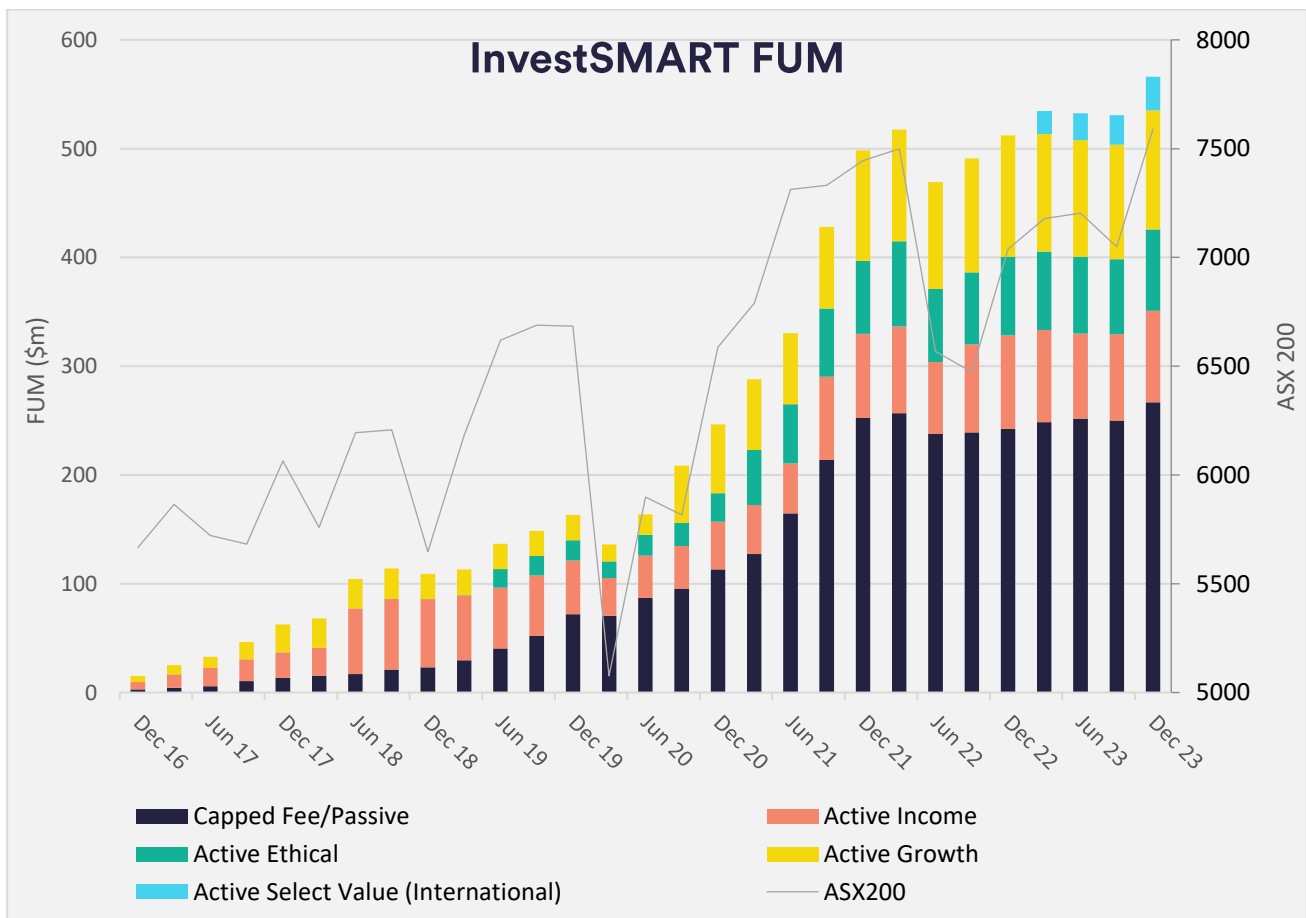


23 January 2024

Business update – quarter ending 31 December 2023

- Total Funds Under Management (FUM) is \$567 million at 31 December 2023, an increase of 6.6% compared to the prior quarter (September 2023 quarter).
- The Intelligent Investor and Eureka Report publications were merged. The focus of the business remains growing Funds Under Management with low single digit growth in Subscriptions revenue. We believe this merger will augment these goals. Refer to the [separately released ASX announcement](#) for further information.
- Effie Zahos appointed as Chief Content Officer. Refer to the [separately released ASX announcement](#) for further information.



