

24 August 2022

Attention: Company Announcements

ASX Limited

By E-Lodgement

InvestSMART Group investor presentation

InvestSMART Group Limited ACN 111 772 359 (ASX:INV) (the Company) encloses a copy of its Investor Presentation.

For further information, please contact Mr Paul Clitheroe (Chairman) or Mr Ron Hodge (Managing Director and CEO) at InvestSMART Group on (02) 8305 6000.

By order of the Board

INVESTSMART

# Helping all Australians grow and protect their wealth

ASX: INV

Investor Presentation

Dated 24 August 2022



# One Digital Platform

Our proprietary wealth platform operates within a content and tools ecosystem

- Self select, transact and manage multiple products and services
- Product & service delivery
- Administration and tax reporting

## Investment products

**InvestSMART**  
Professionally  
Managed Accounts  
Capped fees

Diversified ETF portfolios  
Conservative, Balanced, Growth,  
High Growth, Ethical Growth

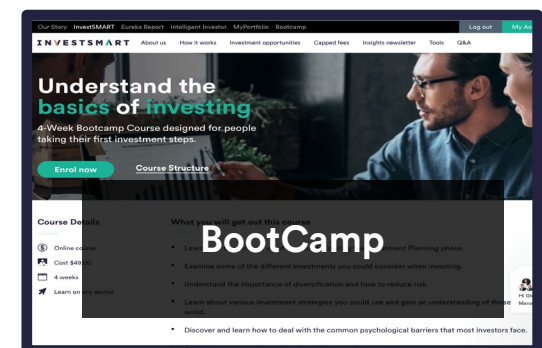
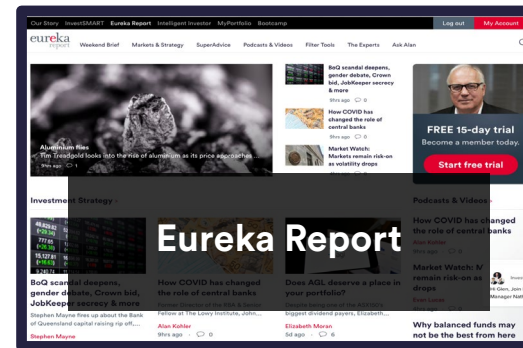
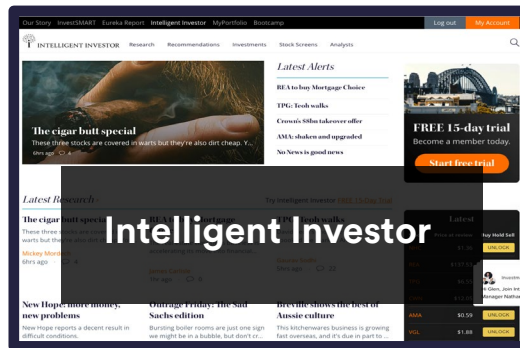
Single Asset Class ETF portfolios  
International, Interest Income, Hybrid Income,  
Property and Infrastructure, Australian Equities

**Fundlater**  
Lending service  
+  
**Eureka Asset-Backed  
Loan Fund**  
Variable fees

**Intelligent  
Investor**  
Active ETFs –  
ASX-listed  
Variable fees

Australian Equity Income Fund (ASX: INIF)  
Australian Equity Growth Fund (ASX: IIGF)  
Ethical Share Fund (ASX: INES)

## Content and tools ecosystem (subscription based)



Well recognised and active ambassadors in the Board and executive

**Paul Clitheroe**  
Chairman



**Effie Zahos**  
Non-executive Director



**Alan Kohler**  
Editor-in-Chief



# Company highlights

## FY22

InvestSMART has built Australia's premier direct-to-investor wealth platform helping over 720,00 members achieve their financial goals through low-cost funds, content and tools ecosystem.

### 1 Digital Wealth Platform is delivering strong annual growth, achieved through trust, high quality content, technology, and innovative products. In the June 2022 Financial Year:

- Operating income grew by 12%
- Funds under management grew by 42% to \$470m
- Professionally Managed accounts (PMA) grew by 60% to 2,513 accounts
- Funds Management Fees are 85% higher than the prior comparative period
- Content-based Subscription income is 8% higher than the prior comparative period

### 2 Three core products

1. **InvestSMART Professionally Managed Accounts (PMAs)** – invests in portfolios of ASX listed ETFs (capped fees)
  - Fundlater launched in September 2021 to provide a lower entry point to a PMA for younger investors.
2. **Intelligent Investor** – manages three of its own ASX listed 'active' ETFs (INIF, INES and IIGF)
3. **Subscriptions** – premium paid content through
  - **Intelligent Investor** – research-based views on companies and investment themes
  - **Eureka Report** – commentary and insights, delivered by business commentator Alan Kohler

### 3 Low cost of customer acquisition through unique ecosystem

### 4 Well recognised ambassadors and visible Board

- **Paul Clitheroe** – Chairman
- **Effie Zahos** – Non-executive Director
- **Alan Kohler** – Editor-in-chief

# Profit & loss FY22

(To be read in conjunction with InvestSMART Group Ltd Appendix 4D and Financial Report for year ended 30 June 2022)

	FY2022 \$	FY2021 \$	%
Operating Income			
Funds management fees	2,690,468	1,456,246	85%
Subscription income	5,278,786	4,883,208	8%
Commissions income - insurance (contains elements of legacy business which discontinued from 1/1/2021) (~8%)	1,439,998	1,477,055	-3%
Commissions income - funds (legacy business fully discontinued from 1/1/2021)	-	594,225	-100%
Other income	34,984	45,772	
<b>Total operating income</b>	<b>9,444,236</b>	<b>8,456,506</b>	<b>12%</b>
Operating Expenses			
Commissions rebates	452,369	482,337	-6%
Employment expenses	4,944,787	4,923,956	0%
Marketing costs	1,004,236	720,026	39%
Operating expenses	2,939,478	2,869,802	2%
<b>Total operating expenses</b>	<b>9,340,870</b>	<b>8,996,121</b>	<b>4%</b>
<b>Operating Profit/(Loss)</b>	<b>103,366</b>	<b>(539,615)</b>	
Gain/(loss) on ventures investments and call option	(141,000)	1,241,713	
Sale of subsidiary and government grants	257,131	238,025	
Employee benefit expense and contingent payments	(513,308)	(341,763)	
Amortisation of intangibles	(570,688)	(867,241)	
Income tax benefit	124,323	304,658	
<b>Statutory Profit/(Loss) for the period</b>	<b>(740,176)</b>	<b>35,778</b>	
Cash at bank (end of period)*	8,080,119	6,483,167	25%
Net tangible assets (end of period)	4,800,594	4,833,530	-1%

