

23 November 2022

ASX Market Announcements Office
ASX Limited
20 Bridge Street
Sydney NSW 2000

By E-Lodgement

AGM ADDRESSES BY THE CHAIRMAN AND THE MANAGING DIRECTOR AND CEO

Attached are copies of the addresses to be given by Mr Paul Clitheroe (Chairman) and Mr Ron Hodge (Managing Director and CEO) at the 2022 Annual General Meeting of InvestSMART Group Limited today.

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

CHAIRMAN'S ADDRESS AT AGM

Reflecting on the last few years of InvestSMART's transformation, the 2022 financial year should be viewed with great satisfaction. We had forecasted that the year would be our toughest one yet due to commissions on funds managements products ceasing on 1 January 2021. In addition, the macroeconomic environment significantly deteriorated in the second half of the year. Yet despite these challenges, we produced an operating profit and significant growth in our total operating income. InvestSMART ended the financial year well capitalised and debt free with over \$8M in cash at bank. For these reasons, the 2022 financial year will be remembered as the year our strategic plan continued to deliver solid results.

The key highlights from the 2022 financial year include:

- growth in total operating income of 12%
- growth in funds under management of 42% to \$470m
- growth in funds management fees of 85%
- growth in content-based subscription income of 8% to \$5.3m
- the launch of Fundlater – a product designed for younger investors

STRATEGIC GOAL

The vision of the Company is to “help all Australians grow and protect their wealth.” The way we aim to achieve this vision is to be Australia's #1 digital wealth platform. The building blocks for this are already in place with the infrastructure for a larger funds management business within our ecosystem. We have built Australia's premier direct investor wealth platform focused on digital investment advice with over 720,000 members. Further growth will be driven by our Professionally Managed Accounts investment platform underpinned by Australia's first capped fee funds, and our bespoke ASX-listed Intelligent Investor fund products.

We are also keen to provide products and tools which are accessible and relevant to younger demographics. Examples of this include:

- InvestSMART Fundlater which was launched in September 2021, allowing investors with a \$4k deposit to invest the minimum amount of \$10,000 into an InvestSMART Professionally Managed Account; and
- Bootcamp which was launched in July 2020, and was designed by our experts to educate and help less experienced investors make good investment decisions.

The Board remains confident in InvestSMART's long term strategy to be Australia's #1 digital wealth platform for all Australians looking to take control of their investments to meet their financial goals.

UNIQUE ECOSYSTEM

Over several years we have worked hard to integrate several assets into one unique ecosystem. The Covid-19 pandemic accelerated the use of digital tools and solutions. We believe that this will continue over time. In addition, the Hayne Royal Commission galvanised the finance industry to restructure to deliver what millions of investors want but haven't previously been able to get - independent, low cost financial advice and products.

The new environment will deliver better outcomes for investors and is laden with opportunity for companies positioned to service them as they deserve to be.

As a digital-first company with a unique, developed ecosystem and hundreds of thousands of do-it-yourself investors, we have a head start in the race.

OUTLOOK

Ongoing regulatory oversight on financial institutions, especially financial planners, will continue to drive up the cost of personal specific advice, putting it out of reach for most Australians. InvestSMART's now fully developed suite is an ideal low-cost solution for many of these people.

Our job now is to make it simple for new members to engage with us and our products. This, we believe, will lead to higher conversions and more paying customers. Our low cost, capped fee PMAs are a good example of how this strategy is playing out. There is a far larger market for these products, which we have only just begun to address.

The Board would like to thank our staff, shareholders, and clients for their continued contribution to the ongoing success of our business. We look forward to realising the full potential of our business over coming years and celebrating with you our future success.

