

17 November 2021

Attention: Company Announcements  
ASX Limited

By E-lodgement

**2021 ANNUAL GENERAL MEEETING OF INVESTSMART GROUP LIMITED (ASX: INV)**

The following documents are attached:

- Mr Paul Clitheroe's address to the meeting (Chairman); and
- Mr Ron Hodge's presentation slides (CEO and Managing Director).

By order of the Board

## COMMENTS BY THE CHAIRMAN

InvestSMART has built Australia's premier direct to investor wealth platform focused on digital investment advice with over 700,000 members. The core strategic goal of the business has been to pivot to a larger funds management business, driven by Australia's first capped fee funds and our bespoke Intelligent Investor fund products. During the 2021 financial year we made significant strides towards achieving this goal. Our digital wealth platform is delivering strong annual growth, achieved through trust, high quality content, technology and innovative products.

The InvestSMART Professionally Managed Accounts platform (PMA) was launched in 2018 and contains many innovative features. 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.

During the year to 30 June 2021, total funds under management (FUM) across InvestSMART's PMA and Intelligent Investor active portfolios grew by 101% to \$330 million, whilst the number of PMA Investment Accounts grew by 106% to 1,572 accounts and \$165 million in FUM as we see the validation of this unique model. Funds Management fees grew 62% to \$1.46 million.

We launched our third active exchange traded fund, the Intelligent Investor Growth Fund (ASX: IIGF) in September 2020, which rounds off our Intelligent Investor Australian funds offering. Subsequently we have increased our online distribution capability by conducting secondary offers on listed funds. Total Funds Under Management for these funds is \$166m at 30 June 2021, 101% higher than a year earlier.

Intelligent Investor and Eureka Report subscription products continue to deliver relevant, expert, timely commentary and financial recommendations. They are an important element in the InvestSMART ecosystem, generating valuable cash flow, search engine optimisation and, critically, trust. Subscribers grew 6.2% to 10,811 subscribers and subscription income increased by 12% to \$4.88 million.

There were some who doubted our ability to weather the storm of the ending of trail commissions by the Hayne Royal Commission. This did come more quickly than we expected however, after years of product development, FY21 will be remembered by our Board, management and staff as the year our strategic plan was validated.

With a fully developed product suite and a unique ecosystem, our focus now is to accelerate the growth of funds management income. Making it easier for our clients to invest with us by providing better online experiences with fewer manual processes is central to that goal. We are also keen to ensure that we provide products and tools which are accessible and relevant to younger demographics.

The Bootcamp Education product launched in July 2020. Bootcamp is designed by our experts to educate, develop healthy investment habits and ultimately help investors make good investment decisions. We launched InvestSMART Fundlater in September 2021. Fundlater is a savings plan allowing investors with a \$4k deposit to invest the minimum amount of \$10,000 into an InvestSMART PMA. This is facilitated by a low-cost loan.

We recorded an operating loss of \$517,926 for the year. The business is well capitalised with revenue in our funds management products growing quickly. With a stable cost base we are well positioned to grow profits. We will, however, take opportunity to deploy capital to accelerate growth. For example, post year end capital has been deployed into our innovative new product, InvestSMART Fundlater.

Over several years we have worked hard to integrate several assets into one unique ecosystem. A digital ecosystem is complex; however we believe that we provide the expertise, user experience, products, tools and ambassadors to simplify the complex. This unique ecosystem is central to gaining the trust of customers.

The Covid-19 pandemic has accelerated the use of digital tools and solutions. We believe that this will continue over time. In addition, the Hayne Royal Commission galvanised the finance industry to deliver what millions of investors want but haven't previously been able to get - independent, low-cost financial advice and products. The new environment will deliver better outcomes for investors and is laden with opportunity for companies positioned to service them as they deserve to be.

As this transition gathers pace over the next 20 years, the revenue from our legacy publishing businesses will become a much smaller part of group revenue as the growth in revenue from new business lines accelerates.

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 investments to meet their financial goals. Ongoing regulatory oversight on financial institutions, especially financial planners, will continue to drive up the cost of personal specific advice, putting it out of reach for most Australians. InvestSMART's now fully developed-suite is an ideal low-cost solution for many of these people.