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 December ended quarter, Q2 FY2024.

FINANCIAL RESULTS

	FY2024 Q2 December quarter \$	FY2024 Q1 September quarter \$	%
Operating Income			
Management fees - funds	813,342	820,053	-0.8%
Subscription income	1,202,438	1,234,810	-2.6%
Commissions income - insurance	325,485	340,104	-4.3%
Other income	5,912	4,894	
Operating income	2,347,177	2,399,861	-2.2%
Operating Expenses			
Commissions rebates	91,740	112,795	-18.7%
Employment expenses	1,374,099	1,559,894	-11.9%
Marketing costs	164,869	179,050	-7.9%
Other operating expenses	861,078	809,045	6.4%
Total operating expenses	2,491,786	2,660,784	-6.4%
Operating Profit/(Loss)	(144,609)	(260,923)	
Cash at bank (end of period)	6,856,225	7,439,068	-7.8%

* Quarterly results are prepared by management and are unaudited.

Operating income decreased by 2% to \$2.35 million (Q2 FY2024 v Q1 FY2024).

Income from management fees - funds is down 0.8% to \$813k in Q2 FY2024 compared to the prior quarter. Funds Under Management (FUM) increased by 6.6% over the quarter to \$567 million at 31 December 2023. The majority of the increase in FUM occurred at the end of the quarter which should result in proportionally higher FUM fees for the March 2024 quarter, market movements notwithstanding.

Subscription income declined by 2.6% to \$1.2 million in Q2 FY2024 vs \$1.23 million in Q1 FY2024. Total subscriber numbers increased during the quarter by 0.4% to 8,826.

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

Commissions income from insurance decreased by 4.6% compared to the September 2023 quarter. Management expects a previously communicated attrition rate of ~8% to continue.

Employment expenses are down by 12% as we reduced total staff from 41 at 31 July 2023 to 36 at 31 December 2023.

Cash at bank reduced by 7.8%. A large cohort of subscribers renewed in advance in June 2023 which resulted in lower receipts during the higher renewal months of November and December. Our annual business insurance premiums (\$348k incl. GST) were paid in full during the quarter. Payment of cash back commission rebates is seasonally highest in the month of December.

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).

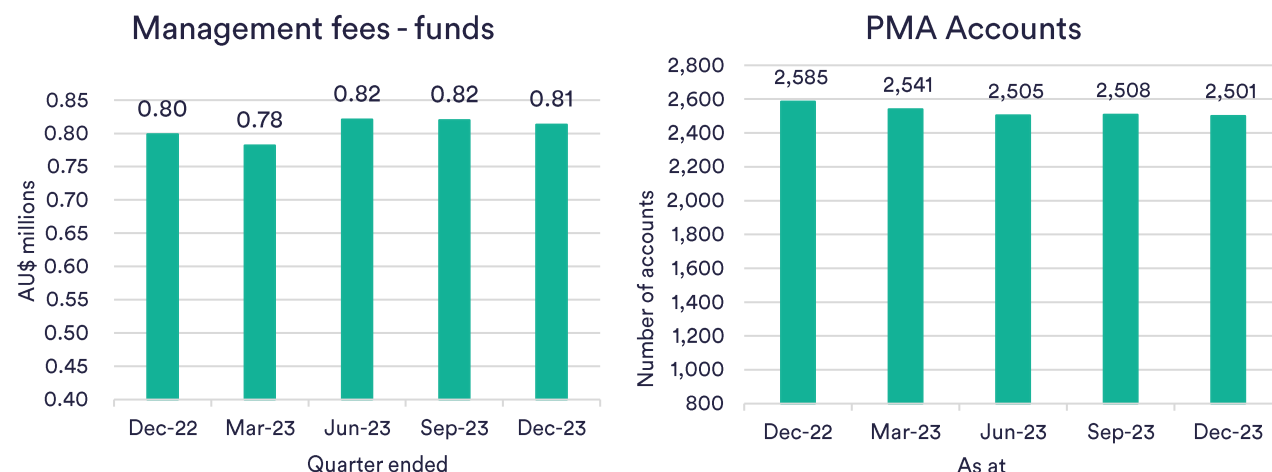
Retention of FUM remains healthy, however new clients are adopting a conservative posture to investing in new accounts.

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) was flat at 2,501 accounts at 31 December 2023 compared to 2,508 accounts at 30 September 2023.