INVESTSMART

Helping all Australians grow and protect their wealth

ASX: INV

Investor Presentation for AGM

23 November 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

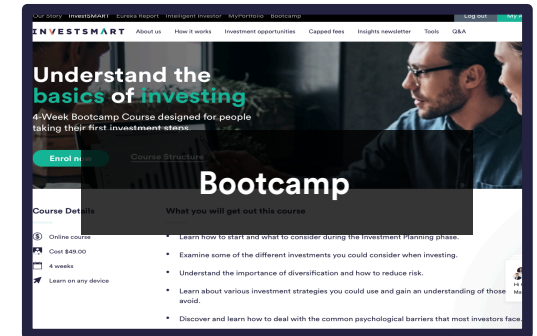
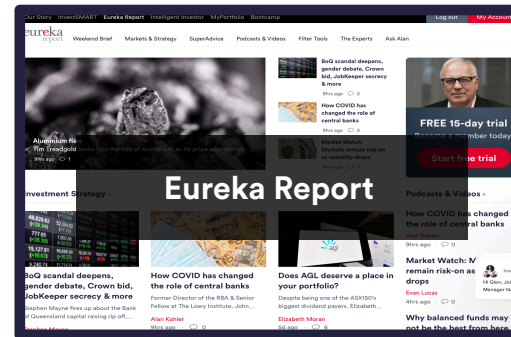
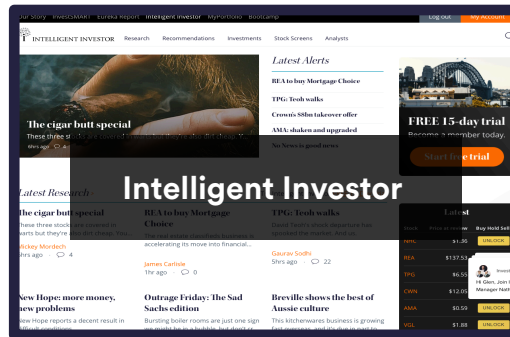
Single Asset Class ETF portfolios
International, Interest Income, Hybrid Income,
Property and Infrastructure, Australian Equities

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



Evan Lucas
Chief market strategist

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.

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

12%

Operating income growth

60%

Professionally managed accounts (PMA) growth

(to 2,513 accounts)

42%

Funds under management growth

(to \$470m)

85%

Funds under management fees growth

(to prior comparative period)

8%

Content-based subscriptions income growth

(to prior comparative period)

Key developments



Funds under management

- **Funds Management Fees growth** of 85% to \$2.7m compared to FY21.
- **PMA Platform investor accounts** grew 60% to 2,513.
- **Secondary offers** for Intelligent Investor Growth (ASX: IIGF), Income (ASX: INIF) and Ethical (ASX: INES) Funds during the year.



Subscriptions

- **Subscription income** of \$5.28m for the year, up 8% on FY21.
- **10,464 subscribers** to our content-driven publications (Intelligent Investor and Eureka Report).
- **Subscription prices** increased from 1 July 2021.



Products & services

- **Sold AWI Ventures Pty Ltd** for \$3.2m in May 2022.
- **Fundlater** launched in September 2021.
- **Eureka Asset-Backed Loan Fund** soft launched in April 2022 to provide higher balance members with enhanced **income yields** for funding Fundlater loans.

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	
Total operating income	9,444,236	8,456,506	12%
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%
Total operating expenses	9,340,870	8,996,121	4%
Operating Profit/ (Loss)	103,366	(539,615)	
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	
Statutory Profit/ (Loss) for the period	(740,176)	35,778	
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 cash balance to grow
the business

