

# Quarterly Report

30 September 2020



## InvestSMART Interest Income Portfolio

### September 2020 Quarterly highlights

- The InvestSMART Interest Income Portfolio gained 0.84% in the September quarter (after fees).
- Estimated yield on the portfolio is currently 2.8%.
- No changes were made to the portfolio during the quarter.

**INVESTSMART**

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[www.investsmart.com.au](http://www.investsmart.com.au)

1300 880 160

## 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 Interest Income Portfolio is designed for investors seeking a high level of stability and regular income by investing in domestic and global fixed securities. The Portfolio is invested in a blend of 5 - 20 Exchange Traded Funds (ETFs), to provide investors exposure to the performance of fixed interest assets all managed in the one portfolio.

Our Interest Income 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

Bloomberg AusBond Composite 0+Yr TR AUD Index

### INCEPTION DATE

23 December 2015

### SUGGESTED INVESTMENT TIMEFRAME

2+ years

### NUMBER OF SECURITIES

5 - 20

### INVESTMENT FEE

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

### PERFORMANCE FEE

N/A

### MINIMUM INITIAL INVESTMENT

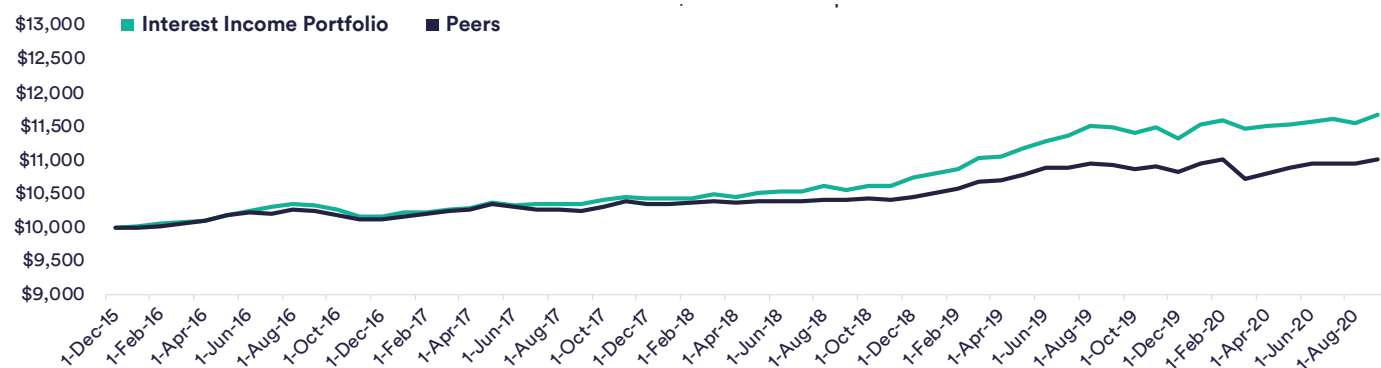
\$10,000

### STRUCTURE

Professionally Managed Account (PMA)

As at 30 September 2020

## Performance of \$10,000 since inception



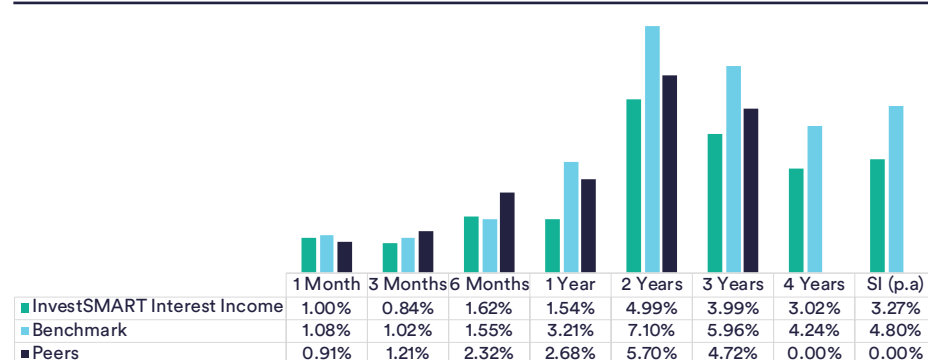
## Performance (after fees)

