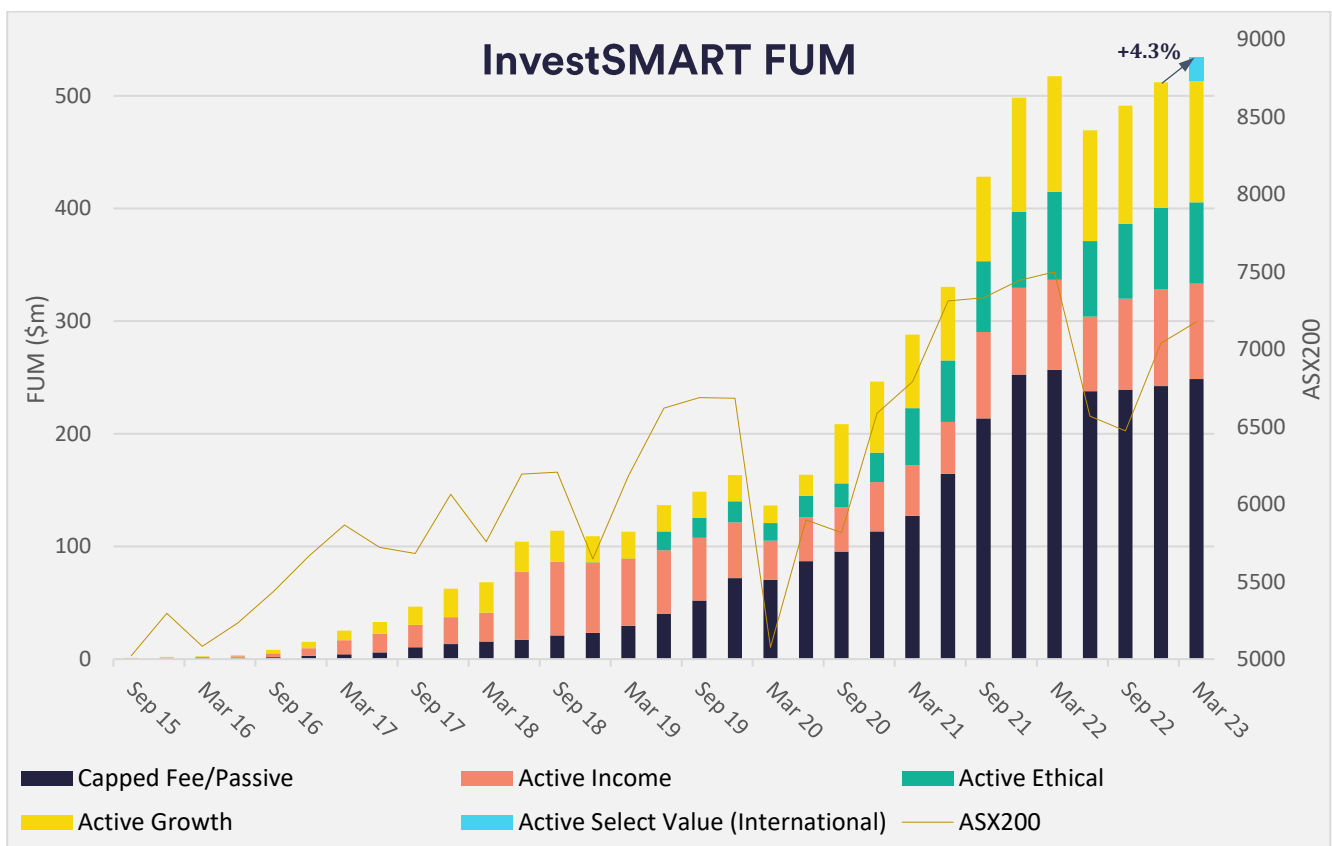


24 April 2023

Business update – quarter ending 31 March 2023

HIGHLIGHTS

- Total funds under management (FUM) grew to \$535 million at 31 March 2023.
 - FUM grew by 4.3% during the March quarter.
 - The Intelligent Investor Select Value Share Fund (ASX: IISV) listed on ASX with \$21m in Funds Under Management. The fourth listed fund, IISV is the first Intelligent Investor fund to incorporate internationally listed shares.
 - Intelligent Investor Global will be launched in Q4 FY2023, augmenting the Group’s subscription offering.



ACN 111 772 359

Digital wealth platform results

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 March ended quarter, Q3 FY2023.

