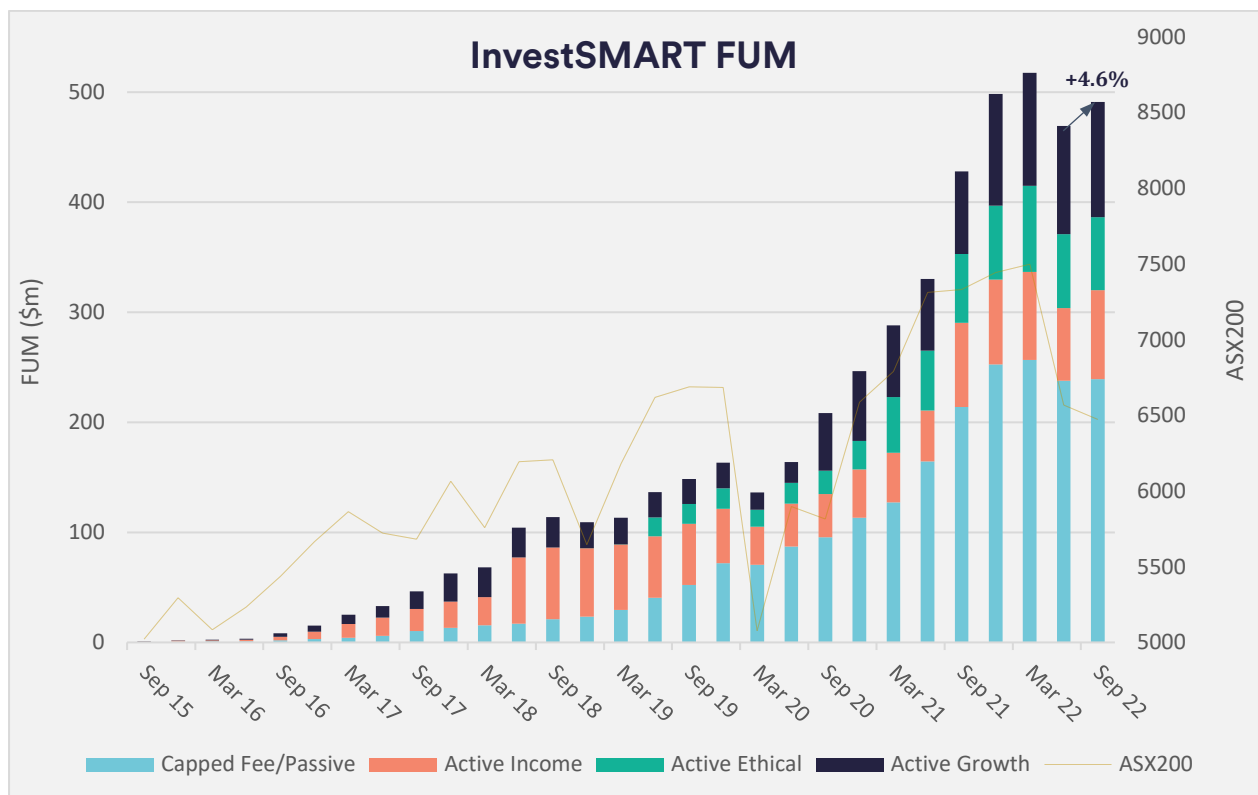


19 October 2022

## Business update – quarter ending 30 September 2022

### HIGHLIGHTS

- Total funds under management (FUM) grew to \$492 million at 30 September 2022.
  - FUM grew by 4.6% during the September quarter compared to a decline in S&P ASX200 of 1.4% during the quarter.
  - The pace of our growth has slowed during this market downturn, however we continue to add new accounts and receive net inflows into our funds.



- Subscription income from *Intelligent Investor* and *Eureka Report*, important elements in our customer ecosystem, grew 3.7% to \$1.36 million in Q1 FY2023 compared to the prior quarter.
  - Subscribers declined 2.5% to 10,204 compared to the prior quarter.