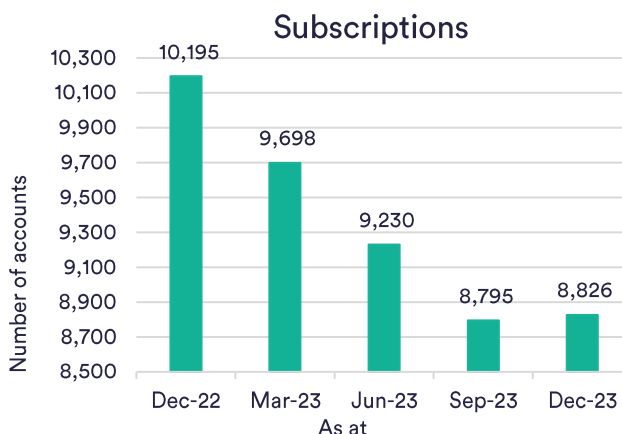
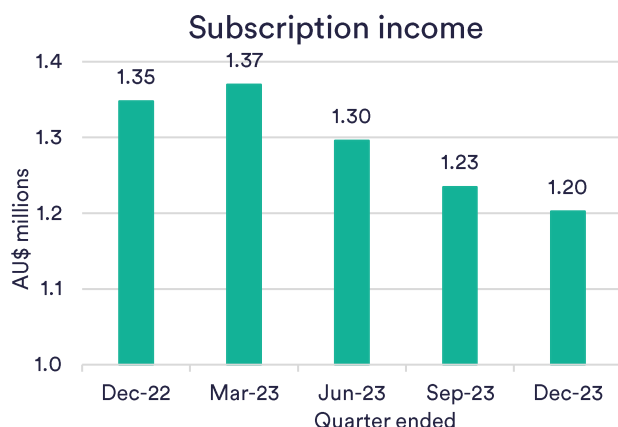
Intelligent Investor ASX listed ETFs

Total funds under management (FUM) across Intelligent Investor investments (under a variable fee model) is \$300 million at 31 December 2023, a 6.5% increase compared to 30 September 2023.



Subscriptions

Subscription income from fee paying subscribers to our *Intelligent Investor* and *Eureka Report* content-driven publications declined by 2.6% compared to the prior quarter to \$1.20 million. Total subscribers increased by 0.4% to 8,826 subscribers at 31 December 2023. Similar to our observations on FUM growth we were not able to attract the volume of new subscribers we typically experience during this quarter. The merger of Intelligent Investor and Eureka Report is designed to ensure a more coherent and streamlined reader experience for members. It will also have the added benefit of reducing the administrative burden on our developers and focus marketing efforts on only one subscription product.



PRODUCTS AND SERVICES

In January 2024 we will release an updated InvestSMART website which will focus on digital advice. The positioning of the Portfolio Manager as an advice tool is also currently under review.

Treasury provided an update to the Delivering Better Financial Outcomes review during the quarter. Treasury stated “Legislation is expected to be progressed to the Parliament for consideration before the end of 2024, pending other government priorities.” In particular the review aims to unburden advice by replacing Statements of Advice with a principles-based advice record. It is expected that the Life Insurance Framework will remain intact. Life insurance remains a key part of our vision to help all Australians grow and protect their wealth.

MARKETING

The [appointments of Effie Zahos](#) and Maria Bekiaris are effective from 15 January 2024. Marketing will be focussed on content which will form the bedrock for digital retargeting, 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

Half-year results

The financial report for the half-year ended 31 December 2023 is expected to be released on 28 February 2024.

Annual General Meeting

InvestSMART held its FY2023 AGM on 22 November 2023. All resolutions put to shareholders were passed. Chairman Paul Clitheroe's address and Managing Director Ron Hodge's presentation slides can be viewed [here](#).

Appointment of Effie Zahos

The appointment of Effie to an executive role necessitated her resignation as an independent Board member. For further information see the [ASX announcement](#).

OUTLOOK

InvestSMART Managing Director, Ron Hodge, said "Funds under management growth has been slow since the current downturn began in the first quarter of calendar year 2022. During the December quarter inflation stabilised and consumers appear to be adjusting to higher interest rates. Whilst it is frustrating to have experienced a flat period we look forward to the new year with more optimism in the knowledge that we have the products, personnel and experience to continue an upwards trajectory. We are excited to have Effie join the team as an executive on our journey."

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.

Every day we interact with 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 \$567m (at 31 December 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.

Intelligent Investor is a membership-based content publication developed to assist investors. Intelligent Investor provides research-based views on companies and investment themes together with The Eureka Report team, founded by Alan Kohler, which 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.