FINANCIAL RESULTS

	Q3 FY2023 March quarter \$	Q2 FY2023 December quarter \$	%
Operating Income			
Funds management fees	782,181	798,625	-2%
Subscription income	1,369,727	1,348,240	2%
Commissions income - insurance	286,836	373,500	-23%
Other income	4,026	3,779	
Total operating income	2,442,770	2,524,144	-3%
Operating Expenses			
Commissions rebates	78,079	112,767	-31%
Employment expenses	1,475,146	1,386,189	6%
Marketing costs	352,210	219,464	60%
Other operating expenses	766,589	794,995	-4%
Total operating expenses	2,672,024	2,513,415	6%
Operating Profit/(Loss)	(229,254)	10,729	
Cash at bank (end of period)	7,496,553	7,705,418	-3%

* Quarterly results are prepared by management and are unaudited.

Total income declined by 3% to \$2.44 million (Q3 FY2023 v Q2 FY2023). In our two primary businesses, income from funds management fees declined 2% to \$782k in Q3 FY2023 vs \$798k in the prior quarter. Subscription income grew 2% to \$1.37 million in Q3 FY2023 v \$1.35 million in Q2 FY2023.

Commissions income from insurance income decreased by 10% compared to the March 2022 quarter (prior comparative quarter). The decrease in insurance compared to the December 2022 quarter (previous quarter) of 23% is seasonal and within management's expectations. Management expects a previously communicated attrition rate of ~8% to continue.

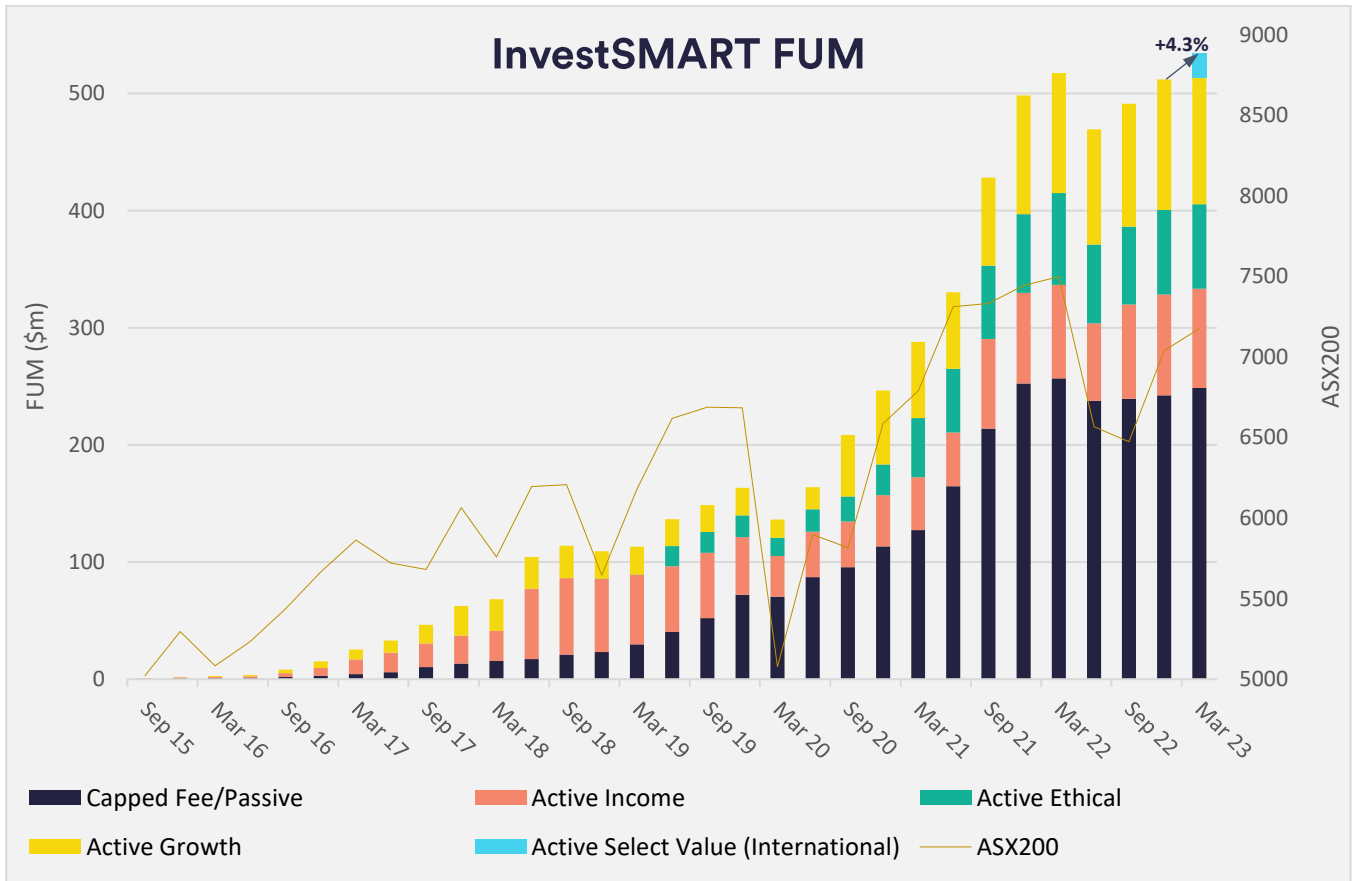
Total Operating Expenses increased 6% from Q4 FY2022 to Q1 FY2023 due mainly to an increase in employment expenses and marketing expenditure.