Our job now is to make it simple for new members to engage with us and our products. This, we believe, will lead to higher conversions and more paying customers. Our low cost, capped fee PMAs – representing \$165m of total FUM of \$330m - are a good example of how this strategy is playing out. There is a far larger market for these products, which we have only just begun to address.

The Board would like to thank our staff, shareholders, and clients for their continued contribution to the ongoing success of our business. We look forward to realising the full potential of our business over coming years and celebrating with you our future success.

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

# Helping all Australians grow and protect their **wealth**

**INVESTSMART**

ASX: INV

Investor Presentation for AGM

Dated 15 November 2021



## Company highlights

**InvestSMART has built Australia's premier direct to investor wealth platform helping over 710,00 members achieve their financial goals through low-cost funds, content and tools ecosystem.**

Our Digital Wealth Platform continues to deliver strong annual growth, achieved through trust, high quality content, technology, and innovative products. In the June 2021 Financial Year:

**101%**

Growth of funds under management

**106%**

Growth of Professionally Managed Accounts

**62%**

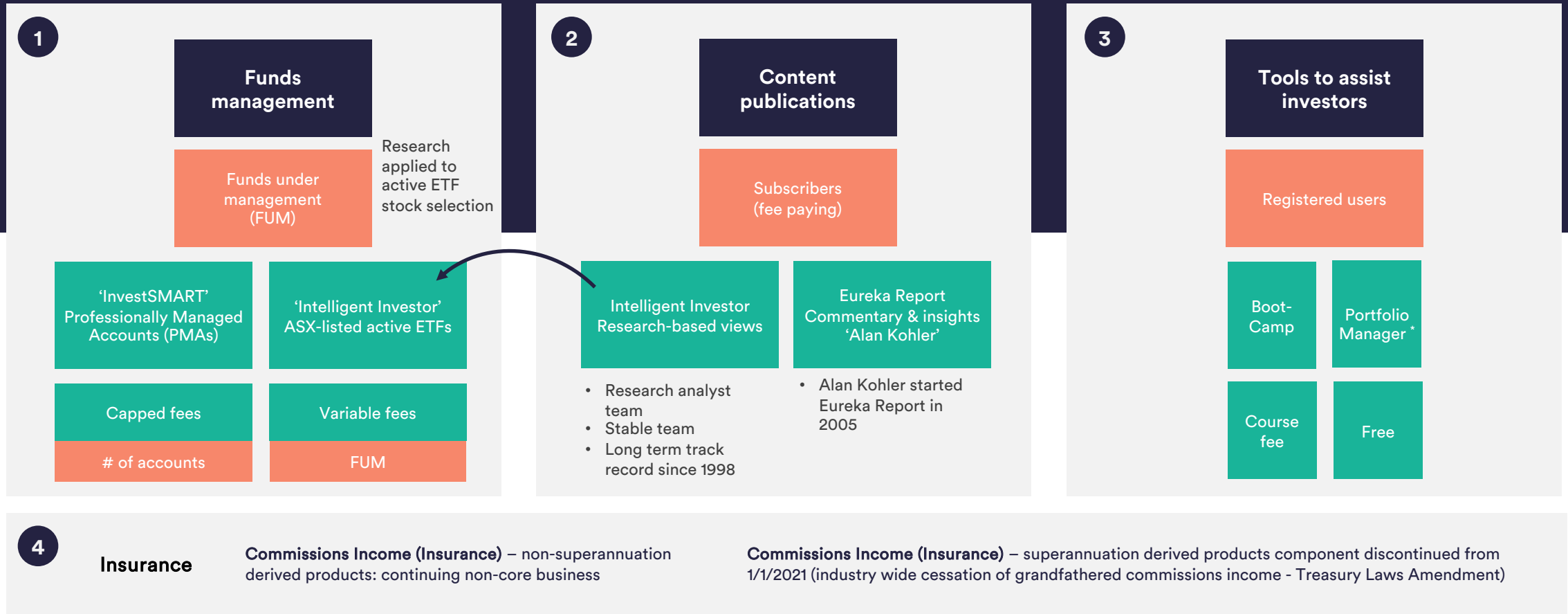
Growth of Funds management fees

**11.7%**

Growth of content-based subscriptions income  
(subscribers grew by 6.2%)

# Unique digital wealth platform

InvestSMART has built Australia's premier direct to investor wealth platform helping over 710,00 members achieve their financial goals through low-cost funds, content and tools ecosystem.