ACN 111 772 359

## Digital wealth platform continues to deliver growth

InvestSMART Group Limited (InvestSMART or the Company) (ASX: INV), a leading Australian digital wealth and advice platform providing low-fee investment solutions, is pleased to provide a business update for the September ended quarter, Q1 FY2023.

### FINANCIAL RESULTS

	FY2023Q1 September quarter \$	FY2022Q4 June quarter \$	%
Operating Income			
Funds management fees	749,148	743,384	1%
Subscription income	1,361,635	1,312,509	4%
Commissions income - insurance (contains elements of legacy business which discontinued from 1/1/2021) (-8%)	318,285	372,991	-15%
Other income	16,875	3,508	
Total operating income	2,445,944	2,432,393	1%
Operating Expenses			
Commissions rebates	99,078	129,072	-23%
Employment expenses	1,489,317	1,204,650	24%
Marketing costs	287,731	239,541	20%
Operating expenses	787,268	788,705	0%
Total operating expenses	2,663,394	2,361,969	13%
Operating Profit/(Loss)	(217,450)	70,424	
Cash at bank (end of period)*	7,882,563	8,080,120	-2%

\* Quarterly results are prepared by management and are unaudited.

Total income grew by 1% to \$2.45 million (Q1 FY2023 v Q4 FY2022) against a quarterly decrease in the overall market and in insurance commissions. In our two primary businesses, income from funds management fees grew 1% to \$749k in Q1 FY2023 vs \$743k in the prior quarter. Subscription income grew 4% to \$1.36 million in Q1 FY2023 v \$1.31m in Q4 FY2022.

The quarterly decrease in insurance commissions is within management's expectations. Management expects a previously communicated attrition rate of 8% to continue.

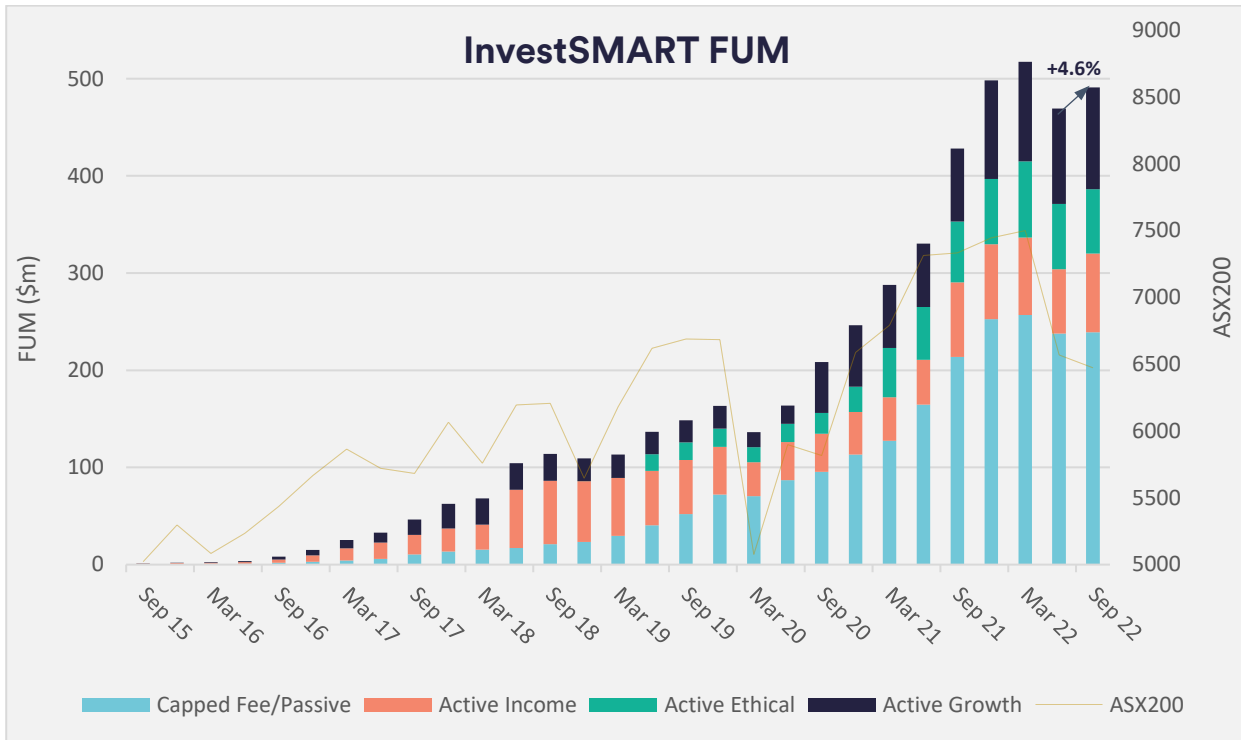
Total Operating Expenses increased 13% from Q4 FY2022 to Q1 FY2023 due mainly to an increase in employment expenses and marketing expenditure.

