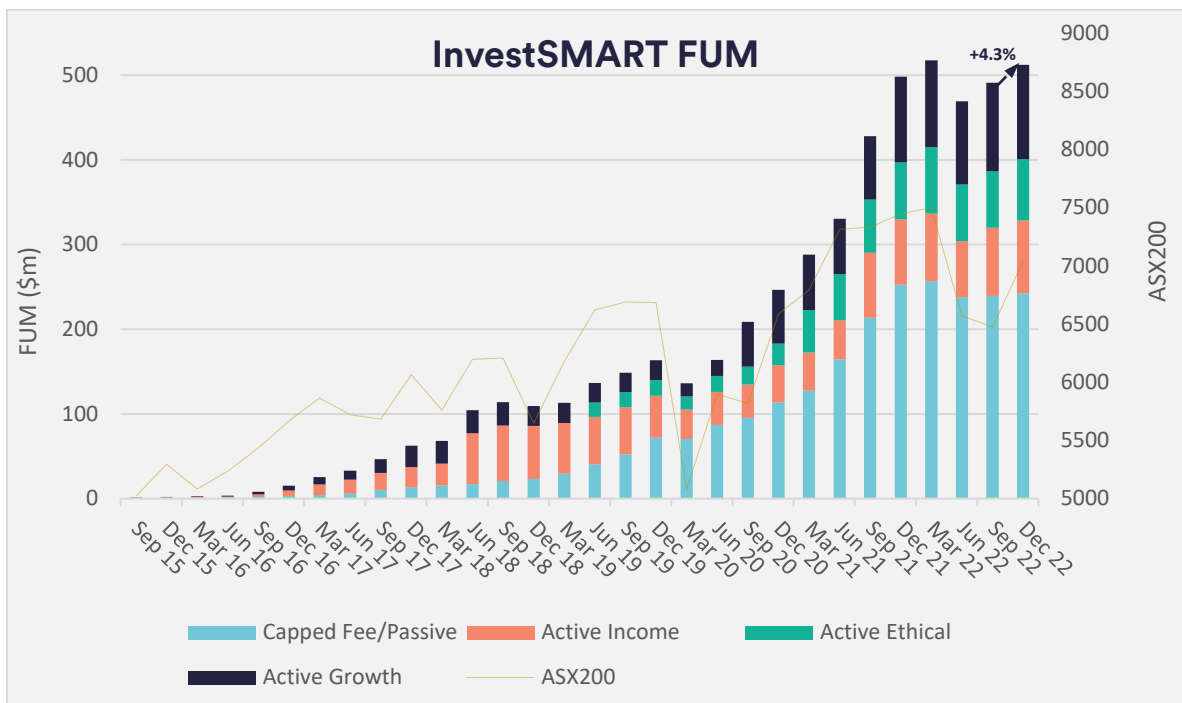


19 January 2023

Business update – quarter ending 31 December 2022

HIGHLIGHTS

- Total Operating Income grew by 4% in Q2 FY2023 compared to the September quarter (Q1 FY2023).
- Funds management fees grew by 7% in Q2 FY2023 compared to the September quarter (Q1 FY2023).
- Subscription income from *Intelligent Investor* and *Eureka Report*, declined by 1% to \$1.35 million in Q2 FY2023 compared to the prior quarter.
- Total funds under management (FUM) grew by 4% during the quarter to \$513 million at 31 December 2022.



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 December ended quarter, Q2 FY2023.

FINANCIAL RESULTS

	Q2 FY2023 December quarter \$	Q1 FY2023 September quarter \$	%
Operating Income			
Funds management fees	798,625	749,148	7%
Subscription income	1,348,240	1,361,635	-1%
Commissions income - insurance	373,500	318,285	17%
Other income	3,779	3,293	
Total operating income	2,524,144	2,432,361	4%
Operating Expenses			
Commissions rebates	112,767	99,078	14%
Employment expenses	1,386,189	1,489,317	-7%
Marketing costs	219,464	287,731	-24%
Operating expenses	794,995	787,268	1%
Total operating expenses	2,513,415	2,663,394	-6%
Operating Profit/(Loss)	10,729	(231,032)	
Cash at bank (end of period)*	7,705,418	7,882,563	-2%

* Quarterly results are prepared by management and are unaudited.

