

17 August 2023

Attention: Company Announcements

ASX Limited

By E-Lodgement

InvestSMART Group investor presentation

InvestSMART Group Limited ACN 111 772 359 (ASX:INV) (the **Company**) encloses a copy of its Investor Presentation

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

INVESTSMART

Helping all Australians grow and protect their wealth

ASX: INV

Investor Presentation

Dated 17 August 2023



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)
Select Value Fund incl. International (ASX: IISV)

Content and tools ecosystem (subscription based)

Intelligent Investor

Eureka Report

★★★★★ 4.6 (89 reviews)

Bootcamp for Beginner Investors

Set yourself up for financial freedom. Learn how to invest in today's market. **Total cost \$49.50**

Enrol now

Well recognised and active ambassadors in the Board and executive

Paul Clitheroe AM Chairman

Effie Zahos Non-executive Director

Alan Kohler AM Founding editor

Evan Lucas Chief market strategist

Company highlights

FY23

InvestSMART has built Australia's premier direct-to-investor wealth platform helping over 740,000 members achieve their financial goals through low-cost funds, content and tools ecosystem.

1 Digital Wealth Platform is delivering annual growth, achieved through trust, high quality content, technology, and innovative products. In the June 2023 financial year:

- Operating income grew by 6%
- Funds management fees are 17% higher than the prior comparative period
- Content-based subscription income is 2% higher than the prior comparative period

2 Three core products

1. InvestSMART Professionally Managed Accounts (PMAs) – invests in portfolios of ASX listed ETFs (capped fees)
2. Intelligent Investor – manages four of its own ASX listed 'active' ETFs (INIF, INES, IIGF and IISV)
3. Subscriptions – premium paid content through:
 - Intelligent Investor – research-based views on companies and investment themes
 - Eureka Report – commentary and insights, delivered by business commentator Alan Kohler

Low cost of customer acquisition through unique ecosystem

3 Well recognised ambassadors and visible Board

- Paul Clitheroe AM – Chairman
- Effie Zahos – Non-executive Director
- Alan Kohler AM – Editor-in-chief
- Michael Shepherd AO – Non-executive Director

Profit & loss HY23

(To be read in conjunction with InvestSMART Group Ltd Appendix 4E and Financial Report for the year ended 30 June 2023)

	FY2023 \$	FY2022 \$	%
Operating Income			
Management fees - funds	3,150,693	2,690,468	17%
Performance fees - funds	160,557	-	
Subscription income	5,375,493	5,278,786	2%
Commissions income - insurance	1,349,487	1,439,998	-6%
Other income	16,389	33,153	
Total operating income	10,052,619	9,442,405	6%
Operating Expenses			
Commissions rebates	395,632	452,369	-13%
Employment expenses	5,922,906	4,944,787	20%
Marketing costs	1,175,723	1,004,236	17%
Other operating expenses	3,185,766	2,939,478	8%
Total operating expenses	10,680,027	9,340,870	14%
Operating Profit/(Loss)	(627,408)	101,535	
Interest income	144,989	1,831	
Government grants	58,600	101,832	
Employee benefit expense and contingent payments	(148,379)	(513,308)	
Amortisation of intangibles	(570,688)	(570,688)	
Net gain on sale of subsidiary (AWI Ventures) and call option	-	14,299	
Income tax benefit	168,321	124,323	
Statutory Profit/(Loss) for the period	(974,565)	(740,176)	
Cash at bank (end of period)	7,812,214	8,080,119	-3%