# Results highlights FY21

Digital wealth platform continues to deliver strong growth.

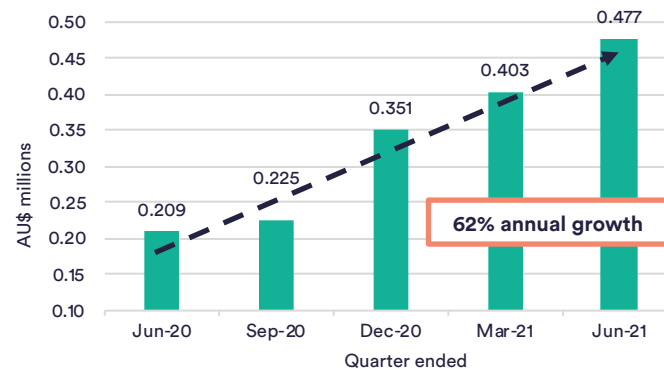
FUM growth driven by:

- Targeted campaigns and organic growth in Professionally Managed Accounts
- Initial offer for Intelligent Investor Growth Fund (September 2020)
- Secondary offers for Intelligent Investor Funds

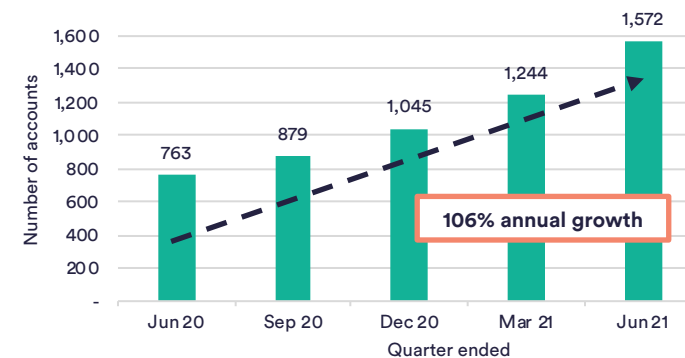
Subscription growth driven by content ecosystem

- Intelligent Investor
- Eureka Report

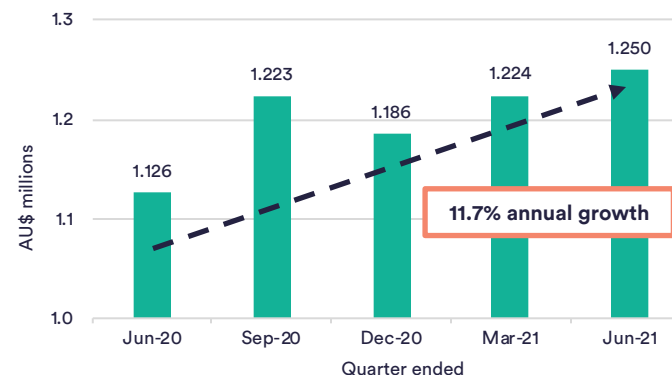
## Fund management fees income



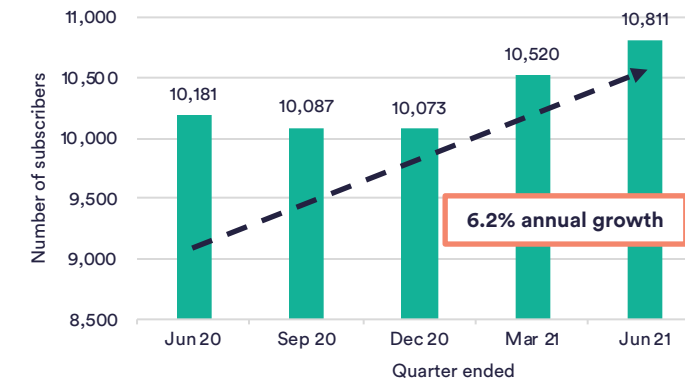
## PMA Accounts



## Subscription income



## Subscribers



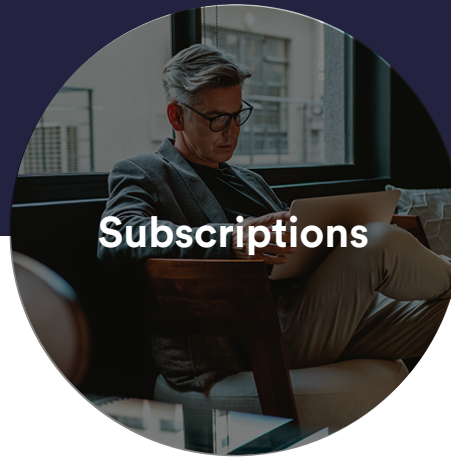
\* InvestSMART Professionally Managed Accounts (PMAs) invest in portfolios of ASX-listed ETFs (under a capped fee model)