Two main business areas  
– the focus of InvestSMART moving forward

Revenue growth of 12% despite legacy business discontinued from 1/1/2021

Scale marketing activity up/down opportunistically

Scalable business model

Operating profit despite legacy business discontinued from 1/1/2021

Strong runway to grow the business

# Results highlights

## FY22

Digital wealth platform continues to deliver strong growth.

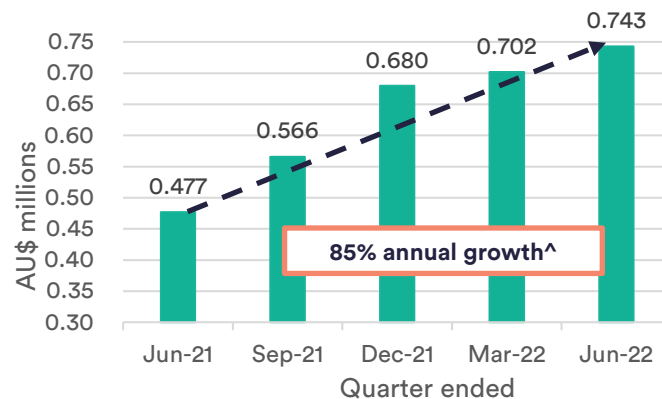
FUM growth driven by:

- Targeted campaigns and organic growth in Professionally Managed Accounts
- Secondary offers for Intelligent Investor Funds

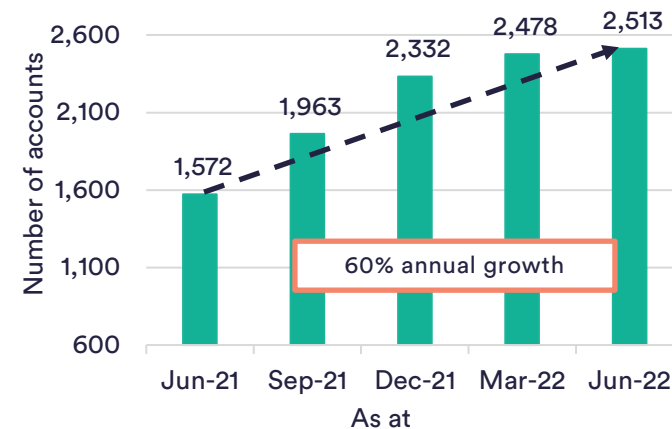
Subscription income growth driven by content ecosystem

