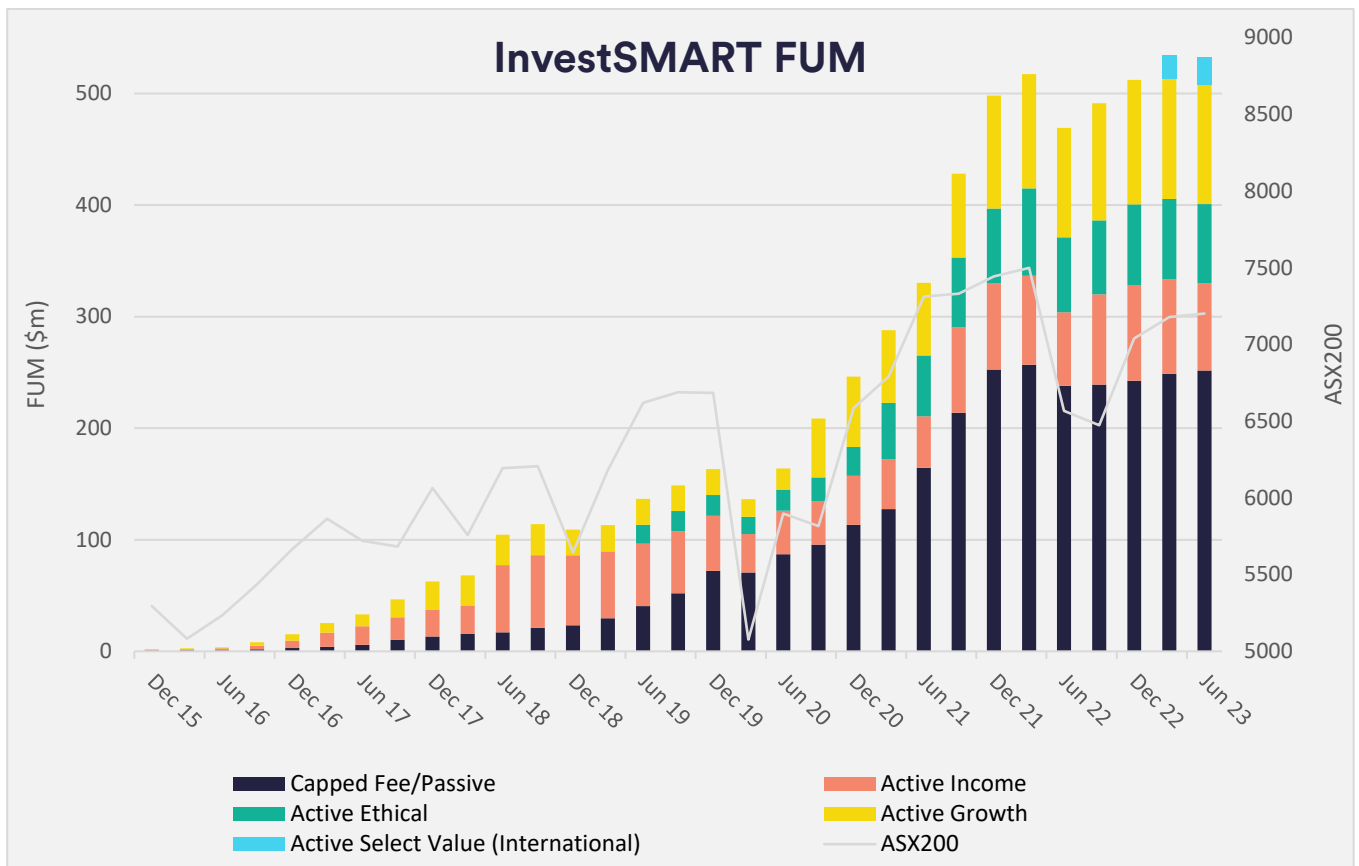


21 July 2023

Business update – quarter ending 30 June 2023

HIGHLIGHTS

- Management fees on funds grew by 5% over the prior quarter (March 2023 quarter)
 - The Intelligent Investor Select Value Share Fund (ASX: IISV) listed on ASX on 31 March 2023. IISV is the fourth listed Intelligent Investor fund and the first to incorporate internationally listed shares.
- Total Funds Under Management (FUM) is \$533 million at 30 June 2023.



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 June ended quarter, Q4 FY2023.