DIVISIONAL COMMENTARY

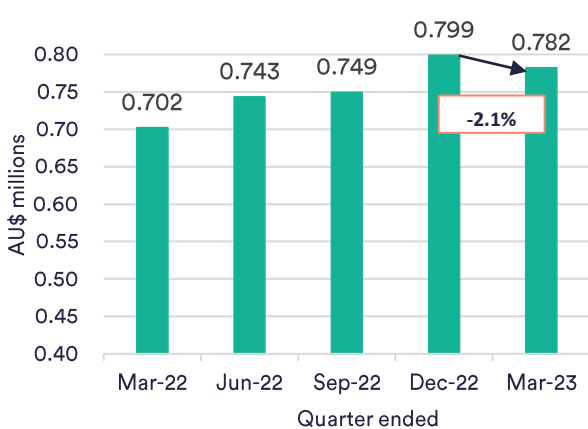
Funds Under Management (FUM)

FUM continued to grow during the quarter, reaching \$535 million by the end of March, a 4.3% increase on the prior quarter (Q4 FY2022).

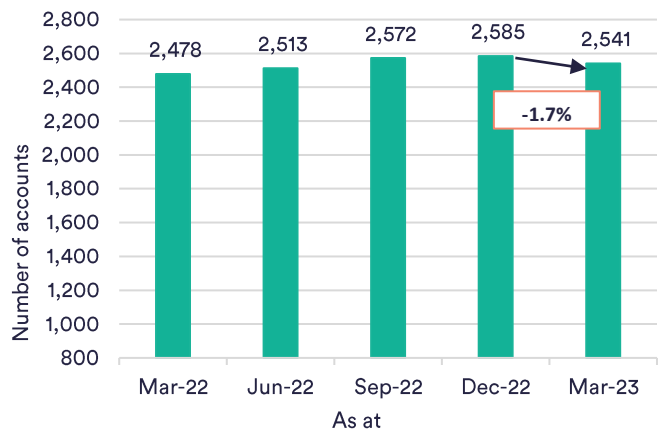
The chart below shows growth in FUM across our product suite (see About InvestSMART at the end of this announcement for further details).



Funds management fees



PMA Accounts



Fee income is flat from the December to the March quarter on a normalised basis. Fees are accrued daily. There were 92 fee accruing days in the December quarter versus 90 fee accruing days in the March quarter. The Intelligent Investor Select Value Share Fund (ASX: IISV) listed on 31 March 2023 i.e. no fees are accrued in the March quarter for this fund.

InvestSMART PMA Platform

The InvestSMART Professionally Managed Accounts (PMA) Platform was launched in November 2018. ETF Portfolios available through the Platform (under a capped fee model) decreased by 1.7% to 2,541 accounts at 31 March 2023 from 2,585 accounts at 31 December 2022. Investors were faced with increasing cost of living pressures and negative sentiment from offshore banking events. The portfolios which have declined are the conservative and balanced portfolios which were most exposed to increasing interest rates due to the fixed income allocation component. Platform marketing expenditure focussed on brand awareness through radio and out of home for Fundlater during the quarter.