Results highlights

FY22

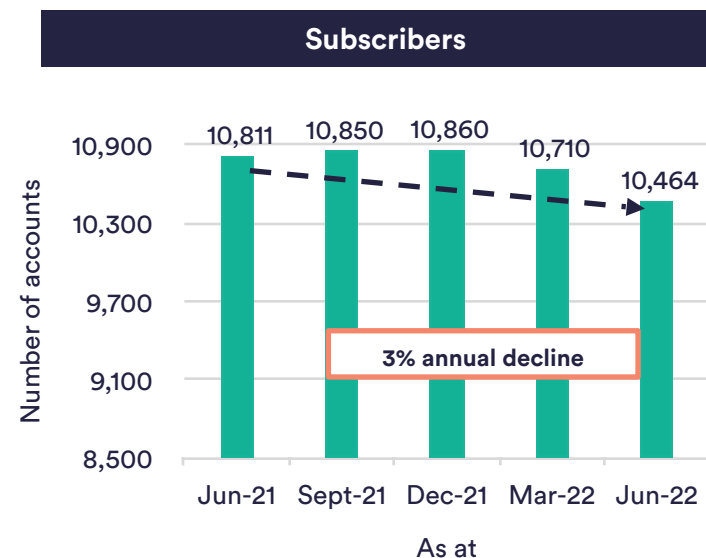
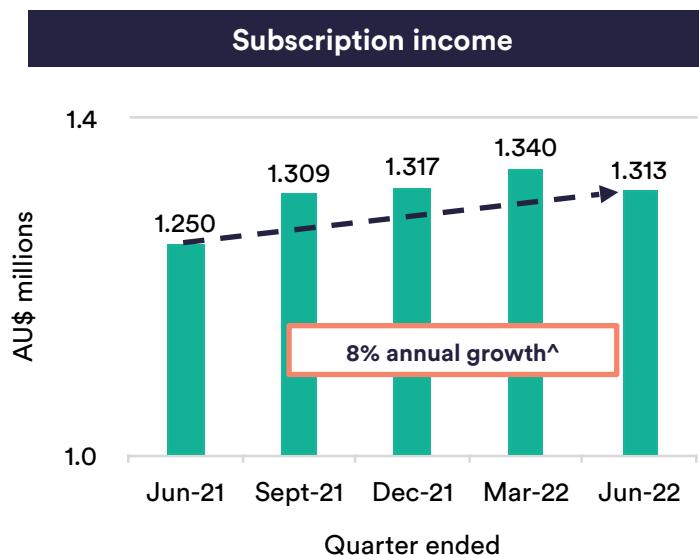
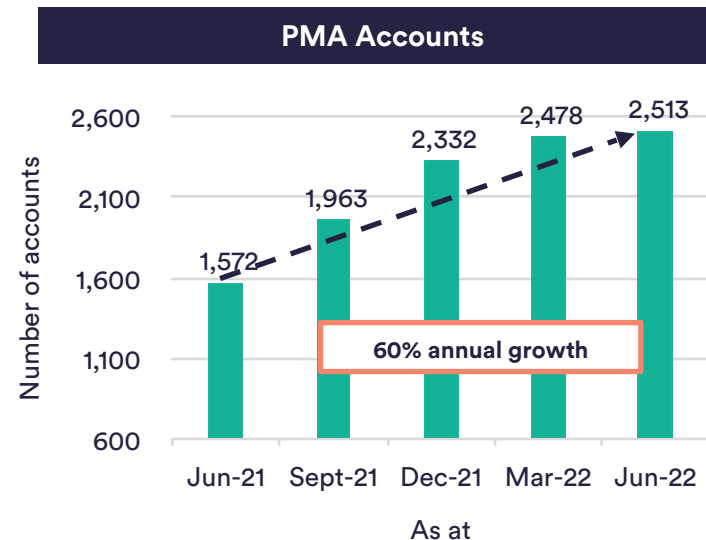
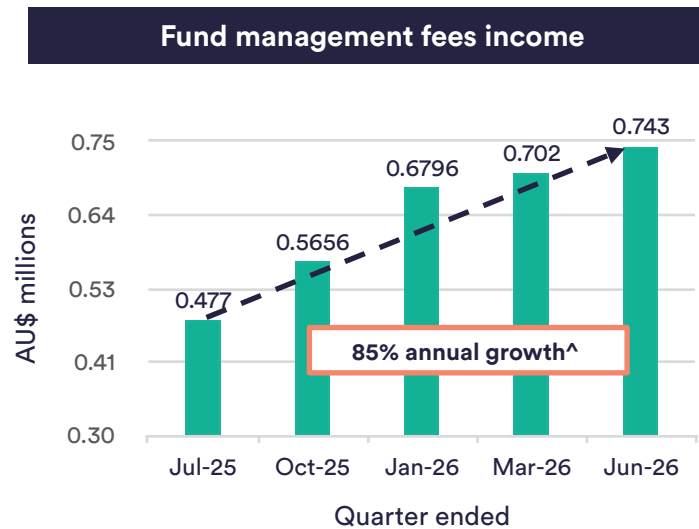
Digital wealth platform continues to deliver strong growth.