Two main business areas
– the focus of InvestSMART moving forward

Revenue growth of 6%

Increase in team size for growth in a tight labour market

Scale marketing activity up/down opportunistically

Strong runway to grow the
business

Results highlights

FY23

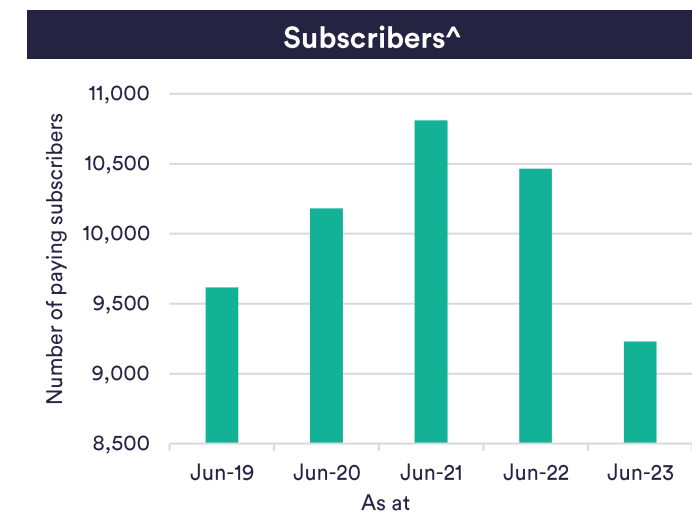
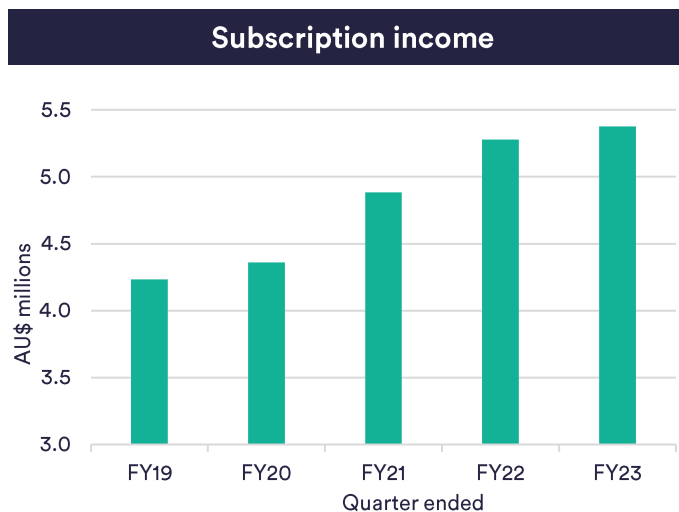
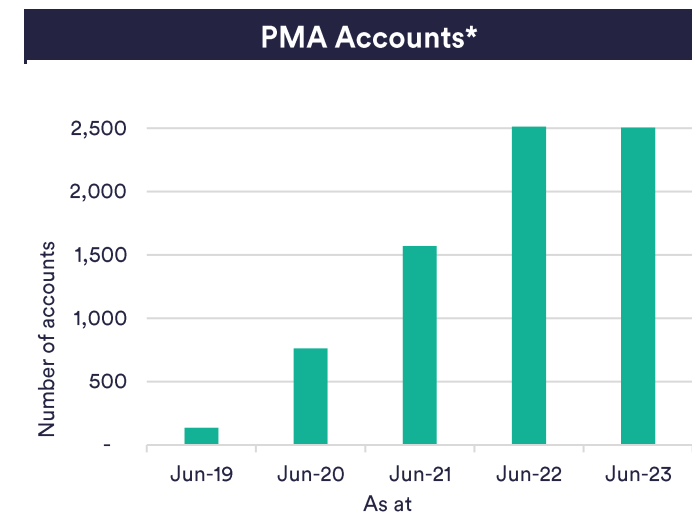
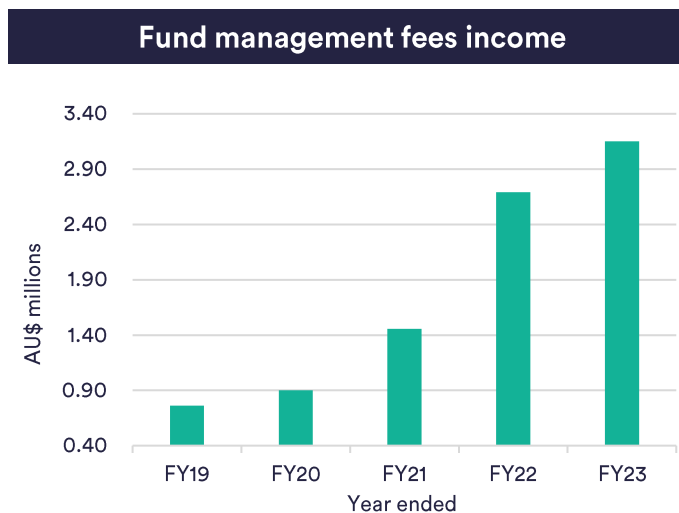
Digital wealth platform continues to deliver revenue growth.

FUM growth driven by:

- Targeted campaigns and organic growth in Professionally Managed Accounts
- Primary offer for Intelligent Investor Select Value Share Fund (ASX: IISV)
- Secondary offers for Intelligent Investor Funds

Subscription income growth driven by price increases:

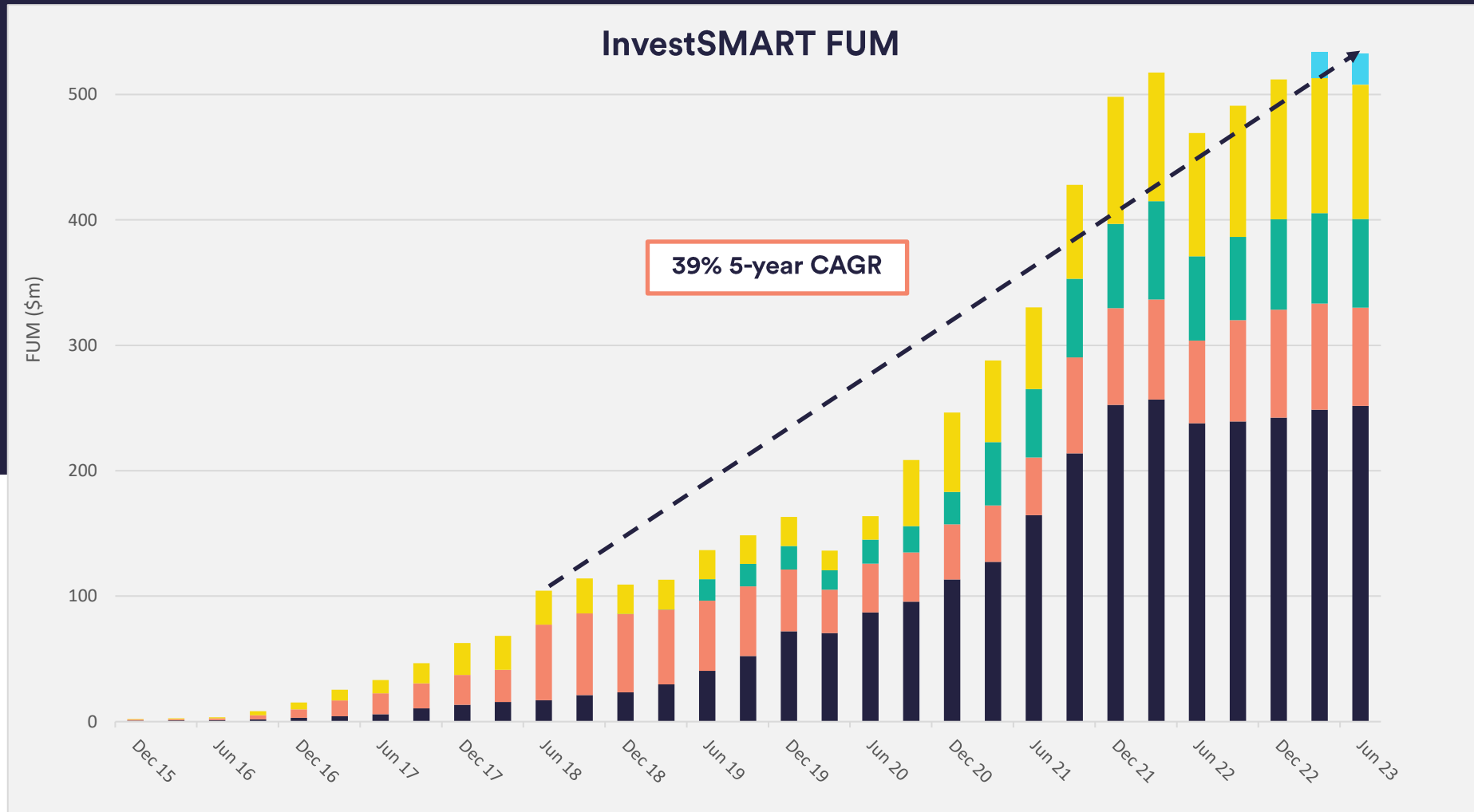
- Intelligent Investor
- Eureka Report



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

^Paying subscribers to Intelligent Investor and Eureka Report

Growth of funds under management (FUM)



PMA Capped Fee FUM = InvestSMART: 10 ETF portfolios (single and diversified across asset classes) which hold passive exchange traded funds

Equity Income Fund managed by Intelligent Investor and listed on the ASX (ASX: INIF)

Ethical Fund managed by Intelligent Investor and listed on the ASX (ASX: INES)

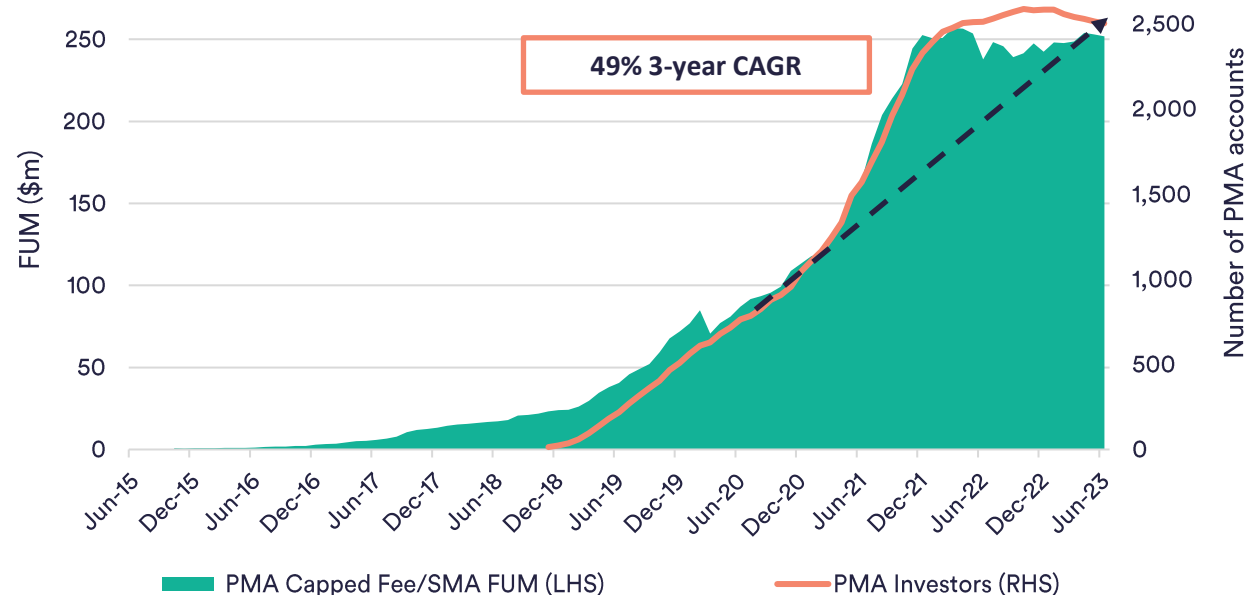
Growth Fund managed by Intelligent Investor and listed on the ASX (ASX: IIGF)

Select Value Fund (incorporates international stocks) managed by Intelligent Investor and listed on the ASX (ASX: IISV)

Funds under management

InvestSMART PMA capped fee FUM

- PMA accounts is our core growth engine for digital financial advice
- 5 diversified portfolios and 5 single asset portfolios which invest in passive ETFs
- Simple, low-cost fee structure of 0.55% capped at \$550 per annum. Minimum investment of \$10k
- Portfolios continue to outperform their peers
- During FY23 marketing pivoted to a younger demographic for growth through Fundlater
- Fundlater helps first time investors invest in a PMA Account. The investor deposits \$4,000 and is provided with a \$6,000 loan
- Increase in interest rates and cost of living had an adverse impact on new accounts and, to a lesser extent, retention of accounts through FY23
- Many clients have money in multiple portfolios across the platform



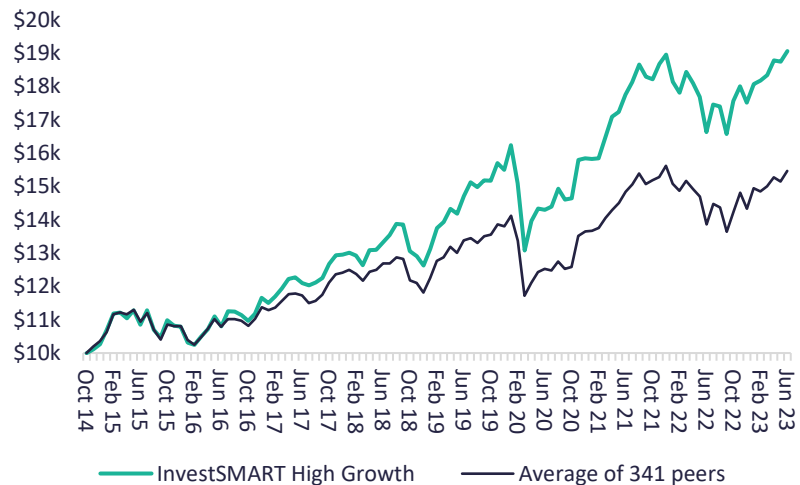
Professionally Managed Accounts was established in November 2018. Professionally Managed Accounts is a unique portfolio solution where the investor holds legal and beneficial ownership. The underlying securities are registered under their name, within the investment portfolio ("on HIN"). Prior to Dec 2018 investors were on the Premium platform.

