

27 November 2019

Attention: Company Announcements
ASX Limited

By E-Lodgement

ANNUAL GENERAL MEETING OF INVESTSMART GROUP LIMITED (ASX:INV)

COMMENTS BY THE CHAIRMAN AND PRESENTATION BY MANAGING DIRECTOR

The strategy of the company has consistently been to streamline its business units, offering our customers and visitors a range of services and products that allow them to take control of their financial future.

Reflecting on our outlook provided this time last year, the Board is satisfied with some parts of our results in FY19 but not with others. Investment in our brand and broader market in the 1st half of FY 19 did not result in the expected traffic, engagement and conversion to funds under management we were expecting.

The Board remains confident in InvestSMART's long term strategy to be Australia's #1 digital wealth platform for all Australians looking to take control of their own investments and financial goals. Ongoing regulatory oversight on financial institutions, especially financial planners, will continue to drive up the cost of personal advice, putting it out of reach for most Australians. Our core strategy is to continue to build investors in our capped-fee Professionally Managed accounts and modestly grow subscribers in our financial commentary and research services, Eureka Report and Intelligent Investor.

Ron Hodge, our CEO will shortly give us a detailed presentation but I would like to mention a few highlights:

- In December 2018 we completed the acquisition of The Constant Investor which resulted in the return of Alan Kohler to the Eureka Report, a publication which he founded in 2005. Since coming back, Alan has further improved and stabilised retention rates whilst increasing the number of new subscribers.



- In June 2019, we launched our second ASX listed Managed Fund product, Intelligent Investor Australian Ethical Share Fund. This fund combines the research expertise of our Intelligent Investor analysts with the demand we see for investment in companies which meet sound Environmental, Social and Governance principles.

The previous financial year was largely impacted by the Royal Commission and its findings which, in combination with volatile markets, created uncertainty. The Australian legislative framework for financial services will continue to evolve over the coming year however we believe that InvestSMART is well placed to take advantage of the opportunities that have been presented by change.

As announced in our September business update, the Board has engaged Berkshire Global Advisers to assess growth options available to the Company and advise the Board on the best way to capitalise on the Group's strong distribution capabilities and brand equity in its stable of services.

The review is still only in its early stages and we hope to receive indicative proposals on growth options from interested parties in December this year. We will, of course, keep the market updated of any material information in accordance with our disclosure obligations.

I would like to now invite Mr Ron Hodge, our Managing Director, to address the meeting.

INVESTSMART

Investing made simple



INVESTOR UPDATE | NOVEMBER 2019

OUR MISSION

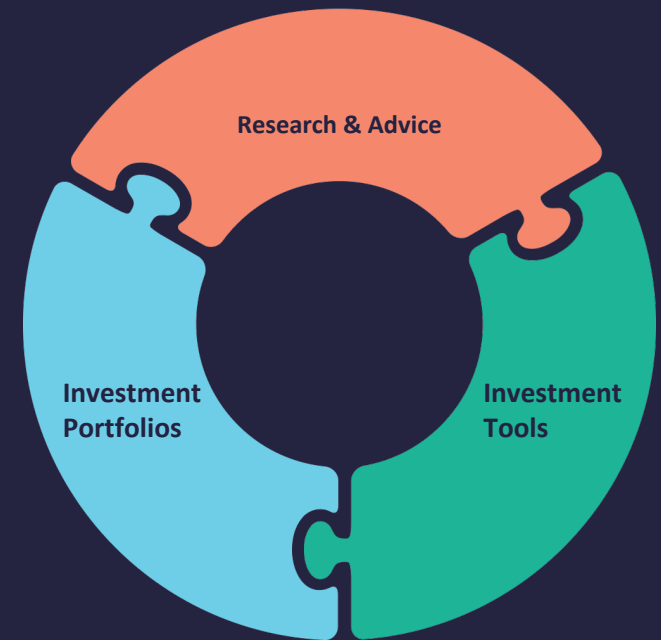
To help all Australians grow and protect their wealth.

WHY?

Because we believe people should be able to take control of their financial future. And it shouldn't be hard or expensive to do so

HOW?

By providing innovative tools, research and advice that people can trust, empowering them to make better investing decisions.