## DIVISIONAL COMMENTARY

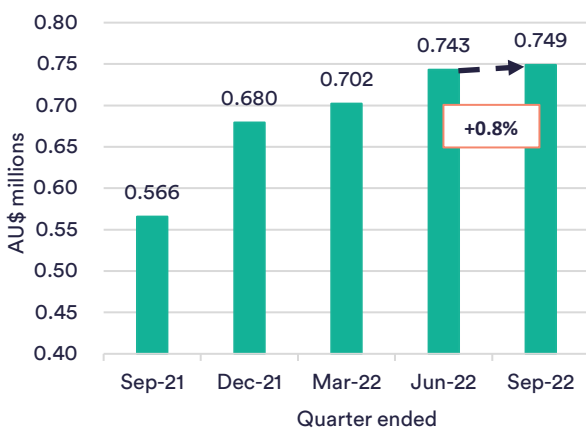
### Funds Under Management (FUM)

FUM continued to grow during the quarter, reaching \$492 million by the end of September, a 4.6% increase on the prior quarter (Q4 FY2022).

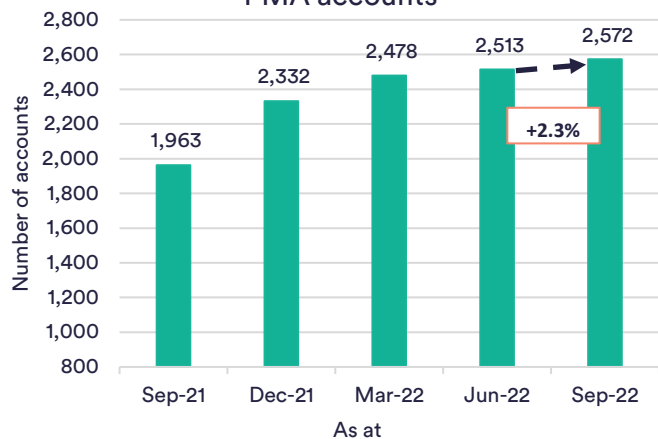
The chart below shows growth in FUM across our product suite (see About InvestSMART at the end of this announcement for further details).



### Funds management fees



### PMA accounts



### InvestSMART PMA Platform

The InvestSMART Professionally Managed Accounts (PMA) Platform, launched in November 2018, continues to receive consistent monthly net fund inflows. ETF Portfolios available through the Platform (under a capped fee model) increased by 2.3% to 2,572 accounts at 30 September 2022 from 2,513 accounts at 30 June 2022.

