30 April 2020

Attention: Company Announcements
ASX Limited

Business update – quarter ending 31 March 2020

Below is a summary of InvestSMART Group's ("InvestSMART") unaudited consolidated accounts for the quarter ended 31 March 2020 with prior period comparisons to assist in understanding our underlying performance:

	FY20 Q3	**FY20 YTD**	**FY19 Q3**	**FY19 YTD**
	(Qtr end Mar20)	(to Mar20)	(Qtr end Mar19)	(to Mar19)
Commissions income - Fund Managers[1]	961,028	3,064,825	1,062,704	3,491,372
Commissions income - Insurance	360,095	1,200,760	415,311	1,357,038
Funds management fees	226,281	691,191	183,714	564,393
Subscription income	1,069,295	3,224,160	1,083,487	3,198,250
Other Income[2]	(33,295)	(10,338)	28,836	2,239
Total Income	**2,583,404**	**8,170,598**	**2,774,052**	**8,613,292**
Rebates paid	354,118	1,197,891	439,772	1,339,847
Employee costs	1,372,441	4,018,713	1,451,078	4,359,183
Marketing costs	199,611	365,442	202,570	1,353,937
Other expenses	693,383	2,182,053	673,621	2,083,685
Total Operating Expenses	**2,619,553**	**7,764,099**	**2,767,041**	**9,136,652**
Operating Profit	**(36,149)**	**406,499**	**7,011**	**(523,360)**
Cash at Bank (end of period)	**4,907,666**	**4,907,666**	**3,633,529**	**3,633,529**

Quarterly results are prepared by management and are unaudited

1. Includes commissions from Home Loans & General Insurance
2. Other Income includes interest earned on cash-at-bank and gains on investments (excluding unrealised gains on ventues investments)

Impact and response to Covid-19

In the short-term negative market movements as a result of COVID-19 have impacted our Total Funds Under Advice ("FUA") and Funds Under Management ("FUM") with direct consequences for revenue in the ensuing months. However, retention of clients within FUM and subscriptions products remains high and we continue to receive consistent inflows into our Professionally Managed Accounts ("PMA") product. We continue to provide expert, relevant and timely content during the pandemic through *Eureka Report* and *Intelligent Investor*, and as a result have seen an increase in web traffic , engagement and total subscribers.

Operationally we seamlessly implemented full time working from home arrangements as the pandemic and restrictions unfolded. InvestSMART continues to be well funded with surplus cash on balance sheet and remains focussed on growth through its low fee innovative digital wealth platform.

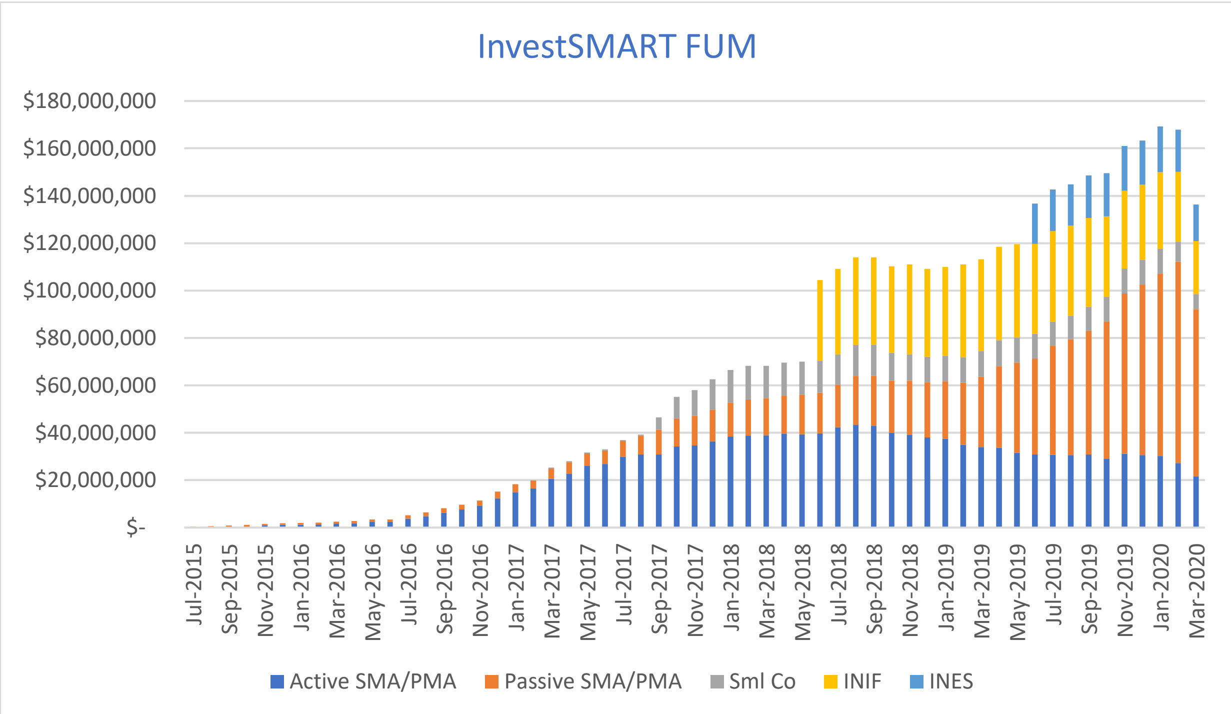
Commentary on financial performance for the quarter