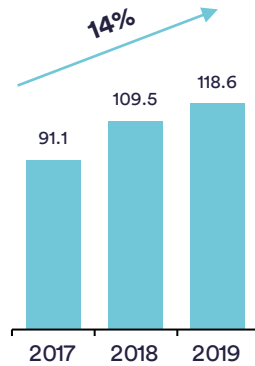
FY19 FINANCIALS

InvestSMART is debt free and finished the year with a cash balance of \$4.4 million.

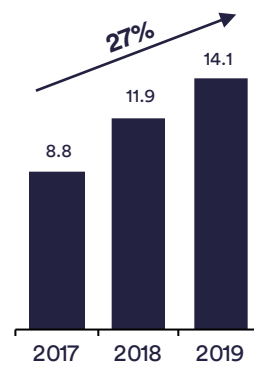
	FY19	FY18
Commissions Income - Fund Managers	4,610,068	4,935,931
Commissions Income - Insurance	1,788,701	1,933,307
Funds Management Income	764,953	347,667
Subscription Income	4,235,400	5,005,675
Other Income	7,142	252,678
Total Income	11,406,264	12,470,555
Commission Rebates Paid	1,779,800	1,920,662
Employee Costs	5,767,717	5,537,570
Marketing Costs	1,509,210	1,897,204
Other Expenses	2,748,274	2,396,101
Total Operating Expenses	11,805,001	11,751,537
Operating Profit / (loss)	(398,737)	719,018

FY19 HIGHLIGHTS

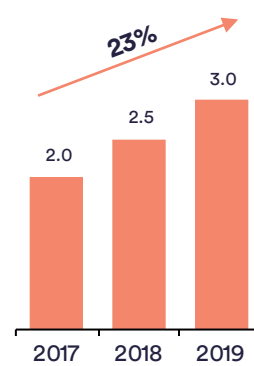
InvestSMART saw significant growth over the last year in traffic to website, new users, engagement in Portfolio Manager and funds under management



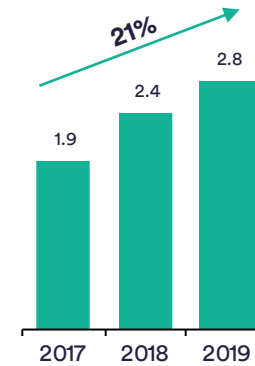
Total number of portfolios set up through proprietary Portfolio Manager (PM) (000s)



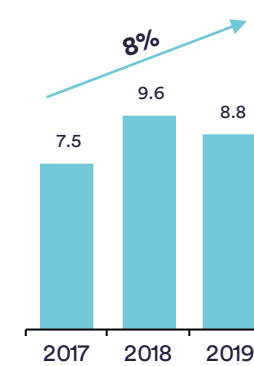
Value of Portfolio shares in PM (A\$B)



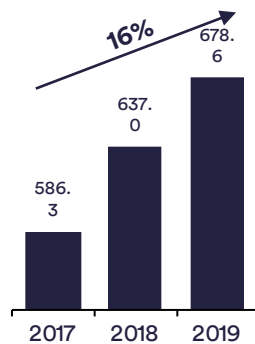
Value of Portfolio funds in PM (A\$B)



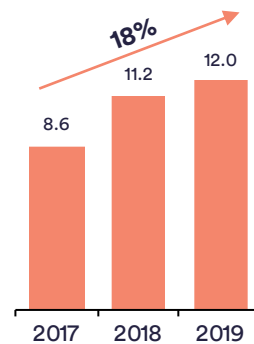
Value of Portfolio cash in PM (A\$B)



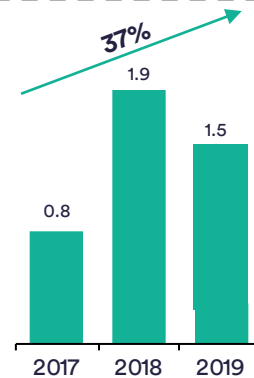
Value of Portfolio property in PM (A\$B)