- Intelligent Investor
- Eureka Report

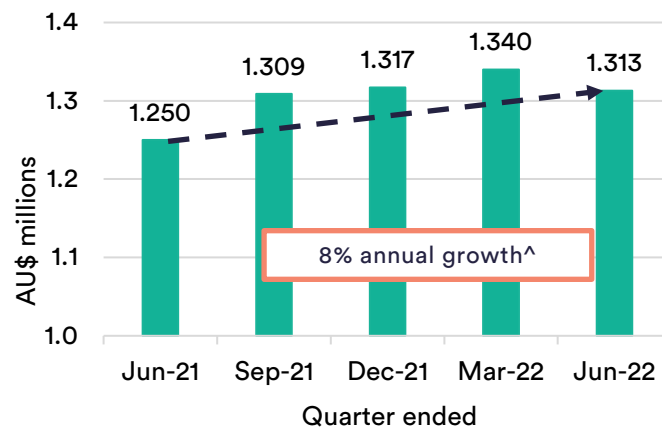
### Fund management fees income



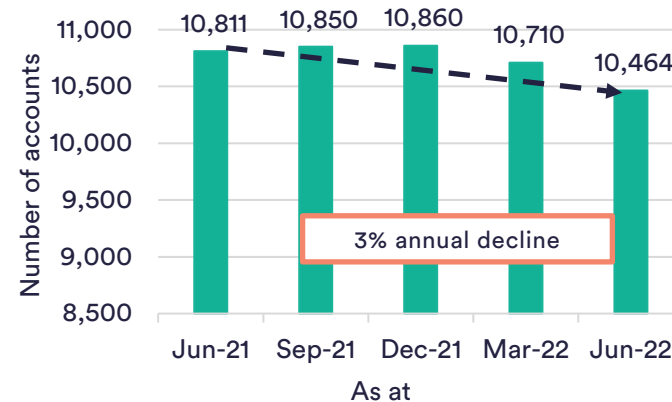
### PMA Accounts



### Subscription income



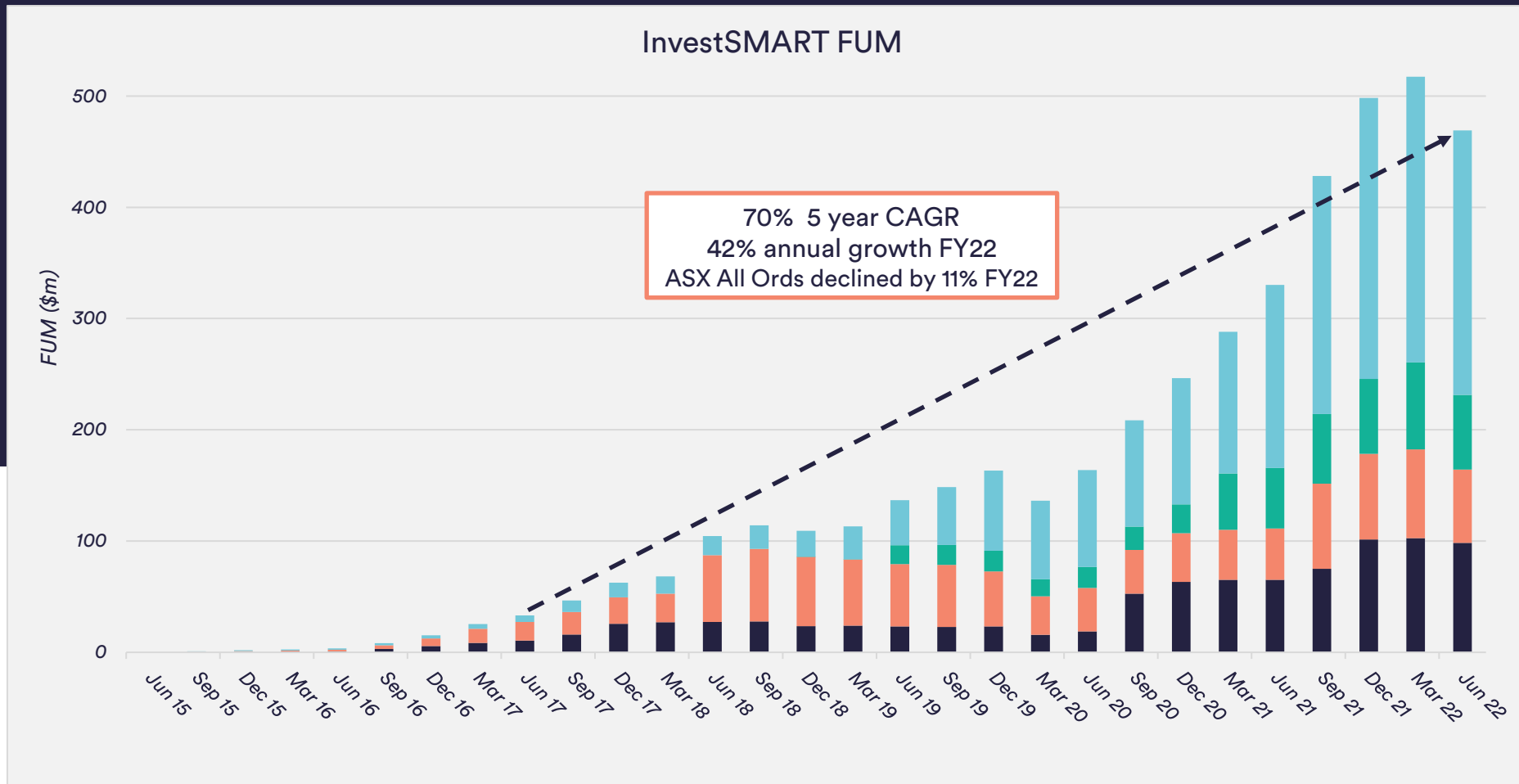
### Subscribers



<sup>^</sup> Growth on prior corresponding period (FY22 compared to FY21)

<sup>\*</sup> InvestSMART Professionally Managed Accounts (PMAs) invest in portfolios of ASX-listed ETFs (under a capped fee model)

# Growth of funds under management (FUM)



PMA Capped Fee FUM = InvestSMART: 10 ETF portfolios (single and diversified across asset classes)

Active Ethical = Intelligent Investor ASX listed ETF: INES

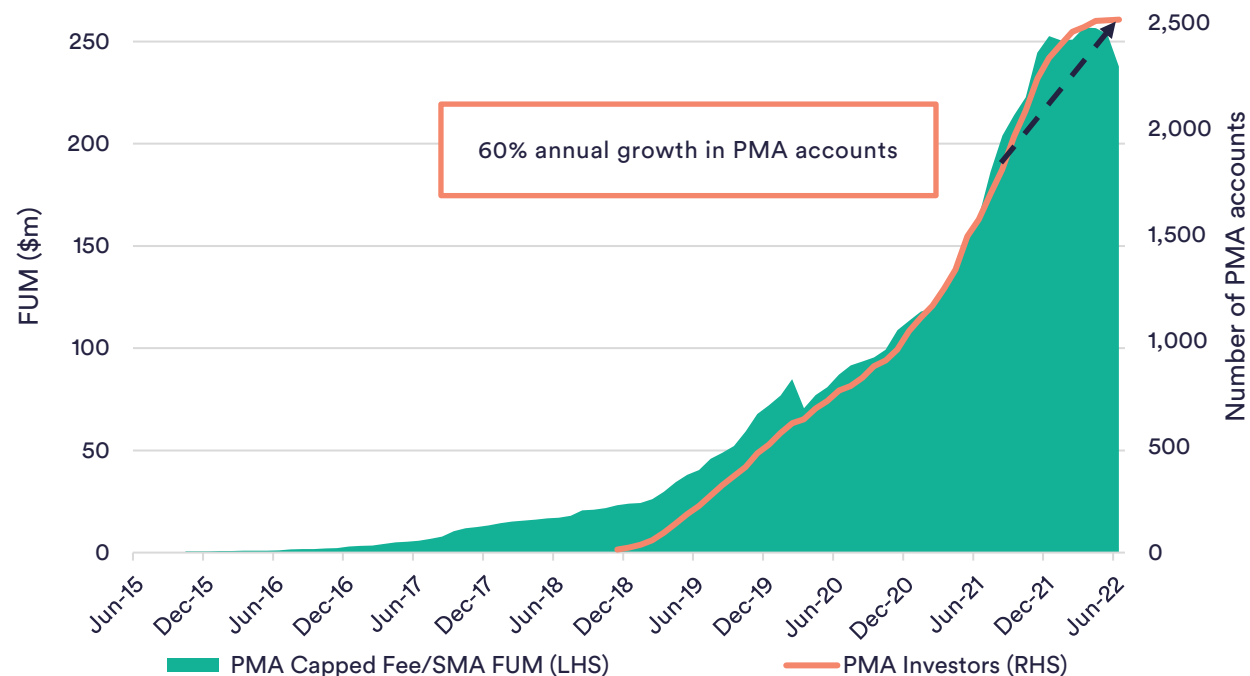
Active Income = Intelligent Investor ASX listed ETF: INIF