# Key developments



## Funds under management

- **Funds Management Fees** growth of 61.8% to annual fees of \$1.456m.
- **Funds Under Management (FUM)** at \$330m 30 June 2021, up 101% on the prior year.
- **PMA Platform investor accounts** grew 106% to 1,572 accounts.



## Subscriptions

- **10,811 subscribers** to our content-driven publications (Intelligent Investor and Eureka Report).
- **Annual Subscription income** of \$4.88m, up 11.7% on the prior year.

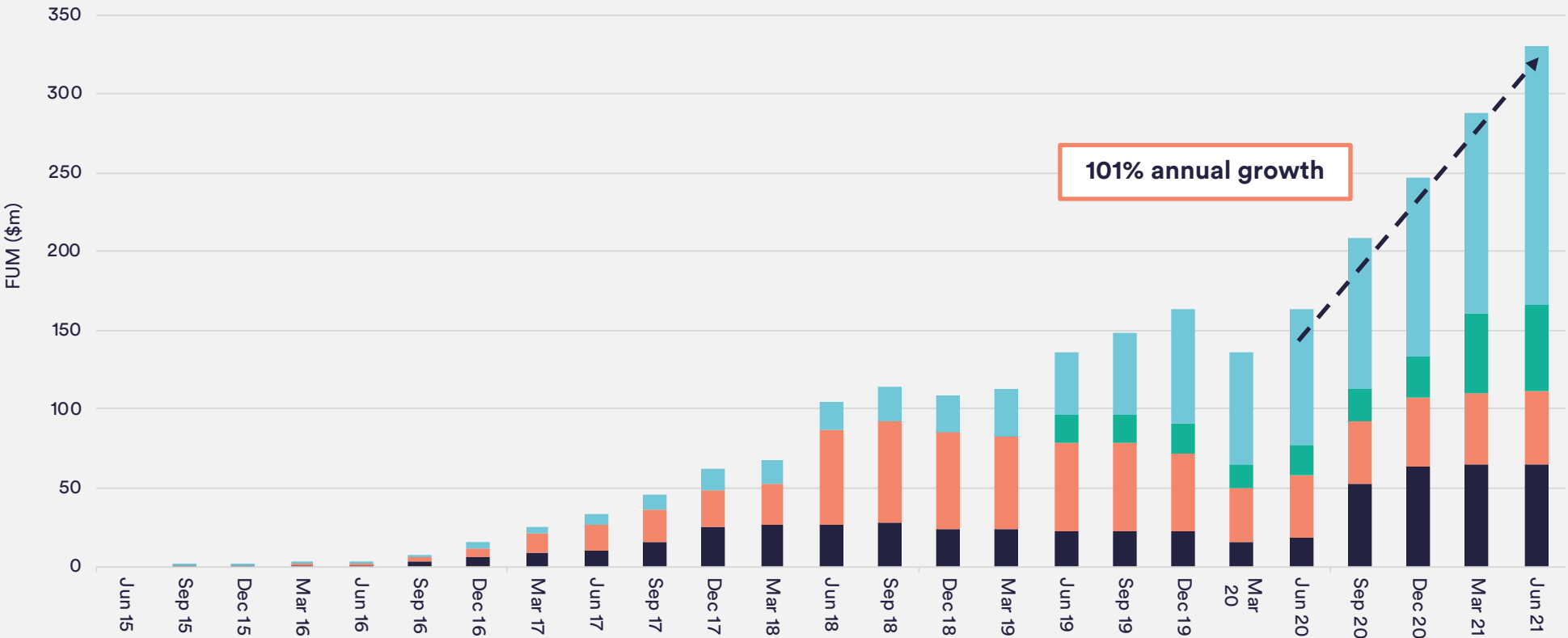


## Products & services

- Initial offer of **Intelligent Investor Growth Fund (ASX: IIGF)** in September 2020
- **Bootcamp education product** launched July 2020
- Beta digital **statement of advice** released in June 2021