InvestSMART Capped Fee Portfolios Performance

Our InvestSMART branded [Capped Fee portfolios](#) continue to outperform their peers^ (sample performance of 2 of 10 Portfolios). Performance is to 30 June 2023.

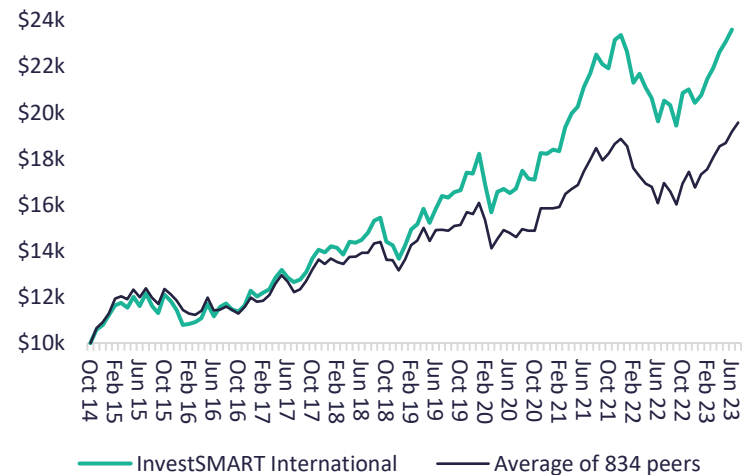
High Growth Model performance

(growth of \$10k)
Inception date 27 October 2014



International Equities Model performance

(growth of \$10k)
Inception date 27 Oct 2014



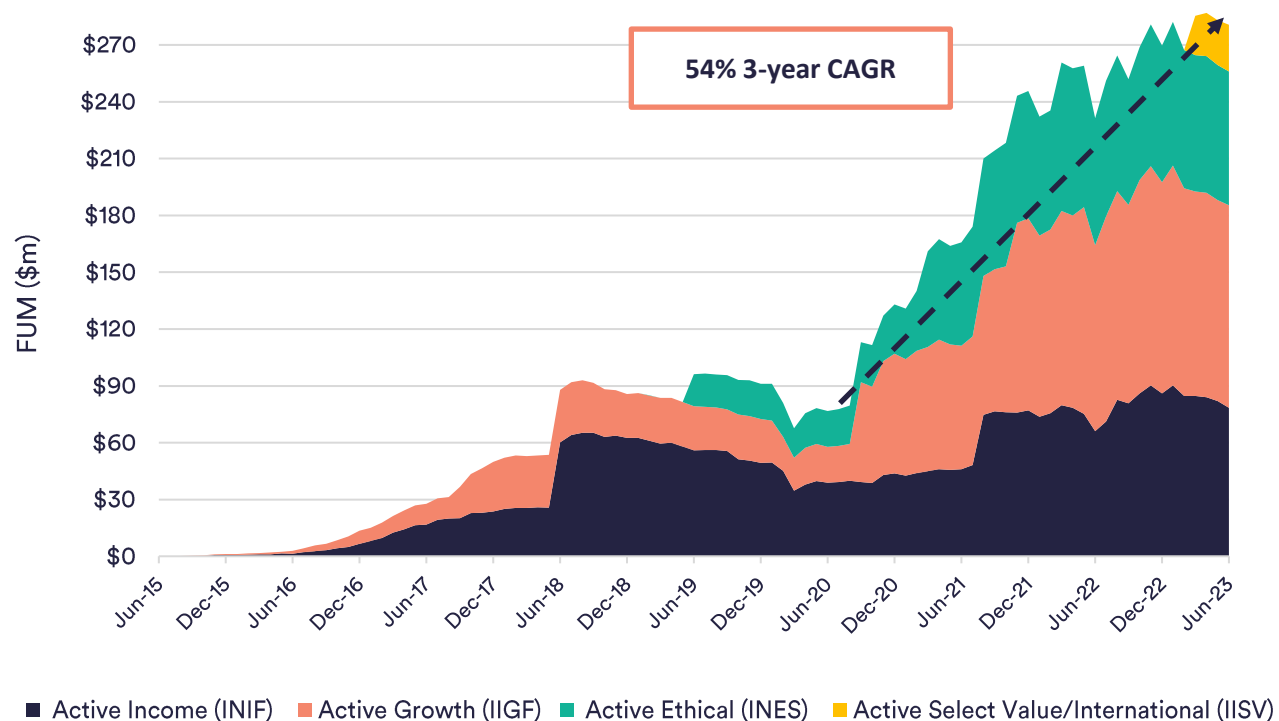
Capped Fees
Unique to InvestSMART our fees are 0.55% p.a. capped at \$550 for investments over \$100k

^ Performance figures are after management and admin fees excl. brokerage and assuming dividends re-invested and no withdrawals. Performance figures for periods greater than one year are annualised and presented as "per annum" values. The peer comparison figures have been sourced from Morningstar data and is therefore limited to the funds and investment products included in their database. This may not include all funds available for retail investment in Australia. The peer calculation is inclusive of admin and management fees; excludes brokerage and no withdrawals have been made. InvestSMART cannot determine whether or not franking has been included, nor if dividends have been reinvested. Whilst every care has been taken in producing these numbers, InvestSMART does not guarantee the accuracy of the figures produced in the table. Fee data may not include all costs being charged such as platform and adviser fees. For the effect of fees on your cumulative returns, please see our report [How Fees Can Destroy Your Wealth](#). Historical performance is not a reliable indicator of future performance.