Commissions Income - Fund Managers
Commissions income was in line with management's expectations for the quarter. Commissions income is primarily affected by the timing of terminations of funds management trail commissions and movements in underlying markets. Commissions income for the financial year to date has been ahead of management's expectations however we expect commissions will be lower in the fourth quarter. Government legislation requires the cessation of trailing commissions on managed funds by 1 January 2021.

Commissions Income – Insurance
Commissions income from insurance was within management's expectations for the quarter. Management expects these rates of attrition to continue through calendar year 2020. There have been no material qualitative or quantitative indicators to suggest Covid-19 has had an immediate impact on retention of insurance clients. A small portion (roughly 12%) of insurance commissions are affected by cessation of grandfathered commissions.

Funds Management Fees
Funds management fees increased compared to prior comparative periods due to the launch of the Intelligent Investor Ethical Share Fund in June 2019 and inflows into Professionally Managed Accounts. Total funds under management (FUM) declined from $163m at 31 December 2019 to $136m at 31 March 2020. At the last quarterly update we reported FUM of $183m at 20 February 2020. Since that date the ASX All Ordinaries has declined by 30% to 31 March 2020. Total FUM accounts continued to increase from 3,581 accounts at 31 December 2019 to 3,628 accounts at 31 March 2020. The Professionally Managed Accounts solution ("PMA", launched in November 2018) continues to receive consistent inflows. The majority of accounts are within passive products which has a fee cap of $451 per annum for balances over $82k. The average PMA account balance at 31 March 2020 is $103k. We received a handful of large balance redemptions in March 2020 in the PMA product due to market volatility. We will continue to focus our marketing efforts on digital distribution of this product.

The chart below shows growth in FUM to March 2020:



WWW.INVESTSMART.COM.AU / L2 66 CLARENCE ST SYDNEY NSW 2000 / 1300 880 160 SUPPORT@INVESTSMART.COM.AU

INVESTSMART GROUP LTD.