# Growth of funds under management (FUM)

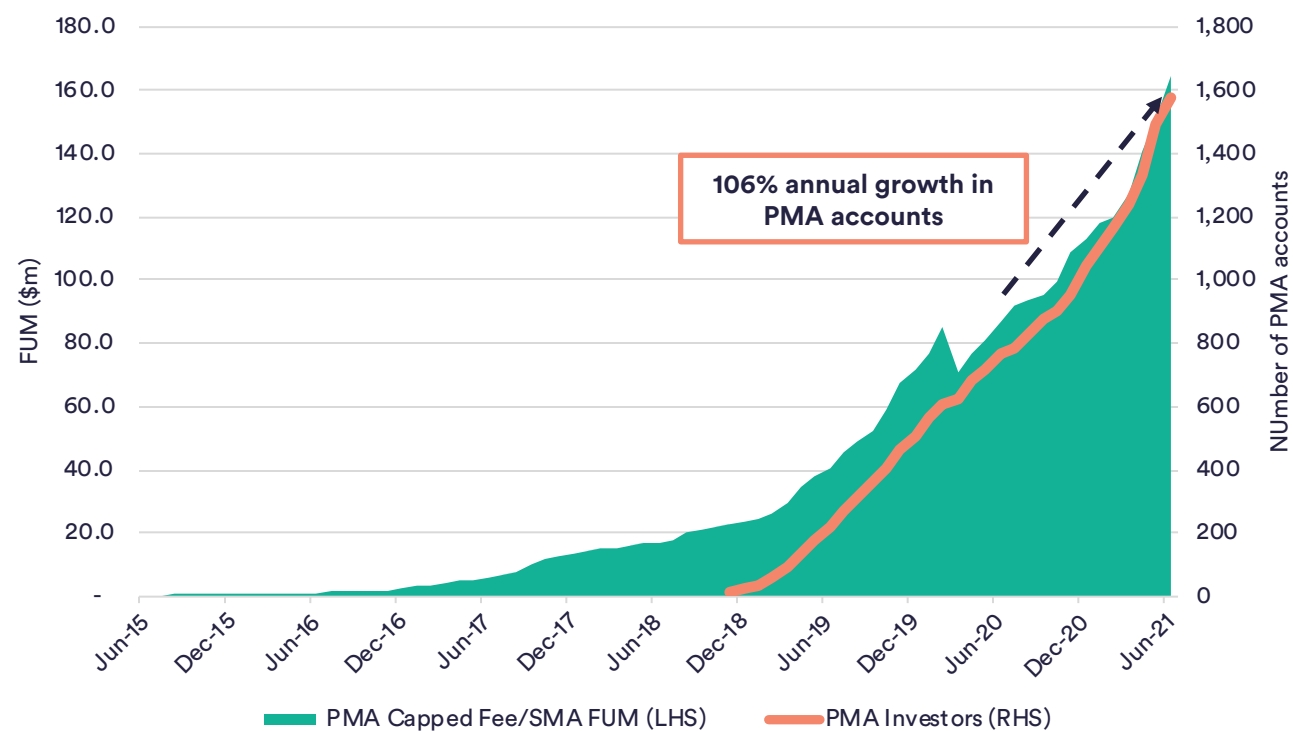


PMA Capped Fee FUM = InvestSMART: 9 ETF portfolios (single and diversified across asset classes)  
Active Ethical = Intelligent Investor ASX listed ETF: INES  
Active Income = Intelligent Investor ASX listed ETF: INIF  
Active Growth = Intelligent Investor ASX listed ETF: IIGF

# Funds under management

## InvestSMARTS's PMA\* capped fee FUM (investment ETFs)

- Our low-cost capped fee ETF portfolios continue to outperform their peers and gain traction with retail investors.
- SMSFs continue to find our capped fee proposition of \$451 per annum attractive.
- Many clients have money in multiple portfolios across the platform.
- PMA investors: prior to Dec 2018 investors were within the Praemium platform.