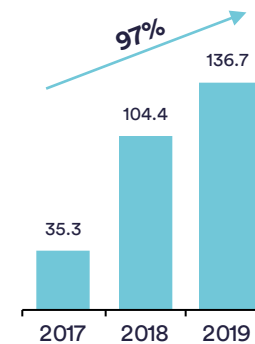
Active prospective database members (000s)



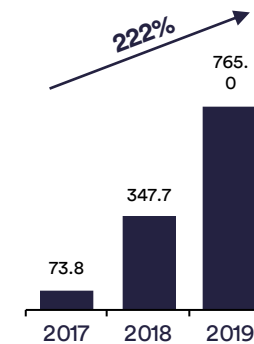
Pageviews (MM)



Marketing Costs (A\$MM)



Retail funds under management (FUM) (A\$MM)



Retail FUM revenue (\$000s)

Source: Company Materials at June 2019

BUILT FOR GROWTH



InvestSMART has built an enviable digital direct wealth platform which attracts nearly 5million Australians per year to its InvestSMART, Eureka Report and Intelligent Investor websites.



InvestSMART is at the forefront of digital advice in Australia, catering to over 680,000 members, 118,000 of them using our online portfolio manager, 9,400 subscribers to Eureka Report and Intelligent Investor and 3,500 investing more than \$150m in our funds as at 31 October 2019.



InvestSMART continues to attract and retain quality personnel with known media profiles to become ambassadors for the InvestSMART brand.



Even though The Hayne Royal Commission will affect InvestSMART's historical commission revenue in the period to 1 January 2021, it has also changed popular opinion to make InvestSMART's digital low-cost services even more appealing to retail direct investors.



InvestSMART is better positioned than most to become one of the dominant players in the emerging online wealth industry in Australia.

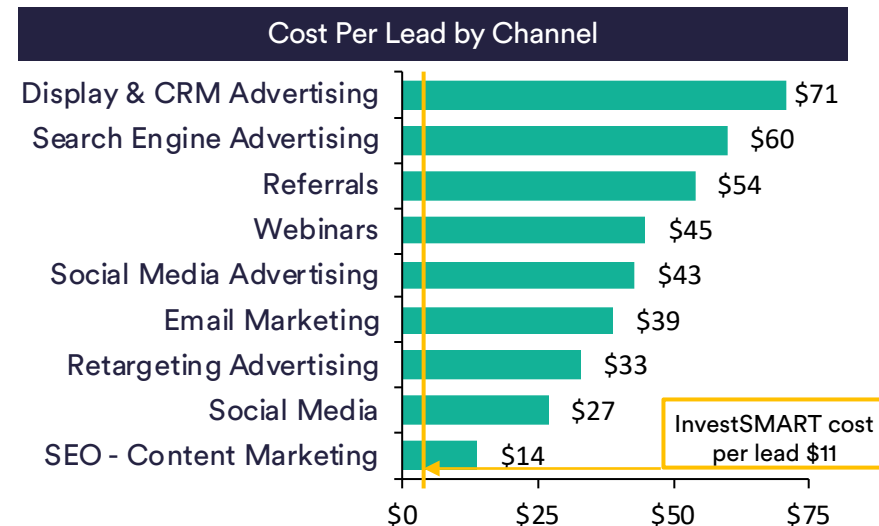
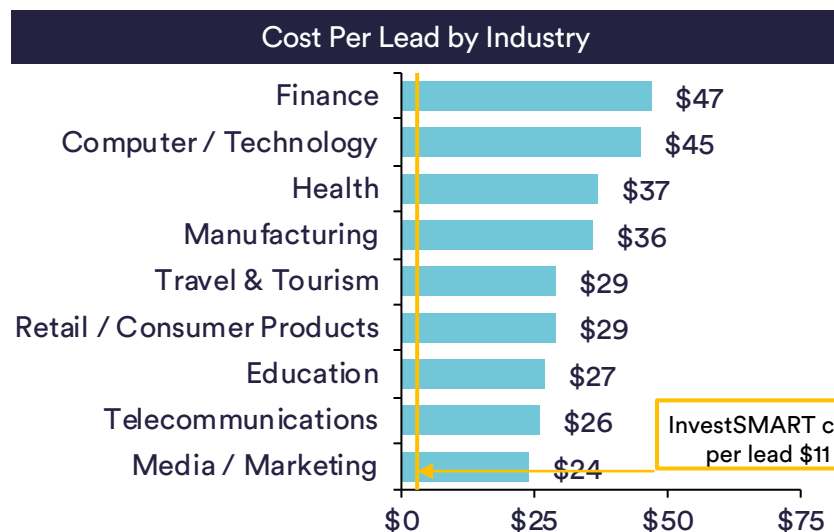


