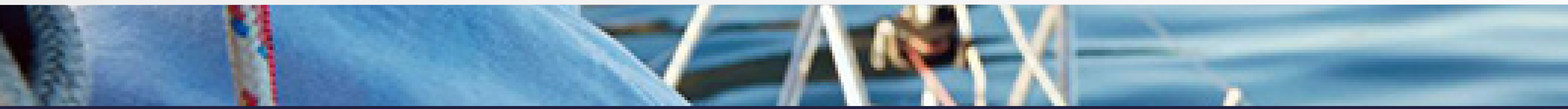
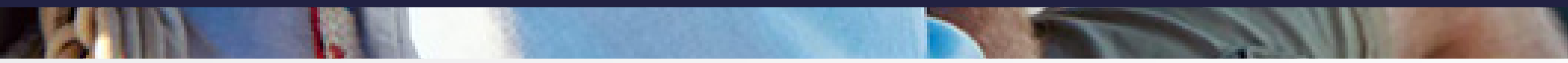
Quarterly Report

30 September 2020



InvestSMART

Balanced Portfolio



September 2020 Quarterly highlights

- The InvestSMART Balanced Portfolio rose slightly in the September quarter, up 1.48% (after fees).
- No changes were made to the portfolio during the quarter.
- Estimated yield on the portfolio is currently 2.42%.
- The Balanced Portfolio outperformed peers in the third quarter of 2020 by 0.21%.

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 Balanced Portfolio is designed for investors who seek a balanced investment solution. The Portfolio is invested in a blend of 5 - 15 Exchange Traded Funds (ETFs), to offer investors an even allocation across both defensive income assets (bonds & cash) & growth assets (shares & property) all managed in the one portfolio.

Our Balanced 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
Morningstar Multisector Balanced Index

INCEPTION DATE
29 December 2014

SUGGESTED INVESTMENT TIMEFRAME
2+ years

NUMBER OF SECURITIES
5 - 15

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

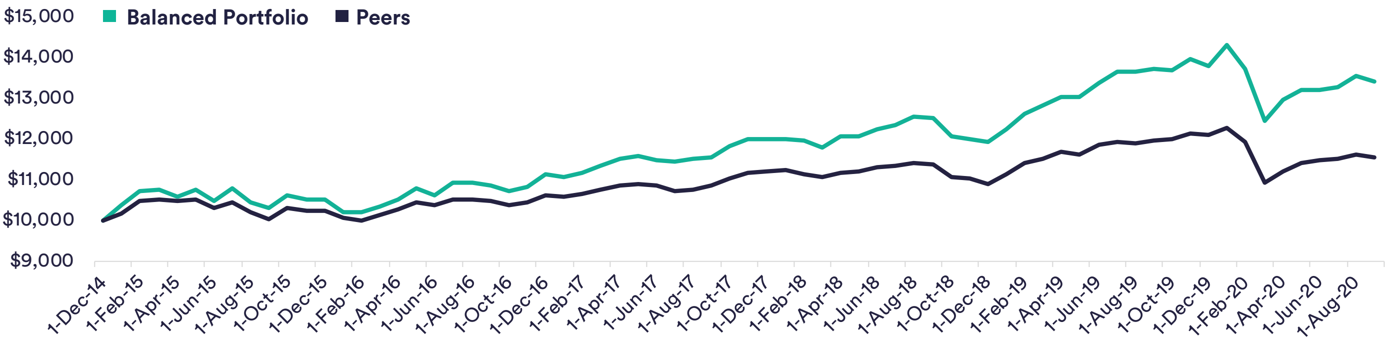
PERFORMANCE FEE
N/A

MINIMUM INITIAL INVESTMENT
$10,000

STRUCTURE
Professionally Managed Account (PMA)

As at 30 September 2020

Performance of $10,000 since inception

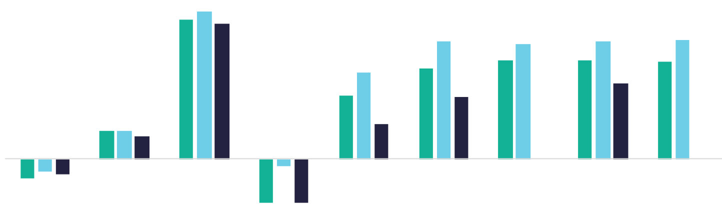


Performance (after fees)

	1 mth	3 mths	6 mths	1 yr	2 yrs	3 yrs	5 yrs
InvestSMART Balanced Portfolio	-1.0%	1.5%	7.5%	-2.3%	3.4%	4.9%	5.3%
Average of 561 peers funds*	-0.8%	1.2%	7.3%	-2.3%	1.9%	3.3%	4.1%
Excess to Peers	-0.2%	0.3%	0.2%	0.0%	1.5%	1.6%	1.2%

Fees*: InvestSMART Balanced 0.55% & Average of 561 peers 1.45%
Note: Our InvestSMART Balanced is benchmarked against Morningstar Multisector Balanced Index.