Intelligent Investor ASX listed ETFs

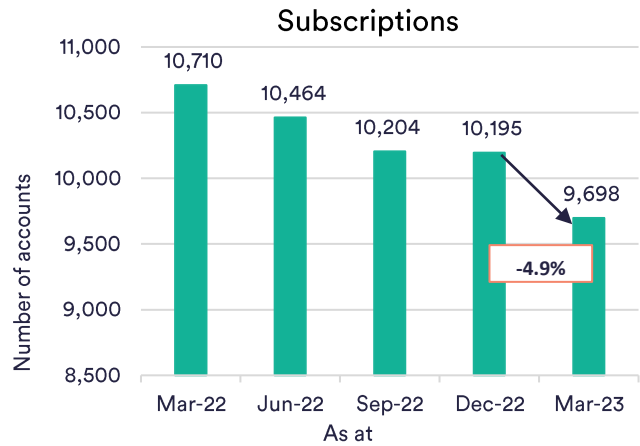
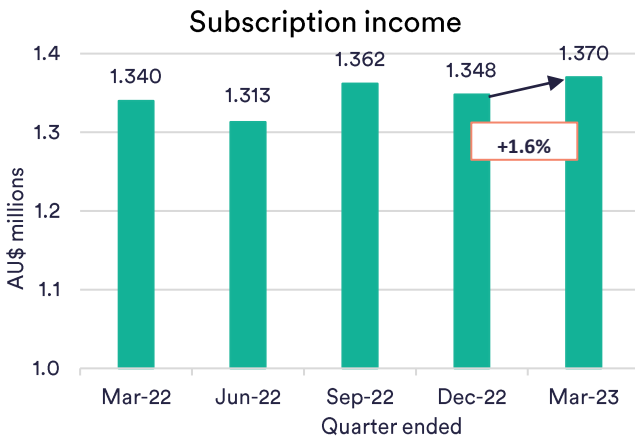
Total funds under management (FUM) across Intelligent Investor investments (under a variable fee model) increased by 6% to \$286 million at 31 March 2023 from \$270 million at 31 December 2022. Growth was driven by completion of the primary offering in the Intelligent Investor Select Value Share Fund (ASX: IISV) raising \$21m.

Subscriptions

Subscription income from fee paying subscribers to our *Intelligent Investor* and *Eureka Report* content-driven products grew 1.6% on the prior quarter to \$1.37 million. Retention rates remain stable particularly within products at higher price points and for those renewing at higher rates (see [Beat the price rise](#) article).

Total subscribers declined 4.9% to 9,698 compared to the prior quarter of 10,195. Of the three products offered, Eureka Report suffered the largest drop in subscribers, down 12%. Retention for Eureka Report was in line with prior periods however we were not able to attract new subscribers to the product as per prior periods in January and February 2023.

In April 2023 we will launch a campaign for new subscribers to our Intelligent Investor service which will incorporate recommendations for international stocks which mirror the portfolio of Intelligent Investor Select Value Fund (ASX: IISV).



Salaries and wages

We bolstered our marketing department during the quarter. Combined with hires in technology and product development in the December 2022 quarter we believe we are well positioned to capitalise when market sentiment turns positive. Our FTE has increased from 34 at 30 June 2022 to 40 at 31 March 2023. 2% of the quarterly increase is attributable to leave provision increases.

PRODUCTS AND SERVICES

We listed a fourth Exchange Traded Managed Fund on 31 March 2023, The Intelligent Investor Select Value Share Fund (ASX: IISV). The fund listed with \$21m in funds under management. The fund offers exposure to a concentrated portfolio of international and Australian listed companies that can be purchased conveniently on the ASX. This is the first Intelligent Investor fund to incorporate internationally listed shares. The international focus allows for an additional subscription offering, Intelligent Investor Global. A campaign will be run in April 2023 to offer Intelligent Investor subscribers ASX and International share research.

Life insurance remains a key part of our vision to help all Australians grow and protect their wealth. We await the government response to the Quality of Advice Review (provided by Michelle Levy) for any further product development initiatives.

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.

There was an increased focus on **Fundlater** advertising as we continue to build awareness and brand for this product. We ran a coordinated out of home campaign in January which was followed by Radio advertising in March.

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 non-recourse loan.

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 Interim Consolidated Financial Report for the half-year ended 31 December 2022 during the quarter. Please see our [Investor Presentation](#) and [Interim Report](#) to learn more.

OUTLOOK

InvestSMART Managing Director, Ron Hodge, said “We are pleased to have completed a primary raising despite difficult macroeconomic conditions. We experienced a small decrease in PMA accounts which is

frustrating but acceptable given the environment. We continued to promote our products, increase brand awareness and improve our systems during the quarter. 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 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 \$535m (end March 2023).

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 Australian Equity Income Fund – ASX: INIF Focused on cash rich businesses with ability to pay growing dividends (launched June 2018) Intelligent Investor Ethical Share Fund – ASX: INES Focused on ethically and socially responsible undervalued stocks (launched June 2019) Intelligent Investor Australian Equity Growth Fund – ASX: IIGF Focused on capital growth by investing in undervalued Australian equities (launched October 2020) Intelligent Investor Select Value Share Fund – ASX: IISV Focused on capital growth by investing in undervalued global equities (launched March 2023) 	

* 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.