

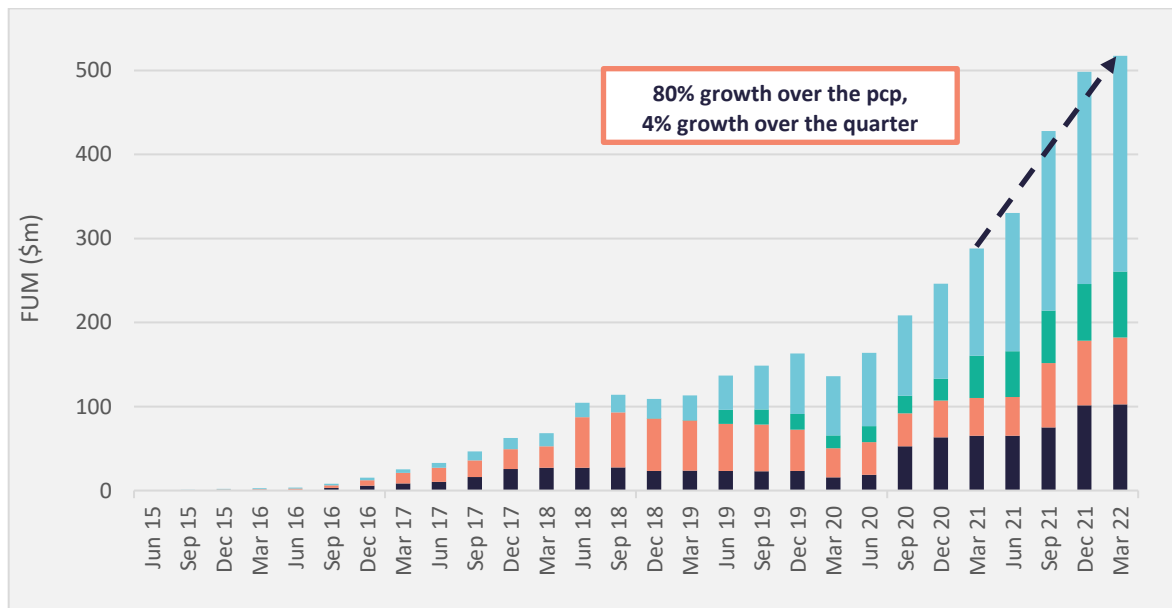
19 April 2022

## Business update – quarter ending 31 March 2022

### HIGHLIGHTS

Funds under management surpasses \$500 million:

- Total funds under management grew to \$518 million at 31 March 2022.
- Operating profit of \$48k. InvestSMART is now profitable year to date for financial year 2022.
- Funds management fees continued to grow for the March quarter, up **3.3%** to \$702k over the prior quarter (Q3 FY2022)
  - Funds Under Management (FUM) grew by \$19.2m over the quarter to \$518 million at 31 March 2022.
  - Investor accounts on our PMA platform increased **6.3%** to 2,478 over the prior quarter.



- Subscription income from *Intelligent Investor* and *Eureka Report*, important elements in our customer ecosystem, grew **1.8%** to \$1.34 million in Q3 compared to the prior quarter.
  - Subscribers declined **1.4%** to 10,710 compared to the prior quarter.

ACN 111 772 359

## Digital wealth platform continues to deliver strong growth

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 March ended quarter, Q3 FY2022.

### FINANCIAL RESULTS

Financial Results Summary*	FY2022 Q3 March quarter \$	FY2022 Q2 December quarter \$	%
<b>Income</b>			
Funds management fees	701,889	679,556	3.3%
Subscriptions	1,340,413	1,316,843	1.8%
Commissions income – Insurance^	320,502	361,935	-11.4%
Other income	9,234	15,309	
<b>Total Income</b>	<b>2,372,038</b>	<b>2,373,643</b>	<b>0.0%</b>
<b>Operating Expenses</b>			
Rebates paid	92,874	92,977	-0.1%
Employee costs	1,251,794	1,204,775	3.9%
Marketing costs	276,647	253,936	8.9%
Other expenses	702,939	715,224	-1.7%
<b>Total Operating Expenses</b>	<b>2,324,254</b>	<b>2,266,912</b>	<b>2.5%</b>
<b>Operating Profit/(Loss)</b>	<b>47,784</b>	<b>106,731</b>	
<b>Cash at Bank (end of period)</b>	<b>3,758,818</b>	<b>3,850,553</b>	

\* Quarterly results are prepared by management and are unaudited.

