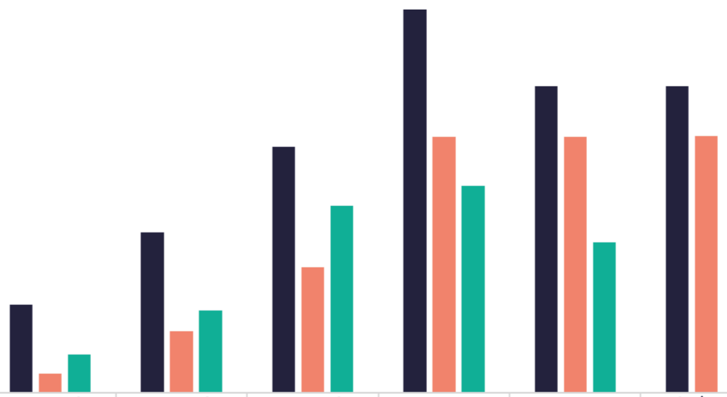
- The total portfolio return was +1.58% and +7.17% for the 12-month period. The total return of the portfolio is above its objective for all time periods measured. Since inception the total portfolio return is 5.49%, which is 0.90% over its return objective after fees.
- The Federal election result saw a rally as investors bought hybrids with franking certainty and there was buying across different financial issuers.
- June was a large month for income with 17 of the 22 securities trading ex-dividend. The total income return (gross) was 1.09% for the month and 1.24% for the quarter, whilst the income return since inception is estimated at 5.50% p.a.
- We reduced our exposure to NABPF while increasing our exposure to NABPB, which reduced our maturity profile.
- The margin across financial hybrids contracted a very significant 62bps from May to June from 3.07% to 2.45%, due to the decision by the Reserve Bank of Australia to cut official cash rates by 0.25% to 1.25% (and again in July to 1.00%).
- Trading remains suspended in Axcesstoday (AXLHA). The portfolio has a weighting of 1.50% at the end of June. We will continue to value the position at cost until more information is received from the administrator.

Performance of $10,000 since inception

■ InvestSMART Hybrid Income Portfolio ■ Benchmark

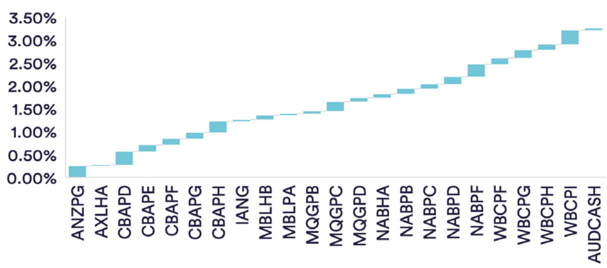


Performance relative to benchmarks

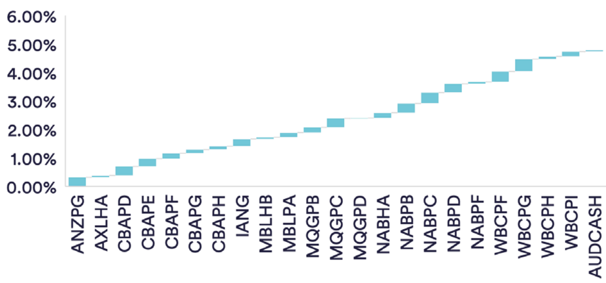


	1 Month	3 Months	6 Months	1 Year	2 Years	SI (p.a)
■ InvestSMART Hybrid Income	1.58%	2.86%	4.40%	7.17%	5.48%	5.49%
■ Benchmark	0.35%	1.11%	2.25%	4.57%	4.58%	4.59%
■ Peers	0.68%	1.48%	3.35%	3.70%	2.70%	

Performance attribution – before fees



Yield attribution



TOP 5 HOLDINGS	
Security	**Weighting (%)**
NAB Capital Notes (NABPC)	7.06
NAB Convertible Preference Shares II (NABPB)	6.70
CBA PERLS VII (CBAPD)	6.65
Westpac Capital Notes 4 (WBCPG)	6.53
Westpac Capital Notes 3 (WBCPF)	6.43

ASSET ALLOCATION	
Sector	**Weighting (%)**
Dom FI	95.90
Cash	4.09

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 June 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. Table 1 performance figures; after investment and admin fees, includes brokerage. Unit pricing taken at the end of each month.

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 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.

Why the InvestSMART Hybrid Income Portfolio?

Hybrid securities can be an attractive investment proposition, offering relatively stable income streams and lower levels of volatility compared to equities. However, many hybrids are often more complicated than they seem and identifying which are appropriately priced is not always a simple task. Managed by our investment team, the InvestSMART Hybrid Income Portfolio is actively monitored and rebalanced by the team and is ideal for the income-focused investor.

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 Details

INVESTMENT CATEGORY
Active Securities Portfolio

BENCHMARK
RBA Cash Rate + 3%

INCEPTION DATE
1 July 2017

SUGGESTED INVESTMENT TIMEFRAME
2+ years

NUMBER OF SECURITIES / STOCKS
10 - 25 securities

INVESTMENT FEE
$99 - $451 p.a. capped

PERFORMANCE FEE
N/A

MINIMUM INITIAL INVESTMENT
$25,000

STRUCTURE
Professionally Managed Account (PMA)

PORTFOLIO MANAGER
Alastair Davidson

Important information

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