Active Growth = Intelligent Investor ASX listed ETF: IIGF

# Funds under management

## InvestSMART PMA\* capped fee FUM (investment ETFs)

- Our low-cost capped fee ETF portfolios continue to outperform their peers and gain traction with retail investors.
- SMSFs continue to find our capped fee proposition of \$550 per annum attractive.
- Many clients have money in multiple portfolios across the platform.
- Fee structure simplified from May 2022. Capped Fee increased to \$550 (i.e \$100k invested) (prior \$451, \$88k). Minimum investment of \$10k remains with minimum fee scrapped (previously \$99)
- PMA investors: prior to Dec 2018 investors were within the Praemium platform.



\* Professionally Managed Account (PMA): the investor holds legal and beneficial ownership and the underlying securities are registered under their name, within the investment portfolio



# InvestSMART Capped Fee Portfolios Performance

Our InvestSMART branded [Capped Fee portfolios](#) continue to outperform their peers^ (sample performance of 3 of 10 Portfolios). Performance is to 30 June 2022.

	1 year	3 year (p.a.)	5 year (p.a.)	SI (p.a)
InvestSMART Balanced	-6.58%	1.58%	3.99%	4.41%
Average of 484 peer funds^	-5.90%	1.70%	3.32%	3.64%
Excess to peers	-0.68%	-0.12%	0.67%	0.77%

Inception date is 29 Dec 2014.

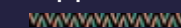
	1 year	3 year (p.a.)	5 year (p.a.)	SI (p.a)
InvestSMART High Growth	-6.35%	4.16%	6.56%	6.84%
Average of 417 peer funds^	-6.72%	3.99%	5.92%	6.40%
Excess to peers	0.37%	0.17%	0.64%	0.44%

Inception date is 27 Oct 2014.

	1 year	3 year (p.a.)	5 year (p.a.)	SI (p.a)
InvestSMART International Equities	-7.05%	7.39%	8.83%	9.16%
Average of 1020 peer funds^	-9.85%	5.48%	7.95%	9.11%
Excess to peers	2.80%	1.91%	0.88%	0.05%

Inception date is 24 Oct 2014.

## Capped Fees



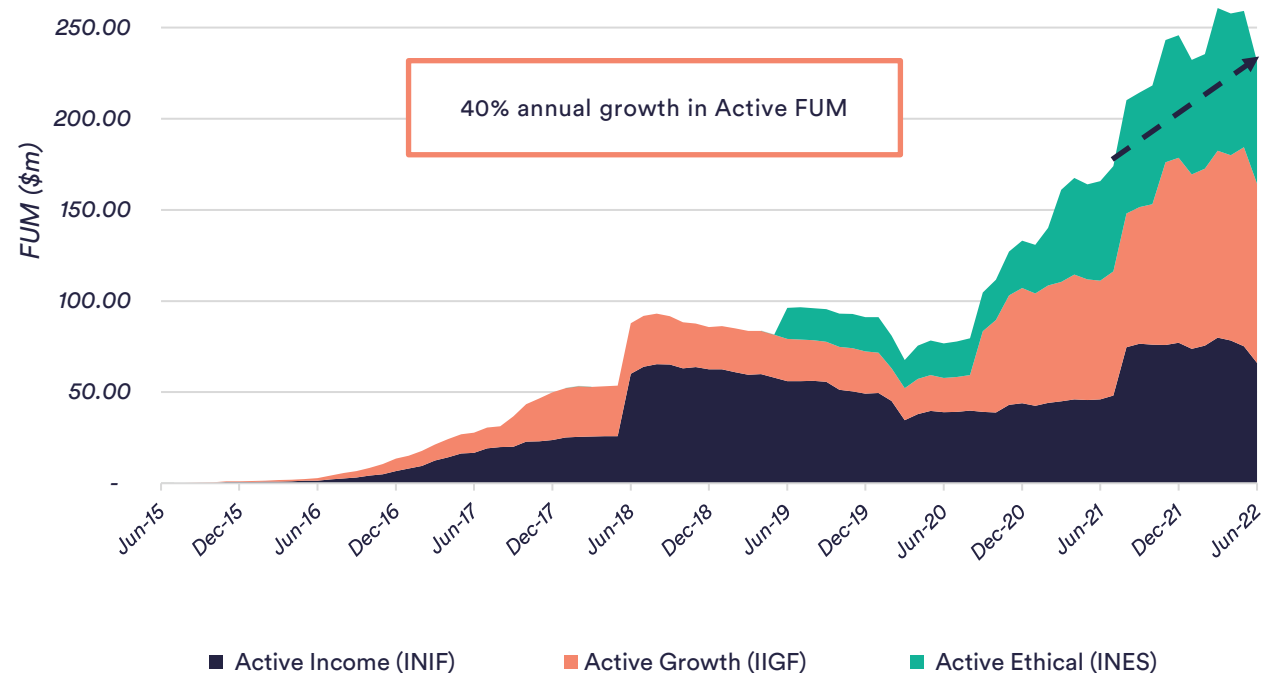
Unique to InvestSMART our fees are 0.55% p.a. capped at \$550 for investments over \$100k

^ Performance figures are after management and admin fees excl. brokerage and assuming dividends re-invested and no withdrawals. Performance figures for periods greater than one year are annualised and presented as "per annum" values. The peer comparison figures have been sourced from Morningstar data and is therefore limited to the funds and investment products included in their database. This may not include all funds available for retail investment in Australia. The peer calculation is inclusive of admin and management fees; excludes brokerage and no withdrawals have been made. InvestSMART cannot determine whether or not franking has been included, nor if dividends have been reinvested. Whilst every care has been taken in producing these numbers, InvestSMART does not guarantee the accuracy of the figures produced in the table. Fee data may not include all costs being charged such as platform and adviser fees. For the effect of fees on your cumulative returns, please see our report [How Fees Can Destroy Your Wealth](#). Historical performance is not a reliable indicator of future performance