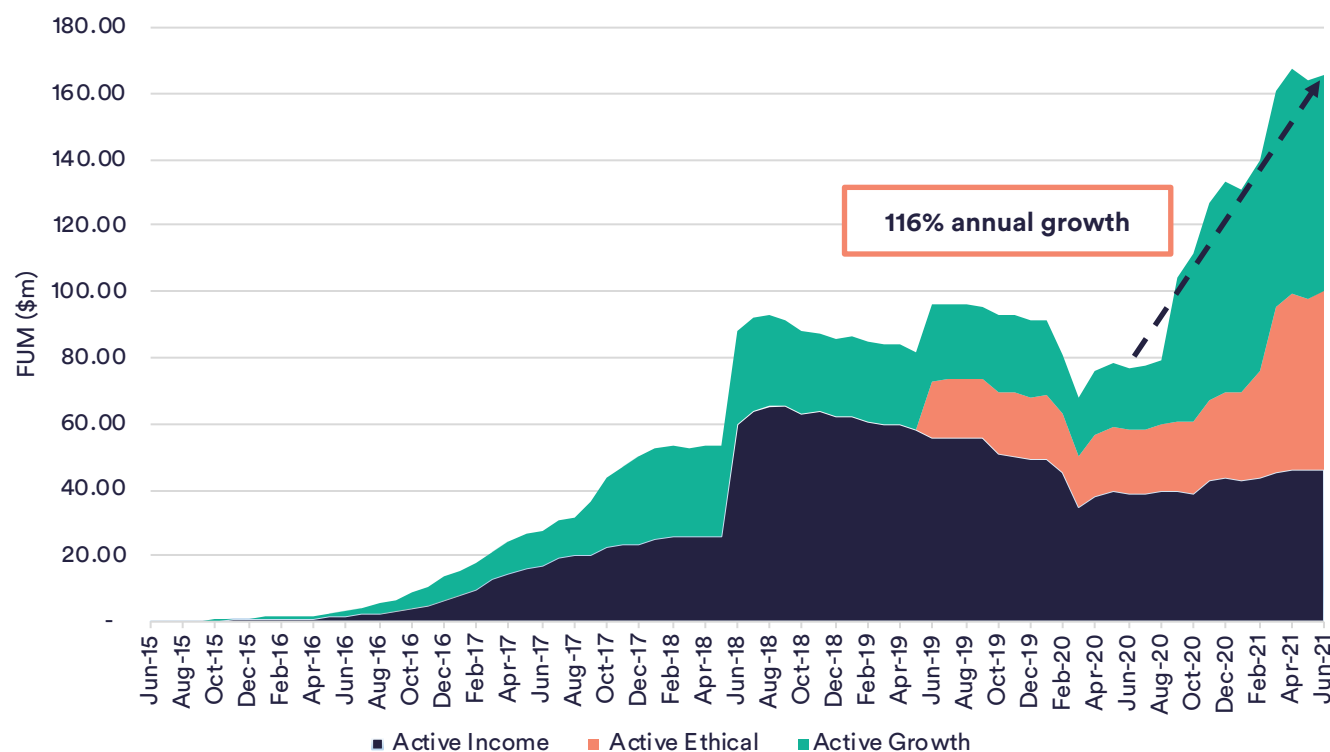


\* Professionally Managed Account (PMA): the investor holds legal and beneficial ownership and the underlying securities are registered under their name, within the investment portfolio

# Funds under management

## Intelligent Investor active ETFs (ASX-listed)

- Our third ETF, Intelligent Investor Growth Fund (ASX: IIGF), was listed on the ASX on 6 October 2020 raising \$33m across 1,612 investors.
- Intelligent Investor Ethical Share Fund (ASX: INES) raised \$17.7m under a secondary offer during the March 2021 ended quarter.
- Intelligent Investor Income Fund (ASX: INIF) raised \$22m in July 2021 under a secondary offer (not included in FUM figures at 30 June 2021)
- All previous Active PMA investors have been transferred into the corresponding listed ETF's.
- All active funds have a management fee of 0.97% with no performance fees.



Note: Graph shows combination of all previous Active PMA / SMA accounts now recorded in the listed ETF's.