Total income remained unchanged 0.0% to \$2.37 million (Q3 FY2022 v Q2 FY2022) against a quarterly decrease in insurance commissions. The quarterly decrease is seasonal and the decrease is within management's expectations. In our two primary businesses, income from funds management fees grew 3.3% to \$702k in Q3 FY2022 vs \$679,556 in the prior period. Subscription income grew 1.8% to \$1.34 million in Q3 FY2022 v \$1.32m in Q3 FY2022.

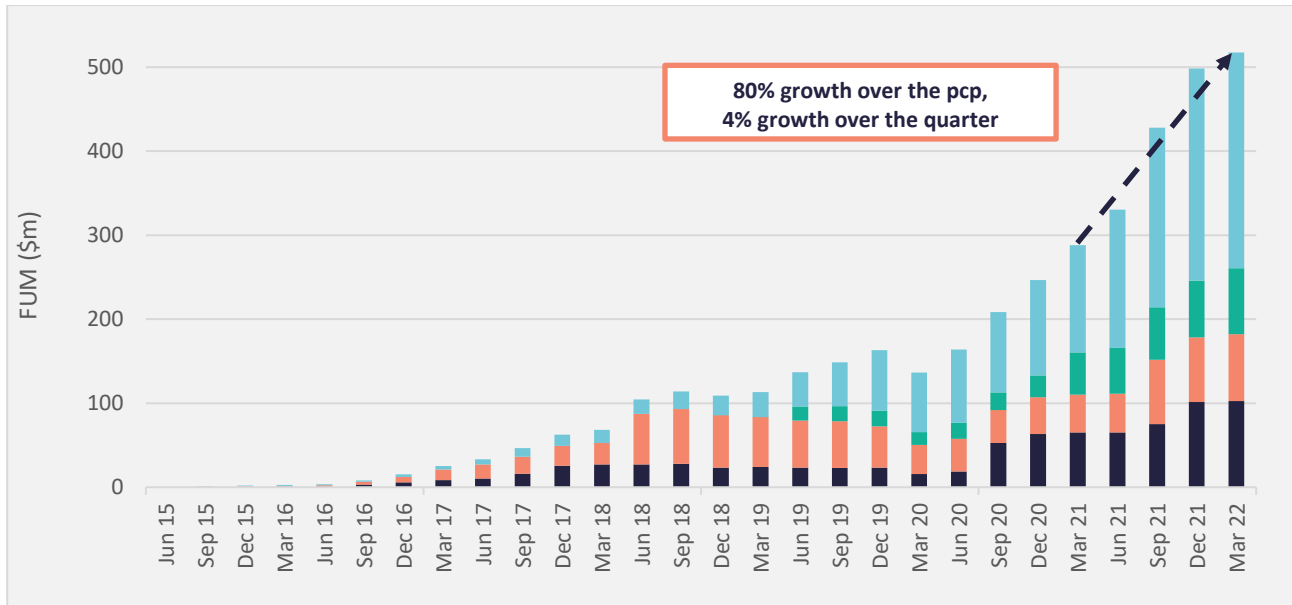
Total Operating Expenses increased marginally from Q4 2022 to Q3 FY2022 due mainly to an increase in marketing expenditure for a future campaign to promote Fundlater.

## DIVISIONAL COMMENTARY

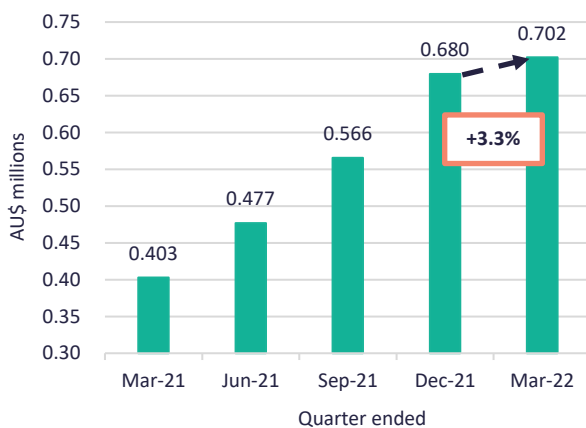
### Funds Under Management (FUM)

FUM continued to grow during the quarter, reaching \$518 million by the end of March, a 4% increase on the prior quarter (Q3 FY2022).