Total income grew by 4% to \$2.52 million (Q2 FY2023 v Q1 FY2023). In our two primary businesses, income from funds management fees grew 7% to \$799k in Q2 FY2023 vs \$749k in the prior quarter. Subscription income declined by 1% to \$1.35 million in Q2 FY2023 v \$1.36m in Q1 FY2023.

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

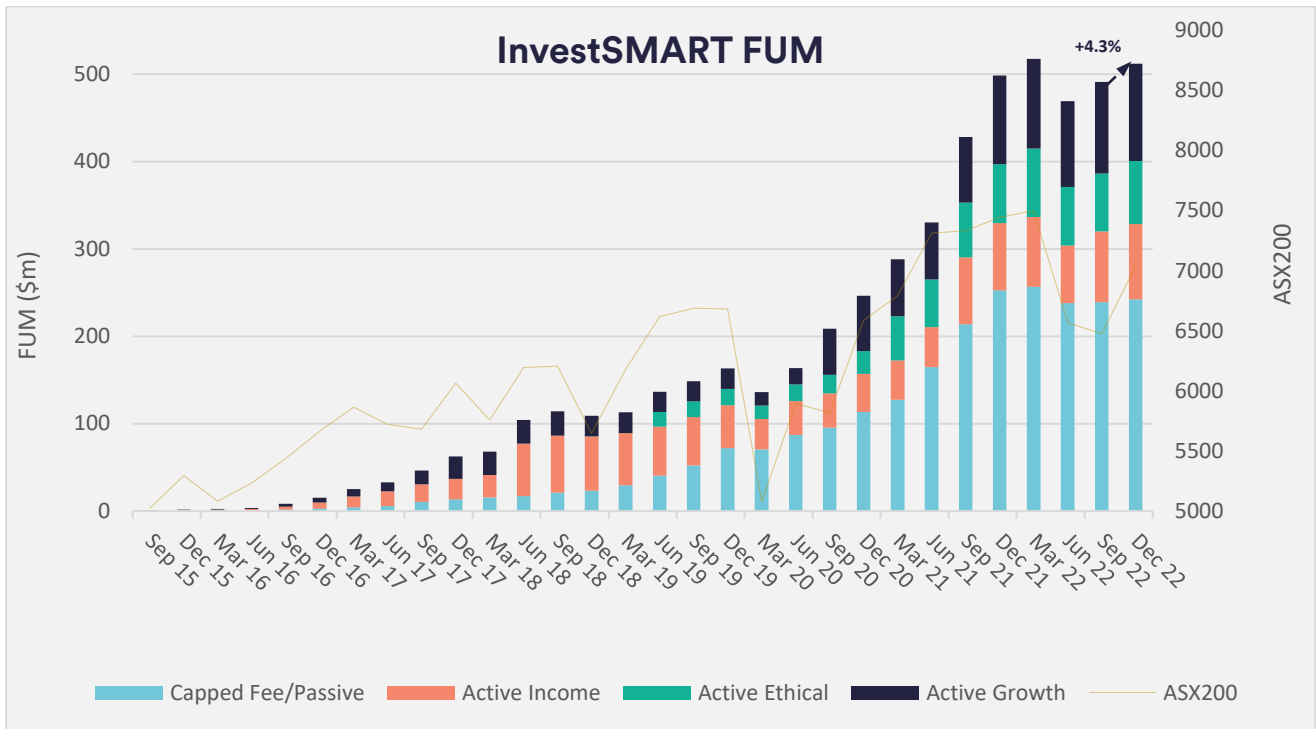
Total Operating Expenses decreased 6% from Q1 FY2023 to Q2 FY2023 due mainly to a decrease in employment expenses and marketing expenditure.