FINANCIAL RESULTS

	Q4 FY2023 June quarter \$	Q3 FY2023 March quarter \$	%
Operating Income			
Management fees - funds	820,740	782,181	5%
Performance fees - funds	160,557	-	
Subscription income	1,295,891	1,369,727	-5%
Commissions income - insurance	370,866	286,836	29%
Other income	5,291	4,026	
Total operating income	2,653,345	2,442,770	9%
Cash at bank (end of period)	7,812,214	7,496,553	4%

* Quarterly results are prepared by management and are unaudited.

Total income increased by 9% to \$2.65 million (Q4 FY2023 v Q3 FY2023).

Income from management fees - funds increased by 5% to \$821k in Q4 FY2023 vs \$782k in the prior quarter. We recorded a performance fee for the Intelligent Investor Select Value Share Fund of \$161k. Performance fees are realised at 30 June each year.

Subscription income declined to \$1.30 million in Q4 FY2023 vs \$1.37 million in Q3 FY2023.

Income from management fees on funds and subscriptions remain the focus areas for long-term business growth.

Commissions income from insurance increased by 29% compared to the March 2023 quarter. The increase is seasonal. Commissions income from insurance is expected to be \$1.35 million for FY23, a decrease of 6% on the prior financial year (FY22). Management expects a previously communicated attrition rate of ~8% to continue.

DIVISIONAL COMMENTARY

Funds Under Management (FUM)

The primary focus of InvestSMART is growth in Funds Under Management in Professionally Managed Accounts (portfolios of ETFs, capped at \$550 per annum per account) and actively managed, ASX listed Intelligent Investor funds (see About InvestSMART at the end of this announcement for further details).

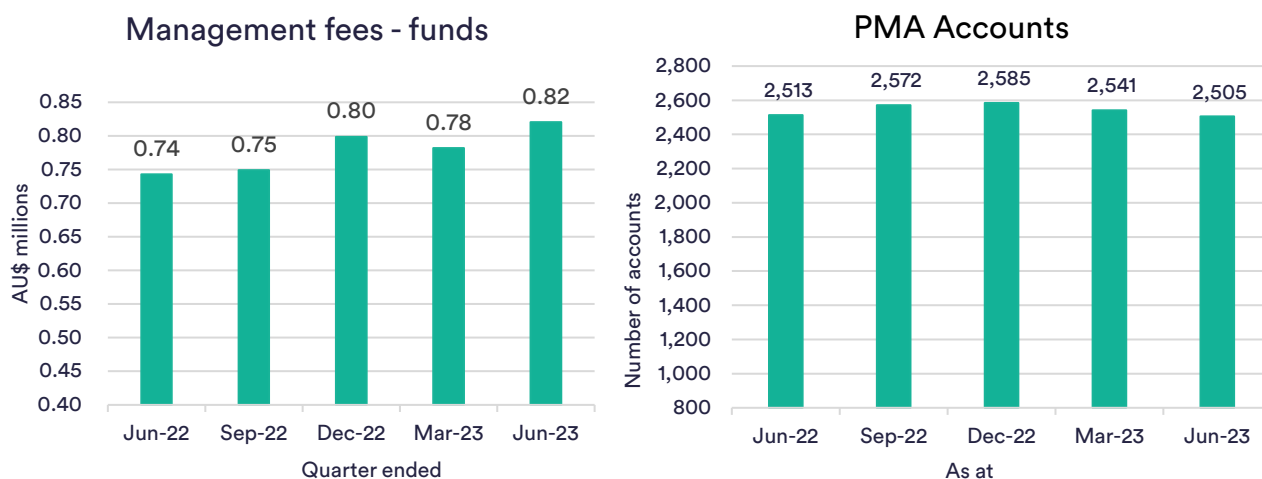
Management fees on funds increased by 5% primarily due to the listing of The Intelligent Investor Select Value Share Fund (ASX: IISV) on 31 March 2023. Total FUM is \$533 million at 30 June 2023, a 0.3% decline compared to the prior quarter. Retention of FUM remains healthy, however new clients are adopting a conservative posture to investing in new accounts.

InvestSMART PMA Platform

The InvestSMART Professionally Managed Accounts (PMA) Platform was launched in November 2018. The number of accounts on the Platform (under a capped fee model) decreased by 1.4% to 2,505 accounts at 30 June 2023 from 2,541 accounts at 31 March 2023. Investors were faced with increasing cost of living pressures and negative overall sentiment. The portfolios which have declined the most are the conservative and balanced portfolios which were most exposed to increasing interest rates due to the fixed income allocation component.