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



^ Growth on prior corresponding period (FY22 compared to FY21)

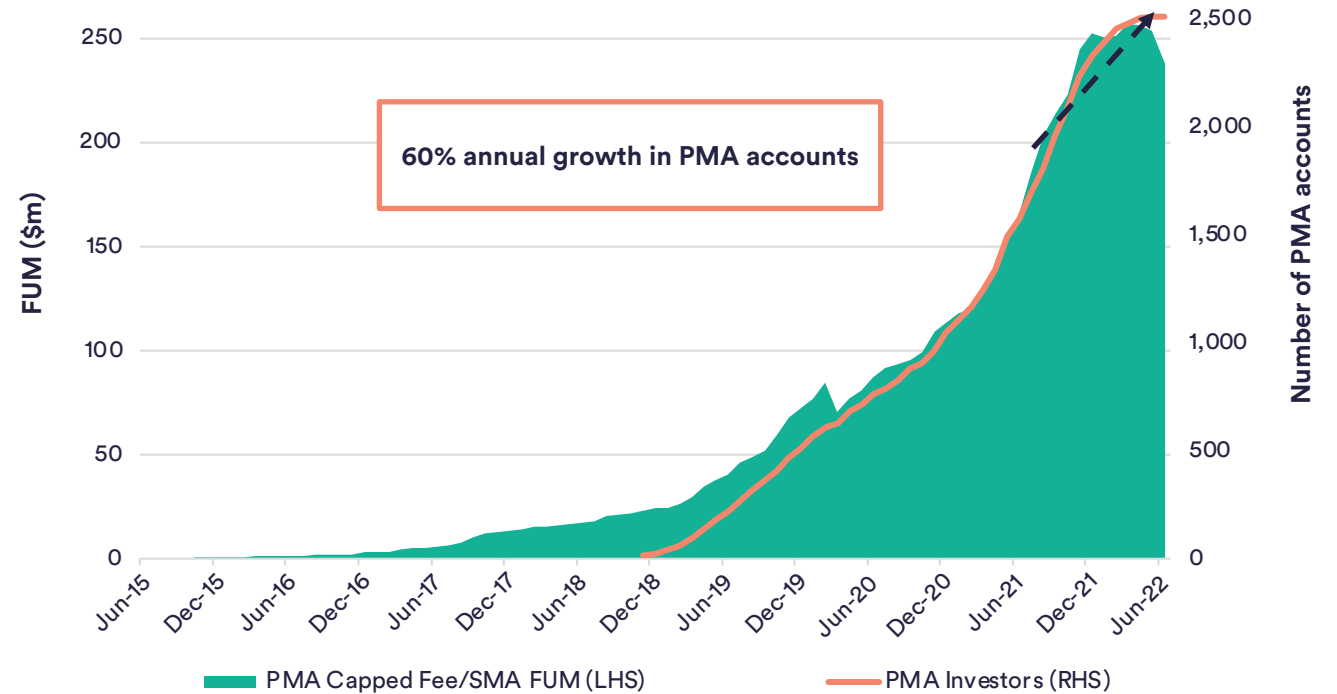
* InvestSMART Professionally Managed Accounts (PMAs) invest in portfolios of ASX-listed ETFs (under a capped fee model)

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.