OUR PLATFORM ADVANTAGES

1 Ahead of its Time	<ul style="list-style-type: none">InvestSMART's direct wealth platform is ahead of its competitors providing InvestSMART with significant and unparalleled first mover advantages and engagement with a large share of the retail market
2 Superior Engagement & Large Membership Base	<ul style="list-style-type: none">InvestSMART has successfully proven its ability to build and engage with its target market and achieve significant cost advantages in engaging and retaining a strong mass market retail client base
3 Strong Brand Equity	<ul style="list-style-type: none">Long standing and current ties to trusted names in mass media, as well as unique access to commercial media channels, have created a well-known, well-respected, house-hold brand for financial services
4 Operating & Cost Advantages	<ul style="list-style-type: none">Unique and strong marketing along with brand equity has led to a lower cost per click, high response rates and significantly lower customer acquisition costs compared to industry benchmarks
5 Strategic Timing	<ul style="list-style-type: none">A combination of market forces, structural changes in retail distribution and regulatory disruptions distinctively puts InvestSMART's technology and its digital wealth platform in a prime position to be a leader in direct to consumer distribution for financial services
6 Quality Content	<ul style="list-style-type: none">InvestSMART consistently produces relevant, thorough, digital rich and engaging content which is consistently used or referred to by mainstream media channels driving significant SEO traffic to its website
7 Consistent AUM Growth	<ul style="list-style-type: none">InvestSMART has experienced strong growth since 2017 in converting members and subscribers to investors in its branded funds and subscription services, a trend that is gaining momentum
8 Robo Advice Enable	<ul style="list-style-type: none">InvestSMART's differentiated approach to robo advising through trusted rich content, simple portfolio construction tools and low-cost products has the potential to create significant disruption in the industry

OUR MARKETING ADVANTAGES

InvestSMART's reach and market penetration continues to grow due to its engaging trusted rich content, simple portfolio construction tools and low-cost products