# Profit & loss FY21

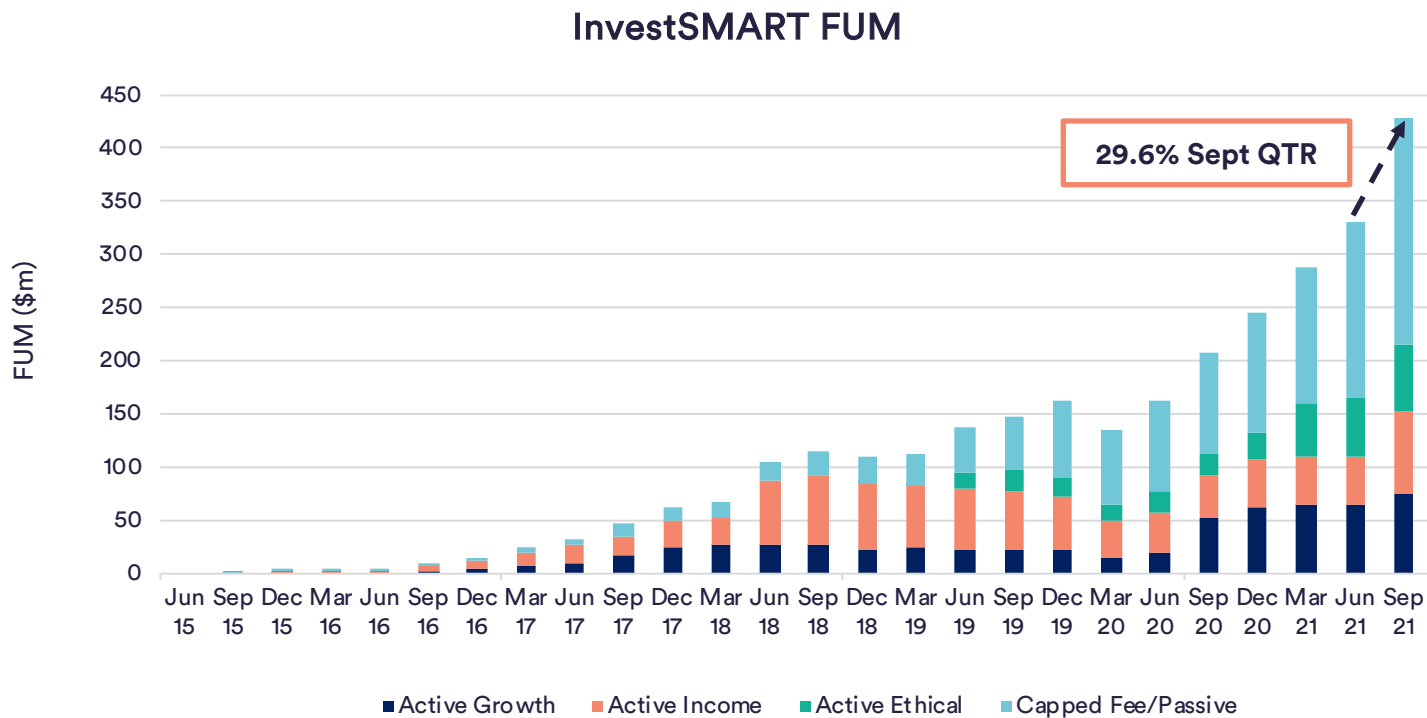
(To be read in conjunction with InvestSMART Group Ltd Appendix 4E and Financial Report for year ended 30 June 2021)

	FY2021 \$	FY2020 \$	%	
<b>Income</b>				
Funds management fees	1,456,246	900,213	62%	Two business areas – the focus of InvestSMART moving forward
Subscriptions (Investment content driven publications)	4,883,208	4,350,653	12%	
Commission income – Insurance (contains elements of legacy business which discontinued from 1/1/2021) (~ 9%)^	1,477,055	1,605,829	(8%)	
Commission income – Fund Managers (legacy business fully discontinued from 1/1/2021)	594,225	3,689,240	(84%)	Legacy business discontinued from 1/1/2021
Other income	45,772	13,215		
<b>Total Income</b>	<b>8,456,506</b>	<b>10,559,150</b>	<b>(20%)</b>	
<b>Operating Expenses</b>				
Rebates paid	482,337	1,398,697	(66%)	Stable cost base, on a highly scalable business model
Employee costs	4,902,267	5,258,671	(7%)	
Other operating expenses	2,869,802	2,809,156	2%	
Marketing costs	720,026	635,962	13%	
<b>Total Operating Expenses</b>	<b>8,974,432</b>	<b>10,102,486</b>	<b>(11%)</b>	
<b>Operating Profit /(Loss)</b>	<b>(517,926)</b>	<b>456,664</b>		
Unrealised gain/(loss) on ventures investments and call option	1,241,713	(27,376)		
Other non-operating income	238,025	81,276		
Employee benefit expense, contingent payments and restructure costs	(363,452)	(310,535)		
Amortisation and impairment of intangibles	(867,241)	(2,215,553)		
Income tax benefit	304,658	679,866		
<b>Statutory Profit/(Loss)</b>	<b>35,778</b>	<b>(1,335,658)</b>		
Cash at Bank (end of period)^	6,483,167	5,117,905		Strong cash runway to grow the business
Net Tangible Assets (end of period)	4,833,530	4,047,201	19%	