Funds under management

Intelligent Investor active ETFs (ASX-listed)

- Intelligent Investor active ETFs are listed on the ASX, providing a convenient, transparent and reliable process for applications, withdrawals and pricing
- The Intelligent Investor Select Value Share Fund (ASX: IISV) listed on ASX on 31 March 2023 raising \$21 million in the primary offer
- IISV is the fourth listed Intelligent Investor fund and the first to incorporate internationally listed shares and performance fees
- Quarterly secondary offers for each Fund continued in FY23. We raised \$16 million in secondary offerings and \$26 million in on-market applications during FY23



All active funds have a management fee of 0.97%. Graph shows combination of all previous Active PMA / SMA accounts now recorded in the listed ETF's.

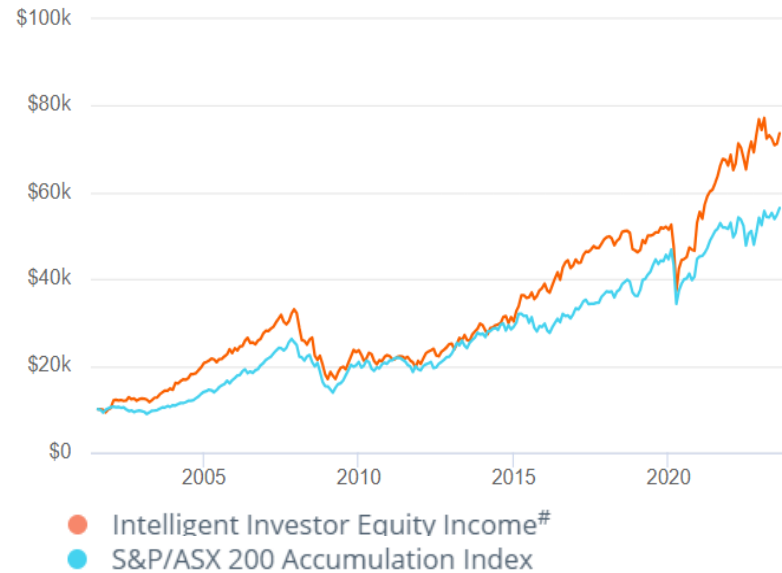
Active Intelligent Investor ETFs Performance



Our Intelligent Investor branded active ETFs. Since inception (SI), all 4 strategies have outperformed the relevant benchmark. Performance is to 31 July 2023.

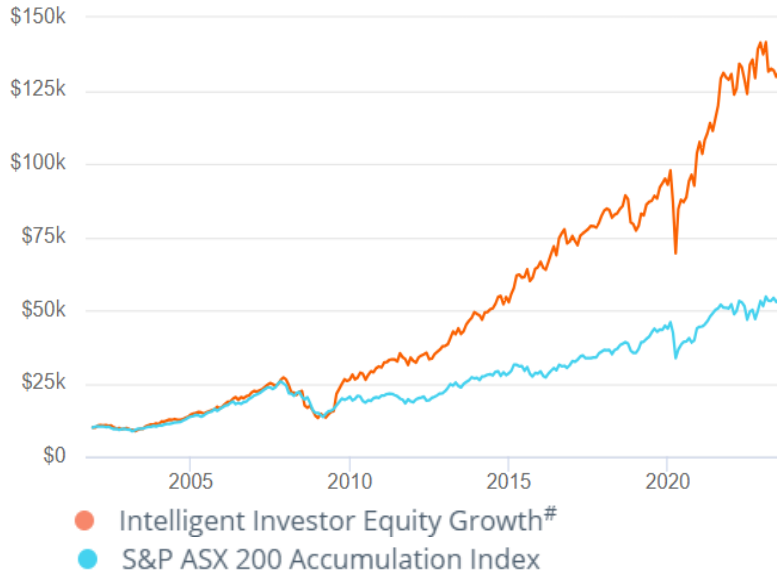
Equity Income Model Performance

(growth of \$10k)



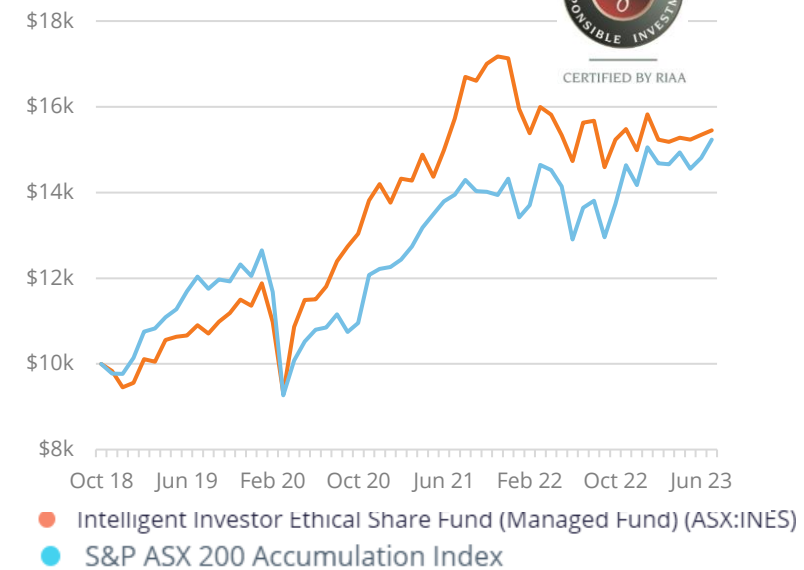
Growth Model performance

(growth of \$10k)