Performance relative to benchmarks

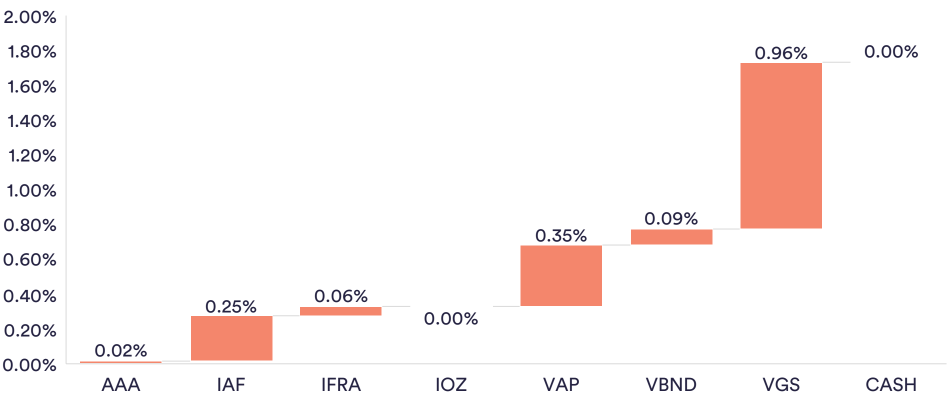


	1 Month	3 Months	6 Months	1 Year	2 Years	3 Years	4 Years	5 Years	SI (p.a)
InvestSMART Balanced	-1.01%	1.48%	7.47%	-2.32%	3.42%	4.89%	5.29%	5.30%	5.25%
Benchmark	-0.69%	1.52%	7.95%	-0.36%	4.61%	6.33%	6.14%	6.34%	6.40%
Peers	-0.82%	1.20%	7.25%	-2.33%	1.90%	3.31%	0.00%	4.05%	0.00%

Asset allocation

Australian Equities	22.2%
International Equities	23.4%
Australian Fixed Interest	20.7%
International Fixed Interest	14.1%
Cash	11.4%
Property	8.3%

Attribution – Performance



Top 5 holdings

IAF	25.0%
IOZ	23.0%
VGS	22.5%
AAA	10.0%
VBND	10.0%

InvestSMART Balanced Portfolio

30 September 2020 update

Quarterly Performance

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Despite a second lockdown in Victoria, confirmation of the first recession in Australia since 1992 and one of the most humbling earnings seasons for the ASX 200 since the Global Financial Crisis, the third quarter of 2020 was actually pretty benign for the domestic index.

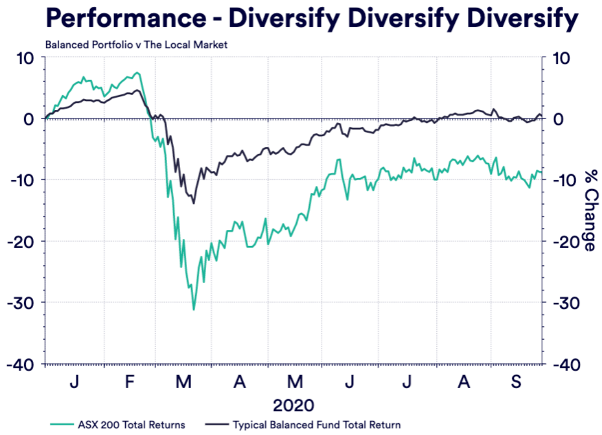
On a capital basis, the ASX 200 was down just 0.44 per cent over the 92 days of the quarter and on a total returns basis it was slightly in the black, adding 0.3 per cent.

However, year-to-date the ASX 200, and most risk markets (equities), are well down on their February highs. That's not to say that they are all underperforming, just take a look at the year-to-date performance of the S&P 500 or Japan's Nikkei 225. But in the main, global equities are lower.

As a balanced investor we understand that part of your investment philosophy and risk tolerance is that you are fine with forgoing some of the upside that can come with growth and high growth investing for the 'piece of mind' that comes with having nearly half of your portfolio in less volatile assets such as fixed income and cash. That's not to say you don't want exposure to equities, it's just not your core focus – your focus is solid, consistent and reliable total returns.

This year has taught us that even during the worst health crisis in a generation, the benefits of diversification hold true.

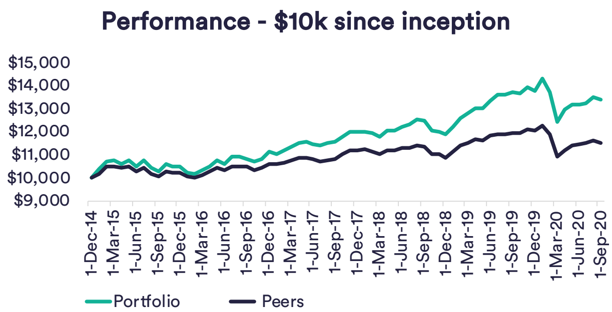
Here is the year-to-date performance of a consensus Australian-based balanced fund versus the ASX 200 on a total return basis.



Source: Refinitiv Datastream, InvestSMART

This is a perfect illustration of why a balanced weighting provides reliable returns and smoother movements in your portfolio. As the chart shows, a balanced weighting didn't experience anywhere near the fall the local market did, nor has it experienced any additional bouts of volatility like that seen in June or the weakness in September.

The last quarter has also shown once again, that the InvestSMART Balanced Portfolio has outperformed peers, this time by 0.29 per cent. This continues the long-term trend that sees the Balanced Portfolio outperforming peers by 1.51 per cent on a two-year basis and 1.59 per cent on a three-year basis. The long-term effect of this outperformance is perfectly illustrated in this chart.



As we start the final quarter of this unforgettable year, we do need to highlight some very short-term event risks above and beyond the COVID-19 issues. The first is the US Presidential election on November 3. Putting the politics to one side, markets will view the pre- and post-election period as something of an 'unknown' which could see some of the S&P 500's outperformance coming off. However, the long-run view for the US is one of a rebounding economy and a strengthening private sector.

The second is something that has probably been lost in the COVID-19 ether and that is the finalisation of Brexit which is due to be completed by the end of December. This is becoming a possible market event concern because the UK Parliament is trying to alter its agreed deal with the EU. This has led the EU to sue the UK for a breach of a 'good faith' agreement. There is a growing chance the UK crashes out of the EU without a deal.

But these are short-term event risks and as COVID and all other event risks throughout history have taught us, your balanced allocation will smooth out these blips and over the medium term, will continue to provide reliable returns.

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Important information