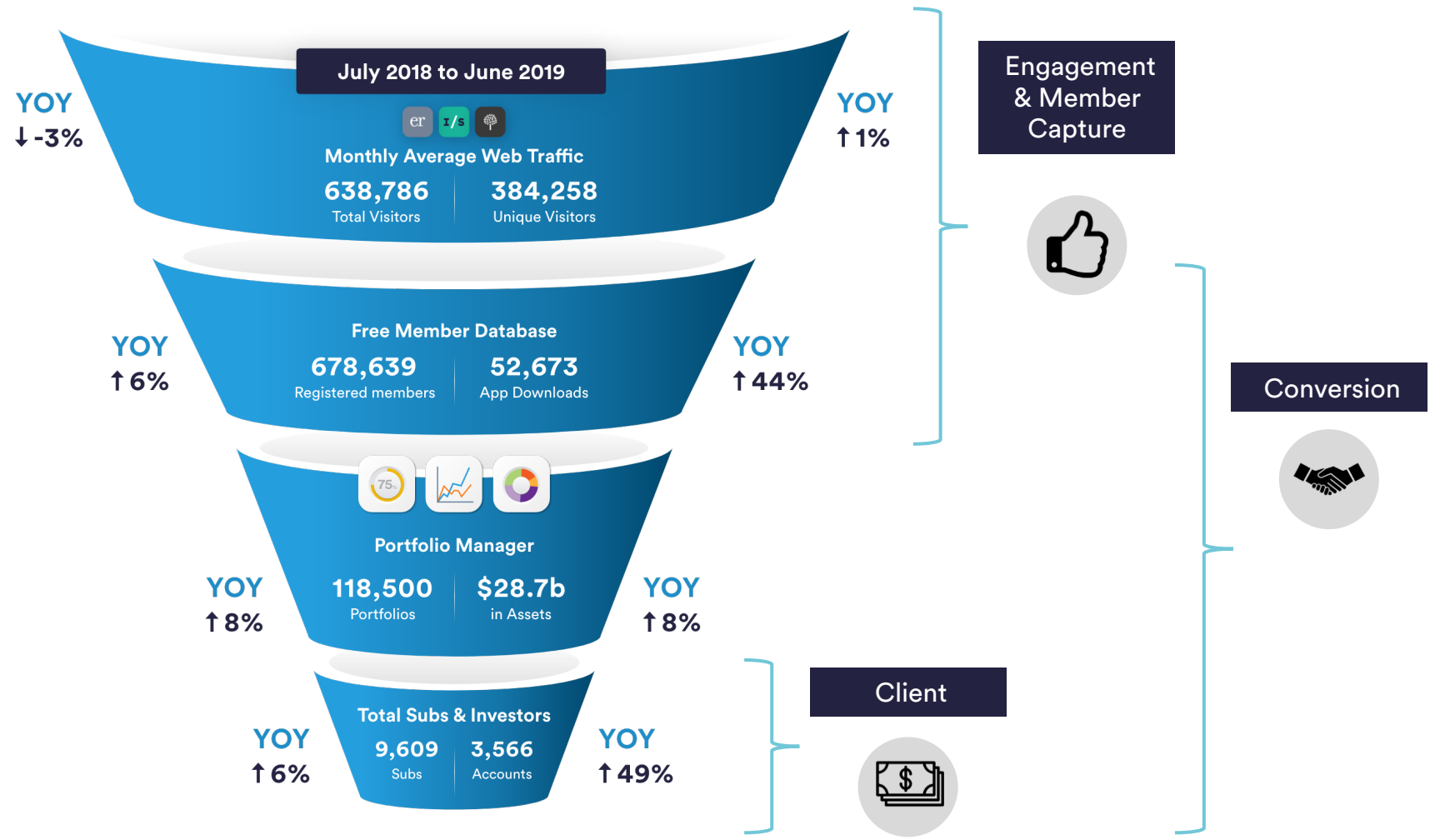


For many fintech businesses, expanding the client base necessitates substantial spending among market participants to draw eyes and ears to their own offerings

- Across the industry, cost per new customer lead averages out to about \$35
 - InvestSMART by comparison averages a mere \$11 cost per new customer lead, providing a key competitive edge
- InvestSMART's Search Engine Optimisation (SEO) is a crucial first step, bringing interested parties to the table where they can be converted into revenue-generating clients
 - **The InvestSMART Group has published over 119,000 articles and digital content since 1998, which have a high number of relevant, searchable financial key words used by Google's search algorithms**
 - The breadth of the InvestSMART platform network, combined with the recognition its brand name commands, allows us to attract millions of eyeballs at virtually no cost
 - **In the past year, InvestSMART received 4.6 million unique online visitors on an annual marketing spend of \$1.5MM, translating to roughly \$0.32 per unique visitor**
- InvestSMART's client acquisition strategy is driven largely by Search Engine Optimisation in conjunction with targeted social media and Search Engine Marketing

FOCUSED ON CONVERSION

InvestSMART’s client conversion from members to users to subscribers and investors continues to improve