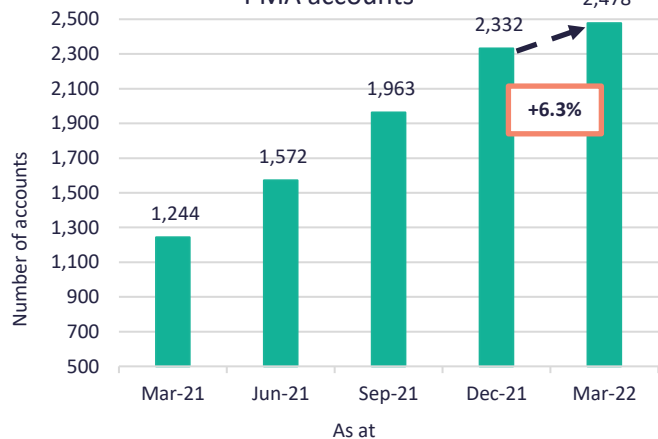
The chart below shows growth in FUM across our product suite (see About InvestSMART at the end of this announcement for further details).



### Funds management fees



### PMA accounts



### InvestSMART PMA Platform

The InvestSMART Professionally Managed Accounts (PMA) Platform, launched in November 2018, continues to receive consistent monthly net fund inflows. ETF Portfolios available through the Platform (under a capped fee model) increased 2.0% to \$257 million at 31 March 2022 from \$252 million at 31 December 2021.

The total number of PMA investment accounts increased by 6% to 2,478 in the quarter, up from 2,332 at 31 December 2021.

### Intelligent Investor ASX listed ETFs

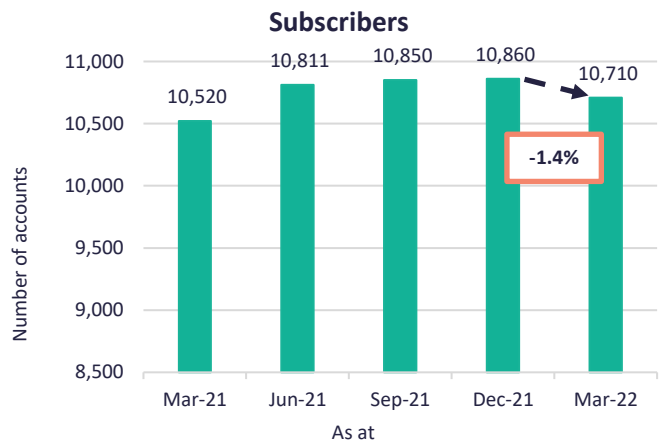
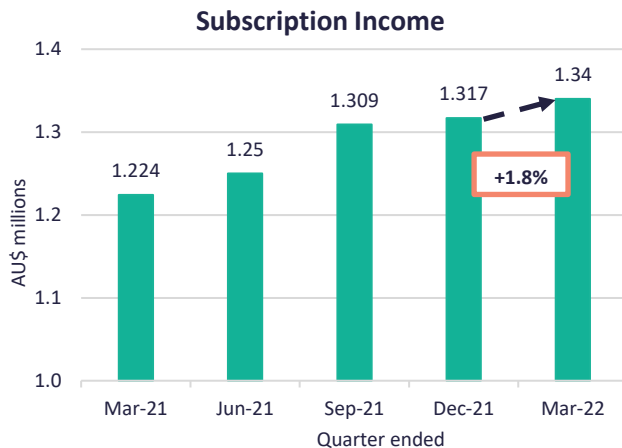
Total funds under management (FUM) across Intelligent Investor investments (under a variable fee model) increased 6.1% to \$261 million from \$246 million at 31 December 2021. Growth was driven by completion of a secondary offering in the Intelligent Investor Ethical Share Fund (ASX: INES) raising \$12m and organic growth.