Subscriptions

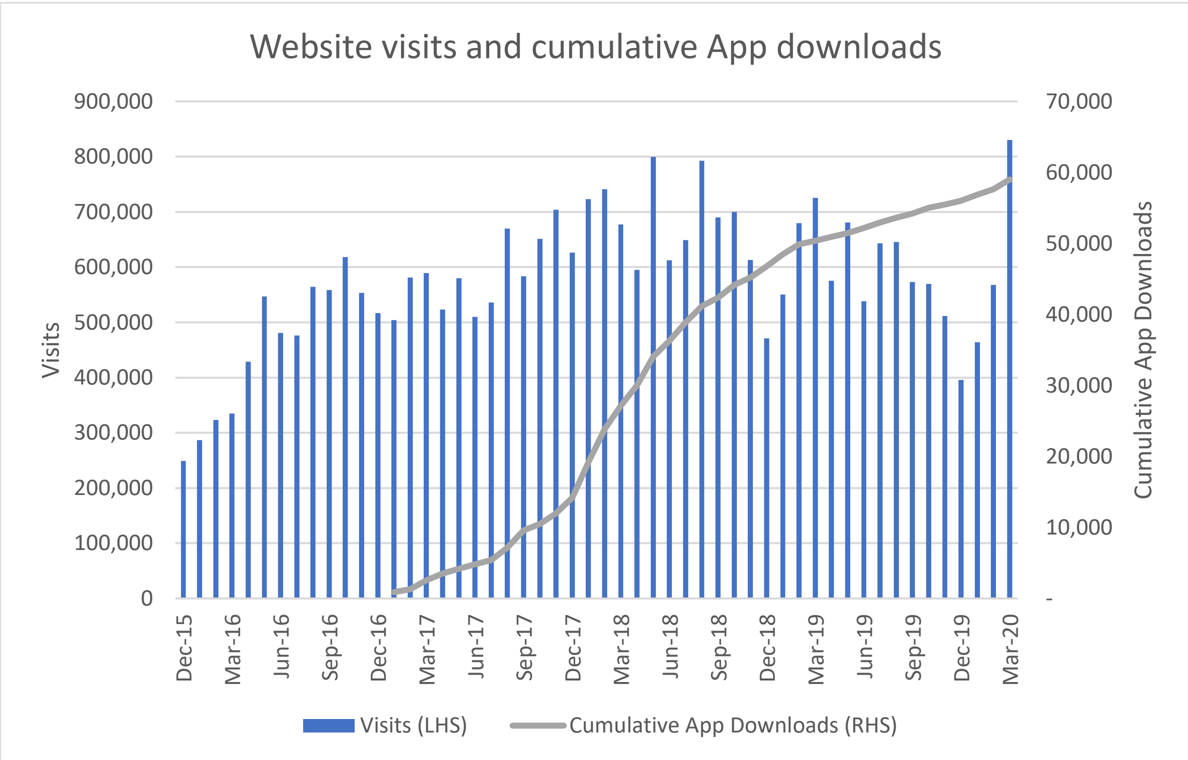
Subscription income was flat compared to prior comparative periods in line with management expectations. Total paying subscribers increased by 5% over the quarter to 9,833 at 31 March 2020. Retention remained consistently high and we believe this is due to the quality and demand for expert financial publications with the onset of Covid-19.

Operating expenses

As part of capital management in response to Covid-19, senior managers and Board members have taken voluntary pay cuts until at least 30 September 2020, contractors have been reduced, and a hire freeze put in place across the business. Rebates paid have decreased in line with the decrease in commissions received. Marketing expenditure in the March quarter includes expenditure for radio advertising which has been delayed due to Covid-19. It is our expectation that these radio adverts will go to air before the end of June as we continue to educate Australian investors about the advantages of capped management fees.

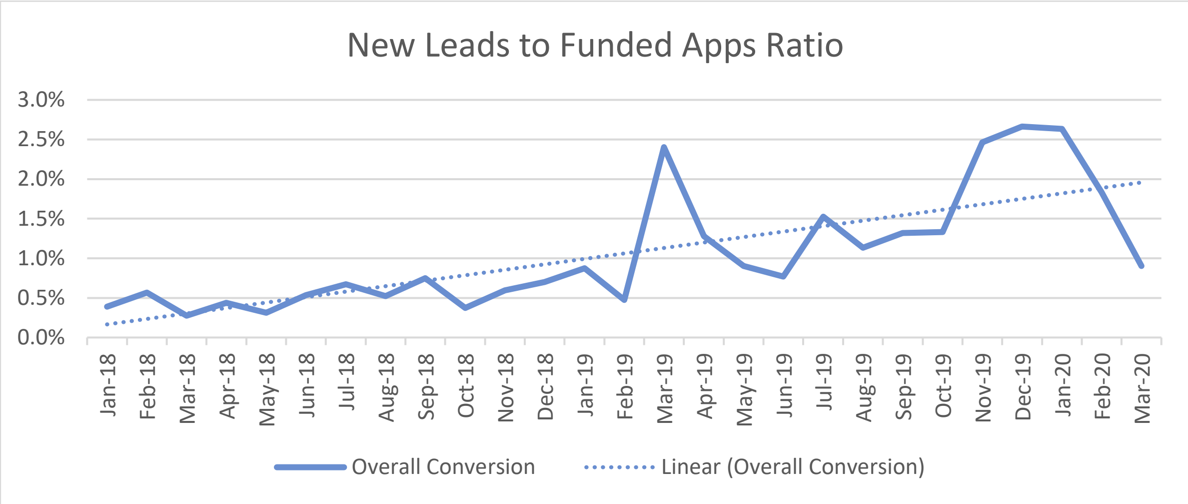
Website Traffic

Combined website traffic increased by 62% over the monthly average from September 2019 to February 2020 in March 2020. The website was consolidated in September 2019 to allow clearer distinction between products and valuable sub brands *Intelligent Investor* and *Eureka Report*. This has increased the quality of our leads and conversion rates. Initially, the website split led to a decline in overall traffic which was expected as fewer users bounce between separate sites.