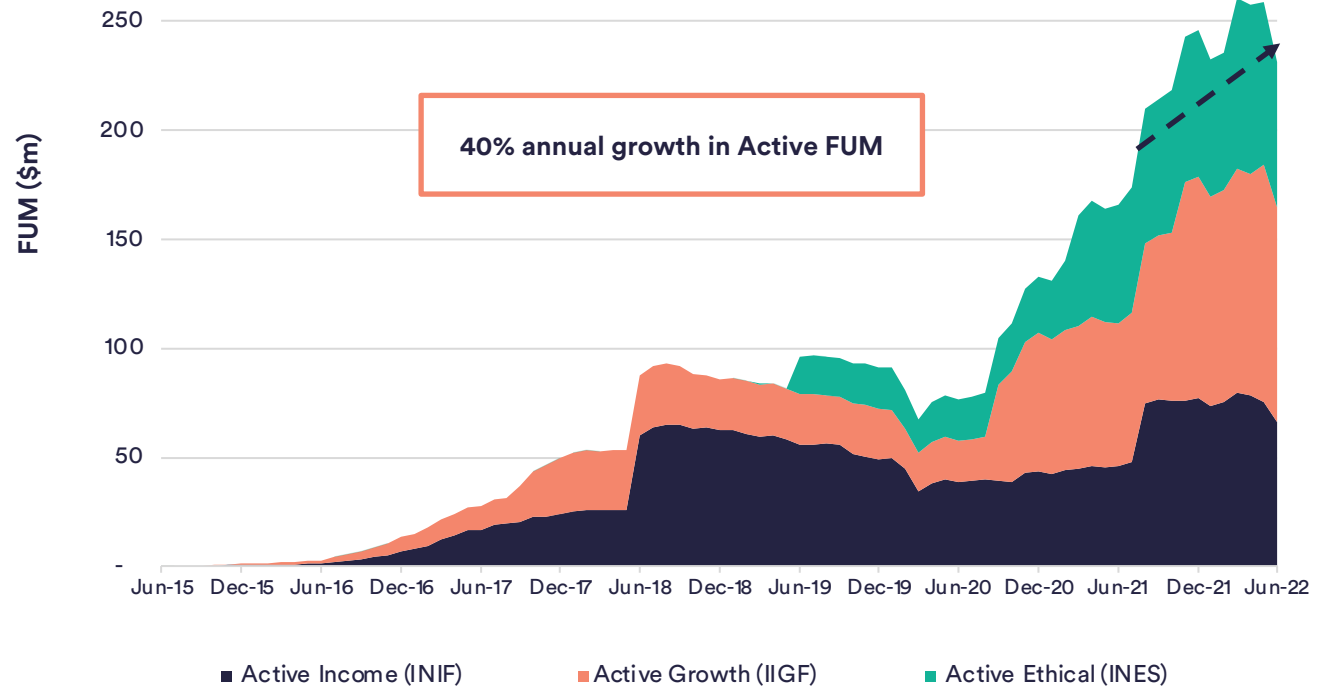
* Professionally Managed Account (PMA): the investor holds legal and beneficial ownership and the underlying securities are registered under their name, within the investment portfolio