^The increase in cash at bank is largely due to a financial year end campaign to renew annual subscribers in advance of subscription price rises from 1 July 2021. 3,563 subscribers elected to renew ahead of their usual renewal dates.

# Subsequent to 30 June 21

- Total funds under management has grown to \$428m at 30 September 2021 (increase of 29.6% from 30 June 2021)
- Total PMA accounts increased to 1,963 at 30 September 2021 (increase of 24.9% from 30 June 2021)
- FUM grows a further \$38m in October 2021 to \$466M



# Business update in FY22

Increasing revenue through growth in funds under management (FUM) remains our key focus. Every additional \$100m of FUM is expected to grow revenue by \$600,000 per annum, assuming similar product split and average FUM for each new PMA account.

Our unique low-cost investment platform, advice and tools ecosystem continues to organically attract new members and grow funds under management strongly quarter on quarter.

## Expanding product range



**Fundlater** is an invest now, pay later product designed to help younger people invest in an InvestSMART diversified portfolio. The applicant

must deposit \$4k and receives a \$6k non-recourse loan, with the \$10k invested into an InvestSMART PMA diversified portfolio. Investors are required to repay the loan in 20 monthly instalments of at least \$320 per month (including \$20 facility fee).

Three new thematic **PMA Portfolios** including:

- InvestSMART Ethical Growth Portfolio
- Inflation linked Bond Portfolio
- Emerging Market Portfolio

**Eureka Asset-Back Loan fund** to provide our higher balanced members with enhanced income yields for funding InvestSMART Fundlater loans.

# 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 710,000 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 \$451 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  
**\$428m**  
(end Sep 2021)

# Company advantage

Low cost product

Additional customers have a low marginal cost and additional investment solutions can be launched at low additional cost.

Name	Type	Description
<u>Professionally Managed Accounts</u> with ‘capped fees’*	Professionally managed risk adjusted portfolios	Investments into preferred ETFs (ASX-listed)
<ul style="list-style-type: none"><li>InvestSMART Conservative Portfolio (diversified across asset classes)</li><li>InvestSMART Balanced Portfolio (diversified across asset classes)</li><li>InvestSMART Growth Portfolio (diversified across asset classes)</li><li>InvestSMART High Growth Portfolio (diversified across asset classes)</li><li>InvestSMART Australian Equities Portfolio (single asset class)</li><li>InvestSMART International Equities Portfolio (single asset class)</li><li>InvestSMART Property &amp; Infrastructure Portfolio (single asset class)</li><li>InvestSMART Interest Income Portfolio (single asset class)</li><li>InvestSMART Hybrid Income Portfolio (single asset class)</li></ul>		
Active investment ETFs**	ASX-listed ETFs run by InvestSMART Group	Active ETF directly invests into ASX-listed equities
<ul style="list-style-type: none"><li><u>Intelligent Investor Australian Equity Income Fund</u> (ASX: INIF) Focused on cash rich businesses with ability to pay growing dividends (launched June 2018)</li><li><u>Intelligent Investor Ethical Share Fund</u> (ASX: INES) Focused on ethically and socially responsible undervalued stocks (launched June 2019)</li><li><u>Intelligent Investor Australian Equity Growth Fund</u> (ASX: IIGF) Focused on capital growth by investing in undervalued Australian equities (launched October 2020)</li></ul>		

• InvestSMART Professionally Managed Accounts (PMAs): the investor holds legal and beneficial ownership and the underlying securities are registered under their name, within the investment portfolio.

\*\* Intelligent Investor branded ‘Active’ ETFs can be directly purchased on market (are ASX-listed) and can also be accessed via InvestSMART’s PMAs.



## Disclaimer

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The forward-looking statements included in this document speak only as of the date of this document. The Group does not intend to update the forward-looking statements in this document in the future.

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