# Funds under management

## Intelligent Investor active ETFs (ASX-listed)

- 40% annual growth achieved despite ASX All Ordinaries decline of -11% and cash distributions of 7% of Active FUM at 31 March 2022
- Intelligent Investor Australian Equity Income Fund (ASX: INIF) raised \$22m in July 2021 under a secondary offer.
- Intelligent Investor Australian Equity Growth Fund (ASX: IIGF) raised \$23m in December 2021 and \$11m in May 2022 under secondary offers.
- Intelligent Investor Ethical Share Fund (ASX: INES) raised \$12m in March 2022 under a secondary offer.
- All active funds have a management fee of 0.97% with no performance fees.



Note: Graph shows combination of all previous Active PMA / SMA accounts now recorded in the listed ETF's.

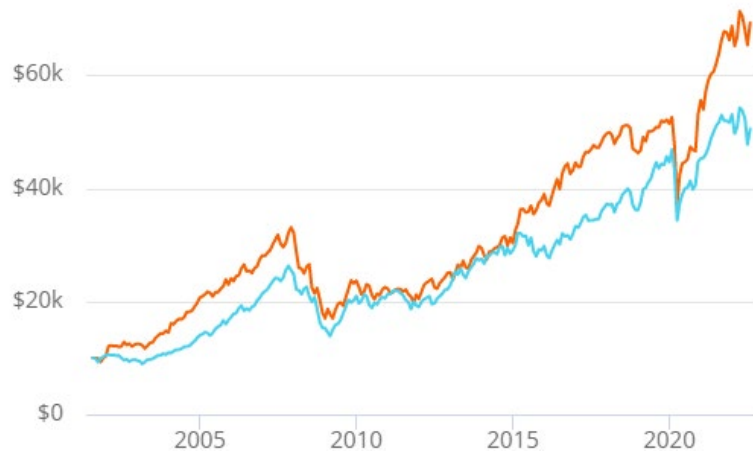
# Active Intelligent Investor ETFs Performance



Our Intelligent Investor branded active ETFs. Since inception (SI), all 3 strategies have outperformed the relevant benchmark. Performance is to 30 June 2022.

## Equity Income Model Performance

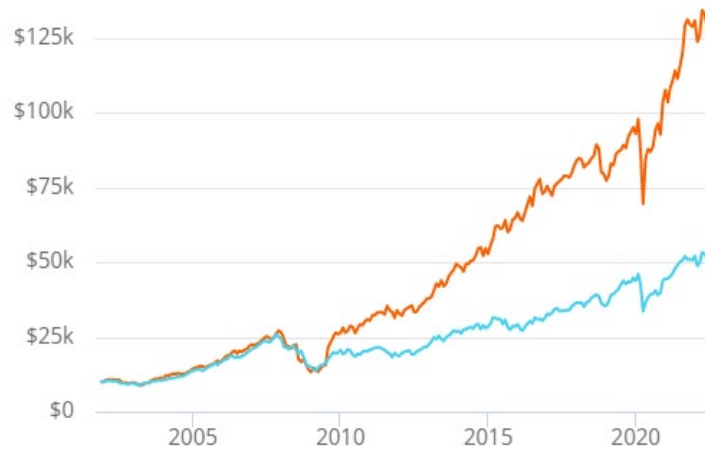
(growth of \$10k)



- Intelligent Investor Equity Income<sup>#</sup>
- S&P/ASX 200 Accumulation Index

## Growth Model performance

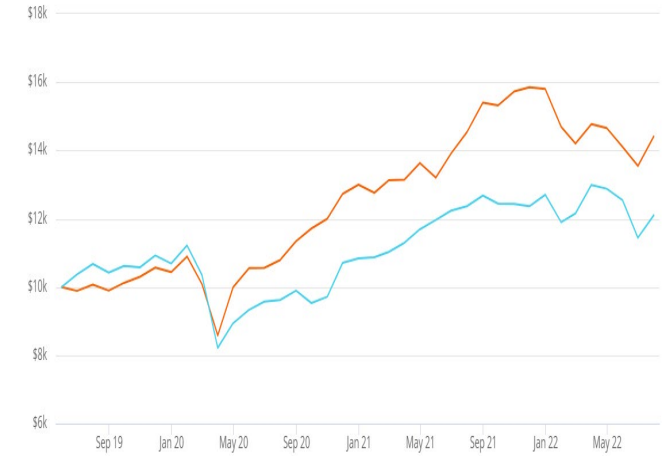
(growth of \$10k)



- Intelligent Investor Equity Growth<sup>#</sup>
- S&P ASX 200 Accumulation Index

## Ethical performance

(growth of \$10k)



- Intelligent Investor Ethical Share Fund (Managed Fund) (ASX:INES)
- S&P ASX 200 Accumulation Index

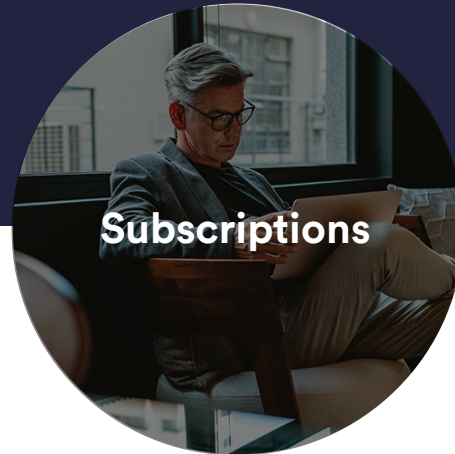
<sup>#</sup>The performance figures for the Intelligent Investor Income and Growth Model Portfolios are since inception on 1 August 2001 using theoretical buys and sells without brokerage and management fees until 1 July 2015. After the 1 July 2015 performance figures (after fees and brokerage) were recorded from the Separately Managed Accounts that mirrored these models. After 18 June 2019 performance figures (after fees and brokerage) have been recorded from the Australian Equity Income ETF (ASX: INIF) which mirrors the Income Model and after 5 October 2020 performance figures (after fees and brokerage) have been recorded from the Australian Equity Growth ETF (ASX: IIGF) which mirrors the Growth Model. Past performance may not be a reliable indicator of future performance.