DIVISIONAL COMMENTARY

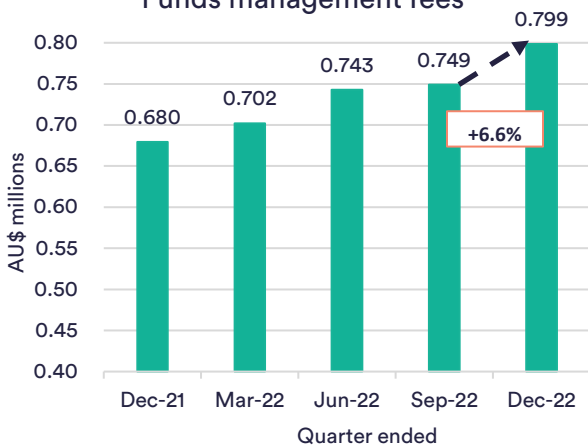
Funds Under Management (FUM)

FUM continued to grow during the quarter, reaching \$513 million by the end of December, a 4.3% increase on the prior quarter (Q1 FY2023).

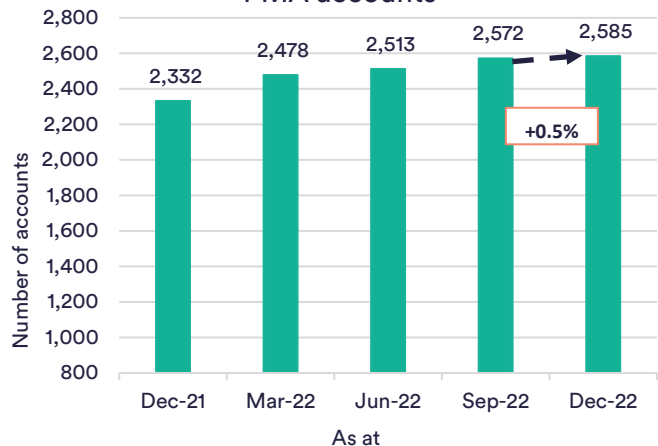
The chart below shows growth in FUM across our product suite (see About InvestSMART at the end of this announcement for further details).



Funds management fees



PMA accounts



InvestSMART PMA Platform

The InvestSMART Professionally Managed Accounts (PMA) Platform, launched in November 2018, continues to increase number of accounts on a quarterly basis. ETF Portfolios available through the Platform (under a capped fee model) increased by 0.5% to 2,585 accounts at 31 December 2022 from 2,572 accounts at 30 September 2022.

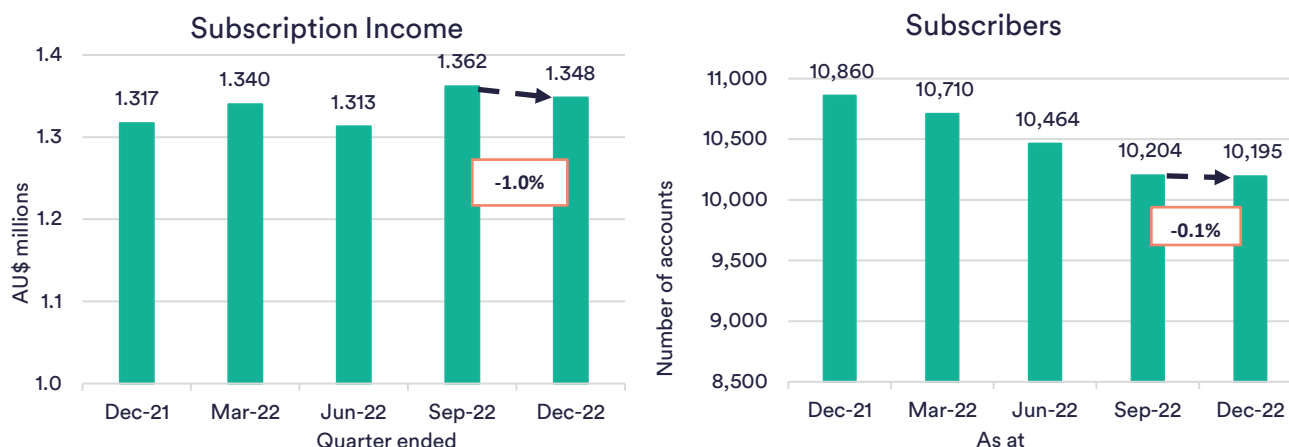
Intelligent Investor ASX listed ETFs

Total funds under management (FUM) across Intelligent Investor investments (under a variable fee model) increased by 7% to \$270 million at 31 December 2022 from \$252 million at 30 September 2022.