Ethical performance

(growth of \$10k)



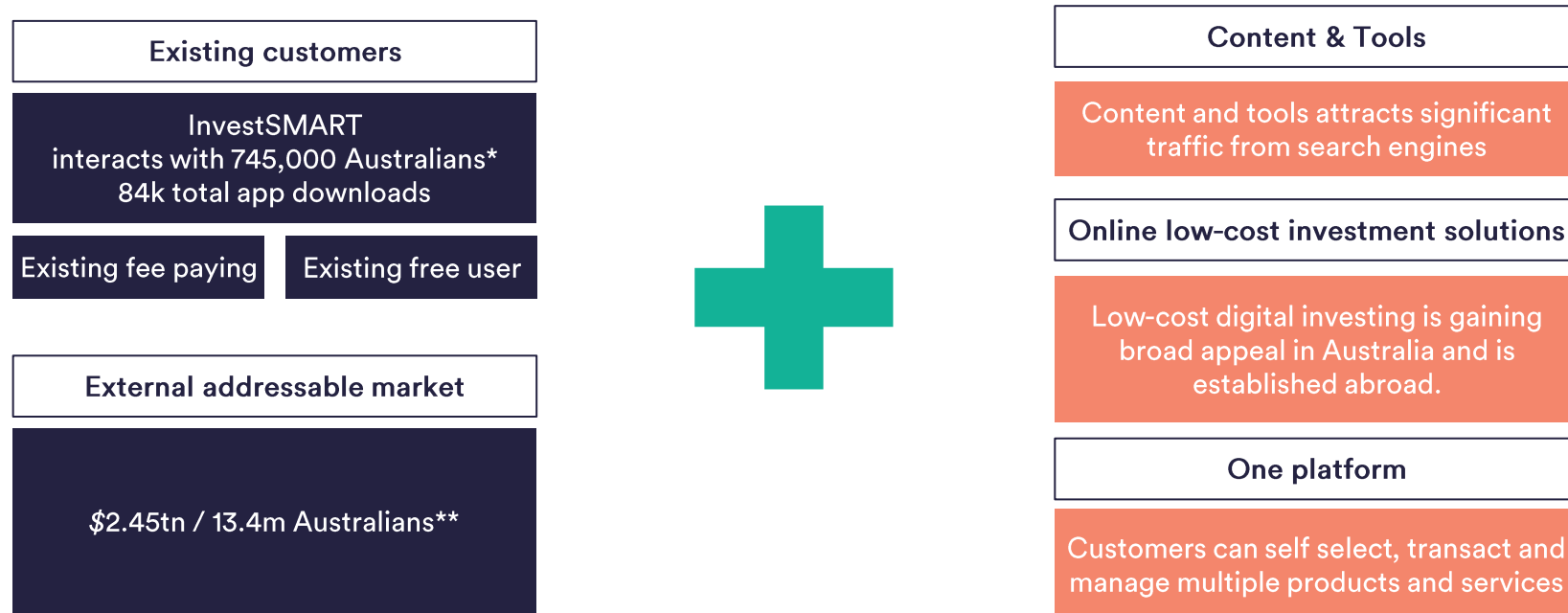
[#]The performance figures for the Intelligent Investor Income and Growth Model Portfolios are since inception on 1 August 2001 using theoretical buys and sells without brokerage and management fees until 1 July 2015. After the 1 July 2015 performance figures (after fees and brokerage) were recorded from the Separately Managed Accounts that mirrored these models. After 18 June 2019 performance figures (after fees and brokerage) have been recorded from the Australian Equity Income ETF (ASX: INIF) which mirrors the Income Model and after 5 October 2020 performance figures (after fees and brokerage) have been recorded from the Australian Equity Growth ETF (ASX: IIGF) which mirrors the Growth Model. Past performance may not be a reliable indicator of future performance.

RIAA's RI Certification Symbol signifies that a product or service offers an investment style that takes into account environmental, social, governance or ethical considerations. The Symbol also signifies that Intelligent Investor Australian Ethical Share Fund (ASX: INES) adheres to the strict operational and disclosure practices required under the Responsible Investment Certification Program for the category of Product. The Certification Symbol is a Registered Trademark of the Responsible Investment Association Australasia (RIAA). Detailed information about RIAA, the Symbol and Intelligent Investor Australian Ethical Share Fund (ASX: INES) methodology, performance and stock holdings can be found at www.responsiblereturns.com.au, together with details about other responsible investment products certified by RIAA. The Responsible Investment Certification Program does not constitute financial product advice. Neither the Certification Symbol nor RIAA recommends to any person that any financial product is a suitable investment or that returns are guaranteed. Appropriate professional advice should be sought prior to making an investment decision. RIAA does not hold an Australian Financial Services Licence.

Customer acquisition

InvestSMART can significantly grow FUM from existing and new customers attracted to its ecosystem

We have the content, tools, distribution and personnel to grow FUM direct to market from a large external addressable market



Measured:

- # Australian users
- # content subscribers
- # tool users
- # PMA accounts
- # portfolios set up
- # app Downloads
- # Fundlater Loans