### Intelligent Investor ASX listed ETFs

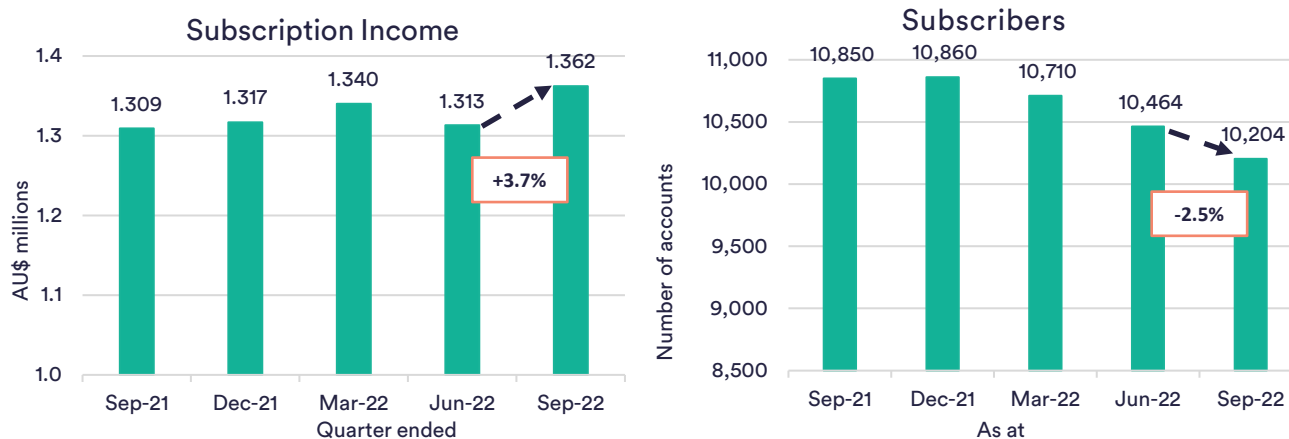
Total funds under management (FUM) across Intelligent Investor investments (under a variable fee model) increased by 9% to \$252 million at 30 September 2022 from \$232 million at 30 June 2022. Growth was driven

by completion of a secondary offering in the Intelligent Investor Australian Equity Income Fund (ASX: INIF) raising \$9m and organic growth. FUM declined during the June quarter by 7% due to large cash distributions in these funds (approximately 7% of FUM at 31 March 2022) and market declines (13% for quarter).

### Subscriptions

Subscription income from fee paying subscribers to our *Intelligent Investor* and *Eureka Report* content-driven products grew 4% on the prior quarter to \$1.36 million.

Total subscribers declined 2.5% to 10,204 compared to the prior quarter of 10,464.



Retention rates remain stable particularly within products at higher price points and for those renewing at higher rates (see [Beat the price rise](#) article).

### Salaries and wages

We increased the size of our team by four during Q1 FY2023 compared to the prior quarter with hires in technology and product management. The normalised quarter on quarter increase is 13% due to the increase in team size, annual increases and the mandatory superannuation increase. Total staff costs increased by 24% quarter on quarter. The additional 9% increase is due to leave provision increases and annual short-term incentive cost higher than previously provisioned.

## PRODUCTS AND SERVICES

A secondary offer was completed for the Intelligent Investor Australian Equity Income Fund (ASX: INIF), one of three ETFs operated under InvestSMART’s Intelligent Investor brand. The offer raised \$9 million.

## MARKETING – ENGAGEMENT AND CONVERSION

We’re focused on building awareness of our services through digital advertising, search engine optimisation and media coverage through key spokespeople Paul Clitheroe, Alan Kohler and Effie Zahos. With over 20 years of experience in dealing directly with small balance retail clients, we know that awareness builds trust and engagement, which leads to conversions.

Activity in social and digital advertising was maintained during the September quarter. We increased activity through other mediums, particularly podcasts and radio. Marketing expenditure increased by 20% in Q1 FY2023 compared to the prior quarter as a result of the increased expenditure through other mediums.

There was an increased focus on [Fundlater](#) advertising as we continue to build awareness and brand for this product. InvestSMART launched Fundlater in September 2021. [Fundlater](#) and [Bootcamp](#) are designed to appeal to a younger demographic. Fundlater helps first time investors invest in a \$10,000 diversified portfolio of exchanged traded funds. The investor deposits \$4,000 and is provided with a \$6,000 loan.