# Growth outlook FY2023



## Funds under management

- **PMA Platform Investor accounts** organic growth augmented by Fundlater programme.
- **International exposure through listed Intelligent Investor fund** utilising existing expertise and product development.
- Continued **secondary offers** for Intelligent Investor Growth (ASX: IIGF), Income (ASX: INIF) and Ethical (ASX: INES) Funds.



## Subscriptions

- **Maintain retention rates** above 85%.
- **New model with International exposure** and research utilising existing Intelligent Investor expertise.



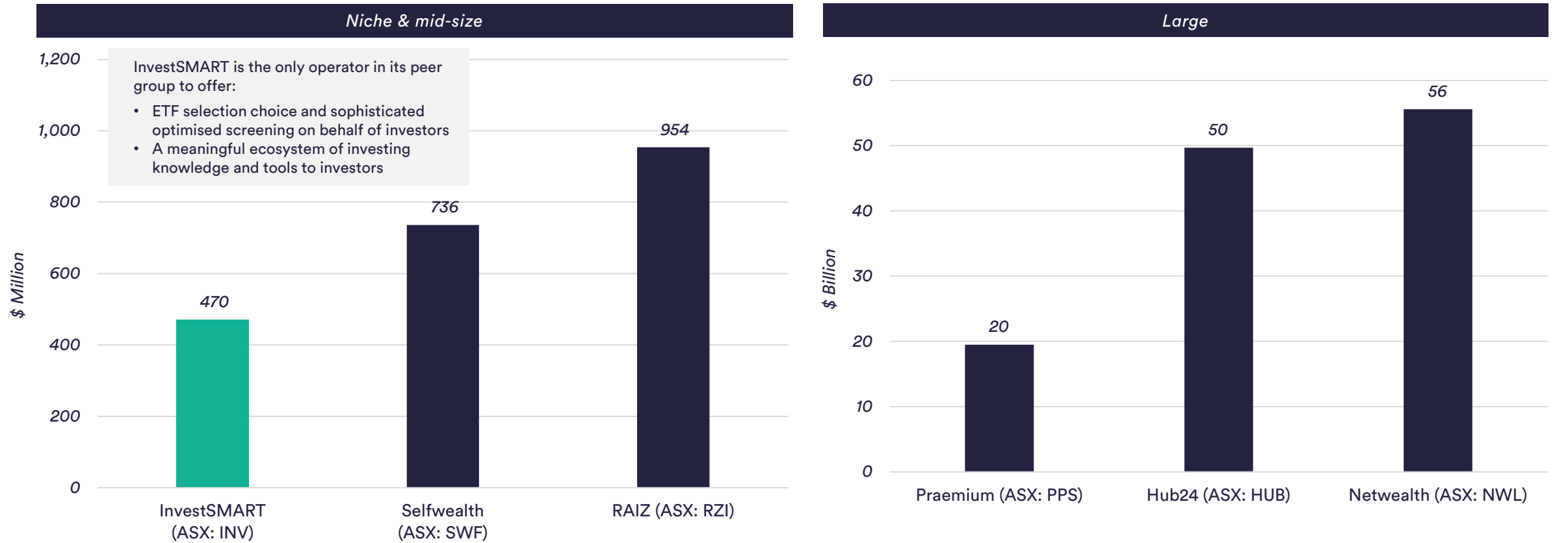
## Products & services

- Expand developer and product team enhancing website and services.
- **Eureka Asset-Backed Loan Fund** soft launched in April 2022 to provide higher balance members with enhanced income yields for funding InvestSMART Fundlater loans.

# Company benchmarks

InvestSMART is a niche operator with a high potential to quickly grow into a mid-size player; highly scalable platform and service offering.

## Funds Under Management / Advice



Market Cap:	\$48m	\$44m	\$64m	\$340m	\$1.97bn	\$3.25bn
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FUM per 30/06/2022, Market Cap per 11/08/2022

Selfwealth – broker, based on ‘client cash held’ (FUA: ‘securities held on HIN’ = \$7.97bn). Raiz – Includes Super FUM

Praemium – based on platform FUA (not FUM), excluding VMAAS non-custodial FUA; Hub24 – based on ‘Platform FUA’ / excluding non-custodial FUA; Netwealth based on platform FUA

# Company corporate structure & holders

Capital structure	
Share price at 11 August 2022	\$0.35
- Ordinary shares on issue*	139,144,201
- Market cap*	\$49m
Net Tangible Assets (30/06/2022)	\$4.8m
Cash at bank (30/06/2022)	\$8.1m

Substantial shareholders	
Leyland Private Asset Management Pty Ltd	18.94%
Perpetual Limited	11.70%
Ron Hodge	9.90%

\* Includes 28,391,664 EDSP (employee) shares. These shares consist of 27,481,664 shares issued in November 2020 divided into 3 equal tranches: 15 cents, 20 cents and 30 cents and 910,000 shares issued in September 2021 at 25c.

# About InvestSMART Group Ltd

ASX:INV

InvestSMART has built Australia's premier direct to investor wealth platform focused on digital investment advice. Our proprietary digital wealth platform helps clients achieve their financial goals through our low cost funds, content and tools ecosystem, including Intelligent Investor and Eureka Report.

Today, we interact with 720,000 Australians who are building investing knowledge by consuming our content, using our tools and growing and protecting their wealth through our investment solutions.

We seek to be  
Australia's #1  
wealth platform for  
do-it-yourself  
investors

## Products & services

InvestSMART Group runs Professionally Managed Accounts (PMAs)\* using ETFs (with capped fees up to \$550 p.a.) and three active ASX-listed ETFs under its Intelligent Investor brand.