Subscriptions

Subscription income from fee paying subscribers to our *Intelligent Investor* and *Eureka Report* content-driven products declined 1% on the prior quarter to \$1.35 million.

Total subscribers declined -0.1% to 10,195 compared to the prior quarter of 10,204.



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 seven from 30 June 2022 to 31 December 2022 (three in Q2 FY2023 and four in Q1 FY2023) to enhance opportunities to increase our pace of growth with hires in technology, product management, marketing and funds management. The normalised increase in staff costs quarter on quarter is 4%. Total staff costs decreased by 7% quarter on quarter. The decrease is due to leave provision decreases.

PRODUCTS AND SERVICES

A secondary offer was completed for the Intelligent Investor Ethical Share Fund (ASX: INES), one of three ETFs operated under InvestSMART's Intelligent Investor brand. The offer raised \$4 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, Effie Zahos and Evan Lucas. 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, digital, podcast and radio advertising declined during the December quarter. We are refreshing our creatives for a sustained and coordinated [Fundlater](#) marketing campaign in the second half of FY2023. The campaign will include digital advertising in combination with radio, podcast and out of home

advertising to increase brand, awareness and conversion. [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.

Marketing expenditure decreased by 24% in Q2 FY2023 compared to the prior quarter as a result of the decreased expenditure in digital and radio advertising.

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

Half-year results

The financial report for the half-year ended 31 December 2022 is expected to be released on 23 February 2022.

Interview with InvestSMART CEO

Alan Kohler, Founder and Editor of the Eureka Report, interviewed InvestSMART CEO, Ron Hodge, on 7 December 2022. The interview can be accessed [here](#).

Annual General Meeting

InvestSMART held its FY2022 AGM on 23 November 2022. All resolutions put to shareholders were passed. Chairman Paul Clitheroe's address and Managing Director Ron Hodge's presentation slides can be viewed [here](#).

OUTLOOK

InvestSMART Managing Director, Ron Hodge, said "Even though inflation and interest rate uncertainty globally was frustrating in 2022, we grew clients and revenue. Albeit at a slower pace than we would like. And as testament to our growing business, we attracted several new staff members to the business in a very tight jobs market. In 2023 we look forward to helping more Australians reach their financial goals."

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 730,000 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 \$513m (end December 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. Fundlater helps Australians with smaller starting balances invest in a PMA, with an initial investment of \$4,000 and then 20 monthly instalments of \$325 thereafter.

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"> InvestSMART Conservative Portfolio (diversified across asset classes) InvestSMART Balanced Portfolio (diversified across asset classes) InvestSMART Growth Portfolio (diversified across asset classes) InvestSMART High Growth Portfolio (diversified across asset classes) InvestSMART Ethical Growth Portfolio (diversified across asset classes) InvestSMART Australian Equities Portfolio (single asset class) InvestSMART International Equities Portfolio (single asset class) InvestSMART Property & Infrastructure Portfolio (single asset class) InvestSMART Interest Income Portfolio (single asset class) InvestSMART Hybrid Income Portfolio (single asset class)
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"> Intelligent Investor <u>Australian Equity Income Fund</u> – ASX: INIF Focused on cash rich businesses with ability to pay growing dividends (launched June 2018) Intelligent Investor <u>Ethical Share Fund</u> – ASX: INES Focused on ethically and socially responsible undervalued stocks (launched June 2019) Intelligent Investor <u>Australian Equity Growth Fund</u> – ASX: IIGF Focused on capital growth by investing in undervalued Australian equities (launched October 2020)

* 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.