	1 mth	3 mths	6 mths	1 yr	2 yrs	3 yrs	4 yrs
<b>InvestSMART Interest Income Portfolio</b>	1.0%	0.8%	1.6%	1.5%	5.0%	4.0%	3.0%
<b>Average of 291 peers funds*</b>	0.9%	1.2%	2.3%	2.7%	5.7%	4.7%	N/A
<b>Excess to Peers</b>	0.1%	-0.4%	-0.7%	-1.2%	-0.7%	-0.7%	N/A

Fees\*: InvestSMART Interest Income 0.55% &amp; Average of 291 peers 1.19%.

Note: Our InvestSMART Interest Income is benchmarked against Bloomberg AusBond Composite 0+Yr TR AUD Index.

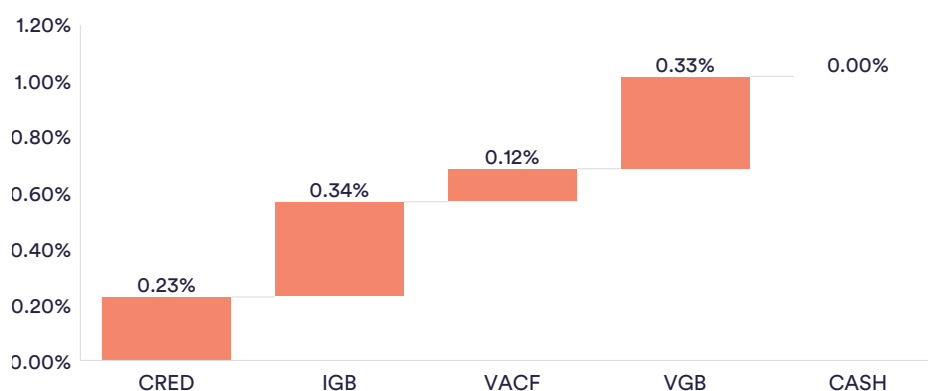
## Performance relative to benchmarks



## Asset allocation

<b>Australian Fixed Interest</b>	<b>97.3%</b>
<b>Cash</b>	<b>1.7%</b>
<b>International Fixed Interest</b>	<b>1.0%</b>

## Attribution – Performance



## Top 5 holdings

<b>IGB</b>	<b>47.5%</b>
<b>VGB</b>	<b>37.5%</b>
<b>CRED</b>	<b>7.0%</b>
<b>VACF</b>	<b>7.0%</b>
<b>CASH</b>	<b>1.0%</b>

# InvestSMART Interest Income Portfolio

30 September 2020 update

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## Quarterly Performance

- The InvestSMART Interest Income Portfolio gained 0.84% in the September quarter (after fees).
- Estimated yield on the portfolio is currently 2.8%.
- No changes were made to the portfolio during the quarter.

The Interest Income Portfolio remains steadfast in its performance, adding 0.84 per cent in the third quarter of the calendar year.

With COVID-19 remaining the single biggest issue for global economies including Australia, the impact on bond yields will be one of downward pressure as risk off investing ramps up and central banks target the borrowing costs of their respective government by buying treasuries. This has translated into yield pressure for IAF – the Australian Treasury holding in the portfolio.

We expect this scenario to continue for some time as the COVID crisis will take many years to recover from. However, fixed income is a security that has a yield and capital movement, meaning the fall in yield will likely be offset by capital gains.

This explains the portfolio's performance over the past six months and the past year, up 1.62 per cent and 1.54 per cent respectively.

With governments and central banks likely to continue intervening in the fixed interest markets over the coming years, it also gives us an understanding of what the next few years are likely to bring for this portfolio with its very consistent and stable returns.



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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 Fund and issuer of units in the Fund.

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