FUNDS UNDER MANAGEMENT BUSINESS

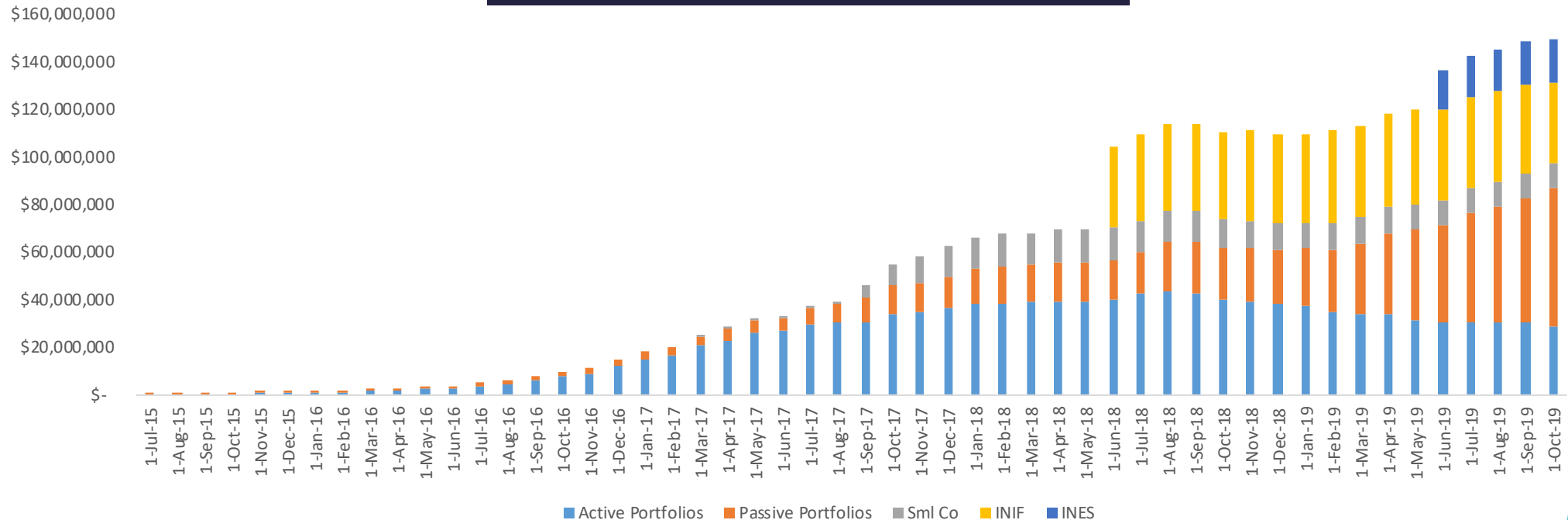
Low Cost Passive Portfolios

- Our low-cost capped fee ETF portfolios continue to outperform their peers and gain traction with the retail market.
- Many of our capped fee clients at \$451 p.a. are investing in other products and services with InvestSMART Group.
- October 2019 was our best month on record with inflows of \$7.3m. Notably many clients are now increasing their original investment and starting an ongoing contribution plan.

Active Portfolios , Small Coy and Listed investments

- After a period of poor performance suffered by most Value Investor funds, our active portfolios have enjoyed good performance over the last several months.
- INES – our Ethical Fund was listed as an Active ETF in June 2019 and continues to perform well and grow.
- All our active portfolios have a management fee of 0.97% with no performance fees except our Small Company fund with a 20% outperformance above cash and its benchmark.