PMA Investment Accounts focus on investing into a large universe of preferred ETFs selected to provide a unique balance between performance returns, cost efficiency and risk diversification. Our proprietary investment research methodology screens a large universe of Australian and overseas ETFs, selecting only those which deliver leading returns relative to performance benchmarks and which have low management fees. Investors can create customised and diversified investment portfolios (based on ETFs) to suit their individual needs. Our investment portfolios differ in the levels of risk and return, and each offers a different investment emphasis.

The Intelligent Investor and Eureka Report membership-based content publications and tools were developed to assist investors. Intelligent Investor is a provider of research-based views on companies and investment themes. The Eureka Report, founded by Alan Kohler, provides commentary and insights on investment strategy, markets and companies.

 INTELLIGENT INVESTOR

 eureka  
report

## Technology

InvestSMART deploys and develops proprietary digital solutions to efficiently and effectively run its business to deliver exceptional customer experience – quality advice, research and easy-to-use tools for its clients.

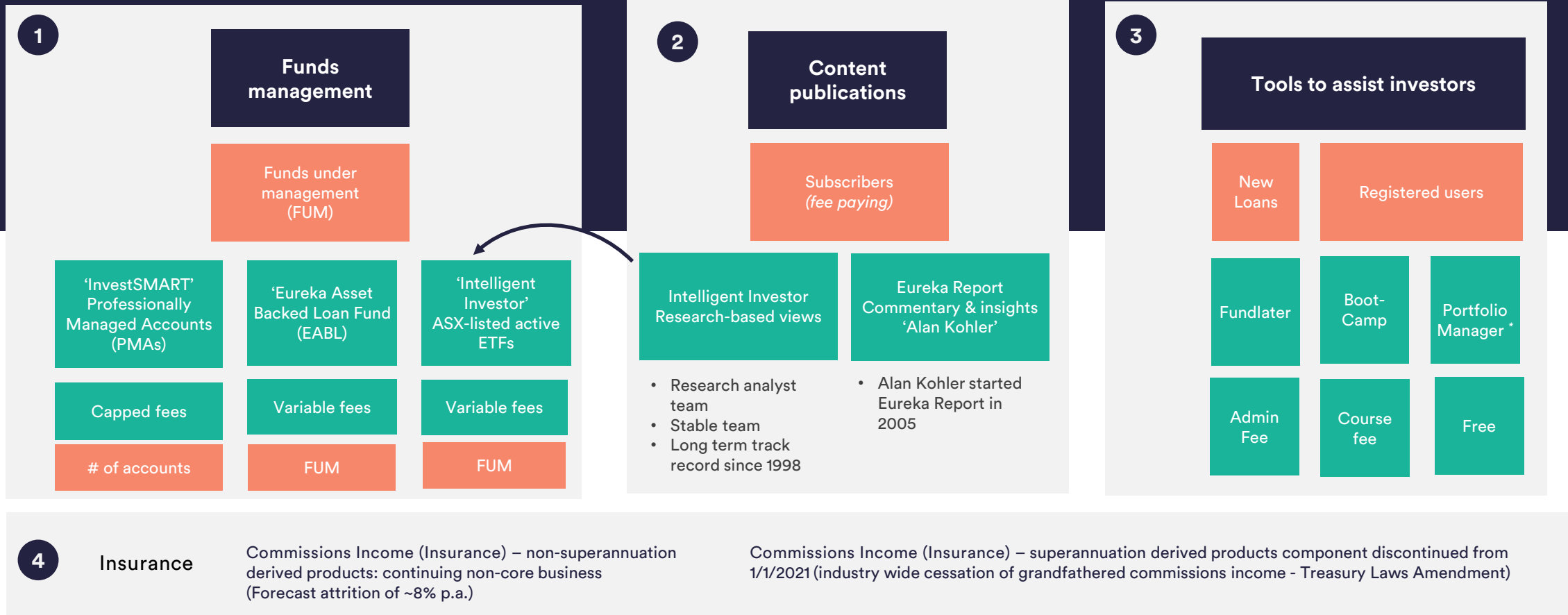
Investment tools developed by InvestSMART provide foundational knowledge for investors, such as through our short course 'Bootcamp', and free tools to monitor and assess investment performance via our Portfolio Manager.

\* Professionally Managed Account (PMA): the investor holds legal and beneficial ownership (HIN based) and the underlying securities are registered under their name, within the investment portfolio.

FUM of  
**\$516m**  
(at 16 Aug 2022)

# Appendix 1: Unique digital wealth platform

InvestSMART has built Australia's premier direct to investor wealth platform helping over 720,00 members achieve their financial goals through low-cost funds, content and tools ecosystem.