InvestSMART's *Intelligent Investor* and *Eureka Report* membership-based content and tools ('Bootcamp' and 'Portfolio Manager') assist investors and are effective lead generators for our investment products.

## FUND PERFORMANCE

### InvestSMART PMA Platform

The latest quarterly report and performance of each of InvestSMART's ten investment portfolios can be viewed [here](#). Click 'learn more' to view each portfolio.

Intelligent Investor ASX listed ETFs

1. Intelligent Investor Australian Equity Income Fund – ASX: INIF
  - Latest quarterly report [here](#)
2. Intelligent Investor Ethical Share Fund – ASX: INES
  - Latest quarterly report [here](#)
3. Intelligent Investor Australian Equity Growth Fund – ASX: IIGF
  - Latest quarterly report [here](#)

## CORPORATE

### Financial Reporting and Investor Presentation

We released our statutory annual financial statements on 24 August 2022. Please see our [Investor Presentation](#), [Annual Report](#) and [Corporate Governance Statement](#) for the year ended 30 June 2022 lodged on this date.

### Annual General Meeting

The Annual General Meeting will be held at 10am on Wednesday 23 November at the Australian Institute of Company Directors. For further information please see the Notice of Meeting lodged after quarter end on 11 October 2022.

## OUTLOOK

InvestSMART Managing Director, Ron Hodge, said "We are pleased to have grown FUM and Revenue despite difficult macroeconomic conditions. During this period we continued to promote our products, increase brand awareness and improve our systems including launching a new Fundlater app. We expect this will allow us to further increase growth in the near and long term."

This document has been authorised for release by order of the Board.

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

## About InvestSMART Group Limited (ASX: INV)

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

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

Today, we interact with over 710,000 Australians who are building investing knowledge by consuming our content, using our tools and growing and protecting their wealth through our investment solutions. Funds Under Management (FUM) total \$518m (end March 2022).

**Products & services.** InvestSMART Group runs Professionally Managed Accounts (PMA)\* 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. 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.

**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.

## Overview of InvestSMART's Investment Products

Name	Type	Description
Professionally Managed Accounts with 'capped fees'	Professionally managed risk adjusted portfolios	Investments into preferred ETFs (ASX listed)
		<ul style="list-style-type: none"> <li>InvestSMART Conservative Portfolio (diversified across asset classes)</li> <li>InvestSMART Balanced Portfolio (diversified across asset classes)</li> <li>InvestSMART Growth Portfolio (diversified across asset classes)</li> <li>InvestSMART High Growth Portfolio (diversified across asset classes)</li> <li>InvestSMART Ethical Growth Portfolio (diversified across asset classes)</li> <li>InvestSMART Australian Equities Portfolio (single asset class)</li> <li>InvestSMART International Equities Portfolio (single asset class)</li> <li>InvestSMART Property &amp; Infrastructure Portfolio (single asset class)</li> <li>InvestSMART Interest Income Portfolio (single asset class)</li> <li>InvestSMART Hybrid Income Portfolio (single asset class)</li> </ul>
Active investment ETFs**	ASX listed active ETFs run by InvestSMART Group	Active ETF directly invests into ASX listed equities
		<ul style="list-style-type: none"> <li>Intelligent Investor <u>Australian Equity Income Fund</u> – ASX: INIF Focused on cash rich businesses with ability to pay growing dividends (launched June 2018)</li> <li>Intelligent Investor <u>Ethical Share Fund</u> – ASX: INES Focused on ethically and socially responsible undervalued stocks (launched June 2019)</li> <li>Intelligent Investor <u>Australian Equity Growth Fund</u> – ASX: IIGF Focused on capital growth by investing in undervalued Australian equities (launched October 2020)</li> </ul>

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

\*\* 'Active' ETFs can be directly purchased on market (are ASX listed) and can also be accessed via InvestSMART's PMAs.