InvestSMART Group Funds Under Management



FUNDS UNDER MANAGEMENT CONVERSIONS

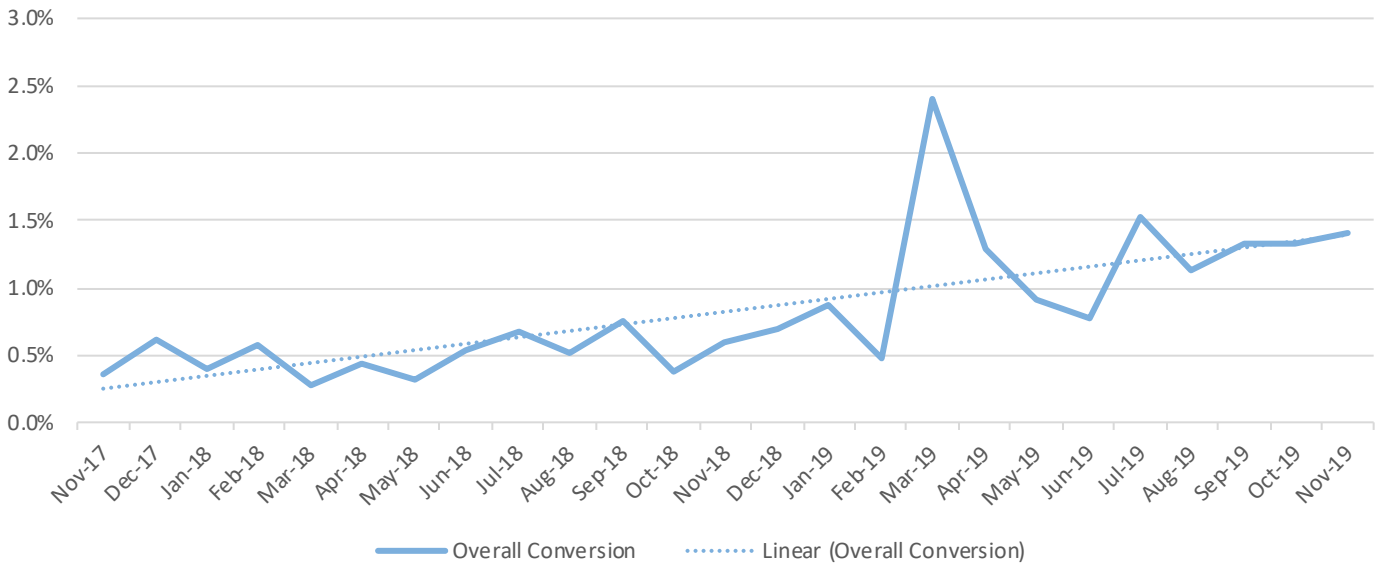
FUM conversions

- Fund flows to our passive low-cost capped fee funds continue to be greater than all other products within the business
- Improving performance in our active funds is starting to see improved flows to these products
- Recently splitting our website into three distinct services InvestSMART (passive capped fee funds), Eureka Report and Intelligent Investor is improving our conversions across the business.

Capped Fees

- Many Investors are topping up their original investments to get to the cap or starting ongoing contribution plans.
- Building trust with our investors is paramount to our business success. Low cost capped fees is resonating well with investors after the Royal Commission.
- On the back of this trust, many of our investors are investing in other services/products within the InvestSMART Group.

New Leads to PMA Funded Apps Ratio



SUBSCRIPTION BUSINESS

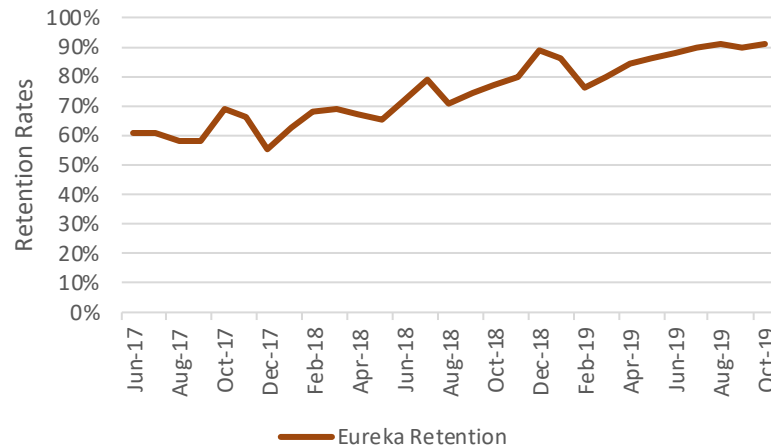
Eureka Report Overview

- Several changes to our website , product offering, and the return of Alan Kohler in Dec 2018 are having a significant positive affect on retention rates.
- Retention rates around 90% is unprecedented in our business and most likely other similar businesses.
- The platform has approximately 9,400 subscribers, with majority signed up to both Eureka Report and Intelligent Investor.