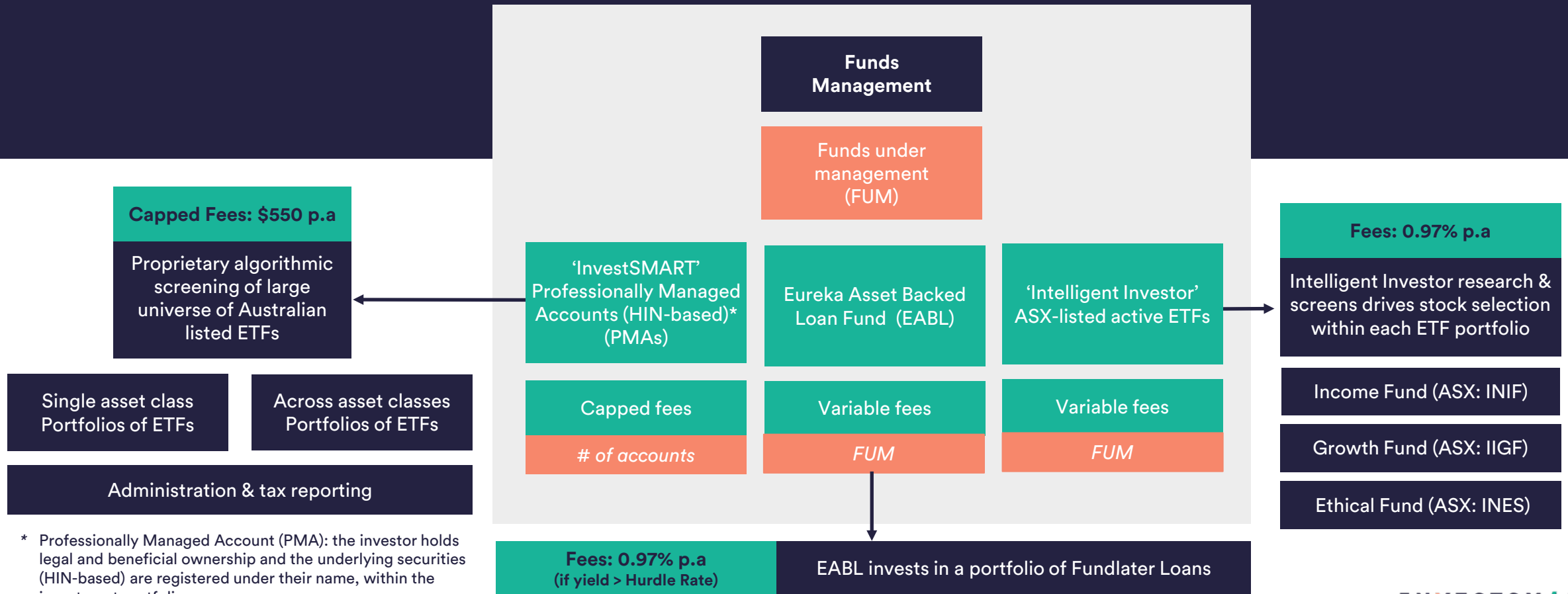


= Key operating indicator



# Appendix 2: Low-cost base enables low fees

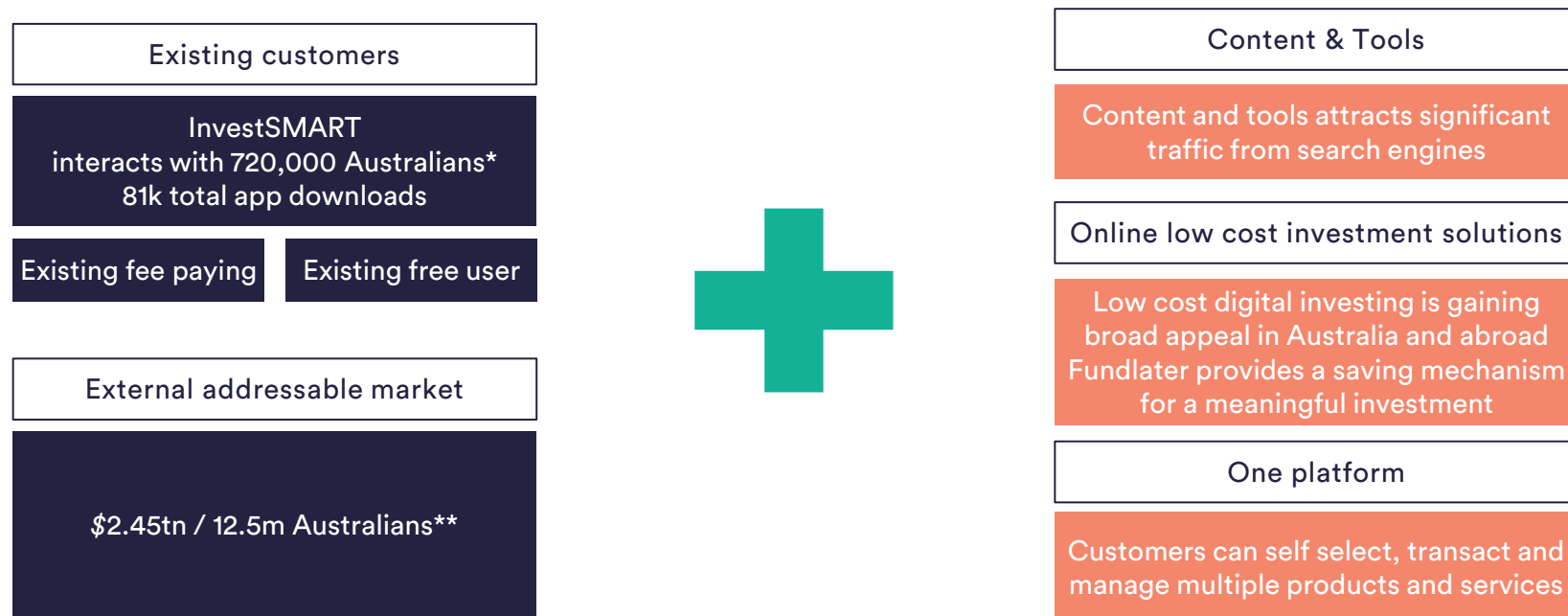
Innovative HIN-based investing structures, algorithmic screening and self-directed online account administration within the ecosystem keeps costs low, fees low and profit margins high.



\* Professionally Managed Account (PMA): the investor holds legal and beneficial ownership and the underlying securities (HIN-based) are registered under their name, within the investment portfolio.

# Appendix 3: Low cost per customer acquisition

InvestSMART can significantly grow FUM from existing customers and new customers attracted to its ecosystem.



Measured:



\* Within the InvestSMART ecosystem - using or subscribed to InvestSMART's fee paying or free tools, content and investment products (under a capped fee model).

\*\* 9m Australian Adults hold investments outside super & property plus 900k intending investors plus 2.6m lapsed investors = 12.5m Australians (ASX Investor Study 2020) / \$2.85tn held outside Super, 42% of this is Investment Property -> \$1.65tn held outside superannuation excl. investment property (Rice Warner report 2020), plus \$0.8tn in SMSFs (APRA June 2021) = \$2.45tn addressable market (excludes \$2.3tn in APRA regulated superannuation entities).

# Thank you

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