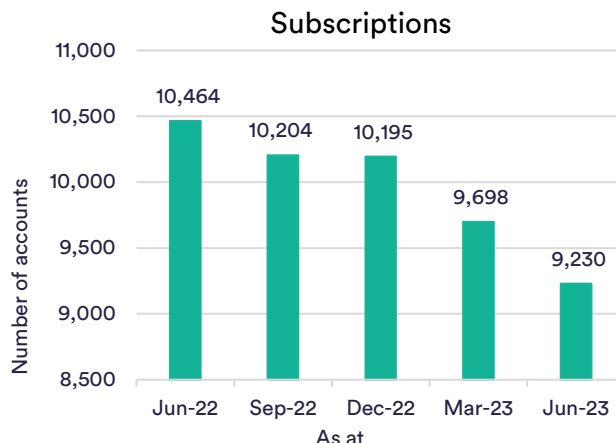
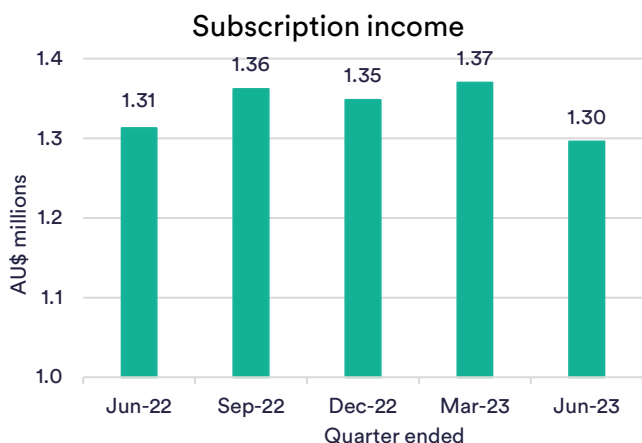
Intelligent Investor ASX listed ETFs

Total funds under management (FUM) across Intelligent Investor investments (under a variable fee model) decreased by 1.6% to \$281 million at 30 June 2023.



Subscriptions

Subscription income from fee paying subscribers to our *Intelligent Investor* and *Eureka Report* content-driven publications declined by 5.4% compared to the prior quarter to \$1.3 million. Total subscribers declined by 4.8% to 9,230 subscribers at 30 June 2023. The June quarter is historically important for retention (high number of annual renewals) and attracting new subscribers. Retention rates remain stable across Intelligent Investor and Bundled subscribers with a small improvement observed for Eureka Report. To boost retention, we conducted a campaign encouraging subscribers to renew their subscriptions before regular renewal dates, prior to June 30. Similar to our observations on FUM growth we were not able to attract the volume of new subscribers we typically experience during this quarter.



PRODUCTS AND SERVICES

The Government announced the Delivering Better Financial Outcomes package adopting the bulk of the recommendations made in Michelle Levy’s Quality of Advice Review to be developed over the second half of 2023 and early 2024. We await further detail on implementation with particular reference to the content of financial advice records, definitions of personal advice, general advice, “good advice” and life insurance commissions. Life insurance remains a key part of our vision to help all Australians grow and protect their wealth.

MARKETING – ENGAGEMENT AND CONVERSION

There was an increased focus on **Fundlater** advertising as we continue to build awareness and brand for this product. We ran a coordinated radio campaign during the quarter which was supplemented by digital advertising. 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.

In the second half of calendar year 2023 we will focus on marketing our traditional PMA accounts through affiliates, digital advertising, search engine optimisation and media coverage through our key spokespeople. 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.

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

- Intelligent Investor Australian Equity Income Fund – ASX: INIF**
 - Latest quarterly report [here](#)
- Intelligent Investor Ethical Share Fund – ASX: INES**
 - Latest quarterly report [here](#)
- Intelligent Investor Australian Equity Growth Fund – ASX: IIGF**
 - Latest quarterly report [here](#)
- Intelligent Investor Select Value Share Fund – ASX: IISV**
 - Latest quarterly report [here](#)

CORPORATE

Full year results

The audited Financial Report for the year ended 30 June 2023 is expected to be released on 30 August 2023.

OUTLOOK

InvestSMART Managing Director, Ron Hodge, said “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 <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) Intelligent Investor <u>Select Value Share Fund</u> – 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.