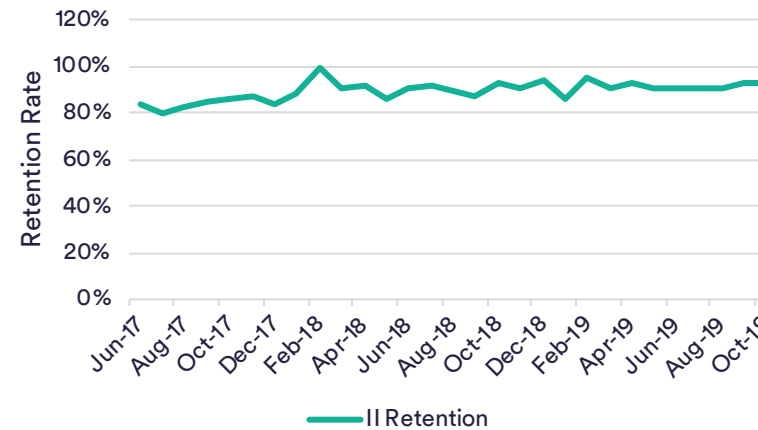
Intelligent Investor Overview

- Again recent changes to our website and splitting out all our services into their own micro sites has improved retention.
- Pleasing to note that with the relaunch of the website earlier this year, all services are now on the same technology infrastructure, making it much more cost effective, easier to maintain and improve in the future.

Eureka Report Retention Rate %



Intelligent Investor Retention Rate %



SUBSCRIPTION CONVERSION

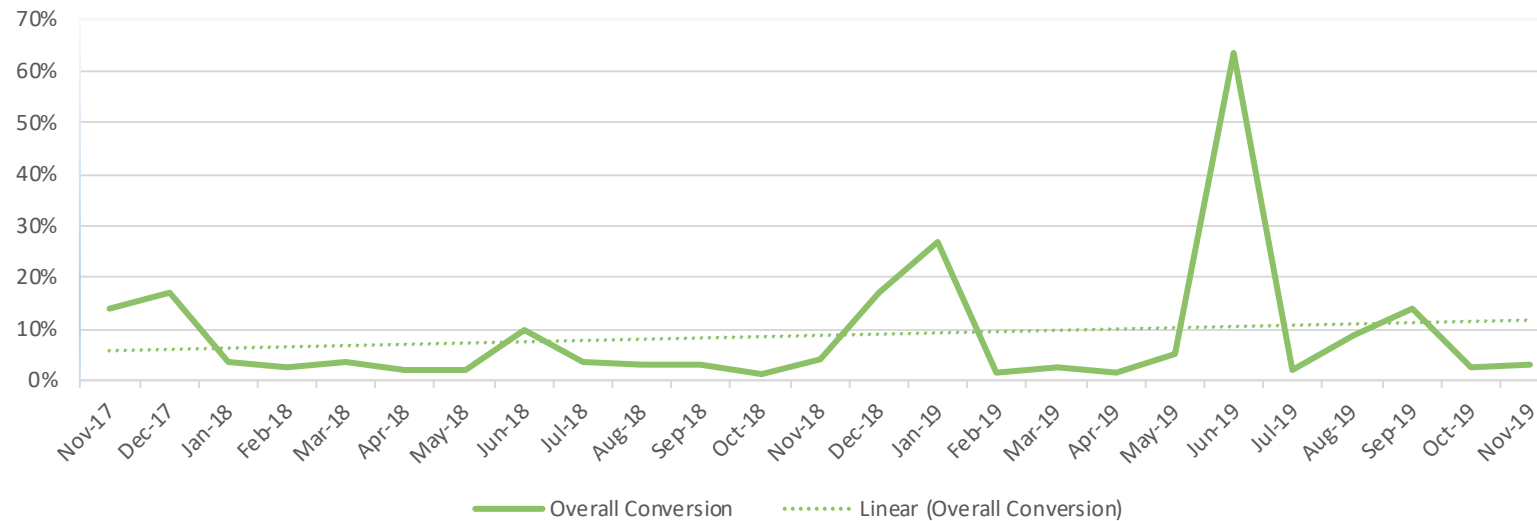
Subscription Conversions

- Conversion rates continue to improve with a clearer business focus on our two subscription services through splitting the website, marketing and sales functions.
- Members can now take 15-day free trial to either Eureka Report and/or Intelligent Investor
- Services and content for each subscription service continues to be improved

Campaign driven conversions

- Historically conversions have been driven primarily through two major campaigns per year; End of Financial year and Xmas campaigns. The graph below shows the lumpy effect in each of these periods below.
- Pleasing to note that over the past few years these lumps are getting bigger showing that our campaigns are becoming more effective.
- Continual campaigning to new trial members started in Sept 2019 showing improved results. This will continue in the New Year.

Conversions from new trials



Source: Company Materials to 31 July 2019

Thank you.

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