## Subscriptions

Subscription income from fee paying subscribers to our *Intelligent Investor* and *Eureka Report* content-driven products grew 1.8% on the prior quarter to \$1.34 million.

Total subscribers declined 1.4% to 10,710 compared to the prior quarter of 10,860.

Prices for our subscription products increased from 1 July 2021 (see [Beat the price rise](#) article). Subscribers were given the opportunity to renew ahead of price increases prior to 1 July 2021, of whom 3,563 accepted, approximately 33% of total subscribers.



## Commissions Income – Insurance

Commissions Income – Insurance decreased by 11.4% compared to Q3 FY2022. The decrease is seasonal and within management's expectations. The decrease compared to the prior comparative period (March 2021 quarter) is 7.5%. Attrition within the Insurance Commissions book is expected to continue.

## PRODUCTS AND SERVICES

InvestSMART launched [Fundlater](#) in September 2021 (see above and click this [link](#) for the announcement). Fundlater and Bootcamp are designed to appeal to a younger demographic. Bootcamp is designed to educate people taking their first investment steps. Fundlater closes the loop for many first time investors by giving them access to a diversified portfolio at a low cost.

A secondary offer was completed for the Intelligent Investor Ethical Share Fund (ASX: INES) one of three ETFs operated under InvestSMART's Intelligent Investor brand. The offer raised \$12 million.

## FUND PERFORMANCE

### InvestSMART PMA Platform

The latest quarterly report and performance of each of InvestSMART's nine investment portfolios can be viewed [here](#). Click 'learn more' to view each portfolio.

### Intelligent Investor ASX listed ETFs

1. Intelligent Investor **Australian Equity Income Fund – ASX: INIF**
  - Latest quarterly report [here](#)
2. Intelligent Investor **Ethical Share Fund – ASX: INES**
  - Latest quarterly report [here](#)
3. Intelligent Investor **Australian Equity Growth Fund – ASX: IIGF**

- Latest quarterly report [here](#)

## MARKETING – ENGAGEMENT AND CONVERSION

### Engagement and Conversion

We're focused on building awareness of our services through digital advertising, search engine optimisation and media coverage through key spokespeople Paul Clitheroe, Alan Kohler and Effie Zahos. 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.

InvestSMART's *Intelligent Investor* and *Eureka Report* membership-based content and tools ('Bootcamp' and 'Portfolio Manager') assist investors and are effective lead generators for our investment products.

## CORPORATE

### Financial Reporting and Investor Presentation

We lodged our Interim Consolidated Financial Report for the half-year ended 31 December 2021 and Appendix 4D during the quarter. A new investor presentation was released on the ASX platform. View [23 February 2022 ASX announcements](#) to learn more.

### Company Secretary

Catherine Teo returned from maternity leave and resumed duties as company secretary. We thank Martin Conley for his services during Catherine's absence.

## OUTLOOK

InvestSMART Managing Director, Ron Hodge, said ""Over the last few years we have changed our business model considerably and it was very pleasing to see it back to profitability in the last quarter. On the flip side it was disappointing but not surprising with current market conditions to see our FUM growth over the past quarter has slowed."

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.*



INTELLIGENT INVESTOR



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 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. Funds Under Management (FUM) total \$518m (end March 2022).

**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.

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
<b>Professionally Managed Accounts with 'capped fees'</b> *	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 Ethical 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>		
<b>Active investment ETFs**</b>	ASX listed active ETFs run by InvestSMART Group	Active ETF directly invests into ASX listed equities
<ul style="list-style-type: none"> <li>Intelligent Investor <b>Australian Equity Income Fund – ASX: INIF</b> Focused on cash rich businesses with ability to pay growing dividends (launched June 2018)</li> <li>Intelligent Investor <b>Ethical Share Fund – ASX: INES</b> Focused on ethically and socially responsible undervalued stocks (launched June 2019)</li> <li>Intelligent Investor <b>Australian Equity Growth Fund – ASX: IIGF</b> Focused on capital growth by investing in undervalued Australian equities (launched October 2020)</li> </ul>		

\* 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.