Funds under management

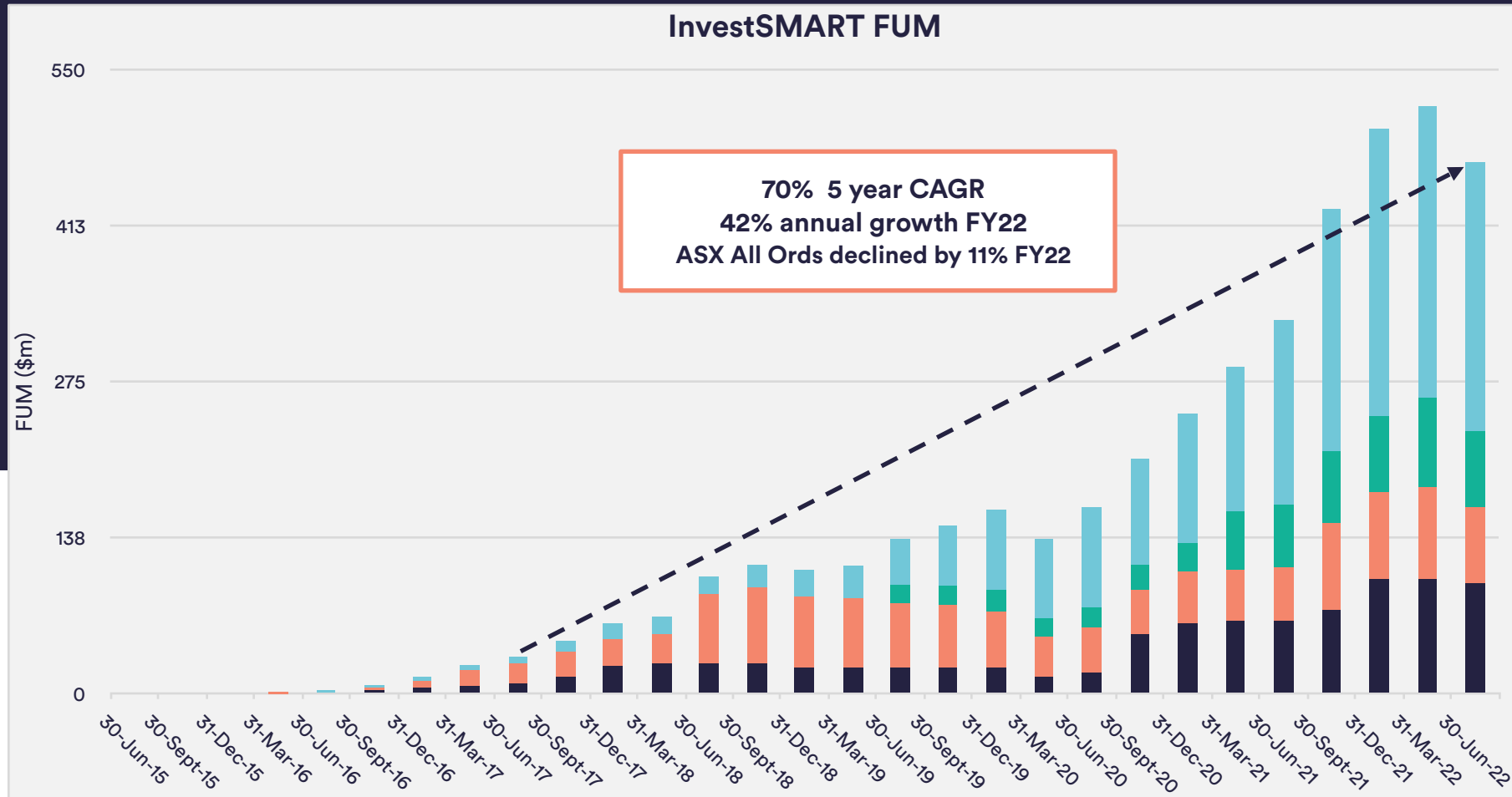
Intelligent Investor active ETFs (ASX-listed)

- 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.

Growth of funds under management (FUM)