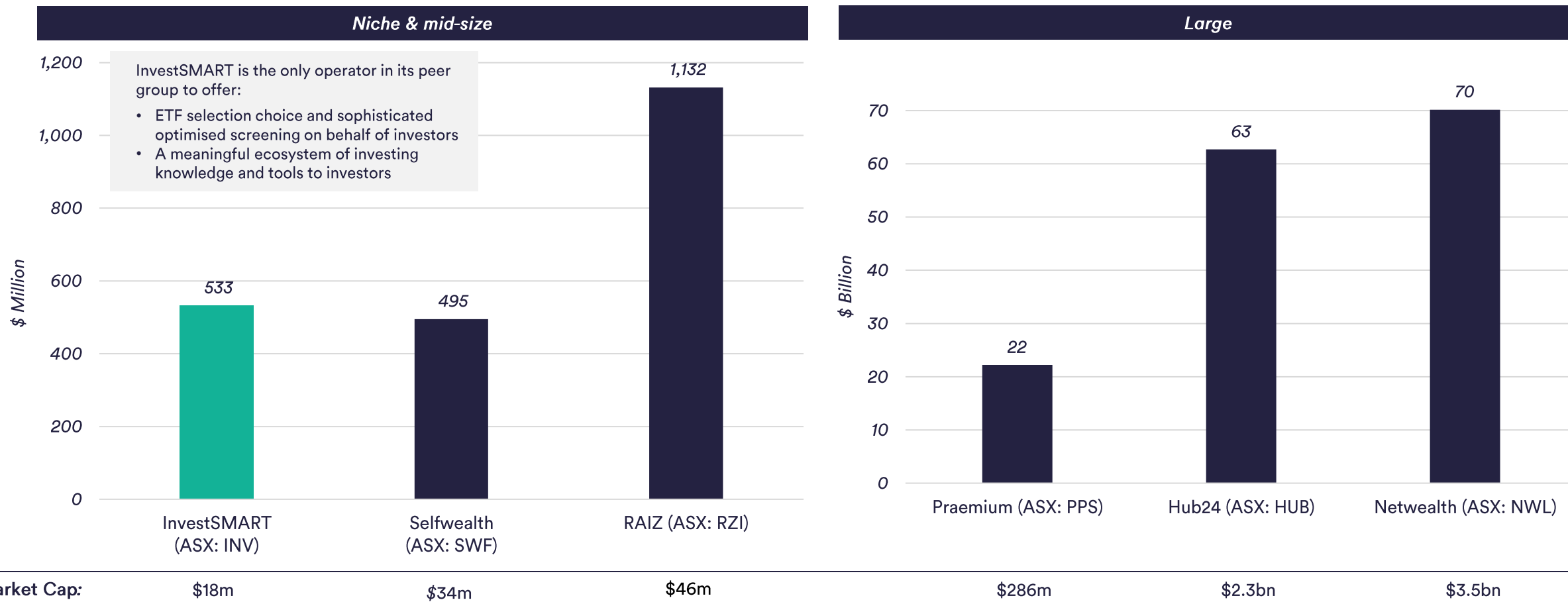
* Within the InvestSMART ecosystem - using or subscribed to InvestSMART's fee paying or free tools, content and investment products (under a capped fee model).

** 10.2m Australian Adults hold investments outside super & property plus 1.3m intending investors plus 1.8m lapsed investors = 13.3m Australians (ASX Investor Study 2023) / \$2.85tn held outside Super, 42% of this is Investment Property -> \$1.65tn held outside superannuation excl. investment property (Rice Warner report 2020), plus \$0.9tn in SMSFs (ATO March 2023) = \$2.54tn addressable market (excludes \$2.6tn in APRA regulated superannuation entities).

Company benchmarks

InvestSMART is a niche operator with a high potential to quickly grow into a mid-size player; highly scalable platform and service offering.

Funds Under Management / Advice



FUM is at 30/06/2023 (except SelfWealth – 31/03/2023), Market Cap per 15/08/2023

Selfwealth – broker, based on 'client cash held' (FUA: 'securities held on HIN' = \$8bn). Raiz – Includes Super FUM

Praemium – based on platform FUA (not FUM), excluding VMAAS non-custodial FUA; Hub24 – based on 'Platform FUA' / excluding non-custodial FUA; Netwealth based on platform FUA

Company corporate structure & holders

Capital structure	
Share price at 15 August 2023	\$0.13
- Ordinary shares on issue*	141.2m
- Market cap*	\$18.4m
- Market cap – excluding EDSP	\$14.4m
Net Tangible Assets (30/06/2023)	\$4.3m
Cash at bank (30/06/2023)	\$7.8m

Substantial shareholders	
Leyland Private Asset Management Pty Ltd	18.94%
Perpetual Limited	11.70%
Ron Hodge	9.90%

* Includes 30,326,664 EDSP (employee) shares. The lowest price for these shares is 15c. These shares consist of 27,481,664 shares issued in November 2020 divided into 3 equal tranches: 15 cents, 20 cents and 30 cents, 910,000 shares issued in September 2021 at 25c, 455,000 shares issued in September 2022 at 34c and 1,500,000 shares issued in March 2023 divided into 3 equal tranches at 45c, 60c and 75c.

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 740,000 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.

 INTELLIGENT INVESTOR

 eureka
report

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.