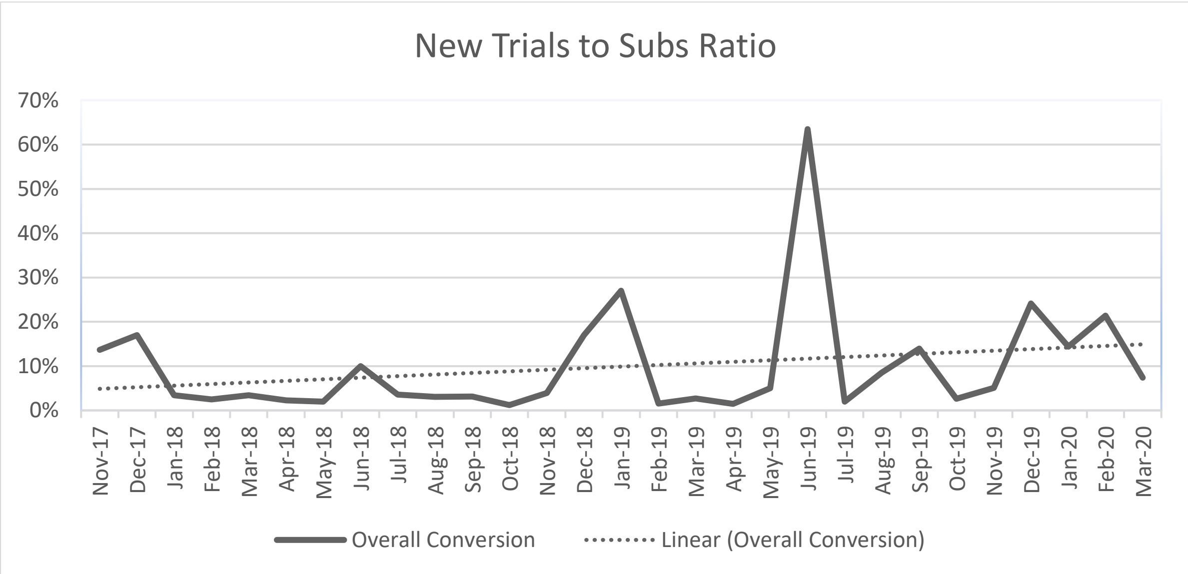


Even though conversion metrics have taken a dip due to Covid-19, we believe this will be short term as investors pause their application process until they are more comfortable with markets. Applications received are significantly above levels at this time last year. Total applications started for portfolios for January 2020 to March 2020 increased by 109% over the prior comparative period. Applications funded increased by 136% over the prior comparative period.

WWW.INVESTSMART.COM.AU / L2 66 CLARENCE ST SYDNEY NSW 2000 / 1300 880 160 SUPPORT@INVESTSMART.COM.AU



New trials to subscription have also dipped in the last quarter but this is due to the 3 fold increase in trials over the past month since Covid-19 lockdown. Average trials for the 12 months prior to March 2020 have been 1,400 per month compared to March of 4,130 and 3,640 for 1 April to 23 April. Management is confident that our New Trials to subs Ratio will improve over the coming weeks as trialers end their trial and take up subscription. Conversion of trials to subscribers averaged 15% over the quarter.



Thank you and Stay Healthy

Thank you to our staff for their contributions as Covid-19 has unfolded. We have increased our publishing and processed many transactions whilst adapting to a new world. We wish all our clients, shareholders and partners good health and wellbeing through the duration of this crisis. We look forward to engaging without social distancing with all stakeholders in the future.

For further information or comment, please contact Paul Clitheroe, Chairman, or Ron Hodge, Managing Director and CEO, at InvestSMART Group on 02 8305 6000.