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

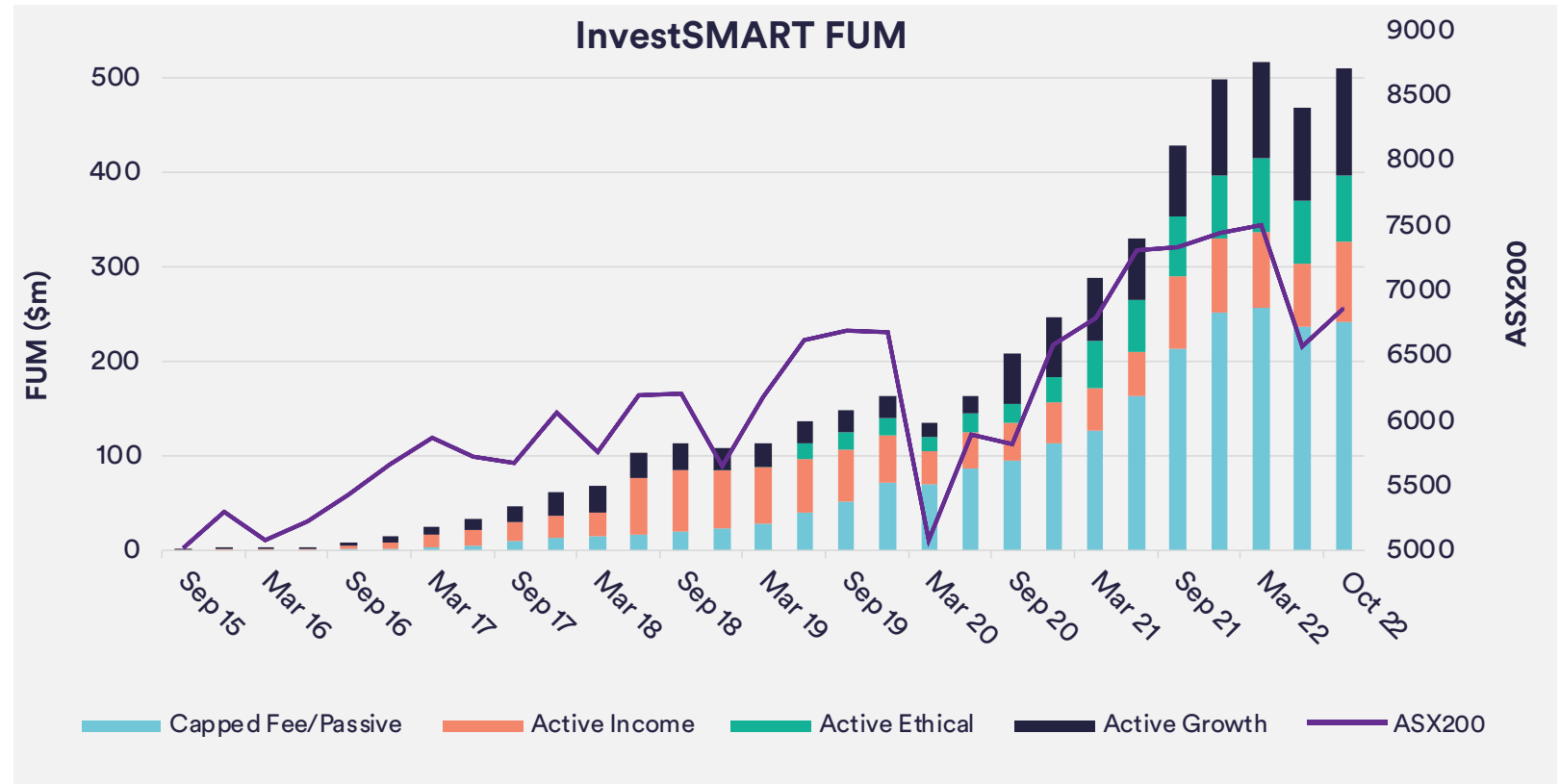
Active Ethical = Intelligent Investor ASX listed ETF: INES

Active Income = Intelligent Investor ASX listed ETF: INIF

Active Growth = Intelligent Investor ASX listed ETF: IIGF

Funds subsequent to 30 June 2022

Total funds under management has grown to \$511m at 31 October 2022 (increase of 8.74% from 30 June 2022).



Growth outlook **FY23**



Funds under management

- **PMA Platform accounts** organic growth to be boosted 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 Intelligent Investor model with international exposure** and research utilising existing Intelligent Investor expertise.
- New international equity research will help retain and grow subs.



Product & services

- **Expand developer and product team** enhancing website and services.
- **Eureka Asset-Backed Loan Fund** was soft launched in April 2022 and will continue to be improved and promoted to Eureka Report members.
- **Fundlater continues to be improved** to make it easier to develop good saving habits.
- Insurance book attrition continues. Product development subject to regulatory outcomes

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.



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)

Thank you

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Important information

The material contained in this document is a presentation of general information about the activities of InvestSMART Group Limited (InvestSMART) and its wholly owned entities (together, the Group). The information in this document is current as at the date of this presentation (23 November 2022). It is provided in summary and does not purport to be complete. You should not rely on it as advice for investment purposes, as it does not take into account your investment objectives, financial position or needs. These factors should be considered, with or without professional advice, when deciding if an investment is appropriate.

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Forward-looking statements may be identified by words such as "aim", "anticipate", "assume", "continue", "could", "estimate", "expect", "intend", "may", "plan", "predict", "should", "will", or "would" or the negative of such terms or other similar expressions that are predictions of or otherwise indicate future events or trends.

The forward-looking statements included in this document speak only as of the date of this document. The Group does not intend to update the forward-looking statements in this document in the future.

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