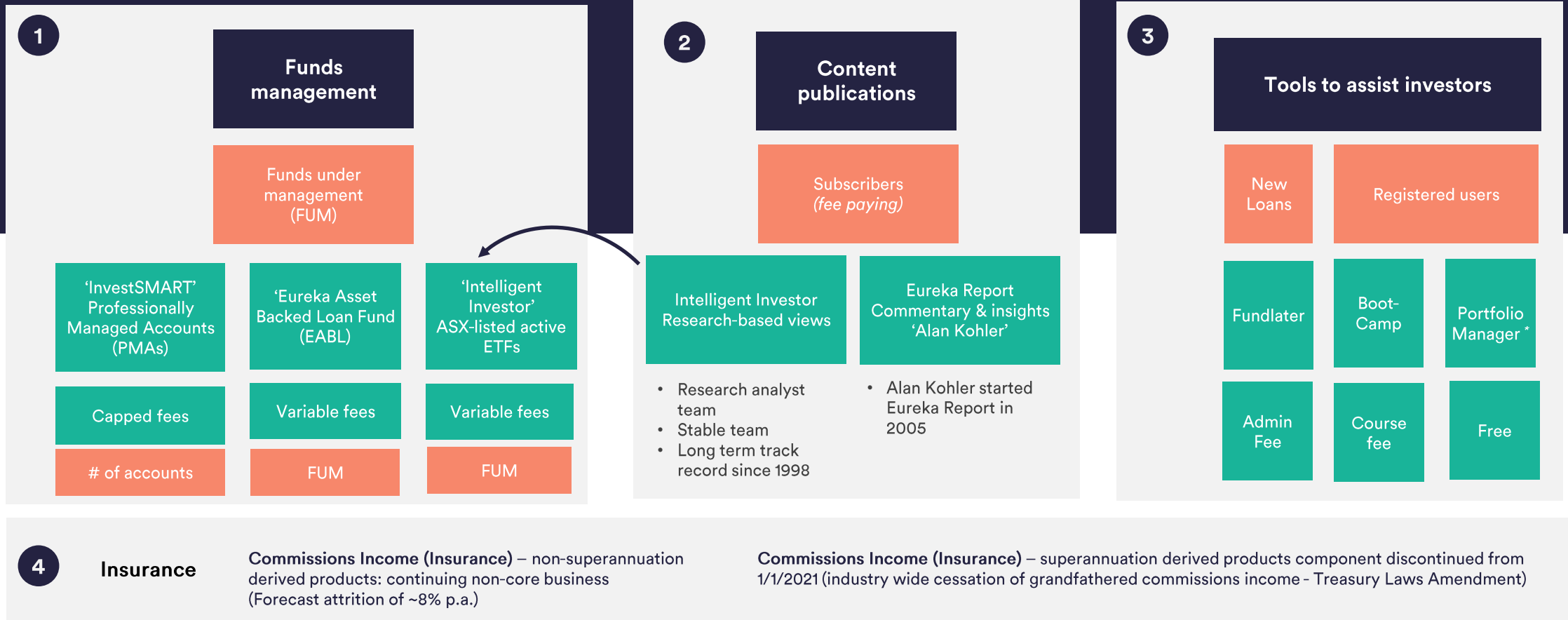
Investment tools developed by InvestSMART provide foundational knowledge for investors, such as through our short course **Bootcamp**, and free tools to monitor and assess investment performance via our **Portfolio Manager**.

* 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
\$533m
(at 30 June 2023)

Appendix 1: Unique digital wealth platform

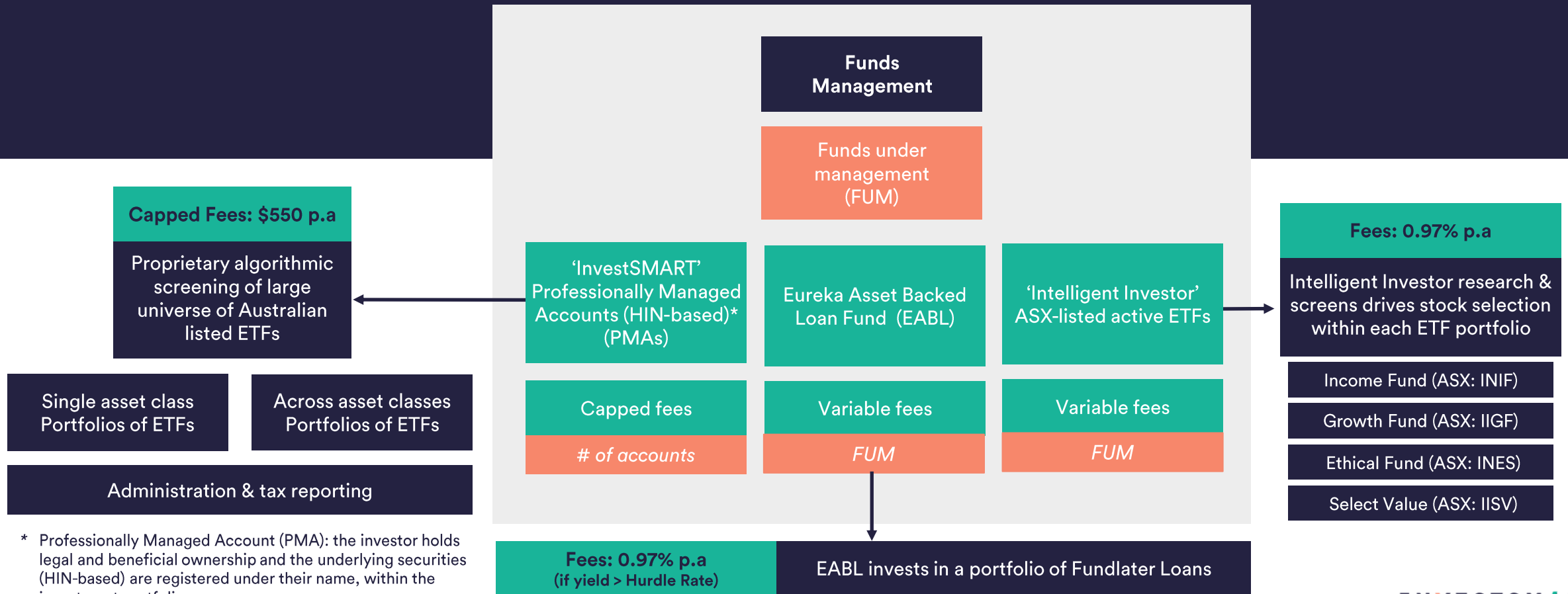
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= Key operating indicator

Appendix 2: Low-cost base enables low fees

Innovative HIN-based investing structures, algorithmic screening and self-directed online account administration within the ecosystem keeps costs low, fees low and profit margins high.



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

Thank you

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Disclaimer

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